

MF117060

Lease Type
Free Royalty

Control
08-029812

Basefile
151383

County
REEVES

Survey

Public School Land

Block

57

Block Name

Township

Section/Tract

37

Land Part

Acres

Net: 203.520000 Gross: 203.520000

Depth Below

Depth Above

Depth Other

Name

CIMAREX ENERGY CO

Lease Date

9/3/2010

Primary Term

3 years

Bonus

\$0.00

Lease Royalty

0.06250000

Paid Up

NA

Leasing: Q

Maps: J

GIS: MC

Scanlab:



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Scanned WM 3-7-2023	

**Basefile Number - 151383**

Information for this County -
REEVES COUNTY

[Related ALAMO Record](#)[Download GIS Data](#)[Energy Lease Information](#)**IDENTIFICATION NUMBERS**

LAND CLASS NUMBER - 08

CONTROL NUMBER 08-029812

SURVEY INFORMATION

SURVEY NAME - PSL

GRANTEE NAME - Grubb, M T

ABSTRACT - 5705

BLOCK - TOWNSHIP - West 1/4 37 Public School 57

SECTION NUMBER - 37

SECTION/PART -

CURRENT ACRES - 203.520000

ORIGINAL ACRES - 160

PATENT INFORMATION:

PATENTEE NAME -

DISTRICT - Bexar

CLASSIFICATION - School

FILE NUMBER - 151383

PATENT DATE -

CERTIFICATE -

PATENT NUMBER -

PATENT VOLUME -

PAGE - 162

1/16

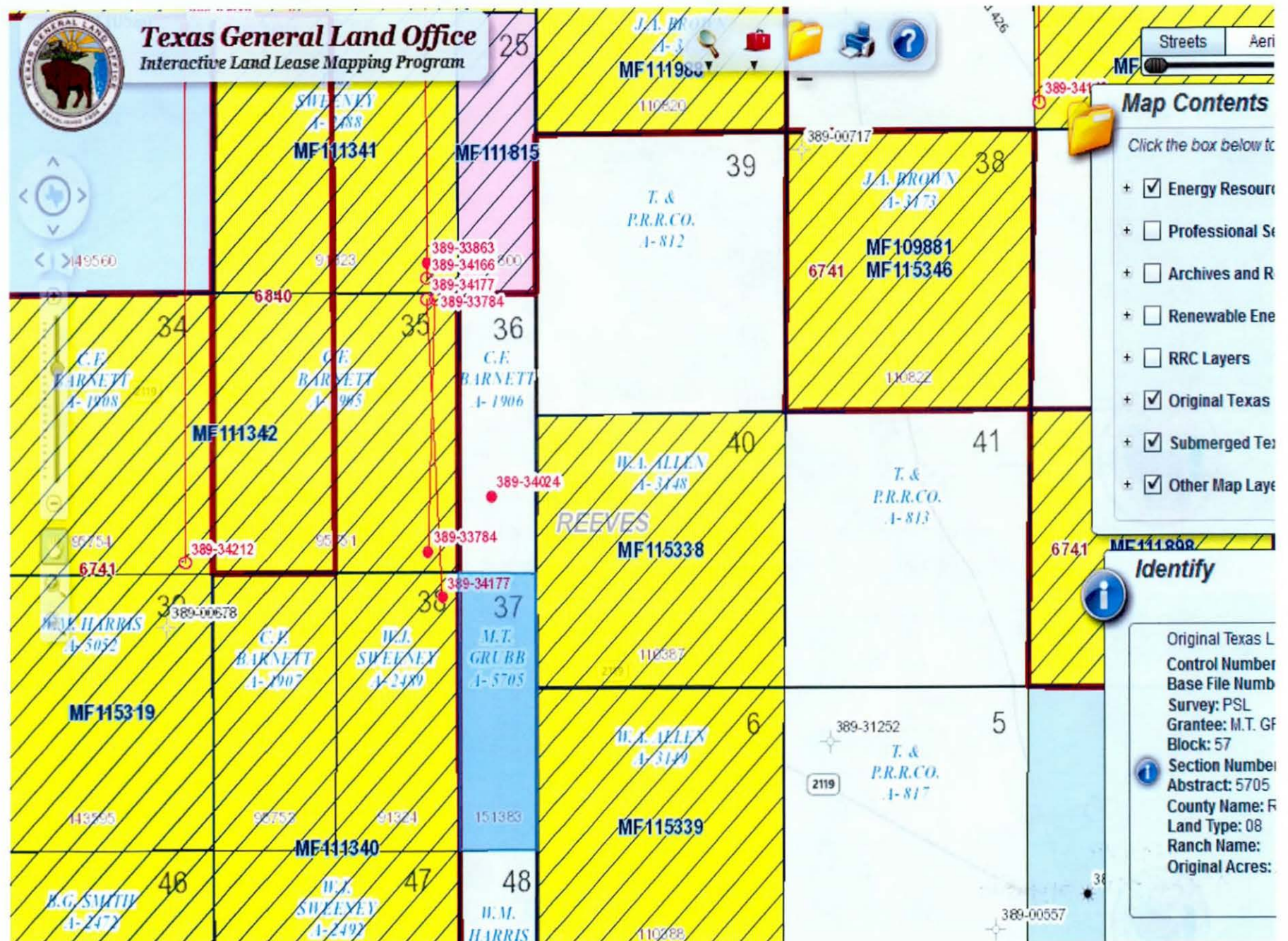
LEASE INFORMATION

Concurrent Oil & Gas Leases in this Parcel:

MF115338**MF115339****HISTORIC LEASES FOR THIS PARCEL**

Historical Oil & Gas Leases in this Parcel:

MF100089**MF105210****MF105212****MF109156****MF109157**



File No. 117060

1. Basefile info & plat

Date Filed: 11/05/14

Jerry E. Patterson, Commissioner

By 

MF 117060

Oil and Gas Lease

(Paid-Up)

This Agreement, made and entered into this 3rd day of November, 2010, by and between H. L. Hawkins, Jr., Inc., a Delaware corporation, whose address is 300 Board of Trade Place, New Orleans, Louisiana 70130-2482, hereinafter called Lessor(s), and Cimarex Energy Co., whose address is 600 N. Marientfield St., Suite 600, Midland, Texas 79701, hereinafter called Lessee(s), Witnesseth:

1. Grant and Description. That Lessor, in consideration of the cash bonus in hand paid, of the royalties herein provided, and of the agreements of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the sole and only purpose of exploring, drilling and operating for and producing oil and gas and of laying pipelines, storing oil and building tanks, telephone and electric lines, roads and structures thereon to produce, save, care for, treat and transport said substances produced from the land leased hereunder only, the following described land situated in Reeves County, State of TEXAS, to wit:

Sec. 37, Block 57, PSL, Reeves County, Texas,
and containing 203.52 net mineral acres, more or less (called "leased premises").

2. Term of Lease. Subject to the other provisions hereof, this lease shall be for a term of Three (3) years from this date (called "Primary Term") and as long thereafter as oil and gas, or either of them, is produced in paying quantities from the leased premises or lands with which the leased premises are pooled hereunder and the royalties are paid as provided.

3. Royalties. Lessee shall pay the following royalties, subject to the following provisions:

(a). Oil. Lessee shall pay the Lessor One-Fourth (1/4) of the gross proceeds of all oil and other liquid hydrocarbons recovered, separated, produced or saved from or on the leased premises and sold by Lessee in an arms' length transaction; provided however, in the event oil and other liquid hydrocarbons are not sold under an arms' length transaction, Lessor's royalty on such oil and other liquid hydrocarbons shall be calculated by using the highest price, plus premium, if any, paid or offered for oil and other liquid hydrocarbons of comparable quality in the general area where produced and when run;

(b). Gas. Lessee shall pay the Lessor One-Fourth (1/4) of the gross proceeds received by Lessee for all gas (including substances contained in such gas) recovered, separated, produced or saved from or on the leased premises and sold by Lessee in an arms' length transaction; provided, however in the event gas is not sold under an arms' length transaction, Lessor's royalty on such gas (including substances contained in such gas) shall be calculated by using the highest price paid or offered for gas of comparable quality in the general area where produced and when run.

(c). Products. Lessee's right to produce substances from the leased premises is limited to substances produced from oil and/or gas wells, and Lessee shall pay Lessor royalty on all marketable substances produced by Lessee from the leased premises (all marketable substances, which Lessee may produce from the leased premises hereunder, will be collectively referred to as "Products"). It is controllingly provided that the price used to calculate Lessor's royalty shall never be less than the price paid Lessee for any Products produced hereunder, and, if the manner of calculating royalty provided for herein would cause Lessor's royalty to be calculated based upon a lesser amount, the price actually paid Lessee shall be substituted as the basis for the royalty calculation. As to any product which does not fall under the oil or gas royalty clauses above, Lessee shall pay Lessor One-Fourth (1/4) of the gross proceeds received by Lessee for such product in an arms' length transaction; provided, however, in the event the product is not sold under an arms' length transaction, Lessor's royalty shall be calculated by using the highest price paid or offered for the comparable quality of such product in the general area of the leased premises.

(d). Production Sale Contracts. Lessee shall pay Lessor One-Fourth (1/4) of all consideration received by or for the benefit of Lessee under any contract for the sale of Products, including, but not limited to, all contract settlements and other sums received by Lessee from any purchaser of Products, whether such sums are advance payments, payments under take-or-pay provisions, price buy-down settlements, or other contractual payments or payments in settlement of claims of whatever kind or character paid by any purchaser of Products to Lessee to the extent related to the sale of production from the leased premises. To the extent that any such consideration is paid in advance of actual production, Lessee shall receive credit for the amount thereof when such production occurs. Lessee agrees that if it enters into any contract for sale of any Products which shall extend for 3 (three) years from the effective date of such sales contract and such contract does not have adequate provisions for redetermination of price at intervals of not less frequently than annually, then Lessee, its successors and assigns, shall in advance of executing any such sales contract provide Lessor with a full and complete copy of the proposed contract for the purpose of allowing Lessor to determine whether Lessee may sell Lessor's royalty share of Products under Lessee's proposed sales contract. Lessor shall, within thirty (30) days of receiving such sales contract, notify Lessee as to whether Lessee may sell Lessor's royalty share of Products under Lessee's proposed sales contract.

(e). Royalty to be Free of Expenses. Lessor's royalty shall not bear or be charged with, directly or indirectly, any cost or expense incurred by Lessee, including without limitation, for exploring, drilling, testing, completing, equipping, storing, separating, dehydrating, transporting, compressing, treating, gathering, or otherwise rendering marketable or marketing products, and no such deduction or reduction shall be made from the royalties payable to Lessor hereunder; provided, however, that Lessor's interest shall bear its proportionate share of severance taxes and other taxes assessed against its interest or its share of production.

(f). Arms' Length Transaction. In order to qualify as an arms' length transaction, a sale must be to a non-affiliated entity under an agreement negotiated in good faith by all parties, which does not provide for any consideration to Lessee, which will not or cannot be shared with Lessor under the royalty provisions of this lease.

(g). Litigation Recoveries. If Lessee participates in any litigation or administrative proceeding against a third party for damage to the leasehold estate or the minerals therein, including but not limited to, claims for trespass, violation of applicable rules and regulations, or breach of a production sale contract, Lessee shall make a sufficient claim therein to cover Lessor's royalty share as provided in this lease, and shall pay to Lessor One-Fourth (1/4) of the proceeds received by Lessee and attributable to this lease as a result thereof, whether by settlement, judgment or otherwise; provided, however, Lessee shall be entitled to recoup, from such royalty payments only

One-Fourth (1/4) of the actual attorneys fees and litigation expenses paid by Lessee to outside counsel and attributable to issues related to this lease, this being strictly a right to recoup from royalties payable and imposing no personal liability on Lessor.

(h). **Shut-in Gas Royalty.** While there is a well on the leased premises capable of producing gas in paying quantities but the production thereof is shut-in or suspended for any reason, Lessee may pay as royalty on or before 90 days after the date on which (i) production from any such well is shut-in or suspended or (ii) this lease is no longer maintained by compliance with other provisions hereof, whichever is the later date, and thereafter at annual intervals, a sum in the amount of \$25.00 per acre, or a minimum of Fifty Dollars (\$50.00), whichever is greater, for each and every shut-in gas well; and if such payment is made or tendered in accordance with the terms hereof, this lease shall not terminate but shall continue in full force, subject to the provisions of paragraph 13, and it will be considered that gas is being produced from the leased premises in paying quantities within the meaning of each pertinent provision of this lease, and in no event shall shut-in well payments maintain this lease in force for a cumulative period exceeding 2 (two) year(s). Lessee shall not be entitled to recover any shut-in royalty payments from the future sale of gas. Should the shut-in period extend beyond the expiration of the primary term, such shut-in provision will pertain only to the producing unit of such gas well as provided for in paragraph 13. Should such shut-in royalty payments not be made in a timely manner as provided in this paragraph, it will be considered for all purposes that there is no production or no excuse for delayed production of gas from any such well or wells and unless there is then in effect other preservation provisions of this lease, this lease shall terminate at midnight on the last day provided for the payment of such shut-in royalties, and Lessee shall thereupon furnish to Lessor a release of all its interest in and to this oil and gas lease insofar as that portion of the premises included in the producing unit assigned to such shut-in well.

(i). **Recovery of Gas Liquids.** Lessee agrees that before any gas produced from the leased premises is used or sold off the leased premises, it will be run, free of cost to Lessor, through an adequate oil and gas separator of a conventional type or equipment at least as efficient, to the end that all liquid hydrocarbons recoverable from the gas by such means will be recovered on the lease.

(j). **Right to Take in Kind.** Lessor shall have the recurring option, in lieu of receiving the royalties thereon, to take One-Fourth (1/4) of any product produced by Lessee from the leased premises in kind, and to reverse such election and resume receiving royalty payment in money, in either case by giving Lessee at least sixty (60) days advance written notice. Such election may be made separately as to oil, gas or any other product, and Lessor may elect to have the royalty production delivered at the wellhead, at the oil and gas separator, into a pipeline connected at the well, at the location where Lessee sells its production, or at another location mutually acceptable to Lessor and Lessee. If Lessor elects to take royalty in kind, any necessary costs for separate metering or split stream delivery will be borne by Lessor. If Lessor elects to take gas royalty in kind, the parties shall enter into a gas balancing agreement using, at Lessor's election, either the most recent form used by Lessee in an arms-length industry transaction or the most recent form promulgated by the American Association of Professional Landmen. Lessee shall supply its most recent gas balancing agreement form to Lessor for evaluation purposes immediately upon receiving notice that Lessor intends to take gas royalty in kind.

(k). **Time for Payment of Royalty.** Within 120 days following the first sale of oil or gas produced from the leased premises, settlement shall be made by Lessee or by its agent for royalties due hereunder (initial royalty payment), and such royalties shall be paid monthly thereafter without the necessity of Lessor executing a division or transfer order. If a division or transfer order is circulated by Lessee, such division order will be a simple statement of interest containing no warranty or indemnity clauses and containing no clauses modifying in any way the terms of this lease. The insertion of any such clause will be of no force and effect so far as this lease and the rights and obligations of the parties hereto, and in any event, Lessor shall be under no obligation to execute any division or transfer order, and Lessor's execution thereof, if done, shall be considered a mere accommodation. If the initial royalty payment is not timely made under the terms hereof, Lessor shall give notice in writing of such failure to Lessee. Lessee shall have thirty (30) days from receipt of said notice to pay the initial royalty payment. If payment is not received by the end of the thirty (30) day grace period, this lease shall terminate. If payments of royalties to Lessor are not made when due for whatever reason, the unpaid portion shall bear interest at the highest rate allowed by law. If the accumulation of royalty proceeds over a period of 12 months is \$100 or less, despite any language herein to the contrary, payments may be remitted to Lessor annually.

DESPITE ANY LANGUAGE HEREIN TO THE CONTRARY, THIS IS A PAID-UP OIL & GAS LEASE, ALL DELAY RENTALS REFERRED TO HEREIN ARE PAID IN FULL

4. **Delay Rentals.** If actual drilling is not commenced on the leased premises, or on land pooled therewith, on or before twelve (12) months from the date of this lease, this lease shall then terminate, unless on or before such anniversary date Lessee shall pay or tender to Lessor or to the credit of Lessor in N/A which bank and its successors shall continue as the depository for all rentals payable hereunder, regardless of changes in ownership of delay rentals, the sum of Dollars (\$) (hereinafter called "rental"), which shall cover the privilege of deferring commencement of actual drilling for a period of twelve (12) months. In like manner, and upon like payments or tenders, actual drilling may be further deferred for like periods of twelve (12) months each during the primary term. In the event a portion or portions of the leased premises are pooled and unitized with other land to form a pooled unit or units or is included in a proration or production unit under the applicable rules and regulations of the appropriate state or federal governing body (hereinafter called "unit"), operation on or production from such unit or the payment of shut-in royalty as defined in paragraph 3(h) will maintain this lease in force only as to the land included in such unit. This lease may be maintained in force during the primary term as to any of the leased premises covered hereunder and not included in such unit in any manner provided for herein, which will include but not be limited to, the payment of delay rentals pursuant to the provisions of this paragraph, however it is understood that such delay rental shall be reduced in proportion to the number of acres covered hereby and included in such unit or units. The payment or tender of rentals or shut-in royalties may be made by check of Lessee mailed or delivered to Lessor on or before the date of payment. The bonus paid hereunder is consideration for this lease and shall not be allocated as mere rental for a period. Lessee may at any time execute and deliver to Lessor 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 obligations as to the acreage surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases. Lessee agrees that if at any time the aforesaid delay rental is not paid on or before the date on which same is required to be paid under the terms of this lease, or if this lease terminates for any other reason, then in said event, Lessee shall promptly prepare and execute a recordable release instrument covering the leased premises and shall forward same to Lessor. Lessee shall have no right to extend this lease after the expiration of the primary term by the payment of delay rentals.

5. Pooling. Lessee is hereby granted the right to pool or combine the leased premises, or any part or parts thereof, as to all strata or any stratum, with any other land, as to all strata or any stratum, for the production of oil or gas. Pooled units, which do not include 100% of the herein leased premises, shall be subject to the written approval of the Lessor, such approval shall not be unreasonably withheld. Pooling in one or more instances shall not exhaust the right of Lessee hereunder to pool this lease or portion thereof into other or different units. Units pooled for oil hereunder shall not exceed forty (40) acres each, and units pooled for gas hereunder shall not exceed six hundred forty (640) acres each, provided that if any federal or state law, executive order, rule or regulation shall prescribe a spacing pattern for the development of the field or allocate a producing allowable based in whole or in part on acreage per well, then any such unit may consist of that minimum number of additional acres that will comply with such prescribed spacing pattern or which will permit the allocation to such unit and the well thereon of the maximum producing allowable. To effect a unit or units Lessee shall file a written unit designation and surveyor's plat outlining any such unit and describing the participating tracts in the county conveyance records in which the premises are located. A copy of the unit designation shall be furnished to Lessor within thirty (30) days after it is filed in the appropriate county records, and if Lessee fails to do so, such unit may be declared invalid by Lessor by an instrument filed in such county records. Drilling or reworking operations and production on any part of the pooled acreage shall be treated for all purposes hereof (except the payment of royalties on such production) as if such drilling or reworking operations were upon or such production was from the leased premises whether the well or wells be located on the leased premises or not. For the purpose of computing the royalties and other payments out of production to which the owners of such interests shall be entitled on production of oil and gas, or either of them, from any such pooled unit, there shall be allocated to the leased premises and included in such unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) a pro rata portion of the oil and gas, or either of them, produced from the pooled unit after deducting that used for operations on any part of the pooled acreage shall be on an acreage basis; thus, there shall be allocated to the acreage covered by this lease and included in the pooled unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that pro rata portion of the oil and gas, or either of them, produced from the pooled unit which the number of surface acres covered by this lease (or in each such separate tract) and included in the unit bears to the total number of surface acres included in the pooled unit. Royalties hereunder shall be computed on the portion of such production whether it be oil and gas, or either of them so allocated to the leased premises and included in the unit just as though such production were from the leased premises. In the event only a part, or parts, of the leased premises is pooled with other land, or lands, so as to form a pooled unit, or units, operations on or production from such unit, or units, will maintain this lease in force only as to the part of the leased premises included in such unit, or units. This lease may be maintained in force as to any land covered hereby and not included in such unit or units in any manner provided for herein, provided that if it be by rental payments, rental payments shall be reduced in proportion to the number of acres covered hereby and included in such unit or units.

6. Operations. The following provisions shall apply to Lessee's operations on the leased premises:

(a). Dry Holes, Cessation of Production, Development and Protection from Drainage. If, prior to discovery of oil or gas on the leased premises or land pooled therewith, Lessee should drill and abandon a dry hole or holes thereon, or if, after discovery of oil or gas, the production thereof should cease from any cause, this lease shall not terminate if Lessee commences reworking or actual drilling within sixty (60) days thereafter, or, if it be within the primary term, commences or resumes the payment or tender of rentals or commences actual drilling or reworking on or before the rental paying date next ensuing after the expiration of sixty (60) days from date of completion and abandonment of said dry hole or holes or the cessation of production. If, at the expiration of the primary term, oil or gas is not being produced on the leased premises or land pooled therewith and Lessee is then engaged in actual drilling, completing or reworking of any well thereon, this lease shall remain in force so long as drilling or reworking is prosecuted with no cessation of more than sixty (60) consecutive days, and if such operation results in production, so long thereafter as oil or gas is produced in paying quantities from the leased premises or land pooled therewith. In the event a well or wells producing oil or gas should be brought in on adjacent land within six hundred feet (600') of the leased premises for an oil well or within twelve hundred feet (1200') of the leased premises for a gas well, Lessee agrees to commence the drilling of an offset well within 120 days or release that portion of the leased acreage that would be allocated to such well unit. If oil or gas is discovered on the leased premises, or on land pooled therewith, Lessee agrees to further develop the leased premises as a reasonably prudent operator would under the same or similar circumstances.

(b). Compliance with Regulations and Indemnity. Lessee agrees to conduct its operations in compliance with all applicable laws, rules and regulations. Lessee will protect, indemnify, hold harmless and defend Lessor against any claim, demand, cost, liability, loss or damage suffered by Lessor, including reasonable attorneys fees and litigation costs, arising out of or associated in any way with (i) any activity conducted by Lessee or Lessee's employees, agents, servants, contractors, licensees or permittees on or near the leased premises; (ii) environmental remediation and plugging and abandonment of wells; (iii) the management, use and disposal of produced water and wastes or substances associated with activities on the leased premises; and/or (iv) the oil, gas, all other products, any waste material, or any substance, pollutant or contaminant produced by Lessee or brought by Lessee onto the leased premises (all of which potential sources of claims shall be referred to as "Lessee's Conduct"). LESSEE'S OBLIGATION TO INDEMNIFY LESSOR FOR CLAIMS ARISING FROM LESSOR'S CONDUCT SHALL APPLY WITHOUT REGARD TO FAULT ON THE PART OF EITHER LESSOR OR LESSEE AND SHALL SPECIFICALLY INCLUDE INDEMNIFICATION OF LESSOR AGAINST LIABILITY TO THIRD PERSONS ARISING FROM LESSOR'S NEGLIGENCE IF SUCH LIABILITY IS RELATED TO LESSEE'S CONDUCT. Lessee's indemnity obligations for Lessee's Conduct under this paragraph are continuing obligations which will continue in effect, and be enforceable by Lessor, even after this lease terminates. As used in this paragraph, "Lessor" includes Lessor and the surface owner of the leased premises and their respective directors, officers, employees, agents, representatives and affiliates.

(c). Lessee shall have free use of oil, gas and water from the leased premises, except water from Lessor's wells, tanks, creeks, rivers, streams and springs, for all operations hereunder, provided that no surface water or underground fresh water will be used for fracturing, water flood or pressure maintenance purposes. Lessee shall have the right at any time within 180 days after the expiration of this lease to remove all property and fixtures placed by Lessee on the leased premises, including the right to draw and remove all casing except as to water wells in which Lessee shall have the right to remove all property and fixtures except casing and shall do nothing that will in any way damage said water well or prevent its future use by Lessor. Lessee will, at Lessor's request, remove the casing from and plug and abandon such water well at Lessee's sole expense. When required by Lessor, Lessee will bury all pipelines below ordinary plow depth, and no well, tank battery or other surface drilling, production or marketing facility shall be located within four hundred (400') feet of any residence or barn now or hereafter located on the leased premises without Lessor's consent.

(d). Lessee will conduct its operations hereunder as not to interfere unreasonably with use of the surface of the leased premises provided, that any use of the surface will require written consent of Lessor in advance. Lessor agrees that such consent will not be unreasonably withheld. Prior to any use of the surface, Lessee will present to Lessor a plat of the property showing the area proposed to be used and the type of use to be made. Within 30 days of the receipt of such notice, Lessor will either deliver written consent or propose a reasonable alternative area for such use. Lessee will provide at Lessee's expense all protective measures to prevent any loss or damage to the property of Lessor on account of any operations by Lessee. Lessee will pay for all damages to the surface of or crops or improvements on the leased premises or suffered by any tenant of Lessor and caused by or arising out of operations under this lease. Pits and excavations made during drilling operations or otherwise will be filled by Lessee and the surface restored, as nearly as reasonably possible, to its original condition; and if Lessee shall fail to do so, the cost to Lessor of such filling and restoration shall be paid by Lessee.

7. **Assignments.** No assignment of this lease, or interest therein, may be made without written approval of the Lessor, such approval shall not be unreasonably withheld. Subject to the preceding condition, the provisions hereof shall extend to the heirs, executors, administrators, successors and assigns of Lessor and Lessee, but no change or division in ownership of the leased premises, rentals, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee. No such change or division in the ownership of the leased premises, rentals or royalties shall be binding upon Lessee for any purpose until Lessee shall have been furnished with the instrument or instruments, or certified copies thereof, evidencing such change or division. In the event of a permitted assignment of this lease as to a segregated portion of the leased premises, the rentals payable hereunder shall be apportioned as between the several leasehold owners ratably according to the surface area owned by each, and default in rental payment by one shall not affect the rights of other leasehold owners hereunder, and liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease or a portion thereof who commits such breach.

8. **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, completing or reworking operations or from producing oil or gas from the leased premises.

9. **Lessor Interest.** If Lessor owns an interest in the leased premises less than the entire and undivided fee simple mineral estate therein, then the royalties and rental herein provided shall be paid to Lessor in the proportion which Lessor's interest bears to the entire and undivided fee simple mineral estate therein.

10. **No Warranty.** Lessor herein executes and delivers this lease without warranty of title either express or implied. Lessee, at its option, 30 days after giving written notice to Lessor, may discharge any tax lien upon the interest herein leased; and, in the event Lessee does so, Lessee shall have the right to apply rentals and royalties accruing hereunder to reimburse such payment. Lessee shall not be subrogated to the rights of the party to whom payment is made, but may reimburse itself out of any royalties otherwise payable to Lessor hereunder.

11. **Mandatory Releases by Lessee.** At any time that this lease terminates as to any acreage or depth, Lessee shall promptly execute and furnish to Lessor a release thereof in recordable form which contains a legally adequate description of the lands and/or depths being released.

12. **Information.** Lessee shall advise Lessor in writing as to the location of each well drilled upon the leased premises, or on land pooled therewith, on or before seven (7) days after commencement of operations, and shall advise Lessor in writing as to the date of completion or abandonment of each well drilled within thirty (30) days after such completion or abandonment. Lessee agrees to furnish Lessor with all well drilling, completion and production data, reports, title opinions, logs, and information when specifically requested by the Lessor. Lessee agrees that immediately following this instrument being recorded in the county records where the leased premises are located that Lessee will provide Lessor with a copy of this fully recorded instrument as it appears in said records.

13. **Extension Beyond Primary Term.** If at the end of the primary term this lease is still in force, this lease shall expire as to all that part of the leased premises (as hereinafter described) on which there is not a producing oil or gas well or on which Lessee is not then drilling, completing or reworking a well. At the end of the primary term, Lessee shall select and designate a producing unit around and including each producing oil or gas well or drilling or reworking well, the area of such unit to be limited to and conform with the minimum area provided for or established directly or indirectly in the applicable rules and regulations of the appropriate governing body of the state in which the subject acreage is located with reference to the spacing of wells or the size of producing units. As to each producing unit so designated, this lease shall continue in force so long as oil or gas is produced in paying quantities therefrom or so long as drilling, completing or reworking operations are prosecuted thereon as provided in paragraph 6 and shall be limited in depth from the surface down to and including 50 feet below the base of the deepest producing formation however such lower depth limit shall not exceed 100 feet below the deepest producing perforation within the wellbore situated on that producing unit; and Lessee shall execute a release of this lease as to the balance of the land covered hereby as well as formations at depths below the respective producing units. In the absence of field rules promulgated by the appropriate governing body of the state in which such acreage is located, the term "producing unit" as used herein means the following number of acres, depending on the depth to which the well has been drilled, and whether the well is an oil or gas well: A. 40 acres for an oil well completed at any depth; B. (i) 80 acres for a gas well completed at a depth of less than 2,000 feet subsurface; (ii) 160 acres for a gas well completed at a depth of 2,000 feet subsurface to 6,000 feet subsurface; (iii) 320 acres for a gas well completed at a depth of 6,000 feet subsurface to 9,000 feet subsurface; (iv) 640 acres for a gas well completed at a depth greater than 9,000 feet subsurface. If a portion of Lessee's rights terminate as provided in this Paragraph 13, then Lessee shall designate in writing the acreage it is allowed to retain around each oil well and each gas well and such written designation shall be filed for record in the county in which such acreage is located. Lessee shall be entitled to designate the number of acres above specified in a form of his choosing so long as no side is more than four times as long as any other side. The provisions of this paragraph 13 shall not have the effect of relieving the Lessee of its obligations to develop the lease with reasonable diligence after oil or gas is first discovered in paying quantities.

14. **Enforcement Expenses.** If Lessor files a legal action to enforce any express or implied obligation of this lease and receives a favorable judgment from a court of competent jurisdiction, then Lessee shall reimburse Lessor for all costs of such legal proceeding including expert witness and reasonable attorney's fees.

15. **No Community Lease.** If the mineral and/or royalty interests covered by this lease are different as between any two or more tracts within the leased premises, the execution of this lease shall not be construed to create a community lease nor in any way to effect the pooling or cross conveyance of interests in any such two or more tracts. Instead, it is Lessor's intent that oil and gas royalties and other lease benefits shall accrue to the owners of the particular tract of land on which is located the well or wells from which oil or gas production is taken, without apportionment to the owners of any other tract or tracts covered hereby, unless the pooling authority granted to the Lessee under this lease has been exercised, it being intended that ownership of royalties shall accrue to the tract on which the well is located.

16. **Notices.** All notices and other communications given in connection with this lease shall be in writing and shall be deemed to have been properly given and received on the date when personally delivered, or shall be deemed to have been properly given on the date of actual receipt if delivered by certified mail, fax or courier. The following addresses are hereby designated for the receipt of notices:

LESSOR: 300 Board of Trade Place
New Orleans, Louisiana 70130-2482

LESSEE: 600 N. Marienfeld St., Suite 600
Midland, Texas 79701

17. **Implied Covenants Preserved.** The express covenants of the lease are not intended to limit or restrict any implied covenants existing by law or by the nature of this agreement.

18. **Right to extend Primary Term of Lease.** Prior to the expiration of the primary term of this lease, Lessee shall have the right, but not the obligation, to extend the primary term of this lease - as to any lands covered hereby and not otherwise being maintained by any other provision herein - for a period of two (2) additional years by paying Lessor prior to the expiration of the primary term of this lease an additional bonus of \$400.00 per net mineral acre for any such lands. In the event this right to extend the primary term is timely exercised as herein provided, it shall be considered for all intents and purposes as though this Oil and Gas Lease originally provided for a primary term of five (5) years from the date hereof as to any such lands for which such payment is timely made.

19. **Additional Surface Provisions.** With respect to actual operations conducted by Lessee on the leased premises, it is agreed by and between Lessor and Lessee as follows:

(a) Prior to the commencement of any operations on the leased premises, Lessee shall give Lessor notice of Lessee's intention to commence operations, the approximate date of such commencement and the approximate location of same, and the type of operations to be conducted, such notice to be given within a reasonable time prior to the actual commencement of operations. In locating the wells, pumping units, tank batteries, pipe lines, roads and other facilities located on the leased premises, Lessee agrees to consult with Lessor and follow reasonable requests for such protection as may be necessary or advisable to minimize interference with Lessor's and/or the surface owner's operations on the leased premises. Nothing contained in this lease shall be construed to give Lessee, its successors and assigns, the right to construct or maintain any lease house or lease camp for housing Lessee's employees on the leased premises, and Lessee shall have no right to do so.

(b) The location for each well, tank battery, road and right of way for a pipeline or flow line shall use only so much of the surface as is necessary to conduct operations under this lease in a reasonable and prudent manner. Lessee agrees to maintain any roads on the leased premises used by Lessee, or its permittees, in good repair and condition as all-weather caliche roads at all times. No new road shall be constructed by Lessee without first consulting with Lessor as to the location of such road, and all new roads shall be constructed and maintained as all-weather caliche roads at Lessee's cost and expense and shall not exceed twenty (20) feet in width. No caliche or gravel from the leased premises shall be used by Lessee in its operations under this lease without the prior written consent of Lessor. Lessee shall install adequate bridges or culverts wherever any new road constructed by Lessee crosses a natural stream or drainage, and all roads and any pipelines laid by Lessee shall be so constructed and laid as not to interfere with the natural flow of surface waters or with drainage.

(c) At the request of Lessor or the surface owner from time to time and at any time, all pipelines laid by Lessee on the leased premises shall be buried to a depth of at least twenty-four inches (24") below the surface and the area occupied by all buried pipelines, after installation, replacement or repair, shall be backfilled and tamped, and otherwise restored as nearly as practical to its condition prior to installation, replacement or repair. In the event Lessee shall obtain commercial production of oil and/or gas from the leased premises pursuant to the terms hereof, Lessee shall have the right to install electrical power lines on the leased premises for the purpose of operating equipment used in producing, operating, processing or transmitting gas or other hydrocarbons produced from the leased premises. Lessor shall be consulted with as to the location and method of installation of such electrical power lines prior to commencement of installation.

(d) All operations conducted by Lessee on the leased premises shall be conducted in accordance with all applicable environmental laws and regulations and in such manner as will least interfere with the ranching and agricultural operations and recreational activity of Lessor and the surface owner on the leased premises. Lessee shall construct and maintain fences around each site of Lessee's surface facilities (including, but not limited to, tank batteries and slush pits) sufficient to keep all livestock out of such sites. Lessee shall install and/or maintain gates or substantial cattle guards capable of turning livestock at all openings in fences crossed by Lessee or others in conducting operations under this lease.

(e) Lessee shall keep the surface of the leased premises neat and clean and shall remove all waste material and debris as soon as may be practical and upon the completion of any drilling or reworking operations, Lessee shall fill and level all pits and ruts, remove all debris and restore the surface of the leased premises so used by Lessee as nearly as practicable to its condition prior to Lessee's use thereof, except for such permanent production or marketing facilities as Lessee may maintain thereon. All pits dug and used in connection with Lessee's operations on the leased premises shall be lined with plastic liners. Upon restoration of each such

pit, the plastic liners shall be cut off below the surface and the pit shall be filled with topsoil. Within one hundred twenty (120) days following the abandonment of any well site or other facility location on the leased premises, Lessee shall fill and level all pits and ruts, remove all caliche and debris and restore the surface of the area used as nearly as practicable to its condition prior to Lessee's use thereof, including the placement of top soil thereon of a depth sufficient to grow native grasses where practicable, and at the request of Lessor, Lessee shall re-seed such area with native grasses selected by Lessor.

(f) Lessee shall not permit its agents, employees, servants, contractors, subcontractors, service personnel or others entering upon the leased premises under the authority of this lease to hunt or fish on any portion of the leased premises or to take any rifle, shotgun, pistol or other firearms thereon for any purpose whatsoever. The Lessor or the Lessor's representatives may inspect any vehicle entering the leased premises and may deny access to said lands to anyone found carrying firearms or fishing equipment.

(g) Any salt water produced from wells drilled under this lease shall be disposed of off the leased premises or shall be reinjected into a subsurface strata at a depth sufficient to protect all oil and/or gas bearing formations and all sources and supplies of fresh and potable water or water suitable for irrigation purposes.

(h) Lessee shall furnish the Lessor with full and complete information as to all water zones encountered by Lessee in any well drilled on the leased premises, whether it be a well drilled for oil or gas or a water well. If Lessee desires to abandon any water well drilled by it hereunder, prior to doing so, Lessee shall tender such water well or wells to the Lessor, and if the Lessor shall elect to accept the same, Lessee shall remove all equipment from said water well and such water well and all casing therein shall be and become the property of the Lessor.

(i) Without the prior written consent of Lessor, Lessee shall not conduct any seismic or geophysical operations within four hundred feet (400') of any residence, barn, building, water well, windmill or tank now located or hereafter to be located on the leased premises, other than foot traffic to lay receiver lines and receiver phones.

(j) Should Lessee drill a well on that portion of the leased premises now or hereafter in cultivation, Lessee agrees that after drilling operations are completed, Lessee will locate all surface equipment, pits and other facilities in such a manner that will not interfere with the operation of any irrigation system used or held for use in irrigating such cultivated lands.

(k) Lessee shall install gates across all existing cattle guards used or new cattle guards installed on the leased premises and, except as provided below or unless otherwise permitted by Lessor, shall keep all such cattle guard gates closed and locked at all times by use of a locking device acceptable to Lessor. During any period in which Lessee is conducting actual drilling operations on the leased premises, Lessee shall not be required to keep said gates locked.

(l) Lessee, its agents, employees, contractors and subcontractors or others entering upon the leased premises under the authority of this Lease shall not intentionally remove or destroy any fossils, Indian artifacts, man-made structures or other archeological objects of historical or scientific value which may be situated thereon. Should Lessee or any of its employees, agents, contractors or subcontractors discover any such objects on the leased premises, it shall leave said objects in place.

(m) Lessee agrees to use reasonable care in the conduct of all operations on the leased premises to prevent injury or damage to the livestock, buildings or other property situated on the surface of the leased premises, or water wells and tanks located thereon, and Lessee agrees to pay the surface owner for any and all damages to the surface owner's livestock, crops, fences, building, wells, tanks and any other fixtures of the surface owner, or of any tenant of the surface owner, situated on the leased premises, resulting from operations under this lease. In addition to any damages which may become payable by Lessee as above provided, Lessee shall pay the surface owner the following amounts for the use of the surface of the leased premises:

(i) Five Thousand and no/100 Dollars (\$5,000.00) for each location for a drilling or producing well located on the leased premises which are not in cultivation, and if the site is more than two (2) acres, the amount shall be proportionately increased at the rate of Two Thousand Five Hundred and no/100 Dollars (\$2,500.00) per acre or part thereof. Eight Thousand and no/100 Dollars (\$8,000.00) for each location for a drilling or producing well located on lands which are in cultivation, and if the site is more than two (2) acres, the amount shall be proportionately increased at the rate of Four Thousand and no/100 Dollars (\$4,000.00) per acre or part thereof. Each such location shall not exceed more acreage than is reasonably and necessarily required by Lessee in its operations hereunder.

(ii) Five Thousand and no/100 Dollars (\$5,000.00) for the site occupied by each tank battery, pumping station, meter run or other surface production, treating or marketing facility not located on a well location, not previously compensated for and located on lands which are not in cultivation, and, if the site is more than one (1) acre, the amount shall be proportionately increased at the rate of Two Thousand Five Hundred and no/100 Dollars (\$2,500.00) per acre or part thereof. Eight Thousand and no/100 Dollars (\$8,000.00) for the site occupied by each tank battery, pumping station, meter run or other surface production, treating or marketing facility not located on a well location, not previously compensated for and located on lands which are in cultivation, and, if the site is more than one (1) acre, the amount shall be proportionately increased at the rate of Four Thousand and no/100 Dollars (\$4,000.00) per acre or part thereof. Each such location shall not exceed more acreage than is reasonably and necessarily required by Lessee in its operations hereunder.

(iii) For each pipeline (other than and excluding temporary surface pipelines) installed by Lessee on the leased premises, the sum of Fifteen and no/100 Dollars (\$15.00) per rod. To the extent practical, all such pipelines shall be laid along fence lines or roads and if and to the extent any such pipeline is laid within the area of any new road constructed by Lessee hereunder, no per rod charge for such pipeline shall be due.

(iv) For each electric power line laid upon the leased premises, the sum of One Hundred Fifty and no/100 Dollars (\$150.00) per pole; the location and height of each such line to be approved by Lessor.

(v) For geophysical operations on said lands, the sum of Fifteen and no/100 Dollars (\$15.00) per acre.

(vi) For all roads constructed or used by Lessee on the leased premises, the sum of Twenty-Four and no/100 Dollars (\$24.00) per rod for new roads built by Lessee and the sum of Twelve and no/100 Dollars (\$12.00) per rod for use of existing roads; each such new road not to exceed twenty feet (20') in width.

The foregoing amounts shall remain effective for three (3) years from the date hereof and thereafter Lessee shall pay the reasonable going rate in the area with the foregoing amounts to be the minimums.

Each payment due hereunder shall be due and payable prior to the time Lessee first utilizes any of the leased premises for a purpose requiring such a payment to the payee.

Executed on the date first above written.

LESSOR

H. L. HAWKINS, JR., INC.

By: [Signature]
H. L. Hawkins, III
President

LESSEE
[Signature] RA

By: Cimarex Energy Co.
Name: Roger Alexander as Attorney in Fact

STATE OF LOUISIANA

PARISH OF ORLEANS

THIS INSTRUMENT was acknowledged before me on the 19th day of November, 2010, by H. L. Hawkins, III, President of H. L. HAWKINS, JR., INC., a Delaware corporation, on behalf of said corporation.

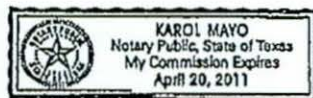
VIRGINIA F. LOVELL
NOTARY PUBLIC
Parish of Orleans, State of Louisiana
My Commission Expires 12/31/10

Virginia F. Lovell
Notary Public in and for the State of Louisiana

STATE OF TEXAS

COUNTY OF MIDLAND

THIS INSTRUMENT was acknowledged before me on this the 15th day of NOVEMBER, 2010, by ROGER ALEXANDER, PROXY-IN-FACT of CIMAREX ENERGY CO., a DELAWARE CORPORATION, on behalf of said CORPORATION.



Karol Mayo
Notary Public in and for the State of TEXAS

Certificate of Record

34.00 Recording Fee

34.00 Certified Copy Fee

34.00 Total Paid *Encl.*

Return to:

Cimarex

004768

COMPARED

FILED FOR RECORD

2010 DEC 14 AM 11:22

DIANNE O. FLORES
CLERK, REEVES COUNTY, TEX.
[Signature]

THE STATE OF TEXAS, }
COUNTY OF REEVES. }

ANY PROVISION HEREIN WHICH RESTRICTS THE
SALE, RENTAL, OR USE OF THE DESCRIBED REAL
PROPERTY BECAUSE OF COLOR OR RACE IS INVALID
AND UNENFORCEABLE UNDER FEDERAL LAW.

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

QPR VOL. 860 PAGE 591 DATE RECORDED 12/23/2010



DIANNE O. FLORES, COUNTY CLERK
REEVES COUNTY, TEXAS

By: *[Signature]*, Deputy

DEAR GRAPHICS, INC.

File No. 117060

Lease

Date Filed: 11/05/14

Jerry E. Patterson, Commissioner

By 

2.

Cimarex Energy Co.
600 N. Marienfeld St.
Suite 600
Midland, TX 79701
MAIN 432.571.7800



November 7, 2014

Via: U.S. Mail

Texas General Land Office
Mineral Leasing Division
Attn: Drew Reid
P.O. Box 12873
Austin, Texas 78701-1495

Re: Certified Copies of MF-117060

Dear Drew:

Enclosed are certified copies from the Reeves County Clerk's Office of the Oil and Gas Lease, and Acknowledgement of Exercised Option to Extend Oil, Gas and Mineral Lease, covering the Free Royalty tract proposed to be included in the pooled unit dedicated to the Whitetail 57-37 Unit #1H.

If there is anything further that you should require, please contact the undersigned at (432) 571-7856 or by email at htresner@cimarex.com.

Sincerely,

Cimarex Energy Co.


Hayden P. Tresner
Landman

File No. 117060

3.

Ltr from Cimarex

Date Filed: 11/12/14

Jerry E. Paderson, Commissioner

By 

11-13-14

13-04538
FILED FOR RECORD
REEVES COUNTY, TEXAS
Jun 26, 2013 at 01:29:00 PM

**ACKNOWLEDGEMENT OF EXERCISED OPTION TO
EXTEND OIL, GAS AND MINERAL LEASE**

WHEREAS, **H. L. Hawkins, Jr., Inc.**, whose address is 300 Board of Trade Place, New Orleans, LA, 70131, as Lessor, executed an Oil, Gas and Mineral Lease dated November 3, 2010 in favor of **Cimarex Energy Co.**, as Lessee, covering; **All of Section 37, Block 57, Public School Land Survey, Reeves County, Texas and containing 203.52 net mineral acres, more or less.** Said original Oil, Gas and Mineral Lease is filed at Volume 860, Page 591, Official Records of Reeves County, Texas to wit:

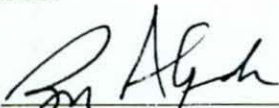
WHEREAS, the above described Oil, Gas and Mineral Lease is for a three (3) year primary term, with an option to extend said lease for an additional two (2) years. Said option may be exercised by the payment of an additional bonus consideration to Lessor.

NOW THEREFORE, the option to extend said Oil, Gas and Mineral Lease for an additional period of two (2) years, has been duly exercised, insofar as the entirety of the acreage covered thereby. Also, that said lease is in full force and effect, and remains unchanged, insofar as all other provisions contained therein.

This Notice is placed of record for purposes of evidencing that the primary term of the Lease has been extended to **November 3, 2015**.

IN WITNESS WHEREOF, this instrument is executed this 13th day of JUNE 2013.

LESSEE:



Roger Alexander, Attorney-in-fact for Cimarex Energy Co. 

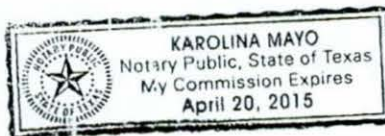
STATE OF TEXAS §
COUNTY OF MIDLAND §

BEFORE ME, the undersigned authority, on this day personally appeared Roger Alexander known to me to be the person whose name is subscribed to the foregoing instruments as Attorney-in-fact 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 13th day of JUNE, 2013.

My commission expires:

4/30/2015





Notary Public, State of TEXAS
Inst No. 13-04538
DIANNE O. FLOREZ
COUNTY CLERK
2013 Jun 26 at 01:29 PM
REEVES COUNTY, TEXAS
By: DF Aureo Colanichi, CLERK



True and Correct
copy of
Original filed in
Reeves County

11 5 14

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

The above and foregoing is a full, true and correct photographic copy of the original record now in my lawful custody and possession, as the same is filed/recorded in the public records of my office, found in VOL. 1008 PAGE 591, THRU 591.

I hereby certified on 11 5 14



DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

BY Myra Aranda DEPUTY

FILE # 4768

Oil and Gas Lease

(Paid-Up)

This Agreement, made and entered into this 3rd day of November, 2010, by and between H. L. Hawkins, Jr., Inc., a Delaware corporation, whose address is 300 Board of Trade Place, New Orleans, Louisiana 70130-2482, hereinafter called Lessor(s), and Cimarex Energy Co., whose address is 600 N. Marienfield St., Suite 600, Midland, Texas 79701, hereinafter called Lessee(s), Witnesseth:

1. **Grant and Description.** That Lessor, in consideration of the cash bonus in hand paid, of the royalties herein provided, and of the agreements of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the sole and only purpose of exploring, drilling and operating for and producing oil and gas and of laying pipelines, storing oil and building tanks, telephone and electric lines, roads and structures thereon to produce, save, care for, treat and transport said substances produced from the land leased hereunder only, the following described land situated in Reeves County, State of TEXAS, to wit:

Sec. 37, Block 57, PSL, Reeves County, Texas,
and containing 203.52 net mineral acres, more or less (called "leased premises").

2. **Term of Lease.** Subject to the other provisions hereof, this lease shall be for a term of Three (3) years from this date (called "Primary Term") and as long thereafter as oil and gas, or either of them, is produced in paying quantities from the leased premises or lands with which the leased premises are pooled hereunder and the royalties are paid as provided.

3. **Royalties.** Lessee shall pay the following royalties, subject to the following provisions:

(a). **Oil.** Lessee shall pay the Lessor One-Fourth (1/4) of the gross proceeds of all oil and other liquid hydrocarbons recovered, separated, produced or saved from or on the leased premises and sold by Lessee in an arms' length transaction; provided however, in the event oil and other liquid hydrocarbons are not sold under an arms' length transaction, Lessor's royalty on such oil and other liquid hydrocarbons shall be calculated by using the highest price, plus premium, if any, paid or offered for oil and other liquid hydrocarbons of comparable quality in the general area where produced and when run;

(b). **Gas.** Lessee shall pay the Lessor One-Fourth (1/4) of the gross proceeds received by Lessee for all gas (including substances contained in such gas) recovered, separated, produced or saved from or on the leased premises and sold by Lessee in an arms' length transaction; provided, however in the event gas is not sold under an arms' length transaction, Lessor's royalty on such gas (including substances contained in such gas) shall be calculated by using the highest price paid or offered for gas of comparable quality in the general area where produced and when run.

(c). **Products.** Lessee's right to produce substances from the leased premises is limited to substances produced from oil and/or gas wells, and Lessee shall pay Lessor royalty on all marketable substances produced by Lessee from the leased premises (all marketable substances, which Lessee may produce from the leased premises hereunder, will be collectively referred to as "Products"). It is controllingly provided that the price used to calculate Lessor's royalty shall never be less than the price paid Lessee for any Products produced hereunder, and, if the manner of calculating royalty provided for herein would cause Lessor's royalty to be calculated based upon a lesser amount, the price actually paid Lessee shall be substituted as the basis for the royalty calculation. As to any product which does not fall under the oil or gas royalty clauses above, Lessee shall pay Lessor One-Fourth (1/4) of the gross proceeds received by Lessee for such product in an arms' length transaction; provided, however, in the event the product is not sold under an arms' length transaction, Lessor's royalty shall be calculated by using the highest price paid or offered for the comparable quality of such product in the general area of the leased premises.

(d). **Production Sale Contracts.** Lessee shall pay Lessor One-Fourth (1/4) of all consideration received by or for the benefit of Lessee under any contract for the sale of Products, including, but not limited to, all contract settlements and other sums received by Lessee from any purchaser of Products, whether such sums are advance payments, payments under take-or-pay provisions, price buy-down settlements, or other contractual payments or payments in settlement of claims of whatever kind or character paid by any purchaser of Products to Lessee to the extent related to the sale of production from the leased premises. To the extent that any such consideration is paid in advance of actual production, Lessee shall receive credit for the amount thereof when such production occurs. Lessee agrees that if it enters into any contract for sale of any Products which shall extend for 3 (three) years from the effective date of such sales contract and such contract does not have adequate provisions for redetermination of price at intervals of not less frequently than annually, then Lessee, its successors and assigns, shall in advance of executing any such sales contract provide Lessor with a full and complete copy of the proposed contract for the purpose of allowing Lessor to determine whether Lessee may sell Lessor's royalty share of Products under Lessee's proposed sales contract. Lessor shall, within thirty (30) days of receiving such sales contract, notify Lessee as to whether Lessee may sell Lessor's royalty share of Products under Lessee's proposed sales contract.

(e). **Royalty to be Free of Expenses.** Lessor's royalty shall not bear or be charged with, directly or indirectly, any cost or expense incurred by Lessee, including without limitation, for exploring, drilling, testing, completing, equipping, storing, separating, dehydrating, transporting, compressing, treating, gathering, or otherwise rendering marketable or marketing products, and no such deduction or reduction shall be made from the royalties payable to Lessor hereunder; provided, however, that Lessor's interest shall bear its proportionate share of severance taxes and other taxes assessed against its interest or its share of production.

(f). **Arms' Length Transaction.** In order to qualify as an arms' length transaction, a sale must be to a non-affiliated entity under an agreement negotiated in good faith by all parties, which does not provide for any consideration to Lessee, which will not or cannot be shared with Lessor under the royalty provisions of this lease.

(g). **Litigation Recoveries.** If Lessee participates in any litigation or administrative proceeding against a third party for damage to the leasehold estate or the minerals therein, including but not limited to, claims for trespass, violation of applicable rules and regulations, or breach of a production sale contract, Lessee shall make a sufficient claim therein to cover Lessor's royalty share as provided in this lease, and shall pay to Lessor One-Fourth (1/4) of the proceeds received by Lessee and attributable to this lease as a result thereof; whether by settlement, judgment or otherwise; provided, however, Lessee shall be entitled to recoup, from such royalty payments only

Mid: 011578\000001\548288.1



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

One-Fourth (1/4) of the actual attorneys fees and litigation expenses paid by Lessee to outside counsel and attributable to issues related to this lease, this being strictly a right to recoup from royalties payable and imposing no personal liability on Lessor.

(h). **Shut-in Gas Royalty.** While there is a well on the leased premises capable of producing gas in paying quantities but the production thereof is shut-in or suspended for any reason, Lessee may pay as royalty on or before 90 days after the date on which (i) production from any such well is shut-in or suspended or (ii) this lease is no longer maintained by compliance with other provisions hereof, whichever is the later date, and thereafter at annual intervals, a sum in the amount of **\$25.00** per acre, or a minimum of Fifty Dollars (\$50.00), whichever is greater, for each and every shut-in gas well; and if such payment is made or tendered in accordance with the terms hereof, this lease shall not terminate but shall continue in full force, subject to the provisions of paragraph 13, and it will be considered that gas is being produced from the leased premises in paying quantities within the meaning of each pertinent provision of this lease, and in no event shall shut-in well payments maintain this lease in force for a cumulative period exceeding **2 (two)** year(s). Lessee shall not be entitled to recover any shut-in royalty payments from the future sale of gas. Should the shut-in period extend beyond the expiration of the primary term, such shut-in provision will pertain only to the producing unit of such gas well as provided for in paragraph 13. Should such shut-in royalty payments not be made in a timely manner as provided in this paragraph, it will be considered for all purposes that there is no production or no excuse for delayed production of gas from any such well or wells and unless there is then in effect other preservation provisions of this lease, this lease shall terminate at midnight on the last day provided for the payment of such shut-in royalties, and Lessee shall thereupon furnish to Lessor a release of all its interest in and to this oil and gas lease insofar as that portion of the premises included in the producing unit assigned to such shut-in well.

(i). **Recovery of Gas Liquids.** Lessee agrees that before any gas produced from the leased premises is used or sold off the leased premises, it will be run, free of cost to Lessor, through an adequate oil and gas separator of a conventional type or equipment at least as efficient, to the end that all liquid hydrocarbons recoverable from the gas by such means will be recovered on the lease.

(j). **Right to Take in Kind.** Lessor shall have the recurring option, in lieu of receiving the royalties thereon, to take **One-Fourth (1/4)** of any product produced by Lessee from the leased premises in kind, and to reverse such election and resume receiving royalty payment in money, in either case by giving Lessee at least sixty (60) days advance written notice. Such election may be made separately as to oil, gas or any other product, and Lessor may elect to have the royalty production delivered at the wellhead, at the oil and gas separator, into a pipeline connected at the well, at the location where Lessee sells its production, or at another location mutually acceptable to Lessor and Lessee. If Lessor elects to take royalty in kind, any necessary costs for separate metering or split stream delivery will be borne by Lessor. If Lessor elects to take gas royalty in kind, the parties shall enter into a gas balancing agreement using, at Lessor's election, either the most recent form used by Lessee in an arms-length industry transaction or the most recent form promulgated by the American Association of Professional Landmen. Lessee shall supply its most recent gas balancing agreement form to Lessor for evaluation purposes immediately upon receiving notice that Lessor intends to take gas royalty in kind.

(k). **Time for Payment of Royalty.** Within 120 days following the first sale of oil or gas produced from the leased premises, settlement shall be made by Lessee or by its agent for royalties due hereunder (initial royalty payment), and such royalties shall be paid monthly thereafter without the necessity of Lessor executing a division or transfer order. If a division or transfer order is circulated by Lessee, such division order will be a simple statement of interest containing no warranty or indemnity clauses and containing no clauses modifying in any way the terms of this lease. The insertion of any such clause will be of no force and effect so far as this lease and the rights and obligations of the parties hereto, and in any event, Lessor shall be under no obligation to execute any division or transfer order, and Lessor's execution thereof, if done, shall be considered a mere accommodation. If the initial royalty payment is not timely made under the terms hereof, Lessor shall give notice in writing of such failure to Lessee. Lessee shall have thirty (30) days from receipt of said notice to pay the initial royalty payment. If payment is not received by the end of the thirty (30) day grace period, this lease shall terminate. If payments of royalties to Lessor are not made when due for whatever reason, the unpaid portion shall bear interest at the highest rate allowed by law. If the accumulation of royalty proceeds over a period of 12 months is \$100 or less, despite any language herein to the contrary, payments may be remitted to Lessor annually.

DESPITE ANY LANGUAGE HEREIN TO THE CONTRARY, THIS IS A PAID-UP OIL & GAS LEASE, ALL DELAY RENTALS REFERRED TO HEREIN ARE PAID IN FULL

4. Delay Rentals. If actual drilling is not commenced on the leased premises, or on land pooled therewith, on or before twelve (12) months from the date of this lease, this lease shall then terminate, unless on or before such anniversary date Lessee shall pay or tender to Lessor or to the credit of Lessor in _____ N/A _____ which bank and its successors shall continue as the depository for all rentals payable hereunder, regardless of changes in ownership of delay rentals, the sum of _____ Dollars (\$) (hereinafter called "rental"), which shall cover the privilege of deferring commencement of actual drilling for a period of twelve (12) months. In like manner, and upon like payments or tenders, actual drilling may be further deferred for like periods of twelve (12) months each during the primary term. In the event a portion or portions of the leased premises are pooled and unitized with other land to form a pooled unit or units or is included in a proration or production unit under the applicable rules and regulations of the appropriate state or federal governing body (hereinafter called "unit"), operation on or production from such unit or the payment of shut-in royalty as defined in paragraph 3(h) will maintain this lease in force only as to the land included in such unit. This lease may be maintained in force during the primary term as to any of the leased premises covered hereunder and not included in such unit in any manner provided for herein, which will include but not be limited to, the payment of delay rentals pursuant to the provisions of this paragraph, however it is understood that such delay rental shall be reduced in proportion to the number of acres covered hereby and included in such unit or units. The payment or tender of rentals or shut-in royalties may be made by check of Lessee mailed or delivered to Lessor on or before the date of payment. The bonus paid hereunder is consideration for this lease and shall not be allocated as mere rental for a period. Lessee may at any time execute and deliver to Lessor 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 obligations as to the acreage surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases. Lessee agrees that if at any time the aforesaid delay rental is not paid on or before the date on which same is required to be paid under the terms of this lease, or if this lease terminates for any other reason, then in said event, Lessee shall promptly prepare and execute a recordable release instrument covering the leased premises and shall forward same to Lessor. Lessee shall have no right to extend this lease after the expiration of the primary term by the payment of delay rentals.



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5. **Pooling.** Lessee is hereby granted the right to pool or combine the leased premises, or any part or parts thereof, as to all strata or any stratum, with any other land, as to all strata or any stratum, for the production of oil or gas. Pooled units, which do not include 100% of the herein leased premises, shall be subject to the written approval of the Lessor, such approval shall not be unreasonably withheld. Pooling in one or more instances shall not exhaust the right of Lessee hereunder to pool this lease or portion thereof into other or different units. Units pooled for oil hereunder shall not exceed forty (40) acres each, and units pooled for gas hereunder shall not exceed six hundred forty (640) acres each, provided that if any federal or state law, executive order, rule or regulation shall prescribe a spacing pattern for the development of the field or allocate a producing allowable based in whole or in part on acreage per well, then any such unit may consist of that minimum number of additional acres that will comply with such prescribed spacing pattern or which will permit the allocation to such unit and the well thereon of the maximum producing allowable. To effect a unit or units Lessee shall file a written unit designation and surveyor's plat outlining any such unit and describing the participating tracts in the county conveyance records in which the premises are located. A copy of the unit designation shall be furnished to Lessor within thirty (30) days after it is filed in the appropriate county records, and if Lessee fails to do so, such unit may be declared invalid by Lessor by an instrument filed in such county records. Drilling or reworking operations and production on any part of the pooled acreage shall be treated for all purposes hereof (except the payment of royalties on such production) as if such drilling or reworking operations were upon or such production was from the leased premises whether the well or wells be located on the leased premises or not. For the purpose of computing the royalties and other payments out of production to which the owners of such interests shall be entitled on production of oil and gas, or either of them, from any such pooled unit, there shall be allocated to the leased premises and included in such unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) a pro rata portion of the oil and gas, or either of them, produced from the pooled unit after deducting that used for operations on the pooled unit. Such allocation shall be on an acreage basis; thus, there shall be allocated to the acreage covered by this lease and included in the pooled unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that pro rata portion of the oil and gas, or either of them, produced from the pooled unit which the number of surface acres covered by this lease (or in each such separate tract) and included in the unit bears to the total number of surface acres included in the pooled unit. Royalties hereunder shall be computed on the portion of such production whether it be oil and gas, or either of them so allocated to the leased premises and included in the unit just as though such production were from the leased premises. In the event only a part, or parts, of the leased premises is pooled with other land, or lands, so as to form a pooled unit, or units, operations on or production from such unit, or units, will maintain this lease in force only as to the part of the leased premises included in such unit, or units. This lease may be maintained in force as to any land covered hereby and not included in such unit or units in any manner provided for herein, provided that if it be by rental payments, rental payments shall be reduced in proportion to the number of acres covered hereby and included in such unit or units.

6. **Operations.** The following provisions shall apply to Lessee's operations on the leased premises:

(a). **Dry Holes, Cessation of Production, Development and Protection from Drainage.** If, prior to discovery of oil or gas on the leased premises or land pooled therewith, Lessee should drill and abandon a dry hole or holes thereon, or if, after discovery of oil or gas, the production thereof should cease from any cause, this lease shall not terminate if Lessee commences reworking or actual drilling within sixty (60) days thereafter, or, if it be within the primary term, commences or resumes the payment or tender of rentals or commences actual drilling or reworking on or before the rental paying date next ensuing after the expiration of sixty (60) days from date of completion and abandonment of said dry hole or holes or the cessation of production. If, at the expiration of the primary term, oil or gas is not being produced on the leased premises or land pooled therewith and Lessee is then engaged in actual drilling, completing or reworking of any well thereon, this lease shall remain in force so long as drilling or reworking is prosecuted with no cessation of more than sixty (60) consecutive days, and if such operation results in production, so long thereafter as oil or gas is produced in paying quantities from the leased premises or land pooled therewith. In the event a well or wells producing oil or gas should be brought in on adjacent land within six hundred feet (600') of the leased premises for an oil well or within twelve hundred feet (1200') of the leased premises for a gas well, Lessee agrees to commence the drilling of an offset well within 120 days or release that portion of the leased acreage that would be allocated to such well unit. If oil or gas is discovered on the leased premises, or on land pooled therewith, Lessee agrees to further develop the leased premises as a reasonably prudent operator would under the same or similar circumstances.

(b). **Compliance with Regulations and Indemnity.** Lessee agrees to conduct its operations in compliance with all applicable laws, rules and regulations. Lessee will protect, indemnify, hold harmless and defend Lessor against any claim, demand, cost, liability, loss or damage suffered by Lessor, including reasonable attorneys fees and litigation costs, arising out of or associated in any way with (i) any activity conducted by Lessee or Lessee's employees, agents, servants, contractors, licensees or permittees on or near the leased premises; (ii) environmental remediation and plugging and abandonment of wells; (iii) the management, use and disposal of produced water and wastes or substances associated with activities on the leased premises; and/or (iv) the oil, gas, all other products, any waste material, or any substance, pollutant or contaminant produced by Lessee or brought by Lessee onto the leased premises (all of which potential sources of claims shall be referred to as "Lessee's Conduct"). LESSEE'S OBLIGATION TO INDEMNIFY LESSOR FOR CLAIMS ARISING FROM LESSEE'S CONDUCT SHALL APPLY WITHOUT REGARD TO FAULT ON THE PART OF EITHER LESSOR OR LESSEE AND SHALL SPECIFICALLY INCLUDE INDEMNIFICATION OF LESSOR AGAINST LIABILITY TO THIRD PERSONS ARISING FROM LESSOR'S NEGLIGENCE IF SUCH LIABILITY IS RELATED TO LESSEE'S CONDUCT. Lessee's indemnity obligations for Lessee's Conduct under this paragraph are continuing obligations which will continue in effect, and be enforceable by Lessor, even after this lease terminates. As used in this paragraph, "Lessor" includes Lessor and the surface owner of the leased premises and their respective directors, officers, employees, agents, representatives and affiliates.

(c). Lessee shall have free use of oil, gas and water from the leased premises, except water from Lessor's wells, tanks, creeks, rivers, streams and springs, for all operations hereunder, provided that no surface water or underground fresh water will be used for fracing, water flood or pressure maintenance purposes. Lessee shall have the right at any time within 180 days after the expiration of this lease to remove all property and fixtures placed by Lessee on the leased premises, including the right to draw and remove all casing except as to water wells in which Lessee shall have the right to remove all property and fixtures except casing and shall do nothing that will in any way damage said water well or prevent its future use by Lessor. Lessee will, at Lessor's request, remove the casing from and plug and abandon such water well at Lessee's sole expense. When required by Lessor, Lessee will bury all pipelines below ordinary plow depth, and no well, tank battery or other surface drilling, production or marketing facility shall be located within four hundred (400') feet of any residence or barn now or hereafter located on the leased premises without Lessor's consent.



(d). Lessee will conduct its operations hereunder as not to interfere unreasonably with use of the surface of the leased premises provided, that any use of the surface will require written consent of Lessor in advance. Lessor agrees that such consent will not be unreasonably withheld. Prior to any use of the surface, Lessee will present to Lessor a plat of the property showing the area proposed to be used and the type of use to be made. Within 30 days of the receipt of such notice, Lessor will either deliver written consent or propose a reasonable alternative area for such use. Lessee will provide at Lessee's expense all protective measures to prevent any loss or damage to the property of Lessor on account of any operations by Lessee. Lessee will pay for all damages to the surface of or crops or improvements on the leased premises or suffered by any tenant of Lessor and caused by or arising out of operations under this lease. Pits and excavations made during drilling operations or otherwise will be filled by Lessee and the surface restored, as nearly as reasonably possible, to its original condition; and if Lessee shall fail to do so, the cost to Lessor of such filling and restoration shall be paid by Lessee.

7. **Assignments.** No assignment of this lease, or interest therein, may be made without written approval of the Lessor, such approval shall not be unreasonably withheld. Subject to the preceding condition, the provisions hereof shall extend to the heirs, executors, administrators, successors and assigns of Lessor and Lessee, but no change or division in ownership of the leased premises, rentals, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee. No such change or division in the ownership of the leased premises, rentals or royalties shall be binding upon Lessee for any purpose until Lessee shall have been furnished with the instrument or instruments, or certified copies thereof, evidencing such change or division. In the event of a permitted assignment of this lease as to a segregated portion of the leased premises, the rentals payable hereunder shall be apportioned as between the several leasehold owners ratably according to the surface area owned by each, and default in rental payment by one shall not affect the rights of other leasehold owners hereunder, and liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease or a portion thereof who commits such breach.

8. **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, completing or reworking operations or from producing oil or gas from the leased premises.

9. **Lessor Interest.** If Lessor owns an interest in the leased premises less than the entire and undivided fee simple mineral estate therein, then the royalties and rental herein provided shall be paid to Lessor in the proportion which Lessor's interest bears to the entire and undivided fee simple mineral estate therein.

10. **No Warranty.** Lessor herein executes and delivers this lease without warranty of title either express or implied. Lessee, at its option, 30 days after giving written notice to Lessor, may discharge any tax lien upon the interest herein leased; and, in the event Lessee does so, Lessee shall have the right to apply rentals and royalties accruing hereunder to reimburse such payment. Lessee shall not be subrogated to the rights of the party to whom payment is made, but may reimburse itself out of any royalties otherwise payable to Lessor hereunder.

11. **Mandatory Releases by Lessee.** At any time that this lease terminates as to any acreage or depth, Lessee shall promptly execute and furnish to Lessor a release thereof in recordable form which contains a legally adequate description of the lands and/or depths being released.

12. **Information.** Lessee shall advise Lessor in writing as to the location of each well drilled upon the leased premises, or on land pooled therewith, on or before seven (7) days after commencement of operations, and shall advise Lessor in writing as to the date of completion or abandonment of each well drilled within thirty (30) days after such completion or abandonment. Lessee agrees to furnish Lessor with all well drilling, completion and production data, reports, title opinions, logs, and information when specifically requested by the Lessor. **Lessee agrees that immediately following this instrument being recorded in the county records where the leased premises are located that Lessee will provide Lessor with a copy of this fully recorded instrument as it appears in said records.**

13. **Extension Beyond Primary Term.** If at the end of the primary term this lease is still in force, this lease shall expire as to all that part of the leased premises (as hereinafter described) on which there is not a producing oil or gas well or on which Lessee is not then drilling, completing or reworking a well. At the end of the primary term, Lessee shall select and designate a producing unit around and including each producing oil or gas well or drilling or reworking well, the area of such unit to be limited to and conform with the minimum area provided for or established directly or indirectly in the applicable rules and regulations of the appropriate governing body of the state in which the subject acreage is located with reference to the spacing of wells or the size of producing units. As to each producing unit so designated, this lease shall continue in force so long as oil or gas is produced in paying quantities therefrom or so long as drilling, completing or reworking operations are prosecuted thereon as provided in paragraph 6 and shall be limited in depth from the surface down to and including 50 feet below the base of the deepest producing formation however such lower depth limit shall not exceed 100 feet below the deepest producing perforation within the wellbore situated on that producing unit; **and Lessee shall execute a release of this lease as to the balance of the land covered hereby as well as formations at depths below the respective producing units.** In the absence of field rules promulgated by the appropriate governing body of the state in which such acreage is located, the term "producing unit" as used herein means the following number of acres, depending on the depth to which the well has been drilled, and whether the well is an oil or gas well: A. 40 acres for an oil well completed at any depth; B. (i) 80 acres for a gas well completed at a depth of less than 2,000 feet subsurface; (ii) 160 acres for a gas well completed at a depth of 2,000 feet subsurface to 6,000 feet subsurface; (iii) 320 acres for a gas well completed at a depth of 6,000 feet subsurface to 9,000 feet subsurface; (iv) 640 acres for a gas well completed at a depth greater than 9,000 feet subsurface. If a portion of Lessee's rights terminate as provided in this Paragraph 13, then Lessee shall designate in writing the acreage it is allowed to retain around each oil well and each gas well and such written designation shall be filed for record in the county in which such acreage is located. Lessee shall be entitled to designate the number of acres above specified in a form of his choosing so long as no side is more than four times as long as any other side. The provisions of this paragraph 13 shall not have the effect of relieving the Lessee of its obligations to develop the lease with reasonable diligence after oil or gas is first discovered in paying quantities.



14. **Enforcement Expenses.** If Lessor files a legal action to enforce any express or implied obligation of this lease and receives a favorable judgment from a court of competent jurisdiction, then Lessee shall reimburse Lessor for all costs of such legal proceeding including expert witness and reasonable attorney's fees.

15. **No Community Lease.** If the mineral and/or royalty interests covered by this lease are different as between any two or more tracts within the leased premises, the execution of this lease shall not be construed to create a community lease nor in any way to effect the pooling or cross conveyance of interests in any such two or more tracts. Instead, it is Lessor's intent that oil and gas royalties and other lease benefits shall accrue to the owners of the particular tract of land on which is located the well or wells from which oil or gas production is taken, without apportionment to the owners of any other tract or tracts covered hereby, unless the pooling authority granted to the Lessee under this lease has been exercised, it being intended that ownership of royalties shall accrue to the tract on which the well is located.

16. **Notices.** All notices and other communications given in connection with this lease shall be in writing and shall be deemed to have been properly given and received on the date when personally delivered, or shall be deemed to have been properly given on the date of actual receipt if delivered by certified mail, fax or courier. The following addresses are hereby designated for the receipt of notices:

LESSOR: 300 Board of Trade Place
New Orleans, Louisiana 70130-2482

LESSEE: 600 N. Marienfeld St., Suite 600
Midland, Texas 79701

17. **Implied Covenants Preserved.** The express covenants of the lease are not intended to limit or restrict any implied covenants existing by law or by the nature of this agreement.

18. **Right to extend Primary Term of Lease.** Prior to the expiration of the primary term of this lease, Lessee shall have the right, but not the obligation, to extend the primary term of this lease – as to any lands covered hereby and not otherwise being maintained by any other provision herein – for a period of two (2) additional years by paying Lessor prior to the expiration of the primary term of this lease an additional bonus of \$400.00 per net mineral acre for any such lands. In the event this right to extend the primary term is timely exercised as herein provided, it shall be considered for all intents and purposes as though this Oil and Gas Lease originally provided for a primary term of five (5) years from the date hereof as to any such lands for which such payment is timely made.

19. **Additional Surface Provisions.** With respect to actual operations conducted by Lessee on the leased premises, it is agreed by and between Lessor and Lessee as follows:

(a) Prior to the commencement of any operations on the leased premises, Lessee shall give Lessor notice of Lessee's intention to commence operations, the approximate date of such commencement and the approximate location of same, and the type of operations to be conducted, such notice to be given within a reasonable time prior to the actual commencement of operations. In locating the wells, pumping units, tank batteries, pipe lines, roads and other facilities located on the leased premises, Lessee agrees to consult with Lessor and follow reasonable requests for such protection as may be necessary or advisable to minimize interference with Lessor's and/or the surface owner's operations on the leased premises. Nothing contained in this lease shall be construed to give Lessee, its successors and assigns, the right to construct or maintain any lease house or lease camp for housing Lessee's employees on the leased premises, and Lessee shall have no right to do so.

(b) The location for each well, tank battery, road and right of way for a pipeline or flow line shall use only so much of the surface as is necessary to conduct operations under this lease in a reasonable and prudent manner. Lessee agrees to maintain any roads on the leased premises used by Lessee, or its permittees, in good repair and condition as all-weather caliche roads at all times. No new road shall be constructed by Lessee without first consulting with Lessor as to the location of such road, and all new roads shall be constructed and maintained as all-weather caliche roads at Lessee's cost and expense and shall not exceed twenty (20) feet in width. No caliche or gravel from the leased premises shall be used by Lessee in its operations under this lease without the prior written consent of Lessor. Lessee shall install adequate bridges or culverts wherever any new road constructed by Lessee crosses a natural stream or drainage, and all roads and any pipelines laid by Lessee shall be so constructed and laid as not to interfere with the natural flow of surface waters or with drainage.

(c) At the request of Lessor or the surface owner from time to time and at any time, all pipelines laid by Lessee on the leased premises shall be buried to a depth of at least twenty-four inches (24") below the surface and the area occupied by all buried pipelines, after installation, replacement or repair, shall be backfilled and tamped, and otherwise restored as nearly as practical to its condition prior to installation, replacement or repair. In the event Lessee shall obtain commercial production of oil and/or gas from the leased premises pursuant to the terms hereof, Lessee shall have the right to install electrical power lines on the leased premises for the purpose of operating equipment used in producing, operating, processing or transmitting gas or other hydrocarbons produced from the leased premises. Lessor shall be consulted with as to the location and method of installation of such electrical power lines prior to commencement of installation.

(d) All operations conducted by Lessee on the leased premises shall be conducted in accordance with all applicable environmental laws and regulations and in such manner as will least interfere with the ranching and agricultural operations and recreational activity of Lessor and the surface owner on the leased premises. Lessee shall construct and maintain fences around each site of Lessee's surface facilities (including, but not limited to, tank batteries and slush pits) sufficient to keep all livestock out of such sites. Lessee shall install and/or maintain gates or substantial cattle guards capable of turning livestock at all openings in fences crossed by Lessee or others in conducting operations under this lease.

(e) Lessee shall keep the surface of the leased premises neat and clean and shall remove all waste material and debris as soon as may be practical and upon the completion of any drilling or reworking operations, Lessee shall fill and level all pits and ruts, remove all debris and restore the surface of the leased premises so used by Lessee as nearly as practicable to its condition prior to Lessee's use thereof, except for such permanent production or marketing facilities as Lessee may maintain thereon. All pits dug and used in connection with Lessee's operations on the leased premises shall be lined with plastic liners. Upon restoration of each such



pit, the plastic liners shall be cut off below the surface and the pit shall be filled with topsoil. Within one hundred twenty (120) days following the abandonment of any well site or other facility location on the leased premises, Lessee shall fill and level all pits and ruts, remove all caliche and debris and restore the surface of the area used as nearly as practicable to its condition prior to Lessee's use thereof, including the placement of top soil thereon of a depth sufficient to grow native grasses where practicable, and at the request of Lessor, Lessee shall re-seed such area with native grasses selected by Lessor.

(f) Lessee shall not permit its agents, employees, servants, contractors, subcontractors, service personnel or others entering upon the leased premises under the authority of this lease to hunt or fish on any portion of the leased premises or to take any rifle, shotgun, pistol or other firearms thereon for any purpose whatsoever. The Lessor or the Lessor's representatives may inspect any vehicle entering the leased premises and may deny access to said lands to anyone found carrying firearms or fishing equipment.

(g) Any salt water produced from wells drilled under this lease shall be disposed of off the leased premises or shall be reinjected into a subsurface strata at a depth sufficient to protect all oil and/or gas bearing formations and all sources and supplies of fresh and potable water or water suitable for irrigation purposes.

(h) Lessee shall furnish the Lessor with full and complete information as to all water zones encountered by Lessee in any well drilled on the leased premises, whether it be a well drilled for oil or gas or a water well. If Lessee desires to abandon any water well drilled by it hereunder, prior to doing so, Lessee shall tender such water well or wells to the Lessor, and if the Lessor shall elect to accept the same, Lessee shall remove all equipment from said water well and such water well and all casing therein shall be and become the property of the Lessor.

(i) Without the prior written consent of Lessor, Lessee shall not conduct any seismic or geophysical operations within four hundred feet (400') of any residence, barn, building, water well, windmill or tank now located or hereafter to be located on the leased premises, other than foot traffic to lay receiver lines and receiver phones.

(j) Should Lessee drill a well on that portion of the leased premises now or hereafter in cultivation, Lessee agrees that after drilling operations are completed, Lessee will locate all surface equipment, pits and other facilities in such a manner that will not interfere with the operation of any irrigation system used or held for use in irrigating such cultivated lands.

(k) Lessee shall install gates across all existing cattle guards used or new cattle guards installed on the leased premises and, except as provided below or unless otherwise permitted by Lessor, shall keep all such cattle guard gates closed and locked at all times by use of a locking device acceptable to Lessor. During any period in which Lessee is conducting actual drilling operations on the leased premises, Lessee shall not be required to keep said gates locked.

(l) Lessee, its agents, employees, contractors and subcontractors or others entering upon the leased premises under the authority of this Lease shall not intentionally remove or destroy any fossils, Indian artifacts, man-made structures or other archeological objects of historical or scientific value which may be situated thereon. Should Lessee or any of its employees, agents, contractors or subcontractors discover any such objects on the leased premises, it shall leave said objects in place.

(m) Lessee agrees to use reasonable care in the conduct of all operations on the leased premises to prevent injury or damage to the livestock, buildings or other property situated on the surface of the leased premises, or water wells and tanks located thereon, and Lessee agrees to pay the surface owner for any and all damages to the surface owner's livestock, crops, fences, building, wells, tanks and any other fixtures of the surface owner, or of any tenant of the surface owner, situated on the leased premises, resulting from operations under this lease. In addition to any damages which may become payable by Lessee as above provided, Lessee shall pay the surface owner the following amounts for the use of the surface of the leased premises:

(i) Five Thousand and no/100 Dollars (\$5,000.00) for each location for a drilling or producing well located on the leased premises which are not in cultivation, and if the site is more than two (2) acres, the amount shall be proportionately increased at the rate of Two Thousand Five Hundred and no/100 Dollars (\$2,500.00) per acre or part thereof. Eight Thousand and no/100 Dollars (\$8,000.00) for each location for a drilling or producing well located on lands which are in cultivation, and if the site is more than two (2) acres, the amount shall be proportionately increased at the rate of Four Thousand and no/100 Dollars (\$4,000.00) per acre or part thereof. Each such location shall not exceed more acreage than is reasonably and necessarily required by Lessee in its operations hereunder.

(ii) Five Thousand and no/100 Dollars (\$5,000.00) for the site occupied by each tank battery, pumping station, meter run or other surface production, treating or marketing facility not located on a well location, not previously compensated for and located on lands which are not in cultivation, and, if the site is more than one (1) acre, the amount shall be proportionately increased at the rate of Two Thousand Five Hundred and no/100 Dollars (\$2,500.00) per acre or part thereof. Eight Thousand and no/100 Dollars (\$8,000.00) for the site occupied by each tank battery, pumping station, meter run or other surface production, treating or marketing facility not located on a well location, not previously compensated for and located on lands which are in cultivation, and, if the site is more than one (1) acre, the amount shall be proportionately increased at the rate of Four Thousand and no/100 Dollars (\$4,000.00) per acre or part thereof. Each such location shall not exceed more acreage than is reasonably and necessarily required by Lessee in its operations hereunder.

(iii) For each pipeline (other than and excluding temporary surface pipelines) installed by Lessee on the leased premises, the sum of Fifteen and no/100 Dollars (\$15.00) per rod. To the extent practical, all such pipelines shall be laid along fence lines or roads and if and to the extent any such pipeline is laid within the area of any new road constructed by Lessee hereunder, no per rod charge for such pipeline shall be due.

(iv) For each electric power line laid upon the leased premises, the sum of One Hundred Fifty and no/100 Dollars (\$150.00) per pole; the location and height of each such line to be approved by Lessor.

(v) For geophysical operations on said lands, the sum of Fifteen and no/100 Dollars (\$15.00) per acre.



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(vi) For all roads constructed or used by Lessee on the leased premises, the sum of Twenty-Four and no/100 Dollars (\$24.00) per rod for new roads built by Lessee and the sum of Twelve and no/100 Dollars (\$12.00) per rod for use of existing roads; each such new road not to exceed twenty feet (20') in width.

The foregoing amounts shall remain effective for three (3) years from the date hereof and thereafter Lessee shall pay the reasonable going rate in the area with the foregoing amounts to be the minimums.

Each payment due hereunder shall be due and payable prior to the time Lessee first utilizes any of the leased premises for a purpose requiring such a payment to the payee.

Executed on the date first above written.

LESSOR

H. L. HAWKINS, JR., INC.

By: [Signature]

H. L. Hawkins, III
President

LESSEE

[Signature]

By: Cimarex Energy Co.

Name: Roger Alexander as Attorney in Fact

STATE OF LOUISIANA *

PARISH OF ORLEANS *

THIS INSTRUMENT was acknowledged before me on the 19th day of November, 2010, by H. L. Hawkins, III, President of H. L. HAWKINS, JR., INC., a Delaware corporation, on behalf of said corporation.

VIRGINIA F. LOVELL
NOTARY PUBLIC
Parish of Orleans, State of Louisiana
My Commission is issued for 10th.

[Signature]
Notary Public in and for the State of Louisiana

STATE OF TEXAS *

COUNTY OF MIDLAND *

THIS INSTRUMENT was acknowledged before me on this the 15th day of NOVEMBER, 2010, by ROGER ALEXANDER, ATTORNEY-IN-FACT of CIMAREX ENERGY CO., a DELAWARE CORPORATION, on behalf of said CORPORATION.



[Signature]
Notary Public in and for the State of TEXAS

FILE # 4768

FILED FOR RECORD ON THE 14TH DAY OF DECEMBER

A.D. 2010 11:22 A.M.

DUTY RECORDED ON THE 23RD DAY OF DECEMBER

A.D. 2010 9:00 A.M.

BY: [Signature]

DEPUTY

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

ANY PROVISION HEREIN WHICH RESTRICTS THE SALE, RENTAL, OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW



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

File No. 117060

Option to extend lease

Date Filed: 11/21/14
 Jerry E. Patterson, Com

By-

4.

[illegible]

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

The above and foregoing is a full, true and correct photographic copy of the original record now in my lawful custody and possession, as the same is filed/recorded in the public records of my office, found in VOL. 860, PAGE 591 THRU 597.

I hereby certified on 11 5 14

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

BY Maria Hanley DEPUTY



DECLARATION OF POOLED UNIT
Whitetail 57-37 Unit #1H
(A 406.677-Acre Oil and Gas Unit)

STATE OF TEXAS)
)
COUNTY OF REEVES)

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This Declaration of Pooled Unit (the "Declaration") is executed by the undersigned parties (the "Parties"), who are owners in the mineral, royalty and leasehold estates created under those oil, gas and mineral leases, and memorandums of oil, gas and mineral leases, described in Exhibit "A" (hereinafter referred to collectively as the "Unit Leases" or "Leases"), which exhibit is attached to and incorporated by reference into this Declaration.

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The pooling, unitization, and combination of the Unit Leases to form the Pooled Unit, as described below, is necessary and advisable, in the judgment of the Operator, to develop and produce oil and gas from the Unit Leases.

1. **Declaration of Unit.**

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a. In consideration of the premises the Parties pool, unitize, and combine the Unit Leases, including all renewals, extensions, ratifications, and amendments of the Unit Leases and the lands covered by those Leases and the mineral and/or royalty estates in the lands subject to the Leases into a unit for the exploration, development, and production of oil, gas, and associated hydrocarbons (the "Pooled Unit") from the Pooled Interval, as defined herein.

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b. All drilling, reworking, or other operations on the land within the Pooled Unit shall be considered as though such drilling, reworking, or other operations were on each separate tract in the Pooled Unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the Leases or other contracts thereon and this Declaration. Similarly, production from the Pooled Unit shall be deemed to have been produced from each such separate tract in the Pooled Unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of each of the Leases or other contracts thereon and this Declaration; provided, however, that such drilling, reworking or other operations on land within the Pooled Unit or production from the Pooled Unit shall not maintain any part of the Leases in force and effect to the extent such acreage or depths covered by such Leases are not included within the Pooled Unit and Pooled Interval. Production from the Pooled Unit shall be allocated proportionately among all of the tracts within the Pooled Unit in the proportion which the number of surface acres in each tract bears to the total number of surface acres in the Pooled Unit. If at any time any tract of land or interest within the Pooled Unit is not properly pooled or unitized by this Declaration, or is not otherwise committed to the Pooled Unit, such fact shall not affect, terminate, impair, or otherwise invalidate the Pooled Unit as to any interest pooled or unitized by this Declaration.

c. Nothing in this Declaration is intended to be construed as a cross-assignment or cross-conveyance of any interest that is subject to this Declaration.

2. **Description of Unit Area.** The Unit Area includes the Unit Leases listed on Exhibit "A", and is described on Exhibit "B", and is further depicted on Exhibit "C", each of which are attached to and incorporated by reference into this Declaration for all purposes, but only as to oil, gas, and associated and constituent hydrocarbons produced from a well or wells located within the Unit Area from the stratigraphic or correlative equivalent of the top of the Wolfcamp formation to the stratigraphic or correlative equivalent of the base of the Wolfcamp formation. The top of the Wolfcamp formation is found at 10,234 feet TVD in the Schlumberger High Resolution Laterolog Array Spectral Gamma Ray Log of the Tempest State 57-35 #1H (API#42-389-33784), and the base of the Wolfcamp formation is found at 15,722 feet TVD in the Schlumberger Azimuthal Laterolog-Micro CFL Final Composite Log of the Harrison State #14-1 (API #42-389-32189), such depth interval being referred to herein as the "Pooled Interval". Notwithstanding any provisions in the applicable Lease to the contrary, the Parties agree that all lands within the Pooled Unit and all depths included within the Pooled Interval shall be maintained for a term at least as long as the duration of the Pooled Unit as applicable to such Lease.

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3. **Unit Name.** The Pooled Unit created by this Declaration shall be known as the Whitetail 57-37 Unit #1H, containing 406.677 acres of land.

4. **Ratification of Unit.** This Declaration may be ratified by the State of Texas, or its authorized representative, by separate instrument(s) in writing, referring to this Declaration. This Declaration, and each counterpart or ratification of it, shall be binding on each party who executes it, without regard to whether any other party owning an interest in the Unit Leases or Unit Area may execute this Declaration, or a counterpart or ratification of it. Nothing in this paragraph shall be construed as an offer to third parties to ratify this Declaration.

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5. **No Additional Pooling Authorized.** No other pooling of the Leases is permitted by this Agreement. Any further pooling of the Leases by Lessee shall conform to the requirements of the Leases or require the advance written consent of the undersigned Mineral/Royalty Owners.

6. **Successors and Assigns.** This Declaration shall be binding on the heirs, representatives, successors and assigns, as applicable, of the Parties.

7. **Other Lands.** In the event the Leases cover lands in addition to those comprising the Pooled Unit (i.e. lands outside the Unit Area), those other lands shall not be affected by this Declaration and nothing in this Declaration shall be construed in any manner as changing or affecting the rights, privileges, obligations or agreements of the Lessors and Lessee as to those other lands covered by the Leases.

8. **Counterparts.** This Declaration may be executed by all parties or in separate counterparts. If executed in separate counterparts, all counterparts, when executed by one or more of the undersigned and delivered to and accepted by the Lessee shall constitute one and the same agreement. This Declaration (whether executed in one document or in multiple counterparts) shall be individually binding on each party who executed it without regard to whether this Declaration is executed by all parties, and shall be binding upon the heirs, successors and assigns of the parties hereto.

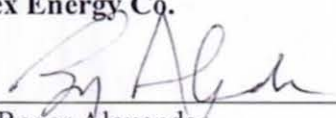
9. **Term.** The Pooled Unit shall automatically terminate upon the completion of a dry hole on the Pooled Unit or upon the cessation of production in paying quantities, as defined in the Leases, from the Pooled Unit, unless Operator commences additional operations or restores production on the Pooled Unit or otherwise maintains such Leases, all within the applicable time periods required under the applicable Lease. Upon termination of a Lease as to all of the lands covered thereby and included in the Pooled Unit, this Pooling Agreement shall terminate and lands covered by such separate Lease shall no longer be included in the Pooled Unit. This Declaration of Pooled Unit is executed as of the date of the acknowledgments below.

This Declaration of Pooled Unit is executed as of the date of the acknowledgements below, but shall be effective as of November 6, 2014.

OPERATOR/LESSEE:

Cimarex Energy Co.

By:


Roger Alexander
Attorney-in-Fact

MINERAL/ROYALTY OWNERS:

H.L. Hawkins, Jr., Inc.

By:

H.L. Hawkins, III
President

The George W. Brackenridge Foundation

By:

Victoria B. Rico
Chairman

9. **Term.** The Pooled Unit shall automatically terminate upon the completion of a dry hole on the Pooled Unit or upon the cessation of production in paying quantities, as defined in the Leases, from the Pooled Unit, unless Operator commences additional operations or restores production on the Pooled Unit or otherwise maintains such Leases, all within the applicable time periods required under the applicable Lease. Upon termination of a Lease as to all of the lands covered thereby and included in the Pooled Unit, this Pooling Agreement shall terminate and lands covered by such separate Lease shall no longer be included in the Pooled Unit. This Declaration of Pooled Unit is executed as of the date of the acknowledgments below.

This Declaration of Pooled Unit is executed as of the date of the acknowledgements below, but shall be effective as of November 6, 2014.

OPERATOR/LESSEE:

Cimarex Energy Co.

By: _____

Roger Alexander
Attorney-in-Fact

MINERAL/ROYALTY OWNERS:

H.L. Hawkins, Jr., Inc.

By: _____

H.L. Hawkins, III
President

The George W. Brackenridge Foundation

By: _____

Victoria B. Rico
Chairman

9. **Term.** The Pooled Unit shall automatically terminate upon the completion of a dry hole on the Pooled Unit or upon the cessation of production in paying quantities, as defined in the Leases, from the Pooled Unit, unless Operator commences additional operations or restores production on the Pooled Unit or otherwise maintains such Leases, all within the applicable time periods required under the applicable Lease. Upon termination of a Lease as to all of the lands covered thereby and included in the Pooled Unit, this Pooling Agreement shall terminate and lands covered by such separate Lease shall no longer be included in the Pooled Unit. This Declaration of Pooled Unit is executed as of the date of the acknowledgments below.

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OPERATOR/LESSEE:

Cimarex Energy Co.

By:

Roger Alexander
Attorney-in-Fact

MINERAL/ROYALTY OWNERS:

H.L. Hawkins, Jr., Inc.

By:

H.L. Hawkins, III
President

The George W. Brackenridge Foundation

By:

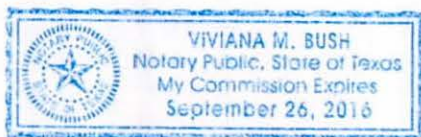


Victoria B. Rico
Chairman

ACKNOWLEDGEMENT

STATE OF TEXAS)
)
COUNTY OF MIDLAND)

The foregoing instrument was acknowledged before me this 18th day of November, 2014, by Roger Alexander, Attorney-in-Fact for Cimarex Energy Co., a Delaware corporation, on behalf of said corporation.



Viviana M. Bush
Notary Public in and for the State of Texas

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ACKNOWLEDGEMENT

STATE OF LOUISIANA)
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PARISH OF ORLEANS)

The foregoing instrument was acknowledged before me this ____ day of _____, 2014, by H.L. Hawkins, III, President of H.L. Hawkins, Jr., Inc., a Delaware corporation, on behalf of said corporation.

Notary Public in and for the State of Louisiana

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ACKNOWLEDGEMENT

STATE OF TEXAS)
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COUNTY OF BEXAR)

The foregoing instrument was acknowledged before me this ____ day of _____, 2014, by Victoria B. Rico, Chairman of The George W. Brackenridge Foundation, on behalf of said foundation.

Notary Public in and for the State of Texas

ACKNOWLEDGEMENT

STATE OF TEXAS)
)
COUNTY OF MIDLAND)

The foregoing instrument was acknowledged before me this ____ day of _____, 2014, by Roger Alexander, Attorney-in-Fact for Cimarex Energy Co., a Delaware corporation, on behalf of said corporation.

Notary Public in and for the State of Texas

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ACKNOWLEDGEMENT

STATE OF LOUISIANA)
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PARISH OF ORLEANS)

The foregoing instrument was acknowledged before me this 11th day of November, 2014, by H.L. Hawkins, III, President of H.L. Hawkins, Jr., Inc., a Delaware corporation, on behalf of said corporation.

Virginia F. Lovell Notary #14153
Notary Public in and for the State of Louisiana

VIRGINIA F. LOVELL
NOTARY PUBLIC
Parish of Orleans, State of Louisiana
My Commission is issued for Life.

ACKNOWLEDGEMENT

STATE OF TEXAS)
)
COUNTY OF BEXAR)

The foregoing instrument was acknowledged before me this ____ day of _____, 2014, by Victoria B. Rico, Chairman of The George W. Brackenridge Foundation, on behalf of said foundation.

Notary Public in and for the State of Texas

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ACKNOWLEDGEMENT

STATE OF TEXAS)
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COUNTY OF MIDLAND)

The foregoing instrument was acknowledged before me this ____ day of _____, 2014, by Roger Alexander, Attorney-in-Fact for Cimarex Energy Co., a Delaware corporation, on behalf of said corporation.

Notary Public in and for the State of Texas

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ACKNOWLEDGEMENT

STATE OF LOUISIANA)
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PARISH OF ORLEANS)

The foregoing instrument was acknowledged before me this ____ day of _____, 2014, by H.L. Hawkins, III, President of H.L. Hawkins, Jr., Inc., a Delaware corporation, on behalf of said corporation.

Notary Public in and for the State of Louisiana

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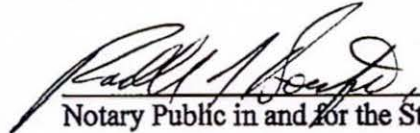
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ACKNOWLEDGEMENT

STATE OF TEXAS)
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COUNTY OF BEXAR)

The foregoing instrument was acknowledged before me this 7th day of November, 2014, by Victoria B. Rico, Chairman of The George W. Brackenridge Foundation, on behalf of said foundation.





Notary Public in and for the State of Texas

DECLARATION OF POOLED UNIT-
WHITETAIL 57-37 UNIT #1H5628348.2

EXHIBIT "A"

Attached to and made a part of that certain Declaration of Pooled Unit for the Whitetail
57-37 Unit #1H

UNIT LEASES

- | | | |
|--------------|---|---|
| 1. Dated: | November 3, 2010 | |
| Recorded: | Volume 860, Page 591, Official Public Records, Reeves County, Texas | 1 |
| Lessor: | H.L. Hawkins, Jr., Inc. | 1 |
| Lessee: | Cimarex Energy Co. | 2 |
| Legal | | 4 |
| Description: | 203.52 acres of land, more or less, being all of Section 37, Block 57, Original Survey PSL, Reeves County, Texas. <i>For the purposes of this Declaration, Section 37 contains 202.952 acres of land.</i> | |
| 2. Dated: | August 11, 2010 | P |
| Recorded: | Memorandum of Oil and Gas Lease recorded at Volume 854, Page 272, Official Public Records, Reeves County, Texas | G |
| Lessor: | The George W. Brackenridge Foundation | |
| Lessee: | Cimarex Energy Co. | 0 |
| Legal | | 2 |
| Description: | 200.00 acres of land, more or less, being all of Section 48, Block 57, Original Survey PSL, Reeves County, Texas and previously described as 160 acres of land, more or less. <i>For the purposes of this Declaration, Section 48 contains 203.725 acres of land.</i> | 1 |
| | | 7 |

EXHIBIT "B"

Attached to and made a part of that certain Declaration of Pooled Unit for the Whitetail
57-37 Unit #1H

DESCRIPTION OF UNIT AREA

All of Section 37, Block 57, Public School Lands Survey, Reeves County, Texas (referred to as
"Survey 37, Block 57, Public School" in Patent dated January 31, 1986, recorded in Volume 8,
Page 97, Official Public Records, Reeves County, Texas), and all of Section 48, Block 57, Public
School Lands Survey, Reeves County, Texas (called the "West part of Survey 48, Block 57,
Public School" in Patent dated February 27, 1951, recorded in Volume 6, Page 196, Official
Public Records, Reeves County, Texas)

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EXHIBIT "C"

Attached to and made part of that certain Declaration of Pooled Unit for the Whitetail 57-37 Unit #1H

PLAT OF UNIT AREA

Plat of Unit Area is located on following page

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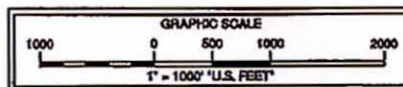
Block 57
Public School Land Survey
Reeves County, Texas

Driving Directions to Location:
From the intersection of Highway 285 and 3rd Street (Business I-20) in Pecos, Texas, drive West on 3rd Street for 3.2 miles to Farm-to-Market Road 2119; Turn right (North) on F.M. 2119, drive 18.5 miles to a lease road at Lat: $31^{\circ}32'16.41''$ Long: $103^{\circ}49'31.56''$; Turn right (North) on lease road, drive 450 feet to Lat: $31^{\circ}32'21.00''$ Long: $103^{\circ}49'31.49''$; Location is right (East) 170 feet.

Bottom Hole Location (BHL)
Last Take Point (LTP)
GRID N: 607702.598
GRID E: 917441.906
NAD27 Lat/Long
Lat: $31^{\circ}30'39.687''$
Long: $103^{\circ}46'27.835''$



Note: Well is located 20.3 miles Northwest of the city of Pecos, Texas.
Note: Survey Reconstruction filed in the Office of Pennell & Marlowe Land Surveyors, Inc.
Note: Coordinates shown herein are on The Texas Coordinate System of 1927, Central Zone.
Note: Bearings and distances are based on The Texas Coordinate System of 1927, Central Zone.
Note: This plat is NOT a boundary survey and should NOT be used to convey interest in any real property.
Note: Example: (S-89998) indicates General Land Office file number.



Revised 10/22/2014 (JFC)
USGS Quadrangle Sheet: Halamack Ranch, Tex.
Railroad Commission Permit Plat

CIMAREX ENERGY CO.
Whitetail 57-37 Unit #1H
200' FROM THE NORTHLINE
500' FROM THE EAST LINE
Whitetail 57-37 Unit
406.677 Acres being all of
Sections 37 & 48, Block 57
Public School Land Survey
Reeves County, Texas

Scale: 1" = 1000'



Stephen P. Marlowe
REGISTERED PROFESSIONAL LAND SURVEYOR NO. 5715



October 14, 2014
141014B-KPM

P.O. Box 81887, Midland, Texas, 79710 (432) 262-0601 Fax (432) 262-0875

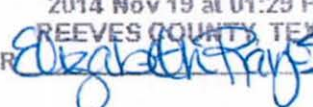
DECLARATION OF POOLED UNIT-
WHITETAIL 57-37 UNIT #1H

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Inst No. 14-10843
DIANNE O. FLOREZ
COUNTY CLERK
2014 Nov 19 at 01:29 PM
REEVES COUNTY, TEXAS
By: ER  DEPUTY

5

File No. M-117060
Reeves County
Declaration of Whitetail Unit
Date Filed: 2/5/15
George P. Bush, Commissioner
By [Signature]

Cimarex Energy Co.
600 N. Marienfeld St.
Suite 600
Midland, TX 79701
MAIN 432.571.7800



February 4, 2015

Via-Federal Express

Texas General Land Office
Energy Resources Division
Attn: J. Daryl Morgan, CPL
1700 North Congress Ave.
Austin, Texas 78701-1495

Re: Ratification of Declaration of Pooled Unit
Whitetail 57-37 Unit #1H
GLO Unit No. 7212
Reeves County, TX

Dear Mr. Morgan:

Enclosed herewith are two (2) executed originals of the Ratification of Declaration of Pooled Unit for the Whitetail 57-37 Unit #1H.

After proper execution and acknowledgement by the Commissioner, we ask that you please return a fully executed original Agreement to our office.

If you have any questions or concerns, please do not hesitate to contact me. Thank you for your time and attention to this matter.

Regards,
CIMAREX ENERGY CO.

A handwritten signature in blue ink, appearing to read "Hayden Tresner", is written over a horizontal line.

Hayden Tresner
Landman
Direct No. (432) 571-7856

HT:ps
Enclosures as stated
cc: H. Phillip Whitworth

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File No. M-117060
Lt. From Cimarron County

Date Filed: 2/5/15
George P. Bush, Commissioner
By _____

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DO NOT DESTROY



Texas General Land Office
UNIT AGREEMENT MEMO

UPA148535

Unit Number 7212
Operator Name Cimarex Energy Co. Effective Date 12/02/2014
Customer ID C000018859 Unitized For Oil And Gas
Unit Name Whitetail 57-37 Unit # 1H Unit Term
County 1 Reeves RRC District 1 08 Old Unit Number Inactive Status Date
County 2 RRC District 2
County 3 RRC District 3
County 4 RRC District 4
Unit type Permanent
State Net Revenue Interest 0.03119137
State Part in Unit 0.49906189
Unit Depth Specified Depths Well
From Depth 10234 TVD Formation Top of Wolfcamp to Base of Wolfcamp
To Depth 15722 TVD Participation Basis Surface Acreage
If Exclusions Apply: See Remarks

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	Lease Royalty	Tract Royalty Participation	Royalty Rate Reduction Clause
MF117060	1	202.952000	406.677000	0.49904961	0.06250000	0.03119060	No

API Number 389-34635 ✓

Remarks:

Prepared By: REW Prepared Date: 12-9-14
GLO Base Updated By: REW GLO Base Date: 12-9-14
RAM Approval By: VDD RAM Approval Date: 12-19-14
GIS By: MC GIS Date: 2-23-15
Well Inventory By: cmh WI Date: 12/9/14

Pooling Committee Report

To: School Land Board

UPA148535

Date of Board Meeting: 12/09/2014

Unit Number: 7212

Effective Date: 12/02/2014

Unit Expiration Date:

Applicant: Cimarex Energy Co.

Attorney Rep: H.Philip Whitworth

Operator: CIMAREX ENERGY CO.

Unit Name: Whitetail 57-37 Unit # 1H

Field Name: Phantom (Wolfcamp)

County: Reeves

<u>Lease Type</u>	<u>Lease Number</u>	<u>Lease Royalty</u>	<u>Expiration Date</u>	<u>Lease Term</u>	<u>Lease Acres</u>	<u>Lease Acres In Unit</u>	<u>Royalty Participation</u>
FR	MF117060	0.06250000		3 years	203.520000	202.952000	0.03119060

Private Acres:	203.725000
State Acres:	202.952000
Total Unit Acres:	406.677000

<u>Participation Basis:</u>	Surface Acreage
Surface Acreage	
<u>State Acreage:</u>	49.91%
<u>State Net Revenue Interest:</u>	3.12%

<u>Unit Type:</u>	<u>Unitized for:</u>
Permanent	Oil And Gas
<u>Term:</u>	

<u>RRC Rules:</u>	<u>Spacing Acres:</u>
Yes	704 acres for a 10158 foot lateral

Working File Number: UPA148535

REMARKS:

- Cimarex Energy Co. is requesting School Land Board ratification of the 406.677 acre Whitetail 57-37 Unit # 1H which includes a 202.952 acre Free Royalty tract.
- The applicant plans to spud the unit well on December 1, 2014, with a proposed TD of 10,660 feet TVD. A 10,158 foot lateral is expected to be drilled.
- With Board ratification of the unit, the State's unit royalty participation will be 3.12%.
- The State will participate on a unitized basis from the date of first production.

POOLING COMMITTEE RECOMMENDATION:

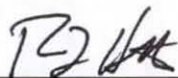
The Pooling Committee recommends Board ratification of the Whitetail 57-37 Unit # 1H under the above-stated provisions.



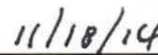
Mary Smith - Office of the Attorney General



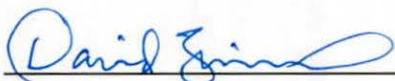
Date



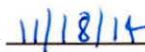
Robert Hatter - General Land Office



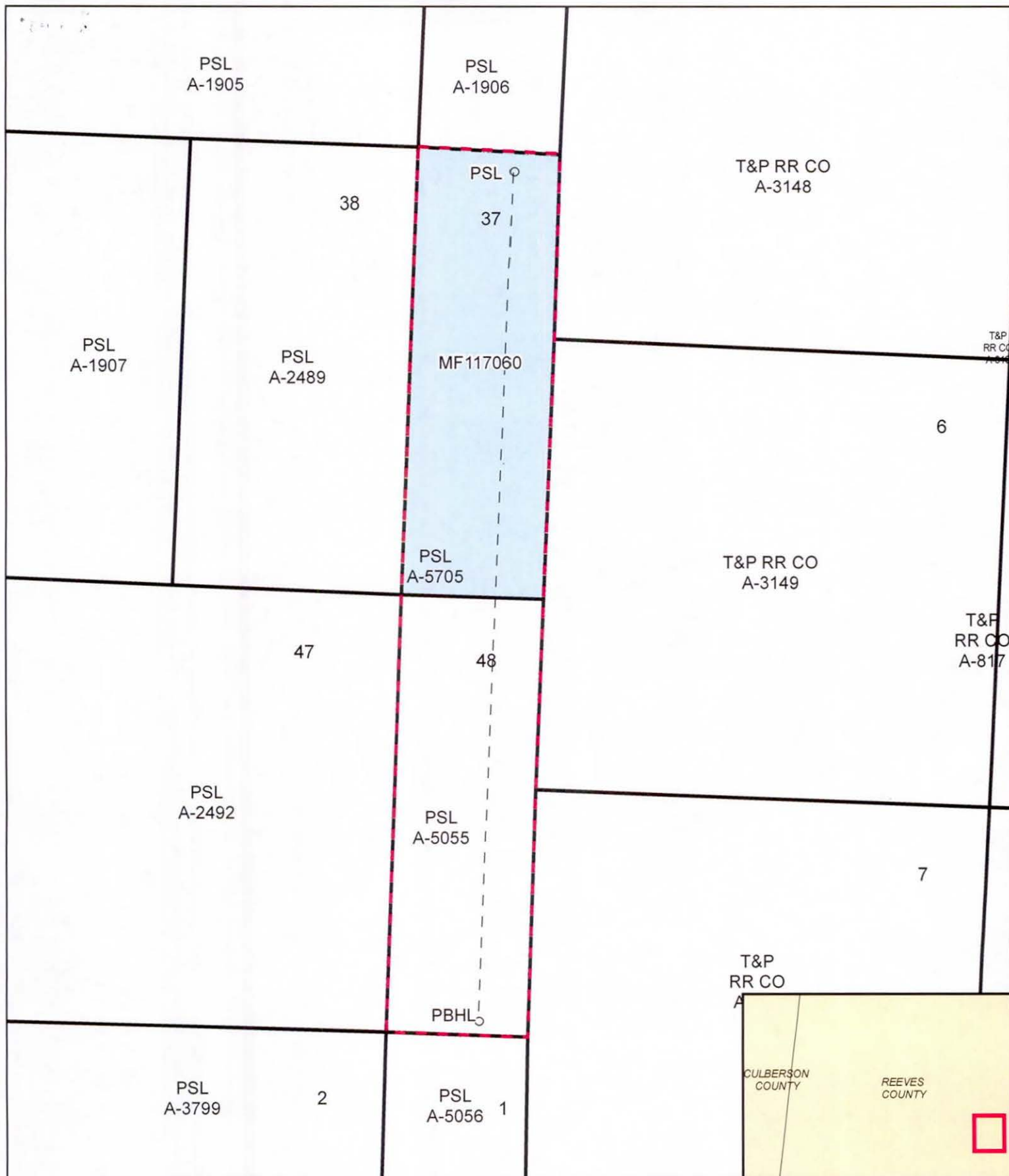
Date



David Zimmerman - Office of the Governor



Date



Unit #7212
Cimarex Energy Co
Whitetail 57-37 Unit #1H
Phantom (Wolfcamp) Field
Reeves County, Texas

1,500 750 0 1,500 Feet



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



Map Generated by:
Mark Conway
IS/BAS/GIS
December 2014

RATIFICATION OF DECLARATION OF POOLED UNIT
WHITETAIL 57-37 UNIT #1H
GLO UNIT NO. 7212
REEVES COUNTY, TEXAS

WHEREAS, a certain instrument, entitled "Declaration of Pooled Unit, Whitetail 57-37 Unit #1H" ("Unit Agreement"), has been executed for pooling certain leases in Reeves County, Texas, as more particularly described in said Unit Agreement filed of Record in Volume 1124, Page 209 of the Official Public Records of Reeves County, Texas; and,

WHEREAS, a person may become a party to said Unit Agreement by signing the original of said instrument, a counterpart thereof, or other instrument agreeing to be bound by the provisions thereof;

WHEREAS, the State of Texas is the owner of a free royalty interest in the Whitetail 57-37 Unit #1H ("Unit or unit") and pursuant to the provisions of Subchapter E, Chapter 52 of the Natural Resources Code, the School Land Board has approved pooling the State's interest into the Unit, upon the condition, however, that the Working Interest Owners agree to the terms hereinafter set forth in consideration of the commitment of the State's free royalty interest to said Unit, and the Commissioner of the General Land Office is authorized by said statute to commit the State's free royalty interest to the Unit on behalf of the State:

NOW THEREFORE, KNOW ALL MEN BY THESE PRESENTS, that the undersigned, the Commissioner of the General Land Office of the State of Texas, acting on behalf of the State, for and in consideration of the premises and the benefits anticipated to accrue to the State under said Unit Agreement, does hereby commit to said Unit the free royalty interest of the State of Texas as described in said Unit Agreement, and does hereby agree that the State of Texas shall be bound by all of the provisions of said Unit Agreement, except as hereinafter set forth, the same as if the undersigned had executed the original or a counterpart of said Unit Agreement.

This instrument is executed by the undersigned upon the condition that the Working Interest Owners agree to the following terms in consideration of the commitment of the State's Royalty Interest to said Unit:

PURPOSES:

1.

This Ratification is made for the purposes of conservation and utilization of the pooled mineral, to prevent waste, to facilitate orderly development and to preserve correlative rights. To such end, it is the purpose of this Ratification to effect equitable participation within the Unit. This Ratification is intended to be performed pursuant to and in compliance with all applicable statutes, decisions, regulations, rules, orders and directives of any governmental agency having jurisdiction over the production and conservation of the pooled mineral and in its interpretation and application shall, in all things, be subject thereto.

UNIT DESCRIPTION:

2.

The oil and gas leases, which are included within the Unit, are described in the Unit Agreement on Exhibit "A" to which leases and the records thereof reference is made for all pertinent purposes. The pooled unit consists of the 406.677 acres as described in Exhibit "B" of the Unit Agreement and is shown on a plat as Exhibit "C" to the Unit Agreement.

MINERAL POOLED:

3.

The mineral pooled and unitized ("pooled mineral") shall be oil and gas including all hydrocarbons that may be produced from an oil well or a gas well as such wells are recognized and designated by the Railroad Commission of Texas or other state regulatory agency having jurisdiction over the drilling and production of oil and gas wells. The pooled mineral shall extend to those depths underlying the surface boundaries of the pooled unit from the top of the Wolfcamp Formation to the base of the Wolfcamp Formation as further described in the Unit Agreement ("unitized interval").

POOLING AND EFFECT:

4.

The State's interest which is within the Unit area is hereby committed thereto to the extent and as above described into said Unit and do unitize and pool hereunder the State's tract described in the Unit Agreement, for and during the term hereof, so that such pooling or unitization shall have the following effect:

(a) The Unit, to the extent as above described, shall be operated as an entirety for the exploration, development and production of the pooled mineral, rather than as separate tracts.

(b) All drilling operations, reworking or other operations with respect to the pooled mineral on land within the Unit shall be considered as though the same were on each separate tract in the Unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Ratification.

(c) Production of the pooled mineral from the Unit allocated to each separate tract, respectively, as hereinafter provided, shall be deemed to have been produced from each such separate tract in the Unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Ratification.

(d) All rights to the production of the pooled mineral from the Unit, including royalties and other payments, shall be determined and governed by the lease or other contract pertaining to each separate tract, respectively, based upon the production so allocated to such tract only, in lieu of the actual production of the pooled mineral therefrom.

(e) A shut-in oil or gas well located upon any lease included within said Unit shall be considered as a shut-in oil or gas well located upon each lease included within said Unit; provided, however, that shut-in oil or gas well royalty shall be paid to the State on each State lease wholly or partially within the Unit, according to the terms of such lease as though such shut-in oil or gas well were located on said lease, it being agreed that shut-in royalties

575 8

provided in each State lease shall not be shared with other royalty owners or otherwise diminished by reason of this Ratification.

(f) If the Railroad Commission of Texas (or any other Texas regulatory body having jurisdiction) shall adopt special field rules providing for oil and/or gas proration units of less than 406 acres, then Lessee agrees to either (1) drill to the density permitted by the Railroad Commission, (2) make application to the School Land Board of the State of Texas to reform the Unit to comply with Railroad Commission unit rules, or (3) make application to the School Land Board of the State of Texas for such remedy as may be agreeable to the Board.

(g) This Ratification shall not relieve Lessee from the duty of protecting the State lease from drainage from any well situated on privately owned land outside the Unit Area or as to any mineral not pooled hereby, but, subject to such obligation, Lessee may produce the allowable for the entire unit as fixed by the Railroad Commission of Texas or other lawful authority, from any one or more wells completed thereon.

(h) There shall be no obligation to drill internal offsets to any other well on separate tracts within the Unit Area, nor to develop the tracts separately, as to the pooled mineral.

(i) Should the Unit Agreement terminate for any cause, the leases and other contracts affecting the lands within the Unit, if not then otherwise maintained in force and effect, shall remain and may be maintained in force and effect under their respective terms and condition in the same manner as though there had been production or operations under said lease or contract and the same had ceased on the date of the termination of the Unit Agreement.

ALLOCATION OF PRODUCTION:

5.

For the purpose of computing the share of production of the pooled mineral to which each interest owner shall be entitled from the Unit, there shall be allocated to each tract committed to the Unit that pro rata portion of the pooled mineral produced from the Unit which the number of surface acres covered by each such tract and included in the Unit bears to the total number of surface acres included in said Unit, and the share of production to which each interest owner is entitled shall be computed on the basis of such owner's interest in the production so allocated to each tract.

TAKING ROYALTY IN KIND:

6.

Notwithstanding anything contained herein to the contrary, the State may, at its option, upon not less than sixty (60) days notice to Lessee, require that payment of all or any royalties accruing to the State under this Ratification be made in kind, without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting and otherwise making the oil, gas and other products produced hereunder ready for sale or use.

FULL MARKET VALUE:

7.

In the event the State does not elect to take its royalty in kind, the State shall receive full market value for its royalty hereunder, such value to be determined as follows:

(a) As to royalty on oil 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 for the field where produced and when run, or (2) the highest market price thereof offered or paid for the field where produced and when run, or (3) the gross proceeds of the sale thereof, whichever is the greatest;

(b) As to royalty on gas, such value to be based on (1) the highest market price paid or offered for gas of comparable quality for the field where produced and when run, or (2) the gross price paid or offered to the producer, whichever is the greater.

(For the purposes of this Ratification "field" means the general area in which the lands covered hereby are located.)

EFFECTIVE DATE:

8.

Upon execution by the Commissioner of the General Land Office of the State of Texas this Ratification shall become effective as of December 9, 2014.

TERM:

9.

This Ratification shall remain in effect so long as the pooled mineral is being produced from said Unit, or so long as all leases included in the pooled unit are maintained in force by payment of delay rentals or shut-in oil or gas well royalties, by drilling or rework, or by other means, in accordance with the terms of said leases. Nothing herein shall amend or modify Section 52.031 of the Natural Resources Code, or any of the provisions thereof, which are contained in any State lease covered by this Ratification.

STATE LAND:

10.

Insofar as the royalty interest of the State of Texas in and under any State tract committed to the Unit is concerned, this Ratification is entered into, made and executed by the undersigned Commissioner of the General Land Office by virtue of the authority and pursuant to the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, authorizing the same, after the prerequisites, findings and approval hereof, as provided in said Code having been duly considered, made and obtained.

DISSOLUTION:

11.

The Unit may be dissolved by Lessee, its heirs, successors or assigns, by an instrument filed for record in Reeves County, Texas, and a certified copy thereof filed in the General Land Office at any time after the cessation of

515 3

production on the Unit or the completion of a dry hole thereon prior to production or upon such other date as may be approved by the School Land Board and mutually agreed to by the undersigned parties, their successors or assigns.

RATIFICATION/WAIVER:

12.

Nothing in this Ratification, nor the approval of this Ratification by the School Land Board, nor the execution of this Ratification by the Commissioner shall: (1) constitute a confirmation or recognition of any boundary or acreage of any tract or parcel of land in which the State has or claims an interest; or (2) constitute a ratification of, or a waiver or release of any claim by the State with respect to any violation of a statute, regulation, or any of the common laws of this State, or any breach of any contract, duty, or other obligation owed to the State.

COUNTERPARTS:

13.

This Ratification may be executed in counterparts and if so executed shall be valid, binding and have the same effect as if all the parties hereto actually joined in and executed one and the same document. For recording purposes and in the event counterparts of this Ratification are executed, the executed pages, together with the pages necessary to show acknowledgments, may be combined with the other pages of this Ratification so as to form what shall be deemed and treated as a single original instrument showing execution by all parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Ratification upon the respective dates indicated below.

Date Executed 2/11/15

STATE OF TEXAS

Legal
Content
Geology
Executive

mm
mm
mm
mm

By: *George P. Bush*
George P. Bush, Commissioner
General Land Office

CERTIFICATE

I, Stephanie Crenshaw, Secretary of the School Land Board of the State of Texas, do hereby certify that at a meeting of the School Land Board duly held on the 9th day of December, 2014, the foregoing instrument was presented to and approved by said Board under the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, all of which is set forth in the Minutes of the Board of which I am custodian.

IN TESTIMONY WHEREOF, witness my hand this the 12th day of February, 2015.

Stephanie Crenshaw
Secretary of the School Land Board

Date Executed 2/2/2015

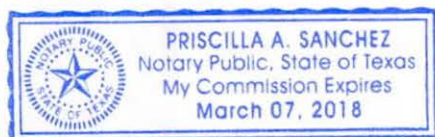
CIMAREX ENERGY CO.

By: *Roger Alexander*
Roger Alexander, Attorney-in-Fact

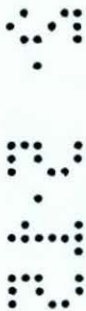
STATE OF TEXAS

COUNTY OF MIDLAND

This instrument was acknowledged before me on January 2, 2015, by Roger Alexander as Attorney-in-Fact for Cimarex Energy Co., a Delaware corporation, on behalf of said corporation.



975 8



File No. M-117060 (7)
Ref. Function Packet # 72/2 County
Whitetail 57-77 Unit #14
Date Filed: 2/12/15
George P. Bush, Commissioner
By [Signature]





TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

February 13, 2015

Mr. Hayden Tresner
Cimarex Energy Co.
600 N. Marienfeld Street, Suite 600
Midland, Texas 79701

Re: Ratification of Declaration of Pooled Unit
Whitetail 57-37 Unit #1H
GLO Unit No. 7212
Reeves County, Texas

Dear Mr. Tresner:

Enclosed is a duplicate original of the above referenced Ratification of Declaration of Pooled Unit that has been executed by George P. Bush, Commissioner of the Texas General Land Office ("GLO"). We have retained the other original of the Ratification Agreement for our files. Please refer to the referenced GLO Unit No. when filing Royalty Reports with the GLO.

Thank you for your assistance with this matter, if you have any questions please do not hesitate to call.

Sincerely,

J. Daryl Morgan, CPL
Energy Resources Division
(512) 305-9106

Enclosure

(8)

File No. M-117060
Ltr. to Cimet ~~County~~

Date Filed: 2/13/15
George P. Bush, Commissioner
By jh

Cimarex Energy Co.
202 S. Cheyenne Ave.
Suite 1000
Tulsa, Oklahoma 74103-4346
PHONE: 918.585.1100
FAX: 918.585.1133



March 6, 2017

Texas General Land Office
Matthew Scott
Mineral Leasing
1700 N. Congress
Austin, TX 78701

Re: State Lease No: 117060
Gas Lift Gas Usage
Whitetail 57-37 Unit 1H
Reeves County, Texas

Dear Mr. Scott,

Cimarex Energy respectfully requests approval for off-lease gas lift on the above referenced General Land Office (GLO) lease. The gas lift gas will be routed through a gas lift meter located at the well head (#TIW0067029).

Cimarex will continuously meter the off-lease gas to be utilized for gas lift purposes. The gas BTU content and component analysis obtained at the gas lift meter shall be determined by gas sample chromatographic analysis.

Please feel free to contact me with any questions regarding the commingling at 918-560-7275.

Sincerely,

A handwritten signature in blue ink, appearing to read "Sheli Armstrong", is written over the typed name.

Sheli Armstrong
Regulatory Analyst

276 4

ME/17060

REEVES County

REQUEST TO GASLIFT

Filed: 3/30/17

George P. Bush, Commissioner

MT SCOTT

4444



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

March 28, 2017

Certified Mail: 7016 2070 0000 7391 7987

Ms. Sheli Armstrong
Regulatory Analyst
Cimarex Energy Co.
202 S. Cheyenne Ave.
Suite 1000
Tulsa, Oklahoma 74103-4346

RE: Your Letter Dated 03/6/2017 Requesting Authority to Utilize Gas Produced on the Leased Premises for Gas Lift Purposes and/or to Use Off-Lease Gas for Gas Lift or Gas Lift Makeup Supply as Applicable to the Whitetail 57-37 Unit Lease, Free Royalty MF 117060, GLO Unit 7212, Reeves County, Texas.

Dear Ms. Armstrong:

General Land Office staff has reviewed your letter dated March 6, 2017 that requested permission to utilize gas lift as an artificial lift method on the leased premises and to use off-lease gas for the gas lift supply to the wells on the lease. Per GLO records GLO Unit 7192 was cancelled and GLO Unit 7701 was terminated, thus please verify the lease and unit status with Ms. Joy McCauley at 512-463-4704 else the request to utilize gas lift will be moot.

Pursuant to the terms of the applicable State lease, please be advised that the request to utilize gas lift on the lease and to commingle the gas produced by the wells on the lease with the off-lease gas used for gas lift supply is approved subject to the following conditions:

1. 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.
2. 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.
3. The gas BTU content and component analysis obtained at each lease/unit gas meter shall be determined by gas sample chromatographic analysis.

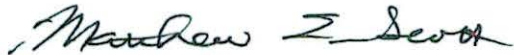
Please be advised that if the volumes and energy content of the off-lease gas supply are deducted directly from the volumes reported by the lease facility meters discharging into a gas gathering system, then the actual lease production volumes and royalty due amounts may be under-

Ms. Sheli Armstrong
Cimarex Energy Co.
March 28, 2017
Page 2 of 2

reported due to the commingling of the off-lease gas with that of the gas produced from the lease wells. Not all of the gas that passes through an off-lease gas lift supply meter and/or a buy-back gas meter is returned through the lease facility meters since a portion is consumed as lease use and absorbed by the oil.

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,

A handwritten signature in black ink, appearing to read "Matthew T. Scott". The signature is fluid and cursive, with a long horizontal stroke at the end.

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

File No. ME117060

REEVES County

AGREE TO GASLIFT

Date Filed: 3/30/17

George P. Bush, Commissioner

By MT SCOTT



CIMAREX ENERGY CO
202 S Cheyenne Ave, Suite 1000
Tulsa, OK 74103

Date: 04/07/2022

Effective Date: 03/01/2022

030618

Owner: COMMISSIONER OF THE GENERAL
LAND OFFICE STATE OF TEXAS
LOCKBOX ACCOUNT
PO BOX 12873
AUSTIN, TX 78711-2873

Verified
iNwt11690 - MF117060

Description: SOUTH TABLE STATE 57-25 1H - ENT

Complete Property Description Listed Below

Production: ☒ Oil ☒ Gas ☐ Other: _____**Owner**

COMMISSIONER OF THE GENERAL

Owner Number: 030618

Interest Type: STATE OF TEXAS ROYALTY

Interest Type Code: STA4

Decimal Interest: 0.00692474 ✓

Property Description

Property: 420067-119.01 SOUTH TABLE STATE 57-25 UNIT A 1H

Operator: CIMAREX ENERGY CO Location: Reeves, TX

Map Reference Information

Reeves, TX US

Survey: PSL

-Block: 57Lot: Sec: 25 Qtr/Qtr:

Sections 25, 36 & 37, Block 57, PSL Survey, Reeves

County, TX

The undersigned certifies the ownership of the decimal interest in production proceeds as described payable by (Payor):

CIMAREX ENERGY CO

Payor shall be notified, in writing, of any change in ownership, decimal interest, or payment address. All such changes shall be effective the first day of the month following receipt of such notice.

Payor is authorized to withhold payment pending resolution of a title dispute or adverse claim asserted regarding the interest in production claimed herein by the undersigned.

The undersigned agrees to indemnify and reimburse Payor any amount attributable to an interest to which the undersigned is not entitled.

Payor may accrue proceeds until the total amount equals \$100.00, or as required by applicable state statute.

This Division Order does not amend any lease or operating agreement between the undersigned and the lessee or operator or any other contracts for the purchase of oil or gas.

In addition to the terms and conditions of this Division Order, the undersigned and Payor may have certain statutory rights under the laws of the state in which the property is located.

Owner(s) Signature(s): x _____ x _____

Owner(s) Tax I.D. Number(s): _____

Owner(s) Daytime Phone #: _____

Owner(s) FAX Number: _____

Owner(s) Email Address: _____

SIGN AND RETURN



CIMAREX ENERGY CO
202 S Cheyenne Ave, Suite 1000
Tulsa, OK 74103

Date: 04/07/2022

Effective Date: 03/01/2022

030618

Owner: COMMISSIONER OF THE GENERAL
LAND OFFICE STATE OF TEXAS
LOCKBOX ACCOUNT
PO BOX 12873
AUSTIN, TX 78711-2873

Description: SOUTH TABLE STATE 57-25 2H - ENT

Complete Property Description Listed Below

Production: ☒ X Oil ☒ X Gas ☐ Other: _____**Owner**

COMMISSIONER OF THE GENERAL

Owner Number: 030618

Interest Type: STATE OF TEXAS ROYALTY

Interest Type Code: STA4

Decimal Interest: 0.00692474

Property Description

Property: 420067-120.01 SOUTH TABLE STATE 57-25 UNIT B 2H

Operator: CIMAREX ENERGY CO Location: Reeves, TX

Map Reference Information

Reeves, TX US

Survey: PSL

-Block: 57 Lot: Sec: 25 Qtr/Qtr:

Sections 25, 36 & 37, Block 57, PSL Survey, Reeves
County, TX

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Owner(s) Tax I.D. Number(s): _____

Owner(s) Daytime Phone #: _____

Owner(s) FAX Number: _____

Owner(s) Email Address: _____

SIGN AND RETURN



CIMAREX ENERGY CO
202 S Cheyenne Ave, Suite 1000
Tulsa, OK 74103

Date: 04/07/2022

Effective Date: 03/01/2022

030618

Owner: COMMISSIONER OF THE GENERAL
LAND OFFICE STATE OF TEXAS
LOCKBOX ACCOUNT
PO BOX 12873
AUSTIN, TX 78711-2873

Description: **SOUTH TABLE STATE 57-25 3H - ENT**

Complete Property Description Listed Below

Production: ☒ X Oil ☒ X Gas ☐ Other: _____**Owner**

COMMISSIONER OF THE GENERAL

Owner Number: 030618

Interest Type: STATE OF TEXAS ROYALTY

Interest Type Code: STA4

Decimal Interest: 0.00692474

Property Description

Property: 420067-121.01 SOUTH TABLE STATE 57-25 UNIT C 3H

Operator: CIMAREX ENERGY CO Location: Reeves, TX

Map Reference Information

Reeves, TX US

Survey: PSL

-Block: 57Lot: Sec: 25 Qtr/Qtr:

Sections 25, 36 & 37, Block 57, PSL Survey, Reeves
County, TX

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CIMAREX ENERGY CO

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In addition to the terms and conditions of this Division Order, the undersigned and Payor may have certain statutory rights under the laws of the state in which the property is located.

Owner(s) Signature(s): x _____ x _____

Owner(s) Tax I.D. Number(s): _____

Owner(s) Daytime Phone #: _____

Owner(s) FAX Number: _____

Owner(s) Email Address: _____

SIGN AND RETURN



TEXAS GENERAL LAND OFFICE
COMMISSIONER DAWN BUCKINGHAM, M.D.

February 24, 2023

Jeannie Hale-Hill
Division Order Analyst
Cimarex Energy Co
202 S Cheyenne Ave, Suite 1000
Tulsa, OK 74103

Re: State Lease No. MF117060 South Table State 57-25 1H, 2H and 3H iNut 11690

Dear Mrs. Hale-Hill:

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

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 117060

County _____

Division Order

Date Filed: 2/27/2023

Commissioner Dawn Buckingham, M.D.

By: vdg