



CAUTION

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Archives and Records Staff

MF116836

Lease Type	Control	Basefile	County
RAL	07-032846	144072	CULBERSON
	Survey	Public School Land	
	Block	113	
	Block Name		
	Township		
	Section/Tract	23	
	Land Part	W/2	
	Acres	Net: 240.000000	Gross: 320.000000
	Depth Below	Depth Above	Depth Other
	Name	BHP BILLITON PETROLEUM PROPERT...	
	Lease Date	7/22/2014	
	Primary Term	2 years	
	Bonus	\$480,000.00	
	Lease Royalty	0.12500000	
	Paid Up	Yes	

Leasing: 
Maps: 
GIS: mc
Scanlab: _____

F1094945

Contents of Mineral File Number: MF116836

1. RAL Review Sheet 8.19.14

2. Bonus & Fees 8.1.14

3. Lease 11.6.14

4. Final Ltr. 12.9.14

5. RRC FORMS 109-32850 4-21-15

6. W-2, p-12 109-32850 5-19-15

Sec #26 in M-113061 For the
HSS State 113-23X14 Unit #7505

7. Amendment 02/19/16

8. Ltr from R4O Energy 02/19/16

9. Division Order 9-15-16

scanned PJ 1-4-17

10. Agree to commingle 3/30/17

Scanned sm 6/2/2017

11. Recon Billing 9/14/17

12. Recon Billing 9/14/17

Scanned sm 9/15/2017

13. Division Order 1/18/2019

scanned PJ 2-19-2019

14. Recon Billing 8/16/2021

Scanned JH 8-18-21

15. Surface Damages 3/25/25

Scanned WM 3.31.2025

RAL REVIEW SHEET

Working File #: RAL146565

MF:

Lessor: Yellow Top Ranch

Lease Date: 07/22/2014

UI: Yes

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

Gross Acres: 320.00

Net Acres: 240.00

LEASE DESCRIPTION

County	Control #	Base File No	Part	Sec	Block Twp	Survey	Abst No
Culberson	07-032846	144072	W/2	23	113	Public School Land	6462

TERMS OFFERED

Primary Term:	2 Years			
Bonus / Acre:	\$4,000.00			
	2nd Yr	3rd Yr	4th Yr	5th Yr
Rental / Acre:	0.00			
Royalty	0.250000			

TERMS RECOMMENDED

Primary Term:	2 Years			
Bonus / Acre:	\$4,000.00			
	2nd Yr	3rd Yr	4th Yr	5th Yr
Rental / Acre:	0.00			
Royalty	0.250000			

COMPARISONS

Lease No	Lessee	Lease Date	Primary Term	Bonus/Acre	Rental/Acre	Royalty	Distance
MF115984	BHP Billiton Petroleum	09/24/2013	5 yr	\$2,000.00	\$0.00 0.00 2,000.00	0.00 0.250000	0.000000 Same Tract/UI

Comments: Paid Up Rentals. UI leased under MF115984.

Approved:

DR 8.11.14

RELINQUISHMENT ACT LEASE APPLICATION

Texas General Land Office

Jerry Patterson, Commissioner

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

FROM: Robert Hatter, Director of Mineral Leasing

Applicant: Bhp Billiton Petroleum Properties (N.a.), Lp County: Culberson
Prim. Term: 2 Years Bonus/Acre: \$4,000.00
Royalty: 0.25000000
Rental/Acre 2nd Yr: \$0.00 3rd Yr: \$0.00 4th Yr: \$0.00 5th Yr: \$0.00

Consideration

Recommended: RJA

Date: 8/13/14

Not Recommended: _____

Comments: Paid Up Rentals. UI leased under MF115984.

Lease Form

Recommended: RJA

Date: 8/13/14

Not Recommended: _____

Comments: _____

Louis Renaud, Deputy Commissioner

Date: 8.15.14

Recommended: CLR

Not Recommended: _____

Bill Warnick, General Counsel

Date: 8/18/14

Recommended: WV

Not Recommended: _____

Larry Laine, Chief Clerk

Date: 8/18/14

Approved: LL

Not Approved: _____

Jerry Patterson, Commissioner

Date: 8/19/14

Approved: Jerry E. Patterson

Not Approved: _____

①

File No. MF116836

RAL Review SHEET

Date Filed: 8-19-14

Jerry E. Patterson, Commissioner

By aa

New

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

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

35-1058/1131
89

14716437

14927

07/30/14

PAY TO THE
ORDER OF State of Texas

\$ 480,000.00

Four Hundred Eighty Thousand and 00/100

DOLLARS

MEMO Lease Bonus

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

[Signature]
AUTHORIZED SIGNATURE

⑈014927⑈

PETROHAWK ENERGY CORPORATION

14927



PETROHAWK ENERGY CORPORATION

14927

14716437
+ 480,000.
121

NJW



North America Shale Production Division

July 30, 2014

Via Overnight Mail (FedEx Trkg. #770727216988)

Mineral Leasing Division
Texas General Land Office
1700 North Congress Avenue, Room 600
Austin, Texas 78701-1495

Attention: Drew Reid

Re: Oil and Gas Lease
Yellow Top Ranch, Inc., as Agent for the State of Texas
W/2 of Section 23, Block 113, PSL
Culberson County, Texas

Dear Mr. Reid:

Enclosed you will find a copy of an executed Oil and Gas Lease, dated effective September 22, 2013 by and between the State of Texas, acting by and through its agent, Yellow Top Ranch, Inc. covering 640 acres, more or less, in the West Half (W/2) of Section 23, Block 113, PSL, Culberson County, Texas for your files and records. In addition, you will find BHP Billiton's check number 14927, in the amount of \$480,000.00, dated 07/30/14, made payable to the State of Texas as consideration paid for said lease (calculated: \$4,000 per acre, on 240 net acres). A Certified Copy of the Recorded Original of subject lease agreement will be furnished to the State when first made available.

Please feel free to contact Tiffany Wright Plagens at 713.297.6566 or email tiffany.wright@bhpbilliton.com should you need additional information.

Sincerely,

Lynn Latiolais, CPLTA
Land Technical Analyst

/ll
Enclosures

North America Shale Production Division

November 5, 2014

Via Overnight Mail (FedEx #7717 4973 3621)

Mineral Leasing Division
Texas General Land Office
1700 North Congress Avenue, Room 600
Austin, Texas 78701-1495

Attention: Drew Reid

Re: Certified Copy of Original Oil and Gas Lease
Yellow Top Ranch, Inc., as Agent for the State of Texas
W/2 of Section 23, Block 113, PSL
Culberson County, Texas

MF. 116836

Dear Mr. Reid:

Enclosed you will find a Certified Copy of Oil and Gas Lease, dated effective September 22, 2013 by and between the State of Texas, acting by and through its agent, Yellow Top Ranch, Inc. covering 640 acres, more or less, in the West Half (W/2) of Section 23, Block 113, PSL, Culberson County, Texas for your files and records. A copy of the Recorded Original of subject lease agreement will be furnished to the State when first made available.

Please feel free to contact Tiffany Wright Plagens at 713.297.6566 or email tiffany.wright@bhpbilliton.com should you need additional information.

Sincerely,



Lynn Latiolais, CPLTA
Land Technical Analyst

/ll
Enclosure



2

File No. MF 116836
Bonus & Fees

Date Filed: 8-1-14

Jerry E. Patterson, Commissioner
By aa

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General Land Office
Relinquishment Act Lease Form
Revised, September 1997

The State of Texas



Austin, Texas

OIL AND GAS LEASE

THIS AGREEMENT is made and entered into this 22nd day of September, 2013, between the State of Texas, acting by and through its agent, YELLOW TOP RANCH, INC.

of P.O. Box 1908, Pecos, Texas 79772

(Give Permanent Address)

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

of 1360 Post Oak Blvd., Suite 150, Houston, Texas 77056

(Give Permanent Address)

hereinafter called Lessee.

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

The West Half (W/2) of Section 23, Block 113, PSL

containing 640 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: Four Hundred Eighty Thousand Dollars and Zero Cents

Dollars (\$480,000.00)

To the owner of the soil: Four Hundred Eighty Thousand Dollars and Zero Cents

Dollars (\$480,000.00)

Total bonus consideration: Nine Hundred Sixty Thousand Dollars and Zero Cents

Dollars (\$960,000.00)

The total bonus consideration paid represents a bonus of Three Thousand Five Hundred and Zero Cents

Dollars (\$4,000) per acre, on 240 net acres.



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

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

479 11

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

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

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

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

Total Delay Rental: _____
Dollars (\$ _____)

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

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

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

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

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

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

5. MINIMUM ROYALTY. During any year after the expiration of the primary term of this lease, if this lease is maintained by production, the royalties paid under this lease in no event shall be less than an amount equal to the total annual delay rental herein provided. Otherwise, there shall be



due and payable on or before the last day of the month succeeding the anniversary date of this lease a sum equal to the total annual rental less the amount of royalties paid during the preceding year. If Paragraph 3 of this lease does not specify a delay rental amount, then for the purposes of this paragraph, the delay rental amount shall be one dollar (\$1.00) per acre.

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

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

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

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

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

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

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

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

11. DRY HOLE/CESSATION OF PRODUCTION DURING PRIMARY TERM. If, during the primary term hereof and prior to discovery and production of oil or gas on said land, Lessee should drill a dry hole or holes thereon, or if during the primary term hereof and after the discovery and actual production of oil or gas from the leased premises such production thereof should cease from any cause, this lease shall terminate if on or

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Clerks Office

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

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

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

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

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

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

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

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to and egress from the lands still subject to this lease for all purposes described in Paragraph 1 hereof, together with easements and rights-of-way for existing roads, existing pipelines and other existing facilities on, over and across all the lands described in Paragraph 1 hereof ("the retained lands"), for access to and from the retained lands and for the gathering or transportation of oil, gas and other minerals produced from the retained lands.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

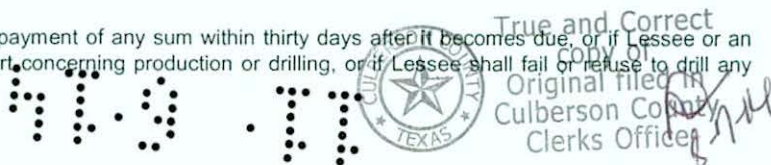
29. FILING OF ASSIGNMENTS AND RELEASES. If all or any part of this lease is assigned or released, such assignment or release must be recorded in the county where the land is situated, and the recorded instrument, or a copy of the recorded instrument certified by the County Clerk of the county in which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

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

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

32. FORFEITURE. If Lessee shall fail or refuse to make the payment of any sum within thirty days after it becomes due, or if Lessee or an authorized agent should knowingly make any false return or false report concerning production or drilling, or if Lessee shall fail or refuse to drill any

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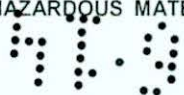
offset well or wells in good faith as required by law and the rules and regulations adopted by the Commissioner of the General Land Office, or if Lessee should fail to file reports in the manner required by law or fail to comply with rules and regulations promulgated by the General Land Office, the School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

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

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

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

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



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GOVERNMENTAL AGENCY PERTAINING TO HAZARDOUS MATERIALS WHICH MAY AFFECT THE LEASED PREMISES. THE OBLIGATIONS OF LESSEE HEREUNDER SHALL SURVIVE THE EXPIRATION OR EARLIER TERMINATION, FOR ANY REASON, OF THIS AGREEMENT.

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

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

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

LESSEE
BY: [Signature]
Title: ATTORNEY IN FACT
Date: 6/26/14

STATE OF TEXAS YELLOW TOP RANCH, INC.
BY: [Signature]
Individually and as agent for the State of Texas
Date: 7-21-14

STATE OF TEXAS
BY: [Signature]
Individually and as agent for the State of Texas
Date: _____

STATE OF TEXAS
COUNTY OF HARRIS

(CORPORATION ACKNOWLEDGMENT)

BEFORE ME, the undersigned authority, on this day personally appeared STEPHEN L. MAHANAY
known to me to be the person whose name is subscribed to the foregoing instruments as ATTORNEY IN FACT
of BHP BILLITON PETROLEUM PROPERTIES (CP), LLC, GENERAL PARTNER OF BHP BILLITON
PETROLEUM PROPERTIES (N.A.), LP and acknowledged to me that he
executed the same for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said corporation.

Given under my hand and seal of office this the 26 day of JUNE, 2014.



[Signature]
Notary Public in and for _____



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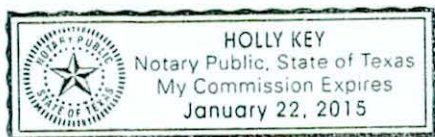
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STATE OF Texas
COUNTY OF Reeves

(CORPORATION ACKNOWLEDGMENT)

BEFORE ME, the undersigned authority, on this day personally appeared Roddy Johnson
known to me to be the person whose name is subscribed to the foregoing instruments as President
of Yellow Top Ranch Inc. 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 21st day of July, 2014.



Holly Key
Notary Public in and for Reeves County Texas

STATE OF _____
COUNTY OF _____

(INDIVIDUAL ACKNOWLEDGMENT)

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 _____

STATE OF _____
COUNTY OF _____

(INDIVIDUAL ACKNOWLEDGMENT)

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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Clerks Office
[Signature]

(EXHIBIT "A")

ATTACHED TO AND MADE PART OF THAT CERTAIN OIL AND GAS LEASE DATED SEPTEMBER 22, 2013, BY AND BETWEEN THE STATE OF TEXAS, ACTING 'BY AND THROUGH ITS AGENT, YELLOW TOP RANCH, INC., of P.O. Box 1908, Pecos, Texas 79772, AS LESSOR, AND BHP BILLITON PETROLEUM PROPERTIES (N.A.), LP, AS LESSEE

The provisions of this Exhibit shall prevail and control over any inconsistent language contained in the foregoing provision of said Lease.

41. Lessor has advised that certain, specific, individual(s) shall not be allowed access to the lands herein described. Lessee hereby agrees to restrict access to the specific individual(s) defined by Lessor. Lessor agrees to deliver by written request notice to Lessee of the specific individual(s) to be denied access.

42. At the end of the primary term, this lease shall terminate as to all of the above described land, except as to each proration unit allocated for production allowable purposes under the rules and regulations of the Railroad Commission of the State of Texas, or other governmental authority having jurisdiction to each well producing oil and/or gas in commercial quantities, and as to each such proration unit, as to all depths 100 feet below the base of the deepest formation from which such production is being obtained on such proration unit unless Lessee commences that actual drilling of an additional well within one hundred eighty (180) days of the last to occur of (i) the expiration of the primary term (only if a well was completed prior to the expiration of the primary term) or, (ii) the date that any well actually being drilling at the expiration of the primary term is completed as a well capable of producing oil and/or gas in commercial quantities or as a dry hole, and thereafter Lessee shall continuously develop the above described land with no more than one hundred eighty days elapsing between the date one well is completed as a well capable of producing oil and/or gas in commercial quantities or as a dry hole and the date the actual drilling of the next succeeding well commences, until said land has been drilled to the density necessary to obtain the maximum production allowable per well under the rules and regulations of the Railroad Commission of Texas, or other governmental authority having jurisdiction. Upon the cessation of such continuous development, this lease shall terminate except as to each proration unit allocated as aforesaid upon which a well is producing oil and/or gas in commercial quantities. At the end of the primary term or the date that this lease shall expire as to any part hereon, whichever is later, Lessee shall select and designate a producing unit around each well capable of producing oil and/or gas. Notwithstanding anything to the contrary stated herein, the acres in each unit for a horizontal well may include (i) the amount of acreage allowed for obtaining a permit to drill a well under the spacing and density provisions in the applicable field or statewide rules for a vertical wellbore, plus the additional acreage allowed for a horizontal wellbore in the applicable field rules or in the tables in Statewide Rule 86, or (ii) the amount of acreage allowed for obtaining a full production allowable under the applicable field or statewide rules for a vertical wellbore, plus the additional acreage allowed for a horizontal well in the applicable field rules or in the tables in Statewide Rule 86. The units formed by pooling as to any stratum or strata need not conform in size or area with the unit or units into which the Lease is pooled or combined as to any other strata or stratum. A well shall be deemed to have been completed on the first to occur of (i) the date the completion or plugging report required by the Railroad Commission of the State of Texas or other governmental authority having jurisdiction is filed, or, (ii) thirty (30) days after the completion rig that drilled the relevant well is released from the well location.

43. Notwithstanding anything herein to the contrary in the above Oil and Gas Lease, it is agreed and understood as follows, to-wit:

A. **OIL AND GAS ONLY.** This lease covers only oil, gas and associated hydrocarbons. No fresh or potable water may be taken from Lessor's land without Lessor's prior written consent.

B. **NO PETS, FIREARMS OR RECREATION.** Lessee shall keep its employees from hunting, fishing and carrying firearms on the leased premises at all times. During the recognized deer hunting season, all pumpers shall exit the premises prior to 4:00 o'clock P.M., unless on an emergency basis to avoid harm to any well or during actual drilling, completion or workover operations. Lessee shall use its best effort to ensure that no arrowhead and/or other artifacts are removed from the leased premises.

C. **COPIES OF REPORTS.** Lessee agrees to furnish Lessor with copies of any and all reports filed with the Railroad Commission of Texas, well logs and surveys within thirty (30) days of receipt by Lessee of a written request from Lessor which written request shall specify the type of report requested by Lessor. Lessee agrees to furnish its proprietary seismic data acquired over the leased premises after the date of this lease for review at Lessee's designated offices, during regular office hours and with prior written notice of not less than ten (10) days and Lessor agrees to keep said data confidential. Lessee may show the seismic data to a partner or potential investor during the six (6) month period, but agrees not to release it to the public.

D. **AGENT OR EMPLOYEE.** With not less than three (3) days prior email notice to the Lessee, Lessor shall have the right, at Lessor's risk and expense, to place an employee or agent on the leased premises to observe all operations for drilling, testing, plugging, and abandoning or completing and equipping any and all wells on the leased premises.

E. **RELEASE.** After the end of the primary term, Lessee, its successor or assigns, shall deliver a release to Lessor within ninety (90) days of expiration of the lease. Such release shall cover such portions of the leased premises as were included within the proration unit established or drilling unit established as the case may be for such a well. If Lessee fails to provide any release within said 90 day period, Lessor shall be entitled to recover its cost in obtaining same, including reasonable attorney's fees.

True and Correct
copy of
Original filed in
Culberson County
Texas
Clerks Office



F. PITS AND RESTORATION. Within six (6) months of obtaining production, Lessee agrees to remove any caliche that has been stockpiled, and shall remove all pits, with their contents, from each location within six (6) months of obtaining production, and to store the surface land including, re-sodding and reseeding it with grasses and seed approved by the local Soil Conservation Service. Upon the abandonment of each well location, Lessee shall remove all caliche on the well location and concrete bases, if applicable, and restore the surface land including, re-sodding and reseeding it with grasses and seed approved by the local Soil Conservation Service.

G. TANKS. Unless otherwise determined as necessary by Lessee, all tanks will be placed as near as possible to the wellhead, and will be constructed of fiberglass or other material to prevent leakage.

H. FENCES. Fences shall be placed around all pits and tanks; such shall be constructed and removed in accordance with surface owner's specifications.

I. CALICHE. All caliche removed from the location at restoration shall be placed upon existing roadways upon the leased premises, at the request of surface owner without the written consent of each surface owner. No caliche may be taken from the land hereunder.

J. PAINT. Lessee will paint all of the Lessee's equipment with non-toxic paint and will keep each well site free of trash.

K. WATER. Lessor agrees to allow Lessee to drill a water well for drilling of its oil and/or gas well. As to the drilling of oil and/or gas wells, Lessee may use the water from the well by paying Lessor a reasonable charge for such water. In the event Lessee determines additional water usage is necessary, Lessee and Lessor will enter into a separate Water Use Agreement.

L. ROADS AND BUMPGATES. Once Lessee has entered the premises, Lessee will at all times maintain all roads it uses with at least a two inch (2") caliche base, crowned in the center and a width of at least fourteen feet (14'), except at fence crossing, where the width shall be the width of the gate or bumpgate; Lessee shall install and maintain at each fence crossing on Lessor's land a cattle guard with bumpgate across it, of good quality and sufficient to turn cattle, sheep and goats. In no event shall any road now existing or hereafter constructed by Lessee on Lessor's land be used to access any surface acreage not owned by Lessor.

M. FOREIGN PLANTS PREVENTION. Lessee agrees, at Lessor's written request, to wash all vehicles and equipment used for drilling, workover seismic, prior to entry of said premises in such a manner to free all vehicles and equipment from bitterweed, grass, burrs, cockleburrs, horehound and other foreign plants.

N. FOREIGN PLANTS-REMEDIES. While in use by Lessee, Lessee shall control the bitterweed, grass, burr, cockleburrs, horehound and other foreign plants on and within thirty feet (30') of any construction area or roads used by Lessee, so that same in said area shall not be any more prevalent after construction area than before construction. The word "foreign" shall mean plants not now growing in the same described area. In the event Lessor shall find any of the above listed plants growing in said area or working area, Lessor shall notify Lessee in writing, and Lessee shall, within two (2) weeks from the receipt of such notice, eradicate such plants; and in the event Lessee does not; Lessor is hereby authorized to eradication within ten (10) days from receipt of Lessor's statement.

O. SEISMIC. Prior to entry on the lands to conduct seismic or magnetic surveys, Lessee must pay to the owner(s) of the soil a surface damage fee consistent with the prevailing rates at the time of operation. Lessee agrees to provide Lessor written notice of its intent to commence geophysical operations at least thirty (30) days prior to the actual commencement of said activities.

P. DISPOSAL. In no event shall any well(s) drilling by Lessee be used for the disposal of salt water and/or other fluids without the prior written consent of Lessor.

Q. UNDESIRABLES. Lessor has absolute right to have any person removed from leased premises.

R. NOTICE. Lessee must notify Lessor in writing if an agreement for an assignment of all or a portion of the leased premises, is reached with a potential investor.

S. UNIT. This acreage shall not be pooled as part of the Horseshoe Springs State Unit.



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

479.11

#70762

FILED FOR RECORD

AT 1:08 O'CLOCK P. M.

ON THE 7th DAY OF August

A.D., 2014.

Linda McDonald

COUNTY AND DISTRICT CLERK
CULBERSON COUNTY, TEXAS

BY _____ DEPUTY

STATE OF TEXAS

COUNTY OF CULBERSON

I hereby certify that this instrument
was FILED on the date and at the time
stamped hereon by me and was duly
RECORDED in the
Volume _____ and Page _____
of the
Records of Culberson County, Texas.



COUNTY AND DISTRICT
CLERK CULBERSON
COUNTY, TEXAS

(3)

File No. MF116836
Lease

Date Filed: 11-6-14
Jerry E. Patterson, Commissioner

By aa

THE STATE OF TEXAS

COUNTY OF CULBERSON I, Linda McDonald, Clerk of the County Court in and
for said County and State, do hereby certify that the foregoing is a true and
correct copy of Oil & Gas Lease dated July 21
2014 filed for record in my office this 7th day of August
2014 at 1:08 P.M, under Clerk's File No. 70762 to be
recorded in the Oil & Gas Records of Culberson County,
Texas.

TO CERTIFY WHICH, Witness my hand and seal at Van Horn this 7th
day of August 2014
By Linda McDonald Deputy LINDA McDONALD, COUNTY CLERK
CULBERSON COUNTY, TEXAS

11. 0. 14

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

December 9, 2014

Micah Strother
BHP Billiton
PO Box 22719
Houston, Texas 77027

Re: **State Lease MF 116836**

RAL Lease dated September 22, 2014 recorded in 70762,
Culberson Co, covering 640 ac., Sec. 23, Blk. 113, PSL Survey,
Yellow Top Ranch, agent for State of TX, Lessor

Dear Mr. Strother:

The certified copy of the Relinquishment Act lease covering the above referenced tract has been approved and filed in our records under Mineral File numbers **MF-116836**. **Please refer to this lease number when making payments to the State and in all future correspondence concerning the lease. Failure to include the mineral file number may delay processing of any payments towards the lease.**

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

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

Your remittance of **\$480,000.00** has been applied to the State's portion of the cash bonus. In addition we are in receipt of the processing and filing fees.

Sincerely yours,

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

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

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

www.glo.state.tx.us

4

File No. MF116836
Final Ltr

Date Filed: 12.9.14

Jerry E. Patterson, Commissioner

By aa

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 805458	DATE PERMIT ISSUED OR AMENDED Apr 16, 2015	DISTRICT * 08		
API NUMBER 42-109-32850	FORM W-1 RECEIVED Apr 09, 2015	COUNTY CULBERSON		
TYPE OF OPERATION NEW DRILL	WELLBORE PROFILE(S) Horizontal	ACRES 483.4		
OPERATOR BHP BILLITON PET(TXLA OP) CO 1360 POST OAK BLVD STE 150 HOUSTON, TX 77056-0000		NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No: (432) 684-5581		
LEASE NAME HSS STATE 113-23X14		WELL NUMBER 1H		
LOCATION 15.7 miles SW direction from ORLA		TOTAL DEPTH 14000		
Section, Block and/or Survey SECTION ◀ 23 BLOCK ◀ 113 ABSTRACT ◀ 6462 SURVEY ◀ PSL/CALDWELL, C M				
DISTANCE TO SURVEY LINES 660 ft. E 275 ft. S		DISTANCE TO NEAREST LEASE LINE 200 ft.		
DISTANCE TO LEASE LINES 660 ft. W 275 ft. S		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)(B) ** CASE NO. 0296319				
FIELD NAME LEASE NAME	ACRES NEAREST LEASE	DEPTH NEAREST LEASE	WELL # NEAREST WE	DIST
-----	-----	-----	-----	-----
** PHANTOM (WOLFCAMP)	483.40	12,500	1H	08
HSS STATE 113-23X14	200	0		

WELLBORE PROFILE(s) FOR FIELD: Horizontal				

RESTRICTIONS: Lateral: TH1 Penetration Point Location Lease Lines: 660.0 F W L 275.0 F S L Terminus Location BH County: CULBERSON Section: 14 Block: 113 Abstract: 1271 Survey: PSL/HICKS, W H Lease Lines: 330.0 F W L 150.0 F N L Survey Lines: 330.0 F W L 2498.0 F S L				
'***' PRECEDING FIELD NAME INDICATES RULE (R37)				
THE FOLLOWING RESTRICTIONS APPLY TO ALL FIELDS				
This well shall be completed and produced in compliance with applicable special field or statewide spacing and density rules. If this well is to be used for brine mining, underground storage of liquid hydrocarbons in salt formations, or underground storage of gas in salt formations, a permit for that specific purpose must be obtained from Environmental Services prior to construction, including drilling, of the well in accordance with Statewide Rules 81, 95, and 97.				

RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION

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

PERMIT NUMBER 805458	DATE PERMIT ISSUED OR AMENDED Apr 16, 2015	DISTRICT * 08										
API NUMBER 42-109-32850	FORM W-1 RECEIVED Apr 09, 2015	COUNTY CULBERSON										
TYPE OF OPERATION NEW DRILL	WELLBORE PROFILE(S) Horizontal	ACRES 483.4										
OPERATOR BHP BILLITON PET(TXLA OP) CO 1360 POST OAK BLVD STE 150 HOUSTON, TX 77056-0000		068596 NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No: (432) 684-5581										
LEASE NAME HSS STATE 113-23X14		WELL NUMBER 1H										
LOCATION 15.7 miles SW direction from ORLA		TOTAL DEPTH 14000										
Section, Block and/or Survey SECTION ◀ 23 BLOCK ◀ 113 ABSTRACT ◀ 6462 SURVEY ◀ PSL/CALDWELL, C M												
DISTANCE TO SURVEY LINES 660 ft. E 275 ft. S		DISTANCE TO NEAREST LEASE LINE 200 ft.										
DISTANCE TO LEASE LINES 660 ft. W 275 ft. S		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)(B) ** CASE NO. 0296319												
<table style="width: 100%; border: none;"> <tr> <td style="width: 60%;">FIELD NAME</td> <td style="width: 10%;">ACRES</td> <td style="width: 10%;">DEPTH</td> <td style="width: 10%;">WELL #</td> <td style="width: 10%;">DIST</td> </tr> <tr> <td>LEASE NAME</td> <td>NEAREST LEASE</td> <td>NEAREST WE</td> <td></td> <td></td> </tr> </table> This well must comply to the new SWR 3.13 requirements concerning the isolation of any potential flow zones and zones with corrosive formation fluids. See approved permit for those formations that have been identified for the county in which you are drilling the well in.			FIELD NAME	ACRES	DEPTH	WELL #	DIST	LEASE NAME	NEAREST LEASE	NEAREST WE		
FIELD NAME	ACRES	DEPTH	WELL #	DIST								
LEASE NAME	NEAREST LEASE	NEAREST WE										

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

CULBERSON (109) County

Formation	Shallow Top	Deep Top	Remarks	Geological Order	Effective Date
RUSTLER	450	450		1	12/17/2013
FORD-DELAWARE	2,500	2,500		2	12/17/2013
DELAWARE	2,600	3,400		3	12/17/2013
CHERRY CANYON	3,600	5,400		4	12/17/2013
BONE SPRINGS	6,150	6,150		5	12/17/2013
MISSISSIPPIAN	8,900	8,900		6	12/17/2013
WOLFCAMP	7,900	9,100		7	12/17/2013
ATOKA	11,600	11,600		8	12/17/2013
MORROW	11,800	11,800		9	12/17/2013
STRAWN	5,750	12,800		10	12/17/2013
SILURIAN	15,400	15,400		11	12/17/2013

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

Groundwater
Advisory Unit

GROUNDWATER PROTECTION DETERMINATION

Form GW-2

Date **May 6, 2015**

GAU File No.: **1271**

API Number **10900000**

RRC Lease No. **000000**

Attention: **LILLIAN GARCIA**

SC_068596_10900000_000000_1271.pdf

**BHP BILLITON PET(TXLA OP) CO
1360 POST OAK BLVD
STE 150
HOUSTON TX 77056**

P-5# 068596

--Measured--

Digital Map Location:

660 ft FWL

X-coord/Long **-104.132401**

275 ft FSL

Y-coord/Lat **31.701253**

MRL: SURVEY

Datum **27**

Zone

County **CULBERSON**

Lease & Well No. **HSS STATE 113-23X14 #1H**

Purpose **ND**

Location **SUR-CALDWELL, C M,A-6462,BLK-113,SEC-23,--[TD=14000],[RRC 08],**

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 the base of the RUSTLER, which is estimated to occur at a depth of 300 feet, must be protected.

This recommendation applies to this well only and should not be construed as establishing an area-wide depth for the protection of usable-quality ground water.

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

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

Sincerely,

George Dunfield

Digitally signed by George Dunfield
DN: cn=US, st=TEXAS, ln=Austin, o=Railroad
Commission of Texas, cn=George
Dunfield,
email=george.dunfield@rrc.state.tx.us
Date: 2015.05.06 14:39:00 -05'00'

George Dunfield, P.G.

GEOLOGIST SEAL



Geologist, Groundwater Advisory Unit
Oil & Gas Division

The seal appearing on this document was authorized by George Dunfield on 5/6/2015
Note: Alteration of this electronic document will invalidate the digital signature.

Form GW-2
Rev. 02/2014

P.O. Box 12967 Austin, Texas 78711-2967 512-463-2741 Internet address: www.rrc.state.tx.us

Groundwater
Advisory Unit

GROUNDWATER PROTECTION DETERMINATION

Form GW-2

Date May 6, 2015

GAU File No.: 1271

API Number 10900000

Attention: LILLIAN GARCIA

RRC Lease No. 000000

SC_068596_10900000_000000_1271.pdf

BHP BILLITON PET(TXLA OP) CO
1360 POST OAK BLVD
STE 150
HOUSTON TX 77056

P-5# 068596

--Measured--

Digital Map Location:

660 ft FWL

X-coord/Long -104.132401

275 ft FSL

Y-coord/Lat 31.701253

MRL: SURVEY

Datum 27

Zone

County CULBERSON

Lease & Well No. HSS STATE 113-23X14 #1H

Purpose ND

Location SUR-CALDWELL, C M,A-6462,BLK-113,SEC-23,--[TD=14000],[RRC 08],

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 the base of the RUSTLER, which is estimated to occur at a depth of 300 feet, must be protected.

This recommendation applies to this well only and should not be construed as establishing an area-wide depth for the protection of usable-quality ground water.

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

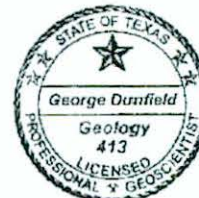
If you have any questions, please contact us at 512-463-2741 gau@rrc.state.tx.us or by mail.

Sincerely,

George Dunfield

Digitally signed by George Dunfield
DN: c=US, st=TEXAS, l=Austin, o=Railroad
Commission of Texas, cn=George
Dunfield,
email=george.dunfield@rrc.state.tx.us
Date: 2015.05.06 14:39:00 -05'00'

GEOLOGIST SEAL



George Dunfield, P.G.

Geologist, Groundwater Advisory Unit
Oil & Gas Division

The seal appearing on this document was authorized by George Dunfield on 5/6/2015
Note: Alteration of this electronic document will invalidate the digital signature.

Form GW-2
Rev. 02/2014

P.O. Box 12967 Austin, Texas 78711-2967 512-463-2741 Internet address: www.rrc.state.tx.us

API No. <u>42-109-32850</u> Drilling Permit # <u>805458</u> SWR Exception Case/Docket No. <u>0296319</u> (R37)		RAILROAD COMMISSION OF TEXAS OIL & GAS DIVISION 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.			FORM W-1 07/2004 Permit Status: Approved	
1. RRC Operator No. <u>068596</u>		2. Operator's Name (as shown on form P-5, Organization Report) <u>BHP BILLITON PET(TXLA OP) CO</u>		3. Operator Address (include street, city, state, zip): <u>1360 POST OAK BLVD STE 150</u> <u>HOUSTON, TX 77056-0000</u>		
4. Lease Name <u>HSS STATE 113-23X14</u>		5. Well No. <u>1H</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>14000</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>CULBERSON</u>		13. Surface Location ☒ Land ☐ Bay/Estuary ☐ Inland Waterway ☐ Offshore		
14. This well is to be located <u>15.7</u> miles in a <u>SW</u> direction from <u>Orla</u> which is the nearest town in the county of the well site.						
15. Section <u>23</u>	16. Block <u>113</u>	17. Survey <u>PSL/CALDWELL, C M</u>		18. Abstract No. <u>A-6462</u>	19. Distance to nearest lease line: <u>200</u> ft.	
20. Number of contiguous acres in lease, pooled unit, or unitized tract: <u>483.4</u>						
21. Lease Perpendiculars: <u>660</u> ft from the <u>W</u> line and <u>275</u> ft from the <u>S</u> line.						
22. Survey Perpendiculars: <u>660</u> ft from the <u>E</u> line and <u>275</u> ft from the <u>S</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	
<u>08</u>	<u>71052900</u>	<u>PHANTOM (WOLFCAMP)</u>		<u>Oil or Gas Well</u>	<u>12500</u>	
31. Distance to Nearest Well in this Reservoir				32. Number of Wells on this lease in this Reservoir		
<u>0.00</u>				<u>1</u>		
BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS (see W-1H attachment)						
Remarks <u>[RRC STAFF Apr 16, 2015 12:26 PM]: Changed survey line call to match plat.</u>				Certificate: I certify that information stated in this application is true and complete, to the best of my knowledge. <u>Lillian Garcia, Regulatory Technical Assistant</u> Name of filer _____ Date submitted <u>Apr 09, 2015</u> <u>(713)5524537</u> <u>lillian.garcia@bhpbilliton.com</u> Phone _____ E-mail Address (OPTIONAL) _____		
RRC Use Only Data Validation Time Stamp: <u>Apr 21, 2015 5:31 PM(Current Version)</u>						

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
Supplemental Horizontal Well Information

07/2004

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 #	805458
Approved Date:	Apr 16, 2015

1. RRC Operator No. 068596	2. Operator's Name (exactly as shown on form P-5, Organization Report) BHP BILLITON PET(TXLA OP) CO	3. Lease Name HSS STATE 113-23X14	4. Well No. 1H
Lateral Drainhole Location Information			
5. Field as shown on Form W-1 PHANTOM (WOLFCAMP) (Field # 71052900, RRC District 08)			
6. Section 14	7. Block 113	8. Survey PSL/HICKS, W H	9. Abstract 1271
		10. County of BHL CULBERSON	
11. Terminus Lease Line Perpendiculars 330 ft. from the W line. and 150 ft. from the N line			
12. Terminus Survey Line Perpendiculars 330 ft. from the W line. and 2498 ft. from the S line			
13. Penetration Point Lease Line Perpendiculars 660 ft. from the W line. and 275 ft. from the S line			

File No. MF 116836

*RRC
Forms* Culberson County

Drilling Permit for API 109-32850

Date Filed: 4-21-15

George P. Bush, Commissioner

By *JB*

RAILROAD COMMISSION OF TEXAS OIL & GAS DIVISION

FORM W-1 07/2004

API No. <u>42-109-32850</u> Drilling Permit # <u>805458</u> SWR Exception Case/Docket No. <u>0296319</u> (R37)	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 Status: Approved
--	--	--------------------------------

1. RRC Operator No. 068596	2. Operator's Name (as shown on form P-5, Organization Report) BHP BILLITON PET(TXLA OP) CO	3. Operator Address (include street, city, state, zip): 1360 POST OAK BLVD STE 150 HOUSTON, TX 77056-0000
4. Lease Name HSS STATE 113-23X14		5. Well No. 1H

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 14000		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. 08		12. County CULBERSON		13. Surface Location ☒ Land ☐ Bay/Estuary ☐ Inland Waterway ☐ Offshore	
14. This well is to be located <u>15.7</u> miles in a <u>SW</u> direction from <u>Orla</u> which is the nearest town in the county of the well site.					
15. Section 23	16. Block 113	17. Survey PSL/CALDWELL, C M	18. Abstract No. A-6462	19. Distance to nearest lease line: 200 ft.	20. Number of contiguous acres in lease, pooled unit, or unitized tract: 642.63
21. Lease Perpendiculars: <u>660</u> ft from the <u>W</u> line and <u>275</u> ft from the <u>S</u> line.					
22. Survey Perpendiculars: <u>660</u> ft from the <u>W</u> line and <u>275</u> ft from the <u>S</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	32. Number of Wells on this lease in this Reservoir
08	71052900	PHANTOM (WOLFCAMP)	Oil or Gas Well	12500	0.00	1

BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS (see W-1H attachment)	
Remarks [FILER May 12, 2015 4:25 PM]: The wellbore has been extended and is being amended to update the lease acreage and acreage tracts	Certificate: I certify that information stated in this application is true and complete, to the best of my knowledge. Lillian Garcia, Regulatory Technical Assistant Name of filer _____ Date submitted <u>May 12, 2015</u> <u>(713)5524537</u> Phone <u>lillian.garcia@bhpbilliton.com</u> E-mail Address (OPTIONAL)
RRC Use Only Data Validation Time Stamp: May 19, 2015 2:26 PM(Current Version)	

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 #	805458
Approved Date:	May 19, 2015

1. RRC Operator No. 068596	2. Operator's Name (exactly as shown on form P-5, Organization Report) BHP BILLITON PET(TXLA OP) CO	3. Lease Name HSS STATE 113-23X14	4. Well No. 1H
Lateral Drainhole Location Information			
5. Field as shown on Form W-1 PHANTOM (WOLFCAMP) (Field # 71052900, RRC District 08)			
6. Section 14	7. Block 113	8. Survey PSL/HICKS, W H	9. Abstract 1271
10. County of BHL CULBERSON			
11. Terminus Lease Line Perpendiculars 330 ft. from the W line. and 150 ft. from the N line			
12. Terminus Survey Line Perpendiculars 330 ft. from the W line. and 5146 ft. from the S line			
13. Penetration Point Lease Line Perpendiculars 660 ft. from the W line. and 275 ft. from the S line			

6.29.15

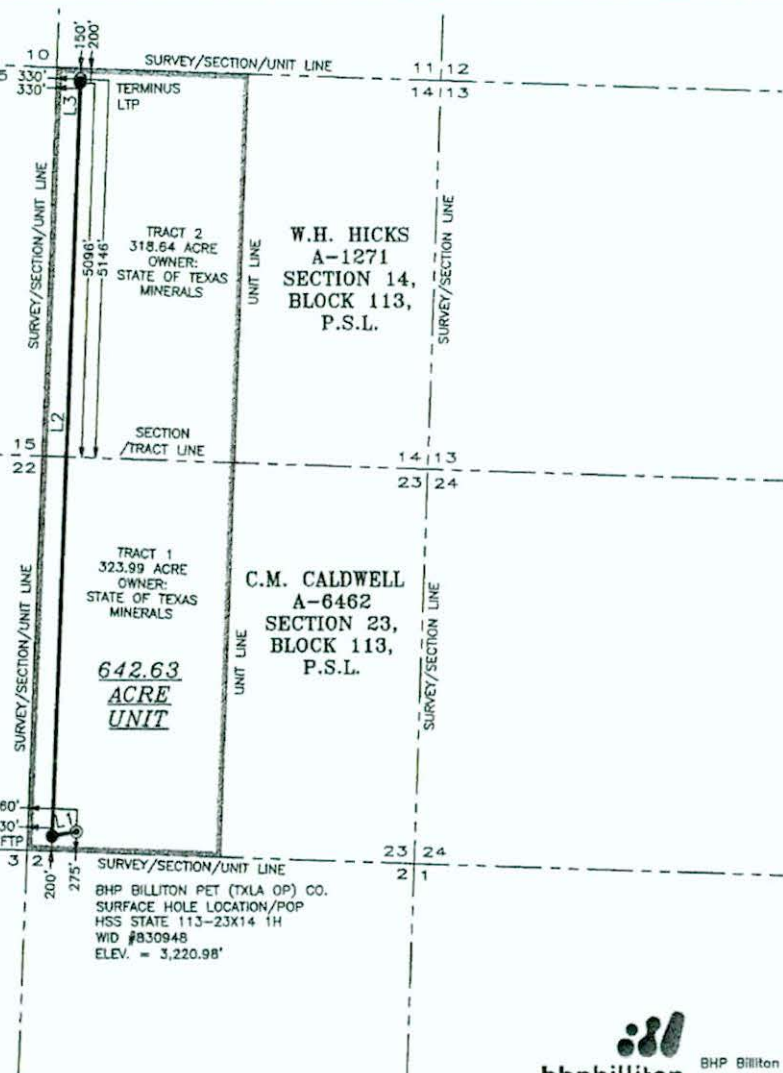


NAD 83 GRID
TEXAS CENTRAL ZONE
0 1000 2000
1" = 2000 FEET

BHP BILLITON
OFFSET OPERATOR

BHP BILLITON
OFFSET OPERATOR

LINE	BEARING	DISTANCE
L1	S 79°07'52" W	338.53'
L2	N 02°00'59" E	10269.67'
L3	N 02°00'59" E	50.00'



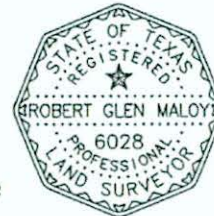
GENERAL NOTES

1. COORDINATES SHOWN ARE BASED ON TEXAS COORDINATE SYSTEM OF NAD 27 "TEXAS CENTRAL ZONE" (EPSG 32039), AND BASED ON "LINDLEY" NGS MONUMENT (Y = 765,739.62; X = 920,110.41)
2. VERTICAL DATUM IS NAVD 88 (EPSG 5103)
3. COMBINED SCALE FACTOR = 0.999806055
4. GRID NORTH CONVERGENCE ANGLE IS -1°57'25.16819"
5. LATITUDE AND LONGITUDE ARE NAD 27 (EPSG 4267) AS SHOWN
6. AREA, DISTANCES, AND COORDINATES ARE "GRID"
7. UNITS ARE UNITED STATES SURVEY FOOT.
8. ALL LEASE AND TRACT INFORMATION SHOWN HERE ON IS DONE SO BY LIMITED DEED RECORD INFORMATION ONLY. ALL ACRES SHOWN ARE BY DEED AND LEASE CALL, EXCEPT WHERE NOTED. THIS IS NOT IN ANY WAY A "BOUNDARY SURVEY".

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

Robert Glen Maloy

ROBERT GLEN MALOY
REGISTERED PROFESSIONAL LAND SURVEYOR
LICENSE NO. 6028



REVISION	DATE	BY	DETAILS
A	02/13/15	RP	MAKE PRELIMINARY PLAT
B	03/10/15	GG	ADD TRACTS AND OFFSETS
C	04/09/15	GG	CHANGED TO UNIT
D	05/08/15	JK	REV. UNIT AND LATERAL

PLAT OF:

A PROPOSED WELL LOCATION FOR:
BHP BILLITON PET (TXLA OP) CO.
HSS STATE 113-23X14 1H
WID# 830948

SITUATED IN THE C.M. CALDWELL SURVEY, ABSTRACT NO. 6462, SECTION 23, BLOCK 113, AND THE W.H. HICKS SURVEY, ABSTRACT NO. 1271, SECTION 14, BLOCK 113, IN THE PUBLIC SCHOOL LANDS, LOCATED APPROX. 15.7 MILES SOUTHWEST OF ORLA, IN CULBERSON COUNTY, TEXAS



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

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

DATE: 05/08/15
DRAWN BY: RP
CHECKED BY: JK
FIELD CREW: REMR
PROJECT NO: 2014121455
SCALE: 1" = 2000'
SHEET: 1 OF 2
REVISION: 0

SECTION CORNERS TABLE, TEXAS COORDINATE SYSTEM, CENTRAL ZONE							
LOCATION	DESCRIPTION	NAD 83			NAD 27		
		STATE PLANE (EPSG 2277)	GEOGRAPHIC (D-M-S) (EPSG 4269)	GEOGRAPHIC (D-M-S) (EPSG 4269)	STATE PLANE (EPSG 32039)	GEOGRAPHIC (D-M-S) (EPSG 4267)	GEOGRAPHIC (D-M-S) (EPSG 4267)
NW COR 113-14	FOUND 1" IRON PIPE	Y=10,613,130.34 X=1,114,847.87	LAT: 31.72995255°N LONG: 104.13496880°W	LAT: 31°43'47.8292"N LONG: 104°08'05.8877"W	Y=770,554.07 X=818,386.96	LAT: 31.72982747°N LONG: 104.13448937°W	LAT: 31°43'47.3789"N LONG: 104°08'04.1617"W
SW COR 113-14	CALCULATED CORNER	Y=10,607,837.43 X=1,114,661.52	LAT: 31.71539343°N LONG: 104.13498614°W	LAT: 31°42'55.4164"N LONG: 104°08'05.9501"W	Y=765,261.24 X=818,200.57	LAT: 31.71526808°N LONG: 104.13450691°W	LAT: 31°42'54.9651"N LONG: 104°08'04.2249"W
SW COR 113-23	CALCULATED CORNER	Y=10,602,467.33 X=1,114,472.44	LAT: 31.70062190°N LONG: 104.13500377°W	LAT: 31°42'02.2388"N LONG: 104°08'06.0136"W	Y=759,891.22 X=818,011.46	LAT: 31.70049629°N LONG: 104.13452474°W	LAT: 31°42'01.7866"N LONG: 104°08'04.2891"W
NE COR 113-14	CALCULATED CORNER	Y=10,612,954.44 X=1,120,080.55	LAT: 31.72995969°N LONG: 104.11812907°W	LAT: 31°43'47.8549"N LONG: 104°07'05.2647"W	Y=770,378.15 X=823,619.58	LAT: 31.72983448°N LONG: 104.11765021°W	LAT: 31°43'47.4041"N LONG: 104°07'03.5408"W
SE COR 113-14	CALCULATED CORNER	Y=10,607,660.61 X=1,119,905.60	LAT: 31.71539911°N LONG: 104.1181225°W	LAT: 31°42'55.4368"N LONG: 104°07'05.2041"W	Y=765,084.40 X=823,444.59	LAT: 31.71527365°N LONG: 104.11763358°W	LAT: 31°42'54.9851"N LONG: 104°07'03.4809"W
SE COR 113-23	FOUND 5/8" IRON ROD	Y=10,602,289.70 X=1,119,728.10	LAT: 31.70062644°N LONG: 104.11809520°W	LAT: 31°42'02.2552"N LONG: 104°07'05.1427"W	Y=759,713.58 X=823,267.06	LAT: 31.70050071°N LONG: 104.11761673°W	LAT: 31°42'01.8026"N LONG: 104°07'03.4202"W

LATERAL POINTS TABLE TEXAS COORDINATE SYSTEM, CENTRAL ZONE							
LOCATION	OFFSETS	NAD 83			NAD 27		
		STATE PLANE (EPSG 2277)	GEOGRAPHIC (D-M-S) (EPSG 4269)	GEOGRAPHIC (D-M-S) (EPSG 4269)	STATE PLANE (EPSG 32039)	GEOGRAPHIC (D-M-S) (EPSG 4267)	GEOGRAPHIC (D-M-S) (EPSG 4267)
SURFACE HOLE LOC /POP	275' FSL OF 113-23 660' FWL OF 113-23	Y=10,602,719.90 X=1,115,141.75	LAT: 31.70137866°N LONG: 104.13288068°W	LAT: 31°42'04.9632"N LONG: 104°07'58.3704"W	Y=760,143.79 X=818,680.76	LAT: 31.70125305°N LONG: 104.13240170°W	LAT: 31°42'04.5110"N LONG: 104°07'56.6461"W
FIRST TAKE POINT	200' FSL OF 113-23 330' FWL OF 113-23	Y=10,602,656.06 X=1,114,809.29	LAT: 31.70117205°N LONG: 104.13394203°W	LAT: 31°42'04.2194"N LONG: 104°08'02.1913"W	Y=760,079.95 X=818,348.30	LAT: 31.70104644°N LONG: 104.13346303°W	LAT: 31°42'03.7672"N LONG: 104°08'00.4669"W
LAST TAKE POINT	200' FNL OF 113-14 330' FWL OF 113-14	Y=10,612,919.38 X=1,115,170.84	LAT: 31.72940328°N LONG: 104.13390808°W	LAT: 31°43'45.8518"N LONG: 104°08'02.0691"W	Y=770,343.11 X=818,709.72	LAT: 31.72927818°N LONG: 104.13342869°W	LAT: 31°43'45.4014"N LONG: 104°08'00.3433"W
TERMINUS	150' FNL OF 113-14 330' FWL OF 113-14	Y=10,612,969.35 X=1,115,172.40	LAT: 31.72954073°N LONG: 104.13390791°W	LAT: 31°43'46.3466"N LONG: 104°08'02.0685"W	Y=770,393.08 X=818,711.48	LAT: 31.72941563°N LONG: 104.13342852°W	LAT: 31°43'45.8963"N LONG: 104°08'00.3427"W

GENERAL NOTES

- COORDINATES SHOWN ARE BASED ON TEXAS COORDINATE SYSTEM OF NAD 27 "TEXAS CENTRAL ZONE" (EPSG 32039), AND BASED ON "LINDLEY" NGS MONUMENT (Y = 765,739.62, X = 920,110.41)
- VERTICAL DATUM IS NAVD 88 (EPSG 5103)
- COMBINED SCALE FACTOR = 0.999808055
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REVISION	DATE	BY	DETAILS
A	02/13/15	RP	MAKE PRELIMINARY PLAT
B	03/10/15	GG	ADD TRACTS AND OFFSETS
C	04/09/15	GG	CHANGED TO UNIT
D	05/08/15	JK	REV. UNIT AND LATERAL

PLAT OF:

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BHP BILLITON PET (TXLA OP) CO.
HSS STATE 113-23X14 1H
WID# 830948

SITUATED IN THE C.M. CALDWELL SURVEY, ABSTRACT NO. 6462, SECTION 23, BLOCK 113, AND THE W.H. HICKS SURVEY, ABSTRACT NO. 1271, SECTION 14, BLOCK 113, IN THE PUBLIC SCHOOL LANDS, LOCATED APPROX. 15.7 MILES SOUTHWEST OF ORLA, IN CULBERSON COUNTY, TEXAS



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 LAND SURVEYING/ENERGY/GIS SERVICES

DATE: 05/08/15
 DRAWN BY: RP
 CHECKED BY: JK
 FIELD CREW: REMR
 PROJECT NO: 2014121455
 SCALE:
 SHEET: 2 OF 2
 REVISION: 0

05012

CERTIFICATE OF POOLING AUTHORITY

Revised 05/2001

P-12

1. Field Name(s) Phantom (Wolfcamp)	2. Lease/ID Number (if assigned)	3. RRC District Number 08
4. Operator Name BHP BILLITON (TXLA OP) CO.	5. Operator P-5 Number 068596	6. Well Number 1H
7. Pooled Unit Name HSS State 113-23X14 1H	8. API Number	9. Purpose of Filing ☒ Drilling Permit (W-1) ☐ Completion Report
10. County Culberson	11. Total acres in pooled unit 642.63	

DESCRIPTION OF INDIVIDUAL TRACTS CONTAINED WITHIN THE POOLED UNIT

TRACT/PLAT IDENTIFIER	TRACT NAME	ACRES IN TRACT (See inst. #7 below)	INDICATE UNDIVIDED INTERESTS	
			UNLEASED	NON-POOLED
1.	State of Texas Minerals	323.99	☐	☐
2.	State of Texas Minerals	318.64	☐	☐
			☐	☐
			☐	☐
			☐	☐
			☐	☐
			☐	☐
			☐	☐
			☐	☐
			☐	☐

CERTIFICATION:

I declare under penalties prescribed pursuant to the Sec. 91.143, Texas Natural Resources Code, that I am authorized to make the foregoing statements and that the information provided by me or under my direction on this Certificate of Pooling Authority is true, correct, and complete to the best of my knowledge.

Garcia, Lillian
Signature
Regulatory Tech Asst.
Title
E-mail (if available)
lillian.garcia@bhpbilliton.com

Lillian M. Garcia
Print Name
05/12/2015
Date
(713) 552-4537
Phone

INSTRUCTIONS — Reference: Statewide Rules 31, 38 and 40

- When two or more tracts are pooled to form a unit to obtain a drilling permit, file completion paperwork, or reform a pooled unit pursuant to Rule 38(d)(3) the operator must file an original Certificate of Pooling Authority and certified plat.
- The certified plat shall designate each tract with an outline and a tract identifier. The tract identifier on the plat shall correspond to the tract identifier and associated information listed on the Certificate.
- If within an individual tract, a non-pooled and/or unleased interest exists, indicate by checking the appropriate box.
- If the Purpose of Filing is to obtain a drilling permit, in box #1 list all applicable fields separately or enter "All Fields" if the Certificate pertains to all fields requested on Form W-1.
- If the Purpose of Filing is to file completion paperwork, enter the applicable field name in box #1 for the completion.
- Identify the drill site tract with an * to the left of the tract identifier.
- The total number of acres in the pooled unit in #11 should equal the total of all acres in the individual tracts listed.

Clear Form

21093

File No. MF116836 6.

Culberson County

W-1,
P-12 Drilling Permit for Unit 7505 API 389-3289

Date Filed: 5-19-15

George P. Bush, Commissioner

By Jm

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY OR DRIVER'S LICENSE NUMBER.

AMENDMENT OF OIL AND GAS LEASE

STATE OF TEXAS §
 § KNOW ALL MEN BY THESE PRESENTS
 COUNTY OF CULBERSON §

WHEREAS, The State of Texas, Acting By and Through Its Agent, Yellow Top Ranch, Inc., as Lessor, executed an Oil and Gas Lease dated September 22, 2013, in favor of BHP Billiton Petroleum Properties (N.A.), LP, a Texas Limited Partnership, as Lessee, recorded under File #70762 of the Official Public Records of Culberson County, Texas, covering the West Half (W/2) of Section 23, Block, 113, PSL, Culberson County, Texas (hereinafter referred to as "said Lease"); and

WHEREAS, it is the mutual desire of Lessor and Lessee to amend said Lease in the following manner;

NOW, THEREFORE, in consideration of the premises, the receipt and sufficiency of which is hereby acknowledged, Lessor and Lessee do hereby agree that Paragraph 1. GRANTING CLAUSE of said Lease be amended such that the description of the lands covered by the Lease reads as follows:

"The West Half (W/2) of Section 23, Block 113, PSL containing 320 acres, more or less."

Said Lease, as hereby amended, shall continue in full force and effect subject to and in accordance with all of their terms and provisions and Lessor does hereby ADOPT, RATIFY and CONFIRM said Lease and all of its terms and provisions, as hereby amended, and does hereby GRANT, DEMISE, LEASE and LET unto Lessee, its successors and assigns, all of the Lease Acreage described in said Lease, and any amendments thereto, upon and subject to all of its terms and provisions of said Lease, and any amendments thereto, and does hereby agree and declare that said Lease is binding upon me, and is a valid and subsisting Lease.

IN WITNESS WHEREOF, the undersigned have executed this instrument on the date indicated in the acknowledgment below, but for all purposes effective **September 22, 2013**.

LESSOR:

STATE OF TEXAS

By: _____

Yellow Top Ranch, Inc., Individually and as agent for the State of Texas

LESSEE:

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

By: BHP Billiton Petroleum Properties (GP), LLC

Its general partner

By: _____

Stephen L. Mahanay, Attorney-in-Fact

CFA



ACKNOWLEDGMENT

STATE OF TEXAS §

COUNTY OF REEVES §

This instrument was acknowledged before me this 22nd day of October, 2015, by Roddy Harrison of Yellow Top Ranch, Inc., as Agent for the State of Texas.



Lynda Hollon
Notary Public in and for the State of Texas
Notary's Printed

Name Lynda Hollon
11-21-2015

My Commission Expires:

STATE OF TEXAS §

COUNTY OF HARRIS §

This instrument was acknowledged before me this 29 day of October, 2015, by Stephen L. Mahanay, as Attorney-in-Fact of BHP Billiton Petroleum Properties (GP), LLC, general partner of BHP Billiton Petroleum Properties (N.A.), LP, a Texas limited partnership.



Lynn Latiolais
Notary Public in and for the State of Texas
Notary's Printed Name LYNN LATIOLAIS
My Commission Expires: 10/10/2017

00000000852

FILED FOR RECORD

AT 10:59 O'CLOCK A. M.

ON THE 10th DAY OF November

A.D., 2015

Linda McDonald

COUNTY AND DISTRICT CLERK
CULBERSON COUNTY, TEXAS

BY

DEPUTY

STATE OF TEXAS

COUNTY OF CULBERSON

I hereby certify that this instrument
was FILED on the date and at the time
stamped hereon by me and was duly
RECORDED in the
Volume 4 and Page 1-3
of the OPR
Records of Culberson County, Texas.



COUNTY AND DISTRICT
CLERK CULBERSON
COUNTY, TEXAS

2015
NOV
10
10:59
A.M.

81015

File No. 116836

County

Amendment

Date Filed: 02/19/16

George P. Bush, Commissioner

By [Signature]



February 16, 2016

Attention: Mr. Drew Reid
Texas General Land Office
1700 N. Congress Ave Suite 935
Austin, TX 78701

RE: Mineral Classified Acreage
Culberson County, Texas

Dear Mr. Reid:

MF-116836

Enclosed you will find a certified copy of an amendment covering the W/2 of Section 23 Blk 113 Culberson County. This Amendment is correcting the gross acreage of the original lease that can be found in File # 70762 of the Official Public Records of Culberson County, Texas.

Feel free to call me if you have any questions in this matter.

Sincerely,

Bailey Griffith
baileydgriffith@gmail.com
Office:(318)861-4110 Ext. 323
Cell:(318)464-2594



31013

File No. 116836

County

Ltr from R + O Energy

Date Filed: 02/19/14

George P. Bush, Commissioner

By 

MF 113603, MF 116836, MF 113061
MF 115984
Unit 7505

DIVISION ORDER



To: **BHP Billiton Petroleum**
Land Administration
P O Box 22719
Houston, TX 77227-9927
(877) 311- 1443

Issue Date: 9/29/2015
Property Name: HSS STATE 113-23X14 1H
Property #: P1M402/00501
Production: ALL PRODUCTS
Operator: BHP BILLITON PETROLEUM (TXLA OPERATING)
Legal Description: PSL ABST/ID# 1271 Grantee W.H. HICKS Blk 113 Sec 14 CULBERSON COUNTY,
TEXAS PSL ABST/ID# 6462 Grantee C.M. CALDWELL Blk 113 Sec 23 CULBERSON
COUNTY, TEXAS (642.630 ACRES)

API 109-32850

CREDIT TO

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

Decimal	Type	Status	Reason	Start Date
0.01575508	RI	PAY		9/1/2015
0.04648476	RI	PAY		9/1/2015
0.04726524	RI	PAY		9/1/2015
0.01549492	RI	PAY		9/1/2015

PLEASE KEEP THIS COPY FOR YOUR RECORDS



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

September 13, 2016

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

Re: State Lease Nos. MF113603, MF116836, MF113061 and MF115984
HSS State 113-23X14 1H Unit 7505

Dear Mr. Brown:

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

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

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

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

Thank you,

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

9.
File No. MF 116836
Division Order

Date Filed: 9-15-16

George P. Bush, Commissioner
By V.H.



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

March 22, 2017

Certified Mail: 7016 2070 0000 7391 7932

Ms. Nicole Vail
Regulatory Analyst
BHP Billiton Pet (TXLA OP) Co.
1360 Post Oak Blvd.
Suite 150
Houston, Texas 77056 3020

RE: Your Application Dated 2/28/17 for Authority to Surface Commingle Oil and Gas Production from the HSS State 113-23x14 and HS State 113-22x15 Leases, State RAL Mineral Leases MF113061, MF113603, MF115984, and MF116836, the HSS State 113-23x14 Unit, GLO Unit 7505, RRC Commingling Permit 08-7840, Culberson County, Texas.

Dear Ms. Vail:

Please reference your letters dated 2/1/2017 and 2/28/2017, and email dated 3/9/2017, where you requested permission to commingle state lease production and advised that the commingling permit is required due to the commingling of condensate/oil from RRC designated gas leases into common storage at the HSS State 113-23x14 1H Tank Battery. In addition, pursuant to the terms of the state's lease, you requested permission to utilize on-lease gas lift and to utilize and commingle with off-lease sources of gas for gas lift supply purposes. The oil production from GLO Unit 7505 is not commingled with the production from any other lease tract.

As shown by the process flow diagram the production from each lease/unit well is separated, metered, and then further treated/processed for sale and/or disposal at the HSS State 113-23x14 1H Tank Battery. The available for sale gas produced at the tank battery/facility is either: a) measured prior to transfer into a common gas gathering system and/or b) the gas is used to supply gas lift to the unit wells. Gas buy-back meters are provided at the facility to allow for the buy-back of gas volumes for gas lift start-up, make-up, and fuel gas supply purposes. The purpose of the RRC Form P-17 commingling permit is to allow for the oil from multiple RRC gas leases to be commingled into a common storage. The state's net royalty interest is the same for all RRC leases in the scope of the commingling permit since all wells are included in the same unit.

In this specific case, per the conditions of commingling below, the production royalty shall be due based on (1) the gross or total stock tank barrels of oil produced monthly by the state lease/unit, (2) the gross or total MMBTUs of gas produced by each lease/unit that is processed in a plant to recover natural gas liquids, and (3) any non-sales dispositions of gas.

Absent any details regarding the gas gathering system and the methodology used to determine the royalty due amounts for gas please be advised that GLO staff might disagree with your report of royalty and/or allocation methodology in the context of an audit.

Please be advised that the subject application is approved **subject to the following conditions.**

1. All oil production royalties shall be due based on the gross oil production of GLO Unit 7505. In this specific case the Lessee may pay monthly oil royalties per Texas Administrative Code (TAC) Title 31, Part 1, Chapter 9, Subchapter D, Rule §9.51.
2. All gas production royalties shall be due based on the gross gas production volumes (adjusted to MMBTUs) as measured by the available for sale gas meter located at the HSS State 113-23x14 1H Tank Battery after accounting for any applicable off-lease gas lift supply; and any other non-sales dispositions such as fuel, vent, and flare volumes.

The gross production of gas shall be determined by the sum of: (1) the gas production volumes and energy content remaining after accounting for any applicable off-lease gas lift contribution as measured at the available for sale facility gas meter located downstream of the separation equipment serving the state lease/unit, (2) the applicable flash gas volume and composition as determined by the performance of laboratory flash separation tests at the appropriate stage of separation or per industry standard correlations, based on the total monthly oil production of each state lease/unit, and (3) any other non-sales dispositions such as fuel, vent, and flare volumes. The gas BTU content and component analysis obtained at each lease separator and facility gas meter shall be determined by gas sample chromatographic analysis or other industry-accepted practices.

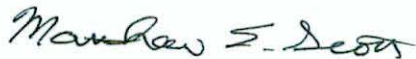
3. Retain, for lease audit purposes, all meter records, volume statements/reports, oil and gas analyses reports, and shrinkage/flash gas calculation records for a period of at least seven (7) years after creation of each report or record.
4. Any changes to the flow process, metering scheme, or the addition of any state lease wells that are not currently processed at the HSS State 113-23x14 1H Tank Battery shall require the Lessee to obtain permission from the GLO prior to making said changes.
5. With respect to the application of gas lift as an artificial lift method and the use of off-lease sources of gas, the Lessee has permission to utilize gas lift and off-lease make-up supply sources contingent upon the requirement that:
 - a. Lessee shall install and utilize square-edged orifice meters and meter tubes per all applicable specifications and requirements of API MPMS 14.3/AGA Report No. 3 for gas measurement,
 - b. Lessee shall continuously meter the gas lift supply to each well and the gas that passes through any other gas lift supply and distribution meter,
 - c. All measuring equipment shall be calibrated and adjusted as necessary by Lessee or as frequently as deemed necessary due to cleaning, repair, replacement, or any other condition that affects the accuracy, repeatability, and linearity of a meter, but not less frequently than once per calendar quarter, at intervals not to exceed 100 days, and

Ms. Nicole Vail
BHP Billiton Pet (TXLA OP) Co.
March 22, 2017
Page 3 of 3

- d. The gas BTU content and component analysis obtained at each lease/unit gas lift supply meter shall be determined by gas sample chromatographic analysis.

If you have questions, please contact me at (512) 475-2230, or by FAX at (512) 475-1543. My e-mail address is matthew.scott@glo.state.tx.us

Sincerely,



Matthew T. Scott, P.E.
Petroleum Engineer
Energy Resources/Mineral Leasing

cc: Robert Hatter, Deputy Director of Energy Resources
Dale Sump, Director of Minerals Audit

10

File No. ME 116836

CULBERSON County

AGREE TO COMMINGLE

Date Filed: 3/30/17

George P. Bush, Commissioner

By MT SCOTT

U.S. Postal Service™
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☐ Return Receipt (electronic) \$ _____
☐ Certified Mail Restricted Delivery \$ _____
☐ Adult Signature Required \$ _____
☐ Adult Signature Restricted Delivery \$ _____

Postage

\$

Total Postage and Fees

\$

ATTN: Holly Dutton
Sent To
BHP Billiton Petroleum (TXLA) Operating Company
Street and Apt. No., or PO Box No.
1360 Post Oak Blvd STE 150
City, State, ZIP+4®
Houston, TX 77056-3030

MF112948
MF112949

Postmark
Here

MF113061 MF115984
MF113601 ~~MF116836~~
MF113596
MF113603

7016 2070 0000 7391 4825



Texas General Land Office

Reconciliation Billing

George P. Bush, Commissioner

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

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

Billing Date: 9/11/2017
Billing Due Date: 10/11/2017
Customer Number: C000046383

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
18I00013	MF113603	\$0.00	\$1,725.10	\$174.81	\$104.39	\$2,004.30
18I00014	MF115984	\$4,887.75	\$0.00	\$515.47	\$254.51	\$5,657.73
18I00015	MF115984	\$0.00	\$583.31	\$100.00	\$38.66	\$721.97
18I00016	MF116836	\$14,661.91	\$0.00	\$1,474.36	\$763.51	\$16,899.78
Total Due		\$19,549.66	\$2,308.41	\$2,264.64	\$1,161.07	\$25,283.78

Penalty and interest have been calculated thru 9/30/2017. Payment remitted after 9/30/2017 will result in additional penalty and interest charges.

Contact Info: Sabrina Garcia (512) 475-1510 or Sabrina.Garcia@GLO.TEXAS.GOV

NOTICE

- Please update GLO1 and GLO2 production reports to correct volumes.
- Please do not update GLO3 report to include billed royalty, penalty or interest. This receivable has already been recorded.
- For other royalty reporting questions, visit <http://www.glo.texas.gov>, call (512) 463-6850 or email us at glo123@glo.texas.gov.

This notice does not constitute an Audit Billing Notice as defined in Section 52.135 of the Texas Natural Resources Code and, consequently, does not preclude the TGLO from conducting further examinations of these leases, time periods or issues.

Detach and return with payment

Reconciliation Billing

BHP Billiton Petroleum (TXLA Operating) Company

Billing Date: 9/11/2017

Billing Due Date: 10/11/2017

Customer Number: C000046383

Remit Payment To:

Texas General Land Office

PO Box 12873

Austin, TX 78711-2873

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
18I00013	MF113603	\$0.00	\$1,725.10	\$174.81	\$104.39	\$2,004.30
18I00014	MF115984	\$4,887.75	\$0.00	\$515.47	\$254.51	\$5,657.73
18I00015	MF115984	\$0.00	\$583.31	\$100.00	\$38.66	\$721.97
18I00016	MF116836	\$14,661.91	\$0.00	\$1,474.36	\$763.51	\$16,899.78
Total Due		\$19,549.66	\$2,308.41	\$2,264.64	\$1,161.07	\$25,283.78
Amt. Paid						

Customer ID: C000046383
Invoice Number: 18I00013
GLO Lease: MF113603
GLO Review: BHP Billiton Petroleum (TXLA Op) Co
Review Period: September 2015 Through August 2016

Category: Oil
Auditor/AE: Sgarcia
Billing Date: 8/28/2017
P&I Calculation Date: 9/30/2017
Royalty Rate: 12.50%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Participa	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Ro	Number of Da	Interest Rate For	Penalty Rate Fron	Interest Rate Fron	Revenue Due
Oct-15	08-278957	139	1.00000000	\$ 41.22006	1.00	\$5,729.59	\$716.20	\$0.00	\$716.20	665	4.25%	\$71.62	\$50.54	\$838.36
Nov-15	08-278957	45	1.00000000	\$ 40.35000	1.00	\$1,815.75	\$226.97	\$0.00	\$226.97	634	4.50%	\$25.00	\$16.09	\$268.06
Jun-16	08-278957	145	1.00000000	\$ 29.22667	1.00	\$4,237.87	\$529.73	\$0.00	\$529.73	421	4.50%	\$52.97	\$23.64	\$606.34
Mar-16	08-278957	70	1.00000000	\$ 28.82330	1.00	\$2,017.63	\$252.20	\$0.00	\$252.20	513	4.50%	\$25.22	\$14.12	\$291.54
TOTALS		399				\$13,800.84	\$1,725.10	\$0.00	\$1,725.10			\$174.81	\$104.39	\$2,004.30

ATTN: Holly Dutton
CERTIFIED MAIL: 7016 2070 0000 7391 4825

COMMENTS: BILLING ON DIFFERENCE FROM VOLUMES REPORTED TO GLO COMPARED TO THE VOLUMES REPORTED TO RRC.

COLUMN (3) VOLUME - REPRESENTS UNDER REPORTED SALES VOLUMES TO THE GLO FROM RRC WELL ID 08-278957 (Unit 7505).
COLUMN (5) PRICE - TAKEN FROM PRODUCTION ROYALTY REPORTS SUBMITTED TO THE TEXAS GENERAL LAND OFFICE.
COLUMNS (12), (13), (14) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:
<http://www.glo.texas.gov/energy-business/oil-gas/rrac/forms/penalty-interest-assessment-rules.pdf>

NOTE 1: PLEASE REMIT PAYMENT OF THIS INVOICE SEPARATELY FROM REGULAR ROYALTY PAYMENTS. THE PREFERRED METHOD OF PAYMENT IS BY CHECK ACCOMPANIED WITH THE BOTTOM HALF OF THE ATTACHED INVOICE. IF PAYMENT IS MADE THROUGH ACH DEBIT, NOTIFY THE AUDITOR AS TO THE REMITTANCE DATE SO THE INVOICE CAN BE PROPERLY CREDITED.

Customer ID: C000046383
Invoice Number: 18I00014
GLO Lease: MF115984
GLO Review: BHP Billiton Petroleum (TXLA Op) Co
Review Period: September 2015 Through August 2016

Category: Gas
Auditor/AE: Sgarcia
Billing Date: 8/28/2017
P&I Calculation Date: 9/30/2017
Royalty Rate: 12.50%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Participa	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Ro	Number of Da	Interest Rate For	Penalty Rate Fron	Interest Rate Fron	Revenue Due
Sep-15	08-278957	429	1.00000000	\$ 3.174826	1.038959	\$1,415.06	\$176.88	\$0.00	\$176.88	685	4.25%	\$25.00	\$12.89	\$214.77
Oct-15	08-278957	1,418	1.00000000	\$ 3.734264	1.023851	\$5,421.48	\$677.69	\$0.00	\$677.69	655	4.25%	\$67.77	\$47.03	\$792.49
Nov-15	08-278957	1,781	1.00000000	\$ 3.647247	1.032815	\$6,708.90	\$838.61	\$0.00	\$838.61	624	4.50%	\$83.86	\$58.42	\$980.89
Dec-15	08-278957	193	1.00000000	\$ 2.172525	1.070408	\$448.82	\$56.10	\$0.00	\$56.10	593	4.50%	\$25.00	\$3.69	\$84.79
Apr-16	08-278957	2,095	1.00000000	\$ 1.663876	1.020163	\$3,556.10	\$444.51	\$0.00	\$444.51	472	4.50%	\$44.45	\$22.63	\$511.59
May-16	08-278957	2,367	1.00000000	\$ 1.663876	1.020163	\$4,017.80	\$502.23	\$0.00	\$502.23	442	4.50%	\$50.22	\$23.71	\$576.16
Jun-16	08-278957	2,816	1.00000000	\$ 1.697224	1.021124	\$4,880.34	\$610.04	\$0.00	\$610.04	411	4.50%	\$61.00	\$26.47	\$697.51
Jul-16	08-278957	2,565	1.00000000	\$ 2.421340	1.018770	\$6,327.31	\$790.91	\$0.00	\$790.91	380	4.50%	\$79.09	\$31.30	\$901.30
Aug-16	08-278957	2,420	1.00000000	\$ 2.564455	1.019376	\$6,326.23	\$790.78	\$0.00	\$790.78	350	4.50%	\$79.08	\$28.37	\$898.23
TOTALS		16,084				\$39,102.06	\$4,887.75	\$0.00	\$4,887.75			\$515.47	\$254.51	\$5,657.73

ATTN: Holly Dutton
CERTIFIED MAIL: 7016 2070 0000 7391 4825

COMMENTS: BILLING ON DIFFERENCE FROM VOLUMES REPORTED TO GLO COMPARED TO THE VOLUMES REPORTED TO RRC.

COLUMN (3) VOLUME - REPRESENTS UNDER REPORTED SALES VOLUMES TO THE GLO FROM RRC WELL ID 08-278957
COLUMNS (5), (6) PRICE & BTU - TAKEN FROM PRODUCTION ROYALTY REPORTS SUBMITTED TO THE TEXAS GENERAL LAND OFFICE.
COLUMNS (12), (13), (14) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:
<http://www.glo.texas.gov/energy-business/oil-gas/rrac/forms/penalty-interest-assessment-rules.pdf>

NOTE 1: PLEASE REMIT PAYMENT OF THIS INVOICE SEPARATELY FROM REGULAR ROYALTY PAYMENTS. THE PREFERED METHOD OF PAYMENT IS BY CHECK ACCOMPANIED WITH THE BOTTOM HALF OF THE ATTACHED INVOICE. IF PAYMENT IS MADE THROUGH ACH DEBIT, NOTIFY THE AUDITOR AS TO THE REMITTANCE DATE SO THE INVOICE CAN BE PROPERLY CREDITED.

Customer ID: C000046383
Invoice Number: 18I00015
GLO Lease: MF115984
GLO Review: BHP Billiton Petroleum (TXLA Op) Co
Review Period: September 2015 Through August 2015

Category: Oil
Auditor/AE: Sgarcia
Billing Date: 8/28/2017
P&I Calculation Date: 9/30/2017
Royalty Rate: 12.50%

Month / Year	RRC Number	Gas/Oil Volume	Tract Participa	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Ro	Number of Da	Interest Rate For	Penalty Rate Fron	Interest Rate Fror	Revenue Due
Oct-15	08-278957	47	1.00000000	\$ 41.21977	1.00	\$1,937.33	\$242.17	\$0.00	\$242.17	665	4.25%	\$25.00	\$17.09	\$284.26
Nov-15	08-278957	15	1.00000000	\$ 40.34996	1.00	\$605.25	\$75.66	\$0.00	\$75.66	634	4.50%	\$25.00	\$5.36	\$106.02
Jan-16	08-278957	49	1.00000000	\$ 29.22666	1.00	\$1,432.11	\$179.01	\$0.00	\$179.01	574	4.50%	\$25.00	\$11.37	\$215.38
Mar-16	08-278957	24	1.00000000	\$ 28.82325	1.00	\$691.76	\$86.47	\$0.00	\$86.47	513	4.50%	\$25.00	\$4.84	\$116.31
TOTALS		135				\$4,666.44	\$583.31	\$0.00	\$583.31			\$100.00	\$38.66	\$721.97

ATTN: Holly Dutton
CERTIFIED MAIL: 7016 2070 0000 7391 4825

COMMENTS: BILLING ON DIFFERENCE FROM VOLUMES REPORTED TO GLO COMPARED TO THE VOLUMES REPORTED TO RRC.

COLUMN (3) VOLUME - REPRESENTS UNDER REPORTED SALES VOLUMES TO THE GLO FROM RRC WELL ID 08-278957 (Unit 7505).
 COLUMN (5) PRICE - TAKEN FROM PRODUCTION ROYALTY REPORTS SUBMITTED TO THE TEXAS GENERAL LAND OFFICE.
 COLUMNS (12), (13), (14) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:
<http://www.glo.texas.gov/energy-business/oil-gas/rrac/forms/penalty-interest-assessment-rules.pdf>

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Customer ID: C000046383
 Invoice Number: 18I00016
 GLO Lease: MF116836
 GLO Review: BHP Billiton Petroleum (TXLA Co) Co
 Review Period: September 2015 Through August 2016

Category: Gas
 Auditor/AE: Sgarcia
 Billing Date: 8/28/2017
 P&I Calculation Date: 9/30/2017
 Royalty Rate: 12.50%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Participa	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Ro	Number of Da	Interest Rate For	Penalty Rate Fron	Interest Rate Fron	Revenue Due
Sep-15	08-278957	1,289	1.00000000	\$ 3.174572	1.038959	\$4,251.44	\$531.43	\$0.00	\$531.43	685	4.25%	\$53.14	\$38.74	\$623.31
Oct-15	08-278957	4,254	1.00000000	\$ 3.734135	1.023851	\$16,263.88	\$2,032.99	\$0.00	\$2,032.99	655	4.25%	\$203.30	\$141.08	\$2,377.37
Nov-15	08-278957	5,341	1.00000000	\$ 3.647261	1.032815	\$20,119.26	\$2,514.91	\$0.00	\$2,514.91	624	4.50%	\$251.49	\$175.18	\$2,941.58
Dec-15	08-278957	579	1.00000000	\$ 2.172896	1.070408	\$1,346.69	\$168.34	\$0.00	\$168.34	593	4.50%	\$25.00	\$11.08	\$204.42
Apr-16	08-278957	6,282	1.00000000	\$ 1.663817	1.020163	\$10,662.84	\$1,332.86	\$0.00	\$1,332.86	472	4.50%	\$133.29	\$67.87	\$1,534.02
May-16	08-278957	7,098	1.00000000	\$ 1.663817	1.020163	\$12,047.89	\$1,505.99	\$0.00	\$1,505.99	442	4.50%	\$150.60	\$71.11	\$1,727.70
Jun-16	08-278957	8,447	1.00000000	\$ 1.697294	1.021124	\$14,639.90	\$1,829.99	\$0.00	\$1,829.99	411	4.50%	\$183.00	\$79.42	\$2,092.41
Jul-16	08-278957	7,694	1.00000000	\$ 2.421260	1.018770	\$18,978.84	\$2,372.36	\$0.00	\$2,372.36	380	4.50%	\$237.24	\$93.89	\$2,703.49
Aug-16	08-278957	7,262	1.00000000	\$ 2.564505	1.019376	\$18,984.28	\$2,373.04	\$0.00	\$2,373.04	350	4.50%	\$237.30	\$85.14	\$2,695.48
TOTALS		48,246				\$117,295.04	\$14,661.91	\$0.00	\$14,661.91			\$1,474.36	\$763.51	\$16,899.78

ATTN: Holly Dutton
 CERTIFIED MAIL: 7016 2070 0000 7391 4825

COMMENTS: BILLING ON DIFFERENCE FROM VOLUMES REPORTED TO GLO COMPARED TO THE VOLUMES REPORTED TO RRC.

COLUMN (3) VOLUME - REPRESENTS UNDER REPORTED SALES VOLUMES TO THE GLO FROM RRC WELL ID 08-278957
 COLUMNS (5), (6) PRICE & BTU - TAKEN FROM PRODUCTION ROYALTY REPORTS SUBMITTED TO THE TEXAS GENERAL LAND OFFICE.
 COLUMNS (12), (13), (14) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:
<http://www.glo.texas.gov/energy-business/oil-gas/rrac/forms/penalty-interest-assessment-rules.pdf>

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File No. MF 116836

11

County

Recon Billing

Date Filed: 9/14/17

George P. Bush, Commissioner

By AT

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☐ Return Receipt (electronic) \$ _____
☐ Certified Mail Restricted Delivery \$ _____
☐ Adult Signature Required \$ _____
☐ Adult Signature Restricted Delivery \$ _____

Postage

\$

Total Postage and Fees

\$

ATTN: Holly Dutton

Sent To

BHP Billiton Petroleum (TXLA) Operating Company

Street and Apt. No., or PO Box No.

1360 Post Oak Blvd STE 150

City, State, ZIP+4®

Houston, TX 77056-3030

MF112948

MF112949

Postmark
Here

MF113061 MF115984

MF113601 ~~MF116836~~

MF113596

MF113603



Texas General Land Office

Reconciliation Billing

George P. Bush, Commissioner

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

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

Billing Date: 9/11/2017
Billing Due Date: 10/11/2017
Customer Number: C000046383

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
18I00019	MF116836	\$0.00	\$1,746.32	\$176.93	\$115.77	\$2,039.02
Total Due		\$0.00	\$1,746.32	\$176.93	\$115.77	\$2,039.02

Penalty and interest have been calculated thru 9/30/2017. Payment remitted after 9/30/2017 will result in additional penalty and interest charges.

Contact Info: Sabrina Garcia (512) 475-1510 or Sabrina.Garcia@GLO.TEXAS.GOV

NOTICE

- Please update GLO1 and GLO2 production reports to correct volumes.
- Please do not update GLO3 report to include billed royalty, penalty or interest. This receivable has already been recorded.
- For other royalty reporting questions, visit <http://www.glo.texas.gov>, call (512) 463-6850 or email us at glo123@glo.texas.gov.

This notice does not constitute an Audit Billing Notice as defined in Section 52.135 of the Texas Natural Resources Code and, consequently, does not preclude the TGLO from conducting further examinations of these leases, time periods or issues.

Detach and return with payment

Reconciliation Billing

BHP Billiton Petroleum (TXLA Operating) Company

Billing Date: 9/11/2017

Billing Due Date: 10/11/2017

Customer Number: C000046383

Remit Payment To:

Texas General Land Office

PO Box 12873

Austin, TX 78711-2873

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
18I00019	MF116836	\$0.00	\$1,746.32	\$176.93	\$115.77	\$2,039.02
Total Due		\$0.00	\$1,746.32	\$176.93	\$115.77	\$2,039.02
Amt. Paid						

Customer ID: C000044811
Invoice Number: 18I00019
GLO Lease: MF116836
GLO Review: BHP Billinton Petroleum (TXLA Op) Co
Review Period: September 2015 Through August 2016

Category: Oil
Auditor/AE: Sgarcia
Billing Date: 8/28/2017
P&I Calculation Date: 9/30/2017
Royalty Rate: 12.50%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Participa	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Ro	Number of Da	Interest Rate For	Penalty Rate Fron	Interest Rate Fror	Revenue Due
Oct-15	08-278957	141	1.000000000	\$ 41.21998	1.00	\$5,812.02	\$726.50	\$0.00	\$726.50	665	4.25%	\$72.65	\$51.26	\$850.41
Nov-15	08-278957	45	1.000000000	\$ 40.35001	1.00	\$1,815.75	\$226.97	\$0.00	\$226.97	634	4.50%	\$25.00	\$16.09	\$268.06
Jan-16	08-278957	147	1.000000000	\$ 29.22667	1.00	\$4,296.32	\$537.04	\$0.00	\$537.04	574	4.50%	\$53.70	\$34.10	\$624.84
Mar-16	08-278957	71	1.000000000	\$ 28.82330	1.00	\$2,046.45	\$255.81	\$0.00	\$255.81	513	4.50%	\$25.58	\$14.32	\$295.71
TOTALS		404				\$13,970.54	\$1,746.32	\$0.00	\$1,746.32			\$176.93	\$115.77	\$2,039.02

ATTN: Holly Dutton
CERTIFIED MAIL: 7016 2070 0000 7391 4825

COMMENTS: BILLING ON DIFFERENCE FROM VOLUMES REPORTED TO GLO COMPARED TO THE VOLUMES REPORTED TO RRC.

COLUMN (3) VOLUME - REPRESENTS UNDER REPORTED SALES VOLUMES TO THE GLO FROM RRC WELL ID 08-278957
 COLUMN (5) PRICE - TAKEN FROM PRODUCTION ROYALTY REPORTS SUBMITTED TO THE TEXAS GENERAL LAND OFFICE.
 COLUMNS (12), (13), (14) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:
<http://www.glo.texas.gov/energy-business/oil-gas/rrac/forms/penalty-interest-assessment-rules.pdf>

NOTE 1: PLEASE REMIT PAYMENT OF THIS INVOICE SEPARATELY FROM REGULAR ROYALTY PAYMENTS. THE PREFERRED METHOD OF PAYMENT IS BY CHECK ACCOMPANIED WITH THE BOTTOM HALF OF THE ATTACHED INVOICE. IF PAYMENT IS MADE THROUGH ACH DEBIT, NOTIFY THE AUDITOR AS TO THE REMITTANCE DATE SO THE INVOICE CAN BE PROPERLY CREDITED.

File No. MF 116836

(12)

County

Recon Billing

Date Filed: 9/14/17

George P. Bush, Commissioner

By AV

MF113061
MF113603
MF115984
MF116836

unit 7505

BHP

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

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

Division Order Instruction Sheet

We are pleased to deliver this Division Order which sets forth your share of production proceeds from the well indicated thereon and the name and address to which payments will be made. Please return one fully executed copy and retain the other copy for your records. Your Division Order contains information that will aid in your communication with BHP. When contacting us about any questions regarding your interest or Division Order, please have the Division Order in hand as it contains identifying information that will assist us in answering your questions.

WE ARE NOT ABLE TO ACCEPT ANY ALTERATIONS TO THIS DIVISION ORDER FORM.

SIGNATURES:

- Sign exactly as shown on the Division Order. If your signature is different, please enclose legal documentation authorizing the name change with your returned Division Order.
- Signatures by Agents, Attorneys-in-Fact, Guardians, or Trustees must be verified by attaching a copy of the recorded legal evidence of the rights vested in the signing party.
- In the event of multiple trustees/executors, all signatures are required unless documentation is provided evidencing authority to sign on behalf of all parties.
- An authorized official, with the name and title of the signing party printed beneath the signature, must execute for companies, corporations, or partnerships.
- All signatures must be witnessed. Notary is not required.

TAXPAYER IDENTIFICATION NUMBER OR SOCIAL SECURITY NUMBER:

Include your Tax ID or Social Security Number in the space provided on your Division Order. Failure to furnish this number will result in 24% tax withholding in accordance with Section 3406 of the Internal Revenue Service Code, and any tax withheld will not be refundable by BHP.

ADDRESS & TITLE CHANGES:

- Please note any change of address directly on your Division Order
- Subsequent address changes must be submitted in writing either by mail, fax or email (a change of address form can be found at <http://www.bhpbilliton.com/investor-centre/owner-relations>).
- If a change in title occurs, please furnish us with a copy of the recorded deed or document transferring the title.

PAYMENTS: Royalty check payments are mailed on or before the 30th of each month. Our policy is to remit checks monthly when your account reaches \$100, or once a year, whichever occurs first. We can reduce the minimum hold on your account from \$100 to \$25 upon written request.

PRIVACY: BHP respects the privacy of our owners. Please remember we are unable to release information to third parties on any ownership account without prior written authorization from the owner unless legally required. In order for us to discuss your lease, agreement, and/or royalty information with your appointed representative, we must be furnished with your written authorization.

CONTACT US: The following information will assist us in serving you: (1) name & owner number (2) county and state where well is located (3) well name and property number (4) telephone number with area code (5) nature of your inquiry

Owner Relations Call Center

Phone Number: 1-877-311-1443

Fax: 1-888-484-3189

E-mail: petroleumownerrelationsrequest@bhpbilliton.com

BHP

Land Administration

P O Box 22719

Houston, TX 77227-9927

EXHIBIT A

BHP

Date: 10/17/2018

CREDIT TO

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

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

Special Clauses/Comments:

Issue Date: 10/17/2018
Property Name: HSS STATE 113-23X14 2H
Property #: P1M819/00501
Production: ALL PRODUCTS
Operator: BHP BILLITON PETROLEUM (TXLA OPERATING)
Legal Description: PSL ABST/ID# 1271 Grantee W.H. HICKS Blk 113 Sec 14 CULBERSON
COUNTY/PARISH, TEXAS (1.000 ACRES); PSL ABST/ID# 6462 Grantee C.M.
CALDWELL Blk 113 Sec 23 CULBERSON COUNTY/PARISH, TEXAS (1.000 ACRES)

Decimal	Type	Status	Reason	Start Date
0.01575508	RI	PAY		9/1/2018
0.04648476	RI	PAY		9/1/2018
0.01549492	RI	PAY		9/1/2018
0.04726524	RI	PAY		9/1/2018

PLEASE KEEP THIS COPY FOR YOUR RECORDS

HANNS - 50955(P1M819_NotAmended)



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

January 17, 2019

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

Re: State Lease Nos. MF113061, MF113603, MF115984 and MF116836 HSS State 113-23X14
2H Unit 7505

Dear Mr. Brown:

The Texas General Land Office (GLO) has received your Division Order for the referenced unit. This Division Order has been filed in the appropriate mineral file(s).

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

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

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

Thank you,

Vivian Zamora
Landman, Energy Resources
512-475-0428
512-475-1404 (fax)
vivian.zamora@glo.texas.gov

File No. MF 116836Culberson CountyDivision OrderDate Filed: 1-18-2019

George P. Bush, Commissioner

By VB



Texas General Land Office

Reconciliation Billing

George P. Bush, Commissioner

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

BPX Operating Company
Attn: Patty Burg
Office: WM11 6025-1
15377 Memorial Drive
Houston, TX 77079-4101

Billing Date: 6/10/2021
Billing Due Date: 7/10/2021
Customer Number: C000046383

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
21I00832	MF116836	\$6,989.24	\$0.00	\$739.57	\$539.22	\$8,268.03
Total Due		\$6,989.24	\$0.00	\$739.57	\$539.22	\$8,268.03

Penalty and interest have been calculated thru 6/30/2021. Payment remitted after 6/30/2021 will result in additional penalty and interest charges.

Charlton, Andrea M (512) 463-5190 or Andrea.Charlton@GLO.TEXAS.GOV

NOTICE

- Please update GLO1 and GLO2 production reports to correct volumes.
- Please do not update GLO3 report to include billed royalty, penalty or interest. This receivable has already been recorded.
- For questions regarding this invoice, email us at glo123@glo.texas.gov.

This notice does not constitute an Audit Billing Notice as defined in Section 52.135 of the Texas Natural Resources Code and, consequently, does not preclude the TGLO from conducting further examinations of these leases, time periods or issues.

Detach and return with payment

Reconciliation Billing

BPX Operating Company

Billing Date: 6/10/2021

Billing Due Date: 7/10/2021

Customer Number: C000046383

Remit Payment To:

Texas General Land Office

PO Box 12873

Austin, TX 78711-2873

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
21I00832	MF116836	\$6,989.24	\$0.00	\$739.57	\$539.22	\$8,268.03
Total Due		\$6,989.24	\$0.00	\$739.57	\$539.22	\$8,268.03
Amt. Paid						

Customer ID: C000046383
 Invoice Number: MF116836
 GLO Lease: BPX OPERATING COMPANY
 GLO Review: 201909-202008
 Review Period: (1)

Category: Gas
 Auditor/AE: Acharito
 Billing Date: 6/1/2021
 P&I Calculation Date: 6/30/2021
 Royalty Rate: 12.50%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Participant	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Roy	Number of Days	Interest Rate For	Penalty Rate For	Interest Rate Front	Revenue Due
Sep-19	08-278957	4,651	1,00000000	2,676934	0.982926	\$12,237.84	\$1,529.73	\$0.00	\$1,529.73	593	6.50%	6.50%	\$152.97	\$1,828.17
Oct-19	08-278957	4,526	1,00000000	2,622079	1,005090	\$11,927.93	\$1,490.99	\$0.00	\$1,490.99	563	6.50%	6.50%	\$149.10	\$1,773.91
Nov-19	08-278957	3,520	1,00000000	2,759891	0.997814	\$9,693.58	\$1,211.70	\$0.00	\$1,211.70	532	5.75%	5.75%	\$121.17	\$1,423.16
Dec-19	08-278957	1,544	1,00000000	3,423695	1.004885	\$5,312.01	\$664.00	\$0.00	\$664.00	501	5.75%	5.75%	\$66.40	\$776.63
Jan-20	08-278957	174	1,00000000	3,105557	1.017268	\$549.70	\$68.71	\$0.00	\$68.71	472	5.75%	5.75%	\$25.00	\$4.47
Feb-20	08-278957	3,017	1,00000000	2,259708	1.016907	\$6,932.80	\$866.60	\$0.00	\$866.60	441	5.75%	5.75%	\$86.66	\$1,005.41
Mar-20	08-278957	5,187	1,00000000	1,714102	1.019144	\$9,061.25	\$1,132.66	\$0.00	\$1,132.66	411	5.75%	5.75%	\$113.27	\$1,308.74
Apr-20	08-278957	1,781	1,00000000	0,349041	1.013237	\$629.87	\$78.73	\$0.00	\$78.73	380	5.75%	5.75%	\$25.00	\$107.71
May-20	08-278957	(124)	1,00000000	1,513180	1.005237	(\$188.62)	(\$23.58)	\$0.00	(\$23.58)	350	5.75%	5.75%	\$0.00	(\$23.58)
Jun-20	08-278957	(87)	1,00000000	1,024593	1.006336	(\$89.70)	(\$11.21)	\$0.00	(\$11.21)	319	5.75%	5.75%	\$0.00	(\$11.21)
Jul-20	08-278957	(142)	1,00000000	1,069552	1.005503	(\$152.71)	(\$19.09)	\$0.00	(\$19.09)	288	5.75%	5.75%	\$0.00	(\$19.09)
TOTALS		24,047				\$55,913.95	\$6,989.24	\$0.00	\$6,989.24				\$739.57	\$8,268.03

ATTN: Patty Burg
 E-MAIL: Patty.Burg@bpx.com

COMMENTS: SALES VOLUMES REPORTED TO THE GLO WERE COMPARED TO VOLUMES REPORTED TO THE RRC.
 IT HAS BEEN DETERMINED THAT THE SALES VOLUMES HAVE BEEN UNDER PAID.

COLUMN (3) RRC VOLUME - REPRESENTS UNDER REPORTED SALES VOLUMES TO THE GLO FROM RRC WELL ID# 08-278957 08-286919
 COLUMN (5) PRICE - TAKEN FROM PRODUCTION ROYALTY REPORTS SUBMITTED TO THE TEXAS GENERAL LAND OFFICE
 COLUMN (6) BTU - TAKEN FROM PRODUCTION ROYALTY REPORTS SUBMITTED TO THE TEXAS GENERAL LAND OFFICE
 COLUMN (13)(14)(15) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:
<http://www.glo.texas.gov/energy-business/oil-gas/rac/forms/penalty-interest-assessment-rules.pdf>

NOTE 1: PLEASE REMIT PAYMENT OF THIS INVOICE SEPARATELY FROM REGULAR ROYALTY PAYMENTS. THE PREFERRED METHOD OF PAYMENT IS BY CHECK
 ACCOMPANIED WITH THE BOTTOM HALF OF THE ATTACHED INVOICE. IF PAYMENT IS MADE THROUGH ACH DEBIT, SEND AN EMAIL TO account.services@glo.texas.gov
 NOTING YOUR COMPANY NAME, CUSTOMER ID, INVOICE NUMBER, REMITTANCE DATE AND AMOUNT OF PAYMENT.

14

MF116836

File No.

County

Recon Billings

8/16/2021

Date Filed:

George P. Bush, Commissioner

By

VD

BPX Midstream, LLC
Attn: GBS - P2P Treasury Payments
501 Westlake Park Boulevard
Houston, TX 77079

bpx energy

2100009 01 SD T 6042 DB -P00009 C10

03/04/25



STATE OF TEXAS GLO
1700 N CONGRESS AVE NO 640
AUSTIN TX 78701-149

PG 1 OF 1

VENDOR NUMBER:

TRACE NUMBER: 2379176080BPXML-CPS

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25705014

INQUIRIES CONCERNING THIS PAYMENT SHOULD BE
DIRECTED TO 1-888-529-1358

IN ORDER TO AFFECT TIMELY INVOICE PAYMENTS PLEASE
PLACE YOUR VENDOR NUMBER ON ALL FUTURE INVOICES.
YOUR VENDOR NUMBER IS

DETACH AND RETAIN THIS STUB FOR YOUR RECORDS

CHECK # 6000001472 ATTACHED BELOW

bpx energy

BPX Midstream, LLC
Attn: GBS - P2P Treasury Payments
501 Westlake Park Boulevard
Houston, TX 77079

62-20
311

No. 6000001472

03/04/25

TRACE NO.: 2379176080BPXML-CPS

25705014

PAY TO THE
ORDER OF

STATE OF TEXAS GLO
1700 N CONGRESS AVE NO 640
AUSTIN TX 78701-149

\$\$\$\$\$\$\$\$\$35,201.45

NOT VALID AFTER 6 MONTHS

Thirty-five Thousand Two Hundred One and 45/100 Dollars

AUTHORIZED SIGNATURE

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

⑈6000001472⑈

Payee	Net Amount	Billing Property
STATE OF TEXAS GLO - 0069001423	\$35,201.45	NORTH REEVES GATHERING
STATE OF TEXAS GLO - 0069001423	\$32,962.00	NORTH REEVES GATHERING

52.212

STATE OF TEXAS GLO - 0069001423
\$35,201.45
NORTH REEVES GATHERING
\$32,962.00
NORTH REEVES GATHERING

29.917

15

File No. M-116836

SD County

Date Filed: 3/25/25

Commissioner Dawn Buckingham, M.D.

By: AC