



CAUTION

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order and scanned.

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content order and let the
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Archives and Records Staff

MF117292

#8788

#8993 Terminated
NUML 9936-see 2 Terminated

#9797 11275
NUML 10047 11089

#10927

#13432

#13433

#13434

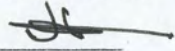
#13435

#13436

RSA#00677

RSA#00678

Leasing: 

Maps: 

GIS: MC

Scanlab: _____

Lease Type
RAL

Control

Basefile

County

07-103243

119585

REEVES

07-103270

119584

REEVES

07-103993

151747

REEVES

07-104162

103579

REEVES

Survey

Public School Land

Block

45, 56, 57

Block Name

Township

Section/Tract

2, 31, 34, 44, 5, 8

Land Part

all

Acres

Net: 2161.500000 Gross: 2387.500000

Depth Below

Depth Above Depth Other

Name

ENERGEN RESOURCES CORP

Lease Date

2/1/2015

Primary Term

46 months

Bonus

\$2,429,915.75

Lease Royalty

0.12500000

Paid Up

Yes

F1008575

Contents of Mineral File Number: 1172912

1. BAL Review	01/23/15	15. NUML 8993	3/28/18
2. Lease A	04/08/16	16. Assign #10569	4-26-18
3. Lease B	04/08/16	Summit (to) EOG	
4. Lease C	04/08/16	scanned PT	5-11-2018
5. Bonus, fees, ltr	03/02/15	17. Division Order	5-18-18
6. Final ltr	04/25/16	scanned PT	7-11-2018
Scanned SM 10/10/16		18. Division Order	7-20-18
(See MF 111748 #30, Assign #9861)		19. Updated NUML 8993	7/24/18
(Energen To 299 Resources)		20. E-Mail with Resolute	9/4/18
scanned PT 11-22-16		scanned PT	9-18-2018
7. Lease D	03/24/17	(See MF 114061 #28, Assign #10676)	10-11-18
8. Bonus, fee, ltr	03/24/17	Firewheel (to) Resolute	
scanned PT 6-5-2017		scanned PT	11-6-2018
See MF 111748 #32, Assign #10317		21. Assign #10702 Summit	12-5-18
299 (to) PDC 299 7-27-17		(to) Raisa LLC	
scanned PT 8-1-2017		scanned PT	12-6-2018
9. Assign #10340 Resolute	8-16-17	22. Division Order	1-9-19
(to) EOG		23. Drilling Permit API 389-37222 NUML 8993	1/10/19
scanned PT 8-25-2017		24. Drilling Permit API 389-37223 NUML 8993	1/10/19
10. BAL Review	09/13/17	scanned PT	1-14-2019
11. Lease E	09/13/17	25. Division Order	2-19-19
12. Lease F	09/13/17	26. NUML 9936 - Sec. 2 replaces #8993	3/18/19
13. Bonus, fee, ltr	09/13/17	to add add'l MF's.	3/18/19
14. Final ltr	09/13/17	27. NUML 8993 updated (replaced in #26)	
Scanned SM 9/15/2017		28. Ltr. From Kelli Kenney	4/5/19
See #9 in M-115405 For the		29. Ltr. to Kelli Kenney	4/11/19
Sandlot State Horiz Unit, #8788		30. Pooling Agrmt. Packet #9757	4/11/19
scanned PT 3-5-2018		Stoneman State 3927 Unit	

Contents of Mineral File Number: 117292

31. Assign # 10805 Summit + (to) APR 4-23-19 <u>scanned PJ 4-30-2019</u>	48. Unit 10927 - Strategy State Unit 11/30/2022 49. Recorded Unit 10927 11/30/2022 <u>scanned WM 12-27-2022</u>
32. Assign # 10820 PDC (to) APR 5-10-19 <u>scanned PJ 1-11-2023</u>	50. Unit 11275 - Stoneman State 3927 Unit 01/6/23 51. Division Order 1-10-2023 <u>scanned PJ 1-11-2023</u>
33. NUML 10047 5/13/19	52. Notice of Intent to Complete 5/12/2023
34. Ltr. From PDC 5/29/19	53. Notice of Spud API 42-389-39107 5/12/2023
35. Recorded Stoneman Unit 5/29/19	<u>scanned PJ 5-24-2023</u>
36. Division Order 7/2/19 <u>scanned PJ 7-10-2019</u>	See MF 111356 #72 Audit Letter 6/26/2023
37. Division Order 8-20-19 <u>scanned PJ 9-10-2019</u>	<u>scanned WM 6-27-2023</u>
38. Division Order 12-4-19 See MF 115405 #14 Division Order	54. Partial Release A, B, C - Depths 08/18/23 <u>scanned SM 08/29/2023</u>
39. Reconciliation Billing 1/27/2020 <u>scanned SM 02/05/2020</u>	See #35 in MF 111399 Final Audit Billing Notice 11/8/2023
40. Drilling Permit API 389-37680 2/14/2020	See #36 in MF 111399 Final Audit Billing Notice 11/8/2023
41. Drilling Permit API 389-37674 2/14/2020 <u>scanned SM 02/20/2020</u>	<u>scanned WM 11-21-2023</u>
42. NUML #11089 (replaces #10047) 3/22/21	See #37 in MF 111399 Audit Closure Letter 1/3/2024
43. Notice of Intent to spud 7/6/21 <u>scanned PJ 3 Aug. 2021</u>	See #38 in MF 111399 Audit Closure Letter 1/3/2024
44. Unit 11275 Stoneman State 3927 Amended (Replaces Unit 9797) 5/16/2022 <u>scanned WM 1-10-2024</u>	See MF 110725 #22, Commingling EXMPT Notice: Gas Lift Approval 1/29/24
45. Division Order 7-25-2022	55. Ltr. to Operator 2-28-24
46. Division Order 9-30-2022 <u>scanned PJ 1 Nov 2022</u>	Next Page →
47. Unit 11275 - Stoneman State 3927 - Revised 11/30/22	

Contents of Mineral File Number: 117292

56. Pooling Agreement Packet

Sunny Side State Unit

allocation wells 2-28-24

Scanned WM 3.4.2024

57. iNut 13432 - API 42.389.40511 3/28/2024

58. iNut 13433 - API 42.389.40508 3/28/2024

59. iNut 13434 - API 42.389.40509 3/28/2024

60. iNut 13435 - API 42.389.40518 3/28/2024

61. iNut 13436 - API 42.389.40675 3/28/2024

Scanned WM 5.13.2024

62. Recon Billing 6/3/2024

63. Recon Billing 6/3/2024

64. Oil Draft Audit Billing Notice 6/3/2024

65. Gas Draft Audit Billing Notice 6/3/2024

Scanned A 6-4-2024

(see MF 110580 #'s 156 & 157)
(for PSA #'s 00677 & 00678)

Scanned WM 10.28.2024

66. Division Order 1/10/2025

Scanned WM 1.14.2025

67. Completion Report API 42.389.40509 1/28/25

68. Completion Report API 42.389.40511 1/28/25

69. Completion Report API 42.389.40675 1/28/25

70. Completion Report API 42.389.40518 1/28/25

71. Completion Report API 42.389.40508 1/28/25

Scanned WM 2.4.2025

RAL REVIEW SHEET

Working File #: RAL157208

MF:

Lessor: Houston and Emma Hill Trust Estate,
Et Al

Lease Date: 02/01/2015

UI: Yes

Lessee: Energen Resources Corp

Gross Acres: 2,387.50

Net Acres: 2,161.50

LEASE DESCRIPTION

County	Control #	Base File No	Part	Sec	Block Twp	Survey	Abst No
Reeves	07-103243	119585	all	2	45	Public School Land	3655
Reeves	07-103993	151747	157.5 ac of S/280 ac of E/2	31	56	Public School Land	5770
Reeves	07-103270	119584	all * below base of Bell Canyon	34	45	Public School Land	3654
Reeves	07-104162	103579	N/315 ac.	44	56	Public School Land	2714
Reeves	07-104297	116568	S/315 ac	5	57	Public School Land	3615
Reeves	07-104340	153169	W/2	8	57	Public School Land	5978

TERMS OFFERED

Primary Term:	3 Years			
Bonus / Acre:	\$2,500.00			
	2nd Yr	3rd Yr	4th Yr	5th Yr
Rental / Acre:	0.00	0.00		
Royalty	0.250000			

TERMS RECOMMENDED

Primary Term:	3 Years				
Bonus / Acre:	\$2,500.00				
	2nd Yr	3rd Yr	4th Yr	5th Yr	
Rental / Acre:	0.00	0.00			
Royalty	0.250000				

COMPARISONS

Lease No	Lessee	Lease Date	Primary Term	Bonus/Acre	Rental/Acre	Royalty	Distance
MF116835	Energen Resources Corp	04/21/2014	3 yr	\$2,800.00	\$0.00 0.00	0.250000	

Comments: Paid Up ** This lease is for a term of 3 years and 10 months, Energen is releasing MF-111921, which has 10 months remaining on the term.

Approved: DR 1.26.15

RELINQUISHMENT ACT LEASE APPLICATION

Texas General Land Office

George P. Bush, Commissioner

TO: George P. Bush, Commissioner
Larry Laine, Chief Clerk
Anne Idsal, General Counsel
Rene D. Truan, Director, PSF Income Division

FROM: Robert Hatter, Mineral Leasing

Applicant: Energen Resources Corp

County: Reeves

Prim. Term: 3 Years

Bonus/Acre: \$2,500.00

Royalty: 0.25000000

Rental/Acre 2nd Yr: \$0.00

3rd Yr: \$0.00

4th Yr: \$0.00

5th Yr: \$0.00

Consideration

Recommended: RJA

Date: 2/15/15

Not Recommended: _____

Comments: Paid Up ** This lease is for a term of 3 years and 10 months, Energen is releasing MF-111921, which has 10 months remaining on the term.

Lease Form

Recommended: RJA

Date: 2/15/15

Not Recommended: _____

Comments: _____

Rene D. Truan, Director, PSF Income Division

Date: 2/24/2015

Recommended: RT

Not Recommended: _____

Anne Idsal, General Counsel

Date: 2/24/15

Recommended: Aei

Not Recommended: _____

Larry Laine, Chief Clerk

Date: 2/24/2015

Approved: mm

Not Approved: 2

George P. Bush, Commissioner

Date: 2/26/15

Approved: G. P. Bush

Not Approved: _____

1.

File No. 117292

County _____

RAL Review

Date Filed: 01/23/15

George P. Bush, Commissioner

By _____

steps

10.2.2

117292A

15-11205
FILED FOR RECORD
REEVES COUNTY, TEXAS
Nov 19, 2015 at 01:23:00 PM

General Land Office
Relinquishment Act Lease Form
Revised, September 1997

PAID UP
OIL AND GAS LEASE

THIS AGREEMENT is made and entered into this 1st day of February, 2015, between the State of Texas, acting by and through its agent, care of SEE ATTACHED SIGNATURE PAGE, of said agent herein referred to as the owner of the soil (whether one or more), and Energen Resources Corporation, of 605 Richard Arrington Jr. Blvd. North, Birmingham, Alabama 35203 hereinafter called Lessee.

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

Public School Land Survey, Block 45

Section 2: All

being 640.00 gross acres

Public School Land Survey, Block 45

Section 34: All, only below the base of the Bell Canyon formation

being 640.00 gross acres

Public School Land Survey, Block 56

Section 44: North 315 acres of South 560 acres

being 315.00 gross acres

Public School Land Survey, Block 56

Section 31: North 157.50 acres of South 280.00 acres of E2

being 157.50 gross acres

Public School Land Survey, Block 57

Section 5: South 315 acres

being 315.00 gross acres

Public School Land Survey, Block 57

Section 8: W2

being 320.00 gross acres

containing 2387.50 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas two million seven hundred one thousand nine hundred fifty six and 25/100 Dollars (\$2,701,956.25)

To the owner of the soil: two million seven hundred one thousand nine hundred fifty six and 25/100 Dollars (\$2,701,956.25)

Total bonus consideration: five million four hundred three thousand nine hundred twelve and 50/100 Dollars (\$5,403,912.50)

The total bonus consideration paid represents a bonus of Two Thousand Five hundred 00/100 Dollars (\$2,500.00) per acre, on 2161.565 net acres.

2. TERM. Subject to the other provisions in this lease, this lease shall be for a term of Three (3) years and ten (10) months from this date (herein called "primary term") and as long thereafter as oil and gas, or either of them, is produced in paying quantities from said land. As used in this lease, the term "produced in paying quantities means that the receipts from the sale or other authorized commercial use of the substance(s) covered exceed out of pocket operational expenses for the six months last past.

3. DELAY RENTALS. If no well be commenced on the leased premises on or before one (1) year from this date, this lease shall terminate, unless on or before such anniversary date Lessee shall pay or tender to the owner of the soil or to his credit in the "THIS IS A PAID-UP LEASE: SEE



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PARAGRAPH 40 " Bank, at _____, or its successors (which shall continue as the depository regardless of changes in the ownership of said land), the amount specified below; in addition, Lessee shall pay or tender to the COMMISSIONER OF THE GENERAL LAND OFFICE OF THE STATE OF TEXAS, AT AUSTIN, TEXAS, a like sum on or before said date. Payments under this paragraph shall operate as a rental and shall cover the privilege of deferring the commencement of a well for one (1) year from said date. Payments under this paragraph shall be in the following amounts:

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

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

Total Rental:
Dollars (\$ _____)

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

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

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

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

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

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

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

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

7. NO DEDUCTIONS. Lessee agrees that all royalties accruing under this lease (including those paid in kind) shall be without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting, and otherwise making the oil, gas and



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other products hereunder ready for sale or use lessee agrees to compute and pay royalties on the gross value received, including any reimbursements for severance taxes and production related costs.

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

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

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

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

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

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

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

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

13. **CESSATION, DRILLING, AND REWORKING.** If, after the expiration of the primary term, production of oil or gas from the leased premises, after once obtained, should cease from any cause, this lease shall not terminate if Lessee commences additional drilling or reworking operations within sixty (60) days



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

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

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

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

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

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

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

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



compensatory royalty under applicable statutory parameters satisfy the obligation to drill an offset well or wells required under this paragraph.

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

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

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

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

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

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

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

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

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

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

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

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

(1) a nominee of the owner of the soil;

(2) a corporation or subsidiary in which the owner of the soil is a principal stockholder or is an employee of such a corporation or subsidiary;



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

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

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

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

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

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

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

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

35. **INDEMNITY.** Lessee hereby releases and discharges the State of Texas and the owner of the soil, their officers, employees, partners, agents, contractors, subcontractors, guests, invitees, and their respective successors and assigns, of and from all and any actions and causes of action of every nature, or other harm, including environmental harm, for which recovery of damages is sought, including, but not limited to, all losses and expenses which are caused by the activities of Lessee, its officers, employees, and agents arising out of, incidental to, or resulting from, the operations of or for Lessee on the leased premises hereunder, or that may arise out of or be occasioned by Lessee's breach of any of the terms or provisions of this Agreement, or by any other negligent or strictly liable act or omission of Lessee. Further, Lessee hereby agrees to be liable for, exonerate, indemnify, defend and hold harmless the State of Texas and the owner of the soil, their officers, employees and agents, their successors or assigns, against any and all claims, liabilities, losses, damages, actions, personal injury (including death), costs and expenses, or other harm for which recovery of damages is sought under any theory including tort, contract, or strict liability, including attorneys' fees and other legal expenses, including those related to environmental hazards, on the leased premises or in any way related to Lessee's failure to comply with any and all environmental laws; those arising from or in any way related to Lessee's operations or any other of Lessee's activities on the leased premises; those arising from Lessee's use of the surface of the leased premises; and those that may arise out of or be occasioned by Lessee's breach of any of the terms or provisions of this Agreement or any other act or omission of Lessee, its directors, officers, employees, partners, agents, contractors, subcontractors, guests, invitees, and their respective successors and assigns. Each assignee of this Agreement, or an interest therein, agrees to be liable for, exonerate, indemnify, defend and hold harmless the State of Texas and the owner of the soil, their officers, employees, and agents in the same manner provided above in connection with the activities of Lessee, its officers, employees, and agents as described above. **EXCEPT AS OTHERWISE EXPRESSLY LIMITED HEREIN, ALL OF THE INDEMNITY OBLIGATIONS AND/OR LIABILITIES**



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ASSUMED UNDER THE TERMS OF THIS AGREEMENT SHALL BE WITHOUT LIMITS AND WITHOUT REGARD TO THE CAUSE OR CAUSES THEREOF (EXCLUDING PRE-EXISTING CONDITIONS), STRICT LIABILITY, OR THE NEGLIGENCE OF ANY PARTY OR PARTIES (INCLUDING THE NEGLIGENCE OF THE INDEMNIFIED PARTY), WHETHER SUCH NEGLIGENCE BE SOLE, JOINT, CONCURRENT, ACTIVE, OR PASSIVE.

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

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

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

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

40. This is a paid-up lease. No rental payments are due.

41. See "ADDENDUM TO LEASE for additional provisions

This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties and shall be binding upon all those parties who have executed such a counterpart with the same force and effect as if all parties had signed the same document.

LESSEE: Energen Resources Corporation

BY: David W. Bolton

TITLE: Vice President-Land

DATE: 2/1/15

STATE OF ALABAMA §

COUNTY OF JEFFERSON §

I, the undersigned authority, a Notary Public in and for said County in said State, hereby certify that David W. Bolton, whose name as Vice President - Land of Energen Resources Corporation, an Alabama corporation, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of the instrument, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand this 1st day of February, 2015.

My Commission expires:
MY COMMISSION EXPIRES:
December 20, 2018

SEE ATTACHED SIGNATURE PAGE



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REEVES COUNTY
CLERKS OFFICE

EXHIBIT "A"

ADDENDUM TO LEASE

Attached to and made a part of that certain Oil and Gas Lease dated 2/1/2015 by and between the STATE OF TEXAS, acting by and through its agent, as set out on the signature page attached hereto, Owner of the Soil, and Energen Resources Corporation, Lessee.

Notwithstanding any provisions of this Lease to the contrary, it is expressly understood and agreed by and between the parties that:

1. Lessee shall not use any existing water, whether from wells, tanks, ponds or reservoirs, from Leased Premises without prior written consent of Lessor as owner of the surface estate. Lessee, its successors and assigns, may itself drill a water well and then use the potable water from that well for drilling operations that are conducted on the Leased Premises or lands pooled therewith. However, Lessee shall have no right to the use of potable water from the Leased Premises for water flooding or secondary recovery operations without the prior written consent of Lessor as the owner of the surface estate. In the event Lessee drills a new well and encounters non-potable water which is certified as not suitable for human, animal or agricultural use, Lessee may use same for its drilling, water flooding or secondary recovery operations. Lessee may not drill a new well within 500 feet of an existing water well located on the leased premises without Lessor's prior written consent. In the event Lessee drills a water well on the Leased Premises and completes its use of same, upon termination of Lessee's use of said water well, Lessee will give Lessor a thirty (30) day written notice as to Lessee's intention to plug and abandon said water well. Lessor may during said thirty (30) day notice period, provide to Lessee a written request as to Lessor's election to take over the ownership of said water well and in such event, Lessee agrees upon receipt of written request by Lessor to transfer said water well to Lessor as owners of the surface estate, upon Lessee's execution of a written transfer instrument that includes Lessor's agreement to accept the water well 'AS IS' without any warranty and Lessor's agreement to assume all rights, responsibilities and liabilities, if any, for the operation and maintenance of said water well, including but not limited to plugging of the well in accordance with any regulations of applicable governmental agency or agencies.
2. Lessee is granted the right to use existing roads on the leased premises for ingress and egress, and to the extent such roads are used by Lessee, agrees to maintain, restore and keep roads in usable condition so long as this lease is in force and effect.
3. Lessee shall notify Lessor a minimum of 24 hours before cutting any new road, if necessary, into or on the leased premises.
4. Lessee shall install and maintain cattle guards at every fence crossing, said cattle guards to remain upon premises as Lessor's property at the expiration of this lease.
5. Lessee will bury and maintain all pipelines and electrical transmission lines 24 inches below the surface only in the event that topographic or ground conditions allow for lines being buried to the set out depth. Lessee may further use temporary poly flowlines on the surface with the written permission of the Lessor.
6. Lessee may use no more of the surface of the leased premises than is reasonably necessary to use for the purpose of which this lease is granted, and it shall exercise all rights granted to it herein with due regard for the rights of the Owner of the Soil.
7. Lessee, its successors and assigns, shall not erect any building or houses on the leased premises and that only those structures which are reasonably necessary for production facilities or tank batteries shall be erected on the surface of the leased premises.
8. Lessee will not pollute any water aquifers or fresh water in, upon or under the leased premises and Lessee agrees to notify owner of the Soil in writing if fresh water is encountered during drilling, or if a fresh water formation is penetrated.
9. Lessee shall maintain all drill sites and other portions of the surface used or occupied by Lessee, its successors or assigns, free and clear of weed and noxious vegetation, and will maintain the same in a reasonable manner to prevent additional damage to Owner of the Soil, other land, and crops.
10. Upon written demand by Owner of the Soil, Lessee shall build and maintain fences around its slush, sump, and drainage pits and tank batteries to protect livestock against loss, damage or injury; and upon completion or abandonment of any well or wells, Lessee shall fill and level off all slush pits and cellars and completely clean up the drill site of all rubbish thereon.
11. In the event of a dry hole or production from a well which production ceases and the abandonment of such well or upon the abandonment of any well location, drill site, tank battery site or roadway, the premises will be restored by Lessee as nearly as reasonably possible to its former condition at the cost and expense of Lessee it being the intention of the parties hereto that Lessee shall restore the surface to as nearly the state that it is in at the time of execution of this lease.
12. If all or any part of this lease is assigned, released, pooled or unitized, Lessee agrees to furnish the Owner of the Soil with a copy of any such document.
13. This lease grants no hunting or fishing rights whatsoever. Furthermore, Lessee, its agents, contractors, employees or assigns shall be prohibited from carrying or transporting firearms of any type upon or across the herein described premises.
14. Weather permitting, Lessee shall remove from the herein described premises any and all structures, equipment and property of every kind and character placed by Lessee on said premises within ninety (90) days after Lessee has finished with the use of the area where such structure, equipment and property are placed. After thirty (30) days written notice to Lessee by Owner of the Soil, any such structure, equipment or property left on the lease premises by Lessee after the ninety (90) day



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period, shall at Lessor's option, become the property of Owner of the Soil. Lessee shall properly plug all wells drilled by Lessee on the leased premises in accordance with the requirement of the Railroad Commission of Texas, the Texas Natural Resources Conservation Commission or other governmental agencies having jurisdiction. In plugging the wells, Lessee shall cut off the casing at least thirty six (36) inches below the surface.

15. If at the expiration of the primary term and/or the expiration of any extension of the primary term, Lessee has completed a well(s) or Lessee is then engaged in drilling, reworking, or other operations reasonably calculated to obtain or restore production Lessee shall have the option to commence a continuous development program on said lease and this lease shall remain in full force and effect during such time as said continuous drilling program on the lands covered by this lease is conducted by Lessee. "Continuous Drilling Program" is defined herein to mean the continuous development of the leased premises by Lessee with no more than one hundred eighty (180) days elapsing between the completion of one (1) well and commencement of actual drilling operations of a succeeding well. For purposes of interpretation of this provision, a well should be determined to be completed on the day Lessee releases the drilling rig used to drill such well, or the date such rig is moved off the Location, whichever date occurs first, and a well should be determined to be commenced when such well is spudded. The termination of rights hereunder shall be the sole liability or penalty for the failure to drill any well or wells acquired or permitted hereunder. Upon cessation of such continuous drilling program this lease shall terminate as to all lands covered hereby, except as to each well capable of producing oil or gas in paying quantities together with the proration unit allocated thereto in accordance with the rules and regulations of the Texas Railroad Commission as of the date of such termination from the surface down to the depth of for a vertical well one hundred feet (100') below the deepest producing perforation and for a horizontal well three hundred feet (300') below the deepest producing perforation. Thereafter, Lessee shall promptly execute and deliver to Owner of the Soil a recorded release of this lease as to all lands covered hereby, save and except to each such producing proration unit, and to all depths of such producing proration units except from the surface down to the depth of for a vertical well one hundred feet (100') below the deepest producing perforation and for a horizontal well three hundred feet (300') below the deepest producing perforation. At the end of the continuous development program any/all producing proration units will be treated as separate leases.
16. Lessee agrees to provide the Owner of the Soil with a chromatograph test for any gas well completed on the land covered by this lease, if possible.

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CLERKS OFFICE

SIGNATURE PAGE – Each party signing individually and as agent for the State of Texas

James Robert Hill
James Robert Hill, individually and as
Trustee of the Houston and Emma
Hill Trust Estate

Hill Investments, Ltd.
by Casody Enterprises, LLC
its General Partner
Alan M. Hill, President

Virginia Glenn Hill Lattimore
Virginia Glenn Hill Lattimore
Individually and as Trustee of the
Houston and Emma Hill Trust Estate

H-S Minerals & Realty, Ltd.
RC Star, LLC General Partner
E. Robert Shepard, Jr.
Managing Member

John A. Styrsky
Houston and Emma Hill Trust Estate
John A. Styrsky, Trustee

Thomas Hill Puff
By : _____
Its : _____

GeoMar Resources, Inc.
Michael S. Waltrip

Nancy Puff Jones Trust
by : _____
Its : _____

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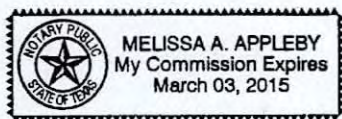


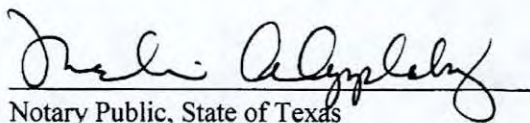
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COPY OF
ORIGINAL FILED IN
REEVES COUNTY
CLERKS OFFICE

STATE OF TEXAS §
 §
COUNTY OF TARRANT §

Before me, the undersigned authority, on this day personally appeared James Robert Hill, Individually, and as Trustee of the Houston & Emma Hill Trust Estate, known to me to be the person whose name is subscribed to the foregoing and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity stated, and as an act and deed of said trust.

Given under my hand and seal of office this 30th day of January, 2015.



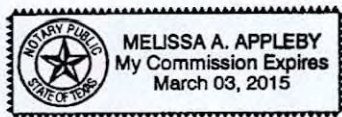

Notary Public, State of Texas

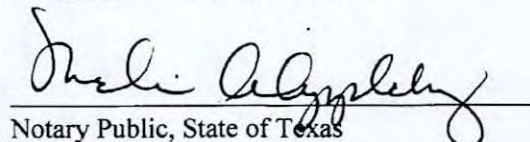
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STATE OF TEXAS §
 §
COUNTY OF TARRANT §

Before me, the undersigned authority, on this day personally appeared Virginia Glenn Hill Lattimore, Individually, and as Trustee of the Houston & Emma Hill Trust Estate, known to me to be the person whose name is subscribed to the foregoing and acknowledged to me that she executed the same for the purposes and consideration therein expressed, in the capacity stated, and as an act and deed of said trust.

Given under my hand and seal of office this 29th day of January, 2015.




Notary Public, State of Texas

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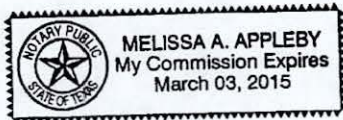


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ORIGINAL FILED IN
REEVES COUNTY
CLERKS OFFICE

STATE OF TEXAS §
 §
COUNTY OF TARRANT §

Before me, the undersigned authority, on this day personally appeared John A. Styrsky, Trustee of the Houston & Emma Hill Trust Estate, known to me to be the person whose name is subscribed to the foregoing and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity stated, and as an act and deed of said trust.

Given under my hand and seal of office this 30th day of January, 2015.



Melissa A. Appleby
Notary Public, State of Texas

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REEVES COUNTY
CLERKS OFFICE

SIGNATURE PAGE – Each party signing individual and as agent for the State of Texas

James Robert Hill, individually and as
Trustee of the Houston and Emma
Hill Trust Estate

Hill Investments, Ltd.
by Casody Enterprises, LLC
its General Partner
Alan M. Hill, President

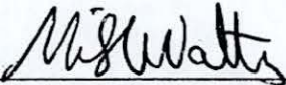
Virginia Glenn Hill Lattimore
Individually and as Trustee of the
Houston and Emma Hill Trust Estate

H-S Minerals & Realty, Ltd.
RC Star, LLC General Partner
E. Robert Shepard, Jr.
Managing Member

Houston and Emma Hill Trust Estate
John A. Styrsky, Trustee

Thomas Hill Puff

By : _____
Its : _____



GeoMar Resources, Inc.
Michael S. Waltrip

Nancy Puff Jones Trust
by : _____
Its: _____

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REEVES COUNTY
CLERKS OFFICE

ACKNOWLEDGEMENT
(Company, LP, Ltd., LLC, or Trust)

STATE OF _____

COUNTY OF _____

Before me, the undersigned authority, on this day personally appeared _____,
known to me to be the person whose name is subscribed to the foregoing instrument as _____ of
_____ and acknowledged to me that _____ executed the same
for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said
_____ (Limited Liability Company or Company)

Given under my hand and seal of office this the _____ day of _____, 2015

Notary Public in and for the State of

ACKNOWLEDGEMENT
(Corporation)

STATE OF Texas

COUNTY OF Tarrant

Before me, the undersigned authority, on this day personally appeared Michael S. Waltrip,
known to me to be the person whose name is subscribed to the foregoing instrument as President of
Geomar Resources, Inc. and acknowledged to me that he executed the same for the
purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said corporation.

Given under my hand and seal of office this the 29th day of January, 2015



Rachel MacSwain

Notary Public in and for the State of Texas



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SIGNATURE PAGE – Each party signing individual and as agent for the State of Texas

James Robert Hill, individually and as
Trustee of the Houston and Emma
Hill Trust Estate

Hill Investments, Ltd.
by Casody Enterprises, LLC
its General Partner
Alan M. Hill, President

Virginia Glenn Hill Lattimore
Individually and as Trustee of the
Houston and Emma Hill Trust Estate

H-S Minerals & Realty, Ltd.
RC Star, LLC General Partner
E. Robert Shepard, Jr.
Managing Member

Houston and Emma Hill Trust Estate
John A. Styrsky, Trustee

Thomas Hill Puff
By: Thomas Hill Puff
Its: Owner

GeoMar Resources, Inc.
Michael S. Waltrip

Dorothy Jean Hill

Nancy Puff Jones Trust
by: Dorothy Jean Keenom, aka Dorothy Jean Hill
Its: Trustee

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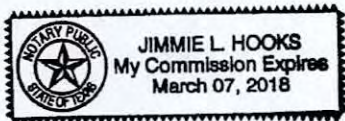
ACKNOWLEDGEMENT
(Company, LP, Ltd., LLC, or Trust)

STATE OF TEXAS

COUNTY OF TARRANT

Before me, the undersigned authority, on this day personally appeared Dorothy Jean Hill, known to me to be the person whose name is subscribed to the foregoing instrument as Trustee of Nancy Puff Jones Trust and acknowledged to me that she executed the same for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said (Limited Liability Company or Company)

Given under my hand and seal of office this the 29th day of January, 2015



Jimmie L. Hooks

Notary Public in and for the State of TEXAS

ACKNOWLEDGEMENT
(Corporation)

STATE OF _____

COUNTY OF _____

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

Given under my hand and seal of office this the _____ day of _____, 2015

Notary Public in and for the State of

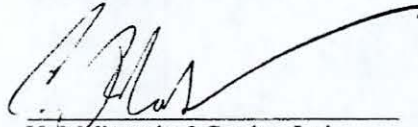


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SIGNATURE PAGE – Each party signing individual and as agent for the State of Texas

James Robert Hill, individually and as
Trustee of the Houston and Emma
Hill Trust Estate

Hill Investments, Ltd.
by Casody Enterprises, LLC
its General Partner
Alan M. Hill, President



H-S Minerals & Realty, Ltd.
RC Star, LLC General Partner
E. Robert Shepard, Jr.
Managing Member

Virginia Glenn Hill Lattimore
Individually and as Trustee of the
Houston and Emma Hill Trust Estate

Houston and Emma Hill Trust Estate
John A. Styrsky, Trustee

Thomas Hill Puff

By: _____

Its: _____

GeoMar Resources, Inc.
Michael S. Waltrip

Nancy Puff Jones Trust
by: _____
Its: _____

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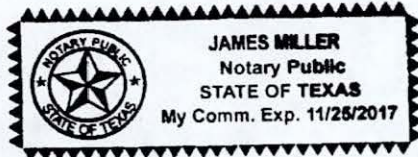
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ACKNOWLEDGEMENT
(individual)

STATE OF Texas
COUNTY OF Travis

Before me, the undersigned authority, on this day personally appeared E. ROBERT SHEPARD, JR.
known to me to be the person whose name is subscribed to the foregoing and acknowledged to me that HE
executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this the 30 day of Jan, 2015.



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

ACKNOWLEDGEMENT
(individual)

STATE OF _____
COUNTY OF _____

Before me, the undersigned authority, on this day personally appeared _____
known to me to be the person whose name is subscribed to the foregoing and acknowledged to me that _____
executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this the _____ day of _____, 2015.

Notary Public in and for the State of _____



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ACKNOWLEDGEMENT
(Company, LP, Ltd., LLC, or Trust)

STATE OF TEXAS

COUNTY OF WILLIAMSON

Before me, the undersigned authority, on this day personally appeared Adam Hill,
known to me to be the person whose name is subscribed to the foregoing instrument as PRESIDENT of
CASODY ENTERPRISES, LLC 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
HILL INVESTMENTS, LTD (Limited Liability Company or Company)

Given under my hand and seal of office this the 4 day of February, 2015



Sloane C. Stanley

Notary Public in and for the State of Texas

ACKNOWLEDGEMENT
(Corporation)

STATE OF _____

COUNTY OF _____

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

Given under my hand and seal of office this the _____ day of _____, 2015

Inst No. 15-11205
DIANNE O. FLOREZ
COUNTY CLERK

2015 Nov 19 at 01:23 PM
REEVES COUNTY, TEXAS

By: BA Brittany Alth DEPUTY

Notary Public in and for the State of



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REEVES COUNTY
CLERKS OFFICE

File No. 117292
County _____
Lease A
Date Filed: 04/08/14
George P. Bush, Commissioner
By _____



CERTIFIED TRUE AND CORRECT COPY CERTIFICATE
STATE OF TEXAS
COUNTY OF REEVES
The above and foregoing is a full, true and correct photographic copy of the original record now in my lawful custody and possession, as the same is filed/recorded in the public records of my office, found in VOL 105 PAGE 105 THRU 105

I hereby certified on 14th April 2014
DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS
By Dianne O. Florez DEPUTY

117292B

The State of Texas



Austin, Texas

OIL AND GAS LEASE

THIS AGREEMENT is made and entered into this 10th day of June, 2015, between the State of Texas, acting by and through its agent, WORD B. WILSON INVESTMENTS, LP of 110 West Louisiana Ave., Suite 200 Midland, Texas 79701-3414 said agent herein referred to as the owner of the soil (whether one or more), and Energen Resources Corporation of 605 Richard Arrington, Jr. Boulevard North, Birmingham, AL 35203 hereinafter called Lessee.

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

Public School Land Survey, Block 45

Section 2: All
being 640.00 gross acres

Public School Land Survey, Block 45

Section 34: All, only below the base of the Bell Canyon formation
being 640.00 acres

Public School Land Survey, Block 56

Section 44: North 315 acres of South 560.00 acres
being 315.00 gross acres

Public School Land Survey, Block 56

Section 31: North 157.50 acres of South 280.00 acres of E/2
being 157.50 gross acres

Public School Land Survey, Block 57

Section 5: South 315.00 acres
being 315.00 gross acres

Public School Land Survey, Block 57

Section 8: W/2
being 320.00 gross acres

containing 2387.50 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: Sixteen thousand five hundred and seventy-five 58/100
Dollars **(\$16,575.58)**

To the owner of the soil: Sixteen thousand five hundred and seventy-five 58/100
Dollars **(\$16,575.58)**

Total bonus consideration: Thirty-three thousand one hundred fifty-one 16/100



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REEVES COUNTY
CLERKS OFFICE

Dollars (\$33,151.16)

The total bonus consideration paid represents a bonus of Two thousand five hundred 00/100 Dollars (\$2500.00) per acre, on 13.260465 net acres.

2. TERM. Subject to the other provisions in this lease, this lease shall be for a term of Three (3) years and five (5) months and twenty (20) days from this date (herein called "primary term") and as long thereafter as oil and gas, or either of them, is produced in paying quantities from said land. As used in this lease, the term "produced in paying quantities" means that the receipts from the sale or other authorized commercial use of the substance(s) covered exceed out of pocket operational expenses for the six months last past.

3. DELAY RENTALS. If no well is commenced on the leased premises on or before one (1) year from this date, this lease shall terminate, unless on or before such anniversary date Lessee shall pay or tender to the owner of the soil or to his credit in the THIS IS A "PAID-UP" LEASE: SEE PARAGRAPH 40 Bank, at _____, or its successors (which shall continue as the depository regardless of changes in the ownership of said land), the amount specified below; in addition, Lessee shall pay or tender to the COMMISSIONER OF THE GENERAL LAND OFFICE OF THE STATE OF TEXAS, AT AUSTIN, TEXAS, a like sum on or before said date. Payments under this paragraph shall operate as a rental and shall cover the privilege of deferring the commencement of a well for one (1) year from said date. Payments under this paragraph shall be in the following amounts:

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

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

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

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

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

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

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



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such product is produced, or 2) on the basis of the average gross sale price of each product for the same month in which such products are produced; whichever is the greater.

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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



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Notwithstanding the termination of this lease as to a portion of the lands covered hereby, Lessee shall nevertheless continue to have the right of ingress to and egress from the lands still subject to this lease for all purposes described in Paragraph 1 hereof, together with easements and rights-of-way for existing roads, existing pipelines and other existing facilities on, over and across all the lands described in Paragraph 1 hereof ("the retained lands"), for access to and from the retained lands and for the gathering or transportation of oil, gas and other minerals produced from the retained lands.

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

32. FORFEITURE. If Lessee shall fail or refuse to make the payment of any sum within thirty days after it becomes due, or if Lessee or an authorized agent should knowingly make any false return or false report concerning production or drilling, or if Lessee shall fail or refuse to drill any offset well or wells in good faith as required by law and the rules and regulations adopted by the Commissioner of the General Land Office, or if Lessee should fail to file reports in the manner required by law or fail to comply with rules and regulations promulgated by the General Land Office, the School Land Board, or the Railroad Commission, or if Lessee should refuse the proper authority access to the records pertaining to operations, or if Lessee or



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

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

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

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

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

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



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statutes, the statutes will prevail over any nonconforming lease provisions.

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

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

40. This is a Paid-Up lease. No rental payments are due.

41. See "ADDENDUM TO LEASE" for additional provisions.


Lessee: Energen Resources Corporation

By: David W. Bolton

Title: Vice President - Land

Date: 8-8-2015

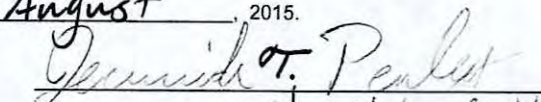
STATE OF Alabama
COUNTY OF Jefferson

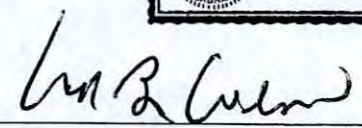
(CORPORATION ACKNOWLEDGMENT)

BEFORE ME, the undersigned authority, on this day personally appeared David W. Bolton known to me to be the person whose name is subscribed to the foregoing instruments as Vice President- Land of Energen Resources Corporation 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 8th day of August, 2015.




Notary Public in and for the State of Alabama


BY: Word B. Wilson, as agent for the State of Texas

Title: President of Word B. Wilson, LLC, its General Partner

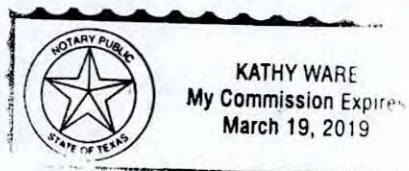
Date: 7-7-2015

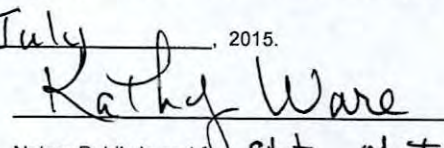
STATE OF Midland Texas
COUNTY OF midland

(CORPORATION ACKNOWLEDGMENT)

BEFORE ME, the undersigned authority, on this day personally appeared Word B. Wilson known to me to be the person whose name is subscribed to the foregoing instruments as President of Word B. Wilson, LLC, its General Partner 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 7th day of July, 2015.




Notary Public in and for State of Texas



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Exhibit "A"

ADDENDUM TO LEASE

Attached to and made a part of that certain Oil and Gas Lease dated June 10, 2015, by and between the STATE OF TEXAS, acting by and through its agent, Word B Wilson Investments, LP, Owner of the Soil, and Energen Resources Corporation, Lessee.

Notwithstanding any provisions of this Lease to the contrary, it is expressly understood and agreed by and between the parties that:

1. Lessee shall not use any existing water, whether from wells, tanks, ponds or reservoirs, from Leased premises without prior written consent of Lessor as owner of the surface estate. Lessee, its successors and assigns, may itself drill a water well and then use the potable water from that well for drilling operations that are conducted on the Leased Premises or lands pooled therewith. However, Lessee shall have no right to the use of potable water from the Leased Premises for water flooding or secondary recovery operations without the prior written consent of Lessor as the owner of the surface estate. In the event Lessee drills a new well and encounters non-potable water which is certified as not suitable for human, animal or agricultural use, Lessee may use same for its drilling, water flooding or secondary recovery operations. Lessee may not drill a new well within 500 feet of existing water well located on the leased premises without Lessor's prior written consent. In the event lessee drills a water well on the Leased Premises and completes its use of same, upon termination of Lessee's use of said water well, Lessee will give Lessor a thirty (30) day written notice as to Lessee's intention to plug and abandon said water well. Lessor may during said thirty (30) day notice period, provide to Lessee a written request as to Lessor's election to take over the ownership of said water well and in such event, Lessee agrees upon receipt of written request by Lessor to transfer said water well to Lessor as owners of the surface estate, upon Lessee's execution of a written transfer instrument that includes Lessor's agreement to accept the water well 'AS IS' without any warranty and Lessor's agreement to assume all rights, responsibilities and liabilities, if any, for the operation and maintenance of said water well, including but not limited to plugging of the well in accordance with any regulations of applicable governmental agency or agencies.
2. Lessee is granted the right to use existing roads on the leased premises for ingress and egress, and to the extent such roads are used by Lessee, agrees to maintain, restore and keep roads in usable condition so long as this lease is in force and effect.
3. Lessee shall notify Lessor a minimum of 24 hours before cutting any new road, if necessary, into or on the leased premises.
4. Lessee shall install and maintain cattle guards at every fence crossing, said cattle guards to remain upon premises as Lessor's property at the expiration of this lease.
5. Lessee will bury and maintain all pipelines and electrical transmission lines 24 inches below the surface only in the event that topographic or ground conditions allow for lines being buried to the set out depth. Lessee may further use temporary poly flowlines on the surface with the written permission of the Lessor.
6. Lessee may use no more of the surface of the leased premises than is reasonably necessary to use for the purpose of which this lease is granted, and it shall exercise all rights granted to it herein with due regard for the rights of the Owner of the Soil.
7. Lessee, its successors and assigns, shall not erect any building or houses on the leased premises and that only those structures which are reasonably necessary for production facilities or tank batteries shall be erected on the surface of the leased premises.
8. Lessee will not pollute any water aquifers or fresh water in, upon or under the leased premises, and Lessee agrees to notify owner of the Soil in writing if fresh water is encountered during drilling, or if a fresh water formation is penetrated.
9. Lessee shall maintain all drill sites and other portions of the surface used or occupied by lessee, its successors or assigns, free and clear of weed and noxious vegetation, and will maintain the same in a reasonable manner to prevent additional damage to Owner of the Soil, other land, and crops.
10. Upon written demand by Owner of the Soil, Lessee shall build and maintain fences around its slush, sump, and drainage pits and tank batteries to protect livestock against loss, damage or injury; and upon completion or abandonment of any well or wells, Lessee shall fill and level off all slush pits and cellars and completely clean up the drill site of all rubbish thereon.
11. In the event of a dry hole or production from a well which production ceases and the abandonment of such well, or upon the abandonment of any well location, drill site, tank battery site or roadway, the premises will be restored by Lessee as nearly as reasonably possible to its former condition at the cost and expense of Lessee, it being the intention of the parties hereto that Lessee shall restore the surface to as nearly the state that it is in at the time of execution of this lease.
12. If all or any part of this lease is assigned, released, pooled or unitized, Lessee agrees to furnish the Owner of the Soil with a copy of any such document.
13. This lease grants no hunting or fishing rights whatsoever. Furthermore, Lessee, its agents, contractors, employees or assigns shall be prohibited from carrying or transporting firearms of any type upon or across the herein described premises.
14. Weather permitting, Lessee shall remove from the herein described premises any and all structures, equipment and property of every kind and character placed by Lessee on said premises within ninety (90) days after Lessee has finished with the use of the area where such structure, equipment and property are placed. After thirty (30) days written notice to Lessee by Owner



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of the Soil, any such structure, equipment or property left on the lease premises by Lessee after the ninety (90) day period, shall at Lessor's option, become the property of Owner of the Soil. Lessee shall properly plug all wells drilled by Lessee on the leased premises in accordance with the requirement of the Railroad Commission of Texas, the Texas Natural Resources Conservation Commission or other governmental agencies having jurisdiction. In plugging the wells, Lessee shall cut off the casing at least thirty six (36) inches below the surface.

15. If at the expiration of the primary term and/or the expiration of any extension of the primary term, Lessee has completed a well (s) or Lessee is then engaged in drilling, reworking, or other operations reasonably calculated to obtain or restore production, Lessee shall have the option to commence a continuous development program on said lease and this lease shall remain in full force and effect during such time as said continuous drilling program on the lands covered by this lease is conducted by Lessee. "Continuous Drilling Program" is defined herein to mean the continuous development of the leased premises by Lessee with no more than one hundred eighty (180) days elapsing between the completion of one (1) well and commencement of actual drilling operations of a succeeding well. For purposes of interpretation of this provision, a well should be determined to be completed on the day Lessee releases the drilling rig used to drill such well, or the date such rig is moved off the location, whichever date occurs first, and a well should be determined to be commenced when such well is spudded. The termination of rights hereunder shall be the sole liability or penalty for the failure to drill any well or wells acquired or permitted hereunder. Upon cessation of such continuous drilling program this lease shall terminate as to all lands covered hereby, except as to each well capable of producing oil or gas in paying quantities, together with the proration unit allocated thereto in accordance with the rules and regulations of the Texas Railroad Commission as of the date of such termination from the surface down to the depth for a vertical well one hundred feet (100') below the deepest producing perforation and for a horizontal well three hundred feet (300') below the deepest producing perforation. Thereafter, Lessee shall promptly execute and deliver to Owner of the Soil a recorded release of this lease as to all lands covered hereby, save and except to each such producing proration units except from the surface down to the depth of for a vertical well one hundred feet (100') below the deepest producing perforation and for a horizontal well three hundred feet (300') below the deepest producing perforation. At the end of the continuous development program any/all producing proration units will be treated as separate leases.
16. Lessee agrees to provide the Owner of the Soil with a chromatograph test for any gas well completed on the land covered by this lease, if possible.



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Inst No. 15-11198
DIANNE O. FLOREZ
COUNTY CLERK

2015 Nov 19 at 01:23 PM
REEVES COUNTY, TEXAS

By: BA Brittany Olt DEPUTY

319

File No. 117292

County _____

Lease B

Date Filed: 04/08/14

By George P. Bush, Commissioner

THE STATE OF TEXAS
COUNTY OF REEVES

I, Dianne O. Florez, Clerk of the County Court in and for said County and State, do hereby certify that the foregoing is a true and correct copy of DL 2605 PAGE dated June 16, 2015, filed for record in my office this 14th day of November at 1:23 PM, under Clerk's File No. OPR, to be recorded in the

Records of Reeves County, Texas.
TO CERTIFY WHICH, Witness my hand and official seal at Pecos, Texas
this 14th day of November, 2015.

By Dianne O. Florez Deputy, DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

117292C

General Land Office
Relinquishment Act Lease Form
Revised, September 1997

The State of Texas



Austin, Texas

OIL AND GAS LEASE

THIS AGREEMENT is made and entered into this 1st day of April, 2015, between the State of Texas, acting by and through its agent, Alldale Minerals, LP of 2100 Ross Ave., Suite 1850, Dallas, Texas 75201 said agent herein referred to as the owner of the soil (whether one or more), and Energen Resources Corporation of 605 Richard Arrington, Jr. Boulevard North, Birmingham, AL 35203 hereinafter called Lessee.

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

Public School Land Survey, Block 45

Section 2: All
being 640.00 gross acres

Public School Land Survey, Block 45

Section 34: All, only below the base of the Bell Canyon formation
being 640.00 acres

Public School Land Survey, Block 56

Section 44: North 315 acres of South 560.00 acres
being 315.00 gross acres

Public School Land Survey, Block 56

Section 31: North 157.50 acres of South 280.00 acres of E/2
being 157.50 gross acres

Public School Land Survey, Block 57

Section 5: South 315.00 acres
being 315.00 gross acres

Public School Land Survey, Block 57

Section 8: W/2
being 320.00 gross acres

containing 2387.50 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: Nine thousand two hundred eight and 65/100
Dollars **(\$9208.65)**

To the owner of the soil: Nine thousand two hundred eight and 65/100
Dollars **(\$9208.65)**

Total bonus consideration: Eighteen thousand four hundred seventeen and 30/100



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Dollars (\$18,417.30)

The total bonus consideration paid represents a bonus of Two thousand five hundred 00/100 Dollars (\$2500.00) per acre, on 7.366921 net acres.

2. **TERM.** Subject to the other provisions in this lease, this lease shall be for a term of Three (3) years and eight (8) months from this date (herein called "primary term") and as long thereafter as oil and gas, or either of them, is produced in paying quantities from said land. As used in this lease, the term "produced in paying quantities" means that the receipts from the sale or other authorized commercial use of the substance(s) covered exceed out of pocket operational expenses for the six months last past.

3. **DELAY RENTALS.** If no well is commenced on the leased premises on or before one (1) year from this date, this lease shall terminate, unless on or before such anniversary date Lessee shall pay or tender to the owner of the soil or to his credit in the THIS IS A "PAID-UP" LEASE: SEE PARAGRAPH 40 Bank, at _____, or its successors (which shall continue as the depository regardless of changes in the ownership of said land), the amount specified below; in addition, Lessee shall pay or tender to the COMMISSIONER OF THE GENERAL LAND OFFICE OF THE STATE OF TEXAS, AT AUSTIN, TEXAS, a like sum on or before said date. Payments under this paragraph shall operate as a rental and shall cover the privilege of deferring the commencement of a well for one (1) year from said date. Payments under this paragraph shall be in the following amounts:

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

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

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

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

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

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

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



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such product is produced, or 2) on the basis of the average gross sale price of each product for the same month in which such products are produced; whichever is the greater.

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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



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Notwithstanding the termination of this lease as to a portion of the lands covered hereby, Lessee shall nevertheless continue to have the right of ingress to and egress from the lands still subject to this lease for all purposes described in Paragraph 1 hereof, together with easements and rights-of-way for existing roads, existing pipelines and other existing facilities on, over and across all the lands described in Paragraph 1 hereof ("the retained lands"), for access to and from the retained lands and for the gathering or transportation of oil, gas and other minerals produced from the retained lands.

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

32. FORFEITURE. If Lessee shall fail or refuse to make the payment of any sum within thirty days after it becomes due, or if Lessee or an authorized agent should knowingly make any false return or false report concerning production or drilling, or if Lessee shall fail or refuse to drill any offset well or wells in good faith as required by law and the rules and regulations adopted by the Commissioner of the General Land Office, or if Lessee should fail to file reports in the manner required by law or fail to comply with rules and regulations promulgated by the General Land Office, the School Land Board, or the Railroad Commission, or if Lessee should refuse the proper authority access to the records pertaining to operations, or if Lessee or



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

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

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

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

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

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



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statutes, the statutes will prevail over any nonconforming lease provisions.

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

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

40. This is a Paid-Up lease. No rental payments are due.

41. See "ADDENDUM TO LEASE" for additional provisions.


Lessee: Energen Resources Corporation

By: David W. Bolton

Title: Vice President - Land

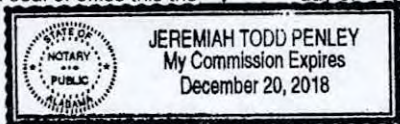
Date: August 4, 2015

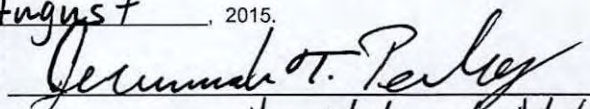
STATE OF Alabama
COUNTY OF Jefferson

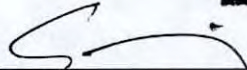
(CORPORATION ACKNOWLEDGMENT)

BEFORE ME, the undersigned authority, on this day personally appeared David W. Bolton known to me to be the person whose name is subscribed to the foregoing instruments as Vice President- Land of Energen Resources Cororation 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 4th day of August, 2015.




Notary Public in and for the State of Alabama


BY: Cody Miller, as agent for the State of Texas

Title: Vice -President of Alldale Minerals Management, LLC, its General Partner for Alldale Minerals, LP

Date: 7.13.15

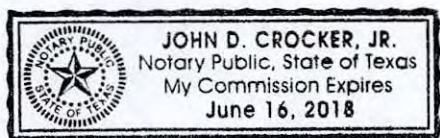
STATE OF Texas
COUNTY OF Dallas

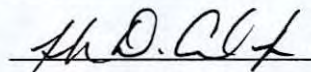
(CORPORATION ACKNOWLEDGMENT)

BEFORE ME, the undersigned authority, on this day personally appeared Cody Miller known to me to be the person whose name is subscribed to the foregoing instruments as Vice -President of Alldale Minerals Management, LLC, its General Partner for Alldale Minerals, LP and acknowledged to me that he executed

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

Given under my hand and seal of office this 13th day of July, 2015.




Notary Public in and for the State of Texas



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Exhibit "A"

ADDENDUM TO LEASE

Attached to and made a part of that certain Oil and Gas Lease dated April 1, 2015, by and between the STATE OF TEXAS, acting by and through its agent, and Vice-President of Alldale Minerals Management, LLC, its General Partner for Alldale Minerals, LP, Owner of the Soil, and Energen Resources Corporation, Lessee.

Notwithstanding any provisions of this Lease to the contrary, it is expressly understood and agreed by and between the parties that:

1. Lessee shall not use any existing water, whether from wells, tanks, ponds or reservoirs, from Leased premises without prior written consent of Lessor as owner of the surface estate. Lessee, its successors and assigns, may itself drill a water well and then use the potable water from that well for drilling operations that are conducted on the Leased Premises or lands pooled therewith. However, Lessee shall have no right to the use of potable water from the Leased Premises for water flooding or secondary recovery operations without the prior written consent of Lessor as the owner of the surface estate. In the event Lessee drills a new well and encounters non-potable water which is certified as not suitable for human, animal or agricultural use, Lessee may use same for its drilling, water flooding or secondary recovery operations. Lessee may not drill a new well within 500 feet of existing water well located on the leased premises without Lessor's prior written consent. In the event lessee drills a water well on the Leased Premises and completes its use of same, upon termination of Lessee's use of said water well, Lessee will give Lessor a thirty (30) day written notice as to Lessee's intention to plug and abandon said water well. Lessor may during said thirty (30) day notice period, provide to Lessee a written request as to Lessor's election to take over the ownership of said water well and in such event, Lessee agrees upon receipt of written request by Lessor to transfer said water well to Lessor as owners of the surface estate, upon Lessee's execution of a written transfer instrument that includes Lessor's agreement to accept the water well 'AS IS' without any warranty and Lessor's agreement to assume all rights, responsibilities and liabilities, if any, for the operation and maintenance of said water well, including but not limited to plugging of the well in accordance with any regulations of applicable governmental agency or agencies.
2. Lessee is granted the right to use existing roads on the leased premises for ingress and egress, and to the extent such roads are used by Lessee, agrees to maintain, restore and keep roads in usable condition so long as this lease is in force and effect.
3. Lessee shall notify Lessor a minimum of 24 hours before cutting any new road, if necessary, into or on the leased premises.
4. Lessee shall install and maintain cattle guards at every fence crossing, said cattle guards to remain upon premises as Lessor's property at the expiration of this lease.
5. Lessee will bury and maintain all pipelines and electrical transmission lines 24 inches below the surface only in the event that topographic or ground conditions allow for lines being buried to the set out depth. Lessee may further use temporary poly flowlines on the surface with the written permission of the Lessor.
6. Lessee may use no more of the surface of the leased premises than is reasonably necessary to use for the purpose of which this lease is granted, and it shall exercise all rights granted to it herein with due regard for the rights of the Owner of the Soil.
7. Lessee, its successors and assigns, shall not erect any building or houses on the leased premises and that only those structures which are reasonably necessary for production facilities or tank batteries shall be erected on the surface of the leased premises.
8. Lessee will not pollute any water aquifers or fresh water in, upon or under the leased premises, and Lessee agrees to notify owner of the Soil in writing if fresh water is encountered during drilling, or if a fresh water formation is penetrated.
9. Lessee shall maintain all drill sites and other portions of the surface used or occupied by lessee, its successors or assigns, free and clear of weed and noxious vegetation, and will maintain the same in a reasonable manner to prevent additional damage to Owner of the Soil, other land, and crops.
10. Upon written demand by Owner of the Soil, Lessee shall build and maintain fences around its slush, sump, and drainage pits and tank batteries to protect livestock against loss, damage or injury; and upon completion or abandonment of any well or wells, Lessee shall fill and level off all slush pits and cellars and completely clean up the drill site of all rubbish thereon.
11. In the event of a dry hole or production from a well which production ceases and the abandonment of such well, or upon the abandonment of any well location, drill site, tank battery site or roadway, the premises will be restored by Lessee as nearly as reasonably possible to its former condition at the cost and expense of Lessee, it being the intention of the parties hereto that Lessee shall restore the surface to as nearly the state that it is in at the time of execution of this lease.
12. If all or any part of this lease is assigned, released, pooled or unitized, Lessee agrees to furnish the Owner of the Soil with a copy of any such document.
13. This lease grants no hunting or fishing rights whatsoever. Furthermore, Lessee, its agents, contractors, employees or assigns shall be prohibited from carrying or transporting firearms of any type upon or across the herein described premises.
14. Weather permitting, Lessee shall remove from the herein described premises any and all structures, equipment and property of every kind and character placed by Lessee on said premises within ninety (90) days after Lessee has finished with the use of the area where such structure, equipment and property are placed. After thirty (30) days written notice to Lessee by Owner of the Soil, any such structure, equipment or property left on the lease premises by Lessee after the ninety (90) day period, shall at Lessor's option, become the property of Owner of the Soil. Lessee shall properly plug all wells drilled by Lessee on the leased premises in accordance with the requirement of the Railroad Commission of Texas, the Texas Natural Resources Conservation Commission or other governmental agencies having jurisdiction. In plugging the wells, Lessee shall cut off the casing at least thirty six (36) inches below the surface.



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15. If at the expiration of the primary term and/or the expiration of any extension of the primary term, Lessee has completed a well (s) or Lessee is then engaged in drilling, reworking, or other operations reasonably calculated to obtain or restore production, Lessee shall have the option to commence a continuous development program on said lease and this lease shall remain in full force and effect during such time as said continuous drilling program on the lands covered by this lease is conducted by Lessee. "Continuous Drilling Program" is defined herein to mean the continuous development of the leased premises by Lessee with no more than one hundred eighty (180) days elapsing between the completion of one (1) well and commencement of actual drilling operations of a succeeding well. For purposes of interpretation of this provision, a well should be determined to be completed on the day Lessee releases the drilling rig used to drill such well, or the date such rig is moved off the location, whichever date occurs first, and a well should be determined to be commenced when such well is spudded. The termination of rights hereunder shall be the sole liability or penalty for the failure to drill any well or wells acquired or permitted hereunder. Upon cessation of such continuous drilling program this lease shall terminate as to all lands covered hereby, except as to each well capable of producing oil or gas in paying quantities, together with the proration unit allocated thereto in accordance with the rules and regulations of the Texas Railroad Commission as of the date of such termination from the surface down to the depth for a vertical well one hundred feet (100') below the deepest producing perforation and for a horizontal well three hundred feet (300') below the deepest producing perforation. Thereafter, Lessee shall promptly execute and deliver to Owner of the Soil a recorded release of this lease as to all lands covered hereby, save and except to each such producing proration unit, and to all depths of such producing proration units except from the surface down to the depth of for a vertical well one hundred feet (100') below the deepest producing perforation and for a horizontal well three hundred feet (300') below the deepest producing perforation. At the end of the continuous development program any/all producing proration units will be treated as separate leases.
16. Lessee agrees to provide the Owner of the Soil with a chromatograph test for any gas well completed on the land covered by this lease, if possible.

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CLERKS OFFICE

THE STATE OF TEXAS
REEVES COUNTY

Inst No. 15-11193
DIANNE O. FLOREZ
COUNTY CLERK
2015 Nov 19 at 01:23 PM
REEVES COUNTY TEXAS
By: BA *Buttani* DEPUTY

410 4

4.

File No. 117292

Lease C County

Date Filed: 04/08/16
George P. Bush, Commissioner

By [Signature]

THE STATE OF TEXAS

COUNTY OF REEVES

for said County and State do hereby certify that the foregoing is a true and correct copy of

Oil Lease

filed for record in my office this

15th day of November at

12:22 P.M., under Clerk's File No. OPR to be recorded in the

Records of Reeves County, Texas.

this 19th day of November, 2015.

By [Signature] Deputy.

DIANNE O. FLORES, COUNTY CLERK
REEVES COUNTY, TEXAS

ENERGEN RESOURCES CORPORATION
605 Richard Arrington Blvd North
Birmingham, Alabama 35203-2707
Telephone (205) 326-2710

Page 1 of 1

VENDOR NAME	VENDOR NO.	CHECK DATE	CHECK NUMBER	AMOUNT
STATE OF TEXAS	9710	Feb-20-2015	548846	\$6,355,355.37

VOUCHER	VENDOR INV #	INV DATE	TOTAL AMOUNT	PRIOR PMTS & DISCOUNTS	NET AMOUNT
02-AP-15875	021815	02/18/15	6,355,355.37	0.00	6,355,355.37
EXT TX430342-01R, TX430343-01R, TX430344-01R					
DEL TO KYLE REYNOLDS 2ND FL					
TOTAL INVOICES PAID					

X 6,355,355.37

15708407

121

MF- 117291 - \$2,849,193.46 -
MF- 117292 - \$2,429,915.75 -
MF- 117293 - \$1,076,246.16

Energen Resources Corporation now offers payment via DIRECT DEPOSIT.
If you would like to receive your payments in a more secure, efficient and timely manner,
please contact the Vendor Relations group by email at AP.ERCACH@energen.com for an enrollment form.

DETACH BEFORE DEPOSITING

THIS CHECK HAS A COLORED BACKGROUND AND CONTAINS MULTIPLE SECURITY FEATURES. SEE BACK FOR DETAILS.

ENERGEN RESOURCES CORPORATION
605 Richard Arrington Blvd North
Birmingham, Alabama 35203-2707
Telephone (205) 326-2710

Wells Fargo
Birmingham, Alabama
15708407 No. 548846

PAY EXACTLY \$6,355,355dols37cts

CHECK NO.	DATE	PAY EXACTLY
548846	Feb-20-2015	\$6,355,355.37

TO
THE
ORDER
OF

STATE OF TEXAS
COMMISSIONER OF THE GENERAL LAND OFFICE
1700 NORTH CONGRESS AVENUE
STEPHEN F AUSTIN BUILDING
AUSTIN, TX 78701-1495



J. A. Richardson
PRESIDENT
Charles V. Porter
TREASURER

⑈548846⑈

ENERGEN RESOURCES CORPORATION
605 Richard Arrington Blvd North
Birmingham, Alabama 35203-2707
Telephone (205) 326-2710

Page 1 of 1

VENDOR NAME	VENDOR NO.	CHECK DATE	CHECK NUMBER	AMOUNT
STATE OF TEXAS	9710	Feb-24-2015	548988	\$375.00

VOUCHER	VENDOR INV #	INV DATE	TOTAL AMOUNT	PRIOR PMTS & DISCOUNTS	NET AMOUNT
02-AP-16946	022315	02/23/15	375.00	0.00	375.00
PROCESSING FEE FOR 3 NEW LEASES					
DELIVER TO KYLE REYNOLDS					
TOTAL INVOICES PAID					X 375.00

15708408

121

MF-117291 - \$125.00

MF-117292 - \$125.00

MF-117293 - \$125.00

Energien Resources Corporation now offers payment via DIRECT DEPOSIT.
If you would like to receive your payments in a more secure, efficient and timely manner,
please contact the Vendor Relations group by email at AP.ERCACH@energien.com for an enrollment form.

DETACH BEFORE DEPOSITING

THIS CHECK HAS A COLORED BACKGROUND AND CONTAINS MULTIPLE SECURITY FEATURES - SEE BACK FOR DETAILS

ENERGEN RESOURCES CORPORATION
605 Richard Arrington Blvd North
Birmingham, Alabama 35203-2707
Telephone (205) 326-2710

Wells Fargo
Birmingham, Alabama

15708408

No. 548988

PAY TO THE ORDER OF EXACTLY \$375dols00cts

CHECK NO.	DATE	PAY EXACTLY
548988	Feb-24-2015	\$375.00

TO THE ORDER OF

STATE OF TEXAS
COMMISSIONER OF THE GENERAL LAND OFFICE
1700 NORTH CONGRESS AVENUE
STEPHEN F AUSTIN BUILDING
AUSTIN, TX 78701-1495



J. S. Richardson
PRESIDENT
Charles E. Porter
TREASURER

548988



DRAFT ACCOUNT
2212 NW 50TH ST., STE. 24/C
OKLAHOMA CITY, OK 73112
PHONE: (405) 463-3300

BANK OF OKLAHOMA

16700048

12294

www.bok.com

8/31/2015

PAY TO THE
ORDER OF The State of Texas

\$**46,044.03

Forty-Six Thousand Forty-Four and 03/100*****

DOLLARS

The State of Texas
1700 N Congress Ave
Austin, TX 78701



[Signature]
AUTHORIZED SIGNATURE

MEMO

Word B. Wilson Investments, CP - Lease Funds, Pro

⑈012294⑈

SULLIVAN LAND RESOURCES, INC. / DRAFT ACCOUNT

12294

The State of Texas

8/31/2015

400 · Draft Bank Account Liability:442 · E	Lease Bonus - Inv #15-6041	21,116.57
400 · Draft Bank Account Liability:442 · E	Lease Bonus - Inv #15-6042	16,575.58
400 · Draft Bank Account Liability:442 · E	Lease Bonus - Inv #15-6043	7,976.88
400 · Draft Bank Account Liability:442 · E	Filing Fees - \$25.00 x 3 Leases	75.00
400 · Draft Bank Account Liability:442 · E	Processing Fees - \$100.00 x 3 Leases	300.00

16700048
12

Draft Account Bank of Word B. Wilson Investments, CP - Lease Funds,

46,044.03



DRAFT ACCOUNT
2212 NW 50TH ST., STE. 247C
OKLAHOMA CITY, OK 73112
PHONE: (405) 463-3300

BANK OF OKLAHOMA

www.bok.com

16700052

12293

8/31/2015

PAY TO THE
ORDER OF The State of Texas

\$**9,333.65

Nine Thousand Three Hundred Thirty-Three and 65/100*****

DOLLARS

The State of Texas
1700 N Congress Ave
Austin, TX 78701



[Signature]
AUTHORIZED SIGNATURE

MEMO

Alldale Minerals - Lease Funds, Processing & Filing

11 1 2 2 9 3 11

Security features. Details on back.

SULLIVAN LAND RESOURCES, INC. / DRAFT ACCOUNT

12293

The State of Texas

8/31/2015

400 · Draft Bank Account Liability:442 · E Lease Bonus - Inv #15-6029

9,208.65

400 · Draft Bank Account Liability:442 · E Processing Fees

100.00

400 · Draft Bank Account Liability:442 · E Filing Fees

25.00

2,34,44,31,5,8, Block 45,45,56,56,57,57, PSL

16700052 12

Draft Account-Bank of Alldale Minerals - Lease Funds, Processing & Filing

+ 9,333.65



The Texas General Land Office
Drew Reid
PO Box 12873
Austin, TX 78711-2873

RE: The State of Texas/Alldale Minerals, LP
Check Number 12293

Dear Mr. Reid,

Please find enclosed the lease bonus monies for the Mineral Classified lease for Alldale Minerals, LP. Also included in this check are the processing fees (\$25) and filing fees (\$100).

I have attached a copy of the executed lease and will forward a Certified Copy to you as soon as we have it from Reeves County Recording.

Please let me know if you need anything further regarding this lease and bonus payment. Do not hesitate to call me if you have any questions or concerns.

Respectfully,

A handwritten signature in black ink, appearing to read 'Sara Casey', with a long, sweeping horizontal line extending to the right.

Sara Casey
Sullivan Land Resources, Inc.

MEMO

DATE: 2/24/2015

SUBJECT: New Lease to replace Lease TX430343-01R

Attached are the following instruments for your review:

1. ERC executed Oil, Gas and Mineral Lease – TX430343-01R.
2. Lease breakdown by Lessor & Tract showing the net & the amount paid per net to each Lessor & the net left to pay once the remaining signatures have been acquired.

As of 2/17/2015 ERC has in hand the Seven (7) signatures below that make up 1,943.93268 net of the 2,161.565 net stated on the Lease.

1. Houston & Emma Hill Trust Estate, John A. Styrsky, Trustee
2. GeoMar Resources, Inc. Michael S. Waltrip
3. James Robert Hill, individually
4. Virginia Glenn Hill Lattimore, Individually
5. Nancy Puff Jones Trust
6. H-S Minerals & Realty, Ltd
7. Hill Investments, Ltd

The remaining 217.63232 net is made up by the remaining Lessors:

1. Triangle Royalty LP
2. Word B. Wilson Investments, LP
3. Legado Investments, LLC
4. Chimney Hill Resources, LLC
5. CG Interests, LLC
6. Geraldine M. Tyll
7. EB F. Luckel, Jr.
8. Susan Luckel Christie
9. Nell Cochran Hastings
10. Jack F. Cochran
11. Carrolle Cochran Hathaway

TX430343-01R	Sec 2, Blk 45		Sec 34, Blk 45, NW/4		Sec 34, Blk 45, E/2,SW		Sec 44, Blk 56		Sec 31, Blk 56		Sec 5, Blk 57		Sec 8, Blk 57		Total Bonus	Amount Paid to Agent	Amount Paid to State
The Lessors who have Signed	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross			
Houston & Emma Hill Trust	136.000000	640.00	34.000000	160.00	102.000000	480.00	78.750000	315.00	39.375000	157.50	78.750000	315.00	80.000000	320.00	\$1,372,187.50	\$686,093.75	\$686,093.75
GeoMar Resources, Inc	124.666650	640.00	31.166658	160.00	93.499973	480.00	72.187605	315.00	36.093750	157.50	72.187605	315.00	73.333440	320.00	\$1,257,839.20	\$628,919.60	\$628,919.60
James Robert Hill	68.000000	640.00	17.000000	160.00	51.000000	480.00	39.375000	315.00	19.687500	157.50	39.375000	315.00	40.000000	320.00	\$686,093.75	\$343,046.88	\$343,046.88
Virginia Glenn Hill Lattimore	68.000000	640.00	17.000000	160.00	51.000000	480.00	39.375000	315.00	19.687500	157.50	39.375000	315.00	40.000000	320.00	\$686,093.75	\$343,046.88	\$343,046.88
Nancy Puff Jones Trust	62.333333	640.00	15.583336	160.00	46.750007	480.00	36.093750	315.00	18.046875	157.50	36.093750	315.00	36.666667	320.00	\$628,919.30	\$314,459.65	\$314,459.65
H&S Minerals & Realty	11.333333	640.00	2.833336	160.00	8.500002	480.00	6.562500	315.00	3.281250	157.50	6.562500	315.00	6.666667	320.00	\$114,348.97	\$57,174.49	\$57,174.49
Hill Investments, Ltd	11.333333	640.00	2.833336	160.00	8.500002	480.00	6.562500	315.00	3.281250	157.50	6.562500	315.00	6.666667	320.00	\$114,348.97	\$57,174.49	\$57,174.49
Total net Paid on	481.666649		120.416666		361.249984		278.906355		139.453125		278.906355		283.333441		Total Paid	\$2,429,915.72	\$2,429,915.72
The Lessors who have not Signed																	
Triangle Royalty, LP	8.925000	640.00	2.231250	160.00	3.825001	480.00	5.167969	315.00	2.583984	157.50	5.167969	315.00	5.250000	320.00	\$82,877.93	\$41,438.97	\$41,438.97
Geraldine M. Tyll	24.000000	640.00	6.000000	160.00	18.000000	480.00	0.000000	315.00	0.000000	157.50	0.000000	315.00	0.000000	320.00	\$120,000.00	\$60,000.00	\$60,000.00
EB F. Luckel, Jr.	12.000000	640.00	3.000000	160.00	9.000000	480.00	0.000000	315.00	0.000000	157.50	0.000000	315.00	0.000000	320.00	\$60,000.00	\$30,000.00	\$30,000.00
Susan Luckel Christie	12.000000	640.00	3.000000	160.00	9.000000	480.00	0.000000	315.00	0.000000	157.50	0.000000	315.00	0.000000	320.00	\$60,000.00	\$30,000.00	\$30,000.00
Nell Cochran Hastings	8.000000	640.00	2.000000	160.00	6.000000	480.00	0.000000	315.00	0.000000	157.50	0.000000	315.00	0.000000	320.00	\$40,000.00	\$20,000.00	\$20,000.00
Jack F. Cochran	8.000000	640.00	2.000000	160.00	6.000000	480.00	0.000000	315.00	0.000000	157.50	0.000000	315.00	0.000000	320.00	\$40,000.00	\$20,000.00	\$20,000.00
Carrolle Cochran Hathaway	8.000000	640.00	2.000000	160.00	6.000000	480.00	0.000000	315.00	0.000000	157.50	0.000000	315.00	0.000000	320.00	\$40,000.00	\$20,000.00	\$20,000.00
Word B. Wilson Investments, LP	3.569997	640.00	0.892500	160.00	1.530000	480.00	2.067187	315.00	1.033594	157.50	2.067187	315.00	2.100000	320.00	\$33,151.16	\$16,575.58	\$16,575.58
Legado Investments, LLC	3.569997	640.00	0.892500	160.00	1.530000	480.00	2.067187	315.00	1.033594	157.50	2.067187	315.00	2.100000	320.00	\$33,151.16	\$16,575.58	\$16,575.58
Chimney Hill Resources, LLC	1.983328	640.00	0.495833	160.00	0.850000	480.00	1.148437	315.00	0.574219	157.50	1.148437	315.00	1.166667	320.00	\$18,417.30	\$9,208.65	\$9,208.65
CG Interests, LLC	1.784998	640.00	0.446250	160.00	0.765000	480.00	1.033594	315.00	0.516797	157.50	1.033594	315.00	1.050000	320.00	\$16,575.58	\$8,287.79	\$8,287.79
Total net Remaining	91.833320		22.958333		62.500001		11.484374		5.742188		11.484374		11.666667		Total to be Paid	\$272,086.57	\$272,086.57

Total net Paid	1943.932575	\$2,429,915.72
Total net Remaining	217.669257	\$272,086.57
Total net	2161.601832	\$2,702,002.29





Jeremiah Penley
Land Technician

February 24, 2015

Commissioner of the General Land Office
1700 North Congress Avenue
Austin, TX 78701

Dear George P. Bush;

Enclosed please find a Check in the amount of \$6,355,355.37 for Bonus Consideration for Leased Lands (See Attached for Tract Description and breakdown) and a Check in the amount of \$375.00 for processing fees for the Three (3) Leases.

Also enclosed is a prepaid return label for the return of a copy of the Checks to be signed & returned for confirmation of receipt of payment to Kyle Reynolds.

Also enclosed find a copy of Three (3) executed Oil, Gas and Mineral Leases with a spread sheet of the interest of the Lessors who have signed the Lease and a breakdown of the Lessors who have not signed the Lease yet.

Also enclosed please find copies of Three (3) wire transfers and Six (6) checks along with a breakdown of each Lease stating the amount of Bonus Consideration each Lessor was paid per Lease.

Very truly yours,

ENERGEN RESOURCES CORPORATION

A handwritten signature in cursive script, reading "Jeremiah Penley".

Jeremiah Penley
Land Technician

Drew Reid - RE: Hill Family Mineral Classified Lease Extension - Reeves County, TX

From: Drew Reid
To: Reynolds, Kyle
Subject: RE: Hill Family Mineral Classified Lease Extension - Reeves County, TX

Kyle,

The terms, \$2500.00 per ac. bonus, 1/4 royalty and 3 years * 10 months paid up, are APPROVED.

✓ In my voice message to you yesterday I ask for a break down of the net acres per tract, I need this for posting of the leases in our system.

In paragraph 15 of Exhibit "A" (continuous development) where it reads (100) feet below the deepest producing formation, please change to for a vertical well (100) feet below the deepest producing perforation and for a horizontal well (300) feet below the deepest producing perforation.

Also, at the end of paragraph 15 add: At the end of the continuous development program any/all producing proration units will be treated as separate leases.

Thank you and if you have any question please call me at 512-475-1534.

Drew

>>> Kyle Reynolds <Kyle.Reynolds@energen.com> 1/22/2015 3:04 PM >>>

Drew,

I apologize for that oversight in the documents I sent you. Attached are the corrected leases with 3 years and 10 months as the term.

I will touch base with you again around Tuesday of next week. Let me know if you need anything else.

Thank you,

Kyle Reynolds

Landman III

Energen Resources Corporation

605 Richard Arrington, Jr. Blvd. North

Birmingham, AL 35203

Office: 205.326.2594

Email: Kyle.Reynolds@energen.com



From: Drew Reid [mailto:Drew.Reid@glo.texas.gov]

Sent: Thursday, January 22, 2015 9:47 AM

To: Kyle Reynolds

Subject: Re: Hill Family Mineral Classified Lease Extension - Reeves County, TX

Bobby,

I will get a work up started for the approval so please check back with me next week to see if they have been approved.

Also, your cover letter states that the term is 3 years and 10 months but

the leases have 5 years in the term paragraph, please change to 3 years and 10 months.

Drew

>>> Kyle Reynolds <Kyle.Reynolds@energen.com> 1/22/2015 9:25 AM >>>

File No. 117292

County

Bonus, fees, 1 hr

Date Filed: 03/02/15

George P. Bush, Commissioner

By _____



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

April 25, 2016

Jeremiah Penley
Energen Resources
605 Richard Arrington Jr. Blvd. North
Birmingham, AL 35203

Re: **State Lease MF 117292**

Three RAL leases covering 2387.5 ac., Reeves
Co, TX

Dear Mr. Penley:

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

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

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

Your remittances are set out on Page 2 and have been applied to the State's portion of the cash bonus. In addition, we are in receipt of your processing and filing fees.

Sincerely yours,

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

State Lease No.	Lessor as agent for State of TX	Dated	Recorded Vol/Page	Bonus Amount
MF117292A	Houston & Emma Hill Trust Estate, et al	02/01/15	V. 1215, P. 682	\$2,701,956.25
MF117292B	Word B. Wilson Investments	06/10/15	15-11198	\$16,575.58
MF117292C	Alldale Minerals	04/01/15	15-11193	\$9,208.65

6.
File No. 117292

County

Final 1tr

Date Filed: 04/25/14

George P. Bush, Commissioner

By [Signature]

3-24-17

17-02536
FILED FOR RECORD
REEVES COUNTY, TEXAS
Feb 16, 2017 at 02:33:00 PM

The State of Texas



Austin, Texas

V
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General Land Office
Relinquishment Act Lease Form
Revised 7/16

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OIL AND GAS LEASE
NO.

MF-117292 D

THIS OIL AND GAS LEASE is made and entered into to be effective January 6, 2017 (the "effective date"), by and between the State of Texas, acting by and through its agent, Legado Investments, LLC

whose address is: 6001 W. Industrial, Midland, TX 79706

said agent herein referred to as the owner of the soil (whether one or more) ("owner of the soil"), and Summit West Resources LP ("Lessee"),

whose address is: 550 W. Texas, Suite 700, Midland, TX 79701

P
G

1. **GRANTING CLAUSE; RESERVATION; BONUS.** For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and the covenants contained herein, the State of Texas, acting by and through the owner of the soil, hereby demises, grants, leases and lets unto Lessee the non-exclusive right to explore for, and the exclusive right to produce and take, Oil and/or Gas from the Leased Premises (defined below) on the terms and conditions set out in this lease. Lessee's right hereunder to explore for Oil and Gas from the Leased Premises is non-exclusive. The Texas General Land Office (the "GLO") expressly retains and reserves the concurrent right to grant third parties (i) seismic, geophysical and geological permits, and to enter into other agreements with third parties, which permits or agreements shall allow such third parties to conduct geophysical, geological, or seismic surveys on, over, under, through, and across the land covered herein during the term of this lease, and which seismic, geophysical, or geological surveys shall not unreasonably interfere with Lessee's drilling or production activities on the Premises, and (ii) ingress and egress and use of the Leased Premises by the GLO and its lessees and permittees to explore for and produce minerals that are not covered, or that might not be covered in the future, under the terms of this lease, but that might be located within the surface boundaries of the Leased Premises. All of the rights in and to the Leased Premises retained by the GLO and all of the rights in and to the Leased Premises granted to Lessee herein shall be exercised in such a manner that neither shall unduly interfere with the operations of the other. This lease is made and entered into subject to any existing rights of way, easements, geophysical or geochemical exploration permits.

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The bonus consideration paid for this lease is as follows:

To the State of Texas: Twenty Seven Thousand One Hundred Sixty Eight and 40/100

Dollars (\$ 27,168.40)

To the owner of the soil: Twenty Seven Thousand One Hundred Sixty Eight and 40/100

Dollars (\$ 27,168.40)

Total bonus consideration: Fifty Four Thousand Three Hundred Thirty Six and 80/100

Dollars (\$ 54,336.80)

The total bonus consideration paid represents a bonus of Four Thousand dollars (\$ 4,000.00) per acre, on 13.5842 net acres.

2. **TERM.** This lease shall be for a term of three (3) years commencing on the effective date (the "primary term"), and as long thereafter as Oil or Gas is produced in paying quantities from the following "Leased Premises" (herein so called), to-wit:

Part/Section: SEE ATTACHED EXHIBIT "B"

Block:

1

True & Correct Copy of a
document on file at
Reeves County Texas,
Dianne O. Florez, County Clerk
Page 1 of 16

32417

Grantee:

Acres:

County:

3. DELAY RENTALS. If no well is commenced on the Leased Premises on or before one (1) year from the effective date, this lease shall terminate, unless on or before such anniversary date Lessee shall pay to the owner of the soil or to his credit in the Bank, at or its successors (which shall continue as the depository regardless of changes in the ownership of said land), the amount specified below; in addition, Lessee shall pay to the COMMISSIONER OF THE GENERAL LAND OFFICE OF THE STATE OF TEXAS, AT AUSTIN, TEXAS, a like sum on or before said date. Payments under this paragraph shall operate as a rental and shall cover the privilege of deferring the commencement of a well for one (1) year from said date. Payments under this paragraph shall be in the following amounts:

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

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

4. ROYALTY: All capitalized terms used in this lease that are not defined in this lease shall have the meanings given them in Title 31, Part 1, Chapter 9 of the Texas Administrative Code (the "Rules"). Upon production of Oil, Gas, and/or other products from the Leased Premises, Lessee agrees to pay or cause to be paid one-half (1/2) of the royalty provided for in this lease to the GLO, for the use and benefit of the State of Texas, and one-half (1/2) of such royalty to the owner of the soil, each of the following royalties as applicable to the substances actually produced from the Leased Premises and/or subsequent processing:

- (a) **OIL:** As a royalty on Oil, a monetary royalty of Twenty-Five percent (25 %) of the value of the Gross Production, unless the Commissioner of the General Land Office of the State of Texas (the "Commissioner") or the owner of the soil, at the option of either, elects to receive its royalty in kind pursuant to section 4(l). The value of the Gross Production shall be calculated at the point the Oil is Ready for Sale and Use and without deduction for expenses, as described in section 4(k), and determined by the greatest of: (i) the highest posted price, plus premium, if any, paid or offered for Oil of a like type and gravity in the general area where produced and when run, (ii) the highest market price thereof paid or offered in the general area where produced and when run, or (iii) the gross proceeds of the sale thereof.
- (b) **NON-PROCESSED GAS:** As a royalty on any Non-Processed Gas, a monetary royalty of Twenty-Five percent (25 %) of the value of the Gross Production, unless the Commissioner or the owner of the soil, at the option of either, elects to receive its royalty in kind pursuant to section 4(l). The value of the Gross Production shall be calculated (i) at the point at which the Non-Processed Gas is Ready for Sale and Use and without deduction for expenses, as described in section 4(k), (ii) on a Dry Gas basis as to both volume and energy content (as described in the section 30 definitions below), and (iii) based on the higher of:

(A) the highest market price paid or offered for Gas of comparable quality in the general area where produced and when run; or

(B) the gross price paid or offered to the Lessee; provided that the maximum pressure base in measuring the Gas under this lease contract shall equal 14.65 pounds per square inch absolute, and the standard base temperature shall be sixty (60) degrees Fahrenheit, correction to be made for pressure according to Boyle's Law, and for specific gravity according to a test made by chromatographic analysis or the Balance Method.

Provided, however, that if Non-Processed Gas is sold to a parent, subsidiary or affiliate of Lessee, then the royalty due hereunder shall be based on the value of the Gas as either Non-Processed Gas or Processed Gas, as the case may be, in the first sale to a third party in an agreement negotiated at arms' length.

- (c) **PROCESSED GAS:** As a royalty on any Processed Gas, Lessee agrees to pay a monetary royalty of Twenty-Five percent (25 %) of the value of the Residue Gas and the NGLs extracted, unless the Commissioner or the owner of the soil, at the option of either, elects to receive its royalty in kind pursuant to section 4(l). The value of the Gross Production shall be calculated at the point the Residue Gas and/or the NGLs, respectively, are Ready for Sale and Use. All royalties due herein shall be on 100% of the volume of the Gas produced from the Leased Premises (calculated on a Dry Gas basis as to both volume and energy content, as described in the section 30 definitions below) as measured or attributed at the inlet of the Processing Plant. The royalty due from Lessee hereunder shall be based on the greater value of:

(1) the sum of the values of (A) 100% of the Residue Gas MMBtus attributable to the Gas determined at the plant recovery efficiency applicable to each NGI component, plus (B) the net value of the NGLs after deduction of all applicable Gas processing fees and/or the value of the NGLs at the applicable liquids percent of proceeds accruing to the Processing Plant; or

(2) the sum of the values of (A) 100% of the available Residue Gas MMBtus attributable to the Gas, plus (B) the value of the NGLs at the applicable minimum liquids POP%, established herein in section 4(d), without deduction or reduction in the value of the NGLs by a percent of proceeds or any other fees or adjustments of any type, form, or character; or

(3) the "keep whole" value of the Gas as described in section 4(f).

For purposes of calculating the royalty due hereunder, the respective values of the Residue Gas and the NGLs shall be based on the greater of:

(1) the highest market price paid or offered in the general area for (A) any Pipeline-Quality Residue Gas, and (B) NGLs, as either Raw Mix or merchantable and marketable commercial grades and/or blends of each of the individual components, after fractionation, of comparable quality in the general area, or

3-24-17

(2) the (A) gross price paid or offered to Lessee for such Pipeline-Quality Residue Gas, and (B) weighted monthly average gross selling price for the respective grades of NGLs, as either Raw Mix or merchantable and marketable commercial grades and/or blends of each of the individual components, after fractionation.

No fees or costs of any kind shall be deducted from the value of Gas that is bypassed around a Gas Processing Plant and then blended with Gas that was processed to remove liquefiable hydrocarbons at, or at a point downstream of, the tailgate of the Processing Plant, a.k.a. "conditioning". The value of Gas bypassed around a plant in which no liquefiable hydrocarbons or NGLs are removed from the Gas shall equal that for Non-Processed Gas per section 4(x)(b).

Provided, however, that if NGLs are recovered from Gas processed in a plant in which Lessee (or its parent, subsidiary or affiliate) owns an interest, then the POP% applicable to NGLs shall be the greater of (x) the applicable POP% per section 4(d), or (y) the highest percent accruing to a third party processing Gas through such plant under a processing agreement negotiated at arms' length.

- (d) **APPLICABLE MINIMUM LIQUIDS PERCENT OF PROCEEDS:** (1) The applicable minimum liquids percent of proceeds ("POP%") of the total available liquid hydrocarbon content volume for all NGLs, except ethane, shall, regardless of the natural Gas liquids recovery process or Gas processing agreement terms and/or conditions, be equal to the following:

- (A) 70% for Gas with a heating content or BTU value equal to or greater than 1100 BTU/SCF;
- (B) 60% for Gas with a heating content or BTU value equal to or greater than 1070 BTU/SCF but less than 1100 BTU/SCF; and
- (C) 50% for Gas with a heating content or BTU value less than 1070 BTU/SCF.

(2) The available liquid hydrocarbon volume, in gallons, of each NGL component used to calculate the value of the NGLs at the applicable POP% shall equal the product of (A) the Processing Plant inlet Gas volume, in MSCF, on a Dry Gas basis, times (B) the gallons per MSCF of each component calculated per the applicable standards, at 14.65 pounds per square inch absolute and 60° Fahrenheit, according to a test made by chromatographic analysis of the Gas, except ethane, where the theoretical gallons of ethane available in the Gas shall be reduced by the Processing Plant recovery efficiency of ethane then being specified in processing agreements negotiated at arm's length between the Lessee and the plant for each dedicated Processing Plant and each Processing Plant that may process the Gas in a series of plants.

(3) The available Residue Gas MMBtu amount used in the calculation of the royalty value in section 4(c)(2) shall equal the product of (A) the Processing Plant inlet Gas MMBtu amount less the sum total MMBtu of shrinkage calculated for the available liquid hydrocarbon volume in section 4(d)(2) for each NGL component, times (B) one (1.0) minus the lesser of (1) the plant fuel MMBtu percentage divided by 100%, or (2) 0.035.

- (e) **OTHER PRODUCTS:** As a royalty on carbon black, carbon dioxide, sulphur or any other products (including water) produced (excepting Oil, Gas, or NGLs, addressed separately above), Lessee agrees to pay a monetary royalty of _____ percent (%) of the value of the Gross Production of such products, unless the Commissioner of the General Land Office of the State of Texas (the "Commissioner") or the owner of the soil, at the option of either, elects to receive its royalty in kind pursuant to section 4(l). The value of the Gross Production shall be calculated at the point the other products are Ready for Sale and Use and without deduction for expenses, as described in section 4(k), such value to be based on the higher of:

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

- (f) **KEEP WHOLE:** Notwithstanding any other provision of this lease to the contrary, Lessee may not pay a royalty hereunder for Processed Gas that is less than the royalty that would have been due under section 4(b) for the total energy content of the Processing Plant inlet Gas if it had not been processed.

- (g) **NON-SALES DISPOSITIONS:** As a royalty on non-sales dispositions of Gas, including but not limited to vented Gas, flared Gas, flash Gas and lease fuel Gas, Lessee agrees to pay a royalty based on the royalty provisions for Non-Processed Gas described in section 4(b) of this Lease (but without requirement of merchantability or marketability) if the Gas produced from the Leased Premises is not processed; otherwise, the royalty on non-sales dispositions of Gas shall be based on the royalty provisions for Processed Gas described in section 4(c) for Residue Gas. If, for whatever reason, there are no Gas sales dispositions, then Lessee agrees to pay royalty on one fourth (1/4) part of the total energy content of the Gas, in MMBtu determined on a Dry Gas basis, based on the posted market price of natural Gas at the nearest applicable Gas market hub in \$/MMBtu.

- (h) **PLANT FUEL AND RECYCLED GAS:** No royalty shall be payable on any Gas as may represent this lease's proportionate share of any fuel used to process Gas produced hereunder in any third party Gas processing plant pursuant to section 4(c), provided, however, that this lease's proportionate share of any such fuel used to process Gas shall be the lesser of (1) the plant fuel MMBtu percentage of the total plant inlet MMBtu amount (as determined by contract or, if none, by actual MMBtu amounts), or (2) 3.5%, and royalty shall be payable on any Gas in excess of that lesser amount. Subject to the consent in writing of the GLO, Lessee may inject Gas for secondary or enhanced recovery operations or for Gas lift purposes into any Oil- or Gas-producing formation in the Leased Premises after the liquid hydrocarbons contained in the Gas have been removed, and no royalty shall be payable on the Gas so injected until such time as the same may thereafter be produced and sold or used.

- (i) **CONSERVATION:** Lessee shall use all reasonable means to prevent the underground or above ground waste of Oil or Gas and to avoid the physical waste, flaring or venting of Gas produced from the Leased Premises.

- (j) **DUTY TO MARKET:** Lessee shall exercise due diligence and use all reasonable efforts in marketing any and all production from the Leased Premises, at no cost to owner of the soil, to obtain the best price reasonably available for the Oil and Gas.

- (k) **NO DEDUCTIONS:** Except for fees or deductions that may be permitted pursuant to section 4(c), Lessee shall pay or cause to be paid royalty due under this lease without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, conditioning, compressing, processing, transporting and otherwise making the Oil, Non-Processed Gas, Processed Gas, and other products hereunder Ready For Sale and Use, whether borne by Lessee or by third-party purchasers and whether stated as a deduction from the price or an adjustment to the price based on location or condition. If any contract by which Lessee or an Affiliate of Lessee sells Oil or Gas produced hereunder makes deductions or adjustments to the price to account for costs of producing, gathering, storing, separating, treating, dehydrating, conditioning, compressing, processing, or transporting of Oil or Gas produced from the Leased Premises, then such deductions shall be added back to the price received for purposes of computing the Gross Production upon which royalties are to be paid. The owner of the soil, the GLO, and Lessee agree that the foregoing provision is to be given full effect and is not to be construed as "surplusage" under *Heritage Resources, Inc. v. Nationsbank*, 939 S.W.2d 118 (Tex. 1996).

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- (l) **ROYALTY IN KIND:** Lessee shall pay monetary royalties based on the value of the Gross Production from the Leased Premises, unless the GLO or the owner of the soil, at the option of either, elects to receive its royalty in kind. Lessee shall pay Oil or Gas royalty, or both, in kind without deduction for expenses, as described in section (4)(k), necessary to make the Oil, Gas and any other products Ready for Sale and Use. The owner of the soil or the GLO may change its election to take royalty in kind or monetary form at any time or from time to time by giving Lessee notice of such election not less than sixty (60) days in advance. If the owner of the soil or the GLO elects to take its royalty production in kind, it may elect to have the royalty production of the Oil, Gas, and any other products that are in a Ready for Sale and Use condition delivered in kind at the location Lessee sells its production, or at another location mutually acceptable to owner of the soil or the GLO and Lessee. Lessee shall bear all costs to the point of delivery. If the GLO or the owner of the soil elects to take its royalty in kind, the parties agree to execute either the State's form of Gas Balancing Agreement or any other agreement that is acceptable to owner of the soil or the GLO and Lessee.
- (m) **SEPARATION:** Lessee agrees that before any hydrocarbons in liquid form and any Gas produced from the Leased Premises is sold, transferred, surface commingled with the production from any other lease tract and/or pooled unit, or is used or processed in a plant, it will be run free of cost to owner of the soil and the GLO through a gravity-based Oil and Gas separator of conventional type and of adequate size and efficiency such that all liquid hydrocarbons recoverable from the Gas by such means shall be recovered. Upon written consent of the GLO, Lessee may apply other forms of separation equipment that are at least as efficient as a gravity-based separator upon such terms and conditions as prescribed by the GLO. Upon written consent of the GLO, the requirement that such Gas and liquid hydrocarbons be run through a separator or other equipment may be waived upon such terms and conditions as prescribed by the GLO. Lessee must request and obtain a waiver in writing from the GLO before the installation and/or use of any full well stream/wet Gas/multiphase flow meters that measure any production on or from the Leased Premises.
- (n) **COMMINGLING:** Lessee must obtain prior written permission from the GLO per 31 TAC §9.35(a)(3) before surface commingling Oil and/or Gas production from a state lease or pooled unit with the production from any other private or state lease and/or unit into (i) a common manifold and/or separator, (ii) common storage, (iii) a common gathering system or pipeline, or (iv) to utilize an off-lease Gas supply to inject Gas for lift purposes into any Oil- or Gas-producing formation in the Leased Premises. These requirements are in addition to, and apart from, the requirements of any other state and/or federal agency.
- (o) **METERING:** Lessee agrees that any hydrocarbons in liquid form and any Gas produced from the Leased Premises shall be measured separately before the liquid hydrocarbons and/or Gas leave the Leased Premises. Lessee agrees to comply with all applicable American Gas Association (AGA) Standards, as well as the American Petroleum Institute (API) Manual of Petroleum Measurement Standards (MPMS) for any measurement device or tank that covers the standards, practices, guidelines, recommendations and procedures which include, but are not limited to, the design, installation, calibration, testing and handling of samples and operation of a metering system used for the measurement of hydrocarbons in liquid form or Gas at any meter location on the Leased Premises, at a point of lease custody transfer, for the purpose of lease allocation in the event of surface commingling, or for the reporting and allocation of lease fuel, flared Gas volumes, vented volumes or any other lease use.
- (p) **ROYALTY ON CONTRACT SETTLEMENTS:** Lessee shall pay to the owner of the soil and the GLO royalty at the applicable royalty rate on any monetary settlement received by Lessee from any breach of contract by Lessee's purchaser relating to the marketing, pricing or taking of Oil or Gas production from the Leased Premises.

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5. PAYMENTS, SUBMISSIONS AND NOTICES TO LESSOR:

- (a) **MONETARY ROYALTY PAYMENTS:** All royalty owed to the GLO hereunder and not paid in kind at the election of the GLO shall be paid to the GLO at Austin, Texas, in the following manner: payment of royalty on production of Oil and Gas shall be as provided in the Rules. The Rules currently provide that royalty on Oil is due and must be received in the GLO on or before the fifth (5th) day of the second (2nd) month succeeding the month of production or such later date as may be prescribed in the Rules. Royalty on Gas is due and must be received in the GLO on or before the fifteenth (15th) day of the second (2nd) month succeeding the month of production or such later date as may be prescribed in the Rules. All royalty payments must be accompanied by the affidavit of the owner, manager or other authorized agent, completed in the form and manner prescribed by the GLO and showing the gross amount and disposition of all Oil and Gas produced and the market value of the Oil and Gas. Lessee must maintain, and make available to the GLO upon request, copies of all documents, records or reports confirming the Gross Production, disposition and market value including Gas meter readings, pipeline receipts, Gas line receipts and other checks or memoranda of the amount produced and put into pipelines, tanks, or pools and Gas lines or Gas storage, and any other reports or records which the GLO may require to verify the Gross Production, disposition and market value. In all cases the authority of a manager or agent to act for the Lessee herein must be filed in the GLO. Each royalty payment shall be accompanied by a check stub, schedule, summary or other remittance advice showing, by the assigned GLO lease number, the amount of royalty being paid on each lease.
- (b) **MANNER AND TIMELINESS OF PAYMENTS:** A monetary royalty payment that is not submitted electronically shall be considered timely paid if delivered to the GLO on or before the applicable due date or if deposited in a postpaid, properly addressed wrapper with a post office or official depository under the care and custody of, and postmarked by, the United States Postal Service at least one (1) day before the applicable due date. A payment that is submitted electronically shall be considered timely paid if such payment is successfully transmitted to the proper account with the Comptroller of the State of Texas on or before the due date.
- (c) **PENALTIES AND INTEREST:** Lessee shall pay penalties and interest due on late royalty payments and other sums due, and for failure to provide documents, (whether physical documents or information in electronic form), as provided by law or the Rules. The right to collect penalties and interest is in addition to, and shall not in any way limit or restrict, the rights of the GLO to pursue other remedies at law or in equity, including without limitation forfeiture of this lease. If Lessee pays royalty on or before thirty (30) days after the royalty payment was due, then Lessee owes a penalty of five percent (5%) on the royalty or twenty-five dollars (\$25.00), whichever is greater. A royalty payment which is over thirty (30) days late shall accrue a penalty of ten percent (10%) of the royalty due or twenty-five dollars (\$25.00), whichever is greater. In addition to a penalty, royalties shall accrue interest when the royalty is sixty (60) days overdue. Affidavits and supporting documents which are not filed when due shall incur a penalty in an amount set by the Rules that were in effect on the date when the affidavits or supporting documents were due. The Lessee shall bear all responsibility for paying or causing royalties to be paid as prescribed by the due date provided herein. Payment of the delinquency penalty shall in no way operate to prohibit the State's right of forfeiture as provided by law nor act to postpone the date on which royalties were originally due. The above penalty provisions shall not apply in cases of title dispute as to the State's portion of the royalty or to that portion of the royalty in dispute as to fair market value.
- (d) **PAYMENTS, NOTICES, AND CORRESPONDENCE TO LESSOR:** Lessee shall assure that all royalty payments, shut-in royalty payments, delay rentals, and all other payments due under this lease, as well as documents, reports, notices, and other information, unless expressly provided herein that such payment or information be directed to another office, are directed to the following address:

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If to the owner of the soil, to the address first listed above.

If to the GLO:

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

or

Texas General Land Office
1700 N. Congress Avenue
Austin, Texas 78701

or such other address as may then be specified in the Rules. Any payments submitted electronically shall be delivered by electronic funds transfer to the proper account with the Comptroller.

- (e) **NOTICES AND CORRESPONDENCE TO LESSEE:** Notices and correspondence to Lessee shall be sent to the address shown above or such other address as Lessee shall provide in writing to the owner of the soil and the GLO. Any such notice of change of address must specifically reference this Lease.

6. **RECORDS:**

- (a) **RESERVES, CONTRACTS AND OTHER RECORDS:** Upon written request by the GLO, Lessee shall annually furnish the GLO with its best possible estimate of Oil and Gas reserves underlying this lease or allocable to this lease and shall furnish the GLO with copies of all contracts under which Gas is sold or processed and all subsequent agreements and amendments to such contracts within thirty (30) days after entering into or making such contracts, agreements or amendments. Such contracts and agreements when received by the GLO shall be held in confidence by the GLO unless otherwise authorized by Lessee. All other contracts and records pertaining to the production, transportation, sale and marketing of the Oil and Gas produced from these Leased Premises, including the books and accounts, receipts and discharges of all wells, tanks, pools, meters, and pipelines shall at all times be subject to audit, inspection, and examination by the GLO, the Attorney General, the Governor, or the representative of any of them.
- (b) **PERMITS, DRILLING RECORDS AND REQUIRED FILINGS:** Written notice of all operations on this lease shall be submitted to the GLO by Lessee or operator five (5) days before spud date, workover, re-entry, temporary abandonment or plug and abandonment of any well or wells. Such written notice to the GLO shall include copies of Railroad Commission forms for application to drill. Copies of well tests, completion reports and plugging reports shall be supplied to the GLO at the time they are filed with the Texas Railroad Commission. All applications, permits, reports or other filings that reference this lease or any specific well on the Leased Premises and that are submitted to the Texas Railroad Commission or any other governmental agency must have the word "State" as the first word in the title. Additionally, in accordance with Railroad Commission rules, any signage on the Leased Premises for the purpose of identifying wells, tank batteries or other associated improvements to the land must also include the word "State." Division orders must be submitted to the GLO within thirty (30) days of first production. GLO shall not be required to sign any division orders. Lessee shall supply the GLO with any records, memoranda, accounts, reports, cuttings and cores, or other information relative to the operation of the above-described Leased Premises, which may be requested by the GLO, in addition to those herein expressly provided for. Lessee shall have a basic electrical log as defined by the Railroad Commission made on the bore-hole section, from the base of the surface casing to the total depth of well, of all wells drilled on the above described Leased Premises or such other log or logs as a reasonable and prudent operator would run and shall transmit a complete suite of such logs on each well to the GLO within fifteen (15) days after the making of said logs.
- (c) **PENALTIES:** Lessee shall incur a penalty whenever reports, documents or other materials are not filed in the GLO when due. The penalty for late filing shall be set by the GLO administrative rule which is effective on the date when the materials were due to the GLO.

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

(a) **VERTICAL:** In the event this lease is in force and effect in whole or in part, two (2) years after the expiration date of the primary term it shall then terminate as to all of the Leased Premises, EXCEPT as to the following acreage amounts for wells drilled under this lease capable of producing in paying quantities (including a shut-in Oil or Gas well as provided in section 11 hereof), or a well that has been spud and upon which Lessee is then engaged in continuous drilling or reworking operations: (1) the lesser of 40 acres or the amount of acreage assigned to an Oil well for proration purposes under special field rules; (2) the lesser of 80 acres or the amount of acreage assigned to a Gas well for proration purposes under special field rules; (3) for horizontal drainhole wells the amount of acreage retained shall be the greater of 40 acres or the amount of acreage determined by the following formula: $0.032 \times L = A$, where L = the length (in feet) of the horizontal lateral component of the well from the first takepoint to the last takepoint and A = the area retained (in acres) provided that, if A is not divisible by the number 20, A will be rounded up to the next number divisible by 20, i.e. $(0.032 \times 4500 \text{ feet} = 144 \text{ acres, which rounds up to } 160 \text{ acres})$; (4) if more acreage is required than is provided for in (1), (2) or (3) above in order to obtain the maximum allowable under special field rules for the permitted or producing interval or intervals, upon written approval from the GLO, such number of acres that are required to obtain the maximum allowable as required by the special field rules as approved by the Railroad Commission of Texas, or any successor agency, or other governmental authority having jurisdiction; or (5) the number of acres held in a pooled unit pursuant to Natural Resources Code Sections 52.151-52.154. After termination pursuant to this subsection, each tract retained shall be considered a separate lease and must be maintained independently. Lessee shall retain the right of ingress and egress on and across the terminated portion of the Leased Premises as may be reasonably necessary for the continued operation of the portions of the lease remaining in force and effect. Further, Lessee shall retain an easement for its pipelines, tank batteries or other surface equipment or installations on the terminated acreage for so long as they continue to be used for the development and operations on the retained acreage.

(b) **HORIZONTAL:** Two (2) years after the expiration date of the primary term this lease shall further terminate as to those depths stipulated as follows for each tract retained in section 7 (a) above: for vertical wells, 100 feet true vertical depth below the deepest then producing perforations; for horizontal wells, 300 feet true vertical depth below the deepest depth reached by the horizontal lateral between the first takepoint and the last takepoint, and for acreage retained that is pooled or unitized, all depths above and below the pooled or unitized interval. If a well has been spud and is being drilled over this termination date, the acreage retained by said well under section 7 (a) shall be held as to all depths until completion of the well, and upon completion of the well as capable of producing in paying quantities, the acreage retained shall then terminate as to those depths as provided in this section.

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

(d) **FIELD RULES AND EXCEPTIONS:** If Lessee seeks to amend existing field rules to establish field rules applicable to the Leased Premises, and if Lessee requests a hearing for the amendment or establishment of field rules, or if Lessee requests the consolidation of existing field rules or an exemption from field rules or statewide rules, or if Lessee seeks to adopt field rules different from those in use in the immediate area, Lessee shall notify owner of the soil and the GLO of such request prior to any Railroad Commission hearing and provide all exhibits to the owner of the soil and the GLO relative to such hearing. Any attempt by Lessee to establish, amend, consolidate, or exempt such field rules without owner of the soil's and the GLO's prior consent shall not be applicable to the Leased Premises unless and until such consent is given.

8. OFFSET WELLS: If Oil and/or Gas should be produced in commercial quantities from a well located within one thousand (1,000) feet of the area included herein, or which well is draining the area covered by this lease, the Lessee shall, within one hundred (100) days after such initial production from the draining well or the well located within one thousand (1,000) feet from the area covered by this lease, begin in good faith and prosecute diligently the drilling of an offset well on the area covered by this lease, and such offset well shall be drilled to such depth as may be necessary to prevent the undue drainage of the area covered by this lease, and the Lessee shall use all means necessary in a good faith effort to make such offset well produce Oil and/or Gas in commercial quantities. Only upon the determination of the GLO with its written approval, may the payment of a compensatory royalty satisfy the obligation to drill an offset well or wells required under this section.

9. DRY HOLE/CESSATION, DRILLING, AND REWORKING:

(a) If, during the primary term hereof, within sixty (60) days of a lease anniversary date, (i) Lessee should complete a well as a dry hole, or (ii) production should cease, then the lease is maintained over the anniversary date without the payment of a delay rental. If a dry hole is completed or production or drilling operations cease more than sixty (60) days before a lease anniversary date, a delay rental must be paid on or before such anniversary date to maintain the lease and upon failure to make such payment the lease shall terminate unless otherwise held over the anniversary date by additional drilling operations or re-establishment of production during the sixty (60) days prior to the anniversary date. If, during the last year of the primary term, the production of Oil or Gas should cease, Lessee's rights shall remain in full force and effect without further operations until the expiration of the primary term; and if Lessee has not resumed production in paying quantities at the expiration of the primary term, Lessee may maintain this lease by conducting additional drilling or reworking operations pursuant to section 9(b), using the expiration of the primary term as the date of cessation of production under section 9(b). Should the first well or any subsequent well drilled on the above described land be completed as a shut-in Oil or Gas well within the primary term hereof, Lessee may resume payment of the annual rental in the same manner as provided herein on or before the rental paying date following the expiration of sixty (60) days from the date of completion of such shut-in Oil or Gas well and upon the failure to make such payment, this lease shall automatically terminate. If, at the expiration of the primary term or any time thereafter, a shut-in Oil or Gas well is located on the Leased Premises, payments may be made in accordance with the shut-in provisions hereof.

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

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

10. POOLING; ALLOCATION: (a) Lessee is hereby expressly prohibited from pooling or unitizing the Leased Premises or any interests therein with any other leasehold or mineral interest for the exploration, development and production of Oil or Gas or either of them without the express consent of the School Land Board and the Commissioner. A well, whether or not classified as an allocation well, that traverses multiple leases or units including the Leased Premises hereunder, one or more of which leases or units contains Oil and Gas owned by the state, and which well is not associated with an agreement approved by the GLO and owner of the soil specifying the allocation of the production of state-owned Oil and Gas, is hereby expressly not permitted and may not operate on or under this lease or a unit containing state-owned Oil and Gas without the prior written consent of the Commissioner or his authorized designee, which consent may be granted or withheld in the Commissioner's sole discretion.

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

11. SHUT-IN ROYALTIES: For purposes of this section, "well" means any well that has been assigned a well number by the governmental agency having jurisdiction over the production of Oil and Gas. If at any time after the expiration of the primary term of a lease that, until being shut in, was being maintained in force and effect, a well capable of producing Oil or Gas in paying quantities is located on the Leased Premises, but Oil or Gas is not being produced for lack of suitable production facilities (lack of suitable production facilities is not acceptable as a reason for making a shut-in payment if all or part of such production facilities are owned and/or operated by Lessee, and the cause is due to Lessee's improper maintenance or neglect) or lack of a suitable market, then Lessee may pay as a shut-in Oil or Gas royalty an amount equal to double the annual rental provided in the lease, but not less than \$1,200 a year for each well capable of producing Oil or Gas in paying quantities. If section 3 of this lease

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does not specify a delay rental amount, then for the purposes of this section, the delay rental amount shall be one dollar (\$1.00) per acre. To be effective, each initial shut-in Oil or Gas royalty payment, accompanied by the GLO Shut-In Affidavit, must be paid on or before: (1) the expiration of the primary term, (2) Sixty (60) days after the Lessee ceases to produce Oil or Gas from the Leased Premises, or (3) Sixty (60) days after Lessee completes a drilling or reworking operation in accordance with the lease provisions; whichever date is the latest. Such payment shall be made one-half (1/2) to the Commissioner, and one-half (1/2) to owner of the soil. If the shut-in Oil or Gas royalty is paid, accompanied by the GLO Shut-In Affidavit, the lease shall be considered to be a producing lease and the payment shall extend the term of the lease for a period of one (1) year from the end of the primary term, or from the first (1st) day of the month following the month in which production ceased, and, after that, if after a diligent effort, that being those of a reasonable and prudent operator to obtain or repair the production facilities or to obtain a market, no suitable production facilities or suitable market for the Oil or Gas exists, Lessee may, upon written approval of the GLO, extend the lease for four (4) more successive periods of one (1) year by paying the same amount each year on or before the expiration of each shut-in year.

12. COMPENSATORY ROYALTIES: If, during the period the lease is kept in effect by payment of the shut-in Oil or Gas royalty, Oil or Gas is sold and delivered in paying quantities from a well located within one thousand (1,000) feet of the Leased Premises and completed in the same producing reservoir, or in any case in which drainage is occurring, the right to continue to maintain the lease by paying the shut-in Oil or Gas royalty shall cease, but the lease shall remain effective for the remainder of the year for which the royalty has been paid. Upon written approval from the GLO, the Lessee may maintain the lease for four (4) more successive years by Lessee paying compensatory royalty at the royalty rate provided in the lease of the market value of production from the well causing the drainage or which is completed in the same producing reservoir and within one thousand (1,000) feet of the Leased Premises. The compensatory royalty is to be paid monthly one-half (1/2) to the Commissioner, and one-half (1/2) to owner of the soil, beginning on or before the last day of the month following the month in which the Oil or Gas is produced from the well causing the drainage or that is completed in the same producing reservoir and located within one thousand (1,000) feet of the Leased Premises; if the compensatory royalty paid in any twelve (12) month period is in an amount less than the annual shut-in Oil or Gas royalty, Lessee shall pay an amount equal to the difference within thirty (30) days from the end of the twelve (12) month period; and none of these provisions will relieve Lessee of the obligation of reasonable development nor the obligation to drill offset wells as provided in N.R.C. Section 52.034; however, at the determination of the GLO, and with the GLO's written approval, the payment of compensatory royalties shall satisfy the obligation to drill offset wells. Compensatory royalty payments which are not timely paid will accrue penalty and interest in accordance with section 5 of this lease.

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

14. USE OF WATER; SURFACE: Lessee shall have the right to use water produced on said land necessary for drilling operations hereunder and solely upon the Leased Premises; provided, however, Lessee shall not use potable water or water suitable for livestock or irrigation purposes for water flood, hydraulic fracturing, or completion operations, whether such water is from stock tanks, surface reservoirs, existing water wells, or streams on the Leased Premises, without the prior written consent of owner of the soil. Lessee shall have the right to use so much of the surface of the land that may be reasonably necessary for drilling and operating Oil and Gas wells and transporting and marketing the production therefrom, such use to be conducted under conditions of least injury to the surface of the land.

15. POLLUTION: In developing the Leased Premises, Lessee shall use the highest degree of care and all proper safeguards to prevent pollution. Without limiting the foregoing, pollution of coastal wetlands, natural waterways, rivers and impounded water shall be prevented by the use of containment facilities sufficient to prevent spillage, seepage or ground water contamination. In the event of pollution, Lessee shall use all means at its disposal to recapture all escaped hydrocarbons or other pollutants and shall be responsible for all damage to public and private properties. Failure to comply with the requirements of this provision may result in the maximum penalty allowed by law including forfeiture of the lease. Lessee shall be liable for the damages caused by such failure and any costs and expenses incurred in cleaning areas affected by the discharged waste.

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

17. ASSIGNMENTS: (a) Subject to the right of the GLO to require a demonstration by the transferee of its financial responsibility, this lease may be transferred at any time; provided, however, that the liability of the transferor to properly discharge its obligation under the lease, including properly plugging abandoned wells, removing platforms or pipelines or remediation of contamination at drill sites shall only pass to the transferee upon the prior written consent of the GLO. The GLO may require the transferee to demonstrate financial responsibility and may require a bond or other security. All transfers must reference the lease by the file number and must be recorded in the county where the area is located, and the recorded transfer or a copy certified to by the County Clerk of the county where the transfer is recorded must be filed in the GLO within ninety (90) days of the execution date, as provided by N.R.C. Section 52.026, accompanied by the filing fee prescribed by the GLO rules in effect on the date of receipt by the GLO of such transfer or certified copy thereof. Without limiting the liability of the original lessee or any prior transferee for that entity's debts owed to the GLO hereunder, every transferee shall succeed to all rights and be subject to all obligations, liabilities, and penalties owed to the State by the original lessee or any prior transferee of the lease, including any liabilities to the State for unpaid royalties.

(b) Notwithstanding any provision in subsection 17(a), if the owner of the soil acquires this lease in whole or in part by assignment without the prior written approval of the Commissioner, this lease is void as of the time of assignment and the agency power of the owner may be forfeited by the Commissioner. An assignment will be treated as if it were made to the owner of the soil if the assignee is:

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

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

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

20. (a) **PROPORTIONATE REDUCTION CLAUSE:** If the owner of the soil owns less than the entire undivided surface estate in the above described land, whether or not Lessee's interest is specified herein, then the royalties herein provided to be paid to the owner of the soil shall be paid to him in the proportion which his interest bears to the entire undivided surface estate and the royalties herein provided to be paid to the GLO shall be likewise proportionately reduced. However, before Lessee adjusts the royalty due to the GLO, Lessee or his authorized representative must submit to the GLO a written statement which explains the discrepancy between the interest purportedly leased under this lease and the actual interest owned by the owner of the soil. If an undivided interest remains unleased on the land covered by this lease on the date of first production from the Leased Premises, the GLO shall be paid a royalty of **twenty-five percent (25%)** of the value of the Gross Production allocable to said unleased undivided interest payable on the same terms and conditions as are provided in this lease for the payment of royalty to the GLO, until such time as the Lessee has recouped its drilling and completion costs ("payout") and upon payout the Lessee will give notice to the GLO and beginning on the first day of the month after payout the GLO shall be paid the value of 100% of the Gross Production allocable to said unleased undivided interest less the proportionate operating costs. Upon written request from the GLO, the Lessee will provide the GLO with a title opinion verifying the percentage of unleased undivided interest on the Leased Premises.

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

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

22. **FORFEITURE:** If Lessee shall fail or refuse to make the payment of any sum within thirty (30) days after it becomes due, or if Lessee or an authorized agent should knowingly make any false return or false report concerning production or drilling, or if Lessee shall fail or refuse to drill any offset well or wells in good faith as required by law and the rules and regulations adopted by the GLO, or if Lessee should fail to file reports in the manner required by law or fail to comply with rules and regulations promulgated by the GLO, the SLB or the Railroad Commission, or refuse the proper authority access to the records pertaining to operations, or if Lessee or an authorized agent should knowingly fail or refuse to give correct information to the proper authority, or knowingly fail or refuse to furnish the GLO a correct log of any well, or if Lessee shall knowingly violate any of the provisions of this lease, or if this lease is assigned and the assignment is not filed in the GLO as required by law, or if Lessee shall fail or refuse to execute and file a release as required under this lease and by GLO rules, the rights acquired under the entirety of this lease shall be subject to forfeiture by the GLO, and it shall forfeit same when sufficiently informed of the facts which authorize a forfeiture, and when forfeited the area shall again be subject to lease. However, nothing herein shall be construed as waiving the automatic termination of this lease by operation of law or by reason of any special limitation arising hereunder. Forfeitures may be set aside and this lease and all rights thereunder reinstated before the rights of another intervene upon satisfactory evidence to the GLO of future compliance with the provisions of the law and of this lease and the rules and regulations that may be adopted relative hereto. Neither termination nor forfeiture of this lease shall have the effect of releasing Lessee from any liability theretofore accrued in favor of the State.

23. **APPLICABLE LAWS AND DRILLING RESTRICTIONS:** This lease shall be subject to all rules and regulations, and amendments thereto, promulgated by the Railroad Commission and the GLO governing drilling and producing operations on State land (specifically including any rules promulgated that relate to payment of royalties, and auditing procedures, and shall be subject to all other valid statutes, rules, regulations, orders and ordinances that may affect operations under the provisions of this lease. Without limiting the generality of the foregoing, Lessee hereby agrees, by the acceptance of this lease, to be bound by and subject to all statutory and regulatory provisions relating to the GLO's audit billing notice and audit hearings procedures. Said statutes are currently found at N.R.C. Sections 52.135 and 52.137 through 52.140.

24. **REMOVAL OF EQUIPMENT:** Subject to limitations in this section, Lessee shall have the right to remove machinery and fixtures placed by Lessee on the Leased Premises, including the right to draw and remove casing, during or within six (6) months after the expiration or the termination of this lease. However, Lessee may not remove casing from any well capable of producing Oil and Gas in paying quantities. Additionally, Lessee may not draw and remove casing until after thirty (30) days written notice to the GLO and to the owner of the soil. If Lessee fails to remove such machinery and fixtures within the allotted time, then such machinery and fixtures shall, at the election of the owner of the soil, either become the property of the owner of the soil or the owner of the soil may have such machinery and fixtures removed at the sole expense of Lessee. Notwithstanding the foregoing, if this lease is forfeited or terminated for any reason, Lessee shall not remove the casing or any equipment from the Leased Premises until wells have been plugged to the satisfaction of the Railroad Commission, all pits have been properly filled and all debris has been removed from the Leased Premises, and owner of the soil has provided written approval of all restoration.

25. **FORCE MAJEURE:** If, in the last year of the primary term or thereafter, Lessee is prevented from complying with any express or implied covenant of this lease, from conducting drilling operations thereon, or from producing Oil and/or Gas therefrom, after effort made in good faith, by reason of war, rebellion, riots, strikes, fires, acts of God or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended upon proper and satisfactory proof presented to the GLO (the GLO should be notified within fifteen (15) days of any force majeure event) and accepted by the GLO in support of Lessee's contention and Lessee shall not be liable for damages for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented, by any such cause, from drilling, reworking operations or producing Oil and/or Gas from the Leased Premises. Lessee agrees to immediately notify the GLO when the reason for force majeure has ceased. Notwithstanding anything contained herein to the contrary, a well being shut-in as a result of pipeline disruptions that are subject to section 11 of this lease does not constitute an event of force majeure, and Lessee's obligations under this lease are not, for that reason, excused pursuant to this section 25.

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

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

28. VENUE: The owner of the soil and Lessee, including Lessee's successors and assigns, hereby agree that venue for any dispute involving the GLO and arising out of a provision of this lease, whether express or implied, regarding interpretation of this lease, or relating in any way to this lease or to applicable case law, statutes, or administrative rules, shall be in a court of competent jurisdiction either in Travis County, Texas, or in the county where the Leased Premises are located, at the option of the GLO.

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29. LAND PROTECTIONS:

Lessee agrees to provide at least seven (7) days' prior notice to owner of the soil before commencing any surface operations on the Leased Premises, such notice to include location of operations and work to be performed.

(a) Upon written request of owner of the soil, Lessee shall construct a fence around any drill site during drilling operations, and if production is obtained, Lessee shall construct a fence around all production facilities capable of turning cattle and/or livestock. Lessee agrees to install gates at all fence crossings used by Lessee in connection with operations hereunder. Should a cattle guard or guards be placed on the Leased Premises by Lessee, then such cattle guard(s) shall be left in place and become the property of owner of the soil after the expiration of this lease.

(b) Lessee shall not cut any exterior or boundary fence nor open any locked exterior or boundary gates of the Leased Premises without owner of the soil's prior written permission, which shall not be unreasonably withheld.

(c) No employee, representative, contractor or any other person allowed by Lessee to come upon the Leased Premises shall be permitted to hunt, fish, trap, or camp on the Leased Premises, nor shall any such persons be permitted to bring alcoholic beverages or illegal drugs on to the Leased Premises at any time.

(d) All pits used by or on behalf of Lessee during drilling operations on the Leased Premises shall be lined with an impervious material so that no fluids may escape such pits. Lessee and its assigns shall not let any salt water or any other deleterious substance run on or over the Leased Premises, or let such substances run into owner of the soil's stock tanks or any creek, stream, river or other body of water, and absent owner of the soil's prior written consent to the contrary, Lessee shall not use any wells on the Leased Premises for salt water disposal purposes. If owner of the soil elects to consent to the use of wells located on the Leased Premises for salt water disposal purposes, the parties shall enter into a separate agreement covering such disposal.

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(e) Upon completion or abandonment of any well or wells, Lessee shall fill and level all slush pits and cellars and completely clean up the drilling site of all rubbish thereon and restore the surface to as near its original condition and contours as is practicable. Lessee shall, while conducting operations on the Leased Premises, keep said premises free of all rubbish, cans, bottles, paper cups or garbage. Lessee shall maintain trash containers at all work sites during construction on the Leased premises, such trash containers to be located at entrances and exits on each side of the road and near places of high activity. Tanks and equipment will be kept painted and presentable.

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(f) When requested by the owner of the soil, Lessee shall bury its pipelines below plow depth.

(g) No drill site locations, storage tanks, or treatment facilities shall be established within three hundred feet (300') of any residence or barn now situated on the Leased Premises without owner of the soil's prior written consent. Lessee shall conduct all drilling and production operations entirely within each drill site. The owner of the soil shall have the right to participate in the selection of the location of roadways to and from any drill site on the Leased Premises and that prior to beginning operations hereunder, Lessee shall contact the owner of the soil for consent as to the location of such roadways, which consent will not be unreasonably withheld.

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30. DEFINITIONS:

- a. "BTU" means British thermal unit, which is the quantity of heat required to raise the temperature of one-pound avoirdupois of pure water from 58.5 degrees Fahrenheit ("°F") to 59.5°F. An MMBtu is one million (1,000,000) British thermal units.
- b. "Dry Gas" means a Gas that contains less than or equal to seven (7) lbs of water per million standard cubic feet. The volume of Gas, on a Dry Gas basis, shall be determined by mathematically removing the water vapor from Gas that is partially or fully saturated with water vapor at measurement conditions of flowing pressure and temperature. The total energy content of Gas shall be the product of multiplying the volume of Gas, on a Dry Gas basis, times the heating value per unit volume, in Btu/SCF, on a Dry Gas basis, at the same base temperature and base pressure.
- c. "Gas" means methane and other Gaseous hydrocarbons, including Gaseous combustible, noncombustible, and inert elements, compounds, components or mixtures thereof, and liquefiable hydrocarbons in the vapor stream. Gas volumes shall be calculated and reported, at the option of the GLO, in standard cubic feet (SCF), one thousand (1,000) standard cubic feet of Gas (MSCF), or one million (1,000,000) standard cubic feet of Gas (MMSCF).
- d. "Gross Heating Value or BTU Content" means the energy per unit volume represented by the number of BTUs produced by the complete combustion of one standard cubic foot of Gas (excluding hydrogen sulfide) at a temperature base of sixty degrees (60°F) Fahrenheit and pressure base of 14.65 pounds per square inch absolute.
- e. "Gross Production" means all Gas and fluids brought from underground up to and through the well head, and includes: (i) all hydrocarbons produced in liquid form as Oil or condensate at the well head and also all condensate, distillate, and any other liquid hydrocarbons recovered from Oil, condensate, or Gas run through a separator or other equipment; (ii) all hydrocarbons and Gaseous substances not in liquid form produced from any well; and (iii) natural Gasoline or liquid hydrocarbons, carbon dioxide, carbon black, sulfur or any other products produced or manufactured from any Gas or liquid. The Gross Production volumes of Oil, condensate, and Gas includes all sales, custody transfer dispositions, and/or stored volumes and all non-sales disposition volumes, including but not limited to, lease use, fuel, vent, flare, spills, uncontrolled releases, theft, and any other loss. The Gross Production of Gaseous hydrocarbons shall be adjusted and reported in MMBTUs.

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- f. **"Market Value"** means the greatest of (i) the highest posted price, plus premium, if any, offered or paid for Oil, Gas, condensate, distillate, other hydrocarbons, or any Other Products produced or manufactured from the Oil or Gas, of similar characteristics and type in the general area, (ii) the prevailing market price thereof in the general area, (iii) the proceeds of the sale thereof, or (iv) the highest value reasonably available to Lessee. The proceeds of sale shall include the total value accruing to the Lessee from the sale or use of the production, including proceeds and any other thing of value received by Lessee or the operator.
- g. **"Marketable"** means that sufficient infrastructure is in-place or installed to allow for the sale or delivery of merchantable Oil and/or Gas into the custody of an authorized carrier, receiving agency, or party.
- h. **"Merchantable"** means (i) with respect to Gas, a Gas that is commercially free of dust, sand, dirt, gum-forming constituents, natural Gasoline, liquid hydrocarbons, water, inerts, and any other substances that may become separated from the Gas during handling thereof and may be injurious to utility facilities, industrial, commercial, and/or residential users that would cause the Gas to be unmarketable or require additional treating and/or processing to be ready for use and consumption (sale and use), and (ii) with respect to Oil, a crude Oil, condensate, and other liquid hydrocarbons recovered in liquid form from any hydrocarbon production (oil or Gas) produced on or from the Leased Premises that is suitable for normal refinery processing, sufficiently free of foreign contaminants or chemicals, and meets the appropriate pipeline or truck haul specifications for sediment and water.
- i. **"Natural Gas Liquids (NGLs)"** means those hydrocarbons liquefied, removed, recovered, or condensed from natural Gas at the surface in field production facilities as Oil or condensate or in natural Gas processing plants as Oil or stabilized condensate and as raw mix liquids prior to separation down to their base components. Natural Gas liquids that are not recovered or removed as condensate in plant systems located on or off the Leased Premises or in a Processing Plant consist of either: (i) Raw Mix, or (ii) component plant products consisting of merchantable and marketable commercial grades and/or blends of each of the individual components, after fractionation, of ethane, propane, iso-butane, normal butane, and natural Gasoline that include pentanes plus (iso-pentane, normal pentane and hydrocarbon components of higher molecular weight).
- j. **"Non-Processed Gas"** means all hydrocarbons and Gaseous substances not defined as Oil, that are not processed in plant systems located on or off the Leased Premises or in a Processing Plant to remove or extract Natural Gas Liquids to produce a Pipeline-Quality Natural Gas or Residue Gas (although the term includes such substances that have been removed from the Gas that include, but are not limited to, carbon dioxide, sulphur, water, or any other constituent or component necessary to produce a Pipeline-Quality Natural Gas).
- k. **"Oil"** means all hydrocarbons produced in a liquid form at the mouth of the well and also all condensate, distillate and other liquid hydrocarbons recovered in liquid form from any hydrocarbon production (oil or Gas) produced on or from the Leased Premises when run through a separator or other equipment that is stored at pressures less than or equal to 15 pounds per square inch gauge, and that is not extracted in the form of Raw Mix in plant systems located on or off the Leased Premises or in a Processing Plant prior to fractionation. All Oil volumes shall be corrected from the measurement condition to report the produced volume of Oil in Stock Tank Barrels at Stock Tank Conditions per the applicable API MPMS standards.
- l. **"Pipeline-Quality Natural Gas"** means a natural Gas that is merchantable and marketable that meets an interstate or intrastate transmission company's minimum specifications with respect to (i) delivery pressure, (ii) delivery temperature, (iii) BTU content, (iv) mercaptan sulfur, (v) total sulfur, (vi) moisture and/or water content, (vii) carbon dioxide, (viii) oxygen, (ix) total inerts (the total combined carbon dioxide, helium, nitrogen, oxygen, and any other inert compound percentage by volume), (x) hydrocarbon dew point limits, (xi) merchantability, (xii) content of any liquids at or immediately downstream of the delivery point into a pipeline, and (xiii) interchangeability with the typical composition of the Gas in the pipeline with respect to the following indices: Wobbe Number, Lifting Index, Flashback Index, and Yellow Tip Index per AGA Bulletin No. 36.
- m. **"Processed Gas"** means natural Gas processed in a Processing Plant(s) located on or off the Leased Premises where Gas is processed to remove or extract liquefiable hydrocarbons or Raw Mix from the natural Gas stream to produce a Pipeline-Quality Natural Gas or Residue Gas, NGLs, and other products, and as used herein includes the Residue Gas, the Raw Mix (and resulting NGLs), and other products.
- n. **"Processing Plant"** means plant systems, located on or off the Leased Premises, that include a Gas processing plant, natural Gasoline plant, Gasoline plant, or other plant where raw unprocessed natural Gas is processed to remove or extract Raw Mix from the natural Gas stream to produce a Pipeline-Quality Natural Gas or Residue Gas and other products, and the Raw Mix is then either (i) separated by fractionation down to its base components prior to storage and/or transport that meets or conforms to all applicable Gas Processors Association (GPA) Standards and/or Specifications for the commercial sale of each liquefiable hydrocarbon product, or (ii) transported to another plant for separation down to its base components by fractionation prior to storage and/or transport for the commercial sale of each liquefiable hydrocarbon product. Any deductions, costs, or processing fees associated with the removal or recovery of Natural Gas Liquids is strictly limited to only that part of any Processing Plant or facility where Raw Mix is recovered, and if applicable at that plant, also fractionated to their component parts.
- o. **"Raw Mix"** means a mixture of Natural Gas Liquids (NGLs) that has a true vapor pressure greater than fifteen (15) pounds per square inch gauge at 100 degrees Fahrenheit (°F) prior to separation down to its base components by fractionation, typically consisting of a mixture of liquefiable hydrocarbons; including but not limited to, the natural Gas liquids ethane, propane, iso-butane, normal butane, and natural Gasoline that include pentanes plus (iso-pentane, normal pentane and hydrocarbon components of higher molecular weight).
- p. **"Ready for Sale and Use"** means the following:
 - i. **For Oil:** Oil that is merchantable and marketable and otherwise in a condition such that the Oil is suitable for transfer of ownership and will be accepted by a purchaser under a sales contract typical for the field or area.
 - ii. **For Non-Processed Gas:** A Pipeline-Quality Natural Gas that is merchantable and marketable and otherwise in a condition suitable for transfer of ownership such that the natural Gas or other Gas product will be interchangeable with and accepted by a purchaser under an interstate and/or intrastate Gas sales contract typical for the field or area for use by an industrial, commercial, and/or residential user.
 - iii. **For Residue Gas:** A Pipeline-Quality Natural Gas at the tailgate of the only or last stage of Gas processing to remove Natural Gas Liquids that is merchantable and marketable and otherwise in a condition suitable for transfer of ownership such that the natural Gas or other Gas product will be interchangeable with and accepted by a purchaser under an interstate and/or intrastate

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Gas sales contract typical for the field or area for use by an industrial, commercial, and/or residential user.

- iv. **For Natural Gas Liquids:** (A) merchantable and marketable Raw Mix at the point sold as such to a third party at arms' length, or (B) merchantable and marketable Natural Gas Liquids at the tailgate of a Processing Plant after fractionation that are suitable for transfer of ownership that will be interchangeable with and accepted by a purchaser for sale or use by an industrial and/or commercial user.
- v. **For Other Products:** Products that are in a condition that will be accepted by a purchaser under a sales contract typical for the field or area for use by an industrial or commercial user.
- q. **"Residue Gas"** means (i) the material that remains after a separation, treatment, or Gas conditioning process, and (ii) that Gas remaining after the recovery of Natural Gas Liquids to produce a Pipeline-Quality Natural Gas. If the Gas is processed to remove liquefiable hydrocarbons in a series of Processing Plants, then the Residue Gas is that Gas remaining after the recovery of Natural Gas Liquids to produce a Pipeline-Quality Natural Gas at the last Processing Plant in the series.
- r. **"Stock Tank Barrel"** means the volume of liquid hydrocarbons that is equivalent to the volume of forty-two (42) U.S. gallons at atmospheric pressure and 60 °F.
- s. **"Stock Tank Conditions"** means a stock tank meeting all applicable API specifications and requirements at atmospheric pressure and 60° F.

31. DISCLOSURE CLAUSE. All provisions pertaining to the lease of the Leased Premises have been included in this instrument, including the statement of the true consideration to be paid for the execution of this lease and the rights and duties of the parties. Any collateral agreements concerning the development of Oil and Gas from the Leased Premises which are not contained in this lease are invalid.

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

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

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

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35. EXECUTION: This lease must be signed and acknowledged by the Lessee before it is filed of record in the county records and in the GLO.

36. LEASE FILING: Pursuant to Chapter 9 of the Tex. Bus. & Com. Code, this lease must be filed of record in the office of the County Clerk in any county in which all or any part of the Leased Premises is located, and certified copies thereof must be filed in the GLO. This lease is not effective until a certified copy of this lease (that is made and certified by the County Clerk from his records) is filed in the GLO in accordance with Texas Natural Resources Code Sec. 52.183. Additionally, this lease shall not be binding upon the State unless it recites the actual and true consideration paid or promised for execution of this lease. The bonus due the GLO and the prescribed filing fee shall accompany the certified copies sent to the GLO.

LESSEE SUMMIT WEST RESOURCES LP
By: Summit West Management LLC, its General Partner

BY: [Signature]

TITLE: Matt Johnson, President & COO

DATE: 2/6/17

OWNER OF THE SOIL LEGADO INVESTMENTS, LLC

Individually and as agent for the State of Texas

BY: [Signature]

TITLE: Tyler Goree, Managing Partner

DATE: 1-20-17

OWNER OF THE SOIL

Individually and as agent for the State of Texas

BY: _____

TITLE: _____

DATE: _____

OWNER OF THE SOIL

Individually and as agent for the State of Texas

BY: _____

TITLE: _____

DATE: _____

OWNER OF THE SOIL

Individually and as agent for the State of Texas

BY: _____

TITLE: _____

DATE: _____

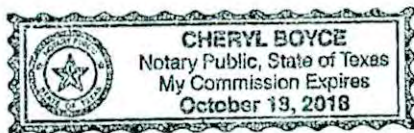
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STATE OF TEXAS
COUNTY OF MIDLAND

(CORPORATION ACKNOWLEDGMENT)

BEFORE ME, the undersigned authority, on this day personally appeared MATT JOHNSON
known to me to be the person whose name is subscribed to the foregoing instruments as President & COO
of Summit West Management LLC, as General Partner of Summit West Resources LP and acknowledged to me that he
executed the same for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said corporation.

Given under my hand and seal of office this the 9th day of January, 2017



Cheryl Boyce
Notary Public in and for TEXAS

STATE OF TEXAS
COUNTY OF MIDLAND

(CORPORATION ACKNOWLEDGMENT)

BEFORE ME, the undersigned authority, on this day personally appeared TYLER GOREE
known to me to be the person whose name is subscribed to the foregoing instruments as Managing Partner
of Legado Investments, LLC 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 20th day of January, 2017



Melanie Thomas
Notary Public in and for TEXAS

32417

EXHIBIT "A"

ADDENDUM TO LEASE

Attached to and made a part of that certain Oil and Gas Lease dated January 6, 2017 by and between the STATE OF TEXAS, acting by and through its agent, as set out on the signature page attached hereto, Owner of the soil and Summit West Resources LP, Lessee.

Notwithstanding any provisions of this lease to the contrary, it is expressly understood and agreed by and between the parties that:

1. Lessee shall not use any existing water, whether from wells, tanks, ponds or reservoirs, from the Leased Premises without prior written consent of Lessor as owner of the surface estate. Lessee, its successors and assigns, may itself drill a water well and then use the potable water from that well for drilling operations that are conducted on the Leased Premises or lands pooled therewith. However, Lessee shall have no right to use the potable water from the Leased Premises for water flooding or secondary recovery operations without the prior written consent of Lessor as the owner of the surface estate. In the event Lessee drills a new well and encounters non-potable water which is certified as not suitable for human, animal or agricultural use, Lessee may use the same for its drilling, water flooding or secondary recovery operations. Lessee may not drill a new well within 500 feet of an existing water well located on the leased premises without Lessor's prior written consent. In the event lessee drills a water well on the Leased Premises and completes its use of same, upon termination of Lessee's use of said water well, Lessee will give Lessor a thirty (30) day written notice as to Lessee's intention to plug and abandon said water well. Lessor may during said thirty (30) day notice period, provide to Lessee a written request as to Lessors's election to take over the ownership of said water well and in such event, Lessee agrees upon receipt of written request by Lessor to transfer said water well to Lessor as owners of the surface estate, upon Lessee's execution of a written transfer instrument that includes Lessor's agreement to accept the water well 'AS IS' without any warranty and Lessor's agreement to assume all rights, responsibilities and liabilities, if any, for the operation and maintenance of said water well, including but not limited to plugging of the well in accordance with any regulations of applicable governmental agency or agencies.
2. Lessee is granted the right to use existing roads on the leased premises for ingress and egress, and to the extent such roads are used by Lessee, agrees to maintain, restore and keep roads in useable condition so long as this lease is in force and effect.
3. Lessee shall notify Lessor a minimum of 24 hours before cutting any new road, if necessary, into or on the leased premises.
4. Lessee shall install and maintain cattle guards at every fence crossing, said cattle guards to remain upon premises as Lessor's property at the expiration of this lease.
5. Lessee will bury and maintain all pipelines and electrical transmission lines 24 inches below the surface only in the event that topographic or ground conditions allow for lines being buried to the set out depth. Lessee may further use temporary poly flowlines on the surface with the written permission of the Lessor.
6. Lessee may use no more of the surface of the leased premises than is reasonably necessary to use for the purpose of which this lease is granted, and it shall exercise all rights granted to it herein with due regard for the rights of the Owner of the Soil.
7. Lessee, its successors and assigns, shall not erect any building or houses on the leased premises and that only those structures which are reasonably necessary for production facilities or tank batteries shall be erected on the surface of the leased premises.
8. Lessee will not pollute any water aquifers or fresh water in, upon or under the leased premises, and Lessee agrees to notify owner of the Soil in writing if fresh water is encountered during drilling, or if a fresh water formation is penetrated.
9. Lessee shall maintain all drill sites and other portions of the surface used or occupied by lessee, its successors or assigns, free and clear of weed and noxious vegetation, and will maintain the same in a reasonable manner to prevent additional damage to Owner of the Soil, other land, and crops.

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10. Upon written demand by Owner of the Soil, Lessee shall build and maintain fences around its slush, sump, and drainage pits and tank batteries to protect livestock against loss, damage or injury; and upon completion or abandonment of any well or wells, Lessee shall fill and level off all slush pits and cellars and completely clean up the drill site of all rubbish thereon.
11. In the event of a dry hole or production from a well which production ceases and the abandonment of such well, or upon the abandonment of any well location, drill site, tank battery site or roadway, the premises will be restored by Lessee as nearly as reasonably possible to its former condition at the cost and expense of Lessee, it being the intention of the parties hereto that Lessee shall restore the surface to as nearly the state that it is in at the time of execution of this lease.
12. If all or any part of this lease is assigned, released, pooled or unitized, Lessee agrees to furnish the Owner of the Soil with a copy of any such document.
13. This lease grants no hunting or fishing rights whatsoever. Furthermore, Lessee, its agents, contractors, employees or assigns shall be prohibited from carrying or transporting firearms of any type upon or across the herein described premises.
14. Weather permitting, Lessee shall remove from the herein described premises any and all structures, equipment and property of every kind and character placed by Lessee on said premises within ninety (90) days after Lessee has finished with the use of the area where such structure, equipment and property are placed. After thirty (30) days written notice to Lessee by Owner of the Soil, any such structure, equipment or property left on the lease premises by Lessee after the ninety (90) day period, shall at Lessor's option, become the property of Owner of the Soil. Lessee shall properly plug all wells drilled by Lessee on the leased premises in accordance with the requirement of the Railroad Commission of Texas, the Texas Natural Resources Conservation Commission or other governmental agencies having jurisdiction. In plugging the wells, Lessee shall cut off the casing at least thirty six (36) inches below the surface.
15. If at the expiration of the primary term, Lessee has completed a well(s) or Lessee is then engaged in drilling, reworking, or other operations reasonably calculated to obtain or restore production, Lessee shall have the option to commence a continuous development program on said lease and this lease shall remain in full force and effect during such time as said continuous drilling program on the lands covered by this lease is conducted by Lessee. "Continuous Drilling Program" is defined herein to mean the continuous development of the leased premises by Lessee with no more than one hundred eighty (180) days elapsing between the completion of one (1) well and commencement of actual drilling operations of a succeeding well. For purposes of interpretation of this provision, a well should be determined to be completed on the day Lessee releases the drilling rig used to drill such well, or the date such rig is moved off the location, whichever date occurs first, and a well should be determined to be commenced when such well is spudded. The termination of rights hereunder shall be the sole liability or penalty for the failure to drill any well or wells acquired or permitted hereunder. Upon cessation of such continuous drilling program, this lease shall terminate as to all lands covered hereby, except as to each well capable of producing oil and gas in paying quantities, together with the proration unit allocated thereto in accordance with Paragraph 7(A) and (B) of the lease form. Thereafter, Lessee shall promptly execute and deliver to Owner of the Soil a recorded release of this lease as to all lands covered hereby, save and except to each such producing proration units as stated in Paragraph 7.(A) and (B) of the lease form.
16. Lessee agrees to provide the Owner of the Soil with a chromatograph test for any gas well completed on the land covered by this lease, if possible.
17. PAID-UP LEASE: Rentals for years two and three of this lease have been prepaid. One half (1/2) of said rental has been paid to Lessor and one half has been paid to the State of Texas. No further rental shall be due during the Primary Term of this lease, and Paragraph of the Lease is hereby stricken.

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EXHIBIT "B"

Public School Land Survey, Block 45

Section 2: All

Being 640.00 gross acres and 3.366 net acres

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Public School Land Survey, Block 45

Section 34: All, only below the base of the Bell Canyon formation

Being 640.00 gross acres and 3.366 net acres

Public School Land Survey, Block 56

Section 44: North 315 acres of South 560 acres

Being 315.00 gross acres and 1.9488 net acres

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Public School Land Survey, Block 56

Section 31: North 157.50 acres of South 280.00 acres of E/2

Being 157.50 gross acres and 0.9748 net acres

Public School Land Survey, Block 57

Section 5: South 315 acres

Being 315.00 gross acres and 1.9488 net acres

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Public School Land Survey, Block 57

Section 8: W/3

Being 320.00 gross acres and 1.9800 net acres

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Containing 2387.50 gross acres, more or less.

Reeves County, Texas

Inst No. 17-02536
DIANNE O. FLOREZ
COUNTY CLERK
2017 Feb 16 at 02:33 PM
REEVES COUNTY, TEXAS
By: MS M Baldanta DEPUTY

File No. 117292
County _____
Lease D
Date Filed: 03/24/17
George P. Bush, Commissioner
By [Signature]

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**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. 513, PAGE 610 THRU 685.

I hereby certified on 28 Feb 2017

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS
By [Signature] DEPUTY



PURCHASER'S RECEIPT - RETAIN FOR YOUR RECORDS

CASHIER'S CHECK

15 10060267



TEXAS CAPITAL BANK

17707842

32-1797
1110

REMITTER

1/30/2017

PETROLEUM STRATEGIES, INC

PAYABLE TO

STATE OF TEXAS
C/O THE TEXAS GENERAL LAND OFFICE

\$67,758.80

Sixty Seven Thousand Seven Hundred Fifty Eight Dollars and Eighty Cents

MEMORANDUM

FOR

121

CASHIER'S CHECK

15 10060267



TEXAS CAPITAL BANK

17707842

32-1797
1110

REMITTER

PETROLEUM STRATEGIES, INC

PAY TO THE
ORDER OF

STATE OF TEXAS
C/O THE TEXAS GENERAL LAND OFFICE

DATE 1/30/2017

\$ 67,758.80

Sixty Seven Thousand Seven Hundred Fifty Eight Dollars and Eighty Cents

DOLLARS

[Handwritten signature]

15 10060267

+ 27,68.40 - MF-117292
31,845.60 - MF-117291
8,744.80 - "New"

121

17710165 3230

SUMMIT PETROLEUM LLC

OPERATIONS ACCOUNT
550 WEST TEXAS SUITE 700
MIDLAND, TEXAS 79701-4250
(432) 682-9800

DATE 3/22/17 88-1287/1163

PAY
TO THE
ORDER OF

State of Texas

\$ 175.00

One hundred seventy five dollars and ¹⁰/₁₀₀

DOLLARS

CNB Community
National Bank
P.O. Box 3903 Midland, Texas 79702 432.267.1600

FOR

processing: filing fees for leases

[Signature]

tb

⑈003230⑈



SUMMIT PETROLEUM LLC • 550 W. Texas Avenue, Suite 700 • Midland, Texas 79701
P 432.682.9800 • F 432.682.9809

March 23, 2017

In re: State of Texas Leases
Reeves County, Texas
VIA UPS OVERNIGHT

Texas General Land Office
1700 N. Congress Avenue
Austin, Texas 78701

Attention: Mr. Drew Reid

Dear Mr. Reid:

Enclosed please find Summit's check no. 3230 in the amount of \$175.00 for processing fee and filing fee for three leases (recorded, certified copy of each enclosed) between State of Texas, by and through its agent Legado Investments, LLC and Summit West Resources LP.

Thank you for your assistance and please contact the undersigned should you need anything further.

Sincerely,

Cheryl Boyce
Land Administrator



SUMMIT PETROLEUM LLC • 550 W. Texas Avenue, Suite 700 • Midland, Texas 79701
P 432.682.9800 • F 432.682.9809

February 9, 2017

In re: State of Texas Leases
Reeves County, Texas

Texas General Land Office
1700 N. Congress Avenue
Austin, Texas 78701

Attention: Mr. Drew Reid

Dear Mr. Reid:

Enclosed please find Summit's check no. 10060267 in the amount of \$67,758.80 for lease bonus for the three leases (copy enclosed) between State of Texas, by and through its agent Legado Investments, LLC and Summit West Resources LP.

A certified copy of each lease along with the processing and filing fees will be sent when the leases are recorded.

Thank you for your assistance and please contact the undersigned should you need anything further.

Sincerely,

Cheryl Boyce
Land Administrator

B.

File No. 117292

County

Bonus, fee, ltr

Date Filed: 03/24/17

George P. Bush, Commissioner

By



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

August 16, 2017

Chloe Sawtelle, Mineral Landman
EOG Resources
5509 Champions Drive
Midland, TX 79706

RE: Assignment ID 10340 – MF117292 ABC, MF117489A and MF118666 ABCD
Reeves County

Dear Ms. Sawtelle:

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

Assignment and Conveyance, effective June 1, 2017, from Resolute Natural Resources Southwest, LLC, as assignor to EOG Resources, as assignee. Filed for record under Doc #17-11549.

Filing fees in the amount of \$200.00 were received for the referenced assignment.

Please feel free to contact me at (512) 463-5407 or email carl.bonn@glo.texas.gov if you have further questions.

Best regards,

Carl Bonn, CPL
Mineral Leasing – Energy Resources



P.O. Box 2267, Midland, Texas 79702
Phone: (432) 686-3600 Fax: (432) 686-3773

August 8, 2017

FD 10340
MF 117292

Texas General Land Office
Attention: Carl Bonn
1700 North Congress Avenue
Austin, Texas 78701-1496

SENT VIA FEDEX

RE: **Filing of Assignment – Summary, Certified Copy, and Fees**
Assignment and Conveyance – Resolute Natural Resources Southwest, LLC to
EOG Resources, Inc. (Instrument 17-11549)
Zena Prospect, Reeves County, Texas
EOG Contract Number K0017342-AAA

Mr. Bonn:

Please find the enclosed Certified Copy of the above-described Assignment that has been recorded in Reeves County, Texas. Also attached are the Assignment Summary form and EOG check number 1192623788 in the amount of \$200.00 to cover the fees for eight State Leases at \$25.00 each.

Should you have any questions or concerns, please contact Chloe Sawtelle, Landman, at (432) 686-3660 or via email at chloe_sawtelle@eogresources.com.

Very truly yours,
EOG RESOURCES, INC.

Katherine Hathcock

Katherine Hathcock
Land Tech – Midland Division
(432) 686-6905
katherine_hathcock@eogresources.com

EOG RESOURCES, INC.
P.O. BOX 4362
HOUSTON, TEXAS 77210-4362

~~17717405~~
CHECK No. 1192623788

VENDOR No. 356744

06/28/17

PAGE 1 OF 2

2100207 01 SD T 5825 009 -P00207



TEXAS GENERAL LAND OFFICE
ATTENTION ENERGY RESOURCES
MINERAL LEASING
P O BOX 12873
AUSTIN

TX 78711-2873

17717406

VOUCHER NO.	INVOICE NO.	INVOICE DATE	DESCRIPTION	NET AMOUNT
084416	JUN1217A	06/12/17	K0017342-AAA	200.00
TOTAL CHECK AMOUNT				USD 200.00

129

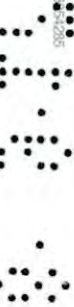
DETACH AND RETAIN THIS STUB FOR YOUR RECORDS.



SD2100207-0001 of 0001 5825-0000207 (F30D)

THIS AREA INTENTIONALLY LEFT BLANK

ID # 0ACT159265



Mail to: Texas General Land Office
Attn: Energy Resources
P.O. 12873
Austin, Texas 78711-2873

Texas General Land Office
ASSIGNMENT SUMMARY

For General Land Office Use Only

DOCUMENT TYPE: (mark one):

☒ Assignment

☐ Deed of Trust

☐ Merger/Name Change

DOCUMENT RECORDING INFORMATION: (Include all the counties covered by the properties listed below)

County	Volume	Page	Execution Date/Effective Date
Reeves	Instrument # 17-11549		June 1, 2017

ASSIGNMENT FEE: \$25 per State Lease (additional \$25 after 90 days)

INTEREST BEING CONVEYED: (mark one)

☒ Working Interest

☐ Overriding Royalty Interest

☐ Other (explain):

Remarks:

Per Trade Letter Agreement dtd May 9, 2017, EOG is assigned leases described below, only as to 200 acres out of the W/2 of Section 8, Block 57, PSL Survey, A-5978.

FROM List all companies or individuals listed in this instrument who are transferring ownership interests, in whole or in part, in the leases shown below	TO List all companies or individuals listed in this instrument who are receiving ownership interests in the leases listed below	% GROSS WI OWNED BY ASSIGNOR	% GROSS WI TRANSFERRED BY ASSIGNOR	% GROSS WI RETAINED BY ASSIGNOR
1. Resolute Natural Resources Southwest, LLC	EOG Resources, Inc.	100%	100%	0%
2.				
3.				
4.				

Attach additional pages as needed.

LEASES COVERED BY THIS TRANSFER: (SEE ATTACHED LIST FOR MORE)

State Lease #	COUNTY	BLOCK	SECTION	PART OF SECTION	DEPTH RESTRICTION
1. MF-117292A	Reeves	57	8	200 AC OUT OF THE W/2	N/A
2. MF-117292B	Reeves	57	8	200 AC OUT OF THE W/2	N/A
3. MF-117292C	Reeves	57	8	200 AC OUT OF THE W/2	N/A
4. MF-117489A	Reeves	57	8	200 AC OUT OF THE W/2	N/A

Preparer's Signature

Chloe Sawtelle

Name (please print)

chloe_sawtelle@eogresources.com

E-Mail Address

(432) 686-3660

Telephone Number

Landman

Title

7-25-2017

Date

I am an authorized representative of the lessee(s) under the State of Texas leases identified herein and represent and certify to the Commissioner of the General Land Office that the information provided on this form is true and correct.

EOG Resources, Inc.

Company Name

Mailing Address

5509 Champions Drive

Midland, TX 79706

City/State/Zip



A
B
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D

State Lease #	COUNTY	BLOCK	SECTION	PART OF SECTION	DEPTH RESTRICTION
5. MF-118666	REEVES	57	8	200 AC OUT OF THE W/2	N/A
6. MF-118666	REEVES	57	8	200 AC OUT OF THE W/2	N/A
7. MF-118666	REEVES	57	8	200 AC OUT OF THE W/2	N/A
8. MF-118666	REEVES	57	8	200 AC OUT OF THE W/2	N/A

ASSIGNMENT AND CONVEYANCE

STATE OF TEXAS §
COUNTY OF REEVES §

ID 10340
MF 117292 ABC
MF 117489 A
MF 118666 ABCD

THIS ASSIGNMENT AND CONVEYANCE (this "Assignment"), is made and effective as of 8:00AM EST on June 1, 2017. **RESOLUTE NATURAL RESOURCES SOUTHWEST, LLC**, whose address is 1700 Lincoln Street, Suite 2800, Denver, CO 80203, who shall herein after be called "Grantor," for \$10.00 and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound by this instrument, hereby ASSIGNS, TRANSFERS, and CONVEYS to **EOG RESOURCES, INC.**, whose address is P.O. Box 2267, Midland, TX 79702, and who shall herein after be called "Grantee", the following described properties, rights and interests located in Reeves County, Texas:

off
6-1-17

In accordance with that certain Letter Agreement dated May 9, 2017, by and between EOG Resources, Inc. and Resolute Natural Resources Southwest, LLC, as amended ("Letter Agreement"), Grantor delivers to Grantee an assignment of all of its right, title and interest in and to the oil and gas leases listed on Exhibit "A" insofar and only insofar as such leases relate to the lands and depths described in Exhibit "A" ("Leases") attached hereto and made a part hereof;

The Leases do not include claims, causes in action and similar rights to payment or performance, arising, occurring or existing in favor of Grantor prior to the date of this Assignment or arising out of the ownership or operation of the Leases prior to the date of this Assignment, including without limitation all contract rights, claims, receivables, payables, revenues, recoupment rights, recovery rights, accounting adjustments, mispayments, erroneous payments, or other claims of any nature relating and accruing to any time period prior to the date of this Assignment.

TO HAVE AND TO HOLD the Leases unto Grantee, its successors and assigns, forever. Grantor does hereby warrant, in accordance with the Letter Agreement, that title to the Leases is free and clear of all liens, claims, security interests, mortgages, charges and encumbrances arising by, through or under Grantor, but not otherwise. Grantee is hereby subrogated to all covenants and warranties of title by third parties given or made to Grantor or their predecessors in title in respect of any of the Leases.

This Assignment is made subject to the Letter Agreement, which contains certain representations, warranties and agreements between the parties concerning the Leases, some of which may survive the delivery of this Assignment, as provided in the Letter Agreement, and are incorporated into this Assignment as if restated in full in this Assignment. Notwithstanding the foregoing, third parties may conclusively rely on this Assignment to vest title to the Leases in Grantee. In the event of any conflict between this Assignment and the Letter Agreement, the terms set forth in the Letter Agreement will prevail.

Grantor will sign, acknowledge, and deliver to Grantee, from time to time, all such other and additional conveyances, instruments, notices, division orders, transfer order, releases, acquittances, and other documents, and will do all such other and further acts and things as may be reasonably necessary to more fully and effectively grant, convey and assign the Leases to Grantee.

This Assignment may be signed in multiple counterparts, all of which are identical and constitute one and the same instrument.

[Remainder of this page intentionally left blank]

GRANTOR:

**RESOLUTE NATURAL RESOURCES
SOUTHWEST, LLC**

By: 
Name: Bill Alleman
Title: Vice President – Land

GRANTEE:

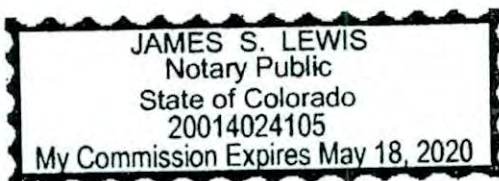
EOG RESOURCES, INC.

By: _____
Name: Ezra Yacob
Title: Vice President and General Manager

STATE OF COLORADO
CITY & COUNTY OF DENVER

On this the 20th day of June, 2017, before me, personally appeared Bill Alleman, to me known to be the Vice President – Land of Resolute Natural Resources Southwest, LLC, the limited liability company that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said limited liability company, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year herein first so above written.




Notary Public
My Commission Expires: 5/18/20

STATE OF TEXAS
COUNTY OF MIDLAND

This instrument was acknowledged before me on this ____ day of _____, 2017 by Ezra Yacob as Vice President and General Manager of EOG Resources, Inc., a Delaware corporation, on behalf of said corporation.

Notary Public
My Commission Expires: _____

True & Correct Copy of a
document on file at
Reeves County Texas,
Dianne O. Florez, County Clerk
Page 2 of 6

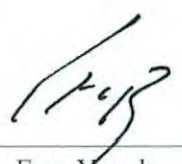
GRANTOR:

RESOLUTE NATURAL RESOURCES
SOUTHWEST, LLC

By: _____
Name: Bill Alleman
Title: Vice President – Land

GRANTEE:

EOG RESOURCES, INC.

By:  _____ *CSJ*
Name: Ezra Yacob
Title: Vice President and General Manager

STATE OF COLORADO
CITY & COUNTY OF DENVER

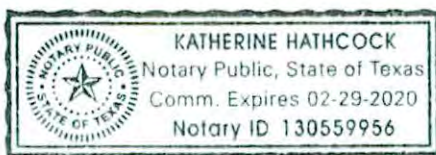
On this the ____ day of May 2017, before me, personally appeared Bill Alleman, to me known to be the Vice President – Land of Resolute Natural Resources Southwest, LLC, the limited liability company that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said limited liability company, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year herein first so above written.

Notary Public
My Commission Expires: _____

STATE OF TEXAS
COUNTY OF MIDLAND

This instrument was acknowledged before me on this 19 day of May 2017 by Ezra Yacob as Vice President and General Manager of EOG Resources, Inc., a Delaware corporation, on behalf of said corporation.




Katherine Hathcock
Notary Public
My Commission Expires: 2-29-20

True & Correct Copy of a
document on file at
Reeves County Texas,
Dianne O. Florez, County Clerk
Page 3 of 6

EXHIBIT "A"

ATTACHED TO AND MADE PART OF ASSIGNMENT AND CONVEYANCE DATED EFFECTIVE AS OF JUNE 1, 2017, BETWEEN RESOLUTE NATURAL RESOURCES SOUTHWEST, LLC (GRANTOR) AND EOG RESOURCES, INC. (GRANTEE)

Leases

Resolute Lease No: TX01219.003
GLO Lease No.: MF-117292A
Lessor: State of Texas, acting by and through its agents, James Robert Hill, individually and as Trustee of the Houston and Emma Hill Trust Estate, et al
Lessee: Energen Resources Corporation
Date: 02/01/2015
Recording: Volume 1215, Page 682, Official Public Records, Reeves County, Texas
Description: INSO FAR, AND ONLY INSO FAR, as this Lease covers that certain 200.00 acre tract located in the W/2 of Section 8, Block 57, Public School Land Survey, A-5978, Reeves County, Texas.
BEGINNING at the Northeast corner of said 200.00 acre tract in said Section 8, from whence the calculated Northeast corner of said Section 8, bears N 53°41'41" E, a distance of 3353.28 feet; Thence S 01°35'17" W, a distance of 3286.11 feet, being the Southeast corner of this tract; Thence N 88°42'21" W, a distance of 2652.96 feet, being the Southwest corner of this tract; Thence N 01°39'35" E, a distance of 3286.85 feet, being the Northwest corner of this tract; Thence S 88°41'26" E, a distance of 2648.85 feet to the Point of Beginning containing 200.00 acres.

Resolute Lease No: TX01219.005
GLO Lease No.: MF-117292B
Lessor: State of Texas, acting by and through its agent, Word B. Wilson Investments, LP
Lessee: Energen Resources Corporation
Date: 06/10/2015
Recording: Volume 1215, Page 592, Official Public Records, Reeves County, Texas
Description: INSO FAR, AND ONLY INSO FAR, as this Lease covers that certain 200.00 acre tract located in the W/2 of Section 8, Block 57, Public School Land Survey, A-5978, Reeves County, Texas.
BEGINNING at the Northeast corner of said 200.00 acre tract in said Section 8, from whence the calculated Northeast corner of said Section 8, bears N 53°41'41" E, a distance of 3353.28 feet; Thence S 01°35'17" W, a distance of 3286.11 feet, being the Southeast corner of this tract; Thence N 88°42'21" W, a distance of 2652.96 feet, being the Southwest corner of this tract; Thence N 01°39'35" E, a distance of 3286.85 feet, being the Northwest corner of this tract; Thence S 88°41'26" E, a distance of 2648.85 feet to the Point of Beginning containing 200.00 acres.

Resolute Lease No: TX01219.004
GLO Lease No.: MF-117292C
Lessor: State of Texas, acting by and through its agent, Alldale Minerals, LP
Lessee: Energen Resources Corporation
Date: 04/01/2015
Recording: Volume 1215, Page 538, Official Public Records, Reeves County, Texas
Description: INSO FAR, AND ONLY INSO FAR, as this Lease covers that certain 200.00 acre tract located in the W/2 of Section 8, Block 57, Public School Land Survey, A-5978, Reeves County, Texas.
BEGINNING at the Northeast corner of said 200.00 acre tract in said Section 8, from whence the calculated Northeast corner of said Section 8, bears N 53°41'41" E, a distance of 3353.28 feet; Thence S 01°35'17" W, a distance of 3286.11 feet, being the Southeast corner of this tract; Thence N

88°42'21" W, a distance of 2652.96 feet, being the Southwest corner of this tract; Thence N 01°39'35" E, a distance of 3286.85 feet, being the Northwest corner of this tract; Thence S 88°41'26" E, a distance of 2648.85 feet to the Point of Beginning containing 200.00 acres.

Resolute Lease No: TX01219.002
GLO Lease No.: MF-117489A
Lessor: State of Texas, acting by and through its agent, Oak Valley Mineral and Land, LP
Lessee: Energen Resources Corporation
Date: 10/04/2014
Recording: Volume 1127, Page 745, Official Public Records, Reeves County, Texas
Description: INSO FAR, AND ONLY INSO FAR, as this Lease covers that certain 200.00 acre tract located in the W/2 of Section 8, Block 57, Public School Land Survey, A-5978, Reeves County, Texas.
BEGINNING at the Northeast corner of said 200.00 acre tract in said Section 8, from whence the calculated Northeast corner of said Section 8, bears N 53°41'41" E, a distance of 3353.28 feet; Thence S 01°35'17" W, a distance of 3286.11 feet, being the Southeast corner of this tract; Thence N 88°42'21" W, a distance of 2652.96 feet, being the Southwest corner of this tract; Thence N 01°39'35" E, a distance of 3286.85 feet, being the Northwest corner of this tract; Thence S 88°41'26" E, a distance of 2648.85 feet to the Point of Beginning containing 200.00 acres.

Resolute Lease No: TX0219.006
GLO Lease No.: MF-118666
Lessor: State of Texas, acting by and through its agent, The DeCompiegne Property Company, No. 20, Ltd
Lessee: Resolute Natural Resources Southwest, LLC
Date: 11/21/2016
Recording: Volume 1392, Page 695, Official Public Records, Reeves County, Texas
Description: INSO FAR, AND ONLY INSO FAR, as this Lease covers that certain 200.00 acre tract located in the W/2 of Section 8, Block 57, Public School Land Survey, A-5978, Reeves County, Texas.
BEGINNING at the Northeast corner of said 200.00 acre tract in said Section 8, from whence the calculated Northeast corner of said Section 8, bears N 53°41'41" E, a distance of 3353.28 feet; Thence S 01°35'17" W, a distance of 3286.11 feet, being the Southeast corner of this tract; Thence N 88°42'21" W, a distance of 2652.96 feet, being the Southwest corner of this tract; Thence N 01°39'35" E, a distance of 3286.85 feet, being the Northwest corner of this tract; Thence S 88°41'26" E, a distance of 2648.85 feet to the Point of Beginning containing 200.00 acres.

Resolute Lease No: TX0219.007
GLO Lease No.: MF-118666
Lessor: State of Texas, acting by and through its agent, Kennedy Minerals Ltd.
Lessee: Resolute Natural Resources Southwest, LLC
Date: 11/08/2016
Recording: Volume 1392, Page 709, Official Public Records, Reeves County, Texas
Description: INSO FAR, AND ONLY INSO FAR, as this Lease covers that certain 200.00 acre tract located in the W/2 of Section 8, Block 57, Public School Land Survey, A-5978, Reeves County, Texas.
BEGINNING at the Northeast corner of said 200.00 acre tract in said Section 8, from whence the calculated Northeast corner of said Section 8, bears N 53°41'41" E, a distance of 3353.28 feet; Thence S 01°35'17" W, a distance of 3286.11 feet, being the Southeast corner of this tract; Thence N 88°42'21" W, a distance of 2652.96 feet, being the Southwest corner of this tract; Thence N 01°39'35" E, a distance of 3286.85 feet, being the

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Reeves County Texas,
Dianne O. Florez, County Clerk
Page 5 of 6

Northwest corner of this tract; Thence S 88°41'26" E, a distance of 2648.85 feet to the Point of Beginning containing 200.00 acres.

Resolute Lease No: TX0219.008
GLO Lease No.: MF-118666
Lessor: State of Texas, acting by and through its agent, Fred W. Shield and Company
Lessee: Resolute Natural Resources Southwest, LLC
Date: 11/21/2016
Recording: Instrument No. 17-07680, Official Public Records, Reeves County, Texas
Description: INsofar, AND ONLY INsofar, as this Lease covers that certain 200.00 acre tract located in the W/2 of Section 8, Block 57, Public School Land Survey, A-5978, Reeves County, Texas.
BEGINNING at the Northeast corner of said 200.00 acre tract in said Section 8, from whence the calculated Northeast corner of said Section 8, bears N 53°41'41" E, a distance of 3353.28 feet; Thence S 01°35'17" W, a distance of 3286.11 feet, being the Southeast corner of this tract; Thence N 88°42'21" W, a distance of 2652.96 feet, being the Southwest corner of this tract; Thence N 01°39'35" E, a distance of 3286.85 feet, being the Northwest corner of this tract; Thence S 88°41'26" E, a distance of 2648.85 feet to the Point of Beginning containing 200.00 acres.

B

Resolute Lease No: TX0219.009
GLO Lease No.: MF-118666
Lessor: State of Texas, acting by and through its agent, Bruno Marshall Investments
Lessee: Resolute Natural Resources Southwest, LLC
Date: 11/08/2016
Recording: Volume 1392, Page 682, Official Public Records, Reeves County, Texas
Description: INsofar, AND ONLY INsofar, as this Lease covers that certain 200.00 acre tract located in the W/2 of Section 8, Block 57, Public School Land Survey, A-5978, Reeves County, Texas.
BEGINNING at the Northeast corner of said 200.00 acre tract in said Section 8, from whence the calculated Northeast corner of said Section 8, bears N 53°41'41" E, a distance of 3353.28 feet; Thence S 01°35'17" W, a distance of 3286.11 feet, being the Southeast corner of this tract; Thence N 88°42'21" W, a distance of 2652.96 feet, being the Southwest corner of this tract; Thence N 01°39'35" E, a distance of 3286.85 feet, being the Northwest corner of this tract; Thence S 88°41'26" E, a distance of 2648.85 feet to the Point of Beginning containing 200.00 acres.

D

RECEIVED STATE DEPT

Inst No. 17-11549
DIANNE O. FLOREZ
COUNTY CLERK

2017 Jul 11 at 01:31 PM

REEVES COUNTY, TEXAS

By: Norma Kray, DEPUTY

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Document on file at

Reeves County Texas,
Dianne O. Florez, County Clerk

Page 6 of 6

File No. WA 117292
Alleg #10340
Resolute to EOG
 Date Filed: 8-16-17
 George P. Bush, Commissioner
 By [Signature]

THE STATE OF TEXAS
COUNTY OF REEVES
 I, Dianne O. Flores, Clerk of the County Court in and for said County and State do hereby certify that the foregoing is a true and correct copy of Assignment and conveyance dated June 1st 2017 filed for record in my office this 11th day of July at 1:31 P M, under Clerk's File No. 17-11549 to be recorded in the Official Public Record Records of Reeves County, Texas.
 TO CERTIFY WHICH, Witness my hand and official seal at Pecos, Texas this 11th day of July, 2017.
 By [Signature], Deputy, **DIANNE O. FLORES, COUNTY CLERK**
REEVES COUNTY, TEXAS

RAL REVIEW SHEET

Working File #: RAL163409

MF:

Lessor: Triangle Royalty LP

Lease Date: 02/08/2016

UI: Yes

Lessee: Summit West Resources LP

Gross Acres: 2,387.50

Net Acres: 161.71

LEASE DESCRIPTION

County	Control #	Base File No	Part	Sec	Block Twp	Survey	Abst No
Reeves	07-103243	119585	all	<u>2</u>	45	Public School Land	3655
Reeves	07-103993	151747	N pt S 7/8 E/2	<u>31</u>	56	Public School Land	5770
Reeves	07-103270	119584	All / below Bell canyon	<u>34</u>	45	Public School Land	3654
Reeves	07-104162	103579	NW 9/16	<u>44</u>	56	Public School Land	2714
Reeves	07-104297	116568	S 9/16	<u>5</u>	57	Public School Land	3615
Reeves	07-104340	153169	W/2	<u>8</u>	57	Public School Land	5978

TERMS OFFERED

Primary Term: 3 Years

Bonus / Acre: \$2,600.00

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

Royalty 0.250000

TERMS RECOMMENDED

Primary Term: 3 Years

Bonus / Acre: \$2,600.00

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

Royalty 0.250000

COMPARISONS

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

Comments:

paid Up

Approved:

[Signature] 3.11.16

RELINQUISHMENT ACT LEASE APPLICATION

Texas General Land Office

George P. Bush, Commissioner

TO: George P. Bush, Commissioner
Anne Idsal, Chief Clerk
Mark Havens, General Counsel

FROM: Robert Hatter, Energy

Applicant: Summit West Resources LP

County: Reeves

Prim. Term: 3 Years

Bonus/Acre: \$2,600.00

Royalty: 0.25000000

Rental/Acre 2nd Yr: \$0.00

3rd Yr: \$0.00

4th Yr: \$0.00

5th Yr: \$0.00

Terms & Consideration

Recommended: RJA

Date: 3/15/16

Not Recommended: _____

Comments: paid Up

Mark Havens, General Counsel

Recommended: ^{DS} MH

Date: 3/22/2016

Not Recommended: _____

Anne Idsal, Chief Clerk

Approved: ^{DS} AI

Date: 3/22/2016

Not Approved: _____

George P. Bush, Commissioner

Approved: ^{DS} GPB

Date: 3/23/2016

Not Approved: _____

1.
File No. MF-117950

County

RAL Review

Date Filed: 03/11/16

George P. Bush, Commissioner

By [Signature]

10.

File No. 117292

County

RAL Review

Date Filed: 09/13/17

George P. Bush, Commissioner

By [Signature]

47950A

117292E

16-03312

FILED FOR RECORD
REEVES COUNTY, TEXAS
Mar 15, 2016 at 11:24:00 AM

The State of Texas



Austin, Texas

V
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General Land Office
Relinquishment Act Lease Form
Revised 5/15

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OIL AND GAS LEASE NO. _____

THIS OIL AND GAS LEASE is made and entered into to be effective February 8, 2016 (the "effective date"), by and between the State of Texas, acting by and through its agent, Triangle Royalty, LP and JK Royalty, LP, whose address is P.O. Box 904, Midland, TX 79702, said agent herein referred to as the owner of the soil (whether one or more) ("owner of the soil"), and Summit West Resources LP ("Lessee"), whose address is 550 W. Texas Ave. #700 Midland, TX 79701.

P
G

1. GRANTING CLAUSE; RESERVATION; BONUS. For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and the covenants contained herein, the State of Texas, acting by and through the owner of the soil, hereby demises, grants, leases and lets unto Lessee the non-exclusive right to explore for, and the exclusive right to produce and take, Oil and/or Gas from the Leased Premises (defined below) on the terms and conditions set out in this lease. Lessee's right hereunder to explore for Oil and Gas from the Leased Premises is non-exclusive. The Texas General Land Office (the "GLO") expressly retains and reserves the concurrent right to grant third parties (i) seismic, geophysical and geological permits, and to enter into other agreements with third parties, which permits or agreements shall allow such third parties to conduct geophysical, geological, or seismic surveys on, over, under, through, and across the land covered herein during the term of this lease, and which seismic, geophysical, or geological surveys shall not unreasonably interfere with Lessee's drilling or production activities on the Premises, and (ii) ingress and egress and use of the Leased Premises by the GLO and its lessees and permittees to explore for and produce minerals that are not covered, or that might not be covered in the future, under the terms of this lease, but that might be located within the surface boundaries of the Leased Premises. All of the rights in and to the Leased Premises retained by the GLO and all of the rights in and to the Leased Premises granted to Lessee herein shall be exercised in such a manner that neither shall unduly interfere with the operations of the other. This lease is made and entered into subject to any existing rights of way, easements, geophysical or geochemical exploration permits.

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The bonus consideration paid for this lease is as follows:

To the State of Texas: Two Hundred Ten Thousand Two Hundred Twenty and 27/100
Dollars (\$210,220.27)

To the owner of the soil: Two Hundred Ten Thousand Two Hundred Twenty and 27/100
Dollars (\$210,220.27)

Total bonus consideration: Four Hundred Twenty Thousand Four Hundred Forty and 54/100
Dollars (\$420,440.54)

The total bonus consideration paid represents a bonus of Two Thousand Six Hundred dollars (\$ 2,600) per acre, on 161.7079 net acres.

2. TERM. This lease shall be for a term of three (3) years commencing on the effective date (the "primary term"), and as long thereafter as Oil or Gas is produced in paying quantities from the following "Leased Premises" (herein so called), to-wit:

Public School Land Survey, Block 45
Section 2: All
Being 640.00 gross acres and 42.3583 net acres

Public School Land Survey, Block 45
Section 34: All, only below the base of the Bell Canyon formation
Being 640.00 gross acres and 33.1146 net acres



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CLERKS OFFICE

The State of Texas



Austin, Texas

General Land Office
Relinquishment Act Lease Form
Revised 5/15

OIL AND GAS LEASE
NO. _____

THIS OIL AND GAS LEASE is made and entered into to be effective February 8, 2016 (the "effective date"), by and between the State of Texas, acting by and through its agent, Triangle Royalty, LP and JK Royalty, LP, whose address is P.O. Box 904 Midland, TX 79702, said agent herein referred to as the owner of the soil (whether one or more) ("owner of the soil"), and Summit West Resources LP ("Lessee"), whose address is 550 W. Texas Ave. #700 Midland, TX 79701.

1. GRANTING CLAUSE; RESERVATION; BONUS. For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and the covenants contained herein, the State of Texas, acting by and through the owner of the soil, hereby demises, grants, leases and lets unto Lessee the non-exclusive right to explore for, and the exclusive right to produce and take, Oil and/or Gas from the Leased Premises (defined below) on the terms and conditions set out in this lease. Lessee's right hereunder to explore for Oil and Gas from the Leased Premises is non-exclusive. The Texas General Land Office (the "GLO") expressly retains and reserves the concurrent right to grant third parties (i) seismic, geophysical and geological permits, and to enter into other agreements with third parties, which permits or agreements shall allow such third parties to conduct geophysical, geological, or seismic surveys on, over, under, through, and across the land covered herein during the term of this lease, and which seismic, geophysical, or geological surveys shall not unreasonably interfere with Lessee's drilling or production activities on the Premises, and (ii) ingress and egress and use of the Leased Premises by the GLO and its lessees and permittees to explore for and produce minerals that are not covered, or that might not be covered in the future, under the terms of this lease, but that might be located within the surface boundaries of the Leased Premises. All of the rights in and to the Leased Premises retained by the GLO and all of the rights in and to the Leased Premises granted to Lessee herein shall be exercised in such a manner that neither shall unduly interfere with the operations of the other. This lease is made and entered into subject to any existing rights of way, easements, geophysical or geochemical exploration permits.

The bonus consideration paid for this lease is as follows:

To the State of Texas: Two Hundred Ten Thousand Two Hundred Twenty and 27/100
Dollars (\$210,220.27)

To the owner of the soil: Two Hundred Ten Thousand Two Hundred Twenty and 27/100
Dollars (\$210,220.27)

Total bonus consideration: Four Hundred Twenty Thousand Four Hundred Forty and 54/100
Dollars (\$420,440.54)

The total bonus consideration paid represents a bonus of Two Thousand Six Hundred dollars (\$ 2,600) per acre, on 161.7079 net acres.

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Public School Land Survey, Block 45

Section 2: All

Being 640.00 gross acres and 42.3583 net acres

Public School Land Survey, Block 45

Section 34: All, only below the base of the Bell Canyon formation

Being 640.00 gross acres and 33.1146 net acres



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Public School Land Survey, Block 56
Section 44: North 315 acres of South 560 acres
Being 315.00 gross acres and 24.5273 net acres

Public School Land Survey, Block 56
Section 31: North 157.50 acres of South 280.00 acres of E/2
Being 157.50 gross acres and 12.2637 net acres

Public School Land Survey, Block 57
Section 5: South 315 acres
Being 315.00 gross acres and 24.5273 net acres

Public School Land Survey, Block 57
Section 8: W/3
Being 320.00 gross acres and 24.9167 net acres

Containing 2387.50 gross acres, more or less.

3. DELAY RENTALS. THIS IS A PAID-UP LEASE – REFERENCE PARAGRAPH NO. 37 If no well is commenced on the Leased Premises on or before one (1) year from the effective date, this lease shall terminate, unless on or before such anniversary date Lessee shall pay to the owner of the soil or to his credit in the _____ Bank, at _____, or its successors (which shall continue as the depository regardless of changes in the ownership of said land), the amount specified below; in addition, Lessee shall pay to the COMMISSIONER OF THE GENERAL LAND OFFICE OF THE STATE OF TEXAS, AT AUSTIN, TEXAS, a like sum on or before said date. Payments under this paragraph shall operate as a rental and shall cover the privilege of deferring the commencement of a well for one (1) year from said date. Payments under this paragraph shall be in the following amounts:

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

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

Total Delay Rental: _____ Dollars (\$ _____)

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

4. ROYALTY: All capitalized terms used in this lease that are not defined in this lease shall have the meanings given them in Title 31, Part 1, Chapter 9 of the Texas Administrative Code (the "Rules"). Upon production of Oil, Gas, and/or other products from the Leased Premises, Lessee agrees to pay or cause to be paid one-half (1/2) of the royalty provided for in this lease to the GLO, for the use and benefit of the State of Texas, and one-half (1/2) of such royalty to the owner of the soil, each of the following royalties as applicable to the substances actually produced from the Leased Premises and/or subsequent processing:

(a) **OIL:** As a royalty on Oil, a monetary royalty of Twenty Five percent (25 %) of the value of the Gross Production, unless the Commissioner of the General Land Office of the State of Texas (the "Commissioner") or the owner of the soil, at the option of either, elects to receive its royalty in kind pursuant to section 4(l). The value of the Gross Production shall be calculated at the point the Oil is Ready for Sale and Use and without deduction for expenses, as described in section 4(k), and determined by the greatest of: (i) the highest posted price, plus premium, if any, paid or offered for Oil of a like type and gravity in the general area where produced and when run, (ii) the highest market price thereof paid or offered in the general area where produced and when run, or (iii) the gross proceeds of the sale thereof.

(b) **NON-PROCESSED GAS:** As a royalty on any Non-Processed Gas, a monetary royalty of Twenty Five percent (25 %) of the value of the Gross Production, unless the Commissioner or the owner of the soil, at the option of either, elects to receive its royalty in kind pursuant to section 4(l). The value of the Gross Production shall be calculated (i) at the point at which the Non-Processed Gas is Ready for Sale and Use and without deduction for expenses, as described in section 4(k), (ii) on a Dry Gas basis as to both volume and energy content (as described in the section 30 definitions below), and (iii) based on the higher of:

(A) the highest market price paid or offered for Gas of comparable quality in the general area where produced and when run; or

(B) the gross price paid or offered to the Lessee; provided that the maximum pressure base in measuring the Gas under this lease contract shall equal 14.65 pounds per square inch absolute, and the standard base temperature shall be sixty (60) degrees Fahrenheit, correction to be made for pressure according to Boyle's Law, and for specific gravity according to a test made by chromatographic analysis or the Balance Method.

Provided, however, that if Non-Processed Gas is sold to a parent, subsidiary or affiliate of Lessee, then the royalty due hereunder shall be based on the value of the Gas as either Non-Processed Gas or Processed Gas, as the case may be, in the first sale to a third party in an agreement negotiated at arms' length.

(c) **PROCESSED GAS:** As a royalty on any Processed Gas, Lessee agrees to pay a monetary royalty of Twenty Five percent (25 %) of the value of the Residue Gas and the NGLs extracted, unless the Commissioner or the owner of the soil, at the option of either, elects to receive its royalty in kind pursuant to section 4(l). The value of the Gross Production shall be calculated at the point the Residue Gas and/or the NGLs, respectively, are Ready for Sale and Use. All royalties due herein shall be on 100% of the volume of the Gas produced from the Leased Premises (calculated on a Dry Gas basis as to both volume and energy content, as described in the section 30 definitions below) as measured or attributed at the inlet of the Processing Plant. The royalty due from Lessee hereunder shall be based on the greater value of:



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(1) the sum of the values of (A) 100% of the Residue Gas MMBtus attributable to the Gas determined at the plant recovery efficiency applicable to each NGL component, plus (B) the net value of the NGLs after deduction of all applicable Gas processing fees and/or the value of the NGLs at the applicable liquids percent of proceeds accruing to the Processing Plant; or

(2) the sum of the values of (A) 100% of the available Residue Gas MMBtus attributable to the Gas, plus (B) the value of the NGLs at the applicable minimum liquids POP%, established herein in section 4(d), without deduction or reduction in the value of the NGLs by a percent of proceeds or any other fees or adjustments of any type, form, or character; or

(3) the "keep whole" value of the Gas as described in section 4(f).

For purposes of calculating the royalty due hereunder, the respective values of the Residue Gas and the NGLs shall be based on the greater of:

(1) the highest market price paid or offered in the general area for (A) any Pipeline-Quality Residue Gas, and (B) NGLs, as either Raw Mix or merchantable and marketable commercial grades and/or blends of each of the individual components, after fractionation, of comparable quality in the general area, or

(2) the (A) gross price paid or offered to Lessee for such Pipeline-Quality Residue Gas, and (B) weighted monthly average gross selling price for the respective grades of NGLs, as either Raw Mix or merchantable and marketable commercial grades and/or blends of each of the individual components, after fractionation.

No fees or costs of any kind shall be deducted from the value of Gas that is bypassed around a Gas Processing Plant and then blended with Gas that was processed to remove liquefiable hydrocarbons at, or at a point downstream of, the tailgate of the Processing Plant, a.k.a. "conditioning". The value of Gas bypassed around a plant in which no liquefiable hydrocarbons or NGLs are removed from the Gas shall equal that for Non-Processed Gas per section 4(b).

Provided, however, that if NGLs are recovered from Gas processed in a plant in which Lessee (or its parent, subsidiary or affiliate) owns an interest, then the POP% applicable to NGLs shall be the greater of (x) the applicable POP% per section 4(d), or (y) the highest percent accruing to a third party processing Gas through such plant under a processing agreement negotiated at arms' length.

(d) **APPLICABLE MINIMUM LIQUIDS PERCENT OF PROCEEDS:** (1) The applicable minimum liquids percent of proceeds ("POP%") of the total available liquid hydrocarbon content volume for all NGLs, except ethane, shall, regardless of the natural Gas liquids recovery process or Gas processing agreement terms and/or conditions, be equal to the following:

(A) 70% for Gas with a heating content or BTU value equal to or greater than 1100 BTU/SCF;

(B) 60% for Gas with a heating content or BTU value equal to or greater than 1070 BTU/SCF but less than 1100 BTU/SCF; and

(C) 50% for Gas with a heating content or BTU value less than 1070 BTU/SCF.

(2) The available liquid hydrocarbon volume, in gallons, of each NGL component used to calculate the value of the NGLs at the applicable POP% shall equal the product of (A) the Processing Plant inlet Gas volume, in MSCF, on a Dry Gas basis, times (B) the gallons per MSCF of each component calculated per the applicable standards, at 14.65 pounds per square inch absolute and 60° Fahrenheit, according to a test made by chromatographic analysis of the Gas, except ethane, where the theoretical gallons of ethane available in the Gas shall be reduced by the Processing Plant recovery efficiency of ethane then being specified in processing agreements negotiated at arm's length between the Lessee and the plant for each dedicated Processing Plant and each Processing Plant that may process the Gas in a series of plants.

(3) The available Residue Gas MMBtu amount used in the calculation of the royalty value in section 4(c)(2) shall equal the product of (A) the Processing Plant inlet Gas MMBtu amount less the sum total MMBtu of shrinkage calculated for the available liquid hydrocarbon volume in section 4(d)(2) for each NGL component, times (B) one (1.0) minus the lesser of (1) the plant fuel MMBtu percentage divided by 100%, or (2) 0.035.

(e) **OTHER PRODUCTS:** As a royalty on carbon black, carbon dioxide, sulphur or any other products (including water) produced (excepting Oil, Gas, or NGLs, addressed separately above), Lessee agrees to pay a monetary royalty of Twenty Five percent (25 %) of the value of the Gross Production of such products, unless the Commissioner of the General Land Office of the State of Texas (the "Commissioner") or the owner of the soil, at the option of either, elects to receive its royalty in kind pursuant to section 4(l). The value of the Gross Production shall be calculated at the point the other products are Ready for Sale and Use and without deduction for expenses, as described in section 4(k), such value to be based on the higher of:

(1) the highest market price of each product, during the same month in which such product is produced; or

(2) the average gross sale price of each product for the same month in which such products are produced.

(f) **KEEP WHOLE:** Notwithstanding any other provision of this lease to the contrary, Lessee may not pay a royalty hereunder for Processed Gas that is less than the royalty that would have been due under section 4(b) for the total energy content of the Processing Plant inlet Gas if it had not been processed.

(g) **NON-SALES DISPOSITIONS:** As a royalty on non-sales dispositions of Gas, including but not limited to vented Gas, flared Gas, flash Gas and lease fuel Gas, Lessee agrees to pay owner of the soil based on the royalty provisions for Non-Processed Gas described in section 4(b) of this Lease (but without requirement of merchantability or marketability) if the Gas produced from the Leased Premises is not processed; otherwise, the non-sales dispositions of Gas shall be based on the royalty provisions for Processed Gas described in section 4(c) for Residue Gas. If, for whatever reason, there are no Gas sales dispositions, then Lessee agrees to pay to owner of the soil royalty on one fourth (1/4) part of the total energy content of the Gas, in MMBtu determined on a Dry Gas basis, based on the posted market price of natural Gas at the nearest applicable Gas market hub in \$/MMBtu.

(h) **PLANT FUEL AND RECYCLED GAS:** No royalty shall be payable on any Gas as may represent this lease's proportionate share of any fuel used to process Gas produced hereunder in any third party Gas processing plant pursuant to section 4(c). Subject to the consent in writing of the owner of the soil and the GLO, Lessee may inject Gas for secondary or enhanced recovery operations or for Gas lift purposes into any Oil- or Gas-producing formation in the Leased Premises after the liquid hydrocarbons contained in the Gas have been removed, and no royalty shall be payable on the Gas so injected until such time as the same may thereafter be produced and sold or used.

(i) **CONSERVATION:** Lessee shall use all reasonable means to prevent the underground or above ground waste of Oil or Gas and to avoid the physical waste, flaring or venting of Gas produced from the Leased Premises.



- (j) **DUTY TO MARKET:** Lessee shall exercise due diligence and use all reasonable efforts in marketing any and all production from the Leased Premises, at no cost to owner of the soil, to obtain the best price reasonably available for the Oil and Gas.
- (k) **NO DEDUCTIONS:** Except for fees or deductions that may be permitted pursuant to section 4(c), Lessee shall pay or cause to be paid royalty due under this lease without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, conditioning, compressing, processing, transporting and otherwise making the Oil, Non-Processed Gas, Processed Gas, and other products hereunder Ready For Sale and Use, whether borne by Lessee or by third-party purchasers and whether stated as a deduction from the price or an adjustment to the price based on location or condition. If any contract by which Lessee or an Affiliate of Lessee sells Oil or Gas produced hereunder makes deductions or adjustments to the price to account for costs of producing, gathering, storing, separating, treating, dehydrating, conditioning, compressing, processing, or transporting of Oil or Gas produced from the Leased Premises, then such deductions shall be added back to the price received for purposes of computing the Gross Production upon which royalties are to be paid. The owner of the soil, the GLO, and Lessee agree that the foregoing provision is to be given full effect and is not to be construed as "surplusage" under *Heritage Resources, Inc. v. Nationsbank*, 939 S.W.2d 118 (Tex. 1996).
- (l) **ROYALTY IN KIND:** Lessee shall pay monetary royalties based on the value of the Gross Production from the Leased Premises, unless the GLO or the owner of the soil, at the option of either, elects to receive its royalty in kind. Lessee shall pay Oil or Gas royalty, or both, in kind without deduction for expenses, as described in section (4)(k), necessary to make the Oil, Gas and any other products Ready for Sale and Use. The owner of the soil or the GLO may change its election to take royalty in kind or monetary form at any time or from time to time by giving Lessee notice of such election not less than sixty (60) days in advance. If the owner of the soil or the GLO elects to take its royalty production in kind, it may elect to have the royalty production of the Oil, Gas, and any other products that are in a Ready for Sale and Use condition delivered in kind at the location Lessee sells its production, or at another location mutually acceptable to owner of the soil or the GLO and Lessee. Lessee shall bear all costs to the point of delivery. If the GLO or the owner of the soil elects to take its royalty in kind, the parties agree to execute either the State's form of Gas Balancing Agreement or any other agreement that is acceptable to owner of the soil or the GLO and Lessee.
- (m) **SEPARATION:** Lessee agrees that before any hydrocarbons in liquid form and any Gas produced from the Leased Premises is sold, transferred, surface commingled with the production from any other lease tract and/or pooled unit, or is used or processed in a plant, it will be run free of cost to owner of the soil and the GLO through a gravity-based Oil and Gas separator of conventional type and of adequate size and efficiency such that all liquid hydrocarbons recoverable from the Gas by such means shall be recovered. Upon written consent of the GLO, Lessee may apply other forms of separation equipment that are at least as efficient as a gravity-based separator upon such terms and conditions as prescribed by the GLO. Upon written consent of the GLO, the requirement that such Gas and liquid hydrocarbons be run through a separator or other equipment may be waived upon such terms and conditions as prescribed by the GLO. Lessee must request and obtain a waiver in writing from the GLO before the installation and/or use of any full well stream/wet Gas/multiphase flow meters that measure any production on or from the Leased Premises.
- (n) **COMMINGLING:** Lessee must obtain prior written permission from the GLO per 31 TAC §9.35(a)(3) before surface commingling Oil and/or Gas production from a state lease or pooled unit with the production from any other private or state lease and/or unit into (i) a common manifold and/or separator, (ii) common storage, (iii) a common gathering system or pipeline, or (iv) to utilize an off-lease Gas supply to inject Gas for lift purposes into any Oil- or Gas-producing formation in the Leased Premises. These requirements are in addition to, and apart from, the requirements of any other state and/or federal agency.
- (o) **METERING:** Lessee agrees that any hydrocarbons in liquid form and any Gas produced from the Leased Premises shall be measured separately before the liquid hydrocarbons and/or Gas leave the Leased Premises. Lessee agrees to comply with all applicable American Gas Association (AGA) Standards, as well as the American Petroleum Institute (API) Manual of Petroleum Measurement Standards (MPMS) for any measurement device or tank that covers the standards, practices, guidelines, recommendations and procedures which include, but are not limited to, the design, installation, calibration, testing and handling of samples and operation of a metering system used for the measurement of hydrocarbons in liquid form or Gas at any meter location on the Leased Premises, at a point of lease custody transfer, for the purpose of lease allocation in the event of surface commingling, or for the reporting and allocation of lease fuel, flared Gas volumes, vented volumes or any other lease use.
- (p) **ROYALTY ON CONTRACT SETTLEMENTS:** Lessee shall pay to the owner of the soil and the GLO royalty at the applicable royalty rate on any monetary settlement received by Lessee from any breach of contract by Lessee's purchaser relating to the marketing, pricing or taking of Oil or Gas production from the Leased Premises.

5. PAYMENTS, SUBMISSIONS AND NOTICES TO LESSOR:

- (a) **MONETARY ROYALTY PAYMENTS:** All royalty owed to the GLO hereunder and not paid in kind at the election of the GLO shall be paid to the GLO at Austin, Texas, in the following manner: payment of royalty on production of Oil and Gas shall be as provided in the Rules. The Rules currently provide that royalty on Oil is due and must be received in the GLO on or before the fifth (5th) day of the second (2nd) month succeeding the month of production or such later date as may be prescribed in the Rules. Royalty on Gas is due and must be received in the GLO on or before the fifteenth (15th) day of the second (2nd) month succeeding the month of production or such later date as may be prescribed in the Rules. All royalty payments must be accompanied by the affidavit of the owner, manager or other authorized agent, completed in the form and manner prescribed by the GLO and showing the gross amount and disposition of all Oil and Gas produced and the market value of the Oil and Gas. Lessee must maintain, and make available to the GLO upon request, copies of all documents, records or reports confirming the Gross Production, disposition and market value including Gas meter readings, pipeline receipts, Gas line receipts and other checks or memoranda of the amount produced and put into pipelines, tanks, or pools and Gas lines or Gas storage, and any other reports or records which the GLO may require to verify the Gross Production, disposition and market value. In all cases the authority of a manager or agent to act for the Lessee herein must be filed in the GLO. Each royalty payment shall be accompanied by a check stub, schedule, summary or other remittance advice showing, by the assigned GLO lease number, the amount of royalty being paid on each lease.
- (b) **MANNER AND TIMELINESS OF PAYMENTS:** A monetary royalty payment that is not submitted electronically shall be considered timely paid if delivered to the GLO on or before the applicable due date or if deposited in a postpaid, properly addressed wrapper with a post office or official depository under the care and custody of, and postmarked by, the United States Postal Service at least one (1) day before the applicable due date. A payment that is submitted electronically shall be considered timely paid if such payment is successfully transmitted to the proper account with the Comptroller of the State of Texas on or before the due date.



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(c) **PENALTIES AND INTEREST:** Lessee shall pay penalties and interest due on late royalty payments and other sums due, and for failure to provide documents, (whether physical documents or information in electronic form), as provided by law or the Rules. The right to collect penalties and interest is in addition to, and shall not in any way limit or restrict, the rights of the GLO to pursue other remedies at law or in equity, including without limitation forfeiture of this lease. If Lessee pays royalty on or before thirty (30) days after the royalty payment was due, then Lessee owes a penalty of five percent (5%) on the royalty or twenty-five dollars (\$25.00), whichever is greater. A royalty payment which is over thirty (30) days late shall accrue a penalty of ten percent (10%) of the royalty due or twenty-five dollars (\$25.00), whichever is greater. In addition to a penalty, royalties shall accrue interest when the royalty is sixty (60) days overdue. Affidavits and supporting documents which are not filed when due shall incur a penalty in an amount set by the Rules that were in effect on the date when the affidavits or supporting documents were due. The Lessee shall bear all responsibility for paying or causing royalties to be paid as prescribed by the due date provided herein. Payment of the delinquency penalty shall in no way operate to prohibit the State's right of forfeiture as provided by law nor act to postpone the date on which royalties were originally due. The above penalty provisions shall not apply in cases of title dispute as to the State's portion of the royalty or to that portion of the royalty in dispute as to fair market value.

(d) **PAYMENTS, NOTICES, AND CORRESPONDENCE TO LESSOR:** Lessee shall assure that all royalty payments, shut-in royalty payments, delay rentals, and all other payments due under this lease, as well as documents, reports, notices, and other information, unless expressly provided herein that such payment or information be directed to another office, are directed to the following address:

If to the owner of the soil, to the address first listed above.

If to the GLO:

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

or

Texas General Land Office
1700 N. Congress Avenue
Austin, Texas 78701

or such other address as may then be specified in the Rules. Any payments submitted electronically shall be delivered by electronic funds transfer to the proper account with the Comptroller.

(e) **NOTICES AND CORRESPONDENCE TO LESSEE:** Notices and correspondence to Lessee shall be sent to the address shown above or such other address as Lessee shall provide in writing to the owner of the soil and the GLO. Any such notice of change of address must specifically reference this Lease.

6. RECORDS:

(a) **RESERVES, CONTRACTS AND OTHER RECORDS:** Upon written request by the GLO, Lessee shall annually furnish the GLO with its best possible estimate of Oil and Gas reserves underlying this lease or allocable to this lease and shall furnish the GLO with copies of all contracts under which Gas is sold or processed and all subsequent agreements and amendments to such contracts within thirty (30) days after entering into or making such contracts, agreements or amendments. Such contracts and agreements when received by the GLO shall be held in confidence by the GLO unless otherwise authorized by Lessee. All other contracts and records pertaining to the production, transportation, sale and marketing of the Oil and Gas produced from these Leased Premises, including the books and accounts, receipts and discharges of all wells, tanks, pools, meters, and pipelines shall at all times be subject to audit, inspection, and examination by the GLO, the Attorney General, the Governor, or the representative of any of them.

(b) **PERMITS, DRILLING RECORDS AND REQUIRED FILINGS:** Written notice of all operations on this lease shall be submitted to the GLO by Lessee or operator five (5) days before spud date, workover, re-entry, temporary abandonment or plug and abandonment of any well or wells. Such written notice to the GLO shall include copies of Railroad Commission forms for application to drill. Copies of well tests, completion reports and plugging reports shall be supplied to the GLO at the time they are filed with the Texas Railroad Commission. All applications, permits, reports or other filings that reference this lease or any specific well on the Leased Premises and that are submitted to the Texas Railroad Commission or any other governmental agency must have the word "State" as the first word in the title. Additionally, in accordance with Railroad Commission rules, any signage on the Leased Premises for the purpose of identifying wells, tank batteries or other associated improvements to the land must also include the word "State." Division orders must be submitted to the GLO within thirty (30) days of first production. GLO shall not be required to sign any division orders. Lessee shall supply the GLO with any records, memoranda, accounts, reports, cuttings and cores, or other information relative to the operation of the above-described Leased Premises, which may be requested by the GLO, in addition to those herein expressly provided for. Lessee shall have a basic electrical log as defined by the Railroad Commission made on the bore-hole section, from the base of the surface casing to the total depth of well, of all wells drilled on the above described Leased Premises or such other log or logs as a reasonable and prudent operator would run and shall transmit a complete suite of such logs on each well to the GLO within fifteen (15) days after the making of said logs.

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

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

(a) **VERTICAL:** In the event this lease is in force and effect in whole or in part, two (2) years after the expiration date of the primary term it shall then terminate as to all of the Leased Premises, EXCEPT as to the following acreage amounts for wells drilled under this lease capable of producing in paying quantities (including a shut-in Oil or Gas well as provided in section 11 hereof), or a well that has been spud and upon which Lessee is then engaged in continuous drilling or reworking



operations: (1) the lesser of 40 acres or the amount of acreage assigned to an Oil well for proration purposes under special field rules; (2) the lesser of 80 acres or the amount of acreage assigned to a Gas well for proration purposes under special field rules; (3) for horizontal drainhole wells the amount of acreage retained shall be the greater of 40 acres or the amount of acreage determined by the following formula: $0.032 \times L = A$, where L = the length (in feet) of the horizontal lateral component of the well from the first takepoint to the last takepoint and A = the area retained (in acres) provided that, if A is not divisible by the number 20, A will be rounded up to the next number divisible by 20, i.e. (0.032×4500 feet = 144 acres, which rounds up to 160 acres); (4) if more acreage is required than is provided for in (1), (2) or (3) above in order to obtain the maximum allowable under special field rules for the permitted or producing interval or intervals, upon written approval from the GLO, such number of acres that are required to obtain the maximum allowable as required by the special field rules as approved by the Railroad Commission of Texas, or any successor agency, or other governmental authority having jurisdiction; or (5) the number of acres held in a pooled unit pursuant to Natural Resources Code Sections 52.151-52.154. After termination pursuant to this subsection, each tract retained shall be considered a separate lease and must be maintained independently. Lessee shall retain the right of ingress and egress on and across the terminated portion of the Leased Premises as may be reasonably necessary for the continued operation of the portions of the lease remaining in force and effect. Further, Lessee shall retain an easement for its pipelines, tank batteries or other surface equipment or installations on the terminated acreage for so long as they continue to be used for the development and operations on the retained acreage.

(b) **HORIZONTAL:** Two (2) years after the expiration date of the primary term this lease shall further terminate as to those depths stipulated as follows for each tract retained in section 7 (a) above: for vertical wells, 100 feet true vertical depth below the deepest then producing perforations; for horizontal wells, 300 feet true vertical depth below the deepest depth reached by the horizontal lateral between the first takepoint and the last takepoint, and for acreage retained that is pooled or unitized, all depths above and below the pooled or unitized interval. If a well has been spud and is being drilled over this termination date, the acreage retained by said well under section 7 (a) shall be held as to all depths until completion of the well, and upon completion of the well as capable of producing in paying quantities, the acreage retained shall then terminate as to those depths as provided in this section.

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

(d) **FIELD RULES AND EXCEPTIONS:** If Lessee seeks to amend existing field rules to establish field rules applicable to the Leased Premises, and if Lessee requests a hearing for the amendment or establishment of field rules, or if Lessee requests the consolidation of existing field rules or an exemption from field rules or statewide rules, or if Lessee seeks to adopt field rules different from those in use in the immediate area, Lessee shall notify owner of the soil and the GLO of such request prior to any Railroad Commission hearing and provide all exhibits to the owner of the soil and the GLO relative to such hearing. Any attempt by Lessee to establish, amend, consolidate, or exempt such field rules without owner of the soil's and the GLO's prior consent shall not be applicable to the Leased Premises unless and until such consent is given.

8. OFFSET WELLS: If Oil and/or Gas should be produced in commercial quantities from a well located within one thousand (1,000) feet of the area included herein, or which well is draining the area covered by this lease, the Lessee shall, within one hundred (100) days after such initial production from the draining well or the well located within one thousand (1,000) feet from the area covered by this lease, begin in good faith and prosecute diligently the drilling of an offset well on the area covered by this lease, and such offset well shall be drilled to such depth as may be necessary to prevent the undue drainage of the area covered by this lease, and the Lessee shall use all means necessary in a good faith effort to make such offset well produce Oil and/or Gas in commercial quantities. Only upon the determination of the GLO with its written approval, may the payment of a compensatory royalty satisfy the obligation to drill an offset well or wells required under this section.

9. DRY HOLE/CESSATION, DRILLING, AND REWORKING:

(a) If, during the primary term hereof, within sixty (60) days of a lease anniversary date, (i) Lessee should complete a well as a dry hole, or (ii) production should cease, then the lease is maintained over the anniversary date without the payment of a delay rental. If a dry hole is completed or production or drilling operations cease more than sixty (60) days before a lease anniversary date, a delay rental must be paid on or before such anniversary date to maintain the lease and upon failure to make such payment the lease shall terminate unless otherwise held over the anniversary date by additional drilling operations or re-establishment of production during the sixty (60) days prior to the anniversary date. If, during the last year of the primary term, the production of Oil or Gas should cease, Lessee's rights shall remain in full force and effect without further operations until the expiration of the primary term; and if Lessee has not resumed production in paying quantities at the expiration of the primary term, Lessee may maintain this lease by conducting additional drilling or reworking operations pursuant to section 9(b), using the expiration of the primary term as the date of cessation of production under section 9(b). Should the first well or any subsequent well drilled on the above described land be completed as a shut-in Oil or Gas well within the primary term hereof, Lessee may resume payment of the annual rental in the same manner as provided herein on or before the rental paying date following the expiration of sixty (60) days from the date of completion of such shut-in Oil or Gas well and upon the failure to make such payment, this lease shall automatically terminate. If, at the expiration of the primary term or any time thereafter, a shut-in Oil or Gas well is located on the Leased Premises, payments may be made in accordance with the shut-in provisions hereof.

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

(c) If, after the expiration of the primary term, production of Oil or Gas from the Leased Premises, after once obtained, should cease for any cause, this lease shall not terminate if Lessee restores production in paying quantities within sixty (60) days after such cessation or commences additional drilling or reworking operations within sixty (60) days after such cessation, and this lease shall remain in full force and effect for so long as such operations continue in good faith and in workmanlike manner without interruptions totaling more than sixty (60) days. If such drilling or reworking operations result in the production of Oil or Gas, the lease shall remain in full force and effect for so long as Oil or Gas is produced from the Leased Premises in paying quantities or payment of shut-in Oil or Gas well royalties or payment of compensatory royalties is made as provided herein or as provided by law. If the drilling or reworking operations result in the completion of a well as a dry hole, the lease will not terminate if the Lessee commences additional drilling or reworking operations within sixty (60) days after the completion of the well as a dry hole, and this lease shall



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remain in effect so long as Lessee continues drilling or reworking operations in good faith and in a workmanlike manner without interruptions totaling more than sixty (60) days. Lessee shall give written notice to the GLO within thirty (30) days of any cessation of production.

10. POOLING; ALLOCATION: (a) Lessee is hereby expressly prohibited from pooling or unitizing the Leased Premises or any interests therein with any other leasehold or mineral interest for the exploration, development and production of Oil or Gas or either of them without the express consent of the School Land Board and the Commissioner. A well, whether or not classified as an allocation well, that traverses multiple leases or units including the Leased Premises hereunder, one or more of which leases or units contains Oil and Gas owned by the state, and which well is not associated with an agreement approved by the GLO and owner of the soil specifying the allocation of the production of state-owned Oil and Gas, is hereby expressly not permitted and may not operate on or under this lease or a unit containing state-owned Oil and Gas without the prior written consent of the Commissioner or his authorized designee, which consent may be granted or withheld in the Commissioner's sole discretion.

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

11. SHUT-IN ROYALTIES: For purposes of this section, "well" means any well that has been assigned a well number by the governmental agency having jurisdiction over the production of Oil and Gas. If at any time after the expiration of the primary term of a lease that, until being shut in, was being maintained in force and effect, a well capable of producing Oil or Gas in paying quantities is located on the Leased Premises, but Oil or Gas is not being produced for lack of suitable production facilities (lack of suitable production facilities is not acceptable as a reason for making a shut-in payment if all or part of such production facilities are owned and/or operated by Lessee, and the cause is due to Lessee's improper maintenance or neglect) or lack of a suitable market, then Lessee may pay as a shut-in Oil or Gas royalty an amount equal to double the annual rental provided in the lease, but not less than \$1,200 a year for each well capable of producing Oil or Gas in paying quantities. If section 3 of this lease does not specify a delay rental amount, then for the purposes of this section, the delay rental amount shall be one dollar (\$1.00) per acre. To be effective, each initial shut-in Oil or Gas royalty payment, accompanied by the GLO Shut-In Affidavit, must be paid on or before: (1) the expiration of the primary term, (2) Sixty (60) days after the Lessee ceases to produce Oil or Gas from the Leased Premises, or (3) Sixty (60) days after Lessee completes a drilling or reworking operation in accordance with the lease provisions; whichever date is the latest. Such payment shall be made one-half (1/2) to the Commissioner, and one-half (1/2) to owner of the soil. If the shut-in Oil or Gas royalty is paid, accompanied by the GLO Shut-In Affidavit, the lease shall be considered to be a producing lease and the payment shall extend the term of the lease for a period of one (1) year from the end of the primary term, or from the first (1st) day of the month following the month in which production ceased, and, after that, if after a diligent effort, that being those of a reasonable and prudent operator to obtain or repair the production facilities or to obtain a market, no suitable production facilities or suitable market for the Oil or Gas exists, Lessee may, upon written approval of the GLO, extend the lease for four (4) more successive periods of one (1) year by paying the same amount each year on or before the expiration of each shut-in year.

12. COMPENSATORY ROYALTIES: If, during the period the lease is kept in effect by payment of the shut-in Oil or Gas royalty, Oil or Gas is sold and delivered in paying quantities from a well located within one thousand (1,000) feet of the Leased Premises and completed in the same producing reservoir, or in any case in which drainage is occurring, the right to continue to maintain the lease by paying the shut-in Oil or Gas royalty shall cease, but the lease shall remain effective for the remainder of the year for which the royalty has been paid. Upon written approval from the GLO, the Lessee may maintain the lease for four (4) more successive years by Lessee paying compensatory royalty at the royalty rate provided in the lease of the market value of production from the well causing the drainage or which is completed in the same producing reservoir and within one thousand (1,000) feet of the Leased Premises. The compensatory royalty is to be paid monthly one-half (1/2) to the Commissioner, and one-half (1/2) to owner of the soil, beginning on or before the last day of the month following the month in which the Oil or Gas is produced from the well causing the drainage or that is completed in the same producing reservoir and located within one thousand (1,000) feet of the Leased Premises; if the compensatory royalty paid in any twelve (12) month period is in an amount less than the annual shut-in Oil or Gas royalty, Lessee shall pay an amount equal to the difference within thirty (30) days from the end of the twelve (12) month period; and none of these provisions will relieve Lessee of the obligation of reasonable development nor the obligation to drill offset wells as provided in N.R.C. Section 52.034; however, at the determination of the GLO, and with the GLO's written approval, the payment of compensatory royalties shall satisfy the obligation to drill offset wells. Compensatory royalty payments which are not timely paid will accrue penalty and interest in accordance with section 5 of this lease.

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

14. USE OF WATER; SURFACE: Lessee shall have the right to use water produced on said land necessary for drilling operations hereunder and solely upon the Leased Premises; provided, however, Lessee shall not use potable water or water suitable for livestock or irrigation purposes for water flood, hydraulic fracturing, or completion operations, whether such water is from stock tanks, surface reservoirs, existing water wells, or streams on the Leased Premises, without the prior written consent of owner of the soil. Lessee shall have the right to use so much of the surface of the land that may be reasonably necessary for drilling and operating Oil and Gas wells and transporting and marketing the production therefrom, such use to be conducted under conditions of least injury to the surface of the land.

15. POLLUTION: In developing the Leased Premises, Lessee shall use the highest degree of care and all proper safeguards to prevent pollution. Without limiting the foregoing, pollution of coastal wetlands, natural waterways, rivers and impounded water shall be prevented by the use of containment facilities sufficient to prevent spillage, seepage or ground water contamination. In the event of pollution, Lessee shall use all means at its disposal to recapture all escaped hydrocarbons or other pollutants and shall be responsible for all damage to public and private properties. Failure to comply with the requirements of this provision may result in the maximum penalty allowed by law including forfeiture of the lease. Lessee shall be liable for the damages caused by such failure and any costs and expenses incurred in cleaning areas affected by the discharged waste.

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

17. ASSIGNMENTS: (a) Subject to the right of the GLO to require a demonstration by the transferee of its financial responsibility, this lease may be transferred at any time; provided, however, that the liability of the transferor to properly discharge its obligation under the lease, including properly plugging abandoned wells, removing platforms or pipelines or remediation of contamination at drill sites shall only pass to the transferee upon the prior written consent of the GLO. The GLO may require the transferee to demonstrate financial responsibility and may require a bond or other security. All transfers must reference the lease by the file number and must be recorded in the county where the area is located, and the recorded transfer or a copy certified to by the County Clerk of the county where the transfer is recorded must be filed in the



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GLO within ninety (90) days of the execution date, as provided by N.R.C. Section 52.026, accompanied by the filing fee prescribed by the GLO rules in effect on the date of receipt by the GLO of such transfer or certified copy thereof. Without limiting the liability of the original lessee or any prior transferee for that entity's debts owed to the GLO hereunder, every transferee shall succeed to all rights and be subject to all obligations, liabilities, and penalties owed to the State by the original lessee or any prior transferee of the lease, including any liabilities to the State for unpaid royalties.

(b) Notwithstanding any provision in subsection 17(a), if the owner of the soil acquires this lease in whole or in part by assignment without the prior written approval of the Commissioner, this lease is void as of the time of assignment and the agency power of the owner may be forfeited by the Commissioner. An assignment will be treated as if it were made to the owner of the soil if the assignee is:

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

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

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

20. (a) PROPORTIONATE REDUCTION CLAUSE: If the owner of the soil owns less than the entire undivided surface estate in the above described land, whether or not Lessee's interest is specified herein, then the royalties herein provided to be paid to the owner of the soil shall be paid to him in the proportion which his interest bears to the entire undivided surface estate and the royalties herein provided to be paid to the GLO shall be likewise proportionately reduced. However, before Lessee adjusts the royalty due to the GLO, Lessee or his authorized representative must submit to the GLO a written statement which explains the discrepancy between the interest purportedly leased under this lease and the actual interest owned by the owner of the soil. If an undivided interest remains unleased on the land covered by this lease on the date of first production from the Leased Premises, the GLO shall be paid a royalty of **twenty-five percent (25%)** of the value of the Gross Production allocable to said unleased undivided interest payable on the same terms and conditions as are provided in this lease for the payment of royalty to the GLO, until such time as the Lessee has recouped its drilling and completion costs ("payout") and upon payout the Lessee will give notice to the GLO and beginning on the first day of the month after payout the GLO shall be paid the value of 100% of the Gross Production allocable to said unleased undivided interest less the proportionate operating costs. Upon written request from the GLO, the Lessee will provide the GLO with a title opinion verifying the percentage of unleased undivided interest on the Leased Premises.

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

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

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



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future compliance with the provisions of the law and of this lease and the rules and regulations that may be adopted relative hereto. Neither termination nor forfeiture of this lease shall have the effect of releasing Lessee from any liability theretofore accrued in favor of the State.

23. APPLICABLE LAWS AND DRILLING RESTRICTIONS: This lease shall be subject to all rules and regulations, and amendments thereto, promulgated by the Railroad Commission and the GLO governing drilling and producing operations on State land (specifically including any rules promulgated that relate to payment of royalties, and auditing procedures, and shall be subject to all other valid statutes, rules, regulations, orders and ordinances that may affect operations under the provisions of this lease. Without limiting the generality of the foregoing, Lessee hereby agrees, by the acceptance of this lease, to be bound by and subject to all statutory and regulatory provisions relating to the GLO's audit billing notice and audit hearings procedures. Said statutes are currently found at N.R.C. Sections 52.135 and 52.137 through 52.140.

24. REMOVAL OF EQUIPMENT: Subject to limitations in this section, Lessee shall have the right to remove machinery and fixtures placed by Lessee on the Leased Premises, including the right to draw and remove casing, during or within six (6) months after the expiration or the termination of this lease. However, Lessee may not remove casing from any well capable of producing Oil and Gas in paying quantities. Additionally, Lessee may not draw and remove casing until after thirty (30) days written notice to the GLO and to the owner of the soil. If Lessee fails to remove such machinery and fixtures within the allotted time, then such machinery and fixtures shall, at the election of the owner of the soil, either become the property of the owner of the soil or the owner of the soil may have such machinery and fixtures removed at the sole expense of Lessee. Notwithstanding the foregoing, if this lease is forfeited or terminated for any reason, Lessee shall not remove the casing or any equipment from the Leased Premises until wells have been plugged to the satisfaction of the Railroad Commission, all pits have been properly filled and all debris has been removed from the Leased Premises, and owner of the soil has provided written approval of all restoration.

25. FORCE MAJEURE: If, in the last year of the primary term or thereafter, Lessee is prevented from complying with any express or implied covenant of this lease, from conducting drilling operations thereon, or from producing Oil and/or Gas therefrom, after effort made in good faith, by reason of war, rebellion, riots, strikes, fires, acts of God or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended upon proper and satisfactory proof presented to the GLO (the GLO should be notified within fifteen (15) days of any force majeure event) and accepted by the GLO in support of Lessee's contention and Lessee shall not be liable for damages for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented, by any such cause, from drilling, reworking operations or producing Oil and/or Gas from the Leased Premises. Lessee agrees to immediately notify the GLO when the reason for force majeure has ceased. Notwithstanding anything contained herein to the contrary, a well being shut-in as a result of pipeline disruptions that are subject to section 11 of this lease does not constitute an event of force majeure, and Lessee's obligations under this lease are not, for that reason, excused pursuant to this section 25.

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

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

28. VENUE: The owner of the soil and Lessee, including Lessee's successors and assigns, hereby agree that venue for any dispute involving the GLO and arising out of a provision of this lease, whether express or implied, regarding interpretation of this lease, or relating in any way to this lease or to applicable case law, statutes, or administrative rules, shall be in a court of competent jurisdiction either in Travis County, Texas, or in the county where the Leased Premises are located, at the option of the GLO.

29. LAND PROTECTIONS:

Lessee agrees to provide at least seven (7) days' prior notice to owner of the soil before commencing any surface operations on the Leased Premises, such notice to include location of operations and work to be performed.

(a) Upon written request of owner of the soil, Lessee shall construct a fence around any drill site during drilling operations, and if production is obtained, Lessee shall construct a fence around all production facilities capable of turning cattle and/or livestock. Lessee agrees to install gates at all fence crossings used by Lessee in connection with operations hereunder. Should a cattle guard or guards be placed on the Leased Premises by Lessee, then such cattle guard(s) shall be left in place and become the property of owner of the soil after the expiration of this lease.

(b) Lessee shall not cut any exterior or boundary fence nor open any locked exterior or boundary gates of the Leased Premises without owner of the soil's prior written permission, which shall not be unreasonably withheld.

(c) No employee, representative, contractor or any other person allowed by Lessee to come upon the Leased Premises shall be permitted to hunt, fish, trap, or camp on the Leased Premises, nor shall any such persons be permitted to bring alcoholic beverages or illegal drugs on to the Leased Premises at any time.

(d) All pits used by or on behalf of Lessee during drilling operations on the Leased Premises shall be lined with an impervious material so that no fluids may escape such pits. Lessee and its assigns shall not let any salt water or any other deleterious substance run on or over the Leased Premises, or let such substances run into owner of the soil's stock tanks or any creek, stream, river or other body of water, and absent owner of the soil's prior written consent to the contrary, Lessee shall not use any wells on the Leased Premises for salt water disposal purposes. If owner of the soil elects to consent to the use of wells located on the Leased Premises for salt water disposal purposes, the parties shall enter into a separate agreement covering such disposal.

(e) Upon completion or abandonment of any well or wells, Lessee shall fill and level all slush pits and cellars and completely clean up the drilling site of all rubbish thereon and restore the surface to as near its original condition and contours as is practicable. Lessee shall, while conducting operations on the Leased Premises, keep said premises free of all rubbish, cans, bottles, paper cups or garbage. Lessee shall maintain trash containers at all work sites during construction on the Leased premises, such trash containers to be located at entrances and exits on each side of the road and near places of high activity. Tanks and equipment will be kept painted and presentable.

(f) When requested by the owner of the soil, Lessee shall bury its pipelines below plow depth.

(g) No drill site locations, storage tanks, or treatment facilities shall be established within three hundred feet (300') of any residence or barn now situated on the Leased Premises without owner of the soil's prior written consent. Lessee shall conduct all drilling and production operations entirely within each drill site. The owner of



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the soil shall have the right to participate in the selection of the location of roadways to and from any drill site on the Leased Premises and that prior to beginning operations hereunder, Lessee shall contact the owner of the soil for consent as to the location of such roadways, which consent will not be unreasonably withheld.

30. DEFINITIONS:

- a. **"BTU"** means British thermal unit, which is the quantity of heat required to raise the temperature of one-pound avoirdupois of pure water from 58.5 degrees Fahrenheit ("°F") to 59.5° F. An MMBtu is one million (1,000,000) British thermal units.
- b. **"Dry Gas"** means a Gas that contains less than or equal to seven (7) lbs of water per million standard cubic feet. The volume of Gas, on a Dry Gas basis, shall be determined by mathematically removing the water vapor from Gas that is partially or fully saturated with water vapor at measurement conditions of flowing pressure and temperature. The total energy content of Gas shall be the product of multiplying the volume of Gas, on a Dry Gas basis, times the heating value per unit volume, in Btu/SCF, on a Dry Gas basis, at the same base temperature and base pressure.
- c. **"Gas"** means methane and other Gaseous hydrocarbons, including Gaseous combustible, noncombustible, and inert elements, compounds, components or mixtures thereof, and liquefiable hydrocarbons in the vapor stream. Gas volumes shall be calculated and reported, at the option of the GLO, in standard cubic feet (SCF), one thousand (1,000) standard cubic feet of Gas (MSCF), or one million (1,000,000) standard cubic feet of Gas (MMSCF).
- d. **"Gross Heating Value or BTU Content"** means the energy per unit volume represented by the number of BTUs produced by the complete combustion of one standard cubic foot of Gas (excluding hydrogen sulfide) at a temperature base of sixty degrees (60° F) Fahrenheit and pressure base of 14.65 pounds per square inch absolute.
- e. **"Gross Production"** means all Gas and fluids brought from underground up to and through the well head, and includes: (i) all hydrocarbons produced in liquid form as Oil or condensate at the well head and also all condensate, distillate, and any other liquid hydrocarbons recovered from Oil, condensate, or Gas run through a separator or other equipment; (ii) all hydrocarbons and Gaseous substances not in liquid form produced from any well; and (iii) natural Gasoline or liquid hydrocarbons, carbon dioxide, carbon black, sulfur or any other products produced or manufactured from any Gas or liquid. The Gross Production volumes of Oil, condensate, and Gas includes all sales, custody transfer dispositions, and/or stored volumes and all non-sales disposition volumes, including but not limited to, lease use, fuel, vent, flare, spills, uncontrolled releases, theft, and any other loss. The Gross Production of Gaseous hydrocarbons shall be adjusted and reported in MMBTUs.
- f. **"Market Value"** means the greatest of (i) the highest posted price, plus premium, if any, offered or paid for Oil, Gas, condensate, distillate, other hydrocarbons, or any Other Products produced or manufactured from the Oil or Gas, of similar characteristics and type in the general area, (ii) the prevailing market price thereof in the general area, (iii) the proceeds of the sale thereof, or (iv) the highest value reasonably available to Lessee. The proceeds of sale shall include the total value accruing to the Lessee from the sale or use of the production, including proceeds and any other thing of value received by Lessee or the operator.
- g. **"Marketable"** means that sufficient infrastructure is in-place or installed to allow for the sale or delivery of merchantable Oil and/or Gas into the custody of an authorized carrier, receiving agency, or party.
- h. **"Merchantable"** means (i) with respect to Gas, a Gas that is commercially free of dust, sand, dirt, gum-forming constituents, natural Gasoline, liquid hydrocarbons, water, inerts, and any other substances that may become separated from the Gas during handling thereof and may be injurious to utility facilities, industrial, commercial, and/or residential users that would cause the Gas to be unmarketable or require additional treating and/or processing to be ready for use and consumption (sale and use), and (ii) with respect to Oil, a crude Oil, condensate, and other liquid hydrocarbons recovered in liquid form from any hydrocarbon production (oil or Gas) produced on or from the Leased Premises that is suitable for normal refinery processing, sufficiently free of foreign contaminants or chemicals, and meets the appropriate pipeline or truck haul specifications for sediment and water.
- i. **"Natural Gas Liquids (NGLs)"** means those hydrocarbons liquefied, removed, recovered, or condensed from natural Gas at the surface in field production facilities as Oil or condensate or in natural Gas processing plants as Oil or stabilized condensate and as raw mix liquids prior to separation down to their base components. Natural Gas liquids that are not recovered or removed as condensate in plant systems located on or off the Leased Premises or in a Processing Plant consist of either: (i) Raw Mix, or (ii) component plant products consisting of merchantable and marketable commercial grades and/or blends of each of the individual components, after fractionation, of ethane, propane, iso-butane, normal butane, and natural Gasoline that include pentanes plus (iso-pentane, normal pentane and hydrocarbon components of higher molecular weight).
- j. **"Non-Processed Gas"** means all hydrocarbons and Gaseous substances not defined as Oil, that are not processed in plant systems located on or off the Leased Premises or in a Processing Plant to remove or extract Natural Gas Liquids to produce a Pipeline-Quality Natural Gas or Residue Gas (although the term includes such substances that have been removed from the Gas that include, but are not limited to, carbon dioxide, sulphur, water, or any other constituent or component necessary to produce a Pipeline-Quality Natural Gas).
- k. **"Oil"** means all hydrocarbons produced in a liquid form at the mouth of the well and also all condensate, distillate and other liquid hydrocarbons recovered in liquid form from any hydrocarbon production (oil or Gas) produced on or from the Leased Premises when run through a separator or other equipment that is stored at pressures less than or equal to 15 pounds per square inch gauge, and that is not extracted in the form of Raw Mix in plant systems located on or off the Leased Premises or in a Processing Plant prior to fractionation. All Oil volumes shall be corrected from the measurement condition to report the produced volume of Oil in Stock Tank Barrels at Stock Tank Conditions per the applicable API MPMS standards.
- l. **"Pipeline-Quality Natural Gas"** means a natural Gas that is merchantable and marketable that meets an interstate or intrastate transmission company's minimum specifications with respect to (i) delivery pressure, (ii) delivery temperature, (iii) BTU content, (iv) mercaptan sulfur, (v) total sulfur, (vi) moisture and/or water content, (vii) carbon dioxide, (viii) oxygen, (ix) total inerts (the total combined carbon dioxide, helium, nitrogen, oxygen, and any other inert compound percentage by volume), (x) hydrocarbon dew point limits, (xi) merchantability, (xii) content of any liquids at or immediately downstream of the delivery point into a pipeline, and (xiii) interchangeability with the typical composition of the Gas in the pipeline with respect to the following indices: Wobbe Number, Lifting Index, Flashback Index, and Yellow Tip Index per AGA Bulletin No. 36.



- m. **"Processed Gas"** means natural Gas processed in a Processing Plant(s) located on or off the Leased Premises where Gas is processed to remove or extract liquefiable hydrocarbons or Raw Mix from the natural Gas stream to produce a Pipeline-Quality Natural Gas or Residue Gas, NGLs, and other products, and as used herein includes the Residue Gas, the Raw Mix (and resulting NGLs), and other products.
- n. **"Processing Plant"** means plant systems, located on or off the Leased Premises, that include a Gas processing plant, natural Gasoline plant, Gasoline plant, or other plant where raw unprocessed natural Gas is processed to remove or extract Raw Mix from the natural Gas stream to produce a Pipeline-Quality Natural Gas or Residue Gas and other products, and the Raw Mix is then either (i) separated by fractionation down to its base components prior to storage and/or transport that meets or conforms to all applicable Gas Processors Association (GPA) Standards and/or Specifications for the commercial sale of each liquefiable hydrocarbon product, or (ii) transported to another plant for separation down to its base components by fractionation prior to storage and/or transport for the commercial sale of each liquefiable hydrocarbon product. Any deductions, costs, or processing fees associated with the removal or recovery of Natural Gas Liquids is strictly limited to only that part of any Processing Plant or facility where Raw Mix is recovered, and if applicable at that plant, also fractionated to their component parts.
- o. **"Raw Mix"** means a mixture of Natural Gas Liquids (NGLs) that has a true vapor pressure greater than fifteen (15) pounds per square inch gauge at 100 degrees Fahrenheit (°F) prior to separation down to its base components by fractionation, typically consisting of a mixture of liquefiable hydrocarbons, including but not limited to, the natural Gas liquids ethane, propane, iso-butane, normal butane, and natural Gasoline that include pentanes plus (iso-pentane, normal pentane and hydrocarbon components of higher molecular weight).
- p. **"Ready for Sale and Use"** means the following:
 - i. **For Oil:** Oil that is merchantable and marketable and otherwise in a condition such that the Oil is suitable for transfer of ownership and will be accepted by a purchaser under a sales contract typical for the field or area.
 - ii. **For Non-Processed Gas:** A Pipeline-Quality Natural Gas that is merchantable and marketable and otherwise in a condition suitable for transfer of ownership such that the natural Gas or other Gas product will be interchangeable with and accepted by a purchaser under an interstate and/or intrastate Gas sales contract typical for the field or area for use by an industrial, commercial, and/or residential user.
 - iii. **For Residue Gas:** A Pipeline-Quality Natural Gas at the tailgate of the only or last stage of Gas processing to remove Natural Gas Liquids that is merchantable and marketable and otherwise in a condition suitable for transfer of ownership such that the natural Gas or other Gas product will be interchangeable with and accepted by a purchaser under an interstate and/or intrastate Gas sales contract typical for the field or area for use by an industrial, commercial, and/or residential user.
 - iv. **For Natural Gas Liquids:** (A) merchantable and marketable Raw Mix at the point sold as such to a third party at arms' length, or (B) merchantable and marketable Natural Gas Liquids at the tailgate of a Processing Plant after fractionation that are suitable for transfer of ownership that will be interchangeable with and accepted by a purchaser for sale or use by an industrial and/or commercial user.
 - v. **For Other Products:** Products that are in a condition that will be accepted by a purchaser under a sales contract typical for the field or area for use by an industrial or commercial user.
- q. **"Residue Gas"** means (i) the material that remains after a separation, treatment, or Gas conditioning process, and (ii) that Gas remaining after the recovery of Natural Gas Liquids to produce a Pipeline-Quality Natural Gas. If the Gas is processed to remove liquefiable hydrocarbons in a series of Processing Plants, then the Residue Gas is that Gas remaining after the recovery of Natural Gas Liquids to produce a Pipeline-Quality Natural Gas at the last Processing Plant in the series.
- r. **"Stock Tank Barrel"** means the volume of liquid hydrocarbons that is equivalent to the volume of forty-two (42) U.S. gallons at atmospheric pressure and 60 °F.
- s. **"Stock Tank Conditions"** means a stock tank meeting all applicable API specifications and requirements at atmospheric pressure and 60°F.

31. DISCLOSURE CLAUSE. All provisions pertaining to the lease of the Leased Premises have been included in this instrument, including the statement of the true consideration to be paid for the execution of this lease and the rights and duties of the parties. Any collateral agreements concerning the development of Oil and Gas from the Leased Premises which are not contained in this lease are invalid.

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

33. INDEMNITY. Lessee hereby releases and discharges the State of Texas and the owner of the soil, their officers, employees, partners, agents, contractors, subcontractors, guests, invitees, and their respective successors and assigns, of and from all and any actions and causes of action of every nature, or other harm, including environmental harm, for which recovery of damages is sought, including, but not limited to, all losses and expenses which are caused by the activities of Lessee, its officers, employees, and agents arising out of, incidental to, or resulting from, the operations of or for Lessee on the Leased Premises hereunder, or that may arise out of or be occasioned by Lessee's breach of any of the terms or provisions of this lease, or by any other negligent or strictly liable act or omission of Lessee. Further, Lessee hereby agrees to be liable for, exonerate, indemnify, defend and hold harmless the State of Texas and the owner of the soil, their officers, employees and agents, their successors or assigns, against any and all claims, liabilities, losses, damages, actions, personal injury (including death), costs and expenses, or other harm for which recovery of damages is sought, under any theory including tort, contract, or strict liability, including attorneys' fees and other legal expenses, including those related to environmental hazards, on the Leased Premises or in any way related to Lessee's failure to comply with any and all environmental laws; those arising from or in any way related to Lessee's operations or any other of Lessee's activities on the Leased Premises; those arising from Lessee's use of the surface of the Leased Premises; and those that may arise out of or be occasioned by Lessee's breach of any of the terms or provisions of this lease or any other act or omission of Lessee, its directors, officers, employees, partners, agents, contractors, subcontractors, guests, invitees, and their respective successors and assigns. Each assignee of this



lease, or an interest therein, agrees to be liable for, exonerate, indemnify, defend and hold harmless the State of Texas and the owner of the soil, their officers, employees, and agents in the same manner provided above in connection with the activities of Lessee, its officers, employees, and agents as described above. **EXCEPT AS OTHERWISE EXPRESSLY LIMITED HEREIN, ALL OF THE INDEMNITY OBLIGATIONS AND/OR LIABILITIES ASSUMED UNDER THE TERMS OF THIS AGREEMENT SHALL BE WITHOUT LIMITS AND WITHOUT REGARD TO THE CAUSE OR CAUSES THEREOF (EXCLUDING PRE-EXISTING CONDITIONS), STRICT LIABILITY, OR THE NEGLIGENCE OF ANY PARTY OR PARTIES (INCLUDING THE NEGLIGENCE OF THE INDEMNIFIED PARTY), WHETHER SUCH NEGLIGENCE BE SOLE, JOINT, CONCURRENT, ACTIVE, OR PASSIVE.**

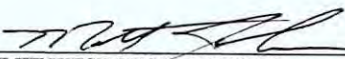
34. ENVIRONMENTAL HAZARDS. Lessee shall use the highest degree of care and all reasonable safeguards to prevent contamination or pollution of any environmental medium, including soil, surface waters, groundwater, sediments, and surface or subsurface strata, ambient air or any other environmental medium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

35. EXECUTION: This lease must be signed and acknowledged by the Lessee before it is filed of record in the county records and in the GLO.

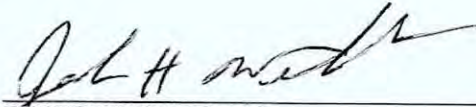
36. LEASE FILING: Pursuant to Chapter 9 of the Tex. Bus. & Com. Code, this lease must be filed of record in the office of the County Clerk in any county in which all or any part of the Leased Premises is located, and certified copies thereof must be filed in the GLO. This lease is not effective until a certified copy of this lease (that is made and certified by the County Clerk from his records) is filed in the GLO in accordance with Texas Natural Resources Code Sec. 52.183. Additionally, this lease shall not be binding upon the State unless it recites the actual and true consideration paid or promised for execution of this lease. The bonus due the GLO and the prescribed filing fee shall accompany the certified copies sent to the GLO.

37. PAID-UP LEASE: Rentals for years two and three of this lease have been prepaid. One half (1/2) of said rental has been paid to Lessor and one half has been paid to the State of Texas. No further rental shall be due during the Primary Term of this lease.

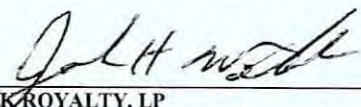
LESSEE:


SUMMIT WEST RESOURCES LP
By: Summit West Management LLC, its General Partner 
Matt Johnson, President and COO

LESSOR:


TRIANGLE ROYALTY, LP
By: SJW Royalty, LLC, its General Partner
John H. Webb, President
And as agent for the State of Texas

DATE: 2-25-16


JK ROYALTY, LP
JK Royalty and Holdings LLC, General Partner of JK Royalty LP
John H. Webb, President
And as Agent for the State of Texas

DATE: 2-25-16



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STATE OF TEXAS

(CORPORATION ACKNOWLEDGMENT)

COUNTY OF MIDLAND

BEFORE ME, the undersigned authority, on this day personally appeared Matt Johnson
known to me to be the person whose name is subscribed to the foregoing instruments as President and COO of Summit West Management LLC, as Gernal Partner
of Summit West Resources LP and acknowledged to me that he
executed the same for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said limited partnership.

Given under my hand and seal of office this the 4th day of MARCH, 20 16.



Cheryl Boyce
Notary Public in and for _____

STATE OF TEXAS

(CORPORATION ACKNOWLEDGMENT)

COUNTY OF MIDLAND

BEFORE ME, the undersigned authority, on this day personally appeared John H. Webb
known to me to be the person whose name is subscribed to the foregoing instruments as President of SJW Royalty, LLC, as General Partner
of Triangle Royalty, LP and acknowledged to me that he
executed the same for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said limited partnership.

Given under my hand and seal of office this the 25th day of February, 2016.



Traci Leigh Goodnight
Notary Public in and for the State of Texas

STATE OF TEXAS

(CORPORATION ACKNOWLEDGMENT)

COUNTY OF MIDLAND

BEFORE ME, the undersigned authority, on this day personally appeared John H. Webb
known to me to be the person whose name is subscribed to the foregoing instruments as President of JK Royalty and Holdings, LLC, as General Partner
of JK Royalty, LP and acknowledged to me that he
executed the same for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said limited partnership.

Given under my hand and seal of office this the 25th day of February, 2016.



Traci Leigh Goodnight
Notary Public in and for the State of Texas



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EXHIBIT "A"
ADDENDUM TO LEASE

Attached to and made a part of that certain Oil and Gas Lease dated February 8, 2016 by and between the STATE OF TEXAS, acting by and through its agent, as set out on the signature page attached hereto, Owner of the soil and Summit West Resources LP, Lessee.

Notwithstanding any provisions of this lease to the contrary, it is expressly understood and agreed by and between the parties that:

1. Lessee shall not use any existing water, whether from wells, tanks, ponds or reservoirs, from the Leased Premises without prior written consent of Lessor as owner of the surface estate. Lessee, its successors and assigns, may itself drill a water well and then use the potable water from that well for drilling operations that are conducted on the Leased Premises or lands pooled therewith. However, Lessee shall have no right to use the potable water from the Leased Premises for water flooding or secondary recovery operations without the prior written consent of Lessor as the owner of the surface estate. In the event Lessee drills a new well and encounters non-potable water which is certified as not suitable for human, animal or agricultural use, Lessee may use the same for its drilling, water flooding or secondary recovery operations. Lessee may not drill a new well within 500 feet of an existing water well located on the leased premises without Lessor's prior written consent. In the event lessee drills a water well on the Leased Premises and completes its use of same, upon termination of Lessee's use of said water well, Lessee will give Lessor a thirty (30) day written notice as to Lessee's intention to plug and abandon said water well. Lessor may during said thirty (30) day notice period, provide to Lessee a written request as to Lessors's election to take over the ownership of said water well and in such event, Lessee agrees upon receipt of written request by Lessor to transfer said water well to Lessor as owners of the surface estate, upon Lessee's execution of a written transfer instrument that includes Lessor's agreement to accept the water well 'AS IS' without any warranty and Lessor's agreement to assume all rights, responsibilities and liabilities, if any, for the operation and maintenance of said water well, including but not limited to plugging of the well in accordance with any regulations of applicable governmental agency or agencies.
2. Lessee is granted the right to use existing roads on the leased premises for ingress and egress, and to the extent such roads are used by Lessee, agrees to maintain, restore and keep roads in useable condition so long as this lease is in force and effect.
3. Lessee shall notify Lessor a minimum of 24 hours before cutting any new road, if necessary, into or on the leased premises.
4. Lessee shall install and maintain cattle guards at every fence crossing, said cattle guards to remain upon premises as Lessor's property at the expiration of this lease.
5. Lessee will bury and maintain all pipelines and electrical transmission lines 24 inches below the surface only in the event that topographic or ground conditions allow for lines being buried to the set out depth. Lessee may further use temporary poly flowlines on the surface with the written permission of the Lessor.
6. Lessee may use no more of the surface of the leased premises than is reasonably necessary to use for the purpose of which this lease is granted, and it shall exercise all rights granted to it herein with due regard for the rights of the Owner of the Soil.
7. Lessee, its successors and assigns, shall not erect any building or houses on the leased premises and that only those structures which are reasonably necessary for production facilities or tank batteries shall be erected on the surface of the leased premises.
8. Lessee will not pollute any water aquifers or fresh water in, upon or under the leased premises, and Lessee agrees to notify owner of the Soil in writing if fresh water is encountered during drilling, or if a fresh water formation is penetrated.
9. Lessee shall maintain all drill sites and other portions of the surface used or occupied by lessee, its successors or assigns, free and clear of weed and noxious vegetation, and will maintain the same in a reasonable manner to prevent additional damage to Owner of the Soil, other land, and crops.
10. Upon written demand by Owner of the Soil, Lessee shall build and maintain fences around its slush, sump, and drainage pits and tank batteries to protect livestock against loss, damage or injury; and upon



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- completion or abandonment of any well or wells, Lessee shall fill and level off all slush pits and cellars and completely clean up the drill site of all rubbish thereon.
11. In the event of a dry hole or production from a well which production ceases and the abandonment of such well, or upon the abandonment of any well location, drill site, tank battery site or roadway, the premises will be restored by Lessee as nearly as reasonably possible to its former condition at the cost and expense of Lessee, it being the intention of the parties hereto that Lessee shall restore the surface to as nearly the state that it is in at the time of execution of this lease.
 12. If all or any part of this lease is assigned, released, pooled or unitized, Lessee agrees to furnish the Owner of the Soil with a copy of any such document.
 13. This lease grants no hunting or fishing rights whatsoever. Furthermore, Lessee, its agents, contractors, employees or assigns shall be prohibited from carrying or transporting firearms of any type upon or across the herein described premises.
 14. Weather permitting, Lessee shall remove from the herein described premises any and all structures, equipment and property of every kind and character placed by Lessee on said premises within ninety (90) days after Lessee has finished with the use of the area where such structure, equipment and property are placed. After thirty (30) days written notice to Lessee by Owner of the Soil, any such structure, equipment or property left on the lease premises by Lessee after the ninety (90) day period, shall at Lessor's option, become the property of Owner of the Soil. Lessee shall properly plug all wells drilled by Lessee on the leased premises in accordance with the requirement of the Railroad Commission of Texas, the Texas Natural Resources Conservation Commission or other governmental agencies having jurisdiction. In plugging the wells, Lessee shall cut off the casing at least thirty six (36) inches below the surface.
 15. If at the expiration of the primary term, Lessee has completed a well(s) or Lessee is then engaged in drilling, reworking, or other operations reasonably calculated to obtain or restore production, Lessee shall have the option to commence a continuous development program on said lease and this lease shall remain in full force and effect during such time as said continuous drilling program on the lands covered by this lease is conducted by Lessee. "Continuous Drilling Program" is defined herein to mean the continuous development of the leased premises by Lessee with no more than one hundred eighty (180) days elapsing between the completion of one (1) well and commencement of actual drilling operations of a succeeding well. For purposes of interpretation of this provision, a well should be determined to be completed on the day Lessee releases the drilling rig used to drill such well, or the date such rig is moved off the location, whichever date occurs first, and a well should be determined to be commenced when such well is spudded. The termination of rights hereunder shall be the sole liability or penalty for the failure to drill any well or wells acquired or permitted hereunder. Upon cessation of such continuous drilling program, this lease shall terminate as to all lands covered hereby, except as to each well capable of producing oil and gas in paying quantities, together with the proration unit allocated thereto in accordance with Paragraph 7(A) and (B) of the lease form. Thereafter, Lessee shall promptly execute and deliver to Owner of the Soil a recorded release of this lease as to all lands covered hereby, save and except to each such producing proration units as stated in Paragraph 7.(A) and (B) of the lease form.
 16. Lessee agrees to provide the Owner of the Soil with a chromatograph test for any gas well completed on the land covered by this lease, if possible.

Inst No. 16-03312
DIANNE O. FLOREZ
COUNTY CLERK
2016 Mar 15 at 11:24 AM
REEVES COUNTY, TEXAS
By: BA *[Signature]* DEPUTY



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File No. MF-117950

County _____

Lease A

Date Filed: 04/01/16

By George P. Bush, Commissioner

11.

File No. 117292

County _____

Lease E

Date Filed: 09/13/17

By George P. Bush, Commissioner

THE STATE OF TEXAS
COUNTY OF REEVES
I, Dianné O. Flores, Clerk of the County Court in and
for said County, do hereby certify that the foregoing is a true and correct copy of
Dianné O. Flores dated Feb. 8, 2016
Filed for record in my office this 11th day of March, 2016, at
11:29 AM, under Clerk's file No. 154-63313, to be recorded in the

Records of Reeves County, Texas.

TO CERTIFY, I have compared the foregoing with the original and official seal at Pecos, Texas
this 15th day of March, 2016.

By Dianné O. Flores, Deputy
DIANNE O. FLORES, COUNTY CLERK
REEVES COUNTY, TEXAS

117950

The State of Texas



Austin, Texas

16-03337

FILED FOR RECORD
REEVES COUNTY, TEXAS
Mar 16, 2016 at 11:54:00 AMH7950B
117292FGeneral Land Office
Relinquishment Act Lease Form
Revised 5/15

OIL AND GAS LEASE NO. _____

THIS OIL AND GAS LEASE is made and entered into to be effective February 8, 2016 (the "effective date"), by and between the State of Texas, acting by and through its agent, CG Interests LLC, whose address is 1011 Dragon St. Dallas, TX 75207, said agent herein referred to as the owner of the soil (whether one or more) ("owner of the soil"), and Summit West Resources LP ("Lessee"), whose address is 550 W. Texas Ave. #700 Midland, TX 79701.

1. GRANTING CLAUSE; RESERVATION; BONUS. For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and the covenants contained herein, the State of Texas, acting by and through the owner of the soil, hereby demises, grants, leases and lets unto Lessee the non-exclusive right to explore for, and the exclusive right to produce and take, Oil and/or Gas from the Leased Premises (defined below) on the terms and conditions set out in this lease. Lessee's right hereunder to explore for Oil and Gas from the Leased Premises is non-exclusive. The Texas General Land Office (the "GLO") expressly retains and reserves the concurrent right to grant third parties (i) seismic, geophysical and geological permits, and to enter into other agreements with third parties, which permits or agreements shall allow such third parties to conduct geophysical, geological, or seismic surveys on, over, under, through, and across the land covered herein during the term of this lease, and which seismic, geophysical, or geological surveys shall not unreasonably interfere with Lessee's drilling or production activities on the Premises, and (ii) ingress and egress and use of the Leased Premises by the GLO and its lessees and permittees to explore for and produce minerals that are not covered, or that might not be covered in the future, under the terms of this lease, but that might be located within the surface boundaries of the Leased Premises. All of the rights in and to the Leased Premises retained by the GLO and all of the rights in and to the Leased Premises granted to Lessee herein shall be exercised in such a manner that neither shall unduly interfere with the operations of the other. This lease is made and entered into subject to any existing rights of way, easements, geophysical or geochemical exploration permits.

The bonus consideration paid for this lease is as follows:

To the State of Texas: Eight Thousand Eight Hundred Twenty Nine and 73/100
Dollars (\$8,829.73)

To the owner of the soil: Eight Thousand Eight Hundred Twenty Nine and 73/100
Dollars (\$8,829.73)

Total bonus consideration: Seventeen Thousand Six Hundred Fifty Nine and 46/100
Dollars (\$17,659.46)

The total bonus consideration paid represents a bonus of Two Thousand Six Hundred dollars
(\$ 2,600) per acre, on 6.7921 net acres.

2. TERM. This lease shall be for a term of three (3) years commencing on the effective date (the "primary term"), and as long thereafter as Oil or Gas is produced in paying quantities from the following "Leased Premises" (herein so called), to-wit:

Public School Land Survey, Block 45 ✓
Section 2: All
Being 640.00 gross acres and 1.683 net acres

Public School Land Survey, Block 45 ✓
Section 34: All, only below the base of the Bell Canyon formation
Being 640.00 gross acres and 1.683 net acres

Public School Land Survey, Block 56 ✓
Section 44: North 315 acres of South 560 acres
Being 315.00 gross acres and 0.9744 net acres

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Public School Land Survey, Block 56 ✓
Section 31: North 157.50 acres of South 280.00 acres of E/2
Being 157.50 gross acres and 0.4874 net acres

Public School Land Survey, Block 57 ✓
Section 5: South 315 acres
Being 315.00 gross acres and 0.9744 net acres

Public School Land Survey, Block 57
Section 8: W/3
Being 320.00 gross acres and 0.9900 net acres

Containing 2387.50 gross acres, more or less.

3. DELAY RENTALS. THIS IS A PAID-UP LEASE – REFERENCE PARAGRAPH NO. 37 If no well is commenced on the Leased Premises on or before one (1) year from the effective date, this lease shall terminate, unless on or before such anniversary date Lessee shall pay to the owner of the soil or to his credit in the _____ Bank, at _____, or its successors (which shall continue as the depository regardless of changes in the ownership of said land), the amount specified below; in addition, Lessee shall pay to the COMMISSIONER OF THE GENERAL LAND OFFICE OF THE STATE OF TEXAS, AT AUSTIN, TEXAS, a like sum on or before said date. Payments under this paragraph shall operate as a rental and shall cover the privilege of deferring the commencement of a well for one (1) year from said date. Payments under this paragraph shall be in the following amounts:

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

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

Total Delay Rental: _____ Dollars (\$ _____)

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

4. ROYALTY: All capitalized terms used in this lease that are not defined in this lease shall have the meanings given them in Title 31, Part 1, Chapter 9 of the Texas Administrative Code (the "Rules"). Upon production of Oil, Gas, and/or other products from the Leased Premises, Lessee agrees to pay or cause to be paid one-half (1/2) of the royalty provided for in this lease to the GLO, for the use and benefit of the State of Texas, and one-half (1/2) of such royalty to the owner of the soil, each of the following royalties as applicable to the substances actually produced from the Leased Premises and/or subsequent processing:

(a) **OIL:** As a royalty on Oil, a monetary royalty of Twenty Five percent (25 %) of the value of the Gross Production, unless the Commissioner of the General Land Office of the State of Texas (the "Commissioner") or the owner of the soil, at the option of either, elects to receive its royalty in kind pursuant to section 4(l). The value of the Gross Production shall be calculated at the point the Oil is Ready for Sale and Use and without deduction for expenses, as described in section (4)(k), and determined by the greatest of: (i) the highest posted price, plus premium, if any, paid or offered for Oil of a like type and gravity in the general area where produced and when run, (ii) the highest market price thereof paid or offered in the general area where produced and when run, or (iii) the gross proceeds of the sale thereof.

(b) **NON-PROCESSED GAS:** As a royalty on any Non-Processed Gas, a monetary royalty of Twenty Five percent (25 %) of the value of the Gross Production, unless the Commissioner or the owner of the soil, at the option of either, elects to receive its royalty in kind pursuant to section 4(l). The value of the Gross Production shall be calculated (i) at the point at which the Non-Processed Gas is Ready for Sale and Use and without deduction for expenses, as described in section (4)(k), (ii) on a Dry Gas basis as to both volume and energy content (as described in the section 30 definitions below), and (iii) based on the higher of:

(A) the highest market price paid or offered for Gas of comparable quality in the general area where produced and when run; or

(B) the gross price paid or offered to the Lessee; provided that the maximum pressure base in measuring the Gas under this lease contract shall equal 14.65 pounds per square inch absolute, and the standard base temperature shall be sixty (60) degrees Fahrenheit, correction to be made for pressure according to Boyle's Law, and for specific gravity according to a test made by chromatographic analysis or the Balance Method.

Provided, however, that if Non-Processed Gas is sold to a parent, subsidiary or affiliate of Lessee, then the royalty due hereunder shall be based on the value of the Gas as either Non-Processed Gas or Processed Gas, as the case may be, in the first sale to a third party in an agreement negotiated at arms' length.

(c) **PROCESSED GAS:** As a royalty on any Processed Gas, Lessee agrees to pay a monetary royalty of Twenty Five percent (25 %) of the value of the Residue Gas and the NGLs extracted, unless the Commissioner or the owner of the soil, at the option of either, elects to receive its royalty in kind pursuant to section 4(l). The value of the Gross Production shall be calculated at the point the Residue Gas and/or the NGLs, respectively, are Ready for Sale and Use. All royalties due herein shall be on 100% of the volume of the Gas produced from the Leased Premises (calculated on a Dry Gas basis as to both volume and energy content, as described in the section 30 definitions below) as measured or attributed at the inlet of the Processing Plant. The royalty due from Lessee hereunder shall be based on the greater value of:

(1) the sum of the values of (A) 100% of the Residue Gas MMBtus attributable to the Gas determined at the plant recovery efficiency applicable to each NGL component, plus (B) the net value of the NGLs after deduction of all applicable Gas processing fees and/or the value of the NGLs at the applicable liquids percent of proceeds accruing to the Processing Plant; or



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(2) the sum of the values of (A) 100% of the available Residue Gas MMBtus attributable to the Gas, plus (B) the value of the NGLs at the applicable minimum liquids POP%, established herein in section 4(d), without deduction or reduction in the value of the NGLs by a percent of proceeds or any other fees or adjustments of any type, form, or character; or

(3) the "keep whole" value of the Gas as described in section 4(f).

For purposes of calculating the royalty due hereunder, the respective values of the Residue Gas and the NGLs shall be based on the greater of:

(1) the highest market price paid or offered in the general area for (A) any Pipeline-Quality Residue Gas, and (B) NGLs, as either Raw Mix or merchantable and marketable commercial grades and/or blends of each of the individual components, after fractionation, of comparable quality in the general area, or

(2) the (A) gross price paid or offered to Lessee for such Pipeline-Quality Residue Gas, and (B) weighted monthly average gross selling price for the respective grades of NGLs, as either Raw Mix or merchantable and marketable commercial grades and/or blends of each of the individual components, after fractionation.

No fees or costs of any kind shall be deducted from the value of Gas that is bypassed around a Gas Processing Plant and then blended with Gas that was processed to remove liquefiable hydrocarbons at, or at a point downstream of, the tailgate of the Processing Plant, a.k.a. "conditioning". The value of Gas bypassed around a plant in which no liquefiable hydrocarbons or NGLs are removed from the Gas shall equal that for Non-Processed Gas per section 4(b).

Provided, however, that if NGLs are recovered from Gas processed in a plant in which Lessee (or its parent, subsidiary or affiliate) owns an interest, then the POP% applicable to NGLs shall be the greater of (x) the applicable POP% per section 4(d), or (y) the highest percent accruing to a third party processing Gas through such plant under a processing agreement negotiated at arms' length.

(d) **APPLICABLE MINIMUM LIQUIDS PERCENT OF PROCEEDS:** (1) The applicable minimum liquids percent of proceeds ("POP%") of the total available liquid hydrocarbon content volume for all NGLs, except ethane, shall, regardless of the natural Gas liquids recovery process or Gas processing agreement terms and/or conditions, be equal to the following:

(A) 70% for Gas with a heating content or BTU value equal to or greater than 1100 BTU/SCF;

(B) 60% for Gas with a heating content or BTU value equal to or greater than 1070 BTU/SCF but less than 1100 BTU/SCF; and

(C) 50% for Gas with a heating content or BTU value less than 1070 BTU/SCF.

(2) The available liquid hydrocarbon volume, in gallons, of each NGL component used to calculate the value of the NGLs at the applicable POP% shall equal the product of (A) the Processing Plant inlet Gas volume, in MSCF, on a Dry Gas basis, times (B) the gallons per MSCF of each component calculated per the applicable standards, at 14.65 pounds per square inch absolute and 60° Fahrenheit, according to a test made by chromatographic analysis of the Gas, except ethane, where the theoretical gallons of ethane available in the Gas shall be reduced by the Processing Plant recovery efficiency of ethane then being specified in processing agreements negotiated at arm's length between the Lessee and the plant for each dedicated Processing Plant and each Processing Plant that may process the Gas in a series of plants.

(3) The available Residue Gas MMBtu amount used in the calculation of the royalty value in section 4(c)(2) shall equal the product of (A) the Processing Plant inlet Gas MMBtu amount less the sum total MMBtu of shrinkage calculated for the available liquid hydrocarbon volume in section 4(d)(2) for each NGL component, times (B) one (1.0) minus the lesser of (1) the plant fuel MMBtu percentage divided by 100%, or (2) 0.035.

(e) **OTHER PRODUCTS:** As a royalty on carbon black, carbon dioxide, sulphur or any other products (including water) produced (excepting Oil, Gas, or NGLs, addressed separately above), Lessee agrees to pay a monetary royalty of _____ percent (____ %) of the value of the Gross Production of such products, unless the Commissioner of the General Land Office of the State of Texas (the "Commissioner") or the owner of the soil, at the option of either, elects to receive its royalty in kind pursuant to section 4(l). The value of the Gross Production shall be calculated at the point the other products are Ready for Sale and Use and without deduction for expenses, as described in section 4(k), such value to be based on the higher of:

(1) the highest market price of each product, during the same month in which such product is produced; or

(2) the average gross sale price of each product for the same month in which such products are produced.

(f) **KEEP WHOLE:** Notwithstanding any other provision of this lease to the contrary, Lessee may not pay a royalty hereunder for Processed Gas that is less than the royalty that would have been due under section 4(b) for the total energy content of the Processing Plant inlet Gas if it had not been processed.

(g) **NON-SALES DISPOSITIONS:** As a royalty on non-sales dispositions of Gas, including but not limited to vented Gas, flared Gas, flash Gas and lease fuel Gas, Lessee agrees to pay owner of the soil based on the royalty provisions for Non-Processed Gas described in section 4(b) of this Lease (but without requirement of merchantability or marketability) if the Gas produced from the Leased Premises is not processed; otherwise, the non-sales dispositions of Gas shall be based on the royalty provisions for Processed Gas described in section 4(c) for Residue Gas. If, for whatever reason, there are no Gas sales dispositions, then Lessee agrees to pay to owner of the soil royalty on one fourth (1/4) part of the total energy content of the Gas, in MMBtu determined on a Dry Gas basis, based on the posted market price of natural Gas at the nearest applicable Gas market hub in \$/MMBtu.

(h) **PLANT FUEL AND RECYCLED GAS:** No royalty shall be payable on any Gas as may represent this lease's proportionate share of any fuel used to process Gas produced hereunder in any third party Gas processing plant pursuant to section 4(c). Subject to the consent in writing of the owner of the soil and the GLO, Lessee may inject Gas for secondary or enhanced recovery operations or for Gas lift purposes into any Oil- or Gas-producing formation in the Leased Premises after the liquid hydrocarbons contained in the Gas have been removed, and no royalty shall be payable on the Gas so injected until such time as the same may thereafter be produced and sold or used.

(i) **CONSERVATION:** Lessee shall use all reasonable means to prevent the underground or above ground waste of Oil or Gas and to avoid the physical waste, flaring or venting of Gas produced from the Leased Premises.

(j) **DUTY TO MARKET:** Lessee shall exercise due diligence and use all reasonable efforts in marketing any and all production from the Leased Premises, at no cost to owner of the soil, to obtain the best price reasonably available for the Oil and Gas.



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- (k) **NO DEDUCTIONS:** Except for fees or deductions that may be permitted pursuant to section 4(c), Lessee shall pay or cause to be paid royalty due under this lease without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, conditioning, compressing, processing, transporting and otherwise making the Oil, Non-Processed Gas, Processed Gas, and other products hereunder Ready For Sale and Use, whether borne by Lessee or by third-party purchasers and whether stated as a deduction from the price or an adjustment to the price based on location or condition. If any contract by which Lessee or an Affiliate of Lessee sells Oil or Gas produced hereunder makes deductions or adjustments to the price to account for costs of producing, gathering, storing, separating, treating, dehydrating, conditioning, compressing, processing, or transporting of Oil or Gas produced from the Leased Premises, then such deductions shall be added back to the price received for purposes of computing the Gross Production upon which royalties are to be paid. The owner of the soil, the GLO, and Lessee agree that the foregoing provision is to be given full effect and is not to be construed as "surplusage" under *Heritage Resources, Inc. v. Nationsbank*, 939 S.W.2d 118 (Tex. 1996).
- (l) **ROYALTY IN KIND:** Lessee shall pay monetary royalties based on the value of the Gross Production from the Leased Premises, unless the GLO or the owner of the soil, at the option of either, elects to receive its royalty in kind. Lessee shall pay Oil or Gas royalty, or both, in kind without deduction for expenses, as described in section (4)(k), necessary to make the Oil, Gas and any other products Ready for Sale and Use. The owner of the soil or the GLO may change its election to take royalty in kind or monetary form at any time or from time to time by giving Lessee notice of such election not less than sixty (60) days in advance. If the owner of the soil or the GLO elects to take its royalty production in kind, it may elect to have the royalty production of the Oil, Gas, and any other products that are in a Ready for Sale and Use condition delivered in kind at the location Lessee sells its production, or at another location mutually acceptable to owner of the soil or the GLO and Lessee. Lessee shall bear all costs to the point of delivery. If the GLO or the owner of the soil elects to take its royalty in kind, the parties agree to execute either the State's form of Gas Balancing Agreement or any other agreement that is acceptable to owner of the soil or the GLO and Lessee.
- (m) **SEPARATION:** Lessee agrees that before any hydrocarbons in liquid form and any Gas produced from the Leased Premises is sold, transferred, surface commingled with the production from any other lease tract and/or pooled unit, or is used or processed in a plant, it will be run free of cost to owner of the soil and the GLO through a gravity-based Oil and Gas separator of conventional type and of adequate size and efficiency such that all liquid hydrocarbons recoverable from the Gas by such means shall be recovered. Upon written consent of the GLO, Lessee may apply other forms of separation equipment that are at least as efficient as a gravity-based separator upon such terms and conditions as prescribed by the GLO. Upon written consent of the GLO, the requirement that such Gas and liquid hydrocarbons be run through a separator or other equipment may be waived upon such terms and conditions as prescribed by the GLO. Lessee must request and obtain a waiver in writing from the GLO before the installation and/or use of any full well stream/wet Gas/multiphase flow meters that measure any production on or from the Leased Premises.
- (n) **COMMINGLING:** Lessee must obtain prior written permission from the GLO per 31 TAC §9.35(a)(3) before surface commingling Oil and/or Gas production from a state lease or pooled unit with the production from any other private or state lease and/or unit into (i) a common manifold and/or separator, (ii) common storage, (iii) a common gathering system or pipeline, or (iv) to utilize an off-lease Gas supply to inject Gas for lift purposes into any Oil- or Gas-producing formation in the Leased Premises. These requirements are in addition to, and apart from, the requirements of any other state and/or federal agency.
- (o) **METERING:** Lessee agrees that any hydrocarbons in liquid form and any Gas produced from the Leased Premises shall be measured separately before the liquid hydrocarbons and/or Gas leave the Leased Premises. Lessee agrees to comply with all applicable American Gas Association (AGA) Standards, as well as the American Petroleum Institute (API) Manual of Petroleum Measurement Standards (MPMS) for any measurement device or tank that covers the standards, practices, guidelines, recommendations and procedures which include, but are not limited to, the design, installation, calibration, testing and handling of samples and operation of a metering system used for the measurement of hydrocarbons in liquid form or Gas at any meter location on the Leased Premises, at a point of lease custody transfer, for the purpose of lease allocation in the event of surface commingling, or for the reporting and allocation of lease fuel, flared Gas volumes, vented volumes or any other lease use.
- (p) **ROYALTY ON CONTRACT SETTLEMENTS:** Lessee shall pay to the owner of the soil and the GLO royalty at the applicable royalty rate on any monetary settlement received by Lessee from any breach of contract by Lessee's purchaser relating to the marketing, pricing or taking of Oil or Gas production from the Leased Premises.

5. PAYMENTS, SUBMISSIONS AND NOTICES TO LESSOR:

- (a) **MONETARY ROYALTY PAYMENTS:** All royalty owed to the GLO hereunder and not paid in kind at the election of the GLO shall be paid to the GLO at Austin, Texas, in the following manner: payment of royalty on production of Oil and Gas shall be as provided in the Rules. The Rules currently provide that royalty on Oil is due and must be received in the GLO on or before the fifth (5th) day of the second (2nd) month succeeding the month of production or such later date as may be prescribed in the Rules. Royalty on Gas is due and must be received in the GLO on or before the fifteenth (15th) day of the second (2nd) month succeeding the month of production or such later date as may be prescribed in the Rules. All royalty payments must be accompanied by the affidavit of the owner, manager or other authorized agent, completed in the form and manner prescribed by the GLO and showing the gross amount and disposition of all Oil and Gas produced and the market value of the Oil and Gas. Lessee must maintain, and make available to the GLO upon request, copies of all documents, records or reports confirming the Gross Production, disposition and market value including Gas meter readings, pipeline receipts, Gas line receipts and other checks or memoranda of the amount produced and put into pipelines, tanks, or pools and Gas lines or Gas storage, and any other reports or records which the GLO may require to verify the Gross Production, disposition and market value. In all cases the authority of a manager or agent to act for the Lessee herein must be filed in the GLO. Each royalty payment shall be accompanied by a check stub, schedule, summary or other remittance advice showing, by the assigned GLO lease number, the amount of royalty being paid on each lease.
- (b) **MANNER AND TIMELINESS OF PAYMENTS:** A monetary royalty payment that is not submitted electronically shall be considered timely paid if delivered to the GLO on or before the applicable due date or if deposited in a postpaid, properly addressed wrapper with a post office or official depository under the care and custody of, and postmarked by, the United States Postal Service at least one (1) day before the applicable due date. A payment that is submitted electronically shall be considered timely paid if such payment is successfully transmitted to the proper account with the Comptroller of the State of Texas on or before the due date.
- (c) **PENALTIES AND INTEREST:** Lessee shall pay penalties and interest due on late royalty payments and other sums due, and for failure to provide documents, (whether physical documents or information in electronic form), as provided by law or the Rules. The right to collect penalties and interest is in addition to, and shall not in any way limit or restrict, the rights of the GLO to pursue other remedies at law or in equity, including without limitation forfeiture of this lease. If Lessee pays royalty on or before thirty (30) days after the royalty payment was due, then Lessee owes a penalty of five percent



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(5%) on the royalty or twenty-five dollars (\$25.00), whichever is greater. A royalty payment which is over thirty (30) days late shall accrue a penalty of ten percent (10%) of the royalty due or twenty-five dollars (\$25.00), whichever is greater. In addition to a penalty, royalties shall accrue interest when the royalty is sixty (60) days overdue. Affidavits and supporting documents which are not filed when due shall incur a penalty in an amount set by the Rules that were in effect on the date when the affidavits or supporting documents were due. The Lessee shall bear all responsibility for paying or causing royalties to be paid as prescribed by the due date provided herein. Payment of the delinquency penalty shall in no way operate to prohibit the State's right of forfeiture as provided by law nor act to postpone the date on which royalties were originally due. The above penalty provisions shall not apply in cases of title dispute as to the State's portion of the royalty or to that portion of the royalty in dispute as to fair market value.

- (d) **PAYMENTS, NOTICES, AND CORRESPONDENCE TO LESSOR:** Lessee shall assure that all royalty payments, shut-in royalty payments, delay rentals, and all other payments due under this lease, as well as documents, reports, notices, and other information, unless expressly provided herein that such payment or information be directed to another office, are directed to the following address:

If to the owner of the soil, to the address first listed above.

If to the GLO:

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

or

Texas General Land Office
1700 N. Congress Avenue
Austin, Texas 78701

or such other address as may then be specified in the Rules. Any payments submitted electronically shall be delivered by electronic funds transfer to the proper account with the Comptroller.

- (e) **NOTICES AND CORRESPONDENCE TO LESSEE:** Notices and correspondence to Lessee shall be sent to the address shown above or such other address as Lessee shall provide in writing to the owner of the soil and the GLO. Any such notice of change of address must specifically reference this Lease.

6. RECORDS:

- (a) **RESERVES, CONTRACTS AND OTHER RECORDS:** Upon written request by the GLO, Lessee shall annually furnish the GLO with its best possible estimate of Oil and Gas reserves underlying this lease or allocable to this lease and shall furnish the GLO with copies of all contracts under which Gas is sold or processed and all subsequent agreements and amendments to such contracts within thirty (30) days after entering into or making such contracts, agreements or amendments. Such contracts and agreements when received by the GLO shall be held in confidence by the GLO unless otherwise authorized by Lessee. All other contracts and records pertaining to the production, transportation, sale and marketing of the Oil and Gas produced from these Leased Premises, including the books and accounts, receipts and discharges of all wells, tanks, pools, meters, and pipelines shall at all times be subject to audit, inspection, and examination by the GLO, the Attorney General, the Governor, or the representative of any of them.
- (b) **PERMITS, DRILLING RECORDS AND REQUIRED FILINGS:** Written notice of all operations on this lease shall be submitted to the GLO by Lessee or operator five (5) days before spud date, workover, re-entry, temporary abandonment or plug and abandonment of any well or wells. Such written notice to the GLO shall include copies of Railroad Commission forms for application to drill. Copies of well tests, completion reports and plugging reports shall be supplied to the GLO at the time they are filed with the Texas Railroad Commission. All applications, permits, reports or other filings that reference this lease or any specific well on the Leased Premises and that are submitted to the Texas Railroad Commission or any other governmental agency must have the word "State" as the first word in the title. Additionally, in accordance with Railroad Commission rules, any signage on the Leased Premises for the purpose of identifying wells, tank batteries or other associated improvements to the land must also include the word "State." Division orders must be submitted to the GLO within thirty (30) days of first production. GLO shall not be required to sign any division orders. Lessee shall supply the GLO with any records, memoranda, accounts, reports, cuttings and cores, or other information relative to the operation of the above-described Leased Premises, which may be requested by the GLO, in addition to those herein expressly provided for. Lessee shall have a basic electrical log as defined by the Railroad Commission made on the bore-hole section, from the base of the surface casing to the total depth of well, of all wells drilled on the above described Leased Premises or such other log or logs as a reasonable and prudent operator would run and shall transmit a complete suite of such logs on each well to the GLO within fifteen (15) days after the making of said logs.
- (c) **PENALTIES:** Lessee shall incur a penalty whenever reports, documents or other materials are not filed in the GLO when due. The penalty for late filing shall be set by the GLO administrative rule which is effective on the date when the materials were due to the GLO.

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

(a) **VERTICAL:** In the event this lease is in force and effect in whole or in part, two (2) years after the expiration date of the primary term it shall then terminate as to all of the Leased Premises, EXCEPT as to the following acreage amounts for wells drilled under this lease capable of producing in paying quantities (including a shut-in Oil or Gas well as provided in section 11 hereof), or a well that has been spud and upon which Lessee is then engaged in continuous drilling or reworking operations: (1) the lesser of 40 acres or the amount of acreage assigned to an Oil well for proration purposes under special field rules; (2) the lesser of 80 acres or the amount of acreage assigned to a Gas well for proration purposes under special field rules; (3) for horizontal drainhole wells the amount of acreage retained shall be the greater of 40 acres or the amount of acreage determined by the following formula: $0.032 \times L = A$, where L = the length (in feet) of the horizontal lateral component of the well from the first takepoint to the last takepoint and A = the area retained (in acres) provided that, if A is not divisible by the number 20, A will be rounded up to the next



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number divisible by 20, i.e. $(0.032 \times 4500 \text{ feet} = 144 \text{ acres}$, which rounds up to 160 acres); (4) if more acreage is required than is provided for in (1), (2) or (3) above in order to obtain the maximum allowable under special field rules for the permitted or producing interval or intervals, upon written approval from the GLO, such number of acres that are required to obtain the maximum allowable as required by the special field rules as approved by the Railroad Commission of Texas, or any successor agency, or other governmental authority having jurisdiction; or (5) the number of acres held in a pooled unit pursuant to Natural Resources Code Sections 52.151-52.154. After termination pursuant to this subsection, each tract retained shall be considered a separate lease and must be maintained independently. Lessee shall retain the right of ingress and egress on and across the terminated portion of the Leased Premises as may be reasonably necessary for the continued operation of the portions of the lease remaining in force and effect. Further, Lessee shall retain an easement for its pipelines, tank batteries or other surface equipment or installations on the terminated acreage for so long as they continue to be used for the development and operations on the retained acreage.

(b) **HORIZONTAL:** Two (2) years after the expiration date of the primary term this lease shall further terminate as to those depths stipulated as follows for each tract retained in section 7 (a) above: for vertical wells, 100 feet true vertical depth below the deepest then producing perforations; for horizontal wells, 300 feet true vertical depth below the deepest depth reached by the horizontal lateral between the first takepoint and the last takepoint, and for acreage retained that is pooled or unitized, all depths above and below the pooled or unitized interval. If a well has been spud and is being drilled over this termination date, the acreage retained by said well under section 7 (a) shall be held as to all depths until completion of the well, and upon completion of the well as capable of producing in paying quantities, the acreage retained shall then terminate as to those depths as provided in this section.

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

(d) **FIELD RULES AND EXCEPTIONS:** If Lessee seeks to amend existing field rules to establish field rules applicable to the Leased Premises, and if Lessee requests a hearing for the amendment or establishment of field rules, or if Lessee requests the consolidation of existing field rules or an exemption from field rules or statewide rules, or if Lessee seeks to adopt field rules different from those in use in the immediate area, Lessee shall notify owner of the soil and the GLO of such request prior to any Railroad Commission hearing and provide all exhibits to the owner of the soil and the GLO relative to such hearing. Any attempt by Lessee to establish, amend, consolidate, or exempt such field rules without owner of the soil's and the GLO's prior consent shall not be applicable to the Leased Premises unless and until such consent is given.

8. OFFSET WELLS: If Oil and/or Gas should be produced in commercial quantities from a well located within one thousand (1,000) feet of the area included herein, or which well is draining the area covered by this lease, the Lessee shall, within one hundred (100) days after such initial production from the draining well or the well located within one thousand (1,000) feet from the area covered by this lease, begin in good faith and prosecute diligently the drilling of an offset well on the area covered by this lease, and such offset well shall be drilled to such depth as may be necessary to prevent the undue drainage of the area covered by this lease, and the Lessee shall use all means necessary in a good faith effort to make such offset well produce Oil and/or Gas in commercial quantities. Only upon the determination of the GLO with its written approval, may the payment of a compensatory royalty satisfy the obligation to drill an offset well or wells required under this section.

9. DRY HOLE/CESSATION, DRILLING, AND REWORKING:

(a) If, during the primary term hereof, within sixty (60) days of a lease anniversary date, (i) Lessee should complete a well as a dry hole, or (ii) production should cease, then the lease is maintained over the anniversary date without the payment of a delay rental. If a dry hole is completed or production or drilling operations cease more than sixty (60) days before a lease anniversary date, a delay rental must be paid on or before such anniversary date to maintain the lease and upon failure to make such payment the lease shall terminate unless otherwise held over the anniversary date by additional drilling operations or re-establishment of production during the sixty (60) days prior to the anniversary date. If, during the last year of the primary term, the production of Oil or Gas should cease, Lessee's rights shall remain in full force and effect without further operations until the expiration of the primary term; and if Lessee has not resumed production in paying quantities at the expiration of the primary term, Lessee may maintain this lease by conducting additional drilling or reworking operations pursuant to section 9(b), using the expiration of the primary term as the date of cessation of production under section 9(b). Should the first well or any subsequent well drilled on the above described land be completed as a shut-in Oil or Gas well within the primary term hereof, Lessee may resume payment of the annual rental in the same manner as provided herein on or before the rental paying date following the expiration of sixty (60) days from the date of completion of such shut-in Oil or Gas well and upon the failure to make such payment, this lease shall automatically terminate. If, at the expiration of the primary term or any time thereafter, a shut-in Oil or Gas well is located on the Leased Premises, payments may be made in accordance with the shut-in provisions hereof.

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

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



10. POOLING; ALLOCATION: (a) Lessee is hereby expressly prohibited from pooling or unitizing the Leased Premises or any interests therein with any other leasehold or mineral interest for the exploration, development and production of Oil or Gas or either of them without the express consent of the School Land Board and the Commissioner. A well, whether or not classified as an allocation well, that traverses multiple leases or units including the Leased Premises hereunder, one or more of which leases or units contains Oil and Gas owned by the state, and which well is not associated with an agreement approved by the GLO and owner of the soil specifying the allocation of the production of state-owned Oil and Gas, is hereby expressly not permitted and may not operate on or under this lease or a unit containing state-owned Oil and Gas without the prior written consent of the Commissioner or his authorized designee, which consent may be granted or withheld in the Commissioner's sole discretion.

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

11. SHUT-IN ROYALTIES: For purposes of this section, "well" means any well that has been assigned a well number by the governmental agency having jurisdiction over the production of Oil and Gas. If at any time after the expiration of the primary term of a lease that, until being shut in, was being maintained in force and effect, a well capable of producing Oil or Gas in paying quantities is located on the Leased Premises, but Oil or Gas is not being produced for lack of suitable production facilities (lack of suitable production facilities is not acceptable as a reason for making a shut-in payment if all or part of such production facilities are owned and /or operated by Lessee, and the cause is due to Lessee's improper maintenance or neglect) or lack of a suitable market, then Lessee may pay as a shut-in Oil or Gas royalty an amount equal to double the annual rental provided in the lease, but not less than \$1,200 a year for each well capable of producing Oil or Gas in paying quantities. If section 3 of this lease does not specify a delay rental amount, then for the purposes of this section, the delay rental amount shall be one dollar (\$1.00) per acre. To be effective, each initial shut-in Oil or Gas royalty payment, accompanied by the GLO Shut-In Affidavit, must be paid on or before: (1) the expiration of the primary term, (2) Sixty (60) days after the Lessee ceases to produce Oil or Gas from the Leased Premises, or (3) Sixty (60) days after Lessee completes a drilling or reworking operation in accordance with the lease provisions; whichever date is the latest. Such payment shall be made one-half (1/2) to the Commissioner, and one-half (1/2) to owner of the soil. If the shut-in Oil or Gas royalty is paid, accompanied by the GLO Shut-In Affidavit, the lease shall be considered to be a producing lease and the payment shall extend the term of the lease for a period of one (1) year from the end of the primary term, or from the first (1st) day of the month following the month in which production ceased, and, after that, if after a diligent effort, that being those of a reasonable and prudent operator to obtain or repair the production facilities or to obtain a market, no suitable production facilities or suitable market for the Oil or Gas exists, Lessee may, upon written approval of the GLO, extend the lease for four (4) more successive periods of one (1) year by paying the same amount each year on or before the expiration of each shut-in year.

12. COMPENSATORY ROYALTIES: If, during the period the lease is kept in effect by payment of the shut-in Oil or Gas royalty, Oil or Gas is sold and delivered in paying quantities from a well located within one thousand (1,000) feet of the Leased Premises and completed in the same producing reservoir, or in any case in which drainage is occurring, the right to continue to maintain the lease by paying the shut-in Oil or Gas royalty shall cease, but the lease shall remain effective for the remainder of the year for which the royalty has been paid. Upon written approval from the GLO, the Lessee may maintain the lease for four (4) more successive years by Lessee paying compensatory royalty at the royalty rate provided in the lease of the market value of production from the well causing the drainage or which is completed in the same producing reservoir and within one thousand (1,000) feet of the Leased Premises. The compensatory royalty is to be paid monthly one-half (1/2) to the Commissioner, and one-half (1/2) to owner of the soil, beginning on or before the last day of the month following the month in which the Oil or Gas is produced from the well causing the drainage or that is completed in the same producing reservoir and located within one thousand (1,000) feet of the Leased Premises; if the compensatory royalty paid in any twelve (12) month period is in an amount less than the annual shut-in Oil or Gas royalty, Lessee shall pay an amount equal to the difference within thirty (30) days from the end of the twelve (12) month period; and none of these provisions will relieve Lessee of the obligation of reasonable development nor the obligation to drill offset wells as provided in N.R.C. Section 52.034; however, at the determination of the GLO, and with the GLO's written approval, the payment of compensatory royalties shall satisfy the obligation to drill offset wells. Compensatory royalty payments which are not timely paid will accrue penalty and interest in accordance with section 5 of this lease.

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

14. USE OF WATER; SURFACE: Lessee shall have the right to use water produced on said land necessary for drilling operations hereunder and solely upon the Leased Premises; provided, however, Lessee shall not use potable water or water suitable for livestock or irrigation purposes for water flood, hydraulic fracturing, or completion operations, whether such water is from stock tanks, surface reservoirs, existing water wells, or streams on the Leased Premises, without the prior written consent of owner of the soil. Lessee shall have the right to use so much of the surface of the land that may be reasonably necessary for drilling and operating Oil and Gas wells and transporting and marketing the production therefrom, such use to be conducted under conditions of least injury to the surface of the land.

15. POLLUTION: In developing the Leased Premises, Lessee shall use the highest degree of care and all proper safeguards to prevent pollution. Without limiting the foregoing, pollution of coastal wetlands, natural waterways, rivers and impounded water shall be prevented by the use of containment facilities sufficient to prevent spillage, seepage or ground water contamination. In the event of pollution, Lessee shall use all means at its disposal to recapture all escaped hydrocarbons or other pollutants and shall be responsible for all damage to public and private properties. Failure to comply with the requirements of this provision may result in the maximum penalty allowed by law including forfeiture of the lease. Lessee shall be liable for the damages caused by such failure and any costs and expenses incurred in cleaning areas affected by the discharged waste.

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

17. ASSIGNMENTS: (a) Subject to the right of the GLO to require a demonstration by the transferee of its financial responsibility, this lease may be transferred at any time; provided, however, that the liability of the transferor to properly discharge its obligation under the lease, including properly plugging abandoned wells, removing platforms or pipelines or remediation of contamination at drill sites shall only pass to the transferee upon the prior written consent of the GLO. The GLO may require the transferee to demonstrate financial responsibility and may require a bond or other security. All transfers must reference the lease by the file number and must be recorded in the county where the area is located, and the recorded transfer or a copy certified to by the County Clerk of the county where the transfer is recorded must be filed in the GLO within ninety (90) days of the execution date, as provided by N.R.C. Section 52.026, accompanied by the filing fee prescribed by the GLO rules in effect on the date of receipt by the GLO of such transfer or certified copy thereof. Without limiting the liability of the original lessee or any prior transferee for that entity's debts owed to



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the GLO hereunder, every transferee shall succeed to all rights and be subject to all obligations, liabilities, and penalties owed to the State by the original lessee or any prior transferee of the lease, including any liabilities to the State for unpaid royalties.

(b) Notwithstanding any provision in subsection 17(a), if the owner of the soil acquires this lease in whole or in part by assignment without the prior written approval of the Commissioner, this lease is void as of the time of assignment and the agency power of the owner may be forfeited by the Commissioner. An assignment will be treated as if it were made to the owner of the soil if the assignee is:

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

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

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

20. (a) PROPORTIONATE REDUCTION CLAUSE: If the owner of the soil owns less than the entire undivided surface estate in the above described land, whether or not Lessee's interest is specified herein, then the royalties herein provided to be paid to the owner of the soil shall be paid to him in the proportion which his interest bears to the entire undivided surface estate and the royalties herein provided to be paid to the GLO shall be likewise proportionately reduced. However, before Lessee adjusts the royalty due to the GLO, Lessee or his authorized representative must submit to the GLO a written statement which explains the discrepancy between the interest purportedly leased under this lease and the actual interest owned by the owner of the soil. If an undivided interest remains unleased on the land covered by this lease on the date of first production from the Leased Premises, the GLO shall be paid a royalty of **twenty-five percent (25%)** of the value of the Gross Production allocable to said unleased undivided interest payable on the same terms and conditions as are provided in this lease for the payment of royalty to the GLO, until such time as the Lessee has recouped its drilling and completion costs ("payout") and upon payout the Lessee will give notice to the GLO and beginning on the first day of the month after payout the GLO shall be paid the value of 100% of the Gross Production allocable to said unleased undivided interest less the proportionate operating costs. Upon written request from the GLO, the Lessee will provide the GLO with a title opinion verifying the percentage of unleased undivided interest on the Leased Premises.

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

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

22. FORFEITURE: If Lessee shall fail or refuse to make the payment of any sum within thirty (30) days after it becomes due, or if Lessee or an authorized agent should knowingly make any false return or false report concerning production or drilling, or if Lessee shall fail or refuse to drill any offset well or wells in good faith as required by law and the rules and regulations adopted by the GLO, or if Lessee should fail to file reports in the manner required by law or fail to comply with rules and regulations promulgated by the GLO, the SLB or the Railroad Commission, or refuse the proper authority access to the records pertaining to operations, or if Lessee or an authorized agent should knowingly fail or refuse to give correct information to the proper authority, or knowingly fail or refuse to furnish the GLO a correct log of any well, or if Lessee shall knowingly violate any of the provisions of this lease, or if this lease is assigned and the assignment is not filed in the GLO as required by law, or if Lessee shall fail or refuse to execute and file a release as required under this lease and by GLO rules, the rights acquired under the entirety of this lease shall be subject to forfeiture by the GLO, and it shall forfeit same when sufficiently informed of the facts which authorize a forfeiture, and when forfeited the area shall again be subject to lease. However, nothing herein shall be construed as waiving the automatic termination of this lease by operation of law or by reason of any special limitation arising hereunder. Forfeitures may be set aside and this lease and all rights thereunder reinstated before the rights of another intervene upon satisfactory evidence to the GLO of future compliance with the provisions of the law and of this lease and the rules and regulations that may be adopted relative hereto. Neither termination nor forfeiture of this lease shall have the effect of releasing Lessee from any liability theretofore accrued in favor of the State.



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23. APPLICABLE LAWS AND DRILLING RESTRICTIONS: This lease shall be subject to all rules and regulations, and amendments thereto, promulgated by the Railroad Commission and the GLO governing drilling and producing operations on State land (specifically including any rules promulgated that relate to payment of royalties, and auditing procedures, and shall be subject to all other valid statutes, rules, regulations, orders and ordinances that may affect operations under the provisions of this lease. Without limiting the generality of the foregoing, Lessee hereby agrees, by the acceptance of this lease, to be bound by and subject to all statutory and regulatory provisions relating to the GLO's audit billing notice and audit hearings procedures. Said statutes are currently found at N.R.C. Sections 52.135 and 52.137 through 52.140.

24. REMOVAL OF EQUIPMENT: Subject to limitations in this section, Lessee shall have the right to remove machinery and fixtures placed by Lessee on the Leased Premises, including the right to draw and remove casing, during or within six (6) months after the expiration or the termination of this lease. However, Lessee may not remove casing from any well capable of producing Oil and Gas in paying quantities. Additionally, Lessee may not draw and remove casing until after thirty (30) days written notice to the GLO and to the owner of the soil. If Lessee fails to remove such machinery and fixtures within the allotted time, then such machinery and fixtures shall, at the election of the owner of the soil, either become the property of the owner of the soil or the owner of the soil may have such machinery and fixtures removed at the sole expense of Lessee. Notwithstanding the foregoing, if this lease is forfeited or terminated for any reason, Lessee shall not remove the casing or any equipment from the Leased Premises until wells have been plugged to the satisfaction of the Railroad Commission, all pits have been properly filled and all debris has been removed from the Leased Premises, and owner of the soil has provided written approval of all restoration.

25. FORCE MAJEURE: If, in the last year of the primary term or thereafter, Lessee is prevented from complying with any express or implied covenant of this lease, from conducting drilling operations thereon, or from producing Oil and/or Gas therefrom, after effort made in good faith, by reason of war, rebellion, riots, strikes, fires, acts of God or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended upon proper and satisfactory proof presented to the GLO (the GLO should be notified within fifteen (15) days of any force majeure event) and accepted by the GLO in support of Lessee's contention and Lessee shall not be liable for damages for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented, by any such cause, from drilling, reworking operations or producing Oil and/or Gas from the Leased Premises. Lessee agrees to immediately notify the GLO when the reason for force majeure has ceased. Notwithstanding anything contained herein to the contrary, a well being shut-in as a result of pipeline disruptions that are subject to section 11 of this lease does not constitute an event of force majeure, and Lessee's obligations under this lease are not, for that reason, excused pursuant to this section 25.

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

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

28. VENUE: The owner of the soil and Lessee, including Lessee's successors and assigns, hereby agree that venue for any dispute involving the GLO and arising out of a provision of this lease, whether express or implied, regarding interpretation of this lease, or relating in any way to this lease or to applicable case law, statutes, or administrative rules, shall be in a court of competent jurisdiction either in Travis County, Texas, or in the county where the Leased Premises are located, at the option of the GLO.

29. LAND PROTECTIONS:

Lessee agrees to provide at least seven (7) days' prior notice to owner of the soil before commencing any surface operations on the Leased Premises, such notice to include location of operations and work to be performed.

(a) Upon written request of owner of the soil, Lessee shall construct a fence around any drill site during drilling operations, and if production is obtained, Lessee shall construct a fence around all production facilities capable of turning cattle and/or livestock. Lessee agrees to install gates at all fence crossings used by Lessee in connection with operations hereunder. Should a cattle guard or guards be placed on the Leased Premises by Lessee, then such cattle guard(s) shall be left in place and become the property of owner of the soil after the expiration of this lease.

(b) Lessee shall not cut any exterior or boundary fence nor open any locked exterior or boundary gates of the Leased Premises without owner of the soil's prior written permission, which shall not be unreasonably withheld.

(c) No employee, representative, contractor or any other person allowed by Lessee to come upon the Leased Premises shall be permitted to hunt, fish, trap, or camp on the Leased Premises, nor shall any such persons be permitted to bring alcoholic beverages or illegal drugs on to the Leased Premises at any time.

(d) All pits used by or on behalf of Lessee during drilling operations on the Leased Premises shall be lined with an impervious material so that no fluids may escape such pits. Lessee and its assigns shall not let any salt water or any other deleterious substance run on or over the Leased Premises, or let such substances run into owner of the soil's stock tanks or any creek, stream, river or other body of water, and absent owner of the soil's prior written consent to the contrary, Lessee shall not use any wells on the Leased Premises for salt water disposal purposes. If owner of the soil elects to consent to the use of wells located on the Leased Premises for salt water disposal purposes, the parties shall enter into a separate agreement covering such disposal.

(e) Upon completion or abandonment of any well or wells, Lessee shall fill and level all slush pits and cellars and completely clean up the drilling site of all rubbish thereon and restore the surface to as near its original condition and contours as is practicable. Lessee shall, while conducting operations on the Leased Premises, keep said premises free of all rubbish, cans, bottles, paper cups or garbage. Lessee shall maintain trash containers at all work sites during construction on the Leased premises, such trash containers to be located at entrances and exits on each side of the road and near places of high activity. Tanks and equipment will be kept painted and presentable.

(f) When requested by the owner of the soil, Lessee shall bury its pipelines below plow depth.

(g) No drill site locations, storage tanks, or treatment facilities shall be established within three hundred feet (300') of any residence or barn now situated on the Leased Premises without owner of the soil's prior written consent. Lessee shall conduct all drilling and production operations entirely within each drill site. The owner of the soil shall have the right to participate in the selection of the location of roadways to and from any drill site on the Leased Premises and that prior to beginning operations hereunder, Lessee shall contact the owner of the soil for consent as to the location of such roadways, which consent will not be unreasonably withheld.

30. DEFINITIONS:



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- a. **"BTU"** means British thermal unit, which is the quantity of heat required to raise the temperature of one-pound avoirdupois of pure water from 58.5 degrees Fahrenheit ("° F") to 59.5° F. An MMBtu is one million (1,000,000) British thermal units.
- b. **"Dry Gas"** means a Gas that contains less than or equal to seven (7) lbs of water per million standard cubic feet. The volume of Gas, on a Dry Gas basis, shall be determined by mathematically removing the water vapor from Gas that is partially or fully saturated with water vapor at measurement conditions of flowing pressure and temperature. The total energy content of Gas shall be the product of multiplying the volume of Gas, on a Dry Gas basis, times the heating value per unit volume, in Btu/SCF, on a Dry Gas basis, at the same base temperature and base pressure.
- c. **"Gas"** means methane and other Gaseous hydrocarbons, including Gaseous combustible, noncombustible, and inert elements, compounds, components or mixtures thereof, and liquefiable hydrocarbons in the vapor stream. Gas volumes shall be calculated and reported, at the option of the GLO, in standard cubic feet (SCF), one thousand (1,000) standard cubic feet of Gas (MSCF), or one million (1,000,000) standard cubic feet of Gas (MMSCF).
- d. **"Gross Heating Value or BTU Content"** means the energy per unit volume represented by the number of BTUs produced by the complete combustion of one standard cubic foot of Gas (excluding hydrogen sulfide) at a temperature base of sixty degrees (60° F) Fahrenheit and pressure base of 14.65 pounds per square inch absolute.
- e. **"Gross Production"** means all Gas and fluids brought from underground up to and through the well head, and includes: (i) all hydrocarbons produced in liquid form as Oil or condensate at the well head and also all condensate, distillate, and any other liquid hydrocarbons recovered from Oil, condensate, or Gas run through a separator or other equipment; (ii) all hydrocarbons and Gaseous substances not in liquid form produced from any well; and (iii) natural Gasoline or liquid hydrocarbons, carbon dioxide, carbon black, sulfur or any other products produced or manufactured from any Gas or liquid. The Gross Production volumes of Oil, condensate, and Gas includes all sales, custody transfer dispositions, and/or stored volumes and all non-sales disposition volumes, including but not limited to, lease use, fuel, vent, flare, spills, uncontrolled releases, theft, and any other loss. The Gross Production of Gaseous hydrocarbons shall be adjusted and reported in MMBTUs.
- f. **"Market Value"** means the greatest of (i) the highest posted price, plus premium, if any, offered or paid for Oil, Gas, condensate, distillate, other hydrocarbons, or any Other Products produced or manufactured from the Oil or Gas, of similar characteristics and type in the general area, (ii) the prevailing market price thereof in the general area, (iii) the proceeds of the sale thereof, or (iv) the highest value reasonably available to Lessee. The proceeds of sale shall include the total value accruing to the Lessee from the sale or use of the production, including proceeds and any other thing of value received by Lessee or the operator.
- g. **"Marketable"** means that sufficient infrastructure is in-place or installed to allow for the sale or delivery of merchantable Oil and/or Gas into the custody of an authorized carrier, receiving agency, or party.
- h. **"Merchantable"** means (i) with respect to Gas, a Gas that is commercially free of dust, sand, dirt, gum-forming constituents, natural Gasoline, liquid hydrocarbons, water, inerts, and any other substances that may become separated from the Gas during handling thereof and may be injurious to utility facilities, industrial, commercial, and/or residential users that would cause the Gas to be unmarketable or require additional treating and/or processing to be ready for use and consumption (sale and use), and (ii) with respect to Oil, a crude Oil, condensate, and other liquid hydrocarbons recovered in liquid form from any hydrocarbon production (oil or Gas) produced on or from the Leased Premises that is suitable for normal refinery processing, sufficiently free of foreign contaminants or chemicals, and meets the appropriate pipeline or truck haul specifications for sediment and water.
- i. **"Natural Gas Liquids (NGLs)"** means those hydrocarbons liquefied, removed, recovered, or condensed from natural Gas at the surface in field production facilities as Oil or condensate or in natural Gas processing plants as Oil or stabilized condensate and as raw mix liquids prior to separation down to their base components. Natural Gas liquids that are not recovered or removed as condensate in plant systems located on or off the Leased Premises or in a Processing Plant consist of either: (i) Raw Mix, or (ii) component plant products consisting of merchantable and marketable commercial grades and/or blends of each of the individual components, after fractionation, of ethane, propane, iso-butane, normal butane, and natural Gasoline that include pentanes plus (iso-pentane, normal pentane and hydrocarbon components of higher molecular weight).
- j. **"Non-Processed Gas"** means all hydrocarbons and Gaseous substances not defined as Oil, that are not processed in plant systems located on or off the Leased Premises or in a Processing Plant to remove or extract Natural Gas Liquids to produce a Pipeline-Quality Natural Gas or Residue Gas (although the term includes such substances that have been removed from the Gas that include, but are not limited to, carbon dioxide, sulphur, water, or any other constituent or component necessary to produce a Pipeline-Quality Natural Gas).
- k. **"Oil"** means all hydrocarbons produced in a liquid form at the mouth of the well and also all condensate, distillate and other liquid hydrocarbons recovered in liquid form from any hydrocarbon production (oil or Gas) produced on or from the Leased Premises when run through a separator or other equipment that is stored at pressures less than or equal to 15 pounds per square inch gauge, and that is not extracted in the form of Raw Mix in plant systems located on or off the Leased Premises or in a Processing Plant prior to fractionation. All Oil volumes shall be corrected from the measurement condition to report the produced volume of Oil in Stock Tank Barrels at Stock Tank Conditions per the applicable API MPMS standards.
- l. **"Pipeline-Quality Natural Gas"** means a natural Gas that is merchantable and marketable that meets an interstate or intrastate transmission company's minimum specifications with respect to (i) delivery pressure, (ii) delivery temperature, (iii) BTU content, (iv) mercaptan sulfur, (v) total sulfur, (vi) moisture and/or water content, (vii) carbon dioxide, (viii) oxygen, (ix) total inerts (the total combined carbon dioxide, helium, nitrogen, oxygen, and any other inert compound percentage by volume), (x) hydrocarbon dew point limits, (xi) merchantability, (xii) content of any liquids at or immediately downstream of the delivery point into a pipeline, and (xiii) interchangeability with the typical composition of the Gas in the pipeline with respect to the following indices: Wobbe Number, Lifting Index, Flashback Index, and Yellow Tip Index per AGA Bulletin No. 36.
- m. **"Processed Gas"** means natural Gas processed in a Processing Plant(s) located on or off the Leased Premises where Gas is processed to remove or extract liquefiable hydrocarbons or Raw Mix from the natural Gas stream to produce a Pipeline-Quality Natural Gas or Residue Gas, NGLs, and other products, and as used herein includes the Residue Gas, the Raw Mix (and resulting NGLs), and other products.



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- n. **"Processing Plant"** means plant systems, located on or off the Leased Premises, that include a Gas processing plant, natural Gasoline plant, Gasoline plant, or other plant where raw unprocessed natural Gas is processed to remove or extract Raw Mix from the natural Gas stream to produce a Pipeline-Quality Natural Gas or Residue Gas and other products, and the Raw Mix is then either (i) separated by fractionation down to its base components prior to storage and/or transport that meets or conforms to all applicable Gas Processors Association (GPA) Standards and/or Specifications for the commercial sale of each liquefiable hydrocarbon product, or (ii) transported to another plant for separation down to its base components by fractionation prior to storage and/or transport for the commercial sale of each liquefiable hydrocarbon product. Any deductions, costs, or processing fees associated with the removal or recovery of Natural Gas Liquids is strictly limited to only that part of any Processing Plant or facility where Raw Mix is recovered, and if applicable at that plant, also fractionated to their component parts.
- o. **"Raw Mix"** means a mixture of Natural Gas Liquids (NGLs) that has a true vapor pressure greater than fifteen (15) pounds per square inch gauge at 100 degrees Fahrenheit (°F) prior to separation down to its base components by fractionation, typically consisting of a mixture of liquefiable hydrocarbons, including but not limited to, the natural Gas liquids ethane, propane, iso-butane, normal butane, and natural Gasoline that include pentanes plus (iso-pentane, normal pentane and hydrocarbon components of higher molecular weight).
- p. **"Ready for Sale and Use"** means the following:
 - i. **For Oil:** Oil that is merchantable and marketable and otherwise in a condition such that the Oil is suitable for transfer of ownership and will be accepted by a purchaser under a sales contract typical for the field or area.
 - ii. **For Non-Processed Gas:** A Pipeline-Quality Natural Gas that is merchantable and marketable and otherwise in a condition suitable for transfer of ownership such that the natural Gas or other Gas product will be interchangeable with and accepted by a purchaser under an interstate and/or intrastate Gas sales contract typical for the field or area for use by an industrial, commercial, and/or residential user.
 - iii. **For Residue Gas:** A Pipeline-Quality Natural Gas at the tailgate of the only or last stage of Gas processing to remove Natural Gas Liquids that is merchantable and marketable and otherwise in a condition suitable for transfer of ownership such that the natural Gas or other Gas product will be interchangeable with and accepted by a purchaser under an interstate and/or intrastate Gas sales contract typical for the field or area for use by an industrial, commercial, and/or residential user.
 - iv. **For Natural Gas Liquids:** (A) merchantable and marketable Raw Mix at the point sold as such to a third party at arms' length, or (B) merchantable and marketable Natural Gas Liquids at the tailgate of a Processing Plant after fractionation that are suitable for transfer of ownership that will be interchangeable with and accepted by a purchaser for sale or use by an industrial and/or commercial user.
 - v. **For Other Products:** Products that are in a condition that will be accepted by a purchaser under a sales contract typical for the field or area for use by an industrial or commercial user.
- q. **"Residue Gas"** means (i) the material that remains after a separation, treatment, or Gas conditioning process, and (ii) that Gas remaining after the recovery of Natural Gas Liquids to produce a Pipeline-Quality Natural Gas. If the Gas is processed to remove liquefiable hydrocarbons in a series of Processing Plants, then the Residue Gas is that Gas remaining after the recovery of Natural Gas Liquids to produce a Pipeline-Quality Natural Gas at the last Processing Plant in the series.
- r. **"Stock Tank Barrel"** means the volume of liquid hydrocarbons that is equivalent to the volume of forty-two (42) U.S. gallons at atmospheric pressure and 60 °F.
- s. **"Stock Tank Conditions"** means a stock tank meeting all applicable API specifications and requirements at atmospheric pressure and 60° F.

31. DISCLOSURE CLAUSE. All provisions pertaining to the lease of the Leased Premises have been included in this instrument, including the statement of the true consideration to be paid for the execution of this lease and the rights and duties of the parties. Any collateral agreements concerning the development of Oil and Gas from the Leased Premises which are not contained in this lease are invalid.

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

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



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PRE-EXISTING CONDITIONS), STRICT LIABILITY, OR THE NEGLIGENCE OF ANY PARTY OR PARTIES (INCLUDING THE NEGLIGENCE OF THE INDEMNIFIED PARTY), WHETHER SUCH NEGLIGENCE BE SOLE, JOINT, CONCURRENT, ACTIVE, OR PASSIVE.

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

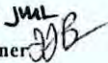
35. EXECUTION: This lease must be signed and acknowledged by the Lessee before it is filed of record in the county records and in the GLO.

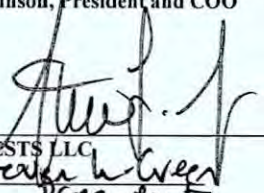
36. LEASE FILING: Pursuant to Chapter 9 of the Tex. Bus. & Com. Code, this lease must be filed of record in the office of the County Clerk in any county in which all or any part of the Leased Premises is located, and certified copies thereof must be filed in the GLO. This lease is not effective until a certified copy of this lease (that is made and certified by the County Clerk from his records) is filed in the GLO in accordance with Texas Natural Resources Code Sec. 52.183. Additionally, this lease shall not be binding upon the State unless it recites the actual and true consideration paid or promised for execution of this lease. The bonus due the GLO and the prescribed filing fee shall accompany the certified copies sent to the GLO.

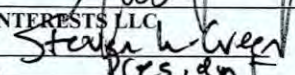
37. PAID-UP LEASE: Rentals for years two and three of this lease have been prepaid. One half (1/2) of said rental has been paid to Lessor and one half has been paid to the State of Texas. No further rental shall be due during the Primary Term of this lease.

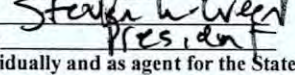
LESSEE:


SUMMIT WEST RESOURCES LP

By: Summit West Management LLC, its General Partner 
Matt Johnson, President and COO


CG INTERESTS LLC

By: 

Title: 

Individually and as agent for the State of Texas

DATE: 3-1-14



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

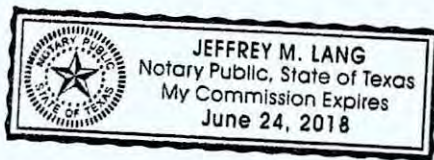


STATE OF TEXAS
COUNTY OF MIDLAND

(CORPORATION ACKNOWLEDGMENT)

BEFORE ME, the undersigned authority, on this day personally appeared Matt Johnson
known to me to be the person whose name is subscribed to the foregoing instruments as President and COO of Summit West Management LLC, as Gernal Partner
of Summit West Resources LP and acknowledged to me that he
executed the same for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said limited partnership.

Given under my hand and seal of office this the 10th day of March, 20 16.



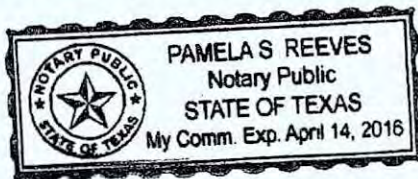
[Signature]
Notary Public in and for _____

STATE OF Texas
COUNTY OF Dallas

(CORPORATION ACKNOWLEDGMENT)

BEFORE ME, the undersigned authority, on this day personally appeared Steven Green
known to me to be the person whose name is subscribed to the foregoing instruments as President
of CCY Interests LLC 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 15th day of March, 20 16.



[Signature]
Notary Public in and for _____



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COPY OF
ORIGINAL FILED IN
REEVES COUNTY
CLERKS OFFICE

977 4

EXHIBIT "A"

ADDENDUM TO LEASE

Attached to and made a part of that certain Oil and Gas Lease dated February 8, 2016 by and between the STATE OF TEXAS, acting by and through its agent, as set out on the signature page attached hereto, Owner of the soil and Summit West Resources LP, Lessee.

Notwithstanding any provisions of this lease to the contrary, it is expressly understood and agreed by and between the parties that:

1. Lessee shall not use any existing water, whether from wells, tanks, ponds or reservoirs, from the Leased Premises without prior written consent of Lessor as owner of the surface estate. Lessee, its successors and assigns, may itself drill a water well and then use the potable water from that well for drilling operations that are conducted on the Leased Premises or lands pooled therewith. However, Lessee shall have no right to use the potable water from the Leased Premises for water flooding or secondary recovery operations without the prior written consent of Lessor as the owner of the surface estate. In the event Lessee drills a new well and encounters non-potable water which is certified as not suitable for human, animal or agricultural use, Lessee may use the same for its drilling, water flooding or secondary recovery operations. Lessee may not drill a new well within 500 feet of an existing water well located on the leased premises without Lessor's prior written consent. In the event lessee drills a water well on the Leased Premises and completes its use of same, upon termination of Lessee's use of said water well, Lessee will give Lessor a thirty (30) day written notice as to Lessee's intention to plug and abandon said water well. Lessor may during said thirty (30) day notice period, provide to Lessee a written request as to Lessors's election to take over the ownership of said water well and in such event, Lessee agrees upon receipt of written request by Lessor to transfer said water well to Lessor as owners of the surface estate, upon Lessee's execution of a written transfer instrument that includes Lessor's agreement to accept the water well 'AS IS' without any warranty and Lessor's agreement to assume all rights, responsibilities and liabilities, if any, for the operation and maintenance of said water well, including but not limited to plugging of the well in accordance with any regulations of applicable governmental agency or agencies.
2. Lessee is granted the right to use existing roads on the leased premises for ingress and egress, and to the extent such roads are used by Lessee, agrees to maintain, restore and keep roads in useable condition so long as this lease is in force and effect.
3. Lessee shall notify Lessor a minimum of 24 hours before cutting any new road, if necessary, into or on the leased premises.
4. Lessee shall install and maintain cattle guards at every fence crossing, said cattle guards to remain upon premises as Lessor's property at the expiration of this lease.
5. Lessee will bury and maintain all pipelines and electrical transmission lines 24 inches below the surface only in the event that topographic or ground conditions allow for lines being buried to the set out depth. Lessee may further use temporary poly flowlines on the surface with the written permission of the Lessor.
6. Lessee may use no more of the surface of the leased premises than is reasonably necessary to use for the purpose of which this lease is granted, and it shall exercise all rights granted to it herein with due regard for the rights of the Owner of the Soil.
7. Lessee, its successors and assigns, shall not erect any building or houses on the leased premises and that only those structures which are reasonably necessary for production facilities or tank batteries shall be erected on the surface of the leased premises.
8. Lessee will not pollute any water aquifers or fresh water in, upon or under the leased premises, and Lessee agrees to notify owner of the Soil in writing if fresh water is encountered during drilling, or if a fresh water formation is penetrated.
9. Lessee shall maintain all drill sites and other portions of the surface used or occupied by lessee, its successors or assigns, free and clear of weed and noxious vegetation, and will maintain the same in a reasonable manner to prevent additional damage to Owner of the Soil, other land, and crops.



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ORIGINAL FILED IN
REEVES COUNTY
CLERKS OFFICE



10. Upon written demand by Owner of the Soil, Lessee shall build and maintain fences around its slush, sump, and drainage pits and tank batteries to protect livestock against loss, damage or injury; and upon completion or abandonment of any well or wells, Lessee shall fill and level off all slush pits and cellars and completely clean up the drill site of all rubbish thereon.
11. In the event of a dry hole or production from a well which production ceases and the abandonment of such well, or upon the abandonment of any well location, drill site, tank battery site or roadway, the premises will be restored by Lessee as nearly as reasonably possible to its former condition at the cost and expense of Lessee, it being the intention of the parties hereto that Lessee shall restore the surface to as nearly the state that it is in at the time of execution of this lease.
12. If all or any part of this lease is assigned, released, pooled or unitized, Lessee agrees to furnish the Owner of the Soil with a copy of any such document.
13. This lease grants no hunting or fishing rights whatsoever. Furthermore, Lessee, its agents, contractors, employees or assigns shall be prohibited from carrying or transporting firearms of any type upon or across the herein described premises.
14. Weather permitting, Lessee shall remove from the herein described premises any and all structures, equipment and property of every kind and character placed by Lessee on said premises within ninety (90) days after Lessee has finished with the use of the area where such structure, equipment and property are placed. After thirty (30) days written notice to Lessee by Owner of the Soil, any such structure, equipment or property left on the lease premises by Lessee after the ninety (90) day period, shall at Lessor's option, become the property of Owner of the Soil. Lessee shall properly plug all wells drilled by Lessee on the leased premises in accordance with the requirement of the Railroad Commission of Texas, the Texas Natural Resources Conservation Commission or other governmental agencies having jurisdiction. In plugging the wells, Lessee shall cut off the casing at least thirty six (36) inches below the surface.
15. If at the expiration of the primary term, Lessee has completed a well(s) or Lessee is then engaged in drilling, reworking, or other operations reasonably calculated to obtain or restore production, Lessee shall have the option to commence a continuous development program on said lease and this lease shall remain in full force and effect during such time as said continuous drilling program on the lands covered by this lease is conducted by Lessee. "Continuous Drilling Program" is defined herein to mean the continuous development of the leased premises by Lessee with no more than one hundred eighty (180) days elapsing between the completion of one (1) well and commencement of actual drilling operations of a succeeding well. For purposes of interpretation of this provision, a well should be determined to be completed on the day Lessee releases the drilling rig used to drill such well, or the date such rig is moved off the location, whichever date occurs first, and a well should be determined to be commenced when such well is spudded. The termination of rights hereunder shall be the sole liability or penalty for the failure to drill any well or wells acquired or permitted hereunder. Upon cessation of such continuous drilling program, this lease shall terminate as to all lands covered hereby, except as to each well capable of producing oil and gas in paying quantities, together with the proration unit allocated thereto in accordance with Paragraph 7(A) and (B) of the lease form. Thereafter, Lessee shall promptly execute and deliver to Owner of the Soil a recorded release of this lease as to all lands covered hereby, save and except to each such producing proration units as stated in Paragraph 7.(A) and (B) of the lease form.
16. Lessee agrees to provide the Owner of the Soil with a chromatograph test for any gas well completed on the land covered by this lease, if possible.



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COPY OF
ORIGINAL FILED IN
REEVES COUNTY
CLERKS OFFICE

Inst No. 16-03337
DIANNE O. FLOREZ
COUNTY CLERK

2016 Mar 16 at 11:54 AM
REEVES COUNTY, TEXAS

By: BA *Brittany Flores* DEPUTY

File No. MF-117950
County _____
Lease B
Date Filed: 04/01/16
By George P. Bush, Commissioner

12.

File No. 117292
County _____
Lease F
Date Filed: 09/13/17
By George P. Bush, Commissioner

THE STATE OF TEXAS
COUNTY OF REEVES
I, Dianne O. Florez, Clerk of the County Court in and
for said County and State, do hereby certify that the foregoing is a true and correct copy of
the original as same was filed in my office this 11th day of March, 2016.
Filed for record in my office this 11th day of March, 2016.
Records of Reeves County, Tex. as:
this 10th day of March, 2016.
By Dianne O. Florez, County Clerk
Dianne O. Florez, County Clerk
Reeves County, Texas

SUMMIT PETROLEUM LLC

100740

INVOICE	DATE	DESCRIPTION	NET
LANDMJ031116	03/11/16	LEASE BONUS	568,979.58

121

Camber
H.4

\$210,220.27



\$8,829.73

121

SUMMIT PETROLEUM LLC
OPERATIONS ACCOUNT
550 WEST TEXAS SUITE 700
MIDLAND, TEXAS 79701-4250
(432) 682-9800

16708635

2882

DATE 3/29/2016

88-1287/1163

PAY
TO THE
ORDER OF

State of Texas

\$23,090.34

DOLLARS

Twentythree thousand and ninety dollars and 34/100

CNB Community
National Bank
P.O. Box 3903 Midland, Texas 79702 (432) 262-1699

FOR

Bonus State of TX (Interest)

777777

XB

002882

SUMMIT PETROLEUM LLC
OPERATIONS ACCOUNT
550 WEST TEXAS SUITE 700
MIDLAND, TEXAS 79701-4250
(432) 682-9800

16708636

2883

DATE 3/29/2014

88-1287/1163

PAY
TO THE
ORDER OF

State of Texas

\$ 250.00

Two hundred fifty dollars and 10/100

DOLLARS

CNB Community
National Bank

PO Box 3903 Midland, Texas 79702 432.262.8000

FOR

processing fee filing fee

[Signature]



⑈002883⑈



SUMMIT PETROLEUM LLC • 550 W. Texas Avenue, Suite 700 • Midland, Texas 79701
P 432.682.9800 • F 432.682.9809

March 31, 2016

In re: 6 State of Texas Leases
Reeves County, Texas

Texas General Land Office
1700 N. Congress Avenue
Austin, Texas 78701

Attention: Mr. Drew Reid

Dear Mr. Reid:

Enclosed please find Summit's check no. 100740 in the amount of \$568,979.58 for lease bonus for the three (3) certified leases enclosed between State of Texas, by and through Triangle Royalty, LP and JK Royalty, LP to Summit West Resources LP.

Also enclosed is Summit's check no. 2882 in the amount of \$23,090.34 for lease bonus for three (3) certified leases enclosed between State of Texas, by and through CG Interests LLC to Summit West Resources LP.

Also enclosed is Summit's check no. in the amount of \$250.00 for the processing fee (\$100) and filing fees for each lease (\$25 each).

Thank you for your assistance and please contact the undersigned should you need anything further.

Sincerely,


Cheryl Boyce
Land Administrator

By [Signature] _____

13

By _____



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

August 10, 2016

Cheryl Boyce
Summit Petroleum
550 W. Texas, Suite 700
Midland, Texas 79701

Re: **State Lease MF 117950**

Two RAL leases covering 2387.5 ac., Reeves
Co, TX

Dear Ms. Boyce:

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

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

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

Your remittances are set out on Page 2 and have been applied to the State's portion of the cash bonus. In addition, we are in receipt of your processing and filing fees.

Sincerely yours,

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

<u>State Lease No.</u>	<u>Lessor as agent for State of TX</u>	<u>Dated</u>	<u>Recorded Vol/Page</u>	<u>Bonus Amount</u>
MF117950A	Triangle Royalty, LP et al	02/08/16	V. 1250, P. 452	\$210,220.27
MF117950B	CG Interests, LLC	02/08/16	16-03312	\$8,829.73

File No. 117950

County
Final ltr
Date Filed: 08/10/16
George P. Bush, Commissioner
By [Signature]

14. File No. 117292

County
Final ltr
Date Filed: 09/13/17
George P. Bush, Commissioner
By [Signature]

DO NOT DESTROY



Texas General Land Office

UNIT AGREEMENT MEMO

NUM180001

Unit Number 8993
Operator Name PDC Permian, Inc. *Effective Date* 03/01/2018
Customer ID C000088142 *Unitized For*
Unit Name Sec. 2-Sunnyside State *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 NUML
State Net Revenue Interest Oil 0.12578125
State Part in Unit 1.00000000
Unit Depth Allow All Depths *Well*
From Depth *Formation*
To Depth *Participation Basis* Surface Acreage
If Exclusions Apply: See Remarks

<i>Lease Number</i>	<i>Tract No</i>	<i>Lease Acres in Unit</i>	<i>Total Unit Acres</i>	<i>Tract Participation</i>	<i>O/G</i>	<i>Lease Royalty</i>	<i>NRI of Lease in Unit</i>	<i>Royalty Rate Reduction Clause</i>
MF117292		544.000000	640.000000	0.85000000	O/G	0.12500000	0.10625000	
MF117652		48.000000	640.000000	0.07500000	O/G	0.12500000	0.00937500	
MF119281		48.000000	640.000000	0.07500000	O/G	0.13541668	0.01015625	No

API Number

4238936354

Remarks:

NUML

Prepared By:

SSD

Prepared Date:

3/28/18

GLO Base Updated By:

SSD

GLO Base Date:

3/28/18

RAM Approval By:

~~SSD~~

RAM Approval Date:

3.29.18

GIS By:

~~SSD~~

GIS Date:

5/3/2018

Well Inventory By:

SSD

WI Date:

3/28/18

File No. MF 117292
NumL 8993 County

Date Filed: 3/28/18
George P. Bush, Commissioner
By SSD



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

April 26, 2018

Denise Smith, Petroleum Landman
Summit Petroleum LLC
550 W. Texas Ave, Ste 700
Midland, TX 79701

*Re: GLO Assign ID #10569 – MF117292 D,E & F
Reeves County*

Dear Mr. Hayes:

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

Assignment and Bill of Sale, effective February 19, 2018, from Summit West Resources, LP, Assignor to EOG Resources, Inc., Assignee. Filed for record in Vol 1545, Pg 0774.

Filing fees in the amount of \$75.00 were received on the above assignment.

Please feel free to contact me at (512) 463-5407 or email carl.bonn@glo.texas.gov if you have further questions.

Best Regards,

Carl Bonn, CPL
Mineral Leasing-Energy Resources



SUMMIT PETROLEUM LLC • 550 W. Texas Avenue, Suite 700 • Midland, Texas 79701
P 432.682.9800 • F 432.682.9809

FD 10569

MF 117292DEF
MF ~~117950AB~~ (cancelled)

April 3, 2018

In re: Certified copy of Assignment and Bill of Sale,
Vol. 1545, Pg. 774, (State of Texas Leases)
Reeves County, Texas
VIA UPS OVERNIGHT

Texas General Land Office
1700 N. Congress Avenue, Ste 840
Austin, Texas 78701

Attention: Mr. Carl Bonn

Dear Mr. Bonn:

Enclosed please find Summit's check no. 4147 in the amount of \$75.00 for the filing fee for the certified copy of Assignment and Bill of Sale, Vol. 1545, Pg. 774, between Summit West Resources LP and EOG Resources Inc.

Thank you for your assistance and please contact the undersigned should you need anything further.

Sincerely,

Denise Smith
Petroleum Landman



129

SUMMIT PETROLEUM LLC
OPERATIONS ACCOUNT
550 W TEXAS AVE STE 700
MIDLAND, TX 79701-4257

18709549

4174

88-1287/1163

DATE 3/27/2018

CHECK ARMOR
The Art of Protection

PAY
TO THE
ORDER OF State of Texas

~~\$~~ 75.00

Seventy Five Dollars and No Cents

DOLLARS

Photo
Safe
Deposit®
Outside on back

**CNB Community
National Bank**

P.O. Box 3903 Midland, Texas 79702 (432) 262-1600

FOR Filing Fee for certified copy of assignment & bill of sale from SWR

[Signature]

⑈004174⑈



MLA

Carl Bonn

From: Carl Bonn
Sent: Tuesday, April 24, 2018 11:07 AM
To: 'Denise Smith'
Subject: RE: Assignment Question

Good morning Denise,
Looks good! You even listed the MF#'s in the Exhibit.
I'll send you a receipt letter soon.
Thanks,
CB

From: Denise Smith [mailto:denise@drpresourcesllc.com]
Sent: Tuesday, April 24, 2018 9:26 AM
To: Carl Bonn <Carl.Bonn@GLO.TEXAS.GOV>
Subject: Re: Assignment Question

Carl,

I am just following up on the attached Assignment. I wanted to check and make sure it was received and if there was anything else I need to do. Thank you for your time and I hope you are having a wonderful morning!

On Tue, Mar 27, 2018 at 11:16 AM, Carl Bonn <Carl.Bonn@glo.texas.gov> wrote:

Denise,

Just the \$75 is really all that is required. We have more info on our website and it's really not necessary to fill out the Assignment Summary Form.

Additional information on State Assignments may be found on the link below:

Hello Denise,

Just \$25/lease. If the lease has a suffix like A,B,C then it is \$25 for each of the A,B,C lease (3x25=\$75). But in your case the river tracts do not have undivided interests like A,B,C.

[http://texreg.sos.state.tx.us/public/readtac\\$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=31&pt=1&ch=9&rl=93](http://texreg.sos.state.tx.us/public/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=31&pt=1&ch=9&rl=93)

Check out the Texas Admin Code above for more information.

ASSIGNMENT AND BILL OF SALE

MF 117292D, E & F
~~MF 117950 AB~~ *canc*

STATE OF TEXAS §
 §
COUNTY OF REEVES §

KNOW ALL MEN BY THESE PRESENTS: *eff 2-19-18* *all* V
O
L

THIS ASSIGNMENT AND BILL OF SALE (this "Assignment") is made from the undersigned **Summit West Resources, LP**, a Texas limited partnership, whose address is 550 W. Texas, Suite 700, Midland, Texas 79701 ("Assignor"), to **EOG RESOURCES INC.**, whose address is 5509 Champions Drive, Midland, Texas 79706 ("Assignee"). For Ten Dollars (\$10.00) and other good and valuable consideration, the receipt of which is hereby acknowledged, the Assignor, does hereby SELL, ASSIGN, TRANSFER, SET OVER and CONVEY unto Assignee, subject to the terms and provisions set forth in this Assignment, all of the Assignor's right, title and interest in, to and under, or derived from (a) the oil, gas and mineral leases and other interests therein specifically described or referred to in Exhibit "A" attached hereto, only insofar as said leases cover the identified lands, (the "Leases"), together with the lands covered by the Leases and the lands included in any units in which the Leases or the lands covered thereby may have been pooled or unitized (the "Lands"), and (b) the wells described or referred to in Exhibit "B" attached hereto (the "Wells"); together with identical interests in and to all property and rights incident thereto (but only to the extent such property and rights are related thereto and used or held for use in the ownership or operation thereof), including without limitation, (i) all materials, equipment, machinery, tanks, tank batteries, separators, casing, tubing, dehydration equipment, pipelines, gathering systems, power lines, personal property, roads, other facilities and fixtures to the extent both located on or about the well pad and used exclusively in connection with such wells, (ii) all agreements, operating agreements, operating rights, contractual rights, unitization agreements, leases, permits, rights-of-way, easements, licenses, options, records and orders solely to the extent binding on and relating thereto, and (iii) all natural gas, casinghead gas, drip gasoline, natural gas liquids, condensate, products, oil, crude oil and other hydrocarbons (including produced water and carbon dioxide), whether gaseous or liquid, to the extent produced from or attributable to the Leases, Lands or Wells after the Effective Time; all of the foregoing properties, rights and interests, other than the Excluded Assets (as defined below), SAVE AND EXCEPT the reservation provided hereinafter, being sometimes called the "Subject Interests."

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TO HAVE AND TO HOLD the Subject Interests unto Assignee, its successors and assigns forever.

1. Assignor hereby binds itself, its successors and assigns, to warrant and forever defend the Subject Interests unto Assignee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof by, through or under Assignor but not otherwise. Assignor further gives and grants unto Assignee full power and right of substitution and subrogation in and to all covenants and warranties by others heretofore given or made in respect of the Subject Interests. The Parties acknowledge and agree that the foregoing warranty shall constitute and be considered a special warranty of title by, through and under Assignor but not otherwise. EXCEPT AS PROVIDED IN THE PRECEDING SENTENCES OF THIS PARAGRAPH 1 AND THE LETTER AGREEMENT (DEFINED BELOW) BETWEEN THE

True & Correct Copy of a
Document on file at
Reeves County Texas,
Dianne O. Florez, County Clerk
Page 1 of 11

PARTIES, ASSIGNOR MAKES NO, AND ASSIGNEE AGREES THAT IT HAS NOT RELIED UPON ANY, WARRANTY OR REPRESENTATION, EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, WITH RESPECT TO ASSIGNOR'S TITLE TO ANY OF THE SUBJECT INTERESTS. IT IS UNDERSTOOD AND AGREED THAT ASSIGNEE HAS INSPECTED THE SUBJECT INTERESTS AND THAT, SUBJECT TO THE REPRESENTATIONS, WARRANTIES, INDEMNITIES AND OTHER PROVISIONS OF THE LETTER AGREEMENT AND THIS ASSIGNMENT, ASSIGNEE SHALL ACCEPT ALL OF THE SAME IN THEIR "AS IS, WHERE IS" CONDITION. IN ADDITION, ASSIGNOR MAKES NO, AND ASSIGNEE AGREES THAT IT HAS NOT RELIED UPON ANY, WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, AS TO THE ACCURACY OR COMPLETENESS OF ANY DATA, INFORMATION OR MATERIALS HERETOFORE OR HEREAFTER FURNISHED ASSIGNEE IN CONNECTION WITH THE SUBJECT INTERESTS, OR AS TO THE QUALITY OR QUANTITY OF HYDROCARBON RESERVES (IF ANY) ATTRIBUTABLE TO THE SUBJECT INTERESTS OR THE ABILITY OF THE INTERESTS TO PRODUCE HYDROCARBONS. ANY AND ALL SUCH DATA, INFORMATION AND OTHER MATERIALS FURNISHED BY ASSIGNOR IS PROVIDED ASSIGNEE AS A CONVENIENCE AND ANY RELIANCE ON OR USE OF THE SAME SHALL BE AT ASSIGNEE'S SOLE RISK. ASSIGNEE HAS MADE AN INSPECTION OF THE SUBJECT INTERESTS AND, SUBJECT TO THE REPRESENTATIONS, WARRANTIES, INDEMNITIES AND OTHER PROVISIONS OF THE LETTER AGREEMENT AND THIS ASSIGNMENT, ACCEPTS THE SAME IN THEIR PRESENT CONDITION AND LOCATION. ASSIGNEE HAS NOT RELIED UPON ANY REPRESENTATION OR STATEMENT OF ASSIGNOR REGARDING THE SUBJECT INTERESTS OTHER THAN THE EXPRESS REPRESENTATIONS AND WARRANTIES HEREIN AND IN THE LETTER AGREEMENT, AND ACCEPTS THE SAME WITHOUT ANY ADDITIONAL REPRESENTATION OR WARRANTY, EXPRESS, IMPLIED OR STATUTORY. ASSIGNEE ACKNOWLEDGES THAT ASSIGNEE HAS BEEN AFFORDED THE OPPORTUNITY TO INSPECT ALL OF ASSIGNOR'S FILES, RECORDS AND DATA ASSOCIATED THEREWITH AND, SUBJECT TO THE REPRESENTATIONS, WARRANTIES, INDEMNITIES AND OTHER PROVISIONS OF THE LETTER AGREEMENT AND THIS ASSIGNMENT, ASSIGNEE ACCEPTS ALL PROPERTY CONVEYED HEREBY ON AN "AS IS - WHERE IS" BASIS AND CONDITION.

2. The Subject Interests do not include, and Assignor is not transferring to Assignee and hereby retains, the Excluded Assets. "Excluded Assets" means: (a) corporate minute books, tax and financial records, and other business records that relate to Assignor's business generally; (b) rights and interests under any policy or agreement of insurance or indemnity; (c) rights with respect to hydrocarbons produced and sold from the Subject Interests with respect to periods prior to the Effective Time; (d) trademarks and trade names owned by Assignor and other intellectual property; (e) information technology assets, including desktop computers, laptop computers, servers, networking equipment and any associated peripherals and other computer hardware, all radio and telephone equipment, smartphones, tablets and other mobility devices, well communication devices not located on the wellhead, and any other information technology system, and any such items or other equipment in any offices; (f) legal records and files constituting work product of, and attorney-client communications with, Assignor's legal

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Page 2 of 11

counsel (but excluding title opinions); (g) reserve, engineering, economic, or marketing reports, studies, estimates or evaluations, and interpretive maps or correspondence related thereto; (h) geological or geophysical or other seismic or related technical data, information, or records relating to the Subject Interests and other properties of Assignor, together with all interpretations or analyses thereof; (i) any environmental studies, evaluations, reports, or interpretations thereof; or (j) claims, causes of action, reimbursement rights, proceeds, receivables, and other income insofar as accrued prior to, or attributable to periods prior to, the Effective Time.

3. Assignor and Assignee will execute and deliver all such other and additional instruments, notices, releases, acquittances and other documents, and will do all such other acts and things, as are necessary to more fully to assure to Assignee or its successors or assigns all of the respective rights and interests herein and hereby granted or intended to be granted. Promptly following the delivery of this Assignment, Assignor shall make available for pick-up at Assignor's offices, electronic copies of all contracts, agreements and other documents included in the Subject Interests, along with land files and title records, operations and engineering records and facility, field and well records.
4. By its acceptance of this Assignment, Assignee shall comply with and does hereby assume and agree to perform Assignee's proportionate part of all express and implied covenants, obligations and reservations contained in the Leases and other Subject Interests, and the interests assigned herein are subject to and shall bear their proportionate share of all existing burdens on the Leases.
5. This Assignment of the Subject Interests is made subject to all reservations, exceptions, limitations, covenants, contracts and other burdens or instruments which are of record as of the date of execution of this Assignment or of which Assignee has actual or constructive notice, including any matter included or referenced in the materials made available by Assignor to Assignee.
6. All ad valorem taxes, real property and similar obligations for the year 2017 shall be prorated based upon the actual paid, assessed valuation with 2017's effective tax rate, and settlement shall be made in a closing statement or as soon after Closing as possible.
7. The provisions hereof shall be covenants running with the lands and shall be binding upon and inure to the benefit of the parties hereto, their respective successors and assigns.
8. This Assignment may be executed in multiple counterparts, all of which shall be construed together as an original instrument to the same extent and with like effect as though all the parties hereto had executed each counterpart. The parties hereto specifically agree that the execution and acknowledgment pages from the several counterparts may be aggregated into one counterpart for recordation and other purposes.
9. This Assignment shall be subject to the terms and conditions of that certain letter agreement dated January 31, 2018 by and between the Assignor and Assignee (the "Letter Agreement"). In the event of a conflict between the terms and conditions of this Assignment and the Letter Agreement, the terms and conditions of the Letter Agreement shall prevail.

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10. Except for the Letter Agreement, this Assignment embodies the entire agreement between the parties with respect to the subject matter of this Assignment (superseding all prior agreements, arrangements, understandings and solicitations of interest or offers related to the subject matter of this Assignment, both written and oral), and may be supplemented, altered, amended, modified or revoked by writing only, signed by the parties to this Assignment.
11. THIS ASSIGNMENT SHALL BE CONSTRUED IN ACCORDANCE WITH, AND GOVERNED BY, THE LAWS OF THE STATE OF TEXAS, WITHOUT GIVING EFFECT TO ITS CONFLICTS OF LAW PROVISIONS. ASSIGNOR AND ASSIGNEE STIPULATE AND AGREE TO SUBMIT TO THE EXCLUSIVE JURISDICTION AND VENUE OF ANY UNITED STATES DISTRICT COURT SITTING IN TEXAS AND ANY TEXAS STATE DISTRICT COURT WITH RESPECT TO ALL DISPUTES IN ANY WAY ARISING OUT OF, ASSOCIATED WITH, OR RELATING TO THIS AGREEMENT.

[END OF TEXT]

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Page 4 of 11

EXECUTED this 19th day of February, 2018, but effective as of 12:01 AM local time the 1st day of August, 2017 (the "Effective Time").

ASSIGNOR:

SUMMIT WEST RESOURCES, LP

By: *Summit West Management LLC, its General Partner*

By: _____

Name: _____

Title: _____

ASSIGNEE:

EOG RESOURCES, INC.

By: _____

Name: _____

Title: _____

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Page 5 of 11

EXECUTED this 16th day of February, 2018, but effective as of 12:01 AM local time the 1st day of August, 2017 (the "Effective Time").

ASSIGNOR:

SUMMIT WEST RESOURCES, LP

By: _____
Name: _____
Title: _____

ASSIGNEE:

EOG RESOURCES, INC.

By: Jeff Veitzel *ws*
Name: Jeff Veitzel
Title: Vice President & General Manager *me*

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Dianne O. Florez, County Clerk
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STATE OF TEXAS

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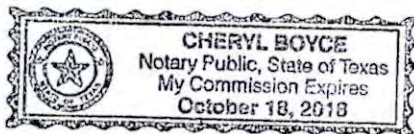
COUNTY OF MIDLAND

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This instrument was acknowledged before me on this 19th day of February, 2018, by Matt Johnson, acting as President for & CDO, a _____, on behalf of said _____

of Summit West Management LLC, a Texas limited partnership and general partner of Summit West Resources LP, a Texas limited liability company on behalf of said company.



Cheryl Boyce
Notary Public, State of Texas

STATE OF TEXAS

§

COUNTY OF MIDLAND

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This instrument was acknowledged before me on this _____ day of _____, 2018, by _____, acting as _____ for _____, a _____, on behalf of said _____.

Notary Public, State of Texas

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Dianne O. Florez, County Clerk
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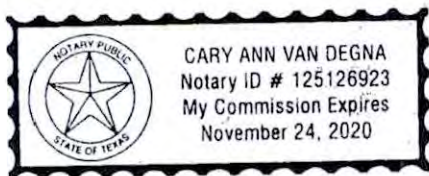
STATE OF TEXAS §
 §
COUNTY OF MIDLAND §

This instrument was acknowledged before me on this _____ day of _____
, 2018, by _____, acting as _____ for _____, a _____
_____, on behalf of said _____.

Notary Public, State of Texas

STATE OF TEXAS §
 §
COUNTY OF MIDLAND §

This instrument was acknowledged before me on this 16th day of February, 2018, by Jeff
Leitzell, as Vice President and General Manager for **EOG Resources, Inc.**, a Delaware corporation, on
behalf of said company.



Cary Ann Van Degna
Notary Public, State of Texas

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EXHIBIT "A"

Attached to and made a part of that certain Assignment and Bill of Sale dated August 1, 2017,
by and between Summit West Resources LP as Assignor, and
EOG Resources, Inc., as Assignee

SUMMIT LEASES

State Lease No.	MF 117950A ✓ MF 117292 E	V
Lessor:	Triangle Royalty, et al as agent for the State of Texas	O
Lessee:	Summit West Resources LP	L
Effective Date:	02/08/2016	1
Recording:	Volume 1250, Page 452, Official Public Records, Reeves County, Texas	5
Description:	INSOFAR, AND ONLY INSOFAR, as this Lease covers that certain 200.00 acre tract located in the W/2 of Section 8, Block 57, Public School Land Survey, A-5978, Reeves County, Texas.	4
	BEGINNING at the Northeast corner of said 200.00 acre tract in said Section 8, from whence the calculated Northeast corner of said Section 8, bears N 53°41'41" E, a distance of 3353.28 feet; Thence S 01°35'17" W, a distance of 3286.11 feet, being the Southeast corner of this tract; Thence N 88°42'21" W, a distance of 2652.96 feet, being the Southwest corner of this tract; Thence N 01°39'35" E, a distance of 3286.85 feet, being the Northwest corner of this tract; Thence S 88°41'26" E, a distance of 2648.85 feet to the Point of Beginning containing 200.00 acres.	5
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State Lease No.	MF 117950B ✓ MF 117292 F	
Lessor:	CG Interests LLC as agent for the State of Texas	
Lessee:	Summit West Resources LP	
Effective Date:	02/08/2016	
Recording:	Volume 1250, Page 625, Official Public Records, Reeves County, Texas	
Description:	INSOFAR, AND ONLY INSOFAR, as this Lease covers that certain 200.00 acre tract located in the W/2 of Section 8, Block 57, Public School Land Survey, A-5978, Reeves County, Texas.	
	BEGINNING at the Northeast corner of said 200.00 acre tract in said Section 8, from whence the calculated Northeast corner of said Section 8, bears N 53°41'41" E, a distance of 3353.28 feet; Thence S 01°35'17" W, a distance of 3286.11 feet, being the Southeast corner of this tract; Thence N 88°42'21" W, a distance of 2652.96 feet, being the Southwest corner of this tract; Thence N 01°39'35" E, a distance of 3286.85 feet, being the Northwest corner of this tract; Thence S 88°41'26" E, a distance of 2648.85 feet to the Point of Beginning containing 200.00 acres.	

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Page 9 of 11

State Lease No.

Lessor:

Lessee:

Effective Date:

Recording:

Description:

ME117292-D ✓

Legado Investments LLC as agent for the State of Texas

Summit West Resources LP

01/06/2017

Volume 1373, Page 670, Official Public Records, Reeves County, Texas

INSOFAR, AND ONLY INSOFAR, as this Lease covers that certain 200.00 acre tract located in the W/2 of Section 8, Block 57, Public School Land Survey, A-5978, Reeves County, Texas.

BEGINNING at the Northeast corner of said 200.00 acre tract in said Section 8, from whence the calculated Northeast corner of said Section 8, bears N 53°41'41" E, a distance of 3353.28 feet; Thence S 01°35'17" W, a distance of 3286.11 feet, being the Southeast corner of this tract; Thence N 88°42'21" W, a distance of 2652.96 feet, being the Southwest corner of this tract; Thence N 01°39'35" E, a distance of 3286.85 feet, being the Northwest corner of this tract; Thence S 88°41'26" E, a distance of 2648.85 feet to the Point of Beginning containing 200.00 acres.

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EXHIBIT "B"

Attached to and made a part of that certain Assignment and Bill of Sale dated August 1, 2017,
by and between Summit West Resources LP as Assignor, and
EOG Resources, Inc., as Assignee

Wells: None

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Inst No. 18-02784
DIANNE O. FLOREZ
COUNTY CLERK
2018 Feb 21 at 10:40 AM
REEVES COUNTY, TEXAS
By: MS Mhaladana DEPUTY

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Dianne O. Florez, County Clerk
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MF 117292

Assign #10569

Summit ⁷⁰ EOG

Date Filed: 4-26-18

George P. Bush, Commissioner

By _____

Number of correct responses	Control (n=10)	Low (n=10)	High (n=10)
0	1	0	0
1	1	0	0
2	1	0	0
3	2	0	0
4	4	0	0
5	2	4	0
6	0	2	4
7	0	0	2
8	0	0	1
9	0	0	1
10	0	0	0

CERTIFIED TRUE AND CORRECT COPY CERTIFICATE

CECIL
STATE OF TEXAS
COUNTY OF REEVES

full time and correct photographic c

The above and foregoing is a true, correct and original record now in my lawful custody and possession, filed/recorded in the public records of my office, found in VOLUME PAGE 774 THRU 789

Subscribed and sworn to before me on 3 21

I hereby certify that _____

DIANNE O. FLORES
REEVES COUNTY, TEXAS

REEVES

BY Alvin J. [Signature]



✓ MF117292
MF117652

MF119281

NUL

NADOA Model Form Division Order (Adopted 9/95)

8993

DIVISION ORDER

To: **PDC Permian, Inc. d/b/a PDC Energy, Inc.**

Date:

March 23, 2018

1775 Sherman Street, Suite 3000

Denver, CO 80203

Attn: Shelby Binegar (303) 831-3924 or Shelby.Binegar@pdce.com

Property Number: **142.104556**

Effective Date: February 27, 2018 - First Sales

Property Name: **Sunnyside State 2 A1H**

Operator: PDC Permian, Inc.

County and State: Reeves, Texas

Property PUBLIC SCHOOL LAND, Blk: 45 Sec: 2

Description: SWSW (spacing: Section 2: All - 640 acres)

389-36354

Production: X Oil X Gas X Other: all products

Owner Name

OWNER NUMBER: 79006

and Address:

Commissioner Of State Of Texas General Land Office
1700 Congress Avenue Stephen F Austin State Office Bldg
Austin, TX 78701-1495

Type of Interest: ERI
Decimal Interest: 0.12578125
99.375002% x 12.5% (surface owner's leased)
0.625001% x 25% (surface owner's unleased)

The undersigned certifies the ownership of their decimal interest in production or proceeds as described above payable by **PDC Permian, Inc. d/b/a PDC Energy Inc.** (Payor).

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 \$25.00, or pay yearly whichever occurs first, 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.

Special Clauses: *(None or See Attached Exhibit)*

Owner(s) Signature(s):

Commissioner Of State Of Texas General Land Office

Owner(s) SSN/Tax I.D. Number(s):

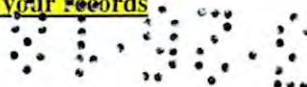
Owner Daytime Telephone:

Owner Email Address:

Federal Law requires you to furnish your Social Security or Taxpayer Identification Number.
Failure to comply will result in 24% tax withholding and will not be refundable by Payor

SEB

Retain this copy for your records





Corporate Office

1775 Sherman Street, #3000
Denver, Colorado 80203
303.860.5800
www.pdce.com

March 23, 2018

Re: Division Orders for the Newly Producing Sunnyside State 2 A1H well
Reeves County, TX

**See division order for legal description specific for the well

** Effective date is the date of first production for that well

Dear Interest Owner:

PDC Permian, Inc. d/b/a PDC Energy ("PDC") is the operator of the above referenced well, which was completed and began producing.

PDC's review of Reeves County, TX records indicate that you own an interest in this well. Enclosed are two copies of Division Order for you to execute. The purpose of the Division Order is to provide you with information about your ownership in the well and to obtain certification from you that you are the correct person to whom payments for this interest should be made.

We are aware that government agencies are not required to execute Division Orders; however, we are sending you a copy so you can verify the information and notify us if there is a problem.

Please refer to our well number and your owner number in any communication with our company so that we can respond promptly.

If you have any questions, with regards to the above, please feel free to contact me via e-mail: Shelby.Binegar@pdce.com or on my direct line: 303-831-3924. Changes in ownership or address should also be directed to my attention.

If you have questions pertaining to revenue or revenue checks, please contact the Revenue Department at the Bridgeport Office (304-842-3597).

Sincerely,

A handwritten signature in blue ink that reads "Shelby Binegar".

Shelby Binegar
Division Order Analyst III

/seb
enclosures

01.03.2

INSTRUCTIONS TO ALL INTEREST OWNERS

Dear Interest Owner,

PDC Permian, Inc. d/b/a PDC Energy, Inc. has enclosed a Division Order for your execution.

The attached document should not be altered in any way except to correct spelling errors, unless accompanied by documentary evidence to support the change.

If your name and interest are correctly shown:

1. Sign your name as shown on the Division Order.
2. If your name has changed due to marriage or divorce, execute the Division Order using your present name and furnish a copy of the marriage certificate or divorce decree.
3. If signing for a corporation, signature must be attested, corporate seal fixed and title of signatory party reflected.
4. If signed by agent, attorney-in-fact, guardian or any party other than the named interest owner, a certified copy of the power of attorney or other evidence of such party's right to sign must be furnished.
5. Your correct mailing address should be noted in the space provided to insure prompt receipt of production proceeds.
6. The top copy or the "Original" of the Division Order should be returned to:

PDC Permian, Inc. d/b/a PDC Energy, Inc.
1775 Sherman Street, Suite 3000
Denver, Colorado 80203
Attn: Shelby Binegar

7. Should you have any further questions regarding the enclosed Division Order, please contact PDC Permian, Inc. d/b/a PDC Energy, Inc. at (303) 860-5836 or (888) 860-5836.
8. Please DO NOT DETACH the exhibit from the Division Order or Transfer Order if one is included.





TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

May 16, 2018

Shelby Binegar
Division Order Team Lead
PDC Permian, Inc.
1775 Sherman Street, Suite 3000
Denver, Colorado 80203

Re: State Lease Nos. ✓ MF117292, MF117652 and MF119281 Sunnyside State 2 A1H

Dear Mrs. Binegar:

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

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

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

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

Thank you,

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

File No. MF117292Reeves CountyDivision OrderDate Filed: 5-18-18

George P. Bush, Commissioner

By V.H.



✓ MF 117292
MF 117652
MF 119281
NUML 8993

0118

NADOA Model Form Division Order (Adopted 9/95)

REVISED DIVISION ORDER

To: **PDC Permian, Inc. d/b/a PDC Energy, Inc.**
1775 Sherman Street, Suite 3000
Denver, CO 80203
Attn: Shelby Binegar (303) 831-3924 or Shelby.Binegar@pdce.com

Date: June 6, 2018

Property Number: 142.104556
Property Name: Sunnyside State 2 A1H
Operator: PDC Permian, Inc.
County and State: Reeves, Texas
Property: PUBLIC SCHOOL LAND, Blk: 45 Sec: 2
Description: SWSW (spacing: Section 2: All - 640 acres)
389-36354
Production: ☒ X Oil ☒ X Gas ☒ X Other: all products

Effective Date: May 1, 2018

Owner Name and Address: Commissioner Of State Of Texas General Land Office 1700 Congress Avenue Stephen F Austin State Office Bldg Austin, TX 78701-1495	OWNER NUMBER: 79006 Type of Interest: ERI Decimal Interest: 0.12552083 99.583336% x 12.5% (surface owner's leased) 0.416667% x 25% (surface owner's unleased)
--	---

The undersigned certifies the ownership of their decimal interest in production or proceeds as described above payable by **PDC Permian, Inc. d/b/a PDC Energy Inc.** (Payor).

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 \$25.00, or pay yearly whichever occurs first, 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.

Special Clauses: (None or See Attached Exhibit)

Owner(s) Signature(s):

Commissioner Of State Of Texas General Land Office

Owner(s) SSN/Tax I.D. Number(s):

Owner Daytime Telephone:

Owner Email Address:

Federal Law requires you to furnish your Social Security or Taxpayer Identification Number.
Failure to comply will result in 24% tax withholding and will not be refundable by Payor



0118

Corporate Office

1775 Sherman Street, #3000
Denver, Colorado 80203
303.860.5800
www.pdce.com

June 6, 2018

Re: Revised Division Order for the Sunnyside State 2 A1H well
Reeves County, TX

**See division order for legal description specific for the well

** Effective date is the date of new lease

Dear Interest Owner:

This well has been revised and your decimal interest has been adjusted accordingly.

There originally was 0.625001% interest that was unleased in which PDC credited the State of Texas with the full 25% royalty. However, PDC has since taken a lease with one of the surface owners, Blairbax Energy, LLC; resulting in the unleased interest to decrease to 0.416667% as 0.208334% interest was covered in this new lease. The leased interest was originally 99.375% and has increased to 99.58336%. We have updated our records to reflect this new leased effective May 1, 2018.

We are aware that government agencies are not required to execute Division Orders; however, we are sending you a copy so you can verify the information and notify us if there is a problem.

Please refer to our well number and your owner number in any communication with our company so that we can respond promptly.

If you have any questions, with regards to the above, please feel free to contact me via e-mail: Shelby.Binegar@pdce.com or on my direct line: 303-831-3924. Changes in ownership or address should also be directed to my attention.

If you have questions pertaining to revenue or revenue checks, please contact the Revenue Department at the Bridgeport Office (304-842-3597).

Sincerely,

A handwritten signature in blue ink, appearing to read "Shelby Binegar", written over a faint, larger version of the same signature.

Shelby Binegar
Division Order Team Lead (Permian)

/seb
enclosures

INSTRUCTIONS TO ALL INTEREST OWNERS



Dear Interest Owner,

PDC Permian, Inc. d/b/a PDC Energy, Inc. has enclosed a Division Order for your execution.

The attached document should not be altered in any way except to correct spelling errors, unless accompanied by documentary evidence to support the change.

If your name and interest are correctly shown:

1. Sign your name as shown on the Division Order.
2. If your name has changed due to marriage or divorce, execute the Division Order using your present name and furnish a copy of the marriage certificate or divorce decree.
3. If signing for a corporation, signature must be attested, corporate seal fixed and title of signatory party reflected.
4. If signed by agent, attorney-in-fact, guardian or any party other than the named interest owner, a certified copy of the power of attorney or other evidence of such party's right to sign must be furnished.
5. Your correct mailing address should be noted in the space provided to insure prompt receipt of production proceeds.
6. The top copy or the "Original" of the Division Order should be returned to:

PDC Permian, Inc. d/b/a PDC Energy, Inc.
1775 Sherman Street, Suite 3000
Denver, Colorado 80203
Attn: Shelby Binegar

7. Should you have any further questions regarding the enclosed Division Order, please contact PDC Permian, Inc. d/b/a PDC Energy, Inc. at (303) 860-5836 or (888) 860-5836.
8. Please DO NOT DETACH the exhibit from the Division Order or Transfer Order if one is included.



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

July 19, 2018

Shelby Binegar
Division Order Team Lead
PDC Permian, Inc.
1775 Sherman Street, Suite 3000
Denver, Colorado 80203

Re: State Lease Nos. MF117292, MF117652 and MF119281 Sunnyside State 2 A1H
NUML 8993

Dear Mrs. Binegar:

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

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

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

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

Thank you,

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

File No. MF 117292

Reeves County

Division Order

Date Filed: 7-20-18

By VZ George P. Bush, Commissioner

DO NOT DESTROY



Texas General Land Office
UNIT AGREEMENT MEMO

NUM180001

Unit Number 8993
Operator Name PDC Permian, Inc.
Customer ID C000088142
Unit Name Sec. 2-Sunnyside State
County 1 Reeves **RRC District 1** 08
County 2 **RRC District 2**
County 3 **RRC District 3**
County 4 **RRC District 4**
Unit type NUML
State Net Revenue Interest Oil 0.12552083
State Part in Unit 1.00000000
Unit Depth Allow All Depths
From Depth
To Depth
Well
Formation
Participation Basis Surface Acreage
If Exclusions Apply: See Remarks

Effective Date 03/01/2018
Unitized For
Unit Term
Old Unit Number **Inactive Status Date**
Change in NUML net revenue interest.

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	O/G	Lease Royalty	NRI of Lease in Unit	Royalty Rate Reduction Clause
MF117292		544.000000	640.000000	0.85000000	O/G	0.12500000	0.10625000	
MF117652		48.000000	640.000000	0.07500000	O/G	0.12500000	0.00937500	
MF119281		48.000000	640.000000	0.07500000	O/G	0.13194446	0.00989583	No

API Number

4238936354, 4238937222, 4238937223

Remarks:

Net royalty interest has been updated to include previously unleased acreage which has now been leased.

Prepared By:

SSD

Prepared Date:

7/24/18

GLO Base Updated By:

SSD

GLO Base Date:

7/24/18

RAM Approval By:

SSD

RAM Approval Date:

7/24/18

GIS By:

SSD

GIS Date:

7/24/18

Well Inventory By:

SSD

WI Date:

7/24/18

File No. MF 117292
Updated XumL 8993 County

Date Filed: 7/24/18
George P. Bush, Commissioner
By SSD

Daryl Morgan

From: Daryl Morgan
Sent: Tuesday, September 04, 2018 9:13 AM
To: 'Rusty Robinson'
Cc: Ken Mills
Subject: RE: RAL Lease "Order of Provisions" - paying for deep rights w/ cont dev clause (Sandlot State Unit)

Rusty,

As we discussed, as to the three State Leases being M-117292 A,B & C ("Leases") originally leased to Energen and as it applies to the acreage of the Leases included in the Sandlot State Horizontal Unit ("Unit"), if Resolute does not exercise the option at the end of the primary term of the respective Leases to enter into the Continuous Drilling Program as provided for in Paragraph 15 of Exhibit "A" of the Leases, Resolute will be afforded the terms and conditions of Paragraph 16 of the Leases (Retained Acreage Clause). If the Leases in the Unit are maintained by production or drilling operations at the end of the primary term of the respective Leases and the Unit remains intact, then for a period of two years after the end of the primary term of the respective Leases, Resolute will hold all of the acreage of the Leases in the Unit to all depths subject to Paragraph 16(B) of the Leases. In accordance with Paragraph 16(B), two years after the end of the primary term of the respective Leases, the Leases will terminate as to the deeper depths (those depths below 100 feet below the total depth drilled, which would be 100 feet below the deepest depth drilled in the Unit). If Resolute needs to retain those deeper depths in order to carry out the Drilling Obligation Timeframe as provided in Addendum "A" to the Unit Agreement, then Resolute may exercise the option in Paragraph 16(B) of the Leases to pay one half of the original bonus to delay termination of the deeper depths for an additional two years and so long thereafter as there is production in paying quantities from such deeper depths."

Let me know if you have any questions or need anything else

Daryl

From: Rusty Robinson <RRobinson@resoluteenergy.com>
Sent: Wednesday, August 29, 2018 11:21 AM
To: Daryl Morgan <Daryl.Morgan@GLO.TEXAS.GOV>
Subject: RAL Lease "Order of Provisions" - paying for deep rights w/ cont dev clause (Sandlot State Unit)

Hi Daryl-

As per our phone conversation this morning, the following is understood between the State of Texas GLO and Resolute:

Sandlot State Pooled Unit - As to:

Three (3) Energen OGLs; MF-117292A; 117292B; 117292C all with same Cont. Dev. Clause (lease form attached)
Lessor's: James Robert Hill et al; Word B. Wilson; & Alldale Minerals

-If OGLs are in force and effect, Resolute has option to pay ½ original bonus to extend OGLs for deeper depths. Bonus payments on two (2) OGLs are due by 12/1/2020 which will extend OGLs to 12/1/2022; one (1) OGL is due by 11/30/2020 to extend OGL to 11/30/2022 (see attached Resolute spreadsheet showing all OGLs in pooled unit)

-Resolute has until July 2, 2021 to spud 4th Sandlot State well in pooled unit (in attached pooling agreement)

-Each OGL herein has Exhibit "A" Addendum to Lease. Paragraph 15, the Continuous Development Clause (CDC), may or may not be exercised by Resolute. Regardless, if Resolute has spud it's 4th required well by July 2, 2021 (thus earning "all" the leasehold acreage in the pooled unit), the earliest time the CDC could be exercised, as to herein mentioned three (3) OGLs only, is if Resolute has spud a well and is drilling over the earliest extended lease expiration....being 11/30/2022.

Hopefully this represents your understanding. If so please so kindly reply to this email indicating so.

Thank you Daryl,
Rusty

J. Russell ("Rusty") Robinson
Senior Petroleum Landman
RESOLUTE NATURAL RESOURCES SOUTHWEST, LLC
1700 Lincoln Street, Suite 2800
Denver, CO 80203
303-534-4600 (Main)
303-573-4886 ext. 1300 (Direct)
303-520-6800 (Mobile)
RRobinson@ResoluteEnergy.com

This e-mail message and any attachments are for the sole use of the intended recipient(s) and may contain confidential, privileged, and proprietary information of Resolute Energy Corporation. Any unauthorized review, use, disclosure or distribution may be prohibited under law. If you are not the intended recipient, please contact the sender by reply E-mail of any erroneous transmission, and destroy the original E-mail, any attachments, and all copies of the original message. Thank you.

20

File No. M-117292

E-Mail with Resolute County

Date Filed: 9/4/18

George P. Bush, Commissioner

By [Signature]



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

December 5, 2018

Denise Smith, Landman
Summit Petroleum LLC
550 W. Texas Avenue, Ste 700
Midland, TX 79701

*Re: GLO Assign ID #10702 – MF 117292 D, E & F
Reeves County*

Dear Ms. Smith:

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

Assignment, Bill of Sale, Deed and Conveyance, effective January 1, 2018, from Summit West Resources LP, Assignor to Raisa II, LLC, Assignee. Filed of record under Vol 1549, PG 0359.

Filing fees in the amount of \$75.00 were received on the referenced assignment.

Please feel free to contact me at (512) 463-5407 or email carl.bonn@glo.texas.gov if you have further questions.

Best Regards,

Carl Bonn, CPL
Mineral Leasing-Energy Resources



PETROLEUM

SUMMIT PETROLEUM LLC • 550 W. Texas Avenue, Suite 700 • Midland, Texas 79701
P 432.682.9800 • F 432.682.9809

ZD10702
MP 117292 DEF

October 17, 2018

In re: Certified copy of Assignment and Bill of Sale,
Vol. 1549, Pg. 359, (State of Texas Leases)
Reeves County, Texas
VIA UPS OVERNIGHT

Texas General Land Office
1700 N. Congress Avenue, Ste 840
Austin, Texas 78701

Attention: Mr. Carl Bonn

Dear Mr. Bonn:

Enclosed please find Summit's check no. 4414 in the amount of \$75.00 for the filing fee for the certified copy of Assignment and Bill of Sale, Vol. 1549, Pg. 359, between Summit West Resources LP and Raisa II, LLC.

Thank you for your assistance and please contact the undersigned should you need anything further.

Sincerely,

Denise Smith
Landman



129

SECURITY FEATURES INCLUDE TRUE WATERMARK PAPER, HEAT SENSITIVE ICON AND FOIL HOLOGRAM.

SUMMIT PETROLEUM LLC

OPERATIONS ACCOUNT
550 W TEXAS AVE STE 700
MIDLAND, TX 79701-4250

19702356

4414

BB-1287/1163

DATE 10/16/18

CHECK ARMOR

PAY
TO THE
ORDER OF

State of Texas

\$ 75.00

Seventy five dollars & NO/100

DOLLARS

CNB Community National Bank

P.O. Box 3903 Midland, Texas 79702 (432) 262-1600



FOR

Filing fees

[Signature]

⑈004414⑈

HEAT SENSITIVE

AP
B

Details on Back

Security Features Included

IO # 10702

18-03128
FILED FOR RECORD
REEVES COUNTY, TEXAS
Feb 23, 2018 at 03:06:00 PM

ASSIGNMENT, BILL OF SALE AND CONVEYANCE

MF 117292 DEF
eff 1-1-18
ell

STATE OF TEXAS

§
§
§

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF REEVES

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This Assignment, Bill of Sale and Conveyance (this "Assignment"), effective as of January 1, 2018 at 12:01 a.m., CST, (the "Effective Time"), is executed and delivered by **Summit West Resources LP**, a Texas limited partnership, with an address of 550 West Texas, Suite 700, Midland, Texas 79701 (referred to herein as "Assignor") to **Raisa II, LLC**, a Delaware limited liability company, whose address is P.O. Box 987, Denver, Colorado, 80201 ("Assignee").

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Assignor, for valuable considerations, the receipt and sufficiency of which are hereby acknowledged by **Assignor**, does hereby GRANT, BARGAIN, SELL, CONVEY, ASSIGN, TRANSFER, SET OVER and DELIVER unto **Assignee** the following assets and properties (collectively, the "**Summit Assets**"):

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- i. the oil, gas, and mineral leases described on **Exhibit "A"**, limited to the lands described on **Exhibit "A"**, and any amendments, extensions, acreage designations, ratifications, and/or partial releases affecting such leases, whether or not such instruments are described on said Exhibit, together with all interest derived from such leases in or to any pools or units that include any lands covered by any such leases or all or a part of any such leases, and all tenements, hereditaments, and appurtenances belonging to such leases and such pooled areas or units (collectively, the "**Summit Lands and Leases**");
- ii. any and all wells and associated equipment and facilities located on the **Summit Lands and Leases or pooled therewith** and used in connection with operations, including but not limited to the wells described on **Exhibit "A"** (collectively, the "**Summit Wells**");
- iii. all oil, gas, condensate and other hydrocarbon produced from and/or attributable to the **Summit Lands and Leases and Summit Wells** produced after the Effective Time and the proceeds thereof;
- iv. all contracts, agreements, or instruments by which any of the **Summit Assets** are bound or subject, or that directly relate to or are otherwise directly applicable to any of the **Summit Assets**, only to the extent applicable to the **Summit Assets** rather than **Assignor's** other properties, including, but not limited to that certain Joint Operating Agreement effective November 1, 2017 between Resolute Natural Resources Southwest, LLC as Operator and Summit West Resources LP as Non-Operator;
- v. all valid and subsisting easements, permits, licenses, servitudes, rights-of-way, surface leases, and other surface rights and estates that directly relate to or are

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Dianne O. Florez, County Clerk
Page 1 of 6

otherwise directly applicable to any of the **Summit Assets**, in each case only to the extent applicable to the **Summit Assets** rather than **Assignor's** other properties;

- vi. all equipment, personal property, facilities, improvements, structures and fixtures used in connection with the Summit Wells, for the production, gathering, treatment, compression, transportation, processing, sale or disposal of hydrocarbons or water produced from the Sumi Wells, including all wells, well-bores, casing, tubing, wellheads, gauges, valves, rods, tanks, pumps, pads, pits, cellars, sumps, separators, treaters, compressors, pipelines and other improvements (collectively, the "**Summit Equipment**"); and
- vii. originals or copies (in **Assignor's** discretion) of all of **Assignor's** lease files, title files, abstracts and title opinions, title reports, title curative materials, division order files, contract files, land surveys and maps (including those in electronic or digital format), correspondence, environmental and regulatory files and reports, production records, gas purchase contracts, gathering and transportation agreements, pricing and operating expense data, accounting records, and all other records relating to any **Summit Assets** (collectively, the "**Summit Records**").

TO HAVE AND TO HOLD all and singular the Summit Assets, together with all rights, titles, interests, estates, remedies, powers and privileges thereunto appertaining unto **Assignee** and its respective successors and assigns forever, and subject to all landowners' royalties, overriding royalties and other burdens of record as of the **Effective Time**.

Each **Assignor** does hereby agree to warrant and forever defend such **Assignor's** title to the Summit Assets unto **Assignee** and its respective successors and assigns against each and every person claiming the same or any part thereof by, through or under such **Assignor**, but not otherwise.

Notwithstanding anything to the contrary herein, it is the express intent of the **Assignor** to sell, transfer, assign and convey unto **Assignee** any and all revenue proceeds from the date of first production due to the **Assignor** from the Summit Wells described on Exhibit A and which may have preceded the **Effective Time**.

This Assignment is made subject to that Letter Agreement, dated January 17, 2018, by and among **Assignor** and **Assignee**, (the "**Letter Agreement**"). To the extent the terms of the Letter Agreement are inconsistent with the terms of this Assignment; the terms of the Letter Agreement shall prevail. **Assignor** and **Assignee** agree (a) to furnish upon request to each other such further information, (b) to execute, acknowledge, and deliver to each other such other documents, and (c) to do such other acts and things, all as the other may reasonably request for the purpose of carrying out the intent of this Assignment and/or the Letter Agreement.

Exhibit "A" to this Assignment is hereby incorporated by reference and constitutes a part of this Assignment. References in such exhibits to instruments on file in the public records are incorporated by reference herein for all purposes. The references in this Assignment or in the exhibits hereto to liens, encumbrances, agreements and other burdens shall not be deemed to recognize or create any rights in third parties.

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Dianne O. Florez, County Clerk
Page 2 of 6

This Assignment is made with full substitution and subrogation of **Assignee** in and to all covenants and warranties by others heretofore given or made in respect of the Summit Assets or any part thereof.

This Assignment shall be binding upon and inure to the benefit of Assignor and Assignee, and their respective successors and assigns. The Parties shall use their reasonable efforts to execute all documents and take all other action reasonably necessary to consummate the transactions contemplated by this Assignment and the Letter Agreement. This Assignment may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed an original, and all such counterparts shall together constitute the same Assignment.

[Signature and Acknowledgment Pages Follow]

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Dianne O. Florez, County Clerk
Page 3 of 4

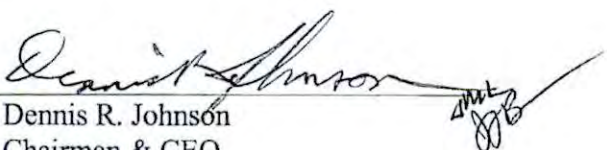
IN WITNESS WHEREOF, the parties hereto have caused this Assignment to be duly executed on the dates set forth in their respective acknowledgements, to be effective as of the Effective Time.

ASSIGNOR:

SUMMIT WEST RESOURCES LP

By: SUMMIT WEST MANAGEMENT LLC
ITS GENERAL PARTNER

By:

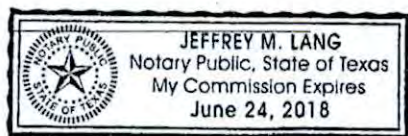

Dennis R. Johnson
Chairman & CEO

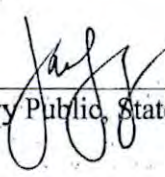
STATE OF TEXAS

COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me this 2nd day of February, 2018, by Dennis R. Johnson, Chairman & CEO of Summit West Management LLC, a Texas limited liability company, as General Partner of Summit West Resources LP, a Texas limited partnership, on behalf of said limited partnership.

My Commission Expires:




Notary Public, State of Texas

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Dianne O. Florez, County Clerk
Page 4 of 6

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IN WITNESS WHEREOF, the parties hereto have caused this Assignment to be duly executed on the dates set forth in their respective acknowledgements, to be effective as of the Effective Time.

ASSIGNEE:

RAISA II, LLC

By: [Signature]
Name: Babak Fadaiepour
Title: General Counsel

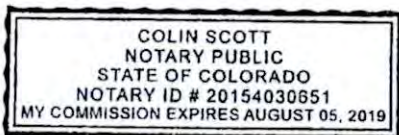
STATE OF COLORADO §
COUNTY OF Denver §

The foregoing instrument was acknowledged before me this 6 day of February, 2018, by Babak Fadaiepour, General Counsel of Raisa II, LLC, a Delaware limited liability company, on behalf of said company.

My Commission Expires:

August 5, 2019

[Signature]
Notary Public, State of Colorado



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10-24-18

EXHIBIT "A"
SUMMIT LANDS AND LEASES

LEASE NO.	LESSOR	LESSEE	DESCRIPTION	COUNTY	STATE	LEASE DATE	BOOK	PAGE
1315	LEGADO INVESTMENTS LLC	SUMMIT WEST RESOURCES LP	BLOCK 57, PSL SURVEY SECTION 5: SOUTH 31.5 ACRES SECTION 8: W/3; save and except that certain 200.00 acre tract located in the W/2 of Section 8, Block 57, Public School Land Survey, A-5978, Reeves County, Texas. BEGINNING at the Northeast corner of said 200.00 acre tract in said Section 8, from whence the calculated Northeast corner of said Section 8, bears N 53°41'41" E, a distance of 3353.28 feet; Thence S 01°35'17" W, a distance of 3286.11 feet, being the Southeast corner of this tract; Thence N 88°42'21" W, a distance of 2652.96 feet, being the Southwest corner of this tract; Thence N 01°39'35" E, a distance of 3286.85 feet, being the Northwest corner of this tract; Thence S 88°41'26" E, a distance of 2648.85 feet to the Point of Beginning containing 200.00 acres.	REEVES	TX	1/6/2017	1373	670
1223	TRIANGLE ROYALTY LP AND JK ROYALTY LP	SUMMIT WEST RESOURCES LP	BLOCK 57, PSL SURVEY SECTION 5: SOUTH 31.5 ACRES SECTION 8: W/3; save and except that certain 200.00 acre tract located in the W/2 of Section 8, Block 57, Public School Land Survey, A-5978, Reeves County, Texas. BEGINNING at the Northeast corner of said 200.00 acre tract in said Section 8, from whence the calculated Northeast corner of said Section 8, bears N 53°41'41" E, a distance of 3353.28 feet; Thence S 01°35'17" W, a distance of 3286.11 feet, being the Southeast corner of this tract; Thence N 88°42'21" W, a distance of 2652.96 feet, being the Southwest corner of this tract; Thence N 01°39'35" E, a distance of 3286.85 feet, being the Northwest corner of this tract; Thence S 88°41'26" E, a distance of 2648.85 feet to the Point of Beginning containing 200.00 acres.	REEVES	TX	2/8/2016	1250	452
1226	CG INTERESTS LLC	SUMMIT WEST RESOURCES LP	BLOCK 57, PSL SURVEY SECTION 5: SOUTH 31.5 ACRES SECTION 8: W/3; save and except that certain 200.00 acre tract located in the W/2 of Section 8, Block 57, Public School Land Survey, A-5978, Reeves County, Texas. BEGINNING at the Northeast corner of said 200.00 acre tract in said Section 8, from whence the calculated Northeast corner of said Section 8, bears N 53°41'41" E, a distance of 3353.28 feet; Thence S 01°35'17" W, a distance of 3286.11 feet, being the Southeast corner of this tract; Thence N 88°42'21" W, a distance of 2652.96 feet, being the Southwest corner of this tract; Thence N 01°39'35" E, a distance of 3286.85 feet, being the Northwest corner of this tract; Thence S 88°41'26" E, a distance of 2648.85 feet to the Point of Beginning containing 200.00 acres.	REEVES	TX	2/8/2016	1250	625

MF-117292D

MF-117292E

MF-117292F

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Dianne O. Florez, County Clerk
Page 6 of 6

Inst NO. 18-03128
DIANNE O. FLOREZ
COUNTY CLERK
2018 Feb 23 at 03:06 PM
REEVES COUNTY, TEXAS
BY: ER *[Signature]* DEPUTY

102418
P G 0364

(21)

File No. MT 117292
Assign #10702
Summit (to) Ralsa II
Date Filed: 12-5-18
George P. Bush, Commissioner
By [Signature]

10.54.19

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. 1549 PAGE 359 THRU 364.

I hereby certified on 10-9-18

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS
By [Signature] DEPUTY





✓ MF117292, MF117652, MF119281 NADOA Model Form Division Order (Adopted 9/95)
unit 8993

SECOND REVISED DIVISION ORDER

To: **PDC Permian, Inc. d/b/a PDC Energy, Inc.**

Date: October 16, 2018

1775 Sherman Street, Suite 3000

Denver, CO 80203

Attn: Shelby McCloud (303) 831-3924 or Shelby.McCloud@pdce.com

Property Number: 142.104556

Effective Date: February 27, 2018 - First Sales

Property Name: Sunnyside State 2 A1H

Operator: PDC Permian, Inc.

County and State: Reeves, Texas

Property: PUBLIC SCHOOL LAND, Blk: 45 Sec: 2

Description: SWSW (spacing: Section 2: All - 640 acres)

Production: ☒ X Oil ☒ X Gas ☒ X Other: all products

Owner Name

OWNER NUMBER: 79006

and Address:

Commissioner Of State Of Texas General Land Office
1700 Congress Avenue Stephen F Austin State Office Bldg
Austin, TX 78701-1495

Type of Interest: ERI
Decimal Interest: 0.1265600
0.12370443 (surface owner's leased)
0.00259115 (surface owner's unleased)

The undersigned certifies the ownership of their decimal interest in production or proceeds as described above payable by **PDC Permian, Inc. d/b/a PDC Energy Inc.** (Payor).

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 \$25.00, or pay yearly whichever occurs first, 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.

Special Clauses: (None or See Attached Exhibit)

Owner(s) Signature(s):

Commissioner Of State Of Texas General Land Office

Owner(s) SSN/Tax I.D. Number(s):

Owner Daytime Telephone:

Owner Email Address:

Federal Law requires you to furnish your Social Security or Taxpayer Identification Number.
Failure to comply will result in 24% tax withholding and will not be refundable by Payor



Corporate Office

1775 Sherman Street, #3000
Denver, Colorado 80203
303.860.5800
www.pdce.com

October 16, 2018

Re: Second Revised Division Order for the Sunnyside State 2 A1H well
Reeves County, TX

**See division order for legal description specific for the well

** Effective date is first sales

Dear Interest Owner:

This well has been revised and your decimal interest has been adjusted accordingly.

There originally was 0.416667% mineral interest that was unleased in which PDC credited the State of Texas with the full 25% royalty. However, PDC has received new title indicating that 1.036458% mineral interest is still unleased resulting us to revise our pay decks for this well and crediting the State of Texas with the full 25% royalty for this unleased mineral interest. The leased mineral interest was originally 99.58336% and has decreased to 98.963542%. We have updated our records to reflect this new title back to first sales.

We are aware that government agencies are not required to execute Division Orders; however, we are sending you a copy so you can verify the information and notify us if there is a problem.

Please refer to our well number and your owner number in any communication with our company so that we can respond promptly.

If you have any questions, with regards to the above, please feel free to contact me via e-mail: Shelby.McCloud@pdce.com or on my direct line: 303-831-3924. Changes in ownership or address should also be directed to my attention.

If you have questions pertaining to revenue or revenue checks, please contact the Revenue Department at the Bridgeport Office (304-842-3597).

Sincerely,

A handwritten signature in blue ink, appearing to read "Shelby McCloud".

Shelby McCloud
Division Order Team Lead (Permian)

/seb
enclosures



INSTRUCTIONS TO ALL INTEREST OWNERS

Dear Interest Owner,

PDC Permian, Inc. d/b/a PDC Energy, Inc. has enclosed a Division Order for your execution.

The attached document should not be altered in any way except to correct spelling errors, unless accompanied by documentary evidence to support the change.

If your name and interest are correctly shown:

1. Sign your name as shown on the Division Order.
2. If your name has changed due to marriage or divorce, execute the Division Order using your present name and furnish a copy of the marriage certificate or divorce decree.
3. If signing for a corporation, signature must be attested, corporate seal fixed and title of signatory party reflected.
4. If signed by agent, attorney-in-fact, guardian or any party other than the named interest owner, a certified copy of the power of attorney or other evidence of such party's right to sign must be furnished.
5. Your correct mailing address should be noted in the space provided to insure prompt receipt of production proceeds.
6. The top copy or the "Original" of the Division Order should be returned to:

**PDC Permian, Inc. d/b/a PDC Energy, Inc.
1775 Sherman Street, Suite 3000
Denver, Colorado 80203
Attn: Shelby McCloud**

7. Should you have any further questions regarding the enclosed Division Order, please contact PDC Permian, Inc. d/b/a PDC Energy, Inc. at (303) 860-5836 or (888) 860-5836.
8. Please DO NOT DETACH the exhibit from the Division Order or Transfer Order if one is included.





TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

January 7, 2019

Shelby McCloud
Division Order Analyst
PDC Permian, Inc.
1775 Sherman Street, Suite 3000
Denver, Colorado 80203

Re: State Lease Nos. MF117292, MF117652 and MF119281 Sunnyside State 2 A1H
NUML 8993

Dear Mrs. McCloud:

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

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

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

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

Thank you,

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

File No. MF 117292Reeves CountyDivision OrderDate Filed: 1-9-19

George P. Bush, Commissioner

By VB

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

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

PERMIT NUMBER 840703	DATE PERMIT ISSUED OR AMENDED Jun 01, 2018	DISTRICT * 08																																																												
API NUMBER 42-389-37222	FORM W-1 RECEIVED May 31, 2018	COUNTY REEVES																																																												
TYPE OF OPERATION NEW DRILL	WELLBORE PROFILE(S) Horizontal	ACRES 640																																																												
OPERATOR PDC PERMIAN, INC. 1775 SHERMAN ST STE 3000 DENVER, CO 80203-0000		NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No: (432) 684-5581																																																												
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RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION

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

PERMIT NUMBER 840703	DATE PERMIT ISSUED OR AMENDED Jun 01, 2018	DISTRICT * 08										
API NUMBER 42-389-37222	FORM W-1 RECEIVED May 31, 2018	COUNTY REEVES										
TYPE OF OPERATION NEW DRILL	WELLBORE PROFILE(S) Horizontal	ACRES 640										
OPERATOR PDC PERMIAN, INC. 1775 SHERMAN ST STE 3000 DENVER, CO 80203-0000		NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No: (432) 684-5581										
LEASE NAME SUNNYSIDE STATE 2		WELL NUMBER B 2H										
LOCATION 9.86 miles SW direction from ORLA		TOTAL DEPTH 13000										
Section, Block and/or Survey SECTION ◀ 2 BLOCK ◀ 45 ABSTRACT ◀ 3655 SURVEY ◀ PSL / GAY, W D												
DISTANCE TO SURVEY LINES 129 ft. SOUTH 470 ft. WEST		DISTANCE TO NEAREST LEASE LINE 200 ft.										
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FIELD NAME	ACRES	DEPTH	WELL #	DIST								
LEASE NAME	NEAREST LEASE		NEAREST WE									
This well shall be completed and produced in compliance with applicable special field or statewide spacing and density rules. If this well is to be used for brine mining, underground storage of liquid hydrocarbons in salt formations, or underground storage of gas in salt formations, a permit for that specific purpose must be obtained from Environmental Services prior to construction, including drilling, of the well in accordance with Statewide Rules 81, 95, and 97. This well must comply to the new SWR 3.13 requirements concerning the isolation of any potential flow zones and zones with corrosive formation fluids. See approved permit for those formations that have been identified for the county in which you are drilling the well in. The designated interval, for one or more of the fields approved on this permit, appears to overlap with the designated interval of another field or fields in this district. In the case of conflicting designated intervals you will be required to be consistent in field designation on this lease. Further, if the designated interval overlap of wells on this lease results in an actual or potential double assignment of reservoir and the applicant cannot conclusively demonstrate that there is no double assignment, the permitted well may not be assigned an allowable until the conflict is resolved. Because of the overlapping designated intervals in this area, issuance of this permit does not guarantee that the completion of the well will be approved or that the well will receive an allowable in any given field, even if that field is listed on the approved permit application.												

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

SWR #13 Formation Data

REEVES (389) County

Formation	Shallow Top	Deep Top	Remarks	Geological Order	Effective Date
FORD-DELAWARE	2,500	2,500		1	12/17/2013
CASTILLE	2,800	2,800		2	12/17/2013
BELL CANYON	4,800	5,000		3	12/17/2013
DELAWARE	2,500	5,700		4	12/17/2013
DELAWARE CONSOLIDATED GAS	6,500	6,500		5	12/17/2013
CHERRY CANYON	3,800	7,800		6	12/17/2013
BONE SPRINGS	7,500	9,800		7	12/17/2013
PERMIAN	11,300	11,300		8	12/17/2013
WOLFCAMP	10,000	12,300		9	12/17/2013
PENNSYLVANIAN	11,000	14,900		10	12/17/2013
MISSISSIPPIAN	10,000	16,000		11	12/17/2013
DEVONIAN	13,600	17,800		12	12/17/2013
FUSSELMAN	14,000	17,800		13	12/17/2013
ELLENBURGER	15,000	20,800		14	12/17/2013

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

API No 42-389-37222 Drilling Permit # 840703 SWR Exception Case/Docket No		RAILROAD COMMISSION OF TEXAS OIL & GAS DIVISION APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER This facsimile W-1 was generated electronically from data submitted to the RRC. A certification of the automated data is available in the RRC's Austin office.			FORM W-1 07/2004 Permit Status: Approved	
1. RRC Operator No 646832		2. Operator's Name (as shown on form P-5, Organization Report) PDC PERMIAN, INC.		3. Operator Address (include street, city, state, zip) 1775 SHERMAN ST STE 3000 DENVER, CO 80203-0000		
4. Lease Name SUNNYSIDE STATE 2		5. Well No B 2H				
GENERAL INFORMATION						
Purpose of filing (mark ALL appropriate boxes): ☒ New Drill ☐ Recompletion ☐ Reclass ☐ Field Transfer ☐ Re-Enter ☐ Amended ☐ Amended as Drilled (BHL) (Also File Form W-1D)						
7. Wellbore Profile (mark ALL appropriate boxes): ☐ Vertical ☒ Horizontal (Also File Form W-1H) ☐ Directional (Also File Form W-1D) ☐ Sidetrack						
8. Total Depth 13000		9. Do you have the right to develop the minerals under any right-of-way? ☒ Yes ☐ No		10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)? ☒ Yes ☐ No		
SURFACE LOCATION AND ACREAGE INFORMATION						
11. RRC District No 08		12. County REEVES		13. Surface Location ☒ Land ☐ Bay/Estuary ☐ Inland Waterway ☐ Offshore		
14. This well is to be located 9.86 miles in a SW direction from Orla which is the nearest town in the county of the well site						
15. Section 2	16. Block 45	17. Survey PSL / GAY, WD		18. Abstract No A-3655	19. Distance to nearest lease line 200 ft	
20. Number of contiguous acres in lease, pooled unit, or unitized tract 640						
21. Lease Perpendiculars 129 ft from the SOUTH line and 470 ft from the WEST line						
22. Survey Perpendiculars 129 ft from the SOUTH line and 470 ft from the WEST line						
23. Is this a pooled unit? ☐ Yes ☒ No		24. Unitization Docket No		25. Are you applying for Substandard Acreage Field? ☐ Yes (attach Form W-1A) ☒ No		
FIELD INFORMATION List all fields of anticipated completion including Wildcat. List one zone per line.						
26. RRC District No	27. Field No	28. Field Name (exactly as shown in RRC records)		29. Well Type	30. Completion Depth	
08	71052900	PHANTOM (WOLFCAMP)		Oil or Gas Well	13000	
BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS (see W-1H attachment)						
Remarks [RRC STAFF Jun 1, 2018 11:43 AM]: API: 389-33825 has expired (Westeros 45-2 #1H)				Certificate: I certify that information stated in this application is true and complete, to the best of my knowledge Name of filer <u>Kaitlin Schwartz</u> Date submitted <u>May 31, 2018</u> Phone <u>(303)318-6148</u> E-mail Address (OPTIONAL) <u>kaitlin.schwartz@pdce.com</u>		
RRC Use Only Data Validation Time Stamp: Jun 1, 2018 3:37 PM ('As Approved' Version)						

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

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

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

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

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

Permit = **840703**

Approved Date: **Jun 01, 2018**

1. RRC Operator No 646832	2. Operator's Name (exactly as shown on form P-5, Organization Report) PDC PERMIAN, INC.	3. Lease Name SUNNYSIDE STATE 2	4. Well No B 2H
Lateral Drainhole Location Information			
5. Field as shown on Form W-1 PHANTOM (WOLFCAMP) (Field # 71052900, RRC District 08)			
6. Section 2	7. Block 45	8. Survey PSL/GAY, W D	9. Abstract 3655
10. County of BHL REEVES			
11. Terminus Lease Line Perpendiculars 10 ft. from the North line. and 1047 ft. from the West line			
12. Terminus Survey Line Perpendiculars 10 ft. from the North line. and 1047 ft. from the West line			
13. Penetration Point Lease Line Perpendiculars 10 ft. from the South line. and 1047 ft. from the West line			

June 29, 2018

Texas General Land Office
Attn: Daryl Morgan
1700 North Congress Avenue
Austin, Texas 78701-1495

RE: Notice of Intent to Spud
Sunnyside State 2 B2H
Block 45, Section 2
Reeves County, Texas

Mr. Morgan:

PDC Permian, Inc. intends to spud the Sunnyside State 2 B2H well on July 25, 2018 in Section 2 of Block 45. The well involves the following MF numbers:

- MF117652
- MF117492
- MF117292
- MF119281
- MF119424

Please find enclosed the Approved Permit to Drill as well as the Form W-1. Said permit was approved by the Rail Road Commission on June 1, 2018.

I will have the hard copy of all sent to the GLO's office immediately. If you should have any questions or need any further information please feel free to contact me at any time. Thanks and have a great day.

Sincerely,
PDC Permian, Inc.



Mark Seligman
Senior Regional Landman
Mark.Seligman@pdce.com
303-318-6140

Enclosures

File No. MF117292 23.

Reones County

Drilling Permit API 389-37222

NUML 8993
Date Filed: 01/10/2019

By Jm George P. Bush, Commissioner

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

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

PERMIT NUMBER 840704	DATE PERMIT ISSUED OR AMENDED Jun 01, 2018	DISTRICT * 08
API NUMBER 42-389-37223	FORM W-1 RECEIVED May 31, 2018	COUNTY REEVES
TYPE OF OPERATION NEW DRILL	WELLBORE PROFILE(S) Horizontal	ACRES 640
OPERATOR PDC PERMIAN, INC. 1775 SHERMAN ST STE 3000 DENVER, CO 80203-0000		NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No: (432) 684-5581
LEASE NAME SUNNYSIDE STATE 2		WELL NUMBER A 3H
LOCATION 9.86 miles SW direction from ORLA		TOTAL DEPTH 13000
Section, Block and/or Survey SECTION ◀ 2 BLOCK ◀ 45 ABSTRACT ◀ 3655 SURVEY ◀ PSL/GAY, W D		
DISTANCE TO SURVEY LINES 129 ft. SOUTH 443 ft. WEST		DISTANCE TO NEAREST LEASE LINE 200 ft.
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FIELD NAME LEASE NAME	ACRES NEAREST LEASE	DEPTH NEAREST WE
PHANTOM (WOLFCAMP)	640.00	13,000
SUNNYSIDE STATE 2	200	558
WELLBORE PROFILE(s) FOR FIELD: Horizontal		
RESTRICTIONS: This is a hydrogen sulfide field. Hydrogen Sulfide Fields with perforations must be isolated and tested per State Wide Rule 36 and a Form H-9 filed with the district office. Fields with SWR 10 authority to downhole commingle must be isolated and tested individually prior to commingling production. Lateral: TH1 Penetration Point Location Lease Lines: 10.0 F SOUTH L 1605.0 F WEST L Terminus Location Lease Lines: 10.0 F NORTH L 1605.0 F WEST L Survey Lines: 10.0 F NORTH L 1605.0 F WEST L		
THE FOLLOWING RESTRICTIONS APPLY TO ALL FIELDS		

RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION

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

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<http://www.rrc.texas.gov/oil-gas/compliance-enforcement/rule-13-geologic-formation-info>

API No. <u>42-389-37223</u> Drilling Permit # <u>840704</u> SWR Exception Case/Docket No. _____		RAILROAD COMMISSION OF TEXAS OIL & GAS DIVISION APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER This facsimile W-1 was generated electronically from data submitted to the RRC. A certification of the automated data is available in the RRC's Austin office.			FORM W-1 07/2004 Permit Status: Approved	
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4. Lease Name <u>SUNNYSIDE STATE 2</u>		5. Well No <u>A 3H</u>				
GENERAL INFORMATION						
6. Purpose of filing (mark ALL appropriate boxes) ☒ New Drill ☐ Recompletion ☐ Reclass ☐ Field Transfer ☐ Re-Enter ☐ Amended ☐ Amended as Drilled (BHL) (Also File Form W-1D)						
7. Wellbore Profile (mark ALL appropriate boxes) ☐ Vertical ☒ Horizontal (Also File Form W-1H) ☐ Directional (Also File Form W-1D) ☐ Sidetrack						
8. Total Depth <u>13000</u>		9. Do you have the right to develop the minerals under any right-of-way? ☒ Yes ☐ No		10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)? ☒ Yes ☐ No		
SURFACE LOCATION AND ACREAGE INFORMATION						
11. RRC District No. <u>08</u>		12. County <u>REEVES</u>		13. Surface Location ☒ Land ☐ Bay/Estuary ☐ Inland Waterway ☐ Offshore		
14. This well is to be located <u>9.86</u> miles in a <u>SW</u> direction from <u>Orla</u> which is the nearest town in the county of the well site						
15. Section <u>2</u>	16. Block <u>45</u>	17. Survey <u>PSL/GAY, W D</u>	18. Abstract No. <u>A-3655</u>	19. Distance to nearest lease line <u>200</u> ft	20. Number of contiguous acres in lease, pooled unit, or unitized tract <u>640</u>	
21. Lease Perpendiculars <u>129</u> ft from the <u>SOUTH</u> line and <u>443</u> ft from the <u>WEST</u> line						
22. Survey Perpendiculars <u>129</u> ft from the <u>SOUTH</u> line and <u>443</u> ft from the <u>WEST</u> line						
23. Is this a pooled unit? ☐ Yes ☒ No		24. Unitization Docket No. _____		25. Are you applying for Substandard Acreage Field? ☐ Yes (attach Form W-1A) ☒ No		
FIELD INFORMATION List all fields of anticipated completion including Wildcat. List one zone per line.						
26. RRC District No.	27. Field No.	28. Field Name (exactly as shown in RRC records)	29. Well Type	30. Completion Depth	31. Distance to Nearest Well in this Reservoir	
08	71052900	PHANTOM (WOLFCAMP)	Oil or Gas Well	13000	558.00	
BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS (see W-1H attachment)						
Remarks [RRC STAFF Jun 1, 2018 12:09 PM]: API: 389-33825 has expired. (Westeros 45-2 #1H)			Certificate: I certify that information stated in this application is true and complete, to the best of my knowledge Name of filer <u>Kaitlin Schwartz</u> Date submitted <u>May 31, 2018</u> Phone <u>(303)318-6148</u> E-mail Address (OPTIONAL) <u>kaitlin.schwartz@pdce.com</u>			
RRC Use Only Data Validation Time Stamp: Jun 1, 2018 3:37 PM('As Approved' Version)						

Permit Status: Approved

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

RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION

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

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

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

Permit # 840704

Approved Date: Jun 01, 2018

1. RRC Operator No. 646832	2. Operator's Name (exactly as shown on form P-5, Organization Report) PDC PERMIAN, INC.	3. Lease Name SUNNYSIDE STATE 2	4. Well No A 3H
-------------------------------	---	------------------------------------	--------------------

Lateral Drainhole Location Information

5. Field as shown on Form W-1 PHANTOM (WOLFCAMP) (Field # 71052900, RRC District 08)

6. Section 2	7. Block 45	8. Survey PSL/GAY, W D	9. Abstract 3655	10. County of BHL REEVES
-----------------	----------------	---------------------------	---------------------	-----------------------------

- | |
|--|
| 11. Terminus Lease Line Perpendiculars
10 ft. from the North line, and 1605 ft. from the West line |
| 12. Terminus Survey Line Perpendiculars
10 ft. from the North line, and 1605 ft. from the West line |
| 13. Penetration Point Lease Line Perpendiculars
10 ft. from the South line, and 1605 ft. from the West line |

June 29, 2018

Texas General Land Office
Attn: Daryl Morgan
1700 North Congress Avenue
Austin, Texas 78701-1495

RE: Notice of Intent to Spud
Sunnyside State 2 A3H
Block 45, Section 2
Reeves County, Texas

Mr. Morgan:

PDC Permian, Inc. intends to spud the Sunnyside State 2 A3H well on July 29, 2018. The well involves the following MF numbers:

- MF117652
- MF117492
- MF117292
- MF119281
- MF119424

Please find enclosed the Approved Permit to Drill as well as the Form W-1. Said permit was approved by the Rail Road Commission on June 1, 2018.

I will have the hard copy of all sent to the GLO's office immediately. If you should have any questions or need any further information please feel free to contact me at any time. Thanks and have a great day.

Sincerely,
PDC Permian, Inc.



Mark Seligman
Senior Regional Landman
Mark.Seligman@pdce.com
303-318-6140

Enclosures

File No. MF117292

Rooves County

Drilling Permit API 389-37223 NUML 8993

Date Filed: 01/10/2019

By gm George P. Bush, Commissioner



NUM 18093

✓ MF 117292, MF 117652, MF 119281

NADOA Model Form Division Order (Adopted 9/95)

SECOND REVISED DIVISION ORDERTo: **PDC Permian, Inc. d/b/a PDC Energy, Inc.**

Date:

November 15, 2018

1775 Sherman Street, Suite 3000

Denver, CO 80203

Attn: Shelby McCloud (303) 831-3924 or Shelby.McCloud@pdce.com

Property Number: 142.104556

Effective Date: February 27, 2018 - First Sales

Property Name: Sunnyside State 2 A1H

Operator: PDC Permian, Inc.

County and State: Reeves, Texas 389-36354

Property PUBLIC SCHOOL LAND, Blk: 45 Sec: 2

Description: SWSW (spacing: Section 2: All - 640 acres)

Production: ☒ X Oil ☒ X Gas ☒ X Other: all products

Owner Name

OWNER NUMBER: 79006

and Address:

Commissioner Of State Of Texas General Land Office
1700 Congress Avenue Stephen F Austin State Office Bldg
Austin, TX 78701-1495Type of Interest: ERI
Decimal Interest: 0.12629558
0.12370443 (surface owner's leased)
0.00259115 (surface owner's unleased)

The undersigned certifies the ownership of their decimal interest in production or proceeds as described above payable by **PDC Permian, Inc. d/b/a PDC Energy Inc.** (Payor).

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 \$25.00, or pay yearly whichever occurs first, 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.

Special Clauses: (None or See Attached Exhibit)

Owner(s) Signature(s):

Commissioner Of State Of Texas General Land Office

Owner(s) SSN/Tax I.D. Number(s):

Owner Daytime Telephone:

Owner Email Address:

Federal Law requires you to furnish your Social Security or Taxpayer Identification Number.
Failure to comply will result in 24% tax withholding and will not be refundable by Payor

SEM

Retain this copy for your records



Corporate Office
1775 Sherman Street, #3000
Denver, Colorado 80203
303.860.5800
www.pdce.com

11.20.18

November 15, 2018

Re: Second Revised Division Order for the Sunnyside State 2 A1H well
Reeves County, TX

**See division order for legal description specific for the well

** Effective date is first sales

Dear Interest Owner:

I am enclosing another copy of the Second Revised Division Order as the Division Order sent on October 16, 2018 as the decimal indicated on the Division Order was incorrect. Please replace the October copy with this updated copy.

If you have any questions, with regards to the above, please feel free to contact me via e-mail: Shelby.McCloud@pdce.com or on my direct line: 303-831-3924. Changes in ownership or address should also be directed to my attention.

Sincerely,

A handwritten signature in blue ink, appearing to read "Shelby McCloud".

Shelby McCloud
Division Order Team Lead (Permian)

/seb
enclosures



DIVISION ORDER

To: **PDC Permian, Inc. d/b/a PDC Energy, Inc.**

Date:

November 15, 2018

1775 Sherman Street, Suite 3000

Denver, CO 80203

Attn: Shelby McCloud (303) 831-3924 or Shelby.McCloud@pdce.comProperty Number: **142.105068 & 142.105069**

Effective Date: October 24, 2018 & October 18, 2018

Property Name: **Sunnyside State 2 B2H & Sunnyside State 2 A3H**

Operator: PDC Permian, Inc.

389-37222

County and State: Reeves, Texas

389-37223Property **PUBLIC SCHOOL LAND, Blk: 45 Sec: 2**

Description: SWSW (spacing: Section 2: All - 644.64 acres)

Production: ☒ Oil ☒ Gas ☒ Other: all products

Owner Name

OWNER NUMBER: 79006

and Address:

Commissioner Of State Of Texas General Land Office
1700 Congress Avenue Stephen F Austin State Office Bldg
Austin, TX 78701-1495Type of Interest: ERI
Decimal Interest: 0.12629558
0.12370443 (surface owner's leased)
0.00259115 (surface owner's unleased)

The undersigned certifies the ownership of their decimal interest in production or proceeds as described above payable by **PDC Permian, Inc. d/b/a PDC Energy Inc.** (Payor).

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 \$25.00, or pay yearly whichever occurs first, 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.

Special Clauses: *(None or See Attached Exhibit)*

Owner(s) Signature(s):

Commissioner Of State Of Texas General Land Office

Owner(s) SSN/Tax I.D. Number(s):

Owner Daytime Telephone:

Owner Email Address:

Federal Law requires you to furnish your Social Security or Taxpayer Identification Number.
Failure to comply will result in 24% tax withholding and will not be refundable by Payor



Corporate Office
1775 Sherman Street, #3000
Denver, Colorado 80203
303.860.5800
www.pdce.com

11.20.18

November 15, 2018

Re: Division Order for the Newly Producing Sunnyside State 2 B2H (142.105068) and Sunnyside State 2 A3H (142.105.068) wells
Reeves County, TX
**See division order for legal description the wells
** Effective date is the date of first production of the wells

Dear Interest Owner:

PDC Permian, Inc. d/b/a PDC Energy ("PDC") is the operator of the above referenced wells which have been completed and began producing. **These well covers the same spacing as the first Sunnyside State well; therefore, your interest is exactly the same.**

Please verify your interest and follow the enclosed "Instructions to All Interest Owners" for executing and returning one copy of the Division Order to this office within a timely manner from receipt of this letter. The additional copy of the Division Order is for your records. A self-addressed stamped envelope has been provided for your convenience.

If we are paying you on the first well, we have placed your account into automatic pay status. If we are not paying you on the first well; once we receive your signed Division Order, we will place all wells into pay status.

Should you have any questions, please feel free to contact me via e-mail: Shelby.McCloud@pdce.com or on my direct line: 303-831-3924. Please refer to our well numbers and your owner number in any communication with our company so that we can respond promptly. Changes in ownership or address should also be directed to my attention.

If you have questions pertaining to revenue or revenue checks, please contact the Revenue Department at the Bridgeport Office (304-842-3597).

Sincerely,

A handwritten signature in blue ink, appearing to read "Shelby McCloud".

Shelby McCloud
Division Order Team Lead (Permian)

INSTRUCTIONS TO ALL INTEREST OWNERS

Dear Interest Owner,

PDC Permian, Inc. d/b/a PDC Energy, Inc. has enclosed a Division Order for your execution.

The attached document should not be altered in any way except to correct spelling errors, unless accompanied by documentary evidence to support the change.

If your name and interest are correctly shown:

1. Sign your name as shown on the Division Order.
2. If your name has changed due to marriage or divorce, execute the Division Order using your present name and furnish a copy of the marriage certificate or divorce decree.
3. If signing for a corporation, signature must be attested, corporate seal fixed and title of signatory party reflected.
4. If signed by agent, attorney-in-fact, guardian or any party other than the named interest owner, a certified copy of the power of attorney or other evidence of such party's right to sign must be furnished.
5. Your correct mailing address should be noted in the space provided to insure prompt receipt of production proceeds.
6. The top copy or the "Original" of the Division Order should be returned to:

PDC Permian, Inc. d/b/a PDC Energy, Inc.
1775 Sherman Street, Suite 3000
Denver, Colorado 80203
Attn: Shelby McCloud

7. Should you have any further questions regarding the enclosed Division Order, please contact PDC Permian, Inc. d/b/a PDC Energy, Inc. at (303) 860-5836 or (888) 860-5836.
8. Please DO NOT DETACH the exhibit from the Division Order or Transfer Order if one is included.



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

February 15, 2019

Shelby McCloud
Division Order Analyst
PDC Permian, Inc.
1775 Sherman Street, Suite 3000
Denver, Colorado 80203

Re: State Lease Nos. ✓ MF117292, MF117652 and MF119281 Sunnyside State 2 A1H, B2H
and A3H NUML 8993

Dear Mrs. McCloud:

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

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

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

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

Thank you,

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

File No. MF 117292Reeves CountyDivision OrderDate Filed: 2-19-19

George P. Bush, Commissioner

By: VZ

DO NOT DESTROY



Texas General Land Office

UNIT AGREEMENT MEMO

NUM190001

Unit Number 9936

Operator Name PDC Permian, Inc.

Customer ID C000088142

Unit Name Sec. 2 Sunnyside State

County 1 Reeves

County 2

County 3

County 4

Unit type NUML

State Net Revenue Interest Oil 0.12574219

State Part in Unit 1.00000000

Unit Depth Allow All Depths

From Depth

To Depth

RRC District 1 08

RRC District 2

RRC District 3

RRC District 4

Effective Date 03/01/2018

Unitized For

Unit Term

Old Unit Number Inactive Status Date

Well

Formation

Participation Basis Surface Acreage

If Exclusions Apply: See Remarks

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	O/G	Lease Royalty	NRI of Lease in Unit	Royalty Rate Reduction Clause
MF117292		538.811611	644.640000	0.83583335	O/G	0.12500000	0.10447917	
MF117492		2.853873	644.640000	0.00442708	O/G	0.12500000	0.00055339	
MF117652		48.348000	644.640000	0.07500000	O/G	0.12500000	0.00937500	
MF119281		52.343421	644.640000	0.08119791	O/G	0.13414046	0.01089193	No

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	O/G	Lease Royalty	NRI of Lease in Unit	Royalty Rate Reduction Clause
MF119424		2.283096	644.640000	0.00354166	O/G	0.12500000	0.00044271	No

API Number

4238936354, 4238937222, 4238937223

Remarks:

This NUML replaces #8993 to add two leases to the NUML. Effective date is first production at 3/1/2018.

Prepared By:

SSD

Prepared Date:

3/18/19

GLO Base Updated By:

SSD

GLO Base Date:

3/18/19

RAM Approval By:

VD

RAM Approval Date:

3/18/19

GIS By:

GIS Date:

Well Inventory By:

SSD

WI Date:

3/18/19

File No. MF 117292
NUML 9936 - Sec. 2 County
replaces # 8993
Date Filed: 3/18/19
George P. Bush, Commissioner
By SSP

DO NOT DESTROY



Texas General Land Office

UNIT AGREEMENT MEMO

NUM180001

Unit Number 8993
Operator Name PDC Permian, Inc. Effective Date 10/22/2018
Customer ID C000088142 Unitized For
Unit Name Sec. 2-Sunnyside State 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 NUML
State Net Revenue Interest Oil 0.12541019
State Part in Unit 1.00000000
Unit Depth Allow All Depths Well
From Depth Formation
To Depth Participation Basis Surface Acreage
If Exclusions Apply: See Remarks

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	O/G	Lease Royalty	NRI of Lease in Unit	Royalty Rate Reduction Clause
MF117292		544.000000	640.000000	0.85000000	O/G	0.12500000	0.10625000	
MF117652		48.000000	640.000000	0.07500000	O/G	0.12500000	0.00937500	
MF119281		48.000000	640.000000	0.07500000	O/G	0.13046914	0.00978519	No

API Number

Remarks:

Lease MF119281 has unleased interest. Some of the interest was leased 10/22/2018 and changed the NRI for MF119281. NUML updated for leased interest.

Prepared By:

SSD

Prepared Date:

3/12/19

GLO Base Updated By:

SSD

GLO Base Date:

3/12/19

RAM Approval By:

VD

RAM Approval Date:

3/12/19

GIS By:

N/A

GIS Date:

N/A

Well Inventory By:

N/A

WI Date:

N/A

File No. MF 117292
NUML 8993 updated County
(replaced in #26)
Date Filed: 3/18/19
George P. Bush, Commissioner
By SSD



MCELROY,
SULLIVAN,
MILLER &
WEBER, LLP

1201 Spyglass Drive, Suite 200, Austin, TX 78746 | www.msmtx.com

MAILING ADDRESS: P.O. Box 12127, Austin, TX 78711 | T. 512.327.8111 F. 512.327.6566

April 5, 2019

Joy McCauley
Energy Resources Division
Texas General Land Office
Stephen F. Austin Building, 8th Floor
1700 N. Congress Avenue
Austin, Texas 78701-1495

HAND-DELIVERED

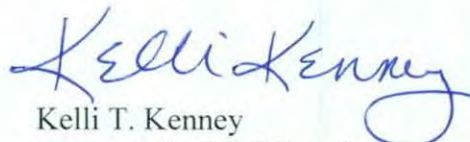
RE: Pooling Agreement
PDC Permian, Inc.
Stoneman State 3927 Unit
GLO Unit No. 9797
Reeves County, Texas

Dear Ms. McCauley:

Enclosed please find duplicate executed originals of the Pooling Agreement signed by PDC Permian, Inc. and APR Operating LLC.

We look forward to receiving a fully executed original signed by the GLO. Thank you for your assistance regarding this matter.

Respectfully submitted,


Kelli T. Kenney
Attorney for PDC Permian, Inc.

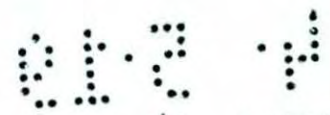
KTK/sb
Enclosures

RECEIVED

APR 05 2019

General Land Office

28



File No. M-117292

Count: 41. From Kelly Kenney

Date Filed: 4/5/19

George P. Bush, Commissioner

By [Signature]



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

April 11, 2019

Ms. Kelli T. Kenney
McElroy, Sullivan, Miller & Weber, L.L.P.
P. O. Box 12127
Austin, Texas 78711-2127

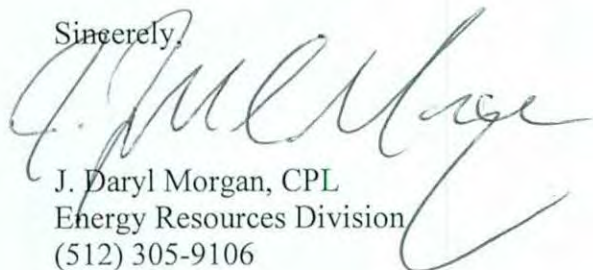
Re: Pooling Agreement
PDC Permian, Inc.
Stoneman State 3927 Unit
GLO Unit No. 9797
Reeves County, Texas

Dear Ms. Kenney:

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

Thank you for your assistance with this matter, if you have any questions or need anything further, please feel free to call.

Sincerely,



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

Enclosure

29

File No. M-117292

Gr. to Kelli Kenney County

Date Filed: 4/11/19

George P. Bush, Commissioner

By [Signature]

DO NOT DESTROY



Texas General Land Office

UNIT AGREEMENT MEMO

UPA190022

Unit Number 9797
Operator Name PDC Permian, Inc.
Customer ID C000088142
Unit Name Stoneman State 3927
County 1 Reeves **RRC District 1** 08
County 2 **RRC District 2**
County 3 **RRC District 3**
County 4 **RRC District 4**
Unit type Permanent
State Net Revenue Interest Oil 0.20000000
State Part in Unit 1.00000000
Unit Depth Specified Depths **Well**
From Depth **Formation** Base of Bell Canyon
To Depth **Participation Basis** Surface Acreage
If Exclusions Apply: See Remarks

Effective Date 02/05/2019
Unitized For Oil And Gas
Unit Term
Old Unit Number **Inactive Status Date**

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	O/G	Lease Royalty	NRI of Lease in Unit	Royalty Rate Reduction Clause
MF117292		272.000000	800.000000	0.34000000	O/G	0.12500000	0.04250000	
MF117652		48.000000	800.000000	0.06000000	O/G	0.12500000	0.00750000	
MF118118		160.000000	800.000000	0.20000000	O/G	0.25000000	0.05000000	No
MF119686		320.000000	800.000000	0.40000000	O/G	0.25000000	0.10000000	No

API Number

4238937674, 4238937680

Remarks:

Prepared By:

GLO Base Updated By:

RAM Approval By:

GIS By:

Well Inventory By:

Prepared Date:

GLO Base Date:

RAM Approval Date:

GIS Date:

WI Date:

02/05/2019

02/05/2019

2/7/19

4/23/2019

02/05/2019

Pooling Committee Report

To: School Land Board

UPA190022

Date of Board Meeting: 02/05/2019

Unit Number: 9797

Effective Date: 02/05/2019

Unit Expiration Date:

Applicant: Pdc Permian, Inc.

Attorney Rep:

Operator: Pdc Permian, Inc.,

Unit Name: Stoneman State 3927

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>
RAL	MF117292	0.12500000	12/01/2018	46 months	2,343.559000	272.000000	0.04250000
RAL	MF117652	0.12500000	12/01/2018	1336 days	96.000000	48.000000	0.00750000
U Fee	MF118118	0.25000000	07/19/2019	3 years	320.000000	160.000000	0.05000000
U Fee	MF119686	0.25000000	10/02/2021	3 years	640.000000	320.000000	0.10000000

Private Acres:	0.000000
State Acres:	800.000000
Total Unit Acres:	800.000000

<u>Participation Basis:</u>	Surface Acreage
Surface Acreage	
<u>State Acreage:</u>	100.00%
<u>State Net Revenue Interest:</u>	20.00%

Unit Type: Unitized for:

Permanent Oil And Gas

Term:

RRC Rules:

Yes

Spacing Acres:

704 acres for a 10,000 foot lateral (FTP to LTP).

REMARKS:

- PDC Permian, Inc. is requesting permanent oil and gas pooling from the base of the Bell Canyon formation to 300 feet true vertical depth below the deepest depth reached by the horizontal lateral between the first take point and the last take point in order to test the Bell Canyon and Wolfcamp formations.
- The applicant plans to spud the first unit well on July 1, 2019 with a proposed total depth of 12,000 feet. A 13,000 foot lateral is expected to be drilled.
- With Board approval of the unit the State's unit royalty participation will be 20%.
- The State will participate on a unitized basis from the date of first production.
- The applicant agrees to drill a total of three unit wells. The first unit well must be spud by or before July 1, 2019, the second unit well must be spud by or before December 31, 2019, and the third unit well must be spud by or before three years after the spud date of the first unit well or the unit will reduce in size to 400 acres per unit well drilled.

POOLING COMMITTEE RECOMMENDATION:

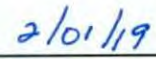
The Pooling Committee recommends Board approval of a permanent oil and gas unit under the above-stated provisions.

Mary Smith - Office of the Attorney General

Date



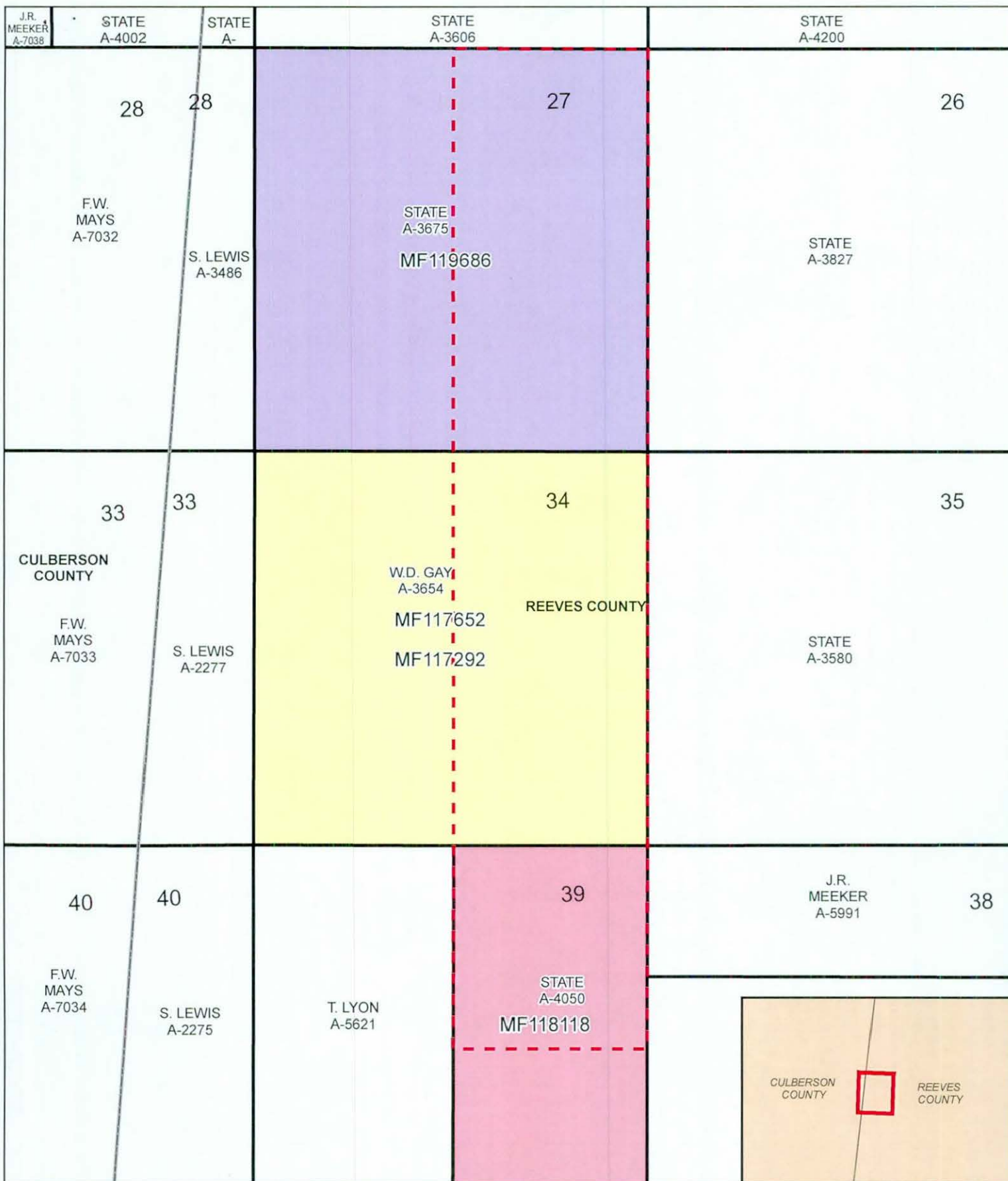
Robert Hatter - General Land Office



Date

Stacie Bennett - Office of the Governor

Date



Unit #979
PDC Permian, Inc.
Stoneman State 3927 Unit
Phantom (Wolfcamp) Field
Reeves County, Texas

2,000 1,000 0 2,000 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
Enterprise Technology Solutions/GIS
February 2019

POOLING AGREEMENT
PDC PERMIAN, INC.
STONEMAN STATE 3927 UNIT
GLO UNIT NO. 9797
REEVES COUNTY, TEXAS

THIS AGREEMENT is entered into by and between the Commissioner of the General Land Office, on behalf of the State of Texas, as "Lessor" and PDC Permian, Inc., herein referred to as "Lessee", and such other interested parties as may join in the execution hereof, the undersigned parties herein collectively referred to as the "parties", in consideration of the mutual agreements hereinafter set forth and other valuable considerations, the receipt and sufficiency of which are hereby acknowledged, and for the purposes and upon the terms and conditions which follow:

PURPOSES:

1.

This Pooling Agreement ("Agreement") 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 Agreement to effect equitable participation within the unit formed hereby. This Agreement 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 pooled unit, are listed on the attached Exhibit "A", to which leases and the records thereof reference is here made for all pertinent purposes. The pooled unit shall consist of all of the lands described in Exhibit "B" attached hereto and made a part hereof. A plat of the pooled unit is attached hereto as Exhibit "C". The unit description is subject to the provisions of the attached Addendum "A".

MINERAL POOLED:

3.

The mineral pooled and unitized ("pooled mineral") hereby 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 of 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 base of the Bell Canyon formation to 100 feet below the base of the Wolfcamp formation, provided that on the date the third well as provided in Addendum "A" reaches total depth (the "Depth Pugh Date"), this agreement shall be limited to and only include those depths from the base of the Bell Canyon formation to 300 feet true vertical depth below the deepest depth reached by the horizontal lateral of the deepest unit well measured between the first takepoint and the last takepoint (the "Revised Unitized Interval"). Further, on that date, the State Leases described on Exhibit "A" attached shall be amended such that, unless otherwise held in force and effect, such State Leases shall terminate as to all depths in this pooled unit below the Revised Unitized Interval. It is further agreed that if Lessee is drilling, completing, or re-drilling, or recompleting a unit well on the Depth Pugh Date, then the Depth Pugh Date shall be delayed until operations on said well are complete, and the true vertical depth of such well shall be taken into consideration when determining the depths of the Revised Unitized Interval. Notwithstanding anything contained herein to the contrary both parties agree that should a conflict exist between this provision 3 and any provision of a State or Relinquishment Act Lease described on Exhibit "A" that this provision shall prevail and govern ("unitized interval").

POOLING AND EFFECT:

4.

The parties hereto commit all of their interests which are within the unit to the extent and as above described into said unit and unitize and pool hereunder the separate tracts described on the attached Exhibit "B", 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 Agreement. In the event the unitized area covered by this Agreement is maintained in force by drilling or reworking operations conducted on a directional or horizontal well drilled under the unitized area from a surface location on adjacent or adjoining lands not included within the boundaries of the unitized area, such operations shall be considered to have been commenced on the unitized area when drilling is commenced on the adjacent or adjoining land for the purpose of directionally drilling under the unitized area and production of oil or gas from the unitized area through any directional or horizontal well surfaced on adjacent or adjoining land or drilling or reworking of any such well shall be considered production or drilling or reworking operations, as the case may be, on the unitized area for all purposes under this Agreement. Nothing in this Agreement is intended or shall be construed as granting to Lessee any leasehold interest, easements, or other rights in or with respect to any such adjacent or adjoining land in addition to any such leasehold interests, easements, or other rights which the lessee, operator or other interest owner in the unitized area may have lawfully acquired from the state or others.
- (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 Agreement.

- (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. Provided that, payments that are made on a per acre basis shall be reduced according to the number of acres pooled and included herein, so that payments made on a per acre basis shall be calculated based upon the number of acres actually included within the boundaries of the pooled unit covered by this Agreement.
- (e) A shut-in oil or gas well located upon any land or lease included within said unit shall be considered as a shut-in oil or gas well located upon each land or 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 provided in each State lease shall not be shared with other royalty owners.
- (f) Notwithstanding any other provision hereof, it is expressly agreed that each State lease may be maintained in force as to areas lying outside the unitized area described in Exhibit "B" only as provided in each such lease without regard to unit operations or unit production. Neither production of the pooled mineral, nor unit operations with respect thereto, nor the payment of shut-in royalties from a unit well, shall serve to hold any State lease in force as to any area outside the unitized area described in Exhibit "B" regardless of whether the production or operations on the unit are actually located on the State lease or not. "Area" as used in this paragraph shall be based upon surface acres to the end that, except as may otherwise be provided in each State Lease or this Agreement, the area inside the surface boundaries of the pooled unit, if held, will be held as to all depths and horizons.
- (g) 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 the number of acres included in the pooled unit, 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.
- (h) This Agreement shall not relieve Lessee from the duty of protecting the State leases described in Exhibit "A" and the State lands within the boundaries of the pooled unit described in Exhibit "B" from drainage from any well situated on privately owned land, lying outside the unitized area described in Exhibit "B", 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.
- (i) There shall be no obligation to drill internal offsets to any other well on separate tracts within the pooled unit, nor to develop the lands within the boundaries thereof separately, as to the pooled mineral.
- (j) Should this Agreement terminate for any cause, in whole or in part, 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 conditions 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 this 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 pooled unit, there shall be allocated to each tract committed to said unit that pro rata portion of the pooled mineral produced from the pooled 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 pooling or unitization agreement 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.

EFFECTIVE DATE:

7.

Upon execution by the Commissioner of the General Land Office of the State of Texas this Agreement shall become effective as of February 5, 2019.

TERM:

8.

This Agreement 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 Agreement.

SPECIAL TERMS AND CONDITIONS:

9.

Notwithstanding anything contained herein to the contrary, this Agreement is subject to the terms and conditions of the attached Addendum "A".

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 Agreement 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 covered by this Agreement may be dissolved by Lessee, his 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 production on said 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 Agreement, nor the approval of this Agreement by the School Land Board, nor the execution of this Agreement by the Commissioner shall: (1) operate as a ratification or revivor of any State lease that has expired, terminated, or has been released in whole or in part or terminated under the terms of such State lease or the laws applicable thereto; (2) constitute a waiver or release of any claim for money, oil, gas or other hydrocarbons, or other thing due to the State by reason of the existence or failure of such lease; (3) constitute a waiver or release of any claim by the State that such lease is void or voidable for any reason, including, without limitation, violations of the laws of the State with respect to such lease or failure of consideration; (4) 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 (5) 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 Agreement 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 Agreement are executed, the executed pages, together with the pages necessary to show acknowledgments, may be combined with the other pages of this Agreement 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 Agreement upon the respective dates indicated below.

Date Executed

4/10/19

STATE OF TEXAS

Legal
Content
Geology
Executive

By:

George P. Bush, Commissioner
General Land Office

Date Executed

2/28/19

PDC PERMIAN, INC.

By:

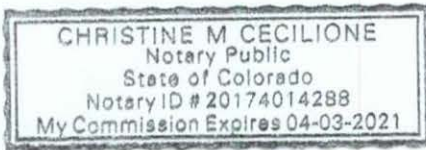
Paul Whisenand
Director of Land

Its:

STATE OF COLORADO

COUNTY OF Denver

This instrument was acknowledged before me on February 28, 2019, by Paul Whisenand
as Director of Land of PDC Permian, Inc., a Delaware corporation,
behalf of said corporation.



CM

Notary Public in and for the
State of Colorado

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 5th day of February, 2019, 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 5th day of April, 2019.

Stephanie Crenshaw
Secretary of the School Land Board

Date Executed 3/27/2019

APR Operating LLC

D. Paul Colwell, II

By: D. Paul Colwell, II
Executive Vice-President

STATE OF TEXAS

COUNTY OF MIDLAND

This instrument was acknowledged before me on the 27th day of March, 2019, by D. Paul Colwell, II, as Executive Vice-President of APR Operating LLC, a Delaware Limited Liability Company, on behalf of said entity.

My commission expires:

2/27/2021

Traci K Coursey
Notary Public in and for the
State of Texas



Addendum "A"

To that certain Pooling Agreement for the Stoneman State 3927 Unit

The parties hereby agree that should a conflict exist between this Addendum and the body of the agreement that this Addendum shall prevail.

The pooled unit shall consist of all of the lands herein described in the attached Exhibit "B" and depicted in the attached plat as Exhibit "C". Lessee agrees to drill a minimum of three (3) horizontal wells within the unit, provided however that, should Lessee fail to meet the "Drilling Obligation Timeframe" as specifically defined below, then such unit shall remain in full force and effect as to any and all wells drilled upon the unit acreage, but shall shrink down to allow for a maximum size of 267 acres per well drilled in the unit, as close as is reasonably practicable to the shape of a rectangle surrounding the well or wells. In the event that Lessee chooses to drill wells ahead of the Drilling Obligation Timeframe detailed below, then Lessee shall not be penalized for doing so and shall still conserve the benefit of the Drilling Obligation Timeframe described below.

Drilling Obligation Timeframe:

Lessee shall have commenced actual Drilling Operations in the following manner:

- | | | |
|-------------|---|--|
| First well | – | spud on or before July 1, 2019; |
| Second well | – | spud on or before December 31, 2019. |
| Third well | – | spud on or before three years from the spud date of the first unit well. |

Once actual drilling operations have been commenced on a particular well, Lessee shall continue drilling and completion operations thereafter on such well with due diligence, as a reasonable prudent operator would under the same or similar circumstances. In an effort to prevent physical and economic waste, subject to the terms and provisions of the Leases, and rules and regulations of the Texas Railroad Commission or any other applicable regulatory agency, Lessee shall make every effort to drill each horizontal well with the longest productive lateral reasonably possible within the boundaries of the Unit.

In the event Lessee commences actual drilling operations on all three (3) wells committed to be drilled hereunder as provided above and such wells are thereafter completed as wells being capable of producing oil or gas in paying quantities, the parties hereby agree that the pooled unit shall remain in the original, unaltered size and shape as described in Exhibit "B" and depicted in Exhibit "C", in accordance with the terms of this Agreement.

End of Addendum "A"

EXHIBIT "A"

ATTACHED TO AND MADE A PART OF THE APPROVED POOLING AGREEMENT FOR THE STONEMAN STATE 3927
UNIT.

Lease Number	MF Number	Lessor	Lessee	Lease Date	Book	Page
TXL00066.006	117292A	State of Texas, acting by and through its agents, James Robert Hill, Individually and as Trustee of the Houston and Emma Hill Trust Estate; Virginia Glenn Hill Lattimore, Individually and as Trustee of the Houston and Emma Hill Trust Estate; Houston and Emma Hill Trust Estate, John A. Styrsky, Trustee; GeoMar Resources, Inc.; Nancy Puff Jones Trust; Hill Investments, Ltd.; H-S Minerals & Realty, Ltd.; Thomas Hill Puff	Energen Resources Corporation	2/1/2015	1215	0682
TXL00066.007	117292C	State of Texas, acting by and through its agent, Alldale Minerals, LP	Energen Resources Corporation	4/1/2015	1215	0538
TXL00066.008	117652A	State of Texas, acting by and through its agent, Geraldine M. Tyll, as Trustee of the Mary A. Driscoll Revocable Living Trust	Energen Resources Corporation	3/31/2015	1215	0570
TXL00066.009	117292B	State of Texas, acting by and through its agent, Word B. Wilson Investments, LP	Energen Resources Corporation	6/10/2015	1215	0592
TXL00066.010	117652C	State of Texas, acting by and through its agent, Jack F. Cochran	Energen Resources Corporation	4/14/2015	1215	0581
TXL00066.011	117652B	State of Texas, acting by and through its agent, Nell Cochran Hastings	Energen Resources Corporation	4/9/2015	1215	0548
TXL00066.012	117652D	State of Texas, acting by and through its agent, Carrolle Cochran Hathaway	Energen Resources Corporation	4/15/2015	1215	0559
TXL00066.014	Pending	State of Texas, acting by and through its agent, Blairbax Energy, LLC	PDC Permian Inc.	10/22/2018	1714	0288
TXL00066.015	Pending	State of Texas, acting by and through its agent, Kennedy Minerals, LTD	PDC Permian Inc.	10/22/2018	1723	0392

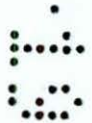
Lease Number	MF Number	Lessor	Lessee	Lease Date	Book	Page
TXL00066.016	Pending	State of Texas, acting by and through its agent, Midtex Royalty II LP	PDC Permian Inc.	10/22/2018	1719	0526
TXL00066.017	Pending	State of Texas, acting by and through its agent, Eb F. Luckel Jr.	PDC Permian, Inc.	12/5/2018	1717	0248
TXL00066.018	Pending	State of Texas, acting by and through its agent, Oak Valley Mineral and Land LP	PDC Permian, Inc.	10/22/2018	Pending	
TXL00066.019	Pending	State of Texas, acting by and through its agent, Susan Luckel Christie	PDC Permian, Inc.	12/5/2018	1714	0268
TXL00066.020	Pending	State of Texas, acting by and through its agent, The De Compiegne Property Co. No. 20, LTD	PDC Permian, Inc.	10/22/2018	Pending	
TXL00066.021	Pending	State of Texas, acting by and through its agent, M. Brad Bennett	PDC Permian, Inc.	12/5/2018	1723	0372
TXL00066.022	Pending	State of Texas, acting by and through its agent, Fred W. Shield and Company	PDC Permian, Inc.	10/22/2018	1719	0511
	Pending	State of Texas, acting by and through its agent, Bruno & Marshall Investments	PDC Permian, Inc.	10/22/2018	Pending	
TXL00104.000	118118	State of Texas 118118	Felix Energy Holdings	7/19/2016	1307	0670
	119686	State of Texas 119686	APR Operating LLC	10/2/2018	Pending	

EXHIBIT "B"

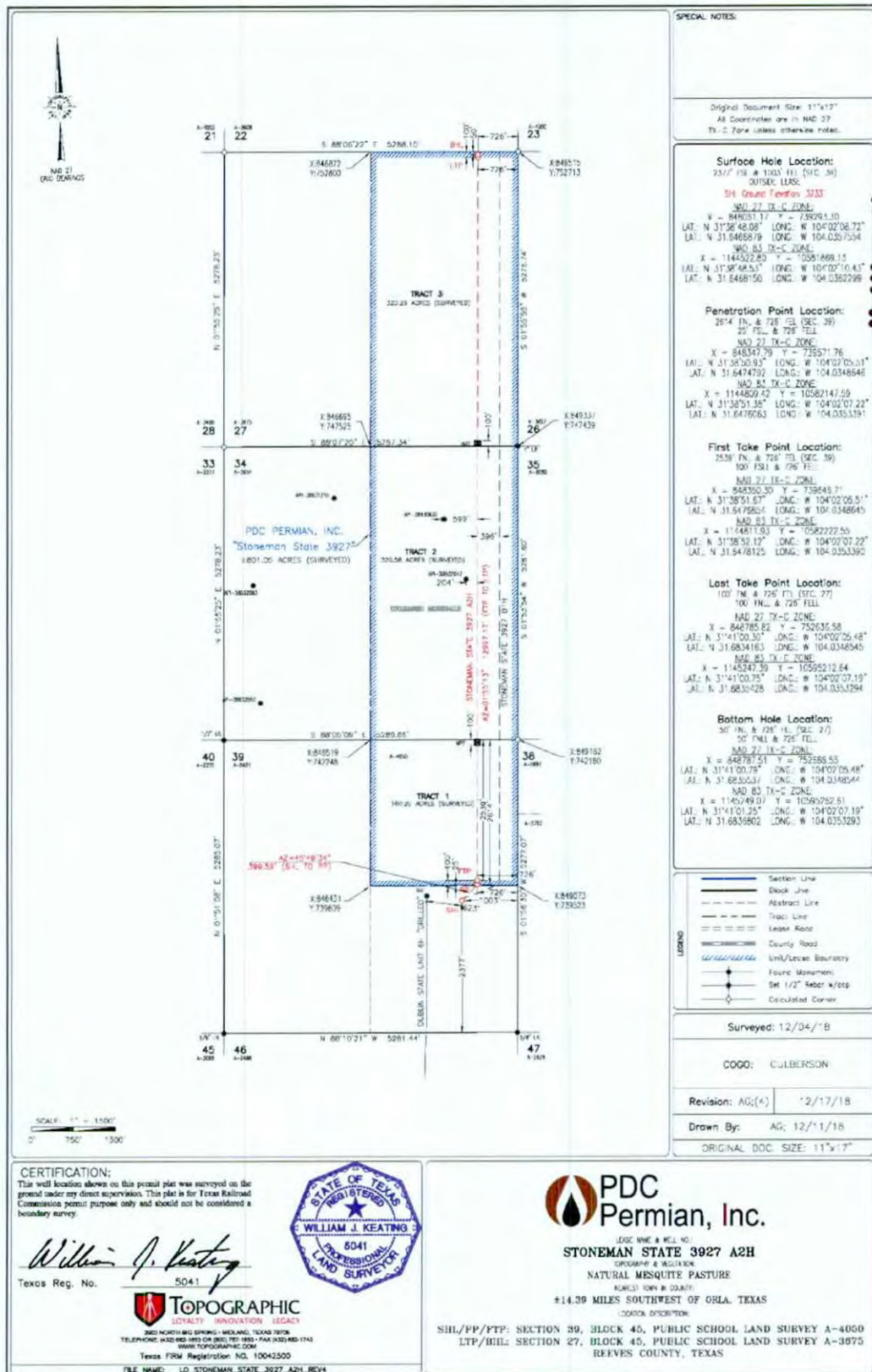
ATTACHED TO AND MADE A PART OF THE APPROVED POOLING AGREEMENT FOR THE STONEMAN STATE 3927
UNIT.

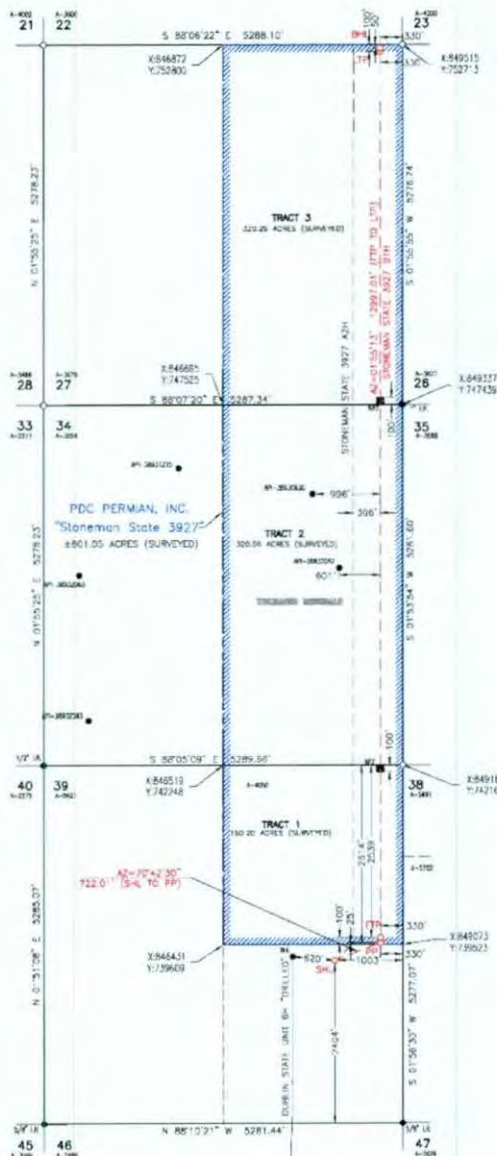
LEGAL DESCRIPTION:

SECTION 39, BLOCK 45, PUBLIC SCHOOL LAND SURVEY A-4050
SECTION 34, BLOCK 45, PUBLIC SCHOOL LAND SURVEY A-3654
SECTION 27, BLOCK 45, PUBLIC SCHOOL LAND SURVEY A-3675
REEVES COUNTY, TEXAS
CONTAINING 800.00 ACRES MORE OR LESS



ATTACHED TO AND MADE A PART OF THE APPROVED POOLING AGREEMENT FOR THE STONEMAN STATE 3927 UNIT.





SCALE: 1" = 1500'
0' 750' 1500'

CERTIFICATION:

This well location shown on this permit plat was surveyed on the ground under my direct supervision. This plat is for Texas Railroad Commission permit purpose only and should not be considered a boundary survey.

William J. Keating
Texas Reg. No. 5041

TOPOGRAPHIC
LEGACY INNOVATION LEGACY

2902 NORTH MID SPRING - MIDLAND, TEXAS 79706
TELEPHONE: (432) 852-1951 OR (800) 767-1951 • FAX: (432) 852-1743
WWW.TOPOGRAPHIC.COM
Texas FRM Registration NO. 10042500

FILE NAME: LG_STONEMAN_STATE_3927_B1H_REV4



PDC Permian, Inc.

LEASE NAME & WELL NO.
STONEMAN STATE 3927 B1H
TOPOGRAPHY & VEGETATION
NATURAL MESQUITE PASTURE
NEAREST TOWN IN COUNTY
14.38 MILES SOUTHWEST OF ORLA, TEXAS
LOCATION DESCRIPTION

SHL/PP/FTP: SECTION 39, BLOCK 45, PUBLIC SCHOOL LAND SURVEY A-4050
LTP/BHL: SECTION 27, BLOCK 45, PUBLIC SCHOOL LAND SURVEY A-3675
REEVES COUNTY, TEXAS

SPECIAL NOTES:

Original Document Size: 11"x17"
All Coordinates are in NAD 27
TX-C Zone unless otherwise noted.

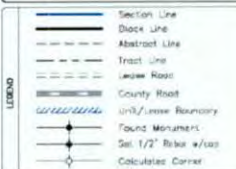
Surface Hole Location:
240' FS. & 330' FEL (SEC. 39)
DUTSON L&AS
SHL Ground Elevation: 3233'
NAD 27 TX-C ZONE
X = 849062.10 Y = 759320.29
LAT: N 31°38'48.34" LONG: W 104°02'08.72"
AT: N 31°34'57.62" LONG: W 104.03357552
NAD 83 TX-C ZONE
X = 1144523.74 Y = 1058186.12
LAT: N 31°38'48.86" LONG: W 104°02'10.45"
AT: N 31°34'58.992" LONG: W 104.0336229

Penetration Point Location:
76.4' FS. & 330' FEL (SEC. 39)
22' FS. & 330' FEL
NAD 27 TX-C ZONE
X = 848743.57 Y = 758598.83
LAT: N 31°38'50.33" LONG: W 104°02'02.00"
AT: N 31°34'47.988" LONG: W 104.033594
NAD 83 TX-C ZONE
X = 1145205.21 Y = 10587134.65
LAT: N 31°38'51.39" LONG: W 104°02'02.00"
AT: N 31°34'49.70" LONG: W 104.0340665

First Take Point Location:
2539' FS. & 330' FEL (SEC. 39)
100' FS. & 330' FEL
NAD 27 TX-C ZONE
X = 848745.06 Y = 756633.78
LAT: N 31°38'51.67" LONG: W 104°02'00.91"
AT: N 31°34'47.6860" LONG: W 104.0335920
NAD 83 TX-C ZONE
X = 1145207.79 Y = 10582703.62
LAT: N 31°38'52.13" LONG: W 104°02'02.64"
AT: N 31°34'48.131" LONG: W 104.0340664

Last Take Point Location:
100' FS. & 330' FEL (SEC. 27)
100' FS. & 330' FEL
NAD 27 TX-C ZONE
X = 849181.61 Y = 752623.46
LAT: N 31°41'00.32" LONG: W 104°02'00.89"
AT: N 31°36'34.165" LONG: W 104.0335614
NAD 83 TX-C ZONE
X = 1145643.18 Y = 10595199.56
LAT: N 31°41'00.75" LONG: W 104°02'02.60"
AT: N 31°36'34.30" LONG: W 104.0340563

Bottom Hole Location:
50' FS. & 330' FEL (SEC. 27)
50' FS. & 330' FEL
NAD 27 TX-C ZONE
X = 849181.25 Y = 752613.46
LAT: N 31°41'00.79" LONG: W 104°02'00.89"
AT: N 31°36'35.040" LONG: W 104.0335614
NAD 83 TX-C ZONE
X = 1145644.86 Y = 10595249.53
LAT: N 31°41'01.25" LONG: W 104°02'02.60"
AT: N 31°36'36.05" LONG: W 104.0342562



Surveyed: 12/04/18

COGO: CULBERSON

Revision: AG(4) 12/17/18

Drawn By: AG 12/11/18

ORIGINAL DOC. SIZE: 11"x17"

(30)

File No. M-117292
Pooling Agmt. Packet # 9797
Stone Mountain State 3927 Unit County
Date Filed: 4/11/19
George P. Bush, Commissioner
By [Signature]



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

April 23, 2019

Denise Henry, Landman
Summit Petroleum
550 W. Texas Ave, Ste 700
Midland, TX 79701

Re: GLO Assign ID #10805 – MF117292-D, E & F
Reeves County

Dear Ms. Henry:

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

Assignment, Bill of Sale and Conveyance, effective December 1, 2018, from Summit West Resources LP, Assignor to APR Operating LLC, Assignee. Filed of record under Document #19-02237; Vol 1729, Pg 0079.

Filing fees in the amount of \$75.00 were received on the referenced assignment.

Please feel free to contact me at (512) 463-5407 or email carl.bonn@glo.texas.gov if you have further questions.

Best Regards,

Carl Bonn, CPL
Mineral Leasing-Energy Resources



SUMMIT PETROLEUM LLC • 550 W. Texas Avenue, Suite 700 • Midland, Texas 79701
P 432.682.9800 • F 432.682.9809

MF117292 DEF
ID10805

March 14, 2019

In re: Certified copy of Assignment and Bill of Sale,
Vol. 1729, Pg. 79, (State of Texas Leases)
Reeves County, Texas
VIA UPS OVERNIGHT

Texas General Land Office
1700 N. Congress Avenue, Ste 840
Austin, Texas 78701

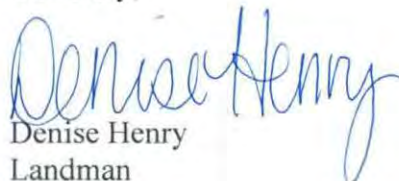
Attention: Mr. Carl Bonn

Dear Mr. Bonn:

Enclosed please find Summit's check no. 4687 in the amount of \$75.00 for the filing fee for the certified copy of Assignment and Bill of Sale, Vol. 1729, Pg. 79, between Summit West Resources LP and APR Operating LLC.

Thank you for your assistance and please contact the undersigned should you need anything further.

Sincerely,


Denise Henry
Landman



129

SECURITY FEATURES INCLUDE TRUE WATERMARK PAPER, HEAT SENSITIVE ICON AND FOIL HOLOGRAM

SUMMIT PETROLEUM LLC

OPERATIONS ACCOUNT
550 W TEXAS AVE STE 700
MIDLAND, TX 79701-4250

19708048

4687

88-1287/1153

DATE 3-14-19

CHECK ARMOR
FRAUD PROTECTION

PAY
TO THE
ORDER OF

State of Texas



\$ 75.00

Seventy-five ^{00/100}

DOLLARS



**Community
National Bank.**

P.O. Box 3903 Midland, Texas 79702 (432) 262-1600



FOR

filing fee

[Signature]

⑈004687⑈



HEAT SENSITIVE

MP



Details on Back.

Security Features Included

ASSIGNMENT, BILL OF SALE AND CONVEYANCE

STATE OF TEXAS

COUNTY OF REEVES

§
§
§

KNOW ALL MEN BY THESE PRESENTS:

This Assignment, Bill of Sale and Conveyance (this "Assignment"), effective as of December 1, 2018 at 12:01 a.m., CST, (the "Effective Time"), is executed and delivered by **Summit West Resources LP**, a Texas limited partnership, with an address of 550 West Texas, Suite 700, Midland, Texas 79701 (referred to herein as "Assignor") to **APR Operating LLC**, a Delaware limited liability company, whose address is 400 W. Illinois, Suite 970, Midland, Texas 79701 ("Assignee").

Assignor, for valuable considerations, the receipt and sufficiency of which are hereby acknowledged by Assignor, does hereby GRANT, BARGAIN, SELL, CONVEY, ASSIGN, TRANSFER, SET OVER and DELIVER unto Assignee the following assets and properties (collectively, the "Summit Assets"):

- i. the oil, gas, and mineral leases described on Exhibit "A", limited to the lands described on Exhibit "A", and any amendments, extensions, acreage designations, ratifications, and/or partial releases affecting such leases, whether or not such instruments are described on said Exhibit, together with all interest derived from such leases in or to any pools or units that include any lands covered by any such leases or all or a part of any such leases, and all tenements, hereditaments, and appurtenances belonging to such leases and such pooled areas or units (collectively, the "Summit Lands and Leases");
- ii. all contracts, agreements, or instruments by which any of the Summit Assets are bound or subject, or that directly relate to or are otherwise directly applicable to any of the Summit Assets, only to the extent applicable to the Summit Assets rather than Assignor's other properties;
- iii. all valid and subsisting easements, permits, licenses, servitudes, rights-of-way, surface leases, and other surface rights and estates that directly relate to or are otherwise directly applicable to any of the Summit Assets, in each case only to the extent applicable to the Summit Assets rather than Assignor's other properties;
- iv. originals or copies (in Assignor's discretion) of all of Assignor's lease files, title files, abstracts and title opinions, title reports, title curative materials, division order files, contract files, land surveys and maps (including those in electronic or digital format), correspondence, environmental and regulatory files and reports, production records, gas purchase contracts, gathering and transportation agreements, pricing and operating expense data, accounting records, and all other records relating to any Summit Assets (collectively, the "Summit Records").

TO HAVE AND TO HOLD all and singular the Summit Assets, together with all rights, titles, interests, estates, remedies, powers and privileges thereunto appertaining unto Assignee and its respective successors and assigns forever, and subject to all landowners' royalties, overriding royalties and other burdens of record as of the Effective Time.

Each Assignor does hereby agree to warrant and forever defend such Assignor's title to the Summit Assets unto Assignee and its respective successors and assigns against each and every person claiming the same or any part thereof by, through or under such Assignor, but not otherwise.

EXCEPT FOR THE SPECIAL WARRANTY OF TITLE SET FORTH ABOVE, ASSIGNOR IS CONVEYING THE SUBJECT INTERESTS WITHOUT REPRESENTATION OR WARRANTY, EITHER EXPRESSED OR IMPLIED AT COMMON LAW, BY STATUTE, OR OTHERWISE (ALL OF WHICH ASSIGNOR HEREBY DISCLAIMS) RELATING TO: (i) TITLE; (ii) OPERATING CONDITION; (iii) MERCHANTABILITY, DESIGN, OR QUALITY; (iv) FITNESS FOR ANY PARTICULAR PURPOSE; (v) ABSENCE OF LATENT DEFECTS; (vi) ENVIRONMENTAL CONDITION OF THE SUBJECT

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INTERESTS; (vii) VALUE, OR (viii) ANY OTHER MATTER WHATSOEVER, IT BEING UNDERSTOOD THAT, EXCEPT AS OTHERWISE PROVIDED IN THE PURCHASE AGREEMENT, ASSIGNOR IS CONVEYING TO ASSIGNEE, AND ASSIGNEE IS ACCEPTING, THE SUBJECT INTERESTS "AS IS," "WHERE IS," "WITH ALL FAULTS," AND IN THEIR PRESENT CONDITION AND STATE OF REPAIR, AND ASSIGNEE IS ASSUMING ALL RISK WITH RESPECT TO THE SUBJECT INTERESTS, INCLUDING, WITHOUT LIMITATION, ALL RISK ASSOCIATED WITH THE ENVIRONMENTAL CONDITION OF THE SUBJECT INTERESTS.

This Assignment is made subject to that Letter Agreement, dated December 12, 2018, by and among Assignor and Assignee, (the "Letter Agreement"). To the extent the terms of the Letter Agreement are inconsistent with the terms of this Assignment; the terms of the Letter Agreement shall prevail. Assignor and Assignee agree (a) to furnish upon request to each other such further information, (b) to execute, acknowledge, and deliver to each other such other documents, and (c) to do such other acts and things, all as the other may reasonably request for the purpose of carrying out the intent of this Assignment and/or the Letter Agreement.

Exhibit "A" to this Assignment is hereby incorporated by reference and constitutes a part of this Assignment. References in such exhibits to instruments on file in the public records are incorporated by reference herein for all purposes. The references in this Assignment or in the exhibits hereto to liens, encumbrances, agreements and other burdens shall not be deemed to recognize or create any rights in third parties.

This Assignment is made with full substitution and subrogation of Assignee in and to all covenants and warranties by others heretofore given or made in respect of the Summit Assets or any part thereof.

This Assignment shall be binding upon and inure to the benefit of Assignor and Assignee, and their respective successors and assigns. The Parties shall use their reasonable efforts to execute all documents and take all other action reasonably necessary to consummate the transactions contemplated by this Assignment and the Letter Agreement. This Assignment may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed an original, and all such counterparts shall together constitute the same Assignment.

[Signature and Acknowledgment Pages Follow]

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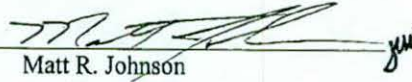
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Page 2 of 5

IN WITNESS WHEREOF, the parties hereto have caused this Assignment to be duly executed on the dates set forth in their respective acknowledgements, to be effective as of the Effective Time.

ASSIGNOR:

SUMMIT WEST RESOURCES LP
By: SUMMIT WEST MANAGEMENT LLC
ITS GENERAL PARTNER

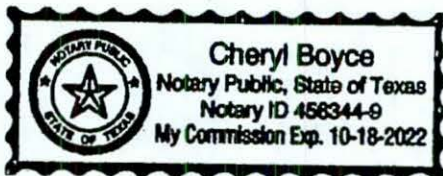
By: 
Matt R. Johnson
President & COO

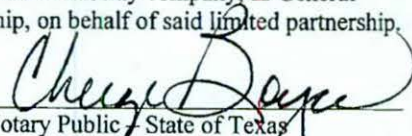
ACKNOWLEDGMENT

STATE OF TEXAS §

COUNTY OF MIDLAND §

This instrument was acknowledged before me this 17th day of December, 2018, by Matt R. Johnson, President & COO of Summit West Management LLC, a Texas limited liability company, as General Partner of Summit West Resources LP, a Texas limited partnership, on behalf of said limited partnership.




Notary Public - State of Texas

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ASSIGNEE:
APR Operating LLC

By: *Denzil R. West*
Name: Denzil R. West
Title: Chief Executive Officer

ACKNOWLEDGMENT

STATE OF TEXAS §

COUNTY OF MIDLAND §

This instrument was acknowledged before me this 15th day of December, 2018, by Denzil R. West, Chief Executive Officer of APR Operating LLC, a Delaware limited liability company, on behalf of said limited liability company.



Traci K Coursey
Notary Public - State of Texas

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EXHIBIT A
SUMMIT LANDS AND LEASES

MF-117292D

MF-117292D
MF-117292D

LEASE NO.	LESSOR	LESSEE	DESCRIPTION OF LANDS	COUNTY	STATE	LEASE DATE	BOOK	PAGE
1315	LEGADO INVESTMENTS LLC	SUMMIT WEST RESOURCES LP	BLOCK 45, PSL SURVEY SECTION 34: ALL	REEVES	TX	1/6/2017	1373	670
1223	TRIANGLE ROYALTY LP AND JK ROYALTY LP	SUMMIT WEST RESOURCES LP	BLOCK 45, PSL SURVEY SECTION 34: ALL	REEVES	TX	2/8/2016	1250	452
1226	CG INTERESTS LLC	SUMMIT WEST RESOURCES LP	BLOCK 45, PSL SURVEY SECTION 34: ALL	REEVES	TX	2/8/2016	1250	625

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Inst No. 19-02237
DIANNE O. FLOREZ
COUNTY CLERK
2019 Feb 11 at 03:10 PM
REEVES COUNTY, TEXAS
By: LC D. Vera DEPUTY

3 0 0 0 P 1 7 2 9 4 0 1

31

File No. MF 117292

Account # 10805

Summit (+5) APR

Date Filed: 4-23-19

George P. Bush, Commissioner

By [Signature]

2.10.19

MF-117292-3
MF-117292-4
MF-117292-5

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. 1724
PAGE 79 THRU 83



I hereby certify on 3 5 19
DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS
BY J. Miranda DEPUTY

DO NOT DESTROY



Texas General Land Office

UNIT AGREEMENT MEMO

NUM190001

Unit Number 10047

Operator Name PDC Permian, Inc.

Effective Date 06/01/2019

Customer ID C000088142

Unitized For

Unit Name Sec. 2 Blk 45 Sunny Side State

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

#9936

County 4

RRC District 4

Unit type NUML

State Net Revenue Interest Oil 0.12552083

State Part in Unit 1.00000000

Unit Depth Allow All Depths

Well

From Depth

Formation

To Depth

Participation Basis Surface Acreage

If Exclusions Apply: See Remarks

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	O/G	Lease Royalty	NRI of Lease in Unit	Royalty Rate Reduction Clause
MF117292		538.811611	644.640000	0.83583335	O/G	0.12500000	0.10447917	
MF117492		2.853873	644.640000	0.00442708	O/G	0.12500000	0.00055339	
MF117652		48.348000	644.640000	0.07500000	O/G	0.12500000	0.00937500	
MF119281		49.657425	644.640000	0.07703125	O/G	0.12500000	0.00962891	No

<i>Lease Number</i>	<i>Tract No</i>	<i>Lease Acres in Unit</i>	<i>Total Unit Acres</i>	<i>Tract Participation</i>	<i>O/G</i>	<i>Lease Royalty</i>	<i>NRI of Lease in Unit</i>	<i>Royalty Rate Reduction Clause</i>
MF119424		2.283096	644.640000	0.00354166	O/G	0.12500000	0.00044271	No
MF119996		2.685996	644.640000	0.00416666	O/G	0.25000000	0.00104167	No

API Number

4238936354, 4238937222, 4238937223

Remarks:

Replaces NUML 9936 because of change to royalty decimal in MF119281.

Prepared By:

SSD

Prepared Date:

5/23/19

GLO Base Updated By:

SSD

GLO Base Date:

5/23/19

RAM Approval By:

SW

RAM Approval Date:

5.24.19

GIS By:

GIS Date:

Well Inventory By:

SSD

WI Date:

5/23/19

33.

File No. MF117292
NUML 10047 County
Replaces #9936
Date Filed: 5/13/19
George P. Bush, Commissioner
By SSD



May 24, 2019

Sent via FedEx: 775306228620

Texas General Land Office
Attn: J. Daryl Morgan
1700 North Congress Ave.
Austin, TX 78701

Re: Recorded Certified Copy – Stoneman State 3927 Unit Pooling Agreement
GLO Unit No. 9797 *M-117292*

Mr. Morgan:

Enclosed please find one recorded certified copy of the Stoneman State 3927 Unit Pooling Agreement, GLO Unit Number 9797.

Please let myself or Brian Mathay know if you should have any questions regarding the enclosed. Mr. Mathay can be reached at Brian.Mathay@pdce.com or 303.860.5832.

Sincerely,
PDC PERMIAN, INC.

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

Christine M. Cecilione
Land Technician
303.831.3994

/Enclosures

CORPORATE OFFICE:
PDC Permian, Inc.
1775 Sherman Street, Suite 3000
Denver, Colorado 80203
(303) 860-5800

EASTERN REGIONAL HEADQUARTERS:
PDC Permian, Inc.
120 Genesis Boulevard • P.O. Box 26
Bridgeport, West Virginia 26330
(304) 842-3597



(34)

File No. M-117292

Gr. From PAC County

Date Filed: 5/29/19

George P. Bush, Commissioner

By [Signature]

POOLING AGREEMENT
PDC PERMIAN, INC.
STONEMAN STATE 3927 UNIT
GLO UNIT NO. 9797
REEVES COUNTY, TEXAS

THIS AGREEMENT is entered into by and between the Commissioner of the General Land Office, on behalf of the State of Texas, as "Lessor" and PDC Permian, Inc., herein referred to as "Lessee", and such other interested parties as may join in the execution hereof, the undersigned parties herein collectively referred to as the "parties", in consideration of the mutual agreements hereinafter set forth and other valuable considerations, the receipt and sufficiency of which are hereby acknowledged, and for the purposes and upon the terms and conditions which follow:

PURPOSES:

1.

This Pooling Agreement ("Agreement") 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 Agreement to effect equitable participation within the unit formed hereby. This Agreement 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 pooled unit, are listed on the attached Exhibit "A" to which leases and the records thereof reference is here made for all pertinent purposes. The pooled unit shall consist of all of the lands described in Exhibit "B" attached hereto and made a part hereof. A plat of the pooled unit is attached hereto as Exhibit "C". The unit description is subject to the provisions of the attached Addendum "A".

MINERAL POOLED:

3.

The mineral pooled and unitized ("pooled mineral") hereby 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 of 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 base of the Bell Canyon formation to 100 feet below the base of the Wolfcamp formation, provided that on the date the third well as provided in Addendum "A" reaches total depth (the "Depth Pugh Date"), this agreement shall be limited to and only include those depths from the base of the Bell Canyon formation to 300 feet true vertical depth below the deepest depth reached by the horizontal lateral of the deepest unit well measured between the first takepoint and the last takepoint (the "Revised Unitized Interval"). Further, on that date, the State Leases described on Exhibit "A" attached shall be amended such that, unless otherwise held in force and effect, such State Leases shall terminate as to all depths in this pooled unit below the Revised Unitized Interval. It is further agreed that if Lessee is drilling, completing, or re-drilling, or recompleting a unit well on the Depth Pugh Date, then the Depth Pugh Date shall be delayed until operations on said well are complete, and the true vertical depth of such well shall be taken into consideration when determining the depths of the Revised Unitized Interval. Notwithstanding anything contained herein to the contrary both parties agree that should a conflict exist between this provision 3 and any provision of a State or Relinquishment Act Lease described on Exhibit "A" that this provision shall prevail and govern ("unitized interval").

POOLING AND EFFECT:

4.

The parties hereto commit all of their interests which are within the unit to the extent and as above described into said unit and unitize and pool hereunder the separate tracts described on the attached Exhibit "B", 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 Agreement. In the event the unitized area covered by this Agreement is maintained in force by drilling or reworking operations conducted on a directional or horizontal well drilled under the unitized area from a surface location on adjacent or adjoining lands not included within the boundaries of the unitized area, such operations shall be considered to have been commenced on the unitized area when drilling is commenced on the adjacent or adjoining land for the purpose of directionally drilling under the unitized area and production of oil or gas from the unitized area through any directional or horizontal well surfaced on adjacent or adjoining land or drilling or reworking of any such well shall be considered production or drilling or reworking operations, as the case may be, on the unitized area for all purposes under this Agreement. Nothing in this Agreement is intended or shall be construed as granting to Lessee any leasehold interest, easements, or other rights in or with respect to any such adjacent or adjoining land in addition to any such leasehold interests, easements, or other rights which the lessee, operator or other interest owner in the unitized area may have lawfully acquired from the state or others.
- (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 Agreement.

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- (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. Provided that, payments that are made on a per acre basis shall be reduced according to the number of acres pooled and included herein, so that payments made on a per acre basis shall be calculated based upon the number of acres actually included within the boundaries of the pooled unit covered by this Agreement.
- (e) A shut-in oil or gas well located upon any land or lease included within said unit shall be considered as a shut-in oil or gas well located upon each land or 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 provided in each State lease shall not be shared with other royalty owners.
- (f) Notwithstanding any other provision hereof, it is expressly agreed that each State lease may be maintained in force as to areas lying outside the unitized area described in Exhibit "B" only as provided in each such lease without regard to unit operations or unit production. Neither production of the pooled mineral, nor unit operations with respect thereto, nor the payment of shut-in royalties from a unit well, shall serve to hold any State lease in force as to any area outside the unitized area described in Exhibit "B" regardless of whether the production or operations on the unit are actually located on the State lease or not. "Area" as used in this paragraph shall be based upon surface acres to the end that, except as may otherwise be provided in each State Lease or this Agreement, the area inside the surface boundaries of the pooled unit, if held, will be held as to all depths and horizons.
- (g) 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 the number of acres included in the pooled unit, 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.
- (h) This Agreement shall not relieve Lessee from the duty of protecting the State leases described in Exhibit "A" and the State lands within the boundaries of the pooled unit described in Exhibit "B" from drainage from any well situated on privately owned land, lying outside the unitized area described in Exhibit "B", 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.
- (i) There shall be no obligation to drill internal offsets to any other well on separate tracts within the pooled unit, nor to develop the lands within the boundaries thereof separately, as to the pooled mineral.
- (j) Should this Agreement terminate for any cause, in whole or in part, 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 conditions 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 this 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 pooled unit, there shall be allocated to each tract committed to said unit that pro rata portion of the pooled mineral produced from the pooled 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 pooling or unitization agreement 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.

EFFECTIVE DATE:

7.

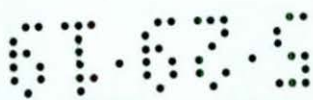
Upon execution by the Commissioner of the General Land Office of the State of Texas this Agreement shall become effective as of February 5, 2019.

TERM:

8.

This Agreement 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

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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 Agreement.

SPECIAL TERMS AND CONDITIONS:

9.

Notwithstanding anything contained herein to the contrary, this Agreement is subject to the terms and conditions of the attached Addendum "A".

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 Agreement 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 covered by this Agreement may be dissolved by Lessee, his 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 production on said 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 Agreement, nor the approval of this Agreement by the School Land Board, nor the execution of this Agreement by the Commissioner shall: (1) operate as a ratification or revivor of any State lease that has expired, terminated, or has been released in whole or in part or terminated under the terms of such State lease or the laws applicable thereto; (2) constitute a waiver or release of any claim for money, oil, gas or other hydrocarbons, or other thing due to the State by reason of the existence or failure of such lease; (3) constitute a waiver or release of any claim by the State that such lease is void or voidable for any reason, including, without limitation, violations of the laws of the State with respect to such lease or failure of consideration; (4) 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 (5) 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 Agreement 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 Agreement are executed, the executed pages, together with the pages necessary to show acknowledgments, may be combined with the other pages of this Agreement 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 Agreement upon the respective dates indicated below.

Date Executed 4/10/19

STATE OF TEXAS

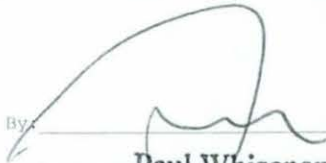
Legal
Content
Geology
Executive



By: 
George P. Bush, Commissioner
General Land Office

Date Executed 2/28/19

PDC PERMIAN, INC.

By: 
Paul Whisenand
Director of Land

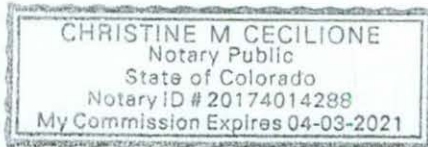
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07.03.5

STATE OF COLORADO

COUNTY OF Denver

This instrument was acknowledged before me on February 28, 2019, by Paul Whisenand
as Director of Land of PDC Permian, Inc., a Delaware corporation on
behalf of said corporation.



CM
Notary Public in and for the
State of Colorado

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 5th day of February, 2019, 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 5th day of April, 2019.

Stephanie Crenshaw
Secretary of the School Land Board

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Date Executed 3/27/2019

APR Operating LLC



By: D. Paul Colwell, II
Executive Vice-President

STATE OF TEXAS

COUNTY OF MIDLAND

This instrument was acknowledged before me on the 27th day of March, 2019, by D. Paul Colwell, II, as Executive Vice-President of APR Operating LLC, a Delaware Limited Liability Company, on behalf of said entity.

My commission expires:

2/27/2021


Notary Public in and for the
State of Texas



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67.024

Addendum "A"

To that certain Pooling Agreement for the Stoneman State 3927 Unit

The parties hereby agree that should a conflict exist between this Addendum and the body of the agreement that this Addendum shall prevail.

The pooled unit shall consist of all of the lands herein described in the attached Exhibit "B" and depicted in the attached plat as Exhibit "C". Lessee agrees to drill a minimum of three (3) horizontal wells within the unit, provided however that, should Lessee fail to meet the "Drilling Obligation Timeframe", as specifically defined below, then such unit shall remain in full force and effect as to any and all wells drilled upon the unit acreage, but shall shrink down to allow for a maximum size of 267 acres per well drilled in the unit, as close as is reasonably practicable to the shape of a rectangle surrounding the well or wells. In the event that Lessee chooses to drill wells ahead of the Drilling Obligation Timeframe detailed below, then Lessee shall not be penalized for doing so and shall still conserve the benefit of the Drilling Obligation Timeframe described below.

Drilling Obligation Timeframe:

Lessee shall have commenced actual Drilling Operations in the following manner:

First well	—	spud on or before July 1, 2019;
Second well	—	spud on or before December 31, 2019.
Third well	—	spud on or before three years from the spud date of the first unit well.

Once actual drilling operations have been commenced on a particular well, Lessee shall continue drilling and completion operations thereafter on such well with due diligence, as a reasonable prudent operator would under the same or similar circumstances. In an effort to prevent physical and economic waste, subject to the terms and provisions of the Leases, and rules and regulations of the Texas Railroad Commission or any other applicable regulatory agency, Lessee shall make every effort to drill each horizontal well with the longest productive lateral reasonably possible within the boundaries of the Unit.

In the event Lessee commences actual drilling operations on all three (3) wells committed to be drilled hereunder as provided above and such wells are thereafter completed as wells being capable of producing oil or gas in paying quantities, the parties hereby agree that the pooled unit shall remain in the original, unaltered size and shape as described in Exhibit "B" and depicted in Exhibit "C", in accordance with the terms of this Agreement.

End of Addendum "A"

True & Correct Copy of a
document on file at
Reeves County Texas,
Dianne O. Florez, County Clerk
Page 6 of 12



EXHIBIT "A"

ATTACHED TO AND MADE A PART OF THE APPROVED POOLING AGREEMENT FOR THE STONEMAN STATE 3927 UNIT.

Lease Number	MF Number	Lessor	Lessee	Lease Date	Book	Page
TXL00066.006	117292A	State of Texas, acting by and through its agents, James Robert Hill, Individually and as Trustee of the Houston and Emma Hill Trust Estate; Virginia Glenn Hill Lattimore, Individually and as Trustee of the Houston and Emma Hill Trust Estate; Houston and Emma Hill Trust Estate, John A. Styrsky, Trustee; GeoMar Resources, Inc.; Nancy Puff Jones Trust; Hill Investments, Ltd.; H-S Minerals & Realty, Ltd.; Thomas Hill Puff	Energen Resources Corporation	2/1/2015	1215	0682
TXL00066.007	117292C	State of Texas, acting by and through its agent, Alldale Minerals, LP	Energen Resources Corporation	4/1/2015	1215	0538
TXL00066.008	117652A	State of Texas, acting by and through its agent, Geraldine M. Tyll, as Trustee of the Mary A. Driscoll Revocable Living Trust	Energen Resources Corporation	3/31/2015	1215	0570
TXL00066.009	117292B	State of Texas, acting by and through its agent, Word B. Wilson Investments, LP	Energen Resources Corporation	6/10/2015	1215	0592
TXL00066.010	117652C	State of Texas, acting by and through its agent, Jack F. Cochran	Energen Resources Corporation	4/14/2015	1215	0581
TXL00066.011	117652B	State of Texas, acting by and through its agent, Nell Cochran Hastings	Energen Resources Corporation	4/9/2015	1215	0548
TXL00066.012	117652D	State of Texas, acting by and through its agent, Carrolle Cochran Hathaway	Energen Resources Corporation	4/15/2015	1215	0559
TXL00066.014	Pending	State of Texas, acting by and through its agent, Blairbax Energy, LLC	PDC Permian Inc.	10/22/2018	1714	0288
TXL00066.015	Pending	State of Texas, acting by and through its agent, Kennedy Minerals, LTD	PDC Permian Inc.	10/22/2018	1723	0392

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document on file at
Reeves County Texas,
Dianne O. Florez, County Clerk
Page 7 of 12

61-00-0

Lease Number	MF Number	Lessor	Lessee	Lease Date	Book	Page
TXL00066.016	Pending	State of Texas, acting by and through its agent, Midtex Royalty II LP	PDC Permian Inc.	10/22/2018	1719	0526
TXL00066.017	Pending	State of Texas, acting by and through its agent, Eb F. Luckel Jr.	PDC Permian, Inc.	12/5/2018	1717	0248
TXL00066.018	Pending	State of Texas, acting by and through its agent, Oak Valley Mineral and Land LP	PDC Permian, Inc.	10/22/2018	Pending	
TXL00066.019	Pending	State of Texas, acting by and through its agent, Susan Luckel Christie	PDC Permian, Inc.	12/5/2018	1714	0268
TXL00066.020	Pending	State of Texas, acting by and through its agent, The De Compiegne Property Co. No. 20, LTD	PDC Permian, Inc.	10/22/2018	Pending	
TXL00066.021	Pending	State of Texas, acting by and through its agent, M. Brad Bennett	PDC Permian, Inc.	12/5/2018	1723	0372
TXL00066.022	Pending	State of Texas, acting by and through its agent, Fred W. Shield and Company	PDC Permian, Inc.	10/22/2018	1719	0511
	Pending	State of Texas, acting by and through its agent, Bruno & Marshall Investments	PDC Permian, Inc.	10/22/2018	Pending	
TXL00104.000	118118	State of Texas 118118	Felix Energy Holdings	7/19/2016	1307	0670
	119686	State of Texas 119686	APR Operating LLC	10/2/2018	Pending	

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Reeves County Texas,
Dianne O. Florez, County Clerk
Page 8 of 12

67.025

EXHIBIT "B"

ATTACHED TO AND MADE A PART OF THE APPROVED POOLING AGREEMENT FOR THE STONEMAN STATE 3927 UNIT.

LEGAL DESCRIPTION:

SECTION 39, BLOCK 45, PUBLIC SCHOOL LAND SURVEY A-4050
SECTION 34, BLOCK 45, PUBLIC SCHOOL LAND SURVEY A-3654
SECTION 27, BLOCK 45, PUBLIC SCHOOL LAND SURVEY A-3675
REEVES COUNTY, TEXAS
CONTAINING 800.00 ACRES MORE OR LESS

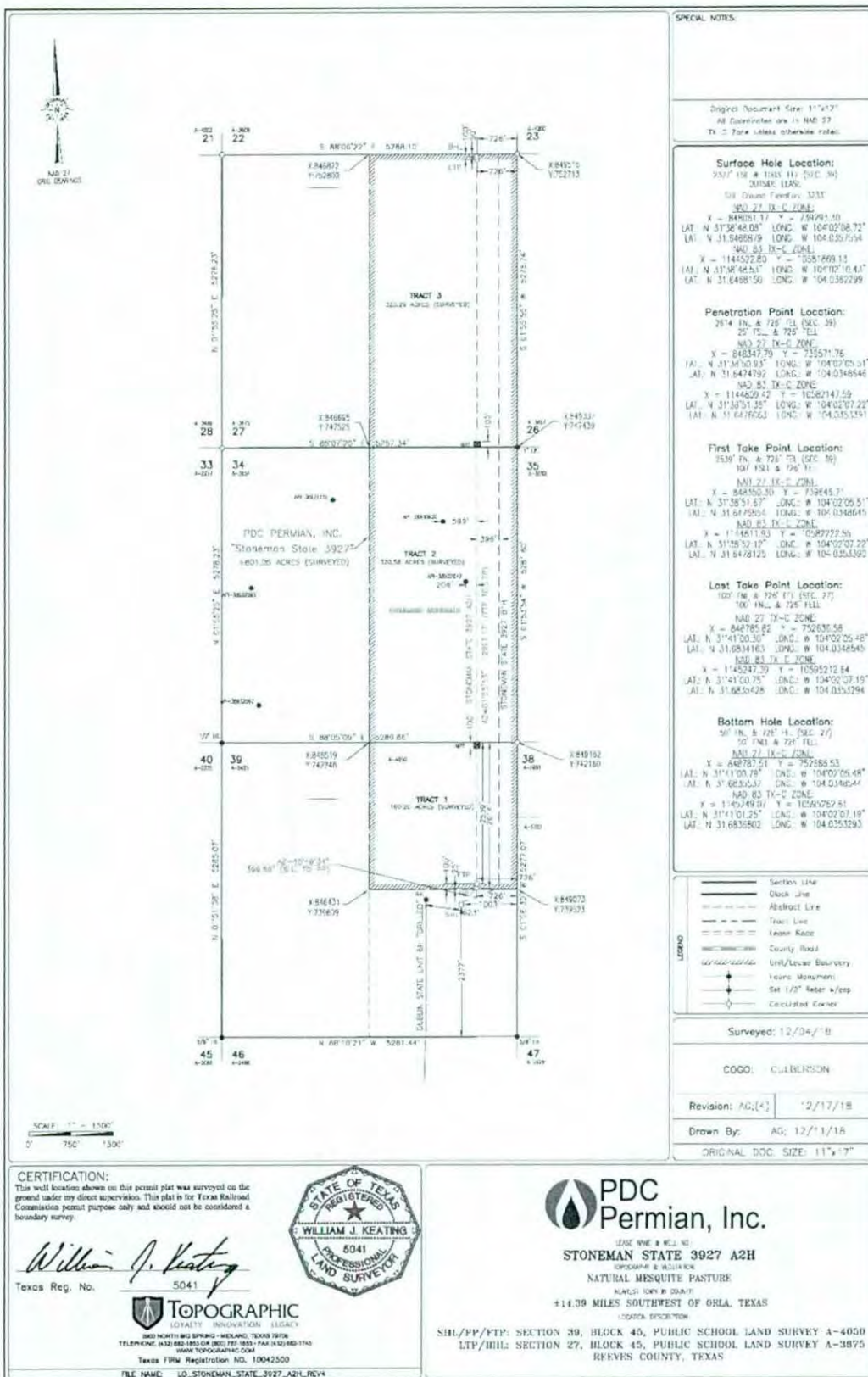


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document on file at
Reeves County Texas,
Dianne O. Florez, County Clerk
Page 9 of 12

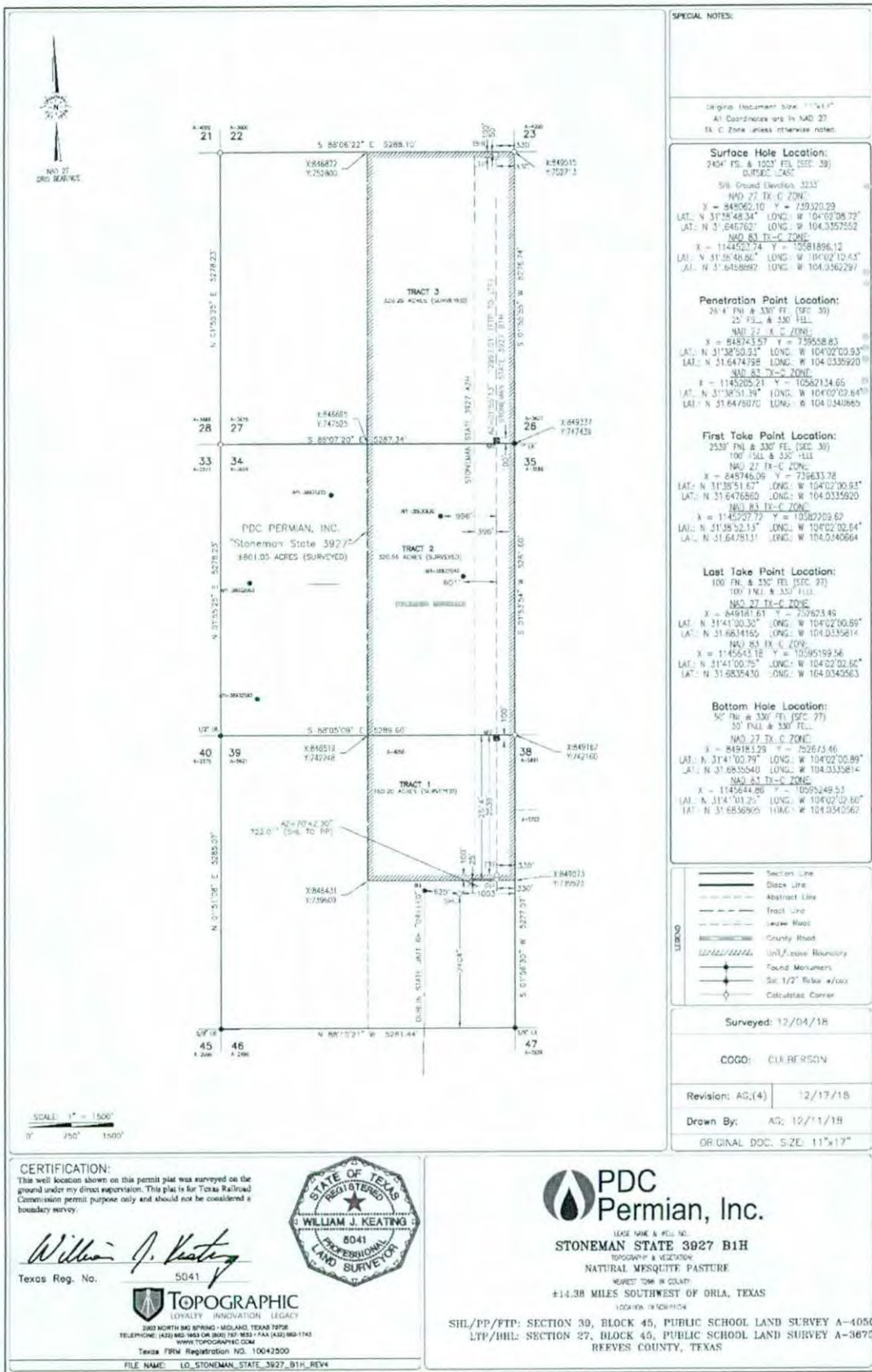
61.62.5

EXHIBIT "C"

ATTACHED TO AND MADE A PART OF THE APPROVED POOLING AGREEMENT FOR THE STONEMAN STATE 3927 UNIT.



True & Correct Copy of a
document on file at
Reeves County Texas,
Dianne O. Florez, County Clerk
Page 10 of 12



True & Correct Copy of a
document on file at
Reeves County Texas,
Dianne O. Florez, County Clerk
Page 11 of 12

35

File No. M-117292

Recorded Stoneham Unit County

Date Filed: 5/29/19

George P. Bush, Commissioner

By [Signature]

THE STATE OF TEXAS
COUNTY OF REEVES

I, Dianne O. Florez, Clerk of the County Court in and
for said County and State do hereby certify that the foregoing is a true and correct copy of
Booby Hargrove dated 19 May 2019
filed for record in my office this 9 day of May at
4:11 PM, under Clerk's File No. 19-07524, to be recorded in the
Official Public Records

Records of Reeves County, Texas.

TO CERTIFY WHICH, Witness my hand and official seal at Pecos, Texas
this 9 day of May, 2019.

By D. Florez, Deputy, DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS





MF119424
MF117492
MF117292
MF117652
MF119281
MF119996

NUM 10047

NADOA Model Form Division Order (Adopted 9/95)

THIRD REVISED DIVISION ORDER

To: **PDC Permian, Inc. d/b/a PDC Energy, Inc.**

Date: March 22, 2019

1775 Sherman Street, Suite 3000

Denver, CO 80203

Attn: Shelby McCloud (303) 831-3924 or Shelby.McCloud@pdce.com

Property Number: **142.104556**

Effective Date:

Property Name: **Sunnyside State 2 A1H**

Operator: PDC Permian, Inc.

County and State: Reeves, Texas

Property PUBLIC SCHOOL LAND, Blk: 45 Sec: 2

Description: SWSW (spacing: Section 2: All - 640 acres)

Production: X Oil X Gas X Other: all products

Owner Name

OWNER NUMBER: 79006

and Address:

Commissioner Of State Of Texas General Land Office

Type of Interest: ERI

1700 Congress Avenue Stephen F Austin State Office Bldg

Decimal Interest: 0.12574219

Austin, TX 78701-1495

The undersigned certifies the ownership of their decimal interest in production or proceeds as described above payable by **PDC Permian, Inc. d/b/a PDC Energy Inc.** (Payor).

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 \$25.00, or pay yearly whichever occurs first, 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.

Special Clauses: *(None or See Attached Exhibit)*

Owner(s) Signature(s):

Commissioner Of State Of Texas General Land Office

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

Owner Daytime Telephone: _____

Owner Email Address: _____

Federal Law requires you to furnish your Social Security or Taxpayer Identification Number.
Failure to comply will result in 24% tax withholding and will not be refundable by Payor

SEM

Retain this copy for your records

**REVISED DIVISION ORDER**To: **PDC Permian, Inc. d/b/a PDC Energy, Inc.**

Date: March 22, 2019

1775 Sherman Street, Suite 3000

Denver, CO 80203

Attn: Shelby McCloud (303) 831-3924 or Shelby.McCloud@pdce.com

Property Number: 142.105068

Effective Date:

Property Name: Sunnyside State 2 B2H

Operator: PDC Permian, Inc.

County and State: Reeves, Texas

Property PUBLIC SCHOOL LAND, Blk: 45 Sec: 2

Description: SWSW (spacing: Section 2: All - 640 acres)

Production: ☒ X ☐ Oil ☒ X ☐ Gas ☒ X Other: ☒ all products

Owner Name

OWNER NUMBER: 79006

and Address:

Commissioner Of State Of Texas General Land Office

Type of Interest: ERI

1700 Congress Avenue Stephen F Austin State Office Bldg

Decimal Interest: 0.12574219

Austin, TX 78701-1495

The undersigned certifies the ownership of their decimal interest in production or proceeds as described above payable by **PDC Permian, Inc. d/b/a PDC Energy Inc. (Payor)**.

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 \$25.00, or pay yearly whichever occurs first, 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.

Special Clauses: (None or See Attached Exhibit)

Owner(s) Signature(s):

Commissioner Of State Of Texas General Land Office

Owner(s) SSN/Tax I.D. Number(s):

Owner Daytime Telephone:

Owner Email Address:

Federal Law requires you to furnish your Social Security or Taxpayer Identification Number.
Failure to comply will result in 24% tax withholding and will not be refundable by Payor

**REVISED DIVISION ORDER**To: **PDC Permian, Inc. d/b/a PDC Energy, Inc.**

Date: March 22, 2019

1775 Sherman Street, Suite 3000

Denver, CO 80203

Attn: Shelby McCloud (303) 831-3924 or Shelby.McCloud@pdce.comProperty Number: **142.105069**

Effective Date:

Property Name: **Sunnyside State 2 A3H**

Operator: PDC Permian, Inc.

County and State: Reeves, Texas

Property PUBLIC SCHOOL LAND, Blk: 45 Sec: 2

Description: SWSW (spacing: Section 2: All - 640 acres)

Production: X Oil X Gas X Other: all products

Owner Name

OWNER NUMBER: 79006

and Address:

Commissioner Of State Of Texas General Land Office

Type of Interest: ERI

1700 Congress Avenue Stephen F Austin State Office Bldg

Decimal Interest: 0.12574219

Austin, TX 78701-1495

The undersigned certifies the ownership of their decimal interest in production or proceeds as described above payable by **PDC Permian, Inc. d/b/a PDC Energy Inc.** (Payor).

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 \$25.00, or pay yearly whichever occurs first, 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.

Special Clauses: *(None or See Attached Exhibit)*

Owner(s) Signature(s):

Commissioner Of State Of Texas General Land Office

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

Owner Daytime Telephone: _____

Owner Email Address: _____

Federal Law requires you to furnish your Social Security or Taxpayer Identification Number.
Failure to comply will result in 24% tax withholding and will not be refundable by Payor



Corporate Office
1775 Sherman Street, #3000
Denver, Colorado 80203
303.860.5800
www.pdce.com

March 22, 2019

Re: Third Revised Division Order for the Sunnyside State 2 A1H and Revised Division Orders for the Sunnyside 2 B2H plus Sunnyside 2 A3H wells
Reeves County, TX

**See division order for legal description specific for the well

Dear Interest Owner:

We are aware that government agencies are not required to execute Division Orders; however, we are sending you a copy so you can verify the information and notify us if there is a problem.

Please refer to our well number and your owner number in any communication with our company so that we can respond promptly.

If you have any questions, with regards to the above, please feel free to contact me via e-mail: Shelby.McCloud@pdce.com or on my direct line: 303-831-3924. Changes in ownership or address should also be directed to my attention.

If you have questions pertaining to revenue or revenue checks, please contact the Revenue Department at the Bridgeport Office (304-842-3597).

Sincerely,

A handwritten signature in blue ink, appearing to read "Shelby McCloud".

Shelby McCloud
Division Order Team Lead (Permian)

/seb
enclosures



INSTRUCTIONS TO ALL INTEREST OWNERS

Dear Interest Owner,

PDC Permian, Inc. d/b/a PDC Energy, Inc. has enclosed a Division Order for your execution.

The attached document should not be altered in any way except to correct spelling errors, unless accompanied by documentary evidence to support the change.

If your name and interest are correctly shown:

1. Sign your name as shown on the Division Order.
2. If your name has changed due to marriage or divorce, execute the Division Order using your present name and furnish a copy of the marriage certificate or divorce decree.
3. If signing for a corporation, signature must be attested, corporate seal fixed and title of signatory party reflected.
4. If signed by agent, attorney-in-fact, guardian or any party other than the named interest owner, a certified copy of the power of attorney or other evidence of such party's right to sign must be furnished.
5. Your correct mailing address should be noted in the space provided to insure prompt receipt of production proceeds.
6. The top copy or the "Original" of the Division Order should be returned to:

**PDC Permian, Inc. d/b/a PDC Energy, Inc.
1775 Sherman Street, Suite 3000
Denver, Colorado 80203
Attn: Shelby McCloud**

7. Should you have any further questions regarding the enclosed Division Order, please contact PDC Permian, Inc. d/b/a PDC Energy, Inc. at (303) 860-5836 or (888) 860-5836.
8. Please DO NOT DETACH the exhibit from the Division Order or Transfer Order if one is included.



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

June 27, 2019

Shelby McCloud
Division Order Team Lead
PDC Permian, Inc.
1775 Sherman Street, Suite 3000
Denver, Colorado 80203

Re: State Lease Nos. MF117292, MF117652, MF119281, MF119424 and MF119996
Sunnyside State 2 A1H, B2H and A3H NUML 10047

Dear Mrs. McCloud:

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

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

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

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

Thank you,

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

File No. MF117292

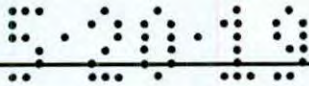
Reeves County

Division Order

Date Filed: 7/2/19

George P. Bush, Commissioner

vg



MF117292 ✓

NADOA Model Form Division Order (Adopted 9/95)

MF117652 MF119281 MF119424

FOURTH REVISED DIVISION ORDER MF119996

To: **PDC Permian, Inc. d/b/a PDC Energy, Inc.**

Date: May 15, 2019

1775 Sherman Street, Suite 3000

Denver, CO 80203

Attn: Shelby McCloud (303) 831-3924 or Shelby.McCloud@pdce.com

Property Number: 142.104556

Effective Date:

Property Name: Sunnyside State 2 A1H

Operator: PDC Permian, Inc.

County and State: Reeves, Texas

Property: PUBLIC SCHOOL LAND, Blk: 45 Sec: 2

Description: SWSW (spacing: Section 2: All - 640 acres)

Production: ☒ Oil ☒ Gas ☒ Other: all products

Owner Name

OWNER NUMBER: 79006

and Address:

Commissioner Of State Of Texas General Land Office

Type of Interest: ERI

1700 Congress Avenue Stephen F Austin State Office Bldg

Decimal Interest: 0.12552083

Austin, TX 78701-1495

The undersigned certifies the ownership of their decimal interest in production or proceeds as described above payable by **PDC Permian, Inc. d/b/a PDC Energy Inc.** (Payor).

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 \$25.00, or pay yearly whichever occurs first, 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.

Special Clauses: *(None or See Attached Exhibit)*

Owner(s) Signature(s):

Commissioner Of State Of Texas General Land Office

Owner(s) SSN/Tax I.D. Number(s):

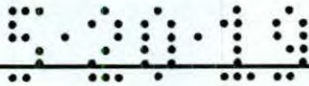
Owner Daytime Telephone:

Owner Email Address:

Federal Law requires you to furnish your Social Security or Taxpayer Identification Number.
Failure to comply will result in 24% tax withholding and will not be refundable by Payor

SEM

Retain this copy for your records

**SECOND REVISED DIVISION ORDER**To: **PDC Permian, Inc. d/b/a PDC Energy, Inc.**

Date: May 15, 2019

1775 Sherman Street, Suite 3000

Denver, CO 80203

Attn: Shelby McCloud (303) 831-3924 or Shelby.McCloud@pdce.com

Property Number: 142.105068

Effective Date:

Property Name: Sunnyside State 2 B2H

Operator: PDC Permian, Inc.

County and State: Reeves, Texas

Property: PUBLIC SCHOOL LAND, Blk: 45 Sec: 2

Description: SWSW (spacing: Section 2: All - 640 acres)

Production: ☒ X Oil ☒ X Gas ☒ X Other: all products

Owner Name

OWNER NUMBER: 79006

and Address:

Commissioner Of State Of Texas General Land Office

Type of Interest: ERI

1700 Congress Avenue Stephen F Austin State Office Bldg

Decimal Interest: 0.12552083

Austin, TX 78701-1495

The undersigned certifies the ownership of their decimal interest in production or proceeds as described above payable by **PDC Permian, Inc. d/b/a PDC Energy Inc.** (Payor).

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 \$25.00, or pay yearly whichever occurs first, 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.

Special Clauses: *(None or See Attached Exhibit)*

Owner(s) Signature(s):

Commissioner Of State Of Texas General Land Office

Owner(s) SSN/Tax I.D. Number(s):

Owner Daytime Telephone:

Owner Email Address:

Federal Law requires you to furnish your Social Security or Taxpayer Identification Number.
Failure to comply will result in 24% tax withholding and will not be refundable by Payor

**SECOND REVISED DIVISION ORDER**To: **PDC Permian, Inc. d/b/a PDC Energy, Inc.**

Date: May 15, 2019

1775 Sherman Street, Suite 3000

Denver, CO 80203

Attn: Shelby McCloud (303) 831-3924 or Shelby.McCloud@pdce.com

Property Number: 142.105069

Effective Date:

Property Name: Sunnyside State 2 A3H

Operator: PDC Permian, Inc.

County and State: Reeves, Texas

Property: PUBLIC SCHOOL LAND, Blk: 45 Sec: 2

Description: SWSW (spacing: Section 2: All - 640 acres)

Production: ☒ Oil ☒ Gas ☒ Other: all products

Owner Name

OWNER NUMBER: 79006

and Address:

Commissioner Of State Of Texas General Land Office

Type of Interest: ERI

1700 Congress Avenue Stephen F Austin State Office Bldg

Decimal Interest: 0.12552083

Austin, TX 78701-1495

The undersigned certifies the ownership of their decimal interest in production or proceeds as described above payable by **PDC Permian, Inc. d/b/a PDC Energy Inc.** (Payor).

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 \$25.00, or pay yearly whichever occurs first, 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.

Special Clauses: *(None or See Attached Exhibit)*

Owner(s) Signature(s):

Commissioner Of State Of Texas General Land Office

Owner(s) SSN/Tax I.D. Number(s):

Owner Daytime Telephone:

Owner Email Address:

Federal Law requires you to furnish your Social Security or Taxpayer Identification Number.
Failure to comply will result in 24% tax withholding and will not be refundable by Payor



**PDC
ENERGY**

2019

Corporate Office

1775 Sherman Street, #3000
Denver, Colorado 80203
303.860.5800
www.pdce.com

May 15, 2019

Re: Fourth Revised Division Order for the Sunnyside State 2 A1H and Second Revised Division Orders for the Sunnyside 2 B2H plus Sunnyside 2 A3H wells
Reeves County, TX

Dear Interest Owner:

We are aware that government agencies are not required to execute Division Orders; however, we are sending you a copy so you can verify the information and notify us if there is a discrepancy.

Please refer to our well number and your owner number in any communication with our company so that we can respond promptly.

If you have any questions, with regards to the above, please feel free to contact me via e-mail: Shelby.McCloud@pdce.com or on my direct line: 303-831-3924. Changes in ownership or address should also be directed to my attention.

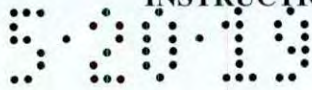
If you have questions pertaining to revenue or revenue checks, please contact the Revenue Department at the Bridgeport Office (304-842-3597).

Sincerely,

Shelby McCloud
Division Order Team Lead (Permian)

INSTRUCTIONS TO ALL INTEREST OWNERS

Dear Interest Owner,



PDC Permian, Inc. d/b/a PDC Energy, Inc. has enclosed a Division Order for your execution.

The attached document should not be altered in any way except to correct spelling errors, unless accompanied by documentary evidence to support the change.

If your name and interest are correctly shown:

1. Sign your name as shown on the Division Order.
2. If your name has changed due to marriage or divorce, execute the Division Order using your present name and furnish a copy of the marriage certificate or divorce decree.
3. If signing for a corporation, signature must be attested, corporate seal fixed and title of signatory party reflected.
4. If signed by agent, attorney-in-fact, guardian or any party other than the named interest owner, a certified copy of the power of attorney or other evidence of such party's right to sign must be furnished.
5. Your correct mailing address should be noted in the space provided to insure prompt receipt of production proceeds.
6. The top copy or the "Original" of the Division Order should be returned to:

PDC Permian, Inc. d/b/a PDC Energy, Inc.
1775 Sherman Street, Suite 3000
Denver, Colorado 80203
Attn: Shelby McCloud

7. Should you have any further questions regarding the enclosed Division Order, please contact PDC Permian, Inc. d/b/a PDC Energy, Inc. at (303) 860-5836 or (888) 860-5836.
8. Please DO NOT DETACH the exhibit from the Division Order or Transfer Order if one is included.



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

August 16, 2019

Shelby McCloud
Division Order Team Lead
PDC Permian, Inc.
1775 Sherman Street, Suite 3000
Denver, Colorado 80203

Re: State Lease Nos. MF117292, MF117652, MF119281, MF119424 and MF119996
Sunnyside State 2 A1H, B2H and A3H NUML 10047

Dear Mrs. McCloud:

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

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

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

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

Thank you,

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

File No. MF117292Reeves CountyDivision OrderDate Filed: 8-20-19

George P. Bush, Commissioner

By VB



Unit 9797
MF118118 MF117292 MF119686
MF117652
DIVISION ORDER

To: **PDC Permian, Inc. d/b/a PDC Energy**

Date: July 24, 2019

1775 Sherman Street, Suite 3000

Denver, CO 80203

Attn: Division Orders (888) 860-5836 or DODept@pdcc.com

Property Number: 142.105120 ; 142.105121

Effective Date: June 13, 2019 ; June 7, 2019

Property Name: Stoneman State 3927 B1H ; Stoneman State 3927 A2H

Operator: PDC Permian, Inc.

County and State: Reeves, Texas

Property: PUBLIC SCHOOL LAND, Blk: 45

Description: SECTION 45: E2 ; SECTION 34: E2 ; SECTION 39: NE4

Production: ☒ X Oil ☒ X Gas ☒ X Other: all products

Owner Name

OWNER NUMBER: 79006

and Address:

Commissioner Of State Of Texas General Land

Type of Interest: ERI

1700 Congress Ave

Decimal Interest: 0.20018657

Austin, TX 78701-1495

The undersigned certifies the ownership of their decimal interest in production or proceeds as described above payable by **PDC Permian, Inc. d/b/a PDC Energy** (Payor).

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 \$25.00, or pay yearly whichever occurs first, 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 persons 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.

Special Clauses: (None or See Attached Exhibit)

Owner(s) Signature(s):

Commissioner Of State Of Texas

Owner(s) SSN/Tax I.D. Number(s):

Owner Daytime Telephone:

Owner Email Address:

Federal Law requires you to furnish your Social Security or Taxpayer Identification Number.
Failure to comply will result in 24% tax withholding and will not be refundable by Payor



Corporate Office
1775 Sherman Street, #3000
Denver, Colorado 80203
303.860.5800
www.pdce.com

July 25, 2019

Re: Division Order for the Newly Producing Stoneman State 3927 B1H (142.105120) and
Stoneman State 3927 A2H (142.105121) wells
Reeves County, TX
**See division order for legal description the wells
** Effective date is the date of first production of the wells

Dear Interest Owner:

PDC Permian, Inc. d/b/a PDC Energy ("PDC") is the operator of the above referenced wells which have been completed and began producing.

Please verify your interest and follow the enclosed "Instructions to All Interest Owners" for executing and returning one copy of the Division Order to this office within a timely manner from receipt of this letter. The additional copy of the Division Order is for your records. A self-addressed stamped envelope has been provided for your convenience.

If we are paying you on another well, we have placed your account into automatic pay status. If we are not paying you on another well; once we receive your signed Division Order, we will place all wells into pay status.

Should you have any questions, please feel free to contact via e-mail: DODept@pdce.com or: 888-860-5836. Please refer to our well numbers and your owner number in any communication with our company so that we can respond promptly. Changes in ownership or address should also be directed to my attention.

If you have questions pertaining to revenue or revenue checks, please contact the Revenue Department at the Bridgeport Office (304-842-3597).

Sincerely,

A handwritten signature in blue ink, appearing to read "Morgan McCabe".

Morgan McCabe
Division Order Analyst I

INSTRUCTIONS TO ALL INTEREST OWNERS

Dear Interest Owner,

PDC Permian, Inc. d/b/a PDC Energy has enclosed a Division Order for your execution.

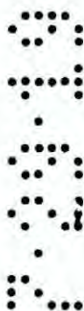
The attached document should not be altered in any way except to correct spelling errors, unless accompanied by documentary evidence to support the change.

If your name and interest are correctly shown:

1. Sign your name as shown on the Division Order.
2. If your name has changed due to marriage or divorce, execute the Division Order using your present name and furnish a copy of the marriage certificate or divorce decree.
3. If signing for a corporation, signature must be attested, corporate seal fixed and title of signatory party reflected.
4. If signed by agent, attorney-in-fact, guardian or any party other than the named interest owner, a certified copy of the power of attorney or other evidence of such party's right to sign must be furnished.
5. Your correct mailing address should be noted in the space provided to insure prompt receipt of production proceeds.
6. The top copy or the "Original" of the Division Order should be returned to:

PDC Permian, Inc. d/b/a PDC Energy
1775 Sherman Street, Suite 3000
Denver, Colorado 80203
Attn: Division Orders

7. Should you have any further questions regarding the enclosed Division Order, please contact PDC Permian, Inc. d/b/a PDC Energy at (303) 860-5836 or (888) 860-5836.
8. Please DO NOT DETACH the exhibit from the Division Order or Transfer Order if one is included.





TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

October 31, 2019

Morgan McCabe
Division Order Analyst
PDC Permian, Inc.
1775 Sherman Street, Suite 3000
Denver, Colorado 80203

Re: State Lease Nos. MF118118, MF117652, MF117292 and MF119686 Stoneman State 3927
B1H and A2H Unit 9797

Dear Mrs. McCabe:

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

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

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

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

Thank you,

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

File No. MF117292

Reeves County

Division Order

Date Filed: 12/4/19

George P. Bush, Commissioner

By VR

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Resolute Natural Resources
Company LLC
202 S Cheyenne Ave Ste 1000
Tulsa, OK 74103-3001



9590 9402 1749 6074 7752 54

2. Article Number (Transfer from service label)

7016 2070 0000 7391 0360

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

Justin Wallace

☐ Agent☒ Addressee

B. Received by (Printed Name)

JUSTIN WALLACE

C. Date of Delivery

11-08-19

D. Is delivery address different from item 1? ☐ YesIf YES, enter delivery address below: ☐ No

MF 117292

3. Service Type

- ☐ Adult Signature
- ☐ Adult Signature Restricted Delivery
- ☐ Certified Mail®
- ☐ Certified Mail Restricted Delivery
- ☐ Collect on Delivery
- ☐ Collect on Delivery Restricted Delivery
- ☐ Insured Mail

- ☐ Priority Mail Express®
- ☐ Registered Mail™
- ☐ Registered Mail Restricted Delivery
- ☐ Return Receipt for Merchandise
- ☐ Signature Confirmation™
- ☐ Signature Confirmation Restricted Delivery

Mail Restricted Delivery
)

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
Domestic Mail Only

For delivery information, visit our website at www.usps.com®.

OFFICIAL USE

Certified Mail Fee

\$

Extra Services & Fees (check box, add fee as appropriate)

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

Postage

\$

Total Postage and Fees

\$

Sent To

Street and Apt. No. or PO Box No.

City, State, ZIP+4®

Resolute Natural Resources Company LLC
202 S Cheyenne Ave, Ste 1000
Tulsa, OK 74103-3001

MF 115405

MF 115502

MF 116096

Postmark

Here

MF 117292

MF 118165

MF 118666

MF 119091

7016 2070 0000 7391 0360



Texas General Land Office

Reconciliation Billing

George P. Bush, Commissioner

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

COPY

Resolute Natural Resources Company, LLC
202 S Cheyenne Ave, Ste 1000
Tulsa, OK 74103-3001

Billing Date: 11/12/2019
Billing Due Date: 12/12/2019
Customer Number: C000051892

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
20I00135	MF115405	\$0.00	\$7,742.72	\$774.28	\$433.32	\$8,950.32
20I00136	MF115502	\$0.00	\$7,307.78	\$730.78	\$409.02	\$8,447.58
20I00137	MF116096	\$0.00	\$6,037.22	\$603.73	\$337.74	\$6,978.69
20I00138	MF117292	\$0.00	\$41,350.91	\$4,135.09	\$2,314.47	\$47,800.47
20I00143	MF118165	\$0.00	\$23,603.27	\$2,360.33	\$1,320.47	\$27,284.07
20I00146	MF118666	\$0.00	\$418.00	\$78.73	\$23.39	\$520.12
20I00147	MF119091	\$0.00	\$545.85	\$87.62	\$30.54	\$664.01
Total Due		\$0.00	\$87,005.75	\$8,770.56	\$4,868.95	\$100,645.26

Penalty and interest have been calculated thru 11/30/2019. Payment remitted after 11/30/2019 will result in additional penalty and interest charges.

Contact Info: Andrea Charlton (512) 463-5190 or Andrea.Charlton@GLO.TEXAS.GOV

NOTICE

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

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

Detach and return with payment

Reconciliation Billing

Resolute Natural Resources Company, LLC

Billing Date: 11/12/2019

Billing Due Date: 12/12/2019

Customer Number: C000051892

Remit Payment To:

Texas General Land Office

PO Box 12873

Austin, TX 78711-2873

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
20I00135	MF115405	\$0.00	\$7,742.72	\$774.28	\$433.32	\$8,950.32
20I00136	MF115502	\$0.00	\$7,307.78	\$730.78	\$409.02	\$8,447.58
20I00137	MF116096	\$0.00	\$6,037.22	\$603.73	\$337.74	\$6,978.69
20I00138	MF117292	\$0.00	\$41,350.91	\$4,135.09	\$2,314.47	\$47,800.47



Texas General Land Office

George P. Bush, Commissioner

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

20I00143	MF118165	\$0.00	\$23,603.27	\$2,360.33	\$1,320.47	\$27,284.07
20I00146	MF118666	\$0.00	\$418.00	\$78.73	\$23.39	\$520.12
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Total Due		\$0.00	\$87,005.75	\$8,770.56	\$4,868.95	\$100,645.26
Amt. Paid						

Energy Financial Management
SMAR Activity / Invoicing Approval

Auditor/Account Examiner: Andrea Charlton
Company Name:
Customer Number: C000051892
Mineral File #: MF117292 Unit 8788
Transaction Type: Volume Reconciliation
Other / Invoice #:

Previous Amount	Current Amount	Date	AE / Reviewer's Notes	Reviewer's Signature	AR Notes
	\$47,800.47	10/30/19	Under reported/paid sales volumes & Under reported volumes	MM 11/5/2019 	
			To include interest with cancellation		

All original invoices must be approved.

All reductions in billing of more than \$1000 must be approved.

Customer ID: C000051892
 Invoice Number:
 GLO Lease: MF117292
 GLO Review: RESOLUTE NATURAL RES. CO., LLC
 Review Period: SEPT 2016 Through AUG 2017

Category: Oil
 Auditor/AE: Acharito
 Billing Date: 11/1/2019
 P&I Calculation Date: 11/30/2019
 Royalty Rate: 12.50%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Particip	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Ro	Number of Da	Interest Rate For	Penalty Rate For	Interest Rate For	Revenue Due
Jul-18	08-284869	0	1.00000000	0.000000	1.000000	\$75,295.13	\$9,411.89	\$0.00	\$9,411.89	451	5.50%	\$941.19	\$555.95	\$10,909.03
Jul-18	08-284869	476	1.00000000	60.636000	1.000000	\$28,862.74	\$3,607.84	\$0.00	\$3,607.84	451	5.50%	\$360.78	\$213.11	\$4,181.73
Aug-18	08-284869	4,142	1.00000000	54.719800	1.000000	\$226,649.41	\$28,331.18	\$0.00	\$28,331.18	421	5.50%	\$2,833.12	\$1,545.41	\$32,709.71
TOTALS		4,618				\$330,807.28	\$41,350.91	\$0.00	\$41,350.91			\$4,135.09	\$2,314.47	\$47,800.47

ATTENTION: Mary Jane Russell
 CERTIFIED MAIL : 7016 2070 0000 7391 0360

COMMENTS: SALES VOLUMES REPORTED TO THE GLO WERE COMPARED TO VOLUMES REPORTED TO THE RRC.
 IT HAS BEEN DETERMINED THAT THE SALES VOLUMES HAVE BEEN UNDER PAID,
 DUE VS PAID NON-PAYMENT FOR 07/2018.

COLUMN (3) RRC VOLUME - REPRESENTS UNDER REPORTED SALES VOLUMES TO THE GLO FROM RRC WELL ID# 08-284869 08 285457 08-285898 08-284864 08285784

COLUMN (3) DUE VS PAID ROYALTY UNDER PAYMENT FOR JULY 2018

COLUMN (5) PRICE - TAKEN FROM PRODUCTION ROYALTY REPORTS SUBMITTED TO THE TEXAS GENERAL LAND OFFICE

COLUMN (13)(14)(15) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:
<http://www.glo.texas.gov/energy-business/oil-gas/rac/forms/penalty-interest-assessment-rules.pdf>

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

39

File No. MF117292

County

Reconciliation Billing

Date Filed: 11/12/19 1/27/2020

George P. Bush, Commissioner

By VD

RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION

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

PERMIT NUMBER 845652	DATE PERMIT ISSUED OR AMENDED (AMENDED) Jan 03, 2019	DISTRICT * 08
API NUMBER 42-389-37680	FORM W-1 RECEIVED Dec 27, 2018	COUNTY REEVES
TYPE OF OPERATION NEW DRILL	WELLBORE PROFILE(S) Horizontal	ACRES 801.05
OPERATOR PDC PERMIAN, INC. 1775 SHERMAN ST STE 3000 DENVER, CO 80203-0000		NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No: (432) 684-5581
LEASE NAME STONEMAN STATE 3927		WELL NUMBER B 1H
LOCATION 14.38 miles SW direction from ORLA		TOTAL DEPTH 12000
Section, Block and/or Survey SECTION ◀ 39 BLOCK ◀ 45 ABSTRACT ◀ 4050 SURVEY ◀ PSL/SLACK, K		
DISTANCE TO SURVEY LINES 2404 ft. SUOTH 1003 ft. EAST		DISTANCE TO NEAREST LEASE LINE 100 ft.
DISTANCE TO LEASE LINES 2404 ft. SUOTH 1003 ft. EAST		DISTANCE TO NEAREST WELL ON LEASE See FIELD(s) Below
FIELD(s) and LIMITATIONS: * SEE FIELD DISTRICT FOR REPORTING PURPOSES *		
FIELD NAME LEASE NAME	ACRES NEAREST LEASE	DEPTH NEAREST WE
PHANTOM (WOLFCAMP) STONEMAN STATE 3927	801.05 100	12,000 0
WELLBORE PROFILE(s) FOR FIELD: Horizontal		
RESTRICTIONS: No perforations or take points may be placed in the wellbore where a "NO PERF ZONE" was designated on the plat that was approved for this permit. If at such time the NPZ's are no longer applicable, then an amended permit will be required to remove the NPZ restriction before completing the well. This is a hydrogen sulfide field. Hydrogen Sulfide Fields with perforations must be isolated and tested per State Wide Rule 36 and a Form H-9 filed with the district office. Fields with SWR 10 authority to downhole commingle must be isolated and tested individually prior to commingling production. Lateral: TH1 Penetration Point Location Lease Lines: 25.0 F SOUTH L 330.0 F EAST L Terminus Location BH County: REEVES Section: 27 Block: 45 Abstract: 3675 Survey: PSL / MASARWEH, TONY Lease Lines: 50.0 F NORTH L 330.0 F EAST L Survey Lines: 50.0 F NORTH L 330.0 F EAST L		

RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION

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

PERMIT NUMBER 845652	DATE PERMIT ISSUED OR AMENDED (AMENDED) Jan 03, 2019	DISTRICT * 08
API NUMBER 42-389-37680	FORM W-1 RECEIVED Dec 27, 2018	COUNTY REEVES
TYPE OF OPERATION NEW DRILL	WELLBORE PROFILE(S) Horizontal	ACRES 801.05
OPERATOR PDC PERMIAN, INC. 1775 SHERMAN ST STE 3000 DENVER, CO 80203-0000		NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No: (432) 684-5581
LEASE NAME STONEMAN STATE 3927		WELL NUMBER B 1H
LOCATION 14.38 miles SW direction from ORLA		TOTAL DEPTH 12000
Section, Block and/or Survey SECTION ◀ 39 BLOCK ◀ 45 ABSTRACT ◀ 4050 SURVEY ◀ PSL/SLACK, K		
DISTANCE TO SURVEY LINES 2404 ft. SUOTH 1003 ft. EAST		DISTANCE TO NEAREST LEASE LINE 100 ft.
DISTANCE TO LEASE LINES 2404 ft. SUOTH 1003 ft. EAST		DISTANCE TO NEAREST WELL ON LEASE See FIELD(s) Below
FIELD(s) and LIMITATIONS: * SEE FIELD DISTRICT FOR REPORTING PURPOSES *		
FIELD NAME LEASE NAME	ACRES NEAREST LEASE	DEPTH NEAREST WE
WELL # DIST		
THE FOLLOWING RESTRICTIONS APPLY TO ALL FIELDS This well shall be completed and produced in compliance with applicable special field or statewide spacing and density rules. If this well is to be used for brine mining, underground storage of liquid hydrocarbons in salt formations, or underground storage of gas in salt formations, a permit for that specific purpose must be obtained from Environmental Services prior to construction, including drilling, of the well in accordance with Statewide Rules 81, 95, and 97. This well must comply to the new SWR 3.13 requirements concerning the isolation of any potential flow zones and zones with corrosive formation fluids. See approved permit for those formations that have been identified for the county in which you are drilling the well in. The designated interval for one or more of the fields approved in this permit appears to overlap with the designated interval of another field or fields in this district. In the case of conflicting designated intervals you will be required to be consistent in field designation on this lease. Further, if the designated interval overlap of wells on this lease results in an actual or potential double assignment of reservoir and the applicant cannot conclusively demonstrate that there is no double assignment, the permitted well may not be assigned an allowable until the conflict is resolved. Because of the overlapping designated intervals in this area, issuance of this permit does not guarantee that the completion of the well will be approved or that the well will receive an allowable in any given field, even if that field is listed on the approved permit application.		



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

REEVES (389) County

Formation	Shallow Top	Deep Top	Remarks	Geological Order	Effective Date
FORD-DELAWARE	2,500	2,500		1	12/17/2013
CASTILLE	2,800	2,800		2	12/17/2013
BELL CANYON	4,800	5,000		3	12/17/2013
DELAWARE	2,500	5,700		4	12/17/2013
DELAWARE CONSOLIDATED GAS	6,500	6,500		5	12/17/2013
CHERRY CANYON	3,800	7,800		6	12/17/2013
BONE SPRINGS	7,500	9,800		7	12/17/2013
PERMIAN	11,300	11,300		8	12/17/2013
WOLFCAMP	10,000	12,300		9	12/17/2013
PENNSYLVANIAN	11,000	14,900		10	12/17/2013
MISSISSIPPIAN	10,000	16,000		11	12/17/2013
DEVONIAN	13,600	17,800		12	12/17/2013
FUSSELMAN	14,000	17,800		13	12/17/2013
ELLENBURGER	15,000	20,800		14	12/17/2013

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



API No. <u>42-389-37680</u> Drilling Permit # <u>845652</u> SWR Exception Case/Docket No. _____		RAILROAD COMMISSION OF TEXAS OIL & GAS DIVISION APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER <i>This facsimile W-1 was generated electronically from data submitted to the RRC.</i> <i>A certification of the automated data is available in the RRC's Austin office.</i>				FORM W-1 07/2004 Permit Status: Approved	
1. RRC Operator No. 646832		2. Operator's Name (as shown on form P-5, Organization Report) PDC PERMIAN, INC.			3. Operator Address (include street, city, state, zip): 1775 SHERMAN ST STE 3000 DENVER, CO 80203-0000		
4. Lease Name STONEMAN STATE 3927		5. Well No. B 1H					
GENERAL INFORMATION							
6. Purpose of filing (mark ALL appropriate boxes): ☒ New Drill ☐ Recompletion ☐ Reclass ☐ Field Transfer ☐ Re-Enter ☒ Amended ☐ Amended as Drilled (BHL) (Also File Form W-1D)							
7. Wellbore Profile (mark ALL appropriate boxes): ☐ Vertical ☒ Horizontal (Also File Form W-1H) ☐ Directional (Also File Form W-1D) ☐ Sidetrack							
8. Total Depth 12000		9. Do you have the right to develop the minerals under any right-of-way? ☒ Yes ☐ No		10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)? ☒ Yes ☐ No			
SURFACE LOCATION AND ACREAGE INFORMATION							
11. RRC District No. 08		12. County REEVES		13. Surface Location ☒ Land ☐ Bay/Estuary ☐ Inland Waterway ☐ Offshore			
14. This well is to be located <u>14.38</u> miles in a <u>SW</u> direction from <u>Orla</u> which is the nearest town in the county of the well site.							
15. Section 39	16. Block 45	17. Survey PSL/SLACK, K		18. Abstract No. A-4050	19. Distance to nearest lease line: 100 ft.	20. Number of contiguous acres in lease, pooled unit, or unitized tract: 801.05	
21. Lease Perpendiculars: <u>2404</u> ft from the <u>SUOTH</u> line and <u>1003</u> ft from the <u>EAST</u> line.							
22. Survey Perpendiculars: <u>2404</u> ft from the <u>SUOTH</u> line and <u>1003</u> ft from the <u>EAST</u> line.							
23. Is this a pooled unit? ☒ Yes ☐ No		24. Unitization Docket No:		25. Are you applying for Substandard Acreage Field? ☐ Yes (attach Form W-1A) ☒ No			
FIELD INFORMATION List all fields of anticipated completion including Wildcat. List one zone per line.							
26. RRC District No.	27. Field No.	28. Field Name (exactly as shown in RRC records)		29. Well Type	30. Completion Depth	31. Distance to Nearest Well in this Reservoir	
08	71052900	PHANTOM (WOLFCAMP)		Oil or Gas Well	12000	0.00	
BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS (see W-1H attachment)							
Remarks See W1 Comments attached				Certificate: I certify that information stated in this application is true and complete, to the best of my knowledge. <u>Kaitlin Schwartz</u> Name of filer <u>Dec 27, 2018</u> Date submitted <u>(303)318-6148</u> Phone <u>kaitlin.schwartz@pdce.com</u> E-mail Address (OPTIONAL)			
RRC Use Only Data Validation Time Stamp: Jan 3, 2019 10:31 AM('As Approved' Version)							



Permit Status:	Approved
<i>The RRC has not approved this application. Duplication or distribution of information is at the user's own risk.</i>	

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

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

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

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

Permit #	845652
Approved Date:	Jan 03, 2019

1. RRC Operator No. 646832	2. Operator's Name (exactly as shown on form P-5, Organization Report) PDC PERMIAN, INC.	3. Lease Name STONEMAN STATE 3927	4. Well No. B 1H
Lateral Drainhole Location Information			
5. Field as shown on Form W-1 PHANTOM (WOLFCAMP) (Field # 71052900, RRC District 08)			
6. Section 27	7. Block 45	8. Survey PSL / MASARWEH, TONY	9. Abstract 3675
10. County of BHL REEVES			
11. Terminus Lease Line Perpendiculars 50 ft. from the North line. and 330 ft. from the East line			
12. Terminus Survey Line Perpendiculars 50 ft. from the North line. and 330 ft. from the East line			
13. Penetration Point Lease Line Perpendiculars 25 ft. from the South line. and 330 ft. from the East line			



Permit Status: **Approved**

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

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

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

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

W-1 Comments

Permit # **845652**

Approved Date: **Jan 03, 2019**

[FILER Dec 26, 2018 2:39 PM]: Amendment to change unit, name, SHL and wellbore location.; [RRC STAFF Jan 2, 2019 10:28 AM]: Well count changed to 1 per RRC records and nearest well distance removed. It should have been changed on original permit per order of submittal. All wells being permitted in this group shown on P-16. Well count on W-1 reflects order of submittal. LTP LL call direction corrected from 100' FSL to FNL per plat.; [RRC STAFF Jan 2, 2019 10:43 AM]: There have been problems identified with this permit (see problem letter attachment). Notification sent.; [RRC STAFF Jan 2, 2019 4:50 PM]: Problems identified with this permit are resolved.; [RRC STAFF Jan 2, 2019 4:56 PM]: Kaitlin Schwartz sent revised P-12 correcting Tract 1 acreage and total acreage with signature. Sent revised P-16 correcting total acreage with signature. Acreage on W-1 updated.

61021

01051

40.
File No. MF117292
Reeves County
Drilling Permit API 389-37680
Date Filed: 02/14/2020
By JP George P. Bush, Commissioner

RAILROAD COMMISSION OF TEXAS

OIL & GAS DIVISION

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

PERMIT NUMBER 845655	DATE PERMIT ISSUED OR AMENDED (AMENDED) Jan 03, 2019	DISTRICT * 08	
API NUMBER 42-389-37674	FORM W-1 RECEIVED Dec 27, 2018	COUNTY REEVES	
TYPE OF OPERATION NEW DRILL	WELLBORE PROFILE(S) Horizontal	ACRES 801.05	
OPERATOR PDC PERMIAN, INC. 1775 SHERMAN ST STE 3000 DENVER, CO 80203-0000		NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No: (432) 684-5581	
LEASE NAME STONEMAN STATE 3927		WELL NUMBER A 2H	
LOCATION 14.39 miles SW direction from ORLA		TOTAL DEPTH 12000	
Section, Block and/or Survey SECTION 39 BLOCK 45 ABSTRACT 4050 SURVEY PSL / SLACK, K			
DISTANCE TO SURVEY LINES 2377 ft. SOUTH 1003 ft. EAST		DISTANCE TO NEAREST LEASE LINE 100 ft.	
DISTANCE TO LEASE LINES 2377 ft. SOUTH 1003 ft. EAST		DISTANCE TO NEAREST WELL ON LEASE See FIELD(s) Below	
FIELD(s) and LIMITATIONS: * SEE FIELD DISTRICT FOR REPORTING PURPOSES *			
FIELD NAME LEASE NAME	ACRES NEAREST LEASE	DEPTH NEAREST LEASE	WELL # NEAREST WE
----- PHANTOM (WOLFCAMP) STONEMAN STATE 3927 -----	801.05 100	12,000 396	A 2H 08
----- WELLBORE PROFILE(s) FOR FIELD: Horizontal -----			
RESTRICTIONS: No perforations or take points may be placed in the wellbore where a "NO PERF ZONE" was designated on the plat that was approved for this permit. If at such time the NPZ's are no longer applicable, then an amended permit will be required to remove the NPZ restriction before completing the well. This is a hydrogen sulfide field. Hydrogen Sulfide Fields with perforations must be isolated and tested per State Wide Rule 36 and a Form H-9 filed with the district office. Fields with SWR 10 authority to downhole commingle must be isolated and tested individually prior to commingling production. Lateral: TH1 Penetration Point Location Lease Lines: 25.0 F SOUTH L 726.0 F E L Terminus Location BH County: REEVES Section: 27 Block: 45 Abstract: 3675 Survey: PSL / MASARWEH, TONY Lease Lines: 50.0 F NORTH L 726.0 F E L Survey Lines: 50.0 F NORTH L 726.0 F E L			

RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION

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

PERMIT NUMBER 845655	DATE PERMIT ISSUED OR AMENDED (AMENDED) Jan 03, 2019	DISTRICT * 08
API NUMBER 42-389-37674	FORM W-1 RECEIVED Dec 27, 2018	COUNTY REEVES
TYPE OF OPERATION NEW DRILL	WELLBORE PROFILE(S) Horizontal	ACRES 801.05
OPERATOR PDC PERMIAN, INC. 1775 SHERMAN ST STE 3000 DENVER, CO 80203-0000		NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No: (432) 684-5581
LEASE NAME STONEMAN STATE 3927		WELL NUMBER A 2H
LOCATION 14.39 miles SW direction from ORLA		TOTAL DEPTH 12000
Section, Block and/or Survey SECTION ◀ 39 BLOCK ◀ 45 ABSTRACT ◀ 4050 SURVEY ◀ PSL / SLACK, K		
DISTANCE TO SURVEY LINES 2377 ft. SOUTH 1003 ft. EAST		DISTANCE TO NEAREST LEASE LINE 100 ft.
DISTANCE TO LEASE LINES 2377 ft. SOUTH 1003 ft. EAST		DISTANCE TO NEAREST WELL ON LEASE See FIELD(s) Below
FIELD(s) and LIMITATIONS: * SEE FIELD DISTRICT FOR REPORTING PURPOSES *		
FIELD NAME LEASE NAME	ACRES NEAREST LEASE	DEPTH NEAREST WE
DIST		
THE FOLLOWING RESTRICTIONS APPLY TO ALL FIELDS This well shall be completed and produced in compliance with applicable special field or statewide spacing and density rules. If this well is to be used for brine mining, underground storage of liquid hydrocarbons in salt formations, or underground storage of gas in salt formations, a permit for that specific purpose must be obtained from Environmental Services prior to construction, including drilling, of the well in accordance with Statewide Rules 81, 95, and 97. This well must comply to the new SWR 3.13 requirements concerning the isolation of any potential flow zones and zones with corrosive formation fluids. See approved permit for those formations that have been identified for the county in which you are drilling the well in. The designated interval for one or more of the fields approved in this permit appears to overlap with the designated interval of another field or fields in this district. In the case of conflicting designated intervals you will be required to be consistent in field designation on this lease. Further, if the designated interval overlap of wells on this lease results in an actual or potential double assignment of reservoir and the applicant cannot conclusively demonstrate that there is no double assignment, the permitted well may not be assigned an allowable until the conflict is resolved. Because of the overlapping designated intervals in this area, issuance of this permit does not guarantee that the completion of the well will be approved or that the well will receive an allowable in any given field, even if that field is listed on the approved permit application.		

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

REEVES (389) County

Formation	Shallow Top	Deep Top	Remarks	Geological Order	Effective Date
FORD-DELAWARE	2,500	2,500		1	12/17/2013
CASTILLE	2,800	2,800		2	12/17/2013
BELL CANYON	4,800	5,000		3	12/17/2013
DELAWARE	2,500	5,700		4	12/17/2013
DELAWARE CONSOLIDATED GAS	6,500	6,500		5	12/17/2013
CHERRY CANYON	3,800	7,800		6	12/17/2013
BONE SPRINGS	7,500	9,800		7	12/17/2013
PERMIAN	11,300	11,300		8	12/17/2013
WOLFCAMP	10,000	12,300		9	12/17/2013
PENNSYLVANIAN	11,000	14,900		10	12/17/2013
MISSISSIPPIAN	10,000	16,000		11	12/17/2013
DEVONIAN	13,600	17,800		12	12/17/2013
FUSSELMAN	14,000	17,800		13	12/17/2013
ELLENBURGER	15,000	20,800		14	12/17/2013

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



API No. <u>42-389-37674</u> Drilling Permit # <u>845655</u> SWR Exception Case/Docket No. _____		RAILROAD COMMISSION OF TEXAS OIL & GAS DIVISION APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER <i>This facsimile W-1 was generated electronically from data submitted to the RRC.</i> <i>A certification of the automated data is available in the RRC's Austin office.</i>			FORM W-1 07/2004 Permit Status: Approved	
1. RRC Operator No. <u>646832</u>		2. Operator's Name (as shown on form P-5, Organization Report) <u>PDC PERMIAN, INC.</u>		3. Operator Address (include street, city, state, zip): <u>1775 SHERMAN ST STE 3000</u> <u>DENVER, CO 80203-0000</u>		
4. Lease Name <u>STONEMAN STATE 3927</u>		5. Well No. <u>A 2H</u>				
GENERAL INFORMATION						
6. Purpose of filing (mark ALL appropriate boxes): ☒ New Drill ☐ Recompletion ☐ Reclass ☐ Field Transfer ☐ Re-Enter ☒ Amended ☐ Amended as Drilled (BHL) (Also File Form W-1D)						
7. Wellbore Profile (mark ALL appropriate boxes): ☐ Vertical ☒ Horizontal (Also File Form W-1H) ☐ Directional (Also File Form W-1D) ☐ Sidetrack						
8. Total Depth <u>12000</u>		9. Do you have the right to develop the minerals under any right-of-way? ☒ Yes ☐ No		10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)? ☒ Yes ☐ No		
SURFACE LOCATION AND ACREAGE INFORMATION						
11. RRC District No. <u>08</u>		12. County <u>REEVES</u>		13. Surface Location ☒ Land ☐ Bay/Estuary ☐ Inland Waterway ☐ Offshore		
14. This well is to be located <u>14.39</u> miles in a <u>SW</u> direction from <u>Orla</u> which is the nearest town in the county of the well site.						
15. Section <u>39</u>	16. Block <u>45</u>	17. Survey <u>PSL / SLACK, K</u>	18. Abstract No. <u>A-4050</u>	19. Distance to nearest lease line: <u>100</u> ft.	20. Number of contiguous acres in lease, pooled unit, or unitized tract: <u>801.05</u>	
21. Lease Perpendiculars: <u>2377</u> ft from the <u>SOUTH</u> line and <u>1003</u> ft from the <u>EAST</u> line.						
22. Survey Perpendiculars: <u>2377</u> ft from the <u>SOUTH</u> line and <u>1003</u> ft from the <u>EAST</u> line.						
23. Is this a pooled unit? ☒ Yes ☐ No		24. Unitization Docket No: _____		25. Are you applying for Substandard Acreage Field? ☐ Yes (attach Form W-1A) ☒ No		
FIELD INFORMATION List all fields of anticipated completion including Wildcat. List one zone per line.						
26. RRC District No.	27. Field No.	28. Field Name (exactly as shown in RRC records)	29. Well Type	30. Completion Depth	31. Distance to Nearest Well in this Reservoir	
08	71052900	PHANTOM (WOLFCAMP)	Oil or Gas Well	12000	396.00	
BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS (see W-1H attachment)						
Remarks [FILER Dec 27, 2018 10:03 AM]: Amending SHL, wellbore location, unit acreage, NPZ and name.; [RRC STAFF Jan 2, 2019 10:39 AM]: LTP LL call direction corrected from 100' FSL to FNL per plat.; [RRC STAFF Jan 2, 2019 10:44 AM]: There have been problems identified with this permit (see problem letter attachment). Notification sent.; [RRC STAFF Jan 2, 2019 4:53 PM]: Problems identified with this permit are resolved.; [RRC STAFF Jan 2, 2019 4:55 PM]: Kaitlin Schwartz sent revised P-12 & P-16 correcting total acreages with signatures. Acreage on W-1 updated.			Certificate: I certify that information stated in this application is true and complete, to the best of my knowledge. <u>Kaitlin Schwartz</u> Name of filer <u>(303)318-6148</u> Phone <u>Dec 27, 2018</u> Date submitted <u>kaitlin.schwartz@pdce.com</u> E-mail Address (OPTIONAL)			
RRC Use Only						
Data Validation Time Stamp: Jan 3, 2019 10:32 AM('As Approved' Version)						



Permit Status:	Approved
<i>The RRC has not approved this application. Duplication or distribution of information is at the user's own risk.</i>	

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

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

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

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

Permit #	845655
Approved Date:	Jan 03, 2019

1. RRC Operator No. 646832	2. Operator's Name (exactly as shown on form P-5, Organization Report) PDC PERMIAN, INC.	3. Lease Name STONEMAN STATE 3927	4. Well No. A 2H
-------------------------------	---	--------------------------------------	---------------------

Lateral Drainhole Location Information

5. Field as shown on Form W-1 PHANTOM (WOLFCAMP) (Field # 71052900, RRC District 08)

6. Section 27	7. Block 45	8. Survey PSL / MASARWEH, TONY	9. Abstract 3675	10. County of BHL REEVES
------------------	----------------	-----------------------------------	---------------------	-----------------------------

11. Terminus Lease Line Perpendiculars 50 ft. from the North line. and 726 ft. from the E line
12. Terminus Survey Line Perpendiculars 50 ft. from the North line. and 726 ft. from the E line
13. Penetration Point Lease Line Perpendiculars 25 ft. from the South line. and 726 ft. from the E line



01151

41.
File No. MF117292
Reeves County
Drilling Permit API 389-37674
Date Filed: 02/14/2020
By George P. Bush, Commissioner

DO NOT DESTROY



Texas General Land Office

UNIT AGREEMENT MEMO

NUM210001

Unit Number 11089
Operator Name PDC Permian, Inc. **Effective Date** 11/01/2020
Customer ID C000088142 **Unitized For**
Unit Name Sec 2, Blk 45, Sunnyside State **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 NUML
State Net Revenue Interest Oil 0.12500000
State Part in Unit 1.00000000
Unit Depth Allow All Depths **Well**
From Depth **Formation**
To Depth **Participation Basis** Surface Acreage
If Exclusions Apply: See Remarks

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	O/G	Lease Royalty	NRI of Lease in Unit	Royalty Rate Reduction Clause
MF117292		538.811611	644.640000	0.83583335	O/G	0.12500000	0.10447917	
MF117492		2.853873	644.640000	0.00442708	O/G	0.12500000	0.00055339	
MF117652		48.348000	644.640000	0.07500000	O/G	0.12500000	0.00937500	
MF119281		52.343421	644.640000	0.08119791	O/G	0.12500000	0.01014974	No

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	O/G	Lease Royalty	NRI of Lease in Unit	Royalty Rate Reduction Clause
MF119424		2.283096	644.640000	0.00354166	O/G	0.12500000	0.00044271	No

API Number

4238936354, 4238937222, 4238937223

Remarks:

NUML set up to replace NUML 10047 to remove MF119996 which held unleased interest now leased in MF119281J&K.

Prepared By:

SSD

Prepared Date:

3/22/21

GLO Base Updated By:

SSD

GLO Base Date:

3/22/21

RAM Approval By:

VD

RAM Approval Date:

3/22/21

GIS By:

JK

GIS Date:

7/19/2021

Well Inventory By:

SSD

WI Date:

SSD 3/22/21

42.

File No. MF117292
NUML#11089 County
(Replaces #10047)
Date Filed: 3/22/21
George P. Bush, Commissioner
By SSD



April 12, 2021

Texas General Land Office
ATTN: Joy McCauley
1700 Congress Ave.
Austin, Texas 78701

RE: Notice of Intent to Spud - Stoneman State 3927 B4H

Ms. McCauley:

Please allow for this letter to serve as notice that PDC Permian, Inc. intends to spud the Stoneman State 3927 B4H well on or around April 22, 2021. The Stoneman State 3927 B4H well involves the following MF numbers:

- - MF117292
- MF117652
- MF118118
- MF119686
- GLO Unit Number 9797

If you should have any questions regarding this matter, please do not hesitate to reach out to me directly.

Respectfully,
PDC Permian, Inc.

A handwritten signature in black ink, appearing to read "Mark Seligman".

Mark Seligman
Land Supervisor – Delaware
Mark.Seligman@pdce.com
Office: 303.318.6140

MS:ss

File No. MF 117292Notice of Intent to County
spudDate Filed: 7/6/21

George P. Bush, Commissioner

By SSD

DO NOT DESTROY



Texas General Land Office

UNIT AGREEMENT MEMO

UPA210079

Unit Number	11275			Effective Date	07/01/2021
Operator Name	PDC Permian, Inc.			Unitized For	Oil And Gas
Customer ID	C000088142			Unit Term	
Unit Name	Stoneman State 3927				
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	Oil	0.20017813			
State Part in Unit		1.00000000			
Unit Depth	Specified Depths	Well			
From Depth		Formation	Base of Bell Canyon		
To Depth	300' TVD below the deepest depth reached by the horizontal lateral between the FTP and the LTP	Participation Basis	Surface Acreage		

If Excluions Apply: See Remarks

<i>Lease Number</i>	<i>Tract No</i>	<i>Lease Acres in Unit</i>	<i>Total Unit Acres</i>	<i>Tract Participation</i>	<i>O/G</i>	<i>Lease Royalty</i>	<i>NRI of Lease in Unit</i>	<i>Royalty Rate Reduction Clause</i>
MF117292		267.934750	801.050030	0.33491844	O/G	0.12500000	0.04186480	
MF117652		24.042000	801.050030	0.03005250	O/G	0.12500000	0.00375656	
MF118118		160.000000	801.050030	0.20000000	O/G	0.25000000	0.05000000	No
MF119424		1.135330	801.050030	0.00141916	O/G	0.12500000	0.00017740	No
MF119686		320.290000	801.050030	0.40036250	O/G	0.25000000	0.10009063	No
MF119900		27.447950	801.050030	0.03430994	O/G	0.12500000	0.00428874	No

API Number

Remarks:

This unit is replacing Unit 9797. Production will be reported to this unit effective July 1, 2021.

Prepared By:

Jm

Prepared Date:

06/28/2021

GLO Base Updated By:

Jm

GLO Base Date:

06/28/2021

RAM Approval By:

Jm

RAM Approval Date:

06/28/2021

GIS By:

RL

GIS Date:

10/24/22

Well Inventory By:

Jm

WI Date:

06/28/2021

Pooling Committee Report

To: School Land Board

UPA210079

Date of Board Meeting: 06/28/2021

Unit Number: 11275

Effective Date: 07/01/2021

Unit Expiration Date:

Applicant: PDC Permian, Inc.

Attorney Rep: Bill Hayenga

Operator: PDC Pemian, Inc.,

Unit Name: Stoneman State 3927

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>
RAL	MF117292	0.12500000	12/01/2018	46 months	2,343.559000	245.166733	0.03830730
RAL	MF117652	0.12500000	12/01/2018	1336 days	80.348000	48.000000	0.00750000
RAL	MF119900	0.12500000	12/05/2021	3 years	54.799933	26.833267	0.00419270
U Fee	MF118118	0.25000000	07/19/2019	3 years	320.000000	160.000000	0.05000000
U Fee	MF119686	0.25000000	10/02/2021	3 years	640.000000	320.000000	0.10000000

Private Acres:	0.000000
State Acres:	800.000000
Total Unit Acres:	800.000000

<u>Participation Basis:</u>	Surface Acreage
Surface Acreage	
<u>State Acreage:</u>	100.00%
<u>State Net Revenue Interest:</u>	20.00%

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

<u>RRC Rules:</u>	<u>Spacing Acres:</u>
Yes	

Working File Number: **UPA210079**

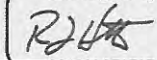
REMARKS:

- PDC Permian, Inc. is requesting to amend the Stoneman State 3927 Unit which was approved by the School Land Board on February 5, 2019.
- The applicant is requesting to amend the unit to add several leases that were approved after the pooling agreement was approved.
- All terms of the original pooling agreement will remain the same.

POOLING COMMITTEE RECOMMENDATION:

The Pooling Committee recommends School Land Board approval of the amended Stoneman State 3927 Unit under the above-stated provisions.

DocuSigned by:



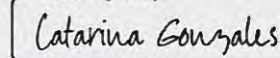
6C1630CF0F2E4D3...

General Land Office

6/10/2021

Date

DocuSigned by:



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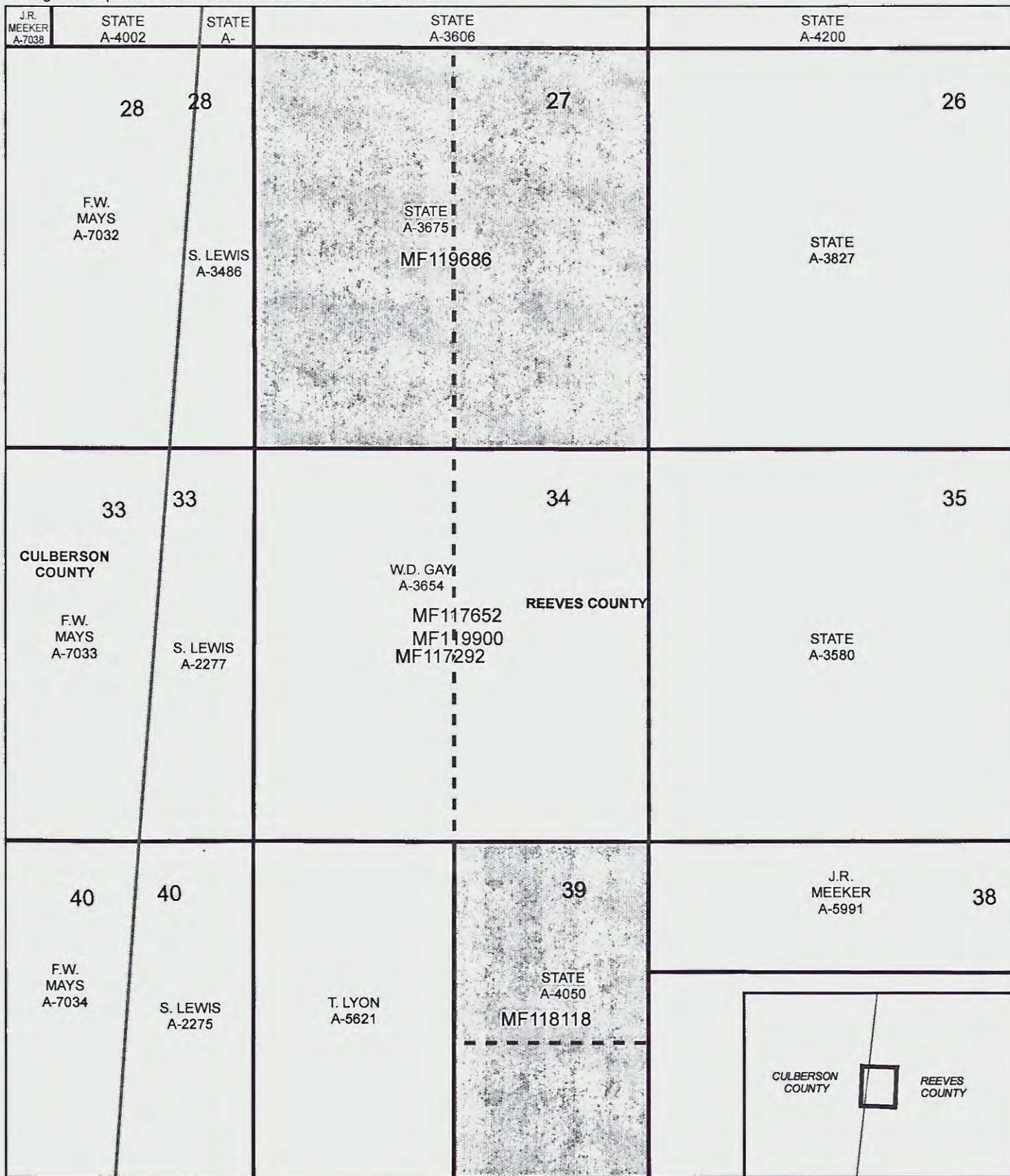
Office of the Governor

6/11/2021

Date

Office of the Governor

Date



Unit #11275
PDC Permian, Inc.
Stoneman State 3927 Unit
Phantom (Wolfcamp) Field
Reeves County, Texas

2,000 1,000 0 2,000 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
Enterprise Technology Solutions/GIS
February 2019

FIRST AMENDMENT OF POOLING AGREEMENT
PDC PERMIAN, INC.
STONEMAN STATE 3927 UNIT
GLO UNIT NO. 11275
REEVES COUNTY, TEXAS

WHEREAS, on April 10, 2019, the application for the Stoneman State 3927 Unit ("Unit"), was presented to and approved by the School Land Board of the State of Texas pursuant to the provisions of Subchapter E, Chapter 52, of the Texas Natural Resources Code; and

WHEREAS, pursuant to such approval, PDC Permian, Inc., and the Commissioner of the General Land Office of the State of Texas entered into that certain Pooling Agreement dated to be effective as of April 10, 2019, ("Agreement"), to pool certain State lands into the Unit, which covers 800.00 acres in Reeves County, Texas, as more particularly described in said Agreement on file in the Archives and Records of the Texas General Land Office, Austin, Texas, in Mineral File No. MF117292; and

WHEREAS, PDC Permian, Inc., is the current operator of the Stoneman State 3927 Unit; and

WHEREAS, PDC Permian, Inc., made application and at its regular meeting on June 28, 2021, the School Land Board approved its application to amend the list of oil and gas leases reflected on Exhibit A to the Agreement to add oil and gas leases acquired subsequent to the date of the Agreement (the "First Amendment"); and

WHEREAS, the Commissioner of the General Land Office finds that amending said Agreement as approved by the School Land Board is in the best interests of the State of Texas:

NOW THEREFORE, in consideration of the premises and of the mutual agreements contained in the Agreement and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is agreed that the Agreement and the Exhibit A attached thereto be and is hereby amended by deleting it in its entirety and replacing it with the Exhibit A attached hereto.

This First Amendment shall in all other respects remain subject to the terms and provisions of the Agreement together with the Special Terms and Conditions contained in the Addendum "A" attached thereto.

Nothing in this First Amendment, nor the approval of this First Amendment by the School Land Board, nor the execution of this First Amendment by the Commissioner shall: (1) operate as a ratification or revivor of any State lease that has expired, terminated, or has been released in whole or in part or terminated under the terms of such State lease or the laws applicable thereto; (2) constitute a waiver or release of any claim for money, oil, gas or other hydrocarbons, or other thing due to the State by reason of the existence or failure of such lease; (3) constitute a waiver or release of any claim by the State that such lease is void or voidable for any reason, including, without limitation, violations of the laws of the State with respect to such lease or failure of consideration; or (4) 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 (5) 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.

This First Amendment of Pooling Agreement 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 First Amendment of Pooling Agreement are executed, the executed pages, together with the pages necessary to show acknowledgments, may be combined with the other pages of this First Amendment of Pooling Agreement to form what shall be deemed and treated as a single original instrument showing execution by all parties thereto.

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment of Pooling Agreement upon the respective dates indicated below but effective as of June 28, 2021.

Date Executed 11/10/2021

STATE OF TEXAS

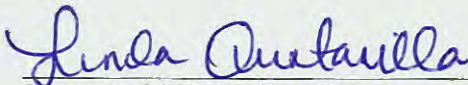
Content ☒ ME
Min. Leasing ☒ DBO
Legal ☒ LA

By: 
MARK A. HAVENS, CHIEF CLERK AND
DEPUTY LAND COMMISSIONER,
GENERAL LAND OFFICE

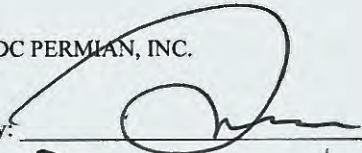
CERTIFICATE

I, Linda Quintanilla, 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 28th day of June, 2021, 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 10th day of November, 2021.


Secretary of the School Land Board

Date Executed 9/30/2021

PDC PERMIAN, INC.
By: 
Paul Whisenand

Its: Director & Land Operations + Attorney-in-Fact

STATE OF Colorado §
~~TEXAS~~ §
COUNTY OF Denver §

This instrument was acknowledged before me on September 30, 2021, by Paul Whisenand,
Director & Land Operations
as + Attorney-in-Fact for PDC Permian, Inc., a Delaware corporation on behalf of said corporation.




Notary Public in and for the State of ~~Texas~~ Colorado

EXHIBIT "A"

ATTACHED TO AND MADE A PART OF THE APPROVED POOLING AGREEMENT FOR THE STONEMAN STATE 3927
UNIT

See additional leases in bold

PDC Lease Number	MF Number	Lessor	Lessee	Lease Date	Book	Page
TXL00066006	117292A	State of Texas, acting by and through its agents, James Robert Hill, Individually and as Trustee of the Houston and Emma Hill Trust Estate; Virginia Glenn Hill Lattimore, Individually and as Trustee of the Houston and Emma Hill Trust Estate; Houston and Emma Hill Trust Estate, John A. Styrsky, Trustee; GeoMar Resources, Inc.; Nancy Puff Jones Trust; Hill Investments, Ltd.; H-S Minerals & Realty, Ltd.; Thomas Hill Puff	Energen Resources Corporation	2/1/2015	1215	0682
TXL00066007	117292C	State of Texas, acting by and through its agent, Alldale Minerals, LP	Energen Resources Corporation	4/1/2015	1215	0538
TXL00066008	117652A	State of Texas, acting by and through its agent, Geraldine M. Tyll, as Trustee of the Mary A. Driscoll Revocable Living Trust	Energen Resources Corporation	3/31/2015	1215	0570
TXL00066009	117292B	State of Texas, acting by and through its agent, Word B. Wilson Investments, LP	Energen Resources Corporation	6/10/2015	1215	0592
TXL00066010	117652C	State of Texas, acting by and through its agent, Jack F. Cochran	Energen Resources Corporation	4/14/2015	1215	0581
TXL00066011	117652B	State of Texas, acting by and through its agent, Nell Cochran Hastings	Energen Resources Corporation	4/9/2015	1215	0548
TXL00066012	117652D	State of Texas, acting by and through its agent, Carrolle Cochran Hathaway	Energen Resources Corporation	4/15/2015	1215	0559
TXL00066014	119900D	State of Texas, acting by and through its agent, Blairbax Energy, LLC	PDC Permian Inc.	10/22/2018	1714	0288
TXL00066015	119900E	State of Texas, acting by and through its agent, Kennedy Minerals, LTD	PDC Permian Inc.	10/22/2018	1723	0392
TXL00066016	119900H	State of Texas, acting by and through its agent, Midtex Royalty II LP	PDC Permian Inc.	10/22/2018	1719	0526

122 01

PDC Lease Number	MF Number	Lessor	Lessee	Lease Date	Book	Page
TXL00066017	119900B	State of Texas, acting by and through its agent, Eb F. Luckel Jr.	PDC Permian, Inc.	12/5/2018	1714	0248
TXL00066018	119900G	State of Texas, acting by and through its agent, Oak Valley Mineral and Land LP	PDC Permian, Inc.	10/22/2018	1727	0462
TXL00066019	119900C	State of Texas, acting by and through its agent, Susan Luckel Christie	PDC Permian, Inc.	12/5/2018	1714	0268
TXL00066020	119900I	State of Texas, acting by and through its agent, The De Compiegne Property Co. No. 20, LTD	PDC Permian, Inc.	10/22/2018	1748	0404
TXL00066021	119900A	State of Texas, acting by and through its agent, M. Brad Bennett	PDC Permian, Inc.	12/5/2018	1723	0372
TXL00066022	119900F	State of Texas, acting by and through its agent, Fred W. Shield and Company	PDC Permian, Inc.	10/22/2018	1719	0511
TXL00066027	119900J	State of Texas, acting by and through its agent, Bruno & Marshall Investments	PDC Permian, Inc.	10/22/2018	1748	0419
TXL00066028	119424A	State of Texas, acting by and through its agent, MBR Oil & Gas #1, Ltd. & PPLB Investments, LLC	PDC Permian, Inc.	03/21/2018	1580	290
TXL00066030	117292D	State of Texas, acting by and through its agent, Legado Investments, LLC	Summit West Resources LP	01/06/2017	1373	0670
TXL00066031	117292E	State of Texas, acting by and through its agent, Triangle Royalty, LP and JK Royalty, LP	Summit West Resources LP	02/08/2016	1250	0452
TXL00066032	117292F	State of Texas, acting by and through its agent, CG Interests LLC	Summit West Resources LP	02/08/2016	1250	0625
TXL00066035	119900K	State of Texas, acting by and through its agent, Baxsto, LLC	PDC Permian, Inc.	10/20/2020	2020009991	
TXL00066036	119900L	State of Texas, acting by and through its agent, Buffy Energy, LLC	PDC Permian, Inc.	10/20/202	2020009990	
TXL00104000	118118	State of Texas 118118	Felix Energy Holdings	7/19/2016	1307	0670
TXL01116000	119686	State of Texas 119686	APR Operating LLC	10/2/2018	1701	0746

134 01

44.

File No. MF117292

Reeves County

Unit 11275 Stoneman State 3927 (Amended)

Date Filed: 5/16/2022

By JPB George P. Bush, Commissioner

unit 10927

NADOA Model Form Division Order (Adopted 9/95)

DIVISION ORDER

To: **APR Operating, LLC**
400 W. Illinois, Suite 970
Midland, TX 79701
Attn: D.O. Analyst

Date: December 7, 2021

Property Number: 3420200
Property Name: STRATEGY STATE UNIT 2WA
Operator: 389-39247
County and State: Culberson, Texas
Property Description: No legal description on file

Effective Date: Date of First Production

Production: ☒ Oil ☒ Gas ☒ Other: all products

Owner Name
and Address:

OWNER NUMBER: 1190

COMMISSIONER OF THE TEXAS GEN LAND OFFICE
1700 N CONGRESS AVE STEPHEN F AUSTIN STATE
AUSTIN, TX 78701-1495

Type of Interest: GLORI
Decimal Interest: 0.18750000

The undersigned certifies the ownership of their decimal interest in production or proceeds as described above payable by APR Operating, LLC (Payor).

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 \$25.00, or pay annually whichever occurs first, 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.

Special Clauses: *(None or See Attached Exhibit)* WITNESSES:

Owner(s) Signature(s):

COMMISSIONER OF THE TEXAS GEN

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

Owner Daytime Telephone:

Owner E-mail Address:

Federal Law requires you to furnish your Social Security or Taxpayer Identification Number.
Failure to comply will result in 31 % tax withholding and will not be refundable by Payor

BM

Retain this copy for your records

DIVISION ORDER

To: **APR Operating, LLC**
 400 W. Illinois, Suite 970
 Midland, TX 79701
 Attn: D.O. Analyst

Date: December 7, 2021

Property Number: 3420201
 Property Name: STRATEGY STATE UNIT 21WB
 Operator: 389-39246
 County and State: Culberson, Texas
 Property Description: No legal description on file

Effective Date: Date of First Production

Production: ☒ Oil ☒ Gas ☒ Other: all products

Owner Name
 and Address:

OWNER NUMBER: 1190

COMMISSIONER OF THE TEXAS GEN LAND OFFICE
 1700 N CONGRESS AVE STEPHEN F AUSTIN STATE
 AUSTIN, TX 78701-1495

Type of Interest: GLORI
 Decimal Interest: 0.18750000

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Special Clauses: *(None or See Attached Exhibit)* WITNESSES:

Owner(s) Signature(s):

COMMISSIONER OF THE TEXAS GEN

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

Owner Daytime Telephone:

Owner E-mail Address:

Federal Law requires you to furnish your Social Security or Taxpayer Identification Number.
 Failure to comply will result in 31 % tax withholding and will not be refundable by Payor

BM

Retain this copy for your records



December 10th, 2021

Re: **Division Orders for Execution**
Strategy State Unit 2WA Well
Strategy State Unit 21WB Well

INSTRUCTIONS TO ALL INTEREST OWNERS

Dear Interest Owner,

APR Operating, LLC has enclosed two (2) sets of Division Order for your execution, for two separate wells. The attached documents should not be altered in any way except to correct spelling errors, unless accompanied by documentary evidence to support the change.

If your name and interest are correctly shown, for each well, please:

1. Sign your name as shown on the Division Order and provide two (2) witness signatures.
2. If your name has changed due to marriage or divorce, execute the Division Order using your present name and furnish a copy of the marriage certificate or divorce decree.
3. If signing for a corporation, signature must be attested, corporate seal fix and title of signatory reflected.
4. If signed by agent, attorney-in-fact, guardian or any party other than the named interest owner, a certified copy of the power of attorney or other evidence of such party's right to sign must be furnished.
5. Your correct mailing address should be noted in the space provided to ensure prompt receipt of production.
6. The top copy or the "Original" of the Division Order should be returned to:

APR Operating LLC
Attn: Division Orders
400 W. Illinois Ave., Suite 970
Midland, TX 79701

7. Should you have any further questions regarding the enclosed Division Order, please contact Ty Parkison at tparkison@admiralpermian.com or (432) 214-2360
8. Please DO NOT DETACH the exhibit from the Division Order or Transfer Order if one is included.

Sincerely,

ADMIRAL PERMIAN RESOURCES, LLC
APR OPERATING, LLC

Ty W. Parkison
Landman

/twp

Enclosure(s)



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

July 21, 2022

Ty W. Parkison
Division Order Analyst
Admiral Permian Resources, LLC
400 W. Illinois, Suite 970
Midland, TX 79701

Re: State Lease Nos. MF119686, MF117292, MF119424, MF119900 and MF120353
Stratery State Unit 2WA and 21WB Unit 10927

Dear Mr. Parkison:

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(s).

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

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

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

Thank you,

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

File No. MF117292

County

Division Order

Date Filed: 7-25-2022

George P. Bush, Commissioner

By NO

DIVISION ORDER

To: **APR Operating, LLC**
400 W. Illinois, Suite 970
Midland, TX 79701
Attn: D.O. Analyst

Date: **March 4, 2021**

Property Number: 3420162
Property Name: **STRATEGY STATE UNIT 4WA**
Operator: **APR Operating LLC**
County and State: **Reeves, Texas**
Property Description: **Blk: 45, Sec: 34, 27**

Effective Date: Date of First Production

Production: X Oil X Gas X Other: all products

Owner Name
and Address:

OWNER NUMBER: 1190

COMMISSIONER OF THE TEXAS GEN LAND OFFICE
1700 N CONGRESS AVE STEPHEN F AUSTIN STATE
AUSTIN, TX 78701-1495

Type of Interest: **GLORI**
Decimal Interest: **0.18750000**

The undersigned certifies the ownership of their decimal interest in production or proceeds as described above payable by APR Operating, LLC (Payor).

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 \$25.00, or pay annually whichever occurs first, 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.

Special Clauses: *(None or See Attached Exhibit)* **WITNESSES:**

Owner(s) Signature(s):

COMMISSIONER OF THE TEXAS GEN

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

Owner Daytime Telephone:

Owner E-mail Address:

Federal Law requires you to furnish your Social Security or Taxpayer Identification Number.
Failure to comply will result in 31 % tax withholding and will not be refundable by Payor

DIVISION ORDER

To: **APR Operating, LLC**
 400 W. Illinois, Suite 970
 Midland, TX 79701
 Attn: D.O. Analyst

Date: March 4, 2021

Property Number: 3420163
 Property Name: STRATEGY STATE UNIT 23WB
 Operator: APR Operating LLC
 County and State: Reeves, Texas
 Property Description: Blk: 45, Sec: 34, 27

Effective Date: Date of First Production

Production: X Oil X Gas X Other: all products

Owner Name and Address: COMMISSIONER OF THE TEXAS GEN LAND OFFICE 1700 N CONGRESS AVE STEPHEN F AUSTIN STATE AUSTIN, TX 78701-1495	OWNER NUMBER: 1190 Type of Interest: GLORI Decimal Interest: 0.18750000
--	---

The undersigned certifies the ownership of their decimal interest in production or proceeds as described above payable by APR Operating, LLC (Payor).

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Owner(s) Signature(s): _____
 COMMISSIONER OF THE TEXAS GEN _____

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Owner Daytime Telephone: _____

Owner E-mail Address: _____

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TP

Retain this copy for your records



March 4th, 2021

Re: **Division Orders for Execution**
Stratery State Unit 4WA
Stratery State Unit 23WB

INSTRUCTIONS TO ALL INTEREST OWNERS

Dear Interest Owner,

APR Operating, LLC has enclosed two (2) sets of Division Order for your execution, for two separate wells. The attached documents should not be altered in any way except to correct spelling errors, unless accompanied by documentary evidence to support the change.

If your name and interest are correctly shown, for each well, please:

1. Sign your name as shown on the Division Order and provide two (2) witness signatures.
2. If your name has changed due to marriage or divorce, execute the Division Order using **your present name** and furnish a copy of the marriage certificate or divorce decree.
3. If signing for a corporation, signature must be attested, corporate seal fix and title of signatory reflected.
4. If signed by agent, attorney-in-fact, guardian or any party other than the named interest owner, a certified copy of the power of attorney or other evidence of such party's right to sign must be furnished.
5. Your correct mailing address should be noted in the space provided to ensure prompt receipt of production.
6. The top copy or the "Original" of the Division Order should be returned to:

APR Operating LLC
Attn: Division Orders
400 W. Illinois Ave., Suite 970
Midland, TX 79701

7. Should you have any further questions regarding the enclosed Division Order, please contact Ty Parkison at tparkison@admiralpermian.com
8. Please **DO NOT DETACH** the exhibit from the Division Order or Transfer Order if one is included.

Sincerely,

ADMIRAL PERMIAN RESOURCES, LLC
APR OPERATING, LLC

Ty W. Parkison
Landman

/twp

Enclosure(s)



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

September 21, 2022

Ty W. Parkison
Division Order Analyst
Admiral Permian Resources, LLC
400 W. Illinois, Suite 970
Midland, TX 79701

Re: State Lease Nos. MF119686, MF117292, MF119424, MF119900 and MF120353
Strategy State Unit 4WA and 23WB Unit 10927

Dear Mr. Parkison:

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(s).

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

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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 117292

Coun /

Division Order

Date Filed: 9/30/2022

George P. Bush, Commissioner

Bv 10

DO NOT DESTROY

Updated/
Revised



Texas General Land Office

UNIT AGREEMENT MEMO

UPA210079

Unit Number	11275		
Operator Name	PDC Permian, Inc.	Effective Date	07/01/2021
Customer ID	C000088142	Unitized For	Oil And Gas
Unit Name	Stoneman State 3927	Unit Term	
County 1	Reeves	RRC District 1	08
County 2		RRC District 2	
County 3		RRC District 3	
County 4		RRC District 4	
Unit type	Standard	Old Unit Number	Inactive Status Date
State Net Revenue Interest	Oil 0.19999224		
State Part in Unit	1.00000000		
Unit Depth	Specified Depths	Well	
From Depth		Formation	Base of Bell Canyon
To Depth	300' TVD below the deepest depth reached by the horizontal lateral between the FTP and the LTP	Participation Basis	Surface Acreage

If Exclusions Apply: See Remarks

<i>Lease Number</i>	<i>Tract No</i>	<i>Lease Acres in Unit</i>	<i>Total Unit Acres</i>	<i>Tract Participation</i>	<i>O/G</i>	<i>Lease Royalty</i>	<i>NRI of Lease in Unit</i>	<i>Royalty Rate Reduction Clause</i>
MF117292		267.934739	800.566172	0.33468156	O/G	0.12500000	0.04183520	
MF117652		24.042000	800.566172	0.03003125	O/G	0.12500000	0.00375391	
MF118118		160.000000	800.566172	0.19985856	O/G	0.25000000	0.04996464	No
MF119424		1.135318	800.566172	0.00141814	O/G	0.12500000	0.00017727	No
MF119686		320.290000	800.566172	0.40007936	O/G	0.25000000	0.10001984	No
MF119900		27.164115	800.566172	0.03393113	O/G	0.12500000	0.00424139	No

API Number

4238937674, 4238937680, 4238939106, 4238939107, 4238939108, 4238939109

Remarks:

This unit is replacing Unit 9797. Production will be reported to this unit effective July 1, 2021.

Prepared By:

jm

Prepared Date:

06/02/2022

GLO Base Updated By:

jm

GLO Base Date:

06/02/2022

RAM Approval By:

jm

RAM Approval Date:

06/02/2022

GIS By:

jm

GIS Date:

06/02/2022

Well Inventory By:

jm

WI Date:

06/02/2022

Pooling Committee Report

To: School Land Board

UPA210079

Date of Board Meeting: 06/28/2021

Unit Number: 11275

Effective Date: 07/01/2021

Unit Expiration Date:

Applicant: PDC Permian, Inc.

Attorney Rep: Bill Hayenga

Operator: PDC Permian, Inc.,

Unit Name: Stoneman State 3927

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>
RAL	MF117292	0.12500000	12/01/2018	46 months	2,343.559000	267.934739	0.04183520
RAL	MF117652	0.12500000	12/01/2018	1336 days	80.348000	24.042000	0.00375391
RAL	MF119424	0.12500000	03/21/2021	3 years	5.247080	1.135318	0.00017727
RAL	MF119900	0.12500000	12/05/2021	3 years	54.799933	27.164115	0.00424139
U Fee	MF118118	0.25000000	07/19/2019	3 years	320.000000	160.000000	0.04996464
U Fee	MF119686	0.25000000	10/02/2021	3 years	640.000000	320.290000	0.10001984

Private Acres:	0.000000
State Acres:	800.566172
Total Unit Acres:	800.566172

<u>Participation Basis:</u>	Surface Acreage
Surface Acreage	
<u>State Acreage:</u>	100.00%
<u>State Net Revenue Interest:</u>	20.00%

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

<u>RRC Rules:</u>	<u>Spacing Acres:</u>
Yes	

Agmt #	Agreement Name	MF Number	Legal	Net Acres
TXL00066006	Houston and Emma Hill Trust Estate Agent, St of TX	MF117292A	A8 Sec 34: E, Blk 45	241.254793
TXL00066007	Alldale Minerals, LP, Agent, St of TX	MF117292C	A8 Sec 34: E, Blk 45	0.993403
TXL00066008	Mary A Driscoll Rev Living Trust, Agent, St of TX	MF117652A	A2 Sec 34: E, Blk 45	12.021
TXL00066009	Word B Wilson Investments, LP Agent St of TX	MF117292B	A8 Sec 34: E, Blk 45	1.788125
TXL00066010	Jack F Cochran Agent St of TX	MF117652C	A2 Sec 34: E, Blk 45	4.007
TXL00066011	Nell Cochran Hastings Agent St of TX	MF117652B	A2 Sec 34: E, Blk 45	4.007
TXL00066012	Carrolle Cochran Hathaway Agent St of TX	MF117652D	A2 Sec 34: E, Blk 45	4.007
TXL00066014	Blairbax Energy LLC Agent St of TX	MF119900D	A3 Sec 34: E, Blk 45	0.667832
TXL00066015	Kennedy Minerals LTD Agent St of TX	MF119900E	A3 Sec 34: E, Blk 45	0.567657
TXL00066016	MidTex Royalty II LP Agent St of TX	MF119900H	A3 Sec 34: E, Blk 45	0.567657
TXL00066017	Eb F Luckel Jr. Agent St of TX	MF119900B	A3 Sec 34: E, Blk 45	6.0105
TXL00066018	Oak Valley Mineral & Land LP Agent St of TX	MF119900G	A3 Sec 34: E, Blk 45	1.419145
TXL00066019	Susan Luckel Christie Agent St of TX	MF119900C	A3 Sec 34: E, Blk 45	6.0105
TXL00066020	The De Compiegne Property Co No 20 LTD Agent St of	MF119900I	A3 Sec 34: E, Blk 45	0.28383
TXL00066021	M Brad Bennett Agent St of TX	MF119900A	A3 Sec 34: E, Blk 45	10.0175
TXL00066022	Fred W Shield and Company Agent St of TX	MF119900F	A3 Sec 34: E, Blk 45	0.28383
TXL00066028	MBR Oil & Gas 1 Ltd & PPLB Inv LLC Agent St of TX	MF119424A	A2 Sec 34: E, Blk 45	1.135318
TXL00066030	Legado Investments LLC Agent St of TX	MF117292D	A1 Sec 34: E, Blk 45	1.788125
TXL00066031	Triangle Royalty LP & JK Royalty LP Agent St of T	MF117292E	A1 Sec 34: E, Blk 45	21.216232
TXL00066032	CG Interests LLC Agent St of TX	MF117292F	A1 Sec 34: E, Blk 45	0.894061
TXL00066035	Baxsto, LLC, Agent St of TX	MF119900K	A1: Sec 34, E, Blk 45, PSL Survey	0.667832
TXL00066036	Buffy Energy, LLC, Agent State of TX	MF119900L	A1: Sec 34, E, Blk 45, PSL Survey	0.667832
TXL00104000	State of Texas 118118	118118	A1 Sec 39: NE, Blk 45	160
TXL01116000	State of Texas 119686	119686	A1 Sec 27: E, Blk 45	320.29
				800.566172

TPF	
267.93474	0.33468156
24.042	0.03003125
160	0.19985856
1.135318	0.00141814
320.29	0.40007936
27.164115	0.03393113
800.56617	1.00000000

Joy McCauley

From: Mike Whitcomb <Mike.Whitcomb@pdce.com>
Sent: Tuesday, May 31, 2022 11:34 AM
To: Joy McCauley
Cc: Susan Wauer; Tonia Carabajal; Anny Phu; Shay Skinner; Kimberly Stout
Subject: RE: [EXTERNAL] :FW: operator reporting to only 4 of 6 leases in Unit 11275
Attachments: Copy of Company Net Acres Check _ Stoneman State Unit.xlsx

Good morning Joy,

Attached is a report that was pulled with the information you requested.

If there is anything further that we can assist you with, please advise.

Sincerely,



Mike Whitcomb
Division Order Analyst IV
1775 Sherman Street, Suite 3000
Denver, Colorado 80203
Direct: 303-860-5832
Main: 303-860-5800
Mike.Whitcomb@pdce.com
pdce.com

From: Joy McCauley <Joy.McCauley@GLO.TEXAS.GOV>
Sent: Friday, May 6, 2022 8:16 AM
To: Anny Phu <Anny.Phu@pdce.com>; Tonia Carabajal <Tonia.Carabajal@pdce.com>
Cc: Susan Wauer <Susan.Wauer@GLO.TEXAS.GOV>
Subject: RE: [EXTERNAL] :FW: operator reporting to only 4 of 6 leases in Unit 11275

Good morning, Anny and Tonia.

Please send me the following:

- 1) Total Unit Acreage for the Unit
- 2) Net acreage for each of the mineral files related to this unit.
 - MF117292
 - MF117652
 - MF118118
 - MF119424
 - MF119686
 - MF119900

Thank you,
Joy
Joy McCauley
Energy Resources
Texas General Land Office
512-463-4704

47.

File No. MF117292

Reeves County

Unit 11275 - Stoneman State 3927 -

Revised
Date Filed: 11/30/2022

George P. Bush, Commissioner

By Jm

DO NOT DESTROY



Texas General Land Office

UNIT AGREEMENT MEMO

UPA200125

Unit Number	10927		
Operator Name	APR Operating LLC	Effective Date	02/01/2020
Customer ID	C000090389	Unitized For	Oil And Gas
Unit Name	Strategery State Unit	Unit Term	
County 1	Reeves	RRC District 1	08
County 2		RRC District 2	
County 3		RRC District 3	
County 4		RRC District 4	
Unit type	Standard		
State Net Revenue Interest	Oil	0.18750000	
State Part in Unit		1.00000000	
Unit Depth	Specified Depths	Well	
From Depth		Formation	Base of Bell Canyon
To Depth	300' TVD below the deepest depth reached by the horizontal lateral between the FTP and the LTP	Participation Basis	Surface Acreage

If Excluions Apply: See Remarks

<i>Lease Number</i>	<i>Tract No</i>	<i>Lease Acres in Unit</i>	<i>Total Unit Acres</i>	<i>Tract Participation</i>	<i>O/G</i>	<i>Lease Royalty</i>	<i>NRI of Lease in Unit</i>	<i>Royalty Rate Reduction Clause</i>
MF117292		1.784998	640.000000	0.00278906	O/G	0.12500000	0.00034863	
MF119424		0.566666	640.000000	0.00088542	O/G	0.12500000	0.00011068	No
MF119686		320.000000	640.000000	0.50000000	O/G	0.25000000	0.12500000	No
MF119900		27.966666	640.000000	0.04369792	O/G	0.12500000	0.00546224	No
MF120353		289.681670	640.000000	0.45262761	O/G	0.12500000	0.05657845	No

API Number

4238938247, 4238938266, 4238939246, 4238939247

Remarks:

Prepared By:

GLO Base Updated By:

RAM Approval By:

GIS By:

Well Inventory By:

Prepared Date:

GLO Base Date:

RAM Approval Date:

GIS Date:

WI Date:

10/09/2022

10/09/2022

10/09/2022

10-20-2022

10/09/2022

Pooling Committee Report

To: School Land Board

UPA200125

Date of Board Meeting: 10/20/2020

Unit Number: 10927

Effective Date: 02/01/2020

Unit Expiration Date:

Applicant: APR Operating LLC

Attorney Rep:

Operator: APR Operating, LLC

Unit Name: Strategy State Unit

Field Name: FORD, WEST (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>
RAL	MF117292	0.12500000	12/01/2018	46 months	2,343.559000	1.784998	0.00034863
RAL	MF119424	0.12500000	03/21/2021	3 years	5.247080	0.566666	0.00011068
RAL	MF119900	0.12500000	12/05/2021	3 years	52.133333	27.966666	0.00546224
RAL	MF120353	0.12500000	11/01/2020	9 months	289.681800	289.681670	0.05657845
U Fee	MF119686	0.25000000	10/02/2021	3 years	640.000000	320.000000	0.12500000

Private Acres:	0.000000
State Acres:	640.000000
Total Unit Acres:	640.000000

Participation Basis:	Surface Acreage
Surface Acreage	
State Acreage:	100.00%
State Net Revenue Interest:	18.75%

Unit Type:	Unitized for:
Permanent	Oil And Gas
Term:	

RRC Rules:	Spacing Acres:
Yes	1,820 acres for a 10,000 foot lateral (FTP to LTP).

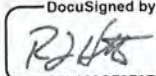
Working File Number: **UPA200125**

REMARKS:

- APR Operating LLC is requesting oil and gas pooling from the base of the Bell Canyon formation to three hundred feet true vertical depth below the deepest depth reached by the horizontal lateral between the first take point and the last take point in order to test the Bell Canyon and Wolfcamp formations.
- The applicant has drilled two unit wells. The first unit well was spud on February 24, 2020 and the second unit well was spud on March 5, 2020. The wells are drilled to 9,569 feet TVD and 9,456 feet TVD and 10,000 foot laterals were drilled. These wells are currently uncompleted.
- With Board approval of the unit the State's unit royalty participation will be 18.75%.
- The State will participate on a unitized basis from the date of first production.

POOLING COMMITTEE RECOMMENDATION:

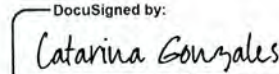
The Pooling Committee recommends Board approval of oil and gas pooling under the above-stated provisions.

DocuSigned by:

6C1830CF0F2E4D3...

General Land Office

10/9/2020

Date

DocuSigned by:

EE6EA1905EF040C...

Office of the Governor

10/9/2020

Date

Office of the Governor

Date

**POOLING AGREEMENT
APR OPERATING LLC
STRATEGY STATE UNIT
GLO UNIT NO. 10927
REEVES, COUNTY, TEXAS**

THIS AGREEMENT is entered into by and between the Commissioner of the General Land Office, on behalf of the State of Texas, as "Lessor" and APR Operating, LLC, herein referred to as "Lessee", and such other interested parties as may join in the execution hereof, the undersigned parties herein collectively referred to as the "parties", in consideration of the mutual agreements hereinafter set forth and other valuable considerations, the receipt and sufficiency of which are hereby acknowledged, and for the purposes and upon the terms and conditions which follow:

PURPOSES:

1.

This Pooling Agreement ("Agreement") 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 Agreement to effect equitable participation within the unit formed hereby. This Agreement 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 pooled unit, are listed on the attached Exhibit "A", to which leases and the records thereof reference is here made for all pertinent purposes. The pooled unit shall consist of all the lands described in Exhibit "B" attached hereto and made a part hereof. A plat of the pooled unit is attached hereto as Exhibit "C".

MINERAL POOLED:

3.

The mineral pooled ("pooled mineral") hereby 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 of 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 base of the Bell Canyon to 300 feet true vertical depth below the deepest depth reached by the horizontal lateral of the deepest unit well measured between the first takepoint and the last takepoint. For further clarification, the State Leases described on Exhibit "A" hereto attached, will terminate as described in the provisions of each State Lease, unless otherwise held, and as to all depths below 300 feet true vertical depth below the deepest depth reached by the horizontal lateral of the deepest unit well measured between the first takepoint and the last takepoint ("unitized interval").

POOLING AND EFFECT:

4.

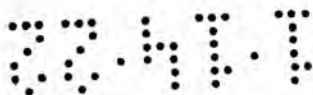
The parties hereto commit all their interests which are within the unit to the extent and as above described into said unit and unitize and pool hereunder the separate tracts described on the attached Exhibit "B", for and during the term hereof, so that such pooling or unitization shall have the following 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 Agreement. In the event the unitized area covered by this Agreement is maintained in force by drilling or reworking operations conducted on a directional or horizontal well drilled under the unitized area from a surface location on adjacent or adjoining lands not included within the boundaries of the unitized area, such operations shall be considered to have been commenced on the unitized area when drilling is commenced on the adjacent or adjoining land for the purpose of directionally drilling under the unitized area and production of oil or gas from the unitized area through any directional or horizontal well surfaced on adjacent or adjoining land or drilling or reworking of any such well shall be considered production or drilling or reworking operations, as the case may be, on the unitized area for all purposes under this Agreement. Nothing in this Agreement is intended or shall be construed as granting to Lessee any leasehold interest, easements, or other rights in or with respect to any such adjacent or adjoining land in addition to any such leasehold interests, easements, or other rights which the lessee, operator or other interest owner in the unitized area may have lawfully acquired from the state or others.

- (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 Agreement. Provided that, if any State Lease described in Exhibit "A" attached hereto contains provision 4(E) VARIABLE ROYALTY, and a unit well is not located on such State Lease and a reduced royalty has not otherwise been earned, then a reduced royalty may be earned by unit production, but it shall only apply to the acreage included within the unit. Acreage outside of the unitized area must earn a reduced royalty independently.
- (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. Provided that, payments that are made on a per acre basis shall be reduced according to the number of acres pooled and included herein, so that payments made on a per acre basis shall be calculated based upon the number of acres actually included within the boundaries of the pooled unit covered by this Agreement.
- (e) A shut-in oil or gas well located upon any land or lease included within said unit shall be considered as a shut-in oil or gas well located upon each land or 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 provided in each State lease shall not be shared with other royalty owners.
- (f) Notwithstanding any other provision hereof, it is expressly agreed that each State lease may be maintained in force as to areas lying outside the unitized area described in Exhibit "B" only as provided in each such lease without regard to unit operations or unit production. Neither production of the pooled mineral, nor unit operations with respect thereto, nor the payment of shut-in royalties from a unit well, shall serve to hold any State lease in force as to any area outside the unitized area described in Exhibit "B" regardless of whether the production or operations on the unit are actually located on the State lease or not. "Area" as used in this paragraph shall be based upon surface acres. Depths, if held, shall be held in accordance with the terms of the Leases on Exhibit "A".



- (g) 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 640.00 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.
- (h) This Agreement shall not relieve Lessee from the duty of protecting the State leases described in Exhibit "A" and the State lands within the boundaries of the pooled unit described in Exhibit "B" from drainage from any well situated on privately owned land, lying outside the unitized area described in Exhibit "B", 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.
- (i) There shall be no obligation to drill internal offsets to any other well on separate tracts within the pooled unit, nor to develop the lands within the boundaries thereof separately, as to the pooled mineral.
- (j) Should this 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 conditions 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 this 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 pooled unit, there shall be allocated to each tract committed to said unit that pro rata portion of the pooled mineral produced from the pooled 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 Pooling Agreement 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.

EFFECTIVE DATE:

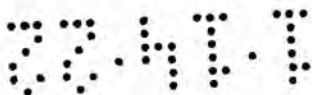
7.

Upon execution by the Commissioner of the General Land Office of the State of Texas this Agreement shall become effective as of February 1, 2020.

TERM:

8.

This Agreement 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 Agreement.

STATE LAND:

9.

Insofar as the royalty interest of the State of Texas in and under any State tract committed to the unit is concerned, this Agreement 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:

10.

The unit covered by this Agreement may be dissolved by Lessee, his 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 production on said 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:

11.

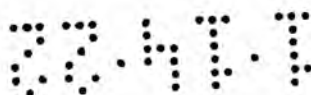
Nothing in this Agreement, nor the approval of this Agreement by the School Land Board, nor the execution of this Agreement by the Commissioner shall: (1) operate as a ratification or revivor of any State lease that has expired, terminated, or has been released in whole or in part or terminated under the terms of such State lease or the laws applicable thereto; (2) constitute a waiver or release of any claim for money, oil, gas or other hydrocarbons, or other thing due to the State by reason of the existence or failure of such lease; (3) constitute a waiver or release of any claim by the State that such lease is void or voidable for any reason, including, without limitation, violations of the laws of the State with respect to such lease or failure of consideration; (4) 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 (5) 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:

12.

This Agreement 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 Agreement are executed, the executed pages, together with the pages necessary to show acknowledgments, may be combined with the other pages of this Agreement to form what shall be deemed and treated as a single original instrument showing execution by all parties hereto.

Signature Pages Follow



Date Executed 2/2/2022

STATE OF TEXAS

Content MS
Legal DBO
Leasing 16

By: [Signature]
MARK A. HAVENS, CHIEF CLERK/DEPUTY COMMISSIONER
TEXAS GENERAL LAND OFFICE

CERTIFICATE

I, Linda Quintanilla, 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 20th day of October 2020, 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 2nd day of February, 2022.

[Signature]
Secretary of the School Land Board

Date Executed _____

APR OPERATING LLC

By _____

Its _____

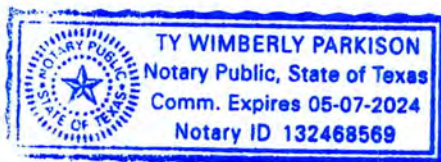
Senior Land Manager

STATE OF TEXAS

§
§
§

COUNTY OF MIDLAND

This instrument was acknowledged before me on 13th December, 2021, by Travis Hutt as Senior Land Manager of APR Operating, LLC, a Delaware limited liability company, on behalf of said company.



Notary Public in and for the
State of Texas

EXHIBIT "A"

Attached to and made part of that certain Pooling Agreement for the Strategy State Unit, GLO Unit, located in Reeves County, Texas, dated February 1, 2020.

State MF Number	Lessor	Lessee of Record	Lease Date	County	Recordation
MF119686	Commissioner of the General Land Office of the State of Texas	APR Operating LLC	10/2/2018	Reeves	Volume 1701, Page 746
MF117292D	State of Texas, acting by and through its agent, Legado Investments LLC	Summit West Resources LP	1/6/2017	Reeves	Volume 1373, Page 670
MF119900	State of Texas, acting by and through its agent, Blairbax Energy LLC	PDC Permian Inc	10/22/2018	Reeves	Vol 1714, Page 288
MF119900	State of Texas, acting by and through its agent, Kennedy Minerals, Ltd.	PDC Permian Inc	10/22/2018	Reeves	Volume 1723, Page 392
MF119900	State of Texas, acting by and through its agent, Midtex Royalty II, LP	PDC Permian Inc	10/22/2018	Reeves	Volume 1719, Page 526
MF119900	State of Texas, acting by and through its agent, Eb F. Luckel, Jr.	PDC Permian Inc	12/5/2018	Reeves	Volume 1714, Page 248
MF119900	State of Texas, acting by and through its agent, M. Brad Bennett	PDC Permian Inc	12/5/2018	Reeves	Volume 1723, Page 372
MF119900	State of Texas, acting by and through its agent, Susan Luckel Christie	PDC Permian Inc	12/5/2018	Reeves	Volume 1714, Page 268
MF119900	State of Texas, acting by and through its agent, Oak Valley Mineral & Land, LP	PDC Permian Inc	10/22/2018	Reeves	Volume 1727, Page 462
MF119900	State of Texas, acting by and through its agent, The De Compiegne Property Co. No. 20, LTD	PDC Permian Inc	10/22/2018	Reeves	Volume 1748, Page 404
MF119900	State of Texas, acting by and through its agent, Fred W. Shield and Company	PDC Permian Inc	10/22/2018	Reeves	Volume 1719, Page 511
MF119900	State of Texas, acting by and through its agent, Bruno & Marshall Investments	PDC Permian Inc	10/22/2018	Reeves	Volume 1748, Page 419
MF119424A	State of Texas, acting by and through its agent, MBR Oil & Gas #1 LTD & PPLB Investments	PDC Permian Inc	3/21/2018	Reeves	Volume 1580, Page 290
MF120353A	State of Texas, acting by and through its agent, KMF Land, LLC	APR Operating LLC	2/1/2020	Reeves	Document No. 2020-8089
MF120353B	State of Texas, acting by and through its agent, Estate of James Robert Hill, Estate of Virginia Geln Hill Lattimore, Houton & Emma Hill Trust Estate	APR Operating LLC	2/1/2020	Reeves	Document No. 2020-8087
MF120353C	State of Texas, acting by and through its agent, Triangle Royalty, LP and JK Royalty, LP	APR Operating LLC	2/1/2020	Reeves	Document No. 2020-8092
MF120353D	State of Texas, acting by and through its agent, Nancy Puff Jones	APR Operating LLC	2/1/2020	Reeves	Document No. 2020-8090
MF120353E	State of Texas, acting by and through its agent, Hill Investments, Ltd.	APR Operating LLC	2/1/2020	Reeves	Document No. 2020-8086
MF120353F	State of Texas, acting by and through its agent, Carrolle Cochran Hathaway	APR Operating LLC	2/1/2020	Reeves	Document No. 2020-8084
MF120353G	State of Texas, acting by and through its agent, Jack F. Cochran	APR Operating LLC	2/1/2020	Reeves	Document No. 2020-8088
MF120353H	State of Texas, acting by and through its agent, Nell Cochran Hastings	APR Operating LLC	2/1/2020	Reeves	Document No. 2020-8091
MF120353I	State of Texas, acting by and through its agent, Word B. Wilson Investments, LP	APR Operating LLC	2/1/2020	Reeves	Document No. 2020-8093
MF120353J	State of Texas, acting by and through its agent, AllDale Minerals, LP	APR Operating LLC	2/1/2020	Reeves	Document No. 2020-8083
MF120353K	State of Texas, acting by and through its agent, CG Interests, LLC	APR Operating LLC	2/1/2020	Reeves	Document No. 2020-8085

EXHIBIT "B"

Attached to and made part of that certain Pooling Agreement Declaration for the **Strategy State Unit**, located in Reeves County, Texas, effective February 1, 2020.

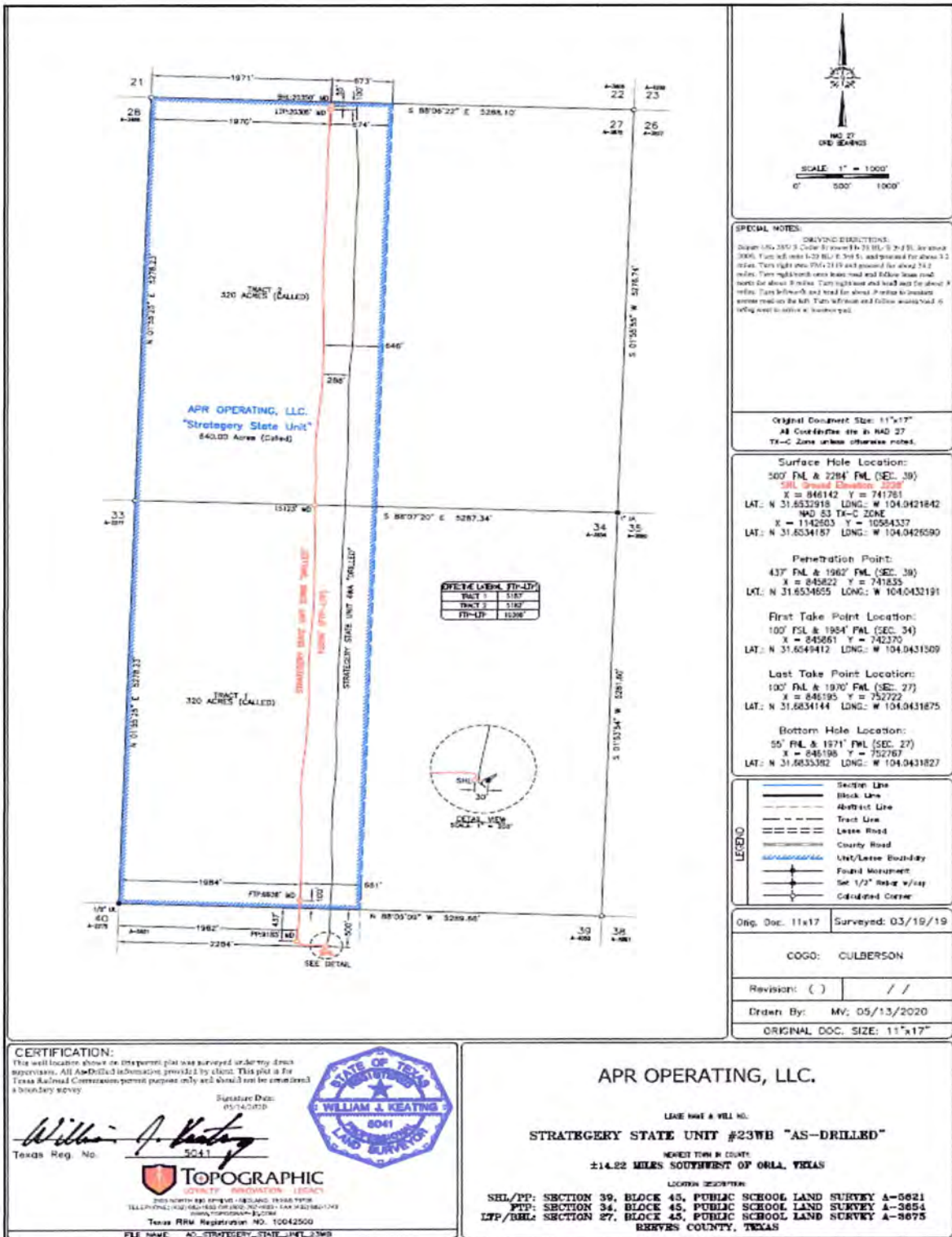
LEGAL DESCRIPTION:

- Tract 1: 320 acres, being the West Half (W/2) of Section 34, Block 45,
Public School Land Survey, A-3654, Reeves County, Texas.
- Tract 2: 320 acres, being the West Half (W/2) of Section 27, Block 45,
Public School Land Survey, A-3675, Reeves County, Texas.

END OF EXHIBIT "B"

EXHIBIT "C"

Attached to and made part of that certain Pooling Agreement for the **Strategy State Unit**, located in Reeves County, Texas, dated February 1, 2020.



Pooling Agreement
Strategy State Unit

EXHIBIT "C"

5041

48.

File No. MF117292
Reeves County
Unit 10927-Strategy State Unit
Date Filed: 11/30/2022
George P. Bush, Commissioner
By gm

48

**POOLING AGREEMENT
APR OPERATING LLC
STRATEGY STATE UNIT
GLO UNIT NO. 10927
REEVES, COUNTY, TEXAS**

THIS AGREEMENT is entered into by and between the Commissioner of the General Land Office, on behalf of the State of Texas, as "Lessor" and APR Operating, LLC, herein referred to as "Lessee", and such other interested parties as may join in the execution hereof, the undersigned parties herein collectively referred to as the "parties", in consideration of the mutual agreements hereinafter set forth and other valuable considerations, the receipt and sufficiency of which are hereby acknowledged, and for the purposes and upon the terms and conditions which follow:

PURPOSES:

1.

This Pooling Agreement ("Agreement") 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 Agreement to effect equitable participation within the unit formed hereby. This Agreement 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 pooled unit, are listed on the attached Exhibit "A", to which leases and the records thereof reference is here made for all pertinent purposes. The pooled unit shall consist of all the lands described in Exhibit "B" attached hereto and made a part hereof. A plat of the pooled unit is attached hereto as Exhibit "C".

MINERAL POOLED:

3.

The mineral pooled ("pooled mineral") hereby 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 of 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 base of the Bell Canyon to 300 feet true vertical depth below the deepest depth reached by the horizontal lateral of the deepest unit well measured between the first takepoint and the last takepoint. For further clarification, the State Leases described on Exhibit "A" hereto attached, will terminate as described in the provisions of each State Lease, unless otherwise held, and as to all depths below 300 feet true vertical depth below the deepest depth reached by the horizontal lateral of the deepest unit well measured between the first takepoint and the last takepoint ("unitized interval").

POOLING AND EFFECT:

4.

The parties hereto commit all their interests which are within the unit to the extent and as above described into said unit and unitize and pool hereunder the separate tracts described on the attached Exhibit "B", 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 Agreement. In the event the unitized area covered by this Agreement is maintained in force by drilling or reworking operations conducted on a directional or horizontal well drilled under the unitized area from a surface location on adjacent or adjoining lands not included within the boundaries of the unitized area, such operations shall be considered to have been commenced on the unitized area when drilling is commenced on the adjacent or adjoining land for the purpose of directionally drilling under the unitized area and production of oil or gas from the unitized area through any directional or horizontal well surfaced on adjacent or adjoining land or drilling or reworking of any such well shall be considered production or drilling or reworking operations, as the case may be, on the unitized area for all purposes under this Agreement. Nothing in this Agreement is intended or shall be construed as granting to Lessee any leasehold interest, easements, or other rights in or with respect to any such adjacent or adjoining land in addition to any such leasehold interests, easements, or other rights which the lessee, operator or other interest owner in the unitized area may have lawfully acquired from the state or others.

- (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 Agreement. Provided that, if any State Lease described in Exhibit "A" attached hereto contains provision 4(E) VARIABLE ROYALTY, and a unit well is not located on such State Lease and a reduced royalty has not otherwise been earned, then a reduced royalty may be earned by unit production, but it shall only apply to the acreage included within the unit. Acreage outside of the unitized area must earn a reduced royalty independently.
- (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. Provided that, payments that are made on a per acre basis shall be reduced according to the number of acres pooled and included herein, so that payments made on a per acre basis shall be calculated based upon the number of acres actually included within the boundaries of the pooled unit covered by this Agreement.
- (e) A shut-in oil or gas well located upon any land or lease included within said unit shall be considered as a shut-in oil or gas well located upon each land or 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 provided in each State lease shall not be shared with other royalty owners.
- (f) Notwithstanding any other provision hereof, it is expressly agreed that each State lease may be maintained in force as to areas lying outside the unitized area described in Exhibit "B" only as provided in each such lease without regard to unit operations or unit production. Neither production of the pooled mineral, nor unit operations with respect thereto, nor the payment of shut-in royalties from a unit well, shall serve to hold any State lease in force as to any area outside the unitized area described in Exhibit "B" regardless of whether the production or operations on the unit are actually located on the State lease or not. "Area" as used in this paragraph shall be based upon surface acres. Depths, if held, shall be held in accordance with the terms of the Leases on Exhibit "A".

- (g) 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 640.00 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.
- (h) This Agreement shall not relieve Lessee from the duty of protecting the State leases described in Exhibit "A" and the State lands within the boundaries of the pooled unit described in Exhibit "B" from drainage from any well situated on privately owned land, lying outside the unitized area described in Exhibit "B", 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.
- (i) There shall be no obligation to drill internal offsets to any other well on separate tracts within the pooled unit, nor to develop the lands within the boundaries thereof separately, as to the pooled mineral.
- (j) Should this 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 conditions 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 this 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 pooled unit, there shall be allocated to each tract committed to said unit that pro rata portion of the pooled mineral produced from the pooled 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 Pooling Agreement 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.

EFFECTIVE DATE:

7.

Upon execution by the Commissioner of the General Land Office of the State of Texas this Agreement shall become effective as of February 1, 2020.

TERM:

8.

This Agreement 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 Agreement.

STATE LAND:

9.

Insofar as the royalty interest of the State of Texas in and under any State tract committed to the unit is concerned, this Agreement 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:

10.

The unit covered by this Agreement may be dissolved by Lessee, his 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 production on said 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:

11.

Nothing in this Agreement, nor the approval of this Agreement by the School Land Board, nor the execution of this Agreement by the Commissioner shall: (1) operate as a ratification or revivor of any State lease that has expired, terminated, or has been released in whole or in part or terminated under the terms of such State lease or the laws applicable thereto; (2) constitute a waiver or release of any claim for money, oil, gas or other hydrocarbons, or other thing due to the State by reason of the existence or failure of such lease; (3) constitute a waiver or release of any claim by the State that such lease is void or voidable for any reason, including, without limitation, violations of the laws of the State with respect to such lease or failure of consideration; (4) 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 (5) 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:

12.

This Agreement 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 Agreement are executed, the executed pages, together with the pages necessary to show acknowledgments, may be combined with the other pages of this Agreement to form what shall be deemed and treated as a single original instrument showing execution by all parties hereto.

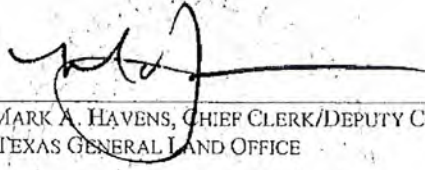
Signature Pages Follow

Date Executed 2/2/2022

STATE OF TEXAS

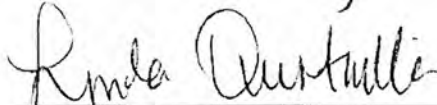
Content	Ag
Legal	DBO
Leasing	u

By:


MARK A. HAVENS, CHIEF CLERK/DEPUTY COMMISSIONER
TEXAS GENERAL LAND OFFICECERTIFICATE

I, Linda Quintanilla, 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 20th day of October 2020, 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 2nd day of February, 2022.


Secretary of the School Land Board

Date Executed _____

APR OPERATING LLC

By _____

Its _____

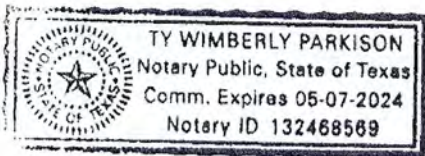
Senior Land Manager

STATE OF TEXAS

§
§
§

COUNTY OF MIDLAND

This instrument was acknowledged before me on 13th December, 2021, by Travis Hutt as Senior Land Manager of APR Operating, LLC, a Delaware limited liability company, on behalf of said company.



Notary Public in and for the
State of Texas

EXHIBIT "A"

Attached to and made part of that certain Pooling Agreement for the Strategy State Unit, GLO Unit, located in Reeves County, Texas, dated February 1, 2020.

State MF Number	Lessor	Lessee of Record	Lease Date	County	Recordation
MF119686	Commissioner of the General Land Office of the State of Texas	APR Operating LLC	10/2/2018	Reeves	Volume 1701, Page 746
MF117292D	State of Texas, acting by and through its agent, Legado Investments LLC	Summit West Resources LP	1/6/2017	Reeves	Volume 1373, Page 670
MF119900	State of Texas, acting by and through its agent, Blairbax Energy LLC	PDC Permian Inc	10/22/2018	Reeves	Vol 1714, Page 288
MF119900	State of Texas, acting by and through its agent, Kennedy Minerals, Ltd.	PDC Permian Inc	10/22/2018	Reeves	Volume 1723, Page 392
MF119900	State of Texas, acting by and through its agent, Midtex Royalty II, LP	PDC Permian Inc	10/22/2018	Reeves	Volume 1719, Page 526
MF119900	State of Texas, acting by and through its agent, Eb F. Luckel, Jr.	PDC Permian Inc	12/5/2018	Reeves	Volume 1714, Page 248
MF119900	State of Texas, acting by and through its agent, M. Brad Bennett	PDC Permian Inc	12/5/2018	Reeves	Volume 1723, Page 372
MF119900	State of Texas, acting by and through its agent, Susan Luckel Christie	PDC Permian Inc	12/5/2018	Reeves	Volume 1714, Page 268
MF119900	State of Texas, acting by and through its agent, Oak Valley Mineral & Land, LP	PDC Permian Inc	10/22/2018	Reeves	Volume 1727, Page 462
MF119900	State of Texas, acting by and through its agent, The De Compiegne Property Co. No. 20, LTD	PDC Permian Inc	10/22/2018	Reeves	Volume 1748, Page 404
MF119900	State of Texas, acting by and through its agent, Fred W. Shield and Company	PDC Permian Inc	10/22/2018	Reeves	Volume 1719, Page 511
MF119900	State of Texas, acting by and through its agent, Bruno & Marshall Investments	PDC Permian Inc	10/22/2018	Reeves	Volume 1748, Page 419
MF119424A	State of Texas, acting by and through its agent, MBR Oil & Gas #1 LTD & PPLB Investments	PDC Permian Inc	3/21/2018	Reeves	Volume 1580, Page 290
MF120353A	State of Texas, acting by and through its agent, KMF Land, LLC	APR Operating LLC	2/1/2020	Reeves	Document No. 2020-8089
MF120353B	State of Texas, acting by and through its agent, Estate of James Robert Hill, Estate of Virginia Gelum Hill Lattimore, Houton & Emma Hill Trust Estate	APR Operating LLC	2/1/2020	Reeves	Document No. 2020-8087
MF120353C	State of Texas, acting by and through its agent, Triangle Royalty, LP and JK Royalty, LP	APR Operating LLC	2/1/2020	Reeves	Document No. 2020-8092
MF120353D	State of Texas, acting by and through its agent, Nancy Puff Jones	APR Operating LLC	2/1/2020	Reeves	Document No. 2020-8090
MF120353E	State of Texas, acting by and through its agent, Hill Investments, Ltd.	APR Operating LLC	2/1/2020	Reeves	Document No. 2020-8086
MF120353F	State of Texas, acting by and through its agent, Carrolle Cochran Hathaway	APR Operating LLC	2/1/2020	Reeves	Document No. 2020-8084
MF120353G	State of Texas, acting by and through its agent, Jack F. Cochran	APR Operating LLC	2/1/2020	Reeves	Document No. 2020-8088
MF120353H	State of Texas, acting by and through its agent, Nell Cochran Hastings	APR Operating LLC	2/1/2020	Reeves	Document No. 2020-8091
MF120353I	State of Texas, acting by and through its agent, Word B. Wilson Investments, LP	APR Operating LLC	2/1/2020	Reeves	Document No. 2020-8093
MF120353J	State of Texas, acting by and through its agent, AllDale Minerals, LP	APR Operating LLC	2/1/2020	Reeves	Document No. 2020-8083
MF120353K	State of Texas, acting by and through its agent, CG Interests, LLC	APR Operating LLC	2/1/2020	Reeves	Document No. 2020-8085

EXHIBIT "B"

Attached to and made part of that certain Pooling Agreement Declaration for the **Stratery State Unit**, located in Reeves County, Texas, effective February 1, 2020.

LEGAL DESCRIPTION:

- Tract 1: 320 acres, being the West Half (W/2) of Section 34, Block 45,
Public School Land Survey, A-3654, Reeves County, Texas.
- Tract 2: 320 acres, being the West Half (W/2) of Section 27, Block 45,
Public School Land Survey, A-3675, Reeves County, Texas.

END OF EXHIBIT "B"

Reeves County
Dianne O. Florez
Reeves County Clerk

Instrument Number: 2022005039

eRecording - Real Property

AGREEMENT

Recorded On: July 27, 2022 02:53 PM

Number of Pages: 10

" Examined and Charged as Follows: "

Total Recording: \$58.00

***** THIS PAGE IS PART OF THE INSTRUMENT *****

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.

File Information:

Document Number: 2022005039
Receipt Number: 20220727000018
Recorded Date/Time: July 27, 2022 02:53 PM
User: Rebecca G
Station: CLERK07

Record and Return To:

Simplifile



STATE OF TEXAS
COUNTY OF REEVES

I hereby certify that this Instrument was FILED In the File Number sequence on the date/time
printed hereon, and was duly RECORDED in the Official Records of County, Texas.

Dianne O. Florez
Reeves County Clerk
Reeves County, TX

Dianne O. Florez

File No. MF117292

Reeves County

Recorded Unit 10927

Date Filed: 11/30/2022

By jm George P. Bush, Commissioner

Updated Acreage

DO NOT DESTROY



Texas General Land Office

UNIT AGREEMENT MEMO

UPA210079

Unit Number	11275				
Operator Name	PDC Permian, Inc.		Effective Date	07/01/2021	
Customer ID	C000088142		Unitized For	Oil And Gas	
Unit Name	Stoneman State 3927		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	Standard				
State Net Revenue Interest	Oil	0.19997815			
State Part in Unit		1.00000000			
Unit Depth	Specified Depths	Well			
From Depth		Formation	Base of Bell Canyon		
To Depth	300' TVD below the deepest depth reached by the horizontal lateral between the FTP and the LTP	Participation Basis	Surface Acreage		
		If Excluions Apply:	See Remarks		

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	O/G	Lease Royalty	NRI of Lease in Unit	Royalty Rate Reduction Clause
MF117292		267.935000	801.050000	0.33447975	O/G	0.12500000	0.04180997	
MF117652		24.042000	801.050000	0.03001311	O/G	0.12500000	0.00375164	
MF118118		160.200000	801.050000	0.19998752	O/G	0.25000000	0.04999688	No
MF119424		1.135000	801.050000	0.00141689	O/G	0.12500000	0.00017711	No
MF119686		320.290000	801.050000	0.39983771	O/G	0.25000000	0.09995943	No
MF119900		27.448000	801.050000	0.03426503	O/G	0.12500000	0.00428313	No

API Number

4238937674, 4238937680, 4238939106, 4238939107, 4238939108, 4238939109

Remarks:

This unit is replacing Unit 9797. Production will be reported to this unit effective July 1, 2021.

Updated per Division Order.

Prepared By:

Jm

Prepared Date:

01/06/2023

GLO Base Updated By:

Jm

GLO Base Date:

01/06/2023

RAM Approval By:

Jm

RAM Approval Date:

01/06/2023

GIS By:

Jm

GIS Date:

01/06/2023

Well Inventory By:

Jm

WI Date:

01/06/2023

Pooling Committee Report

To: School Land Board

UPA210079

Date of Board Meeting: 06/28/2021

Unit Number: 11275

Effective Date: 07/01/2021

Unit Expiration Date:

Applicant: PDC Permian, Inc.

Attorney Rep: Bill Hayenga

Operator: PDC Pemian, Inc.,

Unit Name: Stoneman State 3927

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>
RAL	MF117292	0.12500000	12/01/2018	46 months	2,343.559000	267.935000	0.04180997
RAL	MF117652	0.12500000	12/01/2018	1336 days	80.348000	24.042000	0.00375164
RAL	MF119424	0.12500000	03/21/2021	3 years	5.247080	1.135000	0.00017711
RAL	MF119900	0.12500000	12/05/2021	3 years	54.799933	27.448000	0.00428313
U Fee	MF118118	0.25000000	07/19/2019	3 years	320.000000	160.200000	0.04999688
U Fee	MF119686	0.25000000	10/02/2021	3 years	640.000000	320.290000	0.09995943

Private Acres: 0.000000
State Acres: 801.050000
Total Unit Acres: 801.050000

Participation Basis: Surface Acreage
Surface Acreage
State Acreage: 100.00%
State Net Revenue Interest: 20.00%

Unit Type: Standard
Unitized for: Oil And Gas
Term:

RRC Rules: Yes
Spacing Acres:

MF#	117292	117652	119424	119900	118118	119686	
LEASE AC. IN UNIT	267.935	24.042	1.135	27.448	160.2	320.29	801.05
TOTAL UNIT AC.	801.05	801.05	801.05	801.05	801.05	801.05	
STATE PARTICIPATION	0.33447975	0.03001311	0.00141689	0.03426503	0.19998752	0.39983771	1.00000000
LEASE ROYALTY	0.125	0.125	0.125	0.125	0.25	0.25000000	
PART OF UNIT NRI	0.04180997	0.00375164	0.00017711	0.00428313	0.04999688	0.09995943	0.19997815

Lease Type	MF #	Lease Royalty	Lease Ac in Unit	Unit Acres	TPF #	GLO NRI
RAL	117292	0.12500000	267.935	801.05	0.33447975	0.04180997
RAL	117652	0.12500000	24.042	801.05	0.03001311	0.00375164
RAL	119424	0.12500000	1.135	801.05	0.00141689	0.00017712
RAL	119900	0.12500000	27.448	801.05	0.03426503	0.00428313
Fee	118118	0.25000000	160.2	801.05	0.19998752	0.04999688
Fee	119686	0.25000000	320.29	801.05	0.39983771	0.09995943
			801.05	0.19997816		

Joy McCauley

From: Michael Weaver <Michael.Weaver@pdce.com>
Sent: Thursday, December 8, 2022 12:58 PM
To: Joy McCauley
Cc: Shay Skinner
Subject: [EXTERNAL] Stoneman State GLO Interest Breakdown
Attachments: As-Completed Plat Stoneman State 3927 A2H.pdf; Stoneman State GLO MF Interest Breakdown_12.8.2022.xlsx

Joy,

The attached plat and spreadsheet should help solve the riddle of the GLO's interest in the Stoneman State Unit wells. The discrepancy lies in the leased acreage vs the surveyed acreage (800.566ac vs 801.05ac). Tract 1 and a portion of tract 2 (MF 119900) are slightly larger on the surveyed plat and that is what we use when creating our DOIs.

Let me know if you have any questions.

Thank you,

Michael L. Weaver
Sr. Land Negotiator (Permian Assets)
1775 Sherman Street, Suite 3000
Denver, Colorado 80203

Office 303.831.3974
Mobile 303.503.3726
Michael.Weaver@pdce.com
www.pdce.com



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CAUTION: This email originated from OUTSIDE of the Texas General Land Office. Links or attachments may be dangerous. Please be careful clicking on any links or opening any attachments.

ORIGINAL DOC. SIZE: 11"x17"

~~By _____~~
~~Date Filed: _____~~
~~County _____~~
~~File No. _____~~
50.

File No. MF117292

Reeves County

Unit 11275 - Stoneman State 3927 Unit

Date Filed: 01/06/2023

By Jm



Verified
Unit 11275 - MF117292, 117652,
MF119424, 119900, 118118, 119686

NADOA MODEL FORM DIVISION ORDER (Adopted 9/95)

DIVISION ORDER

To: PDC Energy, Inc.
Attn: Shelby McCloud
1775 Sherman Street, Suite 3000
Denver, CO, 80203

Date: July 14, 2021
Effective Date: See Exhibit A
Operator: PDC Permian, Inc.
County/State: Reeves County, TX

<u>Property No.</u>	<u>Property Name</u>	<u>Spacing Unit</u>	<u>Effective Date</u>
120163	STONEMAN STATE 3927 B4H	BLOCK 45: SECTION 27: E2 SECTION 34: E2 SECTION 39: NE/4	6/28/2021

Owner Number: 1010003239

Owner Name: COMMISSIONER OF STATE OF TEXAS

Interest Type: RI

Decimal: 0.19997816 ✓ Rounding difference OK

The undersigned certifies the ownership of their decimal interest in production or proceeds as described above payable by PDC Permian, Inc. d/b/a PDC Energy Inc. (Payor).

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 pay annually, whichever occurs first, 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.

Special Clauses & Requirements:

Owner(s) Signature(s):

Owner(s) Printed Name(s):

Owner(s) Social Security OR
Tax I.D. Number
Owner Phone No.:

Email Address:

Address:

COMMISSIONER OF STATE OF TEXAS
GENERAL LAND OFFICE
1700 CONGRESS AVE
AUSTIN, TX 78701-1495

**Federal Law requires you to furnish your Social Security or Taxpayer Identification Number.
Failure to comply will result in 24% withholding and will not be refundable by Payor.**

SEM

Retain this copy for your records



July 14, 2021

Re: Division Order for the Newly Producing Stoneman State 3927 B4H well
Reeves County, TX

Dear Interest Owner:

PDC Permian, Inc. d/b/a PDC Energy ("PDC") is the operator of the above referenced well which has been completed and began producing in June. This well covers the same spacing as the previously drilled Stoneman wells; therefore, your interest is exactly the same and if we are paying you on the previously drilled wells, we have placed your account into automatic pay status.

Please verify your interest, if you agree; please sign and return one copy of the Division Order either via mail or e-mail for our files. The additional copy of the Division Order is for your records. It is important that the signed Division Order be signed and promptly returned to our office:

PDC Energy, Inc.
Attn: Shelby McCloud
1775 Sherman Street, Suite 3000
Denver, CO, 80203

You may e-mail a copy to: Shelby.McCloud@pdce.com); if you e-mail a copy please do not send a hard copy.

Should you have any questions, please feel free to contact me via e-mail: Shelby.McCloud@pdce.com; for general Division Order questions, please visit our website: www.pdce.com/division-orders. Please refer to our well number and your owner number in any communication with our company so that we can respond promptly. Changes in ownership or address should also be directed to my attention.

Sincerely,

A handwritten signature in blue ink that reads "Shelby McCloud".

Shelby McCloud
Division Order Analyst



INSTRUCTIONS TO ALL INTEREST OWNERS

Dear Interest Owner,

PDC Permian, Inc. d/b/a PDC Energy, Inc. has enclosed a Division Order for your execution.

The attached document should not be altered in any way except to correct spelling errors, unless accompanied by documentary evidence to support the change.

If your name and interest are correctly shown:

1. Sign your name as shown on the Division Order.
2. If your name has changed due to marriage or divorce, execute the Division Order using your present name and furnish a copy of the marriage certificate or divorce decree.
3. If signing for a corporation, signature must be attested, corporate seal fixed and title of signatory party reflected.
4. If signed by agent, attorney-in-fact, guardian or any party other than the named interest owner, a certified copy of the power of attorney or other evidence of such party's right to sign must be furnished.
5. Your correct mailing address should be noted in the space provided to insure prompt receipt of production proceeds.
6. The top copy or the "Original" of the Division Order should be returned to:

PDC Permian, Inc. d/b/a PDC Energy, Inc.
1775 Sherman Street, Suite 3000
Denver, Colorado 80203
Attn: Shelby McCloud
7. Should you have any further questions regarding the enclosed Division Order, please contact PDC Permian, Inc. d/b/a PDC Energy, Inc. at (303) 860-5836 or (888) 860-5836.
8. Please DO NOT DETACH the exhibit from the Division Order or Transfer Order if one is included.



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

January 10, 2023

Shelby McCloud
Division Order Analyst
PDC Permian, Inc.
1775 Sherman Street, Suite 3000
Denver, Colorado 80203

Re: State Lease Nos. MF117292, MF117652, MF119424, MF119900, MF118118 and
MF119686 Stoneman State 3927 B4H Unit 11275

Dear Mrs. McCloud:

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

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

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

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

Thank you,

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

510

File No. MF117292

County

Division Order

Date Filed: 1-10-2023

By NZ



7.21

Sent Via FedEx 773871893833

June 1, 2021

Texas General Land Office
ATTN: Joy McCauley
1700 Congress Ave.
Austin, Texas 78701

RE: Notice of Intent to Complete - Stoneman State 3927 B4H

Ms. McCauley:

Please allow for this letter to serve as notice that PDC Permian, Inc. has initiated the intent to complete Stoneman State 3927 B4H well as of May 19, 2021, and intends to TIL the well on or around August 4, 2021. The Stoneman State 3927 B4H well involves the following MF numbers:

- MF117292
- MF117652
- MF118118
- MF119686
- GLO Unit Number 9797 (Current Unit #11275)

If you should have any questions regarding this matter, please do not hesitate to reach out to me directly.

Respectfully,
PDC Permian, Inc.

A handwritten signature in black ink that reads "Mark Seligman".

Mark Seligman
Land Supervisor – Delaware
Mark.Seligman@pdce.com
Office: 303.318.6140

MS:ss

File No. ME117292Roose CountyNotice of Intent to CompleteDate Filed: 5/12/2023

Commissioner Dawn Buckingham, M.D.

By: Jm



April 12, 2021

Texas General Land Office
ATTN: Joy McCauley
1700 Congress Ave.
Austin, Texas 78701

RE: Notice of Intent to Spud - Stoneman State 3927 B4H

Ms. McCauley:

Please allow for this letter to serve as notice that PDC Permian, Inc. intends to spud the Stoneman State 3927 B4H well on or around April 22, 2021. The Stoneman State 3927 B4H well involves the following MF numbers:

- MF117292
- MF117652
- MF118118
- MF119686
- GLO Unit Number 9797

If you should have any questions regarding this matter, please do not hesitate to reach out to me directly.

Respectfully,
PDC Permian, Inc.



Mark Seligman
Land Supervisor – Delaware
Mark.Seligman@pdce.com
Office: 303.318.6140

MS:ss

RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION

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

PERMIT NUMBER 863988	DATE PERMIT ISSUED OR AMENDED (AMENDED) Mar 11, 2021	DISTRICT * 08															
API NUMBER 42-389-39107	FORM W-1 RECEIVED Mar 03, 2021	COUNTY REEVES															
TYPE OF OPERATION NEW DRILL	WELLBORE PROFILE(S) Horizontal	ACRES 801.05															
OPERATOR PDC PERMIAN, INC. 1775 SHERMAN ST STE 3000 DENVER, CO 80203-0000		NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No: (432) 684-5581															
LEASE NAME STONEMAN STATE 3927		WELL NUMBER B 4H															
LOCATION 14.45 miles SW direction from ORLA		TOTAL DEPTH 13000															
Section, Block and/or Survey SECTION ◀ 39 BLOCK ◀ 45 ABSTRACT ◀ 4050 SURVEY ◀ PSL / SLACK, K																	
DISTANCE TO SURVEY LINES 2241 ft. S 1168 ft. E		DISTANCE TO NEAREST LEASE LINE ft.															
DISTANCE TO LEASE LINES 2241 ft. S 1168 ft. E		DISTANCE TO NEAREST WELL ON LEASE See FIELD(s) Below															
FIELD(s) and LIMITATIONS: * SEE FIELD DISTRICT FOR REPORTING PURPOSES * ** THIS PERMIT IS GRANTED PURSUANT TO STATEWIDE RULE 37(h)(2)(A) ** CASE NO. 0326881 <table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:60%;">FIELD NAME LEASE NAME</th> <th style="width:10%;">ACRES NEAREST LEASE</th> <th style="width:10%;">DEPTH NEAREST WE</th> <th style="width:10%;">WELL # NEAREST WE</th> <th style="width:10%;">DIST</th> </tr> </thead> <tbody> <tr> <td>PHANTOM (WOLFCAMP)</td> <td>801.05</td> <td>13,000</td> <td>B 4H</td> <td>08</td> </tr> <tr> <td>STONEMAN STATE 3927</td> <td></td> <td></td> <td>521</td> <td></td> </tr> </tbody> </table>			FIELD NAME LEASE NAME	ACRES NEAREST LEASE	DEPTH NEAREST WE	WELL # NEAREST WE	DIST	PHANTOM (WOLFCAMP)	801.05	13,000	B 4H	08	STONEMAN STATE 3927			521	
FIELD NAME LEASE NAME	ACRES NEAREST LEASE	DEPTH NEAREST WE	WELL # NEAREST WE	DIST													
PHANTOM (WOLFCAMP)	801.05	13,000	B 4H	08													
STONEMAN STATE 3927			521														
WELLBORE PROFILE(s) FOR FIELD: Horizontal																	
RESTRICTIONS: If this well is drilled and completed, then acreage from existing wells will need to be reassigned in order to bring the lease/unit into compliance. This is a hydrogen sulfide field. Hydrogen Sulfide Fields with perforations must be isolated and tested per State Wide Rule 36 and a Form H-9 filed with the district office. Fields with SWR 10 authority to downhole commingle must be isolated and tested individually prior to commingling production. Lateral: TH1 Penetration Point Location Lease Lines: 100.0 F S L 851.0 F W L Terminus Location BH County: REEVES Section: 27 Block: 45 Abstract: 3675 Survey: PSL / MASARNEH, TONY Lease Lines: 50.0 F N L 852.0 F W L Survey Lines: 50.0 F N L 1792.0 F E L																	

RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION

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

PERMIT NUMBER 863988	DATE PERMIT ISSUED OR AMENDED (AMENDED) Mar 11, 2021	DISTRICT * 08										
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TYPE OF OPERATION NEW DRILL	WELLBORE PROFILE(S) Horizontal	ACRES 801.05										
OPERATOR PDC PERMIAN, INC. 1775 SHERMAN ST STE 3000 DENVER, CO 80203-0000		NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No: (432) 684-5581										
LEASE NAME STONEMAN STATE 3927		WELL NUMBER B 4H										
LOCATION 14.45 miles SW direction from ORLA		TOTAL DEPTH 13000										
Section, Block and/or Survey SECTION ◀ 39 BLOCK ◀ 45 ABSTRACT ◀ 4050 SURVEY ◀ PSL / SLACK, K												
DISTANCE TO SURVEY LINES 2241 ft. S 1168 ft. E		DISTANCE TO NEAREST LEASE LINE ft.										
DISTANCE TO LEASE LINES 2241 ft. S 1168 ft. E		DISTANCE TO NEAREST WELL ON LEASE See FIELD(s) Below										
FIELD(s) and LIMITATIONS: * SEE FIELD DISTRICT FOR REPORTING PURPOSES * ** THIS PERMIT IS GRANTED PURSUANT TO STATEWIDE RULE 37(h)(2)(A) ** CASE NO. 0326881 <table border="0"> <tr> <td>FIELD NAME</td> <td>ACRES</td> <td>DEPTH</td> <td>WELL #</td> <td>DIST</td> </tr> <tr> <td>LEASE NAME</td> <td>NEAREST LEASE</td> <td></td> <td>NEAREST WE</td> <td></td> </tr> </table> *** PRECEDING FIELD NAME INDICATES RULE (R37) THE FOLLOWING RESTRICTIONS APPLY TO ALL FIELDS This well shall be completed and produced in compliance with applicable special field or statewide spacing and density rules. If this well is to be used for brine mining, underground storage of liquid hydrocarbons in salt formations, or underground storage of gas in salt formations, a permit for that specific purpose must be obtained from Environmental Services prior to construction, including drilling, of the well in accordance with Statewide Rules 81, 95, and 97. This well must comply to the new SWR 3.13 requirements concerning the isolation of any potential flow zones and zones with corrosive formation fluids. See approved permit for those formations that have been identified for the county in which you are drilling the well in. The designated interval for one or more of the fields approved in this permit appears to overlap with the designated interval of another field or fields in this district. In the case of conflicting designated intervals you will be required to be consistent in field designation on this lease. Further, if the designated interval overlap of wells on this lease results in an actual or potential double assignment of reservoir and the applicant cannot conclusively demonstrate that there is no double assignment, the permitted well may not be assigned an allowable until the conflict is resolved. Because of the overlapping designated intervals in this area, issuance of this permit does not guarantee that the completion of the well will be approved or that the well will receive an allowable in any given field, even if that field is listed on the approved permit application.			FIELD NAME	ACRES	DEPTH	WELL #	DIST	LEASE NAME	NEAREST LEASE		NEAREST WE	
FIELD NAME	ACRES	DEPTH	WELL #	DIST								
LEASE NAME	NEAREST LEASE		NEAREST WE									

API No. <u>42-389-39107</u> Drilling Permit # <u>863988</u> SWR Exception Case/Docket No. <u>0326881</u> (R37)		RAILROAD COMMISSION OF TEXAS OIL & GAS DIVISION APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER <i>This facsimile W-1 was generated electronically from data submitted to the RRC.</i> <i>A certification of the automated data is available in the RRC's Austin office.</i>				FORM W-1 07/2004 Permit Status: Approved	
1. RRC Operator No. <u>646832</u>		2. Operator's Name (as shown on form P-5, Organization Report) PDC PERMIAN, INC.		3. Operator Address (include street, city, state, zip): 1775 SHERMAN ST STE 3000 DENVER, CO 80203-0000			
4. Lease Name STONEMAN STATE 3927		5. Well No. B 4H					
GENERAL INFORMATION							
6. Purpose of filing (mark ALL appropriate boxes): ☒ New Drill ☐ Recompletion ☐ Reclass ☐ Field Transfer ☐ Re-Enter ☒ Amended ☐ Amended as Drilled (BHL) (Also File Form W-1D)							
7. Wellbore Profile (mark ALL appropriate boxes): ☐ Vertical ☒ Horizontal (Also File Form W-1H) ☐ Directional (Also File Form W-1D) ☐ Sidetrack							
8. Total Depth 13000		9. Do you have the right to develop the minerals under any right-of-way? ☒ Yes ☐ No		10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)? ☒ Yes ☐ No			
SURFACE LOCATION AND ACREAGE INFORMATION							
11. RRC District No. 08		12. County REEVES		13. Surface Location ☒ Land ☐ Bay/Estuary ☐ Inland Waterway ☐ Offshore			
14. This well is to be located <u>14.45</u> miles in a <u>SW</u> direction from <u>ORLA</u> which is the nearest town in the county of the well site.							
15. Section 39	16. Block 45	17. Survey PSL / SLACK, K		18. Abstract No. A-4050	19. Distance to nearest lease line: ft. 801.05		
20. Number of contiguous acres in lease, pooled unit, or unitized tract: 801.05							
21. Lease Perpendiculars: <u>2241</u> ft from the <u>S</u> line and <u>1168</u> ft from the <u>E</u> line. 22. Survey Perpendiculars: <u>2241</u> ft from the <u>S</u> line and <u>1168</u> ft from the <u>E</u> line.							
23. Is this a pooled unit? ☒ Yes ☐ No 24. Unitization Docket No.: 25. Are you applying for Substandard Acreage Field? ☐ Yes (attach Form W-1A) ☒ No							
FIELD INFORMATION List all fields of anticipated completion including Wildcat. List one zone per line.							
26. RRC District No. 08	27. Field No. 71052900	28. Field Name (exactly as shown in RRC records) PHANTOM (WOLFCAMP)		29. Well Type Oil or Gas Well	30. Completion Depth 13000	31. Distance to Nearest Well in this Reservoir 521.00	
32. Number of Wells on this lease in this Reservoir 4							
BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS (see W-1H attachment)							
Remarks [FILER Mar 3, 2021 5:31 PM]: Amendment is to change well number ONLY.; [RRC STAFF Mar 9, 2021 10:10 AM]: RRC GIS updated the well number.; [RRC STAFF Mar 9, 2021 1:30 PM]: Nearest Distance from the First/Last Take Point (Heel/Toe) to a Lease Line corrected to 1' per wellbore traversing tract(s) with ULM marked on the P12.; [RRC STAFF Mar 9, 2021 1:30 PM]: Marked as 37ILL per ULM marked on P-12. There are no NPZ's on the plat.; [RRC STAFF Mar 9, 2021 3:03 PM]: There have been problems identified with this permit (see problem letter attachment). Notification sent.; [RRC STAFF Mar 11, 2021 10:40 AM]: Problems identified with this permit are resolved.				Certificate: I certify that information stated in this application is true and complete, to the best of my knowledge. <u>Lisa Budge, Regulatory Supervisor</u> Name of filer (303)8313918 Phone <u>Mar 03, 2021</u> Date submitted Lisa.Budge@pdce.com E-mail Address (OPTIONAL)			
RRC Use Only Data Validation Time Stamp: Mar 11, 2021 10:42 AM ('As Approved' Version)							

Permit Status: ☒ Approved
<i>The RRC has not approved this application. Duplication or distribution of information is at the user's own risk.</i>

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

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

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

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

Permit #	863988
Approved Date:	Mar 11, 2021

1. RRC Operator No. 646832	2. Operator's Name (exactly as shown on form P-5, Organization Report) PDC PERMIAN, INC.	3. Lease Name STONEMAN STATE 3927	4. Well No. B 4H
-------------------------------	---	--------------------------------------	---------------------

Lateral Drainhole Location Information

5. Field as shown on Form W-1 PHANTOM (WOLFCAMP) (Field # 71052900, RRC District 08)				
6. Section 27	7. Block 45	8. Survey PSL / MASARWEH, TONY	9. Abstract 3675	10. County of BHL REEVES
11. Terminus Lease Line Perpendiculars 50 ft. from the N line and 852 ft. from the W line				
12. Terminus Survey Line Perpendiculars 50 ft. from the N line and 1792 ft. from the E line				
13. Penetration Point Lease Line Perpendiculars 100 ft. from the S line and 851 ft. from the W line				



File No. MF117292Reeves CountyNotice of Spud API 42-389-39107Date Filed: 5/12/2023

Commissioner Dawn Buckingham, M.D.

By: Jm

A-50-57

Return to:
PDC Permian, Inc.
1775 Sherman Street, Suite 3000
Denver, Colorado 80203

117292

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

PARTIAL RELEASE OF OIL AND GAS LEASE

STATE OF TEXAS §
 § **KNOW ALL MEN BY THESE PRESENTS:**
COUNTY OF REEVES §

WHEREAS, PDC Permian, Inc. ("PDC"), as "Lessee", owns an undivided interest in the oil and gas leases set forth on Exhibit A (each a "Lease", and collectively, the "Leases") covering all or a portion of the following described lands situated in Reeves County, Texas, to-wit: and

Public School Land Survey, Block 45
Section 2: All
Being 640.00 gross acres

WHEREAS, PDC, a Delaware Corporation, whose address is 1775 Sherman Street, Suite 3000, Denver Colorado 80203 (herein referred to as "Lessee") is the present owner of all rights, title, and interest of the original lessee under the Lease, together with all amendments thereto; and

WHEREAS, the Lease provides that "if at the expiration of the primary term and/or the expiration of any extension of the primary term,... lease shall terminate as to all lands... three hundred feet (300') below the deepest producing perforation", and Lessee must release its right, title and interest in and to the Lease insofar as the Lease covers all depths below 10,293 feet below the surface (the "Deep Rights"); and

NOW THEREFORE, Lessee does hereby release, remise, surrender and relinquish unto Lessor, or their heirs, successors, and assigns, all right, title, and interest in and to the Lease, but only insofar as the Leases cover the Deep Rights insofar as the lands listed above.

IN WITNESS WHEREOF, this Release of Oil and Gas Lease is executed as of the date of the acknowledgement below, but effective for all purposes as of **March 21, 2019**.

Return to:
PDC Permian, Inc.
1775 Sherman Street, Suite 3000
Denver, Colorado 80203

LESSEE:
PDC PERMIAN, INC.

Reviewed by
Legal Dept
7/2

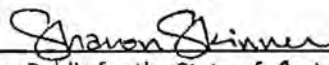
By: 
Name: Paul Whisenand
Title: Director of Land Operations and Attorney-in-Fact

ACKNOWLEDGMENTS

STATE OF COLORADO §
 §
COUNTY OF DENVER §

This instrument was acknowledged before me on the 6th day of September, 2022, by Paul Whisenand, the Director of Land Operations and Attorney-in-Fact of PDC Permian, Inc., a Delaware Corporation, on behalf of said Corporation.

SHARON SKINNER
Notary Public
State of Colorado
Notary ID # 20174042662
My Commission Expires 10-13-2025

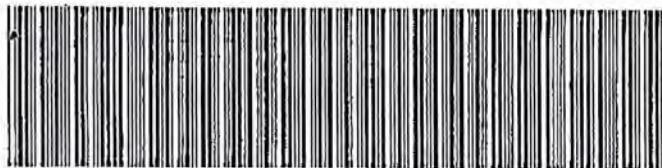

Notary Public for the State of Colorado
My Commission Expires: 10-13-2025

Return to:
PDC Permian, Inc.
1775 Sherman Street, Suite 3000
Denver, Colorado 80203

Exhibit "A"

Attached to and made a part of the Partial Release of Oil and Gas Lease

PDC Lease Number	MF Number	Lessor	Lessee	Lease Date	Volume	Page
TXL00066006	MF117292A	State of Texas, acting by and through its agent, James Robert Hill, et al	Energen Resources Corporation	2.1.2015	1215	682
TXL00066007	MF117292C	State of Texas, acting by and through its agent, Alldale Minerals, LP	Energen Resources Corporation	4.1.2015	1215	538
TXL00066008	MF117652A	State of Texas, acting by and through its agent, Geraldine M. Tyll, as Trustee of the Mary A. Driscoll Revocable Living Trust	Energen Resources Corporation	3.31.2015	1215	570
TXL00066009	MF117292B	State of Texas, acting by and through its agent, Word B. Wilson Investments, LP	Energen Resources Corporation	6.10.2015	1215	592
TXL00066010	MF117652C	State of Texas, acting by and through its agent, Jack F. Cochran	Energen Resources Corporation	4.14.2015	1215	581
TXL00066011	MF117652B	State of Texas, acting by and through its agent, Nell Cochran Hastings	Energen Resources Corporation	4.9.2015	1215	548
TXL00066012	MF117652D	State of Texas, acting by and through its agent, Carrolle Cochran Hathaway	Energen Resources Corporation	4.15.2015	1215	559



VG-3010-2022-2022006450

Reeves County
Dianne O. Florez
Reeves County Clerk

Instrument Number: 2022006450

Real Property Recordings
PARTIAL RELEASE OF LEASE

Recorded On: September 19, 2022 04:44 PM

Number of Pages: 4

" Examined and Charged as Follows: "

Total Recording: \$34.00

***** THIS PAGE IS PART OF THE INSTRUMENT *****

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.

File Information:

Document Number: 2022006450
Receipt Number: 20220919000040
Recorded Date/Time: September 19, 2022 04:44 PM
User: Rebecca G
Station: CLERK07

Record and Return To:

PDC PERMIAN INC
1775 SHERMAN STREET SUITE 3000
DENVER CO 80203



STATE OF TEXAS
Reeves County

I hereby certify that this Instrument was filed in the File Number sequence on the date/time
printed hereon, and was duly recorded in the Official Records of Reeves County, Texas

Dianne O. Florez
Reeves County Clerk
Reeves County, TX

Dianne O. Florez

File No. 117292

_____ County

Partial Release A, B, C - Depths

Date Filed: 08/10/23

Commissioner Dawn Buckingham, M.D.

By: _____



COPY

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

February 27, 2024

ATTN: Larry W. Hargrave II
MSM&W LLP
P.O. Box 12127
Austin, TX 78711

Re: Designation of Unit & Pooling Agreement
PDC Permian, Inc.
Sunny Side State 2-1 Unit, 818.00 acres
M-117292, M-117492, M-117652, M-119281, M-119424, M-121346, M-121402
Reeves County, Texas

Dear Mr. Hargrave:

Enclosed is an original of the above referenced Agreement that has been executed by Dawn Buckingham, M.D., Commissioner of the Texas General Land Office. We have retained a copy of the Pooling Agreement for our files. Please refer to the referenced Unit when filing royalty reports with the GLO.

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

Sincerely,

Chase Brockman
Energy Resources Division
chase.brockman@glo.texas.gov
(512) 475-1502

Enclosure

File No. MF117292
Reeves County
Ltr. to Operator
Date Filed: 2-28-24
Commissioner Dawn Buckingham, M.D.
By: CRB

55

COPY



MEMORANDUM

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

Date: November 7, 2023

To: School Land Board

From: Pooling Committee

Subject: Request from PDC Permian, Inc. to have the State enter into a Pooling Agreement for the Sunny Side State Unit allocation wells operated by PDC Permian, Inc.

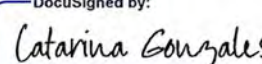
- **PDC Permian, Inc.** is the operator of State Leases MF117292, MF117492, MF117652, MF119281, MF119424, MF121346, and MF121402 in which the State has a royalty interest, and they are requesting that the GLO sign a Pooling Agreement, which includes 178.00 acres of private minerals and 640.00 acres of State Relinquishment Act Land (RAL), which the School Land Board has authority to approve pursuant to Texas Natural Resource Code §52.154
- The operator has drilled 6 horseshoe-shaped laterals and has not yet completed them. The curved portion of each horseshoe lateral will contain no-perf zones as shown on the well plats.
- The State's participation in each unit well will vary based on Horizontal Box Sharing calculation.
- On the depth severance date, April 15, 2026, the unit will contract to cover from 300' TVD above the shallowest depth reached by the horizontal lateral of the shallowest unit well measured between the first and last takepoint down to 300' TVD below the deepest depth reached by the horizontal lateral of the deepest unit well measured between first and last takepoint.

POOLING COMMITTEE RECOMMENDATION:

The Pooling Committee recommends Board approval of the Pooling of the referenced leases that include State RAL acreage.



General Land Office

DocuSigned by:


EE8EA19G6EF64CG...
Office of the Governor

10/03/2023

Date

10/6/2023

Date

PROPOSED SURFACE LOCATION:

PDC PERMIAN, INC.
SUNNYSIDE STATE 2 10U A10HU
AS-STAKED ON 07/05/2023

X = 854,855' (NAD27 TxC)
Y = 768,851' (NAD27 TxC)
LAT. 31° 43' 42.67" (31.728519°) N (NAD27)
LONG. 104° 01' 01.49" (104.017081°) W (NAD27)
LAT. 31° 43' 43.12" (31.728645°) N (NAD83/96)
LONG. 104° 01' 03.20" (104.017556°) W (NAD83/96)
Elev. 3,043.5' (NAVD 1988)
Survey: 448' FSL & 4,797' FWL (Section 2, A-3655)
Bears: NW, 25.0z Miles from Montone, TX

PROPOSED PENETRATION POINT:

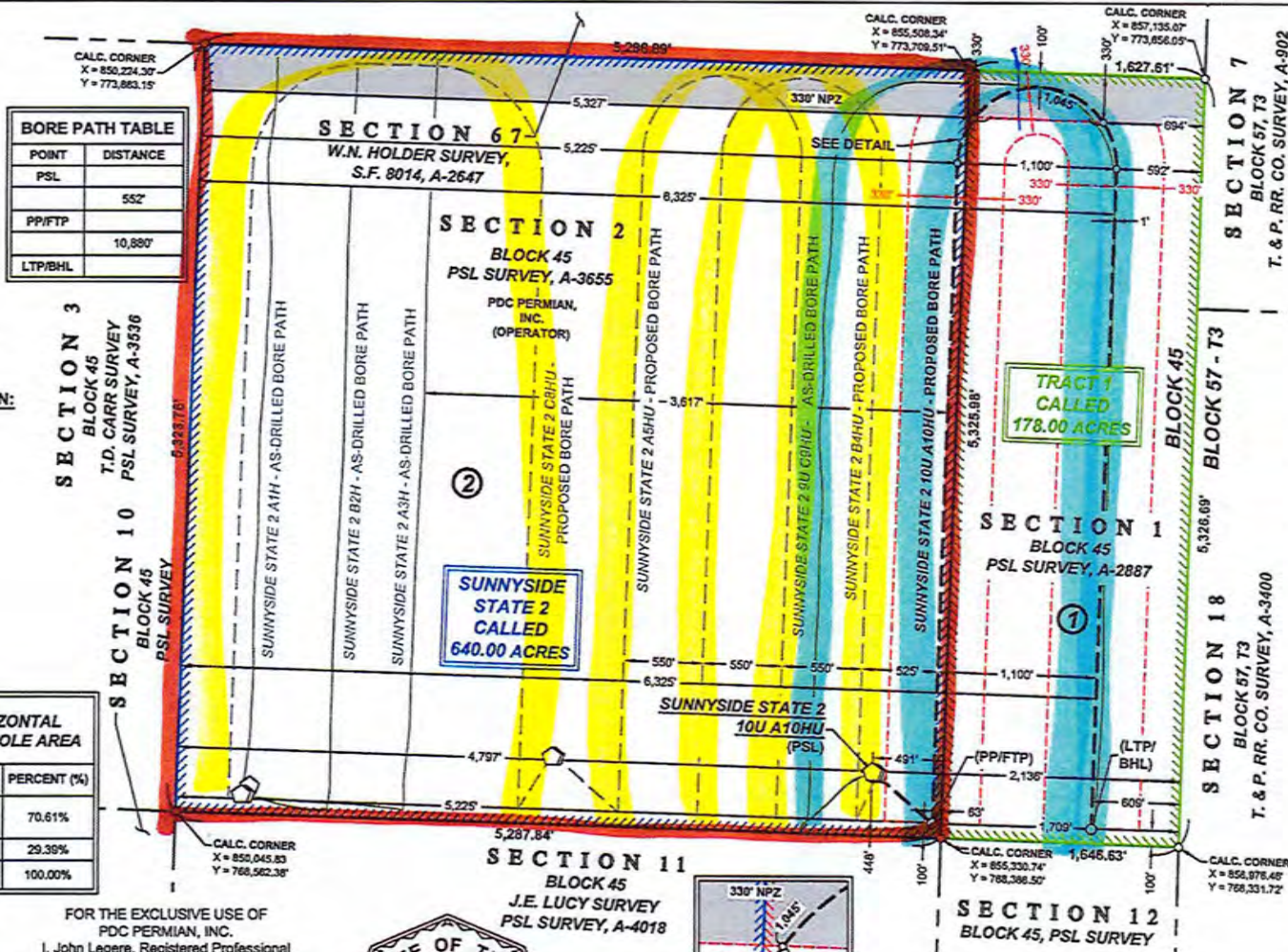
PROPOSED FIRST TAKE POINT:

X = 855,271' (NAD27 TxC)
Y = 768,489' (NAD27 TxC)
Survey: 100' FSL & 5,225' FWL (Section 2, A-3655)

PROPOSED LAST TAKE POINT:

PROPOSED BOTTOM HOLE LOCATION:

X = 856,371' (NAD27 TxC)
Y = 768,452' (NAD27 TxC)
Survey: 100' FSL & 609' FWL (Section 1, A-2887)



BORE PATH TABLE	
POINT	DISTANCE
PSL	552'
PP/FTP	10,880'
LTP/BHL	

HORIZONTAL DRAINHOLE AREA	
PERCENT (%)	
70.61%	
29.39%	
100.00%	

FOR THE EXCLUSIVE USE OF
PDC PERMIAN, INC.
I, John Legere, Registered Professional
Land Surveyor, do hereby state the above plat to
be true and correct to the best of my knowledge.

John Legere
John Legere
Registered Professional Land Surveyor
Registration No. 6698
July 5, 2023



TRACT / SECTION	ACRES IN TRACT / SECTION
1	178.00
2	640.00

LEGEND:

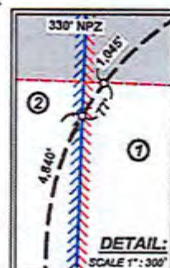
(PSL) - PROPOSED SURFACE LOCATION
(PP) - PROPOSED PENETRATION POINT
(FTP) - PROPOSED FIRST TAKE POINT
(LTP) - PROPOSED LAST TAKE POINT
(BHL) - PROPOSED BOTTOM HOLE LOCATION
- SECTION LINE
- APPROXIMATE SURVEY LINES
- PROPOSED BORE PATH
- AS-DRILLED BORE PATH

NOTES:

1. This plat represents a survey made on the ground and meets the requirements for filing a well location plat with the Texas Railroad Commission and is intended solely for that purpose. Survey lines and unit lines shown hereon were established from field measurements and record evidence. Mineral title information shown hereon was furnished by PDC PERMIAN, INC. and/or their agent(s). This plat does not meet the requirements for boundary surveys in the State of Texas and shall not be used to convey title to real property.

2. All bearings, distances, areas and coordinates refer to the Texas Coordinate Zone of 1927, Central Zone, U.S. Survey Feet, Grid, elevations refer to the North American Vertical Datum of 1988 and are derived from static and kinematic GPS observations, unless noted otherwise.

PERMIT PLAT
SUNNYSIDE STATE 2 10U A10HU
PDC PERMIAN, INC.
SITUATED IN
SECTIONS 1 & 2, BLOCK 45
PUBLIC SCHOOL LAND SURVEYS, A-2887 & A-3655
REEVES COUNTY, TEXAS



**POOLING AGREEMENT
PDC PERMIAN, INC.
SUNNY SIDE STATE 2-1 UNIT
REEVES COUNTY, TEXAS**

THIS AGREEMENT is entered into by and between the Commissioner of the General Land Office, on behalf of the State of Texas, as "Lessor" and PDC Permian, Inc., herein referred to as "Lessee", and such other interested parties as may join in the execution hereof, the undersigned parties herein collectively referred to as the "parties", in consideration of the mutual agreements hereinafter set forth and other valuable considerations, the receipt and sufficiency of which are hereby acknowledged, and for the purposes and upon the terms and conditions which follow:

PURPOSES:

1.

This Pooling Agreement ("Agreement") 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 Agreement to effect equitable participation within the unit formed hereby. This Agreement 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 pooled unit, are listed on the attached Exhibit "A", to which leases and the records thereof reference is here made for all pertinent purposes. The pooled unit shall initially consist of all of the lands described in Exhibit "B" attached hereto and made a part hereof. A plat of the pooled unit is attached hereto as Exhibit "C".

MINERAL POOLED:

3.

The mineral pooled ("pooled mineral") hereby 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 of the drilling and production of oil and gas wells. The area from which the pooled mineral may initially be produced shall extend from surface to 300 feet true vertical depth below the deepest depth reached by the horizontal lateral of the deepest unit well measured between the first takepoint and the last takepoint underlying the surface boundaries of the pooled unit; provided that on April 15, 2026 (the "Depth Severance Date"), this Agreement shall be limited to and only include those depths from 300 feet true vertical depth above the shallowest depth reached by the horizontal lateral of the shallowest unit well measured between the first takepoint and the last takepoint to 300 feet true vertical depth below the deepest depth reached by the horizontal lateral of the deepest unit well measured between the first takepoint and the last takepoint (the "Revised Pooled Interval"). Further, on the Depth Severance Date, the State Lease(s) described on Exhibit "A" attached shall be deemed to be amended such that, unless otherwise held in force and effect, such State Lease(s) shall terminate as to all depths in this pooled unit above and below the Revised Pooled Interval. It is further agreed that if Lessee is drilling, completing, or re-drilling, or recompleting a unit well on the Depth Severance Date, then the Depth Severance Date shall be delayed until operations on said well are complete, and the true vertical depth of such well shall be taken into consideration when determining the depths of the Revised Pooled Interval. Notwithstanding anything contained herein to the contrary both parties agree that should a conflict exist between this Paragraph 3 and any provision of a State or Relinquishment Act Lease(s) or Agreements described on Exhibit "A" that this provision shall prevail and govern. The Depth Severance Date may be altered by the Addendum "A" (if so attached and applicable to this Agreement) according to the Drilling Obligation Dates contained therein.

POOLING AND EFFECT:

4.

The parties hereto commit all of their interests which are within the unit to the extent and as above described into said unit and unitize and pool hereunder the separate tracts described on the attached Exhibit "B", 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 Agreement. In the event the unitized area covered by this Agreement is

maintained in force by drilling or reworking operations conducted on a directional or horizontal well drilled under the unitized area from a surface location on adjacent or adjoining lands not included within the boundaries of the unitized area, such operations shall be considered to have been commenced on the unitized area when drilling is commenced on the adjacent or adjoining land for the purpose of directionally drilling under the unitized area and production of oil or gas from the unitized area through any directional or horizontal well surfaced on adjacent or adjoining land or drilling or reworking of any such well shall be considered production or drilling or reworking operations, as the case may be, on the unitized area for all purposes under this Agreement. Nothing in this Agreement is intended or shall be construed as granting to Lessee any leasehold interest, easements, or other rights in or with respect to any such adjacent or adjoining land in addition to any such leasehold interests, easements, or other rights which the lessee, operator or other interest owner in the unitized area may have lawfully acquired from the state or others.

- (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 Agreement. Provided that, if any State Lease described in Exhibit "A" attached hereto contains provision 4(E) VARIABLE ROYALTY, and a unit well is not located on such State Lease and a reduced royalty has not otherwise been earned, then a reduced royalty may be earned by unit production, but it shall only apply to the acreage included within the unit. Acreage outside of the unitized area must earn a reduced royalty independently.
- (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. Provided that, payments that are made on a per acre basis shall be reduced according to the number of acres pooled and included herein, so that payments made on a per acre basis shall be calculated based upon the number of acres actually included within the boundaries of the pooled unit covered by this Agreement.
- (e) A shut-in oil or gas well located upon any land or lease included within the unit shall be considered as a shut-in oil or gas well located upon each land or lease included within the 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 provided in each State lease shall not be shared with other royalty owners.
- (f) Notwithstanding any other provision hereof, it is expressly agreed that each State lease may be maintained in force as to areas lying outside the unitized area only as provided in each such lease without regard to unit operations or unit production. Neither production of the pooled mineral, nor unit operations with respect thereto, nor the payment of shut-in royalties from a unit well, shall serve to hold any State lease in force as to any area outside the unitized area regardless of whether the production or operations on the unit are actually located on the State lease or not. "Area" as used in this paragraph shall be based upon surface acres. Depths, if held, shall be held in accordance with Paragraph 3 of this Agreement.
- (g) 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 fewer than 818.00 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.
- (h) This Agreement shall not relieve Lessee from the duty of protecting the State leases described in Exhibit "A" and the State lands within the boundaries of the pooled unit described in Exhibit "B" from drainage from any well situated on privately owned land lying outside the unitized area described in Exhibit "B", 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.

- (i) There shall be no obligation to drill internal offsets to any other well on separate tracts within the pooled unit, nor to develop the lands within the boundaries thereof separately, as to the pooled interval.
- (j) Should this 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 conditions 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 this Agreement.

ALLOCATION OF PRODUCTION:

5.

For the purpose of computing the share of production of the pooled mineral to which an interest owner may be entitled from the pooled unit, the pooled mineral shall be allocated to each tract located within a Horizontal Drainage Area (as defined in Paragraph 9) in which the number of surface acres located in each tract covered by each Horizontal Drainage Area relates to the total number of surface acres included in each respective Horizontal Drainage Area. The royalties thereon shall be paid to the owners in accordance with such allocation and the terms of this paragraph.

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 Pooling Agreement 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 and use.

EFFECTIVE DATE:

7.

Upon execution by the Commissioner of the General Land Office of the State of Texas this Agreement shall become effective as of June 23, 2023.

TERM:

8.

This Agreement shall remain in effect so long as the pooled mineral is being produced in paying quantities from the 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 Agreement.

SPECIAL TERMS AND CONDITIONS:

9.

Each unit well that is drilled and completed pursuant to the terms of this Agreement shall be credited with a specific number of acres (for the sole purpose of allocating production on an individual well basis) in the shape of one or more rectangles, measured in acres, bounded on two sides by lines running parallel to and on either side of the Productive Drainhole, such lines being connected by any two of the following: (a) on one end by a straight line that is perpendicular to the Productive Drainhole and runs through the First Take Point, being six hundred sixty (660) feet in length, (b) at the other end by a straight line that is perpendicular to the Productive Drainhole and runs through the Last Take Point, being six hundred sixty (660) feet in length, and, if applicable, (c) on one end by a straight line that is perpendicular to the Productive Drainhole and runs through a Non-Perforation Zone, being six hundred sixty (660) feet in length ("Horizontal Drainage Area"). The Horizontal Drainage Area shall be centered on the Productive Drainhole and the distance between the two lines paralleling the Horizontal Drainhole shall be six hundred sixty (660) feet. Productive Drainhole means the portion of a unit well identified on the as-completed survey plat between the First Take Point and Last Take Points (excluding any Non-Perforation Zones and located within one or more correlative intervals.

- a) "Productive Drainhole" means the portion of a unit well's Horizontal Drainhole (as defined by the Texas Railroad Commission) that begins at the First Take Point and runs along the actual surveyed wellbore path to the Last Take Point, excluding Non-Perforation Zones.
- b) "Non-Perforation Zone" is that portion (in feet) of the Horizontal Drainhole within a unit well between the First Take Point and Last Take Point that the Operator has intentionally designated as containing no Take Points pursuant to applicable regulations
- c) "Take Point" means any point along a Horizontal Drainhole where oil, gas or other hydrocarbons could enter the wellbore from the producing field interval and be produced.
- d) "First Take Point" means the take point in a Horizontal Drainhole nearest to the point where the drainhole penetrates the top of the producing field interval, which may be a point other than the penetration point.

- e) "Last Take Point" means the take point in a Horizontal Drainhole nearest the terminus, which may be a point other than the terminus.

If at any time five (5) years after the effective date of this Agreement production allocated to Tract 1 or Tract 2, as shown on the Exhibits to this Agreement, should cease for a period of six (6) consecutive months, then said section shall no longer be subject to this Agreement.

Additionally, the wells listed below are excluded from the terms of this Agreement and not considered part of this pooled unit:

<u>LEASE NAME</u>	<u>WELL NAME</u>	<u>API NUMBERS</u>
SunnySide State 2	A1H	42-389-36354
SunnySide State 2	B2H	42-389-37222
SunnySide State 2	A3H	42-389-37223

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 Agreement 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 covered by this Agreement may be dissolved by Lessee, 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 production on said 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 Agreement, nor the approval of this Agreement by the School Land Board, nor the execution of this Agreement by the Commissioner shall: (1) operate as a ratification or revivor of any State lease that has expired, terminated, or has been released in whole or in part or terminated under the terms of such State lease or the laws applicable thereto; (2) constitute a waiver or release of any claim for money, oil, gas or other hydrocarbons, or other thing due to the State by reason of the existence or failure of such lease; (3) constitute a waiver or release of any claim by the State that such lease is void or voidable for any reason, including, without limitation, violations of the laws of the State with respect to such lease or failure of consideration; (4) 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 (5) 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.

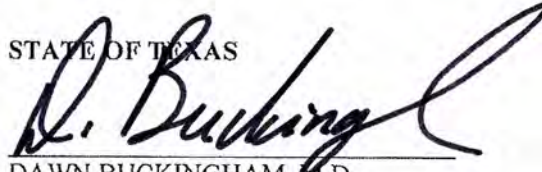
This Agreement may be executed in counterparts and if so executed shall be valid, binding and have the same effect as if all the parties hereto actually joined in and executed one and the same document. For recording purposes and in the event counterparts of this Agreement are executed, the executed pages, together with the pages necessary to show acknowledgments, may be combined with the other pages of this Agreement 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 Agreement upon the respective dates indicated below.

[Signature Pages Follow]

Date Executed 2-26-24

STATE OF TEXAS



DAWN BUCKINGHAM, M.D.
Commissioner, General Land Office

Approved:

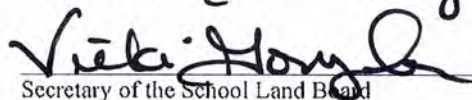
leg. LB
conf. DS
legal DS
DLC DS
exec. RAJ



CERTIFICATE

I, Vicki Gonzales, 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 7th day of November, 2023 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 26 day of February, 2024.



Secretary of the School Land Board

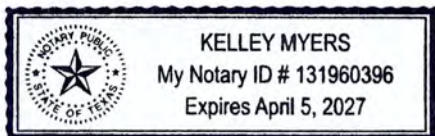
Date Executed 12/19/2023

PDC PERMIAN, INC.

By: Kelly Coppins
Printed: KELLY COPPINS
Its: ATTORNEY-IN-FACT

STATE OF Texas §
COUNTY OF Harris §

This instrument was acknowledged before me on December 19, 2023, by Kelly Coppins,
as Attorney-in-Fact for PDC Permian, Inc., a Delaware Corporation on
behalf of said Corporation.



Kelley Myers
Notary Public in and for the State of Texas

Exhibit "A"

Attached to and made a part of that certain Pooling Agreement for the Sunny Side State Unit, Reeves County, Texas

LEASES IN THE UNIT AREA

State Lease No.	Lessor	Lessee	Lease Date	County	State	Original Legal Description	Recording*
MF117492A	Oak Valley Mineral and Land, LP, Agent, St of TX	Energen Resources Corporation	10/4/2014	Reeves	TX	All of Section 2, Block 45, PSL Survey	Vol. 1127, Page 715
MF117292A	Houston and Emma Hill Trust Estate Agent, St of TX	Energen Resources Corporation	2/1/2015	Reeves	TX	All of Section 2, Block 45, PSL Survey, among other lands	Vol. 1215, Page 682
MF117292C	Alldale Minerals, LP, Agent, St of TX	Energen Resources Corporation	4/1/2015	Reeves	TX	All of Section 2, Block 45, PSL Survey, among other lands	Vol. 1215, Page 538
MF117652A	Mary A Driscoll Rev Living Trust, Agent, St of TX	Energen Resources Corporation	3/31/2015	Reeves	TX	All of Section 2, Block 45, PSL Survey, among other lands	Vol. 1215, Page 570
MF117292B	Word B Wilson Investments, LP Agent St of TX	Energen Resources Corporation	6/10/2015	Reeves	TX	All of Section 2, Block 45, PSL Survey, among other lands	Vol. 1215, Page 592
MF117652C	Jack F Cochran Agent St of TX	Energen Resources Corporation	4/14/2015	Reeves	TX	All of Section 2, Block 45, PSL Survey, among other lands	Vol. 1215, Page 581
MF117652B	Nell Cochran Hastings Agent St of TX	Energen Resources Corporation	4/9/2015	Reeves	TX	All of Section 2, Block 45, PSL Survey, among other lands	Vol. 1215, Page 548
MF117652D	Carrolle Cochran Hathaway Agent St of TX	Energen Resources Corporation	4/15/2015	Reeves	TX	All of Section 2, Block 45, PSL Survey, among other lands	Vol. 1215, Page 559
MF119281D	Blairbax Energy LLC Agent St of TX	PDC Permian Inc.	9/9/2017	Reeves	TX	All of Section 2, Block 45, PSL Survey	Vol. 1593, Page 466
MF119281F	Fred W Shield and Company Agent St of TX	PDC Permian Inc.	10/30/2018	Reeves	TX	All of Section 2, Block 45, PSL Survey	Vol. 1723, Page 334
MF119281H	Bruno and Marshall Investments Agent St of TX	PDC Permian Inc.	10/30/2018	Reeves	TX	All of Section 2, Block 45, PSL Survey	Vol. 1755, Page 400
MF119281G	The De Compiegne Property Co No 20 LTD Agent St of	PDC Permian Inc.	10/22/2018	Reeves	TX	All of Section 2, Block 45, PSL Survey	Vol. 1755, Page 385
MF119281E	MidTex Royalty II LP Agent St of TX	PDC Permian Inc.	10/22/2018	Reeves	TX	All of Section 2, Block 45, PSL Survey	Vol. 1723, Page 319
MF119424A	MBR Oil & Gas I Ltd & PPLB Inv LLC Agent St of TX	Jase Energy, LLC	3/21/2018	Reeves	TX	All of Section 2, Block 45, PSL Survey, among other lands	Vol. 1580, Page 290

State Lease No.	Lessor	Lessee	Lease Date	County	State	Original Legal Description	Recording*
MF119281I	Kennedy Minerals LTD Agent St of TX	PDC Permian Inc.	10/22/2018	Reeves	TX	All of Section 2, Block 45, PSL Survey	Vol. 1763, Page 251
MF119281J	Baxsto, LLC, Agent, St of TX	PDC Permian Inc.	10/20/2020	Reeves	TX	All of Section 2, Block 45, PSL Survey	Instrument No. 2020009992
MF119281K	Buffy Energy LLC, Agent St of TX	PDC Permian Inc.	10/20/2020	Reeves	TX	All of Section 2, Block 45, PSL Survey	Instrument No. 2020009993
MF121346A	Sitio Permian LLC Agent, St of TX	PDC Permian Inc.	4/3/2023	Reeves	TX	All of Section 2, Block 45, PSL Survey, as to depths lying below 10,293 feet	Instrument No. 2023003956
MF121346D	HHE I LLC Agent St of TX	PDC Permian Inc.	5/19/2023	Reeves	TX	All of Section 2, Block 45, PSL Survey, as to depths lying below 10,293 feet	Instrument No. 2023005956
MF121346E	Hill Investments LTD Agent St of TX	PDC Permian Inc.	6/14/2023	Reeves	TX	All of Section 2, Block 45, PSL Survey, as to depths lying below 10,293 feet	Instrument No. 2023005959
MF121346B	James Robert Hill Estate Agent St of TX	PDC Permian Inc.	5/19/2023	Reeves	TX	All of Section 2, Block 45, PSL Survey, as to depths lying below 10,293 feet	Instrument No. 2023005957
MF121346C	NPJ Mineral Holdings LP Agent St of TX	PDC Permian Inc.	6/23/2023	Reeves	TX	All of Section 2, Block 45, PSL Survey, as to depths lying below 10,293 feet	Instrument No. 2023005958
MF119281A	M. Brad Bennett, Agent St of TX	Ted Collins, Jr.	10/16/2017	Reeves	TX	All of Section 2, Block 45, PSL Survey	Vol. 1535, Page 593
MF119281B	EB Luckel, Agent St of TX	Ted Collins, Jr.	10/16/2017	Reeves	TX	All of Section 2, Block 45, PSL Survey	Clerk's File No. 18-01623
MF119281C	Susan Luckel Christie, Agent St of TX	Ted Collins, Jr.	10/16/2017	Reeves	TX	All of Section 2, Block 45, PSL Survey	Clerk's File No. 18-01624
MF121402A	M. Brad Bennett, Agent St of TX	Bellomy Exploration, LLC	4/15/2023	Reeves	TX	All of Section 2, Block 45, PSL Survey, insofar as follows: E/2 – all depths E/2 W/2 W/2, W/2 E/2 W/2 – all depths save and except 9,480' - 10,282' W/2 W/2 W/2, E/2 E/2 W/2 – all depths save and except 9,480' - 10,114'	Instrument No. 2023006480
MF121402B	EB Luckel, Agent St of TX	Bellomy Exploration, LLC	4/15/2023	Reeves	TX	All of Section 2, Block 45, PSL Survey, insofar as follows: E/2 – all depths E/2 W/2 W/2, W/2 E/2 W/2 – all depths save and except 9,480' - 10,282' W/2 W/2 W/2, E/2 E/2 W/2 – all depths save and except 9,480' - 10,114'	Instrument No. 2023006479
MF121402C	Susan Luckel Christie, Agent St of TX	Bellomy Exploration, LLC	4/15/2023	Reeves	TX	All of Section 2, Block 45, PSL Survey, insofar as follows: E/2 – all depths E/2 W/2 W/2, W/2 E/2 W/2 – all depths save	Instrument No. 2023006481

State Lease No.	Lessor	Lessee	Lease Date	County	State	Original Legal Description	Recording*
						and except 9,480' - 10,282' W/2 W/2 W/2, E/2 E/2 W/2 - all depths save and except 9,480' - 10,114'	
MF117292E	Triangle Royalty, LP and JK Royalty, LP, Agent St of TX	Summit West Resources LP	2/8/2016	Reeves	TX	All of Section 2, Block 45, PSL Survey, among other lands	Vol. 1250, Page 452
119424A	MBR Oil & Gas #1 & PPLB Investments, Agent St of TX	Jase Energy, LLC	3/21/2018	Reeves	TX	All of Section 2, Block 45, PSL Survey, among other lands	Vol. 1580, Page 290
MF117292D	Legado Investments, Agent St of TX	Summit West Resources LP	1/6/2017	Reeves	TX	All of Section 2, Block 45, PSL Survey, among other lands	Vol. 1373, Page 670
MF117292F	CG Interests, Agent St of TX	Summit West Resources LP	2/8/2016	Reeves	TX	All of Section 2, Block 45, PSL Survey, among other lands	Clerk's File No. 16-03337
MF121346G	AR Midland, LP	PDC Permian, Inc.	9/28/2023	Reeves	TX	All of Section 2, Block 45, PSL Survey, as to depths lying below 10,293 feet	Instrument No. 2023007695
MF121346F	Alldale Minerals, LP	PDC Permian, Inc.	9/28/2023	Reeves	TX	All of Section 2, Block 45, PSL Survey, as to depths lying below 10,293 feet	Instrument No. 2023007696
N/A	ERA II Victorio LP	PDC Permian, Inc.	8/18/2022	Reeves	TX	All of Section 1, Block 45, PSL Survey, A-2887	Instrument No. 2022006201
TBD	CG Interests, LLC	PDC Permian, Inc.	1/17/2024	Reeves	TX	All of Section 2, Block 45, PSL Survey, as to depths lying below 10,293 feet	TBD

**Instruments listed are recorded in Official Records of Reeves County, Texas.*

Exhibit "B"

Attached to and made a part of that certain Pooling Agreement for the Sunny Side State Unit, Reeves County, Texas

LANDS COMMITTED TO THE UNIT AREA*

Tract 1:

All of Section 1, Block 45, PSL Survey, A-2887, Reeves County, Texas, containing 178.00 acres, more or less.

Tract 2:

All of Section 2, Block 45, PSL Survey, A-3655, Reeves County, Texas, containing 640.00 acres, more or less.

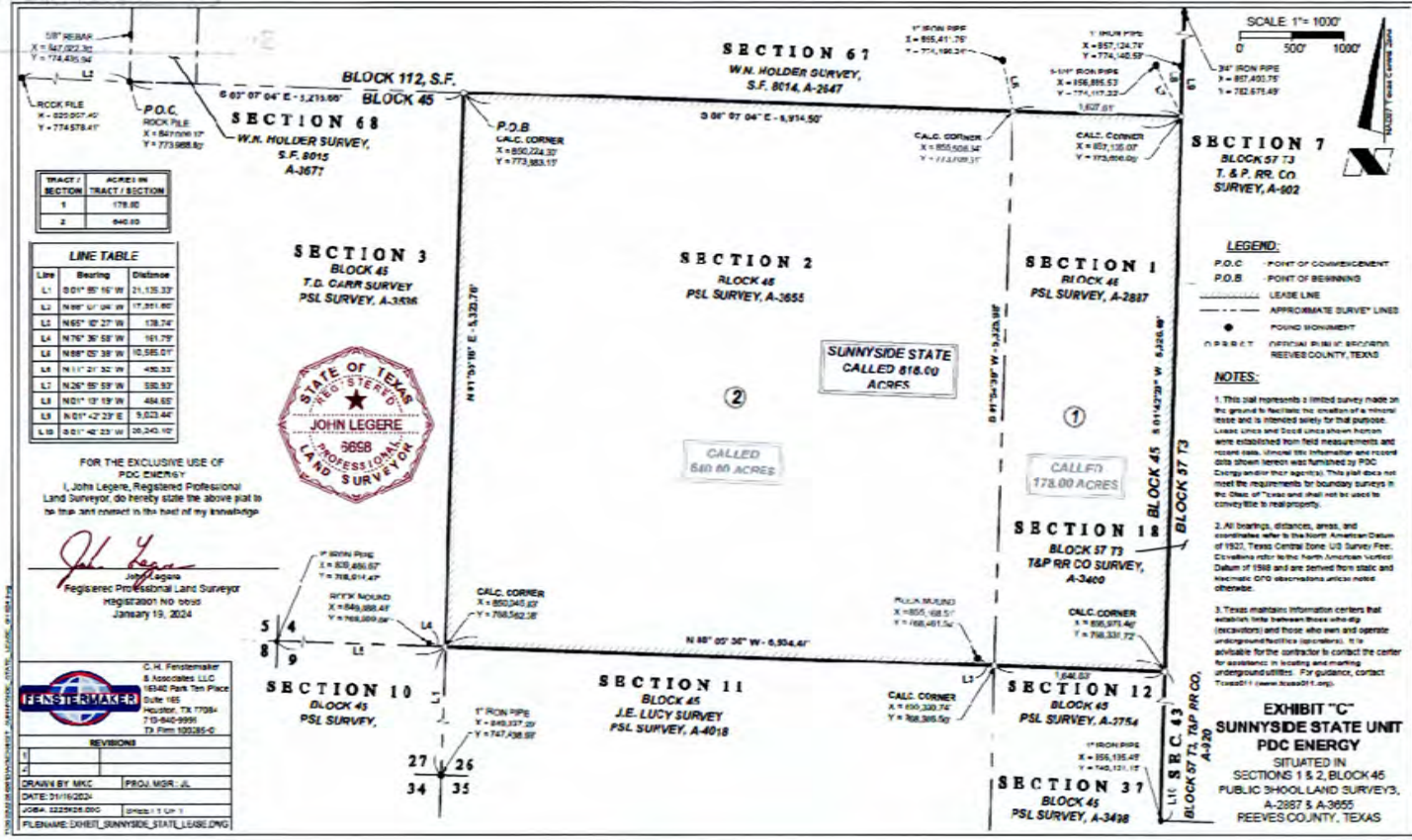
*SAVE AND EXCEPT the following wells, which are excluded from the Agreement and are not considered part of the pooled unit:

<u>LEASE NAME</u>	<u>WELL NAME</u>	<u>API NUMBERS</u>
SunnySide State 2	A1H	42-389-36354
SunnySide State 2	B2H	42-389-37222
SunnySide State 2	A3H	42-389-37223

Exhibit "C"

Attached to and made a part of certain Pooling Agreement for the Sunny Side State Unit, Reeves County, Texas

PLAT OF THE UNIT AREA



56

File No. MF117292

Pooling Agrmt Packet County

Sunny Side State Unit allocation w/15

Date Filed: 2-28-24

Commissioner Dawn Buckingham, M.D.

By: CRB



Information for processing an Internal Non Unit Transaction (iNut)
Surface Acreage

iNut No. 13432

GENERAL INFORMATION

Name of Well: Sunnyside State 2 # C8HU

API # 42-389-40511

Name of Operator: PDC Permian, Inc.

RRC # 08-888589

Operator Contact Person: Michael Weaver

Phone: 512-327-8111

Counties: Reeves

ALLOCATION OF STATE UNITS AND/OR LEASES BASED SURFACE ACREAGE

Lease Type	Unit/Lease No	Total Acreage	Unit or Lease Acreage	Unit or Lease Rylty Decimal	Lease Royalty Decimal	RRAC Participation Factor	State Participation by Unit/Lease
RAL	MF117292	127.49	53.585	0.12500000	0.12500000	0.42030748	0.05253843
RAL	MF117492	127.49	0.56	0.12500000	0.12500000	0.00439250	0.00054906
RAL	MF117652	127.49	9.47	0.12500000	0.12500000	0.07428034	0.00928504
RAL	MF119281	127.49	4.865	0.12500000	0.12500000	0.03815986	0.00476998
RAL	MF119424	127.49	0.56	0.12500000	0.12500000	0.00439250	0.00054906
RAL	MF121346	127.49	53.585	0.12500000	0.12500000	0.42030748	0.05253843
RAL	MF121402	127.49	4.865	0.12500000	0.12500000	0.03815986	0.00476998
Totals:						1.00000000	0.12500000
Effective Date: 08/01/2023							State Net Royalty Revenue in Well

Name of Production Sharing Agreement, if any: Sunnyside PSA filed in MF117292.

Comments:

- Final as drilled plat submitted on March 7, 2024.

Attach a plat showing the iNut well with length of laterals marked and the State lands marked.

Lease Types: Relinquishment Act Land (RAL), State Fee (SF), Free Royalty (FR), Unleased Riverbed (UR), Highway Right of Way (HROW), Unleased Highway (UH), Criminal Justice (TDCJ), Parks & Wildlife (TPW), Mineral Production Allocation (MPAA), Dept. of Aging (DADS), School for the Blind (SBVI), Stephen F. Austin (SFA), TX A&M (A&M).

Prepared by: Jm Alamo updated by: Jm WI updated by: Jm
RAM approval by: VD GIS updated by: JH

DO NOT DESTROY



Texas General Land Office
UNIT AGREEMENT MEMO

INUT240001

Unit Number 13432
Operator Name PDC Permian, Inc.
Customer ID C000088142
Unit Name Sunnyside State 2 # C8HU
County 1 Reeves **RRC District 1** 08
County 2 **RRC District 2**
County 3 **RRC District 3**
County 4 **RRC District 4**
Unit type iNut
State Net Revenue Interest Oil 0.12500000
State Part in Unit 1.00000000
Unit Depth Specified Depths
From Depth Well
To Depth Formation
Participation Basis Surface Acreage
If Exclusions Apply: See Remarks

Effective Date 08/01/2023
Unitized For Oil And Gas
Unit Term
Old Unit Number **Inactive Status Date**

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	O/G	Lease Royalty	NRI of Lease in Unit	Royalty Rate Reduction Clause
MF117292		53.585000	127.490000	0.42030748	O/G	0.12500000	0.05253843	
MF117492		0.560000	127.490000	0.00439250	O/G	0.12500000	0.00054906	
MF117652		9.470000	127.490000	0.07428034	O/G	0.12500000	0.00928504	
MF119281		4.865000	127.490000	0.03815986	O/G	0.12500000	0.00476998	No

<i>API Number</i>
4238940511

Prepared Date:	03	28	2024
GLO Base Date:	03	28	2024
RAM Approval Date:	03	28	2024
GIS Date:	05	8	2024
WI Date:	03	28	2024

Pooling Committee Report

To: School Land Board

INUT240001

Date of Board Meeting:

Unit Number: 13432

Effective Date: 08/01/2023

Unit Expiration Date:

Applicant: PDC Permian, Inc.

Attorney Rep:

Operator: PDC Permian, Inc.

Unit Name: Sunnyside State 2 # C8HU

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>
RAL	MF117292	0.12500000	12/01/2018	46 months	2,343.559000	53.585000	0.05253843
RAL	MF117492	0.12500000	10/04/2017	3 years	2.853873	0.560000	0.00054906
RAL	MF117652	0.12500000	12/01/2018	1336 days	80.348000	9.470000	0.00928504
RAL	MF119281	0.12500000	10/16/2020	3 years	52.324025	4.865000	0.00476998
RAL	MF119424	0.12500000	03/21/2021	3 years	5.247080	0.056000	0.00005491
RAL	MF121346	0.12500000	04/03/2026	3 years	448.008290	53.585000	0.05253843
RAL	MF121402	0.12500000	04/15/2026	3 years	43.200000	4.865000	0.00476998

Private Acres:	0.000000
State Acres:	127.490000
Total Unit Acres:	127.490000

<u>Participation Basis:</u>	Surface Acreage
Surface Acreage	
<u>State Acreage:</u>	100.00%
<u>State Net Revenue Interest:</u>	12.50%

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

<u>RRC Rules:</u>	<u>Spacing Acres:</u>
No	

SURFACE HOLE LOCATION:

PDC PERMIAN, INC.

SUNNYSIDE STATE 2 C8HU.

AS-LOCATED ON 05/24/2023

X = 852,638 (NAD27 TxC)

Y = 768,953

LAT. 31° 43' 42.99" (31.728599°) N (NAD27)

LONG. 104° 01' 27.18" (104.024218°) W (NAD27)

LAT. 31° 43' 43.41" (31.728724°) N (NAD83/86)

LONG. 104° 01' 28.90" (104.024893°) W (NAD83/86)

Elev. 3,075.2' (NAVD 1988)

Survey: 476 FSL & 2.578' FWL (Section 2, A-3655)

Bears: NW, 25.0z Miles from Mantone, TX

AS-DRILLED PENETRATION POINT:

X = 852,358 (NAD27 TxC)

Y = 768,521

LAT. 31° 43' 38.59" (31.727387°) N (NAD27)

LONG. 104° 01' 30.25" (104.025071°) W (NAD27)

LAT. 31° 43' 39.05" (31.727513°) N (NAD83/86)

LONG. 104° 01' 31.96" (104.025546°) W (NAD83/86)

MD = 8.430'

Survey: 36' FSL & 2.313' FWL (Section 2, A-3655)

AS-DRILLED FIRST TAKE POINT:

X = 852,390 (NAD27 TxC)

Y = 768,897

LAT. 31° 43' 42.32" (31.728421°) N (NAD27)

LONG. 104° 01' 30.03" (104.025003°) W (NAD27)

LAT. 31° 43' 42.77" (31.728547°) N (NAD83/86)

LONG. 104° 01' 31.74" (104.025484°) W (NAD83/86)

MD = 10.493'

Survey: 412' FSL & 2.332' FWL (Section 2, A-3655)

NPZ ENTRY:

X = 852,517 (NAD27 TxC)

Y = 772,588

LAT. 31° 44' 22.83" (31.739874°) N (NAD27)

LONG. 104° 01' 30.13" (104.025037°) W (NAD27)

LAT. 31° 44' 23.28" (31.739800°) N (NAD83/86)

LONG. 104° 01' 31.84" (104.025512°) W (NAD83/86)

MD = 14.601'

Survey: 819' FSL & 2.321' FWL (Section 2, A-3655)

NPZ EXIT:

X = 850,582 (NAD27 TxC)

Y = 773,035

LAT. 31° 44' 22.86" (31.739877°) N (NAD27)

LONG. 104° 01' 52.55" (104.031363°) W (NAD27)

LAT. 31° 44' 23.11" (31.739753°) N (NAD83/86)

LONG. 104° 01' 54.26" (104.031739°) W (NAD83/86)

MD = 17.088'

Survey: 836' FSL & 388' FWL (Section 2, A-3655)

AS-DRILLED LAST TAKE POINT:

X = 850,362 (NAD27 TxC)

Y = 768,734

LAT. 31° 43' 40.04" (31.727907°) N (NAD27)

LONG. 104° 01' 53.43" (104.031509°) W (NAD27)

LAT. 31° 43' 40.50" (31.727916°) N (NAD83/86)

LONG. 104° 01' 55.14" (104.031985°) W (NAD83/86)

MD = 21.402'

Survey: 182' FSL & 311' FWL (Section 2, A-3655)

AS-DRILLED BOTTOM HOLE LOCATION:

X = 850,357 (NAD27 TxC)

Y = 768,657

LAT. 31° 43' 39.28" (31.727578°) N (NAD27)

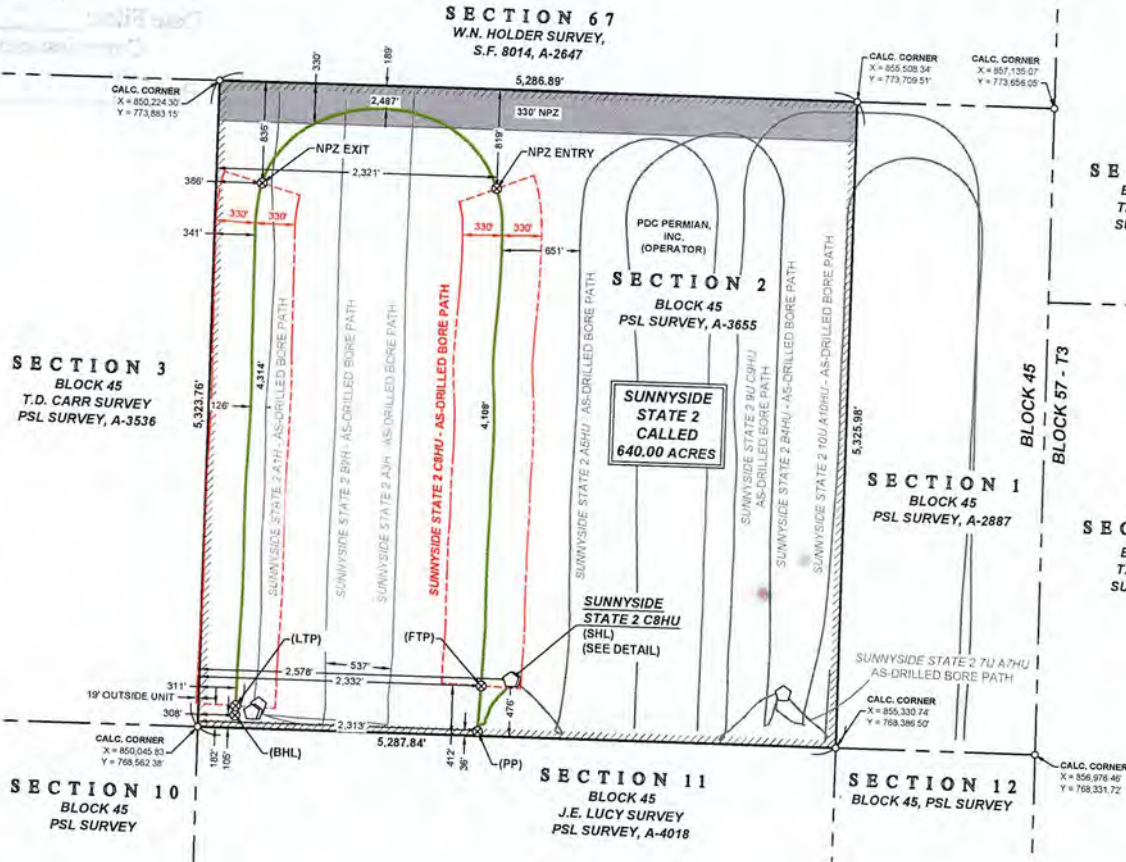
LONG. 104° 01' 53.48" (104.031517°) W (NAD27)

LAT. 31° 43' 39.73" (31.727704°) N (NAD83/86)

LONG. 104° 01' 55.17" (104.031992°) W (NAD83/86)

MD = 21.479'

Survey: 105' FSL & 308' FWL (Section 2, A-3655)



LEGEND:

- (PSL) - PROPOSED SURFACE LOCATION
- (SHL) - SURFACE HOLE LOCATION
- (PP) - AS-DRILLED PENETRATION POINT
- (FTP) - AS-DRILLED FIRST TAKE POINT
- (LTP) - AS-DRILLED LAST TAKE POINT
- (BHL) - AS-DRILLED BOTTOM HOLE LOCATION
- (MD) - MEASURED DEPTH
- UNIT LINE
- APPROXIMATE SURVEY LINES
- PROPOSED BORE PATH
- AS-DRILLED BORE PATH
- SUBJECT AS-DRILLED BORE PATH
- AS-DRILLED POINTS

NOTES:

- This plat represents a survey made on the ground and meets the requirements for filing an as-drilled well location plat with the Texas Railroad Commission and is intended solely for that purpose. Survey lines and unit lines shown herein were established from field measurements and record evidence. Mineral title information shown herein was furnished by PDC Permian, Inc. and/or its agents. This plat does not meet the requirements for boundary surveys in the State of Texas and shall not be used to convey title to real property.
- All bearings, distances, areas and coordinates refer to the Texas Coordinate Zone of 1927, Central Zone, U.S. Survey Feet, Grid, elevations refer to the North American Vertical Datum of 1988 and are derived from static and kinematic GPS observations, unless noted otherwise.
- Surface location shown herein is based on as-located position of conductor pipe.
- Bore Path shown for the Sunnyside State 2 C8HU is based on a Directional Survey Report provided by PDC Permian, Inc. on September 12, 2023.

SECTION	PRODUCTION LATERAL		HORIZONTAL DRAIN HOLE AREA	
	DISTANCE	PERCENT (%)	ACRES	PERCENT (%)
2	8.422'	100.00%	127.48 AC	100.00%
TOTAL	8.422'	100.00%	127.48 AC	100.00%

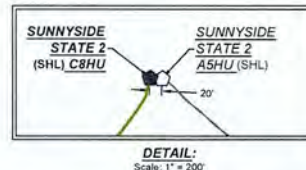
AS-DRILLED PLAT
SUNNYSIDE STATE 2 C8HU
PDC PERMIAN, INC.
 SITUATED IN
 SECTION 2, BLOCK 45
 PUBLIC SCHOOL LAND SURVEY, A-3655
 REEVES COUNTY, TEXAS



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DRAWN BY: MKC
 DATE: 02/09/2024
 JOB#: 2325626.00C
 FILENAME: AD_SUNNYSIDE_STATE_2_C8HU.DWG

FOR THE EXCLUSIVE USE OF
 PDC PERMIAN, INC.
 I, John Legere, Registered Professional
 Land Surveyor, do hereby state the above plat to
 be true and correct to the best of my knowledge.



inut# 13432
 API# 42.389.40511
 DP# 08.888589

File No. ME117292

Reeves County

iNut13432-AP142-389.40511

Date Filed: 03/28/2024

Commissioner Dawn Buckingham, M.D.

By: Jm

SS1431 #1111
11244-108-311#17A
P82533-000-11



Information for processing an Internal Non Unit Transaction (iNut)
Surface Acreage

iNut No. 13433

GENERAL INFORMATION

Name of Well: Sunnyside State 2 # B4HU

API # 42-389-40508

Name of Operator: PDC Permian, Inc.

RRC # 08-888585

Operator Contact Person: Michael Weaver

Phone: 512-327-8111

Counties: Reeves

ALLOCATION OF STATE UNITS AND/OR LEASES BASED SURFACE ACREAGE

Lease Type	Unit/Lease No	Total Acreage	Unit or Lease Acreage	Unit or Lease Rylty Decimal	Lease Royalty Decimal	RRAC Participation Factor	State Participation by Unit/Lease
RAL	MF117292	131.27	55.17	0.12500000	0.12500000	0.42027881	0.05253485
RAL	MF117492	131.27	0.58	0.12500000	0.12500000	0.00441837	0.00055230
RAL	MF117652	131.27	9.75	0.12500000	0.12500000	0.07427440	0.00928430
RAL	MF119281	131.27	5.01	0.12500000	0.12500000	0.03816561	0.00477070
RAL	MF119424	131.27	0.58	0.12500000	0.12500000	0.00441837	0.00055230
RAL	MF121346	131.27	55.17	0.12500000	0.12500000	0.42027881	0.05253485
RAL	MF121402	131.27	5.01	0.12500000	0.12500000	0.03816561	0.00477070
Totals:			131.27			1.00000000	0.12500000
Effective Date: 08/01/2023							State Net Royalty Revenue in Well

Name of Production Sharing Agreement, if any: Subject to the Sunnyside Production Sharing Agreement in MF117292.

Comments:

- Final as drilled plat submitted on March 7, 2024.

Attach a plat showing the iNut well with length of laterals marked and the State lands marked.

Lease Types: Relinquishment Act Land (RAL), State Fee (SF), Free Royalty (FR), Unleased Riverbed (UR), Highway Right of Way (HROW), Unleased Highway (UH), Criminal Justice (TDCJ), Parks & Wildlife (TPW), Mineral Production Allocation (MPAA), Dept. of Aging (DADS), School for the Blind (SBVI), Stephen F. Austin (SFA), TX A&M (A&M).

Prepared by: Jm Alamo updated by: Jm WI updated by: Jm
 RAM approval by: VD GIS updated by: Jm

DO NOT DESTROY



Texas General Land Office
UNIT AGREEMENT MEMO

INUT240001

Unit Number 13433
Operator Name PDC Permian, Inc.
Customer ID C000088142
Unit Name Sunnyside State 2 # B4HU
County 1 Reeves **RRC District 1** 08
County 2 **RRC District 2**
County 3 **RRC District 3**
County 4 **RRC District 4**
Unit type iNut
State Net Revenue Interest Oil 0.12500000
State Part in Unit 1.00000000
Unit Depth Specified Depths
From Depth Well
To Depth Formation
Participation Basis Surface Acreage
If Exclusions Apply: See Remarks

Effective Date 08/01/2023
Unitized For Oil And Gas
Unit Term
Old Unit Number **Inactive Status Date**

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	O/G	Lease Royalty	NRI of Lease in Unit	Royalty Rate Reduction Clause
MF117292		55.170000	131.270000	0.42027881	O/G	0.12500000	0.05253485	
MF117492		0.580000	131.270000	0.00441837	O/G	0.12500000	0.00055230	
MF117652		9.750000	131.270000	0.07427440	O/G	0.12500000	0.00928430	
MF119281		5.010000	131.270000	0.03816561	O/G	0.12500000	0.00477070	No

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	O/G	Lease Royalty	NRI of Lease in Unit	Royalty Rate Reduction Clause
MF119424		0.580000	131.270000	0.00441837	O/G	0.12500000	0.00055230	No
MF121346		55.170000	131.270000	0.42027881	O/G	0.12500000	0.05253485	No
MF121402		5.010000	131.270000	0.03816561	O/G	0.12500000	0.00477070	No

API Number
4238940508

Remarks:

This iNut is subject to the Sunnyside Production Sharing Agreement in MF117292. Final as drilled plat submitted on March 7, 2024.

Prepared By:

GLO Base Updated By:

RAM Approval By:

GIS By:

Well Inventory By:











Prepared Date:

GLO Base Date:

RAM Approval Date:

GIS Date:

WI Date:

03/28/2024

03/28/2024

03/28/2024

05/08/2024

03/28/2024

Pooling Committee Report

To: School Land Board

INUT240001

Date of Board Meeting:

Unit Number: 13433

Effective Date: 08/01/2023

Unit Expiration Date:

Applicant: PDC Permian, Inc.

Attorney Rep:

Operator: PDC Pemian, Inc.

Unit Name: Sunnyside State 2 # B4HU

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>
RAL	MF117292	0.12500000	12/01/2018	46 months	2,343.559000	55.170000	0.05253485
RAL	MF117492	0.12500000	10/04/2017	3 years	2.853873	0.580000	0.00055230
RAL	MF117652	0.12500000	12/01/2018	1336 days	80.348000	9.750000	0.00928430
RAL	MF119281	0.12500000	10/16/2020	3 years	52.324025	5.010000	0.00477070
RAL	MF119424	0.12500000	03/21/2021	3 years	5.247080	0.580000	0.00055230
RAL	MF121346	0.12500000	04/03/2026	3 years	448.008290	55.170000	0.05253485
RAL	MF121402	0.12500000	04/15/2026	3 years	43.200000	5.010000	0.00477070

Private Acres: 0.000000
State Acres: 131.270000
Total Unit Acres: 131.270000

Participation Basis: Surface Acreage
Surface Acreage
State Acreage: 100.00%
State Net Revenue Interest: 12.50%

Unit Type: Unitized for:
iNut Oil And Gas
Term:

RRC Rules: Spacing Acres:
No

SURFACE HOLE LOCATION:

PDC PERMIAN, INC.
SUNNYSIDE STATE 2 B4HU
AS-LOCATED ON 04/12/2023
X = 854,893 (NAD27 TxC)
Y = 768,840
LAT. 31° 43' 42.57" (31.7284921°) N (NAD27)
LONG. 104° 01' 01.04" (104.016956°) W (NAD83/86)
LAT. 31° 43' 43.03" (31.728618°) N (NAD83/86)
LONG. 104° 01' 02.75" (104.017431°) W (NAD83/86)
Elev. 3,045.8' (NAVD 1988)
Survey: 430' FSL & 452' FEL (Section 2, A-3655)
Bears: NW, 25.02 Miles from Mentone, TX

AS-DRILLED PENETRATION POINT:

X = 854,737 (NAD27 TxC)
Y = 768,585
LAT. 31° 43' 40.00" (31.727778°) N (NAD27)
LONG. 104° 01' 02.75" (104.017431°) W (NAD83/86)
LAT. 31° 43' 40.45" (31.727904°) N (NAD83/86)
LONG. 104° 01' 04.46" (104.017906°) W (NAD83/86)
MD = 9,436'

AS-DRILLED FIRST TAKE POINT:

X = 854,760 (NAD27 TxC)
Y = 768,543
LAT. 31° 43' 42.57" (31.7284921°) N (NAD27)
LONG. 104° 01' 02.58" (104.017384°) W (NAD83/86)
LAT. 31° 43' 43.02" (31.728618°) N (NAD83/86)
LONG. 104° 01' 04.29" (104.017859°) W (NAD83/86)
MD = 9,895'

NPZ ENTRY:

X = 854,829 (NAD27 TxC)
Y = 773,157
LAT. 31° 44' 25.25" (31.740349°) N (NAD27)
LONG. 104° 01' 03.44" (104.017621°) W (NAD83/86)
LAT. 31° 44' 25.70" (31.740473°) N (NAD83/86)
LONG. 104° 01' 05.15" (104.018097°) W (NAD83/86)
MD = 14,238'

NPZ EXIT:

X = 853,553 (NAD27 TxC)
Y = 772,995
LAT. 31° 44' 23.27" (31.739798°) N (NAD27)
LONG. 104° 01' 16.99" (104.021380°) W (NAD83/86)
LAT. 31° 44' 23.73" (31.739924°) N (NAD83/86)
LONG. 104° 01' 18.70" (104.021861°) W (NAD83/86)
MD = 15,705'

AS-DRILLED LAST TAKE POINT:

X = 853,669 (NAD27 TxC)
Y = 768,672
LAT. 31° 43' 40.50" (31.727815°) N (NAD27)
LONG. 104° 01' 15.14" (104.020871°) W (NAD83/86)
LAT. 31° 43' 40.95" (31.728041°) N (NAD83/86)
LONG. 104° 01' 16.85" (104.021347°) W (NAD83/86)
MD = 20,048'

AS-DRILLED BOTTOM HOLE LOCATION:

X = 853,666 (NAD27 TxC)
Y = 768,549
LAT. 31° 43' 39.20" (31.727581°) N (NAD27)
LONG. 104° 01' 15.14" (104.020871°) W (NAD83/86)
LAT. 31° 43' 39.74" (31.727707°) N (NAD83/86)
LONG. 104° 01' 16.85" (104.021347°) W (NAD83/86)
MD = 20,170'

Survey: 107' FSL & 1,670' FEL (Section 2, A-3655)



REVISIONS	
1	
2	
3	
DRAWN BY: MKC	PROJ. MGR.: JL
DATE: 02/09/2024	
JOB#: 2225826.000	SHEET 1 OF 1
FILENAME: AD SUNNYSIDE STATE 2 B4HU.DWG	

FOR THE EXCLUSIVE USE OF
PDC PERMIAN, INC.
I, John Legere, Registered Professional
Land Surveyor, do hereby state the above plat to
be true and correct to the best of my knowledge.

John Legere
John Legere
Registered Professional Land Surveyor
Registration No. 6698
March 6, 2024



INUT# 13433
API# 42-389-40508
DP# 08-888585

SECTION 67 W.N. HOLDER SURVEY, S.F. 8014, A-2647

SECTION 2 BLOCK 45 PSL SURVEY, A-3655

SECTION 3 BLOCK 45 T.D. CARR SURVEY PSL SURVEY, A-3536

SECTION 10 BLOCK 45 PSL SURVEY

SECTION 11 BLOCK 45 J.E. LUCY SURVEY PSL SURVEY, A-4018

SECTION 1 BLOCK 45 PSL SURVEY, A-2887

SECTION 7 BLOCK 57, T3 T. & P. RR. CO. SURVEY, A-902

SECTION 18 BLOCK 57, T3 T. & P. RR. CO. SURVEY, A-3400

LEGEND:

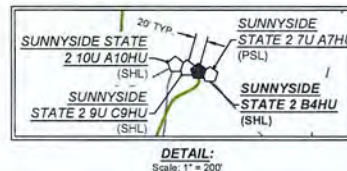
- (PSL) - PROPOSED SURFACE LOCATION
- (SHL) - SURFACE HOLE LOCATION
- (PP) - AS-DRILLED PENETRATION POINT
- (FTP) - AS-DRILLED FIRST TAKE POINT
- (LTP) - AS-DRILLED LAST TAKE POINT
- (BHL) - AS-DRILLED BOTTOM HOLE LOCATION
- (MD) - MEASURED DEPTH
- UNIT LINE
- APPROXIMATE SURVEY LINES
- PROPOSED BORE PATH
- AS-DRILLED BORE PATH
- SUBJECT AS-DRILLED BORE PATH
- ⊗ - AS-DRILLED POINTS

NOTES:

- This plat represents a survey made on the ground and meets the requirements for filing an as-drilled well location plat with the Texas Railroad Commission and is intended solely for that purpose. Survey lines and unit lines shown herein were established from field measurements and record evidence. Mineral title information shown herein was furnished by PDC Permian, Inc. and/or their agent(s). This plat does not meet the requirements for boundary surveys in the State of Texas and shall not be used to convey title to real property.
- All bearings, distances, areas and coordinates refer to the Texas Coordinate Zone of 1927, Central Zone, U.S. Survey Feet. Grid elevations refer to the North American Vertical Datum of 1988 and are derived from static and kinematic GPS observations, unless noted otherwise.
- Surface location shown herein is based on as-located position of conductor pipe.
- Bore Path shown for the Sunnyside State 2 B4HU is based on a Directional Survey Report provided by PDC Permian, Inc. on July 6, 2023.

SECTION	DISTANCE	PRODUCTION LATERAL		HORIZONTAL DRAINHOLE AREA	
		PERCENT (%)	ACRES	PERCENT (%)	ACRES
2	8,686'	100.00%	131.27 AC	100.00%	
TOTAL	8,686'	100.00%	131.27 AC	100.00%	

**AS-DRILLED PLAT
SUNNYSIDE STATE 2 B4HU
PDC PERMIAN, INC.**
SITUATED IN
SECTION 2, BLOCK 45
PUBLIC SCHOOL LAND SURVEY, A-3655
REEVES COUNTY, TEXAS



DETAIL:
Scale: 1" = 200'



File No. MF117292Reeves CountyiNut 13433-AP142-389-40508Date Filed: 03/28/2024
Commissioner Dawn Buckingham, M.D.By: Jm58131 # 101
80301-008-SP #104
202308-30 #101



Information for processing an Internal Non Unit Transaction (iNut)
Surface Acreage

iNut No. 13434

GENERAL INFORMATION

Name of Well: Sunnyside State 2 # A5HU

API # 42-389-40509

Name of Operator: PDC Permian, Inc.

RRC # 08-888588

Operator Contact Person: Michael Weaver

Phone: 512-327-8111

Counties: Reeves

ALLOCATION OF STATE UNITS AND/OR LEASES BASED SURFACE ACREAGE

Lease Type	Unit/Lease No	Total Acreage	Unit or Lease Acreage	Unit or Lease Rylty Decimal	Lease Royalty Decimal	RRAC Participation Factor	State Participation by Unit/Lease
RAL	MF117292	130.73	54.95	0.12500000	0.12500000	0.42033198	0.05254150
RAL	MF117492	130.73	0.58	0.12500000	0.12500000	0.00443663	0.00055458
RAL	MF117652	130.73	9.7	0.12500000	0.12500000	0.07419873	0.00927484
RAL	MF119281	130.73	4.99	0.12500000	0.12500000	0.03817027	0.00477128
RAL	MF119424	130.73	0.57	0.12500000	0.12500000	0.00436013	0.00054502
RAL	MF121346	130.73	54.95	0.12500000	0.12500000	0.42033198	0.05254150
RAL	MF121402	130.73	4.99	0.12500000	0.12500000	0.03817027	0.00477128
Totals:			130.73			1.00000000	0.12500000
Effective Date: 08/01/2023							State Net Royalty Revenue in Well

Name of Production Sharing Agreement, if any:

Comments:

- Final as drilled plat submitted on March 7, 2024.

Attach a plat showing the iNut well with length of laterals marked and the State lands marked.

Lease Types: Relinquishment Act Land (RAL), State Fee (SF), Free Royalty (FR), Unleased Riverbed (UR), Highway Right of Way (HROW), Unleased Highway (UH), Criminal Justice (TDCJ), Parks & Wildlife (TPW), Mineral Production Allocation (MPAA), Dept. of Aging (DADS), School for the Blind (SBVI), Stephen F. Austin (SFA), TX A&M (A&M).

Prepared by: jm Alamo updated by: jm WI updated by: jm
 RAM approval by: jd GIS updated by: jk

DO NOT DESTROY



Texas General Land Office
UNIT AGREEMENT MEMO

INUT240001

Unit Number 13434
Operator Name PDC Permian, Inc.
Customer ID C000088142
Unit Name Sunnyside State 2 # A5HU
County 1 Reeves **RRC District 1** 08
County 2 **RRC District 2**
County 3 **RRC District 3**
County 4 **RRC District 4**
Unit type iNut
State Net Revenue Interest Oil 0.12500000
State Part in Unit 1.00000000
Unit Depth Specified Depths
From Depth Well
To Depth Formation
Participation Basis Surface Acreage
If Exclusions Apply: See Remarks

Effective Date 08/01/2023
Unitized For Oil And Gas
Unit Term
Old Unit Number **Inactive Status Date**

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	O/G	Lease Royalty	NRI of Lease in Unit	Royalty Rate Reduction Clause
MF117292		54.950000	130.730000	0.42033198	O/G	0.12500000	0.05254150	
MF117492		0.580000	130.730000	0.00443663	O/G	0.12500000	0.00055458	
MF117652		9.700000	130.730000	0.07419873	O/G	0.12500000	0.00927484	
MF119281		4.990000	130.730000	0.03817027	O/G	0.12500000	0.00477128	No

API Number
4238940509

This iNut is subject to the Sunnyside Production Sharing Agreement filed in MF117292. Final as drilled plan submitted on March 7, 2024.

Prepared By:

TM

GLO Base Updated By:

Am

RAM Approval By:

55

GIS By:

Well Inventory By:

Tom,

Prepared Date:

03/28/2024

GLO Base Date:

03/28/2024

RAM Approval Date:

03/28/2024

GIS Date:

05/08/2024

WI Date:

03	28	2024
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Pooling Committee Report

To: School Land Board

INUT240001

Date of Board Meeting:

Unit Number: 13434

Effective Date: 08/01/2023

Unit Expiration Date:

Applicant: PDC Permian, Inc.

Attorney Rep:

Operator: PDC Permian, Inc.,

Unit Name: Sunnyside State 2 # A5HU

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>
RAL	MF117292	0.12500000	12/01/2018	46 months	2,343.559000	54.950000	0.05254150
RAL	MF117492	0.12500000	10/04/2017	3 years	2.853873	0.580000	0.00055458
RAL	MF117652	0.12500000	12/01/2018	1336 days	80.348000	9.700000	0.00927484
RAL	MF119281	0.12500000	10/16/2020	3 years	52.324025	4.990000	0.00477128
RAL	MF119424	0.12500000	03/21/2021	3 years	5.247080	0.570000	0.00054502
RAL	MF121346	0.12500000	04/03/2026	3 years	448.008290	54.950000	0.05254150
RAL	MF121402	0.12500000	04/15/2026	3 years	43.200000	4.990000	0.00477128

Private Acres: 0.000000
State Acres: 130.730000
Total Unit Acres: 130.730000

Participation Basis: Surface Acreage
Surface Acreage
State Acreage: 100.00%
State Net Revenue Interest: 12.50%

Unit Type: Unitized for:
iNut Oil And Gas
Term:

RRC Rules: Spacing Acres:
No

SURFACE HOLE LOCATION:

PDC PERMIAN, INC.
SUNNYSIDE STATE 2 ASHU
AS-LOCATED ON 05/24/2023
X = 852,658 (NAD27 TxC)
Y = 768,902
LAT. 31° 43' 42.95" (31.728597) N (NAD27)
LONG. 104° 01' 26.95" (104.024154) W (NAD27)
LAT. 31° 43' 43.40" (31.728723) N (NAD83/86)
LONG. 104° 01' 28.66" (104.024629) W (NAD83/86)
Elev. 3,075.0' (NAVD 1988)
Survey: 476' FSL & 2,597' FVL (Section 2, A-3655)
Bears: NW, 25.04 Miles from Montone, TX

AS-DRILLED PENETRATION POINT:

X = 853,043 (NAD27 TxC)
Y = 768,641
LAT. 31° 43' 40.00" (31.727778) N (NAD27)
LONG. 104° 01' 22.38" (104.022884) W (NAD27)
LAT. 31° 43' 40.45" (31.727904) N (NAD83/86)
LONG. 104° 01' 24.09" (104.023359) W (NAD83/86)
MD = 9,435'
Survey: 178' FSL & 2,295' FEL (Section 2, A-3655)

AS-DRILLED FIRST TAKE POINT:

X = 853,058 (NAD27 TxC)
Y = 768,717
LAT. 31° 43' 40.76" (31.727989) N (NAD27)
LONG. 104° 01' 22.31" (104.022843) W (NAD27)
LAT. 31° 43' 41.21" (31.728115) N (NAD83/86)
LONG. 104° 01' 23.95" (104.023318) W (NAD83/86)
MD = 9,545'
Survey: 250' FSL & 2,283' FEL (Section 2, A-3655)

NPZ ENTRY:

X = 853,258 (NAD27 TxC)
Y = 773,010
LAT. 31° 44' 23.29" (31.739602) N (NAD27)
LONG. 104° 01' 21.57" (104.022659) W (NAD27)
LAT. 31° 44' 23.74" (31.739628) N (NAD83/86)
LONG. 104° 01' 23.28" (104.023134) W (NAD83/86)
MD = 13,886'
Survey: 773' FNL & 2,226' FEL (Section 2, A-3655)

NPZ EXIT:

X = 854,330 (NAD27 TxC)
Y = 772,962
LAT. 31° 44' 23.16" (31.739768) N (NAD27)
LONG. 104° 01' 09.14" (104.019206) W (NAD27)
LAT. 31° 44' 23.62" (31.739894) N (NAD83/86)
LONG. 104° 01' 10.85" (104.019681) W (NAD83/86)
MD = 15,359'
Survey: 786' FNL & 1,153' FEL (Section 2, A-3655)

AS-DRILLED LAST TAKE POINT:

X = 854,185 (NAD27 TxC)
Y = 768,641
LAT. 31° 43' 40.36" (31.727883) N (NAD27)
LONG. 104° 01' 09.16" (104.019210) W (NAD27)
LAT. 31° 43' 40.83" (31.728009) N (NAD83/86)
LONG. 104° 01' 10.87" (104.019685) W (NAD83/86)
MD = 19,692'
Survey: 217' FSL & 1,153' FEL (Section 2, A-3655)

AS-DRILLED BOTTOM HOLE LOCATION:

X = 854,182 (NAD27 TxC)
Y = 768,529
LAT. 31° 43' 39.27" (31.727575) N (NAD27)
LONG. 104° 01' 09.15" (104.019209) W (NAD27)
LAT. 31° 43' 39.72" (31.727701) N (NAD83/86)
LONG. 104° 01' 10.86" (104.019684) W (NAD83/86)
MD = 19,794'
Survey: 105' FSL & 1,153' FEL (Section 2, A-3655)

SECTION 67
W.N. HOLDER SURVEY,
S.F. 8014, A-2647**SECTION 2**
BLOCK 45
PSL SURVEY, A-3655**SECTION 3**
BLOCK 45
T.D. CARR SURVEY
PSL SURVEY, A-3536**SECTION 10**
BLOCK 45
PSL SURVEY**SECTION 11**
BLOCK 45
J.E. LUCY SURVEY
PSL SURVEY, A-4018**SECTION 1**
BLOCK 45
PSL SURVEY, A-2887**SECTION 7**
BLOCK 57, T3
T. & P. RR. CO.
SURVEY, A-902**SECTION 18**
BLOCK 57, T3
T. & P. RR. CO.
SURVEY, A-3400**LEGEND:**

- (SHL) - SURFACE HOLE LOCATION
- (PP) - AS-DRILLED PENETRATION POINT
- (FTP) - AS-DRILLED FIRST TAKE POINT
- (LTP) - AS-DRILLED LAST TAKE POINT
- (BHL) - AS-DRILLED BOTTOM HOLE LOCATION
- (MD) - MEASURED DEPTH
- UNIT LINE
- APPROXIMATE SURVEY LINES
- PROPOSED BORE PATH
- AS-DRILLED BORE PATH
- SUBJECT AS-DRILLED BORE PATH
- ⊗ - AS-DRILLED POINTS

NOTES:

- This plat represents a survey made on the ground and meets the requirements for filing an as-drilled well location plat with the Texas Railroad Commission and is intended solely for that purpose. Survey lines and unit lines shown herein were established from field measurements and record evidence. Mineral title information shown herein was furnished by PDC Permian, Inc. and/or their agents. This plat does not meet the requirements for boundary surveys in the State of Texas and shall not be used to convey title to real property.
- All bearings, distances, areas and coordinates refer to the Texas Coordinate Zone of 1927, Central Zone, U.S. Survey Feet. Grid elevations refer to the North American Vertical Datum of 1988 and are derived from static and kinematic GPS observations, unless noted otherwise.
- Surface location shown herein is based on as-located position of conductor pipe.
- Bore Path shown for the Sunnyside State 2 ASHU is based on a Directional Survey Report provided by PDC Permian, Inc. on September 27, 2023.

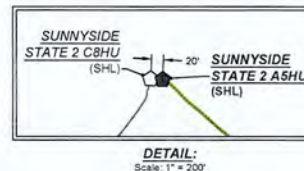
SECTION	PRODUCTION LATERAL		HORIZONTAL DRAIN/WHOLE AREA	
	DISTANCE	PERCENT (%)	ACRES	PERCENT (%)
2	8,668'	100.00%	130.73 AC	100.00%
TOTAL	8,668'	100.00%	130.73 AC	100.00%

AS-DRILLED PLAT
SUNNYSIDE STATE 2 ASHU
PDC PERMIAN, INC.
SITUATED IN
SECTION 2, BLOCK 45
PUBLIC SCHOOL LAND SURVEY, A-3655
REEVES COUNTY, TEXAS

FOR THE EXCLUSIVE USE OF

PDC PERMIAN, INC.
I, John Legere, Registered Professional
Land Surveyor, do hereby state the above plat to
be true and correct to the best of my knowledge.

John Legere
John Legere
Registered Professional Land Surveyor
Registration No. 6698
March 6, 2024



iNut # 13434
API # 42-389-40509
DP # 08-888588



REVISIONS	
1	
2	
3	
DRAWN BY: MKC	PROJ. MGR.: JL
DATE: 03/06/2024	
JOB#: 2225626 DDC	SHEET 1 OF 1
FILENAME: AD_SUNNYSIDE_STATE_2_ASHU.DWG	

File No. ME117292Reones CountyiNut 13434 - API 42.389.40509Date Filed: 03/28/2024

Commissioner Dawn Buckingham, M.D.

By: JmJASPER #1011
DOE #1011
883833-80 #11



Information for processing an Internal Non Unit Transaction (iNut) Surface Acreage

iNut No. 13435

GENERAL INFORMATION

Name of Well: Sunnyside State 2 9U # C9HU

API # 42-389-40518

Name of Operator: PDC Permian, Inc.

RRC # 08-889089

Operator Contact Person: Michael Weaver

Phone: 512-327-8111

Counties: Reeves

ALLOCATION OF STATE UNITS AND/OR LEASES BASED SURFACE ACREAGE

Lease Type	Unit/Lease No	Total Acreage	Unit or Lease Acreage	Unit or Lease Rylty Decimal	Lease Royalty Decimal	RRAC Participation Factor	State Participation by Unit/Lease
RAL	MF117292	139.43	28.61	0.12500000	0.12500000	0.20519257	0.02564907
RAL	MF117492	139.43	0.3	0.12500000	0.12500000	0.00215162	0.00026895
RAL	MF117652	139.43	5.06	0.12500000	0.12500000	0.03629061	0.00453633
RAL	MF119281	139.43	2.6	0.12500000	0.12500000	0.01864735	0.00233092
RAL	MF119424	139.43	0.3	0.12500000	0.12500000	0.00215162	0.00026895
RAL	MF121346	139.43	28.61	0.12500000	0.12500000	0.20519257	0.02564907
RAL	MF121402	139.43	2.6	0.12500000	0.12500000	0.01864735	0.00233092
Totals:			68.08			0.48827369	0.06103421
Effective Date: 08/01/2023							State Net Royalty Revenue in Well

Name of Production Sharing Agreement, if any:

Comments:

- Final as drilled plat submitted on March 7, 2024.

Attach a plat showing the iNut well with length of laterals marked and the State lands marked.

Lease Types: Relinquishment Act Land (RAL), State Fee (SF), Free Royalty (FR), Unleased Riverbed (UR), Highway Right of Way (HROW), Unleased Highway (UH), Criminal Justice (TDCJ), Parks & Wildlife (TPW), Mineral Production Allocation (MPAA), Dept. of Aging (DADS), School for the Blind (SBVI), Stephen F. Austin (SFA), TX A&M (A&M).

Prepared by: Jm Alamo updated by: Jm WI updated by: Jm
RAM approval by: VD GIS updated by: JH

DO NOT DESTROY



Texas General Land Office
UNIT AGREEMENT MEMO

INUT240001

Unit Number 13435
Operator Name PDC Permian, Inc.
Customer ID C000088142
Unit Name Sunnyside State 2 9U # C9HU
County 1 Reeves **RRC District 1** 08
County 2 **RRC District 2**
County 3 **RRC District 3**
County 4 **RRC District 4**
Unit type iNut
State Net Revenue Interest Oil 0.06103421
State Part in Unit 0.48827369
Unit Depth Specified Depths
From Depth Well
To Depth Formation
Participation Basis Surface Acreage
If Excluions Apply: See Remarks

Effective Date 08/01/2023
Unitized For Oil And Gas
Unit Term
Old Unit Number **Inactive Status Date**

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	O/G	Lease Royalty	NRI of Lease in Unit	Royalty Rate Reduction Clause
MF117292		28.610000	139.430000	0.20519257	O/G	0.12500000	0.02564907	
MF117492		0.300000	139.430000	0.00215162	O/G	0.12500000	0.00026895	
MF117652		5.060000	139.430000	0.03629061	O/G	0.12500000	0.00453633	
MF119281		2.600000	139.430000	0.01864735	O/G	0.12500000	0.00233092	No

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	O/G	Lease Royalty	NRI of Lease in Unit	Royalty Rate Reduction Clause
MF119424		0.300000	139.430000	0.00215162	O/G	0.12500000	0.00026895	No
MF121346		28.610000	139.430000	0.20519257	O/G	0.12500000	0.02564907	No
MF121402		2.600000	139.430000	0.01864735	O/G	0.12500000	0.00233092	No

API Number
4238940518

Remarks: This iNut is subject the Sunnyside Production Sharing Agreement. Final as drilled plat submitted on March 7, 2024.

Prepared By: Jm
GLO Base Updated By: Jm
RAM Approval By: JD
GIS By: JK
Well Inventory By: Jm

Prepared Date: 03/28/2024
GLO Base Date: 03/28/2024
RAM Approval Date: 03/28/2024
GIS Date: 05/08/2024
WI Date: 03/28/2024

Pooling Committee Report

To: School Land Board

INUT240001

Date of Board Meeting:

Unit Number: 13435

Effective Date: 08/01/2023

Unit Expiration Date:

Applicant: PDC Permian, Inc.

Attorney Rep:

Operator: PDC Permian, Inc.,

Unit Name: Sunnyside State 2 9U # C9HU

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>
RAL	MF117292	0.12500000	12/01/2018	46 months	2,343.559000	28.610000	0.02564907
RAL	MF117492	0.12500000	10/04/2017	3 years	2.853873	0.300000	0.00026895
RAL	MF117652	0.12500000	12/01/2018	1336 days	80.348000	5.060000	0.00453633
RAL	MF119281	0.12500000	10/16/2020	3 years	52.324025	2.600000	0.00233092
RAL	MF119424	0.12500000	03/21/2021	3 years	5.247080	0.300000	0.00026895
RAL	MF121346	0.12500000	04/03/2026	3 years	448.008290	28.610000	0.02564907
RAL	MF121402	0.12500000	04/15/2026	3 years	43.200000	2.600000	0.00233092

Private Acres:	71.350000
State Acres:	68.080000
Total Unit Acres:	139.430000

Participation Basis:	Surface Acreage
Surface Acreage	
State Acreage:	48.83%
State Net Revenue Interest:	6.10%

Unit Type:	Unitized for:
iNut	Oil And Gas
Term:	

RRC Rules:	Spacing Acres:
No	

SURFACE HOLE LOCATION:

PDC PERMIAN, INC.
SUNNYSIDE STATE 2 9U C9HU
AS-LOCATED ON 04/12/2023
X = 854,874 (NAD27 TxC)
Y = 768,845
LAT. 31° 43' 42.62" (31.728505°) N (NAD27)
LONG. 104° 01' 01.27" (104.017019°) W (NAD27)
LAT. 31° 43' 43.07" (31.728631°) N (NAD83/86)
LONG. 104° 01' 02.98" (104.017493°) W (NAD83/86)
Elev. 3,044.2 (NAVD 1988)
Survey: 443' FSL & 4.816' FWL (Section 2, A-3655)
Bears: NW, 25.02 Miles from Montone, TX

AS-DRILLED PENETRATION POINT:

X = 854,368 (NAD27 TxC)
Y = 768,451
LAT. 31° 43' 38.56" (31.72737°) N (NAD27)
LONG. 104° 01' 06.97" (104.018603°) W (NAD27)
LAT. 31° 43' 39.01" (31.727503°) N (NAD83/86)
LONG. 104° 01' 08.68" (104.019078°) W (NAD83/86)
MD = 9.468'
Survey: 32' FSL & 4.324' FWL (Section 2, A-3655)

AS-DRILLED FIRST TAKE POINT:

X = 854,429 (NAD27 TxC)
Y = 768,851
LAT. 31° 43' 42.53" (31.728482°) N (NAD27)
LONG. 104° 01' 06.42" (104.018451°) W (NAD27)
LAT. 31° 43' 42.99" (31.728608°) N (NAD83/86)
LONG. 104° 01' 08.13" (104.018926°) W (NAD83/86)
MD = 10.628'
Survey: 43' FSL & 4.371' FWL (Section 2, A-3655)

NPZ ENTRY:

X = 854,654 (NAD27 TxC)
Y = 773,324
LAT. 31° 44' 26.85" (31.740792°) N (NAD27)
LONG. 104° 01' 05.53" (104.018202°) W (NAD27)
LAT. 31° 44' 27.30" (31.740917°) N (NAD83/86)
LONG. 104° 01' 07.24" (104.018677°) W (NAD83/86)
MD = 15.036'
Survey: 413' FNL & 4.448' FWL (Section 2, A-3655)

NPZ EXIT:

X = 856,449 (NAD27 TxC)
Y = 773,222
LAT. 31° 44' 26.43" (31.740674°) N (NAD27)
LONG. 104° 00' 44.71" (104.012420°) W (NAD27)
LAT. 31° 44' 26.88" (31.740800°) N (NAD83/86)
LONG. 104° 00' 46.42" (104.012895°) W (NAD83/86)
MD = 17.107'
Survey: 457' FNL & 6.72' FEL (Section 1, A-2887)

AS-DRILLED LAST TAKE POINT:

X = 856,395 (NAD27 TxC)
Y = 768,524
LAT. 31° 43' 39.94" (31.727761°) N (NAD27)
LONG. 104° 00' 43.54" (104.012096°) W (NAD27)
LAT. 31° 43' 40.39" (31.727887°) N (NAD83/86)
LONG. 104° 00' 45.25" (104.012570°) W (NAD83/86)
MD = 21.821'
Survey: 172' FSL & 5.87' FEL (Section 1, A-2887)

AS-DRILLED BOTTOM HOLE LOCATION:

X = 856,391 (NAD27 TxC)
Y = 768,458
LAT. 31° 43' 39.29" (31.727580°) N (NAD27)
LONG. 104° 00' 43.56" (104.012100°) W (NAD27)
LAT. 31° 43' 39.74" (31.727706°) N (NAD83/86)
LONG. 104° 00' 45.27" (104.012575°) W (NAD83/86)
MD = 21.887'
Survey: 107' FSL & 5.89' FEL (Section 1, A-2887)



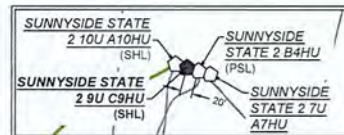
REVISIONS	
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FOR THE EXCLUSIVE USE OF
PDC PERMIAN, INC.
I, John Legere, Registered Professional
Land Surveyor, do hereby state the above plat to
be true and correct to the best of my knowledge.

John Legere
John Legere
Registered Professional Land Surveyor
Registration No. 6698
March 6, 2024



TRACT / SECTION	ACRES IN TRACT / SECTION
1	178.00
2	640.00



DETAIL:
Scale: 1" = 200'

SECTION 67 W.N. HOLDER SURVEY, S.F. 8014, A-2647

SECTION 2 BLOCK 45 PSL SURVEY, A-3655

SECTION 3 BLOCK 45 T.D. CARR SURVEY PSL SURVEY, A-3536

SECTION 10 BLOCK 45 PSL SURVEY

SECTION 11 BLOCK 45 J.E. LUCY SURVEY PSL SURVEY, A-4018

SECTION 7 BLOCK 57, T3 T. & P. RR. CO. SURVEY, A-902

SECTION 18 BLOCK 57, T3 T. & P. RR. CO. SURVEY, A-3400

LEGEND:

- (PSL) - PROPOSED SURFACE LOCATION
- (SHL) - SURFACE HOLE LOCATION
- (PP) - AS-DRILLED PENETRATION POINT
- (FTP) - AS-DRILLED FIRST TAKE POINT
- (LTP) - AS-DRILLED LAST TAKE POINT
- (BHL) - AS-DRILLED BOTTOM HOLE LOCATION
- (MD) - MEASURED DEPTH
- UNIT LINE
- APPROXIMATE SURVEY LINES
- PROPOSED BORE PATH
- AS-DRILLED BORE PATH
- SUBJECT AS-DRILLED BORE PATH
- ⊗ - AS-DRILLED POINTS

NOTES:

- This plat represents a survey made on the ground and meets the requirements for filing an as-drilled well location plat with the Texas Railroad Commission and is intended solely for that purpose. Survey lines and unit lines shown hereon were established from field measurements and record evidence. Mineral title information shown hereon was furnished by PDC Permian, Inc. and/or their agents. This plat does not meet the requirements for boundary surveys in the State of Texas and shall not be used to convey title to real property.
- All bearings, distances, areas and coordinates refer to the Texas Coordinate Zone of 1927, Central Zone, U.S. Survey Feet, Grid, elevations refer to the North American Vertical Datum of 1988 and are derived from static and kinematic GPS observations, unless noted otherwise.
- Surface location shown hereon is based on as-located position of conductor pipe.
- Bore Path shown for the Sunnyside State 2 9U C9HU is based on a Directional Survey Report provided by PDC Permian, Inc. on June 28, 2023.

SECTION	PRODUCTION LATERAL		HORIZONTAL DRAINHOLE AREA	
	DISTANCE	PERCENT (%)	ACRES	PERCENT (%)
1	4.714'	51.12%	71.35 AC.	51.17%
2	4.508'	48.88%	68.06 AC.	48.83%
TOTAL	9.222'	100.00%	139.43 AC	100.00%

AS-DRILLED PLAT
SUNNYSIDE STATE 2 9U C9HU
PDC PERMIAN, INC.
SITUATED IN
SECTIONS 1 & 2, BLOCK 45
PUBLIC SCHOOL LAND SURVEYS, A-2887 & A-3655
REEVES COUNTY, TEXAS

INut# 13435
API# 42-389-40518
DP# 08-889089

60.

File No. MF117292

Reeves County

INut13435-API42.389.40518

Date Filed: 03/28/2024

Commissioner Dawn Buckingham, M.D.

By: Jm

03/28/24 #1111
012011-125-51-711A
120125-51-711



Information for processing an Internal Non Unit Transaction (iNut)
Surface Acreage

iNut No. 13436

GENERAL INFORMATION

Name of Well: Sunnyside State 2 10U # A10HU

API # 42-389-40675

Name of Operator: PDC Permian, Inc.

RRC # 08-891852

Operator Contact Person: Michael Weaver

Phone: 512-327-8111

Counties: Reeves

ALLOCATION OF STATE UNITS AND/OR LEASES BASED SURFACE ACREAGE

Lease Type	Unit/Lease No	Total Acreage	Unit or Lease Acreage	Unit or Lease Rylyty Decimal	Lease Royalty Decimal	RRAC Participation Factor	State Participation by Unit/Lease
RAL	MF117292	127.22	15.27	0.12500000	0.12500000	0.12002830	0.01500354
RAL	MF117492	127.22	0.16	0.12500000	0.12500000	0.00125766	0.00015721
RAL	MF117652	127.22	1.385	0.12500000	0.12500000	0.01088665	0.00136083
RAL	MF119281	127.22	2.7	0.12500000	0.12500000	0.02122308	0.00265288
RAL	MF119424	127.22	0.16	0.12500000	0.12500000	0.00125766	0.00015721
RAL	MF121346	127.22	15.27	0.12500000	0.12500000	0.12002830	0.01500354
RAL	MF121402	127.22	1.385	0.12500000	0.12500000	0.01088665	0.00136083
Totals:			36.33			0.28556831	0.03569604
Effective Date: 08/01/2023							State Net Royalty Revenue in Well

Name of Production Sharing Agreement, if any:

Comments:

- Final as drilled plat submitted on March 7, 2024.

Attach a plat showing the iNut well with length of laterals marked and the State lands marked.

Lease Types: Relinquishment Act Land (RAL), State Fee (SF), Free Royalty (FR), Unleased Riverbed (UR), Highway Right of Way (HROW), Unleased Highway (UH), Criminal Justice (TDCJ), Parks & Wildlife (TPW), Mineral Production Allocation (MPAA), Dept. of Aging (DADS), School for the Blind (SBVI), Stephen F. Austin (SFA), TX A&M (A&M).

Prepared by: jm Alamo updated by: jm WI updated by: jm

RAM approval by: VD GIS updated by: jk

DO NOT DESTROY



Texas General Land Office
UNIT AGREEMENT MEMO

INUT240001

Unit Number 13436
Operator Name PDC Permian, Inc. **Effective Date** 08/01/2023
Customer ID C000088142 **Unitized For** Oil And Gas
Unit Name Sunnyside State 2 10U # A10HU **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 iNut
State Net Revenue Interest Oil 0.03569604
State Part in Unit 0.28556831
Unit Depth Specified Depths **Well**
From Depth **Formation**
To Depth **Participation Basis** Surface Acreage
If Excluions Apply: See Remarks

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	O/G	Lease Royalty	NRI of Lease in Unit	Royalty Rate Reduction Clause
MF117292		15.270000	127.220000	0.12002830	O/G	0.12500000	0.01500354	
MF117492		0.160000	127.220000	0.00125766	O/G	0.12500000	0.00015721	
MF117652		1.385000	127.220000	0.01088665	O/G	0.12500000	0.00136083	
MF119281		2.700000	127.220000	0.02122308	O/G	0.12500000	0.00265288	No

<i>Lease Number</i>	<i>Tract No</i>	<i>Lease Acres in Unit</i>	<i>Total Unit Acres</i>	<i>Tract Participation</i>	<i>O/G</i>	<i>Lease Royalty</i>	<i>NRI of Lease in Unit</i>	<i>Royalty Rate Reduction Clause</i>
MF119424		0.160000	127.220000	0.00125766	O/G	0.12500000	0.00015721	No
MF121346		15.270000	127.220000	0.12002830	O/G	0.12500000	0.01500354	No
MF121402		1.385000	127.220000	0.01088665	O/G	0.12500000	0.00136083	No

API Number

4238940675

Remarks:

This iNut is subject to the Sunnyside Production Sharing Agreement filed in MF117292. Final as drilled plat submitted on March 7, 2024.

Prepared By:

Jm

Prepared Date:

03/28/2024

GLO Base Updated By:

Jm

GLO Base Date:

03/28/2024

RAM Approval By:

JD

RAM Approval Date:

03/28/2024

GIS By:

JH

GIS Date:

05/08/2024

Well Inventory By:

Jm

WI Date:

03/28/2024

Pooling Committee Report

To: School Land Board

INUT240001

Date of Board Meeting:

Unit Number: 13436

Effective Date: 08/01/2023

Unit Expiration Date:

Applicant: PDC Permian, Inc.

Attorney Rep:

Operator: PDC Permian, Inc.,

Unit Name: Sunnyside State 2 10U # A10HU

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>
RAL	MF117292	0.12500000	12/01/2018	46 months	2,343.559000	15.270000	0.01500354
RAL	MF117492	0.12500000	10/04/2017	3 years	2.853873	0.160000	0.00015721
RAL	MF117652	0.12500000	12/01/2018	1336 days	80.348000	1.385000	0.00136083
RAL	MF119281	0.12500000	10/16/2020	3 years	52.324025	2.700000	0.00265288
RAL	MF119424	0.12500000	03/21/2021	3 years	5.247080	0.160000	0.00015721
RAL	MF121346	0.12500000	04/03/2026	3 years	448.008290	15.270000	0.01500354
RAL	MF121402	0.12500000	04/15/2026	3 years	43.200000	1.385000	0.00136083

Private Acres:	90.890000
State Acres:	36.330000
Total Unit Acres:	127.220000

Participation Basis:	Surface Acreage
Surface Acreage	
State Acreage:	28.56%
State Net Revenue Interest:	3.57%

Unit Type:	Unitized for:
iNut	Oil And Gas
Term:	

RRC Rules:	Spacing Acres:
No	

SURFACE HOLE LOCATION:

PDC PERMIAN, INC.
SUNNYSIDE STATE 2 10U A10HU
AS-STAKED ON 07/05/2023
X = 854,855 (NAD27 TxC)
Y = 768,851
LAT. 31° 43' 42.67" (31.728519°) N (NAD27)
LONG. 104° 01' 01.49" (104.017081°) W (NAD27)
LAT. 31° 43' 43.12" (31.728645°) N (NAD83/86)
LONG. 104° 01' 03.20" (104.017556°) W (NAD83/86)
Elev. 3,043.9 (NAVD 1988)
Survey: 448' FSL & 4,797' FVL (Section 2, A-3655)
Bears: NW, 25.02 Miles from Mertone, TX

AS-DRILLED PENETRATION POINT:

X = 855,094 (NAD27 TxC)
Y = 768,789
LAT. 31° 43' 42.14" (31.728372°) N (NAD27)
LONG. 104° 00' 58.69" (104.016304°) W (NAD27)
LAT. 31° 43' 42.59" (31.728498°) N (NAD83/86)
LONG. 104° 01' 00.40" (104.016779°) W (NAD83/86)
MD = 9.437
Survey: 294' FSL & 5,038' FVL (Section 2, A-3655)

AS-DRILLED FIRST TAKE POINT:

X = 855,191 (NAD27 TxC)
Y = 769,185
LAT. 31° 43' 46.09" (31.729470°) N (NAD27)
LONG. 104° 00' 57.73" (104.016058°) W (NAD27)
LAT. 31° 43' 48.54" (31.729895°) N (NAD83/86)
LONG. 104° 00' 59.44" (104.016511°) W (NAD83/86)
MD = 9.891
Survey: 794' FSL & 5,121' FVL (Section 2, A-3655)

NPZ ENTRY:

X = 855,525 (NAD27 TxC)
Y = 773,039
LAT. 31° 44' 24.32" (31.740088°) N (NAD27)
LONG. 104° 00' 55.34" (104.015373°) W (NAD27)
LAT. 31° 44' 24.77" (31.740214°) N (NAD83/86)
LONG. 104° 00' 57.05" (104.015848°) W (NAD83/86)
MD = 13.782
Survey: 670' FNL & 1,591' FEL (Section 1, A-2887)

NPZ EXIT:

X = 856,423 (NAD27 TxC)
Y = 773,004
LAT. 31° 44' 24.26" (31.740073°) N (NAD27)
LONG. 104° 00' 44.93" (104.012481°) W (NAD27)
LAT. 31° 44' 24.72" (31.740199°) N (NAD83/86)
LONG. 104° 00' 46.84" (104.012956°) W (NAD83/86)
MD = 14.828
Survey: 675' FNL & 692' FEL (Section 1, A-2887)

AS-DRILLED LAST TAKE POINT:

X = 856,327 (NAD27 TxC)
Y = 768,529
LAT. 31° 43' 39.97" (31.727770°) N (NAD27)
LONG. 104° 00' 44.33" (104.012314°) W (NAD27)
LAT. 31° 43' 40.43" (31.727896°) N (NAD83/86)
LONG. 104° 00' 46.04" (104.012789°) W (NAD83/86)
MD = 19.333
Survey: 178' FSL & 655' FEL (Section 1, A-2887)

AS-DRILLED BOTTOM HOLE LOCATION:

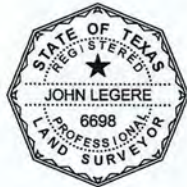
X = 856,323 (NAD27 TxC)
Y = 768,459
LAT. 31° 43' 39.27" (31.727576°) N (NAD27)
LONG. 104° 00' 44.35" (104.012319°) W (NAD27)
LAT. 31° 43' 39.73" (31.727702°) N (NAD83/86)
LONG. 104° 00' 46.06" (104.012794°) W (NAD83/86)
MD = 19.404
Survey: 105' FSL & 657' FEL (Section 1, A-2887)



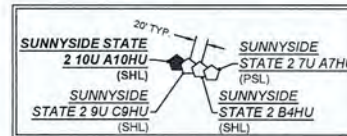
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DRAWN BY: MKC	PROJ. MGR.: JL
DATE: 02/09/2024	
JOB#: 2225626.00C	SHEET 1 OF 1
FILENAME: AD_SUNNYSIDE STATE 2 10U A10HU.DWG	

FOR THE EXCLUSIVE USE OF
PDC PERMIAN, INC.
I, John Legere, Registered Professional
Land Surveyor, do hereby state the above plat to
be true and correct to the best of my knowledge.

John Legere
John Legere
Registered Professional Land Surveyor
Registration No. 6698
March 6, 2024



TRACT / SECTION	ACRES IN TRACT / SECTION
1	178.00
2	640.00



DETAIL:
Scale: 1" = 200'

SECTION 67 W.N. HOLDER SURVEY, S.F. 8014, A-2647

SECTION 2 BLOCK 45 PSL SURVEY, A-3655

SECTION 3 BLOCK 45 T.D. CARR SURVEY PSL SURVEY, A-3536

SECTION 10 BLOCK 45 PSL SURVEY

SECTION 11 BLOCK 45 J.E. LUCY SURVEY PSL SURVEY, A-4018

SECTION 12 BLOCK 45, PSL SURVEY

SECTION 7 BLOCK 57, T3 T. & P. RR. CO. SURVEY, A-902

SECTION 18 BLOCK 57, T3 T. & P. RR. CO. SURVEY, A-3400

LEGEND:

- (PSL) - PROPOSED SURFACE LOCATION
- (SHL) - SURFACE HOLE LOCATION
- (PP) - AS-DRILLED PENETRATION POINT
- (FTP) - AS-DRILLED FIRST TAKE POINT
- (LTP) - AS-DRILLED LAST TAKE POINT
- (BHL) - AS-DRILLED BOTTOM HOLE LOCATION
- (MD) - MEASURED DEPTH
- UNIT LINE
- APPROXIMATE SURVEY LINES
- PROPOSED BORE PATH
- AS-DRILLED BORE PATH
- SUBJECT AS-DRILLED BORE PATH
- AS-DRILLED POINTS

NOTES:

- This plat represents a survey made on the ground and meets the requirements for filing an as-drilled well location plat with the Texas Railroad Commission and is intended solely for that purpose. Survey lines and unit lines shown hereon were established from field measurements and record evidence. Mineral title information shown hereon was furnished by PDC Permian, Inc. and/or their agents. This plat does not meet the requirements for boundary surveys in the State of Texas and shall not be used to convey title to real property.
- All bearings, distances, areas and coordinates refer to the Texas Coordinate Zone of 1927, Central Zone, U.S. Survey Feet, Grid, elevations refer to the North American Vertical Datum of 1988 and are derived from static and kinematic GPS observations, unless noted otherwise.
- Surface location shown hereon is based on as-located position of conductor pipe.
- Bore Path shown for the Sunnyside State 2 10U A10HU is based on a Directional Survey Report provided by PDC Permian, Inc. on August 10, 2023.

SECTION	PRODUCTION LATERAL		HORIZONTAL DRAINHOLE AREA	
	DISTANCE	PERCENT (%)	ACRES	PERCENT (%)
1	4,585'	54.59%	90.89 AC.	71.44%
2	3,814'	45.41%	36.33 AC.	28.56%
TOTAL	8,399'	100.00%	127.22 AC	100.00%

AS-DRILLED PLAT
SUNNYSIDE STATE 2 10U A10HU
PDC PERMIAN, INC.
SITUATED IN
SECTIONS 1 & 2, BLOCK 45
PUBLIC SCHOOL LAND SURVEYS, A-2887 & A-3655
REEVES COUNTY, TEXAS

iNut# 13436
API # 42-389-40675
DP# 08-891852

61.

File No. MF117292

Reemes County

iNut13436-API 42-389-40675

Date Filed: 03/28/2024
Commissioner Dawn Buckingham, M.D.

By: Jm

11/14/2024 13:43:11
11/14/2024 13:43:11
11/14/2024 13:43:11



Texas General Land Office

Reconciliation Billing

Commissioner Dawn Buckingham, M.D.

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

Petro-Hunt Permian, LLC
2101 Cedar Springs Road Ste 600
Dallas, TX 75201-1591

Billing Date: 4/3/2024
Billing Due Date: 5/3/2024
Customer Number: C000092765

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
24I00589	MF117292	\$0.00	\$1,274.65	\$127.47	\$57.35	\$1,459.47
Total Due		\$0.00	\$1,274.65	\$127.47	\$57.35	\$1,459.47

Penalty and interest have been calculated thru 4/30/2024. Payment remitted after 4/30/2024 will result in additional penalty and interest charges.

NOTICE

- Please update GLO1 and GLO2 production reports to correct volumes.
- Please do not update GLO3 report to include billed royalty, penalty or interest. This receivable has already been recorded.

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

Detach and return with payment

Reconciliation Billing

Petro-Hunt Permian, LLC

Billing Date: 4/3/2024

Billing Due Date: 5/3/2024

Customer Number: C000092765

Remit Payment To:

Texas General Land Office

PO Box 12873

Austin, TX 78711-2873

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
24I00589	MF117292	\$0.00	\$1,274.65	\$127.47	\$57.35	\$1,459.47
Total Due		\$0.00	\$1,274.65	\$127.47	\$57.35	\$1,459.47
Amt. Paid						

Customer ID: C000092785
 Invoice Number:
 GLO Lease: MF117292
 GLO Review: PETRO-HUNT PERMIAN, LLC
 Review Period: Sept 2022 - Aug 2023

Category Oil
 Auditor/AE: ECortez
 Billing Date: 4/1/2024
 P&I Calculation Date: 4/30/2024
 Royalty Rate: 12.50%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Participation Rate	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Royalty Due	Number of Days Late	Interest Rate For Additional Royalty	Penalty Rate From Additional Royalty	Interest Rate From Additional Royalty2	Revenue Due
May-23	08-292025	0	1	\$0.000	1	\$0.00	\$315.84	\$0.00	\$315.84	300	8.50%	\$31.58	\$17.73	\$365.15
Jun-23	08-292025	0	1	\$0.000	1	\$0.00	\$302.18	\$0.00	\$302.18	269	8.50%	\$30.22	\$14.78	\$347.18
Jul-23	08-292025	0	1	\$0.000	1	\$0.00	\$293.85	\$0.00	\$293.85	238	8.50%	\$29.39	\$12.25	\$335.49
Aug-23	08-292025	0	1	\$0.000	1	\$0.00	\$362.78	\$0.00	\$362.78	208	8.50%	\$36.28	\$12.59	\$411.65
TOTALS		0				\$0.00	\$1,274.65	\$0.00	\$1,274.65			\$127.47	\$57.35	\$1,459.47

COMMENTS: BILLING ON UNPAID OIL ROYALTIES TO THE GLO FOR UNIT 10927 (08-292025)

COLUMN (8) ROYALTY DUE PER SUBMITTED GLO1 REPORTS

COLUMN (9) ROYALTY PAID

COLUMNS (12),(13),(14) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENTS:

<http://www.glo.texas.gov/energy-business/oil-gas/rac/forms/penalty-interest-assessment-rules.pdf>

FOR QUESTIONS REGARDING THIS INVOICE PLEASE E-MAIL: eric.cortez@glo.texas.gov

NOTE 1: PAYMENT OF THIS INVOICE MAY BE MADE BY CHECK OR ACH DEBIT.
 PLEASE REMIT PAYMENT OF THIS INVOICE SEPARATELY FROM REGULAR ROYALTY PAYMENTS.
 WHEN PAYMENT IS REMITTED, PLEASE SEND AN EMAIL TO: account.services@glo.texas.gov and eric.cortez@glo.texas.gov
 NOTING YOUR COMPANY NAME, CUSTOMER ID, INVOICE NUMBER(S) AND AMOUNT OF PAYMENT.

EMAIL: RevenueGrc@petrohunt.com Pete Cummings pcummings@petrohunt.com Scott Smith ssmith@petrohunt.com Cody Pope cpope@petrohunt.com

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File No. MF 112292

County _____

Recor Billing

Date Filed: 6/3/2024

Commissioner Dawn Buckingham, M.D.

By: VD



Texas General Land Office

Reconciliation Billing

Commissioner Dawn Buckingham, M.D.

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

PDC Permian, Inc.
1099 18th St Ste 1500
Denver, CO 80202-2031

Billing Date: 4/3/2024
Billing Due Date: 5/3/2024
Customer Number: C000088142

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
24I00607	MF117292	\$77,480.10	\$0.00	\$7,748.02	\$5,393.55	\$90,621.67
Total Due		\$77,480.10	\$0.00	\$7,748.02	\$5,393.55	\$90,621.67

Penalty and interest have been calculated thru 4/30/2024. Payment remitted after 4/30/2024 will result in additional penalty and interest charges.

NOTICE

- Please update GLO1 and GLO2 production reports to correct volumes.
- Please do not update GLO3 report to include billed royalty, penalty or interest. This receivable has already been recorded.

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

Detach and return with payment

Reconciliation Billing

PDC Permian, Inc.

Billing Date: 4/3/2024

Billing Due Date: 5/3/2024

Customer Number: C000088142

Remit Payment To:

Texas General Land Office

PO Box 12873

Austin, TX 78711-2873

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
24I00607	MF117292	\$77,480.10	\$0.00	\$7,748.02	\$5,393.55	\$90,621.67
Total Due		\$77,480.10	\$0.00	\$7,748.02	\$5,393.55	\$90,621.67
Amt. Paid						

Customer ID: C000088142
 Invoice Number:
 GLO Lease: MF117292
 GLO Review: PDC PERMIAN, INC.
 Review Period: Sept 2022 - Aug 2023

Category Gas
 Auditor/AE: ECortez
 Billing Date: 4/1/2024
 P&I Calculation Date: 4/30/2024
 Royalty Rate: 12.50%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Participation Rate	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Royalty Due	Number of Days Late	Interest Rate For Additional Royalty	Penalty Rate From Additional Royalty	Interest Rate From Additional Royalty2	Revenue Due
Sep-22	08-284710	0	1	\$0.000	1	\$0.00	\$148,912.57	\$119,734.11	\$29,178.46	532	4.25%	\$2,917.85	\$1,607.01	\$33,703.32
Oct-22	08-284710	0	1	\$0.000	1	\$0.00	\$98,808.61	\$81,970.10	\$16,838.51	502	4.25%	\$1,683.85	\$868.57	\$19,390.93
Nov-22	08-284710	0	1	\$0.000	1	\$0.00	\$102,724.12	\$85,218.35	\$17,505.77	471	8.50%	\$1,750.58	\$1,879.59	\$20,935.94
Dec-22	08-284710	0	1	\$0.000	1	\$0.00	\$81,901.96	\$67,944.60	\$13,957.36	440	8.50%	\$1,395.74	\$1,238.38	\$16,591.48
TOTALS		0				\$0.00	\$432,347.26	\$354,867.16	\$77,480.10			\$7,748.02	\$5,393.55	\$90,621.67

COMMENTS: BILLING ON UNDER PAID GAS ROYALTIES TO THE GLO FOR UNIT 11089 (08-284710, 08-285353, 08-285452, 08-295821, 08-295925, 08-296035) AND UNIT 11275 (08-286927, 08-287041, 08-290992)

COLUMN (8) ROYALTY DUE PER SUBMITTED GLO2 REPORTS

COLUMN (9) ROYALTY PAID

COLUMNS (12),(13),(14) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENTS:

<http://www.glo.texas.gov/energy-business/oil-gas/rac/forms/penalty-interest-assessment-rules.pdf>

FOR QUESTIONS REGARDING THIS INVOICE PLEASE E-MAIL: eric.cortez@glo.texas.gov

NOTE 1:

PAYMENT OF THIS INVOICE MAY BE MADE BY CHECK OR ACH DEBIT.
 PLEASE REMIT PAYMENT OF THIS INVOICE SEPARATELY FROM REGULAR ROYALTY PAYMENTS.
 WHEN PAYMENT IS REMITTED, PLEASE SEND AN EMAIL TO: accountservices@glo.texas.gov and eric.cortez@glo.texas.gov
 NOTING YOUR COMPANY NAME, CUSTOMER ID, INVOICE NUMBER(S) AND AMOUNT OF PAYMENT.

EMAIL:

Jacy McCormick
Jacy.McCormick@chevron.com

James Magwe
jmagwe@chevron.com

Dario Dri
dario.dri@chevron.com

Sofia Raggi
sofiaraggi@chevron.com

File No. MF117292

County

Recor Billing

Date Filed: 6/3/2024

Commissioner Dawn Buckingham, M.D.

By: VD



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

August 25, 2023

CERTIFIED MAIL NO: 7011-1150-0001-2416-4387

Sent via e-mail

PDC Energy, Inc.
1099 18th Street, Suite 1500
Denver, Colorado 80202
Attention: Tonia Carabajal, Senior Manager Revenue Accounting

Re: Oil Draft Audit Billing Notice for State Leases Operated by PDC

Dear Ms. Carabajal:

The Texas General Land Office (GLO) has completed the audit of the above-referenced State leases operated and/or held PDC Energy, Inc (PDC). The objective of this audit was to determine whether oil royalties were being accurately reported and paid per the lease agreement and the *Texas Natural Resources Code*. The audit scope covered the production months of November 2014 through December 2022. Enclosed is a draft of the audit report and audit billing schedules. The audit has preliminarily resulted in a royalty due of \$1,808,936.74. This letter does not constitute an audit billing notice as defined in Section 52.135(c) of the *Texas Natural Resources Code*.

This amount does not include penalty and interest assessed for royalty underpayments. Penalty and interest will be computed and included in our final audit billing notice. Attached are the following documents in support of our findings:

- Attachment I - Summary of the audit exceptions by lease;
- Attachment II - Draft audit report, which includes a brief discussion of the audit exceptions; and
- Attachment III - Various schedules and documents that support royalty calculations.

Please respond to this notice within 30 days of the above date. If you have any questions or need additional information regarding this draft billing notice, contact Pamela Akpotaire at (281) 923-7478 or by email at pamela.akpotaire@glo.texas.gov.

Sincerely,

Brian B. Raygon, MBA, CFE
Director of Minerals Audit
Texas General Land Office
(512) 463-0154 / brian.raygon@glo.texas.gov

Cc:

Ryan Robison, Revenue Accounting Director / PDC
Glinda Cummings, Chevron Services Company
Matthew Bartkowiak, Chevron Services Company

Attachments

Ltr Log# 0388



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

September 13, 2023

CERTIFIED MAIL NO: 7006-2760-0000-6437-6822

Sent via e-mail

PDC Energy, Inc.
1099 18th Street, Granite Tower, Suite 1500
Denver, CO 80202
Attention: Tonia Carbajal, Senior Manager Revenue Accounting

Re: Oil Final Audit Billing Notice for State Leases Operated by PDC

Dear Ms. Carbajal:

The Texas General Land Office (GLO) has completed the audit of the above-referenced State leases operated and/or held PDC Energy, Inc. (PDC). The objective of this audit was to determine whether oil royalties were being accurately reported and paid per the lease agreement and the *Texas Natural Resources Code*. Please refer to Attachment I, which highlights the audit and billing periods for each audited State lease.

Due to Chevron Corporation's acquisition of PDC in May 2023 and interest of time in quantifying potential additional royalties owed by PDC, the GLO will separately issue oil and gas final audit billing notices. Consequently, the gas draft and final audit billing notices will be forthcoming. Therefore, this letter does constitute an Audit Billing Notice for oil audit exception as defined in Section 52.135(c) of the *Texas Natural Resources Code*.

The audit resulted in the determination of additional amounts due for oil royalties as follows:

Royalty	\$ 1,808,936.74
Penalty	\$ 196,492.61
Interest	\$ 417,863.04
Total	<u>\$ 2,423,292.39</u>

Interest has been computed through August 31, 2023, per Section 52.131 of the *Texas Natural Resources Code* and will continue to accrue until the royalty has been paid. Attached are the following documents in support of our findings:

- Attachment I - Summary of the oil audit exceptions by lease;
- Attachment II - An audit report, which includes a brief discussion of the oil audit exceptions;
- Attachment III – The procedures used for assessment of penalties and interest; and

➤ Attachment IV - Various schedules and documents that support oil royalty calculations.

To ensure your company remains in good standing with the GLO, please respond within 30 days from the receipt of this Final Oil Audit Billing Notice. Respond with your payment, or request a hearing before the Commissioner, or his representative, for redetermination of such assessment. To ensure proper credit, mail your payment (or, advise and provide supporting documents on any electronic payments made for this audit billing) with your audit billing notice to the following address:

Texas General Land Office
Stephen F. Austin Building
1700 North Congress Avenue
Austin, Texas 78701-1495

For any questions or additional information on this audit, please contact Pamela Akpotaire at (281) 923-7478 or send an email to pamela.akpotaire@glo.texas.gov.

Sincerely,



Brian B. Raygon, MBA, CFE
Director of Minerals Audit
Texas General Land Office
(512) 463-0154 / brian.raygon@glo.texas.gov

Cc:

Ryan Robison, Revenue Accounting Director/PDC
Matthew Bartkowiak, Chevron Services Company
Glinda Cummings, Chevron Services Company

Attachments
Ltr Log #0393

ATTACHMENT I
PDC Permian, Inc.
SUMMARY OF AUDIT EXCEPTIONS - OIL

FIELD NAME STATE LEASE NUMBER	ATTACHMENT	EXCEPTION	ADDITIONAL ROYALTY DUE	PENALTY DUE AS OF 8/31/2023	INTEREST DUE AS OF 8/31/2023	AUDITED PRODUCTION MONTHS	BILLED PRODUCTION MONTHS
Fields: Ford, West-Wolfcamp, Greasewood (Atoka), Phantom-Wolfcamp, Wolfbone (Trend Area)							
Leases:							
MF111356	IV A	Billing on under reported oil prices	\$79,896.90	\$8,118.70	\$15,784.76	\$103,800.36	August 2016 - December 2021
MF111399	IV B	Billing on under reported oil prices	\$2,883.23	\$367.77	\$793.44	\$4,044.44	March 2017 - July 2018
MF111746	IV A	Billing on under reported oil prices	\$1,625.34	\$604.59	\$445.31	\$2,675.24	March 2017 - June 2019
MF111747	IV B	Billing on under reported oil prices	\$5,778.76	\$617.77	\$1,590.28	\$7,986.81	March 2017 - July 2018
MF111748	IV A	Billing on under reported oil prices	\$82,656.19	\$8,306.31	\$20,452.53	\$111,415.03	March 2016 - December 2021
MF112094	IV A	Billing on under reported oil prices	\$175,599.65	\$17,559.97	\$33,489.32	\$226,648.94	December 2016 - December 2021
MF112404	IV A	Billing on under reported oil prices	\$46,022.33	\$4,672.53	\$12,091.63	\$62,786.49	March 2017 - June 2019
MF112407	IV B	Billing on under reported oil prices	\$8,610.88	\$1,043.34	\$2,367.46	\$12,021.68	February 2017 - December 2022
MF112415	IV B	Billing on under reported oil prices	\$4,556.74	\$713.70	\$1,236.03	\$6,506.47	March 2017 - December 2022
MF112438	IV B	Billing on under reported oil prices	\$2,268.53	\$600.00	\$615.33	\$3,483.86	March 2017 - December 2022
MF112687	IV B	Billing on under reported oil prices	\$3,535.93	\$557.57	\$1,017.40	\$5,111.10	December 2016 - December 2022
MF112692	IV A	Billing on under reported oil prices	\$53,006.32	\$5,427.43	\$9,817.79	\$68,251.54	December 2016 - December 2022
MF112819	IV B	Billing on under reported oil prices	\$1,075.18	\$375.00	\$294.84	\$1,745.02	February 2017 - December 2022
MF112844		No Material Finding	\$0.00	\$0.00	\$0.00	\$0.00	NO PRODUCTION REPORTED
MF113522	IV B	Billing on under reported oil prices	\$604.77	\$450.00	\$167.46	\$1,222.23	December 2016 - December 2022
MF113523	IV B	Billing on under reported oil prices	\$907.14	\$450.00	\$251.17	\$1,608.31	December 2016 - December 2022
MF113744	IV A	Billing on under reported oil prices	\$32,649.91	\$3,424.77	\$8,371.25	\$44,445.93	January 2017 - December 2021
MF113745	IV A	Billing on under reported oil prices	\$32,649.67	\$3,424.76	\$8,371.22	\$44,445.65	January 2017 - December 2021
MF114156	IV A	Billing on under reported oil prices	\$43,425.03	\$4,361.99	\$8,714.13	\$56,501.15	April 2018 - December 2022
MF116245	IV B	Billing on under reported oil prices	\$2,288.27	\$452.64	\$653.60	\$3,394.51	August 2016 - December 2022
MF116246	IV B	Billing on under reported oil prices	\$716.10	\$150.00	\$192.22	\$1,058.32	November 2017 - December 2022
MF116247		No Material Finding	\$0.00	\$0.00	\$0.00	\$0.00	NO PRODUCTION REPORTED
MF116248	IV B	Billing on under reported oil prices	\$16,573.45	\$2,021.55	\$4,936.17	\$23,531.17	November 2014 - December 2022
MF116249	IV B	Billing on under reported oil prices	\$3,042.05	\$528.11	\$878.12	\$4,448.28	August 2016 - December 2022
MF116544	IV B	Billing on under reported oil prices	\$302.22	\$400.00	\$83.68	\$785.90	December 2016 - December 2022
MF116609	IV A	Billing on under reported oil prices	\$6,136.10	\$1,233.59	\$1,479.09	\$8,848.78	September 2017 - December 2022
MF116834	IV A	Billing on under reported oil prices	\$41,454.82	\$4,227.62	\$9,992.82	\$55,675.26	September 2017 - December 2022
MF116835	IV A	Billing on under reported oil prices	\$82,908.31	\$8,348.25	\$19,985.27	\$111,241.83	September 2017 - December 2022
MF116844	IV B	Billing on under reported oil prices	\$37,353.35	\$3,747.52	\$11,163.23	\$52,264.10	June 2015 - December 2022
MF117056	IV A	Billing on under reported oil prices	\$2,991.35	\$1,028.36	\$772.13	\$4,791.84	December 2017 - December 2022
MF117175	IV B	Billing on under reported oil prices	\$7,132.63	\$1,850.88	\$1,889.69	\$10,873.20	October 2015 - December 2022
MF117292	IV A	Billing on under reported oil prices	\$113,222.56	\$11,489.53	\$25,855.56	\$150,567.65	March 2018 - December 2022
MF117414	IV A	Billing on under reported oil prices	\$139,201.23	\$13,939.70	\$32,832.65	\$185,973.58	August 2016 - December 2022
MF117492	IV A	Billing on under reported oil prices	\$394.35	\$450.00	\$88.50	\$932.85	February 2019 - December 2022
MF117516	IV A	Billing on under reported oil prices	\$170,329.23	\$17,032.86	\$40,579.82	\$227,941.91	February 2018 - December 2022
MF117652	IV A	Billing on under reported oil prices	\$12,581.00	\$1,384.88	\$2,835.52	\$16,801.40	March 2018 - December 2022
MF117815	IV A	Billing on under reported oil prices	\$42,450.69	\$4,380.93	\$10,819.36	\$57,650.98	January 2017 - December 2022
MF117960	IV B	Billing on under reported oil prices	\$3,225.35	\$538.08	\$884.41	\$4,647.84	February 2017 - December 2022
MF118062	IV A	Billing on under reported oil prices	\$3,294.14	\$629.17	\$787.00	\$4,710.31	May 2018 - December 2022
MF118083	IV B	Billing on under reported oil prices	\$6,588.25	\$1,608.06	\$1,488.92	\$9,685.23	May 2016 - December 2022
MF118101	IV A	Billing on under reported oil prices	\$39,033.04	\$3,903.31	\$10,176.80	\$53,113.15	September 2018 - December 2022
MF118118	IV A	Billing on under reported oil prices	\$12,108.64	\$1,464.11	\$2,473.50	\$16,046.25	June 2019 - December 2022
MF118152	IV B	Billing on under reported oil prices	\$9,737.56	\$1,478.86	\$2,213.95	\$13,430.37	September 2017 - December 2022
MF118164	IV A	Billing on under reported oil prices	\$30,226.43	\$3,151.69	\$7,286.14	\$40,664.26	September 2017 - December 2022
MF118284	IV B	Billing on under reported oil prices	\$5,667.49	\$1,305.78	\$1,411.92	\$8,385.19	September 2017 - December 2022
MF118354	IV B	Billing on under reported oil prices	\$11,977.85	\$1,702.44	\$2,907.12	\$16,587.41	May 2017 - December 2022
MF118460	IV B	Billing on under reported oil prices	\$12,001.39	\$1,519.80	\$2,903.20	\$16,424.39	September 2017 - December 2022
MF118486	IV A	Billing on under reported oil prices	\$178,865.19	\$17,900.55	\$42,140.41	\$238,906.15	April 2017 - December 2022
MF118552	IV A	Billing on under reported oil prices	\$13,819.51	\$1,643.37	\$3,331.19	\$18,794.07	September 2017 - December 2022
MF118601	IV B	Billing on under reported oil prices	\$17,440.01	\$1,900.10	\$3,921.09	\$23,261.20	July 2017 - December 2022
MF118602	IV B	Billing on under reported oil prices	\$17,439.99	\$1,900.10	\$3,921.09	\$23,261.18	July 2017 - December 2022
MF118630	IV A	Billing on under reported oil prices	\$21,500.12	\$2,332.41	\$5,182.72	\$29,015.25	September 2017 - December 2022
MF118664	IV A	Billing on under reported oil prices	\$9,253.22	\$1,414.16	\$1,854.48	\$12,521.86	December 2017 - December 2022
MF118671	IV A	Billing on under reported oil prices	\$13,055.26	\$1,683.10	\$2,536.69	\$17,275.05	December 2017 - December 2022
MF118709	IV B	Billing on under reported oil prices	\$9,737.56	\$1,478.86	\$2,213.95	\$13,430.37	September 2017 - December 2022
MF119148	IV A	Billing on under reported oil prices	\$70,522.49	\$7,054.69	\$14,152.76	\$91,729.94	April 2018 - December 2022
MF119160	IV A	Billing on under reported oil prices	\$27,635.28	\$2,906.03	\$6,661.60	\$37,202.91	September 2017 - December 2022
MF119281	IV A	Billing on under reported oil prices	\$12,908.38	\$1,404.56	\$3,137.19	\$17,450.13	March 2018 - December 2022
MF119424	IV A	Billing on under reported oil prices	\$608.08	\$725.00	\$142.23	\$1,475.31	March 2018 - December 2022
MF119686	IV A	Billing on under reported oil prices	\$24,219.48	\$2,680.76	\$4,947.02	\$31,847.26	June 2019 - December 2022
MF119900		No Material Finding	\$0.00	\$0.00	\$0.00	\$0.00	August 2021 - December 2022
MF119996	IV A	Billing on under reported oil prices	\$1,241.80	\$425.00	\$278.68	\$1,945.48	May 2019 - December 2022
IV A & B			\$1,808,936.74	\$196,492.61	\$417,863.04	\$2,423,292.39	GRAND TOTAL

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File No. MF117292

County

0.1 Draft Audit Billing Notice

Date Filed: 6/3/2024

Commissioner Dawn Buckingham, M.D.

By: VD



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

October 20, 2023

Certified Mail No: 7006-2760-0000-6437-6843

Sent via e-mail

PDC Energy, Inc.
1099 18th Street, Granite Tower, Suite 1500
Denver, CO 80202
Attention: Tonia Carbajal, Sr. Manager Revenue Accounting

Re: Gas Draft Audit Billing Notice for State Leases Operated by PDC

Dear Ms. Carbajal:

The Texas General Land Office (GLO) has completed the audit of the above-referenced State leases operated and/or held PDC Energy, Inc. (PDC). The objective of this audit was to determine whether gas royalties were being accurately reported and paid per the lease agreement and the *Texas Natural Resources Code*. Please refer to Attachment I that highlights the audit and billing periods for each audited State lease.

The audit has preliminarily resulted in a royalty due of **\$4,692,841.78**. This letter does not constitute an audit billing notice as defined in Section 52.135(c) of the *Texas Natural Resources Code*. This amount **does not include** penalty and interest assessed for royalty underpayments. Penalty and interest will be computed and included in our final audit billing notice. Attached are the following documents in support of our findings:

- Attachment I - Summary of the audit exceptions by lease;
- Attachment II - Draft audit report, which includes a brief discussion of the audit exceptions; and
- Attachment III - Various schedules and documents that support royalty calculations.

Please respond to this notice within 30 days of the above date. If you have any questions or need additional information regarding this draft billing notice, contact Pamela Akpotaire at (281) 923-7478 or by email at pamela.akpotaire@glo.texas.gov.

Sincerely,

Brian B. Raygon, MBA, CFE
Director of Minerals Audit
Texas General Land Office
(512) 463-0154 / brian.raygon@glo.texas.gov

Cc:

Ryan Robison, Revenue Accounting Director/PDC
Glinda Cummings, Chevron Services Company
Matthew Bartkowiak, Chevron Services Company

Attachments

Ltr Log# 0394



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

November 7, 2023

Certified Mail No: 7006-2760-0000-6437-6846

Sent via e-mail

PDC Energy, Inc.
1099 18th Street, Granite Tower, Suite 1500
Denver, CO 80202
Attention: Tonia Carbajal, Senior Manager Revenue Accounting

Re: Gas Final Audit Billing Notice for State Leases Operated by PDC

Dear Ms. Carbajal:

The Texas General Land Office (GLO) has completed the audit of the above-referenced State leases operated and/or held by PDC Energy, Inc. (PDC). The objective of this audit was to determine whether gas royalties were being accurately reported and paid per the lease agreement and the *Texas Natural Resources Code*. Please refer to Attachment I, which highlights the audit and billing periods for each audited State lease.

Due to Chevron Corporation's acquisition of PDC in May 2023, and in the interest of time in quantifying potential additional royalties owed by PDC, the GLO advised PDC that separate final audit billing notices would be sent for oil and gas. Consequently, the Final Audit Billing Notice for oil-related audit exceptions was issued on September 13, 2023. This letter constitutes a Final Audit Billing Notice for gas-related audit exceptions as defined in Section 52.135(c) of the Texas Natural Resources Code.

The audit resulted in the determination of additional amounts due for gas royalties as follows:

Royalty	\$4,692,799.04
Penalty	\$ 533,569.37
Interest	\$ 646,758.58
Total	<u>\$5,873,126.99</u>

Interest has been computed through October 31, 2023, per Section 52.131 of the *Texas Natural Resources Code* and will continue to accrue until the royalty has been paid. Attached are the following documents in support of our findings:

- Attachment I – Summary of the gas audit exceptions by lease;
- Attachment II – Audit Report, which includes a brief discussion of the gas audit exceptions;
- Attachment III – The procedures used for assessment of penalties and interest; and
- Attachment IV – Various schedules and documents that support gas royalty calculations.

PDC Energy, Inc.
November 7, 2023
Page 2

To ensure your company remains in good standing with the GLO, please respond within 30 days from the receipt of this Final Gas Audit Billing Notice. Respond with your payment, or request a hearing before the Commissioner, or his representative, for redetermination of such assessment. To ensure proper credit, mail your payment (or advise and provide supporting documents on any electronic payments made for this audit billing) with your audit billing notice to the following address:

Texas General Land Office
Stephen F. Austin Building
1700 North Congress Avenue
Austin, Texas 78701-1495

For any questions or additional information on this audit, please contact Pamela Akpotaire at (281) 923-7478 or send an email to pamela.akpotaire@glo.texas.gov.

Sincerely,



Brian B. Raygon, MBA, CFE
Director of Minerals Audit
Texas General Land Office
(512) 463-0154 / brian.raygon@glo.texas.gov

Cc:
Ryan Robison, Revenue Accounting Director/PDC
Glinda Cummings, Chevron Services Company
Matthew Bartkowiak, Chevron Services Company

Attachments
Ltr Log# 0396

ATTACHMENT I
PDC PERMIAN, INC.
SUMMARY OF FINAL AUDIT EXCEPTIONS - GAS
11/7/2023

FIELD NAME STATE LEASE #	ATT	ERROR RATE CODES *	EXCEPTION	ADDITIONAL ROYALTY DUE Under / (Over)	PENALTY DUE AS OF 10/31/2023	INTEREST DUE AS OF 10/31/2023	ADDITIONAL REVENUE DUE Under / (Over)	AUDITED PRODUCTION MONTHS	BILLED PRODUCTION MONTHS
Fields: Phantom-Wolfcamp, Wolfbone (Trend Area)									
MF111356	IV	A	See Att II Audit Report for Exceptions	\$111,271.49	\$11,472.04	\$9,054.81	\$131,798.34	Aug 2016 - Dec 2022	Aug 2016 - Dec 2022
MF111399	IV	B	See Att II Audit Report for Exceptions	\$18,819.04	\$1,888.66	\$5,521.77	\$26,229.47	Sep 2016 - Dec 2017	Sep 2016 - Dec 2017
MF111746	IV	B(i)	See Att II Audit Report for Exceptions	\$1,346.95	\$375.00	\$376.57	\$2,098.52	Jul 2017 - Jun 2019	Jul 2017 - Jun 2019
MF111747	IV	B	See Att II Audit Report for Exceptions	\$37,720.81	\$3,790.29	\$11,178.69	\$52,689.79	Sep 2016 - Dec 2017	Sep 2016 - Dec 2017
MF111748	IV	A	See Att II Audit Report for Exceptions	\$399,546.14	\$39,954.60	\$78,254.27	\$517,755.01	Dec 2016 - Dec 2022	Dec 2016 - Dec 2022
MF112094	IV	A	See Att II Audit Report for Exceptions	\$518,967.41	\$51,924.36	\$50,012.99	\$620,904.76	Nov 2016 - Dec 2022	Nov 2016 - Dec 2022
MF112404	IV	B(i)	See Att II Audit Report for Exceptions	\$45,703.12	\$4,627.17	\$12,368.80	\$62,699.09	Jul 2017 - Jun 2019	Jul 2017 - Jun 2019
MF112407	IV	B	See Att II Audit Report for Exceptions	\$11,045.43	\$1,209.47	\$3,118.62	\$15,373.52	Feb 2017 - Jun 2019	Feb 2017 - Jun 2019
MF112415	IV	B	See Att II Audit Report for Exceptions	\$12,431.26	\$1,391.76	\$3,375.81	\$17,198.83	Jul 2017 - Jul 2019	Jul 2017 - Jul 2019
MF112438	IV	B	See Att II Audit Report for Exceptions	\$6,187.89	\$840.39	\$1,680.36	\$8,708.64	Jul 2017 - Jul 2019	Jul 2017 - Jul 2019
MF112687	IV	B	See Att II Audit Report for Exceptions	\$54,136.53	\$5,435.78	\$15,631.56	\$75,203.87	Nov 2016 - Feb 2019	Nov 2016 - Feb 2019
MF112692	IV	A	See Att II Audit Report for Exceptions	\$168,559.29	\$16,972.68	\$15,790.46	\$201,322.43	Nov 2016 - Dec 2022	Nov 2016 - Dec 2022
MF112819	IV	B	See Att II Audit Report for Exceptions	\$1,379.05	\$350.00	\$389.34	\$2,118.39	Feb 2017 - May 2019	Feb 2017 - May 2019
MF112844	IV	B	See Att II Audit Report for Exceptions	\$13,314.64	\$1,662.63	\$3,316.66	\$18,293.93	Nov 2016 - Dec 2021	Nov 2016 - Dec 2021
MF113522	IV	B	See Att II Audit Report for Exceptions	\$3,380.65	\$531.17	\$966.96	\$4,878.78	Nov 2016 - Oct 2018	Nov 2016 - Oct 2018
MF113523	IV	B	See Att II Audit Report for Exceptions	\$5,070.95	\$671.37	\$1,450.42	\$7,192.74	Nov 2016 - Oct 2018	Nov 2016 - Oct 2018
MF113744	IV	A	See Att II Audit Report for Exceptions	\$76,570.20	\$7,905.43	\$11,964.27	\$96,439.90	Jan 2017 - Dec 2022	Jan 2017 - Dec 2022
MF113745	IV	A	See Att II Audit Report for Exceptions	\$76,570.18	\$7,905.43	\$11,964.27	\$96,439.88	Jan 2017 - Dec 2022	Jan 2017 - Dec 2022
MF114156	IV	A	See Att II Audit Report for Exceptions	\$175,999.70	\$17,602.82	\$21,949.24	\$215,551.76	May 2018 - Dec 2022	May 2018 - Dec 2022
MF116245	IV	B	See Att II Audit Report for Exceptions	\$11,367.04	\$1,216.38	\$3,350.51	\$15,933.93	Dec 2014 - Apr 2019	Dec 2014 - Apr 2019
MF116246	IV	B	See Att II Audit Report for Exceptions	\$8,927.71	\$924.97	\$2,509.09	\$12,361.77	May 2017 - May 2018	May 2017 - May 2018
MF116247	IV	B	See Att II Audit Report for Exceptions	\$887.13	\$148.50	\$251.91	\$1,287.54	Apr 2017 - Dec 2017	Apr 2017 - Dec 2017
MF116248	IV	B	See Att II Audit Report for Exceptions	\$75,999.10	\$7,663.39	\$23,014.25	\$106,676.74	Dec 2014 - Aug 2019	Dec 2014 - Aug 2019
MF116249	IV	B	See Att II Audit Report for Exceptions	\$11,369.01	\$1,216.58	\$3,351.12	\$15,936.71	Aug 2016 - Apr 2019	Aug 2016 - Apr 2019
MF116544	IV	B	See Att II Audit Report for Exceptions	\$1,690.27	\$401.56	\$483.46	\$2,575.29	Nov 2016 - Oct 2018	Nov 2016 - Oct 2018
MF116609	IV	B(i)	See Att II Audit Report for Exceptions	\$4,274.39	\$1,075.00	\$741.85	\$6,091.24	Sep 2017 - Dec 2022	Sep 2017 - Dec 2022
MF116834	IV	A	See Att II Audit Report for Exceptions	\$28,023.09	\$3,119.64	\$4,596.18	\$35,738.91	Sep 2017 - Dec 2022	Sep 2017 - Dec 2022
MF116835	IV	A	See Att II Audit Report for Exceptions	\$55,216.69	\$5,679.52	\$9,055.73	\$69,951.94	Sep 2017 - Dec 2022	Sep 2017 - Dec 2022
MF116844	IV	B	See Att II Audit Report for Exceptions	\$21,701.24	\$2,354.93	\$6,571.25	\$30,627.42	Jul 2015 - Sep 2019	Jul 2015 - Sep 2019
MF117056	IV	A	See Att II Audit Report for Exceptions	\$38,844.63	\$4,284.75	\$3,487.80	\$46,617.18	Dec 2017 - Dec 2022	Dec 2017 - Dec 2022
MF117175	IV	B	See Att II Audit Report for Exceptions	\$13,835.43	\$1,868.08	\$3,143.66	\$18,847.17	Oct 2015 - Sep 2022	Oct 2015 - Sep 2022
MF117292	IV	A(i)	See Att II Audit Report for Exceptions	(\$203,862.91)	\$21,938.77	\$20,760.09	(\$161,164.05)	Feb 2018 - Dec 2022	Feb 2018 - Dec 2022
MF117414	IV	A	See Att II Audit Report for Exceptions	\$142,601.55	\$14,320.90	\$18,231.43	\$175,153.88	Aug 2016 - Dec 2022	Aug 2016 - Dec 2022
MF117492	IV	A(ii) 4c	See Att II Audit Report for Exceptions	\$1,017.86	\$400.00	\$115.14	\$1,533.00	Feb 2019 - Dec 2022	Feb 2019 - Dec 2022
MF117516	IV	A	See Att II Audit Report for Exceptions	\$704,475.61	\$70,469.81	\$47,332.96	\$822,278.38	Mar 2018 - Dec 2022	Mar 2018 - Dec 2022
MF117652	IV	A(i)	See Att II Audit Report for Exceptions	(\$15,241.78)	\$2,060.55	\$2,014.60	(\$11,166.63)	Feb 2018 - Dec 2022	Feb 2018 - Dec 2022
MF117815	IV	A	See Att II Audit Report for Exceptions	\$153,140.50	\$15,714.54	\$23,928.48	\$192,783.52	Jan 2017 - Dec 2022	Jan 2017 - Dec 2022
MF117960	IV	B	See Att II Audit Report for Exceptions	\$4,136.99	\$567.60	\$1,168.06	\$5,872.65	Feb 2017 - Jun 2019	Feb 2017 - Jun 2019
MF118062	IV	A(ii) 4c	See Att II Audit Report for Exceptions	\$2,339.32	\$750.00	\$448.83	\$3,538.15	May 2018 - Dec 2022	May 2018 - Dec 2022

ATTACHMENT I
PDC PERMIAN, INC.
SUMMARY OF FINAL AUDIT EXCEPTIONS - GAS
11/7/2023

FIELD NAME STATE LEASE #	ATT	ERROR RATE CODES *	EXCEPTION	ADDITIONAL ROYALTY DUE Under / (Over)	PENALTY DUE AS OF 10/31/2023	INTEREST DUE AS OF 10/31/2023	ADDITIONAL REVENUE DUE Under / (Over)	AUDITED PRODUCTION MONTHS	BILLED PRODUCTION MONTHS
Fields: Phantom-Wolfcamp, Wolfbone (Trend Area)									
MF118083	IV	B	See Att II Audit Report for Exceptions	\$3,006.17	\$1,350.00	\$499.62	\$4,855.79	May 2016 - Dec 2022	May 2016 - Dec 2022
MF118101	IV	B(ii) 4c	See Att II Audit Report for Exceptions	\$33,374.31	\$3,337.42	\$8,991.97	\$45,703.70	Sep 2018 - Jun 2019	Sep 2018 - Jun 2019
MF118118	IV	A(i)	See Att II Audit Report for Exceptions	\$342,724.35	\$34,455.31	\$26,240.20	\$403,419.86	Jun 2019 - Dec 2022	Jun 2019 - Dec 2022
MF118152	IV	B(ii) 4c	See Att II Audit Report for Exceptions	\$23,904.06	\$2,739.78	\$3,454.43	\$30,098.27	Sep 2017 - Dec 2022	Sep 2017 - Dec 2022
MF118164	IV	A	See Att II Audit Report for Exceptions	\$20,131.68	\$2,410.78	\$3,301.67	\$25,844.13	Sep 2017 - Dec 2022	Sep 2017 - Dec 2022
MF118284	IV	B(ii) 4c	See Att II Audit Report for Exceptions	\$7,443.20	\$1,201.04	\$1,909.75	\$10,553.99	Sep 2017 - Oct 2021	Sep 2017 - Oct 2021
MF118354	IV	B	See Att II Audit Report for Exceptions	\$63,643.95	\$6,507.87	\$12,383.87	\$82,535.69	May 2017 - Dec 2022	May 2017 - Dec 2022
MF118460	IV	B(ii) 4c	See Att II Audit Report for Exceptions	\$14,720.93	\$1,781.56	\$3,648.76	\$20,151.25	Sep 2017 - Oct 2021	Sep 2017 - Oct 2021
MF118486	IV	A	See Att II Audit Report for Exceptions	\$228,319.98	\$22,867.35	\$35,814.71	\$287,002.04	Apr 2017 - Dec 2022	Apr 2017 - Dec 2022
MF118552	IV	B(i)	See Att II Audit Report for Exceptions	\$9,626.91	\$1,512.98	\$1,670.87	\$12,810.76	Sep 2017 - Dec 2022	Sep 2017 - Dec 2022
MF118601	IV	B	See Att II Audit Report for Exceptions	\$22,972.91	\$2,453.85	\$3,893.82	\$29,320.58	Aug 2017 - Dec 2022	Aug 2017 - Dec 2022
MF118602	IV	B	See Att II Audit Report for Exceptions	\$22,972.82	\$2,453.85	\$3,893.81	\$29,320.48	Aug 2017 - Dec 2022	Aug 2017 - Dec 2022
MF118630	IV	B(i)	See Att II Audit Report for Exceptions	\$14,979.47	\$1,925.71	\$2,599.77	\$19,504.95	Sep 2017 - Dec 2022	Sep 2017 - Dec 2022
MF118664	IV	A	See Att II Audit Report for Exceptions	\$36,782.72	\$4,081.91	\$3,613.39	\$44,478.02	Dec 2017 - Dec 2022	Dec 2017 - Dec 2022
MF118671	IV	A	See Att II Audit Report for Exceptions	\$66,855.75	\$6,879.92	\$6,139.32	\$79,874.99	Dec 2017 - Dec 2022	Dec 2017 - Dec 2022
MF118709	IV	B(ii) 4c	See Att II Audit Report for Exceptions	\$23,904.04	\$2,739.78	\$3,454.43	\$30,098.25	Sep 2017 - Dec 2022	Sep 2017 - Dec 2022
MF119148	IV	A	See Att II Audit Report for Exceptions	\$285,777.58	\$28,577.78	\$35,644.74	\$350,000.10	May 2018 - Dec 2022	May 2018 - Dec 2022
MF119160	IV	B(i)	See Att II Audit Report for Exceptions	\$19,253.85	\$2,272.63	\$3,341.65	\$24,868.13	Sep 2017 - Dec 2022	Sep 2017 - Dec 2022
MF119281	IV	A(ii) 4c	See Att II Audit Report for Exceptions	\$24,095.87	\$2,535.51	\$3,593.48	\$30,224.86	Feb 2018 - Dec 2022	Feb 2018 - Dec 2022
MF119424	IV	A(i)	See Att II Audit Report for Exceptions	(\$1,111.23)	\$150.00	\$43.74	(\$917.49)	Mar 2018 - Dec 2022	Mar 2018 - Dec 2022
MF119686	IV	A(i)	See Att II Audit Report for Exceptions	\$682,821.60	\$68,647.82	\$52,345.99	\$803,815.41	Jun 2019 - Dec 2022	Jun 2019 - Dec 2022
MF119900	IV	A(i)	See Att II Audit Report for Exceptions	(\$52,165.47)	\$0.00	(\$2,643.68)	(\$54,809.15)	Aug 2021 - Dec 2022	Aug 2021 - Dec 2022
MF119996	IV	n/a	See Att II Audit Report for Exceptions	\$0.00	\$0.00	\$0.00	\$0.00	May 2019 - Oct 2020	Excluded
Total for all Leases	III			\$4,692,799.04	\$533,569.37	\$646,758.58	\$5,873,126.99	GRAND TOTAL	

Credit to PDC Permian, Inc. (\$272,381.40)

Footnotes: * See Attach I Exhibit "B" for Error Rate Code Legend

(A): Error Rate for Audited Leases.

(B): Error Rate Applied to Non-Audited Leases.

Attachment I - Exhibit "B"

GLO REVIEW: PDC Permian, Inc.
 AUDIT EXCEPTION: All Gas Error Rates
 MINERAL FILE #: State Leases Operated by PDC Permian, Inc
 FIELDNAME: Phantom
 RRC COUNTY: 08 / Reeves (Unitized)
 AUDIT PERIOD: Nov 2014 thru Dec 2022
 PURPOSE:

Auditor: RL & PA
 Date: 11/7/2023

To determine the Average Gas Error Rate for 27 audited leases according to lease agreement (A).
 For the 34 non-audited leases listed below, the Average Error Rate calculated for audited leases was applied to the Non-Audited Leases according to the lease agreement (B).
 Excluded one (1) leases MF119996 due to materiality. Error Rates were applied to the GLO3 Payments to determine Additional Royalty Due.

CONCLUSIONS: The 34 non-audited leases made-up 12.25% of PDC Permian, Inc. gas sales during the audit period; therefore, these remaining leases are not as risky and the average error rate would be an applicable metric used to determine additional royalty due.

MF Lease Number	Gas Error Rate	Leased on	with 4(c)1 (Y/N)	ER Code
MF111356	7.95%	Dec-09	No	A
MF111748	15.84%	Aug-10	No	A
MF112094	15.13%	Oct-10	No	A
MF112692	14.98%	Mar-11	No	A
MF113744	7.27%	Nov-11	No	A
MF113745	7.27%	Sep-11	No	A
MF114156	15.74%	Sep-10	No	A
MF116834	7.74%	May-14	No	A
MF116835	7.60%	Sep-14	No	A
MF117056	11.61%	Feb-14	No	A
MF117414	7.95%	Feb-15	No	A
MF117516	13.08%	Mar-15	No	A
MF117815	7.27%	Feb-16	No	A
MF118164	7.60%	Jul-16	Yes	A
MF118486	8.89%	Sep-14	No	A
MF118664	9.84%	Jan-17	No	A
MF118671	11.02%	Nov-14	No	A
MF119148	15.74%	Jan-15	No	A
MF117292	12.38% & -17.04%	Feb-15	Yes	A(i)
MF117652	10.33% & -16.05%	Mar-15	No	A(i)
MF118118	12.59% & 26.89%	Jul-16	Yes	A(i)
MF119424	12.27% & -17.05%	Mar-18	Yes	A(i)
MF119686	12.59% & 26.73%	Oct-18	Yes	A(i)
MF119900	-31.50%	Dec-18	Yes	A(i)
MF117492	12.30%	Oct-14	Yes	A(ii) 4c
MF118062	1.99%	Jun-16	Yes	A(ii) 4c
MF119281	12.37%	Oct-17	Yes	A(ii) 4c
MF111399	10.70%	Jul-10	No	B
MF111747	10.70%	Jul-10	No	B
MF112407	10.70%	Oct-10	No	B
MF112415	10.70%	Apr-11	No	B
MF112438	10.70%	Apr-11	No	B
MF112687	10.70%	Apr-11	No	B
MF112819	10.70%	Oct-11	No	B
MF112844	10.70%	May-11	No	B
MF113522	10.70%	Jun-11	No	B
MF113523	10.70%	Jun-11	No	B

MF Lease Number	Gas Error Rate	Leased on	with 4(c)1 (Y/N)	ER Code
MF111356	7.95%	Dec-09	No	A
MF111748	15.84%	Aug-10	No	A
MF112094	15.13%	Oct-10	No	A
MF112692	14.98%	Mar-11	No	A
MF113744	7.27%	Nov-11	No	A
MF113745	7.27%	Sep-11	No	A
MF114156	15.74%	Sep-10	No	A
MF116834	7.74%	May-14	No	A
MF116835	7.60%	Sep-14	No	A
MF117056	11.61%	Feb-14	No	A
MF117414	7.95%	Feb-15	No	A
MF117516	13.08%	Mar-15	No	A
MF117815	7.27%	Feb-16	No	A
MF118164	7.60%	Jul-16	Yes	A
MF118486	8.89%	Sep-14	No	A
MF118664	9.84%	Jan-17	No	A
MF118671	11.02%	Nov-14	No	A
MF119148	15.74%	Jan-15	No	A

WTD Average ER - B: 10.70%

Notes:

ER from audited State leases and the WTD Average ER was used for non-audited leases "B"

MF Lease Number	Gas Error Rate	Leased on	with 4(c)1 (Y/N)	ER Code
MF117292	12.38% & -17.04%	Feb-15	Yes	A(i)
MF117652	10.33% & -16.05%	Mar-15	No	A(i)
MF118118	12.59% & 26.89%	Jul-16	Yes	A(i)
MF119424	12.27% & -17.05%	Mar-18	Yes	A(i)
MF119686	12.59% & 26.73%	Oct-18	Yes	A(i)
MF119900	-31.50%	Dec-18	Yes	A(i)

Notes:

Stoneman State 3927 Unit #11275 leases:

Due to reporting errors, two (2) weighted average error rates were calculated per lease, Pre & Post 08/2021.

PDC given credit for over pymts starting on 8/2021 prod months.

Error rates were not used nor combined with other leases.

MF Lease Number	Gas Error Rate	Leased on	with 4(c)1 (Y/N)	ER Code
MF116245	10.70%	Jan-14	No	B
MF116246	10.70%	Jan-14	No	B
MF116247	10.70%	Jan-14	No	B
MF116248	10.70%	Jan-14	No	B
MF116249	10.70%	Jan-14	No	B
MF116544	10.70%	Feb-14	No	B
MF116844	10.70%	Jun-14	No	B
MF117175	10.70%	Jul-14	No	B
MF117960	10.70%	Oct-15	No	B
MF118083	10.70%	Aug-15	No	B
MF118354	10.70%	Feb-12	No	B
MF118601	10.70%	Oct-15	No	B
MF118602	10.70%	Jun-15	No	B
MF111746	10.70%	Jul-10	No	B(i)
MF112404	10.70%	Apr-11	No	B(i)
MF116609	10.70%	Jan-14	No	B(i)
MF118552	10.70%	Feb-17	No	B(i)
MF118630	10.70%	Mar-17	No	B(i)
MF119160	10.70%	Aug-17	No	B(i)
MF118101	8.88%	Jul-16	Yes	B(ii) 4c
MF118152	8.88%	Jul-16	Yes	B(ii) 4c
MF118284	8.88%	Oct-16	Yes	B(ii) 4c
MF118460	8.88%	Oct-16	Yes	B(ii) 4c
MF118709	8.88%	Jun-17	Yes	B(ii) 4c
MF119996	Deleted low \$			
* Error Rate Code Legend Error Rates & Codes for all leases	10.70%		Audited	A
	Various		Audited	A(i)
	8.88%		Audited 4(c-p)	A(ii) 4c
	10.70%		Non-Audited	B
	10.70%		Non-Audited (immaterial)	B(i)
	8.88%		Non-Audited 4(c-p)	B(ii) 4c

MF Lease Number	Gas Error Rate	Leased on	with 4(c)1 (Y/N)	ER Code
MF Lease Number	Gas Error Rate	Leased on	with 4(c)1 (Y/N)	ER Code
MF117492	12.30%	Oct-14	Yes	A(ii) 4c
MF118062	1.99%	Jun-16	Yes	A(ii) 4c
MF119281	12.37%	Oct-17	Yes	A(ii) 4c

WTD Average ER-B(ii) 4c: 8.88%

Notes:

Minimum Liquid POP% 4(c-p) ER from audited State leases and WTD Average ER was used for non-audited leases with processing fee clause of 4(c-p) "B(ii) 4(c)".

Notes:

A. Audited Leases - Average Error Rate

A(i). Outlier - PDC given credit for over payment of Gas Royalties.

Excluded from Average Error Rate for Audited Leases Due to over reported volumes.

Stoneman State 3927 Unit #11275 - RRC ID#'s: #286927 well #BH; #287041 well #A2H and #290992 well #B4H

Stoneman State leases error rates not used nor combined with other leases due to overreporting starting on 8/2021 prod months

A(ii). 4c Lease Agreement Provision - Processing Fees Allowed.

B. Error Rate Applied to Non-Audited Leases

B(i). Initially planned to be audited:

MF111746 & MF112404 documents were not provided for July 2017 - June 2019.

MF116609, MF118552, MF118630, & MF119160 allocated production was immaterial for the sample months.

B(ii). 4c - Error Rate Applied to Non-Audited Leases with 4c Lease Agreement Provision - Processing Fees Allowed.

File No. MF 117292

County

Gas Draft Audit Billing Notice

Date Filed: 6/3/2024

Commissioner Dawn Buckingham, M.D.

By: VD

**DIVISION/TRANSFER ORDER**

To: PDC Energy Inc
1099 18th St., Suite 1500
Denver, CO 80202
Attn: Division Orders; (888) 860-5836 or DODept@PDCE.COM

Date: October 10, 2024

Property Number: SEE EXHIBIT A
Property Name: SEE EXHIBIT A
County and State: SEE EXHIBIT A

Effective Date: 01/01/1990
Operator: PDC PERMIAN INC
Property Description: SEE EXHIBIT A

Production: Oil: X Gas: X Other: X

Owner Name: COMMISSIONER OF STATE OF TEXAS GENERAL LAND OFFICE	Owner Number: 1010003239 Interest Type: SEE EXHIBIT A Decimal Interest: SEE EXHIBIT A
Owner Address: 1700 CONGRESS AVE AUSTIN, TX 78701-1495	

The undersigned certifies the ownership of their decimal interest in production or proceeds as described above, payable by PDC Energy Inc ("Payor").

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 of 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 one hundred dollars (\$100), paid annually, 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.

By signing this Division Order, if a new well is drilled in the same spacing unit wherein your interest remains unchanged, you agree to receive a Letter in Lieu in place of a Division Order. You agree that your receipt of such Division Order, without objection, sent to PDC within 10 days of such receipt, will constitute affirmation of and agreement to this Division Order, for all purposes with respect to such new well. This allows us to place you in pay without delay, and eliminates the need for you to sign additional Division Orders.

Owner(s) Signature: _____

Owner Printed Name: _____

Social Security or TIN: _____ Phone Number: _____

Email Address: _____

Federal Law requires you to furnish your Social Security or Taxpayer Identification Number.
Failure to comply will result in 24% tax withholding and will not be refundable by Payor.

Analyst Initials: MW

Retain this copy for your records



DIVISION ORDER EXHIBIT A - DO NOT DETACH

Dated: 10/10/2024

Page: 1

OWNER: 1010003239

COMMISSIONER OF STATE OF TEXAS

GENERAL LAND OFFICE
1700 CONGRESS AVE
AUSTIN, TX 78701-1495

Analyst Initials: MW

TEXAS

Venture	Venture Name	DOI	County	Survey	Block	Section	Calls	Acreage	IT	ISQ	DOI NRI	Product	Suspense Reason Desc
120195	SUNNYSIDE STATE 2 B4HU <i>in Nut 13433</i>	10001	REEVES	PSL	45	2			RI	1	0.12500000	ALL PRODUCTS	PAY
120196	SUNNYSIDE STATE 2 A5HU <i>in Nut 13434</i>	10001	REEVES	PSL	45	2			RI	2	0.12500000	ALL PRODUCTS	PAY
120199	SUNNYSIDE STATE 2 C8HU <i>in Nut 13432</i>	10001	REEVES	PSL	45	2			RI	2	0.12500000	ALL PRODUCTS	PAY
120200	SUNNYSIDE STATE 2 9U C9HU <i>in Nut 13435</i>	10001	REEVES	PSL	45	2			RI	1	0.02150312	ALL PRODUCTS	PAY
						1			RI	2	0.05028265		PAY
120240	SUNNYSIDE STATE 2 10U A10HU <i>in Nut 13436</i>	10001	REEVES	PSL	45	2			RI	1	0.03569604	ALL PRODUCTS	PAY
						1							

42.02.07

SURFACE HOLE LOCATION:

PDC PERMIAN, INC.

SUNNYSIDE STATE 2 B4HU

AS-LOCATED ON 04/12/2023

X = 854,893 (NAD27 TxC)

Y = 768,840

LAT 31° 43' 42.57" (31.728492°) N (NAD27)

LONG 104° 01' 01.04" (104.016956°) W (NAD27)

LAT 31° 43' 43.03" (31.728618°) N (NAD83/86)

LONG 104° 01' 02.75" (104.017431°) W (NAD83/86)

Elev: 3,045.8 (NAVD 1988)

Survey 438 FSL & 452 FEL (Section 2, A-3655)

Bears NW, 25.04 Miles from Mentone, TX

AS-DRILLED PENETRATION POINT:

X = 854,737 (NAD27 TxC)

Y = 768,580

LAT 31° 43' 40.00" (31.727778°) N (NAD27)

LONG 104° 01' 02.75" (104.017431°) W (NAD27)

LAT 31° 43' 40.48" (31.727904°) N (NAD83/86)

LONG 104° 01' 04.46" (104.017905°) W (NAD83/86)

MD = 9,436'

Survey 178 FSL & 600 FEL (Section 2, A-3655)

AS-DRILLED FIRST TAKE POINT:

X = 854,760 (NAD27 TxC)

Y = 768,841

LAT 31° 43' 42.57" (31.728492°) N (NAD27)

LONG 104° 01' 02.58" (104.017364°) W (NAD27)

LAT 31° 43' 43.02" (31.728618°) N (NAD83/86)

LONG 104° 01' 04.29" (104.017859°) W (NAD83/86)

MD = 9,895'

Survey 438 FSL & 585 FEL (Section 2, A-3655)

NPZ ENTRY:

X = 854,829 (NAD27 TxC)

Y = 773,157

LAT 31° 44' 25.25" (31.740348°) N (NAD27)

LONG 104° 01' 03.44" (104.017621°) W (NAD27)

LAT 31° 44' 25.70" (31.740473°) N (NAD83/86)

LONG 104° 01' 05.15" (104.018027°) W (NAD83/86)

MD = 14,328'

Survey 575 FNL & 060 FEL (Section 2, A-3655)

NPZ EXIT:

X = 853,653 (NAD27 TxC)

Y = 772,990

LAT 31° 44' 23.27" (31.739798°) N (NAD27)

LONG 104° 01' 16.99" (104.021389°) W (NAD27)

LAT 31° 44' 23.73" (31.739624°) N (NAD83/86)

LONG 104° 01' 18.70" (104.021861°) W (NAD83/86)

MD = 15,705'

Survey 775 FNL & 1,830 FEL (Section 2, A-3655)

AS-DRILLED LAST TAKE POINT:

X = 853,660 (NAD27 TxC)

Y = 768,670

LAT 31° 43' 40.50" (31.727915°) N (NAD27)

LONG 104° 01' 15.14" (104.020672°) W (NAD27)

LAT 31° 43' 40.95" (31.728041°) N (NAD83/86)

LONG 104° 01' 16.85" (104.021347°) W (NAD83/86)

MD = 20,048'

Survey 228 FSL & 1,670 FEL (Section 2, A-3655)

AS-DRILLED BOTTOM HOLE LOCATION:

X = 853,666 (NAD27 TxC)

Y = 768,549

LAT 31° 43' 39.29" (31.727581°) N (NAD27)

LONG 104° 01' 15.14" (104.020672°) W (NAD27)

LAT 31° 43' 39.74" (31.727707°) N (NAD83/86)

LONG 104° 01' 16.85" (104.021347°) W (NAD83/86)

MD = 20,170'

Survey 107 FSL & 1,670 FEL (Section 2, A-3655)

SECTION 67

W.N. HOLDER SURVEY,

S.F. 8014, A-2647

SECTION 2

BLOCK 45

PSL SURVEY, A-3655

PDC PERMIAN, INC.

(OPERATOR)

SUNNYSIDE STATE 2 B4HU

AS-DRILLED BORE PATH

SUNNYSIDE STATE 2 B4HU

AS-DRILLED BORE PATH

SUNNYSIDE STATE 2 B4HU

AS-DRILLED BORE PATH

SUNNYSIDE STATE 2 B4HU

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AS-DRILLED BORE PATH

SUNNYSIDE STATE 2 B4HU

AS-DRILLED BORE PATH

SECTION 7

BLOCK 57, T3

T. & P. RR. CO.

SURVEY, A-902

SUNNYSIDE STATE 2 B4HU

AS-DRILLED BORE PATH

SUNNYSIDE STATE 2 B4HU

AS-DRILLED BORE PATH

SUNNYSIDE STATE 2 B4HU

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AS-DRILLED BORE PATH

SUNNYSIDE STATE 2 B4HU

AS-DRILLED BORE PATH

SUNNYSIDE STATE 2 B4HU

AS-DRILLED BORE PATH

LEGEND:

- (PSL) - PROPOSED SURFACE LOCATION
 (SHL) - SURFACE HOLE LOCATION
 (PP) - AS-DRILLED PENETRATION POINT
 (FTP) - AS-DRILLED FIRST TAKE POINT
 (LTP) - AS-DRILLED LAST TAKE POINT
 (BHL) - AS-DRILLED BOTTOM HOLE LOCATION
 (MD) - MEASURED DEPTH
 --- UNIT LINE
 --- APPROXIMATE SURVEY LINES
 --- PROPOSED BORE PATH
 --- AS-DRILLED BORE PATH
 --- SUBJECT AS-DRILLED BORE PATH
 ⊗ - AS-DRILLED POINTS

NOTES:

- This plat represents a survey made on the ground and meets the requirements for filing an as-drilled well location plat with the Texas Railroad Commission and is intended solely for that purpose. Survey lines and unit lines shown hereon were established from field measurements and record evidence. Mineral title information shown hereon was furnished by PDC Permian, Inc. and/or their agent(s). This plat does not meet the requirements for boundary surveys in the State of Texas and shall not be used to convey title to real property.
- All bearings, distances, areas and coordinates refer to the Texas Coordinate Zone of 1927, Central Zone, U.S. Survey Feet, Grid, elevations refer to the North American Vertical Datum of 1988 and are derived from static and kinematic GPS observations, unless noted otherwise.
- Surface location shown hereon is based on as-located position of conductor pipe.
- Bore Path shown for the Sunnyside State 2 B4HU is based on a Directional Survey Report provided by PDC Permian, Inc. on July 6, 2023.

SECTION	PRODUCTION LATERAL		HORIZONTAL DRAINHOLE AREA	
	DISTANCE	PERCENT (%)	ACRES	PERCENT (%)
2	8.686'	100.00%	131.27 AC	100.00%
TOTAL	8.686'	100.00%	131.27 AC	100.00%

AS-DRILLED PLAT
SUNNYSIDE STATE 2 B4HU
PDC PERMIAN, INC.
 SITUATED IN
 SECTION 18, BLOCK 45
 PUBLIC SCHOOL LAND SURVEY, A-3655
 REEVES COUNTY, TEXAS

C. H. Fenstermaker & Associates, LLC
 16340 Park Ten Place
 Suite 160
 Houston, TX 77054
 713-840-9995
 TX Firm 100285-01

REVISIONS

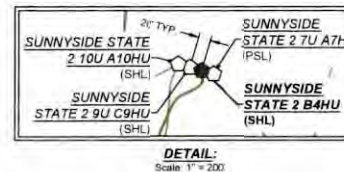
1	
2	
3	

DRAWN BY: MKC
 DATE: 02/09/2024
 JOB#: 2225626.DWG
 FILENAME: AD_SUNNYSIDE_STATE_2_B4HU.DWG

PROJ MGR: JL

FOR THE EXCLUSIVE USE OF
 PDC PERMIAN, INC.
 I, John Legere, Registered Professional
 Land Surveyor, do hereby state the above plat to
 be true and correct to the best of my knowledge

John Legere
 John Legere
 Registered Professional Land Surveyor
 Registration No. 6698
 March 6, 2024



420707

SURFACE HOLE LOCATION:

PDC PERMIAN, INC.

SUNNYSIDE STATE 2 A5HU

AS-LOCATED ON 05/24/2023

X = 852,658

Y = 768,952

LAT. 31° 43' 42.96" (31.728597°) N (NAD27)

LONG. 104° 01' 26.95" (104.024154°) W (NAD83/86)

LAT. 31° 43' 43.40" (31.728723°) N (NAD83/86)

LONG. 104° 01' 28.66" (104.024629°) W (NAD83/86)

Elev. 3,075.0' (NAVD 1988)

Survey: 478' FSL & 2,597' FVL (Section 2, A-3655)

Bears: NW, 25.0± Miles from Mertone, TX

AS-DRILLED PENETRATION POINT:

X = 853,043 (NAD27 TxC)

Y = 768,641

LAT. 31° 43' 40.00" (31.727778°) N (NAD27)

LONG. 104° 01' 22.38" (104.022843°) W (NAD83/86)

LAT. 31° 43' 40.45" (31.727904°) N (NAD83/86)

LONG. 104° 01' 24.09" (104.023359°) W (NAD83/86)

MD = 9,435'

Survey: 178' FSL & 2,295' FEL (Section 2, A-3655)

AS-DRILLED FIRST TAKE POINT:

X = 853,058 (NAD27 TxC)

Y = 768,717

LAT. 31° 43' 40.76" (31.727969°) N (NAD27)

LONG. 104° 01' 22.23" (104.022843°) W (NAD83/86)

LAT. 31° 43' 41.21" (31.728115°) N (NAD83/86)

LONG. 104° 01' 23.95" (104.023318°) W (NAD83/86)

MD = 9,545'

Survey: 250' FSL & 2,283' FEL (Section 2, A-3655)

NPZ ENTRY:

X = 853,258 (NAD27 TxC)

Y = 773,010

LAT. 31° 44' 23.29" (31.739802°) N (NAD27)

LONG. 104° 01' 21.57" (104.019209°) W (NAD83/86)

LAT. 31° 44' 23.74" (31.739928°) N (NAD83/86)

LONG. 104° 01' 23.28" (104.023134°) W (NAD83/86)

MD = 13,886'

Survey: 773' FNL & 2,226' FEL (Section 2, A-3655)

NPZ EXIT:

X = 854,330 (NAD27 TxC)

Y = 772,962

LAT. 31° 44' 23.15" (31.739768°) N (NAD27)

LONG. 104° 01' 09.14" (104.019209°) W (NAD83/86)

LAT. 31° 44' 23.62" (31.739894°) N (NAD83/86)

LONG. 104° 01' 10.85" (104.019681°) W (NAD83/86)

MD = 15,355'

Survey: 786' FNL & 1,153' FEL (Section 2, A-3655)

AS-DRILLED LAST TAKE POINT:

X = 854,185 (NAD27 TxC)

Y = 768,641

LAT. 31° 43' 40.38" (31.727833°) N (NAD27)

LONG. 104° 01' 09.16" (104.019210°) W (NAD83/86)

LAT. 31° 43' 40.83" (31.728009°) N (NAD83/86)

LONG. 104° 01' 10.87" (104.019685°) W (NAD83/86)

MD = 19,692'

Survey: 217' FSL & 1,153' FEL (Section 2, A-3655)

AS-DRILLED BOTTOM HOLE LOCATION:

X = 854,182 (NAD27 TxC)

Y = 768,529

LAT. 31° 43' 39.27" (31.727575°) N (NAD27)

LONG. 104° 01' 09.15" (104.019210°) W (NAD83/86)

LAT. 31° 43' 39.72" (31.727701°) N (NAD83/86)

LONG. 104° 01' 10.86" (104.019684°) W (NAD83/86)

MD = 19,794'

Survey: 105' FSL & 1,153' FEL (Section 2, A-3655)

SECTION 67

W.N. HOLDER SURVEY,

S.F. 8014, A-2647

5,286.89'

SECTION 2

BLOCK 45

PSL SURVEY, A-3655

PDC PERMIAN, INC.
(OPERATOR)SUNNYSIDE STATE 2
CALLED
640.00 ACRESSUNNYSIDE STATE 2 A5HU
(SHL)

(SEE DETAIL)

SECTION 3

BLOCK 45

T.D. CARR SURVEY

PSL SURVEY, A-3536

SECTION 10

BLOCK 45

PSL SURVEY

SECTION 11

BLOCK 45

J.E. LUCY SURVEY

PSL SURVEY, A-4018

SECTION 1

BLOCK 45

PSL SURVEY, A-2887

SECTION 7

BLOCK 57, T3

T. & P. RR. CO.

SURVEY, A-902

SECTION 18

BLOCK 57, T3

T. & P. RR. CO.

SURVEY, A-3400

LEGEND:

- (SHL) - SURFACE HOLE LOCATION
 (PP) - AS-DRILLED PENETRATION POINT
 (FTP) - AS-DRILLED FIRST TAKE POINT
 (LTP) - AS-DRILLED LAST TAKE POINT
 (BHL) - AS-DRILLED BOTTOM HOLE LOCATION
 (MD) - MEASURED DEPTH
- UNIT LINE
 --- APPROXIMATE SURVEY LINES
 --- PROPOSED BORE PATH
 --- AS-DRILLED BORE PATH
 --- SUBJECT AS-DRILLED BORE PATH
 ⊗ AS-DRILLED POINTS

NOTES:

1. This plat represents a survey made on the ground and meets the requirements for filing an as-drilled well location plat with the Texas Railroad Commission and is intended solely for that purpose. Survey lines and unit lines shown hereon were established from field measurements and record evidence. Mineral title information shown hereon was furnished by PDC Permian, Inc. and/or their agents. This plat does not meet the requirements for boundary surveys in the State of Texas and shall not be used to convey title to real property.
2. All bearings, distances, areas and coordinates refer to the Texas Coordinate Zone of 1927, Central Zone, U.S. Survey Feet. Grid elevations refer to the North American Vertical Datum of 1988 and are derived from static and kinematic GPS observations, unless noted otherwise.
3. Surface location shown hereon is based on as-located position of conductor pipe.
4. Bore Path shown for the Sunnyside State 2 A5HU is based on a Directional Survey Report provided by PDC Permian, Inc. on September 27, 2023.

SECTION	PRODUCTION LATERAL		HORIZONTAL DRAIN HOLE AREA	
	DISTANCE	PERCENT (%)	ACRES	PERCENT (%)
2	8,668'	100.00%	130.73 AC.	100.00%
TOTAL	8,668'	100.00%	130.73 AC.	100.00%

**AS-DRILLED PLAT
SUNNYSIDE STATE 2 A5HU
PDC PERMIAN, INC.**

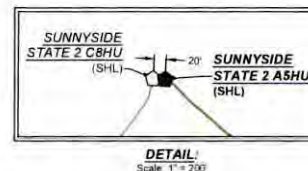
SITUATED IN
SECTION 2, BLOCK 45
PUBLIC SCHOOL LAND SURVEY, A-3655
REEVES COUNTY, TEXAS



FOR THE EXCLUSIVE USE OF
PDC PERMIAN, INC.
I, John Legere, Registered Professional
Land Surveyor, do hereby state the above plat to
be true and correct to the best of my knowledge.



John Legere
John Legere
Registered Professional Land Surveyor
Registration No. 6698
March 6, 2024



REVISIONS	
1	
2	
3	
DRAWN BY: MKC	PROJ. MGR. JL
DATE: 02/09/2024	
JOB#: 2229628-000	SHEET 1 OF 1
FILENAME: AD_SUNNYSIDE STATE 2 A5HU.DWG	

4003.07

SURFACE HOLE LOCATION:

PDC PERMIAN, INC.

SUNNYSIDE STATE 2 C8HU

AS-LOCATED ON 05/24/2023

X = 852,638 (NAD27 T/C)

Y = 768,953

LAT. 31° 43' 42.95" (31.728598°) N (NAD27)

LONG. 104° 01' 27.18" (104.024218°) W (NAD27)

LAT. 31° 43' 43.41" (31.728724°) N (NAD83/86)

LONG. 104° 01' 28.90" (104.024693°) W (NAD83/86)

Elev. 3,075.2 (NAVD 1988)

Survey: 476' FSL & 2.578' FWL (Section 2, A-3655)

Bears NW, 25.0a Miles from Mentone, TX

AS-DRILLED PENETRATION POINT:

X = 852,358 (NAD27 T/C)

Y = 768,521

LAT. 31° 43' 38.59" (31.727387°) N (NAD27)

LONG. 104° 01' 30.25" (104.025071°) W (NAD27)

LAT. 31° 43' 39.05" (31.727513°) N (NAD83/86)

LONG. 104° 01' 31.96" (104.025546°) W (NAD83/86)

MD = 5.430'

Survey: 36' FSL & 2.313' FWL (Section 2, A-3655)

AS-DRILLED FIRST TAKE POINT:

X = 852,390 (NAD27 T/C)

Y = 768,897

LAT. 31° 43' 42.32" (31.728421°) N (NAD27)

LONG. 104° 01' 30.03" (104.025008°) W (NAD27)

LAT. 31° 43' 42.77" (31.728547°) N (NAD83/86)

LONG. 104° 01' 31.74" (104.025464°) W (NAD83/86)

MD = 10.493'

Survey: 412' FSL & 2.332' FWL (Section 2, A-3655)

NPZ ENTRY:

X = 852,517 (NAD27 T/C)

Y = 772,988

LAT. 31° 44' 22.83" (31.739674°) N (NAD27)

LONG. 104° 01' 30.13" (104.025037°) W (NAD27)

LAT. 31° 44' 23.28" (31.739800°) N (NAD83/86)

LONG. 104° 01' 31.84" (104.025512°) W (NAD83/86)

MD = 14.601'

Survey: 819' FSL & 2.321' FWL (Section 2, A-3655)

NPZ EXIT:

X = 850,582 (NAD27 T/C)

Y = 773,035

LAT. 31° 44' 22.86" (31.739677°) N (NAD27)

LONG. 104° 01' 52.55" (104.031263°) W (NAD27)

LAT. 31° 44' 23.11" (31.739753°) N (NAD83/86)

LONG. 104° 01' 54.26" (104.031739°) W (NAD83/86)

MD = 17.088'

Survey: 836' FSL & 3.86' FWL (Section 2, A-3655)

AS-DRILLED LAST TAKE POINT:

X = 850,362 (NAD27 T/C)

Y = 768,734

LAT. 31° 43' 40.04" (31.727790°) N (NAD27)

LONG. 104° 01' 53.43" (104.031529°) W (NAD27)

LAT. 31° 43' 40.50" (31.727916°) N (NAD83/86)

LONG. 104° 01' 55.14" (104.031985°) W (NAD83/86)

MD = 21.402'

Survey: 182' FSL & 3.11' FWL (Section 2, A-3655)

AS-DRILLED BOTTOM HOLE LOCATION:

X = 850,357 (NAD27 T/C)

Y = 768,657

LAT. 31° 43' 39.28" (31.727578°) N (NAD27)

LONG. 104° 01' 53.46" (104.031517°) W (NAD27)

LAT. 31° 43' 39.73" (31.727704°) N (NAD83/86)

LONG. 104° 01' 55.17" (104.031992°) W (NAD83/86)

MD = 21.479'

Survey: 105' FSL & 3.08' FWL (Section 2, A-3655)

SECTION 3
BLOCK 45
T.D. CARR SURVEY
PSL SURVEY, A-3536

SECTION 67
W.N. HOLDER SURVEY,
S.F. 8014, A-2647

SECTION 2
BLOCK 45
PSL SURVEY, A-3655

SUNNYSIDE STATE 2 CALLED 640.00 ACRES

SUNNYSIDE STATE 2 C8HU (SHL) (SEE DETAIL)

SECTION 11
BLOCK 45
J.E. LUCY SURVEY
PSL SURVEY, A-4018

SECTION 1
BLOCK 45
PSL SURVEY, A-2887

SECTION 7
BLOCK 57, T3
T. & P. RR. CO.
SURVEY, A-902

SECTION 18
BLOCK 57, T3
T. & P. RR. CO.
SURVEY, A-3400

SECTION 12
BLOCK 45, PSL SURVEY

LEGEND:

- (PSL) - PROPOSED SURFACE LOCATION
- (SHL) - SURFACE HOLE LOCATION
- (PP) - AS-DRILLED PENETRATION POINT
- (FTP) - AS-DRILLED FIRST TAKE POINT
- (LTP) - AS-DRILLED LAST TAKE POINT
- (BHL) - AS-DRILLED BOTTOM HOLE LOCATION
- (MD) - MEASURED DEPTH
- UNIT LINE
- APPROXIMATE SURVEY LINES
- PROPOSED BORE PATH
- AS-DRILLED BORE PATH
- SUBJECT AS-DRILLED BORE PATH
- ⊗ - AS-DRILLED POINTS

NOTES:

- This plat represents a survey made on the ground and meets the requirements for filing an as-drilled well location plat with the Texas Railroad Commission and is intended solely for that purpose. Survey lines and unit lines shown hereon were established from field measurements and record evidence. Mineral title information shown hereon was furnished by PDC Permian, Inc. and/or their agents. This plat does not meet the requirements for boundary surveys in the State of Texas and shall not be used to convey title to real property.
- All bearings, distances, areas and coordinates refer to the Texas Coordinate Zone of 1927, Central Zone, U.S. Survey Feet, Grid, elevations refer to the North American Vertical Datum of 1988 and are derived from static and kinematic GPS observations, unless noted otherwise.
- Surface location shown hereon is based on as-located position of conductor pipe.
- Bore Path shown for the Sunnyside State 2 C8HU is based on a Directional Survey Report provided by PDC Permian Inc. on September 12, 2023.

SECTION	PRODUCTION LATERAL		HORIZONTAL DRAINAGE AREA	
	DISTANCE	PERCENT (%)	ACRES	PERCENT (%)
2	8.422'	100.00%	127.49 AC	100.00%
TOTAL	8.422'	100.00%	127.49 AC	100.00%

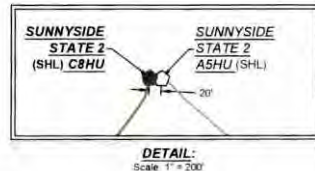
AS-DRILLED PLAT
SUNNYSIDE STATE 2 C8HU
PDC PERMIAN, INC.
SITUATED IN
SECTION 2, BLOCK 45
PUBLIC SCHOOL LAND SURVEY, A-3655
REEVES COUNTY, TEXAS

C. H. Fenstermaker & Associates, LLC
16340 Park Ten Place
Suite 105
Houston, TX 77064
713-840-9695
TX Firm 100285-01

REVISIONS	
1	
2	
3	
DRAWN BY: MKC	PROJ MGR: JL
DATE: 02/09/2024	
JOB#: 2225626.000	SHEET 1 OF 1
FILENAME: AD_SUNNYSIDE_STATE_2_C8HU.DWG	

FOR THE EXCLUSIVE USE OF
PDC PERMIAN, INC.
I, John Legere, Registered Professional
Land Surveyor, do hereby state the above plat
to be true and correct to the best of my knowledge

John Legere
John Legere
Registered Professional Land Surveyor
Registration No. 6698
March 6, 2024



400007

SURFACE HOLE LOCATION:

PDC PERMAN, INC.
SUNNYSIDE STATE 2 10U A10HU
AS-STAKED ON 07/05/2023

X = 854,855
Y = 768,851 (NAD27 TWC)
LAT. 31° 43' 42.67" (31.728519°) N (NAD27)
LONG. 104° 01' 01.48" (104.017081°) W (NAD27)
Elev. 3,043.3' (NAVD 1988)
Survey: 448' FSL & 4,797' FWL (Section 2, A-3655)
Bears: NW, 25 De Miles from Menzone, TX

AS-DRILLED PENETRATION POINT:

X = 855,294 (NAD27 TWC)
Y = 768,789
LAT. 31° 43' 42.14" (31.728372°) N (NAD27)
LONG. 104° 00' 58.69" (104.016304°) W (NAD27)
LAT. 31° 43' 42.58" (31.728438°) N (NAD27)
LONG. 104° 01' 00.40" (104.016773°) W (NAD27)
MD = 8,437'
Survey: 394' FSL & 5,038' FWL (Section 2, A-3655)

AS-DRILLED FIRST TAKE POINT:

X = 855,191 (NAD27 TWC)
Y = 768,180
LAT. 31° 43' 45.09" (31.729470°) N (NAD27)
LONG. 104° 00' 57.73" (104.016034°) W (NAD27)
LAT. 31° 43' 45.54" (31.729595°) N (NAD27)
LONG. 104° 00' 59.44" (104.016511°) W (NAD27)
MD = 8,891'
Survey: 794' FSL & 5,121' FWL (Section 2, A-3655)

NPZ ENTRY:

X = 855,239 (NAD27 TWC)
Y = 773,239
LAT. 31° 44' 24.32" (31.740098°) N (NAD27)
LONG. 104° 00' 55.34" (104.015373°) W (NAD27)
LAT. 31° 44' 24.77" (31.740214°) N (NAD27)
LONG. 104° 00' 57.05" (104.015848°) W (NAD27)
MD = 13,782'
Survey: 570' FSL & 1,531' FWL (Section 1, A-2887)

NPZ EXIT:

X = 855,423 (NAD27 TWC)
Y = 773,004
LAT. 31° 44' 24.26" (31.740073°) N (NAD27)
LONG. 104° 00' 44.53" (104.012451°) W (NAD27)
LAT. 31° 44' 24.72" (31.740198°) N (NAD27)
LONG. 104° 00' 46.64" (104.012955°) W (NAD27)
MD = 14,826'
Survey: 575' FSL & 652' FWL (Section 1, A-2887)

AS-DRILLED LAST TAKE POINT:

X = 856,327 (NAD27 TWC)
Y = 768,529
LAT. 31° 43' 39.37" (31.727770°) N (NAD27)
LONG. 104° 00' 44.32" (104.012314°) W (NAD27)
LAT. 31° 43' 40.43" (31.727996°) N (NAD27)
LONG. 104° 00' 46.04" (104.012793°) W (NAD27)
MD = 18,338'
Survey: 175' FSL & 655' FWL (Section 1, A-2887)

AS-DRILLED BOTTOM HOLE LOCATION:

X = 856,327 (NAD27 TWC)
Y = 768,459
LAT. 31° 43' 39.27" (31.727576°) N (NAD27)
LONG. 104° 00' 44.35" (104.012319°) W (NAD27)
LAT. 31° 43' 39.72" (31.727702°) N (NAD27)
LONG. 104° 00' 46.06" (104.012754°) W (NAD27)
MD = 19,404'
Survey: 105' FSL & 657' FWL (Section 1, A-2887)

SECTION 67
W.N. HOLDER SURVEY,
S.F. 8014, A-2647

SECTION 2
BLOCK 45
PSL SURVEY, A-3655

SECTION 3
BLOCK 45
T.D. CARR SURVEY
PSL SURVEY, A-3536

SECTION 10
BLOCK 45
PSL SURVEY

SECTION 11
BLOCK 45
J.E. LUCY SURVEY
PSL SURVEY, A-4018

SECTION 7
BLOCK 57, T3
T. & P. RR. CO.
SURVEY, A-902

SECTION 18
BLOCK 57, T3
T. & P. RR. CO.
SURVEY, A-3400

SUNNYSIDE STATE 2
CALLED
640.00 ACRES

SECTION 1
BLOCK 45
PSL SURVEY, A-2887

SECTION 12
BLOCK 45, PSL SURVEY



LEGEND:

- (PSL) - PROPOSED SURFACE LOCATION
- (SHL) - SURFACE HOLE LOCATION
- (PP) - AS-DRILLED PENETRATION POINT
- (FTP) - AS-DRILLED FIRST TAKE POINT
- (LTP) - AS-DRILLED LAST TAKE POINT
- (BHL) - AS-DRILLED BOTTOM HOLE LOCATION
- (MD) - MEASURED DEPTH
- UNIT LINE
- APPROXIMATE SURVEY LINES
- PROPOSED BORE PATH
- AS-DRILLED BORE PATH
- SUBJECT AS-DRILLED BORE PATH
- ⊙ - AS-DRILLED POINTS

NOTES:

1. This plat represents a survey made on the ground and meets the requirements for filing an as-drilled well location plat with the Texas Railroad Commission and is intended solely for that purpose. Survey lines and unit lines shown herein were established from field measurements and record evidence. Mineral title information shown herein was furnished by PDC Permian, Inc. and/or their agents. This plat does not meet the requirements for boundary surveys in the State of Texas and shall not be used to convey title to real property.
2. All bearings, distances, areas and coordinates refer to the Texas Coordinate Zone of 1927, Central Zone, U.S. Survey Feet, Grid, elevations refer to the North American Vertical Datum of 1988 and are derived from static and kinematic GPS observations, unless noted otherwise.
3. Surface location shown herein is based on as-located position of conductor pipe.
4. Bore Path shown for the Sunnyside State 2 10U A10HU is based on a Directional Survey Report provided by PDC Permian, Inc. on August 10, 2023.

SECTION	PRODUCTION LATERAL		HORIZONTAL DRAINHOLE AREA	
	DISTANCE	PERCENT (%)	ACRES	PERCENT (%)
1	4.585'	54.59%	90.89 AC.	71.44%
2	3.814'	45.41%	36.33 AC.	28.55%
TOTAL	8.399'	100.00%	127.22 AC	100.00%

**AS-DRILLED PLAT
SUNNYSIDE STATE 2 10U A10HU
PDC PERMAN, INC.**
SITUATED IN
SECTIONS 1 & 2, BLOCK 45
PUBLIC SCHOOL LAND SURVEYS, A-2887 & A-3655
REEVES COUNTY, TEXAS

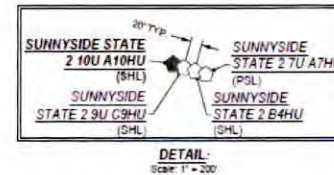
C. H. Fenstermaker & Associates, LLC 16340 Park Ten Place Suite 165 Houston, TX 77054 713-940-9999 TX Firm 100285-01	
REVISIONS	
1	
2	
3	
DRAWN BY: MKC	PROJ. MGR.: JL
DATE: 02/09/2024	
JOB#: 2225626.DOC	SHEET 1 OF 1
FILENAME: AS_SUNNYSIDE_STATE_2_10U_A10HU.WMD	

FOR THE EXCLUSIVE USE OF
PDC PERMAN, INC.
I, John Legere, Registered Professional
Land Surveyor, do hereby state the above plat to
be true and correct to the best of my knowledge.

John Legere
John Legere
Registered Professional Land Surveyor
Registration No. 6698
March 6, 2024



TRACT / SECTION	ACRES IN TRACT / SECTION
1	178.00
2	640.00



72-02-07



October 10, 2024

COMMISSIONER OF STATE OF TEXAS
GENERAL LAND OFFICE
1700 CONGRESS AVE
AUSTIN, TX 78701-1495

Re: Property No
See Exhibit A

Property Name
See Exhibit A

Dear Interest Owner:

Enclosed are two copies of a Division Order reflecting your decimal in the wells reflected on 'Exhibit A'. If you agree with the interest on your Division Order, please sign one copy, insert/update your mailing address (you can write it on the form) and Social Security or Tax Identification number and return to us for processing. The second copy is for your records.

If any updates are necessary to your account, the cut-off for changes in our accounting department is the 10th of each month. If your Division Order is received after the 10th, your account will be updated, and any pay code change will take place the following month. Please note, PDC will only issue a check once your account has reached an accrued amount of \$100.00 or more, or it will be paid annually, whichever occurs first. Our checks are cut and mailed around the 25th of each month.

Please note your account will remain in suspense until the Division Order is signed and returned to this office. For faster processing, please email a scanned copy to DODept@PDCE.COM. In the alternative, please mail a hard copy to:

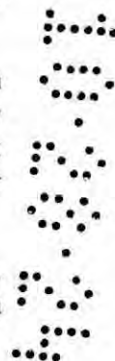
PDC Energy Inc.
Attn: Division Orders
1099 18th St., Suite 1500
Denver, CO 80202

If you have general Division Order questions, please visit our website: <http://www.pdce.com/royalty-owners/division-orders/>. If you have any further questions or concerns, please do not hesitate to contact us by e-mail: DODept@PDCE.COM.

Sincerely,

PDC Energy Inc.
Division Order Department

Enclosures





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

January 10, 2025

Michael Weaver
Division Order Analyst
PDC Energy, Inc.
1099 18th Street, Suite 1500
Denver, CO 80202

Re: State Lease Nos. ✓ MF117292, MF117492, MF117652, MF119281, MF119424, MF121346
and MF121402 Sunnyside State 2 B4HU iNut 13433, A5HU iNut 13434,
C8HU iNut 13432 and 10U A10HU iNut 13436

Dear Mr. Weaver:

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

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

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

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

Thank you,

Vivian Zamora
Landman, Energy Resources
vivian.zamora@glo.texas.gov

66.

File No. MF 117292

County

Division Order

Date Filed: 1/10/2025

Commissioner Dawn Buckingham, M.D.

By: VR

**RAILROAD COMMISSION OF TEXAS**

1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967

MF # 105575

Form G-1

Status: Approved
Date: 10/24/2024
Tracking No.: 319297

GAS WELL BACK PRESSURE TEST, COMPLETION OR RECOMPLETION REPORT,**OPERATOR INFORMATION**

Operator PDC PERMIAN, INC. Operator 646832
Operator 6301 DEAUVILLE BLVD MIDLAND, TX 79706-0000

WELL INFORMATION

API 42-389-40509 County: REEVES
Well A 5HU RRC District 08
Lease SUNNYSIDE STATE 2 Field PHANTOM (WOLFCAMP)
RRC Gas ID 296035 Field No.: 71052900
Location Section: 2, Block: 45, Survey: PSL/GAY, W D, Abstract: 3655
Latitude 31 Longitude -104
This well is 25 miles in NW
direction MENTONE,
which is the nearest town in the

FILING INFORMATION

Purpose of Initial Potential
Type of Other/Recompletion
Well Type: Producing Completion or Recompletion 03/28/2024
Type of Permit Date Permit No.
Permit to Drill, Plug Back, or 03/08/2023 888588
Rule 37 Exception
Fluid Injection
O&G Waste Disposal
Other:

COMPLETION INFORMATION

Spud 09/02/2023 Date of first production after rig 03/28/2024
Date plug back, deepening, drilling operation 11/13/2023 Date plug back, deepening, recompletion, drilling operation 03/28/2024
Number of producing wells on this lease this field (reservoir) including this 10 Distance to nearest well in lease & reservoir 369.0
Total number of acres in 640.00 Elevation 3075 GR
Total depth TVD 9688 Total depth MD 19794
Plug back depth TVD Plug back depth MD
Was directional survey made other inclination (Form W- Yes Rotation time within surface casing 72.0
Is Cementing Affidavit (Form W-15) Yes
Recompletion or Yes Multiple No
Type(s) of electric or other log(s) Gamma Ray (MWD)
Electric Log Other Description:
Location of well, relative to nearest lease boundaries Off Lease: No
of lease on which this well is 476.0 Feet from the South Line and
2597.0 Feet from the West Line of the
SUNNYSIDE STATE 2 Lease.

FORMER FIELD (WITH RESERVOIR) & GAS ID OR OIL LEASE NO.Field & ReservoirGas ID or Oil LeaseWell No.Prior Service Type

G1: N/A
 PACKET: N/A

FOR NEW DRILL OR RE-ENTRY, SURFACE CASING DEPTH DETERMINED BY:

GAU Groundwater Protection Depth 825.0 Date 03/14/2023
 SWR 13 Exception Depth

GAS MEASUREMENT DATA

Date of 03/31/2024 Gas measurement method
 Gas production during test 13248 Orifice Meter
 Was the well preflowed for 48 Yes

Run No.	Line size	Orif. or Choke Size (in.)	24 hr. Coeff. Orif. Or Choke	Static Pm or Choke (in.)	Diff (hw)	Flow Temp (°F)	Temp. (Ftf)	Gravity (Fg)	Compress (Fpv)	Volume (MCF/day)
1	4.026	2.25	33955.19	137.0	0.4	135.0	0.9349	0.9005	1.016	4416.0

FIELD DATA AND PRESSURE CALCULATIONS

Gravity (dry 0.740 Gravity (liquid hydrocarbons) (Deg. 46.0
 Gas-Liquid Hydro Ratio (CF/Bbl): 6083 Gravity (mixture): 1.133
 Avg. shut in temp. (° 125.0 Bottom hole temp. and 160.0 °F@ 9452.0 FT

Run	Time of Run (Min.)	Choke Size	Wellhead Pressure	Wellhead Flow Temp (°F)
SHUT-IN	1440	0	1006	1012.0
1	4320	128/64	1006	1012.0

CASING RECORD

Ro	Type of Casing	Casing Size (in.)	Hole Size	Setting Depth	Multi - Stage Tool	Multi - Stage Shoe	Cement Class	Cement Amoun	Slurry Volume (cu. ft.)	Top of Cement (ft.)	TOC Determined By
1	Surface	13 3/8	17 1/2	1522			C/POZ	930	1747.0	0	Circulated to Surface
2	Intermediate	8 5/8	10 5/8	9787	2326		HSLD 82	490	3761.0	0	Circulated to Surface
3	Intermediate	8 5/8	10 5/8	9787			HSLD 82	850	2427.0	792	Calculation
4	Conventional Production	5 1/2	7 7/8	19750			HSLD 94	2095	3474.0	0	Calculation

LINER RECORD

Ro	Liner Size	Hole Size (in.)	Liner Top	Liner Bottom	Cement Class	Cement Amoun	Slurry Volume (cu. ft.)	Top of Cement (ft.)	TOC Determined By
N/A									

TUBING RECORD

Ro	Size (in.)	Depth Size (ft.)	Packer Depth (ft.)/Type
1	2 7/8	9384	/

PRODUCING/INJECTION/DISPOSAL INTERVAL

Ro	Open hole?	From (ft.)	To (ft.)
1	No	L1 9545	13886
2	No	L1 15355	19682



ACID, FRACTURE, CEMENT SQUEEZE, CAST IRON BRIDGE PLUG, RETAINER, ETC.**Was hydraulic fracturing treatment**

Yes

Is well equipped with a downhole actuation sleeve? No

If yes, actuation pressure

Production casing test pressure (PSIG)

hydraulic fracturing 9800

Actual maximum pressure (PSIG) during

fracturing 9112

Has the hydraulic fracturing fluid disclosure been

Yes

<u>Ro</u>	<u>Type of Operation</u>	<u>Amount and Kind of Material Used</u>	<u>Depth Interval (ft.)</u>	
1	Fracture	PERF & FRAC 21 STAGES. SEE FRAC FOCUS FOR DETAIL	9545.0	13886.0
2	Fracture	PERF & FRAC 21 STAGES. SEE FRAC FOCUS FOR DETAIL	15355.0	19682.0

FORMATION RECORD

<u>Formations</u>	<u>Encountered</u>	<u>Depth TVD</u>	<u>Depth MD</u>	<u>Is formation isolated?</u>	<u>Remarks</u>
DELAWARE	Yes	2724.0	2733.0	Yes	CASING & CEMENT
BELL CANYON	Yes	2751.0	2760.0	Yes	CASING & CEMENT
CHERRY CANYON	Yes	3697.0	3720.0	Yes	CASING & CEMENT
BONE SPRING	Yes	6328.0	6370.0	Yes	CASING & CEMENT
BONE SPRING 2	Yes	7677.0	7720.0	Yes	CASING & CEMENT
BONE SPRING 3	Yes	8485.0	8528.0	Yes	CASING & CEMENT
PHANTOM WOLFCAMP	Yes	8860.0	8904.0	Yes	CASING & CEMENT
WOLFCAMP	Yes	9421.0	9517.0	Yes	CASING & CEMENT
FORD / DELAWARE	No			No	NOT ENCOUNTERED IN AREA
CASTILLE	No			No	NOT ENCOUNTERED IN AREA
DELAWARE CONSOLIDATED GAS	No			No	NOT ENCOUNTERED IN AREA
PERMIAN (UNDEFINED)	No			No	NOT ENCOUNTERED IN AREA
PENNSYLVANIAN	No			No	BELOW TD
MISSISSIPPIAN	No			No	BELOW TD
DEVONIAN	No			No	BELOW TD
FUSSELMAN	No			No	BELOW TD
ELLENBURGER	No			No	BELOW TD
PRECAMBRIAN (UNDIFFERENTIATED)	No			No	BELOW TD

Do the producing interval of this well produce H2S with a concentration in excess of 100 ppm

No

Is the completion being downhole commingled (SWR

No

REMARKS

KOP@9050' WELL LOG TRACKER #54733. THE LAST DAY OF FRACKING WAS 12/02/2023; THE WELL WAS PUT ON PRODUCTION 02/05/2024; THE PLAT WAS SIGNED 02/09/2024; THE TUBING WAS ADDED 03/28/2024 THUS THE PLAT DATE WAS PRIOR TO THE "COMPLETION" DATE.



RRC REMARKS**PUBLIC COMMENTS:**

[RRC Staff 2024-09-10 12:07:07.507] EDL=10130 feet, max acres=704, PHANTOM (WOLFCAMP) Field; take points: 9545-19682

CASING RECORD :**TUBING RECORD:****PRODUCING/INJECTION/DISPOSAL INTERVAL :****ACID, FRACTURE, CEMENT SQUEEZE, CAST IRON BRIDGE PLUG, RETAINER, ETC. :****GAS MEASUREMENT DATE REMARK:****OPERATOR'S CERTIFICATION**

Printed	Allison Garvin	Title	
Telephone	(713) 372-3281	Date	10/21/2024

TS 354

SURFACE HOLE LOCATION:

PDC PERMIAN, INC.
SUNNYSIDE STATE 2 ASHU
AS-LOCATED ON 05/24/2023
X = 852,659 (NA027 TAC)
Y = 778,552 (NA027 TAC)
LAT. 31° 43' 42.95" (31.7265971) N (NA027)
LONG. 104° 01' 28.60" (104.0246391) W (NA027)
Elev. 3,075.0' NAVD83 (1988) (NA027)
Base: NAD 83, Zone 14N, Datum: NAD 83, Spheroid: WGS 84, Units: Feet, Projection: UTM
Base: NAD 83, Zone 14N, Datum: NAD 83, Spheroid: WGS 84, Units: Feet, Projection: UTM

AS-DRILLED PENETRATION POINT:

NA027 TAC
LAT. 31° 43' 40.00" (31.7277778) N (NA027)
LONG. 104° 01' 22.25" (104.0225833) W (NA027)
LAT. 31° 43' 40.45" (31.7279541) N (NA027)
LONG. 104° 01' 24.00" (104.0233333) W (NA027)
Survey: 197 FSL & 2,295' FEL (Section 2, A-3655)

AS-DRILLED FIRST TAKE POINT:

NA027 TAC
LAT. 31° 43' 40.76" (31.7278811) N (NA027)
LONG. 104° 01' 22.25" (104.0225833) W (NA027)
LAT. 31° 43' 41.21" (31.7281151) N (NA027)
LONG. 104° 01' 23.05" (104.0231667) W (NA027)
Survey: 197 FSL & 2,295' FEL (Section 2, A-3655)

NPZ ENTRY:

NA027 TAC
LAT. 31° 44' 23.26" (31.7380271) N (NA027)
LONG. 104° 01' 21.57" (104.0226591) W (NA027)
LAT. 31° 44' 23.74" (31.7382811) N (NA027)
LONG. 104° 01' 22.25" (104.0225833) W (NA027)
Survey: 197 FSL & 2,295' FEL (Section 2, A-3655)

NPZ EXIT:

NA027 TAC
LAT. 31° 44' 23.26" (31.7380271) N (NA027)
LONG. 104° 01' 21.57" (104.0226591) W (NA027)
LAT. 31° 44' 23.74" (31.7382811) N (NA027)
LONG. 104° 01' 22.25" (104.0225833) W (NA027)
Survey: 197 FSL & 2,295' FEL (Section 2, A-3655)

AS-DRILLED LAST TAKE POINT:

NA027 TAC
LAT. 31° 43' 40.35" (31.7278811) N (NA027)
LONG. 104° 01' 09.15" (104.0182091) W (NA027)
LAT. 31° 43' 40.76" (31.7278811) N (NA027)
LONG. 104° 01' 09.15" (104.0182091) W (NA027)
Survey: 197 FSL & 2,295' FEL (Section 2, A-3655)

AS-DRILLED BOTTOM HOLE LOCATION:

NA027 TAC
LAT. 31° 43' 40.35" (31.7278811) N (NA027)
LONG. 104° 01' 09.15" (104.0182091) W (NA027)
LAT. 31° 43' 40.76" (31.7278811) N (NA027)
LONG. 104° 01' 09.15" (104.0182091) W (NA027)
Survey: 197 FSL & 2,295' FEL (Section 2, A-3655)



G.H. Fenstermaker
& Associates, L.L.C.
16340 Park Ten Place
Suite 105, TX 77064
713-440-0695
TX Firm 100295-01

REVISIONS

NO.	DATE	BY	REASON
1	02/09/2024	JKM	Initial Survey
2	02/09/2024	JKM	Final Survey
3	02/09/2024	JKM	Final Survey

FILENAME: AD SUNNYSIDE STATE 2 ASHU.DWG

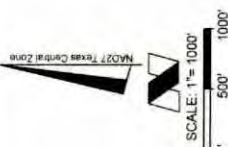
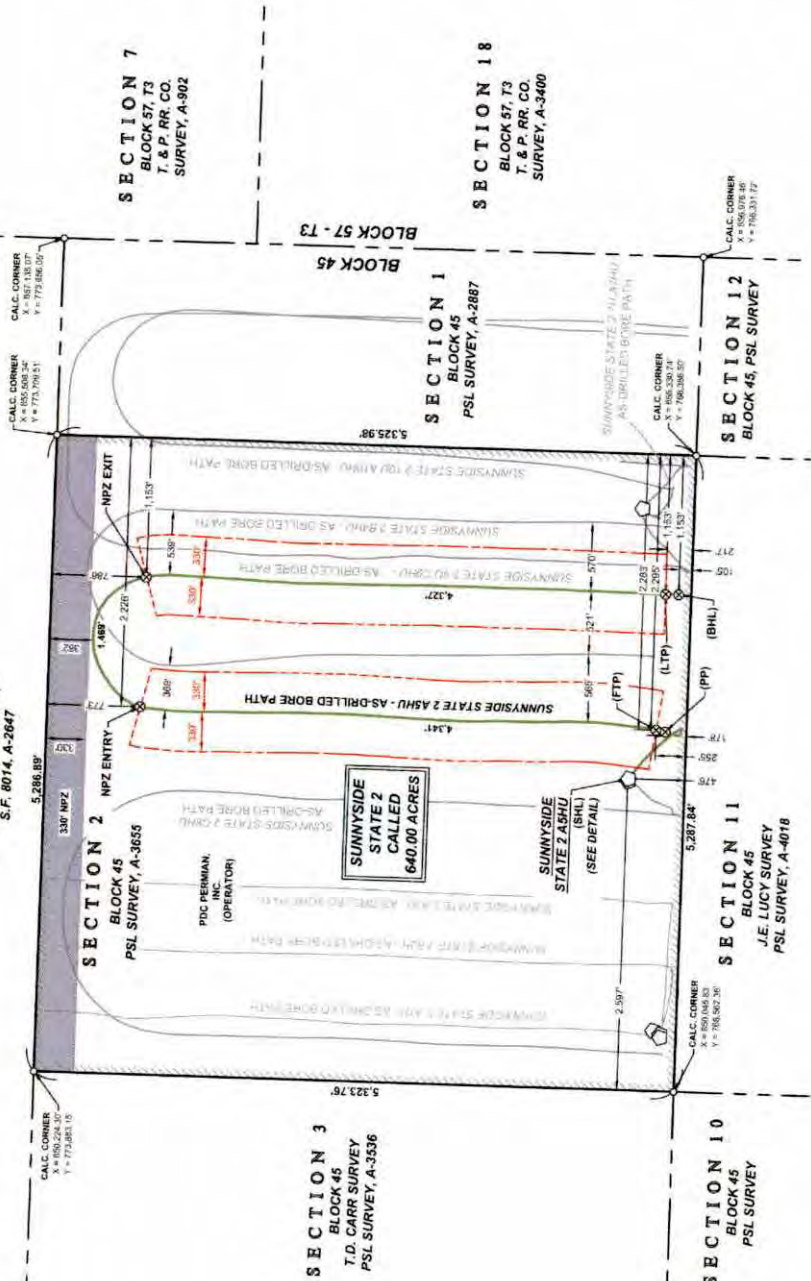
FOR THE EXCLUSIVE USE OF

PDC PERMIAN, INC.
Land Surveyor, Registered Professional
Surveyor, do hereby state the above plat to
be true and correct to the best of my knowledge

John Legere
John Legere
Registered Professional Land Surveyor
No. 6698
March 6, 2024



SECTION 6 7 W/H HOLDER SURVEY, S.F. 8014, A-2647



LEGEND:

- (BHL) - SURFACE HOLE LOCATION
- (PP) - AS-DRILLED PENETRATION POINT
- (LTP) - AS-DRILLED LAST TAKE POINT
- (BTL) - AS-DRILLED BOTTOM HOLE LOCATION
- (MD) - MEASURED DEPTH
- - APPROXIMATE SURVEY LINES
- - PROPOSED BORE PATH
- - AS-DRILLED BORE PATH
- - SUBJECT AS-DRILLED BORE PATH
- ⊗ - AS-DRILLED POINTS

NOTES:

- The plat represents a survey made on the ground and is intended to show the location of the bore paths and the location of the surface hole locations. The survey was conducted by PDC Permian, Inc. and is subject to the Texas Railroad Commission and is intended for that purpose. Survey lines and unit lines shown on this plat are for informational purposes only and are not to be used for any other purpose. This plat does not meet the requirements for boundary surveys. The State of Texas and shall not be used to convey title to the property.
- All bearings, distances, areas and coordinates refer to the North Magnetic Pole of the State of Texas, U.S. Survey, and are derived from the National Magnetic Vertical Datum of 1988 and are derived from static and kinematic GPS observations, unless noted otherwise.
- Surface location shown herein is based on its located position of conductor pipe.
- Bore Path shown for the Sunnyside State 2 ASHU is provided by PDC Permian, Inc. on September 27, 2023.

SECTION	PRODUCTION LATERAL	DRAINAGE AREA	HORIZONTAL PERCENT (%)
2	8.00%	130.73 AC	100.00%
TOTAL	8.00%	130.73 AC	100.00%

AS-DRILLED PLAT **SUNNYSIDE STATE 2 ASHU** **PDC PERMIAN, INC.**

SITUATED IN
SECTION 2, BLOCK 45
PUBLIC SCHOOL LAND SURVEY, A-3655
REEVES COUNTY, TEXAS



DETAIL:
Scale: 1" = 250'

SURFACE HOLE LOCATION:

PDC PERMIAN, INC.
SUNNYSIDE STATE 2 ASHU
AS-LOCATED ON 05/24/2023
X = 768.952 (NA027 TAC)
LAT. 31° 42' 42.95" (31.728597) N (NA027)
LONG. 104° 01' 26.95" (104.02454) W (NA027)
Elev. 3,075.0' (NAVD 1988)
Survey 478 FSL & 2.597' FAL (Section 2, A-3655)
Sheet: NW, 23.02' Area from Permian, TX

AS-DRILLED FIRST TAKE POINT:

X = 768.952 (NA027 TAC)
LAT. 31° 42' 42.95" (31.728597) N (NA027)
LONG. 104° 01' 26.95" (104.02454) W (NA027)
Elev. 3,075.0' (NAVD 1988)
Survey 478 FSL & 2.597' FAL (Section 2, A-3655)
Sheet: NW, 23.02' Area from Permian, TX

AS-DRILLED LAST TAKE POINT:

X = 768.952 (NA027 TAC)
LAT. 31° 42' 42.95" (31.728597) N (NA027)
LONG. 104° 01' 26.95" (104.02454) W (NA027)
Elev. 3,075.0' (NAVD 1988)
Survey 478 FSL & 2.597' FAL (Section 2, A-3655)
Sheet: NW, 23.02' Area from Permian, TX

AS-DRILLED BOTTOM HOLE LOCATION:

X = 768.952 (NA027 TAC)
LAT. 31° 42' 42.95" (31.728597) N (NA027)
LONG. 104° 01' 26.95" (104.02454) W (NA027)
Elev. 3,075.0' (NAVD 1988)
Survey 478 FSL & 2.597' FAL (Section 2, A-3655)
Sheet: NW, 23.02' Area from Permian, TX

AS-DRILLED LAST TAKE POINT:

X = 768.952 (NA027 TAC)
LAT. 31° 42' 42.95" (31.728597) N (NA027)
LONG. 104° 01' 26.95" (104.02454) W (NA027)
Elev. 3,075.0' (NAVD 1988)
Survey 478 FSL & 2.597' FAL (Section 2, A-3655)
Sheet: NW, 23.02' Area from Permian, TX

AS-DRILLED LAST TAKE POINT:

X = 768.952 (NA027 TAC)
LAT. 31° 42' 42.95" (31.728597) N (NA027)
LONG. 104° 01' 26.95" (104.02454) W (NA027)
Elev. 3,075.0' (NAVD 1988)
Survey 478 FSL & 2.597' FAL (Section 2, A-3655)
Sheet: NW, 23.02' Area from Permian, TX

AS-DRILLED LAST TAKE POINT:

X = 768.952 (NA027 TAC)
LAT. 31° 42' 42.95" (31.728597) N (NA027)
LONG. 104° 01' 26.95" (104.02454) W (NA027)
Elev. 3,075.0' (NAVD 1988)
Survey 478 FSL & 2.597' FAL (Section 2, A-3655)
Sheet: NW, 23.02' Area from Permian, TX

AS-DRILLED LAST TAKE POINT:

X = 768.952 (NA027 TAC)
LAT. 31° 42' 42.95" (31.728597) N (NA027)
LONG. 104° 01' 26.95" (104.02454) W (NA027)
Elev. 3,075.0' (NAVD 1988)
Survey 478 FSL & 2.597' FAL (Section 2, A-3655)
Sheet: NW, 23.02' Area from Permian, TX

AS-DRILLED LAST TAKE POINT:

X = 768.952 (NA027 TAC)
LAT. 31° 42' 42.95" (31.728597) N (NA027)
LONG. 104° 01' 26.95" (104.02454) W (NA027)
Elev. 3,075.0' (NAVD 1988)
Survey 478 FSL & 2.597' FAL (Section 2, A-3655)
Sheet: NW, 23.02' Area from Permian, TX

SECTION 6.7

W.N. HOLDER SURVEY,
S.F. 8014, A-2647

SECTION 2

BLOCK 45
PSL SURVEY, A-3655

SECTION 3

BLOCK 45
T.D. CARR SURVEY
PSL SURVEY, A-3536

SECTION 10

BLOCK 45
PSL SURVEY

SECTION 11

BLOCK 45
J.E. LUCY SURVEY
PSL SURVEY, A-4018

SECTION 12

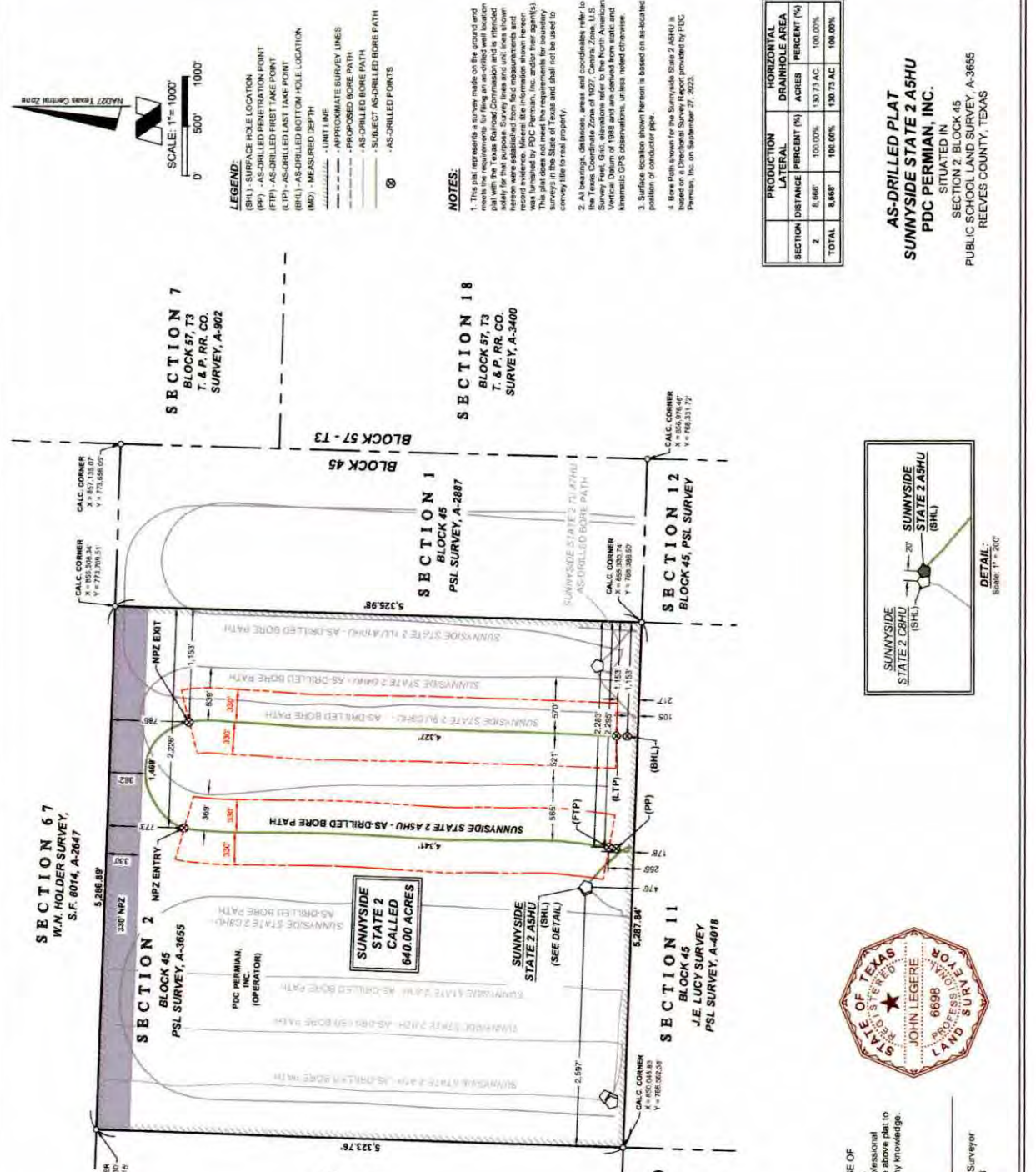
BLOCK 45, PSL SURVEY

SECTION 18

BLOCK 57, 73
T. & P. RR. CO.
SURVEY, A-3400

SECTION 7

BLOCK 57, 73
T. & P. RR. CO.
SURVEY, A-902



SECTION	DISTANCE	PERCENT (%)	ACRES	PERCENT (%)
2	8.666	100.00%	130.73 AC	100.00%
TOTAL	8.666	100.00%	130.73 AC	100.00%

NOTES:

- The plat represents a survey made on the ground and meets the requirements for filing an as-located well location plat with the Texas Railroad Commission and is intended solely for that purpose. Survey lines and unit lines shown record evidence. Mineral title information shown herein was furnished by PDC Permian, Inc. and/or their agents. This plat does not meet the requirements for boundary survey and shall not be used to convey title to real property.
- All bearings, distances, areas and coordinates refer to the North American Datum of 1983 (NAD 83) and are derived from static and kinematic GPS observations, unless noted otherwise.
- Surface location shown herein is based on as-located position of conductor pipe.
- Flow rate shown for the Sunnyside State 2 ASHU is based on a Directional Survey Report provided by PDC Permian, Inc. on September 27, 2023.

LEGEND:

- (BHL) SURFACE HOLE LOCATION
- (BPL) SURFACE PENETRATION POINT
- (FTP) AS-DRILLED FIRST TAKE POINT
- (LTP) AS-DRILLED LAST TAKE POINT
- (BHL) AS-DRILLED BOTTOM HOLE LOCATION
- (MD) MEASURED DEPTH
- UNIT LINE
- APPROXIMATE SURVEY LINES
- PROPOSED BORE PATH
- AS-DRILLED BORE PATH
- SUBJECT AS-DRILLED BORE PATH
- AS-DRILLED POINTS

AS-DRILLED PLAT
SUNNYSIDE STATE 2 ASHU
PDC PERMIAN, INC.
SITUATED IN
SECTION 2, BLOCK 45
PUBLIC SCHOOL LAND SURVEY, A-3655
REEVES COUNTY, TEXAS

DETAIL:
Scale: 1" = 200'

FOR THE EXCLUSIVE USE OF
PDC PERMIAN, INC.
I, John Legere, Registered Professional
Land Surveyor, do hereby state the above plat to
be true and correct to the best of my knowledge.

JOHN LEGERE
Registered Professional Land Surveyor
Registration No. 6698
March 6, 2024

STATE OF TEXAS
REGISTERED PROFESSIONAL
LAND SURVEYOR
JOHN LEGERE
6698

REVISIONS

NO.	DATE	BY	DESCRIPTION
1	02/09/2024	MKG	PROJ. MGR. - JL

FILENAME: AD SUNNYSIDE STATE 2 ASHU.DWG
SHEET: 1 OF 1

Garvin, Allison [Airswift]

From: Do not reply <dwf@rrc.texas.gov>
Sent: Tuesday, June 11, 2024 10:59 AM
To: Garvin, Allison [Airswift]
Subject: [**EXTERNAL**] Digital Well Log 54733 Submitted

A Digital Well Log has been submitted.

- Submission Number: 54733
- Reasons for Filing: Rule 16, Other
- API No: 38940509
- Drilling Permit #: 888588
- Operator Name: PDC PERMIAN, INC.
- Operator Number: 646832
- District: 08
- County: REEVES
- Lease Name: SUNNYSIDE STATE 2
- Well Number: A 5HU

402 31

GROUNDWATER PROTECTION DETERMINATION

Form GW-2



Groundwater Advisory Unit

Date Issued: 14 March 2023**GAU Number:** 364393**Attention:** PDC PERMIAN, INC.
1775 SHERMAN ST STE 3000
DENVER, CO 80203**Operator No.:** 646832**API Number:** 38940508
County: REEVES
Lease Name: SUNNYSIDE STATE 2
Lease Number:
Well Number: B 4HU
Total Vertical: 13000
Latitude: 31.728492
Longitude: -104.016958
Datum: NAD27**Purpose:** New Production Well**Location:** Survey-PSL/GAY, W. D.; Abstract-3655; Block-45; Section-2

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

The interval from the land surface to the base of the Rustler, which is estimated to occur at a depth of 825 feet, must be protected.

This recommendation is applicable for all wells drilled in this section 2.

Note: Unless stated otherwise, this recommendation is intended to apply to all wells drilled within 200 feet of the subject well. Unless stated otherwise, this recommendation is for normal drilling, production, and plugging operations only.

This determination is based on information provided when the application was submitted on 03/14/2023. If the location information has changed, you must contact the Groundwater Advisory Unit, and submit a new application if necessary. If you have questions, please contact us at 512-463-2741 or gau@rrc.texas.gov.

Groundwater Advisory Unit, Oil and Gas Division

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

TS 354



Gamma Log

MD
5":100'

Company: PDC Energy
Well Name: Sunnyside State 2 A5HU
API: 42389405090000
County/Parish: Reeves
State: Texas
Country: USA
Job number: SW-231244
Field: Delaware
Rig Id: Citadel 4
Survey Company: Total Directional LLC
Day MWD: Jose Casanova
Night MWD: Shaun Heck / Ryan Taylor
Day DD: Chris Jones
Night DD: Chris MacGillivray

Log measurements: Gamma / ROP

Depth measured from: KB Elevation: 3100.5 ft

Maximum temperature:

Depth

Date

Start: 0 ft

09/02/2023

End: ft

Casing Depth Size

Mud Type: WBM

Elevations

Surface:

Density: 9.2-10.6

KB: 3100.5

Intermediate:

Viscosity:

GL: 3076.5

Rm: N/A Rmf: N/A Rmc: N/A

DF: 24

Run	Bit Size	Gamma Factor	Offsets		Depths		Dates	
			Gamma	Survey	Start	End	Start	End
1	17.5"	7.312	72.00 ft	77.00 ft	0 ft	1531 ft	09/02/2023	09/03/2023
2	12.25"	7.312	54.00 ft	61.00 ft	1531 ft	3852 ft	09/04/2023	09/05/2023
3	10.625"	7.312	55.00 ft	60.00 ft	3852 ft	9085 ft	09/05/2023	09/08/2023
4	10.625"	7.312	44.00 ft	50.00 ft	9085 ft	9792 ft	09/08/2023	09/10/2023
5	7.875"	4.096	44.00 ft	50.00 ft	9792 ft	9981 ft	09/12/2023	09/12/2023
6	7.875"	4.096	35.00 ft	44.00 ft	9981 ft	12473 ft	09/12/2023	09/14/2023
7	7.875"	4.096	35.00 ft	44.00 ft	12473 ft	13825 ft	09/14/2023	09/15/2023
8	7.875"	4.096	44.00 ft	50.00 ft	13825 ft	17242 ft	09/15/2023	09/19/2023
9	7.875"	4.096	44.00 ft	50.00 ft	17242 ft		09/19/2023	
10								

API#: Well: Sunnyside State 2 A5HU Type of Log: Gamma Logging

Started at 14:00 on 09/02/2023 Ended at XX:XX on 09/XX/2023 Depth Relative to KB at 3100.5 ft

Elevation Logging Company: Total Directional LLC, Top of Log: 0 ft Bottom of Log XXXXX ft



RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

GAS WELL
CLASSIFICATION REPORT

Form G-5

Tracking No.: 319297

This facsimile G-5 was generated electronically from data submitted to the RRC.

1. OPERATOR NAME (Exactly as shown on Form P5 Organization Report) PDC PERMIAN, INC.		3. RRC DISTRICT NO. 08	4. OIL LEASE NO OR GAS WELL ID NO. 296035
2. MAILING ADDRESS 6301 DEAUVILLE BLVD MIDLAND, TX 79706		5. WELL NO. A 5HU	6. API NO. 42- 389-40509
		7. COUNTY OF WELL SITE REEVES	
8. FIELD NAME (as per RRC Records) PHANTOM (WOLFCAMP)		9. LEASE NAME SUNNYSIDE STATE 2	
10. LOCATION (Section, Block and Survey) 2 , 45 , PSL/GAY, W D , A-3655		11. PIPELINE CONNECTION OR USE OF GAS EAGLECLAW MIDSTREAM VENTURES,LLC(238465)	

PRODUCTION TEST AT RATE ELECTED BY OPERATOR (data on 24-hour basis)		A.S.T.M. DISTILLATION OF LIQUID SAMPLE. Distillation test is required for gas wells ONLY if the producing gas-liquid hydrocarbon ratio is less than 100,000 CF/barrel.	
A. Date of Test <u>02/27/2024</u>		Date Liquid Sample Obtained _____	
B. Gas Volume <u>4416.0</u> (Mcf)		Where Obtained: ☐ Separator ☐ Stock Tank	
C. Oil or Condensate Volume <u>726.0</u> (Bbl)		% Over Temp. (deg. F)	
D. Water Volume <u>7456.0</u> (Bbl)		Initial Boiling Temp. _____	
E. Gas/Liquid Hydrocarbon Ratio <u>6083</u> (Cf/Bbl)		60 _____	
F. Flowing Tubing Pressure <u>1006</u> (psia)		10 _____	
G. Choke Size <u>128/64</u> (in.)		20 _____	
H. Casing Pressure <u>1006.0</u> (psia)		30 _____	
I. Shut-in Wellhead Pressure--Tubing <u>1006</u> (psia)		40 _____	
J. Separator Operating Pressure <u>137.0</u> (psia)		50 _____	
K. Color of Stock Tank Liquid <u>Straw</u>		End Point _____	
L. Gravity of Separator Liquid <u>46.0</u> °API		Total Recovery _____ percent	
M. Gravity of Stock Tank Liquid _____ °API		Residue _____ percent	
N. Specific Gravity of the Gas (Air = 1) <u>0.74</u>		Loss _____ percent	

I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated therein are true, correct, and complete to the best of my knowledge. <u>07/23/2024</u> DATE	PDC PERMIAN, INC.		RRC USE ONLY
	NAME (Type or Print)		
	<u>Allison Garvin</u> SIGNATURE		
	TITLE		
	CONTACT PERSON		
	<u>(713) 372-3281</u> PHONE NUMBER		

Tracking No.: 319297

OPERATOR NAME AND ADDRESS including city, state and zip

PDC PERMIAN, INC.

6301 DEAUVILLE BLVD
MIDLAND, TX 79706**GAS WELL
STATUS REPORT**RAILROAD COMMISSION OF TEXAS
Oil and Gas Division
P.O. Box 12967
Austin, Texas 78711-2967*This facsimile G-10 was generated electronically
from data submitted to the RRC.*

Reason for Filing

☐

Survey

☐

Retest

☒

Initial Test

☐

Correction

Operator P-5 Organization No.

646832

RRC Dist. No.

08

G-10

Test Period:

Due Date:

Effective Date:

FIELD NAME
* LEASE NAME

RRC IDENT NO.

DATE TESTED
MO/DAY/YRGAS PRODUCED
MCF/DAY **CONDENSATE
PRODUCEDWATER PROD
BBL/DAY***SIWH
PRESSURE PSIA

WELL NO.

MARK X FOR
SHUT-IN WELLGAS SPEC.
GRAVITYCONDENSATE
GRAVITY (API)X BOTTOMHOLE
PRESSURE PSIA***FLOWING
PRESSURE PSIA

PHANTOM (WOLFCAMP)

296035

02/27/2024

4416

MCF

726.0

BBL

7456.0

BBL

1006

SUNNYSIDE STATE 2

A 5HU

0.74

46.0

1006

MCF

BBL

BBL

MCF

BBL

BBL

MCF

BBL

BBL

MCF

BBL

BBL

MCF

BBL

BBL

MCF

BBL

BBL

MCF

BBL

BBL

CERTIFICATION: I declare under penalties prescribed in Texas Natural Resources Code, Sec. 91.143, that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated herein are true, correct, and complete to the best of my knowledge.

CHEVRON USA

Signature: SCOTT BENNETT

Title:

Phone: (985) 773-6216

Date: 07/23/2024

* AN ASTERISK PREPRINTED ON A SURVEY IDENTIFIES WELL SUBJECT TO COMMINGLING TEST REQUIREMENT

** GAS PRODUCTION RATE, IN MCF, IS TO BE REPORTED FULL-Well STREAM, INCLUDING

*** PRESSURE FOR THE TEXAS HUGOTON FIELD IS REPORTED IN PSIG

X AN 'X' PREPRINTED ON A SURVEY IN THE BOTTOMHOLE PRESSURE BOX INDICATES A BOTTOMHOLE PRESSURE MUST BE REPORTED FOR THE WELL

Form P-16

Page 1

Acreage Designation

SECTION I. OPERATOR INFORMATION

SECTION II. WELL INFORMATION

15. 25.

Form P-16

Page 2
Rev. 06/2022

Filer is the owner or lessee of all or an undivided portion of the minerals under each tract listed below and has the legal right to drill on each tract traversed by the well that will have perforations or other take points open in the interval of the applied-for field(s). All tracts listed will actually be traversed by the wellbore or the filer has pooling authority or other contractual authority, such as a production sharing agreement, authorizing inclusion of the non-drill site tract in the acreage assigned to the well.

*A revised P-16 is required if increasing the proration acreage on an existing Allocation or PSA well utilizing acreage from a regulatory lease or undeveloped tract not listed in Section V. (refer to instructions)

CHEVRON U. S. A. INC.
SUNNYSIDE STATE 2 A 5HU
42-389-40509
PHANTOM (WOLFCAMP) FIELD
REEVES COUNTY, TEXAS

COMPLETION TRACKING #319297
GOR: 6083 cu. ft./bbl

PVT ANALYSIS NOT REQUIRED

PURSUANT TO DOCKET NO. 08-0308425, THIS WELL IS GRANTED PERMANENT GAS WELL CLASSIFICATION BASED ON A GAS-OIL RATIO GREATER THAN OR EQUAL TO 3,000 CUBIC FEET PER BARREL.

TS 354



RAILROAD COMMISSION OF TEXAS

1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967

Form W-15

Rev. 08/2014

CEMENTING REPORT

Cementer: Fill in shaded areas.
Operator: Fill in other items.

OPERATOR INFORMATION

Operator Name: PDC Permian Inc.

Operator P-5 No.: 646832

Cementer Name: Compass Well Services LLC

Cementer P-5 No.: 169789

WELL INFORMATION

District No.: 08

County: Reeves

Well No.: ASHU

API No.: 389-40509

Drilling Permit No.: 888588

Lease Name: Sunnyside State 2

Lease No.: 296035

Field Name: PHANTOM(WOLFCAMP)

Field No.: 71052900

I. CASING CEMENTING DATA

Type of casing: ☐ Conductor ☐ Surface ☐ Intermediate ☐ Liner ☐ Production

Drilled hole size (in.):

Depth of drilled hole (ft.):

Est. % wash-out or hole enlargement: 20

Size of casing in O.D. (in.):

Casing weight (lbs/ft) and grade:

No. of centralizers used:

Was cement circulated to ground surface (or bottom of cellar) outside casing? ☐ YES ☐ NO If no for surface casing, explain in Remarks.

Setting depth shoe (ft.):

Top of liner (ft.):

Setting depth liner (ft.):

Hrs. waiting on cement before drill-out:

Calculated top of cement (ft.):

Cementing date:

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1		See Remarks	See Below		
2		See Remarks	See Below		
3		See Remarks	See Below		
Total			See Below		

II. CASING CEMENTING DATA

Type of casing: ☐ Surface ☒ Intermediate ☐ Production ☐ Tapered production ☒ Multi-stage cement shoe ☐ Multiple parallel strings

Drilled hole size (in.): 10 5/8

Depth of drilled hole (ft.): 9792

Est. % wash-out or hole enlargement:

Size of casing in O.D. (in.): 8 5/8

Casing weight (lbs/ft) and grade: 32# HCL-80

No. of centralizers used: 87

Tapered string drilled hole size (in.)

Tapered string depth of drilled hole (ft.)

Upper:

Lower:

Upper:

Lower:

Tapered string size of casing in O.D. (in.)

Tapered string casing weight (lbs/ft) and grade

Tapered string no. of centralizers used

Upper:

Lower:

Upper:

Lower:

Upper:

Lower:

Was cement circulated to ground surface (or bottom of cellar) outside casing? ☐ YES ☒ NO

Setting depth shoe (ft.): 9787

Hrs. waiting on cement before drill-out:

Calculated top of cement (ft.): 792

Cementing date: 09/11/2023

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1	730	See Remarks	See Below	2270	8396
2	120	See Remarks	See Below	157	599
3			See Below		
Total	850		See Below	2427	8995

III. CASING CEMENTING DATA

Type of casing: ☐ Surface ☒ Intermediate ☐ Production ☐ Tapered production ☒ Multi-stage cement/DV tool ☐ Multiple parallel strings

Drilled hole size (in.): 10 5/8

Depth of drilled hole (ft.): 9792

Est. % wash-out or hole enlargement:

Size of casing in O.D. (in.): 8 5/8

Casing weight (lbs/ft) and grade: 32 # HCL-80

No. of centralizers used: 87

Tapered string drilled hole size (in.)

Tapered string depth of drilled hole (ft.)

Upper:

Lower:

Upper:

Lower:

Tapered string size of casing in O.D. (in.)

Tapered string casing weight (lbs/ft) and grade

Tapered string no. of centralizers used

Upper:

Lower:

Upper:

Lower:

Upper:

Lower:

Was cement circulated to ground surface (or bottom of cellar) outside casing? ☒ YES ☐ NO

Setting depth tool (ft.): 2326

Hrs. waiting on cement before drill-out:

Calculated top of cement (ft.):

Cementing date: 09/11/2023

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1	310	See Remarks	See Below	840	3176
2	180	See Remarks	See Below	240	585
3			See Below		
Total	490		See Below	1080	3761

CEMENTING TO SQUEEZE, PLUG BACK OR PLUG AND ABANDON							
	PLUG #1	PLUG #2	PLUG #3	PLUG #4	PLUG #5	PLUG #6	PLUG #7
Cementing Date							
Size of hole or pipe (in.)							
Depth to bottom of tubing or drill pipe (ft.)							
Cement retainer setting depth (ft.)							
CIBP setting depth (ft.)							
Amount of cement on top of CIBP (ft.)							
Sacks of cement used							
Slurry volume pumped (cu. ft.)							
Calculated top of plug (ft.)							
Measured top of plug, if tagged (ft.)							
Slurry weight (lbs/gal)							
Class/type of cement							
Perforate and squeeze (YES/NO)							

REMARKS
Cement Additives: 1st Stage Lead - 100% HSLD 82 Cement * 10% Premium Gel (Bentonite) * 0.1% C-45 Econolite * 0.1% CFL-2 * 0.2% Citric Acid * 0.14% CSA-1000 - Fluid Loss Additive * 8% STE * 2#/sk Gyp Seal * 1st Stage Tail- 100% Class H Premium * 0.1% CFL-2 * 0.06% CSA-1000 - Fluid Loss Additive * 2% STE * 0.1% C-23 High Temp Retarder * 2nd Lead - 85% Class C Premium * 15% Compass Poz-Mix * 5% Premium Gel (Bentonite) * 2% C-45 Econolite * 0.1% Citric Acid * 6.72#/sk Salt * 2nd Tail - 100% Class C Premium * 0.1% C-45 Econolite * 0.1% C-23 High Temp Retarder * Circulated 90 bbls off Tool from first Stage, No Cement to Surface on Second Stage

CEMENTER'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that the cementing of casing and/or the placing of cement plugs in this well as shown in the report was performed by me or under my supervision, and that the cementing data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers cementing data only.

DEREK LEWIS - CSI **COMPASS CEMENTING SERVICES** *Derek Lewis*
Name and title of cementer's representative Cementing Company Signature
10013 W. CNTY RD 157 **MIDLAND, TX 79706** **432-561-5970** **09/11/2023**
Address City, State, Zip Code Tel: Area Code Number Date: mo. day yr.

OPERATOR'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have knowledge of the well data and information presented in this report, and that data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers all well data.

Allison Garvin **Regulatory Specialist** *Allison Garvin*
Typed or printed name of operator's representative Title Signature
6301 Deauville Blvd **Midland, Tx 79706** **432-687-6087** **10/21/2024**
Address City, State, Zip Code Tel: Area Code Number Date: mo. day yr.

Instructions for Form W-15, Cementing Report

NOTICE: The Form W-15 must be submitted as an attachment to a Form G-1 (Gas Well Back Pressure Test, Completion or Recompletion Report, and Log), Form W-2 (Oil Well Potential Test, Completion or Recompletion Report, and Log), Form W-3 (Plugging Record), or Form W-4 (Application for Multiple Completion), any time cement is pumped in a wellbore.

- What to file:** An operator should file an original and one copy of the completed Form W-15 for each cementing company used on a well. The cementing of different casing strings on a well by one cementing company may be reported on one form.
The Form W-15 should be filed with the Form W-3, Plugging Record, unless the Form W-3 is signed by the cementing company representative. When reporting dry holes, operators must complete Form W-15, in addition to Form W-3, to show any casing cemented in the hole.
- How to file:** An oil and gas completion report and Form W-15 may be filed online using the Commission's Online System (<https://webapps.rrc.state.tx.us/security/login.do>) or a paper copy of the form may be mailed to the Commission in Austin (P.O. Box 12967, Austin, Texas 78711-2967).
- Surface casing:** An operator must set and cement sufficient surface casing to protect all usable-quality water strata, as defined by the Groundwater Advisory Unit in Austin. Sufficient cement shall be used to fill the annular space outside the casing from the shoe to the ground surface or to the bottom of the cellar. Before drilling a well, an operator must obtain a letter from the Groundwater Advisory Unit stating the protection depth. Surface casing should not be set deeper than 200 feet below the specified depth without prior approval from the Commission.
To plug and abandon a well, operators must use only cementers approved by the Commission's Director of Field Operations in accordance with SWR 14 (http://info.sos.state.tx.us/pls/pub/readtacSext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&p_tac=&ti=16&pt=1&ch=3&rl=14). Cementing companies, service companies, or operators can qualify as approved cementers by demonstrating that they are able to mix and pump cement in compliance with Commission rules and regulations.
- Estimated % wash-out:** If the estimated % wash-out is less than 20% (or 30% along the Gulf Coast), provide supporting documentation such as a caliper log to show how the estimated % wash-out was obtained.
- Multi-stage cement:** An operator must report the multi-stage cement shoe in II. Casing Cementing Data section by selecting the type of casing and Multi-stage cement shoe. The operator must report the multi-stage cement tool in III. Casing Cementing Data section by selecting the type of casing and Multi-stage cement/DV tool.
- Multiple parallel strings:** An operator should file the Form W-15 as an attachment to the Form W-4, Application for Multiple Completion. An operator may be required to submit multiple Form W-15s to show all data for multiple parallel strings.
- Slurry data:** If cement job exceeds three slurries, continue the list of slurries in the Slurry table in the subsequent Casing Cementing Data box.



RAILROAD COMMISSION OF TEXAS

1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967

Form W-15

Rev. 08/2014

CEMENTING REPORT

Cementer: Fill in shaded areas.
Operator: Fill in other items.

OPERATOR INFORMATION	
Operator Name: PDC PERMIAN, INC.	Operator P-5 No.: 646832
Cementer Name: COMPASS WELL SERVICE	Cementer P-5 No.: 169789

WELL INFORMATION	
District No.: 08	County: REEVES
Well No.: A5HU	API No.: 389-40509
Lease Name: SUNNYSIDE STATE 2	Drilling Permit No.: 888588
Field Name: PHANTOM (WOLFCAMP)	Lease No.: 296035
	Field No.: 71052900

I. CASING CEMENTING DATA		
Type of casing: ☐ Conductor ☐ Surface ☐ Intermediate ☐ Liner ☒ Production		
Drilled hole size (in.): 7 7/8	Depth of drilled hole (ft.): 19794	Est. % wash-out or hole enlargement: 20
Size of casing in O.D. (in.): 5 1/2	Casing weight (lbs/ft) and grade: 20, P-110	No. of centralizers used: 230
Was cement circulated to ground surface (or bottom of cellar) outside casing? ☐ YES ☒ NO If no for surface casing, explain in Remarks.	Setting depth shoe (ft.): 19750	Top of liner (ft.):
		Setting depth liner (ft.):
Hrs. waiting on cement before drill-out:	Calculated top of cement (ft.): 0	Cementing date: 9/23/23

SLURRY					
Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1	460	SEE REMARKS	SEE REMARKS	1467	8268
2	140	SEE REMARKS	SEE REMARKS	184	1041
3	1495	SEE REMARKS	SEE REMARKS	1823	10498
Total	2095			3474	19807

II. CASING CEMENTING DATA		
Type of casing: ☐ Surface ☐ Intermediate ☐ Production ☐ Tapered production ☐ Multi-stage cement shoe ☐ Multiple parallel strings		
Drilled hole size (in.):	Depth of drilled hole (ft.):	Est. % wash-out or hole enlargement:
Size of casing in O.D. (in.):	Casing weight (lbs/ft) and grade:	No. of centralizers used:
Tapered string drilled hole size (in.)	Tapered string depth of drilled hole (ft.)	
Upper:	Lower:	Upper:
Tapered string size of casing in O.D. (in.)	Tapered string casing weight (lbs/ft) and grade	Tapered string no. of centralizers used
Upper:	Lower:	Upper:
Was cement circulated to ground surface (or bottom of cellar) outside casing? ☐ YES ☐ NO	Setting depth shoe (ft.):	
Hrs. waiting on cement before drill-out:	Calculated top of cement (ft.):	Cementing date:

SLURRY					
Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1					
2					
3					
Total					

III. CASING CEMENTING DATA		
Type of casing: ☐ Surface ☐ Intermediate ☐ Production ☐ Tapered production ☐ Multi-stage cement/DV tool ☐ Multiple parallel strings		
Drilled hole size (in.):	Depth of drilled hole (ft.):	Est. % wash-out or hole enlargement:
Size of casing in O.D. (in.):	Casing weight (lbs/ft) and grade:	No. of centralizers used:
Tapered string drilled hole size (in.)	Tapered string depth of drilled hole (ft.)	
Upper:	Lower:	Upper:
Tapered string size of casing in O.D. (in.)	Tapered string casing weight (lbs/ft) and grade	Tapered string no. of centralizers used
Upper:	Lower:	Upper:
Was cement circulated to ground surface (or bottom of cellar) outside casing? ☐ YES ☐ NO	Setting depth tool (ft.):	
Hrs. waiting on cement before drill-out:	Calculated top of cement (ft.):	Cementing date:

SLURRY					
Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1					
2					
3					
Total					

CEMENTING TO SQUEEZE, PLUG BACK OR PLUG AND ABANDON							
	PLUG #1	PLUG #2	PLUG #3	PLUG #4	PLUG #5	PLUG #6	PLUG #7
Cementing Date							
Size of hole or pipe (in.)							
Depth to bottom of tubing or drill pipe (ft.)							
Cement retainer setting depth (ft.)							
CIBP setting depth (ft.)							
Amount of cement on top of CIBP (ft.)							
Sacks of cement used							
Slurry volume pumped (cu. ft.)							
Calculated top of plug (ft.)							
Measured top of plug, if tagged (ft.)							
Slurry weight (lbs/gal)							
Class/type of cement							
Perforate and squeeze (YES/NO)							

REMARKS
 LEAD=100%HSLD 94 Cement * 0.35%C-45 Econolite * 0.5%CFL-2 * 0.35%Citric Acid * 0.2%CSA-1000 - Fluid Loss Additive * 4%STE * 0.4%C-49 Expanding Gas Flow Control * 0.8#/skSalt * 1#/skGyp Seal *
 TAIL #1=100%HSLD 80 Cement * 0.5%CFL-2 * 0.04%CSA-1000 - Fluid Loss Additive * 0.3%C-49 Expanding Gas Flow Control * 0.25%C-23 High Temp Retarder * 1#/skGyp Seal * TAIL #2=100%HSLD 82
 Cement * 0.4%CFL-2 * 0.05%Citric Acid * 0.04%CSA-1000 - Fluid Loss Additive * 4%STE * 0.3%C-49 Expanding Gas Flow Control *

CEMENTER'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that the cementing of casing and/or the placing of cement plugs in this well as shown in the report was performed by me or under my supervision, and that the cementing data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers cementing data only.

Trent Maresh SERVICE SUPERVISOR

COMPASS Well Services



Name and title of cementer's representative

Cementing Company

Signature

10013 W. CNTY RD 157

MIDLAND, TX

79706

325-387-2940

9/23/23

Address

City,

State,

Zip Code

Tel: Area Code

Number

Date: mo. day yr.

OPERATOR'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have knowledge of the well data and information presented in this report, and that data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers all well data.

ALLISON GARVIN

Regulatory Specialist



Typed or printed name of operator's representative

Title

Signature

6301 Deauville Blvd

Midland, TX 79706

432-687-6078

10/21/2024

Address

City,

State,

Zip Code

Tel: Area Code

Number

Date: mo. day yr.

Instructions for Form W-15, Cementing Report

NOTICE: The Form W-15 must be submitted as an attachment to a Form G-1 (Gas Well Back Pressure Test, Completion or Recompletion Report, and Log), Form W-2 (Oil Well Potential Test, Completion or Recompletion Report, and Log), Form W-3 (Plugging Record), or Form W-4 (Application for Multiple Completion), any time cement is pumped in a wellbore.

- What to file:** An operator should file an original and one copy of the completed Form W-15 for each cementing company used on a well. The cementing of different casing strings on a well by one cementing company may be reported on one form.
The Form W-15 should be filed with the Form W-3, Plugging Record, unless the Form W-3 is signed by the cementing company representative. When reporting dry holes, operators must complete Form W-15, in addition to Form W-3, to show any casing cemented in the hole.
- How to file:** An oil and gas completion report and Form W-15 may be filed online using the Commission's Online System (<https://webapps.rrc.state.tx.us/security/login.do>) or a paper copy of the form may be mailed to the Commission in Austin (P.O. Box 12967, Austin, Texas 78711-2967).
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To plug and abandon a well, operators must use only cementers approved by the Commission's Director of Field Operations in accordance with SWR 14 (http://info.sos.state.tx.us/pls/pub/readtacSext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=16&pt=1&ch=3&rl=14). Cementing companies, service companies, or operators can qualify as approved cementers by demonstrating that they are able to mix and pump cement in compliance with Commission rules and regulations.
- Estimated % wash-out:** If the estimated % wash-out is less than 20% (or 30% along the Gulf Coast), provide supporting documentation such as a caliper log to show how the estimated % wash-out was obtained.
- Multi-stage cement:** An operator must report the multi-stage cement shoe in II. Casing Cementing Data section by selecting the type of casing and Multi-stage cement shoe. The operator must report the multi-stage cement tool in III. Casing Cementing Data section by selecting the type of casing and Multi-stage cement/DV tool.
- Multiple parallel strings:** An operator should file the Form W-15 as an attachment to the Form W-4, Application for Multiple Completion. An operator may be required to submit multiple Form W-15s to show all data for multiple parallel strings.
- Slurry data:** If cement job exceeds three slurries, continue the list of slurries in the Slurry table in the subsequent Casing Cementing Data box.



RAILROAD COMMISSION OF TEXAS

1701 N. Congress

P.O. Box 12967

Austin, Texas 78701-2967

Form W-15

Rev. 08/2014

CEMENTING REPORT

Cementer: Fill in shaded areas.
Operator: Fill in other items.

OPERATOR INFORMATION

Operator Name: **BOGHERMAN, INC.**

Operator P-5 No.: 646832

Cementer Name: Compass Well Services LLC

Cementer P-5 No.: 169789

WELL INFORMATION

District No. 08:

County: REEVES

Well No.: ASHU

API No.: 389-40509

Drilling Permit No.:

Lease Name: Sunnyside State 2

Lease No.: 296035

Field Name: PHANTOM (WOLFCAMP)

Field No.: 71052900

CASING CEMENTING DATA

Type of casing: ☐ Conductor ☒ Surface ☐ Intermediate ☐ Liner ☐ Production

Drilled hole size (in.): 17 1/2"

Depth of drilled hole (ft.): 1531'

Est. % wash-out or hole enlargement: 20

Size of casing in O.D. (in.): 13 3/8"

Casing weight (lbs/ft) and grade: 54.5# J-55

No. of centralizers used: 18

Was cement circulated to ground surface (or bottom of cellar) outside casing? ☒ YES ☐ NO If no for surface casing, explain in Remarks.

Setting depth shoe (ft.):

Top of liner (ft.):

1,522'

Setting depth liner (ft.):

Hrs. waiting on cement before drill-out:

Calculated top of cement (ft.): 0

Cementing date: 9/3/2021

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1	560	See Below	See Below	1265	1299
2	370	See Below	See Below	482	606
3			See Below		
Total	930		See Below	1747	1905

II. CASING CEMENTING DATA

Type of casing: ☐ Surface ☐ Intermediate ☐ Production ☐ Tapered production ☐ Multi-stage cement shoe ☐ Multiple parallel strings

Drilled hole size (in.):

Depth of drilled hole (ft.):

Est. % wash-out or hole enlargement:

Size of casing in O.D. (in.):

Casing weight (lbs/ft) and grade:

No. of centralizers used:

Tapered string drilled hole size (in.)

Tapered string depth of drilled hole (ft.)

Upper:

Lower:

Upper:

Lower:

Tapered string size of casing in O.D. (in.)

Tapered string casing weight (lbs/ft) and grade

Tapered string no. of centralizers used

Upper:

Lower:

Upper:

Lower:

Upper:

Lower:

Was cement circulated to ground surface (or bottom of cellar) outside casing? ☐ YES ☐ NO

Setting depth shoe (ft.):

Hrs. waiting on cement before drill-out:

Calculated top of cement (ft.):

Cementing date:

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1		See Below	See Below		
2		See Below	See Below		
3			See Below		
Total			See Below		

III. CASING CEMENTING DATA

Type of casing: ☐ Surface ☐ Intermediate ☐ Production ☐ Tapered production ☐ Multi-stage cement/DV tool ☐ Multiple parallel strings

Drilled hole size (in.):

Depth of drilled hole (ft.):

Est. % wash-out or hole enlargement:

Size of casing in O.D. (in.):

Casing weight (lbs/ft) and grade:

No. of centralizers used:

Tapered string drilled hole size (in.)

Tapered string depth of drilled hole (ft.)

Upper:

Lower:

Upper:

Lower:

Tapered string size of casing in O.D. (in.)

Tapered string casing weight (lbs/ft) and grade

Tapered string no. of centralizers used

Upper:

Lower:

Upper:

Lower:

Upper:

Lower:

Was cement circulated to ground surface (or bottom of cellar) outside casing? ☐ YES ☐ NO

Setting depth tool (ft.):

Hrs. waiting on cement before drill-out:

Calculated top of cement (ft.):

Cementing date:

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1		See Below	See Below		
2		See Below	See Below		
3			See Below		
Total			See Below		

CEMENTING TO SQUEEZE, PLUG BACK OR PLUG AND ABANDON							
	PLUG #1	PLUG #2	PLUG #3	PLUG #4	PLUG #5	PLUG #6	PLUG #7
Cementing Date							
Size of hole or pipe (in.)							
Depth to bottom of tubing or drill pipe (ft.)							
Cement retainer setting depth (ft.)							
CIBP setting depth (ft.)							
Amount of cement on top of CIBP (ft.)							
Sacks of cement used							
Slurry volume pumped (cu. ft.)							
Calculated top of plug (ft.)							
Measured top of plug, if tagged (ft.)							
Slurry weight (lbs/gal)							
Class/type of cement							
Perforate and squeeze (YES/NO)							

REMARKS
Lead Cement 85%Class C Premium * 15%Compass Poz-Mix * 5%Premium Gel (Bentonite) * 1%C-45 Econolite * 0.035%C-51 Suspension Agent * 5.36#/skSalt * 0.13#/skPhenoseal * Tail Cement 100%Class C Premium * 1%Calcium Chloride * 0.1%C-45 Econolite * 0.03%Citric Acid * 30 BBLs of Cement to Surface

CEMENTER'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that the cementing of casing and/or the placing of cement plugs in this well as shown in the report was performed by me or under my supervision, and that the cementing data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers cementing data only.

DAVID BOGNER- CSI

COMPASS CEMENTING SERVICES

[Signature]
Signature

Name and title of cementer's representative

Cementing Company

10013 W. CNTY RD 157

MIDLAND, TX

79706

432-561-5970

09/03/2023

Address

City

State

Zip Code

Tel: Area Code

Number

Date: mo. day yr.

OPERATOR'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have knowledge of the well data and information presented in this report, and that data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers all well data.

Allison Garvin

Regulatory Specialist

Allison Garvin

Typed or printed name of operator's representative

Title

Signature

6301 Deauville Blvd

Midland, TX 79706

432-687-6078

10/21/2024

Address

City

State

Zip Code

Tel: Area Code

Number

Date: mo. day yr.

Instructions for Form W-15, Cementing Report

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- Multi-stage cement:** An operator must report the multi-stage cement shoe in II. Casing Cementing Data section by selecting the type of casing and Multi-stage cement shoe. The operator must report the multi-stage cement tool in III. Casing Cementing Data section by selecting the type of casing and Multi-stage cement/DV tool.
- Multiple parallel strings:** An operator should file the Form W-15 as an attachment to the Form W-4, Application for Multiple Completion. An operator may be required to submit multiple Form W-15s to show all data for multiple parallel strings.
- Slurry data:** If cement job exceeds three sluries, continue the list of slurries in the Slurry table in the subsequent Casing Cementing Data box.

RAILROAD COMMISSION OF TEXAS

Oil and Gas Division

ELECTRIC LOG
STATUS REPORT

This facsimile L-1 was generated electronically from data submitted to the RRC.

FORM L-1

Tracking No.: 302946

Instructions

When to File Form L-1:

- with Forms G-1, W-2, and GT-1 for new and deepened gas, oil, and geothermal wells
- with Form W-3 for plugged dry holes
- when sending in a log which was held under a request for confidentiality and the period for confidentiality has not yet expired.

When is Form L-1 NOT required:

- with Forms W-2, G-1, and GT-1 filed for injection wells, disposal wells, water supply wells, service wells, re-test wells, re-classifications, and plugbacks of oil, gas or geothermal wells
- with Form W-3 for plugging of other than a dry hole

Where to File Form L-1:

- with the appropriate Commission district office

Filling out Form L-1:

- Section I and the signature section must be filled out for all wells
- complete only the appropriate part of Section II

Type of log required:

- any wireline survey run for the purpose of obtaining lithology, porosity, or resistivity information
- no more than one such log is required but it must be of the subject well
- if such log is NOT run on the subject well, do NOT substitute any other type of log; just select Section II, Part A below

SECTION I. IDENTIFICATION

Operator Name: PDC PERMIAN, INC.	District No. 08	Completion Date: 09/24/2023
Field Name PHANTOM (WOLFCAMP)	Drilling Permit No. 888588	
Lease Name SUNNYSIDE STATE 2	Lease/ID No.	Well No. A 5HU
County REEVES	API No. 42- 389-40509	

SECTION II. LOG STATUS (Complete either A or B)

☐ A. BASIC ELECTRIC LOG NOT RUN☒ B. BASIC ELECTRIC LOG RUN. (Select one)

- ☒ 1. Confidentiality is requested and a copy of the header for each log that has been run on the well is attached.
- ☐ 2. Confidentiality already granted on basic electric log covering this interval (applicable to deepened wells only).
- ☐ 3. Basic electric log covering this interval already on file with Commission (applicable to deepened wells only).
- ☐ 4. Log attached to (select one):

☐ (a) Form L-1 (this form). If the company/lease name on log is different from that shown in Section I, please enter name on log here: _____

Check here if attached log is being submitted after being held confidential. ☐

☐ (b) Form P-7, Application for Discovery Allowable and New Field Designation.

☐ (c) Form W-4, Application for Multiple Completion:

Lease or ID No(s). _____

Well No(s). _____

Ginger Boodakian

Signature

PDC PERMIAN, INC.

Name (print)

Title

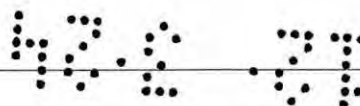
(339) 234-3743

Phone

10/22/2023

Date

-FOR RAILROAD COMMISSION USE ONLY-



CERTIFICATE OF COMPLIANCE
AND TRANSPORTATION AUTHORITY

P-4

This facsimile P-4 was generated electronically from data submitted to the RRC.
A certification of the automated data is available in the RRC's Austin office.

Tracking No.: 302946

1. Field name exactly as shown on proration schedule PHANTOM (WOLFCAMP)		2. Lease name as shown on proration schedule SUNNYSIDE STATE 2					
3. Current operator name exactly as shown on P-5 Organization Report PDC PERMIAN, INC.		4. Operator P-5 no. 646832	5. Oil Lse/Gas ID no.	6. County REEVES	7. RRC district 08		
8. Operator address including city, state, and zip code 6301 DEAUVILLE BLVD MIDLAND, TX 79706		9. Well no(s) (see instruction E) A 5HU			11. Effective Date 09/24/2023		
		10. Classification ☐ Oil ☒ Gas ☐ Other (see instruction A)					
12. Purpose of Filing. (Complete section a or b below.) (See instructions B and G) a. Change of: ☐ operator ☐ oil or condensate gatherer ☐ gas gatherer ☐ gas purchaser ☐ gas purchaser system code ☐ field name from: _____ Docket #: _____ ☐ lease name from: _____ b. New RRC Number for: ☐ oil lease ☒ gas well Due to: ☐ new completion or recompletion ☐ reclass oil to gas ☐ reclass gas to oil ☐ other well (specify) _____ ☐ consolidation ☐ unitization ☐ field transfer ☐ subdivision (oil lease only)							
13. Authorized GAS WELL GAS or CASINGHEAD GAS Gatherer(s) and/or Purchaser(s). (See instruction G).							
Gatherer	Purchaser	Name of GAS WELL GAS or CASINGHEAD GAS Gatherer(s) or Purchaser(s) As Indicated in Columns to the Left (Attach an additional sheet in same format if more space is needed)			Purchaser's RRC Assigned System Code	Percent of Take	Full-well stream
X	X	EAGLECLAW MIDSTREAM VENTURES, LLC(238465)			0001	100.0	
14. Authorized OIL or CONDENSATE Gatherer(s). (See instruction G).							
Name of OIL or CONDENSATE Gatherer(s) - List Highest Volume Gatherer First (Attach an additional sheet in same format if more space is needed)						Percent of Take	
ORYX DELAWARE OIL TRANSPORT LLC(627137)						50.0	
BADLANDS TANK LINES TEXAS, LLC(042433)						50.0	
RRC USE ONLY: Reviewer's initials: _____ Approval date: _____							
15. PREVIOUS OPERATOR CERTIFICATION FOR CHANGE OF OPERATOR P-4 FILING. Being the PREVIOUS OPERATOR, I certify that operating responsibility for the well(s) designated in this filing, located on the subject lease has been transferred in its entirety to the above named Current Operator. I understand, as Previous Operator, that designation of the above named operator as Current Operator is not effective until this certificate is approved by the Commission.							
Name of Previous Operator _____ Name (print) _____ Title _____				Signature ☐ Authorized Employee of previous operator ☐ Authorized agent of previous operator (see instruction G) _____ Date _____ Phone with area code _____			
16. CURRENT OPERATOR CERTIFICATION. By signing this certificate as the Current Operator, I certify that all statements on this form are true and correct and I acknowledge responsibility for the regulatory compliance of the subject lease including plugging of well(s) pursuant to Rule 14. I further acknowledge that I assume responsibility for the physical operation, control, and proper plugging of each well designated in this filing. I also acknowledge that I will remain designated as the Current Operator until a new certificate designating a new Current Operator is approved by the Commission.							
PDC PERMIAN, INC. Name (print) _____ Title ginger.boodakian@pdce.com E-mail Address (optional)				Ginger Boodakian Signature ☐ Authorized Employee of current operator ☒ Authorized agent of current operator (see instruction G) 10/22/2023 Date _____ Phone with area code (339) 234-3743			

15 354



RAILROAD COMMISSION OF TEXAS

1701 N. Congress
P.O. Box 12967
Austin, Texas 78711-2967

Form P-17A

Rev. 03/2019

APPLICATION FOR COMMINGLE PERMIT PURSUANT TO STATEWIDE RULES 26 AND OR 27

☒ New
☐ Amended Existing Permit
No. Sunnyside State 2 North
Effective Month/Year of Requested
Exception: 02 / 2024
District 08
County REEVES

SECTION 1. OPERATOR INFORMATION

Operator Name: PDC Peanian Operator P-5 No.: 646832

Operator Address: 6301 DEAUVILLE BLVD MIDLAND TX 79706

SECTION 2. GATHERER (of oil or condensate) INFORMATION (not required if 3b is checked)

Gatherer Name: ENERGY TNSFER COMPANY Gatherer P-5 No.: 252017

Gatherer Address: ATTN KIMBERLY FITZHENRY 1300 MAIN STREET HOUSTON TX 77002

Gatherer E-mail Address:

(Optional – If provided, e-mail address will become part of this public record.)

SECTION 3. APPLICATION APPLIES TO (CHECK ALL THAT APPLY):

OIL

CASINGHEAD GAS

GAS WELL GAS

CONDENSATE

- a) ☒ Gas well full well stream into common separation and storage facility with liquids reported on Form PR.
b) ☐ Gas well full well stream into a gasoline plant/common separation and storage facility with liquids reported on Form R-3 Serial # _____ (If full well stream is checked, the results of periodic tests to determine the number of stock tank barrels of liquid hydrocarbons recovered per 1,000 standard cubic feet of gas must be reported on Form G-10 in accordance with SWR 55. Attach an explanation of any exceptions to SWR 55.)
c) ☐ Condensate and low-pressure Gas Well Gas are commingled into low-pressure separation and storage facilities.
d) ☒ This request is for off lease: ☐ Storage ☐ Separation ☐ Metering
e) ☐ This application is for common storage.
f) ☐ This application is for common separation.
g) ☒ This application is for casinghead gas metering by: Deduct Metering ☐ Allocation by well test Other _____
h) ☒ This application is for gas well gas metering by: Deduct Metering ☐ Allocation by well test Other _____

SECTION 4. COMMINGLING PURSUANT TO §3.26(b) or §3.27(e) – (CHECK ALL THAT APPLY)

a) ☒ The production stream from each tract and each Commission-designated reservoir is measured separately before combining it with a stream from another tract or Commission-designated reservoir.

Production will be allocated by: W-10 (oil) W-2 retest (oil) PD Meter (oil & condensate) ☒ G-10 (gas) Other _____

Received
RRC of Texas
11:38 am, Jul 12, 2024
Oil & Gas Production Department
Austin, Texas

b) ☐ The tracts and Commission-designated reservoirs have identical royalty interest and working interest ownership in identical percentages.

Production will be allocated by: W-10 (oil) W-2 retest (oil) PD Meter (oil & condensate) ☒ G-10 (gas) Other _____

SECTION 5. Any one of the wells proposed for commingling produces from a Commission-designated reservoir for which special field rules regarding surface commingling have been adopted. (Notice may be required; see instructions)

SECTION 6. Wells proposed for commingling have an operator's name other than the applicant listed in SECTION 1. (See instructions)

SECTION 7. For oil production, the production from all oil wells on each oil lease is to be commingled. (See instructions)

SECTION 8. IDENTIFY LEASES AS SHOWN ON COMMISSION RECORDS (attach additional pages as needed)

DISTRICT	RRC IDENTIFIER	ACTION	LEASE AND FIELD NAME	WELL NO.
08	295621	Existing ☒ Add ☐ Delete ☐	SUNNYSIDE STATE 2 PHANTOM(WOLFCAMP)	B4HU
08	296035	Existing ☒ Add ☐ Delete ☐	SUNNYSIDE STATE 2 PHANTOM(WOLFCAMP)	ASHU
08	295925	Existing ☒ Add ☐ Delete ☐	SUNNYSIDE STATE 2 PHANTOM(WOLFCAMP)	C8HU
08	295530	Existing ☒ Add ☐ Delete ☐	SUNNYSIDE STATE 2 PHANTOM(WOLFCAMP)	C9HU

ATTACH ADDITIONAL PAGES AS NEEDED. No additional pages ☒ Additional pages 1 (# of additional pages)

CERTIFICATE: I declare under penalties in Sec. 91.143, Texas Natural Resources Code, that I am authorized to file this application, that this application was prepared by me or under my supervision and direction, and that the data and facts stated therein are true, correct, and complete to be the best of my knowledge. I certify that all requests for related required approvals from other affected state agencies have been submitted and that I understand that any authorization granted by Commission approval of this application is contingent upon the approvals from other affected state agencies being obtained.

Signature Dianna Waddle le Regulatory Coordinator ite 07/09/2024

Operator E-mail Address: _____ Operator Phone No. _____

(Optional – If provided, e-mail address will become part of this public record.)

RRC USE ONLY

Commingling Permit No. 10628 Approval date: 7/12/24 Approved by: DW



RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

**ATTACHMENT FOR
APPLICATION FOR EXCEPTION TO
STATEWIDE RULES (SWR) 26 AND/OR 27
COMMINGLE PERMIT APPLICATION**

FORM P-17 ATTACHMENT

SECTION 8. (CONT'D) IDENTIFY LEASES AS SHOWN ON COMMISSION RECORDS (attach additional pages as needed)

[illegible]

ng	Add	Delete		
				

API NO.	Operator Name/Number	Lease Name	Well #	Dist.	County
423894050800	PDC PERMIAN, INC. (646832)	SUNNYSIDE STATE 2	B 4HU	8	REEVES
423894050900	PDC PERMIAN, INC. (646832)	SUNNYSIDE STATE 2	A 5HU	8	REEVES
423894051100	PDC PERMIAN, INC. (646832)	SUNNYSIDE STATE 2	C 8HU	8	REEVES
423894051800	PDC PERMIAN, INC. (646832)	SUNNYSIDE STATE 2 9U	C 9HU	8	REEVES
423894067500	PDC PERMIAN, INC. (646832)	SUNNYSIDE STATE 2 10U	A 10HU	8	REEVES

423894050800

**RAILROAD COMMISSION OF TEXAS****Form G-1**

1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967

Status: Approved
Date: 12/20/2023
Tracking No.: 302946

GAS WELL BACK PRESSURE TEST, COMPLETION OR RECOMPLETION REPORT,

OPERATOR INFORMATION			
Operator	PDC PERMIAN, INC.	Operator	646832
Operator	6301 DEAUVILLE BLVD MIDLAND, TX 79706-		

WELL INFORMATION			
API	42-389-40509	County:	REEVES
Well	A 5HU	RRC District	08
Lease	SUNNYSIDE STATE 2		
RRC Gas ID	296035	Field	PHANTOM (WOLFCAMP)
Location	Section: 2, Block: 45, Survey: PSL/GAY, W D, Abstract: 3655		
Latitude	31	Longitud	-104
This well is	25	miles in	NW
direction	MENTONE,		
which is the nearest town in the			

FILING INFORMATION			
Purpose of	Well Record Only		
Type of	New Well		
Well Type:	Shut-In Producer	Completion or Recompletion	09/24/2023
Type of Permit		Date	03/08/2023
Permit to Drill, Plug Back, or		Permit No.	888588
Rule 37 Exception			
Fluid Injection			
O&G Waste Disposal			
Other:			

COMPLETION INFORMATION			
Spud	09/02/2023	Date of first production after rig	09/24/2023
Date plug back, deepening, drilling operation	09/02/2023	Date plug back, deepening, recompletion, drilling operation	09/24/2023
Number of producing wells on this lease this field (reservoir) including this	10	Distance to nearest well in lease & reservoir	369.0
Total number of acres in	640.00	Elevation	3075 GR
Total depth TVD	9688	Total depth MD	19794
Plug back depth TVD		Plug back depth MD	
Was directional survey made other inclination (Form W-	Yes	Rotation time within surface casing Is Cementing Affidavit (Form W-15)	24.0 Yes
Recompletion or	No	Multiple	No
Type(s) of electric or other log(s)	Gamma Ray (MWD)		
Electric Log Other Description:			
Location of well, relative to nearest lease boundaries of lease on which this well is	476.0 Feet from the South	Off Lease:	No
	2597.0 Feet from the West	Line and	
		Line of the	
		SUNNYSIDE STATE 2 Lease.	

FORMER FIELD (WITH RESERVOIR) & GAS ID OR OIL LEASE NO.

Field & Reservoir	Gas ID or Oil Lease	Well No.	Prior Service Type

G1: N/A
PACKET: N/A

FOR NEW DRILL OR RE-ENTRY, SURFACE CASING DEPTH DETERMINED BY:

GAU Groundwater Protection Depth 825.0 Date 03/14/2023
SWR 13 Exception Depth

GAS MEASUREMENT DATA

Date of Gas measurement method

Gas production during test

Was the well preflowed for 48 No

Run No.	Line size	Orif. or Choke Size (in.)	24 hr. Coeff. Orif. Or Choke	Static Pm or Choke (in.)	Diff (hw)	Flow Temp (°F)	Temp. (Ftf)	Gravity (Fg)	Compress (Fpv)	Volume (MCF/day)
---------	-----------	---------------------------	------------------------------	--------------------------	-----------	----------------	-------------	--------------	----------------	------------------

N/A

FIELD DATA AND PRESSURE CALCULATIONS

Gravity (dry Gravity (liquid hydrocarbons) (Deg.

Gas-Liquid Hydro Ratio (CF/Bbl):

Gravity (mixture):

Avg. shut in temp. (°

Bottom hole temp. and °F@ FT

Run	Time of Run (Min.)	Choke Size	Wellhead Pressure	Wellhead Flow Temp (°F)
-----	--------------------	------------	-------------------	-------------------------

N/A

CASING RECORD

Ro	Type of Casing	Casing Size (in.)	Hole Size	Setting Depth	Multi - Stage Tool	Multi - Stage Shoe	Cement Class	Cement Amount	Slurry Volume (cu. ft.)	Top of Cement (ft.)	TOC Determined By
1	Surface	13 3/8	17 1/2	1522			C/POZ	930	1747.0	0	Circulated to Surface
2	Intermediate	8 5/8	10 5/8	9787	2326		HSLD 82	490	3761.0	0	Circulated to Surface
3	Intermediate	8 5/8	10 5/8	9787			HSLD 82	850	2427.0	2326	Calculation
4	Conventional Production	5 1/2	7 7/8	19750			HSLD 94	2095	3474.0	0	Calculation

LINER RECORD

Ro	Liner Size	Hole Size (in.)	Liner Top	Liner Bottom	Cement Class	Cement Amount	Slurry Volume (cu. ft.)	Top of Cement (ft.)	TOC Determined By
----	------------	-----------------	-----------	--------------	--------------	---------------	-------------------------	---------------------	-------------------

N/A

TUBING RECORD

Ro	Size (in.)	Depth Size (ft.)	Packer Depth (ft.)/Type
----	------------	------------------	-------------------------

N/A

PRODUCING/INJECTION/DISPOSAL INTERVAL

Ro	Open hole?	From (ft.)	To (ft.)
----	------------	------------	----------

N/A

15 35

ACID, FRACTURE, CEMENT SQUEEZE, CAST IRON BRIDGE PLUG, RETAINER, ETC.**Was hydraulic fracturing treatment**

No

Is well equipped with a downhole actuation sleeve? No**If yes, actuation pressure****Production casing test pressure (PSIG) hydraulic fracturing****Actual maximum pressure (PSIG) during fracturin****Has the hydraulic fracturing fluid disclosure been**

No

Ro Type of Operation**Amount and Kind of Material Used****Depth Interval (ft.)**

N/A

FORMATION RECORD

<u>Formations</u>	<u>Encountere</u>	<u>Depth TVD</u>	<u>Depth MD</u>	<u>Is formation isolated?</u>	<u>Remarks</u>
FORD / DELAWARE	No			No	NOT ENCOUNTERED IN AREA
DELAWARE	Yes	2724.0	2733.0	Yes	PROVIDED BY GEOLOGIST
CASTILLE	No			No	NOT ENCOUNTERED IN AREA
BELL CANYON	Yes	2751.0	2760.0	Yes	PROVIDED BY GEOLOGIST
DELAWARE CONSOLIDATED GAS	No			No	NOT ENCOUNTERED IN AREA
CHERRY CANYON	Yes	3697.0	3720.0	Yes	PROVIDED BY GEOLOGIST
BONE SPRING	Yes	6328.0	6370.0	Yes	PROVIDED BY GEOLOGIST
BONE SPRING 2	Yes	7677.0	7720.0	Yes	PROVIDED BY GEOLOGIST
BONE SPRING 3	Yes	8485.0	8528.0	Yes	PROVIDED BY GEOLOGIST
PHANTOM WOLFCAMP	Yes	8860.0	8904.0	Yes	PROVIDED BY GEOLOGIST
PERMIAN (UNDEFINED)	No			No	NOT ENCOUNTERED IN AREA
WOLFCAMP	Yes	9421.0	9517.0	Yes	PROVIDED BY GEOLOGIST
PENNSYLVANIAN	No			No	BELOW TD
MISSISSIPPIAN	No			No	BELOW TD
DEVONIAN	No			No	BELOW TD
FUSSELMAN	No			No	BELOW TD
ELLENBURGER	No			No	BELOW TD
PRECAMBRIAN (UNDIFFERENTIATED)	No			No	BELOW TD

Do the producing interval of this well produce H2S with a concentration in excess of 100 ppm

No

Is the completion being downhole commingled (SWR

No

REMARKS

THE P-16 WILL BE FILED WITH THE IP.



RRC REMARKS**PUBLIC COMMENTS:**

[RRC Staff 2023-11-27 14:32:16.221] Unperfed WRO packet. EDL = 0 feet, max acres = 0

CASING RECORD :**TUBING RECORD:****PRODUCING/INJECTION/DISPOSAL INTERVAL :****ACID, FRACTURE, CEMENT SQUEEZE, CAST IRON BRIDGE PLUG, RETAINER, ETC. :****GAS MEASUREMENT DATE REMARK:****OPERATOR'S CERTIFICATION**

Printed	Lisa Budge	Title	Regulatory Supervisor
Telephone	(713) 372-3281	Date	11/28/2023

TS 254

File No. MF117292

Reeves County

Completion Report AP142-389-40509

Date Filed: 01/28/2025

Commissioner Dawn Buckingham, M.D.

By: Jm

**RAILROAD COMMISSION OF TEXAS**

1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967

Form G-1

Status: Approved
Date: 10/29/2024
Tracking No.: 319709

GAS WELL BACK PRESSURE TEST, COMPLETION OR RECOMPLETION REPORT,**OPERATOR INFORMATION**

Operator PDC PERMIAN, INC. Operator 646832
Operator 6301 DEAUVILLE BLVD MIDLAND, TX 79706-0000

WELL INFORMATION

API 42-389-40511 County: REEVES
Well C 8HU RRC District 08
Lease SUNNYSIDE STATE 2 Field PHANTOM (WOLFCAMP)
RRC Gas ID 295925 Field No.: 71052900
Location Section: 2, Block: 45, Survey: PSL/GAY, W D, Abstract: 3655
Latitude 31 Longitud -104
This well is 25 miles in NW
direction MENTONE,
which is the nearest town in the

FILING INFORMATION

Purpose of Initial Potential
Type of Other/Recompletion
Well Type: Producing Completion or Recompletion 02/05/2024
Type of Permit Date Permit No.
Permit to Drill, Plug Back, or 03/08/2023 888589
Rule 37 Exception
Fluid Injection
O&G Waste Disposal
Other:

COMPLETION INFORMATION

Spud 11/13/2023 Date of first production after rig 02/05/2024
Date plug back, deepening, drilling operation 11/13/2023 Date plug back, deepening, recompletion, drilling operation 02/05/2024
Number of producing wells on this lease this field (reservoir) including this 8 Distance to nearest well in lease & reservoir 126.0
Total number of acres in 818.00 Elevation 3075 GR
Total depth TVD 10248 Total depth MD 21479
Plug back depth TVD Plug back depth MD
Was directional survey made other inclination (Form W- Yes Rotation time within surface casing 24.0
Is Cementing Affidavit (Form W-15) Yes
Recompletion or Yes Multiple No
Type(s) of electric or other log(s) Gamma Ray (MWD)
Electric Log Other Description:
Location of well, relative to nearest lease boundaries Off Lease: No
of lease on which this well is 467.0 Feet from the South Line and
2578.0 Feet from the West Line of the
SUNNYSIDE STATE 2 Lease.

FORMER FIELD (WITH RESERVOIR) & GAS ID OR OIL LEASE NO.

Field & Reservoir Gas ID or Oil Lease Well No. Prior Service Type

G1: N/A
 PACKET: N/A

FOR NEW DRILL OR RE-ENTRY, SURFACE CASING DEPTH DETERMINED BY:

GAU Groundwater Protection	Depth	825.0	Date	03/14/2023
SWR 13 Exception	Depth	1500.0		

GAS MEASUREMENT DATA

Date of	03/03/2024	Gas measurement method	
Gas production during test	16530	Orifice Meter	
Was the well preflowed for 48	Yes		

Run No.	Line size	Orif. or Choke Size (in.)	24 hr. Coeff. Orif. Or Choke	Static Pm or Choke (in.)	Diff (hw)	Flow Temp (°F)	Temp. (Ftf)	Gravity (Fg)	Compress (Fpv)	Volume (MCF/day)
1	4.026	2.25	33955.19	215.0	0.4	135.0	0.9349	0.9005	1.016	5510.0

FIELD DATA AND PRESSURE CALCULATIONS

Gravity (dry	0.740	Gravity (liquid hydrocarbons) (Deg.	46.0
Gas-Liquid Hydro Ratio (CF/Bbl):	23447	Gravity (mixture):	0.855
Avg. shut in temp. (°	150.0	Bottom hole temp. and	172.0 °F@ 10274.0 FT

Run	Time of Run (Min.)	Choke Size	Wellhead Pressure	Wellhead Flow Temp (°F)
SHUT-IN	1440	1	1600	150.0
1	4320	128/64	1600	150.0

CASING RECORD

Ro	Type of Casing	Casing Size (in.)	Hole Size	Setting Depth	Multi - Stage Tool	Multi - Stage Shoe	Cement Class	Cement Amount	Slurry Volume (cu. ft.)	Top of Cement (ft.)	TOC Determined By
1	Surface	13 3/8	17 1/2	1503			C/POZ	1140	2223.0	0	Circulated to Surface
2	Intermediate	8 5/8	10 5/8	9747	2333		C	490	1080.0	0	Calculation
3	Intermediate	8 5/8	10 5/8	9747			HSLD 82, H	850	2427.5	1061	Calculation
4	Conventional Production	5 1/2	7 7/8	21479			HSLD 94/80	2430	3881.0	0	Circulated to Surface

LINER RECORD

Ro	Liner Size	Hole Size (in.)	Liner Top	Liner Bottom	Cement Class	Cement Amount	Slurry Volume (cu. ft.)	Top of Cement (ft.)	TOC Determined By
N/A									

TUBING RECORD

Ro	Size (in.)	Depth Size (ft.)	Packer Depth (ft.)/Type
1	2 3/8	10227	10249 / BAKER HORNET PACKER

PRODUCING/INJECTION/DISPOSAL INTERVAL

Ro	Open hole?	From (ft.)	To (ft.)
1	No	L1 10493	14601
2	No	L1 17088	21402



ACID, FRACTURE, CEMENT SQUEEZE, CAST IRON BRIDGE PLUG, RETAINER, ETC.

Was hydraulic fracturing treatment

Yes

Is well equipped with a downhole actuation sleeve? No

If yes, actuation pressure

Production casing test pressure (PSIG)

Actual maximum pressure (PSIG) during

hydraulic fracturing 9800

fracturin 9188

Has the hydraulic fracturing fluid disclosure been

Yes

<u>Ro</u>	<u>Type of Operation</u>	<u>Amount and Kind of Material Used</u>	<u>Depth Interval (ft.)</u>	
1	Fracture	PERF & FRAC 21 STAGES. SEE FRAC FOCUS FOR DETAIL	10493.0	14601.0
2	Fracture	PERF & FRAC 20 STAGES. SEE FRAC FOCUS FOR DETAIL	17088.0	21402.0

FORMATION RECORD

<u>Formations</u>	<u>Encountere</u>	<u>Depth TVD</u>	<u>Depth MD</u>	<u>Is formation isolated?</u>	<u>Remarks</u>
FORD / DELAWARE	Yes	2726.0	2735.0	Yes	CASING & CEMENT
DELAWARE	No			No	NOT PRESENT IN AREA
CASTILLE	No			No	NOT PRESENT IN AREA
BELL CANYON	Yes	2750.0	2760.0	Yes	CASING & CEMENT
DELAWARE CONSOLIDATED GAS	No			No	NOT ENCOUNTERED IN AREA
CHERRY CANYON	Yes	3687.0	3703.0	Yes	CASING & CEMENT
BONE SPRING	Yes	6312.0	6333.0	Yes	CASING & CEMENT
BONE SPRING 2	Yes	7666.0	7688.0	Yes	CASING & CEMENT
BONE SPRING 3	Yes	8471.0	8494.0	Yes	CASING & CEMENT
PERMIAN (UNDEFINED)	No			No	NOT ENCOUNTERED IN AREA
WOLFCAMP	Yes	9407.0	9430.0	Yes	CASING & CEMENT
PENNSYLVANIAN	No			No	BELOW TD
MISSISSIPPIAN	No			No	BELOW TD
DEVONIAN	No			No	BELOW TD
FUSSELMAN	No			No	BELOW TD
ELLENBURGER	No			No	BELOW TD
PRECAMBRIAN (UNDIFFERENTIATED)	No			No	BELOW TD
Do the producing interval of this well produce H2S with a concentration in excess of 100 ppm					No
Is the completion being downhole commingled (SWR					No

REMARKS

KOP@9954 WELL LOG TRACKER #54731.



RRC REMARKS**PUBLIC COMMENTS:**

[RRC Staff 2024-09-10 11:27:20.771] EDL=10900 feet, max acres=704, PHANTOM (WOLFCAMP) Field; take points: 10493-21402

CASING RECORD :**TUBING RECORD:****PRODUCING/INJECTION/DISPOSAL INTERVAL :****ACID, FRACTURE, CEMENT SQUEEZE, CAST IRON BRIDGE PLUG, RETAINER, ETC. :****GAS MEASUREMENT DATE REMARK:****OPERATOR'S CERTIFICATION**

Printed	Allison Garvin	Title	
Telephone	(713) 372-3281	Date	10/23/2024

15 354

From: [Do not reply](#)
To: [Garvin, Allison \[Airsift\]](#)
Subject: **[**EXTERNAL**]** Digital Well Log 54731 Submitted
Date: Tuesday, June 11, 2024 10:57:03 AM

A Digital Well Log has been submitted.

- Submission Number: 54731
- Reasons for Filing: Rule 16, Other
- API No: 38940511
- Drilling Permit #: 888589
- Operator Name: PDC PERMIAN, INC.
- Operator Number: 646832
- District: 08
- County: REEVES
- Lease Name: SUNNYSIDE STATE 2
- Well Number: C 8HU

42.2 27

SURFACE HOLE LOCATION:
PDC PERMIAN, INC.
SUNNYSIDE STATE 2 C8HU
AS-LOCATED ON 05/24/2023

X = 852,638 (NAD27 TxC)
Y = 768,953
LAT. 31° 43' 42.95" (31 728598") N (NAD27)
LONG. 104° 01' 27.18" (104 024218") W (NAD27)
Elev. 43.44' (31 729124") N (NAD83/86)
LONG. 104° 01' 27.18" (104 024218") W (NAD83/86)
Elev. 3,075.2' (NAD83/86)
Survey: 478' FSL & 2.578' FWL (Section 2, A-3655)
Bears: NW, 25.04 Miles from Mentone, TX

AS-DRILLED PENETRATION POINT:
X = 852,381 (NAD27 TxC)
Y = 768,535 (NAD27 TxC)
LAT. 31° 43' 38.73" (31 727428") N (NAD27)
LONG. 104° 01' 30.23" (104 025064") W (NAD27)
LAT. 31° 43' 38.19" (31 727552") N (NAD83/86)
LONG. 104° 01' 31.84" (104 025539") W (NAD83/86)
MD = 8.874' & 2.315' FWL (Section 2, A-3655)
Survey: 100' FSL & 2.314' FWL (Section 2, A-3655)

AS-DRILLED FIRST TAKE POINT:
X = 852,381 (NAD27 TxC)
Y = 768,535 (NAD27 TxC)
LAT. 31° 43' 38.73" (31 727428") N (NAD27)
LONG. 104° 01' 30.23" (104 025064") W (NAD27)
LAT. 31° 43' 38.19" (31 727552") N (NAD83/86)
LONG. 104° 01' 31.85" (104 025541") W (NAD83/86)
MD = 10.077' & 2.314' FWL (Section 2, A-3655)
Survey: 100' FSL & 2.314' FWL (Section 2, A-3655)

AS-DRILLED LAST TAKE POINT / BOTTOM HOLE LOCATION:
X = 850,657 (NAD27 TxC)
Y = 768,657 (NAD27 TxC)
LAT. 31° 43' 38.28" (31 727578") N (NAD27)
LONG. 104° 01' 30.46" (104 025157") W (NAD27)
LAT. 31° 43' 38.73" (31 727704") N (NAD83/86)
LONG. 104° 01' 55.17" (104 031992") W (NAD83/86)
MD = 21.473' FSL & 3.008' FWL (Section 2, A-3655)
Survey: 100' FSL & 3.008' FWL (Section 2, A-3655)

EFFECTIVE LATERAL PER SECTION TABLE		
SECTION	DISTANCE	
SECTION 2	10.237	
TOTAL	10.237	

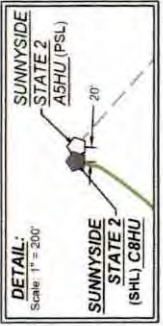
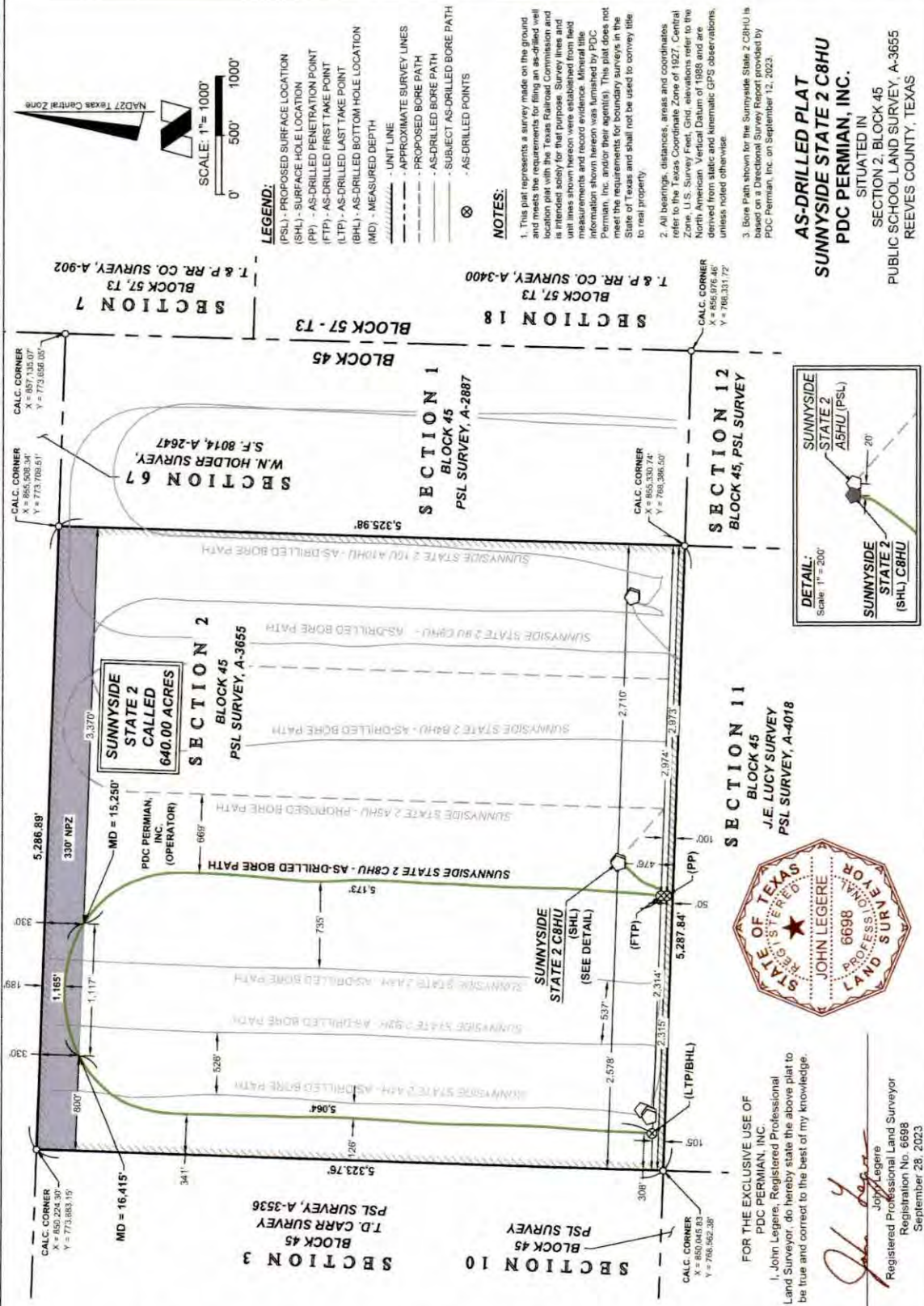
C. H. Fenstermaker & Associates, LLC 16340 Park Ten Place Suite 160 TX 77084 713.440.9995 TX Firm 100285-01	
REVISIONS	
1	
2	

DRAWN BY MKC	PROJ MGR JL
DATE 09/13/2023	
JOB# 222626.00C	SHEET 1 OF 1
FILENAME AD_SUNNYSIDE_STATE_2_C8HU.DWG	

FOR THE EXCLUSIVE USE OF
PDC PERMIAN, INC.
I, John Legere, Registered Professional
Land Surveyor, do hereby state the above plat to
be true and correct to the best of my knowledge.



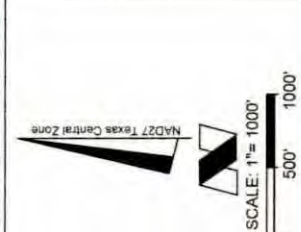
John Legere
John Legere
Registered Professional Land Surveyor
Registration No. 6698
September 28, 2023



AS-DRILLED PLAT
SUNNYSIDE STATE 2 C8HU
PDC PERMIAN, INC.
SITUATED IN
SECTION 2, BLOCK 45
PUBLIC SCHOOL LAND SURVEY, A-3655
REEVES COUNTY, TEXAS

NOTES:
1. This plat represents a survey made on the ground and meets the requirements for filing an as-drilled well location plat with the Texas Railroad Commission and is intended solely for that purpose. Survey lines and unit lines shown hereon were established from field measurements and record evidence. Mineral title information shown hereon was furnished by PDC Permian, Inc. and/or their agents. This plat does not meet the requirements for boundary surveys in the State of Texas and shall not be used to convey title to real property.
2. All bearings, distances, areas and coordinates refer to the Texas Coordinate Zone of 1927. Central Zone, U.S. Survey Feet, Gird, elevations refer to the North American Vertical Datum of 1988 and are derived from static and kinematic GPS observations, unless noted otherwise.
3. Bore Path shown for the Sunnyside State 2 C8HU is based on a Directional Survey Report provided by PDC Permian, Inc. on September 12, 2023.

LEGEND:
(PSL) - PROPOSED SURFACE LOCATION
(SHL) - SURFACE HOLE LOCATION
(PP) - AS-DRILLED PENETRATION POINT
(FTP) - AS-DRILLED FIRST TAKE POINT
(LTP) - AS-DRILLED LAST TAKE POINT
(BHL) - AS-DRILLED BOTTOM HOLE LOCATION
(MD) - MEASURED DEPTH
--- - UNIT LINE
--- - APPROXIMATE SURVEY LINES
--- - PROPOSED BORE PATH
--- - AS-DRILLED BORE PATH
--- - SUBJECT AS-DRILLED BORE PATH
⊗ - AS-DRILLED POINTS



Company: PDC Energy
Well Name: Sunnyside State 2 C&HU
API: 42385405110000
County/Parish: Reeves
State: Texas
Country: USA
Job number: SW-231243
Field: Delaware
Rig Id: Citadel 4
Survey Company: Total Directional LLC
Day MWD Jose Casanova
Night MWD Shaun Heck / Ryan Taylor
Day DD Chris Jones
Night DD Chris MacGillivray

Log measurements: Gamma / ROP

Depth measured from: KB Elevation: 3100.5 ft

Maximum temperature:

	Depth	Date
Start:	0 ft	08/04/2023
End:	ft	

Casing	Depth	Size	Mud Type: WBM	Elevations
Surface:	1510 ft	13.375"	Density:	KB: 3100.5
Intermediate:	9757 ft	11.75"	Viscosity:	GL: 3076.5
			Rm: N/A Rmf: N/A Rmc: N/A	DF: 24

Run	Bit Size	Gamma Factor	Offsets		Depths		Dates	
			Gamma	Survey	Start	End	Start	End
1	17.5"	7.312	71.00 ft	76.00 ft	0 ft	1510 ft	08/08/2023	08/09/2023
2	12.25"	7.312	56.00 ft	61.00 ft	1510 ft	3853 ft	08/11/2023	08/12/2023
3	10.625"	7.312	55.00 ft	60.00 ft	3853 ft	9757 ft	08/12/2023	08/16/2023
4	7.875"	4.096	45.00 ft	50.00 ft	9757 ft	11041 ft	08/18/2023	08/20/2023
5	7.875"	4.096	32.00 ft	37.00 ft	11041 ft	16422 ft	08/20/2023	08/25/2023
6	7.875"	4.096	45.00 ft	50.00 ft	16422 ft	18461 ft	08/25/2023	08/28/2023
7	7.875"	4.096	45.00 ft	50.00 ft	18461 ft		08/28/2023	
8								
9								
10								

API# Well: Sunnyside State 2 C&HU Type of Log: Gamma Logging

Started at 02:30 on 08/09/2023 Ended at xx:xx on xx/xx/2023 Depth Relative to KB at ft

Elevation Logging Company: Total Directional LLC Top of Log: ft Bottom of Log: ft

GROUNDWATER PROTECTION DETERMINATION

Form GW-2



Groundwater Advisory Unit

Date Issued: 14 March 2023**GAU Number:** 364393**Attention:** PDC PERMIAN, INC.
1775 SHERMAN ST STE 3000
DENVER, CO 80203**Operator No.:** 646832**API Number:** 38940508
County: REEVES
Lease Name: SUNNYSIDE STATE 2
Lease Number:
Well Number: B 4HU
Total Vertical: 13000
Latitude: 31.728492
Longitude: -104.016958
Datum: NAD27**Purpose:** New Production Well**Location:** Survey-PSL/GAY, W. D.; Abstract-3655; Block-45; Section-2

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

The interval from the land surface to the base of the Rustler, which is estimated to occur at a depth of 825 feet, must be protected.

This recommendation is applicable for all wells drilled in this section 2.

Note: Unless stated otherwise, this recommendation is intended to apply to all wells drilled within 200 feet of the subject well. Unless stated otherwise, this recommendation is for normal drilling, production, and plugging operations only.

This determination is based on information provided when the application was submitted on 03/14/2023. If the location information has changed, you must contact the Groundwater Advisory Unit, and submit a new application if necessary. If you have questions, please contact us at 512-463-2741 or gau@rrc.texas.gov.

Groundwater Advisory Unit, Oil and Gas Division

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

15 354

CHEVRON U. S. A. INC.
SUNNYSIDE STATE 2 C 9HU
42-389-40518
PHANTOM (WOLFCAMP) FIELD
REEVES COUNTY, TEXAS

COMPLETION TRACKING #319427
GOR: 18905 cu. ft./bbl

PVT ANALYSIS NOT REQUIRED

PURSUANT TO DOCKET NO. 08-0308425, THIS WELL IS GRANTED PERMANENT GAS WELL CLASSIFICATION BASED ON A GAS-OIL RATIO GREATER THAN OR EQUAL TO 3,000 CUBIC FEET PER BARREL.

42-389-40518

Form P-16

Page 1

Acreage Designation

SECTION I. OPERATOR INFORMATION			
Operator Name:	PDC Permian, Inc.	Operator P-5 No.:	646832
Operator Address:	1775 Sherman St, #3000, Denver CO 80203		

District No.:	08	API No.:	42-389-40511	Purpose of Filing:	
Well No.:	C 8HU	Drilling Permit No.:	888589		
Lease Name:	SUNNYSIDE STATE 2	RRC ID or Lease No.:	295925	☒ Form G-1/W-2	
Total Lease Acres:	818.000	Field Name:	Phantom (Wolfcamp)	Ownership Interval:	
Proration Acres:	80	Field No.:	71052900		
Wellbore Profile:	Horizontal Well	Is this a UFT field?:	Yes	Upper:	
SL Record (Parent) Well Drilling Permit No.:		County:	Reeves	Lower:	

[illegible]

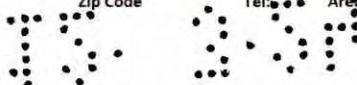
A. Total Assigned Horiz. Acreage	=		C. Total Assigned Acreage	=	
Total Remaining Horiz. Acreage	=		Total Remaining Acreage	=	
B. Total Assigned Vert./Dir. Acreage	=				
Total Remaining Vert./Dir. Acreage	=				

--

Allison Jarvin
Signature

Email
(Include email address only. If you affirmatively consent to its public release)

6301 DEAUVILLE	MIDLAND	TX	79707	432-687-6078			08/05/23			
Address	City	State	Zip Code	Tel: ● ● ●	Area Code	Number	Date:	mo.	day	yr.



Form P-16

Rev. 06/2022

Filer is the owner or lessee of all or an undivided portion of the minerals under each tract listed below and has the legal right to drill on each tract traversed by the well that will have perforations or other take points open in the interval of the applied-for field(s). All tracts listed will actually be traversed by the wellbore or the filer has pooling authority or other contractual authority, such as a production sharing agreement, authorizing inclusion of the non-drill site tract in the acreage assigned to the well.

*A revised P-16 is required if increasing the proration acreage on an existing Allocation or PSA well utilizing acreage from a regulatory lease or undeveloped tract not listed in Section V. (refer to instructions)



RAILROAD COMMISSION OF TEXAS

1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967

Form W-15

Rev. 08/2014

CEMENTING REPORT

Cementer: Fill in shaded areas.
Operator: Fill in other items.

OPERATOR INFORMATION

Operator Name: PDC PERMIAN, INC
Operator P-5 No.: 646832
Cementer Name: COMPASS WELL SERVICES
Cementer P-5 No.: 169789

WELL INFORMATION

District No.: 08
County: Reeves
Well No.: CBHU
API No.: 389-40511
Lease Name: Sunnyside State 2
Lease No.: 295925
Field Name: PHANTOM (WOLFCAMP)
Drilling Permit No.: 888589
Field No.: 71052900

I. CASING CEMENTING DATA

Type of casing: ☐ Conductor ☒ Surface ☐ Intermediate ☐ Liner ☐ Production
Drilled hole size (in.): 17 1/2
Depth of drilled hole (ft.): 1510
Est. % wash-out or hole enlargement: 20
Size of casing in O.D. (in.): 13 3/8
Casing weight (lbs/ft) and grade: 54.5- J-55
No. of centralizers used: 19
Was cement circulated to ground surface (or bottom of cellar) outside casing? ☒ YES ☐ NO If no for surface casing, explain in Remarks.
Setting depth shoe (ft.): 1503
Top of liner (ft.):
Setting depth liner (ft.):
Hrs. waiting on cement before drill-out:
Calculated top of cement (ft.): 0
Cementing date: 08/10/23

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1	770	See Remarks	See Remarks	1740.2	1946.93
2	370	See Remarks	See Remarks	482.4	609
3					
Total	1140			2222.6	2555.93

II. CASING CEMENTING DATA

Type of casing: ☐ Surface ☐ Intermediate ☐ Production ☐ Tapered production ☐ Multi-stage cement shoe ☐ Multiple parallel strings
Drilled hole size (in.):
Depth of drilled hole (ft.):
Est. % wash-out or hole enlargement:
Size of casing in O.D. (in.):
Casing weight (lbs/ft) and grade:
No. of centralizers used:
Tapered string drilled hole size (in.)
Upper: Lower:
Tapered string depth of drilled hole (ft.)
Upper: Lower:
Tapered string size of casing in O.D. (in.)
Upper: Lower:
Tapered string casing weight (lbs/ft) and grade
Upper: Lower:
Tapered string no. of centralizers used
Upper: Lower:
Was cement circulated to ground surface (or bottom of cellar) outside casing? ☐ YES ☐ NO
Setting depth shoe (ft.):
Hrs. waiting on cement before drill-out:
Calculated top of cement (ft.):
Cementing date:

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1					
2					
3					
Total					

III. CASING CEMENTING DATA

Type of casing: ☐ Surface ☐ Intermediate ☐ Production ☐ Tapered production ☐ Multi-stage cement/DV tool ☐ Multiple parallel strings
Drilled hole size (in.):
Depth of drilled hole (ft.):
Est. % wash-out or hole enlargement:
Size of casing in O.D. (in.):
Casing weight (lbs/ft) and grade:
No. of centralizers used:
Tapered string drilled hole size (in.)
Upper: Lower:
Tapered string depth of drilled hole (ft.)
Upper: Lower:
Tapered string size of casing in O.D. (in.)
Upper: Lower:
Tapered string casing weight (lbs/ft) and grade
Upper: Lower:
Tapered string no. of centralizers used
Upper: Lower:
Was cement circulated to ground surface (or bottom of cellar) outside casing? ☐ YES ☐ NO
Setting depth tool (ft.):
Hrs. waiting on cement before drill-out:
Calculated top of cement (ft.):
Cementing date:

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1					
2					
3					
Total					

CEMENTING TO SQUEEZE, PLUG BACK OR PLUG AND ABANDON							
	PLUG #1	PLUG #2	PLUG #3	PLUG #4	PLUG #5	PLUG #6	PLUG #7
Cementing Date							
Size of hole or pipe (in.)							
Depth to bottom of tubing or drill pipe (ft.)							
Cement retainer setting depth (ft.)							
CIBP setting depth (ft.)							
Amount of cement on top of CIBP (ft.)							
Sacks of cement used							
Slurry volume pumped (cu. ft.)							
Calculated top of plug (ft.)							
Measured top of plug, if tagged (ft.)							
Slurry weight (lbs/gal)							
Class/type of cement							
Perforate and squeeze (YES/NO)							

REMARKS

Lead-85%Class C Premium * 15%Compass Poz-Mix * 5%Premium Gel (Bentonite) * 1%C-45 Econolite * 0.035%C-51 Suspension Agent * 5.36#/skSalt * 0.13#/skPhenoseal *

Tail-100%Class C Premium * 1%Calcium Chloride * 0.1%C-45 Econolite * 0.03%Citric Acid *
Cement to Surface 170bbls-422sks-955 cuft

CEMENTER'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that the cementing of casing and/or the placing of cement plugs in this well as shown in the report was performed by me or under my supervision, and that the cementing data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers cementing data only.

Colt Berry

COMPASS WELL SERVICES

Colt Berry

Name and title of cementer's representative

Cementing Company

Signature

10013 W. CNTY RD 157

MIDLAND, TX 79706 325-387-2940

8/10/23

Address

City, State, Zip Code

Tel: Area Code

Number

Date: mo. day yr.

OPERATOR'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have knowledge of the well data and information presented in this report, and that data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers all well data.

ALLISON GARVIN

REGULATORY SPECIALIST

Allison Garvin

Typed or printed name of operator's representative

Title

Signature

6003 Deauville Blvd

Midland, TX 79706

432-687-6078

10/21/2024

Address

City, State, Zip Code

Tel: Area Code

Number

Date: mo. day yr.

Instructions for Form W-15, Cementing Report

NOTICE: The Form W-15 must be submitted as an attachment to a Form G-1 (Gas Well Back Pressure Test, Completion or Recompletion Report, and Log), Form W-2 (Oil Well Potential Test, Completion or Recompletion Report, and Log), Form W-3 (Plugging Record), or Form W-4 (Application for Multiple Completion), any time cement is pumped in a wellbore.

- What to file:** An operator should file an original and one copy of the completed Form W-15 for each cementing company used on a well. The cementing of different casing strings on a well by one cementing company may be reported on one form.
The Form W-15 should be filed with the Form W-3, Plugging Record, unless the Form W-3 is signed by the cementing company representative. When reporting dry holes, operators must complete Form W-15, in addition to Form W-3, to show any casing cemented in the hole.
- How to file:** An oil and gas completion report and Form W-15 may be filed online using the Commission's Online System (<https://webapps.rrc.state.tx.us/security/login.do>) or a paper copy of the form may be mailed to the Commission in Austin (P.O. Box 12967, Austin, Texas 78711-2967).
- Surface casing:** An operator must set and cement sufficient surface casing to protect all usable-quality water strata, as defined by the Groundwater Advisory Unit in Austin. Sufficient cement shall be used to fill the annular space outside the casing from the shoe to the ground surface or to the bottom of the cellar. Before drilling a well, an operator must obtain a letter from the Groundwater Advisory Unit stating the protection depth. Surface casing should not be set deeper than 200 feet below the specified depth without prior approval from the Commission.
To plug and abandon a well, operators must use only cementers approved by the Commission's Director of Field Operations in accordance with SWR 14 ([http://info.sos.state.tx.us/pls/pub/readtac\\$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=16&pt=1&ch=3&rl=14](http://info.sos.state.tx.us/pls/pub/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=16&pt=1&ch=3&rl=14)). Cementing companies, service companies, or operators can qualify as approved cementers by demonstrating that they are able to mix and pump cement in compliance with Commission rules and regulations.
- Estimated % wash-out:** If the estimated % wash-out is less than 20% (or 30% along the Gulf Coast), provide supporting documentation such as a caliper log to show how the estimated % wash-out was obtained.
- Multi-stage cement:** An operator must report the multi-stage cement shoe in II. Casing Cementing Data section by selecting the type of casing and Multi-stage cement shoe. The operator must report the multi-stage cement tool in III. Casing Cementing Data section by selecting the type of casing and Multi-stage cement/DV tool.
- Multiple parallel strings:** An operator should file the Form W-15 as an attachment to the Form W-4, Application for Multiple Completion. An operator may be required to submit multiple Form W-15s to show all data for multiple parallel strings.
- Slurry data:** If cement job exceeds three slurries, continue the list of slurries in the Slurry table in the subsequent Casing Cementing Data box.



RAILROAD COMMISSION OF TEXAS

1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967

Form W-15

Rev. 08/2014

CEMENTING REPORT

Cementor: Fill in shaded areas.
Operator: Fill in other items.

OPERATOR INFORMATION

Operator Name: **PDC PERMIAN, INC.**

Operator P-5 No.: 646832

Cementor Name: Compass Well Services LLC

Cementor P-5 No.: 169789

WELL INFORMATION

District No.: 08

County: REEVES COUNTY

Well No.: C8HU

API No.: 389-40511

Drilling Permit No.: 888589

Lease Name: SUNNYSIDE STATE 2

Lease No.: 295925

Field Name: PHANTOM (WOLFCAMP)

Field No.: 71052900

I. CASING CEMENTING DATA

Type of casing: ☐ Conductor ☐ Surface ☐ Intermediate ☐ Liner ☐ Production

Drilled hole size (in.): Depth of drilled hole (ft.): Est. % wash-out or hole enlargement: 20

Size of casing in O.D. (in.): Casing weight (lbs/ft) and grade: No. of centralizers used:

Was cement circulated to ground surface (or bottom of cellar) outside casing? ☐ YES ☐ NO If no for surface casing, explain in Remarks. Setting depth shoe (ft.): Top of liner (ft.):
Setting depth liner (ft.):

Hrs. waiting on cement before drill-out: Calculated top of cement (ft.): Cementing date:

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1					
2					
3					
Total					

II. CASING CEMENTING DATA

Type of casing: ☐ Surface ☒ Intermediate ☐ Production ☐ Tapered production ☒ Multi-stage cement shoe ☐ Multiple parallel strings

Drilled hole size (in.): 10.625" Depth of drilled hole (ft.): 9,757' Est. % wash-out or hole enlargement:

Size of casing in O.D. (in.): 8.625" Casing weight (lbs/ft) and grade: 32#/L-80 No. of centralizers used: 80

Tapered string drilled hole size (in.) Tapered string depth of drilled hole (ft.)
Upper: Lower: Upper: Lower:

Tapered string size of casing in O.D. (in.) Tapered string casing weight (lbs/ft) and grade Tapered string no. of centralizers used
Upper: Lower: Upper: Lower: Upper: Lower:

Was cement circulated to ground surface (or bottom of cellar) outside casing? ☐ YES ☒ NO Setting depth shoe (ft.): 9,747'

Hrs. waiting on cement before drill-out: Calculated top of cement (ft.): 1,061' Cementing date: 08/17/2023

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1	730	HSLD 82	SEE BELOW	2270.3	8,003'
2	120	H	SEE BELOW	157.2	596'
3					
Total	850			2427.5	8,599'

III. CASING CEMENTING DATA

Type of casing: ☐ Surface ☒ Intermediate ☐ Production ☐ Tapered production ☒ Multi-stage cement/DV tool ☐ Multiple parallel strings

Drilled hole size (in.): 10.625" Depth of drilled hole (ft.): 9,757' Est. % wash-out or hole enlargement:

Size of casing in O.D. (in.): 8.625" Casing weight (lbs/ft) and grade: 32#/L-80 No. of centralizers used: 80

Tapered string drilled hole size (in.) Tapered string depth of drilled hole (ft.)
Upper: Lower: Upper: Lower:

Tapered string size of casing in O.D. (in.) Tapered string casing weight (lbs/ft) and grade Tapered string no. of centralizers used
Upper: Lower: Upper: Lower: Upper: Lower:

Was cement circulated to ground surface (or bottom of cellar) outside casing? ☒ YES ☐ NO Setting depth tool (ft.): 2,333'

Hrs. waiting on cement before drill-out: Calculated top of cement (ft.): 0 Cementing date: 08/17/2023

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1	310	C	SEE BELOW	840.1	1,822'
2	180	C	SEE BELOW	239.4	585'
3					
Total	490			1079.5	2,407'

CEMENTING TO SQUEEZE, PLUG BACK OR PLUG AND ABANDON							
	PLUG #1	PLUG #2	PLUG #3	PLUG #4	PLUG #5	PLUG #6	PLUG #7
Cementing Date							
Size of hole or pipe (in.)							
Depth to bottom of tubing or drill pipe (ft.)							
Cement retainer setting depth (ft.)							
CIBP setting depth (ft.)							
Amount of cement on top of CIBP (ft.)							
Sacks of cement used							
Slurry volume pumped (cu. ft.)							
Calculated top of plug (ft.)							
Measured top of plug, if tagged (ft.)							
Slurry weight (lbs/gal)							
Class/type of cement							
Perforate and squeeze (YES/NO)							

REMARKS

1ST STAGE LEAD 100%HSLO 82 Cement * 10%Premium Gel (Bentonite) * 0.1%GFL 2 * 0.2%GFL 2 * 0.14%CSA-1000 - Fluid Loss Additive * 6%STE * 2%Gyp Seal * 1ST STAGE TAIL 100%Class H Premium * 0.1%GFL 2 * 0.06%CSA-1000 - Fluid Loss Additive * 2%STE * 0.1%G 23 High Temp Retarder * 2ND STAGE LEAD 85%Class C Premium * 15%Compass Plug-Mix * 5%Premium Gel (Bentonite) * 2%G 45 Econalite * 0.1%GFL 2 * 0.14%CSA-1000 - Fluid Loss Additive * 6%STE * 2%Gyp Seal * 2ND STAGE TAIL 100%Class C Premium * 0.1%GFL 2 * 0.06%CSA-1000 - Fluid Loss Additive * 2%STE * 0.1%G 23 High Temp Retarder *

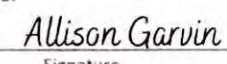
NO CEMENT WAS CIRCULATED TO SURFACE ON FIRST AND 20 BBL/41 SLS CIRCULATED TO SURFACE ON SECOND STAGE

CEMENTER'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that the cementing of casing and/or the placing of cement plugs in this well as shown in the report was performed by me or under my supervision, and that the cementing data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers cementing data only.

MICHAEL CAMPBELL - SERVICE SUPERVISOR COMPASS CEMENTING

Name and title of cementer's representative	Cementing Company	Signature	
10013 W. CNTY RD 157	MIDLAND, TX 79706		
Address	City, State, Zip Code	Tel: Area Code	Number Date: mo. day yr.
		325-387-2940	08/17/2023

OPERATOR'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have knowledge of the well data and information presented in this report, and that data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers all well data.

Typed or printed name of operator's representative	Regulatory Specialist	Signature	
Allison Garvin			
6001 Deauville Blvd	Midland, TX 79706	432-687-6078	10/21/2024
Address	City, State, Zip Code	Tel: Area Code	Number Date: mo. day yr.

Instructions for Form W-15, Cementing Report

NOTICE: The Form W-15 must be submitted as an attachment to a Form G-1 (Gas Well Back Pressure Test, Completion or Recompletion Report, and Log), Form W-2 (Oil Well Potential Test, Completion or Recompletion Report, and Log), Form W-3 (Plugging Record), or Form W-4 (Application for Multiple Completion), any time cement is pumped in a wellbore.

- A. **What to file:** An operator should file an original and one copy of the completed Form W-15 for each cementing company used on a well. The cementing of different casing strings on a well by one cementing company may be reported on one form.
The Form W-15 should be filed with the Form W-3, Plugging Record, unless the Form W-3 is signed by the cementing company representative. When reporting dry holes, operators must complete Form W-15, in addition to Form W-3, to show any casing cemented in the hole.
- B. **How to file:** An oil and gas completion report and Form W-15 may be filed online using the Commission's Online System (<https://webapps.rrc.state.tx.us/security/login.do>) or a paper copy of the form may be mailed to the Commission in Austin (P.O. Box 12967, Austin, Texas 78711-2967).
- C. **Surface casing:** An operator must set and cement sufficient surface casing to protect all usable-quality water strata, as defined by the Groundwater Advisory Unit in Austin. Sufficient cement shall be used to fill the annular space outside the casing from the shoe to the ground surface or to the bottom of the cellar. Before drilling a well, an operator must obtain a letter from the Groundwater Advisory Unit stating the protection depth. Surface casing should not be set deeper than 200 feet below the specified depth without prior approval from the Commission.
To plug and abandon a well, operators must use only cementers approved by the Commission's Director of Field Operations in accordance with SWR 14 ([http://info.sos.state.tx.us/pls/pub/readtac\\$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=16&pt=1&ch=3&rl=14](http://info.sos.state.tx.us/pls/pub/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=16&pt=1&ch=3&rl=14)). Cementing companies, service companies, or operators can qualify as approved cementers by demonstrating that they are able to mix and pump cement in compliance with Commission rules and regulations.
- D. **Estimated % wash-out:** If the estimated % wash-out is less than 20% (or 30% along the Gulf Coast), provide supporting documentation such as a caliper log to show how the estimated % wash-out was obtained.
- E. **Multi-stage cement:** An operator must report the multi-stage cement shoe in II. Casing Cementing Data section by selecting the type of casing and Multi-stage cement shoe. The operator must report the multi-stage cement tool in III. Casing Cementing Data section by selecting the type of casing and Multi-stage cement/DV tool.
- F. **Multiple parallel strings:** An operator should file the Form W-15 as an attachment to the Form W-4, Application for Multiple Completion. An operator may be required to submit multiple Form W-15s to show all data for multiple parallel strings.
- G. **Slurry data:** If cement job exceeds three slurries, continue the list of slurries in the Slurry table in the subsequent Casing Cementing Data box.



RAILROAD COMMISSION OF TEXAS

1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967

Form W-15

Rev. 08/2014

CEMENTING REPORT

Cementer: Fill in shaded areas.
Operator: Fill in other items.

OPERATOR INFORMATION

Operator Name: PDC Energy PDC PERMIAN, INC.	Operator P-5 No.: 646832
Cementer Name: Compass Well Services LLC	Cementer P-5 No.: 169789

WELL INFORMATION

District No.: 08	County: Reeves	
Well No.: C8HU	API No.: 389-40511	Drilling Permit No.: 888589
Lease Name: Sunnyside State 2	Lease No.: 295925	
Field Name: PHANTOM (WOLFCAMP)	Field No.: 71052900	

I. CASING CEMENTING DATA

Type of casing: ☐ Conductor ☐ Surface ☐ Intermediate ☐ Liner ☒ Production		
Drilled hole size (in.): 7 7/8	Depth of drilled hole (ft.): 21479	Est. % wash-out or hole enlargement: 20
Size of casing in O.D. (in.): 5 1/2	Casing weight (lbs/ft) and grade: 23# P-110	No. of centralizers used: 335
Was cement circulated to ground surface (or bottom of cellar) outside casing? ☐ YES ☒ NO If no for surface casing, explain in Remarks.	Setting depth shoe (ft.): 21479	Top of liner (ft.):
		Setting depth liner (ft.):
Hrs. waiting on cement before drill-out:	Calculated top of cement (ft.): 0	Cementing date: 09/01/2023

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1	460	See Remarks	See Below	1463	8260
2	140	See Remarks	See Below	185	1044
3	1830	See Remarks	See Below	2233	12841
Total	2430		See Below	3881	22145

II. CASING CEMENTING DATA

Type of casing: ☐ Surface ☐ Intermediate ☐ Production ☐ Tapered production ☐ Multi-stage cement shoe ☐ Multiple parallel strings			
Drilled hole size (in.):	Depth of drilled hole (ft.):	Est. % wash-out or hole enlargement:	
Size of casing in O.D. (in.):	Casing weight (lbs/ft) and grade:	No. of centralizers used:	
Tapered string drilled hole size (in.)	Tapered string depth of drilled hole (ft.)		
Upper:	Lower:	Upper:	Lower:
Tapered string size of casing in O.D. (in.)	Tapered string casing weight (lbs/ft) and grade	Tapered string no. of centralizers used	
Upper:	Lower:	Upper:	Lower:
Was cement circulated to ground surface (or bottom of cellar) outside casing? ☐ YES ☐ NO	Setting depth shoe (ft.):		
Hrs. waiting on cement before drill-out:	Calculated top of cement (ft.):	Cementing date:	

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1		See Remarks	See Below		
2		See Remarks	See Below		
3			See Below		
Total			See Below		

III. CASING CEMENTING DATA

Type of casing: ☐ Surface ☐ Intermediate ☐ Production ☐ Tapered production ☐ Multi-stage cement/DV tool ☐ Multiple parallel strings			
Drilled hole size (in.):	Depth of drilled hole (ft.):	Est. % wash-out or hole enlargement:	
Size of casing in O.D. (in.):	Casing weight (lbs/ft) and grade:	No. of centralizers used:	
Tapered string drilled hole size (in.)	Tapered string depth of drilled hole (ft.)		
Upper:	Lower:	Upper:	Lower:
Tapered string size of casing in O.D. (in.)	Tapered string casing weight (lbs/ft) and grade	Tapered string no. of centralizers used	
Upper:	Lower:	Upper:	Lower:
Was cement circulated to ground surface (or bottom of cellar) outside casing? ☐ YES ☐ NO	Setting depth tool (ft.):		
Hrs. waiting on cement before drill-out:	Calculated top of cement (ft.):	Cementing date:	

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1		See Remarks	See Below		
2		See Remarks	See Below		
3			See Below		
Total			See Below		

CEMENTING TO SQUEEZE, PLUG BACK OR PLUG AND ABANDON							
	PLUG #1	PLUG #2	PLUG #3	PLUG #4	PLUG #5	PLUG #6	PLUG #7
Cementing Date							
Size of hole or pipe (in.)							
Depth to bottom of tubing or drill pipe (ft.)							
Cement retainer setting depth (ft.)							
CIBP setting depth (ft.)							
Amount of cement on top of CIBP (ft.)							
Sacks of cement used							
Slurry volume pumped (cu. ft.)							
Calculated top of plug (ft.)							
Measured top of plug, if tagged (ft.)							
Slurry weight (lbs/gal)							
Class/type of cement							
Perforate and squeeze (YES/NO)							

REMARKS

Cement Additives: Lead Cement- 100%HSLD 94 Cement * 0.35%C-45 Econolite * 0.5%CFL-2 * 0.35%Citric Acid * 0.2%CSA-1000 - Fluid Loss Additive * 4%STE * 0.3%C-49 Expanding Gas Flow Control * 0.8#skSalt * 1#/skGyp Seal * ; Tail Cement #1- 100%HSLD 80 Cement * 0.5%CFL-2 * 0.04%CSA-1000 - Fluid Loss Additive * 0.3%C-49 Expanding Gas Flow Control * 0.275%C-23 High Temp Retarder * 1#/skGyp Seal * ; Tail Cement #2 - 100%HSLD 82 Cement * 0.4%CFL-2 * 0.025%Citric Acid * 0.04%CSA-1000 - Fluid Loss Additive * 4%STE * 0.3%C-49 Expanding Gas Flow Control *
 No Cement to Surface

CEMENTER'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that the cementing of casing and/or the placing of cement plugs in this well as shown in the report was performed by me or under my supervision, and that the cementing data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers cementing data only.

DEREK LEWIS - CSI

COMPASS CEMENTING SERVICES

Derek Lewis

Name and title of cementer's representative	Cementing Company	Signature
10013 W. CNTY RD 157	MIDLAND, TX 79706	432-561-5970
Address	City, State, Zip Code	Tel: Area Code Number
		Date: mo. day yr. 09/01/2023

OPERATOR'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have knowledge of the well data and information presented in this report, and that data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers all well data.

Allison Garvin

Regulatory Specialist

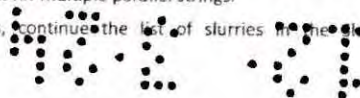
Allison Garvin

Typed or printed name of operator's representative	Title	Signature
6001 Deauville Blvd	Midland, TX 79706	432-687-6078
Address	City, State, Zip Code	Tel: Area Code Number
		Date: mo. day yr. 10/21/2024

Instructions for Form W-15, Cementing Report

NOTICE: The Form W-15 must be submitted as an attachment to a Form G-1 (Gas Well Back Pressure Test, Completion or Recompletion Report, and Log), Form W-2 (Oil Well Potential Test, Completion or Recompletion Report, and Log), Form W-3 (Plugging Record), or Form W-4 (Application for Multiple Completion), any time cement is pumped in a wellbore.

- What to file:** An operator should file an original and one copy of the completed Form W-15 for each cementing company used on a well. The cementing of different casing strings on a well by one cementing company may be reported on one form.
The Form W-15 should be filed with the Form W-3, Plugging Record, unless the Form W-3 is signed by the cementing company representative. When reporting dry holes, operators must complete Form W-15, in addition to Form W-3, to show any casing cemented in the hole.
- How to file:** An oil and gas completion report and Form W-15 may be filed online using the Commission's Online System (<https://webapps.rrc.state.tx.us/security/login.do>) or a paper copy of the form may be mailed to the Commission in Austin (P.O. Box 12967, Austin, Texas 78711-2967).
- Surface casing:** An operator must set and cement sufficient surface casing to protect all usable-quality water strata, as defined by the Groundwater Advisory Unit in Austin. Sufficient cement shall be used to fill the annular space outside the casing from the shoe to the ground surface or to the bottom of the cellar. Before drilling a well, an operator must obtain a letter from the Groundwater Advisory Unit stating the protection depth. Surface casing should not be set deeper than 200 feet below the specified depth without prior approval from the Commission.
To plug and abandon a well, operators must use only cementers approved by the Commission's Director of Field Operations in accordance with SWR 14 ([http://info.sos.state.tx.us/pls/pub/readtac\\$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=16&pt=1&ch=3&rl=14](http://info.sos.state.tx.us/pls/pub/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=16&pt=1&ch=3&rl=14)). Cementing companies, service companies, or operators can qualify as approved cementers by demonstrating that they are able to mix and pump cement in compliance with Commission rules and regulations.
- Estimated % wash-out:** If the estimated % wash-out is less than 20% (or 30% along the Gulf Coast), provide supporting documentation such as a caliper log to show how the estimated % wash-out was obtained.
- Multi-stage cement:** An operator must report the multi-stage cement shoe in II. Casing Cementing Data section by selecting the type of casing and Multi-stage cement shoe. The operator must report the multi-stage cement tool in III. Casing Cementing Data section by selecting the type of casing and Multi-stage cement/DV tool.
- Multiple parallel strings:** An operator should file the Form W-15 as an attachment to the Form W-4, Application for Multiple Completion. An operator may be required to submit multiple Form W-15s to show all data for multiple parallel strings.
- Slurry data:** If cement job exceeds three slurries, continue the list of slurries in the slurry table in the subsequent Casing Cementing Data box.



CHRISTI CRADDICK, CHAIRMAN
WAYNE CHRISTIAN, COMMISSIONER
JIM WRIGHT, COMMISSIONER



DANNY SORRELLS
DIRECTOR, OIL AND GAS DIVISION
JEFFERY MORGAN
DISTRICT DIRECTOR

RAILROAD COMMISSION OF TEXAS

OIL AND GAS DIVISION

OPERATOR Name: PDC PERMIAN, INC.
Address1: 1099 18TH STREET STE 1500
Address2: GRANITE TOWER
City: DENVER
State: CO

RE: Lease: SUNNYSIDE STATE 2

Well No: C 8HU
Sec: 2 **Block:** 45
County: REEVES
Survey Name: PSL/GAY, W D

SWR13EX Application Number: 125474

Drilling Permit No: 888589

SWR 13 CASING EXCEPTION APPLICATION/ALTERNATIVE REQUEST APPROVED

The Proposed Casing and Cementing Program submitted for **LEASE** SUNNYSIDE STATE 2 ;
WELL C 8HU has been approved by the Railroad Commission of Texas District Office.

- a. A copy of this approved letter must be kept on location during all phases of drilling and/or plugging operations. Once approved, changes CANNOT be made to the Proposed Casing Program on the original application without additional approval from the Railroad Commission of Texas District Office.
- b. Any substantive modifications to the cement program require prior approval from the Railroad Commission of Texas District Office, and may require re-submission of the SWR 13 (Statewide Rule 13) Alternate Surface Casing Application. Contact the Railroad Commission of Texas District Office for more information.
- c. The tail slurry must be sufficient to fill the Zone of Critical Cement as described in Statewide Rule 13(b)(1)(H)(i). In addition, all cement slurries must be mixed on location as described in Application for Alternate Surface Casing Program.
- d. The casing and cement program shall adhere to the following specifications:
Set 1500 feet of surface casing and circulate cement from the shoe to the ground surface.

IF CEMENT IS NOT CIRCULATED TO THE GROUND SURFACE AS REQUIRED BY THIS EXCEPTION, YOU MUST CONTACT THE RAILROAD COMMISSION OF TEXAS DISTRICT OFFICE IMMEDIATELY AND FOLLOW THE PROCEDURES SET OUT IN RULE 13(b)(1)(H)(iii) OR AS REQUIRED BY THE RAILROAD COMMISSION OF TEXAS DISTRICT OFFICE.

15. 3.54

You must comply with all other provisions of SWR 13 (Statewide Rule 13) and a representative of the cementing company who performs the cementing job for the protection of usable quality water strata must sign the Form W-15 attesting to the information regarding cementing operations performed; including circulation of cement. (Note: If surface casing is set below the approved depth, this can result in denial of future Statewide Rule 13(b)(1)(H)(i) requests.) A condition of the approved drilling permit requires notification to the Railroad Commission of Texas District Office eight (8) hours prior to the time casing is to be set/cemented in the well. If your exception request was submitted after the subject well has been drilled and completed, the operator may be referred for enforcement action.

This authorization shall expire within five (5) years from the date the Groundwater Protection Determination was issued, or at the expiration of the drilling permit (if the well is not spudded prior to expiration) for the referenced well, whichever occurs first. Furthermore, this authorization supersedes any prior authorizations issued for the referenced well.

This exception is based on information provided when the application was submitted 07/19/2023
If any information has changed, you must contact the appropriate Railroad Commission of Texas District Office, and submit a new application if applicable. If you have questions, please contact the appropriate Oil and Gas District office.

RRC APPROVAL BY: Ade Alase

DATE: 07/19/2023

JEFFERY MORGAN

DISTRICT DIRECTOR

402 21



RAILROAD COMMISSION OF TEXAS

1701 N. Congress
P.O. Box 12967
Austin, Texas 78711-2967

Form P-17A

Rev. 03/2019

APPLICATION FOR COMMINGLE PERMIT PURSUANT TO STATEWIDE RULES 26 AND OR 27

☒ New
☐ Amended Existing Permit
No. Sunnyside State 2 North
Effective Month/Year of Requested
Exception: 02 / 2024
District 08
County REEVES

SECTION 1. OPERATOR INFORMATION

Operator Name: PDC Peanian Operator P-5 No.: 646832
Operator Address: 6301 DEAUVILLE BLVD MIDLAND TX 79706

SECTION 2. GATHERER (of oil or condensate) INFORMATION (not required if 3b is checked)

Gatherer Name: ENERGY TRANSFER COMPANY Gatherer P-5 No.: 252017
Gatherer Address: ATTN KIMBERLY FITZHENRY 1300 MAIN STREET HOUSTON TX 77002

Gatherer E-mail Address:
(Optional - If provided, e-mail address will become part of this public record.)

SECTION 3. APPLICATION APPLIES TO (CHECK ALL THAT APPLY): OIL CASINGHEAD GAS GAS WELL GAS CONDENSATE

- a) ☒ Gas well full well stream into common separation and storage facility with liquids reported on Form PR.
b) ☐ Gas well full well stream into a gasoline plant/common separation and storage facility with liquids reported on Form R-3 Serial # _____ (If full well stream is checked, the results of periodic tests to determine the number of stock tank barrels of liquid hydrocarbons recovered per 1,000 standard cubic feet of gas must be reported on Form G-10 in accordance with SWR 55. Attach an explanation of any exceptions to SWR 55.)
c) ☐ Condensate and low-pressure Gas Well Gas are commingled into low-pressure separation and storage facilities.
d) ☒ This request is for off lease: ☐ Storage ☐ Separation ☐ Metering
e) ☐ This application is for common storage.
f) ☐ This application is for common separation.
g) ☒ This application is for casinghead gas metering by: Deduct Metering ☐ Allocation by well test Other _____
h) ☒ This application is for gas well gas metering by: Deduct Metering ☐ Allocation by well test Other _____

SECTION 4. COMMINGLING PURSUANT TO §3.26(b) or §3.27(e) - (CHECK ALL THAT APPLY)

- a) ☒ The production stream from each tract and each Commission-designated reservoir is measured separately before combining it with a stream from another tract or Commission-designated reservoir.
Production will be allocated by: W-10 (oil) W-2 retest (oil) PD Meter (oil & condensate) ☒ G-10 (gas) Other _____
b) ☐ The tracts and Commission-designated reservoirs have identical royalty interest and working interest ownership in identical percentages.
Production will be allocated by: W-10 (oil) W-2 retest (oil) PD Meter (oil & condensate) ☒ G-10 (gas) Other _____

Received
RRC of Texas
11:39am, Jul 12, 2024
Oil & Gas Production Department
Austin, Texas

SECTION 5. Any one of the wells proposed for commingling produces from a Commission-designated reservoir for which special field rules regarding surface commingling have been adopted. (Notice may be required; see instructions)

SECTION 6. Wells proposed for commingling have an operator's name other than the applicant listed in SECTION 1. (See instructions)

SECTION 7. For oil production, the production from all oil wells on each oil lease is to be commingled. (See instructions)

SECTION 8. IDENTIFY LEASES AS SHOWN ON COMMISSION RECORDS (attach additional pages as needed)

DISTRICT	RRC IDENTIFIER	ACTION	LEASE AND FIELD NAME	WELL NO.
08	295621	Existing ☒ Add ☐ Delete ☐	SUNNYSIDE STATE 2 PHANTOM(WOLFCAMP)	B4HU
08	296035	Existing ☒ Add ☐ Delete ☐	SUNNYSIDE STATE 2 PHANTOM(WOLFCAMP)	ASHU
08	295925	Existing ☒ Add ☐ Delete ☐	SUNNYSIDE STATE 2 PHANTOM(WOLFCAMP)	C8HU
08	295530	Existing ☒ Add ☐ Delete ☐	SUNNYSIDE STATE 2 PHANTOM(WOLFCAMP)	C9HU

ATTACH ADDITIONAL PAGES AS NEEDED. No additional pages ☒ Additional pages 1 (# of additional pages)

CERTIFICATE: I declare under penalties in Sec. 91.143, Texas Natural Resources Code, that I am authorized to file this application, that this application was prepared by me or under my supervision and direction, and that the data and facts stated therein are true, correct, and complete to be the best of my knowledge. I certify that all requests for related required approvals from other affected state agencies have been submitted and that I understand that any authorization granted by Commission approval of this application is contingent upon the approvals from other affected state agencies being obtained.

Signature Dianna Waddle ie Regulatory Coordinator ite 07/09/2024

Operator E-mail Address: _____ Operator Phone No. _____
(Optional - If provided, e-mail address will become part of this public record.)

RRC USE ONLY

Commingling Permit No. 10628 Approval date: 7/12/24 Approved by: DW

402 07

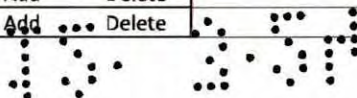
RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

**ATTACHMENT FOR
APPLICATION FOR EXCEPTION TO
STATEWIDE RULES (SWR) 26 AND/OR 27
COMMINGLE PERMIT APPLICATION**

FORM P-17 ATTACHMENT

SECTION 8. (CONT'D) IDENTIFY LEASES AS SHOWN ON COMMISSION RECORDS (attach additional pages as needed)

DISTRICT	RRC IDENTIFIER	ACTION	LEASE AND FIELD NAME	WELL NO.
08	295792	Existing ■ Add Delete	SUNNYSIDE STATE 2 PHANTOM(WOLFCAMP)	A10HU
		Existing Add Delete		
		Existing Add Delete		
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API NO.	Operator Name/Number	Lease Name	Well #	Dist.	County
423894050800	PDC PERMIAN, INC. (646832)	SUNNYSIDE STATE 2	B 4HU	8	REEVES
423894050900	PDC PERMIAN, INC. (646832)	SUNNYSIDE STATE 2	A 5HU	8	REEVES
423894051100	PDC PERMIAN, INC. (646832)	SUNNYSIDE STATE 2	C 8HU	8	REEVES
423894051800	PDC PERMIAN, INC. (646832)	SUNNYSIDE STATE 2 9U	C 9HU	8	REEVES
423894067500	PDC PERMIAN, INC. (646832)	SUNNYSIDE STATE 2 10U	A 10HU	8	REEVES

422 37

**RAILROAD COMMISSION OF TEXAS****Form G-1**

1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967

Status: Approved
Date: 11/28/2023
Tracking No.: 300172

GAS WELL BACK PRESSURE TEST, COMPLETION OR RECOMPLETION REPORT,**OPERATOR INFORMATION**

Operator PDC PERMIAN, INC. Operator 646832
Operator 6301 DEAUVILLE BLVD MIDLAND, TX 79706-

WELL INFORMATION

API 42-389-40511 County: REEVES
Well C 8HU RRC District 08
Lease SUNNYSIDE STATE 2 Field PHANTOM (WOLFCAMP)
RRC Gas ID 295925 Field No.: 71052900
Location Section: 2, Block: 45, Survey: PSL/GAY, W D, Abstract: 3655
Latitude 31 Longitud -104
This well is 25 miles in NW
direction MENTONE,
which is the nearest town in the

FILING INFORMATION

Purpose of Well Record Only
Type of New Well
Well Type: Shut-In Producer Completion or Recompletion 09/02/2023
Type of Permit Date Permit No.
Permit to Drill, Plug Back, or 03/08/2023 888589
Rule 37 Exception
Fluid Injection
O&G Waste Disposal
Other:

COMPLETION INFORMATION

Spud 08/09/2023 Date of first production after rig 09/02/2023
Date plug back, deepening, drilling operation 08/09/2023 Date plug back, deepening, recompletion, drilling operation 09/01/2023
Number of producing wells on this lease this field (reservoir) including this 9 Distance to nearest well in lease & reservoir 126.0
Total number of acres in 640.00 Elevation 3075 GR
Total depth TVD 10248 Total depth MD 21479
Plug back depth TVD Plug back depth MD
Was directional survey made other inclination (Form W- Yes Rotation time within surface casing 24.0
Is Cementing Affidavit (Form W-15) Yes
Recompletion or No Multiple No
Type(s) of electric or other log(s) Gamma Ray (MWD)
Electric Log Other Description:
Location of well, relative to nearest lease boundaries Off Lease: No
of lease on which this well is 467.0 Feet from the South Line and
2578.0 Feet from the West Line of the
SUNNYSIDE STATE 2 Lease.

FORMER FIELD (WITH RESERVOIR) & GAS ID OR OIL LEASE NO.

Field & Reservoir Gas ID or Oil Lease Well No. Prior Service Type

G1: N/A
 PACKET: N/A

FOR NEW DRILL OR RE-ENTRY, SURFACE CASING DEPTH DETERMINED BY:

GAU Groundwater Protection	Depth	825.0	Date	03/14/2023
SWR 13 Exception	Depth	1500.0		

GAS MEASUREMENT DATA

Date of Gas measurement method

Gas production during test

Was the well preflowed for 48 No

Run No.	Line size	Orif. or Choke Size (in.)	24 hr. Coeff. Orif. Or Choke	Static Pm or Choke (in.)	Diff (hw)	Flow Temp (°F)	Temp. (Ftf)	Gravity (Fg)	Compress (Fpv)	Volume (MCF/day)
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N/A

FIELD DATA AND PRESSURE CALCULATIONS

Gravity (dry Gravity (liquid hydrocarbons) (Deg.

Gas-Liquid Hydro Ratio (CF/Bbl):

Gravity (mixture):

Avg. shut in temp. (°

Bottom hole temp. and °F@ FT

Run	Time of Run (Min.)	Choke Size	Wellhead Pressure	Wellhead Flow Temp (°F)
-----	--------------------	------------	-------------------	-------------------------

N/A

CASING RECORD

Ro	Type of Casing	Casing Size (in.)	Hole Size	Setting Depth	Multi - Stage Tool	Multi - Stage Shoe	Cement Class	Cement Amount	Slurry Volume (cu. ft.)	Top of Cement (ft.)	TOC Determined By
1	Surface	13 3/8	17 1/2	1503			C/POZ	1140	2223.0	0	Circulated to Surface
2	Intermediate	8 5/8	10 5/8	9747	2333		C	490	1080.0	0	Calculation
3	Intermediate	8 5/8	10 5/8	9747			HSLD 82, H	850	2427.5	2333	Calculation
4	Conventional Production	5 1/2	7 7/8	21479			HSLD 94/80	2430	3881.0	0	Circulated to Surface

LINER RECORD

Ro	Liner Size	Hole Size (in.)	Liner Top	Liner Bottom	Cement Class	Cement Amount	Slurry Volume (cu. ft.)	Top of Cement (ft.)	TOC Determined By
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N/A

TUBING RECORD

Ro	Size (in.)	Depth Size (ft.)	Packer Depth (ft.)/Type
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N/A

PRODUCING/INJECTION/DISPOSAL INTERVAL

Ro	Open hole?	From (ft.)	To (ft.)
----	------------	------------	----------

L

N/A



ACID, FRACTURE, CEMENT SQUEEZE, CAST IRON BRIDGE PLUG, RETAINER, ETC.**Was hydraulic fracturing treatment**

No

Is well equipped with a downhole actuation sleeve? No**If yes, actuation pressure****Production casing test pressure (PSIG) hydraulic fracturing****Actual maximum pressure (PSIG) during fracturing****Has the hydraulic fracturing fluid disclosure been**

No

Ro Type of Operation**Amount and Kind of Material Used****Depth Interval (ft.)**

N/A

FORMATION RECORD

<u>Formations</u>	<u>Encountered</u>	<u>Depth TVD</u>	<u>Depth MD</u>	<u>Is formation isolated?</u>	<u>Remarks</u>
FORD / DELAWARE	Yes	2726.0	2735.0	Yes	PROVIDED BY GEOLOGIST
DELAWARE	No			No	NOT ENCOUNTERED IN AREA
CASTILLE	No			No	NOT ENCOUNTERED IN AREA
BELL CANYON	Yes	2750.0	2760.0	Yes	PROVIDED BY GEOLOGIST
DELAWARE CONSOLIDATED GAS	No			No	NOT ENCOUNTERED IN AREA
CHERRY CANYON	Yes	3687.0	3703.0	Yes	PROVIDED BY GEOLOGIST
BONE SPRING	Yes	6312.0	6333.0	Yes	PROVIDED BY GEOLOGIST
BONE SPRING 2	Yes	7666.0	7688.0	Yes	PROVIDED BY GEOLOGIST
BONE SPRING 3	Yes	8471.0	8494.0	Yes	PROVIDED BY GEOLOGIST
PHANTOM	Yes	8851.0	8874.0	Yes	PROVIDED BY GEOLOGIST
PERMIAN (UNDEFINED)	No			No	NOT ENCOUNTERED IN AREA
WOLFCAMP	Yes	9407.0	9430.0	Yes	PROVIDED BY GEOLOGIST
PENNSYLVANIAN	No			No	BELOW TD
MISSISSIPPIAN	No			No	BELOW TD
DEVONIAN	No			No	BELOW TD
FUSSELMAN	No			No	BELOW TD
ELLENBURGER	No			No	BELOW TD
PRECAMBRIAN (UNDIFFERENTIATED)	No			No	BELOW TD

Do the producing interval of this well produce H2S with a concentration in excess of 100 ppm

No

Is the completion being downhole commingled (SWR

No

REMARKS

404 31

RRC REMARKS**PUBLIC COMMENTS:****CASING RECORD :****TUBING RECORD:****PRODUCING/INJECTION/DISPOSAL INTERVAL :****ACID, FRACTURE, CEMENT SQUEEZE, CAST IRON BRIDGE PLUG, RETAINER, ETC. :****GAS MEASUREMENT DATE REMARK:****OPERATOR'S CERTIFICATION**

Printed	Lisa Budge	Title	Regulatory Supervisor
Telephone	(713) 372-3281	Date	10/25/2023

TS 354

File No. MF 117292

Reeves County

Completion Report AP142-389-40511

Date Filed: 01/28/2025

Commissioner Dawn Buckingham, M.D.

By: Jm

**RAILROAD COMMISSION OF TEXAS**

1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967

Form G-1

Status: Approved
Date: 10/16/2024
Tracking No.: 319766

GAS WELL BACK PRESSURE TEST, COMPLETION OR RECOMPLETION REPORT,**OPERATOR INFORMATION**

Operator PDC PERMIAN, INC. Operator 646832
Operator 6301 DEAUVILLE BLVD MIDLAND, TX 79706-0000

WELL INFORMATION

API 42-389-40675 County: REEVES
Well A 10HU RRC District 08
Lease SUNNYSIDE STATE 2 10U Field PHANTOM (WOLFCAMP)
RRC Gas ID 295792 Field No.: 71052900
Location Section: 2, Block: 45, Survey: PSL / GAY, W D, Abstract: 3655
Latitude 31 Longitude -104
This well is 25 miles in NW
direction MENTONE,
which is the nearest town in the

FILING INFORMATION

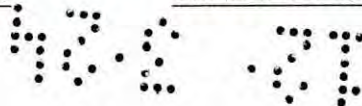
Purpose of Initial Potential
Type of Other/Recompletion
Well Type: Producing Completion or Recompletion 04/04/2024
Type of Permit Date 07/05/2023 Permit No. 891852
Permit to Drill, Plug Back, or
Rule 37 Exception
Fluid Injection
O&G Waste Disposal
Other:

COMPLETION INFORMATION

Spud 07/08/2023 Date of first production after rig 04/04/2024
Date plug back, deepening, drilling operation 11/13/2023 Date plug back, deepening, recompletion, drilling operation 04/04/2024
Number of producing wells on this lease this field (reservoir) including this 8 Distance to nearest well in lease & reservoir 303.0
Total number of acres in 818.00 Elevation 3044 GR
Total depth TVD 9683 Total depth MD 19404
Plug back depth TVD Plug back depth MD
Was directional survey made other inclination (Form W- Yes Rotation time within surface casing 38.0
Is Cementing Affidavit (Form W-15) Yes
Recompletion or Yes Multiple No
Type(s) of electric or other log(s) Gamma Ray (MWD)
Electric Log Other Description:
Location of well, relative to nearest lease boundaries Off Lease: No
of lease on which this well is 448.0 Feet from the South Line and
4797.0 Feet from the West Line of the
SUNNYSIDE STATE 2 10U Lease.

FORMER FIELD (WITH RESERVOIR) & GAS ID OR OIL LEASE NO.

Field & Reservoir Gas ID or Oil Lease Well No. Prior Service Type



G1: N/A
 PACKET: N/A

FOR NEW DRILL OR RE-ENTRY, SURFACE CASING DEPTH DETERMINED BY:

GAU Groundwater Protection	Depth	825.0	Date	03/14/2023
SWR 13 Exception	Depth	2300.0		

GAS MEASUREMENT DATA

Date of	04/07/2024	Gas measurement method	
Gas production during test	15978	Orifice Meter	
Was the well preflowed for 48	Yes		

Run No.	Line size	Orif. or Choke Size (in.)	24 hr. Coeff. Orif. Or Choke	Static Pm or Choke (in.)	Diff (hw)	Flow Temp (°F)	Temp. (Ftf)	Gravity (Fg)	Compress (Fpv)	Volume (MCF/day)
1	4.026	2.25	33955.19	137.0	0.4	135.0	0.9349	0.9005	1.016	5326.0

FIELD DATA AND PRESSURE CALCULATIONS

Gravity (dry	0.740	Gravity (liquid hydrocarbons) (Deg.	46.0
Gas-Liquid Hydro Ratio (CF/Bbl):	7101	Gravity (mixture):	1.084
Avg. shut in temp. (°	120.0	Bottom hole temp. and	160.0 °F@ 9530.0 FT

Run	Time of Run (Min.)	Choke Size	Wellhead Pressure	Wellhead Flow Temp (°F)
SHUT-IN	1440	0	700	125.0
1	4320	128/64	700	125.0

CASING RECORD

Ro	Type of Casing	Casing Size (in.)	Hole Size	Setting Depth	Multi - Stage Tool	Multi - Stage Shoe	Cement Class	Cement Amoun	Slurry Volume (cu. ft.)	Top of Cement (ft.)	TOC Determined By
1	Surface	13 3/8	17 1/2	2302			C/POZ	1545	3138.0	0	Circulated to Surface
2	Intermediate	8 5/8	10 5/8	9918	4152		C	565	1255.0	1627	Calculation
3	Intermediate	8 5/8	10 5/8	9918			C & H	820	2334.0	4152	Calculation
4	Conventional Production	5 1/2	7 7/8	19389			HSLD 94/80/82	2050	3438.0	0	Circulated to Surface

LINER RECORD

Ro	Liner Size	Hole Size (in.)	Liner Top	Liner Bottom	Cement Class	Cement Amoun	Slurry Volume (cu. ft.)	Top of Cement (ft.)	TOC Determined By
1	11 3/4	12 1/4	2080	3820	HSLD 76	30	34.0	2080	Calculation

TUBING RECORD

Ro	Size (in.)	Depth Size (ft.)	Packer Depth (ft.)/Type
1	2 3/8	9230	9230 / BAKER HORNET PACKER

PRODUCING/INJECTION/DISPOSAL INTERVAL

Ro	Open hole?	From (ft.)	To (ft.)
1	No	L1 9891	13782
2	No	L1 14825	19333



ACID, FRACTURE, CEMENT SQUEEZE, CAST IRON BRIDGE PLUG, RETAINER, ETC.

Was hydraulic fracturing treatment

Yes

Is well equipped with a downhole actuation sleeve? No

If yes, actuation pressure

Production casing test pressure (PSIG)

Actual maximum pressure (PSIG) during

hydraulic fracturing 9800

fracturing 9141

Has the hydraulic fracturing fluid disclosure been

Yes

<u>Ro</u>	<u>Type of Operation</u>	<u>Amount and Kind of Material Used</u>	<u>Depth Interval (ft.)</u>	
1	Fracture	PERF & FRAC 21 STAGES. SEE FRAC FOCUS FOR DETAIL	9891.0	13782.0
2	Fracture	PERF & FRAC 20 STAGES. SEE FRAC FOCUS FOR DETAIL	14825.0	19333.0

FORMATION RECORD

<u>Formations</u>	<u>Encountered</u>	<u>Depth TVD</u>	<u>Depth MD</u>	<u>Is formation isolated?</u>	<u>Remarks</u>
FORD / DELAWARE	No			No	NOT ENCOUNTERED IN AREA
DELAWARE	Yes	2718.0	2724.0	Yes	CASING & CEMENT
CASTILLE	No			No	UNABLE TO LOG
BELL CANYON	Yes	2743.0	2750.0	Yes	CASING & CEMENT
DELAWARE CONSOLIDATED GAS	No			No	NOT ENCOUNTERED IN AREA
CHERRY CANYON	Yes	3693.0	3703.0	Yes	CASING & CEMENT
BONE SPRING	Yes	6330.0	6346.0	Yes	CASING & CEMENT
BONE SPRING 2	Yes	7688.0	7704.0	Yes	CASING & CEMENT
BONE SPRING 3	Yes	8500.0	8516.0	Yes	CASING & CEMENT
PERMIAN (UNDEFINED)	No			No	NOT ENCOUNTERED IN AREA
WOLFCAMP	Yes	9438.0	9599.0	Yes	CASING & CEMENT
PENNSYLVANIAN	No			No	BELOW TD
MISSISSIPPIAN	No			No	BELOW TD
DEVONIAN	No			No	BELOW TD
FUSSELMAN	No			No	BELOW TD
ELLENBURGER	No			No	BELOW TD
PRECAMBRIAN (UNDIFFERENTIATED)	No			No	BELOW TD

Do the producing interval of this well produce H2S with a concentration in excess of 100 ppm

No

Is the completion being downhole commingled (SWR)

No

REMARKS

KOP@ 8984' WELL LOG TRACKER # 54729 THE LAST DAY OF FRACKING WAS 12/28/2023; THE WELL WAS PUT ON PRODUCTION 02/05/2024; THE PLAT WAS SIGNED 03/06/2024; THE TUBING WAS ADDED 03/28/2024 THUS THE PLAT DATE WAS PRIOR TO THE "COMPLETION" DATE.



RRC REMARKS

PUBLIC COMMENTS:

[RRC Staff 2024-09-10 11:04:27.188] EDL=9440 feet, max acres=704, PHANTOM (WOLFCAMP) Field; take points: 9891-19333

CASING RECORD :

TUBING RECORD:

PRODUCING/INJECTION/DISPOSAL INTERVAL :

ACID, FRACTURE, CEMENT SQUEEZE, CAST IRON BRIDGE PLUG, RETAINER, ETC. :

GAS MEASUREMENT DATE REMARK:

OPERATOR'S CERTIFICATION

Printed	Allison Garvin	Title	
Telephone	(713) 372-3281	Date	09/18/2024

TS 354

From: [Do not reply](#)
To: [Garvin, Allison \[Airsift\]](#)
Subject: **[**EXTERNAL**]** Digital Well Log 54729 Submitted
Date: Tuesday, June 11, 2024 10:46:04 AM

A Digital Well Log has been submitted.

- Submission Number: 54729
- Reasons for Filing: Rule 16, Other
- API No: 38940675
- Drilling Permit #: 891852
- Operator Name: PDC PERMIAN, INC.
- Operator Number: 646832
- District: 08
- County: REEVES
- Lease Name: SUNNYSIDE STATE 2 10U
- Well Number: A 10HU



GROUNDWATER PROTECTION DETERMINATION

Form GW-2



Groundwater Advisory Unit

Date Issued: 14 March 2023**GAU Number:** 364393**Attention:** PDC PERMIAN, INC.
1775 SHERMAN ST STE 3000
DENVER, CO 80203**API Number:** 38940508
County: REEVES
Lease Name: SUNNYSIDE STATE 2**Operator No.:** 646832**Lease Number:**
Well Number: B 4HU
Total Vertical: 13000
Latitude: 31.728492
Longitude: -104.016958
Datum: NAD27**Purpose:** New Production Well**Location:** Survey-PSL/GAY, W. D.; Abstract-3655; Block-45; Section-2

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

The interval from the land surface to the base of the Rustler, which is estimated to occur at a depth of 825 feet, must be protected.

This recommendation is applicable for all wells drilled in this section 2.

Note: Unless stated otherwise, this recommendation is intended to apply to all wells drilled within 200 feet of the subject well. Unless stated otherwise, this recommendation is for normal drilling, production, and plugging operations only.

This determination is based on information provided when the application was submitted on 03/14/2023. If the location information has changed, you must contact the Groundwater Advisory Unit, and submit a new application if necessary. If you have questions, please contact us at 512-463-2741 or gau@rrc.texas.gov.

Groundwater Advisory Unit, Oil and Gas Division

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





RAILROAD COMMISSION OF TEXAS

1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967

Form W-15

Rev. 08/2014

Cementer: Fill in shaded areas.
Operator: Fill in other items.

CEMENTING REPORT

OPERATOR INFORMATION

Operator Name: PDC Permian, INC.	Operator P-5 No.: 646832
Cementer Name: Compass Well Services LLC	Cementer P-5 No.: 169789

WELL INFORMATION

District No.:08	County: REEVES	
Well No.: A10HU	API No.: 389-40675	Drilling Permit No.: 891852
Lease Name: SUNNYSIDE STATE 2 10U	Lease No.:	
Field Name:PHANTOM (WOLFCAMP)	Field No.: 71052900	

I. CASING CEMENTING DATA

Type of casing: ☐ Conductor ☒ Surface ☐ Intermediate ☐ Liner ☐ Production		
Drilled hole size (in.): 17.5	Depth of drilled hole (ft.): 2312	Est. % wash-out or hole enlargement: 20%
Size of casing in O.D. (in.): 13.375	Casing weight (lbs/ft) and grade: 54.5/J55	No. of centralizers used: 27
Was cement circulated to ground surface (or bottom of cellar) outside casing? ☒ YES ☐ NO If no for surface casing, explain in Remarks.	Setting depth shoe (ft.): 2302	Top of liner (ft.):
		Setting depth liner (ft.):
Hrs. waiting on cement before drill-out: +12hrs	Calculated top of cement (ft.): 0	Cementing date: 07/10/2023

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1	1160	85/15 CLASS C/POZ	See Below	2621.6	3774.51
2	385	100 CLASS C	See Below	515.9	742.77
3			See Below		
Total	1545		See Below	3137.5	4517.28

II. CASING CEMENTING DATA

Type of casing: ☐ Surface ☐ Intermediate ☐ Production ☐ Tapered production ☐ Multi-stage cement shoe ☐ Multiple parallel strings					
Drilled hole size (in.):		Depth of drilled hole (ft.):		Est. % wash-out or hole enlargement:	
Size of casing in O.D. (in.):		Casing weight (lbs/ft) and grade:		No. of centralizers used:	
Tapered string drilled hole size (in.)		Tapered string depth of drilled hole (ft.)			
Upper:		Lower:		Upper:	
Tapered string size of casing in O.D. (in.)		Tapered string casing weight(lbs/ft) and grade		Tapered string no. of centralizers used	
Upper:		Lower:		Upper:	
Was cement circulated to ground surface (or bottom of cellar) outside casing? ☐ YES ☐ NO				Setting depth shoe (ft.):	
Hrs. waiting on cement before drill-out:		Calculated top of cement (ft.):		Cementing date:	

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1			See Below		
2			See Below		
3			See Below		
Total			See Below		

III. CASING CEMENTING DATA

Type of casing: ☐ Surface ☐ Intermediate ☐ Production ☐ Tapered production ☐ Multi-stage cement/DV tool ☐ Multiple parallel strings			
Drilled hole size (in.):		Depth of drilled hole (ft.):	Est. % wash-out or hole enlargement:
Size of casing in O.D. (in.):		Casing weight (lbs/ft) and grade:	No. of centralizers used:
Tapered string drilled hole size (in.)		Tapered string depth of drilled hole (ft.)	
Upper:		Upper:	Lower:
Tapered string size of casing in O.D. (in.)		Tapered string casing weight(lbs/ft) and grade	Tapered string no. of centralizers used
Upper:		Upper:	Upper:
Lower:		Lower:	Lower:
Was cement circulated to ground surface (or bottom of cellar) outside casing? ☐ YES ☐ NO			Setting depth tool (ft.):
Hrs. waiting on cement before drill-out:		Calculated top of cement (ft.):	Cementing date:

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1			See Below		
2			See Below		
3			See Below		
Total			See Below		

CEMENTING TO SQUEEZE, PLUG BACK OR PLUG AND ABANDON							
	PLUG #1	PLUG #2	PLUG #3	PLUG #4	PLUG #5	PLUG #6	PLUG #7
Cementing Date							
Size of hole or pipe (in.)							
Depth to bottom of tubing or drill pipe (ft.)							
Cement retainer setting depth (ft.)							
CIBP setting depth (ft.)							
Amount of cement on top of CIBP (ft.)							
Sacks of cement used							
Slurry volume pumped (cu. ft.)							
Calculated top of plug (ft.)							
Measured top of plug, if tagged (ft.)							
Slurry weight (lbs/gal)							
Class/type of cement							
Perforate and squeeze (YES/NO)							

REMARKS
LEAD CMT - 85%Class C Premium * 15%Compass Poz-Mix * 5%Premium Gel (Bentonite) * 1%C-45 Econolite * 0.05%C-51 Suspension Agent * 0.07%Citric Acid * 5.36#/skSalt * 0.13#/skPhenoseal * TAIL CMT - 100%Class C Premium * 1%Calcium Chloride * 0.1%C-45 Econolite * 0.04%Citric Acid * CIRCULATED 2.8 CUFT LEAD CMT TO SURFACE

CEMENTER'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that the cementing of casing and/or the placing of cement plugs in this well as shown in the report was performed by me or under my supervision, and that the cementing data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers cementing data only.

DOUGLAS MILLER - CSII

COMPASS CEMENTING SERVICES

[Signature]

Name and title of cementer's representative

Cementing Company

Signature

10013 W. CNTY RD 157

MIDLAND, TX 79706

432-561-5970

07/10/2023

Address

City, State, Zip Code

Tel: Area Code Number

Date: mo. day yr.

OPERATOR'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have knowledge of the well data and information presented in this report, and that data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers all well data.

Rachel Milne

Regulatory Consultant

[Signature]

Typed or printed name of operator's representative

Title

Signature

1775 Sherman St. #3000

Denver, CO 80203

(303) 513-7667

09/05/2023

Address

City, State, Zip Code

Tel: Area Code Number

Date: mo. day yr.

Instructions for Form W-15, Cementing Report

NOTICE: The Form W-15 must be submitted as an attachment to a Form G-1 (Gas Well Back Pressure Test, Completion or Recompletion Report, and Log), Form W-2 (Oil Well Potential Test, Completion or Recompletion Report, and Log), Form W-3 (Plugging Record), or Form W-4 (Application for Multiple Completion), any time cement is pumped in a wellbore.

- What to file:** An operator should file an original and one copy of the completed Form W-15 for each cementing company used on a well. The cementing of different casing strings on a well by one cementing company may be reported on one form.
The Form W-15 should be filed with the Form W-3, Plugging Record, unless the Form W-3 is signed by the cementing company representative. When reporting dry holes, operators must complete Form W-15, in addition to Form W-3, to show any casing cemented in the hole.
- How to file:** An oil and gas completion report and Form W-15 may be filed online using the Commission's Online System (<https://webapps.rrc.state.tx.us/security/login.do>) or a paper copy of the form may be mailed to the Commission in Austin (P.O. Box 12967, Austin, Texas 78711-2967).
- Surface casing:** An operator must set and cement sufficient surface casing to protect all usable-quality water strata, as defined by the Groundwater Advisory Unit in Austin. Sufficient cement shall be used to fill the annular space outside the casing from the shoe to the ground surface or to the bottom of the cellar. Before drilling a well, an operator must obtain a letter from the Groundwater Advisory Unit stating the protection depth. Surface casing should not be set deeper than 200 feet below the specified depth without prior approval from the Commission.
To plug and abandon a well, operators must use only cementers approved by the Commission's Director of Field Operations in accordance with SWR 14 ([http://info.sos.state.tx.us/pls/pub/readtac\\$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=16&pt=1&ch=3&rl=14](http://info.sos.state.tx.us/pls/pub/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=16&pt=1&ch=3&rl=14)). Cementing companies, service companies, or operators can qualify as approved cementers by demonstrating that they are able to mix and pump cement in compliance with Commission rules and regulations.
- Estimated % wash-out:** If the estimated % wash-out is less than 20% (or 30% along the Gulf Coast), provide supporting documentation such as a caliper log to show how the estimated % wash-out was obtained.
- Multi-stage cement:** An operator must report the multi-stage cement shoe in II. Casing Cementing Data section by selecting the type of casing and Multi-stage cement shoe. The operator must report the multi-stage cement tool in III. Casing Cementing Data section by selecting the type of casing and Multi-stage cement/DV tool.
- Multiple parallel strings:** An operator should file the Form W-15 as an attachment to the Form W-4, Application for Multiple Completion. An operator may be required to submit multiple Form W-15s to show all data for multiple parallel strings.
- Slurry data:** If cement job exceeds three slurries, continue the list of slurries in the Slurry table in the subsequent Casing Cementing Data box.





RAILROAD COMMISSION OF TEXAS

1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967

Form W-15

Rev. 08/2014

CEMENTING REPORT

Cementor: Fill in shaded areas.
Operator: Fill in other items.

OPERATOR INFORMATION

Operator Name: PDC Permian, INC. Operator P-5 No.: 646823
Cementor Name: COMPASS CEMENTING SERVICES LLC. Cementor P-5 No.: 169789

WELL INFORMATION

District No.: 08 County: REEVES
Well No.: A 10HU API No.: 42-389-40675 Drilling Permit No.: 891852
Lease Name: SUNNYSIDE STATE 2 10U Lease No.:
Field Name: PHANTOM (WOLFCAMP) Field No.: 71052900

I. CASING CEMENTING DATA

Type of casing: ☐ Conductor ☐ Surface ☐ Intermediate ☐ Liner ☐ Production
Drilled hole size (in.): Depth of drilled hole (ft.): Est. % wash-out or hole enlargement: 20%
Size of casing in O.D. (in.): Casing weight (lbs/ft) and grade: No. of centralizers used:
Was cement circulated to ground surface (or bottom of cellar) outside casing? ☐ YES ☐ NO If no for surface casing, explain in Remarks. Setting depth shoe (ft.): Top of liner (ft.):
Setting depth liner (ft.):
Hrs. waiting on cement before drill-out: Calculated top of cement (ft.): Cementing date:

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1					
2					
3					
Total					

II. CASING CEMENTING DATA

Type of casing: ☐ Surface ☐ Intermediate ☐ Production ☐ Tapered production ☒ Multi-stage cement shoe ☐ Multiple parallel strings
Drilled hole size (in.): 10 5/8 Depth of drilled hole (ft.): 9922 Est. % wash-out or hole enlargement: 20%
Size of casing in O.D. (in.): 8 5/8 Casing weight (lbs/ft) and grade: 32# L-80 No. of centralizers used: 72
Tapered string drilled hole size (in.) Tapered string depth of drilled hole (ft.)
Upper: Lower: Upper: Lower:
Tapered string size of casing in O.D. (in.) Tapered string casing weight (lbs/ft) and grade Tapered string no. of centralizers used
Upper: Lower: Upper: Lower:
Was cement circulated to ground surface (or bottom of cellar) outside casing? ☐ YES ☒ NO Setting depth shoe (ft.): 9918
Hrs. waiting on cement before drill-out: +12hrs Calculated top of cement (ft.): 4152 Cementing date: 7/21/2023

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1	700	C	SEE REMARKS	2177	8648
2	120	H	SEE REMARKS	157	599
3					
Total	820			2334	9247

III. CASING CEMENTING DATA

Type of casing: ☐ Surface ☐ Intermediate ☐ Production ☐ Tapered production ☒ Multi-stage cement/DV tool ☐ Multiple parallel strings
Drilled hole size (in.): 10 5/8 Depth of drilled hole (ft.): 9922 Est. % wash-out or hole enlargement:
Size of casing in O.D. (in.): 8 5/8 Casing weight (lbs/ft) and grade: 32# L-80 No. of centralizers used: 72
Tapered string drilled hole size (in.) Tapered string depth of drilled hole (ft.)
Upper: Lower: Upper: Lower:
Tapered string size of casing in O.D. (in.) Tapered string casing weight (lbs/ft) and grade Tapered string no. of centralizers used
Upper: Lower: Upper: Lower:
Was cement circulated to ground surface (or bottom of cellar) outside casing? ☐ YES ☒ NO Setting depth tool (ft.): 4152
Hrs. waiting on cement before drill-out: Calculated top of cement (ft.): 1627 Cementing date: 7/21/2023

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1	365	C	SEE REMARKS	989	1421
2	200	C	SEE REMARKS	266	1104
3					
Total	565			1255	2525

CEMENTING TO SQUEEZE, PLUG BACK OR PLUG AND ABANDON							
	PLUG #1	PLUG #2	PLUG #3	PLUG #4	PLUG #5	PLUG #6	PLUG #7
Cementing Date							
Size of hole or pipe (in.)							
Depth to bottom of tubing or drill pipe (ft.)							
Cement retainer setting depth (ft.)							
CIBP setting depth (ft.)							
Amount of cement on top of CIBP (ft.)							
Sacks of cement used							
Slurry volume pumped (cu. ft.)							
Calculated top of plug (ft.)							
Measured top of plug, if tagged (ft.)							
Slurry weight (lbs/gal)							
Class/type of cement							
Perforate and squeeze (YES/NO)							

REMARKS
1st Stage Lead: 700 11.00 3.11 18.99 26.5% 40%Class C Premium * 30%Compress Pro Mix * 30%CPD-18 * 10%Premium Gel (Bentonite) * 0.1%45 Escalante * 0.1%CF-2 * 0.2%Citric Acid * 0.14%CSA-1000 - Fluid Loss Additive * 8%STE * 2%Krytox Seal * 1st Stage Tail: 120 15.00 1.31 6.13 10.0% 100%Class H Premium * 0.1%CP-12 * 0.06%CSA-1000 - Fluid Loss Additive * 2%STE * 0.1%G-23 High Temp Retarder * 2nd Stage Lead: 360 11.30 2.71 16.14 0.0% 80%Class C Premium * 15%Compress Pro Mix * 5%Premium Gel (Bentonite) * 2%45 Escalante * 0.1%Citric Acid * 6.7%Krytox Seal * 2nd Stage Tail: 200 14.80 1.33 6.33 25.0% 100%Class C Premium * 0.1%45 Escalante * 0.03%G-51 Subseismic Agent * 0.1%G-23 High Temp Retarder * NO CEMENT CIRCULATED TO SURFACE

CEMENTER'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that the cementing of casing and/or the placing of cement plugs in this well as shown in the report was performed by me or under my supervision, and that the cementing data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers cementing data only.

ANDRES BOHORQUEZ **COMPASS CEMENTING** 
 Name and title of cementer's representative Cementing Company Signature
 10013 W. CNTY RD 157 MIDLAND, TX 79706 432-561-5970 7/21/2023
 Address City, State, Zip Code Tel: Area Code Number Date: mo. day yr.

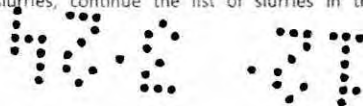
OPERATOR'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have knowledge of the well data and information presented in this report, and that data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers all well data.

Rachel Milne **Regulatory Consultant** 
 Typed or printed name of operator's representative Title Signature
 1775 Sherman St. #3000 Denver, CO 80203 (303) 513-7667 09/05/2023
 Address City, State, Zip Code Tel: Area Code Number Date: mo. day yr.

Instructions for Form W-15, Cementing Report

NOTICE: The Form W-15 must be submitted as an attachment to a Form G-1 (Gas Well Back Pressure Test, Completion or Recompletion Report, and Log), Form W-2 (Oil Well Potential Test, Completion or Recompletion Report, and Log), Form W-3 (Plugging Record), or Form W-4 (Application for Multiple Completion), any time cement is pumped in a wellbore.

- What to file:** An operator should file an original and one copy of the completed Form W-15 for each cementing company used on a well. The cementing of different casing strings on a well by one cementing company may be reported on one form.
The Form W-15 should be filed with the Form W-3, Plugging Record, unless the Form W-3 is signed by the cementing company representative. When reporting dry holes, operators must complete Form W-15, in addition to Form W-3, to show any casing cemented in the hole.
- How to file:** An oil and gas completion report and Form W-15 may be filed online using the Commission's Online System (<https://webapps.rrc.state.tx.us/security/login.do>) or a paper copy of the form may be mailed to the Commission in Austin (P.O. Box 12967, Austin, Texas 78711-2967).
- Surface casing:** An operator must set and cement sufficient surface casing to protect all usable-quality water strata, as defined by the Groundwater Advisory Unit in Austin. Sufficient cement shall be used to fill the annular space outside the casing from the shoe to the ground surface or to the bottom of the cellar. Before drilling a well, an operator must obtain a letter from the Groundwater Advisory Unit stating the protection depth. Surface casing should not be set deeper than 200 feet below the specified depth without prior approval from the Commission.
To plug and abandon a well, operators must use only cementers approved by the Commission's Director of Field Operations in accordance with SWR 14 (http://info.sos.state.tx.us/pls/pub/readtacSext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=16&pt=1&ch=3&rl=14). Cementing companies, service companies, or operators can qualify as approved cementers by demonstrating that they are able to mix and pump cement in compliance with Commission rules and regulations.
- Estimated % wash-out:** If the estimated % wash-out is less than 20% (or 30% along the Gulf Coast), provide supporting documentation such as a caliper log to show how the estimated % wash-out was obtained.
- Multi-stage cement:** An operator must report the multi-stage cement shoe in II. Casing Cementing Data section by selecting the type of casing and Multi-stage cement shoe. The operator must report the multi-stage cement tool in III. Casing Cementing Data section by selecting the type of casing and Multi-stage cement/DV tool.
- Multiple parallel strings:** An operator should file the Form W-15 as an attachment to the Form W-4, Application for Multiple Completion. An operator may be required to submit multiple Form W-15s to show all data for multiple parallel strings.
- Slurry data:** If cement job exceeds three slurries, continue the list of slurries in the Slurry table in the subsequent Casing Cementing Data box.





RAILROAD COMMISSION OF TEXAS

1701 N. Congress

P.O. Box 12967

Austin, Texas 78701-2967

Form W-15

Rev. 08/2014

CEMENTING REPORT

Cementer: Fill in shaded areas.
Operator: Fill in other items.

OPERATOR INFORMATION

Operator Name: PDC Permian, INC.

Operator P-5 No.: 646832

Cementer Name: Compass Well Services LLC

Cementer P-5 No.: 169789

WELL INFORMATION

District No.: 08

County: USA

Well No.: 2 10U A10HU

API No.: 389-40675

Drilling Permit No.: 891852

Lease Name: SUNNYSIDE STATE 2 10U

Lease No.:

Field Name: PHANTOM (WOLFCAMP)

Field No.: 71052900

I. CASING CEMENTING DATA

Type of casing: ☐ Conductor ☐ Surface ☒ Intermediate ☐ Liner ☐ Production

Drilled hole size (in.): 12 1/4"

Depth of drilled hole (ft.): 3,820'

Est. % wash-out or hole enlargement: 20%

Size of casing in O.D. (in.): 11 3/4"

Casing weight (lbs/ft) and grade: 74.6

No. of centralizers used: 0

Was cement circulated to ground surface (or bottom of cellar) outside casing? ☐ YES ☒ NO If no for surface casing, explain in Remarks.

Setting depth shoe (ft.): 3,820'

Top of liner (ft.): 2,080'

Setting depth liner (ft.): 3,820'

Hrs. waiting on cement before drill-out: N/A

Calculated top of cement (ft.): 2,080'

Cementing date: 07/14/23

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1	30	HSLD 76	See Below	33.7	1,800'
2			See Below		
3			See Below		
Total	30		See Below	33.7	1,800'

II. CASING CEMENTING DATA

Type of casing: ☐ Surface ☐ Intermediate ☐ Production ☐ Tapered production ☐ Multi-stage cement shoe ☐ Multiple parallel strings

Drilled hole size (in.):

Depth of drilled hole (ft.):

Est. % wash-out or hole enlargement:

Size of casing in O.D. (in.):

Casing weight (lbs/ft) and grade:

No. of centralizers used:

Tapered string drilled hole size (in.)

Tapered string depth of drilled hole (ft.)

Upper: Lower:

Upper: Lower:

Tapered string size of casing in O.D. (in.)

Tapered string casing weight (lbs/ft) and grade

Tapered string no. of centralizers used

Upper: Lower:

Upper: Lower:

Upper: Lower:

Was cement circulated to ground surface (or bottom of cellar) outside casing? ☐ YES ☐ NO

Setting depth shoe (ft.):

Hrs. waiting on cement before drill-out:

Calculated top of cement (ft.):

Cementing date:

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1			See Below		
2			See Below		
3			See Below		
Total			See Below		

III. CASING CEMENTING DATA

Type of casing: ☐ Surface ☐ Intermediate ☐ Production ☐ Tapered production ☐ Multi-stage cement/DV tool ☐ Multiple parallel strings

Drilled hole size (in.):

Depth of drilled hole (ft.):

Est. % wash-out or hole enlargement:

Size of casing in O.D. (in.):

Casing weight (lbs/ft) and grade:

No. of centralizers used:

Tapered string drilled hole size (in.)

Tapered string depth of drilled hole (ft.)

Upper: Lower:

Upper: Lower:

Tapered string size of casing in O.D. (in.)

Tapered string casing weight (lbs/ft) and grade

Tapered string no. of centralizers used

Upper: Lower:

Upper: Lower:

Upper: Lower:

Was cement circulated to ground surface (or bottom of cellar) outside casing? ☐ YES ☐ NO

Setting depth tool (ft.):

Hrs. waiting on cement before drill-out:

Calculated top of cement (ft.):

Cementing date:

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1			See Below		
2			See Below		
3			See Below		
Total			See Below		

CEMENTING TO SQUEEZE, PLUG BACK OR PLUG AND ABANDON							
	PLUG #1	PLUG #2	PLUG #3	PLUG #4	PLUG #5	PLUG #6	PLUG #7
Cementing Date							
Size of hole or pipe (in.)							
Depth to bottom of tubing or drill pipe (ft.)							
Cement retainer setting depth (ft.)							
CIBP setting depth (ft.)							
Amount of cement on top of CIBP (ft.)							
Sacks of cement used							
Slurry volume pumped (cu. ft.)							
Calculated top of plug (ft.)							
Measured top of plug, if tagged (ft.)							
Slurry weight (lbs/gal)							
Class/type of cement							
Perforate and squeeze (YES/NO)							

REMARKS
LEAD - 100% HSLD 76 Cement * 0.6% CFL-2 * 0.06% Citric Acid * 0.07% CSA-1000 - Fluid Loss Additive *

CEMENTER'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that the cementing of casing and/or the placing of cement plugs in this well as shown in the report was performed by me or under my supervision, and that the cementing data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers cementing data only.

RYAN DOREMUS CMT Supervisor

COMPASS CEMENTING SERVICES

Ryan Doremus

Name and title of cementer's representative

Cementing Company

Signature

10013 W. CNTY RD 157

MIDLAND, TX 79706

432-561-5970

7/14/2023

Address

City, State, Zip Code

Tel: Area Code

Number

Date: mo. day yr.

OPERATOR'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have knowledge of the well data and information presented in this report, and that data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers all well data.

Rachel Milne

Regulatory Consultant

Rachel Milne

Typed or printed name of operator's representative

Title

Signature

1775 Sherman St. #3000

Denver, CO 80203

(303) 513-7667

09/05/2023

Address

City, State, Zip Code

Tel: Area Code

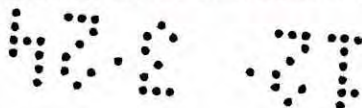
Number

Date: mo. day yr.

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To plug and abandon a well, operators must use only cementers approved by the Commission's Director of Field Operations in accordance with SWR 14 ([http://info.sos.state.tx.us/pls/pub/readtac\\$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=16&pt=1&ch=3&rl=14](http://info.sos.state.tx.us/pls/pub/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=16&pt=1&ch=3&rl=14)). Cementing companies, service companies, or operators can qualify as approved cementers by demonstrating that they are able to mix and pump cement in compliance with Commission rules and regulations.
- Estimated % wash-out:** If the estimated % wash-out is less than 20% (or 30% along the Gulf Coast), provide supporting documentation such as a caliper log to show how the estimated % wash-out was obtained.
- Multi-stage cement:** An operator must report the multi-stage cement shoe in II. Casing Cementing Data section by selecting the type of casing and Multi-stage cement shoe. The operator must report the multi-stage cement tool in III. Casing Cementing Data section by selecting the type of casing and Multi-stage cement/DV tool.
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- Slurry data:** If cement job exceeds three slurries, continue the list of slurries in the Slurry table in the subsequent Casing Cementing Data box.





RAILROAD COMMISSION OF TEXAS

1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967

Form W-15

Rev. 08/2014

CEMENTING REPORT

Cementer: Fill in shaded areas.
Operator: Fill in other items.

OPERATOR INFORMATION	
Operator Name: PDC Permian, INC.	Operator P-5 No.: 646832
Cementer Name: Compass Well Services LLC	Cementer P-5 No.: 169789

WELL INFORMATION		
District No.: 08	County: REEVES	
Well No.: A10H	API No.: 389-40675	Drilling Permit No.: 891852
Lease Name: SUNNYSIDE STATE 2 10U	Lease No.:	
Field Name: PHANTOM (WOLFCAMP)	Field No.: 71052900	

I. CASING CEMENTING DATA		
Type of casing: ☐ Conductor ☐ Surface ☐ Intermediate ☐ Liner ☒ Production		
Drilled hole size (in.): 7 7/8	Depth of drilled hole (ft.): 19,404	Est. % wash-out or hole enlargement: 20%
Size of casing in O.D. (in.): 5 1/2	Casing weight (lbs/ft) and grade: 20/P-110	No. of centralizers used: 322
Was cement circulated to ground surface (or bottom of cellar) outside casing? ☒ YES ☐ NO If no for surface casing, explain in Remarks.	Setting depth shoe (ft.): 19,389	Top of liner (ft.):
		Setting depth liner (ft.):
Hrs. waiting on cement before drill-out: N/A	Calculated top of cement (ft.): 0	Cementing date: 8/3/2023

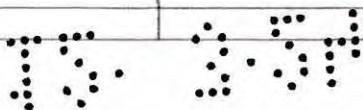
SLURRY					
Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1	470	HSLD 94	SEE REMARKS	1496.6	8620
2	140	HSLD 80	SEE REMARKS	184.8	1068
3	1440	HSLD 82	SEE REMARKS	1756.8	9928
Total	2050			3438.2	19616

II. CASING CEMENTING DATA					
Type of casing: ☐ Surface ☐ Intermediate ☐ Production ☐ Tapered production ☐ Multi-stage cement shoe ☐ Multiple parallel strings					
Drilled hole size (in.):	Depth of drilled hole (ft.):	Est. % wash-out or hole enlargement:			
Size of casing in O.D. (in.):	Casing weight (lbs/ft) and grade:	No. of centralizers used:			
Tapered string drilled hole size (in.)	Tapered string depth of drilled hole (ft.)				
Upper:	Lower:	Upper:	Lower:		
Tapered string size of casing in O.D. (in.)	Tapered string casing weight (lbs/ft) and grade		Tapered string no. of centralizers used		
Upper:	Lower:	Upper:	Lower:	Upper:	Lower:
Was cement circulated to ground surface (or bottom of cellar) outside casing? ☐ YES ☐ NO			Setting depth shoe (ft.):		
Hrs. waiting on cement before drill-out:		Calculated top of cement (ft.):	Cementing date:		

SLURRY					
Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1					
2					
3					
Total					

III. CASING CEMENTING DATA					
Type of casing: ☐ Surface ☐ Intermediate ☐ Production ☐ Tapered production ☐ Multi-stage cement/DV tool ☐ Multiple parallel strings					
Drilled hole size (in.):	Depth of drilled hole (ft.):	Est. % wash-out or hole enlargement:			
Size of casing in O.D. (in.):	Casing weight (lbs/ft) and grade:	No. of centralizers used:			
Tapered string drilled hole size (in.)	Tapered string depth of drilled hole (ft.)				
Upper:	Lower:	Upper:	Lower:		
Tapered string size of casing in O.D. (in.)	Tapered string casing weight (lbs/ft) and grade		Tapered string no. of centralizers used		
Upper:	Lower:	Upper:	Lower:	Upper:	Lower:
Was cement circulated to ground surface (or bottom of cellar) outside casing? ☐ YES ☐ NO			Setting depth tool (ft.):		
Hrs. waiting on cement before drill-out:		Calculated top of cement (ft.):	Cementing date:		

SLURRY					
Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1					
2					
3					
Total					



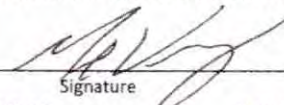
CEMENTING TO SQUEEZE, PLUG BACK OR PLUG AND ABANDON							
	PLUG #1	PLUG #2	PLUG #3	PLUG #4	PLUG #5	PLUG #6	PLUG #7
Cementing Date							
Size of hole or pipe (in.)							
Depth to bottom of tubing or drill pipe (ft.)							
Cement retainer setting depth (ft.)							
CIBP setting depth (ft.)							
Amount of cement on top of CIBP (ft.)							
Sacks of cement used							
Slurry volume pumped (cu. ft.)							
Calculated top of plug (ft.)							
Measured top of plug, if tagged (ft.)							
Slurry weight (lbs/gal)							
Class/type of cement							
Perforate and squeeze (YES/NO)							

REMARKS
LEAD- 100%HSLO 94 Cement * 0.36% C-45 Econdite * 0.5% CFI-2 * 0.35% Citric Acid * 0.2% CSA-1000 - Fluid Loss Additive * 4% STE * 0.3% C-49 Expanding Gas Flow Control * 0.81# /sk Salt * 1# /sk Gyp Seal * TAIL 1- 100%HSLO 80 Cement * 0.5% CFI-2 * 0.04% CSA-1000 - Fluid Loss Additive * 0.3% C-49 Expanding Gas Flow Control * 0.2% C-23 High Temp Retarder * 1# /sk Gyp Seal * TAIL 2- 100%HSLO 82 Cement * 0.4% CFI-2 * 0.025% Citric Acid * 0.04% CSA-1000 - Fluid Loss Additive * 4% STE * 0.3% C-49 Expanding Gas Flow Control *

CEMENTER'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that the cementing of casing and/or the placing of cement plugs in this well as shown in the report was performed by me or under my supervision, and that the cementing data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers cementing data only.

Misael Vazquez Service Supervisor

COMPASS CEMENTING



Name and title of cementer's representative

Cementing Company

Signature

10013 W. CNTY RD 157

MIDLAND, TX

79706

325-387-2940

8/3/2023

Address

City

State

Zip Code

Tel: Area Code

Number

Date: mo. day yr.

OPERATOR'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have knowledge of the well data and information presented in this report, and that data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers all well data.

Rachel Milne

Regulatory Consultant



Typed or printed name of operator's representative

Title

Signature

1775 Sherman St. #3000

Denver, CO 80203

(303) 513-7667

09/05/2023

Address

City

State

Zip Code

Tel: Area Code

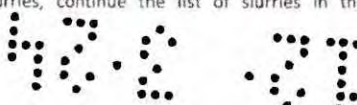
Number

Date: mo. day yr.

Instructions for Form W-15, Cementing Report

NOTICE: The Form W-15 must be submitted as an attachment to a Form G-1 (Gas Well Back Pressure Test, Completion or Recompletion Report, and Log), Form W-2 (Oil Well Potential Test, Completion or Recompletion Report, and Log), Form W-3 (Plugging Record), or Form W-4 (Application for Multiple Completion), any time cement is pumped in a wellbore.

- What to file:** An operator should file an original and one copy of the completed Form W-15 for each cementing company used on a well. The cementing of different casing strings on a well by one cementing company may be reported on one form.
The Form W-15 should be filed with the Form W-3, Plugging Record, unless the Form W-3 is signed by the cementing company representative. When reporting dry holes, operators must complete Form W-15, in addition to Form W-3, to show any casing cemented in the hole.
- How to file:** An oil and gas completion report and Form W-15 may be filed online using the Commission's Online System (<https://webapps.rrc.state.tx.us/security/login.do>) or a paper copy of the form may be mailed to the Commission in Austin (P.O. Box 12967, Austin, Texas 78711-2967).
- Surface casing:** An operator must set and cement sufficient surface casing to protect all usable-quality water strata, as defined by the Groundwater Advisory Unit in Austin. Sufficient cement shall be used to fill the annular space outside the casing from the shoe to the ground surface or to the bottom of the cellar. Before drilling a well, an operator must obtain a letter from the Groundwater Advisory Unit stating the protection depth. Surface casing should not be set deeper than 200 feet below the specified depth without prior approval from the Commission.
To plug and abandon a well, operators must use only cementers approved by the Commission's Director of Field Operations in accordance with SWR 14 ([http://info.sos.state.tx.us/pls/pub/readtac\\$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=16&pt=1&ch=3&rl=14](http://info.sos.state.tx.us/pls/pub/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=16&pt=1&ch=3&rl=14)). Cementing companies, service companies, or operators can qualify as approved cementers by demonstrating that they are able to mix and pump cement in compliance with Commission rules and regulations.
- Estimated % wash-out:** If the estimated % wash-out is less than 20% (or 30% along the Gulf Coast), provide supporting documentation such as a caliper log to show how the estimated % wash-out was obtained.
- Multi-stage cement:** An operator must report the multi-stage cement shoe in II. Casing Cementing Data section by selecting the type of casing and Multi-stage cement shoe. The operator must report the multi-stage cement tool in III. Casing Cementing Data section by selecting the type of casing and Multi-stage cement/DV tool.
- Multiple parallel strings:** An operator should file the Form W-15 as an attachment to the Form W-4, Application for Multiple Completion. An operator may be required to submit multiple Form W-15s to show all data for multiple parallel strings.
- Slurry data:** If cement job exceeds three slurries, continue the list of slurries in the Slurry table in the subsequent Casing Cementing Data box.



Form P-16

Page 1

Rev. 06/2022

35. 254



RAILROAD COMMISSION OF TEXAS

1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967

Form P-16

Page 2
Rev. 06/2022

Acreage Designation

Filer is the owner or lessee of all or an undivided portion of the minerals under each tract listed below and has the legal right to drill on each tract traversed by the well that will have perforations or other take points open in the interval of the applied-for field(s). All tracts listed will actually be traversed by the wellbore or the filer has pooling authority or other contractual authority, such as a production sharing agreement, authorizing inclusion of the non-drill site tract in the acreage assigned to the well.

SECTION V. LISTING OF ALL TRACTS CONTRIBUTING ACREAGE TO AN RRC DESIGNATED DEVELOPMENTAL UNIT THAT IS NOT A SINGLE LEASE, POOLED UNIT, OR GROUP OF TRACTS UNITIZED BY CONTRACT FOR PURPOSES OF SECONDARY RECOVERY

RRC ID No., Lease No. or Tract ID		Lease Name	Beginning Lease Acres	Ownership Interval (Upper)	Ownership Interval (Lower)	Operator Name and Operator No. (if different from filing operator)
A	2	Sunnyside State 2	640.000			
B	1	Tract 1	178.000			
C						
D						
E						
F						
G						
H						
Total Acreage =			818.000			

Filer is the owner or lessee, or has been authorized by the owner or lessee, of all or an undivided portion of the mineral estate under each tract for which filer is listed as operator below. For all leases operated by other entities, the number of assigned acres shown are reflected on current Commission records or the filer has been authorized by the current operator to change the assigned acreage of that operator as shown below.

SECTION VI. LISTING OF ALL WELLS IN THE REGULATORY FIELD AS LISTED IN SECTION II, AND ALLOCATING ACREAGE FROM ANY OR ALL TRACTS LISTED IN SECTION V BY FILER

[illegible]

*A revised P-16 is required if increasing the proration acreage on an existing Allocation or PSA well utilizing acreage from a regulatory lease or undeveloped tract not listed in Section V. (refer to instructions)

CHRISTI CRADDICK, CHAIRMAN
WAYNE CHRISTIAN, COMMISSIONER
JIM WRIGHT, COMMISSIONER



DANNY SORRELLS
DIRECTOR, OIL AND GAS DIVISION
JEFFERY MORGAN
DISTRICT DIRECTOR

RAILROAD COMMISSION OF TEXAS

OIL AND GAS DIVISION

OPERATOR Name: PDC PERMIAN, INC.
Address1: 1099 18TH STREET STE 1500
Address2: GRANITE TOWER
City: DENVER
State: CO

RE: Lease: SUNNYSIDE STATE 2 10U

Well No: A 10HU
Sec: 2 **Block:** 45
County: REEVES
Survey Name: PSL / GAY, W D

SWR13EX Application Number: 125317

Drilling Permit No: 891852

SWR 13 CASING EXCEPTION APPLICATION/ALTERNATIVE REQUEST APPROVED

The Proposed Casing and Cementing Program submitted for **LEASE** SUNNYSIDE STATE 2 10U ;
WELL A 10HU has been approved by the Railroad Commission of Texas District Office.

- a. A copy of this approved letter must be kept on location during all phases of drilling and/or plugging operations. Once approved, changes CANNOT be made to the Proposed Casing Program on the original application without additional approval from the Railroad Commission of Texas District Office.
- b. Any substantive modifications to the cement program require prior approval from the Railroad Commission of Texas District Office, and may require re-submission of the SWR 13 (Statewide Rule 13) Alternate Surface Casing Application. Contact the Railroad Commission of Texas District Office for more information.
- c. The tail slurry must be sufficient to fill the Zone of Critical Cement as described in Statewide Rule 13(b)(1)(H)(i). In addition, all cement slurries must be mixed on location as described in Application for Alternate Surface Casing Program.
- d. The casing and cement program shall adhere to the following specifications:
Set 2300 feet of surface casing and circulate cement from the shoe to the ground surface.
The surface casing must be set prior to penetrating the Delaware Mountain Group.

IF CEMENT IS NOT CIRCULATED TO THE GROUND SURFACE AS REQUIRED BY THIS EXCEPTION, YOU MUST CONTACT THE RAILROAD COMMISSION OF TEXAS DISTRICT OFFICE IMMEDIATELY AND FOLLOW THE PROCEDURES SET OUT IN RULE 13(b)(1)(H)(iii) OR AS REQUIRED BY THE RAILROAD COMMISSION OF TEXAS DISTRICT OFFICE.

15 254

You must comply with all other provisions of SWR 13 (Statewide Rule 13) and a representative of the cementing company who performs the cementing job for the protection of usable quality water strata must sign the Form W-15 attesting to the information regarding cementing operations performed; including circulation of cement. (Note: If surface casing is set below the approved depth, this can result in denial of future Statewide Rule 13(b)(1)(H)(i) requests.) A condition of the approved drilling permit requires notification to the Railroad Commission of Texas District Office eight (8) hours prior to the time casing is to be set/cemented in the well. If your exception request was submitted after the subject well has been drilled and completed, the operator may be referred for enforcement action.

This authorization shall expire within five (5) years from the date the Groundwater Protection Determination was issued, or at the expiration of the drilling permit (if the well is not spudded prior to expiration) for the referenced well, whichever occurs first. Furthermore, this authorization supersedes any prior authorizations issued for the referenced well.

This exception is based on information provided when the application was submitted 07/07/2023
If any information has changed, you must contact the appropriate Railroad Commission of Texas District Office, and submit a new application if applicable. If you have questions, please contact the appropriate Oil and Gas District office.

RRC APPROVAL BY: Jeffery Morgan

DATE: 07/07/2023

JEFFERY MORGAN

DISTRICT DIRECTOR





Gamma Log

MD
5":100'

Company: PDC Energy Well Name: Sunnyside State 2 10U A10HU API: 42389406750000 County/Parish: Reeves State: Texas Country: USA Job number: SW-231066 Field: Delaware Rig Id: Citadel 4 Survey Company: Total Directional LLC Day MWD: Ryan Taylor Night MWD: Shaun Heck Day DD: Chris Jones Night DD: Chris MacGillivray								Log measurements: Gamma / ROP Depth measured from: KB Elevationn: 3068 ft Maximum temperature:			
								Depth		Date	
								Start: 0 ft		7/07/2023	
								End: 19404 ft		8/1/2023	
								Casing	Depth	Casing Size	Hole Size
								Surface:	2312 ft		17.5"
								Intermediate:			
								Intermediate2:			
Mud Type: WBM								Elevations			
Density:								KB: 3068			
Viscosity:								DF: 24			
Rm: N/A Rmf: N/A Rmc: N/A								GL: 3044			

Run	Tool S/N	Gamma Cal	Bit Size	Offsets			Mud Data		Depths		Dates	
				Survey	Gamma	Resis	Type	Weight	Start	End	Start	End
1	G-454	7.312	17.5"	79.00 ft	74.00 ft	N/A	WBM	9.2	140 ft	2312 ft	07/08/2023	07/09/2023
2	G-454	7.312	12.25"	60.00 ft	55.00 ft	N/A	WBM	9.2	2312 ft	3820 ft	07/11/2023	07/11/2023
3	G-589	7.312	10.625"	56.00 ft	49.00 ft	N/A	WBM	9.2	3820 ft	7831 ft	07/15/2023	07/1723023
4	G-454	7.312	10.625"	61.00 ft	55.00 ft	N/A	WBM	9.2	7831 ft	8980 ft	07/17/2023	07/18/2023
5	G-589	7.312	10.625"	51.00 ft	44.00 ft	N/A	WBM	9.2	8980 ft	9922 ft	07/18/2023	07/20/2023
6	G-454	4.096	7.875"	51.00 ft	45.00 ft	N/A	OBM	10.8	9922 ft	13555 ft	07/22/2023	07/24/2023
7	G-589	4.096	7.875"	51.00 ft	45.00 ft	N/A	OBM	10.6	13555 ft	14558 ft	07/24/2023	7/27/2023
8	G-454	4.096	7.875"	51.00 ft	45.00 ft	N/A	OBM	10.6	14558 ft	19404 ft	7/27/2023	8/1/2023
9												
10												

API#: 42389406750000 Well: Sunnyside State Type of Log: Gamma Logging
Started at xx:xx on 07/xx/2023 Ended at xx:xx on 07/xx/2023 Depth Relative to KB at ft
Elevation Logging Company: Total Directional LLC, Top of Log: ft Bottom of Log ft

Total Directional LLC uses its best efforts to provide its customers with accurate information and interpretations in conjunction with services performed but will not be held liable or responsible for the accuracy of such information or interpretation.

RAILROAD COMMISSION OF TEXAS

Oil and Gas Division

ELECTRIC LOG
STATUS REPORT

FORM L-1

Tracking No.: 297814

This facsimile L-1 was generated electronically from data submitted to the RRC.

Instructions

When to File Form L-1:

- with Forms G-1, W-2, and GT-1 for new and deepened gas, oil, and geothermal wells
- with Form W-3 for plugged dry holes
- when sending in a log which was held under a request for confidentiality and the period for confidentiality has not yet expired.

When is Form L-1 NOT required:

- with Forms W-2, G-1, and GT-1 filed for injection wells, disposal wells, water supply wells, service wells, re-test wells, re-classifications, and plugbacks of oil, gas or geothermal wells
- with Form W-3 for plugging of other than a dry hole

Where to File Form L-1:

- with the appropriate Commission district office

Filling out Form L-1:

- Section I and the signature section must be filled out for all wells
- complete only the appropriate part of Section II

Type of log required:

- any wireline survey run for the purpose of obtaining lithology, porosity, or resistivity information
- no more than one such log is required but it must be of the subject well
- if such log is NOT run on the subject well, do NOT substitute any other type of log; just select Section II, Part A below

SECTION I. IDENTIFICATION

Operator Name: PDC PERMIAN, INC.	District No. 08	Completion Date: 08/03/2023
Field Name PHANTOM (WOLFCAMP)	Drilling Permit No. 891852	
Lease Name SUNNYSIDE STATE 2 10U	Lease/ID No.	Well No. A 10HU
County REEVES	API No. 42- 389-40675	

SECTION II. LOG STATUS (Complete either A or B)

☐ A. BASIC ELECTRIC LOG NOT RUN☒ B. BASIC ELECTRIC LOG RUN. (Select one)

- ☒ 1. Confidentiality is requested and a copy of the header for each log that has been run on the well is attached.
- ☐ 2. Confidentiality already granted on basic electric log covering this interval (applicable to deepened wells only).
- ☐ 3. Basic electric log covering this interval already on file with Commission (applicable to deepened wells only).
- ☐ 4. Log attached to (select one):

☐ (a) Form L-1 (this form). If the company/lease name on log is different from that shown in Section I, please enter name on log here: _____

Check here if attached log is being submitted after being held confidential. ☐

☐ (b) Form P-7, Application for Discovery Allowable and New Field Designation.

☐ (c) Form W-4, Application for Multiple Completion:

Lease or ID No(s). _____

Well No(s). _____

Rachel Milne

Signature

PDC PERMIAN, INC.

Name (print)

Title

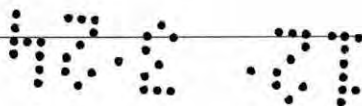
(303) 831-3918

Phone

08/05/2023

Date

-FOR RAILROAD COMMISSION USE ONLY-



CERTIFICATE OF COMPLIANCE
AND TRANSPORTATION AUTHORITY

P-4

This facsimile P-4 was generated electronically from data submitted to the RRC.
A certification of the automated data is available in the RRC's Austin office.

Tracking No.: 297814

1. Field name exactly as shown on proration schedule PHANTOM (WOLFCAMP)		2. Lease name as shown on proration schedule SUNNYSIDE STATE 2 10U																																												
3. Current operator name exactly as shown on P-5 Organization Report PDC PERMIAN, INC.		4. Operator P-5 no. 646832	5. Oil Lse/Gas ID no	6. County REEVES	7. RRC district 08																																									
8. Operator address including city, state, and zip code 6301 DEAUVILLE BLVD MIDLAND, TX 79706		9. Well no(s) (see instruction E) A 10HU																																												
		10. Classification ☐ Oil ☒ Gas ☐ Other (see instruction A)		11. Effective Date 08/03/2023																																										
12. Purpose of Filing. (Complete section a or b below.) (See instructions B and G) a. Change of: ☐ operator ☐ oil or condensate gatherer ☐ gas gatherer ☐ gas purchaser ☐ gas purchaser system code ☐ field name from: _____ Docket #: _____ ☐ lease name from: _____ b. New RRC Number for: ☐ oil lease ☒ gas well Due to: ☐ new completion or recompletion ☐ reclass oil to gas ☐ reclass gas to oil ☐ other well (specify) _____ ☐ consolidation ☐ unitization ☐ field transfer ☐ subdivision (oil lease only)																																														
13. Authorized GAS WELL GAS or CASINGHEAD GAS Gatherer(s) and/or Purchaser(s). (See instruction G). <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 5px;"> <thead> <tr> <th style="width: 5%;">Gatherer</th> <th style="width: 5%;">Purchaser</th> <th style="width: 70%;">Name of GAS WELL GAS or CASINGHEAD GAS Gatherer(s) or Purchaser(s) As Indicated in Columns to the Left <i>(Attach an additional sheet in same format if more space is needed)</i></th> <th style="width: 10%;">Purchaser's RRC Assigned System Code</th> <th style="width: 10%;">Percent of Take</th> <th style="width: 10%;">Full-well stream</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">X</td> <td style="text-align: center;">X</td> <td>EAGLECLAW MIDSTREAM VENTURES, LLC(238465)</td> <td style="text-align: center;">0001</td> <td style="text-align: center;">100.0</td> <td></td> </tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr> </tbody> </table>					Gatherer	Purchaser	Name of GAS WELL GAS or CASINGHEAD GAS Gatherer(s) or Purchaser(s) As Indicated in Columns to the Left <i>(Attach an additional sheet in same format if more space is needed)</i>	Purchaser's RRC Assigned System Code	Percent of Take	Full-well stream	X	X	EAGLECLAW MIDSTREAM VENTURES, LLC(238465)	0001	100.0																															
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14. Authorized OIL or CONDENSATE Gatherer(s). (See instruction G). <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 5px;"> <thead> <tr> <th style="width: 90%;">Name of OIL or CONDENSATE Gatherer(s) - List Highest Volume Gatherer First <i>(Attach an additional sheet in same format if more space is needed)</i></th> <th style="width: 10%;">Percent of Take</th> </tr> </thead> <tbody> <tr> <td>ORYX DELAWARE OIL TRANSPORT LLC(627137)</td> <td style="text-align: center;">50.0</td> </tr> <tr> <td>BADLANDS TANK LINES TEXAS, LLC(042433)</td> <td style="text-align: center;">50.0</td> </tr> <tr><td> </td><td> </td></tr> </tbody> </table>					Name of OIL or CONDENSATE Gatherer(s) - List Highest Volume Gatherer First <i>(Attach an additional sheet in same format if more space is needed)</i>	Percent of Take	ORYX DELAWARE OIL TRANSPORT LLC(627137)	50.0	BADLANDS TANK LINES TEXAS, LLC(042433)	50.0																																				
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RRC USE ONLY: Reviewer's initials: _____ Approval date: _____																																														
15. PREVIOUS OPERATOR CERTIFICATION FOR CHANGE OF OPERATOR P-4 FILING. Being the PREVIOUS OPERATOR, I certify that operating responsibility for the well(s) designated in this filing, located on the subject lease has been transferred in its entirety to the above named Current Operator. I understand, as Previous Operator, that designation of the above named operator as Current Operator is not effective until this certificate is approved by the Commission.																																														
Name of Previous Operator _____ Name (print) _____ Title _____		Signature _____ ☐ Authorized Employee of previous operator ☐ Authorized agent of previous operator (see instruction G) Date _____ Phone with area code _____																																												
16. CURRENT OPERATOR CERTIFICATION. By signing this certificate as the Current Operator, I certify that all statements on this form are true and correct and I acknowledge responsibility for the regulatory compliance of the subject lease including plugging of well(s) pursuant to Rule 14. I further acknowledge that I assume responsibility for the physical operation, control, and proper plugging of each well designated in this filing. I also acknowledge that I will remain designated as the Current Operator until a new certificate designating a new Current Operator is approved by the Commission.																																														
PDC PERMIAN, INC. Name (print) _____ Title _____ E-mail Address (optional) Lisa.budge@pdce.com		Rachel Milne Signature _____ ☐ Authorized Employee of current operator ☒ Authorized agent of current operator (see instruction G) 08/05/2023 (303) 831-3918 Date _____ Phone with area code _____																																												





RAILROAD COMMISSION OF TEXAS

1701 N. Congress
P.O. Box 12967
Austin, Texas 78711-2967

Form P-17A

Rev. 03/2019

**APPLICATION FOR COMMINGLE PERMIT
PURSUANT TO STATEWIDE
RULES 26 AND OR 27**

☒ New
☐ Amended Existing Permit
No. Sunnyside State 2 North
Effective Month/Year of Requested
Exception: 02 / 2024
District 08
County REEVES

SECTION 1. OPERATOR INFORMATION

Operator Name: PDC Peanian Operator P-5 No.: 646832

Operator Address: 6301 DEAUVILLE BLVD MIDLAND, TX 79706

SECTION 2. GATHERER (of oil or condensate) INFORMATION (not required if 3b is checked)

Gatherer Name: ENERGY TRANSFER COMPANY Gatherer P-5 No.: 252017

Gatherer Address: ATTN KIMBERLY FITZHENRY 1300 MAIN STREET HOUSTON TX 77002

Gatherer E-mail Address:

(Optional – If provided, e-mail address will become part of this public record.)

SECTION 3. APPLICATION APPLIES TO (CHECK ALL THAT APPLY): OIL CASINGHEAD GAS GAS WELL GAS CONDENSATE

- a) ☒ Gas well full well stream into common separation and storage facility with liquids reported on Form PR.
b) ☐ Gas well full well stream into a gasoline plant/common separation and storage facility with liquids reported on Form R-3 Serial # _____ (If full well stream is checked, the results of periodic tests to determine the number of stock tank barrels of liquid hydrocarbons recovered per 1,000 standard cubic feet of gas must be reported on Form G-10 in accordance with SWR 55. Attach an explanation of any exceptions to SWR 55.)
c) ☐ Condensate and low-pressure Gas Well Gas are commingled into low-pressure separation and storage facilities.
d) ☒ This request is for off lease: ☐ Storage ☐ Separation ☐ Metering
e) ☐ This application is for common storage.
f) ☐ This application is for common separation.
g) ☒ This application is for casinghead gas metering by: Deduct Metering ☐ Allocation by well test Other _____
h) ☒ This application is for gas well gas metering by: Deduct Metering ☐ Allocation by well test Other _____

SECTION 4. COMMINGLING PURSUANT TO §3.26(b) or §3.27(e) – (CHECK ALL THAT APPLY)

a) ☒ The production stream from each tract and each Commission-designated reservoir is measured separately before combining it with a stream from another tract or Commission-designated reservoir.

Production will be allocated by: W-10 (oil) W-2 retest (oil) PD Meter (oil & condensate) ☒ G-10 (gas) Other _____

Received
RRC of Texas
11:39 am, Jul 12, 2024
Oil & Gas Production Department
Austin, Texas

b) ☐ The tracts and Commission-designated reservoirs have identical royalty interest and working interest ownership in identical percentages.

Production will be allocated by: W-10 (oil) W-2 retest (oil) PD Meter (oil & condensate) ☒ G-10 (gas) Other _____

SECTION 5. Any one of the wells proposed for commingling produces from a Commission-designated reservoir for which special field rules regarding surface commingling have been adopted. (Notice may be required; see instructions)

SECTION 6. Wells proposed for commingling have an operator's name other than the applicant listed in SECTION 1. (See instructions)

SECTION 7. For oil production, the production from all oil wells on each oil lease is to be commingled. (See instructions)

SECTION 8. IDENTIFY LEASES AS SHOWN ON COMMISSION RECORDS (attach additional pages as needed)

DISTRICT	RRC IDENTIFIER	ACTION	LEASE AND FIELD NAME	WELL NO.
08	295621	Existing ☒ Add ☐ Delete ☐	SUNNYSIDE STATE 2 PHANTOM(WOLFCAMP)	B4HU
08	296035	Existing ☒ Add ☐ Delete ☐	SUNNYSIDE STATE 2 PHANTOM(WOLFCAMP)	ASHU
08	295925	Existing ☒ Add ☐ Delete ☐	SUNNYSIDE STATE 2 PHANTOM(WOLFCAMP)	C8HU
08	295530	Existing ☒ Add ☐ Delete ☐	SUNNYSIDE STATE 2 PHANTOM(WOLFCAMP)	C9HU

ATTACH ADDITIONAL PAGES AS NEEDED. No additional pages ☒ Additional pages 1 (# of additional pages)

CERTIFICATE: I declare under penalties in Sec. 91.143, Texas Natural Resources Code, that I am authorized to file this application, that this application was prepared by me or under my supervision and direction, and that the data and facts stated therein are true, correct, and complete to be the best of my knowledge. I certify that all requests for related required approvals from other affected state agencies have been submitted and that I understand that any authorization granted by Commission approval of this application is contingent upon the approvals from other affected state agencies being obtained.

Signature Dianna Waddle Je Regulatory Coordinator ite 07/09/2024

Operator E-mail Address: _____ Operator Phone No. _____

(Optional – If provided, e-mail address will become part of this public record.)

RRC USE ONLY

Commingling Permit No. 10628 Approval date: 7/12/24 Approved by: DW

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

**ATTACHMENT FOR
APPLICATION FOR EXCEPTION TO
STATEWIDE RULES (SWR) 26 AND/OR 27
COMMINGLE PERMIT APPLICATION**

FORM P-17 ATTACHMENT

SECTION 8. (CONT'D) IDENTIFY LEASES AS SHOWN ON COMMISSION RECORDS (attach additional pages as needed)

[illegible]

API NO.	Operator Name/Number	Lease Name	Well #	Dist.	County
423894050800	PDC PERMIAN, INC. (646832)	SUNNYSIDE STATE 2	B 4HU	8	REEVES
423894050900	PDC PERMIAN, INC. (646832)	SUNNYSIDE STATE 2	A 5HU	8	REEVES
423894051100	PDC PERMIAN, INC. (646832)	SUNNYSIDE STATE 2	C 8HU	8	REEVES
423894051800	PDC PERMIAN, INC. (646832)	SUNNYSIDE STATE 2 9U	C 9HU	8	REEVES
423894067500	PDC PERMIAN, INC. (646832)	SUNNYSIDE STATE 2 10U	A 10HU	8	REEVES



File No. ME117292

Rooves County

Completion Report API 42-389-40675

Date Filed: 01/28/2025

Commissioner Dawn Buckingham, M.D.

By: Jm





RAILROAD COMMISSION OF TEXAS

1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967

MF# 105575

Form G-1

Status: Approved
Date: 10/30/2024
Tracking No.: 319427

GAS WELL BACK PRESSURE TEST, COMPLETION OR RECOMPLETION REPORT,

OPERATOR INFORMATION

Operator PDC PERMIAN, INC. Operator 646832
Operator 6301 DEAUVILLE BLVD MIDLAND, TX 79706-0000

WELL INFORMATION

API 42-389-40518 County: REEVES
Well C 9HU RRC District 08
Lease SUNNYSIDE STATE 2 9U Field PHANTOM (WOLFCAMP)
RRC Gas ID 295530 Field No.: 71052900
Location Section: 2, Block: 45, Survey: PSL / GAY, W D, Abstract: 3655
Latitude 31 Longitud -104
This well is 25 miles in NW
direction MENTONE,
which is the nearest town in the

FILING INFORMATION

Purpose of Initial Potential
Type of Other/Recompletion
Well Type: Producing Completion or Recompletion 02/05/2024
Type of Permit Date 03/23/2023 Permit No. 889089
Permit to Drill, Plug Back, or
Rule 37 Exception
Fluid Injection
O&G Waste Disposal
Other:

COMPLETION INFORMATION

Spud 12/23/2023 Date of first production after rig 02/05/2024
Date plug back, deepening, drilling operation 11/13/2023 Date plug back, deepening, recompletion, drilling operation 02/05/2024
Number of producing wells on this lease this field (reservoir) including this 8 Distance to nearest well in lease & reservoir 35.0
Total number of acres in 818.00 Elevation 3044 GR
Total depth TVD 10497 Total depth MD 21887
Plug back depth TVD Plug back depth MD
Was directional survey made other inclination (Form W- Yes Rotation time within surface casing 24.0
Is Cementing Affidavit (Form W-15) Yes
Recompletion or Yes Multiple No
Type(s) of electric or other log(s) Gamma Ray (MWD)
Electric Log Other Description:
Location of well, relative to nearest lease boundaries Off Lease: No
of lease on which this well is 443.0 Feet from the South Line and
4816.0 Feet from the West Line of the
SUNNYSIDE STATE 2 9U Lease.

FORMER FIELD (WITH RESERVOIR) & GAS ID OR OIL LEASE NO.

Field & Reservoir

Gas ID or Oil Lease

Well No.

Prior Service Type

443.0 4816.0

G1: N/A
 PACKET: N/A

FOR NEW DRILL OR RE-ENTRY, SURFACE CASING DEPTH DETERMINED BY:

GAU Groundwater Protection Depth 825.0 Date 03/14/2023
 SWR 13 Exception Depth

GAS MEASUREMENT DATA

Date of 03/07/2024 Gas measurement method
 Gas production during test 22176 Orifice Meter
 Was the well preflowed for 48 Yes

Run No.	Line size	Orif. or Choke Size (in.)	24 hr. Coeff. Orif. Or Choke	Static Pm or Choke (in.)	Diff (hw)	Flow Temp (°F)	Temp. (Ftf)	Gravity (Fg)	Compress (Fpv)	Volume (MCF/day)
1	4.026	2.25	33955.19	145.0	0.4	135.0	0.9349	0.9005	1.016	7392.0

FIELD DATA AND PRESSURE CALCULATIONS

Gravity (dry 0.740 Gravity (liquid hydrocarbons) (Deg. 46.0
 Gas-Liquid Hydro Ratio (CF/Bbl): 18905 Gravity (mixture): 0.881
 Avg. shut in temp. (° 150.0 Bottom hole temp. and 173.0 °F@ 10321.0 FT

Run	Time of Run (Min.)	Choke Size	Wellhead Pressure	Wellhead Flow Temp (°F)
SHUT-IN	1440	1	1068	134.0
1	4320	128/64	1068	134.0

CASING RECORD

Ro	Type of Casing	Casing Size (in.)	Hole Size	Setting Depth	Multi - Stage Tool	Multi - Stage Shoe	Cement Class	Cement Amoun	Slurry Volume (cu. ft.)	Top of Cement (ft.)	TOC Determined By
1	Surface	11 3/4	14 3/4	1007			C/ POZ	520	1009.0	0	Circulated to Surface
2	Intermediate	8 5/8	10 5/8	9727	1039		C/ POZ	82	110.0	70	Calculation
3	Intermediate	8 5/8	10 5/8	9727			C/ POZ/ H	820	2334.0	0	Calculation
4	Conventional Production	5 1/2	7 7/8	21876			HSLD 80/94	2420	3888.0	0	Calculation

LINER RECORD

Ro	Liner Size	Hole Size (in.)	Liner Top	Liner Bottom	Cement Class	Cement Amoun	Slurry Volume (cu. ft.)	Top of Cement (ft.)	TOC Determined By
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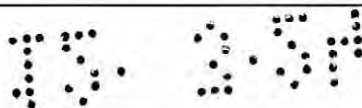
N/A

TUBING RECORD

Ro	Size (in.)	Depth Size (ft.)	Packer Depth (ft.)/Type
1	2 3/8	10131	10153 / PRODUCTION PKR

PRODUCING/INJECTION/DISPOSAL INTERVAL

Ro	Open hole?	From (ft.)	To (ft.)
1	No	L1 10528	15036
2	No	L1 17107	21821



ACID, FRACTURE, CEMENT SQUEEZE, CAST IRON BRIDGE PLUG, RETAINER, ETC.**Was hydraulic fracturing treatment**

Yes

Is well equipped with a downhole actuation sleeve? No**If yes, actuation pressure****Production casing test pressure (PSIG)**

hydraulic fracturing 9800

Actual maximum pressure (PSIG) during

fracturing 9153

Has the hydraulic fracturing fluid disclosure been

Yes

<u>Ro</u>	<u>Type of Operation</u>	<u>Amount and Kind of Material Used</u>	<u>Depth Interval (ft.)</u>	
1	Fracture	PERF & FRAC 23 STAGES. SEE FRAC FOCUS FOR DETAIL	10528.0	15036.0
2	Fracture	PERF & FRAC 22 STAGES. SEE FRAC FOCUS FOR DETAIL	17107.0	21821.0

FORMATION RECORD

<u>Formations</u>	<u>Encountered</u>	<u>Depth TVD</u>	<u>Depth MD</u>	<u>Is formation isolated?</u>	<u>Remarks</u>
FORD / DELAWARE	No			No	NOT ENCOUNTERED IN AREA
DELAWARE	Yes	2717.0	2734.0	Yes	CASING & CEMENT
CASTILLE	No			No	NOT ENCOUNTERED IN AREA
BELL CANYON	Yes	2743.0	2761.0	Yes	CASING & CEMENT
DELAWARE CONSOLIDATED GAS	No			No	NOT ENCOUNTERED IN AREA
CHERRY CANYON	Yes	3695.0	3725.0	Yes	CASING & CEMENT
BONE SPRING	Yes	6326.0	6369.0	Yes	CASING & CEMENT
BONE SPRING 2	Yes	7675.0	7718.0	Yes	CASING & CEMENT
BONE SPRING 3	Yes	8491.0	8920.0	Yes	CASING & CEMENT
PERMIAN (UNDEFINED)	No			No	NOT ENCOUNTERED IN AREA
WOLFCAMP	Yes	8877.0	8920.0	Yes	CASING & CEMENT
PENNSYLVANIAN	No			No	BELOW TD
MISSISSIPPIAN	No			No	BELOW TD
DEVONIAN	No			No	BELOW TD
FUSSELMAN	No			No	BELOW TD
ELLENBURGER	No			No	BELOW TD
PRECAMBRIAN (UNDIFFERENTIATED)	No			No	BELOW TD

Do the producing interval of this well produce H2S with a concentration in excess of 100 ppm

No

Is the completion being downhole commingled (SWR)

No

REMARKS

KOP@9650 WELL LOG TRACKER #54730 . THE LAST DAY OF FRACKING WAS 12/22/2023; THE WELL WAS PUT ON PRODUCTION 02/05/2024; THE PLAT WAS SIGNED 03/06/2024; THE TUBING WAS ADDED 04/12/2024 THUS THE PLAT DATE WAS PRIOR TO THE "COMPLETION" DATE.



RRC REMARKS

PUBLIC COMMENTS:

[RRC Staff 2024-09-09 12:23:35.064] EDL=11290 feet, max acres=704, PHANTOM (WOLFCAMP) Field; take points: 10528-21821

CASING RECORD :

TUBING RECORD:

PRODUCING/INJECTION/DISPOSAL INTERVAL :

ACID, FRACTURE, CEMENT SQUEEZE, CAST IRON BRIDGE PLUG, RETAINER, ETC. :

GAS MEASUREMENT DATE REMARK:

OPERATOR'S CERTIFICATION

Printed	Allison Garvin	Title	
Telephone	(713) 372-3281	Date	10/21/2024

75 254

Christi Craddick, Chairman
Wayne Christian, Commissioner
Jim Wright, Commissioner



Danny Sorrells
Director, Oil and Gas Division

Paul Dubois, P.E.
Assistant Director, Technical
Permitting

RAILROAD COMMISSION OF TEXAS

OIL AND GAS DIVISION

Tax Exemption Certification

10/30/2024

PDC PERMIAN, INC.
6301 DEAUVILLE BLVD
MIDLAND, TX 79706

Docket Number: 235248
Lease Name: SUNNYSIDE STATE 2 9U
Spud Date: 12/23/2023
ST-1 Rec. Date: 10/09/2024

Gas ID Number: 295530
Field Name: PHANTOM (WOLFCAMP)
Completion Date: 02/05/2024
Certification Date: 10/30/2024

Dear PDC PERMIAN, INC.:

A review has been made of the above referenced Texas Tax Code Section 201.057 application for high-cost gas state severance tax incentive certification. The application has been found to satisfy the requirements of the Railroad Commission of Texas, Statewide Rule 101.

To qualify, the person responsible for paying the tax must first apply to the Comptroller of Public Accounts by submitting a copy of this letter with the Comptroller of Public Accounts application Form AP-180. For further restrictions and requirements, refer to House Bill 2424, enacted by the 78th Texas Legislature in 2003. Other filing and reporting information may be obtained by calling the Comptroller at 1-800-531-5441 Ext. 34455 (Nationwide Toll-Free) or 1-512-463-4600.

It is the applicant's responsibility to notify the Railroad Commission in writing if it is determined that a gas well previously certified as producing high-cost gas no longer qualifies.

If you have questions, please call the Geologic Advisory Unit at 512-463-2741 or please contact: toni.eilerts@rrc.texas.gov



From: [Do not reply](#)
To: [Garvin, Allison \[Airsift\]](#)
Subject: **[**EXTERNAL**]** Digital Well Log 54730 Submitted
Date: Tuesday, June 11, 2024 10:52:55 AM

A Digital Well Log has been submitted.

- Submission Number: 54730
- Reasons for Filing: Rule 16, Rule 101
- API No: 38940518
- Drilling Permit #: 889089
- Operator Name: PDC PERMIAN, INC.
- Operator Number: 646832
- District: 08
- County: REEVES
- Lease Name: SUNNYSIDE STATE 2 9U
- Well Number: C 9HU

75 234

SURFACE HOLE LOCATION:

PDC PERMIAN, INC.
SUNNYSIDE STATE 2 9U C9HU
 AS-LOCATED ON 04/12/2023
 X = 854,874 (NAD27 TxC)
 Y = 768,845 (NAD27 TxC)
 LAT. 31° 43' 42.62" (31.728505°) N (NAD27)
 LONG. 104° 01' 01.27" (104.017019°) W (NAD27)
 LAT. 31° 43' 43.07" (31.728631°) N (NAD83/86)
 LONG. 104° 01' 02.98" (104.017493°) W (NAD83/86)
 Elev. 3,044.2' (NAVD 1988)
 Survey: 443 FSL & 4,816 FWL (Section 2, A-3655)
 Bear: NW, 25.02 Miles from Montone, TX

AS-DRILLED PENETRATION POINT:

X = 854,368 (NAD27 TxC)
 Y = 768,451 (NAD27 TxC)
 LAT. 31° 43' 38.58" (31.72737°) N (NAD27)
 LONG. 104° 01' 08.97" (104.018603°) W (NAD27)
 LAT. 31° 43' 39.01" (31.727503°) N (NAD83/86)
 LONG. 104° 01' 08.88" (104.019078°) W (NAD83/86)
 MD = 9,468'
 Survey: 32 FSL & 4,324 FWL (Section 2, A-3655)

AS-DRILLED FIRST TAKE POINT:

X = 854,429 (NAD27 TxC)
 Y = 768,851 (NAD27 TxC)
 LAT. 31° 43' 42.53" (31.728482°) N (NAD27)
 LONG. 104° 01' 06.42" (104.018451°) W (NAD27)
 LAT. 31° 43' 42.99" (31.728608°) N (NAD83/86)
 LONG. 104° 01' 08.13" (104.018926°) W (NAD83/86)
 MD = 10,520'
 Survey: 434 FSL & 4,371 FWL (Section 2, A-3655)

NPZ ENTRY:

X = 854,554 (NAD27 TxC)
 Y = 768,851 (NAD27 TxC)
 LAT. 31° 44' 26.85" (31.740792°) N (NAD27)
 LONG. 104° 01' 05.53" (104.018202°) W (NAD27)
 LAT. 31° 44' 27.30" (31.740917°) N (NAD83/86)
 LONG. 104° 01' 07.24" (104.018977°) W (NAD83/86)
 MD = 5,030'
 Survey: 6 FSL & 4,446 FWL (Section 2, A-3655)

NPZ EXIT:

X = 856,435 (NAD27 TxC)
 Y = 773,222 (NAD27 TxC)
 LAT. 31° 44' 26.43" (31.740674°) N (NAD27)
 LONG. 104° 00' 44.71" (104.013420°) W (NAD27)
 LAT. 31° 44' 26.88" (31.740800°) N (NAD83/86)
 LONG. 104° 00' 48.42" (104.012895°) W (NAD83/86)
 MD = 17,107'
 Survey: 457 FSL & 672 FEL (Section 1, A-2887)

AS-DRILLED LAST TAKE POINT:

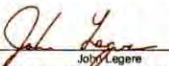
X = 856,395 (NAD27 TxC)
 Y = 768,524 (NAD27 TxC)
 LAT. 31° 43' 39.94" (31.727761°) N (NAD27)
 LONG. 104° 00' 43.54" (104.012096°) W (NAD27)
 LAT. 31° 43' 40.39" (31.727879°) N (NAD83/86)
 LONG. 104° 00' 45.25" (104.012570°) W (NAD83/86)
 MD = 24,821'
 Survey: 172 FSL & 597 FEL (Section 1, A-2887)

AS-DRILLED BOTTOM HOLE LOCATION:

X = 856,391 (NAD27 TxC)
 Y = 768,458 (NAD27 TxC)
 LAT. 31° 43' 39.29" (31.727580°) N (NAD27)
 LONG. 104° 00' 43.56" (104.012100°) W (NAD27)
 LAT. 31° 43' 39.74" (31.727706°) N (NAD83/86)
 LONG. 104° 00' 45.27" (104.012575°) W (NAD83/86)
 MD = 21,887'
 Survey: 107 FSL & 589 FEL (Section 1, A-2887)

C. H. Fenstermaker
 & Associates, LLC
 18340 Park Ten Place
 Suite 100
 Houston, TX 77064
 713-840-9995
 TX Firm 100235-01

REVISIONS	DATE	BY	CHK	APP
1				
2				
3				
DRAWN BY: MKC	PROJ. MGR: JL			
DATE: 02/09/2024				
JOB#: 2225626.DOC	SHEET 1 OF 1			
FILENAME: AD_SUNNYSIDE_STATE_2_9U_C9HU.DWG				

FOR THE EXCLUSIVE USE OF
 PDC PERMIAN, INC.
 I, John Legere, Registered Professional
 Land Surveyor, do hereby state the above plat
 to be true and correct to the best of my knowledge.

 John Legere
 Registered Professional Land Surveyor
 Registration No. 6698
 March 6, 2024



SECTION 67 **W.N. HOLDER SURVEY,** **S.F. 8014, A-2647**

SECTION 2 **BLOCK 45** **PSL SURVEY, A-3655**

SECTION 3 **BLOCK 45** **T.D. CARR SURVEY** **PSL SURVEY, A-3536**

SECTION 10 **BLOCK 45** **PSL SURVEY**

SECTION 11 **BLOCK 45** **J.E. LUCY SURVEY** **PSL SURVEY, A-4018**

SECTION 7 **BLOCK 57, T3** **T. & P. RR. CO.** **SURVEY, A-902**

SECTION 18 **BLOCK 57, T3** **T. & P. RR. CO.** **SURVEY, A-3400**

LEGEND:

- (PSL) - PROPOSED SURFACE LOCATION
- (SHL) - SURFACE HOLE LOCATION
- (PP) - AS-DRILLED PENETRATION POINT
- (FTP) - AS-DRILLED FIRST TAKE POINT
- (LTP) - AS-DRILLED LAST TAKE POINT
- (BHL) - AS-DRILLED BOTTOM HOLE LOCATION
- (MD) - MEASURED DEPTH
- UNIT LINE
- APPROXIMATE SURVEY LINES
- PROPOSED BORE PATH
- AS-DRILLED BORE PATH
- SUBJECT AS-DRILLED BORE PATH
- ⊗ - AS-DRILLED POINTS

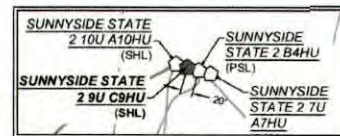
NOTES:

- This plat represents a survey made on the ground and meets the requirements for filing an as-drilled well location plat with the Texas Railroad Commission and is intended solely for that purpose. Survey lines and unit lines shown hereon were established from field measurements and record evidence. Mineral title information shown hereon was furnished by PDC Permian, Inc. and/or their agent(s). This plat does not meet the requirements for boundary surveys in the State of Texas and shall not be used to convey title to real property.
- All bearings, distances, areas and coordinates refer to the Texas Coordinate Zone of 1927, Central Zone, U.S. Survey Feet. Grid elevations refer to the North American Vertical Datum of 1988 and are derived from static and kinematic GPS observations, unless noted otherwise.
- Surface location shown hereon is based on as-located position of conductor pipe.
- Bore Path shown for the Sunnyside State 2 9U C9HU is based on a Directional Survey Report provided by PDC Permian, Inc. on June 28, 2023.

SECTION	PRODUCTION LATERAL		HORIZONTAL DRAINHOLE AREA	
	DISTANCE	PERCENT (%)	ACRES	PERCENT (%)
1	4,714'	51.12%	71.35 AC.	51.17%
2	4,508'	48.85%	68.06 AC.	48.83%
TOTAL	9,222'	100.00%	139.43 AC	100.00%

AS-DRILLED PLAT
SUNNYSIDE STATE 2 9U C9HU
PDC PERMIAN, INC.
 SITUATED IN
 SECTIONS 1 & 2, BLOCK 45
 PUBLIC SCHOOL LAND SURVEYS, A-2887 & A-3655
 REEVES COUNTY, TEXAS

TRACT / SECTION	ACRES IN TRACT / SECTION
1	178.00
2	640.00



DETAIL:
 Scale: 1" = 200'

Gamma Log

MD
5":100'

Company: PDC Energy
Well Name: SunnySide State 9U C9HU
API: 42-389-40518
County/Parish: Reeves
State: Texas
Country: USA
Job number: SW-230765
Field: Delaware
Rig Id: Citadel 4

Survey Company: Total Directional LLC
Day MWD: Jose Casanova / Ryan Taylor
Night MWD: Shaun Heck
Day DD: Chris Jones
Night DD: Jeff Davis

Log measurements: Gamma / ROP
Depth measured from: KB Elevationn: 3068 ft
Maximum temperature:

	Depth	Date
Start:	0 ft	5/5/2023
End:	21887 ft	6/21/2023

	Casing	Depth	Casing Size	Hole Size
Surface:		1018 ft		"
Intermediate:				
Intermediate2:				

Mud Type: WBM			Elevations
Density:			KB: 3068
Viscosity: 9			DF: 24
Rm: N/A	Rmf: N/A	Rmc: N/A	GL: 3044

Run	Tool S/N	Gamma Cal	Bit Size	Offsets			Mud Data		Depths		Dates	
				Survey	Gamma	Resis	Type	Weight	Start	End	Start	End
1	G-449	7.312	14.75"	78.00 ft	73.00 ft	N/A	WBM	9.2	0 ft	1018 ft	5/6/2023	5/7/2023
2	G-306	7.312	10.625"	54.00 ft	49.00 ft	N/A	WBM	9	1018 ft	7580 ft	6/2/2023	6/5/2023
3	G-520	7.312	10.625"	54.00 ft	49.00 ft	N/A	WBM	9.0	7580 ft	9740 ft	6/5/2023	6/7/2023
4	G-153	4.096	7.874"	48.00 ft	42.00 ft	N/A	OBM	10.2	9745 ft	11321 ft	6/9/2023	6/10/2023
5	G-520	4.096	7.874"	18.00 ft	12.00 ft	N/A	OBM	10.6	11321 ft	14764 ft	6/11/2023	6/13/2023
6	G-153	4.096	7.874"	48.00 ft	42.00 ft	N/A	OBM	10.6	14764 ft	17706 ft	6/13/2023	6/16/2023
7	G-520	4.096	7.874"	51.00 ft	45.00 ft	N/A	OBM	10.7	17706 ft	21887 ft	6/16/2023	
8												
9												
10												

API#: 42-389-40518 Well: Sunnyside State 2 B4HU Type of Log: Gamma Logging
Started at 19:30 on 05/06/2023 Ended at xx:xx on xx/xx/2023 Depth Relative to KB at 3068.0ft
Elevation Logging Company: Total Directional LLC, Top of Log: 0ft Bottom of Log xxxft



RAILROAD COMMISSION OF TEXAS

1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967

Form W-15

Rev. 08/2014

CEMENTING REPORT

Cementer: Fill in shaded areas.
Operator: Fill in other items.

OPERATOR INFORMATION

Operator Name: PDC PERMIAN, INC.	Operator P-S No.: 646832
Cementer Name: Compass Well Services LLC	Cementer P-S No.: 169789

WELL INFORMATION

District No.: 08	County: REEVES COUNTY	
Well No.: C9HU	API No.: 389-40518	Drilling Permit No.: 889089
Lease Name: SUNNYSIDE STATE 2 8U	Lease No.: 295530	
Field Name: PHANTOM (WOLFCAMP)	Field No.: 71052900	

I. CASING CEMENTING DATA

Type of casing: ☐ Conductor ☒ Surface ☐ Intermediate ☐ Liner ☐ Production		
Drilled hole size (in.): 14 3/4"	Depth of drilled hole (ft.): 1018'	Est. % wash-out or hole enlargement: 20
Size of casing in O.D. (in.): 11 3/4"	Casing weight (lbs/ft) and grade: 42# H-40	No. of centralizers used:
Was cement circulated to ground surface (or bottom of cellar) outside casing? ☒ YES ☐ NO If no for surface casing, explain in Remarks.	Setting depth shoe (ft.): 1007'	Top of liner (ft.):
		Setting depth liner (ft.):
Hrs. waiting on cement before drill-out: 0	Calculated top of cement (ft.): 0'	Cementing date: 05/07/23

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1	340	CLASS C	SEE BELOW	768	1775
2	180	CLASS C	SEE BELOW	241	557
3					
Total	520			1009	2332

II. CASING CEMENTING DATA

Type of casing: ☐ Surface ☐ Intermediate ☐ Production ☐ Tapered production ☐ Multi-stage cement shoe ☐ Multiple parallel strings			
Drilled hole size (in.):	Depth of drilled hole (ft.):	Est. % wash-out or hole enlargement:	
Size of casing in O.D. (in.):	Casing weight (lbs/ft) and grade:	No. of centralizers used:	
Tapered string drilled hole size (in.)	Tapered string depth of drilled hole (ft.)		
Upper:	Lower:	Upper:	Lower:
Tapered string size of casing in O.D. (in.)	Tapered string casing weight (lbs/ft) and grade	Tapered string no. of centralizers used	
Upper:	Lower:	Upper:	Lower:
Was cement circulated to ground surface (or bottom of cellar) outside casing? ☐ YES ☐ NO	Setting depth shoe (ft.):		
Hrs. waiting on cement before drill-out:	Calculated top of cement (ft.):	Cementing date:	

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1			See Below		
2			See Below		
3					
Total					

III. CASING CEMENTING DATA

Type of casing: ☐ Surface ☐ Intermediate ☐ Production ☐ Tapered production ☐ Multi-stage cement/DV tool ☐ Multiple parallel strings			
Drilled hole size (in.):	Depth of drilled hole (ft.):	Est. % wash-out or hole enlargement:	
Size of casing in O.D. (in.):	Casing weight (lbs/ft) and grade:	No. of centralizers used:	
Tapered string drilled hole size (in.)	Tapered string depth of drilled hole (ft.)		
Upper:	Lower:	Upper:	Lower:
Tapered string size of casing in O.D. (in.)	Tapered string casing weight (lbs/ft) and grade	Tapered string no. of centralizers used	
Upper:	Lower:	Upper:	Lower:
Was cement circulated to ground surface (or bottom of cellar) outside casing? ☐ YES ☐ NO	Setting depth tool (ft.):		
Hrs. waiting on cement before drill-out:	Calculated top of cement (ft.):	Cementing date:	

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1			See Below		
2			See Below		
3					
Total					

CEMENTING TO SQUEEZE, PLUG BACK OR PLUG AND ABANDON							
	PLUG #1	PLUG #2	PLUG #3	PLUG #4	PLUG #5	PLUG #6	PLUG #7
Cementing Date							
Size of hole or pipe (in.)							
Depth to bottom of tubing or drill pipe (ft.)							
Cement retainer setting depth (ft.)							
CIBP setting depth (ft.)							
Amount of cement on top of CIBP (ft.)							
Sacks of cement used							
Slurry volume pumped (cu. ft.)							
Calculated top of plug (ft.)							
Measured top of plug, if tagged (ft.)							
Slurry weight (lbs/gal)							
Class/type of cement							
Perforate and squeeze (YES/NO)							

REMARKS
LEAD: 85% Class C Premium * 15% Compass Poz-Mix * 5% Premium Gel (Bentonite) * 1% C-45 Econolite * 0.05% C-51 Suspension Agent * 0.05% Citric Acid * 5.36#/sk Salt * 0.13#/sk Phenoseal * TAIL: 100% Class C Premium * 1% Calcium Chloride * 0.1% C-45 Econolite * CIRCULATED 50 BBLs 124 SKS OF CEMENT TO SURFACE

CEMENTER'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that the cementing of casing and/or the placing of cement plugs in this well as shown in the report was performed by me or under my supervision, and that the cementing data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers cementing data only.

FRANCISCO SILVA

COMPASS CEMENTING

Francisco Silva

Name and title of cementer's representative

Cementing Company

Signature

10013 W. CNTY RD 157

MIDLAND, TX

79706

325-387-2940

05/07/23

Address

City

State

Zip Code

Tel: Area Code

Number

Date: mo. day yr.

OPERATOR'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have knowledge of the well data and information presented in this report, and that data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers all well data.

ALAN VASICEK

DSM

Alan Vasicek

Typed or printed name of operator's representative

Title

Signature

260 N JOSEPHINE STREET

DENVER, CO.

80206

806-891-7197

01/19/2022

Address

City

State

Zip Code

Tel: Area Code

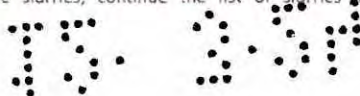
Number

Date: mo. day yr.

Instructions for Form W-15, Cementing Report

NOTICE: The Form W-15 must be submitted as an attachment to a Form G-1 (Gas Well Back Pressure Test, Completion or Recompletion Report, and Log), Form W-2 (Oil Well Potential Test, Completion or Recompletion Report, and Log), Form W-3 (Plugging Record), or Form W-4 (Application for Multiple Completion), any time cement is pumped in a wellbore.

- What to file:** An operator should file an original and one copy of the completed Form W-15 for each cementing company used on a well. The cementing of different casing strings on a well by one cementing company may be reported on one form.
The Form W-15 should be filed with the Form W-3, Plugging Record, unless the Form W-3 is signed by the cementing company representative. When reporting dry holes, operators must complete Form W-15, in addition to Form W-3, to show any casing cemented in the hole.
- How to file:** An oil and gas completion report and Form W-15 may be filed online using the Commission's Online System (<https://webapps.rrc.state.tx.us/security/login.do>) or a paper copy of the form may be mailed to the Commission in Austin (P.O. Box 12967, Austin, Texas 78711-2967).
- Surface casing:** An operator must set and cement sufficient surface casing to protect all usable-quality water strata, as defined by the Groundwater Advisory Unit in Austin. Sufficient cement shall be used to fill the annular space outside the casing from the shoe to the ground surface or to the bottom of the cellar. Before drilling a well, an operator must obtain a letter from the Groundwater Advisory Unit stating the protection depth. Surface casing should not be set deeper than 200 feet below the specified depth without prior approval from the Commission.
To plug and abandon a well, operators must use only cementers approved by the Commission's Director of Field Operations in accordance with SWR 14 ([http://info.sos.state.tx.us/pls/pub/readtac\\$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&p_pg=1&p_tac=&ti=16&pt=1&ch=3&rl=14](http://info.sos.state.tx.us/pls/pub/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&p_pg=1&p_tac=&ti=16&pt=1&ch=3&rl=14)). Cementing companies, service companies, or operators can qualify as approved cementers by demonstrating that they are able to mix and pump cement in compliance with Commission rules and regulations.
- Estimated % wash-out:** If the estimated % wash-out is less than 20% (or 30% along the Gulf Coast), provide supporting documentation such as a caliper log to show how the estimated % wash-out was obtained.
- Multi-stage cement:** An operator must report the multi-stage cement shoe in II. Casing Cementing Data section by selecting the type of casing and Multi-stage cement shoe. The operator must report the multi-stage cement tool in III. Casing Cementing Data section by selecting the type of casing and Multi-stage cement/DV tool.
- Multiple parallel strings:** An operator should file the Form W-15 as an attachment to the Form W-4, Application for Multiple Completion. An operator may be required to submit multiple Form W-15s to show all data for multiple parallel strings.
- Slurry data:** If cement job exceeds three slurries, continue the list of slurries in the Slurry table in the subsequent Casing Cementing Data box.





RAILROAD COMMISSION OF TEXAS

1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967

Form W-15

Rev. 08/2014

CEMENTING REPORT

Cementer: Fill in shaded areas.
Operator: Fill in other items.

OPERATOR INFORMATION

Operator Name: PDC Permian, inc. Operator P-5 No.: 646832
Cementer Name: Compass Well Services LLC Cementer P-5 No.: 169789

WELL INFORMATION

District No.: 08 County: Reeves
Well No.: 2 9U C9HU API No.: 389-40518 Drilling Permit No.: 889089
Lease Name: Sunnyside State Lease No.: 295530
Field Name: PHANTOM (WOLFCAMP) Field No.: 71052900

I. CASING CEMENTING DATA

Type of casing: ☐ Conductor ☐ Surface ☐ Intermediate ☐ Liner ☐ Production

Drilled hole size (in.): Depth of drilled hole (ft.): Est. % wash-out or hole enlargement: 20

Size of casing in O.D. (in.): Casing weight (lbs/ft) and grade: No. of centralizers used:

Was cement circulated to ground surface (or bottom of cellar) outside casing? ☐ YES ☐ NO If no for surface casing, explain in Remarks. Setting depth shoe (ft.): Top of liner (ft.):
Setting depth liner (ft.):

Hrs. waiting on cement before drill-out: Calculated top of cement (ft.): Cementing date:

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1					
2					
3					
Total					

II. CASING CEMENTING DATA

Type of casing: ☐ Surface ☐ Intermediate ☐ Production ☐ Tapered production ☒ Multi-stage cement shoe ☐ Multiple parallel strings

Drilled hole size (in.): 10.625" Depth of drilled hole (ft.): 9740 Est. % wash-out or hole enlargement:

Size of casing in O.D. (in.): 8.625" Casing weight (lbs/ft) and grade: 32# J-55 No. of centralizers used: 83

Tapered string drilled hole size (in.) Tapered string depth of drilled hole (ft.)
Upper: Lower: Upper: Lower:

Tapered string size of casing in O.D. (in.) Tapered string casing weight (lbs/ft) and grade Tapered string no. of centralizers used
Upper: Lower: Upper: Lower: Upper: Lower:

Was cement circulated to ground surface (or bottom of cellar) outside casing? ☐ YES ☒ NO Setting depth shoe (ft.): 9727'

Hrs. waiting on cement before drill-out: Calculated top of cement (ft.): 0 Cementing date: 06/07/23

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1	700	See Below	See Below	2177	10374
2	120	See Below	See Below	157	599
3					
Total	820			2334	10973

III. CASING CEMENTING DATA

Type of casing: ☐ Surface ☐ Intermediate ☐ Production ☐ Tapered production ☒ Multi-stage cement/DV tool ☐ Multiple parallel strings

Drilled hole size (in.): 10.625" Depth of drilled hole (ft.): 9740' Est. % wash-out or hole enlargement:

Size of casing in O.D. (in.): 8.625" Casing weight (lbs/ft) and grade: 32# J-55 No. of centralizers used: 83

Tapered string drilled hole size (in.) Tapered string depth of drilled hole (ft.)
Upper: Lower: Upper: Lower:

Tapered string size of casing in O.D. (in.) Tapered string casing weight (lbs/ft) and grade Tapered string no. of centralizers used
Upper: Lower: Upper: Lower: Upper: Lower:

Was cement circulated to ground surface (or bottom of cellar) outside casing? ☐ YES ☒ NO Setting depth tool (ft.): 1038.8'

Hrs. waiting on cement before drill-out: Calculated top of cement (ft.): 69.66' Cementing date: 06/07/23

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1	82	See below	See Below	110	414
2					
3					
Total	82			110	414

CEMENTING TO SQUEEZE, PLUG BACK OR PLUG AND ABANDON							
	PLUG #1	PLUG #2	PLUG #3	PLUG #4	PLUG #5	PLUG #6	PLUG #7
Cementing Date							
Size of hole or pipe (in.)							
Depth to bottom of tubing or drill pipe (ft.)							
Cement retainer setting depth (ft.)							
CIBP setting depth (ft.)							
Amount of cement on top of CIBP (ft.)							
Sacks of cement used							
Slurry volume pumped (cu. ft.)							
Calculated top of plug (ft.)							
Measured top of plug, if tagged (ft.)							
Slurry weight (lbs/gal)							
Class/type of cement							
Perforate and squeeze (YES/NO)							

REMARKS
1st stage tail - 100%Class H Premium * 0.1%CPFL-2 * 0.6%CSA-1000 - Fluid Loss Additive * 2%STE * 0.1%C-23 High Temp Retarder * 1st stage lead - 40%Class C Premium * 30%Compass Poz-Mix * 30%CPD-15 * 10%Premium Gel (Bentonite) * 0.1%C-45 Econote * 0.1%CPFL-2 * 0.2%Chc Acid * 0.14%CSA-1000 - Fluid Loss Additive * 6%STE * 20%Gyp Seal * 2nd stage tail - 100%Class C Premium * 0.1%C-45 Econote * 0.03%NC-51 Suspension Agent * 0.1%C-23 High Temp Retarder * 2nd stage lead - 85%Class C Premium * 15%Compass Poz-Mix * 5%Premium Gel (Bentonite) * 2%C-45 Econote * 0.1%Chc Acid * 6.72%Gyp Seal * DV tool did not open, pumped 19.5 bags 2nd stage tail down backside

CEMENTER'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that the cementing of casing and/or the placing of cement plugs in this well as shown in the report was performed by me or under my supervision, and that the cementing data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers cementing data only.

Fennis Garduno - SERVICE SUPERVISOR COMPASS CEMENTING



Name and title of cementer's representative	Cementing Company	Signature
10013 W. CNTY RD 157	MIDLAND, TX 79706	325-387-2940
Address	City, State, Zip Code	Tel: Area Code Number
		Date: mo. day yr. 06/07/23

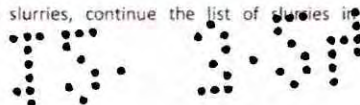
OPERATOR'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have knowledge of the well data and information presented in this report, and that data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers all well data.

Allison Garvin	Regulatory Specialist	Allison Garvin
Typed or printed name of operator's representative	Title	Signature
6301 Deauville Blvd	Midland, TX 79706	432-687-6078
Address	City, State, Zip Code	Tel: Area Code Number
		Date: mo. day yr. 10/21/2024

Instructions for Form W-15, Cementing Report

NOTICE: The Form W-15 must be submitted as an attachment to a Form G-1 (Gas Well Back Pressure Test, Completion or Recompletion Report, and Log), Form W-2 (Oil Well Potential Test, Completion or Recompletion Report, and Log), Form W-3 (Plugging Record), or Form W-4 (Application for Multiple Completion), any time cement is pumped in a wellbore.

- A. **What to file:** An operator should file an original and one copy of the completed Form W-15 for each cementing company used on a well. The cementing of different casing strings on a well by one cementing company may be reported on one form.
The Form W-15 should be filed with the Form W-3, Plugging Record, unless the Form W-3 is signed by the cementing company representative. When reporting dry holes, operators must complete Form W-15, in addition to Form W-3, to show any casing cemented in the hole.
- B. **How to file:** An oil and gas completion report and Form W-15 may be filed online using the Commission's Online System (<https://webapps.rrc.state.tx.us/security/login.do>) or a paper copy of the form may be mailed to the Commission in Austin (P.O. Box 12967, Austin, Texas 78711-2967).
- C. **Surface casing:** An operator must set and cement sufficient surface casing to protect all usable-quality water strata, as defined by the Groundwater Advisory Unit in Austin. Sufficient cement shall be used to fill the annular space outside the casing from the shoe to the ground surface or to the bottom of the cellar. Before drilling a well, an operator must obtain a letter from the Groundwater Advisory Unit stating the protection depth. Surface casing should not be set deeper than 200 feet below the specified depth without prior approval from the Commission.
To plug and abandon a well, operators must use only cementers approved by the Commission's Director of Field Operations in accordance with SWR 14 (http://info.sos.state.tx.us/pls/pub/readtacSext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=16&pt=1&ch=3&rl=14). Cementing companies, service companies, or operators can qualify as approved cementers by demonstrating that they are able to mix and pump cement in compliance with Commission rules and regulations.
- D. **Estimated % wash-out:** If the estimated % wash-out is less than 20% (or 30% along the Gulf Coast), provide supporting documentation such as a caliper log to show how the estimated % wash-out was obtained.
- E. **Multi-stage cement:** An operator must report the multi-stage cement shoe in II. Casing Cementing Data section by selecting the type of casing and Multi-stage cement shoe. The operator must report the multi-stage cement tool in III. Casing Cementing Data section by selecting the type of casing and Multi-stage cement/DV tool.
- F. **Multiple parallel strings:** An operator should file the Form W-15 as an attachment to the Form W-4, Application for Multiple Completion. An operator may be required to submit multiple Form W-15s to show all data for multiple parallel strings.
- G. **Slurry data:** If cement job exceeds three slurries, continue the list of slurries in the Slurry table in the subsequent Casing Cementing Data box.





RAILROAD COMMISSION OF TEXAS

1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967

Form W-15

Rev. 08/2014

CEMENTING REPORT

Cementer: Fill in shaded areas.
Operator: Fill in other items.

OPERATOR INFORMATION	
Operator Name: PDC PERMIAN INC.	Operator P-5 No.: 646832
Cementer Name: COMPASS WELL SERVICE	CEMENTER P-5 No.: 169789

WELL INFORMATION		
District No.: 295530	County: REEVES	
Well No.: C9HU	API No.: 389-40518	Drilling Permit No.: 889089
Lease Name: SUNNYSIDE STATE 2 9U	Lease No.: 295530	
Field Name: PHANTOM (WOLFCAMP)	Field No.: 71052900	

I. CASING CEMENTING DATA		
Type of casing: ☐ Conductor ☐ Surface ☐ Intermediate ☐ Liner ☒ Production		
Drilled hole size (in.): 7 7/8	Depth of drilled hole (ft.): 21887	Est. % wash-out or hole enlargement: 20
Size of casing in O.D. (in.): 5 1/2	Casing weight (lbs/ft) and grade: 23# / P110	No. of centralizers used: 370
Was cement circulated to ground surface (or bottom of cellar) outside casing? ☐ YES ☒ NO If no for surface casing, explain in Remarks.	Setting depth shoe (ft.): 21876	Top of liner (ft.):
		Setting depth liner (ft.):
Hrs. waiting on cement before drill-out:	Calculated top of cement (ft.): 0	Cementing date: 6/24/23

SLURRY					
Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1	470	SEE REMARKS	SEE REMARKS	1495	8417
2	140	SEE REMARKS	SEE REMARKS	185	1044
3	1810	SEE REMARKS	SEE REMARKS	2208	12719
Total	2420			3888	22180

II. CASING CEMENTING DATA		
Type of casing: ☐ Surface ☐ Intermediate ☒ Production ☐ Tapered production ☐ Multi-stage cement shoe ☐ Multiple parallel strings		
Drilled hole size (in.):	Depth of drilled hole (ft.):	Est. % wash-out or hole enlargement:
Size of casing in O.D. (in.):	Casing weight (lbs/ft) and grade:	No. of centralizers used:
Tapered string drilled hole size (in.)	Tapered string depth of drilled hole (ft.)	
Upper: Lower:	Upper: Lower:	
Tapered string size of casing in O.D. (in.)	Tapered string casing weight (lbs/ft) and grade	Tapered string no. of centralizers used
Upper: Lower:	Upper: Lower:	Upper: Lower:
Was cement circulated to ground surface (or bottom of cellar) outside casing? ☐ YES ☐ NO	Setting depth shoe (ft.):	
Hrs. waiting on cement before drill-out:	Calculated top of cement (ft.):	Cementing date:

SLURRY					
Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1					
2					
3					
Total					

III. CASING CEMENTING DATA		
Type of casing: ☐ Surface ☐ Intermediate ☐ Production ☐ Tapered production ☐ Multi-stage cement/DV tool ☐ Multiple parallel strings		
Drilled hole size (in.):	Depth of drilled hole (ft.):	Est. % wash-out or hole enlargement:
Size of casing in O.D. (in.):	Casing weight (lbs/ft) and grade:	No. of centralizers used:
Tapered string drilled hole size (in.)	Tapered string depth of drilled hole (ft.)	
Upper: Lower:	Upper: Lower:	
Tapered string size of casing in O.D. (in.)	Tapered string casing weight (lbs/ft) and grade	Tapered string no. of centralizers used
Upper: Lower:	Upper: Lower:	Upper: Lower:
Was cement circulated to ground surface (or bottom of cellar) outside casing? ☐ YES ☐ NO	Setting depth tool (ft.):	
Hrs. waiting on cement before drill-out:	Calculated top of cement (ft.):	Cementing date:

SLURRY					
Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1					
2					
3					
Total					



CEMENTING TO SQUEEZE, PLUG BACK OR PLUG AND ABANDON							
	PLUG #1	PLUG #2	PLUG #3	PLUG #4	PLUG #5	PLUG #6	PLUG #7
Cementing Date							
Size of hole or pipe (in.)							
Depth to bottom of tubing or drill pipe (ft.)							
Cement retainer setting depth (ft.)							
CIBP setting depth (ft.)							
Amount of cement on top of CIBP (ft.)							
Sacks of cement used							
Slurry volume pumped (cu. ft.)							
Calculated top of plug (ft.)							
Measured top of plug, if tagged (ft.)							
Slurry weight (lbs/gal)							
Class/type of cement							
Perforate and squeeze (YES/NO)							

REMARKS
LEAD: 100% HSLD 94 Cement * 0.35% C-45 Econolite * 0.5% CFL-2 * 0.35% Citric Acid * 0.2% CSA-1000 - Fluid Loss Additive * 4% STE * 0.3% C-49 Expanding Gas Flow Control * 0.8% Skat * 18% Gyp Seal *
 TAIL #1: 100% HSLD 90 Cement * 0.5% CFL-2 * 0.04% CSA-1000 - Fluid Loss Additive * 0.3% C-49 Expanding Gas Flow Control * 0.2% C-23 High Temp Retarder * 18% Gyp Seal *
 TAIL #2: 40% Class H Premium * 30% Compas Poz-Mx * 30% CPO-18 * 0.4% CFL-2 * 0.025% Citric Acid * 0.04% CSA-1000 - Fluid Loss Additive * 4% STE * 0.3% C-49 Expanding Gas Flow Control *
 No Cement circulated to surface

CEMENTER'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that the cementing of casing and/or the placing of cement plugs in this well as shown in the report was performed by me or under my supervision, and that the cementing data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers cementing data only.

DERIK LEWIS SERVICE SUPERVISOR COMPASS Well Services

[Signature]

Name and title of cementer's representative	Cementing Company	Signature
10013 W. CNTY RD 157	MIDLAND, TX 79706 325-387-2940	6/24/23
Address	City, State, Zip Code	Tel: Area Code Number

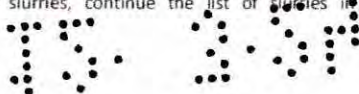
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ALLISON GARVIN	Regulatory Specialist	Allison Garvin
Typed or printed name of operator's representative	Title	Signature
6003 Deauville Blvd	Midland, TX 79706	432-687-6078
Address	City, State, Zip Code	Tel: Area Code Number

Instructions for Form W-15, Cementing Report

NOTICE: The Form W-15 must be submitted as an attachment to a Form G-1 (Gas Well Back Pressure Test, Completion or Recompletion Report, and Log), Form W-2 (Oil Well Potential Test, Completion or Recompletion Report, and Log), Form W-3 (Plugging Record), or Form W-4 (Application for Multiple Completion), any time cement is pumped in a wellbore.

- A. **What to file:** An operator should file an original and one copy of the completed Form W-15 for each cementing company used on a well. The cementing of different casing strings on a well by one cementing company may be reported on one form.
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- B. **How to file:** An oil and gas completion report and Form W-15 may be filed online using the Commission's Online System (<https://webapps.rrc.state.tx.us/security/login.do>) or a paper copy of the form may be mailed to the Commission in Austin (P.O. Box 12967, Austin, Texas 78711-2967).
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- D. **Estimated % wash-out:** If the estimated % wash-out is less than 20% (or 30% along the Gulf Coast), provide supporting documentation such as a caliper log to show how the estimated % wash-out was obtained.
- E. **Multi-stage cement:** An operator must report the multi-stage cement shoe in II. Casing Cementing Data section by selecting the type of casing and Multi-stage cement shoe. The operator must report the multi-stage cement tool in III. Casing Cementing Data section by selecting the type of casing and Multi-stage cement/DV tool.
- F. **Multiple parallel strings:** An operator should file the Form W-15 as an attachment to the Form W-4, Application for Multiple Completion. An operator may be required to submit multiple Form W-15s to show all data for multiple parallel strings.
- G. **Slurry data:** If cement job exceeds three slurries, continue the list of slurries in the Slurry table in the subsequent Casing Cementing Data box.



CHEVRON U. S. A. INC.
SUNNYSIDE STATE 2 C 9HU
42-389-40518
PHANTOM (WOLFCAMP) FIELD
REEVES COUNTY, TEXAS

COMPLETION TRACKING #319427
GOR: 18905 cu. ft./bbl

PVT ANALYSIS NOT REQUIRED

PURSUANT TO DOCKET NO. 08-0308425, THIS WELL IS GRANTED PERMANENT GAS WELL CLASSIFICATION BASED ON A GAS-OIL RATIO GREATER THAN OR EQUAL TO 3,000 CUBIC FEET PER BARREL.

42-389-40518

GROUNDWATER PROTECTION DETERMINATION

Form GW-2



Groundwater Advisory Unit

Date Issued: 14 March 2023**GAU Number:** 364393**Attention:** PDC PERMIAN, INC.
1775 SHERMAN ST STE 3000
DENVER, CO 80203**API Number:** 38940508
County: REEVES
Lease Name: SUNNYSIDE STATE 2**Operator No.:** 646832**Lease Number:**
Well Number: B 4HU
Total Vertical: 13000
Latitude: 31.728492
Longitude: -104.016958
Datum: NAD27**Purpose:** New Production Well**Location:** Survey-PSL/GAY, W. D.; Abstract-3655; Block-45; Section-2

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

The interval from the land surface to the base of the Rustler, which is estimated to occur at a depth of 825 feet, must be protected.

This recommendation is applicable for all wells drilled in this section 2.

Note: Unless stated otherwise, this recommendation is intended to apply to all wells drilled within 200 feet of the subject well. Unless stated otherwise, this recommendation is for normal drilling, production, and plugging operations only.

This determination is based on information provided when the application was submitted on 03/14/2023. If the location information has changed, you must contact the Groundwater Advisory Unit, and submit a new application if necessary. If you have questions, please contact us at 512-463-2741 or gau@rrc.texas.gov.

Groundwater Advisory Unit, Oil and Gas Division

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

TS 354

CERTIFICATE OF COMPLIANCE
AND TRANSPORTATION AUTHORITY

P-4

Tracking No.: 295902

This facsimile P-4 was generated electronically from data submitted to the RRC.
A certification of the automated data is available in the RRC's Austin office.

1. Field name exactly as shown on proration schedule PHANTOM (WOLFCAMP)		2. Lease name as shown on proration schedule SUNNYSIDE STATE 2 9U					
3. Current operator name exactly as shown on P-5 Organization Report PDC PERMIAN, INC.		4. Operator P-5 no. 646832	5. Oil Lse/Gas ID no 295530	6. County REEVES	7. RRC district 08		
8. Operator address including city, state, and zip code 6301 DEAUVILLE BLVD MIDLAND, TX 79706		9. Well no(s) (see instruction E) C 9HU			11. Effective Date 06/25/2023		
		10. Classification ☐ Oil ☒ Gas ☐ Other (see instruction A)					
12. Purpose of Filing. (Complete section a or b below.) (See instructions B and G) a. Change of: ☐ operator ☐ oil or condensate gatherer ☐ gas gatherer ☐ gas purchaser ☐ gas purchaser system code ☐ field name from: _____ Docket #: _____ ☐ lease name from: _____ b. New RRC Number for: ☐ oil lease ☒ gas well ☐ other well (specify) _____ Due to: ☐ new completion or recompletion ☐ reclass oil to gas ☐ reclass gas to oil ☐ consolidation ☐ unitization ☐ field transfer ☐ subdivision (oil lease only)							
13. Authorized GAS WELL GAS or CASINGHEAD GAS Gatherer(s) and/or Purchaser(s). (See instruction G).							
Gatherer	Purchaser	Name of GAS WELL GAS or CASINGHEAD GAS Gatherer(s) or Purchaser(s) As Indicated in Columns to the Left (Attach an additional sheet in same format if more space is needed)			Purchaser's RRC Assigned System Code	Percent of Take	Full-well stream
X	X	EAGLECLAW MIDSTREAM VENTURES,LLC(238465)			0001	100.0	
14. Authorized OIL or CONDENSATE Gatherer(s). (See instruction G).							
Name of OIL or CONDENSATE Gatherer(s) - List Highest Volume Gatherer First (Attach an additional sheet in same format if more space is needed)						Percent of Take	
ORYX DELAWARE OIL TRANSPORT LLC(627137)						50.0	
BADLANDS TANK LINES TEXAS, LLC(042433)						50.0	
RRC USE ONLY: Reviewer's initials: <u>RRC Staff</u> Approval date: <u>09/15/2023</u>							
15. PREVIOUS OPERATOR CERTIFICATION FOR CHANGE OF OPERATOR P-4 FILING. Being the PREVIOUS OPERATOR, I certify that operating responsibility for the well(s) designated in this filing, located on the subject lease has been transferred in its entirety to the above named Current Operator. I understand, as Previous Operator, that designation of the above named operator as Current Operator is not effective until this certificate is approved by the Commission.							
Name of Previous Operator Name (print) Title				Signature ☐ Authorized Employee of previous operator ☐ Authorized agent of previous operator (see instruction G) Date Phone with area code			
16. CURRENT OPERATOR CERTIFICATION. By signing this certificate as the Current Operator, I certify that all statements on this form are true and correct and I acknowledge responsibility for the regulatory compliance of the subject lease including plugging of well(s) pursuant to Rule 14. I further acknowledge that I assume responsibility for the physical operation, control, and proper plugging of each well designated in this filing. I also acknowledge that I will remain designated as the Current Operator until a new certificate designating a new Current Operator is approved by the Commission.							
PDC PERMIAN, INC. Name (print) Title <u>thxj@chevron.com</u> E-mail Address (optional)				Rachel Milne Signature ☐ Authorized Employee of current operator ☒ Authorized agent of current operator (see instruction G) <u>07/20/2023</u> Date <u>(713) 372-3281</u> Phone with area code			



Form P-16

Page 1

Rev. 06/2022





RAILROAD COMMISSION OF TEXAS

1701 N. Congress
P.O. Box 12967
Austin, Texas 78711-2967

Form P-17A

Rev. 03/2019

APPLICATION FOR COMMINGLE PERMIT PURSUANT TO STATEWIDE RULES 26 AND OR 27

☒ New
☐ Amended Existing Permit
No. Sunnyside State 2 North
Effective Month/Year of Requested
Exception: 02 / 2024
District 08
County REEVES

SECTION 1. OPERATOR INFORMATION

Operator Name: PDC Peanian Operator P-5 No.: 646832

Operator Address: 6301 DEAUVILLE BLVD MIDLAND, TX 79706

SECTION 2. GATHERER (of oil or condensate) INFORMATION (not required if 3b is checked)

Gatherer Name: ENERGY TNSFER COMPANY Gatherer P-5 No.: 252017

Gatherer Address: ATTN KIMBERLY FITZHENRY 1300 MAIN STREET HOUSTON TX 77002

Gatherer E-mail Address:

(Optional – If provided, e-mail address will become part of this public record.)

SECTION 3. APPLICATION APPLIES TO (CHECK ALL THAT APPLY): OIL CASINGHEAD GAS GAS WELL GAS CONDENSATE

- a) ☒ Gas well full well stream into common separation and storage facility with liquids reported on Form PR.
b) ☒ Gas well full well stream into a gasoline plant/common separation and storage facility with liquids reported on Form R-3 Serial # _____ (If full well stream is checked, the results of periodic tests to determine the number of stock tank barrels of liquid hydrocarbons recovered per 1,000 standard cubic feet of gas must be reported on Form G-10 in accordance with SWR 55. Attach an explanation of any exceptions to SWR 55.)
c) ☒ Condensate and low-pressure Gas Well Gas are commingled into low-pressure separation and storage facilities.
d) ☒ This request is for off lease: ☒ Storage ☒ Separation ☒ Metering
e) ☒ This application is for common storage.
f) ☒ This application is for common separation.
g) ☒ This application is for casinghead gas metering by: Deduct Metering ☒ Allocation by well test Other _____
h) ☒ This application is for gas well gas metering by: Deduct Metering ☒ Allocation by well test Other _____

SECTION 4. COMMINGLING PURSUANT TO §3.26(b) or §3.27(e) – (CHECK ALL THAT APPLY)

a) ☒ The production stream from each tract and each Commission-designated reservoir is measured separately before combining it with a stream from another tract or Commission-designated reservoir.

Production will be allocated by: W-10 (oil) W-2 retest (oil) PD Meter (oil & condensate) ☒ G-10 (gas) Other _____

Received
RRC of Texas
11:39 am - Jul 12, 2024
Oil & Gas Production Department
Austin, Texas

b) ☒ The tracts and Commission-designated reservoirs have identical royalty interest and working interest ownership in identical percentages.

Production will be allocated by: W-10 (oil) W-2 retest (oil) PD Meter (oil & condensate) ☒ G-10 (gas) Other _____

SECTION 5. Any one of the wells proposed for commingling produces from a Commission-designated reservoir for which special field rules regarding surface commingling have been adopted. (Notice may be required; see instructions)

SECTION 6. Wells proposed for commingling have an operator's name other than the applicant listed in SECTION 1. (See instructions)

SECTION 7. For oil production, the production from all oil wells on each oil lease is to be commingled. (See instructions)

SECTION 8. IDENTIFY LEASES AS SHOWN ON COMMISSION RECORDS (attach additional pages as needed)

DISTRICT	RRC IDENTIFIER	ACTION	LEASE AND FIELD NAME	WELL NO.
08	295621	Existing ☒ Add ☐ Delete ☐	SUNNYSIDE STATE 2 PHANTOM(WOLFCAMP)	B4HU
08	296035	Existing ☒ Add ☐ Delete ☐	SUNNYSIDE STATE 2 PHANTOM(WOLFCAMP)	ASHU
08	295925	Existing ☒ Add ☐ Delete ☐	SUNNYSIDE STATE 2 PHANTOM(WOLFCAMP)	C8HU
08	295530	Existing ☒ Add ☐ Delete ☐	SUNNYSIDE STATE 2 PHANTOM(WOLFCAMP)	C9HU

ATTACH ADDITIONAL PAGES AS NEEDED. No additional pages ☒ Additional pages 1 (# of additional pages)

CERTIFICATE: I declare under penalties in Sec. 91.143, Texas Natural Resources Code, that I am authorized to file this application, that this application was prepared by me or under my supervision and direction, and that the data and facts stated therein are true, correct, and complete to be the best of my knowledge. I certify that all requests for related required approvals from other affected state agencies have been submitted and that I understand that any authorization granted by Commission approval of this application is contingent upon the approvals from other affected state agencies being obtained.

Signature Dianna Waddle ie Regulatory Coordinator ite 07/09/2024

Operator E-mail Address: _____ Operator Phone No. _____

(Optional – If provided, e-mail address will become part of this public record.)

RRC USE ONLY

Commingling Permit No. 10628 Approval date: 7/12/24 Approved by: DW

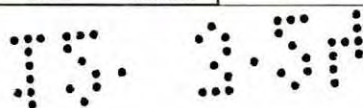


RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

**ATTACHMENT FOR
APPLICATION FOR EXCEPTION TO
STATEWIDE RULES (SWR) 26 AND/OR 27
COMMINGLE PERMIT APPLICATION**

FORM P-17 ATTACHMENT

SECTION 8. (CONT'D) IDENTIFY LEASES AS SHOWN ON COMMISSION RECORDS (attach additional pages as needed)

[illegible]

API NO.	Operator Name/Number	Lease Name	Well #	Dist.	County
423894050800	PDC PERMIAN, INC. (646832)	SUNNYSIDE STATE 2	B 4HU	8	REEVES
423894050900	PDC PERMIAN, INC. (646832)	SUNNYSIDE STATE 2	A 5HU	8	REEVES
423894051100	PDC PERMIAN, INC. (646832)	SUNNYSIDE STATE 2	C 8HU	8	REEVES
423894051800	PDC PERMIAN, INC. (646832)	SUNNYSIDE STATE 2 9U	C 9HU	8	REEVES
423894067500	PDC PERMIAN, INC. (646832)	SUNNYSIDE STATE 2 10U	A 10HU	8	REEVES

423894050800

File No. MF117292

Reeves County

Completion Report API 42-389-40518

Date Filed: 01/28/2025

Commissioner Dawn Buckingham, M.D.

By: Jm



**RAILROAD COMMISSION OF TEXAS**

1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967

Form G-1

Status: Approved
Date: 10/22/2024
Tracking No.: 314573

GAS WELL BACK PRESSURE TEST, COMPLETION OR RECOMPLETION REPORT,**OPERATOR INFORMATION**

Operator PDC PERMIAN, INC. Operator 646832
Operator 6301 DEAUVILLE BLVD MIDLAND, TX 79706-0000

WELL INFORMATION

API 42-389-40508 County: REEVES
Well B 4HU RRC District 08
Lease SUNNYSIDE STATE 2 Field PHANTOM (WOLFCAMP)
RRC Gas ID 295621 Field No.: 71052900
Location Section: 2, Block: 45, Survey: PSL/GAY, W D, Abstract: 3655
Latitude 31 Longitud -104
This well is 25 miles in NW
direction MENTONE,
which is the nearest town in the

FILING INFORMATION

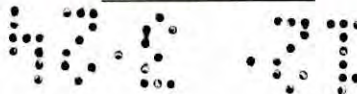
Purpose of Initial Potential
Type of Other/Recompletion
Well Type: Producing Completion or Recompletion 02/05/2024
Type of Permit Date Permit No.
Permit to Drill, Plug Back, or 03/08/2023 888585
Rule 37 Exception
Fluid Injection
O&G Waste Disposal
Other:

COMPLETION INFORMATION

Spud 05/06/2023 Date of first production after rig 02/05/2024
Date plug back, deepening, drilling operation 05/06/2023 Date plug back, deepening, recompletion, drilling operation 02/05/2024
Number of producing wells on this lease this field (reservoir) including this 8 Distance to nearest well in lease & reservoir 1811.0
Total number of acres in 640.00 Elevation 3045 GR
Total depth TVD 9963 Total depth MD 20170
Plug back depth TVD Plug back depth MD
Was directional survey made other inclination (Form W- Yes Rotation time within surface casing 24.0
Is Cementing Affidavit (Form W-15) Yes
Recompletion or Yes Multiple No
Type(s) of electric or other log(s) Gamma Ray (MWD)
Electric Log Other Description:
Location of well, relative to nearest lease boundaries Off Lease: No
of lease on which this well is 438.0 Feet from the South Line and
453.0 Feet from the East Line of the
SUNNYSIDE STATE 2 Lease.

FORMER FIELD (WITH RESERVOIR) & GAS ID OR OIL LEASE NO.

Field & Reservoir Gas ID or Oil Lease Well No. Prior Service Type



G1: N/A
 PACKET: N/A

FOR NEW DRILL OR RE-ENTRY, SURFACE CASING DEPTH DETERMINED BY:

GAU Groundwater Protection Depth 825.0 Date 03/14/2023
 SWR 13 Exception Depth

GAS MEASUREMENT DATA

Date of 03/03/2024 Gas measurement method
 Gas production during test 31749 Orifice Meter
 Was the well preflowed for 48 Yes

Run No.	Line size	Orif. or Choke Size (in.)	24 hr. Coeff. Orif. Or Choke	Static Pm or Choke (in.)	Diff (hw)	Flow Temp (°F)	Temp. (Ftf)	Gravity (Fg)	Compress (Fpv)	Volume (MCF/day)
1	4.026	2.25	33955.19	170.0	0.4	135.0	0.9349	0.9005	1.016	10583.0

FIELD DATA AND PRESSURE CALCULATIONS

Gravity (dry 0.740 Gravity (liquid hydrocarbons) (Deg. 46.0
 Gas-Liquid Hydro Ratio (CF/Bbl): 9061 Gravity (mixture): 1.018
 Avg. shut in temp. (° 115.0 Bottom hole temp. and 115.0 °F@ 9767.0 FT

Run	Time of Run (Min.)	Choke Size	Wellhead Pressure	Wellhead Flow Temp (°F)
SHUT-IN	1440	1	860	115.0
1	4320	128/64	860	115.0

CASING RECORD

Ro	Type of Casing	Casing Size (in.)	Hole Size	Setting Depth	Multi - Stage Tool	Multi - Stage Shoe	Cement Class	Cement Amount	Slurry Volume (cu. ft.)	Top of Cement (ft.)	TOC Determined By
1	Surface	11 3/4	14 3/4	1008			C/ POZ	520	1008.0	0	Circulated to Surface
2	Intermediate	8 5/8	10 5/8	9555	587		C/ POZ	150	254.0	0	Circulated to Surface
3	Intermediate	8 5/8	10 5/8	9555			C/ POZ/ H	170	313.0	8207	Calculation
4	Conventional Production	5 1/2	7 7/8	20142			HSLD 76/80	2055	4811.0	0	Circulated to Surface

LINER RECORD

Ro	Liner Size	Hole Size (in.)	Liner Top	Liner Bottom	Cement Class	Cement Amount	Slurry Volume (cu. ft.)	Top of Cement (ft.)	TOC Determined By
----	------------	-----------------	-----------	--------------	--------------	---------------	-------------------------	---------------------	-------------------

N/A

TUBING RECORD

Ro	Size (in.)	Depth Size (ft.)	Packer Depth (ft.)/Type
1	2 7/8	9671	9693 / PRODUCTION PKR

PRODUCING/INJECTION/DISPOSAL INTERVAL

Ro	Open hole?	From (ft.)	To (ft.)
1	No	L1 9895	14238
2	No	L1 15705	20048



ACID, FRACTURE, CEMENT SQUEEZE, CAST IRON BRIDGE PLUG, RETAINER, ETC.

Was hydraulic fracturing treatment

Yes

Is well equipped with a downhole actuation sleeve? No

If yes, actuation pressure

Production casing test pressure (PSIG)

Actual maximum pressure (PSIG) during

hydraulic fracturing 9800

fracturing 9200

Has the hydraulic fracturing fluid disclosure been

Yes

<u>Ro</u>	<u>Type of Operation</u>	<u>Amount and Kind of Material Used</u>	<u>Depth Interval (ft.)</u>	
1	Fracture	PERF & FRAC 22 STAGES. SEE FRAC FOCUS FOR DETAIL	9895.0	14238.0
2	Fracture	PERF & FRAC 20 STAGES. SEE FRAC FOCUS FOR DETAIL	15705.0	20048.0

FORMATION RECORD

<u>Formations</u>	<u>Encountered</u>	<u>Depth TVD</u>	<u>Depth MD</u>	<u>Is formation isolated?</u>	<u>Remarks</u>
FORD / DELAWARE	No			No	NOT ENCOUNTERED IN AREA
DELAWARE	Yes	2713.0	2716.0	Yes	CASING & CEMENT
CASTILLE	No			No	UNABLE TO LOG
BELL CANYON	Yes	2739.0	2742.0	Yes	CASING & CEMENT
DELAWARE CONSOLIDATED GAS	No			No	NOT ENCOUNTERED IN AREA
CHERRY CANYON	Yes	3692.0	3696.0	Yes	CASING & CEMENT
BONE SPRING	Yes	6321.0	6329.0	Yes	CASING & CEMENT
BONE SPRING 2	Yes	7680.0	7688.0	Yes	CASING & CEMENT
PHANTOM WOLFCAMP	Yes	8869.0	8877.0	Yes	CASING & CEMENT
BONE SPRING 3	Yes	9425.0	9436.0	Yes	CASING & CEMENT
PERMIAN (UNDEFINED)	No			No	NOT ENCOUNTERED IN AREA
WOLFCAMP	Yes	9426.0	9437.0	Yes	CASING & CEMENT
PENNSYLVANIAN	No			No	BELOW TD
MISSISSIPPIAN	No			No	BELOW TD
DEVONIAN	No			No	BELOW TD
FUSSELMAN	No			No	BELOW TD
ELLENBURGER	No			No	BELOW TD
PRECAMBRIAN (UNDIFFERENTIATED)	No			No	BELOW TD

Do the producing interval of this well produce H2S with a concentration in excess of 100 ppm

No

Is the completion being downhole commingled (SWR

No

REMARKS

KOP@9230'



RRC REMARKS

PUBLIC COMMENTS:

[RRC Staff 2024-09-09 12:23:09.876] EDL=10150 feet, max acres=704, PHANTOM (WOLFCAMP) Field; take points: 9895-20048

CASING RECORD :

TUBING RECORD:

PRODUCING/INJECTION/DISPOSAL INTERVAL :

ACID, FRACTURE, CEMENT SQUEEZE, CAST IRON BRIDGE PLUG, RETAINER, ETC. :

GAS MEASUREMENT DATE REMARK:

OPERATOR'S CERTIFICATION

Printed	Allison Garvin	Title	
Telephone	(713) 372-3281	Date	10/21/2024

75. 3.34

PDC PERMIAN, INC.
SUNNYSIDE STATE 2 B4HU
AS-LOCATED ON 04/12/2023

AS-DRILLED PENETRATION POINT /
AS-DRILLED FIRST TAKE POINT:

AS-DRILLED LAST TAKE POINT /
BOTTOM HOLE LOCATION:

SUNNYSIDE
STATE 2
100' A10HU
(PSL)

SUNNYSIDE
STATE 2
9U C9HU
(SHL)

SUNNYSIDE
STATE 2 B4HU
(SHL)

20' TYP.

DETAIL:
Scale 1" = 20'



REVISONS	
1	
2	
DRAWN BY: MNC	PROJ MGR: JL
DATE: 07/07/2023	
JOB#: 222562600C	SHEET 1 OF 1
FILENAME: AD SUNNYSIDE STATE 2 B4HLDWG	

FOR THE EXCLUSIVE USE OF
PDC PERMIAN, INC.
I, John Legere, Registered Professional
Land Surveyor, do hereby state the above plat to
be true and correct to the best of my knowledge.

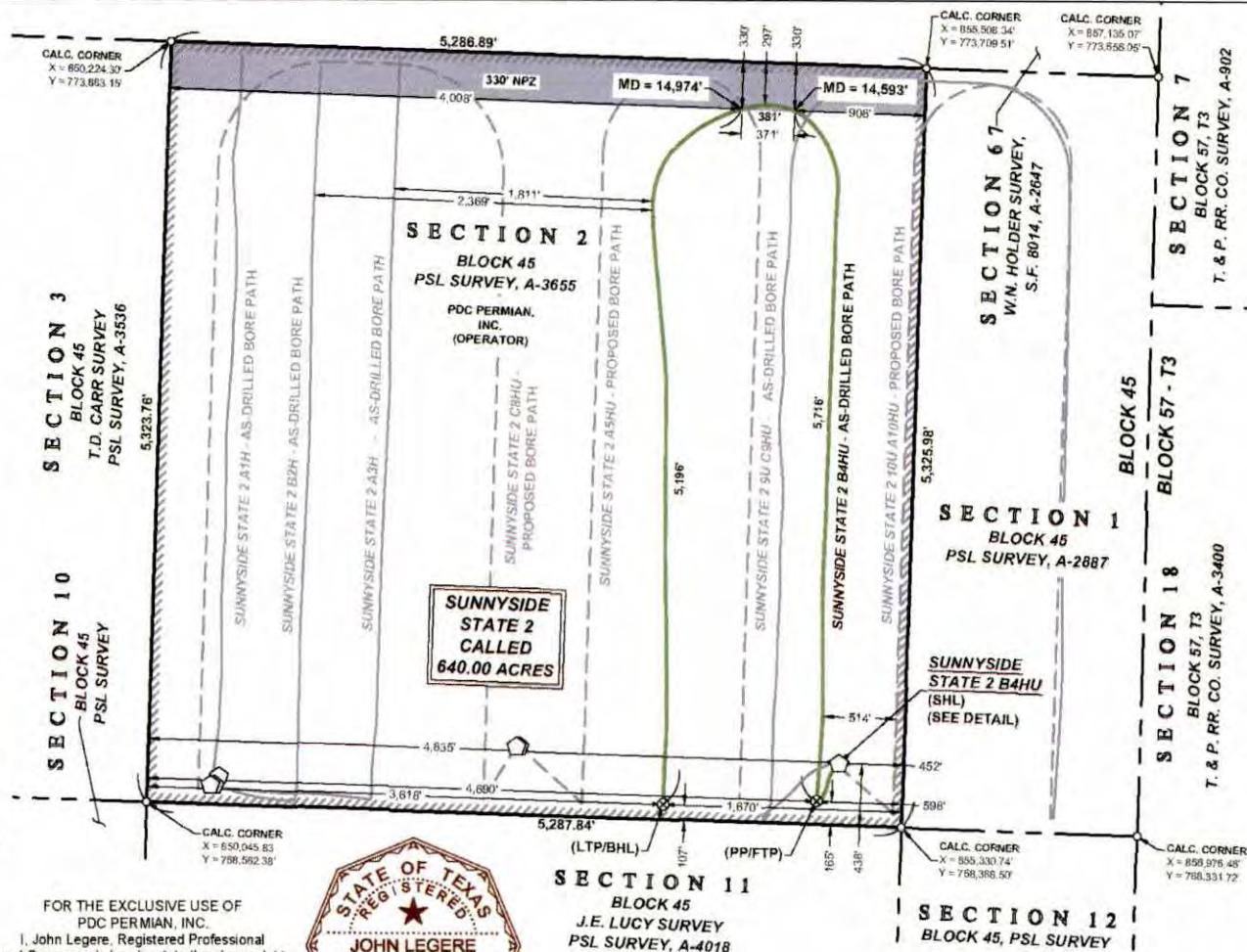

John Legere
Registered Professional Land Surveyor
Registration No. 6698
July 19, 2023



SECTION 11
BLOCK 45
J.E. LUCY SURVEY
PSL SURVEY, A-4018

EFFECTIVE LATERAL PER SECTION TABLE	
SECTION	DISTANCE
SECTION 2	10,912'
TOTAL	10,912'

AS-DRILLED PLAT
SUNNYSIDE STATE 2 B4HU
PDC PERMIAN, INC.
SITUATED IN
SECTION 2, BLOCK 45
PUBLIC SCHOOL LAND SURVEY, A-3655
REEVES COUNTY, TEXAS



LEGEND:

(PSL) - PROPOSED SURFACE LOCATION
(SHL) - SURFACE HOLE LOCATION
(FP) - AS-DRILLED PENETRATION POINT
(FTP) - AS-DRILLED FIRST TAKE POINT
(LTP) - AS-DRILLED LAST TAKE POINT
(BHL) - AS-DRILLED BOTTOM HOLE LOCATION
(MD) - MEASURED DEPTH

----- UNIT LINE
----- APPROXIMATE SURVEY LINES
----- PROPOSED BORE PATH
----- AS-DRILLED BORE PATH
----- SUBJECT AS-DRILLED BORE PATH
----- AS-DRILLED POINTS

NOTES:

† This plat represents a survey made on the ground and meets the requirements for filing an as-drilled well location plat with the Texas Railroad Commission and is intended solely for that purpose. Survey lines and unit lines shown hereon were established from field measurements and record evidence. Mineral title information shown hereon was furnished by PDC Permian, Inc. and/or their agent(s). This plat does not meet the requirements for boundary surveys in the State of Texas and shall not be used to convey title to real property.

2 All bearings, distances, areas and coordinates refer to the Texas Coordinate Zone of 1927, Central Zone, U.S. Survey Feet, Gnd; elevations refer to the North American Vertical Datum of 1988 and are derived from static and kinematic GPS observations, unless noted otherwise.

4. Surface location shown hereon is based on as-located position of conductor pipe.

3. Bore Path shown for the Sunnyside State 2 B4HU is based on a Directional Survey Report provided by PDC Permian, Inc. on July 6, 2023.



SURFACE HOLE LOCATION:

PDC PERMIAN, INC.
SUNNYSIDE STATE 2 B4HU
AS-LOCATED ON 04/12/2023

X = 654.853 (NAD27 TxC)
Y = 768.840
LAT: 31° 43' 42.57" (31.728402°) N (NAD27)
LONG: 104° 01' 01.04" (104.016958°) W (NAD27)
LAT: 31° 43' 43.03" (31.728610°) N (NAD83/86)
LONG: 104° 01' 02.75" (104.017431°) W
Elev: 3,045.8 (NAVD 1988)
Survey: 438' FSL & 452' FEL (Section 2, A-3655)
Bears: NW, 25 D; Miss from Marstone, TX

AS-DRILLED PENETRATION POINT:

X = 654.737 (NAD27 TxC)
Y = 768.585
LAT: 31° 43' 40.00" (31.727778°) N (NAD27)
LONG: 104° 01' 02.75" (104.017431°) W (NAD27)
LAT: 31° 43' 40.45" (31.727904°) N (NAD83/86)
LONG: 104° 01' 04.40" (104.017906°) W
MD = 9.438'
Survey: 178' FSL & 800' FEL (Section 2, A-3655)

AS-DRILLED FIRST TAKE POINT:

X = 654.708 (NAD27 TxC)
Y = 768.548
LAT: 31° 43' 42.57" (31.728402°) N (NAD27)
LONG: 104° 01' 02.58" (104.017384°) W (NAD27)
LAT: 31° 43' 43.02" (31.728617°) N (NAD83/86)
LONG: 104° 01' 04.29" (104.017959°) W
MD = 9.491'
Survey: 438' FSL & 585' FEL (Section 2, A-3655)

NPZ ENTRY:

X = 654.737 (NAD27 TxC)
Y = 773.157
LAT: 31° 44' 25.25" (31.740348°) N (NAD27)
LONG: 104° 01' 03.44" (104.017621°) W (NAD27)
LAT: 31° 44' 25.70" (31.740473°) N (NAD83/86)
LONG: 104° 01' 05.15" (104.018067°) W
MD = 14.238'
Survey: 575' FSL & 880' FEL (Section 2, A-3655)

NPZ EXIT:

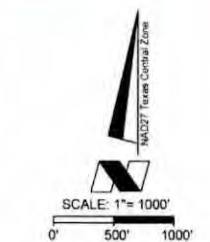
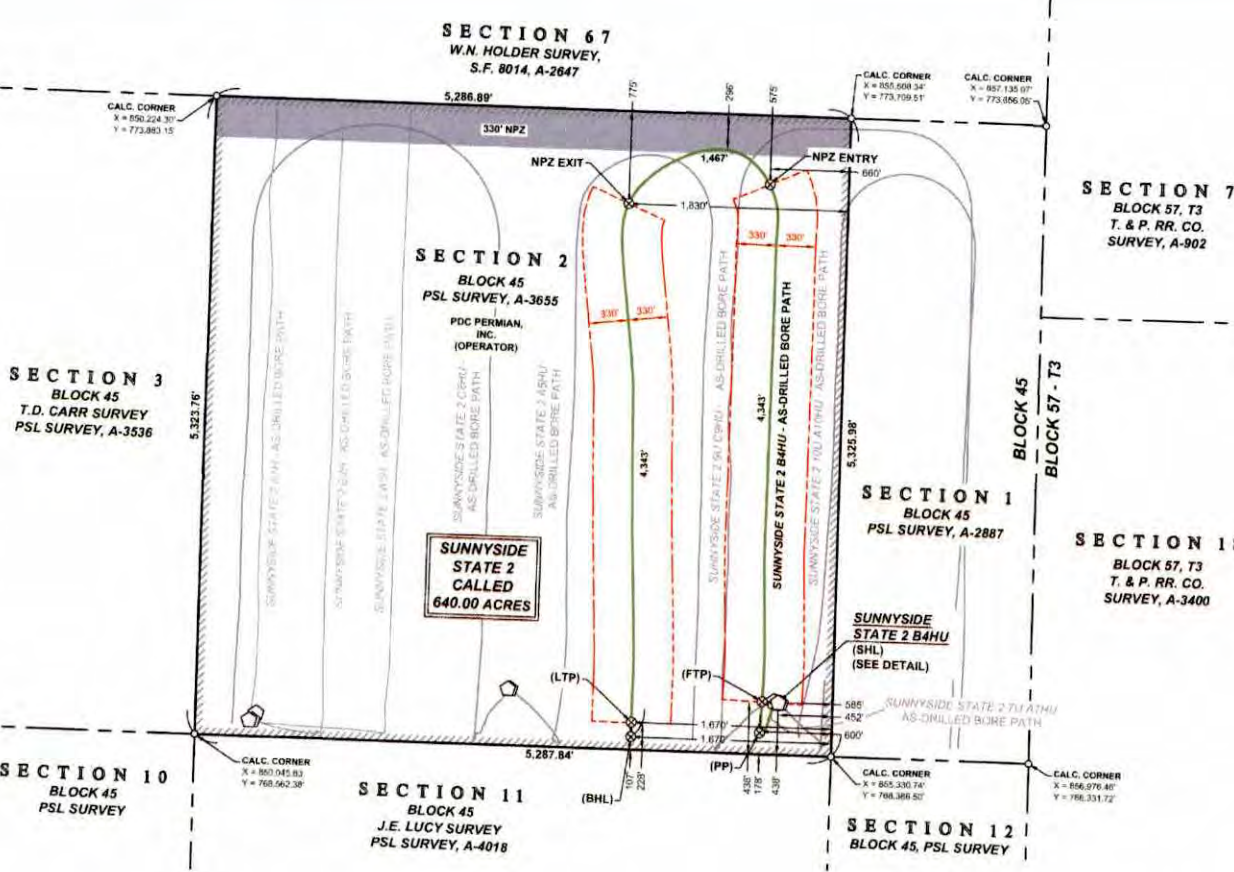
X = 653.088 (NAD27 TxC)
Y = 773.088
LAT: 31° 44' 23.27" (31.739788°) N (NAD27)
LONG: 104° 01' 10.90" (104.021385°) W (NAD27)
LAT: 31° 44' 23.73" (31.739924°) N (NAD83/86)
LONG: 104° 01' 18.70" (104.021961°) W
MD = 9.748'
Survey: 778' FSL & 1,830' FEL (Section 2, A-3655)

AS-DRILLED LAST TAKE POINT:

X = 653.689 (NAD27 TxC)
Y = 768.876
LAT: 31° 43' 40.50" (31.727915°) N (NAD27)
LONG: 104° 01' 15.14" (104.020872°) W (NAD27)
LAT: 31° 43' 40.95" (31.728041°) N (NAD83/86)
LONG: 104° 01' 18.89" (104.021347°) W
MD = 20.048'
Survey: 228' FSL & 1,670' FEL (Section 2, A-3655)

AS-DRILLED BOTTOM HOLE LOCATION:

X = 653.696 (NAD27 TxC)
Y = 768.549
LAT: 31° 43' 39.28" (31.727581°) N (NAD27)
LONG: 104° 01' 15.14" (104.020872°) W (NAD27)
LAT: 31° 43' 39.74" (31.727707°) N (NAD83/86)
LONG: 104° 01' 18.89" (104.021347°) W
MD = 20.178'
Survey: 107' FSL & 1,670' FEL (Section 2, A-3655)



- LEGEND:**
- (PSL) - PROPOSED SURFACE LOCATION
 - (SHL) - SURFACE HOLE LOCATION
 - (PP) - AS-DRILLED PENETRATION POINT
 - (FTP) - AS-DRILLED FIRST TAKE POINT
 - (LTP) - AS-DRILLED LAST TAKE POINT
 - (BHL) - AS-DRILLED BOTTOM HOLE LOCATION
 - (MD) - MEASURED DEPTH
 - UNIT LINE
 - APPROXIMATE SURVEY LINES
 - PROPOSED BORE PATH
 - AS-DRILLED BORE PATH
 - SUBJECT AS-DRILLED BORE PATH
 - ⊗ - AS-DRILLED POINTS

- NOTES:**
1. This plat represents a survey made on the ground and meets the requirements for filing an as-drilled well location plat with the Texas Railroad Commission and is intended solely for that purpose. Survey lines and unit lines shown herein were established from field measurements and record evidence. Mineral title information shown herein was furnished by PDC Permian, Inc. and/or their agent(s). This plat does not meet the requirements for boundary surveys in the State of Texas and shall not be used to convey title to real property.
 2. All bearings, distances, areas and coordinates refer to the Texas Coordinate Zone of 1927, Central Zone, U.S. Survey Feet. Grid elevations refer to the North American Vertical Datum of 1988 and are derived from static and kinematic GPS observations, unless noted otherwise.
 3. Surface location shown herein is based on as-located position of conductor pipe.
 4. Bore Path shown for the Sunnyside State 2 B4HU is based on a Directional Survey Report provided by PDC Permian, Inc. on July 6, 2023.

FENSTERMAKER
C. H. Fenstermaker & Associates, L.L.C.
18340 Park Ten Place
Suite 105
Houston, TX 77064
713-843-0995
TX.Firm.100285-01

REVISIONS

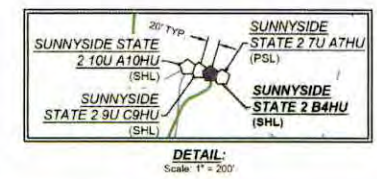
1	
2	
3	

DRAWN BY: MKC
DATE: 02/09/2024
JOB#: 2225826 GDC
FILENAME: AD_SUNNYSIDE STATE 2 B4HU.DWG

PROJ. MGR: JL
SHEET 1 OF 1

FOR THE EXCLUSIVE USE OF
PDC PERMIAN, INC.
I, John Legere, Registered Professional
Land Surveyor, do hereby state the above plat to
be true and correct to the best of my knowledge.

John Legere
John Legere
Registered Professional Land Surveyor
Registration No. 6698
March 6, 2024



SECTION	PRODUCTION LATERAL		HORIZONTAL DRAIN HOLE AREA	
	DISTANCE	PERCENT (%)	ACRES	PERCENT (%)
2	8.686'	100.00%	131.27 AC	100.00%
TOTAL	8.686'	100.00%	131.27 AC	100.00%

**AS-DRILLED PLAT
SUNNYSIDE STATE 2 B4HU
PDC PERMIAN, INC.**
SITUATED IN
SECTION 2, BLOCK 45
PUBLIC SCHOOL LAND SURVEY, A-3655
REEVES COUNTY, TEXAS

From: [Do not reply](#)
To: [Garvin, Allison \[Airsift\]](#)
Subject: **[**EXTERNAL**]** Digital Well Log 54728 Submitted
Date: Tuesday, June 11, 2024 10:38:48 AM

A Digital Well Log has been submitted.

- Submission Number: 54728
- Reasons for Filing: Rule 16, Other
- API No: 38940508
- Drilling Permit #: 888585
- Operator Name: PDC PERMIAN, INC.
- Operator Number: 646832
- District: 08
- County: REEVES
- Lease Name: SUNNYSIDE STATE 2
- Well Number: B 4HU

422 37

Company: PDC Energy
 Well Name: SunnySide State 2 B4HU ST1
 API: 42-389-40508
 County/Parish: Reeves
 State: Texas
 Country: USA
 Job number: SW-230606
 Field: Delaware
 Rig Id: Citadel 4
 Survey Company: Total Directional LLC
 Day MWD Jose Casanova
 Night MWD Shaun Heck
 Day DD Chris Jones
 Night DD Jeff Davis

Log measurements: Gamma / ROP

Depth measured from: KB Elevationn: 3068 ft ft

Maximum temperature:

Depth	Date
Start: 15492 ft	5/27/2023
End: 20170 ft	5/30/2023

Casing	Depth	Size	Mud Type: WBM			Elevations	
Surface:	1019 ft	11.75"	Density: 18			KB:	3068
Intermediate:	9230 ft	10.63"	Viscosity: 9			GL:	3044
Intermediate2:	10108 ft	8.625"	Rm: N/A	Rmf: N/A	Rmc: N/A	DF:	24

Run	Bit Size	Gamma Factor	Offsets		Depths		Dates	
			Gamma	Survey	Start	End	Start	End
1	7.875"	4.096	46.00 ft	51.00 ft	15492 ft	20170 ft	5/27/2023	
2								
3								
4								
5								
6								
7								
8								
9								
10								

API#: 42-389-XXXXX Well: Sunnyside State 2 BH4 ST1 Type of Log: Gamma Logging

Started at 09:40 on 05/27/2023 Ended at XX:XX on XX/XX/2023 Depth Relative to KB at 3068.0ft

Elevation Logging Company: Total Directional LLC, Top of Log: 15992 ft Bottom of Log XXXXX.XXft



RAILROAD COMMISSION OF TEXAS

1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967

Form W-15

Rev. 08/2014

Cementer: Fill in shaded areas.
Operator: Fill in other items.

CEMENTING REPORT

OPERATOR INFORMATION

Operator Name: PDC PERMAN INC	Operator P-5 No.: 646832
Cementer Name: Compass Well Services LLC.	Cementer P-5 No.: 169789

WELL INFORMATION

District No.: 08	County: REEVES	
Well No.: 2 B4HU	API No.: 389-40508	Drilling Permit No.: 888585
Lease Name: SUNNYSIDE STATE	Lease No.: 295621	
Field Name: PHANTOM (WOLFCAMP)	Field No.: 71052900	

I. CASING CEMENTING DATA

Type of casing: ☐ Conductor ☒ Surface ☐ Intermediate ☐ Liner ☐ Production		
Drilled hole size (in.): 14 3/4	Depth of drilled hole (ft.): 1019	Est. % wash-out or hole enlargement: 20
Size of casing in O.D. (in.): 11 3/4	Casing weight (lbs/ft) and grade: 42 H-40	No. of centralizers used: 13
Was cement circulated to ground surface (or bottom of cellar) outside casing? ☒ YES ☐ NO If no for surface casing, explain in Remarks.	Setting depth shoe (ft.): 1008	Top of liner (ft.):
		Setting depth liner (ft.):
Hrs. waiting on cement before drill-out:	Calculated top of cement (ft.): 0	Cementing date: 05/06/23

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1	340	SEE REMARKS	SEE REMARKS	768.4	1774.61
2	180	SEE REMARKS	SEE REMARKS	239.4	427.46
3					
Total	520			1007.8	2202.07

II. CASING CEMENTING DATA

Type of casing: ☐ Surface ☐ Intermediate ☐ Production ☐ Tapered production ☐ Multi-stage cement shoe ☐ Multiple parallel strings			
Drilled hole size (in.):	Depth of drilled hole (ft.):	Est. % wash-out or hole enlargement:	
Size of casing in O.D. (in.):	Casing weight (lbs/ft) and grade:	No. of centralizers used:	
Tapered string drilled hole size (in.)	Tapered string depth of drilled hole (ft.)		
Upper:	Lower:	Upper:	Lower:
Tapered string size of casing in O.D. (in.)	Tapered string casing weight (lbs/ft) and grade	Tapered string no. of centralizers used	
Upper:	Lower:	Upper:	Lower:
Was cement circulated to ground surface (or bottom of cellar) outside casing? ☐ YES ☐ NO	Setting depth shoe (ft.):		
Hrs. waiting on cement before drill-out:	Calculated top of cement (ft.):	Cementing date:	

SLURRY

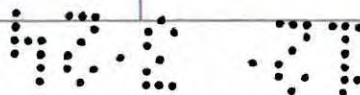
Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1			SEE REMARKS		
2			SEE REMARKS		
3					
Total					

III. CASING CEMENTING DATA

Type of casing: ☐ Surface ☐ Intermediate ☐ Production ☐ Tapered production ☐ Multi-stage cement/DV tool ☐ Multiple parallel strings			
Drilled hole size (in.):	Depth of drilled hole (ft.):	Est. % wash-out or hole enlargement:	
Size of casing in O.D. (in.):	Casing weight (lbs/ft) and grade:	No. of centralizers used:	
Tapered string drilled hole size (in.)	Tapered string depth of drilled hole (ft.)		
Upper:	Lower:	Upper:	Lower:
Tapered string size of casing in O.D. (in.)	Tapered string casing weight (lbs/ft) and grade	Tapered string no. of centralizers used	
Upper:	Lower:	Upper:	Lower:
Was cement circulated to ground surface (or bottom of cellar) outside casing? ☐ YES ☐ NO	Setting depth tool (ft.):		
Hrs. waiting on cement before drill-out:	Calculated top of cement (ft.):	Cementing date:	

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1			SEE REMARKS		
2			SEE REMARKS		
3					
Total					



CEMENTING TO SQUEEZE, PLUG BACK OR PLUG AND ABANDON							
	PLUG #1	PLUG #2	PLUG #3	PLUG #4	PLUG #5	PLUG #6	PLUG #7
Cementing Date							
Size of hole or pipe (in.)							
Depth to bottom of tubing or drill pipe (ft.)							
Cement retainer setting depth (ft.)							
CIBP setting depth (ft.)							
Amount of cement on top of CIBP (ft.)							
Sacks of cement used							
Slurry volume pumped (cu. ft.)							
Calculated top of plug (ft.)							
Measured top of plug, if tagged (ft.)							
Slurry weight (lbs/gal)							
Class/type of cement							
Perforate and squeeze (YES/NO)							

REMARKS
LEAD-85% Class C Premium * 15% Compact Port Mix * 5% Premium Gel (Bentonite) * 1% C-45 Economy * 2.05% C-51 Suspension Agent * 0.05% Citric Acid * 5.36% Silica * 0.13% Silica Phenol * TALL 100% Class C Premium * 1% C-45 Economy * 1% C-51 Suspension Agent * 0.05% Citric Acid * 5.36% Silica * 0.13% Silica Phenol * CIRCULATED 35 BBLs OR 86.95 SKs TO SURFACE

CEMENTER'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that the cementing of casing and/or the placing of cement plugs in this well as shown in the report was performed by me or under my supervision, and that the cementing data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers cementing data only.

ARTEMIO MORENO SERVICE SUPERVISOR COMPASS CEMENTING

Name and title of cementer's representative	Cementing Company	Signature
10013 W. CNTY RD 157	MIDLAND, TX 79706 325-387-2940	05/06/23
Address	City, State, Zip Code	Tel: Area Code Number Date: mo. day yr.

OPERATOR'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have knowledge of the well data and information presented in this report, and that data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers all well data.

Allison Garvin

Typed or printed name of operator's representative	Title	Signature
6301 Deauville Blvd	Midland, Texas 79706	432-687-6078
Address	City, State, Zip Code	Tel: Area Code Number Date: mo. day yr.

Instructions for Form W-15, Cementing Report

NOTICE: The Form W-15 must be submitted as an attachment to a Form G-1 (Gas Well Back Pressure Test, Completion or Recompletion Report, and Log), Form W-2 (Oil Well Potential Test, Completion or Recompletion Report, and Log), Form W-3 (Plugging Record), or Form W-4 (Application for Multiple Completion), any time cement is pumped in a wellbore.

- What to file:** An operator should file an original and one copy of the completed Form W-15 for each cementing company used on a well. The cementing of different casing strings on a well by one cementing company may be reported on one form.
The Form W-15 should be filed with the Form W-3, Plugging Record, unless the Form W-3 is signed by the cementing company representative. When reporting dry holes, operators must complete Form W-15, in addition to Form W-3, to show any casing cemented in the hole.
- How to file:** An oil and gas completion report and Form W-15 may be filed online using the Commission's Online System (<https://webapps.rrc.state.tx.us/security/login.do>) or a paper copy of the form may be mailed to the Commission in Austin (P.O. Box 12967, Austin, Texas 78711-2967).
- Surface casing:** An operator must set and cement sufficient surface casing to protect all usable-quality water strata, as defined by the Groundwater Advisory Unit in Austin. Sufficient cement shall be used to fill the annular space outside the casing from the shoe to the ground surface or to the bottom of the cellar. Before drilling a well, an operator must obtain a letter from the Groundwater Advisory Unit stating the protection depth. Surface casing should not be set deeper than 200 feet below the specified depth without prior approval from the Commission.
To plug and abandon a well, operators must use only cementers approved by the Commission's Director of Field Operations in accordance with SWR 14 ([http://info.sos.state.tx.us/pls/pub/readtac\\$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=16&pt=1&ch=3&rl=14](http://info.sos.state.tx.us/pls/pub/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=16&pt=1&ch=3&rl=14)). Cementing companies, service companies, or operators can qualify as approved cementers by demonstrating that they are able to mix and pump cement in compliance with Commission rules and regulations.
- Estimated % wash-out:** If the estimated % wash-out is less than 20% (or 30% along the Gulf Coast), provide supporting documentation such as a caliper log to show how the estimated % wash-out was obtained.
- Multi-stage cement:** An operator must report the multi-stage cement shoe in II. Casing Cementing Data section by selecting the type of casing and Multi-stage cement shoe. The operator must report the multi-stage cement tool in III. Casing Cementing Data section by selecting the type of casing and Multi-stage cement/DV tool.
- Multiple parallel strings:** An operator should file the Form W-15 as an attachment to the Form W-4, Application for Multiple Completion. An operator may be required to submit multiple Form W-15s to show all data for multiple parallel strings.
- Slurry data:** If cement job exceeds three slurries, continue the list of slurries in the Slurry table in the subsequent Casing Cementing Data box.



CASING / FLOATING EQUIPMENT						
Type	Depth	Manufacturer		Type	Quantity	Manufacturer
Float Shoe	1008			Centralizers	13	INNOVEX
Float Collar	920			Top Plug	1	INNOVEX
Stage Tool(s)				Bottom Plug		
External Casing Packer				Foam Wiper Ball		
Liner Hanger						
DISPLACEMENT FLUID AND VOLUME						
Disp. Fluid Type	Fresh Water	Volume (Bbls.)	110	Density (PPG)	8.33	
Disp. Fluid Type		Volume (Bbls.)		Density (PPG)		
Disp. Fluid Type		Volume (Bbls.)		Density (PPG)		
EQUIPMENT						
Pump Truck Unit #	2095	Bulk 660 Unit #	2013	Bulk 1600 Unit #		Other
Pump Truck Unit #		Bulk 660 Unit #	2122	Bulk 1600 Unit #		Other
Batch Mixer Unit #		Bulk 660 Unit #		Bulk 1600 Unit #		Other
Pressurizer Unit #		Bulk 660 Unit #		Bulk 1600 Unit #		Other
Employees						
Employee #1	RUBEN OROZCO	Employee #4		Employee #7		
Employee #2	ANGEL ESQUEDA	Employee #5		Employee #8		
Employee #3	LEVI DANIELS	Employee #6		Employee #9		
Date and Time Requested on Location: 4:00 05/05/23 Date and Time Arrived on Location: 3:20 05/05/23						
COMPANY REPRESENTATIVE 0		CEMENTER ARTEMIO MORENO				

COMPASS JOB LOG

PDC Energy

Sunnyside State 2 B4HU

Surface

Ticket Number

11410921

Date	Time	PRESSURES PSI		FLUID PUMPED DATA				RETURNS WELL RETURNS (F, P, NB)	REMARKS
		DRIILL PIPE/ CASING	ANNULUS	TOTAL STAGE VOLUME	VOLUME PUMPED	RATE (BBLS MIN.)	FLUID TYPE		
05/06/23									CREW WAS ALREDY ON LOCATION WAITING FOR NEXT SURFACE JOB
05/05/23	20:00								RIG SKID
	21:00								RIG RUNNING DP
05/06/23	5:00								REPORT TO CO-MAN TO GATHER WELL INFO
									TP-1008
									TD-1019
									SJ-87.93
									CAS- 11 3/4 - 42# - GRADE-H-40
									CENT-13
									WBM-8.5-PPG
									OPEN HOLE-14 3/4
	5:30								SPOT EQUIPMENT
	5:40								RIG UP
	6:45								FINISHED RIG UP
	9:15								RIG RUNNING CAS
	12:00								STAB HEAD/PRE LOAD PLUG
	12:07								RIG CIRCULATED
	12:30								SAFETY MEETING
	12:43	43		3	3	3	WATER		FILL LINES
	12:45	1500					WATER		TEST LINES @ 1500 PSI
	12:48	92		60	1	4	WATER	FR	PUMP WATER SPACER
	12:55	100			30	4	WATER	FR	PUMP WATER SPACER
	13:02	123			60	4	WATER	FR	PUMP WATER SPACER
	13:03	130		137	1	4	CEMENT	FR	PUMP LEAD 340-SKS - 12.4-PPG - 2.26-YIELD - 12.87-WR
	13:12	273			60	6	CEMENT	FR	PUMP LEAD
	13:22	129			100	4	CEMENT	FR	PUMP LEAD
	13:28	204		43	1	4	CEMENT	FR	PUMP TAIL 180-SKS - 14.8-PPG - 1.34-YIELD - 6.35-WR
	13:33	192			20	4	CEMENT	FR	PUMP TAIL
	13:35	180			35	4	CEMENT	FR	PUMP TAIL
	13:37								SHUT DOWN
	13:39								DROP PLUG
	13:44	72		110	1	3	WATER	FR	PUMP DISPLACEMENT
	13:57	293			50	8	WATER	FR	PUMP DISPLACEMENT
	14:02	290			100	4	WATER	FR	PUMP DISPLACEMENT
	14:08	300							BUMP @ 300 PSI TO 1200 PSI
									TC:110 BC:114
	14:09	1200							30 MIN CASING TEST @1200 PSI
	14:40								CHECK FLOATS .5 BBLS BACK TO PUMP
									RECIRC PSI-42
									WATER PSI-94
									GOOD RETURNS ON ENTIRE JOB
									CIRCULATED 35 BBLS OR 86.95 SKS TO SURFACE

75 354

CEMENTING SUMMARY						
Company PDC Energy		Lease and Well Number		Sunnyside State 2 B4HU		
Type Job Two Stage Intermediate		Bid Prepared By		Steve Stromberg	Ticket Number	11410937
JOB TYPE ☒ Intermediate ☐ Liner ☐ Production ☐ PTA ☐ Squeeze ☐ Surface						
CASING DATA						
Size	Depth	Grade	Weight	Bbl/Ft Factor	Cuft/Ft Factor	Maximum Pressure
8 5/8	9555	HCL-80	32	0.0609	0.3422	4568
DRILL PIPE / TUBING DATA						
Size	Depth	Grade	Weight	Bbl/Ft Factor	Cuft/Ft Factor	Maximum Pressure
OPEN HOLE DATA						
Size	Depth	Excess %		Bbl/Ft Factor	Cuft/Ft Factor	
10 5/8	10108					
OPEN HOLE ANNULUS DATA						
Size	Depth	Excess %		Bbl/Ft Factor	Cuft/Ft Factor	Maximum Pressure
10 5/8	9555			0.0374	0.21	3056
PREVIOUS CASING ANNULUS DATA						
Size	Depth	Grade	Weight	Bbl/Ft Factor	Cuft/Ft Factor	Maximum Pressure
11 3/4	1004	H-40	42	0.0453	0.2542	3056
MUD / SPACER / CEMENT DATA				JOB WATER REQUIREMENTS (BBLs)		
MUD		SPACER				
Type	Density	Type	Density	Volume / BBLs		
H2O	8.6	H2O	8.4	40	Total Mix Water (Bbls)	376
					Total Spacer Water (Bbls)	80
					Total Disp Water (Bbls)	579
					Total Wash Up Water (Bbls)	20
					Total Additional Water (Bbls)	100
					Safety Factor - 20%	231
					Tank Bottoms	50
		Spacer 3				
		Spacer 3 additives			Total Water Required	1436
CEMENT SLURRIES						
Type	Sacks	Density	Yield cuft/sk	Gal/Sk	Excess %	Thickening Time
1st Stage Lead	720	11.00	3.11	18.99	25.9%	8:00+
40%Class C Premium * 30%Compass Poz-Mix * 30%CPD-18 * 10%Premium Gel (Bentonite) * 0.1%C-45 Econolite * 0.1%CFL-2 * 0.25%Citric Acid * 0.14%CSA-1000 - Fluid Loss Additive * 6%STE * 2#/skGyp Seal *						
1st Stage Tail	120	15.00	1.31	6.13	10.0%	4:13
100%Class H Premium * 0.1%CFL-2 * 0.06%CSA-1000 - Fluid Loss Additive * 2%STE * 0.125%C-23 High Temp Retarder *						
2nd Stage Lead	40	11.80	2.71	16.14	0.0%	4:54
85%Class C Premium * 15%Compass Poz-Mix * 5%Premium Gel (Bentonite) * 2%C-45 Econolite * 0.1%Citric Acid * 6.72#/skSalt *						
2nd Stage Tail	110	14.80	1.33	6.33	85.1%	2:58
100%Class C Premium * 0.1%C-45 Econolite * 0.03%C-51 Suspension Agent * 0.1%C-23 High Temp Retarder *						

CASING / FLOATING EQUIPMENT					
Type	Depth	Manufacturer	Type	Quantity	Manufacturer
Float Shoe	9555	Innovex	Centralizers	94	Innovex
Float Collar	9463	Innovex	Top Plug	1	TAM International
DV Tool	576	TAM International	Cancellation Cone	1	TAM International
External Casing Packer	582	TAM International			
Liner Hanger					

DISPLACEMENT FLUID AND VOLUME					
Disp. Fluid Type	Production Water	Volume (Bbls.)	576	Density (PPG)	8.6
Disp. Fluid Type	Fresh Water	Volume (Bbls.)	3	Density (PPG)	8.4
Disp. Fluid Type		Volume (Bbls.)		Density (PPG)	

EQUIPMENT						
Pump Truck Unit #	2109	Bulk 660 Unit #	2047	Bulk 1600 Unit #	2002	Other
Pump Truck Unit #	2115	Bulk 660 Unit #		Bulk 1600 Unit #		Other
Batch Mixer Unit #		Bulk 660 Unit #		Bulk 1600 Unit #		Other
Pressurizer Unit #	1137	Bulk 660 Unit #		Bulk 1600 Unit #		Other

Employees				
Employee #1	Derek Lewis	Employee #4	Wayne Alger	Employee #7
Employee #2	Gregg Collins	Employee #5	Michael Fraley	Employee #8
Employee #3	Kondo Wright	Employee #6	Benmee Dean	Employee #9

Date and Time Requested on Location:	11:00	05/14/23	Date and Time Arrived on Location:	10:30	05/14/23
COMPANY REPRESENTATIVE	Joey		CEMENTER	Derek Lewis	

COMPASS JOB LOG	PDC Energy	Sunnyside State 2 B4HU	Two Stage Intermediate	Ticket Number	11410937
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Sunnyside State 2 B4HU

Two Stage Intermediate

Ticket Number

11410937

Date	Time	PRESSURES PSI		FLUID PUMPED DATA			FLUID TYPE	RETURNS (F, P, NR)	REMARKS
		DRILL PIPE/ CASING	ANNULUS	TOTAL STAGE VOLUME	VOLUME PUMPED	RATE (BBLS MIN.)			
05/14/23	5:00								Crew Called Out
	10:30								Crew Arrive on Location (Requested Time - 11:00) Rig Still Had 3000' of Casing to Run
	10:40								Pre Rig Up Safety Meeting
	10:50								Spot in Equipment
	11:00								Rig Up Equipment
	11:30								Finish Rig Up
	12:00								Wait on Rig to Finish Running Casing and Rig Down Casing Crew
									Well Info: TD- 10108 , TP- 10096.89 , SI- 92.19 , OH- 10 5/8 , Casing- 8 5/8, 32# HCL-80 Prev- 11 3/4 H-40 1004' 42# , Mud- 8.6 , Cent- 94 , TVD- 9852 , DV- 1129.5 , Hyd Pack- 1134
	15:00								Rig Stuck In Hole
	20:00								Rig Called In Big E to Spot Acid to Try To Break Free
05/15/23	12:00								Rig Called in Cudd to Spot Acid to Try To Break Free
05/16/23	7:00								Company Man Woke Crew Up / Has 7:45 AM Conference Call to Determine Plan
	7:10								Re-Prime Equipment
	8:30								Rig Decided to Call Wireline for a Temp Survey to Determine Route of Fluid
	12:30								Wireline on Location
	22:00								Rig Bullheading 1000 bbls down Backside to Cool Hole and Run Temp Survey
									Updated Well info: TD- 10108 , TP- 9555 , SI- 92.19 , OH- 10 5/8 , Casing- 8 5/8 32# HCL-80 Prev- 11 3/4 H-40 1004' 42# , Mud- 8.6 , Cent- 94 , TVD- 9852 , DV- 576.5 , Hyd Pack- 581
05/17/23	6:00								Rigging Down Wireline
	6:30								Finish Rig Up to Floor
	7:00								Install Cement Head +/- 25' Above Rig Floor
	7:40								Safety Meeting
									Job Procedure
	8:04	70		5		3	H2O	NR	Load Lines
	8:11	2890							Pressure Test Lines to 3000 PSI
	8:16	220		40		4	H2O	NR	Pump H2O with Ahead
	8:25	300		28		4	LCMT	NR	Pump 50 sks Lead Cement @ 11 ppg (Yield- 3.11 , Water- 18.99)
	8:31	540		28		4	TCMT	NR	Pump 120 sks Tail Cement @ 15 ppg (Yield- 1.31 , Water- 6.13)
	8:39								Shut Down and Drop Plug
	8:51	840		576		8.5	H2O	NR	Pump Displacement
	9:07	940			100	8.5	H2O	NR	Rate and PSI Check
	9:20	960			200	8.5	H2O	NR	Rate and PSI Check
	9:32	920			300	8.5	H2O	NR	Rate and PSI Check
	9:45	1000			400	8	H2O	NR	Rate and PSI Check
	9:58	1040			500	8	H2O	NR	Rate and PSI Check
	10:02	990			550	4	H2O	NR	Slow Rate to Land Plug
	10:09	1440			576		H2O	NR	Bump Plug / On Calculated / TC- 560 ; BC- 574
	10:10	1440							Perform 30 Min Casing Test
	10:45			3 Back					Check Floats / Floats Held / 3 back
	10:50								Wait 6 Hours for Cement to Set Up
	14:00								Rig Run Temp Survey
	19:00								Rig Back Up Equipment to Standpipe and Wellhead Using Ground Manifold
	19:30								Wait on Wireline to Finish Rigging Down
	18:00								Install Cement Head
	18:15								Rig Up Floor Iron
	18:25								Safety Meeting
	18:40								Rig Up Lines to Cellar / Had to Change Valve in Cellar to Give Room To Connect Swivel
	19:35	2850							Pressure Test
	19:39	480							Place and Hold 500 PSI on Casing before Pump Down Annulus
	19:41								Swap Lines to Annulus
	19:42	480	300	40		6.5	H2O	NR	Achieve Injection Rate with Water Spacer
	19:50	480	400	371		6.5	LCMT	NR	Pump 670 sks 1st Stage Lead @ 11 ppg (Yield- 3.11 , Water- 18.99)
	20:06	480	320		100	6.5	LCMT	NR	Rate and PSI Check
	20:21	480	320		200	6.5	LCMT	NR	Rate and PSI Check
	20:36	480	320		300	6.5	LCMT	NR	Rate and PSI Check
	20:51	480	320		371	6.5	LCMT	NR	Rate and PSI Check
	20:52	480	360	19		6.5	LCMT2	NR	Pump 40 sks 2nd Stage Lead @ 11.8 ppg (Yield- 2.71 , Water- 16.14)
	20:58	480	270	26			TCMT2	NR	Pump 110 sks 2nd Stage Tail Cement @ 14.8 ppg (Yield- 1.33 , Water- 6.33)
	21:05	480	200	3			H2O	NR	Pump Fresh Water to Clear Lines
	21:06								Swap Lines to Casing to Immediately Inflate Packer
	21:07	1900							Inflate Packer / Tool Expanded @ 1900 PSI / Took to 2400 to Test
	21:11			1/2 bbl					Bleed back to Ensure Packer Inflated / Took 1/2 bbls
	21:13								Release Pressure
	21:26								Drop Contingency Cone to Shift DV Tool
	21:41	500							Shift DV Tool
	21:44	2200							Pressure Up Tool to Sheer DV Tool
	21:47								Release Pressure
	21:50								Wash Up Equipment
	22:00								Rig Down Equipment
	23:00								Crew Leave Location

COMPASS JOB LOG Page 2	PDC Energy	Sunnyside State 2 B4HU	Two Stage Intermediate	Ticket Number	11410937
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COMPASS JOB LOG Page 2	PDC Energy	Sunnyside State 2 B4HU	Two Stage Intermediate	Ticket Number	11410937
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COMPASS JOB LOG Page 2	PDC Energy	Sunnyside State 2 B4HU	Two Stage Intermediate	Ticket Number	11410937
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42-37



RAILROAD COMMISSION OF TEXAS

1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967

Form W-15

Rev. 08/2014

CEMENTING REPORT

Cementer: Fill in shaded areas.
Operator: Fill in other items.

OPERATOR INFORMATION	
Operator Name: PDC PERMIAN INC	Operator P-S No.: 646832
Cementer Name: Compass Well Services LLC	Cementer P-S No.: 169789

WELL INFORMATION		
District No.: 08	County: Reeves	
Well No.: B4HU	API No.: 389-40508	Drilling Permit No.: 888585
Lease Name: Sunnyside State 2	Lease No.: 295621	
Field Name: PHANTOM (WOLFCAMP)	Field No.: 71052900	

I. CASING CEMENTING DATA					
Type of casing: ☐ Conductor ☐ Surface ☐ Intermediate ☐ Liner ☐ Production					
Drilled hole size (in.):		Depth of drilled hole (ft.):		Est. % wash-out or hole enlargement:	
Size of casing in O.D. (in.):		Casing weight (lbs/ft) and grade:		No. of centralizers used:	
Was cement circulated to ground surface (or bottom of cellar) outside casing? ☐ YES ☐ NO If no for surface casing, explain in Remarks.			Setting depth shoe (ft.):		Top of liner (ft.):
					Setting depth liner (ft.):
Hrs. waiting on cement before drill-out:		Calculated top of cement (ft.):		Cementing date:	
SLURRY					
Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1		See Remarks	See Below		
2		See Remarks	See Below		
3		See Remarks	See Below		
Total			See Below		

II. CASING CEMENTING DATA					
Type of casing: ☐ Surface ☒ Intermediate ☐ Production ☐ Tapered production ☒ Multi-stage cement shoe ☐ Multiple parallel strings					
Drilled hole size (in.): 10 5/8		Depth of drilled hole (ft.): 10108		Est. % wash-out or hole enlargement: 20	
Size of casing in O.D. (in.): 8 5/8		Casing weight (lbs/ft) and grade: 32# HCL-80		No. of centralizers used: 94	
Tapered string drilled hole size (in.)		Tapered string depth of drilled hole (ft.)			
Upper:	Lower:	Upper:	Lower:		
Tapered string size of casing in O.D. (in.)		Tapered string casing weight (lbs/ft) and grade		Tapered string no. of centralizers used	
Upper:	Lower:	Upper:	Lower:	Upper: Lower:	
Was cement circulated to ground surface (or bottom of cellar) outside casing? ☐ YES ☒ NO				Setting depth shoe (ft.): 9555	
Hrs. waiting on cement before drill-out:		Calculated top of cement (ft.): 8207		Cementing date: 05/17/2023	
SLURRY					
Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1	50		See Below	156	749
2	120		See Below	157	599
3			See Below		
Total	170		See Below	313	1348

III. CASING CEMENTING DATA					
Type of casing: ☐ Surface ☒ Intermediate ☐ Production ☐ Tapered production ☒ Multi-stage cement/DV tool ☐ Multiple parallel strings					
Drilled hole size (in.): 10 5/8		Depth of drilled hole (ft.): 10108		Est. % wash-out or hole enlargement:	
Size of casing in O.D. (in.): 8 5/8		Casing weight (lbs/ft) and grade: 32# HCL-80		No. of centralizers used: 94	
Tapered string drilled hole size (in.)		Tapered string depth of drilled hole (ft.)			
Upper:	Lower:	Upper:	Lower:		
Tapered string size of casing in O.D. (in.)		Tapered string casing weight (lbs/ft) and grade		Tapered string no. of centralizers used	
Upper:	Lower:	Upper:	Lower:	Upper: Lower:	
Was cement circulated to ground surface (or bottom of cellar) outside casing? ☐ YES ☒ NO				Setting depth tool (ft.): 587	
Hrs. waiting on cement before drill-out:		Calculated top of cement (ft.): 0		Cementing date: 05/17/2023	
SLURRY					
Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1	40		See Below	108	419
2	110		See Below	146	574
3			See Below		
Total	150		See Below	254	993

15 359

CEMENTING TO SQUEEZE, PLUG BACK OR PLUG AND ABANDON							
	PLUG #1	PLUG #2	PLUG #3	PLUG #4	PLUG #5	PLUG #6	PLUG #7
Cementing Date							
Size of hole or pipe (in.)							
Depth to bottom of tubing or drill pipe (ft.)							
Cement retainer setting depth (ft.)							
CIBP setting depth (ft.)							
Amount of cement on top of CIBP (ft.)							
Sacks of cement used							
Slurry volume pumped (cu. ft.)							
Calculated top of plug (ft.)							
Measured top of plug, if tagged (ft.)							
Slurry weight (lbs/gal)							
Class/type of cement							
Perforate and squeeze (YES/NO)							

REMARKS

Cement Additive: 1st Stage Load: 40% Class C Premium + 30% Compass Pico Mix + 30% CPO-18 + 10% Premium Gel (Bentonite) + 0.1% C-45 Escalante + 0.1% C-2 + 0.25% Citric Acid + 0.14% CSA-1000 + Fluid Loss Additive + 6% STE + 20% Gyp Seal + 1st Tail: 100% Class H Premium + 0.1% C-2 + 0.06% CSA-1000 + Fluid Loss Additive + 1% STE + 0.125% C-23 High Temp Retarder + 2nd Load: 85% Class C Premium + 15% Compass Pico Mix + 5% Premium Gel (Bentonite) + 2% C-45 Escalante + 0.1% Citric Acid + 6.72% Gyp Seal + 2nd Tail: 100% Class C Premium + 0.1% C-45 Escalante + 0.03% C-51 Suspension Agent + 0.1% C-23 High Temp Retarder

CEMENTER'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that the cementing of casing and/or the placing of cement plugs in this well as shown in the report was performed by me or under my supervision, and that the cementing data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers cementing data only.

DEREK LEWIS - CSI

COMPASS CEMENTING SERVICES

Signature

Name and title of cementer's representative

Cementing Company

Address

City, State, Zip Code

Tel: Area Code Number

Date: mo. day yr.

OPERATOR'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have knowledge of the well data and information presented in this report, and that data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers all well data.

Allison Garvin

Regulatory Specialist

Signature

Typed or printed name of operator's representative

Title

Address

City, State, Zip Code

Tel: Area Code Number

Date: mo. day yr.

Instructions for Form W-15, Cementing Report

NOTICE: The Form W-15 must be submitted as an attachment to a Form G-1 (Gas Well Back Pressure Test, Completion or Recompletion Report, and Log), Form W-2 (Oil Well Potential Test, Completion or Recompletion Report, and Log), Form W-3 (Plugging Record), or Form W-4 (Application for Multiple Completion), any time cement is pumped in a wellbore.

- What to file:** An operator should file an original and one copy of the completed Form W-15 for each cementing company used on a well. The cementing of different casing strings on a well by one cementing company may be reported on one form.
The Form W-15 should be filed with the Form W-3, Plugging Record, unless the Form W-3 is signed by the cementing company representative. When reporting dry holes, operators must complete Form W-15, in addition to Form W-3, to show any casing cemented in the hole.
- How to file:** An oil and gas completion report and Form W-15 may be filed online using the Commission's Online System (<https://webapps.rrc.state.tx.us/security/login.do>) or a paper copy of the form may be mailed to the Commission in Austin (P.O. Box 12967, Austin, Texas 78711-2967).
- Surface casing:** An operator must set and cement sufficient surface casing to protect all usable-quality water strata, as defined by the Groundwater Advisory Unit in Austin. Sufficient cement shall be used to fill the annular space outside the casing from the shoe to the ground surface or to the bottom of the cellar. Before drilling a well, an operator must obtain a letter from the Groundwater Advisory Unit stating the protection depth. Surface casing should not be set deeper than 200 feet below the specified depth without prior approval from the Commission.
To plug and abandon a well, operators must use only cementers approved by the Commission's Director of Field Operations in accordance with SWR 14 (http://info.sos.state.tx.us/pls/pub/readtacSext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=16&pt=1&ch=3&ri=14). Cementing companies, service companies, or operators can qualify as approved cementers by demonstrating that they are able to mix and pump cement in compliance with Commission rules and regulations.
- Estimated % wash-out:** If the estimated % wash-out is less than 20% (or 30% along the Gulf Coast), provide supporting documentation such as a caliper log to show how the estimated % wash-out was obtained.
- Multi-stage cement:** An operator must report the multi-stage cement shoe in II. Casing Cementing Data section by selecting the type of casing and Multi-stage cement shoe. The operator must report the multi-stage cement tool in III. Casing Cementing Data section by selecting the type of casing and Multi-stage cement/DV tool.
- Multiple parallel strings:** An operator should file the Form W-15 as an attachment to the Form W-4, Application for Multiple Completion. An operator may be required to submit multiple Form W-15s to show all data for multiple parallel strings.
- Slurry data:** If cement job exceeds three slurries, continue the list of slurries in the Slurry table in the subsequent Casing Cementing Data box.



COMPASS JOB LOG

PDC Energy

Sunnyside State 2 84HU

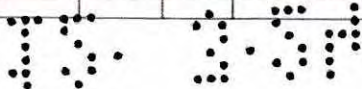
Production

Ticket Number

1411001

Date	Time	PRESSURES PSI		FLUID PUMPED DATA				RETURNS	REMARKS
		DRILL PIPE/ CASING	ANNULUS	TOTAL STAGE VOLUME	VOLUME PUMPED	RATE (BBL/MIN.)	FLUID TYPE		
06/01/23	5:00								CALLLED OUT AT 05:00 CST JOB TIME AT 11:00 CST
	6:45								PRE CONVOY SAFETY MEETING
	7:00								DEPART FROM SERVICE CENTER
	10:00								ARRIVE AT LOCATION
	10:05								WELL SITE ORIENTATION, GET NUMBERS FROM CUSTOMER
									WELL INFORMATION
									WELL FLUID-10.6 PPG
									TOTAL PIPE-20145' 5 1/2" 20# P-110 SET AT 20142'
									TOTAL DEPTH-20170'
									OPEN HOLE- 7 7/8"
									SHOE JOINT-4.07"
									PREVIOUS CASING-9555' 8 5/8" 32# L-80
									TVD-9800'
									DISPLACEMENT WILL BE 10 BBLS SW FOLLOWED BY 437 BBLS TREATED KCL WATER
	10:15								PRE RIG UP SAFETY MEETING
	10:30								RIG UP EQUIPMENT
	11:30								RIG UP COMPLETED
	21:00								RIG FINISHED RUNNING CASING
	21:00								RIG CIRCULATING . RIG CIRCULATED FOR 4 HOURS
06/02/23	0:30								PRE JOB SAFETY MEETING, RIG AND COMPASS READY FOR CEMENT JOB
	1:00	950 PSI		4 BBLS	4 BBLS	5.5 BPM	FRESH	F	START JOB PUMP 4 BBLS OF FRESH WATER TO FILL LINES 5.5 BPM PRESSURE AT 950 PSI
	1:02	8300 PSI				.5 BPM	FRESH	NA	TEST LINES TO 8300 PSI PRESSURE HOLDING STEADY AT 8000 PSI GOOD TEST
	1:04	750 PSI		50 BBLS	50 BBLS	4 BPM	SPACER	F	PUMP 50 BBLS OF WEIGHTED SPACER @ 10.8 PPG 4 BPM PRESSURE AT 750 PSI
	1:22	1200 PSI		275 BBLS	100 BBLS	8 BPM	LEAD CMT	F	PUMP 275 BBLS 485 SKS LEAD CMT@ 11.0 PPG YIELD 3.18 H2O 19.27 8 BPM PRESSURE AT 1200
	1:52	1300 PSI			200 BBLS	8 BPM	LEAD CMT	F	200 BBLS AWAY 8 BPM PRESSURE AT 1300 PSI
	2:04	1000 PSI		33 BBLS	33 BBLS	5 BPM	TAIL 1	F	PUMP 33 BBLS 140 SKS TAIL 1 CMT@ 13.5 PPG YIELD 1.32 H2O 6.16 5 BPM PRESSURE AT 1000 PSI
	2:13	1000 PSI		336 BBLS	100 BBLS	8 BPM	TAIL 2	F	PUMP 336 BBLS 1430 SKS TAIL 2 CMT@ 13.5 PPG YIELD 1.32 H2O 6.16 8 BPM PRESSURE AT 1000
	2:41	700 PSI			200 BBLS	8 BPM	TAIL 2	F	200 BBLS AWAY 8 BPM PRESSURE AT 700 PSI
	2:54	700 PSI			300 BBLS	8 BPM	TAIL 2	F	300 BBLS AWAY 8 BPM PRESSURE AT 700 PSI
	2:58	0 PSI							SHUT DOWN , WASH PUMP AND LINES TO OPEN TOP
	3:00	0 PSI							DROP 1ST 5 1/2" WEATHERFORD RUPTURE PLUG
	3:06	200 PSI		3 BBLS	3 BBLS	2 BPM	S/H2O	F	PUMP 3 BBLS SUGAR WATER 2 BPM PRESSURE AT 200 PSI
	3:08	0 PSI							SHUT DOWN , DROP 2ND 5 1/2" WEATHERFORD RUPTURE PLUG
	3:10	300 PSI		7 BBLS	7 BBLS	4 BPM	S/H2O	F	PUMP 7 BBLS SUGAR WATER, SHUT DOWN TO VERIFY PLUG LEFT
	3:12	700 PSI		447 BBLS	100 BBLS	8 BPM	KCL/H2O	F	CONTINUE DISPLACEMENT, PUMP 440 MORE BBLS OF KCL TREATED WATER 8 BPM 700 PSI
	3:37	2600 PSI			200 BBLS	8 BPM	KCL/H2O	F	200 BBLS AWAY 8 BPM PRESSURE AT 2600 PSI
	3:50	2800 PSI			300 BBLS	8 BPM	KCL/H2O	F	300 BBLS AWAY 8 BPM PRESSURE AT 2800 PSI
	4:06	2700 PSI			400 BBLS	8 BPM	KCL/H2O	F	400 BBLS AWAY 8 BPM PRESSURE AT 2700 PSI
	4:08	2100 PSI			420 BBLS	3 BPM	KCL/H2O	F	SLOW RATE TO 3 BPM AT 410 AWAY PRESSURE AT 2100 PSI
	4:13	2000 PSI			440 BBLS	3 BPM	KCL/H2O	F	BUMP 1ST PLUG FINAL CIRCULATING PRESSURE WAS 1000 PSI RUPTURE PLUG AT 3000 PSI
	4:14	2000 PSI			444 BBLS	3 BPM	KCL/H2O	F	PUMP 7 MORE BBLS TO RUPTURE FINAL PLUG
	4:16	2000 PSI			447 BBLS	3 BPM	KCL/H2O	F	FINAL CIRCULATING PRESSURE WAS 2000 PSI RUPTURE PLUG AT 5200 PSI
	4:17	2100 PSI		2 BBLS	2 BBLS	3 BPM	KCL/H2O	F	PUMP 2 MORE BBLS FOR WET SHOE PER CUSTOMER REQUEST 3 BPM PRESSURE AT 2100 PSI
	4:18	0 PSI							CHECKED FLOATS 2.5 BBLS BACK TO TRUCK
	4:20	0 PSI							END JOB
									GOOD RETURNS THROUGHOUT JOB
									CIRCULATED 27 BBLS OF SPACER TO SURFACE NO CEMENT
	4:20								POST JOB SAFETY MEETING, PRE RIG DOWN
	4:30								RIG DOWN EQUIPMENT
	5:00								RIG DOWN COMPLETED
	5:15								PRE CONVOY SAFETY MEETING
	5:30								DEPART LOCATION

4X4-170 PSI 6X5-30 PSI TC- 440 BBLS BC-452 BBLS



CEMENTING SUMMARY							
Company	PDC Energy		Lease and Well Number	Sunnyside State 2 B4HU			
Type Job	Production		Bid Prepared By	Steve Stromberg		Ticket Number	1411001
JOB TYPE	☐ Intermediate	☐ Liner	☒ Production	☐ PTA	☐ Squeeze	☐ Surface	
CASING DATA							
Size	Depth	Grade	Weight	Bbl/Ft Factor	Cuft/Ft Factor	Maximum Pressure	
5 1/2"	20145'	P-110	20#	0.0222		8000	
DRILL PIPE / TUBING DATA							
Size	Depth	Grade	Weight	Bbl/Ft Factor	Cuft/Ft Factor	Maximum Pressure	
OPEN HOLE DATA							
Size	Depth	Excess %		Bbl/Ft Factor	Cuft/Ft Factor		
OPEN HOLE ANNULUS DATA							
Size	Depth	Excess %		Bbl/Ft Factor	Cuft/Ft Factor	Maximum Pressure	
7 7/8"	20170'			0.0309	0.0309		
PREVIOUS CASING ANNULUS DATA							
Size	Depth	Grade	Weight	Bbl/Ft Factor	Cuft/Ft Factor	Maximum Pressure	
8 5/8"	9555'	L-80	32#	0.0316			
MUD / SPACER / CEMENT DATA						JOB WATER REQUIREMENTS (BBLs)	
MUD		SPACER					
Type	Density	Type	Density	Volume / BBLs			
		Weighted Spacer	10.8	50	Total Mix Water (Bbls)	453	
134lbs-Barite *0.7lbs-CSG-1 *0.5lbs-Citric Acid *4lbs-CSeal 300 *3lbs-OF-1 LCM *1gal-CSurf-300 *					Total Spacer Water (Bbls)	43	
					Total Disp Water (Bbls)	0	
					Total Wash Up Water (Bbls)	20	
					Total Additional Water (Bbls)	0	
					Safety Factor - 20%	103	
Spacer 3					Tank Bottoms	50	
Spacer 3 additives					Total Water Required	670	
CEMENT SLURRIES							
Type	Sacks	Density	Yield cuft/sk	Gal/Sk	Excess %	Thickening Time	
Lead Cement	485	11.00	3.18	19.27	0.0%		
100%HSLO 94 Cement * 0.35%C-45 Econolite * 0.5%CFL-2 * 0.3%Citric Acid * 0.2%CSA-1000 - Fluid Loss Additive * 4%STE * 0.3%C-49 Expanding Gas Flow Control * 0.8#/skSalt * 1#/skGyp Seal *							
Tail 1 Cement	140	13.50	1.32	6.16	10.0%		
100%HSLO 80 Cement * 0.5%CFL-2 * 0.04%CSA-1000 - Fluid Loss Additive * 0.3%C-49 Expanding Gas Flow Control * 0.2%C-23 High Temp Retarder * 1#/skGyp Seal *							
Tail 2 Cement	1430	13.50	1.32	6.16	10.0%		
100%HSLO 80 Cement * 0.4%CFL-2 * 0.04%CSA-1000 - Fluid Loss Additive * 0.3%C-49 Expanding Gas Flow Control * 0.15%C-23 High Temp Retarder * 1#/skGyp Seal *							

Type	Depth	Manufacturer	Type	Quantity	Manufacturer
Float Shoe	20145'		Centralizers		
Float Collar	20141		Top Plug	2	WEATHERFORD
Stage Tool(s)			Bottom Plug		
External Casing Packer			Foam Wiper Ball		
Liner Hanger					

Disp. Fluid Type	KCL WATER	Volume (Bbls.)	440 BBL5	Density (PPG)	10#
Disp. Fluid Type		Volume (Bbls.)		Density (PPG)	
Disp. Fluid Type		Volume (Bbls.)		Density (PPG)	

Pump Truck Unit #	2208	Bulk 660 Unit #	2117	Bulk 1600 Unit #	2011	Other
Pump Truck Unit #	2109	Bulk 660 Unit #		Bulk 1600 Unit #	2002	Other
Batch Mixer Unit #	2103	Bulk 660 Unit #		Bulk 1600 Unit #		Other
Pressurizer Unit #	1067	Bulk 660 Unit #		Bulk 1600 Unit #		Other

Employee #1	FRANCISCO SILVA	Employee #4	RONDO WRIGHT	Employee #7
Employee #2	ERIC CHAVEZ	Employee #5	JOSE PEREZ	Employee #8
Employee #3	RAFAEL TREJO	Employee #6	WAYNE ALGER	Employee #9

COMPANY REPRESENTATIVE KENT CEMENTER FRANCISCO SILVA



RAILROAD COMMISSION OF TEXAS

1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967

Form W-15

Rev. 08/2014

Cementer: Fill in shaded areas.
Operator: Fill in other items.

CEMENTING REPORT

Operator Name: PDC PERMIAN INC		Operator P-5 No.: 646832
Cementer Name: compassIR ... Well -Services LLC		Cementer P-5 No.: 169789

District No.: 08	County: REEVES COUNTY	
Well No.: B4HU	API No.: 389-40508	Drilling Permit No.: 888585
Lease Name: SUNNY SIDE STATE 2	Lease No.: 295621	
Field Name: PHANTOM (WOLFCAMP)	Field No.: 71052900	

Type of casing: ☐ Conductor ☐ Surface ☐ Intermediate ☐ Liner ☒ Production					
Drilled hole size (in.): 7 7/8"	Depth of drilled hole (ft.): 20170'	Est. % wash-out or hole enlargement: 20			
Size of casing in O.D. (in.): 5 1/2"	Casing weight (lbs/ft) and grade: 20# P-110	No. of centralizers used:			
Was cement circulated to ground surface (or bottom of cellar) outside casing? ☐ YES ☒ NO If no for surface casing, explain in Remarks.	Setting depth shoe (ft.): 20142'	Top of liner (ft.):			
		Setting depth liner (ft.):			
Hrs. waiting on cement before drill-out: 0	Calculated top of cement (ft.): 0'	Cementing date: 06/02/2023			
SLURRY					
Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1	485	HSLD 76 CEMENT	SEE REMARKS	1542	8900
2	140	HSLD 80 CEMENT	SEE REMARKS	185	1068
3	1430		SEE REMARKS	1888	10874
Total	2055			4811	20842

Type of casing: ☐ Surface ☐ Intermediate ☐ Production ☐ Tapered production ☐ Multi-stage cement shoe ☐ Multiple parallel strings					
Drilled hole size (in.):	Depth of drilled hole (ft.):	Est. % wash-out or hole enlargement:			
Size of casing in O.D. (in.):	Casing weight (lbs/ft) and grade:	No. of centralizers used:			
Tapered string drilled hole size (in.)	Tapered string depth of drilled hole (ft.)				
Upper:	Lower:	Upper:	Lower:		
Tapered string size of casing in O.D. (in.)	Tapered string casing weight (lbs/ft) and grade	Tapered string no. of centralizers used			
Upper:	Lower:	Upper:	Lower:		
Was cement circulated to ground surface (or bottom of cellar) outside casing? ☐ YES ☐ NO	Setting depth shoe (ft.):				
Hrs. waiting on cement before drill-out:	Calculated top of cement (ft.):	Cementing date:			
SLURRY					
Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1					
2					
3					
Total					

Type of casing: ☐ Surface ☐ Intermediate ☐ Production ☐ Tapered production ☐ Multi-stage cement/DV tool ☐ Multiple parallel strings					
Drilled hole size (in.):	Depth of drilled hole (ft.):	Est. % wash-out or hole enlargement:			
Size of casing in O.D. (in.):	Casing weight (lbs/ft) and grade:	No. of centralizers used:			
Tapered string drilled hole size (in.)	Tapered string depth of drilled hole (ft.)				
Upper:	Lower:	Upper:	Lower:		
Tapered string size of casing in O.D. (in.)	Tapered string casing weight (lbs/ft) and grade	Tapered string no. of centralizers used			
Upper:	Lower:	Upper:	Lower:		
Was cement circulated to ground surface (or bottom of cellar) outside casing? ☐ YES ☐ NO	Setting depth tool (ft.):				
Hrs. waiting on cement before drill-out:	Calculated top of cement (ft.):	Cementing date:			
SLURRY					
Slurry No.	No. of Sacks	Class	Additives	Volume (cu. ft.)	Height (ft.)
1					
2					
3					
Total					

15 35

CEMENTING TO SQUEEZE, PLUG BACK OR PLUG AND ABANDON							
	PLUG #1	PLUG #2	PLUG #3	PLUG #4	PLUG #5	PLUG #6	PLUG #7
Cementing Date							
Size of hole or pipe (in.)							
Depth to bottom of tubing or drill pipe (ft.)							
Cement retainer setting depth (ft.)							
CIBP setting depth (ft.)							
Amount of cement on top of CIBP (ft.)							
Sacks of cement used							
Slurry volume pumped (cu. ft.)							
Calculated top of plug (ft.)							
Measured top of plug, if tagged (ft.)							
Slurry weight (lbs/gal)							
Class/type of cement							
Perforate and squeeze (YES/NO)							

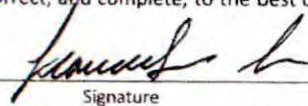
REMARKS

LEAD 100%HS/D 94 Cement * 0.35%CL-45 Eosorbite * 0.5%CL-2 * 0.3%CL-4 Acid * 0.2%CSA-1000 - Fluid Loss Additive * 4%STE * 0.3%CL-49 Expanding Gas Flow Control * 0.5%Gyp Seal *
 TAB 1 100%HS/D 80 Cement * 0.5%CL-2 * 0.04%CSA-1000 - Fluid Loss Additive * 0.3%CL-49 Expanding Gas Flow Control * 0.2%CL-23 High Temp Retarder * 1.5%Gyp Seal *
 TAB 2 100%HS/D 80 Cement * 0.4%CL-2 * 0.04%CSA-1000 - Fluid Loss Additive * 0.3%CL-49 Expanding Gas Flow Control * 0.15%CL-23 High Temp Retarder * 1.5%Gyp Seal *
 CIRCULATED 27 BBLs OF SPACER TO SURFACE NO CEMENT

CEMENTER'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that the cementing of casing and/or the placing of cement plugs in this well as shown in the report was performed by me or under my supervision, and that the cementing data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers cementing data only.

FRANCISCO SILVA

COMPASS CEMENTING



Name and title of cementer's representative

Cementing Company

Signature

10013 W. CNTY RD 157

MIDLAND, TX 79706

325-387-2940

06/02/2023

Address

City, State, Zip Code

Tel: Area Code

Number

Date: mo. day yr.

OPERATOR'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have knowledge of the well data and information presented in this report, and that data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers all well data.

Allison Garvin

Regulatory Specialist

Allison Garvin

Typed or printed name of operator's representative

Title

Signature

6301 Deauville Blvd

Midland, Texas 79706

432-687-6078

Address

City, State, Zip Code

Tel: Area Code

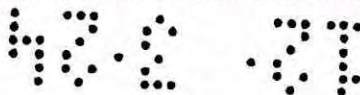
Number

Date: mo. day yr.

Instructions for Form W-15, Cementing Report

NOTICE: The Form W-15 must be submitted as an attachment to a Form G-1 (Gas Well Back Pressure Test, Completion or Recompletion Report, and Log), Form W-2 (Oil Well Potential Test, Completion or Recompletion Report, and Log), Form W-3 (Plugging Record), or Form W-4 (Application for Multiple Completion), any time cement is pumped in a wellbore.

- What to file:** An operator should file an original and one copy of the completed Form W-15 for each cementing company used on a well. The cementing of different casing strings on a well by one cementing company may be reported on one form.
The Form W-15 should be filed with the Form W-3, Plugging Record, unless the Form W-3 is signed by the cementing company representative. When reporting dry holes, operators must complete Form W-15, in addition to Form W-3, to show any casing cemented in the hole.
- How to file:** An oil and gas completion report and Form W-15 may be filed online using the Commission's Online System (<https://webapps.rrc.state.tx.us/security/login.do>) or a paper copy of the form may be mailed to the Commission in Austin (P.O. Box 12967, Austin, Texas 78711-2967).
- Surface casing:** An operator must set and cement sufficient surface casing to protect all usable-quality water strata, as defined by the Groundwater Advisory Unit in Austin. Sufficient cement shall be used to fill the annular space outside the casing from the shoe to the ground surface or to the bottom of the cellar. Before drilling a well, an operator must obtain a letter from the Groundwater Advisory Unit stating the protection depth. Surface casing should not be set deeper than 200 feet below the specified depth without prior approval from the Commission.
To plug and abandon a well, operators must use only cementers approved by the Commission's Director of Field Operations in accordance with SWR 14 (http://info.sos.state.tx.us/pls/pub/readtacSext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=16&pt=1&ch=3&rl=14). Cementing companies, service companies, or operators can qualify as approved cementers by demonstrating that they are able to mix and pump cement in compliance with Commission rules and regulations.
- Estimated % wash-out:** If the estimated % wash-out is less than 20% (or 30% along the Gulf Coast), provide supporting documentation such as a caliper log to show how the estimated % wash-out was obtained.
- Multi-stage cement:** An operator must report the multi-stage cement shoe in II. Casing Cementing Data section by selecting the type of casing and Multi-stage cement shoe. The operator must report the multi-stage cement tool in III. Casing Cementing Data section by selecting the type of casing and Multi-stage cement/DV tool.
- Multiple parallel strings:** An operator should file the Form W-15 as an attachment to the Form W-4, Application for Multiple Completion. An operator may be required to submit multiple Form W-15s to show all data for multiple parallel strings.
- Slurry data:** If cement job exceeds three slurries, continue the list of slurries in the Slurry table in the subsequent Casing Cementing Data box.



CHEVRON U. S. A. INC.
SUNNYSIDE STATE 2 B4HU
42-389-40508
PHANTOM(WOLFCAMP) FIELD
REEVES COUNTY, TEXAS

COMPLETION TRACKING #314573
GOR: 9061 cu. ft./bbl

PVT ANALYSIS NOT REQUIRED

PURSUANT TO DOCKET NO. 08-0308425, THIS WELL IS GRANTED PERMANENT GAS WELL CLASSIFICATION BASED ON A GAS-OIL RATIO GREATER THAN OR EQUAL TO 3,000 CUBIC FEET PER BARREL.

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

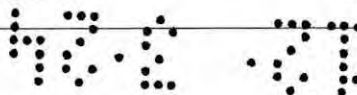
GAS WELL
CLASSIFICATION REPORT

Form G-5

Tracking No.: 314573

This facsimile G-5 was generated electronically from data submitted to the RRC.

1. OPERATOR NAME (Exactly as shown on Form P5 Organization Report) PDC PERMIAN, INC.		3. RRC DISTRICT NO. 08	4. OIL LEASE NO OR GAS WELL ID NO. 295621														
2. MAILING ADDRESS 6301 DEAUVILLE BLVD MIDLAND, TX 79706		5. WELL NO. B 4HU	6. API NO. 42- 389-40508														
		7. COUNTY OF WELL SITE REEVES															
8. FIELD NAME (as per RRC Records) PHANTOM (WOLFCAMP)		9. LEASE NAME SUNNYSIDE STATE 2															
10. LOCATION (Section, Block and Survey) 2 , 45 , PSL/GAY, W D , A-3655		11. PIPELINE CONNECTION OR USE OF GAS EAGLECLAW MIDSTREAM VENTURES,LLC(238465)															
PRODUCTION TEST AT RATE ELECTED BY OPERATOR (data on 24-hour basis)		A.S.T.M. DISTILLATION OF LIQUID SAMPLE. Distillation test is required for gas wells ONLY if the producing gas-liquid hydrocarbon ratio is less than 100,000 CF/barrel.															
A. Date of Test 03/03/2024 B. Gas Volume 10583.0 (Mcf) C. Oil or Condensate Volume 1168.0 (Bbl) D. Water Volume 5161.0 (Bbl) E. Gas/Liquid Hydrocarbon Ratio 9061 (Cf/Bbl) F. Flowing Tubing Pressure 860 (psia) G. Choke Size 128/64 (in.) H. Casing Pressure 860.0 (psia) I. Shut-in Wellhead Pressure--Tubing 860 (psia) J. Separator Operating Pressure 170.0 (psia) K. Color of Stock Tank Liquid Straw L. Gravity of Separator Liquid 46.0 °API M. Gravity of Stock Tank Liquid °API N. Specific Gravity of the Gas (Air = 1) 0.74		Date Liquid Sample Obtained _____ Where Obtained: ☐ Separator ☐ Stock Tank <table style="width:100%;"> <tr> <th style="text-align: left;">% Over Temp. (deg. F)</th> <th style="text-align: left;">% Over Temp. (deg. F)</th> </tr> <tr> <td>Initial Boiling Temp. _____</td> <td>60 _____</td> </tr> <tr> <td>10 _____</td> <td>70 _____</td> </tr> <tr> <td>20 _____</td> <td>80 _____</td> </tr> <tr> <td>30 _____</td> <td>90 _____</td> </tr> <tr> <td>40 _____</td> <td>95 _____</td> </tr> <tr> <td>50 _____</td> <td>End Point _____</td> </tr> </table> Total Recovery _____ percent Residue _____ percent Loss _____ percent		% Over Temp. (deg. F)	% Over Temp. (deg. F)	Initial Boiling Temp. _____	60 _____	10 _____	70 _____	20 _____	80 _____	30 _____	90 _____	40 _____	95 _____	50 _____	End Point _____
% Over Temp. (deg. F)	% Over Temp. (deg. F)																
Initial Boiling Temp. _____	60 _____																
10 _____	70 _____																
20 _____	80 _____																
30 _____	90 _____																
40 _____	95 _____																
50 _____	End Point _____																
I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated therein are true, correct, and complete to the best of my knowledge. 06/26/2024 DATE		RRC USE ONLY															
		PDC PERMIAN, INC.															
		NAME (Type or Print) Allison Garvin															
		SIGNATURE TITLE (713) 372-3281															
CONTACT PERSON		PHONE NUMBER															



Tracking No.: 314573

OPERATOR NAME AND ADDRESS including city, state and zip

PDC PERMIAN, INC.

6301 DEAUVILLE BLVD
MIDLAND, TX 79706**GAS WELL
STATUS REPORT**RAILROAD COMMISSION OF TEXAS
Oil and Gas Division
P.O. Box 12967
Austin, Texas 78711-2967*This facsimile G-10 was generated electronically
from data submitted to the RRC.*

Reason for Filing



Survey



Retest



Initial Test



Correction

Operator P-5 Organization No.

646832

RRC Dist. No.

08

G-10

Test Period:

Due Date:

Effective Date:

FIELD NAME
* LEASE NAME

RRC IDENT NO.

DATE TESTED
MO/DAY/YRGAS PRODUCED
MCF/DAY **CONDENSATE
PRODUCEDWATER PROD
BBL/DAY***SIWH
PRESSURE PSIA

WELL NO.

MARK X FOR
SHUT-IN WELLGAS SPEC.
GRAVITYCONDENSATE
GRAVITY (API)X BOTTOMHOLE
PRESSURE PSIA***FLOWING
PRESSURE PSIA

PHANTOM (WOLFCAMP)

295621

03/03/2024

10583

MCF

1168.0

BBL

5161.0

BBL

860

SUNNYSIDE STATE 2

B 4HU

0.74

46.0

860

CERTIFICATION: I declare under penalties prescribed in Texas Natural Resources Code, Sec. 91.143, that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated herein are true, correct, and complete to the best of my knowledge.

CHEVRON USA

Signature: SCOTT BENNETT

Title:

Phone: (432)994-1823

Date: 06/26/2024

* AN ASTERISK PREPRINTED ON A SURVEY IDENTIFIES WELL SUBJECT TO COMMINGLING TEST REQUIREMENT

** GAS PRODUCTION RATE, IN MCF, IS TO BE REPORTED FULL-Well STREAM, INCLUDING

*** PRESSURE FOR THE TEXAS HUGOTON FIELD IS REPORTED IN PSIG

X AN 'X' PREPRINTED ON A SURVEY IN THE BOTTOMHOLE PRESSURE BOX INDICATES A BOTTOMHOLE PRESSURE MUST BE REPORTED FOR THE WELL

GROUNDWATER PROTECTION DETERMINATION

Form GW-2



Groundwater Advisory Unit

Date Issued: 14 March 2023**GAU Number:** 364393**Attention:** PDC PERMIAN, INC.
1775 SHERMAN ST STE 3000
DENVER, CO 80203**API Number:** 38940508
County: REEVES
Lease Name: SUNNYSIDE STATE 2**Operator No.:** 646832**Lease Number:**
Well Number: B 4HU
Total Vertical 13000
Latitude: 31.728492
Longitude: -104.016958
Datum: NAD27**Purpose:** New Production Well**Location:** Survey-PSL/GAY, W. D.; Abstract-3655; Block-45; Section-2

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

The interval from the land surface to the base of the Rustler, which is estimated to occur at a depth of 825 feet, must be protected.

This recommendation is applicable for all wells drilled in this section 2.

Note: Unless stated otherwise, this recommendation is intended to apply to all wells drilled within 200 feet of the subject well. Unless stated otherwise, this recommendation is for normal drilling, production, and plugging operations only.

This determination is based on information provided when the application was submitted on 03/14/2023. If the location information has changed, you must contact the Groundwater Advisory Unit, and submit a new application if necessary. If you have questions, please contact us at 512-463-2741 or gau@rrc.texas.gov.

Groundwater Advisory Unit, Oil and Gas Division

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



Form P-16

Page 1

Rev. 06/2022



Form P-16

Page 2
Rev. 06/2022

Filer is the owner or lessee of all or an undivided portion of the minerals under each tract listed below and has the legal right to drill on each tract traversed by the well that will have perforations or other take points open in the interval of the applied-for field(s). All tracts listed will actually be traversed by the wellbore or the filer has pooling authority or other contractual authority, such as a production sharing agreement, authorizing inclusion of the non-drill site tract in the acreage assigned to the well.

RRC ID No., Lease No. or Tract ID		Lease Name	Beginning Lease Acres	Ownership Interval (Upper)	Ownership Interval (Lower)	Operator Name and Operator No. (if different from filing operator)
A	2	Sunnyside State 2	640.000			
B	1	Tract 1	178.000			
C						
D						
E						
F						
G						
H						
Total Acreage =			818.000			

[illegible]

*A revised P-16 is required if increasing the proration acreage on an existing Allocation or PSA well utilizing acreage from a regulatory lease or undeveloped tract not listed in Section V. (refer to instructions)





RAILROAD COMMISSION OF TEXAS

1701 N. Congress
P.O. Box 12967
Austin, Texas 78711-2967

Form P-17A

Rev. 03/2019

APPLICATION FOR COMMINGLE PERMIT PURSUANT TO STATEWIDE RULES 26 AND OR 27

☒ New
☐ Amended Existing Permit
No. Sunnyside State 2 North
Effective Month/Year of Requested
Exception: 02 / 2024
District 08
County REEVES

SECTION 1. OPERATOR INFORMATION

Operator Name: PDC Peanian Operator P-5 No.: 646832

Operator Address: 6301 DEAUVILLE BLVD MIDLAND TX 79706

SECTION 2. GATHERER (of oil or condensate) INFORMATION (not required if 3b is checked)

Gatherer Name: ENERGY TNSFER COMPANY Gatherer P-5 No.: 252017

Gatherer Address: ATTN KIMBERLY FITZHENRY 1300 MAIN STREET HOUSTON TX 77002

Gatherer E-mail Address:

(Optional - If provided, e-mail address will become part of this public record.)

SECTION 3. APPLICATION APPLIES TO (CHECK ALL THAT APPLY): OIL CASINGHEAD GAS GAS WELL GAS CONDENSATE

- a) ☒ Gas well full well stream into common separation and storage facility with liquids reported on Form PR.
b) ☒ Gas well full well stream into a gasoline plant/common separation and storage facility with liquids reported on Form R-3 Serial # (If full well stream is checked, the results of periodic tests to determine the number of stock tank barrels of liquid hydrocarbons recovered per 1,000 standard cubic feet of gas must be reported on Form G-10 in accordance with SWR 55. Attach an explanation of any exceptions to SWR 55.)
c) ☒ Condensate and low-pressure Gas Well Gas are commingled into low-pressure separation and storage facilities.
d) ☒ This request is for off lease: ☒ Storage ☒ Separation ☒ Metering
e) ☒ This application is for common storage.
f) ☒ This application is for common separation.
g) ☒ This application is for casinghead gas metering by: Deduct Metering ☒ Allocation by well test Other _____
h) ☒ This application is for gas well gas metering by: Deduct Metering ☒ Allocation by well test Other _____

SECTION 4. COMMINGLING PURSUANT TO §3.26(b) or §3.27(e) - (CHECK ALL THAT APPLY)

a) ☒ The production stream from each tract and each Commission-designated reservoir is measured separately before combining it with a stream from another tract or Commission-designated reservoir.

Production will be allocated by: W-10 (oil) W-2 retest (oil) PD Meter (oil & condensate) ☒ G-10 (gas) Other _____

Received
RRC of Texas
11:39 am, Jul 12, 2024
Oil & Gas Production Department
Austin, Texas

b) ☒ The tracts and Commission-designated reservoirs have identical royalty interest and working interest ownership in identical percentages.

Production will be allocated by: W-10 (oil) W-2 retest (oil) PD Meter (oil & condensate) ☒ G-10 (gas) Other _____

SECTION 5. Any one of the wells proposed for commingling produces from a Commission-designated reservoir for which special field rules regarding surface commingling have been adopted. (Notice may be required; see instructions)

SECTION 6. Wells proposed for commingling have an operator's name other than the applicant listed in SECTION 1. (See instructions)

SECTION 7. For oil production, the production from all oil wells on each oil lease is to be commingled. (See instructions)

SECTION 8. IDENTIFY LEASES AS SHOWN ON COMMISSION RECORDS (attach additional pages as needed)

DISTRICT	RRC IDENTIFIER	ACTION	LEASE AND FIELD NAME	WELL NO.
08	295621	Existing ☒ Add ☐ Delete ☐	SUNNYSIDE STATE 2 PHANTOM(WOLFCAMP)	B4HU
08	296035	Existing ☒ Add ☐ Delete ☐	SUNNYSIDE STATE 2 PHANTOM(WOLFCAMP)	A5HU
08	295925	Existing ☒ Add ☐ Delete ☐	SUNNYSIDE STATE 2 PHANTOM(WOLFCAMP)	C8HU
08	295530	Existing ☒ Add ☐ Delete ☐	SUNNYSIDE STATE 2 PHANTOM(WOLFCAMP)	C9HU

ATTACH ADDITIONAL PAGES AS NEEDED. No additional pages ☒ Additional pages 1 (# of additional pages)

CERTIFICATE: I declare under penalties in Sec. 91.143, Texas Natural Resources Code, that I am authorized to file this application, that this application was prepared by me or under my supervision and direction, and that the data and facts stated therein are true, correct, and complete to be the best of my knowledge. I certify that all requests for related required approvals from other affected state agencies have been submitted and that I understand that any authorization granted by Commission approval of this application is contingent upon the approvals from other affected state agencies being obtained.

Signature Dianna Waddle ie Regulatory Coordinator ite 07/09/2024

Operator E-mail Address: Operator Phone No.:

(Optional - If provided, e-mail address will become part of this public record.)

RRC USE ONLY

Commingling Permit No. 10628 Approval date: 7/12/24 Approved by: DW



RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

**ATTACHMENT FOR
APPLICATION FOR EXCEPTION TO
STATEWIDE RULES (SWR) 26 AND/OR 27
COMMINGLE PERMIT APPLICATION**

FORM P-17 ATTACHMENT

SECTION 8. (CONT'D) IDENTIFY LEASES AS SHOWN ON COMMISSION RECORDS (attach additional pages as needed)

[illegible]

API NO.	Operator Name/Number	Lease Name	Well #	Dist.	County
423894050800	PDC PERMIAN, INC. (646832)	SUNNYSIDE STATE 2	B 4HU	8	REEVES
423894050900	PDC PERMIAN, INC. (646832)	SUNNYSIDE STATE 2	A 5HU	8	REEVES
423894051100	PDC PERMIAN, INC. (646832)	SUNNYSIDE STATE 2	C 8HU	8	REEVES
423894051800	PDC PERMIAN, INC. (646832)	SUNNYSIDE STATE 2 9U	C 9HU	8	REEVES
423894067500	PDC PERMIAN, INC. (646832)	SUNNYSIDE STATE 2 10U	A 10HU	8	REEVES

API NO.	Operator Name/Number	Lease Name	Well #	Dist.	County
423894050800	PDC PERMIAN, INC. (646832)	SUNNYSIDE STATE 2	B 4HU	8	REEVES
423894050900	PDC PERMIAN, INC. (646832)	SUNNYSIDE STATE 2	A 5HU	8	REEVES
423894051100	PDC PERMIAN, INC. (646832)	SUNNYSIDE STATE 2	C 8HU	8	REEVES
423894051800	PDC PERMIAN, INC. (646832)	SUNNYSIDE STATE 2 9U	C 9HU	8	REEVES
423894067500	PDC PERMIAN, INC. (646832)	SUNNYSIDE STATE 2 10U	A 10HU	8	REEVES

File No. ME117292

71.

Rooves County

Completion Report AP142-389-40508

Date Filed: 01/28/2025

Commissioner Dawn Buckingham, M.D.

By: Jm