

MF117294

RELEASED

06/30/15
MCLease Type
RAL

Control

07-021448
07-021466
07-021509
07-021536

Basefile

144063
144064
135310
135313

County

CULBERSON
CULBERSON
CULBERSON
CULBERSON

Survey

Public School Land

Block

42

Block Name

Township

Section/Tract

10, 12, 16, 19, 23, 27, 29, 33, 42

Land Part

all

Acres

Net: 5827.000000 Gross: 5827.000000

Depth Below

Depth Above Depth Other

Leasing: _____

Maps: _____

GIS: _____

Scanlab: _____

Name

ANTELOPE PRODUCTION, LLC

Lease Date

2/14/2015

Primary Term

6 months

Bonus

\$43,702.50

Lease Royalty

0.10000000

Paid Up

Yes



F1098577

M

F

1

1

7

2

9

4

6/14 - Fee Letter 7/1/15
6/12 - Release 7/1/15

CONTENTS OF FILE NO. MF-

117294

- | | |
|--------------------------------|---------|
| 1. RAL Review Sheet | 2-19-15 |
| 2. BONUSES and Fees | 2-25-15 |
| 3. Lease | 2-18-15 |
| 4. FINAL LETTER | 6-1-15 |
| 5. Ltr. From State Land | 6/30/15 |
| 6. Pooling Agmt. Packet # 7306 | |
| SIS State Unit | 7/7/15 |
| 7. Ltr. to State Land | 7/7/15 |

Scanned sm 9/3/15

8 Arrn of ORI from Antelope
to Doug Scott 3-27-15

scanned pf 6-5-2017

RAL REVIEW SHEET

Working File #: RAL157379

MF:

Lessor: Walters, Ladonna Nevill

Lease Date: 02/14/2015

UI: No

Lessee: Antelope Production, LLC

Gross Acres: 5,827.00

Net Acres: 5,827.00

LEASE DESCRIPTION

County	Control #	Base File No	Part	Sec	Block	Twp	Survey	Abst No
Culberson	07-021448	144063	all	10	42		Public School Land	6453
Culberson	07-021466	144064	all	12	42		Public School Land	6454
Culberson	07-021509	135310	all	16	42		Public School Land	4803
Culberson	07-021536	135313	all	19	42		Public School Land	4806
Culberson	07-021572	135317	all	23	42		Public School Land	4810
Culberson	07-021590	135319	all	27	42		Public School Land	4812
Culberson	07-021616	135321	all	29	42		Public School Land	4814
Culberson	07-021652	135325	all	33	42		Public School Land	4818
Culberson	07-021741	135328	all	42	42		Public School Land	4821

TERMS OFFERED

Primary Term:	6 Months
Bonus / Acre:	\$15.00
Rental / Acre:	2nd Yr 3rd Yr 4th Yr 5th Yr
Royalty	0.200000

TERMS RECOMMENDED

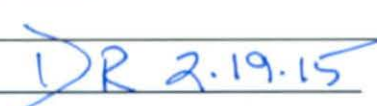
Primary Term:	6 Months
Bonus / Acre:	\$15.00
Rental / Acre:	2nd Yr 3rd Yr 4th Yr 5th Yr
Royalty	0.200000

COMPARISONS

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

Comments:

Approved:



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: Antelope Production, LLC

County: Culberson

Prim. Term: 6 Months

Bonus/Acre: \$15.00

Royalty: 0.20000000

Rental/Acre 2nd Yr: \$0.00

3rd Yr: \$0.00

4th Yr: \$0.00

5th Yr: \$0.00

Consideration

Recommended: RJA

Date: 2/19/15

Not Recommended: _____

Comments: _____

Lease Form

Recommended: RJA

Date: 2/19/15

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: _____

George P. Bush, Commissioner

Date: 2/26/15

Approved: G. P. Bush

Not Approved: _____

1.
File No. ME 117294
RAL REVIEW SHEET ~~Copy~~

Date Filed: 2-9-5

George P. Bush, Commissioner

By JK

Capitan Energy Inc.
HB Operating
 P.O. Box 2476
 Carlsbad, NM 88221

The Carlsbad National Bank
 P.O. Box 1359
 Carlsbad, NM 88221-1359

15708281 002618

2618

PAY Forty-three thousand seven hundred two dollars and 50 cents

TO THE
ORDER OF

DATE
02/20/2015

AMOUNT
\$**43,702.50*

Commissioner of the General Land Office
 P O BOX 12873
 AUSTIN, TX 78711-2873

Cali Webster

Authorized Signature

⑈002618⑈

Capitan Energy Inc. - HB Operating - P.O. Box 2476 - Carlsbad, NM 88221
 To: Commissioner of the General Land Office
 P O BOX 12873
 AUSTIN, TX 78711-2873

Vendor Code
TEXASGEN

Check Date
02/20/2015

Check Amount
\$43,702.50

Check Number
A-2618

002618

Invoice #	Invoice Amt
S10B42	43,702.50
Description: Sections 10, 12, 16, 19, 23, 27, 29, 33 and 42, Block 42, Public School Land Survey, Culberson County, Texas and containing 5,827.00 acres, more or less.	

RECEIVED
FEB 25 2015

RECEIVER'S OFFICE

RECEIVED
FEB 25

RECEIVED

MF 117294

Slate Land & Right-of-Way Services

INCLUDING LAND ADMINISTRATIVE ASSISTANCE

P. O. Box 550

Big Spring, Texas 79721-0550

(432) 267-3601

February 25, 2015

Texas General Land Office
Attn: Drew Reid
1700 North Congress Ave., Suite 840
Austin, Texas 78701-1495

Hand delivered:

RE: Certified copy of Oil and Gas Lease to Relinquishment Act (Mineral Classified) Lands covering the following tracts of Land all located in Culberson County, Texas:

1. All of Sections 10, 12, 16, 19, 23, 27, 29, 33 and 42, Block 42, Public School Land Survey and containing 5,827.00 acres, more or less.

Dear Mr. Reid:

Please find enclosed the above referenced Lease for your review and approval. I have also included our client's check #2618 in the amount of \$43,702.50.76 as full payment for the State's share of the bonus consideration covering the above referenced tracts of Land. The check represents \$15.00 per acre bonus consideration. The primary term on the Lease is for six (6) months with a one-fifth (1/5th) royalty.

I have also included check #2621 for \$600.00 as payment for the filing fees as required by the State of Texas.

The following is the owner of the surface estate to the above referenced tracts of land:

1. LaDonna N. Walters, 1.0 interest or 5,827.00 acres.

Please return any correspondence to my attention at Slate Land & Right-of-Way Services, P.O. Box 550, Big Spring, Texas 79721-0550.

If you have any questions, please do not hesitate to call, our toll-free number is 1-877-589-8858.

Sincerely,

Augustine Hernandez

Augustine Hernandez
Petroleum Landman

AH/ah

Encl: As stated above

30 110 PSL

6 6 5 4 3 2 1

108 PSL 7 8 9 10 11 12

TOMMIE BENGE & PEGGY KELTON

18 17 16 15 14 13

LADONNA WALTERS

19 20 21 22 23 24

MARSHA WOLFE

30 29 28 27 26 25

103 PSL 31 32 33 34 35 36

42 41 40 39 38 37

101 PSL 43 44 45 46 47 48

60 T5S

PREPARED BY SLATE LAND & RIGHT-OF-WAY SERVICES 2-12-2015

2.
File No. MF 117294
BONUSES AND FEES Compt.

Date Filed: 2-25-15
George P. Bush, Commissioner

By JK

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.

General Land Office
Relinquishment Act Lease Form
Revised, September 1997

MF 117 294

The State of Texas



Austin, Texas

OIL AND GAS LEASE

THIS AGREEMENT is made and entered into this 14th day of February, 2015, between the State of Texas, acting by and through its agent, LaDonna N. Walters, a married woman dealing in her sole and separate property

of P.O. Box 115, McCamey, Texas 79752

(Give Permanent Address)

said agent herein referred to as the owner of the soil (whether one or more), and Antelope Production, LLC

of P.O. Box 2476, Carlsbad, New Mexico 88221

(Give Permanent Address)

hereinafter called Lessee.

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

Block 42, Public School Land Survey

Section 10: All

Section 12: All

Section 16: All

Section 19: All

Section 23: All

Section 27: All

Section 29: All

Section 33: All

Section 42: All



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

containing 5,827.00 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: Forty-three thousand seven hundred two and 50/100

Dollars (\$43,702.50)

To the owner of the soil: Forty-three thousand seven hundred two and 50/100

Dollars (\$43,702.50)

Total bonus consideration: Eighty-seven thousand four hundred five and No/100

Dollars (\$87,405.00)

The total bonus consideration paid represents a bonus of Fifteen and No/100

Dollars (\$15.00) per acre, on 5,827.00 net acres.

2. TERM. Subject to the other provisions in this lease, this lease shall be for a term of six (6) months years from this date (herein called "primary term") and as long thereafter as oil and gas, or either of them, is produced in paying quantities from said land. As used in this lease, the term "produced in paying quantities" means that the receipts from the sale or other authorized commercial use of the substance(s) covered exceed out of pocket operational expenses for the six months last past.

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

~~Bank, at~~

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

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 $\frac{1}{5}^{\text{th}}$ part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such value to be determined by 1) the highest posted price, plus premium, if any, offered or paid for oil, condensate, distillate, or other liquid hydrocarbons, respectively, of a like type and gravity in the general area where produced and when run, or 2) the highest market price thereof offered or paid in the general area where produced and when run, or 3) the gross proceeds of the sale thereof, whichever is the greater. Lessee agrees that before any gas produced from the leased premises is sold, used or processed in a plant, it will be run free of cost to the royalty owners through an adequate oil and gas separator of conventional type, or other equipment at least as efficient, so that all liquid hydrocarbons recoverable from the gas by such means will be recovered. The requirement that such gas be run through a separator or other equipment may be waived, in writing, by the royalty owners upon such terms and conditions as they prescribe.

(B) **NON PROCESSED GAS.** Royalty on any gas (including flared gas), which is defined as all hydrocarbons and gaseous substances not defined as oil in subparagraph (A) above, produced from any well on said land (except as provided herein with respect to gas processed in a plant for the extraction of gasoline, liquid hydrocarbons or other products) shall be $\frac{1}{5}^{\text{th}}$ part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such value to be based on the highest market price paid or offered for gas of comparable quality in the general area where produced and when run, or the gross price paid or offered to the producer, whichever is the greater; provided that the maximum pressure base in measuring the gas under this lease shall not at any time exceed 14.65 pounds per square inch absolute, and the standard base temperature shall be sixty (60) degrees Fahrenheit, correction to be made for pressure according to Boyle's Law, and for specific gravity according to tests made by the Balance Method or by the most approved method of testing being used by the industry at the time of testing.

(C) **PROCESSED GAS.** Royalty on any gas processed in a gasoline plant or other plant for the recovery of gasoline or other liquid hydrocarbons shall be $\frac{1}{5}^{\text{th}}$ part of the residue gas and the liquid hydrocarbons extracted or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office. All royalties due herein shall be based on one hundred percent (100%) of the total plant production of residue gas attributable to gas produced from this lease, and on fifty percent (50%), or that percent accruing to Lessee, whichever is the greater, of the total plant production of liquid hydrocarbons attributable to the gas produced from this lease; provided that if liquid hydrocarbons are recovered from gas processed in a plant in which Lessee (or its parent, subsidiary or affiliate) owns an interest, then the percentage applicable to liquid hydrocarbons shall be fifty percent (50%) or the highest percent accruing to a third party processing gas through such plant under a processing agreement negotiated at arm's length (or if there is no such third party, the highest percent then being specified in processing agreements or contracts in the industry), whichever is the greater. The respective royalties on residue gas and on liquid hydrocarbons shall be determined by 1) the highest market price paid or offered for any gas (or liquid hydrocarbons) of comparable quality in the general area, or 2) the gross price paid or offered for such residue gas (or the weighted average gross selling price for the respective grades of liquid hydrocarbons), whichever is the greater. In no event, however, shall the royalties payable under this paragraph be less than the royalties which would have been due had the gas not been processed.

(D) **OTHER PRODUCTS.** Royalty on carbon black, sulphur or any other products produced or manufactured from gas (excepting liquid hydrocarbons) whether said gas be "casinghead," "dry," or any other gas, by fractionating, burning or any other processing shall be $\frac{1}{5}^{\text{th}}$ part of the gross production of such products, or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such market value to be determined as follows: 1) on the basis of the highest market price of each product for the same month in which such product is produced, or 2) on the basis of the average gross sale price of each product for the same month in which such products are produced; whichever is the greater.

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

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

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

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

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

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

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

tanks, pools, meters, and pipelines shall at all times be subject to inspection and examination by the Commissioner of the General Land Office, the Attorney General, the Governor, or the representative of any of them.

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

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

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

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.

True and correct
copy of
all personal property,
Culberson County
Clerks Office
2/15/12

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

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

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

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

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

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

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

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

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

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

36. ENVIRONMENTAL HAZARDS. Lessee shall use the highest degree of care and all reasonable safeguards to prevent contamination or pollution of any environmental medium, including soil, surface waters, groundwater, sediments, and surface or subsurface strata, ambient air or any other environmental medium in, on, or under, the leased premises, by any waste, pollutant, or contaminant. Lessee shall not bring or permit to remain on the leased premises any asbestos containing materials, explosives, toxic materials, or substances regulated as hazardous wastes, hazardous materials, hazardous substances (as the term "Hazardous Substance" is defined in the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), 42 U.S.C. Sections 9601, et seq.), or toxic substances under any federal, state, or local law or regulation ("Hazardous Materials"), except ordinary products commonly used in connection with oil and gas exploration and development operations and stored in the usual manner and quantities. **LESSEE'S VIOLATION OF THE FOREGOING PROHIBITION SHALL CONSTITUTE A MATERIAL BREACH AND DEFAULT HEREUNDER AND LESSEE SHALL INDEMNIFY, HOLD HARMLESS AND DEFEND THE STATE OF TEXAS AND THE OWNER OF THE SOIL FROM AND AGAINST ANY CLAIMS, DAMAGES, JUDGMENTS, PENALTIES, LIABILITIES, AND COSTS (INCLUDING REASONABLE ATTORNEYS' FEES AND COURT COSTS) CAUSED BY OR ARISING OUT OF (1) A VIOLATION OF THE FOREGOING PROHIBITION OR (2) THE PRESENCE, RELEASE, OR**

DISPOSAL OF ANY HAZARDOUS MATERIALS ON, UNDER, OR ABOUT THE LEASED PREMISES DURING LESSEE'S OCCUPANCY OR CONTROL OF THE LEASED PREMISES. LESSEE SHALL CLEAN UP, REMOVE, REMEDY AND REPAIR ANY SOIL OR GROUND WATER CONTAMINATION AND DAMAGE CAUSED BY THE PRESENCE OR RELEASE OF ANY HAZARDOUS MATERIALS IN, ON, UNDER, OR ABOUT THE LEASED PREMISES DURING LESSEE'S OCCUPANCY OF THE LEASED PREMISES IN CONFORMANCE WITH THE REQUIREMENTS OF APPLICABLE LAW. THIS INDEMNIFICATION AND ASSUMPTION SHALL APPLY, BUT IS NOT LIMITED TO, LIABILITY FOR RESPONSE ACTIONS UNDERTAKEN PURSUANT TO CERCLA OR ANY OTHER ENVIRONMENTAL LAW OR REGULATION. LESSEE SHALL IMMEDIATELY GIVE THE STATE OF TEXAS AND THE OWNER OF THE SOIL WRITTEN NOTICE OF ANY BREACH OR SUSPECTED BREACH OF THIS PARAGRAPH, UPON LEARNING OF THE PRESENCE OF ANY HAZARDOUS MATERIALS, OR UPON RECEIVING A NOTICE FROM ANY GOVERNMENTAL AGENCY PERTAINING TO HAZARDOUS MATERIALS WHICH MAY AFFECT THE LEASED PREMISES. THE OBLIGATIONS OF LESSEE HEREUNDER SHALL SURVIVE THE EXPIRATION OR EARLIER TERMINATION, FOR ANY REASON, OF THIS AGREEMENT.

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

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

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

40. See attached Exhibit "A" for additional provisions.

LESSEE

Antelope Production, LLC

BY: Craig Blair

Craig Blair, Manager

Date: 2-17-15

STATE OF TEXAS

BY: LaDonna N. Walters
LaDonna N. Walters, Individually and as agent for the State of Texas

Date: 2-16-15

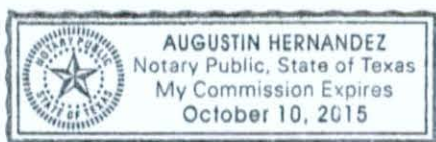
STATE OF TEXAS

(CORPORATION ACKNOWLEDGMENT)

COUNTY OF CULBERSON

BEFORE ME, the undersigned authority, on this day personally appeared Craig Blair
known to me to be the person whose name is subscribed to the foregoing instruments as Manager
of Antelope Production, 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 17th day of February, 2015.



Augustin Hernandez
Notary Public in and for Texas

STATE OF TEXAS

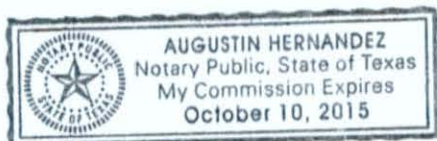
(INDIVIDUAL ACKNOWLEDGMENT)

COUNTY OF Upton

BEFORE ME, the undersigned authority, on this day personally appeared LaDonna N. Walters

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

Given under my hand and seal of office this the 16th day of February, 2015.



Augustin Hernandez
Notary Public in and for Texas

True and Correct
copy of
Original Filed
Culberson County
Clerks Office
2-18-15

EXHIBIT "A"

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL AND GAS LEASE DATED FEBRUARY 14, 2015, BETWEEN THE STATE OF TEXAS, ACTING BY AND THROUGH ITS AGENT, LADONNA N. WALTERS, A MARRIED WOMAN DEALING IN HER SOLE AND SEPARATE PROPERTY AND AS OWNER OF THE SOIL, AND ANTELOPE PRODUCTION, LLC, AS LESSEE, AS TO THOSE LANDS DESCRIBED HEREIN LOCATED IN CULBERSON COUNTY, TEXAS.

ADDITIONAL PROVISIONS OF LEASE

Notwithstanding anything to the contrary in the foregoing Oil & Gas Lease, it is agreed and understood as follows, to-wit:

A. If, at the expiration of the primary term, this lease is being maintained in force under any provision of the lease, or within one hundred eighty (180) days prior to the expiration of the primary term, Lessee has commenced a well on the leased premises or Lessee is then engaged in operations on the leased premises or lands pooled therewith, Lessee agrees to begin a continuous drilling program within two hundred fifty (250) days after the end of the primary term or the cessation of such operations, whichever is the later date; and thereafter to carry on the continuous drilling program on the leased premises or lands pooled therewith until all proration units have been drilled, allowing not more than two hundred fifty (250) days to elapse between the completion of one (1) well and the commencement of the succeeding well. Should Lessee fail to begin the continuous drilling program or subsequently default in the performance thereof, then in either event, this lease shall terminate as to all lands covered hereby, save and except for the proration unit surrounding each well then producing, capable of producing or upon which operations are being conducted, limited respectively to those depths from the surface down to the stratigraphic equivalent of the depth one hundred (100') feet below the deepest producing perforation for a vertical well and 300' below the deepest producing perforation for a horizontal well in any such proration unit. As used in this paragraph: i) the term "commission" means the Railroad Commission of the State of Texas or any successor agency, ii) the term "proration unit" means any acreage designated as a drilling unit or production unit in accordance with the rules of the commission (or any other governmental authority having jurisdiction) or any unit formed by pooling as provided in this lease or otherwise, a proration unit will not exceed forty (40) acres for an oil well and three hundred twenty (320) acres for a gas well, unless there are special field rules provided for this particular field which prescribe or permit a greater quantity of acreage, iii) the terms "commenced" and "commencement" mean the date when a well is spudded, and iv) the terms "completed" and "completion" mean the date the initial potential test report is filed with the commission, but no later than ninety (90) days of the drilling rig release date, if a productive well, or the date the plugging report is filed with the commission, if a dry hole. Notwithstanding the partial termination of this lease, Lessee shall continue to have the rights of ingress and egress across all of the leased premises to and from lands that remain subject to this lease or lands pooled therewith, for the purposes described in paragraph one (1) hereof, together with easements and rights of way for roads, pipelines, flowlines and other facilities on or across all of the leased premises for the exploration, development, production, gathering or transportation of oil, gas and other products from the lands still subject to this lease or lands pooled therewith. The sole liability or penalty for the failure of Lessee to drill any well or wells required or permitted by this lease shall be the termination or partial termination of Lessee's rights under the lease as provided above. At the end of the continuous drilling program each proration unit will be treated as a separate lease."

B. Lessee Agrees to pay reasonable sums for all damages caused to growing crops, fences, livestock, personal property, pasture land or other improvements belonging to the Lessor and/or Lessor's tenants, if any, by reason of all operations hereunder. The Lessee agrees to repair all damages to the land which might be caused by operations under this lease, including, but not limited to the reseeded of all abandoned well sites and/or non used roads, pits or tank batteries. Lessee agrees to construct and maintain fences around all pits and installations so as to protect livestock against loss, damage or injury and upon completion or abandonment of any well, Lessee obliges itself to fill and level off all pits and cellars and completely clean up and remove all rubbish from the leased premises. Lessee further agrees for himself, his successors and assigns, that it will maintain all drill sites and other portions of the surface of the above property used or occupied by Lessee, its successors and assigns free and clear of weeds and noxious vegetation and trash, and will maintain the same in a reasonable manner so as to prevent additional damage to the surface owner's lands. It is further agreed that Lessee, its successors and assigns shall not erect any permanent buildings or houses on the premises in questions.

C. It is further understood and agreed that any and all roads established by the Lessee hereunder shall be located as near a practical as agreed upon by and between Lessee and the surface owner.

D. All applications, permits, reports, correspondence, or other filings that reference this lease or any specific well on the leased premises and that are submitted to the Railroad Commission of Texas or any other governmental agency shall include the word "Plummer" in the title. Additionally, in accordance with Railroad Commission rules, any signage on the lease premises for the purposes of identifying wells, tank batteries or other associated improvements to the land must include the words "Plummer" and "State".

E. Lessor agrees to let Lessee drill a well for water for drilling purposes only. Lessee agrees to tender such well to the surface owner thereafter, however, Lessee may use water from the well for drilling purposes only on future wells drilled pursuant to this lease. Lessee will test existing water wells (on surface lands owned by any person signing as Lessor) located within two miles of any proposed well and will continue to test these wells on an annual basis until all of Lessee's operations on the lease premises have ceased.



True and Correct
copy of
Original
Filed in
Culberson County
Clerk's Office
2/15/15

#71459

FILED FOR RECORD

STATE OF TEXAS

COUNTY OF CULBERSON

I hereby certify that this instrument was FILED on the date and at the time stamped hereon by me and was duly RECORDED in the

Volume _____ and Page _____ of the _____ Records of Culberson County, Texas.

AT 1:22 O'CLOCK P. M.

ON THE 18th DAY OF February

A.D., 2015.

Linda McDonald

COUNTY AND DISTRICT CLERK
CULBERSON COUNTY, TEXAS



COUNTY AND DISTRICT
CLERK CULBERSON
COUNTY, TEXAS

BY _____ DEPUTY

3.

File No. MT 117294
lage
Date Filed: 2-18-15
By: George P. Bush, Commissioner

THE STATE OF TEXAS

COUNTY OF CULBERSON I, Linda McDonald, Clerk of the County Court in and for said County and State, do hereby certify that the foregoing is a true and correct copy of Dillard Gas Lease dated February 14 2015 filed for record in my office this 18th day of February 2015, at 1:22 P. M., under Clerk's File No. 71459 to be recorded in the Dillard Gas Records of Culberson County, Texas.

TO CERTIFY WHICH, Witness my hand and seal at Van Horn this 18th day of February 2015

By Vernie D. Brown Deputy LINDA McDONALD, COUNTY CLERK
CULBERSON COUNTY, TEXAS



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

June 1, 2015

Craig Blair
Antelope Production
PO Box 2476
Carlsbad, NM 88221

Re: **State Lease MF 117294**

RAL Lease dated February 15, 2015, recorded in 71459,
Culberson Co, covering 5827 ac., Sec. 10, 12, 16, 19, 23, 27, 29,
33, 42, Blk. 42, PSL Survey, LaDonna Walters, agent for State
of TX, Lessor

Dear Mr. Blair:

The certified copy of the Relinquishment Act lease covering the above referenced tract has been approved and filed in our records under Mineral File numbers **MF-117294**. **Please refer to this lease number when making payments to the State and in all future correspondence concerning the lease. Failure to include the mineral file number may delay processing of any payments towards the lease.**

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

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

Your remittance of **\$43,702.50** has been applied to the State's portion of the cash bonus. In addition, we are in receipt of the processing and filing fees.

Sincerely yours,

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

File No. MF 117294
FINAL LETTER County

Date Filed: 6-1-15
George P. Bush, Commissioner

By JK

Slate Land & Right-of-Way Services

INCLUDING LAND ADMINISTRATIVE ASSISTANCE

P. O. Box 550

Big Spring, Texas 79721-0550

(432) 267-3601

June 30, 2015

UPS: 1Z F70 964 22 1006 6440

Texas General Land Office
Attn: Daryl Morgan
1700 N Congress Ave, Ste 840
Austin, TX 78701-1495

RE: GLO Unit No. 7306 & GLO Unit No. 7436— Four (4) original, partially executed Term Pooling Agreements for the SIS State Unit and the Jess Fee 40 Unit, both located in Culberson County, Texas.

Dear Mr. Morgan:

Please find enclosed the above referenced Term Pooling Agreements for the Commissioner's execution. Please return a fully executed original of each Agreement to us at your earliest convenience.

If you have any questions or concerns, please let me know. Our office number is 432-267-3601.

Sincerely,



Kyle Conley
Petroleum Landman

KC/df
Encl: As Stated Above

(5)

File No. M-117294

Ltr. From State Land County

Date Filed: 6/30/15

George P. Bush, Commissioner

By [Signature]

DO NOT DESTROY



Texas General Land Office
UNIT AGREEMENT MEMO

UPA158629

Unit Number 7306
Operator Name Capitan Energy Incorporated Effective Date 03/17/2015
Customer ID C000045321 Unitized For Oil And Gas
Unit Name SIS State Unit Term 12 months
County 1 Culberson 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 Temporary
State Net Revenue Interest 0.10000000
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	Lease Royalty	Tract Royalty Participation	Royalty Rate Reduction Clause
MF117294	1	80.000000	320.000000	0.25000000	0.10000000	0.02500000	
MF117295	2	160.000000	320.000000	0.50000000	0.10000000	0.05000000	
MF117296	3	80.000000	320.000000	0.25000000	0.10000000	0.02500000	

API Number 109-32823

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:

03/17/2015

03/17/2015

03/26/2015

3/17/2015

Pooling Committee Report

To: School Land Board

UPA158629

Date of Board Meeting: 02/17/2015

Unit Number: 7306

Effective Date: 03/17/2015

Unit Expiration Date:

Applicant: Thunderhead Petroleum II, LP

Attorney Rep:

Operator: CAPITAN ENERGY INCORPORATED

Unit Name: SIS State

Field Name: FORD, WEST (WOLFCAMP)

County: Culberson

<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	MF117294	0.10000000	08/14/2015	6 months	5,827.000000	80.000000	0.02500000
RAL	MF117295	0.10000000	08/14/2015	6 months	5,783.500000	160.000000	0.05000000
RAL	MF117296	0.10000000	08/14/2015	6 months	5,832.500000	80.000000	0.02500000

Private Acres:	0.000000
State Acres:	320.000000
Total Unit Acres:	320.000000

<u>Participation Basis:</u>	Surface Acreage
Surface Acreage	
<u>State Acreage:</u>	100.00%
<u>State Net Revenue Interest:</u>	10.00%

<u>Unit Type:</u>	<u>Unitized for:</u>
Temporary	Oil And Gas
<u>Term:</u>	12 months

<u>RRC Rules:</u>	<u>Spacing Acres:</u>
Yes	1508 acres for a 7,922 foot lateral (FTP to LTP).

Working File Number: UPA158629

REMARKS:

- Capitan Energy, Inc. is requesting 12 month temporary oil and gas pooling to all depths in order to test the Wolfcamp Formation.
- The applicant plans to spud the unit well on March 1, 2015, with a proposed TD of 18,000 feet MD. A 7,922 foot lateral is expected to be drilled.
- With approval of the unit the State's unit royalty participation will be 10.00%.
- The State will participate on a unitized basis from the date of first production.

POOLING COMMITTEE RECOMMENDATION:

The Pooling Committee recommends Board approval of a 12 month temporary oil and gas unit under the above-stated provisions.



Mary Smith - Office of the Attorney General

3/4/2015

Date



Robert Hatter - General Land Office

3/05/15

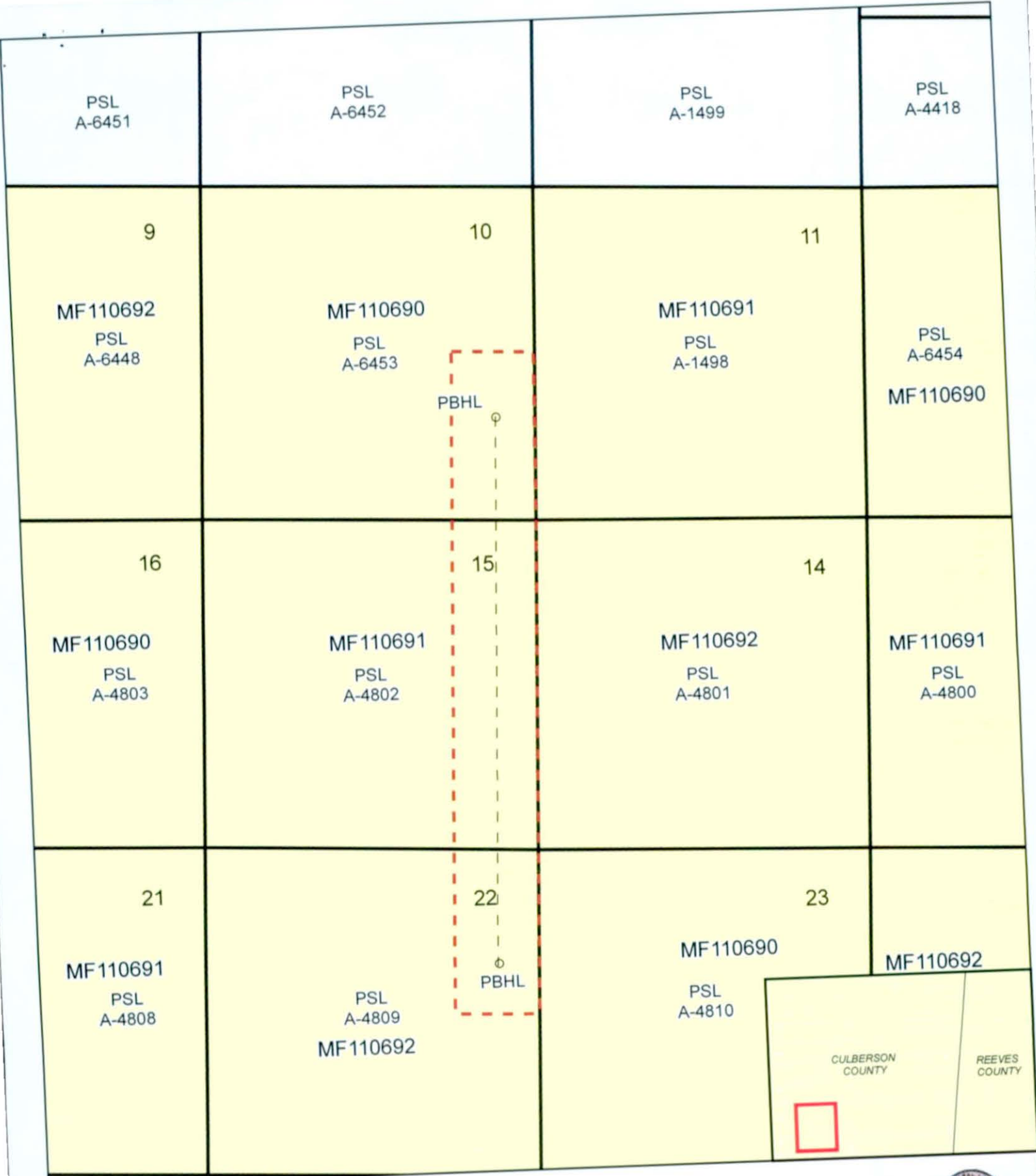
Date



Diane Morris - Office of the Governor

3-4-15

Date



Unit #7306
Capitan Energy, Inc.
SIS State Unit
Ford, West (Wolfcamp) Field
Culberson County, Texas



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



Map Generated by:
Mark Conway
IS/BAS/GIS
February 2015

TERM POOLING AGREEMENT
ANTELOPE PRODUCTION, LLC
SIS STATE UNIT
GLO UNIT NO. 7306
CULBERSON 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 Antelope Production, 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 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 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 all depths underlying the surface boundaries of the pooled unit ("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 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 well surfaced on adjacent or adjoining land or drilling or reworking of any such directional 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, except for the purpose of drilling a well under the continuous drilling program described in Exhibit "A", Paragraph A. of the State Leases. 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, 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 320 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 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.

FULL MARKET VALUE:

7.

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

- (a) As to royalty on oil by (1) the highest posted price, plus premium, if any, offered or paid for oil, condensate, distillate, or other liquid hydrocarbons, respectively, of a like type and gravity for the field where produced and when run, or (2) the highest market price thereof offered or paid for the field where produced and when run, or (3) gross proceeds of the sale thereof, whichever is the greater;
- (b) As to royalty on gas, such value to be based on (1) the highest market price paid or offered for gas of comparable quality for the field where produced and when run, or (2) the gross price paid or offered to the producer, whichever is the greater.

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

EFFECTIVE DATE:

8.

Upon execution by the Commissioner of the General Land Office of the State of Texas this Agreement shall become effective as of March 17, 2015.

TERM:

9.

Unless this agreement expires earlier pursuant to the terms of the respective leases included as a part of this Agreement, or on such other date approved by the School Land Board and mutually agreed to by the undersigned parties, their successors or assigns, this Agreement shall expire on March 17, 2016. 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:

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 Culberson 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 have executed this Agreement upon the respective dates indicated below.

Date Executed

7/3/15

STATE OF TEXAS

Legal
Content
Geology
Executive

[Signature]

By:

[Signature]
George F. Bush, Commissioner
General Land Office

Date Executed

6-23-15

ANTELOPE PRODUCTION, LLC

By:

[Signature]

Its:

[Signature]

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 17th day of March, 2015, 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.

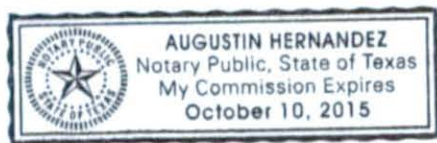
IN TESTIMONY WHEREOF, witness my hand this the 16th day of July, 2015.


Secretary of the School Land Board

STATE OF TEXAS

COUNTY OF Culberson

This instrument was acknowledged before me on June 23, 2015, by Craig L. Blair
as Manager of Antelope Production, LLC, a Texas limited
liability company, on behalf of said company.




Notary Public in and for the State of Texas

EXHIBIT "A"

ATTACHED TO AND MADE A PART OF THAT CERTAIN TERM POOLING AGREEMENT EFFECTIVE MARCH 17, 2015, BETWEEN THE COMMISSIONER OF THE GENERAL LAND OFFICE, ON BEHALF OF THE STATE OF TEXAS, AS "LESSOR", AND ANTELOPE PRODUCTION, LLC, AS "LESSEE".

1) Oil and Gas Lease

Date: July 1, 2015
Lessor: Peggy Kelton, a married woman dealing in her sole and separate property/GLO
Lessee: Antelope Production, LLC
Recorded: Doc#00131, Official Public Records, Culberson County, Texas
Lands: Block 42, Public School Land Survey
Section:
All of Section 9
All of Section 14
All of Section 18
All of Section 20
All of Section 22
All of Section 24
All of Section 28
All of Section 31
All of Section 44

Containing 5,832.50 gross acres, more or less

2) Oil and Gas Lease

Date: July 1, 2015
Lessor: Tommie Ethene Bengé, as an owner of a Life Estate Interest with Carye Lou Angell and Will Young Bengé IV, as Remainderman/GLO
Lessee: Antelope Production, LLC
Recorded: Doc#00130, Official Public Records, Culberson County, Texas
Lands: Block 42, Public School Land Survey
Section:
All of Section 9
All of Section 14
All of Section 18
All of Section 20
All of Section 22
All of Section 24
All of Section 28
All of Section 31
All of Section 44

Containing 5,832.50 gross acres, more or less

3) Oil and Gas Lease

Date: July 1, 2015
Lessor: LaDonna N. Walters, a married woman dealing in her sole and separate property/GLO
Lessee: Antelope Production, LLC
Recorded: Doc#00132, Official Public Records, Culberson County, Texas
Lands: Block 42, Public School Land Survey
Section:
All of Section 10
All of Section 12
All of Section 16
All of Section 19
All of Section 23
All of Section 27
All of Section 29
All of Section 33
All of Section 42

Containing 5,827.00 gross acres, more or less

4) Oil and Gas Lease

Date: July 1, 2015
Lessor: Marsha L. Wolfe, a married woman dealing in her sole and separate property/GLO
Lessee: Antelope Production, LLC
Recorded: Doc#00133, Official Public Records, Culberson County, Texas
Lands: Block 42, Public School Land Survey

Section:

All of Section 11
All of Section 13
All of Section 15
All of Section 17
All of Section 21
All of Section 30
All of Section 34
All of Section 41
All of Section 43

Containing 5,783.50 gross acres, more or less

EXHIBIT "B"

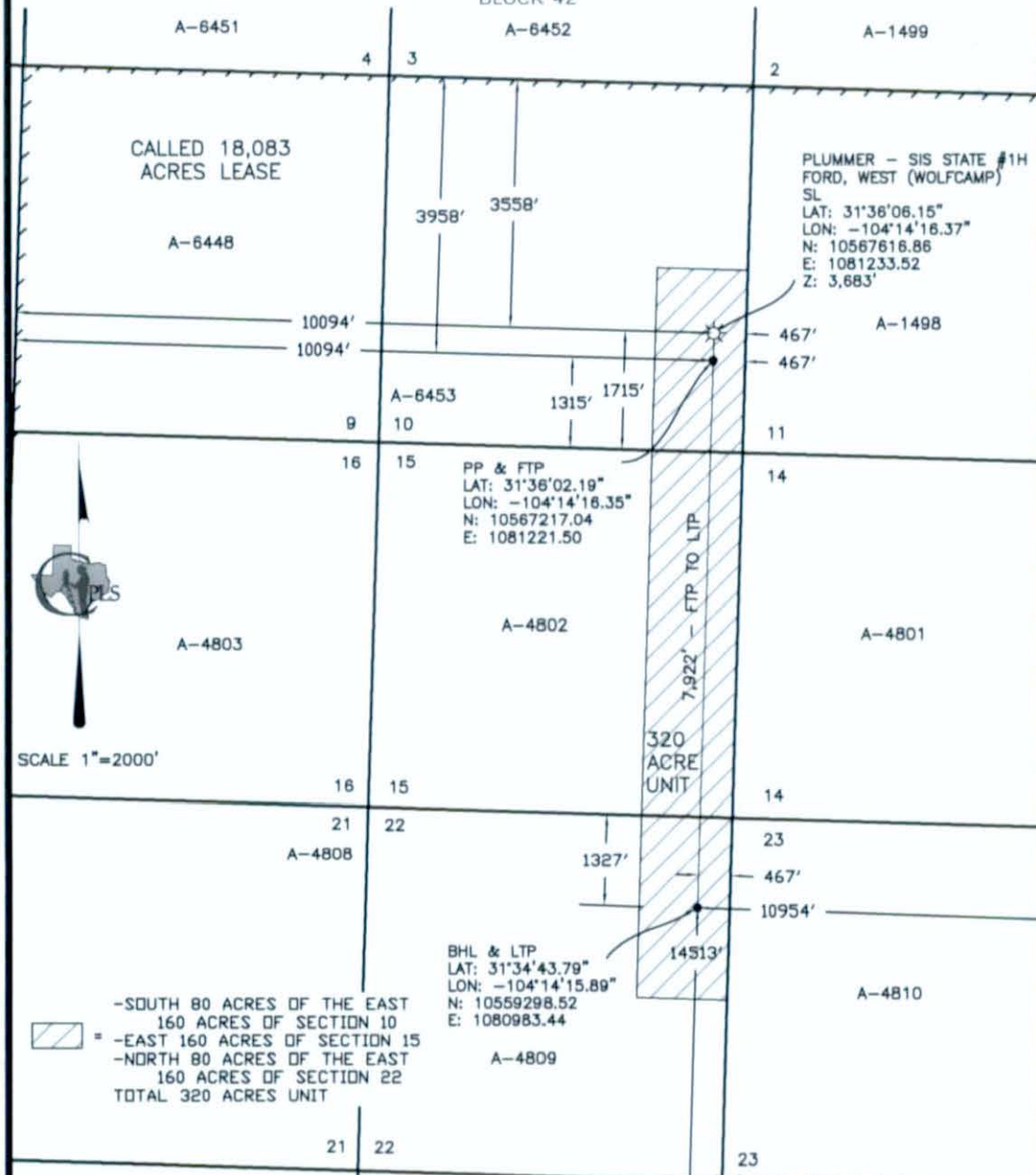
ATTACHED TO AND MADE A PART OF THAT CERTAIN TERM POOLING AGREEMENT EFFECTIVE MARCH 17, 2015, BETWEEN THE COMMISSIONER OF THE GENERAL LAND OFFICE, ON BEHALF OF THE STATE OF TEXAS, AS "LESSOR", AND ANTELOPE PRODUCTION, LLC, AS "LESSEE".

320 acre pooled unit consisting of the lands described below:

East One-Half of the Southeast Quarter (E/2 SE/4) of Section 10, A-6453; the East One-Quarter (E/4) of Section 15, A-4802; and the East One-Half of the Northeast Quarter (E/2 NE/4) of Section 22; all tracts located in Block 42, Public School Land Survey, Culberson County, Texas.

CULBERSON COUNTY, TEXAS

PUBLIC SCHOOL LAND SURVEY
BLOCK 42



UNIT PLAT
STATE OF TEXAS
COUNTY OF CULBERSON

APPROX. 37 MILES NORTH OF KENT, TEXAS

I hereby certify that the above and foregoing plat represents
an on the ground survey conducted in December of 2014 and is true and correct to
the best of my knowledge

Original signed and stamped in ink
DATE OF SIGNATURE: June 23, 2015

Anthony R. Crowley
ANTHONY R. CROWLEY R.P.L.S. NO. 6484

FOR CROWLEY PIPELINE & LAND SURVEYING, L.L.C.
FRN 100465-00
117 W. ARCHER
JACKSBORO TEXAS 76458
(940) 567-2234 OFFICE
(940) 567-2155 FAX



LEGEND

—— = SECTION LINE
- - - - = LEASE LINE

0' 2000' 4000' 6000'

NOTES

- COORDINATES AND DISTANCES LISTED ARE BASED ON U. S. STATE PLANE NAD 1983 COORDINATES, TEXAS CENTRAL ZONE - 4203
- ELEVATIONS BASED ON GPS STATIC READING, PROCESSED BY OPUS.
- BASED ON INFORMATION PROVIDED BY THE CLIENT
- NOT TO BE CONSIDERED A BOUNDARY SURVEY

DRAWN BY: ARC
DATE: December 22, 2014
DWG. NO.: PLUMMER - SIS STATE 1H-unit.dwg
BOOK NO.: FS
TRACT NO.:
PROJECT AFE:
REVISION

CAPITAN
ENERGY
INCORPORATED

PROJECT: PLUMMER - SIS STATE #1H
PLAT SHOWING THE PLUMMER - SIS
STATE #1H IN SECTIONS 10, 15 &
22 OF BLOCK 42 OF THE PUBLIC
SCHOOL LAND SURVEYS, ABSTRACTS
6453, 4802 & 4809, LOCATED IN
CULBERSON COUNTY, TEXAS.

PAGE #:
1
OF
2

6

File No. M-117294
Pooling Agreement Packet # 7306
SDS State Unit
Date Filed: 7/7/15
By: George P. Bush, Commissioner

2015

Release's

0
9
4
A

126

H

AUGUSTINE OR TONI HERNANDEZ
HIS [REDACTED] HERS [REDACTED]
432-213-1775
1606 SUNSET
BIG SPRING, TX 79720

15713999

5905

6-30-15

Date

TRADEMARK

Pay to the
Order of Commissioner of General Land Office

\$ 100.00

One Hundred & No/100

Dollars

Security
Features
Details on
Back



WESTERN BANK 407 SOUTH SCURRY
BIG SPRINGS, TEXAS 79720
432-466-0000

for MF# 117294-117297

[Signature]

5905

Slate Land & Right-of-Way Services

INCLUDING LAND ADMINISTRATIVE ASSISTANCE

P. O. Box 550

Big Spring, Texas 79721-0550

(432) 267-3601

June 30, 2015

Texas General Land Office
Attn: Drew Reid
1700 N. Congress Ave., Suite 840
Austin, TX 78701-1495

Sent via UPS:
1Z F70 964 22 1006 6431

RE: MF#'s-117294, 117295, 117296 and 117297 Release of Oil and Gas Leases covering various tracts of land in Culberson County, Texas.

Dear Mr. Reid:

Please find enclosed the above referenced instrument to be filed with the Texas General Land Office. The instrument covers the following leases in Culberson County:

- (1) Oil and Gas Lease dated February 14, 2015, from the State of Texas, acting by and through its agent, Tommie Ethene Benge, Lessor, to Antelope Production, LLC, Lessee, recorded under Clerk's File No. 71457, Oil and Gas Records of Culberson County, Texas, covering all of Sections 9, 14, 18, 20, 22, 24, 28, 31, and 44, Block 42, Public School Land Survey, Culberson County, Texas
- (2) Oil and Gas Lease dated February 14, 2015, from the State of Texas, acting by and through its agent, Peggy Kelton, Lessor, to Antelope Production, LLC, Lessee, recorded under Clerk's File No. 71458, Oil and Gas Records of Culberson County, Texas, covering all of Sections 9, 14, 18, 20, 22, 24, 28, 31, and 44, Block 42, Public School Land Survey, Culberson County, Texas
- (3) Oil and Gas Lease dated February 14, 2015, from the State of Texas, acting by and through its agent, LaDonna N. Walters, Lessor, to Antelope Production, LLC, Lessee, recorded under Clerk's File No. 71459, Oil and Gas Records of Culberson County, Texas, covering all of Sections 10, 12, 16, 19, 23, 27, 29, 33, and 42, Block 42, Public School Land Survey, Culberson County, Texas
- (4) Oil and Gas Lease dated February 14, 2015, from the State of Texas, acting by and through its agent, Marsha L. Wolfe, Lessor, to Antelope Production, LLC, Lessee, recorded under Clerk's File No. 71460, Oil and Gas Records of Culberson County, Texas, covering all of Sections 11, 13, 15, 17, 21, 30, 34, 41, and 43, Block 42, Public School Land Survey, Culberson County, Texas
- (5) Oil and Gas Lease dated February 14, 2015, from the State of Texas, acting by and through its agent, Tommie Ethene Benge, Lessor, to Antelope Production, LLC, Lessee, recorded under Clerk's File No. 71461, Oil and Gas Records of Culberson County, Texas, covering all of Section 32, Block 42, Public School Land Survey, Culberson County, Texas
- (6) Oil and Gas Lease dated February 14, 2015, from the State of Texas, acting by and through its agent, Peggy Kelton, Lessor, to Antelope Production, LLC, Lessee, recorded under Clerk's File No. 71462, Oil and Gas Records of Culberson County, Texas, covering all of Section 32, Block 42, Public School Land Survey, Culberson County, Texas
- (7) Oil and Gas Lease dated February 14, 2015, from the State of Texas, acting by and through its agent, LaDonna N. Walters, Lessor, to Antelope Production, LLC, Lessee, recorded under Clerk's File No. 71463, Oil and Gas Records of Culberson County, Texas, covering all of Section 32, Block 42, Public School Land Survey, Culberson County, Texas

- (8) Oil and Gas Lease dated February 14, 2015, from the State of Texas, acting by and through its agent, Marsha L. Wolfe, Lessor, to Antelope Production, LLC, Lessee, recorded under Clerk's File No. 71464, Oil and Gas Records of Culberson County, Texas, covering all of Section 32, Block 42, Public School Land Survey, Culberson County, Texas

Also enclosed, please find check #5905 in the amount of \$100.00 for the fees associated with filing this instrument with the General Land Office.

Any questions concerning this matter, please call me at (432) 267-3601.

Sincerely,



Augustine Hernandez
Petroleum Landman

AH/ah

Encl: As Stated Above

6'14.

File No. MF-117294

County

Fee + Letter

Date Filed: 7/1/15

George P. Bush, Commissioner

By _____

6. 7. 72

RELEASE OF OIL AND GAS LEASE**State:** Texas**County:** Culberson**Lessee:** Antelope Production, LLC
P.O. Box 2308
Carlsbad, NM 88221**Effective Date:** June 30, 2015

On February 14, 2015 LaDonna N. Walters, individually and as agent for the State of Texas, as Lessor, as the owner of the soil, executed and delivered to Antelope Production, LLC, as Lessee, an Oil and Gas Lease (the "Lease"), recorded in Volume 115, page 314 of the Oil and Gas Records of the county and state named above, covering the following lands (the "Lands") in that county:

Block 42, Public School Land Survey
 Section 10: All
 Section 12: All
 Section 16: All
 Section 19: All
 Section 23: All
 Section 27: All
 Section 29: All
 Section 33: All
 Section 42: All
 Containing 5827.0 acres, more or less

Lessee, named above, the current owner of the Lease, cancels, relinquishes, releases, and surrenders to the present owner of the surface estate and mineral estate in the Lands, the Lease, all of Lessee's rights, title, and interests in the Lease and the Lands.

This Release is signed by Lessee as of the date of the acknowledgment below, but is effective for all purposes as of the Effective Date stated above.

Lessee**Antelope Production, LLC**By: Craig L. Blair

Typed name: Craig L. Blair

Title: Manager



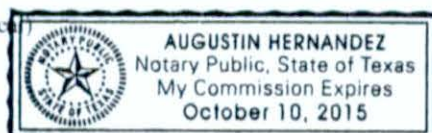
True and Correct
 copy of
 Original filed in
 Culberson County
 Clerks Office

Acknowledgment

STATE OF TEXAS §
 §
 COUNTY OF CULBERSON §

This instrument was acknowledged before me on this 23rd day of June 2015, by Craig L. Blair, as Manager of Antelope Production, LLC, on behalf of said corporation.

(Notary Seal)



Augustin Hernandez
 Notary Public, State of Texas

00000000124

STATE OF TEXAS
COUNTY OF CULBERSON

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



COUNTY AND DISTRICT
CLERK CULBERSON
COUNTY, TEXAS

FILED FOR RECORD
AT 3:26 O'CLOCK P. M.

ON THE 25th DAY OF June

2015.

Linda McDonald
COUNTY AND DISTRICT CLERK
CULBERSON COUNTY, TEXAS

BY _____
DEPUTY

THE STATE OF TEXAS

COUNTY OF CULBERSON I, Linda McDonald, Clerk of the County Court in and
for said County and State, do hereby certify that the foregoing is a true and
correct copy of Reliance of Culberson County dated June 23
2015 filed for record in my office this 25th day of June
2015, at 3:26 P..M., under Clerk's File No. 00124 to be
recorded in the OPR Records of Culberson County,
Texas.

TO CERTIFY WHICH, Witness my hand and seal at Van Horn this 25th
day of June 2015

By Vernice D. Baez Deputy LINDA McDONALD, COUNTY CLERK
CULBERSON COUNTY, TEXAS

6'12

File No. MF- 17294

County

Release

Date Filed: 7/1/15

George P. Bush, Commissioner

By

2. 7. 20



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

July 7, 2015

Mr. Kyle Conley
Slate Land & Right-of-Way Services
P. O. Box 550
Big Spring, Texas 79721-0550

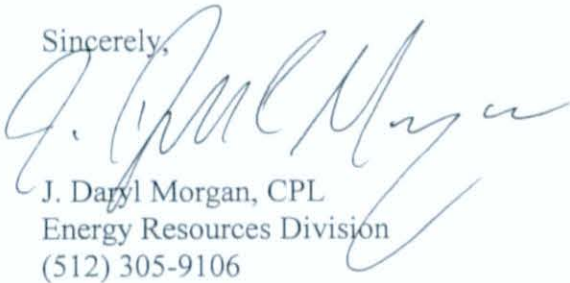
Re: Pooling Agreements
SIS State Temporary Unit - GLO Unit No. 7306
Jess Fee 40 Unit - GLO Unit No. 7436
Culberson County, Texas

Dear Mr. Conley:

Enclosed is a duplicate original of each of the above referenced Pooling Agreements that has been executed by George P. Bush, Commissioner of the Texas General Land Office ("GLO"). We have retained the other original of each Agreement for our files. Please refer to the referenced GLO Unit Nos. for each Unit when filing Royalty Reports with the GLO.

Thank you for your assistance with this matter, if you have any questions or need anything further, please do not hesitate to contact me.

Sincerely,


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

Enclosures

(7)

File No. M-117294

Ltr. to State Land County

Date Filed: 7/7/15

George P. Bush, Commissioner

By [Signature]

Slate Land & Right-of-Way Services

INCLUDING LAND ADMINISTRATIVE ASSISTANCE

P. O. Box 550

Big Spring, Texas 79721-0550

(432) 267-3601

March 24, 2015

Certified Mail:

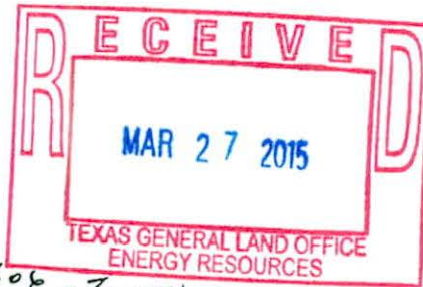
91 7199 9991 7034 3877 5587

Texas General Land Office

Attn: Drew Reid

P.O. Box 12873

Austin, TX 78711-2873



RE: MF#'s-117294, 117295, 117296 and 117297 Certified Copy of Assignment of Overriding Royalty Interest covering various tracts of land in Culberson County, Texas.

Dear Mr. Reid:

Released

Released

Please find enclosed the above referenced instrument to be filed with the Texas General Land Office. The instrument covers the following leases in Culberson County:

- (1) Oil and Gas Lease dated February 14, 2015, from the State of Texas, acting by and through its agent, Tommie Ethene Benge, Lessor, to Antelope Production, LLC, Lessee, recorded under Clerk's File No. 71457, Oil and Gas Records of Culberson County, Texas, covering all of Sections 9, 14, 18, 20, 22, 24, 28, 31, and 44, Block 42, Public School Land Survey, Culberson County, Texas
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Also enclosed, please find check #5754 in the amount of \$100.00 for the fees associated with filing this instrument with the General Land Office.

Any questions concerning this matter, please call me at (432) 267-3601.

Sincerely,



Kyle Conley
Petroleum Landman

KC/df

Encl: As Stated Above



5754

129

H

AUGUSTINE OR TONI HERNANDEZ

15709929

5754

432-213-1775
1606 SUNSET
BIG SPRING, TX 79720

88-2373/1113
05

3-23-15

Date

FRALDARMOR

Pay to the Order of Texas General Land Office

\$ 100.00

One hundred & 00/100

Dollars



Security Features Details on Back



WESTERN BANK

607 SOUTH SCURRY
BIG SPRINGS, TEXAS 79720
432-466-0000

For Sec 9 BIK 42 40RRT

[Signature]

MP

5754

Mod Room

PTED 5. 2022

3.27

Recessed in CR

on 3-31-2015



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.

ASSIGNMENT OF OVERRIDING ROYALTY INTEREST

Antelope Production, LLC ("Assignor"), whose address is P.O. Box 2308, Carlsbad, New Mexico, 88221, is the owner of the Oil and Gas Leases (the "Leases") described on Exhibit "A" attached hereto, covering certain lands in Culberson County, Texas, which lands are more fully described on Exhibit "A" (the "Lands").

Assignor desires to assign an overriding royalty interest in the Leases to: Douglas Ray Scott, whose address is 5204 Brazos Avenue, Midland, Texas 79707; Clay Johnson, whose address is 1603 N. Big Spring, Midland, Texas 79701; Daniel Patrick Huber, Sr., whose address is 2501 Carnation Ave, Fort Worth, Texas 76111; and Mark Slate, whose address is P.O. Box 550, Big Spring, Texas 79721 (collectively referred to as "Assignees"), in the proportions indicated below.

For adequate consideration, Assignor does hereby assign, transfer and convey to Assignees, in the proportions indicated below, an overriding royalty interest in the Leases equal to 2% of 8/8 (the "ORRI"). The ORRI is to be owned as follows:

Doug Scott-----	0.5% of 8/8ths
Clay Johnson-----	0.5% of 8/8ths
Daniel Patrick Huber, Sr.-----	0.5% of 8/8ths
<u>Mark Slate-----</u>	<u>0.5% of 8/8ths</u>
TOTAL-----	2.0% of 8/8ths

If the Leases cover less than the entire undivided mineral estate in the Lands, then the ORRI shall be proportionately reduced proportionately. If the interest of Assignor in the Leases is less than the full leasehold interest created by the Leases, then the ORRI shall be proportionately reduced.

It is understood that Assignor shall have the right to form pooled units and thereby pool or unitize the ORRI, without any further consent of Assignees.

The ORRI shall extend to any and all renewals or extensions of the Leases and to new oil and gas leases covering all or any portion of the Lands taken by Assignor, Assignor's successors and assigns, within 1 year after the expiration or termination of the Leases.

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

This Assignment is executed without warranty.



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

mpu
3-18-15

DATED this 18TH day of March, 2015, but EFFECTIVE for all purposes as of March 16, 2015.

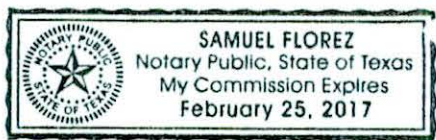
Antelope Production, LLC ("Assignor")

By: Craig R Blair
Craig Blair, Manager

Acknowledgment

STATE OF TEXAS §
 §
COUNTY OF CULBERSON §

This instrument was acknowledged before me on this 18TH day of March, 2015, by Craig Blair, as Manager of Antelope Production, LLC, on behalf of said corporation.



Samuel Florez
Notary Public, State of Texas

(Notary Seal)



True and Correct
copy of
Original filed in
Culberson County
Clerks Office
mdu
3-18-15

EXHIBIT A

To Assignment of Overriding Royalty Interest dated effective March 16, 2015, from Antelope Production, LLC, Assignor, to Doug Scott, Clay Johnson, Daniel Patrick Huber, Sr., and Mark Slate, Assignees.

- (1) Oil and Gas Lease dated February 14, 2015, from the State of Texas, acting by and through its agent, Tommie Ethene Benge, Lessor, to Antelope Production, LLC, Lessee, recorded under Clerk's File No. 71457, Oil and Gas Records of Culberson County, Texas, covering all of Sections 9, 14, 18, 20, 22, 24, 28, 31, and 44, Block 42, Public School Land Survey, Culberson County, Texas
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True and Correct
copy of
Original filed in
Culberson County
Clerks Office

mu
3-18-15

8

MF 117294

File No.

Assign of ORI

Antelope to Doug Scott

3-27-15

Date Filed:

George P. Bush, Commissioner

By

2015

THE STATE OF TEXAS

COUNTY OF CULBERSON I, Linda McDonald, Clerk of the County Court in and

for said County and State, do hereby certify that the foregoing is a true and correct copy of Assign of Overriding Policy dated March 18

2015 filed for record in my office this 18th day of March 2015 at 2:39 P.M., under Clerk's File No. 71597 to be

recorded in the Oil & Gas Records of Culberson County, Texas.

TO CERTIFY WHICH, Witness my hand and seal at Van Horn this 18th day of March 2015.

By Linda C. Cuervo Deputy LINDA McDONALD, COUNTY CLERK CULBERSON COUNTY, TEXAS