



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

MF116706

Linebacker Unit

1 st Extension of lease to 7/31/17	Lease Type	Control	Basefile	County
2 nd Extension of lease to 8/30/17	River Fee	01-003416		LOVING
3 rd Extension of lease to 9/30/17		01-003425		REEVES
4 th Extension of lease to 10/30/17		01-003434		WARD
5 th Extension of lease to 11/30/17				
6 th Ext. to 12/30/17		Survey		
7 th Ext. to 1/30/18		Block		
8 th Ext. to 3/2/18		Block Name		
9 th Ext. to 4/1/18		Township		
10 th Ext. to 5/1/18		Section/Tract		
		Land Part		
		Acres	Net: 12.000000	Gross: 12.000000
		Depth Below	Depth Above	Depth Other
				Allow All Depths
		Name	AMMONITE OIL & GAS CORP.	
		Lease Date	7/1/2014	
		Primary Term	3 years	
		Bonus	\$50,050.00	
		Lease Royalty	0.25000000	
		Paid Up	No	

Leasing: gagm

Maps: JK

GIS: MC

Scanlab: _____

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1. BID FORM	7/1/14	SM	20. Email acknowledging well production	4/17/18
2. OIL & GAS LEASE	8/20/14	SM	scanned	PJ 4-27-2018
3. TRANSMITTAL LETTER	8/20/14	SM	See # 8 in M-118616 for an	
Scanned SM 12/8/14			Amendment to the Linbucker Unit #8502	
4. Certified Copy of lease	11/06/2014		scanned	PJ 2-19-2019
5. Rentals - 2 nd & 3 rd yrs.	11/06/2014			
Scanned PJ 1-15-15				
6. E-Mail From Wm. Osborn	3/8/16			
7. Ltr. From Wm. to Energen	3/8/16			
Scanned PJ 3-24-16				
See # 59 in M-88352 for the				
Hogback State Unit # 7842				
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8. E-Mail From Wm Osborn	2/5/17			
See # 4 in M-118616 for the				
Designation of F&S 52.076 Pooling Agmt.				
for the Linbucker Unit 33-75, Unit #8502				
9. 1 st Extension of lease Packet	7/14/17			
10. 2 nd Lease Extension Packet	8/3/17			
11. 3 rd Lease Extension Packet	9/11/17			
Scanned PJ 9-26-2017				
12. 4 th Lease Extension Packet	10/16/17			
13. 5 th Lease Extension Packet	11/6/17			
14. 6 th Lease Extension Packet	12/7/17			
15. 7 th Lease Extension Packet	1/10/18			
16. 8 th Lease Extension packet	2/5/18			
17. 9 th Lease Extension packet	3/7/18			
18. 10 th Lease Extension packet	4/3/18			
19. Email Re: Well producing	4/17/18			

AMMONITE OIL & GAS COMPANY

1500

Commissioner, Texas General Land Office

6/27/2014

Bonus - MGL 134

50,050.00

477.00

Broadway Bank Chec Bonus - MGL 134

50,050.00

Commissioner, Texas General Land Office

6/27/2014

Sales fee - MGL 134

750.75 .

417 .

Broadway Bank Chec Sales Fee - MGL 134

750.75

Robert, you still owe me a
cheeseburger, from the last
state bid sale...
W/W



July 1, 2014

State Lease Number
M-116706
For GLO Use Only

OIL AND GAS LEASE BID APPLICATION

APPLICANT AGREEMENT

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

APPLICANT IDENTIFICATION TO APPEAR ON LEASE (type/print)

Name: Ammonite Oil & Gas Corp.
Address: 515 Congress Suite 2450
City: Austin State: TX Zip: 78701
Telephone: (512) 476-3529 (Include +4 Code)

AREA DESCRIPTION

County(ies): Loving / Reeves / Ward Survey Area: _____ (If Applicable)
Block/Tsp.: _____ Section/Tract: 8-D Acres: 12.00
(If Applicable)

BID SUBMISSION

(A) Bonus Amount AND (\$ 50,050.00
FIFTY THOUSAND DOLLARS FIFTY DOLLARS & NO CENTS
(type/print above) " "
(B) Sales Fee Amount (\$ 750.75
SEVEN HUNDRED FIFTY DOLLARS & 75 CENTS
(type/print above)

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

MGL. NO.

134

APPLICANT NAME

Ammonite Oil & Gas Corp.
(same as above)

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

(\$ 50,050.00

STATE OF TEXAS
TAX I.D. #

(must be an 11-digit number)

SIGNATURE OF
AGENT

(signature)

William Osborn
(type/print name)

14714715

14141741

14141741

Handwritten notes at top right:
... was like my ...
... it ...
... had a ...

File No

N-116706

Brd Form

Date Filed:

7/1/14

Jerry E. Patterson, Commissioner

By

George Madlin

14141741

14141741

151

The State of Texas



Austin, Texas

OIL AND GAS LEASE
NO. M-116706

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

TRACT 8-D OF THE PECOS RIVER, LOVING, REEVES, AND WARD COUNTIES, TEXAS, CONTAINING APPROXIMATELY 12 ACRES; TRACT 8-D IS BOUND ON ITS UPSTREAM END BY THE ARNO #1H UNIT, SAID UNIT BEING MORE PARTICULARLY DESCRIBED IN MINERAL FILE M-116263, SAID MINERAL FILE CURRENTLY ON FILE IN THE ARCHIVES & RECORDS DIVISION OF THE TEXAS GENERAL LAND OFFICE, AUSTIN, TEXAS, AND IS BOUND ON ITS DOWNSTREAM END BY A LINE BEARING GRID S 2° E AND PASSING THROUGH A POINT HAVING COORDINATES OF X=984,689 FEET AND Y=733,564 FEET, TEXAS PLANE COORDINATE SYSTEM, CENTRAL ZONE, NAD 1927,

was, after being duly advertised, offered for lease on the 1st day of July, 2014, at 10:00 o'clock a.m., by the Commissioner of the General Land Office of the State of Texas and the School Land Board of the State of Texas, for the sole and only purpose of prospecting and drilling for, and producing oil and/or gas that may be found and produced from the above described area; and

WHEREAS, after all bids and remittances which were received up to said time have been duly considered by the Commissioner of the General Land Office and the School Land Board at a regular meeting thereof in the General Land Office, on the 1st day of July, 2014, hereinafter the "effective date" and it was found and determined that AMMONITE OIL & GAS CORP. whose address is 515 CONGRESS AVENUE, SUITE 2450, AUSTIN, TEXAS 78701, had offered the highest and best bid for a lease of the area above described and is, therefore, entitled to receive a lease thereon:

NOW, THEREFORE, I, Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas, hereinafter sometimes referred to as "Lessor," whose address is Austin, Texas, by virtue of the authority vested in me and in consideration of the payment by the hereinafter designated Lessee, the sum of Fifty Thousand Fifty And 00/100 Dollars (\$50,050.00), receipt of which is hereby acknowledged and of the royalties, covenants, stipulations and conditions contained and hereby agreed to be paid, observed and performed by Lessee, do hereby demise, grant, lease and let unto the above mentioned bidder the exclusive right to prospect for, produce and take oil and/or gas from the aforesaid area upon the following terms and conditions, to-wit:

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

2. **TERM:** Subject to the other provisions hereof, this lease shall be for a term of **three (3) years** from the effective date hereof (herein called "primary term") and as long thereafter as oil or gas is produced in paying quantities from said area.

3. **DELAY RENTALS:** If no well be commenced on the land hereby leased on or before the anniversary date of this lease, this lease shall terminate as to both parties unless the Lessee on or before said date shall pay or tender to the Commissioner of the General Land Office of the State of Texas at Austin, Texas, the sum of **Five Dollars (\$5.00), per acre**, which shall operate as rental and cover the privilege of deferring the commencement of a well for twelve (12) months from said date. In like manner and upon like payments or tenders the commencement of a well may be further deferred for like periods of the same number of months successively during the primary term hereof.

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

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

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

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

(D) **OTHER PRODUCTS:** As a royalty on carbon black, sulphur or any other products produced or manufactured from gas (excepting liquid hydrocarbons) whether said gas be "casinghead," "dry" or any other gas, by fractionating, burning or any other processing, $\frac{1}{4}$ part of gross production of such products, or the market value thereof, at the option of Lessor, such market value to be determined as follows:

- (1) On the basis of the highest market price of each product, during the same month in which such product is produced, or
- (2) On the basis of the average gross sale price of each product for the same month in which such products are produced; whichever is the greater.

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

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

(G) **PLANT FUEL AND RECYCLED GAS:** No royalty shall be payable on any gas as may represent this lease's proportionate share of any fuel used to process gas produced hereunder in any processing plant. Notwithstanding anything contained herein to the contrary, and subject to the consent in writing of the Commissioner of the General Land Office, Lessee may recycle gas for gas lift purposes on the leased premises after the liquid hydrocarbons contained in the gas have been removed, and no royalties shall be payable on the gas so recycled until such time as the same may thereafter be produced and sold or used by Lessee in such manner as to entitle Lessor to a royalty thereon under the royalty provisions of this lease.

(H) **MINIMUM ROYALTY:** During any year after the expiration of the primary term of this lease, if this lease is maintained by production, the royalties paid to Lessor in no event shall be less than an amount equal to 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.

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

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

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

(B) **DRILLING RECORDS:** Written notice of all operations on this lease shall be submitted to the Commissioner of the General Land Office by Lessee or operator five (5) days before spud date, workover, re-entry, temporary abandonment or plug and abandonment of any well or wells. Such written notice to the General Land Office shall include copies of Railroad Commission forms for application to drill. Copies of well tests, completion reports and plugging reports shall be supplied to the General Land Office at the time they are filed with the Texas Railroad Commission. Lessee shall supply the General Land Office with any records, memoranda, accounts, reports, cuttings and cores, or other information relative to the operation of the above-described premises, which may be requested by the General Land Office, in addition to those herein expressly provided for. Lessee shall have an electrical and/or radioactivity survey made on the bore-hole section, from the base of the surface casing to the total depth of well, of all wells drilled on the above described premises and shall transmit a true copy of the log of each survey on each well to the General Land Office within fifteen (15) days after the making of said survey.

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

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

(A) VERTICAL: In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall then terminate as to all of the leased premises, EXCEPT (1) 40 acres surrounding each oil well capable of producing in paying quantities and 320 acres surrounding each gas well capable of producing in paying quantities (including a shut-in oil or gas well as provided in Paragraph 11 hereof), or a well upon which Lessee is then engaged in continuous drilling or reworking operations, or (2) the number of acres included in a producing pooled unit pursuant to Natural Resources Code Sections 52.151-52.153, or (3) such greater or lesser number of acres as may then be allocated for production purposes to a proration unit for each such producing well under the rules and regulations of the Railroad Commission of Texas, or any successor agency, or other governmental authority having jurisdiction. Within 90 days of a partial termination of this lease in accordance with this subparagraph and upon payment of the minimum filing fee set by General Land Office rules in effect at the time of the partial termination, Lessee shall have the right to obtain a surface lease for ingress and egress on and across the terminated portion of the leased premises as may be reasonably necessary for the continued operation of the portions of the lease remaining in force and effect. If Lessee fails to apply for a surface lease within the 90 day period specified above, Lessee may apply for a surface lease from the Land Office, but the Land Commissioner has the discretion to grant or deny such application and to set the fee for such surface lease.

(B) HORIZONTAL: In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall further terminate as to all depths below 100 feet below the total depth drilled (hereinafter "deeper depths") in each well located on acreage retained in Paragraph 7 (A) above, unless on or before two (2) years after the primary or extended term Lessee pays an amount equal to one-half (1/2) of the bonus originally paid as consideration for this lease (as specified on page 1 hereof). If such amount is paid, this lease shall be in force and effect as to such deeper depths, and said termination shall be delayed for an additional period of two (2) years and so long thereafter as oil or gas is produced in paying quantities from such deeper depths covered by this lease.

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

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

9. DRY HOLE/CESSATION OF PRODUCTION DURING PRIMARY TERM: If, during the primary term hereof and prior to discovery and production of oil or gas on said land, Lessee should drill a dry hole or holes thereon, or if during the primary term hereof and after the discovery and actual production of oil or gas from the leased premises such production thereof should cease from any cause, this lease shall not terminate if on or before the expiration of sixty (60) days from date of completion of said dry hole or cessation of production Lessee commences additional drilling or reworking operations thereon, or pays or tenders the next annual delay rental in the same manner as provided in this lease. If, during the last year of the primary term or within sixty (60) days prior thereto, a dry hole be completed and abandoned, or the production of oil or gas should cease for any cause, Lessee's rights shall remain in full force and effect without further operations until the expiration of the primary term; and if Lessee has not resumed production in paying quantities at the expiration of the primary term, Lessee may maintain this lease by conducting additional drilling or reworking operations pursuant to Paragraph 10, using the expiration of the primary term as the date of cessation of production under Paragraph 10. Should the first well or any subsequent well drilled on the above described land be completed as a shut-in oil or gas well within the primary term hereof, Lessee may resume payment of the annual rental in the same manner as provided herein on or before the rental paying date following the expiration of sixty (60) days from the date of completion of such shut-in oil or gas well and upon the failure to make such payment, this lease shall ipso facto terminate. If at the expiration of the primary term or any time thereafter a shut-in oil or gas well is located on the leased premises payments may be made in accordance with the shut-in provisions hereof.

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

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

12. COMPENSATORY ROYALTIES: If, during the period the lease is kept in effect by payment of the shut-in oil or gas royalty, oil or gas is sold and delivered in paying quantities from a well located within one thousand (1,000) feet of the leased premises and completed in the same producing reservoir, or in any case in which drainage is occurring, the right to continue to maintain the lease by paying the shut-in oil or gas royalty shall cease, but the lease shall remain effective for the remainder of the year for which the royalty has been paid. The Lessee may maintain the lease for four more successive years by Lessee paying compensatory royalty at the royalty rate provided in the lease of the market value of production from the well causing the drainage or which is completed in the same producing reservoir and within one thousand (1,000) feet of the leased premises. The compensatory royalty is to be paid monthly to the Commissioner beginning on or before the last day of the month following the month in which the oil or gas is produced from the well causing the drainage or that is completed in the same producing reservoir and located within one thousand (1,000) feet of the leased premises; if the compensatory royalty paid in any 12-month period is in an amount less than the annual shut-in oil or gas royalty, Lessee shall pay an amount equal to the difference within thirty (30) days from the end of the 12-month period; and none of these provisions will relieve Lessee of the obligation of reasonable development nor the obligation to drill offset wells as provided in N.R.C. Section 52.034; however, at the determination of the Commissioner, and with the Commissioner's written approval, the payment of compensatory royalties shall satisfy the obligation to drill offset wells. Compensatory royalty payments which are not timely paid will accrue penalty and interest in accordance with Paragraph 5 of this lease.

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

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

15. POLLUTION: In developing this area, Lessee shall use the highest degree of care and all proper safeguards to prevent pollution. Without limiting the foregoing, pollution of coastal wetlands, natural waterways, rivers and impounded water shall be prevented by the use of containment facilities sufficient to prevent spillage, seepage or ground water contamination. In the event of pollution, Lessee shall use all means at its disposal to recapture all escaped hydrocarbons or other pollutant and shall be responsible for all damage to public and private properties.

(A) UPLANDS: Lessee shall build and maintain fences around its slush, sump, and drainage pits and tank batteries so as to protect livestock against loss, damage or injury; and upon completion or abandonment of any well or wells, Lessee shall fill and level all slush pits and cellars and completely clean up the drilling site of all rubbish thereon.

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

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

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

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

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

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

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

20. FORFEITURE: If Lessee shall fail or refuse to make the payment of any sum within thirty (30) days after it becomes due, or if Lessee or an authorized agent should knowingly make any false return or false report concerning production or drilling, or if Lessee shall fail or refuse to drill any offset well or wells in good faith as required by law and the rules and regulations adopted by the Commissioner of the General Land Office, or if Lessee should fail to file reports in the manner required by law or fail to comply with rules and regulations promulgated by the General Land Office, the School Land Board, or the Railroad Commission, or refuse the proper authority access to the records pertaining to operations, or if Lessee or an authorized agent should knowingly fail or refuse to give correct information to the proper authority, or knowingly fail or refuse to furnish the General Land Office a correct log of any well, or if Lessee shall knowingly violate any of the material provisions of this lease, or if this lease is assigned and the assignment is not filed in the General Land Office as required by law, the rights acquired under this lease shall be subject to forfeiture by the Commissioner, and he shall forfeit same when sufficiently informed of the facts which authorize a forfeiture, and when forfeited the area shall again be subject to lease to the highest bidder, under the same regulations controlling the original sale of leases. However, nothing herein shall be construed as waiving the automatic termination of this lease by operation of law or by reason of any special limitation arising hereunder. Forfeitures may be set aside and this lease and all rights thereunder reinstated before the rights of another intervene upon satisfactory evidence to the Commissioner of the General Land Office of future compliance with the provisions of the law and of this lease and the rules and regulations that may be adopted relative hereto.

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

22. APPLICABLE LAWS AND DRILLING RESTRICTIONS: This lease shall be subject to all rules and regulations, and amendments thereto, promulgated by the Commissioner of the General Land Office governing drilling and producing operations on Permanent Free School Land (specifically including any rules promulgated that relate to plans of operations), payment of

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

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

24. FORCE MAJEURE: Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling operations thereon, or from producing oil and/or gas therefrom, after effort made in good faith, by reason of war, rebellion, riots, strikes, fires, acts of God or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended upon proper and satisfactory proof presented to the Commissioner of the General Land Office in support of Lessee's contention and Lessee shall not be liable for damages for failure to comply therewith (except in the event of lease operations suspended as provided in the rules and regulations adopted by the School Land Board); and this lease shall be extended while and so long as Lessee is prevented, by any such cause, from drilling, reworking operations or producing oil and/or gas from the leased premises; provided, however, that nothing herein shall be construed to suspend the payment of rentals during the primary or extended term, nor to abridge Lessee's right to a suspension under any applicable statute of this State.

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

26. REDUCTION OF PAYMENTS: If, during the primary term, a portion of the land covered by this lease is included within the boundaries of a pooled unit that has been approved by the School Land Board in accordance with Natural Resources Code Sections 52.151-52.153, or if, at any time after the expiration of the primary term or the extended term, this lease covers a lesser number of acres than the total amount described herein, payments that are made on a per acre basis hereunder shall be reduced according to the number of acres pooled, released, surrendered, or otherwise severed, so that payments determined on a per acre basis under the terms of this lease during the primary term shall be calculated based upon the number of acres outside the boundaries of a pooled unit, or, if after the expiration of the primary term, the number of acres actually retained and covered by this lease.

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

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

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

30. LEASE FILING: Pursuant to Chapter 9 of the Tex. Bus. & Com. Code, this lease must be filed of record in the office of the County Clerk in any county in which all or any part of the leased premises is located, and certified copies thereof must be filed in the General Land Office. The prescribed filing fee shall accompany the certified copies sent to the General Land Office.

31. EXECUTION: This oil and gas lease must be signed and acknowledged by the Lessee before it is filed of record in the county records and in the General Land Office of the State of Texas.

LESSEE

BY: _____

TITLE: _____

DATE: _____

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

COMMISSIONER OF THE GENERAL LAND OFFICE
OF THE STATE OF TEXAS

APPROVED

Contents _____
Legal _____
DC _____
Exec _____

STATE OF _____

(CORPORATION ACKNOWLEDGMENT)

COUNTY OF _____

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

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

Notary Public in and for _____

STATE OF _____

(INDIVIDUAL ACKNOWLEDGMENT)

COUNTY OF _____

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

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

Notary Public in and for _____

File No.

M-116706
Oil & Gas Lease

Date Filed:

8/20/14

Jerry E. Patterson, Commissioner

By

George Martin

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

August 20, 2014

Mr. William Osborn
Ammonite Oil & Gas Corp.
515 Congress Avenue, Suite 2450
Austin, Texas 78701

Dear Mr. Osborn:

Thank you for participating in the General Land Office Oil and Gas Lease Sale held on July 1, 2014. I am pleased to inform you that Ammonite Oil & Gas Corp. was the high bidder on **MGL. No. 134**, which has been assigned the lease number **M-116706**.

State Lease M-116706 is enclosed and serves as your receipt for your bid. This lease form must be fully executed by the lessee, and then recorded in the County Clerk's office of the county or counties in which lands covered by the lease are located. After signing and recording the lease, please submit a certified copy of the recorded lease to the attention of the undersigned. These requirements are material provisions of the lease; therefore, please return the certified copy at your earliest convenience.

The lessee's other contractual and statutory responsibilities are outlined in the lease agreement, such as Section 6(B), which requires submission of written notice for all drilling, production, and related activities. When forms are filed with the Texas Railroad Commission, they are required to submit copies of these forms to the General Land Office, such as Forms W-1, Application to Drill; W-2, Oil Well Completion Report and Log; G -1, Gas Well Completion Report and Log; W-3, Plugging Record; G-5, Gas Well Classification Report; G-10, Gas Well Status Report; W-10, Oil Well Status Report; W-12, Inclination Report; Electric Logs; Directional Surveys.

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

Sincerely,

Robert B. Hatter, Director
Mineral Leasing Division

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

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

www.glo.state.tx.us

③

File No. M-116 706
Transmittal Letter

Date Filed: 8/20/14
Jerry E. Patterson, Commissioner
By George Martin

The State of Texas



Austin, Texas

OIL AND GAS LEASE
NO. M-116706

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

TRACT 8-D OF THE PECOS RIVER, LOVING, REEVES, AND WARD COUNTIES, TEXAS, CONTAINING APPROXIMATELY 12 ACRES; TRACT 8-D IS BOUND ON ITS UPSTREAM END BY THE ARNO #1H UNIT, SAID UNIT BEING MORE PARTICULARLY DESCRIBED IN MINERAL FILE M-116263, SAID MINERAL FILE CURRENTLY ON FILE IN THE ARCHIVES & RECORDS DIVISION OF THE TEXAS GENERAL LAND OFFICE, AUSTIN, TEXAS, AND IS BOUND ON ITS DOWNSTREAM END BY A LINE BEARING GRID S 2° E AND PASSING THROUGH A POINT HAVING COORDINATES OF X=984,689 FEET AND Y=733,564 FEET, TEXAS PLANE COORDINATE SYSTEM, CENTRAL ZONE, NAD 1927,

was, after being duly advertised, offered for lease on the 1st day of July, 2014, at 10:00 o'clock a.m., by the Commissioner of the General Land Office of the State of Texas and the School Land Board of the State of Texas, for the sole and only purpose of prospecting and drilling for, and producing oil and/or gas that may be found and produced from the above described area; and

WHEREAS, after all bids and remittances which were received up to said time have been duly considered by the Commissioner of the General Land Office and the School Land Board at a regular meeting thereof in the General Land Office, on the 1st day of July, 2014, hereinafter the "effective date" and it was found and determined that AMMONITE OIL & GAS CORP. whose address is 515 CONGRESS AVENUE, SUITE 2450, AUSTIN, TEXAS 78701, had offered the highest and best bid for a lease of the area above described and is, therefore, entitled to receive a lease thereon:

NOW, THEREFORE, I, Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas, hereinafter sometimes referred to as "Lessor," whose address is Austin, Texas, by virtue of the authority vested in me and in consideration of the payment by the hereinafter designated Lessee, the sum of Fifty Thousand Fifty And 00/100 Dollars (\$50,050.00), receipt of which is hereby acknowledged and of the royalties, covenants, stipulations and conditions contained and hereby agreed to be paid, observed and performed by Lessee, do hereby demise, grant, lease and let unto the above mentioned bidder the exclusive right to prospect for, produce and take oil and/or gas from the aforesaid area upon the following terms and conditions, to-wit:

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

2. **TERM:** Subject to the other provisions hereof, this lease shall be for a term of **three (3) years** from the effective date hereof (herein called "primary term") and as long thereafter as oil or gas is produced in paying quantities from said area.

3. **DELAY RENTALS:** If no well be commenced on the land hereby leased on or before the anniversary date of this lease, this lease shall terminate as to both parties unless the Lessee on or before said date shall pay or tender to the Commissioner of the General Land Office of the State of Texas at Austin, Texas, the sum of **Five Dollars (\$5.00), per acre**, which shall operate as rental and cover the privilege of deferring the commencement of a well for twelve (12) months from said date. In like manner and upon like payments or tenders the commencement of a well may be further deferred for like periods of the same number of months successively during the primary term hereof.

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

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

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



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

(D) **OTHER PRODUCTS:** As a royalty on carbon black, sulphur or any other products produced or manufactured from gas (excepting liquid hydrocarbons) whether said gas be casing head, "dry" or any other gas, by fractionating, burning or any other processing, $\frac{1}{4}$ part of gross production of such products, or the market value thereof, at the option of Lessor, such market value to be determined as follows:

- (1) On the basis of the highest market price of each product, during the same month in which such product is produced, or
- (2) On the basis of the average gross sale price of each product for the same month in which such products are produced; whichever is the greater.

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

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

(G) **PLANT FUEL AND RECYCLED GAS:** No royalty shall be payable on any gas as may represent this lease's proportionate share of any fuel used to process gas produced hereunder in any processing plant. Notwithstanding anything contained herein to the contrary, and subject to the consent in writing of the Commissioner of the General Land Office, Lessee may recycle gas for gas lift purposes on the leased premises after the liquid hydrocarbons contained in the gas have been removed, and no royalties shall be payable on the gas so recycled until such time as the same may thereafter be produced and sold or used by Lessee in such manner as to entitle Lessor to a royalty thereon under the royalty provisions of this lease.

(H) **MINIMUM ROYALTY:** During any year after the expiration of the primary term of this lease, if this lease is maintained by production, the royalties paid to Lessor in no event shall be less than an amount equal to 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.

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

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

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

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

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

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

(A) VERTICAL: In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall then terminate as to all of the leased premises, EXCEPT (1) 40 acres surrounding each oil well capable of producing in paying quantities and 320 acres surrounding each gas well capable of producing in paying quantities (including a shut-in oil or gas well as provided in Paragraph 11 hereof), or a well upon which Lessee is then engaged in continuous drilling or reworking operations, or (2) the number of acres included in a producing pooled unit pursuant to Natural Resources Code Sections 52.151-52.153, or (3) such greater or lesser number of acres as may then be allocated for production purposes to a proration unit for each such producing well under the rules and regulations of the Railroad Commission of Texas, or any successor agency, or other governmental authority having jurisdiction. Within 90 days after partial termination of this lease in accordance with this subparagraph and upon payment of the minimum filing fee set by General Land Office rules in effect at the time of the partial termination, Lessee shall have the right to obtain a surface lease for ingress and egress on and across the terminated portion of the leased premises as may be reasonably necessary for the continued operation of the portions of the lease remaining in force and effect. If Lessee fails to apply for a surface lease within the 90 day period specified above, Lessee may apply for a surface lease from the Land Office, but the Land Commissioner has the discretion to grant or deny such application and to set the fee for such surface lease.

(B) HORIZONTAL: In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall further terminate as to all depths below 100 feet below the total depth drilled (hereinafter "deeper depths") in each well located on acreage retained in Paragraph 7 (A) above, unless on or before two (2) years after the primary or extended term Lessee pays an amount equal to one-half (1/2) of the bonus originally paid as consideration for this lease (as specified on page 1 hereof). If such amount is paid, this lease shall be in force and effect as to such deeper depths, and said termination shall be delayed for an additional period of two (2) years and so long thereafter as oil or gas is produced in paying quantities from such deeper depths covered by this lease.

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

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

9. DRY HOLE/CESSATION OF PRODUCTION DURING PRIMARY TERM: If, during the primary term hereof and prior to discovery and production of oil or gas on said land, Lessee should drill a dry hole or holes thereon, or if during the primary term hereof and after the discovery and actual production of oil or gas from the leased premises such production thereof should cease from any cause, this lease shall not terminate if on or before the expiration of sixty (60) days from date of completion of said dry hole or cessation of production Lessee commences additional drilling or reworking operations thereon, or pays or tenders the next annual delay rental in the same manner as provided in this lease. If, during the last year of the primary term or within sixty (60) days prior thereto, a dry hole be completed and abandoned, or the production of oil or gas should cease for any cause, Lessee's rights shall remain in full force and effect without further operations until the expiration of the primary term; and if Lessee has not resumed production in paying quantities at the expiration of the primary term, Lessee may maintain this lease by conducting additional drilling or reworking operations pursuant to Paragraph 10, using the expiration of the primary term as the date of cessation of production under Paragraph 10. Should the first well or any subsequent well drilled on the above described land be completed as a shut-in oil or gas well within the primary term hereof, Lessee may resume payment of the annual rental in the same manner as provided herein on or before the rental paying date following the expiration of sixty (60) days from the date of completion of such shut-in oil or gas well and upon the failure to make such payment, this lease shall ipso facto terminate. If at the expiration of the primary term or any time thereafter a shut-in oil or gas well is located on the leased premises payments may be made in accordance with the shut-in provisions hereof.

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

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

12. COMPENSATORY ROYALTIES: If, during the period the lease is kept in effect by payment of the shut-in oil or gas royalty, oil or gas is sold and delivered in paying quantities from a well located within one thousand (1,000) feet of the leased premises and completed in the same producing reservoir, or in any case in which drainage is occurring, the right to continue to maintain the lease by paying the shut-in oil or gas royalty shall cease, but the lease shall remain effective for the remainder of the year for which the royalty has been paid. The Lessee may maintain the lease for four more successive years by Lessee paying compensatory royalty at the royalty rate provided in the lease of the market value of production from the well causing the drainage or which is completed in the same producing reservoir and within one thousand (1,000) feet of the leased premises. The compensatory royalty is to be paid monthly to the Commissioner beginning on or before the last day of the month following the month in which the oil or gas is produced from the well causing the drainage or that is completed in the same producing reservoir and located within one thousand (1,000) feet of the leased premises; if the compensatory royalty paid in any 12-month period is in an amount less than the annual shut-in oil or gas royalty, Lessee shall pay an amount equal to the difference within thirty (30) days from the end of the 12-month period; and none of these provisions will relieve Lessee of the obligation of reasonable development nor the obligation to drill offset wells as provided in N.R.C. Section 52.034; however, at the determination of the Commissioner, and with the Commissioner's written approval, the payment of compensatory royalties shall satisfy the obligation to drill offset wells. Compensatory royalty payments which are not timely paid will accrue penalty and interest in accordance with Paragraph 5 of this lease.

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

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

15. **POLLUTION:** In developing this area, Lessee shall use the highest degree of care and all proper safeguards to prevent pollution. Without limiting the foregoing, pollution of coastal wetlands, natural waterways, rivers and impounded water shall be prevented by the use of containment facilities sufficient to prevent spillage, seepage or ground water contamination. In the event of pollution, Lessee shall use all means at its disposal to recapture all escaped hydrocarbons or other pollutant and shall be responsible for all damage to public and private properties.

16. **UPLANDS:** Lessee shall build and maintain fences around its slush, sump, and drainage pits and tank batteries so as to protect livestock against loss, damage or injury; and upon completion or abandonment of any well or wells, Lessee shall fill and level all slush pits and cellars and completely clean up the drilling site of all rubbish thereon.

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

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

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

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

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

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

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

20. **FORFEITURE:** If Lessee shall fail or refuse to make the payment of any sum within thirty (30) days after it becomes due, or if Lessee or an authorized agent should knowingly make any false return or false report concerning production or drilling, or if Lessee shall fail or refuse to drill any offset well or wells in good faith as required by law and the rules and regulations adopted by the Commissioner of the General Land Office, or if Lessee should fail to file reports in the manner required by law or fail to comply with rules and regulations promulgated by the General Land Office, the School Land Board, or the Railroad Commission, or refuse the proper authority access to the records pertaining to operations, or if Lessee or an authorized agent should knowingly fail or refuse to give correct information to the proper authority, or knowingly fail or refuse to furnish the General Land Office a correct log of any well, or if Lessee shall knowingly violate any of the material provisions of this lease, or if this lease is assigned and the assignment is not filed in the General Land Office as required by law, the rights acquired under this lease shall be subject to forfeiture by the Commissioner, and he shall forfeit same when sufficiently informed of the facts which authorize a forfeiture, and when forfeited the area shall again be subject to lease to the highest bidder, under the same regulations controlling the original sale of leases. However, nothing herein shall be construed as waiving the automatic termination of this lease by operation of law or by reason of any special limitation arising hereunder. Forfeitures may be set aside and this lease and all rights thereunder reinstated before the rights of another intervene upon satisfactory evidence to the Commissioner of the General Land Office of future compliance with the provisions of the law and of this lease and the rules and regulations that may be adopted relative hereto.

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

22. **APPLICABLE LAWS AND DRILLING RESTRICTIONS:** This lease shall be subject to all rules and regulations, and amendments thereto, promulgated by the Commissioner of the General Land Office governing drilling and producing operations on Permanent Free School Land (specifically including any rules promulgated that relate to plans of operations), payment of

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

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

24. FORCE MAJEURE: Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling operations thereon, or from producing oil and/or gas therefrom, after effort made in good faith, by reason of war, rebellion, riots, strikes, fires, acts of God or any order, rule or regulation of governmental authority, then, without the written consent of said Commissioner or his authorized representative, Lessee's obligation to comply with such covenant shall be suspended upon proper and satisfactory proof presented to the Commissioner of the General Land Office in support of Lessee's contention and Lessee shall not be liable for damages for failure to comply therewith (except in the event of lease operations suspended as provided in the rules and regulations adopted by the School Land Board); and this lease shall be extended while and so long as Lessee is prevented, by any such cause, from drilling, reworking operations or producing oil and/or gas from the leased premises; provided, however, that nothing herein shall be construed to suspend the payment of rentals during the primary or extended term, nor to abridge Lessee's right to a suspension under any applicable statute of this State.

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

26. REDUCTION OF PAYMENTS: If, during the primary term, a portion of the land covered by this lease is included within the boundaries of a pooled unit that has been approved by the School Land Board in accordance with Natural Resources Code Sections 52.151-52.153, or if, at any time after the expiration of the primary term or the extended term, this lease covers a lesser number of acres than the total amount described herein, payments that are made on a per acre basis hereunder shall be reduced according to the number of acres pooled, released, surrendered, or otherwise severed, so that payments determined on a per acre basis under the terms of this lease during the primary term shall be calculated based upon the number of acres outside the boundaries of a pooled unit, or, if after the expiration of the primary term, the number of acres actually retained and covered by this lease.

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

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

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

30. LEASE FILING: Pursuant to Chapter 9 of the Tex. Bus. & Com. Code, this lease must be filed of record in the office of the County Clerk in any county in which all or any part of the leased premises is located, and certified copies thereof must be filed in the General Land Office. The prescribed filing fee shall accompany the certified copies sent to the General Land Office.

31. EXECUTION: This oil and gas lease must be signed and acknowledged by the Lessee before it is filed of record in the county records and in the General Land Office of the State of Texas.

Ammanite Oil & Gas Corp
LESSEE
BY: *[Signature]*
TITLE: *VPRESIDENT*
DATE: *9/3/14*

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


COMMISSIONER OF THE GENERAL LAND OFFICE
OF THE STATE OF TEXAS

APPROVED

Contents

Legal

DC

Exec

STATE OF
COUNTY OF

TEXAS
TRAVIS

(CORPORATION ACKNOWLEDGMENT)

BEFORE ME, the undersigned authority, on this day personally appeared

William Osborn
PRESIDENT

known to me to be the person whose name is subscribed to the foregoing instrument, as

AMMONITE OIL & GAS CORP

and acknowledged to me that he executed the same

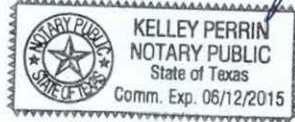
for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said corporation.

Given under my hand and seal of office this the

3rd day of September

20

14



Notary Public in and for

Kelley Perrin

STATE OF

(INDIVIDUAL ACKNOWLEDGMENT)

COUNTY OF

Before me, the undersigned authority, on this day personally appeared

known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this the

day of

20

Notary Public in and for

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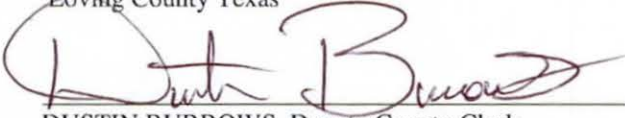
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Inst No. 14-08483
DIANNE O. FLOREZ
COUNTY CLERK
2014 Sep 15 at 01:26 PM
REEVES COUNTY, TEXAS
By: ER Elizabeth Rayo DEPUTY

I, Mozelle Carr, Clerk of the County Court, in and for said County, do hereby certify that the within instrument in writing, dated 07/01/2014 with its certification of authentication, was filed in my office 10/27/2014 at 10:44 AM and recorded 10/27/2014 in the OFFICIAL PUBLIC RECORDS of Loving County, Texas with Instrument Number 2014-2093. Witness my Hand and Seal of Said Court, at office in Mentone, Texas, on date and year last above written.



MOZELLE CARR, County Clerk
Loving County Texas



DUSTIN BURROWS, Deputy County Clerk
Loving County Texas



File No. MF116706
Certified Copy of Lease

Date Filed: 11/06/2014

By JEP
Jerry E. Patterson, Commissioner

Texas General Land Office

11/4/2014

State Lease M116706-delay rental

120.00

RENTAL PAYMENT

2nd & 3rd yrs.

P

15703551

47.9 .77

Broadway Bank Chec State Lease M116706-delay rental

121
+ 120.00

AMMONITE OIL & GAS COMPANY
515 CONGRESS AVE., STE. 2450
AUSTIN, TX 78701

BROADWAY NATIONAL BANK
800.531.7650
broadwaybank.com

15703551

1605
88-2193/1140
605

11/4/2014

PAY TO THE ORDER OF Texas General Land Office

\$ **120.00

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

DOLLARS

Texas General Land Office
1700 Congress Avenue
Austin TX 78701

MEMO

State Lease M116706-delay rental

Kelley Perin
AUTHORIZED SIGNATURE

⑈001605⑈

AMMONITE OIL & GAS COMPANY

1605

Texas General Land Office

11/4/2014

State Lease M116706-delay rental

120.00

15703551

121

Broadway Bank Chec State Lease M116706-delay rental

120.00

⑈001605⑈

OSBORN, GRIFFITH & HARGROVE

ATTORNEYS AT LAW

515 CONGRESS AVENUE, SUITE 2450

AUSTIN, TEXAS 78701

512/476-3529

FACSIMILE:

512/476-8310

WILLIAM S. OSBORN

ANA MARIA MARSLAND-GRIFFITH

ROBERT G. HARGROVE

ELMER F. PATMAN

(1907-1987)

PHILIP F. PATMAN

(1937-2005)

November 4, 2014

Robert Hatter
Director of Mineral Leasing
Texas General Land Office
1700 North Congress 8th Floor
Austin, Texas 78701

Dear Mr. Hatter,

Herewith is a copy of Oil and Gas Lease M-116706 taken by Ammonite Oil & Gas Corporation at the July 2014 State Lease Sale, showing the recording information.

Also enclosed please find Ammonite Check No. 1605 in the amount of \$120.00, which represents a payment of \$5.00 per acre, for 12 acres covered by the lease, times two, covering the delay rental payments for years two and three of the primary term, herewith prepaid.

Would someone on your staff be kind enough to sign and return to us a copy of this letter, acknowledging receipt of the delay rental payment?

Respectfully submitted,


Kelley Perrin

Receipt of \$ 120.00 Delay Rental for M- 116706

Acknowledged by  for GLO

File No. MF 116 706 ⑤
Rentals - 2nd & 3rd yrs.

Date Filed: 11/04/2014

Jerry E. Patterson, Commissioner

By: JEP

Daryl Morgan

From: William Osborn <william@texasenergylaw.com>
Sent: Tuesday, March 08, 2016 3:22 PM
To: Daryl Morgan
Cc: Robert Hatter
Subject: State Lease M-116706 Pecos Riverbed JOA and AFE signed today
Attachments: 2322_001.pdf

Daryl,

Will you please place the attached materials in the GLO file for M-116706, a riverbed lease to Ammonite.

In the cover letter to Energen I have mentioned the need to make application to the Pooling Committee for approval.

- Wm

6

File No. M-116706

E-Mail From Wm Osborn County

Date Filed: 3/8/16

George P. Bush, Commissioner

By [Signature]

OSBORN, GRIFFITH & HARGROVE

ATTORNEYS AT LAW
515 CONGRESS AVENUE, SUITE 2450
AUSTIN, TEXAS 78701

WILLIAM S. OSBORN
ANA MARIA MARSLAND-GRIFFITH
ROBERT G. HARGROVE

512/476-3529
FACSIMILE:
512/476-8310

ELMER F. PATMAN
(1907-1987)
PHILIP F. PATMAN
(1937-2005)

March 8, 2016

FedEx Tracking Number 8053 0671 6178

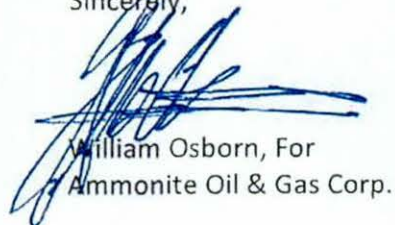
Susan Tanis
Energen Resources
605 Richard Arrington Jr. Blvd North
Birmingham, Alabama 35203

RE: Hogback State Unit 33-76 #601 Well (formerly #701H)
Section 76, Block 33, H&TC RR Survey
Loving County, Texas

Dear Ms. Tanis,

Enclosed is the signed AFE, election letter and JOA for the captioned well. A request for pooling authority will need to be filed with the Texas General Land Office. The State of Texas Lease Number for the portion of the Riverbed being contributed to the pooled unit by Ammonite is M-116706. These are generally submitted by the operator, are you familiar with the process? The GLO has an application form, which is submitted to their pooling committee for review. Please let me know if we may be of any assistance with that process.

Sincerely,



William Osborn, For
Ammonite Oil & Gas Corp.



Susan A. Tanis, CPL
Landman
VIA: Overnight Delivery

February 24, 2016

Ammonite Oil & Gas Corp.
c/o Osborn, Griffith & Hargrove
515 Congress, Avenue, Suite 2450
Austin, Texas 78701
Attn: Mr. William Osborn

RE: Hogback State Unit 33-76 #601H Well (formerly #701H)
Section 76, Block 33, H&TC RR Survey
Loving County, Texas

Gentlemen:

Energen Resources Corporation ("ERC") hereby proposes the drilling and completion of the Hogback State Unit 33-76 #601H well. The well is proposed to spud on or about April 1, 2016 and shall be drilled to an estimated measured depth of 18,481' (10,765' TVD) to test the Wolfcamp A formation at a surface location 550' FNWL & 3,171' FNEL and bottom hole location 450' FNWL & 200' FWL of Section 76, Block 33, H&TC RR Survey, Loving County, Texas. Accordingly, enclosed please find an Authorization for Expenditure (AFE), which details the estimated costs associated with the drilling and completion of said well, along with the permit plat and geological prognosis. Please note that after the AFE was prepared, Energen decided to land the well in the Wolfcamp A formation instead of the Wolfcamp B formation, which results in the well name being changed to the captioned. The AFE was prepared for a Wolfcamp B well but such estimated costs do not materially change for a Wolfcamp A well.

Please indicate your election below and return one (1) copy of this letter within thirty (30) days of your receipt to the attention of the undersigned at the letterhead address. Also, please sign and return the enclosed AFE. You may fax your response to the undersigned at (205) 326-1797 or email it to stanis@energen.com with original to follow by mail.

In the meantime, should you have any questions concerning this matter please call me at (205) 326-1794.

Yours very truly,

ENERGEN RESOURCES CORPORATION


Susan A. Tanis, CPL
Landman

Yes

Elect to participate with my 0.747584% working interest in the drilling and completion of the Hogback State Unit 33-76 #601H Well.

Ammonite Oil & Gas Corp.

By: 
Name: William Osborn
Title: President
Date: 3-8-2016



Susan A. Tanis, CPL
Landman
VIA: Overnight Delivery

February 24, 2016

Ammonite Oil & Gas Corp.
c/o Osborn, Griffith & Hargrove
515 Congress, Avenue, Suite 2450
Austin, Texas 78701
Attn: Mr. William Osborn

RE: Hogback State Unit 33-76 #601H Well (formerly #701H)
Section 76, Block 33, H&TC RR Survey
Loving and Ward Counties, Texas

Mr. Osborn:

Pursuant to the well proposal by Energen Resources Corporation ("ERC") for the drilling and completion of the Hogback State Unit 33-76 #601H well, enclosed please find an A.A.P.L. Form 610-1989 Model Form Operating Agreement ("JOA") dated January 1, 2016, which will govern operations on the well.

The JOA has been executed on behalf of ERC along with the Gas Balancing Agreement (Exhibit "E") and the Recording Memorandum (Exhibit "G"). Also attached are additional signature pages so that you may have fully executed copies for your files. Please return one (1) fully executed original of all pages to my attention. You will be provided recording information for the Exhibit "G" once it is available.

In the meantime, should you have any questions concerning this matter please call me at (205) 326-1794.

Yours very truly,

ENERGEN RESOURCES CORPORATION


Susan A. Tanis, CPL
Landman



AUTHORIZATION FOR EXPENDITURE
DRILLING AND COMPLETION

AFE Number	PBE1610008	Proposed TO	18,990
Well Name	Hogback 33-76 #701H	Formation	Wolfcamp B
Corporate ID		Well Type	Exploratory
API Number		County, State	Loving, TX
Operator	Energen Resources	Energen WI	100.0000%
Legal		Energen NRI	100.0000%
		Rev. WI	0.000000%
		Rev. NRI	0.000000%

Objective: Drill and complete a Wolfcamp B Shale Horizontal well in East Delaware Basin (7,500' lateral)

INTANGIBLE DRILLING COST					Original AFE
950.010	Company Labor				\$ -
950.030	Company Supervision				\$ -
950.030	Road & Site Construction				\$ 255,000.00
950.040	Field Office				\$ 2,000.00
950.050	Vehicles				\$ -
950.060	ROW & Damages				\$ 60,000.00
950.070	Insurance and Bonds				\$ 10,000.00
950.080	Permits, Surveys, & Engineering				\$ 45,000.00
950.101	Drill Bits				\$ 81,000.00
950.102	Cement & Cementing Services				\$ 140,000.00
950.103	Contract Drilling (Daywork)	\$ 16,000 /day @	28 days		\$ 448,000.00
950.104	Mud, Fluid, and Chemicals				\$ 245,000.00
950.105	Drilling Equipment Rental				\$ 65,820.00
950.106	Fuel				\$ 117,800.00
950.107	Equipment Hauling				\$ 20,000.00
950.108	Drilling Fluid Disposal				\$ 25,000.00
950.109	Directional Drilling Services				\$ 290,000.00
950.110	Gas/Air Units				\$ -
950.111	Mobilization/Demobilization				\$ -
950.112	Fishing Rental/Labor				\$ 160,800.00
950.113	Downhole Rental Tools				\$ -
950.114	Surface Rentals				\$ 78,650.00
950.115	Closed Loop Rental				\$ 71,075.00
950.116	Drill Pipe Rental				\$ 42,000.00
950.117	Drilling: Special Services				\$ 67,000.00
950.118	Drilling Supervision				\$ 100,000.00
950.150	Logging				\$ 170,500.00
950.160	Coring and Core Analysis				\$ 55,480.00
950.990	Contingency		3%		\$ 75,363.76
Total Intangible Drilling Cost					\$ 2,587,489
TANGIBLE DRILLING COST					Original AFE
948.101	Conductor Casing	30"	120 ft @	0.00 /ft	\$ -
948.102	Misc/Other casing equipment				\$ -
948.106	Surface Casing	16"	1,200 ft @	41.44 /ft	\$ 49,728.00
948.109	Intermediate Casing	10 3/4"	4,220 ft @	30.70 /ft	\$ 129,554.00
948.109	Intermediate Casing	7 5/8"	11,150 ft @	18.59 /ft	\$ 206,832.50
948.104	Production Liner	4 1/2"	8,500 ft @	12.60 /ft	\$ 107,100.00
948.104	Production Casing	5 1/2"	4,120 ft @	18.60 /ft	\$ 76,632.00
948.108	Drill Pipe Damaged				\$ 28,000.00
950.990	Contingency		3%		\$ 17,935.40
Total Tangible Drilling Cost					\$ 615,762
Total Rig Release Cost					\$ 3,203,271

INTANGIBLE COMPLETION COSTS					Original AFE
950.201	Remedial Cement & Service				\$ -
950.202	Plug & Perforating Operations				\$ 235,300.00
950.203	Frac Tank Rental				\$ 23,400.00
950.204	Fuel				\$ 8,000.00
950.205	Equipment Hauling				\$ 25,000.00
950.206	Completion: Special Services				\$ 60,000.00
950.207	Stimulation				\$ 1,789,400.00
950.208	Completion Rig	\$ 2.00 /day	7,500 days		\$ 15,000.00
950.209	Dittoouts				\$ 145,000.00
950.210	Water Disposal				\$ 5,000.00
950.211	Downhole Rentals				\$ 25,000.00
950.212	Surface Rentals				\$ 81,000.00
950.213	Fresh Water				\$ 561,000.00
950.214	Recycled Water				\$ -
950.215	Water Transfer				\$ 99,000.00
950.217	Tubing Rental				\$ -
950.218	Completions Supervision				\$ 132,400.00
950.219	Cased Hole Logging				\$ 8,000.00
950.220	Completions Fishing				\$ -
950.221	Mud/Gel				\$ 30,000.00
950.222	Frac Pond				\$ 60,000.00
950.216	Special Reservoir Testing				\$ 25,000.00
950.266	Production Testing				\$ 315,000.00
950.260	Drilling Overhead				\$ -
950.970	Pumping Phase Cost (N2)				\$ -
950.900	Non-op IDC				\$ -
950.999	Cutback				\$ -
950.990	Contingency		8%		\$ 291,448.00
Total Intangible Completion Cost					\$ 3,934,548
TANGIBLE COMPLETION COSTS					Original AFE
940.230	Facilities Site Construction				\$ -
940.030	Road & Site Construction				\$ 10,340.00
940.060	ROW & Damages				\$ -
940.070	Installation				\$ 369,950.00
940.110	Equipment				\$ 300,800.00
940.120	Materials & Parts				\$ 393,480.00
940.192	Pumps				\$ 22,000.00
940.185	Rods				\$ -
940.197	Tubing				\$ 75,082.50
940.201	Wellhead				\$ 100,000.00
940.202	Compressor/Dehydration Unit				\$ -
940.203	Meters/meter runs				\$ -
940.204	Other Surface Equipment				\$ -
940.205	Pumping Unit				\$ -
940.206	Separator & Treater				\$ -
940.270	Pumping Phase Costs				\$ -
950.990	Contingency		10%		\$ 127,163
Total Tangible Completion Cost					\$ 1,398,796
Sub-total Completion Cost					\$ 5,333,344

Rig Release Cost \$ 3,203,271
Total Well Cost \$ 8,536,614
Partner Approval Signature  Date 3.8.2016 Date Generated: 12/15/2015



AUTHORIZATION FOR EXPENDITURE
DRILLING AND COMPLETION

A/E Number	PBE1610008	Proposed TO	18,990
Well Name	Hogback 33-76 #701H	Formation	Wolfcamp B'
Corporate ID		Well Type	Exploratory
API Number		County, State	Loving, TX
Operator	Energen Resources	Energen WI	100.0000%
Legal		Energen NRI	100.0000%
		Rev. WI	0.000000%
		Rev. NRI	0.000000%

Objective Drill and complete a Wolfcamp B Shale Horizontal well in East Delaware Basin (7,500' lateral)

INTANGIBLE DRILLING COST				Original A/E
950.010	Company Labor			\$ -
950.020	Company Supervision			\$ -
950.030	Road & Site Construction			\$ 255,000.00
950.040	Field Office			\$ 2,000.00
950.050	Vehicles			\$ -
950.060	ROW & Damages			\$ 80,000.00
950.070	Insurance and Bonds			\$ 10,000.00
950.080	Permits, Surveys, & Engineering			\$ 45,000.00
950.101	Drill Bits			\$ 61,000.00
950.102	Cement & Cementing Services			\$ 140,000.00
950.103	Contract Drilling (Daywork)	\$ 16,000 /day @	28 days	\$ 448,000.00
950.104	Mud, Fluid, and Chemicals			\$ 245,000.00
950.105	Drilling Equipment Rental			\$ 65,820.00
950.106	Fuel			\$ 117,800.00
950.107	Equipment Hauling			\$ 20,000.00
950.108	Drilling Fluid Disposal			\$ 25,000.00
950.109	Directional Drilling Services			\$ 290,000.00
950.110	Gas/Air Units			\$ -
950.111	Mobilization/Demobilization			\$ 160,800.00
950.112	Fishing Rentals/Labor			\$ -
950.113	Downhole Rental Tools			\$ 70,850.00
950.114	Surface Rentals			\$ 71,075.00
950.115	Closed Loop Rental			\$ 42,000.00
950.116	Drill Pipe Rental			\$ 67,000.00
950.117	Drilling - Special Services			\$ 100,000.00
950.118	Drilling Supervision			\$ 170,500.00
950.150	Logging			\$ 55,480.00
950.160	Coring and Core Analysis			\$ -
950.995	Contingency		3%	\$ 75,363.75
Total Intangible Drilling Cost				\$ 2,587,489
TANGIBLE DRILLING COST				Original A/E
940.101	Conductor Casing	30"	120 ft @ 0.00 \$/ft	\$ -
940.102	Misc/Other casing equipment			\$ -
940.103	Surface Casing	16"	1,200 ft @ 41.44 \$/ft	\$ 49,728.00
940.104	Intermediate Casing	10 3/4"	4,210 ft @ 30.70 \$/ft	\$ 129,554.00
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940.106	Production Liner	4 1/2"	8,500 ft @ 12.80 \$/ft	\$ 107,100.00
940.107	Production Casing	5 1/2"	4,120 ft @ 18.60 \$/ft	\$ 76,632.00
940.108	Drill Pipe Damaged			\$ 28,000.00
950.995	Contingency		3%	\$ 17,935.40
Total Tangible Drilling Cost				\$ 615,782
Total Rig Release Cost				\$ 3,203,271

INTANGIBLE COMPLETION COSTS				Original A/E
950.201	Remedial Cement & Service			\$ -
950.202	Plug & Perforating Operations			\$ 235,300.00
950.203	Frac Tank Rental			\$ 23,400.00
950.204	Fuel			\$ 8,000.00
950.205	Equipment Hauling			\$ 25,000.00
950.206	Completion - Special Services			\$ 80,000.00
950.207	Stimulation			\$ 1,789,400.00
950.208	Completion Rig	\$ 2.00 /\$day	7,500 days	\$ 15,000.00
950.209	Drillouts			\$ 145,800.00
950.210	Water Disposal			\$ 5,000.00
950.211	Downhole Rentals			\$ 24,000.00
950.212	Surface Rentals			\$ 81,000.00
950.213	Fresh Water			\$ 561,000.00
950.214	Recycled Water			\$ -
950.215	Water Transfer			\$ 99,000.00
950.217	Tubing Rental			\$ -
950.218	Completions Supervision			\$ 133,400.00
950.219	Cased Hole Logging			\$ 8,000.00
950.220	Completions Fishing			\$ -
950.221	Mud/Gel			\$ 30,000.00
950.222	Frac Pond			\$ 66,000.00
950.214	Special Reservoir Testing			\$ 25,000.00
950.250	Production Testing			\$ 315,000.00
950.260	Drilling Overhead			\$ -
950.970	Pumping Phase Cos (N2)			\$ -
950.005	Non-op IDC			\$ -
950.999	Cutback			\$ -
950.995	Contingency		8%	\$ 291,448.00
Total Intangible Completion Cost				\$ 3,934,548
TANGIBLE COMPLETION COSTS				Original A/E
960.200	Facilities Site Construction			\$ -
960.030	Road & Site Construction			\$ 10,340.00
960.060	ROW & Damages			\$ -
960.070	Installation			\$ 369,950.00
960.110	Equipment			\$ 300,800.00
960.130	Materials & Parts			\$ 393,450.00
940.102	Pumps			\$ 22,000.00
940.105	Rods			\$ -
940.107	Tubing			\$ 75,082.50
940.201	Wellhead			\$ 100,000.00
940.202	Compressor/Dehydration Unit			\$ -
940.203	Meters/meter runs			\$ -
940.204	Other Surface Equipment			\$ -
940.205	Pumping Unit			\$ -
940.206	Separator & Treater			\$ -
940.210	Pumping Phase Costs			\$ -
950.995	Contingency		10%	\$ 127,163
Total Tangible Completion Cost				\$ 1,398,796
Sub-total Completion Cost				\$ 5,333,544

Rig Release Cost \$ 3,203,271
Total Well Cost \$ 8,536,814
Partner Approval Signature  Date 3.8.2016 Date Generated: 12/16/2015

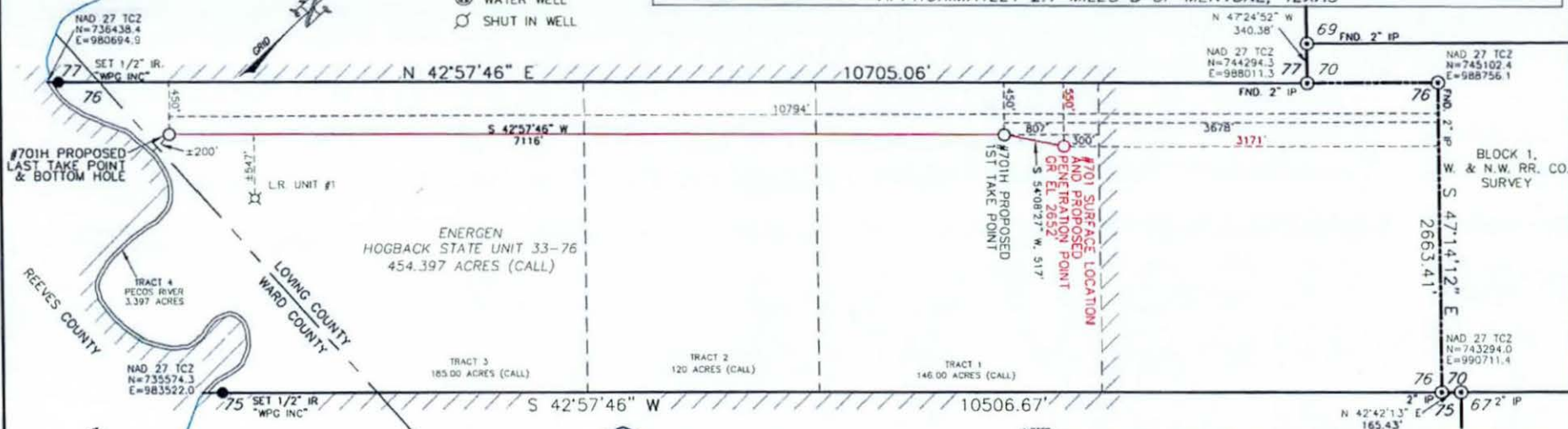
PERMIT PLAT

A-1199, 919, 926, 1268
**SECTION 76, BLOCK 33
H. & T.C. RR. SURVEY**

- ☼ GAS WELL
- ⚙ WATER INJECTION WELL
- OIL WELL
- LOCATED WELL
- DRY HOLE
- ⊙ WATER WELL
- ⊘ SHUT IN WELL

NAD 83, TEXAS CENTRAL ZONE	NAD 27, TEXAS CENTRAL ZONE
S/L: N=10584980.8', E=1283466.8' LAT=31.6673117 N, LONG=103.5902082 W	S/L: N=742404.4', E=987003.1' LAT=31.6671821 N, LONG=103.5897503 W
1ST/P: N=10584677.9', E=1283047.8' LAT=31.6664458 N, LONG=103.5915259 W	1ST/P: N=742101.5', E=986584.1' LAT=31.6663160 N, LONG=103.5910679 W
L/P: N=10579470.6', E=1278198.2' LAT=31.6517454 N, LONG=103.6066145 W	L/P: N=736894.3', E=981734.5' LAT=31.6516156 N, LONG=103.6061561 W

APPROXIMATELY 2.7 MILES S OF MENTONE, TEXAS



- NOTES:
- COORDINATES AND BEARINGS SHOWN HEREON ARE NAD 83, LAMBERT GRID COORDINATES AND CONFORM TO THE TEXAS COORDINATE SYSTEM "TEXAS CENTRAL ZONE," WITH REFERENCE TO USGS TRI-STATION "ANGLE" WITH A CENTRAL COMBINED SCALE FACTOR OF 0.99980780. THE POSITIONAL TOLERANCE OF THIS SURVEY EXCEEDS THE REQUIREMENTS FOR A RURAL SURVEY.
 - THIS SURVEY WAS PERFORMED WITHOUT THE BENEFIT OF A TITLE REPORT AND REVIEW OF THE ABSTRACT OF TITLE. THERE MAY BE EASEMENTS AND/OR COVENANTS AFFECTING THIS PROPERTY NOT SHOWN HEREON. LOCATION OF IMPROVEMENTS AND/OR EASEMENTS WERE BEYOND COMMISSIONED SCOPE OF THIS PROJECT AND HAVE BEEN SPECIFICALLY OMITTED. VESTING DOCUMENTS NOT FURNISHED FOR THIS SURVEY.
 - SEE DOCUMENTS AND ELECTRONIC DATA FILED IN THE OFFICE OF WPG INC FOR COMPLETE RECONSTRUCTION OF THESE SECTIONS OR BLOCKS.
 - RIVER BOUNDARY IS APPROXIMATE. GRADIENT BOUNDARY NOT PERFORMED DUE TO HIGH LEVEL OF RIVER. RIVER BOUNDARY ACREAGE AND SECTION 76 ACREAGE SUBJECT TO CHANGE.
 - THIS PROJECT WAS LIMITED TO THE ORIGINAL POSITION OF THE ADJOINING SURVEYS AND DID NOT INCLUDE THE CURRENT SURFACE OWNERSHIP.
 - SUBDIVISION SHOWN HEREON RECORDED AS J.B. MARSHALL'S SUBDIVISION IN VOL. 2, PG. 618, D.R.L.C.

1000 0 1000 2000 FEET

FILE: T:LOVING/BLOCK 33.dwg

Watson Professional Group Inc



P.O. DRAWER 11186
MIDLAND, TEXAS 79702
(432) 520-9200
FAX (432) 520-9202
tahlstrand@wpg-ta.com

CONSULTING ENGINEERS, LAND SURVEYORS & PLANNERS

I, THE UNDERSIGNED, DO HEREBY CERTIFY THAT THE SURVEY INFORMATION FOUND ON THIS PLAT WAS DERIVED FROM ACTUAL FIELD NOTES OF ON-THE-GROUND SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF. NO WARRANTY IS MADE OR INTENDED FOR THE LOCATION OF ANY OR ALL EASEMENTS THAT MAY EXIST WITHIN THE BOUNDS OF THIS SURVEY. THE INFORMATION PRESENTED HEREON IS FOR THE PRIVATE USE OF THE PARTY NAMED IN THE "REFERENCE PORTION" OF THE TITLE BLOCK AND DOES NOT CONSTITUTE A COMPLETE BOUNDARY SURVEY AS DEFINED BY THE "PROFESSIONAL LAND SURVEYING PRACTICES ACT."

Thais Watson Ahlstrand TEXAS R.P.L.S. No. 6359

2/4/16

DATE

PERMIT PLAT
ENERGEN RESOURCES CORPORATION
HOGBACK STATE UNIT 33-76 #701H
S/L & PROPOSED P/P: 550' FNWL & 3171' FNEL
PROPOSED 1ST T/P: 450' FNWL & 3678' FNEL
PROPOSED LAST T/P & B/H: 450' FNWL & 10794' FNEL
SECTION 76, BLOCK 33, H & T.C. RR SURVEY
LOVING AND WARD COUNTIES, TEXAS

DATE: JANUARY 20, 2016

DATE SURVEYED: 1/14/16

JOB NO.: 15-1004-00 FIELD BOOK 1809/72

DRAFT NGH REV. 0

(7)

File No. M-116706

Ltr. From Wm. to Energen County

Date Filed: 3/8/16

George P. Bush, Commissioner

By [Signature]

Daryl Morgan

From: William Osborn <william@texasenergylaw.com>
Sent: Tuesday, June 27, 2017 1:07 PM
To: rplumb@energen.com
Cc: Daryl Morgan; Mickey Olmstead
Subject: Election to participate in Well GLO M-116706
Attachments: 0137_001.pdf

Sir,

Attached find executed copy of letter electing participation in the Energen Linebacker Unit 33-75 number 601H well. We are today transmitting the original to you by Federal Express. The Airbill Number will be 805306716774.

Daryl, would you please post this e-mail and the attachment to your file for Pecos Riverbed lease M-116706.

Thank you to Micky Olmstead for working this out; I think there is a cheeseburger somewhere in this deal. Let's get to that after the July 4th holiday?

- Wm Osborn



June 5, 2017

ENERGEN CORPORATION

605 Richard Arrington, Jr. Boulevard North
Birmingham, Alabama 35203-2707
Telephone (205) 326-2700

VIA: FEDEX

Ammonite Oil & Gas Corp.
c/o Osborn, Griffith & Hargrove
515 Congress, Avenue, Suite 2450
Austin, Texas 78701
Attn: Mr. William Osborn

RE: Linebacker Unit 33-75 #601H Well
Section 75, Block 33, H&TC RR Survey
Loving, Reeves and Ward Counties, Texas

Gentlemen:

Recently the State of Texas approved the pooling of a portion of the Pecos River (2.611 acres) covered by your lease into the Energen Resources Corporation ("Energen") Linebacker Unit 33-75. In this connection, Energen hereby proposes the drilling and completion of the Linebacker Unit 33-75 #601H well, as a horizontal well, to an estimated total measured depth of 20,335' (10,815' TVD) to test the Wolfcamp A formation from an off unit surface location 1,275' FNEL & 350' FNWL and bottom hole location 10,584' FNEL & 330' FNWL of Section 75, Block 33, H&TC RR Survey, Loving County, Texas. Accordingly, enclosed please find an Authorization for Expenditure (AFE), which details the estimated costs associated with the drilling and completion of said well, along with the permit plat and geological prognosis. The well is currently proposed to spud on or about August 25, 2017.

Please indicate your election below and return one (1) copy of this letter within thirty (30) days of your receipt to the attention of the undersigned at the letterhead address. If you elect to participate, then please sign and return the enclosed AFE as well and an Operating Agreement will be submitted for your review and execution. You may fax your response to the undersigned at (205) 326-1797 or email it to rplumb@energen.com with original to follow by mail.

In the meantime, should you have any questions concerning this matter please call me at (205) 326-4395.

Yours very truly,

ENERGEN RESOURCES CORPORATION

Robert W. Plumb
Land Advisor

☒

Elect to participate with its 0.461834% working interest in the drilling and completion of the Linebacker Unit 33-75 #601H well.

☐

Elect not to participate with its 0.461834% working interest in the drilling and completion of the Linebacker Unit 33-75 #601H well.

Ammonite Oil & Gas Corp.

By:

Name: William Osborn, President

Date:

6-27-2017



AUTHORIZATION FOR EXPENDITURE
DRILLING AND COMPLETION

APE Number
Well Name
Lateral Length
API Number
Operator
Legal

Linebacker 33-75 600's
9,300'
00-000-00000
Energen Resources

Proposed TD
Formation
Well Type
County, State
Energen WI
Energen NRI

20,340
Wolfcamp A
Development
Loving, TX
0.00000%
0.00000%
Rev. WI 0.0000000%
Rev. NRI 0.0000000%

Objective

D&C 20340' Wolfcamp A Horizontal well. Based on 35.5 day cycle time with lateral length of 9300'. Completions:
Based on 47 stage slickwater job @ 200 ft spacing and 376K lbs of proppant giving us 1901 lbs per lateral ft. Date

INTANGIBLE DRILLING COST					Original AFE
950.010	Company Labor				\$ -
950.020	Company Supervision				\$ -
950.030	Road & Site Construction				\$ 190,600.00
950.040	Field Office				\$ 2,000.00
950.050	Vehicles				\$ 3,000.00
950.060	ROW & Damages				\$ 37,500.00
950.070	Insurance and Bonds				\$ 10,000.00
950.080	Permits, Surveys, & Engineering				\$ 45,000.00
950.101	Drill Bits				\$ 82,300.00
950.102	Cement & Cementing Services				\$ 99,500.00
950.103	Contract Drilling (Daywork-Spud to RR)	\$ 17,000	\$/day	32.5 days	\$ 552,500.00
950.104	Mud, Fluid, and Chemicals				\$ 353,800.00
950.105	Drilling Equipment Rental				\$ 86,200.00
950.106	Fuel				\$ 149,100.00
950.107	Equipment Hauling				\$ 25,000.00
950.108	Drilling Fluid Disposal				\$ 27,000.00
950.109	Directional Drilling Services				\$ 314,700.00
950.110	Gas/Air Units				\$ -
950.111	Mobilization/Demobilization			3 days	\$ 145,500.00
950.112	Fishing Rentals/Labor				\$ -
950.113	Downhole Rental Tools				\$ 58,600.00
950.114	Surface Rentals				\$ 74,400.00
950.115	Closed Loop Rental				\$ 29,900.00
950.116	Drill Pipe Rental & Damages				\$ 61,300.00
950.117	Drilling Special Services				\$ 125,800.00
950.118	Drilling Supervision				\$ 159,800.00
950.150	Logging				\$ 56,000.00
950.160	Coring and Core Analysis				\$ -
950.995	Contingency			3.0%	\$ 60,700.00
Total Intangible Drilling Cost					\$ 2,770,200
TANGIBLE DRILLING COST					Original AFE
940.101	Conductor Casing	150	ft @	50.00 \$/ft	\$ 7,500.00
940.103	Misc/Other casing equipment				\$ 60,000.00
940.100	Surface Casing	16"	1,400 ft @	49.65 \$/ft	\$ 69,500.00
940.109	Intermediate Casing	10 3/4"	4,250 ft @	32.06 \$/ft	\$ 136,300.00
940.109	Intermediate Casing	7 5/8"	11,210 ft @	19.49 \$/ft	\$ 218,500.00
940.104	Production Liner	4 1/2"	9,230 ft @	12.56 \$/ft	\$ 115,900.00
940.104	Production Casing	5 1/2"	11,110 ft @	18.81 \$/ft	\$ 209,000.00
Total Tangible Drilling Cost					\$ 816,700
Total Rig Release Cost					\$ 3,586,900

INTANGIBLE COMPLETION COSTS					Original AFE
950.201	Remedial Cement & Service				\$ -
950.202	Plug & Perforating Operations				\$ 234,000.00
950.203	Frac Tank Rental				\$ 20,000.00
950.204	Fuel				\$ 12,000.00
950.205	Equipment Hauling				\$ 15,000.00
950.206	Completion Special Services				\$ 30,000.00
950.207	Stimulation				\$ 4,004,000.00
950.208	Completion Rig		days	\$/day	\$ 30,000.00
950.209	Drillouts				\$ 200,000.00
950.210	Water Disposal				\$ 130,000.00
950.211	Downhole Rentals				\$ 60,000.00
950.212	Surface Rentals				\$ 30,000.00
950.213	Fresh Water				\$ 270,250.00
950.214	Recycled Water				\$ -
950.215	Water Transfer				\$ 210,000.00
950.217	Well Control				\$ 15,000.00
950.218	Completions Supervision				\$ 74,800.00
950.219	Cased Hole Logging				\$ -
950.220	Completions Fishing				\$ 15,000.00
950.221	Mud/Gel				\$ 25,000.00
950.222	Frac Pond				\$ 50,000.00
950.216	Special Reservoir Testing				\$ 5,000.00
950.250	Production Testing				\$ 100,000.00
950.260	Drilling Overhead				\$ -
950.270	Pumping Phase Cos (N2)				\$ -
950.900	Non-op IDC				\$ -
950.999	Cutback				\$ -
950.995	Completions Contingency			3%	\$ 165,900.00
Total Intangible Completion Cost					\$ 5,695,950
TANGIBLE COMPLETION COSTS					Original AFE
960.010	Company Labor				\$ 2,500.00
960.030	Road & Site Construction				\$ 20,000.00
960.080	Permits, Surveys, & Engineering				\$ 1,500.00
960.070	Installation				\$ 34,000.00
960.110	Equipment				\$ 65,000.00
960.130	Materials & Parts				\$ 36,000.00
960.102	Artificial Lift				\$ 15,000.00
960.105	Rods				\$ -
960.107	Tubing				\$ 50,000.00
960.201	Wellhead				\$ 35,000.00
960.202	Compressor/Dehydration Unit				\$ -
960.203	Meters/meter runs				\$ -
960.204	Other Surface Equipment				\$ -
960.205	Pumping Unit				\$ -
960.206	Separator & Treater				\$ -
960.270	Pumping Phase Costs				\$ -
960.905	Wellhead/Facilities Contingency			3%	\$ 7,800.00
Total Tangible Completion Cost					\$ 266,800
Sub-total Completion Cost					\$ 5,962,750

Rig Release Cost

Total Well Cost

Partner Approval Signature

Date

6-27-2017

Date Generated:

5/9/2017

GEOLOGICAL PROGNOSIS

Date: March 23, 2017

Well Name: LINEBACKER UNIT 33-75 #601H

Location: SURF: 330FNWL 1257FNEL SEC 75 BLK 33
BHL: 330FNWL 200FNEL SEC 75 BLK 33
LOVING CO., TEXAS

API #: 42 301

Field: PHANTOM (WOLFCAMP)

Prospect: VERMEJO

Surface Lat/Long: LAT=
LONG= -

Elevation:

GL(ft):

KB(ft):



FORMATION	DEPTH (TVD)(ft)	SUBSEA(ft)	TYPE LOG (8210 JV-P VERMEJO 1)
Rustler	650		1058
base Salt	4090		4139
Surface Casing	4250		
Top Delaware Group	4300		4296
Bell Canyon	4325		4326
Cherry Canyon	5300		5306
Brushy Canyon	6540		6540
Bone Spring	7800		7796
1st Bone Spring Carb	8250		8208
1st Bone Spring Sand	8700		8696
2nd Bone Spring Carb	8950		8982
2nd Bone Spring Sand	9200		9226
3rd Bone Spring Carb	9690		9710
3rd Bone Spring Sand	10280		10293
Wolfcamp Formation	10580		10589
Wolfcamp X Sand	10600		10616
base Wolfcamp Y Sand	10715		10734
Wolfcamp A Shale	10730		10748
Intermediate Casing	IN CURVE		
TARGET ZONE (WC A +85)	10815		10834
Wolfcamp B	10975		10979
Wolfcamp C	11430		11448
Basal Wolfcamp	14100		14171
ESTIMATED TD	20335		

Primary Objective(s): WOLFCAMP A Shale

Mud Logger: TBD
(Logging to begin at drill out of Surface Casing)

Electric Logging Program: SCHLUMBERGER
INTERMEDIATE: TRIPLE COMBO (from Curve TD to Surface Casing)
TD:

MWD Logging Program: KOP TO TD

Coring Program: NO CORES PLANNED

Correlation Logs: 42301304870000 ERC 8210 JV-P VERMEJO 1
42301308620000 SHERIDAN PRODUCTION CATFISH #2
42301300500000 SHERIDAN PRODUCTION GRAYLING GAS UNIT 1

Remarks:

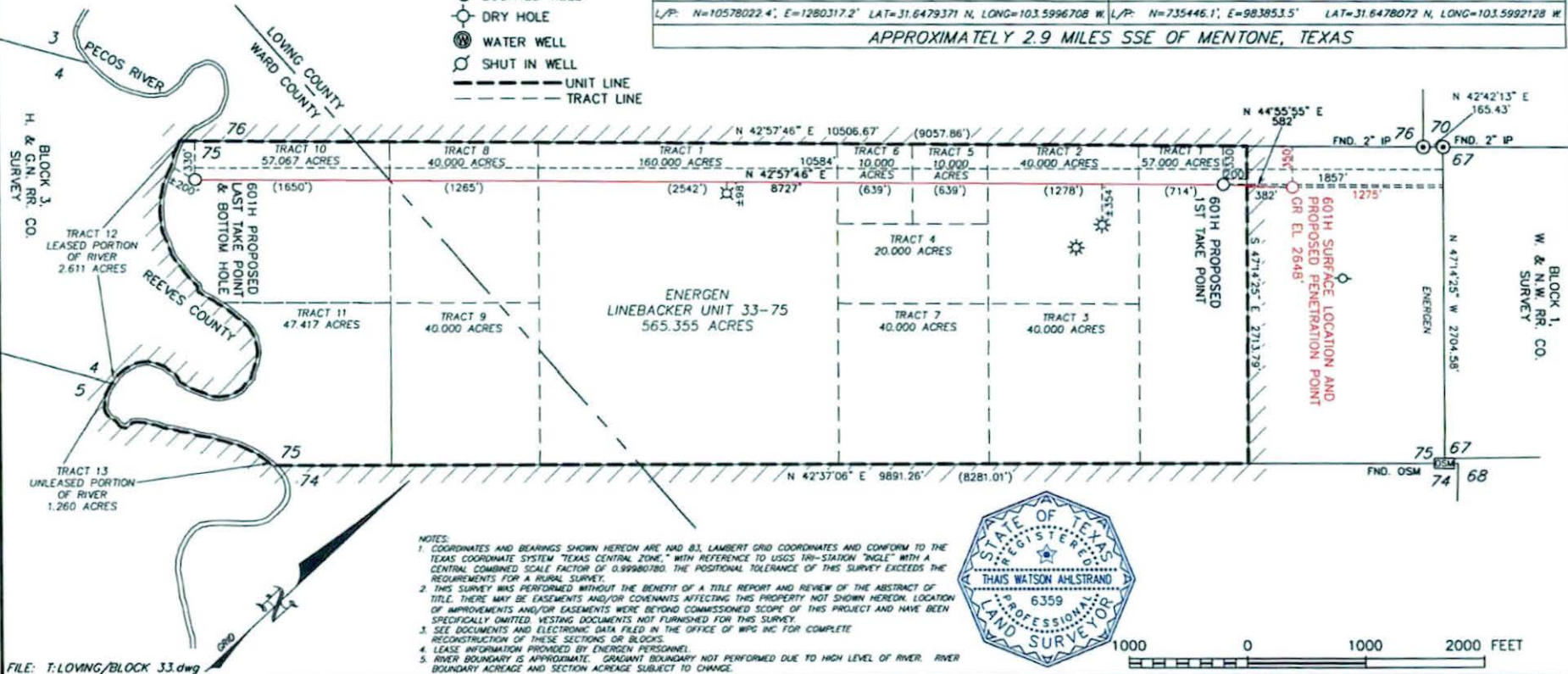
Operations Geologist: AL BONDURANT 205.568.5467 albert.bondurant@energen.com
Secondary Geologist: ROGER SCOTT 832.592.3764 roger.scott@energen.com
MIKE NIX 205.441.8678 mike.nix@energen.com
Engineer: BRANNON SMITH, MANNY HEALD, RICHARD ADAMS

PERMIT PLAT

A-5, A-992
SECTION 75, BLOCK 33
H. & T.C. RR. SURVEY

- ☼ GAS WELL
- ⚙ WATER INJECTION WELL
- OIL WELL
- LOCATED WELL
- DRY HOLE
- ⊙ WATER WELL
- ⊙ SHUT IN WELL
- UNIT LINE
- - - - - TRACT LINE

NAD 83, TEXAS CENTRAL ZONE		NAD 27, TEXAS CENTRAL ZONE	
S/L: N=10584820.8', E=1286675.9'	LAT=31.6671299 N, LONG=103.5798826 W	S/L: N=742244.4', E=990212.1'	LAT=31.6670002 N, LONG=103.5794252 W
1ST/P: N=10584408.7', E=1286264.8'	LAT=31.6659645 N, LONG=103.5811648 W	1ST/P: N=741832.3', E=989801.1'	LAT=31.6658348 N, LONG=103.5807073 W
L/P: N=10578022.4', E=1280317.2'	LAT=31.6479371 N, LONG=103.5996708 W	L/P: N=735446.1', E=983853.5'	LAT=31.6478072 N, LONG=103.5992128 W
APPROXIMATELY 2.9 MILES SSE OF MENTONE, TEXAS			



FILE: T:LOVING/BLOCK 33.dwg

Watson Professional Group Inc



P.O. DRAWER 11186
MIDLAND, TEXAS 79702
(432) 520-9200
FAX (432) 520-9212
tahstrand@wpg-usa.com

CONSULTING ENGINEERS, LAND SURVEYORS & PLANNERS

I, THE UNDERSIGNED, DO HEREBY CERTIFY THAT THE SURVEY INFORMATION FOUND ON THIS PLAT WAS DERIVED FROM ACTUAL FIELD NOTES OF ON-THE-GROUND SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF. NO WARRANTY IS MADE OR INTENDED FOR THE LOCATION OF ANY OR ALL EASEMENTS THAT MAY EXIST WITHIN THE BOUNDS OF THIS SURVEY. THE INFORMATION PRESENTED HEREON IS FOR THE PRIVATE USE OF THE PARTY NAMED IN THE "REFERENCE PORTION" OF THE TITLE BLOCK AND DOES NOT CONSTITUTE A COMPLETE BOUNDARY SURVEY AS DEFINED BY THE "PROFESSIONAL LAND SURVEYING PRACTICES ACT."

APRIL 26, 2017

Thais Watson Ahlstrand TEXAS R.P.L.S. No. 6359

DATE

1000 0 1000 2000 FEET

PERMIT PLAT
ENERGEN RESOURCES CORPORATION
LINEBACKER UNIT 33-75 #601H
S/L & PROPOSED P/P: 1275' FUEL & 330' FNNL
PROPOSED 1ST T/P: 1857' FNNL & 330' FNNL
PROPOSED LAST T/P & B/H: 10584' FNNL & 330' FNNL
SECTION 75, BLOCK 33, H & TC RR SURVEY
LOVING & WARD COUNTIES, TEXAS
DATE: APRIL 24, 2017 DATE SURVEYED: 4/17/17
JOB NO.: 17-1017-00 FIELD BOOK 826/67 DRAFT NGH REV. 0

8

File No. M- 116706

E-mail From Wm. Osborn County

Date Filed: 7/5/17

George P. Bush, Commissioner

By [Signature]

EXTENSION OF STATE OIL AND GAS LEASE
TEXAS GENERAL LAND OFFICE
STATE LEASE NO. MF116706
LOVING, REEVES, and WARD COUNTIES, TEXAS

WHEREAS, State Lease No. **MF116706** was issued to **Ammonite Oil & Gas Corp.** on the **1st** day of **July, 2014**, covering the tract of land described as: **Tract 8-D of the Pecos River, Loving, Reeves, and Ward Counties**, containing approximately **12.0 acres** as more particularly described in said Lease on file in the Archives and Records of the Texas General Land Office in Mineral File **MF116706**; and

WHEREAS, Section 52.031 of the Natural Resources Code provides for extensions of valid and subsisting leases; and

WHEREAS, drilling operations are being conducted thereon in good faith and workmanlike manner; and

WHEREAS, the owner of said lease has made written application for an extension in accordance with said Act, and paid the sum of **\$3,000.00**, as consideration therefor:

NOW, THEREFORE, I, George P. Bush, Commissioner of the General Land Office of the State of Texas, by the authority vested in me, and in accordance with the provisions of said Act, do by these presents hereby extend said lease for a period of thirty (30) days beginning the **2nd day of July, 2017**, said term extends to and includes the **31st day of July, 2017**, and so long thereafter as oil or gas is being produced in paying quantities.

IN TESTIMONY, WHEREOF, witness the signature of the Commissioner of the Texas General Land Office, under the seal thereof, this the 13 day of July, 2017.



George P. Bush, Commissioner
Texas General Land Office

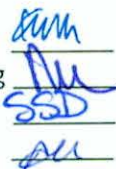
APPROVED:

Legal

Min. Leasing

Content

Executive



AMMONITE OIL & GAS COMPANY
515 CONGRESS AVE., STE. 2450
AUSTIN, TX 78701

BROADWAY NATIONAL BANK
800.531.7650
broadwaybank.com

1972
17715153 88-2193/1140
605

6/29/2017

PAY TO THE ORDER OF General Land Office

\$ **3,000.00

Three Thousand and 00/100*****

DOLLARS

General Land Office
1700 Congress Ave
Austin, TX 78701

MEMO

Extension
Lease Expense Payment *M-116706*

[Signature]
AUTHORIZED SIGNATURE

⑈001972⑈

AMMONITE OIL & GAS COMPANY

1972

General Land Office

6/29/2017

Lease Expense Payment

3,000.00



Broadway Bank Chec Lease Expense Payment

3,000.00

AMMONITE OIL & GAS COMPANY

1972

General Land Office

6/29/2017

Lease Expense Payment

3,000.00

17715153

121

Broadway Bank Chec Lease Expense Payment

X

3,000.00

OSBORN, GRIFFITH & HARGROVE

ATTORNEYS AT LAW

515 CONGRESS AVENUE, SUITE 2450

AUSTIN, TEXAS 78701

512/476-3529

FACSIMILE:

512/476-8310

WILLIAM S. OSBORN

ANA MARIA MARSLAND-GRIFFITH

ROBERT G. HARGROVE

ELMER F. PATMAN

(1907-1987)

PHILIP F. PATMAN

(1937-2005)

June 29, 2017

BY MESSENGER

J. Daryl Morgan

Texas General Land Office

1700 North Congress Avenue

Austin, Texas 78701

Att: Susan Draughn

Re: State Lease M-116706
Extension Request

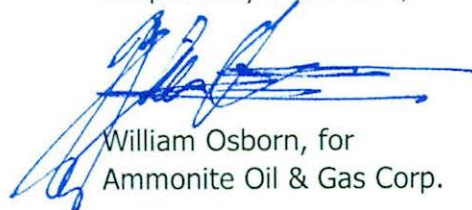
Dear Ms. Draughn,

M-116706 is a Pecos Riverbed lease to Ammonite. Its primary term will lapse in a couple of days. In May the GLO approved pooling the lease with offsetting acreage to form a pooled unit for the proposed Energen Linebacker 33-75 601-H Well (API 301-33370). As you will see from the attached e-mail report, Energen has this month completed construction of its drilling pad, and anticipates spudding the well on or about August 25th.

Enclosed please find application papers on standard GLO forms for 30 day extension of M-116706, to cover these circumstances. The pooling committee approved pooling in May, but the pooling declaration has not yet been finalized. Also enclosed is Ammonite's check in the amount of \$3000 to cover the application fee for this extension.

Ammonite takes this opportunity to express gratitude to Energen and its counsel Mr. Olmstead for enabling this resolution, which will prevent a riverbed stranding. Mr. Olmstead invested considerable effort in the matter.

Respectfully Submitted,



William Osborn, for
Ammonite Oil & Gas Corp.

cc: Mickey Olmstead

Application for 30 Day Extension of State Oil and Gas Lease

J. Daryl Morgan, CPL
General Land Office
1700 North Congress Avenue
Austin, Texas 78701

General Land Office
P. O. Box 12873
Austin, Texas 78711-2873

Under the provisions of Section 52.031 of the Natural Resources Code, providing for extensions of valid and subsisting leases issued pursuant to Subchapter B and C, Chapter 52 of the Natural Resources Code, and other applicable laws, the undersigned hereby applies for a thirty (30) day extension of the oil and gas lease held by the lessee on the tract of land described below.

Enclosed herewith is the extension payment in the amount of \$ 3000.00 and a copy of Railroad Commission Form W-1, Application for Permit to Drill, for the well on which drilling operations have been commenced prior to the end of the primary term. **NOTE:** (the W-1 is only required with the initial extension application, it is not needed for additional extensions)

STATE LEASE NO. M- 116706 LEASE DATE July 1, 2014
STATE TRACT _____ AREA Pecos Riverbed
(Bay, River, GOM, etc.)
PART Adjacent to
(N/2 NE/4 etc.)
SECTION 7S BLOCK 33 TSP. _____
SURVEY NAME H + TC RR A-5
ACRES 2.611 COUNTY/COUNTIES Loving & Reeves

(Only one lease should be included in this application, and the land must be described the same as in the original lease as granted, unless the amount of acreage held at the end of the primary term is less than was originally covered by the lease)

Amante Oil & Gas Corp.
(Individual or Company Name)

By: [Signature]

Date: June 29, 2017

Affidavit of Drilling Operations – State of Texas Leases

Before me, the undersigned authority in and for the State of Texas, this day personally appeared William Osborn, of Ammunite Oil & Gas Corp. stated to me to be the person who subscribed his name below, and who after being by me duly sworn, upon oath deposes and says that Emergen Resources Corp as operator commenced drilling operations ~~on~~ in June, 2017, and at the end of the primary term or extended term, ~~on~~ is now, 2017, was engaged in drilling operations on the Linebaker 33-75 601 Well, (API No. 301-33370) located on Tract _____, Area (water body etc.) _____, or Section 75, Block 33, Survey Name H+TC RR A-5, Loving County, Texas which is covered by State Lease M- 116706 (pooled) and is continuing drilling operations in good faith and in good and workmanlike manner and of this date, the well is ~~drilling at a depth of approximately~~ scheduled to ~~feet~~ spud on or about August 29, 2017. Location construction has been completed.

By: [Signature]
President
Ammunite Oil & Gas Corp.

THE STATE OF TEXAS

COUNTY OF TRAVIS

Sworn to me and subscribed before me on this the 29th day of June, 2017
by William Osborn, President.



Caroline Y. Deck
Notary Public in and for the State of Texas

M-116706

William Osborn

From: Robert Plumb <Robert.Plumb@energen.com>
Sent: Thursday, June 29, 2017 8:03 AM
To: William Osborn
Subject: RE: Linebacker Unit 33-75 #601H Well
Attachments: LINEBACKER UNIT 33-75 601H.PDF

Mr. Osborn,

The permit is attached.

Robert W. Plumb
Land Advisor
Energen Resources Corporation
205-326-4395 (o)
205-326-1797 (f)

From: William Osborn [mailto:william@texasenergylaw.com]
Sent: Wednesday, June 28, 2017 5:05 PM
To: Robert Plumb <Robert.Plumb@energen.com>
Subject: RE: Linebacker Unit 33-75 #601H Well

Thank you!

From: Robert Plumb [mailto:Robert.Plumb@energen.com]
Sent: Wednesday, June 28, 2017 4:42 PM
To: William Osborn <william@texasenergylaw.com>
Subject: RE: Linebacker Unit 33-75 #601H Well

Just received confirmation that the permit was approved today.

From: William Osborn [mailto:william@texasenergylaw.com]
Sent: Wednesday, June 28, 2017 4:27 PM
To: Robert Plumb <Robert.Plumb@energen.com>
Subject: RE: Linebacker Unit 33-75 #601H Well

Thank you Sir.

- Wm Osborn

From: Robert Plumb [mailto:Robert.Plumb@energen.com]
Sent: Wednesday, June 28, 2017 4:11 PM
To: William Osborn <william@texasenergylaw.com>
Subject: FW: Linebacker Unit 33-75 #601H Well

Mr. Osborn,

As an update to the email below, the well location is now 100% built and we still plan to spud on or about August 25, 2017. I believe we now have an approved permit but I am waiting for confirmation of that and I expect to be circulating the pooling agreement for your signature soon.

Please let me know if you have any questions.

Robert W. Plumb
Land Advisor
Energen Resources Corporation
205-326-4395 (o)
205-326-1797 (f)

From: Robert Plumb
Sent: Monday, June 12, 2017 1:20 PM
To: 'william@texasenergylaw.com' <william@texasenergylaw.com>
Subject: Linebacker Unit 33-75 #601H Well

Mr. Osborn,

I wanted to provide you with additional information regarding the status of the captioned well which was proposed to Ammonite Oil & Gas Corp. by letter dated June 5, 2017.

The well was staked on April 17, 2017 (off unit location) and construction of the location began on May 31, 2017. As of June 8, 2017, 50% of the location had been built. Attached is our permit application for the well. Due to unleased interests with unknown addresses in the unit creating the need for a Rule 37 exception, we had to run a notice in the local newspaper so we estimate receiving our approved permit sometime around June 20, 2017. As I mentioned in the well proposal, we currently estimate spudding the well on or about August 25, 2017.

Also, the inclusion of the portion of your Pecos River lease and the unleased portion of the Pecos River in our Linebacker Unit 33-75 was approved by the School Land Board on May 16, 2017. Attached is the form of the Designation of Unit and §52.076 Pooling Agreement to be used for this. I am waiting on recording information for some of my leases before I circulate it for signature.

Please let me know if you have any questions.

Sincerely,

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Please let me know if you have any questions.

Sincerely,

Robert W. Plumb
Land Advisor
Energen Resources Corporation
205-326-4395 (o)
205-326-1797 (f)

RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION

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

PERMIT NUMBER 826424	DATE PERMIT ISSUED OR AMENDED Jun 28, 2017	DISTRICT * 08
API NUMBER 42-301-33370	FORM W-1 RECEIVED May 09, 2017	COUNTY LOVING
TYPE OF OPERATION NEW DRILL	WELLBORE PROFILE(S) Horizontal	ACRES 565.36
OPERATOR ENERGEN RESOURCES CORPORATION 3510 N A ST BLDGS A AND B MIDLAND, TX 79705-0000		NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No: (432) 684-5581
LEASE NAME LINEBACKER UNIT 33-75		WELL NUMBER 601H
LOCATION 2.9 miles SE direction from MENTONE		TOTAL DEPTH 12500
Section, Block and/or Survey SECTION ◀ 75 BLOCK ◀ 33 ABSTRACT ◀ 5 SURVEY ◀ H&TC RR CO		
DISTANCE TO SURVEY LINES 1275 ft. NE 350 ft. NW		DISTANCE TO NEAREST LEASE LINE 200 ft.
DISTANCE TO LEASE LINES 1275 ft. NE 350 ft. NW		DISTANCE TO NEAREST WELL ON LEASE See FIELD(s) Below
FIELD(s) and LIMITATIONS: * SEE FIELD DISTRICT FOR REPORTING PURPOSES * ** THIS PERMIT IS GRANTED PURSUANT TO STATEWIDE RULE 37(h)(2)(A) ** CASE NO. 0305011		
FIELD NAME LEASE NAME	ACRES NEAREST LEASE	DEPTH NEAREST WE
-----	-----	-----
** PHANTOM (WOLFCAMP)	565.36	11,500
LINEBACKER UNIT 33-75	200	0

WELLBORE PROFILE(s) FOR FIELD: Horizontal		

RESTRICTIONS: This is a hydrogen sulfide field. Hydrogen Sulfide Fields with perforations must be isolated and tested per State Wide Rule 36 and a Form H-9 filed with the district office. Fields with SWR 10 authority to downhole commingle must be isolated and tested individually prior to commingling production.		
Lateral: TH1 Penetration Point Location Lease Lines: 1275.0 F NE L 350.0 F NW L		
Terminus Location BH County: WARD Section: 75 Block: 33 Abstract: 992 Survey: H&TC RR CO Lease Lines: 330.0 F NW L 200.0 F W L Survey Lines: 330.0 F NW L 10584.0 F NE L		
' ** ' PRECEDING FIELD NAME INDICATES RULE (R37)		
THE FOLLOWING RESTRICTIONS APPLY TO ALL FIELDS		

RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION

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

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LEASE NAME LINEBACKER UNIT 33-75		WELL NUMBER 601H
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Section, Block and/or Survey SECTION ◀ 75 BLOCK ◀ 33 ABSTRACT ◀ 5 SURVEY ◀ H&TC RR CO		
DISTANCE TO SURVEY LINES 1275 ft. NE 350 ft. NW		DISTANCE TO NEAREST LEASE LINE 200 ft.
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FIELD NAME LEASE NAME	ACRES NEAREST LEASE	DEPTH NEAREST WE
This well shall be completed and produced in compliance with applicable special field or statewide spacing and density rules. If this well is to be used for brine mining, underground storage of liquid hydrocarbons in salt formations, or underground storage of gas in salt formations, a permit for that specific purpose must be obtained from Environmental Services prior to construction, including drilling, of the well in accordance with Statewide Rules 81, 95, and 97. This well must comply to the new SWR 3.13 requirements concerning the isolation of any potential flow zones and zones with corrosive formation fluids. See approved permit for those formations that have been identified for the county in which you are drilling the well in. The designated interval for one or more of the fields approved in this permit appears to overlap with the designated interval of another field or fields in this district. In the case of conflicting designated intervals you will be required to be consistent in field designation on this lease. Further, if the designated interval overlap of wells on this lease results in an actual or potential double assignment of reservoir and the applicant cannot conclusively demonstrate that there is no double assignment, the permitted well may not be assigned an allowable until the conflict is resolved. Because of the overlapping designated intervals in this area, issuance of this permit does not guarantee that the completion of the well will be approved or that the well will receive an allowable in any given field, even if that field is listed on the approved permit application.		

6.2017

API No. <u>42-301-33370</u> Drilling Permit # <u>826424</u> SWR Exception Case/Docket No. <u>0305011 (R37)</u>		RAILROAD COMMISSION OF TEXAS OIL & GAS DIVISION APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER <i>This facsimile W-1 was generated electronically from data submitted to the RRC.</i> <i>A certification of the automated data is available in the RRC's Austin office.</i>			FORM W-1 07/2004 Permit Status: Approved	
1. RRC Operator No. <u>252002</u>		2. Operator's Name (as shown on form P-5, Organization Report) ENERGEN RESOURCES CORPORATION		3. Operator Address (include street, city, state, zip): 3510 N A ST BLDGS A AND B MIDLAND, TX 79705-0000		
4. Lease Name LINEBACKER UNIT 33-75		5. Well No. <u>601H</u>				
GENERAL INFORMATION						
6. Purpose of filing (mark ALL appropriate boxes): ☒ New Drill ☐ Recompletion ☐ Reclass ☐ Field Transfer ☐ Re-Enter ☐ Amended ☐ Amended as Drilled (BHL) (Also File Form W-1D)						
7. Wellbore Profile (mark ALL appropriate boxes): ☐ Vertical ☒ Horizontal (Also File Form W-1H) ☐ Directional (Also File Form W-1D) ☐ Sidetrack						
8. Total Depth <u>12500</u>		9. Do you have the right to develop the minerals under any right-of-way? ☒ Yes ☐ No		10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)? ☒ Yes ☐ No		
SURFACE LOCATION AND ACREAGE INFORMATION						
11. RRC District No. <u>08</u>		12. County <u>LOVING</u>		13. Surface Location ☒ Land ☐ Bay/Estuary ☐ Inland Waterway ☐ Offshore		
14. This well is to be located <u>2.9</u> miles in a <u>SE</u> direction from <u>MENTONE</u> which is the nearest town in the county of the well site.						
15. Section <u>75</u>		16. Block <u>33</u>		17. Survey <u>H&TC RR CO</u>		
		18. Abstract No. <u>A-5</u>		19. Distance to nearest lease line: <u>200</u> ft.		
20. Number of contiguous acres in lease, pooled unit, or unitized tract: <u>565.36</u>						
21. Lease Perpendiculars: <u>1275</u> ft from the <u>NE</u> line and <u>350</u> ft from the <u>NW</u> line.						
22. Survey Perpendiculars: <u>1275</u> ft from the <u>NE</u> line and <u>350</u> ft from the <u>NW</u> line.						
23. Is this a pooled unit? ☒ Yes ☐ No		24. Unitization Docket No.:		25. Are you applying for Substandard Acreage Field? ☐ Yes (attach Form W-1A) ☒ No		
FIELD INFORMATION List all fields of anticipated completion including Wildcat. List one zone per line.						
26. RRC District No.	27. Field No.	28. Field Name (exactly as shown in RRC records)	29. Well Type	30. Completion Depth	31. Distance to Nearest Well in this Reservoir	
08	71052900	PHANTOM (WOLFCAMP)	Oil or Gas Well	11500	0.00	
BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS (see W-1H attachment)						
Remarks [FILER May 9, 2017 10:12 AM]: Thank you!; [RRC STAFF May 17, 2017 4:21 PM]: There have been problems identified with this permit (see problem letter attachment). Notification sent.; [RRC STAFF May 18, 2017 11:57 AM]: Problems identified with this permit are resolved.			Certificate: I certify that information stated in this application is true and complete, to the best of my knowledge. Vonda Freeman Ms., Regulatory Analyst Name of filer _____ Date submitted <u>May 09, 2017</u> <u>(432)684-3693</u> <u>midlandrrc@energen.com</u> Phone E-mail Address (OPTIONAL)			
RRC Use Only Data Validation Time Stamp: <u>Jun 28, 2017 1:12 PM (Current Version)</u>						

8.29.17

Permit Status: **Approved**

The RRC has not approved this application. Duplication or distribution of information is at the user's own risk.

**RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION**

Form W-1H 07/2004
Supplemental Horizontal Well Information

APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER

*This facsimile W-1 was generated electronically from data submitted to the RRC.
A certification of the automated data is available in the RRC's Austin office.*

Permit # 826424
Approved Date: Jun 28, 2017

1. RRC Operator No 252002	2. Operator's Name (exactly as shown on form P-5, Organization Report) ENERGEN RESOURCES CORPORATION	3. Lease Name LINEBACKER UNIT 33-75	4. Well No. 601H
Lateral Drainhole Location Information			
5. Field as shown on Form W-1 PHANTOM (WOLFCAMP) (Field # 71052900, RRC District 08)			
6. Section 75	7. Block 33	8. Survey H&TC RR CO	9. Abstract 992
10. County of BHL WARD			
11. Terminus Lease Line Perpendiculars 330 ft. from the NW line, and 200 ft. from the W line			
12. Terminus Survey Line Perpendiculars 330 ft. from the NW line, and 10584 ft. from the NE line			
13. Penetration Point Lease Line Perpendiculars 1275 ft. from the NE line, and 350 ft. from the NW line			

GROUNDWATER PROTECTION DETERMINATION

Form GW-2



Groundwater Advisory Unit

Date Issued: 10 May 2017

GAU Number: 171814

Attention: ENERGEN RESOURCES
3510 N A ST BLDGS A AND B
MIDLAND, TX 79705

Operator No.: 252002

API Number:
County: LOVING
Lease Name: Linebacker Unit 33-75
Lease Number:
Well Number: 601H
Total Vertical Depth: 12500
Latitude: 31.666999
Longitude: -103.579424
Datum: NAD27

Purpose: New Drill

Location: Survey-H&TC RR CO; Abstract-5; Block-33; Section-33

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

The interval from the land surface to a depth of 550 feet, and the Rustler from 700 to 1100 feet must be protected.

This recommendation is applicable to all wells within a radius of 1000 feet of this location.

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

This determination is based on information provided when the application was submitted on 05/08/2017. If the location information has changed, you must contact the Groundwater Advisory Unit, and submit a new application if necessary. If you have questions, please contact us at 512-463-2741 or gau@rrc.texas.gov.

Groundwater Advisory Unit, Oil and Gas Division

Form GW-2 P.O. Box 12967 Austin, Texas 78771-2967 512-463-2741 Internet address: www.rrc.texas.gov
Rev. 02/2014

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

LOVING (301) County

Formation	Shallow Top	Deep Top	Remarks	Geological Order	Effective Date
RED BLUFF	3,900	3,900		1	12/17/2013
BELL CANYON	4,700	4,700		2	12/17/2013
BRUSHY CANYON	6,000	6,000		3	12/17/2013
DELAWARE	3,000	6,500		4	12/17/2013
CHERRY CANYON	3,700	7,800		5	12/17/2013
BONE SPRINGS	8,200	9,800		6	12/17/2013
WOLFCAMP	11,000	12,900		7	12/17/2013
PENNSYLVANIAN	14,900	15,000		8	12/17/2013
STRAWN	14,700	15,000		9	12/17/2013
ATOKA	15,200	16,000	high pressure	10	12/17/2013
MORROW	15,700	17,000		11	12/17/2013
DEVONIAN	17,800	17,800		12	12/17/2013
FUSSELMAN	18,900	19,000		13	12/17/2013
ELLENBURGER	21,000	21,000		14	12/17/2013

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

6.29.17

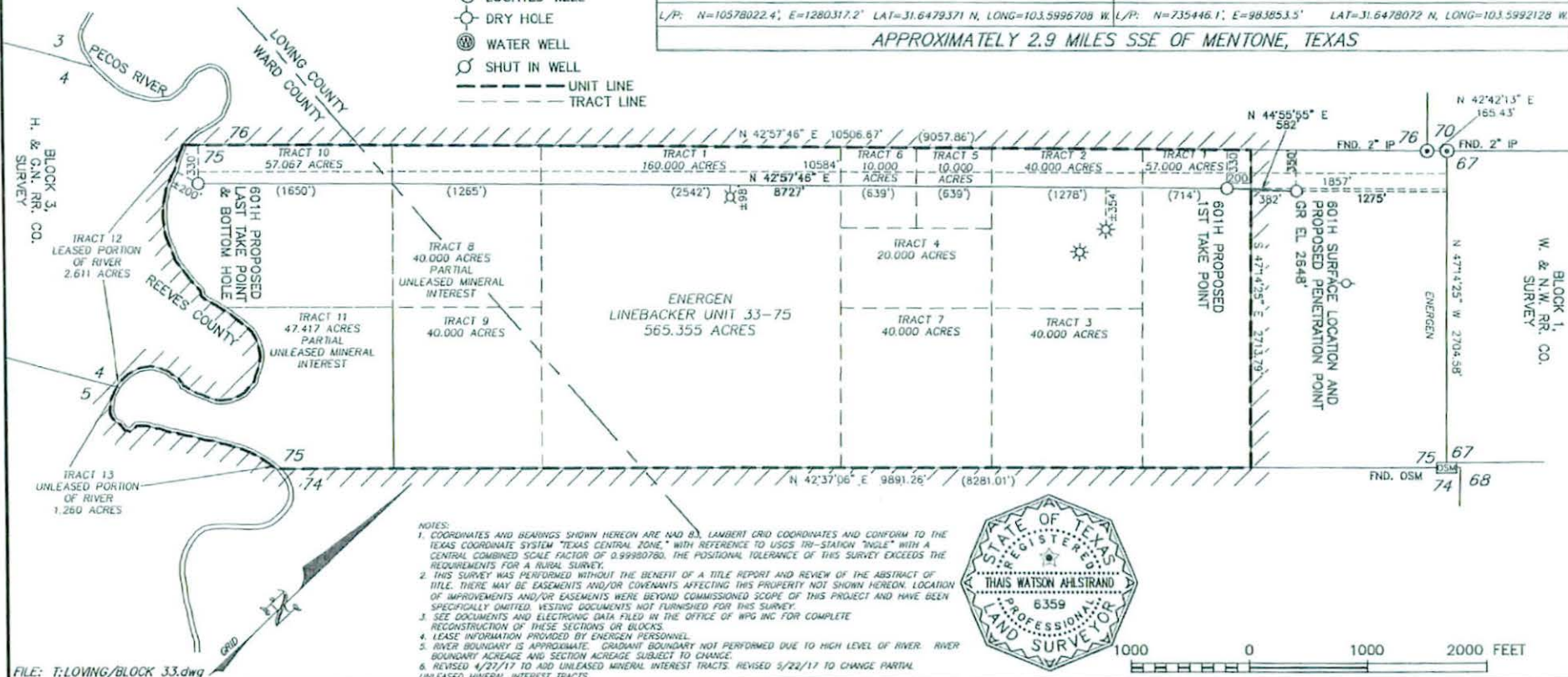
PERMIT PLAT

A-5, A-992
SECTION 75, BLOCK 33
H. & T.C. RR. SURVEY

- GAS WELL
- WATER INJECTION WELL
- OIL WELL
- LOCATED WELL
- DRY HOLE
- WATER WELL
- SHUT IN WELL
- UNIT LINE
- TRACT LINE

NAD 83, TEXAS CENTRAL ZONE		NAD 27, TEXAS CENTRAL ZONE	
S/L: N=10584820.8', E=1286675.9'	LAT=31.6671299 N, LONG=103.5798826 W	S/L: N=742244.4', E=990212.1'	LAT=31.6670002 N, LONG=103.5794252 W
1ST/P: N=10584408.7', E=1286264.8'	LAT=31.6659645 N, LONG=103.5811548 W	1ST/P: N=741832.3', E=989801.1'	LAT=31.6658348 N, LONG=103.5807073 W
L/P: N=10578022.4', E=1280317.2'	LAT=31.6479371 N, LONG=103.5996708 W	L/P: N=735446.1', E=983853.5'	LAT=31.6478072 N, LONG=103.5992128 W

APPROXIMATELY 2.9 MILES SSE OF MENTONE, TEXAS



- NOTES:
- COORDINATES AND BEARINGS SHOWN HEREON ARE NAD 83, LAMBERT GRID COORDINATES AND CONFORM TO THE TEXAS COORDINATE SYSTEM "TEXAS CENTRAL ZONE," WITH REFERENCE TO USGS 11N-STATION "ANGLE" WITH A CENTRAL COMBINED SCALE FACTOR OF 0.99980780. THE POSITIONAL TOLERANCE OF THIS SURVEY EXCEEDS THE REQUIREMENTS FOR A RURAL SURVEY.
 - THIS SURVEY WAS PERFORMED WITHOUT THE BENEFIT OF A TITLE REPORT AND REVIEW OF THE ABSTRACT OF TITLE. THERE MAY BE EASEMENTS AND/OR COVENANTS AFFECTING THIS PROPERTY NOT SHOWN HEREON. LOCATION OF IMPROVEMENTS AND/OR EASEMENTS WERE BEYOND COMMISSIONED SCOPE OF THIS PROJECT AND HAVE BEEN SPECIFICALLY OMITTED. VESTING DOCUMENTS NOT FURNISHED FOR THIS SURVEY.
 - SEE DOCUMENTS AND ELECTRONIC DATA FILED IN THE OFFICE OF THE PUBLIC UTILITY COMMISSION FOR COMPLETE RECONSTRUCTION OF THESE SECTIONS OR BLOCKS.
 - LEASE INFORMATION PROVIDED BY ENERGEN PERSONNEL.
 - RIVER BOUNDARY IS APPROXIMATE. GRADIENT BOUNDARY NOT PERFORMED DUE TO HIGH LEVEL OF RIVER. RIVER BOUNDARY ADJACENT AND SECTION ADJACENT SUBJECT TO CHANGE.
 - REVISED 4/27/17 TO ADD UNLEASED MINERAL INTEREST TRACTS. REVISED 5/22/17 TO CHANGE PARTIAL UNLEASED MINERAL INTEREST TRACTS.

FILE: T:LOVING/BLOCK 33.dwg

Watson
Professional
Group Inc



P.O. DRAWER 11166
MIDLAND, TEXAS 79702
(432) 520-9200
FAX (432) 520-9212
tahlstrand@watsongroup.com

CONSULTING ENGINEERS, LAND SURVEYORS & PLANNERS

I, THE UNDERSIGNED, DO HEREBY CERTIFY THAT THE SURVEY INFORMATION FOUND ON THIS PLAT WAS DERIVED FROM ACTUAL FIELD NOTES OF ON-THE-GROUND SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF. NO WARRANTY IS MADE OR INTENDED FOR THE LOCATION OF ANY OR ALL EASEMENTS THAT MAY EXIST WITHIN THE BOUNDS OF THIS SURVEY. THE INFORMATION PRESENTED HEREON IS FOR THE PRIVATE USE OF THE PARTY NAMED IN THE "REFERENCE PORTION" OF THE TITLE BLOCK AND DOES NOT CONSTITUTE A COMPLETE BOUNDARY SURVEY AS DEFINED BY THE "PROFESSIONAL LAND SURVEYING PRACTICES ACT."

APRIL 26, 2017, REVISED 5/22/17

Thais Watson Ahlstrand TEXAS R.P.L.S. No. 6359

DATE

PERMIT PLAT
ENERGEN RESOURCES CORPORATION
LINEBACKER UNIT 33-75 #601H
S/L & PROPOSED P/P: 1275' FNEL & 350' FNNL
PROPOSED 1ST T/P: 1857' FNEL & 330' FNNL
PROPOSED LAST T/P & B/H: 10584' FNEL & 330' FNNL
SECTION 75, BLOCK 33, H & TC RR SURVEY
LOVING & WARD COUNTIES, TEXAS

DATE: APRIL 24, 2017

DATE SURVEYED: 4/17/17

JOB NO.: 17-1017-00 FIELD BOOK 826/87

DRAFT NGH REV. 2



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

July 14, 2017

Mr. William Osborn
Ammonite Oil & Gas Corp.
515 Congress Avenue, Suite 2450
Austin, TX 78701

RE: Extension of Oil and Gas Lease
State Lease MF116706
Tract 8-D of the Pecos River, Loving, Reeves, and Ward Counties, Texas

Dear Mr. Osborn:

Enclosed is an original Extension of State Oil and Gas Lease for the referenced lease that has been executed by George P. Bush, Commissioner of the Texas General Land Office. We have retained a duplicate original of the extension for our files.

Your remittances totaling \$3,000.00, received in our office on June 29, 2017, has been applied to extend the lease for an additional thirty-day period beginning July 2, 2017 and ending July 31, 2017. The extension will serve as receipt for the payments. If additional extensions are required, the same procedure should be followed, with the new applications and payments due in our office prior to the expiration of the current extension period and an affidavit to follow documenting the activities during the extended period.

Thank you for your assistance with this matter and please let me know if you have any questions or need anything further.

Sincerely,

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

File No. MF 1116706
1st Extension of lease County
Packet
Date Filed: 7/14/17
George P. Bush, Commissioner
By SSD

**SECOND EXTENSION OF STATE OIL AND GAS LEASE
TEXAS GENERAL LAND OFFICE
STATE LEASE NO. MF116706
LOVING, REEVES, and WARD COUNTIES, TEXAS**

WHEREAS, State Lease No. **MF116706** was issued to **Ammonite Oil & Gas Corp.** on the **1st** day of **July, 2014**, covering the tract of land described as: **Tract 8-D of the Pecos River, Loving, Reeves, and Ward Counties**, containing approximately **12.0 acres** as more particularly described in said Lease on file in the Archives and Records of the Texas General Land Office in Mineral File **MF116706**; and

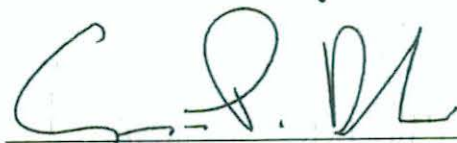
WHEREAS, Section 52.031 of the Natural Resources Code provides for extensions of valid and subsisting leases; and

WHEREAS, drilling operations are being conducted thereon in good faith and workmanlike manner; and

WHEREAS, the owner of said lease has made written application for an extension in accordance with said Act, and paid the sum of **\$3,000.00**, as consideration therefor:

NOW, THEREFORE, I, George P. Bush, Commissioner of the General Land Office of the State of Texas, by the authority vested in me, and in accordance with the provisions of said Act, do by these presents hereby extend said lease for a period of thirty (30) days beginning the **1st** day of **August, 2017**, said term extends to and includes the **30th** day of **August, 2017**, and so long thereafter as oil or gas is being produced in paying quantities.

IN TESTIMONY, WHEREOF, witness the signature of the Commissioner of the Texas General Land Office, under the seal thereof, this the 3rd day of August, 2017.



George P. Bush, Commissioner
Texas General Land Office

APPROVED:

Legal

Min. Leasing

Content

Executive



by: Brian Carter,
Acting Chief Clerk

OSBORN, GRIFFITH & HARGROVE

ATTORNEYS AT LAW
515 CONGRESS AVENUE, SUITE 2450
AUSTIN, TEXAS 78701

WILLIAM S. OSBORN
ANA MARIA MARSLAND-GRIFFITH
ROBERT G. HARGROVE

512/476-3529
FACSIMILE:
512/476-8310

ELMER F. PATMAN
(1907-1987)
PHILIP F. PATMAN
(1937-2005)

July 28, 2017

By Messenger



J. Daryl Morgan
Texas General Land Office
1701 North Congress
Austin, Texas 78701
Att: Susan Draughn

Re: State Lease M-116706
Second Extension Request

Dear Ms. Draughn,

Enclosed find check in the amount of \$3000 to cover second extension request, for which supporting file materials are attached.

Respectfully Submitted,

William Osborn



AMMONITE OIL & GAS COMPANY
515 CONGRESS AVE., STE. 2450
AUSTIN, TX 78701

BROADWAY NATIONAL BANK
800.531.7650
broadwaybank.com

1983

17716832

88-2193/1140
605

7/28/2017

PAY TO THE ORDER OF General Land Office

\$ **3,000.00

Three Thousand and 00/100*****

DOLLARS

General Land Office
1700 Congress Ave
Austin, TX 78701

MEMO

Lease Extension Fee

M-116706

[Signature]
AUTHORIZED SIGNATURE

⑈001983⑈

AMMONITE OIL & GAS COMPANY

1983

General Land Office

7/28/2017

Extension Fee Lease No. 116706

3,000.00

RECEIVED
JUL 28 2017

17716832
121

Broadway Bank Chec Lease Extension Fee

X 3,000.00



Application for 30 Day Extension of State Oil and Gas Lease

J. Daryl Morgan, CPL
General Land Office
1700 North Congress Avenue
Austin, Texas 78701

General Land Office
P. O. Box 12873
Austin, Texas 78711-2873

Under the provisions of Section 52.031 of the Natural Resources Code, providing for extensions of valid and subsisting leases issued pursuant to Subchapter B and C, Chapter 52 of the Natural Resources Code, and other applicable laws, the undersigned hereby applies for a thirty (30) day extension of the oil and gas lease held by the lessee on the tract of land described below.

Enclosed herewith is the extension payment in the amount of \$ 3000.00 and a copy of Railroad Commission Form W-1, Application for Permit to Drill, for the well on which drilling operations have been commenced prior to the end of the primary term. **NOTE:** (the W-1 is only required with the initial extension application, it is not needed for additional extensions)

STATE LEASE NO. M- 116706 LEASE DATE July 1, 2014
STATE TRACT AREA Pecos Riverbed
 (Bay, River, GOM, etc.)
PART Adjacent to
SECTION 79 (N/2 NE/4 etc.) BLOCK 33 TSP.
SURVEY NAME H+TC RR A-S
ACRES 2.611 COUNTY/COUNTIES Loving & Reeves

(Only one lease should be included in this application, and the land must be described the same as in the original lease as granted, unless the amount of acreage held at the end of the primary term is less than was originally covered by the lease)

Armstrong Oil & Gas Corp.
(Individual or Company Name)
By: [Signature]
Date: July 28, 2017



Affidavit of Drilling Operations – State of Texas Leases

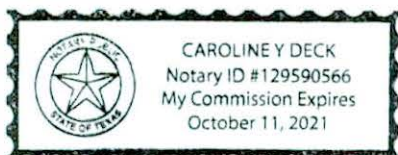
Before me, the undersigned authority in and for the State of Texas, this day
personally appeared William Osborn, of Ammonite Oil & Gas Corp
stated to me to be the person who subscribed his name below, and who after being by me duly
sworn, upon oath deposes and says that Emergen Resources Corp as operator
commenced drilling operations ~~on~~ in June, 2017, and at the end of the
primary term or extended term, ~~on~~ is now, ~~2017,~~ was engaged in drilling
operations on the Linbeck 33-75 601 Well, (API No. 301-33370) located
on Tract _____, Area (water body etc.) _____, or
Section 75, Block 33, Survey Name H+7C RR AS,
Loving County, Texas which is covered by State Lease M- 116706 (pool)
and is continuing drilling operations in good faith and in good and workmanlike manner and of this
date, the well is ~~drilling at a depth of approximately _____ feet.~~ in progress
per attached July 24, 2017 e-mail report from operator

By: _____
President
Ammonite Oil & Gas Corp

THE STATE OF TEXAS

COUNTY OF Travis

Sworn to me and subscribed before me on this the 28th day of July, 2017
by William Osborn, President, Ammonite Oil & Gas Corp.



Notary Public in and for the State of Texas



William Osborn

From: Robert Plumb <Robert.Plumb@energen.com>
Sent: Monday, July 24, 2017 11:40 AM
To: William Osborn
Cc: molmstead@msmtx.com
Subject: RE: Status inquiry - Linebacker Unit 33-75 #601H Well

Mr. Osborn,

In the first part of July, 2017 we set 30" conductor and filled the pits with water in preparation for pre-setting surface casing. On July 13, 2017 we moved in a spudder rig and set surface and intermediate casing. The spudder rig moved off on July 21, 2017. We are currently cleaning up and preparing the location for the drilling rig. The drilling rig is currently drilling our Goldfinger State Unit 71-67 #601H then it will move to our Goldfinger State Unit 71-67 #602H before moving to the captioned well on or about September 5, 2017.

Let me know if you have any questions.

Robert W. Plumb
Land Advisor
Energen Resources Corporation
205-326-4395 (o)
205-326-1797 (f)

From: William Osborn [mailto:william@texasenergyllaw.com]
Sent: Monday, July 24, 2017 11:15 AM
To: Mickey Olmstead <molmstead@msmtx.com>
Cc: Robert Plumb <Robert.Plumb@energen.com>
Subject: Status inquiry

Mickey,

Could you or Robert advise status re spudding this well? I may need to tender the GLO another \$3000 by the beginning of next week unless there is now actual surface work in progress to prepare for arrival of the drilling rig.

Thank you,

- Wm





TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

August 3, 2017

Mr. William Osborn
Ammonite Oil & Gas Corp.
515 Congress Avenue, Suite 2450
Austin, TX 78701

RE: Extension of Oil and Gas Lease
State Lease MF116706
Tract 8-D of the Pecos River, Loving, Reeves, and Ward Counties, Texas

Dear Mr. Osborn:

Enclosed is a duplicate original Second Extension of State Oil and Gas Lease for the referenced lease that has been executed by George P. Bush, Commissioner of the Texas General Land Office. We have retained a duplicate original of the extension for our files.

Your remittances totaling \$3,000.00, received in our office on July 28, 2017, has been applied to extend the lease for an additional thirty-day period beginning August 1, 2017 and ending August 30, 2017. The extension will serve as receipt for the payments. If additional extensions are required, the same procedure should be followed, with the new applications and payments due in our office prior to the expiration of the current extension period and an affidavit to follow documenting the activities during the extended period.

Thank you for your assistance with this matter and please let me know if you have any questions or need anything further.

Sincerely,

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

File No. MF116706
2nd Lease Extension County
Packet
Date Filed: 8/3/17
George P. Bush, Commissioner
By SSD

**THIRD EXTENSION OF STATE OIL AND GAS LEASE
TEXAS GENERAL LAND OFFICE
STATE LEASE NO. MF116706
LOVING, REEVES, and WARD COUNTIES, TEXAS**

WHEREAS, State Lease No. **MF116706** was issued to **Ammonite Oil & Gas Corp.** on the **1st** day of **July, 2014**, covering the tract of land described as: **Tract 8-D of the Pecos River, Loving, Reeves, and Ward Counties**, containing approximately **12.0 acres** as more particularly described in said Lease on file in the Archives and Records of the Texas General Land Office in Mineral File **MF116706**; and

WHEREAS, Section 52.031 of the Natural Resources Code provides for extensions of valid and subsisting leases; and

WHEREAS, drilling operations are being conducted thereon in good faith and workmanlike manner; and

WHEREAS, the owner of said lease has made written application for an extension in accordance with said Act, and paid the sum of **\$3,000.00**, as consideration therefor:

NOW, THEREFORE, I, George P. Bush, Commissioner of the General Land Office of the State of Texas, by the authority vested in me, and in accordance with the provisions of said Act, do by these presents hereby extend said lease for a period of thirty (30) days beginning the **1ST day of September, 2017**, said term extends to and includes the **30th day of September, 2017**, and so long thereafter as oil or gas is being produced in paying quantities.

IN TESTIMONY, WHEREOF, witness the signature of the Commissioner of the Texas General Land Office, under the seal thereof, this the 8 day of September, 2017.



George P. Bush, Commissioner
Texas General Land Office

APPROVED:

Legal

Min. Leasing

Content

Executive

KPM
[Signature]
SSD
[Signature]

OSBORN, GRIFFITH & HARGROVE

ATTORNEYS AT LAW

515 CONGRESS AVENUE, SUITE 2450

AUSTIN, TEXAS 78701

512/476-3529

FACSIMILE:

512/476-8310

WILLIAM S. OSBORN
ANA MARIA MARSLAND-GRIFFITH
ROBERT G. HARGROVE

ELMER F. PATMAN
(1907-1987)
PHILIP F. PATMAN
(1937-2005)

August 29, 2017

By Messenger

J. Daryl Morgan
Texas General Land Office
1701 North Congress
Austin, Texas 78701
Attn: Susan Draughn

RECEIVED
AUG 29 2017

Re: State Lease M-116706
Third Extension Request

Dear Ms. Draughn,

Enclosed please find check in the amount of \$3000 to cover third extension request, for which supporting file materials are attached.

Respectfully Submitted,



William Osborn

11020

AMMONITE OIL & GAS COMPANY
515 CONGRESS AVE., STE. 2450
AUSTIN, TX 78701

BROADWAY NATIONAL BANK
800.531.7650
broadwaybank.com

17718387

1995
88-2193/1140
605

8/29/2017

PAY TO THE ORDER OF General Land Office

\$ **3,000.00

Three Thousand and 00/100*****

DOLLARS

General Land Office
1700 Congress Ave
Austin, TX 78701

MEMO Lease Extension Fee M-116706


AUTHORIZED SIGNATURE

000199500

AMMONITE OIL & GAS COMPANY
General Land Office

1995

Extension Fee Lease M-116706

8/29/2017

3,000.00

RECEIVED
AUG 29 2017

Broadway Bank Chec Lease Extension Fee M-116706

3,000.00

AMMONITE OIL & GAS COMPANY
General Land Office

1995

Extension Fee Lease M-116706

8/29/2017

3,000.00

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Broadway Bank Chec Lease Extension Fee M-116706

X 3,000.00

Application for 30 Day Extension of State Oil and Gas Lease

J. Daryl Morgan, CPL
General Land Office
1700 North Congress Avenue
Austin, Texas 78701

General Land Office
P. O. Box 12873
Austin, Texas 78711-2873

Under the provisions of Section 52.031 of the Natural Resources Code, providing for extensions of valid and subsisting leases issued pursuant to Subchapter B and C, Chapter 52 of the Natural Resources Code, and other applicable laws, the undersigned hereby applies for a thirty (30) day extension of the oil and gas lease held by the lessee on the tract of land described below.

Enclosed herewith is the extension payment in the amount of \$ 3000.00 and a copy of Railroad Commission Form W-1, Application for Permit to Drill, for the well on which drilling operations have been commenced prior to the end of the primary term. **NOTE:** (the W-1 is only required with the initial extension application, it is not needed for additional extensions)

STATE LEASE NO. M- 116706 LEASE DATE July 1, 2014
STATE TRACT _____ AREA Pecos Riverbed
(Bay, River, GOM, etc.)
PART Adjacent to
(N/2 NE/4 etc.)
SECTION 75 BLOCK 33 TSP. _____
SURVEY NAME H & TC RR A-5
ACRES 2.611 COUNTY/COUNTIES Loving & Reeves

(Only one lease should be included in this application, and the land must be described the same as in the original lease as granted, unless the amount of acreage held at the end of the primary term is less than was originally covered by the lease)

Amundson Oil & Gas Corp.
(Individual or Company Name)

By: [Signature]

Date: August 29, 2017

116706

Affidavit of Drilling Operations – State of Texas Leases

Before me, the undersigned authority in and for the State of Texas, this day personally appeared William Osborn, of Aurumate Oil & Gas Corp. stated to me to be the person who subscribed his name below, and who after being by me duly sworn, upon oath deposes and says that Evergen Resources Corp. as operator commenced drilling operations ~~on~~ in June, 2017, and at the end of the primary term or extended term, ~~on~~ is now, ~~2017, was~~ engaged in drilling operations on the Limbacker 33-75 601 Well, (API No. 301-33370) located on Tract _____, Area (water body etc.) _____, or Section 75, Block 33, Survey Name H+TC RR A-5, Loring County, Texas which is covered by State Lease M- 116706 (pool) and is continuing drilling operations in good faith and in good and workmanlike manner and of this date, the well is ~~drilling at a depth of approximately~~ _____ feet in progress per attached report from drillinginfo.com

By: _____
President
Aurumate Oil & Gas Corp.

THE STATE OF TEXAS

COUNTY OF TRAVIS

Sworn to me and subscribed before me on this the 29th day of August, 2017 by William Osborn, President.



CAROLINE DECK
Notary Public in and for the State of Texas

11.03.0

Well Event History

Well Summary

API Number:42-301-33370	State:Texas	County:Loving
Survey:H&TC RR CO A-5 Block:33 Section:75		
Current Well Type:	Permitted Oil and Gas	Status:drilling in progress
Current Lease Name:LINEBACKER UNIT 33-75		
Operator (ph):ENERGEN RESOURCES CORPORATION		Well Number:601H
Location:FROM MENTONE GO S. ON CR 200 FOR 2.2 MI, STAY R @ THE Y FOR .1MI, T/R FOR 8/10MI, T/L FOR 1/10MI, T/R FOR 1/10MI TO LOC.		
Drilling Contractor:INTEGRITY		Rig Number:5
Company Man:MICHAEL COX		Phone:432-661-8729

Event Listing

Event	Date	Depth	Casing Size	Casing Depth	TOC	Liner Size	Liner Top	BTMTBG	Cement	Comments
Prod Int	07/20/2017 10:00		10 3/4	4,280.0					OTEX	OH 12 1/4 CMT 7/20/17 @ 1600 PM 350 SXS LEAD, 135 SXS TAIL
Event	Date	Depth	Casing Size	Casing Depth	TOC	Liner Size	Liner Top	BTMTBG	Cement	Comments
Surface	07/13/2017 08:00		13 3/8	1,200.0					OTEX	OH: 17 1/2 LEAD NUMBER OF SACKS: 845 TAIL NUMBER OF SACKS: 300 GAU PROTECTION: 1100 SWR13 EXCEPTION: N RE-ENTRY: N CMT: 7/13/17 @ 1200
Event	Date	Depth	Casing Size	Casing Depth	TOC	Liner Size	Liner Top	BTMTBG	Cement	Comments
Spud	07/12/2017 15:00									

Relational Data

[Well History / One-Page Production Summary](#) - A complete history of this well broken out by lease.

[Related Filings](#) - Links to all permits, completions, production for this wellbore.

[Stratigraphic Column](#) - Image of the stratigraphic layers near this well.

[Play Data](#) - USGS based play information near this well.

[Well Logs](#) - Find out what logs are available and order them online.

[Well or Field Research](#) - Send a researcher to find more data.

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TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

September 11, 2017

Mr. William Osborn
Ammonite Oil & Gas Corp.
515 Congress Avenue, Suite 2450
Austin, TX 78701

RE: Extension of Oil and Gas Lease
State Lease MF116706
Tract 8-D of the Pecos River, Loving, Reeves, and Ward Counties, Texas

Dear Mr. Osborn:

Enclosed is a duplicate original Third Extension of State Oil and Gas Lease for the referenced lease that has been executed by George P. Bush, Commissioner of the Texas General Land Office. We have retained a duplicate original of the extension for our files.

Your remittances totaling \$3,000.00, received in our office on August 29, 2017, has been applied to extend the lease for an additional thirty-day period beginning September 1, 2017 and ending September 30, 2017. The extension will serve as receipt for the payments. If additional extensions are required, the same procedure should be followed, with the new applications and payments due in our office prior to the expiration of the current extension period and an affidavit to follow documenting the activities during the extended period.

Thank you for your assistance with this matter and please let me know if you have any questions or need anything further.

Sincerely,

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

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File No. MF 116706
3rd Extension Packet County

Date Filed: 9/11/17
George P. Bush, Commissioner
By SSD