



## CAUTION

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Archives and Records Staff

STATE LEASE						MF084145
#	LeaseDate	Acres	Status	CONTROL	BASEFILE	COUNTY
A	Feb 13 1979	616.69	0.00	PRODUCI	07-113214 (280)	103048 - STARR /214
B	May 22 1981	38.53	0.00	PRODUCI	07-113367 (532)	103050 - STARR /214

# 2993 27.2 UNITACRES

SURVEY : C C S D & R G N G RY CO  
BLOCK :  
TOWNSHIP : 00  
SECTION/TRACT: 532 /280  
PART :  
ACRES : 1236.82 /655.22 NET  
DEPTH LIMITS : NO

Rentals:

LESSEE : TENNECO OIL CO  
LEASE DATE :  
PRIMARY TERM : 0 yrs  
BONUS (\$) : 0.00  
RENTAL (\$) : 1.52  
ROYALTY : 0.12500000  
VAR ROYALTY :

Lease Admin:

Mineral Maps: *24*

Sec M-80847 & M-80848 3700.14

5-22-81 616.69 net ac 385.40 A

#2993

RELINQUISHMENT ACT LEASE M-84145 7 214

COUNTY: Starr

TRACT : Sec. 280, A-921 & Sec. 532, A-923

PART : Gregorio Jiminez Survey

ACRES : 1,233.38 616.69

LESSEE : Tenneco Oil Company

DATE : February 13, 1979

TERM : 5 Years

BONUS : \$37,001.40

RENTAL:

FILE : 103048 & 103050

well completed 3-12-82 and currently prod. /afw 4-29-82

07-11321-4 07-11336-7

Legal	BE
Rental	CS
Min. Map	OWF
Gas	gas

## CONTENTS OF FILE NO. M-84145

1. Lease	9-8-79	AD	34. Rental Payment	1-14-86
2. Ltr. fr. Tenneco Oil	5-10-79	"	35. Rental Payment	5-3-86
3. Ltr. to " " " 1-13-81	"	"	36. Division Order	10-18-86
4. Title Opinion	9-19-80 (FIFO)	"	37. Letter from Fina	02/23/89 recd
5. Deed & Grazing Lease	9-27-80 (FIFO)	"	38. Conveyance	02/23/89 recd
6. Memorandum	1-9-81 (FIFO)	"	39. Letter to Tenneco	03/15/89 recd
7. Rental Payment	1-24-80		40. Receipt fr. Tenneco	4-14-89 B
8. Rental Payment	1-17-81		41. Letter from Fina	8/16/89 B
9. Lease	8-19-81	di	42. NO. 8/16/89 B	M
10. Ltr. fr. Tenneco Oil	8-19-81	"	43. Letter to Fina	8/23/89 B
11. Ltr. to " " " 10-14-81	"	"	44. LTR. TO JOHN POPE	11/14/89
12. Rental Payment	2-13-82		45. Ltr. from John Pope	10-16-89
13. Rental Payment	4-17-82		46. Ltr. from John Pope	11-7-89
14. Rental Payment	4-16-82		47. Ltr. from John Pope	11-7-89
15. DIVISION ORDER	6-9-82		48. Ltr. to John Pope	11-20-89
16. Ltr. to Tenneco	6-10-82		49. LTR. FROM FINA	1-29-90
17. Ltr. fr. Tenneco	9-9-82		50. " " "	"
18. Ltr. to Tenneco Oil	1-4-83		CONVEYANCE See Assignment in M 20144	97
19. Well/Gas Status Report	1-5-83		See Letter Dated 3-20-89 in M 20144	98
20. Rental Payment	1-19-83		See Letter Dated 4-1-89 in M 20144	99
21. Ltr. from Tenneco	1-27-83		See Letter Dated 4-28-89 in M 20144	100
22. Rental Payment	4-15-83		See Letter Dated 4-28-89 in M 20144	101
23. Rental Payment	1-18-84		See MEMO Dated 6-5-89 in M 20144	102
24. Ltr. to Tenneco Oil Co.	3-29-84	JRF	See Letter Dated 6-10-89 in M 20144	103
25. Rental Payment	4-14-84		See Letter Dated 6-10-89 in M 20144	104
26. Ltr. to Tenneco Oil Co.	5-7-84	JRF	See Letter Dated 1-15-90 in M 20144	105
27. Ltr. to Tenneco Oil Co.	6-14-84	JRF	See Letter Dated 1-31-90 in M 20144	106
28. Ltr. to Tenneco Oil Co.	10-1-84	JKC	See Letter Dated 10-19-90 in M 20144	107
29. APPLICATION TO DRILL WELL #2	10-1-84	JKC	51. MEMO	1-10-94
30. Division Order	DCM 1-28-85		52. Rental Pymt	3-28-94
31. Rental Payment	1-26-85		53. C.O.F. 89-27 in file SPA-M77-5	4-19-89
32. Rental Payment	4-20-85		53.12 Division order 2/11/83 See Pooling items #157 & #158	4-19-89
33. Ltr. to Tenneco Oil Co.	8-28-85		in M-32295	
			53.14 - In-kind Royalty Letters dated 6/23/84 & 6/10/85 ASSIGNMENT FILED IN MF-0215/71 #122.	

Cert. of Fact  
10-28-33  
Tenneco Oil Co  
Houston, Texas

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CONTENTS OF FILE NO. M-MF084145

ASSIGNMENT FILED IN MF-025171 #163, 5/10/06

54 Billing 8/28/07

55 Letter sent 9/29/08

See MF025171 #165 for assignment

#7882, WF. 4/29/11

56 Reconciliation Ltr 7/5/11

57 TIK LETTER 4/23/03

58 Plat 12/12/13

Scanned sm 9/15/14

59-Reconciliation Billing 6/8/16

Scanned PT 7-11-16

60. Recon Billing 1/28/19

Scanned PT 2-11-2019

Scanned PT 2-26-2019

61. Email from Royal O&amp;G 9/29/22

62. W-1, 42-427-34807

63. W-1, 42-427-34808

Scanned PT 11 Oct 2022

Scanned NM 10.10.2022

Mineral Classified Land  
Lease Consideration Comparison

E.

1/2

County STAR  
Area Sur 280, A-921 1/4

M. F.	Acres	Lease Date	Term	Total Bonus	B/Ac	Rental	Comparison
New	(616.69) 38	2-12-79	5 yrs	74,002. <sup>80</sup>	120 <sup>00</sup> 68 <sup>00</sup>	6 <sup>00</sup> 17	1/8

No recent nearby comparisons

(Old producing Area)

Shallow (to 6000') 103048

Remarks: Shallow (to 6000') 103050

oil & gas in area. 11

depleted wellson tracts plus OHS

Consideration

Recommended

Not Recommended

Amrt

SEP 8 1979

General Land Office

OIL AND GAS LEASE

THIS AGREEMENT, made and entered into this 13th day of  
February, 1979, by and between \_\_\_\_\_  
Southwest Farm and Ranch, Inc., a Texas Corporation \_\_\_\_\_,  
of Route 3, Box 188-F, Edinburg, Texas 78539,  
(Give Permanent Address)

herein referred to as the owner of the soil (whether one or more),  
individually and as agent for the State of Texas, and \_\_\_\_\_  
Tenneco Oil Company \_\_\_\_\_,  
of P. O. Box 2888, Houston, Texas 77001,  
(Give Permanent Address)

hereinafter called Lessee, WITNESSETH:

1. The owner of the soil in the capacities aforesaid, for and in  
consideration of Thirty-seven thousand one and 40/100-----  
----- Dollars (\$ 37,001.40), cash  
in hand paid, as his individual property and estate, receipt of which is  
hereby acknowledged, and a like amount paid to the STATE OF TEXAS, and of the  
covenants and agreements hereinafter contained on the part of the Lessee to  
be paid, kept and performed, hereby grants, leases and lets unto Lessee, for  
the sole and only purpose of prospecting and drilling for and producing oil  
and gas, laying pipe lines, building tanks, storing oil and building power  
stations, telephone lines and other structures thereon, to produce, save, take  
care of, treat and transport said products of the lease, the following lands

situated in Starr County, State of Texas, to-wit:

TRACT 1: BEING 599.18 acres of land, more or less, and BEING all of the  
Gregorio Jiminez Survey, Section 280, Abstract 921, Starr County, Texas.  
TRACT 2: BEING 634.2 acres of land, more or less, and BEING all of the  
Gregorio Jiminez Survey, Section 532, Abstract 923, Starr County, Texas

containing 1,233.38 acres, more or less.

2. Subject to the other provisions herein contained, this lease  
shall be for a term of five (5) years from this date (herein called "primary  
term") and as long thereafter as oil and gas, or either of them, is produced  
in paying quantities from said land.

\*3. When production of oil and/or gas is secured, Lessee agrees to  
pay or cause to be paid one-half (1/2) to the Commissioner of the General  
Land Office of the State of Texas, at Austin, Texas, and one-half (1/2) to the  
owner of the soil, during the term hereof:

(a) As a royalty on oil, which is defined as including all hydro-  
carbons produced in a liquid form at the mouth of the well and also all con-  
densate, distillate, and other liquid hydrocarbons recovered from oil or gas  
run through a separator or other equipment, as hereinafter provided,

one-fourth (1/4) part of the gross

\*NOTE: The total royalty payable under the lease should be inserted in para-  
graphs 3(a), 3(b), 3(c) and 3(d).

production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such value to be determined by 1) the highest posted price, plus premium, if any, offered or paid for oil, condensate, distillate, or other liquid hydrocarbons, respectively, of a like type and gravity for the field where produced and when run, or 2) the highest market price thereof offered or paid for the field where produced and when run, or 3) the gross proceeds of the sale thereof, whichever is greater. Lessee agrees that before any gas produced from the land hereby leased is sold, used or processed in a plant, it will be run free of cost to the parties entitled to royalties through an adequate oil and gas separator 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 the royalty owners, the requirement that such gas be run through a separator or other equipment may be waived upon such terms and conditions as prescribed by them.

~~(b)~~ (b) As a royalty on any gas (including flared gas), which is defined as all hydrocarbons and gaseous substances not defined as oil in subparagraph (a) above, produced from any well on said land (except as provided herein with respect to gas processed in a plant for the extraction of gasoline, liquid hydrocarbons or other products)

one-fourth (1/4) part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such value to be based on the highest market price paid or offered for gas of comparable quality for the field where produced and when run, or the gross price paid or offered to the producer, whichever is greater; provided that the maximum pressure base 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 or by the most approved method of testing being used by the industry at the time of testing.

For the purposes of this lease "field" means the general area in which the land covered by this lease is located.

(c) As a royalty on any gas processed in a gasoline plant or other plant for the recovery of gasoline or other liquid hydrocarbons,

one-fourth (1/4) part of the residue gas and the liquid hydrocarbons extracted or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office. All royalties due herein shall be based on one hundred percent (100%) of the total plant production of residue gas attributable to gas produced from this lease, and on fifty percent (50%) or that percent accruing to Lessee, whichever is greater, of the total plant production of liquid hydrocarbons attributable to the gas produced from this lease; provided that if liquid hydrocarbons are recovered from gas processed in a plant in which Lessee (or its parent, subsidiary or affiliate) owns an interest, then the percentage applicable to liquid hydrocarbons shall be fifty percent (50%) or the highest percent accruing to a third party processing gas through such plant under a processing agreement negotiated at arms' length (or if there is no such third party, the highest percent then being specified in processing agreements or contracts in the industry), whichever is greater. The respective royalties on residue gas and on liquid hydrocarbons shall be determined by 1) the highest market price paid or offered for any gas (or liquid hydrocarbons) of comparable quality in the general area, or 2) the gross price paid or offered for such residue gas (or the weighted average gross selling price for the respective grades of liquid hydrocarbons, F.O.B. at the plant in which said gas is processed), whichever is greater.

(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, one-fourth (1/4)

part of the gross production of such products, or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such market value to be determined as follows:

- (1) on the basis of the highest market price of each product for the same month in which such product is produced, or
- (2) on the basis of the average gross sale price of each product for the same month in which such produce is sold, whichever is greater.

4. Notwithstanding anything contained herein to the contrary, the owner of the soil or the Commissioner of the General Land Office may, at the option of either, at any time or from time to time, upon not less than sixty (60) days notice to the holder of the lease, require the payment of any royalties accruing to such royalty owner under this lease be made in kind.

5. Lessee agrees that all royalties accruing under this lease (including those paid in kind) shall be without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting, and otherwise making the oil, gas and other products produced hereunder ready for sale or use.

6. No royalty shall be payable on any gas as may represent this lease's proportionate share of any fuel used to process gas produced hereunder in any processing plant. Notwithstanding anything contained herein to the contrary, and subject to the consent in writing of the owner of the soil and the Commissioner of the General Land Office, Lessee may recycle gas for gas lift purposes on the leased premises or for injection into any oil or gas producing formation underlying the leased premises after the liquid hydrocarbons contained in the gas have been removed and no royalties shall be payable on the gas so recycled until such time as the same may thereafter be produced and sold or used by Lessee in such manner as to entitle the royalty owners to a royalty thereon under the provisions of this lease.

7. All royalties which are required to be paid hereunder to the Commissioner of the General Land Office shall be due and payable in the following manner: Royalty on oil shall be due and payable on or before the 5th day of the second month succeeding the month of production, and royalty on gas shall be due and payable on or before the 15th day of the second month succeeding the month of production, accompanied by an affidavit completed in the form and manner prescribed by the General Land Office and showing the gross amount and disposition of all oil and gas produced and the market value of the oil and gas, together with a copy of all supporting documents and records required by law to confirm the gross production, disposition and market value. A copy of all contracts under which gas is sold or processed and all subsequent agreements and amendments to such contracts shall be filed with the General Land Office within thirty (30) days after entering into or making such contracts, agreements or amendments. The books, accounts and all other records pertaining to production, transportation, sale and marketing shall at any time be subject to inspection and examination by the Land Commissioner. Each royalty payment shall be accompanied by a check stub, schedule, summary or other remittance advice showing by the assigned General Land Office lease number the amount of royalty being paid. Any royalty not paid or affidavits and supporting documents not filed when due shall be come delinquent and shall have added to the sum owing a delinquency penalty of one percent (1%) of such sum for each thirty (30) day period of delinquency or a fractional period thereof; provided, however, that each such penalty shall never be less than Five Dollars (\$5.00). Lessee shall bear all responsibility for paying or causing royalties to be paid as prescribed by the

due date provided herein. Payment of the delinquency penalty shall in no way operate to prohibit the State's right of forfeiture as provided by law. The State shall have a first lien upon all oil and 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 to the State hereunder.

8. If no well be commenced on said land on or before one (1) year from this date, this lease shall terminate as to both parties, unless on or before such anniversary date Lessee shall pay or tender to the owner of the soil or to his credit in the FIRST STATE BANK & TRUST CO.

Bank, at EDINBURG, TEXAS

, or its successors (which shall continue as the depository regardless of changes in the ownership of said land), the sum of Three Thousand Seven Hundred and 14/100-----

----- Dollars

(\$ 3,700.14 ), and in addition shall pay to the COMMISSIONER OF THE GENERAL LAND OFFICE OF THE STATE OF TEXAS, AT AUSTIN, TEXAS, a like sum on or before said date, which shall operate as a rental and cover the privilege of deferring the commencement of a well for one (1) year from said date. In like manner and upon like payments or tenders annually, the commencement of a well may be further deferred for successive periods of one (1) year each during the primary term.

9. All payments or tenders of rental to the owner of the soil may be made by check or draft of Lessee, or any assignee hereof, and delivered on or before the rental paying date. If said bank (or any successor bank) should cease to exist, suspend business, liquidate, fail or be succeeded by another bank, or for any reason fail or refuse to accept rental, Lessee shall not be held in default for failure to make such payments or tenders of rental until thirty (30) days after the owner of the soil shall deliver to Lessee a proper recordable instrument naming another bank as agent to receive such payments or tenders.

10. During any year beginning with the anniversary date of this lease, if this lease is maintained by production, the royalties paid hereunder in no event shall be less than an amount equal to the total annual delay rental herein provided; otherwise, there shall be due and payable on or before the last day of the month succeeding the anniversary date of this lease a sum equal to the total annual delay rental less the amount of royalties paid during the preceding year. If no amount of delay rental is specified in this lease, then for the purpose of this paragraph and paragraph 28, rental shall be construed to be one dollar (\$1.00) per acre which shall be in addition to the statutory minimum rental provided in paragraph 11 hereof.

11. It is understood and agreed that notwithstanding the fact that development may be in progress or production secured and royalty being paid hereunder the owner or operator of the leased premises shall continue to make annual rental payments to the State which, under such conditions, shall be the minimum of ten cents (10c) per acre as provided by Section 52.172 of the Natural Resources Code (hereinafter called N.R.C.).

12. If, during the primary term hereof and prior to discovery and production of oil or gas on said land, Lessee should drill a dry hole or holes thereon, or if, after discovery and production of oil or gas, the production thereof should cease from any cause, this lease shall not terminate if on or before the rental paying date next ensuing after the expiration of sixty (60) days from date of completion of said dry hole or cessation of production Lessee commences additional drilling or reworking operations thereon, or commences or resumes the payment of annual delay

rental in the same manner as provided in Paragraph Number 8 of this lease. If a dry hole be completed and abandoned during the last year of the primary term, Lessee's rights shall remain in full force and effect without further operations until the expiration of the primary term. 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, Lessee may resume payment of annual rental in the same manner as provided in Paragraph Number 8 in this lease on or before the rental paying date next ensuing after sixty (60) days from the date of completion of such shut-in gas well and upon the failure to make such annual rental payment, this lease shall ipso facto terminate. 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 may be made in accordance with the provisions of Paragraph Number 28 hereof.

13. If, at the expiration of the primary term, neither oil nor gas is being produced on said land, but Lessee is then engaged in drilling or reworking operations thereon, or if, after the expiration of the primary term, production of oil or gas on the leased premises after once obtained should cease from any cause, this lease shall remain in force so long as operations on said well or for drilling or reworking of any additional well are prosecuted with no cessation of more than sixty (60) consecutive days, and if they result in the production of oil and/or gas, so long thereafter as oil and/or gas is produced in paying quantities from said land, or payment of shut-in gas well royalties or compensatory royalties is made as hereinafter provided.

14. Lessee shall adequately protect the oil and gas under the above described land from drainage from the adjacent lands or leases. Neither the bonus, delay rentals, nor royalties paid or to be paid hereunder shall relieve Lessee from the obligations herein expressed, and for such purpose Lessee shall be required to drill as many wells as the facts may justify and to the depth or depths necessary for effective protection against undue drainage by other wells on adjacent lands or leases.

15. Written notice of operations hereunder shall be submitted to the Commissioner of the General Land Office by Lessee within five (5) days of spud date, cessation of production, workover, re-entry, temporary abandonment or abandonment of any well and shall include copies of Railroad Commission forms for application to drill, completion tests and plugging reports. The Commissioner of the General Land Office reserves the right to require Lessee to furnish logs on all wells drilled on said land and to annually furnish the said Commissioner with its best possible estimate of oil and gas reserves underlying this lease or allocable to this lease.

16. Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling operations thereon, or from producing oil or gas therefrom, after effort made in good faith, by reason of war, rebellion, riots, strikes, acts of God, or any valid order, rule or regulation of government authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended; and this lease shall be extended while and so long as Lessee is prevented, by any such cause, from drilling, reworking operations or producing oil or gas from the leased premises; provided, however, that nothing herein shall be construed to suspend the payment of delay rentals in order to maintain this lease in effect during the primary or extended term in the absence of such drilling or reworking operations or production of oil or gas.

17. The owner of the soil hereby warrants and agrees to defend the title to the land herein described, and agrees that Lessee shall have the right at any time to redeem for said owner of the soil, by payment, any mortgage, taxes or other liens on the above described land, in the event of default of payment by said owner of the soil, and be subrogated to the rights of the holder thereof, to the extent that Lessee may apply any rental or royalty due the owner of the soil from Lessee until any obligation thus incurred by the owner of the soil is discharged.

If the owner of the soil owns a less interest in the above described land than the entire and undivided surface estate therein (or a greater or lesser interest than the recited interest therein) then the royalties and rental herein provided to be paid to the owner of the soil shall be paid to him in the proportion which his interest bears to the whole and undivided surface estate and the royalties and rental herein provided to be paid to the Commissioner of the General Land Office of the State of Texas shall be likewise proportionately reduced. The Commissioner of the General Land Office shall be paid the value of the whole production allocable to all of the undivided interest not covered by any lease, less the proportionate development and production costs allocable to such undivided interest, but in no event shall the Commissioner of the General Land Office receive as a royalty on the gross production allocable to the undivided interest not leased an amount less than the value of one-sixteenth (1/16) of such gross production. Provided, however, before any adjustment of royalty or rental due the Commissioner of the General Land Office, Lessee shall furnish the Commissioner of the General Land Office of the State of Texas, at Austin, Texas, a statement in writing executed by Lessee, or its duly authorized representative, setting forth the facts relative to the interest of the owner of the soil and the interest which Lessee claims under this lease.

18. Lessee shall have the right to use water produced on said land necessary for operations hereunder except water from wells or tanks of the owner of the soil; provided, however, Lessee shall not use potable water or water suitable for livestock or irrigation purposes for water-flood operations without the prior consent of the owner of the soil.

19. When requested by the owner of the soil, Lessee shall bury its pipe lines below plow depth.

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

21. Lessee shall have the exclusive right to build, operate and maintain pits, reservoirs, pickup stations and plants for the purpose of picking up and conserving waste oil that flows down the creeks, ravines and across the land embraced in the lease, whether said oil is produced from said land covered by this lease or other lands, provided the royalties herein specified are paid on said oil at the same rate under the same conditions provided for oil regularly produced.

22. Lessee shall pay the owner of the soil for damages caused by its operations to all personal property, improvements, livestock and crops on said land. After the completion or abandonment, Lessee shall restore insofar as practicable the premises to its original condition.

23. Lessee shall have the right at any time until one hundred twenty (120) days after the expiration or termination of this lease to remove all machinery and fixtures placed by Lessee on said premises, including the right to draw and remove all casing; provided, however, that casing shall not be drawn and removed until after thirty (30) days written notice to the Commissioner of the General Land Office and to the owner of the soil and, provided further, that Lessee shall not remove casing with respect to any well thereon capable of producing oil and/or gas in paying quantities. Any machinery, fixtures and casing subject to removal as above set forth, which are allowed to remain on the premises, shall become the property of the owner of the soil on expiration of said one hundred twenty (120) day period, or such extension thereof as may be granted by the owner of the soil.

24. The rights and estates of either party hereto may be assigned, in whole or in part, and the provisions hereof shall extend to and be binding upon their heirs, devisees, legal representatives, successors and assigns; but no change or division in the ownership of the land, rentals or royalties, however accomplished, shall operate to enlarge the obligations, nor to diminish

the rights, privileges and estates of Lessee, nor to impair the effectiveness of any payment made by, nor of any act performed by, Lessee hereunder. And no such change or division in the ownership of said land, the rentals or royalties, however accomplished, shall ever be binding upon Lessee for any purpose until thirty (30) days after Lessee has been furnished by the owner of the soil, or by his heirs, devisees, legal representatives or assigns, with satisfactory written evidence thereof, including (if such change is effected by conveyance) the original recorded muniments of title or certified copies thereof. An assignment of this lease, in whole or in part, shall, as to the extent of such assignment, relieve and discharge Lessee of all subsequent obligations hereunder. If this lease is assigned in its entirety as to only part of the acreage, the right and option to pay rentals shall be apportioned as between the several owners ratably, according to the surface area of each, and failure by one or more of them to pay his share of the rental shall not affect this lease on the part of the land upon which pro rata rentals are timely paid or tendered, unless the assignor or assignee shall fail to file a certified copy of such assignment in the General Land Office prior to the next rental paying date, in which event the entire lease shall terminate for failure to pay the entire rental due as provided in Paragraph Number 8 hereof.

25. Lessee may at any time, and from time to time, execute and deliver to the owner of the soil or place of record, a release or releases covering any portion or portions of the above described premises, and thereby surrender this lease as to such portion or portions, and be relieved of all subsequent obligations as to acreage surrendered. In the event any part of this lease is surrendered, as above provided, the delay rental then payable hereunder shall thereupon be reduced in the proportion that the acreage surrendered bears to the acreage which was covered by this lease immediately prior to such surrender, provided such release shall not thereby relieve the Lessee of any liabilities which may have accrued in connection with the lease prior to the surrender of such acreage.

26. Provided further that if all or any part of this lease is assigned or released, such assignment or release shall be recorded in the county where the land is situated and the recorded instrument, or a copy of the recorded instrument certified to by the County Clerk of the County in which the instrument is recorded, shall be filed in the GENERAL LAND OFFICE accompanied by a filing fee of Five Dollars (\$5.00). If any such assignment is not so filed, the rights acquired under this lease shall be subject to forfeiture by the Commissioner of the General Land Office.

27. It is recognized that before this lease is effective a certified copy thereof (which is construed as meaning a certified copy made by the County Clerk from his records) shall be filed in the General Land Office in accordance with Section 52.183, N. R. C., and this lease shall not be binding upon the State unless it recites the actual and true consideration paid or promised therefor. The bonus due the State and a filing fee of Five Dollars (\$5.00) shall accompany such certified copy to the General Land Office.

28. 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, 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 Twelve Hundred Dollars (\$1,200.00) per annum for each well capable of producing gas in paying quantities; such payment shall be made one-half (1/2) to the Commissioner of the General Land Office and one-half (1/2) to the owner of the soil prior to the expiration of the primary term of this lease or, if the primary term has expired, within sixty (60) days after 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, 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 one thousand (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 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 one thousand (1000) feet of or draining the leased premises on which such shut-in gas well is situated, such compensatory royalty to be paid monthly one-half (1/2) to the Commissioner of the General Land Office and one-half (1/2) to the owner of the soil beginning on or before the last day of the month next succeeding the month in which such gas is sold and delivered from the well situated within one thousand (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 Lessee of the obligation of reasonable development, nor of the obligation to drill off-set wells as required by law.

29. No natural gas or casinghead gas, including both associated and nonassociated gas, produced from the mineral estate subject to this lease may be sold or contracted for sale to any person for ultimate use outside the State of Texas unless the Railroad Commission of Texas, after notice and hearing as provided in Title 3 of the N.R.C., finds that:

- (a) the person, agency, or entity that executed the lease in question does not require the natural gas or casinghead gas to meet its own existing needs for fuel;
- (b) no private or public hospital, nursing home, or other similar health-care facility in this state requires the natural gas or casinghead gas to meet its existing needs for fuel;
- (c) no public or private school in this state that provides elementary, secondary, or higher education requires the natural gas or casinghead gas to meet its existing needs for fuel;
- (d) no facility of the state or of any county, municipality, or other political subdivision in this state requires the natural gas or casinghead gas to meet its existing needs for fuel;
- (e) no producer of food and fiber requires the natural gas or casinghead gas necessary to meet the existing needs of irrigation pumps and other machinery directly related to this production; and
- (f) no person who resides in this state and who relies on natural gas or casinghead gas to provide in whole or part his existing needs for fuel or raw material requires the natural gas or casinghead gas to meet those needs;

provided, however, after notice and hearing as provided in Title 3 of the N.R.C., the Railroad Commission of Texas may grant exceptions to these provisions if it finds and determines that enforcement of such provisions:

- (1) would cause physical waste as defined in Title 3 of the N.R.C.; or
- (2) would unreasonably deny to the lessee an opportunity to produce economically hydrocarbons from the land subject to this lease.

30. This lease is issued under the provisions of Sections 52.171 through 52.182, N.R.C., commonly known as the Relinquishment Act, Sections 52.183 and 52.184, N.R.C., and other applicable statutes and amendments thereto, and should there be any provision herein not in conformity with said statutes, the law is recognized and understood to prevail notwithstanding anything in this lease to the contrary.

\*\* Rider attached.

31. It is understood and agreed that any gas unit or units established under the terms of this lease covering any horizons or strata from the surface to 9,000 feet below the surface of the ground shall not exceed 320 acres plus 10% acreage tolerance, while such unit or units covering any horizon or strata below 9,000 feet below the surface of the ground shall not exceed 640 acres plus 10% acreage tolerance; provided, however, that should the governmental authority having jurisdiction prescribe or permit the creation of units larger than those specified above, such unit(s) may be created or enlarged to conform in size to the drilling or spacing units so prescribed or permitted, or to the proration units as may be authorized for obtaining the maximum allowable production from one well.

32. Notwithstanding anything herein to the contrary, it is understood and agreed that in the event Lessee exercises his right to pool, as provided in paragraph 4 hereof, and less than the full amount of acreage covered by this lease is placed in any unit, then production, drilling or reworking operations on any such unit in which such acreage is pooled shall be treated as production, drilling or reworking operations only on the acreage covered by this lease and placed in such unit and shall not be considered as production, drilling or reworking operations on any acreage covered by this lease and not placed in said unit. This lease during any period in which it is being so maintained as to part of the land covered hereby, may be maintained as to the remainder not so pooled by production, drilling or reworking operations, or, during the primary term, by the payment of the delay rentals provided for herein except that, if maintained by rental payments the amount of rentals may be reduced in proportion to the number of acres in such unit or units as to which this lease is being maintained by unit production, drilling or reworking operations.

33. It is agreed that this lease replaces and superseces that lease dated the 12th day of February, 1979 between Southwest Farm and Ranch, Inc. individually and as agent for the State of Texas and Tenneco Oil Company which is recorded in Volume 419 at Page 21 of the Deed Records of Starr County, Texas. It is also understood by all parties that the consideration paid under that February 12, 1979 lease shall be applied to this lease, and that all terms and conditions of this lease shall take precedence over that February 12, 1979 lease.

SIGNED FOR IDENTIFICATION

George Cantrell

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

In the capacity stated and as agent for the State of Texas

Individually and as agent for the State of Texas

SOUTHWEST FARM & RANCH, INC.

By: *George Cantrell*

George Cantrell, Vice President & General Manager and as agent for the State of Texas

Individually and as agent for the State of Texas

#### **CORPORATION ACKNOWLEDGMENT**

**THE STATE OF TEXAS,**

**COUNTY OF Hidalgo**

}

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally

appeared **George Cantrell** known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said Southwest Farm and Ranch Inc., a corporation, owner of the soil and agent for the State of Texas ~~corporation~~, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 30th day of July A. D. 1979

(L. S.)

*Elvin D. King*

Notary Public in and for Harris

County, Texas.

THE M. L. BATH COMPANIES  
BAPTIST-CHURCH-LAKE CHARLES  
BAPTIST GRAM FORM CA TEXAS  
REG. NO. 111-11111 U. S. PAT. OFF.

Notary Public in and for \_\_\_\_\_  
County, Texas

STATE OF  
COUNTY OF

Before me, the undersigned authority, on this day personally appeared \_\_\_\_\_, known to me to be the person \_\_\_\_\_ whose name \_\_\_\_\_ are/is subscribed to the foregoing instrument, and acknowledged to me that \_\_\_\_\_ he \_\_\_\_\_

MF-084145

RECEIVED

THE STATE OF TEXAS

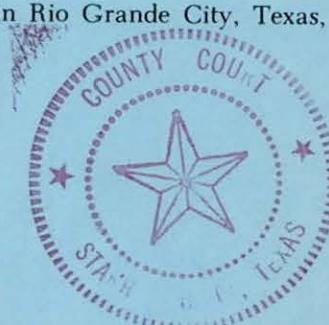
COUNTY OF STARR

I, JOSE S HINOJOSA, Clerk of the County Court in and for Starr County, Texas, do hereby certify that the above and foregoing is a true and correct copy of OIL AND GAS LEASE from SOUTHWEST FARM AND RANCH INC. to TENNECO OIL CO. dated the 13th day of February, 1979, and as same appears of record in Volume "422", page 376/85, of the Deed Records of Starr County, Texas.

TO CERTIFY WHICH, Witness my hand and official seal of office at office in Rio Grande City, Texas, this the 22nd day of August A.D. 1979.

JOSE S. HINOJOSA, County Clerk  
STARR COUNTY, TEXAS

BY: Estela B. Perea DEPUTY.



(1)

M. 84145

Grease 9-8-79

File Dated  
Bob Armstrong, Commissioner

RECEIVED AS STATED

\$37.001.40

Date 5-10-79  
Reg. No. 105887

GENERAL LAND OFFICE

RECEIVED AS STATED

\$5.00

Date 5-10-79  
Reg. No. 105887

GENERAL LAND OFFICE

DATE

INVOICE NO

## PARTICULARS

## AMOUNT

### DISCOUNT

NET

5/8/19

## Requested Check

Filing fee and bonus due the State of Texas as consideration for lease between Southwest Farm and Ranch Inc. and Tenneco Oil Company covering Sections 280 and 532, STarr Co., Tx.

Lease No. 28798, AFE 30982, Borosa  
Area

✓ \$37,006.40

105887

121



**Tenneco Oil**  
A Tenneco Company  
Houston, Texas

DETACH BEFORE DEPOSITING

TOC 3223 7/77

CHECK NO

9677

### REMITTANCE STATEMENT

**Tenneco Oil**  
**Exploration and Production**  
A Tenneco Company



Gulf Coast Division

126 North Point Drive  
P.O. Box 2888  
Houston, Texas 77001  
(713) 757-2131

May 8, 1979

Commissioner  
General Land Office  
Stephen F. Austin Building  
1700 North Congress  
Austin, Texas 78701

Re: Oil and Gas Lease  
Southwest Farm and Ranch as  
Agent for the State of Texas  
and Tenneco Oil Company  
Starr County, Texas

Gentlemen:

Enclosed for your handling is a certified copy of lease between the referenced parties and a check in the amount of \$37,006.40 which represents \$37,001.40 consideration due the State of Texas under the terms of the lease and \$5.00 filing fee.

Very truly yours,

TENNECO OIL COMPANY

Steven D. King  
Landman

SDK:mm

105887

Enclosures

*Brent Albritton*  
X 37,006 40

84145

170

FBI: Jennings (8/1)

Dated 5-10-79

January 13, 1981

Tenneco Oil Exploration & Production  
P. O. Box 2888  
Houston, Texas 77001

Attn: Brent Albritton

Re: Oil and Gas Lease  
M-84145; Gregorio Jiminez Surs.  
280 & 532, A-921 & A-123,  
1,233.38 total acres  
Starr County, Texas

Gentlemen:

The certified copy of Oil and Gas Lease, affecting the captioned tracts, has been approved and filed in our records under M-84145, to which mineral file number you should refer to in all future correspondence concerning this lease.

Your remittance in the amount of \$37,006.40 has been applied as the State's portion of the cash bonus and filing fee due thereon. A receipt for this amount is enclosed.

Sincerely yours,

Bob Armstrong

By: Barbara Epstein, Attorney  
Oil and Gas Division  
Legal Department  
512 475-4246

BE/di  
Enclosure

(3)

M. F. 84145

CORRECTION SLIP

To Dennies Oil

Dated 1-13-81

(3)

little Op

ATLAS & HALL

ATTORNEYS AT LAW

MORRIS ATLAS  
ROBERT L. SCHWARZ  
GARY GURWITZ  
ASA V. BLAND (1933-1977)  
C. Y. MILLS  
E. G. HALL  
TRAVIS HESTER  
CHARLES C. MURRAY  
DAVID H. HOCKEMA  
A. KIRBY CAVIN  
MIKE MILLS  
W. D. SEYFRIED, III  
CHARLES DAVID CROOK  
J. RUSH MILAM, III  
BALLARD BENNETT  
JERALD M. POMERANTZ

PROFESSIONAL ARTS BUILDING • 818-820 PECAN  
P. O. DRAWER 3725 (512) 682-5501  
MCALLEN, TEXAS 78501

May 21, 1980

OF COUNSEL  
HARRY L. HALL  
L. C. MCLEAN

Mr. Brint F. Albritton, Senior Land Man  
Tenneco Oil Exploration and Production  
P.O. Box 2888  
Houston, Texas 77001

Dear Mr. Albritton:

RE: Survey No. 280, Gregorio Jimenez Survey, Abstract  
No. 921.

Survey No. 532, Gregorio Jimenez Survey, Abstract  
No. 923.

Survey No. 281, C. C. S. D. & R. G. N. G. R. R.  
Survey, Abstract No. 242.

All in Starr County, Texas.

As requested, we have made an examination of the record title to the above referred to property, and based solely upon the examination of the hereinafter listed records and other documents covering the periods indicated, we find, subject to the objections and comments herein set out, that the title to said land, including the oil, gas and other minerals, to be vested as of April 1, 1980, as follows.

RECORDS AND DOCUMENTS EXAMINED:

1. The records of the County Clerk of Starr County, Texas, limited to those documents revealed by the Abstract Records of Starr County Abstract Company and the County Clerk's indices from 1969 to April 1, 1980 as affecting the subject property from the sovereignty of the soil to April 1, 1980, as regards Survey 281, and from September 30, 1942 to April 1, 1980, as regards Surveys 280 and 532.

2. Title opinion dated September 30, 1942 rendered by Baker, Botts, Andrews and Wharton in Houston, Texas to the Continental Oil Company and supplemental opinions thereto.

Mr. Brint F. Albritton  
May 21, 1980  
Page 2

SURFACE:

Survey 280 and Survey 532

Southwest Farm and Ranch, Inc.	an undivided 1/2
Adler Oil Company	an undivided 1/32
G. W. Wheeler, Trustee	an undivided 3/256
Uvalde Construction Company	an undivided 1/64
Lester A. Russell	an undivided 3/256
Valentine (Daisy) G. Smith	an undivided 55/512
E. L. Smith, Jr.	an undivided 55/512
Estate of Maude Wheelock	an undivided 55/512
Estate of Robert L. Wheelock	an undivided 55/512

Survey 281

Southwest Farm and Ranch, Inc.

MINERALS:

Survey 280 and Survey 532

State of Texas

Survey 281 - full participation as to leasing rights, bonuses, and delay rentals.

Louise Ethridge-Pratt	1/3 of 1/4
Verien Ethridge-Tompkins	1/3 of 1/4
Lawrence Ethridge	1/3 of 1/4
John Francis Heard	1/2 of 1/4
James Power Heard	1/2 of 1/4
Bessie Beryl Heard-Jacks	1/4
Frances Heard	1/4

All of above individuals hold title as Trustees for "the respective children of each niece's and nephew's body" according to the Last Will and Testament of Mrs. O. H. Davenport.

ROYALTY:

Louise Ethridge-Pratt	1/3 of 1/4 of 1/8
Verien Ethridge-Tompkins	1/3 of 1/4 of 1/8
Lawrence Ethridge	1/3 of 1/4 of 1/8
John Francis Heard	1/2 of 1/4 of 1/8
James Bower Heard	1/2 of 1/4 of 1/8
Bessie Beryl Heard-Jacks	1/4 of 1/8
Frances Heard	1/4 of 1/8

Mr. Brint F. Albritton  
May 21, 1980  
Page 3

All of above individuals hold title as Trustees for "children of each person's body" according to the Last Will and Testament of Mrs. O. H. Davenport.

Imo Longfellow Davies (Van Buskirk)	1/8 of 1/8
John L. Durham	1/8 of 1/8
Margaret Wells	1/16 of 1/8
Mary Elizabeth Davenport	1/16 of 1/8
J. F. Ewers, Jr.	3/80 of 1/8
Norma Lou Garrison	3/80 of 1/8
J. R. Beard	1/20 of 1/8
Adler Oil Company	1/16 of 1/4 of 1/8
Uvalde Construction Company	1/32 of 1/4 of 1/8
Glenda W. Ewing, Trustee	3/128 of 1/4 of 1/8
E. L. Smith, Jr.	55/256 of 1/4 of 1/8
Valentine (Daisy) G. Smith	55/256 of 1/4 of 1/8
Estate of Maude Wheelock	55/256 of 1/4 of 1/8
Estate of R.L. Wheelock	55/256 of 1/4 of 1/8
Lester A. Russell	3/128 of 1/4 of 1/8

COMMENT AND REQUIREMENT:

1.

With regard to the South half of Survey 280 and all of Survey 532, I began my search on September 30, 1942, the date of the Baker, Botts Title Opinion rendered to Continental Oil Company covering those surveys. I assumed that the state of title as revealed in said title opinion, was correct at that time. The supplemental title opinion dated November 30, 1942 by the same law firm indicates that all of the requirements affecting title were fulfilled. Specifically, Baker, Botts required that a release be obtained and recorded from W. S. Parks releasing an Oil and Gas Lease given by D. Davenport on August 4, 1938. Such a Release was obtained and recorded at Volume 126, Page 235 of the Deed Records of Starr County, Texas.

2.

The division of the surface ownership of Surveys 280 and Survey 532, between Southwest Farm and Ranch, Inc. and the other owners listed above, is based on warranty deeds executed by Dee Davenport and his wife, O. H. Davenport, conveying an undivided 1/2 interest in and to Surveys 280 and 532. Said deeds are recorded at Volume 106, Page 527 and Volume 106, Page 531, respectively, of the Deed Records of Starr County, Texas. At the time these Deeds were delivered, the Grantee in said deeds, Homer P. Lee, leased his interest in the surface to Mr. & Mrs. Davenport for grazing purposes for a period of 50 years. The deeds and lease are an attempt to convey an interest in the minerals of the property separate from the surface thereof, in convention of the Relinquishment Act. Pursuant to the Relinquishment Act, the State of Texas owns the minerals under the surface of mineral classified lands, and the owner of the soil is constituted the agent of the State to

Mr. Brint F. Albritton  
May 21, 1980  
Page 4

execute oil and gas leases on such property. The Supreme Court of Texas has held that since the State owns the minerals under such property, the owner of the soil is unable to convey any interest in the minerals other than executing oil and gas leases and conveying any royalty interest he has under such leases to other grantees. Lewis v. Oats, 145 TEX. 77, 195 S. W. 2nd 123 (1946); Lemar v. Garner, 50 S. W. 2nd 769 Tex. Comm. App. 1932, opinion adopted). However, notwithstanding the holdings of the above cases, the Supreme Court of Texas has approved a similar scheme in Holt v. Giles, 240 S. W. 2nd 991 (Tex. 1951), where the owner of the soil executed a warranty deed in which he reserved for the use and benefit of himself, his heirs and assigns, for the period of 99 years from the date thereof, the exclusive right to use said land for grazing and farming purposes. The Supreme Court held that the grantee in said warranty deed was the owner of the soil for purposes of the Relinquishment Act and thus had the power to execute oil and gas leases. It is our opinion that the reasoning of Holt v. Giles would apply to the conveyance leaseback described above, and that the successors in title to Dee and O. H. Davenport would be the owners of an undivided 1/2 interest in Surveys 280 and 532 and that the successors in the interest to Homer P. Lee would be the owner of the soil for the remaining undivided 1/2 interest.

3.

Homer P. Lee conveyed undivided fractional interests in said property to various grantees. In a deed recorded at Volume 143, Page 332 of the Deed Records of Starr County, Texas, Lee conveyed the remainder of his interest in Surveys 280 and 532 to E. L. Smith and R. L. Wheelock. Both Smith and Wheelock took an undivided 55/256 each in Surveys 280 and 532. The certified copy of the probate proceedings concerning the probate of E. L. Smith's Will are recorded in Volume 145, Page 169 of the Deed Records of Starr County, Texas. The proceedings reveal that Smith's wife, Valentine (Daisy) G. Smith, disclaimed all interest in any property devised to her in Smith's Will. Thus, Mrs. Smith and E. L. Smith's only child, E. L. Smith, Jr., became vested with an undivided one-half (1/2) interest in E. L. Smith's undivided 55/256 interest in the surface of Surveys 280 and 532. Therefore, Mrs. Smith and E. L. Smith, Jr. each own an undivided 55/512 interest in the surface to Surveys 280 and 532.

4.

Upon the death of Maude Wheelock, wife of R. L. Wheelock, her estate became the owner of an undivided one-half (1/2) interest in the 55/256 interest in Surveys 280 and 532, or an undivided 55/512 interest. Certified copies of the probate proceedings of her estate are recorded at Volume 354, Page 31 of the Deed Records of Starr County, Texas and reveal that the Independent Executors of her estate are her children, Robert L. Wheelock, Jr. and Betty Wheelock Kennaugh. Her Will instructs her Independent Executors to keep her estate intact and to pay one-half (1/2) of the income from the estate to Robert L. Wheelock, Jr. and one-half (1/2) to Betty Wheelock Kennaugh. On the deaths of Mr. Wheelock and Mrs. Kennaugh, the estate is

Mr. Brint F. Albritton  
May 21, 1980  
Page 5

to pass to such of their children and grandchildren as they appoint in their Wills, and in default of appointment the estate shall pass to their children living at the time of the death of Mr. Wheelock and Mrs. Kennaugh. Thus, the Estate of Maude Wheelock owns an undivided 55/512 interest in and to Surveys 280 and 532.

After the death of Maude Wheelock, R. L. Wheelock married Jane Case Wheelock, and they had a daughter, Susan Jane Wheelock who was aged 11 in 1962. R. L. Wheelock died on August 23, 1962 and pursuant to his Will, a copy of which is recorded at Volume 355, Page 684 of the Deed Records of Starr County, Texas, Jane Case Wheelock and the First National Bank of Corsicana, Texas are named Joint Independent Executors. The Will recites that two trusts are to be established: (1) a marital deduction trust for the benefit of Jane Case Wheelock, the corpus of which is to be 1/2 of the residuary estate of Mr. Wheelock, and (2) a discretionary trust for the benefit of Susan Jane Wheelock, consisting of the other 1/2 of the residuary estate. The residuary estate includes the interest owned by R. L. Wheelock's interest in Surveys 280, 281 and 532. The trustee of the Jane Case Wheelock Trust (the marital deduction trust) are Jane Case Wheelock and First National Bank of Corsicana, and the trustee of the Susan Jane Wheelock discretionary trust is the First National Bank of Corsicana. The Will does not specify the assets to be used to fund each trust.

REQUIREMENT:

You should satisfy yourself as to who holds legal title to Mr. Wheelock's interest in the subject property, either First National Bank of Corsicana and Jane Case Wheelock as Co-Trustees of the Jane Case Wheelock Trust or First National Bank of Corsicana Bank as Trustee of the Susan Jane Wheelock Trust.

The remaining comments and requirements are with reference to Survey 281.

5.

In a warranty deed dated December 19, 1936 and recorded at Volume 94, Page 200 of the Deed Records of Starr County, Texas, Anna Longfellow, Individually and as Independent Executrix of the Estate of J. M. Longfellow, conveyed Survey 281 to Floy Davenport. (Floy Davenport later changed his name to Dee Davenport.) Anna Longfellow reserved 1/2 of 1/8 royalty interest in the property. The deed recited that the grantor should have no right to participate in the making of future leases or to share in bonuses or rentals. In an instrument recorded at Volume 149, Page 302 of the Deed Records of Starr County, Texas, Dee Davenport and Anna Longfellow confirmed that the reservation in said deed was 1/2 of the royalty, being 1/16 of all the oil, gas and other minerals produced or saved from Survey 281.

Mr. Brint F. Albritton  
May 21, 1980  
Page 6

6.

In a royalty deed dated September 26, 1928 and recorded at Volume 106, Page 524 of the Deed Records of Starr County, D. D. Oil Company, Dee Davenport and O. H. Provines Davenport conveyed an undivided 1/4 royalty interest in Survey 281 to Homer P. Lee. Thus, Homer P. Lee became the owner of 1/4 of the usual and customary 1/8 royalty reserved in future leases. Subsequently, Mr. Lee conveyed undivided interests in this royalty to the same individuals as he conveyed interests in the surface of Surveys 280 and 532. All of these royalty deeds from Lee to various individuals are recorded with the exception of the royalty deed conveying an undivided 3/128 of 1/4 of 1/8 royalty to Lester A. Russell. However, in the royalty deed from Homer P. Lee to E. L. Smith and R. L. Wheelock, recorded at Volume 124, Page 627 of the Deed Records of Starr County, Texas, it is recited that Homer P. Lee, grantor in said deed, had conveyed 3/128 of 1/4 of 1/8 royalty to Lester A. Russeel in a deed dated November 1, 1938. Even though the deed into Lester A. Russell was never recorded, I have concluded that Mr. Russell does own the interest stated because of the rule that one is charged with knowledge of all the recitals contained in all the instruments in one's chain of title.

7.

In a royalty deed dated October 1, 1947 and recorded at Volume 149, Page 296 of the Deed Records of Starr County, Texas, Anna Longfellow, Individually and as Independent Executrix of the Estate of J. M. Longfellow, conveyed "an undivided 1/4 of oil royalty, gas royalty and royalty in casinghead gas" that may be produced from Survey 281, to J. R. Beard, Trustee. The deed recites that the interest conveyed to Mr. Beard is one-half (1/2) of that royalty interest retained in the deed to Davenport. The instrument goes on to recite that the "grant is for \_\_\_\_ years, and if there is no production at the expiration of \_\_\_\_ years, this contract is null and void." J. R. Beard then conveyed to J. F. Ewers an undivided 1/8 interest in and to oil royalty, gas royalty and royalty in casinghead gas that may be produced from Survey 281. The instrument recited that the interest conveyed herein is 1/4 of that portion of minerals and royalties which were reserved by Anna Longfellow in the deed to Dee Davenport. This instrument also recites that the "grant is for \_\_\_\_ years, and if there is no production at the end of \_\_\_\_ years, the contract shall be null and void."

J. R. Beard also conveyed an undivided 1/8 interest in and to oil royalty, gas royalty and royalty in casinghead gas, reciting that the interest conveyed is 1/4 of that portion of the minerals and royalties which were reserved by Anna Longfellow in the deed to Dee Davenport. The grantees are Margaret D. Wells and Mary Elizabeth Davenport. This instrument also contains the language of a grant for a term of years but no term is specified.

Finally, J. F. Ewers conveyed a 3/40 royalty interest to J. F. Ewers and Norma Lou Garrison, and this instrument also contains similar language of a grant for a term of years with no term specified. In addition, J. F. Ewers conveyed a 1/20 royalty interest back to J. R. Beard in an instrument containing the same language of a term for years with no term specified.

Mr. Brint F. Albritton  
May 21, 1980  
Page 7

NO REQUIREMENT:

The above Paragraph 7 is offered for information; I have treated these deeds as conveying an interest in perpetuity.

8.

As noted in Paragraph 7 above, J. R. Beard conveyed an undivided 1/8 royalty interest to Margaret D. Wells and Mary Elizabeth Davenport in one royalty deed. Their fractional interest set forth above is based on an undivided 1/2 of the interest conveyed to them jointly in said deed.

Similarly, J. F. Ewers conveyed an undivided 3/40 royalty interest in Survey 281 to J. F. Ewers, Jr. and Norma Lou Garrison in one royalty deed. Their fractional interest set forth above is based on 1/2 of said interest.

9.

In a partition deed recorded at Volume 178, Page 336 of the Deed Records of Starr County, Texas, it is recited that Anna Longfellow died on April 29, 1952. In her Will, Ms. Longfellow devised 1/2 of her estate to each of her daughters, Imo L. Davies and Freeda Arrington. In this partition deed, each conveys to the other an undivided 1/2 interest in Anna's estate, including the 1/4 royalty interest still owned by Anna in Survey 281.

Notwithstanding the above, in an affidavit recorded at Volume 291, Page 465 of the Deed Records of Starr County, Texas, Imo L. Davies sets forth the contents of an antenuptial agreement between her and her prospective husband, S. R. Van Buskirk in which she and Mr. Van Buskirk agree on an enumeration of Mrs. Davies' separate property and that Mrs. Davies will have sole management and control over her separate estate. The listing of property includes "160 acre non-producing royalty, being 1/4 of the usual and customary 1/8 royalty in Survey 281." I have treated Mrs. Davies, however, as owning an undivided 1/8 of the usual and customary 1/8 royalty based on the contents of Anna Longfellow's will set forth above.

Similarly, in an instrument dated September 13, 1967, and recorded at Volume 329, Page 175 of the Deed Records of Starr County, Texas, Freeda L. Durham Orton McPhelim Arrington Cole, a widow, conveys to John L. Durham, "all of the oil, gas, minerals and royalty interest therein owned by Anna Longfellow at the time of her death in Survey 281." Even though this purports to convey all of the interest owned by Anna L. Durham, pursuant to the partition deed set forth above, I have treated this as conveying an undivided 1/8 of the 1/8 royalty to John L. Durham.

10.

Pursuant to a property settlement agreement in connection with a divorce, Dee Davenport conveyed to his wife, Mrs. O. H. Davenport, all his

Mr. Brint F. Albritton  
May 21, 1980  
Page 8

interest in Surveys 280, 281 and 532, in a deed recorded at Volume 132, Page 266 of the Deed Records of Starr County, Texas.

Mrs. O. H. Davenport died and her will was probated in Harris County, Texas. A certified copy of the probate proceedings concerning Mrs. Davenport's will, together with a certified copy of a judgment by the District Court of Harris County, Texas, interpreting Mrs. Davenport's will, are recorded in Volume 289 beginning on Page 246 of the Deed Records of Starr County, Texas. Pursuant to Mrs. Davenport's Will, the surface of Surveys 280, 281 and 532 passed through the Provines Foundation to DePelchin Children's Home and through mesne conveyances to Southwest Farm and Ranch, Inc. The ownership of the minerals, including the right to make oil, and gas leases and to share in the bonus and delay rentals, in Survey 281 passed to Mrs. Davenport's nieces and nephews as Trustee's for the children of each niece's or nephew's body. The nieces and nephews are specified above and the fractional interest passing to each niece's and nephew's family line is set forth above. You should satisfy yourself as to the identity of the children of the individuals set forth above.

11.

The comments contained in Paragraphs 3 and 4 concerning the Estates of E. L. Smith and R. L. Wheelock are applicable to this discussion of the mineral ownership of Survey 281. Homer P. Lee conveyed his remaining royalty interest in Survey 281 to R. L. Wheelock and E. L. Smith giving each man an undivided 55/128 royalty interest in Survey 281. Pursuant to the probate proceedings of the Estate of E. L. Smith and R. L. Wheelock, E. L. Smith, Jr. and Valentine (Daisy) G. Smith, each became the owners of an undivided 55/256 of 1/4 of 1/8 royalty and the Estate of R. L. Wheelock became the owners of 55/256 of 1/4 of 1/8 royalty. The comments concerning the trust established by the will of R. L. Wheelock and its requirement that you satisfy yourself as to the legal ownership of said royalty interest, are applicable to the royalty interest under Survey 281.

12.

On May 20, 1949, Mrs. O. H. Davenport, a feme sole, executed an oil and gas lease to Floyd K. Johnson. The lease is recorded in Volume 157, Page 366. In Volume 157, Page 591, an amendment to the lease is recorded, merely changing the royalty on gasoline. In an instrument recorded at Volume 177, Page 219, Johnson assigned the Davenport lease to Continental Oil Company. Continental assigned the lease to Huisache Operating Company insofar as the lease covers the East 1/2 of Survey 281 down to a certain number of feet under the surface. In an assignment dated May 12, 1971, and recorded in Volume 360, Page 1 of the Deed Records of Starr County, Texas, Continental Oil Company extends the depth of the assignment to 6,818 feet.

No release of this lease by Continental Oil Company or by Huisache Operating Company has been found of record.

Mr. Brint F. Albritton  
May 21, 1980  
Page 9

REQUIREMENT:

A release of this lease from Continental Oil Company and from Huisache Operating Company should be obtained and recorded.

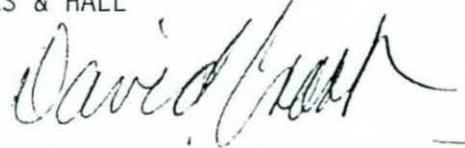
13.

This opinion does not cover the question of boundary conflicts, conflicts with adjacent surveys nor matters of area, rights of persons in possession, or the current or delinquent status of any taxes or other governmental assessments.

Very truly yours,

ATLAS & HALL

BY:

  
Charles David Crook

CDC/tcg

(4)

84145

Title Opinions CFIPO

Filed Under

Bob Armstrong, Commissioner



# SHELL OIL COMPANY

ONE SHELL SQUARE

P. O. BOX 60775

NEW ORLEANS, LOUISIANA 70160

February 26, 1980

ONSHORE DIVISION

Deed & Grazing Lease  
171

Subject: Starr County, Texas

La Copita - N. Rincon Area

ST-3332-1 thru 3 (M-80847) - Jimenez Sur. 532

ST-3333-1 thru 3 (M-80848) - Jimenez Sur. 280

General Land Office  
Austin, Texas 78701

Attn Ms. Barbara Epstein, Attorney

Gentlemen:

In accordance with a telephone conversation with Ms. Epstein recently concerning subject leases, enclosed are the following Xerox copies of two deeds and an agricultural and grazing lease:

1. Deed dated September 26, 1938, executed by Dee Davenport et ux to Homer P. Lee, recorded in Volume 106, page 527 of the Deed Records of Starr County, Texas, covering an undivided 1/2 interest in Survey 280.

2. Deed dated September 26, 1938, executed by Dee Davenport et ux to Homer P. Lee, recorded in Volume 106, page 531 of the Deed Records of Starr County, Texas, covering an undivided 1/2 interest in Survey 532.

3. Agricultural and grazing lease dated October 3, 1938, executed by Homer P. Lee to Dee Davenport, recorded in Volume 106, page 568 of the Deed Records of Starr County, Texas, covering, among other land, Surveys 280 and 532.

The lessors in subject leases are the present owners of a part of the 1/2 interest covered by the two above mentioned deeds. Barbara told me she was holding Shell's leases until a title opinion being rendered for Tenneco Oil Company has been submitted to the General Land Office.

Very truly yours,

Thomas M. Eidson  
Onshore Division Land

100-527  
29-6  
FILE NO. 11,424

ROYALTY DEED

DEE DAVENPORT, ET UX.

-TO-

HOMER P. LEE

THE STATE OF TEXAS,

COUNTY OF STARR. KNOW ALL MEN BY THESE PRESENTS:

That we, Dee Davenport joined herein by his wife, O. H. Davenport, of Starr County, Texas, hereinafter called Grantors, for and in consideration of the sum of One Hundred Dollars (\$100.00) and other good and valuable considerations to us in hand paid by Homer P. Lee of Dallas County, Texas, hereinafter called Grantee, the receipt of which is hereby acknowledged and confessed, have Granted, Sold and Conveyed and by these presents do Grant, Sell and Convey

08-43-3

unto the said Grantee, all of that certain lot, parcel or tract of land, lying and being situated in Starr County, Texas, described as follows, to-wit:

An undivided one-half (1/2) interest in and to:

Section 280, Certificate No. 393, CCSD&RCNGR Ry. Co.

Survey, containing 599.18 acres, more or less,

In the event a resurvey of said lands shall reveal the existence of excess and/or vacant lands lying adjacent to the lands above described and the grantor, his heirs, or assigns, shall, by virtue of this ownership of the lands above described, have preference right to acquire said excess and/or vacant lands, then in that event this deed shall cover and include all such excess and/or vacant lands which the grantor, his heirs, or assigns, shall have the preference right to acquire by virtue of his ownership of the lands above described as and when acquired by the grantor; and the grantee shall pay the grantor for such excess and/or vacant lands at the same rate per acre as the cash consideration paid for the acreage hereinafter mentioned, together with an undivided one-fourth (1/4th) interest in and to all the royalty on oil, gas and other minerals reserved by grantors for themselves and as agent for the State of Texas, as lessors, in a certain oil, gas and mineral lease executed in favor of W. S. Parks, et al, as lessee, covering the above described premises, in so far only as said lease covers the above mentioned premises, which said lease provides for royalty of one-eighth (1/8th) of the oil and certain royalty and rentals for gas and other minerals and that grantee herein shall receive one-fourth (1/4th) of the royalties provided for in said lease, in so far only as same pertains to the lands herein conveyed, but grantee shall have no part of the annual rentals paid to keep said lease in force until drilling has begun.

TO HAVE AND TO HOLD the above described premises and royalty interest, together with all and singular, the rights and appurtenances, thereto in anywise belonging unto the said

grantee, his or their assigns forever, and we do hereby bind ourselves, our heirs, executors and administrators, to warrant and forever defend, all and singular, the said

(\$2.00 U. S. Int. Rev. Stamp )  
{ 10-11-38  
{ H.P.L.

premises and royalty interest in and to said minerals herein conveyed, unto the said grantee, his or their heirs and assigns, against all persons whomsoever lawfully claiming or to claim the same or any part thereof.

WITNESS our hands at N.Y. City N. Y., this the 26th day of September, A. D. 1938.

Dee Davenport

O. H. Davenport

THE STATE OF NEW YORK,

COUNTY OF NEW YORK. I BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Dee Davenport and O. H. Davenport, his wife, both known to be to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed, and the said O. H. Davenport, wife of the said Dee Davenport having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said O. H. Davenport acknowledged such instrument to be her act and deed, and she declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 1st. day of October, A. D. 1938.

(L. S.)

Alanson S. Losee  
Notary Public Notary Public  
Clk's Office No. 127 Reg. No.  
9L129  
Commission expires March 30 1939

FILE NO. 11,427

ROYALTY DEED

DEE DAVENPORT, ET UX.

-TO-

HOMER P. LEE

THE STATE OF TEXAS,

COUNTY OF HIDALGO. I KNOW ALL MEN BY THESE PRESENTS:

That we, Dee Davenport joined herein by his wife, O. H. Davenport, of Starr County, Texas, hereinafter called Grantors, for and in consideration of the sum of One Hundred & No/100 Dollars and other good and valuable considerations to us in hand paid by Homer P. Lee of Dallas County, Texas, hereinafter called Grantee, the receipt of which is hereby acknowledged and confessed, have granted, sold and conveyed and by these presents do grant, sell and convey unto the said Grantee, all of that certain lot, parcel or tract of land, lying and being situated in Starr

00.22.2

An undivided one-half (1/2) interest in and to:

Section 532, Certificate No. 504, containing 635.25, more or less,

In the event a resurvey of said lands shall reveal the existence of excess and/or vacant lands lying adjacent to the lands above described and the grantor, his heirs, or assigns, shall, by virtue of his ownership of the lands above described, have preference right to acquire said excess and/or vacant lands, then in that event this deed shall cover and include all such excess and/or vacant lands which the grantor, his heirs, or assigns, shall have the preference right to acquire by virtue of his ownership of the lands above described as and when acquired by the grantor; and the grantee shall pay the grantor for such excess and/or vacant lands at the same rate per acre as the cash consideration paid for the acreage hereinafter mentioned, together with an undivided one-fourth (1/4th) interest in and to all the royalty on oil, gas and other minerals reserved by grantors for themselves and as agent for the State of Texas, as lessors, in a certain oil, gas and mineral lease executed in favor of D. D. Oil Company, et al, as lessee, covering the above described premises, in so far only as said lease covers the above mentioned premises, which said lease provides for royalty of one-eighth (1/8th) of the oil and certain royalty and rentals for gas and other minerals and that grantee herein shall receive one-fourth (1/4th) of the royalties provided for in said lease, in so far only as same pertains to the lands herein conveyed, but grantee shall have no part of the annual rentals paid to keep said lease in force until drilling is begun.

TO HAVE AND TO HOLD the above described premises and royalty interest, together with all and singular, the rights and appurtenances, thereto in anywise belonging unto the said grantee, his or their assigns forever, and we do hereby bind ourselves, our heirs, executors

(\$2.00 Tht. Rev. Stamps )  
( 10-11-38 )  
( H. P. L. )

administrators, to warrant and forever defend, all and singular, the said premises and royalty interest in and to said minerals herein conveyed, unto the said grantee, his or their heirs and assigns, against all persons whomsoever lawfully claiming or to claim the same or any part thereof.

WITNESS our hands at N. Y. City, N. Y., this the 26th day of September, A. D. 1938.

Dee Davenport

O. H. Davenport

THE STATE OF NEW YORK

COUNTY OF NEW YORK

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Dee Davenport and O. H. Davenport, his wife, both known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they each executed the same for the purposes and consideration therein expressed, and the said O. H. Davenport, wife of the said Dee Davenport having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said O. H. Davenport acknowledged such instrument to be her act and deed, and she declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS the 1st day of October, A. D. 1938.

(L. S.)

Alanson S. Losee  
Notary Public

00-22  
NOTARY PUBLIC  
Clk's Office No. 127 Reg. No. 9L129

Filed for record the 20th, day of Oct., A. D., 1938, at 1:07 o'clock P. M., and recorded the  
26th, day of Oct., A. D., 1938, at 8:40 o'clock A. M.

LAURO GARZA, County Clerk,  
STARR COUNTY, TEXAS.

BY R. Saul Mays DEPUTY.

00-47-2

Vol. 106  
Page 588

File No. 11,464.

LEASE

HOMER P. LEE,

-TO-

DEE DAVENPORT

STATE OF TEXAS |

COUNTY OF STARR |

KNOW ALL MEN BY THESE PRESENTS: That,

WHEREAS, Homer P. Lee is the owner of an undivided one-half interest in fee simple of the following described tracts of land situated in Starr County, Texas, viz:

All of Section 280, Certificate No. 393, CCSD & RGNG Ry. Co. Survey, containing 599.18 acres, more or less.

All of Section 514, Certificate No. 516, CCSD & RGNG Ry. Co. Survey, containing 582.35 acres, more or less.

All of Section 78, Certificate No. 456, B. S. & F. Survey, containing 638.13 acres, more or less.

All of Section 532, Certificate No. 504, containing 635.25 acres, more or less, subject to the Mineral Reservation in favor of the State of Texas; and, subject to the unpaid balance, principal and interest of the purchase price of said land due the State of Texas.

00-22-2

WHEREAS, Dee Davenport, desires to have the exclusive use of said land for agricultural and grazing purposes, not, however, to interfere with oil, gas or mineral operations thereon, for a period of fifty (50) years from this date.

NOW, THEREFORE, it is agreed by and between the said Homer P. Lee, hereinafter called LESSOR, and Dee Davenport, hereinafter called LESSEE, that: LESSOR has leased and let, and does by these presents lease and let unto the said LESSEE, his heirs and assigns, the surface of the above described land for a term of fifty (50) years from this date, upon the terms and conditions as follows, to-wit:

LESSEE agrees to pay all taxes of any kind assessed against said land, except such taxes as may be rendered against the mineral or royalty interest on the above described land as they become due and payable and before becoming delinquent.

LESSEE agrees to pay all indebtedness due the State of Texas on any of the above described land before same becomes delinquent, and LESSEE also agrees to pay off any other indebtedness against any of the above land, before same becomes delinquent.

LESSEE agrees to protect the possession of said land so as not to permit limitation title to mature in any one claiming adversely to LESSOR, and so as not to permit any one claiming adversely to LESSOR to remain on said land for as long as six months; and upon the breach

of this covenant this lease shall become forfeited and null and void; people working for LESSEE, either as farm tenants, ordinary laborers, or under any other conditions agreed upon between such people and LESSEE, and subject to provisions of this instrument, shall not be deemed as remaining on said lands in violation of preceding provisions even though such people do remain thereon for a period longer than six months.

It is further understood and agreed that LESSEE may make any improvements upon said land which he may see fit to make and may drill such water well or wells as he may desire to drill, without, however, any right or authority to burden the interest or interests of LESSOR with any indebtedness for such improvements or for the drilling of such water wells; and all such improvements and water wells shall belong to the LESSEE and the LESSEE may remove any improvements made by him from said land at any time.

During the term of this lease LESSOR herein reserves for himself, his heirs and assigns, the right of ingress and egress for all purposes, including the right to go upon said land to investigate the mineral possibilities thereof by such geological means as they may desire; and to drill such well or wells, or to open such mine or mines, for the production of oil, gas or other minerals, as they may desire; and to produce and transport said oil, gas or other minerals from said land. This right is not exclusive in LESSOR, his heirs and assigns, but shall also apply equally to all agents, employees or representatives of LESSOR, his heirs and assigns.

At the expiration of fifty (50) years from this date, or any time thereafter, if LESSEE, his heirs or assigns, during the entire term of this lease have punctually and fully complied with all of their obligations under this lease, then and in that event LESSOR hereby gives LESSEE, his heirs and assigns, the option to purchase the above described land for a consideration of one (\$1.00) Dollar for the entire four sections. said sum to be paid in cash.

to LESSOR, their heirs and assigns, or LESSEE may deposit said sum of One (\$1.00) Dollar to the credit of LESSOR, their heirs or assigns, in any bank in Starr County, Texas. Upon the payment of said sum of One (\$1.00) Dollar to LESSOR, his heirs or assigns, or, upon the deposit of said sum of (\$1.00) Dollar to the credit of LESSOR, his heirs or assigns, in any Bank in Starr County, Texas, then the entire fee simple title to the above described property shall become vested in said LESSEE, his heirs or assigns.

Until such time as LESSEE, his heirs and assigns, shall have exercised the option to purchase the above described land, and shall have paid or deposited the consideration therefor as above stipulated, LESSOR, his heirs and assigns shall have the right to explore, exploit, produce, transport and sell all the oil, gas or other minerals in, on or under or produced from the above described land, for the exclusive benefit of LESSOR, his heirs and assigns, and LESSEE, his heirs and assigns, during the entire term of this lease shall have no right to any of said oil, gas or other minerals, or to the proceeds of the sale thereof.

If the estate of either party hereto is assigned, and the privileges of assigning in whole or in part is hereby expressly allowed, the covenants and obligations hereof shall extend to their heirs, executors, administrators or assigns.

LESSEE shall be entitled to damages which he may suffer to his crops, trees, fences, buildings and improvements caused by the operations of any LESSEE under any existing or future oil, gas or mineral lease on the above described land, and LESSOR hereby transfers and assigns to the LESSEE any right which they may have for said damages under any existing or future oil, gas or mineral lease. In case of mineral operations by LESSOR himself, LESSOR agrees to pay to LESSEE any such damages to crops, trees, fences, buildings and other improvements caused by their said mineral operations.

LESSOR hereby warrants that he is the owner of an undivided one-half interest in the fee simple title of the above described land, subject only to mineral reservations to the State of Texas; and subject to the unpaid balance, principal and interest of the purchase price of said land due the State of Texas. LESSOR further warrants that he has the right to execute this lease.

This contract is made for and in consideration of the sum of Ten and No/100 (\$10.00) Dollars and other valuable considerations paid to LESSOR, the receipt of which is hereby acknowledged.

IN WITNESS WHEREOF, I have hereunto set my hand this the 3rd day of October A. D. 1938.

Homer P. Lee  
LESSOR

Dee Davenport  
LESSEE

THE STATE OF New York  
COUNTY OF New York

08-42-2

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Homer P. Lee, 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.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 3rd day of October A. D. 1938.

(L. S.)

C. M. Whitehurst  
Notary Public in and for  
County, Texas.

THE STATE OF New York

COUNTY OF New York

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Dee Davenport, 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.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 18th day of October A.D. 1938.

(L. S.)

Catherine Flood  
Notary Public in and for  
New York County, N. Y.

NOTARY PUBLIC, Bronx County  
Bronx Co. Clk's. No. 55, Reg. No. 52-F-39.  
N.Y. Co. Clk's. No. 241, Reg. No. 9-F-195.  
Term Expires March 30, 1939.

Filed for record the 27th, day of Oct., A. D., 1938, at 11:04 o'clock A. M., and recorded the 28th, day of Oct., A. D., 1938, at 11:35 o'clock A. M.

LAURO GARZA, County Clerk,  
STARR COUNTY, TEXAS.

*B. P. Hall Mingo* DEPUTY.

(5)

M 84145

Deed &amp; Building Lease (CFPO)

File Dated

5-27-80

Bob Armstrong, Commissioner

(9)

FOR THE ACCOUNT OF **Tenneco Oil Company***Houston*FOR CREDIT TO THE PARTIES LISTED BELOW AS DELAY RENTAL IN ADVANCE FOR PRIVILEGE OF DEFERRING OPERATIONS AS SET OUT IN OIL AND GAS LEASE IN  
STARR COUNTY TEXAS COVERING 1,233.38 Acres bei

out of the G. Jiminez Sur. ABS 921 &amp; 923,

RECORDED BK. 422 PG. 376 OF THE RECORDS OF SAID COUNTY AND/OR RATIFICATION OR AMENDMENTS THEREOF, IF ANY, TO WHICH REFERENCE  
IS HEREBY MADE FOR ALL PURPOSES.

PAYMENT INCLUSIVE

February 12, 1981

PAYEE(S)	AMOUNT
Commissioner of the General Land Office of the State of Texas <i>(Paid in full interest)</i>	\$ 3,700.14
713-757-2131 121	<i>X</i> <b>55564</b>

PAYEE(S) TAX IDENTIFICATION NUMBER(S)  
*M-84145*

A/O	G/L	FUN	P	GEN	A	ME		TR	DTL	F-1	F-2	SUB-CODE			AMOUNT
						B	C					F-3		F-4	
3	302	03	8	31						41	15	64			\$ 3,700.14

See reverse side for

**INSTRUCTIONS**

Oil & Gas  
Rental Payment  
1-24-80

Your bank has been designated as depository for delay rentals payable under Oil and Gas lease held by this company. The enclosed check represents rental payment in advance under such lease and we ask that you credit the proceeds thereof to the parties named in the full amounts indicated, and date, sign and return the attached receipt in the enclosed business reply envelope. If there is any charge to handle this matter do not deduct it from the proceeds of this check but render your statement to us promptly. Should difficulty of any nature arise with respect to any items shown do not return our check but make the deposit to the credit of the party named in a special account if necessary, and communicate immediately with the undersigned explaining the circumstances and further instructions will be given.

**TENNECO OIL COMPANY**  
EXPLORATION DEPARTMENT

MEMORANDUM

RE: Tenneco Oil and Gas Lease covering Gregoria Jiminez Sur. 280 and 532, M-84145

FROM: Barbara Epstein

DATE: January 9, 1981

The lease contained in this file purports to cover a 100% interest in the above captioned tracts. When the lease was submitted, it was found that Shell Oil Co. had already filed small interests in the tracts with the General Land Office. A title opinion was obtained and Tenneco has decided that they only have a 50% interest in the land, and would go ahead and leave the lease with a 100% recited on it in our records. They agree that they really only have a 50% interest, and may reduce the rentals.

⑥

M 84145

Memorandum (F/PO)  
1-9-81

File Dated

Bob Lammie, C. I. C. (Continued on other

FOR THE ACCOUNT OF **Tenneco Oil Company**

FOR CREDIT TO THE PARTIES LISTED BELOW AS DELAY RENTAL IN ADVANCE FOR PRIVILEGE OF DEFERRING OPERATIONS AS SET OUT IN OIL AND GAS LEASE IN  
 Starr COUNTY Texas COVERING 1,233.38 Acres of Land  
 being out of SUR-Jiminez, G./ABS-921/SEC-280 SUR-Jiminez, G./ABS-923/SEC-532

RECORDED BK. 422 PG. 376 OF THE RECORDS OF SAID COUNTY AND/OR RATIFICATION OR AMENDMENTS THEREOF, IF ANY, TO WHICH REFERENCE  
 HEREBY MADE FOR ALL PURPOSES.

PAYMENT INCLUSIVE February 13, 1982

PAYEE (S)	AMOUNT
Commissioner of the General Land Office of the State of Texas <i>(Paid as 1/2 and. int.)</i>	<del>\$1,850.07</del>
	<u>121</u> <b>50020</b>

PAYEE(S) TAX IDENTIFICATION NUMBER(S)
<i>M-84145</i>

A/O	G/L	FUN	P	GEN	A	AFE			TR	DTL	F-1	F-2	SUB-CODE				AMOUNT
						B	C	D					F-3		F-4		
3	302	03	8	31							41	15	64				\$1,850.07

INSTRUCTIONS

8 B-84793  
Rental Payment  
1-17-81

Your bank has been designated as depository for delay rentals payable under Oil and Gas lease held by this company. The enclosed check represents rental payment in advance under such lease and we ask that you credit the proceeds thereof to the parties named in the full amounts indicated, and date, sign and return the attached receipt in the enclosed business reply envelope. If there is any charge to handle this matter do not deduct it from the proceeds of this check but render your statement to us promptly. Should difficulty of any nature arise with respect to any items shown do not return our check but make the deposit to the credit of the party named in a special account if necessary, and communicate immediately with the undersigned explaining the circumstances and further instructions will be given.

TENNECO OIL COMPANY  
EXPLORATION DEPARTMENT

Mineral Classified Land  
Lease Consideration Comparison

County

STAR

Area 1/Sec 280 & 532

VI 1/32  
(38.454)

M. F.	Acres	Lease Date	Term	Total Bonus	B/Ac	Rental	Comparison
New	1233 <sup>38</sup>	5-22-81	3 yrs	5781 <sup>48</sup>	150 <sup>00</sup>	20 <sup>00</sup> 10 <sup>00</sup>	1/8
VIEW LEASE	(42.482)	2-10-81	5 yrs	4248 <sup>20</sup>	100 <sup>00</sup>	5 <sup>00</sup>	Same tract 1/8
VI 84145	(616.69)	2-13-79	5 yrs	7400 <sup>280</sup>	60 <sup>00</sup>	6 <sup>00</sup>	"

280-103048

532-103050

Remarks: in old shallow  
prod. trend

Consideration

Recommended

Not Recommended

RRP

28798-2

31703

B

FILE No. 108326

OIL AND GAS LEASE

NEWMONT OIL CO. TO TENNECO OIL CO.

THIS AGREEMENT, made and entered into this 22nd day of

May 1981, by and between

Newmont Oil Company, a Delaware Corporation

of 600 Jefferson, 9th Floor, Houston, Texas 77002,  
(Give Permanent Address)

herein referred to as the owner of the soil (whether one or more),  
individually and as agent for the State of Texas, and

Tenneco Oil Company

of P. O. Box 2888, Houston, Texas 77001,  
(Give Permanent Address)

hereinafter called Lessee, WITNESSETH:

1. The owner of the soil in the capacities aforesaid, for and in  
consideration of Two thousand eight hundred ninety and 74/100

Dollars (\$ 2,890.74 ), cash  
in hand paid, as his individual property and estate, receipt of which is  
hereby acknowledged, and a like amount paid to the STATE OF TEXAS, and of the  
covenants and agreements hereinafter contained on the part of the Lessee to  
be paid, kept and performed, hereby grants, leases and lets unto Lessee, for  
the sole and only purpose of prospecting and drilling for and producing oil  
and gas, laying pipe lines, building tanks, storing oil and building power  
stations, telephone lines and other structures thereon, to produce, save, take  
care of, treat and transport said products of the lease, the following lands

situated in Starr County, State of Texas, to-wit:

TRACT 1: BEING 599.18 acres of land, more or less, and BEING all the Gregorio  
Jiminez Survey, Section 280, Abstract 921, Starr County, Texas.

TRACT 2: BEING 634.2 acres of land, more or less, and BEING all the Gregorio  
Jiminez Survey, Section 532, Abstract 923, Starr County, Texas.

(38.54 net ac. net)

containing 1,233.38 acres, more or less.

2. Subject to the other provisions herein contained, this lease  
shall be for a term of three (3) years from this date (herein called "primary  
term") and as long thereafter as oil and gas, or either of them, is produced  
in paying quantities from said land.

\*3. When production of oil and/or gas is secured, Lessee agrees to  
pay or cause to be paid one-half (1/2) to the Commissioner of the General  
Land Office of the State of Texas, at Austin, Texas, and one-half (1/2) to the  
owner of the soil, during the term hereof:

(a) As a royalty on oil, which is defined as including all hydro-  
carbons produced in a liquid form at the mouth of the well and also all con-  
densate, distillate, and other liquid hydrocarbons recovered from oil or gas  
run through a separator or other equipment, as hereinafter provided,

one-fourth (1/4) part of the gross

\*NOTE: The total royalty payable under the lease should be inserted in para-  
graphs 3(a), 3(b), 3(c) and 3(d).

HJ 61  
731

production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such value to be determined by 1) the highest posted price, plus premium, if any, offered or paid for oil, condensate, distillate, or other liquid hydrocarbons, respectively, of a like type and gravity for the field where produced and when run, or 2) the highest market price thereof offered or paid for the field where produced and when run, or 3) the gross proceeds of the sale thereof, whichever is greater. Lessee agrees that before any gas produced from the land hereby leased is sold, used or processed in a plant, it will be run free of cost to the parties entitled to royalties through an adequate oil and gas separator 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 the royalty owners, the requirement that such gas be run through a separator or other equipment may be waived upon such terms and conditions as prescribed by them.

(b) As a royalty on any gas (including flared gas), which is defined as all hydrocarbons and gaseous substances not defined as oil in subparagraph (a) above, produced from any well on said land (except as provided herein with respect to gas processed in a plant for the extraction of gasoline, liquid hydrocarbons or other products) \_\_\_\_\_

one-fourth (1/4) part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such value to be based on the highest market price paid or offered for gas of comparable quality for the field where produced and when run, or the gross price paid or offered to the producer, whichever is greater; provided that the maximum pressure base 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 or by the most approved method of testing being used by the industry at the time of testing.

For the purposes of this lease "field" means the general area in which the land covered by this lease is located.

(c) As a royalty on any gas processed in a gasoline plant or other plant for the recovery of gasoline or other liquid hydrocarbons,

one-fourth (1/4) part of the residue gas and the liquid hydrocarbons extracted or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office. All royalties due herein shall be based on one hundred percent (100%) of the total plant production of residue gas attributable to gas produced from this lease, and on fifty percent (50%) or that percent accruing to Lessee, whichever is greater, of the total plant production of liquid hydrocarbons attributable to the gas produced from this lease; provided that if liquid hydrocarbons are recovered from gas processed in a plant in which Lessee (or its parent, subsidiary or affiliate) owns an interest, then the percentage applicable to liquid hydrocarbons shall be fifty percent (50%) or the highest percent accruing to a third party processing gas through such plant under a processing agreement negotiated at arms' length (or if there is no such third party, the highest percent then being specified in processing agreements or contracts in the industry), whichever is greater. The respective royalties on residue gas and on liquid hydrocarbons shall be determined by 1) the highest market price paid or offered for any gas (or liquid hydrocarbons) of comparable quality in the general area, or 2) the gross price paid or offered for such residue gas (or the weighted average gross selling price for the respective grades of liquid hydrocarbons, F.O.B. at the plant in which said gas is processed), whichever is greater.

(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, one-fourth (1/4) part of the gross production of such products, or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such market value to be determined as follows:

- (1) on the basis of the highest market price of each product for the same month in which such product is produced, or
- (2) on the basis of the average gross sale price of each product for the same month in which such produce is sold, whichever is greater.

4. Notwithstanding anything contained herein to the contrary, the owner of the soil or the Commissioner of the General Land Office may, at the option of either, at any time or from time to time, upon not less than sixty (60) days notice to the holder of the lease, require the payment of any royalties accruing to such royalty owner under this lease be made in kind.

5. Lessee agrees that all royalties accruing under this lease (including those paid in kind) shall be without deduction for the cost of producing, gathering, storing, separating; treating, dehydrating, compressing, processing, transporting, and otherwise making the oil, gas and other products produced hereunder ready for sale or use.

6. No royalty shall be payable on any gas as may represent this lease's proportionate share of any fuel used to process gas produced hereunder in any processing plant. Notwithstanding anything contained herein to the contrary, and subject to the consent in writing of the owner of the soil and the Commissioner of the General Land Office, Lessee may recycle gas for gas lift purposes on the leased premises or for injection into any oil or gas producing formation underlying the leased premises after the liquid hydrocarbons contained in the gas have been removed and no royalties shall be payable on the gas so recycled until such time as the same may thereafter be produced and sold or used by Lessee in such manner as to entitle the royalty owners to a royalty thereon under the provisions of this lease.

7. All royalties which are required to be paid hereunder to the Commissioner of the General Land Office shall be due and payable in the following manner: Royalty on oil shall be due and payable on or before the 5th day of the second month succeeding the month of production, and royalty on gas shall be due and payable on or before the 15th day of the second month succeeding the month of production, accompanied by an affidavit completed in the form and manner prescribed by the General Land Office and showing the gross amount and disposition of all oil and gas produced and the market value of the oil and gas, together with a copy of all supporting documents and records required by law to confirm the gross production, disposition and market value. A copy of all contracts under which gas is sold or processed and all subsequent agreements and amendments to such contracts shall be filed with the General Land Office within thirty (30) days after entering into or making such contracts, agreements or amendments. The books, accounts and all other records pertaining to production, transportation, sale and marketing shall at any time be subject to inspection and examination by the Land Commissioner. Each royalty payment shall be accompanied by a check stub, schedule, summary or other remittance advice showing by the assigned General Land Office lease number the amount of royalty being paid. Any royalty not paid or affidavits and supporting documents not filed when due shall be come delinquent and shall have added to the sum owing a delinquency penalty of one percent (1%) of such sum for each thirty (30) day period of delinquency or a fractional period thereof; provided, however, that each such penalty shall never be less than Five Dollars (\$5.00). Lessee shall bear all responsibility for paying or causing royalties to be paid as prescribed by the

due date provided herein. Payment of the delinquency penalty shall in no way operate to prohibit the State's right of forfeiture as provided by law. The State shall have a first lien upon all oil and 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 to the State hereunder.

8. If no well be commenced on said land on or before one (1) year from this date, this lease shall terminate as to both parties, unless on or before such anniversary date Lessee shall pay or tender to the owner of the soil or to his credit in the First City National

Bank, at Houston, Texas

, or its successors (which shall continue as the depository regardless of changes in the ownership of said land), the sum of Three hundred eighty-five and 43/100

Dollars

(\$ 385.43 ), and in addition shall pay to the COMMISSIONER OF THE GENERAL LAND OFFICE OF THE STATE OF TEXAS, AT AUSTIN, TEXAS, a like sum on or before said date, which shall operate as a rental and cover the privilege of deferring the commencement of a well for one (1) year from said date. In like manner and upon like payments or tenders annually, the commencement of a well may be further deferred for successive periods of one (1) year each during the primary term.

9. All payments or tenders of rental to the owner of the soil may be made by check or draft of Lessee, or any assignee hereof, and delivered on or before the rental paying date. If said bank (or any successor bank) should cease to exist, suspend business, liquidate, fail or be succeeded by another bank, or for any reason fail or refuse to accept rental, Lessee shall not be held in default for failure to make such payments or tenders of rental until thirty (30) days after the owner of the soil shall deliver to Lessee a proper recordable instrument naming another bank as agent to receive such payments or tenders.

10. During any year beginning with the anniversary date of this lease, if this lease is maintained by production, the royalties paid hereunder in no event shall be less than an amount equal to the total annual delay rental herein provided; otherwise, there shall be due and payable on or before the last day of the month succeeding the anniversary date of this lease a sum equal to the total annual delay rental less the amount of royalties paid during the preceding year. If no amount of delay rental is specified in this lease, then for the purpose of this paragraph and paragraph 28, rental shall be construed to be one dollar (\$1.00) per acre which shall be in addition to the statutory minimum rental provided in paragraph 11 hereof.

11. It is understood and agreed that notwithstanding the fact that development may be in progress or production secured and royalty being paid hereunder the owner or operator of the leased premises shall continue to make annual rental payments to the State which, under such conditions, shall be the minimum of ten cents (10¢) per acre as provided by Section 52.772 of the Natural Resources Code (hereinafter called N.R.C.).

12. If, during the primary term hereof and prior to discovery and production of oil or gas on said land, Lessee should drill a dry hole or holes thereon, or if, after discovery and production of oil or gas, the production thereof should cease from any cause, this lease shall not terminate if on or before the rental paying date next ensuing after the expiration of sixty (60) days from date of completion of said dry hole or cessation of production Lessee commences additional drilling or reworking operations thereon, or commences or resumes the payment of annual delay

rental in the same manner as provided in Paragraph Number 8 of this lease. If a dry hole be completed and abandoned during the last year of the primary term, Lessee's rights shall remain in full force and effect without further operations until the expiration of the primary term. 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, Lessee may resume payment of annual rental in the same manner as provided in Paragraph Number 8 in this lease on or before the rental paying date next ensuing after sixty (60) days from the date of completion of such shut-in gas well and upon the failure to make such annual rental payment, this lease shall ipso facto terminate. 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 may be made in accordance with the provisions of Paragraph Number 28 hereof.

13. If, at the expiration of the primary term, neither oil nor gas is being produced on said land, but Lessee is then engaged in drilling or reworking operations thereon, or if, after the expiration of the primary term, production of oil or gas on the leased premises after once obtained should cease from any cause, this lease shall remain in force so long as operations on said well or for drilling or reworking of any additional well are prosecuted with no cessation of more than sixty (60) consecutive days, and if they result in the production of oil and/or gas, so long thereafter as oil and/or gas is produced in paying quantities from said land, or payment of shut-in gas well royalties or compensatory royalties is made as hereinafter provided.

14. Lessee shall adequately protect the oil and gas under the above described land from drainage from the adjacent lands or leases. Neither the bonus, delay rentals, nor royalties paid or to be paid hereunder shall relieve Lessee from the obligations herein expressed, and for such purpose Lessee shall be required to drill as many wells as the facts may justify and to the depth or depths necessary for effective protection against undue drainage by other wells on adjacent lands or leases.

15. Written notice of operations hereunder shall be submitted to the Commissioner of the General Land Office by Lessee within five (5) days of spud date, cessation of production, workover, re-entry, temporary abandonment or abandonment of any well and shall include copies of Railroad Commission forms for application to drill, completion tests and plugging reports. The Commissioner of the General Land Office reserves the right to require Lessee to furnish logs on all wells drilled on said land and to annually furnish the said Commissioner with its best possible estimate of oil and gas reserves underlying this lease or allocable to this lease.

16. Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling operations thereon, or from producing oil or gas therefrom, after effort made in good faith, by reason of war, rebellion, riots, strikes, acts of God, or any valid order, rule or regulation of government authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended; and this lease shall be extended while and so long as Lessee is prevented, by any such cause, from drilling, reworking operations or producing oil or gas from the leased premises; provided, however, that nothing herein shall be construed to suspend the payment of delay rentals in order to maintain this lease in effect during the primary or extended term in the absence of such drilling or reworking operations or production of oil or gas.

17. The owner of the soil hereby warrants and agrees to defend the title to the land herein described, and agrees that Lessee shall have the right at any time to redeem for said owner of the soil, by payment, any mortgage, taxes or other liens on the above described land, in the event of default of payment by said owner of the soil, and be subrogated to the rights of the holder thereof, to the extent that Lessee may apply any rental or royalty due the owner of the soil from Lessee until any obligation thus incurred by the owner of the soil is discharged.

If the owner of the soil owns a less interest in the above described land than the entire and undivided surface estate therein (or a greater or lesser interest than the recited interest therein) then the royalties and rental herein provided to be paid to the owner of the soil shall be paid to him in the proportion which his interest bears to the whole and undivided surface estate and the royalties and rental herein provided to be paid to the Commissioner of the General Land Office of the State of Texas shall be likewise proportionately reduced. The Commissioner of the General Land Office shall be paid the value of the whole production allocable to all of the undivided interest not covered by any lease, less the proportionate development and production costs allocable to such undivided interest, but in no event shall the Commissioner of the General Land Office receive as a royalty on the gross production allocable to the undivided interest not leased an amount less than the value of one-sixteenth (1/16) of such gross production. Provided, however, before any adjustment of royalty or rental due the Commissioner of the General Land Office, Lessee shall furnish the Commissioner of the General Land Office of the State of Texas, at Austin, Texas, a statement in writing executed by Lessee, or its duly authorized representative, setting forth the facts relative to the interest of the owner of the soil and the interest which Lessee claims under this lease.

18. Lessee shall have the right to use water produced on said land necessary for operations hereunder except water from wells or tanks of the owner of the soil; provided, however, Lessee shall not use potable water or water suitable for livestock or irrigation purposes for water-flood operations without the prior consent of the owner of the soil.

19. When requested by the owner of the soil, Lessee shall bury its pipe lines below plow depth.

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

21. Lessee shall have the exclusive right to build, operate and maintain pits, reservoirs, pickup stations and plants for the purpose of picking up and conserving waste oil that flows down the creeks, ravines and across the land embraced in the lease, whether said oil is produced from said land covered by this lease or other lands, provided the royalties herein specified are paid on said oil at the same rate under the same conditions provided for oil regularly produced.

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

23. Lessee shall have the right at any time until one hundred twenty (120) days after the expiration or termination of this lease to remove all machinery and fixtures placed by Lessee on said premises, including the right to draw and remove all casing; provided, however, that casing shall not be drawn and removed until after thirty (30) days written notice to the Commissioner of the General Land Office and to the owner of the soil and, provided further, that Lessee shall not remove casing with respect to any well thereon capable of producing oil and/or gas in paying quantities. Any machinery, fixtures and casing subject to removal as above set forth, which are allowed to remain on the premises, shall become the property of the owner of the soil on expiration of said one hundred twenty (120) day period, or such extension thereof as may be granted by the owner of the soil.

24. The rights and estates of either party hereto may be assigned, in whole or in part, and the provisions hereof shall extend to and be binding upon their heirs, devisees, legal representatives, successors and assigns; but no change or division in the ownership of the land, rentals or royalties, however accomplished, shall operate to enlarge the obligations, nor to diminish

the rights, privileges and estates of Lessee, nor to impair the effectiveness of any payment made by, nor of any act performed by, Lessee hereunder. And no such change or division in the ownership of said land, the rentals or royalties, however accomplished, shall ever be binding upon Lessee for any purpose until thirty (30) days after Lessee has been furnished by the owner of the soil, or by his heirs, devisees, legal representatives or assigns, with satisfactory written evidence thereof, including (if such change is effected by conveyance) the original recorded muniments of title or certified copies thereof. An assignment of this lease, in whole or in part, shall, as to the extent of such assignment, relieve and discharge Lessee of all subsequent obligations hereunder. If this lease is assigned in its entirety as to only part of the acreage, the right and option to pay rentals shall be apportioned as between the several owners ratably, according to the surface area of each, and failure by one or more of them to pay his share of the rental shall not affect this lease on the part of the land upon which pro rata rentals are timely paid or tendered, unless the assignor or assignee shall fail to file a certified copy of such assignment in the General Land Office prior to the next rental paying date, in which event the entire lease shall terminate for failure to pay the entire rental due as provided in Paragraph Number 8 hereof.

25. Lessee may at any time, and from time to time, execute and deliver to the owner of the soil or place of record, a release or releases covering any portion or portions of the above described premises, and thereby surrender this lease as to such portion or portions, and be relieved of all subsequent obligations as to acreage surrendered. In the event any part of this lease is surrendered, as above provided, the delay rental then payable hereunder shall thereupon be reduced in the proportion that the acreage surrendered bears to the acreage which was covered by this lease immediately prior to such surrender, provided such release shall not thereby relieve the Lessee of any liabilities which may have accrued in connection with the lease prior to the surrender of such acreage.

26. Provided further that if all or any part of this lease is assigned or released, such assignment or release shall be recorded in the county where the land is situated and the recorded instrument, or a copy of the recorded instrument certified to by the County Clerk of the County in which the instrument is recorded, shall be filed in the GENERAL LAND OFFICE accompanied by a filing fee of Five Dollars (\$5.00). If any such assignment is not so filed, the rights acquired under this lease shall be subject to forfeiture by the Commissioner of the General Land Office.

27. It is recognized that before this lease is effective a certified copy thereof (which is construed as meaning a certified copy made by the County Clerk from his records) shall be filed in the General Land Office in accordance with Section 52.183, N. R. C., and this lease shall not be binding upon the State unless it recites the actual and true consideration paid or promised therefor. The bonus due the State and a filing fee of Five Dollars (\$5.00) shall accompany such certified copy to the General Land Office.

28. 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, 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 Twelve Hundred Dollars (\$1,200.00) per annum for each well capable of producing gas in paying quantities; such payment shall be made one-half (1/2) to the Commissioner of the General Land Office and one-half (1/2) to the owner of the soil prior to the expiration of the primary term of this lease or, if the primary term has expired, within sixty (60) days after 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, 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 one thousand (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 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 one thousand (1000) feet of or draining the leased premises on which such shut-in gas well is situated, such compensatory royalty to be paid monthly one-half (1/2) to the Commissioner of the General Land Office and one-half (1/2) to the owner of the soil beginning on or before the last day of the month next succeeding the month in which such gas is sold and delivered from the well situated within one thousand (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 Lessee of the obligation of reasonable development, nor of the obligation to drill off-set wells as required by law.

29. No natural gas or casinghead gas, including both associated and nonassociated gas, produced from the mineral estate subject to this lease may be sold or contracted for sale to any person for ultimate use outside the State of Texas unless the Railroad Commission of Texas, after notice and hearing as provided in Title 3 of the N.R.C., finds that:

- (a) the person, agency, or entity that executed the lease in question does not require the natural gas or casinghead gas to meet its own existing needs for fuel;
- (b) no private or public hospital, nursing home, or other similar health-care facility in this state requires the natural gas or casinghead gas to meet its existing needs for fuel;
- (c) no public or private school in this state that provides elementary, secondary, or higher education requires the natural gas or casinghead gas to meet its existing needs for fuel;
- (d) no facility of the state or of any county, municipality, or other political subdivision in this state requires the natural gas or casinghead gas to meet its existing needs for fuel;
- (e) no producer of food and fiber requires the natural gas or casinghead gas necessary to meet the existing needs of irrigation pumps and other machinery directly related to this production; and
- (f) no person who resides in this state and who relies on natural gas or casinghead gas to provide in whole or part his existing needs for fuel or raw material requires the natural gas or casinghead gas to meet those needs;

provided, however, after notice and hearing as provided in Title 3 of the N.R.C., the Railroad Commission of Texas may grant exceptions to these provisions if it finds and determines that enforcement of such provisions:

- (1) would cause physical waste as defined in Title 3 of the N.R.C.; or
- (2) would unreasonably deny to the lessee an opportunity to produce economically hydrocarbons from the land subject to this lease.

30. This lease is issued under the provisions of Sections 52.171 through 52.182, N.R.C., commonly known as the Relinquishment Act, Sections 52.183 and 52.184, N.R.C., and other applicable statutes and amendments thereto, and should there be any provision herein not in conformity with said statutes, the law is recognized and understood to prevail notwithstanding anything in this lease to the contrary.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

NEWMONT OIL COMPANY

*David B. Lawrence Jr.*  
Attest: David B. Lawrence

By: *Sam C. Guy*  
Individually and as agent  
for the State of Texas  
Sam C. Guy, Vice-President

Individually and as agent  
for the State of Texas

Individually and as agent  
for the State of Texas

STATE OF Texas  
COUNTY OF Harris.

Before me, the undersigned authority, on this day personally appeared Sam C. Guy, Vice-President, known to me to be the person            whose name            are/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 capacities therein stated.

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

May, A. D., 1981.

*KAY JIVIDEN*  
Notary Public State of Texas  
Commission Expires April 30, 1985  
Bonded by L. Alexander Lovett, Lawyers Surety Corp.

*Kay Jividon*  
Notary Public in and for Harris  
County, Texas

Filed for Record on the 17 day of July A.D. 1981 at 2:50 o'clock M.  
Duly Recorded on the 23 day of July A.D. 1981 at 1:20 o'clock M.

JOSE S. HINOJOSA, COUNTY CLERK  
STARR COUNTY, TEXAS

BY: *Estelle P. Hinojosa* DY.

INSTRUMENT NO. 108326

AUG 19 1981

General Land Office

## THE STATE OF TEXAS

## COUNTY OF STARR

I, JOSE S. HINOJOSA, Clerk of the County Court in and for Starr County, Texas, do hereby certify that the above and foregoing is a true and correct copy of "OIL & GAS LEASE" from MEWMONT OIL CO. to TENNECO OIL CO. dated the 22nd day of MAY, 1981, and as same appears of record in Volume "441", page 791/799, of the DEED Records of Starr County, Texas.

TO CERTIFY WHICH, Witness my hand and official seal of office at office in Rio Grande City, Texas, this the 31ST day of JULY A.D. 1981.

JOSE S. HINOJOSA, County Clerk  
STARR COUNTY, TEXAS

BY: Lidiana C. Corona DEPUTY.



M 84145  
Lease

(9)  
File Dated 8-19-81  
Bob Armstrong, Commissioner di

RECEIVED AS STATED  
\$2,890.74

DATE 8-19-81  
Reg. No. 160399

GENERAL LAND OFFICE

RECEIVED AS STATED  
\$5.00

DATE 8-19-81  
Reg. No. 160399

GENERAL LAND OFFICE

**Tenneco Oil**  
**Exploration and Production**

A Tenneco Company



Gulf Coast Division

August 18, 1981

126 North Point Drive  
P.O. Box 2888  
Houston, Texas 77001  
(713) 757-2131

General Land Office  
Stephen F. Austin Building  
1700 N. Congress  
Austin, Texas 78701

Attention: Ms. Barbara Epstein

Re: Mineral Classified Lease  
South Borosa Area  
Starr County, Texas  
TOC Lease No. 28798-2

**160399**

Gentlemen:

Enclosed herewith is a certified copy of that certain Oil and Gas Lease dated May 22, 1981 by and between Newmont Oil Company, Individually and as Agent for the State of Texas, as Lessor and Tenneco Oil Company, as Lessee covering 1,233.38 acres more or less, described as follows:

TRACT 1: BEING 599.18 acres of land, and BEING all of the Gregorio Jiminez Survey, Section 280, Abstract 921, Starr County, Texas

TRACT 2: BEING 634.2 acres of land, and BEING all of the Gregorio Jiminez Survey, Section 532, Abstract 923, Starr County, Texas

Also, enclosed herewith is a draft in the amount of \$2,895.74 to serve as the State of Texas' one-half ( $\frac{1}{2}$ ) bonus consideration paid on the above referred to lease plus the \$5.00 filing fee.

Please process the lease and draft as is necessary. If any question should arise concerning this tract of land, please contact the undersigned at (713) 757-4326.

Yours very truly,

TENNECO OIL COMPANY

*Ronald K. Barnes*

Ronald K. Barnes  
Senior Landman

RKB:ls  
Enclosures

*171  
205*

10  
M. #. 84145

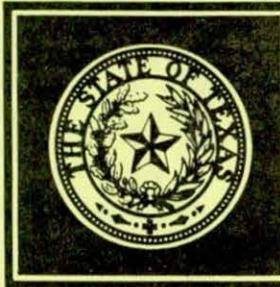
CORRESPONDENCE FILE

To

From Tennco Oil

Dated 8 - 19 - 81 dc

333.00



## General Land Office

AUSTIN, TEXAS 78701  
BOB ARMSTRONG, COMMISSIONER

October 14, 1981

• Tenneco Oil Exploration & Production  
• 126 North Point Drive  
• P. O. Box 2888  
Houston, Texas 77001  
Attn: Ronald K. Barnes

Re: One Undivided Interest Oil & Gas Lease  
M-84145; Gregorio Jiminez Sur. 280, A-921 &  
Gregorio Jiminez Sur. 532, A-923  
Starr County, Texas

Gentlemen:

The certified copy of Oil and Gas Lease, affecting the above captioned tract, has been approved and filed in our records under M-84145, to which mineral file number you should refer to in all future correspondence concerning this lease.

Your remittance in the amount of \$ 2,895.74 has been applied as the State's portion of the cash bonus and filing fee due thereon. A receipt for this amount is enclosed herewith.

Sincerely yours,

Bob Armstrong

By:

Barbara Epstein, Attorney  
Oil and Gas Division  
Legal Department  
512 475-4246

BE/di  
Enclosure

M. F. 84145 (11)

CORRESPONDENCE FILE

To

From Tennessee Oil

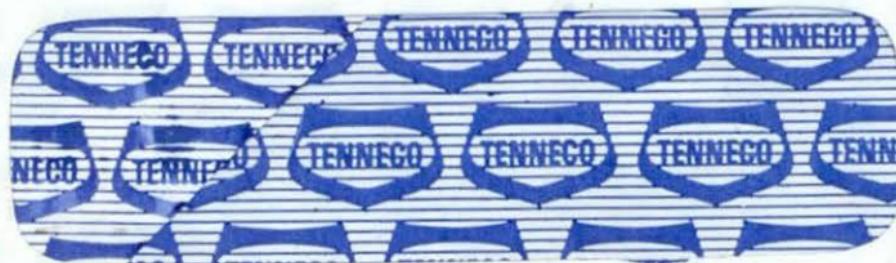
Dated 10-14-81 Ac

00-513

Tenneco Oil  
Exploration and Production  
A Tenneco Company



P.O. Box 2888  
Houston, Texas 77001



FOR THE ACCOUNT OF **Tenneco Oil Company**

FOR CREDIT TO THE PARTIES LISTED BELOW AS DELAY RENTAL IN ADVANCE FOR PRIVILEGE OF DEFERRING OPERATIONS AS SET OUT IN OIL AND GAS LEASE IN  
 Starr COUNTY **Texas** COVERS **1233.38 Acres of land**  
 being out of SUR-Jiminez, G./ABS-921/SEC-280 and SUR-Jiminez, G./ABS-923/SEC-532

RECORDED BK. **V. 422** PG. **376** OF THE RECORDS OF SAID COUNTY AND/OR RATIFICATION OR AMENDMENTS THEREOF, IF ANY, TO WHICH REFERENCE  
 IS HEREBY MADE FOR ALL PURPOSES.

PAYMENT INCLUSIVE

February 13

19 83

PAYEE(S)		AMOUNT
<i>(Paid as 1/2 and. due.)</i>		
Commissioner of the General Land Office		\$1,850.07

*M-84145 Note: According to Mr. Joupr with Tenneco  
 on 4-29-82, #1 well was comp'd on 3-12-82  
 and is currently on production. apw/4-29-82*

PAYEE(S) TAX IDENTIFICATION NUMBER(S)  
*Tenneco rec'd.  
 like amount.*

A/O	G/L	FUN	P	GEN	N	C	TR	OIL	SUB-CODE			F-3	F-4	AMOUNT
									F-1	F-2	F-3			
3	302	03	8	31					41	15	64			X- \$1,850.07

*This payment already applied,  
 prior to this information. 67786*

⑬ N-84143  
Rental Payment  
2-13-82

## INSTRUCTIONS

Your bank has been designated as depository for delay rentals payable under Oil and Gas lease held by this company. The enclosed check represents rental payment in advance under such lease and we ask that you credit the proceeds thereof to the parties named in the full amounts indicated, and date, sign and return the attached receipt in the enclosed business reply envelope. If there is any charge to handle this matter do not deduct it from the proceeds of this check but render your statement to us promptly. Should difficulty of any nature arise with respect to any items shown do not return our check but make the deposit to the credit of the party named in a special account if necessary, and communicate immediately with the undersigned explaining the circumstances and further instructions will be given.

TENNECO OIL COMPANY

EXPLORATION DEPARTMENT

**Tenneco Oil  
Exploration and Production**  
A Tenneco Company

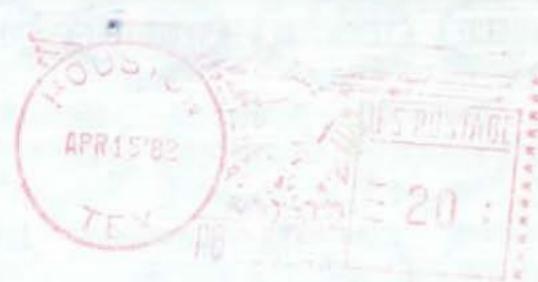


P.O. Box 2888  
Houston, Texas 77001

To:

Commissioner of The General Land Office  
Of The State of Texas  
Oil & Gas Division  
Austin, Texas 78701

713-757-2131



FOR THE ACCOUNT OF **Tenneco Oil Company**

FOR CREDIT TO THE PARTIES LISTED BELOW AS DELAY RENTAL IN ADVANCE FOR PRIVILEGE OF DEFERRING OPERATIONS AS SET OUT IN OIL AND GAS LEASE IN  
STARR COUNTY TEXAS COVERING 1,233.38 Acres of land

being out of SUR-Jiminez, G./ABS-921/SEC-280 SUR-JIMINEZ, G./ABS-923/SEC-532 07-11336-7

07-11321-4

10304

RECORDED BK. 422 PG. 376 OF THE RECORDS OF SAID COUNTY AND/OR RATIFICATION OR AMENDMENTS THEREOF, IF ANY, TO WHICH REFERENCE  
IS HEREBY MADE FOR ALL PURPOSES. 103048  
P.  
PAYMENT INCLUSIVE February 13 1983

**PAYMENT INCLUSIVE**

February 13 1883

PAYEE(S) AMOUNT  
Lessor will be the amount - Rev. Mr. Jasper with expenses.

Commissioner of the General Land Office of the State of Texas

M-84145

10

83127

••••• PAYEE(S) TAX IDENTIFICATION NUMBER(S)

● See reverse side for  
instructions

13) #84145  
Rental Payment  
4-17-82

## INSTRUCTIONS

Your bank has been designated as depository for delay rentals payable under Oil and Gas lease held by this company. The enclosed check represents rental payment in advance under such lease and we ask that you credit the proceeds thereof to the parties named in the full amounts indicated, and date, sign and return the attached receipt in the enclosed business reply envelope. If there is any charge to handle this matter do not deduct it from the proceeds of this check but render your statement to us promptly. Should difficulty of any nature arise with respect to any items shown do not return our check but make the deposit to the credit of the party named in a special account if necessary, and communicate immediately with the undersigned explaining the circumstances and further instructions will be given.

TENNECO OIL COMPANY

EXPLORATION DEPARTMENT

**Tenneco Oil  
Exploration and Production**

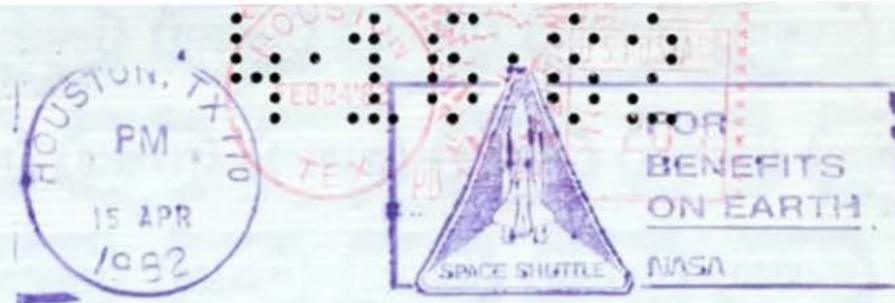
A Tenneco Company



P.O. Box 2888  
Houston, Texas 77001

**To:**

Commissioner of General Land Office  
Of The State of Texas  
Oil & Gas Division  
Austin, Texas 78701



FOR THE ACCOUNT OF **Tenneco Oil Company***Houston, Tex.*FOR CREDIT TO THE PARTIES LISTED BELOW AS DELAY RENTAL IN ADVANCE FOR PRIVILEGE OF DEFERRING OPERATIONS AS SET OUT IN OIL AND GAS LEASE IN  
STARR COUNTY, TEXAS COVERING 1,233.38 Acres of

Land being out of Sur-Jiminez, G./ABS-921 Sur-Jiminez, G/ABS-923

RECORDED BK. 441 PG. 791 OF THE RECORDS OF SAID COUNTY AND/OR RATIFICATION OR AMENDMENTS THEREOF, IF ANY, TO WHICH REFERENCE  
IS HEREBY MADE FOR ALL PURPOSES.

PAYMENT INCLUSIVE

May 22

1983

PAYEE(S)	AMOUNT
<i>121 M-84/45</i>	
<i>Commissioner of the General Land Office of the State of Texas</i>	<i>\$123.34</i>
<i>On production - 06 to apply/gfw 4-29-82 1236.82</i>	<i>82863</i>

PAYEE(S) TAX IDENTIFICATION NUMBER(S)						
3 302 03 8 31						

A/O	G/L	FUN	P	GEN	A	AFE	ACCOUNT NUMBER		SUB-CODE			F-3	F-4	AMOUNT	
							S	C	TR	DTL	F-1	F-2			
3	302	03	8	31							41	15	64		\$123.34

(14) N-84185  
Rental Payment  
4-16-82

## INSTRUCTIONS

Your bank has been designated as depository for delay rentals payable under Oil and Gas lease held by this company. The enclosed check represents rental payment in advance under such lease and we ask that you credit the proceeds thereof to the parties named in the full amounts indicated, and date, sign and return the attached receipt in the enclosed business reply envelope. If there is any charge to handle this matter do not deduct it from the proceeds of this check but render your statement to us promptly. Should difficulty of any nature arise with respect to any items shown do not return our check but make the deposit to the credit of the party named in a special account if necessary, and communicate immediately with the undersigned explaining the circumstances and further instructions will be given.

TENNECO OIL COMPANY  
EXPLORATION DEPARTMENT

**Tenneco Oil  
Exploration and Production**  
A Tenneco Company

Tenneco Building  
P.O. Box 2511  
Houston, Texas 77001  
(713) 757-2131



121

May 21, 1982

In RE: 28798 - Southwest Farm & Ranch No. 1  
Starr County, Texas

TO THE OWNERS:

Tenneco Oil Company completed a gas well on the captioned property on or about August 31, 1981.

A gas marketing contract is being negotiated with Channel Industries, Inc., and The Permian Corporation will buy the fluid. Tenneco, Operator, will collect 100% of proceeds from both companies for re-disbursement to the various owners. We hope to have the well connected to the line sometime in July, 1982.

If you find your interest to be correctly stated on the attached Division Order, please sign one copy, have your signature witnessed or attested; thereafter, please return it to us at the above address. Please also check your address for correctness and insert your taxpayer number opposite your signature.

Yours very truly,

  
R. J. Anders, Administrator  
Division Orders & Royalties

WCP/rj  
Enclosures

To: Tenneco Oil Company  
P. O. Box 2511  
Houston, Texas 77001  
ATTN: Division Order Department

Location No. 079217

Effective 7:00 A.M., May 1, 1982

### PLUS ACCRUALS

Each of the undersigned hereby warrants that he is the owner of the interest set out opposite his name in the oil produced from and in the proceeds of the gas sold from or used off the lease or unit known as Southwest Farm & Ranch No. 1 located in Starr County ~~XXXXXX~~, State of Texas, which lease or unit is described as follows:

634.2 acres of land, more or less, and being all of Section 532 out of the Gregorio Jimenez Survey, Starr County, Texas.

- Until further written notice, you are hereby authorized to give credit for, all proceeds derived from the oil produced from and gas sold from or used off said property as follows:

CREDIT TO **DIVISION OF INTEREST** ADDRESS

SEE REVERSE SIDE FOR DIVISION OF INTEREST

1. Until further written notice you are authorized, for your own accounts, to receive such oil into your possession or the possession of any person or corporation designated by you, the oil so received to be run and measured in accordance with customary pipeline rules and regulations including those of the governmental agency having recognized jurisdiction over or control of the production and handling of oil in such area.

2. The oil run hereunder shall, on the terms herein stated, become your property immediately upon being received into your possession or the possession of your designated nominee; and you agree to receive the oil run hereunder and, subject to the further provision hereof, to pay the respective owners therefor according to the division of interest herein indicated, either at your posted per barrel (42 gallons) field price for similar oil prevailing for the field where produced on the date of each respective run, or, if the oil is purchased by a nominee, the price to be paid shall be the same price received from such nominee, or if you do not post a price for such oil, the price to be paid shall be an agreed price, and in the absence of a pipeline connection all prices are subject to deduction of barging or trucking costs.

3. For gas sold and/or used by you off the lease or unit, settlements shall be based on the market value at the well. For gas sold at the well, settlements shall be based on the net sales price received by you at the well.

4. Settlements and payments based on the prices set forth herein are to be made monthly by your checks mailed to the respective persons interested at the addresses given herein. The undersigned authorize you to withhold their proportionate share of all taxes now or hereafter imposed including without limitation all taxes imposed upon the production, severance, gathering, processing and marketing thereof. At your option you may hold, without interest, and remit annually for the aggregate of twelve months accumulation of monthly accruals of amounts less than fifteen dollars (\$15.00); except semi-annually for the aggregate of six months accumulation of monthly accruals of amounts less than fifteen dollars (\$15.00) for the State of Oklahoma.

5. Each of the undersigned hereby (1) warrants and guarantees the title to his interest in the oil and in the net proceeds of gas sold, or used off the property, and (2) in case of an adverse claim or claims to the oil run to his credit, or his interest in the net proceeds of the gas sold, or used off the property, or any part thereof, agrees to furnish indemnity satisfactory to you against all adverse claims, and hereby authorizes you to retain all proceeds accruing to the undersigned without any obligation to pay interest on the amount so withheld until the required indemnity shall have been furnished or until the dispute as to the ownership of the production involved is settled. You are hereby relieved of any responsibility for determining when any of the interests herein set forth shall revert to other parties as a result of the completion or discharge of money or other payments from said interests. It is understood that any vendee or assignee of any interest in said property or the production thereof shall take subject to the terms hereof, and you shall not be bound by any sale or assignment of any interest in said property until written notice thereof shall be furnished you in the form of the original or a certified copy of the instrument by which said sale or assignment was made. Regardless of the effective date of the instrument of conveyance, all transfers shall be made effective as of 7:00 A.M. of the first day of a calendar month; and transfers shall not be made effective earlier than the first day of the calendar month in which said written notice is received.

6. The word "OIL" as used herein is hereby declared to include all liquid hydrocarbons purchased hereunder, and the word "GAS" as used herein is hereby declared to include all gaseous substances including oil well gas (casinghead gas).

7. The undersigned hereby expressly ratify and confirm the oil, gas and mineral lease or leases, pursuant to which oil and gas from the property is being produced and sold, any amendments and supplements to such lease or leases including any designations, declarations or agreements creating the unit including the above described property, if such be the case.

8. This division order may be executed in counterparts and shall be binding on and shall inure to the benefit of each signer hereto, his heirs, successors, and assigns, whether or not it is executed by all parties named herein.

## WITNESSES

OWNERS SIGN BELOW

**TAXPAYER NUMBER\***

X

IMPORTANT: EACH SIGNATURE  
REQUIRES TWO WITNESSES

## CREDIT TO

## DIVISION OF INTEREST

Tenneco Oil Company  $1/2 \times 8/8 \times 1/32 \times 3/4$  or .398437 WI

Shell Oil Company  
One Shell Plaza  
Box 2463  
Houston, Texas 77001  $3/256 \times 8/8 + 1/64 \times 8/8$  plus  
 $3/256 \times 8/8$  plus  $55/512 \times 8/8$   
 $+ 55/1024 \times 8/8$  plus  $110/512 \times$   
 $8/8 + 55/1024 \times 8/8 \times 3/4$  or .351563 WI

TOTAL WORKING INTEREST .750000

✓ Commissioner of Public Lands,  
State of Texas  
General Land Office  
Austin, Texas 78701  $1/2 \times 1/4$  or .125000 RI ✓

Southwest Farm and Ranch, Inc.  $1/2 \times 1/4 \times 1/2$  or .062500 RI  
Route 3, Box 188 F  
Edinburg, Texas 78539

G. W. Wheeler, Trustee  
2715 Creek Drive  
Magnolia, Texas 77355  $1/2 \times 1/4 \times 3/256$  or .001465 RI

Lillian Ella Davey and  
Robert F. Ritchie, Trustees  
of Stella Porter Trust  
1100 Republic National Bank Bldg.  
Dallas, Texas 75265  $1/2 \times 1/4 \times 3/256$  or .001465 RI

Uvalde Construction Company  $1/2 \times 1/4 \times 1/64$  or .001953 RI  
P. O. Box 10286  
Dallas, Texas 75207

Robert L. Wheelock Jr. and Betty  $1/2 \times 1/4 \times 55/512$  or .013427 RI  
W. Kennaugh, Co-Independent  
Executors of the Estate of Maude C.  
Wheelock, Deceased  
Post Office Box 881  
Corsicana, Texas 75110

The First National Bank of  $1/2 \times 1/4 \times 55/1024$  or .006714 RI  
Corsicana, Texas as Trustee of  
the Susan Wheelock Trust  
P. O. Box 613  
Corsicana, Texas 75110

••• Newmont Oil Company  $1/2 \times 1/4 \times 1/32$  or .003906 RI  
600 Jefferson, 9th Floor  
Houston, Texas 77002

••• Smith Oil Company, Inc.  $1/2 \times 1/4 \times 110/512$  or .026856 RI  
Two Turtle Creek Village  
Dallas, Texas 75219

Jane Case Wheelock and The First  $1/2 \times 1/4 \times 55/1024$  or .006714 RI  
National Bank of Corsicana,  
Texas, Co-Trustees of Jane  
Wheelock Trust  
P. O. Box 1776  
Corsicana, Texas 75110

INSTRUCTIONS FOR EXECUTING THE ENCLOSED DIVISION ORDER OR TRANSFER ORDER

1. sign your name where indicated
2. have your signature witnessed by two parties, notarization is not necessary
3. check your address to see if it is correct as shown; if not, please show corrections on the instrument
4. insert your tax identification or social security number
5. return the executed instrument to us
6. retain the extra copy of the instrument for your files

TENNECO OIL COMPANY  
DIVISION ORDERS & ROYALTIES  
P. O. BOX 2511  
HOUSTON, TEXAS 77001

14112 MF- 841415  
Ltr and Division order

5-22-82

LO  
LO  
LO  
LO  
LO  
LO



# General Land Office

AUSTIN, TEXAS 78701  
BOB ARMSTRONG, COMMISSIONER

June 9, 1982

Tenneco Oil Company  
P. O. Box 2511  
Houston, Texas 77001

Attention: Division Order Dept.

RE: State Lease M-84145  
634.2 acres, Sec. 532  
Gregorio Jimenez Sur.  
Starr County, Texas  
Oil & Gas DO #28798

Gentlemen:

This letter is issued in lieu of the ordinary form of "Division Order" prepared by the oil companies primarily for execution by the individual royalty owner.

Inasmuch as the statutes provide the royalties the State shall receive, it is felt that it would not be in conformity with the law on the subject for this Division to execute your division order and thereby attempt to bind the State by the provisions contained therein.

This Division, insofar as permitted under the law, acquiesces in the sale of the oil and/or gas to you from this lease, which oil and/or gas shall become your property when the State has been paid for same, as prescribed by law and under the terms and conditions as set out in the lease covering the area in question.

Very truly yours,

**ManvJL Gilbert, Attorney**  
Energy Resources  
Phone: 512-475-6749  
Enclosure

(15)

M. P. 84/45

CORRESPONDENCE FILE

To **DIVISION ORDER**

From \_\_\_\_\_

Dated 6-9-82



# General Land Office

AUSTIN, TEXAS 78701  
BOB ARMSTRONG, COMMISSIONER

JUNE

July 10, 1982

Tenneco Oil Co.  
P.O. Box 2611  
Houston, Texas 77001

ATTENTION: Gas Contracts

RE: State Lease M-54148  
Starr County, Texas  
Southwest Farms and Ranch #1

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 the 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 cursive ink, appearing to read "B.F. Underwood".  
B.F. Underwood  
Supervisor, Gas Contracts  
Resource Accounting  
Telephone No. 512-475-2855

BFU/pdg

Enclosure

GLO-RA-02-(1-82)

(16)

M. F. 84145

CORRESPONDENCE FILE

TO

Zenner

FROM

DATED 6-10-82

**Tenneco Oil**  
**Exploration and Production**  
A Tenneco Company

Tenneco Building  
P.O. Box 2511  
Houston, Texas 77001  
(713) 757-2131



120

September 9, 1982

*Re  
P-7a  
file*

General Land Office  
Austin, Texas 78701

610 1206

ATTN: B. F. Underwood  
Supervisor, Gas Contracts

RE: State Lease M-84145  
Starr County, Texas  
Southwest Farms and Ranch #1  
Tenneco GSC No. 2018

Dear Mr. Underwood:

As requested in your letter of July 10, 1982, attached is one copy of the gas sales contract dated April 1, 1982 between Channel Industries Gas Company and Tenneco Oil Company covering gas sales from the above captioned State lease.

Please note that this well was completed in the Vicksburg formation at perforated intervals between 8,797'-8,868'. Approval as a tight sands reservoir is pending. The Texas Railroad Commission received Tenneco's filings for NGPA categories 103 and 107 on April 23, 1982. Therefore, should the tight sands designation become final, the price for this gas will escalate.

Should you require any further information, please advise.

*Lisa Moore*  
Lisa Moore

LM:tw:7223.16

11

M. F. 84145  
CORRESPONDENCE FILE

TO

Jenner

FROM

84145  
DATED

8.32.35  
22

## WELL/LEASE STATUS REPORT INFORMATION

MRN

80897

84145

Please initial and pass on to the next person on the list.

	INITIAL	DATE
1. Lillie Gamble	LG	12/17/82
2. Gas Auditor	TB	12-17-82
3. Oil Auditor	M.V.	1/3/83
4. LaVerne Montano	LM	1-4-83

## REMARKS:

A-2 sta. sent (gas)  
~~1-4-83~~  
1-4-83

**Garry Mauro**  
Commissioner  
General Land Office



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

January 4, 1983

Tenneco Oil Company  
P. O. Box 2611  
Houston, Texas 77001

RE: State Lease M-84145  
S. W. Farm & Ranch Lease  
Borosa So. (Vicksburg) Field  
Starr County, Texas

Gentlemen:

Our records indicate production was secured from the subject lease during September, 1982.

As the State owns an interest in the above lease, various reports concerning the lease's production and sales should be filed with this office each month.

Please file the necessary Gas Reports (Form MA-2) and corresponding purchase statements from the date of first production to date and monthly thereafter.

Sincerely yours,

Billy Lancaster, Administrative Supervisor  
Resource Accounting  
Telephone No. 512-475-2858  
TB/hlm

18

M. F. 84/45  
CORRESPONDENCE FILE  
To Jeanneor Cal  
Press  
Dated 1-4-83

## GAS PRODUCTION LEDGER

RAILROAD COMMISSION OF TEXAS

FIELD OPERATOR LEASE	WELL NUMBER	RIG NUMBER	1	GAS MCF				RAILROAD COMMISSION OF TEXAS	CONDENSATE BARRELS
				ALLOWABLE	PRODUCTION	CREDIT INJECTION GAS LIFT	NET MCF		
NO BOROSA, SOUTH (FRIO 4720) SUN EXPL. & PROD. CO.-CORPUS B. G. DE GARCIA PERF 4715- 4721 TD 5700 DEL 70 WHP 210 X	10716 829435 32-L	545 085995 /CONTINUED/ /CONTINUED/ /CONTINUED/		12036 13526 16826	952 786 1682		251-0 573-0 8	9-1 132970 -0-	SUN 0
NP BOROSA, S. (VICKSBURG VARIOUS) TENNECO OIL CO. STATE-SLICK -D- COMPLETION DATE 3/18/63 POTENTIAL (G-1) 1200 PERF 8516- 9270 DEL 300 WHP 1400 X BHP 1168	10716 841500 3	575 009445	4	5310 3226 38792 9500 32268 38798	-0- 3226 38792 2875 NO-REPORT 2815		5310-0 6425-0 3226-0 1064-0	90 157 140	PERMI
S. W. FARM & RANCH STATE OF TEX. COMPLETION DATE 3/06/82 POTENTIAL (G-1) 1100 PERF 8797- 8868 TD 9940 POTE 1100 WHP 3815 DEL 855	1 098893	4	25650 26505 26850 26505 -0- -0-	-0- -0- -0- -0- NO-REPORT 38582		25650-0 26505-0 25650-0 26505-0 38582-0	14449- 123120- TEGPO	118	PERMI
STATE SLICK "D" COMPLETION DATE 2/14/82 POTENTIAL (G-1) 360 PERF 8798- 8989 TD 9700 POTE 15500 WHP 3615 DEL 2028	15 099981	4	10680 11036 10680 11036 116405 468888	NO-REPORT 46344 46226 43975 32670 26830		35308 70856 32937-0 84735-0 20058-0	20058 TENNEX		PERMI
A BOROSA, S. (VICKSBURG 2 B) EXPANDO PRODUCTION COMPANY SLICK-STATE OF TEXAS COMPLETION DATE 2/18/63 POTENTIAL (G-1) 190 PERF 5080- 5085 TD 5365	10716 257020 2 T	650 009439	4	-0- -0- -0- -0- -0- -0-	-0- -0- -0- -0- -0- -0-				
NO BOROSA, S. (VICKSBURG 3-A, UP) TENNECO OIL CO. T. B. SLICK ESTATE COMPLETION DATE 10/04/80 POTENTIAL (G-1) 3900 PERF 5070- 5077 TD 6100	10716 841500 28	762 090875	4	SHUT IN SHUT IN SHUT IN SHUT IN SHUT IN SHUT IN	-0- -0- -0- -0- NO-REPORT -0-		-0-	TENNEX	
NS BOROSA, SOUTH (VICKSBURG 7200) - MONSANTO OIL COMPANY SLICK COMPLETION DATE 7/08/60 POTENTIAL (G-1) 2180 PERF 7113- 7143 DEL 84 WHP X	10716 576914 1 C	900 009441	4	3390 508 390 508 508 2520	1593 1888 581 307 983 2088			19 27 5 15 30 22	PERMI

OIL AND GAS DIVISION

DISTRICT 04

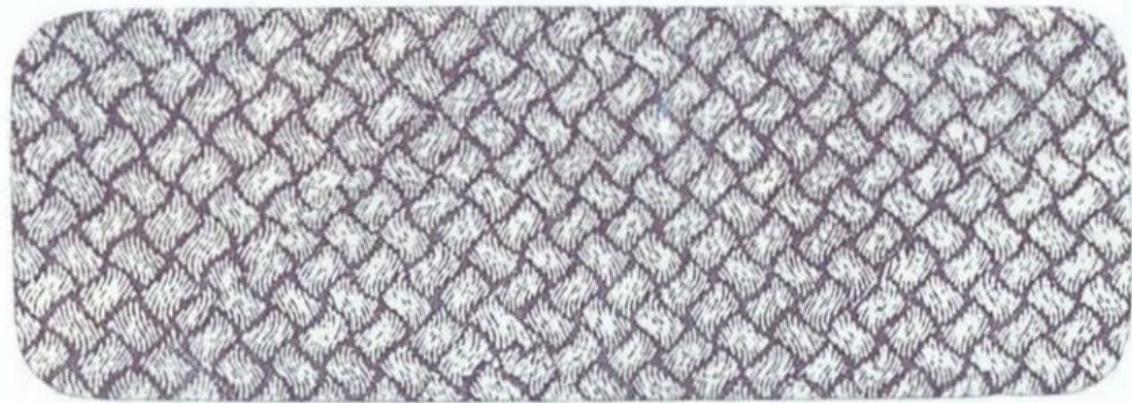
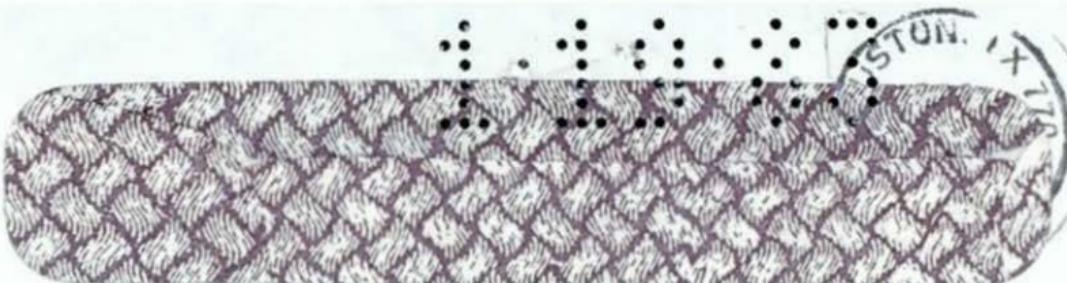
SEPTEMBER 1982

PAGE 199

mg-wl 098893  
MG-WL 098893 0 DST 04 WELL# 1 COUNTY: STARR  
FIELD 10716 575 BOROSA, S. (VICKSBURG VARIOUS) API# 427-31555 FORM1  
OPR 841500 TENNECO OIL CO. PERMIT# 124127 W-1  
LSE 098893 S. W. FARM & RANCH STATE OF TEX. DRILLED 2/01/81  
LOC: FT FT LSE SECT:  
CM-AFF G-5 I-1 G-1 3/17/82  
TWDB 7/07/81 DEPTH 650- ELEV 386GL W-3  
T-DPTH 9940 PERF: 8797- 8868 CMPL-DT 3/06/82 BY: PLUG  
CASING# SIZE WT.LB/FT DEPTH HOLE-SIZE SACKS-CMT AMT / LEFT  
1 13 3/8 54.5 1263 17 1/2 865  
2 9 5/8 43.5 7228 12 1/4 1310  
ADDITIONAL INFORMATION IS AVAILABLE ON THIS WELL.

① 61

M-84145  
Well/Disease  
of States Report  
1-4-83





## COMPANY MAKING PAYMENT

TENNECO OIL COMPANY  
P. O. BOX 2888  
HOUSTON, TEXAS 77001

121

CHECK DATE		CHECK NO.	
A/O	FUN	PROP. NO.	SUB NO.
3	03	02879801	

PRJ. NO. 00200

PAYMENT MADE UNDER TERMS OF INSTRUMENT DESCRIBED AS FOLLOWS:	AGMT DATE	RECORDED	CD	STATE OR PROVINCE	CD	COUNTY OR PARISH
	02-13-79	V 422 P 376	41	TEXAS	214	STARR
ORIGINAL LESSOR / GRANTOR			TYPE PAYMENT			
SOUTHWEST FARM & RANCH, INC.			SPECIAL PAYMENT			
PAYMENT FREQUENCY	PAYMENT BEGINNING	AMOUNT DUE	BANK SERVICE CHARGE	TOTAL PAYMENT		
ANNUAL	02-13-83	\$123.34	\$.00	\$123.34		

DEPOSITORY BANK: PLEASE DEPOSIT AMOUNT SHOWN AS "AMOUNT DUE" TO CREDIT OF PARTIES NAMED BELOW.

51405

STATE/FEDERAL # M-84145

PAYEE # 000373040

TAX ID # [REDACTED]  
COMMISSIONER OF GENERAL LAND OFFICE  
STATE OF TEXAS  
AUSTIN TEXAS 78701  
AUSTIN TEXAS 78701

## LAND DESCRIPTION

\*SUR-JIMINEZ,G.\ABS-921\SEC-280\SEC-280\\*  
\*SUR-JIMINEZ,G\ABS-923\SEC-532\\*

⑩ N-84145

Rental Payment

1-19-85

23  
23  
23  
23

181

**Tenneco Oil**  
**Exploration and Production**  
A Tenneco Company

Tenneco Building  
PO. Box 2511  
Houston, Texas 77001  
(713) 757-2131



January 27, 1983

Commissioner Of Public Lands  
State Of Texas  
General Land Office  
Austin, Texas 78701

Attn: Resource Accounting

Re:State Lease M-84145 -B-File

S. W. Farm And Ranch Lease  
Borosa So. (Vicksburg) Field  
Starr, County Texas

Gentlemen:

We are sending you the records which you requested in the attached letter sent to us on January 4, 1983. The reports had been sent with the wrong lease numbers corresponding to the S. W. Farm And Ranch Lease. We were using lease number 32295 not M-84145. The corrected reports are attached. If you have further questions, please advise.

*W.D. Brown*

W. D. Brown  
Chief Accountant  
Gulf Coast Division

*By [Signature]*

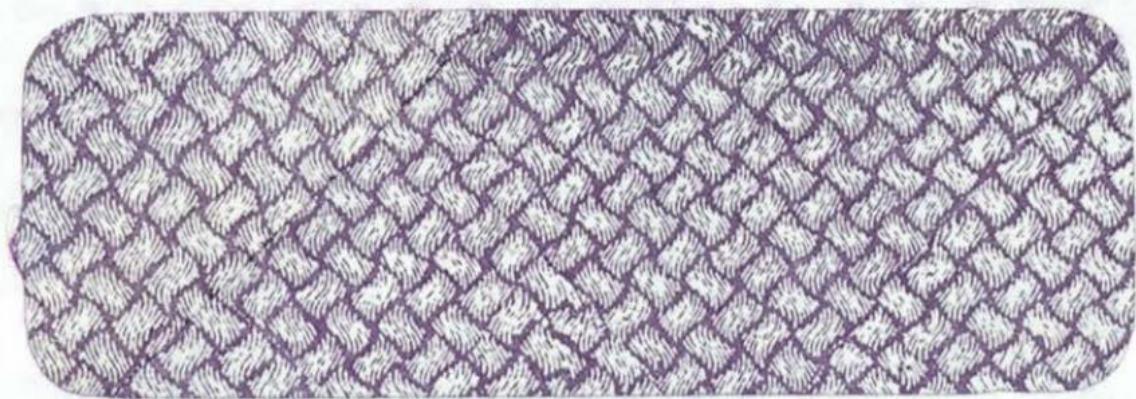
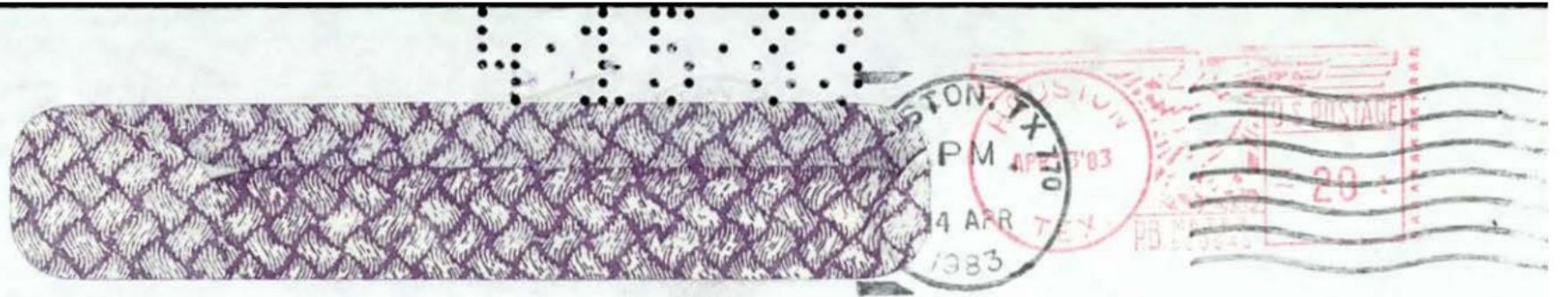
WDB:ML  
Attachment

M. F. 84145  
CORRESPONDENCE FILE  
To

(2)

From Jenner  
Dated 1-27-83

7.33.33





COMPANY MAKING PAYMENT

TENNECO OIL COMPANY

P. O. BOX 2888

HOUSTON, TEXAS 77001

CHECK DATE

CHECK NO.

04-06-83

59637

A/O FUN

PFX

PROP. NO.

SUB NO.

3 03

02879802

PRJ. NO. 00200

PAYMENT MADE UNDER TERMS OF INSTRUMENT DESCRIBED AS FOLLOWS:	AGMT DATE	RECORDED	CD	STATE OR PROVINCE	CD	COUNTY OR PARISH
	05 22 81	V-441 P-791	41	TEXAS		214 STARR
ORIGINAL LESSOR / GRANTOR				TYPE PAYMENT		
NEWMONT OIL COMPANY				RENTAL REGARDLESS OF PRODUCTION		
PAYMENT FREQUENCY	PAYMENT BEGINNING	AMOUNT DUE		BANK SERVICE CHARGE	TOTAL PAYMENT	
ANNUAL	05-22-83	\$123.34		\$.00	X \$123.34	

DEPOSITORY BANK: PLEASE DEPOSIT AMOUNT SHOWN AS "AMOUNT DUE" TO CREDIT OF PARTIES NAMED BELOW.

PAYEE # 000373040

(M-84145)

TAX ID #

COMMISSIONER OF GENERAL LAND OFFICE (OIL &amp; GAS DIVISION)

STATE OF TEXAS

AUSTIN TEXAS 78701

XXXXXXXXXXXXXX

## LAND DESCRIPTION

\*SUR-JIMINEZ,G.\ABS-921\

\*SUR-JIMINEZ,G.\ABS-923\

121

95240

22 m-84145  
Rental Payment

4-15-83

2  
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2  
2



## COMPANY MAKING PAYMENT

TENNECO OIL COMPANY  
P. O. BOX 2888  
HOUSTON, TEXAS 77001

CHECK DATE		CHECK NO.	
A/O	FUN	PFX	PROP. NO.
3	03		02879801

PRJ. NO. 00200 RECV CD: N NW

PAYMENT MADE UNDER  
TERMS OF INSTRUMENT  
DESCRIBED AS FOLLOWS:

AGM'T DATE	RECORDED	CD	STATE OR PROVINCE	CD	COUNTY OR PARISH
02-13-79	V 422 P 376	41	TEXAS	214	STARR
ORIGINAL LESSOR / GRANTOR					TYPE PAYMENT
SOUTHWEST FARM & RANCH, INC.					RENTAL REGARDLESS OF PRODUCTION
PAYMENT FREQUENCY	PAYMENT BEGINNING	AMOUNT DUE	BANK SERVICE CHARGE	TOTAL PAYMENT	
ANNUAL	02-13-84	\$123.34	\$.00	X	-\$123.34

DEPOSITORY BANK: PLEASE DEPOSIT AMOUNT SHOWN AS "AMOUNT DUE" TO CREDIT OF PARTIES NAMED BELOW.

STATE/FEDERAL # M-84145

PAYEE # 000373040

TAX ID #

COMMISSIONER OF GENERAL LAND OFFICE

STATE OF TEXAS

AUSTIN TEXAS 78701

121  
2.m.

51695

LAND DESCRIPTION

SUR-JIMINEZ,G.\ABS-921\SEC-280\  
\*SEC-280\  
\*SUR-JIMINEZ,G\ABS-923\SEC-532\

(23) M - 84145  
Rental Payment  
1-18-84

3  
3  
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3

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

March 29, 1984

Tenneco Oil Company  
Tenneco Building  
P.O. Box 2511  
Houston, TX 77001

ATTENTION: ACCOUNTING MANAGER

RE: State Lease M-84145  
S.W. Farm & Ranch #1 Lease  
South Borosa Field  
Starr 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: BTU Statements for October 1983 to the present.

Please file these records at the earliest possible time.

Sincerely yours,

Charles Whitsel, Gas Supervisor  
Resource Accounting  
Telephone No. 512-475-2858

TB/jrf  
Enclosure

M. F. - M- 84145

**CORRESPONDENCE FILE**

To

Tenneco Oil Co.

From

Dated - 3-29-84

(2A)



## COMPANY MAKING PAYMENT

TENNECO OIL COMPANY  
P. O. BOX 2888  
HOUSTON, TEXAS 77001

CHECK DATE		CHECK NO.
A/O FUN	PFX	PROP. NO.
3 03		02879802

PRJ. NO. 00200 RECV CD: N NW

PAYMENT MADE UNDER  
TERMS OF INSTRUMENT  
DESCRIBED AS FOLLOWS:

AGM'T DATE	RECORDED	CD	STATE OR PROVINCE	CD	COUNTY OR PARISH
05 22 81	V-441 P-791	41	TEXAS	214	STARR
ORIGINAL LESSOR / GRANTOR					TYPE PAYMENT
NEWMONT OIL COMPANY					RENTAL REGARDLESS OF PRODUCTION
PAYMENT FREQUENCY	PAYMENT BEGINNING	AMOUNT DUE	BANK SERVICE CHARGE	TOTAL PAYMENT	
ANNUAL	05-22-84	\$123.34	\$.00	\$123.34	

DEPOSITORY BANK: PLEASE DEPOSIT AMOUNT SHOWN AS "AMOUNT DUE" TO CREDIT OF PARTIES NAMED BELOW.

STATE/FEDERAL # M-84145

PAYEE # 000373040

TAX ID # [REDACTED]

COMMISSIONER OF GENERAL LAND OFFICE

STATE OF TEXAS

AUSTIN TEXAS 78701

121  
JM

96356

[REDACTED]

[REDACTED]

[REDACTED]

\*SUR-JIMINEZ,G.\ABS-921\

\*SUR-JIMINEZ,G.\ABS-923\

[REDACTED]

[REDACTED]

2500-84145

Rental Payment  
4/14-84

SECOND REQUEST

May 7, 1984

Tenneco Oil Company  
Tenneco Building  
P.O. Box 2511  
Houston, TX 77001

ATTENTION: ACCOUNTING MANAGER

RE: State Lease M-84145  
S.W. Farm & Ranch #1 Lease  
South Borosa Field  
Starr County, Texas

Gentlemen:

Enclosed is a copy of our letter to you dated March 29, 1984, 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,

Charles Whitsel, Gas Supervisor  
Resource Accounting  
Telephone No. 512-475-2858

TB/jrf  
Enclosure

M.F. # 84145

CORRESPONDENCE FILE

TO Tenneco Oil Co.

FROM

DATED 5-7-84

INDEX # 26

SECOND REQUEST



**IMPORTANT: RETAIN WHITE COPY AND  
RETURN BLUE COPY WITH  
SEPARATE CHECK FOR THE  
TOTAL DUE.**

June 14, 1984

Tenneco Oil Company  
P.O. Box 2511  
Houston, TX 77001

ATTENTION: D.H. TURNER

RE: State Lease M-84145  
SW Farm and Ranch Lease  
Borosa S. Vicksburg Field  
Starr County, Texas  
TOC Lease #79217

Gentlemen:

Oil royalty payments received in this office indicate the royalty was based on net value, that is, after deduction of taxes.

This is to advise the State's royalty interest is not subject to taxes and royalty must be computed on gross value prior to deductions for taxes.

For the period of August, 1982 through October, 1983, we compute additional royalty and delinquency penalty to be \$1,511.50. (See attached schedule.) Please pay or make arrangement for payment of \$1,511.50 which includes \$1,314.58 additional royalty and the required statutory delinquency penalty of \$196.92 as provided by Section 52.131, Texas Natural Resources Code. The statutes require that each such penalty shall never be less than Five Dollars (\$5). The delinquency penalty is computed for the period October 6, 1982 through June 13, 1984.

Sincerely yours,

Jeff Dusenbury, Unit Supervisor  
Resource Accounting  
Telephone No. 512-475-2858

MN/jrf  
Enclosure

M.F. # 84145

CORRESPONDENCE FILE

TO Tenneco Oil Co.

FROM \_\_\_\_\_

DATED 6-14-84

INDEX # 27

Garry Mauro  
Commissioner  
General Land Office



October 1, 1984

Tenneco Oil Company  
P.O. Box 2888  
Houston, Tx. 77001

Re: State Lease M-84145  
Tract No. 532 G. Jimenez Sur.  
Well No. 2  
Starr County

Gentlemen:

We note the recent completion of the captioned well, however, we have not received the following reports or surveys, which are marked below, as required by your Oil and Gas Lease:

Form W-1 Application to Drill  
 Form W-2 Oil Well Potential Test/Completion Report  
 Form W-3 Plugging Record  
 \* Form G-1 Gas Well Pressure Test and Completion Report  
 Form G-5 Gas Well Classification Report  
 Form G-10 Gas Well Status Report  
 Form W-12 Inclination Report  
 \* Form W-15 Cementing Report  
 Electrical Log  
 Directional Survey

Your cooperation will be appreciated.

Sincerely yours,

A handwritten signature in cursive ink that reads "Chris D. Macomb".

Chris D. Macomb, Geologist  
Petroleum & Minerals Division  
512-475-0727 Ext. 37

CDM/hdk

(28)

10-1-84  
M-81145  
H. & Tennessee Oil Co.

## ENERGY RESOURCES

## WELL/LEASE STATUS REPORT INFORMATION

TO La Verne Mountain FROM B.F. Haderwood  
DATE ACTION INITIATED 7/14/82 DATE ACTION COMPLETED 10-18-82  
ORIGINATING SOURCE Bob Shoppo DATA SOURCE Fish  
NAME OF OPERATOR Tranex OPERATOR NO. \_\_\_\_\_  
RRC DISTRICT 04 FIELD Borosa So. (vckshy) FIELD CODE \_\_\_\_\_  
LEASE SW Farm + Ranch LEASE NO. OR WELL ID NO. 098893?  
OIL WELL  GAS WELL  WELL NO. 1 COUNTY Starr  
COMPLETION DATE 2-1-82 DEPTH 9940  
POTENTIAL 1100 MCF/D G.L.O. MINERAL FILE NO. 11-80847 <sup>84165</sup> <sub>SLU</sub>  
DRILLING PERMIT NO. 1 24127  
OTHER INFORMATION \_\_\_\_\_

REPLY

DATE OF INITIAL PRODUCTION 9/82 - GTS  
OTHER INFORMATION \_\_\_\_\_  
\_\_\_\_\_

Not found 5/82

7/82

cc: CHARLES WHITSEL  
cc: A.J. WALLIS  
cc: CECIL FISHER  
cc: E & D GEOLOGIST

M6-WL - 29998+

A



(87)  
M.F. 84145  
APPLICATION TO DRILL

WELL # 2  
FILED 10 - 1 19 84  
GARRY MAURO, COMMISSIONER  
BY: MM



KOCH OIL COMPANY

DIVISION ORDER DEPARTMENT

January 3, 1985

M 84145

RE: Tenneco Oil Company-Operator  
Southwest Farms & Ranch #2 Lease 85563  
Starr County, Texas

Dear Interest Owner:

We have prepared and enclose herewith division orders covering purchases from the captioned lease in accordance with an ownership listing furnished by the operator.

Please return one fully signed and properly witnessed division order to this office, complete with your current address and social security number. You may retain one copy for your records.

Koch Oil Company will be required to withhold 20% in Federal Income Tax from payments to owners who have not provided us with a taxpayer identification number. To avoid the 20% withholding, please list either your Social Security Number or Federal ID Number.

Your attention is also directed to the attached IRS Windfall Profits Tax forms and instructions.

Working Interests only:	Form 6458
Royalty Interests only:	Form 6783

Thank you for your cooperation in this matter.

Yours very truly,

A handwritten signature in black ink that reads "Sandra Rank".

Sandra Rank

SR:jm  
Encl.

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...  
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**DIVISION ORDER**

**TO: KOCH OIL COMPANY**  
**POST OFFICE BOX 2239**  
**WICHITA, KANSAS 67201**

LEASE NO.	85563
TRACT NO.	
ANALYST	SR: jm

January 3, 1985

The undersigned, and each of them, guarantee and warrant that they are the legal owners in the proportions set out below of all the oil (which, for the purposes hereof, includes all liquid hydrocarbons purchased hereunder) produced from the Tenneco Oil Company  
Southwest Farms & Ranch #2 Lease 85563 Farm, and described as

Please Insert or Attach Legal Description

*Being 634.2 acres of land, more or less, and Being all of  
the Juminey Survey, Section 532, Abstract 923, Starr County, Tx  
Gregorio*

in Starr County or Parish, State of Texas, commencing at 7:00 A.M., the 1st  
day of July, 1984, and until further written notice either from you or us you are authorized to receive for purchase on the terms  
hereinafter stated oil therefrom to the extent of your requirements giving credit as directed below:

LEASE NO.	OWNER NUMBER	NAME	INTEREST	TYPE INTEREST	TRACT	WPT CODE	SUSPENSE CODE
85563		Jane C. Blackford	.0045660	RI			
		Commissioner of Public Lands-State of Texas	.1250000	RI			
		Trustees of Stella Porter Russell Trust Lillian Ella Davey & Robert F. Ritchie	.0014650	RI			
		Newmont Oil Company	.0039060	RI			
		Smith Oil Company Inc.	.0268560	RI			
		Southwest Farm & Ranch, Inc.	.0625000	RI			
		Uvalde Liquidating Company	.0019530	RI			
		G. W. Wheeler Trustee	.0014650	RI			
		R. L. Wheelock Jr. & Betty W. Kennaugh, Co-Exec. of the Estate of Maude C. Wheelock	.0134270	RI			
		Trustee of the Susan Wheelock Trust, Inter- First Bank Corsicana NA AS	.0088620	RI			
		Tenneco Oil Company	.3984370	WI			
		Shell Western E&P Inc.	.3515630	WI			

WITNESS:  
(Sign Below)OWNERS:  
(Sign Below) (PRINT OR TYPE YOUR COMPLETE ADDRESS AND TAX IDENTIFICATION NUMBER)

CIA-100

The following covenants are part of this division order and shall be binding on the above signed, their successors, legal representatives, and assigns:

**FIRST** - The oil run in pursuance of this division order shall become your property upon the delivery thereof to you or any Agent designated by you. You are not expected to receive oil in definite quantities nor for fixed periods nor to provide storage.

Should the oil produced from any formation in and under the herein described land be either commingled with other oil, whether such other oil be produced from one or more formations having different ownership in and under the herein described lands or in and under any other lands, or be placed in tank batteries located elsewhere than on the herein described land, prior to the time it becomes your property, the oil, commingled or otherwise, sold hereunder, shall be deemed to be the interest of the above signed in that portion of the total oil delivered which is allocated to the herein described land on the basis of the formula prescribed by the operators of the leases covering the formations or tracts of land involved and the data supplied to you with respect thereto, and you are authorized to accept such information, rely upon the same and make settlement hereunder on the basis of the quality and gravity of such commingled oil so allocated without liability to the above signed.

Should the interest of the above signed in the oil produced from the herein described land be unitized with oil produced from one or more other tracts of land, this division order shall thereafter be deemed to be modified to the extent necessary to conform with the applicable unitization agreement or plan, and all revisions or amendments thereto, but otherwise to remain in full force and effect as to all other provisions. In such event, the portion of the unitized oil sold hereunder shall be the interest of the above signed in that portion of the total unitized oil which is allocated to the herein described land and shall be deemed for all purposes to have been actually produced from said land.

**SECOND** - The oil received and purchased hereunder shall be delivered f.o.b. to your own facilities or any agent designated by you, which gathers and receives said oil, and you agree to pay for such oil to the respective owners according to the division of interest hereinabove specified, (the price agreed upon between you and the operator) less any tax you may be required to pay with respect thereto or the proceeds thereof and less applicable deductions in accordance with arrangements made with the operator.

**THIRD** - Quantities of oil purchased hereunder shall be determined by the method of measurement and computation employed by you or the Agent designated by you to receive such oil including but not by way of limitation the gauging of storage tanks using regularly compiled tank tables, the use of certified truck gauges, and the use of meters or any other reasonably accurate method of measurement and computation. You shall correct the volume and gravity to a temperature of 60% Fahrenheit and you shall deduct from such corrected volume the full percentages of basic sediment, water, and other impurities as shown by your test. You may refuse to receive any oil not considered merchantable by you.

**FOURTH** - We agree to furnish evidence of title satisfactory to you. Until such evidence is furnished or in the event of any adverse claim, oil lien or dispute at any time concerning title to the above described real property or the oil produced therefrom, you may withhold payment for oil accruing to the interest or interests affected thereby until you are indemnified to your satisfaction or until such adverse claim, lien or dispute shall have been fully settled, without liability for interest in either case. If suit is filed affecting the interest of any of the above signed, written notice thereof shall be given you, at the above address by party or parties affected, together with a certified copy of the complaint or petition filed. If you are made a party to such proceedings, the party or parties affected agree to indemnify you against any judgment rendered therein and to reimburse you for any costs, attorney's fees or other expenses incurred in connection therewith.

**FIFTH** - You will not be responsible for any change of ownership in the absence of actual notice and satisfactory proof thereof. Each signer hereof agrees to notify you in writing of any change in his ownership and agrees that any transfer, assignment, or conveyance of any of his interest hereunder shall be made subject to this division order and effective at 7:00 A.M. on the first day of the calendar month following the receipt of said notice by you. Without regard to whether any contingency is expressly stated in this division order, you are hereby relieved of any responsibility for determining when any of the interests herein shall increase, diminish, be extinguished or revert to other parties as a result of the completion or discharge of money or other payments from said interest, or as a result of the expiration of any time or term limitation (either definite or indefinite), or as a result of the increase or decrease in production, or as a result of a change in the depth, the method or the means of production, or as a result of a change in the allocation of production affecting the above tract or any portion thereof under any agreement or by order of Governmental authority, or resulting from any other contingency, and until you receive notice in writing to the contrary, you are hereby authorized to continue to remit pursuant to the above division of interest. In the event said written notice is not received by you, you shall be held harmless for error resulting in over or under payment, or a wrong payment of any such sum or sums.

**SIXTH** - This order shall bind each interest owner as soon as signed by him, whether or not signed by any other owner. All provisions herein contained shall apply to each signer hereof separately and not jointly. This order may be executed in counterparts, all of which together shall constitute one division order. No interest owner may terminate this order without giving ninety (90) days prior written notice. In consideration of the purchase of oil hereunder, consent is given you and any pipe line company which you may cause to connect with the wells and tanks on said land, to disconnect and remove such pipe lines, in case of termination by either you or us of purchases under this division order.

**SEVENTH** - All parties hereto who are connected with the operation of the lease herein described severally warrant that all oil sold under this division order has been and will be produced and handled in compliance with the provisions of the Federal Fair Labor Standards Act of 1938 as heretofore or hereafter amended, and all other applicable Federal, State and Municipal laws, rules and regulations.

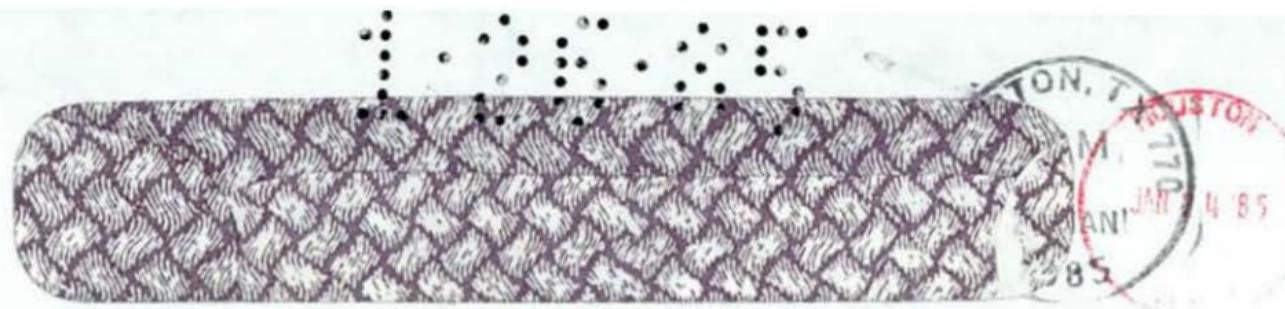
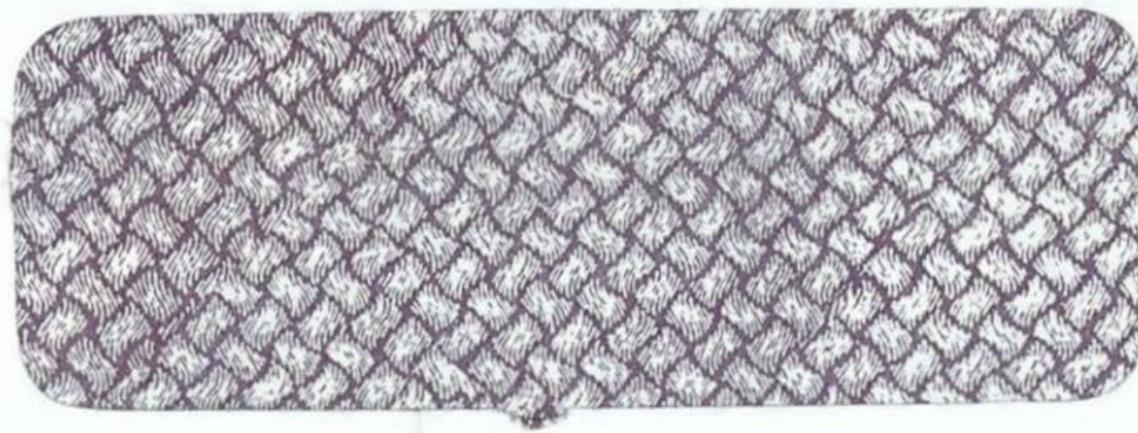
**EIGHTH** - With respect to any gas condensate purchased and sold under the terms and provisions hereof, the owners of interests in the royalty join herein for the purpose only of making the provisions hereof applicable to the proceeds of the sale of such gas condensate.

**IMPORTANT:** TO AVOID DELAY IN PAYMENT — YOUR CORRECT ADDRESS AND YOUR SOCIAL SECURITY NUMBER OR TAX ACCOUNT NUMBER MUST BE SHOWN.

ALL SIGNATURES SHOULD BE PROPERLY WITNESSED.

ALL DIVISION ORDERS MUST BE SIGNED EXACTLY AS SHOWN  
ON THE REVERSE SIDE TO AVOID DELAY IN PAYMENT.

6



Variable	Mean	SD	Median	Range	Min	Max
Age	37.0	10.3	37.0	18-68	18	68
Education level	12.0	3.0	12.0	6-18	6	18
Gender	0.50	0.49	0.50	0-1	0	1
Marital status	0.50	0.49	0.50	0-1	0	1
Employment	0.50	0.49	0.50	0-1	0	1
Family size	2.50	1.00	2.00	1-6	1	6
Family income	1.50	0.50	1.50	0-3	0	3
Family size*income	3.75	1.25	3.75	1-10	1	10
Family size*income*age	5.25	1.75	5.25	1-15	1	15
Family size*income*age*gender	5.25	1.75	5.25	1-15	1	15
Family size*income*age*gender*marital status	5.25	1.75	5.25	1-15	1	15
Family size*income*age*gender*marital status*employment	5.25	1.75	5.25	1-15	1	15



## COMPANY MAKING PAYMENT

TENNECO OIL COMPANY  
P. O. BOX 2888  
HOUSTON, TEXAS 77001

CHECK DATE		CHECK NO.	
A/O	FUN	PFX	PROP. NO.
3	03		02879801

PRJ. NO. 00200 RCV CD: N NW

PAYMENT MADE UNDER TERMS OF INSTRUMENT DESCRIBED AS FOLLOWS:	AGM'T DATE	RECORDED	CD	STATE OR PROVINCE	CD	COUNTY OR PARISH
	02-13-79	V 422 P 376	41	TEXAS	214	STARR
	ORIGINAL LESSOR / GRANTOR			TYPE PAYMENT		
	SOUTHWEST FARM & RANCH, INC.			RENTAL REGARDLESS OF PRODUCTION		
	PAYMENT FREQUENCY	PAYMENT BEGINNING	AMOUNT DUE	BANK SERVICE CHARGE	TOTAL PAYMENT	
	ANNUAL	02-13-85	\$123.34	\$.00	X-\$123.34 42942	

DEPOSITORY BANK: PLEASE DEPOSIT AMOUNT SHOWN AS "AMOUNT DUE" TO CREDIT OF PARTIES NAMED BELOW.

STATE/FEDERAL # M-84145

PAYEE # 000373040

TAX ID # [REDACTED]

COMMISSIONER OF GENERAL LAND OFFICE

STATE OF TEXAS

AUSTIN TEXAS 78701

1021

1020

LAND DESCRIPTION

- \*SUR-JIMINEZ, G.\ABS-921\SEC-280\
- \*SEC-280\
- \*SUR-JIMINEZ, G\ABS-923\SEC-532\

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DETACH ABOVE STATEMENT BEFORE DEPOSITING. PLEASE DATE AND SIGN ATTACHED RECEIPT AND RETURN.

③1 M-8445  
Rental Payment  
1-26-85

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## COMPANY MAKING PAYMENT

TENNECO OIL COMPANY

P. O. BOX 2888

HOUSTON, TEXAS 77001

## CHECK DATE

## CHECK NO.

04-12-85

96983

A/O

FUN

PFX

PROP. NO.

SUB NO.

3 03

02879802

PAYMENT MADE UNDER  
TERMS OF INSTRUMENT  
DESCRIBED AS FOLLOWS:

AGM'T DATE	RECORDED	CD	STATE OR PROVINCE	CD	COUNTY OR PARISH
05 21 81	V-441 P-791	41	TEXAS	214	STARR
ORIGINAL LESSOR / GRANTOR			TYPE PAYMENT		
NEWMONT OIL COMPANY			RENTAL REGARDLESS OF PRODUCTION		
PAYMENT FREQUENCY	PAYMENT BEGINNING	AMOUNT DUE	BANK SERVICE CHARGE	TOTAL PAYMENT	
ANNUAL	05-22-85	\$123.34	\$.00	\$123.34	

DEPOSITORY BANK: PLEASE DEPOSIT AMOUNT SHOWN AS "AMOUNT DUE" TO CREDIT OF PARTIES NAMED BELOW.

64925

STATE/FEDERAL # M-84145

PAYEE # 000373040

TAX ID # [REDACTED]

COMMISSIONER OF GENERAL LAND OFFICE

STATE OF TEXAS

AUSTIN, TEXAS 78701

*BL*  
*HD*

## LAND DESCRIPTION

\*SUR-JIMINEZ, G. VABS-921

\*SUR-JIMINEZ, G. VABS-923

DETACH THIS STATEMENT BEFORE DEPOSITING. PLEASE DATE AND SIGN ATTACHED RECEIPT  
AND RETURN IN POSTAGE PAID ENVELOPE.

(32) M-8414 S  
Rental Payment  
4-20-85

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Corrected & Updated Schedule

Prepared By	Initials	Date
Approved By		8/24/85

STATE LEASE: M-84145  
SW FARM & RANCH LEASE  
BOROSA S. VICKSBURG FIELD

OPERATOR: TENNECO OIL CO.

TENNECO LEASE # 79217-000-30

1 2 3 4 5 6

MONTH	GROSS VALUE	ROYALTY DUE	ROYALTY PAID	ADDITIONAL ROYALTY	NO. DAYS	LATE	PENALTY DUE
							AT 1% / 30
1 AUG. 1982	283360	35420	33791	1629	1056		576 1
2 SEPT. ✓	413059	51633	49257	2372	1025		840 2
3 OCT. ✓	541844	67731	64615	3116	995		1054 3
4 NOV. ✓	1183291	147912	141108	6804	964		2244 4
5 DEC. ✓	1447446	180931	172608	8323	933		2656 5
6 JAN. 1983	1259478	157435	150193	7242	905		2232 6
7 FEB. —	933541	116693	111325	5368	874		1620 7
8 MAR. —	829685	103711	98940	4771	844		1392 8
9 APRIL ✓	803373	100422	95802	4620	813		1288 9
10 MAY ✓	705102	88138	84083	4055	783		1107 10
11 JUNE —	586701	73338	69964	3374	752		884 11
12 JULY ✓	460424	57553	54905	2648	721		650 12
13 AUG. ✓	422619	52828	50397	2431	691		576 13
14 SEPT. ✓	373928	46741	44591	2150	660		484 14
15 OCT. —	444030	55504	52950	2554	630		546 15
16	1335990	1274529	61461				18149 16
17							15
18							18
19 WIT DEDUCTIONS :							19
20 AUG. 1982		25467	2546				20
21 SEPT. ✓		39857	3985				21
22 OCT. ✓		49887	4988				22
23 NOV. —		108667	10866				23
24 DEC. —		132917	13291				24
25 JAN. 1983		92237	9223				25
26 FEB. —		61597	6159				26
27 MAR. ✓		48327	4832				27
28 APRIL —		41217	4121				28
29 MAY ✓		38617	3861				29
30 JUNE —		32127	3212				30
31 JULY —		23067	2306				31
32 AUG. —		21177	2117				32
33 SEPT. —		18737	1873				33
34 OCT. —		21007	2100				34
35	1335990	1199049	136941				35
36							36
37							37
38							38
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50							50

August 28, 1985

Tenneco Oil Company  
P.O. Box 2511  
Houston, Texas 77001

Attention: Chuck Jobe  
Room MLM 1135

RE: State Lease M-84145  
Southwest Farm and Ranch  
Borosa South Vicksburg Field  
Starr County, Texas  
TOC Lease #79217-000-30

Dear Gentlemen:

Reference is made to our letter of June 14, 1984 (copy enclosed) concerning additional royalty due on the subject lease. Enclosed is an updated and corrected schedule which shows oil royalty has been underpaid \$1,369.41 for the period August, 1982 through October, 1983.

If your records show this royalty has been paid, please advise the total amount of the check and the approximate date it was mailed. If royalty has not been paid, please pay \$1,550.90 which includes \$1,369.41 additional royalty and the required statutory delinquency penalty of \$181.49. Failure to submit royalties when due subjects the amount owed to a statutory penalty of 1% of the amount owed for each thirty day period or fractional part thereof as provided by Section 52.131, Texas Natural Resources Code. However, no penalty may be less than Five Dollars (\$5.00).

Payment should be received in this office no later than September 28, 1985. If you have any questions please feel free to contact me or Mike Nicklaus at (512) 475-2858.

Sincerely,

Teresa Burr  
Division Supervisor  
Royalty Management Division

TB/MN/jlw

Attachments

M.F. # M- 84145

CORRESPONDENCE FILE

TO Tenneco Oil Co.  
FROM 640  
DATED 8-28-85  
INDEX # 33



7-78-02



Return Receipt Requested



COMPANY MAKING PAYMENT

TENNECO OIL COMPANY  
P. O. BOX 2888  
HOUSTON, TEXAS 77001

CHECK DATE		CHECK NO.
01-07-86	109846	
A/O FUN	PFX	PROP. NO. SUB. NO.
3.03		02879801

PAYMENT MADE UNDER  
TERMS OF INSTRUMENT  
DESCRIBED AS FOLLOWS:

AGMT DATE	RECORDED	CD	STATE OR PROVINCE	CD	COUNTY OR PARISH
02 13 79	V 422 P 376	41	TEXAS	214	STARR
ORIGINAL LESSOR / GRANTOR			TYPE PAYMENT		
SOUTHWEST FARM & RANCH, INC.			RENTAL REGARDLESS OF PRODUCTION		
PAYMENT FREQUENCY	PAYMENT BEGINNING	AMOUNT DUE	BANK SERVICE CHARGE	TOTAL PAYMENT	
ANNUAL	02-13-86	\$123.34	\$ .00	\$123.34	

DEPOSITORY BANK: PLEASE DEPOSIT AMOUNT SHOWN AS "AMOUNT DUE" TO CREDIT OF PARTIES NAMED BELOW.

28765

STATE/FEDERAL # M-84145

PAYEE # 000373040

TAX ID # XXXXXXXXXX  
COMMISSIONER OF GEN LAND OFFICE  
STATE OF TEXAS  
AUSTIN TEXAS 78701

12/11/86

## LAND DESCRIPTION

\*SUR-JIMINEZ, G.\ABS-921\SEC-280\  
\*SEC-280\  
\*SUR-JIMINEZ, G\ABS-923\SEC-532\

DETACH THIS STATEMENT BEFORE DEPOSITING. PLEASE DATE AND SIGN ATTACHED RECEIPT  
AND RETURN IN POSTAGE PAID ENVELOPE.

34) M-84145  
rental payment  
1-14-86

09058000 8 21 APR  
00100845 8 01 2  
301700 0900 00 00 0000000000  
000000 00 00 0000000000  
16587 00000 0000000000



## COMPANY MAKING PAYMENT

TENNECO OIL COMPANY  
P. O. BOX 2888  
HOUSTON TX 77252

CHECK DATE	CONTROL NO.
04-14-86	0000002
0100028798	002

PAYMENT MADE UNDER TERMS OF INSTRUMENT DESCRIBED AS FOLLOWS:	AGM'T DATE	PAYMENT TYPE	RECOVERY CODE
	05-22-81	PRODUCTION RENTA	N
	ORIGINAL LESSOR/GRANTOR		
		NEWMONT OIL COMPANY	
	PAYMENT FREQUENCY	PAYMENT BEGINNING	AMOUNT DUE
	12	05-22-81	123.34
			BANK SVC CHG
			.00
			TOTAL PAYMENT
			123.34

DEPOSITORY BANK: PLEASE DEPOSIT AMOUNT SHOWN AS "AMOUNT DUE" TO CREDIT OF PARTIES NAMED BELOW:

STATE/FEDERAL #: M-84145

GROSS  
ACRESAMOUNT  
DUE

IN PAYMENT OF:

TRACT 02 PROJECT: 00200 RECORDED: V-441 P-791

ABST 921

.000

STATE: TX TEXAS

COUNTY OR PARISH: 214 STARR

FOR THE CREDIT OF :

COMMISSIONER OF GEN LAND

PAYEE NO: 0037304

123.34

OFFICE

TAX ID: [REDACTED]

STATE OF TEXAS

ACCT NO: 0000000000000000

AUSTIN

TX 78701

TOTAL BANK SERVICE CHARGE

.00

TOTAL AMOUNT PAID

123.34

50727

35 M-84145.  
Rental Payment  
5-3-86

BLAISE REILLY 75  
100-1000

TO: KOCH OIL COMPANY  
POST OFFICE BOX 2239  
WICHITA, KANSAS 67201

LEASE NO.	27088
TRACT NO.	
ANALYST	JC:jm

October 17, 1986

The undersigned, and each of them, guarantee and warrant that they are the legal owners in the proportions set out below of all the oil (which, for the purposes hereof, includes all liquid hydrocarbons purchased hereunder) produced from the Tenneco Oil Exploration & Production  
Southwest Farm & Ranch No. 1 Farm, and described as \_\_\_\_\_

(PLEASE LIST OR ATTACH PROPER LEGAL DESCRIPTION)

in Starr County or Parish, State of Texas, commencing at 7:00 A.M., the 1st day of July, 19 86, and until further written notice either from you or us you are authorized to receive for purchase on the terms hereinafter stated oil therefrom to the extent of your requirements giving credit as directed below:

LEASE NUMBER	OWNER NUMBER	NAME	INTEREST	TYPE INT.	TRACT	WPT CODE	SUSP CODE
27088		Jane C. Blackford	.0045660	RI			
		Commissioner of Public Lands, State of Texas	.1250000	RI			
		Lillian Ella Davey & Robert F. Ritchie Trustees of Stella Porter Russell Trust	.0014650	RI			
		Newmont Oil Company	.0039060	RI			
		C. E. Powell	.0019530	RI			
		Smith Oil Company, Inc.	.0268560	RI			
		Southwest Farm & Ranch, Inc.	.0625000	RI			
		G. W. Wheeler Trustee	.0014650	RI			
		R. L. Wheelock, Jr. & Betty W. Kennaugh Co-Exec. of the Estate of Maude C. Wheelock	.0134270	RI			
		Interfirst Bank Corsicana NA as Trustee of the Susan Wheelock Trust #247	.0088620	RI			
		Tenneco Oil Company	.3984370	WI			
		Shell Western E&P Inc.	.3515630	WI			

WITNESS:  
(Sign Below)

OWNERS:  
(Sign Below) (PRINT OR TYPE YOUR COMPLETE ADDRESS AND TAX IDENTIFICATION NUMBER)

The following covenants are part of this division order and shall be binding on the above signed, their successors, legal representatives, and assigns:

**FIRST** — The oil run in pursuance of this division order shall become your property upon the delivery thereof to you or any Agent designated by you. You are not expected to receive oil in definite quantities nor for fixed periods nor to provide storage.

Should the oil produced from any formation in and under the herein described land be either commingled with other oil, whether such other oil be produced from one or more formations having different ownership in and under the herein described lands or in and under any other lands, or be placed in tank batteries located elsewhere than on the herein described land, prior to the time it becomes your property, the oil, commingled or otherwise, sold hereunder, shall be deemed to be the interest of the above signed in that portion of the total oil delivered which is allocated to the herein described land on the basis of the formula prescribed by the operators of the leases covering the formations or tracts of land involved and the data supplied to you with respect thereto, and you are authorized to accept such information, rely upon the same and make settlement hereunder on the basis of the quality and gravity of such commingled oil so allocated without liability to the above signed.

Should the interest of the above signed in the oil produced from the herein described land be unitized with oil produced from one or more other tracts of land, this division order shall thereafter be deemed to be modified to the extent necessary to conform with the applicable unitization agreement or plan, and all revisions or amendments thereto, but otherwise to remain in full force and effect as to all other provisions. In such event, the portion of the unitized oil sold hereunder shall be the interest of the above signed in that portion of the total unitized oil which is allocated to the herein described land and shall be deemed for all purposes to have been actually produced from said land.

**SECOND** — The oil received and purchased hereunder shall be delivered f.o.b. to your own facilities or any agent designated by you, which gathers and receives said oil, and you agree to pay for such oil to the respective owners according to the division of interest hereinabove specified, (the price agreed upon between you and the operator) less any tax you may be required to pay with respect thereto or the proceeds thereof and less applicable deductions including marketing and inactive account adjustments.

**THIRD** — Quantities of oil purchased hereunder shall be determined by the method of measurement and computation employed by you or the Agent designated by you to receive such oil including but not by way of limitation the gauging of storage tanks using regularly compiled tank tables, the use of certified truck gauges, and the use of meters or any other reasonably accurate method of measurement and computation. You shall correct the volume and gravity to a temperature of 60° Farenheit and you shall deduct from such corrected volume the full percentages of basic sediment, water, and other impurities as shown by your test. You may refuse to receive any oil not considered merchantable by you.

**FOURTH** — We agree to furnish evidence of title satisfactory to you. Until such evidence is furnished or in the event of any adverse claim, oil lien or dispute at any time concerning title to the above described real property or the oil produced therefrom, you may withhold payment for oil accruing to the interest or interests affected thereby until you are indemnified to your satisfaction or until such adverse claim, lien or dispute shall have been fully settled, without liability for interest in either case. If suit is filed affecting the interest of any of the above signed, written notice thereof shall be given you, at the above address by party or parties affected, together with a certified copy of the complaint or petition filed. If you are made a party to such proceedings, the party or parties affected agree to indemnify you against any judgment rendered therein and to reimburse you for any costs, attorney's fees or other expenses incurred in connection therewith.

**FIFTH** — You will not be responsible for any change of ownership in the absence of actual notice and satisfactory proof thereof. Each signer hereof agrees to notify you in writing of any change in his ownership and agrees that any transfer, assignment, or conveyance of any of his interest hereunder shall be made subject to this division order and effective at 7:00 A.M. on the first day of the calendar month following the receipt of said notice by you. Without regard to whether any contingency is expressly stated in this division order, you are hereby relieved of any responsibility for determining when any of the interests herein shall increase, diminish, be extinguished or revert to other parties as a result of the completion or discharge of money or other payments from said interest, or as a result of the expiration of any time or term limitation (either definite or indefinite), or as a result of the increase or decrease in production, or as a result of a change in the depth, the method or the means of production, or as a result of a change in the allocation of production affecting the above tract or any portion thereof under any agreement or by order of Governmental authority, or resulting from any other contingency, and until you receive notice in writing to the contrary, you are hereby authorized to continue to remit pursuant to the above division of interest. In the event said written notice is not received by you, you shall be held harmless for error resulting in over or under payment, or a wrong payment of any such sum or sums. Should adjustments be necessary you shall have rights to set off any and all individual or joint liabilities we have with you, including but not limited to, proceeds from this and other lease interests owned by us.

**SIXTH** — This order shall bind each interest owner as soon as signed by him, whether or not signed by any other owner. All provisions herein contained shall apply to each signer hereof separately and not jointly. This order may be executed in counterparts, all of which together shall constitute one division order. No interest owner may terminate this order without giving ninety (90) days prior written notice. In consideration of the purchase of oil hereunder, consent is given you and any pipe line company which you may cause to connect with the wells and tanks on said land, to disconnect and remove such pipe lines, in case of termination by either you or us of purchases under this division order.

**SEVENTH** — All parties hereto who are connected with the operation of the lease herein described severally warrant that all oil sold under this division order has been and will be produced and handled in compliance with the provisions of the Federal Fair Labor Standards Act of 1938 as heretofore or hereafter amended, and all other applicable Federal, State and Municipal laws, rules and regulations.

**EIGHTH** — With respect to any gas condensate purchased and sold under the terms and provisions hereof, the owners of interests in the royalty join herein for the purpose only of making the provisions hereof applicable to the proceeds of the sale of such gas condensate.

## IMPORTANT:

TO AVOID DELAY IN PAYMENT — YOUR CORRECT ADDRESS AND YOUR SOCIAL SECURITY NUMBER OR TAX ACCOUNT NUMBER MUST BE SHOWN.

ALL SIGNATURES SHOULD BE PROPERLY WITNESSED.

ALL DIVISION ORDERS MUST BE SIGNED EXACTLY AS SHOWN  
ON THE REVERSE SIDE TO AVOID DELAY IN PAYMENT.

48-81-01 10-26-84 *Frank G. L. Campbell* M84145 *30*

DATE	INVOICE NO.	PARTICULARS	AMOUNT	DISCOUNT	NET
2/21/89	5605	Required filing fee due to conveyance from Tenneco Oil Co. to TOC-Gulf Coast Inc. of Relinquishment Act Leases 28798-1 through 7.	135.00	X- 135.00	<b>89031762</b>



**Tenneco Oil**

A Tenneco Company  
Houston, Texas

DETACH BEFORE DEPOSITING

TOC 4373 2/83

CHECK NO.

**5605**

REMITTANCE STATEMENT



Spine  
Fina Oil and Chemical  
Company  
14340 Torrey Chase Blvd.  
P.O. Box 73408  
Houston, Texas 77273-3408  
(713) 583-3000

February 16, 1989

State of Texas  
General Land Office  
Stephen F. Austin Building  
1700 North Congress Avenue  
Austin, Texas 78701

Attention: Mr. Ted Ringer  
Energy Resources Department

Re: Borosa Area  
Starr County, Texas

Gentlemen:

We are enclosing a certified copy of two (2) different Conveyances in which Tenneco Oil Company conveys seven (7) Relinquishment Act Oil and Gas Leases bearing GLO No. M-93105 unto TOC-Gulf Coast Inc. (a wholly owned entity of Fina Oil and Chemical Company). These seven (7) Oil and Gas Leases are described as follows:

1. Oil and Gas Lease dated February 13, 1979 by and between Southwest Farm and Ranch, Inc., individually and as agent for the State of Texas as Lessor and Tenneco Oil Company as Lessee, covering the Gregorio Jimenez Surveys No. 280, A-921 and No. 532, A-923 and recorded at Volume 422, Page 376, Starr County, Texas Official Records. TOC Lease No. 0100028798-001.

2. Oil and Gas Lease dated May 22, 1981 by and between Newmont Oil Company, individually and as agent for the State of Texas as Lessor and Tenneco Oil Company as Lessee, covering the Gregorio Jimenez Surveys No. 280, A-921 and No. 532, A-923 and recorded at Volume 441, Page 791, Starr County, Texas Official Records. TOC Lease No. 0100028798-002.

3. Oil and Gas Lease dated May 2, 1988 by and between C. E. Powell, individually and as agent for the State of Texas as Lessor and Tenneco Oil Company as Lessee, covering the Gregorio Jimenez Survey No. 280, A-921 and recorded at Volume 579, Page 086, Starr County, Texas Official Records. TOC Lease No. 0100028798-003.

80847  
80848  
84145  
92181  
m-93105

State of Texas, General Land Office  
Page 2  
February 16, 1989

4. Oil and Gas Lease dated June 7, 1988 by and between Smith Oil Company, Inc., individually and as agent for the State of Texas as Lessor and Tenneco Oil Company as Lessee, covering the Gregorio Jimenez Survey No. 280, A-921 and recorded at Volume 597, Page 077, Starr County, Texas Official Records. TOC Lease No. 0100028798-004. } M-93105
5. Oil and Gas Lease dated October 4, 1988 by and between NCNB Texas National Bank Trustee of the Susan Jane Wheelock Trust #247, individually and as agent for the State of Texas as Lessor and Tenneco Oil Company as Lessee, covering the Gregorio Jimenez Survey No. 280, A-921 and recorded at Volume 584, Page 243, <sup>2</sup> Starr County, Texas Official Records. TOC Lease No. 0100028798-005. } M-93105
6. Oil and Gas Lease dated October 4, 1988 by and between Robert L. Wheelock, Jr. and Betty W. Kennaugh, Co-Independent Executors of the Estate of Maude C. Wheelock, individually and as agent for the State of Texas as Lessor and Tenneco Oil Company as Lessee, covering the Gregorio Jimenez Survey No. 280, A-921 and recorded at Volume 584, Page 233, Starr County, Texas Official Records. TOC Lease No. 0100028798-006. } M-93105
7. Oil and Gas Lease dated October 4, 1988 by and between Jane C. Blackford, individually and as agent for the State of Texas as Lessor and Tenneco Oil Company as Lessee, covering the Gregorio Jimenez Survey No. 280, A-921 and recorded at Volume 584, Page 251, Starr County, Texas Official Records. TOC Lease No. 0100028798-007. } M-93105

Paragraph 26 of leases 1 and 2 above require a \$5.00 filing fee when assignment is made of said leases. Paragraph 28 of leases 3 through 7 above, in conjunction with Section 52.026 of the Texas Natural Resources Code and Section 11.12 of the Texas Administrative Code (Natural Resources Title 31), require a \$25.00 filing fee when assignment is made of those leases. Accordingly, we enclose our check in the amount of \$135.00 representing the required filing fees for these conveyances.

Please feel free to call the undersigned at (713) 583-4747 should you have any questions.

4702

\* Phoned Matt Edlin of Legal  
Concerning appropriate filing fee  
For State Lease No. M-84145 which  
CALLS for a FIVE DOLLAR (\$5.00) filing  
fee for Assignment in its lease terms.  
PER MATT EDLIN, specific filing amounts

Very truly yours,

TOC-GULF COAST INC.

Gregory S. Mathews  
Gregory S. Mathews  
Senior Landman

GSM:aez:R1838  
Specified by lease terms are contractual

and cannot be subsequently statutorily amended  
Thus, The five dollar specified filing fee is the appropriate fee for M-84145  
Per Matt Edlin 3/13/89

(37)

MF 84145  
ITEM Letter  
TO June  
FROM \_\_\_\_\_  
DATE 02/23/89 krl

M 84145

~~M 84145~~

145256

CONVEYANCE

OFFICIAL RECORDS

THIS CONVEYANCE, dated November 3, 1988, between Tenneco Oil Company, a Delaware corporation, whose address is P.O. Box 2511, Houston, Texas 77252 ("Grantor") and TOC - Gulf Coast Inc., a Delaware corporation, whose business address is 14340 Torrey Chase Blvd., Houston, Texas 77014, and which is a wholly-owned subsidiary of Grantor ("Grantee").

KNOW ALL MEN BY THESE PRESENTS, that, for and in consideration of the sum of Ten Dollars (\$10.00) cash and other valuable consideration to it in hand paid by Grantee, the receipt and sufficiency of which are hereby acknowledged:

1. Grantor has granted, bargained, sold and conveyed, and by these presents does hereby grant, bargain, sell and convey unto Grantee, effective as of twelve o'clock midnight on June 30, 1988 (the "Effective Time"), all of the right, title and interest owned or claimed by Grantor as of the date of execution hereof in and to the following (the "Subject Property"):

(a) All oil, gas and/or mineral leases, permits or licenses, and all fee, mineral, leasehold, royalty and overriding royalty and net profits interests in or reversionary rights with respect to, and/or any right to produce or receive the proceeds of production of, oil, gas and other liquid and gaseous hydrocarbons, or any of them, and any minerals produced in association therewith ("Hydrocarbons") and which are located in the States

and Counties or Parishes or State or Federal waters identified on Exhibit B hereto ("the Subject Interests"), including but not limited to the interests described in Exhibit A hereto;

(b) All unitization, communization and pooling agreements and orders covering the Subject Interests or any portion thereof and the units and communized and pooled areas created thereby;

(c) All easements, rights of way, permits, licenses, servitudes or other interests appertaining to the Subject Interests or the Subject Property;

(d) All fee simple and leasehold estates of Grantor in the States, Counties or Parishes identified in Exhibit B hereto, including but not limited to the lands and leases described in Exhibit A hereto;

(e) All tubular goods, equipment and other personal property, fixtures and improvements situated upon the Subject Interests or the Subject Property or used or held for use in connection with the exploration, development, operation or enjoyment of the Subject Interests or the Subject Property or the production, treatment, storage or transportation of Hydrocarbons therefrom, and any leases of such personal property, fixtures or improvements;

(f) All Hydrocarbon sales, purchase, exchange, transportation and processing contracts and agreements, farmout or farmin agreements, joint operating agreements and all other contracts or agreements and contract rights of whatever kind or character insofar as the same relate to or affect the Subject Interests or the Subject Property or any part thereof;

(g) All of Grantor's books, records, accounts, files, documents, maps, manuals, information and data (including engineering, geological and geophysical data) insofar as the same relate to or affect the Subject Interests or the Subject Property;

(h) All consents, permits, licenses, orders, registrations, franchises, certificates, approvals or other similar rights from any governmental agency insofar as the same relate to or affect the Subject Interests or the Subject Property; and

(i) All partnership interests, undivided interests and other joint venture interests of Grantor relating to any right to produce or receive the proceeds of Hydrocarbons from the Subject Interests or the Subject Property;

EXCEPTING AND RESERVING unto Grantor, its successors and assigns, all right, title and interests of Grantor in and to all minerals other than Hydrocarbons in, under or that may be produced from the Subject Interests;

provided, however, Grantor covenants and agrees that the estate of Grantor and of Grantor's successors and assigns in the minerals other than Hydrocarbons which are excepted and reserved hereby unto Grantor, its successors and assigns shall at all times be and remain subordinate to the estate of Grantee and of Grantee's successors and assigns in the Hydrocarbons conveyed by this Conveyance; and that Grantee, its successors and assigns shall be free to deal with the estates and rights conveyed hereby, specifically including the oil and gas leases included herein, in any manner it or they see fit, including the relinquishment, termination, assignment or reassignment thereof, without notice to or approval of Grantor or its successors and assigns, provided that Grantee and its successors and assigns shall not voluntarily relinquish, terminate, modify or amend any of the estates conveyed hereby if Grantor or its successors or assigns shall have specifically notified Grantee or its successors and assigns that it is or they are engaged in a program to exploit such minerals other than Hydrocarbons covered by such estate or estates which are excepted and reserved hereby.

SUBJECT, HOWEVER, to all valid and subsisting restrictions, exceptions, reservations, conditions, liens, interests, instruments and other encumbrances (the "Encumbrances").

TO HAVE AND TO HOLD THE Subject Property, subject to the Encumbrances, together with all and singular the rights and appurtenances thereto in anywise belonging unto Grantee, its successors, assigns and legal representatives forever. THIS CONVEYANCE IS MADE WITHOUT REPRESENTATION OR

WARRANTY OF ANY KIND, WHETHER EXPRESS OR IMPLIED, RELATING TO THE SUBJECT PROPERTY OR THE SUBJECT INTERESTS.. However, this Conveyance is made with full substitution and subrogation of Grantee in and to all covenants and warranties by others heretofore given or made with respect to the Subject Property or Subject Interests or any part thereof.

2. Grantee, for itself, its successors and assigns, hereby undertakes and obligates itself to be bound by and to fulfill, from and after the Effective Time, all obligations, claims and liabilities relating to the Subject Property and the Subject Interests, including without limitation the obligation to render and pay all taxes based upon or measured by production which accrue on and after the Effective Time, even if such taxes are based upon or measured by production occurring before the Effective Time.

3. Subject to applicable law, Grantor and Grantee shall execute, acknowledge and deliver all such further conveyances, transfer orders, division orders, notices, releases and acquittances and such other instruments, and shall take such further actions, as may be necessary or appropriate more fully to assure to Grantee or its successors or assigns all of the properties, rights, titles, interests, estates, remedies, powers and privileges conveyed, or intended to be conveyed, to Grantee hereby. In particular, and without limiting the foregoing, in the event that any Exhibit to this Conveyance omits to describe or inadequately or incorrectly describes any lands or interests in lands intended by Grantor to be conveyed to Grantee or excepted or reserved to Grantor hereby, Grantor shall execute any and all such further instruments as may be necessary or appropriate to supply or correct such descriptions.

4. With respect to interests in governmental or Indian oil and gas leases included in the Subject Property that may require separate instruments or assignments to be filed with governmental or tribal agencies, Grantor has executed and filed or will execute and file appropriate companion assignments, and will use its best efforts to take any other reasonable efforts to obtain official approval of the assignment of such interests. Any and all of such individual governmental or tribal assignments shall constitute, as to such individual leases, one and the same assignment as is made herein.

5. Nothing herein shall operate to modify or amend any gas sales agreement to which Grantor is a party covering properties conveyed to Grantee hereunder. The rights and obligations of parties under said agreements that may exist as of the Effective Time pursuant to the Federal Energy Regulatory Commission's (FERC) alternative maximum lawful price and good faith negotiation procedures promulgated by Order Nos. 451, et seq. (18 C.F.R. §§270.201, et seq.) and take-or-pay or take-and-pay crediting mechanism promulgated by Order Nos. 500, et seq. [18 C.F.R. §§284.8(f) and 284.9(f)], or successor regulations of either, shall not be modified, abridged, waived or extinguished by virtue of this Conveyance; provided, however, Grantee recognizes that Grantor has held other interests than those conveyed to Grantee hereunder that were or are being conveyed or transferred to parties other than Grantee and, therefore, agrees to abide by, and to bind all of its successors and assigns, to the following:

(a) To the extent any Subject Interests conveyed by Grantor to Grantee hereunder are subject to a commitment to sell any production to a purchaser under an "existing contract" as defined in 18 CFR §§270.201(a)(2)(ii) that includes gas qualifying under Sections 104 and 106 of the Natural Gas Policy Act of 1978, it is possible that gas covered by such existing contract might be subjected to good faith negotiation procedures initiated by other successors-in-interest to Grantor ("Other Successors") or, Grantee hereunder could subject Other Successors to same upon invocation by Grantee of rights under such procedures. Consequently, with respect to good faith negotiation procedures promulgated by the FERC in Order Nos. 451, et seq. (referenced above), Grantor and Grantee agree to the following:

- (1) Grantee shall have no unilateral right to invoke good faith negotiations with any pipeline if that invocation would allow such pipeline to invoke such negotiations with Other Successors. Any such invocation by Grantee that could so affect Other Successors shall be done only by agreement by such Other Successors. Neither Grantor nor Grantee, nor any affiliate or subsidiary of either of them, shall have any obligation to ensure that Other Successors will so agree.
- (2) If Grantee hereafter initiates good faith negotiation procedures for any gas produced from Subject Interests conveyed to Grantee

hereunder or agrees to participate in good faith negotiations as a result of the initiation of such negotiations by any Other Successors, it is possible that the purchaser of such gas might have the right to require Grantee to renegotiate terms of the sale of additional gas, pursuant to the provisions of 18 C.F.R. §§270.201(a)(5)(i), (b)(2), and (b)(5)(ii), as promulgated by Order Nos. 451 and 451-B; and such right of said purchaser shall be unaffected by this Conveyance. Nothing herein shall limit or abridge Grantee's right to determine, in its sole discretion, acceptable terms and conditions for continuing the sale of any gas to purchasers upon conclusion of good faith negotiation procedures. Neither Grantor nor Grantee, nor any affiliate or subsidiary of either of them, shall have any duty, obligation or liability to the other or to Other Successors with regard to the outcome of good faith negotiations conducted by Other Successors.

- (3) Grantee shall have no right or power to take any action, by amendment, waiver, or otherwise, that would limit, modify, abridge, or terminate Other Successors' rights to initiate good faith negotiation procedures if such procedures would have no effect upon the Grantee or any such Other Successors.
- (b) With regard to Subject Interests conveyed to Grantee hereunder, transportation of natural gas may obligate Grantee to obtain agreement of Other Successors as to any properties owned by

Grantor on June 23, 1987, that such Other Successors will be bound by the rights of the transporting pipeline(s) to invoke the take-or-pay or take-and-pay crediting mechanism promulgated by the FERC in Order Nos. 500, et seq. (referenced above), or successor regulations, absent a waiver by the transporting pipeline(s) of its rights under said regulations. Neither Grantee nor any Other Successor to any of the properties owned by Grantor on the above-referenced date, has been obligated to submit, unconditionally, to crediting of gas volumes. Prior to any transportation of gas from Subject Interests conveyed to Grantee hereunder, Grantee shall attempt to obtain the agreement of each potential transporting pipeline not to assert rights under said FERC regulations to credit volumes of gas transported on behalf of Grantee from said Subject Interests against contractual or other obligations of such transporting pipeline to Other Successors. If necessary waivers are not obtained, Grantee's rights to commence transportation that could trigger crediting of gas volumes impacting Other Successors shall be the same as Grantor's rights existing prior to this Conveyance to Grantee; provided, however, that Grantee shall be allowed to commence transportation, and Other Successors shall provide necessary offers of credits to permit transportation, to the extent that (1) said transportation could result in potential crediting of gas volumes against only those interests that were conveyed by Grantor to any of its subsidiaries on or after the

Effective Time, and (2) Grantee demonstrates to said Other Successors that Grantee's requested waiver of crediting by the transporting pipeline was refused.

(c) All subsequent conveyances or transfers by Grantee of any of the Subject Interests conveyed to Grantee hereunder, in whole or in part, shall incorporate covenants and limitations identical in substance to the foregoing for the continuing benefit of Grantor and Other Successors, and shall similarly bind Grantee's successors or assigns.

6. This Conveyance shall inure to the benefit of and be binding upon Grantor and Grantee and their respective successors and assigns.

7. This Conveyance may be executed in counterparts, all of which are identical, except that to facilitate recordation, in certain counterparts hereof only those portions of Exhibits A and B are included which contain specific descriptions of the Subject Property located in the recording jurisdiction in which the particular counterpart is to be recorded. All such counterparts together shall constitute one and the same instrument.

IN WITNESS WHEREOF, Grantor has caused this instrument to be executed by its duly authorized officers, and Grantee has joined in the execution of this instrument by its duly authorized officers for the purpose of evidencing the assumptions hereinabove described, all in a number of counterparts which shall be read together and construed as but one and the same instrument, as of the Effective Time.

GRANTOR  
TENNECO OIL COMPANY

ATTEST:

Laurent B. West  
Assistant Secretary

By: John Mueller

WITNESSES:

L. J. George  
LMV Church

GRANTEE  
TOC - GULF COAST INC.

ATTEST:

Laurent B. West  
Assistant Secretary

By: D. Taylor

WITNESSES:

L. J. George  
LMV Church

EXHIBIT A ATTACHED TO AND MADE A  
PART OF CONVEYANCE AND ASSIGNMENT  
EFFECTIVE JUNE 30, 1988  
FROM TENNECO OIL COMPANY TO TOC, GCD INC.  
STARR COUNTY, TEXAS

PAGE 7

PROPERTY NUMBER	TRACT NO	LESSOR/GRANTOR	INSTRUMENT DATE	RECORDING INFORMATION	DESCRIPTION
0100026778 006	01	JOE MUCHER, ET AL	12/10/1975	V-393 P-685	ABST 0338 SURVEY/RAIL: MORALES,J SECTION 33 - WEST 48.90 ACS. SECTION 34 - 591.10 ACS OUT OF THE G.O. NEWMAN S/D, EL BENADITO GRANT, A-68 IN HIDALGO COUNTY, AND A-338 IN STARR COUNTY. TRACT 1 - RIGHTS ABOVE 10,858' TRACT 2 - RIGHTS BELOW 10,858'
0100026778 010	01	O. L. GRAGG, ET AL	01/02/1976	V-394, P-436	ABST 0338 SURVEY/RAIL: MORALES,J SECTION 33 - WEST 48.90 ACS. SECTION 34 - 591.10 ACS, OUT OF THE G O NEWMAN S/D, EL BENADITO GRANT, A-68 IN HIDALGO COUNTY, AND A-338 IN STARR COUNTY. TRACT 1 - RIGHTS ABOVE 10,858' TRACT 2 - RIGHTS BELOW 10,858'
0100026778 012	01	MARY E. EVANS	01/06/1976	V-394 P-36	ABST 0338 SURVEY/RAIL: MORALES,J SECTION 33 - WEST 48.90 ACS. SECTION 34 - 591.10 ACS OUT OF THE G O NEWMAN S/D, EL BENADITO GRANT, A-68 IN HIDALGO COUNTY, AND A-338 IN STARR COUNTY. RIGHTS ABOVE 10,858' ONLY.
0100026778 013	01	NATL BK OF COMMERCE, INDEP EXE	01/26/1976	V-393 P-112	ABST 0338 SURVEY/RAIL: MORALES,J SECTION 33 - WEST 48.90 ACS. SECTION 34 - 591.10 ACS OUT OF THE G O NEWMAN S/D, EL BENADITO GRANT, A-68 IN HIDALGO COUNTY, AND A-338 IN STARR COUNTY. RIGHTS ABOVE 10,858' ONLY.
① 0100028798 001	01	SOUTHWEST FARM & RANCH, INC.	02/13/1979	V-422 P-376	ABST 0921 SURVEY/RAIL: JIMINEZ,G BEING ALL OF SECTION 280, TRACT 1. ABST 0923 SURVEY/RAIL: JIMINEZ,G BEING ALL SECTION 532, TRACT 2.

EXHIBIT A ATTACHED TO AND MADE A  
PART OF CONVEYANCE AND ASSIGNMENT  
EFFECTIVE JUNE 30, 1988  
FROM TENNECO OIL COMPANY TO TOC, GCD INC.  
STARR COUNTY, TEXAS

PAGE 8

PROPERTY NUMBER	TRACT NO	LESSOR/GRANTOR	INSTRUMENT DATE	RECORDING INFORMATION	DESCRIPTION
① 0100028798 001 02		<u>SOUTHWEST FARM &amp; RANCH, INC.</u>	02/13/1979	V-422 P-376 ABST 0921 SURVEY/RAIL: JIMINEZ,G.	
② 0100028798 002 01		NEWMONT OIL COMPANY	05/22/1981	V-441 P-791 ABST 0921 SURVEY/RAIL: JIMINEZ,G. ALL OF SECTION 280, TRACT 1 ABST 0923 SURVEY/RAIL: JIMINEZ,G. ALL OF SECTION 532, TRACT 2.	
② 0100028798 002 02		<u>NEWMONT OIL COMPANY</u>	05/22/1981	V-441 P-791 ABST 0921 SURVEY/RAIL: JIMINEZ,G.	
0100028841 000 01		JAMES H. W. JACKS, ET AL	03/07/1979	V-425 P-625 ABST 0242 SURVEY/RAIL: CCSD & RGNG RR MORE OR LESS BEING ALL OF THE C.C.S.D. & R.G.N.G. R.R. SURVEY, SECTION 281.	
0100065851 000 01		M. M. GARCIA ET UX	02/14/1941	V-118 P-509 ABST 0129 SURVEY/RAIL: LONGORIA,M OUT OF 588.49 ACS OF M M GARCIA SUBDIVISION. TRACT 1 DEPTH A - RIGHTS ABOVE 4211'. NON-PRODUCING TRACT 2 DEPTH B - RIGHTS BELOW 4211'. PRODUCING ZONE.	
0100065852 001 01		DORO C ALONSO, ET AL	01/16/1937	V-94 P-487 ABST 0129 SURVEY/RAIL: LONGORIA,M BEING TRACTS 25, 26, 29 & 30A. HBP BY M M GARCIA WELL KK-1, SUN OIL OPERATOR IN WHICH TOC HAS NO INTEREST.	
0100065852 002 01		F L MENDO, ET AL	09/20/1935	V-85 P-568 ABST 0129 SURVEY/RAIL: LONGORIA,M TRACT 30A.	
0100065852 003 01		M M GARCIA	02/15/1944	V-131 P-567 ABST 0129 SURVEY/RAIL: LONGORIA,M BEING TRACT 30A. HBP BY M M GARCIA WELL K-1, SUN OIL OPERATOR IN WHICH TOC HAS NO INTEREST.	

vol 0584 pg 420

State of Arkansas

Arkansas  
Ashley  
Calhoun  
Chicot  
Clark  
Cleveland  
Columbia  
Dallas  
Desha  
Drew  
Grant  
Hempstead  
Hot Spring  
Howard  
Jefferson  
Lafayette  
Lincoln  
Little River  
Miller  
Nevada  
Ouachita  
Phillips  
Pike  
Sevier  
Union

State of Mississippi

Adams  
Carroll  
Clay  
Covington  
Franklin  
Greene  
Jasper  
Jefferson Davis  
Jones  
Kemper  
Lincoln  
Madison  
Marion  
Neshoba  
Perry  
Pike  
Scott  
Simpson  
Smith  
Stone  
Walthall  
Washington  
Wayne  
Wilkinson  
Winston  
Yazoo

State of Alabama

De Kalb  
Escambia  
Mobile

State of Florida

Calhoun  
Columbia  
Escambia  
Gadsden  
Hamilton  
Jackson  
Madison  
Santa Rosa

145256

3:40 FILED  
NOV 10 1988

JUAN J. HILLS  
CLERK, STATE OF FLA.  
Diana de la Parra

VOL 0584 PAGE 429

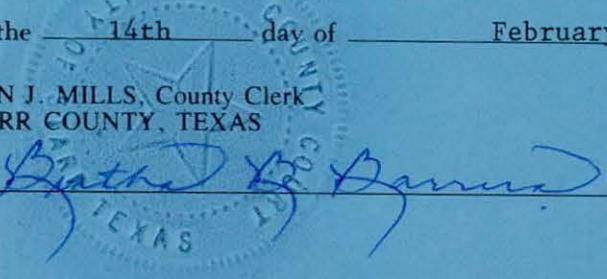
THE STATE OF TEXAS  
COUNTY OF STARR }

I, JUAN J. MILLS, Clerk of the County Court in and for Starr County, Texas, do hereby certify that the above and foregoing is a true and correct copy of CONVEYANCE from Tenneco Oil Company to TOC - Gulf Coast Inc., dated the 3rd day of November, 19 88, and as same appears of record in Volume "0584", page 399/429, of the Official Records of Starr County, Texas.

TO CERTIFY WHICH. Witness my hand and official seal of office at office in Rio Grande City, Texas, this the 14th day of February, A.D. 19 89.

JUAN J. MILLS, County Clerk  
STARR COUNTY, TEXAS

BY: Bethel B. Dunn DEPUTY.



(38)

MF 84145  
ITEM Conveyance  
TO \_\_\_\_\_  
FROM \_\_\_\_\_  
DATE 02/23/89 kml

**Garry Mauro**  
Commissioner  
General Land Office



March 15, 1989

Tenneco Oil  
Attn: Gregory S. Mathews  
14340 Torrey Chase Blvd.  
P. O. Box 73408  
Houston, TX 77273-3408

Re: Instrument Filings

Dear Mr. Mathews:

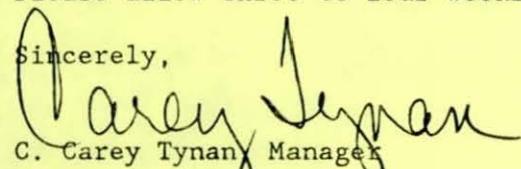
The General Land Office hereby acknowledges receipt of certified copies of the following instruments on February 23, 1989. The instruments have been filed in our records and your remittance of \$135.00 has been applied as shown below.

INSTRUMENT	COUNTY	STATE LEASE NUMBER	FILING FEE	REFUND DUE
Conveyance	Starr	✓ M-84145	\$ 5.00	\$ 10.00
Conveyance	Starr	M-93105	\$25.00	\$ 95.00
		TOTAL	\$30.00	\$105.00

In accordance with Sec. 11.12 (a)(1) of Title 31 of the Texas Administrative Code, an assignment covering undivided interest leases with the same Mineral File number shall be treated as one lease and thus require a single lease filing fee.

Therefore, the \$105.00 excess filing fee for undivided interest leases M-84145 and M-93105 will be refunded to you after processing by our Accounting Department.

Please allow three to four weeks for receipt.

Sincerely,  
  
C. Carey Tynan Manager  
Lease Compliance  
Energy Resources  
(512) 463-5042

CT/TR/krl

Stephen F. Austin Building  
1700 North Congress Avenue  
Austin, Texas 78701  
(512) 463-5256

(39)

MF 84145  
ITEM Letter  
TO Zenneco  
FROM \_\_\_\_\_  
DATE 03/15/89 berl

**Garry Mauro**  
Commissioner  
General Land Office



M-84145  
M-93105

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

(See ~~cor~~ dated 3/15/89)

Tenneco Oil  
14340 Torrey Chase Blvd.  
P. O. Box 73408  
Houston, TX 77273-3408

ATTN: Gregory S. Mathews

DATE RECEIVED	REGISTER NUMBER	AMOUNT TO BE REFUNDED	REASON FOR REFUND	WARRANT NUMBER
2/23/89	31762	\$105.00	Excess filing fee (M-84145) (M-93105)	X815612

Division Energy Resources / Lease Compliance By Theodore Ringer, Jr.

G.L.O. - G.A. - 15 - (1-83)

200  
ON 14/10/1982  
ITEM 212 Script  
TO Semnica  
FROM 4-11-82 SP

TRANSACTION NUMBER	REASON FOR REMOVAL	AMOUNT TO BE REFUNDED	REASON NUMBER	DATE REFUNDED
200	not required	00.00	101	1982/10/14

Below (s) below \_\_\_\_\_  
Signature \_\_\_\_\_  
Signature \_\_\_\_\_  
Signature \_\_\_\_\_  
(28-1)-21-A.2 - 0.1.0



122

**Fina Oil and Chemical Company**  
14340 Torrey Chase Blvd.  
P.O. Box 73408  
Houston, Texas 77273-3408  
(713) 583-3000

July 31, 1989

TO ALL INTEREST OWNERS

Re: Southwest Farm & Ranch #3  
D. O. # 274583  
Starr County, Texas

Dear Interest Owner:

FINA Oil and Chemical Company recently completed the Southwest Farm & Ranch # 3. Accordingly, we have prepared and enclosed two copies of our Division Order.

If the Division Order appears satisfactory please have the original properly executed in the presence of a witness and return it to this address. The Division Order marked "COPY" should be retained for your records.

Before returning the Division Order, please verify the accuracy of your mailing address and insert your Social Security number in the space provided. Because of recent changes in Internal Revenue Service regulations regarding backup withholding, it is FINA's policy not to place an interest in line for payment without the proper Social Security number.

Thank you for your cooperation in this matter.

Sincerely,

A handwritten signature in black ink that reads "Jill Dewbre".

Jill Dewbre  
Properties Department

/JD  
Enc.

State of Texas File Nos. M-84145  
M-93105  
92181

JD:br:217

MF 84145 (41)  
ITEM lesson  
TO Juno  
FROM   
DATE 8-10-89 B

8.32.32

# GAS DIVISION ORDER

No. 274583

FINA-1218-B PROPERTIES DEPT.

July 28

19 89

To: FINA OIL AND CHEMICAL COMPANY  
P. O. BOX 73408

HOUSTON, TX 77273-3408

The undersigned, and each of us, certify that we are the legal owners of and hereby warrant the title to our respective interests as set out below in the proceeds derived from the sale of gas or other gaseous or vaporous substances (including condensate or distillate) from all

wells on the Southwest Farm & Ranch #3 located in \_\_\_\_\_

Starr County or Parish, State of Texas, more particularly described as follows:

599.18 acres of land, more or less, being all of the Gregorio Jiminez Survey, Section No. 280, A-921, sometimes referred to as the C.C.S.D & R.G.N.G. Ry. Co. Survey, more particularly described in the patent from the State of Texas to James B. Wells recorded in Volume 34, Page 169 of the Deed Records of Starr County, Texas.

EFFECTIVE First Production, and until further written notice, you are hereby authorized to give credit as set forth below, for all proceeds derived from the sale of gas from said property subject to the conditions, covenants and directions shown on the reverse side.

CREDIT TO:

DIVISION OF INTEREST

P.O. ADDRESS

SEE EXHIBIT "A"

**COPY**

X  
WITNESS

X

X  
WITNESS

SSN

WITNESS

\_\_\_\_\_

X  
WITNESS

BY:

WITNESS

TITLE:

WITNESS

TAX ID

In consideration of the sum of One Dollar, the receipt and sufficiency of which is hereby acknowledged, each of the signatories to this division order agrees that the following covenants are also part of this division order, and shall be binding upon the signatories, our heirs, executors, administrators, legal representatives, successor's and/or assigned.

**FIRST:** Each of the signatories agrees that the settlement price hereunder for gas and components thereof is the price specified by the effective Gas Purchase Contract from time to time in force applicable to the signatories interest in the gas so sold or on the gas so sold from which any royalty or other non-expense bearing interest is calculated.

**SECOND:** If gasoline, distillate or other liquid hydrocarbons (except oil), or any one or more of such products, are produced from or attributable to the above-described land and sold at any time or if gasoline, distillate or other liquid hydrocarbons (except oil) are recovered from or separated out of gas produced from or attributable to the above-described land and sold at any time, each of the signatories agrees that the settlement price hereunder for such products shall be the price realized from the sale thereof, after deducting therefrom, an amount equal to the signatories proportionate share of the cost of production or recovery thereof. Payments for gas with which or from which such products are produced or recovered shall be calculated at the settlement price otherwise provided herein after the production, removal or extraction of such gasoline, distillate and other liquid hydrocarbons (except oil).

**THIRD:** Payments are to be made by checks of Fina Oil and Chemical Company to be delivered or mailed to the parties thereto entitled at the addresses above given. The signatories authorize you and/or the purchaser of the gas under the effective contract to withhold from the proceeds of any and all gas referred to herein the amount of any tax now or hereafter levied thereon, or on the production thereof, by any Governmental authority, and to pay the same in their behalf. **HOWEVER**, you may withhold payments to any or all of the signatories until the total amount accrued to any individual's interest is at least twenty-five dollars (\$25.00) except that full payment will be made each December regardless of the amount accrued.

**FOURTH:** In case of any adverse claims of title or in case title shall not be satisfactory to you at any time during the terms of this Division order, each of the signatories agrees to furnish complete abstracts of title and other evidence of title satisfactory to you and authorize you to withhold payments, without obligations to pay interest on the amount so withheld, until satisfactory indemnity shall be furnished to you against such adverse claims or any such defects in title, or until title shall be made satisfactory to you. Each signatory as to the interest of such party hereunder, respectively agrees, in the event suit is filed in any court affecting title to said gas, either before or after severance, to indemnify and save you harmless against any and all liability for loss, cost, damage, and expense which you may suffer or incur on account of receiving and paying said party the proceeds derived from the sale of said gas. Where you, pursuant to the provisions hereof, withhold payment, or any part thereof, each signatory from whom payment is withheld severally agrees to indemnify and hold you harmless from all liability for any tax, together with all interest and penalties incident thereto imposed or assessed against, or paid by it on account of the sum or sums so withheld from payment to said party and severally agrees that you may deduct all such taxes, interest and penalties so paid by it from any sums owing by it to said party.

**FIFTH:** If it is now or subsequently becomes necessary to transport, compress, dehydrate or otherwise treat said gas, as a condition of the delivery thereof to any purchaser or purchasers, an amount commensurate with the actual costs of such treatment, compression, dehydration or other treatment may be deducted from the proceeds due the signatories in the proportion that the signatories ownership interest bears to the total ownership.

**SIXTH:** The signatories severally agree to notify you of any change of ownership, and no transfer of interest shall be binding upon you until a Transfer Order and the recorded instrument evidencing such transfer or a certified copy thereof, shall be furnished to you. Transfer of interest shall be made effective as of 7:00 a.m. on the first day of the calendar month following the month in which notice is received by you.

**SEVENTH:** You are hereby relieved of any responsibility for determining if and when any of the interests hereinabove set forth shall or should revert to or be owned by other parties as a result of the completion or discharge of money or other payments from said interests, and the signers hereof whose interests are affected by such money or other payment, if any, agree to give you notice in writing by registered letter addressed to Fina Oil and Chemical Company, P.O. Box 2159, Dallas, Texas 75221, when any such money or other payments have been completed or discharged or when any other division of interest than that set forth above shall, for any reason, become effective and to furnish Transfer Orders accordingly, and that in the event such notice shall not be received, you shall be held harmless in the event of, and are hereby released from any and all damage or loss which might arise out of, any overpayment.

**EIGHTH:** The owners of the royalty interest in and to the oil and gas lease from which the gas under contract is removed and who are entitled to payment for the gas covered by this Division Order agree to notify you of any change of ownership; it being understood that any vendee, or assignee, of said royalty interest shall take same subject to the terms hereof.

**NINTH:** If any interest hereunder shall become subdivided, you shall have the right to require the written designation of a common agent to receive payment for the several holders of the subdivided portions thereof, and you shall not be required to make payment for the subdivided interest until such designation is furnished.

**TENTH:** This Division Order shall become valid and binding on each and every owner named herein as soon as signed by such owner regardless of whether or not all the other named owners have so signed.

EXHIBIT "A"  
D. O. #274583  
SOUTHWEST FARM AND RANCH #3  
STARR COUNTY, TEXAS  
PAGE -1-

OWNER NO.	OWNER NAME AND ADDRESS	INTEREST	SS/TAX ID#
-----------	------------------------	----------	------------

ROYALTY INTERESTS

0987776	JANE C. BLACKFORD BOX 1776 CORSICANA, TX 75110	.0045654	[REDACTED]
7154040	C. E. POWELL 4230 LBJ FREEWAY SUITE #412 DALLAS, TX 75244	.0019531	[REDACTED]
7636210	STELLA PORTER RUSSELL TRUST LILLIAN ELLA DAVEY AND ROBERT F. RITCHIE TTEES 4400 THANKSGIVING TOWER DALLAS, TX 75201	.0014649	[REDACTED]
7710106	SASI MINERALS COMPANY C/O SI ENERGY INC. P O BOX 7247-8649 PHILADELPHIA, PA 19170	.0039062	[REDACTED]
7992027	SMITH OIL COMPANY INC. TWO TURTLE CK. VILLAGE SUITE 1525 DALLAS, TX 75219	.0268555	[REDACTED]
8049181	SOUTHWEST FARM AND RANCH INC. ROUTE 3 BOX 188F EDINBURG, TX 78539	.0625000	[REDACTED]
8385155	THE STATE OF TEXAS C/O COMMISSIONER OF THE GENERAL LAND OFFICE AUSTIN, TX 78701	.1250000	[REDACTED]
9340589	G. W. WHEELER TRUSTEE C/O FIRST STATE BANK ACCT #402-632-2 BOX 308 BANDERA, TX 78003	.0014649	[REDACTED]
9346222	ESTATE OF MAUDE C. WHEELOCK P O BOX 881 CORSICANA, TX 75110	.0134277	[REDACTED]
9346396	SUSAN JANE WHEELOCK TRUST C/O NCNB TEXAS NATIONAL BANK TRUSTEE-TRUST 247 P O BOX 613 CORSICANA, TX 75110	.0088623	[REDACTED]

EXHIBIT "A"  
D. O. #274583  
SOUTHWEST FARM AND RANCH #3  
STARR COUNTY, TEXAS  
PAGE -2-

OWNER NO.	OWNER NAME AND ADDRESS	INTEREST	SS/TAX ID#
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WORKING INTEREST

8487001	TOC - GULF COAST INC. P O BOX 651339 DALLAS, TX 75265	.7500000	[REDACTED]
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MF 84103  
ITEM DQ.  
TO \_\_\_\_\_  
FROM \_\_\_\_\_  
DATE 8/10/89 BD

**Garry Mauro**  
Commissioner  
General Land Office



August 23, 1989

Fina Oil and Chemical Company  
Attn: Jill Dewbre  
14340 Torrey Chase Blvd.  
P.O. Box 73408  
Houston, TX 77273-3408

RE: State Lease M-84145, M-92181 and M-93105

Dear Mr. Dewbre:

This letter is issued in lieu of the ordinary form of "Division Order" prepared by the oil companies primarily for execution by the individual royalty owner.

Inasmuch as the statutes provide the royalties the State shall receive, it is felt that it would not be in conformity with the law for the General Land Office to execute your division order and thereby attempt to bind the State by the provisions contained therein.

The General Land Office, insofar as permitted under the law, acquiesces in the sale of the oil and/or gas to you from this lease, which oil and/or gas shall become your property when the State has been paid for same, as prescribed by law and under the terms and conditions as set out in the lease covering the area in question.

Should you have any questions, please feel free to call me at the telephone number below.

Sincerely,

*Beth Hulmer-BCT*  
Carey Tynan, Manager  
Lease Compliance  
Energy Resources  
(512) 463-5042

CCT/BK/tyrg

Enclosure: Copy of Division Order

Stephen F. Austin Building  
1700 North Congress Avenue  
Austin, Texas 78701  
(512) 463-5256

MF 8-11-12  
ITEM 2000  
TO Dina Q  
FROM 8-22-89  
DATE 8-22-89

Gary Mauro  
Commissioner  
General Land Office



November 15, 1989

Pope and Guerrero  
200 N. Britton Ave.  
Rio Grande City, Texas 78582

RE: State Lease M-84145  
Sections 280 and 532  
Abstracts 921 and 923, respectively  
Starr County, Texas

Dear Mr. Pope:

In response to your letter of November 7, 1989, the above referenced lease was leased to Tenneco Oil Company on February 13, 1979 with a five year primary term and on May 22, 1981 with a three year primary term. The first undivided interest lease includes 299.59 net acres in Tract 1 (Sec. 280) and 317.10 net acres in Tract 2 (Sec. 532). The second undivided interest lease includes 18.72 net acres in Tract 1 and 19.82 acres in Tract 2. A total of 318.31 net acres in Tract 1 and 336.92 acres in Tract 2 are currently being held by lease production.

Lease production was established and on-line in August 1982 when Tenneco Oil Co.'s S.W. Farm & Ranch State of Tex. Well #1 (RRC ID # 098893) began producing gas. This gas production is from the Borosa, S. (Vicksburg Various) field and has produced through August 1989 a total of 251,027 mcf. Another well completed and producing under this lease is the SW Farm & Ranch - State of Texas Well #2 (RRC ID # 110316). Well #2 was completed April 27, 1984 and has produced gas from the Hinde, West (Vicksburg-18) field. One other well which is being reported to have production under this lease is gas well #3 (RRC ID #131692) and was completed June 11, 1989 in the Borosa, E. (8270 Vicksburg) field.

Any production from either section 280 or 530 will hold by production all of the net acreage mentioned above. State Lease M-84145 does not contain any depth limitations or development clause, therefore all the acreage originally leased in 1979 and 1981 is being held by production from the three gas wells.

Paragraph 31 of the 1979 lease is considered a pooling provision clause and would only apply to pooled acreage. Currently there is no pooling agreement on file and all production is considered lease production.

If you have any questions concerning this letter or any provision in the lease, please do not hesitate to contact me at the address or telephone number listed below.

Sincerely yours,

*Tracey T. Yakints*

Tracey T. Yakints  
Geologist  
Petroleum & Minerals Division  
(512) 475-1515

TTY:wp

④ M-84145  
Ltr. & John Rose  
FILED: 11-14-89

POPE AND GUERRERO

ATTORNEYS

200 N. BRITTON AVE.

RIO GRANDE CITY, TEXAS 78582

(512) 487-5677

JOHN A. POPE, JR. (D. 1897-1977)

JOHN A. POPE, III

DAVID J. GUERRERO

CARL J. HAFNER

October 16, 1989

Fina Oil & Chemical Co.  
P.O. Box 73408  
Houston, Texas 77273-3408

Attn: Ms. Jill Dewbre  
Properties Division

Re: Southwest Farm and Ranch #3  
Division Order No. 274583; Surveys 280 and 532,  
Starr County, Texas  
Our File No. 25,121

Dear Ms. Dewbre:

I thank you for your letter of October 9th, a copy which is enclosed herewith, and the information contained therein. First of all let me apologize to you for my error in referring to my client as "Southwest Grain" which is a misnomer. Unfortunately I have lived too long in Starr County and I often refer to our client as "Dallas Cowboys" and Southwest Grain"; however its correct name is Southwest Farm and Ranch, Inc. That being resolved I would like to lay a predicate for my following queries:

Surveys 280 and 532 are both recognized as "State Lands" and covered by the Relinquishment Act. Referring you to your correspondence of October 9th: Am I correct in assuming that no production was encountered on Survey 280 at any time subsequent to February 13, 1978, other than the Southwest Farm and Ranch #3? If this is correct, am I correct in assuming that the drilling of your Southwest Farm and Ranch #3 was conducted subsequent to the termination of the primary term? If this is correct, perhaps you had better check with your legal department before you reply.

If my last query is correct, I call your attention to the provisions of Paragraph 31 of the stated lease. My visual examination of the East half of the Starr County Map indicates that Surveys 280 and 532 are non-contiguous.

Page 2  
October 16, 1989

Survey 281 separates 280 from 532. Although my map indicates there might have been production on Survey No. 280 at one time or another, information furnished me by our clients is that there wasn't any production on Survey 280 under your lease until the present Southwest Farm and Ranch #3. If this is correct, would you be kind enough to advise me under what legal theory your 1979 lease was perpetuated as to Survey 280. If it was perpetuated by pooling 280 with other lands, would you be kind enough to furnish me with the unitization, or the recording data of the same so that I can advise my clients accordingly. In other words, in light of Paragraph 31 of the referred lease, the perpetuation of this lease could only have been obtained from either production from Survey 280 or by the pooling of Survey 280, with other lands.

If you would check with your legal department and advise us of these queries, we would be eternally indebted to you. If for some reason or another you can not, or are unable to furnish us with the necessary information, please be kind enough to advise so that I can inform our clients.

Basically what I am trying to arrive at is under what legal theory the lease covering Survey 280 could have been perpetuated beyond the primary term if your #3 was drilled after the primary term. Quite possibly the information that I have available to me is incorrect.

One further boon, our client furnished us with a copy of the referred division order and through an office disaster, part of the division order is illegible. Would you be kind enough to furnish us with another division order. Your prompt reply would be appreciated.

Very truly yours,  
John A. Pope, III

JAP, III:adgg

cc: Southwest Farm and Ranch

④5

M 84145

Ltr from John Hope

File dated 10-16-89

Garry Mauro, Commissioner

POPE AND GUERRERO

ATTORNEYS

200 N. BRITTON AVE.

RIO GRANDE CITY, TEXAS 78582

(512) 487-5677

JOHN A. POPE, JR., (D. 1897-1977)

JOHN A. POPE, III

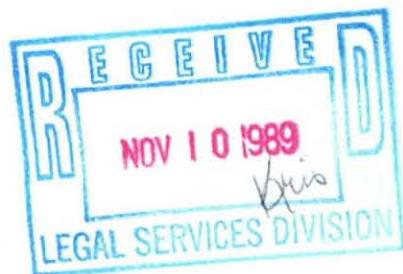
DAVID J. GUERRERO

CARL J. HAFNER

November 7, 1989

171

General Land Office  
Austin, Texas

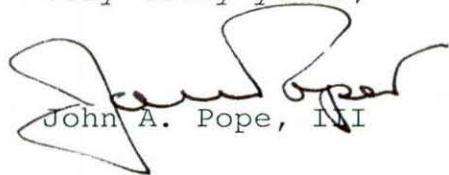


In Re: Our File No. 25,121  
Surveys 280 and 532, Starr County, Texas

Gentlemen:

Referring to our prior correspondence of November 7th, we enclose herewith a copy of Fina's correspondence of November 1st which is self explained. Please note that we have marked and underlined certain portions of this correspondence which we believe differ with our position. We also call your attention to the last entry of 10/26/89 on Exhibit "A" wherein Fina states that it has spudded "Well #3". We believe it should be "#4". We differ with Fina's theory. Would you kindly examine the correspondence and advise. In view that the State of Texas is the owner of the minerals, it would behoove the State to assist us in the prosecution of this matter. Without the State's joinder we doubt whether we would have any standing. We suspect that we could interplead the State of Texas, but do not think that our client would wish to do so.

Very truly yours,



John A. Pope, III

JAP, III:adgg

cc: Southwest Farm and Ranch, Inc.  
Rt. 3, Box 188-F  
Edinburg, Texas



FINA Oil and Chemical  
Company  
14340 Torrey Chase Blvd.  
P.O. Box 73408  
Houston, Texas 77273-3408  
(713) 583-3000

November 1, 1989

Mr. John Pope, III  
Pope and Guerrero, Attorneys  
200 N. Britton Ave.  
Rio Grande City, Texas 78582

Re: Borosa Field  
Starr County, Texas

Dear Mr. Pope:

Pursuant to your letter dated October 16, 1989 to our Jill Dewbre, please be advised that the entirety of that certain Oil and Gas Lease ("the lease") dated February 13, 1979 by and between Southwest Farm and Ranch, Inc., individually and as agent for the State of Texas as Lessor, and Tenneco Oil Company (predecessor in interest to Fina Oil and Chemical Company) as Lessee, recorded at Volume 422, Page 376 of the Starr County, Texas Deed Records, has been maintained during and beyond its primary term by the timely payment of delay rentals and production in paying quantities.

Attached hereto as Exhibit "A" is a history of the lease which shows that the payment of delay rentals pursuant to lease paragraph eight (8) maintained the lease in force and effect until production in paying quantities was obtained prior to the expiration of the primary term from the Southwest Farm and Ranch ("SWF&R") Well No. 1 on August 1, 1982. The SWF&R Well No. 1 (and subsequent SWF&R Well No. 2) have been and are still being produced on a lease basis. Furthermore, such leasehold has not been pooled or unitized with other lands, thus rendering paragraph 31 (unit size limitation) and paragraph 32 (Pugh clause affecting portions of lease outside unit) inapplicable. In fact, please note that the lease contains no provision allowing for the pooling or unitization of the leased premises, which is standard for the Relinquishment Act lease form. Therefore, the production in paying quantities from the SWF&R Well Number 1 (and 2) has maintained the entirety of the lease in force and effect

Mr. John Pope, III  
Page 2  
November 1, 1989

pursuant to the habendum clause in paragraph two (2) of the lease.

Please feel free to call should you have any questions.

Very truly yours,

FINA OIL AND CHEMICAL COMPANY

*Gregory S. Mathews*  
Gregory S. Mathews  
Senior Landman

GSM:aez:2665

Enclosure

••••  
••••  
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EXHIBIT "A"

<u>Date</u>	<u>Occurrence</u>
02/13/79	Oil and Gas Lease from Southwest Farm and Ranch, Inc. ("SWF&R") to Tenneco Oil Company ("TOC") covering a 50% interest in Surveys 280 and 532. 5-year primary term.
02/13/80	Delay rentals paid to SWF&R and the State of Texas General Land Office ("GLO") per lease paragraph 8.
02/13/81	Delay rentals paid to SWF&R and GLO per lease paragraph 8.
07/17/81	TOC spuds the SWF&R Well No. 1 (circled in red on plat).
02/13/82	Delay rentals paid to SWF&R and GLO per lease paragraph 8.
03/14/82	SWF&R Well No. 1 completed as a well capable of producing in paying quantities. South Borosa Field.
08/01/82	SWF&R Well No. 1 placed on production on a lease basis.
02/13/84	Lease reaches end of primary term, but entire lease held by production from the SWF&R No. 1 Well per lease paragraph 2.
03/09/84	TOC spuds the SWF&R Well No. 2 (circled in green on plat).
05/14/84	SWF&R Well No. 2 completed as a commercial producer and placed on production on a lease basis. West Hinde Field.
11/08/88	Gulf Coast Division of TOC sold to Fina Oil and Chemical Company ("Fina").
04/30/89	Fina spuds the SWF&R Well No. 3 (circled in orange on plat).
08/04/89	SWF&R Well No. 3 completed as a commercial producer and placed on production on a lease basis. East Borosa Field.
10/26/89	Fina spuds the SWF&R Well No. 3 (circled in blue on plat) which is presently drilling. 4??



Re M 84145

Letter from John Lopez

File dated 11-7-89

Garry Mauro, Commissioner

POPE AND GUERRERO

ATTORNEYS

200 N. BRITTON AVE.

RIO GRANDE CITY, TEXAS 78582

(512) 487-5677

JOHN A. POPE, JR., (D. 1897-1977)

JOHN A. POPE, III

DAVID J. GUERRERO

CARL J. HAFNER

November 7, 1989

General Land Office  
Capitol Building  
Austin, Texas 78711

Re: Southwest Farm & Ranch, Inc  
File No. 25,121  
Survey 280 and 532  
Abstract No. 921, Starr County, Texas

Gentlemen:

We have been employed to examine into the title and the possible perpetuation of an oil and gas lease covering the hereinafter described land presently owned by the Southwest Farm and Land Inc., a Texas Corporation whose address is Route 3 Box 188-F, Edinburg, Texas 78539.

As a bit of background, this property was patented to James B. Wells by Patent No. 486-948, dated June 26, 1944 as it affects Survey 280, Certificate No. 393, Abstract No. 921. Survey No. 532, Certificate No. 504, Abstract No. 923, Starr County, Texas was likewise patented to James B. Wells on November 29th, 1944. Through mesne conveyances, These tracts of land were conveyed to Southwest Farm and Ranch, Inc. who on February 13, 1979 executed an oil and gas lease, Individually as owner of the soil and as agent for the State of Texas to Tenneco Oil Company. This lease included both Surveys and provided in part at paragraph 31 that production of gas above 9,000 feet perpetuated 320 acres plus 10% tolerance. Production below 9000 feet perpetuated 640 acres plus 10% tolerance. We enclose herewith a copy of a certified copy of the lease which according to Fina Oil and Chemical Company is the lease that they are producing under. I also enclose herewith a copy of my letter addressed to them dated October 16, 1989 which is self explained. Would you kindly advise whether or not your records help clarify when production was encountered on Survey 280: prior or subsequent to the termination of the primary term. If production was encountered prior to the primary term, i.e., February 12, 1984. Would you advise what type of production was had.

General Land Office  
November 7, 1989  
Page 2

Our information further reveals that there was no production on Survey 280 prior to the termination of the primary term. It is our further information that there was gas production on Survey 532 only. This being the case, it is our opinion that the lease may have terminated notwithstanding the drilling of the #3 well. While our records indicate that there was production on the property prior to 1979, there must not have been production at the time the lease was signed.

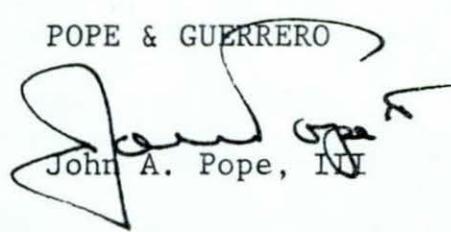
We would appreciate whatever assistance you could give and please bill me for any copies.

Would you also advise us whether you have any Railroad Commission reports shedding light on the subject.

Your attention in this would be appreciated.

Very truly yours,

POPE & GUERRERO



John A. Pope, Inc.

JAPIII:sjs  
Enc.

xc: Mr. Tommy Joe Crutcher  
Southwest Farm & Ranch, Inc.  
Route 3 Box 188-F  
Edinburg, Texas 78539

④ M 84145

Attn) from John Lope

File dated 11-7-89

Garry Mauro, Commissioner

**Garry Mauro**  
Commissioner  
General Land Office



November 20, 1989

Mr. John A. Pope, III  
Pope and Guerrero  
200 N. Britton Avenue  
Rio Grande City, Texas 78582-3894

Re: Surveys 280 and 532, Starr County, Texas

Dear Mr. Pope:

With reference to your letter of November 7 concerning the Fina lease on the above surveys, please know that we are reviewing the matter as you requested. I will be in touch with you by telephone during the week of November 27 to discuss matters in detail.

Thank you for your patience.

Very truly yours,

*Stroud C. Kelley*  
Stroud C. Kelley *bif sp*  
Assistant General Counsel  
Legal Division  
(512) 463-5009

SCK/sp

*bcc: M. Edling*

12/12/89 - Follow up contact w/ Mr. Pope. He advised clients to sign division order following letter from P.M.  
No further action necessary.

*SCK*

48 M 84/45

*Ltr) to John Hope*

File dated 11-20-89

Garry Mauro, Commissioner



161

FINA Oil and Chemical  
Company  
14340 Torrey Chase Blvd.  
P.O. Box 73408  
Houston, Texas 77273-3408  
(713) 583-3000

October 31, 1989

Mr. Peter Boone  
Texas General Land Office  
Petroleum and Minerals Division  
1700 N. Congress Avenue  
Austin, Texas 78701

Re: Relinquishment Act Leases  
GLO File M-84145 and  
M-93105, Gregorio Jimenez  
Survey No. 280, A-921  
Borosa Area  
Starr County, Texas

Dear Mr. Boone:

Please be advised that Fina Oil and Chemical Company spudded its Southwest Farm and Ranch Well No. 4 on the referenced land on October 26, 1989. TOC-Gulf Coast, Inc. is lessee of the Relinquishment Act Leases covering Survey No. 280, and TOC-Gulf Coast Inc. is a wholly-owned entity of Fina Oil and Chemical Company. The well is planned for a depth of 9,700 feet.

Please feel free to call the undersigned at (713) 583-4747 should you have any questions,

Very truly yours,

FINA OIL AND CHEMICAL COMPANY

*Gregory S. Mathews*  
Gregory S. Mathews  
Senior Landman

GSM:aez:2663

④9 M-84145

Mr. from FINA

FILED: 1-29-90

TT. 5.00



**Fina Oil and Chemical  
Company**  
14340 Torrey Chase Blvd.  
P.O. Box 73408  
Houston, Texas 77273-3408  
(713) 583-3000

April 25, 1989

Mr. Peter Boone  
Texas General Land Office  
Petroleum and Minerals Division  
1700 N. Congress Avenue  
Austin, Texas 78701

Re: Relinquishment Act Leases  
GLO File M-84145 and M-93105  
Gregorio Jimenez Survey  
No. 280, A-921  
Borosa Area  
Starr County, Texas

Dear Mr. Boone:

Please be advised that Fina Oil and Chemical Company plans to spud its Southwest Farm and Ranch Well No. 3 on the referenced land on or about May 1, 1989. TOC-Gulf Coast Inc. is lessee of the Relinquishment Act Leases covering Survey No. 280, and TOC-Gulf Coast Inc. is a wholly-owned entity of Fina Oil and Chemical Company.

Please feel free to call the undersigned at (713) 583-4747 should you have any questions.

Very truly yours,

TOC-GULF COAST INC.

*Gregory S. Mathews*  
Gregory S. Mathews  
Senior Landman

GSM:aez:R2127

50 M-84145  
Ltr. from FIMA  
File: 1-29-90

1.50000

GENERAL LAND OFFICE

GARRY MAURO  
COMMISSIONER

MEMORANDUM

DATE: January 10, 1994

TO: Jeff Dusenbury  
FROM: Tracey Yakints *1/*  
SUBJECT: Status of Mineral Leases M-84145 and M-80847, Starr  
County

The following leases and their interests appear to be held by production for state leases M-80847 (Sec. 532) and M-84145 (Sec.'s 532 and 280):

M-80847 "A" Interest - 3/256  
From G.W. Wheeler to Shell Oil Co.

M-80847 "B" Interest - 36.3/512  
From First National Bank of Corsicana to Shell Oil Co.

M-80847 "C" Interest - 55/512  
From Robert L. Wheelock, Jr. and Betty W. Kenaugh to Shell Oil Co.

M-80847 "D" Interest - 18.7/512  
From Jane C. Blackford to Shell Oil Co.

M-80847 "E" Interest - 1/64  
From Uvalde Construction Co. to Shell Oil Co.

M-80847 "F" Interest - 3/256  
From Lillian Davey and Robert F. Ritchie to Shell Oil Co.

M-80847 "G" Interest - 55/256  
From Smith Oil Co. to Shell Oil Co.

---

M-84145 "A" Interest - 1/2  
From SW Farm & Ranch, Inc. to Tenneco Oil Co.

M-84145 "B" Interest - 1/2  
Newmont Oil Co. to Tenneco Oil Co.

There are two wells producing on Section 532. M-80847 is held by production from Well #1, completed 3-6-82 (RRC ID# 098893), and Well #2, completed 4-27-84 (RRC ID# 110316). Only production from these two wells can hold the undivided interests in M-80847.

There also appear to be five wells holding the two undivided interest leases under M-84145. Including the two wells mentioned above, there are three wells completed on section 280 holding M-84145 by production. They are Well #3, completed 6-11-89 (RRC ID# 131692 trans. to ID# 141745 trans. to ID# 147285), Well #4, completed 1-20-90 (RRC ID# 133837 trans. to ID# 146713), and Well #5, completed 12-29-89 (RRC ID# 133835). There is a location on our maps for Well #6, but I have not been able to find any information that indicates the well was completed.

All wells are operated by Fina Oil & Chemical Co.

Please let me know if there is any other information you need for these two leases.

(S1) M-84145  
MEMO  
1-10-94

## PAYMENTS FOR THE ACCOUNT OF:

SHELL WESTERN E&amp;P INC.

CHECK DATE	CHECK NO.	CHECK AMOUNT	BANK I.D.
03-15-94	000265	\$*****63.76	4463

PAYEE	LEASE #	CR #
0000130458	ST03332- 7	9404016060

TYPE OF PAYMENT: DELAY RENTAL

FOR PAYMENT UNDER OUR  
PROPERTY NUMBER AS AMENDED  
AND RATIFIED:

IN COUNTY AND STATE

AS RECORDED IN VOLUME &amp; PAGE

ST03332- 7

STARR, TX

L 440 404

PERIOD COVERED  
MOS. FROM (MO.-DAY-YEAR)

TRACTS

GOVERNMENT/OTHER LEASE NUMBER

ACRES COVERED

12 04-30-1994

001

M-80847

637.640

COVERING LAND IN GREGORIO JIMENEZ SURVEY 532, A-923.  
DESCRIBED AS:

COMMENT: M-80847

84145

PLEASE NOTE: You have been designated to receive payments under the instrument described above. The attached check represents payment thereunder for the period designated which should be credited to the parties shown in the FULL amounts as indicated. Do not deduct any handling charge from this payment. Should you require such a charge, or should a difficulty arise, please communicate with us at the address shown on reverse after crediting the full amounts as requested. THANK YOU

FOR CREDIT TO	AMOUNT
COMMISSIONER OF THE GENERAL LAND OFFICE OF THE STATE OF TEXAS 1700 CONGRESS AVE ROOM 835 AUSTIN, TX 78701-3999	63.76 94042887

B987756

0000130458 9404016060 14463 031100267 000265

838000000000

▲ TO OPEN - EIN D AND TEAR ALONG PERFORATION  
▼ TO OPEN - FOLD AND TEAR ALONG PERFORATION

SHELL WESTERN E&P  
P O BOX 576  
HOUSTON TX 77001

12  
3-25-94  
Linda D  
84145  
50

COMMISSIONER OF THE GENERAL LAND OFFICE  
OF THE STATE OF TEXAS  
1700 CONGRESS AVE ROOM 835  
AUSTIN, TX 78701-3999

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

February 11, 2003

Total Fina Elf  
800 Gessner Road, Suite 700  
Houston, Texas 77024

Re: State Lease MF084145  
Southwest Farm & Ranch #15 Gas Unit  
824500-015

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, 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](http://www.glo.state.tx.us)

# TOTAL FINA ELF

TotalFinaElf E&P USA, Inc.

October 31, 2002

MF 084145  
Survey 532  
2993 - Pooling Unit  
2993 - Pooling Agent

RECEIVED  
02 NOV 12 PM 3:22  
ENERGY RESOURCES

Re: D.O. #824500-015, Southwest Farm & Ranch #15 Gas Unit, Starr County, Texas

Dear Interest Owners:

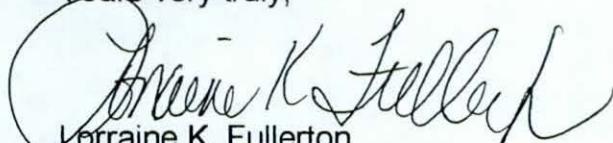
The Southwest Farm & Ranch #15 Gas Unit was drilled by TotalFinaElf E&P USA, Inc. pursuant to the Amended Pooling Agreement effective May 1, 2001, recorded at Volume 903, Page 171 of the Official Records of Starr County, Texas.

Enclosed herewith are duplicate originals of our Division Order covering your interest in the Southwest Farm & Ranch #15 Gas Unit in Starr County, Texas. Please execute and return the Division Order to us in the pre-addressed, postage paid envelope provided for your use. The duplicate Division Order should be retained for your files.

When returning our Division Order please make sure that your revenue mailing address and social security number or tax identification number are correctly shown on the Division Order.

If you should have any questions, please contact the undersigned at (713) 647-3364.

Yours very truly,



Lorraine K. Fullerton  
Staff Division Order Analyst

## INSTRUCTIONS FOR SIGNING DIVISION ORDERS

### READ CAREFULLY BEFORE SIGNING

This Division Order conforms to the Model Form Division Order endorsed by the National Association of Division Order Analysts and the National Association of Royalty Owners and may not be altered as to its terms. Any changes to the Payor Name must be accompanied by supporting documents.

1. One copy of the Division Order should be signed and returned. The extra copy is for the owner's records.
2. Please verify the accuracy of the mailing address and tax identification number and make necessary changes.
3. If your tax identification number is not shown, please insert it below your signature. Failure to do so may result in back-up withholding of 31% of your revenue.

If you are a foreign citizen living outside the United States, please so indicate on the Division Order.

4. Payments will be deferred until accruals reach \$100.00 unless we are requested, in writing, to pay otherwise. All deferred funds will be released on October 25th of each year.
5. If there is an Exhibit attached to the division order please DO NOT remove. The exhibit must be attached especially if it contains multiple properties so that we can make sure all interests affected are placed in pay.

Please make a note of the following product codes which may appear as part of the payment identification number on Fina's check.

- (10) Oil
- (20) Natural gas
- (30) Condensate
- (40) Plant Products
- (70) Casinghead Gas

20-27-11

## DIVISION ORDER

To: TotalFinaElf E&P USA, Inc.  
800 Gessner Road, Suite 700  
Houston, TX 77024

Property Number: 824500-015  
Property Name: Southwest Farm & Ranch #15 Gas Unit  
Operator: TotalFinaElf E&P USA, Inc.  
County and State: Starr County, Texas

October 31, 2002

Effective Date: Any Unpaid Amounts

**Property Description:**  
40 acre pooled unit comprised of 27.2 acres of land from Gregorio Jimenez Survey No. 532 and 12.8 acres of land from D. Kirtland Survey No. 893, A-935 in Starr County, Texas, said lands more particularly described in the Amended Pooling Agreement effective May 1, 2001, recorded at Volume 903, Page 171 of the Official Records of Starr County, Texas.

Production: Oil: Gas:  X Other:  (Condensate)

Owner Name: THE STATE OF TEXAS  
GENERAL LAND OFFICE  
And Address: STEPHEN F AUSTIN BLDG  
1700 N CONGRESS AVENUE  
AUSTIN, TX 78701

Owner Number: 15901

Type Interest: RI  
Decimal Interest: 0.10500000

The State of Texas is taking its gas royalty in kind.

The undersigned certifies the ownership of their decimal interest in production or proceeds as described above payable by TotalFinaElf E&P USA, Inc.

TotalFinaElf E&P USA, Inc. 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.

TotalFinaElf E&P USA, Inc. 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 TotalFinaElf E&P, Inc. any amount attributable to an interest to which the undersigned is not entitled.

TotalFinaElf E&P USA, Inc. may accrue proceeds until the total amount equals \$100.00 or pay October 25th, whichever occurs first, or as required by applicable state statute.

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

In addition to the terms and conditions of this Division Order, the undersigned and TotalFinaElf E&P USA, Inc. may have certain statutory rights under the laws of the state in which the property is located.

Special Clauses: None

Owner Signature:

THE STATE OF TEXAS GENERAL LAND OFFICE

Owner Tax Identification Number:



Owner Daytime Telephone #



Owner Fax Telephone #:



Federal Law requires you to furnish your Social Security or Taxpayer Identification Number.  
Failure to comply will result in 31% tax withholding and will not be refundable by TotalFinaElf E&P USA, Inc.

20-21-11

## DIVISION ORDER

THIS IS YOUR  
COPY

To: TotalFinaElf E&P USA, Inc.  
800 Gessner Road, Suite 700  
Houston, TX 77024

Property Number: 824500-015

Property Name: Southwest Farm & Ranch #15 Gas Unit

Operator: TotalFinaElf E&P USA, Inc.

County and State: Starr County, Texas

**Property Description:**

40 acre pooled unit comprised of 27.2 acres of land from Gregorio Jimenez Survey No. 532 and 12.8 acres of land from D. Kirtland Survey No. 893, A-935 in Starr County, Texas, said lands more particularly described in the Amended Pooling Agreement effective May 1, 2001, recorded at Volume 903, Page 171 of the Official Records of Starr County, Texas.

Production: Oil: Gas:  X Other:  (Condensate)

Owner Name: THE STATE OF TEXAS

Owner Number: 15901

GENERAL LAND OFFICE

And Address: STEPHEN F AUSTIN BLDG  
1700 N CONGRESS AVENUE  
AUSTIN, TX 78701

Type Interest: RI

Decimal Interest: 0.10500000

The State of Texas is taking its gas royalty in kind.

The undersigned certifies the ownership of their decimal interest in production or proceeds as described above payable by TotalFinaElf E&P USA, Inc.

TotalFinaElf E&P USA, Inc. 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.

TotalFinaElf E&P USA, Inc. 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 TotalFinaElf E&P, Inc. any amount attributable to an interest to which the undersigned is not entitled.

TotalFinaElf E&P USA, Inc. may accrue proceeds until the total amount equals \$100.00 or pay October 25th, whichever occurs first, or as required by applicable state statute.

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

In addition to the terms and conditions of this Division Order, the undersigned and TotalFinaElf E&P USA, Inc. may have certain statutory rights under the laws of the state in which the property is located.

Special Clauses: None

Owner Signature:

THE STATE OF TEXAS GENERAL LAND OFFICE

Owner Tax Identification Number:



Owner Daytime Telephone #



Owner Fax Telephone #:



Federal Law requires you to furnish your Social Security or Taxpayer Identification Number.  
Failure to comply will result in 31% tax withholding and will not be refundable by TotalFinaElf E&P USA, Inc.

30-21-11

**EXHIBIT "A"**  
**PROPERTY AND INTEREST LISTING**

**Property Number:** 824500-015  
**Property Name:** Southwest Farm & Ranch #15 Gas Unit  
**Operator:** TotalFinaElf E&P USA, Inc.  
**County and State:** Starr County, Texas

**Property Description:**

40 acre pooled unit comprised of 27.2 acres of land from Gregorio Jimenez Survey No. 532 and 12.8 acres of land from D. Kirtland Survey No. 893, A-935 in Starr County, Texas, said lands more particularly described in the Amended Pooling Agreement effective May 1, 2001, recorded at Volume 903, Page 171 of the Official Records of Starr County, Texas.

<b><u>OWNER</u></b>	<b><u>INTEREST</u></b>	<b><u>INTEREST TYPE</u></b>
O/N 2531 CHARLES URSCHEL SLICK BUILDING TWO 4200 NORTHSIDE PARKWAY STE 100 ATLANTA, GA 30327	0.00037056	RI
O/N 4349 EFS FAMILY LLC 700 N ST MARYS SUITE 405 SAN ANTONIO, TX 78205	0.00777792	RI
O/N 5635 FREDRICKA H CRAIN TRUST C/O HOUSTON TRUST COMPANY 1001 FANNIN STE 700 HOUSTON, TX 77002	0.00004384	ORRI
O/N 9919 LEWIS J MOORMAN III 700 N ST MARYS SUITE 405 SAN ANTONIO, TX 78205	0.00259254	RI
O/N 11610 MCW ROYALTIES PO BOX 881 CORSICANA, TX 75151-0881	0.00913036	RI
O/N 12933 PATTY SLICK BEEM BUILDING TWO 4200 NORTHSIDE PARKWAY STE 100 ATLANTA, GA 30327	0.00037024	RI
O/N 13360 POWELL LAND MANAGEMENT COMPANY 515A SOUTH FRYE RD PMB 151 KATY, TX 77450	0.00132804	RI
O/N 13748 REPUBLIC ROYALTY COMPANY PO BOX 840-127 DALLAS, TX 75284-0127	0.00265608	RI
O/N 14993 SHELL WESTERN E&P INC PO BOX 910204 DALLAS, TX 75391	0.28609380	WI

20-21-11

O/N 15134 SMITH OIL COMPANY INC TWO TURTLE CREEK VILLAGE 3838 OAK LAWN AVENUE STE 1525 DALLAS, TX 75219	0.01826208	RI
O/N 15142 SOUTHERN METHODIST UNIVERITY F/B/O SMU LAW SCHOOL C/O MINERALS MANAGEMENT SMU BOX 75-0233 DALLAS, TX 75275-0233	0.00099620	RI
O/N 15507 SUSAN JANE WHEELOCK TRUST CITIZENS NATIONAL BANK TRUSTEE TRUST 9336 400 W COLLIN CORSICANA, TX 75110	0.00602616	RI
O/N 15515 SUSAN M KERR 700 N ST MARYS SUITE 405 SAN ANTONIO, TX 78205	0.00259253	RI
O/N 15901 THE STATE OF TEXAS GENERAL LAND OFFICE STEPHEN F AUSTIN BLDG 1700 N CONGRESS AVENUE AUSTIN, TX 78701	0.10500000	RI The State of Texas taking its gas royalty in kind
O/N 15954 THOMAS B SLICK JR BUILDING TWO 4200 NORTHSIDE PARKWAY STE 100 ATLANTA, GA 30327	0.00037056	RI
O/N 16030 THOMAS SLICK MOORMAN 700 N ST MARYS SUITE 405 SAN ANTONIO, TX 78205	0.00259253	RI
O/N 16127 UNIVERSITY OF TEXAS SYSTEM BOARD OF REGENTS TOM SLICK FUND PO BOX 7968 AUSTIN, TX 78713	0.00018496	RI
O/N 16128 TEXAS A&M UNIVERSITY TOM SLICK TRUST ENDOWMENT FINANCIAL MANAGEMENT SERVICES 6000 TAMU COLLEGE STATION, TX 77845	0.00013888	RI
O/N 16789 WAH ROYALTY COMPANY PO BOX 1077 SAN ANTONIO, TX 78294	0.00433120	ORRI

20-21-11

O/N 17179 WILLIAM LEWIS SLICK PO BOX 2184 LAS VEGAS, NM 87701-2184	0.00037024	RI
O/N 21041 TOM SLICK TRUST FOR MIND SCIENCE FROST NATL BANK TRUSTEE ACCT 2291 PO BOX 1600 SAN ANTONIO, TX 78296	0.00037024	RI
O/N 21042 TOM SLICK TRUST FOR SW FOUNDATION PO BOX 760549 SAN ANTONIO, TX 78245-0549	0.00148160	RI
O/N 21043 TOM R SLICK SW RESEARCH C/O SOUTHWEST RESEARCH INSTI PO BOX 28510 SAN ANTONIO, TX 78228-0510	0.00074080	RI
O/N 21044 TOM SLICK TRUST TCU STATION PO BOX 297041 FORT WORTH, TX 76129	0.00004640	RI
O/N 32435 GLEND A EWING TRUSTEE G W WHEELER TRUST 17036 W LITTLE YORK RD STE 300 HOUSTON, TX 77084	0.00099620	RI
O/N 35299 ESTATE OF JANE CASE BLACKFORD PO BOX 1776 CORSICANA, TX 75151-1776	0.00310488	RI
O/N 999814 TOTALFINAELF E&P USA, INC. 800 GESSNER RD, SUITE 700 HOUSTON, TX 77024	0.49953116	WI
O/N 999814 TOTALFINAELF E&P USA, INC. 800 GESSNER RD, SUITE 700 HOUSTON, TX 77024	0.04250000	RI
<b>TOTAL INTEREST:</b>	<b>1.00000000</b>	

20-23-11

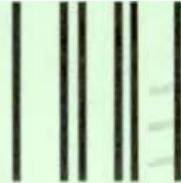
File No. MF084145

Division Order  
Date Filed: 2/11/03  
By Jerry F. Patterson, Commissioner

63118

2008-03

UNITED STATES POSTAL SERVICE



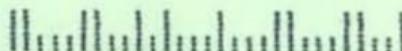
First-Class Mail  
Postage & Fees Paid  
USPS  
Permit No. G-10

- Sender: Please print your name, address, and ZIP+4 in this box •

**TEXAS GENERAL LAND OFFICE  
P.O. BOX 12873  
AUSTIN, TEXAS 78711-2873**

**ATTN: JIM BAUMGARDNER**

78711-2873



**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:**

G&E Texas Pipeline, L.P.  
P.O. Box 400  
San Antonio, Texas 78292-0400

**2. Article Number (Copy from service label)**

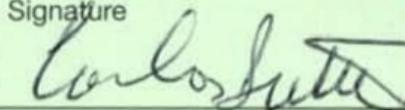
Z 320 984 948

**COMPLETE THIS SECTION ON DELIVERY****A. Received by (Please Print Clearly)****B. Date of Delive**

**JUL - 3 2000**

**C. Signature**

**X**

 Agent Addressee**D. Is delivery address different from item 1?** Yes**If YES, enter delivery address below:** No**3. Service Type**

**X**

**Certified Mail** Express Mail Registered Return Receipt for Merchandise Insured Mail C.O.D.**4. Restricted Delivery? (Extra Fee)** Yes

Z 320 984 947

US Postal Service

## Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to	
Street & Number	
Post Office, State, & ZIP Code	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
<b>TOTAL Postage &amp; Fees</b>	\$
Postmark or Date	

Stick postage stamps to article to cover First-Class postage, certified mail fee, and charges for any selected optional services (See front).

1. If you want this receipt postmarked, stick the gummed stub to the right of the return address leaving the receipt attached, and present the article at a post office service window or hand it to your rural carrier (*no extra charge*).
2. If you do not want this receipt postmarked, stick the gummed stub to the right of the return address of the article, date, detach, and retain the receipt, and mail the article.
3. If you want a return receipt, write the certified mail number and your name and address on a return receipt card, Form 3811, and attach it to the front of the article by means of the gummed ends if space permits. Otherwise, affix to back of article. Endorse front of article **RETURN RECEIPT REQUESTED** adjacent to the number.
4. If you want delivery restricted to the addressee, or to an authorized agent of the addressee, endorse **RESTRICTED DELIVERY** on the front of the article.
5. Enter fees for the services requested in the appropriate spaces on the front of this receipt. If return receipt is requested, check the applicable blocks in item 1 of Form 3811.
6. Save this receipt and present it if you make an inquiry.

102595-97-B-0145

Z 320 984 948

US Postal Service

## Receipt for Certified Mail

No Insurance Coverage Provided.

Do not use for International Mail (See reverse)

Sent to	
Street & Number	
Post Office, State, & ZIP Code	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	
<b>TOTAL Postage &amp; Fees</b>	\$
Postmark or Date	

Stick postage stamps to article to cover First-Class postage, certified mail fee, and charges for any selected optional services (See front).

1. If you want this receipt postmarked, stick the gummed stub to the right of the return address leaving the receipt attached, and present the article at a post office service window or hand it to your rural carrier (*no extra charge*).
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4. If you want delivery restricted to the addressee, or to an authorized agent of the addressee, endorse **RESTRICTED DELIVERY** on the front of the article.
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6. Save this receipt and present it if you make an inquiry.

102595-97-B-0145



Texas General Land Office  
David Dewhurst, Commissioner

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

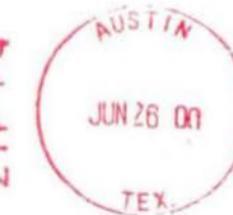
Jim Baumgardner  
Energy Resources (03111)

CERTIFIED

Z 320 984 942  
OFFICIAL BUSINESS  
STATE OF TEXAS  
STATE PENALTY  
FOR PRIVATE USE

MAIL

ZIP 4



FORWARDING ORDER EXPIRED

~~Illegible address~~  
Aina Oil & Chemical Company  
14340 Torrey Chase Blvd.  
Houston, Texas 77272-2104

FOE /  
MOVED  
over 2 years ago

2014

Fold at line over top of envelope to

**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:

Fina Oil & Chemical Company  
14340 Torrey Chase Blvd.  
Houston, Texas ~~77032-1000~~  
*22014*

2. Article Number (Copy from service label)

*Z 320 984 947*

PS Form 3811, July 1999

**COMPLETE THIS SECTION ON DELIVERY**

A. Received by (Please Print Clearly)

B. Date of Delivery

C. Signature

**X**

Agent

Addressee

D. Is delivery address different from item 1?

If YES, enter delivery address below:

Yes

No

3. Service Type

**X** Certified Mail

Express Mail

Registered

Return Receipt for Merchandise

Insured Mail

C.O.D.

4. Restricted Delivery? (Extra Fee)

Yes

Domestic Return Receipt

102595-99-M-1789



David Dewhurst  
Commissioner

June 23, 2000

COPY

VIA C.M.R.R.R.# Z 320 984 948

PG&E Texas Pipeline, L.P.  
P.O. Box 400  
San Antonio, Texas 78292-0400

Re: In-kind royalty; MF084145; RRC#110316, RRC#163525,  
RRC#164978, RRC#165677, RRC#166558,  
RRC#168572, RRC#170219, RRC#146681,  
RRC#170793, Borosa Field, Starr County, Texas.

Dear Sirs:

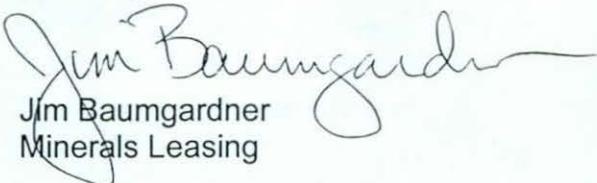
Reference is made to that certain oil and gas lease dated June 16, 1979 between Southwest Farm & Ranch, et al, as lessors, and Tenneco Oil Co., as lessee. Our records indicate that you own a working interest in the lease, or are the operator or gatherer of record.

Section 4(F) of the lease provides:

"(F) ROYALTY IN KIND: Notwithstanding anything contained herein to the contrary, Lessor may, at its option, upon not less than 60 days notice to Lessee, require at anytime or from time to time that payment of all or any royalties accruing to Lessor under this lease 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."

In accordance with the foregoing provision, notice is hereby given that the State of Texas, by and through the Texas General Land Office shall commence taking the state's gas royalties in-kind on September 1, 2000. Please contact the undersigned within thirty (30) days to discuss the specific issues relating to this transition. In the interim, if you have any questions or comments regarding the foregoing, please call me at (512) 475-2230.

Sincerely,

  
Jim Baumgardner  
Minerals Leasing

Stephen F. Austin Building  
1700 North  
Congress Avenue

Austin, Texas  
78701-1495

512-463-5001

JWB:ad

U.S. Postal Service

# CERTIFIED MAIL RECEIPT

*(Domestic Mail Only; No Insurance Coverage Provided)*

Postage

\$

Certified Fee

Postmark  
Here

Return Receipt Fee  
(Endorsement Required)

Restricted Delivery Fee  
(Endorsement Required)

Total Postage & Fees

\$

**Recipient's Name (Please Print Clearly) (To be completed by maller)**

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

City, State, ZIP+ 4

## Certified Mail Provides:

- A mailing receipt
- A unique identifier for your mailpiece
- A signature upon delivery
- 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.

**Texas General  
Land Office**



**David Dewhurst  
Commissioner**

August 16, 2000

**VIA C.M.R.R.R.# 7000 0520 0021 8940 4455**

Fina Oil & Chemical Company  
14950 Heathrow Forest Parkway Suite 300  
P.O. Box 62102  
Houston, Texas 77205-2102

Re: In-kind royalty; MF084145; RRC#110316, RRC#163525,  
RRC#164978, RRC#165677, RRC#166558,  
RRC#168572, RRC#170219, RRC#146681,  
RRC#170793, Borosa Field, Starr County, Texas.

Dear Sirs:

Reference is made to that certain oil and gas lease dated June 16, 1979 between Southwest Farm & Ranch, et al, as lessors, and Tenneco Oil Co., as lessee. Our records indicate that you own a working interest in the lease, or are the operator or gatherer of record.

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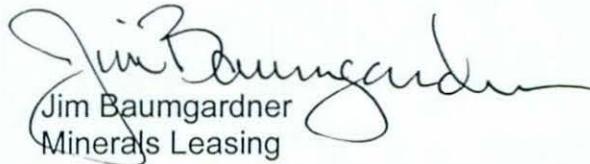
Stephen F. Austin Building

1700 North  
Congress Avenue

Austin, Texas  
78701-1495

512-463-5001

Sincerely,

  
Jim Baumgardner  
Minerals Leasing

JWB:ad

Texas General  
Land Office



David Dewhurst  
Commissioner

June 23, 2000

COPY

VIA C.M.R.R.R.# Z 320 984 947

Fina Oil & Chemical Company  
14340 Torrey Chase Blvd.  
Houston, Texas 77273-3408

*Barbara Aves Torrey*  
~~472-801-4441~~  
~~472-281-986-6002~~

Re: In-kind royalty; MF084145; RRC#110316, RRC#163525,  
RRC#164978, RRC#165677, RRC#166558,  
RRC#168572, RRC#170219, RRC#146681,  
RRC#170793, Borosa Field, Starr County, Texas.

Dear Sirs:

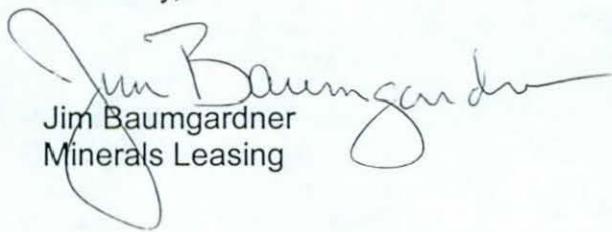
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Section 4(F) of the lease provides:

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Sincerely,

  
Jim Baumgardner  
Minerals Leasing

Stephen F. Austin Building  
1700 North  
Congress Avenue

Austin, Texas  
78701-1495

512-463-5001

JWB:ad

File No. MF084945

Divine Bazaar Letters  
Dated 6/23 & 8/6/00

Date Filed:

David Dewhurst, Commissioner

By David Dewhurst

5314

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

July 31, 2007

CERTIFIED MAIL 7006 0810 0000 1760 2367

MR. WHITNEY SENNETT  
TOTAL E&P USA INC  
800 GESSNER STE 700 ATN REV DPT  
HOUSTON, TX 77024-4276

RE: Notice of non-payment on State Lease(s) MF084145, MF032295

Dear Mr. Sennett:

The Royalty Management Division of the Texas General Land Office has completed a limited review of the above-referenced lease operated by TOTAL E&P USA INC. Through this review, it was determined that \$9,724.32 is due for production starting September 2001 through August 2005. This amount is comprised of \$6,816.34 in royalty, \$681.64 in penalty, and \$2,226.34 in interest, which has been computed through 8/31/2004, 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 calculation (Attachment II's); 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 30 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.

If you have any questions, please call Mike May, Auditor, at (512) 463-5379 to discuss payment and production royalty data.

Sincerely,

Mike Nicklaus, Team Leader  
Royalty Management Division  
Energy Resources Program

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](http://www.glo.state.tx.us)

ATTACHMENT I

**REVIEW SUMMARY**

State Leases: 84145, 32295

A previous review of the referenced leases revealed that royalty was not paid on lease use gas. This review covered production from January 2000 through June 2004 and resulted in a claim which was paid on November 19, 2004. A copy of the billing notice is attached for your review.

A further review which covers production through August 2005 shows your company did not begin paying royalty on lease use gas until October 2004 production. The attached billing schedules calculate additional royalty and revenue due for July through September 2004 production. They follow the same methodology and format used on the billings dated September 20, 2004.

We have concluded that additional royalty is due in the following amount.

Oil Summary

Royalty	Penalty	Interest	Total
\$0.00	\$0.00	\$0.00	\$0.00

Gas Summary

Royalty	Penalty	Interest	Total
\$6,816.34	\$681.64	\$2,226.34	\$9,724.32

Oil & Gas Summary

Royalty	Penalty	Interest	Total
\$6,816.34	\$681.64	\$2,226.34	\$9,724.32

TOTAL E&P USA, INC  
 STATE LEASE 84145  
 LEASE: SOUTHWEST FARM & RANCH STATE  
 FIELD: BOROSSA  
 STARR COUNTY, TEXAS  
 STATE'S ROYALTY DECIMAL

ATTACHMENT II-A

AUDITOR: MM

07/31/2007

0.125000

PENALTY/  
 INTEREST DATE:  
 08/31/2007

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
-----	-----	-----	-----	-----	-----	-----	-----	-----	------

MONTH/ YEAR	RRC LEASE USE VOLUMES (A)	HSC PRICE (B)	INDEXED PRICE (C)	BTU (D)	GROSS VALUE (1) X (3) X (4)	ROYALTY DUE (5) X .125	NUMBER OF DAYS LATE	PENALTY DUE (E)	INTEREST DUE (E)	TOTAL DUE (6) + (8) + (9)
Jul-04	2,262	\$6.00	5.695087	1.167600	\$15,041.36	\$1,880.17	1080	\$188.02	\$631.12	\$2,699.31
Aug-04	2,280	\$5.94	5.638137	1.167600	\$15,009.44	\$1,876.18	1050	\$187.62	\$611.27	\$2,675.07
Sep-04	1,993	\$5.10	4.840824	1.167600	\$11,264.73	\$1,408.09	1019	\$140.81	\$444.42	\$1,993.32

Totals					\$5,164.44			\$516.45	\$1,686.81	\$7,367.70
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COMMENTS:

- (A) DISPOSITION VOLUMES OBTAINED FROM RRC P-2 REPORTS.  
 RRC WELLS 04-098893, 163525, 165677, 166558, 168572, 170793, 172825, 172944, 184559, 184598, 185094.
- (B) HOUSTON SHIP CHANNEL PRICE.
- (C) HOUSTON SHIP CHANNEL PRICE MULTIPLIED BY A FACTOR OF .94918123.  
 THIS FACTOR IS AN AVERAGE OF THE PRICES USED ON THE PREVIOUS AUDIT BILLING COMPARED TO HOUSTON SHIP CHANNEL PRICES.
- (D) AVERAGE BTU USED ON THE PREVIOUS AUDIT BILLING.
- (E) SEE ATTACHMENT III "SUMMARY OF PENALTY/INTEREST ASSESSMENT RULES".  
 FOR EXPLANATION OF PENALTY AND INTEREST CALCULATIONS.

TOTAL E&P USA, INC  
 STATE LEASE 84145 & 32295; UNIT 2993  
 LEASE: SOUTHWEST FARM & RANCH STATE  
 FIELD: BOROSA  
 STARR COUNTY, TEXAS  
 STATE'S UNIT ROYALTY DECIMAL

ATTACHMENT II-B

AUDITOR: MM

07/31/2007

PENALTY/  
 INTEREST DATE:  
 08/31/2007

(1) (2) (3) (4) (5) (6) (7) (8) (9) (10)

MONTH/ YEAR	RRC LEASE USE VOLUMES (A)	HSC PRICE (B)	INDEXED PRICE (C)	BTU (D)	GROSS VALUE (1) X (3) x (4)	ROYALTY DUE (5) X .105	NUMBER OF DAYS LATE (7)	PENALTY DUE (E)	INTEREST DUE (E)	TOTAL DUE (6) + (8) + (9)
Jul-04	863	\$6.00	5.695087	1.167600	\$5,738.59	\$602.55	1080	\$60.26	\$202.26	\$865.07
Aug-04	863	\$5.94	5.638137	1.167600	\$5,681.21	\$596.53	1050	\$59.65	\$194.35	\$850.53
Sep-04	763	\$5.10	4.840824	1.167600	\$4,312.59	\$452.82	1019	\$45.28	\$142.92	\$641.02

Totals

\$1,651.90 \$165.19 \$539.53 \$2,356.62

COMMENTS:

- (A) DISPOSITION VOLUMES OBTAINED FROM RRC P-2 REPORTS.  
 RRC WELL 04-187921.
- (B) HOUSTON SHIP CHANNEL PRICE.
- (C) HOUSTON SHIP CHANNEL PRICE MULTIPLIED BY A FACTOR OF .94918123.  
 THIS FACTOR IS AN AVERAGE OF THE PRICES USED ON THE PREVIOUS AUDIT BILLING COMPARED TO HOUSTON SHIP CHANNEL PRICES.
- (D) AVERAGE BTU USED ON THE PREVIOUS AUDIT BILLING.
- (E) SEE ATTACHMENT III "SUMMARY OF PENALTY/INTEREST ASSESSMENT RULES",  
 FOR EXPLANATION OF PENALTY AND INTEREST CALCULATIONS.

ATTACHMENT III

**SUMMARY OF PENALTY/INTEREST ASSESSMENT RULES  
FOR DELINQUENT ROYALTIES AND DELINQUENT  
REQUIRED REPORTS OR DOCUMENTS**

	<b>DUE BEFORE 10-1-75 (Production Prior to 8-1-75)</b>	<b>DUE AFTER 10-1-75 AND BEFORE 9-1-85 (Production 8-1-75 thru 6-30-85)</b>	<b>DUE AFTER 9-1-85 (Production 7-1-85 Forward)</b>
<b>PENALTY (3)</b> <ul style="list-style-type: none"><li>• For delinquent royalty</li><li>• For delinquent report, affidavit, or other document</li></ul>	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  For delinquencies of more than 30 days, the greater of 10% of the delinquent amount or \$25.00  \$10.00 per document for each 30-day period of delinquency
<b>INTEREST</b> <ul style="list-style-type: none"><li>• For delinquent royalty</li></ul>	6% per year, simple interest; accrual begins 30 days after due date (1)	6% per year, simple interest; 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).

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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.

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

October 25, 2004

CERTIFIED MAIL 70032260000303961497

COPIED

MR DAVID TAYLOR  
TOTALFINAELF E & P USA INC  
800 GESSNER STE 700 ATN REV DPT  
HOUSTON, TX 77024-4276

RE: Notice of underpayment on State Leases: 84145 & 32295

Dear Mr. Taylor:

The Royalty Audit Division of the Texas General Land Office has completed a limited review of the above-referenced lease operated by TotalFinaElf E & P USA Inc. Through this review, it was determined that \$94,354.36 has been underpaid to the State for the reporting period January 2001 through June 2004. This amount is comprised of \$73,394.68 in additional royalty, \$7,339.46 in penalty, and \$13,620.22 in interest, which has been computed through 10/20/2004, 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 calculation (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.

This notice in no way precludes the General Land Office from pursuing any claim or remedy related to this royalty payment, including filing a statutory first lien on all production pursuant to Texas Natural Resources Code section 52.136. 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 TotalFinaElf E & P USA 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 me at (512) 463-5379.

Sincerely,

Mike May, Accounts Examiner  
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](http://www.glo.state.tx.us)

ATTACHMENT I

REVIEW SUMMARY

State Leases: 84145 & 32295

We have reviewed our records for the period of January 2001 through June 2004 to determine whether or not royalty for oil and 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.

This is a revised billing which replaces the one originally dated September 21, 2004. Two schedules (attachment II) are attached. One accounts for the lease use volumes on the non-unitized wells. The other accounts for the one well that falls in the Southwest Farm & Ranch State (Unit #2993).

We have concluded that additional royalty is due in the following amount.

Oil Summary

Royalty	Penalty	Interest	Total
\$0.00	\$0.00	\$0.00	\$0.00

Gas Summary

Royalty	Penalty	Interest	Total
\$73,394.68	\$7,339.46	\$13,620.22	\$94,354.36

Oil & Gas Summary

Royalty	Penalty	Interest	Total
\$73,394.68	\$7,339.46	\$13,620.22	\$94,354.36

TOTAL E&P USA, INC  
STATE LEASE 84145  
LEASE: SOUTHWEST FARM & RANCH STATE  
FIELD: BOROSSA  
STARR COUNTY, TEXAS  
STATE'S ROYALTY DECIMAL

0.125000

ATTACHMENT II

AUDITOR: MM  
FILE: MAY/RECON/BILLING SCHEDULES FY 2005  
09/20/2004

PENALTY/  
INTEREST DATE:  
10/20/2004

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
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MONTH/YEAR	RRC LEASE USE VOLUMES	HSC PRICE	INDEXED PRICE	BTU	GROSS VALUE (1)X(2)X(4)	ROYALTY DUE (5)X(12.5%)	NUMBER OF DAYS LATE	PENALTY DUE (7)X(8)	INTEREST DUE (6)+(9)+(10)	TOTAL DUE (6)+(8)+(10)
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
Jan-01	1,994	9.84	9.339943	1.167600	21,745.20	2,718.15	1315	271.82	1,122.41	4,112.38
Feb-01	2,734	6.24	5.922891	1.167600	18,907.16	2,363.40	1284	236.34	951.83	3,551.57
Mar-01	2,985	5.03	4.774382	1.167600	16,640.09	2,080.01	1254	208.00	817.19	3,105.20
Apr-01	2,893	5.37	5.097103	1.167600	17,217.34	2,152.17	1223	215.22	823.60	3,190.99
May-01	3,409	4.91	4.660480	1.167600	18,550.33	2,318.79	1193	231.88	864.50	3,415.17
Jun-01	2,882	3.78	3.587905	1.167600	12,073.38	1,509.17	1162	150.92	547.27	2,207.36
Jul-01	3,033	3.26	3.094331	1.167600	10,958.05	1,369.76	1131	136.98	482.75	1,989.49
Aug-01	2,476	3.24	3.075347	1.167600	8,890.76	1,111.34	1101	111.13	380.72	1,603.19
Sep-01	2,013	2.39	2.268543	1.167600	5,331.94	666.49	1070	66.65	221.53	954.67
Oct-01	2,345	1.86	1.765477	1.167600	4,833.92	604.24	1040	60.42	194.88	859.54
Nov-01	2,737	3.12	2.961445	1.167600	9,463.95	1,182.99	1009	118.30	369.48	1,670.77
Dec-01	3,107	2.30	2.183117	1.167600	7,919.77	989.97	978	99.00	299.11	1,388.08
Jan-02	3,129	2.61	2.477363	1.167600	9,050.85	1,131.36	950	113.14	331.41	1,575.91
Feb-02	2,270	2.00	1.898362	1.167600	5,031.52	628.94	919	62.89	177.83	869.66
Mar-02	2,638	2.40	2.278035	1.167600	7,016.64	877.08	889	87.71	239.33	1,204.12
Apr-02	2,689	3.41	3.236708	1.167600	10,162.22	1,270.28	858	127.03	333.68	1,730.99
May-02	2,424	3.36	3.189249	1.167600	9,026.41	1,128.30	828	112.83	285.26	1,526.39
Jun-02	2,067	3.37	3.198741	1.167600	7,719.93	964.99	797	96.50	234.14	1,295.63
Jul-02	2,280	3.30	3.132298	1.167600	8,338.58	1,042.32	766	104.23	242.28	1,388.83
Aug-02	1,993	2.97	2.819068	1.167600	6,560.05	820.01	736	82.00	182.51	1,084.52
Sep-02	1,635	3.31	3.141790	1.167600	5,997.76	749.72	705	74.97	159.23	983.92
Oct-02	1,496	3.64	3.455020	1.167600	6,034.99	754.37	675	75.44	152.78	982.59
Nov-02	1,212	4.08	3.872659	1.167600	5,480.32	685.04	644	68.50	131.75	885.29
Dec-02	1,129	4.05	3.844184	1.167600	5,067.48	633.44	613	63.34	115.37	812.15
Jan-03	901	4.76	4.518103	1.167600	4,753.08	594.13	585	59.41	102.74	756.28
Feb-03	911	5.44	5.163546	1.167600	5,492.38	686.55	554	68.65	111.73	866.93
Mar-03	976	8.79	8.343303	1.167600	9,507.84	1,188.48	524	118.85	181.69	1,489.02
Apr-03	843	4.93	4.679463	1.167600	4,605.93	575.74	493	57.57	82.15	715.46
May-03	931	4.99	4.736414	1.167600	5,148.65	643.58	463	64.36	85.48	793.42
Jun-03	1,690	5.87	5.571694	1.167600	10,994.31	1,374.29	432	137.43	168.53	1,680.25
Jul-03	1,463	5.36	5.087611	1.167600	8,690.65	1,086.33	401	108.63	122.15	1,317.11
Aug-03	2,147	4.66	4.423185	1.167600	11,088.20	1,386.03	371	138.60	142.17	1,666.80
Sep-03	2,185	4.82	4.575054	1.167600	11,671.90	1,458.99	340	145.90	134.79	1,739.68
Oct-03	2,418	4.26	4.043512	1.167600	11,415.87	1,426.98	310	142.70	117.76	1,687.44
Nov-03	2,270	4.29	4.071987	1.167600	10,792.61	1,349.08	279	134.91	97.58	1,581.57
Dec-03	2,610	4.69	4.451660	1.167600	13,566.15	1,695.77	248	169.58	105.37	1,970.72
Jan-04	2,659	5.71	5.419825	1.167600	16,826.65	2,103.33	219	210.33	110.64	2,424.30
Feb-04	2,749	5.33	5.059136	1.167600	16,238.47	2,029.81	188	202.98	86.09	2,318.88

TOTAL E&P USA, INC  
 STATE LEASE 84145  
 LEASE: SOUTHWEST FARM & RANCH STATE  
 FIELD: BOROSSA  
 STARR COUNTY, TEXAS  
 STATE'S ROYALTY DECIMAL

ATTACHMENT II

AUDITOR: MM  
 FILE: MAY/RECON/BILLING SCHEDULES FY 2005  
 09/20/2004

PENALTY/  
 INTEREST DATE:  
 10/20/2004

0.125000

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
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MONTH YEAR	RRC LEASE/ USE VOLUMES	HSC PRTCF	INDEXED PRICE	BTU	GROSS VALUE (1) X (2) X (4)	ROYALTY DUE (5) X 125	NUMBER OF DAYS LATE	PENALTY DUE (6) X (7)	INTEREST DUE (8) X (9)	TOTAL DUE (6) + (8) + (9)
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
Mar-04	3,481	4.88	4.632004	1.167600	18,826.39	2,353.30	158	235.33	76.60	2,665.23
Apr-04	3,214	5.29	5.021169	1.167600	18,842.77	2,355.35	127	235.53	52.66	2,643.54
May-04	2,815	5.80	5.505251	1.167600	18,094.63	2,261.83	97	226.18	28.26	2,516.27
Jun-04	2,540	6.56	6.226629	1.167600	18,466.34	2,308.29	66	230.83	5.31	2,544.43

Totals \$56,630.18

\$5,663.01 \$11,472.54 \$73,765.73

COMMENTS:

- (A) DISPOSITION VOLUMES OBTAINED FROM RRC P-2 REPORTS.  
RRC WELLS 04-098893, 163525, 165677, 166558, 168572, 170793, 172825, 172944, 184559, 184598, 185094.
- (B) HOUSTON SHIP CHANNEL PRICE.
- (C) HOUSTON SHIP CHANNEL PRICE MULTIPLIED BY A FACTOR OF .94918123.  
THIS FACTOR IS AN AVERAGE OF THE PRICES USED ON THE PREVIOUS AUDIT BILLING COMPARED TO HOUSTON SHIP CHANNEL PRICES.
- (D) AVERAGE BTU USED ON THE PREVIOUS AUDIT BILLING.
- (E) SEE ATTACHMENT III "SUMMARY OF PENALTY/INTEREST ASSESSMENT RULES",  
FOR EXPLANATION OF PENALTY AND INTEREST CALCULATIONS.

TOTAL E&P USA, INC  
 STATE LEASE 84145 & 32295; UNIT 2993  
 LEASE: SOUTHWEST FARM & RANCH STATE  
 FIELD: BOROSSA  
 STARR COUNTY, TEXAS  
 STATE'S UNIT ROYALTY DECIMAL

0.105000

ATTACHMENT II

AUDITOR: MM  
 FILE: MAY/RECON/BILLING SCHEDULES FY 2005  
 09/20/2004

PENALTY/  
 INTEREST DATE:  
 10/20/2004

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
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MONTH YEAR	RRC LEASE USE/VOLUMES	HSC PRICE	INDEXED PRICE	BTU	GROSS VALUE (1) X (3) X (4)	ROYALTY DUE (5) X .105	NUMBER OF DAYS LATE (6) X .105	PENALTY DUE (7) X .105	INTEREST DUE (8) X .105	TOTAL DUE (9) + (10)
	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
Feb-02	1,251	2.00	1.898362	1.167600	2,772.88	291.15	919	29.12	82.32	402.59
Mar-02	1,494	2.40	2.278035	1.167600	3,973.79	417.25	889	41.72	113.86	572.83
Apr-02	1,401	3.41	3.236708	1.167600	5,294.63	555.94	858	55.59	146.04	757.57
May-02	1,233	3.36	3.189249	1.167600	4,591.40	482.10	828	48.21	121.88	652.19
Jun-02	1,200	3.37	3.198741	1.167600	4,481.82	470.59	797	47.06	114.18	631.83
Jul-02	1,316	3.30	3.132298	1.167600	4,812.97	505.36	766	50.54	117.47	673.37
Aug-02	1,119	2.97	2.819068	1.167600	3,683.24	386.74	736	38.67	86.08	511.49
Sep-02	876	3.31	3.141790	1.167600	3,213.48	337.42	705	33.74	71.66	442.82
Oct-02	832	3.64	3.455020	1.167600	3,356.36	352.42	675	35.24	71.37	459.03
Dec-02	1,941	4.05	3.844184	1.167600	8,712.12	914.77	613	91.48	166.61	1,172.86
Jan-03	1,071	4.76	4.518103	1.167600	5,649.89	593.24	585	59.32	102.59	755.15
Feb-03	883	5.44	5.163546	1.167600	5,323.57	558.97	554	55.90	90.97	705.84
Mar-03	808	8.79	8.343303	1.167600	7,871.25	826.48	524	82.65	126.35	1,035.48
Apr-03	925	4.93	4.679463	1.167600	5,053.96	530.67	493	53.07	75.72	659.46
May-03	928	4.99	4.736414	1.167600	5,132.06	538.87	463	53.89	71.57	664.33
Jun-03	1,480	5.87	5.571694	1.167600	9,628.15	1,010.96	432	101.10	123.97	1,236.03
Jul-03	1,266	5.36	5.087611	1.167600	7,520.41	789.64	401	78.96	88.79	957.39
Aug-03	1,265	4.66	4.423185	1.167600	6,533.11	685.98	371	68.60	70.36	824.94
Sep-03	1,149	4.82	4.575054	1.167600	6,137.77	644.47	340	64.45	59.54	768.46
Oct-03	1,255	4.26	4.043512	1.167600	5,925.11	622.14	310	62.21	51.34	735.69
Nov-03	1,114	4.29	4.071987	1.167600	5,296.46	556.13	279	55.61	40.22	651.96
Dec-03	1,198	4.69	4.451660	1.167600	6,226.91	653.83	248	65.38	40.63	759.84
Jan-04	1,259	5.71	5.419825	1.167600	7,967.19	836.55	219	83.66	44.01	964.22
Feb-04	1,030	5.33	5.059136	1.167600	6,084.26	638.85	188	63.88	27.09	729.82
Mar-04	1,110	4.88	4.632004	1.167600	6,003.24	630.34	158	63.03	20.52	713.89
Apr-04	966	5.29	5.021169	1.167600	5,663.38	594.66	127	59.47	13.29	667.42
May-04	897	5.80	5.505251	1.167600	5,765.85	605.41	97	60.54	7.56	673.51
Jun-04	961	6.56	6.226629	1.167600	6,986.67	733.60	66	73.36	1.69	808.65

Totals \$16,764.50

\$1,676.45 \$2,147.68 \$20,588.63

COMMENTS:

(A) DISPOSITION VOLUMES OBTAINED FROM RRC P-2 REPORTS.  
RRC WELL 04-187921.

(B) HOUSTON SHIP CHANNEL PRICE.

TOTAL E&P USA, INC  
STATE LEASE 84145 & 32295; UNIT 2993  
LEASE: SOUTHWEST FARM & RANCH STATE  
FIELD: BORROSA  
STARR COUNTY, TEXAS  
STATE'S UNIT ROYALTY DECIMAL

0.105000

ATTACHMENT II

AUDITOR: MM  
FILE: MAY/RECON/BILLING SCHEDULES FY 2005  
09/20/2004

PENALTY/  
INTEREST DATE:  
10/20/2004

(1) (2) (3) (4) (5) (6) (7) (8) (9) (10)

MONTH/ YEAR	RRC LEASE USE VOLUMES	HSC PRICE	INDEXED PRICE	BTU	GROSS VALUE (1) X (3) X (4)	ROYALTY DUE (5) X .105	NUMBER OF DAYS LATE (7)	PENALTY DUE (8)	INTEREST DUE (9)	TOTAL DUE (10) + (8) + (9)

(C) HOUSTON SHIP CHANNEL PRICE MULTIPLIED BY A FACTOR OF .94918123.  
THIS FACTOR IS AN AVERAGE OF THE PRICES USED ON THE PREVIOUS AUDIT BILLING COMPARED TO HOUSTON SHIP CHANNEL PRICES.

(D) AVERAGE BTU USED ON THE PREVIOUS AUDIT BILLING.

(E) SEE ATTACHMENT III "SUMMARY OF PENALTY/INTEREST ASSESSMENT RULES",  
FOR EXPLANATION OF PENALTY AND INTEREST CALCULATIONS.

ATTACHMENT III

**SUMMARY OF PENALTY/ INTEREST ASSESSMENT RULES  
FOR DELINQUENT ROYALTIES AND DELINQUENT  
REQUIRED REPORTS OR DOCUMENTS**

	<b>Due Before 10-1-75 and (Production Prior To 8-1-75)</b>	<b>Due After 10-1-75 and Before 9-1-85 (Production 8/1/75–6/30/85)</b>	<b>Due After 9-1-85 (Production 7-1-85 Forward)</b>
<b><u>PENALTY</u> (1) (3)</b> For delinquent royalty	NONE	The greater of 1% of the delinquent amount or \$5.00 for each 30-day delinquency	For delinquencies of 30 days or less, the greater of 5% of the delinquent amount or \$25.00. For delinquencies of more than 30 days, the greater of 10% of the delinquent amount or \$25.00
For delinquent report, affidavit, or other document.	NONE	\$5.00 per document for each 30-day period of delinquency	\$10 per document for each 30-day period of delinquency
<b><u>INTEREST</u> (2)</b> • For delinquent royalty	6% per year, simple; accrual begins 30 days after due date	6% per year, simple; accrual begins 30 days after due date	12% per year, simple; accrual begins 60 days after due date
<p>(1) <u>Tex. Rev. Civ. Stat. Ann.</u> Article 5069-1.03 and 31 <u>TAC</u> §9.7(b)(3)</p> <p>(2) <u>Tex Nat. Res. Code Ann</u> § 52.131 (g).</p> <p>(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 <u>Tex Nat. res. Code Ann</u> § 52.131 (e), (f), &amp; (h).</p>			
<p>A royalty payment that is not accompanied by the required royalty affidavit identifying the GLO lease number is delinquent.</p> <p>The State's power to forfeit a lease shall not be affected by the assessment or payment of any delinquency, penalty, or interest, provided in 31 <u>TAC</u> §9.7(b)(3).</p>			

File No. 31145

Billing Letter

Date Filed: 8/28/07

Jerry E. Patterson, Commissioner

By Jerry E. Patterson

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

MF604145

February 29, 2008

Swepi LP  
PO Box 576  
Houston, TX 77001  
ATTN: Ann Falconer

RE: See leases on attached list

Dear Ms. Falconer:

Effective May 1, 2008, the State of Texas, by and through the Texas General Land Office (GLO), will cease taking its royalty portion of crude oil/condensate in-kind from the attached lease(s). Please remit cash royalty to the GLO beginning with May 2008 crude oil/condensate sales and until further notice.

Thank you for your assistance and please let me know if you require additional information.

Sincerely,

Stephen C. Schneider  
Energy Resources  
State Energy Marketing Program  
Phone 512-475-3196  
Fax 512-475-1404

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](http://www.glo.state.tx.us)

COMPANY NAME	LEASE	RRC LEASE NAME	RRC	RRC FIELD NAMES
SWEPI LP	MF032295	SW Farm Ranch Gas 15	04-187921	Hinde W (Wksbg 7600)
SWEPI LP	MF084145	SW Farm Ranch Gas 15		Hinde W (Wksbg 7600)
SWEPI LP	MF032295	State Slick D #16,21,23	04-175964, 152411, 182546	Hinde (Vksbg Cons)
SWEPI LP	MF084145	SW Farm and Ranch State of Tx	various	Hinde (Vksbg Cons)

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

MF084145

February 29, 2008

Swepi LP  
PO Box 576  
Houston, TX 77001  
ATTN: Ann Falconer

RE: See leases on attached list

Dear Ms. Falconer:

Effective May 1, 2008, the State of Texas, by and through the Texas General Land Office (GLO), will cease taking its royalty portion of crude oil/condensate in-kind from the attached lease(s). Please remit cash royalty to the GLO beginning with May 2008 crude oil/condensate sales and until further notice.

Thank you for your assistance and please let me know if you require additional information.

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Stephen C. Schneider  
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512-463-5001 • 800-998-4GLO

[www.glo.state.tx.us](http://www.glo.state.tx.us)

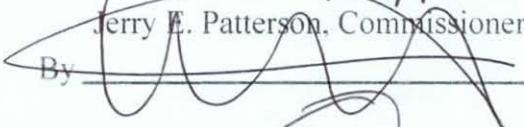
COMPANY NAME	LEASE	RRC LEASE NAME	RRC	RRC FIELD NAMES
SWEPI LP	MF032295	SW Farm Ranch Gas 15	04-187921	Hinde W (Wksbg 7600)
SWEPI LP	MF084145	SW Farm Ranch Gas 15		Hinde W (Wksbg 7600)
SWEPI LP	MF032295	State Slick D #16,21,23	04-175964, 152411, 182546	Hinde (Vksbg Cons)
SWEPI LP	MF084145	SW Farm and Ranch State of Tx	various	Hinde (Vksbg Cons)

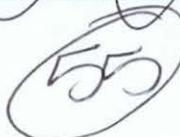
File No. MF 094145

letter sent

Date Filed: 2/29/08

Jerry E. Patterson, Commissioner

By 

  
55



# Texas General Land Office

## Reconciliation Billing

Jerry Patterson, Commissioner

PO Box 12873  
Austin, TX 78711-2873  
(800) 998-4456  
7:30 - 5:30 M-F

SWEPI LP  
PO BOX 576  
HOUSTON, TX 77001-0576

# COPY

Billing Date: 7/5/2011  
**Billing Due Date:** 8/4/2011  
Customer Number: C000044963

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
11I00936	MF084145	\$0.00	\$6,804.83	\$725.26	\$1,822.21	\$9,352.30
11I00937	MF084145	\$0.00	\$304.22	\$100.00	\$82.17	\$486.39
Total Due		\$0.00	\$7,109.05	\$825.26	\$1,904.38	<b>\$9,838.69</b>

Penalty and interest have been calculated thru 7/31/2011. Payment remitted after 7/31/2011 will result in additional penalty and interest charges.

Contact Info: Andrea Charlton (512) 463-5190 or andrea.charlton@glo.state.tx.us

### NOTICE

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

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

Detach and return with payment

Reconciliation Billing

**SWEPI LP**

Billing Date: 7/5/2011

Billing Due Date: 8/4/2011

**Customer Number: C000044963**

**Remit Payment To:**

Texas General Land Office

PO Box 12873

Austin, TX 78711-2873

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
11I00936	MF084145	\$0.00	\$6,804.83	\$725.26	\$1,822.21	\$9,352.30
11I00937	MF084145	\$0.00	\$304.22	\$100.00	\$82.17	\$486.39
Total Due		\$0.00	\$7,109.05	\$825.26	\$1,904.38	<b>\$9,838.69</b>
Amt. Paid						

Customer ID: C000044963  
 Invoice Number: MF084145  
 Glo Lease: SHELL WESTERN E & P  
 GLO Review: SEPT 2008 THRU DEC 2009  
 Review Period: SEPT 2008 THRU DEC 2009

Auditor/AE: Acharito  
 Billing Date: 7/1/2011  
 P&I Calculation Date: 7/31/2011  
 Royalty Rate: 0.125

Month / Year	Oil Volume (1) (A)	Tract Participation Rate (2)	Price (3) (B)	Gross Value (4) (1)x(2)x(3)	Royalty Due (5) (4) * Royalty Rate	Royalty Paid (6)	Additional Royalty Due (7)	Number of Days Late (8)	Penalty From Additional Royalty (9) (C)	Interest From Additional Royalty (10) (C)	Revenue Due (7)+(9)+(10)
Sep-08	1,125.00	1	103.0638	\$115,946.78	\$14,493.35	13,408.09	\$1,085.26	998	\$108.53	\$335.03	\$1,528.82
Oct-08	1,641.00	1	76.023895	\$124,755.21	\$15,594.40	14,958.75	\$635.65	968	\$63.57	\$189.96	\$889.18
Nov-08	1,682.00	1	56.740994	\$95,438.35	\$11,929.79	11,269.68	\$660.11	937	\$66.01	\$190.55	\$916.67
Dec-08	1,941.00	1	41.34231	\$80,245.42	\$10,030.68	9,326.41	\$704.27	906	\$70.43	\$196.12	\$970.82
Jan-09	1,689.00	1	41.223499	\$69,626.49	\$8,703.31	8,240.27	\$463.04	878	\$46.30	\$124.68	\$634.02
Feb-09	1,358.00	1	38.558398	\$52,362.30	\$6,545.29	5,501.46	\$1,043.83	847	\$104.38	\$270.42	\$1,418.63
Mar-09	1,160.00	1	47.361696	\$54,939.57	\$6,867.45	6,069.93	\$797.52	817	\$79.75	\$198.75	\$1,076.02
Apr-09	1,037.00	1	49.249498	\$51,071.73	\$6,383.97	5,770.93	\$613.04	786	\$61.30	\$146.52	\$820.86
May-09	296.00	1	58.5124	\$17,319.67	\$2,164.96	1,987.52	\$177.44	756	\$25.00	\$40.66	\$243.10
Jun-09	382.00	1	68.995498	\$26,356.28	\$3,294.54	3,080.65	\$213.89	725	\$25.00	\$46.83	\$285.72
Jul-09	342.00	1	63.593102	\$21,748.84	\$2,718.61	2,542.21	\$176.40	694	\$25.00	\$36.83	\$238.23
Aug-09	280.00	1	70.368504	\$19,703.18	\$2,462.90	2,302.72	\$160.18	664	\$25.00	\$31.86	\$217.04
Sep-09	158.00	1	68.697999	\$10,854.28	\$1,356.79	1,282.59	\$74.20	633	\$25.00	\$14.00	\$113.20
<b>TOTALS</b>	<b>13,091.00</b>			<b>\$740,368.11</b>	<b>\$92,546.04</b>	<b>\$85,741.21</b>	<b>\$6,804.83</b>		<b>\$725.27</b>	<b>\$1,822.21</b>	<b>\$9,352.31</b>

ATTN: KAMALAKAR BALGI

CERTIFIED MAIL: 7007 0710 0000 5380 6736

COMMENTS:

(A) OIL VOLUMES-REPRESENT RRC OIL SALES VOLUMES FOR WELL NUMBER 04-98893, 163525, 165677, 166558, 170793, 172825, 184559, 184598, 185094, 216273

(B) PRICE/- TAKEN FROM PRODUCTION ROYALTY (GLO-1E) SUBMITTED TO THE TEXAS GENERAL LAND OFFICE

(C) SEE ATTACHMENT III, SUMMARY OF PENALTY/INTEREST ASSESSMENT RULES", FOR EXPLANATION OF PENALTY AND INTEREST CALCULATION.

Customer ID: C000044963

Invoice Number:

Glo Lease: MF084145

GLO Review: SHELL WESTERN E & P

Review Period: SEPT 2008 - DEC 2009

Auditor/AE: Acharito  
Billing Date: 7/1/2011  
P&I Calculation Date: 7/31/2011  
Royalty Rate: 12.50%

Month / Year	Oil Volume (1) (A)	Tract Participation Rate (2) 0.68	Price (3)	Gross Value (2) x (3) 76,023,895	Royalty Due (4) * Royalty Rate \$25,020.98	Royalty Paid (5)	Additional Royalty Due (6)	Number of Days Late (7) 968	Penalty From Additional Royalty (8) \$25.00	Interest From Additional Royalty (9) \$38.17	Revenue Due (7) + (9) + (10) \$190.89
Oct-08	484.00	329	76.023,895	\$25,020.98	\$3,127.62	\$2,999.90	\$127.72	968	\$25.00	\$38.17	\$190.89
Nov-08	384.00	261	56.740,994	\$14,816.21	\$1,852.03	\$1,750.03	\$102.00	937	\$25.00	\$29.44	\$156.44
Aug-09	115.00	78	70.368,504	\$5,502.82	\$687.85	\$638.77	\$49.08	664	\$25.00	\$9.76	\$83.84
Sep-09	75.00	51	68.697,999	\$3,503.60	\$437.95	\$412.53	\$25.42	633	\$25.00	\$4.80	\$55.22
TOTALS	1,058.00			\$48,843.61	\$6,105.45	\$5,801.23	\$304.22		\$100.00	\$82.17	\$486.39

ATTN: KAMALAKAR BALGI

CERTIFIED MAIL: 7007 0710 0000 5380 6736

COMMENTS:

(A) OIL VOLUMES-REPRESENT RRC OIL SALES VOLUMES FOR WELL NUMBER 04-187921 UNIT 2993

(B) PRICE/BTU - TAKEN FROM PRODUCTION ROYALTY (GLO-1E) SUBMITTED TO THE TEXAS GENERAL LAND OFFICE

(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**

	<b>Due Before 10-1-75 and (Production Prior To 8-1-75)</b>	<b>Due After 10-1-75 and Before 9-1-85 (Production 8/1/75 -6/30/85)</b>	<b>Due After 9-1-85 (Production 7-1-85 through 12-31-2009)</b>	<b>Due After 2-26-2010 (Production 1-1-2010 through present)</b>
<b>PENALTY (1) For delinquent royalty</b>	None	The greater of 1% of the delinquent amount or \$5.00 for each 30-day delinquency	(2) For delinquencies of 30 days or less, the greater of 5% of the delinquent amount or \$25.00. For delinquencies of more than 30 days, the greater of 10% of the delinquent amount or \$25.00	(2) For delinquencies of 30 days or less, the greater of 5% of the delinquent amount or \$25.00. For delinquencies of more than 30 days, the greater of 10% of the delinquent amount or \$25.00
<b>For delinquent report, affidavit, or other document.</b>	None	\$5.00 per document for each 30- day period of delinquency	\$10 per document for each 30- day period of delinquency	\$10 per document for each 30- day period of delinquency
<b>INTEREST (2) • For delinquent royalty</b>	6% per year, simple; accrual begins 30 days after due date	6% per year, simple; accrual begins 30 days after due date	(3) 12% per year, simple; accrual begins 60 days after due date	(4) 4.25% per year, simple; accrual begins 60 days after due date

) Tex. Rev. Civ. Stat. Ann. Article 5069-1.03 and 31 TAC §9.7(b)(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).

!) Tex Nat. Res. Code Ann § 52.131 (g).

) Per TAC 9.51 the interest rate on past due royalty is Wall Street Journal Prime plus 1%, to be adjusted annually.

royalty payment that is not accompanied by the required royalty affidavit identifying the GLO lease number is delinquent.

he State's power to forfeit a lease shall not be affected by the assessment or payment of any delinquency, penalty, or interest, provided in 31 TAC 9.7(b)(3).

**Energy Financial Management  
SMAR Activity Approval**

Auditor/Account Examiner: Andrea Charlton

Company Name:Shell Western E & P

Customer Number:C000044963

Mineral File #:MF084145

Transaction Type: Volume Recon Oil

Other:

Previous Amount	Current Amount	Date	Reviewer's Notes	Reviewer's Signature	AR Notes
	\$9,838.70	07/1/2011	Company underpaid oil royalties to the GLO. Billed on non unit and unit 2993 wells.	<i>Andrea Charlton 7/1/2011</i>	

All original invoices must be approved.

All reduction in billing of more than \$1000 must be approved.

File No. MF 084145

(56)

Reconciliation Cr

Date Filed: 7-5-11

Jerry E. Patterson, Commissioner  
By A. CHARLTON

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

April 23, 2003

Mr. David Garcia  
TotalFinaElf E&P USA, Inc.  
800 Gessner, Suite 700  
Houston, TX 77024

Re: State Slick "D" #16, 18, 21, & 23 (MF032295, GLO royalty = 6.25%); SW Farm & Ranch #1, 2, 6, 7, 8, 9, 10, 11, 12, 14, 16 (MF084145, GLO royalty = 12.5%); SW Farm & Ranch #15 (MF084145 Unit royalty = 8.5%, MF032295 Unit royalty = 2%, Total GLO royalty = 10.5%)

Dear Mr. Garcia:

Effective July 1, 2003, the State of Texas, by and through the Texas General Land Office (GLO), has elected to take in-kind the State's portion of the crude oil/condensate production from the referenced leases. The GLO will market this production to Trammo Petroleum. Mr. Don Schroeder is the Trammo representative for this sale.

Thank you for your courtesy and cooperation. Please feel free to contact either Don Schroeder at 713-289-8920 or me at 512-475-1462 if you have any questions or require additional information.

Sincerely,

Jennie Weidler  
Energy Resources  
State Energy Marketing Program  
Phone # 512-475-1462  
Fax # 512-475-1404

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](http://www.glo.state.tx.us)

File No. MF 084145

(57)

TIK LETTER

Date Filed: 8/6/12

Jerry Patterson, Commissioner

By STEVE SCHNEIDER



Interactive Land Lease Mapping Program

MF032295

Streets

Aeris

## Hybrid

~~ebri~~ ~~Parent~~  
~~to~~ ~~MF 021491~~  
~~Prod~~

51

red  
silver  
143P

3 lenit  
2993

This map displays the Texas Center at Laredo Office's Interactive Land Lease Mapping Program. The map shows various land parcels, some of which are highlighted in yellow with diagonal hatching. Numerous lease identifiers are printed in blue text, such as MF026145, MF025171, MF093128, and MF032295. Other labels include property names like J.A. ROBINSON, D.G. AINSWORTH, W.D. STEPHENSON, J.M. JONES, and S. RAMIREZ. The map also features a railway line labeled R.G.N.G.R.R. CO. and a river labeled STARR. A legend in the bottom right corner includes icons for a magnifying glass, a compass, and a 'Save' button. The bottom of the screen shows a status bar with coordinates: Latitude 26° 53' 45" N, Longitude -98° 6' 51.481" W, and a date/time stamp: 11/16/2011 10:49:44 AM. A 'Auto Save' button is also present.

Latitude: 26.530450 Longitude: -98.651481  
26° 31' 49" N 98° 39' 05" W

1849 MF 0633 98  
1165 MF093136 SF 1171 SF-14655

Auto Sa

### Auto Save

270

Local intranet

58

File No. M1084145  
Plat

Date Filed: 12/12/13  
Jerry Patterson, Commissioner  
By C. Patterson

U.S. Postal Service™  
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*(Domestic Mail Only; No Insurance Coverage Provided)*

For delivery information visit our website at [www.usps.com](http://www.usps.com)

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Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	

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*Street, Apt. No.;  
or PO Box No.*

*City, State, ZIP+4*

## 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.**



# Texas General Land Office

## Reconciliation Billing

George P. Bush, Commissioner

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

Occidental Permian Ltd

Attn: Cory Crow  
PO Box 27570  
Houston, TX 77227-7570

Billing Date: 2/25/2016

**Billing Due Date:** 3/26/2016

Customer Number: C000044441

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
16I00276	MF032295	\$817.91	\$0.00	\$300.00	\$47.36	\$1,165.27
16I00277	MF032295	\$1,097.97	\$0.00	\$225.00	\$56.15	\$1,379.12
16I00278	MF032295	\$0.00	\$31,558.68	\$3,258.19	\$1,221.74	\$36,038.61
16I00279	MF084145	\$3,242.93	\$0.00	\$347.73	\$193.74	\$3,784.40
16I00280	MF084145	\$771.01	\$0.00	\$300.00	\$44.81	\$1,115.82
Total Due		\$5,929.82	\$31,558.68	\$4,430.92	\$1,563.80	<b>\$43,483.22</b>

Penalty and interest have been calculated thru 2/29/2016. Payment remitted after 2/29/2016 will result in additional penalty and interest charges.

Contact Info: Mike Nicklaus (512) 475-1517 or Mike.Nicklaus@GLO.TEXAS.GOV

### NOTICE

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

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

Detach and return with payment

Reconciliation Billing

**Occidental Permian Ltd**

Billing Date: 2/25/2016

Billing Due Date: 3/26/2016

Customer Number: C000044441

**Remit Payment To:**

Texas General Land Office

PO Box 12873

Austin, TX 78711-2873

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
16I00276	MF032295	\$817.91	\$0.00	\$300.00	\$47.36	\$1,165.27
16I00277	MF032295	\$1,097.97	\$0.00	\$225.00	\$56.15	\$1,379.12
16I00278	MF032295	\$0.00	\$31,558.68	\$3,258.19	\$1,221.74	\$36,038.61
16I00279	MF084145	\$3,242.93	\$0.00	\$347.73	\$193.74	\$3,784.40



# Texas General Land Office

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

George P. Bush, Commissioner

16I00280	MF084145	\$771.01	\$0.00	\$300.00	\$44.81	\$1,115.82
Total Due		\$5,929.82	\$31,558.68	\$4,430.92	\$1,563.80	<b>\$43,483.22</b>
Amt. Paid						

Energy Financial Management  
SMAR Activity / Invoicing Approval

Auditor/Account Examiner: Mike Nicklaus  
Company Name: Occidental Permian LTD  
Customer Number: C000044441  
Mineral File #: MF084145  
Transaction Type: Recon  
Other / Invoice #:

Previous Amount	Current Amount	Date	AE / Reviewer's Notes	Reviewer's Signature	AR Notes
	\$3,784.40	02/25/16	Royalty not reported & not paid on vented/flared & lease use volumes on non-unit wells	MM 2/24/2016	

All original invoices must be approved.

All reductions in billing of more than \$1000 must be approved.

Customer ID: C000044441  
 Invoice Number: MF084145  
 GLO Lease: Occidental Permian LTD  
 GLO Review: January - December 2014

Auditor/AE: Mnicklau  
 Billing Date: 2/25/2016  
 P&I Calculation Date: 2/29/2016  
 Royalty Rate: 12.50%

Month / Year	RRC Number	Gas Volume	Tract Participation Rate	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Royalty Due	Number of Days Late	Interest Rate For Additional Royalty	Penalty From Additional Royalty	Interest From Additional Royalty	Revenue Due	
						(5) * Royalty Rate								(8)+(11)+(12)	
Jan-14	04-166558	701	1	\$4.13	1,000000	\$2,895.13	\$361.89	0.00	\$361.89	716	4.25%	\$36.19	\$27.68	\$425.76	
Feb-14	04-166558	589	1	\$5.00	1,000000	\$2,945.00	\$368.13	0.00	\$368.13	685	4.25%	\$36.81	\$26.83	\$431.77	
Mar-14	04-166558	639	1	\$4.47	1,000000	\$2,856.33	\$357.04	0.00	\$357.04	655	4.25%	\$35.70	\$24.78	\$417.52	
Apr-14	04-166558	621	1	\$4.31	1,000000	\$2,676.51	\$334.56	0.00	\$334.56	624	4.25%	\$33.46	\$22.01	\$390.03	
May-14	04-166558	521	1	\$4.55	1,000000	\$2,370.55	\$296.32	0.00	\$296.32	594	4.25%	\$29.63	\$18.46	\$344.41	
Jun-14	04-166558	468	1	\$4.26	1,000000	\$1,993.68	\$249.21	0.00	\$249.21	563	4.25%	\$25.00	\$14.62	\$288.83	
Jul-14	04-166558	477	1	\$4.35	1,000000	\$2,074.95	\$259.37	0.00	\$259.37	532	4.25%	\$25.94	\$14.28	\$299.59	
Aug-14	04-166558	431	1	\$3.61	1,000000	\$1,555.91	\$194.49	0.00	\$194.49	502	4.25%	\$25.00	\$10.03	\$229.52	
Sep-14	04-166558	435	1	\$3.81	1,000000	\$1,657.35	\$207.17	0.00	\$207.17	471	4.25%	\$25.00	\$9.94	\$242.11	
Oct-14	04-166558	445	1	\$3.78	1,000000	\$1,682.10	\$210.26	0.00	\$210.26	441	4.25%	\$25.00	\$9.35	\$244.61	
Nov-14	04-166558	445	1	\$3.43	1,000000	\$1,526.35	\$190.79	0.00	\$190.79	410	4.25%	\$25.00	\$7.80	\$223.59	
Dec-14	04-166558	418	1	\$4.09	1,000000	\$1,709.62	\$213.70	0.00	\$213.70	379	4.25%	\$25.00	\$7.96	\$246.66	
TOTALS		6,190				\$25,943.48	\$3,242.93	\$0.00	\$3,242.93				\$347.73	\$193.74	\$3,784.40

COMMENTS: Column (1) —represents the total of lease use and vented/flared volumes shown for Railroad Commission ID #'s 04-163525, 04-165677, 04-166558, 04-172825, 04-184559, 04-184598, 04-185094, 04-216273.

Column (3) & (4) —prices are Houston Ship Channel prices with adjustment for Houston to lease location differential.

PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:  
<http://www.glo.texas.gov/energy-business/oil-gas/rac/forms/penalty-interest-assessment-rules.pdf>

ATTENTION: TED ZEWDE

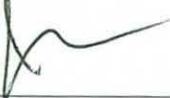
CERTIFIED MAIL: 7011 1150 0001 2415 8690

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

NOTE 2: PRODUCTION & DISPOSITION VOLUMES REPORTED TO THE GLO WERE COMPARED TO VOLUMES REPORTED TO THE RRC. LEASE FUEL USE AND VENTED/FLARED VOLUMES WERE REPORTED TO THE RRC BUT NOT ON YOUR GLO2 REPORTS AND ROYALTY WAS NOT PAID ON THOSE VOLUMES AS REQUIRED BY THE LEASE AGREEMENT.

Energy Financial Management  
SMAR Activity / Invoicing Approval

Auditor/Account Examiner: Mike Nicklaus  
Company Name: Occidental Permian LTD  
Customer Number: C000044441  
Mineral File #: MF084145  
Transaction Type: Recon  
Other / Invoice #:

Previous Amount	Current Amount	Date	AE / Reviewer's Notes	Reviewer's Signature	AR Notes
	\$1,115.82	02/25/16	Royalty not reported & not paid on vented/flared & lease use volumes on unit 2993	MM 2/24/2016 	

All original invoices must be approved.

All reductions in billing of more than \$1000 must be approved.

Customer ID: C000044441  
 Invoice Number: MF084145  
 GLO Lease: Occidental Permian LTD  
 GLO Review: January - December 2014

Auditor/AE: Mnicklau  
 Billing Date: 2/25/2016  
 P&I Calculation Date: 2/29/2016  
 Royalty Rate: 12.50%

Month / Year	RRG Number	Gas Volume	Tract Participation Rate	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Royalty Due	Number of Days Late	Interest Rate For Additional Royalty	Penalty From Additional Royalty	Interest From Additional Royalty	Revenue Due	
							(5) * Royalty Rate							(8)+(11)+(12)	
Jan-14	04-187921	217	0.680	\$4.13	1,000,000	\$609.42	\$76.18	0.00	\$76.18	716	4.25%	\$25.00	\$5.83	\$107.01	
Feb-14	04-187921	171	0.680	\$5.00	1,000,000	\$581.40	\$72.68	0.00	\$72.68	685	4.25%	\$25.00	\$5.30	\$102.98	
Mar-14	04-187921	198	0.680	\$4.47	1,000,000	\$601.84	\$75.23	0.00	\$75.23	655	4.25%	\$25.00	\$5.22	\$105.45	
Apr-14	04-187921	188	0.680	\$4.31	1,000,000	\$550.99	\$68.87	0.00	\$68.87	624	4.25%	\$25.00	\$4.53	\$98.40	
May-14	04-187921	163	0.680	\$4.55	1,000,000	\$504.32	\$63.04	0.00	\$63.04	594	4.25%	\$25.00	\$3.93	\$91.97	
Jun-14	04-187921	175	0.680	\$4.26	1,000,000	\$506.94	\$63.37	0.00	\$63.37	563	4.25%	\$25.00	\$3.72	\$92.09	
Jul-14	04-187921	184	0.680	\$4.35	1,000,000	\$544.27	\$68.03	0.00	\$68.03	532	4.25%	\$25.00	\$3.75	\$96.78	
Aug-14	04-187921	170	0.680	\$3.61	1,000,000	\$417.32	\$52.16	0.00	\$52.16	502	4.25%	\$25.00	\$2.69	\$79.85	
Sep-14	04-187921	175	0.680	\$3.81	1,000,000	\$453.39	\$56.67	0.00	\$56.67	471	4.25%	\$25.00	\$2.72	\$84.39	
Oct-14	04-187921	179	0.680	\$3.78	1,000,000	\$460.10	\$57.51	0.00	\$57.51	441	4.25%	\$25.00	\$2.56	\$85.07	
Nov-14	04-187921	184	0.680	\$3.43	1,000,000	\$429.16	\$53.65	0.00	\$53.65	410	4.25%	\$25.00	\$2.19	\$80.84	
Dec-14	04-187921	183	0.680	\$4.09	1,000,000	\$508.96	\$63.62	0.00	\$63.62	379	4.25%	\$25.00	\$2.37	\$90.99	
TOTALS		2,187				\$6,168.12	\$771.01	\$0.00	\$771.01				\$300.00	\$44.81	\$1,115.82

COMMENTS: Column (1) —represents the total of lease use and vented/flared volumes shown for Railroad Commission ID #'s 04-187921.

Column (3) & (4) —prices are Houston Ship Channel prices with adjustment for Houston to lease location differential.

PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:  
<http://www.glo.texas.gov/energy-business/oil-gas/rac/forms/penalty-interest-assessment-rules.pdf>

ATTENTION: TED ZEWDE

CERTIFIED MAIL : 7011 1150 0001 2415 8690

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59

File No. MF 084145

By \_\_\_\_\_  
George P. Bush, Commissioner

Date Filed: \_\_\_\_\_  
RECONCILIATION BILLING

Date Filed: 6/8/16 \_\_\_\_\_

By \_\_\_\_\_  
George P. Bush, Commissioner

County NAZDA Lawrence \_\_\_\_\_

File No. \_\_\_\_\_

U.S. Postal Service  
**CERTIFIED MAIL® RECEIPT**  
*Domestic Mail Only*

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# OFFICIAL USE

Certified Mail Fee

MF032295  
Postmark E  
Here  
MF084145

\$  
Extra Services & Fees (check box, add fee as appropriate)  
 Return Receipt (hardcopy) \$  
 Return Receipt (electronic) \$  
 Certified Mail Restricted Delivery \$  
 Adult Signature Required \$  
 Adult Signature Restricted Delivery \$  
Postage \$  
Total Postage and Fees \$

Sent to **Herit Energy Company, LLC**  
Street and Apt. No., or P.O. Box No.  
**13727 Noel Road STE 1202**  
City, State, Zip+4  
**Dallas, TX 75240-1362**

See Reverse for Instructions

0790 7682 0000 0202 9702

**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:**

Merit Energy Company, LLC  
13127 Noel Road Ste 1200  
Dallas, TX 75240-7362



9590 9402 1749 6074 7573 97

**2. Article Number (Transfer from service label)**

7016 2070 0000 7391 0643

**COMPLETE THIS SECTION ON DELIVERY****A. Signature**

X

Agent  
 Addressee

**B. Received by (Printed Name)**

Merri Norton

**C. Date of Delivery**

2/4/19

**D. Is delivery address different from item 1?**

If YES, enter delivery address below:

Yes

No

MF084145

**3. Service Type**

Adult Signature  
 Adult Signature Restricted Delivery  
 Certified Mail®  
 Certified Mail Restricted Delivery  
 Collect on Delivery  
 Collect on Delivery Restricted Delivery  
 Restricted Delivery

Priority Mail Express®  
 Registered Mail™  
 Registered Mail Restricted Delivery  
 Return Receipt for Merchandise  
 Signature Confirmation™  
 Signature Confirmation Restricted Delivery



# Texas General Land Office

## Reconciliation Billing

George P. Bush, Commissioner

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

Merit Energy Company, LLC  
13727 Noel Road Ste 1200  
Dallas, TX 75240-7362

Billing Date: 1/28/2019

**Billing Due Date:** 2/27/2019

Customer Number: C000031989

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
19I00221	MF032295	\$2,350.16	\$0.00	\$1,100.00	\$200.42	\$3,650.58
19I00222	MF032295	\$558.93	\$0.00	\$1,100.00	\$48.20	\$1,707.13
19I00223	MF032295	\$539.24	\$0.00	\$400.00	\$21.17	\$960.41
19I00224	MF032295	\$0.00	\$398.64	\$78.19	\$27.88	\$504.71
19I00225	MF084145	\$5,706.40	\$0.00	\$1,100.00	\$497.18	\$7,303.58
19I00226	MF084145	\$2,375.45	\$0.00	\$1,100.00	\$204.72	\$3,680.17
19I00227	MF084145	\$0.00	\$421.24	\$42.12	\$45.75	\$509.11
Total Due		\$11,530.18	\$819.88	\$4,920.31	\$1,045.32	<b>\$18,315.69</b>

Penalty and interest have been calculated thru 1/31/2019. Payment remitted after 1/31/2019 will result in additional penalty and interest charges.

Contact Info: David Jacquet (512) 463-5262 or david.jacquet@glo.texas.gov

### NOTICE

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

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

Detach and return with payment

Reconciliation Billing

**Merit Energy Company, LLC**

Billing Date: 1/28/2019

Billing Due Date: 2/27/2019

Customer Number: C000031989

**Remit Payment To:**

Texas General Land Office

PO Box 12873

Austin, TX 78711-2873

Invoice	Mineral File	Gas Royalty	Oil Royalty	Penalty	Interest	Total Due
19I00221	MF032295	\$2,350.16	\$0.00	\$1,100.00	\$200.42	\$3,650.58
19I00222	MF032295	\$558.93	\$0.00	\$1,100.00	\$48.20	\$1,707.13
19I00223	MF032295	\$539.24	\$0.00	\$400.00	\$21.17	\$960.41
19I00224	MF032295	\$0.00	\$398.64	\$78.19	\$27.88	\$504.71



# Texas General Land Office

George P. Bush, Commissioner

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

19I00225	MF084145	\$5,706.40	\$0.00	\$1,100.00	\$497.18	\$7,303.58
19I00226	MF084145	\$2,375.45	\$0.00	\$1,100.00	\$204.72	\$3,680.17
19I00227	MF084145	\$0.00	\$421.24	\$42.12	\$45.75	\$509.11
Total Due		\$11,530.18	\$819.88	\$4,920.31	\$1,045.32	<b>\$18,315.69</b>
Amt. Paid						

Customer ID: C000031989  
 Invoice Number: MF032295  
 GLO Lease: MERIT ENERGY COMPANY  
 GLO Review: JAN 2015 Through AUG 2018  
 Review Period:

Category: Gas  
 Auditor/AE: DJACQUET  
 Billing Date: 1/24/2019  
 P&I Calculation Date: 1/31/2019  
 Royalty Rate: 6.25%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Participation Rate	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Royalty Due	Number of Days Late	Interest Rate For Additional Royalty	Penalty Rate From Additional Royalty	Interest Rate From Additional Royalty2	Revenue Due
Jan-15	04-187291	62	1	\$3.04	1	\$189.70	\$11.86	\$0.00	\$11.86	1418	4.25%	\$25.00	\$1.88	\$38.74
Feb-15	04-187291	49	1	\$2.81	1	\$138.48	\$8.65	\$0.00	\$8.65	1387	4.25%	\$25.00	\$1.34	\$34.99
Mar-15	04-187291	64	1	\$2.74	1	\$176.24	\$11.01	\$0.00	\$11.01	1357	4.25%	\$25.00	\$1.66	\$37.67
Apr-15	04-187291	59	1	\$2.61	1	\$152.84	\$9.55	\$0.00	\$9.55	1326	4.25%	\$25.00	\$1.41	\$35.96
May-15	04-187291	55	1	\$2.49	1	\$136.25	\$8.52	\$0.00	\$8.52	1296	4.25%	\$25.00	\$1.23	\$34.75
Jun-15	04-187291	53	1	\$2.79	1	\$149.10	\$9.32	\$0.00	\$9.32	1265	4.25%	\$25.00	\$1.31	\$35.63
Jul-15	04-187291	79	1	\$2.78	1	\$218.84	\$13.68	\$0.00	\$13.68	1234	4.25%	\$25.00	\$1.87	\$40.55
Aug-15	04-187291	103	1	\$2.83	1	\$291.60	\$18.23	\$0.00	\$18.23	1204	4.25%	\$25.00	\$2.43	\$45.66
Sep-15	04-187291	84	1	\$2.52	1	\$220.50	\$13.78	\$0.00	\$13.78	1173	4.25%	\$25.00	\$1.79	\$40.57
Oct-15	04-187291	85	1	\$2.50	1	\$213.60	\$13.35	\$0.00	\$13.35	1143	4.25%	\$25.00	\$1.69	\$40.04
Nov-15	04-187291	92	1	\$2.06	1	\$189.19	\$11.82	\$0.00	\$11.82	1112	4.50%	\$25.00	\$1.53	\$38.35
Dec-15	04-187291	94	1	\$2.19	1	\$206.74	\$12.92	\$0.00	\$12.92	1081	4.50%	\$25.00	\$1.63	\$39.55
Jan-16	04-187291	86	1	\$2.23	1	\$191.96	\$12.00	\$0.00	\$12.00	1052	4.50%	\$25.00	\$1.47	\$38.47
Feb-16	04-187291	82	1	\$2.23	1	\$183.40	\$11.46	\$0.00	\$11.46	1021	4.50%	\$25.00	\$1.36	\$37.82
Mar-16	04-187291	87	1	\$1.70	1	\$148.51	\$9.28	\$0.00	\$9.28	991	4.50%	\$25.00	\$1.07	\$35.35
Apr-16	04-187291	83	1	\$1.87	1	\$154.99	\$9.69	\$0.00	\$9.69	960	4.50%	\$25.00	\$1.08	\$35.77
May-16	04-187291	92	1	\$1.94	1	\$178.17	\$11.14	\$0.00	\$11.14	930	4.50%	\$25.00	\$1.20	\$37.34
Jun-16	04-187291	89	1	\$1.87	1	\$165.76	\$10.36	\$0.00	\$10.36	899	4.50%	\$25.00	\$1.07	\$36.43
Jul-16	04-187291	88	1	\$2.71	1	\$238.48	\$14.91	\$0.00	\$14.91	868	4.50%	\$25.00	\$1.49	\$41.40
Aug-16	04-187291	94	1	\$2.68	1	\$252.13	\$15.76	\$0.00	\$15.76	838	4.50%	\$25.00	\$1.51	\$42.27
Sep-16	04-187291	109	1	\$2.83	1	\$308.81	\$19.30	\$0.00	\$19.30	807	4.50%	\$25.00	\$1.78	\$46.08
Oct-16	04-187291	104	1	\$2.94	1	\$305.76	\$19.11	\$0.00	\$19.11	777	4.50%	\$25.00	\$1.69	\$45.80
Nov-16	04-187291	85	1	\$2.72	1	\$232.40	\$14.52	\$0.00	\$14.52	746	4.75%	\$25.00	\$1.30	\$40.82
Dec-16	04-187291	82	1	\$2.98	1	\$243.17	\$15.20	\$0.00	\$15.20	715	4.75%	\$25.00	\$1.30	\$41.50
Jan-17	04-187291	78	1	\$3.65	1	\$283.82	\$17.74	\$0.00	\$17.74	687	4.75%	\$25.00	\$1.45	\$44.19

Feb-17	04-187291	75	1	\$3.28	1	\$244.56	\$15.28	\$0.00	\$15.28	656	4.75%	\$25.00	\$1.19	\$41.47
Mar-17	04-187291	83	1	\$2.54	1	\$211.33	\$13.21	\$0.00	\$13.21	626	4.75%	\$25.00	\$0.97	\$39.18
Apr-17	04-187291	88	1	\$3.11	1	\$272.68	\$17.04	\$0.00	\$17.04	595	4.75%	\$25.00	\$1.19	\$43.23
May-17	04-187291	68	1	\$3.11	1	\$212.97	\$13.31	\$0.00	\$13.31	565	4.75%	\$25.00	\$0.88	\$39.19
Jun-17	04-187291	57	1	\$3.33	1	\$190.74	\$11.92	\$0.00	\$11.92	534	4.75%	\$25.00	\$0.74	\$37.66
Jul-17	04-187291	55	1	\$3.18	1	\$175.03	\$10.94	\$0.00	\$10.94	503	4.75%	\$25.00	\$0.63	\$36.57
Aug-17	04-187291	58	1	\$2.92	1	\$169.13	\$10.57	\$0.00	\$10.57	473	4.75%	\$25.00	\$0.57	\$36.14
Sep-17	04-187291	63	1	\$2.92	1	\$184.08	\$11.50	\$0.00	\$11.50	442	4.75%	\$25.00	\$0.57	\$37.07
Oct-17	04-187291	70	1	\$2.88	1	\$200.91	\$12.56	\$0.00	\$12.56	412	4.75%	\$25.00	\$0.58	\$38.14
Nov-17	04-187291	68	1	\$2.76	1	\$187.24	\$11.70	\$0.00	\$11.70	381	5.50%	\$25.00	\$0.57	\$37.27
Dec-17	04-187291	59	1	\$3.00	1	\$175.68	\$10.98	\$0.00	\$10.98	350	5.50%	\$25.00	\$0.48	\$36.46
Jan-18	04-187291	75	1	\$2.66	1	\$198.33	\$12.40	\$0.00	\$12.40	322	5.50%	\$25.00	\$0.49	\$37.89
Feb-18	04-187291	62	1	\$3.73	1	\$232.75	\$14.55	\$0.00	\$14.55	291	5.50%	\$25.00	\$0.51	\$40.06
Mar-18	04-187291	64	1	\$2.61	1	\$167.88	\$10.49	\$0.00	\$10.49	261	5.50%	\$25.00	\$0.32	\$35.81
Apr-18	04-187291	63	1	\$2.77	1	\$173.73	\$10.86	\$0.00	\$10.86	230	5.50%	\$25.00	\$0.28	\$36.14
May-18	04-187291	64	1	\$2.91	1	\$185.31	\$11.58	\$0.00	\$11.58	200	5.50%	\$25.00	\$0.25	\$36.83
Jun-18	04-187291	66	1	\$3.03	1	\$200.71	\$12.54	\$0.00	\$12.54	169	5.50%	\$25.00	\$0.21	\$37.75
Jul-18	04-187291	68	1	\$3.01	1	\$206.12	\$12.88	\$0.00	\$12.88	138	5.50%	\$25.00	\$0.15	\$38.03
Aug-18	04-187291	64	1	\$2.85	1	\$183.31	\$11.46	\$0.00	\$11.46	108	5.50%	\$25.00	\$0.08	\$36.54
<b>TOTALS</b>		3,309				\$8,942.91	\$558.93	\$0.00	\$558.93			\$1,100.00	\$48.20	\$1,707.13

COMMENTS: BILLING ON DIFFERENCE FROM ROYALTIES DUE TO THE GLO VERSUS PAID FOR RRC ID# 04-187291 UNIT 2993.

COLUMN (3) VOLUMES - REPRESENTS UNDER REPORTED LEASE FUEL AND VENTED SALES VOLUMES REPORTED TO GLO VERSUS REPORTED TO THE RRC.  
 COLUMNS (5) & (6) THE PRICES AND BTU FACTORS WERE DETERMINED BY USING THE HOUSTON SHIP CHANNEL BTU AND PRICES.  
 COLUMNS (12),(13),(14) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:  
<http://www.glo.texas.gov/energy-business/oil-gas/rrc/forms/penalty-interest-assessment-rules.pdf>

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

ATTN: ANTONIO RODRIGUEZ  
 CERTIFIED MAIL: 7016 2070 0000 7391 0643

Customer ID: C000031989  
 Invoice Number: MF032295  
 GLO Lease: MERIT ENERGY COMPANY  
 GLO Review: JAN 2015 Through AUG 2018  
 Review Period:

Category Gas  
 Auditor/AE: DJACQUET  
 Billing Date: 1/24/2019  
 P&I Calculation Date: 1/31/2019  
 Royalty Rate: 6.25%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Participation Rate	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Royalty Due	Number of Days Late	Interest Rate For Additional Royalty	Penalty Rate From Additional Royalty	Interest Rate From Additional Royalty2	Revenue Due
May-17	04-274453	187	1	\$3.11	1	\$581.57	\$36.35	\$0.00	\$36.35	565	4.75%	\$25.00	\$2.39	\$63.74
Jun-17	04-274453	159	1	\$3.33	1	\$529.47	\$33.09	\$0.00	\$33.09	534	4.75%	\$25.00	\$2.05	\$60.14
Jul-17	04-274453	157	1	\$3.18	1	\$499.26	\$31.20	\$0.00	\$31.20	503	4.75%	\$25.00	\$1.80	\$58.00
Aug-17	04-274453	164	1	\$2.92	1	\$477.42	\$29.84	\$0.00	\$29.84	473	4.75%	\$25.00	\$1.61	\$56.45
Sep-17	04-274453	208	1	\$2.92	1	\$607.36	\$37.96	\$0.00	\$37.96	442	4.75%	\$25.00	\$1.89	\$64.85
Oct-17	04-274453	231	1	\$2.88	1	\$663.84	\$41.49	\$0.00	\$41.49	412	4.75%	\$25.00	\$1.91	\$68.40
Nov-17	04-274453	202	1	\$2.76	1	\$557.52	\$34.85	\$0.00	\$34.85	381	5.50%	\$25.00	\$1.69	\$61.54
Dec-17	04-274453	211	1	\$3.00	1	\$633.00	\$39.56	\$0.00	\$39.56	350	5.50%	\$25.00	\$1.73	\$66.29
Jan-18	04-274453	198	1	\$2.66	1	\$526.68	\$32.92	\$0.00	\$32.92	322	5.50%	\$25.00	\$1.30	\$59.22
Feb-18	04-274453	171	1	\$3.73	1	\$635.97	\$39.75	\$0.00	\$39.75	291	5.50%	\$25.00	\$1.39	\$66.14
Mar-18	04-274453	175	1	\$2.61	1	\$456.75	\$28.55	\$0.00	\$28.55	261	5.50%	\$25.00	\$0.87	\$54.42
Apr-18	04-274453	162	1	\$2.77	1	\$447.36	\$27.96	\$0.00	\$27.96	230	5.50%	\$25.00	\$0.72	\$53.68
May-18	04-274453	168	1	\$2.91	1	\$487.43	\$30.46	\$0.00	\$30.46	200	5.50%	\$25.00	\$0.65	\$56.11
Jun-18	04-274453	179	1	\$3.03	1	\$540.86	\$33.80	\$0.00	\$33.80	169	5.50%	\$25.00	\$0.56	\$59.36
Jul-18	04-274453	179	1	\$3.01	1	\$538.79	\$33.67	\$0.00	\$33.67	138	5.50%	\$25.00	\$0.40	\$59.07
Aug-18	04-274453	156	1	\$2.85	1	\$444.60	\$27.79	\$0.00	\$27.79	108	5.50%	\$25.00	\$0.21	\$53.00
<b>TOTALS</b>		2,904				\$8,627.86	\$539.24	\$0.00	\$539.24			\$400.00	\$21.17	\$960.41

COMMENTS: BILLING ON DIFFERENCE FROM ROYALTIES DUE TO THE GLO VERSUS PAID FOR RRC ID# 04-274453 UNIT 9144.

COLUMN (3) VOLUMES - REPRESENTS UNDER REPORTED LEASE FUEL AND VENTED SALES VOLUMES REPORTED TO GLO VERSUS REPORTED TO THE RRC.  
 COLUMNS (5) & (6) THE PRICES AND BTU FACTORS WERE DETERMINED BY USING THE HOUSTON SHIP CHANNEL BTU AND PRICES.  
 COLUMNS (12),(13),(14) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:  
<http://www.glo.texas.gov/energy-business/oil-gas/rrac/forms/penalty-interest-assessment-rules.pdf>

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

ATTN: ANTONIO RODRIGUEZ  
 CERTIFIED MAIL: 7016 2070 0000 7391 0643

Customer ID: C000031989  
 Invoice Number:  
 GLO Lease: MF032295  
 GLO Review: MERIT ENERGY COMPANY  
 Review Period: JAN 2015 Through AUG 2018

Category Oil  
 Auditor/AE: DJACQUET  
 Billing Date: 1/24/2019  
 P&I Calculation Date: 1/31/2019  
 Royalty Rate: 6.25%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Participation Rate	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Royalty Due	Number of Days Late	Interest Rate For Additional Royalty	Penalty Rate From Additional Royalty	Interest Rate From Additional Royalty2	Revenue Due
May-16	04-163525	0	1	\$0.00	1	\$0.00	\$200.84	\$173.69	\$27.15	940	4.50%	\$25.00	\$2.95	\$55.10
Apr-17	04-274453	101	1	\$44.88	1	\$4,510.44	\$281.90	\$0.00	\$281.90	605	4.75%	\$28.19	\$20.03	\$330.12
Oct-17	04-274453	29	1	\$50.30	1	\$1,433.42	\$89.59	\$0.00	\$89.59	422	5.50%	\$25.00	\$4.90	\$119.49
<b>TOTALS</b>		129				\$5,943.86	\$572.33	\$173.69	\$398.64			\$78.19	\$27.88	\$504.71

COMMENTS: BILLING ON DIFFERENCE FROM ROYALTIES DUE TO THE GLO VERSUS PAID FOR RRC ID# 04-163525, 04-165677, 04-166558, 04-172825, 04-184559, 04-184598, 04-185094 & 04-216273.

COLUMN (3) VOLUMES - REPRESENTS UNDER REPORTED SALES VOLUMES REPORTED TO GLO VERSUS REPORTED TO THE RRC FOR 04-274453 UNIT 9144.  
 COLUMNS (5) & (6) THE PRICES - AVERAGE FROM PRODUCTION ROYALTY REPORTS SUBMITTED TO THE GLO ON THE GLO1 REPORTS..  
 COLUMNS (12),(13),(14) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:  
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ATTN: ANTONIO RODRIGUEZ  
 CERTIFIED MAIL: 7016 2070 0000 7391 0643

Customer ID: C000031989  
 Invoice Number: MF032295  
 GLO Lease: MERIT ENERGY COMPANY  
 GLO Review: JAN 2015 Through AUG 2018  
 Review Period:

Category Gas  
 Auditor/AE: DJACQUET  
 Billing Date: 1/24/2019  
 P&I Calculation Date: 1/31/2019  
 Royalty Rate: 6.25%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Participation Rate	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Royalty Due	Number of Days Late	Interest Rate For Additional Royalty	Penalty Rate From Additional Royalty	Interest Rate From Additional Royalty2	Revenue Due
Jan-15	04-163525	283	1	\$3.04	1	\$860.32	\$53.77	\$0.00	\$53.77	1418	4.25%	\$25.00	\$8.51	\$87.28
Feb-15	04-163525	264	1	\$2.81	1	\$741.84	\$46.37	\$0.00	\$46.37	1387	4.25%	\$25.00	\$7.17	\$78.54
Mar-15	04-163525	326	1	\$2.74	1	\$893.24	\$55.83	\$0.00	\$55.83	1357	4.25%	\$25.00	\$8.44	\$89.27
Apr-15	04-163525	276	1	\$2.61	1	\$720.36	\$45.02	\$0.00	\$45.02	1326	4.25%	\$25.00	\$6.64	\$76.66
May-15	04-163525	232	1	\$2.49	1	\$577.68	\$36.11	\$0.00	\$36.11	1296	4.25%	\$25.00	\$5.20	\$66.31
Jun-15	04-163525	198	1	\$2.79	1	\$552.42	\$34.53	\$0.00	\$34.53	1265	4.25%	\$25.00	\$4.85	\$64.38
Jul-15	04-163525	263	1	\$2.78	1	\$731.14	\$45.70	\$0.00	\$45.70	1234	4.25%	\$25.00	\$6.25	\$76.95
Aug-15	04-163525	404	1	\$2.83	1	\$1,143.32	\$71.46	\$0.00	\$71.46	1204	4.25%	\$25.00	\$9.53	\$105.99
Sep-15	04-163525	320	1	\$2.62	1	\$838.40	\$52.40	\$0.00	\$52.40	1173	4.25%	\$25.00	\$6.80	\$84.20
Oct-15	04-163525	363	1	\$2.50	1	\$907.50	\$56.72	\$0.00	\$56.72	1143	4.25%	\$25.00	\$7.16	\$88.88
Nov-15	04-163525	389	1	\$2.06	1	\$801.34	\$50.08	\$0.00	\$50.08	1112	4.50%	\$25.00	\$6.50	\$81.58
Dec-15	04-163525	454	1	\$2.19	1	\$994.26	\$62.14	\$0.00	\$62.14	1081	4.50%	\$25.00	\$7.83	\$94.97
Jan-16	04-163525	451	1	\$2.23	1	\$1,005.73	\$62.86	\$0.00	\$62.86	1052	4.50%	\$25.00	\$7.70	\$95.56
Feb-16	04-163525	382	1	\$2.23	1	\$851.86	\$53.24	\$0.00	\$53.24	1021	4.50%	\$25.00	\$6.31	\$84.55
Mar-16	04-163525	349	1	\$1.70	1	\$593.30	\$37.08	\$0.00	\$37.08	991	4.50%	\$25.00	\$4.26	\$66.34
Apr-16	04-163525	261	1	\$1.87	1	\$488.07	\$30.50	\$0.00	\$30.50	960	4.50%	\$25.00	\$3.39	\$58.89
May-16	04-163525	281	1	\$1.94	1	\$545.14	\$34.07	\$0.00	\$34.07	930	4.50%	\$25.00	\$3.66	\$62.73
Jun-16	04-163525	361	1	\$1.87	1	\$675.07	\$42.19	\$0.00	\$42.19	899	4.50%	\$25.00	\$4.37	\$71.56
Jul-16	04-163525	400	1	\$2.71	1	\$1,084.00	\$67.75	\$0.00	\$67.75	868	4.50%	\$25.00	\$6.76	\$99.51
Aug-16	04-163525	453	1	\$2.68	1	\$1,214.04	\$75.88	\$0.00	\$75.88	838	4.50%	\$25.00	\$7.29	\$108.17
Sep-16	04-163525	432	1	\$2.83	1	\$1,222.56	\$76.41	\$0.00	\$76.41	807	4.50%	\$25.00	\$7.05	\$108.46
Oct-16	04-163525	454	1	\$2.94	1	\$1,334.76	\$83.42	\$0.00	\$83.42	777	4.50%	\$25.00	\$7.38	\$115.80
Nov-16	04-163525	239	1	\$2.72	1	\$650.08	\$40.63	\$0.00	\$40.63	746	4.75%	\$25.00	\$3.63	\$69.26
Dec-16	04-163525	328	1	\$2.98	1	\$977.44	\$61.09	\$0.00	\$61.09	715	4.75%	\$25.00	\$5.22	\$91.31
Jan-17	04-163525	284	1	\$3.65	1	\$1,036.60	\$64.79	\$0.00	\$64.79	687	4.75%	\$25.00	\$5.30	\$95.09
Feb-17	04-163525	242	1	\$3.28	1	\$793.76	\$49.61	\$0.00	\$49.61	656	4.75%	\$25.00	\$3.85	\$78.46
Mar-17	04-163525	349	1	\$2.54	1	\$886.46	\$55.40	\$0.00	\$55.40	626	4.75%	\$25.00	\$4.09	\$84.49

Apr-17	04-163525	357	1	\$3.11	1	\$1,110.27	\$69.39	\$0.00	\$69.39	595	4.75%	\$25.00	\$4.84	\$99.23
May-17	04-163525	261	1	\$3.11	1	\$811.71	\$50.73	\$0.00	\$50.73	565	4.75%	\$25.00	\$3.34	\$79.07
Jun-17	04-163525	245	1	\$3.33	1	\$815.85	\$50.99	\$0.00	\$50.99	534	4.75%	\$25.00	\$3.15	\$79.14
Jul-17	04-163525	204	1	\$3.18	1	\$648.72	\$40.55	\$0.00	\$40.55	503	4.75%	\$25.00	\$2.34	\$67.89
Aug-17	04-163525	265	1	\$2.92	1	\$773.80	\$48.36	\$0.00	\$48.36	473	4.75%	\$25.00	\$2.61	\$75.97
Sep-17	04-163525	285	1	\$2.92	1	\$832.20	\$52.01	\$0.00	\$52.01	442	4.75%	\$25.00	\$2.59	\$79.60
Oct-17	04-163525	366	1	\$2.88	1	\$1,054.08	\$65.88	\$0.00	\$65.88	412	4.75%	\$25.00	\$3.03	\$93.91
Nov-17	04-163525	274	1	\$2.76	1	\$756.24	\$47.27	\$0.00	\$47.27	381	5.50%	\$25.00	\$2.29	\$74.56
Dec-17	04-163525	219	1	\$3.00	1	\$657.00	\$41.06	\$0.00	\$41.06	350	5.50%	\$25.00	\$1.80	\$67.86
Jan-18	04-163525	204	1	\$2.66	1	\$542.64	\$33.92	\$0.00	\$33.92	322	5.50%	\$25.00	\$1.34	\$60.26
Feb-18	04-163525	209	1	\$3.73	1	\$779.57	\$48.72	\$0.00	\$48.72	291	5.50%	\$25.00	\$1.70	\$75.42
Mar-18	04-163525	282	1	\$2.61	1	\$736.02	\$46.00	\$0.00	\$46.00	261	5.50%	\$25.00	\$1.40	\$72.40
Apr-18	04-163525	269	1	\$2.77	1	\$745.13	\$46.57	\$0.00	\$46.57	230	5.50%	\$25.00	\$1.20	\$72.77
May-18	04-163525	306	1	\$2.91	1	\$890.46	\$55.65	\$0.00	\$55.65	200	5.50%	\$25.00	\$1.18	\$81.83
Jun-18	04-163525	345	1	\$3.03	1	\$1,045.35	\$65.33	\$0.00	\$65.33	169	5.50%	\$25.00	\$1.08	\$91.41
Jul-18	04-163525	392	1	\$3.01	1	\$1,179.92	\$73.75	\$0.00	\$73.75	138	5.50%	\$25.00	\$0.88	\$99.63
Aug-18	04-163525	387	1	\$2.85	1	\$1,102.95	\$68.93	\$0.00	\$68.93	108	5.50%	\$25.00	\$0.51	\$94.44
<b>TOTALS</b>		13,908				\$37,602.60	\$2,350.16	\$0.00	\$2,350.16			\$1,100.00	\$200.42	\$3,650.58

COMMENTS: BILLING ON DIFFERENCE FROM ROYALTIES DUE TO THE GLO VERSUS PAID FOR RRC ID# 04-163525, 04-165677, 04-166558, 04-172825, 04-184559, 04-184598, 04-185094 & 04-216273.

COLUMN (3) VOLUMES - REPRESENTS UNDER REPORTED LEASE FUEL AND VENTED SALES VOLUMES REPORTED TO GLO VERSUS REPORTED TO THE RRC.  
 COLUMNS (5) & (6) THE PRICES AND BTU FACTORS WERE DETERMINED BY USING THE HOUSTON SHIP CHANNEL BTU AND PRICES.  
 COLUMNS (12),(13),(14) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:  
<http://www.glo.texas.gov/energy-business/oil-gas/rrac/forms/penalty-interest-assessment-rules.pdf>

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ATTN: ANTONIO RODRIGUEZ  
 CERTIFIED MAIL: 7016 2070 0000 7391 0643

Customer ID: C000031989  
 Invoice Number:  
 GLO Lease: MF084145  
 GLO Review: MERIT ENERGY COMPANY  
 Review Period: JAN 2015 Through AUG 2018

Category Gas  
 Auditor/AE: DJACQUET  
 Billing Date: 1/24/2019  
 P&I Calculation Date: 1/31/2019  
 Royalty Rate: 12.50%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Participation Rate	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Royalty Due	Number of Days Late	Interest Rate For Additional Royalty	Penalty Rate	Interest Rate From Additional Royalty	Revenue Due
Jan-15	04-163525	416	1	\$3.04	1	\$1,264.64	\$158.08	\$0.00	\$158.08	1418	4.25%	\$25.00	\$25.01	\$208.09
Feb-15	04-163525	379	1	\$2.81	1	\$1,064.99	\$133.12	\$0.00	\$133.12	1387	4.25%	\$25.00	\$20.58	\$178.70
Mar-15	04-163525	392	1	\$2.74	1	\$1,074.08	\$134.26	\$0.00	\$134.26	1357	4.25%	\$25.00	\$20.29	\$179.55
Apr-15	04-163525	334	1	\$2.61	1	\$871.74	\$108.97	\$0.00	\$108.97	1326	4.25%	\$25.00	\$16.08	\$150.05
May-15	04-163525	276	1	\$2.49	1	\$687.24	\$85.91	\$0.00	\$85.91	1296	4.25%	\$25.00	\$12.37	\$123.28
Jun-15	04-163525	271	1	\$2.79	1	\$756.09	\$94.51	\$0.00	\$94.51	1265	4.25%	\$25.00	\$13.27	\$132.78
Jul-15	04-163525	363	1	\$2.78	1	\$1,009.14	\$126.14	\$0.00	\$126.14	1234	4.25%	\$25.00	\$17.26	\$168.40
Aug-15	04-163525	432	1	\$2.83	1	\$1,222.56	\$152.82	\$0.00	\$152.82	1204	4.25%	\$25.00	\$20.37	\$198.19
Sep-15	04-163525	414	1	\$2.62	1	\$1,084.68	\$135.59	\$0.00	\$135.59	1173	4.25%	\$25.00	\$17.59	\$178.18
Oct-15	04-163525	476	1	\$2.50	1	\$1,190.00	\$148.75	\$0.00	\$148.75	1143	4.25%	\$25.00	\$18.78	\$192.53
Nov-15	04-163525	450	1	\$2.06	1	\$927.00	\$115.88	\$0.00	\$115.88	1112	4.50%	\$25.00	\$15.04	\$155.92
Dec-15	04-163525	433	1	\$2.19	1	\$948.27	\$118.53	\$0.00	\$118.53	1081	4.50%	\$25.00	\$14.93	\$158.46
Jan-16	04-163525	447	1	\$2.23	1	\$996.81	\$124.60	\$0.00	\$124.60	1052	4.50%	\$25.00	\$15.25	\$164.85
Feb-16	04-163525	413	1	\$2.23	1	\$920.99	\$115.12	\$0.00	\$115.12	1021	4.50%	\$25.00	\$13.65	\$153.77
Mar-16	04-163525	475	1	\$1.70	1	\$807.50	\$100.94	\$0.00	\$100.94	991	4.50%	\$25.00	\$11.60	\$137.54
Apr-16	04-163525	439	1	\$1.87	1	\$820.93	\$102.62	\$0.00	\$102.62	960	4.50%	\$25.00	\$11.40	\$139.02
May-16	04-163525	461	1	\$1.94	1	\$894.34	\$111.79	\$0.00	\$111.79	930	4.50%	\$25.00	\$12.00	\$148.79
Jun-16	04-163525	508	1	\$1.87	1	\$949.96	\$118.75	\$0.00	\$118.75	899	4.50%	\$25.00	\$12.30	\$156.05
Jul-16	04-163525	497	1	\$2.71	1	\$1,346.87	\$168.36	\$0.00	\$168.36	868	4.50%	\$25.00	\$16.79	\$210.15
Aug-16	04-163525	531	1	\$2.68	1	\$1,423.08	\$177.89	\$0.00	\$177.89	838	4.50%	\$25.00	\$17.08	\$219.97
Sep-16	04-163525	618	1	\$2.83	1	\$1,748.94	\$218.62	\$0.00	\$218.62	807	4.50%	\$25.00	\$20.16	\$263.78
Oct-16	04-163525	536	1	\$2.94	1	\$1,575.84	\$196.98	\$0.00	\$196.98	777	4.50%	\$25.00	\$17.44	\$239.42
Nov-16	04-163525	425	1	\$2.72	1	\$1,156.00	\$144.50	\$0.00	\$144.50	746	4.75%	\$25.00	\$12.92	\$182.42
Dec-16	04-163525	391	1	\$2.98	1	\$1,165.18	\$145.65	\$0.00	\$145.65	715	4.75%	\$25.00	\$12.43	\$183.08
Jan-17	04-163525	354	1	\$3.65	1	\$1,292.10	\$161.51	\$0.00	\$161.51	687	4.75%	\$25.00	\$13.20	\$199.71
Feb-17	04-163525	359	1	\$3.28	1	\$1,177.52	\$147.19	\$0.00	\$147.19	656	4.75%	\$25.00	\$11.44	\$183.63
Mar-17	04-163525	378	1	\$2.54	1	\$960.12	\$120.02	\$0.00	\$120.02	626	4.75%	\$25.00	\$8.86	\$153.88

Apr-17	04-163525	376	1	\$3.11	1	\$1,169.36	\$146.17	\$0.00	\$146.17	595	4.75%	\$25.00	\$10.20	\$181.37
May-17	04-163525	316	1	\$3.11	1	\$982.76	\$122.85	\$0.00	\$122.85	565	4.75%	\$25.00	\$8.09	\$155.94
Jun-17	04-163525	266	1	\$3.33	1	\$885.78	\$110.72	\$0.00	\$110.72	534	4.75%	\$25.00	\$6.84	\$142.56
Jul-17	04-163525	253	1	\$3.18	1	\$804.54	\$100.57	\$0.00	\$100.57	503	4.75%	\$25.00	\$5.81	\$131.38
Aug-17	04-163525	282	1	\$2.92	1	\$823.44	\$102.93	\$0.00	\$102.93	473	4.75%	\$25.00	\$5.55	\$133.48
Sep-17	04-163525	328	1	\$2.92	1	\$957.76	\$119.72	\$0.00	\$119.72	442	4.75%	\$25.00	\$5.97	\$150.69
Oct-17	04-163525	329	1	\$2.88	1	\$947.52	\$118.44	\$0.00	\$118.44	412	4.75%	\$25.00	\$5.44	\$148.88
Nov-17	04-163525	318	1	\$2.76	1	\$877.68	\$109.71	\$0.00	\$109.71	381	5.50%	\$25.00	\$5.32	\$140.03
Dec-17	04-163525	291	1	\$3.00	1	\$873.00	\$109.13	\$0.00	\$109.13	350	5.50%	\$25.00	\$4.79	\$138.92
Jan-18	04-163525	264	1	\$2.66	1	\$702.24	\$87.78	\$0.00	\$87.78	322	5.50%	\$25.00	\$3.48	\$116.26
Feb-18	04-163525	230	1	\$3.73	1	\$857.90	\$107.24	\$0.00	\$107.24	291	5.50%	\$25.00	\$3.75	\$135.99
Mar-18	04-163525	279	1	\$2.61	1	\$728.19	\$91.02	\$0.00	\$91.02	261	5.50%	\$25.00	\$2.77	\$118.79
Apr-18	04-163525	278	1	\$2.77	1	\$770.06	\$96.26	\$0.00	\$96.26	230	5.50%	\$25.00	\$2.48	\$123.74
May-18	04-163525	326	1	\$2.91	1	\$948.66	\$118.58	\$0.00	\$118.58	200	5.50%	\$25.00	\$2.52	\$146.10
Jun-18	04-163525	461	1	\$3.03	1	\$1,396.83	\$174.60	\$0.00	\$174.60	169	5.50%	\$25.00	\$2.89	\$202.49
Jul-18	04-163525	468	1	\$3.01	1	\$1,408.68	\$176.09	\$0.00	\$176.09	138	5.50%	\$25.00	\$2.10	\$203.19
Aug-18	04-163525	414	1	\$2.85	1	\$1,179.90	\$147.49	\$0.00	\$147.49	108	5.50%	\$25.00	\$1.09	\$173.58
<b>TOTALS</b>		<b>16,947</b>				<b>\$45,650.91</b>	<b>\$5,706.40</b>	<b>\$0.00</b>	<b>\$5,706.40</b>			<b>\$1,100.00</b>	<b>\$497.18</b>	<b>\$7,303.58</b>

COMMENTS: BILLING ON DIFFERENCE FROM ROYALTIES DUE TO THE GLO VERSUS PAID FOR RRC ID# 04-163525, 04-165677, 04-166558, 04-172825, 04-184559, 04-184598, 04-185094 & 04-216273.

COLUMN (3) VOLUMES - REPRESENTS UNDER REPORTED LEASE FUEL AND VENTED SALES VOLUMES REPORTED TO GLO VERSUS REPORTED TO THE RRC.  
 COLUMNS (5) & (6) THE PRICES AND BTU FACTORS WERE DETERMINED BY USING THE HOUSTON SHIP CHANNEL BTU AND PRICES.  
 COLUMNS (12),(13),(14) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:  
<http://www.glo.texas.gov/energy-business/oil-gas/rac/forms/penalty-interest-assessment-rules.pdf>

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

ATTN: ANTONIO RODRIGUEZ  
 CERTIFIED MAIL: 7016 2070 0000 7391 0643

Customer ID: C000031989  
 Invoice Number: MF084145  
 GLO Lease: MERIT ENERGY COMPANY  
 GLO Review: JAN 2015 Through AUG 2018  
 Review Period:

Category Oil  
 Auditor/AE: DJACQUET  
 Billing Date: 1/24/2019  
 P&I Calculation Date: 1/31/2019  
 Royalty Rate: 12.50%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Participation Rate	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Royalty Due	Number of Days Late	Interest Rate For Additional Royalty	Penalty Rate From Additional Royalty	Interest Rate From Additional Royalty2	Revenue Due
May-16	04-163525	0	1	\$0.00	1	\$0.00	\$786.74	\$365.50	\$421.24	940	4.50%	\$42.12	\$45.75	\$509.11
<b>TOTALS</b>						<b>\$0.00</b>	<b>\$786.74</b>	<b>\$365.50</b>	<b>\$421.24</b>			<b>\$42.12</b>	<b>\$45.75</b>	<b>\$509.11</b>

COMMENTS: BILLING ON DIFFERENCE FROM ROYALTIES DUE TO THE GLO VERSUS PAID FOR RRC ID# 04-163525, 04-165677, 04-166558, 04-172825, 04-184559, 04-184598, 04-185094 & 04-216273.

COLUMNS (12),(13),(14) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:  
<http://www.glo.texas.gov/energy-business/oil-gas/rac/forms/penalty-interest-assessment-rules.pdf>

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ATTN: ANTONIO RODRIGUEZ  
 CERTIFIED MAIL: 7016 2070 0000 7391 0643

Customer ID: C000031989  
 Invoice Number: MF084145  
 GLO Lease: MERIT ENERGY COMPANY  
 GLO Review: JAN 2015 Through AUG 2018  
 Review Period:

Category Gas  
 Auditor/AE: DJACQUET  
 Billing Date: 1/24/2019  
 P&I Calculation Date: 1/31/2019  
 Royalty Rate: 12.50%

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month / Year	RRC Number	Gas/Oil Volume	Tract Participation Rate	Price	BTU	Gross Value	Royalty Due	Royalty Paid	Additional Royalty Due	Number of Days Late	Interest Rate For Additional Royalty	Penalty Rate From Additional Royalty	Interest Rate From Additional Royalty2	Revenue Due
Jan-15	04-187921	133	1	\$3.04	1	\$403.10	\$50.39	\$0.00	\$50.39	1418	4.25%	\$25.00	\$7.97	\$83.36
Feb-15	04-187921	105	1	\$2.81	1	\$294.26	\$36.78	\$0.00	\$36.78	1387	4.25%	\$25.00	\$5.69	\$67.47
Mar-15	04-187921	137	1	\$2.74	1	\$374.50	\$46.81	\$0.00	\$46.81	1357	4.25%	\$25.00	\$7.07	\$78.88
Apr-15	04-187921	124	1	\$2.61	1	\$324.79	\$40.60	\$0.00	\$40.60	1326	4.25%	\$25.00	\$5.99	\$71.59
May-15	04-187921	116	1	\$2.49	1	\$289.54	\$36.19	\$0.00	\$36.19	1296	4.25%	\$25.00	\$5.21	\$66.40
Jun-15	04-187921	114	1	\$2.79	1	\$316.83	\$39.60	\$0.00	\$39.60	1265	4.25%	\$25.00	\$5.56	\$70.16
Jul-15	04-187921	167	1	\$2.78	1	\$465.04	\$58.13	\$0.00	\$58.13	1234	4.25%	\$25.00	\$7.95	\$91.08
Aug-15	04-187921	219	1	\$2.83	1	\$619.66	\$77.46	\$0.00	\$77.46	1204	4.25%	\$25.00	\$10.33	\$112.79
Sep-15	04-187921	179	1	\$2.62	1	\$468.56	\$58.57	\$0.00	\$58.57	1173	4.25%	\$25.00	\$7.60	\$91.17
Oct-15	04-187921	182	1	\$2.50	1	\$453.90	\$56.74	\$0.00	\$56.74	1143	4.25%	\$25.00	\$7.16	\$88.90
Nov-15	04-187921	195	1	\$2.06	1	\$402.03	\$50.25	\$0.00	\$50.25	1112	4.50%	\$25.00	\$6.52	\$81.77
Dec-15	04-187921	201	1	\$2.19	1	\$439.31	\$54.91	\$0.00	\$54.91	1081	4.50%	\$25.00	\$6.92	\$86.83
Jan-16	04-187921	183	1	\$2.23	1	\$407.91	\$50.99	\$0.00	\$50.99	1052	4.50%	\$25.00	\$6.24	\$82.23
Feb-16	04-187921	175	1	\$2.23	1	\$389.71	\$48.71	\$0.00	\$48.71	1021	4.50%	\$25.00	\$5.78	\$79.49
Mar-16	04-187921	186	1	\$1.70	1	\$315.59	\$39.45	\$0.00	\$39.45	991	4.50%	\$25.00	\$4.53	\$68.98
Apr-16	04-187921	176	1	\$1.87	1	\$329.34	\$41.17	\$0.00	\$41.17	960	4.50%	\$25.00	\$4.57	\$70.74
May-16	04-187921	195	1	\$1.94	1	\$378.61	\$47.33	\$0.00	\$47.33	930	4.50%	\$25.00	\$5.08	\$77.41
Jun-16	04-187921	188	1	\$1.87	1	\$352.23	\$44.03	\$0.00	\$44.03	899	4.50%	\$25.00	\$4.56	\$73.59
Jul-16	04-187921	187	1	\$2.71	1	\$506.77	\$63.35	\$0.00	\$63.35	868	4.50%	\$25.00	\$6.32	\$94.67
Aug-16	04-187921	200	1	\$2.68	1	\$535.79	\$66.97	\$0.00	\$66.97	838	4.50%	\$25.00	\$6.43	\$98.40
Sep-16	04-187921	232	1	\$2.83	1	\$656.22	\$82.03	\$0.00	\$82.03	807	4.50%	\$25.00	\$7.56	\$114.59
Oct-16	04-187921	221	1	\$2.94	1	\$649.74	\$81.22	\$0.00	\$81.22	777	4.50%	\$25.00	\$7.19	\$113.41
Nov-16	04-187921	182	1	\$2.72	1	\$493.84	\$61.73	\$0.00	\$61.73	746	4.75%	\$25.00	\$5.52	\$92.25
Dec-16	04-187921	173	1	\$2.98	1	\$516.73	\$64.59	\$0.00	\$64.59	715	4.75%	\$25.00	\$5.51	\$95.10
Jan-17	04-187921	165	1	\$3.65	1	\$603.13	\$75.39	\$0.00	\$75.39	687	4.75%	\$25.00	\$6.16	\$106.55

Feb-17	04-187921	158	1	\$3.28	1	\$519.68	\$64.96	\$0.00	\$64.96	656	4.75%	\$25.00	\$5.05	\$95.01
Mar-17	04-187921	177	1	\$2.54	1	\$449.07	\$56.13	\$0.00	\$56.13	626	4.75%	\$25.00	\$4.14	\$85.27
Apr-17	04-187921	186	1	\$3.11	1	\$579.46	\$72.43	\$0.00	\$72.43	595	4.75%	\$25.00	\$5.05	\$102.48
May-17	04-187921	146	1	\$3.11	1	\$452.57	\$56.57	\$0.00	\$56.57	565	4.75%	\$25.00	\$3.73	\$85.30
Jun-17	04-187921	122	1	\$3.33	1	\$405.33	\$50.67	\$0.00	\$50.67	534	4.75%	\$25.00	\$3.13	\$78.80
Jul-17	04-187921	117	1	\$3.18	1	\$371.93	\$46.49	\$0.00	\$46.49	503	4.75%	\$25.00	\$2.69	\$74.18
Aug-17	04-187921	123	1	\$2.92	1	\$359.39	\$44.92	\$0.00	\$44.92	473	4.75%	\$25.00	\$2.42	\$72.34
Sep-17	04-187921	134	1	\$2.92	1	\$391.16	\$48.90	\$0.00	\$48.90	442	4.75%	\$25.00	\$2.44	\$76.34
Oct-17	04-187921	148	1	\$2.88	1	\$426.93	\$53.37	\$0.00	\$53.37	412	4.75%	\$25.00	\$2.45	\$80.82
Nov-17	04-187921	144	1	\$2.76	1	\$397.88	\$49.74	\$0.00	\$49.74	381	5.50%	\$25.00	\$2.41	\$77.15
Dec-17	04-187921	124	1	\$3.00	1	\$373.32	\$46.67	\$0.00	\$46.67	350	5.50%	\$25.00	\$2.05	\$73.72
Jan-18	04-187921	158	1	\$2.66	1	\$421.45	\$52.68	\$0.00	\$52.68	322	5.50%	\$25.00	\$2.09	\$79.77
Feb-18	04-187921	133	1	\$3.73	1	\$494.60	\$61.82	\$0.00	\$61.82	291	5.50%	\$25.00	\$2.16	\$88.98
Mar-18	04-187921	137	1	\$2.61	1	\$356.73	\$44.59	\$0.00	\$44.59	261	5.50%	\$25.00	\$1.36	\$70.95
Apr-18	04-187921	133	1	\$2.77	1	\$369.19	\$46.15	\$0.00	\$46.15	230	5.50%	\$25.00	\$1.19	\$72.34
May-18	04-187921	135	1	\$2.91	1	\$393.78	\$49.22	\$0.00	\$49.22	200	5.50%	\$25.00	\$1.05	\$75.27
Jun-18	04-187921	141	1	\$3.03	1	\$426.50	\$53.31	\$0.00	\$53.31	169	5.50%	\$25.00	\$0.88	\$79.19
Jul-18	04-187921	146	1	\$3.01	1	\$438.02	\$54.75	\$0.00	\$54.75	138	5.50%	\$25.00	\$0.65	\$80.40
Aug-18	04-187921	137	1	\$2.85	1	\$389.54	\$48.69	\$0.00	\$48.69	108	5.50%	\$25.00	\$0.36	\$74.05
<b>TOTALS</b>		<b>7,033</b>				<b>\$19,003.68</b>	<b>\$2,375.45</b>	<b>\$0.00</b>	<b>\$2,375.45</b>			<b>\$1,100.00</b>	<b>\$204.72</b>	<b>\$3,680.17</b>

COMMENTS: BILLING ON DIFFERENCE FROM ROYALTIES DUE TO THE GLO VERSUS PAID FOR RRC ID# 04-187921 UNIT 2993.

COLUMN (3) VOLUMES - REPRESENTS UNDER REPORTED LEASE FUEL AND VENTED SALES VOLUMES REPORTED TO GLO VERSUS REPORTED TO THE RRC.

COLUMNS (5) & (6) THE PRICES AND BTU FACTORS WERE DETERMINED BY USING THE HOUSTON SHIP CHANNEL BTU AND PRICES.

COLUMNS (12),(13),(14) PLEASE GO TO THIS WEB SITE FOR EXPLANATION OF PENALTY AND INTEREST ASSESSMENT:

<http://www.glo.texas.gov/energy-business/oil-gas/rrc/forms/penalty-interest-assessment-rules.pdf>

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ATTN: ANTONIO RODRIGUEZ  
CERTIFIED MAIL: 7016 2070 0000 7391 0643

File No. MF 084145 (60)

County

Recon Billing

Date Filed: 1/28/19

George P. Bush, Commissioner

By

87

ALAMO ✓  
WI ✓

**Mary Barnstone**

---

**From:** Ham Rogers <hrogers@royaloilandgas.com>  
**Sent:** Friday, September 16, 2022 12:47 PM  
**To:** Mary Barnstone  
**Subject:** [EXTERNAL] Slick #1 and Slick #2  
**Attachments:** Slick #1 GAU APPROVED.pdf; SLICK #1 W-1 DRLG PERMIT APPROVAL.pdf; SLICK1RVSDPLAT.tif; SLICK #1 W-1 APPROVED.pdf; Slick #2 GAU APPROVED.pdf; SLICK #2 W1 DRLG PERMIT.pdf; SLICK #2 W-1 approved.pdf; SLICK2 PLAT.tif; MMGJ Assignment.pdf

42-427-34807 #2

42-427-34808 #1

Mary:

Attached are the permits filed with the Railroad Commission of Texas for the subject wells. These wells are being drilled under various Oil and Gas Leases, but the main one is that certain Oil, Gas and Mineral Lease dated February 13, 1979, from Southwest Farm and Ranch, Inc, individually and as agent for the State of Texas to Tenneco Oil Company recorded in Volume 422, at Page 376 of the Deed Records, Starr County, Texas (MF-084145). The wells are being drilled under the same agreement with MMGJ South Texas, LLC as the Slick Estate #1 well. Again, I have attached a copy of the Assignment to MMGJ. On the first page of Exhibit A-1, I have placed a red mark next to all the Oil and Gas Leases applicable to these wells. The writing is small, so you will need to enlarge it by hitting your zoom button. Should you have any questions, I can be reached at 361/443-8518.

Thank you,

Ham Rogers

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CAUTION: This email originated from OUTSIDE of the Texas General Land Office. Links or attachments may be dangerous. Please be careful clicking on any links or opening any attachments.

(61)

File No. MF 084145

Starr

County

Email from Royal Oak

9/29/22

Date Filed:

George P. Bush, Commissioner

By Mr. Baumstark

API No. 42-427-34807  
Drilling Permit # 882750  
SWR Exception Case/Docket No.

RAILROAD COMMISSION OF TEXAS  
OIL & GAS DIVISION

APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER

*This facsimile W-1 was generated electronically from data submitted to the RRC.  
A certification of the automated data is available in the RRC's Austin office.*

FORM W-1 07/2004

Permit Status: Approved

1. RRC Operator No. 732075	2. Operator's Name (as shown on form P-5, Organization Report) ROYAL PRODUCTION COMPANY, INC.	3. Operator Address (include street, city, state, zip): 500 N SHORELINE STE 807 CORPUS CHRISTI, TX 78401
4. Lease Name SLICK	5. Well No. 2	

GENERAL INFORMATION

6. Purpose of filing (mark ALL appropriate boxes):	<input checked="" type="checkbox"/> New Drill	<input type="checkbox"/> Recompletion	<input type="checkbox"/> Reclass	<input type="checkbox"/> Field Transfer	<input type="checkbox"/> Re-Enter
	<input type="checkbox"/> Amended	<input type="checkbox"/> Amended as Drilled (BHL) (Also File Form W-1D)			

7. Wellbore Profile (mark ALL appropriate boxes):	<input checked="" type="checkbox"/> Vertical	<input type="checkbox"/> Horizontal (Also File Form W-1H)	<input type="checkbox"/> Directional (Also File Form W-1D)	<input type="checkbox"/> Sidetrack
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8. Total Depth 9700	9. Do you have the right to develop the minerals under any right-of-way ?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
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SURFACE LOCATION AND ACREAGE INFORMATION

11. RRC District No. 04	12. County STARR	13. Surface Location EDINBURG	<input checked="" type="checkbox"/> Land	<input type="checkbox"/> Bay/Estuary	<input type="checkbox"/> Inland Waterway	<input type="checkbox"/> Offshore
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14. This well is to be located 25.5	miles in a NW	direction from	which is the nearest town in the county of the well site.			
--	------------------	----------------	---	--	--	--

15. Section 532	16. Block	17. Survey CCSD&RGNG RR CO/JIMENEZ, G	18. Abstract No. A-923	19. Distance to nearest lease line: ft.	20. Number of contiguous acres in lease, pooled unit, or unitized tract: 637.63
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21. Lease Perpendiculars: 536	ft from the W	line and 1567	ft from the S	line.
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22. Survey Perpendiculars: 536	ft from the W	line and 1567	ft from the S	line.
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23. Is this a pooled unit? <input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	24. Unitization Docket No:	25. Are you applying for Substandard Acreage Field? <input type="checkbox"/> Yes	(attach Form W-1A)	<input checked="" type="checkbox"/> No
--	--	----------------------------	---	--------------------	--

FIELD INFORMATION List all fields of anticipated completion including Wildcat. List one zone per line.						
26. RRC District No.	27. Field No.	28. Field Name (exactly as shown in RRC records)	29. Well Type	30. Completion Depth	31. Distance to Nearest Well in this Reservoir	32. Number of Wells on this lease in this Reservoir
04	41537250	HINDE (VICKSBURG CONSOLIDATED)	Oil or Gas Well	9700	829.66	11
04	00008001	WILDCAT	Oil or Gas Well	9700	2420.00	2
04	10716875	BOROSA, S. (VICKSBURG 6650)	Gas Well	9700	2420.00	2
04	10716675	BOROSA, S. (VICKSBURG 2 STRAY)	Oil or Gas Well	9700	2420.00	2

BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS

<b>Remarks</b> [RRC STAFF Aug 4, 2022 3:58 PM]: Updated well count to 2 in all fields except Hinde (Vicksburg Consolidated) per RRC records. Updated nearest well distance to 2420' in all fields except Hinde (Vicksburg Consolidated) per plat.	<b>Certificate:</b> I certify that information stated in this application is true and complete, to the best of my knowledge.
	<b>Leigh Brown, Geo-Tech</b> Name of filer (361)6544570 Phone
	Aug 03, 2022 Date submitted lbrown@royalcctx.com E-mail Address (OPTIONAL)

RRC Use Only Data Validation Time Stamp: Aug 5, 2022 9:05 AM( Current Version )

Permit Status:	Approved
<i>The RRC has not approved this application. Duplication or distribution of information is at the user's own risk.</i>	

**RAILROAD COMMISSION OF TEXAS  
OIL & GAS DIVISION**

**APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER**

*This facsimile W-1 was generated electronically from data submitted to the RRC.  
A certification of the automated data is available in the RRC's Austin office.*

**W-1 Supplemental Field Data**

07/2004

Permit #	882750
Approved Date:	Aug 04, 2022

1. RRC Operator No. 732075	2. Operator's Name (exactly as shown on form P-5, Organization Report) ROYAL PRODUCTION COMPANY, INC.	3. Lease Name SLICK	4. County STARR
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**ADDITIONAL FIELD INFORMATION (continued from Page 1)**

26. RRC District No.	27. Field No.	28. Field Name (exactly as shown in RRC records)	29. Well Type	30. Completion Depth	31. Distance to Nearest Well in this Reservoir	32. Number of Wells on this lease in this Reservoir
04	41537548	HINDE (VICKSBURG 20)	Gas Well	9700	2420.00	2
04	41537550	HINDE (VICKSBURG 21)	Gas Well	9700	2420.00	2
04	41537528	HINDE (VICKSBURG 11)	Gas Well	9700	2420.00	2
04	41537710	HINDE (6400 VICKSBURG)	Oil Well	9700	2420.00	2
04	41537815	HINDE (7900 VICKSBURG)	Gas Well	9700	2420.00	2
04	41537416	HINDE (VKSBCG. NO. 1)	Oil or Gas Well	9700	2420.00	2
04	41537553	HINDE (VICKSBURG 23)	Gas Well	9700	2420.00	2
04	41537555	HINDE (VICKSBURG 24)	Gas Well	9700	2420.00	2

## Railroad Commission of Texas

### PERMIT TO DRILL, RE-COMPLETE, OR RE-ENTER ON REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

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#### CONDITIONS AND INSTRUCTIONS

**Permit Invalidation.** It is the operator's responsibility to make sure that the permitted location complies with Commission density and spacing rules in effect on the spud date. The permit becomes invalid automatically if, because of a field rule change or the drilling of another well, the stated location is not in compliance with Commission field rules on the spud date. If this occurs, application for an exception to Statewide Rules 37 and 38 must be made and a special permit granted prior to spudding. Failure to do so may result in an allowable not being assigned and/or enforcement procedures being initiated.

**Notice Requirements.** Per H.B 630, signed May 8, 2007, the operator is required to provide notice to the surface owner no later than the 15th business day after the Commission issues a permit to drill. Please refer to subchapter Q Sec. 91.751-91.755 of the Texas Natural Resources Code for applicability.

**Permit expiration.** This permit expires two (2) years from the date of issuance shown on the original permit. The permit period will not be extended.

**Drilling Permit Number.** The drilling permit number shown on the permit MUST be given as a reference with any notification to the district (see below), correspondence, or application concerning this permit.

**Rule 37 Exception Permits.** This Statewide Rule 37 exception permit is granted under either provision Rule 37 (h)(2)(A) or 37(h)(2)(B). Be advised that a permit granted under Rule 37(h)(2)(A), notice of application, is subject to the General Rules of Practice and Procedures and if a protest is received under Section 1.3, "Filing of Documents," and/or Section 1.4, "Computation of Time," the permit may be deemed invalid.

#### Before Drilling

**Fresh Water Sand Protection.** The operator must set and cement sufficient surface casing to protect all usable-quality water, as defined by the Railroad Commission of Texas (RRC) Groundwater Advisory Unit (GWAU). Before drilling a well, the operator must obtain a letter from the Railroad Commission of Texas stating the depth to which water needs protection, Write: Railroad Commission of Texas, Groundwater Advisory Unit (GWAU), P.O. Box 12967, Austin, TX 78711-3087. File a copy of the letter with the appropriate district office.

**Accessing the Well Site.** If an OPERATOR, well equipment TRANSPORTER or WELL service provider must access the well site from a roadway on the state highway system (Interstate, U.S. Highway, State Highway, Farm-to-Market Road, Ranch-to-Market Road, etc.), an access permit is required from TxDOT. Permit applications are submitted to the respective TxDOT Area Office serving the county where the well is located.

**Water Transport to Well Site.** If an operator intends to transport water to the well site through a temporary pipeline laid above ground on the state's right-of-way, an additional TxDOT permit is required. Permit applications are submitted to the respective TxDOT Area Office serving the county where the well is located.

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#### \*NOTIFICATION

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The operator is **REQUIRED** to notify the district office when setting surface casing, intermediate casing, and production casing, or when plugging a dry hole. The district office **MUST** also be notified if the operator intends to re-enter a plugged well or re-complete a well into a different regulatory field. Time requirements are given below. The drilling permit number **MUST** be given with such notifications.

#### During Drilling

**Permit at Drilling Site.** A copy of the Form W-1 Drilling Permit Application, the location plat, a copy of Statewide Rule 13 alternate surface casing setting depth approval from the district office, if applicable, and this drilling permit must be kept at the permitted well site throughout drilling operations.

**\*Notification of Setting Casing.** The operator **MUST** call in notification to the appropriate district office (phone number shown on permit) a minimum of eight (8) hours prior to the setting of surface casing, intermediate casing, AND production casing. The individual giving notification **MUST** be able to advise the district office of the drilling permit number.

**\*Notification of Re-completion/Re-entry.** The operator MUST call in notification to the appropriate district office (phone number shown on permit) a minimum of eight (8) hours prior to the initiation of drilling or re-completion operations. The individual giving notification MUST be able to advise the district office of the drilling permit number.

### Completion and Plugging Reports

**Hydraulic Fracture Stimulation using Diesel Fuel:** Most operators in Texas do not use diesel fuel in hydraulic fracturing fluids. Section 322 of the Energy Policy Act of 2005 amended the Underground Injection Control (UIC) portion of the federal Safe Drinking Water Act (42 USC 300h(d)) to define "underground injection" to *EXCLUDE* "...the underground injection of fluids or propping agents (*other than diesel fuels*) pursuant to hydraulic fracturing operations related to oil, gas, or geothermal production activities." (italic and underlining added.) Therefore, hydraulic fracturing may be subject to regulation under the federal UIC regulations if diesel fuel is injected or used as a propping agent. EPA defined "diesel fuel" using the following five (5) Chemical Abstract Service numbers: 68334-30-5 Primary Name: Fuels, diesel; 68476-34-6 Primary Name: Fuels, diesel, No. 2; 68476-30-2 Primary Name: Fuel oil No. 2; 68476-31-3 Primary Name: Fuel oil, No. 4; and 8008-20-6 Primary Name: Kerosene. As a result, an injection well permit would be required before performing hydraulic fracture stimulation using diesel fuel as defined by EPA on any well in Texas. Hydraulic fracture stimulation using diesel fuel as defined by EPA on a well in Texas without an injection well permit could result in enforcement action.

**Producing Well.** Statewide Rule 16 states that the operator of a well shall file with the Commission the appropriate completion report within ninety (90) days after completion of the well or within one hundred and fifty (150) days after the date on which the drilling operation is completed, whichever is earlier. Completion of the well in a field authorized by this permit voids the permit for all other fields included in the permit unless the operator indicates on the initial completion report that the well is to be a dual or multiple completion and promptly submits an application for multiple completion. All zones are required to be completed before the expiration date on the existing permit. Statewide Rule 40(d) requires that upon successful completion of a well in the same reservoir as any other well previously assigned the same acreage, proration plats and P-15s or P-16s (if required) or a lease plat and P-16 must be submitted with no double assignment of acreage unless authorized by rule.

**Dry or Noncommercial Hole.** Statewide Rule 14(b)(2) prohibits suspension of operations on each dry or non-commercial well without plugging unless the hole is cased and the casing is cemented in compliance with Commission rules. If properly cased, Statewide Rule 14(b)(2) requires that plugging operations must begin within a period of one (1) year after drilling or operations have ceased. Plugging operations must proceed with due diligence until completed. An extension to the one-year plugging requirement may be granted under the provisions stated in Statewide Rule 14(b)(2).

**Intention to Plug.** The operator must file a Form W-3A (Notice of Intention to Plug and Abandon) with the district office at least five (5) days prior to beginning plugging operations. If, however, a drilling rig is already at work on location and ready to begin plugging operations, the district director or the director's delegate may waive this requirement upon request, and verbally approve the proposed plugging procedures.

**\*Notification of Plugging a Dry Hole.** The operator MUST call in notification to the appropriate district office (phone number shown on permit) a minimum of four (4) hours prior to beginning plugging operations. The individual giving the notification MUST be able to advise the district office of the drilling permit number and all water protection depths for that location as stated in the Groundwater Advisory Unit letter.

DIRECT INQUIRIES TO: DRILLING PERMIT SECTION, OIL AND GAS DIVISION

PHONE  
(512) 463-6751

MAIL:  
PO Box 12967  
Austin, Texas, 78711-2967

**RAILROAD COMMISSION OF TEXAS**  
**OIL & GAS DIVISION**

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

PERMIT NUMBER 882750	DATE PERMIT ISSUED OR AMENDED Aug 04, 2022	DISTRICT * 04	
API NUMBER 42-427-34807	FORM W-1 RECEIVED Aug 03, 2022	COUNTY STARR	
TYPE OF OPERATION NEW DRILL	WELLBORE PROFILE(S) Vertical	ACRES 637.63	
OPERATOR ROYAL PRODUCTION COMPANY, INC. 500 N SHORELINE STE 807 CORPUS CHRISTI, TX 78401		732075 NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No: (361) 242-3113	
LEASE NAME SLICK	WELL NUMBER 2		
LOCATION 25.5 miles NW direction from EDINBURG	TOTAL DEPTH 9700		
Section, Block and/or Survey SECTION ↗ 532      BLOCK ↗ SURVEY ↗ CCSD&RGNG RR CO/JIMENEZ, G			
DISTANCE TO SURVEY LINES 536 ft. W    1567 ft. S	DISTANCE TO NEAREST LEASE LINE ft.		
DISTANCE TO LEASE LINES 536 ft. W    1567 ft. S	DISTANCE TO NEAREST WELL ON LEASE See FIELD(s) Below		
FIELD(s) and LIMITATIONS: * SEE FIELD DISTRICT FOR REPORTING PURPOSES *			
FIELD NAME LEASE NAME	ACRES NEAREST LEASE	DEPTH NEAREST WE	DIST
HINDE (VICKSBURG CONSOLIDATED) SLICK	637.63	9,700 829.66	2      04
BOROSA, S. (VICKSBURG 2 STRAY) SLICK	637.63	9,700 2420	2      04
HINDE (VICKSBURG 11) SLICK	637.63	9,700 2420	2      04
HINDE (7900 VICKSBURG) SLICK	637.63	9,700 2420	2      04
HINDE (VICKSBURG 23)	637.63	9,700	2      04

**RAILROAD COMMISSION OF TEXAS**  
**OIL & GAS DIVISION**

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

PERMIT NUMBER 882750	DATE PERMIT ISSUED OR AMENDED Aug 04, 2022	DISTRICT * 04		
API NUMBER 42-427-34807	FORM W-1 RECEIVED Aug 03, 2022	COUNTY STARR		
TYPE OF OPERATION NEW DRILL	WELLBORE PROFILE(S) Vertical	ACRES 637.63		
OPERATOR ROYAL PRODUCTION COMPANY, INC. 500 N SHORELINE STE 807 CORPUS CHRISTI, TX 78401		732075 NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No: (361) 242-3113		
LEASE NAME SLICK	WELL NUMBER 2			
LOCATION 25.5 miles NW direction from EDINBURG	TOTAL DEPTH 9700			
Section, Block and/or Survey SECTION ↗ 532      BLOCK ↗ SURVEY ↗ CCSD&RGNG RR CO/JIMENEZ, G				
DISTANCE TO SURVEY LINES 536 ft. W   1567 ft. S	DISTANCE TO NEAREST LEASE LINE ft.			
DISTANCE TO LEASE LINES 536 ft. W   1567 ft. S	DISTANCE TO NEAREST WELL ON LEASE See FIELD(s) Below			
FIELD(s) and LIMITATIONS: * SEE FIELD DISTRICT FOR REPORTING PURPOSES *				
FIELD NAME LEASE NAME SLICK	ACRES 637.63	DEPTH 9,700	WELL # 2	DIST 04
----- HINDE (VICKSBURG 24) SLICK	-----	-----	2420	-----
----- HINDE (VKSGB. NO. 1) SLICK	-----	-----	2420	-----
----- HINDE (6400 VICKSBURG) SLICK	-----	-----	2420	-----
----- HINDE (VICKSBURG 21) SLICK	-----	-----	2420	-----

**RAILROAD COMMISSION OF TEXAS**  
**OIL & GAS DIVISION**

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

PERMIT NUMBER 882750	DATE PERMIT ISSUED OR AMENDED Aug 04, 2022	DISTRICT * 04		
API NUMBER 42-427-34807	FORM W-1 RECEIVED Aug 03, 2022	COUNTY STARR		
TYPE OF OPERATION NEW DRILL	WELLBORE PROFILE(S) Vertical	ACRES 637.63		
OPERATOR ROYAL PRODUCTION COMPANY, INC. 500 N SHORELINE STE 807 CORPUS CHRISTI, TX 78401	732075	NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No: (361) 242-3113		
LEASE NAME SLICK		WELL NUMBER 2		
LOCATION 25.5 miles NW direction from EDINBURG		TOTAL DEPTH 9700		
Section, Block and/or Survey SECTION ↗ 532      BLOCK ↗ SURVEY ↗ CCSD&RGNG RR CO/JIMENEZ, G				
DISTANCE TO SURVEY LINES 536 ft. W   1567 ft. S	DISTANCE TO NEAREST LEASE LINE ft.			
DISTANCE TO LEASE LINES 536 ft. W   1567 ft. S	DISTANCE TO NEAREST WELL ON LEASE See FIELD(s) Below			
FIELD(s) and LIMITATIONS: * SEE FIELD DISTRICT FOR REPORTING PURPOSES *				
FIELD NAME LEASE NAME	ACRES NEAREST LEASE	DEPTH NEAREST WE	WELL #	DIST
HINDE (VICKSBURG 20) SLICK	637.63	9,700	2	04 2420
BOROSA, S. (VICKSBURG 6650) SLICK	637.63	9,700	2	04 2420
WILDCAT SLICK	637.63	9,700	2	04 2420
RESTRICTIONS:	This is a hydrogen sulfide field. Hydrogen Sulfide Fields with perforations must be isolated and tested per State Wide Rule 36 and a Form H-9 filed with the district office. Fields with SWR 10 authority to downhole commingle must be isolated and tested individually prior to commingling production.			

**RAILROAD COMMISSION OF TEXAS**  
**OIL & GAS DIVISION**

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

PERMIT NUMBER  882750	DATE PERMIT ISSUED OR AMENDED  Aug 04, 2022	DISTRICT  * 04
API NUMBER  42-427-34807	FORM W-1 RECEIVED  Aug 03, 2022	COUNTY  STARR
TYPE OF OPERATION  NEW DRILL	WELLBORE PROFILE(S)  Vertical	ACRES  637.63
OPERATOR  ROYAL PRODUCTION COMPANY, INC.  500 N SHORELINE STE 807 CORPUS CHRISTI, TX 78401		732075  NOTICE  This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No: (361) 242-3113
LEASE NAME  SLICK	WELL NUMBER  2	
LOCATION  25.5 miles NW direction from EDINBURG	TOTAL DEPTH  9700	
Section, Block and/or Survey  SECTION ↗ 532      BLOCK ↗ SURVEY ↗ CCS&RGNG RR CO/JIMENEZ, G      ABSTRACT ↗ 923		
DISTANCE TO SURVEY LINES  536 ft. W    1567 ft. S		DISTANCE TO NEAREST LEASE LINE  ft.
DISTANCE TO LEASE LINES  536 ft. W    1567 ft. S		DISTANCE TO NEAREST WELL ON LEASE  See FIELD(s) Below
FIELD(s) and LIMITATIONS:  * SEE FIELD DISTRICT FOR REPORTING PURPOSES *		
FIELD NAME  LEASE NAME	ACRES  NEAREST LEASE	DEPTH  NEAREST WE
THE FOLLOWING RESTRICTIONS APPLY TO ALL FIELDS		
<p>This well shall be completed and produced in compliance with applicable special field or statewide spacing and density rules. If this well is to be used for brine mining, underground storage of liquid hydrocarbons in salt formations, or underground storage of gas in salt formations, a permit for that specific purpose must be obtained from Environmental Services prior to construction, including drilling, of the well in accordance with Statewide Rules 81, 95, and 97.</p> <p>This well must comply to the new SWR 3.13 requirements concerning the isolation of any potential flow zones and zones with corrosive formation fluids. See approved permit for those formations that have been identified for the county in which you are drilling the well in.</p>		

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

**STARR (427) County**

Formation	Remarks	Geological Order	Effective Date
MIocene-Lagarto-Oakville	injection/disposal; H2S	1	12/17/2013
Catahoula-Anahuac	injection/disposal	2	12/17/2013
Catahoula-Frio	injection/disposal	3	12/17/2013
Vicksburg	injection/disposal; geopressured	4	12/17/2013
Jackson	injection/disposal	5	12/17/2013
Yegua		6	12/17/2013
Cook Mountain		7	12/17/2013
Queen City	injection/disposal	8	12/17/2013
Wilcox		9	12/17/2013

The above list may not be all inclusive, and may also include formations that do not intersect all wellbores. The listing order of the Formation information reflects the general stratigraphic order and relative geologic age. This is a dynamic list subject to updates and revisions. It is the operator's responsibility to make sure that at the time of spudding the well the most current list is being referenced. Refer to the RRC website at the following address for the most recent information.  
<http://www.rrc.texas.gov/oil-gas/compliance-enforcement/rule-13-geologic-formation-info>

## GROUNDWATER PROTECTION DETERMINATION

Form GW-2



## Groundwater Advisory Unit

Date Issued:	05 August 2022	GAU Number:	352420
Attention:	ROYAL PRODUCTION 500 N SHORELINE STE 807 CORPUS CHRISTI, TX 78401	API Number:	42734807
Operator No.:	732075	County:	STARR
		Lease Name:	SLICK
		Lease Number:	
		Well Number:	2
		Total Vertical	9700
		Latitude:	26.476879
		Longitude:	-98.564069
		Datum:	NAD27

Purpose:	New Production Well
Location:	Survey-CCSD&RGNG RR CO; Abstract-923; Section-532

To protect usable-quality groundwater at this location, the Groundwater Advisory Unit of the Railroad Commission of Texas recommends:

The base of usable-quality water-bearing strata is estimated to occur at a depth of 500 feet at the site of the referenced well.

Note: Unless stated otherwise, this recommendation is intended to apply to all wells drilled within 200 feet of the subject well. Unless stated otherwise, this recommendation is for normal drilling, production, and plugging operations only.

This determination is based on information provided when the application was submitted on 08/05/2022. If the location information has changed, you must contact the Groundwater Advisory Unit, and submit a new application if necessary. If you have questions, please contact us at 512-463-2741 or [gau@rrc.texas.gov](mailto:gau@rrc.texas.gov).

Groundwater Advisory Unit, Oil and Gas Division

Form GW-2 P.O. Box 12967 Austin, Texas 78771-2967 512-463-2741 Internet address: [www.rrc.texas.gov](http://www.rrc.texas.gov)  
Rev. 02/2014

R.G.N.G.R.R. Co.  
A-920

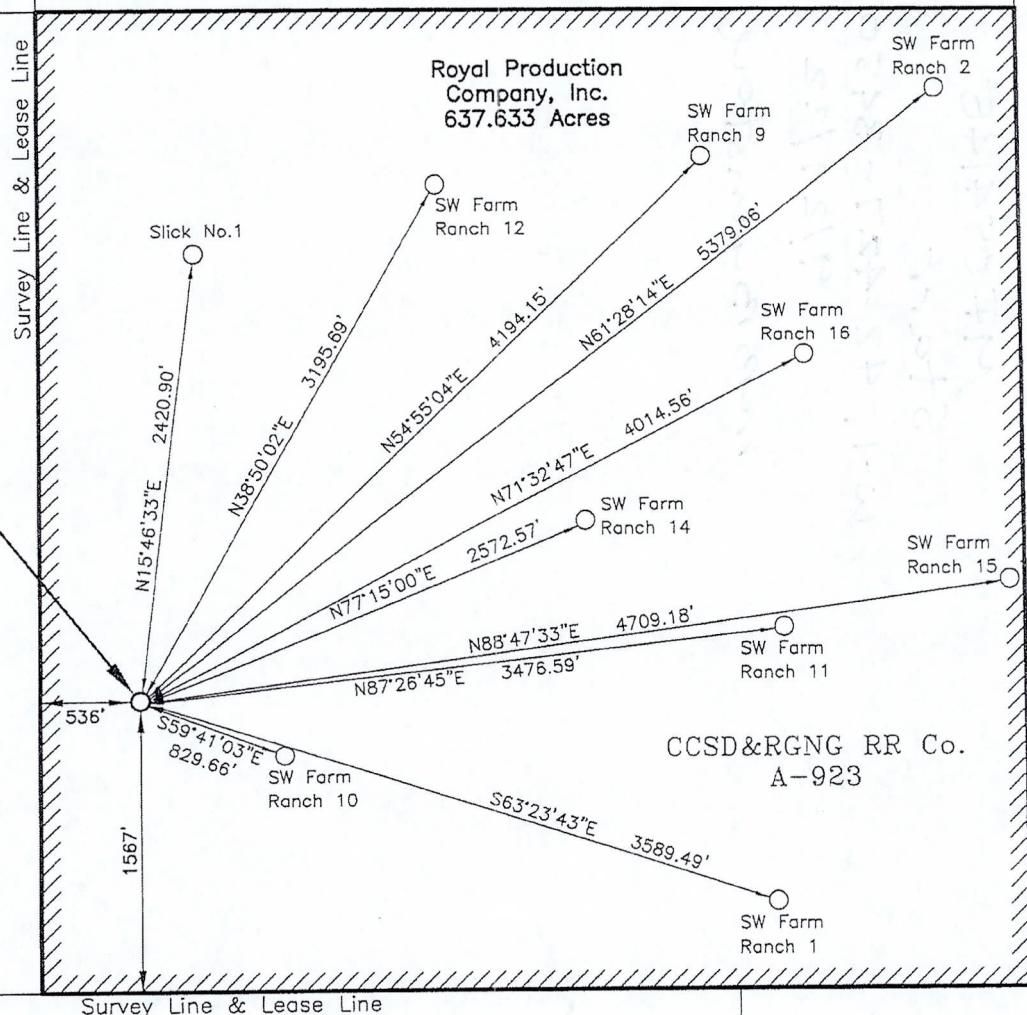
R.G.N.G.R.R. Co.  
A-365

Slick No.2  
X:1979041.89  
Y:294499.23  
Gr. Elev. 403.0'



SCALE: 1"=1000'

R.G.N.G.R.R. Co.  
A-242



CCSD&RGNG RR Co.  
A-366



D. Kirtland  
A-935

ROYAL PRODUCTION COMPANY, INC. - SLICK WELL NO. 2  
SHL X: 1979041.89, Y: 294499.23 NAD 27 Texas South Zone, Latitude: 26.476879229,  
Longitude: -98.564069127, NAD 27. SHL is located 536' from the west lease and survey  
line, 1567' from the south lease and survey line. Location is approximately 25.5 miles  
northwest of the town of Edinburg.

There may be existing pipelines not shown on this plat. Use the Texas One Call System to  
locate pipelines before performing any excavation on this property.

PLAT SHOWING LOCATION  
MADE FOR  
ROYAL PRODUCTION COMPANY, INC.  
SLICK WELL NO. 2  
C.C.S.D. & R.G.N.G. RAILROAD CO. SURVEY, ABSTRACT 923  
STARR COUNTY, TEXAS  
SCALE 1" = 1000 FEET

This plat meets the requirements for filing a well location plat with the Texas Railroad  
Commission and is intended solely for that purpose. This plat is not intended to represent a  
boundary survey and does not meet the requirements for boundary surveys in the State of  
Texas. Prepared this the 29th day of July, 2022.

King & Petrus, Inc.  
Firm No. 10127600  
P. O. Box 606  
Sinton, Texas 78387  
Phone 361-364-2622  
Fax 361-364-2641  
Randy\27400\27464 Slick No.2



Registered Prof. Land Surveyor  
Texas Registration No. 6493

File No. MF 084145

Starr County

W-1, 42-427-34807

Date Filed: 9/29/22

By George P. Bush, Commissioner  
m3 Barnstone

API No. 42-427-34808  
Drilling Permit # 882743  
SWR Exception Case/Docket No.

**RAILROAD COMMISSION OF TEXAS  
OIL & GAS DIVISION**

**APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER**

*This facsimile W-1 was generated electronically from data submitted to the RRC.  
A certification of the automated data is available in the RRC's Austin office.*

**FORM W-1** 07/2004

Permit Status: **Approved**

1. RRC Operator No. <u>732075</u>	2. Operator's Name (as shown on form P-5, Organization Report) <b>ROYAL PRODUCTION COMPANY, INC.</b>	3. Operator Address (include street, city, state, zip): <b>500 N SHORELINE STE 807 CORPUS CHRISTI, TX 78401</b>
4. Lease Name <b>SLICK</b>	5. Well No. <b>1</b>	

**GENERAL INFORMATION**

6. Purpose of filing (mark ALL appropriate boxes):	<input checked="" type="checkbox"/> New Drill	<input type="checkbox"/> Recompletion	<input type="checkbox"/> Reclass	<input type="checkbox"/> Field Transfer	<input type="checkbox"/> Re-Enter
	<input type="checkbox"/> Amended	<input type="checkbox"/> Amended as Drilled (BHL) (Also File Form W-1D)			

7. Wellbore Profile (mark ALL appropriate boxes):	<input checked="" type="checkbox"/> Vertical	<input type="checkbox"/> Horizontal (Also File Form W-1H)	<input type="checkbox"/> Directional (Also File Form W-1D)	<input type="checkbox"/> Sidetrack
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8. Total Depth <b>7500</b>	9. Do you have the right to develop the minerals under any right-of-way ?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
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**SURFACE LOCATION AND ACREAGE INFORMATION**

11. RRC District No. <b>04</b>	12. County <b>STARR</b>	13. Surface Location <b>EDINBURG</b>	<input checked="" type="checkbox"/> Land	<input type="checkbox"/> Bay/Estuary	<input type="checkbox"/> Inland Waterway	<input type="checkbox"/> Offshore
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14. This well is to be located	<b>25.5</b>	miles in a	<b>NW</b>	direction from	<b>EDINBURG</b>	which is the nearest town in the county of the well site.
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15. Section <b>532</b>	16. Block <b></b>	17. Survey <b>CCSD&amp;RGNG RR CO / JIMENEZ, G</b>	18. Abstract No. <b>A-923</b>	19. Distance to nearest lease line: ft.	20. Number of contiguous acres in lease, pooled unit, or unitized tract: <b>637.63</b>
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21. Lease Perpendiculars:	<b>831</b>	ft from the	<b>W</b>	line and	<b>1305</b>	ft from the	<b>N</b>	line.
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22. Survey Perpendiculars:	<b>831</b>	ft from the	<b>W</b>	line and	<b>1305</b>	ft from the	<b>N</b>	line.
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23. Is this a pooled unit? <input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	24. Unitization Docket No:	25. Are you applying for Substandard Acreage Field? <input type="checkbox"/> Yes	(attach Form W-1A)	<input checked="" type="checkbox"/> No
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**FIELD INFORMATION** **List all fields of anticipated completion including Wildcat. List one zone per line.**

26. RRC District No.	27. Field No.	28. Field Name (exactly as shown in RRC records)	29. Well Type	30. Completion Depth	31. Distance to Nearest Well in this Reservoir	32. Number of Wells on this lease in this Reservoir
04	41537250	HINDE (VICKSBURG CONSOLIDATED)	Oil or Gas Well	7500	1351.23	10
04	41537815	HINDE (7900 VICKSBURG)	Gas Well	7500	0.00	1
04	41537710	HINDE (6400 VICKSBURG)	Oil Well	7500	0.00	1
04	41537416	HINDE (VKSGB. NO. 1)	Oil or Gas Well	7500	0.00	1

**BOTTOMHOLE LOCATION INFORMATION** is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS

<b>Remarks</b>	<b>Certificate:</b> I certify that information stated in this application is true and complete, to the best of my knowledge.		
	<b>Leigh Brown, Geo-Tech</b> Name of filer <b>(361)6544570</b> Phone	<b>Aug 03, 2022</b> Date submitted <b>lbrown@royalcctx.com</b> E-mail Address (OPTIONAL)	
<b>RRC Use Only</b>	Data Validation Time Stamp: <b>Aug 10, 2022 3:23 PM ('As Approved' Version )</b>		

Permit Status:	Approved
<i>The RRC has not approved this application. Duplication or distribution of information is at the user's own risk.</i>	

**RAILROAD COMMISSION OF TEXAS  
OIL & GAS DIVISION**

**APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER**

*This facsimile W-1 was generated electronically from data submitted to the RRC.  
A certification of the automated data is available in the RRC's Austin office.*

**W-1 Supplemental Field Data**

07/2004

Permit #	882743
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Approved Date:	Aug 10, 2022
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1. RRC Operator No. 732075	2. Operator's Name (exactly as shown on form P-5, Organization Report) ROYAL PRODUCTION COMPANY, INC.	3. Lease Name SLICK	4. County STARR
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**ADDITIONAL FIELD INFORMATION (continued from Page 1)**

26. RRC District No.	27. Field No.	28. Field Name (exactly as shown in RRC records)	29. Well Type	30. Completion Depth	31. Distance to Nearest Well in this Reservoir	32. Number of Wells on this lease in this Reservoir
04	41537528	HINDE (VICKSBURG 11)	Gas Well	7500	0.00	1
04	10716675	BOROSA, S. (VICKSBURG 2 STRAY)	Oil or Gas Well	7500	0.00	1
04	00008001	WILDCAT	Oil or Gas Well	7500	1351.23	10
04	41537553	HINDE (VICKSBURG 23)	Gas Well	7500	0.00	1
04	41537555	HINDE (VICKSBURG 24)	Gas Well	7500	0.00	1
04	10716875	BOROSA, S. (VICKSBURG 6650)	Gas Well	7500	0.00	1
04	41537548	HINDE (VICKSBURG 20)	Gas Well	7500	0.00	1
04	41537550	HINDE (VICKSBURG 21)	Gas Well	7500	0.00	1

## Railroad Commission of Texas

### PERMIT TO DRILL, RE-COMPLETE, OR RE-ENTER ON REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

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#### CONDITIONS AND INSTRUCTIONS

**Permit Invalidation.** It is the operator's responsibility to make sure that the permitted location complies with Commission density and spacing rules in effect on the spud date. The permit becomes invalid automatically if, because of a field rule change or the drilling of another well, the stated location is not in compliance with Commission field rules on the spud date. If this occurs, application for an exception to Statewide Rules 37 and 38 must be made and a special permit granted prior to spudding. Failure to do so may result in an allowable not being assigned and/or enforcement procedures being initiated.

**Notice Requirements.** Per H.B 630, signed May 8, 2007, the operator is required to provide notice to the surface owner no later than the 15th business day after the Commission issues a permit to drill. Please refer to subchapter Q Sec. 91.751-91.755 of the Texas Natural Resources Code for applicability.

**Permit expiration.** This permit expires two (2) years from the date of issuance shown on the original permit. The permit period will not be extended.

**Drilling Permit Number.** The drilling permit number shown on the permit MUST be given as a reference with any notification to the district (see below), correspondence, or application concerning this permit.

**Rule 37 Exception Permits.** This Statewide Rule 37 exception permit is granted under either provision Rule 37 (h)(2)(A) or 37(h)(2)(B). Be advised that a permit granted under Rule 37(h)(2)(A), notice of application, is subject to the General Rules of Practice and Procedures and if a protest is received under Section 1.3, "Filing of Documents," and/or Section 1.4, "Computation of Time," the permit may be deemed invalid.

#### Before Drilling

**Fresh Water Sand Protection.** The operator must set and cement sufficient surface casing to protect all usable-quality water, as defined by the Railroad Commission of Texas (RRC) Groundwater Advisory Unit (GWAU). Before drilling a well, the operator must obtain a letter from the Railroad Commission of Texas stating the depth to which water needs protection, Write: Railroad Commission of Texas, Groundwater Advisory Unit (GWAU), P.O. Box 12967, Austin, TX 78711-3087. File a copy of the letter with the appropriate district office.

**Accessing the Well Site.** If an OPERATOR, well equipment TRANSPORTER or WELL service provider must access the well site from a roadway on the state highway system (Interstate, U.S. Highway, State Highway, Farm-to-Market Road, Ranch-to-Market Road, etc.), an access permit is required from TxDOT. Permit applications are submitted to the respective TxDOT Area Office serving the county where the well is located.

**Water Transport to Well Site.** If an operator intends to transport water to the well site through a temporary pipeline laid above ground on the state's right-of-way, an additional TxDOT permit is required. Permit applications are submitted to the respective TxDOT Area Office serving the county where the well is located.

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#### \*NOTIFICATION

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The operator is **REQUIRED** to notify the district office when setting surface casing, intermediate casing, and production casing, or when plugging a dry hole. The district office **MUST** also be notified if the operator intends to re-enter a plugged well or re-complete a well into a different regulatory field. Time requirements are given below. The drilling permit number **MUST** be given with such notifications.

#### During Drilling

**Permit at Drilling Site.** A copy of the Form W-1 Drilling Permit Application, the location plat, a copy of Statewide Rule 13 alternate surface casing setting depth approval from the district office, if applicable, and this drilling permit must be kept at the permitted well site throughout drilling operations.

**\*Notification of Setting Casing.** The operator **MUST** call in notification to the appropriate district office (phone number shown on permit) a minimum of eight (8) hours prior to the setting of surface casing, intermediate casing, AND production casing. The individual giving notification **MUST** be able to advise the district office of the drilling permit number.

**\*Notification of Re-completion/Re-entry.** The operator MUST call in notification to the appropriate district office (phone number shown on permit) a minimum of eight (8) hours prior to the initiation of drilling or re-completion operations. The individual giving notification MUST be able to advise the district office of the drilling permit number.

### Completion and Plugging Reports

**Hydraulic Fracture Stimulation using Diesel Fuel:** Most operators in Texas do not use diesel fuel in hydraulic fracturing fluids. Section 322 of the Energy Policy Act of 2005 amended the Underground Injection Control (UIC) portion of the federal Safe Drinking Water Act (42 USC 300h(d)) to define "underground injection" to *EXCLUDE* "...the underground injection of fluids or propping agents (*other than diesel fuels*) pursuant to hydraulic fracturing operations related to oil, gas, or geothermal production activities." (italic and underlining added.) Therefore, hydraulic fracturing may be subject to regulation under the federal UIC regulations if diesel fuel is injected or used as a propping agent. EPA defined "diesel fuel" using the following five (5) Chemical Abstract Service numbers: 68334-30-5 Primary Name: Fuels, diesel; 68476-34-6 Primary Name: Fuels, diesel, No. 2; 68476-30-2 Primary Name: Fuel oil No. 2; 68476-31-3 Primary Name: Fuel oil, No. 4; and 8008-20-6 Primary Name: Kerosene. As a result, an injection well permit would be required before performing hydraulic fracture stimulation using diesel fuel as defined by EPA on any well in Texas. Hydraulic fracture stimulation using diesel fuel as defined by EPA on a well in Texas without an injection well permit could result in enforcement action.

**Producing Well.** Statewide Rule 16 states that the operator of a well shall file with the Commission the appropriate completion report within ninety (90) days after completion of the well or within one hundred and fifty (150) days after the date on which the drilling operation is completed, whichever is earlier. Completion of the well in a field authorized by this permit voids the permit for all other fields included in the permit unless the operator indicates on the initial completion report that the well is to be a dual or multiple completion and promptly submits an application for multiple completion. All zones are required to be completed before the expiration date on the existing permit. Statewide Rule 40(d) requires that upon successful completion of a well in the same reservoir as any other well previously assigned the same acreage, proration plats and P-15s or P-16s (if required) or a lease plat and P-16 must be submitted with no double assignment of acreage unless authorized by rule.

**Dry or Noncommercial Hole.** Statewide Rule 14(b)(2) prohibits suspension of operations on each dry or non-commercial well without plugging unless the hole is cased and the casing is cemented in compliance with Commission rules. If properly cased, Statewide Rule 14(b)(2) requires that plugging operations must begin within a period of one (1) year after drilling or operations have ceased. Plugging operations must proceed with due diligence until completed. An extension to the one-year plugging requirement may be granted under the provisions stated in Statewide Rule 14(b)(2).

**Intention to Plug.** The operator must file a Form W-3A (Notice of Intention to Plug and Abandon) with the district office at least five (5) days prior to beginning plugging operations. If, however, a drilling rig is already at work on location and ready to begin plugging operations, the district director or the director's delegate may waive this requirement upon request, and verbally approve the proposed plugging procedures.

**\*Notification of Plugging a Dry Hole.** The operator MUST call in notification to the appropriate district office (phone number shown on permit) a minimum of four (4) hours prior to beginning plugging operations. The individual giving the notification MUST be able to advise the district office of the drilling permit number and all water protection depths for that location as stated in the Groundwater Advisory Unit letter.

DIRECT INQUIRIES TO: DRILLING PERMIT SECTION, OIL AND GAS DIVISION

PHONE  
(512) 463-6751

MAIL:  
PO Box 12967  
Austin, Texas, 78711-2967

**RAILROAD COMMISSION OF TEXAS**  
**OIL & GAS DIVISION**

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

PERMIT NUMBER 882743	DATE PERMIT ISSUED OR AMENDED Aug 10, 2022	DISTRICT * 04		
API NUMBER 42-427-34808	FORM W-1 RECEIVED Aug 03, 2022	COUNTY STARR		
TYPE OF OPERATION NEW DRILL	WELLBORE PROFILE(S) Vertical	ACRES 637.63		
OPERATOR ROYAL PRODUCTION COMPANY, INC. 500 N SHORELINE STE 807 CORPUS CHRISTI, TX 78401		732075 NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No: (361) 242-3113		
LEASE NAME SLICK	WELL NUMBER 1			
LOCATION 25.5 miles NW direction from EDINBURG	TOTAL DEPTH 7500			
Section, Block and/or Survey SECTION ↗ 532      BLOCK ↗ SURVEY ↗ CCSD&RGNG RR CO / JIMENEZ, G				
DISTANCE TO SURVEY LINES 831 ft. W   1305 ft. N	DISTANCE TO NEAREST LEASE LINE ft.			
DISTANCE TO LEASE LINES 831 ft. W   1305 ft. N	DISTANCE TO NEAREST WELL ON LEASE See FIELD(s) Below			
FIELD(s) and LIMITATIONS: * SEE FIELD DISTRICT FOR REPORTING PURPOSES *				
FIELD NAME LEASE NAME	ACRES NEAREST LEASE	DEPTH ft.	WELL # NEAREST WE	DIST
HINDE (VICKSBURG CONSOLIDATED) SLICK	637.63	7,500	1 1351.23	04
HINDE (VKSGB. NO. 1) SLICK	637.63	7,500	1 0	04
BOROSA, S. (VICKSBURG 2 STRAY) SLICK	637.63	7,500	1 0	04
HINDE (VICKSBURG 24) SLICK	637.63	7,500	1 0	04
HINDE (VICKSBURG 20)	637.63	7,500	1	04

**RAILROAD COMMISSION OF TEXAS**  
**OIL & GAS DIVISION**

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

PERMIT NUMBER 882743	DATE PERMIT ISSUED OR AMENDED Aug 10, 2022	DISTRICT * 04		
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LEASE NAME SLICK		WELL NUMBER 1		
LOCATION 25.5 miles NW direction from EDINBURG		TOTAL DEPTH 7500		
Section, Block and/or Survey SECTION ↗ 532      BLOCK ↗ SURVEY ↗ CCSD&RGNG RR CO / JIMENEZ, G				
DISTANCE TO SURVEY LINES 831 ft. W   1305 ft. N		DISTANCE TO NEAREST LEASE LINE ft.		
DISTANCE TO LEASE LINES 831 ft. W   1305 ft. N		DISTANCE TO NEAREST WELL ON LEASE See FIELD(s) Below		
FIELD(s) and LIMITATIONS: * SEE FIELD DISTRICT FOR REPORTING PURPOSES *				
FIELD NAME LEASE NAME SLICK	ACRES NEAREST LEASE 637.63	DEPTH 7,500	WELL # 1	DIST 04
HINDE (VICKSBURG 21) SLICK			0	
BOROSA, S. (VICKSBURG 6650) SLICK	637.63	7,500	1	04
HINDE (VICKSBURG 23) SLICK	637.63	7,500	1	04
WILDCAT SLICK	637.63	7,500	1	04
			1351.23	

**RAILROAD COMMISSION OF TEXAS**  
**OIL & GAS DIVISION**

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

PERMIT NUMBER  882743	DATE PERMIT ISSUED OR AMENDED  Aug 10, 2022	DISTRICT  * 04		
API NUMBER  42-427-34808	FORM W-1 RECEIVED  Aug 03, 2022	COUNTY  STARR		
TYPE OF OPERATION  NEW DRILL	WELLBORE PROFILE(S)  Vertical	ACRES  637.63		
OPERATOR  ROYAL PRODUCTION COMPANY, INC.  500 N SHORELINE STE 807 CORPUS CHRISTI, TX 78401		732075  NOTICE  This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No: (361) 242-3113		
LEASE NAME  SLICK	WELL NUMBER  1			
LOCATION  25.5 miles NW direction from EDINBURG	TOTAL DEPTH  7500			
Section, Block and/or Survey  SECTION ↗ 532      BLOCK ↗ SURVEY ↗ CCSD&RGNG RR CO / JIMENEZ, G				
DISTANCE TO SURVEY LINES  831 ft. W    1305 ft. N	DISTANCE TO NEAREST LEASE LINE  ft.			
DISTANCE TO LEASE LINES  831 ft. W    1305 ft. N	DISTANCE TO NEAREST WELL ON LEASE See FIELD(s) Below			
FIELD(s) and LIMITATIONS:  * SEE FIELD DISTRICT FOR REPORTING PURPOSES *				
FIELD NAME  LEASE NAME	ACRES  NEAREST LEASE	DEPTH  NEAREST WE	WELL #	DIST
RESTRICTIONS: This is a hydrogen sulfide field. Hydrogen Sulfide Fields with perforations must be isolated and tested per State Wide Rule 36 and a Form H-9 filed with the district office. Fields with SWR 10 authority to downhole commingle must be isolated and tested individually prior to commingling production.				
----- HINDE (VICKSBURG 11) SLICK		637.63	7,500	1      04 0
----- HINDE (6400 VICKSBURG) SLICK		637.63	7,500	1      04 0
----- HINDE (7900 VICKSBURG) SLICK		637.63	7,500	1      04 0

**RAILROAD COMMISSION OF TEXAS**  
**OIL & GAS DIVISION**

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

PERMIT NUMBER  882743	DATE PERMIT ISSUED OR AMENDED  Aug 10, 2022	DISTRICT  * 04
API NUMBER  42-427-34808	FORM W-1 RECEIVED  Aug 03, 2022	COUNTY  STARR
TYPE OF OPERATION  NEW DRILL	WELLBORE PROFILE(S)  Vertical	ACRES  637.63
OPERATOR  ROYAL PRODUCTION COMPANY, INC.  500 N SHORELINE STE 807 CORPUS CHRISTI, TX 78401		732075  NOTICE  This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No: (361) 242-3113
LEASE NAME  SLICK	WELL NUMBER  1	
LOCATION  25.5 miles NW direction from EDINBURG	TOTAL DEPTH  7500	
Section, Block and/or Survey  SECTION ↗ 532      BLOCK ↗      ABSTRACT ↗ 923  SURVEY ↗ CCSD&RGNG RR CO / JIMENEZ, G		
DISTANCE TO SURVEY LINES  831 ft. W    1305 ft. N	DISTANCE TO NEAREST LEASE LINE  ft.	
DISTANCE TO LEASE LINES  831 ft. W    1305 ft. N	DISTANCE TO NEAREST WELL ON LEASE See FIELD(s) Below	
FIELD(s) and LIMITATIONS:  * SEE FIELD DISTRICT FOR REPORTING PURPOSES *		
FIELD NAME  LEASE NAME	ACRES  NEAREST LEASE	DEPTH  NEAREST WE
THE FOLLOWING RESTRICTIONS APPLY TO ALL FIELDS		
<p>This well shall be completed and produced in compliance with applicable special field or statewide spacing and density rules. If this well is to be used for brine mining, underground storage of liquid hydrocarbons in salt formations, or underground storage of gas in salt formations, a permit for that specific purpose must be obtained from Environmental Services prior to construction, including drilling, of the well in accordance with Statewide Rules 81, 95, and 97.</p> <p>This well must comply to the new SWR 3.13 requirements concerning the isolation of any potential flow zones and zones with corrosive formation fluids. See approved permit for those formations that have been identified for the county in which you are drilling the well in.</p>		

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

**STARR (427) County**

Formation	Remarks	Geological Order	Effective Date
MIocene-Lagarto-Oakville	injection/disposal; H2S	1	12/17/2013
Catahoula-Anahuac	injection/disposal	2	12/17/2013
Catahoula-Frio	injection/disposal	3	12/17/2013
Vicksburg	injection/disposal; geopressured	4	12/17/2013
Jackson	injection/disposal	5	12/17/2013
Yegua		6	12/17/2013
Cook Mountain		7	12/17/2013
Queen City	injection/disposal	8	12/17/2013
Wilcox		9	12/17/2013

The above list may not be all inclusive, and may also include formations that do not intersect all wellbores. The listing order of the Formation information reflects the general stratigraphic order and relative geologic age. This is a dynamic list subject to updates and revisions. It is the operator's responsibility to make sure that at the time of spudding the well the most current list is being referenced. Refer to the RRC website at the following address for the most recent information.  
<http://www.rrc.texas.gov/oil-gas/compliance-enforcement/rule-13-geologic-formation-info>

## GROUNDWATER PROTECTION DETERMINATION

Form GW-2



## Groundwater Advisory Unit

Date Issued:	16 August 2022	GAU Number:	352965
Attention:	ROYAL PRODUCTION 500 N SHORELINE STE 807 CORPUS CHRISTI, TX 78401	API Number:	42734808
Operator No.:	732075	County:	STARR
		Lease Name:	SLICK
		Lease Number:	
		Well Number:	1
		Total Vertical	7500
		Latitude:	26.483290
		Longitude:	-98.562061
		Datum:	NAD27

Purpose:	New Production Well
Location:	Survey-CCSD&RGNG RR CO / JIMENEZ, G.; Abstract-923; Section-532

To protect usable-quality groundwater at this location, the Groundwater Advisory Unit of the Railroad Commission of Texas recommends:

The base of usable-quality water-bearing strata is estimated to occur at a depth of 500 feet at the site of the referenced well.

Note: Unless stated otherwise, this recommendation is intended to apply to all wells drilled within 200 feet of the subject well. Unless stated otherwise, this recommendation is for normal drilling, production, and plugging operations only.

This determination is based on information provided when the application was submitted on 08/11/2022. If the location information has changed, you must contact the Groundwater Advisory Unit, and submit a new application if necessary. If you have questions, please contact us at 512-463-2741 or [gau@rrc.texas.gov](mailto:gau@rrc.texas.gov).

Groundwater Advisory Unit, Oil and Gas Division

Form GW-2 P.O. Box 12967 Austin, Texas 78771-2967 512-463-2741 Internet address: [www.rrc.texas.gov](http://www.rrc.texas.gov)  
Rev. 02/2014

R.G.N.G.R.R. Co.  
A-920

R.G.N.G.R.R. Co.  
A-242

Slick No.1  
X:1979700.00  
Y:296829.00  
Gr. Elev. 402.0'

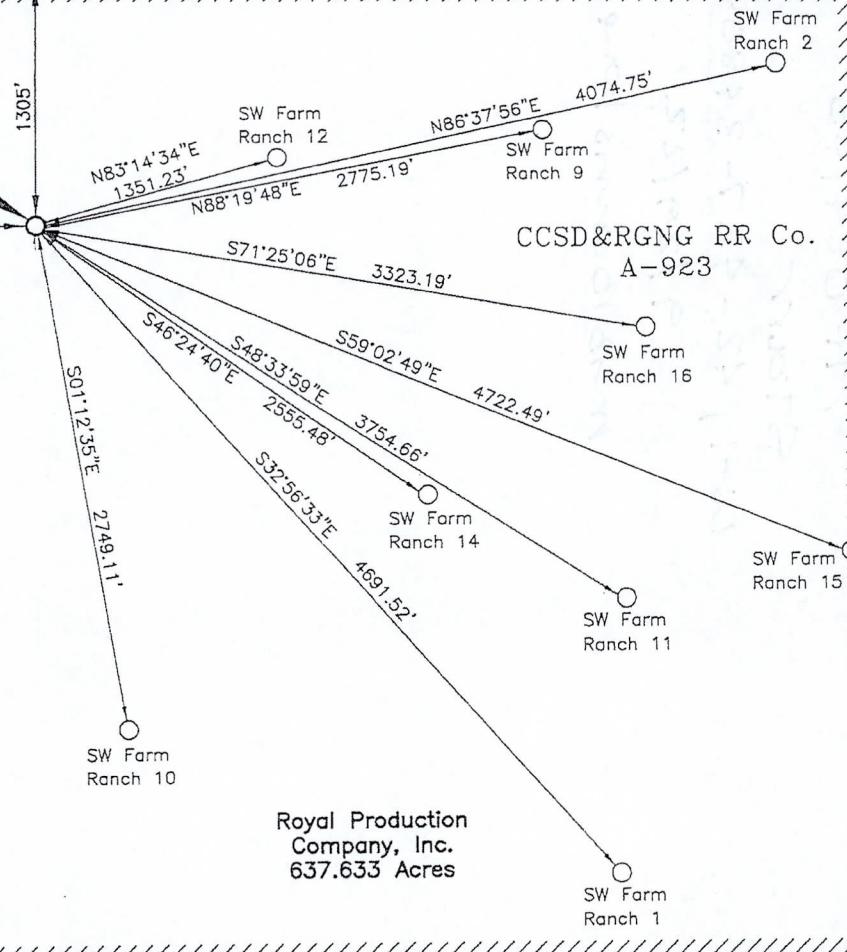
R.G.N.G.R.R. Co.  
A-365



SCALE: 1"=1000'

Survey Line & Lease Line

Survey Line & Lease Line



CCSD&RGNG RR Co.  
A-366

D. Kirtland  
A-935

ROYAL PRODUCTION COMPANY, INC. - SLICK WELL NO. 1  
SHL X: 1979700.00, Y: 296829.00 NAD 27 Texas South Zone, Latitude: 26.4832290061,  
Longitude: -98.562060782, NAD 27. SHL is located 831' from the west lease and survey  
line, 1305' from the north lease and survey line. Location is approximately 25.5 miles  
northwest of the town of Edinburg.

There may be existing pipelines not shown on this plat. Use the Texas One Call System to  
locate pipelines before performing any excavation on this property.

PLAT SHOWING LOCATION  
MADE FOR  
ROYAL PRODUCTION COMPANY, INC.  
SLICK WELL NO. 1  
C.C.S.D. & R.G.N.G. RAILROAD CO. SURVEY, ABSTRACT 923  
STARR COUNTY, TEXAS  
SCALE 1" = 1000 FEET

This plat meets the requirements for filing a well location plat with the Texas Railroad  
Commission and is intended solely for that purpose. This plat is not intended to represent a  
boundary survey and does not meet the requirements for boundary surveys in the State of  
Texas. Prepared this the 29th day of July, 2022.

King & Petrus, Inc.  
Firm No. 10127600  
P. O. Box 606  
Sinton, Texas 78387  
Phone 361-364-2622  
Fax 361-364-2641  
Randy\27400\27464 Slick Well No.1



Registered Prof. Land Surveyor  
Texas Registration No. 6493

(63)

File No. MF 084145  
County Starr  
Date Filed: 0-1, 42-427-34808  
By George P. Bush, Commissioner  
ms Barnstone