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MF067525

TERMINATION
DATE 9/1/17
LEASING TM 4/11/18
MAPS ~~MC~~
GIS MC

Leasing: ~~MC~~
Maps: ~~MC~~
GIS: MC
Scanlab: _____

Lease Type
Upland Fee

Control
15-016565

Basefile
155292

County
REEVES

Survey

Public School Land

Block

45

Block Name

Township

Section/Tract

22

Land Part

Acres

Net: 640.000000 Gross: 640.000000

Depth Below

Depth Above

Depth Other

0

Specified
Depths

Name

THE STATE OF TEXAS

Lease Date

10/3/1972

Primary Term

5 years

Bonus

\$65,281.23

Lease Royalty

0.16666700

Paid Up

NA

CHEVRON OIL CO

-M-
F
0
6
7
5
2
5

4/195

370 ac. Unit

370 ac. Non-Unit

STATE LEASE

67525

COUNTY: Reeves
TRACT : Sect. 22, Blk. 45, PSL
PART : All
ACRES : 640

LESSEE : Chalfant Magee & Hansen, Inc.
DATE : 10-3-72
TERM : 5 Years
BONUS : \$ 65,281.23
RENTAL: \$ 5.00
FILE : 118027

#3,200.00

52

Shut in 10-3-77 / 10-3-78

Audit 7/8
Legal _____
Engineering _____
Geology SP
Execution jr.

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8. SHUT-IN PAYMENT APPLIED 10/3/77-10/3/78 RWB		41. Ltr. to Chevron 3-13-80 gr
9. APPLICATION TO DRILL WELL # 1-22 9-29-77 MHD		42. See Letter Dated 3-31-80 in M 401546
10. COMP. REPORT WELL # 1-22 10-6-77 "		43. Ltr. to Chevron 8-12-80 gr
11. Ltr. to Chevron oil Co. 10-28-77 AT		44. Ltr. to Chevron 12-10-80 gr
12. Ltr. to Chevron U.S.A. 11-16-77 AT		45. Ltr. fr. Chevron 9-10-80 gr
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15. Ltr to Chevron U.S.A. Inc. 3-15-78		48. Ltr. to Chevron 2-10-81 gr
16. Ltr fr Chevron U.S.A. Inc. 3-20-78 gs		49. Ltr. to Chevron 3-12-81 gr
17. Ltr to Chevron U.S.A. Inc. 4-3-78		50. Ltr. fr. Chevron 3-10-81 gr
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19. Ltr. to. CHEVRON U.S.A. 5-12-78 AT		53. See Letter Dated 9-26-87 in M 36080A (34)
20. Ltr. fr. Chevron U.S.A. 6-1-78 AT		54. 2-13-87 36080A (35)
20A " " " " " 6-21-78 AT		
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22. Ltr fr. Chevron USA 7-25-78		55. V Assignment in M 67525
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24. Royalty Memo 8-1-78		57. V Assignment in M 67525
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26. Ltr. to Chevron U.S.A. 8-4-78 AT		59. Letter Dated 6/5/92 in M 67525
27. Ltr. to Chevron 9-18-78 gr		60. Letter Dated 6/5/92 in M 67525
28. Ltr. to CHEVRON U.S.A. 9-19-78 AT		61. Ltr. from Lobo Res. 1-22-94
29. Ltr to Chevron U.S.A. Inc. 10-18-78		62. Assignment 1-22-94
30. COMP. REPORT WELL # 1-22 OCT 24 1978 RWB		63. V Assignment 1-22-94 (not for record)
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73. 972001-58	7-13-01 MC		
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75. Division Order	7/19/04		
76. Partial Release	11-10-06		
77. Copy of partial release letter to G-10	11/23/06		
78. Memo to G-10 re: lands & depths covered	1-28-11		
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80. Memo - lands & depths covered (updated)	12-6-11		
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82. L Price Hr to Ganem	07/16/2012		
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90. Ganem Ltr to 3-7-12 with			
91. Rush sheets	1-8-2020		

MINERAL LEASE APPLICATION
(Oil and Gas Lease)

To The Commissioner of the General Land Office
and The School Land Board
Austin, Texas

By virtue of Article 5421c, Vernon's Civil Statutes, and other applicable laws, providing for the leasing of river beds and channels, unsold surveyed school lands, and areas within tidewater limits including islands, lakes, salt water lakes, bays, inlets, marshes, reefs, the bed of the sea, and that portion of the Gulf of Mexico within the jurisdiction of the State of Texas, I herewith tender my application for the following area:

Mgl. No.	Survey	Tract	Blk	Tsp	Original Grantee	Acres	Designated Area	County
28	22		45		P.S.L.	640		Reeves

(Only one tract may be included in this application, and it must be described the same as in the advertised list.)

I accept and agree to the terms and requirements of said statutes, and I agree to pay to the State of Texas at the General Land Office, Austin, Texas, $\frac{1}{6}$ (one-sixth) of the gross production of oil and/or gas, or the value of same that may be produced thereon.

And beginning with the second year of the lease, I agree to pay delay rental in the sum of Five Dollars (\$5.00) per acre, which shall operate as a rental and cover the privilege of deferring the commencement of a well for twelve (12) months from said date. In like manner and upon like payments or tenders the commencement of a well may be further deferred for like periods of the same number of months successively during the primary term of my lease.

If production in commercial quantities should be secured within the five year primary term, or any extension thereof, my lease shall continue as long thereafter as oil or gas is produced therefrom in commercial quantities.

IN ADDITION TO THE ABOVE, I HEREBY BID AND ENCLOSE HEREWITH AS
A CASH BONUS THE SUM OF Sixty Five Thousand Two Hundred Eighty One and 23/100
(\$65,281.23) DOLLARS.

There is also attached remittance in the amount of Six Hundred Fifty Two and 82/100 (652.82) Dollars, being 1% of the cash bonus offered as a special sale fee as provided in Article 5382d-1, Vernon's Civil Statutes.

RECEIVED IN THE GENERAL
LAND OFFICE ON OR BEFORE
10 A.M. 10-3-72

Sept. 29, 1972
(Date)

CHEVRON OIL COMPANY

By JH Bowden
(Applicant)

P.O. Box 599
(Address)
Denver, Colorado 80201
(Post Office)

CERTIFICATE

I, H. E. White, Secretary of the School Land Board, do hereby certify that at a regular meeting of said Board held in the General Land Office, Austin, Texas, on the 3 day of OCT, A. D., 19 72, the above application No. _____ was accepted, all of which is shown in Vol. _____, Page _____, of the Minutes of said Board.

Given under my hand this the 3 day of OCT, A. D., 19 72, at Austin, Texas.

H. E. White
Secretary of the School Land Board

61741

APPLICATION NO. _____

OCT 3 1972

BID

①

The State of Texas General Land Office



Austin, Texas

OIL AND GAS LEASE

No. 67525

WHEREAS, Pursuant to Chapter 271, Acts of the 42nd Legislature, 1931, as amended by House Bill No. 9, Acts of the 46th Legislature, 1939, Chapter 82, Acts of the 50th Legislature, 1947, and subject to all rules and regulations promulgated by the Commissioner of the General Land Office, pursuant to Article 5366 V.C.S. and other applicable statutes and amendments thereto, governing drilling and producing operations, and other applicable laws, the following area, to-wit:

All of Section 22, Blk. 45, PSL Survey, Reeves County, containing 640 acres, as shown on the official map of Reeves County now on file in the General Land Office,

was, after being duly advertised, offered for lease on the 3 day of October, 1972, at 10:00 o'clock A.M., by the Commissioner of the General Land Office of the State of Texas and the School Land Board of the State of Texas, for the sole and only purpose of prospecting and drilling for, and producing oil and/or gas that may be found and produced from the above described area.

WHEREAS, After all bids and remittances which were received up to said time have been duly considered by the Commissioner of the General Land Office and the School Land Board at a regular meeting thereof in the General Land Office, on the 3 day of October, 1972, and it was found and determined that _____

CHEVRON OIL COMPANY

whose address is P. O. Box 599, Denver, Colorado 80201
had offered the highest and best bid for a lease of the area above described and is, therefore, entitled to receive a lease thereon.

NOW, THEREFORE, I, BOB ARMSTRONG, Commissioner of the General Land Office of the State of Texas, by virtue of the authority vested in me and in consideration of the payment by the hereinafter designated Lessee, the sum of _____

Sixty-Five Thousand Two Hundred Eighty-One and 23/100----- dollars
(\$ **65,281.23**) receipt of which is hereby acknowledged and of the royalties, covenants, stipulations and conditions contained

and hereby agreed to be paid, observed and performed by Lessee, do hereby demise, grant, lease and let unto _____

Chevron Oil Company

the exclusive right to prospect for, produce, and take oil and/or gas from the aforesaid area for a period of FIVE (5) YEARS and as long thereafter as oil and/or gas is produced therefrom in commercial quantities, upon the following terms and conditions, to-wit:

1. Subject to the other provisions hereof, this lease shall be for a primary term of FIVE (5) YEARS and as long thereafter as oil or gas is produced in paying quantities.

2. If no well be commenced on the land hereby leased on or before the 3 day of October, 1973, this lease shall terminate as to both parties unless the Lessee on or before said date shall pay or tender to the Commissioner of the General Land Office of the State of Texas at Austin, Texas, the sum of _____

Five and No/100----- dollars
(\$ **5.00**), per acre, which shall operate as a rental and cover the privilege of deferring the commencement of a well for twelve (12) months from said date. In like manner and upon like payments or tenders the commencement of a well may be further deferred for like periods of the same number of months successively during the primary term hereof.

3. When production of oil and/or gas is secured, the Lessee agrees to pay or cause to be paid to the Commissioner of the General Land Office at Austin, Texas, for the use and benefit of the State of Texas, during the term hereof:

(A) As a royalty on oil, which is defined as including all hydrocarbons produced in a liquid form at the mouth of the well and also all condensate, distillate, and other liquid hydrocarbons recovered from oil or gas run through a separator or other equip-

ment, as hereinafter provided, one-sixth (1/6) of the value of the gross production. Said value shall be based on 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, or the prevailing market price thereof in the general area, or the proceeds of the sale thereof, whichever is the greatest. Lessee agrees that before any gas produced from the land hereby leased is sold, used or processed in a plant, it will be run through an adequate oil and gas separator on the lease of conventional type or other equipment at least as efficient to the end that all liquid hydrocarbons recoverable from the gas by such means will be recovered. Upon written consent of Lessor, the requirement that such gas be run through such a separator or other equipment may be waived upon such terms and conditions as prescribed by Lessor.

(B) As royalty on any gas, which is defined as all hydrocarbons and gaseous substances not defined as oil in subparagraph (A) above, produced from any well and sold by Lessee, or used by Lessee for purposes which are not exempted from royalty payments (except as provided herein with respect to gas processed in a plant on a percentage basis for the extraction of gasoline,

liquid hydrocarbons or other products) one-sixth (1/6) of the value of the gross production, but in no event shall the royalty be based on a price of less than the highest market price paid or offered for gas in the general area, or the price paid or offered to the producer, whichever is the greater; provided that the maximum base pressure in measuring the gas under this lease contract shall not at any time exceed 14.65 pounds per square inch absolute, and the standard base temperature shall be sixty (60) degrees Fahrenheit, correction to be made for pressure according to Boyle's Law, and for specific gravity according to test made by the Balance Method.

(C) As royalty on any gas processed for the recovery of gasoline or other liquid hydrocarbons, one-sixth (1/6)

of the value of the gas processed. Lessee agrees that the value of such processed gas shall be the value of the liquid hydrocarbons recovered therefrom, plus one hundred per cent (100%) of the value of this lease's proportionate share (being that portion returnable to this lease) of the residue sold from the plant. The State's royalty shall be paid on the basis of the average selling price of residue gas and the respective grades of liquid hydrocarbons, F.O.B. at the plant in which said gas is used for the same month in which the gas was delivered, provided that the price shall not be less than the average of prices quoted in one or more of the leading periodicals of the industry for similar grades of liquid hydrocarbons and residue gas in the territory, or the price accruing to the Lessee, whichever is the greater. The value of all liquid hydrocarbons shall be determined as follows:

(1) On the basis of 50% of the value of the liquid hydrocarbon content of the gas as determined at the wellhead by the split-stream method of testing or the most approved method of testing being used by the industry at the time of testing, or

(2) That per cent of the value of liquid hydrocarbon content of the gas which accrues to the Lessee, or

(3) 50% of the value of liquid hydrocarbons actually recovered, or

(4) That per cent of the value of the liquid hydrocarbons actually recovered which accrues to the Lessee; whichever is the greatest.

(D) As a royalty on carbon black, sulphur or any other products produced or manufactured from gas (excepting liquid hydrocarbons) whether said gas be "casinghead," "dry" or any other gas, by fractionating, burning or any other processing, the value of

one-sixth (1/6) of the production used or disposed of by sale or otherwise by Lessee, the value to be determined as follows:

(1) On the basis of the average sale price of the product, F.O.B. at the plant for the same month in which the production is secured, or

(2) On the basis of the average price received by the seller for any of the by-products at the point of delivery, or

(3) On the basis of the average of prices quoted in one or more of the leading periodicals of the industry for similar grades of said products in the territory; whichever is the greatest.

(E) No royalty shall be payable on gas used by Lessee for operations on the leased premises. No royalty shall be payable on any gas as may represent Lessee's proportionate share of any fuel used in compressing such gas or as fuel in any processing plant or other facility. Subject to the consent in writing of the Commissioner of the General Land Office, Lessee may inject gas into any oil or gas producing formation underlying the leased premises after the liquid hydrocarbons contained in the gas have been removed, and no royalties shall be payable on the gas so injected until such time as the same may thereafter be produced and sold or used by Lessee in such manner as to entitle Lessor to a royalty thereon under the royalty provisions of this lease.

(F) Lessee agrees to use reasonable diligence to prevent the underground or above ground waste of oil or gas, and to avoid the physical waste of gas produced from the leased premises, Lessee shall either market said gas or use same beneficially in operations on the leased premises. Commencing ninety (90) days from the date of initial production hereunder, if waste of gas occurs

by blowing, flaring, release, venting, escape or otherwise, Lessee shall pay Lessor a royalty of one-sixth (1/6)

of the market value thereof, or in the event that there may not be a market for such gas, the royalty shall be based on the market value of gas of comparable quality in the closest vicinity where there is a market for such gas, but in no event shall such value be less than ten cents (10c) per M.C.F.

4. All royalties shall be paid to the Commissioner of the General Land Office at Austin, Texas, during the life of this lease, on or before the 30th day of each succeeding month, for the month in which the oil and/or gas was produced, and shall be accompanied by a sworn statement of the owner, manager, or other authorized agent, showing the gross amount of oil produced since the last report, and the amount of all dry gas, residue gas, casinghead gas, and other products produced therefrom, sold or used for the manufacture of gasoline, and the market value of the oil, dry gas, residue gas, casinghead gas, and other products produced therefrom, together with a copy of all daily gauges of tanks, meter readings, pipeline receipts, gas line receipts and other checks and memoranda of the amounts produced and put into pipelines, tanks or pools and gas lines or gas storage. In all cases the authority of a manager or agent to act for the Lessee herein must be filed in the General Land Office.

5. The books and accounts, receipts and discharges of all wells, tanks, pools, meters, pipelines and all contracts and other records pertaining to the production, transportation, sale and marketing of the oil and gas produced on said premises 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. The State shall have a first lien upon all oil and/or gas produced from the area covered by this lease to secure the payment of all unpaid royalty and other sums of money that may become due under this lease.

6. 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 therefrom.

7. If oil and/or gas should be produced in commercial quantities in a well on land privately owned or on State land leased at a lesser royalty, which well is within one thousand (1,000) feet of the area included herein, the Lessee shall, within sixty (60) days after such initial production on such land, begin in good faith and prosecute diligently the drilling of an offset well on this area, and such offset well shall be drilled to such depth as may be necessary to prevent the undue drainage of this area, and the Lessee, manager or driller shall use all means necessary in a good faith effort to make such offset well produce oil and/or gas in commercial quantities.

8. Should the first well or subsequent successive wells drilled on the above described land be a dry hole or dry holes, this lease shall terminate as to both parties, unless, on or before the rental paying date next ensuing after sixty (60) days from the date of completion of such dry hole the Lessee commences the drilling of another well or resumes payment of annual delay rental in the same manner as provided in Paragraph Number 2 in this lease; provided further that should the first well or any subsequent well drilled on the above described land be completed as a shut-in gas well within the primary term hereof the Lessee shall resume payment of annual rental in the same manner as provided in Paragraph Number 2 in this lease on or before the rental paying date next ensuing from the date of completion of such shut-in gas well and the failure to make such annual rental payment shall subject the lease to forfeiture under the provisions of Paragraph Number 14 hereof. If at the expiration of the primary term or at any time thereafter a shut-in gas well is located on the leased premises payments shall be made in accordance with the provisions of Paragraph Number 17 hereof.

9. Whenever the Lessee commences the drilling or reworking of any well or wells upon the above described premises, written notice thereof shall be filed in the General Land Office within five (5) days after spudding in such well, accompanied by a plat of said premises showing the location of such well or wells.

(A) Upon the request of the Commissioner of the General Land Office or his authorized representative, Lessee shall file in the General Land Office carbon copies of all forms and other information filed with the Texas Railroad Commission which pertain to operations on this lease within five (5) days after said filing with the Commission.

(B) Lessee shall have an electrical and/or radioactivity survey made of 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) The Lessee herein agrees, insofar as possible, to 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, that may be requested by the General Land Office, in addition to those herein expressly provided for.

10. Lessee shall have the right to use such water that may be on the premises, necessary for drilling and operating wells, and shall have the right to use so much of the surface of the land that may be necessary for drilling and operating wells and transporting and marketing the production therefrom, such use to be conducted under conditions of least injury to the surface of the land.

11. In developing this area, the Lessee shall use the highest degree of care and all proper safeguards to prevent pollution. In the event of pollution, the 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 off all slush pits and cellars and completely clean up the drilling site of all rubbish thereon. Lessee also shall erect, at a distance not to exceed 25 feet from each well on the premises covered by this lease, a legible sign on which shall be stated the name of operator, the lease designation and the well number. Where two or more wells on the same lease or where wells on two or more leases are connected to the same tank battery, whether by individual flow line connections direct to the tank or tanks or by use of a multiple header system, each line between each well and such tank or header shall be legibly identified at all times, either by a firmly attached tag or plate or an identification properly painted on such line at a distance not to exceed three (3) feet from such tank or header connection. Said signs, tags, plates or other identification markers shall be maintained in a legible condition throughout the term of this lease.

12. The lease may be transferred at any time. All transfers must be recorded in the county where the area is located, and the recorded transfer or a copy certified to by the County Clerk of the county where the transfer is recorded must be filed in the General Land Office within ninety (90) days of the execution date, accompanied by a filing fee of Three Dollars (\$3.00).

13. The Lessee may relinquish the rights granted hereunder to the State at any time by recording the relinquishment in the county where this area is situated and filing the recorded relinquishment or certified copy of same in the General Land Office within ninety (90) days after its execution accompanied by a filing fee of Three Dollars (\$3.00). Such relinquishment will not have the effect of releasing the Lessee from any liability theretofore accrued in favor of the State.

14. If the Lessee should fail or refuse to make payment of any sum due for royalty on the production, within thirty (30) days after it shall become due, or if the Lessee or his authorized agent should knowingly make any false return or false report concerning production, royalty, or drilling or if the Lessee should 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 the Lessee or his agent should fail or refuse to comply with any other rules or regulations adopted by the Commissioner of the General Land Office, or if the Lessee or his agent should refuse the proper authority access to the records pertaining to operations under this lease, or if the Lessee or his authorized agent should knowingly fail or refuse to furnish the log of any well as provided herein, or if Lessee shall knowingly violate any of the material provisions of this lease, this lease shall be subject to forfeiture by the Commissioner of the General Land Office, and when forfeited the area shall again be subject to lease to the highest bidder, under the same regulations controlling the original sale of leases.

15. 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 thereto.

16. In the event production of oil or gas on the leased premises after once obtained shall cease from any cause at the expiration of the primary term thereof or at any time or times thereafter, this lease shall not terminate if the Lessee commences additional drilling or reworking operations within sixty (60) days thereafter, and the lease shall remain in full force and effect so long as such operations continue in good faith and in workmanlike manner without interrupt totaling more than sixty (60) days during any one such operation; and if such drilling or reworking operations result in the production of oil or gas, the lease shall remain in full force and effect so long as oil or gas is produced therefrom in paying quantities or payment of shut-in gas well royalties or compensatory royalties is made as hereafter provided or as provided elsewhere in the statutes of the State of Texas. Lessee shall give written notice to the General Land Office within five (5) days of any cessation of production.

17. If, at the expiration of the primary term or at any time thereafter, there is located on the leased premises a well or wells capable of producing gas in paying quantities and such gas is not otherwise produced for lack of a suitable market and this lease is not otherwise being maintained in force and effect, the Lessee may pay as royalty a sum of money equal to double the annual rental provided for in this lease but in no event to be less than \$1,200.00 per annum for each well capable of producing gas in paying quantities; such payment shall be made prior to the expiration of the primary term of this lease or if the primary term

has expired within sixty (60) days after the Lessee shuts in such well or ceases to produce gas therefrom or within sixty (60) days after this lease ceases to be otherwise maintained in force and effect; and if such payment is made, this lease shall be considered to be a producing lease and such shut-in gas well royalty payment shall extend the term of this lease for a period of one (1) year from the end of the primary term or, if after the primary term, from the first day of the month next succeeding the month in which such well was shut in or production ceased or this lease ceased to be otherwise maintained in force and effect; and thereafter, if no suitable market for such gas exists, the Lessee may extend this lease for four (4) additional and successive periods of one (1) year each by the payment of a like sum of money each year as above provided, on or before the expiration of the extended term. Provided, however, that if, while this lease is being maintained in force and effect by payment of such shut-in gas well royalty, gas should be sold and delivered in paying quantities from a well situated within 1,000 feet of the leased premises and completed in the same producing reservoir, or in any case where drainage is occurring, the right to further extend this lease by such shut-in gas well royalty payments shall cease and this lease shall remain in force and effect for the remainder of the current one-year period for which the shut-in gas well royalty has been paid and for an additional period not to exceed five (5) years from the expiration of the primary term by payment by the Lessee of compensatory royalty at the royalty rate provided for herein, of the value at the well of production from the well completed in the same producing reservoir from which gas is being sold and delivered and which is situated within 1,000 feet of or draining the leased premises on which such shut-in gas well is situated, such compensatory royalty to be paid monthly to the Commissioner of the General Land Office beginning on or before the 20th day of the month next succeeding the month in which such gas is sold and delivered from the well situated within 1,000 feet of or draining the leased premises and completed in the same producing reservoir, provided further that in the event such compensatory royalties paid in any twelve-month period are in an amount less than the annual shut-in gas well royalties provided for herein, Lessee shall pay an additional sum of money equal to the difference between such compensatory royalties paid and such shut-in gas well royalties within thirty (30) days from the end of such twelve-month period; provided further that nothing herein shall relieve the Lessee of the obligation of reasonable development, nor of the obligation to drill offset wells as required by law.

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

19. In the event this lease covers a riverbed, Lessee is hereby specifically granted the right of eminent domain and condemnation as provided for in Chapter 40, Acts of the Second Called Session of the 42nd Legislature, and amendments thereto, as a part of the consideration moving to Lessor for the covenants herein made by Lessee.

20. In the event this lease covers land leased under the provisions of Chapter 498, Acts of the 47th Legislature, 1941, no surface location on this area may be closer than six hundred sixty (660) feet from the center of any navigable ship channel, and special permission from the Commissioner of the General Land Office will be necessary to make any surface location between six hundred sixty (660) feet and two thousand one hundred sixty (2,160) feet from the center of any such navigable ship channel. Also in such event this lease shall be subject to all rules and regulations promulgated by the Commissioner of the General Land Office, pursuant to Article 5366 V.C.S. and amendments thereto, governing drilling and producing operations in coastal waters.

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

22. Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling operations thereon, or from producing oil and/or gas therefrom, after effort made in good faith, by reason of war, rebellion, riots, strikes, acts of God, or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended and Lessee shall not be liable for damages for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented, by any such cause, from drilling, reworking operations or producing oil and/or gas from the lease premises, provided, however, that nothing herein shall be construed to suspend the payment of rentals during the primary or extended term.

23. The covenants, conditions and agreements contained herein shall extend to and be binding upon the heirs, executors, administrator, successors or assigns of the Lessee herein.

IN TESTIMONY WHEREOF, Witness the signature of the Commissioner of the General Land Office, under the seal there-

of, this 3 day of October, 1972.

Audit

Legal

Engineering

Geology

Execution

ms

can

DEM

DMH

Approved

COMMISSIONER OF THE GENERAL LAND OFFICE

File Dated

Armstrong, Commissioner

OCT 3 1972

67525

2.

September 29, 1977

Chevron U.S.A., Inc.
P. O. Box 599
Denver, Colorado 80201

ATTENTION: MR. E. DAN BOWEN

RE: State Lease M-67525
Reeves State #1-22
Sec. 22, Blk. 45
Reeves County, Texas

Gentlemen:

This will acknowledge receipt of your \$6,400.00 check for shut-in gas royalty for the above lease.

Please complete and return one copy of the enclosed shut-in gas affidavit.

Sincerely yours,

George A. Clark, Supervisor
Resource Accounting
Telephone No. 5124475-2858
RWB/glc
Enclosure

M. F.

67525
CORRESPONDENCE FILE

To

Cheney

From

9-29-77

Dated

M-67525

SHUT-IN AFFIDAVIT

Enter appropriate comments, if any,
and initial. Pass to next person
within one day.

	Initial:	Date:
Affidavit Auditor	<u>RWB</u>	<u>10/3/77</u>
Comments:	<u>OK</u>	

Exploration & De-	<u>MHV</u>	<u>10-3-77</u>
velopment		
Comments:	<u>OK</u>	

Legal-Energy	<u>gfy</u>	<u>10-7-77</u>
Resources	<u>OK</u>	
Comments:		

Affidavit Auditor	_____	_____
Comments:		

Lease Dated			Recorded in Records of		Acreage Covered		Rental Due Date	
Mo	Day	Yr	County	State	Volume	Page		xxx
10	03	72	REEVES	TEXAS	315	95	640.00 (More or Less)	702
Payee Name - Address								Amount Due

To cover Shut-In payment on the Reeves State 1-22 Well located Sec 22, Blk 45
P.S & L Survey, Reeves County, Texas (Texas Mineral Lease 67525)

CK- 6 400 00

4347

PLEASE SIGN AND RETURN ATTACHED COPY
AT ONCE, SHOWING DATE CHECK WAS RECEIVED.

The amount of the attached check is for deposit to the credit of the party or parties named above in payment of rental under the oil, gas and mineral lease described above for the period stated.

Check No. 18331

Total Amount Due	6 400 00
Bank Serv. Charge	

Detach this stub and retain for tax purposes. Duplicate will not be furnished.



Chevron U.S.A. Inc.

1700 Broadway, P.O. Box 599, Denver, CO 80201

CERT. RR - 229024

September 16, 1977

Reeves State Well #1-22
Sec. 22, Blk 45, P S & L Survey
Texas Mineral Lease #67525
Chevron No. 25027-0
Reeves County, Texas

Commissioner of the General Land Office
State of Texas
Austin, Texas 78701

Dear Sir:

Enclosed is Chevron U.S.A. Inc's check No. 18331 in the amount of \$6,400.00 to cover Shut-In payment covering the above captioned well.

Yours very truly,

Catherine E. Quinn
Catherine E. Quinn,
Contract Specialist

CEQ/fem
encl.

GENERAL LAND OFFICE LEASE NUMBER M- 67525

Operator Chevron U.S.A. Inc.

Lease Name Texas Mineral Lease #67525 Field So. Marsh (Delaware)

Description of Lease:

Area _____ Tract _____

Part All of Section 22 Block 45

Grantee PSL Acres 640 County Reeves

The following well or wells are classified Gas Wells by the Railroad Commission of Texas and are Shut-in:

Well # 1-22 Number Gas Zones Completed one(1) Potential MCF/day 2900

Barrels Liquid - Date Shut-in 9-15, 1977

Well # _____ Number Gas Zones Completed _____ Potential MCF/day _____

Barrels Liquid _____ Date Shut-in _____, 19

List additional wells and information under Remarks.

1. Is there a suitable market for the gas that can be produced? No
If not, explain under Remarks.

2. Name of nearest purchaser Pioneer Corporation

3. Distance to nearest Gas Pipe Line 4 miles ± Price per MCF being offered see remarks below

4. Is there a well completed within 1000' of this lease that is producing from the same reservoir in which the above mentioned well(s) is completed? No

5. Is there a well that is draining this lease, but further than 1000'? No

If Yes on 4 and/or 5, furnish: Operator _____

Lease _____ Date of first production _____

Remarks: Negotiations are in progress to secure a suitable gas market.

*rec'd \$6,400.00
9/17/77
reg # 4347*

I certify that this statement is true and correct.

Chevron U.S.A. Inc.

Division Production

By: E. E. Hagan Title Manager

E. E. Hagan

Sworn and subscribed to before me, the undersigned

authority, on this 28th day of September, 1977

Anna Mae Jones
Notary Public in and for

Midland County, State of Texas

G.L.O. use only

Receiving Stamp

M.F. No. _____

Affidavit and

Shut-In Gas Royalty Payment

For _____ 19 / _____ 19

Commissioner

Filed by _____ Clerk

⑧ M-67525
Shut-In Affidavit
10/3/77 - 10/3/78
RWB

G.L.O. use only:

M-

Has lease been amended? _____

Electric or Radio Active Logs filed? _____

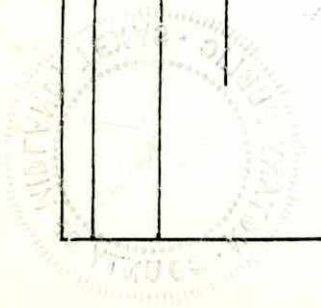
Potential Test (RRC Form GWT-1 received? _____

Primary Term Expired _____, 19 _____

Acres _____ Rental \$ _____, Twice Rental \$ _____

Checked by _____ Audited by _____

Shut-In Gas Royalty for _____ 19 to _____ 19 \$ _____



Well No. 42
Section (7a & b) on back side.

389-30874

#002706

11-67525

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

Check ☒ DRILL ☐ DEEPEN (Below Casing) ☐ DEEPEN (Within Casing) ☐ PLUG BACK ☐ OTHER (Specify) _____

If Amended Application, explain fully in Remarks or Attach Separate Page.

1. Operator

Chevron U.S.A. Inc.

2. Address (Including City and Zip Code)

P. O. Box 1660
Midland, Texas 79702

3. Is Form P-5 (Organization Report) or Exact Operator Name Filed?

YES ☒ NO ☐ (Instruction (2) on back side.)

4. Lease Name

Reeves-State

5. Location (Sec., Blk., Survey)

Section 22, Block 45, PSL Survey

6. This well is to be located _____ miles _____ south

Direction from _____

Nearest Post Office or Town.

7. R.R.C. District

8

8. County

Reeves

9. Well Number

1-22

10. Number of Acres in Lease

640±

11. Distance from Proposed Location to Nearest Property or Lease Line (ft.)

1320'

12. Total Depth

3800'

SPS

EACH PROPOSED COMPLETION

REFER TO INSTRUCTIONS ON BACK SIDE. READ CAREFULLY AND FURNISH COMPLETE DATA.

14.	15.	16.	17.	18.	19.	20.	21.	22.	23.
FIELD NAME (Exactly as shown on R. R. C. Pronation Schedule including Reservoir if applicable.) If Wildcat, so state below.	Completion Depth	All Prior Rule 37 Case Numbers for this wellbore. If none, State None.	Applicable Field Rules Spacing Pattern, If no Rules, State 467-1200 (ft.)	Applicable Field Rules Density Pattern, If no Rules, State 40 (acres)	Number of Acres in Drilling Unit for this Well AND DESIGNATE ON PLAT.	Is this acreage presently assigned to another well in same field? (Yes or No. If yes explain in remarks.)	Distance from proposed location to nearest drilling completed or applied for well in same reservoir on same lease (ft.)	Is this a 1. Regular or 2. Rule 37 Location? Check the appropriate box.	Oil, Gas, or other Type Well (Specify)
Wildcat	3800'	None	467-1200	40	160	No	None	Regular 1 ☒ Rule 37 2 ☐	Gas
								Regular 1 ☐ Rule 37 2 ☐	
								Regular 1 ☐ Rule 37 2 ☐	
								Regular 1 ☐ Rule 37 2 ☐	
								Regular 1 ☐ Rule 37 2 ☐	

24. PERPENDICULAR LOCATION FROM TWO DESIGNATED LEASE LINES AND SURVEY LINES AND DISTANCE AND DIRECTION TO NEAREST WELL IN SAME FIELD, TEXAS

1320' FWL & 1320' FSL of lease and section

NOTICE

NO ALLOWABLE WILL BE ASSIGNED to any well which does not have sufficient surface casing to protect all fresh water sands. Where Commission rules do not specify surface casing requirements, it will be necessary to contact Texas Water Development Board, Austin, Texas, to ascertain the depth to which fresh water sands must be protected.

REMARKS:

Comp: 9-15-77 (JCT)
P.F.: 2693-2726
HPAOF: 7,900 MCFD

TD: 2890

CERTIFICATE

I declare under penalties prescribed in Article 6036c, R. C. S., that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated therein are true, correct, and complete, to the best of my knowledge.

Signature

Billy R. Graham

Engineering Assistant

Title

July 8, 1977

Date

Telephone: Area Code 915

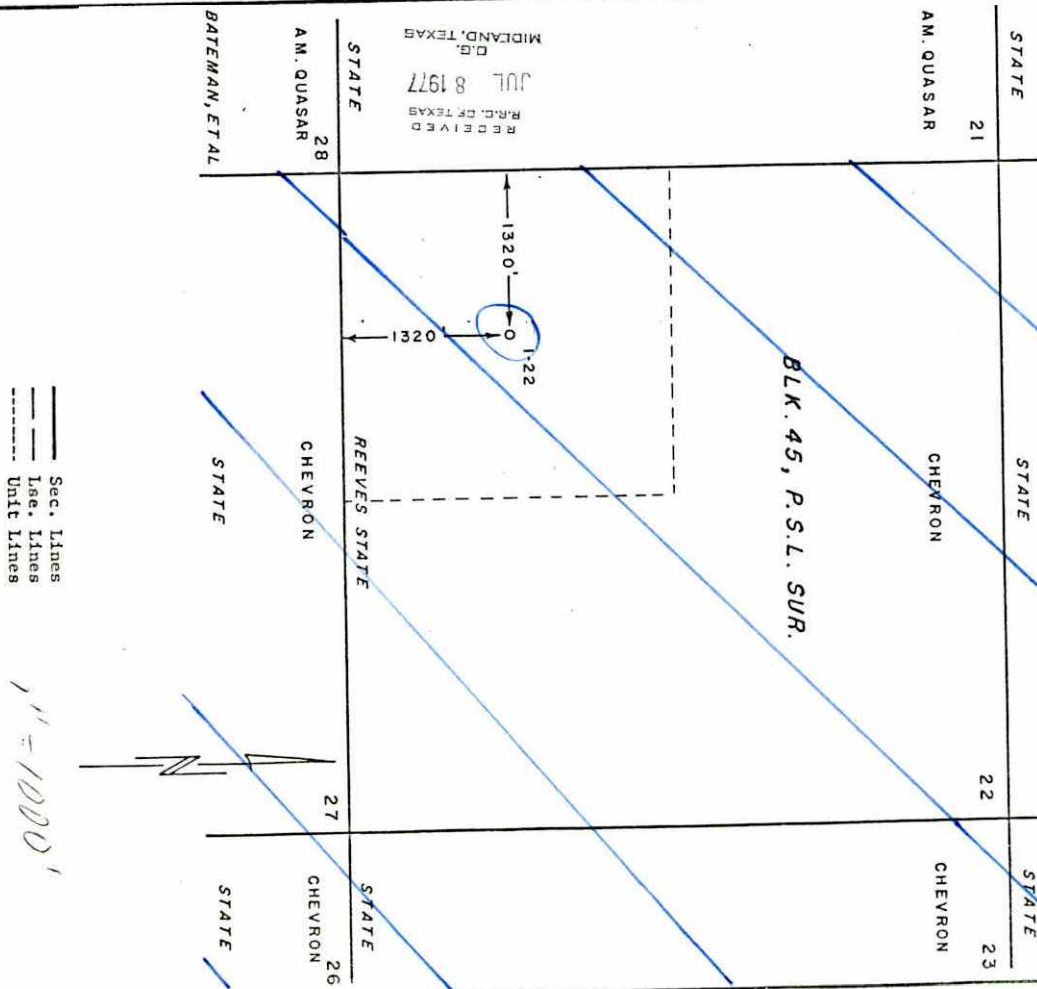
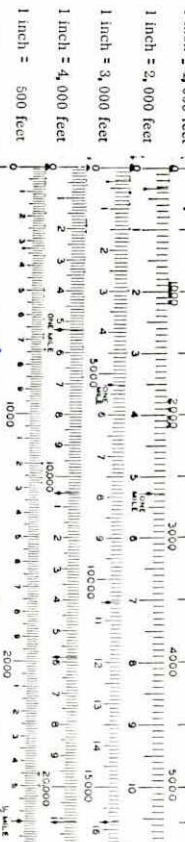
684-4441

READ INSTRUCTIONS ON BACK SIDE AND FURNISH COMPLETE DATA.

Statewide PLAT SERVICE
P. O. DRAWER 1867, AUSTIN, TEXAS 78767

7-12-77

SCALE OF MAP



V/R

WELL STATUS REPORT

OPERATOR Chevron USA Inc.

STATE LEASE NO. Unkown FEE R.A.L. FREE ROYALTY

OFFSET, APPROX. FT. FROM STATE LEASE

LEASE Reeves-State WELL NO. See Below

FIELD NAME Reves N. or West 3200 feet WILDCAT COUNTY Reeves & Culberson

REPORT NO. 1st SPUD DATE DRILLING DEPTH

COMPLETION DATE TOTAL DEPTH

PERFS 1ST COMPLETION: YES NO

POTENTIAL/TEST: OIL GAS D&A

REMARKS: Pete: We found locations built in this area and Tom Brown Drg Co.
will drill six or seven locations. They are numbers- Reeves+State #2-22,
Reeves-Statel-22,1-23,1-26,1-35 & 1-39 and they start out in Blk 45-Survey-
PS1,Reeves but go in to Culberson County. I do not have a W-1 Form on any
of them as yet ???

BA/jmh/gs

2-25-75

James Weatherly
INSPECTOR
DATE July 19, 1977



Chevron U.S.A. Inc.
P. O. Box 1660, Midland, TX 79702

761

August 19, 1977

State Lease M-67525

General Land Office
200 East 12th Street
Austin, Texas 78701

Gentlemen:

This is to advise you that we have spudded the Reeves-State No. 1-22 well, located 1320' from the south and west lines of Section 22, Block 45, PSL Survey, Reeves County, Texas, on August 18, 1977.

We are attaching copies of all forms that have been filed with the Texas Railroad Commission and Texas Water Development Board.

If additional information is needed, please contact Mr. L. E. Halpain at the letterhead address or telephone (915) 684-4441, Midland, Texas.

Yours very truly,

E. E. Hagan / E.E.H.

E. E. Hagan
Division Manager

JJP:gg
Attachments

TEXAS WATER DEVELOPMENT BOARD

993

MEMBERS

A L BLACK CHAIRMAN
FRIONA

ROBERT B GILMORE, VICE CHAIRMAN
DALLAS

MILTON T POTTS
LIVINGSTON

JOHN H GARRETT
HOUSTON

GEORGE W McCLESKEY
LUBBOCK

GLEN E RONEY
MC ALLEN



P.O. BOX 13087
CAPITOL STATION
AUSTIN, TEXAS 78711

July 12, 1977

JAMES M. ROSE
EXECUTIVE DIRECTOR

AREA CODE 512
475-3187
1700 NORTH CONGRESS AVENUE

IN REPLY REFER TO
TWDBE-WD
SC-993

[Chevron U.S.A. Inc.
P. O. Box 1660
Midland, Texas 79702]

[]

Re: Reeves-State, Well #1-22,
Public School Land Sur.,
Sec. #22, Blk. #45,
Reeves County, Texas

Gentlemen:

Reference is made to your inquiry of July 8, 1977 regarding the protection of usable-quality water strata in your above named well.

Water-bearing strata must be protected down to the base of the Rustler, estimated to occur at a depth of 700 feet.

NOTE: The depth to which we recommend that usable-quality water strata should be protected is intended to apply only to the subject well. Approval of the well-completion methods for protection of this ground water falls under the jurisdiction of the Railroad Commission of Texas. This recommendation is intended for normal drilling and production operations only and does not apply to salt water disposal operations. It should not be used as a recommendation for fieldwide usable-quality water protection rules.

Very truly yours,

A handwritten signature in cursive script, appearing to read "R. W. Morris".

R. W. Morris
Geologist, Surface Casing Section

RWM/dh

cc: RRC, Austin
RRC, Dist. Office #8

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISIONFORM H-1
(12-22-75)API Well No. 42
Instruction (7a & b) on back side.

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

Check one: ☒ DRILL ☐ DEEPEN (Below Casing) ☐ DEEPEN (Within Casing) ☐ PLUG BACK ☐ OTHER (Specify) _____

If Amended Application, explain fully in Remarks or Attach Separate Page.

1. Operator Chevron U.S.A. Inc.	4. Lease Name Reeves-State	7. RRC District 8
2. Address (Including City and Zip Code) P. O. Box 1660 Midland, Texas 79702	5. Location (Sec., Blk., Survey) Section 22, Block 45, PSL Survey	8. County Reeves
3. Is Form P-5 (Organization Report) in Exact Operator Name Filed? YES ☒ NO ☐ (Instruction (2) on back side.)	6. This well is to be located <u>10</u> miles <u>south</u> Direction from <u>Orla</u> Nearest Post Office or Town.	9. Well Number 1-22
		10. Number of Acres in Lease 640±
		11. Distance from Proposed Location to Nearest Property or Lease Line (ft.) 1320'
		12. Total Depth 3800'

EACH PROPOSED COMPLETION

REFER TO INSTRUCTIONS ON BACK SIDE. READ CAREFULLY AND FURNISH COMPLETE DATA.

13.	14.	15.	16.	17.	18.	19.	20.	21.	22.	23.
FIELD NAME (Exactly as shown on R.R.C. Proration Schedule including Reservoir if applicable.) If Wildcat, so state below.	Completion Depth	All Prior Rule 37 Case Numbers for this wellbore. If none, State None.	Applicable Field Rules Spacing Pattern. If no Rules, State 467-1200. (ft.)	Applicable Field Rules Density Pattern. If no Rules, State 40. (acres)	Number of Acres in Drilling Unit for this Well AND DESIGNATE ON PLAT.	Is this acreage presently assigned to another well in same field? (Yes or No. If yes explain in remarks.)	Distance from proposed location to nearest drilling completed or applied for well in same reservoir on same lease (ft.)	Is this a 1. Regular or 2. Rule 37 Location? Check the appropriate box.	Oil, Gas, or other Type Well (Specify)	Number of Wells or Permitted locations on this Lease in same Reservoir for which this Permit is Requested? OIL GAS
Wildcat	3800'	None	467-1200	40	160	No	None	Regular 1 ☒ Rule 37 2 ☐	Gas	- -
								Regular 1 ☐ Rule 37 2 ☐		
								Regular 1 ☐ Rule 37 2 ☐		
								Regular 1 ☐ Rule 37 2 ☐		

24. PERPENDICULAR LOCATION FROM TWO DESIGNATED LEASE LINES AND SURVEY LINES AND DISTANCE AND DIRECTION TO NEAREST WELL IN SAME FIELD.

1320' FWL & 1320' FSL of lease and section

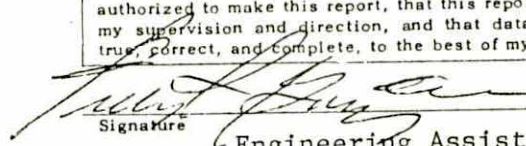
NOTICE

NO ALLOWABLE WILL BE ASSIGNED to any well which does not have sufficient surface casing to protect all fresh water sands. Where Commission rules do not specify surface casing requirements, it will be necessary to contact Texas Water Development Board, Austin, Texas, to ascertain the depth to which fresh water sands must be protected.

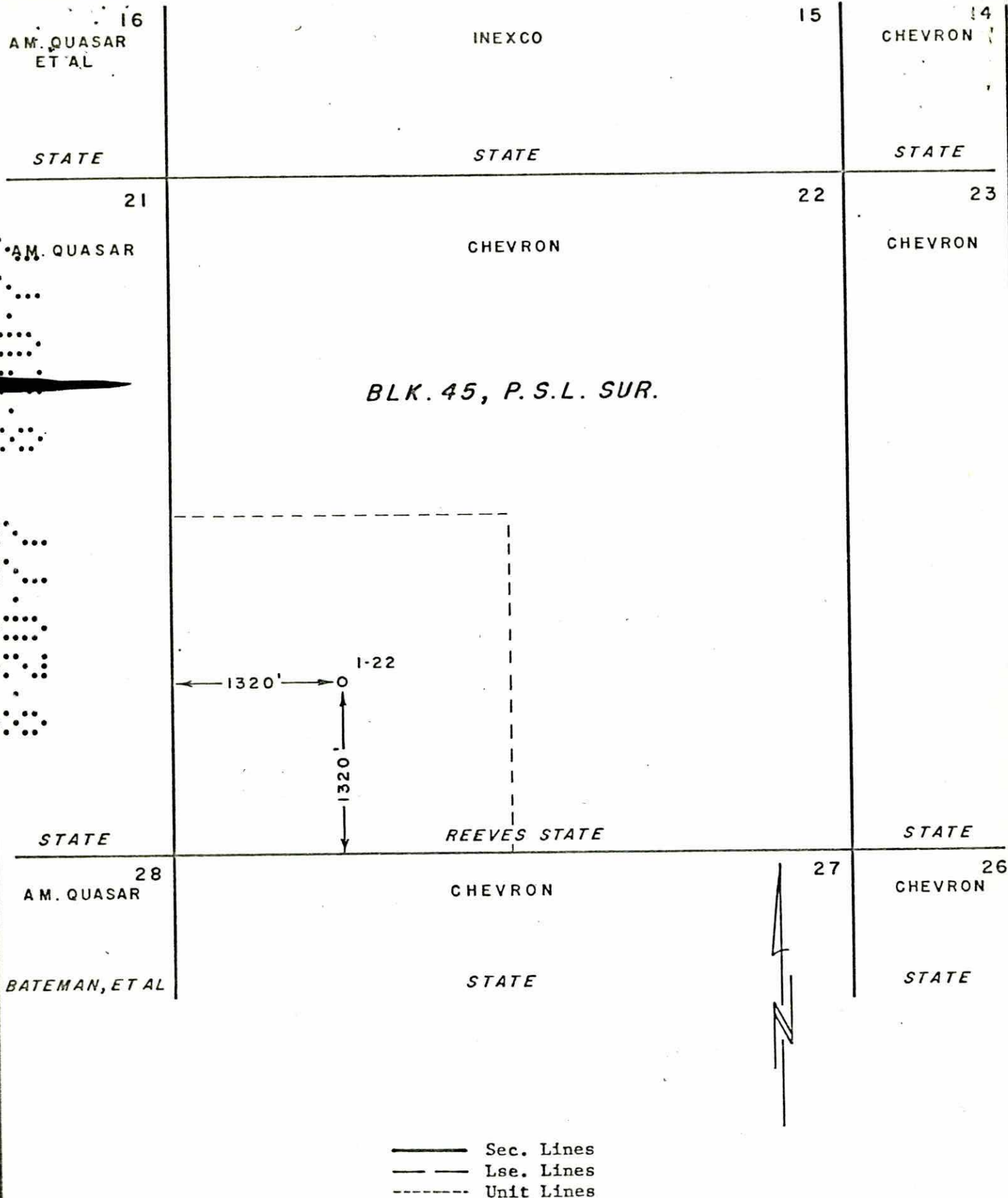
REMARKS: _____

CERTIFICATE

I declare under penalties prescribed in Article 6036c, R. C. S., that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated therein are true, correct, and complete, to the best of my knowledge.


Signature _____ Billy R. Graham
Engineering AssistantTitle
July 8, 1977Date
Telephone: Area Code 915 684-4441

READ INSTRUCTIONS ON BACK SIDE AND FURNISH COMPLETE DATA.



I hereby certify that I am familiar with the conditions as they actually exist on this lease; that the above plat which is drawn to the scale indicated hereon is to the best of my knowledge true and correct; that it accurately reflects said lease with all wells thereon; and that the number and location of wells thereon are as indicated on the plat.


 7-8, 1977

Operator of Lease: Chevron U.S.A. Inc.

Name of Lease: REEVES STATE

Well No. 1-22

Total acres in Lease: 640 ± Acres covered by this plat: 640 ±

Description of Property: SECTION 22, BLK. 45, PUBLIC SCHOOL LAND SURVEY

County: REEVES

Field: WILDCAT

Scale of Plat: 1" = 1000'

WELL STATUS REPORT

OPERATOR Chevron USA Inc.

STATE LEASE NO. M-67525 FEE Yes R.A.L. FREE ROYALTY

OFFSET, APPROX. _____ FT. FROM STATE LEASE _____

LEASE Reeves-State WELL NO. 1-22

FIELD NAME WILDCAT Yes COUNTY Reeves

REPORT NO. 1st SPUD DATE 8-18-77 DRILLING DEPTH

COMPLETION DATE _____ TOTAL DEPTH 2890 feet

PERFS Unkown 1ST COMPLETION: YES NO

POTENTIAL/TEST: OIL _____ GAS _____ D&A _____

REMARKS: Well Service unit rig on this location ?

BA/jmh/gS

2-25-75

James V. Kerkhof
INSPECTOR

INSPECTOR

Sept 14, 1977

DATE _____

WELL STATUS REPORT

OPERATOR Chevron U.S.A. Inc.

STATE LEASE NO. M-67525 FEE Yes R.A.L. FREE ROYALTY

OFFSET, APPROX. FT. FROM STATE LEASE

LEASE Reeves-State WELL NO. 1-22

FIELD NAME WILDCAT Yes COUNTY Reeves

REPORT NO. 2nd SPUD DATE 8-18-77 DRILLING DEPTH

COMPLETION DATE 9-15-77 TOTAL DEPTH 2890 feet

PERFS 2693-2736 feet 1ST COMPLETION: YES ?? NO ??

POTENTIAL/TEST: OIL GAS 2,900,000 M.C.F/D D&A

REMARKS: P.B.Depth-2848 feet.

BA/jmh/gs

2-25-75


INSPECTOR

DATE Sept 22, 1977

9

M. F. 67525

APPLICATION TO DRILL

WELL # 1-22

FILED 9-29 1977

BOB ARMSTRONG, COMMISSIONER

BY: MHJ

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

Form G-1
Rev. 7/7/75

M-67525

GAS WELL BACK PRESSURE TEST
COMPLETION OR RECOMPLETION REPORT AND LOG

1. FIELD NAME (as per RRC Records or Wildcat) Wildcat	2. LEASE NAME Reeves-State	7. RRC District 8
3. OPERATOR Chevron U.S.A. Inc.		8. RRC Identification Number Not Yet Assigned
4. ADDRESS P. O. Box 1660, Midland, Texas 79702		9. Well Number 1-22
5. If Operator has changed within last 60 Days -- Give former Operator -		10. County REEVES
6. LOCATION (Section, Block, and Survey) Section 22, Block 45, PSL Survey		11. Purpose of Test Initial Potential ☒ Retest ☐ Reclass ☐
12. Pipe Line Connection None at present	13. If Workover, give former Field (with Reservoir) -	14. Completion Date 9-9-77
15. List of Offset Operators Notified and Date of Notification American Quasar Pet Co, Inexco Oil Co, The Superior Oil Co		16. Type of Electric or other Log Run CNL-FDC-GR, DLL

Section I GAS MEASUREMENT DATA L-10: 100 X 1500#										
Date of Test	Gas Measurement Method (Check One)								Gas produced during test	
9-15-77	Orifice Meter ☒	Positive Choke ☐	Orifice Vent Meter ☐	Pitot Tube ☐	Critical-flow Prover ☐					105 MCF
Run No.	Line Size	Orifice or Choke Size	24 Hr. Coeff. Orif or Choke	Static P _m or Choke Press	Diff. h _w	Flow Temp. °F	Temp. Factor F _{tt}	Gravity Factor F _g	Compress Factor F _{pv}	Volume MCF/DAY
1	4.026	0.50	1564.70	373.2	25	72	0.9887	1.0351	1.022	158
2	4.026	0.50	1564.70	413.2	77	73	0.9877	1.0351	1.028	293
3	4.026	1.50	14355.64	311.2	6.5	76	0.9850	1.0351	1.0221	673
4	4.026	1.50	14355.64	315.2	28	76	0.9850	1.0351	1.022	1405

Section II FIELD DATA AND PRESSURE CALCULATIONS							
Gravity (Dry Gas) 0.56	Gravity Liquid Hydrocarbon None	Deg. API None	Gas-Liquid Hydro Ratio None	CF/Bbl None	Gravity of Mixture G _{mix} = 0.56	Avg. Shut-In Temp. 69 °F	Bottom Hole Temp. 113 °F @ 2540 (Depth)
D _{eff} ^{8/3} =		√T _f =		√GL =			
C = $\frac{1118 \times (D_{eff})^{8/3}}{\sqrt{T}}$				√GL =			

Run No.	Time of Run Min.	Choke Size	Wellhead Press P _w PSIA	Wellhead Flow Temp. °F	P _w ² (Thousands)	R	R ² (Thousands)	P ₁	P _w /P ₁
Shut-In	60 hrs.		1162.2						
1	60	6/64	1128.2	72					
2	60	8/64	1114.2	71					
3	60	11/64	1066.2	72					
4	60	16/64	897.2	70					
Run No.	F	K	S = $\frac{1}{z}$	E _{ks}	P _f and P _s	P _f ² and P _s ²	P _f ² - P _s ²	Angle of Slope	
Shut-In					1207.2	1457		θ = 53° n = 0.754 Absolute Open Flow 2900 MCF/DAY	
1	Used Amerada BHP Gauge				1194.2	1426	31		
2	SN: 40926				1178.2	1388	69		
3					1126.2	1268	189		
4					950.2	903	554		

An inclination survey has been run in accordance with Statewide Rule 11 and the results are available upon request. Maximum horizontal displacement was 63.35 feet at a measured depth of 2890 feet.

Signature of Authorized Representative <i>Lana Rapp</i>	Lana Rapp	ROY H. SMITH DRILLING COMPANY
All casing was cemented in accordance with Statewide Rule 13 or a written exception thereto. Cementing tickets and/or other data are available upon request.		Name of Company Conducting Survey
Signature of Cementer or Authorized Representative <i>W. R. Coffelt</i>	W. R. Coffelt	BJ-Hughes, Inc.
Name of Cementing Company		9/21/77
CERTIFICATE: I declare under penalties prescribed in Article 6036c, R.C.S., that I am authorized to make this report, that this report was prepared by me or under my supervision and direction and that data and facts stated therein are true, correct, and complete, to the best of my knowledge.		DATE
REPRESENTATIVE OF COMPANY		TITLE

SECTION III		DATA ON WELL COMPLETION AND LOG (Not Required on Re-test)	
17. Type of Completion: New Well ☒ Deepening ☐ Plug Back ☐ Other ☐		18. Date Permit Issued 7-11-77	
19. Notice of Intention to Drill this Well was filed in Name of Chevron U.S.A. Inc.		20. If Special Permit, Give Permit Number	
21. Number of Producing Wells on this Lease in This Field (Reservoir) including this Well 1		22. Total Number of Acres in this Lease 640	
23. Date Plug Back, Deepening, Work Over or Drilling Operations: 8-18-77		24. Distance to Nearest Well, Same Lease & Reservoir 8-27-77	
25. Location of Well, Relative to Nearest Lease Boundaries of Lease on which this Well is Located 1320 West		26. Elevation (DF, RKB, RT, GR, ETC) GR 3196; DF 3204; KB 3205	
27. Was Directional Survey Made ☐ Yes ☒ No		28. Top of Pay 2688	
29. Total Depth 2890		30. P.B. Depth 2843	
31. Surface Casing Determined By: Recommendation of Texas Water Development Board ☒ Field Rules ☐ Railroad Commission (Special) ☐		32. Is Well Multiple Completion? Yes ☐ No ☒	
33. If Multiple Completion List All Reservoir Names (Completions in this Well)		34. Intervals Drilled By: All	
35. Name of Drilling Contractor Roy H. Smith Drilling Company		36. Is Cementing Affidavit Attached? Yes ☐ No ☒	

37. CASING RECORD (Report All Strings Set in Well)							
CASING SIZE	WT #/ FT.	DEPTH SET	MULTI STAGE TOOL DEPTH	TYPE & AMOUNT CEMENT (Sacks)	HOLE SIZE	TOP OF CEMENT	SLURRY VOL. cu. ft.
8-5/8	24#	736	-	Class C; 485	12-1/4	Surface	775
5-1/2	17#	2890	-	Class C; 750	7-7/8	Surface	1334

38. LINER RECORD				
Size	Top	Bottom	Sacks Cement	Screen

39. TUBING RECORD			40. Producing Interval (this completion) Indicate Depth of Perforations or Open Hole	
Size	Depth Set	Packer Set	From	To
2-3/8	2587	2587	From 2693	To 2736 (Selectively)
			From	To
			From	To

41. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.	
Depth Interval	Amount and Kind of Material Used
2693-2736	1000 gal. 7 1/2% NE HCL
2693-2736	5000 gal. & 5000# 20-40 sd.

42. FORMATION RECORD (LIST DEPTHS OF PRINCIPAL GEOLOGICAL MARKERS AND FORMATION TOPS)			
Formations	Depth	Formations	Depth
Lamar Lime	2632		
Delaware Sand	2688		

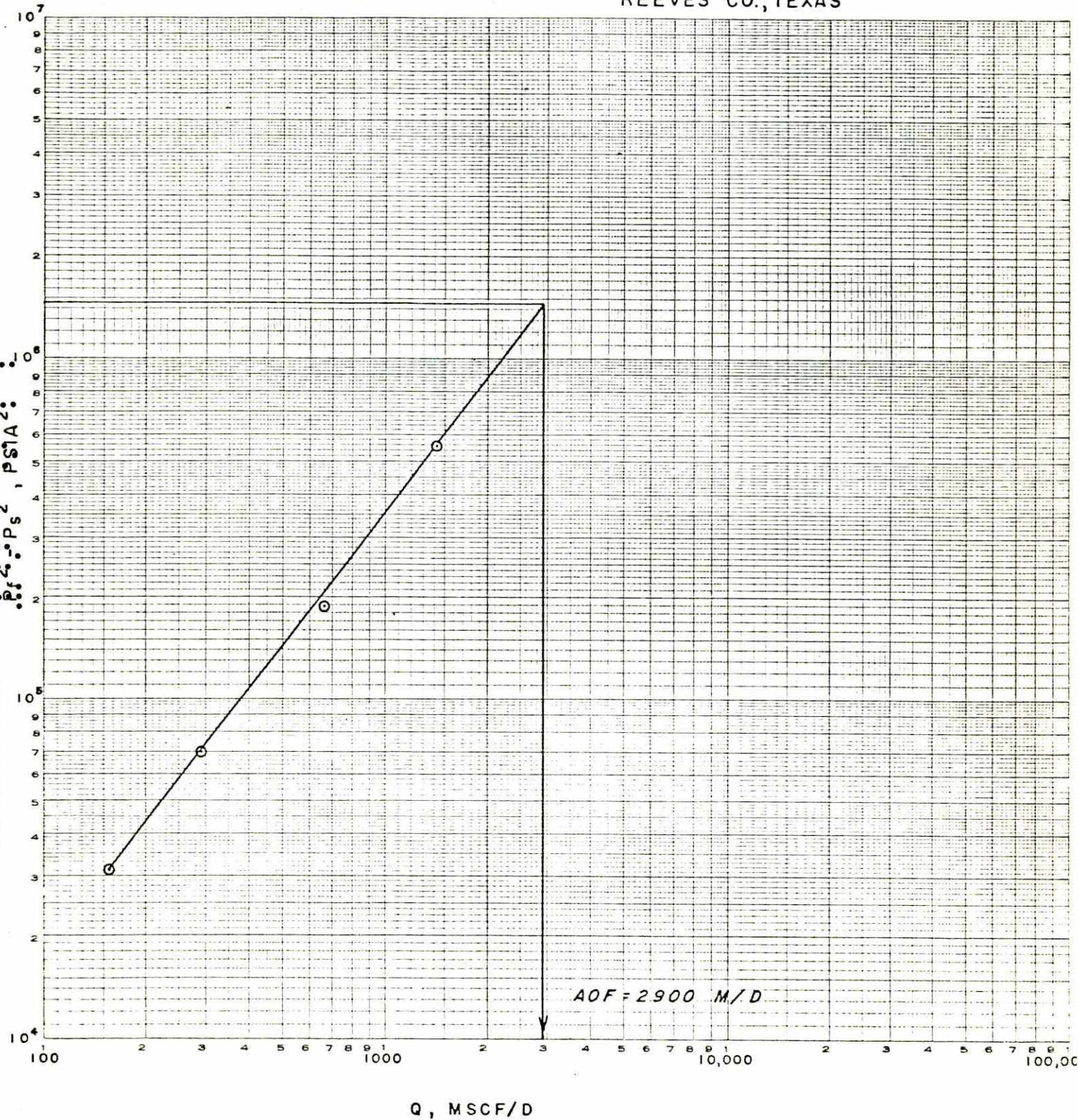
REMARKS _____

ABSOLUTE OPEN FLOW POTENTIAL CHEVRON - REEVES STATE No.1-22

SEC. 22, BLK. 45, PSL SURVEY

REEVES CO., TEXAS

NO. 340-L33 DIETZGEN GRAPH PAPER
LOGARITHMIC
3 CYCLES X 3 CYCLES
SUGENE DIETZGEN CO.
MADE IN U.S.A.



(10)

M. F. 67525

WELL # 1-22 COMPLETION REPORT
BOB ARMSTRONG, COMMISSIONER

FILED 10-6-77 BY MHJ

10. 0.44



October 28, 1977

Chevron Oil Company
P. O. Box J
Concord, California 94524

ATTENTION: J. E. Collins
Superintendent Section 7-20

RE: State Leases M-67525, 67526, 67527 and 67528
Reeves State #1-22, 1-23 and Reeves State
Reeves County, Texas

Gentlemen:

In accordance with the provisions set forth in our Oil or Gas Lease Form and/or the statutes, we ask that you furnish this office with a copy of the Contract covering gas sales from the above lease.

The Contract is needed by this office in order to conduct an audit of your gas royalty reports and payments.

In addition to furnishing us with a copy of the Contract under which the gas is sold or processed please complete the attached "Gas Contract Brief".

If this Gas Contract covers more than one lease and/or mineral file number, one brief and copy of the contract will be sufficient, but the specific General Land Office lease and/or mineral file number must be noted in the appropriate spaces provided in the Contract Brief.

This information is needed by this office at your earliest convenience.

Sincerely yours,

A handwritten signature in dark ink, which appears to read "Harry T. Finnell". The signature is written in a cursive, flowing style.

Harry T. Finnell, Supervisor Gas Contracts
Resource Accounting
Telephone No. 512-475-4541
HF/glc
Enclosure

⑦

M. F. 67526

CORRESPONDENCE FILE

To *Chemron USA*

From

Dated 10-28-77



November 16, 1977

Chevron, U.S.A.
700 S. Colorado Blvd.
Denver, Colorado 80222

ATTENTION: J. F. Boone

RE: State Leases M-67525, 67526, 67527 and 67528
Reeves State 1-22, 1-23, 1-26 and 1-27
Reeves County, Texas

Gentlemen:

Your letter dated November 8, 1977 advised the A. G. Settlement covering gas sales from the above leases entitles the State to take in kind its royalty share of gas produced.

Please advise the price being negotiated, term of the contract, future renegotiation date, buyer, and the anticipated daily MCF of production.

Upon receipt of the above information, we will advise whether the State elects to take in kind its royalty share of gas or market its share under your contract.

Sincerely yours,

Harry T. Finnell, Supervisor
Resource Accounting
Phone: 512 475-4541

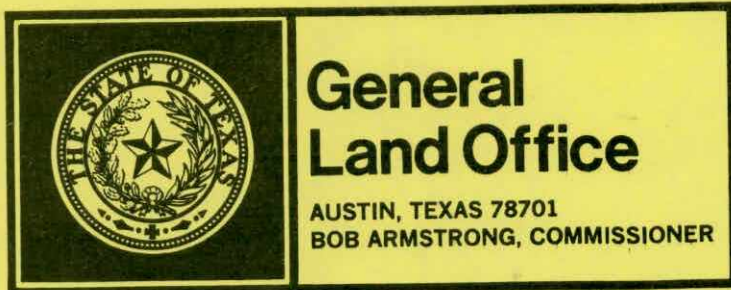
HF/lg

(12)
M. F. 67525

CORRESPONDENCE FILE

To Chevron U.S.A.
From

Dated 11-16-77



January 17, 1978

Chevron, U.S.A.
700 S. Colorado Blvd.
Denver, Colorado 80222

SECOND REQUEST

ATTENTION: J. F. Boone

RE: State Leases M-67525, 67526, 67527 and 67528
Reeves State 1-22, 1-23, 1-26 and 1-27
Reeves County, Texas

Gentlemen:

Enclosed is a copy of our letter to you dated November 16, 1977 and as of this date we have not received a reply to this letter.

In order to expedite the handling of your correspondence, please direct your reply to the undersigned Supervisor.

Your prompt attention to this matter is requested.

Sincerely yours,

Harry T. Finnell , Supervisor
Resource Accounting
Telephone No. 512 475-4541
Enclosure
HF/1g

(13)

M. F. 61525

CORRESPONDENCE FILE

To Chevron U.S.A.

From

Dated 1-17-78



Chevron U.S.A. Inc.
700 South Colorado Blvd., Denver, CO 80222

J. F. Boone
Sr. Natural Gas Representative

January 24, 1978

State Leases M-67525, 67526
67527 and 67528
Reeves State 1-22, 1-23, 1-26 and 1-27
Reeves County, Texas

General Land Office
Austin, Texas 78701

Attention: Mr. Harry T. Finnell

Gentlemen:

Reference is made to your letters of November 16, 1977 and January 17, 1978, subject as above. We have not contracted to sell gas from the South Marsh Field but we have under study proposals from more than one pipeline company. We are hopeful that some positive action will be taking place soon. You will be kept abreast of the progress being made.

Very truly yours,


J. F. Boone

JFB/dt

(14) M. F. 67525

CORRESPONDENCE FILE

To Chevron USA
From

Dated 1-27-78

1540

March 15, 1978

Chevron, U. S. A., Inc.
P. O. Box 1660
Midland, Texas 797012

Attention: Mr. Bert Gunn

Re: Gas Pooling Agreement
M-67525 & M-67528
Reeves County, Texas

Gentlemen:

Inasmuch as the two state leases are Relinquishment Act Leases, it will be necessary for the owners of the soil to join in the pooling agreement.

Therefore, we are returning the agreement so that the introductory paragraph may be amended to include the owners, the changes initialed, and the owners' signatures acknowledged.

Upon receipt of agreement in duplicate, we will circulate same for execution by the Commissioner of the General Land Office.

Sincerely,

Bob Armstrong

By

H. E. White, Secretary
School Land Board
Phone 512 475-6491

HEW/lrr
Enclosure

15

m-67525

Ltr to

Chevron U. S. A. Inc

Dated 3-15-78



Chevron U.S.A. Inc.
P. O. Box 1660, Midland, TX 79702

181

March 20, 1978

Gas Pooling Agreement
Public School Lands
M-67525 & M-67528
Reeves County, Texas

The Honorable Bob Armstrong
Commissioner of the General Land Office
Stephen F. Austin Building - 8th Floor
1700 N. Congress Avenue
Austin, Texas 78701

Attention Ms. Linda Fisher

Dear Sir:

With reference to your letter of March 15, 1978 and subsequent telephone conversation with Ms. Fisher, we return herewith three (3) copies of subject proposed Gas Pooling Agreement for your approval and execution.

Yours very truly,


Bert O. Gunn, Jr.
Senior Land Representative

BOG:amj
Attachments

LAND RESOURCES

MAR 23 1978

RECEIVED

16

m-67525

Ltr fr

Chevron U. S. A. Inc.

Dated 3-20-78gs

255.50

April 3, 1978

Chevron, U.S.A., Inc.
P. O. Box 1660
Midland, Texas 79702

Attention: Mr. Bert Gunn

Re: Gas Pooling Agreement
M-67525 and M-67528
Reeves County, Texas

Gentlemen:

Enclosed is the original and one copy of the captioned unit agreement, fully executed by the Commissioner of the General Land Office. A copy has been retained for our files.

If we may be of further service, please advise.

Sincerely,

Bob Armstrong

By

H. E/ White, Secretary
School Land Board
Phone 512 475-6491

HEW/lrr
Enclosures

(17)

M-67525

Ltr to

Chevron U. S. A. Inc.

Dated 4-3-78

DO NOT DESTROY

-MEMO-

Operator Chevron USA, Inc.

Unit Name Sec. 22-27 Gas Unit

County Reeves

Effective Date 3-7-78

Unitized for: Oil ☐ Gas ☒ Oil & Gas ☐

1. M.F. No. 67525

Area _____ Tr. _____

Sec. _____ Blk. _____ Survey _____

$\frac{320}{640} \times \frac{1}{6} = 8.3333$ %

$.5000 \times .166667 = .083333$

2. M.F. No. 67528

Area _____ Tr. _____

Sec. _____ Blk. _____ Survey _____

$\frac{320}{640} \times \frac{1}{6} = 8.3333$ %

$.5000 \times .166667 = .083333$

3. M.F. No. _____

Area _____ Tr. _____

Sec. _____ Blk. _____ Survey _____

_____ x _____ = _____ %

4. M.F. No. _____

Area _____ Tr. _____

Sec. _____ Blk. _____ Survey _____

_____ x _____ = _____ %

REMARKS:

both leases held by
shut-in gas wells

Prepared by MS Entered Unit Book _____

POOLING COMMITTEE REPORT

TO: SCHOOL LAND BOARD

DATE: February 28, 1978

OPERATOR: Chevron U.S.A. Inc.

COUNTY Reeves

UNIT NAME: Sec. 22-27 Gas Unit

FIELD King Edward *

FILE NUMBER	TOTAL ACRES	ACRES IN UNIT
M-67525	640	320
M-67528	640	320

Unitized for:

Kind of land:

Oil
Gas X (See Below)
Oil and Gas

State Owned X
Relinquishment Act X
Free Royalty

Size of Unit 640 Acres
State owned 640 Acres
Privately owned

Well location:
State land X
Private land

Participation:

Railroad Commission Field Rules:

Basis Surface Acreage
Royalty 1/6

Spacing No Field Rules
Well factor
Acreage factor

Agrees to drill to density of field rules: Yes X No
Holds only acreage included in unit past
primary term: Yes X No
Satisfactory geological data furnished: Yes X No

REMARKS: This operator is requesting gas pooling of two half sections with plans to drill a 16,000' Siluro-Devonian test.

Both State Leases were acquired 10-3-72 with 5-year terms and are currently held by shut-in Delaware gas completions on each lease.

It is recommended that pooling be limited to gas below the Mississippian Lime.

APPROVAL: Recommended X

Not Recommended

Austen H. Furse

Jack M. Howard

POOLING AGREEMENT

THIS AGREEMENT is entered into by and between the Commissioner of the General Land Office, on behalf of the State of Texas, hereinafter called "Royalty Owner", and Chevron U.S.A. Inc., hereinafter called "Lessee", and is made 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:

1. Purposes. This Agreement is made for the purposes of conservation and utilization of the pooled minerals to prevent waste, to facilitate orderly development, and to preserve correlative rights. To such ends 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 minerals, and in its interpretation and application shall, in all things, be subject thereto.

2. Unit Description. The pooled unit shall consist of the following described land situated in REEVES COUNTY, TEXAS, to-wit:

The South One-Half (S/2) of Section 22 and
the West One-Half (W/2) of Section 27, all
in Block 45, PSL Survey, Reeves County, Texas
containing 640 acres, more or less;

The oil and gas leases which are included within the pooled unit are listed on the attached Exhibit "A", and such leases and the records thereof in the public records are referred to for all purposes. All lands included in the unit are shown in red on Exhibit "B" attached hereto and made a part hereof for all purposes.

3. Minerals Pooled. The minerals pooled and unitized hereby shall be the gas and gas distillate and extend only to the gas and gas distillate in and under and that may be produced from the unit between the depths specified below, to-wit:

All depths below the base of the Mississippian
Lime Formation, the base of which is defined as
being at 15,390 feet beneath the surface as
logged in the Chevron Reeves-State No. 1 well
located in Section 27, Block 45, PSL, Reeves
County, Texas.

4. Pooling and Effect. The parties hereto commit all of their interests which are within the unit to the extent and as above described in and to the unit described above, and unitize and pool hereunder the separate tracts described on the attached Exhibit "A" 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 minerals, rather than as separate tracts.

(b) All drilling operations, reworking or other operations with respect to the pooled minerals 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.

(c) Production of the pooled minerals from the unit, allocated to each separate tract respectively, as hereinafter provided, shall be deemed to have been produced from 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 and this agreement.

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

(e) A shut-in gas well located upon any lease included within said unit shall be considered as a shut-in gas well located upon each lease included within said unit; provided, however, that shut-in 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 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 or otherwise diminished by reason of this agreement.

(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 shown in Exhibit "B" only as provided in each such lease without regard to unit operations or unit production. Neither production of the pooled mineral, nor unit operations with respect thereto, nor the payment of shut-in royalties from a unit gas well, shall serve to hold any State lease in force as to any area outside the unitized area, regardless of whether the production or operations on the unit are actually located on the State lease or not. "Area" as used in this paragraph shall be based upon surface acres to the end that 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 regulatory body having jurisdiction) shall adopt field rules providing for gas units of less acreage than that specified in paragraph No. 2 above, plus an acreage tolerance of 10%, then Lessee agrees to either (1) drill to the density permitted by the Railroad Commission, (2) 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 above described leases from drainage from any well situated on privately owned land, 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 unit, nor to develop the tracts separately, as to the pooled mineral except as provided herein.

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

5. Allocation of Production. For the purpose of computing the royalty which Lessor shall be entitled from production of gas and gas distillate from the unit, there shall be allocated to each lease committed to the unit that prorata portion from the gas and gas distillate produced from the pooled unit which the number of surface acres covered by each such lease and included in the pooled unit bears to the total number of surface acres included in the pooled unit.

6. Effective Date. The unit shall become effective when signed by the Commissioner of the General Land Office of the State of Texas, or from the date production of the pooled minerals is first obtained therefrom, whichever date is sooner.

7. Term. This Agreement shall remain in effect as long as the pooled minerals are being produced from the unit, or so long as drilling or reworking operations are being prosecuted with no more than 60 days between cessation of either production or of such operations and the beginning or resumption of either of them, as the case may be, from time to time thereafter, or so long as all existing leases covering the pooled minerals are maintained in force insofar as they cover the pooled unit by payment or tender of shut-in gas well royalties, or by other means in accordance with the terms of said leases. For all purposes hereof, drilling operations on a well with a Railroad Commission of Texas Form W-1 projected depth below a depth of 6200 feet beneath the surface shall be considered as drilling operations on the unit.

Nothing herein shall amend or modify Section 2 of Article 5382e, V.T.C.S., as amended, or any of the provisions thereof which are contained in any State lease included in this agreement.

8. State Land. Insofar as the royalty interest of the State of Texas in and under each lease 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 Article 5382c, Vernon's Annotated Civil Statutes of Texas, authorizing the same after the prerequisites, findings, and approval hereof as provided in said statute having been duly considered, made and obtained.

9. Termination. The unit created by this Agreement may be dissolved by Lessee, its successors, or assigns, by an instrument filed for record in Reeves County, Texas, and a certified copy thereof filed in the General Land Office, at any time after the cessation of production on said unit.

10. State's Royalty. Notwithstanding anything contained herein to the contrary, it is agreed as follows:

(a) The State may, at its option, upon not less than 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.

(b) 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:

- (1) As to royalty on oil, by (a) 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 (b) the highest market price thereof offered or paid for the field where produced and when run, or (c) the gross proceeds of the sale thereof, whichever is the greater;
- (2) As to royalty on gas, such value to be based on the (a) highest market price paid or offered for gas of comparable quality for the field where produced and when run, or (b) 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).

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

STATE OF TEXAS

By Bob Creamer
Commissioner of the General Land
Office

Date Executed: 3-31-78
ROYALTY OWNER

Legal
Geology
Execution
Engineering

CHEVRON U.S.A. INC.

By E. O. Hensley
Attorney-in-Fact

Date Executed: January 27, 1978
LESSEE

CERTIFICATE

I, H.E. White, Secretary of the School Land Board, do hereby certify that at a meeting of the School Land Board duly held on the 7th day of March, 19 78, the foregoing instrument was presented to and approved by said Board under the provisions of Article 5382e, VCS, all of which is set forth in the minutes of the Board of which I am custodian.

IN TESTIMONY WHEREOF, Witness My Hand this 31st day of March, 19 78.

H.E. White
Secretary of School Land Board

THE STATE OF TEXAS X
COUNTY OF TRAVIS X

BEFORE ME, the undersigned authority, on this day personally appeared BOB ARMSTRONG, Commissioner of the General Land Office, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, and in the capacity therein stated on behalf of the State of Texas.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 31st day of March, 19 78.

Linda M. Fisher
Notary Public in and for Travis
County, Texas



STATE OF COLORADO X
 X
COUNTY OF ARAPAHOE X

BEFORE ME, the undersigned authority, a Notary Public in and for said County, personally appeared E. O. Hensley to me personally known, who being by me duly sworn did say that he, with the capacity designated by his signature on the document to which this certificate is attached, is an officer or agent, of Chevron U.S.A. Inc., a corporation organized and existing under and by virtue of the laws of the State of California, and that he as such officer or agent and in such capacity being authorized by its Bylaws and/or Board of Directors so to do, signed, sealed, executed and acknowledged before me the foregoing instrument on behalf of said Corporation as his voluntary act and deed and the voluntary act and deed of said Corporation for the uses, purposes and consideration therein expressed and contained by signing the name of the Corporation by him as such officer or agent and that the seal, if any affixed to said instrument is the Corporate seal of said Corporation, and he further acknowledges to me that said Corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my official signature and affixed my notarial seal of office on this the 27th day of January, 1978.

My Commission Expires:

PEGGY D. BICKETT

Notary Public in and for the

State of Colorado, Residing

at Denver, Colorado.

My commission expires Sept. 28, 1978

Peggy D. Bickett
Notary Public

EXHIBIT "A"

ATTACHED TO AND MADE PART OF POOLING
AGREEMENT BETWEEN THE STATE OF TEXAS
AND CHEVRON U.S.A. INC.

Oil and Gas Leases

State of Texas Lease No. 67525 (Chevron Lease #250270) dated October 3, 1972, recorded in Volume 315, Page 95, O&GL Records, Reeves County, Texas executed by the Commissioner of the General Land Office, on behalf of the State of Texas, as Lessor, in favor of Chevron Oil Company, as Lessee, insofar only as said lease covers the South One-Half (S/2) of Section 22, Block 45, PSL, Reeves County, Texas, containing 320 acres, more or less.

State of Texas Lease No. 67528 (Chevron Lease #250300) dated October 3, 1972 recorded in Volume 315, Page 107, O&GL Records, Reeves County, Texas executed by the Commissioner of the General Land Office, on behalf of the State of Texas, as Lessor, in favor of Chevron Oil Company, as Lessee, insofar only as said lease covers the West One-Half (W/2) of Section 27, Block 45, PSL, Reeves County, Texas, containing 320 acres, more or less.

EXHIBIT "B"

ATTACHED TO AND MADE PART OF POOLING
AGREEMENT BETWEEN THE STATE OF TEXAS
AND CHEVRON U.S.A. INC.

CHEVRON D-10-3-77	22
(TEX. MIN. LSE. 67525) No. 250270	
CHEVRON D-10-3-77	27
(TEX. MIN. LSE. 67528) No. 250300	

PSL SURVEY BLK. 45
REEVES COUNTY, TEXAS

(18)

M-67525

Pooling Agreement
Sec. 22-27 Gas Unit
dated 3-31-78⁹²

15540

May 17, 1978

Chevron, U.S.A.
700 S. Colorado Blvd.
Denver, Colorado 80222

ATTENTION: J. F. Boone

RE: State Leases M-67525, 67526, 67527 and 67528
Reeves State 1-22, 1-23, 1-26 and 1-27
Reeves County, Texas

Gentlemen:

This refers to our letter dated November 16, 1977 and your reply dated January 24, 1978 concerning a Gas Purchase Contract for the sale of gas from the above leases.

If negotiations are complete, please send this office a copy of the Contract and Gas Contract Brief.

Sincerely yours,

Harry T. Finnell, Supervisor Gas Contracts
Resource Accounting
Phone: 512 475-4541
HF/lg

(19)
M. F. 67525

CORRESPONDENCE FILE

To Cheney
~~From~~

Dated 5-17-78



Chevron U.S.A. Inc.
700 South Colorado Blvd., Denver, CO 80222

~~JS~~
~~HF~~
1 Ref. 12

J. F. Boone
Sr. Natural Gas Representative

June 1, 1978

State Leases M-67525,
67526, 67527 and 67528
Reeves State 1-22, 1-23,
1-26 and 1-27
Reeves County, Texas

General Land Office
Austin, Texas 78701

Attention Mr. Harry T. Finnell

Gentlemen:

Negotiations for the sale of gas from the referenced leases continue.
If negotiations proceed as we expect, we could have a contract in
about 90 days.

Yours very truly,

JFB/fj

20

M. F. 67525

CORRESPONDENCE FILE

To *Chenoweth, S. A.*

From

Dated 6-1-78

0. 1. 2. 3.



Chevron U.S.A. Inc.
700 South Colorado Blvd., Denver, CO 80222

J. F. Boone
Sr. Natural Gas Representative

June 21, 1978

South Marsh Field
Reeves County, Texas

General Land Office
Austin
Texas 78701

Gentlemen:

It appears that we may have a Gas Purchase Contract from Lo Vaca Gathering Company and Texas Utilities Fuel Company for this field within a few weeks. We expect the initial rate to be \$2.05 per MMBTU, 2.5¢ per MCF escalation each January 1st or the right to redetermine each twelve months to the average of the three (3) highest intrastate prices being paid. Minimum take requirement is 70% of DCQ and current wells may produce 3-5 MMCF per day.

We would appreciate knowing your decision whether you wish to take in kind or accept royalty payment under our contract provisions.

The depth dedication will be limited to the Delaware Formation occurring at an approximate interval between 2700 and 2960 feet and will include the following lands thereunder:

Section 14	M-67593 ⁹⁵
Section 23	M-67526
Section 22	M-67525 ✓
Section 26	M-67527
Section 27	M-67528
Section 35	M-67529
Section 34	M-68440
Section 38	Meeker & Hill Lease - No M number assigned ^{m-77769}
Section 39	M-67530

All located in Block 45 PSL Survey, Reeves County, Texas.

Very truly yours,

J. F. Boone

JFB:rh

20.A
M. F. 67525

CORRESPONDENCE FILE

To Chevron USA
From

Dated 6-21-78

0510

June 27, 1978

Chevron, U.S.A. Inc.
700 S. Colorado Blvd.
Denver, Colorado 80222

ATTENTION: J. F. Boone
Senior Natural Gas Representative

RE: State Leases M-67525 et al
S. Marsh Field
Reeves County, Texas

Gentlemen:

Your letter dated June 21, 1978 advised gas production has been initiated from the above leases and the State has the option to either take its royalty share of gas produced in kind or accept payment under the terms of your contract with the purchaser.

This option has been submitted to the School Land Board Gas Committee and you will be notified of their desires in this matter when a decision is reached. Until this decision is made you are authorized to market the State's interest under your contract with the reservation that the State may elect to retroactively take its share in kind from future production after proper notification.

Sincerely yours,

Harry T. Finnell, Supervisor Gas Contracts
Resource Accounting
Phone: 512 475-4541
HF/1g

(21)
M. F. 67525

CORRESPONDENCE FILE

To Chevron U.S.A.
~~From~~

Dated 6-27-78



Chevron U.S.A. Inc.
P. O. Box 1660, Midland, TX 79702

July 25, 1978

Reeves-State Well Nos. 1-14, 1-22,
1-23, 1-26, 2-27, 1-35 and 1-39
South Marsh Field
Reeves County, Texas

The Honorable Bob Armstrong
Commissioner, General Land Office
Stephen F. Austin Building
Austin, Texas 78701

Attention Mr. Jack Howard

Dear Commissioner:

In order to meet the maximum delivery pressure, 1200 psi, for the sale of gas from wells in the South Marsh Field it has been determined that the most economical method for gathering, dehydrating and compressing this gas would be through a common gathering system with central dehydration and compression facilities located upstream from one sales point.

Attached hereto is a schematic diagram of the proposed South Marsh Field gas gathering, dehydration, compression and sales facilities to be constructed, maintained and operated by Chevron for the benefit of all wells connected to the system.

Separators and orifice meters will be installed at each well location and the streams metered continuously prior to commingling. The commingled gas will then be dehydrated and compressed for sale through an orifice meter to the transmission line. Sales volumes of compressed gas will be allocated to each well based on the ratio of the sum of monthly volumes of the metered individual streams as compared to monthly sales volume of the one sales meter.

Gas used for fuel in operating the compression and dehydration equipment will be metered and the volumes used each month will be apportioned among and allocated to the wells connected to the system in accordance with production volumes during the respective period.

*Walked in to JPH/Howard on 7-26-78 by Mr. Bert Brunner.
L.G.
7-26-78.*

The Honorable Bob Armstrong

-2-

July 25, 1978

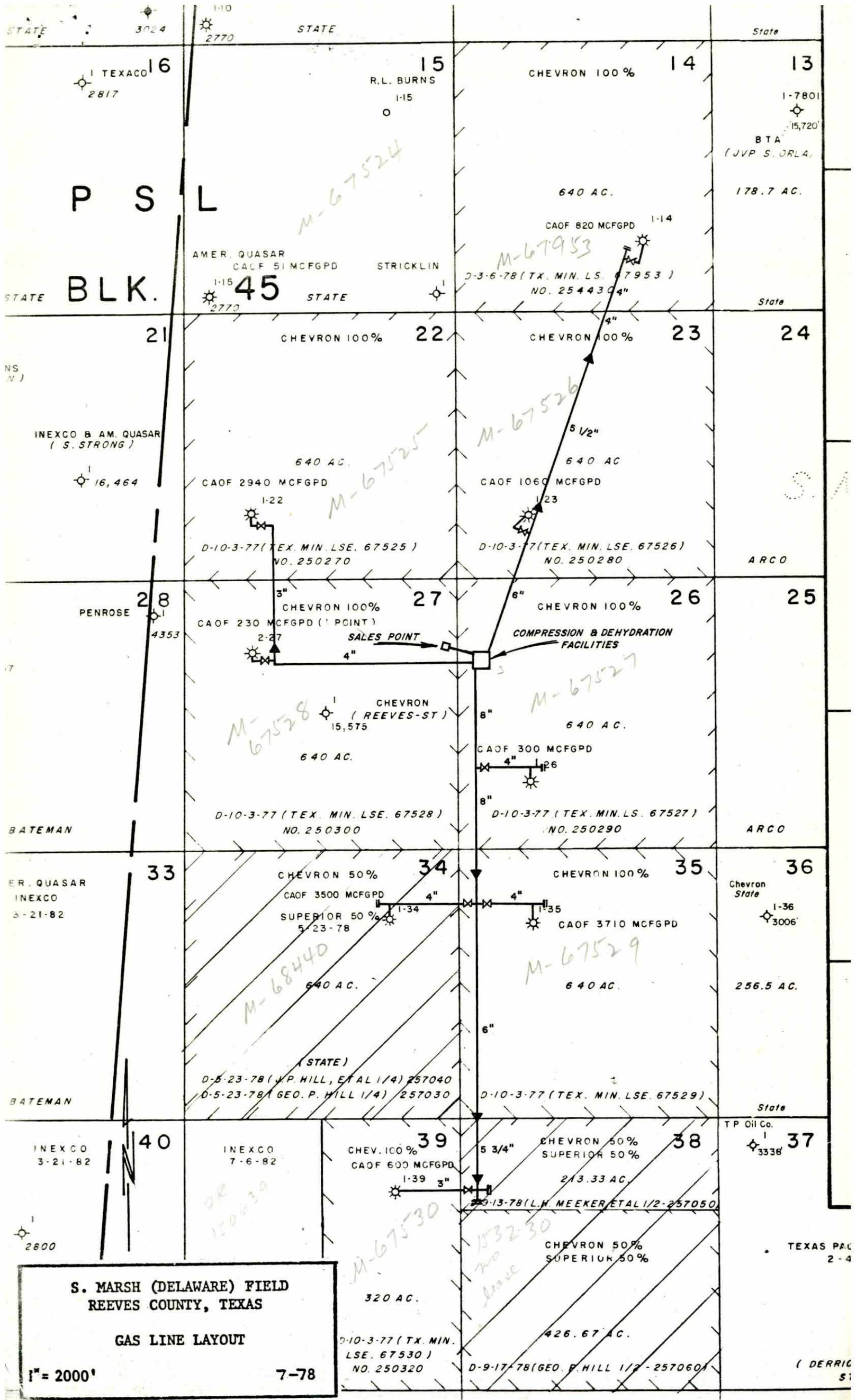
Chevron requests your approval of the proposed gas gathering system and the commingling of gas produced from the above captioned wells with Chevron's Hill and Hill No. 1-34 well and any other well or wells which may be connected to the gathering system from time to time.

Yours very truly,



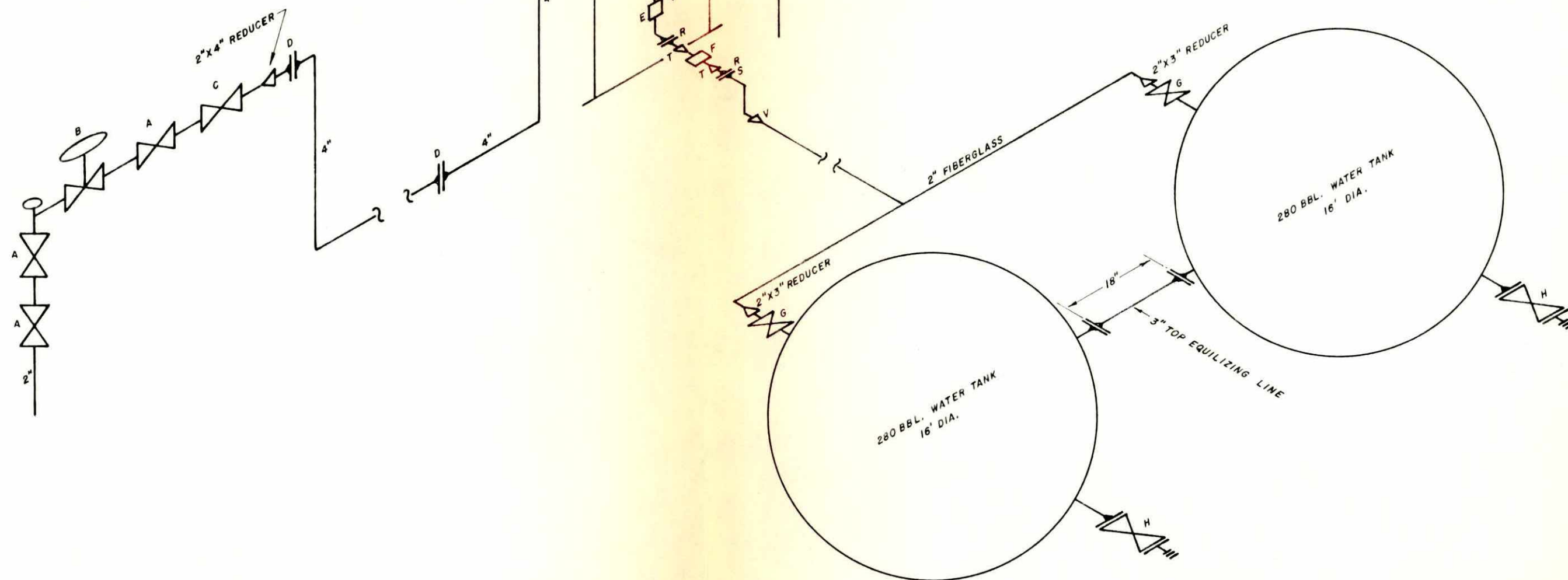
Bert O. Gunn, Jr.
Senior Land Representative

BOG:cn



MATERIALS LIST

- A - 2" SCREWED EXISTING W.K.M.
- B - 2" SCREWED AXELSON
- C - 2" SCREWED THORNHILL CRAVER
- D - 4" 150 LB. SLIP ON FLANGES
- E - 3" SCREWED KIMRAY MECHANICAL DUMP VALVE
- F - 2" SCREWED FLOWTRAC METER
- G - 3" 150 NORRIS SEAL BUTTERFLY
- H - 4" 150 NORRIS SEAL BUTTERFLY
- I - 4" ORIFICE FLANGES
- J - 4" 150 LB. KIMRAY VALVE
- K - 4" 150 LB. CRANE CHECK VALVE
- L - 4" 150 LB. CRANE GATE VALVE
- M - 3" TEE SUPPORT
- N - 2" METER SUPPORT
- O - 1" SCREWED BLOWDOWN VALVE
- P - 1/2" SCREWED VALVE
- Q - 4" 150 FLANGE W/4" THREAD WELDED ON
- R - 3" 150 LB. SCREWED FLANGE
- S - 3" 150 LB. FIBERGLASS FLANGE
- T - 3"x2" SCREWED REDUCER
- U - 3" FIBERGLASS ELL
- V - 3"x2" FIBERGLASS REDUCER



TYPICAL WELL SITE LAYOUT

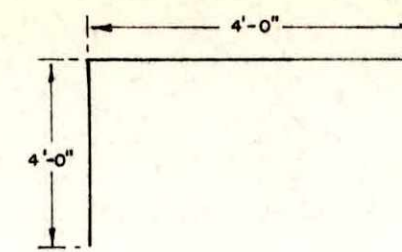
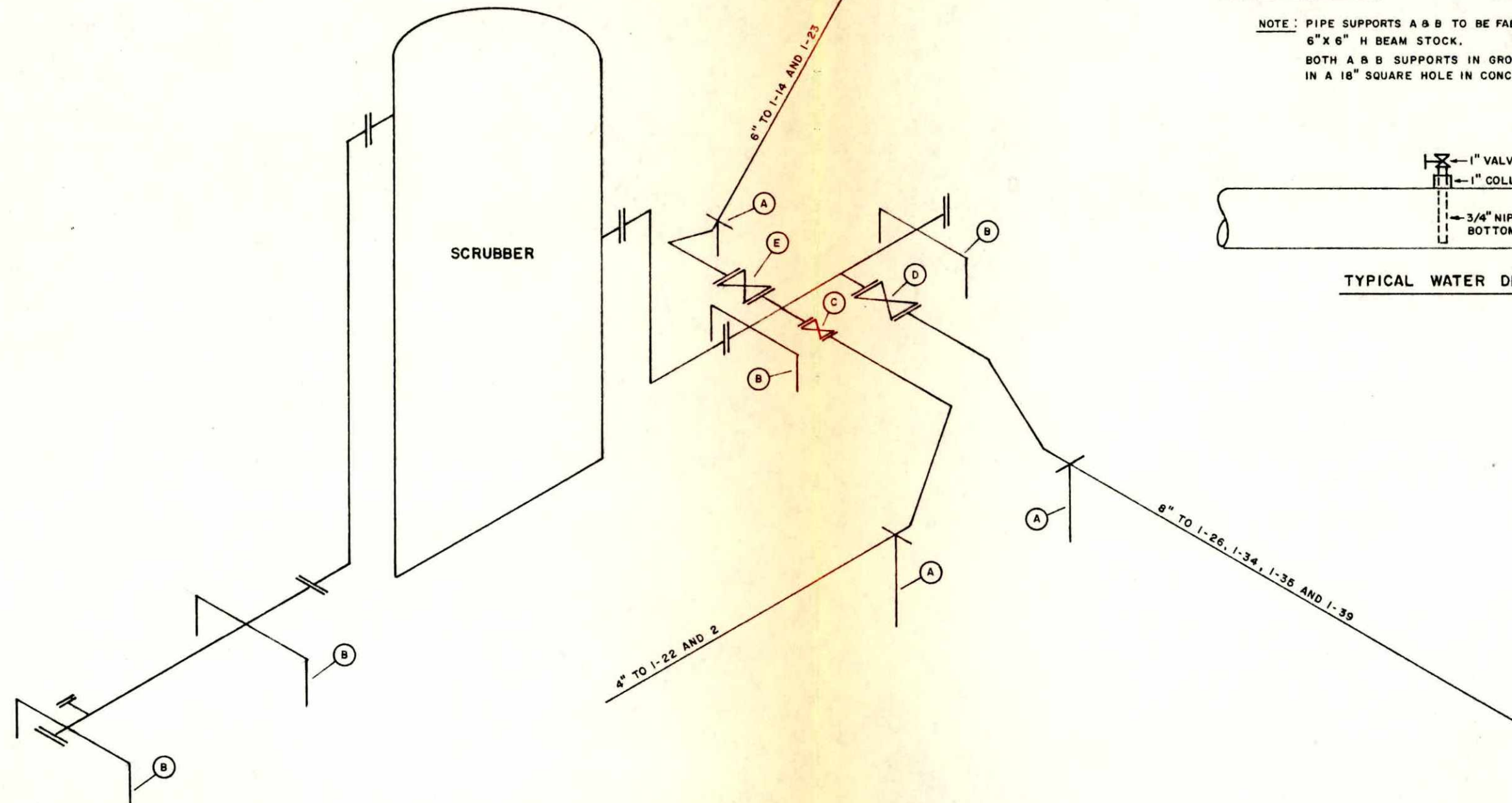
7.7.78

NO SCALE

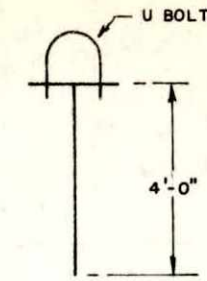
R.A.B.

LIST OF MATERIALS

- A - TEE SUPPORT MADE FROM 6"X6" H BEAM
- B - SUPPORT
- C - 4" 150 LB. VALVE
- D - 8" 150 LB. VALVE
- E - 6" 150 LB. VALVE

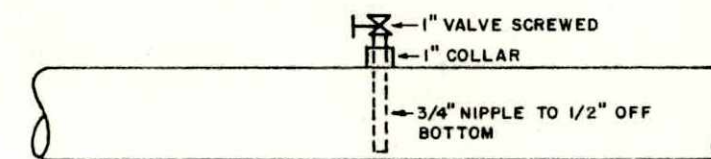


PIPE SUPPORT B



PIPE SUPPORT A

NOTE: PIPE SUPPORTS A & B TO BE FABRICATED FROM 6" X 6" H BEAM STOCK. BOTH A & B SUPPORTS IN GROUND 3' DEEP IN A 18" SQUARE HOLE IN CONCRETE



TYPICAL WATER DRAW

(22)

M. F. 67525
CORRESPONDENCE FILE

To Chevron USA
From

Dated 7-25-78

July 31, 1978

Chevron U.S.A., Inc.
P.O. Box 1660
Midland, Texas 79702

Attention: Mr. Bert O. Gunn, Jr.
Senior Land Representative

Re: State Leases M-67525, M-67526, M-67527, M-67528, M-67529,
M-67530 and M-68440, M-67953
S Marsh (Delaware) Field
Reeves County, Texas

Gentlemen:

We acknowledge your letter of July 25, 1978, as personally delivered to this office by Mr. Bert O. Gunn, Jr. on July 26, 1978. Attached to said letter is a gas-line layout pertaining to Sections 14, 22, 23, 26, 27, 34, 35 and the east half of Section 39, all in PSL Blk. 46, in Reeves County.

Your proposed gas gathering system and the commingling of the produced gas are hereby approved. State approval should be obtained, however, before connecting any wells which are producing from a reservoir other than the system's original gas reservoir.

Yours very truly,

Bob Armstrong

By: Lanvil Gilbert, Senior Attorney
Energy Resources
Phone: 512-475-6749
LG/mow

M. F. 67525
CORRESPONDENCE FILE

To Chevron USA

From

Dated 7-31-78

MEMORANDUM

TO: M-67525 thru M-67530, M-67953, M-68440
FROM: L. Gilbert
DATE: 8-1-78
SUBJECT: EXEMPTIONS FROM Royalty

By a letter dated 7-25-78 (Item 22 in M-67525) Chevron has proposed a gas gathering system. I have approved this plan by my letter dated 7-31-78. Involved are 7 State fee leases and one Relinquishment Act lease.

Under Provision 3(E) of the State fee leases, no royalty shall be payable on gas used by Lessee for operations on the leased premises. No royalty shall be paid on gas used for compression or as fuel in any processing plant or other facility.

Under these 1972 leases Chevron will be permitted to use, royalty free, the gas used to fuel the dehydrators as well as the compressors, and dehydration takes place on the premises and qualifies as on "other facility" under the express provisions of the lease.

I have discussed this with Virgil C. Moule & George C. Frank, who agree.

State Lease M-67525

8-1-78

ROYALTY MEMO

August 4, 1978

Chevron U.S.A., Inc.
P.O. Box 599
Denver, Colorado 80201

Attention: Ms. Catherine E. Quinn

Re: State Leases M-67525 and M-67528
Sections 22 & 27, Blk. 45, PSL
Reeves County, Texas

Dear Ms. Quinn:

On July 25, 1978, you telephoned this office regarding the amount of shut-in payments which will be due on or before October 3, 1978, unless production shall have begun sooner.

Both Sections 22 and 27 have one shut-in gas well completed on a lease basis. Each lease is held by a shut-in gas royalty payment for the period from October 3, 1977 to October 3, 1978. In addition, Section 27 has a shut-in gas well completed on a unit basis. This well, of course, is imputed to Section 22 under terms of the unit agreement. The minerals pooled are gas and gas dissolvable at all depths below the base of the Mississippian Lime Formation, the base which is defined as being at 15,390 feet beneath the surface.

It is our opinion that the proper shut-in gas royalty payments under the captioned leases will be \$6,400.00 as to each lease under the existing facts. Each lease bears an annual rental of \$3,200.00. The proper royalty is double the annual rental but in no event less than \$1,200.00 per shut-in well. Thus \$6,400.00 under each lease will be sufficient unless six or more shut-in wells are completed.

Yours very truly,

Bob Armstrong

By: Lanvil Gilbert, Senior Attorney
Energy Resources
Phone: 512-475-6749
LG/mow

M. F. 67525
CORRESPONDENCE FILE

To Chevron USA

~~From~~

Dated 8-4-78

August 4, 1978

Chevron, U.S.A. Inc.
700 S. Colorado Blvd.
Denver, Colorado 80222

ATTENTION: J. F. Boone

RE: State Lease H-67525 et al
S. March Field
Reeves County, Texas

Gentlemen:

This refers to your letter dated June 21, 1978 concerning the State's right to take its Royalty Share of gas from the above lease in-kind.

The Gas Committee elected not to take the State's share in-kind at this time and to accept the price received under your Gas Contract.

The State reserves the right to take its gas in-kind at a future date upon proper notification.

Sincerely yours,

Harry T. Finnell,
Supervisor Gas Contracts
Resource Accounting
Phone: 512 475-4541
HF/19

cc: Gas Committee File

26

M. F.

67525

CORRESPONDENCE FILE

To *Chevron U.S.A.*

~~From~~

Dated

8-4-78

September 18, 1978

Chevron U.S.A., Inc.
P. O. Box 599
Denver, Colorado 80201

RE: State Lease M-67525
Sec. 22, Blk. 45
So. Marsh (Delaware)
Reeves County, Texas

Gentlemen:

This will acknowledge receipt of your \$6,400.00 check for shut-in gas royalty for the above lease.

Please complete and return one copy of the enclosed shut-in gas affidavits.

If the annual shut-in affidavit has already been forwarded, please disregard this request.

Sincerely yours,

George A. Clark, Supervisor
Resource Accounting
Telephone No. 512-475-2858
RWB/glc
Enclosure

M. F.

67525

27

CORRESPONDENCE FILE

To

Chevron

From

Dated

9-18-78^g

September 19, 1978

Chevron, U.S.A.
700 S. Colorado Blvd.
Denver, Colorado 80222

ATTENTION: J. F. Boone

RE: State Leases M-67525, 67526, 67527 and 67528
Reeves State 1-22, 1-23, 1-26 and 1-27
Reeves County, Texas

Gentlemen:

This refers to our letters dated November 16, 1977 and May 17, 1978 and your replies dated January 24, 1978 and June 1, 1978 concerning a Gas Purchase Contract for the sale of gas from the above leases.

If negotiations are complete, please send this office a copy of the Contract and Gas Contract Brief.

Sincerely yours,

Harry T. Finnell,
Supervisor Gas Contracts
Resource Accounting
Phone: 512 475-4541
HF/lg

(28)

M. F. 67525

CORRESPONDENCE FILE

To Chemron U.S.A.

From

Dated 9-19-78

October 18, 1978

Chevron U.S.A. Inc.
P. O. Box 1660
Midland, Texas 79701

Attention: Mr. Bert Gunn, Jr.

Re: State Leases M-67525, M-67526,
M-67527 and M-67528
Sections 22, 23, 26 and 27, Block 45, PSL
Pecos County

Gentlemen:

Your company has submitted shut-in payments for Delaware gas wells on the captioned. This office has a requirement that Railroad Commission completion Form G-1 be submitted as conclusive evidence for these gas completions.

It is also requested that you submit other Railroad Commission forms on these wells and please advise if we may be of assistance.

Sincerely yours,

Bob Armstrong

By

Jack M. Howard, Director
Exploration & Development Division
Phone: (512) 475-3064

JMH:gs

(29)

M-67525

Ltr to

Chevron U.S.A. Inc

Dated 10-18-78 gsd



Chevron U.S.A. Inc.
P. O. Box 1660, Midland, TX 79702

M67525

161

October 20, 1978

Honorable Bob Armstrong, Commissioner
General Land Office
Stephen F. Austin Building, 8th Floor
1700 N. Congress Avenue
Austin, Texas 78701

Attention Mr. Jack Howard:

Dear Commissioner:

In compliance with your letter of October 18, 1978, please find attached hereto potential test results (RRC Form G-1) on the following listed wells located in Reeves County, Texas:

<u>Well Name - So. Marsh (Delaware) Field</u>	<u>Block 45, PSL</u>	<u>Lease No.</u>
Chevron's Reeves-State No. 1-22	Section 22	M-67525
Chevron's Reeves-State No. 1-23	Section 23	M-67526
Chevron's Reeves-State No. 1-26	Section 26	M-67527
Chevron's Reeves-State No. 2	Section 27	M-67528

Copies of the above listed G-1 Forms were sent to your office under date of October 5, 1977.

Our plans are to file a G-1 Form on Chevron's Reeves-State No. 3-27 Well (King Edward Field) immediately after said well is connected to the pipeline now under construction and scheduled for completion between November 1 and November 15, 1978.

Yours very truly,

Bert O. Gunn, Jr.
Senior Land Representative

BOG:vlm

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

Form G-1
Rev. 7/7/75

M-67525

GAS WELL BACK PRESSURE TEST
COMPLETION OR RECOMPLETION REPORT AND LOG

1. FIELD NAME (as per RRC Records or Wildcat) Wildcat	2. LEASE NAME Reeves-State	7. RRC District 8
3. OPERATOR Chevron U.S.A. Inc.		8. RRC Identification Number Not Yet Assigned
4. ADDRESS P. O. Box 1660, Midland, Texas 79702		9. Well Number 1-22
5. If Operator has changed within last 60 Days -- Give former Operator -		10. County REEVES
6. LOCATION (Section, Block, and Survey) Section 22, Block 45, PSL Survey		11. Purpose of Test Initial Potential ☒ Retest ☐ Recross ☐
12. Pipe Line Connection None at present	13. If Workover, give former Field (with Reservoir) -	14. Completion Date 9-9-77
15. List of Offset Operators Notified and Date of Notification 9/21/77 American Quasar Pet Co, Inexco Oil Co, The Superior Oil Co		16. Type of Electric or other Log Run CNL-FDC-GR, DLL

Section I GAS MEASUREMENT DATA L-10: 100 X 1500#											
Date of Test	Gas Measurement Method (Check One)								Gas produced during test		
9-15-77	Orifice Meter ☒	Positive Choke ☐	Orifice Vent Meter ☐	Pitot Tube ☐	Critical-flow Prover ☐				105 MCF		
Run No.	Line Size	Orifice or Choke Size	24 Hr. Coeff. Orif or Choke	Static P _m or Choke Press	Diff. h _w	Flow Temp. °F	Temp. Factor F _{tt}	Gravity Factor F _g	Compress Factor F _{pv}	Volume MCF/DAY	
1	4.026	0.50	1564.70	373.2	25	72	0.9887	1.0351	1.022	158	
2	4.026	0.50	1564.70	413.2	77	73	0.9877	1.0351	1.028	293	
3	4.026	1.50	14355.64	311.2	6.5	76	0.9850	1.0351	1.0221	673	
4	4.026	1.50	14355.64	315.2	28	76	0.9850	1.0351	1.022	1405	

Section II

FIELD DATA AND PRESSURE CALCULATIONS

Gravity (Dry Gas)	Gravity Liquid Hydrocarbon	Gas-Liquid Hydro Ratio	Gravity of Mixture	Avg. Shut-In Temp.	Bottom Hole Temp.
0.56	None	None	G _{mix} = 0.56	69 °F	113 °F @ 2540 (Depth)
D _{eff} ^{8/3} =		√ T _f =		√ GL =	
C = $\frac{1118 \times (D_{eff})^{8/3}}{\sqrt{T}}$ =			√ GL / C =		

Run No.	Time of Run Min.	Choke Size	Wellhead Press P _w PSIA	Wellhead Flow Temp. °F	P _w ² (Thousands)	R	R ² (Thousands)	P ₁	P _w /P ₁
Shut-In 60 hrs.			1162.2						
1	60	6/64	1128.2	72					
2	60	8/64	1114.2	71					
3	60	11/64	1066.2	72					
4	60	16/64	897.2	70					

Run No.	F	K	S = $\frac{1}{z}$	E _{ks}	P _f and P _s	P _f ² and P _s ²	P _f ² - P _s ²	Angle of Slope θ = 53° n = 0.754 Absolute Open Flow 2900 MCF/DAY
Shut-In					1207.2	1457		
1	Used Amerada BHP Gauge				1194.2	1426	31	
2	SN: 40926				1178.2	1388	69	
3					1126.2	1268	189	
4					950.2	903	554	

An inclination survey has been run in accordance with Statewide Rule 11 and the results are available upon request. Maximum horizontal displacement was 63.35 feet at a measured depth of 2890 feet.

Signature of Authorized Representative: *Lana Rapp*
Name of Company Conducting Survey: **ROY H. SMITH DRILLING COMPANY**

All casing was cemented in accordance with Statewide Rule 13 or a written exception thereto. Cementing tickets and/or other data are available upon request.

Signature of Cementer or Authorized Representative: *W. R. Coffelt*
Name of Cementing Company: **BJ-Hughes, Inc.**

CERTIFICATE:
I declare under penalties prescribed in Article 6036c, R.C.S., that I am authorized to make this report, that this report was prepared by me or under my supervision and direction and that data and facts stated therein are true, correct, and complete, to the best of my knowledge.

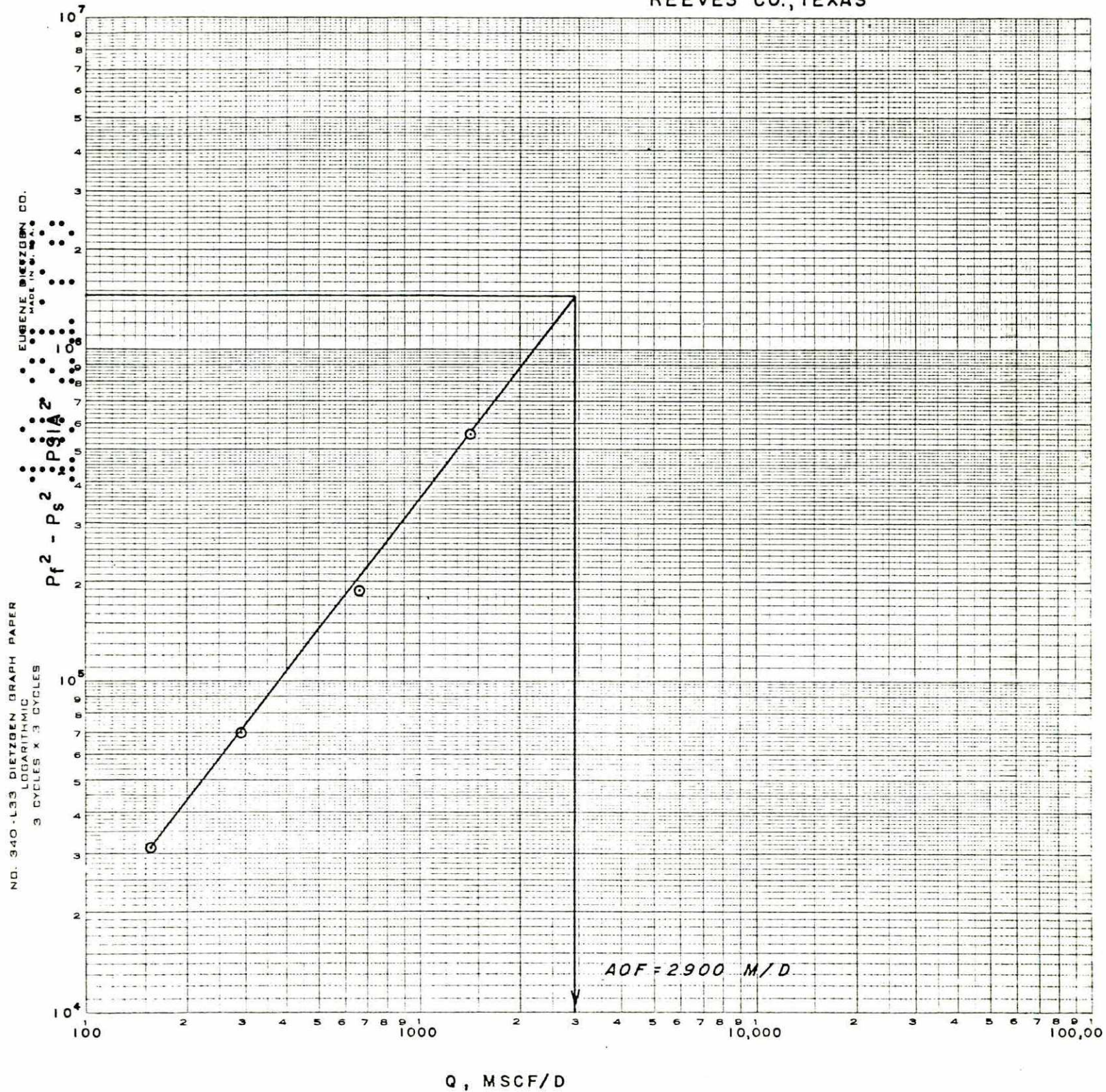
Signature: *W. R. Coffelt* TITLE: **Senior Petroleum Engineer** DATE: **9/21/77**
REPRESENTATIVE OF COMPANY

SECTION III		DATA ON WELL COMPLETION AND LOG (Not Required on Retest)					
17. Type of Completion: New Well ☒ Deepening ☐ Plug Back ☐ Other ☐					18. Date Permit Issued 7-11-77		
19. Notice of Intention to Drill this Well was filed in Name of Chevron U.S.A. Inc.					20. If Special Permit, Give Permit Number		
21. Number of Producing Wells on this Lease in This Field (Reservoir) including this Well 1				22. Total Number of Acres in this Lease 640			
23. Date Plug Back, Deepening, Work Over or Drilling Operations: Commenced 8-18-77 Completed 8-27-77				24. Distance to Nearest Well, Same Lease & Reservoir -			
25. Location of Well, Relative to Nearest Lease Boundaries of Lease on which this Well is Located				25. Location of Well, Relative to Nearest Lease Boundaries of Lease on which this Well is Located			
1320 West				1320 South Line And 1320 Feet From Line of The Reeves-State Lease			
26. Elevation (DF, RKB, RT, GR, ETC) GR 3196; DF 3204; KB 3205				27. Was Directional Survey Made Yes ☐ No ☒			
28. Top of Pay 2688	29. Total Depth 2890	30. P.B. Depth 2848	31. Surface Casing Determined By: Recommendation of Texas Water Development Board ☒ Field Rules ☐ Railroad Commission (Special) ☐				
32. Is Well Multiple Completion? Yes ☐ No ☒		33. If Multiple Completion List All Reservoir Names (Completions in this Well)		34. Intervals Drilled By: All		35. Is Cementing Affidavit Attached? Yes ☐ No ☒	
35. Name of Drilling Contractor Roy H. Smith Drilling Company							
37. CASING RECORD (Report All Strings Set in Well)							
CASING SIZE	WT #/ FT.	DEPTH SET	MULTI STAGE TOOL DEPTH	TYPE & AMOUNT CEMENT (Sacks)	HOLE SIZE	TOP OF CEMENT	SLURRY VOL. cu. ft.
8-5/8	24#	736	-	Class C; 485	12-1/4	Surface	775
5-1/2	17#	2890	-	Class C; 750	7-7/8	Surface	1334
38. LINER RECORD							
Size	Top	Bottom	Sacks Cement	Screen			
39. TUBING RECORD							
Size	Depth Set	Packer Set	40. Producing Interval (this completion) Indicate Depth of Perforations or Open Hole				
2-3/8	2587	2587	From	To			
			From 2693	To 2736 (Selectively)			
			From	To			
			From	To			
41. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.							
Depth Interval			Amount and Kind of Material Used				
2693-2736			1000 gal. 7 1/2% NE HCL				
2693-2736			5000 gal. & 5000# 20-40 sd.				
42. FORMATION RECORD (LIST DEPTHS OF PRINCIPAL GEOLOGICAL MARKERS AND FORMATION TOPS)							
Formations	Depth	Formations	Depth				
Lamar Lime	2632						
Delaware Sand	2688						
REMARKS							

ABSOLUTE OPEN FLOW POTENTIAL CHEVRON - REEVES STATE No.1-22

SEC. 22, BLK. 45, PSL SURVEY

REEVES CO., TEXAS



RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

Form G-5
Rev. 12/11/75

GAS WELL CLASSIFICATION REPORT

1. FIELD NAME (as per RRC Records) Wildcat	2. LEASE NAME Reeves-State	7. RRC District 8
3. OPERATOR Chevron U.S.A. Inc.		8. RRC Identification Number Not yet assigned
4. ADDRESS P. O. Box 1660, Midland, Texas 79702		9. Well Number 1-22
5. LOCATION (Section, Block, and Survey) Section 22, Block 45, PSL		10. County Reeves
6. Pipeline Connection or Use of Gas No connection at present		11. Utilized for Future Sales
		12. Acres Allocated to this Well 160

Section I		PRODUCTION TEST AT RATE ELECTED BY OPERATOR		(Data on 24-hour basis)	
A. Gas Volume	673	(MCF)	E. Casing Pressure	-	(PSI)
B. Oil or Condensate Volume	0	(BBLs.)	F. Color of Liquid	-	
C. Gas/Liquid-Hydrocarbon Ratio	-	(CF/BBL.)	G. Gravity of Liquid	-	*API
D. Flowing Tubing Pressure	1053	(PSI)	H. Specific Gravity of the Gas (AIR = 1)	0.56	

Section II		POTENTIAL TEST DATA	
A. Absolute Open Flow	2900	(MCF/DAY)	C. Shut-In Wellhead Pressure 1149 (PSI)
B. Date of Test	9-15-77		D. Length of Time Well Shut-In Prior to Test 60 hours

Section III		A.S.T.M. DISTILLATION OF LIQUID SAMPLE	
Distillation Test is required only on Gas Wells producing with a Gas-Liquid Ratio of less than 100,000 Cubic Feet per Barrel.			
DATE LIQUID SAMPLE OBTAINED:			

PER CENT OVER	TEMPERATURE (DEG. F.)
I.B.R.	
10	
20	
30	
40	
50	
60	
70	
80	
90	
95	
E.P.	

I declare under penalties prescribed in Article 6036c, R. C. S., that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated therein are true, correct, and complete, to the best of my knowledge.

W. R. Coffelt
SIGNATURE

W. R. Coffelt

9-20-77

DATE

Senior Petroleum Engineer

TITLE

AREA CODE AND
TELEPHONE NUMBER

915

684-4441

(30)

67525

M. R. _____

WELL #. _____ COMPLETION REPORT
BOB ARMSTRONG, COMMISSIONER

FILED OCT 24 1978 BY R. V. PHIPPS

10.57.10



Chevron U.S.A. Inc.

700 South Colorado Blvd., P. O. Box 599, Denver, CO 80201

J. F. Boone
Sr. Natural Gas Representative

October 23, 1978

[Handwritten signature]
[Handwritten signature]
file

State Leases M-6752⁵~~8~~, M-67526,
M-67527, M-67528, M-67529, M-67530,
M-67953, M-68440, M-77769 & M-77770
(Chevron File G0357)

General Land Office
Austin, Texas 78701

Attention Mr. Harry T. Finnell

Gentlemen:

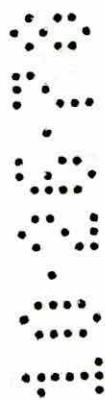
On October 9, 1978, we concluded our Gas Purchase Contract with Lovaca Gathering Company and Texas Utilities Fuel Company limited to the Delaware Sand gas production in the South Marsh Field, Reeves County, Texas.

A Gas Contract Brief is enclosed for your records. Please let us know if you need anything further on this contract.

Yours very truly,

[Handwritten signature: John F. Boone]

Enclosure



31

M. F. 67525

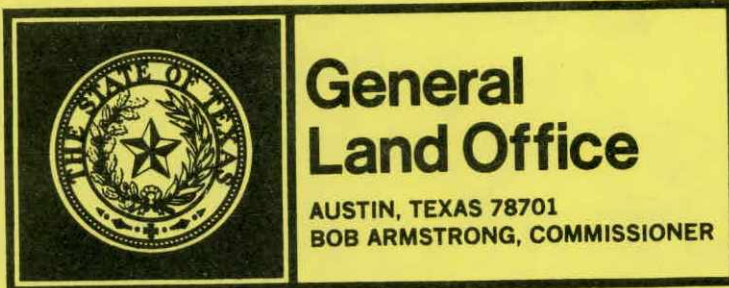
CORRESPONDENCE FILE

To *Chenow*

From

Dated 10-23-78

10.50.10



October 19, 1978

Chevron, U.S.A.
700 S. Colorado Blvd.
Denver, Colorado 80222

SECOND REQUEST

ATTENTION: J. F. Boone

RE: State Leases M-67525, 67526, 67527 and 67528
Reeves State 1-22, 1-23, 1-26 and 1-27
Reeves County, Texas

Gentlemen:

Enclosed is a copy of our letter to you dated September 19, 1978 and as of this date we have not received a reply to this letter.

In order to expedite the handling of your correspondence, please direct your reply to the undersigned Supervisor.

Your prompt attention to this matter is requested.

Sincerely yours,

Harry T. Finnell, Supervisor
Resource Accounting
Telephone No. 512 475-4541
Enclosure

HF/19

(32) M. F. 67525

CORRESPONDENCE FILE

To *Chenon*

~~From~~

Dated 10-19-78



November 17, 1978
GLO 1122

Chevron, U.S.A.
P. O. Box 599
Denver, Colorado 80201

ATTENTION: R. A. Howey

RE: State Leases M-67525 et al
Marsh Field
Reeves County, Texas
Contract Number 5248-RE

Gentlemen:

The Gas Purchase Contract between you, as seller, and ~~bo~~ Vaca and Texas Utilities, as buyer, dated July 1, 1978, includes the above State Leases. The price is due to be renegotiated on January 1, 1979.

Please furnish this office a copy of the document covering gas sales after January 1, 1979. If it is your intent not to renegotiate, please advise.

Sincerely yours,

Harry T. Finnell,
Supervisor Gas Contracts
Resource Accounting
Phone: 512 475-4541
HF/lg

33

M. F.

67525

CORRESPONDENCE FILE

To Chevron

~~From~~

Dated 11-17-78

M-67525

SHUT-IN AFFIDAVIT

Enter appropriate comments, if any,
and initial. Pass to next person
within one day.

Initial:

Date:

Affidavit Auditor

RB

10-10-78

Comments:

Exploration & De-
velopment

Jan 11

11-13-78

Comments: *OKRVP*

Legal-Energy
Resources

DDM

12-5-78

Comments:

Affidavit Auditor

Comments:

Lease

25027-0 TEXAS MINERAL LEASE #67525


 Chevron U.S.A. Inc.
 P. O. Box 599, Denver, Colorado 80201

Lease Dated			Recorded in Records of				Acreage Covered		Payee Name - Address	
Mo	Day	Yr.	County	State	Volume	Page			Payee Name - Address	
10	03	72	REEVES	TEXAS	315	95	640.00 (More or Less)	702		

COMMISSIONER OF THE GENERAL LAND OFFICE STATE OF TEXAS, AUSTIN, TEXAS 78701
 To cover Shut-In payment on the Reeves State 1-22 Well located Sec 22, Blk 45
 P.S. & L Survey, Reeves County, Texas (Texas Mineral Lease 67525)

Amount Due

6 400 00

This payment covers the 1978 - 1978 period.

PLEASE SIGN AND RETURN ATTACHED COPY
 AT ONCE, SHOWING DATE CHECK WAS RECEIVED.

sent receipt 9/13/78

122
125

2189

The amount of the attached check is for deposit to the credit of the party or parties named
 above in payment of rental under the oil, gas and mineral lease described above for the period
 stated.

Check No.

 Total Amount Due
 Bank Serv. Charge

OK

6 400 00



Chevron U.S.A. Inc.
P. O. Box 1660, Midland, TX 79702

September 27, 1978

121

Shut-In Gas Affidavits
Reeves County, Texas

Commissioner Bob Armstrong
General Land Office
Stephen F. Austin Building, 8th Floor
1700 N. Congress Avenue
Austin, Texas 78701

Attention Mr. George A. Clark

Dear Commissioner:

Please find attached hereto shut-in gas affidavits pertaining to the following listed leases in Reeves County, Texas:

<u>State Lease No.</u>	<u>Block 45, PSL Survey</u>	<u>Field</u>
M-67525	Section 22	S. Marsh (Delaware)
M-67526	Section 23	S. Marsh (Delaware)
M-67527	Section 26	S. Marsh (Delaware)
M-67528	Section 28	S. Marsh (Delaware) & King Edward

Yours very truly,


Bert O. Gunn, Jr.
Senior Land Representative

BOG:cn
Attachments

GENERAL LAND OFFICE LEASE NUMBER M- 67525Operator Chevron U.S.A. Inc.Lease Name Texas Mineral Lease #67525 Field S. Marsh (Delaware)

Description of Lease:

Area South Orla Tract _____Part All of Section 22 Block 45Grantee PSL Acres 640 County Reeves

The following well or wells are classified Gas Wells by the Railroad Commission of Texas and are Shut-in:

Well # 1-22 Number Gas Zones Completed one (1) Potential MCF/day 2900
Barrels Liquid -- Date Shut-in September 15, 19 77

Well # _____ Number Gas Zones Completed _____ Potential MCF/day _____
Barrels Liquid _____ Date Shut-in _____, 19 _____

List additional wells and information under Remarks.

1. Is there a suitable market for the gas that can be produced? No
If not, explain under Remarks.
2. Name of nearest purchaser Pioneer Corporation
3. Distance to nearest Gas Pipe Line 4 miles ± Price per MCF being offered see remarks below
4. Is there a well completed within 1000' of this lease that is producing from the same reservoir in which the above mentioned well(s) is completed? No
5. Is there a well that is draining this lease, but further than 1000'? No

If Yes on 4 and/or 5, furnish: Operator _____

Lease _____ Date of first production _____

Remarks:

Negotiations are in progress with Lo Vaca to secure a suitable gas market and these negotiations are expected to be completed by November 1, 1978 with gas sales commencing immediately thereafter.

rec'd \$6400.00
9-9-78
reg # 2189

I certify that this statement is true and correct.

Chevron U.S.A. Inc.By: D. G. Simolke Title Engineer
D. G. SimolkeSworn and subscribed to before me, the undersigned
authority, on this 28th day of September, 19 78Anna Mae Jones
Notary Public in and forMidland County, State of Texas

G.L.O. use only

Receiving Stamp

34.

M-67525
Shut-in affidavit
10/3/78 - 10/3/79
RB

No. _____
M.F. _____
Affidavit and

Shut-in Gas Royalty Payment

For _____ 19 / _____ 19

Commissioner

Filed by _____
Clerk

M-

G.L.O. use only:

Has lease been amended? _____
Electric or Radio Active Logs filed? _____
Potential Test (RRC Form GWT-1 received? _____
Primary Term Expired _____, 19____
Acres _____ Rental \$ _____ Twice Rental \$ _____
Checked by _____ Audited by _____
Shut-in Gas Royalty for _____ 19 to _____ 19 \$ _____



Chevron U.S.A. Inc.

700 South Colorado Blvd., P. O. Box 599, Denver, CO 80201

February 9, 1979

J. F. Boone
Sr. Natural Gas Representative

121

State Leases M-67525 et al
South Marsh Field
Reeves County, Texas
Contract Number 5248-RE

General Land Office
Austin, TX 78701

Attention Mr. Harry T. Finnell

Gentlemen:

It is our intention not to redetermine the price for gas sold under the subject contract for the calendar year of 1979. Instead, the 2.5¢ per MCF escalation will be utilized as it gives us a better rate than the redetermination based upon the prices paid under new contracts.

Please advise if you need additional information.

Very truly yours,

JFB:kab

(33) 67525
M. F. _____

CORRESPONDENCE FILE

To *Chevron U.S.A. Inc.*
From _____

Dated *2-9-79* _____

57243

ENERGY RESOURCES

WELL/LEASE STATUS REPORT INFORMATION

TO George Clark FROM B.F. Underwood
DATE ACTION INITIATED 10/21/79 DATE ACTION COMPLETED 5/3/79
ORIGINATING SOURCE Pete Janszen DATA SOURCE LRC
NAME OF OPERATOR Chescon OPERATOR NO. 143113
RRC DISTRICT 08 FIELD Marsh S. (Delaware) FIELD CODE 5770500
LEASE Reeves - State LEASE NO. OR WELL ID NO. 73716
OIL WELL ☐ GAS WELL ☒ WELL NO. 1022 COUNTY Reeves
COMPLETION DATE 9/9/77 DEPTH 2890
POTENTIAL 2900 MCF/D G.L.O. MINERAL FILE NO. 67525 (10-3)
DRILLING PERMIT NO. _____
OTHER INFORMATION _____

REPLY

DATE OF INITIAL PRODUCTION 1/79
GATHERER OF GAS Lo Vaca
GATHERER OF CONDENSATE/CRUDE OIL _____
OTHER INFORMATION _____

PRODUCTION INFORMATION

PERIOD	GAS PRODUCTION (MCF)	CONDENSATE/CRUDE OIL PRODUCTION (BBLs)
<u>1/79</u>	<u>5817</u>	<u>0</u>
<u>2/79</u>	<u>11,478</u>	<u>0</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

(37) M-67525
Well Lease Station Report
5-3-79

November 20, 1979
GLO 1122

Chevron, U.S.A. INC.
P. O. BOX 599
Denver, Colorado 80201

ATTENTION: JOHN F. BOONE

RE: State Leases M-67525 et al
Marsh Field
Reeves County, Texas
Contract Number 5248-RE

Gentlemen:

The Gas Purchase Contract between you, as seller, and Lo Vaca and Texas Utilities, as buyer, dated July 1, 1978, includes the above State Leases. The price is due to be renegotiated on January 1, 1980.

Please furnish this office a copy of the document covering gas sales after January 1, 1980. If it is your intent not to renegotiate, please advise.

Sincerely yours,

Harry T. Finnell,
Supervisor Gas Contracts
Energy Resources
Phone: 512 475-4541
HF/lg

(38)

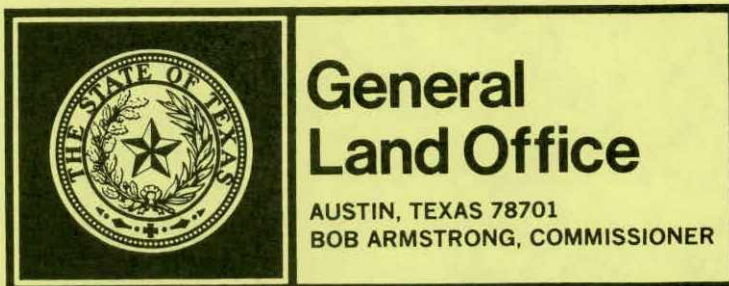
M. F. 67525

CORRESPONDENCE FILE

To *Chemist U.S.A*

From

Dated 11-20-79



February 29, 1980
GLO 1122

Chevron, U.S.A. Inc.
P. O. Box 599
Denver, Colorado 80201

SECOND REQUEST

ATTENTION: John F. Boone

RE: State Leases M-67525 et al
Marsh Field
Reeves County, Texas
Contract Number 5248 RE

Gentlemen:

Enclosed is a copy of our letter to you dated **November 20, 1979** and as of this date we have not received a reply to this letter.

In order to expedite the handling of your correspondence, please direct your reply to the undersigned Supervisor.

Your prompt attention to this matter is requested.

Sincerely yours,

Harry T. Finnell, Supervisor
Resource Accounting
Telephone No. **512 475-4541**
Enclosure

HF/lg

(39)

M. F.

67525

CORRESPONDENCE FILE

To Chenon U.S.A. Inc.

From

Dated 2-29-80





Chevron U.S.A. Inc.

700 South Colorado Blvd., P. O. Box 599, Denver, CO 80201

February 29, 1980

J. F. Boone
Sr. Natural Gas Representative

Re: State Leases M-67525 et al
Marsh Field
Reeves County, Texas
Contract Number 5248-RE

General Land Office
Austin, Texas 78701

Attention: Mr. Harry T. Finnell

Gentlemen:

We have renegotiated the gas price for the Gas Purchase Contract dated July 1, 1978, and attach for your files a copy of the letter from Valero indicating the price they will pay commencing January 1, 1980.

Yours very truly,


John F. Boone

JFB:b

(40) M. F. 67525

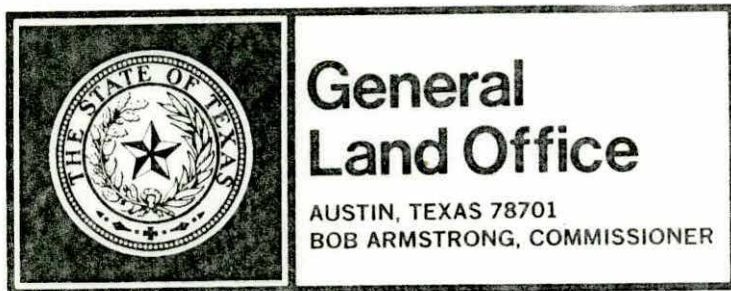
CORRESPONDENCE FILE

TO Chevron U.S.A.

From

Dated 2-29-80

2 700



IMPORTANT: RETAIN WHITE COPY AND
RETURN YELLOW COPY WITH
REQUESTED DOCUMENTS.

March 13, 1980

Chevron U.S.A., Inc,
P. O. Box J
Concord, California 94524

ATTENTION: EARL STUBBS

RE: State Leases M-67528 and M-67525
Reeves State 3-27 Lease
King Edward Field
Reeves County, Texas

Gentlemen:

This is to advise that the statutes require certain records to be filed in the General Land Office each month pertaining to production for the preceding month when a lease is producing.

The files of this office do not show the following records to have been received:

Gas Purchase Statements beginning January, 1979 through current production month for gas sales corresponding to LoVaca meter number 503356, (your lease no, SS3074-030970).

Our office has received only LoVaca's corresponding statement for sales meter number 503351. In order for our office to properly audit the unit production, please forward the necessary omitted Gas Purchase Statements.

Please file these records at the earliest possible time.

Sincerely yours,

Duke Martin, Unit Supervisor
Resource Accounting
Telephone No. 512-475-2858
SKS/glc

M. F.

67525

41

CORRESPONDENCE FILE

To

Chertron

From

Dated

3-13-80



August 12, 1980

Chevron U.S.A., Inc.
P. O. Box J, ELP Accounting
Concord, California 94524

ATTENTION: EARL STUBBS

RE: State Leases M-67525 and M-67528
Reeves State 3-27 Lease
King Edward Field
Reeves County, Texas

Gentlemen:

Enclosed are photocopies of your original Gas Reports (Form MA-2), the attached LoVaca Gathering Company's gas purchase statements and the revised Gas Reports (Form MA-2) for February, 1979 and March, 1979.

A review of your original Gas Reports and attached gas purchase statements indicates the royalty was apparently reported and paid based on a \$2.075 per MMBTU price.

The price reflected in our copy of your Gas Purchase Contract with Valero Transmission Company's and Texas Utilities Fuel Company dated July 1, 1978 is \$2.096 effective January 1, 1979, the NGPA Sec. 102 price plus monthly escalations.

Please explain the reason why you originally reported and paid based on a \$2.075 per MMBTU price for February and March 1979 instead of the Sec. 102 price, escalating monthly.

Please provide this office with any information necessary to determine the correct gas price if difference from the above.

Until this information is received, our office is unable to determine the reason for the \$13,990.61 credit taken in February, 1979 and the \$6.17 additional gas royalty paid for March, 1979. (See photocopies of Revised Gas Reports.) This information is needed by our office at your earliest convenience.

Sincerely yours,

Duke Martin, Unit Supervisor
Resource Accounting
Telephone No. 512-475-2858
SKS/glc
Enclosure

42

67525
CORRESPONDENCE FILE

TO: Chevron

RE: 100

DATE: 8-12-80 gr



General Land Office

AUSTIN, TEXAS 78701
BOB ARMSTRONG, COMMISSIONER

IMPORTANT: RETAIN WHITE COPY AND
RETURN YELLOW COPY WITH
REQUESTED DOCUMENTS.

December 10, 1980

Chevron U.S.A., Inc.
ELP Acctg. P. O. Box J
Concord, California 94524

ATTENTION: EARL STUBBS

RE: State Leases M-67525, M-67526, M-67527, M-67528, M-67529, M-67530, M-67953
M-68440 and M-7769

Various Leases
South Marsh Field
Reeves County, Texas

Gentlemen:

A review of the delivery statement for the month of January, 1980 indicates 47,558 total MCF sold for the subject leases. (Sales meter no. 503-351)

The total sales volume reported on the Gas Reports (Form MA-2) were 47,014 MCF for the subject leases.

Please explain the reason for this volume difference and forward the necessary documentation to verify the sales volume reported and a corresponding sales breakdown for each lease for January, 1980 and monthly thereafter.

Sincerely yours,

Duke Martin, Unit Supervisor
Resource Accounting
Telephone No. 512-475-2858
SKS/glc

43

M. F. 67525

CORRESPONDENCE FILE

To Chevron

From

Dated 12-10-80

121



Chevron U.S.A. Inc.
P.O. Box J, Concord, CA 94524 • Phone (415) 944-8400

August 26, 1980

Chevron Accounting Center
Exploration, Land & Production Accounting

In Reply Please Refer
To Section 723

Mr. Duke Martin
General Land Office
State of Texas
Austin, Texas 78701

B-file

YOUR LETTER OF ~~AUGUST~~ 12, 1980
STATE LEASES M-67525 & 67528

Dear Mr. Martin:

The research involved in responding to your letter of August 12, 1980 is taking a little more time than we anticipated. We expect to have a reply to you within a few days.

Please accept our apology for the delay.

Yours very truly,

M. R. Klitten, Manager

By

P. R. Winter

GCR:ds

44

E. F. 67525

CORRESPONDENCE FILE

~~Re~~ Chevron

From

Dated 8-26-80g

3. 4. 00



Chevron U.S.A. Inc.

P.O. Box J, Concord, CA 94524 • Phone (415) 944-8400

#786

September 10, 1980

Chevron Accounting Center
Exploration, Land & Production Accounting

In Reply Please Refer
To Section 723

Mr. Duke Martin
General Land Office
State of Texas
Austin, Texas 78701

Bfle

YOUR LETTER OF AUGUST 12, 1980 AND
OUR REPLY OF AUGUST 26, 1980
STATE LEASE M-67525 AND 67528

Gentlemen:

The amended reports filed in June, 1980 for the months of February and March 1979 on MA-67525 and 67528 are incorrect. Attached is a check for \$13,984.44 to refund the monies deducted on the amended return.

Attached is a copy of our Gas Contract with Lovaca which lists the price @ \$2.075 as used on the original MA reports.

*R# 2520
9-13-80*

Please advise if this does not resolve your request.

Yours very truly,

M. R. Klitten, Manager

By *P.R. Winter*
P. R. Winter

GCR:ds

GMF

Kim - GC

Lovace

Chapman



~~ERS~~
LRF

March 2, 1978

Chevron Oil Company
P.O. Box 599
Denver, Colorado 80222

Attention: John F. Boone

Re: Gas Purchase Contract 5227-RE
Chapman (Deep) Field, Reeves Co.

Gentlemen:

Pursuant to the "prevailing price" provisions of the subject contract, it is agreed that the price payable for gas delivered under said contract shall be as follows:

April 23, 1978 thru June 30, 1978	\$2.0454
July 1, 1978 thru December 31, 1978	\$2.05
January 1, 1979 thru April 22, 1979	\$2.075

The Btu shall be calculated at 60° Fahrenheit at an absolute pressure of 14.65 p.s.i.a. as delivered, 7 pounds assumed dry.

If the foregoing is in accordance with your understanding of our agreement, please so indicate by signing in the space provided, affixing corporate seal to each letter agreement and return to our office for execution. Upon completion, we will furnish one (1) fully executed agreement for your file.

Very truly yours,

Craig Elias

Craig Elias
Contract Administrator

AGREED TO AND ACCEPTED this
20 day of April, 1978

LO-VACA GATHERING COMPANY

By [Signature]
Assistant Vice President

LOVACA GATHERING COMPANY
GENERAL OFFICES, FIVE GREENWAY PLAZA EAST
HOUSTON, TEXAS 77046
(713) 627-2970

R.A. HOWEY
DNC
PAN
CWP



LOVACA

April 10, 1979

FILE - COPY EACH G0197-
G0327-
G-0358-

EPS

Chevron U.S.A., Inc.
700 S. Colorado Blvd.
P.O. Box 599
Denver, Colorado 80201

Attention: John F. Boone

Re: Gas Purchase Contract No. 5227-RE
Various Field, Reeves Co., Texas

Gentlemen:

Reference is made to your request for a price redetermination for gas sold under the subject contract. Pursuant thereto, Lo-Vaca will begin paying the price of \$2.105 per MMBtu beginning on April 1, 1979, subject to your acceptance of the refund obligation described herein, with the Btu being calculated at 60° Fahrenheit at an absolute pressure of 14.65 p.s.i.a. as delivered, 7 pounds assumed dry.

You are advised that any payment made by Lo-Vaca on the basis of the above specified price is subject to refund by you in the event that such price is determined to be in excess of the ceiling price permitted under the Natural Gas Policy Act of 1978.

CHAPMAN
BEAL
ELLENBURGER

Very truly yours, *DB*

Durland B. Eakin
Durland B. Eakin
Assistant Vice President

DBE:jt

cc: Texas Utilities Fuel Company

cc: JA WILD
CL GARRISON
RC ROBINSON
RL HODGES
EE HAGAN
VM GISEN
BFM

#10

LO VACA GATHERING COMPANY
GENERAL OFFICES: FIVE GREENWAY PLAZA EAST
HOUSTON, TEXAS 77046
(713) 627-2970

G0197-
G0327-
G0358-



LOVACA

June 14, 1979

Chevron U.S.A., Inc.
700 S. Colorado Blvd.
P.O. Box 599
Denver, Colorado 80201

Attention: John F. Boone

Re: Gas Purchase Contract No. 5227-RE
Various Fields, Reeves Co., Texas

Gentlemen:

The effective date of our April 10, 1979 Redetermination letter is April 1, 1979 and should have been April 23, 1979.

By copy of this letter our Accounting Department will make the necessary adjustment.

Very truly yours,

Dean Gary
Contract Administrator

DG:jt

cc: Texas Utilities Fuel Company

cc: John O'Connor
C. L. Harrison ✓
R. C. Robinson
R. L. Hodges
E. E. Hagan -
J. B.
B. M.

 VALERO
TRANSMISSION COMPANY

Post Office Box 500 • San Antonio, Texas 78292 • Telephone (512) 299-2000

March 18, 1980

Chevron Oil Company
Post Office Box 599
Denver, Colorado 80201

Attention: John Boone

Re: Gas Purchase Contract 5227-RE (*Chapman Deep, Beall Ellen and King Edward*)
Various Fields, Reeves & Ward Counties, Texas **G0197**

Gentlemen:

Reference is made to your request for a price redetermination and in accordance with Article IX, Paragraph 2 of the referenced contract, Valero will begin paying the equivalent of the Section 102 price plus monthly escalations. This agreement will become effective April 23, 1980 the Btu being calculated at 60° Fahrenheit at an absolute pressure of 14.65 p.s.i.a. as delivered, 7 pounds assumed dry.

You are advised that any payment made by Valero on the basis of the above specified price is subject to refund by you in the event that such price is determined to be in excess of the ceiling price permitted under the Natural Gas Policy Act of 1978.

Very truly yours, *DBE*

Durland B. Eakin
Durland B. Eakin
Assistant Vice President

DBE:jn

cc: TUFco

FIELDS
CHAPMAN DEEP
BEALL
ELLEN.
KING EDWARD

(45)

M. F. 67525

CORRESPONDENCE FILE

Chewon

From

Dated 9-10-80ge

07300



Chevron U.S.A. Inc.
P.O. Box J, Concord, CA 94524 • Phone (415) 944-8400

121

December 17, 1980

Chevron Accounting Center
Exploration, Land & Production Accounting

In Reply Please Refer To
Production Accounting #723

General Land Office
State of Texas
Austin, Texas 78701

Attn: Duke Martin

B-file

m 67525 et al

SOUTH MARSH FIELD, REEVES COUNTY
YOUR LETTER DATED 12/10/80

Gentlemen:

Chevron receives sales revenue for all leases on the South Marsh field except for the George P. Hill lease. The Valero Transmission Delivery Statement includes the George P. Hill lease sales volumes. The lease is owned and operated by Overly Operating Company who we presume pays the royalties.

Enclosed are copies of sales breakdown from 1/80 - 10/80. If we can be of further help please call Mr. G. C. Rawlings (415) 944-8542.

Yours very truly,

M. R. Klitten, Manager

By P. R. Winter
P. R. Winter

LO:ds
Enclosure

SUMMARY OF VOLUME SALES BREAKDOWN

SOUTH MARSH FIELD, REEVES COUNTY
METER #503-351

LEASE #	1/80	2/80	3/80	4/80	5/80	6/80	7/80	8/80	9/80	10/80	
M-77769	1078	1088	1217✓	1134	990	962	965	966	1070	1092	
M-67953	3082	2502	2390	2008	1662	1568	1524	1352	1406	1532	
M-67525	4898	4527	4510✓	4320	3208	2392	2180	2596	2565	2340	
M-67526	258	232	276✓	272	102	234	283	366	269	292	
M-67527	356	111	56✓	148	226	128	207	312	142	119	
M-67529	11074	8415	7968✓	5608	3792	3066	2677	2188	2156	3693	
M-68440	12388	9744	9046✓	8342	6880	6436	6033	5016	6088	5565	
M-67530	996	924	800✓	662	440	580	516	474	482	503	
M-67528	12884	11224	10947✓	9428	7182	6846	6290	6654	7279	7158	
Total	47014	38767	37210	31922	24482	22212	20675	19924	21457	22294	Per MA Report
George P Hill	544	564	501	443	340	441	409	318	325	460	
Grand Total	47558	39331	37711	32365	24822	22653	21084	20242	21782	22754	Per Valerc Del. Stmt

67525

(46)

CORRESPONDENCE FILE

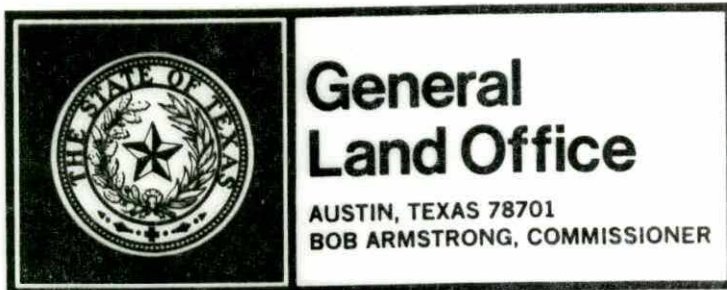
Chevron

From

Dated

12-17-80

15.35.00



IMPORTANT: RETAIN WHITE COPY AND
RETURN YELLOW COPY WITH
REQUESTED DOCUMENTS.

February 10, 1981

Chevron U.S.A., Inc.
ELP Acctg. P. O. Box J
Concord, California 94524

ATTENTION: Mr. M. R. Klitten, Manager

RE: State Leases M-67525 and M-67528
Reeves State 3-27 Lease
King Edward Field
Reeves County, Texas

Gentlemen:

Enclosed are photocopies of your original Gas Reports (Form MA-2), the attached LoVaca Gathering Company's gas purchase statements and the revised Gas Reports (Form MA-2) for April, 1979 and May, 1979.

A review of your original Gas Reports indicates the royalty was apparently reported and paid based on a \$2.019 gross price.

The price reflected in our copy of your Gas Purchase Contract with LoVaca is \$2.105 effective April 23, 1979. Please explain how you arrived at the gross price for April and May, 1979. If the above price difference includes a BTU adjustment, please submit BTU statements and attach them to all future reports submitted.

Until this information is received, our office is unable to determine the reason for the \$348.27 credit taken for April, 1979 and the \$511.19 credit taken for May, 1979. (See photocopies of revised gas reports.)

This information is needed by our office at your earliest convenience.

Sincerely yours,

Duke Martin, Unit Supervisor
Resource Accounting
Telephone No. 512-475-2858
SKS/glc
Enclosures

47

M. F. 67525

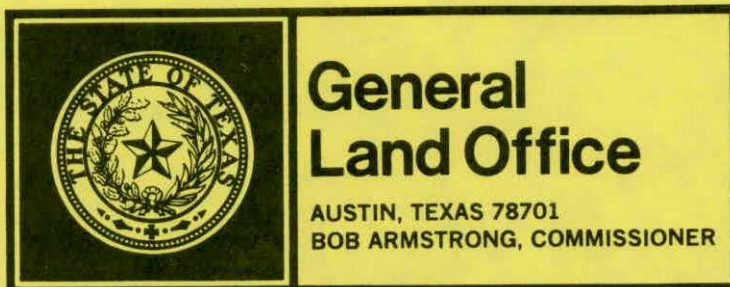
CORRESPONDENCE FILE

To

Chevron

From

Dated 2-10-8/gc



March 12, 1981

Chevron U.S.A., Inc.
ELP Acctg. P. O. Box J
Concord, California 94524

SECOND REQUEST

ATTENTION: MR. M. R. KLITTEN, MANAGER

RE: State Leases M-67525 and M-67528
Reeves State 3-27 Lease
King Edward Field
Reeves County, Texas

Gentlemen:

Enclosed is a copy of our letter to you dated **February 10, 1981** and as of this date we have not received a reply to this letter.

In order to expedite the handling of your correspondence, please direct your reply to the undersigned Supervisor.

Your prompt attention to this matter is requested.

Sincerely yours,

Duke Martin, Unit
Resource Accounting
Telephone No. 512-475-2858
Enclosure

SKS/glc

(48)

M. F. 67525

CORRESPONDENCE FILE

To Chevron

From

Dated 3-12-81



Chevron U.S.A. Inc.

P.O. Box J, Concord, CA 94524 • Phone (415) 944-8400

Chevron Accounting Center
Exploration, Land & Production Accounting

March 10, 1981

In Reply Please Refer To
Production Accounting #723

General Land Office
State of Texas
Austin, Texas 78701

Attn: Mr. Duke Martin

*Reply to my
ltr. dated
2-10-81*

121
B-file
YOUR LETTER DATED 3/10/80
STATE LEASE M-672525, 67528
REEVES STATE 3-27
KING EDWARD FIELD

Gentlemen:

Enclosed are copies of your letter dated 8/12/80, our letter dated 9/10/80, our checks #70015150 and #23000218 and revised MA II reports for 2/79 and 4/79 - 10/79.

The MA II reports for 4/79 - 10/79 have been revised to show the price increase from \$2.075 to \$2.105. The effect of this correction is an additional amount due you of \$5,305.12. The revised 2/79 MA II report shows that we made a duplicate payment of \$13,990.63, once on check #23000218 and again on check #70015150.

The net effect of the above adjustments is a balance due Chevron of (\$8,685.51) for which we have taken credit on our January, 1981 royalty remittance.

If you have any questions regarding above please contact Mr. George Rawlings at (415) 944-8542.

Yours very truly,

M. R. Klitten, Manager

By

P. R. Winter
P. R. Winter

ERS:ds
Enclosure

Reg. # 87609
3/13/81

49

M. P. 67525

CORRESPONDENCE FILE

~~2~~ Chevron

From

Dated 3/10-81

21307



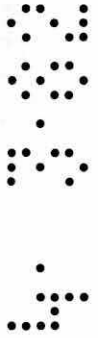
Chevron U.S.A. Inc.

700 South Colorado Blvd., P. O. Box 599, Denver, CO 80201

J. F. Boone
Sr. Natural Gas Representative

April 2, 1982

121
~~75~~
~~15~~
F. 12



State Lease Numbers M-67525,
M-67526, M-67527, M-67528,
M-67529, M-67530, M-67953,
M-68440, M-77769 and M-78174
South Marsh Field
Reeves County, Texas

General Land Office
Austin, Texas 78701

Attention Mr. Harry T. Finnell

Gentlemen:

For your information the gas price paid by Valero under their contract 5248-RE for purchases from the above referenced State Leases continues to be NGPA Section 102 price plus monthly escalations.

Yours very truly,

John F. Boone

GLD 1122

(50)

M. F. 67525

CORRESPONDENCE FILE

~~TO~~

Chevron U.S.A.

FROM

DATED 4-2-82

4 205

AMENDMENT OF OIL AND GAS LEASE

GENERAL LAND OFFICE

AUSTIN, TEXAS

WHEREAS, State Lease No. M-67525 covering the hereinafter described tract of land, was issued to Chevron Oil Company on the 3rd day of October, 1972, and known as all of Section 22, Block 45, PSL Survey, Reeves County, Texas, containing 640 acres; and

WHEREAS, House Bill No. 1691, Chapter 438, Page 1858, Acts of the 67th Legislature, 1981, Reg. Session, (Section 52.024, V.T.C.A., Natural Resources Code), provides for the amendment of valid and existing leases upon application of the lessee to provide for shut-in oil or gas well provisions; and

WHEREAS, the owner of said lease has made application for an amendment thereof in accordance with said Act:

NOW THEREFORE, I, Garry Mauro, Commissioner of the General Land Office of the State of Texas, by virtue of the authority vested in me and in accordance with the provisions of said act, do hereby amend numeral Paragraph 17 of said lease so that it shall hereafter include the following provisions:

17 (a) If at the expiration of the primary term or at any time after the expiration of the primary term a well or wells capable of producing oil or gas in paying quantities are located on the leased premises but oil or gas is not being produced for lack of suitable production facilities or a suitable market and the lease is not being maintained in force and effect, before the expiration of the primary term or if the primary term has expired, within 60 days after Lessee ceases to produce oil or gas from the well, 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;

(b) 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 next succeeding 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 additional and successive periods of one year by paying the same amount each year on or before the expiration of the extended term;

(c) 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 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 extend 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 and for an additional period of not more than five years from the expiration of the primary term by Lessee paying compensatory royalty at the royalty rate provided in the lease of the value at the well of production from the well which is causing the drainage or which is completed in the same producing reservoir and within 1,000 feet of the leased premises;

(d) the compensatory royalty is to be paid monthly to the Commissioner of the General Land Office beginning on or before the last day of the month next succeeding the month in which the oil or gas is sold and delivered from the well located within 1,000 feet of or draining the leased premises and completed in the same reservoir;

(e) if the compensatory royalty paid in any 12-month period is in an amount less than the annual shut-in oil or gas royalty, Lessee shall pay an amount equal to the difference within 30 days from the end of the 12-month period; and

(f) none of these provisions will relieve Lessee of the obligation of reasonable development nor the obligation to drill offset wells as provided in Section 52.034 of the Natural Resources Code.

IN TESTIMONY WHEREOF, witness the signature of the Commissioner of the General Land Office of the State of Texas, under the seal thereof, this 13th day of February 1987.


COMMISSIONER OF THE GENERAL LAND OFFICE
OF THE STATE OF TEXAS

52

67525

Amendment Oil & Gas

File dated 5-13-87

Garry Mauro, Commissioner

FILE NO. 1952

CHEVRON U.S.A. INC. TO CHARLIE D. DAVIS, D/B/A HOOLIHAN
PRODUCTION COMPANYASSIGNMENT AND BILL OF SALE

THIS AGREEMENT, entered into this 29th day of July, 1988, by and between Chevron U.S.A. Inc., a Pennsylvania corporation, whose mailing address is 1301 McKinney, Houston, Texas 77010 (hereinafter "Assignor") and Charlie D. Davis d/b/a Hoolihan Production Company whose mailing address is Box 578, Sterling City, Texas 76951 (hereinafter "Assignee")

DOES WITNESS THAT:

In consideration of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and of the performance by Assignee of the covenants, agreements, obligations and conditions hereinafter contained, to be kept and performed by Assignee, it is agreed between the parties as follows, to-wit:

1. Assignment. Assignor does hereby assign, transfer and quitclaim to Assignee, without warranty express or implied, all of Assignor's right, title and interest in the real property listed in Exhibit "A" hereto, and made a part hereof insofar and only insofar as limited therein (hereinafter referred to as the "Assigned Premises"), subject to all of the covenants and conditions hereof and the additional provisions contained in said Exhibit "A". Assignor and Assignee shall have equal and concurrent easement rights on and to the Assigned Premises and Assignor reserves rights of ingress, egress and regress on, over, under and through the Assigned Premises to the extent Assignor may deem necessary or convenient in conducting drilling, producing, processing, storing and other operations, whether similar or dissimilar, on or off the Assigned Premises and also including the right to drill for, produce and transport water (whether fresh, saline, sulphur or other) for such uses or purposes as it may elect.

2. Bill of Sale. Assignor does hereby quitclaim unto Assignee all of Assignor's right, title and interest in and to all oil wells, gas wells, and injection wells located on and used in association with the Assigned Premises on the effective date hereof, (hereinafter referred to as the "Wells") and to the personal property or equipment described in Exhibit "A" attached hereto and made a part hereof (hereinafter referred to as the "Personal Property").

3. No Warranty or Representation by Assignor. This Assignment and Bill of Sale is made on an "AS IS, WHERE IS" basis and "WITH ALL FAULTS", and WITHOUT WARRANTIES WHATSOEVER WITH RESPECT TO ANY INTEREST HEREIN QUITCLAIMED, EITHER EXPRESSED OR IMPLIED, it being expressly agreed by Assignor and Assignee that ASSIGNOR MAKES NO WARRANTIES OR REPRESENTATION WITH RESPECT TO ORIGIN, QUANTITY, QUALITY, CONDITION, MERCHANTABILITY, FITNESS FOR ANY PARTICULAR PURPOSE, SAFETY OF EQUIPMENT, COMPLIANCE WITH GOVERNMENTAL REGULATIONS, TITLE TO PERSONAL PROPERTY, THE QUANTITY, VALUE OR EXISTENCE OF RESERVES OF OIL, GAS OR OTHER MINERALS PRODUCIBLE OR RECOVERABLE FROM THE ASSIGNED PREMISES, OR OF TITLE TO OR CONDITION OF THE ASSIGNED PREMISES AND RELATED FIXTURES AND IMPROVEMENTS. All descriptions set forth herein and all information heretofore or hereafter furnished Assignee by Assignor concerning the Assigned Premises, Wells and Personal Property, and the operation thereof, have been and shall be furnished solely for Assignee's convenience and have not constituted and shall not constitute a representation or warranty of any kind by Assignor, and any reliance thereupon by Assignee shall be at Assignee's sole risk and liability.

4. Reservations. All oil in tanks above the pipeline connections from the Wells to the tanks as of 7:00 A.M. on the effective date hereof is not to be part of this agreement, but shall remain the property of Assignor and shall be delivered to the pipeline company for the account of Assignor. All gas produced and the proceeds of gas produced prior to 7:00 A.M. on the effective date hereof shall likewise not be part of this agreement but shall remain the property of Assignor. This agreement further does not include any equipment or lines of the purchaser or purchasers of oil and gas from the Assigned Premises and does not include any tools, pulling machines, trucks or other equipment that may be located temporarily on the Assigned Premises, and Assignor shall have the right at any time to remove the same from the Assigned Premises.

5. Additional Reservation. (a) Assignor hereby reserves to itself, its successors and assigns, the right to initiate "good faith negotiation procedures" pursuant to FERC Order 451 and 18 C.F.R. § 270.201 as to any eligible gas sales

contracts covering all or any of the property assigned hereby. Assignee hereby waives any and all rights it might otherwise have to initiate such procedures as to such gas sales contracts, such right being reserved exclusively to Assignor.

(b) If Assignor initiates good faith negotiation procedures under Order 451, pursuant to the rights reserved in the foregoing paragraph, Assignee recognizes and agrees that any gas sales contracts assigned to Assignee pursuant to this agreement (whether expressly or impliedly assigned, and whether or not such assignment is accomplished by a separate instrument) may be affected and modified by the result of such procedures, it being understood, however, that Assignee shall have the right and obligation to negotiate directly with the gas purchaser with respect to the gas assigned hereby. It is understood that the results of such procedures may include, but not be limited to, a reduction in the contract price for Assignee's gas or a release of the gas purchaser's obligation to buy such gas.

6. Transportation Credits Under FERC Order 500: (a) Assignee agrees that it will not, without Assignor's prior written permission, which permission may be granted or withheld at the sole discretion of Assignor, tender or permit natural gas produced from the properties hereby assigned to be transported on any interstate pipeline under authority of 18 C.F.R. Part 284, unless such pipeline has first agreed in writing to waive any right it might otherwise have, pursuant to Federal Energy Regulatory Commission Order No. 500, Docket No. RM87-34-000, any further or final order or rule in such docket, or any subsequent rule or order having similar subject matter, to apply credits for such transportation against take-or-pay or take-and-pay obligations of such interstate pipeline under any contract with Assignor.

(b) It is understood that interstate pipelines may refuse to transport under 18 C.F.R. Part 284 gas produced from the properties hereby assigned unless Assignor agrees to offer take-or-pay or take-and-pay credit to such pipelines, and the parties hereby agree that Assignor may withhold such an offer at its sole discretion, even if the result is to completely bar Assignee's gas from the properties hereby assigned from open access transportation in such pipelines. Notwithstanding the foregoing, Assignor agrees to execute offers of credit necessary to render the assigned gas eligible for open access transportation if Assignor determines, in its sole discretion, that such gas is exempt from crediting pursuant to FERC rules and regulations or that Assignor can otherwise execute such offers of credit without risk of adverse economic consequences to Assignor. Any offers of credit executed by Assignor pursuant to this provision shall be limited in scope or term as Assignor deems necessary.

(c) If and to the extent that Assignor's rights and obligations under a gas purchase contract with an interstate pipeline (hereinafter the "Assigned Contract") are assigned to Assignee as part of this transaction, in whole or in part, and regardless of whether such contract rights and obligations may be assigned by implication herefrom or by a separate instrument, Assignee, by accepting this assignment, agrees to execute upon Assignor's request any and all offers of credit or other agreements that may be required under said Order 500 to accomplish or facilitate the transportation by such interstate pipeline of any gas owned by Assignor. Assignee understands and agrees that it may be required to grant such interstate pipeline credits against both past and current take-or-pay or take-and-pay obligations of the Assigned Contract, without any corresponding benefit to Assignee, in order to render Assignor's gas eligible for transportation on such pipeline.

(d) In the event Assignee violates any of the provisions of this Article, Assignee shall be liable to Assignor for all actual damages incurred by Assignor as a result thereof, which damages shall include, but not be limited to, the monetary value to Assignor of any take-or-pay or take-and-pay credits which Assignor is required to grant or is deemed to have granted as a result of Assignee's actions in violation of this Article. Upon prevailing in any action to enforce the provisions of this Article, Assignor shall also be entitled to recover its reasonable costs and attorney fees. The provisions of this Article shall run with the real property interests hereby assigned and shall bind and inure to the benefit of the parties hereto and their respective successors and assigns.

7. Indemnity of Assignor. (a) In those instances where Assignee succeeds Assignor as operator of Wells in which Assignor's interest is hereby quitclaimed, Assignee agrees to operate and plug and abandon all such Wells in accordance with all applicable governmental laws, rules and regulations. In those instances where Assignee succeeds Assignor as a working interest owner but not as operator of Wells in which Assignor's interest is hereby quitclaimed, Assignee agrees to assume any responsibility which Assignee as a working interest owner in such wells may have under applicable governmental laws, rules and regulations concerning plugging and abandonment of such Wells. In any instance where Assignee hereunder becomes

responsible or liable for plugging and abandonment under this paragraph, Assignee agrees to release, protect, indemnify and hold Assignor harmless from any and all liabilities arising from Assignee's failure to plug and abandon such Wells. Any future assignment by Assignee of any interest acquired hereunder shall reference and describe Assignee's obligations to Assignor set forth herein.

(b) Assignee agrees to protect, indemnify and hold Assignor harmless from and against any and all liability, loss, damage, injury and claims, demands and causes of action therefor asserted or filed after the effective date hereof in any way arising from operations or activities related to the Assigned Premises, Wells and Personal Property and the contracts and agreements appertaining thereto based upon any theory of negligence, willful misconduct, liability without fault or other.

8. Liability of Assignee. Assignee shall observe and comply with all covenants, terms and provisions, express or implied, contained in the agreements, leases, easements and all other contracts appertaining to the Assigned Premises, Wells and Personal Property, whether or not such agreements, leases, easements and other contracts are correctly and completely listed and/or identified on the Exhibits hereto.

9. Effective Date. This agreement shall be effective as of 7:00 A.M. on the 1st day of August, 1988.

10. Purchase and Sale Agreement. Reference is made to that certain Purchase and Sale Agreement between Assignor as Seller and Assignee as Buyer dated May 27, 1988, which agreement shall govern as to responsibility between the parties for payment of taxes and other matters stated therein but not stated in this agreement. However, should the terms and provisions of said Purchase and Sale Agreement conflict with the terms and provisions of this agreement, then the terms and conditions of this agreement shall prevail.

11. Successors and Assigns. The terms hereof shall inure to and be binding upon the respective heirs, successors and assigns of Assignor and Assignee.

EXECUTED the day and year first above written, but effective as of the date shown in Paragraph 9 hereof.

ASSIGNOR:

CHEVRON U.S.A. INC.

By: D. H. Messer

D. H. MESSER, Assistant Secretary

ASSIGNEE:

CHARLIE D. DAVIS d/b/a

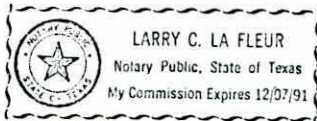
HOOLIHAN PRODUCTION COMPANY

Charlie Davis

- 4

STATE OF TEXAS §
 COUNTY OF Midland §

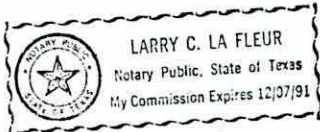
This instrument was acknowledged before me on July 29, 1988, by D.H. Messer, Assistant Secretary for Chevron U.S.A. Inc., a Pennsylvania corporation, on behalf of said corporation.



Larry C. La Fleur
 Notary Public, State of Texas
 My Commission Expires 12/7/91

STATE OF TEXAS §
 COUNTY OF MIDLAND §

BEFORE ME, the undersigned authority, on this day personally appeared Charlie D. Davis d/b/a Hoolihan Production Company, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.



Larry C. La Fleur
 Notary Public, State of Texas
 My Commission Expires 12/7/91

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 29th day of July, 1988.

EXHIBIT "A"

Attached to and made a part of that certain Assignment and Bill of Sale dated July 29, 1988 by and between Chevron U.S.A. Inc., as Assignor, and Charlie D. Davis d/b/a Hoolihan Production Company, as Assignee.

ASSIGNED PREMISES

Oil and Gas Leases

1. State of Texas Oil and Gas Lease No. 67953, dated March 6, 1973 and recorded in Volume 322, Page 116, Oil and Gas Records of Reeves County, Texas, wherein The State of Texas is Lessor and Chevron Oil Company is Lessee, insofar and only insofar as said lease covers Section 14, Block 45, PSL Survey, Reeves County, Texas, from the surface down to the base of the Bell Canyon Formation (Chevron File No. 200487).
2. State of Texas Oil and Gas Lease No. 67525, dated October 3, 1972, and recorded in Volume 315, Page 95, Oil and Gas Records of Reeves County, Texas, wherein The State of Texas is Lessor and Chevron Oil Company is Lessee, insofar and only insofar as said lease covers Section 22, Block 45, PSL Survey, Reeves County, Texas, from the surface down to the base of the Bell Canyon Formation (Chevron File No. 200470). MF067525
3. State of Texas Oil and Gas Lease No. 67528, dated October 3, 1972, and recorded in Volume 315, Page 107, Oil and Gas Records of Reeves County, Texas, wherein The State of Texas is Lessor and Chevron Oil Company is Lessee, insofar and only insofar as said lease covers Section 27, Block 45, PSL Survey, Reeves County, Texas, from the surface down to the base of the Bell Canyon Formation (Chevron File No. 200472). MF067528
4. Relinquishment Act Oil and Gas Lease No. T-17222, dated May 23, 1973, and recorded in Volume 323, Page 583, Oil and Gas Records of Reeves County, Texas, wherein Geo. P. Hill, individually and as agent for the State of Texas, is Lessor and The Superior Oil Company is Lessee, insofar and only insofar as said lease covers Section 34, Block 45, PSL Survey, Reeves County, Texas, from the surface down to the base of the Bell Canyon Formation (Chevron File No. 200517). M68440
5. Relinquishment Act Oil and Gas Lease No. T-17222-a, dated May 23, 1973, and recorded in Volume 323, Page 587, Oil and Gas Records of Reeves County, Texas, wherein James Robert Hill et al, individually and as agent for the State of Texas, is Lessor and The Superior Oil Company is Lessee, insofar and only insofar as said lease covers Section 34, Block 45, PSL Survey, Reeves County, Texas, from the surface down to the base of the Bell Canyon Formation (Chevron File No. 200518). M68440
6. State of Texas Oil and Gas Lease No. 67529, dated October 3, 1972, and recorded in Volume 315, Page 111, Oil and Gas Records of Reeves County, Texas, wherein The State of Texas is Lessor and Chevron Oil Company is Lessee, insofar and only insofar as said lease covers Section 35, Block 45, PSL Survey, Reeves County, Texas, from the surface down to the base of the Bell Canyon Formation (Chevron File No. 200473). MF067529
7. Oil and Gas Lease dated September 13, 1968, and recorded in Volume 279, Page 153, Oil and Gas Records of Reeves County, Texas, wherein L. H. Meeker et al is Lessor and Chalfant, Magee and Hansen, Inc. is Lessee, insofar and only insofar as said lease covers the North One-third (N 1/3) of Section 38, Block 45, PSL Survey, Reeves County, Texas, from the surface down to the base of the Bell Canyon Formation (Chevron File No. 200519). M77769

Wells and Personal Property

South Marsh (Delaware) Field gas gathering system commingling gas produced from Sections 14, 22, 23, 26, 27, 34, 35 and the East One-half (E 1/2) of Section 39, Block 45, PSL Survey, Reeves County, Texas (Chevron File No. 200684).

REEVES STATE:

<u>QUANTITY</u>	<u>TYPE OF EQUIPMENT</u>
1500'	5 3/4" Line Pipe, Steel, Sec. 39
9100'	6" Line Pipe, Steel, Sec. 26 & 35
4000'	4" Line Pipe, Steel, Sec. 26 & 27
2200'	5 1/2" Line Pipe, Steel, Sec. 14 & 23
600'	6" Line Pipe, Steel, Sec. 23 & 26
	Above lines in gathering system to compressor
2200'	5 1/2" Line Pipe, Steel, Sec. 14 & 23
6000'	6" Line Pipe, Steel, Sec. 23 & 26
	Above lines shown as flow line to Reeves State 1-14, but are also part of gathering system to compressor in Sec. 26
4000'	Line Pipe, Steel, Sec. 26 & 27
	Above line shown as flow line to Reeves State 2-27, but is also part of gathering system.

REEVES STATE 1-14:

<u>QUANTITY</u>	<u>TYPE OF EQUIPMENT</u>
1	3'x11' Separator, American Equip., 2 phase 125 #WP
1	4" Meter Run, W/Barton Meter, 100x250
1	4" Valve, Kimray, Backpressure, flanged
1	4" Valve, Crane, check, flanged
1	4" Valve, Walworth, gate, flanged
2	280 BBL Tanks, Fiberglass, Perform Mfg.
4	2 1/16 Valves, Gray, state, SE, 3000 #WP
1	2" Choke, Unibolt, adjustable, 3000 #WP
2200'	5 1/2" Flow Line, Steel, welded to compressor
6000'	6" Flow Line, Steel, welded to compressor

REEVES STATE 1-22:

<u>QUANTITY</u>	<u>TYPE OF EQUIPMENT</u>
1	3'x11' Separator, 2 phase 125 #WP
1	4" Meter Run, W/Barton Meter, 100x250
1	4" Valve, Kimray, Backpressure, flanged
1	4" Valve, Crane, check, flanged
1	4" Valve, Powell, gate, flanged
2	280 BBL Tanks, Fiberglass, Perform Mfg., open top
3	2 Valves, WKM, gate, SE, 3000 #WP
1	2" Choke, Unibolt, adjustable, 3000 #WP
2400'	3" Flow Line, Steel, welded, tied into 4" system line to compressor

REEVES STATE 2-27:

<u>QUANTITY</u>	<u>TYPE OF EQUIPMENT</u>
1	41" Separator, Sivals, spherical
1	4" Meter Run, W/Barton Meter, 100x250
1	4" Valve, Kimray, Backpressure, flanged, 150 #WP
1	4" Valve, Crane, Check, flanged, 150 #WP
1	4" Valve, Walworth, gate, flanged, 150 #WP
1	280 BBL Tanks, Fiberglass, Perform Mfg., Open Top
3	2" Valves, WKM, 2000 #WP, gate, S.E.
1	2" Choke, Unibolt, adjustable, 3000 #WP
4000'	4" Flow Line to 6" gathering line to compressor

HILL & HILL 1-34:

<u>QUANTITY</u>	<u>TYPE OF EQUIPMENT</u>
1	3'x16' Separator, 2 phase, Vertical, 125 #WP
1	4" Meter Run
1	4" Valve, Kimray, Backpressure, flanged, 125 #WP
1	4" Valve, Crane Check, flanged, 150 #WP
1	4" Valve, Gate, flanged, 150 #WP
1	280 BBL Tank, Fiberglass, Perform Mfg., open top

4	2 1/16 Valves, Gray, 3000# test, gate, S.E.
1	2" Activator, Axelson, 3000# WP
1	2" Choke, Thornhill Craver, 3000# WP
1800'	4" Flow Line, 4" Steel to 6" gathering line to compressor

REEVES STATE 1-35:

<u>QUANTITY</u>	<u>TYPE OF EQUIPMENT</u>
1	41" Separator, 2 phase, Sivalis, Spherical, 125 #WP
1	40D Pumping Unit, Lufkin, T64-9A
1	3 3/4x4 Engine, Waukesha, Gas, 190 GLB
1	2 1/16 Valve, Gray, 3000 # Test, Gate, S.E.
1	2" Choke, Unibolt, adjustable, 3000 # Test, TC-1001
1	4" Meter Run, W/Barton Meter, 100x250
1	4" Valve, Kimray, Backpressure, flanged, 150 #WP
1	4" Valve, Crane, Check, flanged, 150 #WP
1	4" Valve, Pacific, gate, flanged, 150 #WP
2	280 BBL Tanks, Fiberglass, Perform Mfg. EA. Open Top
1200'	4" Flow Line, Steel welded to 6" gathering line to compressor

L. H. MEEKER SECTION 38:

<u>QUANTITY</u>	<u>TYPE OF EQUIPMENT</u>
1	30"x10' Separator, 2 phase, BS&B, Horizontal, 125 #WP
1	2 1/16 Valve, Gray, 2 3/7 EVE, Gate 3000 # Test, S.E.
1	2 1/16 Valve, Gray 2 3/7 EVE, Gate 3000 # Test, S.E.
1	2" Choke, Unibolt, adjustable, TC-12S, 6000 # Test, S.E.
1200'	3" Flow Line, Steel, to 6" gathering system to compressor
1	4" Meter Run, W/Barton Meter, 150x250
1	4" Valve, Kimray, Backpressure, flanged, 125 #WP
1	4" Valve, Crane, check, flanged, 150 #WP
1	4" Valve, Gate, flanged, 150 #WP
1	280 BBL Tank, Fiberglass, Perform Mfg., open top

All Or A Portion of The Assigned Premises Are Subject to:

1. Unrecorded Gas Purchase Contract dated July 1, 1978, by and between Lovaca Gathering Company and Texas Utilities Fuel Company, as Buyer, and Chevron U.S.A. Inc., as Seller (Chevron Contract No. SC-0357-).
2. Unrecorded Gas Handling Agreement dated September 1, 1978, by and between Chevron U.S.A. Inc. and the Superior Oil Company covering the South Marsh Field gas gathering system (Chevron File No. 200697).
3. Unrecorded Well Contribution Agreement dated June 10, 1981, by and between Chevron U.S.A. Inc. and Bison Exploration Company, covering the Northwest One-quarter (NW1/4) of Section 34, Block 45, PSL Survey, Reeves County, Texas (Chevron File No. M-700140).
4. Unrecorded Operating Agreement dated January 20, 1978, by and between Chevron U.S.A. Inc., as Operator, and BTA Oil Producers, as Non-operator, covering Section 14, Block 45, PSL Survey, Reeves County, Texas (Chevron File No. JV-700168).
5. Assignment of Operating Rights and Agreement dated June 16, 1978, effective March 1, 1978, recorded in Volume 362, Page 671, Deed Records of Reeves County, Texas, by and between Chevron U.S.A. Inc., as Assignor, and BTA Oil Producers, as Assignee, and covering Section 14, Block 45, PSL Survey, Reeves County, Texas (Chevron File No. 200487).
6. All terms and conditions, including but not limited to the FERC 500 Provisions of Paragraph "E", in that certain Assignment and Bill of Sale executed June 20, 1988, but effective as of July 1, 1988, by and between Mobil Producing Texas & New Mexico, Inc., as Seller, and Chevron U.S.A. Inc., as Buyer, said assignment being recorded in Volume 487, Page 115, of the Deed Records of Reeves County, Texas.

Reservation of SWD Well

Assignor does hereby specifically reserve for itself, its successors and assigns all right, title and interest in and to the Chevron Reeves State 1-23 Salt Water Disposal Well, together with all equipment and personal property associated therewith and all rights of ingress, egress and regress on, over, under and through the Assigned Premises to the extent necessary to fully enjoy the rights reserved hereby.

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

FILED FOR RECORD ON THE 1st DAY OF August A.D. 1988 AT 10:57A. M.

DULY RECORDED ON THE 1st DAY OF August A.D. 1988 AT 3:00P. M.

BY Billie Jo Green DEPUTY

CATHERINE ASHLEY, COUNTY CLERK,
REEVES COUNTY, TEXAS.

55

MF 62525
ITEM Assignment
TO _____
FROM _____
DATE 6/5/72

THE STATE OF TEXAS

County of Reeves } I, Catherine Ashley, Clerk
of the County Court of Reeves County, Texas, do hereby certify that
the foregoing is a true and correct copy of the original RECORDED ASSIGNMENT AND BILL OF SALE BETWEEN
CHEVRON U.S.A. INC AND CHARLIE D. DAVIS, DBA HOLLIHAN PRODUCTION COMPANY

as the same appears of record in my office in book 487 page 240, Deed Records

Given under my Hand and Seal of said Court, at office in Pecos, Texas

this 22nd day of April 19 92

CATHERINE ASHLEY

Clerk,

By

Lisa Reynolds
Lisa Reynolds

Deputy.

FILE NO. 251 ALLEN G. HARVEY, SUB TR TO ENSOUTH ACQUISITION CORPORATION

SUBSTITUTE TRUSTEE'S DEED

THE STATE OF TEXAS
COUNTIES OF CROCKETT,
REEVES AND TERRELL

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KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, on the 25th day of July, 1990, Charlie D. Davis, individually and doing business as Hoolihan Production Company, ("Grantor"), executed and delivered to H. Wayne Smith, Trustee, a Deed of Trust and Security Agreement with Assignment of Production (Oil and Gas), which is recorded in Volume 167, Page 754, Deed of Trust Records, Crockett County, Texas, in Volume 152, Page 188, Deed of Trust Records, Reeves County, Texas, and in Volume 61, Page 345, Deed of Trust Records, Terrell County, Texas ("Deed of Trust"), for the purpose of securing the payment of certain indebtedness and obligations therein described, ("Indebtedness") payable to the order of Reagan State Bank ("Bank"), he granted, sold and conveyed to the said H. Wayne Smith, in trust, the property situated in Crockett, Reeves and Terrell Counties, Texas, described therein; and

WHEREAS, the Federal Deposit Insurance Corporation, acting in its capacity as receiver for the Bank, has transferred and assigned the Indebtedness and lien of the Deed of Trust to Ensouth Exploration and Production Company, the same as "Ensouth Exploration & Production Co.," ("Ensouth"), who is the current holder and owner of the Indebtedness and the Deed of Trust; and

WHEREAS, Ensouth as authorized by and provided in said Deed of Trust, by instrument in writing, removed H. Wayne Smith as Trustee under the Deed of Trust and duly appointed the undersigned to serve as Substitute Trustee; and

WHEREAS, default has been made in the payment of the Indebtedness, and Ensouth requested the undersigned to make sale of the property subject to the lien of Deed of Trust under the terms of said Deed of Trust for the purpose of satisfying the obligations arising under the Indebtedness and Deed of Trust; and

WHEREAS, pursuant to said request and to the provisions of the Deed of Trust, I proceeded to sell the property subject to the Deed of Trust described hereinbelow (the "Property") on the front steps of the Reeves County Courthouse, located at 100 East Fourth Street, Pecos, Reeves County, Texas, between the hours of 10 a.m. and 4 p.m. (the sale being actually at 10:02 a.m.) on Tuesday, the 4th day of February, 1992, after having given public notice of the time, place and terms of such sale, as prescribed by the terms of the Deed of Trust, including posting written notice thereof at the Courthouse door of the County Courthouse in Crockett, Reeves and Terrell Counties, Texas, and after having served written notice, at least 21 days preceding the day of the proposed sale by certified mail to the debtor's most current address as shown by the records of Ensouth on each debtor obligated to honor the terms of the Indebtedness and after filing with the respective County Clerks of Crockett, Reeves and Terrell Counties, Texas, notice of the sale at least 21 days preceding the date of the sale in compliance with the law as evidenced by the affidavit attached hereto and made a part hereof for all purposes as Exhibit "A"; and

WHEREAS, that such sale of the Property was by me struck off to Ensouth Acquisition Corporation, for the price and sum of ONE HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS (\$150,000.00) being the highest bidder of the same, and said sum being the best and highest bid therefore.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS: That I, Allen G. Harvey, of Midland County, Texas, Substitute Trustee of the aforesaid, by virtue of the powers granted to me by said Deed of Trust and in consideration of the foregoing premises and of the sum of ONE HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS (\$150,000.00), to me cash in hand paid by said Ensouth Acquisition Corporation, ("Grantee"), and the receipt of which is hereby acknowledged (which sum of money I have applied according to the directions in said Deed of Trust) have granted, sold and conveyed and by these presents do grant, sell and convey unto the Grantee the Property, which is described in Exhibit "B" attached hereto and made a part hereof for all purposes.

The Property is sold and conveyed subject to all matters which are prior to the Deed of Trust, which affect title thereto, or which are a superior interest therein.

TO HAVE AND TO HOLD the Property together with all and singular the rights and appurtenances thereto in anywise belonging unto the Grantee, its SUCCESSORS and assigns forever. And for and on behalf of the said Grantor and his heirs and assigns, I, the said Substitute Trustee, do hereby bind the said Grantor and his heirs and assigns, to warrant and forever defend, all and singular, said premises insofar as is authorized by the Deed of Trust, unto the Grantee, its SUCCESSORS and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

WITNESS MY HAND this 4th day of February, 1992.

Allen G. Harvey
Allen G. Harvey
Substitute Trustee

THE STATE OF TEXAS

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COUNTY OF Reeves

This instrument was acknowledged before me on the 4th day of February, 1992, by ALLEN G. HARVEY, Substitute Trustee.



Kristi N. Elsom
Notary Public, State of Texas

Grantee's Addresses:

Ensooth Acquisition Corporation
P.O. Box 2125
Midland, Texas 79702

After recording, please return to:

Kristi N. Elsom
P. O. Box 1540
Midland, Texas 79702

EXHIBIT "A"

AFFIDAVIT

THE STATE OF TEXAS

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§COUNTIES OF CROCKETT,
REEVES AND TERRELL

KNOW ALL MEN BY THESE PRESENTS:

BEFORE ME, the undersigned authority, on this day personally appeared Allen G. Harvey, and after being duly sworn, upon his oath deposed and said as follows:

"My name is Allen G. Harvey. I am an adult person and have knowledge of the facts herein stated.

"Ensouth Exploration and Production Company, the same corporation as "Ensouth Exploration & Production Co.," ("Ensouth") is the present holder and owner of the indebtedness secured by the Deed of Trust and Security Agreement with Assignment of Production (Oil and Gas) dated July 25, 1990, ("Deed of Trust"), executed by Charlie D. Davis, individually and doing business as Hoolihan Production Company, to H. Wayne Smith, Trustee, recorded in Volume 167, Page 754, Deed of Trust Records, Crockett County, Texas, in Volume 152, Page 188, Deed of Trust Records, Reeves County, Texas, and in Volume 61, Page 345, Deed of Trust Records, Terrell County, Texas.

"By writing dated January 12, 1992, Ensouth removed H. Wayne Smith as Trustee under the Deed of Trust, and appointed me to act as Substitute Trustee. Thereupon demand was made upon me that I proceed as Substitute Trustee to make the sale of the subject property under the terms of said Deed of Trust for the purposes of satisfying said indebtedness.

"On April 24, 1991, a notice of default was given by Reagan State Bank and demand was made that default be cured on or before the expiration of twenty (20) days of said notice. Default was not cured by January 13, 1992, and the principal balance of the indebtedness was accelerated on that day.

"More than three weeks, and also more than twenty-one (21) days preceding the date of the sale made by me as Substitute Trustee, on the 13th day of January, 1992, notice of the proposed sale was posted on the County Courthouse door of Crockett, Reeves and Terrell Counties, Texas, and filed with the respective County Clerks of Crockett, Reeves and Terrell Counties, Texas, and further notice was at the same time given to each debtor obligated to pay the said indebtedness according to the records of Ensouth by Certified Mail, Return Receipt Requested, by a deposit of a copy of the notice of such trustee's sale enclosed in a post paid wrapper properly addressed to such debtor at said debtor's most recent address, in an official depository of the United States Postal Service under the care and custody of the United States Postal Service. The said notice stated that the sale would be held no earlier than 10 a.m. and no later than three hours thereafter in the area designated by the Reeves County Commissioner's Court for the purposes of foreclosure sales, the same being the front steps of the Reeves County Courthouse, located at 100 East Fourth Street, Pecos, Reeves County, Texas, on February 4, 1992.

"On the 4th day of February, 1992, I did proceed to sell and did sell at public vendue at 10:12 a.m. at the place designated in said notice of sale, the property situated in Crockett, Reeves and Terrell Counties, Texas described in said notice of sale."

EXECUTED this 4th day of February, 1992.

Allen G. Harvey
Allen G. Harvey

SWORN TO AND SUBSCRIBED before me this 4th day of February, 1992, by ALLEN G. HARVEY.



Kristi N. Elsom
Notary Public, State of Texas

THE STATE OF TEXAS

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COUNTY OF MIDLAND

This instrument was acknowledged before me on the 4th day of February, 1992, by ALLEN G. HARVEY.



Kristi N. Elsom

0107 PAGE 768

Exhibit "B"

LEASE BLOCK A:

All of the interest acquired by Hoolihan Production Co. from Chevron U.S.A., Inc. by virtue of Assignment and Bill of Sale dated July 29, 1988, recorded in Vol. 487, page 240, Deed Records, Reeves County, Texas, said leases and surface equipment being more particularly described on Exhibit "1" attached hereto and incorporated herein by reference for all purposes.

LEASE BLOCK B:

Tract One: All of the interest of the Mortgagors, which interest is equal to 100% of the gross working interest and 76.53251% of the net revenue working interest in and to the following five oil and gas leases, to-wit:

From Lovella Dudley to Hoolihan Production Co., dated December 1, 1986, recorded in Volume 420, page 109, Deed Records of Crockett County, Texas.

From Wynta Dudley, Individually and as Independent Executrix of the Estate of Walter C. Dudley, deceased, to Hoolihan Production Co., dated December 1, 1986, recorded in Volume 420, page 111, Deed Records of Crockett County, Texas.

From Lee Dudley to Hoolihan Production Co., dated December 1, 1986, recorded in Volume 420, page 113, Deed Records of Crockett County, Texas.

From Roger R. Dudley, Jr. to Hoolihan Production Co., dated December 1, 1986, recorded in Volume 420, page 115, Deed Records of Crockett County, Texas.

From Betty D. Munsell to Hoolihan Production Co., dated December 1, 1986, recorded in Volume 420, page 117, Deed Records of Crockett County, Texas.

The above said five lease covering Sections 24, 25, 26, 27, 28 and 29, Block 1, I & GN Ry. Co. Survey, Crockett County, Texas.

All of the Operating Equipment located in and on said land and leases.

Tract Two: All of the interest of the Mortgagors, which interest is equal to 100% of the gross working interest and 67.28251% of the net revenue working interest in and to the following lease, to-wit:

From Rachel Childress to Hoolihan Production Co., dated October 7, 1987, recorded in Volume 77, page 444, Deed Records of Terrell County, Texas, covering Section 14, Block 1, Abstract 607, I & GN Ry. Co. Survey, Terrell County, Texas.

All of the Operating Equipment located in and on said land and leases.

LEASE BLOCK D:

100% of the gross working interest which is equal to an 83.33% net revenue working interest in an oil and gas lease covering all of Section 26, Block 45, Reeves County, Texas, which lease has or will have Hoolihan Production Company named as Lessee.

LEASE BLOCK E:

A 100% gross working interest in and to the Oil and Gas Lease dated June 3, 1977, recorded in Volume 314, page 488, Deed Records, Crockett County, Texas, executed by Roger Dudley, et al, in favor of M. C. Vinson d/b/a Vinson Exploration, insofar and only insofar as said lease covers the following described land, to-wit:

All of Section 2, A-5326, W. L. Lacy original grantee, containing 1313 acres more or less; and 6.9 acres more or less out of the SW/4 of Section 99, GC&SF Railway original grantee, A-4062, and being the same 6.9 acres of land described in Deed dated February 11, 1938, from Pat Lee to R. R. Dudley, said Deed being recorded in Volume 66, page 179 of the Deed Records of Crockett County, Texas, reference to said Deed is made for all purposes herein. All of the above being in Block NN.

LEASE BLOCK F:

A 100% gross working interest in and to the Oil and Gas Lease dated March 17, 1976, recorded in Volume 302, page 139, Deed Records, Crockett County, Texas, executed by R. R. Dudley, et al, in favor of Texas Oil & Gas Corp., insofar and only insofar as said lease covers the following described land, to-wit:

The E/2 of Survey #1, Block NN, A-3381, L. G. Moses original grantee, Crockett County, Texas, containing 640 acres, more or less, from the surface down to 10,892'.

Exhibit "H"

WEST TEXAS
LEASE DATA TABLE
CHEVRON-OPERATED WORKING INTEREST AND ORR
PROPERTY NUMBERS 18, 19SOUTH MARSH (DELAWARE) FIELD
REEVES COUNTY, TEXAS

LEASE	LEASE DESCRIPTION	LEASE ACRES	OPERATOR	WORKING INTEREST	NET REVENUE INTEREST	PRODUCING FORMATION	NO. WELLS ACT.	NO. WELLS INACT.	1987 AVG. PROD.* BOPO/MCFD	REMARKS
L. H. Meeker, et al Lease (LM 200519)	N 1/3 Sec. 38, Blk. 45, PSL Sy.	213.33	Chevron	1.0	.8125**	Bell Canyon	1	0	0/1.76	Surface to Base of Bell Canyon. Chevron will retain rights below the base of the Bell Canyon Formation. **Includes Mobil's 501 W.L. which is being assigned to Chevron.
George P. Hill, et al Lease N 200517 200518)	Sec. 34, Blk. 45, PSL Sy.	640	Chevron	1.0	.8125	Bell Canyon	0	1	0/0	Surface to Base of Bell Canyon except surface to 3,000' in NW of Sec. 34.
George P. Hill, et al Lease (LM 200517 and 200518)	NW/4 Sec. 34, Blk. 45, PSL Sy.	160	Hollihan Prod.	N/A	.03125	Bell Canyon	1	0	0 2/6.4	ORR of .03125 in surface to 3,000' in NW of Sec. 34. ORR of .03125 is subject to F/U M-700141 dated 11/18/81. Also included in the sale is the Chevron operated Delaware gas gathering system.

RECORDERS MEMORANDUM
All or Parts of the text on this page was not clearly legible for satisfactory recordation.

VOL 0167 PAGE 771

WEST TEXAS
LEASE DATA TABLE
CHEVRON-OPERATED WORKING INTEREST
PROPERTY NUMBER 20SOUTH MARSH (DELAWARE) FIELD
REF. COUNTY, TEXAS

LEASE	LEASE DESCRIPTION	LEASE ACRES	OPERATOR	WORKING INTEREST	NET REVENUE INTEREST	PRODUCING FORMATION	NO. WELLS		1987 AVG. PROD.* BOPD/MCFD	REMARKS
							ACT.	INACT.		
Reeves - State Lease (LN 200487)	Sec. 14, Blk. 45, PSL, Sy.	640	Chevron	.50	.41667	Bell Canyon	1	0	0/15.56	Surface to Base of Bell Canyon Formation. Subject to JOA dated 1/20/78 (JV-700169). Chevron will retain the rights below the base of the Bell Canyon Formation. Also included in the sale is the Chevron operated Delaware gas gathering system

RECORDERS MEMORANDUM
All or Parts of the text on
this page was not clearly
legible for satisfactory
recording.

WEST TEXAS
LEASE DATA TABLE
CHEVRON-OPERATED WORKING INTEREST
PROPERTY NUMBERS 21, 26

TH MARSH (DELAWARE)
ES COUNTY, TEXAS

LEASE	LEASE DESCRIPTION	LEASE ACRES	OPERATOR	WORKING INTEREST	NET REVENUE INTEREST	PRODUCING FORMATION	NO. WELLS		1987 AVG. PROD.* BOPD/MCTD	REMARKS
							ACT.	INACT.		
Reeves- State Lease (LN 200472)	Sec. 22, Blk. 45, PSL Sy.	640	Chevron	1.0	.83333	Bell Canyon	1	0	0/7.24	Surface to Base of the Bell Canyon Formation. Chevron will retain the rights below the base of the Bell Canyon Formation.
Reeves- State Lease (LN 200470)	Sec. 27, Blk. 45 PSL Sy.	640	Chevron	1.0	.83333	Bell Canyon	1	1	0/22.18	Surface to Base of the Bell Canyon Formation. Chevron will retain the rights below the base of the Bell Canyon Formation. Also included in the sale is the Chevron operated Delaware gas gathering system. The deep gas gathering system will be retained by Chevron. Chevron will retain SWB well located in Sec. 23 which serves wells in South Marsh Field.

RECORDERS MEMORANDUM
All or Parts of the text on this page was not clearly legible for satisfactory recordation.

WEST TEXAS
LEASE DATA TABLE
CHEVRON-OPERATED WORKING INTEREST
PROPERTY NUMBER 24

OUTH MARSH (DELAWARE) FIELD
COUNTY, TEXAS

LEASE	LEASE DESCRIPTION	LEASE ACRES	OPERATOR	WORKING INTEREST	NET REVENUE INTEREST	PRODUCING FORMATION	NO. WELLS		1987	REMARKS
							ACT.	INACT.	AVG. PROD. * BOPD/MCFD	
Leaves- State Lease LM 200473)	Sec. 35, Blk. 45, PSL Sy.	640	Chevron	1.0	.83333	Bell Canyon	1	0	0/3.11	Surface to Base of Bell Canyon Formation. Also included in the sale is the Chevron operated Delaware Gas Gathering System. Rights to SWD well are not included and will be retained by Chevron.

RECORDERS MEMORANDUM
All or Parts of the text on
this page was not clearly
legible for satisfactory
recording.

VOL 0167 PAGE 774

L. H. MEEKER SECTION 38
MARSH SOUTH FIELD
CULBERSON COUNTY, TX

QUANTITY	TYPE OF EQUIPMENT
1	30"x10' Separator, 2 phase, BS&B, Horizontal, 125 #WP
1	2 1/16 Valve, Gray, 2 3/7 EVE, Gate 3000 # Test, S.E.
1	2 1/16 Valve, Gray, 2 3/7 EVE, Gate 3000 # Test, S.E.
1	2" Choke, Unibolt, adjustable, TC-12S, 6000 # Test, S.E.
1200'	3" Flow Line, Steel, to 6" gathering system to compressor
1	4" Meter Run, W/Barton Meter, 150x250
1	4" Valve, Kimray, Backpressure, flanged, 125 #WP
1	4" Valve, Crane, check, flanged, 150 #WP
1	4" Valve, Gate, flanged, 150 #WP
1	280 BBL Tank, Fiberglass, Perform Mfg., open top

HILL & HILL 1-34
MARSH SOUTH FIELD
CULBERSON COUNTY, TX

QUANTITY	TYPE OF EQUIPMENT
1	3'x16' Separator, 2 phase, Vertical, 125 #WP
1	4" Meter Run
1	4" Valve, Kimray, Backpressure, flanged, 125 #WP
1	4" Valve, Crane Check, flanged, 150 #WP
1	4" Valve, Gate, flanged, 150 #WP
1	280 BBL Tank, Fiberglass, Perform Mfg., open top
4	2 1/16 Valves, Gray, 3000# test, gate, S.E.
1	2" Activator, Axelson, 3000# WP
1	2" Choke, Thornhill Craver, 3000# WP
1800'	4" Flow Line, 4" Steel to 6" gathering line to compressor

REEVES STATE
MARSH SOUTH FIELD
CULBERSON COUNTY, TX

QUANTITY	TYPE OF EQUIPMENT
1500'	5 3/4" Line Pipe, Steel, Sec. 39
9100'	6" Line Pipe, Steel, Sec. 26 & 35
4000'	4" Line Pipe, Steel, Sec. 26 & 27
2200'	5 1/2" Line Pipe, Steel, Sec. 14 & 23
600'	6" Line Pipe, Steel, Sec. 23 & 26
	Above lines in gathering system to compressor
2200'	5 1/2" Line Pipe, Steel, Sec. 14 & 23
6000'	6" Line Pipe, Steel, Sec. 23 & 26
	Above lines shown as flow line to Reeves State 1-14, but are also part of gathering system to compressor in Sec. 26
4000'	Line Pipe, Steel, Sec. 26 & 27
	Above line shown as flow line to Reeves State 2-27, but is also part of gathering system.

REEVES STATE 1-14
MARSH SOUTH FIELD
CULBERSON COUNTY, TX

QUANTITY	TYPE OF EQUIPMENT
1	3'x11' Separator, American Equip., 2 phase 125 #WP
1	4" Meter Run, w/Barton Meter, 100x250
1	4" Valve, Kimray, Backpressure, flanged
1	4" Valve, Grace, check, flanged
1	4" Valve, Walworth, gate, flanged
2	280 EBL Tanks, Fiberglass, Perform Mfg.
4	2 1/16 Valves, Gray, gate, SE, 3000 #WP
1	2" Choke, Unibolt, adjustable, 3000 #WP
2200	5 1/2" Flow Line, Steel, welded to compressor
6000	6" Flow Line, Steel, welded to compressor

VOL 0167 PAGE 776

REEVES STATE 1-22
MARSH SOUTH FIELD
CULBERSON COUNTY, TX

QUANTITY	TYPE OF EQUIPMENT
1	3'x11' Separator, 2 phase 125 #WP
1	4" Meter Run, W/Barton Meter, 100x250
1	4" Valve, Kimray, Backpressure, flanged
1	4" Valve, Crane, check, flanged
1	4" Valve, Powell, gate, flanged
2	280 BBL Tanks, Fiberglass, Perform Mfg., open top
3	2 Valves, WKH, gate, SE, 3000 #WP
1	2" Choke, Unibolt, adjustable, 3000 #WP
2400	3" Flow Line, Steel, welded, tied into 4" system line to compressor

REEVES STATE 2-27
MARSH SOUTH FIELD
CULBERSON COUNTY, TX

QUANTITY	TYPE OF EQUIPMENT
1	41" Separator, Sivalis, spherical
1	4" Meter Run, W/Barton Meter, 100x250
1	4" Valve, Kimray, Backpressure, flanged, 150 #WP
1	4" Valve, Crane, Check, flanged, 150 #WP
1	4" Valve, Walworth, gate, flanged, 150 #WP
1	280 BBL Tanks, Fiberglass, Perform Mfg., Open Top
3	2" Valves, WKH, 2000 #WP, gate, S.E.
1	2" Choke, Unibolt, adjustable, 3000 #WP
4000'	4" Flow Line to 6" gathering line to compressor

THE STATE OF TEXAS

County of Reeves }
of the County Court of Reeves County, Texas, do hereby certify that
the foregoing is a true and correct copy of the original RECORDED SUBSTITUTE TRUSTEE'S DEED BETWEEN
ALLEN G. HARVEY, SUBSTITUTE TRUSTEE AND ENSOUTH ACQUISITION CORPORATION

as the same appears of record in my office in book 515 page 202, Deed Records

Given under my Hand and Seal of said Court, at office in Pecos, Texas

this 15th day of April 19 92

CATHERINE ASHLEY Clerk,

By Lisa Reynolds Deputy.
Lisa Reynolds

REEVES STATE 1-35
MARSH SOUTH FIELD
CULBERSON COUNTY, TX

QUANTITY	TYPE OF EQUIPMENT
1	41" Separator, 2 phase, Sivalis, Spherical, 125 #WP
1	40D Pumping Unit, Lufkin, T64-9A
1	3 3/4x4 Engine, Waukesha, Gas, 190 GLB
1	2 1/16 Valve, Gray, 3000 # Test, Gate, S.E.
1	2" Choke, Unibolt, adjustable, 3000 # Test, TC-1001
1	4" Meter Run, W/Barton Meter, 100x250
1	4" Valve, Kimray, Backpressure, flanged, 150 #WP
1	4" Valve, Crane, Check, flanged, 150 #WP
1	4" Valve, Pacific, gate, flanged, 150 #WP
2	280 BBL Tanks, Fiberglass, Perform Mfg. EA. Open Top
1200'	4" Flow Line, Steel welded - to 6" gathering line to compressor

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

FILED FOR RECORD ON THE 4th DAY OF Februray A.D. 1992 AT 10:53A M.
DULY RECORDED ON THE 4th DAY OF February A.D. 1992 AT 2:30P M.
BY Risa Reynolds DEPUTY CATHERINE ASHLEY, COUNTY CLERK,
REEVES COUNTY, TEXAS.

56.

MF 67525
ITEM Assignment
TO _____
FROM _____
DATE 6/5/92

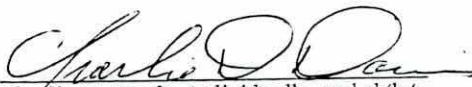
FILE NO. 56 CHARLIE D. DAVIS, INDIV dba HOOLIHAN PRODUCTION COMPANY
TO ENSOUTH EXPLORATION AND PRODUCTION CO.

ASSIGNMENT

FOR VALUE RECEIVED, CHARLIE D. DAVIS, Individually and d/b/a Hoolihan Production Company ("Assignor") does hereby assign and convey unto ENSOUTH EXPLORATION AND PRODUCTION CO. ("Assignee"), whose mailing address is Professional Park Bldg., 2504 West Main, Russellville, Arkansas 72801, all of their right, title and interest in the real and personal property described in Exhibit "A" and Exhibit "1" attached.

ASSIGNOR CONVEYS AND ASSIGNEE ACCEPTS THE PROPERTY DESCRIBED IN THE ATTACHED EXHIBIT "A" AND EXHIBIT "1" "AS IS" AND ASSIGNOR MAKES NO REPRESENTATIONS OR WARRANTY OF ANY KIND, NATURE OR DESCRIPTION, EXPRESS OR IMPLIED, WITH RESPECT TO THE REAL OR PERSONAL PROPERTY CONVEYED, INCLUDING, WITHOUT LIMITATION, THE CONDITION OF THE EQUIPMENT OR ITS MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE.

DATED this 6th day of ^{January, 1992} ~~December, 1991~~.


Charlie D. Davis, Individually and d/b/a
Hoolihan Production Company

THE STATE OF TEXAS §
 §
COUNTY OF STERLING §

This instrument was acknowledged before me on this 6th day of ^{January, 1992} ~~December, 1991~~,
by CHARLIE D. DAVIS, Individually and d/b/a HOOLIHAN PRODUCTION COMPANY.

My Commission Expires:
May 30, 1995

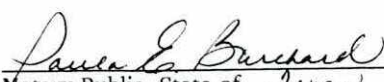

Notary Public, State of Texas
Printed/Typed Name of Notary:
Paula E. Burchard



Exhibit "A"

LEASE BLOCK A:

All of the interest acquired by Hoolihan Production Co. from Chevron U.S.A., Inc. by virtue of Assignment and Bill of Sale dated July 29, 1988, recorded in Vol. 487, page 240, Deed Records, Reeves County, Texas, said leases and surface equipment being more particularly described on Exhibit "1" attached hereto and incorporated herein by reference for all purposes.

LEASE BLOCK B:

Tract One: All of the interest of the Mortgagors, which interest is equal to 100% of the gross working interest and 76.53251% of the net revenue working interest in and to the following five oil and gas leases, to-wit:

From Lovella Dudley to Hoolihan Production Co., dated December 1, 1986, recorded in Volume 420, page 109, Deed Records of Crockett County, Texas.

From Wynta Dudley, Individually and as Independent Executrix of the Estate of Walter C. Dudley, deceased, to Hoolihan Production Co., dated December 1, 1986, recorded in Volume 420, page 111, Deed Records of Crockett County, Texas.

From Lee Dudley to Hoolihan Production Co., dated December 1, 1986, recorded in Volume 420, page 113, Deed Records of Crockett County, Texas.

From Roger R. Dudley, Jr. to Hoolihan Production Co., dated December 1, 1986, recorded in Volume 420, page 115, Deed Records of Crockett County, Texas.

From Betty D. Munsell to Hoolihan Production Co., dated December 1, 1986, recorded in Volume 420, page 117, Deed Records of Crockett County, Texas.

The above said five lease covering Sections 24, 25, 26, 27, 28 and 29, Block 1, I & GN Ry. Co. Survey, Crockett County, Texas.

All of the Operating Equipment located in and on said land and leases.

Tract Two: All of the interest of the Mortgagors, which interest is equal to 100% of the gross working interest and 67.28251% of the net revenue working interest in and to the following lease, to-wit:

From Rachel Childress to Hoolihan Production Co., dated October 7, 1987, recorded in Volume 77, page 444, Deed Records of Terrell County, Texas, covering Section 14, Block 1, Abstract 607, I & GN Ry. Co. Survey, Terrell County, Texas.

All of the Operating Equipment located in and on said land and leases.

LEASE BLOCK C:

An undivided .8103125 interest in and to the oil and gas lease dated June 7, 1979, from Scott Conway, Wilma Conway, Martha Swearengen and Carroll Swearengen, Trustees of the Texas Ranch Trust created by the Will of Mildred Scott Conway, deceased, Mildred Conway Dill and husband, Frank Dill, Maxine B. Dawson, Martha Louise Dawson Hall and Mary Ellen Dawson Linhardt to W. J. Whitt (and later assigned to Don Ford on July 18, 1979), Lessee, recorded in Volume 264, page 555, insofar as said lease covers the following described land in Shackelford County, State of Texas, insofar and only insofar as said lease covers:

All of the North One-half (N/2) of Survey No. 174, E.T.R.R. Co. lands, Abstract No. 1190, Shackelford County, Texas, and containing 320.6 acres of land, more or less.

Being all of the interest of Borrower conveyed by that certain Assignment of Oil & Gas Lease from MBank Abilene, N.A. to the Borrowers named herein dated September 12, 1985, and recorded in Volume 315, page 277, of the Official Land Records of Shackelford County, Texas, to which reference is here made for all proper purposes and the same is incorporated herein for all purposes.

LEASE BLOCK D:

100% of the gross working interest which is equal to an 83.33% net revenue working interest in an oil and gas lease covering all of Section 26, Block 45, Reeves County, Texas, which lease has or will have Hoolihan Production Company named as Lessee.

LEASE BLOCK E:

A 100% gross working interest in and to the Oil and Gas Lease dated June 3, 1977, recorded in Volume 314, page 488, Deed Records, Crockett County, Texas, executed by Roger Dudley, et al, in favor of M. C. Vinson d/b/a Vinson Exploration, insofar and only insofar as said lease covers the following described land, to-wit:

All of Section 2, A-5326, W. L. Lacy original grantee, containing 1313 acres more or less; and 6.9 acres more or less out of the SW/4 of Section 99, GC&SF Railway original grantee, A-4062, and being the same 6.9 acres of land described in Deed dated February 11, 1938, from Pat Lee to R. R. Dudley, said Deed being recorded in Volume 66, page 179 of the Deed Records of Crockett County, Texas, reference to said Deed is made for all purposes herein. All of the above being in Block NN.

LEASE BLOCK F:

A 100% gross working interest in and to the Oil and Gas Lease dated March 17, 1976, recorded in Volume 302, page 139, Deed Records, Crockett County, Texas, executed by R. R. Dudley, et al, in favor of Texas Oil & Gas Corp., insofar and only insofar as said lease covers the following described land, to-wit:

The E/2 of Survey #1, Block NN, A-3381, L. G. Moses original grantee, Crockett County, Texas, containing 640 acres, more or less, from the surface down to 10,892'.

Exhibit "1"

WEST TEXAS
LEASE DATA TABLE
CHEVRON-OPERATED WORKING INTEREST AND ORR
PROPERTY NUMBERS 18, 19

SOUTH MARSH (DELAWARE) FIELD
REEVES COUNTY, TEXAS

LEASE	LEASE DESCRIPTION	LEASE ACRES	OPERATOR	WORKING INTEREST	NET REVENUE INTEREST	PRODUCING FORMATION	NO. WELLS ACT.	NO. WELLS INACT.	1987 AVG. PROD. * BOPD/MCTD	REMARKS
L. H. Meeker, et al Lease (LM 200519)	N 1/3 Sec. 38, B1k. 45, PSL Sy.	213.33	Chevron	1.0	.8125**	Bell Canyon	1	0	0/1.76	Surface to Base of Bell Canyon. Chevron will retain rights below the base of the Bell Canyon Formation. **Includes Mobil's 50% V.I. which is being assigned to Chevron.
George P. Hill, et al Lease (LM 200517, 200518)	Sec. 34, B1k. 45, PSL Sy.	640	Chevron	1.0	.8125	Bell Canyon	0	1	0/0	Surface to Base of Bell Canyon except surface to 3,000' in NW of Sec. 34.
George P. Hill, et al Lease (LM 200517 and 200518)	NW/4 Sec. 34, B1k. 45, PSL Sy.	160	Hollibaugh Prod.	N/A	.03125	Bell Canyon	1	0	0.2/6.4	ORR of .03125 in surface to 3,000' in NW of Sec. 34. ORR of .03125 is subject to F/U H-700141 dated 11/18/81. Also included in the sale is the Chevron operated Delaware gas gathering system.

WEST TEXAS
LEASE DATA TABLE
CHEVRON-OPERATED WORKING INTEREST
PROPERTY NUMBER 20

SOUTH MARSH (DELAWARE) FIELD
REEVES COUNTY, TEXAS

LEASE	LEASE DESCRIPTION	LEASE ACRES	OPERATOR	WORKING INTEREST	NET REVENUE INTEREST	PRODUCING FORMATION	NO. WELLS		1987 AVG. PROD.* BOPD/MCFD	REMARKS
							ACT.	INACT.		
Reeves - State Lease (LN 200487)	Sec. 14, Blk. 45, PSL, Sy.	640	Chevron	.50	.41667	Bell Canyon	1	0	0/15.56	Surface to Base of Bell Canyon Formation. Subject to JOA dated 1/20/78 (JV-700169). Chevron will retain the rights below the base of the Bell Canyon Formation. Also included in the sale is the Chevron operated Delaware gas gathering system

WEST TEXAS
LEASE DATA TABLE
CHEVRON-OPERATED WORKING INTEREST
PROPERTY NUMBERS 21, 26

TH MARSH (DELAWARE)
ES COUNTY, TEXAS

LEASE	LEASE DESCRIPTION	LEASE ACRES	OPERATOR	WORKING INTEREST	NET REVENUE INTEREST	PRODUCING FORMATION	NO. WELLS		1987 AVG. PROD.* BOPD/MCFD	REMARKS
							ACT.	INACT.		
Reeves- State Lease (LM 200472)	Sec. 22, Blk. 45, PSL Sy.	640	Chevron	1.0	.83333	Bell Canyon	1	0	0/7.24	Surface to Base of the Bell Canyon Formation. Chevron will retain the rights below the base of the Bell Canyon Formation.
Reeves- State Lease (LM 200470)	Sec. 27, Blk. 45 PSL Sy.	640	Chevron	1.0	.83333	Bell Canyon	1	1	0/22.18	Surface to Base of the Bell Canyon Formation. Chevron will retain the rights below the base of the Bell Canyon Formation. Also included in the sale is the Chevron operated Delaware gas gathering system. The deep gas gathering system will be retained by Chevron. Chevron will retain SWD well located in Sec. 23 which serves wells in South Marsh field.

WEST TEXAS
LEASE DATA TABLE
CHEVRON-OPERATED WORKING INTEREST
PROPERTY NUMBER 24

SOUTH MARSH (DELAWARE) FIELD
COUNTY, TEXAS

LEASE	LEASE DESCRIPTION	LEASE ACRES	OPERATOR	WORKING INTEREST	NET REVENUE INTEREST	PRODUCING FORMATION	NO. WELLS		1987 AVG. PROD.* BOPD/MCFD	REMARKS
							ACT.	INACT.		
Leaves- State Lease (LN 200473)	Sec. 35, Blk. 45, PSL Sy.	640	Chevron	1.0	.83333	Bell Canyon	1	0	0/3.11	Surface to Base of Bell Canyon Formation. Also included in the sale is the Chevron operated Delaware Gas Gathering System. Rights to SWD well are not included and will be retained by Chevron.

L. H. MEEKER SECTION 38
MARSH SOUTH FIELD
CULBERSON COUNTY, TX

QUANTITY	TYPE OF EQUIPMENT
1	30"x10' Separator, 2 phase, BS&B, Horizontal, 125 #WP
1	2 1/16 Valve, Gray, 2 3/7 EVE, Gate 3000 # Test, S.E.
1	2 1/16 Valve, Gray, 2 3/7 EVE, Gate 3000 # Test, S.E.
1	2" Choke, Unibolt, adjustable, TC-12S, 6000 # Test, S.E.
1200'	3" Flow Line, Steel, to 6" gathering system to compressor
1	4" Meter Run, W/Barton Meter, 150x250
1	4" Valve, Kimray, Backpressure, flanged, 125 #WP
1	4" Valve, Crane, check, flanged, 150 #WP
1	4" Valve, Gate, flanged, 150 #WP
1	280 BBL Tank, Fiberglass, Perform Mfg., open top

HILL & HILL 1-34
MARSH SOUTH FIELD
CULBERSON COUNTY, TX

QUANTITY	TYPE OF EQUIPMENT
1	3'x16' Separator, 2 phase, Vertical, 125 #WP
1	4" Meter Run
1	4" Valve, Kimray, Backpressure, flanged, 125 #WP
1	4" Valve, Crane Check, flanged, 150 #WP
1	4" Valve, Gate, flanged, 150 #WP
1	280 BBL Tank, Fiberglass, Perform Mfg., open top
4	2 1/16 Valves, Gray, 3000# test, gate, S.E.
1	2" Activator, Axelson, 3000# WP
1	2" Choke, Thornhill Craver, 3000# WP
1800'	4" Flow Line, 4" Steel to 6" gathering line to compressor

REEVES STATE
MARSH SOUTH FIELD
CULBERSON COUNTY, TX

<u>QUANTITY</u>	<u>TYPE OF EQUIPMENT</u>
1500'	5 3/4" Line Pipe, Steel, Sec. 39
9100'	6" Line Pipe, Steel, Sec. 26 & 35
4000'	4" Line Pipe, Steel, Sec. 26 & 27
2200'	5 1/2" Line Pipe, Steel, Sec. 14 & 23
600'	6" Line Pipe, Steel, Sec. 23 & 26
	Above lines in gathering system to compressor
2200'	5 1/2" Line Pipe, Steel, Sec. 14 & 23
6000'	6" Line Pipe, Steel, Sec. 23 & 26
	Above lines shown as flow line to Reeves State 1-14, but are also part of gathering system to compressor in Sec. 26
4000'	Line Pipe, Steel, Sec. 26 & 27
	Above line shown as flow line to Reeves State 2-27, but is also part of gathering system.

REEVES STATE 1-14
MARSH SOUTH FIELD
CULBERSON COUNTY, TX

<u>QUANTITY</u>	<u>TYPE OF EQUIPMENT</u>
1	3'x11' Separator, American Equip., 2 phase 125 #WP
1	4" Meter Run, W/Barton Meter, 100x250
1	4" Valve, Kimray, Backpressure, flanged
1	4" Valve, Crane, check, flanged
1	4" Valve, Walworth, gate, flanged
2	280 BBL Tanks, Fiberglass, Perform Mfg.
4	2 1/16 Valves, Gray, state, SE, 3000 #WP
1	2" Choke, Unibolt, adjustable, 3000 #WP
2200	5 1/2" Flow Line, Steel, welded to compressor
6000	6" Flow Line, Steel, welded to compressor

REEVES STATE 1-22
MARSH SOUTH FIELD
CULBERSON COUNTY, TX

QUANTITY TYPE OF EQUIPMENT

1	3'x11' Separator, 2 phase 125 #WP
1	4" Meter Run, W/Barton Meter, 100x250
1	4" Valve, Kimray, Backpressure, flanged
1	4" Valve, Crane, check, flanged
1	4" Valve, Powell, gate, flanged
2	280 BBL Tanks, Fiberglass, Perform Mfg., open top
3	2 Valves, WKM, gate, SE, 3000 #WP
1	2" Choke, Unibolt, adjustable, 3000 #WP
2400	3" Flow Line, Steel, welded, tied into 4" system line to compressor

REEVES STATE 2-27
MARSH SOUTH FIELD
CULBERSON COUNTY, TX

QUANTITY TYPE OF EQUIPMENT

1	41" Separator, Sivalis, spherical
1	4" Meter Run, W/Barton Meter, 100x250
1	4" Valve, Kimray, Backpressure, flanged, 150 #WP
1	4" Valve, Crane, Check, flanged, 150 #WP
1	4" Valve, Walworth, gate, flanged, 150 #WP
1	280 BBL Tanks, Fiberglass, Perform Mfg., Open Top
3	2" Valves, WKM, 2000 #WP, gate, S.E.
1	2" Choke, Unibolt, adjustable, 3000 #WP
4000'	4" Flow Line to 6" gathering line to compressor

THE STATE OF TEXAS

County of Reeves }
I, Catherine Ashley, Clerk
of the County Court of Reeves County, Texas, do hereby certify that
the foregoing is a true and correct copy of the original RECORDED ASSIGNMENT BETWEEN CHARLIE D. DAVIS,
INDIV DBA HOLLIHAN PRODUCTION COMPANY AND ENSOUTH EXPLORATION AND PRODUCTION CO.

as the same appears of record in my office in book 514 page 545 Deed Records

Given under my Hand and Seal of said Court, at office in Pecos, Texas

this 15th day of April 19 92

CATHERINE ASHLEY

Clerk,

By

Lisa Reynolds
Lisa Reynolds

Deputy.

REEVES STATE 1-35
MARSH SOUTH FIELD
CULBERSON COUNTY, TX

QUANTITY	TYPE OF EQUIPMENT
1	41" Separator, 2 phase, Sivalis, Spherical, 125 #WP
1	40D Pumping Unit, Lufkin, T64-9A
1	3 3/4x4 Engine, Waukesha, Gas, 190 GLB
1	2 1/16 Valve, Gray, 3000 # Test, Gate, S.E.
1	2" Choke, Unibolt, adjustable, 3000 # Test, TC-1001
1	4" Meter Run, W/Barton Meter, 100x250
1	4" Valve, Kimray, Backpressure, flanged, 150 #WP
1	4" Valve, Crane, Check, flanged, 150 #WP
1	4" Valve, Pacific, gate, flanged, 150 #WP
2	280 BBL Tanks, Fiberglass, Perform Mfg. EA. Open Top
1200'	4" Flow Line, Steel welded - to 6" gathering line to compressor

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

FILED FOR RECORD ON THE 9th DAY OF January A.D. 1992 AT 1:54 P.M.
DULY RECORDED ON THE 10th DAY OF January A.D. 1992 AT 9:15 A.M.
BY Lisa Reynolds DEPUTY CATHERINE ASHLEY, COUNTY CLERK,
REEVES COUNTY, TEXAS.

57.

MF 62525
ITEM Assignment
TO _____
FROM _____
DATE 6/5/92

FILE NO. 252 ALLEN G. HARVEY, SUB TR TO ENSOUTH ACQUISITION CORPORATION

SUBSTITUTE TRUSTEE'S DEED

THE STATE OF TEXAS

§

COUNTIES OF CROCKETT,
REEVES AND TERRELL

§

§

§

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, on the 24th day of October, 1988, Charlie D. Davis, individually and doing business as Hoolihan Production Company, a Texas general partnership, ("Grantor"), executed and delivered to Roger D. Williams, Trustee, a Deed of Trust, Mortgage, Security Agreement, Financing Statement and Assignment which is recorded in Volume 160, Page 101, Deed of Trust Records, Crockett County, Texas, in Volume 145, Page 476, Deed of Trust Records, Reeves County, Texas, and in Volume 58, Page 21, Deed of Trust Records, Terrell County, Texas ("Deed of Trust"), for the purpose of securing the payment of certain indebtedness and obligations therein described, ("Indebtedness") payable to the order of The First National Bank of Sterling City ("Bank"), he granted, sold and conveyed to the said Roger D. Williams, in trust, the property situated in Crockett, Reeves and Terrell Counties, Texas, described therein; and

WHEREAS, the Bank, has transferred and assigned the Indebtedness and lien of the Deed of Trust to Ensouth Exploration and Production Company, the same as "Ensouth Exploration & Production Co.," ("Ensouth"), who is the current holder and owner of the Indebtedness and the Deed of Trust; and

WHEREAS, Ensouth as authorized by and provided in said Deed of Trust, by instrument in writing, duly appointed the undersigned to serve as Substitute Trustee; and

WHEREAS, default has been made in the payment of the Indebtedness, and Ensouth requested the undersigned to make sale of the property subject to the lien of Deed of Trust under the terms of said Deed of Trust for the purpose of satisfying the obligations arising under the Indebtedness and Deed of Trust; and

WHEREAS, pursuant to said request and to the provisions of the Deed of Trust, I proceeded to sell the property subject to the Deed of Trust described hereinbelow (the "Property") on the front steps of the Reeves County Courthouse, located at 100 East Fourth Street, Pecos, Reeves County, Texas, between the hours of 10 a.m. and 4 p.m. (the sale being actually at 10:10 a.m.) on Tuesday, the 4th day of February, 1992, after having given public notice of the time, place and terms of such sale, as prescribed by the terms of the Deed of Trust, including posting written notice thereof at the Courthouse door of the County Courthouse in Crockett, Reeves and Terrell Counties, Texas, and after having served written notice, at least 21 days preceding the day of the proposed sale by certified mail to the debtor's most current address as shown by the records of Ensouth on each debtor obligated to honor the terms of the Indebtedness and after filing with the respective County Clerks of Crockett, Reeves and Terrell Counties, Texas, notice of the sale at least 21 days preceding the date of the sale in compliance with the law as evidenced by the affidavit attached hereto and made a part hereof for all purposes as Exhibit "A"; and

WHEREAS, that such sale of the Property was by me struck off to Ensouth Acquisition Corporation, for the price and sum of ONE HUNDRED FIFTY-ONE THOUSAND AND NO/100 DOLLARS (\$151,000.00) being the highest bidder of the same, and said sum being the best and highest bid therefore.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS: That I, Allen G. Harvey, of Midland County, Texas, Substitute Trustee of the aforesaid, by virtue of the powers granted to me by said Deed of Trust and in consideration of the foregoing premises and of the sum of ONE HUNDRED FIFTY-ONE THOUSAND AND NO/100 DOLLARS (\$151,000.00) to me cash in hand paid by said Ensouth Acquisition Corporation, ("Grantee"), and the receipt of which is hereby acknowledged (which sum of money I have applied according to the directions in said Deed of Trust) have granted, sold and conveyed and by these presents do grant, sell and convey unto the Grantee the Property, which is described in Exhibit "B" attached hereto and made a part hereof for all purposes.

The Property is sold and conveyed subject to all matters which are prior to the Deed of Trust, which affect title thereto, or which are a superior interest therein.

TO HAVE AND TO HOLD the Property together with all and singular the rights and appurtenances thereto in anywise belonging unto the Grantee, its SUCCESSORS and assigns forever. And for and on behalf of the said Grantor and his heirs and assigns, I, the said Substitute Trustee, do hereby bind the said Grantor and his heirs and assigns, to warrant and forever defend, all and singular, said premises insofar as is authorized by the Deed of Trust, unto the Grantee, its SUCCESSORS and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

21

WITNESS MY HAND this 4th day of February, 1992.

Allen G. Harvey
Allen G. Harvey
Substitute Trustee

THE STATE OF TEXAS §
 §
COUNTY OF Reeves §

This instrument was acknowledged before me on the 4th day of February, 1992, by ALLEN G. HARVEY, Substitute Trustee.



Kristi N. Elsom
Notary Public, State of Texas

Grantee's Addresses:

Ensooth Acquisition Corporation
P.O. Box 2125
Midland, Tx 79702

After recording, please return to:

Kristi N. Elsom
P. O. Box 1540
Midland, Texas 79702

EXHIBIT "A"

AFFIDAVIT

THE STATE OF TEXAS
COUNTIES OF CROCKETT,
REEVES AND TERRELL

§
§
§
§

KNOW ALL MEN BY THESE PRESENTS:

BEFORE ME, the undersigned authority, on this day personally appeared Allen G. Harvey, and after being duly sworn, upon his oath deposed and said as follows:

"My name is Allen G. Harvey. I am an adult person and have knowledge of the facts herein stated.

"Ensouth Exploration and Production Company, the same corporation as "Ensouth Exploration & Production Co.," ("Ensouth") is the present holder and owner of the indebtedness secured by the Deed of Trust, Mortgage, Security Agreement, Financing Statement and Assignment dated October 24, 1988, ("Deed of Trust") executed by Charlie D. Davis, individually and doing business as Hoolihan Production Company, a Texas general partnership, to Roger D. Williams, Trustee, recorded in Volume 160, Page 101, Deed of Trust Records, Crockett County, Texas, in Volume 145, Page 476, Deed of Trust Records, Reeves County, Texas, and in Volume 58, Page 21, Deed of Trust Records, Terrell County, Texas.

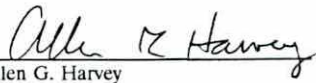
"By writing dated January 12, 1992, Ensouth appointed me to act as Substitute Trustee. Thereupon demand was made upon me that I proceed as Substitute Trustee to make the sale of the subject property under the terms of said Deed of Trust for the purposes of satisfying said indebtedness.

"On January 8, 1992, a notice of default was given by Ensouth and demand was made that default be cured on or before 9:00 a.m. on January 13, 1992. Default was not cured by 9:00 a.m. on January 13, 1992, and the principal balance was accelerated thereafter.

"More than three weeks, and also more than twenty-one (21) days preceding the date of the sale made by me as Substitute Trustee, on the 13th day of January, 1992, notice of the proposed sale was posted on the County Courthouse door of Crockett, Reeves and Terrell Counties, Texas, and filed with the respective County Clerks of Crockett, Reeves and Terrell Counties, Texas, and further notice was at the same time given to each debtor obligated to pay the said indebtedness according to the records of Ensouth by Certified Mail, Return Receipt Requested, by a deposit of a copy of the notice of such trustee's sale enclosed in a post paid wrapper properly addressed to such debtor at said debtor's most recent address, in an official depository of the United States Postal Service under the care and custody of the United States Postal Service. The said notice stated that the sale would be held no earlier than 10 a.m. and no later than three hours thereafter in the area designated by the Reeves County Commissioner's Court for the purposes of foreclosure sales, the same being the front steps of the Reeves County Courthouse, located at 100 East Fourth Street, Pecos, Reeves County, Texas, on February 4, 1992.

"On the 4th day of February, 1992, I did proceed to sell and did sell at public vendue at 10:10 a.m. at the place designated in said notice of sale, the property situated in Crockett, Reeves and Terrell Counties, Texas described in said notice of sale."

EXECUTED this 4th day of February, 1992.


Allen G. Harvey

SWORN TO AND SUBSCRIBED before me this 4th day of February, 1992, by ALLEN G. HARVEY.



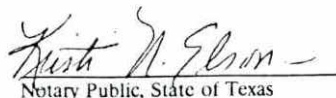
THE STATE OF TEXAS
COUNTY OF MIDLAND

§
§
§


Notary Public, State of Texas

This instrument was acknowledged before me on the 4th day of February, 1992, by ALLEN G. HARVEY.




Notary Public, State of Texas

POOR ORIGINAL

EXHIBIT "B"

LEASE BLOCK A:

All of the interest acquired by Woolihan Production Co. from Chevron U.S.A., Inc. by virtue of Assignment and Bill of Sale dated July 29, 1986, recorded in Vol. 487, page 240, Deed Records, Reeves County, Texas, said leases and surface equipment being more particularly described on Exhibit "1" attached hereto and incorporated hereto by reference for all purposes.

LEASE BLOCK B:

Tract One: All of the interest of the Mortgagors, which interest is equal to 100% of the gross working interest and 76.52251% of the net revenue working interest in and to the following five oil and gas leases, to-wit:

From Lovella Dudley to Woolihan Production Co., dated December 1, 1986, recorded in Volume 420, page 109, Deed Records of Crockett County, Texas.

From Wynna Dudley, Individually and as Independent Executrix of the Estate of Walter C. Dudley, deceased, to Woolihan Production Co., dated December 1, 1986, recorded in Volume 420, page 111, Deed Records of Crockett County, Texas.

From Lee Dudley to Woolihan Production Co., dated December 1, 1986, recorded in Volume 420, page 113, Deed Records of Crockett County, Texas.

From Roger E. Dudley, Jr. to Woolihan Production Co., dated December 1, 1986, recorded in Volume 420, page 115, Deed Records of Crockett County, Texas.

From Betty D. Mumfrell to Woolihan Production Co., dated December 1, 1986, recorded in Volume 420, page 117, Deed Records of Crockett County, Texas.

The above said five lease covering Sections 24, 25, 26, 27, 28 and 29, Block 1, T & CM Ry. Co. Survey, Crockett County, Texas.

All of the Operating Equipment located in and on said land and leases.

Tract Two: All of the interest of the Mortgagors, which interest is equal to 100% of the gross working interest and 67.28251% of the net revenue working interest in and to the following lease, to-wit:

From Rachel Childress to Woolihan Production Co., dated October 7, 1987, recorded in Volume 77, page 444, Deed Records of Terrell County, Texas, covering Section 14, Block 1, Abstract 607, T & CM Ry. Co. Survey, Terrell County, Texas.

All of the Operating Equipment located in and on said land and leases.

POOR ORIGINAL

EXHIBIT "1"

Oil and Gas Leases

1. State of Texas Oil and Gas Lease No. 67953, dated March 6, 1973 and recorded in Volume 322, Page 116, Oil and Gas Records of Reeves County, Texas, wherein The State of Texas is lessor and Chevron Oil Company is lessee, insofar and only insofar as said lease covers section 14, block 43, F&M Survey, Reeves County, Texas, from the surface down to the base of the Bell Canyon formation (Chevron File No. 200467).
2. State of Texas Oil and Gas Lease No. 67525, dated October 3, 1972, and recorded in Volume 315, Page 93, Oil and Gas Records of Reeves County, Texas, wherein The State of Texas is lessor and Chevron Oil Company is lessee, insofar and only insofar as said lease covers section 22, block 43, F&M Survey, Reeves County, Texas, from the surface down to the base of the Bell Canyon formation (Chevron File No. 200470).
3. State of Texas Oil and Gas Lease No. 67528, dated October 3, 1972, and recorded in Volume 315, Page 107, Oil and Gas Records of Reeves County, Texas, wherein The State of Texas is lessor and Chevron Oil Company is lessee, insofar and only insofar as said lease covers section 27, block 43, F&M Survey, Reeves County, Texas, from the surface down to the base of the Bell Canyon formation (Chevron File No. 200472).
4. Relinquishment Act Oil and Gas Lease No. T-17222, dated May 23, 1973, and recorded in Volume 323, Page 363, Oil and Gas Records of Reeves County, Texas, wherein Geo. P. Hill, individually and as agent for the State of Texas, is lessor and The Superior Oil Company is lessee, insofar and only insofar as said lease covers section 34, block 43, F&M Survey, Reeves County, Texas, from the surface down to the base of the Bell Canyon formation (Chevron File No. 200517).
5. Relinquishment Act Oil and Gas Lease No. T-17222-a, dated May 23, 1973, and recorded in Volume 323, Page 367, Oil and Gas Records of Reeves County, Texas, wherein James Hubert Hill et al, individually and as agent for the State of Texas, is lessor and The Superior Oil Company is lessee, insofar and only insofar as said lease covers section 34, block 43, F&M Survey, Reeves County, Texas, from the surface down to the base of the Bell Canyon formation (Chevron File No. 200518).
6. State of Texas Oil and Gas Lease No. 67529, dated October 3, 1972, and recorded in Volume 315, Page 111, Oil and Gas Records of Reeves County, Texas, wherein The State of Texas is lessor and Chevron Oil Company is lessee, insofar and only insofar as said lease covers section 35, block 43, F&M Survey, Reeves County, Texas, from the surface down to the base of the Bell Canyon formation (Chevron File No. 200473).
7. Oil and Gas Lease dated September 13, 1968, and recorded in Volume 279, Page 133, Oil and Gas Records of Reeves County, Texas, wherein L. H. Meador et al is lessor and Chalkent, Rogers and Hanson, Inc. is lessee, insofar and only insofar as said lease covers the north one-third (1/3) of section 34, block 43, F&M Survey, Reeves County, Texas, from the surface down to the base of the Bell Canyon formation (Chevron File No. 200519).

Wells and Personal Property

South Marsh (Delaware) Field gas gathering system commingling gas produced from sections 14, 22, 26, 27, 34, 35 and the East One-half (1/2) of section 39, block 43, F&M Survey, Reeves County, Texas (Chevron File No. 200640).

MF 067525

MF 067528

POOR ORIGINAL

REEVES STATE:

QUANTITY	TYPE OF EQUIPMENT
1500'	5 3/4" Line Pipe, Steel, Sec. 39
9100'	6" Line Pipe, Steel, Sec. 26 & 35
4000'	4" Line Pipe, Steel, Sec. 26 & 27
2200'	5 1/2" Line Pipe, Steel, Sec. 14 & 23
600'	6" Line Pipe, Steel, Sec. 23 & 26
	Above lines in gathering system to compressor
2200'	5 1/2" Line Pipe, Steel, Sec. 14 & 23
6000'	6" Line Pipe, Steel, Sec. 23 & 26
	Above lines shown as flow line to Reeves State 1-14, but are also part of gathering system to compressor in Sec. 26
4000'	Line Pipe, Steel, Sec. 26 & 27
	Above line shown as flow line to Reeves State 2-27, but is also part of gathering system.

REEVES STATE 1-14:

QUANTITY	TYPE OF EQUIPMENT
1	3'x11" Separator, American Equip., 2 phase 125 #WP
1	4" Meter Run, W/Barton Meter, 100x250
1	4" Valve, Kinray, Beckman, flanged
1	4" Valve, Crane, check, flanged
1	4" Valve, Walworth, gate, flanged
2	280 BBL Tanks, Fiberglass, Perform Mfg.
4	2 1/16 Valves, Gray, gate, SE, 3000 #WP
1	2" Choke, Unibolt, adjustable, 3000 #WP
2200'	5 1/2" Flow Line, Steel, welded to compressor
6000'	6" Flow Line, Steel, welded to compressor

FOOT ORIGINAL

REEVES STATE 1-22:

QUANTITY	TYPE OF EQUIPMENT
1	3"x11" Separator, 2 phase 125 #WP
1	4" Meter Run, W/Barton Meter, 100x250
1	4" Valve, Kinray, Backpressure, flanged
1	4" Valve, Crane, check, flanged
1	4" Valve, Powell, gate, flanged
2	280 BBL Tanks, Fiberglass, Perform Mfg., open top
3	2 Valves, WQH, gate, SE, 3000 #WP
1	2" Choke, Unibolt, adjustable, 3000 #WP
2400'	3" Flow Line, Steel, welded, tied into 4" system line to compressor

REEVES STATE 2-27:

QUANTITY	TYPE OF EQUIPMENT
1	41" Separator, Sivalle, spherical
1	4" Meter Run, W/Barton Meter, 100x250
1	4" Valve, Kinray, Backpressure, flanged, 150 #WP
1	4" Valve, Crane, Check, flanged, 150 #WP
1	4" Valve, Walworth, gate, flanged, 150 #WP
1	280 BBL Tanks, Fiberglass, Perform Mfg., Open Top
3	2" Valves, WQH, 2000 #WP, gate, S.E.
1	2" Choke, Unibolt, adjustable, 3000 #WP
4000'	4" Flow Line to 6" gathering line to compressor

WILL & WILL 1-34:

QUANTITY	TYPE OF EQUIPMENT
1	3"x16" Separator, 2 phase, Vertical, 125 #WP
1	4" Meter Run
1	4" Valve, Kinray, Backpressure, flanged, 125 #WP
1	4" Valve, Crane Check, flanged, 150 #WP
1	4" Valve, Gate, flanged, 150 #WP
1	280 BBL Tank, Fiberglass, Perform Mfg., open top

POOR ORIGINAL

4 2 1/16 Valves, Gray, 3000# test, gate, S.E.
 1 2" Activator, Aselson, 30C9# WP
 1 2" Choke, Thornhill Craver, 3000# WP
 1800' 4" Flow Line, 4" Steel to 6" gathering line to compressor

NEEVES STATE 1-35:

QUANTITY	TYPE OF EQUIPMENT
1	41" Separator, 2 phase, Sivalle, Spherical, 125 #WP
1	400 Pumping Unit, Lufkin, T64-9A
1	3 3/4" Engine, Waukesha, Gas, 190 GLB
1	2 1/16 Valve, Gray, 3000 # Test, Gate, S.E.
1	2" Choke, Unibolt, adjustable, 3000 # Test, TC-1001
1	4" Meter Run, W/Barton Meter, 100x250
1	4" Valve, Kimray, Backpressure, flanged, 150 #WP
1	4" Valve, Crane, Check, flanged, 150 #WP
1	4" Valve, Pacific, gate, flanged, 150 #WP
2	280 BBL Tanks, Fiberglass, Perform Mfg. Lb. Open Top
1200'	4" Flow Line, Steel welded to 6" gathering line to compressor

L. W. MEEKER SECTION 38:

QUANTITY	TYPE OF EQUIPMENT
1	30"x10" Separator, 2 phase, BSA, Horizontal, 125 #WP
1	2 1/16 Valve, Gray, 2 3/7 EVE, Gate 3000 # Test, S.E.
1	2 1/16 Valve, Gray 2 3/7 EVE, Gate 3000 # Test, S.E.
1	2" Choke, Unibolt, adjustable, TC-115, 6000 # Test, S.E.
1200'	3" Flow Line, Steel, to 6" gathering system to compressor
1	4" Meter Run, W/Barton Meter, 150x250
1	4" Valve, Kimray, Backpressure, flanged, 125 #WP
1	4" Valve, Crane, check, flanged, 150 #WP
1	4" Valve, Gate, flanged, 150 #WP
1	280 BBL Tank, Fiberglass, Perform Mfg., open top

THE STATE OF TEXAS

County of Reeves } I, Catherine Ashley, Clerk
of the County Court of Reeves County, Texas, do hereby certify that
the foregoing is a true and correct copy of the original RECORDED SUBSTITUTE TRUSTEE'S DEED
BETWEEN ALLEN G. HARVEY, SUBSTITUTE TRUSTEE AND ENSOUTH ACQUISITION CORPORATION

as the same appears of record in my office in book 515 page 215, Deed Records

Given under my Hand and Seal of said Court, at office in Pecos, Texas

this 15th day of April 19 92.

CATHERINE ASHLEY

Clerk,

By

Lisa Reynolds

Lisa Reynolds

Deputy.

POOR ORIGINAL

All Or A Portion Of The Assigned Premises Are Subject to:

1. Unrecorded Gas Purchase Contract dated July 1, 1978, by and between Lovaca Gathering Company and Texas Utilities Fuel Company, as Buyer, and Chevron U.S.A. Inc., as Seller (Chevron Contract No. 86-0337-).
2. Unrecorded Gas Handling Agreement dated September 1, 1978, by and between Chevron U.S.A. Inc. and the Superior Oil Company covering the South Haven field gas-gathering system (Chevron File No. 100677).
3. Unrecorded Well Contribution Agreement dated June 10, 1981, by and between Chevron U.S.A. Inc. and Nova Exploration Company, covering the Northwest One-quarter (NW1/4) of Section 34, Block 43, FSL Survey, Reeves County, Texas (Chevron File No. N-700140).
4. Unrecorded Operating Agreement dated January 20, 1978, by and between Chevron U.S.A. Inc., as Operator, and STA Oil Producers, as Non-operator, covering Section 16, Block 43, FSL Survey, Reeves County, Texas (Chevron File No. JV-700168).
5. Assignment of Operating Rights and Agreement dated June 16, 1978, effective March 1, 1978, recorded in Volume 367, Page 611, Deed Records of Reeves County, Texas, by and between Chevron U.S.A. Inc., as Assignor, and STA Oil Producers, as Assignee, and covering Section 16, Block 43, FSL Survey, Reeves County, Texas (Chevron File No. 100487).
6. All terms and conditions, including but not limited to the FEAC 500 Provisions of Paragraph "E", in that certain Assignment and Bill of Sale executed June 20, 1988, but effective as of July 1, 1988, by and between Mobil Producing Texas & New Mexico, Inc., as Seller, and Chevron U.S.A. Inc., as Buyer, said assignment being recorded in Volume 487, Page 115, of the Deed Records of Reeves County, Texas.

Reservation of SWD Well

Assignor does hereby specifically reserve for itself, its successors and assigns all right, title and interest in and to the Chevron Reeves State 1-23 Salt Water Disposal Well, together with all equipment and personal property associated therewith and all rights of ingress, egress and regress on, over, under and through the assigned premises to the extent necessary to fully enjoy the rights reserved hereby.

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

FILED FOR RECORD ON THE 4th DAY OF February A.D. 1992 AT 10:53A.M.
DULY RECORDED ON THE 4th DAY OF February A.D. 1992 AT 2:45 P.M.

BY Risa Reynolds DEPUTY

CATHERINE ASHLEY, COUNTY CLERK,
REEVES COUNTY, TEXAS.

58.

MF 67525
ITEM Assignment
TO _____
FROM _____
DATE _____

ENSOUTH OPERATING, INC. ✓

P. O. BOX 2125
MIDLAND, TX 79702

OFC. (915) 683-2175
FAX (915) 683-3358

June 1, 1990

General Land Office of Texas
Stephen F. Austin Bldg.
1700 N. Congress Ave. Rm 630
Austin, Texas 78701-1495

Attn: Missy Cary

Re: Filing Fees/State Lease No.'s
M-67525, M-67528, M-67529, M-77769,
M-68440, M-78174

Dear Missy,

X 400.00

92051516

Enclosed please find our corporate check in the amount of \$400.00 representing the payment for filing fees on the above referenced leases. If anything is needed to complete this process please let me know.

Sincerely,


Mark C. Carr

171
8

MCC/mcc

59.

MF 67525
ITEM Lfn
TO _____
FROM Ensouth.
DATE 6/5/92





Texas General Land Office
Garry Mauro, Commissioner

Stephen F. Austin Building
1700 North Congress Avenue
Austin, Texas 78701-1495
(512) 463-5001

June 9, 1992

Ensouth Operating, Inc.
P.O. Box 2125
Midland, Texas 79702

RE: ASSIGNMENT FILING

Dear Mr. Carr:

The General Land Office received the following instruments on June 5, 1992, and have filed them in Mineral File Nos. M-67525, M-67528, M- 67529, M-67953, M-77769, M-68440 & M- 78174.

1. Assignment of Oil and Gas Lease dated May 27, 1988, from CHEVRON, U.S.A.INC. to CHARLIE D. DAVIS d/b/a HOOLIHAN PRODUCTION COMPANY, recorded in Reeves County, Texas.

Filing Fee: \$25.00
Late Fee : \$0.00
Total Fee : \$25.00

2. Assignment of Oil and Gas Lease dated February 4, 1992, from ALLEN G. HARVEY to ENSOUTH ACQUISITION CORPORATION, recorded in Reeves County, Texas.

Filing Fee: \$25.00
Late Fee : \$0.00
Total Fee : \$25.00

3. Assignment of Oil and Gas Lease dated February 3, 1992, from CHARLIE D. DAVIS d/b/a HOLLIHAN PRODUCTION COMPANY to ENSOUTH ACQUISITION CORPORATION, recorded in Reeves County, Texas.

Filing Fee: \$25.00
Late Fee : \$0.00
Total Fee : \$25.00

4. Assignment of Oil and Gas Lease dated February 6, 1992, from CHARLIE D. DAVIS to ENSOUTH EXPLORATION & PRODUCTION CO., recorded in Reeves County, Texas.

Filing Fee: \$25.00
Late Fee : \$0.00
Total Fee : \$25.00

5. Assignment of Oil and Gas Lease dated February 4, 1992, from ALLEN G. HARVEY to ENSOUTH ACQUISITION CORPORATION, recorded in Reeves County, Texas.

Filing Fee: \$25.00
Late Fee : \$0.00
Total Fee : \$25.00

The total amount of the fees received for the filing of the instruments listed above is \$400.00, the receipt of which is acknowledged by the General Land Office.

Sincerely,



Mary Helen Ruiz
Gas Contract Administrator
Lease Administration
Energy Resources
(512) 475-1532

MHR/tbs

60.

MF 67525
ITEM 4th
TO Ensouth
FROM _____
DATE 6/9/92

Lobo Resources, Inc.

200 North Loraine
Suite 1245
Midland, Texas 79701

Telephone
(915) 687-0404

January 21, 1994

FAX
(915) 687-0454

Commissioner of the
General Land Office
of the State of Texas
Stephen F. Austin Bldg.
1700 N. Congress Avenue
Austin, TX 78701

Attention: Mr. Robert Hatter

X 150.00

94028244

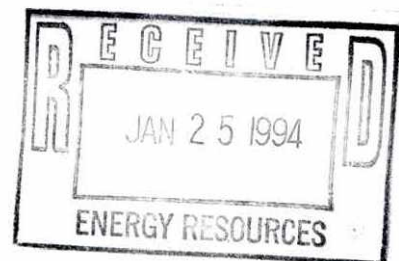
Re: Transfer of Interests in Certain State of Texas
Oil and Gas Leases

Dear Robert:

I enjoyed speaking with you the other day regarding transfer of certain State of Texas oil and gas leases from Ensouth Operating, Inc. and its affiliates to Lobo Resources, Inc. and one of its affiliates. As we discussed on the telephone, I am enclosing certified copies of (i) an Assignment, Conveyance and Bill of Sale dated effective December 1, 1993, pursuant to which the Ensouth entities transferred an undivided 85% interest in and to the State Leases to Lobo Oil & Gas Partners, L.P. and (ii) an Assignment of Operating Rights in Surface Lease dated as of December 22, 1993, pursuant to which Ensouth Operating, Inc. transferred an 85% interest in and to the State of Texas Surface Lease No. 92-003 to Lobo Oil & Gas Partners, L.P. I am also enclosing our check in the amount of \$150.00 for the transfer fee.

129

The State of Texas oil and gas leases and the State of Texas Surface Lease are described in the two Assignments and Exhibits thereto.



Lobo Resources, Inc. replaced Ensouth Operating, Inc. as the operator of the subject properties effective as of December 1, 1993. The pertinent data for Lobo Resources, Inc. and Lobo Oil & Gas Partners, L.P. is as follows:

Lobo Resources, Inc.
200 North Loraine
Suite 1245
Midland, Texas 79701
Telephone: (915) 687-0404
Fax: (915) 687-0454
Contact Person: C. Randall Hill or Steven D. Gray
RRC Operator No.: 504659
Federal Tax ID#: 75-2070635

Lobo Oil & Gas Partners, L.P.
200 North Loraine
Suite 1245
Midland, Texas 79701
Telephone: (915) 687-0404
Fax: (915) 687-0454
Contact Person: C. Randall Hill or Steven D. Gray
Federal Tax ID#: 75-2448656

Thank you for your assistance in this matter. I look forward to receiving the information package you mentioned concerning royalty payments, reporting requirements, filings, etc. With best regards,

Very truly yours,



C. Randall Hill

enclosure

(61)

MF 67525
ITEM Ltr.
TO _____
FROM Lobo Resources
DATE 1-22-94



FILE NO. 53 ENSOUTH ACQUISITION CORPORATION, ET AL TO LOBO OIL &
GAS PARTNERS, L.P.

After Recording, Return to:
Lobo Resources, Inc.
200 N. Loraine, Suite 1245
Midland, Texas 79701
Attn: C. Randall Hill

ASSIGNMENT, CONVEYANCE AND BILL OF SALE

STATE OF TEXAS § KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF REEVES §

That ENSOUTH ACQUISITION CORPORATION, ENSOUTH OPERATING, INC., AND ENSOUTH EXPLORATION AND PRODUCTION CO., each of whose address is P.O. Box 2125, Midland, Texas 79702, hereinafter referred collectively to as "Assignor", for Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby collectively CONVEY, ASSIGN and DELIVER unto LOBO OIL & GAS PARTNERS, L.P., whose address is 200 North Loraine Street, Suite 1245, Midland, Texas 79701, hereinafter referred to as "Assignee", all of the following described properties, rights, titles and interests, hereinafter referred collectively as the "Interests":

A. An undivided 85% interest in and to the oil, gas, and mineral leases described on Exhibit A hereto (the "Leases"), together with the lands described in such Leases and all lands, if any, pooled or unitized therewith (all such lands being collectively referred to herein as the "Lands");

B. An undivided 85% interest in and to all contracts, agreements or other documents relating to any of the Leases, Lands or production therefrom (the "Contracts") including, but not limited to, all gas sales, purchase, exchange, transportation, gathering, and processing agreements, operating agreements, joint venture agreements, seismic exploration agreements, surface lease agreements, water disposal agreements, compressor rental agreements, area of mutual interest agreements, farmout and/or farmin agreements, and division and transfer orders;

C. An undivided 85% interest in and to all easements, rights-of-way, licenses, servitudes, permits or other similar interests or rights appertaining to the Leases or the Lands and useful to or used in connection with the exploration, development or operation of the Leases or the Lands (collectively, the "Easements") including, but not limited to, the production, processing, treating, storing, marketing or transportation of oil, gas, casinghead gas, condensate, distillate or other liquid or vaporous hydrocarbons (collectively, "Hydrocarbons"); and

D. An undivided 85% interest in and to all personal property, fixtures, and improvements appurtenant to or located on the Leases or Lands, and useful to or used in connection with the exploration, development or operation of the Leases or the Lands including, but not limited to, any Hydrocarbons produced therefrom or stored thereon, the existing oil and gas wellbores listed on Exhibit A and any and all other wells located on the Lands (collectively, the "Wells"), casing, tubing, rigs, pumps, separators, dehydrators, tanks, buildings, plants, fixtures, injection facilities, water disposal facilities, compression

A CERTIFIED COPY

C:\WP\LOBO\CONTRACT\ASSIGN1.ENS

Attest: 1-20, 19 94
Catherine Ashley, County Clerk
Reeves County, Texas



By Y. Alcala Deputy

355

4-10-1950

RECEIVED
CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
JAN 10 1950



10-10-1950

facilities, machinery, pipelines, gathering lines, and other equipment (collectively, the "Personal Property").

TO HAVE AND TO HOLD the Interests unto Assignee, its successors and assigns, forever, and Assignor hereby binds itself, its successors and assigns, to warrant and forever defend all and singular the Interest unto Assignee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof BY, THROUGH, OR UNDER ASSIGNOR, BUT NOT OTHERWISE. Assignor hereby represents and warrants that it has Defensible Title (as hereinafter defined) to the Interests. As used herein, the term "Defensible Title" means such title as shall (i) entitle Assignee to receive not less than the net revenue interest for each Lease or portion thereof as set forth on Exhibit A hereto of all Hydrocarbons produced, saved, and marketed from or attributable to each such Lease or portion thereof and (ii) obligate Assignee to bear the costs and expenses relating to the maintenance, development and operation of each such Lease or portion thereof in an amount not greater than the working interest for such Lease or portion thereof as set forth on Exhibit A hereto, unless Assignee's net revenue interest therein is increased by a proportionate or greater amount. However, as to all of the Personal Property herein conveyed, SUCH PERSONAL PROPERTY IS ASSIGNED TO ASSIGNEE "AS-IS", "WHERE-IS", "WITH ALL FAULTS", AND WITHOUT RECOURSE, COVENANT OR WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY. WITHOUT LIMITATION OF THE GENERALITY OF THE IMMEDIATELY PRECEDING SENTENCE, ASSIGNOR EXPRESSLY DISCLAIMS AND NEGATES AS TO ALL PERSONAL PROPERTY, IMPROVEMENTS AND FIXTURES (A) ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY, (B) ANY IMPLIED OR EXPRESS WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, (C) ANY IMPLIED OR EXPRESS WARRANTY AS TO CONDITION AND (D) ANY IMPLIED OR EXPRESS WARRANTY OF CONFORMITY TO MODELS OR SAMPLES OF MATERIALS.

Assignor recognizes and acknowledges that a certain portion of the net revenue interest comprising its interests in the Leases, Lands and other associated properties described above may be held of record as overriding royalty interests. Consequently, Assignor hereby agrees that (i) any such overriding royalty interests held of record shall be, and hereby is, merged into and with the net revenue interests attributable to Assignor's working interest in and to such Leases, Lands and other properties and (ii) such merger shall be deemed to have occurred immediately prior to the assignment made by Assignor to Assignee herein.

The Interests are assigned and conveyed by Assignor and accepted by Assignee pursuant to, and expressly subject to, the terms, provisions, and conditions set forth in (i) that certain Agreement of Purchase and Sale dated as of December 22, 1993, among Assignee, Assignor, and the other parties named therein (the "Purchase Agreement") and (ii) that certain Plan of Development dated as of December 22, 1993, among Assignee, Assignor, and the other parties named therein (the "Plan"). The terms, provisions or conditions of the Purchase Agreement and the Plan shall not be merged into this Assignment, but shall survive the execution, delivery, and recording of this Assignment.

To the extent Assignor has received any warranty of whatsoever nature relating to the Interests from any of

A CERTIFIED COPY

Attest: 1-20, 1994
Catherine Ashley, County Clerk
Brewer County, Texas



By y. alba Deputy

Assignor's predecessors-in-title, and to the extent such warranty may be assigned, Assignor subrogates Assignee in and to all of the rights and actions of warranty which Assignor has or may have against any of its predecessors-in-title.

IN WITNESS WHEREOF, the parties hereto have executed this instrument on the dates set forth on the acknowledgments attached hereto, but this Assignment, Conveyance, and Bill of Sale is made effective for all purposes as of December 1, 1993, at 12:01 a.m. Midland, Texas time.

ASSIGNOR

ENSOUTH ACQUISITION
CORPORATION

By: Mark C. Carr

Mark C. Carr,
President

ENSOUTH OPERATING, INC.

By: Mark C. Carr

Mark C. Carr,
President

ENSOUTH EXPLORATION AND
PRODUCTION CO.

By: Mark C. Carr

Mark C. Carr,
President

ASSIGNEE

LOBO OIL & GAS PARTNERS, L.P.

By: Lobo Resources, Inc.,
its sole General Partner

By: C. Randall Hill

C. Randall Hill,
Chairman and
Chief Executive Officer

A CERTIFIED COPY

Attest: 1-20, 1994
Catherine Ashley, County Clerk
Reeves County, Texas



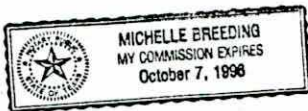
By y. alila Deputy

ACKNOWLEDGMENTS

STATE OF TEXAS §

COUNTY OF MIDLAND §

The foregoing instrument was acknowledged before me on the 22nd day of December 1993, by Mark C. Carr, President of Ensouth Acquisition Corporation, an Arkansas corporation, on behalf of said corporation.



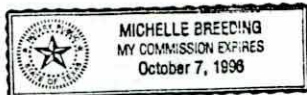
Michelle Breeding
Notary Public in and for the
State of Texas

My Commission Expires:
10-7-96

STATE OF TEXAS §

COUNTY OF MIDLAND §

The foregoing instrument was acknowledged before me on the 22nd day of December 1993, by Mark C. Carr, President of Ensouth Operating, Inc., an Arkansas corporation, on behalf of said corporation.



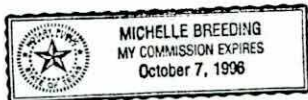
Michelle Breeding
Notary Public in and for the
State of Texas

My Commission Expires:
10-7-96

STATE OF TEXAS §

COUNTY OF MIDLAND §

The foregoing instrument was acknowledged before me on the 22nd day of December 1993, by Mark C. Carr, President of Ensouth Exploration and Production Co., an Arkansas corporation, on behalf of said corporation.



Michelle Breeding
Notary Public in and for the
State of Texas

My Commission Expires:
10-7-96

A CERTIFIED COPY

Attest: 1-20, 1994
Catherine Ashley, County Clerk
Reeves County, Texas

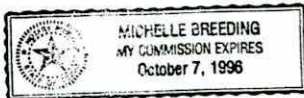


By Y. Alila Deputy

STATE OF TEXAS §

COUNTY OF MIDLAND §

The foregoing instrument was acknowledged before me on the 22nd day of December 1993, by C. Randall Hill, Chairman and Chief Executive Officer of Lobo Resources, Inc., a Texas corporation, the sole general partner of Lobo Oil & Gas Partners, L.P., a Texas limited partnership, on behalf of said limited partnership.



Michelle Breeding
Notary Public in and for the
State of Texas

My Commission Expires:

10-7-96

A CERTIFIED COPY

Attest: 1-20, 1994
Catherine Ashley, County Clerk
Reeves County, Texas

By y. Alcala Deputy

EXHIBIT A

The following oil, gas, and mineral leases located in Reeves County, Texas, subject to such depth limitations and restrictions as are in effect of record in the applicable records of Reeves County, Texas as of the date this Assignment is filed of record in Reeves County, Texas:

1. Lease: State of Texas Oil and Gas Lease No. 67953, dated March 6, 1973 and recorded in Volume 322, Page 116, Oil and Gas Records of Reeves County, Texas, wherein The State of Texas is Lessor and Chevron Oil Company is Lessee, insofar and only insofar as said lease covers Section 14, Block 45, PSL Survey, Reeves County, Texas.

Lands Covered by Lease:

Section 14, Block 45, PSL Survey, Reeves County, Texas.

Working Interest: 85.00%

Net Revenue Interest: 70.8305%

Wells Located on Lands: Reeves State No. 14-1

2. Lease: State of Texas Oil and Gas Lease No. 67525, dated October 3, 1972 and recorded in Volume 315, Page 95, Oil and Gas Records of Reeves County, Texas, wherein The State of Texas is Lessor and Chevron Oil Company is Lessee, insofar and only insofar as said lease covers Section 22, Block 45, PSL Survey, Reeves County, Texas.

Lands Covered by Lease:

Section 22, Block 45, PSL Survey, Reeves County, Texas.

Working Interest: 85.00%

Net Revenue Interest: 70.8305%

Wells Located on Lands: Chevron State No. 22-1

3. Lease: State of Texas Oil and Gas Lease No. 67528, dated October 3, 1972 and recorded in Volume 315, Page 107, Oil and Gas Records of Reeves County, Texas, wherein The State of Texas is Lessor and Chevron Oil Company is Lessee, insofar and only insofar as said lease covers Section 27, Block 45, PSL Survey, Reeves County, Texas.

A CERTIFIED COPY

Attest: 1-20, 1994
Catherine Ashley, County Clerk
Reeves County, Texas



By y. alila Deputy

Lands Covered by Lease:

Section 27, Block 45, PSL Survey, Reeves
County, Texas.

Working Interest: 85.00%

Net Revenue Interest: 70.8305%

Wells Located on Lands: Reeves State Nos. 27-1, 27-2,
27-3, and 27-4.

4. Leases:

(a) Relinquishment Act Oil and Gas Lease
No. T-17222, dated May 23, 1972 and
recorded in Volume 323, Page 583, Oil
and Gas Records of Reeves County, Texas,
wherein Geo. P. Hill, individually and
as agent for the State of Texas, is
Lessor and The Superior Oil Company is
Lessee, insofar and only insofar as said
lease covers Section 34, Block 45, PSL
Survey, Reeves County, Texas.

(b) Relinquishment Act Oil and Gas Lease No.
T-17222-a, dated May 23, 1972 and
recorded in Volume 323, Page 587, Oil
and Gas Records of Reeves County, Texas,
wherein James Robert Hill, et al,
individually and as agent for the State
of Texas, is Lessor and The Superior Oil
Company is Lessee, insofar and only
insofar as said lease covers Section 34,
Block 45, PSL Survey, Reeves County,
Texas.

Lands Covered by Leases:

(a) NE\4 of NW\4 containing 40 acres,
more or less.

Working Interest: 85.00%

Net Revenue Interest: 57.48125%

Wells Located on the Lands:

Chevron State 34-1

(b) NW\4 of NW\4 and S\2 of NW\4
containing 120 acres, more or less

Working Interest: 85.00%

Net Revenue Interest: 60.1375%

Wells Located on the Lands: None

A CERTIFIED COPY

Attest: 1-20, 1994
Catherine Ashley, County Clerk
Reeves County, Texas



By Alida Deputy

- (c) NE\4 and S\2 containing 480 acres,
more or less.

Working Interest: 85.00%

Net Revenue Interest: 69.0625%

Wells Located on the Lands:

Hill & Hill Nos. 34-1 and
34-2

5. Lease: State of Texas Oil and Gas Lease No. 67529,
dated October 3, 1972 and recorded in Volume
315, Page 111, Oil and Gas Records of Reeves
County, Texas, wherein The State of Texas is
Lessor and Chevron Oil Company is Lessee,
insofar and only insofar as said lease covers
Section 35, Block 45, PSL Survey, Reeves
County, Texas.

Lands Covered by Lease:

Section 35, Block 45, PSL Survey, Reeves
County, Texas.

Working Interest: 85.00%

Net Revenue Interest: 70.8305%

Wells Located on the Lands: Reeves State No. 35-1

6. Lease: Oil and Gas Lease dated September 13, 1968
and recorded in Volume 279, Page 153, Oil and
Gas Records of Reeves County, Texas, wherein
L. H. Meekor, et al, is Lessor, and Chalfant,
Magee and Hansen, Inc. is Lessee, insofar and
only insofar as said lease covers the north
one-third (N/3) of Section 38, Block 45, PSL
Survey, Reeves County, Texas.

Lands Covered by the Lease:

North 1\3 of Section 38, Block 45, PSL
Survey, Reeves County, Texas, covering 213.33
acres, more or less.

Working Interest: 85.00%

Net Revenue Interest: 69.0625%

Wells Located on the Lands: Meeker No. 38-1

A CERTIFIED COPY

Attest: 1-20, 1994
Catherine Ashley, County Clerk
Reeves County, Texas



By y. Alcala Deputy

THE STATE OF TEXASCounty of REEVESof the COUNTY

Court of

REEVESI, CATHERINE ASHLEY, Clerk

County, Texas, do hereby certify that

the foregoing is a true and correct copy of the original RECORDED ASSIGNMENT, CONVEYANCE AND BILL OF SALE
BETWEEN ENSOUTH ACQUISITION CORPORATION, ET AL TO LOBO OIL & GAS PARTNERS, L.P.as the same appears of record in my office in book 534 page 309-317 ET SEQ. OFFICIAL PUBLIC
RECORDSGiven under my Hand and Seal of said Court, at office in PECOS, TEXASthis 20th day of January 19 94CATHERINE ASHLEY

Clerk,

By

Yvonne Abila

Yvonne Abila

Deputy.

A CERTIFIED COPY

Attest: 1:20, 1994
Catherine Ashley, County Clerk
Reeves County, TexasBy y. alila Deputy

7. Leases:

- (a) Oil and Gas Lease dated September 1, 1985, recorded in Volume 491, Page 130, Lease Records of Reeves County, Texas, from James Robert Hill and Virginia Glenn Hill Lattimore, individually and as Trustees of Houston and Emma Hill Trust Estate, and John A. Styrsky, Trustee of Houston and Emma Hill Trust Estate, as Lessors, to Hoolihan Production Company insofar as said lease covers 40 acres surrounding the George P. Hill No. 38-1 well located in the South 426.67 acres of Section 38, Block 45, PSL, Reeves County, Texas.
- (b) Oil and Gas Lease dated September 1, 1985, recorded in Volume 491, Page 418, Lease Records of Reeves County, Texas, from Dorothy Jean Keenorn, individually and as sole Trustee of the Thomas Hill Puff Trust and of the Nancy Puff Jones Trust, as Lessors, to Hoolihan Production Company insofar as said lease covers 40 acres surrounding the George P. Hill No. 38-1 well located in the south 426.67 acres of Section 38, Block 45, PSL, Reeves County, Texas.
- (c) Oil and Gas Lease dated September 1, 1985, recorded in Volume 491, Page 422, Lease Records of Reeves County, Texas, from Kenneth Waltrip and Patsy Sue Waltrip, as Co-Trustees of the Hill Trust, and Patsy Sue Waltrip, individually, as Lessors, to Hoolihan Production Company insofar as said lease covers 40 acres surrounding the George P. Hill No. 38-1 well located in the south 426.67 acres of Section 38, Block 45, PSL, Reeves County, Texas.

Lands Covered by Leases:

40 acres surrounding the George P. Hill No. 38-1 well located in the South 426.67 acres of Section 38, Block 45, PSL, Reeves County, Texas.

Working Interest: 85.00%

Net Revenue Interest: 63.75%

Wells Located on Lands: George P. Hill No. 38-1

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

FILED FOR RECORD ON THE 6th DAY OF January A.D. 1994 AT 12:03PM.DULY RECORDED ON THE 7th DAY OF January A.D. 1994 AT 9:00A M.BY: Yvonne Alila DEPUTYCATHERINE ASHLEY, COUNTY CLERK,
REEVES COUNTY, TEXAS

(62)

WFF _____
ITEM _____ Assignment _____
TO _____
FROM _____
DATE _____ 1-22-84 _____

FILE NO. 54 ENSOUTH OPERATING, INC. TO LOBO OIL & GAS PARTNERS, L.P.

AFTER RECORDING RETURN TO:
C. Randall Hill
Lobo Resources, Inc.
200 N. Loraine, Suite 1245
Midland, Texas 79701

ASSIGNMENT OF OPERATING RIGHTS
IN SURFACE LEASE

WHEREAS, Ensouth Operating, Inc., an Arkansas corporation ("Ensouth"), whose address is P. O. Box 2125, Midland, Texas 79702, is the owner of that certain State of Texas Surface Lease No. 92-003 (the "Lease") from the State of Texas, as lessor, to Ensouth Operating, Inc., as lessee, dated as of May 28, 1992, recorded in Volume 519, Page 294 of the Official Public Records of Real Property of Reeves County, Texas, covering the following described tract of land located in Reeves County, Texas:

Being two (2) acres of land in the form of a rectangle (208 feet by 416 feet, the long sides being parallel to the south boundary line of the section), centered on the injection well identified as the Reeves-State SWD Well #1-23, RRC No. 72819, Section 23, Block 45, Permanent School Fund Land, Reeves County, Texas. Said well being located 1,320 feet from the south line and 1320 feet from the west line of said Section 23.

and Ensouth is the owner of the equipment and personal property located on said land and in the well located thereon; and

WHEREAS, LOBO OIL & GAS PARTNERS, L.P. ("Lobo"), whose address is 200 North Loraine, Suite 1245, Midland, Texas 79701, desires to operate the well located on said land under the terms of said lease for the disposal of waste water;

NOW, THEREFORE, for and in consideration of the mutual benefits and advantages accruing to the parties under this agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Ensouth does hereby assign to Lobo, for and during the term hereinafter set forth and subject to the terms and provisions hereof, an 85% interest in and to the Lease and the above described lands, for the purpose of Lobo's operating the well and equipment located thereon for the disposal of waste water, and does hereby assign to Lobo the right to use and operate the well located on the leased premises and all equipment and facilities located on said land and in the vicinity of said land used or held for use in connection with the operation of said well, together with

C:\WP\Lobo\Contract\ROTASM.1

A CERTIFIED COPY

Attest: 1-20, 19 94
Catherine Ashley, County Clerk
Reeves County, Texas



By Y. Alcala Deputy

the right of ingress and egress to and from said land for any purpose associated with the operation of said well to the extent that Ensouth has the right to grant the same.

This assignment is also made subject to all of the terms and provisions of the aforesaid Lease, as amended, and all of the operations conducted by Lobo on the leased premises shall be conducted in full compliance with the terms of said Lease and with all applicable laws, rules and regulations of any governmental authority having jurisdiction.

This assignment shall be for a term beginning at the date of this instrument and ending with the expiration of said Lease; provided, however, that Lobo shall have the right at any time to terminate this assignment upon sixty (60) days written notice to Ensouth. Upon such termination, the operating rights assigned hereby shall revert to Ensouth. Lobo agrees to execute a recordable release of this assignment at the end of the term hereof.

This instrument shall be binding on the parties hereto and their respective heirs, personal representatives, successors and assigns, and is made with warranty by, through and under Ensouth, but not otherwise.

A CERTIFIED COPY

Attest: 1-20, 1994
Catherine Ashley, County Clerk
Reeves County, Texas



By y. alila Deputy

EXECUTED this 22 day of December, 1993.

ENSOUTH OPERATING, INC.

By: Mark C. Carr
Mark C. Carr,
President

LOBO OIL & GAS PARTNERS, L.P.

By: Lobo Resources, Inc.,
its sole general partner

By: C. Randall Hill
C. Randall Hill,
Chairman and
Chief Executive Officer

A CERTIFIED COPY

Attest: 1-20, 19 94
Catherine Ashley, County Clerk
Reeves County, Texas



By Y. Alila Deputy

THE STATE OF TEXASCounty of REEVESI, CATHERINE ASHLEY, Clerkof the COUNTY Court of REEVES County, Texas, do hereby certify thatthe foregoing is a true and correct copy of the original RECORDED ASSIGNMENT OF OPERATING RIGHTSIN SURFACE LEASE BETWEEN ENSOUTH OPERATING, INC. TO LOBO OIL & GAS PARTNERS, L.P.as the same appears of record in my office in book 534 page 318-321. ET SEP. OFFICIAL PUBLICGiven under my Hand and Seal of said Court, at office in PECOS, TEXAS RECORDSthis 20th day of January 19 94CATHERINE ASHLEY Clerk,By Yvonne Abila Deputy.

Yvonne Abila

ACKNOWLEDGMENTS

STATE OF TEXAS *

COUNTY OF MIDLAND *

The foregoing instrument was acknowledged before me on the 22nd day of December, 1993, by Mark C. Carr, President of Ensouth Operating, Inc., an Arkansas corporation, on behalf of such corporation.



Michelle Breeding
Notary Public in and for the
State of Texas

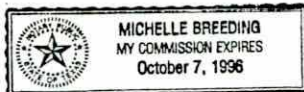
My Commission Expires:

10-7-96

STATE OF TEXAS *

COUNTY OF MIDLAND *

The foregoing instrument was acknowledged before me on the 22nd day of December, 1993, by C. Randall Hill, Chairman and Chief Executive Officer of Lobo Resources, Inc., a Texas corporation, the sole general partner of Lobo Oil & Gas Partners, L.P., a Texas limited partnership, on behalf of such limited partnership.



Michelle Breeding
Notary Public in and for the
State of Texas

My Commission Expires:

10-7-96

A CERTIFIED COPY

4

Attest: 1-20, 19 94
Catherine Ashley, County Clerk
Reeves County, Texas



By C. Ashley Deputy

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

FILED FOR RECORD ON THE 6th DAY OF January A.D. 1994 AT 12:03PM.DULY RECORDED ON THE 7th DAY OF January A.D. 1994 AT 9:00A M.BY: Catherine Ashley DEPUTY

CATHERINE ASHLEY, COUNTY CLERK,
REEVES COUNTY, TEXAS

65

MF 67525
ITEM Assignment
TO _____
FROM _____
DATE 1-22-94



RECEIVED
FEB 1 1994
LIBRARY
CITY OF CHICAGO
DEPT. OF CULTURE & RECREATION



Texas General Land Office

Garry Mauro, Commissioner

Stephen F. Austin Building
1700 North Congress Avenue
Austin, Texas 78701-1495
(512) 463-5001

February 8, 1994

C. RANDALL HILL
LOBO RESOURCES, INC.
200 NORTH LORAIN, SUITE 1245
MIDLAND, TEXAS 79701

RE: ASSIGNMENT FILING

Dear Mr. HILL :

The General Land Office received the following instruments on January 22, 1994, and has filed them in Mineral File Nos. M-67953, M-67525, M-67528, M-67529 & M-68440.

1. Assignment of Oil and Gas Lease dated December 1, 1993, from ENSOUTH ACQUISITION CORPORATION, ET AL to LOBO OIL & GAS PARTNERS, L.P., recorded in REEVES County, Texas.
2. Assignment of Oil and Gas Lease dated December 22, 1993, from ENSOUTH OPERATING, INC. to LOBO OIL & GAS PARTNERS, L.P., recorded in REEVES County, Texas.

The total amount of the fees received for the filing of the instruments listed above is \$150.00, the receipt of which is acknowledged by the General Land Office.

Sincerely,

Mary Helen Ruiz
Gas Contract Administration
Energy Resources
(512) 475-1532

MHR/tbs

64.

MF 67525
ITEM LY.
TO LOBO RESOURCES INC.
FROM _____
DATE 7-8-94

Lobo Resources, Inc. ✓

200 North Loraine
Suite 1245
Midland, Texas 79701

Telephone
(915) 687-0404

February 17, 1994

FAX
(915) 687-0454

Commissioner of the
General Land Office
of the State of Texas
Stephen F. Austin Bldg.
1700 N. Congress Avenue
Austin, TX 78701

X 50.00

94036153

Attention: Ms. Mary Helen Ruiz

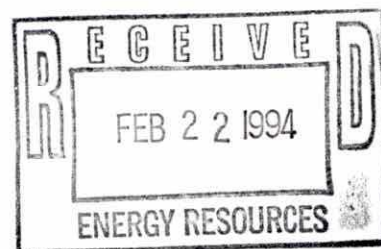
Re: Transfer of Interests in Free Royalty - State of
Texas Oil and Gas Leases Nos. M-77769 and M-78174

Dear Mary:

Pursuant to our telephone conversation earlier today, I am forwarding to you our check in the amount of \$50.00 to cover the transfer fees for the two oil and gas leases referenced above. As we discussed, you already have the certified copy of the Assignment dated effective as of December 1, 1993 from Ensouth to Lobo Oil & Gas Partners, L.P. which was forwarded to the GLO last month in reference to Lease Nos. M-67953, M-67525, M-67528, M-67529, and M-68440. 129

The two leases described in the caption above (being Lease Nos. M-77769 and M-78174) are also specifically described in such Assignment. However, I did not discover that they are also "State" leases until recently since they were entered into by private parties and are not on "State" forms.

Lobo Resources, Inc. replaced Ensouth Operating, Inc. as the operator of the subject leases effective as of December 1, 1993. The pertinent data for Lobo Resources, Inc. and Lobo Oil & Gas Partners, L.P. is as follows:



Lobo Resources, Inc.
200 North Loraine
Suite 1245
Midland, Texas 79701
Telephone: (915) 687-0404
Fax: (915) 687-0454
Contact Person: C. Randall Hill or Steven D. Gray
RRC Operator No.: 504659
Federal Tax ID#: 75-2070635

Lobo Oil & Gas Partners, L.P.
200 North Loraine
Suite 1245
Midland, Texas 79701
Telephone: (915) 687-0404
Fax: (915) 687-0454
Contact Person: C. Randall Hill or Steven D. Gray
Federal Tax ID#: 75-2448656

Thank you for your assistance in this matter. Should
you have any questions, please do not hesitate to give me a
call. With best regards,

Very truly yours,



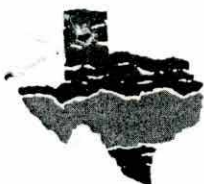
C. Randall Hill

enclosure

65.

MF 67525
ITEM _____
TO _____
FROM LOBO Rooms
DATE 2-19-94





Texas General Land Office

Garry Mauro, Commissioner

Stephen F. Austin Building
1700 North Congress Avenue
Austin, Texas 78701-1495
(512) 463-5001

February 24, 1994

C. RANDALL HILL
LOBO RESOURCES, INC.
200 NORTH LORAIN, SUITE 1245
MIDLAND, TEXAS 79701

RE: ASSIGNMENT FILING

Dear Mr. HILL :

The General Land Office received the following instruments on February 19, 1994, and has filed them in Mineral File Nos. M-77769 & M-78174.

1. Assignment of Oil and Gas Lease dated December 1, 1993, from ENSOUTH ACQUISITION CORPORATION, ET AL to LOBO OIL & GAS PARTNERS, L.P., recorded in REEVES County, Texas.
2. Assignment of Oil and Gas Lease dated December 1, 1993, from ENSOUTH OPERATING, INC. to LOBO OIL & GAS PARTNERS, L.P., recorded in REEVES County, Texas.

The total amount of the fees received for the filing of the instruments listed above is \$50.00, the receipt of which is acknowledged by the General Land Office.

Sincerely,

Mary Helen Ruiz
Gas Contract Administration
Energy Resources
(512) 475-1532

MHR/tbs

66.
MF 62525
ITEM Ltr-
TO LOBO Records Inc
FROM
DATE 2-24-94

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

Form G-1
Rev. 4/1/83

Type or print only

483-047

API No. **42-389-32061**

7. RRC District No.

8

8. RRC Gas ID No.

Gas Well Back Pressure Test, Completion or Recompletion Report, and Log

1. FIELD NAME (as per RRC Records or Wildcat)

S. Marsh Delaware

2. LEASE NAME

Reeves State

9. Well No.

2022

3. OPERATOR'S NAME (Exactly as shown on Form P-5, Organization Report)

Lobo Resources, Inc.

RRC Operator No.

504659

10. County of well site

Reeves

4. ADDRESS

200 North Loraine, Suite 1245, Midland, TX 79701

11. Purpose of filling

Initial Potential ☒

5. Location (Section, Block, and Survey)

Section 22, Block 45, PSL Survey

5b. Distance and direction to nearest town in this county.

15 miles SW of Orla

Retest ☐

6. If operator has changed within last 60 days, name former operator

12. If workover or reclass, give former field (with reservoir) & Gas ID or oil lease no.
FIELD & RESERVOIR

GAS ID or OIL LEASE #

Oil—O Gas—G

WELL #

Reclass ☐

Well record only ☐

(Explain in remarks)

13. Pipe Line Connection

Valero Transmission, L.P.

14. Completion or recompletion date

3/23/94

15. Any condensate on hand at time of workover or recompletion? ☐ Yes ☒ No

16. Type of Electric or other Log Run.

Dual Lateral, GR-Neutron

Section I

GAS MEASUREMENT DATA

Date of Test 3/23/94		Gas Measurement Method (Check One) Orifice Meter ☒ Flange Taps ☒ Positive Choke ☐ Orifice Vent Meter ☐ Pitot Tube ☐ Critical-flow Prover ☐						Gas produced during test 1250 MCF		
Run No.	Line Size	Orif. or Choke Size	24 Hr. Coeff. Orif. or Choke	Static P _m or Choke Press	Diff. P _w	Flow Temp. °F	Temp. Factor F _T	Gravity Factor F _g	Compress Factor F _{pv}	Volume MCF/DAY
1	2"	1.0	6619.38	46	47	70°	.9905	1.0351	1.002	316
2										
3										
4										

Section II

FIELD DATA AND PRESSURE CALCULATIONS

Gravity (Dry Gas) .56		Gravity Liquid Hydrocarbon — Deg. API		Gas-Liquid Hydro Ratio Dry CF/Bbl		Gravity of Mixture G _{mix} = .56		Avg. Shut-In Temp. 90 °F		Bottom Hole Temp. 110 °F @ 2800 (Depth)	
$D_{eff}^{8/3} = 6.31$		$\sqrt{T_r} = \sqrt{550} = 23.45$				$\sqrt{GL} = \sqrt{.56(2710)} = 38.95$					
$C = \frac{1118 \times (D_{eff})^{8/3}}{\sqrt{T}} = \frac{1118 \times 6.31}{23.45} = 300.83$						$\frac{\sqrt{GL}}{C} = \frac{\sqrt{(.56)(2710)}}{300.83} = .1295$					
Run No.	Time of Run Min.	Choke Size	Wellhead Press. PSIA P _w	Wellhead Flow Temp. °F	P _w ² (Thousands)	R	R ² (Thousands)	P ₁	P _w /P ₁		
Shut-In 48 hr			1090	70°	1188						
1	72 hrs	14/64	410	70°	168	40.92	1.6746	412	.995		
2											
3											
4											
Run No.	F	K	S = $\frac{1}{z}$	E _{ks}	P _f and P _g	P _f ² and P _g ² (thousands)	P _f ² - P _g ² (thousands)	Angle of Slope			
Shut-In		.05173	1.1067	1.0589	1154	1331.7	—	θ .45°.....			
1		.05173	1.092	1.05796	436	189.99	1141.7	n			
2								Absolute Open Flow			
3								38Q.. MCF/DAY			
4											

WELL TESTER'S CERTIFICATION: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I conducted or supervised this test and that data and facts shown in Sections I and II above are true, correct, and complete, to the best of my knowledge. Bottomhole temperature and the diameter and length of flow string were furnished by the operator of the well.

Signature: Well Tester

Name of Company

RRC Representative

OPERATOR'S CERTIFICATION: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this report, that I prepared or supervised and directed this report, and that data and facts stated therein are true, correct, and complete, to the best of my knowledge.

Signature: Operator's representative

President

Title

3/23/94

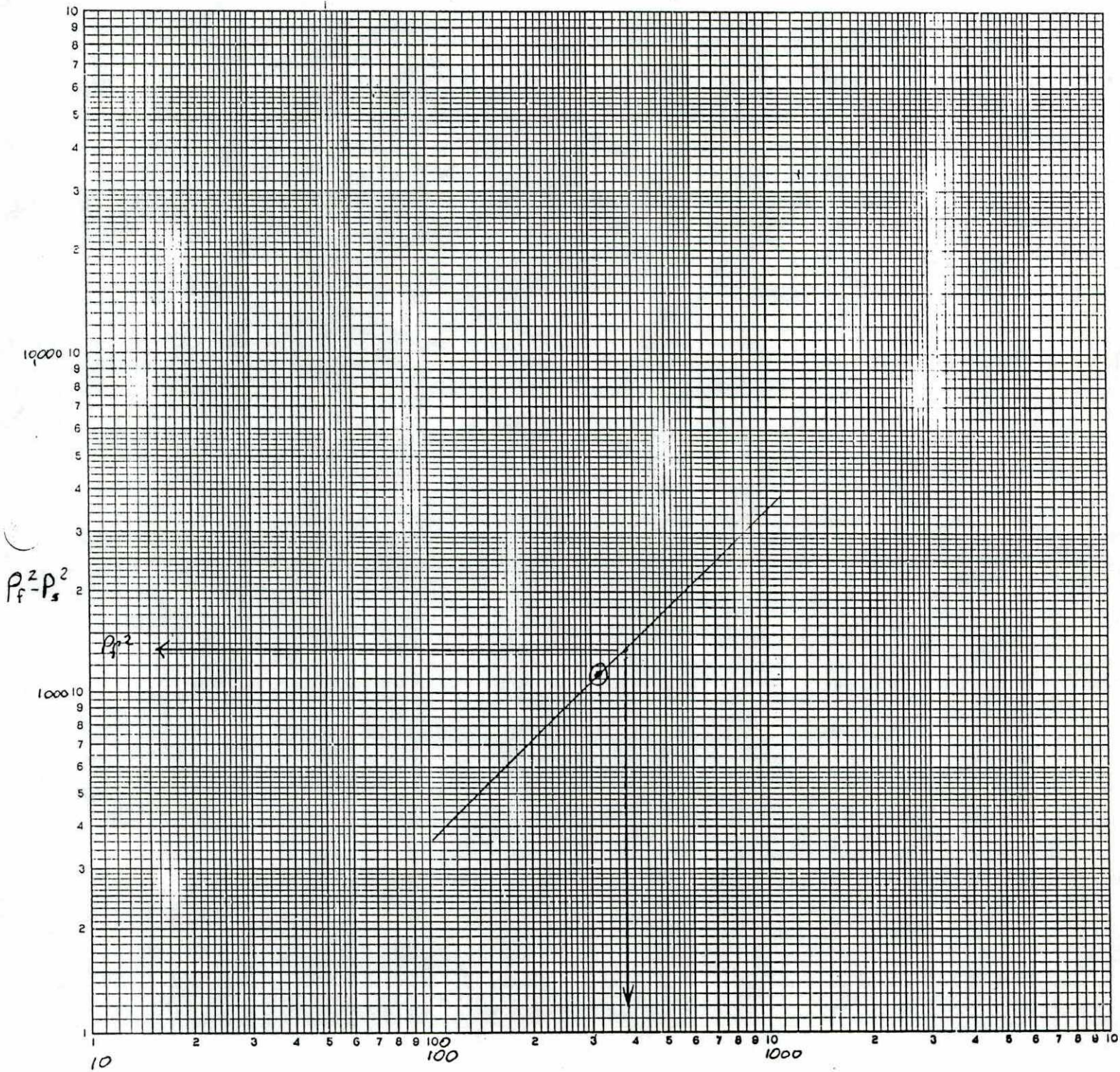
Date

Tel: (915) 687-0404

A/C Number

LOBO RESOURCES, INC.

REEVES STATE 2022



Q MCFD

PRODUCER'S TRANSPORTATION AUTHORITY
AND CERTIFICATE OF COMPLIANCE

FORM P-4

5/90

READ INSTRUCTIONS ON BACK

1. Field name exactly as shown on production schedule Marsh, S. Delaware		2. Lease name Reeves State	
3. Operator name exactly as shown on P-5 Organization Report Lobo Resources, Inc.		4. Operator P-5 no. 504659	5. Oil lease no.
7. Operator address including city, state, and zip code 200 North Loraine Suite 1245 Midland, TX 79701		8. County in which oil lease or gas well is actually located Reeves	6. RRC district no. 8
		9. Gas ID no.	10. Gas well no. 2022
		11. Effective date 3-1-94	

12. GAS WELL GAS OR CASINGHEAD GAS. Additional space and example on reverse side.						
Type Operation	Name of gatherer, purchaser, and/or nominator as indicated in type operation columns NOTE: For each purchaser, give its RRC-assigned system code and identify the market. If applicable, place an "X" in the full-well stream column for the gatherer.	RRC USE ONLY G/P/N Code	Purchaser's RRC Assigned System Code	Purchaser's Market Inter-state Intra-state	Percent of Take	Full-well stream
☒ Gatherer						
☐ Purchaser						
☐ Nominator						
☒	Lobo Resources, Inc.				100.0	
☒	Texas Utilities Fuel Company		0016	☒	50.0	
☒	Valero Transmission, L.P.		0001	☒	50.0	
☒	Texas Utilities Fuel Company				50.0	
☒	Valero Transmission, L.P.				50.0	

13. NAME OF OIL OR CONDENSATE GATHERER List highest volume gatherer first E.O.T.T. Energy Corp		Percent of Take 100	RRC USE ONLY Gath. code	14. PURPOSE OF FILING. Remarks: a. ☐ New oil lease ☒ New gas well ☐ Reclassification (oil to gas or gas to oil) ☐ Consolidation, unitization or subdivision b. CHANGE ☐ Gatherer ☐ Nominator ☐ Purchaser ☐ Purchaser's system code	

RRC USE ONLY Approved (Initials) _____ Oper. No. _____ Date _____ Field No. _____ Remarks: _____		c. CHANGE FROM ☐ Operator _____ ☐ Field Name _____ ☐ Lease Name _____
---	--	---

15. OPERATOR CHANGE. Being the PREVIOUS OPERATOR, I certify that operating responsibility for wells located on the subject lease has been transferred in its entirety to the above named Current Operator. I understand, as Previous Operator, that designation of the above named operator as Current Operator is not effective until this certificate is approved by the Commission.	
Previous Operator _____	Date _____
Signature _____	Name (Print) _____
Title _____	Phone (____) _____
Address with city/state/zip _____	

16. CURRENT OPERATOR'S CERTIFICATION. By signing this certificate as the CURRENT OPERATOR, I acknowledge responsibility for the regulatory compliance of the subject lease, INCLUDING PLUGGING OF WELLS if required under Statewide Rule 14. I also acknowledge that I will remain designated as the Current Operator until a new certificate designating a new Current Operator is approved by the Commission.	
Signature <u>C. Randall Hill</u>	Name (Print) <u>C. Randall Hill</u>
Title <u>Chief Executive Officer</u>	Date <u>3/23/94</u> Phone <u>(915) 687-0404</u>

I, the Current Operator, certify that the above agent is authorized to transport the above specified percentage of the allowable oil or gas produced from the above described property in accordance with the regulations of the Railroad Commission of Texas, and that this authorization will be valid until further notice or until cancelled by the Railroad Commission of Texas, and further certify that the conservation laws of the State of Texas and all rules, regulations and orders of the Railroad Commission of Texas have been complied with in respect to the property covered by this report.

☐ check if listings are continued on reverse side

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

GAS WELL
CLASSIFICATION REPORT

Form G-5
Rev. 01/01/86

READ INSTRUCTIONS ON BACK

1. OPERATOR NAME (Exactly as shown on Form P-5 Organization Report) Lobo Resources, Inc.		3. RRC DISTRICT NO. 8	4. OIL LEASE NO. OR GAS WELL ID NO.																												
2. MAILING ADDRESS 200 North Loraine Suite 1245 Midland, TX 79701		5. WELL NO. 2022	6. API NO. 42- 38932061																												
		7. COUNTY OF WELL SITE Reeves																													
8. FIELD NAME (as per RRC Records) Marsh, S. Delaware		9. LEASE NAME Reeves State																													
10. LOCATION (Section, Block, and Survey) Section 22, Block 45, PSL Survey		11. PIPELINE CONNECTION OR USE OF GAS Valero Pipeline																													
I. PRODUCTION TEST AT RATE ELECTED BY OPERATOR (data on 24-hour basis) A. Date of Test <u>3/23/94</u> B. Gas Volume <u>316</u> (Mcf) C. Oil or Condensate Volume <u>0</u> (Bbl) D. Water Volume <u>20</u> (Bbl) E. Gas/Liquid Hydrocarbon Ratio <u>-</u> (Cf/Bbl) F. Flowing Tubing Pressure <u>410</u> (psia) G. Choke Size <u>14/64</u> (in.) H. Casing Pressure <u>0</u> (psia) I. Shut-in Wellhead Pressure-- Tubing <u>1090</u> (psia) J. Separator Operating Pressure <u>60</u> (psia) K. Color of Stock Tank Liquid <u>-</u> L. Gravity of Separator Liquid <u>-</u> °API M. Gravity of Stock Tank Liquid <u>-</u> °API N. Specific Gravity of the Gas (Air = 1) <u>.560</u>		II. A.S.T.M. DISTILLATION OF LIQUID SAMPLE. Distillation test is required for gas wells ONLY if the producing gas-liquid hydrocarbon ratio is less than 100,000 CF/barrel. Date Liquid Sample Obtained _____ Where Obtained: ☐ Separator ☐ Stock Tank <table style="width:100%; border: none;"> <thead> <tr> <th style="text-align: left;">% Over</th> <th style="text-align: left;">Temp. (deg. F)</th> <th style="text-align: left;">% Over</th> <th style="text-align: left;">Temp. (deg. F)</th> </tr> </thead> <tbody> <tr> <td>Initial Boiling Temp.</td> <td>_____</td> <td>60</td> <td>_____</td> </tr> <tr> <td>10</td> <td>_____</td> <td>70</td> <td>_____</td> </tr> <tr> <td>20</td> <td>_____</td> <td>80</td> <td>_____</td> </tr> <tr> <td>30</td> <td>_____</td> <td>90</td> <td>_____</td> </tr> <tr> <td>40</td> <td>_____</td> <td>95</td> <td>_____</td> </tr> <tr> <td>50</td> <td>_____</td> <td>End Point</td> <td>_____</td> </tr> </tbody> </table> Total Recovery _____ percent Residue _____ percent Loss _____ percent		% Over	Temp. (deg. F)	% Over	Temp. (deg. F)	Initial Boiling Temp.	_____	60	_____	10	_____	70	_____	20	_____	80	_____	30	_____	90	_____	40	_____	95	_____	50	_____	End Point	_____
% Over	Temp. (deg. F)	% Over	Temp. (deg. F)																												
Initial Boiling Temp.	_____	60	_____																												
10	_____	70	_____																												
20	_____	80	_____																												
30	_____	90	_____																												
40	_____	95	_____																												
50	_____	End Point	_____																												
I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated therein are true, correct, and complete to the best of my knowledge. <u>3/23/94</u> DATE Steven D. Gray NAME (Type or Print) SIGNATURE President TITLE Steven D. Gray CONTACT PERSON (915) 687-0404 PHONE NUMBER		RRC USE ONLY																													

RAILROAD COMMISSION OF TEXAS OIL AND GAS DIVISION

Form W-12
(1-1-71)

INCLINATION REPORT (One Copy Must Be Filed With Each Completion Report.)		6. RRC District
		7. RRC Lease Number. (Oil completions only)
1. FIELD NAME (as per RRC Records or Wildcat) <u>Marsh, S. Delaware</u>	2. LEASE NAME <u>Reeves St.</u>	8. Well Number <u>22-2</u>
3. OPERATOR <u>Lobo Resources, Inc.</u>		9. RRC Identification Number (Gas completions only)
4. ADDRESS <u>200 North Lorraine, Ste. 1245 Midland, Tx 79701</u>		10. County <u>Reeves</u>
5. LOCATION (Section, Block, and Survey) <u>22 Blk 45 PSL Survey</u>		

RECORD OF INCLINATION

*11. Measured Depth (feet)	12. Course Length (Hundreds of feet)	*13. Angle of Inclination (Degrees)	14. Displacement per Hundred Feet (Sine of Angle X100)	15. Course Displacement (feet)	16. Accumulative Displacement (feet)
250	250	1 3/4	3.06	7.65	7.65
365	115	1 3/4	3.06	3.52	11.17
595	230	2	3.50	8.05	19.22
764	169	3/4	1.31	2.21	21.43
912	148	2	3.50	5.18	26.61
1067	155	2 1/2	4.38	6.79	33.40
1223	156	3 1/2	6.13	9.56	42.96
1315	92	2 3/4	4.81	4.43	47.39
1440	125	2 1/2	4.38	5.48	52.87
1686	246	2	3.50	8.61	61.48
2186	500	3 3/4	6.56	32.80	94.28
2341	155	4 1/2	7.88	12.21	106.49
2453	112	4 1/4	7.44	8.33	114.82
2548	95	3 1/2	6.13	5.82	120.64
2900	352	2 1/2	4.38	15.42	136.06

If additional space is needed, use the reverse side of this form.

17. Is any information shown on the reverse side of this form? ☐ yes ☒ no 2900 feet = 136.06 feet.
18. Accumulative total displacement of well bore at total depth of _____ feet = _____ feet.
- *19. Inclination measurements were made in - ☐ Tubing ☐ Casing ☐ Open hole ☒ Drill Pipe
20. Distance from surface location of well to the nearest lease line _____ feet.
21. Minimum distance to lease line as prescribed by field rules _____ feet.
22. Was the subject well at any time intentionally deviated from the vertical in any manner whatsoever? no
- (If the answer to the above question is "yes", attach written explanation of the circumstances.)

INCLINATION DATA CERTIFICATION

I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have personal knowledge of the inclination data and facts placed on both sides of this form and that such data and facts are true, correct, and complete to the best of my knowledge. This certification covers all data as indicated by asterisks (*) by the item numbers on this form.

James L. Brazeal
Signature of Authorized Representative
James L. Brazeal-President
Name of Person and Title (type or print)
Brazeal, Inc.-d/b/a CapStar Drilling
Name of Company
Telephone: 214 727-8367
Area Code

OPERATOR CERTIFICATION

I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have personal knowledge of all information presented in this report, and that all data presented on both sides of this form are true, correct, and complete to the best of my knowledge. This certification covers all data and information presented herein except inclination data as indicated by asterisks (*) by the item numbers on this form.

Steven Gray
Signature of Authorized Representative
STEVEN GRAY - PRES.
Name of Person and Title (type or print)
LOBO Resources Inc
Operator
Telephone: 915 687-0404
Area Code

Railroad Commission Use Only:

Approved By: _____ Title: _____ Date: _____

* Designates items certified by company that conducted the inclination surveys.

Cementer: Fill in shaded areas.
Operator: Fill in other items.

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

1. Operator's Name (As shown on Form P-5, Organization Report) Lobo Resources, Inc.	2. RRC Operator No. 504659	3. RRC District No. 8	4. County of Well Site Reeves
5. Field Name (Wildcat or exactly as shown on RRC records) Marsh, S. Delaware	6. API No. 42-38932061	7. Drilling Permit No. 421070	
8. Lease Name Reeves State	9. Rule 37 Case No.	10. Oil Lease/Gas ID No.	11. Well No. 22-2

CASING CEMENTING DATA:		SURFACE CASING	INTER-MEDIATE CASING	PRODUCTION CASING		MULTI-STAGE CEMENTING PROCESS	
				Single String	Multiple Parallel Strings	Tool	Shoe
12. Cementing Date		3-5-94					
13. •Drilled hole size		12 $\frac{1}{4}$					
•Est. % wash or hole enlargement							
14. Size of casing (in. O.D.)		8 $\frac{5}{8}$					
15. Top of liner (ft.)							
16. Setting depth (ft.)		762'					
17. Number of centralizers used		5					
18. Hrs. waiting on cement before drill-out		8					
1st Slurry	19. API cement used: No. of sacks ▶	225					
	Class ▶	"C"					
	Additives ▶	4%Gel;2%A-7					
2nd Slurry	No. of sacks ▶	100					
	Class ▶	"C"					
	Additives ▶	2% A-7					
3rd Slurry	No. of sacks ▶						
	Class ▶						
	Additives ▶						
1st	20. Slurry pumped: Volume (cu. ft.) ▶	373					
	Height (ft.) ▶	904					
2nd	Volume (cu. ft.) ▶	132					
	Height (ft.) ▶	312					
3rd	Volume (cu. ft.) ▶						
	Height (ft.) ▶						
Total	Volume (cu. ft.) ▶	505					
	Height (ft.) ▶	1216					
21. Was cement circulated to ground surface (or bottom of cellar) outside casing?		Yes					
22. Remarks							

Cementer: Fill in shaded areas.
Operator: Fill in other items.

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

1. Operator's Name (As shown on Form P-5, Organization Report) Lobo Resources, Inc.	2. RRC Operator No. 504659	3. RRC District No. 8	4. County of Well Site Reeves
5. Field Name (Wildcat or exactly as shown on RRC records) South Marsh Delaware		6. API No. 42-389-32061	7. Drilling Permit No. 421070
8. Lease Name Reeves State	9. Rule 37 Case No.	10. Oil Lease/Gas ID No.	11. Well No. 22-2

CASING CEMENTING DATA:		SURFACE CASING	INTER-MEDIATE CASING	PRODUCTION CASING		MULTI-STAGE CEMENTING PROCESS	
				Single String	Multiple Parallel Strings	Tool	Shoe
12. Cementing Date				3-11-94			
13. •Drilled hole size				7 7/8			
•Est. % wash or hole enlargement							
14. Size of casing (in. O.D.)				4 1/2			
15. Top of liner (ft.)							
16. Setting depth (ft.)				2900			
17. Number of centralizers used				10			
18. Hrs. waiting on cement before drill-out							
1st Slurry	19. API cement used: No. of sacks ▶			200			
	Class ▶			"C"			
	Additives ▶			4%Ge1;2%A-7			
2nd Slurry	No. of sacks ▶			150			
	Class ▶			"C"			
	Additives ▶			1%A-7;2%SMS			
3rd Slurry	No. of sacks ▶						
	Class ▶						
	Additives ▶						
1st	20. Slurry pumped: Volume (cu. ft.) ▶			332			
	Height (ft.) ▶			1457			
2nd	Volume (cu. ft.) ▶			198			
	Height (ft.) ▶			869			
3rd	Volume (cu. ft.) ▶						
	Height (ft.) ▶						
Total	Volume (cu. ft.) ▶			530			
	Height (ft.) ▶			2326			
21. Was cement circulated to ground surface (or bottom of cellar) outside casing?				No			
22. Remarks							

**ELECTRIC LOG
STATUS REPORT****INSTRUCTIONS**When to file the L-1

- with Forms G-1, W-2, and GT-1 for new and deepened gas, oil, and geothermal wells
- with Form W-3 for plugged dry holes
- when sending in a log which was held under a request for confidentiality and the period of confidentiality has not yet expired

When the L-1 is NOT required

- with Forms W-2, G-1, and GT-1 filed for injection wells, disposal wells, water supply wells, service wells, re-test wells, re-classifications, and plugbacks of oil, gas, and geothermal wells
- with Form W-3 for plugging of other than a dry hole

Where to file the L-1

- with the appropriate Commission district office

Filling out the L-1

- Section I and the signature section must be filled out for all wells
- complete only the appropriate part of Section II

Type of log required

- any wireline survey run for the purpose of obtaining lithology, porosity, or resistivity information
- no more than one such log is required but it must be of the subject well
- if such a log is NOT run on the subject well, do NOT substitute any other type of log; just select Section II, Part A below

SEE REVERSE SIDE**SECTION I. IDENTIFICATION**

Operator Name Lobo Resources, Inc.	District No. 8	Completion Date 03-18-94
Field Name Marsh, S. Delaware	Drilling Permit No. 421070	
Lease Name Reeves State	Lease/ID No.	Well No. 2022
County Reeves	API No. 42 - 38932061	

SECTION II. LOG STATUS (complete either A. or B.)

☐ A. BASIC ELECTRIC LOG NOT RUN

☒ B. BASIC ELECTRIC LOG RUN (select one)

☐ 1. Confidentiality requested.

☐ 2. Confidentiality already granted on basic electric log covering this interval (applicable to deepened wells only).

☐ 3. Basic electric log covering this interval already on file with Commission (applicable to deepened wells only).

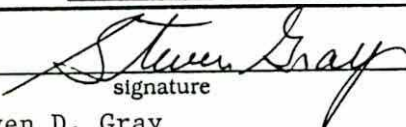
☒ 4. Log attached to (select one)

☒ (a) Form L-1 (this form). If the company/lease name on log is different from that shown in Section I, please enter name on log here: _____

Check here if attached log is being submitted after being held confidential ☐ .

☐ (b) Form P-7, Application for Discovery Allowable and New Field Designation.

☐ (c) Form W-4, Application for Multiple Completion: lease or ID no.(s) _____, well no.(s) _____

	President	title
Steven D. Gray	(915) 687-0404	3-23-94
name (print)	phone	date

For Railroad Commission use only

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION
[PRINTED FORM]

[DISTRICT 8]

Operator Lobo Resources, Inc.
Address 200 N. Lorraine, Suite 1245
Midland, TX 79701

[] RETEST

Test Period

Due Date

FORM G-10
Rev. 11/1/83
GAS WELL STATUS REPORT

Page 1 of 1

Effective Date 3/23/94

FIELD NAME LEASE NAME	RRC IDENT. NO. WELL NUMBER	DATE TESTED Mo/Day/Yr	PRODUCING WELLS			PRESSURE PSIA#	POTENTIAL BHP	SHUT IN (Date Required)	EXCEPTION SWR 14B (Expiration Date)	INJECTION	SALT WATER DISPOSAL	PLUGGED & ABANDONED
			DAILY PRODUCING RATE									
			GAS	CONDEN- SATE	WATER							
Marsh, S. Delaware Reeves State		3/23/94	316 MCF	0 BBLs	30 BBLs	1090 SIWH	325 MCF/DAY					
	2022		.59 Spec.Grav.	— Grav. API	— MCF/Bbl	410 Flowing	1154 PSIA	SIWH PSIA				
			MCF	BBLs	BBLs	SIWH	MCF/DAY					
			Spec.Grav.	Grav. API	MCF/Bbl	Flowing	PSIA	SIWH PSIA				
			MCF	BBLs	BBLs	SIWH	MCF/DAY					
			Spec.Grav.	Grav. API	MCF/Bbl	Flowing	PSIA	SIWH PSIA				
			MCF	BBLs	BBLs	SIWH	MCF/DAY					
			Spec.Grav.	Grav. API	MCF/Bbl	Flowing	PSIA	SIWH PSIA				
			MCF	BBLs	BBLs	SIWH	MCF/DAY					
			Spec.Grav.	Grav. API	MCF/Bbl	Flowing	PSIA	SIWH PSIA				
PURCHASER'S STATEMENT DATE _____			MCF	BBLs	BBLs	SIWH	MCF/DAY					
PURCHASER: _____			Spec.Grav.	Grav. API	MCF/Bbl	Flowing	PSIA	SIWH PSIA				
SIGNATURE _____			MCF	BBLs	BBLs	SIWH	MCF/DAY					
AS PURCHASER'S REPRESENTATIVE, I AGREE THAT EACH TEST VOLUME SHOWN ABOVE IS A TRUE TEST REPRESENTATIVE OF EACH WELL(S) CAPABILITY.			Spec.Grav.	Grav. API	MCF/Bbl	Flowing	PSIA	SIWH PSIA				

* COMMINGLING TEST REQUIREMENT
(Gas Specific Gravity, Condensate Gravity and Gas Condensate Ratio Required)

X ADDITIONAL SPECIAL TEST REQUIREMENT

@ Wells with an exception to SWR 14(B)(2) must insert the date (MO/Yr) the well was last produced or utilized.
Shut-in well head pressures are to be reported in pounds per square inch gauge pressure (PSIG) for wells in the West Panhandle, West Panhandle (Red Cave), and Texas-Hugoton Fields.

CERTIFICATE

I declare under penalties prescribed in Article 6036c, R.C.S., that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated therein are true, correct, and complete, to the best of my knowledge.

Signature Steven Gray Date 3/23/94
President (915) 687-0404
Title Telephone

STATEMENT OF PRODUCTIVITY OF ACREAGE
ASSIGNED TO PRORATION UNITS

Form P-15
(5-5-71)

The undersigned states that he is authorized to make this statement; that he has knowledge of the facts concerning the Lobo Resources, Inc.
OPERATOR
Reeves State
LEASE, No. 2-22
WELL; that such well is completed in the South Marsh, Delaware Field, Reeves County, Texas and that the acreage claimed, and assigned to such well for proration purposes as authorized by special rule and as shown on the attached certified plat embraces _____
40 acres which can reasonably be considered to be productive of hydrocarbons.

- CERTIFICATE -

I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated therein are true, correct, and complete, to the best of my knowledge.

Date 3/23/94 Signature C. Relatt Hill
Telephone 915 687-0404 Title CEO
AREA CODE

16

15

14

GLO

GENERAL LAND OFFICE

GLO

GLO

LOBO RESOURCES

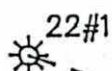
GLO

BLOCK 45
PSL SURVEY

21

— 22 —

23



22#1

2064'

22#2

GR EL 3169'

660'

40 Acr.

1980'

REEVES STATE "22"

GEODYNE

LOBO RESOURCES

GLO

28

27

26

I, W. D. WATSON, JR., CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS
OF THE UNITED STATES OF AMERICA THAT THE SURVEY INFORMATION FOUND
ON THIS PLAT IS TRUE AND CORRECT TO THE BEST OF MY
KNOWLEDGE AND BELIEF.

TEXAS PLS 1989

NOTE: THIS PERMIT PLAT HAS BEEN PREPARED FROM A CERTIFIED SURVEY PLAT
ON FILE IN THE OFFICE OF LOBO RESOURCES, MIDLAND, TEXAS.

SCALE 1" = 1000' APPROXIMATELY 11.5 MILES SOUTHWEST OF ORLA, TEXAS

PERMIT PLAT

LOBO RESOURCES
REEVES STATE 22#2
660' FSL & 1980' FEL
SECTION 22, BLOCK 45
PSL SURVEY
REEVES COUNTY, TEXAS

Lease Line ———

Unit Line ———

(67) M-67525
Comp RPT
11-29-95

- Return each W-1 with plat, applicable fee, and "W-1 Compliance Certificate" (W-1c). Make a check or money order payable to the State Treasurer of Texas.

RAILROAD COMMISSION OF TEXAS

Oil and Gas Division

Application for Permit to Drill, Deepen, Plug Back, or Re-Enter

Address to:
Railroad Commission of Texas
Oil and Gas Division, Drilling Permits
P. O. Box 12967
Austin, Texas 78711-2967

File a copy of W-1 and plat in RRC District Office

Read Instructions on Back

EFFECTIVE SEPT. 1, 1991, PERMIT APPLICATION FEE WILL VARY
ACCORDING TO THE TOTAL DEPTH SHOWN IN ITEM NO. 9 BELOW.
0-2000' - \$100, 2001' - 4000' - \$125
4001' - 9000' - \$150 9001' or deeper - \$200

Purpose of filling (mark appropriate boxes): ☒ Drill ☐ Deepen (below casing) ☐ Deepen (within casing) ☐ Plug Back ☐ Re-Enter ☐ Horizontal ☐ Directional Well ☐ Sidetrack ☐ Amended Permit (enter permit no. at right & explain fully in Remarks)								Enter here, if assigned:		API No. 42- Permit No.							
1. Operator's Name (exactly as shown on Form P-5, Organization Report) Lobo Resources, Inc.								3. RRC Operator No. 504659		4. RRC District No. 8		5. County of Well Site Reeves		Rule 37 Case No.			
2. Address (including city and zip code) 200 N. Loraine Suite 1245 Midland, TX 79701								6. Lease Name (32 spaces maximum) Reeves State				7. RRC Lease/ID No.		8. Well No. 3022		9. Total Depth 3300'	
10. Location • Section <u>22</u> Block <u>45</u> Survey <u>PSL</u> Abstract No. <u>A-3654</u> • This well is to be located <u>11.5</u> miles in a <u>SW</u> direction from <u>Orla, Texas</u> which is the nearest town in the county of the well site.																	
11. Distance from proposed location to nearest lease or unit line <u>2100</u> ft.														12. Number of contiguous acres in lease, pooled unit, or untized tract <u>640</u> (OUTLINE ON PLAT.)			
13. FIELD NAME (Exactly as shown on RRC proration schedule). List all established and wildcat zones of anticipated completion. Attach additional Form W-1's as needed to list these zones. One zone per line.								14. Completion depth	15. Spacing pattern (ft.)	16. Density pattern (acres)	17. Number of acres in drilling unit for this well. OUTLINE ON PLAT.	18. Is this acreage assigned to another well on this lease & in this reservoir? If so, explain in Remarks.	19. Distance from proposed location to nearest applied for, permitted, or completed well, this lease & reservoir. (ft.)	20. Oil, gas, or other type well (Specify)	21. No. of applied for, permitted, or completed locations (including this one) on lease in this reservoir.		
Marsh, S. (Delaware)								3300	467/933	40	40	NO	1516	GAS	0	3	
22. Perpendicular surface location from two nearest designated lines: • Lease/Unit <u>2600 FSL, 2100 FWL</u> • Survey/Section <u>2600 FSL, 2100 FWL</u>																	
If a directional well, show also projected bottom-hole location: • Lease/Unit _____ • Survey/Section _____																	
23. Is this a pooled unit? Yes ☐ No ☒ (Attach Form P-12 and certified plat.)																	
24. Is Item 17 less than Item 16 (substandard acreage for any field applied for)? Yes ☐ No ☒ (Attach Form W-1A)																	
25. Is this wellbore subject to Statewide Rule 36 (hydrogen sulfide area)? Yes ☐ No ☒																	
26. Do you have the right to develop the minerals under any right-of-way that crosses, or is contiguous to, this tract? Yes ☒ No ☐																	
If not, and if the well requires a Rule 37 or 38 exception, see Instructions for Rule 37.																	
Remarks																	
I certify that information stated in this application is true and complete, to the best of my knowledge. Signature <u>Steven D. Gray</u> Name and title of operator's representative <u>Steven D. Gray, President</u> Date: <u>4</u> <u>6</u> <u>94</u> (915) 687-0404 mo. day yr. Tel.: Area Code Number																	
• RRC Use Only •																	

STATE LEASE M 67525

LOBO
RESOURCES

16

15

14

STATE

STATE

STATE

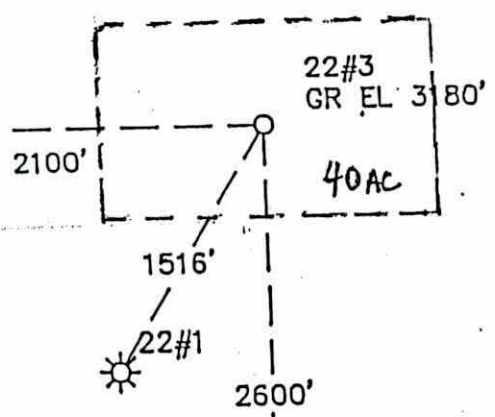
STATE

LOBO RESOURCES

SECTION 22
BLOCK 45
PSL SURVEY

21

23



REEVES STATE "22"

GEODYNE

LOBO RESOURCES

STATE

28

27

26

I, W. D. WATSON, JR., CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS
OF THE UNITED STATES OF AMERICA THAT THE SURVEY INFORMATION FOUND
ON THIS PLAT IS TRUE AND CORRECT TO THE BEST OF MY
KNOWLEDGE AND BELIEF.

TEXAS PLS 1989

Lease Line ———
Drilling Unit Line - - - -

NOTE: THIS PERMIT PLAT HAS BEEN PREPARED FROM A CERTIFIED SURVEY PLAT
ON FILE IN THE OFFICE OF LOBO RESOURCES, MIDLAND, TEXAS.

SCALE 1"= 1000' APPROXIMATELY 11.5 MILES SOUTHWEST OF ORLA, TEXAS

PERMIT PLAT

LOBO RESOURCES
REEVES STATE 22#3
2600' FSL & 2100' FWL
SECTION 22, BLOCK 45
PSL SURVEY
REEVES COUNTY, TEXAS

(68)

M-67525

W-1

11-29-95

FILE # 1898

After Recording, Return to:
 Vista Resources Partners, L.P.
 200 N. Loraine, Suite 1245
 Midland, Texas 79701
 Attn: C. Randall Hill

ASSIGNMENT, CONVEYANCE, AND BILL OF SALE

STATE OF TEXAS §

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF REEVES §

That LOBO OIL & GAS PARTNERS, L.P. and LOBO RESOURCES, INC. whose address is 200 N. Loraine, Suite 1245, Midland, Texas 79701 (hereinafter collectively referred to as "Assignor"), for Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, do hereby CONVEY, ASSIGN, TRANSFER, and DELIVER unto VISTA RESOURCES PARTNERS, L.P., whose address is 200 North Loraine Street, Suite 1245, Midland, Texas 79701 (hereinafter referred to as "Assignee"), all of Assignors' rights, titles, and interests in and to the following described oil and gas properties hereinafter referred collectively as the "Subject Interests":

A. Leases and Lands. The oil, gas and mineral leases and oil and gas leases described on Exhibit A hereto ("Leases"), together with the lands described in such Leases and all lands pooled or unitized with such lands (all such lands being collectively referred to herein as the "Lands"), including, but not limited to, all leasehold, fee, mineral, royalty, overriding royalty and other interests;

B. Contract Rights. All contracts, agreements or other documents relating to any of the Leases, Lands or production therefrom ("Contracts") including, but not limited to, all oil or gas sales, purchase, exchange, transportation, gathering and processing agreements, operating agreements, joint venture agreements, participation agreements, seismic exploration agreements, surface leases, water disposal agreements, compressor rental agreements, area of mutual interest agreements, farmout and farming agreements and division and transfer orders;

C. Easements. All easements, rights-of-way, licenses, servitudes, permits or other similar interests or rights appertaining to the Leases or the Lands and useful to or used in connection with the exploration, development or operation of the Leases or the Lands (collectively, the "Easements") including, but not limited to, the production, processing, treating, storing, marketing or transportation of oil, gas, casinghead gas, condensate, distillate or other liquid or vaporous hydrocarbons (collectively, "Hydrocarbons");

D. Personal Property, Equipment, Fixtures and Improvements. All personal property, equipment, fixtures, and improvements appurtenant to or located on the Leases or the Lands, and useful to or used in connection with the exploration, development or operation of the Leases or the Lands including, but not limited to, any Hydrocarbons

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A CERTIFIED COPY

Attest: 12/1, 1995

Dianne O. Flores, County Clerk
 Reeves County, Texas



Dianne O. Flores

produced therefrom or stored thereon, the existing oil and gas wellbores and all other wells located on the Lands, whether producing, shut-in, temporarily abandoned, plugged or used for water injection or disposal or other purposes (collectively, the "Wells"), casing, tubing, pumps, pump jacks, separators, dehydrators, tanks, buildings, plants, fixtures, injection facilities, water disposal facilities, compression facilities, machinery, pipelines, gathering lines, and other equipment (collectively, the "Equipment");

E. Data and Files. All files, records or data in the possession or under the control of Assignors relating to or associated with the items described above including, but not limited to, all land, lease, division and transfer order, title, joint interest billing, revenue distribution, accounting, and tax files and records and all geological, geophysical, and seismic records, engineering data, maps, logs, log film and other related items (collectively, the "Data"); and

F. Production. All Hydrocarbon production from or attributable to the Leases and Lands or the Wells.

TO HAVE AND TO HOLD Assignor's interests in and to the Leases and Lands unto Assignee, its successors and assigns, forever. Assignor hereby binds itself, its successors and assigns, to warrant and forever defend all and singular Assignor's interests in and to the Leases and Lands unto Assignee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof BY, THROUGH OR UNDER ASSIGNOR, BUT NOT OTHERWISE.

THE WELLS AND THE EQUIPMENT ARE ASSIGNED TO ASSIGNEE "AS-IS", "WHERE-IS", "WITH ALL FAULTS", AND WITHOUT RECOURSE, COVENANT OR WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY. WITHOUT LIMITATION OF THE GENERALITY OF THE IMMEDIATELY PRECEDING SENTENCE, ASSIGNOR EXPRESSLY DISCLAIMS AND NEGATES AS TO ALL PERSONAL PROPERTY, IMPROVEMENTS AND FIXTURES (A) ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY, (B) ANY IMPLIED OR EXPRESS WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, (C) ANY IMPLIED OR EXPRESS WARRANTY AS TO CONDITION AND (D) ANY IMPLIED OR EXPRESS WARRANTY OF CONFORMITY TO MODELS OR SAMPLES OF MATERIALS.

This Assignment, Conveyance, and Bill of Sale (this "Assignment") is made effective for all purposes as of August 1, 1995, at 12:05 a.m. Midland, Texas Time (the "Effective Time").

To the extent Assignor has received any warranty of whatsoever nature relating to the Subject Interests from Assignor's predecessors-in-title, and to the extent such warranty may be assigned, Assignor subrogates Assignee in and to all of the rights and actions of warranty which Assignor has or may have against its predecessors-in-title.

A CERTIFIED COPY

Attest: 12/1, 19 95
Dianne O. Florez, County Clerk
Reeves County, Texas



Dianne O. Florez

IN WITNESS WHEREOF, Assignors have executed this instrument on the dates set forth on the acknowledgments attached hereto, but effective as of the Effective Time.

ASSIGNORS:

LOBO OIL & GAS PARTNERS, L.P.

By: Lobo Resources, Inc.,
its sole general partner

By: Steven D. Gray
Steven D. Gray,
President

LOBO RESOURCES, INC.

By: Steven D. Gray
Steven D. Gray,
President

A CERTIFIED COPY

Attest: 12/1, 1995
Dianne O. Florez, County Clerk

Reeves County, Texas

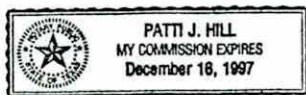


Dianne O. Florez
County Clerk

ACKNOWLEDGMENTS

STATE OF TEXAS § Assignors
COUNTY OF MIDLAND §

The foregoing instrument was acknowledged before me on the 26th day of September 1995, by Steven D. Gray, President of Lobo Resources, Inc., a Texas corporation, the sole general partner of Lobo Oil & Gas Partners, L.P., a Texas limited partnership, on behalf of such limited partnership.

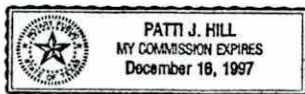


Patti J. Hill
Notary Public in and for the
State of Texas

My Commission Expires:
12-16-97

STATE OF TEXAS §
COUNTY OF MIDLAND §

The foregoing instrument was acknowledged before me on the 26th day of September 1995, by Steven D. Gray, President of Lobo Resources, Inc., a Texas corporation, on behalf of such corporation.



Patti J. Hill
Notary Public in and for the
State of Texas

My Commission Expires:
12-16-97

A CERTIFIED COPY
Attest: 12/1, 1995
Dianna O. Florez, County Clerk
Reeves County, Texas

A circular official seal of Reeves County, Texas, featuring a star in the center.
Dianna O. Florez

EXHIBIT A

All of Lobo Oil & Gas Partners, L.P.'s and Lobo Resources, Inc.'s rights, titles, and interests in and to all oil and gas leases and other leases, including, without limitation, those oil and gas leases specifically described below, insofar as such leases cover the lands described below with respect to each identified oil and gas property. References to recording information are to the appropriate county clerk records in the county in which the specific property, leases, and lands are located.

REEVES COUNTY, TEXASReeves State 14 Lease:

Leases: State of Texas Oil and Gas Lease No. 67953, dated March 6, 1973 and recorded in Volume 322, Page 116, Oil and Gas Records of Reeves County, Texas, wherein The State of Texas is Lessor and Chevron Oil Company is Lessee.

Lands: Insofar and only insofar as said lease covers Section 14, Block 45, PSL Survey, Reeves County, Texas, from the surface to the base of the Bell Canyon Formation.

Reeves State 22 Lease

Leases: State of Texas Oil and Gas Lease No. 67525, dated October 3, 1972 and recorded in Volume 315, Page 95, Oil and Gas Records of Reeves County, Texas, wherein The State of Texas is Lessor and Chevron Oil Company is Lessee.

Lands: Insofar and only insofar as said lease covers Section 22, Block 45, PSL Survey, Reeves County, Texas, from the surface to the base of the Bell Canyon Formation with respect to the N/2 of Section 22.

Reeves State 27 Lease

Leases: State of Texas Oil and Gas Lease No. 67528, dated October 3, 1972 and recorded in Volume 315, Page 107, Oil and Gas Records of Reeves County, Texas, wherein The State of Texas is Lessor and Chevron Oil Company is Lessee..

Lands: Insofar and only insofar as said lease covers Section 27, Block 45, PSL Survey, Reeves County, Texas, from the surface to the base of the Bell Canyon Formation with respect to the W/2 of Section 27.

Chevron State 34 Lease

Leases:

(1) Relinquishment Act Oil and Gas Lease No. M-68440 dated May 23, 1972 and recorded in Volume 323, Page 583, Oil and Gas Records of Reeves County, Texas, wherein Geo. P. Hill, individually and as agent for the State of Texas, is Lessor and The Superior Oil Company is Lessee.

(2) Relinquishment Act Oil and Gas Lease No. M-68440-a, dated May 23, 1972 and recorded in Volume 323, Page 587, Oil

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A CERTIFIED COPY

Attest: 12/1, 19 95
 Diane O. Flores, County Clerk
 Reeves County, Texas



Anne O. Flores
 County Clerk

and Gas Records of Reeves County, Texas, wherein James Robert Hill, et al, individually and as agent for the State of Texas, is Lessor and The Superior Oil Company is Lessee.

Lands: Insofar as such Leases cover the NW/4 of Section 34, Block 45, PSL Survey, Reeves County, Texas, from the surface to the base of the Bell Canyon Formation.

Hill & Hill 34 Lease

Leases:

(1) Relinquishment Act Oil and Gas Lease No. M-68440, dated May 23, 1972 and recorded in Volume 323, Page 583, Oil and Gas Records of Reeves County, Texas, wherein Geo. P. Hill, individually and as agent for the State of Texas, is Lessor and The Superior Oil Company is Lessee.

(2) Relinquishment Act Oil and Gas Lease No. M-68440-a, dated May 23, 1972 and recorded in Volume 323, Page 587, Oil and Gas Records of Reeves County, Texas, wherein James Robert Hill, et al, individually and as agent for the State of Texas, is Lessor and The Superior Oil Company is Lessee.

Lands: Section 34, Block 45, PSL Survey, Reeves County, Texas, from the surface to the base of the Bell Canyon Formation.

Reeves State 35 Lease

Leases: State of Texas Oil and Gas Lease No. 67529, dated October 3, 1972 and recorded in Volume 315, Page 111, Oil and Gas Records of Reeves County, Texas, wherein The State of Texas is Lessor and Chevron Oil Company is Lessee.

Lands: Section 35, Block 45, PSL Survey, Reeves County, Texas, from the surface to the base of the Bell Canyon Formation.

Meeker 38 Lease

Leases: Oil and Gas Lease dated September 13, 1968 and recorded in Volume 279, Page 153, Oil and Gas Records of Reeves County, Texas, wherein L. H. Meeker, et al, is Lessor, and Chalfant, Magee and Hansen, Inc. is Lessee.

Lands: North 1/3 of Section 38, Block 45, PSL Survey, Reeves County, Texas, covering 213.33 acres, more or less, from the surface to the base of the Bell Canyon Formation.

Reeves State 23 Surface Lease

That certain State of Texas Surface Lease No. 92-003 from the State of Texas, as Lessor, to Ensouth Operating, Inc., as Lessee, covering two (2) acres of land in Section 23, Block 45, PSL Survey, Reeves County, Texas, for use of

A CERTIFIED COPY

Attest: 12/1, 19 95
Dianne O. Florez, County Clerk
Reeves County, Texas



Dianne O. Florez

E 503—CERTIFICATE OF TRUE COPY OF PAPERS RECORDED—Class 1.

(Arts. 6600-6625-6634, R. S. 1925)

Texas Standard Form

THE STATE OF TEXAS

County of REEVES } I, DIANNE O. FLOREZ, Clerk
 of the COUNTY Court of REEVES County, Texas, do hereby certify that
 the foregoing is a true and correct copy of the original recorded Assignment, Conveyance, and Bill
of Sale from Lobo Oil & Gas Partners, P.p. and Lobo Resources Inc., to Vista Resources
Partners, L.P.

as the same appears of record in my office in book 554 page 651-657-et.seq. OFFICIAL PUBLIC
 RECORDS

Given under my Hand and Seal of said Court, at office in PECOS, TEXAS

this 1st day of December 1995

Dianne O. Florez Clerk,
 DIANNE O. FLOREZ, REEVES COUNTY

By _____ Deputy.

such surface in connection with the operation of the Reeves State SWD Well 1-23. Such Surface Lease being dated as of May 28, 1992 and recorded at Volume 519, Page 294 of the Official Public Records of Real Property, Reeves County, Texas.

A CERTIFIED COPY

Attest: 12/1, 19 95
Dianne O. Florez, County Clerk
Reeves County, Texas



By Dianne O. Florez
Deputy

ANY REPRODUCTION OF THIS DOCUMENT WITHOUT THE SEAL, OFFICIAL
SIGNATURE OF THE COUNTY CLERK, OR THE COUNTY SEAL IS VOID
AND IS NOT VALID AND IS UNENFORCEABLE UNDER FEDERAL
LAW.

FILE NO. 1898

FILED FOR RECORD ON THE 9TH. DAY OF OCTOBER A.D. 1995 AT 11:30 A M.

DULY RECORDED ON THE 10TH. DAY OF OCTOBER A.D. 1995 AT 9:00 A M.

BY: Janet A. Acosta DEPUTY

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

M. 67525 (69)
Assignment
File Dated

01000 ref to

67953

~~67525~~

67528

67529

68440

78174

77769

75.14.82



February 25, 1997

I, Garry Mauro, Commissioner of the General Land Office of the State of Texas, do hereby certify that the papers, records, and documents of said office show:

That the file wrapper for School File 118027 is endorsed: "A 3606", "Reeves County", "Elmer Robinson", "G&M, 05-21-12", "640 acres", "Section 22", "Block 45", "Public School Land", "Sold 06-05-1912", "Forfeited 09-11-1925", "S.L.-870101", "S.L.-860062", "Original File Lost";

That on October 3, 1972, pursuant to Chapter 271, General Laws, Acts of the 42nd Legislature, Regular Session, 1931, as amended, (Art. 5421c, V.T.C.S.), Senate Bill 816, Acts of the 63rd Legislature, 1973, and subject to all rules and regulations promulgated by the Commissioner of the Texas General Land Office and/or the School Land Board, pursuant to Articles 5366 and 5421c-3, V.T.C.S., as amended, and all other applicable statutes and amendments thereto, Bob Armstrong, Commissioner of the Texas General Land Office, executed and delivered State Oil & Gas Lease M-67525, covering "All of Section 22, Blk. 45, PSL Survey, Reeves County, containing 640 acres", as shown by the official map filed in the Texas General Land Office, to Chevron Oil Company, for a cash bonus of \$65,281.23, with a primary term of five (5) years, an annual delay rental of \$5.00 per acre, and a royalty to the State of one sixth (1/6) of the production of oil and gas from the tract, and, upon the payment of the cash bonus due, and the 1.0% statutory sale fee when required, a copy of the lease was filed in the Texas General Land Office on October 3, 1972, in Mineral File M-67525;

That on September 15, 1977, Chevron U.S.A., Inc. executed a Shut-In Gas affidavit and a Shut-In Royalty Payment for well no. 1-22, So. Marsh (Delaware), Reeves County, from October 3, 1977 to October 3, 1978, and a certified copy of said affidavit was filed in the Texas General Land Office on September 17, 1977, in Mineral File M-67525;

That on September 15, 1977, Chevron U.S.A., Inc. executed a Shut-In Gas affidavit and a Shut-In Royalty Payment for well no. 1-22, S. Marsh (Delaware), Reeves County, from October 3, 1978 to October 3, 1979, and a certified copy of said affidavit was filed in the Texas General Land Office on September 30, 1978, in Mineral File M-67525;

That on October 6, 1977, Railroad Commission Form G-1, Gas Well Back Pressure Test, Completion or Recompletion Report and Log, was filed in the Texas General Land Office in Mineral File M-67525, indicating that well No. 1-22, Wildcat, Reeves-State, was completed as a new well on September 9, 1977;

That on March 31, 1978, Chevron U.S.A., Inc. and Bob Armstrong, Commissioner of the Texas General Land Office, executed a Pooling Agreement concerning gas, which Pooling Agreement included 640 acres in Mineral File M-67525 and 640 acres in Mineral File M-67528, and was recommended that pooling be limited to gas below the Mississippian Lime, and was approved by the School Land Board on March 7, 1978, and a copy of said Pooling Agreement was filed in the Texas General Land Office on March 31, 1978, in Mineral File M-67525;

That on February 13, 1987, Garry Mauro, Commissioner of the Texas General Land Office, amended State Oil & Gas Lease M-67525, pursuant to Section 52.024, Vernon's Texas Code Annotated, Natural Resources Code, providing for shut-in oil or gas well provisions, and more specifically, amending paragraph 17 of the lease upon the application of Chevron Oil Company for the amendment, and a copy of said amendment was filed in the Texas General Land Office on February 13, 1987, in Mineral File M-67525;

That on July 29, 1988, effective date of August 1, 1988, Chevron U.S.A., Inc. assigned to Charlie D. Davis d/b/a Hoolihan Production Company, various interests in lease M-67525, as well as other leases, and reference to said assignment is herein made for all purposes to the instrument which was filed of record in Book 487, Page 240, Deed Records, Reeves County, a certified copy of which was filed in the Texas General Land Office on June 5, 1992, in Mineral File M-67525;

That on January 6, 1992, Charlie D. Davis, individually and d/b/a Hoolihan Production Company assigned to Ensouth Exploration and Production Co., various interests in lease M-67525, as well as other leases, and reference to said assignment is herein made for all purposes to the instrument which was filed of record in Book 514, Page 545, Deed Records, Reeves County, a certified copy of which was filed in the Texas General Land Office on June 5, 1992, in Mineral File M-67525;

Hinkle, Cox, Eaton, Coffield & Hensley
February 25, 1997
Page 3

That on February 4, 1992, Allen G. Harvey, Substitute Trustee, executed a Substitute Trustee's Deed, to Ensouth Acquisition Corporation in lease M-67525, as well as other leases, and reference to said deed is herein made for all purposes to the instrument which was filed of record in Book 515, Page 202 and as well as Page 215, Deed Records, Reeves County, a certified copy of which was filed in the Texas General Land Office on June 5, 1992, in Mineral File M-67525;

That on December 1, 1993, Ensouth Acquisition Corporation, Ensouth Operating, Inc., and Ensouth Exploration and Production Co assigned to Lobo Oil & Gas Partners, L.P., various interests in lease M-67525, as well as other leases, and reference to said assignment is herein made for all purposes to the instrument which was filed of record in Book 534, Pages 309-317, Official Public Records, Reeves County, a certified copy of which was filed in the Texas General Land Office on January 22, 1994, in Mineral File M-67525;

That on August 1, 1995, Lobo Oil & Gas Partners, L.P. and Lobo Resources, Inc. assigned to Vista Resources Partners, L.P., various interests in lease M-67525, as well as other leases, and reference to said assignment is herein made for all purposes to the instrument which was filed of record in Book 554, Pages 651-657, Official Public Records, Reeves County, a certified copy of which was filed in the Texas General Land Office on March 7, 1996, in Mineral File M-67525;

That on November 29, 1995, Railroad Commission Form G-1, Gas Well Back Pressure Test, Completion or Recompletion Report and Log, was filed in the Texas General Land Office in Mineral File M-67525, indicating that well No. 2022, S. Marsh (Delaware) Reeves State, was completed as a new well on March 23, 1994;

That the latest royalty payments for lease M-67525 were received in the Texas General Land Office on June 3, 1996, for oil produced during April, 1996, and on January 2, 1997, for gas produced during November, 1996;

That on November 30, 1993, effective date of October 1, 1993, pursuant to the authority granted by Texas Natural Resources Code, Section 51.121 et seq, and Title 31, Texas Administrative Code, Chapter 13 (Land Resources), and subject to all rules and regulations promulgated by the Commissioner of the Texas General Land Office pursuant thereto and all other applicable statutes and amendments to the Texas Natural Resources Code, now in force and as amended after the execution here of, Garry Mauro, Commissioner of the Texas General Land Office, issued Surface Lease

Hinkle, Cox, Eaton, Coffield & Hensley
February 25, 1997
Page 4

SL-870101 to Ms. Evelyn Cooksey Carr for grazing purposes only, to wit: Section 22, Block 45, PSL Survey, Reeves County, Texas, as well as other sections of land, and a certified copy of said lease was filed in the Texas General Land Office on October 14, 1993, in Surface Lease File SL-870101;

IN TESTIMONY WHEREOF, I hereto set my hand and seal of said office the first date above written.

GARRY MAURO
COMMISSIONER

GM/MC

Mr. William B. Burford
Hinkle, Cox, Eaton, Coffield & Hensley
PO Box 3580
Midland, TX 79702-3580

Fee: \$100.00
Account No. 885
Dicta No. 97-053
Files: School File 118027, Mineral Files: M-67525, Surface Lease SL-870101

Dicta No. 97-053

70

FILE NO. M-67525

Reeves COUNTY

0/7 97-053

FILED 3-5 19 97

GARRY MAURO, COM'R

BY M Canoe

**Texas General
Land Office**



**David Dewhurst
Commissioner**

November 14, 2000

CERTIFIED MAIL 7000 0520 0023 2503 7370

SOUTH MARSH DEVELOPMENT INC
C/O CANDELERO OIL & GAS CO
203 WEST WALL SUITE 610
MIDLAND TX 79701 4555

RE: Notice of underpayment on State Leases M-068440; M-067525; M-067528.

Dear Sir or Madam:

The Royalty Management Division of the Texas General Land Office has completed a limited review of the above referenced lease operated by South Marsh Development, Inc. Through this review, it was determined that \$66,812.13 has been underpaid to the State for the reporting periods December 1996 through June 2000. This amount comprises \$50,687.35 in additional royalty, \$5,639.33 in penalty and \$10,485.45 in interest, which has been computed through December 11, 2000 in accordance with Section 52.131 of the Texas Natural Resources Code.

The following documents are attached in support of our findings:

- A brief summary of our review (Attachment I);
- Schedule supporting our royalty, penalty and interest calculations (Attachment II), and;
- Procedures used for assessment of penalties and interest (Attachment III).

To ensure your company remains in good standing with the General Land Office, please respond to this notice within 25 days of the above date. If your records reflect this royalty has been paid, please provide us with documentation of payments made and remittance dates. Payment of this notice should be submitted separately from monthly royalty payments you may be remitting. In order to ensure proper credit, your payment should be mailed to my attention along with a copy of this letter.

Stephen F. Austin Building

1700 North
Congress Avenue

Austin, Texas
78701-1495

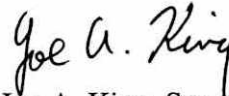
512-463-5001

South Marsh Development, Inc.
November 14, 2000
Page 2

This notice in no way precludes the General Land Office from pursuing any claim or remedy related to this royalty payment. Additionally, this notice does not constitute an Audit Billing Notice as defined in Section 52.135 of the Natural Resources Code and, consequently, does not preclude the General Land Office from conducting further examinations of this or other leases operated and/or reported by South Marsh Development, Inc. or from examining these or other issues and time periods in a future inspection of your books, accounts, reports or other records.

If you have any questions, please call Scott Veach at (512) 475-1479.

Sincerely,

A handwritten signature in black ink that reads "Joe A. King". The signature is written in a cursive, slightly slanted style.

Joe A. King, Supervisor
Royalty Management / Energy Resources

ATTACHMENT I
REVIEW SUMMARY

State Leases M-068440; M-067525; M-067528

We have reviewed our records for the period of December 1996 through June 2000; to determine whether or not royalty for gas has been reported and paid correctly with respect to volume and price. Volumes reported to the Texas General Land Office (TGLO) were compared to volumes reported to the Texas Railroad Commission (TRRC) with any differences being noted. We also reviewed the lease agreement to determine if payment for the aforementioned is due.

As a result of this review, it was determined that gas disposition volumes were not reported on RRC#'s: 08-075080; 08-075080; 08-148024; 08-150371; 08-073716; 08-150377; 08-148705; 08-33832; 08-072794; 08-150160 and royalty was not paid on those volumes.

Therefore, we have concluded that additional royalty revenue is due in the following amount.

Royalty	Penalty	Interest	Total
\$50,687.35	\$5,639.33	\$10,485.45	\$66,812.13

(See attachment II for supporting calculations)

ATTACHMENT III

SUMMARY OF PENALTY/INTEREST ASSESSMENT RULES FOR DELINQUENT ROYALTIES AND DELINQUENT REQUIRED REPORTS OR DOCUMENTS

	DUE BEFORE 10-1-75 (Production Prior to 8-1-75)	DUE AFTER 10-1-75 AND BEFORE 9-1-85 (Production 8-1-75 thru 6-30-85)	DUE AFTER 9-1-85 (Production 7-1-85 Forward)
PENALTY (3) - For delinquent royalty - For delinquent report, affidavit, or other document	NONE NONE	The greater of 1% of the delinquent amount or \$5.00 for each 30-day delinquency \$5.00 per document for each 30-day period of delinquency	For delinquencies of 30 days or less, the greater of 5% of the delinquent amount or \$25.00 \$10.00 per document for each 30-day period of delinquency
INTEREST For delinquent royalty	6% per year, compounded annually; accrual begins 30 days after due date (1)	6% per year, compounded annually; accrual begins 30 days after due date (1)	12% per year, simple; accrual begins 60 days after due date (2)

(1) Tex. Rev. Civ. Stat. Ann., Article 5069-1.03 and related case law.

(2) Tex. Nat. Res. Code Ann. § 52.131 (g).

(3) Penalties are not assessed in cases of title dispute as to the state's portion of the royalty or to royalty in dispute as to fair market value except when fraud is involved, in which case the fraud penalty is applicable. Penalty provisions are found at Tex. Nat. Res. Code Ann. § 52.131 (e), (f), & (h).

A royalty payment that is not accompanied by the required royalty affidavit identifying the GLO lease number is delinquent. The State's power to forfeit a lease shall not be affected by the assessment or payment of any delinquency, penalty, or interest.

File No. 11-67525 (71)

Billing

Date Filed: 11-14-00

David Dewhurst, Commissioner

By _____

SOUTH MARSH DEVELOPMENT, INC.
 STATE LEASE NUMBER M-68440
 FIELD NAME: SOUTH MARSH (DELAWARE)
 LEASE NAME: HILL & HILL 34
 RRC WELL ID's#: 08-075080; 08-148024; 08-150371
 STATE'S ROYALTY DECIMAL: 0.09375

ATTACHMENT II.2

AUDITOR: S. VEACH
 DATE: NOVEMBER 14, 2000

INTEREST DATE:
 12/11/00

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
MONTH	MCF VOLUMES (A)	PRICE (B)	GROSS VALUE (1)x(2)	ROYALTY DUE (3)x(0.09375)	ROYALTY PAID	ADDITIONAL ROYALTY DUE (4)-(5)	NET ROYALTY DUE LESS CREDIT	NUMBER OF DAYS LATE	PENALTY DUE	INTEREST DUE	TOTAL DUE (6)+(9)+(10)
Dec-96	2,380	3.500	8,330.00	780.94	746.12	34.82	34.82	1395	25.00	15.29	75.11
Jan-97	2,325	3.500	8,137.50	762.89	651.41	111.48	111.48	1367	25.00	47.94	184.42
Feb-97	2,128	3.500	7,448.00	698.25	597.66	100.59	100.59	1336	25.00	42.23	167.82
Mar-97	2,467	3.500	8,634.50	809.48	727.54	81.94	81.94	1306	25.00	33.59	140.53
Apr-97	1,319	3.500	4,616.50	432.80	371.69	61.11	61.11	1275	25.00	24.43	110.54
May-97	1,391	3.500	4,868.50	456.42	404.36	52.06	52.06	1245	25.00	20.30	97.36
Jun-97	1,018	3.500	3,563.00	334.03	291.38	42.65	42.65	1214	25.00	16.20	83.85
Jul-97	773	3.500	2,705.50	253.64	255.71	(2.07)	(2.07)	1183	0.00	0.00	(2.07)
Aug-97	368	3.500	1,288.00	120.75	95.18	25.57	23.50	1153	25.00	8.45	59.02
Sep-97	313	3.500	1,095.50	102.70	2,260.46	102.70	102.70	1122	25.00	35.89	163.59
Oct-97	1,289	3.500	4,511.50	422.95	352.60	70.35	70.35	1092	25.00	23.89	119.24
Nov-97	2,088	3.500	7,308.00	685.13	604.82	80.31	80.31	1061	25.00	26.46	131.77
Dec-97	691	3.500	2,418.50	226.73	186.24	40.49	40.49	1030	25.00	12.93	78.42
Jan-98	952	3.500	3,332.00	312.38	0.00	312.38	312.38	1002	31.24	96.85	440.47
Feb-98	797	3.500	2,789.50	261.52	0.00	261.52	261.52	971	26.15	78.41	366.08
Mar-98	397	3.500	1,389.50	130.27	0.00	130.27	130.27	941	25.00	37.77	193.04
Apr-98	604	3.500	2,114.00	198.19	0.00	198.19	198.19	910	25.00	55.45	278.64
May-98	323	3.500	1,130.50	105.98	0.00	105.98	105.98	880	25.00	28.61	159.59
Jun-98	195	3.500	682.50	63.98	0.00	63.98	63.98	849	25.00	16.62	105.60
Jul-98	328	3.500	1,148.00	107.63	0.00	107.63	107.63	818	25.00	26.86	159.49
Aug-98	1,665	3.500	5,827.50	546.33	0.00	546.33	546.33	788	54.63	130.94	731.90
Sep-98	2,005	3.500	7,017.50	657.89	0.00	657.89	657.89	757	65.79	150.97	874.65
Oct-98	450	3.500	1,575.00	147.66	0.00	147.66	147.66	727	25.00	32.43	205.09
Nov-98	958	3.500	3,353.00	314.34	0.00	314.34	314.34	696	31.43	65.83	411.60
Dec-98	2,076	3.500	7,266.00	681.19	0.00	681.19	681.19	665	68.12	135.72	885.03
Jan-99	865	1.730	1,496.45	140.29	0.00	140.29	140.29	637	25.00	26.66	191.95
Feb-99	2,751	1.660	4,566.66	428.12	0.00	428.12	428.12	606	42.81	76.99	547.92
Mar-99	3,419	1.540	5,265.26	493.62	0.00	493.62	493.62	576	49.36	83.90	626.88
Apr-99	3,218	1.660	5,341.88	500.80	0.00	500.80	500.80	545	50.08	80.02	630.90
May-99	2,924	2.160	6,315.84	592.11	0.00	592.11	592.11	515	59.21	88.77	740.09
Jun-99	2,669	2.080	5,551.52	520.46	0.00	520.46	520.46	484	52.05	72.72	645.23
Jul-99	2,105	2.170	4,567.85	428.24	0.00	428.24	428.24	453	42.82	55.47	526.53
Aug-99	2,849	2.460	7,008.54	657.05	0.00	657.05	657.05	423	65.71	78.63	801.39

SOUTH MARSH DEVELOPMENT, INC.
STATE LEASE NUMBER M-68440
FIELD NAME: SOUTH MARSH (DELAWARE)
LEASE NAME: HILL & HILL 34
RRC WELL ID's#: 08-075080; 08-148024; 08-150371
STATE'S ROYALTY DECIMAL: 0.09375

ATTACHMENT II.2

AUDITOR: S. VEACH
DATE: NOVEMBER 14, 2000

INTEREST DATE:
12/11/00

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
MONTH :	MCF :	PRICE :	GROSS :	ROYALTY :	ROYALTY :	ADDITIONAL :	NET ROYALTY :	NUMBER OF :	PENALTY :	INTEREST :	TOTAL :
MONTH :	VOLUMES :	PRICE :	VALUE :	DUE :	PAID :	ROYALTY DUE :	DUE :	DAYS LATE :	DUE :	DUE :	DUE :
:	(A) :	(B) :	:	:	:	:	LESS CREDIT :	:	:	:	:
:	:	:	(1)x(2) :	(3)x(0.09375) :	:	(4)-(5) :	:	:	:	:	(6)+(9)+(10) :
Sep-99	1,927	2.780	5,357.06	502.22	0.00	502.22	502.22	392	50.22	54.98	607.42
Oct-99	2,464	2.420	5,962.88	559.02	0.00	559.02	559.02	362	55.90	55.69	670.61
Nov-99	2,661	2.870	7,637.07	715.98	0.00	715.98	715.98	331	71.60	64.03	851.61
Dec-99	2,198	2.080	4,571.84	428.61	0.00	428.61	428.61	300	42.86	33.96	505.43
Jan-00	1,445	2.190	3,164.55	296.68	0.00	296.68	296.68	271	29.67	20.68	347.03
Feb-00	1,332	2.410	3,210.12	300.95	0.00	300.95	300.95	240	30.10	17.91	348.96
Mar-00	1559	2.410	3,757.19	352.24	0.00	352.24	352.24	210	35.22	17.49	404.95
Apr-00	935	2.790	2,608.65	244.56	0.00	244.56	244.56	179	25.00	9.65	279.21
May-00	1178	2.870	3,380.86	316.96	0.00	316.96	316.96	149	31.70	9.38	358.04
Jun-00	1228	4.100	5,034.80	472.01	0.00	472.01	472.01	118	47.20	9.16	528.37
	67,027		187,349.02	17,563.99	7,545.17	12,279.28			1,533.87	2,020.15	15,833.30

COMMENTS:

- (A) VOLUMES ARE OBTAINED FROM RAILROAD COMMISSION FORMS P-2
- (B) FROM JANUARY 1998 THRU JUNE 2000, PRICES ARE OBTAINED FROM STATE
COMPTROLLER'S COUNT AVERAGE GAS SALE VALUES LISTING.
FROM NOVEMBER 1995 THRU DECEMBER 1997, PRICES ARE OBTAINED FROM GLO-2 REPORTS,
- (C) SEE ATTACHMENT III, "SUMMARY OF PENALTY/INTEREST ASSESSMENT RULES",
FOR EXPLANATION OF PENALTY AND INTEREST CALCULATIONS.

SOUTH MARSH DEVELOPMENT, INC.
 STATE LEASE M-067528
 FIELD: MARSH, S (DELAWARE)
 LEASE: REEVES STATE 27
 COUNTY: REEVES
 RRC WELL ID'S: 08-33832, 08-072794, & 08-150160
 STATES'S ROYALTY DECIMAL .166667

ATTACHMENT II

AUDITOR: EG
 FILE: C:/ 89168-G.XLS
 11/14/00

PENALTY/
 INTEREST DATE:
 12/11/00

(2) (3) (4) (5) (6) (7) (8) (9)

MONTH/ YEAR	SALES REPORTED TO R.R.C. (GAS)	PRICE (A)	BTU (A)	GROSS VALUE (1)X2)X(3)	ROYALTY DUE (4)X(.166667)	NUMBER OF DAYS LATE	PENALTY DUE (B)	INTEREST DUE (B)	TOTAL DUE (5)+(7)+(8)
Dec-96	746	3.500	1.000	2,611.00	435.17	1395	43.52	191.14	669.83
Jan-97	484	3.500	1.000	1,694.00	282.33	1367	28.23	121.41	431.97
Feb-97	587	3.500	1.000	2,054.50	342.42	1336	34.24	143.76	520.42
Mar-97	384	3.500	1.000	1,344.00	224.00	1306	25.00	91.83	340.83
Apr-97	498	3.500	1.000	1,743.00	290.50	1275	29.05	116.14	435.69
May-97	783	3.500	1.000	2,740.50	456.75	1245	45.68	178.10	680.53
Jun-97	813	3.500	1.000	2,845.50	474.25	1214	47.43	180.09	701.77
Jul-97	921	3.500	1.000	3,223.50	537.25	1183	53.73	198.53	789.51
Aug-97	564	3.500	1.000	1,974.00	329.00	1153	32.90	118.33	480.23
Sep-97	767	3.500	1.000	2,684.50	447.42	1122	44.74	156.36	648.52
Oct-97	949	3.500	1.000	3,321.50	553.58	1092	55.36	188.01	796.95
Nov-97	997	3.500	1.000	3,489.50	581.58	1061	58.16	191.59	831.33
Dec-97	422	3.500	1.000	1,477.00	246.17	1030	25.00	78.58	349.75
Jan-98	395	3.500	1.000	1,382.50	230.42	1002	25.00	71.44	326.86
Feb-98	434	3.500	1.000	1,519.00	253.17	971	25.32	75.91	354.40
Mar-98	1470	3.500	1.000	5,145.00	857.50	941	85.75	248.65	1,191.90
Apr-98	1936	3.500	1.000	6,776.00	1,129.34	910	112.93	315.97	1,558.24
May-98	1602	3.500	1.000	5,607.00	934.50	880	93.45	252.24	1,280.19
Jun-98	1159	3.500	1.000	4,056.50	676.08	849	67.61	175.60	919.29
Jul-98	2072	3.500	1.000	7,252.00	1,208.67	818	120.87	301.60	1,631.14
Aug-98	1624	3.500	1.000	5,684.00	947.34	788	94.73	227.05	1,269.12
Sep-98	1451	3.500	1.000	5,078.50	846.42	757	84.64	194.24	1,125.30
Oct-98	1613	3.500	1.000	5,645.50	940.92	727	94.09	206.64	1,241.65
Nov-98	1764	3.500	1.000	6,174.00	1,029.00	696	102.90	215.50	1,347.40
Dec-98	2730	3.500	1.000	9,555.00	1,592.50	665	159.25	317.28	2,069.03
Jan-99	3167	1.730	1.000	5,478.91	913.15	637	91.32	173.52	1,177.99
Feb-99	2260	1.660	1.000	3,751.60	625.27	606	62.53	112.45	800.25
Mar-99	2765	1.540	1.000	4,258.10	709.68	576	70.97	120.63	901.28
Apr-99	2826	1.660	1.000	4,691.16	781.86	545	78.19	124.93	984.98
May-99	2073	2.160	1.000	4,477.68	746.28	515	74.63	111.88	932.79
Jun-99	1827	2.080	1.000	3,800.16	633.36	484	63.34	88.50	785.20
Jul-99	1436	2.170	1.000	3,116.12	519.35	453	51.94	67.27	638.56

SOUTH MARSH DEVELOPMENT, INC.
 STATE LEASE M-067528
 FIELD: MARSH, S (DELAWARE)
 LEASE: REEVES STATE 27
 COUNTY: REEVES
 RRC WELL ID'S: 08-33832, 08-072794, & 08-150160
 STATES'S ROYALTY DECIMAL .166667

ATTACHMENT II

AUDITOR: EG
 FILE: C:/ 89168-G.XLS
 11/14/00

PENALTY/
 INTEREST DATE:
 12/11/00

		(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
MONTH/ YEAR	SALES REPORTED TO R.R.C. (GAS)	PRICE (A)	BTU (A)	GROSS VALUE (1)X2)X(3)	ROYALTY DUE (4)X(.166667)	NUMBER OF DAYS LATE	PENALTY DUE (B)	INTEREST DUE (B)	TOTAL DUE (5)+(7)+(8)
Aug-99	1913	2.460	1.000	4,705.98	784.33	423	78.43	93.86	956.62
Sep-99	1790	2.780	1.000	4,976.20	829.37	392	82.94	90.80	1,003.11
Oct-99	1761	2.420	1.000	4,261.62	710.27	362	71.03	70.75	852.05
Nov-99	1798	2.870	1.000	5,160.26	860.05	331	86.00	76.91	1,022.96
Dec-99	1757	2.080	1.000	3,654.56	609.09	300	60.91	48.26	718.26
Jan-00	1096	2.190	1.000	2,400.24	400.04	271	40.00	27.88	467.92
Feb-00	1379	2.410	1.000	3,323.39	553.90	240	55.39	32.96	642.25
Mar-00	1307	2.410	1.000	3,149.87	524.98	210	52.50	26.06	603.54
Apr-00	850	2.790	1.000	2,371.50	395.25	179	39.53	15.59	450.37
May-00	842	2.870	1.000	2,416.54	402.76	149	40.28	11.92	454.96
Jun-00	872	4.100	1.000	3,575.20	595.87	118	59.59	11.56	667.02
58,884				\$164,646.59	\$27,441.15		\$2,749.10	\$5,861.72	\$36,051.97

COMMENTS:

- (A) RRC VOLUME - GAS VOLUMES REPORTED TO THE RRC ON FORM P-2.
- (B) REPORT VOLUMES, PRICE & BTU - OBTAINED FROM GLO-2 REPORTS SUBMITTED TO THE GLO,
- (C) SEE ATTACHMENT III, "SUMMARY OF PENALTY/INTEREST ASSESSMENT RULES", FOR EXPLANATION OF PENALTY AND INTEREST CALCULATIONS.

SOUTH MARSH DEVELOPMENT, INC.

STATE LEASE M-067525

FIELD: MARSH, S (DELAWARE)

LEASE: REEVES STATE 22

COUNTY: REEVES

RRC WELL ID'S: 08-073716,08-150377, & 08-148705

STATES'S ROYALTY DECIMAL .166667

ATTACHMENT II

AUDITOR: EG

FILE: C:/ 89168-G.XLS

11/14/00

PENALTY/
INTEREST DATE:
12/11/00

		(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
MONTH/ YEAR	SALES REPORTED TO R.R.C. (GAS)	PRICE (A)	BTU (A)	GROSS VALUE (1)X2)X(3)	ROYALTY DUE (4)X(.166667)	NUMBER OF DAYS LATE	PENALTY DUE (B)	INTEREST DUE (B)	TOTAL DUE (5)+(7)+(8)
Dec-96	77	3.500	1.000	269.50	44.92	1395	25.00	19.73	89.65
Jan-97	120	3.500	1.000	420.00	70.00	1367	25.00	30.10	125.10
Feb-97	467	3.500	1.000	1,634.50	272.42	1336	27.24	114.37	414.03
Mar-97	1146	3.500	1.000	4,011.00	668.50	1306	66.85	274.07	1,009.42
Apr-97	312	3.500	1.000	1,092.00	182.00	1275	25.00	72.76	279.76
May-97	501	3.500	1.000	1,753.50	292.25	1245	29.23	113.95	435.43
Jun-97	619	3.500	1.000	2,166.50	361.08	1214	36.11	137.11	534.30
Jul-97	804	3.500	1.000	2,814.00	469.00	1183	46.90	173.31	689.21
Aug-97	236	3.500	1.000	826.00	137.67	1153	25.00	49.51	212.18
Sep-97	0	3.500	1.000	0.00	0.00	1122	0.00	0.00	0.00
Oct-97	380	3.500	1.000	1,330.00	221.67	1092	25.00	75.28	321.95
Nov-97	289	3.500	1.000	1,011.50	168.58	1061	25.00	55.54	249.12
Dec-97	962	3.500	1.000	3,367.00	561.17	1030	56.12	179.14	796.43
Jan-98	302	3.500	1.000	1,057.00	176.17	1002	25.00	54.62	255.79
Feb-98	733	3.500	1.000	2,565.50	427.58	971	42.76	128.20	598.54
Mar-98	242	3.500	1.000	847.00	141.17	941	25.00	40.93	207.10
Apr-98	386	3.500	1.000	1,351.00	225.17	910	25.00	63.00	313.17
May-98	212	3.500	1.000	742.00	123.67	880	25.00	33.38	182.05
Jun-98	343	3.500	1.000	1,200.50	200.08	849	25.00	51.97	277.05
Jul-98	675	3.500	1.000	2,362.50	393.75	818	39.38	98.25	531.38
Aug-98	1172	3.500	1.000	4,102.00	683.67	788	68.37	163.86	915.90
Sep-98	826	3.500	1.000	2,891.00	481.83	757	48.18	110.57	640.58
Oct-98	707	3.500	1.000	2,474.50	412.42	727	41.24	90.57	544.23
Nov-98	617	3.500	1.000	2,159.50	359.92	696	35.99	75.38	471.29
Dec-98	650	3.500	1.000	2,275.00	379.17	665	37.92	75.54	492.63
Jan-99	1197	1.730	1.000	2,070.81	345.14	637	34.51	65.59	445.24
Feb-99	645	1.660	1.000	1,070.70	178.45	606	25.00	32.09	235.54
Mar-99	597	1.540	1.000	919.38	153.23	576	25.00	26.04	204.27
Apr-99	589	1.660	1.000	977.74	162.96	545	25.00	26.04	214.00
May-99	559	2.160	1.000	1,207.44	201.24	515	25.00	30.17	256.41
Jun-99	144	2.080	1.000	299.52	49.92	484	25.00	6.98	81.90
Jul-99	265	2.170	1.000	575.05	95.84	453	25.00	12.41	133.25

SOUTH MARSH DEVELOPMENT, INC.
 STATE LEASE M-067525
 FIELD: MARSH, S (DELAWARE)
 LEASE: REEVES STATE 22
 COUNTY: REEVES
 RRC WELL ID'S: 08-073716, 08-150377, & 08-148705
 STATES'S ROYALTY DECIMAL .166667

ATTACHMENT II

AUDITOR: EG
 FILE: C:/ 89168-G.XLS
 11/14/00

PENALTY/
 INTEREST DATE:
 12/11/00

		(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
MONTH/ YEAR	SALES REPORTED TO R.R.C. (GAS)	PRICE (A)	BTU (A)	GROSS VALUE (1)X2)X(3)	ROYALTY DUE (4)X(.166667)	NUMBER OF DAYS LATE	PENALTY DUE (B)	INTEREST DUE (B)	TOTAL DUE (5)+(7)+(8)
Aug-99	151	2.460	1.000	371.46	61.91	423	25.00	7.41	94.32
Sep-99	400	2.780	1.000	1,112.00	185.33	392	25.00	20.29	230.62
Oct-99	181	2.420	1.000	438.02	73.00	362	25.00	7.27	105.27
Nov-99	143	2.870	1.000	410.41	68.40	331	25.00	6.12	99.52
Dec-99	612	2.080	1.000	1,272.96	212.16	300	25.00	16.81	253.97
Jan-00	494	2.190	1.000	1,081.86	180.31	271	25.00	12.57	217.88
Feb-00	531	2.410	1.000	1,279.71	213.29	240	25.00	12.69	250.98
Mar-00	578	2.410	1.000	1,392.98	232.16	210	25.00	11.53	268.69
Apr-00	310	2.790	1.000	864.90	144.15	179	25.00	5.69	174.84
May-00	862	2.870	1.000	2,473.94	412.32	149	41.23	12.20	465.75
Jun-00	795	4.100	1.000	3,259.50	543.25	118	54.33	10.54	608.12
21,831		\$65,801.38			\$10,966.92	\$1,356.36		\$2,603.58	\$14,926.86

COMMENTS:

- (A) RRC VOLUME - GAS VOLUMES REPORTED TO THE RRC ON FORM P-2.
- (B) REPORT VOLUMES, PRICE & BTU - OBTAINED FROM GLO-2 REPORTS SUBMITTED TO THE GLO,
- (C) SEE ATTACHMENT III, "SUMMARY OF PENALTY/INTEREST ASSESSMENT RULES", FOR EXPLANATION OF PENALTY AND INTEREST CALCULATIONS.

File No. MF067525

71

Billing

Date Filed: 11/14/00

Jerry E. Patterson, Commissioner

By _____

**Texas General
Land Office**



**David Dewhurst
Commissioner**

December 20, 2000

CERTIFIED MAIL 7000 0520 0023 2503 6922

SOUTH MARSH DEVELOPMENT INC
11782 Jollyville Rd.
Austin, TX 79759

RE: Notice of underpayment on State Leases MF-068440; MF-067525;
MF-067528; MF-067529; MF-067953.

Dear Sir or Madam:

The Royalty Management Division of the Texas General Land Office has completed a limited review of the above referenced lease operated by South Marsh Development, Inc. Through this review, it was determined that \$92,924.85 has been underpaid to the State for the reporting periods December 1996 through October 2000. This amount comprises \$71,417.00 in additional royalty, \$8,725.01 in penalty and \$12,782.84 in interest, which has been computed through January 12, 2001 in accordance with Section 52.131 of the Texas Natural Resources Code.

The following documents are attached in support of our findings:

- A brief summary of our review (Attachment I);
- Schedule supporting our royalty, penalty and interest calculations (Attachment II), and;
- Procedures used for assessment of penalties and interest (Attachment III).

To ensure your company remains in good standing with the General Land Office, please respond to this notice within 25 days of the above date. If your records reflect this royalty has been paid, please provide us with documentation of payments made and remittance dates. Payment of this notice should be submitted separately from monthly royalty payments you may be remitting. In order to ensure proper credit, your payment should be mailed to my attention along with a copy of this letter.

Mailing

Post Office Box 12873
Austin, Texas
78711-2873

TELEPHONE

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

512.463.5001
1.800.998.4GLO
www.glo.state.tx.us

South Marsh Development, Inc.

December 20, 2000

Page 2

This notice in no way precludes the General Land Office from pursuing any claim or remedy related to this royalty payment. Additionally, this notice does not constitute an Audit Billing Notice as defined in Section 52.135 of the Natural Resources Code and, consequently, does not preclude the General Land Office from conducting further examinations of this or other leases operated and/or reported by South Marsh Development, Inc. or from examining these or other issues and time periods in a future inspection of your books, accounts, reports or other records.

If you have any questions, please call Scott Veach at (512) 475-1479.

Sincerely,

A handwritten signature in dark ink, appearing to read "Joe A. King". The signature is fluid and cursive, with the first name "Joe" and last name "King" being clearly distinguishable.

Joe A. King, Supervisor

Royalty Management / Energy Resources

ATTACHMENT I
REVIEW SUMMARY

State Leases MF-068440; MF-067525; MF-067528; MF-067529; MF-067953

We have reviewed our records for the period of December 1996 through October 2000; to determine whether or not royalty for gas has been reported and paid correctly with respect to volume and price. Volumes reported to the Texas General Land Office (TGLO) were compared to volumes reported to the Texas Railroad Commission (TRRC) with any differences being noted. We also reviewed the lease agreement to determine if payment for the aforementioned is due.

As a result of this review, it was determined that gas disposition volumes were not reported on RRC#'s: 08-075080; 08-075080; 08-148024; 08-150371; 08-073716; 08-150377; 08-148705; 08-33832; 08-072794; 08-150160; 08-170408; 08-149340; 08-075080; 08-148024; 08-150371 and royalty was not paid on those volumes.

Therefore, we have concluded that additional royalty revenue is due in the following amount.

Royalty	Penalty	Interest	Total
\$71,417.00	\$8,725.01	\$12,782.84	\$92,924.85

(See attachment II for supporting calculations)

SOUTH MARSH DEVELOPMENT, INC.
 STATE LEASE NUMBER M-68440
 FIELD NAME: SOUTH MARSH (DELAWARE)
 LEASE NAME: HILL & HILL 34
 RRC WELL ID's#: 08-075080; 08-148024; 08-150371
 STATE'S ROYALTY DECIMAL: 0.09375

ATTACHMENT II

AUDITOR: S. VEACH
 DATE: DECEMBER 19, 2000

INTEREST DATE:
 01/12/01

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
MONTH	MCF VOLUMES (A)	PRICE (B)	GROSS VALUE (1)x(2)	ROYALTY DUE (3)x(0.09375)	ROYALTY PAID	ADDITIONAL ROYALTY DUE (4)-(5)	NET ROYALTY DUE LESS CREDIT	NUMBER OF DAYS LATE	PENALTY DUE	INTEREST DUE	TOTAL DUE (6)+(9)+(10)
Dec-96	2,380	3.500	8,330.00	780.94	746.12	34.82	34.82	1427	25.00	15.66	75.48
Jan-97	2,325	3.500	8,137.50	762.89	651.41	111.48	111.48	1399	25.00	49.11	185.59
Feb-97	2,128	3.500	7,448.00	698.25	597.66	100.59	100.59	1368	25.00	43.29	168.88
Mar-97	2,467	3.500	8,634.50	809.48	727.54	81.94	81.94	1338	25.00	34.46	141.40
Apr-97	1,319	3.500	4,616.50	432.80	371.69	61.11	61.11	1307	25.00	25.07	111.18
May-97	1,391	3.500	4,868.50	456.42	404.36	52.06	52.06	1277	25.00	20.85	97.91
Jun-97	1,018	3.500	3,563.00	334.03	291.38	42.65	42.65	1246	25.00	16.64	84.29
Jul-97	773	3.500	2,705.50	253.64	255.71	(2.07)	(2.07)	1215	0.00	0.00	(2.07)
Aug-97	368	3.500	1,288.00	120.75	95.18	25.57	23.50	1185	25.00	8.70	59.27
Sep-97	313	3.500	1,095.50	102.70	2,260.46	102.70	102.70	1154	25.00	36.97	164.67
Oct-97	1,289	3.500	4,511.50	422.95	352.60	70.35	70.35	1124	25.00	24.63	119.98
Nov-97	2,088	3.500	7,308.00	685.13	604.82	80.31	80.31	1093	25.00	27.30	132.61
Dec-97	691	3.500	2,418.50	226.73	186.24	40.49	40.49	1062	25.00	13.35	78.84
Jan-98	952	3.500	3,332.00	312.38	0.00	312.38	312.38	1034	31.24	100.13	443.75
Feb-98	797	3.500	2,789.50	261.52	0.00	261.52	261.52	1003	26.15	81.16	368.83
Mar-98	397	3.500	1,389.50	130.27	0.00	130.27	130.27	973	25.00	39.15	194.42
Apr-98	604	3.500	2,114.00	198.19	0.00	198.19	198.19	942	25.00	57.53	280.72
May-98	323	3.500	1,130.50	105.98	0.00	105.98	105.98	912	25.00	29.72	160.70
Jun-98	195	3.500	682.50	63.98	0.00	63.98	63.98	881	25.00	17.29	106.27
Jul-98	328	3.500	1,148.00	107.63	0.00	107.63	107.63	850	25.00	27.99	160.62
Aug-98	1,665	3.500	5,827.50	546.33	0.00	546.33	546.33	820	54.63	136.69	737.65
Sep-98	2,005	3.500	7,017.50	657.89	0.00	657.89	657.89	789	65.79	157.89	881.57
Oct-98	450	3.500	1,575.00	147.66	0.00	147.66	147.66	759	25.00	33.98	206.64
Nov-98	958	3.500	3,353.00	314.34	0.00	314.34	314.34	728	31.43	69.14	414.91
Dec-98	2,076	3.500	7,266.00	681.19	0.00	681.19	681.19	697	68.12	142.88	892.19
Jan-99	865	1.730	1,496.45	140.29	0.00	140.29	140.29	669	25.00	28.13	193.42
Feb-99	2,751	1.660	4,566.66	428.12	0.00	428.12	428.12	638	42.81	81.50	552.43
Mar-99	3,419	1.540	5,265.26	493.62	0.00	493.62	493.62	608	49.36	89.10	632.08
Apr-99	3,218	1.660	5,341.88	500.80	0.00	500.80	500.80	577	50.08	85.29	636.17
May-99	2,924	2.160	6,315.84	592.11	0.00	592.11	592.11	547	59.21	95.00	746.32
Jun-99	2,669	2.080	5,551.52	520.46	0.00	520.46	520.46	516	52.05	78.20	650.71
Jul-99	2,105	2.170	4,567.85	428.24	0.00	428.24	428.24	485	42.82	59.98	531.04
Aug-99	2,849	2.460	7,008.54	657.05	0.00	657.05	657.05	455	65.71	85.54	808.30

SOUTH MARSH DEVELOPMENT, INC.
 STATE LEASE NUMBER M-68440
 FIELD NAME: SOUTH MARSH (DELAWARE)
 LEASE NAME: HILL & HILL 34
 RRC WELL ID's#: 08-075080; 08-148024; 08-150371
 STATE'S ROYALTY DECIMAL: 0.09375

ATTACHMENT II

AUDITOR: S. VEACH
 DATE: DECEMBER 19, 2000

INTEREST DATE:
 01/12/01

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
MONTH	MCF VOLUMES (A)	PRICE (B)	GROSS VALUE (1)x(2)	ROYALTY DUE (3)x(0.09375)	ROYALTY PAID	ADDITIONAL ROYALTY DUE (4)-(5)	NET ROYALTY DUE LESS CREDIT	NUMBER OF DAYS LATE	PENALTY DUE	INTEREST DUE	TOTAL DUE (6)+(9)+(10)
Sep-99	1,927	2.780	5,357.06	502.22	0.00	502.22	502.22	424	50.22	60.27	612.71
Oct-99	2,464	2.420	5,962.88	559.02	0.00	559.02	559.02	394	55.90	61.57	676.49
Nov-99	2,661	2.870	7,637.07	715.98	0.00	715.98	715.98	363	71.60	71.56	859.14
Dec-99	2,198	2.080	4,571.84	428.61	0.00	428.61	428.61	332	42.86	38.47	509.94
Jan-00	1,445	2.190	3,164.55	296.68	0.00	296.68	296.68	303	29.67	23.80	350.15
Feb-00	1,332	2.410	3,210.12	300.95	0.00	300.95	300.95	272	30.10	21.07	352.12
Mar-00	1559	2.410	3,757.19	352.24	0.00	352.24	352.24	242	35.22	21.19	408.65
Apr-00	935	2.790	2,608.65	244.56	0.00	244.56	244.56	211	25.00	12.22	281.78
May-00	1178	2.870	3,380.86	316.96	0.00	316.96	316.96	181	31.70	12.71	361.37
Jun-00	1228	4.100	5,034.80	472.01	0.00	472.01	472.01	150	47.20	14.12	533.33
Jul-00	839	4.100	3,439.90	322.49	0.00	322.49	322.49	119	32.25	6.36	361.10
Aug-00	824	4.100	3,378.40	316.73	0.00	316.73	316.73	89	31.67	3.12	351.52
Sep-00	1171	4.100	4,801.10	450.10	0.00	450.10	450.10	58	45.01	0.00	495.11
Oct-00	1061	4.100	4,350.10	407.82	0.00	407.82	407.82	28	25.00	0.00	432.82
	70,922		203,318.52	19,061.13	7,545.17	13,776.42			1,667.80	2,158.78	17,603.00

COMMENTS:

(A) VOLUMES ARE OBTAINED FROM RAILROAD COMMISSION FORMS P-2

(B) PRICE/BTU REPRESENTS SALES PRICES SUPPLIED BY SOUTH MARSH DEVELOPMENT, INC.
 AND FROM BTU ESTIMATES.

(C) SEE ATTACHMENT III, "SUMMARY OF PENALTY/INTEREST ASSESSMENT RULES",
 FOR EXPLANATION OF PENALTY AND INTEREST CALCULATIONS.

SOUTH MARSH DEVELOPMENT, INC.
 STATE LEASE M-067525
 FIELD: MARSH, S (DELAWARE)
 LEASE: REEVES STATE 22
 COUNTY: REEVES
 RRC WELL ID'S: 08-073716,08-150377, & 08-148705
 STATES'S ROYALTY DECIMAL .166667

ATTACHMENT II

AUDITOR: EG
 FILE: C:/ 67525-G.XLS
 12/19/00

PENALTY/
 INTEREST DATE:
 01/12/01

		(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
MONTH/ YEAR	SALES REPORTED TO R.R.C. (GAS) (A)	PRICE (B)	BTU (B)	GROSS VALUE (1)X2)X(3)	ROYALTY DUE (4)X(.166667)	NUMBER OF DAYS LATE	PENALTY DUE (C)	INTEREST DUE (C)	TOTAL DUE (5)+(7)+(8)
Dec-96	77	3.500	1.000	269.50	44.92	1427	25.00	20.20	90.12
Jan-97	120	3.500	1.000	420.00	70.00	1399	25.00	30.84	125.84
Feb-97	467	3.500	1.000	1,634.50	272.42	1368	27.24	117.24	416.90
Mar-97	1146	3.500	1.000	4,011.00	668.50	1338	66.85	281.10	1,016.45
Apr-97	312	3.500	1.000	1,092.00	182.00	1307	25.00	74.67	281.67
May-97	501	3.500	1.000	1,753.50	292.25	1277	29.23	117.03	438.51
Jun-97	619	3.500	1.000	2,166.50	361.08	1246	36.11	140.91	538.10
Jul-97	804	3.500	1.000	2,814.00	469.00	1215	46.90	178.25	694.15
Aug-97	236	3.500	1.000	826.00	137.67	1185	25.00	50.96	213.63
Sep-97	0	3.500	1.000	0.00	0.00	1154	0.00	0.00	0.00
Oct-97	380	3.500	1.000	1,330.00	221.67	1124	25.00	77.61	324.28
Nov-97	289	3.500	1.000	1,011.50	168.58	1093	25.00	57.31	250.89
Dec-97	962	3.500	1.000	3,367.00	561.17	1062	56.12	185.05	802.34
Jan-98	302	3.500	1.000	1,057.00	176.17	1034	25.00	56.47	257.64
Feb-98	733	3.500	1.000	2,565.50	427.58	1003	42.76	132.70	603.04
Mar-98	242	3.500	1.000	847.00	141.17	973	25.00	42.42	208.59
Apr-98	386	3.500	1.000	1,351.00	225.17	942	25.00	65.37	315.54
May-98	212	3.500	1.000	742.00	123.67	912	25.00	34.68	183.35
Jun-98	343	3.500	1.000	1,200.50	200.08	881	25.00	54.07	279.15
Jul-98	675	3.500	1.000	2,362.50	393.75	850	39.38	102.40	535.53
Aug-98	1172	3.500	1.000	4,102.00	683.67	820	68.37	171.05	923.09
Sep-98	826	3.500	1.000	2,891.00	481.83	789	48.18	115.64	645.65
Oct-98	707	3.500	1.000	2,474.50	412.42	759	41.24	94.91	548.57
Nov-98	617	3.500	1.000	2,159.50	359.92	728	35.99	79.16	475.07
Dec-98	650	3.500	1.000	2,275.00	379.17	697	37.92	79.53	496.62
Jan-99	1197	1.730	1.000	2,070.81	345.14	669	34.51	69.22	448.87
Feb-99	645	1.660	1.000	1,070.70	178.45	638	25.00	33.97	237.42
Mar-99	597	1.540	1.000	919.38	153.23	608	25.00	27.66	205.89
Apr-99	589	1.660	1.000	977.74	162.96	577	25.00	27.75	215.71
May-99	559	2.160	1.000	1,207.44	201.24	547	25.00	32.29	258.53
Jun-99	144	2.080	1.000	299.52	49.92	516	25.00	7.50	82.42
Jul-99	265	2.170	1.000	575.05	95.84	485	25.00	13.42	134.26

SOUTH MARSH DEVELOPMENT, INC.
STATE LEASE M-067525
FIELD: MARSH, S (DELAWARE)
LEASE: REEVES STATE 22
COUNTY: REEVES
RRC WELL ID'S: 08-073716,08-150377, & 08-148705
STATES'S ROYALTY DECIMAL .166667

ATTACHMENT II

AUDITOR: EG
FILE: C:/ 67525-G.XLS
12/19/00

PENALTY/
INTEREST DATE:
01/12/01

		(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
MONTH/ YEAR	SALES REPORTED TO R.R.C. (GAS) (A)	PRICE (B)	BTU (B)	GROSS VALUE (1)X2)X(3)	ROYALTY DUE (4)X(.166667)	NUMBER OF DAYS LATE	PENALTY DUE (C)	INTEREST DUE (C)	TOTAL DUE (5)+(7)+(8)
Aug-99	151	2.460	1.000	371.46	61.91	455	25.00	8.06	94.97
Sep-99	400	2.780	1.000	1,112.00	185.33	424	25.00	22.24	232.57
Oct-99	181	2.420	1.000	438.02	73.00	394	25.00	8.04	106.04
Nov-99	143	2.870	1.000	410.41	68.40	363	25.00	6.84	100.24
Dec-99	612	2.080	1.000	1,272.96	212.16	332	25.00	19.04	256.20
Jan-00	494	2.190	1.000	1,081.86	180.31	303	25.00	14.46	219.77
Feb-00	531	2.410	1.000	1,279.71	213.29	272	25.00	14.94	253.23
Mar-00	578	2.410	1.000	1,392.98	232.16	242	25.00	13.97	271.13
Apr-00	310	2.790	1.000	864.90	144.15	211	25.00	7.20	176.35
May-00	862	2.870	1.000	2,473.94	412.32	181	41.23	16.54	470.09
Jun-00	795	4.100	1.000	3,259.50	543.25	150	54.33	16.25	613.83
Jul-00	521	4.100	1.000	2,136.10	356.02	119	35.60	7.02	398.64
Aug-00	764	4.100	1.000	3,132.40	522.07	89	52.21	5.15	579.43
Sep-00	391	4.100	1.000	1,603.10	267.18	58	13.36	0.00	280.54
Oct-00	754	4.100	1.000	3,091.40	515.23	28	0.00	0.00	515.23
24,261				\$75,764.38	\$12,627.42		\$1,457.53	\$2,731.13	\$16,816.08

COMMENTS:

- (A) RRC VOLUME - GAS VOLUMES REPORTED TO THE RRC ON FORM P-2.
- (B) REPORT VOLUMES, PRICE & BTU - OBTAINED FROM GLO-2 REPORTS SUBMITTED TO THE GLO,
- (C) SEE ATTACHMENT III, "SUMMARY OF PENALTY/INTEREST ASSESSMENT RULES", FOR EXPLANATION OF PENALTY AND INTEREST CALCULATIONS.

SOUTH MARSH DEVELOPMENT, INC.

STATE LEASE M-067528

FIELD: MARSH, S (DELAWARE)

LEASE: REEVES STATE 27

COUNTY: REEVES

RRC WELL ID'S: 08-33832,08-072794, 08-150160, & 08-170408

STATES'S ROYALTY DECIMAL .166667

ATTACHMENT II

AUDITOR: EG

FILE: C:/ 67528-G.XLS

12/19/00

PENALTY/
INTEREST DATE:
01/12/01

(2) (3) (4) (5) (6) (7) (8) (9)

MONTH/ YEAR	SALES REPORTED TO R.R.C. (GAS) (A)	PRICE (B)	BTU (B)	GROSS VALUE (1)X2)X(3)	ROYALTY DUE (4)X(.166667)	NUMBER OF DAYS LATE	PENALTY DUE (C)	INTEREST DUE (C)	TOTAL DUE (5)+(7)+(8)
Dec-96	746	3.500	1.000	2,611.00	435.17	1427	43.52	195.72	674.41
Jan-97	484	3.500	1.000	1,694.00	282.33	1399	28.23	124.38	434.94
Feb-97	587	3.500	1.000	2,054.50	342.42	1368	34.24	147.36	524.02
Mar-97	384	3.500	1.000	1,344.00	224.00	1338	25.00	94.19	343.19
Apr-97	498	3.500	1.000	1,743.00	290.50	1307	29.05	119.19	438.74
May-97	783	3.500	1.000	2,740.50	456.75	1277	45.68	182.90	685.33
Jun-97	813	3.500	1.000	2,845.50	474.25	1246	47.43	185.07	706.75
Jul-97	921	3.500	1.000	3,223.50	537.25	1215	53.73	204.18	795.16
Aug-97	564	3.500	1.000	1,974.00	329.00	1185	32.90	121.79	483.69
Sep-97	767	3.500	1.000	2,684.50	447.42	1154	44.74	161.07	653.23
Oct-97	949	3.500	1.000	3,321.50	553.58	1124	55.36	193.83	802.77
Nov-97	997	3.500	1.000	3,489.50	581.58	1093	58.16	197.71	837.45
Dec-97	422	3.500	1.000	1,477.00	246.17	1062	25.00	81.17	352.34
Jan-98	395	3.500	1.000	1,382.50	230.42	1034	25.00	73.86	329.28
Feb-98	434	3.500	1.000	1,519.00	253.17	1003	25.32	78.57	357.06
Mar-98	1470	3.500	1.000	5,145.00	857.50	973	85.75	257.67	1,200.92
Apr-98	1936	3.500	1.000	6,776.00	1,129.34	942	112.93	327.85	1,570.12
May-98	1602	3.500	1.000	5,607.00	934.50	912	93.45	262.07	1,290.02
Jun-98	1159	3.500	1.000	4,056.50	676.08	881	67.61	182.71	926.40
Jul-98	2072	3.500	1.000	7,252.00	1,208.67	850	120.87	314.32	1,643.86
Aug-98	1624	3.500	1.000	5,684.00	947.34	820	94.73	237.02	1,279.09
Sep-98	1451	3.500	1.000	5,078.50	846.42	789	84.64	203.14	1,134.20
Oct-98	1613	3.500	1.000	5,645.50	940.92	759	94.09	216.54	1,251.55
Nov-98	1764	3.500	1.000	6,174.00	1,029.00	728	102.90	226.32	1,358.22
Dec-98	2730	3.500	1.000	9,555.00	1,592.50	697	159.25	334.03	2,085.78
Jan-99	3190	1.730	1.000	5,518.70	919.79	669	91.98	184.46	1,196.23
Feb-99	2260	1.660	1.000	3,751.60	625.27	638	62.53	119.02	806.82
Mar-99	2765	1.540	1.000	4,258.10	709.68	608	70.97	128.09	908.74
Apr-99	2826	1.660	1.000	4,691.16	781.86	577	78.19	133.15	993.20
May-99	2073	2.160	1.000	4,477.68	746.28	547	74.63	119.73	940.64
Jun-99	1827	2.080	1.000	3,800.16	633.36	516	63.34	95.16	791.86
Jul-99	1436	2.170	1.000	3,116.12	519.35	485	51.94	72.74	644.03

SOUTH MARSH DEVELOPMENT, INC.
STATE LEASE M-067528
FIELD: MARSH, S (DELAWARE)
LEASE: REEVES STATE 27
COUNTY: REEVES
RRC WELL ID'S: 08-33832,08-072794, 08-150160, & 08-170408
STATES'S ROYALTY DECIMAL .166667

ATTACHMENT II

AUDITOR: EG
FILE: C:/ 67528-G.XLS
12/19/00

PENALTY/
INTEREST DATE:
01/12/01

		(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
MONTH/ YEAR	SALES REPORTED TO R.R.C. (GAS) (A)	PRICE (B)	BTU (B)	GROSS VALUE (1)X2)X(3)	ROYALTY DUE (4)X(.166667)	NUMBER OF DAYS LATE	PENALTY DUE (C)	INTEREST DUE (C)	TOTAL DUE (5)+(7)+(8)
Aug-99	1913	2.460	1.000	4,705.98	784.33	455	78.43	102.11	964.87
Sep-99	1790	2.780	1.000	4,976.20	829.37	424	82.94	99.52	1,011.83
Oct-99	1761	2.420	1.000	4,261.62	710.27	394	71.03	78.23	859.53
Nov-99	1798	2.870	1.000	5,160.26	860.05	363	86.00	85.96	1,032.01
Dec-99	1757	2.080	1.000	3,654.56	609.09	332	60.91	54.67	724.67
Jan-00	1096	2.190	1.000	2,400.24	400.04	303	40.00	32.09	472.13
Feb-00	1379	2.410	1.000	3,323.39	553.90	272	55.39	38.79	648.08
Mar-00	1307	2.410	1.000	3,149.87	524.98	242	52.50	31.59	609.07
Apr-00	850	2.790	1.000	2,371.50	395.25	211	39.53	19.75	454.53
May-00	842	2.870	1.000	2,416.54	402.76	181	40.28	16.15	459.19
Jun-00	872	4.100	1.000	3,575.20	595.87	150	59.59	17.83	673.29
Jul-00	231	4.100	1.000	947.10	157.85	119	25.00	3.11	185.96
Aug-00	606	4.100	1.000	2,484.60	414.10	89	41.41	4.08	459.59
Sep-00	772	4.100	1.000	3,165.20	527.53	58	26.38	0.00	553.91
Oct-00	0	4.100	1.000	0.00	0.00	28	0.00	0.00	0.00
60,516				\$171,283.28	\$28,547.27		\$2,842.55	\$6,158.89	\$37,548.71

COMMENTS:

- (A) RRC VOLUME - GAS VOLUMES REPORTED TO THE RRC ON FORM P-2.
- (B) REPORT VOLUMES, PRICE & BTU - OBTAINED FROM GLO-2 REPORTS SUBMITTED TO THE GLO,
- (C) SEE ATTACHMENT III, "SUMMARY OF PENALTY/INTEREST ASSESSMENT RULES", FOR EXPLANATION OF PENALTY AND INTEREST CALCULATIONS.

SOUTH MARSH DEVELOPMENT, INC.
 STATE LEASE M-067529
 FIELD: MARSH, S (DELAWARE)
 LEASE: REEVES STATE 35
 COUNTY: REEVES
 RRC GAS WELL ID: 08-149340
 STATES'S ROYALTY DECIMAL .166667

ATTACHMENT II

AUDITOR: EG
 FILE: C:/ 67529-G.XLS
 12/19/00

PENALTY/
 INTEREST DATE:
 01/12/01

		(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
MONTH/ YEAR	SALES REPORTED TO R.R.C. (GAS) (A)	PRICE (B)	BTU (B)	GROSS VALUE (1)X2)X(3)	ROYALTY DUE (4)X(.166667) (B)	NUMBER OF DAYS LATE	PENALTY DUE (C)	INTEREST DUE (C)	TOTAL DUE (5)+(7)+(8)
Dec-96	502	3.500	1.000	1,757.00	292.83	1427	29.28	131.70	453.81
Jan-97	10	3.500	1.000	35.00	5.83	1399	25.00	2.57	33.40
Feb-97	59	3.500	1.000	206.50	34.42	1368	25.00	14.81	74.23
Mar-97	10	3.500	1.000	35.00	5.83	1338	25.00	2.45	33.28
Apr-97	294	3.500	1.000	1,029.00	171.50	1307	25.00	70.37	266.87
May-97	313	3.500	1.000	1,095.50	182.58	1277	25.00	73.11	280.69
Jun-97	4	3.500	1.000	14.00	2.33	1246	25.00	0.91	28.24
Jul-97	27	3.500	1.000	94.50	15.75	1215	25.00	5.99	46.74
Aug-97	6	3.500	1.000	21.00	3.50	1185	25.00	1.30	29.80
Sep-97	39	3.500	1.000	136.50	22.75	1154	25.00	8.19	55.94
Oct-97	63	3.500	1.000	220.50	36.75	1124	25.00	12.87	74.62
Nov-97	54	3.500	1.000	189.00	31.50	1093	25.00	10.71	67.21
Dec-97	42	3.500	1.000	147.00	24.50	1062	25.00	8.08	57.58
Jan-98	49	3.500	1.000	171.50	28.58	1034	25.00	9.16	62.74
Feb-98	38	3.500	1.000	133.00	22.17	1003	25.00	6.88	54.05
Mar-98	137	3.500	1.000	479.50	79.92	973	25.00	24.01	128.93
Apr-98	27	3.500	1.000	94.50	15.75	942	25.00	4.57	45.32
May-98	315	3.500	1.000	1,102.50	183.75	912	25.00	51.53	260.28
Jun-98	120	3.500	1.000	420.00	70.00	881	25.00	18.92	113.92
Jul-98	31	3.500	1.000	108.50	18.08	850	25.00	4.70	47.78
Aug-98	6	3.500	1.000	21.00	3.50	820	25.00	0.88	29.38
Sep-98	413	3.500	1.000	1,445.50	240.92	789	25.00	57.82	323.74
Oct-98	0	3.500	1.000	0.00	0.00	759	0.00	0.00	0.00
Nov-98	0	3.500	1.000	0.00	0.00	728	0.00	0.00	0.00
Dec-98	9	3.500	1.000	31.50	5.25	697	25.00	1.10	31.35
Jan-99	49	1.730	1.000	84.77	14.13	669	25.00	2.83	41.96
Feb-99	14	1.660	1.000	23.24	3.87	638	25.00	0.74	29.61
Mar-99	48	1.540	1.000	73.92	12.32	608	25.00	2.22	39.54
Apr-99	0	1.660	1.000	0.00	0.00	577	0.00	0.00	0.00
May-99	0	2.160	1.000	0.00	0.00	547	0.00	0.00	0.00
Jun-99	0	2.080	1.000	0.00	0.00	516	0.00	0.00	0.00
Jul-99	0	2.170	1.000	0.00	0.00	485	0.00	0.00	0.00

SOUTH MARSH DEVELOPMENT, INC.
STATE LEASE M-067529
FIELD: MARSH, S (DELAWARE)
LEASE: REEVES STATE 35
COUNTY: REEVES
RRC GAS WELL ID: 08-149340
STATES'S ROYALTY DECIMAL .166667

ATTACHMENT II

AUDITOR: EG
FILE: C:/ 67529-G.XLS
12/19/00

PENALTY/
INTEREST DATE:
01/12/01

		(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
MONTH/ YEAR	SALES REPORTED TO R.R.C. (GAS) (A)	PRICE (B)	BTU (B)	GROSS VALUE (1)X2)X(3)	ROYALTY DUE (4)X(.166667) (B)	NUMBER OF DAYS LATE	PENALTY DUE (C)	INTEREST DUE (C)	TOTAL DUE (5)+(7)+(8)
Aug-99	0	2.460	1.000	0.00	0.00	455	0.00	0.00	0.00
Sep-99	0	2.780	1.000	0.00	0.00	424	0.00	0.00	0.00
Oct-99	0	2.420	1.000	0.00	0.00	394	0.00	0.00	0.00
Nov-99	0	2.870	1.000	0.00	0.00	363	0.00	0.00	0.00
Dec-99	0	2.080	1.000	0.00	0.00	332	0.00	0.00	0.00
Jan-00	41	2.190	1.000	89.79	89.79	303	25.00	7.20	121.99
Feb-00	63	2.410	1.000	151.83	151.83	272	25.00	10.63	187.46
Mar-00	33	2.410	1.000	79.53	79.53	242	25.00	4.78	109.31
Apr-00	17	2.790	1.000	47.43	47.43	211	25.00	2.37	74.80
May-00	27	2.870	1.000	77.49	77.49	181	25.00	3.11	105.60
Jun-00	33	4.100	1.000	135.30	135.30	150	25.00	4.05	164.35
Jul-00	753	4.100	1.000	3,087.30	3,087.30	119	308.73	60.90	3,456.93
Aug-00	342	4.100	1.000	1,402.20	1,402.20	89	140.22	13.83	1,556.25
Sep-00	511	4.100	1.000	2,095.10	2,095.10	58	104.76	0.00	2,199.86
Oct-00	512	4.100	1.000	2,099.20	2,099.20	28	209.92	0.00	2,309.12
5,011		\$18,435.10			\$10,793.49	\$1,567.91		\$635.29	\$12,996.69

COMMENTS:

- (A) RRC VOLUME - GAS VOLUMES REPORTED TO THE RRC ON FORM P-2.
- (B) REPORT VOLUMES, PRICE & BTU - OBTAINED FROM GLO-2 REPORTS SUBMITTED TO THE GLO, ROYALTIES ARE COMPUTED AT 100% EFFECTIVE OCTOBER 1999 SINCE WE CONSIDER THE LEASE TERMINATED DUE TO NO PRODUCTION BEING REPORTED FOR THE PERIOD APRIL 1999 THROUGH DECEMBER 1999.
- (C) SEE ATTACHMENT III, "SUMMARY OF PENALTY/INTEREST ASSESSMENT RULES", FOR EXPLANATION OF PENALTY AND INTEREST CALCULATIONS.

SOUTH MARSH DEVELOPMENT INC
 STATE LEASE M-67953
 REEVES STATE 14
 SOUTH MARSH (DELAWARE)
 REEVES COUNTY, TEXAS
 RRC GAS WELL #08-75320
 STATE'S ROYALTY DECIMAL .166667

ATTACHMENT

AUDITOR: C LIBERTY
 FILE NAME: 67953-98.xls
 DATE: 12/19/00

PENALTY/
 INTEREST DATE:

01/12/01

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
MONTH/ YEAR	RRC VOLUME (A)	PRICE (B)	BTU (B)	GROSS VALUE (1)X(2)X(3)	ROYALTY DUE (4)X(.166667)	NUMBER OF DAYS LATE	PENALTY DUE (C)	INTEREST DUE (C)	TOTAL DUE (5)+(7)+(8)
Dec-96	375	3.5000	1.000	1,312.50	218.75	1427	25.00	98.38	342.13
Jan-97	220	3.5000	1.000	770.00	128.33	1399	25.00	56.54	209.87
Feb-97	247	3.5000	1.000	864.50	144.08	1368	25.00	62.01	231.09
Mar-97	340	3.5000	1.000	1,190.00	198.33	1338	25.00	83.40	306.73
Apr-97	351	3.5000	1.000	1,228.50	204.75	1307	25.00	84.01	313.76
May-97	237	3.5000	1.000	829.50	138.25	1277	25.00	55.36	218.61
Jun-97	74	3.5000	1.000	259.00	43.17	1246	25.00	16.85	85.02
Jul-97	140	3.5000	1.000	490.00	81.67	1215	25.00	31.04	137.71
Aug-97	30	3.5000	1.000	105.00	17.50	1185	25.00	6.48	48.98
Sep-97	27	3.5000	1.000	94.50	15.75	1154	25.00	5.67	46.42
Oct-97	91	3.5000	1.000	318.50	53.08	1124	25.00	18.59	96.67
Nov-97	78	3.5000	1.000	273.00	45.50	1093	25.00	15.47	85.97
Dec-97	315	3.5000	1.000	1,102.50	183.75	1062	25.00	60.59	269.34
Jan-98	87	3.5000	1.000	304.50	50.75	1034	25.00	16.27	92.02
Feb-98	290	3.5000	1.000	1,015.00	169.17	1003	25.00	52.50	246.67
Mar-98	81	3.5000	1.000	283.50	47.25	973	25.00	14.20	86.45
Apr-98	154	3.5000	1.000	539.00	89.83	942	25.00	26.08	140.91
May-98	73	3.5000	1.000	255.50	42.58	912	25.00	11.94	79.52
Jun-98	53	3.5000	1.000	185.50	30.92	881	25.00	8.36	64.28
Jul-98	31	3.5000	1.000	108.50	18.08	850	25.00	4.70	47.78
Aug-98	56	3.5000	1.000	196.00	32.67	820	25.00	8.17	65.84
Sep-98	216	3.5000	1.000	756.00	126.00	789	25.00	30.24	181.24
Oct-98	146	3.5000	1.000	511.00	85.17	759	25.00	19.60	129.77
Nov-98	297	3.5000	1.000	1,039.50	173.25	728	25.00	38.11	236.36
Dec-98	226	3.5000	1.000	791.00	131.83	697	25.00	27.65	184.48
Jan-99	119	1.7300	1.000	205.87	34.31	669	25.00	6.88	66.19
Feb-99	496	1.6600	1.000	823.36	137.23	638	25.00	26.12	188.35
Mar-99	529	1.5400	1.000	814.66	135.78	608	25.00	24.51	185.29
Apr-99	418	1.6600	1.000	693.88	115.65	577	25.00	19.70	160.35
May-99	407	2.1600	1.000	879.12	146.52	547	25.00	23.51	195.03
Jun-99	228	2.0800	1.000	474.24	79.04	516	25.00	11.88	115.92
Jul-99	285	2.1700	1.000	618.45	103.08	485	25.00	14.44	142.52
Aug-99	214	2.4600	1.000	526.44	87.74	455	25.00	11.42	124.16
Sep-99	297	2.7800	1.000	825.66	137.61	424	25.00	16.51	179.12
Oct-99	234	2.4200	1.000	566.28	94.38	394	25.00	10.39	129.77
Nov-99	201	2.8700	1.000	576.87	96.15	363	25.00	9.61	130.76

SOUTH MARSH DEVELOPMENT INC
STATE LEASE M-67953
REEVES STATE 14
SOUTH MARSH (DELAWARE)
REEVES COUNTY, TEXAS
RRC GAS WELL #08-75320
STATE'S ROYALTY DECIMAL .166667

ATTACHMENT

AUDITOR: C LIBERTY
FILE NAME: 67953-98.xls
DATE: 12/19/00

PENALTY/
INTEREST DATE:

01/12/01

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
MONTH/ YEAR	RRC VOLUME (A)	PRICE (B)	BTU (B)	GROSS VALUE (1)X(2)X(3)	ROYALTY DUE (4)X(.166667)	NUMBER OF DAYS LATE	PENALTY DUE (C)	INTEREST DUE (C)	TOTAL DUE (5)+(7)+(8)
Dec-99	252	2.0800	1.000	524.16	87.36	332	25.00	7.84	120.20
Jan-00	320	2.1900	1.000	700.80	116.80	303	25.00	9.37	151.17
Feb-00	405	2.4100	1.000	976.05	162.68	272	25.00	11.39	199.07
Mar-00	463	2.4100	1.000	1,115.83	185.97	242	25.00	11.19	222.16
Apr-00	240	2.7900	1.000	669.60	111.60	211	25.00	5.58	142.18
May-00	430	2.8700	1.000	1,234.10	205.68	181	25.00	8.25	238.93
Jun-00	574	4.1000	1.000	2,353.40	392.23	150	39.22	11.73	443.18
Jul-00	279	4.3500	1.000	1,213.65	202.28	119	25.00	3.99	231.27
Aug-00	360	3.7700	1.000	1,357.20	226.20	89	25.00	2.23	253.43
Sep-00	253	3.7700	1.000	953.81	158.97	58	25.00	0.00	183.97
Oct-00	294	3.7700	1.000	1,108.38	184.73	28	25.00	0.00	209.73
11,533				\$34,034.31	\$5,672.40		\$1,189.22	\$1,098.75	\$7,960.37

COMMENTS:

- (A) RRC VOLUME - REPRESENTS LEASE DISPOSITIONS FROM RRC WELL ID# 08-75320.
- (B) PRICE/BTU - REPRESENTS SALES PRICES SUPPLIED BY SOUTH MARSH DEVELOPMENT AND BTUs ESTIMATES.
- (C) SEE ATTACHMENT III, "SUMMARY OF PENALTY/INTEREST ASSESSMENT RULES", FOR EXPLANATION OF PENALTY AND INTEREST CALCULATION

ATTACHMENT III

SUMMARY OF PENALTY/INTEREST ASSESSMENT RULES FOR DELINQUENT ROYALTIES AND DELINQUENT REQUIRED REPORTS OR DOCUMENTS

	DUE BEFORE 10-1-75 (Production Prior to 8-1-75)	DUE AFTER 10-1-75 AND BEFORE 9-1-85 (Production 8-1-75 thru 6-30-85)	DUE AFTER 9-1-85 (Production 7-1-85 Forward)
PENALTY (3) - For delinquent royalty - For delinquent report, affidavit, or other document	NONE NONE	The greater of 1% of the delinquent amount or \$5.00 for each 30-day delinquency \$5.00 per document for each 30-day period of delinquency	For delinquencies of 30 days or less, the greater of 5% of the delinquent amount or \$25.00 \$10.00 per document for each 30-day period of delinquency
INTEREST For delinquent royalty	6% per year, compounded annually; accrual begins 30 days after due date (1)	6% per year, compounded annually; accrual begins 30 days after due date (1)	12% per year, simple; accrual begins 60 days after due date (2)

(1) Tex. Rev. Civ. Stat. Ann., Article 5069-1.03 and related case law.

(2) Tex. Nat. Res. Code Ann. § 52.131 (g).

(3) Penalties are not assessed in cases of title dispute as to the state's portion of the royalty or to royalty in dispute as to fair market value except when fraud is involved, in which case the fraud penalty is applicable. Penalty provisions are found at Tex. Nat. Res. Code Ann. § 52.131 (e), (f), & (h).

A royalty payment that is not accompanied by the required royalty affidavit identifying the GLO lease number is delinquent. The State's power to forfeit a lease shall not be affected by the assessment or payment of any delinquency, penalty, or interest.

File No.

M-67525
Bieling

(72)

Date Filed:

David Dewhurst, Commissioner

By

**Texas General
Land Office**



**David Dewhurst
Commissioner**

July 12, 2001

I, David Dewhurst, Commissioner of the General Land Office of the State of Texas, do hereby certify that the papers, records, and documents of said office show;

This Certificate of Fact is supplemental to one written February 25, 1997, for Mr. William B. Burford, @ Hinkle, Cox, Eaton, Coffield & Hensley, covering Section 22, Block 45, PSL Survey, Reeves County, Texas, and contains title and status facts since that date only;

That the latest royalty payments for lease M-67525 were received in the Texas General Land Office on June 3, 1996, for oil produced during April, 1996, and on September 11, 1998, for gas produced during July, 1998;

IN TESTIMONY WHEREOF, I hereto set my hand and seal of said office the first date above written.

DAVID DEWHURST
COMMISSIONER

DD:MC

Mailing

Post Office Box 12873
Austin, Texas
78711-2873

Street

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

Mr. Bill Burford
Hinkle, Hensley, Shanor & Martin, LLP
PO Box 3580
Midland, Texas 79702-3580

Fee: \$100.00
Register No. 45444
Dicta No. 2001-58
Files: Mineral File: M-67525

512.463.5001
1.800.998.4GLO
www.glo.state.tx.us

File No.

M-67525

(73)

Reeves

County

97-2001-58

Date Filed:

7-13-01

David Dewhurst, Commissioner

By

me

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

April 4, 2003

CERTIFIED MAIL 7002 0860 0007 9386 8321

SECOND REQUEST

SOUTH MARSH DEVELOPMENT INC
11782 JOLLYVILLE RD
AUSTIN TX 78759-3938

FIRST BILLING WAS HANDLED
BY LEGAL DEPT + JOE KING.

PARTIAL PAYMENT WAS REC'D
2-21-03 + 3-10-03.

RE: Notice of non-payment on State Lease(s) MF-067525, 067526, 067529, 067953, and 068440

Dear Sir or Madam:

We have reviewed the GLO-3 forms attached to your checks and the emailed EOTT documents you supplied, and find the paperwork insufficient to settle our first billings. The State requires solid third party price documentation to cancel any part of a billing. So far you have failed to provide it.

Six revised schedules are enclosed showing updated penalty and interest. The amount now due is \$10,227.46, comprised of \$5,376.92 in additional royalty, \$2,999.79 in penalty and \$1850.75 in interest. Penalty and interest have been computed in accordance with Section 52.131 of the Texas Natural Resources Code, and continue to accrue until payment is received. Penalty and interest are therefore due through either 02/21/03 or 3/10/03 on the royalty due amount shown in column (5), and from 02/21/03 through 4/29/03 on the amount shown in column (7).

You are also hereby notified that if the amount now due is not received in this office by April 29, 2003, these leases will be forwarded to our legal division for appropriate action.

If you have any questions, please call Teresa Telkes, Accounts Examiner, at (512) 936-6928.

Sincerely,

Joe King, Supervisor
Royalty Management
Energy Resources Division

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

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

www.glo.state.tx.us

SOUTH MARSH DEVELOPMENT INC
 STATE LEASE M-067525
 REEVES STATE 22
 SOUTH MARSH FIELD
 REEVES COUNTY TEXAS
 RRC GAS WELL #08-073716, 148705, 150377
 STATE ROYALTY DECIMAL .166667

ATTACHMENT II - SECOND NOTICE

AUDITOR: TMT
 FILE NAME: 067525.XLS
 DATE: 04/04/03

PENALTY/ 02/21/03 (E)
 INTEREST DATES: 04/29/03 (E)

GAS	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
MONTH/ YEAR	VOLUME (A)	PRICE (B)	BTU (B)	GROSS VALUE (1)X(2)X(3)	ROYALTY DUE (4)X(.166667)	ROYALTY PAID (D)	NET ADDITIONAL ROYALTY DUE (5)-(6)	NUMBER OF DAYS LATE	PENALTY DUE (C)	INTEREST DUE ON OLD AMOUNT (5)	INTEREST DUE ON NEW AMOUNT (7)	TOTAL DUE (7)+(9)+(10)+(11)
Nov-01	1,159	2.7900	1.000	3,233.61	538.94	475.19	63.75	402	53.89	60.77	1.40	179.81
Dec-01	609	2.3500	1.000	1,431.15	238.53	201.99	20.02	371	25.00	24.47	0.44	69.93
Jan-02	398	2.5700	1.000	1,022.86	170.48	187.00	0.00	343	25.00	15.92	0.00	40.92
Feb-02	1,086	1.8300	1.000	1,987.38	331.23	295.47	35.76	312	33.12	27.55	0.79	97.22
Mar-02	843	2.1800	1.000	1,837.74	306.29	287.62	18.67	282	30.63	22.46	0.41	72.17
Apr-02	858	3.1800	1.000	2,728.44	454.74	419.66	17.05	251	45.47	28.70	0.37	91.59
May-02	704	3.1200	1.000	2,196.48	366.08	340.20	0.00	221	36.61	19.50	0.00	56.11
Jun-02	637	2.8600	1.000	1,821.82	303.64	260.11	0.00	190	30.36	13.08	0.00	43.44
Jul-02	44	3.1600	1.000	139.04	23.17	110.61	0.00	159	25.00	0.76	0.00	25.76
Aug-02	723	2.7600	1.000	1,995.48	332.58	332.58	0.00	129	33.26	7.65	0.00	40.91
Sep-02	868	3.0500	1.000	2,647.40	441.23	261.85	179.38	98	44.12	5.66	3.95	233.11
Oct-02	683	3.2700	1.000	2,233.41	372.24	275.48	65.18	68	37.22	1.10	1.44	104.94
Nov-02	270	3.8800	1.000	1,047.60	174.60	206.18	0.00	37	25.00	0.00	0.00	25.00
Dec-02	1,403	3.9100	1.000	5,485.73	914.29	869.84	44.45	6	45.71	0.00	0.20	90.36
	10,285			\$29,808.14	\$4,968.04	\$4,523.78	\$444.26		\$490.39	\$227.62	\$9.00	\$1,171.27

COMMENTS:

- (A) VOLUME - CODE 2 DISPOSITIONS REPORTED BY SOUTH MARSH TO RRC FOR 08-073716, 148705, 150377.
- (B) PRICE/BTU - HISTORICAL INSIDE FERC EL PASO PERMIAN POSTINGS
- (C) SEE ATTACHMENT III, "SUMMARY OF PENALTY/INTEREST ASSESSMENT RULES", FOR EXPLANATION OF PENALTY AND INTEREST CALCULATIONS.
- (D) PAYMENTS MADE BY SOUTH MARSH AT GLO OFFICES ON 2/21/03 BY CKS # 4211, 4212, 4213, 4214 AND 4215
- (E) COLUMN (10) SHOWS INTEREST ON COLUMN (5) BALANCES AT 2/21/03. COLUMN (11) SHOWS INCREMENTAL INTEREST ON COLUMN (7) BALANCE, FROM 02/21/03 THRU 04/25/03.

(74)

MF-067525

BILLING

4-4-03

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

February 19, 2004

Chevron Texaco Global Trading
PO Box 421889
Houston, Texas 77242

Re: State Lease MF067525, MF067528
Reeves-State
5045890

*2 copies made. 1 for each file.
3/4/04*

The General Land Office has received and filed the division order submitted for the above-referenced state lease. Please be advised that the payment of royalties attributable to state-owned mineral interests is set by statute. As the execution of division orders may, in some cases, affect the manner in which such payments are paid or calculated, it is the policy of this office not to execute them.

Subject to applicable state law and the state's right to take its production in-kind, the General Land Office acquiesces to the sale of oil and gas under the terms and conditions set out in the oil and gas lease. If you should have questions concerning this matter, please feel free to call me at (512) 463-6521.

Sincerely,

Beverly Boyd

Beverly Boyd, Lease Analyst
Mineral Leasing Division

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

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

www.glo.state.tx.us

16 DO's

CHEVRON TEXACO GLOBAL TRADING
P O BOX 421889
HOUSTON, TX 77242-1889
(713)993-5750

RECEIVED
04 FEB 17 PM 3:07
ENERGY DIVISION

Date: 02/10/2004 Issued By: MLAMB Division Order Contract Document No: 499633 Page 1 of 8

We, the undersigned, and each of us, whether one or more, hereby declare, warrant and agree that we are the owners of all the oil and/or gas and associated production in the properties set out below:

Property Number: 2000270

Property Name: DUVAL STATE #1

Operator: R W BLAIR

Field: HEINER S (COMB)

MF091475

Described as: NW/4 NW/4 SECTION 14, BLOCK 105, GC&SF SURVEY,
PECOS COUNTY, TEXAS, LIMITED TO PRODUCTION BELOW 1,200 FEET

DOI Number: 97005

Effective 7:00 a.m. 01/01/2004 the interest(s) shall be credited and paid as follows:

Owner No	Site No	Owner Name and Revenue Address	Decimal Interest	Interest Type
307284	1	STATE OF TEXAS COMMISSIONER OF THE GENERAL LAND OFFICE STEPHEN F AUSTIN BLDG 1700 NORTH CONGRESS AVE AUSTIN, TX 78701	0.10000000	RI Less Taxes

Property Number: 5006644

Property Name: MITCHELL #1

Operator: U S ENERGY CORPORATION

Field: G.P.M. (PENN)

MF081214

Described as: SW/4 OF SECTION 4, BLOCK B-10, PSL SURVEY, WINKLER CO, TEXAS,
CONTAINING 160 ACRES, MORE OR LESS.

DOI Number: 1233

Effective 7:00 a.m. 01/01/2004 the interest(s) shall be credited and paid as follows:

Owner No	Site No	Owner Name and Revenue Address	Decimal Interest	Interest Type
307284	1	STATE OF TEXAS COMMISSIONER OF THE GENERAL LAND OFFICE STEPHEN F AUSTIN BLDG 1700 NORTH CONGRESS AVE AUSTIN, TX 78701	0.09375000	RI Less Taxes

Property Number: 5034773

Operator: GREAT WESTERN DRILLING CO

Property Name: TWO FRED'S UNIT #1591

Field:

MF049811

Described as: LOCATED IN LOVING COUNTY, TEXAS
EFFECTIVE 11/01/1996 LIMITED TO 25.4779% OF PRODUCTION FROM UNIT.
PLEASE NOTE ALL RI & ORI DECIMALS HAVE BEEN REDUCED BY 25.4779%.

DOI Number: 36596 LIMITED TO 25.4779% OF UNIT PRODUCTION EFFECTIVE 11/1/1996

Effective 7:00 a.m. 01/01/2004 the interest(s) shall be credited and paid as follows:

Owner No	Site No	Owner Name and Revenue Address	Decimal Interest	Interest Type
307284	1	STATE OF TEXAS COMMISSIONER OF THE GENERAL LAND OFFICE STEPHEN F AUSTIN BLDG 1700 NORTH CONGRESS AVE AUSTIN, TX 78701	0.00002242	RI Less Taxes

STATE OF TEXAS COMMISSIONER OF THE GENERAL LAND OF
STEPHEN F AUSTIN BLDG
1700 NORTH CONGRESS AVE
AUSTIN, TX 78701

499633

499633

CHEVRON TEXACO GLOBAL TRADING
P O BOX 421889
HOUSTON, TX 77242-1889
(713)993-5750

Date: 02/10/2004 Issued By: MLAMB Division Order Contract Document No: 499633 Page 2 of 8

Property Number: 5044569
Operator: BEBCO PARTS INDUSTRIES INC

Property Name: BLAYDES MF074077 ✓
Field: PECOS VALLEY (HIGH GRAV)

Described as: ALL OF SECTION 50, BLOCK 10, H&GN RY. CO., ABSTRACT NO. 8963, CERTIFICATE
2/366, SAVE AND EXCEPT THE MOST SOUTHERLY ONE-FOURTH OF SAID SURVEY
50 AND EXCEPT THE MOST WESTERLY ONE-FOURTH OF THE MOST NORTHERLY ONE-
FOURTH OF SAID SURVEY 50 CONTAINING 440 ACRES OF LAND, FROM THE SURFACE
OF THE EARTH DOWN TO AND INCLUDING 2,500 FEET SUBSURFACE. PECOS COUNTY, TEXAS

DOI Number: 90110

Effective 7:00 a.m. 01/01/2004 the interest(s) shall be credited and paid as follows:

Owner No	Site No	Owner Name and Revenue Address	Decimal Interest	Interest Type
307284	1	STATE OF TEXAS COMMISSIONER OF THE GENERAL LAND OFFICE STEPHEN F AUSTIN BLDG 1700 NORTH CONGRESS AVE AUSTIN, TX 78701	0.09375000	RI Less Taxes

Property Number: 5045890
Operator: SOUTH MARSH DEVELOPMENT INC

Property Name: REEVES-STATE (22) MF067525
Field: MARSH, S. (DELAWARE) (27) MF067528 ✓

Described as: SECTIONS 22 & 27, BLK 45, PSL SURVEY, REEVES COUNTY, TEXAS

DOI Number: 12408

Effective 7:00 a.m. 01/01/2004 the interest(s) shall be credited and paid as follows:

Owner No	Site No	Owner Name and Revenue Address	Decimal Interest	Interest Type
307284	1	STATE OF TEXAS COMMISSIONER OF THE GENERAL LAND OFFICE STEPHEN F AUSTIN BLDG 1700 NORTH CONGRESS AVE AUSTIN, TX 78701	0.16666670	RI Less Taxes

Property Number: 5057792
Operator: R W BLAIR

Property Name: DUVAL (A) STATE L -A- ✓
Field: HEINER, S. (COMBINED)

Described as: NE/4 NW/4 SECTION 14, BLOCK 105, GC & SF SURVEY,
STATE OF TEXAS LEASE NO. M-77651, PECOS COUNTY, TEXAS

DOI Number: 16761

Effective 7:00 a.m. 01/01/2004 the interest(s) shall be credited and paid as follows:

Owner No	Site No	Owner Name and Revenue Address	Decimal Interest	Interest Type
307284	1	STATE OF TEXAS COMMISSIONER OF THE GENERAL LAND OFFICE STEPHEN F AUSTIN BLDG 1700 NORTH CONGRESS AVE AUSTIN, TX 78701	0.09375000	RI Less Taxes

STATE OF TEXAS COMMISSIONER OF THE GENERAL LAND OF
STEPHEN F AUSTIN BLDG
1700 NORTH CONGRESS AVE
AUSTIN, TX 78701

499633

499633

CHEVRON TEXACO GLOBAL TRADING
P O BOX 421889
HOUSTON, TX 77242-1889
(713)993-5750

Date: 02/10/2004 Issued By: MLAMB Division Order Contract Document No: 499633 Page 3 of 8

Property Number: 5058138
Operator: JOE V MASSEY

Property Name: GRANT, J. W. -ESTATE-
Field: PECOS VALLEY (HIGH GRAV

Described as: SW/4 SECTION 18, BLOCK 10, H & GN RY. CO. SURVEY.
WARD COUNTY, TEXAS *PECOS*

MF036340

DOI Number: 16867

Effective 7:00 a.m. 01/01/2004 the interest(s) shall be credited and paid as follows:

Owner No	Site No	Owner Name and Revenue Address	Decimal Interest	Interest Type
307284	1	STATE OF TEXAS COMMISSIONER OF THE GENERAL LAND OFFICE STEPHEN F AUSTIN BLDG 1700 NORTH CONGRESS AVE AUSTIN, TX 78701	0.06250000	RI Less Taxes

Property Number: 5064009
Operator: SOUTH MARSH DEVELOPMENT INC

Property Name: HILL & HILL 34 *MF068440*
Field: MARSH,S.(DELAWARE)

Described as: SECTION 34, BLOCK 45, PSL SURVEY, REEVES COUNTY, TEXAS, SAVE AND EXCEPT
THE NW/4 OF SECTION 34 (THE NW/4 OF SECTION 34 IS DESIGNATED AS THE
CHEVRON STATE LEASE, EOTT D/O #45891).

DOI Number: 19546

Effective 7:00 a.m. 01/01/2004 the interest(s) shall be credited and paid as follows:

Owner No	Site No	Owner Name and Revenue Address	Decimal Interest	Interest Type
307284	1	STATE OF TEXAS COMMISSIONER OF THE GENERAL LAND OFFICE STEPHEN F AUSTIN BLDG 1700 NORTH CONGRESS AVE AUSTIN, TX 78701	0.09375000	RI Less Taxes

Property Number: 5075418
Operator: MARSHALL & WINSTON INC

Property Name: REVEILLE #1 *MF097734*
Field: FRANCES HILL (PENN LOWER)

Described as: S/2 SEC 45, ABS 739 (338.85 ACRES) AND S/2 OF SEC 64 ABS 2462
(347.35 ACRES) CCSD&RGNG RY CO SURVEY - *EDWARDS*

OWNERSHIP, PER TITLE OPINION DATED 2-3-97 FROM LYNCH CHAPPELL & ALSUP

DOI Number: 46959

Effective 7:00 a.m. 01/01/2004 the interest(s) shall be credited and paid as follows:

Owner No	Site No	Owner Name and Revenue Address	Decimal Interest	Interest Type
307284	1	STATE OF TEXAS COMMISSIONER OF THE GENERAL LAND OFFICE STEPHEN F AUSTIN BLDG 1700 NORTH CONGRESS AVE AUSTIN, TX 78701	0.25000000	RI Less Taxes

STATE OF TEXAS COMMISSIONER OF THE GENERAL LAND OF
STEPHEN F AUSTIN BLDG
1700 NORTH CONGRESS AVE
AUSTIN, TX 78701

499633

499633

CHEVRON TEXACO GLOBAL TRADING
P O BOX 421889
HOUSTON, TX 77242-1889
(713)993-5750

Date: 02/10/2004 Issued By: MLAMB Division Order Contract Document No: 499633 Page 4 of 8

Property Number: 5080132

Operator: MARSHALL & WINSTON INC

Property Name: SPIRIT #1 MF099310

Field: FRANCES HILL (PENN, LOWER)

Described as: TEXAS A&M UNIVERSITY LEASE COVERING THE N/2 OF SECTION 45, ABSTRACT NO. 739 AND THE N/2 OF SECTION 64, ABSTRACT NO. 2462, CCSD&RGNG RY. CO. SURVEY, CONTAINING 686.2 ACRES, MORE OR LESS EDWARDS COUNTY, TEXAS

DOI Number: 45041

Effective 7:00 a.m. 01/01/2004 the interest(s) shall be credited and paid as follows:

Owner No	Site No	Owner Name and Revenue Address	Decimal Interest	Interest Type
307284	1	STATE OF TEXAS COMMISSIONER OF THE GENERAL LAND OFFICE STEPHEN F AUSTIN BLDG 1700 NORTH CONGRESS AVE AUSTIN, TX 78701	0.25000000	RI Less Taxes

Property Number: 5081655

Operator: MARSHALL & WINSTON INC

Property Name: SPIRIT "A"

Field: FRANCES HILL (PENN, LOWER)

Described as: TEXAS A & M UNIVERSITY LEASE COVERING THE NW/4 OF SECTION 64, ABSTRACT NO 2462, CCSD & RGNG RY. CO. SURVEY, EDWARDS COUNTY, TX

DOI Number: 69676

Effective 7:00 a.m. 01/01/2004 the interest(s) shall be credited and paid as follows:

Owner No	Site No	Owner Name and Revenue Address	Decimal Interest	Interest Type
307284	1	STATE OF TEXAS COMMISSIONER OF THE GENERAL LAND OFFICE STEPHEN F AUSTIN BLDG 1700 NORTH CONGRESS AVE AUSTIN, TX 78701	0.25000000	RI Less Taxes

Property Number: 5083756

Operator: MARSHALL & WINSTON INC

Property Name: HOLMAN FAGAN 46-2 MF099299

Field: FRANCES HILL PENN LOWER

Described as: SW/4 OF SECTION 46, ABSTRACT NO. 2103, M H TAYLOR, SAVE AND EXCEPT THE INTERVAL FROM THE SURFACE TO 1000 FEET, EDWARDS COUNTY, TEXAS

DOI Number: 72321

Effective 7:00 a.m. 01/01/2004 the interest(s) shall be credited and paid as follows:

Owner No	Site No	Owner Name and Revenue Address	Decimal Interest	Interest Type
307284	1	STATE OF TEXAS COMMISSIONER OF THE GENERAL LAND OFFICE STEPHEN F AUSTIN BLDG 1700 NORTH CONGRESS AVE AUSTIN, TX 78701	0.00805120	RI Less Taxes

Property Number: 5083757

Operator: MARSHALL & WINSTON INC

Property Name: HULLABALOO #1 MF066351

Field: FRANCES HILL PENN LOWER

Described as: (Please see attached.)

STATE OF TEXAS COMMISSIONER OF THE GENERAL LAND OF
STEPHEN F AUSTIN BLDG
1700 NORTH CONGRESS AVE
AUSTIN, TX 78701

499633

499633

CHEVRON TEXACO GLOBAL TRADING
P O BOX 421889
HOUSTON, TX 77242-1889
(713)993-5750

Date: 02/10/2004

Issued By: MLAMB

Division Order Contract

Document No: 499633

Page 7 of 8

Property Number: 5083757

Operator: MARSHALL & WINSTON INC

Described as: TEXAS A&M UNIVERSITY LEASE COVERING THE SW/4 OF SECTION 63, CERTIFICATE NO. 552, ABSTRACT NO. 740, CCSD&RGNG RY CO SURVEY, BUT ONLY AS TO ALL DEPTHS BELOW THE STRATIGRAPHIC EQUIVALENT OF THE BASE OF THE SECOND HOLMAN SAND BEING IDENTIFIED AS 6,667 FEET IN THE MARSHALL & WINSTON INC - SPIRIT #1 WELL IN THE NE/4 OF SECTION 45, CCSD&RGNG RY CO SURVEY AND 6,694 FEET IN THE JOHNSON & LINDLEY INC - TEXAS A&M "63" #5 WELL IN THE SW/4 OF SECTION 63, CCSD&RGNG RY CO SURVEY, EDWARDS COUNTY, TEXAS

Property Name: HULLABALOO #1

Field: FRANCES HILL PENN LOWER

cont.

*63
45*

CHEVRON TEXACO GLOBAL TRADING
P O BOX 421889
HOUSTON, TX 77242-1889
(713)993-5750

Date: 02/10/2004 Issued By: MLAMB Division Order Contract Document No: 499633 Page 5 of 8

DOI Number: 72320

Effective 7:00 a.m. 01/01/2004 the interest(s) shall be credited and paid as follows:

Owner No	Site No	Owner Name and Revenue Address	Decimal Interest	Interest Type
307284	1	STATE OF TEXAS COMMISSIONER OF THE GENERAL LAND OFFICE STEPHEN F AUSTIN BLDG 1700 NORTH CONGRESS AVE AUSTIN, TX 78701	0.16666670	RI Less Taxes

Property Number: 5091573

Operator: WHITEMOUND OIL CO

Property Name: SOUTHLAND ROYALTY MF 049174
Field: PECOS VALLEY (PERMIAN LO) ✓

Described as: LEGAL 53 BLK 10
PECOS COUNTY, TEXAS

DOI Number: 70304

Effective 7:00 a.m. 01/01/2004 the interest(s) shall be credited and paid as follows:

Owner No	Site No	Owner Name and Revenue Address	Decimal Interest	Interest Type
307284	1	STATE OF TEXAS COMMISSIONER OF THE GENERAL LAND OFFICE STEPHEN F AUSTIN BLDG 1700 NORTH CONGRESS AVE AUSTIN, TX 78701	0.06250000	RI Less Taxes

Property Number: 5091927

Operator: SCHLAGAL, INC.

Property Name: MOSS STATE "28" #1 MF 080086
Field: TROPORO (DEVONIAN) ✓

Described as: SECTION 28, BLOCK 1 H&TC RY CO SURVEY
CRANE COUNTY, TEXAS

DOI Number: 46378

Effective 7:00 a.m. 01/01/2004 the interest(s) shall be credited and paid as follows:

Owner No	Site No	Owner Name and Revenue Address	Decimal Interest	Interest Type
307284	1	STATE OF TEXAS COMMISSIONER OF THE GENERAL LAND OFFICE STEPHEN F AUSTIN BLDG 1700 NORTH CONGRESS AVE AUSTIN, TX 78701	0.12500000	RI Less Taxes

The undersigned certifies the ownership of their decimal interest in production or proceeds as described above payable by Chevron Texaco Global Trading (Payor).

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

Payor is authorized to withhold payment pending resolution of a title dispute or adverse claim asserted regarding the interest in production claimed herein by the undersigned. The undersigned agrees to indemnify and reimburse Payor any amount attributable to an interest to which the undersigned is not entitled.

Payor may accrue proceeds until the total amount equals applicable state statute amounts.

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

In addition to the terms and conditions of this Division order, the undersigned and Payor may have certain statutory rights under the laws of the

STATE OF TEXAS COMMISSIONER OF THE GENERAL LAND OF
STEPHEN F AUSTIN BLDG
1700 NORTH CONGRESS AVE
AUSTIN, TX 78701

499633

499633

75.
File No. MF 067525

Division Order

Date Filed: 2/19/04

Jerry E. Patterson, Commissioner
By [Signature]

U.S. Postal Service
CERTIFIED MAIL RECEIPT

(Domestic Mail Only; No Insurance Coverage Provided)

Postage

\$

Certified Fee

Return Receipt Fee
(Endorsement Required)

Restricted Delivery Fee
(Endorsement Required)

Total Postage & Fees

\$

Postmark
Here

Recipient's Name *(Please Print Clearly) (To be completed by mailer)*

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

City, State, ZIP+ 4

החלק הזה מלא על ידי המעביר
המקבל לא מלא

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- Certified Mail may **ONLY** be combined with First-Class Mail or Priority Mail.
- Certified Mail is not available for any class of international mail.
- **NO INSURANCE COVERAGE IS PROVIDED** with Certified Mail. For valuables, please consider Insured or Registered Mail.
- For an additional fee, a Return Receipt may be requested to provide proof of delivery. To obtain Return Receipt service, please complete and attach a Return Receipt (PS Form 3811) to the article and add applicable postage to cover the fee. Endorse mailpiece "Return Receipt Requested". To receive a fee waiver for a duplicate return receipt, a USPS postmark on your Certified Mail receipt is required.
- For an additional fee, delivery may be restricted to the addressee or addressee's authorized agent. Advise the clerk or mark the mailpiece with the endorsement "Restricted Delivery".
- If a postmark on the Certified Mail receipt is desired, please present the article at the post office for postmarking. If a postmark on the Certified Mail receipt is not needed, detach and affix label with postage and mail.

IMPORTANT: Save this receipt and present it when making an inquiry.

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

I also wish to receive the following services (for an extra fee):

1. ☐ Addressee's Address
2. ☐ Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

South Marsh Development, Inc.
105222 Carrolton Court
Missouri City, TX 77459

4a. Article Number**4b. Service Type**

- | | |
|---|---|
| ☐ Registered | ☒ Certified |
| ☐ Express Mail | ☐ Insured |
| ☐ Return Receipt for Merchandise | ☐ COD |

7. Date of Delivery

2-15-00

5. Received By: (Print Name)**6. Signature: (Addressee or Agent)**

X

[Signature]

8. Addressee's Address (Only if requested and fee is paid)

7000 0520 0024 5632 9368

UNITED STATES POSTAL SERVICE



First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10

• Print your name, address, and ZIP Code in this box •

TEXAS GENERAL LAND OFFICE
P O BOX 12873
AUSTIN TX 78711-2873

ATTN: CARL BONN, Energy Resources
03111

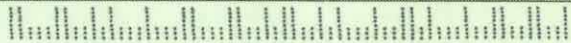
RECEIVED

FEB 17 2006

GENERAL LAND OFFICE

RECEIVED
06 FEB 17 2006
ENERGY RESOURCES

B003



TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

February 10, 2006

VIA CRRR #7000 0520 0024 5632 9368

South Marsh Development, Inc.
10522 Carrollton Court
Missouri City, TX 77459

RE: Termination of State Lease MF067525 & MF067528
Lease Name: (Unit # 301) (08-148705, 150377)
Reeves County

*Re-traited
CYB*

Gentlemen:

A review of our records has determined that the above-referenced leases and unit terminated due to failure to produce in paying quantities. The lease provide that if it is extended beyond its primary term the lease shall remain in effect as long thereafter as oil and/or gas are produced in paying quantities.

As a result, the lease has terminated under the terms and conditions of the lease and the laws of the State as further defined in Title 31 of the Texas Administrative Code ("TAC"). Pursuant to the TAC, a recorded original or certified copy of a Release of the State Oil and Gas Lease must be filed with our office.

If the wells are plugged, copies of Railroad Commission Form W-3 must be filed with our office. Our Audit Division will notify you shortly if delinquent royalties are due.

In accordance with the provisions of the TAC, if you disagree with this assessment please provide evidence to this office at the address shown below within 30 days of receipt of this letter. Failure to reply or failure to present sufficient evidence of the continuation of the lease will result in the mineral file being endorsed as terminated. You will receive no further communication from this office prior to termination.

Sincerely,

Carl F. Bonn, CPL
Mineral Leasing
Office: (512) 463-5407

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

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

www.glo.state.tx.us

75.A
99.
File No. MF067525
Termination Ltr.

Date Filed: 2-10-06

Jerry Patterson, Commissioner

By Carl Bonn

Vol 750
Pg 660

PARTIAL RELEASE OF OIL AND GAS LEASE

State: TEXAS
County: REEVES
Lessee: CHEVRON OIL CO.
Effective Date: MARCH 1, 2006

South Marsh Development, Inc., as successors in interest to the Lessee, named above, (hereinafter collectively referred to as "Lessee") is the present owner and holder of the following Oil and Gas (Leases):

1. State lease MF067525, Sec.22, Blk 45 PSL, recorded Volume 315, Page 95. of the Gas Lease Records, Reeves County, Texas, dated October 3, 1972, insofar as and only insofar as said lease covers the S/2 of said Section 22.
2. State lease MF067528, Sec.27, Blk 45 PSL, recorded Volume 315, Page 107. of the Gas Lease Records, Reeves County, Texas, dated October 3, 1972, insofar as and only insofar as said lease covers the N/2 of said Section 27.

Lessee relinquishes, releases, and surrenders, to the present owners of the mineral estate, all of Lessee's rights, title, and interests in the Leases as to that portion of the lands subject to the described Leases, as follows:

All depths below the base Bell Canyon Formation or below a subsurface depth of 4000 feet, whichever is deeper.

This Partial Release in no way is intended to release or impair Lessee's ownership and rights in the Leases as to lands or depths which are not specifically described above.

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

South Marsh Development, Inc.

By: 

Title: MANAGER

STATE OF TEXAS

COUNTY OF HARRIS

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

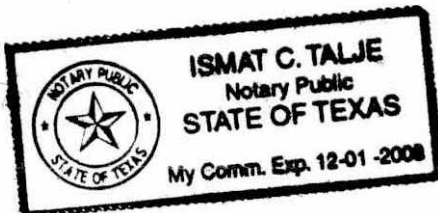
ROBEN BARBA

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

PRESIDENT of SOUTH MAIN DEVELOPMENT INC and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said corporation.

Given under my hand and seal of office this 1st day of

May, 2006.



Ismat C. Talje

Notary Public in and for Harris County, TX

My Commission expires: 12-01-2008

Certificate of Record

14.00 Recording Fee

14.00 Certified Copy Fee

14.00 Total Paid *envelope* 006204

Return to:

Caprock Producing
P.O. Box 3789
Midland, TX 79702-3789

COMPARED

FILED FOR RECORD
2006 DEC -4 AM 10:19

DIANNE O. FLOREZ
COUNTY CLERK, REEVES COUNTY, TX

[Signature]

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

THE STATE OF TEXAS, }
COUNTY OF REEVES. }

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

OPR VOL. 750 PAGE 660 DATE RECORDED 12/05/2006



DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

By: *[Signature]*, Deputy

BEAR GRAPHICS, INC.



CAPROCK PRODUCING, LLC

511 W. Ohio Ste 400
Midland, Texas 79701

P.O. Box 3789
Midland, Texas 79702

Office (432) 682-7709
Fax (432) 682-7722

December 8, 2006

Mr. Carl Bonn
P.O. Box 12873
Austin, TX 78711

Reeves to Clerk
(432) 445-5467
~~2774~~

RE: Partial Release Oil & Gas Lease
State leases: MF067525, MF067528
Sections 22 and 27, Blk 45 PSL
Reeves County, Texas

Enclosed you will find the above referenced instruments, fully executed and filed for record, releasing the deep rights below 4000'.

If I can be of further assistance pertaining to this matter, please advise.

Sincerely,



Tod E. Slaton

RECEIVED

06 DEC 11 AM 11:52

orig to Mary Silva 12-27-06

#76

File No. M-67525
PARTIAL RELEASE

Date Filed: 11-10-2006

Jerry E. Patterson, Commissioner

By _____

15.11.00

PARTIAL RELEASE OF OIL AND GAS LEASE

State: TEXAS
County: REEVES
Lessee: CHEVRON OIL CO.
Effective Date: MARCH 1, 2006

South Marsh Development, Inc., as successors in interest to the Lessee, named above, (hereinafter collectively referred to as "Lessee") is the present owner and holder of the following Oil and Gas (Leases):

1. State lease MF067525, Sec.22, Blk 45 PSL, recorded Volume 315, Page 95. of the Gas Lease Records, Reeves County, Texas, dated October 3, 1972, insofar as and only insofar as said lease covers the S/2 of said Section 22.
2. State lease MF067528, Sec.27, Blk 45 PSL, recorded Volume 315, Page 107. of the Gas Lease Records, Reeves County, Texas, dated October 3, 1972, insofar as and only insofar as said lease covers the N/2 of said Section 27.

Lessee relinquishes, releases, and surrenders, to the present owners of the mineral estate, all of Lessee's rights, title, and interests in the Leases as to that portion of the lands subject to the described Leases, as follows:

All depths below the base Bell Canyon Formation or below a subsurface depth of 4000 feet, whichever is deeper.

This Partial Release in no way is intended to release or impair Lessee's ownership and rights in the Leases as to lands or depths which are not specifically described above.

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

South Marsh Development, Inc.

By: 

Title: PRESIDENT

File No. MF 067525
Partial Release

77.

Date Filed: 11-30-06

Jerry E. Patterson, Commissioner

By Carl Bonn

MEMO TO FILE MF 067525 & MF 067528

Date: January 28, 2011

From: Harriet Dunne



Re: What lands & depths do leases cover?

This lease originally covered the following:

MF 067525 – All of Sec 22, Blk 45, PSL Survey, Reeves Co TX

By partial release effective March 1, 2006, the S/2 of Sec 22 was released. In addition, all depths below the base of Bell Canyon Formation or below a subsurface depth of 4000 ft, whichever is deeper, were released under the N/2 of Sec 22.

This lease originally covered the following:

MF 067528 – All of Sec 27, Blk 45, PSL Survey, Reeves Co TX

By partial release effective March 1, 2006, the N/2 of Sec 27 was released. In addition, all depths below the base of Bell Canyon Formation or below a subsurface depth of 4000 ft, whichever is deeper, were released under the S/2 of Sec 27.

These two sections were nominated for the lease bid sale for April 2011. This research was conducted to determine what is available for nomination.

File No. MF 067525
Memo to file - lands +
depths covered
Date Filed: 1-28-11
Jerry E. Patterson, Commissioner
By JEP

78.

MEMO TO FILE MF 067525 & MF 067528 - updated

MF112443
MF112444

Date: December 6, 2011

From: Harriet Dunne

Re: What lands & depths do these leases cover?

MF067525 originally covered the following:

All of Sec 22, Blk 45, PSL Survey, Reeves Co TX

- 1) Lease dated Oct 3, 1972, to Chevron Oil Company, Lessee
- 2) Assignment dated 7/29/88 from Chevron to Charlie D Davis dba Hoolihan Production Company assigning all assignor's rights from surface to base of Bell Canyon Formation.
- 3) Assignment dated 1/6/92 from Charlie D Davis dba Hoolihan Production Company to Ensouth Exploration and Production Co assigning all his interest.
- 4) Trustee's Deed dated 2/4/92 foreclosing the interest of Charlie D Davis dba Hoolihan Production Company and conveying all his interest to Ensouth Acquisition Corporation.

[note on this deed states Chevron retains the rights below the base of Bell Canyon Formation.]

- 5) Assignment dated 12/1/93 from Ensouth Acquisition Corporation, Ensouth Operating, Inc and Ensouth Exploration and Production Co. assigning an 85% interest to Lobo Oil & Gas Partners, LP.
- 6) Assignment effective 8/1/95 from Lobo Oil & Gas Partners, LP and Lobo Resources, Inc assigning all assignors' rights to Vista Resources Partners, LP **insofar as said lease covers Sec 22, Blk 45 PSL Survey, from surface to base of Bell Canyon Formation with respect to the N/2 of Sec 22.**
- 7) Correspondence in the file with South Marsh Development Inc concerning the payment of royalty revenue. No assignment in the file.
- 8) Division Order dated 2/10/04 from Chevron Texaco Global Trading stating South Marsh Development Inc is the operator of the Reeves-State property covering Sec 22 and 27, the State having a 0.16666670 royalty interest.
- 9) Partial release effective March 1, 2006, executed by South Marsh Development, Inc states that South Marsh is the owner of MF067525, Sec 22, Blk 45, PSL insofar as lease covers the S/2 of Sec 22. South Marsh releases all depths below

the base Bell Canyon Formation or below a subsurface depth of 4000 feet, whichever is deeper.

[note: files contains nothing that would have conveyed the depths below the base of the Bell Canyon Formation out of Chevron.]

MF067528 originally covered the following:
All of Sec 27, Blk 45, PSL Survey, Reeves Co TX

- 1a) Lease dated Oct 3, 1972, to Chevron Oil Company, Lessee
- 2a) Assignment dated 7/29/88 from Chevron to Charlie D Davis dba Hoolihan Production Company assigning all assignor's rights from surface to base of Bell Canyon Formation.
- 3a) Assignment dated 1/6/92 from Charlie D Davis dba Hoolihan Production Company to Ensouth Exploration and Production Co assigning all his interest.
- 4a) Trustee's Deed dated 2/4/92 foreclosing the interest of Charlie D Davis dba Hoolihan Production Company and conveying all his interest to Ensouth Acquisition Corporation. [note on this deed states Chevron retains the rights below the base of Bell Canyon Formation.]
- 5a) Assignment dated 12/1/93 from Ensouth Acquisition Corporation, Ensouth Operating, Inc and Ensouth Exploration and Production Co. assigning an 85% interest to Lobo Oil & Gas Partners, LP.
- 6a) Assignment effective 8/1/95 from Lobo Oil & Gas Partners, LP and Lobo Resources, Inc assigning all assignors' rights to Vista Resources Partners, LP **insofar as said lease covers Sec 27, Blk 45 PSL Survey, from surface to base of Bell Canyon Formation with respect to the W/2 of Sec 27.**
- 7a) Correspondence in the file with South Marsh Development Inc concerning the payment of royalty revenue. No assignment in the file.
- 8a) Division Order dated 2/10/04 from Chevron Texaco Global Trading stating South Marsh Development Inc is the operator of the Reeves-State property covering Sec 22 and 27, the State having a 0.16666670 royalty interest.
- 9a) Partial release effective March 1, 2006, executed by South Marsh Development, Inc states that South Marsh is the owner of MF067528, Sec 27, Blk 45, PSL insofar as lease covers the N/2 of Sec 27. South Marsh releases all depths below the base Bell Canyon Formation or below a subsurface depth of 4000 feet, whichever is deeper.

[note: files contains nothing that would have conveyed the depths below the base of the Bell Canyon Formation out of Chevron. Also there is nothing in the file that would conveyed the NE/4 of Sec 27 to South Marsh. See 6a above]

These two sections were nominated for the lease bid sale for April 2011.

MF112443 dated 4/5/11 covers N/2 Sec 27 below the base of the Bell Canyon Formation.

MF112444 dated 4/5/11 covers S/2 Sec 27 with no depth restriction.

File No. MF 067525
Memo - depths & lands
covered (updated)
Date Filed: 12-6-11
Jerry E. Patterson, Commissioner
By JEP

79.
80.

From: Carl Bonn
To: Dunne, Harriet
CC: Arellano, Jesse; Hatter, Robert; Martin, George
Date: 12/15/2011 2:37 PM
Subject: MF067525, MF067528 Reeves County

Harriet,

As you and Robert requested, I reviewed the referenced leases and other leases covering lands under production by Remuda in Section 22 & 27 and find no production gaps greater than 60 days in the last 3 years.

However, Remuda's well in S/2 of Section 27 had a production gap in May, June and July 2007. Interestingly, Remuda is currently producing (API 389-30238 - Reeves State -27- #4) which is a shallow well located on a lease owned by Cimarex Energy, Co. (MF112444 S/2 of Section 27, all depths).

Apparently Cimarex is not aware of the presence of Remuda on this tract. Please let me know when Rick Gamen has completed his title check on Remuda's ownership in Section 22 and 27, Reeves County.

Thanks,
Carl

File No. MF 067525
Email - production
gaps
Date Filed: 12-15-11
Jerry E. Patterson, Commissioner
By JEP

8D.

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

July 16, 2012

Richard J. Ganem
101 Colorado, Suite 2507
Austin, Texas 78701

Re: **See page two**

Five School Land Fee Leases described on **Page 2** hereof
Covering Sections 14, 22, 27, 34 and 35, Blk 45, PSL Survey,
Reeves County, TX

Dear Mr. Ganem:

The General Land Office has reviewed the South Marsh assignments and the Elliott and Waldron Company runsheets for Sections 14, 22, 27, 34 and 35 that you provided. Our review of the assignments and runsheets has raised additional title concerns. Specifically, there are title gaps from Ensouth forward into the several entities that conveyed various interests into South Marsh. Enclosed are copies of the runsheet pages that you provided with additional documents highlighted that we would like to review in order to try to clear those title gaps.

It has come to our attention that the firm of Hinkle, Hensley, Sharnor & Martin, L.L.P. of Midland, Texas prepared a title opinion in 2002 regarding the tracts. Tod E. Slaton, of Cap Rock Producing, LLC, had previously provided the GLO with a two-page excerpt of it with regard to deep rights questions in Section 34. An email from you to Harriet Dunne, dated December 7, 2011, lists your email address as Rganem@caprockproducing.com, so it would appear that you are a part of Cap Rock Producing. If you provide us with a copy of the complete title opinion, we may be able to expedite the resolution of the title issues involved in Sections 22 and 27.

Your letter dated December 6, 2011 states that Remuda Operating does not have a direct ownership in the leases. We are in receipt of the assignments that you provided from South Marsh to the principals of Remuda, John Aylesworth and Tom Aylesworth. However, South Marsh Development has not provided a certified copy of the Assignment from South Marsh Development to RC Energy Montana Ltd. and Ramshorn Investments, Inc. (referenced in the assignments from South Marsh to John and Tom Aylesworth). Pursuant to the Texas Administrative Code, we request that you file with this office, and send to the attention of Beverly Boyd, a recorded original or certified copy of that assignment along with a processing fee of \$25.00.

Finally, GLO petroleum engineers have reviewed production for the tracts. Their findings indicate that, between the years 2007 and 2011, remedial measures were taken to improve production. It is their recommendation, however, that Remuda provide a spreadsheet listing monthly revenues and expenses so that we can accurately assess whether or not the leases have been and continue to produce in paying quantities.

The GLO appreciates your continued cooperation and looks forward to your immediate response.

Yours truly,

Linda Price, RL
Energy Resources
512-463-5118
linda.price@glo.texas.gov

Enclosures

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

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

www.glo.state.tx.us

Richard J. Ganem
July 16, 2012
Page 2

State Lease MF067953

Lease dated 03/06/1973
Section 14, Blk 45, PSL Svy, Reeves Co., TX
Chevron Oil Company, Lessee

State Lease MF067525✓

Lease dated 10/03/1972
Section 22, Blk 45, PSL Svy, Reeves Co., TX
Chevron Oil Company, Lessee

State Lease MF067528

Lease dated 10/03/1972
Section 27, Blk 45, PSL Svy, Reeves Co., TX
Chevron Oil Company, Lessee

State Lease MF068440

Lease dated 05/23/1973
Section 34, Blk 45, PSL Svy, Reeves Co., TX
The Superior Oil Company, Lessee

State Lease MF067529

Lease dated 10/03/1972
Section 35, Blk 45, PSL Svy, Reeves Co., TX
Chevron Oil Company, Lessee

File No. 067525

L Price 1tr to

Ganem

Date Filed: 7/16/2012

Jerry E. Patterson, Commissioner

By vz

JAMES JEFFERIES
LANDMAN
U.S. LAND - DELAWARE BASIN



Texas General Land Office
Attn: Travis Matthews
P.O. Box 12873
Austin, Texas 78711-2873

Term Assignment Notice
Chevron to Anadarko, Block 45, Section 14,22,27,35
Reeves County, Texas

Dear Travis,

Enclosed, please find a copy of assignment and a certified copy of the memo of assignment relating to the below GLO Mineral Files. In addition, enclosed is the \$25 filing fee.

MF067259 ✓
MF067953 ✓
MF067525 ✓
MF067528

Please let me know if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to be "J. Jefferies".

James Jefferies



ANADARKO PETROLEUM CORPORATION
1200 LAKE ROBBINS DRIVE
THE WOODLANDS, TX 77380

PAGE: 1 of 1

DATE: January 12, 2016
TRACE NUMBER: 568205344
CHECK NUMBER: 568205344
AMOUNT PAID: \$25.00

ACCOUNTS PAYABLE INQUIRIES: (800)370-9867



00031 CKS LA 16012 - 0568205344 NNNNNNNNNN 0125100004504 X392D1 C
TEXAS GENERAL LAND OFFICE
PO BOX 12873
AUSTIN TX 78711-2873

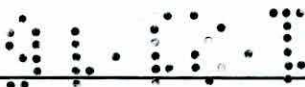
16705772



VENDOR NO: 0003389966

DOCUMENT #	VENDOR INV #/ REMARKS	INVOICE DATE	TOTAL AMOUNT	DISCOUNT/ WITHHOLDING AMOUNT	NET AMOUNT
1300011900	PMTRQ010816	01/08/16	\$25.00	\$0.00	\$25.00
TOTALS			\$25.00	\$0.00	\$25.00

X
129



TERM ASSIGNMENT

STATE OF TEXAS §
 §
COUNTY OF REEVES §

THIS TERM ASSIGNMENT, (hereinafter called "**Assignment**"), is made effective as of July 1, 2014 (the "**Effective Date**"), by and between **CHEVRON U.S.A. INC.** at 1400 Smith Street, Houston, TX 77002 (hereinafter referred to as "**Assignor**"), and **ANADARKO E&P ONSHORE LLC**, at P.O. Box 1330, Houston, TX 77251-1330, (hereinafter referred to as "**Assignee**"). Assignor and Assignee are sometimes referred to collectively as the "**Parties**" and individually as a "**Party**".

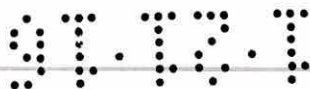
Article I **ASSIGNMENT**

Assignor, for Ten Dollars (\$10) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, subject to the conditions, exceptions, reservations, covenants and agreements hereinafter set forth, does hereby assign and transfer unto Assignee, all of its right, title and interest, if any, in and to the oil and gas lease (or leases) described in **Exhibit "1"** (the "**Leases**") insofar as the Lease covers and pertains to the oil, gas and casinghead gas, and all rights pertaining thereto, in the lands specifically described in **Exhibit "1"** subject to the depth limitations set forth therein, the rights so assigned being hereinafter sometimes referred to as the "**Lease Acreage**", for a period of time concurrent with the primary term of that certain Oil and Gas Lease dated July 1, 2014 between Assignor and Assignee a copy of which is attached hereto as **Exhibit "A"**, and continuing for a period of three (3) years (the "**Primary Term**") insofar as the Lease is maintained in full force and effect during such Primary Term, and as long thereafter as any well drilled and completed by Assignee on the Lease Acreage or lands pooled therewith continues to produce in paying quantities subject to the provisions of this Assignment. This Assignment is made subject to all valid overriding royalties, production payments and other encumbrances in existence as of the Effective Date. It is expressly understood that all leasehold rights under the Lease not herein specifically assigned are excepted from this Assignment and reserved and retained unto Assignor, its successors and assigns. It is agreed by the Parties that this Assignment shall apply to any renewals of the Lease covering the Lease Acreage taken by Assignor or Assignor's successors, assigns, and/or legal representatives within one (1) year from the Effective Date of this Assignment.

Article II **OVERRIDING ROYALTY RESERVATION**

Assignor reserves the overriding royalty of an amount equal to the difference between (i) twenty five (25%) and (ii) the percentage total of all Lease Burdens of the following substances produced from or allocable to the Assigned Leases ("**Overriding Royalty Percentage**"). This overriding royalty will be determined as follows:

- (a) **Oil.** On oil (including condensate, distillate, and all hydrocarbons produced in a liquid form at the mouth of the well or recovered from oil or gas run through a separator or other equipment), Assignee will deliver to Assignor at the well or to the credit of Assignor in the pipeline to which the well may be connected, the Overriding Royalty Percentage of the oil produced and saved from the Assigned Premises, or at the option of Assignor, the market value at the well of such production.
- (b) **Gas Not Processed In a Plant.** On gas (including casinghead gas and any other gaseous substances) not processed in a plant for the recovery of gasoline, liquid hydrocarbons, or other substances, the Overriding Royalty Percentage of the gas produced and saved from the Assigned Premises, or at the option of Assignor, the market value at the well of the gas produced, saved and sold.
- (c) **Processed Gas.** On gas processed in a plant for the recovery of gasoline, liquid hydrocarbons, or other substances, the Overriding Royalty Percentage of 100% of the residue gas, liquid hydrocarbons and other substances available after processing and allocable to the Assigned Premises or, at the option of Assignor, the market value at the well of such production that is sold after processing. Processing fees will be determined as set forth below:
 - (i) If the gas is processed under an arm's length processing agreement by a party that is not an Affiliate of Assignee, the processing fee will be based on the terms of the processing agreement.
 - (ii) If the gas is processed in a plant in which Assignee or its Affiliate owns more than a 50% interest, the processing fee will be based on the actual cost of processing incurred by Assignee.
- (d) On gas used by Assignee off the Assigned Premises or land pooled with the Assigned Premises rather than sold, the market value at the well of such production.
- (e) "Market value at the well" as used in this Article II means as follows:
 - (i) For all oil, gas and other substances produced from or allocable to the Assigned Premises sold by Assignee to a party that is not an Affiliate of Assignee, will be deemed to be the proceeds from such sale for purposes of this Article II.
 - (ii) For all oil, gas and other substances produced from or allocable to the Assigned Premises sold to a party that is an Affiliate of Assignee, will be deemed to be the proceeds from the resale of such production or products to the first purchaser that is not an Affiliate of Assignee, for purposes of this Article II.
 - (iii) May include deductions for actual costs incurred by Assignee and losses of produced volumes whether by use as fuel, line loss, flaring, venting or otherwise from and after the wellhead to the point of sale. These costs include without limitation, costs of gathering, marketing, compression, dehydration, transportation, removal of liquid or gaseous substances or impurities from the affected production, and any other treatment or processing from and after the wellhead to the point of sale.
- (f) **Less than Entire Estate.** If an Assigned Lease covers less than the entire fee simple estate in the leased substances then, the overriding royalty reserved by Assignor that is allocable to such Assigned Lease will be reduced proportionately.



- (g) **Failure to Pay.** If Assignee fails to properly pay royalties within the time period as may be required by law or, if no such time period is prescribed, within 60 days after the month of production, past due payments will thereafter bear interest at the maximum rate permitted by the applicable laws of the state in which the Assigned Premises is located, until proper payment has been made. Assignee will be obligated to reimburse Assignor's attorneys' fees, court costs, and other costs incurred in connection with the collection of unpaid amounts.

Article III **OPERATIONS**

To the extent the Lease is being maintained in full force and effect, if at the expiration of the Primary Term of this Assignment, oil, gas or associated hydrocarbons are not being produced in paying quantities from the Lease Acreage or acreage pooled therewith, but Assignee is then engaged in drilling, reworking or other operations calculated to obtain or restore production thereon, or if Assignee has completed a dry hole on the Lease Acreage or acreage pooled therewith within ninety (90) days prior to the expiration of the Primary Term hereof, this Assignment shall remain in force so long as drilling, reworking or other operations calculated to obtain or restore production in paying quantities are prosecuted on the Lease Acreage or acreage pooled therewith (whether on the same well or a different well) with no cessation of more than ninety (90) consecutive days, and if such operations result in the production of oil, gas or associated hydrocarbons in paying quantities, this Assignment (except as otherwise provided herein) will remain in force for so long thereafter as oil, gas or associated hydrocarbons are produced in paying quantities from the Lease Acreage or acreage pooled therewith. To the extent the Leases are being maintained in full force and effect by production in paying quantities from the Lease Acreage or acreage pooled therewith, if after the expiration of the Primary Term hereof the production of oil, gas or associated hydrocarbons from the Lease Acreage or acreage pooled therewith should permanently cease, this Assignment shall nevertheless continue in force and effect if within ninety (90) days from such cessation Assignee commences drilling, reworking or other operations calculated to obtain or restore production in paying quantities on the Lease Acreage or acreage pooled therewith and such operations are prosecuted (whether on the same well or a different well) with no cessation of more than ninety (90) consecutive days, and if such operations result in the production of oil, gas or associated hydrocarbons in paying quantities, this Assignment (except as otherwise provided herein) will remain in force for so long thereafter as oil, gas or associated hydrocarbons are produced in paying quantities from the Lease Acreage or acreage pooled therewith.

Article IV **CONTINUOUS DEVELOPMENT, RETAINED ACREAGE UNITS**

Notwithstanding anything to the contrary herein, at the expiration of the Primary Term, in order to maintain this Assignment in full force and effect as to all of the Lease Acreage, Lessee may conduct a continuous development program without allowing more than one hundred eighty (180) days to elapse between the completion of one well and the commencement of actual drilling operations on the next succeeding well on the Lease Acreage or acreage pooled therewith (the "**Continuous Development Program**"). Actual drilling operations on the first such continuous development well must be commenced as follows: (1) if at the end of the Primary Term there is no well capable of producing oil or gas in paying quantities on the Lease Acreage or acreage pooled therewith then on or before the end of the Primary Term; (2) if at the end of the Primary Term there is a well capable of production of oil or gas in paying quantities on the Lease Acreage or acreage pooled therewith, but completion of the last well drilled during the Primary Term was more than ninety (90) days prior to the end of the Primary Term,



then on or before the end of the Primary Term; or (3) if at the end of the Primary Term there is a well capable of producing oil or gas in paying quantities on the Lease Acreage or acreage pooled therewith, but completion of the last well drilled during the Primary Term was less than ninety (90) days prior to the end of the Primary Term, then within ninety (90) days from completion of the last well drilled during the Primary Term. "**Completion**" being the earlier to occur of (a) forty-five (45) days after completion rig release (or drilling rig release if the well is completed with the drilling rig), or (b) the date a well is either plugged and abandoned as a dry hole or completed as a producer of oil or gas in paying quantities as set out in the official State form.

At the end of the Primary Term or upon cessation of the Continuous Development Program, whichever occurs last, this Assignment shall terminate save and except as to that portion of the Lease Acreage included in a pooled unit or units or a Retained Acreage Unit, as defined in Article IV, having thereon a well producing or capable of producing oil and/or gas in paying quantities. Assignee shall then make a reassignment in accordance with Article IV below.

Article V **REASSIGNMENT**

Upon termination of this Assignment in accordance with Article III above, Assignee shall reassign to Assignor within thirty (30) days all Lease Acreage or portions thereof not then included in either: (i) a pooled unit or units formed in accordance with the terms of the Leases; or (ii) a Retained Acreage Unit, as hereinafter defined, having thereon a well producing or capable of producing oil and/or gas in paying quantities. A "**Retained Acreage Unit**" shall consist of an area designated by Assignee surrounding each well drilled or caused to be drilled by Assignee on the Lease Acreage producing or capable of producing oil and/or gas in paying quantities equal to (i) a forty (40) acre tract surrounding an oil well or one hundred sixty (160) acre tract surrounding a gas well for wells completed at depths above 10,000 feet, and (ii) a one hundred sixty (160) acre tract surrounding an oil well or six hundred and forty (640) acre tract surrounding a gas well completed at depths 10,000 feet or below and (ii) 640 acres for each horizontal well, with the Retained Acreage Unit for each well being as nearly as practicable in the shape of a square or rectangle surrounding each well. Notwithstanding anything herein to the contrary, larger Retained Acreage Units may be formed for an oil well or a gas well, whether or not horizontally completed, to conform to any field rules, well spacing or density pattern permitted or prescribed by any governmental authority having jurisdiction over such matters. The terms "**oil well**," "**gas well**" and "**horizontal well**" shall have the meanings prescribed by applicable law or by regulations of the governmental authority having jurisdiction over such matters.

Should all production permanently cease on any Retained Acreage Unit and if this Assignment as to such Retained Acreage Unit is not otherwise being maintained in effect pursuant to the provisions hereof, this Assignment as to such Retained Acreage Unit will expire, terminate and revert to Assignor. Assignee shall reassign to Assignor such acreage within thirty (30) days following any such expiration.

Notwithstanding any partial termination of this Assignment, Assignee shall continue to have the right (to the extent that Assignor has the authority to grant such right) of ingress and egress from the lands which remain subject to this Assignment for all purposes provided in this Assignment, together with easements and rights of way for roads, pipelines and other facilities on, over and across all of the Lease Acreage originally covered by this Assignment, for access to and from the lands which remain subject to this Assignment, and for the gathering and transportation of oil and/or gas produced from the Lease Acreage retained by Assignee.



All reassignments made by Assignee shall warrant said reassignments to be free and clear of all liens and encumbrances caused or created by, through or under Assignee.

Article VI
MINIMUM ROYALTIES AND SHUT-IN WELL PAYMENTS

Assignee at its sole cost agrees to timely pay any and all shut-in well payments and minimum royalties which may be permitted by the terms of the Leases covering the Lease Acreage for any well drilled by Assignee hereunder.

Assignee agrees to promptly notify Assignor at any time a well drilled by Assignee hereunder is completed on the Lease Acreage or lands pooled therewith which is capable of producing but is not produced, and at any time production from any such well on the Lease Acreage or lands pooled therewith ceases for any reason.

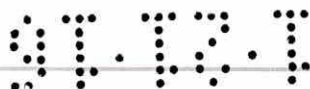
Assignee agrees to promptly furnish to Assignor, at the above address, copies of any and all instruments of whatsoever character received by Assignee which evidence a change in the ownership of royalties payable under the Leases covering the Lease Acreage.

Article VII
PERFORMANCE OF LEASE COVENANTS

Assignee agrees to accept this Assignment subject to all of the terms, provisions, conditions, and covenants of the Lease and of intermediate assignments thereof, if any, insofar as same concerns the Lease Acreage. Assignee further assumes and agrees to comply fully with and to perform timely each and every duty, obligation and covenant (both express and implied), provision, and condition of the Leases and of intermediate assignments thereof, if any, imposed upon the lessee and/or assignee thereby, insofar as same concerns any interests assigned pursuant to the terms of this Assignment. Assignee further agrees to save, protect and hold Assignor harmless at all times from all damages and all penalties which may arise or be adjudged against it on Assignee's failure or refusal to comply fully and faithfully with each and every duty, obligation and covenant of the Lease and of any intermediate assignment thereof, if any, insofar as the same concerns the Lease Acreage.

Article VIII
CONCURRENT RIGHTS OF INGRESS AND EGRESS

The Parties hereto, their successors and assigns, shall have equal and concurrent rights of ingress and egress on the Lease (subject to the restrictions, if any, placed thereon by the Lease) for the purpose of exploring for, drilling for, mining, producing, and marketing the minerals owned by each of the Parties hereto, in their respective formations and, further, the Parties shall own and hold equally any and all rights granted by said Lease as incident to and for the purpose of exploring for, drilling for, mining and producing the minerals owned by them in their respective formations, including the right to lay and maintain pipelines, water lines, dig pits, erect structures and to do and perform any and all other things incident to the rights and interests of the Parties hereto in their respective formations. The aforesaid rights shall be exercised in such a manner as not to interfere unduly with the similar rights of the other Party hereto. Not less than five (5) days prior to entering any Lease Acreage operated by the other Party for exploration or drilling purposes, each Party shall provide the other's designated representative notice of such entry and shall, upon such entry, comply with any and all safety or operating rules promulgated by



any governmental authority. Assignor shall at all times have access to all wells drilled by Assignee on the Lease Acreage, at Assignor's sole cost, risk, and expense, and to all well information pertaining thereto.

Article IX
OPTION TO EXTEND PRIMARY TERM OF LEASES

The Parties recognize that the Lease may include an option to extend the primary term. It is agreed that either Party shall have the right, but not the obligation, to exercise any option to extend the primary term of the Lease; however, neither Party shall be liable to the other for lease termination resulting from failure to exercise an option to extend the primary term of any Lease(s).

Article X
SPECIAL WARRANTY

**THE ASSIGNMENT FROM ASSIGNOR TO ASSIGNEE AS PROVIDED FOR HEREIN
IS MADE WITH WARRANTY OF TITLE BY, THROUGH AND UNDER ASSIGNOR ONLY
AND NOT OTHERWISE.**

Article XI
AD VALOREM TAXES

Assignee assumes the responsibility for the payment of all ad valorem taxes, if any, on any well drilled by Assignee on the Lease Acreage and all acreage included in the Retained Acreage Unit for said well for so long as Assignee owns such acreage pursuant to this Assignment.

Article XII
DISCLAIMER OF JOINT LIABILITY

It is understood and agreed that this Assignment shall not create the relationship of a partnership or joint venture between the Parties hereto, and that no act done by any Party, pursuant to the provisions hereof, shall operate to create such relationship, nor shall the provisions of this Assignment be construed as creating such relationship. The liability of the Parties shall be several and not joint or collective; and each Party shall be responsible only for its own obligations, costs, expenses, and liabilities.

Article XIII
RELEASE AND INDEMNITY

- (a) Definitions.
- (i) "Assignee Group" means Assignee and Assignee's affiliate companies, joint owners and venturers, co-assignees and partners, and Assignee's contractors, and each of their respective directors, agents, employees, representatives and insurers.

(ii) "Assignor Group" means Assignor and Assignor's affiliate companies, joint owners and venturers, and Assignor's contractors, and each of their respective directors, agents, employees, representatives and insurers.

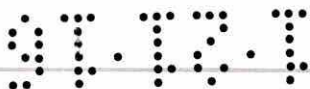
(iii) "Third Party" means a person or entity other than any of the Assignor Group and the Assignee Group.

(iv) "REGARDLESS OF ASSIGNOR'S FAULT" means regardless of whether a claimant claims that Assignor is or was negligent in failing to warn the claimant of or to protect the claimant from the risks of harm from a condition of or on the property where the injury or damage occurred; or that the Assignor was or is negligent for allowing Assignee to conduct operations on the property where the injury or damage occurred.

(b) Bodily Injury, Death and Damage to Property of Assignee Group and Third Parties. Assignee agrees to fully defend, indemnify, and hold harmless Assignor Group, from and against each and every claim, demand, action, cause of action, or lawsuit, and any liability, penalty, fine, judgment, damage, loss, cost or expense (including but not limited to court costs and attorney's fees) incurred in connection therewith, that may be asserted against Assignor or Assignee by any third party and/or Assignee Group, whether direct or indirect, known or unknown, foreseen or unforeseen, arising from or on account of any operations conducted by Assignee or for the benefit of Assignee on the Lease Acreage, REGARDLESS OF ASSIGNOR'S FAULT.

(c) Environmental Claims. IN ADDITION TO THE FOREGOING AND NOTWITHSTANDING ANYTHING TO THE CONTRARY WHICH MAY BE CONTAINED HEREIN, ASSIGNEE WAIVES ITS RIGHT TO RECOVER FROM ASSIGNOR AND HEREBY ASSUMES AND AGREES TO FOREVER RELEASE, DISCHARGE, FULLY DEFEND, PROTECT, INDEMNIFY AND HOLD HARMLESS ASSIGNOR GROUP, FROM AND AGAINST EACH AND EVERY CLAIM, DEMAND, ACTION, CAUSE OF ACTION, OR LAWSUIT, AND ANY LIABILITY, PENALTY, FINE, LIEN, JUDGMENT, DAMAGE, LOSS, COST OR EXPENSE, (INCLUDING BUT NOT LIMITED TO COURT COSTS AND ATTORNEY'S FEES) INCURRED IN CONNECTION THEREWITH, THAT MAY BE ASSERTED BY ASSIGNEE GROUP, ANY THIRD PARTY, INCLUDING BUT NOT LIMITED TO GOVERNMENT AGENCIES, WHETHER DIRECT OR INDIRECT, KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, THAT MAY ARISE ON ACCOUNT OF OR IN ANY WAY BE CONNECTED WITH ANY OPERATIONS CONDUCTED BY ASSIGNEE ON THE LEASE ACREAGE, OR ANY FEDERAL, STATE, TRIBAL, OR LOCAL LAW OR REGULATION APPLICABLE THERETO ("LAWS"). SAID LAWS SHALL INCLUDE, WITHOUT LIMITATION, THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION, AND LIABILITY ACT OF 1980, AS AMENDED (42 U.S.C. § 9601, ET SEQ.), THE RESOURCE CONSERVATION AND RECOVERY ACT OF 1976 (42 U.S.C. § 6901, ET SEQ.), THE CLEAN WATER ACT (33 U.S.C. § 466, ET SEQ.), THE SAFE DRINKING WATER ACT (14 U.S.C. § 1401-1450), THE HAZARDOUS MATERIALS TRANSPORTATION ACT (49 U.S.C. § 1801, ET SEQ.), AND THE TOXIC SUBSTANCE CONTROL ACT (15 U.S.C. § 2601-2629).

(d) Disposal of Wastes. ASSIGNEE SHALL DISPOSE OF OR DISCHARGE ANY WASTES FROM THE LEASE ACREAGE (INCLUDING BUT NOT LIMITED TO PRODUCED WATER, DRILLING FLUIDS AND OTHER ASSOCIATED WASTES) IN ACCORDANCE WITH APPLICABLE LOCAL, STATE, TRIBAL AND FEDERAL LAWS AND REGULATIONS. ASSIGNEE SHALL KEEP RECORDS OF THE TYPES, AMOUNTS AND LOCATION OF WASTES



WHICH ARE DISPOSED OF ON-SITE AND OFF-SITE. UPON TERMINATION OF THIS ASSIGNMENT AS TO ALL OR ANY PORTION OF THE LEASE ACREAGE, ASSIGNEE SHALL TAKE WHATEVER ADDITIONAL REMEDIAL ACTION ON SAID LEASE ACREAGE MAY BE NECESSARY TO MEET ANY LOCAL, STATE, TRIBAL OR FEDERAL REQUIREMENTS DIRECTED AT PROTECTING HUMAN HEALTH AND THE ENVIRONMENT IN EFFECT AT THAT TIME. ASSIGNEE SHALL PROVIDE ASSIGNOR WITH ACCESS TO THE RECORDS OF THE TYPES, AMOUNTS AND LOCATION OF WASTES WHICH ARE DISPOSED OF ON-SITE AND OFF-SITE.

THE PROVISIONS OF THIS ARTICLE XII SHALL SURVIVE ANY TERMINATION OF THIS ASSIGNMENT.

Article XIV **APPLICABLE LAWS**

This Assignment and the respective rights and obligations of the Parties hereto shall be governed by the laws of the State of Texas without regard to conflicts of law provisions and shall be subject to all valid and applicable state, federal, and local laws, rules, regulations, and orders; and, in the event this Assignment or any provision hereof is, or the operations contemplated hereby, are found to be inconsistent with or contrary to any such laws, rules, regulations and orders, the latter shall be deemed to control. This Assignment shall be regarded as modified accordingly and shall, as so modified, continue in full force and effect, provided however, this Assignment shall not become effective until it has been executed by all Parties named herein.

Article XV **SUCCESSORS AND ASSIGNS**

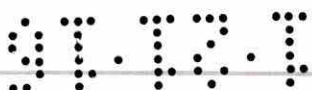
The terms, covenants, and conditions hereof shall be deemed to be covenants running with the leasehold estate(s) herein above referred to and as such shall extend to, bind and inure to the benefit of the Parties hereto, their successors and assigns.

Article XVI **HEADINGS FOR CONVENIENCE**

The paragraph headings used in this Assignment are inserted for convenience only and shall be disregarded in construing this Assignment.

Article XVII **AMENDMENTS AND WAIVERS**

This Assignment shall not be amended or modified except by further written agreement between the Parties hereto. Waiver of any provision of this Assignment shall only be effective if in writing and shall not operate or be construed as a waiver of any subsequent breach or waiver of the same or other provision similar in nature.



Article XVIII
ENTIRE AGREEMENT

In the event of any conflict between the provisions of the attached exhibits and the provisions of this Assignment, the latter shall govern.

Article XIX
WELL INFORMATION

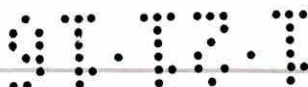
Assignee covenants and agrees, at Assignee's sole cost and expense, to timely furnish Assignor all of the data and information set forth in **Exhibit "4"** attached hereto, related to any well or wells drilled by Assignee on the Lease Acreage. Assignor agrees to maintain the confidentiality of all such information furnished throughout the term of this Assignment but in no event more than a period of five (5) years from the date the information is furnished to Assignor. Assignor acknowledges that Assignee has acquired the information in the ordinary course of its business, and that Assignee makes no representations or warranties, express, implied or otherwise, with respect to the accuracy of the information. Any reliance by Assignor on such information shall be based solely on Assignor's independent evaluation, judgment and decisions. Notwithstanding anything to the contrary herein, Assignee shall never be required to disclose any privileged or proprietary information or interpretive data.

Article XX
REPRESENTATIONS AND WARRANTIES OF ASSIGNEE

Assignee represents and warrants to Assignor that as of the effective date of this Assignment, Assignee is an operator in good standing with all applicable regulatory agencies and is currently in compliance with the all financial assurance requirements for operators. This representation constitutes a material consideration for Assignor's willingness to enter into this Assignment.

Article XXI
DISPUTE RESOLUTION

The Parties agree that if any dispute arises between them related to this Assignment they will use the procedures outlined in **Exhibit "2"**, attached hereto, to attempt to resolve such dispute; provided, however, that either Party may seek a restraining order, temporary injunction, or other provisional judicial relief if such Party in its sole judgment believes that such action is necessary to avoid irreparable injury or to preserve the status quo. The Parties will continue to participate in good faith in the procedures despite any such request for provisional relief.



Article XXII
NOTICES

All notices that are required or authorized to be given hereunder, except as otherwise specifically provided herein, shall be given in writing by certified mail, overnight courier service or facsimile, postage or charges prepaid, and addressed to the Party to whom such notice is given as follows:

ASSIGNOR:

Chevron U.S.A. Inc.
1400 Smith Street
Houston, TX 77002
Attn: Todd Kratz/Land Manager
Telephone: (713) 372-1277

ASSIGNEE:

Anadarko Petroleum Corporation
P.O. Box 1330
Houston, TX 77251-1330
Attn: Lindsay Jaffee /Land Manager -West Texas
Telephone: (832) 636-5640

The originating notice shall be deemed given only when received by the Party to whom such notice is directed in writing by certified mail, overnight courier service or facsimile, postage or charges prepaid. The time for such Party to give any response thereto shall run from the date the originating notice is received. The second or any subsequent responsive notice shall be deemed given when deposited in the U.S. mail or overnight courier service, with postage or charges prepaid or when actually received if sent by facsimile. Each Party shall have the right to change its address at anytime, and from time to time, by giving written notice thereof to the other Party.

Article XXIII
MEMORANDUM

This Assignment shall not be filed of public record; however, a Memorandum of Term Assignment in the form attached hereto as **Exhibit "3"** shall be executed by Assignor and Assignee and filed of record in Reeves County, Texas.

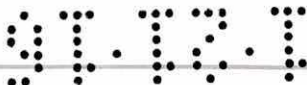
The Parties acknowledge their agreement with the foregoing as indicated by their signatures below.

ASSIGNOR:

CHEVRON U.S.A. INC.

By: P. A. Bikun
P. A. Bikun

Its: Attorney-in-Fact



ASSIGNEE:

ANADARKO E&P ONSHORE LLC

By:

Lindsay N. Jaffee

Its: Agent and Attorney-in-Fact

ACKNOWLEDGMENTS

STATE OF TEXAS }

COUNTY OF Harris }

Before me Julie Eberle, a Notary Public in and for said county and state, on this day personally appeared P.A. BIKUN as Attorney-in-Fact for Chevron U.S.A. Inc. a Pennsylvania corporation, on behalf of said corporation.
Given under my hand and seal of office this 14th day of October, 2014.



Julie Eberle

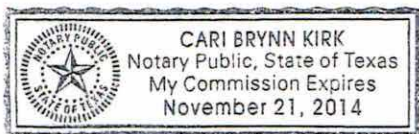
NOTARY PUBLIC in and for the State of Texas

STATE OF TEXAS }

COUNTY OF Montgomery }

Before me Cari Brynn Kirk, a Notary Public in and for said county and state, on this day personally appeared Lindsay N. Jaffee as Agent and Attorney-in-Fact for Anadarko E&P Onshore LLC, a limited liability company.

Given under my hand and seal of office this 30th day of October, 2014.



Cari Brynn Kirk

NOTARY PUBLIC in and for the State of Texas

EXHIBIT "1"

Attached to and made a part of that certain Term Assignment By and Between CHEVRON U.S.A. INC.,
as Assignor, and ANADARKO E&P ONSHORE LLC, as Assignee dated July 1, 2014

THE LEASE

LESSOR: General Land Office

LESSEE: Chevron Oil Company

DATED: March 6, 1973

RECORDED: Volume 322, Page 116 of the O&G Records, Reeves County, TX

DESCRIPTION: All of Section 14, Blk. 45, PSL Survey, Reeves County, Texas.
This Term Assignment does not cover the oil and gas rights from surface to 2,688'. It is noted that the oil and gas interest assigned herein from 2,689' to 6,300' is 50% (less outstanding burdens) and the oil and gas interest assigned below 6300' is 100% (less outstanding burdens).

LESSOR: General Land Office

LESSEE: Chevron Oil Company

DATED: October 3, 1972

RECORDED: Volume 315, Page 95 of the O&G Records, Reeves County, TX

DESCRIPTION: All of Section 22, Blk. 45, PSL Survey, Reeves County, Texas.
This Term Assignment only covers the N/2 of Section 22 below 2,688'.

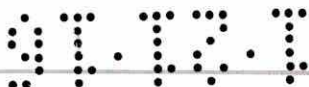
LESSOR: General Land Office

LESSEE: Chevron Oil Company

DATED: October 3, 1972

RECORDED: Volume 315, Page 107 of the O&G Records, Reeves County, TX

DESCRIPTION: All of Section 27, Blk. 45, PSL Survey, Reeves County, Texas.
This Term Assignment only covers the E/2 of Section 27 below 2,688'.



LESSOR: General Land Office
LESSEE: Chevron Oil Company
DATED: October 3, 1972
RECORDED: Volume 315, Page 111 of the O&G Records, Reeves County, TX
DESCRIPTION: All of Section 35, Blk. 45, PSL Survey, Reeves County, Texas.
This Term Assignment only covers oil and gas rights below 2,688'.

EXHIBIT "2"

Attached to and made a part of that certain Term Assignment By and Between CHEVRON U.S.A. INC., as Assignor, and ANADARKO E&P ONSHORE LLC, as Assignee dated July 1, 2014

DISPUTE RESOLUTION

Any dispute arising out of or relating to the Agreement shall be resolved by binding arbitration conducted in Houston, Texas, at a place agreed upon by the parties, or, lacking such agreement, at the Houston, Texas office of the American Arbitration Association ("AAA").

If a dispute arises out of or relates to this Agreement, or the breach thereof, and if the dispute cannot be settled through negotiation, the Parties agree first to try to settle the dispute by mediation before resorting to arbitration. If the Parties are unable to resolve the dispute through mediation, the Parties agree to submit the dispute to arbitration within 30 days following the unsuccessful mediation.

Unless otherwise agreed by the Parties, the arbitration shall be conducted in accordance with the AAA's Commercial Arbitration Rules (the "Rules") effective at the time of the dispute. The arbitrators shall decide the dispute in accordance with the substantive laws of the State of Texas. The Expedited Procedures of the AAA's Commercial Arbitration Rules shall apply to any dispute in which no disclosed claim or counterclaim exceeds one million dollars (\$1,000,000), exclusive of interest and arbitration fees and costs. If the Expedited Procedures apply, the arbitration shall be heard and decided by a single arbitrator to be agreed upon by the parties or, lacking such agreement, appointed by the AAA. For all other disputes, the arbitration shall be heard and decided by three arbitrators, one to be designated by each Party and the third neutral arbitrator to be selected by the mutual agreement of the two arbitrators. Each Party shall designate its arbitrator within twenty (20) days of the respondent receiving notice of the arbitration. The arbitrators selected by the Parties shall select the third arbitrator within fifteen (15) days of their appointment. If the arbitrators selected by the Parties are unable or fail to agree upon the third arbitrator, the third arbitrator shall be selected by the AAA.

The arbitrators shall make a reasoned award in writing. In no event shall the arbitrators be allowed to award punitive damages. If no appeal is filed within twenty (20) days after entry of an award, the award shall be final and binding on each Party and for all purposes. Within twenty (20) days after receipt of an award (which shall not be binding if an appeal is taken), any Party may notify the AAA of an intention to appeal to a second arbitral tribunal, constituted in the same manner as the initial tribunal. The appeal tribunal shall be entitled to adopt the initial award as its own, modify the initial award or substitute its own award for the initial award. The appeal tribunal shall not modify or replace the initial award except for manifest disregard of law or facts. The award of the appeal tribunal shall be final and binding on each Party and for all purposes. Judgment upon a final award may be entered in any court having jurisdiction. This arbitration provision shall survive the termination of this Agreement. Should the Parties ever be prevented by applicable law from utilizing arbitration to resolve disputes hereunder, then the choice of law and forum provisions of this Dispute Resolution procedure shall nevertheless remain in full force and effect.

EXHIBIT "3"

Attached to and made a part of that certain Term Assignment By and Between CHEVRON U.S.A. INC., as Assignor, and ANADARKO E&P ONSHORE LLC, as Assignee dated July 1, 2014

MEMORANDUM OF TERM ASSIGNMENT

STATE OF TEXAS }

COUNTY OF REEVES }

WHEREAS, by Term Assignment (hereinafter called "Assignment") made effective _____, 200__, Chevron U.S.A. Inc., at 1400 Smith Street, Houston, TX 77002, hereinafter referred to as "Assignor", assigned and transferred to Anadarko E&P Onshore LLC, at P.O. Box 1330, Houston, TX 77251-1330, hereinafter referred to as "Assignee", the oil, gas and casinghead gas and all rights pertaining thereto in the oil and gas lease(s) and lands described in Exhibit "1", attached hereto (hereinafter called "Lease Acreage");

WHEREAS, the Assignment is for a primary term running concurrent with the primary term of that certain Oil and Gas Lease dated July 1, 2014 between Assignor and Assignee, a Memorandum of which is recorded in Volume _____, Page _____ of the Deed Records of Reeves County, Texas (the "Lease") which Lease provides, in part:

" . . . this Lease shall remain in force for a period of three (3) years from the date hereof, herein called "primary term". . . [with] the option to extend the primary term of this lease for an additional two (2) years from the expiration of the original primary term. . ."

and as long thereafter as any well drilled and completed by Assignee on the Lease Acreage continues to produce in paying quantities, subject to the provisions of the Assignment;

WHEREAS, said Assignment is unrecorded and the parties desire an instrument in recordable form as a memorandum of such Assignment;

NOW, THEREFORE, for and in consideration of the premises, it is agreed that this Memorandum of Term Assignment be executed for notice purposes to be filed in the Reeves County, Texas records.

The terms and provisions of said unrecorded Assignment are referred to and incorporated herein, and made a part hereof to the same extent as though set out verbatim. Should any conflict arise between the terms of this Memorandum and the Assignment, the terms of the Assignment shall control.

EXECUTED this _____ day of _____, 20__.

ASSIGNOR:
CHEVRON U.S.A. INC.

By: _____
P. A. Bikun

Its: Attorney-in-Fact

ASSIGNEE:
ANADARKO E&P ONSHORE LLC

By: _____
Lindsay Jaffee

Its: Agent and Attorney-in-Fact

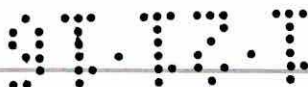
ACKNOWLEDGMENTS

STATE OF TEXAS }
 }
COUNTY OF _____ }

Before me _____, a Notary Public in and for said county and state, on this day personally appeared _____

Given under my hand and seal of office this _____ day of _____, 200__.

NOTARY PUBLIC in and for the State of



STATE OF TEXAS }
 }
COUNTY OF _____}

Before me _____, a Notary Public in and for said county and state, on this day
personally appeared _____

Given under my hand and seal of office this _____ day of _____, 200_____.

NOTARY PUBLIC in and for the State of

EXHIBIT "4"

Attached to and made a part of that certain Term Assignment By and Between CHEVRON U.S.A. INC.,
as Assignor, and ANADARKO E&P ONSHORE LLC, as Assignee dated July 1, 2014

WELL INFORMATION REQUIREMENTS

OPERATOR & WELL NAME:
LOCATION:
FIELD/PROSPECT:
COUNTY & STATE:

INFORMATION REQUIRED

	DETAILED COMMENTS BELOW	# COPIES	
LOGS: FIELD PRINTS		1	
FINAL PRINTS		1	
FILMS		1	
CD or DVD of LAS & DLIS		1	
MUDLOG DAILY		1	
MUDLOG FINAL (AND DISKETTE IF AVAILABLE)		1	
DST CHARTS & REPORTS, WIRELINE TESTS		1	
OIL, GAS, WATER ANALYSES		1	
CORE ANALYSES AND DESCRIPTION		1	
BHP SURVEYS/VENDOR ANALYSES		1	
DIPMETER, DIRECTIONAL SURVEYS, VELOCITY SURVEYS		1	
GEOLOGICAL REPORTS		1	
DAILY AND WEEKLY DRILLING REPORTS		1	
CORRESPONDENCE CONCERNING DRLG & COMP. OF WELL ONLY		1	
SUNDRY NOTICES, REGULATORY AGENCY REPORTS		1	
MONTHLY PRODUCTION REPORTS		1	
PAYOUT STATEMENTS		1	
OTHER CORRESPONDENCE		1	
ADDITIONAL COMMENTS: ONLY IF APPLICABLE			
<u>SEND DIGITAL LOG DATA VIA FLOPPY(LAS) FORMAT or IF SCHLUMBERGER</u> <u>LOGS THE WELL SEND DATA VIA DROPBOX</u> <u>(JOBNAME/PASSWORD REQUIRED)</u>		<u>MAIL ALL OTHER INFORMATION TO *:</u> Keith McKeel Chevron U.S.A. Inc. 1400 Smith Street Houston, TX 77002 FAX _____, PHONE (713) 372-7567 *INCLUDING ONE COPY OF DIGITAL DATA	

INFORMATION REQUIRED (BY TELECOPY OR TELEPHONE)

DAILY MUD LOG	☒ YES	☐ NO	<u>COMMENTS:</u> MUD LOG VIA FAX, MODEM OR INTERNET IF APPLICABLE FAX: PHONE: EMAIL: TELECOPY: TELEPHONE:
LOGS AT TD	☒ YES	☐ NO	
DAILY DRILLING REPORT	☒ YES	☐ NO	
NAME:			
ALTERNATE:			

NOTICES REQUIRED (BY TELEPHONE)

INTENTION TO SPUD DURING WORKING HOURS [X] YES [] NO	HOURS: 24 (EXCLUSIVE OF SATURDAY, SUNDAY AND HOLIDAYS)
INTENTION TO LOG/CORE/TEST [X] YES [] NO	HOURS: 24 (EXCLUSIVE OF SATURDAY, SUNDAY AND HOLIDAYS)
INTENTION TO COMPLETE OR ABANDON [X] YES [] NO	HOURS: 48 (EXCLUSIVE OF SATURDAY, SUNDAY AND HOLIDAYS)
IMMEDIATE NOTICE OF O/G SHOW [X] YES [] NO	
NOTIFY:	PHONE: (WORK) (HOME)

CORES/SAMPLES

SLAB OF CORES ACCESS ONLY [] [X] YES [] NO	<u>COMMENTS:</u> ONLY IF APPLICABLE
SET DRYCUT SAMPLES [X] YES [] NO	
<u>SEND TO:</u>	
LAND REPRESENTATIVE:	PHONE:

Prior to Drilling:

Send Notice of Staking and all governmental regulatory filings and reports to _____.

Send Notification of Intention to Spud (24 hours prior to spudding) and telephone number for rig and mudlogging trailer to _____ (Address and phone number listed above).

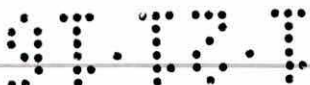


EXHIBIT "A"

Attached to and made a part of that certain Term Assignment by and between Chevron U.S.A. Inc., as Assignor, and Anadarko E&P Onshore LLC, as Assignee dated July 1, 2014

OIL AND GAS LEASE

THIS AGREEMENT ("Lease") is made and entered into as of the 1st day of July, 2014 by and between Chevron U.S.A. Inc., with an address at 1400 Smith Street, Houston, Texas 77002, hereinafter called "Lessor", and Anadarko E&P Onshore LLC, whose address is P.O. Box 1330, Houston, Texas 77251-1330, hereinafter called "Lessee" (whether one or more).

WITNESSETH:

1. Lessor, for and in consideration of the sum of TEN DOLLARS (\$10.00) and other valuable consideration, in hand paid, of the royalties herein provided and of the agreements of Lessee herein contained, hereby grants, demises, leases and lets exclusively unto Lessee the land hereinafter described, herein called the "Land", for the purpose of investigating, exploring for, geophysically and by all other means (whether now known or not), drilling, producing, marketing, saving, taking, owning, transporting, storing, handling and treating oil (including, but not limited to, distillate and condensate) and gas (including, but not limited to, casinghead gas), herein called "leased substances", together with non-exclusive rights, privileges and easements necessary for Lessee's operations hereunder on the Land, including but not limited to the right to lay pipelines; build roads; construct tanks, pump stations, power stations, power and communication lines; and build other structures and facilities necessary for Lessee's oil and gas operations on the Land. SAVE AND EXCEPT, and there is reserved to Lessor non-exclusive rights, privileges and easements for Lessor in connection with its record ownership rights in lands other than the Land, and its record ownership rights in the Land as to depths reserved, or reverted ownership rights hereunder.

This Lease includes all leased substances underlying lakes, streams, accretions, roads, streets, alleys, easements and rights-of-way which traverse or adjoin the Land, including all lands owned or claimed by Lessor as a part of any tract described in Exhibit "A", and containing 7,680 acres of land more or less. For the purpose of calculating any payments based on acreage, Lessee, at Lessee's option, may act as if the Land and its constituent parcels contain the acreage above stated, whether they actually contain more or less.

2. Subject to the other provisions herein contained, this Lease shall remain in force for a period of three (3) years from the date hereof, herein called "primary term," and thereafter so long as leased substances or any one or more of them is being produced from the Land or any operation permitted hereunder is being conducted on the Land or this Lease is continued in force by reason of any of the other provisions hereof. Lessee may at any time or times surrender this Lease as to all or any portion of the Land by mailing or tendering to Lessor or by filing for record a release or releases, and be relieved of all obligations thereafter accruing as to the acreage surrendered. Within thirty (30) days after this Lease terminates as to any or all of the Land, Lessee shall be obligated to deliver a recordable instrument of surrender as to the terminated acreage. Upon termination of this Lease as to any or all of the Land, all burdens on the terminated acreage which may have been created by, through or under Lessee (including but not limited to overriding royalty interests, net profits interests, and other payments out of production) shall terminate and be of no further force or effect. Lessee shall not permit any mortgage, lien, encumbrance, or other burdens of any kind whatsoever to be filed or to remain against the Land as a result of operations hereunder.

At the later to occur of the (a) expiration of the primary term (or extended primary term, if applicable), or (b) the termination of "continuous drilling operations" (as hereinafter defined) this Lease shall terminate as to all land which is not located in a drillsite spacing unit (as hereinafter defined) or pooled unit formed in accordance with Paragraph 9, in which there is a well on the Land or on land pooled therewith, producing or capable of producing oil



or gas in paying quantities, and in any such pooled unit(s) or drillsite spacing unit or units, this Lease shall terminate as to those depths lying below the stratigraphic equivalent of the base of the deepest formation which is either (a) producing, (b) capable of producing, or (c) a formation which is currently behind pipe but the well logs indicate would reasonably be expected to produce if the formation were perforated and completed using good oil field practice in each pooled unit or drillsite spacing unit of land. For purposes hereof, "drillsite spacing unit" is defined as the land included in the drilling and production unit established for the well or attributed to the well by the state or federal regulatory authority having jurisdiction; if no unit or spacing rule exists, then drillsite spacing unit shall be defined as (i) a forty (40) acre tract surrounding an oil well or one hundred sixty (160) acre tract surrounding a gas well for wells completed at depths above 10,000 feet, and (ii) a one hundred sixty (160) acre tract surrounding an oil well or six hundred and forty (640) acre tract surrounding a gas well completed at depths 10,000 feet or below, as nearly as reasonably practicable in the shape of a square or a rectangle, the length of which does not exceed twice the width, with the well situated in a legal location or a Texas Railroad Commission-approved exception location therein.

At such time as a partial termination of this Lease occurs under the preceding paragraph, the lands within each pooled unit and each drillsite spacing unit shall be considered to be a separately leased tract in the same manner as if Lessor had executed separate and distinct leases covering each such tract, and this Lease shall continue with respect to each tract only for so long as the tract continues to produce oil or gas in paying quantities or is continued in force by reason of any of the other provisions hereof. Notwithstanding partial termination of this Lease under the preceding paragraph, and insofar and only insofar as Lessor has authority to allow Lessee to do so, Lessee may continue to use the same non-exclusive ingress and egress to enable Lessee to develop and operate the retained tracts, and Lessee may continue to use pipelines, tank batteries, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations and other surface facilities and equipment previously installed on the terminated tracts in connection with Lessee's operations on the retained tracts.

3. Royalties on leased substances to be paid by Lessee to Lessor are: (a) on oil and liquid petroleum products recovered at the well, twenty five percent (25%) of the market value at the well of the oil and liquid petroleum products recovered at the well; (b) on gas, including casinghead gas, produced from the Land and sold or used off the premises, twenty five percent (25%) of the market value of the gas at the well, plus the market value of the products recovered when such gas is processed.

For the purpose of the payment of royalties to Lessor hereunder, the "market value of the oil/gas at the well" shall be determined, computed and paid without deduction for costs of development, production, separation, dehydration, compression, marketing, or any other costs of whatsoever nature except Lessor's share of taxes on production and the costs of gathering, treating and/or processing, transporting or delivering the gas, whether on or off the Land. If Lessee treats and/or processes gas in a natural gas plant (either on or off the Land), whether in Lessee's plant or in the plant of and under contract with a third party, Lessee shall treat and/or process or cause Lessor's gas to be treated and/or processed. In the event of any such treating and/or processing, Lessee shall be entitled to deduct from the value of the products recovered by the treating and/or processing of the gas, or if Lessor is taking its production in kind to charge Lessor for, the actual costs incurred by Lessee for such treating and/or processing, which costs shall include gathering or transportation costs required to transport the gas to the plant.

Notwithstanding anything contained herein to the contrary, it is understood that no part of the cost of development or operation, nor of transporting, storing, marketing, treating and handling the oil, gas and other minerals, shall ever be charged against the non participating royalty interest owned by the Texas Pacific Land Trust, or its successors, in portions of the Land.

Notwithstanding anything contained herein to the contrary, but subject to Article 5.1 (b) of the Mineral Farmout Agreement (hereinafter defined), Lessor may at any time, or from time to time, upon not less than 90 (ninety) days written notice to Lessee, elect to take its royalties accruing to such royalty owner under this lease in kind; provided that any expense incident to the exercise of such election shall be borne by Lessor and such election shall be for periods of not less than 12 (twelve) months. Lessor's election to take its royalty in kind shall become effective the first day of the month following ninety (90) days after receipt, by Lessee, of the election. In the event of such an election by Lessor, in the case of oil, said oil shall be delivered into tanks to be provided by Lessor; in the case of gas, Lessor shall take its royalty share of production at the outlet of any field processing equipment. Lessor shall release, indemnify and defend Lessee against any and all claims, losses, costs, liabilities and/or damages of any



nature arising out of or connected with Lessor's election to take said royalty in kind. If Lessor sells more than one hundred percent (100%) of its entitlement share of gas in any given month, Lessor's gas available for sale for the next month will be reduced by Lessor's overtake volume from the previous month and month to month thereafter until the imbalance has been eliminated.

If Lessee shall drill a well hereunder on the Land and complete such well as a well capable of producing gas in paying quantities, Lessee may at any time prior to the expiration of the primary term, or as to any well drilled or completed after the primary term, within ninety (90) days from (a) rig release in a newly drilled well, or (b) the date of recompletion of an existing well, at Lessee's election, pay as royalty (herein called "shut-in gas well payments") a sum equal to ten dollars (\$10.00) per acre on the Land within the drillsite spacing unit for the well, whereupon it shall be considered for all purposes of this Lease that a leased substance is being produced hereunder from such drillsite spacing unit for a period of one year; such year to commence on the date of rig release or recompletion preceding such payment. Similar shut-in gas well payment(s) may be paid as herein provided, on or prior to the expiration of the one (1) year time period, whereupon it shall be considered that gas is being produced for an additional period of one (1) year. Any such payment may be made in the same manner as provided elsewhere in this Lease for payments hereunder but shall not be in lieu of any royalty based on actual production. Notwithstanding the foregoing provisions, this Lease as to any of the Land may not be maintained solely by shut-in gas well payments with respect to any drillsite spacing unit for more than three (3) cumulative years during any five (5) year period.

The royalties and shut-in gas well payments payable to Lessor hereunder are determined with respect to the entire estate in leased substances and if Lessor owns a lesser interest therein, such royalties and shut-in gas well payments shall be reduced proportionately.

Lessee may use, free of royalty, leased substances from the Land by Lessee for its operations on the Land.

Upon thirty (30) days written notice to Lessee, Lessor shall have the right, at its sole cost and expense, to annually audit and review all information (including without limitation, all books, records, contracts, correspondence, run tickets, evidence of sales and shipments, reports and analyses, and electronically stored information and data) possessed by Lessee which is directly related to the determination of the payment of royalty or other amounts due under this Lease, during normal business hours at the office at which such information is maintained. Such information shall include that submitted to third parties (including government entities) respecting production from the Land or lands pooled therewith and relating to any royalty or to any tax based upon the value of production. In conjunction with any audit Lessee shall, to the fullest extent practicable, assemble and present the information so that it is complete. THE PROVISIONS OF THIS PARAGRAPH 3 SHALL SURVIVE ANY TERMINATION OF THIS LEASE.

4. This is a Paid-Up Lease and Lessee shall not be obligated during the primary term to make any further bonus or rental payments in order to maintain this Lease in force. Any money payable hereunder may be paid in cash or by check, mailed or delivered to Lessor. Payments or tenders due or payable under the terms of this Lease, other than royalties on actual production, may be made by mailing or delivering Lessee's check or draft to Lessor on or before such date of payment. If Lessee shall, in good faith and with reasonable diligence, attempt to pay any shut-in gas well payments but shall fail to pay, or incorrectly pay some portion thereof, this Lease shall not terminate unless Lessee, within thirty (30) days after written notice of its error or failure, shall fail to rectify the same in good faith as to any undisputed amounts.

5. Subject to Paragraph 2, if any operations or production of a leased substance or any combination of such activities shall occur hereunder and if at any time or times after the primary term or within ninety (90) days before expiration of the primary term such operations or such production or any combination of such activities shall cease for any cause so that none of such activities continues, such cessation shall not cause this Lease to terminate and this Lease shall remain in force if and so long as (a) shut-in gas well payments are made under paragraph 3 (if applicable) or (b) any operation or production of a leased substance is commenced or resumed hereunder during a period for which any such payment was made or within ninety (90) days after cessation of the last of the operations or production that had occurred hereunder or (c) the cause of cessation is covered by paragraph 7 hereof. Wherever used in this paragraph 5, or wherever else used in this Lease unless otherwise defined, or the context requires

otherwise, the meaning of the word "operations" shall without limitation include operations for and any of the following: drilling, production (actual or constructive), the drilling of a dry hole or successive holes before or after production is obtained, plugging back, reworking, recompletion, deepening, testing, repairing and remedial operations in connection with drilling or producing operations.

In addition to and notwithstanding any other provision herein, this lease shall not terminate in whole or in part, regardless of whether production of oil or gas has been established from the Land at the end of the primary term, so long as Lessee is engaged in continuous drilling operations on the Land, and except as provided in Paragraph 2, so long thereafter as oil or gas is produced in paying quantities from the Land. The term "continuous drilling operations" as used herein shall mean the drilling of wells without more than one hundred eighty (180) days elapsing between the completion of one well and the commencement of actual drilling of the next well, "completion" being the earlier to occur of (a) forty-five (45) days after completion rig release (or drilling rig release if the well is completed with the drilling rig), or (b) the date a well is either plugged and abandoned as a dry hole or completed as a producer of oil or gas in paying quantities as set out in the official State form. The actual drilling of the first such well must be commenced as follows: (1) if at the end of the primary term there is no well capable of producing oil or gas in paying quantities on the Land then on or before the end of the primary term; (2) if at the end of the primary term there is a well capable of production of oil or gas in paying quantities on the Land, but completion of the last well drilled during the primary term was more than ninety (90) days prior to the end of the primary term, then on or before the end of the primary term; or (3) if at the end of the primary term there is a well capable of producing oil or gas in paying quantities on the Land, but completion of the last well drilled during the primary term was less than ninety (90) days prior to the end of the primary term, then within ninety (90) days from completion of the last well drilled during the primary term. It shall be considered for all purposes under this Lease that continuous drilling operations have terminated in the event that continuous drilling operations are not commenced within the time hereinbefore specified, or if, at any time after commencement of continuous drilling operations, more than one hundred eighty (180) days elapse between the completion of one well and the commencement of actual drilling of the next well.

6. Insofar as it has the right to do so, Lessor hereby grants to Lessee the right to non-exclusive free use of all water on the Land to which Lessor may have the right to use or take for all operations hereunder.

Subject to Paragraph 2, Lessee shall have the right at any time within six (6) months after the termination of this Lease as to any of the Land to remove all of Lessee's property and fixtures on the terminated acreage, including the right to draw and remove all casing, and Lessee agrees to restore the surface of the Land to the extent required by Texas law or any governmental agency having jurisdiction thereof.

Within ninety (90) days after termination of this Lease as to any of the Land, Lessee shall plug all wells drilled hereunder on the terminated acreage which are not capable or no longer capable of producing oil or gas in paying quantities. Lessee shall plug such wells in compliance with all statutory requirements and governmental rules and regulations. Lessee agrees to fully defend, indemnify, and hold Lessor harmless from and against all claims, demands, suits, losses, fines, penalties, damages, liabilities, costs and expenses (including but not limited to attorney's fees and court costs) arising from Lessee's failure to plug or properly plug such wells.

THE PROVISIONS OF THIS PARAGRAPH 6 SHALL SURVIVE ANY TERMINATION OF THIS LEASE.

7. Other than lack of funding, whenever as a result of any cause beyond Lessee's control such as fire, flood, storm, or other Act of God, governmental law, order, or regulation, labor disputes, war, or inability to secure men, materials, permit(s), or transportation, Lessee is prevented or hindered from exercising any of its rights hereunder, complying with any of the terms hereof or carrying out any of its obligations hereunder, and such prevention or hindrance first occurs during the primary term hereof, the obligations of Lessee hereunder (excluding only its obligation to pay royalties hereunder on actual production), and the conditional requirement for shut-in gas well payments under Paragraph 3 hereof to perpetuate this Lease, shall be suspended during the period of such prevention or hindrance and for ninety (90) days thereafter. The primary term shall be extended for a period of time equal to the period of such suspension and this Lease shall remain in full force and effect during such period of suspension and during any such extension of the primary term. Lessee may commence or resume the payment or

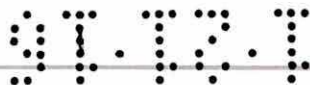


tender of shut-in gas well payments after the period of suspension by paying or tendering the proportionate part thereof for the Lease year remaining after such period of suspension.

If such prevention or hindrance first occurs after the primary term hereof, Lessee's obligations and the conditional requirement for shut-in gas well payments under Paragraph 3 hereof to perpetuate this Lease shall be suspended while Lessee is so prevented or hindered and for ninety (90) days thereafter. This Lease shall remain in full force and effect during any such prevention or hindrance and for ninety (90) days thereafter provided that within such ninety (90) days Lessee commences or resumes operations hereunder or commences or resumes the payment or tender of shut-in gas well payments by paying or tendering the proportionate part thereof for the Lease year remaining after such period of suspension. Nothing herein is intended to alter the Paragraph 3 limitation on the number of years this Lease may be maintained by shut-in gas well payments.

8. Lessee shall, during any operations hereunder test all formations leased hereunder having an adequate show of oil or gas, or which for any other reason would indicate to a reasonably prudent operator that such formation (or formations) should be tested. In addition, Lessee shall drill any well which a reasonably prudent operator would drill under the same or similar circumstances to prevent material uncompensated drainage from the Land by wells located on adjoining land not owned by Lessor as of the date of this lease and/or from which Lessor does not receive royalty when such drainage is not compensated by counter drainage. Lessee shall allow Lessor and its representatives full access to all wells drilled or operated hereunder, including access to the records thereof and to the derrick floor, at Lessor's sole risk and expense, and Lessor shall be furnished without cost to Lessor with samples or copies of all cores, cuttings, logs, drilling data, testing and completing data, and all other information obtained by Lessee pertaining to each well drilled hereunder. In this connection and without limiting the foregoing sentence in any way, Lessee shall furnish Lessor the information and reports shown and in the manner set forth on Exhibit "B", attached hereto and made a part hereof. Lessee further agrees to advise Lessor of any seismic operations in which Lessee participates across the Land or lands pooled therewith. If requested in writing, Lessee shall furnish Lessor a plat showing all holes drilled and all energy emission points used in connection with each such seismic survey. In addition, if requested by Lessor, Lessee shall furnish copies of all title information pertaining to the Land. Lessor agrees to maintain the confidentiality of all such information furnished during the term of this lease but in no event more than a period of five (5) years after the date the information is furnished to Lessor. Lessor acknowledges that Lessee has acquired the information in the ordinary course of its business, and that Lessee makes no representations or warranties, express, implied or otherwise, with respect to the accuracy of the information. Any reliance by Lessor on such information shall be based solely on Lessor's independent evaluation, judgment and decisions. Notwithstanding anything to the contrary herein, Lessee shall never be required to disclose any privileged or proprietary information or interpretive data.

9. Subject to Paragraph 9.A below, in connection with operations for the production of oil and gas or either of them, Lessee may at any time or times pool or unitize this Lease insofar as it covers the Land, in whole or in part, as to any stratum or strata, with lands which constitute one or more separate tract(s) also covered by this Lease, so as to constitute a unit or units whenever, in Lessee's judgment, necessary or advisable to comply with a law, rule, order or regulation of a governmental authority having jurisdiction, to reduce, or prevent economic waste, to protect correlative rights, or to promote, encourage or accomplish the conservation of natural resources, by filing for record an instrument so declaring subject to the following: (a) Units formed to establish or comply with an orderly or uniform well spacing pattern for the production of oil or gas shall be subject to the requirements in Paragraph 2 herein for a drillsite spacing unit, and shall allocate to each portion of this Lease included in any such unit a fractional part of all production from any part of such unit in the proportion that the total number of acres covered by each portion of this Lease included in such unit bears to the total number of acres included in such unit, and such units shall not exceed (i) forty (40) acres if for the production of oil and shall not exceed one hundred sixty (160) acres if for the production of gas for wells completed at depths above 10,000 feet, and (ii) one hundred sixty (160) acres if for the production of oil and shall not exceed six hundred and forty (640) acres if for the production of gas for wells completed at depths 10,000 feet or below, plus a tolerance of 10% in each instance, except that if the governmental authority having jurisdiction by appropriate rule, order or regulation prescribes or permits or, based on prior action of the applicable governmental authorities, may reasonably be expected to prescribe or permit units of a larger size, the unit or units may be increased to the maximum so prescribed or permitted or so reasonably expected to be prescribed or permitted; (b) Units formed to accomplish a cycling, pressure maintenance, repressuring or secondary recovery program, or any other cooperative or unit plan of development or operation involving multiple



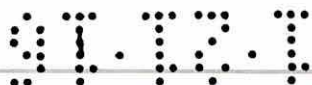
wells must be approved by the governmental authority having jurisdiction and shall allocate to each portion of this Lease included in any such unit a fractional part of production from any part of such unit on the basis of one of the following: (i) the ratio between the quantity of recoverable production allocable to the portion of this Lease included in such unit and the total of all recoverable production allocable to such unit; or (ii) such other basis as may be approved by the governmental authority having jurisdiction thereof. Any such unit so established may be enlarged to include acreage believed to be productive or may be diminished by excluding acreage believed to be nonproductive or may be diminished by excluding acreage the owners of which fail or refuse to participate in the unit and, in the absence of current production therefrom, any such unit may be abolished and dissolved by filing for record an instrument so declaring. To the extent and only to the extent, that Lessor is authorized pursuant to its ownership rights and covenants affecting the Land, the authorization of Lessee to pool or unitize this Lease shall extend to any and all ownership interests in the Land. Instruments filed for record hereunder shall be filed in the public notice records for the county in which the Land is situated. Upon production from any part of any such unit, Lessor herein shall be entitled to the royalties provided for in this Lease on only that fractional part of unit production allocated to that portion of this Lease included in such unit. Operations upon any such unit or projected to any part of any such unit from an off-unit drillsite or production from any part of such unit shall be treated and considered for all purposes of this Lease, except payment of royalties, as operations upon or production from all lands included in such unit. If this Lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this Lease but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph with consequent allocation of production as herein provided. As used herein the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the Land. Nothing in this Lease entitles any person or party other than Lessor or Lessee to any claim, cause of action, remedy or right of any kind.

9.A. In addition to the rights granted in Paragraph 9, hereinabove, in the event that any of the lands covered by this lease comprise less than 100% of the gross acreage of an individual section, Lessee shall have the right to pool that portion of this Lease included in such individual section with other leases covering lands in that same section and/or with one or more separate tract(s) within said individual section, provided that the pooled units so formed shall comply with the provisions of Paragraph 9.

10. Lessee at its option may purchase or discharge in whole or in part any tax, mortgage or other lien upon the Land created by, through or under Lessor, or may redeem the same from any purchaser at any tax sale or adjudication, and may reimburse itself from any royalties or shut-in gas well payments accruing hereunder and shall be subrogated to such lien with the right to enforce same.

11. (a) Definitions.

- (i) "Lessee Group" means Lessee and Lessee's affiliate companies, joint owners and venturers, co-lessees and partners, and Lessee's contractors, and each of their respective directors, agents, employees, representatives and insurers.
- (v) "Lessor Group" means Lessor and Lessor's affiliate companies, joint owners and venturers, co-lessees and partners, and Lessor's contractors, and each of their respective directors, agents, employees, representatives and insurers.
- (vi) "Third Party" means a person or entity other than any of the Lessor Group and the Lessee Group.
- (vii) "REGARDLESS OF LESSOR'S FAULT" means regardless of whether a claimant claims that Lessor is or was negligent in failing to warn the claimant of or to protect the claimant from the risks of harm from a condition of or on the property where the injury or damage occurred; or that the Lessor was or is negligent for allowing Lessee to conduct operations on the property where the injury or damage occurred.



(b) Bodily Injury, Death and Damage to Property of Lessee Group and Third Parties. Lessee agrees to fully defend, indemnify, and hold harmless Lessor Group, from and against each and every claim, demand, action, cause of action, or lawsuit, and any liability, penalty, fine, judgment, damage, loss, cost or expense (including but not limited to court costs and attorney's fees) incurred in connection therewith, that may be asserted against Lessor or Lessee by any third party and/or Lessee Group, whether direct or indirect, known or unknown, foreseen or unforeseen, arising from or on account of any operations conducted by Lessee or for the benefit of Lessee on the Land, REGARDLESS OF LESSOR'S FAULT.

(c) Disclaimer of Warranties. THIS OIL AND GAS LEASE IS MADE ON AN "AS IS, WHERE IS" BASIS AND "WITH ALL FAULTS". FURTHER, THIS LEASE IS MADE WITHOUT ANY WARRANTIES WHATSOEVER, WHETHER EXPRESS OR IMPLIED, WITH RESPECT TO ANY INTEREST HEREIN GRANTED. IN ADDITION TO THE FOREGOING, LESSOR AND LESSEE EXPRESSLY AGREE THAT LESSOR MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, WITH RESPECT TO: (1) TITLE (WHETHER REAL OR PERSONAL); (2) ORIGIN, QUANTITY, QUALITY, CONDITION, MERCHANTABILITY, FITNESS FOR ANY PARTICULAR PURPOSE OR SAFETY OF EQUIPMENT OR ANY OTHER PROPERTY GRANTED HEREIN; (3) COMPLIANCE OF SAID LAND OR RELATED FIXTURES AND PERSONAL PROPERTY WITH GOVERNMENTAL REGULATIONS; (4) THE QUANTITY, VALUE OR EXISTENCE OF RESERVES OF OIL OR GAS PRODUCIBLE OR RECOVERABLE FROM SAID LAND, AND (5) THE CONDITION OF SAID LAND AND RELATED FIXTURES AND IMPROVEMENTS.

(d) Environmental Claims. IN ADDITION TO THE FOREGOING AND NOTWITHSTANDING ANYTHING TO THE CONTRARY WHICH MAY BE CONTAINED HEREIN, LESSEE WAIVES ITS RIGHT TO RECOVER FROM LESSOR AND HEREBY ASSUMES AND AGREES TO FOREVER RELEASE, DISCHARGE, FULLY DEFEND, PROTECT, INDEMNIFY AND HOLD HARMLESS LESSOR GROUP, FROM AND AGAINST EACH AND EVERY CLAIM, DEMAND, ACTION, CAUSE OF ACTION, OR LAWSUIT, AND ANY LIABILITY, PENALTY, FINE, LIEN, JUDGMENT, DAMAGE, LOSS, COST OR EXPENSE, (INCLUDING BUT NOT LIMITED TO COURT COSTS AND ATTORNEY'S FEES) INCURRED IN CONNECTION THEREWITH, THAT MAY BE ASSERTED BY LESSEE GROUP, ANY THIRD PARTY, INCLUDING BUT NOT LIMITED TO GOVERNMENT AGENCIES, WHETHER DIRECT OR INDIRECT, KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, THAT MAY ARISE ON ACCOUNT OF OR IN ANY WAY BE CONNECTED WITH ANY OPERATIONS CONDUCTED BY LESSEE ON SAID LAND, OR ANY FEDERAL, STATE, TRIBAL, OR LOCAL LAW OR REGULATION APPLICABLE THERETO ("LAWS"). SAID LAWS SHALL INCLUDE, WITHOUT LIMITATION, THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION, AND LIABILITY ACT OF 1980, AS AMENDED (42 U.S.C. § 9601, ET SEQ.), THE RESOURCE CONSERVATION AND RECOVERY ACT OF 1976 (42 U.S.C. § 6901, ET SEQ.), THE CLEAN WATER ACT (33 U.S.C. § 466, ET SEQ.), THE SAFE DRINKING WATER ACT (14 U.S.C. § 1401-1450), THE HAZARDOUS MATERIALS TRANSPORTATION ACT (49 U.S.C. § 1801, ET SEQ.), AND THE TOXIC SUBSTANCE CONTROL ACT (15 U.S.C. § 2601-2629).

(e) Disposal of Wastes. LESSEE SHALL DISPOSE OF OR DISCHARGE ANY WASTES FROM SAID LAND (INCLUDING BUT NOT LIMITED TO PRODUCED WATER, DRILLING FLUIDS AND OTHER ASSOCIATED WASTES) IN ACCORDANCE WITH APPLICABLE LOCAL, STATE, TRIBAL AND FEDERAL LAWS AND REGULATIONS. LESSEE SHALL KEEP RECORDS OF THE TYPES, AMOUNTS AND LOCATION OF WASTES WHICH ARE DISPOSED OF ON-SITE AND OFF-SITE. UPON TERMINATION OF THIS LEASE AS TO ALL OR ANY PORTION OF SAID LAND, LESSEE SHALL TAKE WHATEVER ADDITIONAL REMEDIAL ACTION ON SAID LAND MAY BE NECESSARY TO MEET ANY LOCAL, STATE, TRIBAL OR FEDERAL REQUIREMENTS DIRECTED AT PROTECTING HUMAN HEALTH AND THE ENVIRONMENT IN EFFECT AT THAT TIME. LESSEE SHALL PROVIDE LESSOR WITH ACCESS TO THE RECORDS OF THE TYPES, AMOUNTS AND LOCATION OF WASTES WHICH ARE DISPOSED OF ON-SITE AND OFF-SITE.



THE PROVISIONS OF THIS PARAGRAPH 11 SHALL SURVIVE ANY TERMINATION OF THIS LEASE. Notwithstanding anything to the contrary herein, in the event Lessor owns a working interest in a portion of the Land covered by this Lease ("Lessor's Working Interest"), the indemnity provisions in this Lease shall NOT apply with respect to Lessor's Working Interest in such Land.

12. Unless otherwise provided in this Lease, all reports, notices, requests and other communications provided for herein shall be in writing, and shall be transmitted by hand delivery, by mail, express or courier delivery service, or telegram, with postage or charges prepaid, or by telex, telecopy, or any other similar process, to the following addresses:

If to Lessor: Chevron U.S.A. Inc.
1400 Smith Street
Houston, Texas 77002
Attention: Todd Kratz/Land Manager
Fax: (713) 372-9007

If to Lessee: Anadarko E&P Onshore LLC
P.O. Box 1330
Houston, Texas 77251-1330
Attention: Lindsay Jaffee Land Manager-West Texas
Fax: (832) 636-5640

Notices delivered by hand (including personal delivery, express or courier delivery or mail) or by telegram or telecopier will be effective upon delivery to an authorized representative of the party at the designated address; notices sent by telex will be effective upon transmission of the telex and receipt of the addressee's "answerback". Either party hereto may change its address for notice purposes, or may designate other addresses for specific purposes, by so informing the other party hereto in writing.

Royalties and shut-in gas well payments shall be delivered to Lessor at the following address: P.O. Box 36366, Houston, Texas 77236, Attention: Land Manager.

13. No assignment shall be made by Lessee of this Lease or any rights accruing to Lessee under the terms hereof unless Lessor shall evidence its consent thereto in writing; provided, however, Lessee may assign this Lease to any of its affiliates without the consent of Lessor, if each such affiliate agrees to be bound hereby. If Lessor consents to an assignment, Lessee and its assignee or assignees will be jointly and severally liable for the performance of all obligations imposed upon Lessee under this Lease, and such assignment shall not be binding upon or recognized by Lessor in any way unless and until a true copy thereof has been furnished to Lessor. Lessor's consent to an assignment shall not be construed as waiving Lessor's right to refuse consent to any subsequent assignment. Transfer of rights hereunder by Lessee through merger, consolidation or dissolution, or any change in ownership of power to vote a controlling share of the voting stock in Lessee shall not be considered as an assignment hereunder.

No change in ownership of Lessor's interest (by assignment or otherwise) shall be binding on Lessee until thirty (30) days after Lessee has been furnished with notice, consisting of certified copies of all recorded instruments or documents and other information necessary to establish a complete chain of record title from Lessor, and then only with respect to payments thereafter made. No present or future division of Lessor's ownership as to different portions or parcels of the Land shall operate to enlarge the obligations or diminish the rights of Lessee and Lessee's operations may be conducted without regard to any such division.

14. This Lease shall be binding upon all who execute it, whether or not they are named in the granting clause hereof and whether or not all parties named in the granting clause execute this Lease. All the provisions of this Lease shall inure to the benefit of and be binding upon the heirs, executors, administrators, successors and assigns of Lessor and Lessee subject to the provisions of paragraph 13. The provisions of this Lease shall constitute covenants running with the Land.



15. Lessee covenants and agrees that Lessee shall not file corrected field notes and/or plats relating to any survey of the Land, or adjoining lands, with any governmental agency or body, or with the County Surveyor or County Clerk of any county in which the Land is located, without first obtaining Lessor's written approval of said corrected field notes and/or plats.

16. **OPTION TO EXTEND.** Subject to the terms and provisions of that certain Mineral Farmout Agreement, TXL Minerals Area, Culberson, Loving, Reeves and Ward Counties, Texas, dated effective July 5, 2006, by and between Lessor and Lessee (the "Mineral Farmout Agreement"), Lessor hereby grants Lessee the option to extend the primary term of this lease for an additional two (2) years from the expiration of the original primary term hereof as to all or any portion of the Land then held hereunder which would expire unless so extended. If allowed by the Mineral Farmout Agreement, this option may be exercised by Lessee, or its successors and assigns, at any time before the expiration of the primary term hereof by paying or crediting to Lessor the sum described in the Mineral Farmout Agreement per net mineral acre for each acre so extended, which payment or credit shall cover the two (2) years of the extended term, and Lessor acknowledges that there will be no other payments or credits due for or during the extended term (with the exception of shut-in gas well payments or credits allowed for under this Lease). Payment shall be made or credit given in accordance with Article 5.1 of the Mineral Farmout Agreement. Should this option be exercised as herein provided, Lessee shall execute and file of record an instrument evidencing the exercise of this option. If this option to extend is properly exercised, all references in this Lease to "primary term" shall thereafter refer to the extended term of this Lease as provided in this Paragraph 16.

17. In lieu of filing this Lease for record, Lessee, at its option, may file a Memorandum of Oil and Gas Lease in the records of the county in which the Land is located to provide record notice to third parties of the existence of this Lease.

18. This Lease is made and entered into subject to that certain Instrument of Conveyance, Assignment and Transfer dated December 10, 1954 by and between George C. Fraser, et al, as Trustees of the Texas Pacific Land Trust and TXL Oil Corporation, the terms of which agreement are incorporated herein by reference.

IN WITNESS WHEREOF, this instrument is executed as of the date first above written.

LESSOR: Chevron U.S.A. Inc.

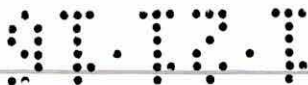
LESSEE: Anadarko E&P Onshore LLC

By: _____
P.A. Bikun

By: _____

Title: Attorney-in-Fact

Title: _____



ACKNOWLEDGEMENTS

STATE OF _____ }
COUNTY OF _____ }

On this _____ day of _____ 20____, the foregoing instrument was acknowledged before me, the undersigned, a Notary Public, by _____ who personally appeared before me and is known to me to be the identical person(s) described in and who executed the within and foregoing instrument, and acknowledged to me that she/he executed the same as her/his free and voluntary act and deed in the capacity stated and for the purpose and consideration therein expressed.

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

Notary Public in and for the State of Texas
My commission Expires: _____

STATE OF _____ }
COUNTY OF _____ }

On this _____ day of _____ 20____, the foregoing instrument was acknowledged before me, the undersigned, a Notary Public, by _____ who personally appeared before me and is known to me to be the identical person(s) described in and who executed the within and foregoing instrument, and acknowledged to me that she/he executed the same as her/his free and voluntary act and deed in the capacity stated and for the purpose and consideration therein expressed.

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

Notary Public in and for the State of Texas
My commission Expires: _____



EXHIBIT "A"

Attached to and made a part of that certain Oil and Gas Lease dated July 1, 2014, by and between Chevron U.S. A. Inc., as Lessor and Anadarko E&P Onshore LLC as Lessee.

DESCRIPTION OF THE LANDS SUBJECT TO THIS LEASE

T&P RR Co. Survey, Blk. 57, T-3 REEVES COUNTY, TEXAS

127059	Sec. 5	N/2 – All Depths
127060	Sec. 5	S/2 – All Depths
127061	Sec. 7	N/2 – All Depths
127063	Sec. 7	S/2 – All Depths
123321	Sec. 9	W/2 SW/4 – All Depths
127064	Sec. 9	N/2 – All Depths
127065	Sec. 9	SE/4 & E/2 SW/4 – All Depths
136319	Sec. 17	N/2 – All Depths
136320	Sec. 17	S/2 – All Depths
127075	Sec. 19	N/2 – All Depths
127076	Sec. 19	S/2 – All Depths
127079	Sec. 21	N/2 – All Depths
127080	Sec. 21	S/2 – All Depths
127089	Sec. 29	N/2 – All Depths
127090	Sec. 29	S/2 – All Depths
127091	Sec. 31	N/2 – All Depths
127093	Sec. 31	S/2 – All Depths

127094	Sec. 33	N/2 – All Depths
127095	Sec. 33	S/2 - All Depths
127103	Sec. 41	N/2 – All Depths
127104	Sec. 41	S/2 – All Depths
127105	Sec. 43	N/2 – All Depths
127106	Sec. 43	S/2 – All Depths
127108	Sec. 45	N/2 – All Depths
127109	Sec. 45	S/2 – All Depths

END OF EXHIBIT "A"

EXHIBIT "B"

Attached to and made a part of the Oil and Gas Lease
dated July 1, 2014 by and between
Chevron U.S.A. Inc., as Lessor
and Anadarko E&P Onshore LLC, as Lessee.

WELL INFORMATION REQUIREMENTS

OPERATOR & WELL NAME:
LOCATION:
FIELD/PROSPECT:
COUNTY & STATE:

INFORMATION REQUIRED

	DETAILED COMMENTS BELOW	# COPIES
LOGS: FIELD PRINTS		1
FINAL PRINTS		1
FILMS		1
DISKETTE*		1
MUDLOG DAILY		1
MUDLOG FINAL (AND DISKETTE IF AVAILABLE)		1
DST CHARTS & REPORTS, WIRELINE TESTS		1
OIL, GAS, WATER ANALYSES		1
CORE ANALYSES AND DESCRIPTION		1
BHP SURVEYS/VENDOR ANALYSES		1
DIPMETER, DIRECTIONAL SURVEYS, VELOCITY SURVEYS		1
GEOLOGICAL REPORTS		1
DAILY AND WEEKLY DRILLING REPORTS		1
CORRESPONDENCE CONCERNING DRLG & COMP. OF WELL ONLY		1
SUNDRY NOTICES, REGULATORY AGENCY REPORTS		1
MONTHLY PRODUCTION REPORTS		1
PAYOUT STATEMENTS		1
OTHER CORRESPONDENCE		1
ADDITIONAL COMMENTS: ONLY IF APPLICABLE		
<u>SEND DIGITAL LOG DATA VIA FLOPPY(LAS) FORMAT or IF SCHLUMBERGER LOGS THE WELL SEND DATA VIA DROPBOX (JOBNAME/PASSWORD REQUIRED)</u> <u>MAIL ALL OTHER INFORMATION TO *:</u> Keith McKeel Chevron U.S.A. 1400 Smith Street Houston, TX 77002 FAX , PHONE (713) 372-7567 *INCLUDING ONE COPY OF DIGITAL DATA		

INFORMATION REQUIRED (BY TELECOPY OR TELEPHONE)



DAILY MUD LOG	☒ YES	☐ NO	COMMENTS: MUD LOG VIA FAX, MODEM OR INTERNET IF APPLICABLE FAX: PHONE: EMAIL: TELECOPY: TELEPHONE:
LOGS AT TD	☒ YES	☐ NO	
DAILY DRILLING REPORT	☒ YES	☐ NO	
NAME:			
ALTERNATE:			

NOTICES REQUIRED (BY TELEPHONE)

INTENTION TO SPUD DURING WORKING HOURS	☒ YES	☐ NO	HOURS: 24 (EXCLUSIVE OF SATURDAY, SUNDAY AND HOLIDAYS)
INTENTION TO LOG/CORE/TEST	☒ YES	☐ NO	HOURS: 24 (EXCLUSIVE OF SATURDAY, SUNDAY AND HOLIDAYS)
INTENTION TO COMPLETE OR ABANDON	☒ YES	☐ NO	HOURS: 48 (EXCLUSIVE OF SATURDAY, SUNDAY AND HOLIDAYS)
IMMEDIATE NOTICE OF O/G SHOW	☒ YES	☐ NO	
NOTIFY:	PHONE: (WORK)		(HOME)

CORES/SAMPLES

SLAB OF CORES ACCESS ONLY	☐ YES	☒ NO	COMMENTS: ONLY IF APPLICABLE
SET DRYCUT SAMPLES	☒ YES	☐ NO	
SEND TO:			
LAND REPRESENTATIVE: Thomas D. Morris			PHONE: (713) 372-1544

Prior to Drilling:

Send Notice of Staking and all governmental regulatory filings and reports to

Send Notification of Intention to Spud (24 hours prior to spudding) and telephone number for rig and mudlogging trailer to _____
 (Address and phone number listed above).

14-10750
FILED FOR RECORD
REEVES COUNTY, TEXAS
Nov 17, 2014 at 03:33:00 PM

MEMORANDUM OF TERM ASSIGNMENT

STATE OF TEXAS }

COUNTY OF REEVES }

WHEREAS, by Term Assignment (hereinafter called "Assignment") made effective July 1, 2014, Chevron U.S.A. Inc., at 1400 Smith Street, Houston, TX 77002, hereinafter referred to as "Assignor", assigned and transferred to Anadarko E&P Onshore LLC, at P.O. Box 1330, Houston, TX 77251-1330, hereinafter referred to as "Assignee", the oil, gas and casinghead gas and all rights pertaining thereto in the oil and gas lease(s) and lands described in Exhibit "1", attached hereto (hereinafter called "Lease Acreage");

WHEREAS, the Assignment is for a primary term running concurrent with the primary term of that certain Oil and Gas Lease dated July 1, 2014 between Assignor and Assignee, a Memorandum of which is recorded in the Official Public Records of Reeves County, Texas (the "Lease") which Lease provides, in part:

"... this Lease shall remain in force for a period of three (3) years from the date hereof, herein called "primary term". . . [with] the option to extend the primary term of this lease for an additional two (2) years from the expiration of the original primary term. . ."

and as long thereafter as any well drilled and completed by Assignee on the Lease Acreage continues to produce in paying quantities, subject to the provisions of the Assignment;

WHEREAS, said Assignment is unrecorded and the parties desire an instrument in recordable form as a memorandum of such Assignment;

NOW, THEREFORE, for and in consideration of the premises, it is agreed that this Memorandum of Term Assignment be executed for notice purposes to be filed in the Reeves County, Texas records.

The terms and provisions of said unrecorded Assignment are referred to and incorporated herein, and made a part hereof to the same extent as though set out verbatim. Should any conflict arise between the terms of this Memorandum and the Assignment, the terms of the Assignment shall control.

EXECUTED this 14th day of October, 2014.

ASSIGNOR:
CHEVRON U.S.A. INC.

By: P. A. Bikun
P. A. Bikun
Its: Attorney-in-Fact

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TRUE & CORRECT
COPY OF
ORIGINAL FILED IN
REEVES COUNTY
CLERKS OFFICE

ASSIGNEE:
ANADARKO E&P ONSHORE LLC

By: [Signature] ^{SHS}
Lindsay Jaffee
Its: Agent and Attorney-in-Fact

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ACKNOWLEDGMENTS

STATE OF TEXAS }
COUNTY OF Harris }

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Before me Julie Eberle, a Notary Public in and for said county and state, on this day personally appeared P. A. Bivun as Attorney-in-Fact for Chevron USA, Inc., a Pennsylvania Corporation, on behalf of said corporation
Given under my hand and seal of office this 14th day of October, 2014.

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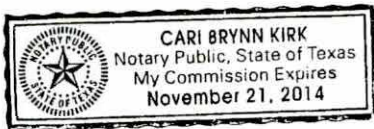


[Signature]
NOTARY PUBLIC in and for the State of
Texas

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STATE OF TEXAS }
COUNTY OF Montgomery }

Before me Cari Brynn Kirk, a Notary Public in and for said county and state, on this day personally appeared Lindsay N. Jaffee as Agent and Attorney-in-Fact for Anadarko E&P Onshore, LLC, a limited liability company
Given under my hand and seal of office this 30th day of October, 2014.



[Signature]
NOTARY PUBLIC in and for the State of
Texas



TRUE & CORRECT
COPY OF
ORIGINAL FILED IN
REEVES COUNTY
CLERKS OFFICE

01.12.1

EXHIBIT "1"

Attached to and made a part of that certain Memorandum of Term Assignment By and Between
CHEVRON U.S.A. INC., as Assignor, and ANADARKO E&P ONSHORE LLC, as Assignee
dated July 1, 2013

THE LEASE

LESSOR: General Land Office

LESSEE: Chevron Oil Company

DATED: March 6, 1973

RECORDED: Volume 322, Page 116 of the O&G Records, Reeves County, TX

DESCRIPTION: All of Section 14, Blk. 45, PSL Survey, Reeves County, Texas.
This Term Assignment does not cover the oil and gas rights from surface to 2,688'. It is noted that the oil and gas interest assigned herein from 2,689' to 6,300' is 50% (less outstanding burdens) and the oil and gas interest assigned below 6300' is 100% (less outstanding burdens).

LESSOR: General Land Office

LESSEE: Chevron Oil Company

DATED: October 3, 1972

RECORDED: Volume 315, Page 95 of the O&G Records, Reeves County, TX

DESCRIPTION: All of Section 22, Blk. 45, PSL Survey, Reeves County, Texas.
This Term Assignment only covers the N/2 of Section 22 below 2,688'.

LESSOR: General Land Office

LESSEE: Chevron Oil Company

DATED: October 3, 1972

RECORDED: Volume 315, Page 107 of the O&G Records, Reeves County, TX

DESCRIPTION: All of Section 27, Blk. 45, PSL Survey, Reeves County, Texas.
This Term Assignment only covers the E/2 of Section 27 below 2,688'.

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TRUE & CORRECT
COPY OF
ORIGINAL FILED IN
REEVES COUNTY
CLERKS OFFICE

97.12.1

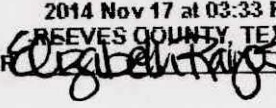
LESSOR: General Land Office
LESSEE: Chevron Oil Company
DATED: October 3, 1972
RECORDED: Volume 315, Page 111 of the O&G Records, Reeves County, TX
DESCRIPTION: All of Section 35, Blk. 45, PSL Survey, Reeves County, Texas.
This Term Assignment only covers rights below 2,688'.

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Inst No. 14-10750
DIANNE O. FLOREZ
COUNTY CLERK
2014 Nov 17 at 03:33 PM
REEVES COUNTY, TEXAS
By: ER  DEPUTY



TRUE & CORRECT
COPY OF
ORIGINAL FILED IN
REEVES COUNTY
CLERKS OFFICE

91.13.1

ASSIGNMENT DEEP RIGHTS 81

File No. MF 067525

Copy

Date Filed: 1/25/16

George P. Bush, Commissioner

By TRAVIS MATTHEWS

CLERK'S OFFICE
REEVES COUNTY
ORIGINAL FILED IN
COPY OF
TRUE & CORRECT



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

The above and foregoing is a full, true and correct photographic copy of the original record now in my lawful custody and possession, as the same is filed/recorded in the public records of my office, found in VOL 1125, PAGE 578, THRU 581.

I hereby certified on 12 16 15



DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

BY Bartolomeo Olvera DEPUTY

U.S. Postal Service™

CERTIFIED MAIL™ RECEIPT

(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com®

OFFICIAL USE

Postage

\$

Certified Fee

Return Receipt Fee
(Endorsement Required)

Restricted Delivery Fee
(Endorsement Required)

Total Postage & Fees

\$

Postmark
Here

Sent To

WHITES INDUSTRIAL ENG.

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

City, State, ZIP+4

7011 1150 0001 2414 8790

Certified Mail Provides:

- A mailing receipt
- A unique identifier for your mailpiece
- A record of delivery kept by the Postal Service for two years

Important Reminders:

- Certified Mail may **ONLY** be combined with First-Class Mail® or Priority Mail®
- Certified Mail is *not* available for any class of international mail.
- **NO INSURANCE COVERAGE IS PROVIDED** with Certified Mail. For valuables, please consider Insured or Registered Mail.
- For an additional fee, a *Return Receipt* may be requested to provide proof of delivery. To obtain Return Receipt service, please complete and attach a Return Receipt (PS Form 3811) to the article and add applicable postage to cover the fee. Endorse mailpiece "Return Receipt Requested". To receive a fee waiver for a duplicate return receipt, a USPS® postmark on your Certified Mail receipt is required.
- For an additional fee, delivery may be restricted to the addressee or addressee's authorized agent. Advise the clerk or mark the mailpiece with the endorsement "*Restricted Delivery*".
- If a postmark on the Certified Mail receipt is desired, please present the article at the post office for postmarking. If a postmark on the Certified Mail receipt is not needed, detach and affix label with postage and mail.

IMPORTANT: Save this receipt and present it when making an inquiry.

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Mr. James White
White's Industrial Engines
804 South Terrell Street
Midland, Texas 79701

2. Article Number
(Transfer from service label)

7011 1150 0001 2414 8790

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

James White

☐ Agent

☐ Addressee

B. Received by (Printed Name)

JAMES A WHITE

C. Date of Delivery

12-8-15

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below: ☐ No

3. Service Type



Certified Mail

☐ Express Mail

☐ Registered

☐ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

UNITED STATES POSTAL SERVICE

RIO GRANDE DISTRICT

US DEC 2015 PM 1

First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10

- Sender: Please print your name, address, and ZIP+4 in this box •

DEC 14 2015

MF 067525

TRAVIS MATTHEWS

TEXAS GENERAL LAND OFFICE

PO BOX 12873

AUSTIN, TX 78711-2873



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

Certified USPS 7011 1150 0001 2414 8790

December 3, 2015

Mr. James White
White's Industrial Engines
804 South Terrell Street
Midland, Texas 79701

Re: State Lease: **MF 067525 being 320 acres, Sec 22, Blk 45 PSL Survey, Reeves County, TX. And MF 067953 being 640 acres, Sec 14, Blk 45 PSL Survey, Reeves County, TX.**

Dear Mr. White:

We have reviewed the GLO record on the referenced lease and the Railroad Commission production records of the wells which have been producing under this lease. From our review we have determined that the revenue from production over the last twelve months does not appear to have exceeded the operating and marketing expenses. Please provide the Texas General Land Office with the Income / Expense statements for the last year concerning the aforementioned lease and its associated wells. Please respond to this request. If we have not received this statement within thirty days of your receipt of this letter we will terminate this lease.

We look forward to hearing from you.

Travis Matthews
Landman, Energy Resources
512-463-5118
512-475-1543 (fax)
travis.matthews@glo.texas.gov

(82)

File No. MF067525
MF067953 ~~George~~

Date Filed: 12-3-15 1-26-16

George P. Bush, Commissioner

By TRAVIS MATTHEWS

White's Industrial Engines

804 S. Terrell St.

Midland, Texas 79701

(915) 683-6677

I Believe that the Leases in Reeves County were
sabotaged all the work that was performed
brought the Lease down spent about thirty
thousand dollars. Now we have a new ~~guy~~ GUY
that's one of our own people here pretty quick
we should be doing a lot better we have a
motor home out there he can stay in some
we have a pulling unit that won't cost much a
friend of ours has. Bear with us thanks

Sincerely James L. White

6-21-16

P.S. THIS ISN'T ALL OF THE TICKETS
THESE ADD UP OVER 2400. IF YOU NEED
MORE OF IT LET ME KNOW

Texans Well Service LLC

PO Box 1217
Kermit, TX 79745

Invoice

Date	Invoice #
11/4/2015	1079

Bill To
Lobo Resources <i>WHITES END ENGINE'G</i> 804 S. Terrel Midland, TX 79701

P.O. No.	Terms	Project
Hill & Hill #3		

Quantity	Description	Rate	Amount
10	10/28/15 Ticket #1209 Drove rig and crew to location. Rigged up and pulled pump and rods out of the hole. Rigged up paraffin tools and cut from top to 1500 ft down. Pulled tbg out of the hole. Closed well in and shut down for the day. (One way road time)	235.00	2,350.00
10	10/29/15 Ticket #1210 Arrived on location; bled off well. Rigged up tbg tester and started testing in hole at 5000p. Found one hole and busted one more. Replaced two jts. Rigged tester down. Seated T.N.C. w/ 10 points on it. Flanged up, ready to run pump but never showed up with it. Waited 4 hours. (One way road time)	235.00	2,350.00
7	10/30/15 Ticket #1211 Arrived on location. Opened well. Ran pump and rods in hole real slow. Tbg still have paraffin on walls. Respaced it; hung well on; good action. rigged down and moved off. (One way road time)	235.00	1,645.00
3	10/30/15 ticket #1212 Drove rig and crew to location, Rigged up and unhung it. Longstroked for about 30 min. Got good action. Rigged down and moved off location.	235.00	705.00
		Total	\$7,050.00

Larry Hill
432-208-3742

Company Order No. _____

Well T.D.

1209

Company LOBO RESOURCES Lease HILL & HILL
Address 804 S. TERREL MIDLAND ⁷⁹⁷⁰¹ Well No. #3
Date 10-28-15 From 8:00 ^{A.M.} To 6:00 ^{A.M.} Job Completed() Incomplete()

DESCRIPTION OF WORK

Drove Rig & crew to Loc.
Rigged up & pulled pump. Rods out the
hole. Rigged up paraffin tools &
cutted ~~promen~~ top to 1500 ft down
pulled tbg out the hole closed well
in & shut down for the day

ONE WAY ROAD TIME

Employee Time	Hours	Equipment Used	Unit No.	Hrs.
Op. Jose Luis Ruiz	10	Unit & 4 Men	1	110 2350-
D.M. Jose Luis Ruiz Jr.	10			
Floorhand Arnol Valenzuela	10	Rod and/or Tubing tongs		
Floorhand Elio Ontiveros	10	Flashing Tool		
		Replacement Parts For Fishing Tool		
		Paraffin Knife		
		Rodd Stripper & Rubber		
OUT THE HOLE		Tubing Stripper & Rubber		
		Wiper Rubber		
1 1/4 X 16 w / 10 p.r.l +		Swap Cups		
8-6-6 3/4 Subst		Oil Saver Rubbers		
106 3/4 Rods				
2X 1 1/2 X 12 w G.C.P.A pump				
2 3/8 8 1/2 T.A.C.S.W MA			Sales Tax	
			Total	

Signed Jose Luis King
Operator

Signed _____
Company Representative

Larry Hill
432-208-3742

Company Order No. _____

Well T.D. _____

Company LOBO RESOURCES Lease WELL & HILL

Address _____ Well No. 3

Date 10-30-15 From _____ A.M. To _____ A.M.
P.M. P.M. Job Completed() Incomplete()

DESCRIPTION OF WORK

arrived on loc opened well Run
pump & Rods in hole Real slow
thg still have paraffin on walls
Respaced it hung well on
good action Rig down & moved off.

ONE WAY ROAD TIME

[illegible]

Signed [Signature] Signed _____
Operator Company Representative

Company Representative

Larry Hill
432-208-3742

Company Order No. _____

Well T.D. _____

1212

Company LOBO RESOURCES Lease HILL & HILL
Address _____ Well No. #2
Date 10-30-15 From _____ A.M. _____ P.M. _____
To _____ A.M. _____ P.M. _____ Job Completed() Incomplete()

DESCRIPTION OF WORK

Drove Rig & crew to Loc.
Rigged up & unhunged it Longstroked
for about 30 min. got good
action Rigged down & took it
to yard

ROAD TIME CHARGED TO #3 well

Employee Time	Hours	Equipment Used	Unit No.	Hrs.
Op. Jose Luis Ruiz	3	Unit & 4 Men	1	3
D.M. Jose Luis Ruiz Jr	3			
Floorhand Arnol Valenzuela	3	Rod and/or Tubing tongs		
Floorhand Rolando Hernandez	3	Flashing Tool		
		Replacement Parts For Fishing Tool		
		Paraffin Knife		
		Rodd Stripper & Rubber		
		Tubing Stripper & Rubber		
		Wiper Rubber		
		Swap Cups		
		Oil Saver Rubbers		
		Sales Tax		
		Total		

Signed John James King Signed _____
Operator Company Representative

Company Representative



PAGE	CUST NO	YARD #	INVOICE DATE
1 of 1	1003471	1308	12/29/2015
INVOICE NUMBER			
92005063			

Pecos (432) 445-2216
B REMUDA OPERATING
I 505 N BIG SPRING ST STE 602
L MIDLAND
L TX US 79701
T
O ATTN: ACCOUNTS PAYABLE

J LEASE NAME As follows
O LOCATION As follows
B COUNTY CULBERSON
S STATE TX
I JOB DESCRIPTION
T JOB CONTACT
E

JOB #	EQUIPMENT #	PURCHASE ORDER NO.		TERMS	DUE DATE
40897669	Various..			Net - 30 days	01/28/2015
		QTY	U of M	UNIT PRICE	INVOICE AMOUNT
Lease :HILL & HILL 34-3					
For Service Dates: 12/02/2015 to 12/04/2015 40896457					
130805238A Srvc Work using WS Rig 12/02/2015 Rig with Crew		13.00	HR	220.00	2,860.00 T
130805239A Srvc Work using WS Rig 12/03/2015 Rig with Crew		13.00	HR	220.00	2,860.00 T
130805240A Srvc Work using WS Rig 12/04/2015 Rig with Crew		4.00	HR	220.00	880.00 T
Sub Total					6,600.00 T
Lease :HILL&HILL #1					
For Service Dates: 12/07/2015 to 12/08/2015 40897669					
130805243A Srvc Work using WS Rig 12/07/2015 Rig with Crew		14.00	HR	220.00	3,080.00 T
130805244A Srvc Work using WS Rig 12/08/2015 Rig with Crew		3.00	HR	220.00	660.00 T
Sub Total					3,740.00 T
PLEASE REMIT TO: SEND OTHER CORRESPONDENCE TO:					
BASIC ENERGY SERVICES,LP		BASIC ENERGY SERVICES,LP		SUB TOTAL	10,340.00
PO BOX 841903		801 CHERRY ST, STE 2100		TAX	853.05
DALLAS, TX 75284-1903		FORT WORTH, TX 76102		INVOICE TOTAL	11,193.05

RRC # _____

Last ticket of Job: VNS

Job # _____



P.O. Box 841903
Dallas, Texas 75284-1903

DAILY WORK TICKET

1308 05244 A

Rig # 1215

Date 12-8-15

Wed

Customer Name Remuda Customer AFE # _____ Customer P/O # _____
Mailing Address _____ City _____ State _____ Zip _____

Block _____ Section _____ Survey _____ Township _____ Range _____ Field _____

Lease Hill & Hill Well # 1 County Culberson State TX

Well Depth: _____ Working Depth: ☒ 0' - 4,000' ☐ 4,001' - 8,000' ☐ 8,001' + Well Type: ☐ OIL ☐ GAS ☐ COND. ☐ OTHER

Work Description: Workover _____ Rod _____ Rod & Tubing ✓ Re-entry _____
Swabbing _____ Tubing _____ Completion _____ P & A _____

BILLING

DESCRIPTION	RATE		TOTAL		QTY.	RATE		TOTAL
RIG & CREW	<u>3</u>	Hrs. @ <u>220⁰⁰</u>	Per Hr.	<u>660.00</u>	Paraffin Knife			
EXTRA LABOR		Hrs. @	Per Hr.		Safety Valve			
RIG FUEL		Hrs. @	Per Hr.		Standing Valve			
TRAVEL TIME		Hrs. @	Per Hr.		B.O.P.			
		QTY.	RATE		Catwalk			
			Hr. / Day / Ea.		Pipe Racks			
Rig Pusher								
OTE								
H ₂ S & Safety Equip.								
Tubing Tongs								
Rod Tongs								
Rig Mat								
Swab Cups Sz								
Oil Saver Rubber								
Wiper Rubbers								
Rod Stripper Rubber								
Permit								
Pipe Dope								
MISCELLANEOUS:								

TOTAL BILLABLE AMOUNT THIS FIELD REPORT

☐ SUBJECT TO SALES TAX 660 \$

DESCRIPTION OF WORK:

TIME STARTED 6:00 AM, TIME STOPPED 9:00 AM,

Drove crew to loc,
had TSA safety meeting, RID clean loc,
moved,

Rig Down

PAYROLL SECTION

EMPLOYEE	Emp. #	Revenue Hours	Travel Hours	TOTAL	Safety Report
OPERATOR <u>Rosalio Armendariz</u>	<u>57290</u>			<u>3</u>	<u>Pecos</u>

RRC # _____

Last ticket of Job: Y (N)

Job # _____



P.O. Box 841903
Dallas, Texas 75284-1903

DAILY WORK TICKET

1308 05238 A

Rig # 1215

Date 12-2-15
Wed

Customer Name Bermuda Customer AFE # _____ Customer P/O # _____
Mailing Address _____ City _____ State _____ Zip _____

Block _____ Section _____ Survey _____ Township _____ Range _____ Field _____

Lease Hill 8 H011 Well # 34-3 County Culberson State TX
Well Depth: _____ Working Depth: ☒ 0' - 4,000' ☐ 4,001' - 8,000' ☐ 8,001' + Well Type: ☐ OIL ☐ GAS ☐ COND. ☐ OTHER

Work Description: Workover _____ Rod _____ Rod & Tubing ☒ Re-entry _____
Swabbing _____ Tubing _____ Completion _____ P & A _____

BILLING

DESCRIPTION	RATE		TOTAL		QTY.	RATE Hr. / Day / Ea.	TOTAL				
RIG & CREW	13	Hrs. @ 220	Per Hr.	2860	Paraffin Knife						
EXTRA LABOR		Hrs. @	Per Hr.		Safety Valve						
RIG FUEL		Hrs. @	Per Hr.		Standing Valve						
TRAVEL TIME		Hrs. @	Per Hr.		B.O.P.						
	QTY.	RATE Hr. / Day / Ea.			Catwalk						
Rig Pusher					Pipe Racks						
OTE											
H ₂ S & Safety Equip.				ROD SIZE	SIZE	No. Rods Pulled	No. Rods Run	No. of Subs			
Tubing Tongs											
Rod Tongs											
Rig Mat											
Swab Cups Sz											
Oil Saver Rubber				TUBE SIZE	SIZE	No. Joints Pulled	No. Joints Run	Upset	Plain	Thd	# Subs
Wiper Rubbers											
Rod Stripper Rubber											
Permit											
Pipe Dope											
MISCELLANEOUS:											

TOTAL BILLABLE AMOUNT THIS FIELD REPORT

☐ SUBJECT TO SALES TAX \$ 2860

DESCRIPTION OF WORK:

drove Rig to loc, TIME STARTED 7:00am, TIME STOPPED 8:00pm,
had JSA safety meeting, p/u unit unseated perf p1010/H
1 1/2" x 16 p/Rod 4-6-8-8-ft subs 3/4 106 3/4 Rods, 2 ft subs 3/4
perf 2 x 1 1/2" x 16 - unflanged well, p1010/H 85 JTS 2 3/8
TIAIC, sin perf sub 2 3/8 2 JTS M/A, B/plug p/u tbg, testers
tested 10 stands, had paraffin problems p/o to testers
TIE/H/W, All the pipe, laydown All the pipe Amount of
85 JTS 2 3/8, closed well in, shut down, drove crew home,

PAYROLL SECTION

EMPLOYEE	Emp. #	Revenue Hours	Travel Hours	TOTAL	Safety Report
OPERATOR <u>Rosalvo Amador</u>	<u>57290</u>			<u>13</u>	<u>Pecos</u>

RRC # _____

Last ticket of Job: Y (N)

Job # _____



P.O. Box 841903
Dallas, Texas 75284-1903

DAILY WORK TICKET

1308 05239 A

Rig # 1215

Date 12-3-15

Thur.

Customer Name Rebuda Customer AFE # _____ Customer P/O # _____
Mailing Address _____ City _____ State _____ Zip _____

Block _____ Section _____ Survey _____ Township _____ Range _____ Field _____

Lease Hill & Hill Well # 34-3 County Culberson State TX
Well Depth: _____ Working Depth: ☐ 0 - 4,000' ☒ 4,001' - 8,000' ☐ 8,001' + Well Type: ☐ OIL ☐ GAS
☐ COND. ☐ OTHER

Work Description: Workover _____ Rod _____ Rod & Tubing _____ Re-entry _____
Swabbing _____ Tubing _____ Completion _____ P & A _____

BILLING

DESCRIPTION	RATE		TOTAL	QTY.	RATE		TOTAL
RIG & CREW	13	Hrs. @ 220 ⁰⁰ Per Hr.	2860.00	Paraffin Knife			
EXTRA LABOR		Hrs. @ _____ Per Hr.		Safety Valve			
RIG FUEL		Hrs. @ _____ Per Hr.		Standing Valve			
TRAVEL TIME		Hrs. @ _____ Per Hr.		B.O.P.			
	QTY.	RATE		Catwalk			
		Hr. / Day / Ea.		Pipe Racks			
Rig Pusher							
OTE							
H ₂ S & Safety Equip.							
Tubing Tongs							
Rod Tongs							
Rig Mat							
Swab Cups Sz							
Oil Saver Rubber							
Wiper Rubbers							
Rod Stripper Rubber							
Permit							
Pipe Dope							
MISCELLANEOUS:							

TOTAL BILLABLE AMOUNT THIS FIELD REPORT

☐ SUBJECT TO SALES TAX 2860 \$

DESCRIPTION OF WORK: drove crew to loc, TIME STARTED 7:00 AM, TIME STOPPED 8:00 PM,
had JSA safety meeting, check pressure, 100 psi, B/wip
waited on Hot oil truck. Clean out pipe with Hot water
on the Ground, waited on tbg, tester's R/V tbg, tester's
TRIMHW B/Plug 2 Jts 2 3/8 M/A Perf Sub 2 3/8 SLW t/A C/P 16 Jts 2
testing tbg, found 2 Hole Busted 1 Pinch 2 with tongs.
Replaced 3 Jts 12 3/8 R/V tbg, tester's set t/A C, Flanged well up,
Ran in Hole new pup 2 1/2 x 16 2 Jts 2 3/8 106 3/4 rods. 8-6-4 ft subs 3 1/2
1 x 16 P/Rod hung well over, shut down, drove crew Home,

PAYROLL SECTION

EMPLOYEE	Emp. #	Revenue Hours	Travel Hours	TOTAL	Safety Report
OPERATOR <u>Rosalio Armerder</u>	<u>57290</u>			<u>13</u>	<u>pecas</u>

RRC # _____

Last ticket of Job: ☒ N

Job # _____



P.O. Box 841903
Dallas, Texas 75284-1903

DAILY WORK TICKET

1308 05240 A

Rig # 1215

Date 12-4-15
Fri.

Customer Name Remuda Customer AFE # _____ Customer P/O # _____
Mailing Address _____ City _____ State _____ Zip _____

Block _____ Section _____ Survey _____ Township _____ Range _____ Field _____

Lease Hill & Hill Well # 3H-3 County Culberson State TX
Well Depth: _____ Working Depth: ☒ 0' - 4,000' ☐ 4,001' - 8,000' ☐ 8,001' + Well Type: ☐ OIL ☐ GAS
☐ COND. ☐ OTHER

Work Description: Workover _____ Rod _____ Rod & Tubing ☒ Re-entry _____
Swabbing _____ Tubing _____ Completion _____ P & A _____

BILLING

DESCRIPTION	RATE		TOTAL		QTY.	RATE Hr. / Day / Ea.	TOTAL
RIG & CREW	4	Hrs. @ 220 ⁰⁰	Per Hr.	880.00	Paraffin Knife		
EXTRA LABOR		Hrs. @	Per Hr.		Safety Valve		
RIG FUEL		Hrs. @	Per Hr.		Standing Valve		
TRAVEL TIME		Hrs. @	Per Hr.		B.O.P.		
	QTY.	RATE Hr. / Day / Ea.			Catwalk		
Rig Pusher					Pipe Racks		
OTE							
H ₂ S & Safety Equip.							
Tubing Tongs							
Rod Tongs							
Rig Mat							
Swab Cups Sz							
Oil Saver Rubber							
Wiper Rubbers							
Rod Stripper Rubber							
Permit							
Pipe Dope							
MISCELLANEOUS:							

TOTAL BILLABLE AMOUNT THIS FIELD REPORT

☐ SUBJECT TO SALES TAX 880.00 \$

DESCRIPTION OF WORK: Drove crew to loc, TIME STARTED 6:00 AM, TIME STOPPED 10:00 AM
had JSA safety meeting, space out well,
longstroked well, check Action was GOOD
hang well Back on PID clean loc, moved,
Rig Down

PAYROLL SECTION

EMPLOYEE	Emp. #	Revenue Hours	Travel Hours	TOTAL	Safety Report
OPERATOR <u>Mrs. Aljo Armentario</u>	<u>57290</u>			<u>4</u>	<u>PECOS</u>

RRC # _____

Last ticket of Job: Y N

Job # _____



P.O. Box 841903
Dallas, Texas 75284-1903

DAILY WORK TICKET

1308 05243 A

Rig # 1215

Date 12-7-15
Mon.

Customer Name Remuda Customer AFE # _____ Customer P/O # _____
Mailing Address _____ City _____ State _____ Zip _____

Block _____ Section _____ Survey _____ Township _____ Range _____ Field _____

Lease McC Hill & Hill Well # 1 County Culberson State TX
Well Depth: _____ Working Depth: ☐ 0' - 4,000' ☒ 4,001' - 8,000' ☐ 8,001' + Well Type: ☐ OIL ☐ GAS ☐ COND. ☐ OTHER

Work Description: Workover _____ Rod _____ Rod & Tubing ✓ Re-entry _____
Swabbing _____ Tubing _____ Completion _____ P & A _____

BILLING

DESCRIPTION	RATE		TOTAL	QTY.	RATE Hr. / Day / Ea.	TOTAL
RIG & CREW	<u>14</u>	Hrs. @ <u>220⁰⁰</u>	Per Hr. <u>3080.00</u>	Paraffin Knife		
EXTRA LABOR		Hrs. @	Per Hr.	Safety Valve		
RIG FUEL		Hrs. @	Per Hr.	Standing Valve		
TRAVEL TIME		Hrs. @	Per Hr.	B.O.P.		
	QTY.	RATE Hr. / Day / Ea.		Catwalk		
Rig Pusher				Pipe Racks		
OTE						
H ₂ S & Safety Equip.						
Tubing Tongs						
Rod Tongs						
Rig Mat						
Swab Cups Sz						
Oil Saver Rubber						
Wiper Rubbers						
Rod Stripper Rubber						
Permit						
Pipe Dope						
MISCELLANEOUS:						

ROD SIZE	SIZE	No. Rods Pulled	No. Rods Run	No. of Subs			

TUBE SIZE	SIZE	No. Joints Pulled	No. Joints Run	Upset	Plain	Thd	# Subs

TOTAL BILLABLE AMOUNT THIS FIELD REPORT

☐ SUBJECT TO SALES TAX 3080 \$

DESCRIPTION OF WORK: drove crew to loc, TIME STARTED 6:00 AM TIME STOPPED 8:00 PM
had JSA, safety meeting, open well. waited on Hot oil
truck, clean out tog, with Hot water in the ground
R/V tog, tester's TIE/H/W B/PLUG 1ST 2^{3/8} M/A perf sub 2^{3/8}
S/N 88TS, 2^{3/8} testing tog, found 1 Hole Busted 6TS, 2^{3/8}
Replaced 7TS, 2^{3/8} R/D tog, tester's flanged well up. Ran in
Hole. Pump 2X1^{1/2}X12 1^{1/2}X1 K-Bar 109^{3/4} Rods, 8-6-H-2-ft sub
3/4 1^{1/2}X22 P/Red space out well. hang well on. shut down, drove
crew Home.

PAYROLL SECTION

EMPLOYEE	Emp. #	Revenue Hours	Travel Hours	TOTAL	Safety Report
OPERATOR <u>Rosalio Armentariz</u>	<u>57290</u>			<u>14</u>	<u>Pecos</u>



PAGE	CUST NO	YARD #	INVOICE DATE
1 of 1	1003471	1308	12/29/2015
INVOICE NUMBER			
92005049			

Pecos (432) 445-2216

B REMUDA OPERATING
I 505 N BIG SPRING ST STE 602
L MIDLAND
L TX US 79701

T
O ATTN: ACCOUNTS PAYABLE

J LEASE NAME REEVES STATE # 1022
O LOCATION
B COUNTY CULBERSON
S STATE TX
I JOB DESCRIPTION Srvc Work using WS Rig
E JOB CONTACT

JOB #	EQUIPMENT #	PURCHASE ORDER NO.		TERMS	DUE DATE
40897965				Net - 30 days	01/28/2016
For Service Dates: 12/08/2015 to 12/10/2015		QTY	U of M	UNIT PRICE	INVOICE AMOUNT
0040897965					
130805245A Srvc Work using WS Rig 12/08/2015					
Rig with Crew		8.00	HR	220.00	1,760.00 T
Rubber-Wipers		1.00	EA	45.00	45.00 T
130805246A Srvc Work using WS Rig 12/09/2015					
Rig with Crew		14.00	HR	220.00	3,080.00 T
130805247A Srvc Work using WS Rig 12/10/2015					
Rig with Crew		4.00	HR	220.00	880.00 T
PLEASE REMIT TO:		SEND OTHER CORRESPONDENCE TO:		SUB TOTAL	5,765.00
BASIC ENERGY SERVICES, LP		BASIC ENERGY SERVICES, LP		TAX	475.61
PO BOX 841903		801 CHERRY ST, STE 2100		INVOICE TOTAL	6,240.61
DALLAS, TX 75284-1903		FORT WORTH, TX 76102			

FX



P.O. Box 841903
Dallas, Texas 75284-1903

1308 05245 A

Rig # 1215

Date 12-8-15

DAILY WORK TICKET

AC # _____

Last ticket of Job: Y ☒ N

Job # _____

Customer Name Remuda Customer AFE # _____ Customer P/O # _____
Mailing Address _____ City _____ State _____ Zip _____

Block _____ Section _____ Survey _____ Township _____ Range _____ Field _____

Lease Reeves state Well # 1022 County evlerson State TX
Well Depth: _____ Working Depth: ☒ 0' - 4,000' ☐ 4,001' - 8,000' ☐ 8,001' + Well Type: ☐ OIL ☐ GAS
☐ COND. ☐ OTHER

Work Description: Workover _____ Rod _____ Rod & Tubing ☒ Re-entry _____
Swabbing _____ Tubing _____ Completion _____ P & A _____

BILLING

DESCRIPTION	RATE		TOTAL	QTY.	RATE Hr. / Day / Ea.	TOTAL
RIG & CREW	8	Hrs. @ 220 ⁰⁰	Per Hr.	1760.00	Paraffin. Knife	
EXTRA LABOR		Hrs. @	Per Hr.		Safety Valve	
RIG FUEL		Hrs. @	Per Hr.		Standing Valve	
TRAVEL TIME		Hrs. @	Per Hr.		B.O.P.	
	QTY.	RATE Hr. / Day / Ea.			Catwalk	
Rig Pusher					Pipe Racks	
OTE						
H ₂ S & Safety Equip.						
Tubing Tongs						
Rod Tongs						
Rig Mat						
Swab Cups Sz						
Oil Saver Rubber						
Wiper Rubbers	1	45 ⁰⁰	45.00			
Rod Stripper Rubber						
Permit						
Pipe Dope						
MISCELLANEOUS:						

TOTAL BILLABLE AMOUNT THIS FIELD REPORT

☐ SUBJECT TO SALES TAX 1805 \$

DESCRIPTION OF WORK:

Drove Rig to loc, TIME STARTED 9:00 AM, TIME STOPPED 5:00 PM,
R/V unit B/W/D pump stuck, worked up and down, couldn't
get pup unseated Backed off rods to the left plow/H Got out with
1'x12 P/Rod 4ft sub 101 3/4 Rod 5 1/2 x 1 K-Bar, unflanged well,
plow/H 82 JTS 12' 3/8 tubing pump working barrel pett sub B/P/Vg
and plunger, closed well in, shut down, drove crew Home,

Rig Up

PAYROLL SECTION

EMPLOYEE	Emp. #	Revenue Hours	Travel Hours	TOTAL	Safety Report
OPERATOR Rosalind Armendariz	57290			8	RecoS

RRC # _____

Last ticket of Job: 

Job # _____



P.O. Box 841903
Dallas, Texas 75284-1903

1308 05246 A

Rig # 1215

Date 12-9-15

DAILY WORK TICKET

Customer Name Remuda Customer AFE # _____ Customer P/O # _____
Mailing Address _____ City _____ State _____ Zip _____

Block _____ Section _____ Survey _____ Township _____ Range _____ Field _____

Lease Reeves State # Well # 1022 County Culberson State TX
Well Depth: _____ Working Depth: ☒ 0' - 4,000' ☐ 4,001' - 8,000' ☐ 8,001' + Well Type: ☐ OIL ☐ GAS ☐ COND. ☐ OTHER

Work Description: Workover _____ Rod _____ Rod & Tubing ☒ Re-entry _____
Swabbing _____ Tubing _____ Completion _____ P & A _____

BILLING

DESCRIPTION	RATE		TOTAL	QTY.	RATE Hr. / Day / Ea.	TOTAL
RIG & CREW	14	Hrs. @ 220 ⁰⁰	Per Hr.	3080.00	Paraffin Knife	
EXTRA LABOR		Hrs. @	Per Hr.		Safety Valve	
RIG FUEL		Hrs. @	Per Hr.		Standing Valve	
TRAVEL TIME		Hrs. @	Per Hr.		B.O.P.	
	QTY.	RATE Hr. / Day / Ea.			Catwalk	
Rig Pusher					Pipe Racks	
OTE						
H ₂ S & Safety Equip.						
Tubing Tongs						
Rod Tongs						
Rig Mat						
Swab Cups Sz						
Oil Saver Rubber						
Wiper Rubbers						
Rod Stripper Rubber						
Permit						
Pipe Dope						
MISCELLANEOUS:						

ROD SIZE	SIZE	No. Rods Pulled	No. Rods Run	No. of Subs			
TUBE SIZE	SIZE	No. Joints Pulled	No. Joints Run	Upset	Plain	Thd	# Subs

TOTAL BILLABLE AMOUNT THIS FIELD REPORT

☐ SUBJECT TO SALES TAX 3080 \$

DESCRIPTION OF WORK:

TIME STARTED 6:00 AM

TIME STOPPED 8:00 PM

drove crew to loc,
had JSA safety meeting, open well, waited on tbg, tester's
R/O tbg, tester's Run in Hole. 1 JT, 2 3/8" N/A 5H 89 JTS, 2 3/8" testing tbg
found 2 Holes Busted 3 JTS, 2 3/8" R/O tbg, tester's replaced 5 JTS, 2 3/8"
tag Bottom lay down 2 JT 2 3/8" flanged well UP, waited on pump till 11:53 PM
pump 2 x 1 1/2" x 12" 109 3/4" Rods, 8-4-4-2 ft's subs 1/4" 1 1/2" x 12" p/Rod
space out well, longstroked well, had GOOD ACTION, hang
well on, shut down, drove crew home,

PAYROLL SECTION

EMPLOYEE	Emp. #	Revenue Hours	Travel Hours	TOTAL	Safety Report
OPERATOR <u>Rosalio Arreola</u>	<u>57290</u>			<u>1H</u>	<u>pecos</u>

RRC # _____

Last ticket of Job: ☒ N

Job # _____



P.O. Box 841903
Dallas, Texas 75284-1903

1308 05247 A

Rig # 1215

Date 12-10-15

DAILY WORK TICKET

Customer Name Reynolds Customer AFE # _____ Customer P/O # _____
Mailing Address _____ City _____ State _____ Zip _____

Block _____ Section _____ Survey _____ Township _____ Range _____ Field _____

Lease Reynolds + A+E Well # 1022 County Culberson State TX
Well Depth: _____ Working Depth: ☒ 0' - 4,000' ☐ 4,001' - 8,000' ☐ 8,001' + Well Type: ☐ OIL ☐ GAS ☐ COND. ☐ OTHER

Work Description: Workover _____ Rod _____ Rod & Tubing _____ Re-entry _____
Swabbing _____ Tubing _____ Completion _____ P & A _____

BILLING

DESCRIPTION	RATE		TOTAL	QTY.	RATE Hr. / Day / Ea.	TOTAL
RIG & CREW	4	Hrs. @ 220 ⁰⁰	Per Hr.	880.00	Paraffin Knife	
EXTRA LABOR		Hrs. @	Per Hr.		Safety Valve	
RIG FUEL		Hrs. @	Per Hr.		Standing Valve	
TRAVEL TIME		Hrs. @	Per Hr.		B.O.P.	
	QTY.	RATE Hr. / Day / Ea.			Catwalk	
Rig Pusher					Pipe Racks	
OTE						
H ₂ S & Safety Equip.						
Tubing Tongs						
Rod Tongs						
Rig Mat						
Swab Cups Sz						
Oil Saver Rubber						
Wiper Rubbers						
Rod Stripper Rubber						
Permit						
Pipe Dope						
MISCELLANEOUS:						

TOTAL BILLABLE AMOUNT THIS FIELD REPORT

☐ SUBJECT TO SALES TAX 880 \$

DESCRIPTION OF WORK:

drove crew to loc, TIME STARTED 7:00 AM, TIME STOPPED 11:00 AM
had safety meeting, RID clean loc,
moved, drove Rig to the YARD.

Rig Down

PAYROLL SECTION

EMPLOYEE	Emp. #	Revenue Hours	Travel Hours	TOTAL	Safety Report
OPERATOR <u>Rosalio Arredondo</u>	<u>57290</u>			<u>4</u>	<u>Recear</u>



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

Certified USPS 7011 1150 0001 2414 9407

May 20, 2016

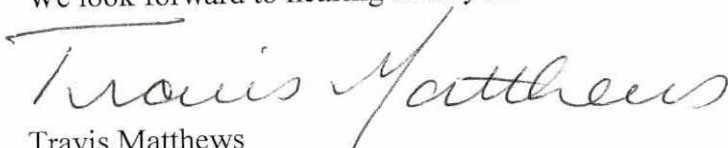
Mr. James White
White's Industrial Engines
804 South Terrell Street
Midland, Texas 79701

Re: State Lease: MF 067525[✓] being 320 acres, Sec 22, Blk 45 PSL Survey, MF 067953[✓] being 640 acres, Sec 14, Blk 45 PSL Survey, MF 067528[✓] being 320 acres, Sec 27, A-3675, MF 067529[✓] being 640 acres more or less Section 34, A-3654 and MF 067529 being 640 acres more or less, Sec 35, A- 3580 in Reeves County, TX.

Dear Mr. White:

We have reviewed the GLO record on the referenced lease and the Railroad Commission production records of the wells which have been producing under this lease. From our review we have determined that the revenue from production over the last twelve months does not appear to have exceeded the operating and marketing expenses. Please provide the Texas General Land Office with the Income / Expense statements for the last year concerning the aforementioned lease and its associated wells. Please respond to this request. If we have not received this statement within thirty days of your receipt of this letter we will terminate this lease.

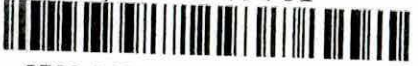
We look forward to hearing from you.


Travis Matthews
Landman, Energy Resources
512-463-5118
512-475-1543 (fax)
travis.matthews@glo.texas.gov

83

File No. MF067525, 06795
067528, 067529

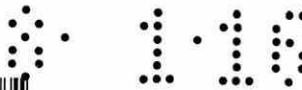
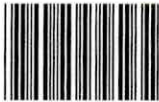
Date Filed: 5-20-16
By JM George P. Bush, Commissioner

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY													
- Complete items 1, 2, and 3. - Print your name and address on the reverse so that we can return the card to you. - Attach this card to the back of the mailpiece, or on the front if space permits.		A. Signature <u>X D. White</u> ☐ Agent ☐ Addressee B. Received by (Printed Name) <u>D. White</u> C. Date of Delivery D. Is delivery address different from item 1? ☐ Yes If YES, enter delivery address below: ☐ No													
1. Article Addressed to: Mr. James White White's Industrial Engines 804 South Terrell Street Midland, Texas 79701  9590 9403 0530 5173 4163 54		3. Service Type <table border="0"><tr><td>☐ Adult Signature</td><td>☐ Priority Mail Express®</td></tr><tr><td>☐ Adult Signature Restricted Delivery</td><td>☐ Registered Mail™</td></tr><tr><td>☒ Certified Mail®</td><td>☐ Registered Mail Restricted Delivery</td></tr><tr><td>☐ Certified Mail Restricted Delivery</td><td>☐ Return Receipt for Merchandise</td></tr><tr><td>☐ Collect on Delivery</td><td>☐ Signature Confirmation™</td></tr><tr><td>☐ Collect on Delivery Restricted Delivery</td><td>☐ Signature Confirmation Restricted Delivery</td></tr></table>		☐ Adult Signature	☐ Priority Mail Express®	☐ Adult Signature Restricted Delivery	☐ Registered Mail™	☒ Certified Mail®	☐ Registered Mail Restricted Delivery	☐ Certified Mail Restricted Delivery	☐ Return Receipt for Merchandise	☐ Collect on Delivery	☐ Signature Confirmation™	☐ Collect on Delivery Restricted Delivery	☐ Signature Confirmation Restricted Delivery
☐ Adult Signature	☐ Priority Mail Express®														
☐ Adult Signature Restricted Delivery	☐ Registered Mail™														
☒ Certified Mail®	☐ Registered Mail Restricted Delivery														
☐ Certified Mail Restricted Delivery	☐ Return Receipt for Merchandise														
☐ Collect on Delivery	☐ Signature Confirmation™														
☐ Collect on Delivery Restricted Delivery	☐ Signature Confirmation Restricted Delivery														
2. Article Number (Transfer from service label) 7011 1150 0001 2414 9407		sted Delivery													

PS Form 3811, April 2015 PSN 7530-02-000-9053 Domestic Return Receipt

U.S. Postal Service™ CERTIFIED MAIL™ RECEIPT (Domestic Mail Only; No Insurance Coverage Provided)	
For delivery information visit our website at www.usps.com	
OFFICIAL USE	
Postage \$	Postmark Here
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Post	Mr. James White
Sent To	White's Industrial Engines
Street, Apt. 1 or PO Box #	804 South Terrell Street
City, State, ZIP+4	Midland, Texas 79701
PS Form 3800, August 2006 See Reverse for Instructions	

MF 067525



DIVISION ORDER

To: Plains Marketing L.P.
P.O. Box 4648
Houston, TX 77210-4648

Property Name: REEVES STATE 22 #1
Operator: WHITES INDUSTRIAL ENGINES
County and State: REEVES, TX
Production: OIL / CONDENSATE (GAS)

Date: 07/19/2016
Property Descr: SEE EXHIBIT 'A'
Effective 7 A.M.: 06/01/2016

Decimal Interest: 0.16666670
Type of Interest: RI
ROYALTY INTEREST

Owner Number

0062639

Property Number:

01 211551

Owner Name: COMMISSIONER GENERAL LD OFFICE
and Address: STATE OF TEXAS
1700 NORTH CONGRESS AVENUE
AUSTIN, TX 78701

COMMISSIONER GENERAL LD OFFICE
STATE OF TEXAS
1700 NORTH CONGRESS AVENUE
AUSTIN, TX 78701

[Correspondence Address]

[Remittance Address]

The undersigned severally and not jointly certifies the ownership of their decimal interest in production or proceeds as described above payable by Plains Marketing, L.P. (hereinafter called "Payor").

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

Payor is authorized to withhold payment pending resolution of a title dispute or adverse claim asserted regarding the interest in production claimed herein by the undersigned. The undersigned agrees to reimburse Payor any amount attributable to an interest to which the undersigned is not entitled. Unless otherwise required by law, Payor shall not be required to pay interest on payments withheld due to a title dispute or adverse claim.

Payments of less than \$25.00 may be accrued before disbursement until the total amount equals \$25.00 or more, or until December 31 of each year, whichever occurs first.

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

The undersigned will be paid in accordance with the division of interests set out above. As to oil and/or condensate, the Payor shall pay all parties at the price agreed to by the operator for oil and/or condensate to be sold pursuant to this division order. Payor shall compute quantity and make corrections for gravity and temperature and make deductions for impurities. As to gas, the undersigned will be paid in accordance with the division of interest set forth herein. The Payor will pay all parties for their respective interest in the gas proceeds paid to Payor by the operator for disbursement at the price and upon the terms agreed to by the operator for the gas marketed by the operator. Payor is a disbursement service provider only and does not purchase the gas nor take title to the gas. The operator is responsible for marketing gas produced from the property described in the attached property description. Payor does not assume any obligations of the lessee or operator under any oil and gas lease, gas sales contract or other agreement to which Payor is not a party.

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

Special Clauses/Requirements: If applicable, see Exhibit 'A'.

Owner Social Security #
or Taxpayer ID #: xx-xxx0108

Owner Daytime Telephone #: _____

Owner FAX #: _____

Email Address: _____

Owner BY: _____

Signature: _____

OWNER #: 0062639

Signature of two
Witnesses/Attest _____

TITLE: _____

FEDERAL LAW REQUIRES YOU TO FURNISH YOUR SOCIAL SECURITY OR TAXPAYER IDENTIFICATION NUMBER.
FAILURE TO COMPLY WILL RESULT IN 28% TAX WITHHOLDING AND WILL NOT BE REFUNDABLE BY PAYOR.



(DO NOT DETACH FROM PAGE ONE OF DIVISION ORDER)

EXHIBIT 'A'

PROPERTY NUMBER: 01 211551

OWNER: 0062639

OWNER	NAME/ADDRESS	SSN/TIN	INTEREST	TYPE	PAY ST	EFFECTIVE	CLAUSES	REQUIREMENTS
0062639	COMMISSIONER GENERAL LD OFFICE STATE OF TEXAS 1700 NORTH CONGRESS AVENUE AUSTIN, TX 78701	xx-xxx0108	0.16666670	RI	3U	06/01/2016	1	N/A

CLAUSES

- 1 EFFECTIVE JUNE 1, 2016 PRODUCTION, PLAINS MARKETING, L.P. WAS DESIGNATED AS OIL PURCHASER FOR THE REEVES STATE 22 #1 LEASE BY THE OPERATOR, WHITES INDUSTRIAL ENGINES. THIS DIVISION ORDER WAS PREPARED BASED ON A PAYSHEET PROVIDED BY WHITES INDUSTRIAL ENGINES.

LEGAL DESCRIPTION

PLEASE PROVIDE AN EXACT LEGAL DESCRIPTION IF AVAILABLE



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

November 8, 2016

Barbara Woods
Division Order Analyst
Plains Marketing L.P.
P.O. Box 4648
Houston, TX 77210-4648

Re: State Lease Nos. MF067825 Reeves State 22 #1; and
MF112041/MF114596 Locker State 1H

Dear Mrs. Woods:

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

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

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

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

Thank you,

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

85.
84.

No. MF 067525

Division Order

Date Filed: 11-9-16

George P. Bush, Commissioner U.H.

Travis Matthews

From: Nichole Horton <myboys20122@gmail.com>
Sent: Thursday, April 27, 2017 2:21 PM
To: Travis Matthews
Subject: Horton oilfield services

To whom it may concern,

As for the gas sales for lease
MF066525

We are not selling gas at this time due to an upgrade that would cost us approximately \$100,000 that we can not afford. We have been in contact with the company and are attempting to get some sort of waiver for this situation. If you have any other questions please feel free to contact me.

Thank you,
Nichole Horton
Horton Oilfield Services

THEY ARE STILL
PRODUCING OIL.

Travis
~~Matthews~~

5/22/17

Search Criteria:

Lease Name: REEVES-STATE 22, Lease No.: 148705 , Well No.: 2

Well Type: Gas

District: 08

Lease Production and Disposition

Date Range: Feb 2016 - Jan 2017

Date	GW Gas (M		Condensate		Operator	N Operator	N Field Name	Field No.
	Production	Disposition	Production	Disposition				
Feb 2016	14	14	0	0	WHITE'S IN	919182	MARSH, S.	57700500
Mar 2016	76	76	0	0				
Apr 2016	76	76	0	0				
May 2016	0	0	0	0				
Jun 2016	33	33	0	0				
Jul 2016	10	10	0	0				
Aug 2016	10	10	0	0				
Sep 2016	7	7	0	0				
Oct 2016	0	0	0	0	HORTON O	401740	MARSH, S.	57700500
Nov 2016	0	0	0	0				
Dec 2016	0	0	0	0				
Jan 2017	NO RPT	NO RPT	NO RPT	NO RPT				
Total	226	226	0	0				

Search Criteria:

Lease Name: REEVES STATE 22, Lease No.: 073716 , Well No.: 1

Well Type: Gas

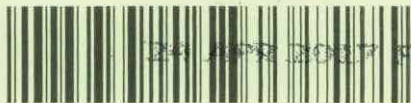
District: 08

Lease Production and Disposition

Date Range: Feb 2016 - Jan 2017

Date	GW Gas (M	Condensate	Production	Disposition	Operator	N Operator	N Field Name	Field No.
Feb 2016	64	64	16	31	WHITE'S IN	919182	MARSH, S.	57700500
Mar 2016	141	141	6	0				
Apr 2016	143	143	8	0				
May 2016	0	0	0	0				
Jun 2016	89	89	15	0				
Jul 2016	60	60	19	33				
Aug 2016	53	53	13	0				
Sep 2016	42	42	6	27				
Oct 2016	28	28	3	0	HORTON O	401740	MARSH, S.	57700500
Nov 2016	43	43	16	35				
Dec 2016	46	46	19	0				
Jan 2017	NO RPT	NO RPT	NO RPT	NO RPT				
Total	709	709	121	126				

USPS TRACKING#



24 APR 2007 PM 3 L



First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10

9590 9402 1749 6074 7836 17

**United States
Postal Service**

• Sender: Please print your name, address, and ZIP+4® in this box•

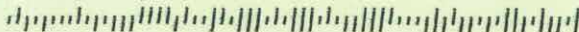
MF 067525

TRAVIS MATTHEWS

TEXAS GENERAL LAND OFFICE

PO BOX 12873

AUSTIN, TX 78711-2873



2673

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Horton Oilfield Services
403 S. Woodward Avenue
Ballinger, Texas 76821



9590 9402 1749 6074 7836 17

2. Article Number (Transfer from service label)

7016 2070 0000 7391 8045

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent☐ Addressee

B. Received by (Printed Name)

ALBERT HOMER

C. Date of Delivery

D. Is delivery address different from item 1? ☒ YesIf YES, enter delivery address below: ☐ No

PO Box 264

3. Service Type

☐ Adult Signature☐ Adult Signature Restricted Delivery☒ Certified Mail®☐ Certified Mail Restricted Delivery☐ Collect on Delivery☐ Collect on Delivery Restricted Delivery

Mail

Mail Restricted Delivery

(0)

☐ Priority Mail Express®☐ Registered Mail™☐ Registered Mail Restricted Delivery☐ Return Receipt for Merchandise☐ Signature Confirmation™☐ Signature Confirmation Restricted Delivery

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
Domestic Mail Only

For delivery information, visit our website at www.usps.com®.

OFFICIAL USE

Certified Mail Fee

\$

Extra Services & Fees (check box, add fee as appropriate)

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

Postmark
Here

Postage

\$

Total Postage at

\$

Sent To

Street and Apt. N

City, State, ZIP+

Horton Oilfield Services
403 S. Woodward Avenue
Ballinger, Texas 76821

Certified Mail service provides the following benefits:

- A receipt (this portion of the Certified Mail label).
- A unique identifier for your mailpiece.
- Electronic verification of delivery or attempted delivery.
- A record of delivery (including the recipient's signature) that is retained by the Postal Service™ for a specified period.

Important Reminders:

You may purchase Certified Mail service with First-Class Mail®, First-Class Package Service®, or Priority Mail® service.

Certified Mail service is *not* available for international mail.

Insurance coverage is *not* available for purchase with Certified Mail service. However, the purchase of Certified Mail service does not change the insurance coverage automatically included with certain Priority Mail items.

For an additional fee, and with a proper endorsement on the mailpiece, you may request the following services:

- Return receipt service, which provides a record of delivery (including the recipient's signature). You can request a hardcopy return receipt or an electronic version. For a hardcopy return receipt, complete PS Form 3811, *Domestic Return Receipt*; attach PS Form 3811 to your mailpiece;

for an electronic return receipt, see a retail associate for assistance. To receive a duplicate return receipt for no additional fee, present this USPS®-postmarked Certified Mail receipt to the retail associate.

- Restricted delivery service, which provides delivery to the addressee specified by name, or to the addressee's authorized agent.
- Adult signature service, which requires the signee to be at least 21 years of age (not available at retail).
- Adult signature restricted delivery service, which requires the signee to be at least 21 years of age and provides delivery to the addressee specified by name, or to the addressee's authorized agent (not available at retail).

- To ensure that your Certified Mail receipt is accepted as legal proof of mailing, it should bear a USPS postmark. If you would like a postmark on this Certified Mail receipt, please present your Certified Mail item at a Post Office™ for postmarking. If you don't need a postmark on this Certified Mail receipt, detach the barcoded portion of this label, affix it to the mailpiece, apply appropriate postage, and deposit the mailpiece.

IMPORTANT: Save this receipt for your records.



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

Certified USPS 7016 2070 0000 7391 8045

April 12, 2017

Horton Oilfield Services
403 S. Woodward Avenue
Ballinger, Texas 76821

Re: State Lease: **MF 067525 being 640 acres, Sec 22, Blk 45 PSL Survey, Reeves County, TX.**

Dear Horton Oilfield Services:

We have reviewed the GLO record on the referenced lease and the Railroad Commission production records of the wells which have been producing under this lease. From our review we have determined that the revenue from production over the last twelve months does not appear to have exceeded the operating and marketing expenses. Please provide the Texas General Land Office with the Income / Expense statements for the last year concerning the aforementioned lease and its associated wells. Please respond to this request. If we have not received this statement within thirty days of your receipt of this letter we will terminate this lease.

We look forward to hearing from you.

Travis Matthews
Landman, Energy Resources
512-463-5118
512-475-1543 (fax)
travis.matthews@glo.texas.gov

File No. MF 067525
REEVES County
TERMINATION LETTER
Date Filed: 4/12/17
By TM George P. Bush, Commissioner

Track Another Package +

Tracking Number: 70162070000073919646

Remove X

Expected Delivery on

TUESDAY

13 FEBRUARY 2018 ⓘ

by 8:00pm ⓘ

✓ Delivered

February 13, 2018 at 9:12 am
Delivered
AUSTIN, TX 78711

Tracking History



Product Information



See Less ^

Can't find what you're looking for?

Go to our FAQs section to find answers to your tracking questions.

FAQs (<http://faq.usps.com/?articleId=220900>)

The easiest tracking number is the one you don't have to know.

With Informed Delivery[®], you never have to type in another tracking number. Sign up to:

- See images* of incoming mail.
- Automatically track the packages you're expecting.
- Set up email and text alerts so you don't need to enter tracking numbers.
- Enter USPS Delivery Instructions[™] for your mail carrier.

Sign Up

([https://reg.usps.com/entreg/RegistrationAction_input?](https://reg.usps.com/entreg/RegistrationAction_input?app=UspsTools&appURL=https%3A%2F%2Ftools.usps.com%2Fgo%2FTrackConfirmAction%21input)

*NOTE: Black and white (grayscale) images show the outside, front of letter-sized envelopes and mailpieces that are processed through USPS automated equipment.
[app=UspsTools&appURL=https%3A%2F%2Ftools.usps.com%2Fgo%2FTrackConfirmAction%21input\)](https://reg.usps.com/entreg/RegistrationAction_input?app=UspsTools&appURL=https%3A%2F%2Ftools.usps.com%2Fgo%2FTrackConfirmAction%21input)

Certified Mail service provides the following benefits:

- A receipt (this portion of the Certified Mail label).
- A unique identifier for your mailpiece.
- Electronic verification of delivery or attempted delivery.
- A record of delivery (including the recipient's signature) that is retained by the Postal Service™ for a specified period.

Important Reminders:

- You may purchase Certified Mail service with First-Class Mail®, First-Class Package Service®, or Priority Mail® service.
- Certified Mail service is *not* available for international mail.
- Insurance coverage is *not* available for purchase with Certified Mail service. However, the purchase of Certified Mail service does not change the insurance coverage automatically included with certain Priority Mail items.
- For an additional fee, and with a proper endorsement on the mailpiece, you may request the following services:
 - Return receipt service, which provides a record of delivery (including the recipient's signature). You can request a hardcopy return receipt or an electronic version. For a hardcopy return receipt, complete PS Form 3811, *Domestic Return Receipt*; attach PS Form 3811 to your mailpiece;

for an electronic return receipt, see a retail associate for assistance. To receive a duplicate return receipt for no additional fee, present this USPS®-postmarked Certified Mail receipt to the retail associate.

- Restricted delivery service, which provides delivery to the addressee specified by name, or to the addressee's authorized agent.
- Adult signature service, which requires the signee to be at least 21 years of age (not available at retail).
- Adult signature restricted delivery service, which requires the signee to be at least 21 years of age and provides delivery to the addressee specified by name, or to the addressee's authorized agent (not available at retail).
- To ensure that your Certified Mail receipt is accepted as legal proof of mailing, it should bear a USPS postmark. If you would like a postmark on this Certified Mail receipt, please present your Certified Mail item at a Post Office™ for postmarking. If you don't need a postmark on this Certified Mail receipt, detach the barcoded portion of this label, affix it to the mailpiece, apply appropriate postage, and deposit the mailpiece.

IMPORTANT: Save this receipt for your records.

9496 7547 0000 0702 9702

U.S. Postal Service™
CERTIFIED MAIL® RECEIPT
Domestic Mail Only

For delivery information, visit our website at www.usps.com®.

OFFICIAL USE

Certified Mail Fee

\$

Extra Services & Fees (check box, add fee as appropriate)

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

Postmark
Here

Postage

\$

Total Postage

\$

Sent To

Street and A

City, State, &

Horton Oilfield Services
403 S. Woodward Avenue
Ballinger, Texas 76821



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

Certified USPS 7016 2070 0000 7391 9646

February 2, 2018

Horton Oilfield Services
403 S. Woodward Avenue
Ballinger, Texas 76821

Re: State Lease: **MF 067525** being 640 acres, Sec 22, Blk 45 PSL Survey, Reeves County, TX.
Re: State Lease: **MF 067528** being 640 acres, Sec 27, Blk 45 PSL Survey, Reeves County, TX.

Dear Horton Oilfield Services:

We have reviewed the GLO records of the referenced leases and the Railroad Commission records of the wells and found them to be SEALED by the RRC due to "Failure to resolve issues for letters sent on 2/14/2017 and 2/15/2017". The referenced leases have been Terminated September 1, 2017 due to no production.

Pursuant to the Texas Administrative Code, we request that you file with this office a certified, recorded copy of a Release of State Oil and Gas Lease, effective as of the termination date and recorded in the County of record in which the lease tract is located. After recording the release, mail a certified copy of the release, along with the filing fee of \$25.00, per lease to my attention at the GLO.

Thank you,

Travis Matthews
Landman, Energy Resources
512-463-5118
512-475-1543 (fax)
travis.matthews@glo.texas.gov

File No. MF 067525 ⁽⁸⁶⁾
REEVES County
TERMINATION LETTER
Date Filed: 2/2/18
By JW George P. Bush, Commissioner

Richard J. Ganem

101 Colorado, Suite 2507
Austin, Texas 78701

Cell (432) 638-9100
Rganem@Caprockproducing.com

March 7, 2012

Ms. Harriet Dunne, CPL
Manager, Mineral Leasing, Energy Resources
Texas General Land Office
1700 Congress Avenue
Austin, Texas 78701

Re: **GLO Lease M67525**
Section 22, Blk 45, PSL
Reeves County, Texas

Dear Ms. Dunne:

Reference is herein made to our continuing conversations relative to the referenced lease and more specifically to our meetings on or about December 7, 2011 and January 12, 2012. In this regard we are pleased to enclose the following for your review and files:

1. Elliot and Waldron Abstract Company of Pecos RunSheet covering Section 22, Blk 45, PSL, Reeves County, Texas, covering the period from April 1, 1991 through July 12, 2011.
2. Assignment of Oil and Gas Leases, dated effective May 1, 2009, from South Marsh Development, Inc., Assignor to Kenneth Venable, as Assignee, filed for record in Reeves County, Texas under Clerk's File Number 08890.
3. Assignment of Oil and Gas Leases, dated effective May 1, 2009, from South Marsh Development, Inc., Assignor to Tom Aylesworth, as Assignee, filed for record in Reeves County, Texas under Clerk's File Number 08889.
4. Assignment of Oil and Gas Leases, dated effective May 1, 2009, from South Marsh Development, Inc., Assignor to John Aylesworth, as Assignee, filed for record in Reeves County, Texas under Clerk's File Number 08888.

Richard J. Ganem

101 Colorado, Suite 2507
Austin, Texas 78701

Cell (432) 638-9100
Rganem@Caprockproducing.com

We hope this information complies with your requests and completes your file for Section 22, Blk 45, PSL, Reeves County, Texas. Should you require additional information relative to this matter please do not hesitate to contact the undersigned at the above phone number stated.

We respectfully request that, you find the enclosed information acceptable and that you provide us with a letter stating that Remuda Operating Company is in compliance and in good standing with the GLO relative to Section 22, Blk 45, PSL, Reeves County, Texas.

Yours very truly,



Richard J. Ganem

CC: Robert Barba
John Aylesworth
South Marsh Development, Inc. (File)

Elliott and Waldron Abstract Company of Pecos

	Grantor	Grantee	Part	Indexed under	Type Inst.	File #	Recording information	Filed
1	Production Operators, Inc.	Hoolihan Production Company		Sec. 22, Block 45, PSL	ML	554	23/306 ML R	04/01/1991
2	First Natl Bank of Sterling City	Ensouth Exploration & Production Co. (		Sec. 22, Block 45, PSL	Transfer	2426	514/252 D R	12/30/1991
3	Charlie D. Davis Indivd. and D/b/a Hool	Reagan State Bank (Big Lake)		Sec. 22, Block 45, PSL	DT	2427	152/188 DT R	12/30/1991
4	Fdic Receiver of Reagan State Bank By	Ensouth Exploration & Production Co. (		Sec. 22, Block 45, PSL	Tr/Lien	2428	514/254 D R	12/30/1991
5	Fdic, Receiver of Reagan State Bank, E	Ensouth Exploration & Production Co. (		Sec. 22, Block 45, PSL	Tr/Lien	2429	514/267 D R	12/30/1991
6	Fdic Receiver of Reagan State Bank, B	Ensouth Exploration & Production Co. (		Sec. 22, Block 45, PSL	Tr/Lien	2430	514/279 D R	12/30/1991
7	Charlie D. Davis, Indiv. and D/b/a Hoolil	Ensouth Exploration and Production Co		Sec. 22, Block 45, PSL	Assignmen	56	514/545 D R	01/09/1992
8	Ensouth Exploration and Production Co	Allen G. Harvey		Sec. 22, Block 45, PSL	Apt/Sub/Tr	76	514/598 D R	01/13/1992
9	Ensouth Exploration and Production Co	Allen G. Harvey (Sub. Tr.); Removing H		Sec. 22, Block 45, PSL	Apt/Sub/Tr.	77	514/599 D R	01/13/1992
10	Allen G. Harvey, Sub. Trustee For Char	Ensouth Acquisition Corporation		Sec. 22, Block 45, PSL	Sub/Tr's De	251	515/202 D R	02/04/1992
11	Allen G. Harvey, Sub. Trustee	Ensouth Acquisition Corporation		Sec. 22, Block 45, PSL	Sub/Tr's De	252	515/215 D R	02/04/1992
12	Ensouth Acquisition Corporation, Succ'r	Fdic, Succ'r to Reagan State Bank		Sec. 22, Block 45, PSL	Tr/DT	867	517/113 D R	04/27/1992
13	Ensouth Exploration & Production Com	John E. Grist, Trustee For Midland Ame		Sec. 22, Block 45, PSL	DT	77	523/487 OPR R	01/11/1993
14	Ensouth Exploration & Production Com	John E. Grist, Trustee For Midland Ame		Sec. 22, Block 45, PSL	DT	77	523/487 OPR R	01/11/1993
15	Ensouth Exploration & Production Com	Midland American Bank (401 W. Texas,		Sec. 22, Block 45, PSL	Amend/DT	987	527/56 OPR R	05/06/1993
16	Ensouth Exploration & Production Com	Midland American Bank (401 W. Texas,		Sec. 22, Block 45, PSL	Amend/DT	987	527/56 OPR R	05/06/1993
17	Ensouth Exploration & Production Com	Cielo Oil Corporation (Box 5872, Midlar		Sec. 22, Block 45, PSL	A/OGLS	1057	527/455 OPR R	05/17/1993
18	Ensouth Exploration & Production Co.,	Midland American Bank (401 W. Texas,		Sec. 22, Block 45, PSL	Amend/DT	1079	527/564 OPR R	05/19/1993
19	Ensouth Exploration & Production Co.,	Midland American Bank (401 W. Texas,		Sec. 22, Block 45, PSL	Amend/DT	1079	527/564 OPR R	05/19/1993
20	Ensouth Exploration & Production Co.,	John E. Grist, Trustee For Midland Ame		Sec. 22, Block 45, PSL	DT	1080	527/572 OPR R	05/19/1993
21	Ensouth Exploration & Production Co.,	John E. Grist, Trustee For Midland Ame		Sec. 22, Block 45, PSL	DT	1080	527/572 OPR R	05/19/1993
22	State National Bank, Big Spring, Texas	Ensouth Exploration & Production Co. (		Sec. 22, Block 45, PSL	P/Rel/Lien	1081	54/233 REL R	05/19/1993
23	Ensouth Exploration & Production Com	Candelero Oil & Gas Company (1604 N		Sec. 22, Block 45, PSL	A/OGLS	1105	527/696 OPR R	05/25/1993
24	Production Operators, Inc.	Ensouth Exploration & Production Com		Sec. 22, Block 45, PSL	ML Afdt	1775	24/79 ML R	09/08/1993
25	State of Texas	Evelyn Cooksey Carr	N-2/3 of	Sec. 22, Block 45, PSL	Gz.Ls.	2370	3/89 GZLS R	12/03/1993
26	State of Texas	Mrs. Buck Miller (This Is Edith)	S/3 of	Sec. 22, Block 45, PSL	Amend/Gz.	2530	533/735 OPR R	12/20/1993
27	Midland American Bank	Lobo Oil & Gas Partners, L.P.		Sec. 22, Block 45, PSL	P/Rel/DT	49	54/509 REL R	01/06/1994
28	Midland American Bank	Lobo Oil & Gas Partners, L.P.		Sec. 22, Block 45, PSL	P/Term/FS	50	534/288 OPR R	01/06/1994

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29	Musselman, Owen & King Operating, In	Ensouth Operating Inc. (Which Also Sig	S/2	Sec. 22, Block 45, PSL	Assignmen	51 534/295	OPR R	01/06/1994
30	Ensouth Operating, Inc.; Ensouth Explo	Ensouth Acquisition Corporatkn (1801		Sec. 22, Block 45, PSL	Assignmen	52 534/303	OPR R	01/06/1994
31	Ensouth Acquisition Corporation; Ensou	Lobo Oil & Gas Partners, L.P. (Which S		Sec. 22, Block 45, PSL	P/A/OGLs	53 534/309	OPR R	01/06/1994
32	Lobo Oil & Gas Partners, L.P. (Which S	Arch Petroleum Inc. (Fort Worth Club Tr		Sec. 22, Block 45, PSL	P/A/OGLs	55 534/322	OPR R	01/06/1994
33	Lobo Oil & Gas Partners, L.P. (Which S	Grayson Oil & Gas (Drawer 258, Artesia		Sec. 22, Block 45, PSL	P/A/OGLs	56 534/330	OPR R	01/06/1994
34	Lobo Oil & Gas Partners, L.P. (Which S	David Meyers (2205 Wellington Court, F		Sec. 22, Block 45, PSL	P/A/OGLs	57 534/338	OPR R	01/06/1994
35	Lobo Oil & Gas Partners, L.P. (Which S	Wayne Merritt, Tr. For Texas Natl Bank		Sec. 22, Block 45, PSL	DT	58 534/346	OPR R	01/06/1994
36	Lobo Resources, Inc. (Operator)	Lobo Oil & Gas Partners, L.P. By Lobo I		Sec. 22, Block 45, PSL	Memo/Opti	59 534/357	OPR R	01/06/1994
37	Cielo Oil Corporation	Ensouth Acquisition Corporation (1801		Sec. 22, Block 45, PSL	Assignmen	349 535/307	OPR R	02/15/1994
38	Candelero Oil & Gas Company	Ensouth Acquisition Corporation (1801		Sec. 22, Block 45, PSL	Assignmen	350 535/313	OPR R	02/15/1994
39	Ensouth Acquisition Corporation	John E. Grist, Trustee For Midland Ame		Sec. 22, Block 45, PSL	DT	1920 541/245	OPR R	09/19/1994
40	Ensouth Acquisition Corporation	John E. Grist, Trustee For Midland Ame		Sec. 22, Block 45, PSL	DT	1920 541/245	OPR R	09/19/1994
41	Ensouth Operating, Inc.; Ensouth Explo	Ensouth Acquisition Corporation (#6 Pir		Sec. 22, Block 45, PSL	Blanket Coi	1921 541/263	OPR R	09/19/1994
42	Ensouth Operating, Inc.; Ensouth Explo	Ensouth Acquisition Corporation (#6 Pir		Sec. 22, Block 45, PSL	Blanket Coi	1921 541/263	OPR R	09/19/1994
43	Ensouth Acquisition Corporation	Telluride Co. South Marsh Venture (316	Unit for Lobo Resources Reeves State 22 No.	Sec. 22, Block 45, PSL	P/A/OGLs	1940 541/323	OPR R	09/20/1994
44	Ensouth Acquisition Corporation	Telluride Co. South Marsh Venture (316	Unit for Lobo Resources Reeves State 22 No.	Sec. 22, Block 45, PSL	P/A/OGLs	1940 541/323	OPR R	09/20/1994
45	Ensouth Acquisition Corporation	Radiologists of Russellville, P.A. (Retire	Unit for Lobo Resources Reeves State 22 No.	Sec. 22, Block 45, PSL	P/A/OGLs	1941 541/329	OPR R	09/20/1994
46	Ensouth Acquisition Corporation	Radiologists of Russellville, P.A. (Retire	Unit for Lobo Resources Reeves State 22 No.	Sec. 22, Block 45, PSL	P/A/OGLs	1941 541/329	OPR R	09/20/1994
47	Telluride Company	Ensouth Acquisition Corporation		Sec. 22, Block 45, PSL	ML Afdt	2383 24/719	ML R	11/01/1994
48	Telluride Co. South Marsh Venture	Lou Durbin (.03 Nwi); Michael W. Barba		Sec. 22, Block 45, PSL	P/A/OGLs	2421 543/334	OPR R	11/04/1994
49	Telluride Co. South Marsh Venture	Lou Durbin (.03 Wi); Michael W. Barba		Sec. 22, Block 45, PSL	P/A/OGLs	2422 543/335	OPR R	11/04/1994
50	Oasis Pipe Line Company	Western Gas Resources-Texas, Inc.		Sec. 22, Block 45, PSL	Assignmen	2730 544/696	OPR R	12/12/1994
51	Lobo Oil & Gas Partners, L.P. (Which S	Norwest Bank Texas, Midland (Box 209		Sec. 22, Block 45, PSL	Ren/DT	669 548/803	OPR R	04/05/1995
52	Norwest Bnak Texas, Midland	Lobo Oil and Gas Partners		Sec. 22, Block 45, PSL	Rel/Lien	1897 554/650	OPR R	10/09/1995
53	Lobo Oil & Gas Partners, L.P. and Lobo	Vista Resources Partners, L.P. 200 Nor	from surface to base of the Bell Canyon fmtn w	Sec. 22, Block 45, PSL	Assignmen	1898 554/651	OPR R	10/09/1995
54	Ensouth Acquisition Corporation	Midland American Bank (John E. Grist)	REEVES STATE 22-1, 22-2, AND 22-3 WELLS	Sec. 22, Block 45, PSL	Apt/Sub/Tr	265 558/673	OPR R	02/05/1996
55	Ensouth Acquisition Corporation	Midland American Bank (John E. Grist)	REEVES STATE 1-23 DISPOSAL WELL	Sec. 22, Block 45, PSL	Apt/Sub/Tr	265 558/673	OPR R	02/05/1996
56	Michael T. Morgan, Substitute Trustee	Midland American Bank	limited to base of the Bell Canyon fmtn, all 15%	Sec. 22, Block 45, PSL	Tr/Deed	506 559/834	OPR R	03/05/1996

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57	Midland American Bank	Telluride Co (316 Meadowcrest Dr, Rich		Sec. 22, Block 45, PSL	Assignmen	1093	562/336 OPR R	05/21/1996
58	David Myers (27 Gallant Oak Place, Th	South Marsh Development, Inc. (316 M	N/2 OF	Sec. 22, Block 45, PSL	Asgn	520	572/468 OPR R	03/06/1997
59	vista Resources Partners, L.P., A. Texa	South Marsh Development, Inc. (316 M	N/2 OF	Sec. 22, Block 45, PSL	Asgn	521	572/475 OPR R	03/06/1997
60	grayson Oil & Gas, A. New Mexico Ger	South Marsh Development, Inc. (316 M	N/2 OF	Sec. 22, Block 45, PSL	Asgn	522	572/482 OPR R	03/06/1997
61	Pecos-Barstow-Toyah Isd, Reeves Cou	South Marsh Development Inc. (Pob 10		Sec. 22, Block 45, PSL	Tax Suit	16237	DC R	02/04/1999
62	Telluride Inc.(8905 Tweed Berwick Drive	South Marsh Development, Inc. (11782	Surface down to the base of the Bell Canyon fr	Sec. 22, Block 45, PSL	Assignmen	284	614/616 OPR R	02/10/2000
63	Arch Petroleum Inc. (Po Box 2504, Hou	South Marsh Development, Inc. (11782	Surface down to the base of the Bell Canyon fr	Sec. 22, Block 45, PSL	Assignmen	285	614/619 OPR R	02/10/2000
64	The State of Texas	The Public	640.00 acres	Sec. 22, Block 45, PSL	Statement	522	616/10 OPR R	03/21/2000
65	State of Texas, Acting By and Through I	Tony Masarweh (1121 Abbott Ave., Can	All, containing 640 acres, more or less	Sec. 22, Block 45, PSL	Award	1664	699/471 OPR R	05/05/2005
66	Tony Masarweh, A. Single Man	Rashed Mahmud and Margia Mahmud,	S/2, 320 acres, more or less.	Sec. 22, Block 45, PSL	Deed	1726	699/832 OPR R	05/10/2005
67	Tony Masarweh, A. Single Person	Terry Petrillo (P. O. Box 853, Athens, Tr	E/2 of the NE/4 and SW/4 of the NE/4, 120 acr	Sec. 22, Block 45, PSL	Deed	1895	700/717 OPR R	05/20/2005
68	Tony Masarweh, A. Single Man	Edwin Martinez (1729 Optimist Dr., Lak	NW/4 of the NE/4 of the NW/4, containing 10 a	Sec. 22, Block 45, PSL	WD	1946	701/33 OPR R	05/25/2005
69	Tony Masarweh, A. Single Man	James E. Marshall (7014 Nw Taylor, La	SE/4 of the SE/4 of the NW/4, containing 10 a	Sec. 22, Block 45, PSL	WD	2096	701/810 OPR R	06/06/2005
70	Tony Masarweh, A. Single Man	Nationwide Land Sales Llc (2535 N. Ha	SW/4 of the SE/4 of the NW/4, containing 10 i	Sec. 22, Block 45, PSL	WD	2129	702/242 OPR R	06/07/2005
71	Tony Masarweh, A. Single Man	Donnalee A. Joyce (2119 Chatou Place	NW/4 of the SE/4 of the NW/4, containing 10 a	Sec. 22, Block 45, PSL	WD	2136	702/249 OPR R	06/07/2005
72	Tony Masarweh, A. Single Man	David Arocho (1211 Ne 23rd Ave., #1, F	NE/4 of hte SW/4 of the NW/4, containing 10 a	Sec. 22, Block 45, PSL	WD	2161	702/331 OPR R	06/09/2005
73	Tony Masarweh, A. Single Man	Ronaldo E. Tan and Jaime J. T. Tan (24	SE/4 of theSW/4 of the NW/4, containing 10 a	Sec. 22, Block 45, PSL	WD	2237	702/784 OPR R	06/10/2005
74	Tony Masarweh	Ray Fernandez (1615 E. Skyline Dr., Le	NE/4 of the NW/ of the NW/4, containing 10 ac	Sec. 22, Block 45, PSL	WD	2281	703/98 OPR R	06/13/2005
75	Tony Masarweh	Ray Fernandez (1615 E. Skyline Dr., Le	NW/4 fo the NW/4 of the NW/4, containing 10 i	Sec. 22, Block 45, PSL	WD	2282	703/99 OPR R	06/13/2005
76	Tony Masarweh	Ray Fernandez (1615 E. Skyline Dr., Le	SW/4 of the NW/4 of the NW/4, containing 10 i	Sec. 22, Block 45, PSL	WD	2283	703/100 OPR R	06/13/2005
77	Tony Masarweh	Ray Fernandez (1615 E. Skyline Dr., Le	SE/4 of the NW/4 of the NW/4, containing 10 a	Sec. 22, Block 45, PSL	WD	2284	703/101 OPR R	06/13/2005
78	Tony Masarweh	Ray Fernandez (1615 E. Skyline Dr., Le	NW/4 of the SW/4 of the NW/4, containing 10 i	Sec. 22, Block 45, PSL	WD	2285	703/102 OPR R	06/13/2005
79	Tony Masarweh	Ray Fernandez (1615 E. Skyline Dr., Le	SW/4 of the SW/4 of the NW/4, containing 10 i	Sec. 22, Block 45, PSL	WD	2286	703/103 OPR R	06/13/2005
80	Tony Masarweh, A. Single Man	Lingshan Li (237 W. 15th St., #2a, New	SW/4 of the NE/4 of the NW/4, 10 acres, +/-	Sec. 22, Block 45, PSL	WD	2294	703/117 OPR R	06/13/2005
81	Tony Masarweh, A. Single Man	Lingshan Li (237 W. 15th St., #2a, New	SE/4 of the NW/4 of the NE/4, 10 acres, +/-	Sec. 22, Block 45, PSL	WD	2295	703/118 OPR R	06/13/2005
82	Tony Masarweh, A. Single Man	Lingshan Li (237 W. 15th St., #2a, New	NE/4 of the NW/4 of the NE/4, 10 acres, +/-	Sec. 22, Block 45, PSL	WD	2296	703/119 OPR R	06/13/2005
83	Tony Masarweh, A. Single Man	Lingshan Li (237 W. 15th St., #2a, New	SW/4 of the NW/4 of the NE/4, 10 acres, +/-	Sec. 22, Block 45, PSL	WD	2297	703/120 OPR R	06/13/2005
84	Tony Masarweh, A. Single Man	Lingshan Li (237 W. 15th St., #2a, New	NW/4 of the NW/4 of the NE/4, 10 acres, +/-	Sec. 22, Block 45, PSL	WD	2298	703/121 OPR R	06/13/2005

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85	Tony Masarweh, A. Single Man	Lingshan Li (237 W. 15th St., #2a, New	SE/4 of the NE/4 of the NW/4, 10 acres, +/-	Sec. 22, Block 45, PSL	WD	2299	703/122 OPR R	06/13/2005
86	Tony Masarweh, A. Single Man	Lingshan Li (237 W. 15th St., #2a, New	NE/4 of the NE/4 of the NW/4, 10 acres, +/-	Sec. 22, Block 45, PSL	WD	2300	703/123 OPR R	06/13/2005
87	Terry Petrillo	Pierre Labordes (15 Chester, Ave., Apt.	SE/4 of the SW/4 of the NE/4, containing 10 a	Sec. 22, Block 45, PSL	Deed	2596	704/655 OPR R	06/28/2005
88	Terry Petrillo	Pierre Labordes (15 Chester Ave., Apt.	NE/4 of the SW/4 of the NE/4, containing 10 a	Sec. 22, Block 45, PSL	Deed	2597	704/656 OPR R	06/28/2005
89	Terry Petrillo	Pierre Labordes (15 Chester Ave, Apt 2	NW/4 of the SW/4 of the NE/4, containing 10 a	Sec. 22, Block 45, PSL	Deed	2598	704/657 OPR R	06/28/2005
90	Terry Petrillo	Pierre Labordes (15 Chester Ave., Apt.	SW/4 of the SW/4 of the NE/4, containing 10 a	Sec. 22, Block 45, PSL	Deed	2599	704/658 OPR R	06/28/2005
91	Rashed Mahmud Et Uxamrgia Mahmud	Josue Jean Et Ux Philomine Jean (846)	NW/4 NW/4 SW/4, Containing 10 acres, more	Sec. 22, Block 45, PSL	Deed	2644	705/1 OPR R	07/01/2005
92	Rashed Mahmud Et Ux Margia Mahmud	Josue Jean Et Ux Philomine Jean (846)	SW/4 NW/4 SW/4, containing 10 acres, more	Sec. 22, Block 45, PSL	Deed	2645	705/2 OPR R	07/01/2005
93	Rashed Mahmud Et Ux Margia Mahmud	Josue Jean Et Ux Philimine Jean (8468	NE/4 NW/4 SW/4, containing 10 acres, more	Sec. 22, Block 45, PSL	Deed	2646	705/3 OPR R	07/01/2005
94	Rashed Mahmud Et Ux Margia Mahmud	Josue Jean Et Ux Philomine Jean (846)	SE/4 NW/4 SW/4, containing 10 acres, more	Sec. 22, Block 45, PSL	Deed	2647	705/4 OPR R	07/01/2005
95	Rashed Mahmud Et Ux Margia Mahmud	Josue Jean Et Ux Philomine Jean (846)	NW/4 SW/4 SW/4, containing 10 acres, more	Sec. 22, Block 45, PSL	Deed	2648	705/5 OPR R	07/01/2005
96	Rashed Mahmud Et Ux Margia Mahmud	Josue Jean Et Ux Philomine Jean (846)	SW/4 SW/4 SW/4, containing 10 acres, more	Sec. 22, Block 45, PSL	Deed	2649	705/6 OPR R	07/01/2005
97	Rashed Mahmud Et Ux Margia Mahmud	Josue Jean Et Ux Philimine Jean (8468	NE/4 SW/4 SW/4, containing 10 acres	Sec. 22, Block 45, PSL	Deed	2650	705/7 OPR R	07/01/2005
98	Rashed Mahmud Et Ux Margia Mahmud	Josue Jean Et Ux Philomine Jean (846)	SE/4 SW/4 SW/4, containing 10 acres, more	Sec. 22, Block 45, PSL	Deed	2651	705/8 OPR R	07/01/2005
99	Rashed Mahmud Et Ux Margia Mahmud	Josue Jean Et Ux Philomine Jean (846)	NW/4 NE/4 SW/4, containing 10 acres, more	Sec. 22, Block 45, PSL	Deed	2652	705/9 OPR R	07/01/2005
00	Rashed Mahmud Et Ux Margia Mahmud	Josue Jean Et Ux Philomine Jean (846)	SW/4 NE/4 SW/4, containing 10 acres, more	Sec. 22, Block 45, PSL	Deed	2653	705/10 OPR R	07/01/2005
01	Terry Petrillo	Abolfazl Mobasheri Rad (40-74th St. Ap	N/2 of the S/2 of the E/2 of the NE/4, contain	Sec. 22, Block 45, PSL	Deed	2658	705/18 OPR R	07/01/2005
02	Terry Petrillo	Abolfazl Mobasheri Rad (40-74th St. Ap	S/2 of the S/2 of the E/2 of the NE/4, contain	Sec. 22, Block 45, PSL	Deed	2659	705/19 OPR R	07/01/2005
03	Terry Petrillo	Abolfazl Mobasheri Rad (40-74th St., A)	N/2 of the N/2 of the E/2 of the NE/4, contain	Sec. 22, Block 45, PSL	Deed	2660	705/20 OPR R	07/01/2005
04	Terry Petrillo	Abolfazl Mobasheri Rad (40-74th St., A)	S/2 of the N/2 of the E/2 of the NE/4, contain	Sec. 22, Block 45, PSL	Deed	2661	705/21 OPR R	07/01/2005
05	Rashed Mahmud and Margia Mahmud,	Christy Iwuchukwu, A. Single Woman (	NE/4 NE/4 SW/4, 10 acres, m/l	Sec. 22, Block 45, PSL	Deed	3913	710/804 OPR R	09/06/2005
06	Rashed Mahmud and Margia Mahmud,	Christy Iwuchukwu, A. Single Woman (	SE/4 NE/4 SW/4 - 10 acres, m/l	Sec. 22, Block 45, PSL	Deed	3914	710/805 OPR R	09/06/2005
07	Rashed Mahmud and Margia Mahmud,	Christy Iwuchukwu, A. Single Woman (	NW/4 SE/4 SW/4 - 10 acres	Sec. 22, Block 45, PSL	Deed	3915	710/806 OPR R	09/06/2005
08	Rashed Mahmud and Margia Mahmud,	Christy Iwuchukwu, A. Single Woman (	SW/4 SE/4 SW/4 - 10 acres, m/l	Sec. 22, Block 45, PSL	Deed	3916	710/807 OPR R	09/06/2005
09	Rashed Mahmud and Margia Mahmud,	Christy Iwuchukwu, A. Single Woman (	NE/4 SE/4 SW/4 - 10 acres, m/l	Sec. 22, Block 45, PSL	Deed	3917	710/808 OPR R	09/06/2005
10	Rashed Mahmud and Margia Mahmud,	Christy Iwuchukwu, A. Single Woman (	SE/4 SE/4 SW/4 - 10 acres, m/l	Sec. 22, Block 45, PSL	Deed	3918	710/809 OPR R	09/06/2005
11	Rashed Mahmud and Margia Mahmud,	Christy Iwuchukwu, A. Single Woman (	NW/4 NW/4 SE/4	Sec. 22, Block 45, PSL	Deed	3919	710/810 OPR R	09/06/2005
12	Rashed Mahmud and Margia Mahmud,	Christy Iwuchukwu, A. Single Woman (	SW/4 NW/4 SE/4 - 10 acres, m/l	Sec. 22, Block 45, PSL	Deed	3920	710/811 OPR R	09/06/2005

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113	Rashed Mahmud and Margia Mahmud,	Christy Iwuchukwu, A. Single Woman (3	NE/4 NW/4 SE/4 - 10 acres, m/l	Sec. 22, Block 45, PSL	Deed	3921	710/812 OPR R	09/06/2005
114	Rashed Mahmud and Margia Mahmud,	Christy Iwuchukwu, A. Single Woman (3	SE/4 NW/4 SE/4 - 10 acres, m/l	Sec. 22, Block 45, PSL	Deed	3922	710/813 OPR R	09/06/2005
115	Rashed Mahmud and Margia Mahmud,	Christy Iwuchukwu, A. Single Woman (3	NW/4 SW/4 SE/4 - 10 acres, m/l	Sec. 22, Block 45, PSL	Deed	3923	710/814 OPR R	09/06/2005
116	Lingshan Li, A. Single Woman	Norman Floyd Douglas (4213 Middle O.	NE/4 of the NW/4 of the NE/4, containing 10 a	Sec. 22, Block 45, PSL	WD	4164	711/769 OPR R	09/13/2005
117	Rashed Mahmud and Margia Mahmud	David B. Willicome and Maria Theresa '	SE/4 SE/4 SE/4 - 10 acres, m/l	Sec. 22, Block 45, PSL	Deed	4414	713/187 OPR R	09/26/2005
118	Rashed Mahmud and Margia Mahmud,	Ky Thao Le and Diem-Trang Tonnu, Hu	NE/4 SW/4 SE/4, 10 acres, m/l	Sec. 22, Block 45, PSL	Deed	4527	713/607 OPR R	10/03/2005
119	Rashed Mahmud and Margie Mahmud	Vernham McDowell and Karen D. Mcdo	NE/4 NE/4 SE/4, containing 10 acres, more or	Sec. 22, Block 45, PSL	Deed	4749	714/612 OPR R	10/17/2005
120	Rashed Mahmud and Margia Mahmud	Carlos V. Pavon, A. Married Man, As Hi	NW/4 SE/4 SE/4, containing 10 acres, more or	Sec. 22, Block 45, PSL	Deed	4755	714/651 OPR R	10/18/2005
121	Christy Iwuchukwu, A. Single Woman (3	Carlos V. Pavon, A. Married Man (705 T	SE/4 NW/4 SE, containing 10 acres, more or k	Sec. 22, Block 45, PSL	Deed	4760	714/660 OPR R	10/19/2005
122	Christy Iwuchukwu, A. Single Woman (3	Randy Cheng, A. Married Man (6169 N	SW/4 SE/4 SW/4 - 10 acres, m/l	Sec. 22, Block 45, PSL	Deed	4877	715/416 OPR R	10/25/2005
123	Christy Iwuchukwu, A. Single Woman (3	Randy Cheng, A. Married Man (6169 N	NW/4 SE/4 SW/4 - 10 acres, m/l	Sec. 22, Block 45, PSL	Deed	4878	715/418 OPR R	10/25/2005
124	Christy Iwuchukwu, A. Single Woman (3	Randy Cheng, A. Married Man (6169 N	NW/4 SW/4 SE/4 - 10 acres, m/l	Sec. 22, Block 45, PSL	Deed	4879	715/420 OPR R	10/25/2005
125	Rashed Mahmud and Margia Mahmud,	Van Xaun Nguyen and Ngoc Minh Ngu	SW/4 NE/4 SE/4, 10 acres, +/-	Sec. 22, Block 45, PSL	Deed	4902	715/481 OPR R	10/26/2005
126	Rashed Mahmud and Margia Mahmud,	Will Francis, A. Single Man (5525 Sw 4'	SE/4 NE/4 SE/4 - 10 acres, m/l	Sec. 22, Block 45, PSL	Deed	5010	716/16 OPR R	11/01/2005
127	Rashed Mahmud and Margia Mahmud,	Sym's Holdings, Inc. (14988 Sw 33rd St	SW/4 SE/4 SE/4	Sec. 22, Block 45, PSL	Deed	5069	716/309 OPR R	11/04/2005
128	Rashed Mahmud and Margia Mahud Hi	Kevin Thomas and Dorothy Smith-Thon	NW/4 NE/4 SE/4 - 10 acres, m/l	Sec. 22, Block 45, PSL	Deed	5571	718/669 OPR R	12/12/2005
129	Rashed Mahmud and Margia Mahud Hi	James La Vell Willis and Lucy Ngo Willi	SW/4 SW/4 SE/4 - 10 acres, m/l	Sec. 22, Block 45, PSL	Deed	5572	718/670 OPR R	12/12/2005
130	Christy Iwuchukwu, A. Single Woman (3	Mary Ellen Chapman, A. Single Woman	SE/4 SE/4 SW/4, 10 ac +/- State of Texas has	Sec. 22, Block 45, PSL	Deed	5671	719/255 OPR R	12/19/2005
131	Will Francis (5525 Sw 41 St., Pembroke	Yanmaly Ducoungue, A. Single Man (998	SE/4 NE/4 SE/4 - 10 acres, m/l	Sec. 22, Block 45, PSL	Deed	5715	719/431 OPR R	12/21/2005
132	Christy Iwuchukwu, A. Single Woman (3	Devindra Roy and Sonia Grados, Husb	SE/4 NE/4 SW/4, 10 ac +/-	Sec. 22, Block 45, PSL	Deed	5797	719/715 OPR R	12/27/2005
133	Christy Iwuchukwu, A. Single Woman (3	John R. Barnett and Emma Barnett, Hu	SW/4 NW/4 SE/4	Sec. 22, Block 45, PSL	Deed	507	722/587 OPR R	02/07/2006
134	Josue Jean and Philomine Jean, Husb	Miguel Emilzo (7348 Willow Springs Cir	SW/4 NW/4 SW/4, being 10 ac	Sec. 22, Block 45, PSL	WD	1024	725/407 OPR R	02/28/2006
135	Josue Jean and Philomine Jean, Husb	Miguel Emilzo (7348 Willow Springs Cir	SW/4 SW/4 SW/4, being 10 ac	Sec. 22, Block 45, PSL	WD	1025	725/408 OPR R	02/28/2006
136	Christy Iwuchukwu, A. Single Woman (3	Veronica Chambers and Ryan Chambe	NE/4 NE/4 SW/4 - 10 acres, m/l	Sec. 22, Block 45, PSL	Deed	1812	729/8 OPR R	04/10/2006
137	Lingshan Li, A. Single Woman	Nazeih Hammouri (165 Chelsea Street,	SW/4 of the NE/4 of the NW/4, cont 10 acres, i	Sec. 22, Block 45, PSL	WD	2983	734/426 OPR R	06/02/2006
138	State of Texas	Chalfant Properties, Inc. (P. O. Boix 312	N/2	Sec. 22, Block 45, PSL	OGL	4935	745/59 OPR R	09/22/2006
139	State of Texas	Chalfant Properties, Inc. (P. O. Boix 312	S/2	Sec. 22, Block 45, PSL	OGL	4936	745/65 OPR R	09/22/2006
140	Chalfant Properties, Inc.	Chesapeake Exploration Limited Partne	S/2, covering those depths below 4, 000' or the	Sec. 22, Block 45, PSL	A/OGL	5525	747/776 OPR R	10/19/2006

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141	Chalfant Properties, Inc.	Chesapeake Exploration Limited Partne	N/2	Sec. 22, Block 45, PSL	A/OGL	5526	747/777 OPR R	10/19/2006
142	South Marsh Development	Chevron Oil Co.	S/2 ; All depths below the base of the Bell Can	Sec. 22, Block 45, PSL	P/Rel/OGL	6204	750/660 OPR R	12/04/2006
143	Randy Cheng, A. Married Man (P.O. Bo	Brenda Daniels & Michael E. Daniels &	NW/4 SW/4 SE/4, 10 acres, m/l	Sec. 22, Block 45, PSL	WD	6224	750/749 OPR R	12/05/2006
144	Christy Iwuchukwu, A. Single Woman (3	Lycesse Dumay, A. Single Woman (77	NE/4 SE/4 SW/4, 10 acres +/-	Sec. 22, Block 45, PSL	WD	6442	751/699 OPR R	12/18/2006
145	Christy Iwuchukwu, A. Single Woman (3	Roberto Yambo and Patricia Yambo, Hl	NE/4 NW/4 SE/4 - 10 acres, m/l	Sec. 22, Block 45, PSL	Deed	6594	752/406 OPR R	12/28/2006
146	Lingshan Li, A. Single Woman	Stanley Zambalis (241 Ontario Ave, Ma	SW/4 of the NW/4 of the NE/4	Sec. 22, Block 45, PSL	WD	1903	763/45 OPR R	05/01/2007
147	Lingshan Li, A. Single Woman	Thomas E. Cousins & Dawn R. Cousins	SE/4 of the NE/4 of the NW/4, 10 acres, +/-	Sec. 22, Block 45, PSL	WD	3885	773/773 OPR R	09/19/2007
148	Thomas E. Cousins and Dawn R. Cous	Thomas Cousins and Dawn R. Cousins	SE/4 of the NE/4 of the BW/4, 10 acres, +/-	Sec. 22, Block 45, PSL	QCD	4667	777/746 OPR R	11/15/2007
149	Christy Lwuchukwu, A. Single Woman (	Emma Thomas, A. Single Woman (P. O	NW/4 NW/4 SE/4, out of S/2, 10 acres, +/-	Sec. 22, Block 45, PSL	Deed	4787	778/662 OPR R	11/26/2007
150	Edwin Martinez (1729 Optimist Dr. , Lak	Inca Collazo (16244 E. Hialleah Drive, l	NW/4 NE/4 NW/4, containing 10 acres, m/l	Sec. 22, Block 45, PSL	WD	354	782/618 OPR R	01/23/2008
151	Lingshan Li, A. Single Woman (No Addr	Giovanni L. Mencini (2014 W. Summerv	NE/4 of the NE/4 of the NW/4, cont 10 acres, r	Sec. 22, Block 45, PSL	WD	1225	787/708 OPR R	04/01/2008
152	Rashed Mahmud & Margia Mahmud, H	Jerry Franklin Cunningham & Lui Chi-C	NE/4 SE/4 SE/4 ; there shall be a 30' easemer	Sec. 22, Block 45, PSL	Deed	1663	790/313 OPR R	04/29/2008
153	Rashed Mahmud & Margia Mahmud, H	Melisa Rios, A. Single Woman (22035	SE/4 SW/4 SE/4 ; there shall be a 30' easeme	Sec. 22, Block 45, PSL	Deed	1664	790/314 OPR R	04/29/2008
154	Pbt-Isd Et Al	Mary Ellen Chapman	SE/4 SE/4 SW/4	Sec. 22, Block 45, PSL	Tax Suit	19136	DC R	07/03/2008
155	Ray Fernandez, A. Single Man	William Tyler Diller-Stone (C/o Wakaba	NW/4 of the NW/4 of the NW/4, 10 acres, +/-	Sec. 22, Block 45, PSL	WD	2903	797/379 OPR R	07/15/2008
156	Madron Services, Inc., Phillip P. Madror	Remuda Operating Co., A. Texas Corpc		Sec. 22, Block 45, PSL	ML	5005	26/303 ML R	11/13/2008
157	Ray Fernandez	Check Zero Investments Llc (2303 N. 7	NE/4 of the NW/4 of the NW/4, 10 acres, +/-	Sec. 22, Block 45, PSL	WD	5731	811/365 OPR R	12/24/2008
158	Madron Services, Inc., Phillip P. Madror	Remuda Operating Co., A. Texas Corpc		Sec. 22, Block 45, PSL	Rel/Lien	1230	818/292 OPR R	04/09/2009
159	Lingshan Li, A. Single Woman (No Addr	Lalchan Ramkishun & Shellanine Ramk	SE/4 of the NW/4 of the NE/4; 10 acres m/l	Sec. 22, Block 45, PSL	WD	2772	827/207 OPR R	09/09/2009
160	Reeves County Sheriff, Arnulfo Gomez	E. Allen Curtis (1481 Granada, Bernalill	10 acres, m/l, being the SE/4 of the SE/4 of the	Sec. 22, Block 45, PSL	Shf/Deed	3326	830/761 OPR R	11/02/2009
161	Nationwide Land Sales, Llc	Sean Halaw (36 Woodward Ave. , Bloor	Parcel # 210464, SW/4 of the SE/4 NW/4	Sec. 22, Block 45, PSL	WD	1579	843/385 OPR R	05/17/2010
162	Ray Fernandez, Single Man	Covenant Properties Investment Group	NW/4 SW/4 NW/4	Sec. 22, Block 45, PSL	WD	2083	846/184 OPR R	06/22/2010
163	Ray Fernandez, Single Man	Covenant Properties Investment Group	SE/4 NW/4 NW/4	Sec. 22, Block 45, PSL	WD	2084	846/185 OPR R	06/22/2010
164	Ray Fernandez, Single Man	Covenant Properties Investment Group	SW/4 NW/4 NW/4	Sec. 22, Block 45, PSL	WD	2085	846/186 OPR R	06/22/2010
165	Covenant Properties Investment Group	Travis Skelly (1007 South Congress, Ar	SW/4 of the E/2 of the NW/4 of the SW/4 of the	Sec. 22, Block 45, PSL	WD	2569	849/175 OPR R	08/05/2010
166	Ray Fernandez	William Nelms	SW/4 SW/4 NW/4	Sec. 22, Block 45, PSL	WD	2619	849/416 OPR R	08/09/2010
167	Covenant Properties Investment Group	Simplicio A. Mendoza, Jr. and Maria D.	NW/4 of the W/2 of the NW/4 of the SW/4 of th	Sec. 22, Block 45, PSL	WD	2665	849/626 OPR R	08/12/2010
168	Covenant Properties Investment Group	Vincent C. Morreale, Jr and Susan Mori	NE/4 E/2 SE/4 NW/4, being 1.25 acres, m/l	Sec. 22, Block 45, PSL	WD	2932	850/619 OPR R	09/01/2010

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	Covenant Properties Investment Group	Jon B. Rogers and Patricia Rogers	NW/4 E/2 SE/4 NW/4, being 1.25 acres, m/l	Sec. 22, Block 45, PSL	WD	2933	850/620 OPR R	09/01/2010
170	Covenant Properties Investment Group	Dorothy Derapelian	SE/4 E/2 SE/4 NW/4 NW/4	Sec. 22, Block 45, PSL	WD	2935	850/623 OPR R	09/01/2010
171	Covenant Properties Investment Group	David Greeson	SW/4 W/2 NW/4 SW/4 NW/4, being 1.25 acres	Sec. 22, Block 45, PSL	WD	2939	850/629 OPR R	09/01/2010
172	Covenant Properties Investment Group	Us Asset Forfeiture & Seizure, Inc (269	SW/4 E/2 SE/4 NW/4 NW/4, being 1.25 acres	Sec. 22, Block 45, PSL	WD	2943	850/643 OPR R	09/01/2010
173	Covenant Properties Investment Group	Rufino Vargas (45700 Timberlane Ct. ,	NE/4 W/2 NW/4 SW/4 NW/4, being 1.25 acres	Sec. 22, Block 45, PSL	WD	3090	851/446 OPR R	09/07/2010
174	Covenant Properties Investment Group	Rufino Vargas (45700 Timberlane Ct. ,	NW/4 E/2 NW/4 SW/4 NW/4, being 1.25 acres	Sec. 22, Block 45, PSL	WD	3091	851/447 OPR R	09/07/2010
175	Covenant Properties Investment Group	Jennie Craig (6351 Fenestra Ct. , Burke	SE/4 W/2 NW/4 SW/4 NW/4, being 1.25 acres	Sec. 22, Block 45, PSL	WD	3094	851/456 OPR R	09/07/2010
176	Covenant Properties Investment Group	Alexander Norin (4860 Heron Pointe Dr	W/2 SE/4 NW/4 NW/4, being 5 acres, m/l	Sec. 22, Block 45, PSL	WD	3095	851/457 OPR R	09/07/2010
177	Covenant Properties Investment Group	Alexander Norin (4860 Heron Pointe Dr	NE/4 E/2 NW/4 SW/4 NW/4, being 1.25 acres	Sec. 22, Block 45, PSL	WD	3096	851/458 OPR R	09/07/2010
178	Covenant Properties Investment Group	Ray Park (5 Pineridge, Magnolia, Ar 71	W/2 SW/4 NW/4 NW/4, being 5 acres, m/l	Sec. 22, Block 45, PSL	WD	3097	851/459 OPR R	09/07/2010
179	Covenant Properties Investment Group	Jamie A. Pearl (52 Blue Forest Drive, D	SW/4 E/2 SW/4 NW/4 NW/4, being 1.25 acres	Sec. 22, Block 45, PSL	WD	3208	852/132 OPR R	09/13/2010
180	Covenant Properties Investment Group	Jamie A. Pearl (52 Blue Forest Drive, D	SE/4 E/2 SW/4 NW/4 NW/4, being 1.25 acres	Sec. 22, Block 45, PSL	WD	3209	852/133 OPR R	09/13/2010
181	Covenant Properties Investment Group	Vance Manning ; Deserie Manning (187	NW/4 E/2 SW/4 NW/4 NW/4, being 1.25 acres	Sec. 22, Block 45, PSL	WD	3237	852/207 OPR R	09/15/2010
82	Covenant Properties Investment Gp, Lk	Jefferson Phi Tran Et Ux Dinh Huynh (4	The NE/4 of the E/2 of the SW/4 of th NW/4 of	Sec. 22, Block 45, PSL	WD	3396	852/758 OPR R	09/24/2010
83	Comm. of The Glo of Texas	Angelle & Donohue Oil & Gas Propertie	S/2, 320 acres, covering those depths below 4	Sec. 22, Block 45, PSL	OGL	3052	879/518 OPR R	05/17/2011
84	Comm. of The Glo of Texas	Angelle & Donohue Oil & Gas Propertie	N/2	Sec. 22, Block 45, PSL	OGL	3053	879/524 OPR R	05/17/2011
85	Angelle & Donohue Oil & Gas Propertie	Petrohawk Properties, Lp	N/2 ; S/2, covers depth below 4,000 feet or ba	Sec. 22, Block 45, PSL	A/OGLS	4544	888/435 OPR R	07/12/2011

File No. ME067525Ganem Ltr of 3-7-12 with
Runsheet(s)Date Filed: 1-8-2020

Jerry E. Patterson, Commissioner

By VP