MF088364

PSA#00701
iNut14563
iNut 14564
iNut 14565

Lease Type	Control	Basefile	County
Upland Fee	04-020641	141756	REEVES

Survey	T & P Ry Co		
Block	57		
Block Name			
Township	2		
Section/Tract	12		
Land Part			
Acres	Net: 200.000000	Gross: 200.000000	
Depth Below	Depth Above	Depth Other	Allow All Depths
Name	PREWITT MINERALS		
Lease Date	10/5/1982		
Primary Term	3 years		
Bonus	$15,000.00		
Lease Royalty	0.25000000		
Paid Up	No		

Leasing: JH
Maps: JH
GIS: MC
Scanlab:



CAUTION

Documents in this file have been placed in Table of Contents order and scanned.

Please help keep documents in content order and let the ScanLab know when new documents are added to this file.

Thank you for your assistance.

Archives and Records Staff

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F285475
PREWITT MINERALS
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04-02-64-1

STATE LEASE M-38364

4
195

COUNTY: Reeves
TRACT : Sur. 12, Blk. 57, T-2, T&P RY CO
PART : S/pt.
ACRES : 200

LESSEE : Prewit Minerals
DATE : October 5, 1982
TERM : 3 Years
BONUS : $15,000.00
RENTAL: $5.00 $/1000.00
FILE : 141756

HASTINGS, MN
LOS ANGELES-CHICAGO-LOGAN, OH
McGREGOR, TX-LOCUST GROVE, GA
U.S.A.
11 SP833544

Pass To: Legal
Rental RW
Min. A/c
Min. Mgr. QA

c/f Orla Petco Inc - January 23, 1985

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GLO-S-08-(1-82)

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10-14-83
Orla Petco, Inc.
Midland, TX.

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Orla Petco, Inc

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88364

MINERAL LEASE APPLICATION
(Oil and Gas Lease)
(Bid Form)

RECEIVED IN THE GENERAL LAND OFFICE ON OR BEFORE 10 A.M. OCT 5 - 1982

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

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

Mgl. No.	Survey	Tract	Blk	Tsp	Original Grantee	Acres	Designated Area	County
114	12		57	2	T&P Ry. Co.	200		Reeves

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

I accept and agree to the terms and requirements of said statutes, and I agree to pay to the State of Texas at the General Land Office, Austin, Texas, 1/4 of the gross production of oil and/or gas, or the value of same that may be produced thereon.

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

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

12204

IN ADDITION TO THE ABOVE, I HEREBY BID AND ENCLOSE HEREWITH AS A CASH BONUS THE SUM OF Fifteen Thousand Dollars & NO/100 ($15,000.00) ---------- DOLLARS.

There is also attached remittance in the amount of One Hundred Fifty Dollars & NO/100 ($150.00) Dollars, being 1% of the cash bonus offered as a special sale fee as provided in Article 5382d-1, Vernon's Civil Statutes.

PLEASE COMPLETE (ONE DIGIT PER SPACE)

MARGINAL NO. 1 1 4

APPLICANT: P R E W I T _ M I N E R A L S

ROYALTY: 0.2500

BONUS: $ 15,000.00

Prewit Minerals
(Applicant)
P.O. Box 847
(Address)
Pecos, Texas 79772
(Post Office)

September 20, 1982
(Date)

4-2-74

CERTIFICATE

I, Linda K. Fisher, Secretary of the School Land Board, do hereby certify that at a regular meeting of said Board held in the General Land Office, Austin, Texas, the said application number was accepted, all of which is shown in the minutes of said Board.

GIVEN UNDER MY HAND this is the 15th day of November, A.D., 1982, at Austin, Texas.

Linda K. Fisher
Secretary of the School Land Board

(1)
M-88364
Bid
10-5-82

Revised
Lease Form 9-81

The State of Texas
General Land Office

Austin, Texas

OIL AND GAS LEASE
No. 88364

WHEREAS, pursuant to Chapter 32 and Subchapters A-E, G and H of Chapter 52 of the Natural Resources Code (hereinafter called N.R.C.), and subject to all rules and regulations promulgated by the Commissioner of the General Land Office and/or the School Land Board pursuant thereto, and all other applicable statutes and amendments to said N.R.C., the following area, to-wit:

S/pt. of T&P RY. CO. Survey No. 12, Block 57, Township 2, Reeves County, Texas, containing 200 acres, as shown on the official map of Reeves County, Texas, now on file in the General Land Office in Austin, Texas,

was, after being duly advertised, offered for lease on the 5th day of October, 19 82, at 10:00 o'clock A.M., by the Commissioner of the General Land Office of the State of Texas and the School Land Board of the State of Texas, for the sole and only purpose of prospecting and drilling for, and producing oil and/or gas that may be found and produced from the above described area; and

WHEREAS, after all bids and remittances which were received up to said time have been duly considered by the Commissioner of the General Land Office and the School Land Board at a regular meeting thereof in the General Land Office, on the 5th day of October, 19 82, and it was found and determined that PREWIT MINERALS whose address is P. O. Box 847, Pecos, Texas 79772, had offered the highest and best bid for a lease of the area above described and is, therefore, entitled to receive a lease thereon:

NOW, THEREFORE, I, BOB ARMSTRONG, Commissioner of the General Land Office of the State of Texas, hereinafter sometimes referred to as "Lessor", whose address is Austin, Texas, by virtue of the authority vested in me and in consideration of the payment by the hereinafter designated Lessee, the sum of Fifteen Thousand and No/100---------- Dollars ($ 15,000.00), receipt of which is hereby acknowledged and of the royalties, covenants, stipulations and conditions contained and hereby agreed to be paid, observed and performed by Lessee, do hereby demise, grant, lease and let unto Prewit Minerals the exclusive right to prospect for, produce and take oil and/or gas from the aforesaid area upon the following terms and conditions, to-wit:

1. TERM: Subject to the other provisions hereof, this lease shall be for a term of THREE (3) years from this date (herein called "primary term") and as long thereafter as oil or gas is produced in paying quantities from said area.

2. DELAY RENTALS: If no well be commenced on the land hereby leased on or before the 5th day of October, 19 83, this lease shall terminate as to both parties unless the Lessee on or before said date shall pay or tender to the Commissioner of the General Land Office of the State of Texas at Austin, Texas, the sum of FIVE AND NO/100 Dollars ($ 5.00), per acre, which shall operate as rental and cover the privilege of deferring the commencement of a well for twelve (12) months from said date. In like manner, and upon like payments or tenders the commencement of a well may be further deferred for like periods of the same number of months successively during the primary term hereof.

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

(A) OIL: As a royalty on oil, which is defined as including all hydrocarbons produced in a liquid form at the mouth of the well and also all condensate, distillate, and other liquid hydrocarbons recovered from oil or gas run through a separator or other equipment, as hereinafter provided, ONE-FOURTH (1/4) part of the gross production or the market value thereof, at the option of the Lessor, such value to be determined by 1) the highest posted price, plus premium, if any, offered or paid for oil, condensate, distillate, or other liquid hydrocarbons, respectively, of a like type and gravity in the general area where produced and when run, or 2) the highest market price thereof offered or paid in the general area where produced and when run, or 3) the gross proceeds of the sale thereof, whichever is the greater. Lessee agrees that before any gas produced from the land hereby leased is sold, used or processed

in a plant, it will be run free of cost to Lessor 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 Lessor, the requirement that such gas be run through such a separator or other equipment may be waived upon such terms and conditions as prescribed by Lessor.

(B) NON-PROCESSED GAS: 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 Lessor, such value to be based on the highest market price paid or offered for gas of comparable quality in the general area where produced and when run, or the gross price paid or offered to the producer, whichever is the greater; provided that the maximum pressure base in measuring the gas under this lease 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.

(C) PROCESSED GAS: 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 Lessor. All royalties due herein shall be based on one hundred percent (100%) of the total plant production of residue gas attributable to gas produced from this lease, and on fifty percent (50%) or that percent accruing to Lessee, whichever is the greater, of the total plant production of liquid hydrocarbons, attributable to the gas produced from this lease; provided that if liquid hydrocarbons are recovered from gas processed in a plant in which Lessee (or its parent, subsidiary or affiliate) owns an interest, then the percentage applicable to liquid hydrocarbons shall be fifty percent (50%) or the highest percent accruing to a third party processing gas through such plant under a processing agreement negotiated at 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 the greater. The respective royalties on residue gas and on liquid hydrocarbons shall be determined by 1) the highest market price paid or offered for any gas (or liquid hydrocarbons) of comparable quality in the general area or 2) the gross price paid or offered for such residue gas (or the weighted average gross selling price for the respective grades of liquid hydrocarbons), whichever is the greater. In no event, however, shall the royalties payable under this paragraph be less than the royalties which would have been due had the gas not been processed.

(D) OTHER PRODUCTS: 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 Lessor, such market value to be determined as follows:

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

(E) NO DEDUCTIONS: Lessee agrees that all royalties accruing to Lessor under this lease 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.

(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 any time 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.

(G) PLANT FUEL AND RECYCLED GAS: No royalty shall be payable on any gas as may represent this lease's proportionate share of any fuel used to process gas produced hereunder in any processing plant. Notwithstanding anything contained herein to the contrary, and subject to the consent in writing of 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 Lessor to a royalty thereon under the royalty provisions of this lease.

(H) MINIMUM ROYALTY: During any year after the expiration of the primary term of this lease, if this lease is maintained by production, the royalties paid to Lessor in no event shall be less than an amount equal to the total annual delay rental herein provided; otherwise, there shall be due and payable on or before the last day of the month succeeding the anniversary date of this lease a sum equal to the total annual rental less the amount of royalties paid during the preceding year.

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

Royalty on oil is due and must be received in the General Land Office on or before the 5th day of the second month succeeding the month of production, and royalty on gas is due and must be received in the General Land Office on or before the 15th day of the second month succeeding the month of production, accompanied by the affidavit of the owner, manager or other authorized agent, completed in the form and manner prescribed by the General Land Office and showing the gross amount and disposition of all oil and gas produced and the market value of the oil and gas, together with a copy of all documents, records or reports confirming the gross production, disposition and market value including gas meter readings, pipeline receipts, gas line receipts, and other checks or memoranda of amount produced and put into pipelines, tanks, or pools and gas lines or gas storage, and any other reports or records which the General Land Office may require to verify the gross production, disposition and market value. In all cases the authority of a manager or agent to act for the Lessee herein must be filed in the General Land Office. Each royalty payment shall be accompanied by a check stub, schedule, summary or other remittance advice showing by the assigned General Land Office lease number the amount of royalty being paid on each lease. Any royalty not paid or affidavits and supporting documents not filed when due shall become 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). The lessee shall bear all responsibility for paying or causing royalties to be paid as prescribed by the due date provided herein. Payment of the delinquency penalty shall in no way operate to prohibit the State's right of forfeiture as provided by law nor act to postpone the date on which royalties were originally due. The above penalty provisions shall not apply in cases of title dispute as to the State's portion of the royalty or to that portion of the royalty in dispute as to fair market value.

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

(B) DRILLING RECORDS: Written notice of all operations on a State of Texas lease shall be submitted to the Commissioner of the General Land Office by Lessee or operator within five (5) days of spud date, workover, re-entry, temporary abandonment or plug and abandonment of any well or wells. Such written notice to the General Land Office shall include copies of Railroad Commission forms for application to drill, well tests,

completion reports and plugging records. Lessee shall supply the General Land Office with any records, memoranda, accounts, reports, cuttings and cores, or other information relative to the operation of the above described premises, which may be requested by the General Land Office, in addition to those herein expressly provided for. Lessee shall have an electrical and/or radioactivity survey made on the bore-hole section, from the base of the surface casing to the total depth of well, of all wells drilled on the above described premises and shall transmit a true copy of the log of each survey on each well to the General Land Office within fifteen (15) days after the making of said survey.

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

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

8. DRY HOLE CLAUSE: 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 2 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 oil or gas well within the primary term hereof, Lessee shall resume payment of annual rental in the same manner as provided in Paragraph Number 2 in this lease on or before the rental paying date next ensuing after sixty (60) days from the date of completion of such shut-in oil or gas well and the failure to make such annual rental payment shall subject the lease to forfeiture under the provisions of Paragraph Number 17 hereof. If at the expiration of the primary term or at any time thereafter a shut-in oil or gas well is located on the leased premises payments shall be made in accordance with the provisions of Paragraph Number 10 hereof.

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

10. SHUT-IN ROYALTIES: If at the expiration of the primary term or at any time after the expiration of the primary term a well or wells capable of producing oil or gas in paying quantities are located on the leased premises but oil or gas is not being produced for lack of suitable production facilities or a suitable market and the lease is not being maintained in force and effect, before the expiration of the primary term or if the primary term has expired, within sixty (60) days after Lessee ceases to produce oil or gas from the well, Lessee may pay as a shut-in oil or gas royalty an amount equal to double the annual rental provided in the lease but not less than $1,200 a year for each well capable of producing oil or gas in paying quantities; if the shut-in oil or gas royalty is paid, the lease shall be considered to be a producing lease and the payment shall extend the term of the lease for a period of one year from the end of the primary term or from the first day of the month next succeeding the month in which production ceased and after that if no suitable production facilities or suitable market for the oil or gas exists, Lessee may extend the lease for four additional and successive periods of one year by paying the same amount each year on or before the expiration of the extended term; if, during the period the lease is kept in effect by payment of the shut-in oil or gas royalty, oil or gas is sold and delivered in paying quantities from a well located within 1,000 feet of the leased premises and completed in the same producing reservoir or in any case in which drainage is occurring, the right to continue to extend the lease by paying the shut-in oil or gas royalty shall cease, but the lease shall remain effective for the remainder of the year for which the royalty has been paid and for an additional period of not more than five years from the expiration of the primary term by Lessee paying compensatory royalty at the royalty rate provided in the lease of the value at the well of production from the well which is causing the drainage or which is completed in the same producing reservoir and within 1,000 feet of the leased premises; the compensatory royalty is to be paid monthly to the commissioner beginning on or before the last day of the month next succeeding the month in which the oil or gas is sold and delivered from the well located within 1,000 feet of or draining the leased premises and completed in the same reservoir; if the compensatory royalty paid in any 12-month period is in an amount less than the annual shut-in oil or gas royalty, Lessee shall pay an amount equal to the difference within 30 days from the end of the 12-month period; and none of these provisions will relieve Lessee of the obligation of reasonable development nor the obligation to drill offset wells as provided in Section 52.034 of the N.R.C.

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

12. USE OF WATER; SURFACE: Lessee shall have the right to use water produced on said land necessary for operations hereunder and solely upon the leased premises; provided, however, Lessee shall not use potable water or water suitable for livestock or irrigation purposes for water flood operations without the prior written consent of Lessor. Lessee shall have the right to use so much of the surface of the land that may be reasonably necessary for drilling and operating wells and transporting and marketing the production therefrom, such use to be conducted under conditions of least injury to the surface of the land.

13. POLLUTION: In developing this area, Lessee shall use the highest degree of care and all proper safeguards to prevent pollution. In the event of pollution, Lessee shall use all means at its disposal to recapture all escaped hydrocarbons or other pollutant and shall be responsible for all damage to public and private properties. Lessee shall build and maintain fences around its slush, sump, and drainage pits and tank batteries so as to protect livestock against loss, damage or injury; and upon completion or abandonment of any well or wells, Lessee shall fill and level off all slush pits and cellars and completely clean up the drilling site of all rubbish thereon.

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

15. ASSIGNMENTS: The lease may be transferred at any time. All transfers must be recorded in the county where the area is located, and the recorded transfer or a copy certified to by the County Clerk of the county where the transfer is recorded must be filed in the General Land Office within ninety (90) days of the execution date, as provided by Section 52.026, N.R.C., accompained by a filing fee of Ten Dollars ($10.00).

16. RELEASES: Lessee may relinquish the rights granted hereunder to the State at any time by recording the relinquishment in the county where

this area is situated and filing the recorded relinquishment or certified copy of same in the General Land Office within ninety (90) days after its execution accompanied by a filing fee of Ten Dollars ($10.00). Such relinquishment will not have the effect of releasing Lessee from any liability theretofore accrued in favor of the State.

17. FORFEITURE: (A) If Lessee shall fail or refuse to make the payment of any sum within thirty days after it becomes due, or if Lessee or an authorized agent should knowingly make any false return or false report concerning production or drilling, or if Lessee shall fail or refuse to drill any offset well or wells in good faith as required by law and the rules and regulations adopted by the Commissioner of the General Land Office, or if Lessee should fail to file reports in the manner required by law or fail to comply with rules and regulations promulgated by the General Land Office or the School Land Board, or refuse the proper authority access to the records pertaining to operations, or Lessee or an authorized agent should knowingly fail or refuse to give correct information to the proper authority, or knowingly fail or refuse to furnish the General Land Office a correct log of any well, or if Lessee shall knowingly violate any of the material provisions of this lease, or if this lease is assigned and the assignment is not filed in the General Land Office as required by law, the rights acquired under this lease shall be subject to forfeiture by the Commissioner, and he shall forfeit same when sufficiently informed of the facts which authorize a forfeiture, and when forfeited the area shall again be subject to lease to the highest bidder, under the same regulations controlling the original sale of leases. However, nothing herein shall be construed as waiving the automatic termination of this lease by operation of law or by reason of any special limitation arising hereunder.

(B) Forfeitures may be set aside and this lease and all rights thereunder reinstated before the rights of another intervene upon satisfactory evidence to the Commissioner of the General Land Office of future compliance with the provisions of the law and of this lease and the rules and regulations that may be adopted relative thereto.

18. RIVERBED TRACTS: In the event this lease covers a riverbed, Lessee is hereby specifically granted the right of eminent domain and condemnation as provided for in Sections 52.092-52.093, N.R.C., as a part of the consideration moving to Lessor for the covenants herein made by Lessee.

19. DRILLING RESTRICTIONS: In the event this lease covers land leased under the provisions of Subchapter B, Chapter 52, N.R.C., no surface location on this area may be closer than six hundred sixty (660) feet from the center of any navigable ship channel, and special permission from the Commissioner of the General Land Office will be necessary to make any surface location between six hundred sixty (660) feet and two thousand one hundred sixty (2,160) feet from the center of any such navigable ship channel. Also in such event this lease shall be subject to all rules and regulations promulgated by the Commissioner of the General Land Office, and amendments thereto, governing drilling and producing operations on permanent free school lands.

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

21. FORCE MAJEURE: Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling operations thereon, or from producing oil and/or gas therefrom, after effort made in good faith, by reason of war, rebellion, riots, strikes, acts of God or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended upon proper and satisfactory proof presented to the Commissioner of the General Land Office in support of Lessee's contention and Lessee shall not be liable for damages for failure to comply therewith (except in the event of lease operations suspended as provided in the rules and regulations adopted by the School Land Board); and this lease shall be extended while and so long as Lessee is prevented, by any such cause, from drilling, reworking operations or producing oil and/or gas from the leased premises; provided, however, that nothing herein shall be construed to suspend the payment of rentals during the primary or extended term, nor to abridge Lessee's right to a suspension under any applicable statute of this state.

22. RAILROAD COMMISSION HEARINGS ON GAS: 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, the Railroad Commission of Texas may grant exceptions to these provisions as set forth in Section 52.296 of the N.R.C.

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

IN TESTIMONY WHEREOF, Witness the signature of the Commissioner of the General Land Office, under the seal of the General Land Office, this 5th day of October, 19 82.

Bob Armstrong
COMMISSIONER OF THE GENERAL LAND OFFICE

ORIGINAL SIGNED

Approved
Audit
Legal
Engineering
Geology
Execution

DATE 10-5-82 BY

FILE NO. 4733 PREWIT MINERALS BY BILL N. PREWIT TO UNION TEXAS PETROLEUM CORPORATION

88 – ASSIGNMENT OF OIL AND GAS LEASE TEXAS STANDARD FORM

Assignment of Oil and Gas Lease

WHEREAS, on the 5th day of October 1982, a certain oil and gas mining lease was made and entered into by and between

The General Land Office of The State of Texas
Austin, Texas 78701 , Lessor

and Prewit Minerals P.O. Box 847 Pecos, Texas 79772 , Lessee

covering the following described land in the County of Reeves and State of Texas, to-wit:

S/pt. of T&P RY. CO. Survey No. 12, Block 57, Township 2, Reeves County, Texas, containing 200 acres, as shown on the official map of Reeves County, Texas, now on file in the General Land Office in Austin, Texas

Said lease being recorded in the office of the County Clerk in and for said County in book 427 page 331 , and

Whereas, The said lease and all rights thereunder or incident thereto are now owned by

PREWIT MINERALS

Now, Therefore, for and in consideration of One Dollar (and other good and valuable considerations), the receipt of which is hereby acknowledged, the undersigned, the present owner of the said lease and all rights thereunder or incident thereto, does hereby bargain, sell, transfer, assign and convey all rights, title and interest of the original lessee and present owner in and to said lease and rights thereunder ~~insofar as it covers the~~

together with all personal property used or obtained in connection therewith to UNION TEXAS PETROLEUM CORP., 1300 Wilco Bldg., Midland, TX 79701 and its heirs, successors and assigns.

And for the same consideration, the undersigned for himself and his heirs, successors and representatives, does covenant with the said assignee its heirs, successors, or assigns, that his marital status has not changed since acquiring this lease and that Prewit Minerals is the lawful owner of the said lease and rights and interests thereunder and of the personal property thereon or used in connection therewith; that the undersigned has good right and authority to sell and convey the same, and that said rights, interest and property are free and clear from all liens and incumbrances, and that all rentals and royalties due and payable thereunder have been duly paid.

In Witness Whereof, The undersigned owner and assignor has signed this instrument this 23rd day of November, 1982.

Prewit Minerals by: Bill N. Prewit
Bill N. Prewit

WT-4342

SINGLE ACKNOWLEDGMENT

THE STATE OF TEXAS,
COUNTY OF REEVES

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

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 23rd day of November A. D. 19 82.

(L. S.)

Charlene Platt Charlene Platt

Notary Public in and for Reeves County, Texas

SINGLE ACKNOWLEDGMENT

THE STATE OF TEXAS,
COUNTY OF

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

known to me to be the person whose name 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 day of A. D. 19

(L. S.)

Notary Public in and for County, Texas

CORPORATION ACKNOWLEDGMENT

004511

"COMPARED"

FILED FOR RECORD
1982 NOV 29 AM 8 38
CATHERINE ASHLEY
COUNTY CLERK, REEVES COUNTY, TX
BY: B. J. Freeman DEPUTY

Bill N. Prewit
P. O. Box 847
Pecos, Tex. 79772

$ 5.00 PD.

THE STATE OF TEXAS,
County of Reeves

CATHERINE ASHLEY Clerk of the County Court of said County do hereby certify that the foregoing instrument of writing dated the 23rd day of November A. D. 19 82 with its certificate of authentication was filed for record in my office the 29th day of November A.D. 1982 at 8:38 o'clock A. M. and duly recorded this 29th day of November A.D. 19 82 at 4:00 o'clock P. M. in the DEED records of said county in volume 427 on page 335

WITNESS my hand and the seal of the County Court of said County at office in Pecos, Texas on the date and year last above written.

CATHERINE ASHLEY
Clerk County Court, Reeves County, Texas
By Billie Jo Freeman, Dep
(Billie JO Freeman)

Filed for record on the 21st day of December A.D. 1982 at 11:22A. M.

Duly recorded on the 21st day of December, A.D. 1982 at 4:00P. M.

BY Billie Jo Freeman DEPUTY

CATHERINE ASHLEY, COUNTY CLERK,
REEVES COUNTY, TEXAS.

(3)

M 883644

Assignment

File Dated 1-28-83

~~Bob Armstrong~~, Commissioner

Barry Mauro

RECEIVED AS STATED
$10.00

DATE 2-2-83

Reg. No. FF-0015

Acct. #914

GENERAL LAND OFFICE

FOR SALE BY STAFFORD-LOWDON CO. FORT WORTH 35322

E 503—CERTIFICATE OF TRUE COPY OF PAPERS RECORDED—Class 1. (Arts. 6600-6625-6634, R. S. 1925) Texas Standard Form

THE STATE OF TEXAS

County of REEVES } I, CATHERINE ASHLEY, Clerk

of the County Court of Reeves County, Texas, do hereby certify that the foregoing is a true and correct copy of the original RECORDED ASSIGNMENT OF OIL AND GAS LEASE FROM PREWIT MINERALS BY BILL N. PREWIT TO UNION TEXAS PETROLEUM CORPORATION,

as the same appears of record in my office in book 428 page 10, Deed Records.

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

this 10th day of January 19 83.

CATHERINE ASHLEY Clerk,

By Billie Jo Freeman Deputy.

(Billie JO Freeman)

171

Union Texas Petroleum

Southwestern Division
1300 Wilco Building
Midland, Texas 79701
(915) 684-0600

January 24, 1983

General Land Office
State of Texas
Austin, Texas 78701

Attention: Bob Armstrong, Commissioner

Re: WT-04342 (ST TX 88364)
Assignment of Oil and Gas Lease
Prewit Minerals by Bill N. Prewit
to Union Texas Petroleum Corporation
S/pt. of T&P Ry. Co. Survey No. 12,
Block 57, Twp. 2, Reeves County, TX

Dear Sir:

Enclosed is a certified copy of Assignment of Oil & Gas Lease referenced above, for your approval and filing. This instrument has been re-recorded in Volume 428, Page 10, Deed Records of Reeves County, Texas.

Please charge the filing fee to our account No. 914.

Very truly yours,

Windel M. Gibson

Windel M. Gibson
Sr. Landman

WMG:jb
Enclosure - Assignment

(4)

M. F. 88364

CORRESPONDENCE FILE

To

From Union TX Pet.

Dated 1-28-83 dd

1.31.83

February 2, 1983

Union Texas Petroleum
Southwestern Division
1300 Wilco Building
Midland, Texas 79701

Attn: Windel M. Gibson

Re: Assignment of Oil & Gas Lease
M-88364 (Your #WT-04342)
Reeves County, Texas

Gentlemen:

The certified copy of an assignment covering the captioned oil and gas lease has been filed in our records.

We have charged your Account No. 914 for the required filing fee. Our Invoice No. FF-0015 showing this charge is enclosed.

Sincerely,

Garry Mauro

By:
Dena Dupont, Assistant
Oil and Gas Division
Legal Department
512 475-4246

/dd
Enclosure

M. F. 88364 (5)

CORRESPONDENCE FILE

To Union TX Pet.

From

Dated 2-2-83

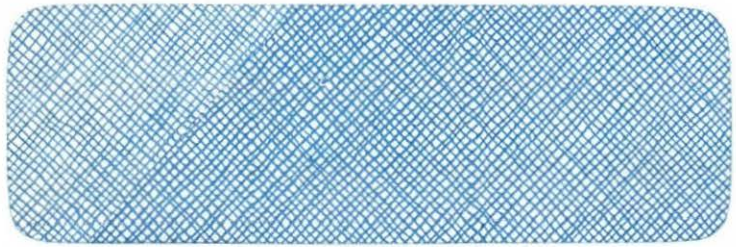
dd

Union Texas Petroleum

One Riverway
P.O. Box 2120
Houston, Texas 77001

HOUSTON
SEP 1 83
TEXAS

US POSTAGE
=0.20
METER
8010787



An ALLIED Company

TO BE DEPOSITED TO THE CREDIT OF:

STATE LEASE NO. 88364

12-2K

AMOUNT

100000

01435

SERIAL NO. 10160

LEASE NO.	AREA
WT 04342	ORLA NE
DATE OF LEASE	LESSOR
10 05 82	STATE OF TEXAS

RECORDED IN THE RECORDS OF:			ACRES
REEVES		TX	20000
COUNTY/PARISH		STATE	

BOOK	PAGE	ENTRY	NO. MOS.	RENTAL FOR PERIOD FROM
00427	00331		12	10 05 83

PAYMENT MADE FOR (IF NOTHING IS SHOWN PAYMENT IS SOLELY FOR UNION TEXAS PETROLEUM CORPORATION.)

000000 UNION TEXAS PETROLEUM

Houston

⑥ M-88364

RENTAL PAYMENT

9-6-83

Union Texas Petroleum
An ALLIED Company

One Riverway
P.O. Box 2120
Houston, Texas 77001

HOUSTON
SEP 23 83
TEXAS

U.S. POSTAGE
=0.20
FMETER
8010787

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

29426

TO BE DEPOSITED TO THE CREDIT OF:

STATE LEASE NO. 88364

121

AMOUNT

100000

SERIAL NO. 7403

LEASE NO.	AREA
WT 04342	ORLA NE

DATE OF LEASE	LESSOR
10 05 82	STATE OF TEXAS

RECORDED IN THE RECORDS OF:		ACRES
REEVES	TX	200 00

COUNTY/PARISH	STATE	BOOK	PAGE	ENTRY	NO. MOS.	RENTAL FOR PERIOD FROM
		00427	00331		12	10 05 84

PAYMENT MADE FOR (IF NOTHING IS SHOWN PAYMENT IS SOLELY FOR UNION TEXAS PETROLEUM CORPORATION.)

000000 UNION TEXAS PETROLEUM

X 1000.00

215806

03159

(8) M-88364
Rental Payment
9-11-84

1901

PARTIAL ASSIGNMENT OF OIL AND GAS LEASE

STATE OF TEXAS)
)
COUNTY OF REEVES)

For an adequate consideration in hand paid, the receipt of which is hereby acknowledged, Orla Petco, Inc., P. O. Box 1383, Midland, Texas 79702, ("Assignor") does hereby, subject to the reservations hereinafter contained, grant, convey and assign to Blair Royalties of Orla, Inc., P. O. Box 20, Orla, Texas 79770, ("Assignee") and to its respective successors and assigns one hundred percent (100%) of Assignor's right, title and interest in and to the following:

Oil and Gas Lease dated October 5, 1982, from the State of Texas, Lessor, to Prewit Minerals, Lessee, covering S/pt. of T&P Ry. Co. Survey No. 12, Block 57, Township 2, Reeves County, Texas, containing 200 acres, as shown on the official map of Reeves County, Texas, now on file in the General Land Office in Austin, Texas, said lease being recorded in Volume 427, Page 331, Deed Records of Reeves County, Texas (State Lease No. 88364); INSOFAR and only INSOFAR as it covers the two tracts being described by metes and bounds as follows:

(A) Beginning in the Southwest corner of Survey 12, Block 57, T-2, T&P Ry. Co. Survey, Reeves County, Texas. Thence, East for 1056 feet along the South boundary line of Survey 12 for the Southeast corner of this tract. Thence, North 90 degrees for 1650 feet parallel to the West boundary line of Survey 12 for the Northeast corner of this tract. Thence, West 90 degrees for 1056 feet parallel to the South boundary line of Survey 12 for the Northwest corner of this tract. Thence, South 90 degrees for 1650 feet along the West boundary line of Survey 12 to the point of beginning, containing 40 acres, more or less, limited in depth from the surface to 4555',

(B) Beginning at a point 2112 feet from the Southwest corner of Survey 12, Block 57, T-2, T&P Ry. Company Survey, Reeves County, Texas. Thence East for 1056 feet along the South boundary line of Survey 12 for the Southeast corner of this tract; thence North 90 degrees for 1650 feet parallel to the West boundary line of Survey 12 for the Northeast corner of this tract. Thence West 90 degrees for 1056 feet parallel to the South boundary line of Survey 12 for the Northwest corner of this tract. Thence South 90 degrees for 1650 feet parallel to the West boundary line of Survey 12 to the point of beginning, containing 40 acres, more or less, limited in depth from the surface to 4627'.

This Assignment is given subject to all the terms and con-

ditions of the following:

(1) that certain unrecorded Farmout Letter Agreement between Union Texas Petroleum Corporation and Orla Petco, Inc. dated January 18, 1985, covering the assigned premises; and

(2) that certain unrecorded Farmout Letter Agreement between Orla Petco, Inc. and Blair Royalties of Orla, Inc. (Formerly Orla Oil & Gas Inc.), dated July 26, 1985, covering the assigned premises.

This Assignment is given without warranty of title, either express or implied.

This Assignment is executed this 27th day of June, 1986, but shall be effective as of the first day of production.

Orla Petco, Inc.

By Joseph Roybal
Joseph Roybal, Vice-President

STATE OF TEXAS)
REEVES)
COUNTY OF ~~Midland~~)

This instrument was acknowledged before me on the 27 day of June, 1986, by Joseph Roybal, Vice-President of Orla Petco, Inc. a Delaware corporation, on behalf of said corporation.

Eva L. Castro
Notary Public, State of Texas

Notary's printed name

EVA L. CASTRO

My Commission expires:
4/22/89

Filed for record on the 27th day of June, A.D. 1986 at 4:04 P.M. Duly recorded on the 27th day of June, A.D. 1986 at 4:30 P.M.

CATHERINE ASHLEY, COUNTY CLERK,
REEVES COUNTY, TEXAS.

By s/ Billie JO Freeman, Deputy

THE STATE OF TEXAS)(

COUNTY OF REEVES)(

I, CATHERINE ASHLEY, Clerk of the County Court of Reeves County, Texas do hereby certify that the foregoing instrument is a true and correct copy of the original recorded PARTIAL ASSIGNMENT OF OIL AND GAS LEASE FROM ORLA PETCO, INC. TO BLAIR ROYALTIES OF ORLA, INC., as the same appears of record in my Office in Vol. 468, Page 268, Deed Record of Reeves County, Texas.

Witness my Hand and Seal of the County Court of said County at my Office in Pecos, Texas this the 27th day of June, A.D. 1986.

CATHERINE ASHLEY, COUNTY CLERK,
REEVES COUNTY, TEXAS.

By Billie Jo Freeman DEPUTY

(Billie JO Freeman)

(9)

M 88364

Partial Assignment

File dated 7-3-84

Garry Mauro, Commissioner

RECEIVED AS STATED
#25.00

DATE 7-3-84

Reg. No. 61096

GENERAL LAND OFFICE

5-3-88

#1900

PARTIAL ASSIGNMENT OF OIL AND GAS LEASE

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

For an adequate consideration in hand paid, the receipt of which is hereby acknowledged, UNION TEXAS PETROLEUM CORPORATION, whose address is 4000 North Big Spring, Suite 400, Midland, Texas 79705 ("Assignor") does hereby, subject to the reservations hereinafter contained, grant, convey and assign to Orla Petco, Inc., P. O. Box 1383, Midland, Texas 79702, ("Assignee") and to their respective successors and assigns one hundred percent (100%) of assignor's right, title and interest in and to the following:

> Oil and Gas Lease dated October 5, 1982, from the State of Texas, Lessor, to Prewit Minerals, Lessee, covering S/pt. of T&P Ry. Co. Survey No. 12, Block 57, Township 2, Reeves County, Texas, containing 200 acres, as shown on the official map of Reeves County, Texas, now on file in the General Land Office in Austin, Texas, said lease being recorded in Volume 427, Page 331, Deed Records of Reeves County, Texas (State Lease No. 88364); INSOFAR and ONLY INSOFAR as it covers from the surface down to the base of the Cherry Canyon formation estimated to be 5200 feet.

This Assignment is given without warranty of title, either express or implied.

This Assignment is executed this 20th day of June, 1986, but shall be effective as of the first day of production.

UNION TEXAS PETROLEUM CORPORATION

BY: John L. Hathcock
John L. Hathcock
General Manager - U. S. Land

STATE OF TEXAS §
§
COUNTY OF HARRIS §

This instrument was acknowledged before me on the 20th day of June, 1986, by John L. Hathcock, General Manager - U. S. Land, of Union Texas Petroleum Corporation, a Delaware corporation, on behalf of said corporation.

Dorothy M. Malac
Notary Public in and for
the State of Texas

My commission expires:
DOROTHY M. MALAC
Notary Public, State of Texas
My Commission Expires: Feb. 21, 1988

Filed for record on the 27th day of June, A.D. 1986 at 3:55 P.M. Duly recorded on the 27th day of June, A.D. 1986 at 4:30 P.M.

CATHERINE ASHLEY, COUNTY CLERK,
REEVES COUNTY, TEXAS.

By s/ Billie JO Freeman, Deputy

THE STATE OF TEXAS)(

COUNTY OF REEVES)(

I, CATHERINE ASHLEY, Clerk of the County Court of Reeves County, Texas, do hereby certify that the foregoing instrument is a true and correct copy of the original recorded PARTIAL ASSIGNMENT OF OIL AND GAS LEASE FROM UNION TEXAS PETROLEUM CORPORATION TO ORLA PETCO, INC., as the same appears of record in my Office in Vol. 468, Page 267, Deed Records of Reeves County, Texas.

Witness my Hand and Seal of the County Court of said County at my Office in Pecos, Texas this the 27th day of June, A.D. 1986.

CATHERINE ASHLEY, COUNTY CLERK,
REEVES COUNTY, TEXAS.

By Billie Jo Freeman DEPUTY

(Billie JO Freeman)

(10)

M 88364
Partial Assn

File dated 7-3-84

Garry Mauro, Commissioner

RECEIVED AS STATED
25.00

DATE 7-3-84
Reg. No. 61096

GENERAL LAND OFFICE

7.3.84

ORLA PETCO, INC.

P. O. BOX 1383, MIDLAND, TEXAS 79702
TELEPHONE 915 684-4762

July 1, 1986

General Land Office
Stephen F. Austin Bldg.
1700 North Congress Avenue
Austin, Texas 78701

X50.00 61096

Attn: Diana Dickson

Re: Assignments pertaining to South 200 acres of Section 12, Block 57, T-2, T&P RR Co. Survey, Reeves County, Texas. State Oil and Gas Lease No. 88364

Dear Ms. Dickson:

Please find enclosed the following:

1) A certified copyof Partial Assignment of Oil and Gas Lease from Union Texas Petroleum Corporation to Orla Petco, Inc.

2) A certified copy of Partial Assignment of Oil and Gas Lease from Orla Petco, Inc. to Blair Royalties of Orla, Inc.

3) Our Check #988 in the amount of $50.00 to cover the required filing fee.

Should you have any questions, please feel free to call.

Very truly yours,

Joseph Roybal

Joseph Roybal

171
m

RECEIVED
JUL 7 1986
LEGAL SERVICES DIVISION

(11)

M. F. 88364
CORRESPONDENCE FILE
~~TO~~ Orla Petco
From
Dated 7-1-86

JUL 1 1986

L. 3.98

Garry Mauro
Commissioner
General Land Office

July 24, 1986

Mr. Joseph Roybal
Orla Petco, Inc.
P.O. Box 1383
Midland,Texas 79702

Re: Partial Assignment of Relinquishment Act Lease
M-88364
Union Texas Petroleum Corporation to Orla Petco, Inc.
Reeves County, Texas

Partial Assignment of Relinquishment Act Lease
M-88364
Orla Petco, Inc. to Blair Royalties of Orla, Inc.
Reeves County, Texas

Dear Mr. Roybal:

The certified copies of assignments covering the captioned oil and gas leases have been filed in our records.

Your remittance of $50.00 has been applied as the required filing fee.

Sincerely,

Diana Dickson
Oil and Gas Section
Legal Services Division
512 463-5007

/dd

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

(12)

M. F. 88364
CORRESPONDENCE FILE
TO Orla Petco
~~From~~
Dated 7-24-86

▶ Return each W-1 with plat and $100.00 fee. Make a check or money order payable to the State Treasurer of Texas. Address to:
Railroad Commission of Texas
Oil and Gas Division, Drilling Permits
P. O. Drawer 12967, Capitol Station
Austin, Texas 78711
▶ File a copy of W-1 and plat in RRC District Office.

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

Application for Permit to Drill, Deepen, Plug Back, or Re-Enter

▶ Read Instructions on Back

Form W-1
Rev. 9/1/83
483-060

Purpose of filing (mark appropriate boxes):
[X] Drill [ ] Deepen (below casing) [ ] Deepen (within casing) [ ] Plug Back [ ] Re-Enter
[ ] Directional Well [ ] Sidetrack [X] Amended Permit (enter permit no. at right & explain fully in Remarks)

Enter here, if assigned: API No. ▶ 42- 389 31678
Permit No. ▶ 281452
Rule 37 Case No. ▶

1. Operator's Name (exactly as shown on Form P-5, Organization Report): Orla Oil and Gas, Inc.
3. RRC Operator No.: 626200
4. RRC District No.: 8
5. County of Well Site: Reeves

2. Address (including city and zip code): c/o Box 953, Midland, Texas 79702

6. Lease Name (32 spaces maximum): Long Shot
7. RRC Lease/ID No.:
8. Well No.: 1
9. Total Depth: 4600

10. Location
• Section 12 Block 57 Survey T & P, T-2 Abstract No. A-
• This well is to be located 2 miles in a N direction from Orla which is the nearest town in the county of the well site.

11. Distance from proposed location to nearest lease or unit line 467 ft.

12. Number of contiguous acres in lease, pooled unit, or unitized tract 40 (OUTLINE ON PLAT.)

13. FIELD NAME (Exactly as shown on RRC proration schedule). List all established and wildcat zones of anticipated completion. Attach additional Form W-1's as needed to list these zones. One zone per line.	14. Completion depth	15. Spacing pattern (ft.)	16. Density pattern (acres)	17. Number of acres in drilling unit for this well. OUTLINE ON PLAT.	18. Is this acreage assigned to another well on this lease & in this reservoir? If so, explain in Remarks.	19. Distance from proposed location to nearest applied for, permitted, or completed well, this lease & reservoir. (ft.)	20. Oil, gas, or other type well (Specify)	21. No. of applied for, permitted, or completed locations (including this one) on lease in this reservoir. OIL	GAS
Matthews (Lower Cherry Canyon)	4400	467/1200	40	40	No	1st well	Oil	1	0
Wildcat	4600	467/1200	40	40	No	1st well	Oil/Gas	1	0

22. Perpendicular surface location from two nearest designated lines:
• Lease/Unit 467 FWL & 467 FSL
• Survey/Section 467 FWL & 467 FSL

If a directional well, show also projected bottom-hole location:
• Lease/Unit
• Survey/Section

23. Is this a pooled unit? Yes [ ] ▶ (Attach Form P-12 and certified plat.) No [X]

24. Is Item 17 less than Item 16 (substandard acreage for any field applied for)? Yes [ ] ▶ (Attach Form W-1A) No [X]

25. Is this wellbore subject to Statewide Rule 36 (hydrogen sulfide area)? Yes [ ] No [X]
If subject to Rule 36, is Form H-9 filed? Yes [ ] No [ ] ▶ If not filed, explain in Remarks.

26. Do you have the right to develop the minerals under any right-of-way that crosses, or is contiguous to, this tract? Yes [X] No [ ]
If not, and if the well requires a Rule 37 or 38 exception, see instructions for Rule 37.

Remarks
To add Matthews (Lower Cherry Canyon) Field.

I certify that information stated in this application is true and complete, to the best of my knowledge.

Signature

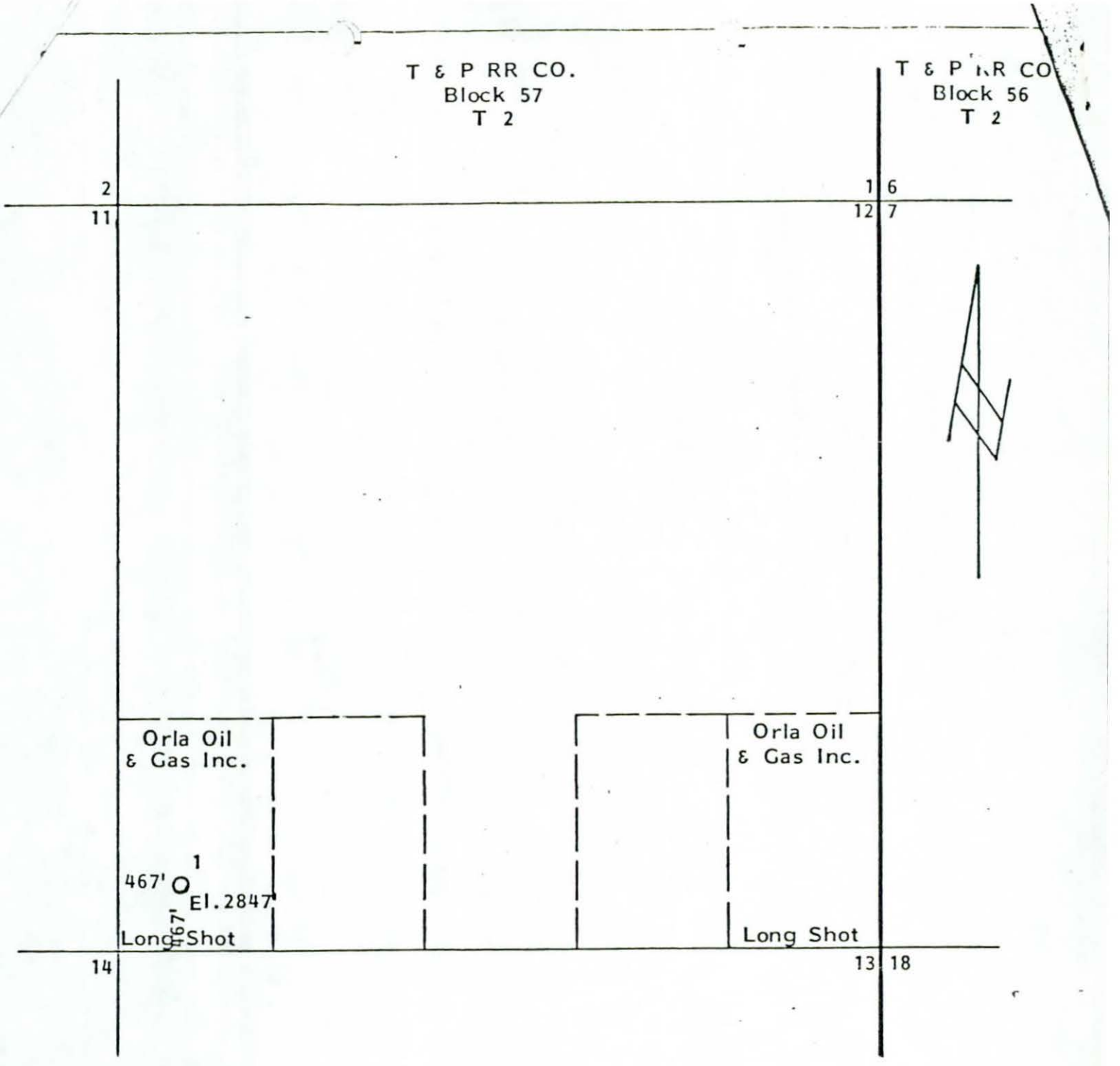
Ann E. Ritchie, Agent
Name and title of operator's representative

September 18, 1985
Date: mo. day yr.

915-684-6381 915-273-4241
Tel.: Area Code Number

• RRC Use Only •

M-88364



I certify that the above plat was prepared from field notes of actual surveys made by me or under my supervision and that the same are true and correct to the best of my knowledge and belief.

April 2, 1985

Registered Public Surveyor
Licensed State Land Surveyor

STATE OF TEXAS
GUY E. SAUNDERS
REGISTERED PUBLIC SURVEYOR

"E" LOG

Location Plat
ORLA OIL & GAS INC.
Long Shot Lease
Section 12, Block 57, T 2
T & P RR CO.
Reeves County, Texas
Scale: 1" = 1000'

(13)

M.F 883624

APPLICATION TO DRILL

WELL 1

FILED 8-12-86 19

GARRY MAURO, COMMISSIONER

BY: Tim Pittman

Type or print only

M-88364

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

W10 new lease

Form W-2
Rev. 4/1/83
483-046

API No. 42- 389 31678

7. RRC District No. 8

8. RRC Lease No.

Oil Well Potential Test, Completion or Recompletion Report, and Log

1. FIELD NAME (as per RRC Records or Wildcat): Matthews (Lower Cherry Canyon)

2. LEASE NAME: Long Shot

9. Well No.: 1

3. OPERATOR'S NAME (Exactly as shown on Form P-5, Organization Report): Orla Oil and Gas, Inc.

RRC Operator No.: 626200

10. County of well site: Reeves

4. ADDRESS: c/o Box 953, Midland, Texas 79702

11. Purpose of filing
- Initial Potential [X]
- Retest [ ]
- Reclass [ ]
- Well record only (explain in Remarks) [ ]

5. If Operator has changed within last 60 days, name former operator

6a. Location (Section, Block, and Survey): Sec. 12, Blk. 57, T & P, T-2

6b. Distance and direction to nearest town in this county.: 2 miles N from Orla

12. If workover or reclass, give former field (with reservoir) & gas ID or oil lease no.
FIELD & RESERVOIR

GAS ID or OIL LEASE #

Oil - O Gas - G

WELL NO.

13. Type of electric or other log run: Gamma Ray Newtron

14. Completion or recompletion date: September 1, 1985

SECTION I: POTENTIAL TEST DATA IMPORTANT: Test should be for 24 hours unless otherwise specified in field rules.

15. Date of test	16. No. of hours tested	17. Production method (Flowing, Gas Lift, Jetting, Pumping—Size & Type of pump)	18. Choke size
9-8-85	24	flowing	-

19. Production during Test Period ▶	Oil - BBLS	Gas — MCF	Water - BBLS	Gas - Oil Ratio	Flowing Tubing Pressure
	50	300	350		- PSI
20. Calculated 24-Hour Rate ▶	**Oil - BBLS**	**Gas — MCF**	**Water — BBLS**	**Oil Gravity—API—60°**	**Casing Pressure**
				38	- PSI

21. Was swab used during this test? Yes [ ] No [X]

22. Oil produced prior to test (New & Reworked wells): -

23. Injection Gas—Oil Ratio -

REMARKS:

INSTRUCTIONS: File an original and one copy of the completed Form W-2 in the appropriate RRC District Office within 30 days after completing a well and within 10 days after a potential test. If an operator does not properly report the results of a potential test within the 10-day period, the effective date of the allowable assigned to the well will not extend back more than 10 days before the W-2 was received in the District Office. (Statewide Rules 16 and 51) To report a completion or recompletion, fill in both sides of this form. To report a retest, fill in only the front side.

▶ **WELL TESTER'S CERTIFICATION**

I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I conducted or supervised this test by observation of (a) meter readings or (b) the top and bottom gauges of each tank into which production was run during the test. I further certify that the potential test data shown above is true, correct, and complete, to the best of my knowledge.

Signature: Well Tester

Orla Oil and Gas, Inc.
Name of Company

RRC Representative

▶ **OPERATOR'S CERTIFICATION**

I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated therein are true, correct, and complete, to the best of my knowledge.

Ann R. Ritchie
Typed or printed name of operator's representative

Agent
Title of Person

915-684-6381
Telephone: Area Code Number

Date: 9 / 18 / 85
mo. day year

Signature

DAT ON WELL COMPLETION AND LOG (Not Required on F est)

ompletion:

New Well [X] Deepening [ ] Plug Back [ ] Other [ ]

tice of Intention to Drill this well was filed in Name of

Orla Oil and Gas, Inc.

Permit to Drill, Plug Back or Deepen	DATE 7-31-85	PERMIT NO. 281452
Rule 37 Exception		CASE NO.
Water Injection Permit		PERMIT NO.
Salt Water Disposal Permit		PERMIT NO.
Other		PERMIT NO.

27. Number of producing wells on this lease in this field (reservoir) including this well	28. Total number of acres in this lease
1	40

29. Date Plug Back, Deepening, WorkOver or Drilling Operations:	Commenced	Completed	30. Distance to nearest well, Same Lease & Reservoir
	7-31-85	8-12-85	1st well

31. Location of well, relative to nearest lease boundaries of lease on which this well is located: 467 Feet From W Line and 467 Feet from W Line of the Long Shot Lease

32. Elevation (DF, RKB, RT, GR, ETC.): 2859 KB

33. Was directional survey made other than inclination (Form W—12)? [ ] Yes [X] No

34. Top of Pay	35. Total Depth	36. P. B. Depth	37. Surface Casing Determined by:			
4056	4455	-	Field Rules [ ]	Recommendation of T.D.W.R. [X] Railroad Commission (Special) [ ]	Dt. of Letter 8-2-85	Dt. of Letter

38. Is well multiple completion?	39. If multiple completion, list all reservoir names (completions in this well) and Oil Lease or Gas ID No. FIELD & RESERVOIR	GAS ID or OIL LEASE #	Oil—O Gas—G	WELL #	40. Intervals Drilled by:	Rotary Tools	Cable Tools
No						X	

41. Name of Drilling Contractor: Roper Energy

42. Is Cementing Affidavit Attached? [X] Yes [ ] No

43. CASING RECORD (Report All Strings Set in Well)

CASING SIZE	WT #/FT.	DEPTH SET	MULTISTAGE TOOL DEPTH	TYPE & AMOUNT CEMENT (sacks)	HOLE SIZE	TOP OF CEMENT	SLURRY VOL. cu. ft.
8 5/8"	24#	1205	-	740 sx Cl C	12¼"	surface	1253
4½"	9.5#	4454	-	570 sc Cl C	7 7/8"	1827	897.6

44. LINER RECORD

Size	TOP	Bottom	Sacks Cement	Screen

45. TUBING RECORD

Size	Depth Set	Packer Set
2 3/8"	4367	3965

46. Producing Interval (this completion) Indicate depth of perforation or open hole

From	4329	To	4337
From	4056	To	4060
From		To	
From		To	

47. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

Depth Interval	Amount and Kind of Material Used
4056 - 4060	500 gal 7½ NEFE acid
4329-4337	3000 gelled KCL wtr, 6000# sand

48. FORMATION RECORD (LIST DEPTHS OF PRINCIPAL GEOLOGICAL MARKERS AND FORMATION TOPS)

Formations	Depth	Formations	Depth
Base Salt	2700	Top Cherry Canyon	3790
Top Delaware Lime	2880		
Top Olds	2942		

REMARKS

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

Form W-
(1-1-

6. RRC
8

7. RRC Number (Oil

INCLINATION REPORT
(One Copy Must Be Filed With Each Completion Report.)

1. FIELD NAME (as per RRC Records or Wildcat)
Matthews (Lower Cherry Cnayon)

2. LEASE NAME
Longshot

3. Well Number
1

4. OPERATOR
Orla Oil & Gas

9. RRC Identification Number (Gas completions only)

5. ADDRESS
P.O. Box 1383 Midland, Texas 79702

10. County
Reeves

6. LOCATION (Section, Block, and Survey)
Sec. 12, Blk. 57, T & P, T-2

RECORD OF INCLINATION

11. Measured Depth (feet)	12. Course Length (Hundreds of feet)	*13. Angle of Inclination (Degrees)	14. Displacement per Hundred Feet (Sine of Angle X 100)	15. Course Displacement (feet)	16. Accumulative Displacement (feet)
246	246	1¼	2.18	5.36	5.36
512	266	1	1.75	4.66	10.02
843	331	2-3/4	4.80	15.89	25.91
1190	347	1½	2.62	9.09	35.00
1524	334	1½	2.18	7.28	42.28
2015	491	2¼	3.93	19.30	61.58
2507	492	2	3.49	17.17	78.75
2998	491	3/4	1.31	6.43	85.18
3055	57	3/4	1.31	.75	85.93
3521	466	3/4	1.31	6.10	92.03
4064	543	1	1.75	9.50	101.53
4455	391	1	1.75	6.84	108.37

If additional space is needed, use the reverse side of this form.

17. Is any information shown on the reverse side of this form? ☐ yes ☒ no

18. Accumulative total displacement of well bore at total depth of 4455 feet = 108.37 feet

19. Inclination measurements were made in — ☐ Tubing ☐ Casing ☐ Open hole ☒ Drill Pipe

20. Distance from surface location of well to the nearest lease line 467 feet.

21. Minimum distance to lease line as prescribed by field rules 467 feet.

22. Was the subject well at any time intentionally deviated from the vertical in any manner whatsoever? NO

(If the answer to the above question is "yes", attach written explanation of the circumstances.)

CLINATION DATA CERTIFICATION

I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I ve personal knowledge of the inclination data and facts placed on both es of this form and that such data and facts are true, correct, and com- te to the best of my knowledge. This certification covers all data as icated by asterisks (*) by the item numbers on this form.

Signature of Authorized Representative

Fred T. Roper — Vice-President

me of Perso , and Title (type or print)

Roper Energy Company

me of Company

Telephone 915 684-2167
Area Code

OPERATOR CERTIFICATION

I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have personal knowledge of all information presented in this report, and that all data presented on both sides of this form are true, correct, and complete to the best of my knowledge. This certification covers all data and information presented herein except inclination data as indicated by asterisks (*) by the item numbers on this form.

Signature of Authorized Representative

Ann E. Ritchie

Name of Person and Title (type or print)

Orla Oil and Gas, Inc.

Operator

Telephone 915 684-6381
Area Code

roaa Commission Use Only:

proved By: _____ Title: _____ Date: _____

)esignates items certified by company that conducted the inclination surveys.

Cementer: Fill in shaded areas.
Operator: Fill in other items.

Form W-15
Cementing Report
Rev. 4/1/83
483-045

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

1. Operator's Name (As shown on Form P-5, Organization Report)	2. RRC Operator No.	3. RRC District No.	4. County of Well Site
Orla Oil & Gas	626200	8	Reeves
5. Field Name (Wildcat or exactly as shown on RRC records)		**6. API No.**	**7. Drilling Permit No.**
Matthews (Lower Cherry Canyon)		42-	281452
8. Lease Name	**9. Rule 37 Case No.**	**10. Oil Lease/Gas ID No.**	**11. Well No.**
Longshot			#1

CASING CEMENTING DATA:		SURFACE CASING	INTER-MEDIATE CASING	PRODUCTION CASING		MULTI-STAGE CEMENTING PROCESS	
				Single String	Multiple Parallel Strings	Tool	Shoe
12. Cementing Date		8-1-85					
13. •Drilled hole size		12¼"					
•Est. % wash or hole enlargement		-					
14. Size of casing (in. O.D.)		8 5/8"					
15. Top of liner (ft.)		-					
16. Setting depth (ft.)		1205'					
17. Number of centralizers used		15					
18. Hrs. waiting on cement before drill-out		12					
1st Slurry	19. API cement used: No. of sacks ▶	420					
	Class ▶	Pacesetter Lite					
	Additives ▶	3% Salt + ¼# Cello Seal					
2nd Slurry	No. of sacks ▶	320					
	Class ▶	C					
	Additives ▶	2% $CaCl_2$					
3rd Slurry	No. of sacks ▶						
	Class ▶						
	Additives ▶						
1st	20. Slurry pumped: Volume (cu. ft.) ▶	831					
	Height (ft.) ▶	780					
2nd	Volume (cu. ft.) ▶	422					
	Height (ft.) ▶	410					
3rd	Volume (cu. ft.) ▶						
	Height (ft.) ▶						
Total	Volume (cu. ft.) ▶						
	Height (ft.) ▶	1190					
21. Was cement circulated to ground surface (or bottom of cellar) outside casing?		Yes					

22. Remarks

PLUG AND ABANDON	PLUG # 1	PLUG # 2	PLUG # 3	PLUG # 4	PLUG # 5	PLUG # 6	PLUG # 7	PLUG # 8
...ing date								
...ize of hole or pipe plugged (in.)								
25. Depth to bottom of tubing or drill pipe (ft.)								
26. Sacks of cement used (each plug)								
27. Slurry volume pumped (cu. ft.)								
28. Calculated top of plug (ft.)								
29. Measured top of plug, if tagged (ft.)								
30. Slurry wt. (lbs/gal)								
31. Type cement								

CEMENTER'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that the cementing of casing and/or the placing of cement plugs in this well as shown in the report was performed by me or under my supervision, and that the cementing data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers cementing data only.

Kurt Shunkey - Service Supervisor — Name and title of cementer's representative
The Western Company — Cementing Company
Signature

Box 879 — Address
Kermit, Tx. 79745 — City, State, Zip Code
915-586-5811 — Tel.: Area Code Number
8-1-85 — Date: mo. day yr.

OPERATOR'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have knowledge of the well data and information presented in this report, and that data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers all well data.

Typed or printed name of operator's representative
Title
Signature

Address
City, State, Zip Code
Tel.: Area Code Number
Date: mo. day yr.

Instructions to Form W-15, Cementing Report

IMPORTANT: Operators and cementing companies must comply with the requirements of the Commission's Statewide Rules 8 (Water Protection), 13 (Casing, Cementing, Drilling, and Completion), and 14 (Well Plugging). For offshore operations, see the requirements of Rule 13 (c).

A. **What to file.** An operator should file an original and one copy of the completed Form W-15 for each cementing company used on a well. The cementing of different casing strings on a well by one cementing company may be reported on one form. Form W-15 should be filed with the following:

- An initial oil or gas completion report, Form W-2 or G-1, as required by Statewide or special field rules;
- Form W-4, Application for Multiple Completion, if the well is a multiple parallel casing completion; and
- Form W-3, Plugging Record, unless the W-3 is signed by the cementing company representative. When reporting dry holes, operators must complete Form W-15, in addition to Form W-3, to show any casing cemented in the hole.

B. **Where to file.** The appropriate Commission District Office for the county in which the well is located.

C. **Surface casing.** An operator must set and cement sufficient surface casing to protect all usable-quality water strata, as defined by the Texas Department of Water Resources, Austin. Before drilling a well in any field or area in which no field rules are in effect or in which surface casing requirements are not specified in the applicable rules, an operator must obtain a letter from the Department of Water Resources stating the protection depth. Surface casing should not be set deeper than 200 feet below the specified depth without prior approval from the Commission.

D. **Centralizers.** Surface casing must be centralized at the shoe, above and below a stage collar or diverting tool, if run, and through usable-quality water zones. In nondeviated holes, a centralizer must be placed every fourth joint from the cement shoe to the ground surface or to the bottom of the cellar. All centralizers must meet API specifications.

E. **Exceptions and alternative casing programs.** The District Director may grant an exception to the requirements of Statewide Rule 13. In a written application, an operator must state the reason for the requested exception and outline an alternate program for casing and cementing through the protection depth for strata containing usable-quality water. The District Director may approve, modify, or reject a proposed program. An operator must obtain approval of any exception before beginning casing and cementing operations.

F. **Intermediate and production casing.** For specific technical requirements, operators should consult Statewide Rule 13 (b) (3) and (4).

G. **Plugging and abandoning.** Cement plugs must be placed in the wellbore as required by Statewide Rule 14. The District Director may require additional cement plugs. For onshore or inland wells, a 10-foot cement plug must be placed in the top of the well, and the casing must be cut off three feet below the ground surface. All cement plugs, except the top plug, must have sufficient slurry volume to fill 100 feet of hole, plus ten percent for each 1,000 feet of depth from the ground surface to the bottom of the plug.

To plug and abandon a well, operators must use only cementers approved by the Director of Field Operations. Cementing companies, service companies, or operators can qualify as approved cementers by demonstrating that they are able to mix and pump cement in compliance with Commission rules and regulations.

Cementer: Fill in shaded areas.
Operator: Fill in other items.

Form W-15
Cementing Report
Rev. 4/1/83
483-045

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

1. Operator's Name (As shown on Form P-5, Organization Report)	2. RRC Operator No.	3. RRC District No.	4. County of Well Site
Orla Oil & Gas	626200	8	Loving

5. Field Name (Wildcat or exactly as shown on RRC records)	6. API No.	7. Drilling Permit No.
Matthews (Lower Cherry Canyon)	42-	281452

8. Lease Name	9. Rule 37 Case No.	10. Oil Lease/Gas ID No.	11. Well No.
Longshot			#1

CASING CEMENTING DATA:		SURFACE CASING	INTER-MEDIATE CASING	PRODUCTION CASING		MULTI STAGE CEMENTING PROCESS	
				Single String	Multiple Parallel Strings	Tool	Shoe
12. Cementing Date				8-12-85			
13.	•Drilled hole size			7 7/8"			
	•Est. % wash or hole enlargement			-			
14. Size of casing (in. O.D.)				4½"			
15. Top of liner (ft.)				-			
16. Setting depth (ft.)				4454			
17. Number of centralizers used				28			
18. Hrs. waiting on cement before drill-out				12			
1st Slurry	19. API cement used: No. of sacks ▶			220			
	Class ▶			Pacesetter Lite (65:35:3)			
	Additives ▶			3% Salt ¼# Cello Seal			
2nd Slurry	No. of sacks ▶			350			
	Class ▶			C			
	Additives ▶			Neat			
3rd Slurry	No. of sacks ▶						
	Class ▶						
	Additives ▶						
1st	20. Slurry pumped: Volume (cu. ft.) ▶			435.6			
	Height (ft.) ▶			1275'			
2nd	Volume (cu. ft.) ▶			462			
	Height (ft.) ▶			1352			
3rd	Volume (cu. ft.) ▶						
	Height (ft.) ▶						
Total	Volume (cu. ft.) ▶			897.6			
	Height (ft.) ▶			2627			
21. Was cement circulated to ground surface (or bottom of cellar) outside casing?				No			

22. Remarks

OVER

O PLUG AND ABANDON	PLUG # 1	PLUG # 2	PLUG # 3	PLUG # 4	PLUG # 5	PLUG # 6	PLUG # 7	PLUG # 8
nting date								
Size of hole or pipe plugged (in.)								
25. Depth to bottom of tubing or drill pipe (ft.)								
26. Sacks of cement used (each plug)								
27. Slurry volume pumped (cu. ft.)								
28. Calculated top of plug (ft.)								
29. Measured top of plug, if tagged (ft.)								
30. Slurry wt. (lbs/gal)								
31. Type cement								

CEMENTER'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that the cementing of casing and/or the placing of cement plugs in this well as shown in the report was performed by me or under my supervision, and that the cementing data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers cementing data only.

Tracy Holladay - Service Supervisor | The Western Company | [signature]

Name and title of cementer's representative | Cementing Company | Signature

Box 879 | Kermit, Tx. 79745 | 915-586-5811 | 8-12-85

Address | City, State, Zip Code | Tel.: Area Code Number | Date: mo. day yr.

OPERATOR'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have knowledge of the well data and information presented in this report, and that data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers all well data.

Typed or printed name of operator's representative | Title | X Signature

Address | City, State, Zip Code | Tel.: Area Code Number | Date: mo. day yr.

Instructions to Form W-15, Cementing Report

IMPORTANT: Operators and cementing companies must comply with the requirements of the Commission's Statewide Rules 8 (Water Protection), 13 (Casing, Cementing, Drilling, and Completion), and 14 (Well Plugging). For offshore operations, see the requirements of Rule 13 (c).

A. What to file. An operator should file an original and one copy of the completed Form W-15 for each cementing company used on a well. The cementing of different casing strings on a well by one cementing company may be reported on one form. Form W-15 should be filed with the following:

- An initial oil or gas completion report, Form W-2 or G-1, as required by Statewide or special field rules;
- Form W-4, Application for Multiple Completion, if the well is a multiple parallel casing completion; and
- Form W-3, Plugging Record, unless the W-3 is signed by the cementing company representative. When reporting dry holes, operators must complete Form W-15, in addition to Form W-3, to show any casing cemented in the hole.

B. **Where to file.** The appropriate Commission District Office for the county in which the well is located.

C. **Surface casing.** An operator must set and cement sufficient surface casing to protect all usable-quality water strata, as defined by the Texas Department of Water Resources, Austin. Before drilling a well in any field or area in which no field rules are in effect or in which surface casing requirements are not specified in the applicable rules, an operator must obtain a letter from the Department of Water Resources stating the protection depth. Surface casing should not be set deeper than 200 feet below the specified depth without prior approval from the Commission.

D. **Centralizers.** Surface casing must be centralized at the shoe, above and below a stage collar or diverting tool, if run, and through usable-quality water zones. In nondeviated holes, a centralizer must be placed every fourth joint from the cement shoe to the ground surface or to the bottom of the cellar. All centralizers must meet API specifications.

E. **Exceptions and alternative casing programs.** The District Director may grant an exception to the requirements of Statewide Rule 13. In a written application, an operator must state the reason for the requested exception and outline an alternate program for casing and cementing through the protection depth for strata containing usable-quality water. The District Director may approve, modify, or reject a proposed program. An operator must obtain approval of any exception before beginning casing and cementing operations.

F. **Intermediate and production casing.** For specific technical requirements, operators should consult Statewide Rule 13 (b) (3) and (4).

G. **Plugging and abandoning.** Cement plugs must be placed in the wellbore as required by Statewide Rule 14. The District Director may require additional cement plugs. For onshore or inland wells, a 10-foot cement plug must be placed in the top of the well, and the casing must be cut off three feet below the ground surface. All cement plugs, except the top plug, must have sufficient slurry volume to fill 100 feet of hole, plus ten percent for each 1,000 feet of depth from the ground surface to the bottom of the plug.

To plug and abandon a well, operators must use only cementers approved by the Director of Field Operations. Cementing companies, service companies, or operators can qualify as approved cementers by demonstrating that they are able to mix and pump cement in compliance with Commission rules and regulations.

RA ROAD COMMISSION OF TEX S
OIL & GAS DIVISION
PERMIT TO DRILL, DEEPEN OR PLUG BACK
ON REGULAR LOCATION

IT NUMBER	DATE OF PERMIT	DISTRICT
281452	(AMENDED) 9/24/85	08
IUMBER	FORM W-1 (dated)	COUNTY
42 389 31678	9/18/85	REEVES
OF OPERATION		ACRES
DRILL		40

ATOR 626200

ORLA OIL & GAS INC.
C/O BOX 953
MIDLAND TX 79702

NOTICE
NO ALLOWABLE WILL BE ASSIGNED unless well protects all fresh water sands with sufficient surface casing. Where Commission rules do not specify surface casing requirements, contact the Texas Department of Water Resources for depth to which fresh water sands must be protected.

District Office Telephone No.: 915 684-5581

E NAME	WELL NUMBER
LONG SHOT	1
TION	TOTAL DEPTH
2 MILES N FROM ORLA	4,600
ION, BLOCK and/or SURVEY	
SEC=>12 BLK=>57 SVY=>T & P, T-2	AB=>

ANCE - - LEASE LINES	- - SURVEY LINES	- - NEAREST WELL ON LEASE
467 FWL - 467 FSL	467 FWL - 467 FSL	NONE

NOTE THE CONDITIONS ON THE REVERSE SIDE, PARTICULARLY CONCERNING SPACING RULE CHANGE. IT IS THE OPERATOR'S RESPONSIBILITY TO INSURE THAT THE PERMITTED LOCATION COMPLIES WITH THE DENSITY AS WELL AS THE SPACING RULES IN EFFECT ON THE SPUD DATE. A RULE 37 AND/OR RULE 38 EXCEPTION WILL BE REQUIRED IF, BECAUSE OF A FIELD RULE CHANGE, THE LOCATION IS NOT IN COMPLIANCE WITH THE COMMISSION FIELD RULES ON THE SPUD DATE.

D(S)

HIS PERMIT AND ANY ALLOWABLE ASSIGNED MAY BE REVOKED IF A CHECK TENDERED TO *
HE COMMISSION IS NOT HONORED. *

WILDCAT MATTHEWS (LOWER CHERRY CANYON)

** LIMITATIONS **

WILDCAT ABOVE 4,600 FEET.
REGULAR PROVIDED THIS WELL IS NEVER DRILLED DEEPER THAN 4600 FEET.
REGULAR PROVIDED THIS WELL IS NEVER COMPLETED IN VIOLATION OF APPLICABLE SPECIAL FIELD OR STATEWIDE SPACING RULES.

THIS PERMIT SUBJECT TO THE CONDITIONS ON THE BACK OF THIS FORM.

THE OPERATOR SHOULD CONSIDER THE REQUIREMENTS OF THE NATURAL GAS POLICY ACT OF 1978, AS AMENDED, (NGPA), AND APPLICABLE STATE OR FEDERAL REGULATIONS.

Based upon the representations made on the FORM W-1 and those made on any plat or plats filed therewith, it is believed that the eration indicated, when carried out at that point which you have represented to be the location of the above designated Well, complies as of e date thereof, with the provisions of the applicable spacing rule SUBJECT TO THE LIMITATIONS, IF ANY, SET OUT ABOVE. Compliance th the applicable Commission spacing rule renders it unnecessary that you secure a special Commission permit to cover this indicated eration at the location shown, the same being classed as regular.

PHONE: (512) 445-1314

DIRECT INQUIRIES TO: DRILLING PERMIT SECTION, OIL AND GAS DIVISION

MAIL: Capitol Station-P. O. Drawer 12967 Austin, Texas 78711

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

BUDDY TEMPLE, Chairman
JAMES E. (JIM) NUGENT, Commissioner
MACK WALLACE, Commissioner

J. H. MORROW, P.E.
Director
WILLIS C. STEED, P.E.
Director, Field Operations
ARCHIE P. FARR, P.E.
District Director

2509 N. BIG SPRING | P. O. BOX 2110 | MIDLAND, TEXAS 79702-2110

September 24, 1985

Orla Oil & Gas, Inc.
P. O. Box 953
Midland, TX 79702

RE: Rule 13A Exception for Long Shot Well No. 1, Matthews (Lower Cherry Canyon), Reeves County, Texas

Gentlemen:

This will acknowledge receipt of your letter dated 9/24/85 concerning the above captioned well.

You are hereby authorized to set approximately 1200 feet of surface casing and to cement * ~~the long string~~ from the shoe to the surface of the ground. ~~or to a point above the shoe of the surface pipe~~. In the event the well is a dry hole and no production string is set, it will be necessary that sufficient cement plugs be set in the well bore to protect all usable quality water strata. Cement plugs are to be placed in the well bore promptly after the Commission authorizes plugging of the well and before the drilling rig is dismantled or moved.

You must comply with all other provisions of Statewide Rule 13(2), and a representative of the cementing company who performs any cementing job for the protection of usable quality water strata must sign the appropriate form attesting to the information shown on the form regarding cementing operations performed for the protection of usable quality water strata, and the form must be filed upon completion or plugging of the well.

If cement is not circulated to ground surface while cementing production casing in this well, you must promptly contact the appropriate district director or his authorized representative and follow the procedures as set out in Statewide Rule 13(2)(G)(iii).

This exception does not apply and is voided if parallel (non-concentric) strings of pipe are cemented in the hole for any reason.

It is requested that the Railroad Commission District Office shown below be notified approximately 12 hours prior to the time casing is cemented in this well.

REFERENCE SWR 13 -- OPERATOR SHOULD REQUEST EXCEPTION PRIOR TO DRILLING

Yours very truly,

H. A. Kruse, Jr.

Archie P. Farr
District Director

DISTRICT OFFICE -8- Midland
PHONE 915-684-5581

Cement mixture must have a 72-hour compressive strength of at least 1200 psi.

An Equal Opportunity Employer

DEPTH OF USABLE-QUALITY GROUND WATER TO BE PROTECTED

SC1701

The information requested is essential in order for this agency to provide an appropriate response. Please allow for receipt of this form in our offices at least one week before your operation begins. Due to the volume of these requests, it is difficult for us to handle telephone inquiries, and such only serve to delay the processing of these forms. Complete, keep the bottom sheet (yellow) for your files, and mail the top 4 sheets of this 5-sheet set of carbon-backed forms to the address below; 1 of them will be returned to you bearing our response and others will be sent to the Austin and appropriate district office of the Railroad Commission.

REFER TO: SC- 1701 if commenting on the recommendation below

Date 7-29-85

√ Surface Casing
Texas Department of Water Resources
P.O. Box 13087
Austin, Texas 78711 (Phone: 512/475-6176)

ANN E. RITCHIE 915 6846381
Name of person preparing this request & Telephone No. w/AC

ORLA OIL & GAS, INC
Company (operator's name as on RRC form W-1)

BOX 953
Mailing Address

MIDLAND, TX 79702
City and State Zip Code

Do not write in this space

~~#9~~ Bs R est 750 Rustler

Q-57

Lease Name LONG SHOT Well No. 1

County REEVES Railroad Commission District No. 8

Section No. 12 Block No. 57 Township T-2

Survey T&P No. ____ Abstract No. A-

Distances, in feet, and directions measured at right angles from each of two intersecting Section or Survey lines

(NOT LEASE LINES) 467 feet from W line and 467 feet from S line

Distance (in miles) and direction from a nearby town in this County (name the town).

2 MILES N FROM ORLA

Elevation (if available) ____ Proposed Total Depth 4600

Geologic Formation at T.D. DELAWARE

Map (Attach a map showing surrounding Surveys and your well site. The map may be a Xerox or other, including hand drawn, copy of an ownership map but must show Surveys, etc. The scale should be either 1"=4,000' or 1"=3,000'. A part of an ownership map such as those by Heydrick, Tobin, South Texas, Southwest, Midland, Zingery, etc., is preferable to a surveyor's plat.

Additional data (check if attached):

Log of same or nearby well ____ (The applicable type of well log of a nearby well that shows the aquifers).
ALWAYS attach the electric log of any well that is to be reentered.

Fold

TYPE OR PRINT IN INK

Fold

DO NOT WRITE HERE
FOR TDWR USE ONLY

The TEXAS DEPARTMENT OF WATER RESOURCES' recommendation for the protection of usable-quality ground water at the referenced location is as follows:

The interval from the land surface to the base of the Rustler, which is estimated to occur at a depth of 750 feet, must be protected.

Very truly yours,

R. N. Webster
Geologist, Surface Casing, TDWR

Date 8/2/85 dh
typed by TDWR

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

TDWR-0051 (Rev. 5-4-81)

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION
NGPA SECTION
983-002

FORM F-1

NGPA SUPPLEMENTAL APPLICATION (SEE INSTRUCTIONS PAGES 7 & 8)

APPLICANT INFORMATION (As filed with the Commission)

1. Applicant Name (as on P-5): Blair Royalties of Orla, Inc.

1a. Operator No.: 074195

2. Address: P.O. Box 953
Box or Street Address (Do not exceed 32 characters)
Midland, Texas 79702
City State Zip Code

3. District No. of the well: 08

4. Check the one you are applying for
☒ Oil Well ☐ Gas Well
30127 (RRC Lease No.) 1 (Well No.) (RRC ID No.)

5. Lease and/or Well Name: Longshot #1

5a. Railroad Commission Designated Field and Reservoir Name: Matthews (Lower Cherry Canyon)

6. Check the categor(y) (ies) for which application is being made
☐ 102 (c) (1) (B) ☐ 102 (c) (1) (C) ☒ 103 ☐ 107 Deep Gas ☐ 107 Tight Gas ☐ 107 Enhancement Gas ☐ 108 ☐ Other

The following persons must be served at the time of application with a copy of this form and the FERC FORM 121.

7. Purchaser ☐ NONE
Conoco, Inc.
Name (Do not exceed 32 characters)
P.O. Box 2197
Box or Street Address (Do not exceed 32 characters)
Houston, Texas 77252
City State Zip Code

8. Other Sellers (A person who sells natural gas from the subject well under a contract separate from the operator's contract.) ☒ NONE
Name (Do not exceed 32 characters)
Box or Street Address (Do not exceed 32 characters)
City State Zip Code

9. Operator (If applicant is an other seller or a working interest owner, indicate operator name and address and include a statement that the operator has declined to file.) ☐ N/A
Name (Do not exceed 32 characters)
Box or Street Address (Do not exceed 32 characters)
City State Zip Code

10. ☒ If State Land Mineral Interests are involved–
General Land Office, 1700 N. Congress, Austin, TX 78701
Attn: John Hall

☐ If School Land Mineral Interests are involved–
Univ. Lands. Acc. Off., P.O. Box 579, Austin, TX 78767
Attn: George A. Clark

I declare under penalties prescribed in Section 91.143, TEX. NAT. RES. CODE ANN., that I am authorized to make this application, that it was prepared by me or under my supervision and direction, that documents or summations thereof from my files permitted in lieu of copies from Commission files are true and correct copies or summations of the documents originally required to be filed with the Commission, that I have served a copy of the F-1 and FERC Form 121 on the parties required by Commission rules and listed on this form, and that these statements are true, correct and complete to the best of my information, knowledge and belief.

Signature | Agent (Title) | May 19, 1986 (Date) | (915) 684-6381 (A/C Phone Number)

Revised 1984

NEW ONSHORE PRODUCTION LL UNDER §103
(The following information **must** be included under this category.)

- X A. Completed FERC Form 121.
- X B. W-1 and accompanying plat on subject well with proration unit (#16 on W-1) clearly outlined. Be sure to indicate status (reservoir in which completed, plugging date, date converted to Water Injection Well or Salt Water Disposal Well) of any other wells shown on the plat in the outlined area.
- X C. All G-1's or W-2's on subject well.
- X D. RRC field rules showing spacing and density in effect on spud date.
- ____ E. Rule 37 or 38 Order, if any, permitting second well on unit when the first well was commenced prior to 2/19/77 and was commercially produced. If first well commenced after 2/19/77, check here. ____
- ____ F. If an effective and efficient finding is required, the request and supporting evidence should be filed.
- X G. The appropriate oath below must be completed, signed and notarized. **OATH B** is applicable where the subject well is drilled into an existing proration unit. (See Instructions.)

Statement By Applicant Under OATH:

A. The surface drilling of the well for which I seek a determination was begun on or after February 19, 1977. The well satisfies any applicable federal or state well-spacing requirements, and the well is not within a proration unit: (a) which was in existence at the time surface drilling of the well began, (b) which was applicable to the reservoir from which such natural gas is produced, and (c) which applied to any other well which either produced natural gas in commercial quantities or the surface drilling of which was begun before February 19, 1977, and was thereafter capable of producing natural gas in commercial quantities. I conclude, that to the best of my information, knowledge and belief, the natural gas for which I seek a determination is produced from a new, onshore production well based on the information included in this application. I have no knowledge of any other information not described in this application which is inconsistent with my conclusions.

I declare under penalites prescribed in Section 91.143, TEX. NAT. RES. CODE ANN., that I am authorized to make this application, that it was prepared by me or under my supervision and direction, that any documents or summations thereof from my files permitted in lieu of copies from Commission files are true and correct copies of summations of the documents originally required to be filed with the Commission, that I have served a copy of the F-1 and FERC Form 121 on the parties required by Commission rules and listed on this form, and that these statements are true, correct and complete to the best of my information, knowledge and belief.

Signature	Title	Date	A/C	Phone Number
[signature]	Agent	May 19, 1986	(915)	684-6381

Joan Ellison
Notary Signature

12-21-87
Commission Expires

SEAL

★ ★

Statement By Applicant Under OATH:

B. The surface drilling of the well for which I seek a determination was begun on or after February 19, 1977. The well satisfies any applicable federal or state well-spacing requirements. I conclude that to the best of my information, knowledge and belief, the natural gas for which I seek a determination is produced from a new, onshore production well based on the information included in this application. I have no knowledge of any other information not described in this application which is inconsistent with my conclusions.

I declare under penalties prescribed in Section 91.143, TEX. NAT. RES. CODE ANN., that I am authorized to make this application, that it was prepared by me or under my supervision and direction, that any documents or summations thereof from my files permitted in lieu of copies from Commission files are true and correct copies or summations of the documents originally required to be filed with the Commission, that I have served a copy of the F-1 and FERC Form 121 on the parties required by Commission rules and listed on this form, and that these statements are true, correct and complete to the best of my information, knowledge and belief.

Signature	Title	Date	A/C	Phone Number
			( )	

Notary Signature

Commission Expires

SEAL

Revised 1984

APPLICATION FOR DETERMINATION OF THE MAXIMUM LAWFUL PRICE UNDER THE NATURAL GAS POLICY ACT (NGPA)

1.0 API well number: (If not assigned, leave blank. 14 digits.)	42 - 389 - 31678 -
2.0 Type of determination being sought: (Use the codes found on the front of this form.)	103 (Section of NGPA) ____ (Category Code)
3.0 Depth of the deepest completion location: (Only needed if sections 103 or 107 in 2.0 above.)	4060' feet
4.0 Name, address and code number of applicant: (35 letters per line maximum. If code number not available, leave blank.)	Blair Royalties of Orla, Inc. (Name) ____ (Seller Code) P.O. Box 953 (Street) Midland (City) TX (State) 79702 (Zip Code)
5.0 Location of this well: [Complete (a) or (b).] (a) For onshore wells (35 letters maximum for field name.)	Matthews (Lower Cherry Canyon) (Field Name) Reeves Cnty (County) TX (State)
(b) For OCS wells:	____ (Area Name) ____ (Block Number) Date of Lease: Mo. Day Yr. ____ (OCS Lease Number)
(c) Name and identification number of this well: (35 letters and digits maximum.)	Longshot #1 Lease #30127
(d) If code 4 or 5 in 2.0 above, name of the reservoir: (35 letters maximum.)	
6.0 (a) Name and code number of the purchaser: (35 letters and digits maximum. If code number not available, leave blank.)	Conoco, Inc. (Name) ____ (Buyer Code)
(b) Date of the contract:	Mo. Day Yr.
(c) Estimated total annual production from the well:	109,500 Million Cubic Feet

		(a) Base Price	(b) Tax	(c) All Other Prices [Indicate (+) or (-).]	(d) Total of (a), (b) and (c)
7.0 Contract price: (As of filing date. Complete to 3 decimal places.)	$/MMBTU	—.—	—.—	—.—	—.—
8.0 Maximum lawful rate: (As of filing date. Complete to 3 decimal places.)	$/MMBTU	AS PER NGPA —.—	—.—	—.—	—.—

9.0 Person responsible for this application:

Ann E. Ritchie (Name) Agent (Title)

Signature

May 19, 1986 (Date Application is Completed) 915-684-6381 (Phone Number)

Agency Use Only
Date Received by Juris. Agency
Date Received by FERC

FERC-121 (8-82)

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

Form P-4
Rev. 6/80

Producer's Certificate of Compliance and Authorization to Transport Oil and/or Casinghead Gas From an Oil Lease or Gas and/or Condensate from a Gas Well.

RRC District: 8
RRC Oil Lease No.: 30127
RRC Gas Well Ident. No.:
Gas Well No.:
Effective Date: 9-1-85
County: Reeves

Field Name (as per RRC records): Matthews (Lower Cherry Cnayon)
Lease Name: Long Shot
Operator Name: Blair Royalties of Orla, Inc.
Address: c/o Box 953
City, State, Zip Code: Midland, Texas 79702
Location (Section, Block, and Survey): Sec. 13, Blk. 57, T-2 T & P
Distance and Direction to nearest town in this county.: 2 miles N from Orla

GAS GATHERER, PURCHASER, AND NOMINATOR

NOTE: The names of all three of the above must be furnished for all gas sold.

Name / Address / City, State, Zip Code	RRC USE ONLY	% of the	INDICATE MARKET	
None			☐ Interstate ☐ Intrastate	
			☐ Gas Well Gas ☐ Full Well Stream ☒ Casinghead Gas	☐ Gatherer ☐ Purchaser ☐ Nominator
	RRC USE ONLY	% of the	INDICATE MARKET ☐ Interstate ☐ Intrastate	
			☐ Gas Well Gas ☐ Full Well Stream ☐ Casinghead Gas	☐ Gatherer ☐ Purchaser ☐ Nominator
	RRC USE ONLY	% of the	INDICATE MARKET ☐ Interstate ☐ Intrastate	
			☐ Gas Well Gas ☐ Full Well Stream ☐ Casinghead Gas	☐ Gatherer ☐ Purchaser ☐ Nominator

OIL OR CONDENSATE GATHERER

Name / Address / City, State, Zip Code	RRC USE ONLY	% of the	
Navajo Crude Oil Purchasing Drawer 175 Artesia, NM 88210		100 %	☒ Oil ☐ Condensate
	RRC USE ONLY	% of the	☐ Oil ☐ Condensate

INDICATE PURPOSE OF FILING

☐ New Oil Lease or Gas Well. Form W-1 (Application for Permit to Drill, Deepen or Plug Back) filed in the name of: _____ (Operator) _____ (Lease)

☐ Change of Gatherer ☐ Change of Purchaser ☐ Change of Nominator

☐ Change field name from _____

☒ Change operator name from Orla Oil & Gas, Inc.

☐ Change lease name from _____

☐ Consolidation or subdivision of lease (Attachments required - - See instructions.)

Previous Form P-4 approval date if filed (or prior SW-1 number) _____ (mo. day yr.), _____ (SW-1 Number or Date)

REMARKS: Change Operator & Oil gatherer

FOR RRC USE ONLY
Field No.
Operator No.
Approved

AUTHORIZATION BY CURRENT OPERATOR

The undersigned certifies that the above agent is authorized to transport the above specified percentage of the allowable oil or gas produced from the above described property in accordance with the regulations of the Railroad Commission of Texas, and that this authorization will be valid until further notice or until cancelled by the Railroad Commission of Texas, and the undersigned further certifies that the conservation laws of the State of Texas and all rules, regulations, and orders of the Railroad Commission of Texas have been complied with in respect to the property covered by this report.

10-30-85 (Date) _____ (Signature) Agent (Title) 915-684-6381 (Area Code & Telephone No.)

OPERATOR NAME CHANGE (Acknowledgment required on changes of operator.)

The undersigned, being the previous operator, has transferred operating responsibility on the above property.

Previous Operator: Orla Oil & Gas, Inc. Signature: _____
Address: c/o Box 953 Title: Agent
City, State & Zip Code: Midland, Texas 79702 Date: 10-30-85 Area Code & Telephone No.: 915-684-6381

If there are additional gatherers, purchasers, or nominators, check here ☐ and use reverse side of this form.

DAILY DRILLING REPORT

LONG SHOT NO. 1 Operator: Orla Oil & Gas, Inc. (Ron Meeks)
915/273-4241
273-4831

Location: 467' FSL & 467' FWL of Section 12, Block 57, T-2, T&P RR Co. Survey, Reeves County, Texas
Est. TD: 4600'
Elevation: 2847'
Contractor: Roper Energy Rig #1

7/31/85 550' Spudded 7/30/85 at 5:30 p.m.
Red Bed & Anhydrite. Operations: Drilling. MW 9.8, Vis. 35, pH 9.
Time Record: Drilling - 12-1/4 hrs.
Rig up - 6 hrs.
Drilling rathole & mousehole - 1/2 hr.
WO water - 2 hrs.

8/1/85 1185' Anhydrite. Operations: Drilling. Made 635' in 24 hrs.
Slope: 843' - 1-3/4°. MW 9.9, Vis. 37, pH 9.
Time Record: Drilling - 20-1/2 hrs.
Slope - 3/4 hr.
Trip - 2-1/2 hrs.
Pump repairs - 1/4 hr.

8/2/85 1270' Anhydrite. Operations: Drilling. Made 85' in 24 hrs.
MW 9.8, Vis. 29, pH 9. Ran 30 jts. 24# 8-5/8" casing (total pipe 1205.76), set 1190' RTM. One jt. left on location. Cemented with 420 sx Pace Setter light with 3% salt, 1/4# Cello-Seal, 325 sx Class C with 2% CaCl; plugged down 8/1/85 at 4:45 p.m.
Time Record: Drilling 2-1/2 hrs.
Slope-1/4 hr.
Trip - 1-3/4 hrs.
WOC - 6 hrs.
Cement 1-1/4 hrs.
Circulate - 3-3/4 hrs.
Run casing - 5-1/2 hrs.
Wash to bottom - 1/2 hr.
Test BOP to 800# - 2 hrs.
Mix sludge - 1/2 hr.
Lay down drill collars 1/2 hr.
Drilling 40' cement plug - 1 hr.

8/3/85 2000' Anhydrite. Operations: Drilling. Made 830' in 24 hrs.
Slope: 1524' - 2-1/4°. MW 9.9, Vis. 29, pH 11.
Time Record: Drilling - 23-3/4 hrs.
Slope - 1/4 hr.

8/4/85 2720' Anhydrite. Operations: Drilling. Made 720' in 24 hrs.
Slope: 2015' - 2-1/4°, 2507' - 2°. MW 10.0, Vis. 29, pH 10.
Time Record: Drilling - 20-3/4 hrs.
Slope - 3/4 hr.
Trip for hole in pipe - 2 hrs.
Repair pump - 1/2 hr.

8/5/85 3055' Sand & Shale. Operations: WO Halliburton Tester. Made 335' in 24 hrs. Slope: 2998' - 3/4°. MW 10, Vis. 31, FC Film, WL 16.2, pH 10.5.

Time Record: Drilling - 13-1/2 hrs.
Slope - 3/4 hr.
Trip - 1/2 hr.
Circulate for DST #1 - 4 hrs.
Circulate for samples - 1-3/4 hrs.
Condition mud - 1-1/4 hrs.
WO Halliburton Tester - 1-1/4 hrs.

B/Salt - 2699'
T/Delaware - 2890' (-31)

DST#1 - 3024-55'
15'preflow had blow of air, 4# pressure. SI 1 hr. 1 hr. flow, had good blow of air, 3-1/2# decreased to 1-1/2#. No gas to surface. Recovered 3000' of gas in drill pipe, 60' of O&G-cut drilling mud. Sample chamber had 200 cc oil and 2100 cc drilling fluid, pressure 750#.

IHP - 1577#
15' 1st FP - 39-39#
60' ISIP - 319#
60' 2nd FP - 53-53#
120' FSIP - 923#
Temperature - 96°

Chlorides:
Top - 180,000 ppm
Middle - "
Bottom - "
Sampler & pit -"

8/6/85 3305' Anhydrite & Shale. Operations: Drilling. Made 250' in 24 hrs. Slope: 3055' - 3/4°. MW 10.2, Vis. 29, FC film, WL 16.2, pH 10.

Time Record: Drilling - 8 hrs.
Trip - 5-1/4 hrs.
DST - 4-1/2 hrs.
WO Halliburton - 3-1/2 hrs.
Read samples - 1 hr.
Load out test tools - 1-1/2 hrs.
Wash 40' to bottom - 1/4 hr.

8/7/85 4020' Anhydrite & Shale. Operations: Drilling. Made 715' in 24 hrs. Slope: 3521' - 3/4°. MW 10,2, Vis. 29, FC film, WL 16.2, pH 10.

Time Record: Drilling - 23-1/2 hrs.
Slope - 1/4 hr.
Service Rig - 1/4 hr.

1:00 p.m. 4064' Prep to DST #2 CC-10 4026' to 4064'.

8/8/85 4064' Sand & Anhydrite. Operations: Loading test tools. Made 44' in 24 hrs. Slope: 4064' - 1°. MW 10.2, Vis. 29, FC film, WL 12.8, pH 10.

8/8/85 4064' Time Record: Drilling - 1-1/2 hrs.
Slope - 1/4 hr.
DST #2 - 5 hrs.
Pick up test tools - 1-1/2 hrs.
Lay down test dools - 2-1/2 hrs.
F. hole - 2-3/4 hrs.
TOF DST #2 - 2 hrs.
TIF DST #2 - 2-1/2 hrs.
TOAFHER DST #2 - 2 hrs.

8/9/85 DST #2 aborted

DST #3 4046-4064' CC-10
Opened 1 hr. with 15' preflow; good to fair blow throughout test. Recovered 30' of free oil; 120' of HOCM; 60' oil and possibly water cut mud. Sampler had 1800 cc oil and possibly water cut mud; .20 cc gas. Pressure 100# Temp. 85°.
Chlorides: Top - none
Middle/fluid - 187,000 ppm
Bottom/fluid - 153,000 "
Sampler - 160,000 "
IHP - 2129#
15' FP's - 73-85#
60' ISIP - 876#
60' FP's - 146-146#
120' FSIP - 1655# and building
FHP - 2118#

4115' Sand & Lime. Operations: Drilling. Made 54' in 24 hrs.
Slope: None. MW 10, Vis. 31, FC film, WL 13, pH 10.
Time Record: Drilling - 1-1/2 hrs.
Trip - 7-3/4 hrs.
DST - 1-3/4 hrs.
Circulate for DST #3 - 2 hrs.
PU Test Tools - 2-1/2 hrs.
LD Test Tools - 1 hr.
Read samples - 3/4 hrs.
Wash 110' to bottom - 1/2 hrs.

4351' T/2nd Point Sand - 4326'
Good mudlog show, fluorescence in samples and good drilling break. Will drill to 4351' and DST#4 4321-51'.

Cut 7 feet and 40 units of gas increased. Still had fluorescence in cuttings. Started circulating at 2:30 p.m. Tool will be opened approximately 12:30 to 1:00 in the morning.

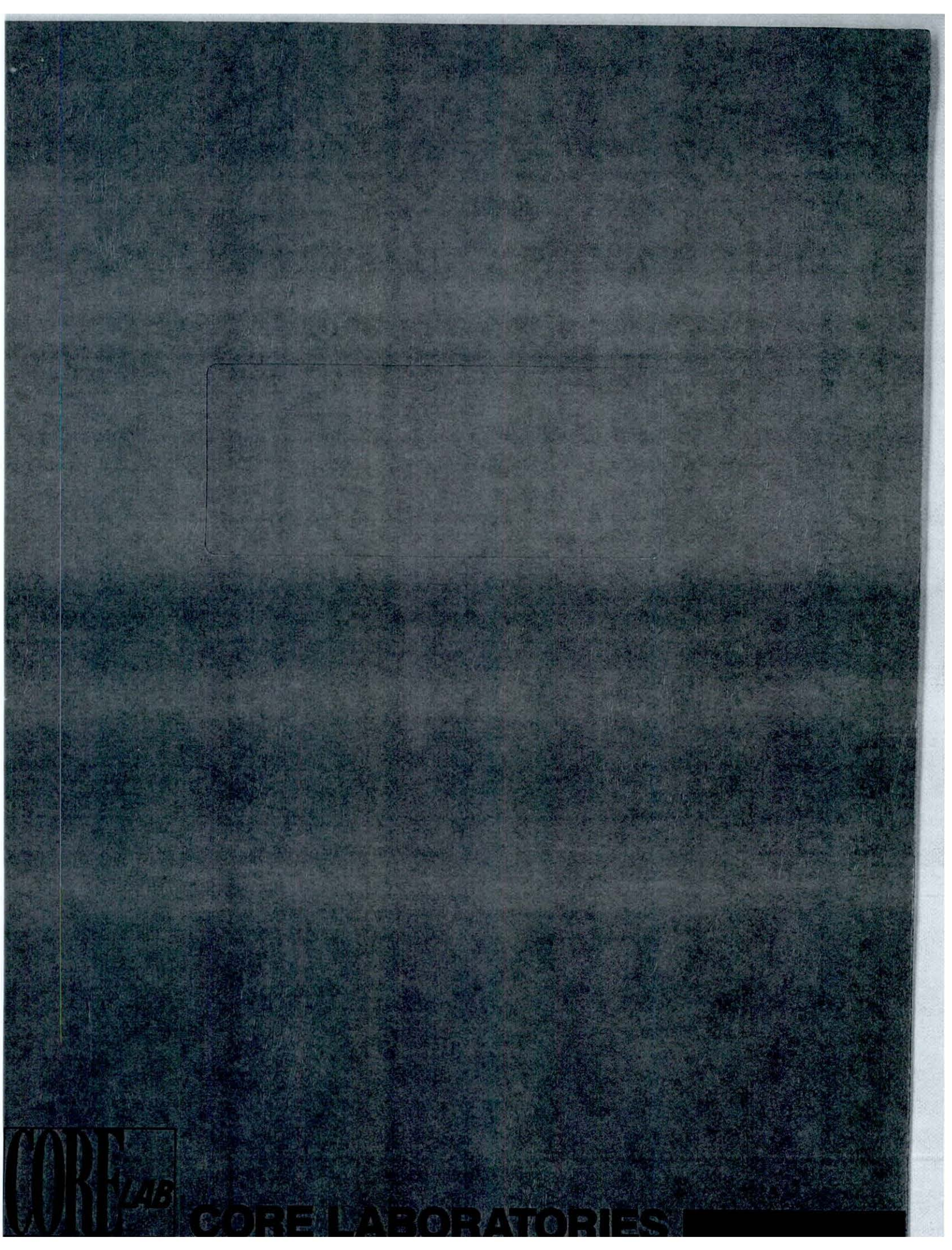
DST #4 - 4321-52
Opened 1 hr with 15' preflow. Fair to good blow. Recovered 30' of gas in drill pipe and 645' of fluid which was 5' of oil, 60' of HOCM, 245' of O&GWCM, 60' HO&GCW and 280' of water. Sampler had 300 cc oil, 1700 cc water, .5 cc gas, 250# pressure, temperature 80°.

	TD 4455'	Chlorides:	Pit - 186,000 ppm T/Fluid - 160,000 " M/Fluid - 125,000 " B/Fluid - 83,000 " Sampler - 90,000 "
		IHP - 2203# 15' FP's - 49-73# 60' ISIP - 2069# 60' FP's - 257-280# 120' FSIP - 2057# FHP - 2191#	
		Ran Schlumberger CNLD and DLL. Took sidewall cores and prep to run casing.	
8/10/85	4351'	Sand & Anhydrite. Operations: TD after DST #4. Made 236' in 24 hrs. MW 10.2, Vis. 31, WL 10, pH 10. Slope: none Drilling - 6-1/4 hrs. Trip - 5-3/4 hrs. Circulation - 5-1/4 hrs. DST - 5-1/4 hrs. PU TT - 1-1/2 hrs.	
8/11/85	4455'	Sand & Anhydrite. Operations: Logging. Made 104' in 24 hrs. MW 10.2, Vis. 32, FC film, WL 10.2, pH 10. Time Record: Drilling 3-1/4 hrs. Slope - 1/4 hrs. Trip - 4-1/2 hrs. Logging - 10 hrs. Circulate - 4 hrs. LDTT - 3/4 hr. Test BOP & read samples - 1 hr. Wash 90' w/10' fill to bottom - 1/4 hr.	
8/12/84	TD 4455'	Reached TD 8/10/85 at 2:30 p.m. and rig released 8/12/85 at 7:15 a.m. Ran 4-1/2" casing, JFF 9.50#, 105 jts. (total pipe 4465.31') and set at 4455' with 220 sx Pace Setter Light, 3% salt, 1/4# Cello-Seal, 350 sx C Neat, plugged down 8/12/85 at 4:15 a.m. MW 10.1, Vis. 32, FC 2-32, WL 13, pH 10. Time Record: Service rig - 2-1/4 hrs. Trip - 2 hrs. LD DC's - 3/4 hr. Cement - 1-1/4 hrs. Log - 8-1/2 hrs. Circulate - 2-3/4 hrs. BOP - 2-3/4 hrs. Run casing - 3-1/4 hrs. Break Kelly - 1/2 hrs.	
8/13/85	TD 4455'	WOCU.	

8/15/85	TD 4455'	Acidized and frac well on 8/14/85. Hooked up CRC and correlated with Schlumberger Open Hole Log. Perf with 3-1/8" casing gun with 4 SPF from 4329'-4337', 32 holes. Ran new 2-3/8" 4.7# J-55 tubing to a total depth of 4258'. Baker Model R-3 set at 4225'. Hooked up Smith Energy and acidized and frac with 500 gals. 7-1/2% acid, 3000 gals. 6-WX-7, 3000# 20/40 sand, 3000# 10/20 sand. Formation broke down at 2000#. Av. Treating Pressure - 1600#; Av. Injection rate - 5.1 BPM; ISIP - 510#; 10' SIP - 460#. Load to recover 120.3 bbls. Will open well Friday, 8/16/85, at 9 a.m.
8/16/85		Opened well at 9 a.m., 320# TP, flowing on 14/64" choke with 200# TP. Have recovered 33 BTF, presently showing 2 to 3% oil.
	4:30 p.m.	Report: Flowing at rate of 12 bbls. fluid/hr. on 14/64" choke, TP 780#. Good gas. Oil cut 20-25%. Total fluid recovered: 107± bbls.
8/19/85		Weekend Report: flowed 88 BO and 635 BW in 74 hrs. Total fluid - 753 bbls. with 12% oil on choke sizes 14/64", 18/64" and 16/64" showing 8% oil. 300 to 800# TP.
	2:p.m.	Report: Present flowing on 18/64" choke, at the rate of 11 BFPH, with 345# TP, 10% oil.
8/20/85		Flowing on 18/64" choke at the rate of 11 BTFPH, 340# TP. Made 24 BO & 225 BW in 24 hrs., 10.25% oil and lots of gas. Tester hooked up; should have gas measurement 8/21/85.
8/21/85		24 hr. test: flowed 17 BO, 227 BW per day on 18/64" choke. TP 345#, 165 MCF of gas.
8/22/85		No report.
8/23/85		Circulated in hole with brine; killed well. Pulled tubing and packer. Set bridge plug at 4299'; perf 4056-60'; ran tubing and packer--packer at 3957' and tubing at 3990'. Hooked up Smith, acidized with 500 gallons; frac with 3000 gallons and 3000# 20/40 sand, 3000# 10/20 sand. Formation broke at 2800#. Av. Treating Pressure 1600#; Av. Injection Rate 6 BPM; ISIP 680#; 10' SIP 590#. Will open Saturday morning (8/24/85). Load - 120 bbls.
8/24/85		Opened at 8 a.m. with 380# pressure. Wide open pressure decreased to 20#, increased to 60#. 23/64" choke, increased to 500#. On 15/64" choke, pressure increased to 1060# and 15 bbls. fluid/hr. (2-3% oil after 65 BLW recovered). On 10/64" choke, TP 1500# at 2 p.m. (85 bbls. fluid recovered, 5% oil ±) Gas at 400,000 CFPD.
8/25/85		10/64" choke, TP 1260#, gas vol. 380,000 to 410,000 CFPD, recovered load plus 85 bbls.

8/26/85	24 hr. test on 10/64" choke - 360,000 CFGPD, 4 BO and 88 BW, TP 1050#.
6:00 p.m.	12/64" choke, flowing at rate of 440 MCFGPD, 20 BOPD and and 124 BWPD, TP 1050#, 14% oil.
8/27/85	24 hr. test, 12/64" choke, TP 950#, 426,000 decreased to 322,000 CFGPD at 8 a.m., 4 BO, 140 BW.
8/28/85	Installed 14/64" choke at 2 p.m. on 27th.
8/29/85	Pulled bridge plug; will have CC-10 and 2nd point sand open to test. Bridge plug retrieved; ran tubing and packer in hole, set packer at 3965'; 12 joints of tailpipe; base of tubing at 4355'.
8/30-9/2/85	Testing well.
9/3/85	SI well for 12 hrs; pressure built up to 1300#; opened well at 9 a.m. Well flowing on 24/64" choke into tester. Should have gauge tomorrow a.m.
9/4/85	No report
9/5/85	24 hr. gauge: well flowed 9 BO, 301 BW and 191 MCFG on 17/64" choke with 500# TP. Installed 20/64" choke at 2 p.m. on the 4th and will have 24 hr. gauge this afternoon.
9/6/85	24 hr. gauge: well flowed 19 BO, 317 BW, 193,000 CFG* *(Phillips recorded 256,000 CFG). Installed 23/64" choke at 2 p.m. on 5th.
2 p.m. Report	24 hr. gauge: On 23/64" choke, well flowed 27 BO, 341 BW, and 237 MCFG, TP 300#. Installing 26/64" choke.
9/9/85	24 hr. gauge on the 8th, well flowed 27 BO, 345 BW, 237 MCFG, TP 250#. Will potential well for 50 BOPD, 350 BWPD and 250 MCFGPD.
10/3/85	SI waiting on tank battery and gas line.
10/29/85	Tank battery and heater treater have been installed. Well on production.
10/31/85	Well flowing on 17/64" choke, 350# TP. Gauges: 10/26 0 BW, 313 BW 10/27 12 BO, 199 BW 10/28 12 BO, 199 BW 10/29 9 BO, 270 BW 10/30 10 BO, 200 BW
11/8/85	Well making 9 BOPD and 245 BWPD for the last 10 days.
12/23/85	Upper zone shut off to preserve gas. Well producing from lower zone - 5 BOPD and 70 BWPD.

M. F. 88364
WELL # 1 COMPLETION REPORT
GARRY MAURO, COMMISSIONER
FILED 8-12-86 BY TP


CORE LAB
CORE LABORATORIES

ORLA PETCO, INC.

LONGSHOT NO. 1

M-88364 WILDCAT

REEVES COUNTY, TEXAS

2001 COMMERCE DRIVE, BOX 4337, MIDLAND, TEXAS 79704 · 915/694-7761

CORE LABORATORIES, INC.

August 15, 1985

ORLA PETCO, INC.
P.O. Box 1383
Midland, Texas 79702

File : 32020-14787
Subject: Core Analysis
Longshot No. 1
Wildcat
Reeves County, Texas

Gentlemen:

Sidewall Core Analysis was made on 16 sidewall core samples received from Schlumberger.

Fluid removal and fluid saturations were determined using Dean Stark techniques.

Gas expansion porosity was determined using Boyle's Law.

Gas detection was measured using a "Hot Wire Gas Detector" on gas in the sealed jars.

Permeability values for percussion type sidewall cores are determined emperically.

Descriptions and fluorescence were visually determined microscopically.

The samples are being held at our Midland lab as we await further disposition instructions.

We trust these data will be useful in the evaluation of your property and thank you for the opportunity of serving you.

Very truly yours,

CORE LABORATORIES, INC.

Jack H. Neff

Jack H. Neff
Laboratory Manager

JHN/yn

CORE LABORATORIES, INC.
Petroleum Reservoir Engineering
DALLAS, TEXAS

CORE ANALYSIS REPORT

FOR

ORLA PETCO, INC.

LONGSHOT NO. 1
WILDCAT
REEVES COUNTY, TEXAS

These analyses, opinions or interpretations are based on observations and materials supplied by the client to whom, and for whose exclusive and confidential use, this report is made. The interpretations or opinions expressed represent the best judgment of Core Laboratories, Inc. (all errors and omissions excepted); but Core Laboratories, Inc. and its officers and employees, assume no responsibility and make no warranty or

ORLA PETCO, INC.
LONGSHOT NO. 1
WILDCAT
REEVES COUNTY, TEXAS

DATE : 8-11-85
FORMATION :
DRLG. FLUID:
LOCATION : 467' FSL & 467' FWL, SEC. 12,

FILE NO. : 32020-14787
LABORATORY : MIDLAND, TEXAS
API WELL NO.:
CORES :

SIDEWALL CORE ANALYSIS

REC IN	DEPTH FEET	PERM(Ka) MD	FLD POR	OIL% PORE	WTR% PORE	OIL% BULK	GAS% BULK	GAS DET	DESCRIPTION
0.1	3035.0							NA	NO RECOVERY
0.1	3038.0							NA	NO RECOVERY
0.1	3192.0							NA	NO RECOVERY
0.1	3204.0							NA	NO RECOVERY
1.0	3659.0	112.	32.7	0.0	96.9	0.0	1.0	0	SD VFG GRY STY FLU-0
0.5	3668.0	92.	31.0	0.0	98.9	0.0	0.3	0	SD VFG GRY FLU-0
0.1	3804.0							NA	NO RECOVERY
1.0	4058.0	78.	29.8	17.1	51.3	5.1	9.4	25	SD VFG GRY FLU-G
0.3	4060.0	100.	31.8	21.6	60.6	6.9	5.7	64	SD VFG GRY FLU-G
0.1	4130.0							1	NA TBFA SD VFG GRY FLU-F-G
1.1	4267.0	60.	27.6	0.0	79.2	0.0	5.7	0	SD VFG GRY FLU-0
0.3	4326.0	83.	30.0	14.3	80.1	4.3	1.4	0	SD FG GRY FLU-TR-SP
0.8	4330.0	50.	26.7	16.6	73.1	4.4	2.8	0	SD FG GRY FLU-SP
0.5	4333.0	124.	30.3	17.6	61.7	5.3	6.3	4	SD FG GRY FLU-G
0.8	4335.0	76.	27.8	19.5	60.5	5.4	5.6	15	SD FG GRY FLU-G
0.1	4337.0A							0	NA TBFA SD FG GRY FLU-G
1.0	4337.0B	118.	29.0	17.1	57.9	5.0	7.3	16	SD VFG GRY FLU-G
1.0	4341.0	48.	26.6	18.5	60.2	4.9	5.7	56	SD VFG GRY STY FLU-G
1.0	4344.0A	110.	30.4	0.0	79.3	0.0	6.3	1	SD VFG GRY FLU-0
0.8	4344.0B	116.	30.8	0.0	76.1	0.0	7.4	1	SD VFG GRY FLU-0
1.5	4351.0	45.	26.4	0.0	76.3	0.0	6.3	1	SD VFG GRY FLU-0
1.0	4353.0	27.	24.2	0.0	73.6	0.0	6.4	0	SD VFG GRY STY FLU-0
0.1	4359.0A							NA	TBFA SD SHY FLU-0
1.0	4359.0B	98.	30.8	0.0	76.2	0.0	7.3	1	SD VFG GRY SHLAM FLU-0

Note: Permeability values for percussion type sidewall cores determined empirically.

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LITHOLOGICAL ABBREVIATIONS

ANH(Y)	ANHYDRITE, ANHYDRITIC
ARK	ARKOSE, ARKOSIC
BAN	BAND, BANDED
BREC	BRECCIA, BRECCIATED
CALC	CALCITE, CALCAREOUS
CARB	CARBONACEOUS
CG	COARSE GRAINED
CHK(Y)	CHALK, CHALKY
CHT(Y)	CHERT, CHERTY
CONGL	CONGLOMERATE, CONGLOMERITIC
CXLN	COARSELY CRYSTALLINE
DNS	DENSE
DOL(C)	DOLOMITE, DOLOMITIC
F	RANDOMLY ORIENTED FRACTURES
FG	FINE GRAINED
FOSS	FOSSILIFEROUS
FR	FRIABLE
FXLN	FINELY CRYSTALLINE
GAL	GALENA
GLAUC	GLAUCONITE, GLAUCONITIC
GRAN	GRANITE
GYP	GYPSUM, GYPSIFEROUS
HF	PREDOMINANTLY HORIZONTALLY FRACTURED
INC	INCLUSION
INTBD	INTERBEDDED
LAM	LAMINATED
LM(Y)	LIMESTONE, LIMY
MG	MEDIUM GRAINED
MTX	MATRIX
NA	INTERVAL NOT ANALYZED (AT REQUEST OF CLIENT)
NOD	NODULE, NODULAR
OOL	OOLITIC
PISO	PISOLITIC
PP	PINPOINT POROSITY
PT	PARTING
PYR	PYRITE, PYRITIC
SD(Y)	SANDSTONE, SANDY
SH(Y)	SHALE, SHALY
SHR	SOLID HYDROCARBON RESIDUE
SL/	SLIGHTLY
SLT(Y)	SILT, SILTY
STY	STYLOLITE, STYLOLITIC
SUC	SUCROSIC
SUL	SULPHUR
TBFA	TOO BROKEN FOR ANALYSIS
TRIP	TRIPOLITE
V/	VERY
VF	PREDOMINANTLY VERTICALLY FRACTURED
V	VUGULAR
XBD	CROSSBEDDED
XLN	MEDIUM CRYSTALLINE
XTL	CRYSTAL

THE FIRST WORD IN THE DESCRIPTION COLUMN OF THE CORE ANALYSIS REPORT DESCRIBES THE ROCK TYPE. FOLLOWING ARE ROCK MODIFIERS IN DECREASING ABUNDANCE AND MISCELLANEOUS DESCRIPTIVE TERMS.

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CORE LABORATORIES, INC.
Petroleum Reservoir Engineering
DALLAS, TEXAS

ORLA PETCO, INC.
LONGSHOT NO. 1
REEVES COUNTY, TEXAS

DATE : 8-11-85
FIELD: WILDCAT

FILE NO: 32020-14787
ANALYST: REINHEIMER

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P.O. BOX 20
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ATTN: MR. RON MEEKS

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(16)

File No. 88364

Core report, well #1

Date Filed: ~~8.20.86~~ 8-12-86

Jerry E. Patterson, Commissioner

By _____

▶ Return each W-1 with plat and $100.00 fee. Make a check or money order payable to the State Treasurer of Texas. Address to:
Railroad Commission of Texas
Oil and Gas Division, Drilling Permits
P. O. Drawer 12967, Capitol Station
Austin, Texas 78711
▲ File a copy of W-1 and plat in RRC District Office.

Within State Fee M-88364

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

▶ Read Instructions on Back

Form W-1
Rev. 9-1/83
483-060

Application for Permit to Drill, Deepen, Plug Back, or Re-Enter

8-12-85

Purpose of filing (mark appropriate boxes):
[X] Drill [ ] Deepen (below casing) [ ] Deepen (within casing) [ ] Plug Back [ ] Re-Enter
[ ] Directional Well [ ] Sidetrack [ ] Amended Permit (enter permit no. at right & explain fully in Remarks)

Enter here, if assigned: ▶ API No. 42- 389-31678
▶ Permit No. 281452
▶ Rule 37 Case No.

1. Operator's Name (exactly as shown on Form P-5, Organization Report): Orla Oil & Gas, Inc.
3. RRC Operator No.: 626200
4. RRC District No.: 8
5. County of Well Site: Reeves

2. Address (including city and zip code): c/o Box 953, Midland, Texas 79702

6. Lease Name (32 spaces maximum): Long Shot
7. RRC Lease ID No.:
8. Well No.: 1
9. Total Depth: 4600'

10. Location
• Section 12 Block 57 Survey T & P, T-2 Abstract No. A-
• This well is to be located 7 miles in a N direction from Orla which is the nearest town in the county of the well site.

11. Distance from proposed location to nearest lease or unit line: 467
12. Number of contiguous acres in lease, pooled unit, or unitized tract: 40 ✓ (OUTLINE ON PLAT.)

Granted 7/31/85

13. FIELD NAME (Exactly as shown on RRC proration schedule). List all established and wildcat zones of anticipated completion. Attach additional Form W-1's as needed to list these zones. One zone per line.	14. Completion depth	15. Spacing pattern (ft.)	16. Density pattern (acres)	17. Number of acres in drilling unit for this well. OUTLINE ON PLAT.	18. Is this acreage assigned to another well on this lease & in this reservoir? If so, explain in Remarks.	19. Distance from proposed location to nearest applied for, permitted, or completed well, this lease & reservoir. (ft.)	20. Oil, gas, or other type well (Specify)	21. No. of applied for, permitted, or completed locations (including this one) on lease in this reservoir. OIL	GAS
~~Wildcat~~ 18001	4600	467/1200 ✓	40 ✓	40 ✓	no	1st well	oil/Gas ✓	1	0
Matthews (Upper Cherry Canyon)		Code C, Code O 4610							

22. Perpendicular surface location from two nearest designated lines:
• Lease/Unit 467 FWL & 467 FSL ✓
• Survey/Section 467 FWL & 467 FSL

If a directional well, show also projected bottom-hole location:
• Lease/Unit
• Survey/Section

23. Is this a pooled unit? Yes [ ] ▶ (Attach Form P-12 and certified plat.) No [X]

24. Is Item 17 less than Item 16 (substandard acreage for any field applied for)? Yes [ ] ▶ (Attach Form W-1A) No [X]

25. Is this wellbore subject to Statewide Rule 36 (hydrogen sulfide area)? Yes [ ] No [X] If subject to Rule 36, is Form H-9 filed? Yes [ ] No [ ] ▶ If not filed, explain in Remarks.

26. Do you have the right to develop the minerals under any right-of-way that crosses, or is contiguous to, this tract? Yes [X] No [ ]
If not, and if the well requires a Rule 37 or 38 exception, see instructions for Rule 37.

Remarks: Completion 9-1-85

Perfs 1329' to 1339' TO 1455'
1056' to 1060'

I certify that information stated in this application is true and complete, to the best of my knowledge.

Ann E. Ritchie
Signature

Ann E. Ritchie, Agent
Name and title of operator's representative

7-25-85
Date: mo. day yr.

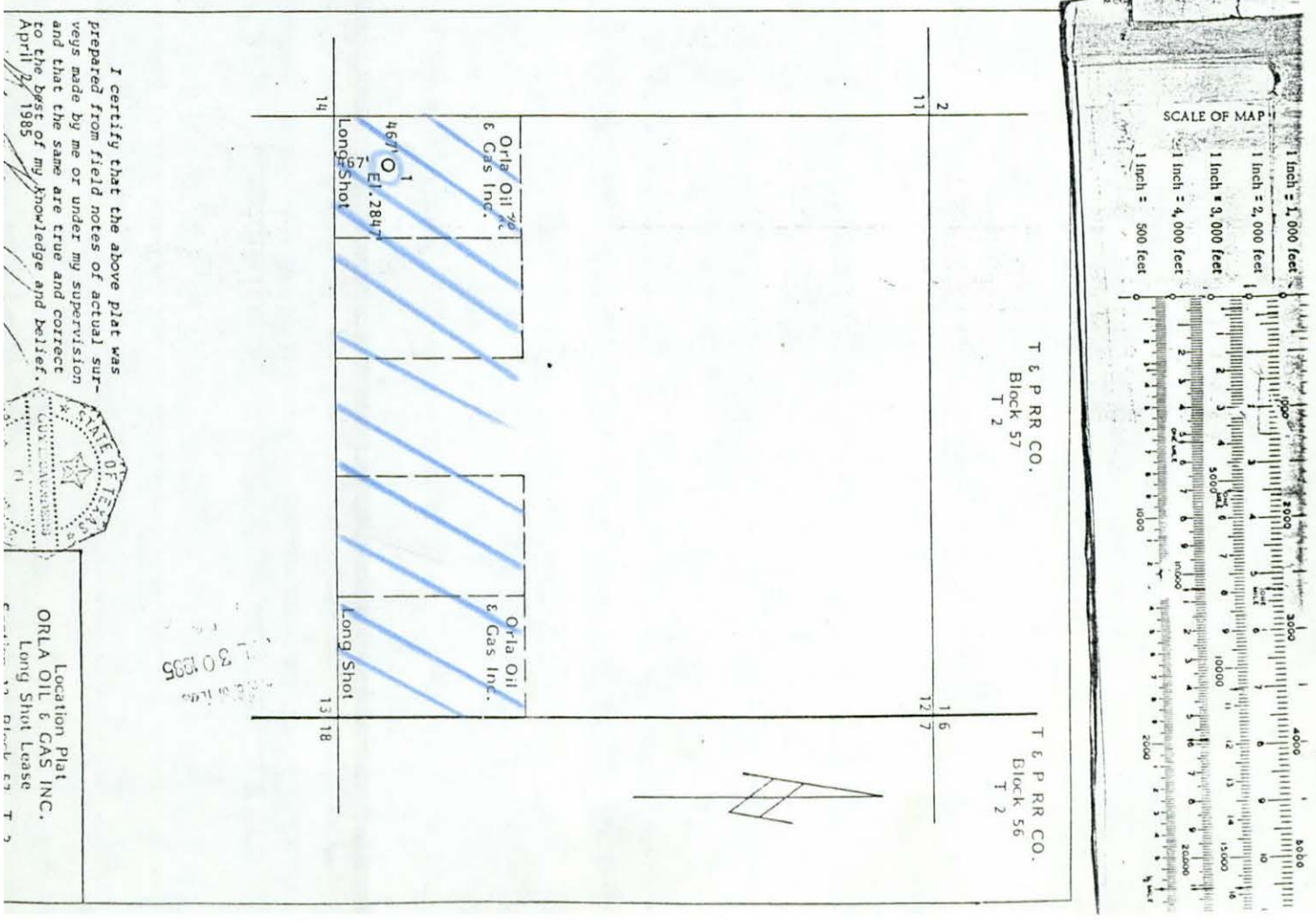
915-684-6381 915-273-4241
Tel.: Area Code Number

• RRC Use Only •
228824 JUL 30 85 ✓

291403

8-8-85

Shiflette PLAT SERVICE
P. O. DRAWER 1857, AUSTIN, TEXAS 78767



```
                    *** OIL AND GAS W-2/G-1 RECORD ***          INQUIRY
API #: 389   31678                                        SOURCE: RRC
DIST:  Ø8  LSE/ID: 30127_   WELL#:    1     TYPE:  OIL    CNTY: REEVES
FLD:   MATTHEWS (LOWER CHERRY CANYON)    LSE: LONG SHOT
OPER:  ORLA OIL & GAS INC.
COMPLETION:  Ø9 Ø1 85                        DRILLING PERMIT   #:  281452
W2-G1:       Ø9 26 85    BUILT: 1Ø 1Ø 85     R-37 EXCEP CASE   #:
ATTACHMENTS:  ON FILE                        WATER INJECT PERM #:
KEY 'S' TO VIEW ATTACH: _                    SALT WATER DISP   #:
                                             DOCKET   NUMBER:

DRILL COMPLETED:    Ø8 12 85
ELEVATION:          2859    KB
TOTAL DEPTH:        4455                     WELLBORE PLUGGED:
PLUGBACK DEPTH:
LOCATION  SEC: 12          BLK: 57           ABST: 5701
          SUR: T & P, T-2
SUR/SECT:   ØØØ467 FT FROM WL          AND   ØØØ467 FT FROM  SL
NOTE=> NO REMARKS ON FILE FOR THIS DATE
 * SCREEN OPTIONS: 12=FORM/SQZE 13=REMARKS 14=WATER 19=PERMITS/WELLIDS
 * SELECT OPTION:  __    (Ø1=RETURN TO MENU, Ø0= HELP AND OTHER OPTIONS)
PRESS 'ENTER' FOR NEXT SCREEN
```

PERFS 4329' to 4337'
4056' to 4060'

M.F 88364 (17)

APPLICATION TO DRILL

WELL # 1

FILED 8-25- 19 86

GARRY MAURO, COMMISSIONER

BY: R88

Type or print only

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

WDR new lease

Form W-2
Rev. 4/1/83
483-046

API No. 42- 389 31678

7. RRC District No. 8

8. RRC Lease No.

Oil Well Potential Test, Completion or Recompletion Report, and Log

1. FIELD NAME (as per RRC Records or Wildcat): Matthews (Lower Cherry Canyon)

2. LEASE NAME: Long Shot

9. Well No. 1

3. OPERATOR'S NAME (Exactly as shown on Form P-5, Organization Report): Orla Oil and Gas, Inc.

RRC Operator No. 626200

10. County of well site: Reeves

4. ADDRESS: c/o Box 953, Midland, Texas 79702

11. Purpose of filing
- Initial Potential [X]
- Retest [ ]
- Reclass [ ]
- Well record only (explain in Remarks) [ ]

5. If Operator has changed within last 60 days, name former operator

6a. Location (Section, Block, and Survey): Sec. 12, Blk. 57, T & P, T-2

6b. Distance and direction to nearest town in this county.: 2 miles N from Orla

12. If workover or reclass, give former field (with reservoir) & gas ID or oil lease no.
FIELD & RESERVOIR | GAS ID or OIL LEASE # | Oil - O Gas - G | WELL NO.

13. Type of electric or other log run: Gamma Ray Newtron

14. Completion or recompletion date: September 1, 1985

SECTION I: POTENTIAL TEST DATA IMPORTANT: Test should be for 24 hours unless otherwise specified in field rules.

15. Date of test	16. No. of hours tested	17. Production method (Flowing, Gas Lift, Jetting, Pumping—Size & Type of pump)	18. Choke size
9-8-85	24	flowing	-

19. Production during Test Period ▶	Oil - BBLS	Gas — MCF	Water - BBLS	Gas - Oil Ratio	Flowing Tubing Pressure
	50	300	350		- PSI
20. Calculated 24-Hour Rate ▶	**Oil - BBLS**	**Gas — MCF**	**Water — BBLS**	**Oil Gravity—API—60°**	**Casing Pressure**
				38	- PSI

21. Was swab used during this test? Yes [ ] No [X]

22. Oil produced prior to test (New & Reworked wells): -

23. Injection Gas—Oil Ratio -

REMARKS:

INSTRUCTIONS: File an original and one copy of the completed Form W-2 in the appropriate RRC District Office within 30 days after completing a well and within 10 days after a potential test. If an operator does not properly report the results of a potential test within the 10-day period, the effective date of the allowable assigned to the well will not extend back more than 10 days before the W-2 was received in the District Office. (Statewide Rules 16 and 51) To report a completion or recompletion, fill in both sides of this form. To report a retest, fill in only the front side.

▶ **WELL TESTER'S CERTIFICATION**
I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I conducted or supervised this test by observation of (a) meter readings or (b) the top and bottom gauges of each tank into which production was run during the test. I further certify that the potential test data shown above is true, correct, and complete, to the best of my knowledge.

Signature: Well Tester | Orla Oil and Gas, Inc. (Name of Company) | RRC Representative

▶ **OPERATOR'S CERTIFICATION**
I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated therein are true, correct, and complete, to the best of my knowledge.

Ann R. Ritchie
Typed or printed name of operator's representative

Agent
Title of Person

915-684-6381
Telephone: Area Code Number

Date: 9 / 18 / 85 (mo. / day / year)

Signature

SECTION II — DATA ON WELL COMPLETION AND LOG (Not Required on Retest)

24. Type of Completion: New Well [X] Deepening [ ] Plug Back [ ] Other [ ]

25. Permit to Drill, Plug Back or Deepen — DATE: 7-31-85 — PERMIT NO.: 281452
Rule 37 Exception — CASE NO.:
Water Injection Permit — PERMIT NO.:
Salt Water Disposal Permit — PERMIT NO.:
Other — PERMIT NO.:

26. Notice of Intention to Drill this well was filed in Name of: Orla Oil and Gas, Inc.

27. Number of producing wells on this lease in this field (reservoir) including this well: 1

28. Total number of acres in this lease: 40

29. Date Plug Back, Deepening, WorkOver or Drilling Operations: Commenced: 7-31-85; Completed: 8-12-85

30. Distance to nearest well, Same Lease & Reservoir: 1st well

31. Location of well, relative to nearest lease boundaries of lease on which this well is located: 467 Feet From W Line and 467 Feet from W Line of the Long Shot Lease

32. Elevation (DF, RKB, RT, GR, ETC.): 2859 KB

33. Was directional survey made other than inclination (Form W—12)? [ ] Yes [X] No

34. Top of Pay: 4056 | 35. Total Depth: 4455 | 36. P. B. Depth: - | 37. Surface Casing Determined by: Field Rules [ ] Recommendation of T.D.W.R. [X] Dt. of Letter 8-2-85 | Railroad Commission (Special) [ ] Dt. of Letter

38. Is well multiple completion? No

39. If multiple completion, list all reservoir names (completions in this well) and Oil Lease or Gas ID No.

FIELD & RESERVOIR	GAS ID or OIL LEASE #	Oil—O Gas—G	WELL #

40. Intervals Drilled by: Rotary Tools X | Cable Tools

41. Name of Drilling Contractor: Roper Energy

42. Is Cementing Affidavit Attached? [X] Yes [ ] No

43. CASING RECORD (Report All Strings Set in Well)

CASING SIZE	WT #/FT.	DEPTH SET	MULTISTAGE TOOL DEPTH	TYPE & AMOUNT CEMENT (sacks)	HOLE SIZE	TOP OF CEMENT	SLURRY VOL. cu. ft.
8 5/8"	24#	1205	-	740 sx Cl C	12¼"	surface	1253
4½"	9.5#	4454	-	570 sc Cl C	7 7/8"	1827	897.6

44. LINER RECORD

Size	TOP	Bottom	Sacks Cement	Screen

45. TUBING RECORD

Size	Depth Set	Packer Set
2 3/8"	4367	3965

46. Producing Interval (this completion) Indicate depth of perforation or open hole

From	4329	To	4337
From	4056	To	4060
From		To	
From		To	

47. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

Depth Interval	Amount and Kind of Material Used
4056 - 4060	500 gal 7½ NEFE acid
4329-4337	3000 gelled KCL wtr, 6000# sand

48. FORMATION RECORD (LIST DEPTHS OF PRINCIPAL GEOLOGICAL MARKERS AND FORMATION TOPS)

Formations	Depth	Formations	Depth
Base Salt	2700	Top Cherry Canyon	3790
Top Delaware Lime	2880		
Top Olds	2942		

REMARKS

Cementer: Fill in shaded areas.
Operator: Fill in other items.

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

Form W-15
Cementing Report
Rev. 4/1/83
483-045

1. Operator's Name (As shown on Form P-5, Organization Report)	2. RRC Operator No.	3. RRC District No.	4. County of Well Site
Orla Oil & Gas	626200	8	Reeves

5. Field Name (Wildcat or exactly as shown on RRC records)	6. API No.	7. Drilling Permit No.
Matthews (Lower Cherry Canyon)	42-	281452

8. Lease Name	9. Rule 37 Case No.	10. Oil Lease/Gas ID No.	11. Well No.
Longshot			#1

CASING CEMENTING DATA:		SURFACE CASING	INTER-MEDIATE CASING	PRODUCTION CASING		MULTI-STAGE CEMENTING PROCESS	
				Single String	Multiple Parallel Strings	Tool	Shoe
12. Cementing Date		8-1-85					
13. •Drilled hole size		12¼"					
•Est. % wash or hole enlargement		-					
14. Size of casing (in. O.D.)		8 5/8"					
15. Top of liner (ft.)		-					
16. Setting depth (ft.)		1205'					
17. Number of centralizers used		15					
18. Hrs. waiting on cement before drill-out		12					
1st Slurry	19. API cement used: No. of sacks ▶	420					
	Class ▶	Pacesetter Lite					
	Additives ▶	3% Salt + ¼# Cello Seal					
2nd Slurry	No. of sacks ▶	320					
	Class ▶	C					
	Additives ▶	2% $CaCl_2$					
3rd Slurry	No. of sacks ▶						
	Class ▶						
	Additives ▶						
1st	20. Slurry pumped: Volume (cu. ft.) ▶	831					
	Height (ft.) ▶	780					
2nd	Volume (cu. ft.) ▶	422					
	Height (ft.) ▶	410					
3rd	Volume (cu. ft.) ▶						
	Height (ft.) ▶						
Total	Volume (cu. ft.) ▶						
	Height (ft.) ▶	1190					
21. Was cement circulated to ground surface (or bottom of cellar) outside casing?		Yes					

22. Remarks

WCNA 1040

OVER ▶

Cementer: Fill in shaded areas.
Operator: Fill in other items.

Form W-15
Cementing Report
Rev. 4/1/83
483-045

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

1. Operator's Name (As shown on Form P-5, Organization Report)	2. RRC Operator No.	3. RRC District No.	4. County of Well Site
Orla Oil & Gas	626200	8	Loving

5. Field Name (Wildcat or exactly as shown on RRC records)	6. API No.	7. Drilling Permit No.
Matthews (Lower Cherry Canyon)	42-	281452

8. Lease Name	9. Rule 37 Case No.	10. Oil Lease/Gas ID No.	11. Well No.
Longshot			#1

CASING CEMENTING DATA:		SURFACE CASING	INTER-MEDIATE CASING	PRODUCTION CASING		MULTI-STAGE CEMENTING PROCESS	
				Single String	Multiple Parallel Strings	Tool	Shoe
12. Cementing Date				8-12-85			
13. Drilled hole size				7 7/8"			
Est. % wash or hole enlargement				-			
14. Size of casing (in. O.D.)				4½"			
15. Top of liner (ft.)				-			
16. Setting depth (ft.)				4454			
17. Number of centralizers used				28			
18. Hrs. waiting on cement before drill-out				12			
1st Slurry	19. API cement used: No. of sacks ▶			220			
	Class ▶			Pacesetter Lite (65:35:3)			
	Additives ▶			3% Salt ¼# Cello Seal			
2nd Slurry	No. of sacks ▶			350			
	Class ▶			C			
	Additives ▶			Neat			
3rd Slurry	No. of sacks ▶						
	Class ▶						
	Additives ▶						
1st	20. Slurry pumped: Volume (cu. ft.) ▶			435.6			
	Height (ft.) ▶			1275'			
2nd	Volume (cu. ft.) ▶			462			
	Height (ft.) ▶			1352			
3rd	Volume (cu. ft.) ▶						
	Height (ft.) ▶						
Total	Volume (cu. ft.) ▶			897.6			
	Height (ft.) ▶			2627			
21. Was cement circulated to ground surface (or bottom of cellar) outside casing?				No			

22. Remarks

WCNA 1070

OVER ▶

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

Form W-12
(1-1-[illegible])

6. RRC District: 8

7. RRC Lease Number (Oil completions):

INCLINATION REPORT

(One Copy Must Be Filed With Each Completion Report.)

1. FIELD NAME (as per RRC Records or Wildcat): Matthews (Lower Cherry Cnayon)
2. LEASE NAME: Longshot
3. Well Number: 1
4. OPERATOR: Orla Oil & Gas
9. RRC Identification Number (Gas completions only):
5. ADDRESS: P.O. Box 1383 Midland, Texas 79702
10. County: Reeves
6. LOCATION (Section, Block, and Survey): Sec. 12, Blk. 57, T & P, T-2

RECORD OF INCLINATION

11. Measured Depth (Feet)	12. Course Length (Hundreds of feet)	*13. Angle of Inclination (Degrees)	14. Displacement per Hundred Feet (Sine of Angle X100)	15. Course Displacement (feet)	16. Accumulative Displacement (feet)
**246	246	1¼	2.18	5.36	5.36
**512	266	1	1.75	4.66	10.02
843	331	2-3/4	4.80	15.89	25.91
**1190	347	1½	2.62	9.09	35.00
1524	334	1¼	2.18	7.28	42.28
2015	491	2¼	3.93	19.30	61.58
2507	492	2	3.49	17.17	78.75
**2998	491	3/4	1.31	6.43	85.18
3055	57	3/4	1.31	.75	85.93
**3521	466	3/4	1.31	6.10	92.03
4064	543	1	1.75	9.50	101.53
4455	391	1	1.75	6.84	108.37

If additional space is needed, use the reverse side of this form.

7. Is any information shown on the reverse side of this form? ☐ yes ☒ no
8. Accumulative total displacement of well bore at total depth of 4455 feet = 108.37 feet.
9. Inclination measurements were made in — ☐ Tubing ☐ Casing ☐ Open hole ☒ Drill Pipe
10. Distance from surface location of well to the nearest lease line 467 feet.
11. Minimum distance to lease line as prescribed by field rules 467 feet.
12. Was the subject well at any time intentionally deviated from the vertical in any manner whatsoever? NO
(If the answer to the above question is "yes", attach written explanation of the circumstances.)

INCLINATION DATA CERTIFICATION

I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have personal knowledge of the inclination data and facts placed on both sides of this form and that such data and facts are true, correct, and complete to the best of my knowledge. This certification covers all data as indicated by asterisks (**) by the item numbers on this form.

Signature of Authorized Representative: Fred T. Roper — Vice-President
Name of Person and Title (type or print): Roper Energy Company
Name of Company
Telephone: 915 (Area Code) 684-2167

OPERATOR CERTIFICATION

I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have personal knowledge of all information presented in this report, and that all data presented on both sides of this form are true, correct, and complete to the best of my knowledge. This certification covers all data and information presented herein except inclination data as indicated by asterisks (*) by the item numbers on this form.

Signature of Authorized Representative: Ann E. Ritchie
Name of Person and Title (type or print): Orla Oil and Gas, Inc.
Operator
Telephone: 915 (Area Code) 684-6381

Railroad Commission Use Only:

Approved By: _____ Title: _____ Date: _____

Designates items certified by company that conducted the inclination surveys.

M. F. 88364 (18)
WELL # 1 COMPLETION REPORT
GARRY MAURO, COMMISSIONER
FILED 8-25-86 BY Kgg

11-1-88

WITHIN STATE FEE - M-88364

Make a check or money order payable to the State Treasurer of Texas. Address to: Railroad Commission of Texas, Oil and Gas Division, Drilling Permits, P. O. Drawer 12967, Capitol Station, Austin, Texas 78711

File a copy of W-1 and plat in RRC District Office

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

Form W-1
Rev. 9-1-83
483-060

▶ Read instructions on Back

Application for Permit to Drill, Deepen, Plug Back, or Re-Enter

1. Purpose of filing (mark appropriate boxes):
[X] Drill [ ] Deepen (below casing) [ ] Deepen (within casing) [ ] Plug Back [ ] Re-Enter
[ ] Directional Well [ ] Sidetrack [ ] Amended Permit (enter permit no. at right & explain fully in Remarks)

Enter here if assigned: API No. ▶ 42- 389-31724
Permit No. ▶ 301632
Rule 37 Case No. ▶

1. Operator's Name (exactly as shown on Form P-5, Organization Report)	3. RRC Operator No.	4. RRC District No.	5. County of Well Site
Blair Royalties of Orla, Inc.	074195	08	Reeves

2. Address (including city and zip code)	6. Lease Name (32 spaces maximum)	7. RRC Lease ID No.	8. Well No.	9. Total Depth
c/o Box 953 Midland, Texas 79702	Longshot A		2	4600'

10. Location: • Section 12 Block 57 Survey T & P, T-2 Abstract No. A
• This well is to be located 2 miles in a N direction from Orla
which is the nearest town in the county of the well site.

041824

11. Distance from proposed location to nearest lease or unit line: 467 ft.

12. Number of contiguous acres in lease, pooled unit, or unitized tract: 40 (OUTLINE ON PLAT)

13. FIELD NAME (Exactly as shown on RRC proration schedule). List all established and wildcat zones of anticipated completion. Attach additional Form W-1's as needed to list these zones. (One zone per line.)

13. Field Name	14. Completion depth	15. Spacing pattern (ft.)	16. Density pattern (acres)	17. Number of acres in drilling unit for this well. OUTLINE ON PLAT.	18. Is this acreage assigned to another well on this lease & in this reservoir? If so, explain in Remarks	19. Distance from proposed location to nearest applied for, permitted, or completed well, this lease & reservoir (ft.)	20. Oil, gas, or other type well (Specify)	21. No. of applied for, permitted, or completed locations (including this one) on lease in this reservoir. OIL	GAS
Matthews (Lower Cherry Canyon) 58327 500	4300	467/1200	40	40	NO	1st well	Oil	1	0
Wildcat 18C01	4600	467/1200	40	40	NO	1st well	oil/Gas	1	0

Entered 4/29/86 Cmte C Cmte 04600

22. Perpendicular surface location from two nearest designated lines:
• Lease Unit 467 FWL & 467 FSL
• Survey/Section 2579 FEL & 467 FSL

If a directional well, show also projected bottom-hole location:
• Lease/Unit
• Survey/Section

23. Is this a pooled unit? Yes [ ] ▶ (Attach Form P-12 and certified plat.) No [X]

24. Is Item 17 less than Item 16 (substandard acreage for any field applied for)? Yes [ ] ▶ (Attach Form W-1A) No [X]

25. Is this wellbore subject to Statewide Rule 36 (hydrogen sulfide area)? Yes [ ] No [X] If subject to Rule 36, is Form H-9 filed? Yes [ ] No [ ] ▶ If not filed, explain in Remarks.

26. Do you have the right to develop the minerals under any right-of-way that crosses, or is contiguous to, this tract? Yes [X] No [ ]
If not, and if the well requires a Rule 37 or 38 exception, see Instructions for Rule 37.

Remarks: Complete 5-16-86
TD 4527
Perf: 4402 - 4412
Matthews (Lower Cherry Canyon)

I certify that information stated in this application is true and complete, to the best of my knowledge.

Jean Ellison
Signature

Jean Ellison
Name and title of operator's representative

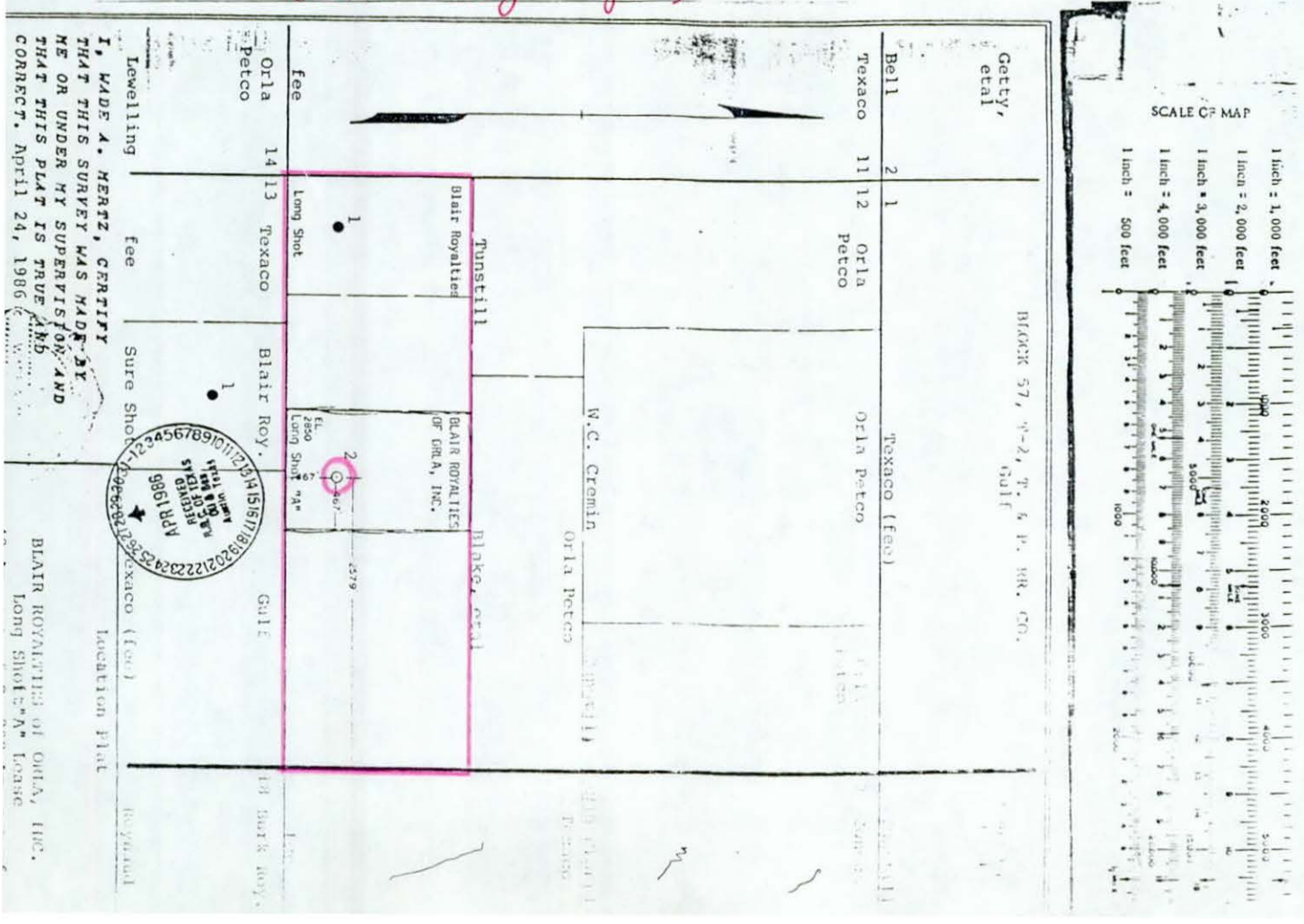
April 22, 1986
Date: mo. day yr.

915-684-6381 (915-273-4241)
Tel.: Area Code Number

• RRC Use Only •
225286 APR 28 86 314143

CA
7/18/86
N
5-8-86

Statewide PLAT SERVICE
P. O. DRAWER 1967, AUSTIN, TEXAS 78767



(12)

M.F 88364

APPLICATION TO DRILL

WELL # 2

FILED 8-25 19 86

GARRY MAURO, COMMISSIONER

BY: R88

GENERAL LAND OFFICE

Type or print only

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

ATT: TIM PITTMAN

Form W-2
Rev. 4/1/83
483-046

M-88364 (161)

API No. 42- 389-31724

7. RRC District No. 08

8. RRC Lease No.

Oil Well Potential Test, Completion or Recompletion Report, and Log

1. FIELD NAME (as per RRC Records or Wildcat): Matthews (Lower Cherry Canyon)

2. LEASE NAME: Longshot A

9. Well No.: 2

3. OPERATOR'S NAME (Exactly as shown on Form P-5, Organization Report): Blair Royalties of Orla, Inc.

RRC Operator No.: 074195

10. County of well site: Reeves

4. ADDRESS: c/o Box 953, Midland, Texas 79702

11. Purpose of filing
- Initial Potential [X]
- Retest [ ]
- Reclass [ ]
- Well record only (explain in Remarks) [ ]

5. If Operator has changed within last 60 days, name former operator

6a. Location (Section, Block, and Survey): Sec. 12, Blk 57, T & P, T-2

6b. Distance and direction to nearest town in this county.: 2 miles N from Orla

12. If workover or reclass, give former field (with reservoir) & gas ID or oil lease no.

FIELD & RESERVOIR	GAS ID or OIL LEASE #	Oil - O Gas - G	WELL NO.

13. Type of electric or other log run: Neutron

14. Completion or recompletion date: 5-16-86

SECTION I: POTENTIAL TEST DATA IMPORTANT: Test should be for 24 hours unless otherwise specified in field rules.

15. Date of test: 5-18-86

16. No. of hours tested: 24

17. Production method (Flowing, Gas Lift, Jetting, Pumping—Size & Type of pump): Flowing

18. Choke size: 13/64"

	Oil - BBLS	Gas — MCF	Water - BBLS	Gas - Oil Ratio	Flowing Tubing Pressure
19. Production during Test Period ▶	75	100	135	1333	125 PSI
20. Calculated 24-Hour Rate ▶	75	100	135	Oil Gravity—API—60° 36	Casing Pressure Packer 0 PSI

21. Was swab used during this test? Yes [ ] No [X]

22. Oil produced prior to test (New & Reworked wells): -

23. Injection Gas—Oil Ratio: -

REMARKS:

INSTRUCTIONS: File an original and one copy of the completed Form W-2 in the appropriate RRC District Office within 30 days after completing a well and within 10 days after a potential test. If an operator does not properly report the results of a potential test within the 10-day period, the effective date of the allowable assigned to the well will not extend back more than 10 days before the W-2 was received in the District Office. (Statewide Rules 16 and 51) To report a completion or recompletion, fill in both sides of this form. To report a retest, fill in only the front side.

WELL TESTER'S CERTIFICATION

I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I conducted or supervised this test by observation of (a) meter readings or (b) the top and bottom gauges of each tank into which production was run during the test. I further certify that the potential test data shown above is true, correct, and complete, to the best of my knowledge.

Ann E. Ritchie — Blair Royalties of Orla, Inc.

Signature: Well Tester — Name of Company — RRC Representative

OPERATOR'S CERTIFICATION

I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated therein are true, correct, and complete, to the best of my knowledge.

Ann E. Ritchie — Agent

Typed or printed name of operator's representative — Title of Person

915-684-6381 — 6 / 2 / 86

Telephone: Area Code Number — Date: mo. day year — Signature

SECTION II — DATA ON WELL COMPLETION AND LOG (Not Required on Retest)

24. Type of Completion: New Well [X] Deepening [ ] Plug Back [ ] Other [ ]

25. Permit to Drill, Plug Back or Deepen — DATE: 4-29-86 — PERMIT NO.: 301632
Rule 37 Exception — CASE NO.:
Water Injection Permit — PERMIT NO.:
Salt Water Disposal Permit — PERMIT NO.:
Other — PERMIT NO.:

26. Notice of Intention to Drill this well was filed in Name of: Blair Royalties of Orla, Inc.

27. Number of producing wells on this lease in this field (reservoir) including this well: 1

28. Total number of acres in this lease: 40

29. Date Plug Back, Deepening, WorkOver or Drilling Operations: Commenced 4-30-86; Completed 5-7-86

30. Distance to nearest well, Same Lease & Reservoir: 1 st well

13(A) Exception 4-24-86

31. Location of well, relative to nearest lease boundaries of lease on which this well is located: 467 Feet From S Line and 467 Feet from W Line of the Longshot A Lease

32. Elevation (DF, RKB, RT, GR, ETC.): 2862 K.B.

33. Was directional survey made other than inclination (Form W—12)? [ ] Yes [X] No

34. Top of Pay	35. Total Depth	36. P. B. Depth	37. Surface Casing Determined by:
4402	4527	4503	Field Rules [ ] Recommendation of T.D.W.R. [ ] Railroad Commission (Special) [ ] Dt. of Letter 4-30-86 Dt. of Letter

38. Is well multiple completion? No

39. If multiple completion, list all reservoir names (completions in this well) and Oil Lease or Gas ID No.

FIELD & RESERVOIR	GAS ID or OIL LEASE #	Oil—O Gas—G	WELL #

40. Intervals Drilled by: Rotary Tools X; Cable Tools

41. Name of Drilling Contractor: Roper Energy

42. Is Cementing Affidavit Attached? [X] Yes [ ] No

43. CASING RECORD (Report All Strings Set in Well)

CASING SIZE	WT #/FT.	DEPTH SET	MULTISTAGE TOOL DEPTH	TYPE & AMOUNT CEMENT (sacks)	HOLE SIZE	TOP OF CEMENT	SLURRY VOL. cu. ft.
8 5/8"	24#	1065	-	540 sx Cl C	12¼"	surface	899
4½"	9.5#	4526	-	570 sx Cl C	7 7/8"	726	869

44. LINER RECORD

Size	TOP	Bottom	Sacks Cement	Screen
N/A				

45. TUBING RECORD

Size	Depth Set	Packer Set
2 3/8"	4322	4290

46. Producing Interval (this completion) Indicate depth of perforation or open hole

From	4402	To	4412
From		To	
From		To	
From		To	

47. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

Depth Interval	Amount and Kind of Material Used
4402-4412'	500 gals Spearhead Acid
	4000 gals gelled Water
	4500 #20/40 Sand

48. FORMATION RECORD (LIST DEPTHS OF PRINCIPAL GEOLOGICAL MARKERS AND FORMATION TOPS)

Formations	Depth	Formations	Depth
Top Lamar Lime	2916		
Top CC	3870		
Top CC - 2nd Point	4402		

REMARKS

Cementer: Fill in shaded areas.
Operator: Fill in other items.

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

Form W-15
Cementing Report
Rev. 4/1/83
483-045

1. Operator's Name (As shown on Form P-5, Organization Report)	2. RRC Operator No.	3. RRC District No.	4. County of Well Site
Blair Royalties	074195	08	Reeves

5. Field Name (Wildcat or exactly as shown on RRC records)	6. API No.	7. Drilling Permit No.
Matthews (Lower Cherry Canyon)	42- 389-31724	301632

8. Lease Name	9. Rule 37 Case No.	10. Oil Lease/Gas ID No.	11. Well No.
Long Shot A		30127	2

CASING CEMENTING DATA:		SURFACE CASING	INTER-MEDIATE CASING	PRODUCTION CASING		MULTI-STAGE CEMENTING PROCESS	
				Single String	Multiple Parallel Strings	Tool	Shoe
12. Cementing Date		4/30/86					
13. Drilled hole size		12¼"					
Est. % wash or hole enlargement							
14. Size of casing (in. O.D.)		8 5/8"					
15. Top of liner (ft.)							
16. Setting depth (ft.)		1065					
17. Number of centralizers used		7					
18. Hrs. waiting on cement before drill-out		18					
1st Slurry	19. API cement used: No. of sacks ▶	350					
	Class ▶	P.S.Lite					
	Additives ▶	salt;Hi-Seal					
2nd Slurry	No. of sacks ▶	190					
	Class ▶	"C"					
	Additives ▶	$CaCl_2$					
3rd Slurry	No. of sacks ▶						
	Class ▶						
	Additives ▶						
1st	20. Slurry pumped: Volume (cu. ft.) ▶	648					
	Height (ft.) ▶	495					
2nd	Volume (cu. ft.) ▶	251					
	Height (ft.) ▶	570					
3rd	Volume (cu. ft.) ▶						
	Height (ft.) ▶						
Total	Volume (cu. ft.) ▶	899					
	Height (ft.) ▶	1065					
21. Was cement circulated to ground surface (or bottom of cellar) outside casing?		yes					

22. Remarks

WCNA 1070

OVER ▶

Cementer: Fill in shaded areas.
Operator: Fill in other items.

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

Form W-15
Cementing Report
Rev. 4/1/83
483-045

1. Operator's Name (As shown on Form P-5, Organization Report)	2. RRC Operator No.	3. RRC District No.	4. County of Well Site
Blair Royalties	074195	08	Reeves

5. Field Name (Wildcat or exactly as shown on RRC records)	6. API No.	7. Drilling Permit No.
Matthews (Lower Cherry Canyon)	42- 389-31724	301632

8. Lease Name	9. Rule 37 Case No.	10. Oil Lease/Gas ID No.	11. Well No.
Longshot A		30127	A-2

CASING CEMENTING DATA:		SURFACE CASING	INTER-MEDIATE CASING	PRODUCTION CASING		MULTI-STAGE CEMENTING PROCESS	
				Single String	Multiple Parallel Strings	Tool	Shoe
12. Cementing Date				5/7/86			
13. Drilled hole size				7 7/8"			
Est. % wash or hole enlargement							
14. Size of casing (in. O.D.)				4½"			
15. Top of liner (ft.)							
16. Setting depth (ft.)				4526			
17. Number of centralizers used				25			
18. Hrs. waiting on cement before drill-out				48			
1st Slurry	19. API cement used: No. of sacks ▶			220			
	Class ▶			P.S.Lite "C"			
	Additives ▶			salt;Cello-Seal			
2nd Slurry	No. of sacks ▶			350			
	Class ▶			"C"			
	Additives ▶						
3rd Slurry	No. of sacks ▶						
	Class ▶						
	Additives ▶						
1st	20. Slurry pumped: Volume (cu. ft.) ▶			407			
	Height (ft.) ▶			2026			
2nd	Volume (cu. ft.) ▶			462			
	Height (ft.) ▶			1774			
3rd	Volume (cu. ft.) ▶						
	Height (ft.) ▶						
Total	Volume (cu. ft.) ▶			869			
	Height (ft.) ▶			3800			
21. Was cement circulated to ground surface (or bottom of cellar) outside casing?				no			

22. Remarks

WCNA 1070

OVER ▶

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

Form W-12
(1-1-71)

INCLINATION REPORT

(One Copy Must Be Filed With Each Completion Report.)

6. RRC District: 8

7. RRC Lease Number (Oil completions only): 30127

1. FIELD NAME (as per RRC Records or Wildcat): Matthews (Lower Cherry Canyon)

2. LEASE NAME: Longshot "A"

8. Well Number: 2

3. OPERATOR: Blair Royalties of Orla, Inc.

9. RRC Identification Number (Gas completions only):

4. ADDRESS: P. O. Box 1383-Midland, Texas 79702

10. County: Reeves

5. LOCATION (Section, Block, and Survey): Section 12, Block 57, Twp 2,T&P

RECORD OF INCLINATION

*11. Measured Depth (feet)	12. Course Length (Hundreds of feet)	*13. Angle of Inclination (Degrees)	14. Displacement per Hundred Feet (Sine of Angle X100)	15. Course Displacement (feet)	16. Accumulative Displacement (feet)
274	274	3/4	1.31	3.59	3.59
525	251	1-1/2	2.62	6.58	10.17
1060	535	1/2	.87	4.65	14.82
1095	35	3/4	1.31	.46	15.28
1590	495	1/4	.44	2.18	17.46
2082	492	1	1.75	8.61	26.07
2581	499	1-3/4	3.05	15.22	41.29
3070	489	2	3.49	17.07	58.36
3996	926	1	1.75	16.21	74.57
4157	161	1/2	.87	1.40	75.97
4522	365	1/2	.87	3.18	79.15

If additional space is needed, use the reverse side of this form.

17. Is any information shown on the reverse side of this form? ☐ yes ☒ no

18. Accumulative total displacement of well bore at total depth of 4522 feet = 79.15 feet.

*19. Inclination measurements were made in — ☐ Tubing ☐ Casing ☐ Open hole ☒ Drill Pipe

20. Distance from surface location of well to the nearest lease line 467 feet.

21. Minimum distance to lease line as prescribed by field rules 467 feet.

22. Was the subject well at any time intentionally deviated from the vertical in any manner whatsoever? NO

(If the answer to the above question is "yes", attach written explanation of the circumstances.)

INCLINATION DATA CERTIFICATION

I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have personal knowledge of the inclination data and facts placed on both sides of this form and that such data and facts are true, correct, and complete to the best of my knowledge. This certification covers all data as indicated by asterisks (*) by the item numbers on this form.

Signature of Authorized Representative

Fred Roper Vice President
Name of Person and Title (type or print)

Roper Energy Company
Name of Company

Telephone: 915 683-2167
Area Code

OPERATOR CERTIFICATION

I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have personal knowledge of all information presented in this report, and that all data presented on both sides of this form are true, correct, and complete to the best of my knowledge. This certification covers all data and information presented herein except inclination data as indicated by asterisks (*) by the item numbers on this form.

Signature of Authorized Representative

Ann E. Ritchie
Name of Person and Title (type or print)

Blair Royalties of Orla, Inc.
Operator

Telephone: 915-684-6381
Area Code

Railroad Commission Use Only:

Approved By: _____ Title: _____ Date: _____

* Designates items certified by company that conducted the inclination surveys.

RAILROAD COMMISSION OF TEXAS

Oil and Gas Division

Please Read Instructions

ELECTRIC LOG STATUS REPORT

FORM L-1
(Temporary)
Eff. 09/01/85
Rev. 8/17/85

As required by statute (T.N.R.C. Chapter 91, Subchapter M) and defined by Statewide Rule 16 (see copy on reverse side), a copy of a basic electric log run on a well must be filed with the completion reports (Form W-2 and Form G-1) and plugging reports for dry holes (Form W-3). These will become a part of the public record.

You may, however, request a one-year period of confidentiality during which the logs will be kept in your possession. Prior to the expiration of the initial period of confidentiality, you may request a renewal for a two-year period. Logs of offshore wells in State waters may be granted an additional two-year extension. At the end of the period(s) of confidentiality, a copy of a basic electric log must be filed with the Commission.

INSTRUCTIONS

When to file the L-1

- with ALL completion reports and with plugging reports on dry holes

Where to file the L-1

- with the appropriate Commission district office

Filling out the L-1

- Section I and the signature section must be filled out for all wells. Complete only the appropriate part of Section II.

SECTION I. IDENTIFICATION

OPERATOR NAME exactly as on Form P-5	COUNTY NAME		DISTRICT NO.
Blair Royalties of Orla, Inc.	Reeves		08
LEASE NAME	**DRILLING PERMIT NO.**	**WELL NO.**	**API NO.**
Longshot A	301632	2	42-389-31724

SECTION II. LOG STATUS

A. ☐ **Log(s) Attached**
Log type(s) as shown on header:

Company/lease name on log, if different from that in Section I:

B. ☒ **Log(s) Not Attached**
Confidentiality requested. If confidentially not requested, please explain:

Ann E. Ritchie
signature

Agent
title

Ann E. Ritchie
name (print)

(915) 684-6381
phone

June 2, 1986
date

20

M. F. 88364

WELL # 2 COMPLETION REPORT

GARRY MAURO, COMMISSIONER

FILED 8-25-86 BY RMJ

FILE NO. 2206 BLAIR ROYALTIES OF ORLA, INC. TO OLIVER S. HEARD, JR., ET AL

ASSIGNMENT OF INTEREST
IN
OIL AND GAS LEASES

THE STATE OF TEXAS §
§
COUNTY OF REEVES §

For an adequate consideration in hand paid, the receipt of which is hereby acknowledged, BLAIR ROYALTIES OF ORLA, INC., ("Assignor") does hereby GRANT, CONVEY and ASSIGN to the following named individuals and entities, their respective heirs, successors and assigns ("Assignees"), in the percentage shown below opposite the name of each Assignee, an undivided 75% interest in the following oil and gas lease:

Oil and Gas Lease dated October 5, 1982, from the State of Texas, Lessor, to Prewit Minerals, Lessee, covering S/pt. of T&P Ry. Co. Survey No. 12, Block 57 Township 2, Reeves County, Texas, containing 200 acres, as shown on the official map of Reeves County, Texas, now on file in the General Land Office in Austin, Texas, said lease being recorded in Volume 427, Page 331, Deed Records of Reeves County, Texas (State Lease No. 88364); INSOFAR and only INSOFAR as it covers the two tracts being described by metes and bounds as follows:

(A) Beginning in the Southwest corner of Survey 12, Block 57, T2, T&P Ry. Co. Survey, Reeves County, Texas. Thence, East for 1056 feet along the South boundary line of Survey 12 for the Southeast corner of this tract. Thence, North 90 degrees for 1650 feet parallel to the West boundary line of Survey 12 for the Northeast corner of this tract. Thence, West 90 degrees for 1056 feet parallel to the South boundary line of Survey 12 for the Northwest corner of this tract. Thence, South 90 degrees for 1650 feet along the West boundary line of Survey 12 to the point of beginning, containing 40 acres, more or less, limited in depth from the surface to 4555',

(B) Beginning at a point 2112 feet from the Southwest corner of Survey 12, Block 57, T2, T&P Ry. Company Survey, Reeves County, Texas. Thence East for 1056 feet along the South boundary line of Survey 12 for the Southeast corner of this tract; thence North 90 degrees for 1650 feet parallel to the West boundary line of Survey 12 for the Northeast corner of this tract. Thence West 90 degrees for 1056 feet parallel to the South boundary line of Survey 12 for the Northwest corner of this tract. Thence South 90 degrees for 1650 feet parallel to the West boundary line of Survey 12 to the point of beginning, containing 40 acres, more or less, limited in depth from the surface to 4627'.

together with a like interest in and to all personal property and equipment situated thereon and used or obtained in connection therewith.

The interest covered by this assignment is bargained, sold, assigned and conveyed to Assignees herein and shall be held by them, their heirs, successors and assigns, in the following interest:

Oliver S. Heard, Jr. 1019 Tower Life Bldg. San Antonio, Texas 78205	20.3333
Stephen Blair 830 Littlefield Place Austin, Texas 78071	20.3334

Tom Goggan 830 Littlefield Place Austin, Texas 78071	20.3333
James M. C. Ritchie, Jr. P.O. Box 1401 Midland, Texas 79702	2.0000
William A. Heard, Jr. P.O. Box 10291 Midland, Texas 79702	1.0000
Cordelia C. Ritchie P.O. Box 3884 Midland, Texas 79702	1.0000
Ed R. Kennedy, Jr. P.O. Drawer 432 Midland, Texas 79702	1.0000
Jody P. McDade P.O. Box 50 Orla, Texas 79770	1.0000
Steven B. McKinney P.O. Box 728 Pecos, Texas 79772	1.0000
Ronald E. Meeks P.O. Box 43 Orla, Texas 79770	1.0000
Nathan W. Moon P.O. Box 20 Orla, Texas 79770	1.0000
Pauline Grubb 1000 W. Golf Course Rd. Midland, Texas 79701	1.0000
Johnny M. Fisher P.O. Box 6310 Lubbock, Texas 79413	1.0000
Doak E. Enabnit 5601 Emory Lubbock, Texas 79416	1.0000
Betty J. Randell 3413 Wedgewood Midland, Texas 79707	1.0000
Earl L. Perkins 141 Mid America Bldg. Midland, Texas 79701	1.0000
	75.0000

This Assignment is given subject to all the terms and conditions of the following:

(1) that certain unrecorded Farmout Letter Agreement between Union Texas Petroleum Corporation and Orla Petco, Inc. dated January 18, 1985, covering the assigned premises; and

(2) that certain unrecorded Farmout Letter Agreement between Orla Petco, Inc. and Blair Royalties of Orla, Inc. (Formerly Orla Oil & Gas Inc.), dated July 26, 1985, covering the assigned premises.

(3) that certain operating agreement dated January 14, 1986 between Blair Royalties of Orla, Inc. as Operator and Oliver S. Heard, Jr., et al, as NonOperators.

This Assignment is given without warranty of title, either express or implied.

This Assignment is executed this 29th day of July, 1986, but shall be effective as of the first day of production.

Blair Royalties of Orla, Inc.

By Craig L. Blair
Craig L. Blair, President

THE STATE OF TEXAS §
§
COUNTY OF REEVES §

This instrument was acknowledged before me on the 29th day of July, 1986, by Craig L. Blair, President of Blair Royalties of Orla, Inc., a Texas corporation, on behalf of said corporation.

Marjorie A. Raymond
Notary Public, State of Texas

Notary's printed name:

MARJORIE A. RAYMOND
NOTARY PUBLIC STATE OF TEXAS
COMMISSION EXPIRES 12-9-89

My Commission expires:

12-9-89

FOR SALE BY STAFFORD-LOWDON CO. FORT WORTH 25237

E 503—CERTIFICATE OF TRUE COPY OF PAPERS RECORDED—Class 1. (Arts. 6600-6625-6634, R. S. 1925) Texas Standard Form

THE STATE OF TEXAS

County of REEVES } I, CATHERINE ASHLEY, Clerk of the County Court of Reeves County, Texas, do hereby certify that the foregoing is a true and correct copy of the original RECORDED ASSIGNMENT OF INTEREST IN OIL AND GAS LEASES FROM BLAIR ROYALTIES OF ORLA, INC. TO OLIVER S. HEARD, JR., ET AL

as the same appears of record in my office in book 469 page 229, Deed Record.

Given under my Hand and Seal of said Court, at office in Pecos, Texas this 19th day of August 19 86.

CATHERINE ASHLEY Clerk,

By Billie Jo Freeman Deputy.
(Billie JO Freeman)

FILED FOR RECORD ON THE 30th DAY OF July ,A.D. 1986 AT 2:22P. M.

DULY RECORDED ON THE 31st DAY OF July ,A.D. 1986 AT 10:00A. M.

BY Billie Jo Freeman DEPUTY

CATHERINE ASHLEY, COUNTY CLERK,
REEVES COUNTY, TEXAS.

M 88364 (22)
Assignment
File dated 8-27-86
Garry Mauro, Commissioner

RECEIVED AS STATED
25.00
DATE 8-13-86
Reg. No. 69220
GENERAL LAND OFFICE

MICHAEL W. ROYE
Independent Landman
P. O. Box 3714
Midland, Texas 79702
(915) 683-6033

8-5-86

General Land office
Stephen F. Austin Bldg.
1700 N. Congress Ave.
Austin, Tx. 78701

Att: Ms. Dickson

Re: Assignments pertaining to State Oil & Gas Lease
No. 88364, Reeves Co., Texas

X-25.00 69220

Dear Ms. Dickson:

Please find enclosed the following:

1) A certified copy of Assignment of Interest from Blair Royalties to Oliver S. Heard, Jr., et al

2) Check # 1434 in the amount of $25.00 to cover the required filing fee.

171

Should you have any questions, please feel free to call.

Sincerely,

Michael W. Roye

Michael W. Roye

MWR/jd

RECEIVED
AUG 13 1986
SERVICES

M. P. 88364 (22)

CORRESPONDENCE FILE

~~To~~ Michael W Coye

From

Dated 8-5-85

Garry Mauro
Commissioner
General Land Office

September 4, 1986

Mr. Michael W. Roye
P.O. Box 3714
Midland, Texas 79702

Re: Assignment of State Fee Lease
M-88364
Blair Royalties of Orla, Inc. to Oliver S. Heard, Jr., et al
Reeves County, Texas

Dear Mr. Roye:

The certified copy of an assignment covering the captioned oil and gas lease has been filed in our records.

Your remittance of $25.00 has been applied as the required filing fee.

Sincerely,

Diana Dickson
Oil and Gas Section
Legal Services Division
512 463-5007

/dd

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

M. P. 88304

CORRESPONDENCE FILE

To Michael W Lange

~~From~~

Dated 9-4-84

No. 6103

NAVAJO REFINING COMPANY
OIL DIVISION ORDER

(INDEMNIFYING)

EFFECTIVE: November 1, 1985

TO: NAVAJO REFINING COMPANY
P. O. BOX 159
ARTESIA, NEW MEXICO 88210

Each of the undersigned certify and guarantee that we are entitled to dispose of and receive payment for the interest set opposite his name, in all oil (defined as crude oil and condensate) produced from

Blair Royalties of Orla Inc. - Long Shot Lease (or Unit), Reeves County, Texas described as:

Lease #88364

See attached

PLEASE KEEP FOR YOUR RECORDS

including all substances produced with such oil. From the effective date and until further written notice, and subject to the following provisions, you, or your designated agent, are authorized to receive such production and give credit for all production received, in accordance with the division of interest shown below: (The contents of the reverse side, and any attachments hereto, shall constitute a part of this Division Order.)

CREDIT TO (name and address)	DIVISION OF INTEREST

See attached exhibit

PLEASE DO NOT DETACH

(OVER)

1. Oil shall become the property of the purchaser upon actual delivery to it or to its designated carrier or agent. The oil shall be graded and measured in accordance with the customary pipeline rules and regulations or standards generally accepted in the industry. If purchased by you, settlement shall be based on your posted or quoted price per barrel (42 U.S. gallons) in effect on delivery date for oil of the kind and quality for the field where produced. You are authorized to reduce such price by any charges for transporting oil by pipeline, truck and/or barge and any treating costs which in your opinion are necessary to make the oil merchantable. If oil is sold by you to another purchaser, settlement shall be based on the net proceeds realized at the well by you from such sale, after deducting any costs for transporting or treating the oil for delivery.

2. Settlements shall be made monthly by your check mailed to the undersigned parties at,the addresses given on the reverse side, less any taxes required by law to be deducted and paid to you. Should the proceeds accruing to any interest hereunder for any month be less than Ten Dollars ($10.00), you may, at your option, retain such proceeds without interest until the first regular settlement date when the proceeds accumulated total as much as Ten Dollars ($10.00); provided that, regardless of the total, payment of the accumulated amounts shall be made in December of each year.

3. You are hereby relieved of any responsibility for determining when any interest hereunder shall change by increase, decrease, termination, revision or otherwise. You are authorized to remit pursuant to the division of interest credited hereunder until written notice to the contrary is received by you at Artesia, New Mexico, and you shall be held harmless against loss or liability due to your failure to receive such notice. Each of the undersigned agrees to notify you in writting of any change in his interest, and no transfer of interest shall be binding on you until you are furnished the original recorded instrument (or a certified copy thereof) or a transcript of proceedings which satisfactorily evidences such transfer, and your regular form of Transfer Order is fully executed and returned to you. Regardless of the effective date of the Transfer, all transfers of interest shall be effective hereunder as of 7:00 A.M. on the first day of a calendar month but not earlier than the first day of the calendar month in which such written notice is received.

4. Navajo Refining Company is relieved of all responsibility for payment of royalty, overriding royalty, production payment, working or other interests under this division order, except as herein expressly set forth, and the signers hereof will settle directly with all parties who may now own or may hereafter establish ownership of an interest in the premises herein described, and the signers hereof agree to indemnify and hold Navajo Refining Company harmless against all and every loss, charge or expense of any kind whatsoever which Navajo Refining Company may suffer or incur by or on account of having made payment as herein provided.

5. If any claim is made which in your opinion adversely affects title to any interest credited hereunder, or such title is not satisfactory to you, the parties credited with such interest severally agree to furnish abstracts or other evidence of title acceptable to you. In the event of failure to furnish such evidence of title, you are authorized to withhold payments accruing to such interest, without interest until the claim is settled. Each of the undersigned agrees to indemnify and hold you harmless or any other purchaser of said oil and any carrier designated by you or any other purchaser to receive the aforesaid oil and each of them, against all and every loss, damage, charge or expense of any kind whatsoever, which they or either of them may suffer or incur by or on account of receiving or purchasing or transporting said oil or by reason of any and all claims of any character as to said oil adverse to the undersigned.

6. In the event the land described herein, or any part thereof, is included in one or more units now or hereafter formed or revised by order of any appropriate governmental authority, or is included in one or more authorized voluntary or declared units now or hereafter formed or revised, it is agreed that settlement shall be made in accordance with the production allocated to said land under the terms of such order or unit without the execution of additional division orders.

7. Each working interest owner warrants that the oil has been produced in accordance with all applicable laws, rules and regulations.

8. This Division Order may be excuted in counterparts, and shall be binding upon and inure to the benefit of all signers hereof, their heirs, successors and assigns, whether or not it is signed by all parties named herein.

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

Under penalties of perjury, I certify (1) that the number shown on this form is my correct taxpayer identification number, and (2) that I am not subject to backup withholding.

Witness/Attest: Interest Owner:

_____ _____

SS # / ID # _____

_____ _____

SS # / ID # _____

Bryan Printers & Stationers, Inc. Form No. 1242

Legal Description of Lease #6103 - Long Shot

Re: State of Texas Oil and Gas Lease No. 88364, covering the South part of the T&P Ry. Company Survey No. 12, Block 57, T-2, Reeves County, Texas, insofar as said lease covers the following described two 40-acre tracts of land described by metes and bounds as follows:

(a) BEGINNING in the Southwest corner of Survey 12, Block 57, T-2, T&P Ry. Company Survey;
THENCE East for 1,056 feet along the South boundary line of Survey 12 for the Southeast corner of this tract;
THENCE North 90° for 650 feet, parallel to the West boundary line of Survey 12 for the Northeast corner of this tract;
THENCE West 90° for 1,056 feet parallel to the South boundary line of Survey 12 for the Northwest corner of this tract;
THENCE South 90° for 1,650 feet along the West boundary line of Survey 12 to the point of BEGINNING, containing 40 acres, more or less, but limited in depth from the surface to 4,455 feet;

(b) BEGINNING at a point 2,112 feet from the Southwest corner of Survey 12, Block 57, T-2, T&P Ry. Co. Survey;
THENCE East for 1,056 feet along the South boundary line of Survey 12 for the Southeast corner of this tract;
THENCE North 90° for 1,650 feet parallel to the West boundary line of Survey 12 for the Northeast corner of this tract;
THENCE West 90° for 1,056 feet parallel to the South boundary line of Survey 12 for the Northwest corner of this tract;
THENCE South 90° for 1,650 feet parallel to the West boundary line of Survey 12 to the point of BEGINNING, containing 40 acres, more or less, but limited in depth from the surface to 4,627 feet.

NAVAJO REFINING COMPANY
DIVISION OF INTEREST LISTING

LEASE NO: 6103 EFFECTIVE DATE: NOVEMBER 1, 1985
LEASE NAME: LONG SHOT
OPERATOR: 129 BLAIR ROYALTIES OF ORLA INC

OWNER NO.	CREDIT TO	DIVISION OF INTEREST	TYPE INTEREST
02529	EDWARD R KENNEDY JR P O DRAWER 432 MIDLAND TX 79702	.00750000	WI
06582	BETTY JANE RANDELL 3413 WEDGEWOOD MIDLAND TX 79707	.00750000	WI
06592	J M C RITCHIE JR P O BOX 1401 MIDLAND TX 79702	.01500000	WI
09157	STATE OF TEXAS GENERAL LAND OFFICE 1700 NORTH CONGRESS AUSTIN TX 78701	.25000000	RI
12457	BLAIR ROYALTIES OF ORLA INC P O BOX 20 ORLA TX 79770	.18750000	WI
12458	OLIVER S HEARD JR 1019 TOWER LIFE BLDG SAN ANTONIO TX 78205	.15249970	WI
12459	STEPHEN BLAIR 830 LITTLEFIELD BLDG AUSTIN TX 78701	.15250050	WI
12460	TOM GOGGAN 830 LITTLEFIELD BLDG AUSTIN TX 78701	.15249980	WI
12461	WILLIAM A HEARD JR P O BOX 10291 MIDLAND TX 79702	.00750000	WI
12462	CORDELIA C RITCHIE P O BOX 3884 MIDLAND TX 79702	.00750000	WI

THIS EXHIBIT IS ATTACHED TO AND MADE A PART OF
NAVAJO REFINING COMPANY DIVISION ORDER NO. 6103

(25)

M. F. 883604
CORRESPONDENCE FILE
TO
Navajo Refining Company
FROM
DATED 8-30-86 DM

CB

Conoco Inc.
Oil and Gas Division Order

RSC No. 44-4953600
D.O. No. 38049

EFFECTIVE: 1st Run 4/30/, 19 86

TO: Conoco Inc.
Mineral Lease Records
P.O. Box 1267
Ponca City, OK 74603

Each of the undersigned warrants ownership of the interest, set opposite his name, in all oil (defined as crude oil and condensate) and/or in the proceeds derived from the sale of all gas (defined as natural gas and casinghead gas) produced from Longshot Lease (or Unit), Reeves County, Texas, described as:

See Attached as to the Description

including all substances produced with such oil and gas. From the effective date and until further written notice, and subject to the following provisions, you, or your designated agent, are authorized to receive such production and give credit for all production received, and for the proceeds derived from the sale of gas, in accordance with the division of interest shown below: (The contents of the reverse side, and any attachments hereto, shall constitute a part of this Division Order.)

Credit To	Division of Interest	P. O. Address (Give box number or street address and zip code)
	THE WORKING INTEREST	
Blair Royalties of Orla, Inc.	.1875000	
Oliver S. Heard, Jr.	.1524997	
Stephen Blair	.1525005	
Tom Goggan	.1524998	
James M. C. Ritchie, Jr.	.0150000	
William A. Heard, Jr.	.0075000	
Cordelia C. Ritchie	.0075000	
Ed R. Kennedy, Jr.	.0075000	
Jody P. McDade	.0075000	
Steven B. McKinney	.0075000	
Ronald E. Meeks	.0075000	
Nathan W. Moon	.0075000	
Pauline Grubb	.0075000	
Johnny M. Fisher	.0075000	
Doak E. Enabnit	.0075000	
Betty J. Randell	.0075000	
Earl L. Perkins	.0075000	
	THE ROYALTY INTEREST	
The State of Texas	.2500000	

YOUR COPY

1. Oil shall become the property of the purchaser upon actual delivery to it or to its designated carrier or agent. The oil shall be graded and measured in accordance with the customary pipe line rules and regulations or standards generally accepted in the industry. If purchased by you, settlement shall be based on your posted or quoted price per barrel (42 U.S. gallons) in effect on delivery date for oil of the kind and quality for the field where produced. You are authorized to reduce such price by any charges for transporting oil by pipeline, truck and/or barge and any treating costs which in your opinion are necessary to make the oil merchantable. If oil is sold by you to another purchaser, settlement shall be based on the net proceeds realized at the well by you from such sale, after deducting any costs for transporting or treating the oil for delivery.

2. Settlement for gas sold shall be based on the net proceeds realized at the well by you, after deducting any costs incurred in compressing, treating, transporting and/or dehydrating the gas for delivery. If the gas is processed in or near the field where produced, settlement shall be based on the net proceeds realized at the well, as determind by the agreement between the producer and processor, or, in the absence of such an agreement, the same basis as settlement with other producers of gas of like kind and quality processed at the same plant. For gas used off the lease, settlement shall be based on market value at the well. Where gas is sold subject to regulation by governmental authority, the price approved by order of such authority shall be used as a basis for determining net proceeds realized, or market value at the well, provided, that the portion of the proceeds not based on a permanent certificate price may be suspended, without interest, until you have been furnished indemnification satisfactory to you that any required refund shall be paid.

3. Settlements shall be made monthly by your check mailed to the undersigned parties at the addresses given on the reverse side, less any taxes required by law to be deducted and paid by you. Should the proceeds accruing to any interest hereunder for any month be less than One Dollar ($1.00), you may, at your option, retain such proceeds without interest until the first regular settlement date when the proceeds accumulated total as much as Five Dollars ($5.00); provided that, regardless of the total, payment of the accumulated amounts shall be made in December of each year.

4. You are hereby relieved of any responsibility for determining when any interest hereunder shall change by increase, decrease, termination, reversion or otherwise. You are authorized to remit pursuant to the division of interest credited hereunder until written notice to the contrary is received by you at Ponca City, Oklahoma, and you shall be held harmless against loss or liability due to your failure to receive such notice. Each of the undersigned agrees to notify you in writing of any change in his interest, and no transfer of interest shall be binding on you until you are furnished the original recorded instrument (or a certified copy thereof) or a transcript of proceedings which satisfactorily evidences such transfer, and your regular form of Transfer Order is fully executed and returned to you. Regardless of the effective date of the transfer, all transfers of interest shall be effective hereunder as of 7:00 A.M. on the first day of a calendar month, but not earlier than the first day of the calendar month in which such written notice is received.

5. Each party agrees to indemnify and hold you harmless from and against any and all loss, cost or expense arising out of a claim or suit based on your payment to him of proceeds of production attributable to such interest. If any claim is made which in your opinion adversely affects title to any interest credited hereunder, or such title is not satisfactory to you, the parties credited with such interest severally agree to furnish abstracts or other evidence of title acceptable to you. In the event of failure to furnish such evidence of title, you are authorized to withhold payments accruing to such interest, without interest, until the claim is settled.

6. In the event the land described herein, or any part thereof, is included in one or more units now or hereafter formed or revised by order of any appropriate governmental authority, or is included in one or more authorized voluntary or declared units now or hereafter formed or revised, it is agreed that settlement shall be made in accordance with the production allocated to said land without the execution of additional division orders.

7. Each working interest owner warrants that the oil and/or gas has been produced in accordance with all applicable laws, rules and regulations.

8. This Division Order may be executed in counterparts, and shall be binding upon and inure to the benefit of all signers hereof, their heirs, successors and assigns, whether or not it is signed by all parties named herein.

IMPORTANT: TO AVOID DELAY IN PAYMENT — YOUR CORRECT ADDRESS AND YOUR SOCIAL SECURITY NUMBER OR TAX ACCOUNT NUMBER MUST BE SHOWN. FAILURE TO SHOW YOUR SOCIAL SECURITY NUMBER OR TAX ACCOUNT NUMBER MAY RESULT IN OUR WITHHOLDING 20% OF 1099 REPORTABLE PAYMENTS EFFECTIVE JANUARY 1, 1984, IN COMPLIANCE WITH FEDERAL LAW.

SOCIAL SECURITY NUMBER: ___ ___

FEDERAL TAX ID NUMBER: ___

WITNESSES:

_____ _____

_____

_____ _____

_____

_____ _____

_____

State of Texas Oil and Gas Lease No. 88364, covering the South part of the T&P Ry. Company Survey No. 12, Block 57, T-2, Reeves County, Texas, insofar as said lease covers the following described two 40-acre tracts of land described by metes and bounds as follows:

BEGINNING in the Southwest corner of Survey 12, Block 57, T-2, T&P Ry. Company Survey;
THENCE East for 1,056 feet along the South boundary line of Survey 12 for the Southeast corner of this tract;
THENCE North 90° for 650 feet, parallel to the West boundary line of Survey 12 for the Northeast corner of this tract;
THENCE West 90° for 1,056 feet parallel to the South boundary line of Survey 12 for the Northwest corner of this tract;
THENCE South 90° for 1,650 feet along the West boundary line of Survey 12 to the point of BEGINNING, containing 40 acres, more or less, but limited in depth from the surface to 4,455 feet;

BEGINNING at a point 2,112 feet from the Southwest corner of Survey 12, Block 57, T-2, T&P Ry. Co. Survey;
THENCE East for 1,056 feet along the South boundary line of Survey 12 for the Southeast corner of this tract;
THENCE North 90° for 1,650 feet parallel to the West boundary line of Survey 12 for the Northeast corner of this tract;
THENCE West 90° for 1,056 feet parallel to the South boundary line of Survey 12 for the Northwest corner of this tract;
THENCE South 90° for 1,650 feet parallel to the West boundary line of Survey 12 to the point of BEGINNING, containing 40 acres, more or less, but limited in depth from the surface to 4,627 feet.

(26) M. F. 883164
CORRESPONDENCE FILE
TO
Conoco Inc
FROM
DATED 9-6-86 DM

Garry Mauro
Commissioner
General Land Office

August 18, 1986

Blair Royalties of Orla, Inc.
P.O. Box 953
Midland, Texas 79702

RE: State Lease M-88364
Longshot "A"
Well No. 2
Reeves County, Texas

Dear Gentlemen:

Thank you for submitting completion forms for the captioned well. In addition to the above, this office also requires the filing of a full suite of wireline logs, in accordance with the terms set forth in your Oil and Gas Lease.

Please reference file number M-88364 and date of this letter with your reply. Your cooperation is appreciated.

Sincerely yours,

Tim Pittman

Tim Pittman, Geologist
Texas General Land Office
Petroleum & Minerals Development
(512) 463-5022

TP/jsf

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

(27)

M- 88364

Letter to Blair

File Dated 8-18-86

Real Property Administration

Conoco Inc.
P.O. Box 1267
Ponca City, OK 74603
(405) 767-3456

INSTRUCTIONS TO ALL INTEREST OWNERS
READ CAREFULLY BEFORE SIGNING YOUR DIVISION AND/OR TRANSFER ORDER

Attached is a division order and/or transfer order in duplicate covering the property described therein. If your name is correctly shown and if your interest is correctly stated, please execute the form in accordance with the following directions:

THIS FORM SHOULD NOT BE ALTERED IN ANY WAY UNLESS ACCOMPANIED BY DOCUMENTARY EVIDENCE JUSTIFYING THE CHANGE. ANY CORRECTIONS IN THE SPELLING OF YOUR NAME SHOULD BE MADE IN INK AND YOUR INITIALS SHOWN ABOVE THE CORRECTION.

SIGNATURE: Sign your name as shown on the form or as corrected by you in the space provided. Two adults should witness your signature by signing in the spaces provided for witnesses. IF SIGNING FOR A CORPORATION, include the title of the signatory party, properly attested, and affix the corporate seal (if used). IF SIGNING AS AGENT, ATTORNEY-IN-FACT, GUARDIAN OR IN ANY OTHER CAPACITY ON BEHALF OF THE NAMED INTEREST OWNER, enclose documentary evidence of the signatory's authority.

PROPERTY IN LOUISIANA: If the division order covers a property in Louisiana and if the interest credited is a marital asset, both spouses should sign, indicating that the asset is a marital asset. If the interest credited is a separate asset, only the spouse owning the asset as separate property need sign.

TAXPAYER IDENTIFICATION OR SOCIAL SECURITY NUMBER: Federal law requires that you furnish an identifying number. Please show your number in the space provided.

MAILING ADDRESS: Please provide the address to which checks are to be mailed in the space provided. Do not abbreviate. If you are already receiving checks from Conoco, please use the same address to which we are currently mailing checks. Notify us promptly of any change in your mailing address.

PAYMENTS: In order to place your interest in line for payment for the following month Conoco must receive the properly executed division order and/or transfer order by the **25th** of the month. If your division order and/or transfer order is not received by the **25th** of the month, it will be held over to the next month's accounting cycle.

RETURN THE PROPERLY EXECUTED DIVISION ORDER AND/OR TRANSFER ORDER WITHOUT DELAY TO THE ADDRESS BELOW. KEEP ONE COPY FOR YOUR RECORDS.

CONOCO INC.
Attn: Division Order Section
P.O. BOx 1267
Ponca City, OK 74603

CONOCO INC.
OIL AND GAS DIVISION ORDER

SDP

TO: CONOCO INC.
REAL PROPERTY ADMINISTRATION
P. O. BOX 1267
PONCA CITY, OK 74603

DIVISION ORDER: 40012
DATE PREPARED: 05/21/1988
PRODUCT TYPE: GAS
GAS EFFECTIVE DATE: 11/23/1987

EACH OF THE UNDERSIGNED WARRANTS OWNERSHIP OF THE INTEREST, SET OPPOSITE HIS NAME, IN ALL OIL (DEFINED AS CRUDE OIL AND CONDENSATE) AND/OR IN THE PROCEEDS DERIVED FROM THE SALE OF ALL GAS (DEFINED AS NATURAL GAS AND CASINGHEAD GAS) PRODUCED FROM:

LEASE CODE(S): 8108800 2, 8220400

OPERATOR: ORLA PETCO INC
PROPERTY NAME: STATE 12 #1
DESCRIPTION: 467 FSL, 1645 FWL, SECTION 12, BLK. 57, T-2, T&P RR CO. SURVEY, REEVES COUNTY, TEXAS

SEC/TWP/RNG: 12- -
COUNTY: REEVES STATE: TEXAS

INCLUDING ALL SUBSTANCES PRODUCED WITH SUCH OIL AND/OR GAS. FROM THE EFFECTIVE DATE AND UNTIL FURTHER WRITTEN NOTICE, AND SUBJECT TO THE FOLLOWING PROVISIONS YOU, OR YOUR DESIGNATED AGENT, ARE AUTHORIZED TO RECEIVE SUCH PRODUCTION AND GIVE CREDIT FOR ALL PRODUCTION RECEIVED, AND FOR THE PROCEEDS DERIVED FROM THE SALE OF GAS, IN ACCORDANCE WITH THE DIVISION OF INTEREST SHOWN BELOW:
(THE CONTENTS OF THE ATTACHMENTS HERETO, SHALL CONSTITUTE A PART OF THIS DIVISION ORDER.)

CREDIT TO OWNER NO. 99990400 PROD INTEREST

COMMISSIONER OF GEN LAND GAS .2500000 GOV
OFFICE STATE OF TEXAS
1700 N CONGRESS AVE
AUSTIN TX
78701

IMPORTANT: TO AVOID DELAY IN PAYMENT - YOUR CORRECT ADDRESS AND YOUR SOCIAL SECURITY NUMBER OR TAX ACCOUNT NUMBER MUST BE SHOWN. FAILURE TO SHOW YOUR SOCIAL SECURITY NUMBER OR TAX ACCOUNT NUMBER MAY RESULT IN OUR WITHHOLDING 20% OF 1099 REPORTABLE PAYMENTS EFFECTIVE JANUARY 1, 1984, IN COMPLIANCE WITH FEDERAL LAW.

SOCIAL SECURITY NUMBER ___ - ___ - ____

FEDERAL TAX ID NUMBER __ - _______

FILE COPY

1. OIL SHALL BECOME THE PROPERTY OF THE PURCHASER UPON ACTUAL DELIVERY TO IT OR TO ITS DESIGNATED CARRIER OR AGENT. THE OIL SHALL BE GRADED AND MEASURED IN ACCORDANCE WITH THE CUSTOMARY PIPE LINE RULES AND REGULATIONS OR STANDARDS GENERALLY ACCEPTED IN THE INDUSTRY. IF PURCHASED BY YOU, SETTLEMENT SHALL BE BASED ON YOUR POSTED OR QUOTED PRICE PER BARREL (42 U.S. GALLONS) IN EFFECT ON DELIVERY DATE FOR OIL OF THE KIND AND QUALITY FOR THE FIELD WHERE PRODUCED. YOU ARE AUTHORIZED TO REDUCE SUCH PRICE BY ANY CHARGES FOR TRANSPORTING OIL BY PIPELINE, TRUCK AND/OR BARGE AND ANY TREATING COSTS WHICH IN YOUR OPINION ARE NECESSARY TO MAKE THE OIL MERCHANTABLE. IF OIL IS SOLD BY YOU TO ANOTHER PURCHASER, SETTLEMENT SHALL BE BASED ON THE NET PROCEEDS REALIZED AT THE WELL BY YOU FROM SUCH SALE, AFTER DEDUCTING ANY COSTS FOR TRANSPORTING OR TREATING THE OIL FOR DELIVERY.

2. SETTLEMENT FOR GAS SOLD SHALL BE BASED ON THE NET PROCEEDS REALIZED AT THE WELL BY YOU, AFTER DEDUCTING ANY COSTS INCURRED IN COMPRESSING, TREATING, TRANSPORTING AND/OR DEHYDRATING THE GAS FOR DELIVERY. IF THE GAS IS PROCESSED IN OR NEAR THE FIELD WHERE PRODUCED, SETTLEMENT SHALL BE BASED ON THE NET PROCEEDS REALIZED AT THE WELL AS DETERMINED BY THE AGREEMENT BETWEEN THE PRODUCER AND PROCESSOR, OR, IN THE ABSENCE OF SUCH AN AGREEMENT, THE SAME BASIS AS SETTLEMENT WITH OTHER PRODUCERS OF GAS OF LIKE KIND AND QUALITY PROCESSED AT THE SAME PLANT. FOR GAS USED OFF THE LEASE, SETTLEMENT SHALL BE BASED ON MARKET VALUE AT THE WELL. WHERE GAS IS SOLD SUBJECT TO REGULATION BY GOVERNMENTAL AUTHORITY, THE PRICE APPROVED BY ORDER OF SUCH AUTHORITY SHALL BE USED AS A BASIS FOR DETERMINING NET PROCEEDS REALIZED, OR MARKET VALUE AT THE WELL, PROVIDED, THAT THE PORTION OF THE PROCEEDS NOT BASED ON A PERMANENT CERTIFICATE PRICE MAY BE SUSPENDED, WITHOUT INTEREST, UNTIL YOU HAVE BEEN FURNISHED INDEMNIFICATION SATISFACTORY TO YOU THAT ANY REQUIRED REFUND SHALL BE PAID.

3. SETTLEMENTS SHALL BE MADE MONTHLY BY YOUR CHECK MAILED TO THE UNDERSIGNED PARTIES AT THE ADDRESSES GIVEN HEREIN, LESS ANY TAXES REQUIRED BY LAW TO BE DEDUCTED AND PAID BY YOU. SHOULD THE PROCEEDS ACCRUING TO ANY INTEREST HEREUNDER FOR ANY MONTH BE LESS THAN ONE DOLLAR ($1.00), YOU MAY, AT YOUR OPTION, RETAIN SUCH PROCEEDS WITHOUT INTEREST UNTIL THE FIRST REGULAR SETTLEMENT DATE WHEN THE PROCEEDS ACCUMULATED TOTAL AS MUCH AS FIVE DOLLARS ($5.00); PROVIDED THAT, REGARDLESS OF THE TOTAL, PAYMENT OF THE ACCUMULATED AMOUNTS SHALL BE MADE IN DECEMBER OF EACH YEAR.

4. YOU ARE HEREBY RELIEVED OF ANY RESPONSIBILITY FOR DETERMINING WHEN ANY INTEREST HEREUNDER SHALL CHANGE BY INCREASE, DECREASE, TERMINATION, REVERSION OR OTHERWISE. YOU ARE AUTHORIZED TO REMIT PURSUANT TO THE DIVISION OF INTEREST CREDITED HEREUNDER UNTIL WRITTEN NOTICE TO THE CONTRARY IS RECEIVED BY YOU AT PONCA CITY, OKLAHOMA, AND YOU SHALL BE HELD HARMLESS AGAINST LOSS OR LIABILITY DUE TO YOUR FAILURE TO RECEIVE SUCH NOTICE. EACH OF THE UNDERSIGNED AGREES TO NOTIFY YOU IN WRITING OF ANY CHANGE IN HIS INTEREST, AND NO TRANSFER OF INTEREST SHALL BE BINDING ON YOU UNTIL YOU ARE FURNISHED THE ORIGINAL RECORDED INSTRUMENT (OR A CERTIFIED COPY THEREOF) OR A TRANSCRIPT OF PROCEEDINGS WHICH SATISFACTORILY EVIDENCES SUCH TRANSFER, AND YOUR REGULAR FORM OF TRANSFER ORDER IS FULLY EXECUTED AND RETURNED TO YOU. REGARDLESS OF THE EFFECTIVE DATE OF THE TRANSFER, ALL TRANSFERS OF INTEREST SHALL BE EFFECTIVE HEREUNDER AS OF 7:00 A.M ON THE FIRST DAY OF A CALENDAR MONTH, BUT NOT EARLIER THAN THE FIRST DAY OF THE CALENDAR MONTH IN WHICH SUCH WRITTEN NOTICE IS RECEIVED.

5. EACH PARTY AGREES TO INDEMNIFY AND HOLD YOU HARMLESS FROM AND AGAINST ANY AND ALL LOSS, COST OR EXPENSE ARISING OUT OF A CLAIM OR SUIT BASED ON YOUR PAYMENT TO HIM OF PROCEEDS OF PRODUCTION ATTRITUBLE TO SUCH INTEREST. IF ANY CLAIM IS MADE WHICH IN YOUR OPINION ADVERSELY AFFECTS TITLE TO ANY INTEREST CREDITED HEREUNDER, OR SUCH TITLE IS NOT SATISFACTORY TO YOU, THE PARTIES CREDITED WITH SUCH INTEREST SEVERALLY AGREE TO FURNISH ABSTRACTS OR OTHER EVIDENCE OF TITLE ACCEPTABLE TO YOU. IN THE EVENT OF FAILURE TO FURNISH SUCH EVIDENCE OF TITLE, YOU ARE AUTHORIZED TO WITHHOLD PAYMENTS ACCRUING TO SUCH INTEREST, WITHOUT INTEREST, UNTIL THE CLAIM IS SETTLED.

6. IN THE EVENT THE LAND DESCRIBED HEREIN, OR ANY PART THEREOF, IS INCLUDED IN ONE OR MORE UNITS NOW OR HEREAFTER FORMED OR REVISED BY ORDER OF ANY APPROPRIATE GOVERNMENTAL AUTHORITY, OR IS INCLUDED IN ONE OR MORE AUTHORIZED VOLUNTARY OR DECLARED UNITS NOW OR HEREAFTER FORMED OR REVISED, IT IS AGREED THAT SETTLEMENT SHALL BE MADE IN ACCORDANCE WITH THE PRODUCTION ALLOCATED TO SAID LAND WITHOUT THE EXECUTION OF ADDITIONAL DIVISION ORDERS.

7. EACH WORKING INTEREST OWNER WARRANTS THAT THE OIL AND/OR GAS HAS BEEN PRODUCED IN ACCORDANCE WITH ALL APPLICABLE LAWS, RULES AND REGULATIONS.

8. THIS DIVISION ORDER MAY BE EXECUTED IN COUNTERPARTS, AND SHALL BE BINDING UPON AND INURE TO THE BENEFIT OF ALL SIGNERS HEREOF, THEIR HEIRS, SUCCESSORS AND ASSIGNS, WHETHER OR NOT IT IS SIGNED BY ALL PARTIES NAMED HEREIN.

WITNESSES:

_____ _____

_____ _____

_____ _____

_____ _____

_____ _____

_____



RPT NO: B7237-01
JOB NO: JN6111Z

OWNERSHIP ATTACHMENT

RUN DATE: 05/21/1988 PAGE 1
RUN TIME: 00.54.19
SDP

DIVISION ORDER/TRACT: 40012- STATE 12 #1

DESCRIPTION: 467 FSL, 1645 FWL, SECTION 12, BLK. 57, T-2, T&P RR CO. SURVEY, REEVES COUNTY, TEXAS

SEC/TWP/RANGE: 12- -

COUNTY: REEVES
STATE: TEXAS

OWNER NO.	OWNER NAME	PRODUCT	INTEREST DECIMAL	INTEREST TYPE	APO INTEREST DECIMAL	APO INTEREST TYPE
06127600 66	WINTERSHALL CORP	GAS	.2703555	WI		
32766500 32	BETTY J RANDELL	GAS	.0146000	WI		
47918990 51	ED R KENNEDY	GAS	.0200000	ORI		
53314000 13	LISAT VENTURE	GAS	.0270392	WI		
66999691 42	ORLA DRILLING FUND NO 6	GAS	.1419631	WI		
66999700 10	ORLA PETCO INC	GAS	.1533000	WI		
68816200 86	BRUCE T PEARSON	GAS	.0540711	WI		
74685200 38	J M C RITCHIE	GAS	.0540711	WI		
74685350 49	JAMES M C RITCHIE JR	GAS	.0146000	WI		
99990400 52	COMMISSIONER OF GEN LAND	GAS	.2500000	GOV		

Garry Mauro
Commissioner
General Land Office

June 1, 1988

Conoco Inc.
Real Property Administration
P.O. Box 1267
Ponca City, OK 74603-1267

Re: State Lease M-88364
467 FSL, 1645 FWL, Section 12, Block 57, T-2, T&P RR Co. Survey,
Reeves County, Texas

Dear Sirs:

This letter is issued in lieu of the standard form of "Division Order" prepared primarily for execution by individual royalty owners.

Inasmuch as the statutes designate the royalties the State shall receive, we feel that it would not be in conformity with State 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 call Gwendolyn Blacknell at 512/463-5042.

Sincerely,

Jeff Disenbury

Jeff Disenbury, Manager
Royalty Management & Compliance

JD/GB/yrg

Enclosure
Copy of Division Order

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

(29)

MF 88364
ITEM Division Order & Letter
TO Conoco Inc.
FROM
DATE 6-2-88 ljg

Garry Mauro
Commissioner
General Land Office

April 27, 1988

Blair Royalties of Orla, Inc.
P.O. Box 20
Orla, Texas 79770
Attn: Shelly Blair

RE: Assignment of State Lease MF-88364
Reeves County, Texas

Dear Shelly,

The certified copy of assignment regarding the above captioned lease has been filed in our records.

Your remittance of $25.00 has been applied as the required filing fee of $25.00 per assignment.

Sincerely,

Billy Lancaster

Billy Lancaster
Manager of Lease Compliance
Energy Resources
(512) 463-5042

BL/MS/ms

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

BLAIR ROYALTIES OF ORLA, INC.
OPERATING ACCOUNT
P. O. BOX 20
ORLA, TEXAS 79770

1248

95-129/1122

April 7 19 88

Pay to the order of State of Texas - General Land Office $ 25.00

Twenty Five & 00/100 Dollars

UNITED NEW MEXICO
United New Mexico Bank at Carlsbad
Post Office Box 1689
Carlsbad, New Mexico 88221-1689

For Late Fee: Assignment: Nathan Mann to W.A. Blair — Shelly Blair

⑈000 1248⑈ [redacted] [redacted]

Rocky Mountain Bank Note A

Hon. Garry Mauro
Commissioner
General Land Office

Date _____ 19____

Attached is $_____

Charge
Credit Acct. #_____

Cash
Check
Draft

Fees
To Cover
Rental

Interest On The Following:

1/29/1
1/27

X25.00 88038023

Receipt
Please Mail Copies to Mr. Blair Royalties of Okla. Inc
Statement

Street_____

City_____

Attention_____

GLO-S-03-(1-82)

Blair Royalties of Orla, Inc.
P. O. Box 20 • Orla, Texas 79770
Telephone: (915) 273-4831

Feb. 8, 1988

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

X-25.00

88027425

Attn: Ms. Dickson

Dear Ms. Dickson;

Please find enclosed the following:

1) A certified copy of Assignment of Oil & Gas Lease from Nathan W. Moon to W. A. Blair

2) My check #1119 in the amount of $25.00 to cover the filing fee.

129

Should you have any questions, please feel free to call.

Sincerely,

Craig L. Blair

Craig L. Blair
President

CLB:sb Shelly Blair
enclosures

121

FILE NO. 373 NATHAN W. MOON TO W. A. BLAIR

ASSIGNMENT OF INTEREST IN OIL AND GAS LEASES

STATE OF TEXAS)
)
COUNTY OF REEVES)

For an adequate consideration in hand paid, the receipt of which is hereby acknowledged, NATHAN W. MOON ("Assignor") does hereby GRANT, CONVEY and ASSIGN to W. A. BLAIR ("Assignee"), whose address is Post Office Box 20, Orla, Texas 79770, his heirs and assigns, an undivided 1% interest in each of the following oil and gas leases:

(a) Dated October 5, 1982, between the State of Texas, as Lessor, and Prewit Minerals, as Lessee, recorded in Volume 427, page 331, Deed Records, Reeves County, Texas (State Lease No. 88364); insofar as said lease covers the following two tracts of land described by metes and bounds as follows:

(1) Beginning in the Southwest corner of Survey 12, Block 57, T2, T&P Ry. Co. Survey, Reeves County, Texas.

Thence East for 1056 feet along the South boundary line of Survey 12 of the Southeast corner of this tract.

Thence North 90 degrees for 1650 feet parallel to the West boundary line of Survey 12 for the Northeast corner of this tract.

Thence West 90 degrees for 1056 feet parallel to the South boundary line of Survey 12 for the Northwest corner of this tract.

Thence South 90 degrees for 1650 feet along the West boundary line of Survey 12 to the Point of Beginning, containing 40 acres, more or less, limited in depth from the surface to 4555';

(2) Beginning at a point 2112 feet from the Southwest corner of Survey 12, Block 57, T2, T&P Ry. Company Survey, Reeves County, Texas.

Thence East for 1056 feet along the South boundary line of Survey 12 for the Southeast corner of this tract;

Thence North 90 degrees for 1650 feet parallel to the West boundary line of Survey 12 for the Northeast corner of this tract.

Thence West 90 degrees for 1056 feet parallel to the South boundary line of Survey 12 for the Northwest corner of this tract.

Thence South 90 degrees for 1650 feet parallel to the West boundary line of Survey 12 to the Point of Beginning, containing 40 acres, more or less, limited in depth from the surface to 4627'.

(b) Dated January 29, 1986, between Texaco, Inc., as Lessor, and Blair Royalties of Orla, Inc., as Lessee, recorded in Volume 464, page 163, Deed Records, Reeves County, Texas;

insofar as said lease covers the following described land, to-wit:

The Northeast Quarter of the Northwest Quarter (NE/4 NW/4) of Section 13, Block 57, T-2, T&P RR Co. Survey, Reeves County, Texas, as to and only as to oil and gas rights from the surface down to 4555 feet;

(c) Dated April 2, 1986, between Texaco, Inc., as Lessor, and Blair Royalties of Orla, Inc., as Lessee, recorded in Volume 469, page 219, Deed Records, Reeves County, Texas;

insofar as said lease covers the following described land, to-wit:

The Southeast Quarter of the Northwest Quarter (SE/4 NW/4) of Section 13, Block 57, T-2, T&P RR Co. Survey, Reeves County, Texas, as to and only as to oil and gas rights from the surface down to 4500 feet;

together with a like interest in and to all personal property and equipment situated thereon and used or obtained in connection therewith.

This assignment is made expressly subject to the terms and provisions of that certain Operating Agreement dated January 14, 1986, between Blair Royalties of Orla, Inc., as Operator, and Oliver S. Heard, Jr., et al, as Non-Operators.

This assignment is made without warranty of title, express or implied.

DATED the 24th day of May NWM, 1987, but effective as of May 26, 1987.

Nathan W. Moon
NATHAN W. MOON

STATE OF TEXAS)
)
COUNTY OF Reeves)

This instrument was acknowledged before me on the 30th day of September 30, 1987, by Nathan W. Moon.

My Commission Expires:
4-29-89

Lucille Burgan
Notary Public
Printed Name: LUCILLE BURGAN

INST/63

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

FILED FOR RECORD ON THE 3rd DAY OF February A.D. 1988 AT 1:24P. M.

DULY RECORDED ON THE 3rd DAY OF February A.D. 1988 AT 2:30P. M.

BY Billie Jo Freeman DEPUTY

CATHERINE ASHLEY, COUNTY CLERK,
REEVES COUNTY, TEXAS.

28

M.F. 88364
FROM: Audit
TO: File

MF-88364
Assignment
4-27-88

FOR SALE BY STAFFORD-LOWDON CO. FORT WORTH 55326

E 503—CERTIFICATE OF TRUE COPY OF PAPERS RECORDED—Class 1. (Arts. 6600-6625-6634, R. S. 1925) Texas Standard Form

THE STATE OF TEXAS

County of REEVES }

I, CATHERINE ASHLEY, Clerk of the County Court of Reeves County, Texas, do hereby certify that the foregoing is a true and correct copy of the original RECORDED ASSIGNMENT OF INTEREST IN OIL AND GAS LEASES FROM NATHAN W. MOON TO W. A. BLAIR

as the same appears of record in my office in book 482 page 662, DEED RECORD

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

this 3rd day of February 19 88.

CATHERINE ASHLEY Clerk,

By Billie Jo Freeman Deputy.

(Billie JO Freeman)

M-88364

Type or print only

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

Form W-2
Rev. 4/1/83
483-046

API No. 42- 389 31818

7. RRC District No. 8

8. RRC Lease No.

Oil Well Potential Test, Completion or Recompletion Report, and Log

1. FIELD NAME (as per RRC Records or Wildcat): Matthews Lower Cherry Canyon
2. LEASE NAME: State "12"
9. Well No.: 1
3. OPERATOR'S NAME (Exactly as shown on Form P-5, Organization Report): Orla Petco, Inc.
RRC Operator No.: 626210
10. County of well site: Reeves
4. ADDRESS: P. O. Box 1383, Midland, Texas 79702
11. Purpose of filing: Initial Potential [X]; Retest [ ]; Reclass [ ]; Well record only (explain in Remarks) [ ]
5. If Operator has changed within last 60 days, name former operator
6a. Location (Section, Block, and Survey): Sec. 12, Blk 57, T-2, T&P RR Co.
6b. Distance and direction to nearest town in this county.: 2 mi. North of Orla
12. If workover or reclass, give former field (with reservoir) & gas ID or oil lease no.
FIELD & RESERVOIR | GAS ID or OIL LEASE # | Oil - O Gas - G | WELL NO.
13. Type of electric or other log run: CNLD & DLL
14. Completion or recompletion date: 11-08-87

SECTION I: POTENTIAL TEST DATA IMPORTANT: Test should be for 24 hours unless otherwise specified in field rules.

15. Date of test	16. No. of hours tested	17. Production method (Flowing, Gas Lift, Jetting, Pumping—Size & Type of pump)	18. Choke size
11-20-87	24	flowing	17/64

19. Production during Test Period ▶	Oil - BBLS	Gas — MCF	Water - BBLS	Gas - Oil Ratio	Flowing Tubing Pressure
	63	115	250	1825	540 PSI
20. Calculated 24-Hour Rate ▶	**Oil - BBLS**	**Gas — MCF**	**Water — BBLS**	**Oil Gravity—API—60°**	**Casing Pressure**
				38	- PSI

21. Was swab used during this test? Yes [ ] No [X]
22. Oil produced prior to test (New & Reworked wells): 155
23. Injection Gas—Oil Ratio:

REMARKS:

INSTRUCTIONS: File an original and one copy of the completed Form W-2 in the appropriate RRC District Office within 30 days after completing a well and within 10 days after a potential test. If an operator does not properly report the results of a potential test within the 10-day period, the effective date of the allowable assigned to the well will not extend back more than 10 days before the W-2 was received in the District Office. (Statewide Rules 16 and 51) To report a completion or recompletion, fill in both sides of this form. To report a retest, fill in only the front side.

WELL TESTER'S CERTIFICATION
I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I conducted or supervised this test by observation of (a) meter readings or (b) the top and bottom gauges of each tank into which production was run during the test. I further certify that the potential test data shown above is true, correct, and complete, to the best of my knowledge.

Joseph Roybal — Signature: Well Tester
Orla Petco, Inc. — Name of Company
RRC Representative

OPERATOR'S CERTIFICATION
I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated therein are true, correct, and complete, to the best of my knowledge.

Joseph Roybal
Typed or printed name of operator's representative

Vice-President
Title of Person

915-684-4762
Telephone: Area Code Number

Date: 11 / 30 / 87 (mo. / day / year)

Joseph Roybal
Signature

SECTION II — DATA ON WELL COMPLETION AND LOG (Not Required on Retest)

24. Type of Completion: New Well [X] Deepening [ ] Plug Back [ ] Other [ ]

25. Permit to Drill, Plug Back or Deepen — DATE: 9/4/87 — PERMIT NO.: 335401
Rule 37 Exception — CASE NO.:
Water Injection Permit — PERMIT NO.:
Salt Water Disposal Permit — PERMIT NO.:
Other — PERMIT NO.:

26. Notice of Intention to Drill this well was filed in Name of: Orla Petco, Inc.

27. Number of producing wells on this lease in this field (reservoir) including this well: 0

28. Total number of acres in this lease: 40

29. Date Plug Back, Deepening, WorkOver or Drilling Operations: Commenced 10-21-87; Completed 10-31-87

30. Distance to nearest well, Same Lease & Reservoir: none

Rule 13(A) Exception 9-14-87

31. Location of well, relative to nearest lease boundaries of lease on which this well is located: 467' Feet From South Line and 475' Feet from East Line of the State "12" Lease

32. Elevation (DF, RKB, RT, GR, ETC.): 2848 GL, 2860 KB

33. Was directional survey made other than inclination (Form W—12)? [ ] Yes [X] No

34. Top of Pay: 4338 | 35. Total Depth: 4630 | 36. P. B. Depth: 4624 | 37. Surface Casing Determined by: Field Rules [ ] Recommendation of T.D.W.R. Railroad Commission (Special) [X] Dt. of Letter 9-14-87

38. Is well multiple completion? No

39. If multiple completion, list all reservoir names (completions in this well) and Oil Lease or Gas ID No.

FIELD & RESERVOIR	GAS ID or OIL LEASE #	Oil—O Gas—G	WELL #

40. Intervals Drilled by: Rotary Tools X | Cable Tools

41. Name of Drilling Contractor: Roper Energy

42. Is Cementing Affidavit Attached? [X] Yes [ ] No

43. CASING RECORD (Report All Strings Set in Well)

CASING SIZE	WT #/FT.	DEPTH SET	MULTISTAGE TOOL DEPTH	TYPE & AMOUNT CEMENT (sacks)	HOLE SIZE	TOP OF CEMENT	SLURRY VOL. cu. ft.
8 5/8	24	1175	-	840 sx cl.C	12 1/4	surface	1108
4 1/2	11.6	4624	-	600 sx cl.c & neat	7 7/8	2700	999

44. LINER RECORD

Size	TOP	Bottom	Sacks Cement	Screen

45. TUBING RECORD

Size	Depth Set	Packer Set
2 3/8	4271	4241

46. Producing Interval (this completion) Indicate depth of perforation or open hole

From		To	
From	4338	To	4350
From		To	
From		To	

47. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

Depth Interval	Amount and Kind of Material Used
4338-4350	500 Gal. 7 1/2 % acid
	6000 Gal. Gelled Water
	8000 # 20-40
	6000 # 10-20

48. FORMATION RECORD (LIST DEPTHS OF PRINCIPAL GEOLOGICAL MARKERS AND FORMATION TOPS)

Formations	Depth	Formations	Depth
Base of Salt	2720		
Top of Delaware	2902		
Top of Cherry Canyon	3844		

REMARKS

OIL AND GAS DIVISION

INCLINATION REPORT

(One Copy Must Be Filed With Each Completion Report.)

6. RRC District

7. RRC Lease Number, (Oil completions only

IELD NAME (as per RRC Records or Wildcat)

2. LEASE NAME

State 12

8. Well Number

1

PERATOR

Orla Petco, Inc.

9. RRC Identification Number (Gas completions only

DDRESS

P. O. Box 1383, Midland, Tx 79702

10. County

OCATION (Section, Block, and Survey)

1645 FWL 467 FSL, Sec 12, Blk 57, Township 2, T&P RR Co. Survey

Reeves

RECORD OF INCLINATION

Measured Depth (feet)	12. Course Length (Hundreds of feet)	*13. Angle of Inclination (Degrees)	14. Displacement per Hundred Feet (Sine of Angle X100)	15. Course Displacement (feet)	16. Accumulative Displacement (feet)
255	255	3/4	1.31	3.34	3.34
504	249	1	1.75	4.36	7.70
1020	516	1/2	.87	4.49	12.19
1175	155	1	1.75	2.71	14.90
1501	326	2	3.49	11.38	26.28
1997	496	1	1.75	8.68	34.96
2496	499	3/4	1.31	6.54	41.50
2997	501	1 3/4	3.05	15.28	56.78
3462	465	1 1/2	2.62	12.18	68.96
3970	508	1 1/2	2.62	13.31	82.27
4630	660	1 1/2	2.62	17.29	99.56

If additional space is needed, use the reverse side of this form.

Is any information shown on the reverse side of this form? ☐ yes ☒ no

Accumulative total displacement of well bore at total depth of 4630 feet = 99.56 feet.

Inclination measurements were made in — ☐ Tubing ☐ Casing ☐ Open hole ☒ Drill Pipe

Distance from surface location of well to the nearest lease line _____ feet.

Minimum distance to lease line as prescribed by field rules _____ feet.

Was the subject well at any time intentionally deviated from the vertical in any manner whatsoever? _____

(If the answer to the above question is "yes", attach written explanation of the circumstances.)

LINATION DATA CERTIFICATION

I declare under penalties prescribed in Sec. 91.143, Texas Natural ources Code, that I am authorized to make this certification, that I personal knowledge of the inclination data and facts placed on both s of this form and that such data and facts are true, correct, and com- e to the best of my knowledge. This certification covers all data as cated by asterisks (*) by the item numbers on this form.

nature of Authorized Representative

Fred Roper Vice President

e of Person and Title (type or print)

Roper Energy Company

e of Company

ephone: 915 683-2167

Area Code

OPERATOR CERTIFICATION

I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have personal knowledge of all information presented in this report, and that all data presented on both sides of this form are true, correct, and complete to the best of my knowledge. This certification covers all data and information presented herein except inclination data as indicated by asterisks (*) by the item numbers on this form.

Signature of Authorized Representative

Name of Person and Title (type or print)

Operator

Telephone: _____ _____

Area Code

Railroad Commission Use Only:

Approved By: _____ Title: _____ Date: _____

*designates items certified by company that conducted the inclination surveys.

Cementer: Fill in shaded areas.
Operator: Fill in other items.

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

Form W-15
Cementing Report
Rev. 4/1/83
483-045

1. Operator's Name (As shown on Form P-5, Organization Report)	2. RRC Operator No.	3. RRC District No.	4. County of Well Site
Orla Petco	626210	8	Reeves

Field Name (Wildcat or exactly as shown on RRC records)	6. API No.	7. Drilling Permit No.
Matthews Lower Cherry Canyon	42- 389 31818	335401

Lease Name	9. Rule 37 Case No.	10. Oil Lease/Gas ID No.	11. Well No.
State 12	----		1

CASING CEMENTING DATA:		SURFACE CASING	INTER-MEDIATE CASING	PRODUCTION CASING		MULTI-STAGE CEMENTING PROCESS	
				Single String	Multiple Parallel Strings	Tool	Shoe
2. Cementing Date		10/23/87					
3. •Drilled hole size		12 1/4					
•Est. % wash or hole enlargement							
4. Size of casing (in. O.D.)		8 5/8					
5. Top of liner (ft.)		surf.					
6. Setting depth (ft.)		1175					
7. Number of centralizers used		10					
8. Hrs. waiting on cement before drill-out		12					
1st Slurry	19. API cement used: No. of sacks ▶	840					
	Class ▶	"C"					
	Additives ▶	2% $CaCl_2$					
2nd Slurry	No. of sacks ▶						
	Class ▶						
	Additives ▶						
3rd Slurry	No. of sacks ▶						
	Class ▶						
	Additives ▶						
1st	20. Slurry pumped: Volume (cu. ft.) ▶	1108.8					
	Height (ft.) ▶	1175					
2nd	Volume (cu. ft.) ▶						
	Height (ft.) ▶						
3rd	Volume (cu. ft.) ▶						
	Height (ft.) ▶						
Total	Volume (cu. ft.) ▶	1108.8					
	Height (ft.) ▶	1175					
21. Was cement circulated to ground surface (or bottom of cellar) outside casing?		yes					

22. Remarks

WCNA 1070

OVER ▶

Cementer: Fill in shaded areas.
Operator: Fill in other items.

Form W-15
Cementing Report
Rev. 4/1/83
483-045

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

1. Operator's Name (As shown on Form P-5, Organization Report)	2. RRC Operator No.	3. RRC District No.	4. County of Well Site
Tla Petco	626210	8	Reeves

5. Field Name (Wildcat or exactly as shown on RRC records)	6. API No.	7. Drilling Permit No.
Matthews Lower Cherry Canyon	42- 389 31818	335401

8. Lease Name	9. Rule 37 Case No.	10. Oil Lease/Gas ID No.	11. Well No.
XXXX State "12"	---		1

ING CEMENTING DATA:	SURFACE CASING	INTER-MEDIATE CASING	PRODUCTION CASING		MULTI-STAGE CEMENTING PROCESS	
			Single String	Multiple Parallel Strings	Tool	Shoe
Cementing Date			10/30/87			
•Drilled hole size			7 7/8			
•Est. % wash or hole enlargement						
Size of casing (in. O.D.)			4 ½			
Top of liner (ft.)			surf.			
Setting depth (ft.)			4630			
Number of centralizers used			12			
Hrs. waiting on cement before drill-out						
19. API cement used: No. of sacks ▶			300			
Class ▶			P.S.Lite			
Additives ▶			3% salt/sk	¼# Cello-Seal/sk		
No. of sacks ▶			300			
Class ▶			"C"			
Additives ▶			neat			
No. of sacks ▶						
Class ▶						
Additives ▶						
20. Slurry pumped: Volume (cu. ft.) ▶			603			
Height (ft.) ▶			2637			
Volume (cu. ft.) ▶			396			
Height (ft.) ▶			1725			
Volume (cu. ft.) ▶						
Height (ft.) ▶						
Volume (cu. ft.) ▶			999			
Height (ft.) ▶			4362			
Was cement circulated to ground surface (or bottom of cellar) outside casing?			no			

Remarks

CNA 1070

OVER ▶

(31)

M. F. 88364
WELL # 1 COMPLETION REPORT
GARRY MAURO, COMMISSIONER
FILED 7-12-88 BY SL

TO: PRIDE PIPELINE COMPANY
P.O. BOX 2436
ABILENE, TEXAS 79604

DIVISION ORDER

05/03/89 KB/BW DUPLICATE

No. 08-030246 MAY 1, 1989

Effective as of the date of first runs by you.

The undersigned certify and guarantee that they are the legal owners of, and hereby warrant title to, in the proportions set out below, all the oil produced from the BLAIR ROYALTIES OF ORLA INC/MIDSHOT #1 & #2 Lease,

LOCATED IN THE COUNTY OF REEVES STATE OF TEXAS and described as follows: to wit:

STATE OF TEXAS OIL AND GAS LEASE NO. 88364 COVERING THE SOUTH PART OF THE T & P RY CO. SURVEY NO. 12 BLOCK 57, T-2, REEVES COUNTY, TEXAS, INSOFAR AS SAID LEASE COVERS TWO 40-ACRE TRACTS OF LAND DESCRIBED BY METES AND BOUNDS AS (A) & (B) ON EXHIBIT 'A', ATTACHED HERETO AND MADE A PART HEREOF.

Until further written notice, you are authorized to purchase oil therefrom and pay therefor, as follows:

OWNER NO.	CREDIT TO	NET REVENUE INTEREST
00004577	STATE OF TEXAS	.25000000 RI

SEE EXHIBIT 'B', ATTACHED HERETO AND MADE A PART HEREOF.

1. Oil run hereunder shall become your property upon delivery thereof into any tank, pipeline, or other conveyance designated by you, and shall be paid for by you monthly, except as hereinafter provided, according to the division of interest shown above at the price being posted or paid by you at the time of such delivery.

2. Payments for such oil shall be made on or before the 25th day of the month succeeding such purchases. Payments may be made to the owners shown above in person or by mailing your check therefor to the address of the owners designated to receive same as shown above. Provided, however, that at your option no payments shall be made to an owner until the sum due on account of such interest shall amount to $25.00 or more.

3. Quantities shall be computed from regularly compiled tank tables or by other reliable methods of computation (the owners to have the privilege of witnessing the gauge tickets), and correction shall be made for temperature and impurities according to the prevailing practice and the rules and regulations prescribed by the Commission or other legal authority of the State where the purchases hereunder are made. You may require the owners to treat or steam any unmerchantable oil at the owners' expense, before acceptance hereunder.

4. The owners severally agree to notify you in writing of any change in ownership, and that their successors shall be bound by the terms hereof. Orders transferring interests, supported by certified copy of deed, assignment, or other legal document, shall be in your hands by the 20th day of the month in which the transfer becomes effective, it being understood that transfers of interests are effective only on the first day of any current month at 7:00 o'clock A.M.

5. Satisfactory abstracts or other evidence of title will be furnished to you at any time on demand. In the event of a failure to so furnish such evidence of title, or in the event of a claim or controversy, which in your opinion, concerns title to any interest hereunder, you may hold, without interest and without any liability, the proceeds of all oil received by you hereunder until indemnity satisfactory to you has been furnished or until such claim or controversy has been settled to your satisfaction. In the event any action or suit is filed in any court affecting the title either to the real property above described or to the oil produced therefrom in which any of the owners are parties, written notice of the filing of said action or suit shall be immediately furnished to you by such owner against whom such action or suit is commenced, stating the court in which same is filed and the title of such action or suit. Each owner agrees to hold you harmless and to protect and indemnify you and/or any carrier transporting oil for your account from, against and for any loss or expense which you and/or such carrier may suffer or sustain or become liable for by reason of your purchase hereunder of said owner's interest, as above set out, in said oil and the payment therefor to said owner regardless of how the same may arise and including, but not limited to, the following: Any judgment rendered in an action or suit affecting the title to either the real property above described or the oil produced therefrom; all reasonable costs or expenses incurred in defending in such action or suit your position or that of your carrier receiving the oil; any claim or claims or judgment arising therefrom, for any tax, State or Federal, which may be asserted by any taxing authority against you in connection with, incident or in any manner related to, any sum or sums of money held in Suspense by you during the existence of any claim, controversy or suit, as above provided. You may deduct any such loss or expense from any amount owed by you to such owner at any time. Upon written notification to you by any Operator of the above lease that the undersigned is in default in the payment of its share of the leasehold expenses, you may pay direct to such Operator the proceeds of the oil run hereunder until notified by such Operator that the default is cured, and the undersigned agrees to hold you harmless and to protect and indemnify you for any such payments. You shall further be authorized to withhold funds in the event you are due money from owner and apply the funds to the payment of your account. In the event you are notified of a mispayment to any owner on any lease from which you purchase or that all parties have not been properly paid from any lease from which you purchase, each owner agrees to allow you to suspend funds until the claim is satisfied.

6. You are hereby authorized to withhold from the proceeds of any and all runs made hereunder the amount of any tax, either State or Federal, placed thereon, and to pay the same in our behalf.

7. This division order shall become valid and binding upon each and every owner as soon as signed by such owner, regardless of whether or not any other owners have so signed, and this division order supersedes all former division orders given on the property described above.

8. This contract shall continue in force for Thirty days and thereafter, until terminated by you giving notice of your intent to so terminate, or by any owner giving notice of intent to so terminate, without, however, affecting the same as to the interest of the other owners.

9. Where the term "oil" is used herein, it is intended also to include "distillate, condensate or other liquid hydrocarbons."

STATE OF TEXAS

BY _____

TITLE _____

TAX ID. [redacted]

WITNESS: _____

STATE OF TEXAS
GENERAL LAND OFFICE
STEPHEN F AUSTIN BLDG
AUSTIN TX 78701

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

005 (Rev Dec 84)

ATTACHMENT-EXHIBIT "A"
Blair Royalties of Orla Inc./Midshot #1 & #2
Reeves County/TX
PPL #08-30246

Tract A: That certain tract of land described as follows: Beginning at a point on the South Boundary line of Section 12, 1056 feet East of the Southwest corner of said Section; Thence East for 1056 feet along the South boundary line of Section 12 for the Southeast corner of this tract; Thence North for 1650 feet parallel to the West boundary line of Section 12 for the Northeast corner of this tract; Thence West for 1056 feet parallel to the South boundary line of Section 12 for the Northwest corner of this tract; Thence South for 1650 feet parallel to the West Boundary line of Section 12 to the point of beginning, containing 40 acres, more or less, limited to horizons from the surface to the base of the Cherry Canyon formation estimated to be at a depth of 5200 feet below the surface.

Tract B: That certain tract of land described as follows: Beginning at a point on the South Boundary line of Section 12, 4224 feet East of the Southwest corner of said Section; Thence East for 1056 feet along the South Boundary line of Section 12 to the Southeast corner of said Section and the Southeast corner of this tract; Thence North for 1650 feet along the East Boundary line of Section 12 to the Northeast corner of this tract; Thence West for 1056 feet parallel to the South Boundary line of Section 12 to the Northwest corner of this tract; Thence South 1650 feet parallel to the West Boundary line of Section 12 to the point of beginning, containing 40 acres, more or less, limited to horizons from the surface to the base of the Cherry Canyon formation estimated to be at a depth of 5200 feet below the surface.

BLAIR ROYALTIES OF ORLA INC/MIDSHOT #1 & #2
REEVES COUNTY
PRIDE LEASE 030246

CREDIT	DIVISION OF INTEREST
ROYALTY INTEREST	
STATE OF TEXAS	0.25000000
OVERRIDING ROYALTY INTEREST	
EDWARD R KENNEDY JR	0.02000000
WORKING INTEREST	
BLAIR ROYALTIES OF ORLA INC	0.02190000
CRAIG L & SHELLY BLAIR	0.23603330
JERRY N & JUDY JONES	0.23603330
W A BLAIR & GEORGETTE BLAIR	0.23603340

MF 88364 (32)
ITEM D.O
TO
FROM Price
DATE 4-10-90

Garry Mauro
Commissioner
General Land Office

April 10, 1990

Pride Pipeline Company
Attn: Division Order Department
P.O. Box 2436
Abilene, Texas 79604

RE: Mineral File No. M-88364

This letter is issued in lieu of the Division Order prepared by your company for execution by the individual royalty owners.

Inasmuch as the statutes provide for the royalties that the State shall receive, 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 under the lease, which oil and/or gas shall become your property when the State has been properly paid for same, as prescribed by law and under the terms and conditions set out in the lease covering the land in question.

Please refer to the mineral file number referenced above in all correspondence with this office. If you have any questions, please feel free to call me at (512) 463-5042.

Sincerely,

Drew Reid

Drew Reid, Landman
Lease Compliance
Energy Resources

DR/dr

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

33

MF 88364
ITEM letter
TO Pride
FROM
DATE 4-10-90

P.O. Drawer 2948
Midland, Texas 79702
Phone (915) 683-6403

PRIDE PIPELINE
COMPANY

March 8, 1990

State of Texas
General Land Office
Stephen F. Austin Building
Austin, Texas 78701

Re: 08-30246/Midshot #1 & #2
Reeves County, Texas

Dear Interest Owner:

Please be advised of a change in the legal description on our Division Order on the above referenced lease.

The legal description should read: As per attached Exhibit "A".

Please acknowledge your agreement with the change by signing below and returning the original of this letter to us. We have enclosed a copy for your files.

Very truly yours,

PRIDE PIPELINE COMPANY

Kay Brockman
Division Order Analyst

KB/tn

Acknowledged and agreed to this _____ day of _____, 1990.

Owner name: _____

X_____

ATTACHMENT-EXHIBIT "A"
Blair Royalties of Orla Inc./Midshot #1 & #2
Reeves County/TX
PPL #08-30246

Tract A: That certain tract of land described as follows: Beginning at a point on the South Boundary line of Section 12, 1056 feet East of the Southwest corner of said Section; Thence East for 1056 feet along the South boundary line of Section 12 for the Southeast corner of this tract; Thence North for 1650 feet parallel to the West boundary line of Section 12 for the Northeast corner of this tract; Thence West for 1056 feet parallel to the South boundary line of Section 12 for the Northwest corner of this tract; Thence South for 1650 feet parallel to the West Boundary line of Section 12 to the point of beginning, containing 40 acres, more or less, limited to horizons from the surface to the base of the Cherry Canyon formation estimated to be at a depth of 5200 feet below the surface.

Tract B: That certain tract of land described as follows: Beginning at a point on the South Boundary line of Section 12, 3168 feet East of the Southwest corner of said Section; Thence East for 1056 feet along the South boundary line of Section 12 for the Southeast corner of this tract; Thence North for 1650 feet parallel to the West boundary line of Section 12 for the Northeast corner of this tract; Thence West for 1056 feet parallel to the South boundary line of Section 12 for the Northwest corner of this tract; Thence South for 1650 feet parallel to the West boundary line of Section 12 to the point of beginning, containing 40 acres, more or less, limited to horizons from the surface to the base of the Cherry Canyon formation estimated to be at a depth of 5200 feet below the surface.

MF 88364
ITEM letter
TO
FROM Price
DATE 4-10-90

3-10-90

VOL 499 PAGE 612

M-88364
M-90708

FILE NO. 408 J. N. JONES, ET UX TO W. A. BLAIR, ET AL

PARTIAL ASSIGNMENT OF OIL AND GAS LEASES

STATE OF TEXAS §
§
COUNTY OF REEVES §

For a valuable consideration received, the sufficiency of which is hereby acknowledged, J.N. Jones and his wife, Judy Jones ("Assignor"), do hereby sell, assign and convey unto the parties shown below the indicated interests in and to the interests in the oil and gas leases referred to in Exhibit "A" attached hereto, only insofar as said leases cover the lands described in Exhibit "A", together with a like interest in and to all personal property situated thereon and used or obtained in connection therewith.

Assignee	Interest Assigned
W. A. Blair P. O. Box 20 Orla, TX 79770	16.17%
Craig L. Blair P. O. Box 20 Orla, TX 79770	16.17%

This assignment is made subject to the terms and provisions of that certain Assignment and Bill of Sale effective as of October 1, 1988, from Orla Petco, Inc., et al to Blair Royalties of Orla, Inc., covering, among other interests and lands, the land, leases and interests described in Exhibit "A" attached hereto.

Assignor hereby warrants title to the interests assigned hereunder against the lawful claims of all those claiming by, through or under Assignor, but not otherwise.

Dated this 13th day of February, 1990, but effective as of January 1, 1990 at 7:00 a.m.

J.N. JONES

JUDY JONES

THE STATE OF NEW MEXICO §
§
COUNTY OF Eddy §

This instrument was acknowledged before me on this 13th day of February, 1990, by J.N. JONES and his wife, JUDY JONES, known to me to be the persons whose names are subscribed to the foregoing instrument and executed the same for the purposes and consideration therein expressed.

My Commission Expires:
01/24/91

Notary Public
Printed Name: Vicki Jones

VICKI JONES NOTARY PUBLIC STATE OF NEW MEXICO

$50

EXHIBIT "A"

Attached and made a part of that certain Partial Assignment of Oil and Gas Leases, effective January 1, 1990, from J.N. Jones and his wife, Judy Jones, as Assignor, to Craig L. Blair and W. A. Blair, as Assignees.

I. An aggregate 100% gross working interest and 73% net revenue interest in Tracts A, B and C described below pursuant to that certain Oil and Gas Lease dated October 5, 1982, recorded in Volume 427, Page 331, Deed Records, Reeves County, Texas, from the State of Texas, as Lessor, to Prewit Minerals, as Lessee. Tracts A, B and C are located in Block 57, T-2, T.& P. Ry. Co. Survey, Reeves County, Texas. M-88364

Tract A: That certain tract of land described as follows: Beginning at a point on the South Boundary line of Section 12, 1056 feet East of the Southwest corner of said Section; Thence East for 1056 feet along the South boundary line of Section 12 for the Southeast corner of this tract; Thence North for 1650 feet parallel to the boundary line of Section 12 for the Northeast corner of this tract; Thence West for 1056 feet parallel to the South boundary line of Section 12 for the Northwest corner of this tract; Thence South for 1650 feet parallel to the West Boundary line of Section 12 to the point of beginning, containing 40 acres, more or less, limited to horizons from the surface to the base of the Cherry Canyon formation estimated to be at a depth of 5200 feet below the surface.

Tract B: That certain tract of land described as follows: Beginning at a point on the South Boundary line of Section 12, 3168 feet East of the Southwest corner of said Section; Thence East for 1056 feet along the South boundary line of Section 12 for the Southeast corner of this tract; Thence North for 1650 feet parallel to the West boundary line of Section 12 for the Northeast corner of this tract; Thence West for 1056 feet parallel to the South boundary line of Section 12 for the Northwest corner of this tract; Thence South for 1650 feet parallel to the West boundary line of Section 12 to the point of beginning, containing 40 acres, more or less, limited to horizons from the surface to the base of the Cherry Canyon formation estimated to be at a depth of 5200 feet below the surface.

Tract C: That certain tract of land described as follows: Beginning at a point on the South Boundary line of Section 12, 4224 feet East of the Southwest corner of said Section; Thence East for 1056 feet along the South boundary line of Section 12 to the Southeast corner of said Section and the Southeast corner of this tract; Thence North for 1650 feet along the East boundary line of Section 12 to the Northeast corner of this tract; Thence West for 1056 feet parallel to the South Boundary line of Section 12 to the Northwest corner of this tract; Thence South 1650 feet parallel to the West Boundary line of Section 12 to the point of beginning, containing 40 acres, more or less, limited to horizons from the surface to the base of the Cherry Canyon formation estimated to be at a depth of 5200 feet below the surface.

II. An aggregate 100% gross working interest and 79.25% net revenue interest in the SW/4 SE/4 of Section 14, Block 57, T-2, T. & P. Ry. Co. Survey, Reeves County, Texas pursuant to that certain Oil and Gas Lease dated October 15, 1984, recorded in Volume 450, Page 717, Deed Records, Reeves County, Texas, from Hazel Lewelling, et al, individually and as agents for the State of Texas, as Lessor, to Orla Petco, Inc., as Lessee. M-90708

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

FILED FOR RECORD ON THE 16th DAY OF February A.D. 1990 AT 11:28A. M.

DULY RECORDED ON THE 16th DAY OF February A.D. 1990 AT 12:30P. M.

BY Bessie Jo Greenson DEPUTY

CATHERINE ASHLEY, COUNTY CLERK
REEVES COUNTY, TEXAS.

35

MF 88364
ITEM Partial Assignment of OGL
TO
FROM Blair Roy et al ORL
DATE 3-17-90

C-ref
M-60706

FOR SALE BY STAFFORD-LOWDON CO. FORT WORTH 55326

E 503—CERTIFICATE OF TRUE COPY OF PAPERS RECORDED—Class 1. (Arts. 6600-6625-6634, R. S. 1925) Texas Standard Form

THE STATE OF TEXAS

County of REEVES }

I, CATHERINE ASHLEY, Clerk of the County Court of Reeves County, Texas, do hereby certify that the foregoing is a true and correct copy of the original RECORDED PARTIAL ASSIGNMENT OF OIL AND GAS LEASES FROM J. N. JONES, ET UX TO W. A. BLAIR, ET AL

as the same appears of record in my office in book 499 page 612, DEED RECORDS.

Given under my Hand and Seal of said Court, at office in Pecos, Texas this 16th day of February 19 90.

CATHERINE ASHLEY Clerk,

By Billie Jo Freeman Deputy.

(Billie JO Freeman)

M-88364
M-90708

Filing Fees

X 25.00

90046188

129

THE BLAIR ROYALTIES OF ORLA, INC.
LEASE ACCOUNT
P. O. BOX 20 PH. 915-273-4831
ORLA, TX 79770

1032

88-775/1163

May 11th, 1990

PAY TO THE ORDER OF GENERAL LAND OFFICE $ 25.00

Twenty-five and no/100---------- DOLLARS

	State Lease No.		
	M-88354 & M-90708		

THIS CHECK IS DELIVERED FOR PAYMENT ON THE ACCOUNTS LISTED.

Michael W. Royce

UNITEDBANK
P.O. BOX 11347 MIDLAND, TEXAS 79702

⑈001032⑈ [redacted]

(36)

MF 88364
ITEM RF Filing Fee Remittance
~~TO~~
FROM Blair Roy. OF ORLA
DATE 5-14-90

C-ref
M-90708

M-88364
M-90708

MICHAEL W. ROYE
Oil and Gas Investments
P. O. Box 3714
Midland, Texas 79702 - 3714
(915) 683-6033

March 15, 1990

General Land Office
1700 N. Congress
Austin, TX 78701

X 25.00 90034742

Gentlemen:

Enclosed please find one (1) certified copy of a Partial Assignment of Oil and Gas Leases from J. N. Jones, et ux to W. A. Blair, et al. Also, enclosed is our check numbered 1030 in the amount of $25.00 to cover the required filing fees.

Thank you for your assistance. If you should have any questions, please feel free to contact the undersigned.

Very truly yours,

Michael W. Roye

Michael W. Roye

MWR/jhd

Enclosures

✓ The Blair Royalties of Orla Su

3/22 phoned left message
need add'l $25 Fr
2ND REQ 5/8/90

129

1

121

1A, 2L, $50
remitted $25
Bal 25.00 Rec'd 5/14/90

(37)

MF 88364
ITEM LTR
~~TO~~
FROM Blair Royalties of ORLA
DATE 3-17-90

A-ref:
M-90708

3.15.90

Garry Mauro
Commissioner
General Land Office

June 20, 1990

The Blair Royalties of Orla Inc.
Attn: Michael W. Roye
P. O. Box 3714
Midland, TX 79702-3714

Re: Instrument Filings
M-88364 State of Texas Tract 12
M-90708 State of Texas Tract 14
Reeves County, Texas

Dear Mr. Roye:

The General Land Office received the following instrument on March 17, 1990, and has filed it in the following mineral files:

Filed in mineral files M-88364 and M-90708:

Partial Assignment of Oil and Gas Leases dated February 13, 1990, from J. N. Jones et ux, to W. A. Blair et al, recorded in Volume 499, Page 612, Lease Records, Reeves County, Texas.

Filing Fee: $50.00

The total amount of the fees received for the filing of the instrument listed above is $50.00, which amount is acknowledged by the General Land Office.

Very truly yours,

Theodore Ringer, Jr., CPA
Lease Compliance
Energy Resources
(512) 475-1535

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

(38)

MF 88364
ITEM LTR
TO Blair Roy, et ORLA
FROM
DATE 6-20-90

C-ref:
M-90708

CONOCO INC.
OIL AND GAS DIVISION ORDER

DBG

TO: CONOCO INC.
REAL PROPERTY ADMINISTRATION
P. O. BOX 1267
PONCA CITY, OK 74603

DIVISION ORDER: 43957
DATE PREPARED: 07/17/1990
PRODUCT TYPE: GAS
GAS EFFECTIVE DATE: 02/01/1990

EACH OF THE UNDERSIGNED WARRANTS OWNERSHIP OF THE INTEREST, SET OPPOSITE HIS NAME, IN ALL OIL (DEFINED AS CRUDE OIL AND CONDENSATE) AND/OR IN THE PROCEEDS DERIVED FROM THE SALE OF ALL GAS (DEFINED AS NATURAL GAS AND CASINGHEAD GAS) PRODUCED FROM:

LEASE CODE(S): 6068600

OPERATOR: BLAIR ROYALTIES OF ORLA
PROPERTY NAME: NORTHSHOT #1
DESCRIPTION: SECTION 12, BLOCK 57, T2.

COUNTY: REEVES STATE: TEXAS

INCLUDING ALL SUBSTANCES PRODUCED WITH SUCH OIL AND/OR GAS, FROM THE EFFECTIVE DATE AND UNTIL FURTHER WRITTEN NOTICE, AND SUBJECT TO THE FOLLOWING PROVISIONS YOU, OR YOUR DESIGNATED AGENT, ARE AUTHORIZED TO RECEIVE SUCH PRODUCTION AND GIVE CREDIT FOR ALL PRODUCTION RECEIVED, AND FOR THE PROCEEDS DERIVED FROM THE SALE OF GAS, IN ACCORDANCE WITH THE DIVISION OF INTEREST SHOWN BELOW: (THE CONTENTS OF THE ATTACHMENTS HERETO, SHALL CONSTITUTE A PART OF THIS DIVISION ORDER.)

CREDIT TO OWNER NO. 99993400	PROD	INTEREST
STATE OF TEXAS LAND OFF GENERAL LAND OFFICE 1700 N CONGRESS AUSTIN TX 78701	GAS	.1053195 RI

IMPORTANT: TO AVOID DELAY IN PAYMENT - YOUR CORRECT ADDRESS AND YOUR SOCIAL SECURITY NUMBER OR TAX ACCOUNT NUMBER MUST BE SHOWN. FAILURE TO SHOW YOUR SOCIAL SECURITY NUMBER OR TAX ACCOUNT NUMBER MAY RESULT IN OUR WITHHOLDING 20% OF 1099 REPORTABLE PAYMENTS EFFECTIVE JANUARY 1, 1984, IN COMPLIANCE WITH FEDERAL LAW.

SOCIAL SECURITY NUMBER |__|__|__|-|__|__|-|__|__|__|__|

FEDERAL TAX ID NUMBER |__|__|-|__|__|__|__|__|__|__|

FILE COPY

1. OIL SHALL BECOME THE PROPERTY OF THE PURCHASER UPON ACTUAL DELIVERY TO IT OR TO ITS DESIGNATED CARRIER OR AGENT. THE OIL SHALL BE GRADED AND MEASURED IN ACCORDANCE WITH THE CUSTOMARY PIPE LINE RULES AND REGULATIONS OR STANDARDS GENERALLY ACCEPTED IN THE INDUSTRY. IF PURCHASED BY YOU, SETTLEMENT SHALL BE BASED ON YOUR POSTED OR QUOTED PRICE PER BARREL (42 U.S. GALLONS) IN EFFECT ON DELIVERY DATE FOR OIL OF THE KIND AND QUALITY FOR THE FIELD WHERE PRODUCED. YOU ARE AUTHORIZED TO REDUCE SUCH PRICE BY ANY CHARGES FOR TRANSPORTING OIL BY PIPELINE, TRUCK AND/OR BARGE AND ANY TREATING COSTS WHICH IN YOUR OPINION ARE NECESSARY TO MAKE THE OIL MERCHANTABLE. IF OIL IS SOLD BY YOU TO ANOTHER PURCHASER, SETTLEMENT SHALL BE BASED ON THE NET PROCEEDS REALIZED AT THE WELL BY YOU FROM SUCH SALE, AFTER DEDUCTING ANY COSTS FOR TRANSPORTING OR TREATING THE OIL FOR DELIVERY.

2. SETTLEMENT FOR GAS SOLD SHALL BE BASED ON THE NET PROCEEDS REALIZED AT THE WELL BY YOU, AFTER DEDUCTING ANY COSTS INCURRED IN COMPRESSING, TREATING, TRANSPORTING AND/OR DEHYDRATING THE GAS FOR DELIVERY. IF THE GAS IS PROCESSED IN OR NEAR THE FIELD WHERE PRODUCED, SETTLEMENT SHALL BE BASED ON THE NET PROCEEDS REALIZED AT THE WELL AS DETERMINED BY THE AGREEMENT BETWEEN THE PRODUCER AND PROCESSOR, OR, IN THE ABSENCE OF SUCH AN AGREEMENT, THE SAME BASIS AS SETTLEMENT WITH OTHER PRODUCERS OF GAS OF LIKE KIND AND QUALITY PROCESSED AT THE SAME PLANT. FOR GAS USED OFF THE LEASE, SETTLEMENT SHALL BE BASED ON MARKET VALUE AT THE WELL. WHERE GAS IS SOLD SUBJECT TO REGULATION BY GOVERNMENTAL AUTHORITY, THE PRICE APPROVED BY ORDER OF SUCH AUTHORITY SHALL BE USED AS A BASIS FOR DETERMINING NET PROCEEDS REALIZED, OR MARKET VALUE AT THE WELL, PROVIDED, THAT THE PORTION OF THE PROCEEDS NOT BASED ON A PERMANENT CERTIFICATE PRICE MAY BE SUSPENDED, WITHOUT INTEREST, UNTIL YOU HAVE BEEN FURNISHED INDEMNIFICATION SATISFACTORY TO YOU THAT ANY REQUIRED REFUND SHALL BE PAID.

3. SETTLEMENTS SHALL BE MADE MONTHLY BY YOUR CHECK MAILED TO THE UNDERSIGNED PARTIES AT THE ADDRESSES GIVEN HEREIN, LESS ANY TAXES REQUIRED BY LAW TO BE DEDUCTED AND PAID BY YOU. SHOULD THE PROCEEDS ACCRUING TO ANY INTEREST HEREUNDER FOR ANY MONTH BE LESS THAN TWENTY-FIVE DOLLARS ($25.00), YOU MAY, AT YOUR OPTION, RETAIN SUCH PROCEEDS WITHOUT INTEREST UNTIL THE FIRST REGULAR SETTLEMENT DATE WHEN THE PROCEEDS ACCUMULATED TOTAL AS MUCH AS TWENTY-FIVE DOLLARS ($25.00). PAYMENT OF THE ACCUMULATED AMOUNTS OF LESS THAN TWENTY-FIVE DOLLARS ($25.00) SHALL BE MADE IN DECEMBER OF EACH YEAR.

4. YOU ARE HEREBY RELIEVED OF ANY RESPONSIBILITY FOR DETERMINING WHEN ANY INTEREST HEREUNDER SHALL CHANGE BY INCREASE, DECREASE, TERMINATION, REVERSION OR OTHERWISE. YOU ARE AUTHORIZED TO REMIT PURSUANT TO THE DIVISION OF INTEREST CREDITED HEREUNDER UNTIL WRITTEN NOTICE TO THE CONTRARY IS RECEIVED BY YOU AT PONCA CITY, OKLAHOMA, AND YOU SHALL BE HELD HARMLESS AGAINST LOSS OR LIABILITY DUE TO YOUR FAILURE TO RECEIVE SUCH NOTICE. EACH OF THE UNDERSIGNED AGREEES TO NOTIFY YOU IN WRITING OF ANY CHANGE IN HIS INTEREST, AND NO TRANSFER OF INTEREST SHALL BE BINDING ON YOU UNTIL YOU ARE FURNISHED THE ORIGINAL RECORDED INSTRUMENT (OR A CERTIFIED COPY THEREOF) OR A TRANSCRIPT OF PROCEEDINGS WHICH SATISFACTORILY EVIDENCES SUCH TRANSFER, AND YOUR REGULAR FORM OF TRANSFER ORDER IS FULLY EXECUTED AND RETURNED TO YOU. REGARDLESS OF THE EFFECTIVE DATE OF THE TRANSFER, ALL TRANSFERS OF INTEREST SHALL BE EFFECTIVE HEREUNDER AS OF 7:00 A. M ON THE FIRST DAY OF A CALENDAR MONTH, BUT NOT EARLIER THAN THE FIRST DAY OF THE CALENDAR MONTH IN WHICH SUCH WRITTEN NOTICE IS RECEIVED.

5. EACH PARTY AGREES TO INDEMNIFY AND HOLD YOU HARMLESS FROM AND AGAINST ANY AND ALL LOSS, COST, OR EXPENSE ARISING OUT OF A CLAIM OR SUIT BASED ON YOUR PAYMENT TO HIM OF PROCEEDS OF PRODUCTION ATTRIBUTABLE TO SUCH INTEREST. IF ANY CLAIM IS MADE WHICH IN YOUR OPINION ADVERSELY AFFECTS TITLE TO ANY INTEREST CREDITED HEREUNDER, OR SUCH TITLE IS NOT SATISFACTORY TO YOU, THE PARTIES CREDITED WITH SUCH INTEREST SEVERALLY AGREE TO FURNISH ABSTRACTS OR OTHER EVIDENCE OF TITLE ACCEPTABLE TO YOU. IN THE EVENT OF FAILURE TO FURNISH SUCH EVIDENCE OF TITLE, YOU ARE AUTHORIZED TO WITHHOLD PAYMENTS ACCRUING TO SUCH INTEREST, WITHOUT INTEREST, UNTIL THE CLAIM IS SETTLED.

6. IN THE EVENT THE LAND DESCRIBED HEREIN, OR ANY PART THEREOF, IS INCLUDED IN ONE OR MORE UNITS NOW OR HEREAFTER FORMED OR REVISED BY ORDER OF ANY APPROPRIATE GOVERNMENTAL AUTHORITY, OR IS INCLUDED IN ONE OR MORE AUTHORIZED VOLUNTARY OR DECLARED UNITS NOW OR HEREAFTER FORMED OR REVISED. IT IS AGREED THAT SETTLEMENT SHALL BE MADE IN ACCORDANCE WITH THE PRODUCTION ALLOCATED TO SAID LAND WITHOUT THE EXECUTION OF ADDITIONAL DIVISION ORDERS.

7. EACH WORKING INTEREST OWNER WARRANTS THAT THE OIL AND/OR GAS HAS BEEN PRODUCED IN ACCORDANCE WITH ALL APPLICABLE LAWS, RULES AND REGULATIONS.

8. THIS DIVISION ORDER MAY BE EXECUTED IN COUNTERPARTS, AND SHALL BE BINDING UPON AND INURE TO THE BENEFIT OF ALL SIGNERS HEREOF, THEIR HEIRS, SUCCESSORS AND ASSIGNS, WHETHER OR NOT IT IS SIGNED BY ALL PARTIES NAMED HEREIN.

WITNESSES:

_____

_____

_____

_____

_____

_____

SIGNATURE:

_____

_____

_____

RPT NO: B7237-01 OWNERSHIP ATTACHMENT RUN DATE: 07/17/1990 PAGE 1
JOB NO: JN6111Z RUN TIME: 23.15.33
DBG

DIVISION ORDER/TRACT: 43957- NORTHSHOT #1

COUNTY: REEVES
STATE: TEXAS

OWNER NO.	OWNER NAME	PRODUCT	INTEREST DECIMAL	INTEREST TYPE	APO INTEREST DECIMAL	APO INTEREST TYPE
92096100 52	CRAIG L BLAIR	GAS	.1125000	WI		
43717400 83	W A BLAIR	GAS	.1125000	WI		
93594600 07	STEPHEN BLAIR	GAS	.5025000	WI		
06565100 11	STEVEN B MCKINNEY	GAS	.0075000	WI		
84387800 78	EARL L PERKINS	GAS	.0075000	WI		
47934600 17	BLAIR ROYALTIES	GAS	.0075000	WI		
	JACK E. BLAKE, JR.	GAS	.0064536	ORI		
	BLAKE OIL & GAS CORP.	GAS	.0064537	ORI		
	BRUCE W. BLAKE	GAS	.0064537	ORI		
	MICHAEL W. ROYE	GAS	.0200000	ORI		
	VIOLET SCHULER	GAS	.0156250	RI		
	ROBERT A. SCHULER	GAS	.0052083	RI		
	JAMES N. SCHULER	GAS	.0052083	RI		
	EVELYN SCHULER LIFE ESTATE	GAS	.0052084	RI		
	JACK E. BLAKE	GAS	.0242778	RI		
	BETTY JANE STAPLES	GAS	.0191667	RI		
	R.W. BLAKE	GAS	.0191667	RI		
	RICHARD KIEL	GAS	.0005208	RI		
	CAROL WAGNER	GAS	.0005208	RI		
	DONALD H. KIEL	GAS	.0003472	RI		
	LOIS OESTRICH	GAS	.0003472	RI		
	LORNA JEAN RYBACHECK	GAS	.0003472	RI		
	MILDRED MAX	GAS	.0010417	RI		
	ESTHER I. WURM	GAS	.0010417	RI		
	RICHARD GEHLE	GAS	.0010417	RI		
	MARY C. GEHLE	GAS	.0015625	RI		
	SHIRLEY E. CAMPBELL	GAS	.0015625	RI		
	ALTHA M. FARWELL	GAS	.0015625	RI		
	ALGO A. NOVALLO	GAS	.0015625	RI		
99993400 07	STATE OF TEXAS LAND OFF	GAS	.1053195	RI		

39

MF 88364
ITEM E.O.
TO
FROM ConoCo
DATE 8.16.90

8-16-90

Garry Mauro
Commissioner
General Land Office

September 20, 1990

Conoco Incorporated
Attn: Division Order Department
P.O. Box 1267
Ponca City, OK 74603

RE: Mineral File No. M-88364

This letter is issued in lieu of the Division Order prepared by your company for execution by the individual royalty owners.

Inasmuch as the statutes provide for the royalties that the State shall receive, 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 under the lease, which oil and/or gas shall become your property when the State has been properly paid for same, as prescribed by law and under the terms and conditions set out in the lease covering the land in question.

Please refer to the mineral file number referenced above in all correspondence with this office. If you have any questions, please feel free to call me at (512) 463-5042.

Sincerely,

Drew Reid

Drew Reid, Landman
Lease Compliance
Energy Resources

DR/dr

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

Printed on recycled paper

MF 88364
ITEM Ltr.
TO Conoco
FROM
DATE 9.20.90

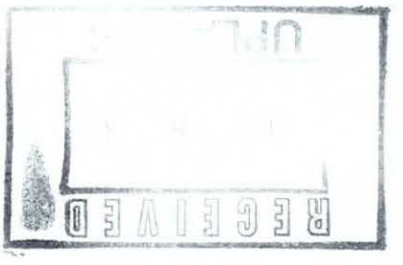
40

ORLA PETCO, INC.

111

P. O. BOX 1383, MIDLAND, TEXAS 79702
TELEPHONE 915 684-4762

June 2, 1988



General Land Office
1700 North Congress Ave.
Austin, Texas 78701

Attn: Daryl Morgan
Energy Resources Division

Re: State Mineral Lease
File M-88364
State 12, Well No. 1
Reeves County, Texas

Dear Mr. Morgan:

Enclosed please find two assignments which we would like recorded.

1) Assignment of Interest in Oil and GasLeases
Orla Petco, Inc. to Wintershall Oil and Gas, et al

2) Assignment of Overriding Royalty Interest
Orla Petco, Inc. to Ed R. Kennedy, Jr.

Should you require any further information, please feel free to call.

Respectfully submitted,

Joseph Roybal

Joseph Roybal
Vice President

JR/kd

FILE NO. 701 ORLA PETCO, INC. TO WINTERSHALL OIL & GAS, ET AL

ASSIGNMENT OF INTEREST
IN
OIL AND GAS LEASES

THE STATE OF TEXAS)

COUNTY OF REEVES)

For an adequate consideration in hand paid, the receipt of which is hereby acknowledged, ORLA PETCO, INC., P. O. Box 1383, Midland, Texas, 79702, ("Assignor") does hereby GRANT, CONVEY and ASSIGN to the following named individuals and entities, their respective heirs, successors and assigns ("Assignees"), in the percentage shown below opposite the name of each Assignee, an undivided 79.00% interest in the Oil and Gas Lease dated October 5, 1982, from the State of Texas, Lessor, to Prewit Minerals, Lessee, covering S/pt. of Section 12, Block 57, Township 2, T&P RR Co. Survey, Reeves County, Texas, containing 200 acres, as shown on the official map of Reeves County, Texas, now on file in the General Land Office in Austin, Texas, said lease being recorded in Volume 427, Page 331, Deed Records of Reeves County, Texas (State Lease No. 88364); INSOFAR and only INSOFAR as it covers the tracts being described by metes and bounds as follows:

Tract A) Beginning at a point on the South Boundary line of Section 12, Block 57, T-2, T&P RR Co. Survey, Reeves County, Texas, 1056' East of the Southwest corner of said Section, Thence East for 1056' along the South boundary line of Section 12 for the Southeast corner of this tract; Thence North for 1650' parallel to the West boundary line of Section 12 for the Northeast corner of this tract; Thence West for 1056'parallel to the South boundary line of Section 12 for the Northwest corner of this tract; Thence South for 1650' parallel to the West Boundary line of Section 12 to the point of beginning, containing 40 acres, more or less, limited in depth from the surface to the base of the Cherry Canyon formation estimated to be 5200'.

Tract B) Beginning at a point on the South Boundary line of Section 12, Block 57, T-2, T&P RR Co. Survey, Reeves County, Texas, 3168'East of the Southwest corner of said Section, Thence East for 1056' along the South boundary line of Section 12 for the Southeast corner of this tract; Thence North for 1650' parallel to the West boundary line of Section 12 for the Northeast corner of this tract; Thence West for 1056' parallel to the South boundary line of Section 12 for the Northwest corner of this tract; Thence South for 1650' parallel to the West boundary line of Section 12 to the point of beginning, containing 40 acres, more or less, limited in depth from the surface to the base of the Cherry Canyon formation estimated to be 5200';

together with a like interest in and to all personal property and equipment situated thereon and used or obtained in connection therewith.

The interest covered by this assignment is bargained, sold, assigned and conveyed to Assignees herein and shall be held by them, their heirs, successors and assigns, in the following interest:

Wintershall Oil and Gas 5 Post Oak Park, Suite 2000 Houston, Texas 77027	37.035
Orla Drilling Fund No. 6 P. O. Box 1383 Midland, Texas 79702	19.447
Bruce Pearson P. O. Box 1461 Midland, Texas 79702	7.407
J. M. C. Ritchie P. O. Box 1383 Midland, Texas 79702	7.407
Arden Grover P. O. Box 3666 Midland, Texas 79702	3.704
Betty Randell 3413 Wedgewood Midland, Texas 79707	2.00
J. M. C. Ritchie Jr. P. O. Box 1401 Midland, Texas 79702	2.00
Total Interest Assigned	79.00%

This assignment is made expressly subject to and Assignees herein shall bear their respective proportionate parts of that certain 2% of 8/8 overriding royalty interest owned by Ed R. Kennedy Jr., dated January 22, 1988 and recorded in Volume 482, Page 462, Deed Records of Reeves County, Texas, and all other overriding royalty interests which appear of record, and the terms, provisions, reservations and conditions of the above-described leases and any assignments thereof.

This assignment is made expressly subject to the terms and provisions of that certain Operating Agreement dated December 4, 1987, between ORLA PETCO, INC., as Operator, and WINTERSHALL OIL AND GAS, et al as Non-Operators.

This assignment is made without warranty of title, express or implied.

WITNESS THE EXECUTION HEREOF this 4th day of March, 1988, but effective date of first runs.

ORLA PETCO, INC.

Joseph Roybal

Joseph Roybal, Vice President

STATE OF TEXAS)

COUNTY OF MIDLAND)

the foregoing instrument was acknowledged before me this 4TH day of March, 1988, by JOSEPH ROYBAL, Vice President of ORLA PETCO, INC., a Delaware corporation, on behalf of said corporation.

BETTY RANDELL, Notary Public
In and for the State of Texas
My Commission Expires 1-29-91

Betty Randell
Betty Randell, Notary Public

FOR SALE BY STAFFORD-LOWDON CO. FORT WORTH 55326

E 503—CERTIFICATE OF TRUE COPY OF PAPERS RECORDED—Class 1. (Arts. 6600-6625-6634, R. S. 1925) Texas Standard Form

THE STATE OF TEXAS

County of REEVES }

I, CATHERINE ASHLEY, Clerk of the County Court of Reeves County, Texas, do hereby certify that the foregoing is a true and correct copy of the original RECORDED ASSIGNMENT OF INTEREST IN OIL AND GAS LEASES FROM ORLA PETCO, INC. TO WINTERSHALL OIL & GAS, ET AL

as the same appears of record in my office in book 483 page 566, DEED RECORDS.

Given under my Hand and Seal of said Court, at office in Pecos, Texas this 10th day of MARCH 19 88.

CATHERINE ASHLEY Clerk,

By Billie Jo Freeman Deputy.
(Billie JO Freeman)

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

FILED FOR RECORD ON THE 10th DAY OF March A.D. 1988 AT 11:07A. M.

DULY RECORDED ON THE 10th DAY OF March A.D. 1988 AT 12:15P. M.

BY Billie Jo Freeman DEPUTY

CATHERINE ASHLEY, COUNTY CLERK,
REEVES COUNTY, TEXAS.

41

FILE NO. M-88364
Riverside COUNTY
Assignment
FILED 4, 8 19 88
GARRY MAURO, COM'R
BY Bds



ASSIGNMENT OF OVERRIDING ROYALTY INTEREST

STATE OF TEXAS)

COUNTY OF REEVES)

WHEREAS, ORLA PETCO, INC., P. O. Box 1383, Midland, Texas, 79702, ("Assignor") owns the following described oil and gas lease insofar as it covers the lands hereinafter described situated in Reeves County, Texas:

Dated October 5, 1982, between The State of Texas, as Lessor, and Prewit Minerals, as Lessee, recorded in Volume 427, Page 331, Deed Records of Reeves County, Texas;

insofar as said lease covers the following described land, to-wit:

The South Part of Section 12, Block 57, T-2, T&P RR Co. Survey, Reeves County, Texas, containing 200 acres, as shown on the official map of Reeves County, Texas, now on file in the General Land Office in Austin, Texas, Limited in depth from the surface to the Base of the Cherry Canyon Formation, estimated to be at 5200', SAVE and EXCEPT the following described two 40 acre tracts of land described by metes and bounds as follows:

Tract (A) Beginning in the Southwest corner of Section 12, Block 57, T-2, T&P RR Co. Survey, Reeves County, Texas, thence East for 1056' along the South boundary line of Section 12 for the Southeast corner of this tract; Thence North for 1650', parallel to the West boundary line of Section 12 for the Northeast corner of this tract; Thence West for 1056 ' parallel to the South boundary line of Section 12 for the Northwest corner of this tract; Thence South for 1650' along the West boundary line of Section 12 to the point of beginning, containing 40 acres, more or less,

Tract (B) Beginning at a point on the South boundary line of Section 12, Block 57, T-2, T&P RR Co. Survey, Reeves County, Texas, 2112' from the Southwest corner, Thence East for 1056' along the South boundary line of Section 12 for the Southeast corner of this tract; Thence North for 1650'parallel to the West boundary line of Section 12 for the Northeast corner of this tract; Thence West for 1056' parallel to the South boundary line of Section 12 for the Northwest corner of this tract; Thence South for 1650' parallel to the West boundary line of Section 12 to the point of beginning, containing 40 acres, more or less;

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS; that Assignor for an adequate consideration in hand paid, the receipt of which is hereby acknowledged, does hereby BARGAIN, SELL and ASSIGN unto ED R. KENNEDY, JR., P. O. Drawer 432, Midland, Texas, 79702, ("Assignee") an overriding royalty equal to two percent of eight-eights (2% of 8/8 ths) of all oil which may be produced and saved from the lands described above under and by virtue of the leases

described above, delivery of such oil to be made free of cost to the credit of Assignee into storage tanks provided by Assignee or into the pipeline to which the wells on said land may be connected. On dry gas or casinghead gas, when marketed from said premises, Assignee shall be paid 2 % of 8/8 ths part of the net proceeds at the well derived therefrom, and on casinghead gas or other gaseous or vaporous substances produced from said lands and utilized by Assignor in the manufacture of gasoline or other products, Assignee shall be paid 2% of 8/8 ths part of the current market value at the well or wells of the casinghead gas or other gaseous or vaporous substances so utilized.

Fuel oil and gas for operating the premises and for treating and handling the products therefrom (and the proportionate part of fuel oil and gas consumed in a central plant, should this lease be operated jointly with other premises through the use of such plant) shall be conducted before said overriding royalties on oil or gas are computed. It is expressly agreed that operations if any on said premises, and the extent and duration thereof, as well as the preservation of the leasehold estate by rental payments or otherwise shall be solely at the will of Assignor, its successors and assigns.

If the lessors in the above described leases own a lesser interest in the premises covered thereby than the entire and undivided fee, then said overriding royalties shall be paid to Assignee herein in the proportion which the interest of the lessors in said lands bear to the entire and undivided fee.

Assignee hereby authorizes Assignor to unitize, pool and combine the land covered by the above described lease in any manner which conforms with the laws of the State of Texas and the rules and regulations of the Texas Railroad Commission or other lawful authority.

This Assignment is made expressly subject to the terms and provisions of that certain Oil and Gas Lease dated October 5, 1982, between the State of Texas, and Prewit Minerals.

This assignment is made without warranty of title, express or implied.

The terms hereof shall extend to and be binding upon the parties hereto, their heirs, legal representatives, successors and assigns.

WITNESS THE EXECUTION HEREOF this 22nd day of January, 1988, but effective date of first runs.

ORLA PETCO, INC.

Joseph Roybal

Joseph Roybal, Vice President

THE STATE OF TEXAS)

COUNTY OF MIDLAND)

The foregoing instrument was acknowledged before me this 22ND day of January, 1988, by JOSEPH ROYBAL, Vice President of ORLA PETCO, INC., a Delaware corporation, on behalf of said corporation.

BETTY RANDELL, Notary Public
In and for the State of Texas
My Commission Expires 1-29-91

Betty Randell

Betty Randell, Notary Public

ORLA PETCO, INC.
Box 1383, 79702

000287

Patricia Monroe

} CATHERINE ASHLEY Clerk of the County

I hereby certify that the foregoing instrument of writing dated the 22nd day of January A.D. 1988 has certificate of authentication was filed for record in my office on the 25th day of January A.D. 1988 at 8:52 o'clock A. M. and duly recorded on the 25th day of January A.D. 1988 at 12:30 o'clock P. M. in the DEED records of said county in Vol. 482 on page 462

WITNESS my hand and seal of the County Court of said County at office in Pecos, Texas on the date and year last above written.

CATHERINE ASHLEY
Clerk County Court, Reeves County, Texas
By Billie Jo Freeman, Dep.

(Billie JO Freeman)

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

42

FILE NO. M-88364
Reves. COUNTY
Assignment
FILED 6-8 1988
GARRY MAURO, COM'R
BY Bdel



Texas General Land Office
Garry Mauro, Commissioner

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

July 31, 1996

I, Garry Mauro, Commissioner of the General Land Office of the State of Texas, do hereby certify that the papers, records, and documents of said office show:

That on October 6, 1876, J.J. Groos, Commissioner of the Texas General Land Office, issued Land Scrip Certificate 5074, entitling the Texas and Pacific Railway Company, by virtue of having completed railway improvements, to 640 acres of land, which land was to be located upon any of the vacant, unreserved, and unappropriated public domain of the State of Texas, in accordance with its charter and the General Laws governing the same, the grant having been made upon the condition that an alternate section be surveyed for the State, as well as the odd-numbered section for the railway company, and said Land Scrip Certificate was filed in the Texas General Land Office on August 9, 1877, in File Bexar Scrip 23792;

That on August 20, 1876, William B. Champlin, Deputy Surveyor for the Texas and Pacific Railway Co., surveyed 640 acres in Pecos County for the State of Texas, by virtue of Certificate 5074, and compiled field notes thereon, designating it as Section 12, Township 2, Block 57, which field notes were recorded in Book D-4, Page 118, Surveyor's Records, Pecos Land District, and were filed in the Texas General Land Office on August 9, 1877, in Bexar Scrip 23792, marked correct on map for 640 acres;

> That the file wrapper for File Bexar Scrip 23792 is endorsed: "Conflict with H&GN RR S-2840 & 2841 otherwise correct on map (dated) Oct. 18/77 (signed) Wm Thompson";

That on November 24, 1906, Section 12, Township 2, Block 57, T&P Ry. Co. Survey, Certificate 5074, 640 acres in Reeves County was awarded to Mrs. Julia Crume on her application filed in the Texas General Land Office on September 20, 1906, in School File 92212, and which application was filed to purchase said land under the

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provisions of Title LXXXVII, Chapter 12A, Revised Civil Statutes of 1895, and the amendments thereto by the Act of May 19, 1897, and the Acts relating to the sale and lease of Public Free School and Asylum lands, approved April 19, 1901, and April 15, 1905, as a actual settler, said tract applied for having been classified as Mineral and Dry Grazing and endorsed: "Land forfeited for failure to reside thereon as required by law. (dated) 2/20/09 (signed) J.T. Robison Comm.", "Reinstated (dated) 4/12/09 (signed) J.T. Robison Comm." and "Must file waiver of mineral right, and also show whether or not you are a married woman. (dated) 10/29/06";

That on November 21, 1906, Mrs Julia Crume, executed an affidavit, sworn to according to law, in which she stated "that she is a widow over the age of twenty one years", said affidavit was filed in the Texas General Land Office on November 23, 1906, in School File 92212;

That on November 30, 1906, a certified copy of Mrs. Julia Crume's mineral rights waiver was received in the Texas General Land Office and filed in School File 92212;

That on April 9, 1909, an opinion was received in the Texas General Land Office from R.V. Davidson, Texas Attorney General, said opinion stated, "I am of the opinion that Mrs. Crume was not absent, in contemplation of law, from her home or from her land and that she has not abandoned same or absented herself therefrom and has in no manner forfeited her title, right or interest in and to said sections, and that you have the power and should reinstate her purchase and cancel the award thereof made to any subsequent party or parties", and a copy of said opinion was filed in the General Land Office in School File 92212;

That on September 25, 1909, Mrs. Julia Crume, a feme sole, made the required proof of occupancy on said Home Section 12, Township 2, Block 57, T&P Ry. Co. Survey, which proof was filed in the Texas General Land Office on October 2, 1909, in School File 92212, and Certificate of Occupancy 11930 was issued on October 5, 1917;

That on April 21, 1914, Julia Crume conveyed Section 12, Township 2, Block 57, T&P Ry. Co. Survey, as well as other lands, 1492 total acres in Reeves County, to Mays and Mays, a law firm composed of W.J. Mays and Charles Mays, and a certified copy of said deed was filed in the Texas General Land Office on July 10, 1926, in School File 92212;

That on December 13, 1923, W.J. Mays and Charles Mays conveyed

Section 12, Township 2, Block 57, T&P Ry. Co., in Reeves County, to Helmer Peterson, and a certified copy of said deed was filed in the Texas General Land Office on July 10, 1926, in School File 92212;

That on August 27, 1925, Helmer Peterson conveyed Section 12, Township 2, Block 57, T&P Ry. Co. Survey, 440 acres in Reeves County, to K.M. Regan, and a certified copy of said deed was filed in the Texas General Land Office on July 10, 1926, in School File 92212, and is endorsed: "Cannot tell what portion of the Sec. is conveyed by this deed";

> That the old file wrapper for School File 92212 is endorsed: "For add-See F92213, 97615 & 97616", "MF 6150", "Reuse to cancel the claim should affidavit of abandonment be filed through investigation (dated) 3/31/08", "Forfeited for failure to reside upon the land as required by law. (signed) J.T. Robison (dated) 2/20/08" and "Reinstated under opinion Atty Genl. see copy within (signed) J.T. Robison (dated) 4/12/09";
>
> That the new file wrapper for School File 92212 is endorsed: "E 1/2 of NE 1/4, W 1/2 of NW 1/4, NW pt. of S 1/2", "See Official SK. in F-142477", "E 1/2 of NW 1/4 F 142475, W 1/2 of NE 1/4 F 142476, SE pt of N 400 a F 142477", " Sold in File 151379" and "(stamped) Land Forfeited Aug. 26, 1941 (signed) Bascom Giles Commissioner (Reinstated statement on old file wrapper)";

* * *

That on June 14, 1920, Helmer Peterson conveyed Section 12, Block 57, Township 2, T&P Ry. Co. Survey, 200 acres in Reeves County, to Mrs. Helmer (Myrtle) Peterson, and a certified copy of said deed was filed in the Texas General Land Office on July 10, 1926, in School File 141756;

> That the file wrapper for School File 141756 is endorsed: "Abt. 4829", "See Office SK F-142477", "Orig. in 92212. (dated) 7-1-27" and "(stamped) LAND FORFEITED (signed) J.T. Robison Commr.";

* * *

That on May 10, 1944, the East one-half of North East one-fourth, West one-half of North West one-fourth and North West part of South one-half (E/2 of NE/4, W/2 of NW/4 and NW/pt. of South 1/2) of

Section 12, Block 57, Township 2, T&P Ry. Co. Survey, Certificate 5074, 200 acres in Reeves County was awarded to Paul Thomas on his application filed in the Texas General Land Office on May 2, 1944, in School File 151379, and which application was filed to purchase said land under the provisions of the laws relating to the sale of school land without settlement and with a reservation of 1-8 of the sulphur and 1-16 of all the other minerals as a free royalty to the State, without settlement, said tract applied for having been classified as Mineral and Grazing;

That on June 16, 1972, payment in full for 200 acres, East one-half of North East one-fourth, West one-half of North West one-fourth and North West part of South one-half (E/2 of NE/4, W/2 of NW/4 and NW/pt. of South 1/2) of Section 12, Block 52, Township 2, T&P Ry. Co, Survey, Certificate 5074, Reeves County, was received in the Texas General Land Office, and said land, having been classified Mineral and Grazing, with a free royalty of one-eighth of the sulphur and a free royalty of one-sixteenth of all other minerals reserved to the State, now stands on the records of the Texas General Land Office as paid in full and unpatented under Abstract 5701 and School File 151379;

That the file wrapper for School File 151379 is endorsed: "F/N Req'd (dated) 6-20-72";

* * *

That on October 30, 1919, Alma McLendon conveyed her application to Prospect Section 12, Block 57, Township 2, T&P Ry. Co. Survey in Reeves County, to C.H. Finley, and a certified copy of said deed was filed in the Texas General Land Office on April 12, 1929, in Mineral File M-6150;

That on January 3, 1920, JH Walker, Commissioner of the Texas General Land Office, under the provisions of Chapter 83, Act approved March 16, 1917, issued Oil and Gas Permit 6150, to C.H. Finley, Assignee of Alma McLendon, covering Section 12, Certificate 5074, Block 57, Township 2, T&P Ry. Co. Survey, as well as other Sections, total of 2560 acres of land, in Reeves County, for a term of three years and a certified copy of said permit was received in the Texas General Land Office on January 3, 1920, in Mineral File M-6150, and is endorsed: "(stamped) Forfeited for failure to continue development and pay 3rd year 10¢ per acre to State within time prescribed by law. (dated) 3-10-1922, (signed) JT Robison Commissioner";

That on March 20, 1920, C.H. Finley conveyed Oil and Gas Permit 6150, covering Section 12, Certificate 5074, Block 57, Township 2, T&P Ry. Co. Survey, as well as other Sections, total of 2560 acres of land, in Reeves County, to H.B. McDowell, J.O. Crockett, and F.H. Lazenby, Trustee of the American Oil and Refining Company, and a certified copy of said deed was filed in the Texas General Land Office on May 12, 1920, in Mineral File M-6150;

> The file wrapper for Mineral File M-6150 is endorsed: "Forfeited for failure to pay third year 10¢ per acre to State within time prescribed by law. (dated) 3-10-1922 (signed) J.T. Robison, Commissioner", "See No. 12 Cert. No. 5074, See No. 14 Cert. No. 5075, See No. 22 Cert. No. 5079, See No. 24 Cert. No. 5080", "Transfer MF 5928", "Cert. of Co. Sur. in App. 8528, Combination Agreement in 4813" and "combined with 4813-4651-4812-4733-5019-6098-6180-4218 Average date Oct. 8-1919" and "(stamped) FORFEITED";

* * *

That on April 12, 1929, J.T. Robison, Commissioner of the Texas General Land Office, under the provisions of Chapter 83, Act approved March 16, 1917, issued Oil and Gas Permit 14458, to Theo W. Carter, covering South part of Section 12, Certificate 5074, Block 57, Township 2, T&P Ry. Co. Survey, 160 acres in Reeves County, for a term of three years and a certified copy of said permit was filed in the Texas General Land Office on April 12, 1929 in Mineral File M-14458, and is endorsed: "(stamped) Forfeited for failure to begin development and 10¢ per acre to State within time prescribed by law. (dated) 6-11-1931, (signed) JH Walker Commissioner";

> That the file wrapper for Mineral File 14458 is endorsed: "S. pt Section No. 12", "Combination within, Combined with 16350" and "(stamped) Forfeited for failure to begin development and pay 10¢ per acre to State within time prescribed by law. (dated) 6-11-1931 (signed) J.H. Walker Commissioner.";

* * *

That on December 13, 1949, pursuant to Chapter 271, Acts of the 42nd Legislature, 1931, as amended by House Bill No. 9, Acts of the 46th Legislature, 1939, Chapter 82, Acts of the 50th Legislature, 1947, and other applicable laws, Bascom Giles, Commissioner of the

Texas General Land Office, executed and delivered State Oil & Gas Lease M-34841, covering the South part of Section 12, Block 57, Township 2, T&P Ry. Co. Survey, Reeves County, containing 200 acres, more or less, as shown by the official map filed in the Texas General Land Office, to Jack May, for a cash bonus of $500.00, with a primary term of five years, an annual delay rental of $1.00 per acre, and a royalty to the State of one-eighth (1/8) of the production of oil and gas from the tract, and, upon the payment of the cash bonus due, and the 1.0% statutory sale fee when required, a copy of the lease was filed in the Texas General Land Office on December 13, 1949, in Mineral File M-34841;

That the file wrapper for Mineral File M-34841 is endorsed: "200 acres (drawn through and changed to) 120" and "(stamped) EXPIRED";

* * *

That on October 2, 1973, pursuant to Chapter 271, General Laws, Acts of the 42nd Legislature, Regular Session, 1931, as amended, (Art. 5421c, V.T.C.S.), Senate Bill 816, Acts of the 63rd Legislature, 1973, and subject to all rules and regulations promulgated by the Commissioner of the Texas General Land Office and/or the School Land Board, pursuant to Articles 5366 and 5421c-3, V.T.C.S., as amended, and all other applicable statutes and amendments thereto, Bob Armstrong, Commissioner of the Texas General Land Office, executed and delivered State Oil & Gas Lease M-68734, covering the South part of Section 12, Block 57, Township 2, T&P Ry. Co. Survey, Reeves County, containing 200 acres, as shown by the official map filed in the Texas General Land Office, to the Skelly Oil Company, for a cash bonus of $30,478.00, with a primary term of five years, an annual delay rental of $5.00 per acre, and a royalty to the State of one-sixth (1/6) of the production of oil and gas from the tract, and, upon the payment of the cash bonus due, and the 1.0% statutory sale fee when required, a copy of the lease was filed in the Texas General Land Office on October 2, 1973, in Mineral File M-68734;

That the file wrapper for Mineral File M-68734 is endorsed: "Expired (initialed) AJW";

* * *

That on February 6, 1979, pursuant to Chapter 32 and Subchapters A-E, G, and H of Chapter 52 of the Natural Resources Code, and subject to all rules and regulations promulgated by the

Commissioner of the Texas General Land Office and/or the School Land Board, pursuant thereto, and all other applicable statutes and amendments to said Natural Resources Code, Bob Armstrong, Commissioner of the Texas General Land Office, executed and delivered State Oil & Gas Lease M-78875, covering the South Part of Section 12, Block 57, Township 2, T&P Ry. Co. Survey, Reeves County, containing 200 acres, as shown by the official map filed in the Texas General Land Office, to the Continental Oil Company, for a cash bonus of $36,400.00, with a primary term of three years, an annual delay rental of $5.00 per acre, and a royalty to the State of one-fifth (1/5) of the production of oil and gas from the tract, and, upon the payment of the cash bonus due, and the 1.0% statutory sale fee when required, a copy of the lease was filed in the Texas General Land Office on February 6, 1979, in Mineral File M-78875;

That the file wrapper for Mineral File M-78875 is endorsed: "Released (dated) 9-3-82 (initialed) ES" and "(stamped) EXPIRED (initialed) NS";

* * *

That on October 5, 1982, pursuant to Chapter 32 and Subchapters A-E, G, and H of Chapter 52 of the Natural Resources Code, and subject to all rules and regulations promulgated by the Commissioner of the Texas General Land Office and/or the School Land Board, pursuant thereto, and all other applicable statutes and amendments to said Natural Resources Code, Bob Armstrong, Commissioner of the Texas General Land Office, executed and delivered State Oil & Gas Lease M-88364, covering the South Part of Section 12, T&P Ry. Co. Survey, Block 57, Township 2, Reeves County, containing 200 acres, as shown by the official map filed in the Texas General Land Office, to Prewit Minerals, for a cash bonus of $15,000.00, with a primary term of three years, an annual delay rental of $5.00 per acre, and a royalty to the State of one-fourth (1/4) of the production of oil and gas from the tract, and, upon the payment of the cash bonus due, and the 1.0% statutory sale fee when required, a copy of the lease was filed in the Texas General Land Office on October 5, 1982, in Mineral File M-88364;

That on November 23, 1982, Prewit Minerals assigned to Union Texas Petroleum Corp., its interest in the lease in Mineral File M-88364, and reference to said assignment is herein made for all purposes to the instrument which was filed of record in Book 428, Pages 10-11, Deed Records, Reeves County, a certified copy of which was filed in the Texas General Land Office on January 28, 1983, in Mineral File M-88364;

That on December 31, 1984, Union Texas International Corporation assigned to Union Texas Petroleum Corporation, its interest in the lease in Mineral File M-88364, as well as other leases, and reference to said assignment is herein made for all purposes to the instrument which was filed of record in Volume 456, Page 394, Deed Records, Reeves County, a certified copy of which was filed in the Texas General Land Office on August 31, 1985, in Mineral File M-60527;

That Mineral File M-84199 contains a copy of a State of Delaware Certificate of Incorporation and Name Change, dated March 26, 1985, which document providing that the "**Union Texas Properties Corporation**", filed a Restated Certificate of Incorporation, changing its corporate title to "**Union Texas Petroleum Corporation**", certified by J.C. Grubb, Vice President and Secretary, April 8, 1985, and said copy was filed in the Texas General Land Office on June 27, 1985;

That on June 20, 1986, effective as of the first day of production, Union Texas Petroleum Corporation made a partial assignment to Orla Petco, Inc., various interests in the lease in Mineral File M-88364, and reference to said assignment is herein made for all purposes to the instrument which was filed of record in Volume 468, Page 267, Deed Records, Reeves County, a certified copy of which was filed in the Texas General Land Office on July 3, 1986, in Mineral File M-88364;

That on June 27, 1986, effective date as of the first day of production, Orla Petco, Inc. made a partial assignment to Blair Royalties of Orla, Inc., various interests in the lease in Mineral File M-88364, and reference to said assignment is herein made for all purposes to the instrument which was filed of record in Volume 468, Page 268, Deed Records, Reeves County, a certified copy of which was filed in the Texas General Land Office on July 3, 1986, in Mineral File M-88364;

That on August 12, 1986, and August 25, 1986, Railroad Commission Form W-2, Oil Well Potential Test, Completion or Recompletion Report and Log, was filed in the Texas General Land Office in Mineral File M-88364, indicating that well No. 1, Long Shot, Matthews (Lower Cherry Canyon), was completed as a new well on September 1, 1985;

That on August 25, 1986, Railroad Commission Form W-2, Oil Well Potential Test, Completion or Recompletion Report and Log, was filed in the Texas General Land Office in Mineral File M-88364,

indicating that well No. 2, Long Shot A, Matthews (Lower Cherry Canyon), was completed as a new well on May 16, 1986;

That on July 29, 1986, effective as of the first day of production, Blair Royalties of Orla, Inc. assigned to Oliver S. Heard, Jr., 20/3333%, Stephen Blair 20.3334%, Tom Goggan 20.3333%, James M.C. Ritchie, Jr. 2.0000%, William A. Heard, Jr. 1.0000%, Cordelia C. Ritchie 1.0000%, Ed R. Kennedy, Jr. 1.0000%, Jody P. McDade 1.0000%, Steven B. McKinney 1.0000%, Ronald E. Meeks 1.0000%, Nathan W. Moon 1.0000%, Pauline Grubb 1.0000%, Johnny M. Fisher 1.0000%, Doak E. Enabnit 1.0000%, Betty J. Randell 1.0000%, Earl L. Perkins 1.0000%, an undivided 75% interest in a total of 80 acres as described in said assignment in the lease in Mineral File M-88364, and reference to said assignment is herein made for all purposes to the instrument which was filed of record in Book 469, Page 229, Deed Records, Reeves County, a certified copy of which was filed in the Texas General Land Office on August 27, 1986, in Mineral File M-88364;

That on May 24, 1987, effective as of May 26, 1987, Nathan W. Moon assigned to W.A. Blair, an undivided 1% interest in the lease in Mineral File M-88364, as well as a 1% interest in another lease, and reference to said assignment is herein made for all purposes to the instrument which was filed of record in Book 482, Page 662, Deed Records, Reeves County, a certified copy of which was filed in the Texas General Land Office on April 27, 1988, in Mineral File M-88364;

That on March 4, 1988, effective date of first run, Orla Petco, Inc., assigned an undivided 79.00% interest to Wintershall Oil and Gas 37.035%, Orla Drilling Fund No. 6, 19.447%, Bruce Pearson 7.407%, J.M.C. Ritchie 7.407%, Arden Grover 3.704%, Betty Randell 2.00%, J.M.C. Ritchie, Jr. 2.00% interest in a total of 80 acres as described in said asssignment in the lease in Mineral File M-88364, and reference to said assignment is herein made for all purposes to the instrument which was filed of record in Book 483, Page 566, Deed Records, Reeves County, a certified copy of which was filed in the Texas General Land Office on April 8, 1988, in Mineral File M-88364;

That on January 22, 1988, effective date of first runs, Orlo Petco, Inc., assigned to Ed R. Kennedy, Jr., an overriding royalty equal to two percent of eight-eights (2% of 8/8ths) of all oil interest in the lease in Mineral File M-88364, and reference to said assignment is herein made for all purposes to the instrument which was filed of record in Volume 482, Page 462, Deed Records, Reeves

County, a certified copy of which was filed in the Texas General Land Office on June 8, 1988, in Mineral File M-88364;

That on July 12, 1988, Railroad Commission Form W-2, Oil Well Potential Test, Completion or Recompletion Report and Log, was filed in the Texas General Land Office in Mineral File M-88364, indicating that well No. 1, State "12", Matthews Lower Cherry Canyon, was completed as a new well on November 8, 1987;

That on February 13, 1990, effective as of January 1, 1990, J.N. Jones and wife, Judy Jones made a partial assignment to W.A. Blair 16.17%, Craig L. Blair 16.17%, in 120 acres, as described in said assignment, the lease in Mineral File M-88364, and reference to said assignment is herein made for all purposes to the instrument which was filed of record in Book 499, Page 612, Deed Records, Reeves County, a certified copy of which was filed in the Texas General Land Office on March 17, 1990, in Mineral File M-88364;

That the latest royalty payments for lease M-88364 were received in the Texas General Land Office on May 23, 1996, for oil produced during April 1996, and on June 14, 1996, for gas produced during March 1996;

* * *

That on October 16, 1990, pursuant to the authority granted by the Texas Natural Resources Code, Section 51.291, et seq. (Vernon 1978), and by Land Resources, Title 31, Texas Administrative Code, Chapter 13, and subject to all rules and regulations promulgated by the Commissioner of the Texas General Land Office pursuant thereto and all other statutes and amendments to the Texas Natural Resoureces Code, Garry Mauro, Commissioner of the Texas General Land Office, issued Miscellaneous Easement ME-900011 to Conoco Inc. for a thirty (30) foot easement located in the South half of Section 12, Block 57, Township 2, T&P Ry. Co. Survey, Reeves County, Texas for a right-of-way, and a certified copy of said assignment was filed in the Texas General Land Office on October 9, 1990, in Miscellaneous Easement File ME-900011;

* * *

That on March 14, 1994, pursuant to the authority granted by Texas Natural Resources Code, Section 51.121 et seq, and Title 31, Texas Administrative Code, Chapter 13 (Land Resources), and subject to all rules and regulations promulgated by the Commissioner of the Texas General Land Office pursuant thereto and all other applicable

statutes and amendments to the Texas Natural Resources Code, now in force and as amended after the execution here of, Garry Mauro Commissioner of the Texas General Land Office, executed and delivered State Grazing Lease SL-880028, covering South 200 acres of Section 12, Block 57, Township 2, T&P Ry. Co. Survey, Reeves County, to Roy Lindsay, for a term of five years beginning May 1, 1993, with an annual rental of $62.00, and a certified copy of said lease was filed in the Texas General Land Office on February 28, 1994, in Grazing Lease File SL-880028;

IN TESTIMONY WHEREOF, I hereto set my hand and seal of said office the first date above written.

GARRY MAURO
COMMISSIONER

GM/BDS

John P. Usrey
Richard J. Ganem CPL\ESA
400 N. Marienfeld, Suite 100
Midland, TX 79701-0527

Fee: $100.00
Register No. 65242
Dicta No. 96-130
Files: Bexar Scrip 23793; School 92212, 141756, 151379; Mineral M-6150, M-14458, M-34841, M-60527, M-68734, M-78875, M-84199 and M-88364; ME-900011; SL-880028;

FILE NO. M-88364
Reeves COUNTY
C/F-96-130
FILED 2-32 19 96
GARRY MAURO, COM'R
BY Bds

Dicta No. 96-130

43

Texas General Land Office
Garry Mauro, Commissioner

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

SECOND NOTICE

November 5, 1998

AEGIS ENERGY INC
811 DALLAS STREET STE 905
HOUSTON, TX 77002-5911

Re: Delinquent Reports MF-88364 & MF-88676

Dear Sirs,

An examination of our records indicate that the Oil and Gas Production/Royalty Reports (Form GLO-1 and GLO-2) were not received by this office on or before their due date and could be subject to penalty. Oil and Gas Production/Royalty Reports carry the same due dates as royalty payments. Timely submission of the reports is important because it is difficult for this agency to evaluate and verify royalty payments without the information contained on the Production\Royalty Reports. Due dates for royalty payments and reports are outlined in the Oil and Gas Reports and Payments Procedures booklet published by this office.

The assessment of penalties for late reporting is authorized by the Texas Administrative Code (T.A.C.) chapter 9.7. The T.A.C. provides for a penalty of $10.00 per document for each 30 day period the report or document is delinquent. Please make arrangements in the future to assure that your Oil and Gas Production/Royalty Reports are submitted timely.

If you have any questions please call me at (512) 463-5261.

Sincerely,

Ernesto Garza
Accounts Examiner/Royalty Management
Energy Resources

EG
Enclosure

Printed on recycled paper with soybean ink

PRODUCTION REPORT REQUEST

REPORTING COMPANY NAME: AEGIS ENERGY INC			REPORTING COMPANY TAX ID:		
OPERATOR NAME: AEGIS ENERGY INC			CONTACT PERSON: TIM BAIRD		PHONE: 713/658/9802
RAILROAD COMMISSION WELL ID #	08-32490	08-32191	REPORT TYPE CODE		
			N	NON-UNIT	
REPORT REQUESTED:	GLO-1 [X]	GLO-1A [ ] GLO-2 [X] GLO-2A [ ]	U	UNIT	
			T	TRACT	

STATE LEASE NO.	LEASE NAME	FIELD	REPORT TYPE	PRODUCTION MONTH	
				MONTH	YEAR
M-88364	NORTHSHOT	MATTHEWS (LOWER CHERRY CAN	N	Sept. to Present	1995
M-88676	MIDSHOT A	MATTHEWS (LOWER CHERRY CAN	N	Sept. to Present	1995

FOR OFFICE USE ONLY:		
REQUESTED BY: ERNESTO GARZA	DATE: 11/5/98	REPORT DUE DATE: 12/5/98

RM-88364 (44)
Lt
11-5-98

Texas General
Land Office

David Dewhurst
Commissioner

COPY

November 27, 2000

Ms. Pamela K. Miller
Synergy Oil & Gas, Inc.
9821 Katy Freeway Suite 1000
Houston, Texas 77024

RE: Assignment filing

Dear Ms. Miller:

The General Land Office received the following instrument on November 22, 2000, and has filed it in MF088364, MF088676 and MF097729.

> Assignment of Oil and Gas Lease (100%) with an execution date of September 29, 2000, from MTBB Acquisition Co., LLC and Stratum Energy Group Partners, L.P., as Assignors, to Synergy Oil & Gas, Inc., as Assignee, recorded in Reeves County, Texas.

Filing fees of $625.00 were received in connection with the above assignment. If you have any questions, please feel free to call me at (800) 998-4GLO, or at my direct number at (512) 475-2230.

Sincerely,

Jim Baumgardner, CPL
Landman
Energy Resources

Synergy Oil & Gas; MF088364 MF088676 MF097729

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

SYNERGY OIL & GAS INC
HOUSTON, TX

RM

VENDOR NO.: 89572
VENDOR NAME: TEXAS GENERAL LAND OFFICE

DATE: 11/02/00
CHECK # : 6739

VOUCHER	VENDOR INV #	INV DATE	INVOICE AMOUNT	PRIOR PAYMENTS	CHECK AMOUNT
10-10-421	102600CKREQ	10/26/00	625.00		625.00

129

ATTN: Jim Baumgardner

01013913

x625.00

01-23-11

SYNERGY
Oil & Gas, Inc.

November 21, 2000

Texas General Land Office
1700 N. Congress, Suite 600
Austin, Texas 78701
Attention: Mr. Jim Baumgardner

RE: Assignment & Bill of Sale
and Oil & Gas Leases
Matthews Field
Reeves County, Texas

Dear Jim:

Enclosed please find a certified copy of a recorded Assignment & Bill of Sale dated September 29, 2000 from MTBB Acquisition Co., LLC to Synergy Oil & Gas, Inc. On the Exhibit "A" attached to the Assignment & Bill of Sale there are twenty five (25) State of Texas leases that need to be filed by your office. Synergy's check number 6739 in the amount of $625.00 is also enclosed to cover filing fees.

Per our telephone conversation, Tuesday, November 21, 2000, I've also enclosed two certified recorded Oil & Gas Leases that need to be given to Drew Reid to process. Synergy's check number 107532 in the amount of $466.00 is attached as payment for bonuses, filing fees and delay rental for both leases. Synergy has a December 10th spud date for a well located on these leases and we request that the GLO expedite its approval process.

If you have any questions, please do not hesitate to call me at 1-800-461-6054 ext. 116.

Very truly yours,

SYNERGY OIL & GAS, INC.

Pam Miller

Pamela K. Miller
Land & Legal Assistant

Enclosures

RECEIVED
00 NOV 22 PM 2:33
GENERAL LAND OFFICE

9821 Katy Freeway, Suite 1000 • Houston, Texas 77024 • (713) 461-6620 • Fax (713) 461-4475 • e-mail: home@synergyog.com

• Checked for MF #'s ✓
• Entered in database: 3309
• Problem file? Y ___ N ✓
• Acknowlegement letter sent ✓

FILE # 2303

ASSIGNMENT AND BILL OF SALE

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

This Assignment and Bill of Sale (this "Assignment") is made this 22nd day of September, 2000, effective as of the Effective Time (as defined below).

MTBB Acquisition Co., LLC, and Stratum Energy Group Partners, L. P., whose address is 1100 Louisiana, Suite 5055, Houston, Texas, collectively referred to as ("**Grantor**"), for and in consideration of the sum of Ten Dollars ($10.00) cash and other good and valuable consideration to it in hand paid by Synergy Oil & Gas, Inc., whose address is 9821 Katy Freeway, Suite 1000, Houston, Texas 77024 ("**Grantee**"), the receipt and sufficiency of which are hereby acknowledged, has granted, bargained, sold, conveyed, assigned, transferred, set over and delivered, and by these presents does hereby grant, bargain, sell, convey, assign, transfer, set over and deliver unto Grantee, effective as of 7:00 a.m. on May 1, 2000 the ("**Effective Time**"), the following (the "**Transferred Assets**"):

A. All of Grantors undivided right, title and interest in, to and under the oil, gas and/or mineral leases, oil, gas and mineral interests, overriding royalty, operating rights, permits and licenses set out and described in **Exhibit A** attached hereto and hereby made a part hereof (the "**Leases**"), together with all right, title and interest in and to the lands described or referred to in **Exhibit A** and /or covered by the Leases (the "**Lands**"), all of the interests in this paragraph (a) being hereinafter referred to as the "**Subject Interests**";

B. An equal undivided right, title and interest in, to and under, or derived from:

1. All unitization, communization and pooling agreements and orders covering the Subject Interests or any portion thereof and the units and pooled areas created thereby;

2. All easements, rights or way, permits, licenses, servitude or other interests pertaining to the Subject Interests;

3. All equipment and other personal property, fixtures and improvements situated upon the Subject Interests or used or held for use in connection with the exploration, development or operation of the Subject Interests or the production, treatment, processing, storage or transportation of oil, gas and/or other liquid or gaseous hydrocarbons ("**Hydrocarbons**") from the Subject Interests;

4. All Hydrocarbon sales, purchase and processing contracts and agreements, transportation and charter agreements, farmout or farmin agreements, joint operating agreements, utility agreements and all other contracts or agreements of whatever kind or character affecting or relating to the Subject Interests or any part hereof;

5. All inventories of Hydrocarbons and accounts receivable in connection with the sale of Hydrocarbons subsequent to the Effective Date after subtracting the direct operating expenses attributable to Grantor incurred post Effective Date;

6. All existing lease files, land files, well files, abstracts, title opinions, curative information, maps, electric logs, geological data, geophysical data (to the extent transferable under contract or licensing agreement) and all other records of every type and description, that relate to the Subject Interests.

True and Correct copy of
O[illegible] filed in
Reeves County
Clerks Office

TO HAVE AND TO HOLD, subject to the terms and other provisions herein stated, the Transferred Assets unto Grantee and its successors and assigns forever. Grantor agree to warrant and defend, all and singular, unto Grantee, the Subject Interests, by, through and under Grantor, but not otherwise. Notwithstanding any limitation in the foregoing, Grantee shall have full rights of substitution and subrogation of Grantor, its successors and assigns, in and to all warranties and covenants heretofore given by others in respect to the Transferred Assets or any part thereof. Grantee hereby assumes and agrees to timely perform and discharge all duties and obligations of the Subject Interests on and after the Effective Date hereof, including plugging and abandonment of all existing wells and Grantor shall incur no liability for Grantee's failure to perform and discharge such duties and obligations in a timely manner. Grantor agrees to defend, indemnify and hold Grantee, its successors and assigns, harmless against any and all losses, claims, demands, damages, suits, causes of action, and liabilities (including attorneys' fees associated therewith) arising from the operation of the property or any part thereof which accrue or arise prior to the Effective Date, no matter when asserted.

Grantor further represents and warrants 1.) Grantor has full right and authority to transfer the Subject Interests, 2.) the Subject Interests have not been previously conveyed by Grantor, and 3.) Grantor has not created or caused to be created any liens, encumbrances, or adverse claims on the Subject Interest.

THE PARTIES AGREE THAT, TO THE EXTENT REQUIRED TO BE OPERATIVE, THE DISCLAIMERS OF CERTAIN WARRANTIES CONTAINED IN THIS SECTION ARE "CONSPICUOUS" DISCLAIMERS FOR THE PURPOSES OF ANY APPLICABLE LAW, RULE OR ORDER. THIS ASSIGNMENT AND BILL OF SALE IS MADE AND ACCEPTED UPON THE UNDERSTANDING AND AGREEMENT THAT ALL PERSONAL PROPERTY, MACHINERY, FIXTURES, EQUIPMENT AND MATERIALS COVERED HEREBY ARE SOLD AND ASSIGNED AND ACCEPTED BY GRANTEE, IN THEIR "WHERE IS, AS IS" CONDITIONS WITHOUT ANY WARRANTIES WHATSOEVER, EXPRESS OR IMPLIED OR STATUTORY, OR MARKETABILITY, QUALITY, CONDITION, MERCHANTABILITY AND/OR FITNESS FOR A PARTICULAR PURPOSE OR USE, ALL OF WHICH ARE EXPRESSLY DISCLAIMED.

So long as authorized by applicable law so to do, Grantor agrees to execute, acknowledge and deliver all and ever such further acts, conveyances, transfer orders, division orders, notices, releases and acquaintance and such other instruments 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 by this instrument granted, bargained, sold, conveyed, assigned, transferred, set over, delivered, or otherwise vested in Grantee or intended so to be. Without limiting the foregoing, Grantee agrees to execute any and all form assignments of individual federal or state oil and gas leases comprising any portion of the Subject Interests as may be required by federal or state law or regulation, any and all of such individual assignments to constitute, as to such individual leases, one and the same assignment as is made herein.

IN WITNESS WHEREOF, Grantor and Grantee have executed this 29th day of September, 2000, but effective as of the Effective Time.

--GRANTORS--

MTBB ACQUISITION CO., L.L.C.

By: _____

Title: MANAGER

STRATUM ENERGY GROUP PARTNERS, L.P.
By Stratum Corp (General Partner)

By: _____
Joseph M. Rinaldi

Title: President & CEO

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

--GRANTEE—

SYNERGY OIL & GAS, INC.

By: Eric R. Pitcher CR
Eric R. Pitcher
Chairman and COO

ACKNOWLEDGMENTS

State of New York

County of Queens

This instrument was acknowledged before me on September 22, 2000, by Joseph M. Rinaldi as Manager of MTBB Acquisition Co., LLC.

My Commission Expires:
4/20/02

Joan Mayer
Notary Public

JOAN MAYER
Notary Public, State of New York
No. 01MA6005799
Qualified in Queens County
Commission Expires 4/20/02

State of New York
County of Queens

This instrument was acknowledged before me on September 22, 2000, by Joseph M. Rinaldi as President & CEO of Stratum Energy Group Partners, L.P.

My Commission Expires:
4/20/02

Joan Mayer
Notary Public

JOAN MAYER
Notary Public, State of New York
No. 01MA6005799
Qualified in Queens County
Commission Expires 4/20/02

State of Texas

County of Harris

This instrument was acknowledged before me on September 29, 2000, by Eric R. Pitcher as Chairman + COO of Synergy Oil & Gas, Inc., a Texas Corporation.

My Commission Expires:
8-14-03

Pamela K Miller
Notary Public

PAMELA K. MILLER
Notary Public, State of Texas
My Commission Expires
AUGUST 14, 2003.

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

EXHIBIT A

Attached to and made a part of that certain Assignment and Bill of Sale dated this 29th day of September, 2000, by and between MTBB Acquisition Co. LLC, et al and Synergy Oil & Gas, Inc.

Matthews Field, Reeves County, Texas.

Lessor: Texaco, Inc.
Lessee: Blair Royalties of Orla Inc.
Date: January 18, 1988
Recording: Volume 482, Page 590, Deed Records

Lessor: Texaco, Inc.
Lessee: Blair Royalties of Orla, Inc.
Date: January 29, 1986
Recording: Volume 464, Page 163, Deed Records

Lessor: Texaco, Inc.
Lessee: Blair Royalties of Orla, Inc.
Date: April 2, 1986
Recording: Volume 469, Page 219, Deed Records

Lessor: Texaco, Inc.
Lessee: Blair Royalties of Orla, Inc.
Date: July 29, 1986
Recording: Volume 474, Page 147, Deed Records

Lessor: State of Texas MF088364
Lessee: Prewit Minerals
Date: October 5, 1982
Recording: Volume 427, Page 331, Deed Records

Lessor: Texaco, Inc.
Lessee: Blair Royalties of Orla, Inc.
Date: July 1, 1988
Recording: Volume 486, Page 500, and as amended in Volume 502, Page 785, Deed Records

Lessor: Violet Schuler, as Agent for the State of Texas
Lessee: Blake Oil & Gas Corporation MF088676
Date: October 10, 1987
Recording: Volume 481, Page 303, Deed Records

Lessor: Robert A. Schuler, as Agent for the State of Texas
Lessee: Blake Oil & Gas Corporation MF088676
Date: December 8, 1986
Recording: Volume 474, Page 168, Deed Records

Lessor: Evelyn Schuler, as Agent for the State of Texas
Lessee: Blake Oil & Gas Corporation MF088676
Date: October 10, 1987
Recording: Volume 481, Page 311, Deed Records

Lessor: Jack E. Blake, et ux, as Agent for the State of Texas
Lessee: Michael W. Roye MF088672
Date: November 2, 1988
Recording: Volume 491, Page 696, Deed Records

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Lessor: Betty Jane Staples, as Agent for the State of Texas
Lessee: Michael W. Roye
Date: November 2, 1988
Recording: Volume 491, Page 686, Deed Records

Lessor: Robert W. Blake, et ux, as Agent for the State of Texas
Lessee: Blair Royalties of Orla, Inc.
Date: November 27, 1989
Recording: Volume 498, Page 29, Deed Records

Lessor: Richard Kiel, as Agent for the State of Texas
Lessee: Blake Oil & Gas Corporation
Date: September 30, 1988
Recording: Volume 489, Page 382, Deed Records

Lessor: Carol Wagner et al, as Agent for the State of Texas
Lessee: Blake Oil & Gas Corporation
Date: September 30, 1988
Recording: Volume 491, Page 488, Deed Records

Lessor: Donald H. Kiel, as Agent for the State of Texas
Lessee: Blake Oil & Gas Corporation
Date: October 10, 1988
Recording: Volume 489, Page 392, Deed Records

Lessor: Lois Oestrich, et al, as Agent for the State of Texas
Lessee: Blake Oil & Gas Corporation
Date: September 30, 1988
Recording: Volume 489, Page 402, Deed Records

MF 088676

Lessor: Lorna Jean Rybacheck, as Agent for the State of Texas
Lessee: Blake Oil & Gas Corporation
Date: October 10, 1988
Recording: Volume 489, Page 412, Deed Records

Lessor: Mildred Max, as Agent for the State of Texas
Lessee: Blake Oil & Gas Corporation
Date: September 30, 1988
Recording: Volume 489, Page 422, Deed Records

Lessor: Esther I. Wurm, as her separate property, as Agent for the State of Texas
Lessee: Blake Oil & Gas Corporation
Date: September 30, 1988
Recording: Volume 489, Page 459, Deed Records

Lessor: Richard Gehle, as Agent for the State of Texas
Lessee: Blake Oil & Gas Corporation
Date: September 30, 1988
Recording: Volume 490, Page 43, Deed Records

Lessor: Mary C. Gehle, as Agent for the State of Texas
Lessee: Blake Oil & Gas Corporation
Date: September 30, 1988
Recording: Volume 489, Page 372, Deed Records

Lessor: Shirley E. Campbell, as Agent for the State of Texas
Lessee: Blake Oil & Gas Corporation
Date: October 17, 1988
Recording: Volume 490, Page 33, Deed Records

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Reeves County
Clerks Office

Lessor:	Altha M. Farwell, as Agent for the State of Texas
Lessee:	Blake Oil & Gas Corporation
Date:	September 30, 1988
Recording:	Volume 489, Page 362, Deed Records

Lessor:	Algo A. Novallo, as Agent for the State of Texas
Lessee:	Blake Oil & Gas Corporation
Date:	September 30, 1988
Recording:	Volume 490, Page 23, Deed Records

1F 097729

Lessor:	Ella Mae Hall, as Agent for the State of Texas
Lessee:	Saturn Oil and Development Corporation
Date:	January 8, 1997
Recording:	Volume 572, Page 179, Official Records

Lessor:	Jackie Charles Lewelling, as Agent for the State of Texas
Lessee:	Saturn Oil and Development Corporation
Date:	January 8, 1997
Recording:	Volume 571, Page 161, Official Public Records

Lessor:	Robert Marion Lewelling, as Agent for the State of Texas
Lessee:	Saturn Oil and Development Corporation
Date:	January 8, 1997
Recording:	Volume 571, Page 170, Official Public Records

Lessor:	Diana Louise Hanson, as Agent for the State of Texas
Lessee:	Saturn Oil and Development Corporation
Date:	January 8, 1997
Recording:	Volume 571, Page 188, Official Public Records

Lessor:	Albert Leroy Hanson, Jr., as Agent for the State of Texas
Lessee:	Saturn Oil and Development Corporation
Date:	January 8, 1997
Recording:	Volume 571, Page 206, Official Public Records

Lessor:	Kelli Pauline Hanson Morgan, as Agent for the State of Texas
Lessee:	Saturn Oil and Development Corporation
Date:	January 8, 1997
Recording:	Volume 571, Page 197, Official Public Records

Lessor:	Tunstill Oil and Land Trust, Jack Tunstill Trustee
Lessee:	MTBB Acquisition Company, LLC
Date:	March 10, 1999
Recording:	Volume 604, Page 595 Official Public Records

End of Exhibit "A"

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

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

FILE NO. 2303

FILED FOR RECORD ON THE 6TH DAY OF OCTOBER A.D. 2000 AT 1:55P M.

DULY RECORDED ON THE 10TH DAY OF OCTOBER A.D. 2000 AT 11:00A M.

BY: Dianne O. Flz DEPUTY

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

File No. 11588

Assignment

Date Filed: 11-27-00

David Dewhurst, Commissioner

By _____

45.

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

The above and foregoing is a full, true and correct photographic copy of the original record now in my lawful custody and possession, as the same is filed/recorded in the public records of my office, found in VOL. 625 PAGE 159 THRU 164 OFFICIAL PUBLIC RECORDS

I hereby certified on 6TH NOV. 2000

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS
BY Estella Anaya DEPUTY
ESTELLA ANAYA

Texas General Land Office

David Dewhurst Commissioner

June 13, 2002

CERTIFIED MAIL 7000 0520 0023 2503 7134

PENN VIRGINIA OIL & GAS CORP.
840 GESSNER ROAD
SUITE 800
HOUSTON TEXAS 77024 4289

RE: Notice of under-payment on State Leases
(M-088364, M-088676, M-097729 and M-101511)

Dear Sir or Madam:

The Energy Inspections Division of the Texas General Land Office has completed a limited review of the above referenced lease operated by Penn Virginia Oil & Gas Corporation. Through this review, it was determined that $126,058.29 is due for production starting January 1999 through March 2002. This amount is comprised of $106,077.66 in royalty, $11,180.38 in penalty and $8,800.25 in interest, which has been computed through July 1, 2002, 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 findings (Attachment I);

° Schedules supporting royalty, penalty and interest calculations (Attachment II-A through II-F), and;

° Procedures used for assessment of penalties and interest (Attachment III).

To ensure your company remains in good standing with the General Land Office, please respond to this notice within 25 days of the above date. If your records reflect this royalty has been paid, please provide us with documentation of payments made and remittance dates. Payment of this notice should be submitted separately from monthly royalty payments you may be remitting. In order to ensure proper credit, your payment should be mailed to my attention along with a copy of this letter.

Mailing
Post Office Box 12873
Austin, Texas
78711-2873

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

512.463.5001
1.800.998.4GLO
www.glo.state.tx.us

This notice in no way precludes the General Land Office from pursuing any claim or remedy related to this royalty payment. Additionally, this notice does not constitute an Audit Billing Notice as defined in Section 52.135 of the Natural Resources Code and, consequently, does not preclude the General Land Office from conducting further examinations of this or other leases operated and/or reported by Penn Virginia Oil & Gas Corporation 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 Landia Robinson, Accounts Examiner, at (512) 475-1490 to discuss payment and production/royalty data or Gary Posey, Senior Inspections Manager, at (915) 694-1483 for information pertaining to the inspection of field production operations.

Sincerely,

Michael W. Dunn, Director
Energy Inspections Division
Energy Resources

MD/lr

CC: Gary Posey
Senior Manager
Energy Inspections Division
(915) 694-1483
e-mail: gary.posey@glo.state.tx.us

Andrew Hernandez, Inspector

ATTACHMENT I

REVIEW SUMMARY

State Lease M-088364, 088676, 097729 and 101511,

A routine field inspection of lease operations was conducted on the above referenced leases. During the review it was determined that oil and gas production has either been under reported or never reported or paid to the GLO for the well ID#'s (oil) 08-30714, 30917, 31537, 32191, 32490, 36522 and 36555.

We have concluded that royalty revenue is due in the following amount:

	Royalty	Penalty	Interest	Total
Attachment IIA-Gas	$ 24,977.82	$ 2,500.07	$ 2,066.49	$ 29,544.38
Attachment IIB-Gas	$ 14,937.80	$ 1,520.92	$ 1,297.18	$ 17,755.90
Attachment IIC-Gas	$ 6,197.88	$ 1,126.86	$ 813.99	$ 8,138.73
Attachment IID-Oil	$ 5,506.06	$ 567.16	$ 550.44	$ 6,623.66
Attachment IIE-Gas	$ 15,178.72	$ 1,537.42	$ 1,171.80	$ 17,887.94
Attachment IIF-Oil	$ 39,279.38	$ 3,927.95	$ 2,900.35	$ 46,107.68
Total	$106,077.66	$11,180.38	$ 8,800.25	$126,058.29

(See attachments II-A through II-F for supporting calculations)

PENN VIRGINIA OIL & GAS CORPORATION
FIELD: MATHEWS (LOWER CHERRY CANYON)
REEVES COUNTY

AE: LWR
Filename: PENN
Date: 6/4/2002

SUMMARY

(1)	(2)	(3)	(4)	(5)
Mineral Lease Number	Royalty Due	Penalty	Interest	Additional Royalty Due
88364				
gas	$24,977.82	$2,500.07	$2,066.49	$29,544.38
88676				
gas	$14,937.80	$1,520.92	$1,297.18	$17,755.90
97729				
gas	$6,197.88	$1,126.86	$813.99	$8,138.73
oil	$5,506.06	$567.16	$550.44	$6,623.66
101511				
gas	$15,178.72	$1,537.42	$1,171.80	$17,887.94
oil	$39,279.38	$3,927.95	$2,900.35	$46,107.68
Total	$106,077.66	$11,180.38	$8,800.25	$126,058.29

Note:
See Attachment II-A through II-F.

PENN VIRGINIA OIL & GAS CORPORATION
STATE LEASE: M-088364
LEASE NAME: LONG SHOT "A" / MIDSHOT "A"
FIELD: MATHEWS (LOWER CHERRY CANYON)
REEVES COUNTY
RRC OIL WELL #08-30714 & 32191
STATE'S ROYALTY DECIMAL: .25

ATTACHMENT II-A

Penalty Date
7/8/02

AE: LWR
Filename: PENN
Date: 6/12/02

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Month	RRC Production (mcf) W#030714 (A)	RRC Production (mcf) W#032191 (A)	Total RRC Production (mcf)	Price (B)	Gross Value (4)X(5)	Royalty Decimal	Royalty Due (6)X(7)	Royalty Paid	Difference (8)-(9)	Number of Days Late	Penalty (C)	Interest (C)	Additional Royalty Due (10)+(12)+(13)
Sep-00	360	561	921	3.57	$3,287.97	0.2500	$821.99	$387.17	$434.82	600	$43.48	$77.34	$555.64
Oct-00	625	684	1,309	3.57	$4,673.13	0.2500	$1,168.28	$621.34	$546.94	570	$54.69	$91.89	$693.52
Nov-00	585	445	1,030	3.57	$3,677.10	0.2500	$919.28	$489.25	$430.03	539	$43.00	$67.86	$540.89
Dec-00	511	510	1,021	3.57	$3,644.97	0.2500	$911.24	$684.28	$226.96	508	$25.00	$33.50	$285.46
Jan-01	557	670	1,227	6.95	$8,527.65	0.2500	$2,131.91	$1,130.23	$1,001.68	480	$100.17	$138.64	$1,240.49
Feb-01	411	626	1,037	6.95	$7,207.15	0.2500	$1,801.79	$706.66	$1,095.13	449	$109.51	$140.42	$1,345.06
Mar-01	568	566	1,134	6.95	$7,881.30	0.2500	$1,970.33	$624.83	$1,345.50	419	$134.55	$159.25	$1,639.30
Apr-01	548	740	1,288	6.95	$8,951.60	0.2500	$2,237.90	$756.02	$1,481.88	388	$148.19	$160.29	$1,790.36
May-01	2,181	738	2,919	6.95	$20,287.05	0.2500	$5,071.76	$1,082.63	$3,989.13	358	$398.91	$392.14	$4,780.18
Jun-01	2,866	797	3,663	6.95	$25,457.85	0.2500	$6,364.46	$1,230.54	$5,133.92	327	$513.39	$452.35	$6,099.66
Jul-01	2,458	800	3,258	3.21	$10,470.27	0.2500	$2,617.57	$896.05	$1,721.52	296	$172.15	$134.14	$2,027.81
Aug-01	483	179	662	3.13	$2,073.62	0.2500	$518.41	$229.70	$288.71	266	$28.87	$19.65	$337.23
Sep-01	2,051	709	2,760	2.34	$6,457.30	0.2500	$1,614.33	$458.07	$1,156.26	235	$115.63	$66.90	$1,338.79
Oct-01	1,498	875	2,373	1.37	$3,247.47	0.2500	$811.87	$230.34	$581.53	205	$58.15	$27.91	$667.59
Nov-01	2,243	768	3,011	2.82	$8,499.91	0.2500	$2,124.98	$657.37	$1,467.61	174	$146.76	$55.49	$1,669.86
Dec-01	1,727	629	2,356	2.35	$5,541.55	0.2500	$1,385.39	$438.99	$946.40	143	$94.64	$26.14	$1,067.18
Jan-02	1,665	553	2,218	2.42	$5,366.13	0.2500	$1,341.53	$420.32	$921.21	115	$92.12	$16.96	$1,030.29
Feb-02	1,460	613	2,073	1.82	$3,770.24	0.2500	$942.56	$259.31	$683.25	84	$68.33	$5.62	$757.20
Mar-02	1,820	774	2,594	2.35	$6,101.35	0.2500	$1,525.34	$0.00	$1,525.34	54	$152.53	$0.00	$1,677.87
Total	24,617	12,237	36,854		$145,123.61		$36,280.92	$11,303.10	$24,977.82		$2,500.07	$2,066.49	$29,544.38

NOTE:

(A) - RRC VOLUME- REPRESENTS THE CASINGHEAD GAS PRODUCTION REPORTED TO THE RRC FOR WELL ID#08-030714 AND ID#032191.

(B) - PRICE - REPRESENTS THE PRICES FROM THE COUNTY AVERAGE GAS SALES PRICES COMPILED BY THE GAS PRODUCERS MONTHLY TAX REPORTS AND PROVIDED BY THE TEXAS COMPTROLLER OF PUBLIC ACCOUNTS FOR THE PERIOD OF SEPTEMBER 2000 THROUGH JUNE 2001. THE PRICES FOR THE PERIOD OF JULY 2001 THROUGH MARCH 2002 THE PRICES WER TAKEN FROM THE PRICES REPORTED TO THE GLO ON GLO-2 REPORTS FOR M-101511.

(C) - SEE ATTACHMENT III, "SUMMARY OF PENALTY/INTEREST ASSESSMENT RULES" FOR EXPLANATION OF PENALTY AND INTEREST CALCULATIONS.

PENN VIRGINIA OIL & GAS CORPORATION
STATE LEASE: M-088676
LEASE NAME: NORTHSHOT
FIELD: MATHEWS (LOWER CHERRY CANYON)
REEVES COUNTY
RRC OIL WELL #08-32490
STATE'S ROYALTY DECIMAL: .1053

ATTACHMENT II-B

Penalty Date
7/8/02

AE: LWR
Filename: PENN
Date: 6/12/02

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Month	RRC Production (mcf) W#032490 (A)	Price (B)	Gross Value (2)X(3)	Royalty Decimal	Royalty Due (4)X(5)	Royalty Paid	Difference (6)-(7)	Number of Days Late	Penalty (C)	Interest (C)	Additional Royalty Due (8)+(10)+(11)
Sep-00	2,199	3.57	$7,850.43	0.1053	$826.65	$412.32	$414.33	600	$41.43	$73.69	$529.45
Oct-00	2,627	3.57	$9,378.39	0.1053	$987.54	$549.70	$437.84	570	$43.78	$73.56	$555.18
Nov-00	2,584	3.57	$9,224.88	0.1053	$971.38	$506.28	$465.10	539	$46.51	$73.40	$585.01
Dec-00	2,336	3.57	$8,339.52	0.1053	$878.15	$650.26	$227.89	508	$25.00	$33.64	$286.53
Jan-01	2,294	6.95	$15,943.30	0.1053	$1,678.83	$881.17	$797.66	480	$79.77	$110.40	$987.83
Feb-01	1,231	6.95	$8,555.45	0.1053	$900.89	$350.22	$550.67	449	$55.07	$70.61	$676.35
Mar-01	2,460	6.95	$17,097.00	0.1053	$1,800.31	$563.30	$1,237.01	419	$123.70	$146.41	$1,507.12
Apr-01	2,539	6.95	$17,646.05	0.1053	$1,858.13	$621.44	$1,236.69	388	$123.67	$133.77	$1,494.13
May-01	3,092	6.95	$21,489.40	0.1053	$2,262.83		$2,262.83	358	$226.28	$222.44	$2,711.55
Jun-01	2,669	6.95	$18,549.55	0.1053	$1,953.27		$1,953.27	327	$195.33	$172.10	$2,320.70
Jul-01	2,407	3.21	$7,735.40	0.1053	$814.54		$814.54	296	$81.45	$63.47	$959.46
Aug-01	2	3.13	$6.26	0.1053	$0.66		$0.66	266	$25.00	$0.04	$25.70
Sep-01	2,164	2.34	$5,062.90	0.1053	$533.12		$533.12	235	$53.31	$30.85	$617.28
Oct-01	2,870	1.37	$3,927.62	0.1053	$413.58		$413.58	205	$41.36	$19.85	$474.79
Nov-01	3,219	2.82	$9,087.09	0.1053	$956.87		$956.87	174	$95.69	$36.18	$1,088.74
Dec-01	3,019	2.35	$7,100.99	0.1053	$747.73		$747.73	143	$74.77	$20.65	$843.15
Jan-02	2,689	2.42	$6,505.65	0.1053	$685.04		$685.04	115	$68.50	$12.61	$766.15
Feb-02	2,227	1.82	$4,050.32	0.1053	$426.50		$426.50	84	$42.65	$3.51	$472.66
Mar-02	3,135	2.35	$7,373.84	0.1053	$776.47		$776.47	54	$77.65	$0.00	$854.12
Total	45,763		$184,924.04		$19,472.49	$4,534.69	$14,937.80		$1,520.92	$1,297.18	$17,755.90

NOTE:
(A) - RRC VOLUME- REPRESENTS THE CASINGHEAD GAS PRODUCTION REPORTED TO THE RRC FOR WELL ID#08-32490.

(B) - PRICE - REPRESENTS THE PRICES FROM THE COUNTY AVERAGE GAS SALES PRICES COMPILED BY THE GAS PRODUCERS MONTHLY TAX REPORTS AND PROVIDED BY THE TEXAS COMPTROLLER OF PUBLIC ACCOUNTS FOR THE PERIOD OF SEPTEMBER 2000 THROUGH JUNE 2001. THE PRICES FOR THE PERIOD OF JULY 2001 THROUGH MARCH 2002 THE PRICES WERE TAKEN FROM THE PRICES REPORTED TO THE GLO ON GLO-2 REPORTS FOR M-101511.

(C) - SEE ATTACHMENT III, "SUMMARY OF PENALTY/INTEREST ASSESSMENT RULES" FOR EXPLANATION OF PENALTY AND INTEREST CALCULATIONS.

PENN VIRGINIA OIL & GAS CORPORATION
STATE LEASE: M-097729
LEASE NAME: HOTSHOT & LEWELLING STATE
FIELD: MATHEWS (LOWER CHERRY CANYON)
REEVES COUNTY
RRC OIL WELL #08-30917 & 31537
STATE'S ROYALTY DECIMAL: .0938

ATTACHMENT II-C

Penalty Date
7/8/02

AE: LWR
Filename: PENN
Date: 6/12/02

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Month	RRC Production (mcf) W#30917 (A)	RRC Production (mcf) W#31537 (A)	Total RRC Production (2) + (3)	Price (B)	Gross Value (4) X (5)	Royalty Decimal	Royalty Due (6)X(7)	Royalty Paid	Difference (8)-(9)	Number of Days Late	Penalty (C)	Interest (C)	Additional Royalty Due (10)+(12)+(13)
Jan-99		422	422	0.42	$177.16	0.0938	$16.62		$16.62	1,211	$25.00	$6.29	$47.91
Feb-99		400	400	1.04	$415.49	0.0938	$38.97		$38.97	1,180	$25.00	$14.36	$78.33
Mar-99		530	530	0.68	$361.73	0.0938	$33.93		$33.93	1,150	$25.00	$12.17	$71.10
Apr-99		533	533	1.13	$600.77	0.0938	$56.35		$56.35	1,119	$25.00	$19.64	$100.99
May-99		469	469	0.95	$446.55	0.0938	$41.89		$41.89	1,089	$25.00	$14.19	$81.08
Jun-99		423	423	1.19	$504.84	0.0938	$47.35		$47.35	1,058	$25.00	$15.55	$87.90
Jul-99		313	313	1.31	$409.08	0.0938	$38.37		$38.37	1,027	$25.00	$12.21	$75.58
Aug-99		240	240	1.52	$365.29	0.0938	$34.26		$34.26	997	$25.00	$10.57	$69.83
Sep-99		290	290	1.07	$310.53	0.0938	$29.13		$29.13	966	$25.00	$8.69	$62.82
Oct-99		156	156	1.42	$222.24	0.0938	$20.85		$20.85	936	$25.00	$6.01	$51.86
Nov-99		462	462	1.60	$741.26	0.0938	$69.53		$69.53	905	$25.00	$19.34	$113.87
Dec-99		656	656	1.08	$711.67	0.0938	$66.75		$66.75	874	$25.00	$17.89	$109.64
Jan-00		703	703	1.09	$763.37	0.0938	$71.60		$71.60	845	$25.00	$18.50	$115.10
Feb-00		381	381	1.29	$490.96	0.0938	$46.05		$46.05	814	$25.00	$11.43	$82.48
Mar-00		360	360	1.17	$421.27	0.0938	$39.52		$39.52	784	$25.00	$9.42	$73.94
Apr-00		578	578	1.30	$751.43	0.0938	$70.48		$70.48	753	$25.00	$16.08	$111.56
May-00		639	639	1.28	$819.92	0.0938	$76.91		$76.91	723	$25.00	$16.79	$118.70
Jun-00		795	795	1.53	$1,212.94	0.0938	$113.77		$113.77	692	$25.00	$23.68	$162.45
Jul-00		752	752	1.54	$1,159.37	0.0938	$108.75		$108.75	661	$25.00	$21.52	$155.27
Aug-00		676	676	1.21	$820.05	0.0938	$76.92		$76.92	631	$25.00	$14.47	$116.39
Sep-00		209	209	3.57	$746.13	0.0938	$69.99		$69.99	600	$25.00	$12.45	$107.44
Oct-00	627	165	792	3.57	$2,827.44	0.0938	$265.21		$265.21	570	$26.52	$44.56	$336.29
Nov-00	801	211	1,012	3.57	$3,612.84	0.0938	$338.88		$338.88	539	$33.89	$53.48	$426.25
Dec-00	791	136	927	3.57	$3,309.39	0.0938	$310.42		$310.42	508	$31.04	$45.82	$387.28
Jan-01	746	129	875	6.95	$6,081.25	0.0938	$570.42		$570.42	480	$57.04	$78.95	$706.41
Feb-01	361	62	423	6.95	$2,939.85	0.0938	$275.76		$275.76	449	$27.58	$35.36	$338.70
Mar-01	751	130	881	6.95	$6,122.95	0.0938	$574.33		$574.33	419	$57.43	$67.98	$699.74
Apr-01	675	116	791	6.95	$5,497.45	0.0938	$515.66		$515.66	388	$51.57	$55.78	$623.01

PENN VIRGINIA OIL & GAS CORPORATION
STATE LEASE: M-097729
LEASE NAME: HOTSHOT & LEWELLING STATE
FIELD: MATHEWS (LOWER CHERRY CANYON)
REEVES COUNTY
RRC OIL WELL #08-30917 & 31537
STATE'S ROYALTY DECIMAL: .0938

ATTACHMENT II-C

Penalty Date
7/8/02

AE: LWR
Filename: PENN
Date: 6/12/02

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Month	RRC Production (mcf) W#30917 (A)	RRC Production (mcf) W#31537 (A)	Total RRC Production (2) + (3)	Price (B)	Gross Value (4) X (5)	Royalty Decimal	Royalty Due (6)X(7)	Royalty Paid	Difference (8)-(9)	Number of Days Late	Penalty (C)	Interest (C)	Additional Royalty Due (10)+(12)+(13)
May-01	543	94	637	6.95	$4,427.15	0.0938	$415.27		$415.27	358	$41.53	$40.82	$497.62
Jun-01	578	193	771	6.95	$5,358.45	0.0938	$502.62		$502.62	327	$50.26	$44.29	$597.17
Jul-01	526	175	701	3.21	$2,252.81	0.0938	$211.31		$211.31	296	$25.00	$16.46	$252.77
Aug-01	85	29	114	3.13	$357.09	0.0938	$33.50		$33.50	266	$25.00	$2.28	$60.78
Sep-01	424	142	566	2.34	$1,324.21	0.0938	$124.21		$124.21	235	$25.00	$7.19	$156.40
Oct-01	520	174	694	1.37	$949.75	0.0938	$89.09		$89.09	205	$25.00	$4.28	$118.37
Nov-01	560	187	747	2.82	$2,108.75	0.0938	$197.80		$197.80	174	$25.00	$7.48	$230.28
Dec-01	556	185	741	2.35	$1,742.91	0.0938	$163.48		$163.48	143	$25.00	$4.51	$192.99
Jan-02	480	160	640	2.42	$1,548.39	0.0938	$145.24		$145.24	115	$25.00	$2.67	$172.91
Feb-02	444	148	592	1.82	$1,076.69	0.0938	$100.99		$100.99	84	$25.00	$0.83	$126.82
Mar-02	665	222	887	2.35	$2,086.31	0.0938	$195.70		$195.70	54	$25.00	$0.00	$220.70
Total	10,133	12,645	22,778		$66,075.73		$6,197.88	$0.00	$6,197.88		$1,126.86	$813.99	$8,138.73

NOTE:
(A) - RRC VOLUME- REPRESENTS THE CASINGHEAD GAS PRODUCTION REPORTED TO THE RRC FOR WELL ID#08-30917, 31537.

(B) - PRICE - REPRESENTS THE PRICES REPORTED TO THE GLO ON GLO-2 REPORTS FOR M-088364 FOR THE MONTHS OF JANUARY 1999 THROUGH JANUARY 2000. THE PRICES FOR THE MONTHS OF FEBRUARY 2000 THROUGH AUGUST 2000 WERE REPORTED TO THE GLO ON GLO-2 REPORTS FOR M-088676. FOR THE MONTHS OF SEPTEMBER 2000 THROUGH JUNE 2001 THE PRICES WERE TAKEN FROM THE COUNTY AVERAGE GAS SALES PRICES COMPILED BY THE GAS PRODUCERS MONTHLY TAX REPORTS AND PROVIDED BY COMPTROLLER'S OF PUBLIC ACCOUNTS. FOR THE MONTHS OF JULY 2001 THROUGH MARCH 2002 THE PRICES WERE REPORTED TO THE GLO ON GLO-2 REPORTS FOR M-101511.

(C) - SEE ATTACHMENT III, "SUMMARY OF PENALTY/INTEREST ASSESSMENT RULES" FOR EXPLANATION OF PENALTY AND INTEREST CALCULATIONS.

PENN VIRGINIA OIL & GAS CORPORATION
STATE LEASE: M-097729
LEASE NAME: HOTSHOT
FIELD: MATHEWS (LOWER CHERRY CANYON)
REEVES COUNTY
RRC OIL WELL #08-30917
STATE'S ROYALTY DECIMAL: .0938

ATTACHMENT II-D

Penalty Date
7/8/02

AE: LWR
Filename: PENN
Date: 6/12/02

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Month	RRC Production (bbls) W#30917 (A)	Price (B)	Gross Value (2) X (3)	Royalty Decimal	Royalty Due (4)X(5)	Royalty Paid	Difference (6)-(7)	Number of Days Late	Penalty (C)	Interest (C)	Additional Royalty Due (8)+(10)+(11)
Nov-00	243	31.45	$7,642.35	0.0938	$716.85		$716.85	539	$71.69	$113.12	$901.66
Dec-00	330	25.39	$8,378.70	0.0938	$785.92		$785.92	508	$78.59	$116.01	$980.52
Jan-01	322	26.40	$8,500.80	0.0938	$797.38		$797.38	480	$79.74	$110.37	$987.49
Feb-01	53	26.71	$1,415.63	0.0938	$132.79		$132.79	449	$25.00	$17.03	$174.82
Mar-01	95	24.22	$2,300.90	0.0938	$215.82		$215.82	419	$25.00	$25.54	$266.36
Apr-01	103	24.43	$2,516.29	0.0938	$236.03		$236.03	388	$25.00	$25.53	$286.56
May-01		25.52	$0.00	0.0938	$0.00		$0.00	358	$0.00	$0.00	$0.00
Jun-01	361	24.38	$8,801.18	0.0938	$825.55		$825.55	327	$82.56	$72.74	$980.85
Jul-01		23.32	$0.00	0.0938	$0.00		$0.00	296	$0.00	$0.00	$0.00
Aug-01	146	26.71	$3,899.66	0.0938	$365.79		$365.79	266	$36.58	$24.89	$427.26
Sep-01	149	26.03	$3,878.47	0.0938	$363.80		$363.80	235	$36.38	$21.05	$421.23
Oct-01		21.18	$0.00	0.0938	$0.00		$0.00	205	$0.00	$0.00	$0.00
Nov-01	152	18.22	$2,769.44	0.0938	$259.77		$259.77	174	$25.98	$9.82	$295.57
Dec-01	152	18.17	$2,761.84	0.0938	$259.06		$259.06	143	$25.91	$7.15	$292.12
Jan-02	153	18.40	$2,815.41	0.0938	$264.09		$264.09	115	$26.41	$4.86	$295.36
Feb-02	155	19.48	$3,019.34	0.0938	$283.21		$283.21	84	$28.32	$2.33	$313.86
Total	2,414		$58,700.01		$5,506.06	$0.00	$5,506.06		$567.16	$550.44	$6,623.66

NOTE:

(A) - RRC VOLUME- REPRESENTS THE OIL PRODUCTION REPORTED TO THE RRC FOR WELL ID#08-30917.

(B) - PRICE - REPRESENTS WEST TEXAS INTERMEDIATE CRUDE OIL PRICE TAKEN FROM SUNOCO, INC. (PURCHASER) WEBSITE FOR THE MONTHS OF NOVEMBER 2000 THROUGH JULY 2001. FOR THE MONTHS OF AUGUST 2001 THROUGH MARCH 2002 THE PRICES WERE REPORTED TO THE GLO ON GLO-1 REPORTS FOR M-101511.

(C) - SEE ATTACHMENT III, "SUMMARY OF PENALTY/INTEREST ASSESSMENT RULES" FOR EXPLANATION OF PENALTY AND INTEREST CALCULATIONS.

PENN VIRGINIA OIL & GAS CORPORATION
STATE LEASE: M-101511
LEASE NAME: LASELL STATE & LOWE STATE
FIELD: MATHEWS (LOWER CHERRY CANYON)
REEVES COUNTY
RRC OIL WELL #08-36522 & 36555
STATE'S ROYALTY DECIMAL: .0938

ATTACHMENT II-E

Penalty Date
7/8/02

AE: LWR
Filename: PENN
Date: 6/12/02

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Month	RRC Production (mcf) W#36552 (A)	RRC Production (mcf) W#36555 (A)	Total RRC Production (2) + (3)	Price (B)	Gross Value (4) X (5)	Royalty Decimal	Royalty Due (6)X(7)	Royalty Paid	Difference (8)-(9)	Number of Days Late	Penalty (C)	Interest (C)	Additional Royalty Due (10)+(12)+(13)
Mar-01	1,797	1,793	3,590	$6.95	$24,950.50	0.1000	$2,495.05		$2,495.05	419	$249.51	$295.30	$3,039.86
Apr-01	1,476	1,490	2,966	$6.95	$20,613.70	0.1000	$2,061.37		$2,061.37	388	$206.14	$222.97	$2,490.48
May-01	1,810	1,882	3,692	$6.95	$25,659.40	0.1000	$2,565.94		$2,565.94	358	$256.59	$252.24	$3,074.77
Jun-01	1,349	1,784	3,133	$6.95	$21,774.35	0.1000	$2,177.44		$2,177.44	327	$217.74	$191.85	$2,587.03
Jul-01	1,618	1,564	3,182	$3.21	$10,220.58	0.1000	$1,022.06		$1,022.06	296	$102.21	$79.64	$1,203.91
Aug-01	174		174	$3.13	$544.97	0.1000	$54.50		$54.50	266	$25.00	$3.71	$83.21
Sep-01	965	1,136	2,101	$2.34	$4,910.04	0.1000	$491.00		$491.00	235	$49.10	$28.41	$568.51
Oct-01	1,657	1,657	3,314	$1.37	$4,533.55	0.1000	$453.36		$453.36	205	$45.34	$21.76	$520.46
Nov-01	1,593	1,623	3,216	$2.82	$9,081.98	0.1000	$908.20		$908.20	174	$90.82	$34.34	$1,033.36
Dec-01	1,830	1,896	3,726	$2.35	$8,763.93	0.1000	$876.39		$876.39	143	$87.64	$24.20	$988.23
Jan-02	1,540	1,351	2,891	$2.42	$6,994.36	0.1000	$699.44		$699.44	115	$69.94	$12.88	$782.26
Feb-02	1,616	1,394	3,010	$1.82	$5,474.39	0.1000	$547.44		$547.44	84	$54.74	$4.50	$606.68
Mar-02	1,931	1,583	3,514	$2.35	$8,265.28	0.1000	$826.53		$826.53	54	$82.65	$0.00	$909.18
Total	19,356	19,153	38,509		$151,787.03		$15,178.72		$15,178.72		$1,537.42	$1,171.80	$17,887.94

NOTE:

(A) - RRC VOLUME- REPRESENTS THE CASINGHEAD GAS PRODUCTION REPORTED TO THE RRC FOR WELL ID#08-36552 & 36555.

(B) - PRICE - REPRESENTS THE PRICE TAKEN FROM THE COUNTY AVERAGE GAS SALES PRICES COMPILED BY THE GAS PRODUCERS MONTHLY TAX REPORTS AND PROVIDED BY THE TEXAS COMPTROLLER OF PUBLIC ACCOUNTS. FOR THE MONTHS OF JULY 2001 THROUGH MARCH 2002 THE PRICES WERE REPORTED TO THE GLO ON GLO-2 REPORTS.

(C) - SEE ATTACHMENT III, "SUMMARY OF PENALTY/INTEREST ASSESSMENT RULES" FOR EXPLANATION OF PENALTY AND INTEREST CALCULATIONS.

PENN VIRGINIA OIL & GAS CORPORATION
STATE LEASE: M-101511
LEASE NAME: LASELL STATE & LOWE STATE
FIELD: MATHEWS (LOWER CHERRY CANYON)
REEVES COUNTY
RRC OIL WELL #08-36522 & 36555
STATE'S ROYALTY DECIMAL: .0938

ATTACHMENT II-F

Penalty Date
7/8/02

AE: LWR
Filename: PENN
Date: 6/12/02

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Month	RRC Production (bbls) W#36552 (A)	RRC Production (bbls) W#36555 (A)	Total RRC Production (2) + (3)	Price (B)	Gross Value (4) X (5)	Royalty Decimal	Royalty Due (6)X(7)	Royalty Paid	Difference (8)-(9)	Number of Days Late	Penalty (C)	Interest (C)	Additional Royalty Due (10)+(12)+(13)
Feb-01	726	732	1,458	26.71	$38,943.18	0.1000	$3,894.32		$3,894.32	449	$389.43	$499.33	$4,783.08
Mar-01	736	920	1,656	24.22	$40,108.32	0.1000	$4,010.83		$4,010.83	419	$401.08	$474.71	$4,886.62
Apr-01	740	917	1,657	24.43	$40,480.51	0.1000	$4,048.05		$4,048.05	388	$404.81	$437.85	$4,890.71
May-01	770	765	1,535	25.52	$39,173.20	0.1000	$3,917.32		$3,917.32	358	$391.73	$385.08	$4,694.13
Jun-01	585	756	1,341	24.38	$32,693.58	0.1000	$3,269.36		$3,269.36	327	$326.94	$288.06	$3,884.36
Jul-01	379	375	754	23.32	$17,583.28	0.1000	$1,758.33		$1,758.33	296	$175.83	$137.01	$2,071.17
Aug-01	761	747	1,508	26.71	$40,278.68	0.1000	$4,027.87		$4,027.87	266	$402.79	$274.12	$4,704.78
Sep-01	348	364	712	26.03	$18,533.36	0.1000	$1,853.34		$1,853.34	235	$185.33	$107.24	$2,145.91
Oct-01	592	585	1,177	21.18	$24,928.86	0.1000	$2,492.89		$2,492.89	205	$249.29	$119.66	$2,861.84
Nov-01	588	599	1,187	18.22	$21,627.14	0.1000	$2,162.71		$2,162.71	174	$216.27	$81.77	$2,460.75
Dec-01	396	596	992	18.17	$18,024.64	0.1000	$1,802.46		$1,802.46	143	$180.25	$49.78	$2,032.49
Jan-02	585	394	979	18.40	$18,014.97	0.1000	$1,801.50		$1,801.50	115	$180.15	$33.17	$2,014.82
Feb-02	396	389	785	19.48	$15,291.49	0.1000	$1,529.15		$1,529.15	84	$152.92	$12.57	$1,694.64
Mar-02	584	585	1,169	23.19	$27,112.50	0.1000	$2,711.25		$2,711.25	54	$271.13	$0.00	$2,982.38
Total	8,186	8,724	16,910		$392,793.71		$39,279.38		$39,279.38		$3,927.95	$2,900.35	$46,107.68

NOTE:
(A) - RRC VOLUME- REPRESENTS THE OIL PRODUCTION REPORTED TO THE RRC FOR WELL ID#08-36552, 36555.

(B) - PRICE - REPRESENTS WEST TEXAS INTERMEDIATE CRUDE OIL PRICE TAKEN FROM SUNOCO, INC. (PURCHASER) WEBSITE FOR THE MONTHS OF FEBRUARY 2001 THROUGH JULY 2001. FOR THE MONTHS OF AUGUST 2001 THROUGH MARCH 2002 THE PRICES WERE REPORTED TO THE GLO ON GLO-1 REPORTS FOR M-101511.

(C) - 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

	DUE BEFORE 10-1-75 (Production Prior to 8-1-75)	DUE AFTER 10-1-75 AND BEFORE 9-1-85 (Production 8-1-75 thru 6-30-85)	DUE AFTER 9-1-85 (Production 7-1-85 Forward)
PENALTY (3)			
• For delinquent royalty	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 delinquent report, affidavit, or other document	NONE	$5.00 per document for each 30-day period of delinquency	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
INTEREST			
• For delinquent royalty	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).

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.

(46)

File No. M-88364

Billing Ltr to Penn

From GLO - RAM

Date Filed: 6/13/02

David Dewhurst, Commissioner

By _____

TEXAS GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

Paid 9/1/04 Reg. # 000098

July 28, 2004

CERTIFIED MAIL 7003 2260 0003 0394 7668

ATTN: JEANNIE WHITE
PENN VIRGINIA OIL & GAS CORPORATION
840 GESSNER ROADET
HOUSTON, TEXAS 77024-4289

RE: Notice of non-payment on State Leases
MF 088364, 88676, 97729, 101511 and 101575

Dear Ms. White:

The Energy Inspections Division of the Texas General Land Office has completed a limited review of the above referenced lease operated by Penn Virginia Oil and Gas Corporation. Through this review, it was determined that $17,856.57 is due for production starting April 2003 through May 2004. This amount is comprised of $14,042.34 in royalty, $2,509.17 in penalty, and $1,305.06 in interest, which has been computed through August 23, 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);
- Schedules 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. 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 Penn Virginia Oil & Gas Corporation 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 Landia Robinson, Accounts Examiner, at (512) 475-1490 to discuss payment and production royalty data or Gary Posey, Senior Inspections Manager, at (915) 694-1483 for information pertaining to the inspection of field production operations.

Sincerely,

Michael W. Dunn, Director
Energy Inspections Division
Energy Resources Program

MD/lr

CC: Gary Posey
Senior Manager
Energy Inspections Division
(915) 694-1483
e-mail: gary.posey@glo.state.tx.us

Andrew Hernandez, Inspector

ATTACHMENT I

REVIEW SUMMARY

State Lease: MF-088364, 88676, 97729, 101511, 101575

A routine field inspection of lease operations was conducted on Mineral Leases 088364, 88676, 97729, 101511 and 101575. During this review it was determined that lease use gas was not being paid to the GLO for the months of April 2003 through May 2004 (for RRC well ID# 08-30714, 32191, 32490, 30917, 31537, 36552, 36555 and 36624).

The lease agreements (M-88364, 88676, 97729, 101511) states:

> NO DEDUCTIONS – Lessee agrees that all royalties accruing to lessor under this lease shall be without deduction for the cost of producing, transporting, and otherwise making the oil, gas and other products hereunder ready for sale or use…
>
> M-101575 states the state of Texas has reserved a $1/16^{th}$ royalty interest for gas produced from any oil and used off the premises or in the manufacture of gasoline or any product of the proceeds at the mouth of the well…

We have concluded that royalty revenue is due in the following amount:

	Royalty	**Penalty**	**Interest**	**Total**
Attachment II	$14,042.34	$2,509.17	$1,305.06	$17,856.57

(See attachment II for supporting calculations)

ATTACHMENT II

PENN VIRGINIA OIL & GAS CORPORATION
FIELD: MATHEWS (LOWER CHERRY CANYON)
REEVES COUNTY

AE: LWR
Filename: PENN
7/26/2004

SUMMARY

(1) Mineral Lease Number	(2) Royalty Due	(3) Penalty	(4) Interest	(5) Additional Royalty Due
Attachment II-A 88364 gas	$9,124.54	$1,035.63	$880.25	$11,040.42
Attachment II-B 88676 gas	$1,199.51	$356.67	$105.71	$1,661.89
Attachment II-C 97729 gas	$262.49	$350.00	$19.22	$631.71
Attachment II-D 101511 gas	$2,368.95	$415.66	$203.36	$2,987.97
Attachment II-E 101575 gas	$1,086.85	$351.21	$96.52	$1,534.58
Total	$14,042.34	$2,509.17	$1,305.06	$17,856.57

Note:
See Attachment II-A, II-B, II-C,II-D & II-E .

PENN VIRGINIA OIL & GAS CORPORATION
STATE LEASE: M-088364
LEASE NAME: LONG SHOT "A" / MIDSHOT "A"
FIELD: MATHEWS (LOWER CHERRY CANYON)
REEVES COUNTY
RRC OIL WELL #08-30714 & 32191
STATE'S ROYALTY DECIMAL: .25

ATTACHMENT II-A

Penalty Date
8/23/2004

AE: LWR
Filename: PENN
Date: 7/26/2004

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month	Lease Use (mcf) W#030714 (A)	Lease Use (mcf) W#032191 (A)	Total Lease Use (mcf)	Price (B)	BTU (B)	Gross Value (4) X (5) X (6)	Royalty Decimal	Royalty Due (7) X (8)	Royalty Paid	Difference (9)-(10)	Number of Days Late	Penalty (C)	Interest (C)	Additional Royalty Due (11)+(13)+(14)
Apr-03	300	312	612	$4.57	1.151	$3,219.51	0.2500	$804.88		$804.88	435	$80.49	$99.50	$984.87
May-03	555	2,159	2,714	$4.74	1.152	$14,824.06	0.2500	$3,706.02		$3,706.02	405	$370.60	$421.57	$4,498.19
Jun-03	213	249	462	$5.42	1.170	$2,929.73	0.2500	$732.43		$732.43	374	$73.24	$75.85	$881.52
Jul-03	500	563	1,063	$5.12	1.165	$6,340.58	0.2500	$1,585.15		$1,585.15	343	$158.52	$148.01	$1,891.68
Aug-03	412	576	988	$4.44	1.165	$5,111.08	0.2500	$1,277.77		$1,277.77	313	$127.78	$106.70	$1,512.25
Sep-03	22	26	48	$4.74	1.165	$265.14	0.2500	$66.29		$66.29	282	$25.00	$4.86	$96.15
Oct-03	65	108	173	$4.11	1.174	$835.06	0.2500	$208.77		$208.77	252	$25.00	$13.25	$247.02
Nov-03	16	19	35	$4.04	1.174	$165.99	0.2500	$41.50		$41.50	221	$25.00	$2.21	$68.71
Dec-03	16	15	31	$3.50	1.174	$127.27	0.2500	$31.82		$31.82	190	$25.00	$1.37	$58.19
Jan-04	27	24	51	$5.37	1.187	$325.05	0.2500	$81.26		$81.26	161	$25.00	$2.72	$108.98
Feb-04	23	19	42	$5.10	1.187	$254.23	0.2500	$63.56		$63.56	130	$25.00	$1.48	$90.04
Mar-04	70	54	124	$4.50	1.187	$662.06	0.2500	$165.52		$165.52	100	$25.00	$2.23	$192.75
Apr-04	66	53	119	$4.44	1.161	$613.39	0.2500	$153.35		$153.35	69	$25.00	$0.50	$178.85
May-04	70	64	134	$5.30	1.161	$824.88	0.2500	$206.22		$206.22	39	$25.00	$0.00	$231.22
Total	2,355	4,241	6,596			$36,498.03		$9,124.54	$0.00	$9,124.54		$1,035.63	$880.25	$11,040.42

NOTE:
(A) - LEASE USE - REPRESENTS THE LEASE FUEL GAS REPORTED TO THE GLO FOR WELL ID#08-030714 AND ID#032191.

(B) - PRICE / BTU - REPRESENTS THE PRICES AND BTU REPORTED TO THE GLO ON GLO-2 REPORTS.

(C) - SEE ATTACHMENT III, "SUMMARY OF PENALTY/INTEREST ASSESSMENT RULES" FOR EXPLANATION OF PENALTY AND INTEREST CALCULATIONS.

PENN VIRGINIA OIL & GAS CORPORATION
STATE LEASE: M-088676
LEASE NAME: NORTHSHOT
FIELD: MATHEWS (LOWER CHERRY CANYON)
REEVES COUNTY
RRC OIL WELL #08-32490
STATE'S ROYALTY DECIMAL: .1053

ATTACHMENT II-B

Penalty Date
8/23/2004

AE: LWR
Filename: PENN
Date: 7/26/2004

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Month	Lease Use (mcf) W#032490 (A)	Price (B)	BTU (B)	Gross Value (2) X (3) X (4)	Royalty Decimal	Royalty Due (5)X(6)	Royalty Paid	Difference (7)-(8)	Number of Days Late	Penalty (C)	Interest (C)	Additional Royalty Due (9)+(11)+(12)
Apr-03	182	$4.57	1.151	$831.57	0.1053	$87.56		$87.56	435	$25.00	$10.82	$123.38
May-03	552	$4.73	1.152	$2,611.42	0.1053	$274.98		$274.98	405	$27.50	$31.28	$333.76
Jun-03	204	$5.42	1.170	$1,105.68	0.1053	$116.43		$116.43	374	$25.00	$12.06	$153.49
Jul-03	541	$5.12	1.165	$2,769.91	0.1053	$291.67		$291.67	343	$29.17	$27.23	$348.07
Aug-03	480	$4.44	1.165	$2,131.80	0.1053	$224.48		$224.48	313	$25.00	$18.75	$268.23
Sep-03	25	$4.74	1.165	$118.52	0.1053	$12.48		$12.48	282	$25.00	$0.91	$38.39
Oct-03	99	$4.11	1.174	$406.80	0.1053	$42.84		$42.84	252	$25.00	$2.72	$70.56
Nov-03	17	$4.04	1.174	$68.66	0.1053	$7.23		$7.23	221	$25.00	$0.39	$32.62
Dec-03	16	$3.49	1.174	$55.88	0.1053	$5.88		$5.88	190	$25.00	$0.25	$31.13
Jan-04	24	$5.37	1.187	$128.86	0.1053	$13.57		$13.57	161	$25.00	$0.46	$39.03
Feb-04	24	$5.10	1.187	$122.39	0.1053	$12.89		$12.89	130	$25.00	$0.30	$38.19
Mar-04	67	$4.50	1.187	$301.29	0.1053	$31.73		$31.73	100	$25.00	$0.43	$57.16
Apr-04	72	$4.44	1.161	$319.79	0.1053	$33.67		$33.67	69	$25.00	$0.11	$58.78
May-04	79	$5.30	1.161	$418.83	0.1053	$44.10		$44.10	39	$25.00	$0.00	$69.10
Total	2,382			$11,391.40		$1,199.51	$0.00	$1,199.51		$356.67	$105.71	$1,661.89

NOTE:
(A) - LEASE USE - REPRESENTS THE LEASE FUEL GAS REPORTED TO THE GLO FOR WELL ID#08-032490.

(B) - PRICE / BTU - REPRESENTS THE PRICES AND BTU REPORTED TO THE GLO ON GLO-2 REPORTS.

(C) - SEE ATTACHMENT III, "SUMMARY OF PENALTY/INTEREST ASSESSMENT RULES" FOR EXPLANATION OF PENALTY AND INTEREST CALCULATIONS.

PENN VIRGINIA OIL & GAS CORPORATION
STATE LEASE: M-097729
LEASE NAME: HOTSHOT & LEWELLING STATE
FIELD: MATHEWS (LOWER CHERRY CANYON)
REEVES COUNTY
RRC OIL WELL #08-30917 & 31537
STATE'S ROYALTY DECIMAL: .09375

ATTACHMENT II-C

Penalty Date
8/23/2004

AE: LWR
Filename: PENN
Date: 7/26/2004

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month	Lease Use (mcf) W#30917 (A)	Lease Use (mcf) W#31537 (A)	Total Lease Use (2) + (3)	Price (B)	BTU (B)	Gross Value (4) X (5) X (6)	Royalty Decimal	Royalty Due (7)X(8)	Royalty Paid	Difference (9)-(10)	Number of Days Late	Penalty (C)	Interest (C)	Additional Royalty Due (11)+(13)+(14)
Apr-03	66	0	66	$4.57	1.151	$301.77	0.09375	$28.29		$28.29	435	$25.00	$3.50	$56.79
May-03	103	0	103	$4.72	1.152	$486.65	0.09375	$45.62		$45.62	405	$25.00	$5.19	$75.81
Jun-03	39	0	39	$5.42	1.171	$211.38	0.09375	$19.82		$19.82	374	$25.00	$2.05	$46.87
Jul-03	111	0	111	$5.12	1.166	$568.32	0.09375	$53.28		$53.28	343	$25.00	$4.97	$83.25
Aug-03	54	0	54	$4.45	1.650	$240.08	0.09375	$22.51		$22.51	313	$25.00	$1.88	$49.39
Sep-03	4	2	6	$4.74	1.650	$28.46	0.09375	$2.67		$2.67	282	$25.00	$0.20	$27.87
Oct-03	18	8	26	$4.12	1.174	$107.09	0.09375	$10.04		$10.04	252	$25.00	$0.64	$35.68
Nov-03	2	1	3	$4.03	1.174	$12.10	0.09375	$1.13		$1.13	221	$25.00	$0.06	$26.19
Dec-03	2	1	3	$3.47	1.174	$10.42	0.09375	$0.98		$0.98	190	$25.00	$0.04	$26.02
Jan-04	3	1	4	$5.38	1.187	$21.51	0.09375	$2.02		$2.02	161	$25.00	$0.07	$27.09
Feb-04	14	6	20	$5.10	1.187	$102.04	0.09375	$9.57		$9.57	130	$25.00	$0.22	$34.79
Mar-04	42	19	61	$4.50	1.187	$274.40	0.09375	$25.73		$25.73	100	$25.00	$0.35	$51.08
Apr-04	25	11	36	$4.44	1.161	$159.76	0.09375	$14.98		$14.98	69	$25.00	$0.05	$40.03
May-04	36	16	52	$5.30	1.161	$275.73	0.09375	$25.85		$25.85	39	$25.00	$0.00	$50.85
Total	519	65	584			$2,799.71		$262.49	$0.00	$262.49		$350.00	$19.22	$631.71

NOTE:
(A) - LEASE USE - REPRESENTS THE LEASE FUEL GAS REPORTED TO THE GLO FOR WELL ID#08-030917 AND ID# 031537.

(B) - PRICE / BTU - REPRESENTS THE PRICES AND BTU REPORTED TO THE GLO ON GLO-2 REPORTS.

(C) - SEE ATTACHMENT III, "SUMMARY OF PENALTY/INTEREST ASSESSMENT RULES" FOR EXPLANATION OF PENALTY AND INTEREST CALCULATIONS.

PENN VIRGINIA OIL & GAS CORPORATION
STATE LEASE: M-101511
LEASE NAME: LASELL STATE & LOWE STATE
FIELD: MATHEWS (LOWER CHERRY CANYON)
REEVES COUNTY
RRC OIL WELL #08-36552 & 36555
STATE'S ROYALTY DECIMAL: .10

ATTACHMENT II-D

Penalty Date
8/23/2004

AE: LWR
Filename: PENN
Date: 7/26/2004

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month	Lease Use (mcf) W#36552 (A)	Lease Use (mcf) W#36555 (A)	Total Lease Use (2) + (3)	Price (B)	BTU (B)	Gross Value (4) X (5) X (6)	Royalty Decimal	Royalty Due (7)X(8)	Royalty Paid	Difference (9)-(10)	Number of Days Late	Penalty (C)	Interest (C)	Additional Royalty Due (11)+(13)+(14)
Apr-03	226	271	497	$4.57	1.151	$2,615.30	0.10	$261.53		$261.53	435	$26.15	$32.33	$320.01
May-03	392	226	618	$4.73	1.152	$3,366.37	0.10	$336.64		$336.64	405	$33.66	$38.29	$408.59
Jun-03	176	229	405	$5.42	1.170	$2,568.27	0.10	$256.83		$256.83	374	$25.68	$26.60	$309.11
Jul-03	501	381	882	$5.12	1.165	$5,260.94	0.10	$526.09		$526.09	343	$52.61	$49.12	$627.82
Aug-03	404	597	1,001	$4.51	1.165	$5,256.05	0.10	$525.61		$525.61	313	$52.56	$43.89	$622.06
Sep-03	24	27	51	$4.74	1.165	$281.68	0.10	$28.17		$28.17	282	$25.00	$2.07	$55.24
Oct-03	92	124	216	$4.11	1.174	$1,042.33	0.10	$104.23		$104.23	252	$25.00	$6.61	$135.84
Nov-03	17	23	40	$4.04	1.174	$189.69	0.10	$18.97		$18.97	221	$25.00	$1.01	$44.98
Dec-03	14	18	32	$3.49	1.174	$131.26	0.10	$13.13		$13.13	190	$25.00	$0.57	$38.70
Jan-04	20	31	51	$5.37	1.187	$325.00	0.10	$32.50		$32.50	161	$25.00	$1.09	$58.59
Feb-04	14	27	41	$5.10	1.187	$248.22	0.10	$24.82		$24.82	130	$25.00	$0.58	$50.40
Mar-04	50	71	121	$4.99	1.187	$716.80	0.10	$71.68		$71.68	100	$25.00	$0.97	$97.65
Apr-04	60	75	135	$4.44	1.161	$696.25	0.10	$69.63		$69.63	69	$25.00	$0.23	$94.86
May-04	71	90	161	$5.30	1.161	$991.24	0.10	$99.12		$99.12	39	$25.00	$0.00	$124.12
Total	2,061	2,190	4,251			$23,689.40		$2,368.95	$0.00	$2,368.95		$415.66	$203.36	$2,987.97

NOTE:

(A) - LEASE USE - REPRESENTS THE LEASE FUEL GAS REPORTED TO THE GLO FOR WELL ID#08-036552 AND ID#036555.

(B) - PRICE / BTU - REPRESENTS THE PRICES AND BTU REPORTED TO THE GLO ON GLO-2 REPORTS.

(C) - SEE ATTACHMENT III, "SUMMARY OF PENALTY/INTEREST ASSESSMENT RULES" FOR EXPLANATION OF PENALTY AND INTEREST CALCULATIONS.

PENN VIRGINIA OIL & GAS CORPORATION
STATE LEASE: M-101575
LEASE NAME: JEAN
FIELD: MATHEWS (LOWER CHERRY CANYON)
REEVES COUNTY
RRC OIL WELL #08-036624
STATE'S ROYALTY DECIMAL: .0625

ATTACHMENT II-E

Penalty Date
8/23/2004

AE: LWR
Filename: PENN
Date: 7/26/2004

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Month	Lease Use (mcf) W#36624 (A)	Price (B)	BTU (B)	Gross Value (2) X (3) X (4)	Royalty Decimal	Royalty Due (5)X(6)	Royalty Paid	Difference (7)-(8)	Number of Days Late	Penalty (C)	Interest (C)	Additional Royalty Due (9)+(11)+(12)
Apr-03	338	$4.52	1.151	$1,757.48	0.0625	$109.84		$109.84	435	$25.00	$13.58	$148.42
May-03	659	$4.73	1.152	$3,591.05	0.0625	$224.44		$224.44	405	$25.00	$25.53	$274.97
Jun-03	245	$5.42	1.170	$1,553.64	0.0625	$97.10		$97.10	374	$25.00	$10.06	$132.16
Jul-03	703	$5.12	1.165	$4,193.25	0.0625	$262.08		$262.08	343	$26.21	$24.47	$312.76
Aug-03	648	$4.44	1.165	$3,351.81	0.0625	$209.49		$209.49	313	$25.00	$17.49	$251.98
Sep-03	34	$4.74	1.165	$187.72	0.0625	$11.73		$11.73	282	$25.00	$0.86	$37.59
Oct-03	142	$4.11	1.174	$685.29	0.0625	$42.83		$42.83	252	$25.00	$2.72	$70.55
Nov-03	26	$4.04	1.174	$123.32	0.0625	$7.71		$7.71	221	$25.00	$0.41	$33.12
Dec-03	20	$3.50	1.174	$82.06	0.0625	$5.13		$5.13	190	$25.00	$0.22	$30.35
Jan-04	34	$5.37	1.187	$216.69	0.0625	$13.54		$13.54	161	$25.00	$0.45	$38.99
Feb-04	30	$5.10	1.187	$181.57	0.0625	$11.35		$11.35	130	$25.00	$0.26	$36.61
Mar-04	87	$4.50	1.187	$464.40	0.0625	$29.03		$29.03	100	$25.00	$0.39	$54.42
Apr-04	76	$4.44	1.161	$391.85	0.0625	$24.49		$24.49	69	$25.00	$0.08	$49.57
May-04	99	$5.30	1.161	$609.41	0.0625	$38.09		$38.09	39	$25.00	$0.00	$63.09
Total	3,141			$17,389.54		$1,086.85	$0.00	$1,086.85		$351.21	$96.52	$1,534.58

NOTE:

(A) - LEASE USE - REPRESENTS THE LEASE FUEL GAS REPORTED TO THE GLO FOR WELL ID#08-036624.

(B) - PRICE / BTU - REPRESENTS THE PRICES AND BTU REPORTED TO THE GLO ON GLO-2 REPORTS.

(C) - SEE ATTACHMENT III, "SUMMARY OF PENALTY/INTEREST ASSESSMENT RULES" FOR EXPLANATION OF PENALTY AND INTEREST CALCULATIONS.

File No. M-88364

billing to Penn Virginia

From: Energy Inspections

Date Filed: 7/28/01

Jerry E. Patterson, Commissioner

By _____

This copy for Mike.

PENN VIRGINIA OIL & GAS CORPORATION

Scott D. Coe
Land Manager
Gulf Coast Region
Phone: (713) 722-6513
Fax: (713) 722-6609
Email: scott.coe@pennvirginia.com

August 18, 2004

Texas General Land Office
Stephen F. Austin Building
1700 North Congress Avenue
Austin, Texas 78101
Attn: Mr. Michael W. Dunn, Director
Energy Inspections Division
Energy Resources Program

Via Certified Mail

Re: Notice of non-payment on State Leases
MF 088364, 88676, 97729, 101511 and 101575
Matthews Field
Reeves County, Texas

Dear Mr. Dunn:

Reference is made to that certain letter from The Texas General Land Office to Penn Virginia Oil & Gas Corporation, Attn: Ms. Jeannie White, dated July 28, 2004 relative to the captioned matter. Please be advised that Penn Virginia is in receipt of such notice.

After reviewing this letter and the attachments thereto, it appears that some royalty mispayments may have occurred. Prior to the effective date of the audit period (April, 2003), Penn Virginia was under a contract to sell its casinghead gas to Conoco. Beginning in April, 2003, Penn Virginia installed a new field wide gathering system and compressor in the Matthews Field and began selling its gas to Coral under a new contract. It seems that when the Coral contract began, the fuel used by Coral and Penn Virginia was apparently being reported incorrectly by Penn Virginia. However, we have found some discrepancies in the Coral reported fuel use as compared to our records.

Please be advised that we are (1) reconciling these gas volumes with the Coral volumes and (2) reviewing the pertinent provisions of the leases in question. It appears that several of the leases in question provide that no royalty shall be paid for fuel used in a processing plant. Some of the fuel used by Coral at their plant may need to be deducted from the State's net royalty payments.

We are tendering a check in the amount of $17,856.57 as the amount stated in your letter recognizing that an adjustment may be needed once the reconciliation is complete.

840 Gessner, Suite 800 • Houston, Texas 77024 • (713) 722-6500 • Fax: (713) 722-6600

In the meantime should you have any questions, please feel free to contact me directly at 713-722-6513.

Yours very truly,
Penn Virginia Oil & Gas Corporation

Scott D. Coe

C: Jeanie White
Kirk Osborne

(48)

File No. M-088364

Ltr from Kim Virginia
To GLO Dispositions

Date Filed: 9/6/04

Jerry E. Patterson, Commissioner

By _____

PENN VIRGINIA OIL & GAS CORPORATION

RECEIVED
02 JUN 21 AM 11:10

June 19, 2002

Mr. Michael W. Dunn,
Director, Energy Inspection Division
Texas General Land Office
P. O. Box 12873
Austin, Tx 78711-2873
Via Certified Mail

RE: Notice of Under-Payment of GLO Royalty
State Lease No. M-088364, M-088676, M-097729, and M-101511
Matthews Field, Reeves County, Texas

Dear Mr. Dunn,

Please be advised that Penn Virginia Oil & Gas Corporation ("PV") is in receipt of the GLO's Certified letter dated June 13, 2002. Attached please find a copy of the letters sent this date to the oil and gas purchasers of the referenced leases. As soon as I receive the written response requested in my letter, the GLO will be informed immediately.

Please fell free to call me directly at 713 722-6513 if you need additional information at this time.

Yours very truly,

Chris L. Raper
Land & Marketing Manager

CC: Jeff Rust/Pam Miller- Penn Virginia w/attachments

440 Gessner, Suite 800 • Houston, Texas 77024 • (713) 722-6500 • Fax: (713) 722-6600

PENN VIRGINIA OIL & GAS CORPORATION

June 19, 2002

Ms. Susan Price
Sunoco, Inc. Fax only 918 586 6145

Mr. Todd Hardaway
Sunoco, Inc. Fax only 915 687-2641

Mr. Colby Smith and Ms. Pam Robbins
Conoco, Inc. Fax only 915 686-5514

RE: Notice of Under-Payment of GLO Royalty
State Lease No. M-088364, M-088676, M-097729, and M-101511
Matthews Field, Reeves County, Texas

Dear Crude and Gas Purchaser,

Faxed herewith is a copy of the GLO's Certified letter dated June 13, 2002 which notified Penn Virginia ("PV"), as Operator and Lessee, of the referenced leases that the GLO contends that royalties have been underpaid or not paid at all of certain State of Texas leases. Backup documentation is also attached. For your convenience, listed below are the PV lease names which correspond to GLO Mineral lease numbers:

M-088364= Longshot and Midshot A lease
M-088676= Northshot lease
M-097729= Hotshot and Lewelling State leases
M-101511= Lowe and Lassell State lease

According to PV's division order records, the product purchaser on all leases within the Matthews field is responsible for paying all royalties, including the GLO, their share of royalty directly.

Please review the GLO's letter and accompanying Attachments I through III and advise PV, in writing of your findings as soon as possible.

Yours very truly,

Chris L. Raper
Land & Marketing Manager

CC: Michael W. Dunn, Director GLO

[redacted] • 840 Gessner, Suite 800 • Houston, Texas 77024 • (713) 722-6500 • Fax: (713) 722-6600

File No. M-88364

Ute to Energy Inspector,
From Penn Virginia

Date Filed: 6/19/04

David Dewhurst, Commissioner

By _____

PENN VIRGINIA OIL & GAS CORPORATION

August 1, 2002

Ms. Susan Price
Sunoco, Inc.
P. O. Box 2039
Tulsa, OK 74102-2039 Certified mail
Fax 918 586 6145

Mr. Colby Smith
Conoco, Inc.
10 Desta Dr. Suite 639W
Midland, Tx 79705 Via Overnight Certified Mail
Fax 915 686 5514

Mr. Todd Hardaway
Sunoco, Inc.
1004 N. Big Spring, Suite 515
Midland, Tx 79701-3483 Certified Mail
Fax only 915 687-2641

Conoco, Inc.
Gas Revenue Acct.
P. O. Box 1267
Ponca City, OK 74602-1267 Via Overnight Certified Mail

RECEIVED
02 AUG -5 PM 3:48

RE: **Second Request**
Notice of Under-Payment of GLO Royalty
State Lease No. M-088364, M-088676, M-097729, and M-101511
Matthews Field, Reeves County, Texas

Dear Crude and Gas Purchaser,

By letter dated June 19, 2002 Penn Virginia Oil & Gas Corporation ("PV") provided you with a copy of the GLO Certified letter dated June 13, 2002 and all accompanying backup information. To date, PV has receive no response, written or by telephone. The lack of written response and answers to the GLO inquiry letter is totally unacceptable. Faxed herewith is a copy of the GLO's Certified **SECOND REQUEST** letter dated July 26, 2002 which puts PV on notice "that if the amount now due is not received in this office by August 21, 2002, these leases will be forwarded to our legal division for appropriate action"

According to PV's division order records, the product purchaser on all leases within the Matthews field is responsible for paying all royalties directly to the lessors and royalty owners, including the GLO.

Please be advised that PV will hold each of your corporations liable for all actions taken by the GLO, up to and including lease cancellation and loss of current and future production, as well as all associated legal fees incurred by PV. Also be advised that PV intends to drill four new wells in this field before the end of 2002.

Yours very truly,

Chris L. Raper
Land & Marketing Manager

CC: Michael W. Dunn, Director GLO

840 Gessner, Suite 800 • Houston, Texas 77024 • (713) 722-6600 • Fax: (713) 722-6600

(50)

M-88364
4R to Energy Inspection,
from Penn Virginia

ate Filed: 8/1/02

Jerry E. Patterson, Commissioner

By _____

Ron - Pls put appropriate MF # & give to Pat Rogers to put in file
Thanks -
Jim Irwin

MF 088364

PENN VIRGINIA OIL & GAS CORPORATION

October 28, 2004

General Land Office
1700 North Congress Avenue
Austin, Texas 78701

Re: Longshot "A" No. 1 SWD Well
Lease No. 30714

To Whom It May Concern:

Enclosed is a copy of the Amended W-14 for the above referenced well.

If you have any questions or need additional information, please contact me at 713-722-6509.

Sincerely,

Maria S. Gomez
Regulatory Coordinator

OK AS IS! NO BASIS TO PROTEST! ADEQUATE CSG + CEMENT TO PRECLUDE UPWARD MIGRATION WHEN & IF FRACTURE OCCURS.
J. M. I — Jr. PE.

840 Gessner, Suite 800 • Houston, Texas 77024 • (713) 722-6500 • Fax: (713) 722-6600

11-02-04

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

**** Amended ****

Form W-14
05/2004

APPLICATION TO DISPOSE OF OIL AND GAS WASTE BY INJECTION INTO A FORMATION NOT PRODUCTIVE OF OIL AND GAS

42-389-31748

Sec 12
Blk 57-2

1. Operator Name: Penn Virginia Oil + Gas Corp. 2. Operator P-5 No.: 651789
3. Operator Address: 840 Gessner, Suite 800, Houston, TX 77024

4. County: Reeves 5. RRC District No.: 08
6. Field Name: Matthews (Lower Cherry Canyon) 7. Field Number: 58327500
8. Lease Name: Longshot "A" 9. Lease/Gas ID No.: 30714

10. Well is 3 miles in a NE direction from Orla, TX (center of nearest town). 11. No. acres in lease: 40
12. Legal description of location including distance and direction from survey lines: 2579' FEL + 467' FSL
13. Latitude/Longitude, if known (Optional) Lat. _____ Long. _____

14. New Permit: Yes ☐ No ☒ If no, amendment of Permit No. _____ UIC# 62770
15. Reason for amendment: Pressure ☐ Volume ☒ Interval ☐ Commercial ☐ Other (explain) _____

16. Well No.: 1D 17. API No.: 42-389-31748 18. Date Drilled: 2/7/1987 19. Total Depth: 3630' 20. Plug Date, if re-entry: —

Casing	Size	Setting Depths	Hole Size	Casing Weight	Cement Class	Cement Sacks (#)	Top of cement	Top Determined by
21. Surface	8 5/8"	871'	12 1/4"	24#		450	Surface	C
22. Intermediate								
23. Long String	5 1/2"	3630'	7 7/8"	17-26#		400	1100'	
24. Liner								
25. Other								

26. Depth to base of Deepest Freshwater Zone: 800' 27. Multiple completion? Yes ☐ No ☒
28. Multistage cement? Yes ☐ No ☒ If yes, DV Tool Depth: _____ ft. No. Sacks: _____ Top of Cement: _____
29. Bridge Plug Depth: — ft. 30. Injection Tubing Size: 2 3/8 in. and Depth 3155 ft. 31. Packer Depth: 2999 ft.
32. Cement Squeeze Operations (List all giving interval and number of sacks of cement and cement top and whether Proposed or Complete.):

NA

33. Injection Interval from 3220 to 3402 ft. 34. Name of Disposal Formation: Lower Delaware
35. Any Oil and Gas Productive Zone within two miles? Yes ☒ No ☐
If yes, Depth 3800 ft. and Reservoir Name: Cherry Canyon

36. Maximum Daily Injection Volume: 4000 bpd 37. Estimated Average Daily Injection Volume: 3000 bpd
38. Maximum Surface Injection Pressure: 1500 psig 39. Estimated Average Surface Injection Pressure: 1350 psig

40. Source of Fluids (Formation, depths and types): Delaware water 3000' - 6000'
41. Are fluids from leases other than lease identified in Item 8? Yes ☒ No ☐ 42. Commercial Disposal Well? Yes ☐ No ☒
43. If commercial disposal, will non-hazardous oil and gas waste other than produced water be disposed of? Yes ☐ No ☐
44. Type(s) of Injection Fluid: Salt Water ☒ Brackish Water ☐ Fresh Water ☐ CO_2 ☐ N_2 ☐ Air ☐ H_2S ☐
LPG ☐ NORM ☐ Natural Gas ☐ Polymer ☐ Other (explain) _____

CERTIFICATE

I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that the data and facts stated therein are true, correct, and complete, to the best of my knowledge.

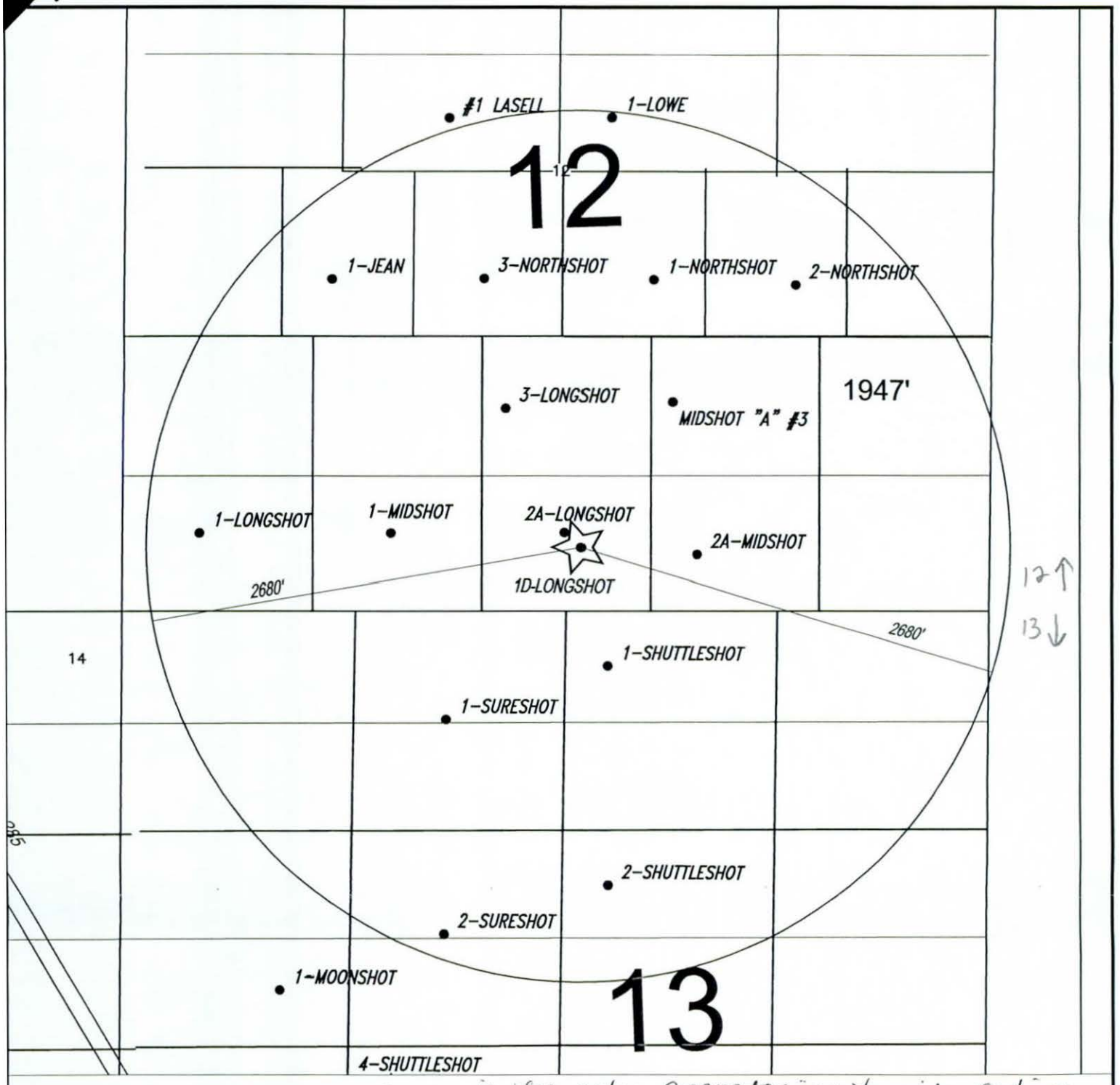
Maria A. Gomez 10/13/04
Signature Date

Maria S. Gomez
Name of Person (type or print)

Phone 713-722-6509 Fax 713-722-6609

FOR OFFICE USE ONLY	REGISTER NO.	AMOUNT $

APPLICANT ALSO MUST COMPLY WITH THE INSTRUCTIONS ON THE REVERSE SIDE



Penn Virginia Oil + Gas Corp. is the only operator in a ½ mile radius.

0 1000' 2000'

PENN VIRGINIA ENERGY

MATHEWS FIELD
Reeves County, Texas

LONGSHOT "A" No. 1 - D
LOCATION PLAT f/
Form W - 14

ENGINEER KIRK OSBORNE DATE 10/09/01 SURVEYOR RJG

10.02.01

51.

File No. MF088364
Letter + Amended W-14 report
Date Filed: 11/3/04
Jerry E. Patterson, Commissioner
By

MF
088364

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION
AMEND VOLUME
PERMIT #06197

Form W-14
05/2004

APPLICATION TO DISPOSE OF OIL AND GAS WASTE BY INJECTION INTO A FORMATION NOT PRODUCTIVE OF OIL AND GAS

RECEIVED FEB 25 2005

1. Operator Name: Priest Petroleum Corporation — 2. Operator P-5 No.: 677560

3. Operator Address: 440 Louisiana, Ste. 430 Houston, TX 77002

4. County: Reeves — 5. RRC District No.: 8

6. Field Name: Matthews (Lower Cherry Canyon) — 7. Field Number: 58327500

8. Lease Name: Longshot "A" — 9. Lease/Gas ID No.: 30714

10. Well is 3 miles in a NE direction from Orla (center of nearest town). 11. No. acres in lease: 40

12. Legal description of location including distance and direction from survey lines: 467' FSL & 2479' FEL

13. Latitude/Longitude, if known (Optional) Lat. _____ Long. _____

14. New Permit: Yes ☐ No ☒ If no, amendment of Permit No.: 06197 UIC#: _____

15. Reason for amendment: Pressure ☐ Volume ☒ Interval ☐ Commercial ☐ Other (explain): _____

16. Well No.	17. API No.	18. Date Drilled	19. Total Depth	20. Plug Date, if re-entry
1D	42-389-31748	2/2/87	3630	

Casing	Size	Setting Depths	Hole Size	Casing Weight	Cement Class	Cement Sacks (#)	Top of cement	Top Determined by
21. Surface	8 5/8	871	12¼	24	C/Lite	450	Surface	Circulated
22. Intermediate								
23. Long String	5½	3630	7 7/8	17/26	C	400	1455	Calculated
24. Liner								
25. Other								

26. Depth to base of Deepest Freshwater Zone: 800 27. Multiple completion? Yes ☐ No ☒

28. Multistage cement? Yes ☐ No ☒ If yes, DV Tool Depth: _____ ft. No. Sacks: _____ Top of Cement: _____

29. Bridge Plug Depth: _____ ft. 30. Injection Tubing Size: 2 7/8 and Depth 3155 ft. 31. Packer Depth: 3157 ft.

32. Cement Squeeze Operations (List all giving interval and number of sacks of cement and cement top and whether Proposed or Complete.):

33. Injection Interval from 3220 to 3440 ft. 34. Name of Disposal Formation: Lower Delaware

35. Any Oil and Gas Productive Zone within two miles? Yes ☒ No ☐
If yes, Depth 3800 ft. and Reservoir Name: Cherry Canyon

36. Maximum Daily Injection Volume: 4000 bpd 37. Estimated Average Daily Injection Volume: 3400 bpd

38. Maximum Surface Injection Pressure: 1500 psig 39. Estimated Average Surface Injection Pressure: 1300 psig

40. Source of Fluids (Formation, depths and types): Delaware @ 4000'

41. Are fluids from leases other than lease identified in Item 8? Yes ☐ No ☒ 42. Commercial Disposal Well? Yes ☐ No ☒

43. If commercial disposal, will non-hazardous oil and gas waste other than produced water be disposed of? Yes ☐ No ☐

44. Type(s) of Injection Fluid: Salt Water ☒ Brackish Water ☐ Fresh Water ☐ CO_2 ☐ N_2 ☐ Air ☐ H_2S ☐

LPG ☐ NORM ☐ Natural Gas ☐ Polymer ☐ Other (explain): _____

CERTIFICATE

I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that the data and facts stated therein are true, correct, and complete, to the best of my knowledge.

Signature: Jerry Russell Date: 2/23/05

Name of Person (type or print): Jerry Russell

Phone: 512/469-0064 Fax: 512/469-0066

FOR OFFICE USE ONLY	REGISTER NO.	AMOUNT $

APPLICANT ALSO MUST COMPLY WITH THE INSTRUCTIONS ON THE REVERSE SIDE

FORM W-14 INSTRUCTIONS

1. File the original application, including all attachments, with Environmental Services, Railroad Commission of Texas, P.O. Box 12967, Austin, Texas 78711-2967. File one copy of the application and all attachments with the appropriate district office.

2. Include with the original application a non-refundable fee of $100 payable to the *Railroad Commission of Texas*. Submit an additional $150 fee for each request for an exception to Statewide Rule 9(9) relating to Special Equipment.

3. Provide the current field name (Item 6) and field number (Item 7) designated in Commission records for an existing well. If the application is for a new well, provide the nearest producing field name and number.

4. Check in Item 14 the appropriate box for a new permit or an amendment of an existing permit. If an amendment, check the applicable boxes in Item 15 to indicate the reason for amendment and provide a brief explanation if "other" is checked.

5. If the application is for a new permit, attach a complete electrical log of the well or the log of a nearby well.

6. Attach a letter from the Texas Commission on Environmental Quality (TCEQ) or its predecessor or successor agency stating that the well will not endanger usable quality water strata and that the formation or stratum to be used for disposal does not contain usable quality water. To obtain the TCEQ letter, submit two copies of the Form W-14, a plat with surveys marked, and a representative electrical log to TCEQ, MC 151, P.O. Box 13087, Austin, Texas 78711-3087. NOTE: If the application is for an amendment, a new TCEQ letter is required only if the amendment is for a change in the disposal interval.

7. Attach a map showing the location of all wells of public record within one-half (1/2) mile radius of the proposed disposal well. On the map show each Commission-designated operator of each well within one-half (1/2) mile of the proposed disposal well. NOTE: For a commercial disposal well application, the map shall also show the ownership of the proposed disposal well tract and the surface tracts that adjoin the proposed disposal well tract.

8. Attach a table of all wells of public record that penetrate the disposal interval and that are within one-quarter (1/4) mile radius of the proposed disposal well. The table shall include the well identification, date drilled, depth, current status, and the plugging dates of those wells that are plugged. Identify any wells that appear to be or that you may know are unplugged or improperly plugged and penetrate the proposed injection interval. Alternatively, an applicant may request a variance under Rule 9(7)(B). NOTE: If the application is for an amendment, a table of wells within a one-quarter (1/4) mile radius is required only if the current permit was issued before April 1, 1982, or if the amendment is for a shallower disposal depth.

9. Attach a list of the names and mailing or physical addresses of affected persons who were notified of the application and when the notification was mailed or delivered. Include a signed statement attesting to the notification of the listed affected persons. Notice shall be provided by sending or delivering a copy of the front and back of the application to the surface owner of record of the surface tract where the well is located, each Commission-designated operator of any well located within one-half (1/2) mile of the proposed well, the county clerk, and the city clerk, or other city official, if the proposed well is located within municipal boundaries. In addition, notice of a commercial disposal well also shall be provided to surface owners of record of each surface tract that adjoins the surface tract where the proposed well will be located. NOTE: If the application is for an amendment, notification of the county clerk and the city clerk are required only if the amendment is for disposal interval or for commercial status.

10. Attach an affidavit of publication signed by the publisher that the notice of publication has been published in a newspaper of general circulation in the county where the disposal well will be located. Attach a newspaper clipping of the published notice. If the application is for a commercial disposal well, that fact must be stated in the published notice. NOTE: If the application is for an amendment, notification by publication is required only if the amendment is for disposal interval or for commercial status.

11. Attach any other technical information that you believe will facilitate the review of the application. Such information may include a cement bond log, a cementing record, or a well bore sketch.

Additional information is available in the *Underground Injection Control Manual*, which is available on the Railroad Commission's website: www.rrc.state.tx.us

No public hearing will be held on this application unless an affected person or local government protests the application, or the Commission administratively denies the application. Any protest shall be in writing and contain (1) the name, mailing address, and phone number of the person making the protest; and (2) a brief description of how the protestant would be adversely affected by the activity sought to be permitted. If the Commission or its delegate determines that a valid protest has been received, or that a public hearing is in the public interest, a hearing will be held upon written request by the applicant. The permit may be administratively issued in a minimum of 15 days after receipt of the application, published notice, or notification of affected persons, whichever is later, if no protest is received.

Copies of this corrected application were sent this date to the following:

1. Railroad Commission of Texas
   10 Desta Drive (5th Floor)
   Midland, TX 79705

2. OPERATORS WITHIN ½ MILE-
   The only operator within a ½ mile radius is Priest Petroleum Corporation (see attached RRC Map)

3. Surface Owner-
   State of Texas
   General Land Office
   1700 North Congress
   Austin, TX 78701

Jerry Russell

Jerry Russell

2/23/05

Date

1 32196
PRIEST

1 32195
PRIEST
A-4883

A-4786

PRIEST PETROLEUM CORPORATION

1 31910

2 31922

A-4924

1 32204

1 32141
PRIEST PETROLEUM

3 32159

3 32205

3 32257
PRIEST PETROLEUM

1 31678
PRIEST PETROLEUM

A-5701

1 31818

2 31724

1D 31748

PRIEST PETROLEUM

2 31873

A-579

14

3 32262
PRIEST

1 31692
PRIEST

1 31860
PRIEST

13

1 31774

2 31890
PRIEST

Type or print only

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

Form W-2
Rev. 4/1/83
483-046

API No. 42- 389-31748

7. RRC District No. 08

8. RRC Lease No. 30714

9. Well No. 1-D

Oil Well Potential Test, Completion or Recompletion Report, and Log

1. FIELD NAME (as per RRC Records or Wildcat): Matthews (Lower Cherry Canyon)

2. LEASE NAME: Longshot "A"

3. OPERATOR'S NAME (Exactly as shown on Form P-5, Organization Report): Blair Royalties of Orla, Inc.

RRC Operator No.: 074195

10. County of well site: Reeves

4. ADDRESS: P. O. Box 953, Midland, Texas 79702

11. Purpose of filing
- Initial Potential [X]
- Retest [ ]
- Reclass [ ]
- Well record only (explain in Remarks) [ ]

5. If Operator has changed within last 60 days, name former operator

6a. Location (Section, Block, and Survey): Section 12, Block 57, T-2, T&P

6b. Distance and direction to nearest town in this county.: 3 miles NE from Orla

12. If workover or reclass, give former field (with reservoir) & gas ID or oil lease no.
FIELD & RESERVOIR | GAS ID or OIL LEASE # | Oil - O Gas - G | WELL NO.

13. Type of electric or other log run: Compensated Neutron Formation Density

14. Completion or recompletion date: 3/27/87

SECTION I: POTENTIAL TEST DATA IMPORTANT: Test should be for 24 hours unless otherwise specified in field rules.

15. Date of test	16. No. of hours tested	17. Production method (Flowing, Gas Lift, Jetting, Pumping—Size & Type of pump)	18. Choke size

	Oil - BBLS	Gas — MCF	Water - BBLS	Gas - Oil Ratio	Flowing Tubing Pressure
19. Production during Test Period ▶					PSI
20. Calculated 24-Hour Rate ▶	Oil - BBLS	Gas — MCF	Water — BBLS	Oil Gravity—API—60°	Casing Pressure PSI

21. Was swab used during this test? Yes [ ] No [X]

22. Oil produced prior to test (New & Reworked wells)

23. Injection Gas—Oil Ratio

REMARKS:

SWD Well

RECORD CODIFICATION

APR 21 1987

INSTRUCTIONS: File an original and one copy of the completed Form W-2 in the appropriate RRC District Office within 30 days after completing a well and within 10 days after a potential test. If an operator does not properly report the results of a potential test within the 10-day period, the effective date of the allowable assigned to the well will not extend back more than 10 days before the W-2 was received in the District Office. (Statewide Rules 16 and 51) To report a completion or recompletion, fill in both sides of this form. To report a retest, fill in only the front side.

APR 21 1987

WELL TESTER'S CERTIFICATION

I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I conducted or supervised this test by observation of (a) meter readings or (b) the top and bottom gauges of each tank into which production was run during the test. I further certify that the potential test data shown above is true, correct, and complete, to the best of my knowledge.

Signature: Well Tester — WTWT, INC. (Name of Company) — RRC Representative

OPERATOR'S CERTIFICATION

I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated therein are true, correct, and complete, to the best of my knowledge.

Ann E. Ritchie
Typed or printed name of operator's representative

Agent
Title of Person

915/684-6381
Telephone: Area Code Number

4 / 2 / 87
Date: mo. day year

Ann E. Ritchie
Signature

389-31748

SECTION II — DATA ON WELL COMPLETION AND LOG (Not Required on Retest)

APR 07 1987

24. Type of Completion: New Well [X] Deepening [ ] Plug Back [ ] Other [ ]

25. Permit to Drill, Plug Back or Deepen — DATE 7-30-86 — PERMIT NO. 304736
Rule 37 Exception — CASE NO.
Water Injection Permit — PERMIT NO.
Salt Water Disposal Permit 8/20/86 — PERMIT NO. 06197
Other — PERMIT NO.

26. Notice of Intention to Drill this well was filed in Name of: Blair Royalties of Orla, Inc.

27. Number of producing wells on this lease in this field (reservoir) including this well: One Well

28. Total number of acres in this lease: 40 acres

29. Date Plug Back, Deepening, WorkOver or Drilling Operations: Commenced 2/2/87; Completed 2/7/87

30. Distance to nearest well, Same Lease & Reservoir: None

31. Location of well, relative to nearest lease boundaries of lease on which this well is located: 367 Feet From East Line and 467 Feet from South Line of the Longshot "A" Lease

32. Elevation (DF, RKB, RT, GR, ETC.): 2850' GR

33. Was directional survey made other than inclination (Form W—12)? [ ] Yes [X] No

34. Top of Pay: 3220'

35. Total Depth: 3630'

36. P. B. Depth: 3604'

37. Surface Casing Determined by: Field Rules [ ]; Recommendation of T.D.W.R. [X]; Railroad Commission (Special) [ ]; Dt. of Letter 4/22/86; Dt. of Letter

38. Is well multiple completion? No

39. If multiple completion, list all reservoir names (completions in this well) and Oil Lease or Gas ID No.

FIELD & RESERVOIR	GAS ID or OIL LEASE #	Oil—O Gas—G	WELL #

40. Intervals Drilled by: Rotary Tools X; Cable Tools

41. Name of Drilling Contractor: Roper Energy

42. Is Cementing Affidavit Attached? [X] Yes [ ] No

43. CASING RECORD (Report All Strings Set in Well)

CASING SIZE	WT #/FT.	DEPTH SET	MULTISTAGE TOOL DEPTH	TYPE & AMOUNT CEMENT (sacks)	HOLE SIZE	TOP OF CEMENT	SLURRY VOL. cu. ft.
8-5/8"	24#	871'		200-C/250 Lite	12-1/4"	Surface	759 Cu.Ft.
5-1/2"	17 - 26#	3630'		400 SX "C"	7-7/8"	1967' CBL	528 Cu.Ft.

44. LINER RECORD

Size	TOP	Bottom	Sacks Cement	Screen

45. TUBING RECORD

Size	Depth Set	Packer Set
2-7/8"	3155'	3157'

46. Producing Interval (this completion) Indicate depth of perforation or open hole

From	3220	To	3226
From	3362	To	3402
From		To	
From		To	

47. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

Depth Interval	Amount and Kind of Material Used
3220 - 3226, 3362 - 3402	4000 saks 15% NEFE Acid

48. FORMATION RECORD (LIST DEPTHS OF PRINCIPAL GEOLOGICAL MARKERS AND FORMATION TOPS)

Formations	Depth	Formations	Depth
Base of Salt	2735'	Top of Cherry Canyon	3870'
Top of Lamar	2915'		

REMARKS: Injection to begin on 4/10/87

RAILROAD COMMISSION OF TEXAS

OIL AND GAS DIVISION

JAMES E. (JIM) NUGENT, Chairman
MACK WALLACE, Commissioner
CLARK JOBE, Commissioner

JIM MORROW, P.E.
Director
JERRY W. MULLICAN
Director of Underground
Injection Control

1701 N. CONGRESS | CAPITOL STATION — P. O. DRAWER 12967 | AUSTIN, TEXAS 78711-2967

PERMIT TO DISPOSE OF OIL OR GAS WASTE BY INJECTION INTO A POROUS FORMATION NOT PRODUCTIVE OF OIL AND GAS

PERMIT NO. 06197

Blair Royalties of Orla, Inc,
P.O. Box 953
Midland, Texas 79702

Based on information contained in your application (Form W-14) dated August 6, 1986, you are hereby authorized to dispose of salt water or other oil and gas wastes into your well designated as follows:

30714

Longshot "A" Lease, Well No. 1-D,
Matthews (Lower Cherry Canyon) Field, Reeves County, RRC District 08.

Authority is granted to inject into strata in the subsurface depth interval from 3220 feet to 3440 feet at a maximum surface injection pressure not to exceed 1500 psig, in accordance with Statewide Rule 9 of the Railroad Commission of Texas, and subject to the following conditions:

1. Injection must be through tubing set on a packer. The packer must be set no higher than 100 feet above the top of the permitted interval.

2. The District Office must be notified 48 hours prior to:
   a. running tubing and setting packer;
   b. beginning any workover or remedial operation;
   c. conducting any required pressure tests or surveys.

3. The wellhead must be equipped with a pressure observation valve on the tubing and for each annulus.

4. Prior to beginning injection, and subsequently after any workover, an annulus pressure test must be performed. The test pressure must equal the maximum authorized injection pressure or 500 psig, whichever is less, but must be at least 200 psig. The test must be performed and the results submitted in accordance with the instructions of Form H-5.

5. Form W-2 or G-1 must be filed in duplicate with the District Director within 30 days after completion or conversion to disposal, and subsequently after any workover.

6. The injection pressure and injection volume must be monitored at least monthly and be reported annually on Form H-10 to the Commission's Austin Office.

7. Written notice of the intent to transfer the permit must be submitted to the Director of Underground Injection Control at least 15 days prior to the date the transfer will occur (File Form P-4).

Provided further that, should it be determined that such injection fluid is not confined to the approved strata, then the permission given herein is suspended and the disposal operation must be stopped until the fluid migration from such strata is eliminated.

APPROVED AND ISSUED ON August 20, 1986.

Jerry W. Mullican
Director of Underground Injection Control

91-52-7

52.

File No. MF088364

Well Reports

Date Filed: 2/25/05

Jerry E. Patterson, Commissioner

By

UNITED STATES POSTAL SERVICE

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

RECEIVED
OCT 01 2007
GENERAL LAND OFFICE

Texas General Land Office
Jerry Patterson, Commissioner
P.O. Box 12873
Austin, Texas 78711-2873
03111

MF D8836A ATTN A. Allen

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:

DARCY URBANCZYK
REEF EXPLORATION INC
1901 N CENTRAL EXPY STE 300
RICHARDSON, TX 75080-3609

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X R Chapa ☐ Agent ☐ Addressee

B. Received by (Printed Name) R. Chapa C. Date of Delivery 10-22-07

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☐ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Transfer from service label) 7003 2260 0003 0394 7286

PS Form 3811, August 2001 Domestic Return Receipt 102595-02-M-15

To File

TEXAS GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

October 19, 2007

CERTIFIED MAIL 70032260000303947286

REEF EXPLORATION INC
1901 N CENTRAL EXPY STE 300
RICHARDSON, TX 75080-3609

RE: Notice of non-payment on State Lease 088364

Dear Ms. Urbanczyk:

The Royalty Audit Division of the Texas General Land Office has completed a lease reconciliation of the above-referenced lease operated by REEF EXPLORATION INC. Through this review, it was determined that $39,572.92 has been underpaid to the State for the reporting period August 2002 through June 2004. This amount is comprised of $25,109.95 in additional royalty, $2,519.12 in penalty, and $11,943.85 in interest, computed through 11/19/2007, 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 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. Please submit amended GLO-2E reports to reflect additional royalty payments.

If you have any questions, please call Amanda Allen at (512) 475-1544.
Sincerely,

Mike Nicklaus

Mike Nicklaus
Team Leader-Royalty Reporting
Royalty Management
Energy Resources

ATTACHMENT I

REVIEW SUMMARY

State Lease: 088364

Gas production volumes reported to the RRC were compared to the volumes reported to the General Land Office. It has been determined from this comparison that volumes were under-reported to the GLO resulting in additional royalty due.

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
$25,109.95	$2,519.12	$11,943.85	$39,572.92

Oil & Gas Summary

Royalty	Penalty	Interest	Total
$25,109.95	$2,519.12	$11,943.85	$39,572.92

REEF EXPLORATION, INC
STATE LEASE MF-088364
FIELD NAME: MATTHEWS (LOWER CHERRY CANYON)
LEASE NAMES: LONG SHOT "A"; MID SHOT; MIDSHOT -A-
REEVES COUNTY, TEXAS
RRC OIL WELL #'S: 08-30714, 08-31526, 08-32191
STATE ROYALTY DECIMAL .250000

ATTACHMENT II

AUDITOR: AALLEN
FILE NAME: MF088364
DATE: 10/19/07

PENALTY/
INTEREST DATE:
11/19/07

	(1)		(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
MONTH/ YEAR	RRC VOLUME (A)		PRICE (B)	BTU (B)	GROSS VALUE (1)X(2)X(3)	ROYALTY DUE (4)X(.250000)	ROYALTY PAID	ADDITIONAL ROYALTY DUE (5) - (6)	NUMBER OF DAYS LATE	PENALTY DUE (C)	INTEREST DUE (C)	TOTAL DUE (7)+(9)+(10)
Aug-02	3,197		2.562544	1.097000	8,987.12	2,246.78	760.14	1,486.64	1861	148.66	880.74	2,516.04
Sep-02	2,570		2.472391	1.269000	8,063.28	2,015.82	735.90	1,279.92	1830	127.99	745.23	2,153.14
Oct-02	1,989		2.645384	1.248000	6,566.56	1,641.64	708.93	932.71	1800	93.27	533.87	1,559.85
Nov-02	2,340		2.645384	1.248000	7,725.37	1,931.34	980.04	951.30	1769	95.13	534.81	1,581.24
Feb-03	4,061		4.194769	1.189000	20,254.56	5,063.64	2,287.61	2,776.03	1679	277.60	1,478.52	4,532.15
Apr-03	3,015	*	4.570494	1.151400	15,866.34	3,966.59	3,522.03	444.56	1618	44.46	227.86	716.88
May-03	4,392	*	4.741379	1.152400	23,997.73	5,999.43	2,447.78	3,551.65	1588	355.17	1,785.36	5,692.18
Jun-03	4,069	*	5.420000	1.170166	25,806.82	6,451.71	6,234.36	217.35	1557	25.00	107.04	349.39
Jul-03	4,073	*	5.119995	1.164917	24,292.88	6,073.22	4,560.64	1,512.58	1526	151.26	729.52	2,393.36
Aug-03	3,772	*	4.440478	1.165119	19,515.14	4,878.79	3,961.59	917.20	1496	91.72	433.32	1,442.24
Sep-03	3,393	*	4.741429	1.164912	18,740.72	4,685.18	4,340.41	344.77	1465	34.48	159.37	538.62
Oct-03	3,189	*	4.111530	1.173806	15,390.56	3,847.64	2,962.29	885.35	1435	88.54	400.52	1,374.41
Nov-03	3,253	*	4.039664	1.174201	15,430.21	3,857.55	2,759.32	1,098.23	1404	109.82	485.63	1,693.68
Dec-03	3,550	*	3.497073	1.174414	14,579.89	3,644.97	2,707.34	937.63	1373	93.76	405.06	1,436.45
Jan-04	3,395	*	5.369488	1.186876	21,636.05	5,409.01	5,207.56	201.45	1344	25.00	85.11	311.56
Feb-04	3,091	*	5.099508	1.186876	18,708.23	4,677.06	4,216.45	460.61	1313	46.06	189.90	696.57
Mar-04	3,452	*	4.498092	1.186876	18,429.11	4,607.28	2,118.58	2,488.70	1283	248.87	1,001.48	3,739.05
Apr-04	3,226	*	4.441425	1.161250	16,638.43	4,159.61	3,376.23	783.38	1252	78.34	307.26	1,168.98
May-04	3,184	*	5.302173	1.161179	19,603.16	4,900.79	2,528.18	2,372.61	1222	237.26	907.18	3,517.05
Jun-04	3,514		6.174471	1.160920	25,188.59	6,297.15	4,829.87	1,467.28	1191	146.73	546.07	2,160.08
						$86,355.20	$61,245.25	$25,109.95		$2,519.12	$11,943.85	$39,572.92

COMMENTS:

(A) RRC VOLUME - REPRESENTS PRODUCTION VOLUMES REPORTED TO THE RAILROAD COMMISSI0N FOR WELL ID #'S 08-30714, 08-31526, & 08-32191.
* RRC SALES VOLUME PLUS LEASE VENTED GAS VOLUMES. LEASE USE FUEL VOLUMES ARE NOT INCLUDED.

(B) PRICE/ BTU - TAKEN FROM GAS PRODUCTION/ROYALTY REPORTS (GLO-2) SUBMITTED TO THE TEXAS GENERAL LAND OFFICE.

(C) SEE ATTACHMENT III, "SUMMARY OF PENALTY/INTEREST ASSESSMENT RULES", FOR EXPLANATION OF PENALTY AND INTEREST CALCULATIONS.

53

File No. 88364
Billing Reef Exploration
FME
Date Filed: 10-19-07
Jerry E. Patterson, Commissioner
By

TEXAS GENERAL LAND OFFICE
JERRY PATTERSON, COMMISSIONER

July 28, 2004

CERTIFIED MAIL 7003 2260 0003 0394 7668

ATTN: JEANNIE WHITE
PENN VIRGINIA OIL & GAS CORPORATION
840 GESSNER ROADET
HOUSTON, TEXAS 77024-4289

RE: Notice of non-payment on State Leases
MF 088364, 88676, 97729, 101511 and 101575

Dear Ms. White:

The Energy Inspections Division of the Texas General Land Office has completed a limited review of the above referenced lease operated by Penn Virginia Oil and Gas Corporation. Through this review, it was determined that $17,856.57 is due for production starting April 2003 through May 2004. This amount is comprised of $14,042.34 in royalty, $2,509.17 in penalty, and $1,305.06 in interest, which has been computed through August 23, 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);
- Schedules 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. 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 Penn Virginia Oil & Gas Corporation 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 Landia Robinson, Accounts Examiner, at (512) 475-1490 to discuss payment and production royalty data or Gary Posey, Senior Inspections Manager, at (915) 694-1483 for information pertaining to the inspection of field production operations.

Sincerely,

Michael W. Dunn, Director
Energy Inspections Division
Energy Resources Program

MD/lr

CC: Gary Posey
Senior Manager
Energy Inspections Division
(915) 694-1483
e-mail: gary.posey@glo.state.tx.us

Andrew Hernandez, Inspector

ATTACHMENT I

REVIEW SUMMARY

State Lease: MF-088364, 88676, 97729, 101511, 101575

A routine field inspection of lease operations was conducted on Mineral Leases 088364, 88676, 97729, 101511 and 101575. During this review it was determined that lease use gas was not being paid to the GLO for the months of April 2003 through May 2004 (for RRC well ID# 08-30714, 32191, 32490, 30917, 31537, 36552, 36555 and 36624).

The lease agreements (M-88364, 88676, 97729, 101511) states:

> NO DEDUCTIONS – Lessee agrees that all royalties accruing to lessor under this lease shall be without deduction for the cost of producing, transporting, and otherwise making the oil, gas and other products hereunder ready for sale or use…
>
> M-101575 states the state of Texas has reserved a $1/16^{th}$ royalty interest for gas produced from any oil and used off the premises or in the manufacture of gasoline or any product of the proceeds at the mouth of the well…

We have concluded that royalty revenue is due in the following amount:

	Royalty	**Penalty**	**Interest**	**Total**
Attachment II	$14,042.34	$2,509.17	$1,305.06	$17,856.57

(See attachment II for supporting calculations)

ATTACHMENT II

PENN VIRGINIA OIL & GAS CORPORATION
FIELD: MATHEWS (LOWER CHERRY CANYON)
REEVES COUNTY

AE: LWR
Filename: PENN
7/26/2004

SUMMARY

(1)	(2)	(3)	(4)	(5)
Mineral Lease Number	Royalty Due	Penalty	Interest	Additional Royalty Due
Attachment II-A 88364 gas	$9,124.54	$1,035.63	$880.25	$11,040.42
Attachment II-B 88676 gas	$1,199.51	$356.67	$105.71	$1,661.89
Attachment II-C 97729 gas	$262.49	$350.00	$19.22	$631.71
Attachment II-D 101511 gas	$2,368.95	$415.66	$203.36	$2,987.97
Attachment II-E 101575 gas	$1,086.85	$351.21	$96.52	$1,534.58
Total	$14,042.34	$2,509.17	$1,305.06	$17,856.57

Note:
See Attachment II-A, II-B, II-C,II-D & II-E .

PENN VIRGINIA OIL & GAS CORPORATION
STATE LEASE: M-088364
LEASE NAME: LONG SHOT "A" / MIDSHOT "A"
FIELD: MATHEWS (LOWER CHERRY CANYON)
REEVES COUNTY
RRC OIL WELL #08-30714 & 32191
STATE'S ROYALTY DECIMAL: .25

ATTACHMENT II-A

Penalty Date
8/23/2004

AE: LWR
Filename: PENN
Date: 7/26/2004

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month	Lease Use (mcf) W#030714 (A)	Lease Use (mcf) W#032191 (A)	Total Lease Use (mcf)	Price (B)	BTU (B)	Gross Value (4) X (5) X (6)	Royalty Decimal	Royalty Due (7) X (8)	Royalty Paid	Difference (9)-(10)	Number of Days Late	Penalty (C)	Interest (C)	Additional Royalty Due (11)+(13)+(14)
Apr-03	300	312	612	$4.57	1.151	$3,219.51	0.2500	$804.88		$804.88	435	$80.49	$99.50	$984.87
May-03	555	2,159	2,714	$4.74	1.152	$14,824.06	0.2500	$3,706.02		$3,706.02	405	$370.60	$421.57	$4,498.19
Jun-03	213	249	462	$5.42	1.170	$2,929.73	0.2500	$732.43		$732.43	374	$73.24	$75.85	$881.52
Jul-03	500	563	1,063	$5.12	1.165	$6,340.58	0.2500	$1,585.15		$1,585.15	343	$158.52	$148.01	$1,891.68
Aug-03	412	576	988	$4.44	1.165	$5,111.08	0.2500	$1,277.77		$1,277.77	313	$127.78	$106.70	$1,512.25
Sep-03	22	26	48	$4.74	1.165	$265.14	0.2500	$66.29		$66.29	282	$25.00	$4.86	$96.15
Oct-03	65	108	173	$4.11	1.174	$835.06	0.2500	$208.77		$208.77	252	$25.00	$13.25	$247.02
Nov-03	16	19	35	$4.04	1.174	$165.99	0.2500	$41.50		$41.50	221	$25.00	$2.21	$68.71
Dec-03	16	15	31	$3.50	1.174	$127.27	0.2500	$31.82		$31.82	190	$25.00	$1.37	$58.19
Jan-04	27	24	51	$5.37	1.187	$325.05	0.2500	$81.26		$81.26	161	$25.00	$2.72	$108.98
Feb-04	23	19	42	$5.10	1.187	$254.23	0.2500	$63.56		$63.56	130	$25.00	$1.48	$90.04
Mar-04	70	54	124	$4.50	1.187	$662.06	0.2500	$165.52		$165.52	100	$25.00	$2.23	$192.75
Apr-04	66	53	119	$4.44	1.161	$613.39	0.2500	$153.35		$153.35	69	$25.00	$0.50	$178.85
May-04	70	64	134	$5.30	1.161	$824.88	0.2500	$206.22		$206.22	39	$25.00	$0.00	$231.22
Total	2,355	4,241	6,596			$36,498.03		$9,124.54	$0.00	$9,124.54		$1,035.63	$880.25	$11,040.42

NOTE:
(A) - LEASE USE - REPRESENTS THE LEASE FUEL GAS REPORTED TO THE GLO FOR WELL ID#08-030714 AND ID#032191.

(B) - PRICE / BTU - REPRESENTS THE PRICES AND BTU REPORTED TO THE GLO ON GLO-2 REPORTS.

(C) - SEE ATTACHMENT III, "SUMMARY OF PENALTY/INTEREST ASSESSMENT RULES" FOR EXPLANATION OF PENALTY AND INTEREST CALCULATIONS.

PENN VIRGINIA OIL & GAS CORPORATION
STATE LEASE: M-088676
LEASE NAME: NORTHSHOT
FIELD: MATHEWS (LOWER CHERRY CANYON)
REEVES COUNTY
RRC OIL WELL #08-32490
STATE'S ROYALTY DECIMAL: .1053

ATTACHMENT II-B

Penalty Date
8/23/2004

AE: LWR
Filename: PENN
Date: 7/26/2004

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Month	Lease Use (mcf) W#032490 (A)	Price (B)	BTU (B)	Gross Value (2) X (3) X (4)	Royalty Decimal	Royalty Due (5)X(6)	Royalty Paid	Difference (7)-(8)	Number of Days Late	Penalty (C)	Interest (C)	Additional Royalty Due (9)+(11)+(12)
Apr-03	182	$4.57	1.151	$831.57	0.1053	$87.56		$87.56	435	$25.00	$10.82	$123.38
May-03	552	$4.73	1.152	$2,611.42	0.1053	$274.98		$274.98	405	$27.50	$31.28	$333.76
Jun-03	204	$5.42	1.170	$1,105.68	0.1053	$116.43		$116.43	374	$25.00	$12.06	$153.49
Jul-03	541	$5.12	1.165	$2,769.91	0.1053	$291.67		$291.67	343	$29.17	$27.23	$348.07
Aug-03	480	$4.44	1.165	$2,131.80	0.1053	$224.48		$224.48	313	$25.00	$18.75	$268.23
Sep-03	25	$4.74	1.165	$118.52	0.1053	$12.48		$12.48	282	$25.00	$0.91	$38.39
Oct-03	99	$4.11	1.174	$406.80	0.1053	$42.84		$42.84	252	$25.00	$2.72	$70.56
Nov-03	17	$4.04	1.174	$68.66	0.1053	$7.23		$7.23	221	$25.00	$0.39	$32.62
Dec-03	16	$3.49	1.174	$55.88	0.1053	$5.88		$5.88	190	$25.00	$0.25	$31.13
Jan-04	24	$5.37	1.187	$128.86	0.1053	$13.57		$13.57	161	$25.00	$0.46	$39.03
Feb-04	24	$5.10	1.187	$122.39	0.1053	$12.89		$12.89	130	$25.00	$0.30	$38.19
Mar-04	67	$4.50	1.187	$301.29	0.1053	$31.73		$31.73	100	$25.00	$0.43	$57.16
Apr-04	72	$4.44	1.161	$319.79	0.1053	$33.67		$33.67	69	$25.00	$0.11	$58.78
May-04	79	$5.30	1.161	$418.83	0.1053	$44.10		$44.10	39	$25.00	$0.00	$69.10
Total	2,382			$11,391.40		$1,199.51	$0.00	$1,199.51		$356.67	$105.71	$1,661.89

NOTE:
(A) - LEASE USE - REPRESENTS THE LEASE FUEL GAS REPORTED TO THE GLO FOR WELL ID#08-032490.

(B) - PRICE / BTU - REPRESENTS THE PRICES AND BTU REPORTED TO THE GLO ON GLO-2 REPORTS.

(C) - SEE ATTACHMENT III, "SUMMARY OF PENALTY/INTEREST ASSESSMENT RULES" FOR EXPLANATION OF PENALTY AND INTEREST CALCULATIONS.

PENN VIRGINIA OIL & GAS CORPORATION
STATE LEASE: M-097729
LEASE NAME: HOTSHOT & LEWELLING STATE
FIELD: MATHEWS (LOWER CHERRY CANYON)
REEVES COUNTY
RRC OIL WELL #08-30917 & 31537
STATE'S ROYALTY DECIMAL: .09375

ATTACHMENT II-C

Penalty Date
8/23/2004

AE: LWR
Filename: PENN
Date: 7/26/2004

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month	Lease Use (mcf) W#30917 (A)	Lease Use (mcf) W#31537 (A)	Total Lease Use (2) + (3)	Price (B)	BTU (B)	Gross Value (4) X (5) X (6)	Royalty Decimal	Royalty Due (7)X(8)	Royalty Paid	Difference (9)-(10)	Number of Days Late	Penalty (C)	Interest (C)	Additional Royalty Due (11)+(13)+(14)
Apr-03	66	0	66	$4.57	1.151	$301.77	0.09375	$28.29		$28.29	435	$25.00	$3.50	$56.79
May-03	103	0	103	$4.72	1.152	$486.65	0.09375	$45.62		$45.62	405	$25.00	$5.19	$75.81
Jun-03	39	0	39	$5.42	1.171	$211.38	0.09375	$19.82		$19.82	374	$25.00	$2.05	$46.87
Jul-03	111	0	111	$5.12	1.166	$568.32	0.09375	$53.28		$53.28	343	$25.00	$4.97	$83.25
Aug-03	54	0	54	$4.45	1.650	$240.08	0.09375	$22.51		$22.51	313	$25.00	$1.88	$49.39
Sep-03	4	2	6	$4.74	1.650	$28.46	0.09375	$2.67		$2.67	282	$25.00	$0.20	$27.87
Oct-03	18	8	26	$4.12	1.174	$107.09	0.09375	$10.04		$10.04	252	$25.00	$0.64	$35.68
Nov-03	2	1	3	$4.03	1.174	$12.10	0.09375	$1.13		$1.13	221	$25.00	$0.06	$26.19
Dec-03	2	1	3	$3.47	1.174	$10.42	0.09375	$0.98		$0.98	190	$25.00	$0.04	$26.02
Jan-04	3	1	4	$5.38	1.187	$21.51	0.09375	$2.02		$2.02	161	$25.00	$0.07	$27.09
Feb-04	14	6	20	$5.10	1.187	$102.04	0.09375	$9.57		$9.57	130	$25.00	$0.22	$34.79
Mar-04	42	19	61	$4.50	1.187	$274.40	0.09375	$25.73		$25.73	100	$25.00	$0.35	$51.08
Apr-04	25	11	36	$4.44	1.161	$159.76	0.09375	$14.98		$14.98	69	$25.00	$0.05	$40.03
May-04	36	16	52	$5.30	1.161	$275.73	0.09375	$25.85		$25.85	39	$25.00	$0.00	$50.85
Total	519	65	584			$2,799.71		$262.49	$0.00	$262.49		$350.00	$19.22	$631.71

NOTE:
(A) - LEASE USE - REPRESENTS THE LEASE FUEL GAS REPORTED TO THE GLO FOR WELL ID#08-030917 AND ID# 031537.

(B) - PRICE / BTU - REPRESENTS THE PRICES AND BTU REPORTED TO THE GLO ON GLO-2 REPORTS.

(C) - SEE ATTACHMENT III, "SUMMARY OF PENALTY/INTEREST ASSESSMENT RULES" FOR EXPLANATION OF PENALTY AND INTEREST CALCULATIONS.

PENN VIRGINIA OIL & GAS CORPORATION
STATE LEASE: M-101511
LEASE NAME: LASELL STATE & LOWE STATE
FIELD: MATHEWS (LOWER CHERRY CANYON)
REEVES COUNTY
RRC OIL WELL #08-36552 & 36555
STATE'S ROYALTY DECIMAL: .10

ATTACHMENT II-D

Penalty Date
8/23/2004

AE: LWR
Filename: PENN
Date: 7/26/2004

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Month	Lease Use (mcf) W#36552 (A)	Lease Use (mcf) W#36555 (A)	Total Lease Use (2) + (3)	Price (B)	BTU (B)	Gross Value (4) X (5) X (6)	Royalty Decimal	Royalty Due (7)X(8)	Royalty Paid	Difference (9)-(10)	Number of Days Late	Penalty (C)	Interest (C)	Additional Royalty Due (11)+(13)+(14)
Apr-03	226	271	497	$4.57	1.151	$2,615.30	0.10	$261.53		$261.53	435	$26.15	$32.33	$320.01
May-03	392	226	618	$4.73	1.152	$3,366.37	0.10	$336.64		$336.64	405	$33.66	$38.29	$408.59
Jun-03	176	229	405	$5.42	1.170	$2,568.27	0.10	$256.83		$256.83	374	$25.68	$26.60	$309.11
Jul-03	501	381	882	$5.12	1.165	$5,260.94	0.10	$526.09		$526.09	343	$52.61	$49.12	$627.82
Aug-03	404	597	1,001	$4.51	1.165	$5,256.05	0.10	$525.61		$525.61	313	$52.56	$43.89	$622.06
Sep-03	24	27	51	$4.74	1.165	$281.68	0.10	$28.17		$28.17	282	$25.00	$2.07	$55.24
Oct-03	92	124	216	$4.11	1.174	$1,042.33	0.10	$104.23		$104.23	252	$25.00	$6.61	$135.84
Nov-03	17	23	40	$4.04	1.174	$189.69	0.10	$18.97		$18.97	221	$25.00	$1.01	$44.98
Dec-03	14	18	32	$3.49	1.174	$131.26	0.10	$13.13		$13.13	190	$25.00	$0.57	$38.70
Jan-04	20	31	51	$5.37	1.187	$325.00	0.10	$32.50		$32.50	161	$25.00	$1.09	$58.59
Feb-04	14	27	41	$5.10	1.187	$248.22	0.10	$24.82		$24.82	130	$25.00	$0.58	$50.40
Mar-04	50	71	121	$4.99	1.187	$716.80	0.10	$71.68		$71.68	100	$25.00	$0.97	$97.65
Apr-04	60	75	135	$4.44	1.161	$696.25	0.10	$69.63		$69.63	69	$25.00	$0.23	$94.86
May-04	71	90	161	$5.30	1.161	$991.24	0.10	$99.12		$99.12	39	$25.00	$0.00	$124.12
Total	2,061	2,190	4,251			$23,689.40		$2,368.95	$0.00	$2,368.95		$415.66	$203.36	$2,987.97

NOTE:

(A) - LEASE USE - REPRESENTS THE LEASE FUEL GAS REPORTED TO THE GLO FOR WELL ID#08-036552 AND ID#036555.

(B) - PRICE / BTU - REPRESENTS THE PRICES AND BTU REPORTED TO THE GLO ON GLO-2 REPORTS.

(C) - SEE ATTACHMENT III, "SUMMARY OF PENALTY/INTEREST ASSESSMENT RULES" FOR EXPLANATION OF PENALTY AND INTEREST CALCULATIONS.

PENN VIRGINIA OIL & GAS CORPORATION
STATE LEASE: M-101575
LEASE NAME: JEAN
FIELD: MATHEWS (LOWER CHERRY CANYON)
REEVES COUNTY
RRC OIL WELL #08-036624
STATE'S ROYALTY DECIMAL: .0625

ATTACHMENT II-E

Penalty Date
8/23/2004

AE: LWR
Filename: PENN
Date: 7/26/2004

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Month	Lease Use (mcf) W#36624 (A)	Price (B)	BTU (B)	Gross Value (2) X (3) X (4)	Royalty Decimal	Royalty Due (5)X(6)	Royalty Paid	Difference (7)-(8)	Number of Days Late	Penalty (C)	Interest (C)	Additional Royalty Due (9)+(11)+(12)
Apr-03	338	$4.52	1.151	$1,757.48	0.0625	$109.84		$109.84	435	$25.00	$13.58	$148.42
May-03	659	$4.73	1.152	$3,591.05	0.0625	$224.44		$224.44	405	$25.00	$25.53	$274.97
Jun-03	245	$5.42	1.170	$1,553.64	0.0625	$97.10		$97.10	374	$25.00	$10.06	$132.16
Jul-03	703	$5.12	1.165	$4,193.25	0.0625	$262.08		$262.08	343	$26.21	$24.47	$312.76
Aug-03	648	$4.44	1.165	$3,351.81	0.0625	$209.49		$209.49	313	$25.00	$17.49	$251.98
Sep-03	34	$4.74	1.165	$187.72	0.0625	$11.73		$11.73	282	$25.00	$0.86	$37.59
Oct-03	142	$4.11	1.174	$685.29	0.0625	$42.83		$42.83	252	$25.00	$2.72	$70.55
Nov-03	26	$4.04	1.174	$123.32	0.0625	$7.71		$7.71	221	$25.00	$0.41	$33.12
Dec-03	20	$3.50	1.174	$82.06	0.0625	$5.13		$5.13	190	$25.00	$0.22	$30.35
Jan-04	34	$5.37	1.187	$216.69	0.0625	$13.54		$13.54	161	$25.00	$0.45	$38.99
Feb-04	30	$5.10	1.187	$181.57	0.0625	$11.35		$11.35	130	$25.00	$0.26	$36.61
Mar-04	87	$4.50	1.187	$464.40	0.0625	$29.03		$29.03	100	$25.00	$0.39	$54.42
Apr-04	76	$4.44	1.161	$391.85	0.0625	$24.49		$24.49	69	$25.00	$0.08	$49.57
May-04	99	$5.30	1.161	$609.41	0.0625	$38.09		$38.09	39	$25.00	$0.00	$63.09
Total	3,141			$17,389.54		$1,086.85	$0.00	$1,086.85		$351.21	$96.52	$1,534.58

NOTE:

(A) - LEASE USE - REPRESENTS THE LEASE FUEL GAS REPORTED TO THE GLO FOR WELL ID#08-036624.

(B) - PRICE / BTU - REPRESENTS THE PRICES AND BTU REPORTED TO THE GLO ON GLO-2 REPORTS.

(C) - SEE ATTACHMENT III, "SUMMARY OF PENALTY/INTEREST ASSESSMENT RULES" FOR EXPLANATION OF PENALTY AND INTEREST CALCULATIONS.

File No. MF-088364

Billing Notice

Date Filed: 7-28-04

Jerry E. Patterson, Commissioner

By

DO NOT DESTROY

Texas General Land Office

UNIT AGREEMENT MEMO

UPA148526

Unit Number	*7199*				
Operator Name	*Bhp Billiton Petroleum Properties (N.A.), LP*			*Effective Date*	*12/09/2014*
Customer ID	*C000079756*			*Unitized For*	*Oil And Gas*
Unit Name	*State LRP 57-T2-12 Unit*			*Unit Term*	
County 1	*Reeves*	*RRC District 1*	*08*	*Old Unit Number*	*Inactive Status Date*
County 2		*RRC District 2*			
County 3		*RRC District 3*			
County 4		*RRC District 4*			
Unit type	*Permanent*				
State Net Revenue Interest	*0.14317693*				
State Part in Unit	*1.00000000*				
Unit Depth	*Specified Depths*				
From Depth	*6746 TVD*				
To Depth	*11434 TVD*				

Well

Formation *Base of Brushy Canyon to Base of Wolfcamp*

Participation Basis *Surface Acreage*

If Excluions Apply: See Remarks

Lease Number	*Tract No*	*Lease Acres in Unit*	*Total Unit Acres*	*Tract Participation*	*Lease Royalty*	*Tract Royalty Participation*	*Royalty Rate Reduction Clause*
MF088364	1	201.490000	642.858000	0.31342847	0.25000000	0.07835712	No
MF088676	2	36.384000	642.858000	0.05659726	0.10531900	0.00596077	No
MF115586	3	43.483000	642.858000	0.06764013	0.12500000	0.00845502	No
MF115425	4	120.531000	642.858000	0.18749242	0.12500000	0.02343655	No

MF 101511

Lease Number	*Tract No*	*Lease Acres in Unit*	*Total Unit Acres*	*Tract Participation*	*Lease Royalty*	*Tract Royalty Participation*	*Royalty Rate Reduction Clause*
MF115426	5	40.180000	642.858000	0.06250214	0.12500000	0.00781277	No
MF101575	6	200.790000	642.858000	0.31233958	0.06250000	0.01952122	No

API Number n/a ✓

Remarks:

Prepared By:	REW	*Prepared Date:*	12-9-14
GLO Base Updated By:	REW	*GLO Base Date:*	12-9-14
RAM Approval By:	VA	*RAM Approval Date:*	12-22-14
GIS By:	MC	*GIS Date:*	1-14-15
Well Inventory By:	MMB	*WI Date:*	12/10/14

Pooling Committee Report

To:	School Land Board	UPA148526
Date of Board Meeting:	12/09/2014	Unit Number: 7199
Effective Date:	12/09/2014	
Unit Expiration Date:		
Applicant:	BHP Billiton Petroleum Properties (N.A.), LP	
Attorney Rep:		
Operator:	Bhp Billiton Petroleum Properties (N.a.), Lp	
Unit Name:	State LRP 57-T2-12 Unit	
Field Name:	Phantom (Wolfcamp)	

County: Reeves

Lease Type	Lease Number	Lease Royalty	Expiration Date	Lease Term	Lease Acres	Lease Acres In Unit	Royalty Participation
FR	MF101575	0.06250000	03/10/2002	3 years	200.000000	200.790000	0.01952122
RAL	MF088676	0.10531900	10/08/1987	5 years	26.680000	36.384000	0.00596077
RAL	MF115425	0.12500000	01/28/2018	5 years	120.000000	120.531000	0.02343655
RAL	MF115426	0.12500000	03/25/2018	5 years	40.000000	40.180000	0.00781277
RAL	MF115586	0.12500000	05/24/2018	5 years	13.333000	43.483000	0.00845502
U Fee	MF088364	0.25000000	10/05/1985	3 years	200.000000	201.490000	0.07835712

Private Acres:	0.000000
State Acres:	642.858000
Total Unit Acres:	642.858000

Participation Basis:	Surface Acreage
Surface Acreage	
State Acreage:	100.00%
State Net Revenue Interest:	14.32%

Unit Type:	Unitized for:
Permanent	Oil And Gas
Term:	

RRC Rules:	Spacing Acres:
Yes	704 acres for a 4880 foot lateral

Working File Number: UPA148526

REMARKS:

- BHP Billiton Petroleum Properties (N.A.), LP is requesting permanent oil and gas pooling from 6,746 feet TVD to 11,434 feet TVD as seen on the BHPBTXLA State Tunstill 56-T2-6 #1H well log (42-389-34315), in order to test the Bone Spring and Wolfcamp Formations.
- The applicant plans to spud the unit well on January 12, 2015, with a proposed TD of 10,143 feet TVD. A 4,880 foot lateral is expected to be drilled.
- With approval of the unit the State's unit royalty participation will be 14.32%.
- The State will participate on a unitized basis from the date of first production.
- The applicant agrees to commence drilling operations on 4 unit wells by July 14, 2018. The applicant is also requesting that the retained acreage clause in the leases be amended such that all depths terminate below the base of the pooled interval rather than 100 feet below the deepest depth drilled.

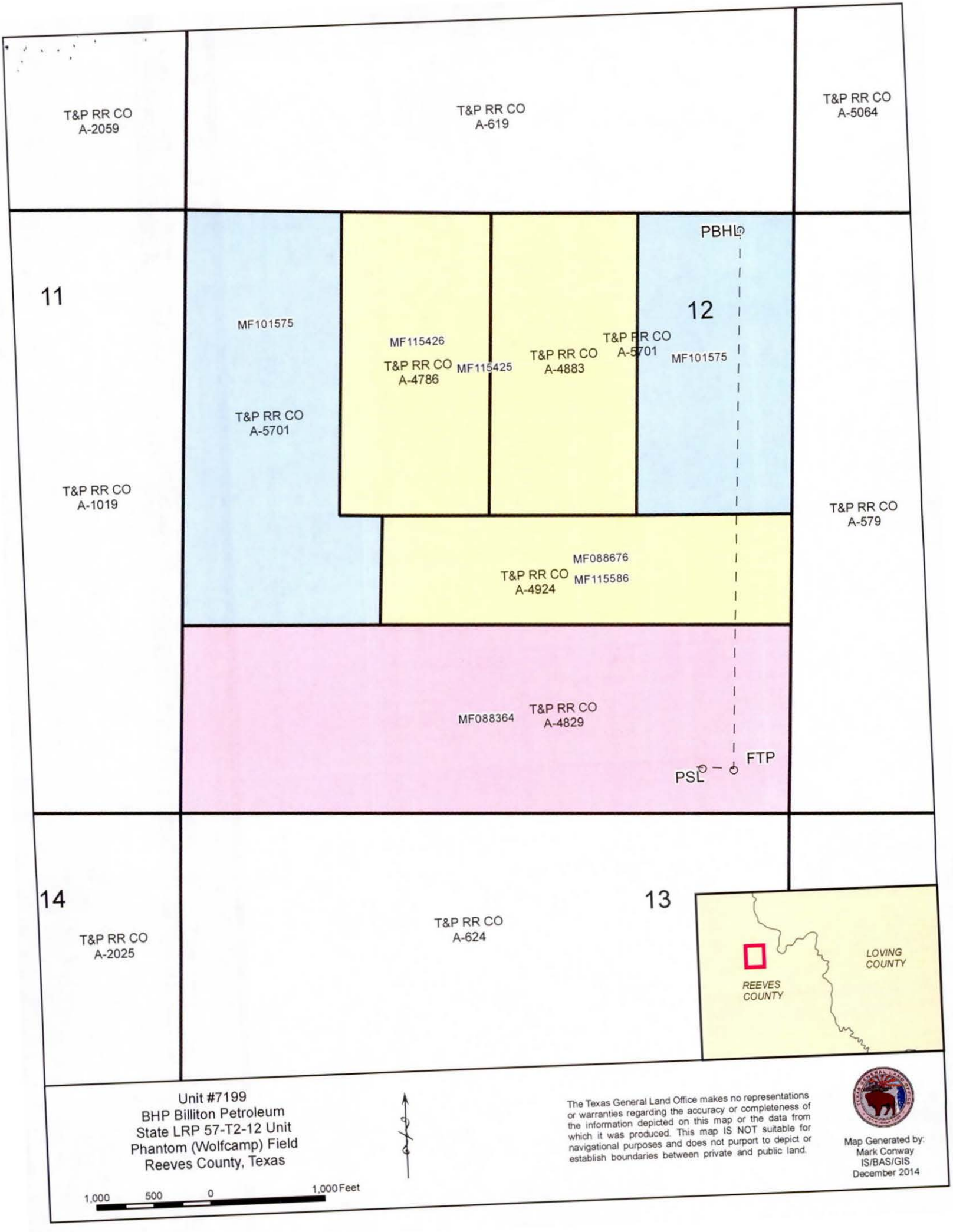
POOLING COMMITTEE RECOMMENDATION:

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

Mary Smith - Office of the Attorney General — Date: 11/18/14

Robert Hatter - General Land Office — Date: 11/18/14

David Zimmerman - Office of the Governor — Date: 11/18/14


T&P RR CO
A-2059
T&P RR CO
A-619
T&P RR CO
A-5064
11
MF101575
T&P RR CO
A-5701
T&P RR CO
A-1019
MF115426
T&P RR CO
A-4786
MF115425
T&P RR CO
A-4883
T&P RR CO
A-5701
MF101575
12
PBHL
T&P RR CO
A-579
MF088676
T&P RR CO
A-4924
MF115586
MF088364
T&P RR CO
A-4829
PSL
FTP
14
T&P RR CO
A-2025
T&P RR CO
A-624
13
LOVING
COUNTY
REEVES
COUNTY
Unit #7199
BHP Billiton Petroleum
State LRP 57-T2-12 Unit
Phantom (Wolfcamp) Field
Reeves County, Texas
1,000 500 0 1,000 Feet
The Texas General Land Office makes no representations or warranties regarding the accuracy or completeness of the information depicted on this map or the data from which it was produced. This map IS NOT suitable for navigational purposes and does not purport to depict or establish boundaries between private and public land.
Map Generated by:
Mark Conway
IS/BAS/GIS
December 2014

POOLING AGREEMENT
BHP BILLITON PETROLEUM PROPERTIES (N.A.), LP
STATE LRP 57-T2-12 UNIT
GLO UNIT NO. 7199
REEVES COUNTY, TEXAS

THIS AGREEMENT is entered into by and between the Commissioner of the General Land Office, on behalf of the State of Texas, as "Lessor" and BHP Billiton Petroleum Properties (N.A.), LP, herein referred to as "Lessee", and such other interested parties as may join in the execution hereof, the undersigned parties herein collectively referred to as the "parties", in consideration of the mutual agreements hereinafter set forth and other valuable considerations, the receipt and sufficiency of which are hereby acknowledged, and for the purposes and upon the terms and conditions which follow:

PURPOSES: 1.

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

UNIT DESCRIPTION: 2.

The oil and gas leases, which are included within the pooled unit, are listed on the attached Exhibit "A", to which leases and the records thereof reference is here made for all pertinent purposes. The pooled unit shall consist of all of the lands described in Exhibit "B" attached hereto and made a part hereof. A plat of the pooled unit is attached hereto as Exhibit "C". The unit description is subject to the provisions of Addendum "A".

MINERAL POOLED: 3.

The mineral pooled and unitized ("pooled mineral") hereby shall be oil and gas including all hydrocarbons that may be produced from an oil well or a gas well as such wells are recognized and designated by the Railroad Commission of Texas or other state regulatory agency having jurisdiction of the drilling and production of oil and gas wells. The pooled mineral shall extend to those depths underlying the surface boundaries of the pooled unit from the base of the Brushy Canyon Formation to 100 feet below the base of the Wolfcamp Formation, being defined as the stratigraphic interval or its correlative equivalent occurring from 6,746 feet true vertical depth to 11,443 feet true vertical depth as seen on the electric log of the BHPBTXLA, State Tunstill 56-T2-6 #1H well, API #42-389-34315 ("unitized interval"). The unitized interval is subject to the provisions of Addendum "B".

POOLING AND EFFECT: 4.

The parties hereto commit all of their interests which are within the unit to the extent and as above described into said unit and unitize and pool hereunder the separate tracts described on the attached Exhibit "B", for and during the term hereof, so that such pooling or unitization shall have the following effect:

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

(b) All drilling operations, reworking or other operations with respect to the pooled mineral on land within the unit shall be considered as though the same were on each separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Agreement. In the event the unitized area covered by this Agreement is maintained in force by drilling or reworking operations conducted on a directional well drilled under the unitized area from a surface location on adjacent or adjoining lands not included within the boundaries of the unitized area, such operations shall be considered to have been commenced on the unitized area when drilling is commenced on the adjacent or adjoining land for the purpose of directionally drilling under the unitized area and production of oil or gas from the unitized area through any directional well surfaced on adjacent or adjoining land or drilling or reworking of any such directional well shall be considered production or drilling or reworking operations, as the case may be, on the unitized area for all purposes under this Agreement. Nothing in this Agreement is intended or shall be construed as granting to Lessee any leasehold interest, easements, or other rights in or with respect to any such adjacent or adjoining land in addition to any such leasehold interests, easements, or other rights which the lessee, operator or other interest owner in the unitized area may have lawfully acquired from the state or others.

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

(d) All rights to the production of the pooled mineral from the unit, including royalties and other payments, shall be determined and governed by the lease or other contract pertaining to each separate tract, respectively, based upon the production so allocated to such tract only, in lieu of the actual production of the pooled mineral therefrom. Provided that, payments that are made on a per acre basis shall be reduced according to the number of acres pooled and included herein, so that payments made on a per acre basis

shall be calculated based upon the number of acres actually included within the boundaries of the pooled unit covered by this Agreement.

(e) A shut-in oil or gas well located upon any land or lease included within said unit shall be considered as a shut-in oil or gas well located upon each land or lease included within said unit; provided, however, that shut-in oil or gas well royalty shall be paid to the State on each State lease wholly or partially within the unit, according to the terms of such lease as though such shut-in oil or gas well were located on said lease, it being agreed that shut-in royalties provided in each State lease shall not be shared with other royalty owners.

(f) Notwithstanding any other provision hereof, it is expressly agreed that each State lease may be maintained in force as to areas lying outside the unitized area described in Exhibit "B" only as provided in each such lease without regard to unit operations or unit production. Neither production of the pooled mineral, nor unit operations with respect thereto, nor the payment of shut-in royalties from a unit well, shall serve to hold any State lease in force as to any area outside the unitized area described in Exhibit "B" regardless of whether the production or operations on the unit are actually located on the State lease or not. "Area" as used in this paragraph shall be based upon surface acres to the end that, except as may otherwise be provided in each State Lease, the area inside the surface boundaries of the pooled unit, if held, will be held as to all depths and horizons.

(g) If the Railroad Commission of Texas (or any other Texas regulatory body having jurisdiction) shall adopt special field rules providing for oil and/or gas proration units of less than 642 acres, then Lessee agrees to either (1) drill to the density permitted by the Railroad Commission, (2) make application to the School Land Board of the State of Texas to reform the unit to comply with Railroad Commission unit rules, or (3) make application to the School Land Board of the State of Texas for such remedy as may be agreeable to the Board.

(h) This Agreement shall not relieve Lessee from the duty of protecting the State leases described in Exhibit "A" and the State lands within the boundaries of the pooled unit described in Exhibit "B" from drainage from any well situated on privately owned land, lying outside the unitized area described in Exhibit "B", but, subject to such obligation, Lessee may produce the allowable for the entire unit as fixed by the Railroad Commission of Texas or other lawful authority, from any one or more wells completed thereon.

(i) There shall be no obligation to drill internal offsets to any other well on separate tracts within the pooled unit, nor to develop the lands within the boundaries thereof separately, as to the pooled mineral.

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

ALLOCATION OF PRODUCTION: 5.

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

TAKING ROYALTY IN KIND: 6.

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

FULL MARKET VALUE: 7.

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

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

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

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

EFFECTIVE DATE: 8.

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

TERM: 9.

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

SPECIAL TERMS AND CONDITIONS: 10.

Notwithstanding anything contained herein to the contrary, this Agreement is subject to the terms and conditions of the attached Addendum "A" and Addendum "B".

STATE LAND: 11.

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

DISSOLUTION: 12.

The unit covered by this Agreement may be dissolved by Lessee, his heirs, successors or assigns, by an instrument filed for record in Reeves County, Texas, and a certified copy thereof filed in the General Land Office at any time after the cessation of production on said unit or the completion of a dry hole thereon prior to production or upon such other date as may be approved by the School Land Board and mutually agreed to by the undersigned parties, their successors or assigns.

RATIFICATION/WAIVER: 13.

Nothing in this Agreement, nor the approval of this Agreement by the School Land Board, nor the execution of this Agreement by the Commissioner shall: (1) operate as a ratification or revivor of any State lease that has expired, terminated, or has been released in whole or in part or terminated under the terms of such State lease or the laws applicable thereto; (2) constitute a waiver or release of any claim for money, oil, gas or other hydrocarbons, or other thing due to the State by reason of the existence or failure of such lease; (3) constitute a waiver or release of any claim by the State that such lease is void or voidable for any reason, including, without limitation, violations of the laws of the State with respect to such lease or failure of consideration; (4) constitute a confirmation or recognition of any boundary or acreage of any tract or parcel of land in which the State has or claims an interest; or (5) constitute a ratification of, or a waiver or release of any claim by the State with respect to any violation of a statute, regulation, or any of the common laws of this State, or any breach of any contract, duty, or other obligation owed to the State.

COUNTERPARTS: 14.

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

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

Date Executed 12/22/14

STATE OF TEXAS

Legal
Content
Geology
Executive

By: _____
Jerry E. Patterson, Commissioner
General Land Office

Date Executed 12/17/14

BHP Billiton Petroleum Properties (N.A.), LP,
formerly known as Petrohawk Properties, LP,
By: BHP Billiton Petroleum Properties (GP), LLC,
its General Partner

By: _____
Stephen L. Mahanay, Attorney-in-Fact

STATE OF TEXAS

COUNTY OF HARRIS

This instrument was acknowledged before me on December 18, 2014, by Stephen L. Mahanay, Attorney-in-Fact of BHP Billiton Petroleum Properties (N.A.), LP formerly known as Petrohawk Properties, LP, by BHP Billiton Petroleum Properties (GP), LLC, its General Partner a Texas limited liability company on behalf of said limited partnership.

_____
Notary Public in and for the State of Texas

LYNN LATIOLAIS
Notary Public, State of Texas
My Commission Expires
October 10, 2017

CERTIFICATE

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

IN TESTIMONY WHEREOF, witness my hand this the 22nd day of December, 2014.

_____
Secretary of the School Land Board

ADDENDUM "A"

To that certain Pooling Agreement for the STATE LRP 57-T2-12 UNIT

The parties hereby agree that should a conflict exist between this Addendum and the body of the agreement that this Addendum shall prevail.

The pooled unit shall consist of all of the lands herein described in the attached Exhibit "B" and depicted in the attached Exhibit "C", provided however that, on or before July 14, 2015 (the "**Trigger Date**"), if Lessee has commenced actual drilling operations on one (1) Unit Well, then a "**Continuous Drilling Program**" shall commence, whereby, Lessee has the option to commence actual drilling operations on additional Unit Wells in accordance with the deadlines below:

- July 14, 2016 – 2nd Unit Well
- July 14, 2017 – 3rd Unit Well
- July 14, 2018 – 4th Unit Well

At such time as Lessee has drilled and completed four (4) Unit Wells, in accordance with the deadlines above, the Continuous Drilling Program shall cease and the parties hereby agree that the pooled unit shall remain in the original, unaltered size and shape described in Exhibit "B" and depicted in Exhibit "C", in accordance with paragraph 9 of the Agreement.

Lessee's failure to timely comply with the deadlines above shall result in the formation of a "**Contracted Pooled Unit**" in accordance with the following:

# of Unit Wells	Corresponding size & shape of the resulting Contracted Pooled Unit
1 Unit Well	160 Acres, comprised of the stand-up 160 acre quarter of the pooled unit containing the first Unit Well.
2 Unit Wells	320 Acres, comprised of a) the stand-up 320 acre half of the section containing the first Unit Well, or b) the two 160 acre stand-up quarters of the section containing each of the 2 Unit Wells, if said wells are not in the same half of the section.
3 Unit Wells	480 Acres, comprised of a) the stand-up 320 acre half of the section containing the first Unit Well and the adjacent stand-up 160 acre quarter of the section, or b) the stand-up 320 acre half of the section containing the first Unit Well and the non-adjacent stand-up 160 acre quarter of the section, if said non-adjacent quarter contains a wellbore c) the three 160 acre stand-up quarters of the section containing each of the 3 Unit Wells.

END OF ADDENDUM "A"

ADDENDUM "B"

To that certain Pooling Agreement for the STATE LRP 57-T2-12 Unit

The parties hereby agree that should a conflict exist between this Addendum and the body of the Agreement that this Addendum shall prevail.

This Pooling Agreement shall constitute an amendment of the oil and gas leases that contain listed on the attached Exhibit "A" that contain Horizontal Pugh provisions, severing depths at the expiration of the Primary Term (on Exhibit "A" and hereinafter singularly a "**Depth Severance Lease**" and collectively the "**Depth Severance Leases**"), and does hereby provide that in the event a Depth Severance Lease:

1) Is in force and effect two (2) years after the expiration of its primary term; and

2) If Lessee has paid an amount equal to one-half (1/2) of the bonus originally paid as consideration for the Lease, extending the deeper depths (as defined in paragraph 16 (B) of the Lease) for an additional 2 years (the "Deeper Depths Extension").

Then, at the expiration of the Deeper Depths Extension, the Depth Severance Lease shall not terminate as to all depths below 100 feet below the total depth drilled in each well located on acreage retained in Paragraph 16 (A) of the Depth Severance Lease, but shall instead be maintained in full force and effect as to all applicable depths covered by the Depth Severance Lease, down to the "unitized interval", as defined in the body of the Agreement, for an additional 3 years following the expiration of the Deeper Depths Extension, at which point the Depth Severance Leases will terminate as to all depths below 300' below the deepest depth drilled in the unit. It is expressly understood that all depths included in the "unitized interval" shall be perpetuated in accordance with the Depth Severance Leases as modified by this Addendum, regardless of any language to the contrary in the body of the Depth Severance Leases.

END OF ADDENDUM "B"

EXHIBIT "A"

Attached to and made a part of that certain Pooling Agreement, BHP Billiton Petroleum Properties (N.A.), LP, State LRP 57-T2-12 Unit; GLO Unit No. 7199, Reeves County, Texas

Leases in Unit

LESSOR:	State of Texas, General Land Office (MF-088364)
LESSEE:	Prewit Minerals
DATE:	10/05/1982
RECORDING:	File No. 4510, Volume 427, Page 331, Reeves County, Texas
LESSOR:	State of Texas, acting by and through its agent, Robert A. Schuler and James N. Schuler, both individually and as remainderman under Evelyn Schuler, Life Estate (MF-088676)
LESSEE:	Blake Oil & Gas Corporation
DATE:	12/08/1986
RECORDING:	File No. 344, Volume 474, Page 168, Reeves County, Texas
LESSOR:	State of Texas, acting by and through its agent, Evelyn Schuler (MF-088676)
LESSEE:	Blake Oil & Gas Corporation
DATE:	10/10/1987
RECORDING:	File No. 3063, Volume 481, Page 311, Reeves County, Texas
LESSOR:	State of Texas, acting by and through its agent, Violet Schuler (MF-088676)
LESSEE:	Blake Oil & Gas Corporation
DATE:	10/10/1987
RECORDING:	File No. 3062, Volume 481, Page 303, Reeves County, Texas
LESSOR:	State of Texas, acting by and through its agent, Altha M. Farwell (MF-088676)
LESSEE:	Blake Oil & Gas Corporation
DATE:	09/30/1988
RECORDING:	File No. 2781, Volume 489, Page 362, Reeves County, Texas
LESSOR:	State of Texas, acting by and through its agent, Mary C. Gehle (MF-088676)
LESSEE:	Blake Oil & Gas Corporation
DATE:	09/30/1988
RECORDING:	File No. 2491, Volume 489, Page 372, Reeves County, Texas
LESSOR:	State of Texas, acting by and through its agent, Richard Kiel (MF-088676)
LESSEE:	Blake Oil & Gas Corporation
DATE:	09/30/1988
RECORDING:	File No. 2783, Volume 489, Page 382, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Donald H. Kiel (MF-088676)
LESSEE: Blake Oil & Gas Corporation
DATE: 10/10/1988
RECORDING: File No. 2784, Volume 489, Page 392, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Lois Oestrich and Clint Oestrich (MF-088676)
LESSEE: Blake Oil & Gas Corporation
DATE: 09/30/1988
RECORDING: File No. 2785, Volume 489, Page 402, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Lorna Jean Rybacheck (MF-088676)
LESSEE: Blake Oil & Gas Corporation
DATE: 10/10/1988
RECORDING: File No. 2786, Volume 489, Page 412, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Mildred Max (MF-088676)
LESSEE: Blake Oil & Gas Corporation
DATE: 09/30/1988
RECORDING: File No. 2787, Volume 489, Page 422, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Algo A. Novallo (MF-088676)
LESSEE: Blake Oil & Gas Corporation
DATE: 09/30/1988
RECORDING: File No. 2939, Volume 490, Page 23, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Shirley E. Campbell (MF-088676)
LESSEE: Blake Oil & Gas Corporation
DATE: 10/17/1988
RECORDING: File No. 2940, Volume 490, Page 33, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Richard Gehle (MF-088676)
LESSEE: Blake Oil & Gas Corporation
DATE: 09/30/1988
RECORDING: File No. 2491, Volume 490, Page 43, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Carol Wagner, et al (MF-088676)
LESSEE: Blake Oil & Gas Corporation
DATE: 09/30/1988
RECORDING: File No. 208, Volume 491, Page 448, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Ester I. Wurm (MF-088676)
LESSEE: Blake Oil & Gas Corporation
DATE: 09/30/1988
RECORDING: File No. 209, Volume 491, Page 459, Reeves County, Texas

LESSOR: Tunstill Oil & Land Trust, by Jean Tunstill, Trustee (MF-101575)
LESSEE: MTBB Acquisition Company, LLC
DATE: 03/10/1999
RECORDING: File No. 1070, Volume 604, Page 595, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Lowe Royalty Partners, LP (MF-115425)
LESSEE: Petrohawk Properties, LP
DATE: 01/28/2013
RECORDING: File No. 13-03308, Volume 1001, Page 297, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, William Edward Lasell (MF-115426)
LESSEE: Petrohawk Properties, LP
DATE: 03/25/2013
RECORDING: File No. 13-03311, Volume 1001, Page 320, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Julia Lucinda C. Raman (MF-115425B)
LESSEE: Petrohawk Properties, LP
DATE: 05/24/2013
RECORDING: File No. 13-04427, Volume 1007, Page 741, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Walter C. Cremin, III (MF-115586A)
LESSEE: Petrohawk Properties, LP
DATE: 05/24/2013
RECORDING: File No. 13-04843, Volume 1010, Page 361, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Stanley N. Staples (MF-115586A)
LESSEE: Petrohawk Properties, LP
DATE: 05/24/2013
RECORDING: File No. 13-04844, Volume 1010, Page 368, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Marianne C. Taylor (MF-115426)
LESSEE: Petrohawk Properties, LP
DATE: 05/24/2013
RECORDING: File No. 13-05322, Volume 1014, Page 521, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Estate of Ann Cremin Fiala (MF-115425C)
LESSEE: Petrohawk Properties, LP
DATE: 06/12/2013
RECORDING: File No. 13-05323, Volume 1014, Page 528, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, William Wyatt Leavell, III (MF-115586E)
LESSEE: BHP Billiton Petroleum Properties (N.A.), LP
DATE: 07/18/2013
RECORDING: File No. 13-06862, Volume 1025, Page 426, Reeves County, Texas

LESSOR:	State of Texas, acting by and through its agent, Lauren Leavell Pinkston (MF-115586D)
LESSEE:	BHP Billiton Petroleum Properties (N.A.), LP
DATE:	07/18/2013
RECORDING:	File No. 13-06863, Volume 1025, Page 436, Reeves County, Texas

LESSOR:	State of Texas, acting by and through its agent, Jennifer Blake Bromberg (MF-115586C)
LESSEE:	BHP Billiton Petroleum Properties (N.A.), LP
DATE:	07/18/2013
RECORDING:	File No. 13-06864, Volume 1025, Page 446, Reeves County, Texas

LESSOR:	State of Texas, acting by and through its agent, Blake Oil & Gas Corporation (MF-115586B)
LESSEE:	Petrohawk Properties, LP
DATE:	07/18/2013
RECORDING:	File No. 13-07868, Volume 1032, Page 196, Reeves County, Texas

Incorporated by reference herein for all purposes shall be any and all instruments that have further adopted, amended, confirmed, extended, ratified and/or revised the leases listed herein and recorded in the Official Public Records of Reeves County, Texas

END OF EXHIBIT "A"

EXHIBIT "B"

Attached to and made a part of that certain Pooling Agreement, BHP Billiton Petroleum Properties (N.A.), LP, State LRP 57-T2-12 Unit; GLO Unit No. 7199, Reeves County, Texas

Description of Lands

Tract 1:

BEING 200.00 acres, more or less, being described as the E/2 of the NE/4, the W/2 of the NW/4, and the West 40 acres of the North 120 acres of the S/2 of Section 12, Block 57, Township 2, T&P RR Co. Survey, Abstract No. 5701, Reeves County, Texas.

Tract 2:

BEING 80.00 acres, more or less, being the East 80 acres of the North 120 acres of the S/2 of the Northern 440 acres of Section 12, Block 57, Township 2, T. & P. RR Co. Survey, Abstract No. 5701, Reeves County, Texas, being further described in Volume 60, Page 638 of the Deed Records of Reeves County, Texas.

Tract 3:

BEING 200.00 acres, more or less, being the South 200 acres of Section 12, Block 57, Township 2, T&P RR Co. Survey, Abstract No. 5701, Reeves County, Texas.

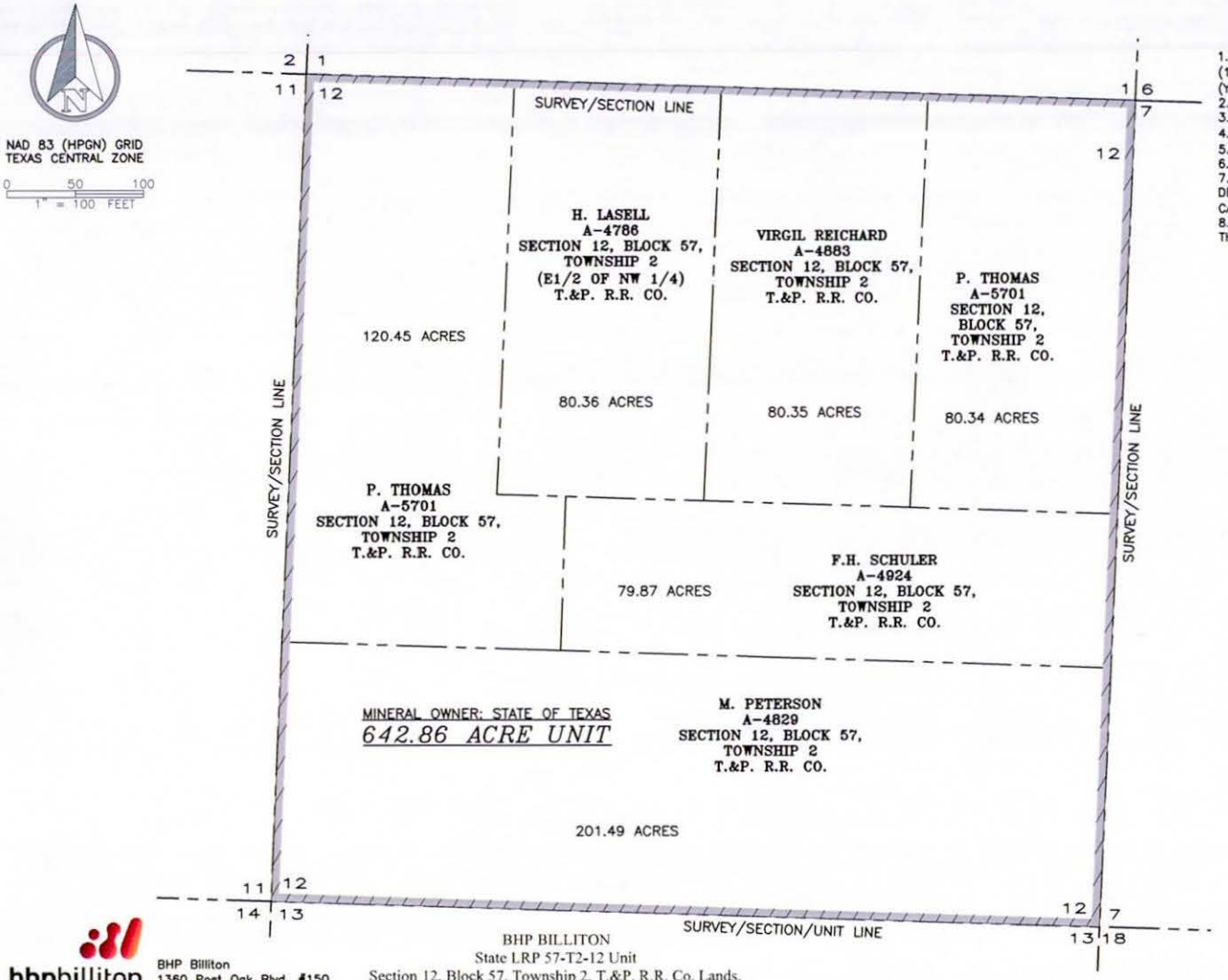
Tract 4:

BEING 80.00 acres, more or less, being the E/2 of the NW/4 of Section 12, Block 57, Township 2, T&P RR Co. Survey, Abstract No. 5701, Reeves County, Texas.

Tract 5:

BEING 80.00 acres, more or less, being the W/2 of the NE/4 of Section 12, Block 57, Township 2, T&P RR Co. Survey, Abstract No. 5701, Reeves County, Texas.

END OF EXHIBIT "B"



BHP BILLITON
State LRP 57-T2-12 Unit
Section 12, Block 57, Township 2, T.&P. R.R. Co. Lands,
Reeves County, Texas.

bhpbilliton
BHP Billiton
1360 Post Oak Blvd. #150
Houston, Texas 77056

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GENERAL NOTES

1. COORDINATES SHOWN ARE BASED ON TEXAS COORDINATE SYSTEM OF NAD 83 (1986) "TEXAS CENTRAL ZONE", AND BASED ON "ORLA" NGS MONUMENT (Y = 10,641,530.91, X = 1,172,488.25)
2. VERTICAL DATUM IS NAVD 88
3. COMBINED SCALE FACTOR = 0.999863762
4. LATITUDE AND LONGITUDE ARE NAD 83 (1986) AS SHOWN
5. AREA, DISTANCES, AND COORDINATES ARE "GRID"
6. UNITS ARE UNITED STATES SURVEY FOOT.
7. ALL LEASE AND TRACT INFORMATION SHOWN HERE ON IS DONE SO BY LIMITED DEED RECORD INFORMATION ONLY. ALL ACREAGES SHOWN ARE BY DEED AND LEASE CALL, EXCEPT WHERE NOTED. THIS IS NOT IN ANY WAY A "BOUNDARY SURVEY".
8. ELEVATIONS SHOWN IN LINE TABLES REPRESENT THE ELEVATION AT THE END OF THAT LINE SEGMENT IN THE DIRECTION FROM THE PREVIOUS POINT.

REVISION	DATE	BY	DETAILS
A	09/30/14	JK	MAKE PRELIMINARY EXHIBIT
B	10/13/14	JK	MAKE FINAL EXHIBIT
C	10/15/14	RP	REVISE PLAT

I HEREBY STATE THAT THIS PLAT SHOWS THE SUBJECT LOCATION BASED ON INFORMATION PROVIDED BY THE CLIENT.

ROBERT GLEN MALOY
REGISTERED PROFESSIONAL LAND SURVEYOR
LICENSE NO. 6028

STATE OF TEXAS · REGISTERED · ROBERT GLEN MALOY · 6028 · PROFESSIONAL LAND SURVEYOR

EXHIBIT "C" OF:

A POOLED UNIT FOR:

BHP BILLITON

STATE LRP 57-T2-12 UNIT

WID# 833194

SITUATED IN THE M. PETERSON SURVEY, A-4829, SECTION 12, BLOCK 57, TOWNSHIP 2, AND BEING APPROXIMATELY 2.8 MILES NORTH OF ORLA, IN REEVES COUNTY, TEXAS.

FRANK SURVEYING COMPANY INC
550 Bailey Ave., 205 · Fort Worth, TX 76107
Ph: 817.349.9800 · Fax: 979.732.5271
TBPLS Firm No. 10193887
www.franksurveying.com
LAND SURVEYING/ENERGY/GIS SERVICES

DATE:	10/15/14
DRAWN BY:	RP
CHECKED BY:	RM
FIELD CREW:	RE/MR
PROJECT NO:	201408833
SCALE:	1"= 100'
SHEET:	1
REVISION:	0

11-17-21

(55)

File No. M-88364
Pooling Agmt Packet # 7199
State URP 57-T2-12 Unit
Date Filed: 12/22/14
Jerry E. Patterson, Commissioner
By

EXPLORATION LAND SERVICES, LLC
4021-B Ambassador Caffery Pkwy, Suite 200, Lafayette, Louisiana 70503-5281 • Phone: 337.234.3500 • Fax: 337.234.3525 • Email: contact@explorationland.com

January 20, 2015

Via FedEx

Mr. J. Daryl Morgan
Texas General Land Office
1700 Congress Avenue
Stephen F. Austin Building, RM 840
Austin, Texas 78701

Re: Pooling Agreement M-88364
GLO Unit No. 7199
Reeves County, Texas

Dear Daryl:

Enclosed herewith, please find one (1) Pooling Agreement for the State LRP 57-T2-12 Unit in Reeves County, Texas, between the Commissioner of the General Land Office, on behalf of the State of Texas and BHP Billiton Petroleum Properties (N.A.), LP, filed under Instrument Number 15-00361 in the Official Public Records of Reeves County, Texas. I trust you will not hesitate to call me with any questions that you may have concerning this matter.

Sincerely yours,

Natalie Holeman

encl.

51.321

(56)

File No. M-88364
Ltr. From Expl. Land Services

Date Filed: 1/22/15
Jerry E. Patterson, Commissioner

By

15-00361
FILED FOR RECORD
REEVES COUNTY, TEXAS
Jan 14, 2015 at 08:37:00 AM

POOLING AGREEMENT
BHP BILLITON PETROLEUM PROPERTIES (N.A.), LP
STATE LRP 57-T2-12 UNIT
GLO UNIT NO. 7199
REEVES COUNTY, TEXAS

THIS AGREEMENT is entered into by and between the Commissioner of the General Land Office, on behalf of the State of Texas, as "Lessor" and BHP Billiton Petroleum Properties (N.A.), LP, herein referred to as "Lessee", and such other interested parties as may join in the execution hereof, the undersigned parties herein collectively referred to as the "parties", in consideration of the mutual agreements hereinafter set forth and other valuable considerations, the receipt and sufficiency of which are hereby acknowledged, and for the purposes and upon the terms and conditions which follow:

PURPOSES: 1.

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

UNIT DESCRIPTION: 2.

The oil and gas leases, which are included within the pooled unit, are listed on the attached Exhibit "A", to which leases and the records thereof reference is here made for all pertinent purposes. The pooled unit shall consist of all of the lands described in Exhibit "B" attached hereto and made a part hereof. A plat of the pooled unit is attached hereto as Exhibit "C". The unit description is subject to the provisions of Addendum "A".

MINERAL POOLED: 3.

The mineral pooled and unitized ("pooled mineral") hereby shall be oil and gas including all hydrocarbons that may be produced from an oil well or a gas well as such wells are recognized and designated by the Railroad Commission of Texas or other state regulatory agency having jurisdiction of the drilling and production of oil and gas wells. The pooled mineral shall extend to those depths underlying the surface boundaries of the pooled unit from the base of the Brushy Canyon Formation to 100 feet below the base of the Wolfcamp Formation, being defined as the stratigraphic interval or its correlative equivalent occurring from 6,746 feet true vertical depth to 11,443 feet true vertical depth as seen on the electric log of the BHPBTXLA, State Tunstill 56-T2-6 #1H well, API #42-389-34315 ("unitized interval"). The unitized interval is subject to the provisions of Addendum "B".

POOLING AND EFFECT: 4.

The parties hereto commit all of their interests which are within the unit to the extent and as above described into said unit and unitize and pool hereunder the separate tracts described on the attached Exhibit "B", for and during the term hereof, so that such pooling or unitization shall have the following effect:

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

(b) All drilling operations, reworking or other operations with respect to the pooled mineral on land within the unit shall be considered as though the same were on each separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Agreement. In the event the unitized area covered by this Agreement is maintained in force by drilling or reworking operations conducted on a directional well drilled under the unitized area from a surface location on adjacent or adjoining lands not included within the boundaries of the unitized area, such operations shall be considered to have been commenced on the unitized area when drilling is commenced on the adjacent or adjoining land for the purpose of directionally drilling under the unitized area and production of oil or gas from the unitized area through any directional well surfaced on adjacent or adjoining land or drilling or reworking of any such directional well shall be considered production or drilling or reworking operations, as the case may be, on the unitized area for all purposes under this Agreement. Nothing in this Agreement is intended or shall be construed as granting to Lessee any leasehold interest, easements, or other rights in or with respect to any such adjacent or adjoining land in addition to any such leasehold interests, easements, or other rights which the lessee, operator or other interest owner in the unitized area may have lawfully acquired from the state or others.

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

(d) All rights to the production of the pooled mineral from the unit, including royalties and other payments, shall be determined and governed by the lease or other contract pertaining to each separate tract, respectively, based upon the production so allocated to such tract only, in lieu of the actual production of the pooled mineral therefrom. Provided that, payments that are made on a per acre basis shall be reduced according to the number of acres pooled and included herein, so that payments made on a per acre basis

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shall be calculated based upon the number of acres actually included within the boundaries of the pooled unit covered by this Agreement.

(e) A shut-in oil or gas well located upon any land or lease included within said unit shall be considered as a shut-in oil or gas well located upon each land or lease included within said unit; provided, however, that shut-in oil or gas well royalty shall be paid to the State on each State lease wholly or partially within the unit, according to the terms of such lease as though such shut-in oil or gas well were located on said lease, it being agreed that shut-in royalties provided in each State lease shall not be shared with other royalty owners.

(f) Notwithstanding any other provision hereof, it is expressly agreed that each State lease may be maintained in force as to areas lying outside the unitized area described in Exhibit "B" only as provided in each such lease without regard to unit operations or unit production. Neither production of the pooled mineral, nor unit operations with respect thereto, nor the payment of shut-in royalties from a unit well, shall serve to hold any State lease in force as to any area outside the unitized area described in Exhibit "B" regardless of whether the production or operations on the unit are actually located on the State lease or not. "Area" as used in this paragraph shall be based upon surface acres to the end that, except as may otherwise be provided in each State Lease, the area inside the surface boundaries of the pooled unit, if held, will be held as to all depths and horizons.

(g) If the Railroad Commission of Texas (or any other Texas regulatory body having jurisdiction) shall adopt special field rules providing for oil and/or gas proration units of less than 642 acres, then Lessee agrees to either (1) drill to the density permitted by the Railroad Commission, (2) make application to the School Land Board of the State of Texas to reform the unit to comply with Railroad Commission unit rules, or (3) make application to the School Land Board of the State of Texas for such remedy as may be agreeable to the Board.

(h) This Agreement shall not relieve Lessee from the duty of protecting the State leases described in Exhibit "A" and the State lands within the boundaries of the pooled unit described in Exhibit "B" from drainage from any well situated on privately owned land, lying outside the unitized area described in Exhibit "B", but, subject to such obligation, Lessee may produce the allowable for the entire unit as fixed by the Railroad Commission of Texas or other lawful authority, from any one or more wells completed thereon.

(i) There shall be no obligation to drill internal offsets to any other well on separate tracts within the pooled unit, nor to develop the lands within the boundaries thereof separately, as to the pooled mineral.

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

ALLOCATION OF PRODUCTION: 5.

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

TAKING ROYALTY IN KIND: 6.

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

FULL MARKET VALUE: 7.

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

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

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

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

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51.221

EFFECTIVE DATE: 8.

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

TERM: 9.

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

SPECIAL TERMS AND CONDITIONS: 10.

Notwithstanding anything contained herein to the contrary, this Agreement is subject to the terms and conditions of the attached Addendum "A" and Addendum "B".

STATE LAND: 11.

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

DISSOLUTION: 12.

The unit covered by this Agreement may be dissolved by Lessee, his heirs, successors or assigns, by an instrument filed for record in Reeves County, Texas, and a certified copy thereof filed in the General Land Office at any time after the cessation of production on said unit or the completion of a dry hole thereon prior to production or upon such other date as may be approved by the School Land Board and mutually agreed to by the undersigned parties, their successors or assigns.

RATIFICATION/WAIVER: 13.

Nothing in this Agreement, nor the approval of this Agreement by the School Land Board, nor the execution of this Agreement by the Commissioner shall: (1) operate as a ratification or revivor of any State lease that has expired, terminated, or has been released in whole or in part or terminated under the terms of such State lease or the laws applicable thereto; (2) constitute a waiver or release of any claim for money, oil, gas or other hydrocarbons, or other thing due to the State by reason of the existence or failure of such lease; (3) constitute a waiver or release of any claim by the State that such lease is void or voidable for any reason, including, without limitation, violations of the laws of the State with respect to such lease or failure of consideration; (4) constitute a confirmation or recognition of any boundary or acreage of any tract or parcel of land in which the State has or claims an interest; or (5) constitute a ratification of, or a waiver or release of any claim by the State with respect to any violation of a statute, regulation, or any of the common laws of this State, or any breach of any contract, duty, or other obligation owed to the State.

COUNTERPARTS: 14.

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

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

Date Executed 12/22/14

STATE OF TEXAS

Legal
Content
Geology
Executive

By: Jerry E. Patterson
Jerry E. Patterson, Commissioner
General Land Office

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Date Executed 12/17/14

BHP Billiton Petroleum Properties (N.A.), LP,
formerly known as Petrohawk Properties, LP,
By: BHP Billiton Petroleum Properties (GP), LLC,
its General Partner

By: _____
Stephen L. Mahanay, Attorney-in-Fact

STATE OF TEXAS

COUNTY OF HARRIS

This instrument was acknowledged before me on December 18, 2014, by Stephen L. Mahanay, Attorney-in-Fact of BHP Billiton Petroleum Properties (N.A.), LP formerly known as Petrohawk Properties, LP, by BHP Billiton Petroleum Properties (GP), LLC, its General Partner a Texas limited liability company on behalf of said limited partnership.

LYNN LATIOLAIS
Notary Public, State of Texas
My Commission Expires
October 10, 2017

_____
Notary Public in and for the State of Texas

CERTIFICATE

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

IN TESTIMONY WHEREOF, witness my hand this the 22nd day of December, 2014.

_____
Secretary of the School Land Board

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ADDENDUM "A"

To that certain Pooling Agreement for the STATE LRP 57-T2-12 UNIT

The parties hereby agree that should a conflict exist between this Addendum and the body of the agreement that this Addendum shall prevail.

The pooled unit shall consist of all of the lands herein described in the attached Exhibit "B" and depicted in the attached Exhibit "C", provided however that, on or before July 14, 2015 (the "**Trigger Date**"), if Lessee has commenced actual drilling operations on one (1) Unit Well, then a "**Continuous Drilling Program**" shall commence, whereby, Lessee has the option to commence actual drilling operations on additional Unit Wells in accordance with the deadlines below:

- July 14, 2016 – 2nd Unit Well
- July 14, 2017 – 3rd Unit Well
- July 14, 2018 – 4th Unit Well

At such time as Lessee has drilled and completed four (4) Unit Wells, in accordance with the deadlines above, the Continuous Drilling Program shall cease and the parties hereby agree that the pooled unit shall remain in the original, unaltered size and shape described in Exhibit "B" and depicted in Exhibit "C", in accordance with paragraph 9 of the Agreement.

Lessee's failure to timely comply with the deadlines above shall result in the formation of a "**Contracted Pooled Unit**" in accordance with the following:

# of Unit Wells	Corresponding size & shape of the resulting Contracted Pooled Unit
1 Unit Well	160 Acres, comprised of the stand-up 160 acre quarter of the pooled unit containing the first Unit Well.
2 Unit Wells	320 Acres, comprised of a) the stand-up 320 acre half of the section containing the first Unit Well, or b) the two 160 acre stand-up quarters of the section containing each of the 2 Unit Wells, if said wells are not in the same half of the section.
3 Unit Wells	480 Acres, comprised of a) the stand-up 320 acre half of the section containing the first Unit Well and the adjacent stand-up 160 acre quarter of the section, or b) the stand-up 320 acre half of the section containing the first Unit Well and the non-adjacent stand-up 160 acre quarter of the section, if said non-adjacent quarter contains a wellbore c) the three 160 acre stand-up quarters of the section containing each of the 3 Unit Wells.

END OF ADDENDUM "A"

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ADDENDUM "B"

To that certain Pooling Agreement for the STATE LRP 57-T2-12 Unit

The parties hereby agree that should a conflict exist between this Addendum and the body of the Agreement that this Addendum shall prevail.

This Pooling Agreement shall constitute an amendment of the oil and gas leases that contain listed on the attached Exhibit "A" that contain Horizontal Pugh provisions, severing depths at the expiration of the Primary Term (on Exhibit "A" and hereinafter singularly a "**Depth Severance Lease**" and collectively the "**Depth Severance Leases**"), and does hereby provide that in the event a Depth Severance Lease:

1) Is in force and effect two (2) years after the expiration of its primary term; and

2) If Lessee has paid an amount equal to one-half (1/2) of the bonus originally paid as consideration for the Lease, extending the deeper depths (as defined in paragraph 16 (B) of the Lease) for an additional 2 years (the "Deeper Depths Extension").

Then, at the expiration of the Deeper Depths Extension, the Depth Severance Lease shall not terminate as to all depths below 100 feet below the total depth drilled in each well located on acreage retained in Paragraph 16 (A) of the Depth Severance Lease, but shall instead be maintained in full force and effect as to all applicable depths covered by the Depth Severance Lease, down to the "unitized interval", as defined in the body of the Agreement, for an additional 3 years following the expiration of the Deeper Depths Extension, at which point the Depth Severance Leases will terminate as to all depths below 300' below the deepest depth drilled in the unit. It is expressly understood that all depths included in the "unitized interval" shall be perpetuated in accordance with the Depth Severance Leases as modified by this Addendum, regardless of any language to the contrary in the body of the Depth Severance Leases.

END OF ADDENDUM "B"

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EXHIBIT "A"

Attached to and made a part of that certain Pooling Agreement, BHP Billiton Petroleum Properties (N.A.), LP, State LRP 57-T2-12 Unit; GLO Unit No. 7199, Reeves County, Texas

Leases in Unit

LESSOR:	State of Texas, General Land Office (MF-088364)
LESSEE:	Prewit Minerals
DATE:	10/05/1982
RECORDING:	File No. 4510, Volume 427, Page 331, Reeves County, Texas

LESSOR:	State of Texas, acting by and through its agent, Robert A. Schuler and James N. Schuler, both individually and as remainderman under Evelyn Schuler, Life Estate (MF-088676)
LESSEE:	Blake Oil & Gas Corporation
DATE:	12/08/1986
RECORDING:	File No. 344, Volume 474, Page 168, Reeves County, Texas

LESSOR:	State of Texas, acting by and through its agent, Evelyn Schuler (MF-088676)
LESSEE:	Blake Oil & Gas Corporation
DATE:	10/10/1987
RECORDING:	File No. 3063, Volume 481, Page 311, Reeves County, Texas

LESSOR:	State of Texas, acting by and through its agent, Violet Schuler (MF-088676)
LESSEE:	Blake Oil & Gas Corporation
DATE:	10/10/1987
RECORDING:	File No. 3062, Volume 481, Page 303, Reeves County, Texas

LESSOR:	State of Texas, acting by and through its agent, Altha M. Farwell (MF-088676)
LESSEE:	Blake Oil & Gas Corporation
DATE:	09/30/1988
RECORDING:	File No. 2781, Volume 489, Page 362, Reeves County, Texas

LESSOR:	State of Texas, acting by and through its agent, Mary C. Gehle (MF-088676)
LESSEE:	Blake Oil & Gas Corporation
DATE:	09/30/1988
RECORDING:	File No. 2491, Volume 489, Page 372, Reeves County, Texas

LESSOR:	State of Texas, acting by and through its agent, Richard Kiel (MF-088676)
LESSEE:	Blake Oil & Gas Corporation
DATE:	09/30/1988
RECORDING:	File No. 2783, Volume 489, Page 382, Reeves County, Texas

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LESSOR: State of Texas, acting by and through its agent, Donald H. Kiel (MF-088676)
LESSEE: Blake Oil & Gas Corporation
DATE: 10/10/1988
RECORDING: File No. 2784, Volume 489, Page 392, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Lois Oestrich and Clint Oestrich (MF-088676)
LESSEE: Blake Oil & Gas Corporation
DATE: 09/30/1988
RECORDING: File No. 2785, Volume 489, Page 402, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Lorna Jean Rybacheck (MF-088676)
LESSEE: Blake Oil & Gas Corporation
DATE: 10/10/1988
RECORDING: File No. 2786, Volume 489, Page 412, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Mildred Max (MF-088676)
LESSEE: Blake Oil & Gas Corporation
DATE: 09/30/1988
RECORDING: File No. 2787, Volume 489, Page 422, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Algo A. Novallo (MF-088676)
LESSEE: Blake Oil & Gas Corporation
DATE: 09/30/1988
RECORDING: File No. 2939, Volume 490, Page 23, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Shirley E. Campbell (MF-088676)
LESSEE: Blake Oil & Gas Corporation
DATE: 10/17/1988
RECORDING: File No. 2940, Volume 490, Page 33, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Richard Gehle (MF-088676)
LESSEE: Blake Oil & Gas Corporation
DATE: 09/30/1988
RECORDING: File No. 2491, Volume 490, Page 43, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Carol Wagner, et al (MF-088676)
LESSEE: Blake Oil & Gas Corporation
DATE: 09/30/1988
RECORDING: File No. 208, Volume 491, Page 448, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Ester I. Wurm (MF-088676)
LESSEE: Blake Oil & Gas Corporation
DATE: 09/30/1988
RECORDING: File No. 209, Volume 491, Page 459, Reeves County, Texas

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LESSOR: Tunstill Oil & Land Trust, by Jean Tunstill, Trustee (MF-101575)
LESSEE: MTBB Acquisition Company, LLC
DATE: 03/10/1999
RECORDING: File No. 1070, Volume 604, Page 595, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Lowe Royalty Partners, LP (MF-115425)
LESSEE: Petrohawk Properties, LP
DATE: 01/28/2013
RECORDING: File No. 13-03308, Volume 1001, Page 297, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, William Edward Lasell (MF-115426)
LESSEE: Petrohawk Properties, LP
DATE: 03/25/2013
RECORDING: File No. 13-03311, Volume 1001, Page 320, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Julia Lucinda C. Raman (MF-115425B)
LESSEE: Petrohawk Properties, LP
DATE: 05/24/2013
RECORDING: File No. 13-04427, Volume 1007, Page 741, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Walter C. Cremin, III (MF-115586A)
LESSEE: Petrohawk Properties, LP
DATE: 05/24/2013
RECORDING: File No. 13-04843, Volume 1010, Page 361, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Stanley N. Staples (MF-115586A)
LESSEE: Petrohawk Properties, LP
DATE: 05/24/2013
RECORDING: File No. 13-04844, Volume 1010, Page 368, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Marianne C. Taylor (MF-115426)
LESSEE: Petrohawk Properties, LP
DATE: 05/24/2013
RECORDING: File No. 13-05322, Volume 1014, Page 521, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Estate of Ann Cremin Fiala (MF-115425C)
LESSEE: Petrohawk Properties, LP
DATE: 06/12/2013
RECORDING: File No. 13-05323, Volume 1014, Page 528, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, William Wyatt Leavell, III (MF-115586E)
LESSEE: BHP Billiton Petroleum Properties (N.A.), LP
DATE: 07/18/2013
RECORDING: File No. 13-06862, Volume 1025, Page 426, Reeves County, Texas

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LESSOR:	State of Texas, acting by and through its agent, Lauren Leavell Pinkston (MF-115586D)
LESSEE:	BHP Billiton Petroleum Properties (N.A.), LP
DATE:	07/18/2013
RECORDING:	File No. 13-06863, Volume 1025, Page 436, Reeves County, Texas

LESSOR:	State of Texas, acting by and through its agent, Jennifer Blake Bromberg (MF-115586C)
LESSEE:	BHP Billiton Petroleum Properties (N.A.), LP
DATE:	07/18/2013
RECORDING:	File No. 13-06864, Volume 1025, Page 446, Reeves County, Texas

LESSOR:	State of Texas, acting by and through its agent, Blake Oil & Gas Corporation (MF-115586B)
LESSEE:	Petrohawk Properties, LP
DATE:	07/18/2013
RECORDING:	File No. 13-07868, Volume 1032, Page 196, Reeves County, Texas

Incorporated by reference herein for all purposes shall be any and all instruments that have further adopted, amended, confirmed, extended, ratified and/or revised the leases listed herein and recorded in the Official Public Records of Reeves County, Texas

END OF EXHIBIT "A"

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EXHIBIT "B"

Attached to and made a part of that certain Pooling Agreement, BHP Billiton Petroleum Properties (N.A.), LP, State LRP 57-T2-12 Unit; GLO Unit No. 7199, Reeves County, Texas

Description of Lands

Tract 1:

BEING 200.00 acres, more or less, being described as the E/2 of the NE/4, the W/2 of the NW/4, and the West 40 acres of the North 120 acres of the S/2 of Section 12, Block 57, Township 2, T&P RR Co. Survey, Abstract No. 5701, Reeves County, Texas.

Tract 2:

BEING 80.00 acres, more or less, being the East 80 acres of the North 120 acres of the S/2 of the Northern 440 acres of Section 12, Block 57, Township 2, T. & P. RR Co. Survey, Abstract No. 5701, Reeves County, Texas, being further described in Volume 60, Page 638 of the Deed Records of Reeves County, Texas.

Tract 3:

BEING 200.00 acres, more or less, being the South 200 acres of Section 12, Block 57, Township 2, T&P RR Co. Survey, Abstract No. 5701, Reeves County, Texas.

Tract 4:

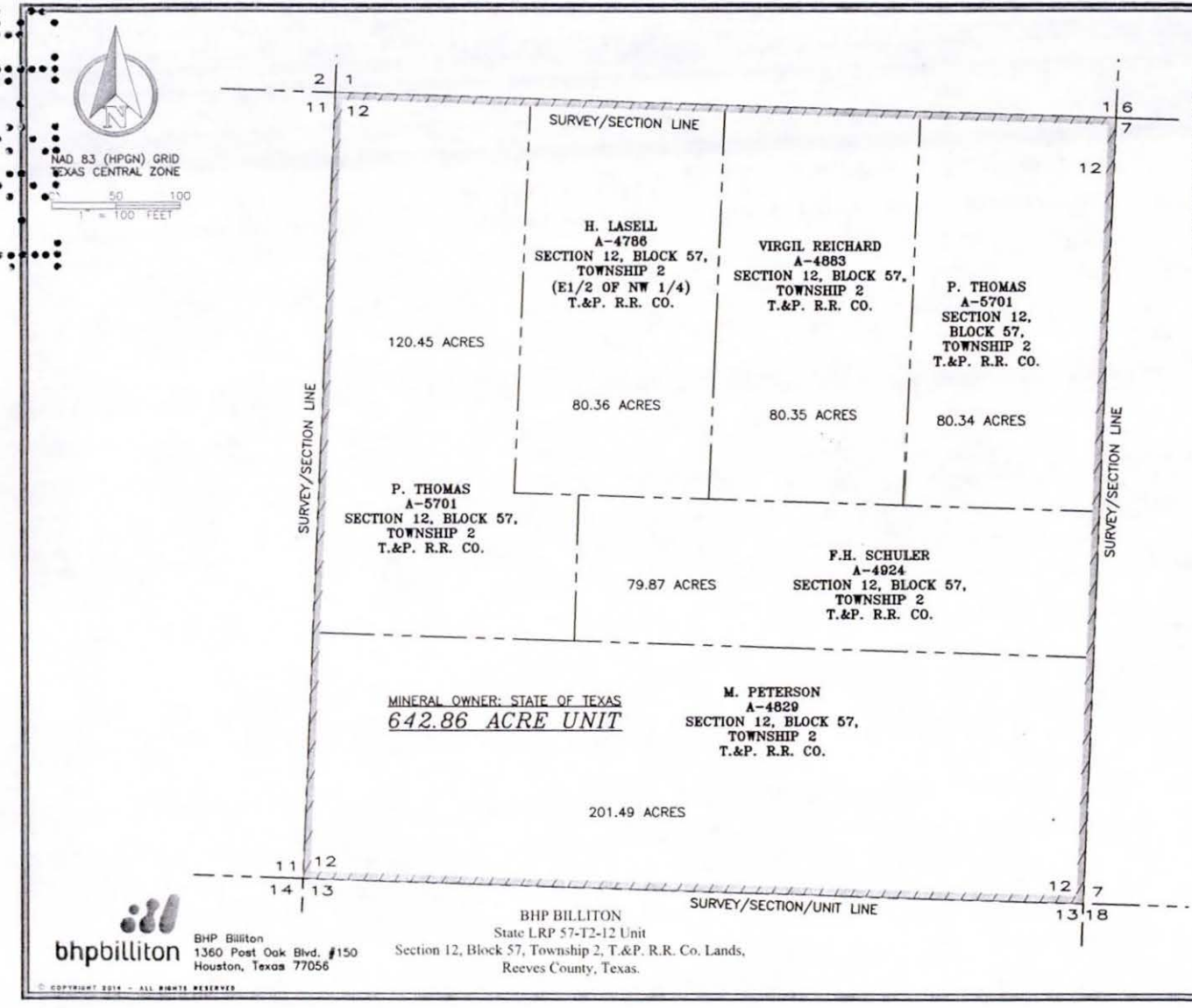
BEING 80.00 acres, more or less, being the E/2 of the NW/4 of Section 12, Block 57, Township 2, T&P RR Co. Survey, Abstract No. 5701, Reeves County, Texas.

Tract 5:

BEING 80.00 acres, more or less, being the W/2 of the NE/4 of Section 12, Block 57, Township 2, T&P RR Co. Survey, Abstract No. 5701, Reeves County, Texas.

END OF EXHIBIT "B"

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GENERAL NOTES

1. COORDINATES SHOWN ARE BASED ON TEXAS COORDINATE SYSTEM OF NAD 83 (1986) "TEXAS CENTRAL ZONE", AND BASED ON "ORLA" NGS MONUMENT (Y = 10,641,530.91, X = 1,172,488.25)
2. VERTICAL DATUM IS NAVD 88
3. COMBINED SCALE FACTOR = 0.999863762
4. LATITUDE AND LONGITUDE ARE NAD 83 (1986) AS SHOWN
5. AREA, DISTANCES, AND COORDINATES ARE "GRID"
6. UNITS ARE UNITED STATES SURVEY FOOT.
7. ALL LEASE AND TRACT INFORMATION SHOWN HERE ON IS DONE SO BY LIMITED DEED RECORD INFORMATION ONLY. ALL ACREAGES SHOWN ARE BY DEED AND LEASE CALL, EXCEPT WHERE NOTED. THIS IS NOT IN ANY WAY A "BOUNDARY SURVEY".
8. ELEVATIONS SHOWN IN LINE TABLES REPRESENT THE ELEVATION AT THE END OF THAT LINE SEGMENT IN THE DIRECTION FROM THE PREVIOUS POINT.

REVISION	DATE	BY	DETAILS
A	09/30/14	JK	MAKE PRELIMINARY EXHIBIT
B	10/13/14	JK	MAKE FINAL EXHIBIT
C	10/15/14	RP	REVISE PLAT

I HEREBY STATE THAT THIS PLAT SHOWS THE SUBJECT LOCATION BASED ON INFORMATION PROVIDED BY THE CLIENT.

ROBERT GLEN MALOY
REGISTERED PROFESSIONAL LAND SURVEYOR
LICENSE NO. 6028

STATE OF TEXAS · REGISTERED · ROBERT GLEN MALOY · 6028 · PROFESSIONAL LAND SURVEYOR

EXHIBIT "C" OF:

A POOLED UNIT FOR:

BHP BILLITON

STATE LRP 57-T2-12 UNIT

WID# 833194

SITUATED IN THE M. PETERSON SURVEY, A-4829, SECTION 12, BLOCK 57, TOWNSHIP 2, AND BEING APPROXIMATELY 2.8 MILES NORTH OF ORLA, IN REEVES COUNTY, TEXAS.

bhpbilliton
BHP Billiton
1360 Post Oak Blvd. #150
Houston, Texas 77056

BHP BILLITON
State LRP 57-T2-12 Unit
Section 12, Block 57, Township 2, T.&P. R.R. Co. Lands,
Reeves County, Texas.

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FRANK
SURVEYING COMPANY INC
550 Bailey Ave., 205 - Fort Worth, TX 76107
Ph: 817.349.9800 - Fax: 979.732.5271
TBPLS Firm No. 10193887
www.franksurveying.com
LAND SURVEYING/ENERGY/GIS SERVICES

DATE:	10/15/14
DRAWN BY:	RP
CHECKED BY:	RM
FIELD CREW:	RE/MR
PROJECT NO:	201408833
SCALE:	1"= 100'
SHEET:	1
REVISION:	0

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THE STATE OF TEXAS
COUNTY OF REEVES

I, Dianne O. Florez, Clerk of the County Court in and for said County and State do hereby certify that the foregoing is a true and correct copy of Pooling Agreement dated 12-22-14, filed for record in my office this 14th day of January at 8:31A M, under Clerk's File No. 15-00361, to be recorded in the Official Public Records of Reeves County, Texas.

TO CERTIFY WHICH, Witness my hand and official seal at Pecos, Texas this 14th day of January, 20 15.

By Elizabeth Reyes Deputy.

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

51.23.1

(57)

File No. M-88364
Recorded State LRP Unit #1 7199
Date Filed: 1/22/15
Jerry E. Patterson, Commissioner
By

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

Inst No. 15-00364
DIANNE O. FLOREZ
COUNTY CLERK
2015 Jan 14 at 08:37 AM
REEVES COUNTY, TEXAS
By: ERIKA CONTRERAS DEPUTY

bhpbilliton
resourcing the future

North America Shale Production Division

January 27, 2015

Via Overnight Mail (FedEx 7727 2052 1505)
Texas General Land Office
Stephen F. Austin Building
1700 North Congress Avenue
Austin, Texas 78701-1495

Attention: J. Daryl Morgan, CPL, Energy Resources Division

Re: Certified Copy of Recorded Pooling Agreement
State LRP 57-T2-12 Unit, GLO Unit No. 7199 M-98364
Reeves County, Texas

Dear Mr. Morgan:

Enclosed you will find a Certified Copy of Pooling Agreement for referenced well located in Block 57, T2, Section 12, Reeves County, Texas for your records. A copy of the recorded document will be furnished to the State when first made available.

Should you need any additional information, please feel free to contact Broderick Browne, Landman at 713.871.2233 or email broderick.browne@bhpbilliton.com .

Sincerely,

Lynn Latiolais

Lynn Latiolais, CPLTA
Land Technical Analyst

/ll
Enclosure

BHP Billiton • Land Department-Permian • P O Box 22719 • Houston, TX 77027-9998
1360 Post Oak Blvd, Office 2107A • Houston, TX 77056 • Direct 713.297.6557 • Fax 713.966.2914
Email: Lynn.Latiolais@bhpbilliton.com • www.bhpbilliton.com

15-00361
FILED FOR RECORD
REEVES COUNTY, TEXAS
Jan 14, 2015 at 08:37:00 AM

POOLING AGREEMENT
BHP BILLITON PETROLEUM PROPERTIES (N.A.), LP
STATE LRP 57-T2-12 UNIT
GLO UNIT NO. 7199
REEVES COUNTY, TEXAS

THIS AGREEMENT is entered into by and between the Commissioner of the General Land Office, on behalf of the State of Texas, as "Lessor" and BHP Billiton Petroleum Properties (N.A.), LP, herein referred to as "Lessee", and such other interested parties as may join in the execution hereof, the undersigned parties herein collectively referred to as the "parties", in consideration of the mutual agreements hereinafter set forth and other valuable considerations, the receipt and sufficiency of which are hereby acknowledged, and for the purposes and upon the terms and conditions which follow:

PURPOSES: 1.

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

UNIT DESCRIPTION: 2.

The oil and gas leases, which are included within the pooled unit, are listed on the attached Exhibit "A", to which leases and the records thereof reference is here made for all pertinent purposes. The pooled unit shall consist of all of the lands described in Exhibit "B" attached hereto and made a part hereof. A plat of the pooled unit is attached hereto as Exhibit "C". The unit description is subject to the provisions of Addendum "A".

MINERAL POOLED: 3.

The mineral pooled and unitized ("pooled mineral") hereby shall be oil and gas including all hydrocarbons that may be produced from an oil well or a gas well as such wells are recognized and designated by the Railroad Commission of Texas or other state regulatory agency having jurisdiction of the drilling and production of oil and gas wells. The pooled mineral shall extend to those depths underlying the surface boundaries of the pooled unit from the base of the Brushy Canyon Formation to 100 feet below the base of the Wolfcamp Formation, being defined as the stratigraphic interval or its correlative equivalent occurring from 6,746 feet true vertical depth to 11,443 feet true vertical depth as seen on the electric log of the BHPBTXLA, State Tunstill 56-T2-6 #1H well, API #42-389-34315 ("unitized interval"). The unitized interval is subject to the provisions of Addendum "B".

POOLING AND EFFECT: 4.

The parties hereto commit all of their interests which are within the unit to the extent and as above described into said unit and unitize and pool hereunder the separate tracts described on the attached Exhibit "B", for and during the term hereof, so that such pooling or unitization shall have the following effect:

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

(b) All drilling operations, reworking or other operations with respect to the pooled mineral on land within the unit shall be considered as though the same were on each separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Agreement. In the event the unitized area covered by this Agreement is maintained in force by drilling or reworking operations conducted on a directional well drilled under the unitized area from a surface location on adjacent or adjoining lands not included within the boundaries of the unitized area, such operations shall be considered to have been commenced on the unitized area when drilling is commenced on the adjacent or adjoining land for the purpose of directionally drilling under the unitized area and production of oil or gas from the unitized area through any directional well surfaced on adjacent or adjoining land or drilling or reworking of any such directional well shall be considered production or drilling or reworking operations, as the case may be, on the unitized area for all purposes under this Agreement. Nothing in this Agreement is intended or shall be construed as granting to Lessee any leasehold interest, easements, or other rights in or with respect to any such adjacent or adjoining land in addition to any such leasehold interests, easements, or other rights which the lessee, operator or other interest owner in the unitized area may have lawfully acquired from the state or others.

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

(d) All rights to the production of the pooled mineral from the unit, including royalties and other payments, shall be determined and governed by the lease or other contract pertaining to each separate tract, respectively, based upon the production so allocated to such tract only, in lieu of the actual production of the pooled mineral therefrom. Provided that, payments that are made on a per acre basis shall be reduced according to the number of acres pooled and included herein, so that payments made on a per acre basis

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shall be calculated based upon the number of acres actually included within the boundaries of the pooled unit covered by this Agreement.

(e) A shut-in oil or gas well located upon any land or lease included within said unit shall be considered as a shut-in oil or gas well located upon each land or lease included within said unit; provided, however, that shut-in oil or gas well royalty shall be paid to the State on each State lease wholly or partially within the unit, according to the terms of such lease as though such shut-in oil or gas well were located on said lease, it being agreed that shut-in royalties provided in each State lease shall not be shared with other royalty owners.

(f) Notwithstanding any other provision hereof, it is expressly agreed that each State lease may be maintained in force as to areas lying outside the unitized area described in Exhibit "B" only as provided in each such lease without regard to unit operations or unit production. Neither production of the pooled mineral, nor unit operations with respect thereto, nor the payment of shut-in royalties from a unit well, shall serve to hold any State lease in force as to any area outside the unitized area described in Exhibit "B" regardless of whether the production or operations on the unit are actually located on the State lease or not. "Area" as used in this paragraph shall be based upon surface acres to the end that, except as may otherwise be provided in each State Lease, the area inside the surface boundaries of the pooled unit, if held, will be held as to all depths and horizons.

(g) If the Railroad Commission of Texas (or any other Texas regulatory body having jurisdiction) shall adopt special field rules providing for oil and/or gas proration units of less than 642 acres, then Lessee agrees to either (1) drill to the density permitted by the Railroad Commission, (2) make application to the School Land Board of the State of Texas to reform the unit to comply with Railroad Commission unit rules, or (3) make application to the School Land Board of the State of Texas for such remedy as may be agreeable to the Board.

(h) This Agreement shall not relieve Lessee from the duty of protecting the State leases described in Exhibit "A" and the State lands within the boundaries of the pooled unit described in Exhibit "B" from drainage from any well situated on privately owned land, lying outside the unitized area described in Exhibit "B", but, subject to such obligation, Lessee may produce the allowable for the entire unit as fixed by the Railroad Commission of Texas or other lawful authority, from any one or more wells completed thereon.

(i) There shall be no obligation to drill internal offsets to any other well on separate tracts within the pooled unit, nor to develop the lands within the boundaries thereof separately, as to the pooled mineral.

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

ALLOCATION OF PRODUCTION: 5.

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

TAKING ROYALTY IN KIND: 6.

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

FULL MARKET VALUE: 7.

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

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

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

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

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EFFECTIVE DATE: 8.

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

TERM: 9.

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

SPECIAL TERMS AND CONDITIONS: 10.

Notwithstanding anything contained herein to the contrary, this Agreement is subject to the terms and conditions of the attached Addendum "A" and Addendum "B".

STATE LAND: 11.

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

DISSOLUTION: 12.

The unit covered by this Agreement may be dissolved by Lessee, his heirs, successors or assigns, by an instrument filed for record in Reeves County, Texas, and a certified copy thereof filed in the General Land Office at any time after the cessation of production on said unit or the completion of a dry hole thereon prior to production or upon such other date as may be approved by the School Land Board and mutually agreed to by the undersigned parties, their successors or assigns.

RATIFICATION/WAIVER: 13.

Nothing in this Agreement, nor the approval of this Agreement by the School Land Board, nor the execution of this Agreement by the Commissioner shall: (1) operate as a ratification or revivor of any State lease that has expired, terminated, or has been released in whole or in part or terminated under the terms of such State lease or the laws applicable thereto; (2) constitute a waiver or release of any claim for money, oil, gas or other hydrocarbons, or other thing due to the State by reason of the existence or failure of such lease; (3) constitute a waiver or release of any claim by the State that such lease is void or voidable for any reason, including, without limitation, violations of the laws of the State with respect to such lease or failure of consideration; (4) constitute a confirmation or recognition of any boundary or acreage of any tract or parcel of land in which the State has or claims an interest; or (5) constitute a ratification of, or a waiver or release of any claim by the State with respect to any violation of a statute, regulation, or any of the common laws of this State, or any breach of any contract, duty, or other obligation owed to the State.

COUNTERPARTS: 14.

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

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

Date Executed 12/22/14

STATE OF TEXAS

Legal
Content
Geology
Executive

By: Jerry E. Patterson, Commissioner
General Land Office

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Date Executed 12/17/14

BHP Billiton Petroleum Properties (N.A.), LP,
formerly known as Petrohawk Properties, LP,
By: BHP Billiton Petroleum Properties (GP), LLC,
its General Partner

By: _____
Stephen L. Mahanay, Attorney-in-Fact

STATE OF TEXAS

COUNTY OF HARRIS

This instrument was acknowledged before me on December 18, 2014, by Stephen L. Mahanay, Attorney-in-Fact of BHP Billiton Petroleum Properties (N.A.), LP formerly known as Petrohawk Properties, LP, by BHP Billiton Petroleum Properties (GP), LLC, its General Partner a Texas limited liability company on behalf of said limited partnership.

LYNN LATIOLAIS
Notary Public, State of Texas
My Commission Expires
October 10, 2017

_____
Notary Public in and for the State of Texas

CERTIFICATE

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

IN TESTIMONY WHEREOF, witness my hand this the 23rd day of December, 2014.

_____
Secretary of the School Land Board

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ADDENDUM "A"

To that certain Pooling Agreement for the STATE LRP 57-T2-12 UNIT

The parties hereby agree that should a conflict exist between this Addendum and the body of the agreement that this Addendum shall prevail.

The pooled unit shall consist of all of the lands herein described in the attached Exhibit "B" and depicted in the attached Exhibit "C", provided however that, on or before July 14, 2015 (the "**Trigger Date**"), if Lessee has commenced actual drilling operations on one (1) Unit Well, then a "**Continuous Drilling Program**" shall commence, whereby, Lessee has the option to commence actual drilling operations on additional Unit Wells in accordance with the deadlines below:

- July 14, 2016 – 2nd Unit Well
- July 14, 2017 – 3rd Unit Well
- July 14, 2018 – 4th Unit Well

At such time as Lessee has drilled and completed four (4) Unit Wells, in accordance with the deadlines above, the Continuous Drilling Program shall cease and the parties hereby agree that the pooled unit shall remain in the original, unaltered size and shape described in Exhibit "B" and depicted in Exhibit "C", in accordance with paragraph 9 of the Agreement.

Lessee's failure to timely comply with the deadlines above shall result in the formation of a "**Contracted Pooled Unit**" in accordance with the following:

# of Unit Wells	Corresponding size & shape of the resulting Contracted Pooled Unit
1 Unit Well	160 Acres, comprised of the stand-up 160 acre quarter of the pooled unit containing the first Unit Well.
2 Unit Wells	320 Acres, comprised of a) the stand-up 320 acre half of the section containing the first Unit Well, or b) the two 160 acre stand-up quarters of the section containing each of the 2 Unit Wells, if said wells are not in the same half of the section.
3 Unit Wells	480 Acres, comprised of a) the stand-up 320 acre half of the section containing the first Unit Well and the adjacent stand-up 160 acre quarter of the section, or b) the stand-up 320 acre half of the section containing the first Unit Well and the non-adjacent stand-up 160 acre quarter of the section, if said non-adjacent quarter contains a wellbore c) the three 160 acre stand-up quarters of the section containing each of the 3 Unit Wells.

END OF ADDENDUM "A"

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ADDENDUM "B"

To that certain Pooling Agreement for the STATE LRP 57-T2-12 Unit

The parties hereby agree that should a conflict exist between this Addendum and the body of the Agreement that this Addendum shall prevail.

This Pooling Agreement shall constitute an amendment of the oil and gas leases that contain listed on the attached Exhibit "A" that contain Horizontal Pugh provisions, severing depths at the expiration of the Primary Term (on Exhibit "A" and hereinafter singularly a "**Depth Severance Lease**" and collectively the "**Depth Severance Leases**"), and does hereby provide that in the event a Depth Severance Lease:

1) Is in force and effect two (2) years after the expiration of its primary term; and

2) If Lessee has paid an amount equal to one-half (1/2) of the bonus originally paid as consideration for the Lease, extending the deeper depths (as defined in paragraph 16 (B) of the Lease) for an additional 2 years (the "Deeper Depths Extension").

Then, at the expiration of the Deeper Depths Extension, the Depth Severance Lease shall not terminate as to all depths below 100 feet below the total depth drilled in each well located on acreage retained in Paragraph 16 (A) of the Depth Severance Lease, but shall instead be maintained in full force and effect as to all applicable depths covered by the Depth Severance Lease, down to the "unitized interval", as defined in the body of the Agreement, for an additional 3 years following the expiration of the Deeper Depths Extension, at which point the Depth Severance Leases will terminate as to all depths below 300' below the deepest depth drilled in the unit. It is expressly understood that all depths included in the "unitized interval" shall be perpetuated in accordance with the Depth Severance Leases as modified by this Addendum, regardless of any language to the contrary in the body of the Depth Severance Leases.

END OF ADDENDUM "B"

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EXHIBIT "A"

Attached to and made a part of that certain Pooling Agreement, BHP Billiton Petroleum Properties (N.A.), LP, State LRP 57-T2-12 Unit; GLO Unit No. 7199, Reeves County, Texas

Leases in Unit

LESSOR: State of Texas, General Land Office (MF-088364)
LESSEE: Prewit Minerals
DATE: 10/05/1982
RECORDING: File No. 4510, Volume 427, Page 331, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Robert A. Schuler and James N. Schuler, both individually and as remainderman under Evelyn Schuler, Life Estate (MF-088676)
LESSEE: Blake Oil & Gas Corporation
DATE: 12/08/1986
RECORDING: File No. 344, Volume 474, Page 168, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Evelyn Schuler (MF-088676)
LESSEE: Blake Oil & Gas Corporation
DATE: 10/10/1987
RECORDING: File No. 3063, Volume 481, Page 311, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Violet Schuler (MF-088676)
LESSEE: Blake Oil & Gas Corporation
DATE: 10/10/1987
RECORDING: File No. 3062, Volume 481, Page 303, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Altha M. Farwell (MF-088676)
LESSEE: Blake Oil & Gas Corporation
DATE: 09/30/1988
RECORDING: File No. 2781, Volume 489, Page 362, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Mary C. Gehle (MF-088676)
LESSEE: Blake Oil & Gas Corporation
DATE: 09/30/1988
RECORDING: File No. 2491, Volume 489, Page 372, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Richard Kiel (MF-088676)
LESSEE: Blake Oil & Gas Corporation
DATE: 09/30/1988
RECORDING: File No. 2783, Volume 489, Page 382, Reeves County, Texas

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LESSOR: State of Texas, acting by and through its agent, Donald H. Kiel (MF-088676)
LESSEE: Blake Oil & Gas Corporation
DATE: 10/10/1988
RECORDING: File No. 2784, Volume 489, Page 392, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Lois Oestrich and Clint Oestrich (MF-088676)
LESSEE: Blake Oil & Gas Corporation
DATE: 09/30/1988
RECORDING: File No. 2785, Volume 489, Page 402, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Lorna Jean Rybacheck (MF-088676)
LESSEE: Blake Oil & Gas Corporation
DATE: 10/10/1988
RECORDING: File No. 2786, Volume 489, Page 412, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Mildred Max (MF-088676)
LESSEE: Blake Oil & Gas Corporation
DATE: 09/30/1988
RECORDING: File No. 2787, Volume 489, Page 422, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Algo A. Novallo (MF-088676)
LESSEE: Blake Oil & Gas Corporation
DATE: 09/30/1988
RECORDING: File No. 2939, Volume 490, Page 23, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Shirley E. Campbell (MF-088676)
LESSEE: Blake Oil & Gas Corporation
DATE: 10/17/1988
RECORDING: File No. 2940, Volume 490, Page 33, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Richard Gehle (MF-088676)
LESSEE: Blake Oil & Gas Corporation
DATE: 09/30/1988
RECORDING: File No. 2491, Volume 490, Page 43, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Carol Wagner, et al (MF-088676)
LESSEE: Blake Oil & Gas Corporation
DATE: 09/30/1988
RECORDING: File No. 208, Volume 491, Page 448, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Ester I. Wurm (MF-088676)
LESSEE: Blake Oil & Gas Corporation
DATE: 09/30/1988
RECORDING: File No. 209, Volume 491, Page 459, Reeves County, Texas

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LESSOR: Tunstill Oil & Land Trust, by Jean Tunstill, Trustee (MF-101575)
LESSEE: MTBB Acquisition Company, LLC
DATE: 03/10/1999
RECORDING: File No. 1070, Volume 604, Page 595, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Lowe Royalty Partners, LP (MF-115425)
LESSEE: Petrohawk Properties, LP
DATE: 01/28/2013
RECORDING: File No. 13-03308, Volume 1001, Page 297, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, William Edward Lasell (MF-115426)
LESSEE: Petrohawk Properties, LP
DATE: 03/25/2013
RECORDING: File No. 13-03311, Volume 1001, Page 320, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Julia Lucinda C. Raman (MF-115425B)
LESSEE: Petrohawk Properties, LP
DATE: 05/24/2013
RECORDING: File No. 13-04427, Volume 1007, Page 741, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Walter C. Cremin, III (MF-115586A)
LESSEE: Petrohawk Properties, LP
DATE: 05/24/2013
RECORDING: File No. 13-04843, Volume 1010, Page 361, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Stanley N. Staples (MF-115586A)
LESSEE: Petrohawk Properties, LP
DATE: 05/24/2013
RECORDING: File No. 13-04844, Volume 1010, Page 368, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Marianne C. Taylor (MF-115426)
LESSEE: Petrohawk Properties, LP
DATE: 05/24/2013
RECORDING: File No. 13-05322, Volume 1014, Page 521, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Estate of Ann Cremin Fiala (MF-115425C)
LESSEE: Petrohawk Properties, LP
DATE: 06/12/2013
RECORDING: File No. 13-05323, Volume 1014, Page 528, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, William Wyatt Leavell, III (MF-115586E)
LESSEE: BHP Billiton Petroleum Properties (N.A.), LP
DATE: 07/18/2013
RECORDING: File No. 13-06862, Volume 1025, Page 426, Reeves County, Texas

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

LESSOR:	State of Texas, acting by and through its agent, Lauren Leavell Pinkston (MF-115586D)
LESSEE:	BHP Billiton Petroleum Properties (N.A.), LP
DATE:	07/18/2013
RECORDING:	File No. 13-06863, Volume 1025, Page 436, Reeves County, Texas

LESSOR:	State of Texas, acting by and through its agent, Jennifer Blake Bromberg (MF-115586C)
LESSEE:	BHP Billiton Petroleum Properties (N.A.), LP
DATE:	07/18/2013
RECORDING:	File No. 13-06864, Volume 1025, Page 446, Reeves County, Texas

LESSOR:	State of Texas, acting by and through its agent, Blake Oil & Gas Corporation (MF-115586B)
LESSEE:	Petrohawk Properties, LP
DATE:	07/18/2013
RECORDING:	File No. 13-07868, Volume 1032, Page 196, Reeves County, Texas

Incorporated by reference herein for all purposes shall be any and all instruments that have further adopted, amended, confirmed, extended, ratified and/or revised the leases listed herein and recorded in the Official Public Records of Reeves County, Texas

END OF EXHIBIT "A"

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Original filed in
Reeves County
Clerks Office

EXHIBIT "B"

Attached to and made a part of that certain Pooling Agreement, BHP Billiton Petroleum Properties (N.A.), LP, State LRP 57-T2-12 Unit; GLO Unit No. 7199, Reeves County, Texas

Description of Lands

Tract 1:

BEING 200.00 acres, more or less, being described as the E/2 of the NE/4, the W/2 of the NW/4, and the West 40 acres of the North 120 acres of the S/2 of Section 12, Block 57, Township 2, T&P RR Co. Survey, Abstract No. 5701, Reeves County, Texas.

Tract 2:

BEING 80.00 acres, more or less, being the East 80 acres of the North 120 acres of the S/2 of the Northern 440 acres of Section 12, Block 57, Township 2, T. & P. RR Co. Survey, Abstract No. 5701, Reeves County, Texas, being further described in Volume 60, Page 638 of the Deed Records of Reeves County, Texas.

Tract 3:

BEING 200.00 acres, more or less, being the South 200 acres of Section 12, Block 57, Township 2, T&P RR Co. Survey, Abstract No. 5701, Reeves County, Texas.

Tract 4:

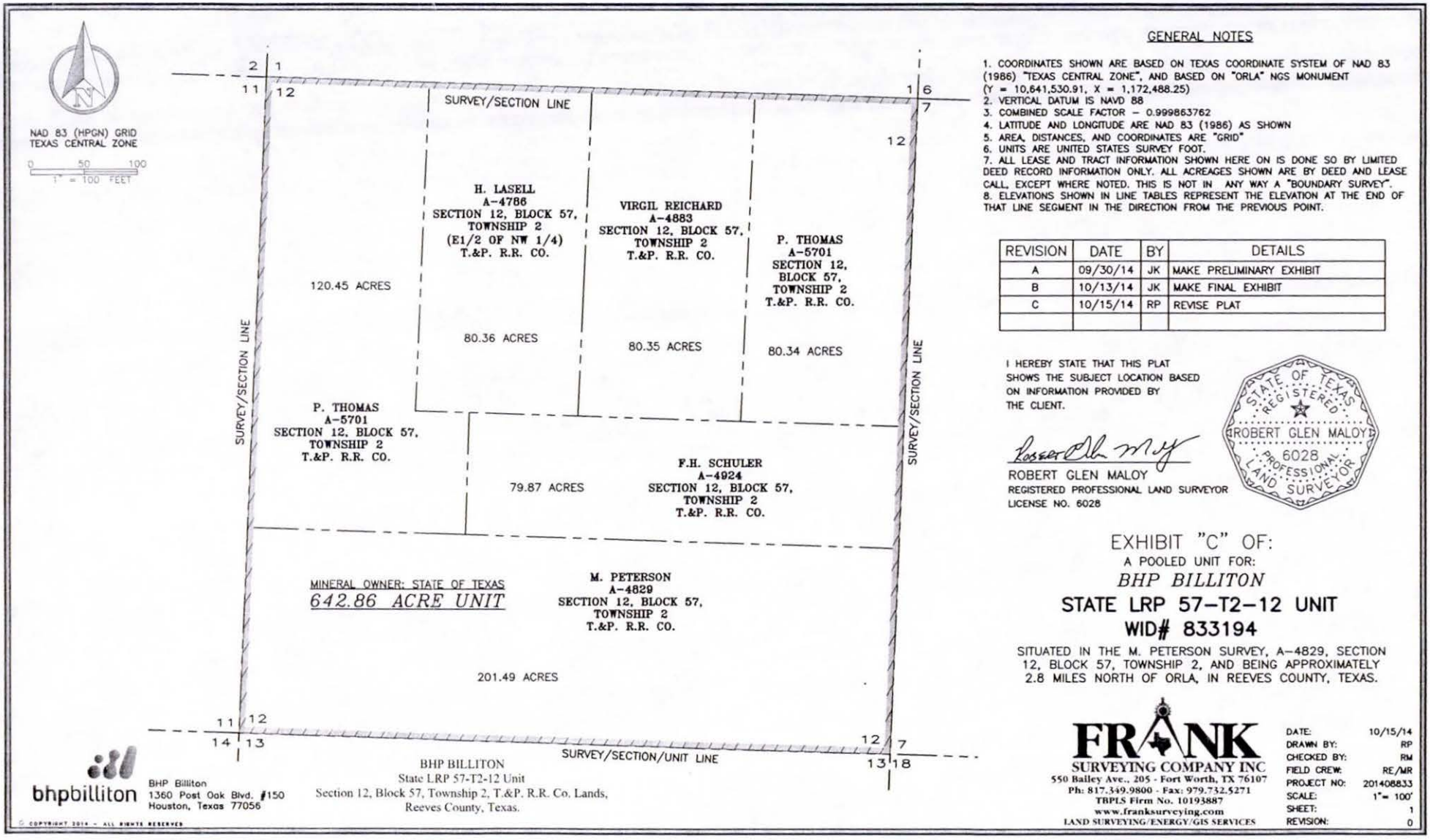
BEING 80.00 acres, more or less, being the E/2 of the NW/4 of Section 12, Block 57, Township 2, T&P RR Co. Survey, Abstract No. 5701, Reeves County, Texas.

Tract 5:

BEING 80.00 acres, more or less, being the W/2 of the NE/4 of Section 12, Block 57, Township 2, T&P RR Co. Survey, Abstract No. 5701, Reeves County, Texas.

END OF EXHIBIT "B"

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Copy of
Original filed in
Reeves County
Clerks Office



BHP BILLITON
State LRP 57-T2-12 Unit
Section 12, Block 57, Township 2, T.&P. R.R. Co. Lands,
Reeves County, Texas.

bhpbilliton
BHP Billiton
1360 Post Oak Blvd. #150
Houston, Texas 77056

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GENERAL NOTES

1. COORDINATES SHOWN ARE BASED ON TEXAS COORDINATE SYSTEM OF NAD 83 (1986) "TEXAS CENTRAL ZONE", AND BASED ON "ORLA" NGS MONUMENT (Y = 10,641,530.91, X = 1,172,488.25)
2. VERTICAL DATUM IS NAVD 88
3. COMBINED SCALE FACTOR = 0.999863762
4. LATITUDE AND LONGITUDE ARE NAD 83 (1986) AS SHOWN
5. AREA, DISTANCES, AND COORDINATES ARE "GRID"
6. UNITS ARE UNITED STATES SURVEY FOOT.
7. ALL LEASE AND TRACT INFORMATION SHOWN HERE ON IS DONE SO BY LIMITED DEED RECORD INFORMATION ONLY. ALL ACREAGES SHOWN ARE BY DEED AND LEASE CALL, EXCEPT WHERE NOTED. THIS IS NOT IN ANY WAY A "BOUNDARY SURVEY".
8. ELEVATIONS SHOWN IN LINE TABLES REPRESENT THE ELEVATION AT THE END OF THAT LINE SEGMENT IN THE DIRECTION FROM THE PREVIOUS POINT.

REVISION	DATE	BY	DETAILS
A	09/30/14	JK	MAKE PRELIMINARY EXHIBIT
B	10/13/14	JK	MAKE FINAL EXHIBIT
C	10/15/14	RP	REVISE PLAT

I HEREBY STATE THAT THIS PLAT SHOWS THE SUBJECT LOCATION BASED ON INFORMATION PROVIDED BY THE CLIENT.

ROBERT GLEN MALOY
REGISTERED PROFESSIONAL LAND SURVEYOR
LICENSE NO. 6028

STATE OF TEXAS
REGISTERED
ROBERT GLEN MALOY
6028
PROFESSIONAL
LAND SURVEYOR

EXHIBIT "C" OF:

A POOLED UNIT FOR:

BHP BILLITON

STATE LRP 57-T2-12 UNIT

WID# 833194

SITUATED IN THE M. PETERSON SURVEY, A-4829, SECTION 12, BLOCK 57, TOWNSHIP 2, AND BEING APPROXIMATELY 2.8 MILES NORTH OF ORLA, IN REEVES COUNTY, TEXAS.

FRANK
SURVEYING COMPANY INC
550 Bailey Ave., 205 - Fort Worth, TX 76107
Ph: 817.349.9800 - Fax: 979.732.5271
TBPLS Firm No. 10193887
www.franksurveying.com
LAND SURVEYING/ENERGY/GIS SERVICES

DATE:	10/15/14
DRAWN BY:	RP
CHECKED BY:	RM
FIELD CREW:	RE/MR
PROJECT NO:	201408833
SCALE:	1"= 100'
SHEET:	1
REVISION:	0

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

41.82.1

41.82.21

Inst No. 15-00361
DIANNE O. FLOREZ
COUNTY CLERK
2015 Jan 14 at 08:37 AM
REEVES COUNTY, TEXAS
By: ER Elizabeth Reyes DEPUTY

True and Correct
copy of
Original Filed in
Reeves County
Clerk's Office

(58)

File No. M-88364

Ltr. From BTP with recorded Vid.

Date Filed: 1/28/15

Jerry E. Patterson, Commissioner

By

THE STATE OF TEXAS
COUNTY OF REEVES

I, Dianne O. Florez, Clerk of the County Court in and for said County and State do hereby certify that the foregoing is a true and correct copy of Pooling Agreement dated 12-22-14, filed for record in my office this 14th day of January, 2015, at 8:21 A.M., under Clerk's File No. 15-00364, to be recorded in the Official Public Records Records of Reeves County, Texas.

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

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

By Elizabeth Reyes, Deputy.

TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

March 26, 2015

R. Don Sachtlenben
R. D. Davis & Associates, LLC
5733 NW 132nd St.
Oklahoma City, Oklahoma 73142

RE: GLO Assignment ID # 9292

Dear Mr. Sachtlenben,

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

> Assignment, Bill of Sal and General Conveyance, effective September 17th, 1991 from Union Texas Petroleum Corporation and Union Texas Development Corporation, as assignors, to Meridian Oil Production, Inc., as assignee, as filed for record in Reeves County, in volume 512, page 226.

Please see attached "Exhibit A" for reference. Filing fees of $50.00 were received in connection with the above assignment. Please feel free to contact me if you have any questions.

Best Regards,

Alberto Amesquita
Mineral Leasing
Energy Resources

Exhibit "A"

GLO ID	*County*	*Lease*
9292	*Reeves*	MF088364

R. DON SACHTLEBEN
R. D. DAVIS & ASSOCIATES, LLC
Petroleum Land Services since 1978

February 26, 2015

Mr. Mark Adams
Texas General Land Office
P. O. Box 12873
Austin, Texas 78711

Re: MF 088364

Dear Mr. Adams:

Enclosed are Certified Copies of an Assignment, Bill of Sale and Conveyance dated September 12, 1991 from Union Texas Petroleum Corporation and Union Texas Development Corporation to Meridian Oil Production, Inc. filed in Volume 512, Page 226 of the Deed Records of Reeves County, Texas and a Name Change dated July 10, 1996 from Meridian Oil Production, Inc. to Burlington Resources Oil & Gas Company filed in Volume 564, Page 354 of the Deed Records of Reeves County, Texas.

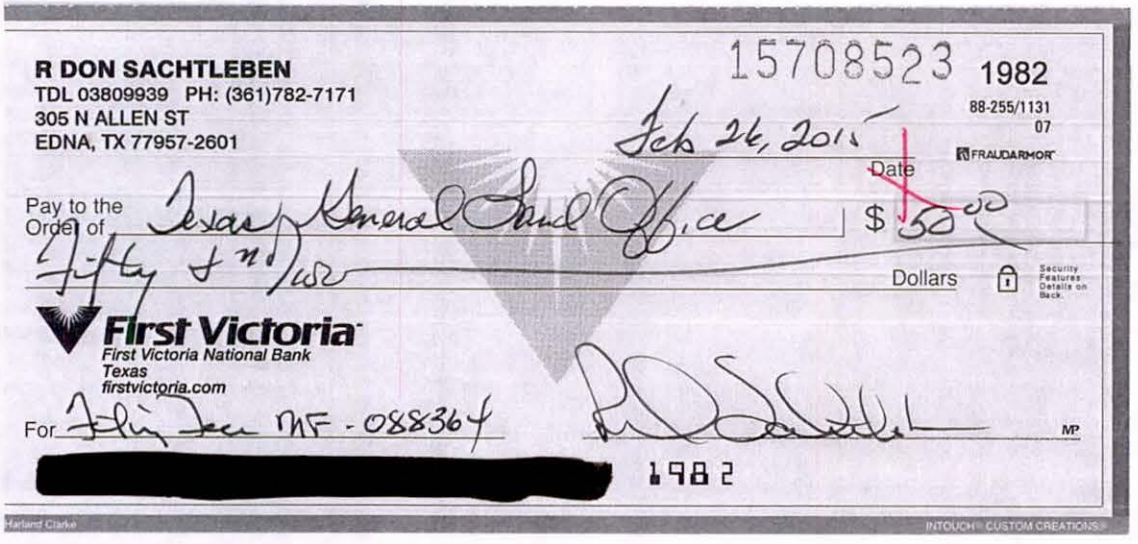
It is our understanding, that all assignments must be recorded in the County where the area is located, and the recorded transfer or certified copy must be filed with the General Land Office within ninety (90) days of the execution date. The above transfers of the deep rights were not located in the Mineral File of the State of Texas General Land Office.

Please file these documents with the State of Texas General Land Office and especially apply it to MF 088364. Enclosed is a check for Fifty Dollars ($50.00) for the recording fee.

Thank you for your help. Please, after recording the documents, notify me that the transaction is complete. My e-mail address is donsacht@gmail.com and my cell phone number is (361) 782-1888 if you need to reach me.

Thanks again for your help.

R. Don Sachtleben
R. D. Davis & Associates, LLC



R DON SACHTLEBEN
TDL 03809939 PH: (361)782-7171
305 N ALLEN ST
EDNA, TX 77957-2601

15708523 1982

88-255/1131
07

FRAUDARMOR

Feb 24, 2015
Date

Pay to the Order of Texas General Land Office $ 50.00

Fifty and no/100 Dollars

Security Features Details on Back.

First Victoria
First Victoria National Bank
Texas
firstvictoria.com

For Felix Tex MF-088364

[redacted] 1982

MP

Harland Clarke

INTOUCH® CUSTOM CREATIONS®

129

Texas-Form 2
(MOPI-Mid)
Reeves

ASSIGNMENT, BILL OF SALE AND GENERAL CONVEYANCE

THIS ASSIGNMENT, BILL OF SALE AND GENERAL CONVEYANCE (this "Conveyance") is executed by UNION TEXAS PETROLEUM CORPORATION, a Delaware corporation, and UNION TEXAS DEVELOPMENT CORPORATION, a Delaware corporation, each of whose address is 1330 Post Oak Boulevard, Houston, Texas 77056 (hereinafter collectively called "Sellers"), to MERIDIAN OIL PRODUCTION INC., a Delaware corporation, whose address is Post Office Box 51810, Midland, Texas 79710 (hereinafter called "Buyer").

ARTICLE I

Conveyance of Assets

Sellers, for and in consideration of Ten Dollars ($10.00) and other good and valuable consideration in hand paid by Buyer, the receipt and sufficiency of which consideration are hereby acknowledged and confessed, by these presents do hereby GRANT, BARGAIN, SELL, CONVEY, ASSIGN, TRANSFER, SET OVER AND DELIVER unto Buyer, the following described interests, rights and properties (herein collectively referred to as the "Assets"):

(a) all of Sellers' interest (i) in and to all oil, gas and other minerals in place in all lands in the United States of America (excluding Alaska and Hawaii) and Canada, excluding the Offshore Business Area (hereinafter defined) (the "Business Area"), including any such interests in, to and under any oil, gas and/or mineral leases, leasehold interests, mineral fee interests, royalty interests, nonparticipating royalty interests, overriding royalty interests, production payments and any other right, title or interest evidencing or creating a right or interest in, or any right to produce or receive the proceeds of production of, any crude oil, natural gas, casinghead gas, condensate, natural gas liquids and other liquid or gaseous hydrocarbons, together with all products extracted, separated or processed therefrom (collectively "Hydrocarbons") or other minerals in place and located in the Business Area, including those described in Exhibit A attached hereto and made a part hereof, and including all interests therein which any Seller is entitled to receive by reason of any participation, joint venture, farm-in, farm-out, operating or other agreement and all rights and interests attributable or allocable thereto by virtue of any pooling, unitization, communitization, production sharing or similar agreement, order or declaration (collectively the "Subject Interests"), (ii) in and to any gas gathering or gas processing equipment, facilities, pipelines, systems or plants which primarily relate to or serve the Subject Interests (the "Gas

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

Facilities"), and (iii) in and to any interest in the surface owned in fee by Sellers in any land located in the Business Area, including those described in Exhibit B attached hereto and made a part hereof (the "Lands"), together with all of Sellers' interest in, to and under the property and rights incident thereto, including, but not limited to, all rights in, to and under all production sales contracts, division orders, contracts for sale, purchase, exchange, refining or processing of Hydrocarbons or other minerals, operating agreements, agreements of development, area of mutual interest agreements, gas balancing or deferred production agreements, processing agreements, plant agreements, pipeline, gathering and transportation agreements, injection, repressuring and recycling agreements, carbon dioxide purchase or sale agreements, salt water or other disposal agreements, seismic or geophysical permits or agreements, leases, permits, rights of way, easements, licenses, farm-outs, farm-ins, options, orders and any and all other agreements to the extent attributable to or used directly in connection with the Subject Interests, Gas Facilities or the Lands, including those easements, right of way and leases described in Exhibit C attached hereto and made a part hereof. As used herein "Offshore Business Area" shall mean those lands lying seaward of the mean high tide line of the coasts of the States of Texas, Louisiana, Mississippi, Alabama and the west coast of Florida, including, without limitation, those lands covered by bodies of water located in the vicinity of or adjacent to the open Gulf of Mexico and directly subject to the tidal overflow of the Gulf of Mexico, which lands are owned by either a state or by the United States of America, and the exclusive right to lease such lands is vested in either a state, the United States of America or an agency thereof. Without limiting the foregoing, the "Offshore Business Area" shall include the shaded area depicted on the map attached hereto as Exhibit D and made a part hereof; provided, however, as to the determination of the location of the inland border of such shaded area, the narrative description set forth in the first sentence of the definition of Onshore Business Area shall be determinative;

(b) all of Sellers' interest in and to (i) all of the wells, equipment, materials and other personal property (including inventories of tubular goods, supplies, tools and other oil and gas field equipment), fixtures and improvements on the Subject Interests, Gas Facilities or Lands, appurtenant thereto or used or obtained in connection with the Subject Interests, Gas Facilities or Lands or with the production, treatment, sale or disposal of Hydrocarbons or other minerals or waste produced therefrom or attributable thereto and all other appurtenances thereunto belonging (ii) onshore field office leases in the Business Area which are used in connection with the Subject Interests, Lands or Gas Facilities and are not part of the HPG Business (as defined in the Purchase Agreement), together with all of Sellers' (or Sellers' interest as lessee in) furniture, fixtures, equipment and other personal property in or associated with such offices,

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including all computers and word processing, photocopying, telecommunications and other office equipment, vehicles, mobile phones, radios and other items listed in Exhibit E attached hereto and made a part hereof; and (iii) one Landmark 3-D computer station;

(c) all other interests owned by Sellers in, to and under the Subject Interests, Gas Facilities or Lands or attributable to production therefrom;

(d) all unitization, pooling and operating agreements, and the units created thereby insofar as the same are attributable to the Subject Interests or Lands or interests therein or which relate to any units or wells located on the Subject Interests or Lands, including any and all units formed under orders, regulations, rules and other official acts of the governmental authority having jurisdiction, together with any right, title and interest created thereby in the Subject Interests or Lands;

(e) all rights to claim revenues or Hydrocarbons or other minerals resulting from any underproduction attributable to Sellers' interest in the Subject Interests, Gas Facilities or Lands; and

(f) all lease files, land files, well files, oil and gas sales contracts files, gas processing files, division order files, abstracts, title opinions, litigation files to the extent relating to the Assumed Liabilities (as defined in that certain Asset Purchase Agreement dated August 20, 1991 (the "Purchase Agreement"), by and among Sellers, Union Texas Canada Ltd., Meridian Oil Production Inc. and El Paso Production Company), engineering, geological, seismic and geophysical data, and all other files, maps, logs, data and records of Sellers relating to the Assets, other than litigation files (to the extent not relating to the Assumed Liabilities), corporate, financial, tax and legal records of Sellers, but including files and receipts relating to the Assets pertaining to Federal, state and Indian royalty payments (including production records) and to Production Taxes (hereinafter defined) and ad valorem and property Taxes (hereinafter defined).

SAVE and EXCEPT, and there is excluded from this conveyance and the Assets and RESERVED unto Sellers the following described interests, rights and properties (herein collectively referred to as the "Excluded Assets") (i) any employment, consulting, accounting, and attorney or litigation contracts or arrangements, (ii) all deposits, cash, checks, funds, accounts receivable and similar items attributable to the period prior to April 1, 1991, except to the extent constituting Royalty Accounts (as defined in the Purchase Agreement), (iii) all corporate, financial, tax and legal records of Sellers (other than those included in the Assets pursuant to item

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(f) above), (iv) all bonds and contracts or policies of insurance and any claims of Sellers thereunder or against any Predecessor (as defined in the Purchase Agreement) or Affiliate (as defined in the Purchase Agreement) of Sellers related thereto, except as expressly provided in the Insurance Matters Agreement (as defined in the Purchase Agreement), (v) all contracts of indemnity and any claims of Sellers thereunder or against any Predecessor or Affiliate of Sellers related thereto, except to the extent any contract of indemnity relates to any Assumed Liability and is not granted by or the obligation of any Predecessor or Affiliate of Sellers; (vi) Sellers' rights with respect to all Hydrocarbon or other mineral production from or attributable to the Subject Interests, Gas Facilities or Lands with respect to all periods prior to April 1, 1991, all proceeds attributable thereto, and all Hydrocarbons that, on April 1, 1991, are owned by Sellers and are in storage, within processing plants or in pipelines, (vii) claims of Sellers for refund of or loss carry forwards with respect to (a) costs, Production Taxes, ad valorem and property Taxes or expenses borne by Sellers attributable to the period prior to April 1, 1991, (b) Income Taxes (hereinafter defined), Windfall Profit Taxes (hereinafter defined) or Franchise Taxes (hereinafter defined), (c) any Taxes attributable to the Excluded Assets, or (d) amounts which relate to transportation of gas produced from the Subject Interests that is performed prior to April 1, 1991 as Sellers may receive from (x) any interstate or intrastate transporter of gas as a transportation rate refund (pursuant to an order of the FERC or of any state regulatory agency having jurisdiction or pursuant to a settlement agreement) or (y) any purchaser of gas as an agreed-upon flow-through of such a transportation rate refund received by such purchaser, (viii) engineering, geological, seismic, geophysical and similar data to the extent the transfer thereof to Buyer is contractually prohibited by license, confidentiality or similar agreements with unaffiliated third parties, (ix) the right to make or retain duplicate copies, at Sellers' expense, of any of the Sellers' (a) proprietary engineering, geological, seismic, geophysical or similar data to the extent such data relates to the Offshore Business Area, the Pacific and Atlantic offshore areas or Alaska and (b) third party engineering, geological, seismic, geophysical or similar data to the extent such data relates to the Pacific and Atlantic offshore areas or Alaska, (x) all right, title and interest of Sellers' as lessee or lessees under Sellers' Houston, Denver and Midland office leases, together with all of Sellers' (or Sellers' interest as lessee in) furniture, fixtures, equipment and other personal property in or associated with such offices, including all computers and word processing, photocopying, telecommunications and other office equipment, vehicles, mobile phones and radios except for the Landmark 3-D computer station included in the Assets pursuant to item (b)(iii) above, (xi) subject to the Patent License (as defined in the Purchase Agreement), all patents, computer software (including tapes, data and program documentation) and other intellectual property, (xii) all right, title and interest of Sellers in and to the HPG

STATE OF TEXAS REEVES COUNTY

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Business, (xiii) any logo, service mark, copyright, trade name or trademark associated with any Seller or any business of any Seller, (xiv) all receivables and cash proceeds which were expressly taken into account and for which credit was given in the determination of Net Cash Flow (as defined in the Purchase Agreement) pursuant to Section 3(c) of the Purchase Agreement, as adjusted pursuant to Section 3(d) of the Purchase Agreement, (xv) profits attributable to Sellers' crude oil trading business and all overhead charges and rates received by any Seller in its capacity as operator under any operating agreement or COPAS accounting procedure prior to the Closing Date, and (xvi) any property retained by Sellers pursuant to Section 18 of the Purchase Agreement or retained or reconveyed to Sellers pursuant to Sections 7(f) or 13(c)(vii) of the Purchase Agreement. As used herein, (1) the term "Production Taxes" shall mean all severance, gross receipts, gross production, occupation, gathering, pipeline regulation, conservation, excise, sales, use, and other Taxes (excluding any Taxes imposed on or measured by the net income or profits of a person, partnership, corporation or other entity or Transfer Taxes, Franchise Taxes or Windfall Profit Taxes), (2) the term "Income Taxes" shall mean all federal, state, local or foreign Taxes based upon the net income or profit of a person, partnership, corporation or other entity, but shall not include any Taxes based upon the sales price of Hydrocarbons produced from the Subject Interests (including, without limitation, Production Taxes), (3) the term "Franchise Taxes" shall mean all federal, state, local or foreign franchise Taxes or assessments, including, without limitation, Taxes based on net worth, capitalization or total assets, (4) the term "Windfall Profit Taxes" shall mean the Taxes imposed on the windfall profit from taxable crude oil pursuant to the Crude Oil Windfall Profit Tax Act of 1980, as amended prior to its repeal, and (5) the term "Taxes" shall mean all taxes or similar assessments or fees, together with all interest, fines, penalties and additions thereto.

TO HAVE AND TO HOLD the Assets unto Buyer, its successors and assigns, forever, subject, however, to the matters set forth herein.

ARTICLE II

Disclaimer of Warranties; Certain Existing Agreements

Section 2.1 *Disclaimer of Warranties*. The Assets are assigned to Buyer without recourse, representation, covenant or warranty of title of any kind whatsoever, express, implied, statutory or otherwise. All personal property, equipment, fixtures and appurtenances constituting a portion of the Assets are assigned to Buyer "AS IS, WHERE IS." WITHOUT LIMITATION OF THE GENERALITY OF THE IMMEDIATELY PRECEDING SENTENCE, BUYER EXPRESSLY DISCLAIMS AND NEGATES AS TO MOVABLE OR

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PERSONAL PROPERTY AND FIXTURES (a) ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY, (b) ANY IMPLIED OR EXPRESS WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, (c) ANY IMPLIED OR EXPRESS WARRANTY AS TO CONDITION, AND (d) ANY IMPLIED OR EXPRESS WARRANTY OF CONFORMITY TO MODELS OR SAMPLES OF MATERIALS.

Section 2.2 *Certain Existing Agreements*. As used in this Section 2.2, "Certain Existing Agreements" shall mean all of the following agreements, instruments and documents which are valid and subsisting and require that an assignee of any Asset which is the subject thereof or is affected thereby expressly assume any or all of the terms and obligations thereof:

(a) any and all agreements, instruments and documents entered into in connection with the exploration, development, operation and/or maintenance of all or any part of the Assets and/or the extraction, processing or transportation of Hydrocarbons therefrom; and

(b) any and all agreements, instruments and documents which create any of the Assets or reserve or assign to any Seller any of the Assets.

Buyer covenants and agrees that it is accepting this Conveyance subject to the Certain Existing Agreements and, to the extent same constitute Assumed Liabilities, Buyer does hereby assume the terms and obligations of the Certain Existing Agreements. As between the Sellers and Buyer, nothing contained in this Section 2.2 shall be construed, however, as amending, altering or modifying the respective assumptions, covenants, duties and obligations of Sellers and Buyer set forth in the Purchase Agreement.

ARTICLE III

Miscellaneous

Section 3.1 *Separate Assignments*. This Conveyance, insofar as it pertains to those Assets as to which separate assignments have been, or will be, executed for filing with and approval by applicable governmental or tribal agencies and authorities, is made and accepted subject to the approval of such applicable governmental or tribal agencies and authorities and to the terms of such approval if and to the extent required by law. Any such separate assignments (a) shall evidence the conveyance and assignment of the applicable Assets herein made, and shall not constitute any additional conveyance or assignment of the Assets, (b) are not intended to modify, and shall not modify, any of the terms, covenants and conditions, or limitations on warranties, set forth in this Conveyance and are not intended to create and shall not create any representations, warranties or additional covenants of or by Sellers to Buyer, and (c) shall be deemed to contain all of the terms and provisions of this Conveyance, as fully and to

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all intents and purposes as though the same were set forth at length in such separate assignments.

Section 3.2 *Successors and Assigns*. All of the provisions hereof shall inure to the benefit of and be binding upon the respective successors and assigns of Sellers and Buyer. All references herein to either Sellers or Buyer shall include their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have caused this Conveyance to be executed effective as of September 1st, 1991.

SELLERS:

UNION TEXAS PETROLEUM CORPORATION

By _____
J. M. McKinney
Vice President

UNION TEXAS DEVELOPMENT CORPORATION

By _____
J. M. McKinney
Vice President

BUYER:

MERIDIAN OIL PRODUCTION INC.

By _____
Randolph P. Mundt
Senior Vice President

0058649

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

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

This instrument was acknowledged before me on the 13TH day of September, 1991 by J. M. McKinney, Vice President of UNION TEXAS PETROLEUM CORPORATION, a Delaware corporation, on behalf of said corporation.

(SEAL)

Dorothy M. Malac
Notary Public in and for the State of Texas

DOROTHY M. MALAC
Notary Public, State of Texas
My Commission Expires 3-09-93

(Printed Name of Notary)

My Commission Expires:_____

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

This instrument was acknowledged before me on the 13TH day of September, 1991 by J. M. McKinney, Vice President of UNION TEXAS DEVELOPMENT CORPORATION, a Delaware corporation, on behalf of said corporation.

(SEAL)

Dorothy M. Malac
Notary Public in and for the State of Texas

DOROTHY M. MALAC
Notary Public, State of Texas
My Commission Expires 3-09-93

(Printed Name of Notary)

My Commission Expires:_____

0058649

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

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

This instrument was acknowledged before me on the 15th day of September, 1991 by Randolph P. Mundt, Senior Vice President of MERIDIAN OIL PRODUCTION INC., a Delaware corporation, on behalf of said corporation.

(SEAL)

LISA J. RICHARDSON NOTARY PUBLIC STATE OF TEXAS EXPIRES MAY 29, 1994

Lisa Richardson
Notary Public in and for
the State of Texas

(Printed Name of Notary)

My Commission Expires:_____

0058649

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VOL 512 PAGE 235

EXHIBIT "A"
Subject Interests

COUNTY: REEVES STATE: TEXAS DATE 09/09/91
PROSPECT: GULL PAGE 1

LEASE NUMBER	LESSOR	LESSEE	STATE/COUNTY	LSE DTE RECORDED
WT-03908/A	ROBERTA M REGAN TRUST	RICHARD E BOOTH	TX REEVES	01/07/80 VOL 385 PG 471

TRACT 01
DESCRIPTION: RECORDED IN REAL PROPERTY RECORDS OF REEVES COUNTY, TEXAS.

T 8
T & P RR CO SVY BLK 49
SEC 8
ALL
(BELOW 7000' RESERVED BY LESSOR)

WT-03908/B	WILL OF PRESTON G NORTHRUP	RICHARD E BOOTH	TX REEVES	01/07/80 VOL 385 PG 481

TRACT 01
DESCRIPTION: RECORDED IN REAL PROPERTY RECORDS OF REEVES COUNTY, TEXAS.

T 8
T & P RY CO SVY BLK 49
SEC 8
ALL
(BELOW 7000' RESERVED BY LESSOR)

WT-03908/C	ROBERTA M REGAN TRUST	ROGER L STEPHENSEN	TX REEVES	11/01/79 VOL 383 PG 475

TRACT 01
DESCRIPTION: RECORDED IN REAL PROPERTY RECORDS OF REEVES COUNTY, TEXAS.

T 8
T & P RY CO SVY BLK 49
SEC 8
ALL
(SURF - 7,000' RESERVED BY LESSOR)

WT-03908/D	WILL OF PRESTON G NORTHRUP	ROGER L STEPHENSEN	TX REEVES	11/01/79 VOL 383 PG 464

TRACT 01
DESCRIPTION: RECORDED IN REAL PROPERTY RECORDS OF REEVES COUNTY, TEXAS.

T 8
T & P RY CO SVY BLK 49
SEC 8
ALL
(SURF - 7,000' RESERVED BY LESSOR)

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STATE OF TEXAS * REEVES COUNTY *

EXHIBIT "A"
Subject Interests

COUNTY: REEVES STATE: TEXAS DATE 09/09/91
PROSPECT: HAMON PAGE 2

LEASE NUMBER	LESSOR	LESSEE	STATE/COUNTY	LSE DTE RECORDED
MR-00398	BESS REYNOLDS HARDIN	S L PARHAM	TX REEVES	01/06/65 VOL 243 PG 423

TRACT 01
DESCRIPTION: RECORDED IN REAL PROPERTY RECORDS OF REEVES COUNTY, TEXAS.

T & P RR CO SVY BLK 50
T 8
SEC 20
ALL

MR-00399	J RAY STEWART	JAKE L HAMON	TX REEVES	02/02/66 VOL 254 PG 384

TRACT 01
DESCRIPTION: RECORDED IN REAL PROPERTY RECORDS OF REEVES COUNTY, TEXAS.

T & P RY CO SVY BLK 50
T 8
SEC 34
ALL

MR-00402	BETTY HARGROVE ET VIR	S L PARHAM	TX REEVES	01/07/65 VOL 243 PG 438

TRACT 01
DESCRIPTION: RECORDED IN REAL PROPERTY RECORDS OF REEVES COUNTY, TEXAS.

T & P RY CO SVY BLK 50
T 8
SEC 20
ALL

MR-00403	MARTIN G REYNOLDS	S L PARHAM	TX REEVES	01/16/65 VOL 243 PG 457

TRACT 01
DESCRIPTION: RECORDED IN REAL PROPERTY RECORDS OF REEVES COUNTY, TEXAS.

T & P RY CO SVY BLK 50
T 8
SEC 20
ALL

MR-00404	GUSSIE REYNOLDS BROWNELL	JACK L RUSSELL	TX REEVES	01/08/65 VOL 243 PG 427

TRACT 01
DESCRIPTION: RECORDED IN REAL PROPERTY RECORDS OF REEVES COUNTY, TEXAS.

T & P RY CO SVY BLK 50

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VOL 512 PAGE 237

EXHIBIT "A"
Subject Interests

COUNTY: REEVES

STATE: TEXAS
PROSPECT: HAMON

DATE 09/09/91
PAGE 3

LEASE NUMBER	LESSOR	LESSEE STATE/COUNTY	LSE DTE RECORDED
	T 8 SEC 20 ALL		

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EXHIBIT "A"
Subject Interests

COUNTY: REEVES STATE: TEXAS PROSPECT: ORLA

LEASE NUMBER	LESSOR	LESSEE	LSE DTE RECORDED
		STATE/COUNTY	
WT-04342	ST OF TX 88364	PREWIT MINERALS	10/05/82
TRACT 01		TX REEVES	VOL 427 PG 331

DESCRIPTION: RECORDED IN REAL PROPERTY RECORDS OF REEVES COUNTY, TEXAS.

T 2
T & P RY CO SVY BLK 57
SVY 12 S PART CONTG 200 ACS DESC MORE FULLY ON
GLO OFFICIAL MAP

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VOL 512 PAGE 239

EXHIBIT "A"
Subject Interests

COUNTY: REEVES STATE: TEXAS DATE 09/09/91
PROSPECT: ORLA NORTH PAGE 5

LEASE NUMBER	LESSOR	LESSEE	LSE DTE RECORDED
		STATE/COUNTY	
WT-04025/A	ANNE B BYRAM INDIV & AS AGENT	UNION TEXAS PETROLEUM CORP	04/01/81
TRACT 01		TX REEVES	BK 412 PG 430

DESCRIPTION: RECORDED IN REAL PROPERTY RECORDS OF REEVES COUNTY, TEXAS.

T 2
T & P RR CO SVY BLK 56
SEC 22
E/2NE/4, E/2W/2NE/4, E/2NW/4SE/4, W/2SW/4SE/4

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STATE OF TEXAS REEVES COUNTY

EXHIBIT "A"
Subject Interests

COUNTY: REEVES

STATE: TEXAS
PROSPECT: QUINLAN FEE MINERALS

DATE 09/09/91
PAGE 6

LEASE NUMBER	LESSOR	LESSEE	STATE/COUNTY	LSE DTE RECORDED
MR-01186	KATHERINE Q SINCLAIR ET AL	C & K PETROLEUM INC	TX REEVES	10/19/73 VOL 326 PG 741
TRACT 01				

DESCRIPTION: RECORDED IN REAL PROPERTY RECORDS OF REEVES COUNTY, TEXAS.

T 7
BLK 52
SEC 48 ALL
SEC 37 ALL

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VOL 512 PAGE 241

EXHIBIT "A"
Subject Interests

COUNTY: REEVES | STATE: TEXAS | DATE 09/09/91
PROSPECT: REEVES CTY MINERALS | PAGE 7

LEASE NUMBER	LESSOR	LESSEE	LSE DTE RECORDED
		STATE/COUNTY	
MR-01209	J G PUTERBAUGH	MCALESTER FUEL COMPANY	05/22/58
TRACT 01		TX REEVES	VOL 181 PG 641

DESCRIPTION: RECORDED IN REAL PROPERTY RECORDS OF REEVES COUNTY, TEXAS.

T 7
T & P RR CO SVY BLK 58
SEC 29 ALL
SEC 31 ALL
SEC 33 ALL
SEC 39 ALL EXCEPT RR R-O-W
SEC 41 ALL EXCEPT RR R-O-W & 15 ACS IN NE/C

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EXHIBIT "A"
Subject Interests

COUNTY: REEVES | STATE: TEXAS | PROSPECT: RIVERTON | DATE 09/09/91 | PAGE 8

LEASE NUMBER	LESSOR	LESSEE	STATE/COUNTY	LSE DTE RECORDED
WT-03130	EVELYN C BOLINGER	JOHN L MAY	TX REEVES	10/17/72 BK 315 PG 208
TRACT 01				

DESCRIPTION: RECORDED IN REAL PROPERTY RECORDS OF REEVES COUNTY, TEXAS.

T 3
T & P RR CO SVY BLK 56
SEC 16 W/2

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VOL 512 PAGE 243

EXHIBIT "A"
Subject Interests

COUNTY: REEVES | STATE: TEXAS | PROSPECT: WORSHAM FIELD | DATE 09/09/91 | PAGE 9

LEASE NUMBER	LESSOR	LESSEE	STATE/COUNTY	LSE DTE RECORDED
WT-02683	C. E. WRAY ET UX	SHELL OIL COMPANY	TX REEVES	03/28/61 BK 210 PG 403

TRACT 01
DESCRIPTION: RECORDED IN REAL PROPERTY RECORDS OF REEVES COUNTY, TEXAS.

H & GN RR CO SVY BLK 7
SEC 4
S/2
LESS & EXCEPT A 40 ACRE TRACT OUT OF SE
CORNER OF SECTION (GAS RIGHTS ONLY)

LEASE NUMBER	LESSOR	LESSEE	STATE/COUNTY	LSE DTE RECORDED
WT-02684	CYNTHIA L MONROE ET AL	RALPH H MERIWETHER	TX REEVES	10/18/67 BK 272 PG 160

TRACT 01
DESCRIPTION: RECORDED IN REAL PROPERTY RECORDS OF REEVES COUNTY, TEXAS.

H & GN RY CO SVY BLK 7
SEC 4
N/2 EXCEPT NORTH 80 ACS AS MORE FULLY DESCD
IN LSE

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EXHIBIT "A"
Subject Interests

COUNTY: REEVES STATE: TEXAS PROSPECT: WORSHAM N

LEASE NUMBER	LESSOR	LESSEE	STATE/COUNTY	LSE DTE RECORDED
WT-04840/A TRACT 01	J J MEEKER ET AL	C&K PETROLEUM INC	TX REEVES	03/24/77 BK 347 PG 40

DESCRIPTION: RECORDED IN REAL PROPERTY RECORDS OF REEVES COUNTY, TEXAS.

H & G N RR CO SVY BLK 6
SEC 45 N/2,SW/4 AS DESCD BY METES & BOUNDS IN LSE
AS 480 ACRES

WT-04840/B TRACT 01	ANNE W MEEKER GUARDIANSHIP	C&K PETROLEUM INC	TX REEVES	04/25/77 BK 354 PG 33

DESCRIPTION: RECORDED IN REAL PROPERTY RECORDS OF REEVES COUNTY, TEXAS.

H & G N RR CO SVY BLK 6
SEC 45 N/2, SW/4 AS DESCD BY METES & BOUNDS IN LSE
AS 480 ACRES

WT-04866 TRACT 01	JOE A WORSHAM ET AL	G C STILLWAGON	TX REEVES	07/24/67 BK 268 PG 364

DESCRIPTION: RECORDED IN REAL PROPERTY RECORDS OF REEVES COUNTY, TEXAS.

H & GN RR CO SVY BLK 6
SEC 20 S 64 ACS

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EXHIBIT B

None.

0059079

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EXHIBIT C

Rights-of-Way, Easements and Surface Leases

PREAMBLE:

1. The rights-of-way, easements and surface leases are described in the computer printout entitled "Rights-of-Way, Easements and Surface Leases," attached behind this cover page.

2. The rights-of-way, easements and surface leases are listed by Field and Prospect. Such designations are based upon Sellers' internal records prepared for the administrative convenience of Sellers and may not correspond to field or prospect designations established or used by regulatory agencies or others.

3. References in the attached descriptions to a "LEASE NUMBER" refer to Sellers' internal lease or instrument identification number.

4. References in the attached descriptions to a "LESSOR" refer to the name of the lessor or assignor of the surface lease, the grantor or assignor of the instrument creating the right-of-way or easement or, in the case of a federal, state or tribal right-of-way, easement or surface lease, the serial number of such instrument. References in the attached descriptions to a "LESSEE" refer to the name of the lessee or assignee of the surface lease or the grantee or assignee of the instrument creating the right-of-way or easement. References in the attached description to a "LEASE" or "LSE" refer to the surface lease or other instrument granting, leasing, creating, assigning or reserving the right-of-way, easement or surface lease, as the case may be.

5. References in the attached descriptions to a "LSE DTE" refer to the date of the surface lease or other instrument granting, leasing, creating, assigning or reserving the right-of-way, easement or surface lease, as the case may be.

6. All references in the attached descriptions to recording data of a surface lease or other instrument include, and are intended as a reference to, the Volume or Book and the Page number (or the Entry, File, Film Code, or Microfilm Reference Number if provided) of the appropriate County or Parish records where and when recorded, and reference is hereby made to each of such instruments and the record thereof for all purposes.

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VOL 512 PAGE 247

EXHIBIT "C"
Rights-of-Way, Easements and Surface Leases

COUNTY: REEVES STATE: TEXAS DATE 09/06/91
PROSPECT: GULL PAGE 1

LEASE NUMBER	LESSOR	LESSEE	STATE/COUNTY	LSE DTE RECORDED
SL-02378	JIMMY NCNEIL	JOHN R PARISH	TX REEVES	04/02/80 VOL 387 PG 639

TRACT 01
DESCRIPTION: RECORDED IN REAL PROPERTY RECORDS OF REEVES COUNTY, TEXAS.

PUBLIC SCH LD BLK C-1
SEC 25
SEC 26
(30' ROW & ROAD ROW FOR USE IN CONNECTION
WITH OPERATIONS IN T&P RR CO SVY BLK 49
SECTION 8)

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Original filed in
Reeves County
Clerks Office

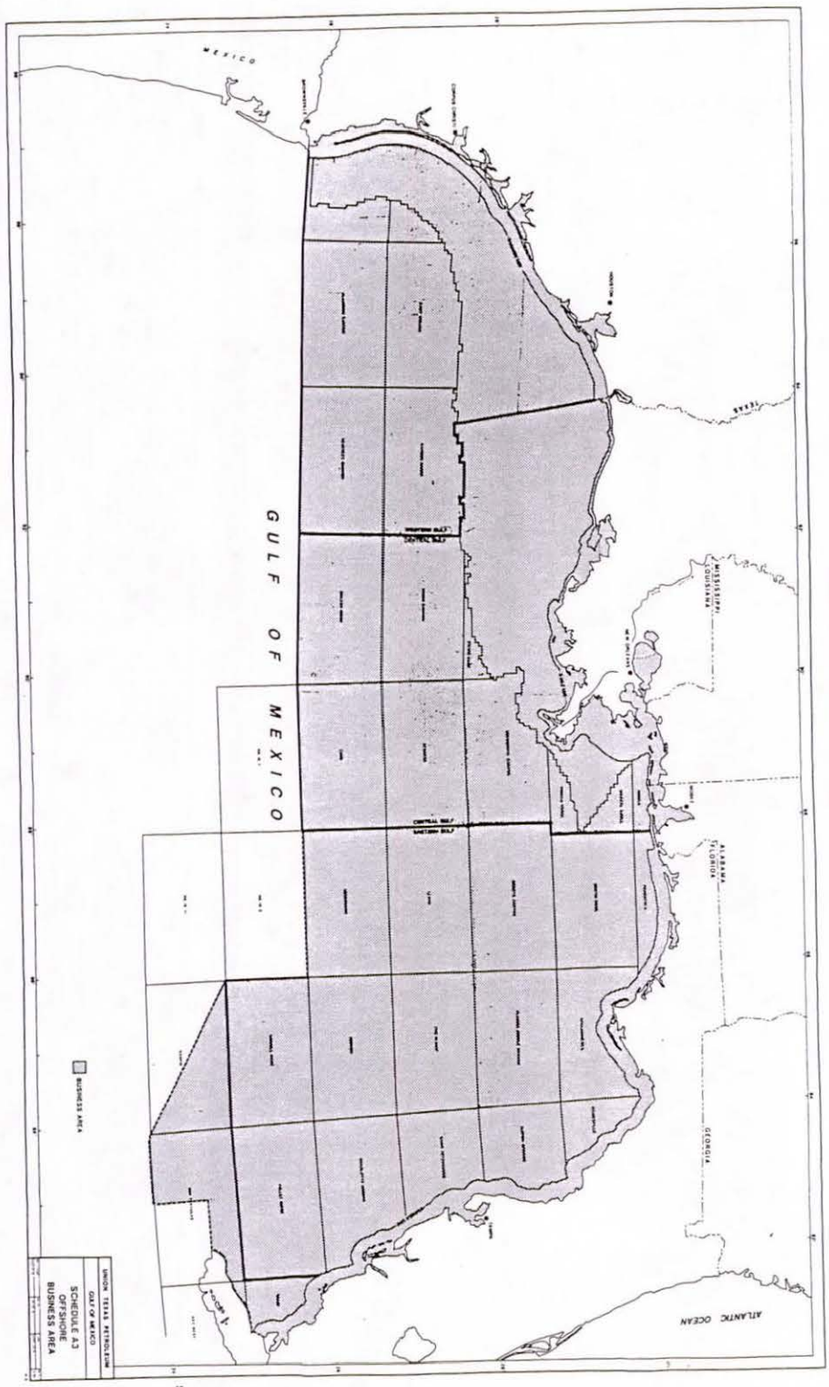


EXHIBIT "D"

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EXHIBIT E
Field Equipment

Part I--Vehicles*

(*Vehicles are leased. Leases can be assumed or vehicles can be purchased at fair market price.)

Description	Unit No.
Houston District Fields (Houston Area)	
1989 Ford Styleside F150	92410
1990 Chevrolet Sportside	92443
1990 Ford Styleside F150 (Supercab)	92444
Houston District Fields (Lafayette Area)	
1989 Chevrolet Fleetside	92299
1990 Dodge Sweptline D150	92452
1990 Chevrolet Fleetside	92453
1990 Dodge Sweptline D150	92454
1990 Chevrolet Fleetside (Extended Cab)	92455
1990 Chevrolet Fleetside (3/4 Ton Extended Cab)	92456
1990 Chevrolet Fleetside (Extended Cab)	92457
1990 Ford Styleside F150	92529
1990 Chevrolet Fleetside	92530
1990 Chevrolet Fleetside	92531
1991 Ford Styleside F150	92624
Houston District Fields (Denver Area)	
1991 Ford Styleside F150 (4WD)	92623
1990 Ford Styleside F150 (4WD)	92462
1991 Ford Styleside F150 (4WD)	92622
1990 Ford Styleside F250 (4WD)	92447

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Midland District Fields

1990 Ford Taurus	92516
1985 Chevrolet C&C 1 Ton (Winch Truck)	91812
1989 Chevrolet Fleetside	92316
1989 Ford Styleside F150	92317
1989 Chevrolet Fleetside (1/2 Ton)	92353
1989 Chevrolet Fleetside (4WD)	92372
1990 Chevrolet Fleetside	92429
1991 Ford Styleside F150	92630
1990 Ford Styleside F150	92464
1990 Ford Styleside F150	92465
1990 Ford Styleside F150	92466
1990 Ford Styleside F150	92467
1990 Ford Styleside F150	92468
1990 Chevrolet Fleetside	92515
1990 Chevrolet Fleetside	92517
1990 Chevrolet Fleetside (1/2 Ton 4WD)	92532
1990 Ford Styleside F150	92534
1991 Ford Styleside F150	92572
1991 Chevrolet Fleetside	92631
1991 Chevrolet Fleetside (4WD)	92632
1991 Ford Styleside F150	92634
1991 Ford Styleside F150	92635
1991 Chevrolet Fleetside	92633
1991 Ford Taurus	92627

Drilling

1989 Chevrolet Fleetside	92405
1990 Ford Styleside F150	92472

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Part II—Mobile Radios and Telephones

Description	Serial #	Location (Vehicle # or Site)
	Houston District Fields (Houston Area)	
Midland	246142	92443
	Houston District Fields (Lafayette Area)	
Midland	231978	92454
Motorola	433HE43117	92455
G.E.	9412909	92456
Motorola	KH420W	92530
Motorola	84R1747Q03	92531
Midland	231981	92624
Uniden	00461520	92457
Audio Vox	C-03840176	92299
Fujitsu	03001087	92455
Harris	10959-0384	92624
	Houston District Fields (Denver Area)	
Motorola Redicode Phone	ABTD5012	92623
Pulsar 100 Model TLN2191A5	—	92462
Pulsar II	—	92447
Pulsar II Model T18780	213CKL0210	Contract Pumper
Glenayre Electric Model GL4112A	8510230	Contract Pumper
Johnson Model MT200N	3380	Surplus
	Midland District Fields	
G.E. Model TMX 8712	7818047	92630
G.E. Model Corona	2242150	92572
G.E. Model TMX 8615	9688768	92631
G.E. Model TMX 8615	9684900	92534
G.E. Model Corona	4467462	Contract Pumper
G.E. Model Corona	2223375	Contract Pumper
G.E. Model TMX 8712	7990601	92516
G.E. Model TMX 8615	9684933	92464
G.E. Model TMX 8615	9689158	92633
G.E. Model TMX 8615	9684897	92634
G.E. Model TMX 8615	9684898	92635
G.E. Model TMX 8615	9684161	Jal Office
G.E. Model Corona	2233380	Answering Svc.
G.E. Model Corona	2206802	Answering Svc.

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Description	Serial #	Location (Vehicle # or Site)
G.E. Model Corona	2242146	Contract Pumper
G.E. Model Classic	2223374	92465
G.E. Model Corona	2501697	92468
G.E. Model TMX 8615	9689255	92467
G.E. Model Classic	2230593	92429
G.E. Model Corona	3010695	Wellman
G.E. Model Corona	2223384	Wellman
G.E. Model Classic	2223371	Wellman
G.E. Model Classic	2230589	92353
G.E. Model Classic	4467463	91812
G.E. Model Classic	2223379	Wellman
G.E. Model Corona	2223392	Wellman
G.E. Model TMX 8825	8111949	92532
G.E. Model TMX 8615	9684934	92466
G.E. Model TMX 8712	7939727	92517
G.E. Model Corona	2223374	92317
G.E. Model TMX 8825	8221753	92316
G.E. Model Corona	2223389	Slaughter Office
G.E. Model Corona	2501698	Veal Office
G.E. Model Corona	4467460	92632
G.E. Model Classic	2230594	92372
G.E. Model TMX 8615	9411700	92515
G.E. Model Corona	3010691	Westbrook Office
G.E. Model Corona	2242151	Westbrook Office
G.E. Model Corona	2220507	Contract Pumper
G.E. Model Corona	2223391	Answering Svc.
G.E. Model TMX 8712	8256196	92405
G.E. Model TMX 8712	7972421	92627
Motorola Dyna TAC 600X	213CME9993	92627
Uniden CP1100	17200102555	92630

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Part III—Fascimile Copiers*

(*This equipment is currently leased. Transfer of lease is subject to approval of vendor.)

Description	Serial No.	Location
	Houston District Fields (Houston Area)	
DEX 6100	332645977	Longview Office
DEX 80	334224326	Dry Hollow
	Houston District Fields (Lafayette Area)	
DEX 2500	333584480	Terryville
DEX 80	334224128	Sulphur Mines
DEX 440	333680742	Lake Arthur
DEX 440	333692549	East Manchac
	Houston District Fields (Denver Area)	
DEX 2500	332867968	Field
DEX 6100	332614510	Field
DEX 6100	332645258	Field
DEX 6700	333289114	Aztec Office
	Midland District Fields	
DEX 80	334224342	Northwest Slaughter
DEX 80	334225018	Jal, New Mexico
DEX 2500	332876328	Field
DEX 160	334303484	Wellman

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STATE OF TEXAS REEVES COUNTY

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Part IV—Radio Licenses

License	FCC File No.	Call Sign
West Texas/New Mexico	8809628521	WNMV459
West Texas/New Mexico	8701551896	KA95808
Pierre Pass, Louisiana	001424	KBJ381
Milnesand, New Mexico	001418	KVK560
Jal, New Mexico	001419	KVO553
Roanoke, Louisiana	001412	KKA747
Jefferson Davis, Louisiana	337987	KB46131

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Part V—Computer Related Equipment

Location	Gen Dev/Type	Type Model/ Feat No.	Serial No.	Description
		Houston District Fields (Houston Area)		
Dry Hollow	Sys	8530021	0737096	IBM PS 30 Personal Computer
Dry Hollow	5001			8087 8 Mhz Math Co-Processor
Dry Hollow	67X0438			4 MB Token Ring Adapter
Dry Hollow	1391401			IBM Enhanced Keyboard
Dry Hollow	Epson		448473	Epson FX100
Dry Hollow	8513001			IBM Color Display
Longview	Sys	8530021	0739101	IBM PS 30 Personal Computer
Longview	5001			8087 8 Mhz Math Co-Processor
Longview	67X0438			4 MB Token Ring Adpater
Longview	8513001			IBM Color Display
Longview	4208001		11002786	IBM Proprinter
Longview	1391401			IBM Enhanced Keyboard
		Houston District Fields (Lafayette Area)		
Manchac Point	Sys	8530021	0122503	IBM PS 30 Personal Computer
Manchac Point	5001			8087 8 Mhz Math Co-Processor
Manchac Point	67X0438			4 MB Token Ring Adpater
Manchac Point	8513001			IBM Color Display
Manchac Point	4208001		47000201	IBM Proprinter
Manchac Point	1391401			IBM Enhanced Keyboard
Lake Arthur	Sys	8530021	0983001	IBM PS 30 Personal Computer
Lake Arthur	5001			8087 8 Mhz Math Co-Processor
Lake Arthur	67X0438			4 MB Token Ring Adpater
Lake Arthur	8513001		MM949	IBM VGA Monitor
Lake Arthur	1391401			IBM Enhanced Keyboard
Lake Arthur	4208001		1611959	IBM Proprinter
Lake Arthur	V3R3			IBM DOS
Sulphur Mines	Sys	8530021	7730183	IBM PS 30 Personal Computer
Sulphur Mines	5001			8087 8 Mhz Math Co-Processor
Sulphur Mines	67X0438			4 MB Token Ring Adapter
Sulphur Mines	8513001		KYD79	IBM VGA Monitor
Sulphur Mines	4208001		10088854	IBM Proprinter
Sulphur Mines	1391401			IBM Enhanced Keyboard

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Location	Gen Dev/Type	Type Model/ Feat No.	Serial No.	Description
Sulphur Mines	V3R3			IBM DOS
		Houston District Fields (Denver Area)		
Denver	Sys	FST	12489	MSI Model FST Portable Data Terminal
Houston	Sys	FST	12488	MSI Model FST Portable Data Terminal
Houston	Sys	FST	10242	MSI Model FST Portable Data Terminal
Field	Sys	FST	12505	MSI Model FST Portable Data Terminal
Field	Sys	FST	12506	MSI Model FST Portable Data Terminal
Field	Sys	FST	12507	MSI Model FST Portable Data Terminal
Field	Sys	FST	12490	MSI Model FST Portable Data Terminal
		Midland District Fields		
Wellman	Sys	5150	N0684817	IBM PC
Wellman		HX12RGB	KW28879	Princeton Monitor
Wellman	6450200			IBM PC-AT Keyboard
Wellman		SP200		Seikosha Printer
Wellman		2064R001	PR26024	Toshiba WTZ Printer
Wellman	Symphony			Symphony
Wellman	Alpha 3			Alpha 3
Wellman	DOS			DOS 3.30

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

FILED FOR RECORD ON THE 20th DAY OF September A.D. 1991 AT 10:59 A M.

DULY RECORDED ON THE 20th DAY OF September A.D. 1991 AT 3:00 P M.

BY Lisa Reynolds DEPUTY

CATHERINE ASHLEY, COUNTY CLERK,
REEVES COUNTY, TEXAS.

STATE OF TEXAS REEVES COUNTY

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

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

The above and foregoing is a full, true and correct photographic copy of the original record now in my lawful custody and possession, as the same is filed/recorded in the public records of my office, found in VOL 512, PAGE 226 THRU 256

I hereby certified on 2 25 15

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

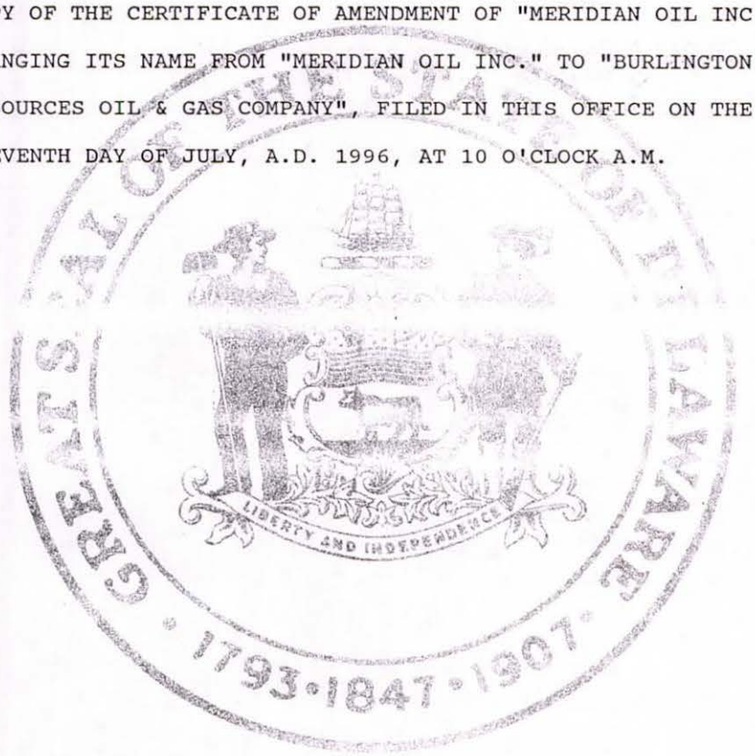
BY Myra Aranda DEPUTY

FILE # 1630

State of Delaware

Office of the Secretary of State

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "MERIDIAN OIL INC.", CHANGING ITS NAME FROM "MERIDIAN OIL INC." TO "BURLINGTON RESOURCES OIL & GAS COMPANY", FILED IN THIS OFFICE ON THE ELEVENTH DAY OF JULY, A.D. 1996, AT 10 O'CLOCK A.M.





Edward J. Freel, Secretary of State

AUTHENTICATION: 8024246

DATE: 07-12-96

0914124 8100

960203356



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

CERTIFICATE OF AMENDMENT OF CERTIFICATE OF INCORPORATION OF MERIDIAN OIL INC.

MERIDIAN OIL INC. (the "Corporation"), a corporation organized and existing under the General Corporation Law of the State of Delaware (the "DGCL"), DOES HEREBY CERTIFY:

FIRST: That the Board of Directors of the Corporation, acting by unanimous written consent in accordance with the provisions of Section 141(f) of the DGCL, adopted the following resolution:

RESOLVED, that the Board of Directors of the Corporation deems it advisable and in the best interest of the Corporation to amend its Certificate of Incorporation by changing "Article One" thereof so that, as amended, said article shall be read as follows:

"ARTICLE ONE

The name of the corporation is BURLINGTON RESOURCES OIL & GAS COMPANY."

SECOND: That the sole stockholder of the Corporation has, by written consent in accordance with the provisions of Section 228 of the DGCL, voted in favor of said amendment.

THIRD: That the aforesaid amendment was duly adopted in accordance with the appropriate provisions of Sections 242 and 228 of the DGCL.

IN WITNESS WHEREOF, the Corporation has caused this Certificate to be executed on its behalf by L. David Hanower, its Senior Vice President, Law and attested to by Wendi S. Zerwas, its Corporate Secretary, this 10th day of July, 1996.

MERIDIAN OIL INC.

ATTEST:

By: Wendi S. Zerwas
Wendi S. Zerwas
Corporate Secretary

By: L. David Hanower
L. David Hanower
Senior Vice President, Law

corp\amend\moiname.doc

FILE NO. 1630

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

FILED FOR RECORD ON THE 30TH. DAY OF JULY A.D. 1996 AT 11:37 A M.

DULY RECORDED ON THE 31ST. DAY OF JULY A.D. 1996 AT 2:00 P M.

BY: Sandra Cuesta DEPUTY

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

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

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

The above and foregoing is a full, true and correct photographic copy of the original record now in my lawful custody and possession, as the same is filed/recorded in the public records of my offices, found in VOL. 564 PAGE 354 THRU 355.

I hereby certified on 2 25 15

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

BY Myra Miranda DEPUTY

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

The above and foregoing is a full, true and correct photographic copy of the original record now in my lawful custody and possession, as the same is filed/recorded in the public records of my office, found in VOL. 562 PAGE 354 THRU 355

I hereby certified on 2-25-15

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS
BY Myra Amanda DEPUTY

(59)

File No. MF088364

Assignment #9292 Union ~~County~~

Texas Petro. to Meridian Oil Prod.

Date Filed: 3.3.15

George P. Bush, Commissioner

By aa

bhpbilliton
resourcing the future

North America Shale Production Division

March 25, 2015

Via Overnight Mail (FedEx Trkg #7732 1541 6816)
Texas General Land Office
Stephen F. Austin Building
1700 North Congress Avenue
Austin, Texas 78701-1495

Attention: J. Daryl Morgan, CPL, Energy Resources Division

RE: Recorded Pooling Agreements for State Camp 56-T2-14X11 Unit (M-32063) and State LRP 57-T2-12 Unit (M-88264), T&P RR Co. Survey, Reeves, County, Texas.

Dear Mr. Morgan:

Enclosed you will find recorded copies of Pooling Agreements for State Camp 56-T2-14X11 Unit and State LRP 57-T2-12 Unit, T&P RR Co. Survey, Reeves, County, Texas, for your records.

Should you need any additional information, please feel free to contact J. Thompson, CPL, Land Representative at 713.961.8678, email john.thompson@bhpbilliton.com or Broderick Browne, CPL, Land Representative at 713.871.2233, email Broderick.browne@bhpbilliton.com .

Sincerely,

Barsanett Offord,
Land Technical Assistant III
/bo

Enclosures

BHP Billiton • Land Department-Permian • P O Box 22719 • Houston, TX 77027-9998
1360 Post Oak Blvd, Office 2107D • Houston, TX 77056 • Direct 713.966.7180 • Fax 713.966.2914
Email: Barsanett.Offord@bhpbilliton.com • www.bhpbilliton.com

(60)

File No. M-000364

_____ County

Ltr. From BHP

Date Filed: 5/26/15

George P. Bush, Commissioner

By _____

15-00361
FILED FOR RECORD
REEVES COUNTY, TEXAS
Jan 14, 2015 at 08:37:00 AM

POOLING AGREEMENT
BHP BILLITON PETROLEUM PROPERTIES (N.A.), LP
STATE LRP 57-T2-12 UNIT
GLO UNIT NO. 7199
REEVES COUNTY, TEXAS

THIS AGREEMENT is entered into by and between the Commissioner of the General Land Office, on behalf of the State of Texas, as "Lessor" and BHP Billiton Petroleum Properties (N.A.), LP, herein referred to as "Lessee", and such other interested parties as may join in the execution hereof, the undersigned parties herein collectively referred to as the "parties", in consideration of the mutual agreements hereinafter set forth and other valuable considerations, the receipt and sufficiency of which are hereby acknowledged, and for the purposes and upon the terms and conditions which follow:

PURPOSES: 1.

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

UNIT DESCRIPTION: 2.

The oil and gas leases, which are included within the pooled unit, are listed on the attached Exhibit "A", to which leases and the records thereof reference is here made for all pertinent purposes. The pooled unit shall consist of all of the lands described in Exhibit "B" attached hereto and made a part hereof. A plat of the pooled unit is attached hereto as Exhibit "C". The unit description is subject to the provisions of Addendum "A".

MINERAL POOLED: 3.

The mineral pooled and unitized ("pooled mineral") hereby shall be oil and gas including all hydrocarbons that may be produced from an oil well or a gas well as such wells are recognized and designated by the Railroad Commission of Texas or other state regulatory agency having jurisdiction of the drilling and production of oil and gas wells. The pooled mineral shall extend to those depths underlying the surface boundaries of the pooled unit from the base of the Brushy Canyon Formation to 100 feet below the base of the Wolfcamp Formation, being defined as the stratigraphic interval or its correlative equivalent occurring from 6,746 feet true vertical depth to 11,443 feet true vertical depth as seen on the electric log of the BHPBTXLA, State Tunstill 56-T2-6 #1H well, API #42-389-34315 ("unitized interval"). The unitized interval is subject to the provisions of Addendum "B".

POOLING AND EFFECT: 4.

The parties hereto commit all of their interests which are within the unit to the extent and as above described into said unit and unitize and pool hereunder the separate tracts described on the attached Exhibit "B", for and during the term hereof, so that such pooling or unitization shall have the following effect:

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

(b) All drilling operations, reworking or other operations with respect to the pooled mineral on land within the unit shall be considered as though the same were on each separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Agreement. In the event the unitized area covered by this Agreement is maintained in force by drilling or reworking operations conducted on a directional well drilled under the unitized area from a surface location on adjacent or adjoining lands not included within the boundaries of the unitized area, such operations shall be considered to have been commenced on the unitized area when drilling is commenced on the adjacent or adjoining land for the purpose of directionally drilling under the unitized area and production of oil or gas from the unitized area through any directional well surfaced on adjacent or adjoining land or drilling or reworking of any such directional well shall be considered production or drilling or reworking operations, as the case may be, on the unitized area for all purposes under this Agreement. Nothing in this Agreement is intended or shall be construed as granting to Lessee any leasehold interest, easements, or other rights in or with respect to any such adjacent or adjoining land in addition to any such leasehold interests, easements, or other rights which the lessee, operator or other interest owner in the unitized area may have lawfully acquired from the state or others.

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

(d) All rights to the production of the pooled mineral from the unit, including royalties and other payments, shall be determined and governed by the lease or other contract pertaining to each separate tract, respectively, based upon the production so allocated to such tract only, in lieu of the actual production of the pooled mineral therefrom. Provided that, payments that are made on a per acre basis shall be reduced according to the number of acres pooled and included herein, so that payments made on a per acre basis

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shall be calculated based upon the number of acres actually included within the boundaries of the pooled unit covered by this Agreement.

(e) A shut-in oil or gas well located upon any land or lease included within said unit shall be considered as a shut-in oil or gas well located upon each land or lease included within said unit; provided, however, that shut-in oil or gas well royalty shall be paid to the State on each State lease wholly or partially within the unit, according to the terms of such lease as though such shut-in oil or gas well were located on said lease, it being agreed that shut-in royalties provided in each State lease shall not be shared with other royalty owners.

(f) Notwithstanding any other provision hereof, it is expressly agreed that each State lease may be maintained in force as to areas lying outside the unitized area described in Exhibit "B" only as provided in each such lease without regard to unit operations or unit production. Neither production of the pooled mineral, nor unit operations with respect thereto, nor the payment of shut-in royalties from a unit well, shall serve to hold any State lease in force as to any area outside the unitized area described in Exhibit "B" regardless of whether the production or operations on the unit are actually located on the State lease or not. "Area" as used in this paragraph shall be based upon surface acres to the end that, except as may otherwise be provided in each State Lease, the area inside the surface boundaries of the pooled unit, if held, will be held as to all depths and horizons.

(g) If the Railroad Commission of Texas (or any other Texas regulatory body having jurisdiction) shall adopt special field rules providing for oil and/or gas proration units of less than 642 acres, then Lessee agrees to either (1) drill to the density permitted by the Railroad Commission, (2) make application to the School Land Board of the State of Texas to reform the unit to comply with Railroad Commission unit rules, or (3) make application to the School Land Board of the State of Texas for such remedy as may be agreeable to the Board.

(h) This Agreement shall not relieve Lessee from the duty of protecting the State leases described in Exhibit "A" and the State lands within the boundaries of the pooled unit described in Exhibit "B" from drainage from any well situated on privately owned land, lying outside the unitized area described in Exhibit "B", but, subject to such obligation, Lessee may produce the allowable for the entire unit as fixed by the Railroad Commission of Texas or other lawful authority, from any one or more wells completed thereon.

(i) There shall be no obligation to drill internal offsets to any other well on separate tracts within the pooled unit, nor to develop the lands within the boundaries thereof separately, as to the pooled mineral.

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

ALLOCATION OF PRODUCTION: 5.

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

TAKING ROYALTY IN KIND: 6.

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

FULL MARKET VALUE: 7.

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

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

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

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

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EFFECTIVE DATE: 8.

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

TERM: 9.

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

SPECIAL TERMS AND CONDITIONS: 10.

Notwithstanding anything contained herein to the contrary, this Agreement is subject to the terms and conditions of the attached Addendum "A" and Addendum "B".

STATE LAND: 11.

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

DISSOLUTION: 12.

The unit covered by this Agreement may be dissolved by Lessee, his heirs, successors or assigns, by an instrument filed for record in Reeves County, Texas, and a certified copy thereof filed in the General Land Office at any time after the cessation of production on said unit or the completion of a dry hole thereon prior to production or upon such other date as may be approved by the School Land Board and mutually agreed to by the undersigned parties, their successors or assigns.

RATIFICATION/WAIVER: 13.

Nothing in this Agreement, nor the approval of this Agreement by the School Land Board, nor the execution of this Agreement by the Commissioner shall: (1) operate as a ratification or revivor of any State lease that has expired, terminated, or has been released in whole or in part or terminated under the terms of such State lease or the laws applicable thereto; (2) constitute a waiver or release of any claim for money, oil, gas or other hydrocarbons, or other thing due to the State by reason of the existence or failure of such lease; (3) constitute a waiver or release of any claim by the State that such lease is void or voidable for any reason, including, without limitation, violations of the laws of the State with respect to such lease or failure of consideration; (4) constitute a confirmation or recognition of any boundary or acreage of any tract or parcel of land in which the State has or claims an interest; or (5) constitute a ratification of, or a waiver or release of any claim by the State with respect to any violation of a statute, regulation, or any of the common laws of this State, or any breach of any contract, duty, or other obligation owed to the State.

COUNTERPARTS: 14.

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

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

Date Executed 12/22/14

STATE OF TEXAS

Legal
Content
Geology
Executive

By: _____
Jerry E. Patterson, Commissioner
General Land Office

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Date Executed 12/17/14

BHP Billiton Petroleum Properties (N.A.), LP,
formerly known as Petrohawk Properties, LP,
By: BHP Billiton Petroleum Properties (GP), LLC,
its General Partner

By: _____
Stephen L. Mahanay, Attorney-in-Fact

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STATE OF TEXAS

COUNTY OF HARRIS

This instrument was acknowledged before me on December 18, 2014, by Stephen L. Mahanay, Attorney-in-Fact of BHP Billiton Petroleum Properties (N.A.), LP formerly known as Petrohawk Properties, LP, by BHP Billiton Petroleum Properties (GP), LLC, its General Partner a Texas limited liability company on behalf of said limited partnership.

LYNN LATIOLAIS
Notary Public, State of Texas
My Commission Expires
October 10, 2017

_____
Notary Public in and for the State of Texas

CERTIFICATE

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

IN TESTIMONY WHEREOF, witness my hand this the 22nd day of December, 2014.

_____
Secretary of the School Land Board

51.92.5

ADDENDUM "A"

To that certain Pooling Agreement for the STATE LRP 57-T2-12 UNIT

The parties hereby agree that should a conflict exist between this Addendum and the body of the agreement that this Addendum shall prevail.

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The pooled unit shall consist of all of the lands herein described in the attached Exhibit "B" and depicted in the attached Exhibit "C", provided however that, on or before July 14, 2015 (the "**Trigger Date**"), if Lessee has commenced actual drilling operations on one (1) Unit Well, then a "**Continuous Drilling Program**" shall commence, whereby, Lessee has the option to commence actual drilling operations on additional Unit Wells in accordance with the deadlines below:

- July 14, 2016 – 2nd Unit Well
- July 14, 2017 – 3rd Unit Well
- July 14, 2018 – 4th Unit Well

At such time as Lessee has drilled and completed four (4) Unit Wells, in accordance with the deadlines above, the Continuous Drilling Program shall cease and the parties hereby agree that the pooled unit shall remain in the original, unaltered size and shape described in Exhibit "B" and depicted in Exhibit "C", in accordance with paragraph 9 of the Agreement.

Lessee's failure to timely comply with the deadlines above shall result in the formation of a "**Contracted Pooled Unit**" in accordance with the following:

# of Unit Wells	Corresponding size & shape of the resulting Contracted Pooled Unit
1 Unit Well	160 Acres, comprised of the stand-up 160 acre quarter of the pooled unit containing the first Unit Well.
2 Unit Wells	320 Acres, comprised of a) the stand-up 320 acre half of the section containing the first Unit Well, or b) the two 160 acre stand-up quarters of the section containing each of the 2 Unit Wells, if said wells are not in the same half of the section.
3 Unit Wells	480 Acres, comprised of a) the stand-up 320 acre half of the section containing the first Unit Well and the adjacent stand-up 160 acre quarter of the section, or b) the stand-up 320 acre half of the section containing the first Unit Well and the non-adjacent stand-up 160 acre quarter of the section, if said non-adjacent quarter contains a wellbore c) the three 160 acre stand-up quarters of the section containing each of the 3 Unit Wells.

END OF ADDENDUM "A"

51.925

ADDENDUM "B"

To that certain Pooling Agreement for the STATE LRP 57-T2-12 Unit

The parties hereby agree that should a conflict exist between this Addendum and the body of the Agreement that this Addendum shall prevail.

This Pooling Agreement shall constitute an amendment of the oil and gas leases that contain listed on the attached Exhibit "A" that contain Horizontal Pugh provisions, severing depths at the expiration of the Primary Term (on Exhibit "A" and hereinafter singularly a "**Depth Severance Lease**" and collectively the "**Depth Severance Leases**"), and does hereby provide that in the event a Depth Severance Lease:

1) Is in force and effect two (2) years after the expiration of its primary term; and

2) If Lessee has paid an amount equal to one-half (1/2) of the bonus originally paid as consideration for the Lease, extending the deeper depths (as defined in paragraph 16 (B) of the Lease) for an additional 2 years (the "Deeper Depths Extension").

Then, at the expiration of the Deeper Depths Extension, the Depth Severance Lease shall not terminate as to all depths below 100 feet below the total depth drilled in each well located on acreage retained in Paragraph 16 (A) of the Depth Severance Lease, but shall instead be maintained in full force and effect as to all applicable depths covered by the Depth Severance Lease, down to the "unitized interval", as defined in the body of the Agreement, for an additional 3 years following the expiration of the Deeper Depths Extension, at which point the Depth Severance Leases will terminate as to all depths below 300' below the deepest depth drilled in the unit. It is expressly understood that all depths included in the "unitized interval" shall be perpetuated in accordance with the Depth Severance Leases as modified by this Addendum, regardless of any language to the contrary in the body of the Depth Severance Leases.

END OF ADDENDUM "B"

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EXHIBIT "A"

Attached to and made a part of that certain Pooling Agreement, BHP Billiton Petroleum Properties (N.A.), LP, State LRP 57-T2-12 Unit; GLO Unit No. 7199, Reeves County, Texas

Leases in Unit

LESSOR:	State of Texas, General Land Office (MF-088364)
LESSEE:	Prewit Minerals
DATE:	10/05/1982
RECORDING:	File No. 4510, Volume 427, Page 331, Reeves County, Texas
LESSOR:	State of Texas, acting by and through its agent, Robert A. Schuler and James N. Schuler, both individually and as remainderman under Evelyn Schuler, Life Estate (MF-088676)
LESSEE:	Blake Oil & Gas Corporation
DATE:	12/08/1986
RECORDING:	File No. 344, Volume 474, Page 168, Reeves County, Texas
LESSOR:	State of Texas, acting by and through its agent, Evelyn Schuler (MF-088676)
LESSEE:	Blake Oil & Gas Corporation
DATE:	10/10/1987
RECORDING:	File No. 3063, Volume 481, Page 311, Reeves County, Texas
LESSOR:	State of Texas, acting by and through its agent, Violet Schuler (MF-088676)
LESSEE:	Blake Oil & Gas Corporation
DATE:	10/10/1987
RECORDING:	File No. 3062, Volume 481, Page 303, Reeves County, Texas
LESSOR:	State of Texas, acting by and through its agent, Altha M. Farwell (MF-088676)
LESSEE:	Blake Oil & Gas Corporation
DATE:	09/30/1988
RECORDING:	File No. 2781, Volume 489, Page 362, Reeves County, Texas
LESSOR:	State of Texas, acting by and through its agent, Mary C. Gehle (MF-088676)
LESSEE:	Blake Oil & Gas Corporation
DATE:	09/30/1988
RECORDING:	File No. 2491, Volume 489, Page 372, Reeves County, Texas
LESSOR:	State of Texas, acting by and through its agent, Richard Kiel (MF-088676)
LESSEE:	Blake Oil & Gas Corporation
DATE:	09/30/1988
RECORDING:	File No. 2783, Volume 489, Page 382, Reeves County, Texas

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LESSOR: State of Texas, acting by and through its agent, Donald H. Kiel (MF-088676)
LESSEE: Blake Oil & Gas Corporation
DATE: 10/10/1988
RECORDING: File No. 2784, Volume 489, Page 392, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Lois Oestrich and Clint Oestrich (MF-088676)
LESSEE: Blake Oil & Gas Corporation
DATE: 09/30/1988
RECORDING: File No. 2785, Volume 489, Page 402, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Lorna Jean Rybacheck (MF-088676)
LESSEE: Blake Oil & Gas Corporation
DATE: 10/10/1988
RECORDING: File No. 2786, Volume 489, Page 412, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Mildred Max (MF-088676)
LESSEE: Blake Oil & Gas Corporation
DATE: 09/30/1988
RECORDING: File No. 2787, Volume 489, Page 422, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Algo A. Novallo (MF-088676)
LESSEE: Blake Oil & Gas Corporation
DATE: 09/30/1988
RECORDING: File No. 2939, Volume 490, Page 23, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Shirley E. Campbell (MF-088676)
LESSEE: Blake Oil & Gas Corporation
DATE: 10/17/1988
RECORDING: File No. 2940, Volume 490, Page 33, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Richard Gehle (MF-088676)
LESSEE: Blake Oil & Gas Corporation
DATE: 09/30/1988
RECORDING: File No. 2491, Volume 490, Page 43, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Carol Wagner, et al (MF-088676)
LESSEE: Blake Oil & Gas Corporation
DATE: 09/30/1988
RECORDING: File No. 208, Volume 491, Page 448, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Ester I. Wurm (MF-088676)
LESSEE: Blake Oil & Gas Corporation
DATE: 09/30/1988
RECORDING: File No. 209, Volume 491, Page 459, Reeves County, Texas

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LESSOR: Tunstill Oil & Land Trust, by Jean Tunstill, Trustee (MF-101575)
LESSEE: MTBB Acquisition Company, LLC
DATE: 03/10/1999
RECORDING: File No. 1070, Volume 604, Page 595, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Lowe Royalty Partners, LP (MF-115425)
LESSEE: Petrohawk Properties, LP
DATE: 01/28/2013
RECORDING: File No. 13-03308, Volume 1001, Page 297, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, William Edward Lasell (MF-115426)
LESSEE: Petrohawk Properties, LP
DATE: 03/25/2013
RECORDING: File No. 13-03311, Volume 1001, Page 320, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Julia Lucinda C. Raman (MF-115425B)
LESSEE: Petrohawk Properties, LP
DATE: 05/24/2013
RECORDING: File No. 13-04427, Volume 1007, Page 741, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Walter C. Cremin, III (MF-115586A)
LESSEE: Petrohawk Properties, LP
DATE: 05/24/2013
RECORDING: File No. 13-04843, Volume 1010, Page 361, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Stanley N. Staples (MF-115586A)
LESSEE: Petrohawk Properties, LP
DATE: 05/24/2013
RECORDING: File No. 13-04844, Volume 1010, Page 368, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Marianne C. Taylor (MF-115426)
LESSEE: Petrohawk Properties, LP
DATE: 05/24/2013
RECORDING: File No. 13-05322, Volume 1014, Page 521, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Estate of Ann Cremin Fiala (MF-115425C)
LESSEE: Petrohawk Properties, LP
DATE: 06/12/2013
RECORDING: File No. 13-05323, Volume 1014, Page 528, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, William Wyatt Leavell, III (MF-115586E)
LESSEE: BHP Billiton Petroleum Properties (N.A.), LP
DATE: 07/18/2013
RECORDING: File No. 13-06862, Volume 1025, Page 426, Reeves County, Texas

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LESSOR:	State of Texas, acting by and through its agent, Lauren Leavell Pinkston (MF-115586D)
LESSEE:	BHP Billiton Petroleum Properties (N.A.), LP
DATE:	07/18/2013
RECORDING:	File No. 13-06863, Volume 1025, Page 436, Reeves County, Texas

LESSOR:	State of Texas, acting by and through its agent, Jennifer Blake Bromberg (MF-115586C)
LESSEE:	BHP Billiton Petroleum Properties (N.A.), LP
DATE:	07/18/2013
RECORDING:	File No. 13-06864, Volume 1025, Page 446, Reeves County, Texas

LESSOR:	State of Texas, acting by and through its agent, Blake Oil & Gas Corporation (MF-115586B)
LESSEE:	Petrohawk Properties, LP
DATE:	07/18/2013
RECORDING:	File No. 13-07868, Volume 1032, Page 196, Reeves County, Texas

Incorporated by reference herein for all purposes shall be any and all instruments that have further adopted, amended, confirmed, extended, ratified and/or revised the leases listed herein and recorded in the Official Public Records of Reeves County, Texas

END OF EXHIBIT "A"

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EXHIBIT "B"

Attached to and made a part of that certain Pooling Agreement, BHP Billiton Petroleum Properties (N.A.), LP, State LRP 57-T2-12 Unit; GLO Unit No. 7199, Reeves County, Texas

Description of Lands

Tract 1:

BEING 200.00 acres, more or less, being described as the E/2 of the NE/4, the W/2 of the NW/4, and the West 40 acres of the North 120 acres of the S/2 of Section 12, Block 57, Township 2, T&P RR Co. Survey, Abstract No. 5701, Reeves County, Texas.

Tract 2:

BEING 80.00 acres, more or less, being the East 80 acres of the North 120 acres of the S/2 of the Northern 440 acres of Section 12, Block 57, Township 2, T. & P. RR Co. Survey, Abstract No. 5701, Reeves County, Texas, being further described in Volume 60, Page 638 of the Deed Records of Reeves County, Texas.

Tract 3:

BEING 200.00 acres, more or less, being the South 200 acres of Section 12, Block 57, Township 2, T&P RR Co. Survey, Abstract No. 5701, Reeves County, Texas.

Tract 4:

BEING 80.00 acres, more or less, being the E/2 of the NW/4 of Section 12, Block 57, Township 2, T&P RR Co. Survey, Abstract No. 5701, Reeves County, Texas.

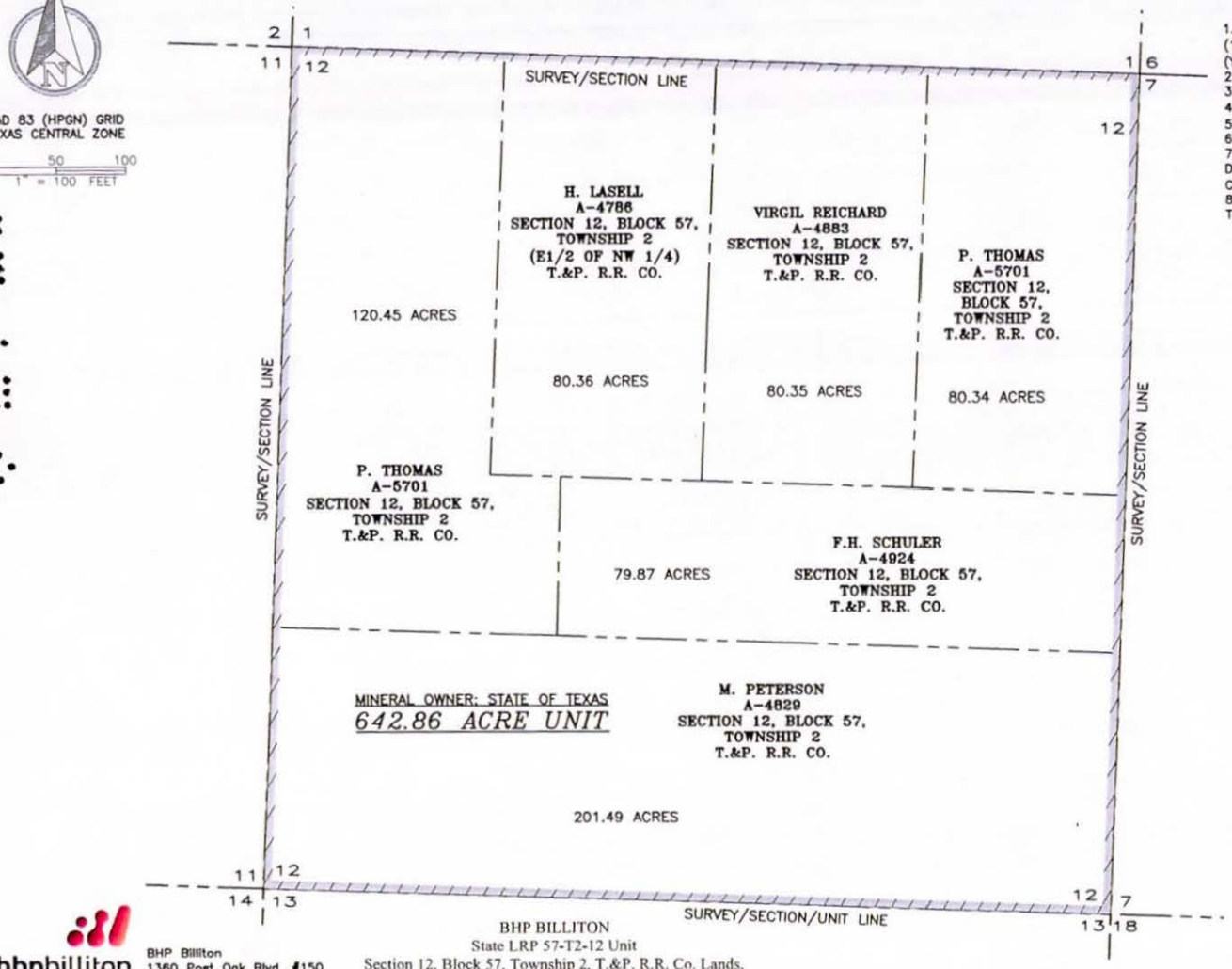
Tract 5:

BEING 80.00 acres, more or less, being the W/2 of the NE/4 of Section 12, Block 57, Township 2, T&P RR Co. Survey, Abstract No. 5701, Reeves County, Texas.

END OF EXHIBIT "B"

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51,925



BHP BILLITON
State LRP 57-T2-12 Unit
Section 12, Block 57, Township 2, T.&P. R.R. Co. Lands,
Reeves County, Texas.

bhpbilliton
BHP Billiton
1360 Post Oak Blvd. #150
Houston, Texas 77056

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GENERAL NOTES

1. COORDINATES SHOWN ARE BASED ON TEXAS COORDINATE SYSTEM OF NAD 83 (1986) "TEXAS CENTRAL ZONE", AND BASED ON "ORLA" NGS MONUMENT (Y = 10,641,530.91, X = 1,172,488.25)
2. VERTICAL DATUM IS NAVD 88
3. COMBINED SCALE FACTOR = 0.999863762
4. LATITUDE AND LONGITUDE ARE NAD 83 (1986) AS SHOWN
5. AREA, DISTANCES, AND COORDINATES ARE "GRID"
6. UNITS ARE UNITED STATES SURVEY FOOT.
7. ALL LEASE AND TRACT INFORMATION SHOWN HERE ON IS DONE SO BY LIMITED DEED RECORD INFORMATION ONLY. ALL ACREAGES SHOWN ARE BY DEED AND LEASE CALL, EXCEPT WHERE NOTED. THIS IS NOT IN ANY WAY A "BOUNDARY SURVEY".
8. ELEVATIONS SHOWN IN LINE TABLES REPRESENT THE ELEVATION AT THE END OF THAT LINE SEGMENT IN THE DIRECTION FROM THE PREVIOUS POINT.

REVISION	DATE	BY	DETAILS
A	09/30/14	JK	MAKE PRELIMINARY EXHIBIT
B	10/13/14	JK	MAKE FINAL EXHIBIT
C	10/15/14	RP	REVISE PLAT

I HEREBY STATE THAT THIS PLAT SHOWS THE SUBJECT LOCATION BASED ON INFORMATION PROVIDED BY THE CLIENT.

ROBERT GLEN MALOY
REGISTERED PROFESSIONAL LAND SURVEYOR
LICENSE NO. 6028

STATE OF TEXAS
REGISTERED
ROBERT GLEN MALOY
6028
PROFESSIONAL
LAND SURVEYOR

EXHIBIT "C" OF:
A POOLED UNIT FOR:
BHP BILLITON
STATE LRP 57-T2-12 UNIT
WID# 833194

SITUATED IN THE M. PETERSON SURVEY, A-4829, SECTION 12, BLOCK 57, TOWNSHIP 2, AND BEING APPROXIMATELY 2.8 MILES NORTH OF ORLA, IN REEVES COUNTY, TEXAS.

FRANK
SURVEYING COMPANY INC
550 Bailey Ave., 205 - Fort Worth, TX 76107
Ph: 817.349.9800 - Fax: 979.732.5271
TBPLS Firm No. 10193887
www.franksurveying.com
LAND SURVEYING/ENERGY/GIS SERVICES

DATE:	10/15/14
DRAWN BY:	RP
CHECKED BY:	RM
FIELD CREW:	RE/MR
PROJECT NO:	201408833
SCALE:	1"= 100'
SHEET:	1
REVISION:	0

(61)

File No. M-08364

Recorded State LRP County

Unit # 7199

Date Filed: 3/26/15

George P. Bush, Commissioner

By

bhpbilliton
resourcing the future

North America Shale Production Division

October 15, 2015

Via FedEx (Trkg #7747 4903 0427)
Texas General Land Office
Stephen F. Austin Building
1700 North Congress Avenue
Austin, Texas 78701-1495

Attention: J. Daryl Morgan, CPL, Energy Resources Division

Re: Amendment of Pooling Agreements
State Cumberland 57-T2-16 Unit
State LRP 57-T2-12 Unit
State Ella Mae Hall 57-T2-14 Unit
State Roy Kimsey 56-T2-46 Unit
State SRO 45-18X19 Unit
Reeves County, Texas

Dear Mr. Morgan:

Enclosed you will find duplicate originals of each of the referenced Amendment Agreements executed on behalf of BHP Billiton Petroleum Properties (N.A.), LP for your further handling. Please return a fully executed agreement of each of the subject amendments to my attention, self-addressed FedEx envelope is provided.

Should you need any additional information, please feel free to contact Guy F. Aldrich, Transaction Manager at 713-968-2741 or email guy.aldrich@bhpbilliton.com .

Sincerely,

Lynn Latiolais

Lynn Latiolais, CPLTA
Land Technical Analyst

/ll
Enclosures

BHP Billiton • Land Department-Permian • P O Box 22719 • Houston, TX 77027-9998
1360 Post Oak Blvd, Office 2107A • Houston, TX 77056 • Direct 713.297.6557 • Fax 713.966.2914
Email: Lynn.Latiolais@bhpbilliton.com • www.bhpbilliton.com

(62)

File No. M-66364

County

Ltr. From BTP

Date Filed: 10/16/15

George P. Bush, Commissioner

By

DO NOT DESTROY

Texas General Land Office

UNIT AGREEMENT MEMO

UPA148526

Unit Number	*7199*				
Operator Name	*Bhp Billiton Petroleum Properties (N.A.), LP*			*Effective Date*	*12/09/2014*
Customer ID	*C000079756* C-44995			*Unitized For*	*Oil And Gas*
Unit Name	*State LRP 57-T2-12 Unit*			*Unit Term*	
County 1	*Reeves*	*RRC District 1*	*08*	*Old Unit Number*	*Inactive Status Date*
County 2		*RRC District 2*			
County 3		*RRC District 3*			
County 4		*RRC District 4*			
Unit type	*Permanent*				
State Net Revenue Interest	*Oil*	*0.14317693*			
State Part in Unit		*1.00000000*			
Unit Depth	*Specified Depths*				
From Depth	*6746 TVD*				
To Depth	*11434 TVD*				

Well

Formation *Base of Brushy Canyon to Base of Wolfcamp*

Participation Basis *Surface Acreage*

If Excluions Apply: See Remarks

Lease Number	*Tract No*	*Lease Acres in Unit*	*Total Unit Acres*	*Tract Participation*	*O/G*	*Lease Royalty*	*NRI of Lease in Unit*	*Royalty Rate Reduction Clause*
MF088364	1	201.490000	642.858000	0.31342847	O/G	0.25000000	0.07835712	No
MF088676	2	36.384000	642.858000	0.05659726	O/G	0.10531900	0.00596077	No
MF115586	3	43.483000	642.858000	0.06764013	O/G	0.12500000	0.00845502	No
MF115425	4	120.531000	642.858000	0.18749242	O/G	0.12500000	0.02343655	No

Lease Number	*Tract No*	*Lease Acres in Unit*	*Total Unit Acres*	*Tract Participation*	*O/G*	*Lease Royalty*	*NRI of Lease in Unit*	*Royalty Rate Reduction Clause*
MF115426	5	40.180000	642.858000	0.06250214	O/G	0.12500000	0.00781277	No
MF101575	6	200.790000	642.858000	0.31233958	O/G	0.06250000	0.01952122	No

API Number

42-389-34787

Remarks:

Prepared By:	TM	*Prepared Date:*	08/04/2015
GLO Base Updated By:	TM	*GLO Base Date:*	08/04/2015
RAM Approval By:	[illegible]	*RAM Approval Date:*	08/13/2015
GIS By:	N/A	*GIS Date:*	
Well Inventory By:	[illegible]	*WI Date:*	8/4/15

Pooling Committee Report

To:	School Land Board	UPA148526
Date of Board Meeting:	08/04/2015	Unit Number: 7199
Effective Date:	12/09/2014	
Unit Expiration Date:		
Applicant:	BHP Billiton Petroleum Properties (N.A.), LP	
Attorney Rep:		
Operator:	BHP Billiton Petroleum (TXLA Operating) Company, Houston	
Unit Name:	State LRP 57-T2-12 Unit	
Field Name:	Phantom (Wolfcamp)	

County: Reeves

Lease Type	Lease Number	Lease Royalty	Expiration Date	Lease Term	Lease Acres	Lease Acres In Unit	Royalty Participation
FR	MF101575	0.06250000	03/10/2002	3 years	200.000000	200.790000	0.01952122
RAL	MF088676	0.10531900	10/08/1987	5 years	26.680000	36.384000	0.00596077
RAL	MF115425	0.12500000	01/28/2018	5 years	120.000000	120.531000	0.02343655
RAL	MF115426	0.12500000	03/25/2018	5 years	40.000000	40.180000	0.00781277
RAL	MF115586	0.12500000	05/24/2018	5 years	13.333000	43.483000	0.00845502
U Fee	MF088364	0.25000000	10/05/1985	3 years	200.000000	201.490000	0.07835712

Private Acres:	0.000000
State Acres:	642.858000
Total Unit Acres:	642.858000

Participation Basis:	Surface Acreage
Surface Acreage	
State Acreage:	100.00%
State Net Revenue Interest:	14.32%

Unit Type:	Unitized for:
Permanent	Oil And Gas
Term:	

RRC Rules:	Spacing Acres:
Yes	704 acres for a 4880 foot lateral

Working File Number: UPA148526

REMARKS:

- BHP Billiton Petroleum Properties (N.A.), LP is seeking Board approval to amend the drilling schedule for the State LRP 57-T2-12 Unit.
- The applicant agrees to commence drilling operations on a second unit well on or before July 14, 2018 at which point they have the option to enter into a sixty day continuous drilling program for the third and fourth unit wells or the unit will decrease in size to 160 acres per unit well.
- The School Land Board approved permanent oil and gas pooling on December 9, 2014.
- The applicant spud the first unit well on March 31, 2015.

POOLING COMMITTEE RECOMMENDATION:

The Pooling Committee recommends Board approval of the amendment to the permanent oil and gas unit under the above-stated provisions.

Mary Smith - Office of the Attorney General — Date: 7/28/15

Robert Hatter - General Land Office — Date: 8/03/15

Diane Morris - Office of the Governor — Date:

Working File Number: UPA148526

REMARKS:

- BHP Billiton Petroleum Properties (N.A.), LP is seeking Board approval to amend the drilling schedule for the State LRP 57-T2-12 Unit.
- The applicant agrees to commence drilling operations on a second unit well on or before July 14, 2018 at which point they have the option to enter into a sixty day continuous drilling program for the third and fourth unit wells or the unit will decrease in size to 160 acres per unit well.
- The School Land Board approved permanent oil and gas pooling on December 9, 2014.
- The applicant spud the first unit well on March 31, 2015.

POOLING COMMITTEE RECOMMENDATION:

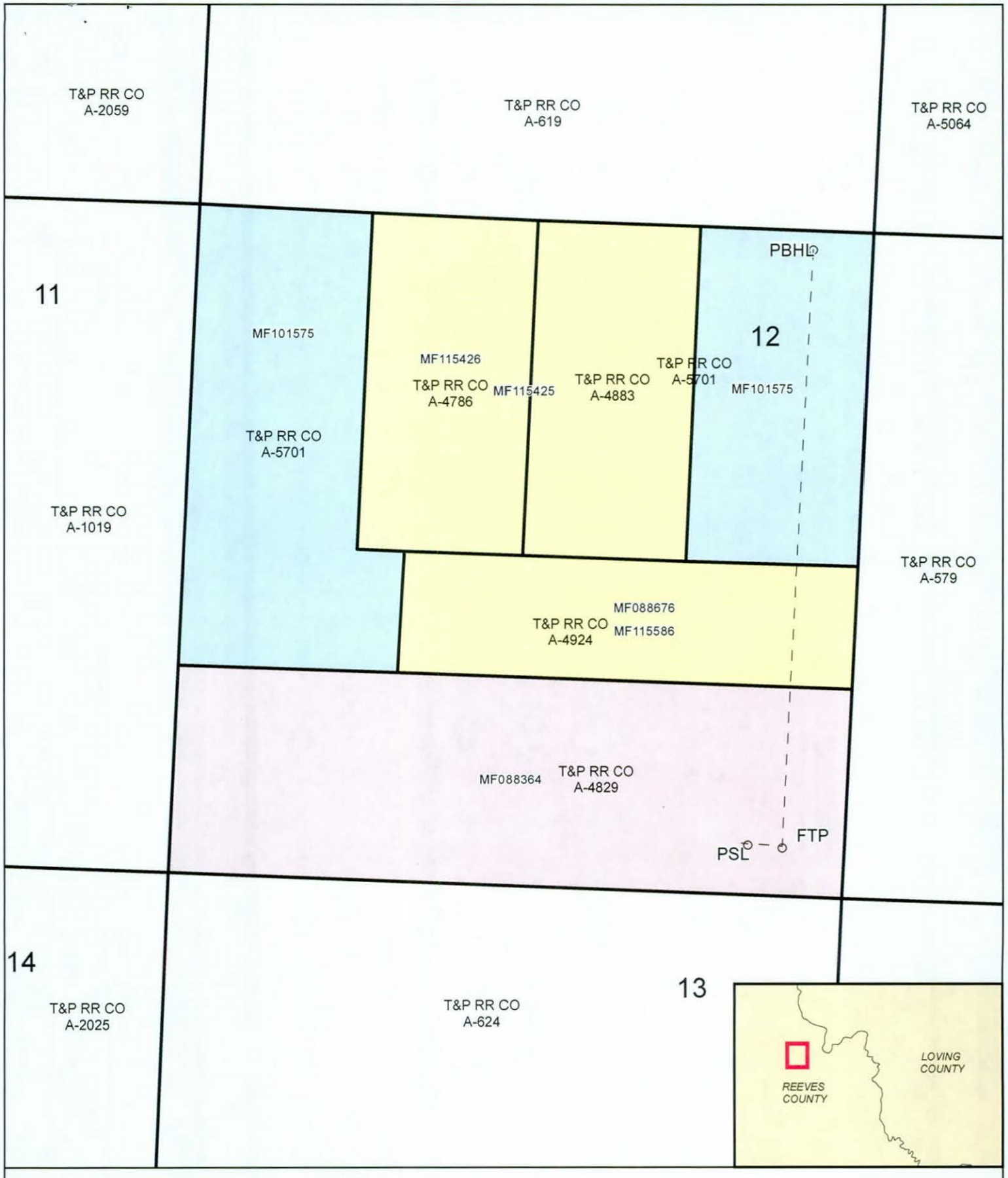
The Pooling Committee recommends Board approval of the amendment to the permanent oil and gas unit under the above-stated provisions.

Mary Smith - Office of the Attorney General — Date

Robert Hatter - General Land Office — Date

DMorris — 7-28-2015

Diane Morris - Office of the Governor — Date



Unit #7199
BHP Billiton Petroleum
State LRP 57-T2-12 Unit
Phantom (Wolfcamp) Field
Reeves County, Texas

1,000 500 0 1,000 Feet

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

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

AMENDMENT OF POOLING AGREEMENT
BHP BILLITON PETROLEUM PROPERTIES (N.A.), LP
STATE LRP 57-T2-12 UNIT
GLO UNIT NO. 7199
REEVES COUNTY, TEXAS

WHEREAS, on December 9, 2014, the State LRP 57-T2-12 Unit ("Unit") was presented to and approved by the School Land Board of the State of Texas pursuant to the provisions of Subchapter E, Chapter 52, of the Texas Natural Resources Code; and

WHEREAS, pursuant to such approval, BHP Billiton Petroleum Properties (N.A.), LP and the Commissioner of the General Land Office of the State of Texas entered into that certain Pooling Agreement ("Agreement") to pool certain State lands into the 642.858-acre Unit in Reeves County, Texas, as more particularly described in said Agreement on file in the Archives and Records of the Texas General Land Office, Austin, Texas, in Mineral File No. M-88364; and

WHEREAS, on August 4, 2015, BHP Billiton Petroleum Properties (N.A.), LP made application and the School Land Board approved its application to amend Addendum "A" to the Agreement; and

WHEREAS, the Commissioner of the General Land Office finds that amending said Agreement as approved by the School Land Board is in the best interest of the State of Texas:

NOW THEREFORE, in consideration of the premises and of the mutual agreements contained in the Agreement, it is agreed that the Agreement is amended by deleting Addendum "A" to the Agreement in its entirety and substituting the attached Addendum "A".

Nothing in this Amendment, nor the approval of this Amendment by the School Land Board, nor the execution of this Amendment by the Commissioner shall: (1) operate as a ratification or revivor of any State lease that has expired, terminated, or has been released in whole or in part or terminated under the terms of such State lease or the laws applicable thereto; (2) constitute a waiver or release of any claim for money, oil, gas or other hydrocarbons, or other thing due to the State by reason of the existence or failure of such lease; (3) constitute a waiver or release of any claim by the State that such lease is void or voidable for any reason, including, without limitation, violations of the laws of the State with respect to such lease or failure of consideration; or (4) constitute a confirmation or recognition of any boundary or acreage of any tract or parcel of land in which the State has or claims an interest; or (5) constitute a ratification of, or a waiver or release of any claim by the State with respect to any violation of a statute, regulation, or any of the common laws of this State, or any breach of any contract, duty, or other obligation owed to the State.

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

IN WITNESS WHEREOF, the parties hereto have executed this Amendment of Pooling Agreement upon the respective dates indicated below but effective as of December 9, 2014.

Date Executed 10/20/15

STATE OF TEXAS

Legal
Content
Geology
Executive

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

CERTIFICATE

I, Stephanie Crenshaw, Secretary of the School Land Board of the State of Texas, do hereby certify that at a meeting of the School Land Board duly held on the 4th day of August, 2015, the foregoing instrument was presented to and approved by said Board under the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, all of which is set forth in the Minutes of the Board of which I am custodian.

IN TESTIMONY WHEREOF, witness my hand this the 21st day of October, 2015.

Stephanie Crenshaw
Secretary of the School Land Board

57-91-01

Date Executed 10/15/2015

BHP Billiton Petroleum Properties (N.A.), LP,
formerly known as Petrohawk Properties, LP,
By: BHP Billiton Petroleum Properties (GP), LLC,
its General Partner

By: _____
Stephen L. Mahanay, Attorney-in-Fact SFA

STATE OF TEXAS

COUNTY OF HARRIS

This instrument was acknowledged before me on OCT. 15, 2015, by Stephen L. Mahanay, Attorney-in-Fact of BHP Billiton Petroleum Properties (N.A.), LP formerly known as Petrohawk Properties, LP, by BHP Billiton Petroleum Properties (GP), LLC, its General Partner a Texas limited liability company on behalf of said limited partnership.

LYNN LATIOLAIS
Notary Public, State of Texas
My Commission Expires
October 10, 2017

_____
Notary Public in and for the State of Texas

10-15-01

Addendum "A"
To that certain Pooling Agreement for the STATE LRP 57-T2-12 Unit

The parties hereby agree that should any conflict exist between the terms and provisions in this Addendum, the terms and provisions of the body of this Pooling Agreement, or the terms and provisions of any of the state leases listed on the Exhibit "A" attached hereto, then the terms and provisions of this Addendum shall supersede and control.

1. Notwithstanding anything to the contrary in this Pooling Agreement, the State Leases listed on Exhibit "A" and Addendum "B", it is hereby agreed that if Lessee makes the payment of one-half of the bonus to extend the deeper depths as may be provided in said State Leases, the deeper depths as to the acreage included in the pooled unit shall be considered to be all depths down to 100 feet below the base of the Wolfcamp formation rather than all depths below 100 feet below the total depth drilled.

   If Lessee makes said payment to extend the deeper depths as defined herein for the additional period of two years and so long thereafter as oil or gas is produced in paying quantities from such deeper depths and at the end of said additional two years there is no production from the depths below 100 feet below the base of the Wolfcamp formation, then the State Lease or leases shall terminate as to those depths below 100 feet below the base of the Wolfcamp formation.

2. The pooled unit shall consist of all of the lands herein described in the attached Exhibit "B" and depicted in the attached Exhibit "C", provided however that, on or before July 14, 2015, if Lessee has commenced actual drilling operations on the first unit well, then Lessee shall have the option to commence actual drilling operations on a second unit well on or before July 14, 2018 at which point Lessee shall have the option to enter into a sixty (60) day continuous drilling program for two (2) additional unit wells, with no cessation of more than sixty (60) days from the spud of one well to the spud of another well.

   At such time as Lessee has drilled and completed four (4) unit wells, in accordance with the deadlines above, the parties hereby agree that the pooled unit shall remain in the original, unaltered size and shape described in Exhibit "B" and depicted in Exhibit "C", in accordance with paragraph 9 of the Agreement.

   Lessee's failure to timely comply with the deadlines above shall result in the formation of a "Contracted Pooled Unit" in accordance with the following:

No. of Unit Wells	Corresponding size & shape of the resulting Contracted Pooled Unit
1 Unit Well	160 Acres, more or less, comprised of the stand-up 160 acre quarter of the pooled unit containing the first Unit Well.
2 Unit Wells	320 Acres, comprised of a) the stand-up 320 acre half of the section containing the first Unit Well, or b) the two 160 acre stand-up quarters of the section containing each of the 2 Unit Wells, if said wells are not in the same half of the section.
3 Unit Wells	480 Acres, comprised of a) the stand-up 320 acre half of the section containing the first Unit Well and the adjacent stand-up 160 acre quarter of the section, or b) the stand-up 320 acre half of the section containing the first Unit Well and the non-adjacent stand-up 160 acre quarter of the section, if said non-adjacent quarter contains a wellbore c) the three 160 acre stand-up quarters of the section containing each of the 3 Unit Wells.

It is the intent of the parties that each wellbore drilled within the original pooled unit shall earn 160 acres, more or less, or one-fourth ($1/4^{th}$) of the original pooled unit acreage as described on Exhibit "B" and depicted on Exhibit "C".

ST-91-01

EXHIBIT "A"

Attached to and made a part of that certain Pooling Agreement, BHP Billiton Petroleum Properties (N.A.), LP, State LRP 57-T2-12 Unit; GLO Unit No. 7199, Reeves County, Texas

Leases in Unit

LESSOR:	State of Texas, General Land Office (MF-088364)
LESSEE:	Prewit Minerals
DATE:	10/05/1982
RECORDING:	File No. 4510, Volume 427, Page 331, Reeves County, Texas

LESSOR:	State of Texas, acting by and through its agent, Robert A. Schuler and James N. Schuler, both individually and as remainderman under Evelyn Schuler, Life Estate (MF-088676)
LESSEE:	Blake Oil & Gas Corporation
DATE:	12/08/1986
RECORDING:	File No. 344, Volume 474, Page 168, Reeves County, Texas

LESSOR:	State of Texas, acting by and through its agent, Evelyn Schuler (MF-088676)
LESSEE:	Blake Oil & Gas Corporation
DATE:	10/10/1987
RECORDING:	File No. 3063, Volume 481, Page 311, Reeves County, Texas

LESSOR:	State of Texas, acting by and through its agent, Violet Schuler (MF-088676)
LESSEE:	Blake Oil & Gas Corporation
DATE:	10/10/1987
RECORDING:	File No. 3062, Volume 481, Page 303, Reeves County, Texas

LESSOR:	State of Texas, acting by and through its agent, Altha M. Farwell (MF-088676)
LESSEE:	Blake Oil & Gas Corporation
DATE:	09/30/1988
RECORDING:	File No. 2781, Volume 489, Page 362, Reeves County, Texas

LESSOR:	State of Texas, acting by and through its agent, Mary C. Gehle (MF-088676)
LESSEE:	Blake Oil & Gas Corporation
DATE:	09/30/1988
RECORDING:	File No. 2491, Volume 489, Page 372, Reeves County, Texas

LESSOR:	State of Texas, acting by and through its agent, Richard Kiel (MF-088676)
LESSEE:	Blake Oil & Gas Corporation
DATE:	09/30/1988
RECORDING:	File No. 2783, Volume 489, Page 382, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Donald H. Kiel (MF-088676)

ST-91-01

LESSEE: Blake Oil & Gas Corporation
DATE: 10/10/1988
RECORDING: File No. 2784, Volume 489, Page 392, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Lois Oestrich and Clint Oestrich (MF-088676)
LESSEE: Blake Oil & Gas Corporation
DATE: 09/30/1988
RECORDING: File No. 2785, Volume 489, Page 402, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Lorna Jean Rybacheck (MF-088676)
LESSEE: Blake Oil & Gas Corporation
DATE: 10/10/1988
RECORDING: File No. 2786, Volume 489, Page 412, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Mildred Max (MF-088676)
LESSEE: Blake Oil & Gas Corporation
DATE: 09/30/1988
RECORDING: File No. 2787, Volume 489, Page 422, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Algo A. Novallo (MF-088676)
LESSEE: Blake Oil & Gas Corporation
DATE: 09/30/1988
RECORDING: File No. 2939, Volume 490, Page 23, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Shirley E. Campbell (MF-088676)
LESSEE: Blake Oil & Gas Corporation
DATE: 10/17/1988
RECORDING: File No. 2940, Volume 490, Page 33, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Richard Gehle (MF-088676)
LESSEE: Blake Oil & Gas Corporation
DATE: 09/30/1988
RECORDING: File No. 2491, Volume 490, Page 43, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Carol Wagner, et al (MF-088676)
LESSEE: Blake Oil & Gas Corporation
DATE: 09/30/1988
RECORDING: File No. 208, Volume 491, Page 448, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Ester I. Wurm (MF-088676)
LESSEE: Blake Oil & Gas Corporation
DATE: 09/30/1988
RECORDING: File No. 209, Volume 491, Page 459, Reeves County, Texas
LESSOR: Tunstill Oil & Land Trust, by Jean Tunstill, Trustee (MF-101575)
LESSEE: MTBB Acquisition Company, LLC

ST-91-01

DATE: 03/10/1999
RECORDING: File No. 1070, Volume 604, Page 595, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Lowe Royalty Partners, LP (MF-115425)
LESSEE: Petrohawk Properties, LP
DATE: 01/28/2013
RECORDING: File No. 13-03308, Volume 1001, Page 297, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, William Edward Lasell (MF-115426)
LESSEE: Petrohawk Properties, LP
DATE: 03/25/2013
RECORDING: File No. 13-03311, Volume 1001, Page 320, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Julia Lucinda C. Raman (MF-115425B)
LESSEE: Petrohawk Properties, LP
DATE: 05/24/2013
RECORDING: File No. 13-04427, Volume 1007, Page 741, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Walter C. Cremin, III (MF-115586A)
LESSEE: Petrohawk Properties, LP
DATE: 05/24/2013
RECORDING: File No. 13-04843, Volume 1010, Page 361, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Stanley N. Staples (MF-115586A)
LESSEE: Petrohawk Properties, LP
DATE: 05/24/2013
RECORDING: File No. 13-04844, Volume 1010, Page 368, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Marianne C. Taylor (MF-115426)
LESSEE: Petrohawk Properties, LP
DATE: 05/24/2013
RECORDING: File No. 13-05322, Volume 1014, Page 521, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Estate of Ann Cremin Fiala (MF-115425C)
LESSEE: Petrohawk Properties, LP
DATE: 06/12/2013
RECORDING: File No. 13-05323, Volume 1014, Page 528, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, William Wyatt Leavell, III (MF-115586E)
LESSEE: BHP Billiton Petroleum Properties (N.A.), LP
DATE: 07/18/2013
RECORDING: File No. 13-06862, Volume 1025, Page 426, Reeves County, Texas
LESSOR: State of Texas, acting by and through its agent, Lauren Leavell Pinkston (MF-115586D)
LESSEE: BHP Billiton Petroleum Properties (N.A.), LP
DATE: 07/18/2013

ST-91-01

RECORDING:	File No. 13-06863, Volume 1025, Page 436, Reeves County, Texas

LESSOR:	State of Texas, acting by and through its agent, Jennifer Blake Bromberg (MF-115586C)
LESSEE:	BHP Billiton Petroleum Properties (N.A.), LP
DATE:	07/18/2013
RECORDING:	File No. 13-06864, Volume 1025, Page 446, Reeves County, Texas

LESSOR:	State of Texas, acting by and through its agent, Blake Oil & Gas Corporation (MF-115586B)
LESSEE:	Petrohawk Properties, LP
DATE:	07/18/2013
RECORDING:	File No. 13-07868, Volume 1032, Page 196, Reeves County, Texas

Incorporated by reference herein for all purposes shall be any and all instruments that have further adopted, amended, confirmed, extended, ratified and/or revised the leases listed herein and recorded in the Official Public Records of Reeves County, Texas

END OF EXHIBIT "A"

ST-91-01

EXHIBIT "B"

Attached to and made a part of that certain Pooling Agreement, BHP Billiton Petroleum Properties (N.A.), LP, State LRP 57-T2-12 Unit; GLO Unit No. 7199, Reeves County, Texas

Description of Lands

Tract 1:

BEING 200.00 acres, more or less, being described as the E/2 of the NE/4, the W/2 of the NW/4, and the West 40 acres of the North 120 acres of the S/2 of Section 12, Block 57, Township 2, T&P RR Co. Survey, Abstract No. 5701, Reeves County, Texas.

Tract 2:

BEING 80.00 acres, more or less, being the East 80 acres of the North 120 acres of the S/2 of the Northern 440 acres of Section 12, Block 57, Township 2, T. & P. RR Co. Survey, Abstract No. 5701, Reeves County, Texas, being further described in Volume 60, Page 638 of the Deed Records of Reeves County, Texas.

Tract 3:

BEING 200.00 acres, more or less, being the South 200 acres of Section 12, Block 57, Township 2, T&P RR Co. Survey, Abstract No. 5701, Reeves County, Texas.

Tract 4:

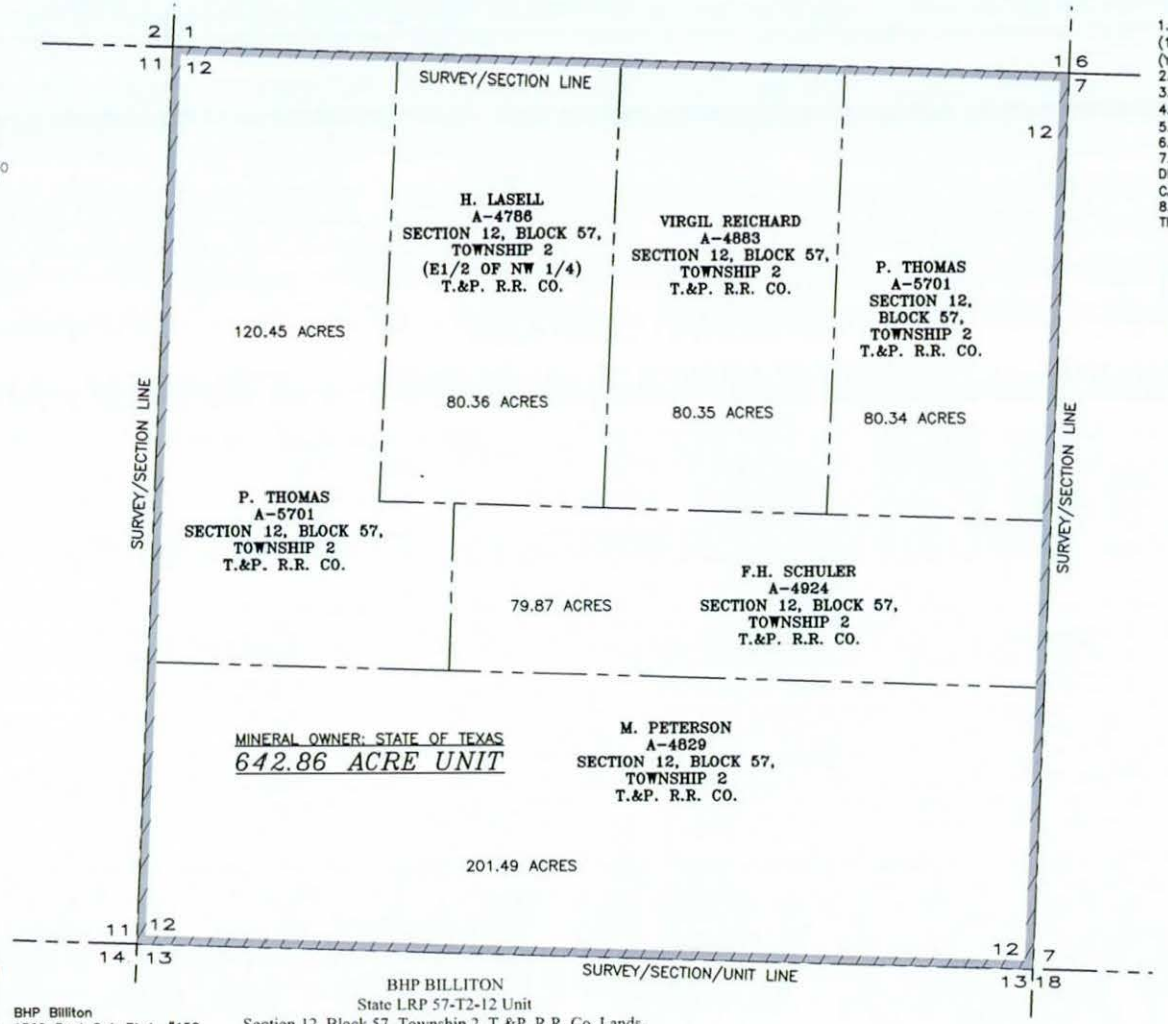
BEING 80.00 acres, more or less, being the E/2 of the NW/4 of Section 12, Block 57, Township 2, T&P RR Co. Survey, Abstract No. 5701, Reeves County, Texas.

Tract 5:

BEING 80.00 acres, more or less, being the W/2 of the NE/4 of Section 12, Block 57, Township 2, T&P RR Co. Survey, Abstract No. 5701, Reeves County, Texas.

END OF EXHIBIT "B"

ST-91-01



BHP BILLITON
State LRP 57-T2-12 Unit
Section 12, Block 57, Township 2, T.&P. R.R. Co. Lands,
Reeves County, Texas.

bhpbilliton
BHP Billiton
1360 Post Oak Blvd. #150
Houston, Texas 77056

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GENERAL NOTES

1. COORDINATES SHOWN ARE BASED ON TEXAS COORDINATE SYSTEM OF NAD 83 (1986) "TEXAS CENTRAL ZONE", AND BASED ON "ORLA" NGS MONUMENT (Y = 10,641,530.91, X = 1,172,488.25)
2. VERTICAL DATUM IS NAVD 88
3. COMBINED SCALE FACTOR – 0.999863762
4. LATITUDE AND LONGITUDE ARE NAD 83 (1986) AS SHOWN
5. AREA, DISTANCES, AND COORDINATES ARE "GRID"
6. UNITS ARE UNITED STATES SURVEY FOOT.
7. ALL LEASE AND TRACT INFORMATION SHOWN HERE ON IS DONE SO BY LIMITED DEED RECORD INFORMATION ONLY. ALL ACREAGES SHOWN ARE BY DEED AND LEASE CALL, EXCEPT WHERE NOTED. THIS IS NOT IN ANY WAY A "BOUNDARY SURVEY".
8. ELEVATIONS SHOWN IN LINE TABLES REPRESENT THE ELEVATION AT THE END OF THAT LINE SEGMENT IN THE DIRECTION FROM THE PREVIOUS POINT.

REVISION	DATE	BY	DETAILS
A	09/30/14	JK	MAKE PRELIMINARY EXHIBIT
B	10/13/14	JK	MAKE FINAL EXHIBIT
C	10/15/14	RP	REVISE PLAT

I HEREBY STATE THAT THIS PLAT SHOWS THE SUBJECT LOCATION BASED ON INFORMATION PROVIDED BY THE CLIENT.

STATE OF TEXAS
REGISTERED
ROBERT GLEN MALOY
6028
PROFESSIONAL
LAND SURVEYOR

ROBERT GLEN MALOY
REGISTERED PROFESSIONAL LAND SURVEYOR
LICENSE NO. 6028

EXHIBIT "C" OF:

A POOLED UNIT FOR:

BHP BILLITON

STATE LRP 57-T2-12 UNIT

WID# 833194

SITUATED IN THE M. PETERSON SURVEY, A-4829, SECTION 12, BLOCK 57, TOWNSHIP 2, AND BEING APPROXIMATELY 2.8 MILES NORTH OF ORLA, IN REEVES COUNTY, TEXAS.

FRANK
SURVEYING COMPANY INC
550 Bailey Ave., 205 - Fort Worth, TX 76107
Ph: 817.349.9800 - Fax: 979.732.5271
TBPLS Firm No. 1019387
www.franksurveying.com
LAND SURVEYING/ENERGY/GIS SERVICES

DATE:	10/15/14
DRAWN BY:	RP
CHECKED BY:	RM
FIELD CREW:	RE/MR
PROJECT NO:	201408833
SCALE:	1"= 100'
SHEET:	1
REVISION:	0

Exhibit "D"						
STATE LRP 57-T2-12 Unit			642.86 Acres			
Land Type	State Lease No.	Lease Date	State Royalty	Gross Lease Acreage	Net Lease Acreage in Unit	State Unit Royalty Participation
State Fee	MF088364	10/5/1982	0.25	201.49	201.490000	0.07835687
RAL	MF088676	10/10/1987	0.09375	79.87	13.311667	0.00194995
RAL	MF088676	12/8/1986	0.09375	79.87	8.874444	0.00129997
RAL	MF088676	10/10/1987	0.09375	79.87	4.437222	0.00064998
RAL	MF088676	9/30/1988	0.09375	79.87	1.331167	0.00019500
RAL	MF088676	9/30/1988	0.09375	79.87	1.331167	0.00019500
RAL	MF088676	9/30/1988	0.09375	79.87	0.443722	0.00006500
RAL	MF088676	10/10/1988	0.09375	79.87	0.295815	0.00004333
RAL	MF088676	10/10/1988	0.09375	79.87	0.295815	0.00004333
RAL	MF088676	9/30/1988	0.09375	79.87	0.887444	0.00013000
RAL	MF088676	9/30/1988	0.09375	79.87	1.331167	0.00019500
RAL	MF088676	10/17/1988	0.09375	79.87	1.331167	0.00019500
RAL	MF088676	9/30/1988	0.09375	79.87	0.887444	0.00013000
RAL	MF088676	9/30/1988	0.09375	79.87	0.443722	0.00006500
RAL	MF088676	9/30/1988	0.09375	79.87	0.887444	0.00013000
RAL	MF088676	9/30/1988	0.09375	79.87	0.295815	0.00004333
RAL	MF115586A	5/24/2013	0.125	79.87	13.311667	0.00259993
RAL	MF115586B	7/18/2013	0.125	79.87	16.861444	0.00329325
RAL	MF115586C	7/18/2013	0.125	79.87	4.437222	0.00086664
RAL	MF115586D	7/18/2013	0.125	79.87	4.437222	0.00086664
RAL	MF115586E	7/18/2013	0.125	79.87	4.437222	0.00086664
RAL	MF115425	1/28/2013	0.125	160.71	108.477000	0.02118691
RAL	MF115425B	5/24/2013	0.125	160.71	4.017667	0.00078470
RAL	MF115425C	6/12/2013	0.125	160.71	4.017667	0.00078470
RAL	MF115425D	5/24/2013	0.125	160.71	2.008833	0.00039235
RAL	MF115425E	5/24/2013	0.125	160.71	2.008833	0.00039235
RAL	MF115426	3/25/2013	0.125	80.34	40.180000	0.00784766
Free Roy.	MF101575	3/10/1999	0.0625	200.79	200.790000	0.01960840
					642.86	**0.14317693**

Total State Unit Royalty Participation 14.317693%

ST-91-01

(63)

File No. M-88364

Amended State LRP, Unit #799
County

Date Filed: 10/22/15

George P. Bush, Commissioner

By _____

TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

October 22, 2015

Ms. Lynn Latiolais, CPLTA
BHP Billiton Petroleum Properties (N.A.), LP
1360 Post Oak Blvd., Suite 2107A
Houston, Texas 77056-3020

Re: Amendment of Pooling Agreements
State Cumberland 57-T2-16 Unit
State LRP 57-T2-12 Unit
State Ella Mae Hall 57-T2-14 Unit
State Roy Kimsey 56-T2-46 Unit
State SRO 45-18X19 Unit
Culberson and Reeves Counties, Texas

Dear Ms. Latiolais:

Enclosed is a duplicate original of each of the above referenced Amendment of Pooling Agreements that has been executed by George P. Bush, Commissioner of the Texas General Land Office ("GLO"). We have retained the other original of the Amendment Agreement for our files.

Thank you for your assistance with this matter, if you have any questions or need anything further, please feel free to call.

Sincerely,

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

Enclosures

(64)

File No. M-88364

County

Ltr. to DPS

Date Filed: 10/22/15

George P. Bush, Commissioner

By

bhpbilliton
resourcing the future

North America Shale Production Division

December 17, 2015

Via FedEx (Trkg #7752 3922 6086)
Texas General Land Office
Stephen F. Austin Building
1700 North Congress Avenue
Austin, Texas 78701-1495

Attention: J. Daryl Morgan, CPL, Energy Resources Division

Re: Amendment of Pooling Agreement -
State Cumberland 57-T2-16 Unit, GLO Unit No. 7071 M-87169
State LRP 57-T2-12 Unit, GLO Unit No. 7199 88364
State Ella Mae Hall 57-T2-14 Unit, GLO Unit No. 7394 97729
State Roy Kimsey 56-T2-46 Unit, GLO Unit No. 7195 115565
Reeves County, Texas

Dear Mr. Morgan:

Enclosed you will find Certified Copies of the Recorded Original Pooling Agreements for your records:

Amendment	*Recording File No.*
State Cumberland 57-T2-16 Unit, GLO Unit No. 7071	15-10376
State LRP 57-T2-12 Unit, GLO Unit No. 7199	15-10377
State Ella Mae Hall 57-T2-14 Unit, GLO Unit No. 7394	15-10378
State Roy Kimsey 56-T2-46 Unit, GLO Unit No. 7195	15-10379

Should you need any additional information, please do not hesitate to call or email.

Sincerely,

Lynn Latiolais

Lynn Latiolais, CPLTA
Land Technical Analyst

/ll
Enclosures

BHP Billiton • Land Department-Permian • P O Box 22719 • Houston, TX 77027-9998
1360 Post Oak Blvd, Office 2107A • Houston, TX 77056 • Direct 713.297.6557 • Fax 713.966.2914
Email: Lynn.Latiolais@bhpbilliton.com • www.bhpbilliton.com

(65)

File No. M-88364

_____ County

Ltr. From BHP

Date Filed: 12/10/15

George P. Bush, Commissioner

By _____

15-10377
FILED FOR RECORD
REEVES COUNTY, TEXAS
Nov 04, 2015 at 09:13:00 AM

AMENDMENT OF POOLING AGREEMENT
BHP BILLITON PETROLEUM PROPERTIES (N.A.), LP
STATE LRP 57-T2-12 UNIT
GLO UNIT NO. 7199
REEVES COUNTY, TEXAS

WHEREAS, on December 9, 2014, the State LRP 57-T2-12 Unit ("Unit") was presented to and approved by the School Land Board of the State of Texas pursuant to the provisions of Subchapter E, Chapter 52, of the Texas Natural Resources Code; and

WHEREAS, pursuant to such approval, BHP Billiton Petroleum Properties (N.A.), LP and the Commissioner of the General Land Office of the State of Texas entered into that certain Pooling Agreement ("Agreement") to pool certain State lands into the 642.858-acre Unit in Reeves County, Texas, as more particularly described in said Agreement on file in the Archives and Records of the Texas General Land Office, Austin, Texas, in Mineral File No. M-88364; and

WHEREAS, on August 4, 2015, BHP Billiton Petroleum Properties (N.A.), LP made application and the School Land Board approved its application to amend Addendum "A" to the Agreement; and

WHEREAS, the Commissioner of the General Land Office finds that amending said Agreement as approved by the School Land Board is in the best interest of the State of Texas:

NOW THEREFORE, in consideration of the premises and of the mutual agreements contained in the Agreement, it is agreed that the Agreement is amended by deleting Addendum "A" to the Agreement in its entirety and substituting the attached Addendum "A".

Nothing in this Amendment, nor the approval of this Amendment by the School Land Board, nor the execution of this Amendment by the Commissioner shall: (1) operate as a ratification or revivor of any State lease that has expired, terminated, or has been released in whole or in part or terminated under the terms of such State lease or the laws applicable thereto; (2) constitute a waiver or release of any claim for money, oil, gas or other hydrocarbons, or other thing due to the State by reason of the existence or failure of such lease; (3) constitute a waiver or release of any claim by the State that such lease is void or voidable for any reason, including, without limitation, violations of the laws of the State with respect to such lease or failure of consideration; or (4) constitute a confirmation or recognition of any boundary or acreage of any tract or parcel of land in which the State has or claims an interest; or (5) constitute a ratification of, or a waiver or release of any claim by the State with respect to any violation of a statute, regulation, or any of the common laws of this State, or any breach of any contract, duty, or other obligation owed to the State.

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

IN WITNESS WHEREOF, the parties hereto have executed this Amendment of Pooling Agreement upon the respective dates indicated below but effective as of December 9, 2014.

Date Executed 10/20/15

STATE OF TEXAS

Legal
Content
Geology
Executive

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

CERTIFICATE

I, Stephanie Crenshaw, Secretary of the School Land Board of the State of Texas, do hereby certify that at a meeting of the School Land Board duly held on the 4th day of August, 2015, the foregoing instrument was presented to and approved by said Board under the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, all of which is set forth in the Minutes of the Board of which I am custodian.

IN TESTIMONY WHEREOF, witness my hand this the 21st day of October, 2015.

Stephanie Crenshaw
Secretary of the School Land Board

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REEVES COUNTY
CLERKS OFFICE

Date Executed 10/15/2015

BHP Billiton Petroleum Properties (N.A.), LP,
formerly known as Petrohawk Properties, LP,
By: BHP Billiton Petroleum Properties (GP), LLC,
its General Partner

By: _____
Stephen L. Mahanay, Attorney-in-Fact C'FA.

STATE OF TEXAS

COUNTY OF HARRIS

This instrument was acknowledged before me on OCT. 15, 2015, by Stephen L. Mahanay, Attorney-in-Fact of BHP Billiton Petroleum Properties (N.A.), LP formerly known as Petrohawk Properties, LP, by BHP Billiton Petroleum Properties (GP), LLC, its General Partner a Texas limited liability company on behalf of said limited partnership.

LYNN LATIOLAIS
Notary Public, State of Texas
My Commission Expires
October 10, 2017

_____
Notary Public in and for the State of Texas

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ST-81-21

Addendum "A"
To that certain Pooling Agreement for the STATE LRP 57-T2-12 Unit

The parties hereby agree that should any conflict exist between the terms and provisions in this Addendum, the terms and provisions of the body of this Pooling Agreement, or the terms and provisions of any of the state leases listed on the Exhibit "A" attached hereto, then the terms and provisions of this Addendum shall supersede and control.

1. Notwithstanding anything to the contrary in this Pooling Agreement, the State Leases listed on Exhibit "A" and Addendum "B", it is hereby agreed that if Lessee makes the payment of one-half of the bonus to extend the deeper depths as may be provided in said State Leases, the deeper depths as to the acreage included in the pooled unit shall be considered to be all depths down to 100 feet below the base of the Wolfcamp formation rather than all depths below 100 feet below the total depth drilled.

   If Lessee makes said payment to extend the deeper depths as defined herein for the additional period of two years and so long thereafter as oil or gas is produced in paying quantities from such deeper depths and at the end of said additional two years there is no production from the depths below 100 feet below the base of the Wolfcamp formation, then the State Lease or leases shall terminate as to those depths below 100 feet below the base of the Wolfcamp formation.

2. The pooled unit shall consist of all of the lands herein described in the attached Exhibit "B" and depicted in the attached Exhibit "C", provided however that, on or before July 14, 2015, if Lessee has commenced actual drilling operations on the first unit well, then Lessee shall have the option to commence actual drilling operations on a second unit well on or before July 14, 2018 at which point Lessee shall have the option to enter into a sixty (60) day continuous drilling program for two (2) additional unit wells, with no cessation of more than sixty (60) days from the spud of one well to the spud of another well.

   At such time as Lessee has drilled and completed four (4) unit wells, in accordance with the deadlines above, the parties hereby agree that the pooled unit shall remain in the original, unaltered size and shape described in Exhibit "B" and depicted in Exhibit "C", in accordance with paragraph 9 of the Agreement.

   Lessee's failure to timely comply with the deadlines above shall result in the formation of a "Contracted Pooled Unit" in accordance with the following:

No. of Unit Wells	Corresponding size & shape of the resulting Contracted Pooled Unit
1 Unit Well	160 Acres, more or less, comprised of the stand-up 160 acre quarter of the pooled unit containing the first Unit Well.
2 Unit Wells	320 Acres, comprised of a) the stand-up 320 acre half of the section containing the first Unit Well, or b) the two 160 acre stand-up quarters of the section containing each of the 2 Unit Wells, if said wells are not in the same half of the section.
3 Unit Wells	480 Acres, comprised of a) the stand-up 320 acre half of the section containing the first Unit Well and the adjacent stand-up 160 acre quarter of the section, or b) the stand-up 320 acre half of the section containing the first Unit Well and the non-adjacent stand-up 160 acre quarter of the section, if said non-adjacent quarter contains a wellbore c) the three 160 acre stand-up quarters of the section containing each of the 3 Unit Wells.

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It is the intent of the parties that each wellbore drilled within the original pooled unit shall earn 160 acres, more or less, or one-fourth (1/4th) of the original pooled unit acreage as described on Exhibit "B" and depicted on Exhibit "C".

51-81-21

EXHIBIT "A"

Attached to and made a part of that certain Pooling Agreement, BHP Billiton Petroleum Properties (N.A.), LP, State LRP 57-T2-12 Unit; GLO Unit No. 7199, Reeves County, Texas

Leases in Unit

LESSOR:	State of Texas, General Land Office (MF-088364)
LESSEE:	Prewit Minerals
DATE:	10/05/1982
RECORDING:	File No. 4510, Volume 427, Page 331, Reeves County, Texas

LESSOR:	State of Texas, acting by and through its agent, Robert A. Schuler and James N. Schuler, both individually and as remainderman under Evelyn Schuler, Life Estate (MF-088676)
LESSEE:	Blake Oil & Gas Corporation
DATE:	12/08/1986
RECORDING:	File No. 344, Volume 474, Page 168, Reeves County, Texas

LESSOR:	State of Texas, acting by and through its agent, Evelyn Schuler (MF-088676)
LESSEE:	Blake Oil & Gas Corporation
DATE:	10/10/1987
RECORDING:	File No. 3063, Volume 481, Page 311, Reeves County, Texas

LESSOR:	State of Texas, acting by and through its agent, Violet Schuler (MF-088676)
LESSEE:	Blake Oil & Gas Corporation
DATE:	10/10/1987
RECORDING:	File No. 3062, Volume 481, Page 303, Reeves County, Texas

LESSOR:	State of Texas, acting by and through its agent, Altha M. Farwell (MF-088676)
LESSEE:	Blake Oil & Gas Corporation
DATE:	09/30/1988
RECORDING:	File No. 2781, Volume 489, Page 362, Reeves County, Texas

LESSOR:	State of Texas, acting by and through its agent, Mary C. Gehle (MF-088676)
LESSEE:	Blake Oil & Gas Corporation
DATE:	09/30/1988
RECORDING:	File No. 2491, Volume 489, Page 372, Reeves County, Texas

LESSOR:	State of Texas, acting by and through its agent, Richard Kiel (MF-088676)
LESSEE:	Blake Oil & Gas Corporation
DATE:	09/30/1988
RECORDING:	File No. 2783, Volume 489, Page 382, Reeves County, Texas

LESSOR: State of Texas, acting by and through its agent, Donald H. Kiel (MF-088676)

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LESSEE:	Blake Oil & Gas Corporation
DATE:	10/10/1988
RECORDING:	File No. 2784, Volume 489, Page 392, Reeves County, Texas

LESSOR:	State of Texas, acting by and through its agent, Lois Oestrich and Clint Oestrich (MF-088676)
LESSEE:	Blake Oil & Gas Corporation
DATE:	09/30/1988
RECORDING:	File No. 2785, Volume 489, Page 402, Reeves County, Texas

LESSOR:	State of Texas, acting by and through its agent, Lorna Jean Rybacheck (MF-088676)
LESSEE:	Blake Oil & Gas Corporation
DATE:	10/10/1988
RECORDING:	File No. 2786, Volume 489, Page 412, Reeves County, Texas

LESSOR:	State of Texas, acting by and through its agent, Mildred Max (MF-088676)
LESSEE:	Blake Oil & Gas Corporation
DATE:	09/30/1988
RECORDING:	File No. 2787, Volume 489, Page 422, Reeves County, Texas

LESSOR:	State of Texas, acting by and through its agent, Algo A. Novallo (MF-088676)
LESSEE:	Blake Oil & Gas Corporation
DATE:	09/30/1988
RECORDING:	File No. 2939, Volume 490, Page 23, Reeves County, Texas

LESSOR:	State of Texas, acting by and through its agent, Shirley E. Campbell (MF-088676)
LESSEE:	Blake Oil & Gas Corporation
DATE:	10/17/1988
RECORDING:	File No. 2940, Volume 490, Page 33, Reeves County, Texas

LESSOR:	State of Texas, acting by and through its agent, Richard Gehle (MF-088676)
LESSEE:	Blake Oil & Gas Corporation
DATE:	09/30/1988
RECORDING:	File No. 2491, Volume 490, Page 43, Reeves County, Texas

LESSOR:	State of Texas, acting by and through its agent, Carol Wagner, et al (MF-088676)
LESSEE:	Blake Oil & Gas Corporation
DATE:	09/30/1988
RECORDING:	File No. 208, Volume 491, Page 448, Reeves County, Texas

LESSOR:	State of Texas, acting by and through its agent, Ester I. Wurm (MF-088676)
LESSEE:	Blake Oil & Gas Corporation
DATE:	09/30/1988
RECORDING:	File No. 209, Volume 491, Page 459, Reeves County, Texas
LESSOR:	Tunstill Oil & Land Trust, by Jean Tunstill, Trustee (MF-101575)
LESSEE:	MTBB Acquisition Company, LLC

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ST·21·21

DATE:	03/10/1999
RECORDING:	File No. 1070, Volume 604, Page 595, Reeves County, Texas

LESSOR:	State of Texas, acting by and through its agent, Lowe Royalty Partners, LP (MF-115425)
LESSEE:	Petrohawk Properties, LP
DATE:	01/28/2013
RECORDING:	File No. 13-03308, Volume 1001, Page 297, Reeves County, Texas

LESSOR:	State of Texas, acting by and through its agent, William Edward Lasell (MF-115426)
LESSEE:	Petrohawk Properties, LP
DATE:	03/25/2013
RECORDING:	File No. 13-03311, Volume 1001, Page 320, Reeves County, Texas

LESSOR:	State of Texas, acting by and through its agent, Julia Lucinda C. Raman (MF-115425B)
LESSEE:	Petrohawk Properties, LP
DATE:	05/24/2013
RECORDING:	File No. 13-04427, Volume 1007, Page 741, Reeves County, Texas

LESSOR:	State of Texas, acting by and through its agent, Walter C. Cremin, III (MF-115586A)
LESSEE:	Petrohawk Properties, LP
DATE:	05/24/2013
RECORDING:	File No. 13-04843, Volume 1010, Page 361, Reeves County, Texas

LESSOR:	State of Texas, acting by and through its agent, Stanley N. Staples (MF-115586A)
LESSEE:	Petrohawk Properties, LP
DATE:	05/24/2013
RECORDING:	File No. 13-04844, Volume 1010, Page 368, Reeves County, Texas

LESSOR:	State of Texas, acting by and through its agent, Marianne C. Taylor (MF-115426)
LESSEE:	Petrohawk Properties, LP
DATE:	05/24/2013
RECORDING:	File No. 13-05322, Volume 1014, Page 521, Reeves County, Texas

LESSOR:	State of Texas, acting by and through its agent, Estate of Ann Cremin Fiala (MF-115425C)
LESSEE:	Petrohawk Properties, LP
DATE:	06/12/2013
RECORDING:	File No. 13-05323, Volume 1014, Page 528, Reeves County, Texas

LESSOR:	State of Texas, acting by and through its agent, William Wyatt Leavell, III (MF-115586E)
LESSEE:	BHP Billiton Petroleum Properties (N.A.), LP
DATE:	07/18/2013
RECORDING:	File No. 13-06862, Volume 1025, Page 426, Reeves County, Texas
LESSOR:	State of Texas, acting by and through its agent, Lauren Leavell Pinkston (MF-115586D)
LESSEE:	BHP Billiton Petroleum Properties (N.A.), LP
DATE:	07·31·21



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RECORDING:	File No. 13-06863, Volume 1025, Page 436, Reeves County, Texas

LESSOR:	State of Texas, acting by and through its agent, Jennifer Blake Bromberg (MF-115586C)
LESSEE:	BHP Billiton Petroleum Properties (N.A.), LP
DATE:	07/18/2013
RECORDING:	File No. 13-06864, Volume 1025, Page 446, Reeves County, Texas

LESSOR:	State of Texas, acting by and through its agent, Blake Oil & Gas Corporation (MF-115586B)
LESSEE:	Petrohawk Properties, LP
DATE:	07/18/2013
RECORDING:	File No. 13-07868, Volume 1032, Page 196, Reeves County, Texas

Incorporated by reference herein for all purposes shall be any and all instruments that have further adopted, amended, confirmed, extended, ratified and/or revised the leases listed herein and recorded in the Official Public Records of Reeves County, Texas

END OF EXHIBIT "A"

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EXHIBIT "B"

Attached to and made a part of that certain Pooling Agreement, BHP Billiton Petroleum Properties (N.A.), LP, State LRP 57-T2-12 Unit; GLO Unit No. 7199, Reeves County, Texas

Description of Lands

Tract 1:

BEING 200.00 acres, more or less, being described as the E/2 of the NE/4, the W/2 of the NW/4, and the West 40 acres of the North 120 acres of the S/2 of Section 12, Block 57, Township 2, T&P RR Co. Survey, Abstract No. 5701, Reeves County, Texas.

Tract 2:

BEING 80.00 acres, more or less, being the East 80 acres of the North 120 acres of the S/2 of the Northern 440 acres of Section 12, Block 57, Township 2, T. & P. RR Co. Survey, Abstract No. 5701, Reeves County, Texas, being further described in Volume 60, Page 638 of the Deed Records of Reeves County, Texas.

Tract 3:

BEING 200.00 acres, more or less, being the South 200 acres of Section 12, Block 57, Township 2, T&P RR Co. Survey, Abstract No. 5701, Reeves County, Texas.

Tract 4:

BEING 80.00 acres, more or less, being the E/2 of the NW/4 of Section 12, Block 57, Township 2, T&P RR Co. Survey, Abstract No. 5701, Reeves County, Texas.

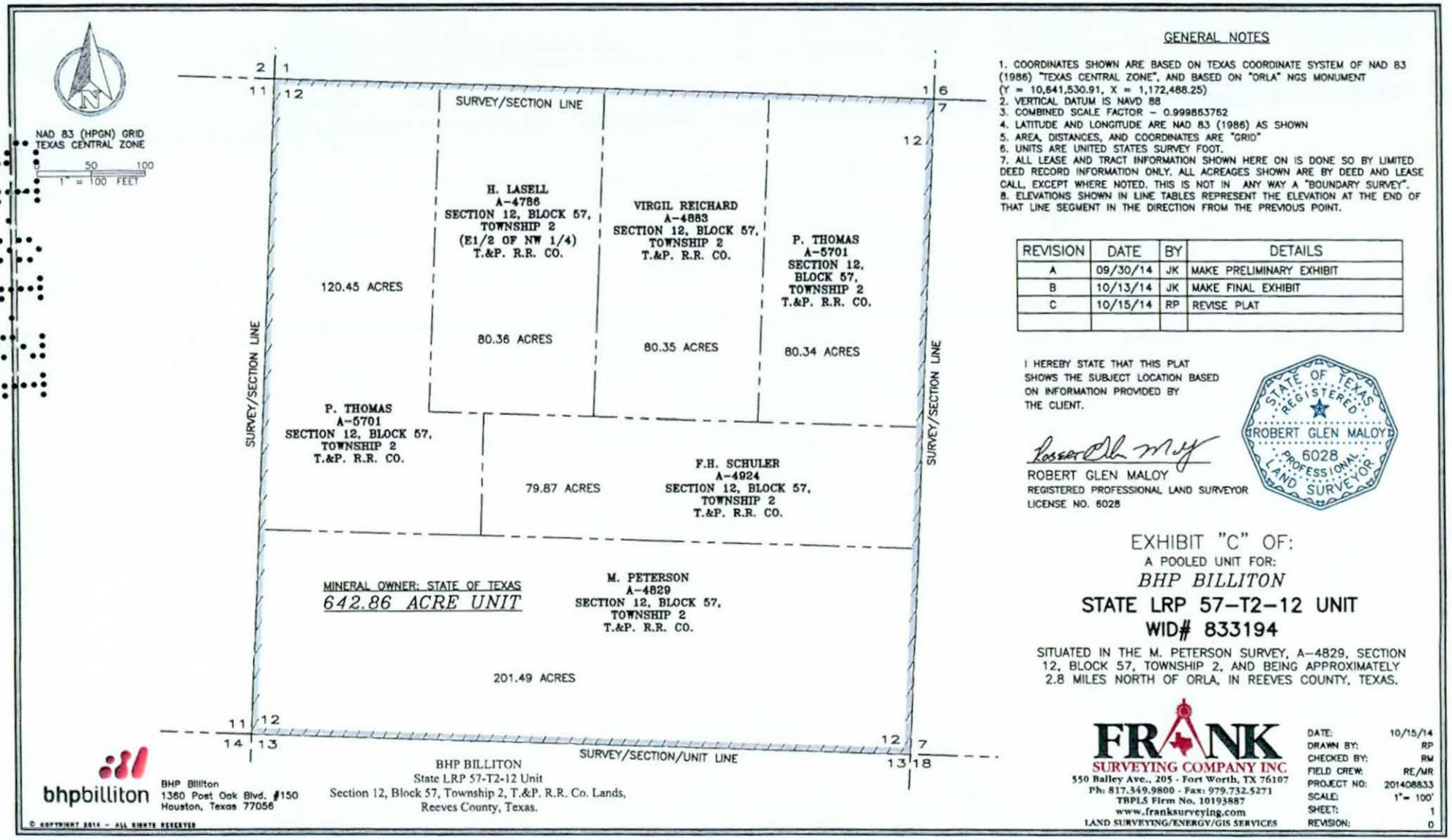
Tract 5:

BEING 80.00 acres, more or less, being the W/2 of the NE/4 of Section 12, Block 57, Township 2, T&P RR Co. Survey, Abstract No. 5701, Reeves County, Texas.

END OF EXHIBIT "B"

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ST-81-21



BHP BILLITON
State LRP 57-T2-12 Unit
Section 12, Block 57, Township 2, T.&P. R.R. Co. Lands,
Reeves County, Texas.

bhpbilliton
BHP Billiton
1360 Post Oak Blvd. #150
Houston, Texas 77056

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GENERAL NOTES

1. COORDINATES SHOWN ARE BASED ON TEXAS COORDINATE SYSTEM OF NAD 83 (1986) "TEXAS CENTRAL ZONE", AND BASED ON "ORLA" NGS MONUMENT (Y = 10,641,530.91, X = 1,172,488.25)
2. VERTICAL DATUM IS NAVD 88
3. COMBINED SCALE FACTOR = 0.999853762
4. LATITUDE AND LONGITUDE ARE NAD 83 (1986) AS SHOWN
5. AREA, DISTANCES, AND COORDINATES ARE "GRID"
6. UNITS ARE UNITED STATES SURVEY FOOT.
7. ALL LEASE AND TRACT INFORMATION SHOWN HERE ON IS DONE SO BY LIMITED DEED RECORD INFORMATION ONLY. ALL ACREAGES SHOWN ARE BY DEED AND LEASE CALL, EXCEPT WHERE NOTED. THIS IS NOT IN ANY WAY A "BOUNDARY SURVEY".
8. ELEVATIONS SHOWN IN LINE TABLES REPRESENT THE ELEVATION AT THE END OF THAT LINE SEGMENT IN THE DIRECTION FROM THE PREVIOUS POINT.

REVISION	DATE	BY	DETAILS
A	09/30/14	JK	MAKE PRELIMINARY EXHIBIT
B	10/13/14	JK	MAKE FINAL EXHIBIT
C	10/15/14	RP	REVISE PLAT

I HEREBY STATE THAT THIS PLAT SHOWS THE SUBJECT LOCATION BASED ON INFORMATION PROVIDED BY THE CLIENT.

ROBERT GLEN MALOY
REGISTERED PROFESSIONAL LAND SURVEYOR
LICENSE NO. 6028

STATE OF TEXAS · REGISTERED · ROBERT GLEN MALOY · 6028 · PROFESSIONAL LAND SURVEYOR

EXHIBIT "C" OF:

A POOLED UNIT FOR:

BHP BILLITON

STATE LRP 57-T2-12 UNIT

WID# 833194

SITUATED IN THE M. PETERSON SURVEY, A-4829, SECTION 12, BLOCK 57, TOWNSHIP 2, AND BEING APPROXIMATELY 2.8 MILES NORTH OF ORLA, IN REEVES COUNTY, TEXAS.

FRANK SURVEYING COMPANY INC
550 Bailey Ave., 205 - Fort Worth, TX 76107
Ph: 817.349.9800 - Fax: 979.732.5271
TBPLS Firm No. 10193887
www.franksurveying.com
LAND SURVEYING/ENERGY/GIS SERVICES

DATE:	10/15/14
DRAWN BY:	RP
CHECKED BY:	RM
FIELD CREW:	RE/MR
PROJECT NO:	201408833
SCALE:	1"= 100'
SHEET:	1
REVISION:	0

Exhibit "D"						
STATE LRP 57-T2-12 Unit			642.86 Acres			
Land Type	State Lease No.	Lease Date	State Royalty	Gross Lease Acreage	Net Lease Acreage in Unit	State Unit Royalty Participation
State Fee	MF088364	10/5/1982	0.25	201.49	201.490000	0.07835687
RAL	MF088676	10/10/1987	0.09375	79.87	13.311667	0.00194995
RAL	MF088676	12/8/1986	0.09375	79.87	8.874444	0.00129997
RAL	MF088676	10/10/1987	0.09375	79.87	4.437222	0.00064998
RAL	MF088676	9/30/1988	0.09375	79.87	1.331167	0.00019500
RAL	MF088676	9/30/1988	0.09375	79.87	1.331167	0.00019500
RAL	MF088676	9/30/1988	0.09375	79.87	0.443722	0.00006500
RAL	MF088676	10/10/1988	0.09375	79.87	0.295815	0.00004333
RAL	MF088676	10/10/1988	0.09375	79.87	0.295815	0.00004333
RAL	MF088676	9/30/1988	0.09375	79.87	0.887444	0.00013000
RAL	MF088676	9/30/1988	0.09375	79.87	1.331167	0.00019500
RAL	MF088676	10/17/1988	0.09375	79.87	1.331167	0.00019500
RAL	MF088676	9/30/1988	0.09375	79.87	0.887444	0.00013000
RAL	MF088676	9/30/1988	0.09375	79.87	0.443722	0.00006500
RAL	MF088676	9/30/1988	0.09375	79.87	0.887444	0.00013000
RAL	MF088676	9/30/1988	0.09375	79.87	0.295815	0.00004333
RAL	MF115586A	5/24/2013	0.125	79.87	13.311667	0.00259993
RAL	MF115586B	7/18/2013	0.125	79.87	16.861444	0.00329325
RAL	MF115586C	7/18/2013	0.125	79.87	4.437222	0.00086664
RAL	MF115586D	7/18/2013	0.125	79.87	4.437222	0.00086664
RAL	MF115586E	7/18/2013	0.125	79.87	4.437222	0.00086664
RAL	MF115425	1/28/2013	0.125	160.71	108.477000	0.02118691
RAL	MF115425B	5/24/2013	0.125	160.71	4.017667	0.00078470
RAL	MF115425C	6/12/2013	0.125	160.71	4.017667	0.00078470
RAL	MF115425D	5/24/2013	0.125	160.71	2.008833	0.00039235
RAL	MF115425E	5/24/2013	0.125	160.71	2.008833	0.00039235
RAL	MF115426	3/25/2013	0.125	80.34	40.180000	0.00784766
Free Roy.	MF101575	3/10/1999	0.0625	200.79	200.790000	0.01960840
					642.86	**0.14317693**

Total State Unit Royalty Participation 14.317693%

TRUE & CORRECT COPY OF ORIGINAL FILED IN REEVES COUNTY CLERKS OFFICE

Inst No. 15-10377
DIANNE O. FLOREZ
COUNTY CLERK
2015 Nov 04 at 09:15 AM
REEVES COUNTY, TEXAS
By: BA Brittany Latin, DEPUTY

After recording, please return to:
BHP Billiton
ATTN: Lynn Latiolais - Permian Land 21WT
1360 Post Oak, Suite 150
Houston, TX 77056

51.81.21

(66)

File No. M-88364

Recorded Amendment to State LRP 57-TG-12 Unit # 7199 County

Date Filed: 12/18/15

George P. Bush, Commissioner

By

THE STATE OF TEXAS
COUNTY OF REEVES

I, Dianne O. Flores, Clerk of the County Court in and for said County and State do hereby certify that the foregoing is a true and correct copy of Amendment of Pooling Agreement dated October 20 2015, filed for record in my office this 4th day of November at 9:13AM, under Clerk's File No. 15-10377, to be recorded in the Official Public Records Records of Reeves County, Texas.

TO CERTIFY WHICH, Witness my hand and official seal at Pecos, Texas this 4th day of November, 20 15.

DIANNE O. FLORES, COUNTY CLERK
REEVES COUNTY, TEXAS

By , Deputy.

1·25·16 MF 088364

DIVISION ORDER

bhpbilliton
resourcing the future

Date: 1/19/2016

To: **BHP Billiton Petroleum**
Land Administration
P O Box 22719
Houston, TX 77227-9927
(877) 311- 1443

Issue Date:	1/19/2016
Property Name:	STATE LRP 57-T2-12 1H
Property #:	P1M546/00501
Production:	ALL PRODUCTS
Operator:	BHP BILLITON PETROLEUM (TXLA OPERATING)
Legal Description:	T&P RR CO ABST/ID# 4786 Grantee H. LASELL Twsp T2 Blk 57 Sec 12 REEVES COUNTY/PARISH, TEXAS (80.36 ACRES); T&P RR CO ABST/ID# 4883 Grantee V. REICHARD Twsp T2 Blk 57 Sec 12 REEVES COUNTY/PARISH, TEXAS (80.35 ACRES); T&P RR CO ABST/ID# 4829 Grantee M. PETERSON Twsp T2 Blk 57 Sec 12 REEVES COUNTY/PARISH, TEXAS (201.49 ACRES); T&P RR CO ABST/ID# 5701 Grantee P. THOMAS Twsp T2 Blk 57 Sec 12 REEVES COUNTY/PARISH, TEXAS (200.79 ACRES); T&P RR CO ABST/ID# 4924 Grantee F.H. SCHULER Twsp T2 Blk 57 Sec 12 REEVES COUNTY/PARISH, TEXAS (79.87 ACRES)

API 389-34787

CREDIT TO
Owner # 80113945
STATE OF TEXAS GLO
1700 N CONGRESS AVE NO 640
AUSTIN TX 78701-1495

Decimal	Type	Status	Reason	Start Date
0.01952116	RU	PAY		7/1/2015
0.01376149	RI	PAY		7/1/2015
0.07835687	RI	PAY		7/1/2015
0.01562549	RI	PAY		7/1/2015
0.01562354	RI	PAY		7/1/2015

TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

March 29, 2016

Broderick Brown
Division Order Analyst
BHP Billiton Petroleum
P O BOX 22719
Houston, TX 77227-9927

Re: State Lease Nos. MF113763 State Chevy 56-T2- SA 1H and
MF088364 State LRP 57-T2-12 1H

Dear Mr. Brown:

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

The payment of royalties attributable to state-owned mineral and royalty interests is set by contract and applicable statutes and rules. The execution of division orders may, in some cases, affect the manner in which such payments are made or calculated. Therefore, Title 31, §9.32, of the Texas Administrative Code specifies that GLO staff cannot execute a division order or bind the state to any terms contained within it.

Subject to applicable state law and the state's right to take its production in-kind, the GLO acquiesces to the sale of oil and gas in accordance with the terms and conditions set out in the oil and gas leases. If you have questions concerning this matter, please feel free to e-mail me at the address below my signature.

We look forward to being put on pay status as soon as you are able to set up the wells in our RRAC system.

Thank you,

Vivian Hernandez

Vivian Hernandez
Landman, Energy Resources
512-475-0428
512-475-1543 (fax)
vivian.hernandez@glo.texas.gov

File No. mf 088364

Division Order [redacted]

Date Filed: 4-28-16

George P. Bush, Commissioner

By UH

RAILROAD COMMISSION OF TEXAS

Form G-1

1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967

Status: Submitted
Date: 09/16/2015
Tracking No.: 142595

GAS WELL BACK PRESSURE TEST, COMPLETION OR RECOMPLETION REPORT, AND LOG

OPERATOR INFORMATION

Operator Name: BHP BILLITON PET(TXLA OP) CO **Operator No.:** 068596
Operator Address: 1360 POST OAK BLVD STE 150 HOUSTON, TX 77056-0000

WELL INFORMATION

API No.: 42-389-34787 **County:** REEVES
Well No.: 1H **RRC District No.:** 08
Lease Name: STATE LRP 57-T2-12 **Field Name:** PHANTOM (WOLFCAMP)
RRC Gas ID No.: **Field No.:** 71052900
Location: Section: 12, Block: 57 T2, Survey: T&P RR CO/PETERSON, MRS M, Abstract: 4829

Latitude: 31.85542 **Longitude:** -103.90944
This well is located 2.5 **miles in a** N **direction from** ORLA, **which is the nearest town in the county.**

FILING INFORMATION

Purpose of filing: Well Record Only
Type of completion: New Well
Well Type: Producing **Completion or Recompletion Date:** 07/14/2015

Type of Permit	Date	Permit No.
Permit to Drill, Plug Back, or Deepen	02/26/2015	803900
Rule 37 Exception		
Fluid Injection Permit		
O&G Waste Disposal Permit		
Other:		

COMPLETION INFORMATION

Spud date: 03/31/2015 **Date of first production after rig released:** 07/14/2015
Date plug back, deepening, recompletion, or drilling operation commenced: 03/31/2015 **Date plug back, deepening, recompletion, or drilling operation ended:** 04/17/2015
Number of producing wells on this lease in this field (reservoir) including this well: 1 **Distance to nearest well in lease & reservoir (ft.):** 0.0
Total number of acres in lease: 642.86 **Elevation (ft.):** 2853 GR
Total depth TVD (ft.): 10128 **Total depth MD (ft.):** 15027
Plug back depth TVD (ft.): 10128 **Plug back depth MD (ft.):** 14924
Was directional survey made other than inclination (Form W-12)? Yes **Rotation time within surface casing (hours):** 109.0
Is Cementing Affidavit (Form W-15) attached? Yes
Recompletion or reclass? No **Multiple completion?** No
Type(s) of electric or other log(s) run: Gamma Ray (MWD)
Electric Log Other Description:
Location of well, relative to nearest lease boundaries of lease on which this well is located: **Off Lease:** No
430.0 **Feet from the** South **Line and**
648.0 **Feet from the** East **Line of the**
STATE LRP 57-T2-12 **Lease.**

FORMER FIELD (WITH RESERVOIR) & GAS ID OR OIL LEASE NO.

Field & Reservoir	Gas ID or Oil Lease No.	Well No.	Prior Service Type

G1: N/A

PACKET: N/A

FOR NEW DRILL OR RE-ENTRY, SURFACE CASING DEPTH DETERMINED BY:

GAU Groundwater Protection Determination	Depth (ft.): 750.0	Date: 02/28/2015
SWR 13 Exception	Depth (ft.):	

GAS MEASUREMENT DATA

Date of test: Gas measurement method(s):

Gas production during test (MCF):

Was the well preflowed for 48 hours? No

Run No.	Line size	Orif. or Choke Size (in.)	24 hr. Coeff. Orif. Or Choke (in.)	Static Pm or Choke (in.)	Diff (hw)	Flow Temp (°F)	Temp. (Ftf)	Gravity (Fg)	Compress (Fpv)	Volume (MCF/day)

N/A

FIELD DATA AND PRESSURE CALCULATIONS

Gravity (dry gas): Gravity (liquid hydrocarbons) (Deg. API):

Gas-Liquid Hydro Ratio (CF/Bbl): Gravity (mixture): Gmix=

Avg. shut in temp. (°F): Bottom hole temp. and depth: °F@ FT

Run No.	Time of Run (Min.)	Choke Size (in.)	Wellhead Pressure (PSIA)	Wellhead Flow Temp (°F)

N/A

CASING RECORD

Row	Type of Casing	Casing Size (in.)	Hole Size (in.)	Setting Depth (ft.)	Multi - Stage Tool Depth (ft.)	Multi - Stage Shoe Depth (ft.)	Cement Class	Cement Amount (sacks)	Slurry Volume (cu. ft.)	Top of Cement (ft.)	TOC Determined By
1	Surface	11 3/4	14 3/4	900			C	1657	2203.8	SURF	Circulated to Surface
2	Intermediate	9 5/8	10 5/8	4630			C	440	989.5	1200	Calculation
3	Intermediate	7 5/8	8 3/4	9816			LITE; C	432	887.1	2625	Calculation
4	Tapered Production	5 1/2	6 3/4	15012			PVL	1127	2166.0	1633	Calculation
5	Tapered Production	4 1/2	6 3/4	15012			PVL	1127	2166.0	1633	Calculation

LINER RECORD

Row	Liner Size (in.)	Hole Size (in.)	Liner Top (ft.)	Liner Bottom (ft.)	Cement Class	Cement Amount (sacks)	Slurry Volume (cu. ft.)	Top of Cement (ft.)	TOC Determined By

N/A

TUBING RECORD

Row	Size (in.)	Depth Size (ft.)	Packer Depth (ft.)/Type
1	2 7/8	9442	9416 / BRANTON BT1-XW

PRODUCING/INJECTION/DISPOSAL INTERVAL

Row	Open hole?	From (ft.)	To (ft.)
1	No	L2 10140	14840

ACID, FRACTURE, CEMENT SQUEEZE, CAST IRON BRIDGE PLUG, RETAINER, ETC.

Was hydraulic fracturing treatment performed? Yes

Is well equipped with a downhole actuation sleeve? Yes

If yes, actuation pressure (PSIG): 8300.0

Production casing test pressure (PSIG) prior to hydraulic fracturing treatment: 11150

Actual maximum pressure (PSIG) during hydraulic fracturing: 10399

Has the hydraulic fracturing fluid disclosure been reported to FracFocus disclosure registry (SWR29)? No

Row	Type of Operation	Amount and Kind of Material Used	Depth Interval (ft.)	
1	Fracture	15 STAGES: 5,910,133# PROPPANT; 5,827,109 GALLONS FLUID	10140.0	14840.0

FORMATION RECORD

Formations	Encountered	Depth TVD (ft.)	Depth MD (ft.)	Is formation isolated?	Remarks
FORD-DELAWARE	Yes	2500.0	2500.0	Yes	ESTIMATED
CASTILLE	Yes	2800.0	2880.0	Yes	ESTIMATED
BELL CANYON	Yes	3053.0	3053.0	Yes	ESTIMATED
DELAWARE	Yes	2500.0	2500.0	Yes	ESTIMATED
DELAWARE CONSOLIDATED GAS	Yes	6500.0	6500.0	Yes	ESTIMATED
CHERRY CANYON	Yes	3800.0	3800.0	Yes	ESTIMATED
BONE SPRINGS	Yes	6720.0	6730.0	Yes	ESTIMATED
2ND BONE SPRING	Yes	8250.0	8280.0	Yes	ESTIMATED
3RD BONE SPRING	Yes	9382.0	9415.0	Yes	ESTIMATED
PERMIAN	No			No	NOT DEEP ENOUGH
WOLFCAMP	Yes	9750.0	9787.0	Yes	TARGET ZONE
PENNSYLVANIAN	No			No	NOT DEEP ENOUGH
MISSISSIPPIAN	No			No	NOT DEEP ENOUGH
DEVONIAN	No			No	NOT DEEP ENOUGH
FUSSELMAN	No			No	NOT DEEP ENOUGH
ELLENBURGER	No			No	NOT DEEP ENOUGH

Do the producing interval of this well produce H2S with a concentration in excess of 100 ppm (SWR 36)? No

Is the completion being downhole commingled (SWR 10)? No

REMARKS

WRO G-1, WILL FILE IP TEST AND G-5 WHEN LAB RESULTS RECEIVED. KOP AT 9583'. CROSSOVER AT 9584'.

RRC REMARKS

PUBLIC COMMENTS:

[RRC Staff 2015-09-16 09:03:41.799] EDL=4700 feet, max acres=704, PHANTOM (WOLFCAMP) oil or gas well

CASING RECORD :

TUBING RECORD:

PRODUCING/INJECTION/DISPOSAL INTERVAL :

ACID, FRACTURE, CEMENT SQUEEZE, CAST IRON BRIDGE PLUG, RETAINER, ETC. :

GAS MEASUREMENT DATE REMARK:

OPERATOR'S CERTIFICATION

Printed Name: Diann Flowers
Title: Sr. Regulatory Specialist
Telephone No.: (713) 983-2508
Date Certified: 09/16/2015

51.23.6

RECEIVED

DOIY-00018

RAILROAD COMMISSION OF TEXAS
1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967
CEMENTING REPORT

Form W-15
Rev. 08/2014

Cementer: Fill in shaded areas.
Operator: Fill in other items.

OPERATOR INFORMATION			
Operator Name: BHP Billiton PET (TXLA OP) Co		Operator P-5 No.:	068596
Cementer Name:	Schlumberger	Cementer P-5 No.:	754900

WELL INFORMATION			
District No.:	08	County:	Reeves
Well No.:	1H	API No.: 42-389-34767	Drilling Permit No.: 803900
Lease Name:	State LRP 57-T2-12	Lease No.:	
Field Name:	Phantom	Field No.:	710529 00

I. CASING CEMENTING DATA

Type of casing: [ ] Conductor [X] Surface [ ] Intermediate [ ] Liner [ ] Production

Drilled hole size (in.):	14 3/4	Depth of drilled hole (ft.):	900	Est. % wash-out or hole enlargement:	
Size of casing in O.D. (in.):	11 3/4	Casing weight (lbs/ft) and grade:	47 J-55	No. of centralizers used:	5

Was cement circulated to ground surface (or bottom of cellar) outside casing? [X] Yes [ ] No If no for surface casing, explain in Remarks.

Setting depth shoe (ft.): 900
Top of liner (ft.):
Setting depth liner (ft.):

Hrs. waiting on cement before drill-out: 26 | Calculated top of cement (ft.): Surface | Cementing date: 1-Apr-15

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu.ft.)	Height (ft.)
1	1159	C+Adds	Remarks	1541.5	3555
2	498	C	Remarks	662.3	1528
3					
Total	1657			2203.8	5083

II. CASING CEMENTING DATA

Type of casing: [ ] Surface [ ] Intermediate [ ] Production [ ] Tapered production [ ] Multi-stage cement shoe [ ] Multiple parallel strings

Drilled hole size (in.):	Depth of drilled hole (ft.):	Est. % wash-out or hole enlargement:
Size of casing in O.D. (in.):	Casing weight (lbs/ft) and grade:	No. of centralizers used:

Tapered string drilled hole size (in.) Upper: Lower:
Tapered string depth of drilled hole (ft.) Upper: Lower:

Tapered string size of casing in O.D. (in.)		Tapered string casing weight(lbs/ft) and grade		Tapered string no. of centralizers used	
Upper:	Lower:	Upper:	Lower:	Upper:	Lower:

Was cement circulated to ground surface (or bottom of cellar) outside casing? [ ] Yes [ ] No
Setting depth tool (ft.):

Hrs. waiting on cement before drill-out: | Calculated top of cement (ft.): | Cementing date:

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu.ft.)	Height (ft.)
1					
2					
3					
Total					

III. CASING CEMENTING DATA

Type of casing: [ ] Surface [ ] Intermediate [ ] Production [ ] Tapered production [ ] Multi-stage cement/DV tool [ ] Multiple parallel strings

Drilled hole size (in.):	Depth of drilled hole (ft.):	Est. % wash-out or hole enlargement:
Size of casing in O.D. (in.):	Casing weight (lbs/ft) and grade:	No. of centralizers used:

Tapered string drilled hole size (in.) Upper: Lower:
Tapered string depth of drilled hole (ft.) Upper: Lower:

Tapered string size of casing in O.D. (in.)		Tapered string casing weight(lbs/ft) and grade		Tapered string no. of centralizers used	
Upper:	Lower:	Upper:	Lower:	Upper:	Lower:

Was cement circulated to ground surface (or bottom of cellar) outside casing? [ ] Yes [ ] No
Setting depth tool (ft.):

Hrs. waiting on cement before drill-out: | Calculated top of cement (ft.): | Cementing date:

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu.ft.)	Height (ft.)
1					
2					
3					
Total					

CEMENTING TO SQUEEZE, PLUG BACK OR PLUG AND ABANDON							
	PLUG #1	PLUG #2	PLUG #3	PLUG #4	PLUG #5	PLUG #6	PLUG #7
Cementing Date							
Size of hole or pipe (in.)							
Depth to bottom of tubing or drill pipe (ft.)							
Cement retainer setting depth (ft.)							
CIBP setting depth (ft.)							
Amount of cement on top of CIBP (ft.)							
Sacks of cement used							
Slurry volume pumped (cu. ft.)							
Calculated top of plug (ft.)							
Measured top of plug, if tagged (ft.)							
Slurry weight (lbs/gal)							
Class/type of cement							
Perforate and squeeze (YES/NO)							

REMARKS

#1: 94lb/skD903 + 0.4%D079
#2: 94lb/skD903
#3: D01Y-00018
#4: Circulated 134.6bbls/568.2sks

CEMENTER'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that the cementing of casing and/or the placing of cement plugs in this well as shown in the report was performed by me or under my supervision, and that the cementing data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers cementing data only.

Ashley Barard, FE1	Schlumberger	
Name and title of cementer's representative	Cementing Company	Signature

32 E. Industrial Loop	Midland	TX	79701	(432) 683-1887	April 1, 2015
Addreess	City,	State,	Zip Code	Tel: Area Code Number	Date: mo. day yr.

OPERATOR'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have knowledge of the well data and information presented in this report, and that data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers all well data.

Diann Flowers	Sr. Regulatory Specialist	
Typed or printed name of operator's representative	Title	Signature

1360 Post Oak Blvd Houston TX 77056	(713) 983-2508	9-14-15
Addreess City, State, Zip Code	Tel: Area Code Number	Date: mo. day yr.

Instructions for Form W-15, Cementing Report

NOTICE: The Form W-15 must be submitted as an attachment to a Form G-1 (Gas Well Back Pressure Test, Completion or Recompletion Report, and Log), Form W-2 (Oil Well Potential Test, Completion or Recompletion Report, and Log), Form W-3 (Plugging Record), or Form W-4 (Application for Multiple Completion), any time cement is pumped in a wellbore.

A. **What to file:** An operator should file an original and one copy of the completed Form W-15 for each cementing company used on a well. The cementing of different casing strings on a well by one cementing company may be reported on one form.
The Form W-15 should be filed with the Form W-3, Plugging Record, unless the Form W-3 is signed by the cementing company representative. When reporting dry holes, operators must complete Form W-15, in addition to Form W-3, to show any casing cemented in the hole.

B. **How to file:** An oil and gas completion report and Form W-15 may be filed online using the Commission's Online System (https://webapps.rrc.state.tx.us/security/login.do) or a paper copy of the form may be mailed to the Commission in Austin (P.O. Box 12967, Austin, Texas 78711-2967).

C. **Surface casing:** An operator must set and cement sufficient surface casing to protect all usable-quality water strata, as defined by the Groundwater Advisory Unit in Austin. Sufficient cement shall be used to fill the annular space outside the casing from the shoe to the ground surface or to the bottom of the cellar. Before drilling a well, an operator must obtain a letter from the Groundwater Advisory Unit stating the protection depth. Surface casing should not be set deeper than 200 feet below the specified depth without prior approval from the Commission.
To plug and abandon a well, operators must use only cementers approved by the Commission's Director of Field Operations in accordance with SWR 14 (http://info.sos.state.tx.us/pls/pub/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=16&pt=1&ch=3&rl=14). Cementing companies, service companies, or operators can qualify as approved cementers by demonstrating that they are able to mix and pump cement in compliance with Commission rules and regulations.

D. **Estimated % wash-out:** If the estimated % wash-out is less than 20% (or 30% along the Gulf Coast), provide supporting documentation such as a caliper log to show how the estimated % wash-out was obtained.

E. **Multi-stage cement:** An operator must report the multi-stage cement shoe in II. Casing Cementing Data section by selecting the type of casing and Multi-stage cement shoe. The operator must report the multi-stage cement tool in III. Casing Cementing Data section by selecting the type of casing and Multi-stage cement/DV tool.

F. Multiple parallel strings: An operator should file the Form W-15 as an attachment to the Form W-4, Application for Multiple Completion. An operator may be required to submit multiple Form W-15s to show all data for multiple parallel strings.

G. Slurry data: If cement job exceeds three slurries, continue the list of slurries in the Slurry table on the subsequent Casing Cementing Data box.

RECEIVED

DA3S-00032 APR 15 2015

REGULATORY DEPT.

RAILROAD COMMISSION OF TEXAS
1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967

Form W-15
Rev. 08/2014

CEMENTING REPORT

Cementer: Fill in shaded areas.
Operator: Fill in other items.

OPERATOR INFORMATION

Operator Name:	BHP Billiton PET (TXLA OP) Co-	Operator P-5 No.:	068596
Cementer Name:	Schlumberger	Cementer P-5 No.:	754900

WELL INFORMATION

District No.:	08	County:	Reeves		
Well No.:	1H	API No.:	42-389-34767	Drilling Permit No.:	863900
Lease Name:	State LRP 57-T2-12	Lease No.:			
Field Name:	Phantom (Wolfcamp)	Field No.:	71052900		

I. CASING CEMENTING DATA

Type of casing: [ ] Conductor [ ] Surface [X] Intermediate #1 [ ] Liner [ ] Production

Drilled hole size (in.):	10 5/8	Depth of drilled hole (ft.):	4640	Est. % wash-out or hole enlargement:	
Size of casing in O.D. (in.):	9 5/8	Casing weight (lbs/ft) and grade:	40 J-55	No. of centralizers used:	0
Was cement circulated to ground surface (or bottom of cellar) outside casing? [ ] Yes [X] No If no for surface casing, explain in Remarks.		Setting depth shoe (ft.):	4630	Top of liner (ft.):	
				Setting depth liner (ft.):	
Hrs. waiting on cement before drill-out:	15	Calculated top of cement (ft.):	1200	Cementing date:	4-Apr-15

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu.ft.)	Height (ft.)
1	285	Class C + Adds	Remarks	735.3	6658
2	155	Class C + Adds	Remarks	254.2	2302
3					
Total	440			989.5	8959

II. CASING CEMENTING DATA

Type of casing: [ ] Surface [ ] Intermediate [ ] Production [ ] Tapered production [ ] Multi-stage cement shoe [ ] Multiple parallel strings

Drilled hole size (in.):	Depth of drilled hole (ft.):	Est. % wash-out or hole enlargement:
Size of casing in O.D. (in.):	Casing weight (lbs/ft) and grade:	No. of centralizers used:
Tapered string drilled hole size (in.) Upper: Lower:	Tapered string depth of drilled hole (ft.) Upper: Lower:	
Tapered string size of casing in O.D. (in.) Upper: Lower:	Tapered string casing weight(lbs/ft) and grade Upper: Lower:	Tapered string no. of centralizers used Upper: Lower:
Was cement circulated to ground surface (or bottom of cellar) outside casing? [ ] Yes [ ] No		Setting depth tool (ft.):
Hrs. waiting on cement before drill-out:	Calculated top of cement (ft.):	Cementing date:

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu.ft.)	Height (ft.)
1					
2					
3					
Total					

III. CASING CEMENTING DATA

Type of casing: [ ] Surface [ ] Intermediate [ ] Production [ ] Tapered production [ ] Multi-stage cement/DV tool [ ] Multiple parallel strings

Drilled hole size (in.):	Depth of drilled hole (ft.):	Est. % wash-out or hole enlargement:
Size of casing in O.D. (in.):	Casing weight (lbs/ft) and grade:	No. of centralizers used:
Tapered string drilled hole size (in.) Upper: Lower:	Tapered string depth of drilled hole (ft.) Upper: Lower:	
Tapered string size of casing in O.D. (in.) Upper: Lower:	Tapered string casing weight(lbs/ft) and grade Upper: Lower:	Tapered string no. of centralizers used Upper: Lower:
Was cement circulated to ground surface (or bottom of cellar) outside casing? [ ] Yes [ ] No		Setting depth tool (ft.):
Hrs. waiting on cement before drill-out:	Calculated top of cement (ft.):	Cementing date:

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu.ft.)	Height (ft.)
1					
2					
3					
Total					

51.25

CEMENTING TO SQUEEZE, PLUG BACK OR PLUG AND ABANDON							
	PLUG #1	PLUG #2	PLUG #3	PLUG #4	PLUG #5	PLUG #6	PLUG #7
Cementing Date							
Size of hole or pipe (in.)							
Depth to bottom of tubing or drill pipe (ft.)							
Cement retainer setting depth (ft.)							
CIBP setting depth (ft.)							
Amount of cement on top of CIBP (ft.)							
Sacks of cement used							
Slurry volume pumped (cu. ft.)							
Calculated top of plug (ft.)							
Measured top of plug, if tagged (ft.)							
Slurry weight (lbs/gal)							
Class/type of cement							
Perforate and squeeze (YES/NO)							

REMARKS

#1: C+ 0.2% D46 + 0.3% D13 + 0.1% D65 + 8% D20 + 0.02gps D177

#2: C+ 2.5% D20 + 0.05% D65 + 0.35% D13 + 0.02gps D47

#3:

#4:

CEMENTER'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that the cementing of casing and/or the placing of cement plugs in this well as shown in the report was performed by me or under my supervision, and that the cementing data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers cementing data only.

Johnny M. Mares, FS3	Schlumberger	
Name and title of cementer's representative	Cementing Company	Signature

32 E. Industrial Loop	Midland	TX	79701	(432) 683-1887	April 4, 2015
Addreess	City,	State,	Zip Code	Tel: Area Code Number	Date: mo. day yr.

OPERATOR'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have knowledge of the well data and information presented in this report, and that data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers all well data.

Diann Flowers	S. Regulatory Specialist	
Typed or printed name of operator's representative	Title	Signature

1360 Post Oak Blvd Houston TX 77056	(713) 983-2508	9-14-15
Addreess City, State, Zip Code	Tel: Area Code Number	Date: mo. day yr.

Instructions for Form W-15, Cementing Report

NOTICE: The Form W-15 must be submitted as an attachment to a Form G-1 (Gas Well Back Pressure Test, Completion or Recompletion Report, and Log), Form W-2 (Oil Well Potential Test, Completion or Recompletion Report, and Log), Form W-3 (Plugging Record), or Form W-4 (Application for Multiple Completion), any time cement is pumped in a wellbore.

A. **What to file:** An operator should file an original and one copy of the completed Form W-15 for each cementing company used on a well. The cementing of different casing strings on a well by one cementing company may be reported on one form.
The Form W-15 should be filed with the Form W-3, Plugging Record, unless the Form W-3 is signed by the cementing company representative. When reporting dry holes, operators must complete Form W-15, in addition to Form W-3, to show any casing cemented in the hole.

B. **How to file:** An oil and gas completion report and Form W-15 may be filed online using the Commission's Online System (https://webapps.rrc.state.tx.us/security/login.do) or a paper copy of the form may be mailed to the Commission in Austin (P.O. Box 12967, Austin, Texas 78711- 2967).

C. **Surface casing:** An operator must set and cement sufficient surface casing to protect all usable-quality water strata, as defined by the Groundwater Advisory Unit in Austin. Sufficient cement shall be used to fill the annular space outside the casing from the shoe to the ground surface or to the bottom of the cellar. Before drilling a well, an operator must obtain a letter from the Groundwater Advisory Unit stating the protection depth. Surface casing should not be set deeper than 200 feet below the specified depth without prior approval from the Commission.
To plug and abandon a well, operators must use only cementers approved by the Commission's Director of Field Operations in accordance with SWR 14 (http://info.sos.state.tx.us/pls/pub/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=16&pt=1&ch=3&rl=14). Cementing companies, service companies, or operators can qualify as approved cementers by demonstrating that they are able to mix and pump cement in compliance with Commission rules and regulations.

D. **Estimated % wash-out:** If the estimated % wash-out is less than 20% (or 30% along the Gulf Coast), provide supporting documentation such as a caliper log to show how the estimated % wash-out was obtained.

E. **Multi-stage cement:** An operator must report the multi-stage cement shoe in II. Casing Cementing Data section by selecting the type of casing and Multi-stage cement shoe. The operator must report the multi-stage cement tool in III. Casing Cementing Data section by selecting the type of casing and Multi-stage cement/DV tool.

F. Multiple parallel strings: An operator should file the Form W-15 as an attachment to the Form W-4, Application for Multiple Completion. An operator may be required to submit multiple Form W-15s to show all data for multiple parallel strings.

G. Slurry data: If cement job exceeds three slurries, continue the list of slurries in the Slurry table in the subsequent Casing Cementing Data box.

STOP

RECEIVED
APR 22 2015
REGULATORY DEPT.

RAILROAD COMMISSION OF TEXAS
1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967
CEMENTING REPORT

Form W-15
Rev. 08/2014

Cementer: Fill in shaded areas.
Operator: Fill in other items.

OPERATOR INFORMATION

Operator Name:	~~Petro Texas~~ BHP Billiton	Operator P-5 No.:	068596
Cementer Name:	Schlumberger	Cementer P-5 No.:	754900

WELL INFORMATION

District No.:	08	County:	Reeves
Well No.:	#1H	API No.: 42-389-34787	Drilling Permit No.: 863900
Lease Name:	State LRP-57-T2-12	Lease No.:	
Field Name:	Phantom (Wolfcamp)	Field No.: 71052400	

I. CASING CEMENTING DATA

Type of casing: ☐ Conductor ☐ Surface ☒ Intermediate #2 ☐ Liner ☐ Production

Drilled hole size (in.):	8 3/4	Depth of drilled hole (ft.):	9866.	Est. % wash-out or hole enlargement:	25%
Size of casing in O.D. (in.):	7 5/8	Casing weight (lbs/ft) and grade:	29.7 P110	No. of centralizers used:	0

Was cement circulated to ground surface (or bottom of cellar) outside casing? ☐ Yes ☒ No If no for surface casing, explain in Remarks.

Setting depth shoe (ft.): 9816 | Top of liner (ft.): | Setting depth liner (ft.):

Hrs. waiting on cement before drill-out: 41 | Calculated top of cement (ft.): 2625 | Cementing date: 9-Apr-15

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu.ft.)	Height (ft.)
1	262	LITECRETE+ADDS	Remarks	623.6	6206
2	170	C+ADDS	Remarks	263.5	2623
3					
Total	432			887.1	8829

II. CASING CEMENTING DATA

Type of casing: ☐ Surface ☐ Intermediate ☐ Production ☐ Tapered production ☐ Multi-stage cement shoe ☐ Multiple parallel strings

Drilled hole size (in.):	Depth of drilled hole (ft.):	Est. % wash-out or hole enlargement:
Size of casing in O.D. (in.):	Casing weight (lbs/ft) and grade:	No. of centralizers used:

Tapered string drilled hole size (in.) Upper: Lower: | Tapered string depth of drilled hole (ft.) Upper: Lower:

Tapered string size of casing in O.D. (in.) Upper: Lower: | Tapered string casing weight(lbs/ft) and grade Upper: Lower: | Tapered string no. of centralizers used Upper: Lower:

Was cement circulated to ground surface (or bottom of cellar) outside casing? ☐ Yes ☐ No | Setting depth tool (ft.):

Hrs. waiting on cement before drill-out: | Calculated top of cement (ft.): | Cementing date:

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu.ft.)	Height (ft.)
1					
2					
3					
Total					

III. CASING CEMENTING DATA

Type of casing: ☐ Surface ☐ Intermediate ☐ Production ☐ Tapered production ☐ Multi-stage cement/DV tool ☐ Multiple parallel strings

Drilled hole size (in.):	Depth of drilled hole (ft.):	Est. % wash-out or hole enlargement:
Size of casing in O.D. (in.):	Casing weight (lbs/ft) and grade:	No. of centralizers used:

Tapered string drilled hole size (in.) Upper: Lower: | Tapered string depth of drilled hole (ft.) Upper: Lower:

Tapered string size of casing in O.D. (in.) Upper: Lower: | Tapered string casing weight(lbs/ft) and grade Upper: Lower: | Tapered string no. of centralizers used Upper: Lower:

Was cement circulated to ground surface (or bottom of cellar) outside casing? ☐ Yes ☐ No | Setting depth tool (ft.):

Hrs. waiting on cement before drill-out: | Calculated top of cement (ft.): | Cementing date:

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu.ft.)	Height (ft.)
1					
2					
3					
Total					

CEMENTING TO SQUEEZE, PLUG BACK OR PLUG AND ABANDON							
	PLUG #1	PLUG #2	PLUG #3	PLUG #4	PLUG #5	PLUG #6	PLUG #7
Cementing Date							
Size of hole or pipe (in.)							
Depth to bottom of tubing or drill pipe (ft.)							
Cement retainer setting depth (ft.)							
CIBP setting depth (ft.)							
Amount of cement on top of CIBP (ft.)							
Sacks of cement used							
Slurry volume pumped (cu. ft.)							
Calculated top of plug (ft.)							
Measured top of plug, if tagged (ft.)							
Slurry weight (lbs/gal)							
Class/type of cement							
Perforate and squeeze (YES/NO)							

REMARKS

#1: LITECRETE (24.5%BVOB D049, 65.5%BVOB D209 10%BVOB D163+ 0.3% D167+ 0.1% D202 + 0.2% D046 + 0.22% D201 + 0.03%D208

#2: C + 3% BWOW M117 + 0.2% D046 + 0.5%D112 + 0.2% D065 + 0.2% D201+ 0.05% D208

#3:

#4: no cement to surface

CEMENTER'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that the cementing of casing and/or the placing of cement plugs in this well as shown in the report was performed by me or under my supervision, and that the cementing data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers cementing data only.

DAVID CECELSKI, FS	Schlumberger	
Name and title of cementer's representative	Cementing Company	Signature

32 E. Industrial Loop	Midland	TX	79701	(432) 683-1887	April 9, 2015
Addreess	City,	State,	Zip Code	Tel: Area Code Number	Date: mo. day yr.

OPERATOR'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have knowledge of the well data and information presented in this report, and that data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers all well data.

Diann Flowers	Regulatory Specialist	
Typed or printed name of operator's representative	Title	Signature

1360 Post Oak Blvd Houston	TX	77056	(713) 983-2508	9-14-15
Addreess City,	State,	Zip Code	Tel: Area Code Number	Date: mo. day yr.

Instructions for Form W-15, Cementing Report

NOTICE: The Form W-15 must be submitted as an attachment to a Form G-1 (Gas Well Back Pressure Test, Completion or Recompletion Report, and Log), Form W-2 (Oil Well Potential Test, Completion or Recompletion Report, and Log), Form W-3 (Plugging Record), or Form W-4 (Application for Multiple Completion), any time cement is pumped in a wellbore.

A. **What to file:** An operator should file an original and one copy of the completed Form W-15 for each cementing company used on a well. The cementing of different casing strings on a well by one cementing company may be reported on one form.
The Form W-15 should be filed with the Form W-3, Plugging Record, unless the Form W-3 is signed by the cementing company representative. When reporting dry holes, operators must complete Form W-15, in addition to Form W-3, to show any casing cemented in the hole.

B. **How to file:** An oil and gas completion report and Form W-15 may be filed online using the Commission's Online System (https://webapps.rrc.state.tx.us/security/login.do) or a paper copy of the form may be mailed to the Commission in Austin (P.O. Box 12967, Austin, Texas 78711- 2967).

C. **Surface casing:** An operator must set and cement sufficient surface casing to protect all usable-quality water strata, as defined by the Groundwater Advisory Unit in Austin. Sufficient cement shall be used to fill the annular space outside the casing from the shoe to the ground surface or to the bottom of the cellar. Before drilling a well, an operator must obtain a letter from the Groundwater Advisory Unit stating the protection depth. Surface casing should not be set deeper than 200 feet below the specified depth without prior approval from the Commission.
To plug and abandon a well, operators must use only cementers approved by the Commission's Director of Field Operations in accordance with SWR 14 (http://info.sos.state.tx.us/pls/pub/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=16&pt=1&ch=3&rl=14). Cementing companies, service companies, or operators can qualify as approved cementers by demonstrating that they are able to mix and pump cement in compliance with Commission rules and regulations.

D. **Estimated % wash-out:** If the estimated % wash-out is less than 20% (or 30% along the Gulf Coast), provide supporting documentation such as a caliper log to show how the estimated % wash-out was obtained.

E. **Multi-stage cement:** An operator must report the multi-stage cement shoe in II. Casing Cementing Data section by selecting the type of casing and Multi-stage cement shoe. The operator must report the multi-stage cement tool in III. Casing Cementing Data section by selecting the type of casing and Multi-stage cement/DV tool.

F. Multiple parallel strings: An operator should file the Form W-15 as an attachment to the Form W-4, Application for Multiple Completion. An operator may be required to submit multiple Form W-15s to show all data for multiple parallel strings.

G. Slurry data: If cement job exceeds three slurries, continue the list of slurries in the Slurry table in the subsequent Casing Cementing Data box.

RECEIVED

APR 30 2015

REGULATORY DEPT.

Cementer: Fill in shaed areas
Operator: Fill in other items

Form W-15
Cementing Report
Rev. 4/1/83
483-045

RAILROAD COMMISSION OF TEXAS
Oil and Gas Divsion

1. Operator's Name (As shown on Form P-5, Organization Report)	2. RRC Operator No.	3. RRC District No.	4. County of Well Site
BHP BILLITON PET (DELAWARE)	068596	08	REEVES

5. Field	6. API No.	7. Drilling Permit No.
Phantom (Wolfcamp)	42-389-34787	803900

8. Lease Name	9. Rule 37 Case No.	10. Oil Lease/Gas ID No.	11. Well No.
STATE LRP 57-T2-12			1H

CASING CEMENTING DATA:		SURFACE CASING	INTER-MEDIATE CASING	PRODUCTION CASING		MULTI-STAGE CEMENTING PROCESS	
				Single String	Multiple Parallel Strings	Tool	Shoe
12. Cementing Date				4/16/2015			
13. ●Drilling hole size				6 3/4			
●Est. % wash or hole enlargement				30%			
14. Size of casing (in. O.D.)				5 1/2; 4 1/2			
15. Top of liner (ft.)							
16. Setting depth (ft.)				15012			
17. Number of centralizers used				136			
18. Hrs. waiting on cement before drill-out							
1st Slurry	19. API cement used: No. of sacks		are	383			
	Class			PVL			
	Additives			SEE REMARKS			
2nd Slurry	No. of sacks			744			
	Class			PVL			
	Additives			SEE REMARKS			
3rd Slurry	No. of sacks						
	Class						
	Additives						
1st	20. Slurry pumped: Volume (cu. ft.)			505			
	Height (ft.)			3875			
2nd	Volume (cu. ft.)		to form	1661			
	Height (ft.)			9369			
3rd	Volume (cu. ft.)						
	Height (ft.)		the				
Total	Volume (cu. ft.)	#VALUE!	0	2166	#VALUE!	#VALUE!	#VALUE!
	Height (ft.)	#VALUE!	0	13244	#VALUE!	#VALUE!	#VALUE!
21. Was cement circulated to ground surface (or bottom of cellar) outside casing?				NO			

REMARKS

LEAD: 5%D195 .50% D176 .02% D65 .02%D46 .14%D201 .02%D208 1GAL/SK D600G .04GAL/SK D80
D201 .220% D167 .5% D195 5% D208 .06% D46 .02% D177 .02 GAL/SK

FTL# D83S-00034

CEMENTING TO PLUG AND ABANDON	PLUG # 1	PLUG # 2	PLUG # 3	PLUG # 4	PLUG # 5	PLUG # 6	PLUG # 7	PLUG # 8
23. Cementing date								
24. Size of hole or pipe plugged (in.)								
25. Depth to bottom of tubing or drill pipe (ft.)								
26. Sacks of cement used (each plug)								
27. Slurry volume pumped (cu. ft.)								
28. Calculated top of plug (ft.)								
29. Measured top of plug, if tagged (ft.)								
30. Slurry wt. (lbs/gal)								
31. Type cement								

CEMENTER'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that the cementing of casing and/or the placing of cement plugs in this well as shown in the report was performed by me or under my supervision, and that the cementing data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers cementing data only.

Stanley Adams FE	Schlumberger		
Name and title of cementer's representative	Cementing Company	Signature	
1105 W Bender	Hobbs, NM 88240	575-393-6186	4/16/2015
Address	City, State, Zip Code	Tel.: Area Code Number	Date: mo. day yr.

OPERATOR'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have knowledge of the well data and information presented in this report, and that data and facts presented on both sides of this form true, correct, and complete, to the best of my knowledge. This certification covers all well data.

Diana Flowers	Sr. Regulatory Specialist		
Typed or printed name of operator's representative	Title	Signature	
1360 Post Oak Blvd Houston Tx 77056		(713) 982-2508	9-14-15
Address	City, State, Zip Code	Tel.: Area Code Number	Date: mo. day yr.

Instructions to Form W-15, Cementing Report

IMPORTANT: Operators and cementing companies must comply with the requirements of the Commission's State Rules 8 (Water Protection), 13 (Casing, Cementing, Drilling, and Completion), and 14 (Well Plugging). For offshore operations, see the requirements of Rule 13 (c).

A. What to file. An operator should file an original and one copy of the completed Form W-15 for each cementing company used on a well. The cementing of different casing strings on a well by one cementing company may be reported on one form. Form W-15 should be filed with the following:

- An initial oil or gas completion report, Form W-2 or G-1, as required by Statewide or special field rules;
- Form W-4, Application for Multiple Completion, if the well is a muliple parallel casing completion; and
- Form W-3, Plugging Record, unless the W-3 is signed by the cementing company representative. When reporting dry holes, operators must comple W-15, in addition to Form W-3, to show any casing cemented in the hole.

B. Where to file. The appropriate Commission District Office for the county in which the well is located.

C. Surface casing. An operator must set and cement sufficient surface casing to protect all usable-quality water strata, as defined by the Texas Department of Water Resources, Austin. Before drilling a well in any field or area in which no field rules are in effect or in which surface casing requirements are not specified in applicable rules, an operator must obtain a letter from the Department of Water Resources stating the protection depth. Surface casing should not be set deeper than 200 feet below the specified depth without prior approval from the Commission.

D. Centralizers. Surface casing must be centralized at the shoe, above and below a stage collar or diverting tool, if run, and through usable-quality water zones. In nondeviated holes, a centralizer must be placed every fourth joint from the cement shoe to the ground surface or to the bottom of the cellar. All centralizers must meet API specifications.

E. Exceptions and alternative casing programs. The District Director may grant an exception to the requirements of Statewide Rule 13. In a written application, an operator must state the reason for the requested exception and outline an alternate program for casing and cementing through the protection depth for strata containing usable-quality water. The District Director may approve, modify, or reject a proposed program. An operator must obtain approval of any exception before beginning casing and cementing operations.

F. Intermediate and production casing. For specific technical requirements, operators should consult Statewide Rule 13 (b) (3) and (4).

Groundwater
Advisory Unit

GROUNDWATER PROTECTION DETERMINATION

Form GW-2

Date: February 28, 2015

GAU File No.: 5724

API Number: 38900000

Attention: DIANN FLOWERS

RRC Lease No.: 000000

SC_068596_38900000_000000_5724.pdf

BHP BILLITON PET -TXLA OP- CO
1360 POST OAK BLVD
STE 150
HOUSTON TX 77056

P-5# 068596

--Measured--
648 ft FEL
430 ft FSL
MRL:SECTION

Digital Map Location:
X-coord/Long: 876026
Y-coord/Lat: 798953
Datum: 27 Zone: C

County: REEVES

Lease & Well No.: STATE LRP 57-T2-12 #1H&SEC12

Purpose: ND

Location: SUR-T&P,BLK-57,TSHP-2,SEC-12,--[TD=14000],[RRC 8],

To protect usable-quality groundwater at this location, the Groundwater Advisory Unit of the Railroad Commission of Texas recommends:

The interval from the land surface to the base of the RUSTLER AQUIFER , which is estimated to occur at a depth of 750 feet, must be protected.

Note: Unless stated otherwise, this recommendation is intended to apply only to the subject well and not for area-wide use. **This recommendation is intended for normal drilling, production, and plugging operations only. It does not apply to saltwater disposal operation into a nonproductive zone (RRC Form W-14).**

If you have any questions, please contact us at 512-463-2741 gau@rrc.state.tx.us, or by mail.

Sincerely,

Digitally signed by George Dunfield
DN: c=US, st=TEXAS, l=Austin, o=Railroad Commission of Texas, cn=George Dunfield, email=george.dunfield@rrc.state.tx.us
Date: 2015.02.28 16:16:33 -06'00'

George Dunfield, P.G.

Geologist, Groundwater Advisory Unit
Oil & Gas Division

GEOLOGIST SEAL

STATE OF TEXAS
George Dunfield
Geology
413
LICENSED
PROFESSIONAL GEOSCIENTIST

The seal appearing on this document was authorized by George Dunfield on 2/28/2015
Note: Alteration of this electronic document will invalidate the digital signature.

91.25

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

ELECTRIC LOG STATUS REPORT

FORM L-1

Tracking No.: 142595

This facsimile L-1 was generated electronically from data submitted to the RRC.

Instructions

When to File Form L-1:
- with Forms G-1, W-2, and GT-1 for new and deepened gas, oil, and geothermal wells
- with Form W-3 for plugged dry holes
- when sending in a log which was held under a request for confidentiality and the period for confidentiality has not yet expired.

When is Form L-1 NOT required:
- with Forms W-2, G-1, and GT-1 filed for injection wells, disposal wells, water supply wells, service wells, re-test wells, re-classifications, and plugbacks of oil, gas or geothermal wells
- with Form W-3 for plugging of other than a dry hole

Where to File Form L-1:
- with the appropriate Commission district office

Filling out Form L-1:
- Section I and the signature section must be filled out for all wells
- complete only the appropriate part of Section II

Type of log required:
- any wireline survey run for the purpose of obtaining lithology, porosity, or resistivity information
- no more than one such log is required but it must be of the subject well
- if such log is NOT run on the subject well, do NOT substitute any other type of log; just select Section II, Part A below

SECTION I. IDENTIFICATION

Operator Name: BHP BILLITON PET(TXLA OP) CO	District No. 08	Completion Date: 07/14/2015
Field Name PHANTOM (WOLFCAMP)	Drilling Permit No. 803900	
Lease Name STATE LRP 57-T2-12	Lease/ID No.	Well No. 1H
County REEVES	API No. 42- 389-34787	

SECTION II. LOG STATUS (Complete either A or B)

☐ A. BASIC ELECTRIC LOG NOT RUN

☒ B. BASIC ELECTRIC LOG RUN. (Select one)

☒ 1. Confidentiality is requested and a copy of the header for each log that has been run on the well is attached.

☐ 2. Confidentiality already granted on basic electric log covering this interval (applicable to deepened wells only).

☐ 3. Basic electric log covering this interval already on file with Commission (applicable to deepened wells only).

☐ 4. Log attached to (select one):

☐ (a) Form L-1 (this form). If the company/lease name on log is different from that shown in Section I, please enter name on log here: _____

Check here if attached log is being submitted after being held confidential. ☐

☐ (b) Form P-7, Application for Discovery Allowable and New Field Designation.

☐ (c) Form W-4, Application for Multiple Completion:

Lease or ID No(s). _____

Well No(s). _____

Diann Flowers
Signature

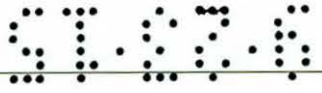
Sr. Regulatory Specialist
Title

Name (print)

(713) 983-2508
Phone

09/16/2015
Date

-FOR RAILROAD COMMISSION USE ONLY-



LEAM Drilling Systems LLC

Leam Drilling Systems
2027A Airport Rd
Conroe, TX 77301

State LRP 57-T2-12 #1H

Scale 5":100' - MD

4/14/2015 8:08 AM

Oper. Company: BHP Billiton
Well: State LRP 57-T2-12 #1H
Field: Delaware
Rig: H&P 489
Well ID: 4238934787
Job Number: CO-150252

State: TX
County: Reeves County
Country: USA
Location: Orla
Start Date: 04/04/2015 10:30:00
End Date: 04/14/2015 08:45:00

Latitude: 31° 51' 19.528 N
Longitude: 103° 54' 33.989 W

Elev KB: 2878
Elev DF: 25
Elev GL: 2853

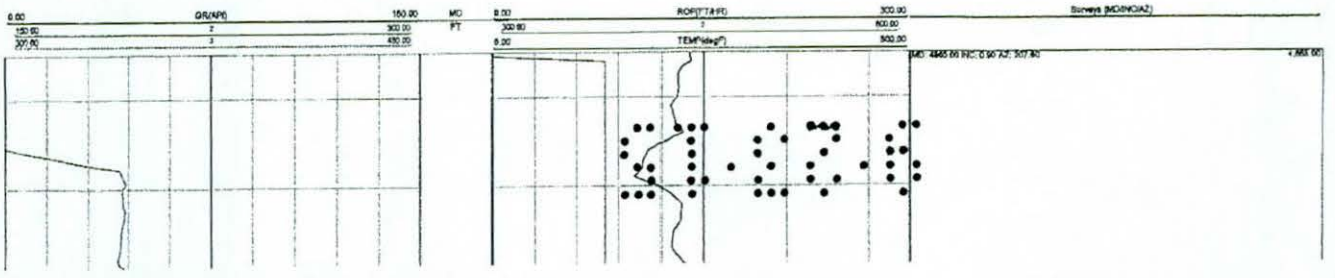
Operator 1: Patrick Stephens

Operator 2: Rick Larkin

Tool Run Data	Run #1	Run #2	Run #3	Run #4	Run #5
Tool S/N	DG16	DG89			
Bit Size	8 3/4	6			
Cal Factor	2.88	1.4			
Gamma Offset	37.00	46.00			
Resisitivity Offset	0.00	0.00			
Start Depth	4640.00	9866.00			
StartDate	4/4/2015	4/10/2015			
StartTime	10:30 AM	8:45 AM			
EndDepth	9866.00	15025.00			
EndDate	4/8/2015	4/14/2015			
EndTime	1:30 PM	8:45 AM			
Mud Type	BW	6 3/4			
Mud Weight	9.0	11.7			
Funnel Viscosity	29	54			
Plastic Viscosity	2	13			
Yield Point		13			
Gel Strength	1/1/1	9/16/23			
Solids Content	4	18			
Sand Content	.1	TR			
Mud Alkalinity	0.9	0.4			
Filtrate Alkalinity	0.9	0.4			
Chlorides	75000	110000			

Hole Data			Casing Data		
Size	From	To	Size	From	To
8 3/4	4640.00	9866.00	7 5/8	4640.00	9866.00
6 3/4	9866.00	15025.00			

All interpretations are opinions based on inferences from electrical or other measurements and we cannot and do not guarantee the accuracy or correctness of any interpretation, and we shall not except in the case of gross or willful negligence on our part, be liable or responsible for any loss, cost damages or expenses incurred or sustained by anyone resulting from an interpretation made by any of our officers, agents, or employees.



RAILROAD COMMISSION OF TEXAS
Oil and Gas Division
PO Box 12967
Austin TX 78711-2967
www.rrc.state.tx.us

CERTIFICATE OF COMPLIANCE AND TRANSPORTATION AUTHORITY

P-4

This facsimile P-4 was generated electronically from data submitted to the RRC.
A certification of the automated data is available in the RRC's Austin office.

Tracking No.: 142595

1. Field name exactly as shown on proration schedule	2. Lease name as shown on proration schedule			
PHANTOM (WOLFCAMP)	STATE LRP 57-T2-12			
3. Current operator name exactly as shown on P-5 Organization Report	4. Operator P-5 no.	5. Oil Lse/Gas ID no	6. County	7. RRC district
BHP BILLITON PET(TXLA OP) CO	068596		REEVES	08
8. Operator address including city, state, and zip code	9. Well no(s) *(see instruction E)*			
1360 POST OAK BLVD STE 150 HOUSTON, TX 77056	1H			
	10. Classification ☐ Oil ☒ Gas ☐ Other *(see instruction A)*			11. Effective Date 07/14/2015

12. Purpose of Filing. (Complete section a or b below.) *(See instructions B and G)*

a. Change of: ☐ operator ☐ oil or condensate gatherer ☐ gas gatherer ☐ gas purchaser ☐ gas purchaser system code
☐ field name from _____
☐ lease name from _____

– – OR –

b. New RRC Number for: ☐ oil lease ☒ gas well ☐ other well (specify) _____ **Due to:** ☐ new completion or recompletion ☐ reclass oil to gas ☐ reclass gas to oil ☐ consolidation, unitization, or subdivision (oil lease only)

13. Authorized GAS WELL GAS or CASINGHEAD GAS Gatherer(s) and/or Purchaser(s). *(See instruction G).*

Gatherer	Purchaser	Name of GAS WELL GAS or CASINGHEAD GAS Gatherer(s) or Purchaser(s) As Indicated in Columns to the Left *(Attach an additional sheet in same format if more space is needed)*	Purchaser's RRC Assigned System Code	Percent of Take	Full-well stream
X		BHP BILLITON PET (TX GATH), LLC(068595)		100.0	
	X	BP ENERGY CO.(085349)	0001	60.0	
	X	CONOCOPHILLIPS COMPANY(172232)	0001	40.0	

14. Authorized OIL or CONDENSATE Gatherer(s). *(See instruction G).*

Name of OIL or CONDENSATE Gatherer(s) - List Highest Volume Gatherer First *(Attach an additional sheet in same format if more space is needed)*	Percent of Take
RIO ENERGY INTERNATIONAL, INC.(712543)	90.0
SHELL TRADING (US) COMPANY(774715)	10.0

RRC USE ONLY: Reviewer's initials: _____ Approval date: _____

15. PREVIOUS OPERATOR CERTIFICATION FOR CHANGE OF OPERATOR P-4 FILING. Being the PREVIOUS OPERATOR, I certify that operating responsibility for the well(s) designated in this filing, located on the subject lease has been transferred in its entirety to the above named Current Operator. I understand, as Previous Operator, that designation of the above named operator as Current Operator is not effective until this certificate is approved by the Commission.

Name of Previous Operator _____ Signature _____

Name (print) _____ ☐ **Authorized Employee of previous operator** ☐ **Authorized agent of previous operator** *(see instruction G)*

Title _____ Date _____ Phone with area code _____

16. CURRENT OPERATOR CERTIFICATION. By signing this certificate as the Current Operator, I certify that all statements on this form are true and correct and I acknowledge responsibility for the regulatory compliance of the subject lease including plugging of well(s) pursuant to Rule 14. I further acknowledge that I assume responsibility for the physical operation, control, and proper plugging of each well designated in this filing. I also acknowledge that I will remain designated as the Current Operator until a new certificate designating a new Current Operator is approved by the Commission.

Name (print) _____ Signature Diann Flowers

Title Sr. Regulatory Specialist ☒ **Authorized Employee of current operator** ☐ **Authorized agent of current operator** *(see instruction G)*

E-mail Address (optional) diann.flowers@bhpbilliton.com Date 09/16/2015 Phone with area code (713) 983-2508

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division
PO Box 12967
Austin, Texas 78711-2967
www.rrc.state.tx.us

CERTIFICATE OF POOLING AUTHORITY

Revised 05/2001

P-12

1. Field Name(s)	2. Lease/ID Number (if assigned)	3. RRC District Number
PHANTOM (WOLFCAMP)		08
4. Operator Name	5. Operator P-5 Number	6. Well Number
BHP BILLITON PET (TXLA OP) CO	068596	1H
7. Pooled Unit Name	8. API Number	9. Purpose of Filing
STATE LRP 57-T2-12	42-389-34787	☐ Drilling Permit (W-1)
10. County	11.Total acres in pooled unit	☑ Completion Report
REEVES	642.86	

DESCRIPTION OF INDIVIDUAL TRACTS CONTAINED WITHIN THE POOLED UNIT

Tract/Plat Identifier	Tract Name	Acres in Tract (See inst. #7 below)	Indicate Undivided Interests Unleased	Non-Pooled
1	TUNSTILL OIL AND LAND TRUST	120.45	☐	☐
1 (ALSO)	TUNSTILL OIL AND LAND TRUST	80.34	☐	☐
2	STATE OF TEXAS	79.87	☐	☐
3	STATE OF TEXAS	201.49	☐	☐
4	STATE OF TEXAS	80.36	☐	☐
5	STATE OF TEXAS	80.35	☐	☐
			☐	☐
			☐	☐
			☐	☐
			☐	☐

CERTIFICATION:

I declare under penalties prescribed pursuant to the Sec. 91.143, Texas Natural Resources Code, that I am authorized to make the foregoing statements and that the information provided by me or under my direction on this Certificate of Pooling Authority is true, correct, and complete to the best of my knowledge.

Signature: Diann Flowers

Print Name: Diann Flowers

Title	E-mail (if available)	Date	Phone
Sr. Regulatory Specialist	diann.flowers@bhpbilliton.com	09/15/2015	(713) 983-2508

INSTRUCTIONS — Reference: Statewide Rules 31, 38 and 40

1. When two or more tracts are pooled to form a unit to obtain a drilling permit, file completion paperwork, or reform a pooled unit pursuant to Rule 38(d)(3) the operator must file an original Certificate of Pooling Authority and certified plat.
2. The certified plat shall designate each tract with an outline and a tract identifier. The tract identifier on the plat shall correspond to the tract identifier and associated information listed on the Certificate.
3. If within an individual tract, a non-pooled and/or unleased interest exists, indicate by checking the appropriate box.
4. If the Purpose of Filing is to obtain a drilling permit, in box #1 list all applicable fields separately or enter "All Fields" if the Certificate pertains to all fields requested on Form W-1.
5. If the Purpose of Filing is to file completion paperwork, enter the applicable field name in box #1 for the completion.
6. Identify the drill site tract with an * to the left of the tract identifier.
7. The total number of acres in the pooled unit in #11 should equal the total of all acres in the individual tracts listed.

STATEMENT OF PRODUCTIVITY OF ACREAGE ASSIGNED TO PRORATION UNITS

Form P-15

Tracking No.: 142595

This facsimile P-15 was generated electronically from data submitted to the RRC.

The undersigned states that he is authorized to make this statement; that he has knowledge of the facts concerning the BHP BILLITON PET(TXLA OP) CO (OPERATOR), STATE LRP 57-T2-12 (LEASE), No. 1H (WELL); that such well is completed in the PHANTOM (WOLFCAMP) Field, REEVES County, Texas and that the acreage claimed, and assigned to such well for proration purposes as authorized by special rule and as shown on the attached certified plat embraces 642.86 acres which can reasonably be considered to be productive of hydrocarbons.

- CERTIFICATE -

I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated therein are true, correct, and complete, to the best of my knowledge,

Date 09/16/2015 Signature Diann Flowers

Telephone (713) 983-2508 (AREA CODE) Title Sr. Regulatory Specialist

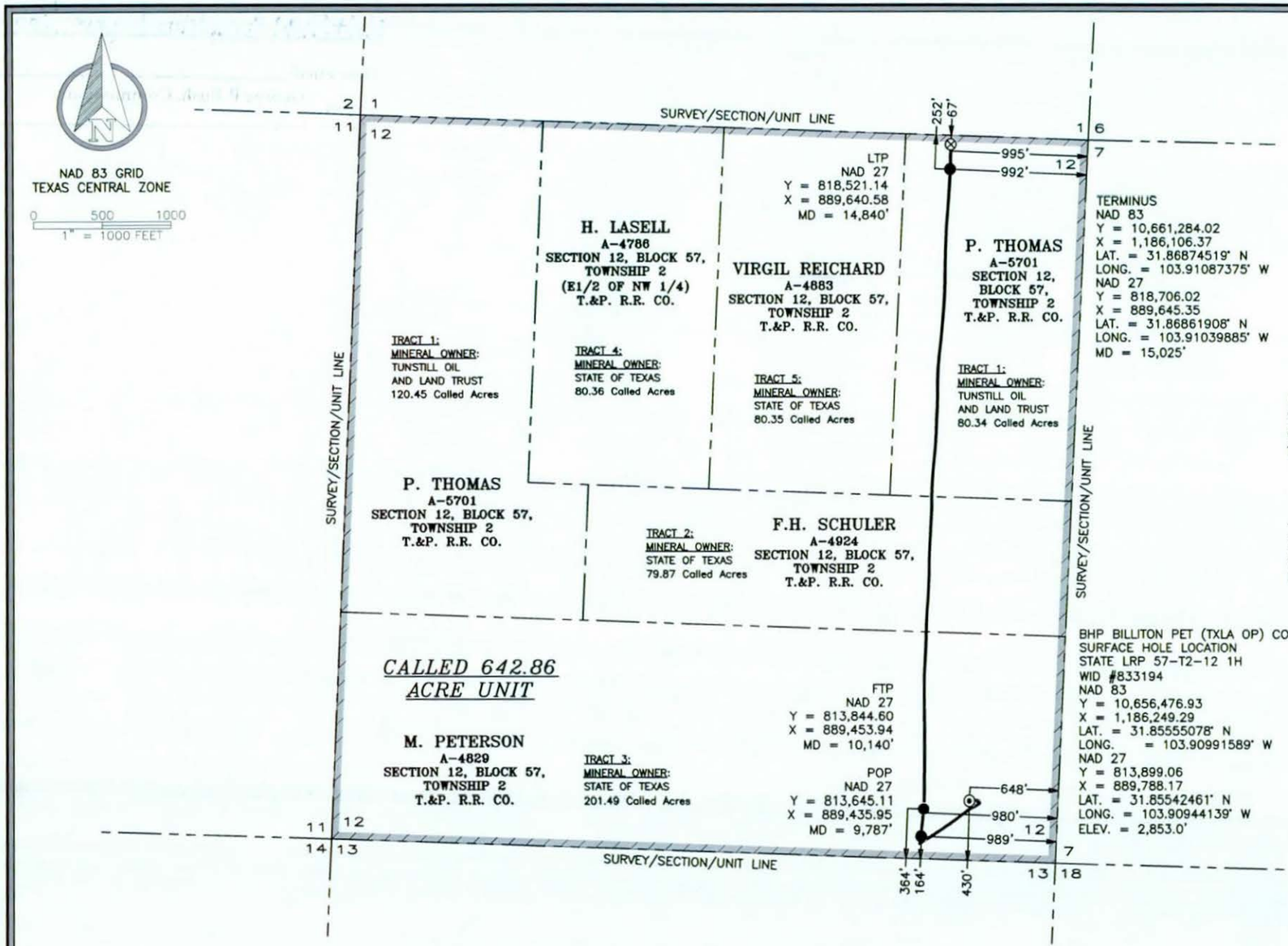
51.23.6

P-15 STATEMENT OF PRODUCTIVITY OF ACREAGE

OPERATOR: BHP BILLITON PET (TXLA OP) CO (068596)
COUNTY: REEVES – DISTRICT 08
FIELD NAME: PHANTOM (WOLFCAMP)
LEASE NAME: STATE LRP 57-T2-12
LEASE ACRES: 642.86

LEASE ID	DRILLING PERMIT #	WELL NO.	DEDICATED ACRES
PENDING	803900	1H	642.86
		TOTAL ALLOCATED:	642.86
		TOTAL AVAILABLE:	0

51.82.6



GENERAL NOTES

1. COORDINATES SHOWN ARE BASED ON TEXAS COORDINATE SYSTEM OF NAD 27 "TEXAS CENTRAL ZONE" (EPSG 32039), AND BASED ON "ORLA" NGS MONUMENT (Y = 798,953.59, X = 876,026.84)
2. VERTICAL DATUM IS NAVD 88 (EPSG 5103)
3. COMBINED SCALE FACTOR – 0.999860235
4. LATITUDE AND LONGITUDE ARE NAD 27 (EPSG 4267) AS SHOWN
5. AREA, DISTANCES, AND COORDINATES ARE "GRID"
6. UNITS ARE UNITED STATES SURVEY FOOT.
7. ALL LEASE AND TRACT INFORMATION SHOWN HERE ON IS DONE SO BY LIMITED DEED RECORD INFORMATION ONLY. ALL ACREAGES SHOWN ARE BY DEED AND LEASE CALL, EXCEPT WHERE NOTED. THIS IS NOT IN ANY WAY A "BOUNDARY SURVEY".

REVISION	DATE	BY	DETAILS
A	06/24/15	JK	MAKE PRELIMINARY PLAT

I HEREBY STATE THAT THIS PLAT SHOWS THE SUBJECT LOCATION BASED ON INFORMATION PROVIDED BY THE CLIENT.

STATE OF TEXAS
REGISTERED
ROBERT GLEN MALOY
6028
PROFESSIONAL
LAND SURVEYOR

ROBERT GLEN MALOY
REGISTERED PROFESSIONAL LAND SURVEYOR
LICENSE NO. 6028

PLAT OF:

AN AS-DRILLED WELL LOCATION FOR:

BHP BILLITON PET (TXLA OP) CO.

STATE LRP 57-T2-12 1H

WID# 833194

SITUATED IN THE M. PETERSON SURVEY, A-4829, SECTION 12, BLOCK 57, TOWNSHIP 2, THE F.H. SCHULER SURVEY, A-4924, SECTION 12, BLOCK 57, TOWNSHIP 2, AND THE P. THOMAS SURVEY, A-5701, SECTION 12, BLOCK 57, TOWNSHIP 2, BEING APPROXIMATELY 2.5 MILES NORTH OF ORLA, IN REEVES COUNTY, TEXAS.

bhpbilliton
BHP Billiton
1360 Post Oak Blvd. #150
Houston, Texas 77056

FRANK
SURVEYING COMPANY INC
550 Bailey Ave., 205 - Fort Worth, TX 76107
Ph: 817.349.9800 - Fax: 979.732.5271
TBPLS Firm No. 10193887
www.franksurveying.com
LAND SURVEYING/ENERGY/GIS SERVICES

DATE:	06/24/15
DRAWN BY:	GG/JK
CHECKED BY:	JK
FIELD CREW:	RE/MR
PROJECT NO:	201408833
SCALE:	1" = 1000'
SHEET:	1 OF 1
REVISION:	0

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File No. MF0883644

Reeves County

Unit: 7199 Completion Report API 389-34787

Date Filed:

George P. Bush, Commissioner

By

RAILROAD COMMISSION OF TEXAS

Form G-1

1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967

Status: Submitted
Date: 12/22/2015
Tracking No.: 147213

GAS WELL BACK PRESSURE TEST, COMPLETION OR RECOMPLETION REPORT, AND LOG

OPERATOR INFORMATION

Operator Name: BHP BILLITON PET(TXLA OP) CO **Operator No.:** 068596
Operator Address: 1360 POST OAK BLVD STE 150 HOUSTON, TX 77056-0000

WELL INFORMATION

API No.: 42-389-34787 **County:** REEVES
Well No.: 1H **RRC District No.:** 08
Lease Name: STATE LRP 57-T2-12 **Field Name:** PHANTOM (WOLFCAMP)
RRC Gas ID No.: **Field No.:** 71052900
Location: Section: 12, Block: 57 T2, Survey: T&P RR CO / PETERSON, MRS M, Abstract: 4829

Latitude: 31.85542 **Longitude:** -103.90944
This well is located 2.5 **miles in a** N **direction from** ORLA, **which is the nearest town in the county.**

FILING INFORMATION

Purpose of filing: Initial Potential
Type of completion: New Well
Well Type: Producing **Completion or Recompletion Date:** 07/14/2015

Type of Permit	Date	Permit No.
Permit to Drill, Plug Back, or Deepen	10/19/2015	803900
Rule 37 Exception		
Fluid Injection Permit		
O&G Waste Disposal Permit		
Other:		

COMPLETION INFORMATION

Spud date: 03/31/2015 **Date of first production after rig released:** 07/14/2015
Date plug back, deepening, recompletion, or drilling operation commenced: 03/31/2015 **Date plug back, deepening, recompletion, or drilling operation ended:** 04/17/2015
Number of producing wells on this lease in this field (reservoir) including this well: 0 **Distance to nearest well in lease & reservoir (ft.):** 0.0
Total number of acres in lease: 642.86 **Elevation (ft.):** 2853 GL
Total depth TVD (ft.): 10128 **Total depth MD (ft.):** 15027
Plug back depth TVD (ft.): 10128 **Plug back depth MD (ft.):** 14924
Was directional survey made other than inclination (Form W-12)? Yes **Rotation time within surface casing (hours):** 109.0
Is Cementing Affidavit (Form W-15) attached? Yes
Recompletion or reclass? No **Multiple completion?** No
Type(s) of electric or other log(s) run: Gamma Ray (MWD)
Electric Log Other Description:
Location of well, relative to nearest lease boundaries of lease on which this well is located: 430.0 **Feet from the** South **Line and** 648.0 **Feet from the** East **Line of the** STATE LRP 57-T2-12 **Lease.** **Off Lease:** No

FORMER FIELD (WITH RESERVOIR) & GAS ID OR OIL LEASE NO.

Field & Reservoir	Gas ID or Oil Lease No.	Well No.	Prior Service Type

91-12-1

G1: N/A
PACKET: N/A

FOR NEW DRILL OR RE-ENTRY, SURFACE CASING DEPTH DETERMINED BY:

GAU Groundwater Protection Determination	**Depth (ft.):** 750.0	**Date:** 02/28/2015
SWR 13 Exception	**Depth (ft.):**	

GAS MEASUREMENT DATA

Date of test: 10/12/2015
Gas production during test (MCF): 7360
Was the well preflowed for 48 hours? Yes
Gas measurement method(s): Orifice Meter, Flange Taps

Run No.	Line size	Orif. or Choke Size (in.)	24 hr. Coeff. Orif. Or Choke (in.)	Static Pm or Choke (in.)	Diff (hw)	Flow Temp (°F)	Temp. (Ftf)	Gravity (Fg)	Compress (Fpv)	Volume (MCF/day)
1	3.068	1.5	14934.79	1110.0	25.4	167.0	0.9106	0.9161	1.098	2418.0

FIELD DATA AND PRESSURE CALCULATIONS

Gravity (dry gas): 0.715
Gas-Liquid Hydro Ratio (CF/Bbl): 3155
Avg. shut in temp. (°F): 137.0
Gravity (liquid hydrocarbons) (Deg. API): 48.8
Gravity (mixture): Gmix= 1.369
Bottom hole temp. and depth: 213.0 °F@ 10128.0 FT

Run No.	Time of Run (Min.)	Choke Size (in.)	Wellhead Pressure (PSIA)	Wellhead Flow Temp (°F)
SHUT-IN	1440	64/64	2815	61.0
1	4320	64/64	1110	167.0

CASING RECORD

Row	Type of Casing	Casing Size (in.)	Hole Size (in.)	Setting Depth (ft.)	Multi - Stage Tool Depth (ft.)	Multi - Stage Shoe Depth (ft.)	Cement Class	Cement Amount (sacks)	Slurry Volume (cu. ft.)	Top of Cement (ft.)	TOC Determined By
1	Surface	11 3/4	14 3/4	900			C	1657	2203.8	SURF	Circulated to Surface
2	Intermediate	9 5/8	10 5/8	4630			C	440	989.5	1200	Calculation
3	Intermediate	7 5/8	8 3/4	9816			LITE; C	432	887.1	2625	Calculation
4	Tapered Production	5 1/2	6 3/4	15012			PVL	1127	2166.0	1633	Calculation
5	Tapered Production	4 1/2	6 3/4	15012			PVL	1127	2166.0	1633	Calculation

LINER RECORD

Row	Liner Size (in.)	Hole Size (in.)	Liner Top (ft.)	Liner Bottom (ft.)	Cement Class	Cement Amount (sacks)	Slurry Volume (cu. ft.)	Top of Cement (ft.)	TOC Determined By

N/A

TUBING RECORD

Row	Size (in.)	Depth Size (ft.)	Packer Depth (ft.)/Type
1	2 7/8	9442	9416 / BRANTON BT1-XW

PRODUCING/INJECTION/DISPOSAL INTERVAL

Row	Open hole?	From (ft.)	To (ft.)
1	No	L2 10140	14840

91-12-1

ACID, FRACTURE, CEMENT SQUEEZE, CAST IRON BRIDGE PLUG, RETAINER, ETC.

Was hydraulic fracturing treatment performed? Yes

Is well equipped with a downhole actuation sleeve? Yes

If yes, actuation pressure (PSIG): 8300.0

Production casing test pressure (PSIG) prior to hydraulic fracturing treatment: 11150

Actual maximum pressure (PSIG) during hydraulic fracturing: 10399

Has the hydraulic fracturing fluid disclosure been reported to FracFocus disclosure registry (SWR29)? Yes

Row	Type of Operation	Amount and Kind of Material Used	Depth Interval (ft.)	
1	Fracture	15 STAGES: 5,910,133# PROPPANT; 5,827,109 GALLONS FLUID	10140.0	14840.0

FORMATION RECORD

Formations	Encountered	Depth TVD (ft.)	Depth MD (ft.)	Is formation isolated?	Remarks
FORD-DELAWARE	Yes	2500.0	2500.0	Yes	ESITMATED
CASTILLE	Yes	2800.0	2800.0	Yes	ESTIMATED
BELL CANYON	Yes	3053.0	3053.0	Yes	ESTIMATED
DELAWARE	Yes	2500.0	2500.0	Yes	ESTIMATED
DELAWARE CONSOLIDATED GAS	Yes	6500.0	6500.0	Yes	ESTIMATED
CHERRY CANYON	Yes	3800.0	3800.0	Yes	ESTIMATED
BONE SPRINGS	Yes	6720.0	6730.0	Yes	ESTIMATED
2ND BONE SPRING	Yes	8250.0	8280.0	Yes	ESTIMATED
3RD BONE SPRING	Yes	9382.0	9415.0	Yes	ESTIMATED
PERMIAN	Yes	11300.0	11300.0	Yes	ESTIMATED; NOT ENCOUNTERED
WOLFCAMP	Yes	9750.0	9787.0	Yes	TARGET FORMATION
PENNSYLVANIAN	No			No	NOT DEEP ENOUGH
MISSISSIPPIAN	No			No	NOT DEEP ENOUGH
DEVONIAN	No			No	NOT DEEP ENOUGH
FUSSELMAN	No			No	NOT DEEP ENOUGH
ELLENBURGER	No			No	NOT DEEP ENOUGH

Do the producing interval of this well produce H2S with a concentration in excess of 100 ppm (SWR 36)? No

Is the completion being downhole commingled (SWR 10)? No

REMARKS

INITIAL POTENTIAL G-1. KOP AT 9583'. CROSSOVER AT 9584'. NO OTHER LOGS RAN.

91.12.1

RRC REMARKS

PUBLIC COMMENTS:

CASING RECORD :

TUBING RECORD:

PRODUCING/INJECTION/DISPOSAL INTERVAL :

ACID, FRACTURE, CEMENT SQUEEZE, CAST IRON BRIDGE PLUG, RETAINER, ETC. :

GAS MEASUREMENT DATE REMARK:

OPERATOR'S CERTIFICATION

Printed Name: Diann Flowers
Title: Sr. Regulatory Specialist
Telephone No.: (713) 983-2508
Date Certified: 12/22/2015

Groundwater
Advisory Unit

GROUNDWATER PROTECTION DETERMINATION

Form GW-2

Date: February 28, 2015

GAU File No.: 5724

API Number: 38900000

Attention: DIANN FLOWERS

RRC Lease No.: 000000

SC_068596_38900000_000000_5724.pdf

BHP BILLITON PET -TXLA OP- CO
1360 POST OAK BLVD
STE 150
HOUSTON TX 77056

P-5# 068596

--Measured--
648 ft FEL
430 ft FSL
MRL:SECTION

Digital Map Location:
X-coord/Long: 876026
Y-coord/Lat: 798953
Datum: 27 Zone: C

County: REEVES

Lease & Well No.: STATE LRP 57-T2-12 #1H&SEC12

Purpose: ND

Location: SUR-T&P,BLK-57,TSHP-2,SEC-12,--[TD=14000],[RRC 8],

To protect usable-quality groundwater at this location, the Groundwater Advisory Unit of the Railroad Commission of Texas recommends:

The interval from the land surface to the base of the RUSTLER AQUIFER , which is estimated to occur at a depth of 750 feet, must be protected.

Note: Unless stated otherwise, this recommendation is intended to apply only to the subject well and not for area-wide use. **This recommendation is intended for normal drilling, production, and plugging operations only. It does not apply to saltwater disposal operation into a nonproductive zone (RRC Form W-14).**

If you have any questions, please contact us at 512-463-2741 gau@rrc.state.tx.us, or by mail.

Sincerely,

Digitally signed by George Dunfield
DN: c=US, st=TEXAS, l=Austin, o=Railroad Commission of Texas, cn=George Dunfield, email=george.dunfield@rrc.state.tx.us
Date: 2015.02.28 16:18:23 -06'00'

George Dunfield, P.G.

Geologist, Groundwater Advisory Unit
Oil & Gas Division

GEOLOGIST SEAL

STATE OF TEXAS
George Dunfield
Geology
413
LICENSED
PROFESSIONAL GEOSCIENTIST

The seal appearing on this document was authorized by George Dunfield on 2/28/2015
Note: Alteration of this electronic document will invalidate the digital signature.

91.12.1

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

GAS WELL CLASSIFICATION REPORT

Form G-5

Tracking No.: 147213

This facsimile G-5 was generated electronically from data submitted to the RRC.

1. OPERATOR NAME (Exactly as shown on Form P5 Organization Report)	3. RRC DISTRICT NO.	4. OIL LEASE NO OR GAS WELL ID NO.
BHP BILLITON PET(TXLA OP) CO	08	
2. MAILING ADDRESS 1360 POST OAK BLVD STE 150 HOUSTON, TX 77056	5. WELL NO. 1H	6. API NO. 42- 389-34787
	7. COUNTY OF WELL SITE REEVES	

8. FIELD NAME (as per RRC Records)	9. LEASE NAME
PHANTOM (WOLFCAMP)	STATE LRP 57-T2-12
10. LOCATION (Section, Block and Survey)	11. PIPELINE CONNECTION OR USE OF GAS
12 , 57 T2 , T&P RR CO / PETERSON, MRS M , A-4829	BHP BILLITON PETROLEUM (TX GATH)

PRODUCTION TEST AT RATE ELECTED BY OPERATOR
(data on 24-hour basis)

A. Date of Test	10/12/2015	
B. Gas Volume	2418.0	(Mcf)
C. Oil or Condensate Volume	766.3	(Bbl)
D. Water Volume	1706.0	(Bbl)
E. Gas/Liquid Hydrocarbon Ratio	3155	(Cf/Bbl)
F. Flowing Tubing Pressure	1110	(psia)
G. Choke Size	64/64	(in.)
H. Casing Pressure	1286.0	(psia)
I. Shut-in Wellhead Pressure--Tubing	2815	(psia)
J. Separator Operating Pressure	850.0	(psia)
K. Color of Stock Tank Liquid	Yellow	
L. Gravity of Separator Liquid	48.8	°API
M. Gravity of Stock Tank Liquid		°API
N. Specific Gravity of the Gas (Air = 1)	0.715	

A.S.T.M. DISTILLATION OF LIQUID SAMPLE. Distillation test is required for gas wells ONLY if the producing gas-liquid hydrocarbon ratio is less than 100,000 CF/barrel.

Date Liquid Sample Obtained: 10/12/2015

Where Obtained: [X] Separator [ ] Stock Tank

% Over Temp. (deg. F)		% Over Temp. (deg. F)	
Initial Boiling Temp.	95.0	60	520.0
10	202.0	70	606.0
20	250.0	80	696.0
30	297.0	90	722.0
40	360.0	95	726.0
50	440.0	End Point	726.0

Total Recovery	93.1	percent
Residue	4.9	percent
Loss	2.0	percent

I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated therein are true, correct, and complete to the best of my knowledge.

12/22/2015
DATE

NAME (Type or Print): Diann Flowers

SIGNATURE

Sr. Regulatory Specialist
TITLE

(713) 983-2508
CONTACT PERSON PHONE NUMBER

RRC USE ONLY

DAVID PORTER, CHAIRMAN
CHRISTI CRADDICK, COMMISSIONER
RYAN SITTON, COMMISSIONER

LORI WROTENBERY
DIRECTOR, OIL AND GAS DIVISION
LESLIE SAVAGE, P.G.
ASSISTANT DIRECTOR, TECHNICAL PERMITTING

RAILROAD COMMISSION OF TEXAS

OIL AND GAS DIVISION

December 22, 2015

BHP BILLITON PET(TXLA OP) CO
ATTN: REGULATORY DEPARTMENT
1360 POST OAK BLVD STE 150
HOUSTON TX 77056

RE: STATE LRP 57-T2-12 LEASE
WELL NO. 1H
PHANTOM (WOLFCAMP) FIELD
REEVES COUNTY, DISTRICT 08, TEXAS
GAS COMPLETION, ONLINE PACKET NO. 147213
DRILLING PERMIT NO. 803900
API NO. 389-34787

Dear Operator:

The Commission has granted a permanent gas well classification for the above referenced well based on the wellstream compositional analysis, which indicated the mole percent Heptanes Plus of the wellstream to be 10.220%. The permanent classification only applies to the take points that were open when the compositional analysis was run. They are 10140' to 14840'. Any change in take points to the completion will nullify the permanent gas well classification. No periodic shut-in bottom hole pressure reports will need to be submitted on this well to maintain the gas well classification. The production audit section will be directed to suppress any reclassification letters to you in the future. If you have any questions please contact the undersigned at phone (512) 463-6209 and/or email karen.cassidy@rrc.texas.gov.

Sincerely,

Karen Cassidy

Karen Cassidy
Eng. Specialist
Technical Permitting

91.12.1

FESCO, Ltd.
Petroleum Engineers

CORPORATE HEADQUARTERS: 1000 FESCO AVE. • ALICE, TEXAS 78332-7318 • (361) 661-7000
ALICE LABORATORY: (361) 661-7015 • FAX (361) 661-7019

ALICE.....(361) 664-3479	CORPUS CHRISTI.....	KILGORE.....(903) 984-4814	ODESSA.....(432) 332-3211
ALICE HYDRAULICS (361) 661-1538	PROD. TEST (361) 882-4124	LAFAYETTE, LA.....(337) 896-3838	OZONA.....(325) 392-3773
BEAUMONT.....(409) 842-3000	WIRELINE (361) 452-1631	LAREDO.....(956) 724-7501	PECOS.....(432) 445-1993
BRIDGEPORT, WV....(304) 592-3366	EDINBURG.....(956) 383-8378	LIBERAL, KS.....(580) 778-3384	REFUGIO.....(361) 526-4644
BRYAN.....(979) 775-1825	EL CAMPO.....(979) 543-9451	LUFKIN.....(936) 632-7036	VICTORIA.....(361) 575-7533
CANADIAN.....(806) 323-5050	HOUSTON SALES (281) 565-1115	MANSFIELD, LA.....(318) 872-0734	WOODWARD, OK..(580) 256-0848

November 23, 2015

Ms. Diann Flowers
BHP Billiton - Petroleum (TXLA OP) Co.
3800 East 42nd Street, Suite 105
Odessa, Texas 79762

Re:	Well:	State LRP 57-T2-12 1H
	Field:	Phantom (Wolfcamp)
	Location:	Reeves County, Texas
	Formation:	Wolfcamp
	Lateral:	10140 - 14840 ft
	Test Type:	Mathematically Recombined C_{7+} Wellstream Analysis

Dear Ms. Diann Flowers:

As instructed, FESCO collected gas and hydrocarbon (HC) liquid samples from the first-stage lease separator on October 12, 2015 then sent the samples to its laboratory in Alice, Texas for C_{7+} compositional analysis. FESCO then determined the corresponding wellstream fluid composition by mathematically recombining the separator gas and separator HC liquid compositions at the producing GOR of 2819 Scf/Sep Bbl (3228 Scf/STB). The attached report contains the separator gas, separator liquid and wellstream fluid compositions through C_{7+}. The operator provided the GOR value used to determine the wellstream composition. The resulting molar volume of the C_{7+} wellstream pseudo-component was 10.220 mole percent.

Thank you for this opportunity to serve BHP Billiton - Petroleum (TXLA OP) Co. Please call me if you have any questions or concerns regarding this report.

Sincerely,

FESCO, Ltd.

Conan Pierce
Corporate Engineer
Alice, Texas
Phone: 361-661-7000 Ext. 125
Email: Conan.Pierce@FescoInc.com

91.12.1

November 23, 2015

FESCO, Ltd.
1100 FESCO Avenue - Alice, Texas 78332

For: BHP Billiton - Petroleum (TXLA OP) Co.
3800 East 42nd Street, Suite 105
Odessa, Texas 79762

COMPOSITIONAL ANALYSIS OF THE SEPARATOR GAS, HC LIQUID, AND MATHEMATICALLY RECOMBINED WELLSTREAM THROUGH C_{7+}

Well Information For Sample Date of : 10/12/15

Well Name:	State LRP 57-T2-12 1H		Formation:	Wolfcamp	
Field:	Phantom (Wolfcamp)		Lateral:	10140 - 14840	ft
County:	Reeves, Texas		FWHP:	852	psig

Separator Effluents at: 850 psig & 114°F
Production Data Furnished by: Operator

Stock Tank GOR:	3228	SCF / STB	Separator Gas Rate:	2418	MCF/Day
Separator GOR:	2819	SCF / Sep Bbl	Separator HC Liquid Rate:	857.7	Bbls/Day
			Stock Tank HC Liquid Rate:	749.0	Bbls/Day
Stock Tank HC SG:	48.8	°API @ 60 °F	Water Rate:	1706.0	Bbls/Day
Stock Tank HC Color:	Yellow		Sep HC Liquid Recovery Factor:	87.324	%

	GAS		HC LIQUID		WELLSTREAM	
Component	Mole%	GPM	Mole %	Liquid Volume %	Mole %	GPM
Hydrogen Sulfide**	< 0.001		-----	-----	< 0.001	
Nitrogen	0.693		0.069	0.015	0.552	
Carbon Dioxide	0.161		0.048	0.016	0.135	
Methane	80.317		16.561	5.507	65.859	
Ethane	11.167	2.969	9.541	5.007	10.798	2.871
Propane	4.630	1.268	9.805	5.301	5.804	1.590
Iso-butane	0.555	0.181	2.185	1.403	0.925	0.301
N-butane	1.290	0.404	6.495	4.018	2.470	0.774
2-2 Dimethylpropane	0.000	0.000	0.085	0.064	0.019	0.007
Iso-pentane	0.275	0.100	2.611	1.874	0.805	0.293
N-pentane	0.316	0.114	3.765	2.678	1.098	0.396
Hexanes	0.239	0.098	4.982	4.020	1.315	0.537
Heptanes Plus	0.357	0.173	43.852	70.097	10.220	8.188
TOTALS	100.000	5.307	100.000	100.000	100.000	14.958

HEPTANES PLUS (C_{7+}) FRACTION CHARACTERISTICS

	GAS	HC LIQUID	WELLSTREAM
Molecular Weight	107.2 lb/lb-mol	210.7 lb/lb-mol	207.9 lb/lb-mol
Specific Gravity	3.7143 (Air=1)	0.8197 (Water=1)	0.8177 (Water=1)
Vapor Volume	20.663 Scf/Gal	12.347 Scf/Gal	12.482 Scf/Gal

TOTAL SAMPLE CHARACTERISTICS

	GAS		HC LIQUID	WELLSTREAM
Molecular Weight	20.6 lb/lb-mol		116.3 lb/lb-mol	42.3 lb/lb-mol
Specific Gravity	0.7150 (Air=1)		0.7231 (Water=1)	1.4667 (Air=1)
Vapor Volume	188.425 Scf/Gal		19.735 Scf/Gal	66.854 Scf/Gal
Gross Heating Value	Dry BTU/Scf	Sat BTU/Scf		
	1242	1222		

**Hydrogen Sulfide tested on location by: Stained Tube Method (GPA 2377)
<0.013 Gr/100 CF, <0.2 PPMV or <0.001 Mol %

Base Conditions: 14.650 psia and 60 °F

Certified: FESCO, Ltd. - Alice, Texas

Conan Pierce 361-661-7015

Job No.54529

91.12.1

Tracking No.: 147213

OPERATOR NAME AND ADDRESS including city, state and zip

BHP BILLITON PET(TXLA OP) CO

1360 POST OAK BLVD STE 150
HOUSTON, TX 77056

GAS WELL STATUS REPORT

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division
P.O. Box 12967
Austin, Texas 78711-2967

This facsimile G-10 was generated electronically from data submitted to the RRC.

Reason for Filing	Operator P-5 Organization No.	RRC Dist. No.	G-10
☐ Survey ☐ Retest ☒ Initial Test ☐ Correction	068596	08	

Test Period:

Due Date:

Effective Date:

FIELD NAME / * LEASE NAME	RRC IDENT NO. / WELL NO.	DATE TESTED MO/DAY/YR / MARK X FOR SHUT-IN WELL	GAS PRODUCED MCF/DAY ** / GAS SPEC. GRAVITY	CONDENSATE PRODUCED / CONDENSATE GRAVITY (API)	WATER PROD BBL/DAY / X BOTTOMHOLE PRESSURE PSIA	***SIWH PRESSURE PSIA / ***FLOWING PRESSURE PSIA
PHANTOM (WOLFCAMP)		10/12/2015	2418 MCF	766.3 BBL	1706.0 BBL	2815
STATE LRP 57-T2-12	1H		0.715	48.8		1110
			MCF	BBL	BBL	
			MCF	BBL	BBL	
			MCF	BBL	BBL	
			MCF	BBL	BBL	
			MCF	BBL	BBL	
			MCF	BBL	BBL	
			MCF	BBL	BBL	

CERTIFICATION: I declare under penalties prescribed in Texas Natural Resources Code, Sec. 91.143, that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated herein are true, correct, and complete to the best of my knowledge.

BHP BILLITON

Signature: DIANN FLOWERS Title: Phone: (713) 983-2508 Date: 12/22/2015

* AN ASTERISK PREPRINTED ON A SURVEY IDENTIFIES WELL SUBJECT TO COMMINGLING TEST REQUIREMENT

** GAS PRODUCTION RATE, IN MCF, IS TO BE REPORTED FULL-WELL STREAM, INCLUDING CONDENSATE *** PRESSURE FOR THE TEXAS HUGOTON FIELD IS REPORTED IN PSIG

X AN 'X' PREPRINTED ON A SURVEY IN THE BOTTOMHOLE PRESSURE BOX INDICATES A BOTTOMHOLE PRESSURE MUST BE REPORTED FOR THE WELL

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

ELECTRIC LOG STATUS REPORT

FORM L-1

Tracking No.: 147213

This facsimile L-1 was generated electronically from data submitted to the RRC.

Instructions

When to File Form L-1:
- with Forms G-1, W-2, and GT-1 for new and deepened gas, oil, and geothermal wells
- with Form W-3 for plugged dry holes
- when sending in a log which was held under a request for confidentiality and the period for confidentiality has not yet expired.

When is Form L-1 NOT required:
- with Forms W-2, G-1, and GT-1 filed for injection wells, disposal wells, water supply wells, service wells, re-test wells, re-classifications, and plugbacks of oil, gas or geothermal wells
- with Form W-3 for plugging of other than a dry hole

Where to File Form L-1:
- with the appropriate Commission district office

Filling out Form L-1:
- Section I and the signature section must be filled out for all wells
- complete only the appropriate part of Section II

Type of log required:
- any wireline survey run for the purpose of obtaining lithology, porosity, or resistivity information
- no more than one such log is required but it must be of the subject well
- if such log is NOT run on the subject well, do NOT substitute any other type of log; just select Section II, Part A below

SECTION I. IDENTIFICATION

Operator Name: BHP BILLITON PET(TXLA OP) CO	District No. 08	Completion Date: 07/14/2015
Field Name PHANTOM (WOLFCAMP)	Drilling Permit No. 803900	
Lease Name STATE LRP 57-T2-12	Lease/ID No.	Well No. 1H
County REEVES	API No. 42- 389-34787	

SECTION II. LOG STATUS (Complete either A or B)

☐ A. BASIC ELECTRIC LOG NOT RUN

☒ B. BASIC ELECTRIC LOG RUN. (Select one)

- ☒ 1. Confidentiality is requested and a copy of the header for each log that has been run on the well is attached.
- ☐ 2. Confidentiality already granted on basic electric log covering this interval (applicable to deepened wells only).
- ☐ 3. Basic electric log covering this interval already on file with Commission (applicable to deepened wells only).
- ☐ 4. Log attached to (select one):
  - ☐ (a) Form L-1 (this form). If the company/lease name on log is different from that shown in Section I, please enter name on log here: _____
    Check here if attached log is being submitted after being held confidential. ☐
  - ☐ (b) Form P-7, Application for Discovery Allowable and New Field Designation.
  - ☐ (c) Form W-4, Application for Multiple Completion:
    Lease or ID No(s). _____
    Well No(s). _____

Diann Flowers Signature	Sr. Regulatory Specialist Title
Name (print)	(713) 983-2508 Phone 12/22/2015 Date

-FOR RAILROAD COMMISSION USE ONLY-

LEAM Drilling Systems LLC

Leam Drilling Systems
2027A Airport Rd
Conroe, TX 77301

State LRP 57-T2-12 #1H

Scale 5":100' - MD

4/14/2015 8:08 AM

Oper. Company: BHP Billiton
Well: State LRP 57-T2-12 #1H
Field: Delaware
Rig: H&P 489
Well ID: 4238934787
Job Number: CO-150252

State: TX
County: Reeves County
Country: USA
Location: Orla
Start Date: 04/04/2015 10:30:00
End Date: 04/14/2015 08:45:00

Latitude: 31° 51' 19.528 N
Longitude: 103° 54' 33.989 W

Elev KB: 2878
Elev DF: 25
Elev GL: 2853

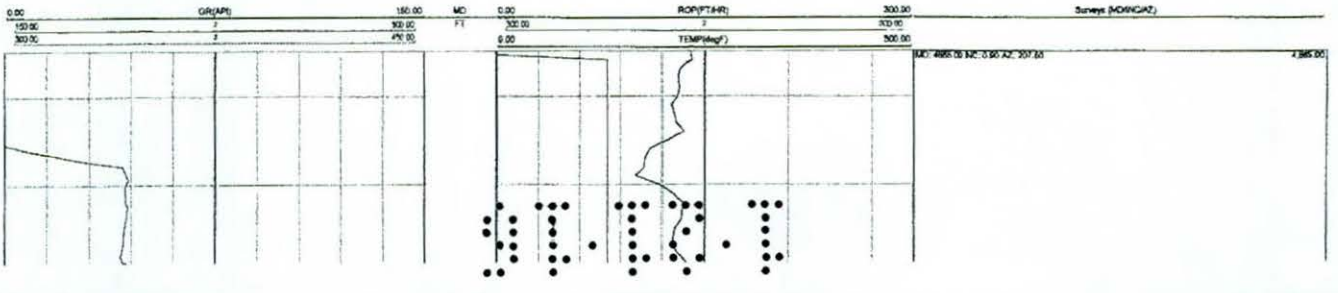
Operator 1: Patrick Stephens

Operator 2: Rick Larkin

Tool Run Data	Run #1	Run #2	Run #3	Run #4	Run #5
Tool S/N	DG16	DG89			
Bit Size	8 3/4	6			
Cal Factor	2.88	1.4			
Gamma Offset	37.00	46.00			
Resisitivity Offset	0.00	0.00			
Start Depth	4640.00	9866.00			
StartDate	4/4/2015	4/10/2015			
StartTime	10:30 AM	8:45 AM			
EndDepth	9866.00	15025.00			
EndDate	4/8/2015	4/14/2015			
EndTime	1:30 PM	8:45 AM			
Mud Type	BW	6 3/4			
Mud Weight	9.0	11.7			
Funnel Viscosity	29	54			
Plastic Viscosity	2	13			
Yield Point		13			
Gel Strength	1/1/1	9/16/23			
Solids Content	4	18			
Sand Content	.1	TR			
Mud Alkalinity	0.9	0.4			
Filtrate Alkalinity	0.9	0.4			
Chlorides	75000	110000			

Hole Data			Casing Data		
Size	From	To	Size	From	To
8 3/4	4640.00	9866.00	7 5/8	4640.00	9866.00
6 3/4	9866.00	15025.00			

All interpretations are opinions based on inferences from electrical or other measurements and we cannot and do not guarantee the accuracy or correctness of any interpretation, and we shall not except in the case of gross or willful negligence on our part, be liable or responsible for any loss, cost damages or expenses incurred or sustained by anyone resulting from an interpretation made by any of our officers, agents, or employees.



RAILROAD COMMISSION OF TEXAS
Oil and Gas Division
PO Box 12967
Austin TX 78711-2967
www.rrc.state.tx.us

CERTIFICATE OF COMPLIANCE AND TRANSPORTATION AUTHORITY

P-4

This facsimile P-4 was generated electronically from data submitted to the RRC.
A certification of the automated data is available in the RRC's Austin office.

Tracking No.: 147213

1. Field name exactly as shown on proration schedule	2. Lease name as shown on proration schedule			
PHANTOM (WOLFCAMP)	STATE LRP 57-T2-12			
3. Current operator name exactly as shown on P-5 Organization Report	4. Operator P-5 no.	5. Oil Lse/Gas ID no	6. County	7. RRC district
BHP BILLITON PET(TXLA OP) CO	068596		REEVES	08
8. Operator address including city, state, and zip code	9. Well no(s) *(see instruction E)*			
1360 POST OAK BLVD STE 150 HOUSTON, TX 77056	1H			
	10. Classification ☐ Oil ☒ Gas ☐ Other *(see instruction A)*			11. Effective Date 07/14/2015

12. Purpose of Filing. (Complete section a or b below.) *(See instructions B and G)*

a. Change of: ☐ operator ☐ oil or condensate gatherer ☐ gas gatherer ☐ gas purchaser ☐ gas purchaser system code
☐ field name from _____
☐ lease name from _____

OR

b. New RRC Number for: ☐ oil lease ☒ gas well ☐ other well (specify) _____ **Due to:** ☒ new completion or recompletion ☐ reclass oil to gas ☐ reclass gas to oil ☐ consolidation, unitization, or subdivision (oil lease only)

13. Authorized GAS WELL GAS or CASINGHEAD GAS Gatherer(s) and/or Purchaser(s). *(See instruction G).*

Gatherer	Purchaser	Name of GAS WELL GAS or CASINGHEAD GAS Gatherer(s) or Purchaser(s) As Indicated in Columns to the Left *(Attach an additional sheet in same format if more space is needed)*	Purchaser's RRC Assigned System Code	Percent of Take	Full-well stream
X		BHP BILLITON PET (TX GATH), LLC(068595)		100.0	
	X	BP ENERGY CO.(085349)	0001	75.0	
	X	CONOCOPHILLIPS COMPANY(172232)	0001	25.0	

14. Authorized OIL or CONDENSATE Gatherer(s). *(See instruction G).*

Name of OIL or CONDENSATE Gatherer(s) - List Highest Volume Gatherer First *(Attach an additional sheet in same format if more space is needed)*	Percent of Take
RIO ENERGY INTERNATIONAL, INC.(712543)	90.0
SHELL TRADING (US) COMPANY(774715)	10.0

RRC USE ONLY: Reviewer's initials: _____ Approval date: _____

15. PREVIOUS OPERATOR CERTIFICATION FOR CHANGE OF OPERATOR P-4 FILING. Being the PREVIOUS OPERATOR, I certify that operating responsibility for the well(s) designated in this filing, located on the subject lease has been transferred in its entirety to the above named Current Operator. I understand, as Previous Operator, that designation of the above named operator as Current Operator is not effective until this certificate is approved by the Commission.

Name of Previous Operator _____ Signature _____

Name (print) _____ ☐ **Authorized Employee of previous operator** ☐ **Authorized agent of previous operator** *(see instruction G)*

Title _____ Date _____ Phone with area code _____

16. CURRENT OPERATOR CERTIFICATION. By signing this certificate as the Current Operator, I certify that all statements on this form are true and correct and I acknowledge responsibility for the regulatory compliance of the subject lease including plugging of well(s) pursuant to Rule 14. I further acknowledge that I assume responsibility for the physical operation, control, and proper plugging of each well designated in this filing. I also acknowledge that I will remain designated as the Current Operator until a new certificate designating a new Current Operator is approved by the Commission.

Name (print) _____ Signature Diann Flowers

Title Sr. Regulatory Specialist ☒ **Authorized Employee of current operator** ☐ **Authorized agent of current operator** *(see instruction G)*

E-mail Address (optional) diann.flowers@bhpbilliton.com Date 12/22/2015 Phone with area code (713) 983-2508

9T-12-1

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division
PO Box 12967
Austin, Texas 78711-2967
www.rrc.state.tx.us

CERTIFICATE OF POOLING AUTHORITY

P-12

Revised 05/2001

1. Field Name(s)	2. Lease/ID Number *(if assigned)*	3. RRC District Number
PHANTOM (WOLFCAMP)		08
4. Operator Name	**5. Operator P-5 Number**	**6. Well Number**
BHP BILLITON PET (TXLA OP) CO	068596	1H
7. Pooled Unit Name	**8. API Number**	**9. Purpose of Filing**
STATE LRP 57-T2-12	42-389-34787	☐ Drilling Permit (W-1)
10. County	**11. Total acres in pooled unit**	☑ Completion Report
REEVES	642.86	

DESCRIPTION OF INDIVIDUAL TRACTS CONTAINED WITHIN THE POOLED UNIT

Tract/Plat Identifier	Tract Name	Acres in Tract *(See Inst. #7 below)*	Indicate Undivided Interests Unleased	Non-Pooled
1	TUNSTILL OIL AND LAND TRUST	120.45	☐	☐
1 (ALSO)	TUNSTILL OIL AND LAND TRUST	80.34	☐	☐
2	STATE OF TEXAS	79.87	☐	☐
3	STATE OF TEXAS	201.49	☐	☐
4	STATE OF TEXAS	80.36	☐	☐
5	STATE OF TEXAS	80.35	☐	☐
			☐	☐
			☐	☐
			☐	☐
			☐	☐

CERTIFICATION:

I declare under penalties prescribed pursuant to the Sec. 91.143, Texas Natural Resources Code, that I am authorized to make the foregoing statements and that the information provided by me or under my direction on this Certificate of Pooling Authority is true, correct, and complete to the best of my knowledge.

Diann Flowers — Signature

Diann Flowers — Print Name

Sr. Regulatory Specialist — Title

diann.flowers@bhpbilliton.com — E-mail *(if available)*

09/15/2015 — Date

(713) 983-2508 — Phone

INSTRUCTIONS — Reference: Statewide Rules 31, 38 and 40

1. When two or more tracts are pooled to form a unit to obtain a drilling permit, file completion paperwork, or reform a pooled unit pursuant to Rule 38(d)(3) the operator must file an original Certificate of Pooling Authority and certified plat.
2. The certified plat shall designate each tract with an outline and a tract identifier. The tract identifier on the plat shall correspond to the tract identifier and associated information listed on the Certificate.
3. If within an individual tract, a non-pooled and/or unleased interest exists, indicate by checking the appropriate box.
4. If the Purpose of Filing is to obtain a drilling permit, in box #1 list all applicable fields separately or enter "All Fields" if the Certificate pertains to all fields requested on Form W-1.
5. If the Purpose of Filing is to file completion paperwork, enter the applicable field name in box #1 for the completion.
6. Identify the drill site tract with an * to the left of the tract identifier.
7. The total number of acres in the pooled unit in #11 should equal the total of all acres in the individual tracts listed.

STATEMENT OF PRODUCTIVITY OF ACREAGE
ASSIGNED TO PRORATION UNITS

Form P-15

Tracking No.: 147213

This facsimile P-15 was generated electronically
from data submitted to the RRC.

The undersigned states that he is authorized to make this statement; that he has knowledge of the facts concerning the BHP BILLITON PET(TXLA OP) CO (OPERATOR), STATE LRP 57-T2-12 (LEASE), No. 1H (WELL); that such well is completed in the PHANTOM (WOLFCAMP) Field, REEVES County, Texas and that the acreage claimed, and assigned to such well for proration purposes as authorized by special rule and as shown on the attached certified plat embraces 642.86 acres which can reasonably be considered to be productive of hydrocarbons.

- CERTIFICATE -

I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated therein are true, correct, and complete, to the best of my knowledge,

Date 12/22/2015 Signature Diann Flowers

Telephone (713) 983-2508 (AREA CODE) Title Sr. Regulatory Specialist

91.12.1

P-15 STATEMENT OF PRODUCTIVITY OF ACREAGE

OPERATOR: BHP BILLITON PET (TXLA OP) CO (068596)
COUNTY: REEVES – DISTRICT 08
FIELD NAME: PHANTOM (WOLFCAMP)
LEASE NAME: STATE LRP 57-T2-12
LEASE ACRES: 642.86

LEASE ID	DRILLING PERMIT #	WELL NO.	DEDICATED ACRES
PENDING	803900	1H	642.86
		TOTAL ALLOCATED:	642.86
		TOTAL AVAILABLE:	0

91-12-1

RECEIVED

RAILROAD COMMISSION OF TEXAS
1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967
CEMENTING REPORT

D01Y-00018

Form W-15
Rev. 08/2014

Cementer: Fill in shaded areas.
Operator: Fill in other items.

OPERATOR INFORMATION

Operator Name:	BHP Billiton PET (TXLA OP) Co-	Operator P-5 No.:	068596
Cementer Name:	Schlumberger	Cementer P-5 No.:	754900

WELL INFORMATION

District No.:	08	County:	Reeves
Well No.:	1H	API No.:	42-389-34767 Drilling Permit No.: 803900
Lease Name:	State LRP 57-T2-12	Lease No.:	
Field Name:	Phantom	Field No.:	710529 00

I. CASING CEMENTING DATA

Type of casing: [ ] Conductor [X] Surface [ ] Intermediate [ ] Liner [ ] Production

Drilled hole size (in.):	14 3/4	Depth of drilled hole (ft.):	900	Est. % wash-out or hole enlargement:	
Size of casing in O.D. (in.):	11 3/4	Casing weight (lbs/ft) and grade:	47 J55	No. of centralizers used:	5
Was cement circulated to ground surface (or bottom of cellar) outside casing? [X] Yes [ ] No If no for surface casing, explain in Remarks.		Setting depth shoe (ft.):	900	Top of liner (ft.):	
				Setting depth liner (ft.):	
Hrs. waiting on cement before drill-out:	26	Calculated top of cement (ft.):	Surface	Cementing date:	1-Apr-15

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu.ft.)	Height (ft.)
1	1159	C+Adds	Remarks	1541.5	3555
2	498	C	Remarks	662.3	1528
3					
Total	1657			2203.8	5083

II. CASING CEMENTING DATA

Type of casing: [ ] Surface [ ] Intermediate [ ] Production [ ] Tapered production [ ] Multi-stage cement shoe [ ] Multiple parallel strings

Drilled hole size (in.):	Depth of drilled hole (ft.):	Est. % wash-out or hole enlargement:	
Size of casing in O.D. (in.):	Casing weight (lbs/ft) and grade:	No. of centralizers used:	
Tapered string drilled hole size (in.) Upper: Lower:	Tapered string depth of drilled hole (ft.) Upper: Lower:		
Tapered string size of casing in O.D. (in.) Upper: Lower:	Tapered string casing weight(lbs/ft) and grade Upper: Lower:	Tapered string no. of centralizers used Upper: Lower:	
Was cement circulated to ground surface (or bottom of cellar) outside casing? [ ] Yes [ ] No		Setting depth tool (ft.):	
Hrs. waiting on cement before drill-out:	Calculated top of cement (ft.):	Cementing date:	

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu.ft.)	Height (ft.)
1					
2					
3					
Total					

III. CASING CEMENTING DATA

Type of casing: [ ] Surface [ ] Intermediate [ ] Production [ ] Tapered production [ ] Multi-stage cement/DV tool [ ] Multiple parallel strings

Drilled hole size (in.):	Depth of drilled hole (ft.):	Est. % wash-out or hole enlargement:	
Size of casing in O.D. (in.):	Casing weight (lbs/ft) and grade:	No. of centralizers used:	
Tapered string drilled hole size (in.) Upper: Lower:	Tapered string depth of drilled hole (ft.) Upper: Lower:		
Tapered string size of casing in O.D. (in.) Upper: Lower:	Tapered string casing weight(lbs/ft) and grade Upper: Lower:	Tapered string no. of centralizers used Upper: Lower:	
Was cement circulated to ground surface (or bottom of cellar) outside casing? [ ] Yes [ ] No		Setting depth tool (ft.):	
Hrs. waiting on cement before drill-out:	Calculated top of cement (ft.):	Cementing date:	

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu.ft.)	Height (ft.)
1					
2					
3					
Total					

91-12-1

CEMENTING TO SQUEEZE, PLUG BACK OR PLUG AND ABANDON							
	PLUG #1	PLUG #2	PLUG #3	PLUG #4	PLUG #5	PLUG #6	PLUG #7
Cementing Date							
Size of hole or pipe (in.)							
Depth to bottom of tubing or drill pipe (ft.)							
Cement retainer setting depth (ft.)							
CIBP setting depth (ft.)							
Amount of cement on top of CIBP (ft.)							
Sacks of cement used							
Slurry volume pumped (cu. ft.)							
Calculated top of plug (ft.)							
Measured top of plug, if tagged (ft.)							
Slurry weight (lbs/gal)							
Class/type of cement							
Perforate and squeeze (YES/NO)							

REMARKS

#1: 94lb/skD903 + 0.4%D079

#2: 94lb/skD903

#3: D01Y-00018

#4: Circulated 134.6bbls/568.2sks

CEMENTER'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that the cementing of casing and/or the placing of cement plugs in this well as shown in the report was performed by me or under my supervision, and that the cementing data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers cementing data only.

Ashley Barard, FE1	Schlumberger	
Name and title of cementer's representative	Cementing Company	Signature

32 E. Industrial Loop	Midland	TX	79701	(432) 683-1887	April 1, 2015
Addreess	City,	State,	Zip Code	Tel: Area Code Number	Date: mo. day yr.

OPERATOR'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have knowledge of the well data and information presented in this report, and that data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers all well data.

Diann Flowers	Sr. Regulatory Specialist	
Typed or printed name of operator's representative	Title	Signature

1360 Post Oak Blvd Houston Tx 77056	(713) 983-2508	9-14-15
Addreess City, State, Zip Code	Tel: Area Code Number	Date: mo. day yr.

Instructions for Form W-15, Cementing Report

NOTICE: The Form W-15 must be submitted as an attachment to a Form G-1 (Gas Well Back Pressure Test, Completion or Recompletion Report, and Log), Form W-2 (Oil Well Potential Test, Completion or Recompletion Report, and Log), Form W-3 (Plugging Record), or Form W-4 (Application for Multiple Completion), any time cement is pumped in a wellbore.

A. **What to file:** An operator should file an original and one copy of the completed Form W-15 for each cementing company used on a well. The cementing of different casing strings on a well by one cementing company may be reported on one form.
The Form W-15 should be filed with the Form W-3, Plugging Record, unless the Form W-3 is signed by the cementing company representative. When reporting dry holes, operators must complete Form W-15, in addition to Form W-3, to show any casing cemented in the hole.

B. **How to file:** An oil and gas completion report and Form W-15 may be filed online using the Commission's Online System (https://webapps.rrc.state.tx.us/security/login.do) or a paper copy of the form may be mailed to the Commission in Austin (P.O. Box 12967, Austin, Texas 78711-2967).

C. **Surface casing:** An operator must set and cement sufficient surface casing to protect all usable-quality water strata, as defined by the Groundwater Advisory Unit in Austin. Sufficient cement shall be used to fill the annular space outside the casing from the shoe to the ground surface or to the bottom of the cellar. Before drilling a well, an operator must obtain a letter from the Groundwater Advisory Unit stating the protection depth. Surface casing should not be set deeper than 200 feet below the specified depth without prior approval from the Commission.
To plug and abandon a well, operators must use only cementers approved by the Commission's Director of Field Operations in accordance with SWR 14 (http://info.sos.state.tx.us/pls/pub/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=16&pt=1&ch=3&rl=14). Cementing companies, service companies, or operators can qualify as approved cementers by demonstrating that they are able to mix and pump cement in compliance with Commission rules and regulations.

D. **Estimated % wash-out:** If the estimated % wash-out is less than 20% (or 30% along the Gulf Coast), provide supporting documentation such as a caliper log to show how the estimated % wash-out was obtained.

E. **Multi-stage cement:** An operator must report the multi-stage cement shoe in II. Casing Cementing Data section by selecting the type of casing and Multi-stage cement shoe. The operator must report the multi-stage cement tool in III. Casing Cementing Data section by selecting the type of casing and Multi-stage cement/DV tool.

F. Multiple parallel strings: An operator should file the Form W-15 as an attachment to the Form W-4, Application for Multiple Completion. An operator may be required to submit multiple Form W-15s to show all data for multiple parallel strings.

G. Slurry data: If cement job exceeds three slurries, continue the list of slurries in the Slurry table in the subsequent Casing Cementing Data box.

91-12-1

RECEIVED
DA3S-00032 APR 15 2015
REGULATORY DEPT.

RAILROAD COMMISSION OF TEXAS
1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967

Form W-15
Rev. 08/2014

CEMENTING REPORT

Cementer: Fill in shaded areas.
Operator: Fill in other items.

OPERATOR INFORMATION

Operator Name:	BHP Billiton PET (TXLA OP) Co-	Operator P-5 No.:	068596
Cementer Name:	Schlumberger	Cementer P-5 No.:	754900

WELL INFORMATION

District No.:	08	County:	Reeves		
Well No.:	1H	API No.:	42-389-34767	Drilling Permit No.:	863900
Lease Name:	State LRP 57-T2-12	Lease No.:			
Field Name:	Phantom (Wolfcamp)	Field No.:	71052900		

I. CASING CEMENTING DATA

Type of casing: [ ] Conductor [ ] Surface [X] Intermediate #1 [ ] Liner [ ] Production

Drilled hole size (in.):	10 5/8	Depth of drilled hole (ft.):	4640	Est. % wash-out or hole enlargement:	
Size of casing in O.D. (in.):	9 5/8	Casing weight (lbs/ft) and grade:	40 J-55	No. of centralizers used:	0
Was cement circulated to ground surface (or bottom of cellar) outside casing? [ ] Yes [X] No If no for surface casing, explain in Remarks.		Setting depth shoe (ft.):	4630	Top of liner (ft.):	
				Setting depth liner (ft.):	
Hrs. waiting on cement before drill-out:	15	Calculated top of cement (ft.):	1200	Cementing date:	4-Apr-15

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu.ft.)	Height (ft.)
1	285	Class C + Adds	Remarks	735.3	6658
2	155	Class C + Adds	Remarks	254.2	2302
3					
Total	440			989.5	8959

II. CASING CEMENTING DATA

Type of casing: [ ] Surface [ ] Intermediate [ ] Production [ ] Tapered production [ ] Multi-stage cement shoe [ ] Multiple parallel strings

Drilled hole size (in.):	Depth of drilled hole (ft.):	Est. % wash-out or hole enlargement:
Size of casing in O.D. (in.):	Casing weight (lbs/ft) and grade:	No. of centralizers used:
Tapered string drilled hole size (in.) Upper: Lower:	Tapered string depth of drilled hole (ft.) Upper: Lower:	
Tapered string size of casing in O.D. (in.) Upper: Lower:	Tapered string casing weight(lbs/ft) and grade Upper: Lower:	Tapered string no. of centralizers used Upper: Lower:
Was cement circulated to ground surface (or bottom of cellar) outside casing? [ ] Yes [ ] No		Setting depth tool (ft.):
Hrs. waiting on cement before drill-out:	Calculated top of cement (ft.):	Cementing date:

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu.ft.)	Height (ft.)
1					
2					
3					
Total					

III. CASING CEMENTING DATA

Type of casing: [ ] Surface [ ] Intermediate [ ] Production [ ] Tapered production [ ] Multi-stage cement/DV tool [ ] Multiple parallel strings

Drilled hole size (in.):	Depth of drilled hole (ft.):	Est. % wash-out or hole enlargement:
Size of casing in O.D. (in.):	Casing weight (lbs/ft) and grade:	No. of centralizers used:
Tapered string drilled hole size (in.) Upper: Lower:	Tapered string depth of drilled hole (ft.) Upper: Lower:	
Tapered string size of casing in O.D. (in.) Upper: Lower:	Tapered string casing weight(lbs/ft) and grade Upper: Lower:	Tapered string no. of centralizers used Upper: Lower:
Was cement circulated to ground surface (or bottom of cellar) outside casing? [ ] Yes [ ] No		Setting depth tool (ft.):
Hrs. waiting on cement before drill-out:	Calculated top of cement (ft.):	Cementing date:

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu.ft.)	Height (ft.)
1					
2					
3					
Total					

ST-T2-1

CEMENTING TO SQUEEZE, PLUG BACK OR PLUG AND ABANDON							
	PLUG #1	PLUG #2	PLUG #3	PLUG #4	PLUG #5	PLUG #6	PLUG #7
Cementing Date							
Size of hole or pipe (in.)							
Depth to bottom of tubing or drill pipe (ft.)							
Cement retainer setting depth (ft.)							
CIBP setting depth (ft.)							
Amount of cement on top of CIBP (ft.)							
Sacks of cement used							
Slurry volume pumped (cu. ft.)							
Calculated top of plug (ft.)							
Measured top of plug, if tagged (ft.)							
Slurry weight (lbs/gal)							
Class/type of cement							
Perforate and squeeze (YES/NO)							

REMARKS

#1: C+ 0.2% D46 + 0.3% D13 + 0.1% D65 + 8% D20 + 0.02gps D177

#2: C+ 2.5% D20 + 0.05% D65 + 0.35% D13 + 0.02gps D47

#3:

#4:

CEMENTER'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that the cementing of casing and/or the placing of cement plugs in this well as shown in the report was performed by me or under my supervision, and that the cementing data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers cementing data only.

Johnny M. Mares, FS3	Schlumberger	
Name and title of cementer's representative	Cementing Company	Signature

32 E. Industrial Loop	Midland	TX	79701	(432) 683-1887	April 4, 2015
Addreess	City,	State,	Zip Code	Tel: Area Code Number	Date: mo. day yr.

OPERATOR'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have knowledge of the well data and information presented in this report, and that data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers all well data.

Diann Flowers	Sr. Regulatory Specialist	
Typed or printed name of operator's representative	Title	Signature

1360 Post Oak Blvd Houston TX 77056			(713) 983-2508	9-14-15
Addreess City,	State,	Zip Code	Tel: Area Code Number	Date: mo. day yr.

Instructions for Form W-15, Cementing Report

NOTICE: The Form W-15 must be submitted as an attachment to a Form G-1 (Gas Well Back Pressure Test, Completion or Recompletion Report, and Log), Form W-2 (Oil Well Potential Test, Completion or Recompletion Report, and Log), Form W-3 (Plugging Record), or Form W-4 (Application for Multiple Completion), any time cement is pumped in a wellbore.

A. **What to file:** An operator should file an original and one copy of the completed Form W-15 for each cementing company used on a well. The cementing of different casing strings on a well by one cementing company may be reported on one form.
The Form W-15 should be filed with the Form W-3, Plugging Record, unless the Form W-3 is signed by the cementing company representative. When reporting dry holes, operators must complete Form W-15, in addition to Form W-3, to show any casing cemented in the hole.

B. **How to file:** An oil and gas completion report and Form W-15 may be filed online using the Commission's Online System (https://webapps.rrc.state.tx.us/security/login.do) or a paper copy of the form may be mailed to the Commission in Austin (P.O. Box 12967, Austin, Texas 78711- 2967).

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D. **Estimated % wash-out:** If the estimated % wash-out is less than 20% (or 30% along the Gulf Coast), provide supporting documentation such as a caliper log to show how the estimated % wash-out was obtained.

E. **Multi-stage cement:** An operator must report the multi-stage cement shoe in II. Casing Cementing Data section by selecting the type of casing and Multi-stage cement shoe. The operator must report the multi-stage cement tool in III. Casing Cementing Data section by selecting the type of casing and Multi-stage cement/DV tool.

F. Multiple parallel strings: An operator should file the Form W-15 as an attachment to the Form W-4, Application for Multiple Completion. An operator may be required to submit multiple Form W-15s to show all data for multiple parallel strings.

G. Slurry data: If cement job exceeds three slurries, continue the list of slurries in the Slurry table in the subsequent Casing Cementing Data box.

91-12-1

RAILROAD COMMISSION OF TEXAS
1701 N. Congress
P.O. Box 12967
Austin, Texas 78701-2967
CEMENTING REPORT

RECEIVED
APR 22 2015
REGULATORY DEPT.

Form W-15
Rev. 08/2014

Cementer: Fill in shaded areas.
Operator: Fill in other items.

OPERATOR INFORMATION

Operator Name:	~~Petrohawk~~ BHP Billiton	Operator P-5 No.:	068596
Cementer Name:	Schlumberger	Cementer P-5 No.:	754900

WELL INFORMATION

District No.:	08	County:	Reeves
Well No.:	#1H	API No.: 42-389-34787	Drilling Permit No.: 863900
Lease Name:	State LRP-57-T2-12	Lease No.:	
Field Name:	Phantom (Wolfcamp)	Field No.:	71052400

I. CASING CEMENTING DATA

Type of casing: [ ] Conductor [ ] Surface [X] Intermediate #2 [ ] Liner [ ] Production

Drilled hole size (in.):	8 3/4	Depth of drilled hole (ft.):	9866.	Est. % wash-out or hole enlargement:	25 %
Size of casing in O.D. (in.):	7 5/8	Casing weight (lbs/ft) and grade:	29.7 P-110	No. of centralizers used:	0

Was cement circulated to ground surface (or bottom of cellar) outside casing? [ ] Yes [X] No If no for surface casing, explain in Remarks.

Setting depth shoe (ft.): 9816
Top of liner (ft.):
Setting depth liner (ft.):

Hrs. waiting on cement before drill-out: 41
Calculated top of cement (ft.): 2625
Cementing date: 9-Apr-15

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu.ft.)	Height (ft.)
1	262	LITECRETE+ADDS	Remarks	623.6	6206
2	170	C+ADDS	Remarks	263.5	2623
3					
Total	432			887.1	8829

II. CASING CEMENTING DATA

Type of casing: [ ] Surface [ ] Intermediate [ ] Production [ ] Tapered production [ ] Multi-stage cement shoe [ ] Multiple parallel strings

Drilled hole size (in.):	Depth of drilled hole (ft.):	Est. % wash-out or hole enlargement:
Size of casing in O.D. (in.):	Casing weight (lbs/ft) and grade:	No. of centralizers used:

Tapered string drilled hole size (in.) Upper: Lower:	Tapered string depth of drilled hole (ft.) Upper: Lower:	
Tapered string size of casing in O.D. (in.) Upper: Lower:	Tapered string casing weight(lbs/ft) and grade Upper: Lower:	Tapered string no. of centralizers used Upper: Lower:

Was cement circulated to ground surface (or bottom of cellar) outside casing? [ ] Yes [ ] No
Setting depth tool (ft.):

Hrs. waiting on cement before drill-out:
Calculated top of cement (ft.):
Cementing date:

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu.ft.)	Height (ft.)
1					
2					
3					
Total					

III. CASING CEMENTING DATA

Type of casing: [ ] Surface [ ] Intermediate [ ] Production [ ] Tapered production [ ] Multi-stage cement/DV tool [ ] Multiple parallel strings

Drilled hole size (in.):	Depth of drilled hole (ft.):	Est. % wash-out or hole enlargement:
Size of casing in O.D. (in.):	Casing weight (lbs/ft) and grade:	No. of centralizers used:

Tapered string drilled hole size (in.) Upper: Lower:	Tapered string depth of drilled hole (ft.) Upper: Lower:	
Tapered string size of casing in O.D. (in.) Upper: Lower:	Tapered string casing weight(lbs/ft) and grade Upper: Lower:	Tapered string no. of centralizers used Upper: Lower:

Was cement circulated to ground surface (or bottom of cellar) outside casing? [ ] Yes [ ] No
Setting depth tool (ft.):

Hrs. waiting on cement before drill-out:
Calculated top of cement (ft.):
Cementing date:

SLURRY

Slurry No.	No. of Sacks	Class	Additives	Volume (cu.ft.)	Height (ft.)
1					
2					
3					
Total					

91-12-1

CEMENTING TO SQUEEZE, PLUG BACK OR PLUG AND ABANDON							
	PLUG #1	PLUG #2	PLUG #3	PLUG #4	PLUG #5	PLUG #6	PLUG #7
Cementing Date							
Size of hole or pipe (in.)							
Depth to bottom of tubing or drill pipe (ft.)							
Cement retainer setting depth (ft.)							
CIBP setting depth (ft.)							
Amount of cement on top of CIBP (ft.)							
Sacks of cement used							
Slurry volume pumped (cu. ft.)							
Calculated top of plug (ft.)							
Measured top of plug, if tagged (ft.)							
Slurry weight (lbs/gal)							
Class/type of cement							
Perforate and squeeze (YES/NO)							

REMARKS

#1: LITECRETE (24.5%BVOB D049, 65.5%BVOB D209 10%BVOB D163+ 0.3% D167+ 0.1% D202 + 0.2% D046 + 0.22% D201 + 0.03%D208

#2: C + 3% BWOW M117 + 0.2% D046 + 0.5%D112 + 0.2% D065 + 0.2% D201+ 0.05% D208

#3:

#4: no cement to surface

CEMENTER'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that the cementing of casing and/or the placing of cement plugs in this well as shown in the report was performed by me or under my supervision, and that the cementing data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers cementing data only.

DAVID CECELSKI, FS	Schlumberger	
Name and title of cementer's representative	Cementing Company	Signature

32 E. Industrial Loop	Midland	TX	79701	(432) 683-1887	April 9, 2015
Addreess	City,	State,	Zip Code	Tel: Area Code Number	Date: mo. day yr.

OPERATOR'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have knowledge of the well data and information presented in this report, and that data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers all well data.

Diann Flowers	Sr. Regulatory Specialist	
Typed or printed name of operator's representative	Title	Signature

1360 Post Oak Blvd Houston Tx 77056	(713) 983-2508	9-14-15
Addreess City, State, Zip Code	Tel: Area Code Number	Date: mo. day yr.

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A. **What to file:** An operator should file an original and one copy of the completed Form W-15 for each cementing company used on a well. The cementing of different casing strings on a well by one cementing company may be reported on one form.
The Form W-15 should be filed with the Form W-3, Plugging Record, unless the Form W-3 is signed by the cementing company representative. When reporting dry holes, operators must complete Form W-15, in addition to Form W-3, to show any casing cemented in the hole.

B. **How to file:** An oil and gas completion report and Form W-15 may be filed online using the Commission's Online System (https://webapps.rrc.state.tx.us/security/login.do) or a paper copy of the form may be mailed to the Commission in Austin (P.O. Box 12967, Austin, Texas 78711- 2967).

C. **Surface casing:** An operator must set and cement sufficient surface casing to protect all usable-quality water strata, as defined by the Groundwater Advisory Unit in Austin. Sufficient cement shall be used to fill the annular space outside the casing from the shoe to the ground surface or to the bottom of the cellar. Before drilling a well, an operator must obtain a letter from the Groundwater Advisory Unit stating the protection depth. Surface casing should not be set deeper than 200 feet below the specified depth without prior approval from the Commission.
To plug and abandon a well, operators must use only cementers approved by the Commission's Director of Field Operations in accordance with SWR 14 (http://info.sos.state.tx.us/pls/pub/readtac$ext.TacPage?sl=R&app=9&p_dir=&p_rloc=&p_tloc=&p_ploc=&pg=1&p_tac=&ti=16&pt=1&ch=3&rl=14). Cementing companies, service companies, or operators can qualify as approved cementers by demonstrating that they are able to mix and pump cement in compliance with Commission rules and regulations.

D. **Estimated % wash-out:** If the estimated % wash-out is less than 20% (or 30% along the Gulf Coast), provide supporting documentation such as a caliper log to show how the estimated % wash-out was obtained.

E. **Multi-stage cement:** An operator must report the multi-stage cement shoe in II. Casing Cementing Data section by selecting the type of casing and Multi-stage cement shoe. The operator must report the multi-stage cement tool in III. Casing Cementing Data section by selecting the type of casing and Multi-stage cement/DV tool.

F. Multiple parallel strings: An operator should file the Form W-15 as an attachment to the Form W-4, Application for Multiple Completion. An operator may be required to submit multiple Form W-15s to show all data for multiple parallel strings.

G. Slurry data: If cement job exceeds three slurries, continue the list of slurries in the Slurry table in the subsequent Casing Cementing Data box.

91.143

RECEIVED
APR 30 2015
REGULATORY DEPT.

Cementer: Fill in shaed areas.
Operator: Fill in other items

Form W-15
Cementing Report
Rev. 4/1/82
483-045

RAILROAD COMMISSION OF TEXAS
Oil and Gas Divsion

1. Operator's Name (As shown on Form P-5, Organization Report)	2. RRC Operator No.	3. RRC District No.	4. County of Well Site
BHP BILLITON Pet (Delaware)	068596	08	REEVES

5. Field	6. API No.	7. Drilling Permit No.
Phantom (Wolfcamp)	42-389-34787	803900

8. Lease Name	9. Rule 37 Case No.	10. Oil Lease/Gas ID No.	11. Well No.
STATE LRP 57-T2-12			1H

CASING CEMENTING DATA:	SURFACE CASING	INTER-MEDIATE CASING	PRODUCTION CASING		MULTI-STAGE CEMENTING PROCESS	
			Single String	Multiple Parallel Strings	Tool	Shoe
12. Cementing Date			4/16/2015			
13. ●Drilling hole size			6 3/4			
●Est. % wash or hole enlargement			30%			
14. Size of casing (in. O.D.)			5 1/2; 4 1/2			
15. Top of liner (ft.)						
16. Setting depth (ft.)			15012			
17. Number of centralizers used			136			
18. Hrs. waiting on cement before drill-out						
1st Slurry 19. API cement used: No. of sacks		are	383			
1st Slurry Class			PVL			
1st Slurry Additives			SEE REMARKS			
2nd Slurry No. of sacks			744			
2nd Slurry Class			PVL			
2nd Slurry Additives			SEE REMARKS			
3rd Slurry No. of sacks						
3rd Slurry Class						
3rd Slurry Additives						
1st 20. Slurry pumped: Volume (cu. ft.)			505			
1st Height (ft.)			3875			
2nd Volume (cu. ft.)		to Form	1661			
2nd Height (ft.)			9369			
3rd Volume (cu. ft.)						
3rd Height (ft.)		the				
Total Volume (cu. ft.)	#VALUE!	0	2166	#VALUE!	#VALUE!	#VALUE!
Total Height (ft.)	#VALUE!	0	13244	#VALUE!	#VALUE!	#VALUE!
21. Was cement circulated to ground surface (or bottom of cellar) outside casing?			NO			

REMARKS

LEAD: 5%D195 .50% D176 .02% D65 .02%D46 .14%D201 .02%D208 1GAL/SK D600G .04GAL/SK D80
D201 .220% D167 .5% D195 5% D208 .06% D46 .02% D177 .02 GAL/SK

FTL# D83S-00034

91.12.1

CEMENTING TO PLUG AND ABANDON	PLUG # 1	PLUG # 2	PLUG # 3	PLUG # 4	PLUG # 5	PLUG # 6	PLUG # 7	PLUG # 8
23. Cementing date								
24. Size of hole or pipe plugged (in.)								
25. Depth to bottom of tubing or drill pipe (ft.)								
26. Sacks of cement used (each plug)								
27. Slurry volume pumped (cu. ft.)								
28. Calculated top of plug (ft.)								
29. Measured top of plug, if tagged (ft.)								
30. Slurry wt. (lbs/gal)								
31. Type cement								

CEMENTER'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that the cementing of casing and/or the placing of cement plugs in this well as shown in the report was performed by me or under my supervision, and that the cementing data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers cementing data only.

Stanley Adams	FE	Schlumberger		4/16/2015
Name and title of cementer's representative		Cementing Company	Signature	
1105 W Render		Hobbs, NM 88240	575-393-6186	Date: mo. day yr.
Address		City, State, Zip Code	Tel.: Area Code Number	

OPERATOR'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have knowledge of the well data and information presented in this report, and that data and facts presented on both sides of this form true, correct, and complete, to the best of my knowledge. This certification covers all well data.

Diana Flowers	Sr. Regulatory Specialist	Diana Flowers		
Typed or printed name of operator's representative	Title	Signature		
1360 Post Oak Blvd Houston Tx 77056		(713) 982-2508	9-14-15	
Address	City, State, Zip Code	Tel.: Area Code Number	Date: mo. day yr.	

Instructions to Form W-15, Cementing Report

IMPORTANT: Operators and cementing companies must comply with the requirements of the Commission's State Rules 8 (Water Protection), 13 (Casing, Cementing, Drilling, and Completion), and 14 (Well Plugging). For offshore operations, see the requirements of Rule 13 (c).

A. What to file. An operator should file an original and one copy of the completed Form W-15 for each cementing company used on a well. The cementing of different casing strings on a well by one cementing company may be reported on one form. Form W-15 should be filed with the following:

- An initial oil or gas completion report, Form W-2 or G-1, as required by Statewide or special field rules;
- Form W-4, Application for Multiple Completion, if the well is a muliple parallel casing completion; and
- Form W-3, Plugging Record, unless the W-3 is signed by the cementing company representative. When reporting dry holes, operators must comple W-15, in addition to Form W-3, to show any casing cemented in the hole.

B. Where to file. The appropriate Commission District Office for the county in which the well is located.

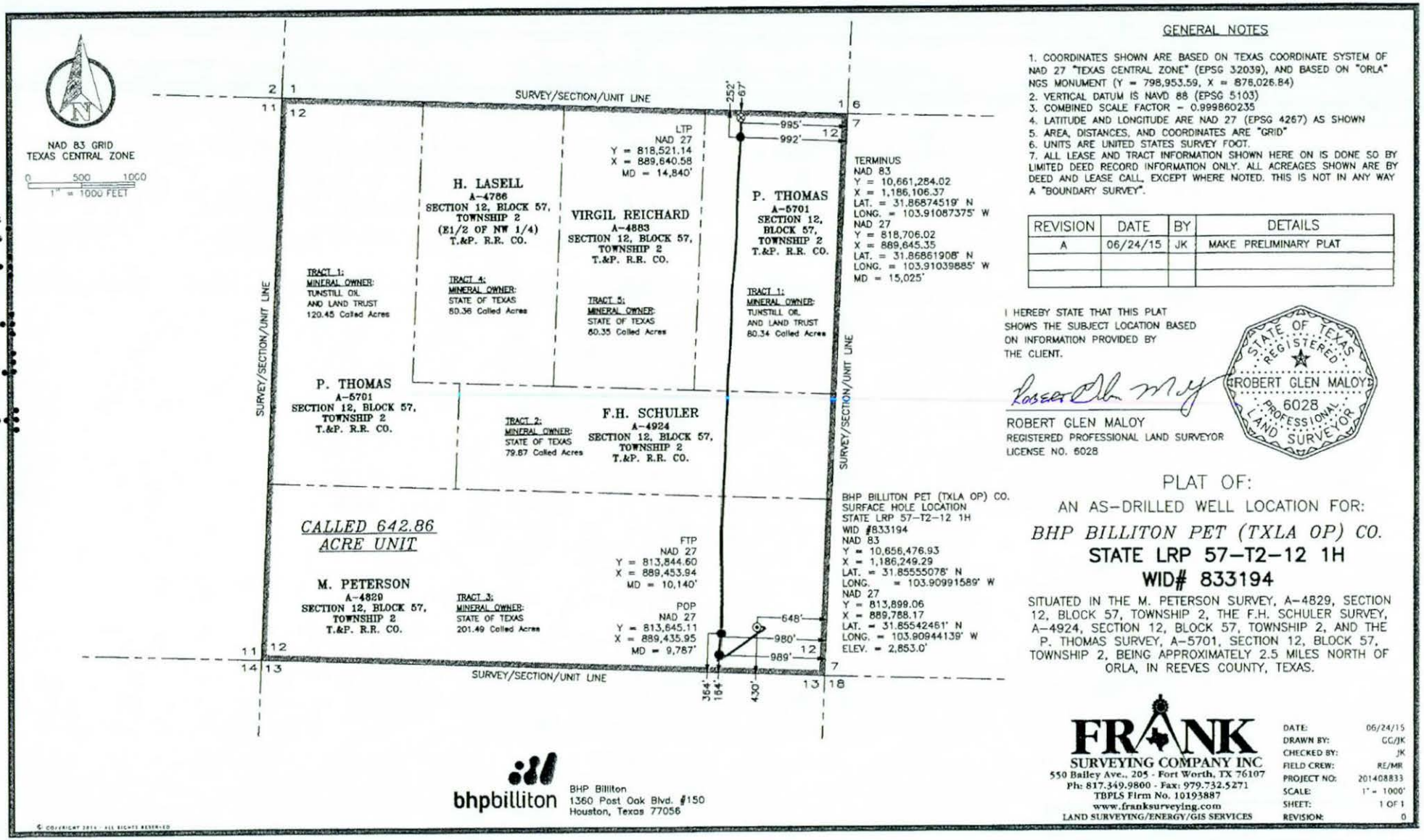
C. Surface casing. An operator must set and cement sufficient surface casing to protect all usable-quality water strata, as defined by the Texas Department of Water Resources, Austin. Before drilling a well in any field or area in which no field rules are in effect or in which surface casing requirements are not specified in applicable rules, an operator must obtain a letter from the Department of Water Resources stating the protection depth. Surface casing should not be set deeper than 200 feet below the specified depth without prior approval from the Commission.

D. Centralizers. Surface casing must be centralized at the shoe, above and below a stage collar or diverting tool, if run, and through usable-quality water zones. In nondeviated holes, a centralizer must be placed every fourth joint from the cement shoe to the ground surface or to the bottom of the cellar. All centralizers must meet API specifications.

E. Exceptions and alternative casing programs. The District Director may grant an exception to the requirements of Statewide Rule 13. In a written application, an operator must state the reason for the requested exception and outline an alternate program for casing and cementing through the protection depth for strata containing usable-quality water. The District Director may approve, modify, or reject a proposed program. An operator must obtain approval of any exception before beginning casing and cementing operations.

F. Intermediate and production casing. For specific technical requirements, operators should consult Statewide Rule 13 (b) (3) and (4).

41-12-1



GENERAL NOTES

1. COORDINATES SHOWN ARE BASED ON TEXAS COORDINATE SYSTEM OF NAD 27 "TEXAS CENTRAL ZONE" (EPSG 32039), AND BASED ON "ORLA" NGS MONUMENT (Y = 798,953.59, X = 876,026.84)
2. VERTICAL DATUM IS NAVD 88 (EPSG 5103)
3. COMBINED SCALE FACTOR = 0.999860235
4. LATITUDE AND LONGITUDE ARE NAD 27 (EPSG 4267) AS SHOWN
5. AREA, DISTANCES, AND COORDINATES ARE "GRID"
6. UNITS ARE UNITED STATES SURVEY FOOT.
7. ALL LEASE AND TRACT INFORMATION SHOWN HERE ON IS DONE SO BY LIMITED DEED RECORD INFORMATION ONLY. ALL ACREAGES SHOWN ARE BY DEED AND LEASE CALL, EXCEPT WHERE NOTED. THIS IS NOT IN ANY WAY A "BOUNDARY SURVEY".

REVISION	DATE	BY	DETAILS
A	06/24/15	JK	MAKE PRELIMINARY PLAT

I HEREBY STATE THAT THIS PLAT SHOWS THE SUBJECT LOCATION BASED ON INFORMATION PROVIDED BY THE CLIENT.

ROBERT GLEN MALOY
REGISTERED PROFESSIONAL LAND SURVEYOR
LICENSE NO. 6028

STATE OF TEXAS
REGISTERED
ROBERT GLEN MALOY
6028
PROFESSIONAL
LAND SURVEYOR

PLAT OF:

AN AS-DRILLED WELL LOCATION FOR:

BHP BILLITON PET (TXLA OP) CO.

STATE LRP 57-T2-12 1H

WID# 833194

SITUATED IN THE M. PETERSON SURVEY, A-4829, SECTION 12, BLOCK 57, TOWNSHIP 2, THE F.H. SCHULER SURVEY, A-4924, SECTION 12, BLOCK 57, TOWNSHIP 2, AND THE P. THOMAS SURVEY, A-5701, SECTION 12, BLOCK 57, TOWNSHIP 2, BEING APPROXIMATELY 2.5 MILES NORTH OF ORLA, IN REEVES COUNTY, TEXAS.

bhpbilliton
BHP Billiton
1360 Post Oak Blvd. #150
Houston, Texas 77056

FRANK
SURVEYING COMPANY INC
550 Bailey Ave., 205 - Fort Worth, TX 76107
Ph: 817.349.9800 - Fax: 979.732.5271
TBPLS Firm No. 10193887
www.franksurveying.com
LAND SURVEYING/ENERGY/GIS SERVICES

DATE:	06/24/15
DRAWN BY:	GC/JK
CHECKED BY:	JK
FIELD CREW:	RE/MR
PROJECT NO:	20140833
SCALE:	1" = 1000'
SHEET:	1 OF 1
REVISION:	0

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69.

File No. MF088364

Reeves County

Completion Report Unit #7199

Date Filed:

George P. Bush, Commissioner

By

MF088364

BHP

BHP
Land Administration
P.O. Box 22719
Houston, TX 77227-9927
T (877) 311-1443
F (888) 484-3189
PetroleumOwnerRelations
Request@bhpbilliton.com

STATE OF TEXAS GLO
1700 N CONGRESS AVE NO 640
AUSTIN TX 78701-1495

Division Order Instruction Sheet

We are pleased to deliver this Division Order which sets forth your share of production proceeds from the well indicated thereon and the name and address to which payments will be made. Please return one fully executed copy and retain the other copy for your records. Your Division Order contains information that will aid in your communication with BHP. When contacting us about any questions regarding your interest or Division Order, please have the Division Order in hand as it contains identifying information that will assist us in answering your questions.

WE ARE NOT ABLE TO ACCEPT ANY ALTERATIONS TO THIS DIVISION ORDER FORM.

SIGNATURES:

- Sign exactly as shown on the Division Order. If your signature is different, please enclose legal documentation authorizing the name change with your returned Division Order.
- Signatures by Agents, Attorneys-in-Fact, Guardians, or Trustees must be verified by attaching a copy of the recorded legal evidence of the rights vested in the signing party.
- In the event of multiple trustees/executors, all signatures are required unless documentation is provided evidencing authority to sign on behalf of all parties.
- An authorized official, with the name and title of the signing party printed beneath the signature, must execute for companies, corporations, or partnerships.
- All signatures must be witnessed. Notary is not required.

TAXPAYER IDENTIFICATION NUMBER OR SOCIAL SECURITY NUMBER:

Include your Tax ID or Social Security Number in the space provided on your Division Order. Failure to furnish this number will result in 24% tax withholding in accordance with Section 3406 of the Internal Revenue Service Code, and any tax withheld will not be refundable by BHP.

ADDRESS & TITLE CHANGES:

- Please note any change of address directly on your Division Order
- Subsequent address changes must be submitted in writing either by mail, fax or email (a change of address form can be found at http://www.bhpbilliton.com/investor-centre/owner-relations).
- If a change in title occurs, please furnish us with a copy of the recorded deed or document transferring the title.

PAYMENTS: Royalty check payments are mailed on or before the 30th of each month. Our policy is to remit checks monthly when your account reaches $100, or once a year, whichever occurs first. We can reduce the minimum hold on your account from $100 to $25 upon written request.

PRIVACY: BHP respects the privacy of our owners. Please remember we are unable to release information to third parties on any ownership account without prior written authorization from the owner unless legally required. In order for us to discuss your lease, agreement, and/or royalty information with your appointed representative, we must be furnished with your written authorization.

CONTACT US: The following information will assist us in serving you: (1) name & owner number (2) county and state where well is located (3) well name and property number (4) telephone number with area code (5) nature of your inquiry

Owner Relations Call Center
Phone Number: 1-877-311-1443
Fax: 1-888-484-3189
E-mail: petroleumownerrelationsrequest@bhpbilliton.com

BHP
Land Administration
P O Box 22719
Houston, TX 77227-9927

91.23.4

SEE EXHIBIT A FOR LIST OF PROPERTY(IES) AND DECIMAL INTEREST(S) COVERED

The undersigned severally and not jointly certifies that it is the legal owner of the interest set out herein of all products produced from the property described herein:

THIS AGREEMENT DOES NOT AMEND ANY LEASE OR OPERATING AGREEMENT BETWEEN THE INTEREST OWNERS AND THE LESSEE OR OPERATOR OR ANY OTHER CONTRACTS FOR THE PURCHASE OF OIL OR GAS.

The following provisions apply to each interest owner ("owner") who executes this agreement and may not be altered as to its terms:

TERMS OF SALE: The undersigned will be paid in accordance with the division of interest set out herein. The payor shall pay all parties at the price agreed to by the operator for products to be sold pursuant to this Division Order. Purchaser shall compute quantity and make corrections for gravity and temperature and make deductions for impurities.

PAYMENT: From the effective date, payment is to be made monthly by payor's check or electronic funds transfer, based on this division of interest, for products run during the preceding calendar month from the property listed herein, less taxes required by law to be deducted and remitted by payor as purchaser. Payments of less than $100 may be accrued before disbursement until the total amount equals $100 or more, or until 12 months of proceeds accumulate, whichever occurs first. However, the payor may hold accumulated proceeds of less than $10 until production ceases or the payor's responsibility for making payment for production ceases, whichever occurs first. Payee agrees to refund to payor any amounts attributable to an interest or part of an interest that payee does not own.

INDEMNITY: The owner agrees to indemnify and hold payor harmless from all liability resulting from payments made to the owner in accordance with such division of interest, including but not limited to attorney fees or judgments in connection with any suit that affects the owner's interest to which payor is made a party.

DISPUTE; WITHHOLDING OF FUNDS: If a suit is filed that affects the interest of the owner, written notice shall be given to payor by the owner together with a copy of the complaint or petition filed.
In the event of a claim or dispute that affects title to the division of interest credited herein, payor is authorized to withhold payments accruing to such interest, without interest unless otherwise required by applicable statute, until the claim or dispute is settled.

TERMINATION: Termination of this agreement is effective on the first day of the month that begins the 30th day after the date written notice of termination is received by either party.

NOTICES: The owner agrees to notify payor in writing of any change in the division of interest, including changes of interest contingent on payment of money or expiration of time.
No change of interest is binding on payor until the recorded copy of the instrument of change or documents satisfactorily evidencing such change are furnished to payor at the time the change occurs.
Any change of interest shall be made effective on the first day of the month following receipt of such notice by payor.
Any correspondence regarding this agreement shall be furnished to the addresses listed unless otherwise advised by either party.
In addition to the legal rights provided by the terms and provisions of this Division Order, an owner and payor may have certain statutory rights under the laws of this State.

EXHIBIT A

Date: 4/5/2018

BHP
Land Administration
P.O. Box 22719
Houston, TX 77227-9927
T (877) 311-1443
F (888) 484-3189
PetroleumOwnerRelations
Request@bhpbilliton.com

CREDIT TO
Owner # 80113945
STATE OF TEXAS GLO
1700 N CONGRESS AVE NO 640
AUSTIN TX 78701-1495

Special Clauses/Comments:

Issue Date: 4/5/2018
Property Name: STATE LRP 57-T2-12 W103H
Property #: P1M794/00501
Production: ALL PRODUCTS 389-36140
Operator: BHP BILLITON PETROLEUM (TXLA OPERATING)
Legal Description: T&P RR CO ABST/ID# 4786 Grantee H. LASELL Twsp T2 Blk 57 Sec 12 REEVES COUNTY/PARISH, TEXAS (642.860 ACRES); T&P RR CO ABST/ID# 4883 Grantee V. REICHARD Twsp T2 Blk 57 Sec 12 REEVES COUNTY/PARISH, TEXAS (642.860 ACRES); T&P RR CO ABST/ID# 5701 Grantee P. THOMAS Twsp T2 Blk 57 Sec 12 REEVES COUNTY/PARISH, TEXAS (642.860 ACRES); T&P RR CO ABST/ID# 4829 Grantee M. PETERSON Twsp T2 Blk 57 Sec 12 REEVES COUNTY/PARISH, TEXAS (642.860 ACRES); T&P RR CO ABST/ID# 4924 Grantee F.H. SCHULER Twsp T2 Blk 57 Sec 12 REEVES COUNTY/PARISH, TEXAS (642.860 ACRES)

Decimal	Type	Status	Reason	Start Date
0.00006471	RI	PAY		3/1/2018
0.00019413	RI	PAY		3/1/2018
0.00012942	RI	PAY		3/1/2018
0.00086279	RI	PAY		3/1/2018
0.00004314	RI	PAY		3/1/2018
0.00258837	RI	PAY		3/1/2018
0.07835687	RI	PAY		3/1/2018
0.00781274	RI	PAY		3/1/2018
0.00194128	RI	PAY		3/1/2018
0.00194128	RI	PAY		3/1/2018
0.00004314	RI	PAY		3/1/2018
0.00012942	RI	PAY		3/1/2018
0.00019413	RI	PAY		3/1/2018
0.00086279	RI	PAY		3/1/2018
0.00039060	RI	PAY		3/1/2018
0.00078121	RI	PAY		3/1/2018
0.00019413	RI	PAY		3/1/2018
0.01952116	RU	PAY		3/1/2018
0.00012942	RI	PAY		3/1/2018
0.00086279	RI	PAY		3/1/2018
0.02109266	RI	PAY		3/1/2018
0.00019413	RI	PAY		3/1/2018
0.00078121	RI	PAY		3/1/2018
0.00039060	RI	PAY		3/1/2018

01.23.4

0.00004314	RI	PAY	3/1/2018
0.00006471	RI	PAY	3/1/2018
0.00327860	RI	PAY	3/1/2018

BHP

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Land Administration
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STATE OF TEXAS GLO
1700 N CONGRESS AVE NO 640
AUSTIN TX 78701-1495

Division Order Instruction Sheet

We are pleased to deliver this Division Order which sets forth your share of production proceeds from the well indicated thereon and the name and address to which payments will be made. Please return one fully executed copy and retain the other copy for your records. Your Division Order contains information that will aid in your communication with BHP. When contacting us about any questions regarding your interest or Division Order, please have the Division Order in hand as it contains identifying information that will assist us in answering your questions.

WE ARE NOT ABLE TO ACCEPT ANY ALTERATIONS TO THIS DIVISION ORDER FORM.

SIGNATURES:

- Sign exactly as shown on the Division Order. If your signature is different, please enclose legal documentation authorizing the name change with your returned Division Order.
- Signatures by Agents, Attorneys-in-Fact, Guardians, or Trustees must be verified by attaching a copy of the recorded legal evidence of the rights vested in the signing party.
- In the event of multiple trustees/executors, all signatures are required unless documentation is provided evidencing authority to sign on behalf of all parties.
- An authorized official, with the name and title of the signing party printed beneath the signature, must execute for companies, corporations, or partnerships.
- All signatures must be witnessed. Notary is not required.

TAXPAYER IDENTIFICATION NUMBER OR SOCIAL SECURITY NUMBER:

Include your Tax ID or Social Security Number in the space provided on your Division Order. Failure to furnish this number will result in 24% tax withholding in accordance with Section 3406 of the Internal Revenue Service Code, and any tax withheld will not be refundable by BHP.

ADDRESS & TITLE CHANGES:

- Please note any change of address directly on your Division Order
- Subsequent address changes must be submitted in writing either by mail, fax or email (a change of address form can be found at http://www.bhpbilliton.com/investor-centre/owner-relations).
- If a change in title occurs, please furnish us with a copy of the recorded deed or document transferring the title.

PAYMENTS: Royalty check payments are mailed on or before the 30th of each month. Our policy is to remit checks monthly when your account reaches $100, or once a year, whichever occurs first. We can reduce the minimum hold on your account from $100 to $25 upon written request.

PRIVACY: BHP respects the privacy of our owners. Please remember we are unable to release information to third parties on any ownership account without prior written authorization from the owner unless legally required. In order for us to discuss your lease, agreement, and/or royalty information with your appointed representative, we must be furnished with your written authorization.

CONTACT US: The following information will assist us in serving you: (1) name & owner number (2) county and state where well is located (3) well name and property number (4) telephone number with area code (5) nature of your inquiry

Owner Relations Call Center
Phone Number: 1-877-311-1443
Fax: 1-888-484-3189
E-mail: petroleumownerrelationsrequest@bhpbilliton.com

BHP
Land Administration
P O Box 22719
Houston, TX 77227-9927

01.27.4

SEE EXHIBIT A FOR LIST OF PROPERTY(IES) AND DECIMAL INTEREST(S) COVERED

The undersigned severally and not jointly certifies that it is the legal owner of the interest set out herein of all products produced from the property described herein:

THIS AGREEMENT DOES NOT AMEND ANY LEASE OR OPERATING AGREEMENT BETWEEN THE INTEREST OWNERS AND THE LESSEE OR OPERATOR OR ANY OTHER CONTRACTS FOR THE PURCHASE OF OIL OR GAS.

The following provisions apply to each interest owner ("owner") who executes this agreement and may not be altered as to its terms:

TERMS OF SALE: The undersigned will be paid in accordance with the division of interest set out herein. The payor shall pay all parties at the price agreed to by the operator for products to be sold pursuant to this Division Order. Purchaser shall compute quantity and make corrections for gravity and temperature and make deductions for impurities.

PAYMENT: From the effective date, payment is to be made monthly by payor's check or electronic funds transfer, based on this division of interest, for products run during the preceding calendar month from the property listed herein, less taxes required by law to be deducted and remitted by payor as purchaser. Payments of less than $100 may be accrued before disbursement until the total amount equals $100 or more, or until 12 months of proceeds accumulate, whichever occurs first. However, the payor may hold accumulated proceeds of less than $10 until production ceases or the payor's responsibility for making payment for production ceases, whichever occurs first. Payee agrees to refund to payor any amounts attributable to an interest or part of an interest that payee does not own.

INDEMNITY: The owner agrees to indemnify and hold payor harmless from all liability resulting from payments made to the owner in accordance with such division of interest, including but not limited to attorney fees or judgments in connection with any suit that affects the owner's interest to which payor is made a party.

DISPUTE; WITHHOLDING OF FUNDS: If a suit is filed that affects the interest of the owner, written notice shall be given to payor by the owner together with a copy of the complaint or petition filed.
In the event of a claim or dispute that affects title to the division of interest credited herein, payor is authorized to withhold payments accruing to such interest, without interest unless otherwise required by applicable statute, until the claim or dispute is settled.

TERMINATION: Termination of this agreement is effective on the first day of the month that begins the 30th day after the date written notice of termination is received by either party.

NOTICES: The owner agrees to notify payor in writing of any change in the division of interest, including changes of interest contingent on payment of money or expiration of time.
No change of interest is binding on payor until the recorded copy of the instrument of change or documents satisfactorily evidencing such change are furnished to payor at the time the change occurs.
Any change of interest shall be made effective on the first day of the month following receipt of such notice by payor.
Any correspondence regarding this agreement shall be furnished to the addresses listed unless otherwise advised by either party.
In addition to the legal rights provided by the terms and provisions of this Division Order, an owner and payor may have certain statutory rights under the laws of this State.

EXHIBIT A

Date: 4/20/2018

BHP
Land Administration
P.O. Box 22719
Houston, TX 77227-9927
T (877) 311-1443
F (888) 484-3189
PetroleumOwnerRelations
Request@bhpbilliton.com

CREDIT TO
Owner # 80113945
STATE OF TEXAS GLO
1700 N CONGRESS AVE NO 640
AUSTIN TX 78701-1495

Special Clauses/Comments:

Issue Date: 4/20/2018
Property Name: STATE LRP 57-T2-12 W104H
Property #: P1M793/00501
Production: ALL PRODUCTS 389-36151
Operator: BHP BILLITON PETROLEUM (TXLA OPERATING)
Legal Description: T&P RR CO ABST/ID# 4786 Grantee H. LASELL Twsp T2 Blk 57 Sec 12 REEVES COUNTY/PARISH, TEXAS (642.860 ACRES); T&P RR CO ABST/ID# 4883 Grantee V. REICHARD Twsp T2 Blk 57 Sec 12 REEVES COUNTY/PARISH, TEXAS (642.860 ACRES); T&P RR CO ABST/ID# 5701 Grantee P. THOMAS Twsp T2 Blk 57 Sec 12 REEVES COUNTY/PARISH, TEXAS (642.860 ACRES); T&P RR CO ABST/ID# 4829 Grantee M. PETERSON Twsp T2 Blk 57 Sec 12 REEVES COUNTY/PARISH, TEXAS (642.860 ACRES); T&P RR CO ABST/ID# 4924 Grantee F.H. SCHULER Twsp T2 Blk 57 Sec 12 REEVES COUNTY/PARISH, TEXAS (642.860 ACRES)

Decimal	Type	Status	Reason	Start Date
0.00086279	RI	PAY		3/1/2018
0.00012942	RI	PAY		3/1/2018
0.00019413	RI	PAY		3/1/2018
0.00006471	RI	PAY		3/1/2018
0.00781274	RI	PAY		3/1/2018
0.07835687	RI	PAY		3/1/2018
0.00258837	RI	PAY		3/1/2018
0.00004314	RI	PAY		3/1/2018
0.00078121	RI	PAY		3/1/2018
0.00039060	RI	PAY		3/1/2018
0.00086279	RI	PAY		3/1/2018
0.00019413	RI	PAY		3/1/2018
0.00012942	RI	PAY		3/1/2018
0.00004314	RI	PAY		3/1/2018
0.00194128	RI	PAY		3/1/2018
0.00194128	RI	PAY		3/1/2018
0.00019413	RI	PAY		3/1/2018
0.01952116	RU	PAY		3/1/2018
0.00012942	RI	PAY		3/1/2018
0.02109266	RI	PAY		3/1/2018
0.00086279	RI	PAY		3/1/2018
0.00039060	RI	PAY		3/1/2018
0.00078121	RI	PAY		3/1/2018
0.00019413	RI	PAY		3/1/2018

01.27.4

0.00327860	RI	PAY	3/1/2018
0.00006471	RI	PAY	3/1/2018
0.00004314	RI	PAY	3/1/2018

PLEASE KEEP THIS COPY FOR YOUR RECORDS

HANNS - 50403(P1M793_NotAmended)



BHP
Land Administration
P.O. Box 22719
Houston, TX 77227-9927
T (877) 311-1443
F (888) 484-3189
PetroleumOwnerRelations
Request@bhpbilliton.com

STATE OF TEXAS GLO
1700 N CONGRESS AVE NO 640
AUSTIN TX 78701-1495

Division Order Instruction Sheet

We are pleased to deliver this Division Order which sets forth your share of production proceeds from the well indicated thereon and the name and address to which payments will be made. Please return one fully executed copy and retain the other copy for your records. Your Division Order contains information that will aid in your communication with BHP. When contacting us about any questions regarding your interest or Division Order, please have the Division Order in hand as it contains identifying information that will assist us in answering your questions.

WE ARE NOT ABLE TO ACCEPT ANY ALTERATIONS TO THIS DIVISION ORDER FORM.

SIGNATURES:

- Sign exactly as shown on the Division Order. If your signature is different, please enclose legal documentation authorizing the name change with your returned Division Order.
- Signatures by Agents, Attorneys-in-Fact, Guardians, or Trustees must be verified by attaching a copy of the recorded legal evidence of the rights vested in the signing party.
- In the event of multiple trustees/executors, all signatures are required unless documentation is provided evidencing authority to sign on behalf of all parties.
- An authorized official, with the name and title of the signing party printed beneath the signature, must execute for companies, corporations, or partnerships.
- All signatures must be witnessed. Notary is not required.

TAXPAYER IDENTIFICATION NUMBER OR SOCIAL SECURITY NUMBER:

Include your Tax ID or Social Security Number in the space provided on your Division Order. Failure to furnish this number will result in 24% tax withholding in accordance with Section 3406 of the Internal Revenue Service Code, and any tax withheld will not be refundable by BHP.

ADDRESS & TITLE CHANGES:

- Please note any change of address directly on your Division Order
- Subsequent address changes must be submitted in writing either by mail, fax or email (a change of address form can be found at http://www.bhpbilliton.com/investor-centre/owner-relations).
- If a change in title occurs, please furnish us with a copy of the recorded deed or document transferring the title.

PAYMENTS: Royalty check payments are mailed on or before the 30th of each month. Our policy is to remit checks monthly when your account reaches $100, or once a year, whichever occurs first. We can reduce the minimum hold on your account from $100 to $25 upon written request.

PRIVACY: BHP respects the privacy of our owners. Please remember we are unable to release information to third parties on any ownership account without prior written authorization from the owner unless legally required. In order for us to discuss your lease, agreement, and/or royalty information with your appointed representative, we must be furnished with your written authorization.

CONTACT US: The following information will assist us in serving you: (1) name & owner number (2) county and state where well is located (3) well name and property number (4) telephone number with area code (5) nature of your inquiry

Owner Relations Call Center
Phone Number: 1-877-311-1443
Fax: 1-888-484-3189
E-mail: petroleumownerrelationsrequest@bhpbilliton.com

BHP
Land Administration
P O Box 22719
Houston, TX 77227-9927

81.23.4

SEE EXHIBIT A FOR LIST OF PROPERTY(IES) AND DECIMAL INTEREST(S) COVERED

The undersigned severally and not jointly certifies that it is the legal owner of the interest set out herein of all products produced from the property described herein:

THIS AGREEMENT DOES NOT AMEND ANY LEASE OR OPERATING AGREEMENT BETWEEN THE INTEREST OWNERS AND THE LESSEE OR OPERATOR OR ANY OTHER CONTRACTS FOR THE PURCHASE OF OIL OR GAS.

The following provisions apply to each interest owner ("owner") who executes this agreement and may not be altered as to its terms:

TERMS OF SALE: The undersigned will be paid in accordance with the division of interest set out herein. The payor shall pay all parties at the price agreed to by the operator for products to be sold pursuant to this Division Order. Purchaser shall compute quantity and make corrections for gravity and temperature and make deductions for impurities.

PAYMENT: From the effective date, payment is to be made monthly by payor's check or electronic funds transfer, based on this division of interest, for products run during the preceding calendar month from the property listed herein, less taxes required by law to be deducted and remitted by payor as purchaser. Payments of less than $100 may be accrued before disbursement until the total amount equals $100 or more, or until 12 months of proceeds accumulate, whichever occurs first. However, the payor may hold accumulated proceeds of less than $10 until production ceases or the payor's responsibility for making payment for production ceases, whichever occurs first. Payee agrees to refund to payor any amounts attributable to an interest or part of an interest that payee does not own.

INDEMNITY: The owner agrees to indemnify and hold payor harmless from all liability resulting from payments made to the owner in accordance with such division of interest, including but not limited to attorney fees or judgments in connection with any suit that affects the owner's interest to which payor is made a party.

DISPUTE; WITHHOLDING OF FUNDS: If a suit is filed that affects the interest of the owner, written notice shall be given to payor by the owner together with a copy of the complaint or petition filed.
In the event of a claim or dispute that affects title to the division of interest credited herein, payor is authorized to withhold payments accruing to such interest, without interest unless otherwise required by applicable statute, until the claim or dispute is settled.

TERMINATION: Termination of this agreement is effective on the first day of the month that begins the 30th day after the date written notice of termination is received by either party.

NOTICES: The owner agrees to notify payor in writing of any change in the division of interest, including changes of interest contingent on payment of money or expiration of time.
No change of interest is binding on payor until the recorded copy of the instrument of change or documents satisfactorily evidencing such change are furnished to payor at the time the change occurs.
Any change of interest shall be made effective on the first day of the month following receipt of such notice by payor.
Any correspondence regarding this agreement shall be furnished to the addresses listed unless otherwise advised by either party.
In addition to the legal rights provided by the terms and provisions of this Division Order, an owner and payor may have certain statutory rights under the laws of this State.

4.53.19

EXHIBIT A

Date: 4/20/2018

BHP
Land Administration
P.O. Box 22719
Houston, TX 77227-9927
T (877) 311-1443
F (888) 484-3189
PetroleumOwnerRelations
Request@bhpbilliton.com

CREDIT TO
Owner # 80113945
STATE OF TEXAS GLO
1700 N CONGRESS AVE NO 640
AUSTIN TX 78701-1495

Special Clauses/Comments:

Issue Date: 4/20/2018
Property Name: STATE LRP 57-T2-12 W105H
Property #: P1M846/00501
Production: ALL PRODUCTS 389-361411
Operator: BHP BILLITON PETROLEUM (TXLA OPERATING)
Legal Description: T&P RR CO ABST/ID# 4786 Grantee H. LASELL Twsp T2 Blk 57 Sec 12 REEVES COUNTY/PARISH, TEXAS (642.860 ACRES); T&P RR CO ABST/ID# 4883 Grantee V. REICHARD Twsp T2 Blk 57 Sec 12 REEVES COUNTY/PARISH, TEXAS (642.860 ACRES); T&P RR CO ABST/ID# 5701 Grantee P. THOMAS Twsp T2 Blk 57 Sec 12 REEVES COUNTY/PARISH, TEXAS (642.860 ACRES); T&P RR CO ABST/ID# 4829 Grantee M. PETERSON Twsp T2 Blk 57 Sec 12 REEVES COUNTY/PARISH, TEXAS (642.860 ACRES); T&P RR CO ABST/ID# 4924 Grantee F.H. SCHULER Twsp T2 Blk 57 Sec 12 REEVES COUNTY/PARISH, TEXAS (642.860 ACRES)

Decimal	Type	Status	Reason	Start Date
0.00006471	RI	PAY		3/1/2018
0.00019413	RI	PAY		3/1/2018
0.00012942	RI	PAY		3/1/2018
0.00086279	RI	PAY		3/1/2018
0.00004314	RI	PAY		3/1/2018
0.00258837	RI	PAY		3/1/2018
0.07835687	RI	PAY		3/1/2018
0.00781274	RI	PAY		3/1/2018
0.00194128	RI	PAY		3/1/2018
0.00194128	RI	PAY		3/1/2018
0.00004314	RI	PAY		3/1/2018
0.00012942	RI	PAY		3/1/2018
0.00019413	RI	PAY		3/1/2018
0.00086279	RI	PAY		3/1/2018
0.00039060	RI	PAY		3/1/2018
0.00078121	RI	PAY		3/1/2018
0.00019413	RI	PAY		3/1/2018
0.01952116	RU	PAY		3/1/2018
0.00012942	RI	PAY		3/1/2018
0.00086279	RI	PAY		3/1/2018
0.02109266	RI	PAY		3/1/2018
0.00019413	RI	PAY		3/1/2018
0.00078121	RI	PAY		3/1/2018
0.00039060	RI	PAY		3/1/2018

91.25.4

0.00004314	RI	PAY	3/1/2018
0.00006471	RI	PAY	3/1/2018
0.00327860	RI	PAY	3/1/2018



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

July 6, 2018

Broderick Brown
Division Order Analyst
BHP Billiton Petroleum
P O BOX 22719
Houston, TX 77227-9927

Re: State Lease Nos. MF088364, MF088676, MF101575, MF115425, MF115426 and MF115586 State LRP 57-T2-12 W103H, W104H and W105H

Dear Mr. Brown:

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

The payment of royalties attributable to state-owned mineral and royalty interests is set by contract and applicable statutes and rules. The execution of division orders may, in some cases, affect the manner in which such payments are made or calculated. Therefore, Title 31, §9.32, of the Texas Administrative Code specifies that GLO staff cannot execute a division order or bind the state to any terms contained within it.

Subject to applicable state law and the state's right to take its production in-kind, the GLO acquiesces to the sale of oil and gas in accordance with the terms and conditions set out in the oil and gas leases. If you have questions concerning this matter, please feel free to e-mail me at the address below my signature.

We look forward to being put on pay status as soon as you are able to set up the wells in our RRAC system.

Thank you,

Vivian Hernandez

Vivian Hernandez
Landman, Energy Resources
512-475-0428
512-475-1543 (fax)
vivian.hernandez@glo.texas.gov

File No. MF 088364

Reeves County

Division Order

Date Filed: 7-9-18

George P. Bush, Commissioner

By V.H.

TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

October 18, 2019

Matt Madison
Madison and Wright LLC
901 Kilbridge Ln
Coppell, TX 75019

Re: GLO Assign ID #10920 – MF088364, MF088676 C to T, MF097729 A to F
Reeves County

Dear Mr. Madison:

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

> Assignment and Bill of Sale, effective September 1, 2019, from Quadrum Energy LLC, Assignor to Madison and Wright LLC, Assignee.

Filing fees in the amount of $625.00 are due on the referenced assignment. Also according to the Texas Administrative Code you are required to furnish a certified copy of the assignment.

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

Best Regards,

Carl Bonn, CPL
Mineral Leasing-Energy Resources

Carl Bonn

From: Carl Bonn
Sent: Tuesday, October 15, 2019 4:26 PM
To: Colby Eaves
Subject: FW: [EXTERNAL] Re: Partial Assignment of (SL20170005), MF088364 HROW, MF088676 C to T and MF097729 A to F (Reeves County)

Colby,
With regard to the Mineral Leases conveyed in the assignment, let's just file the pdf copy of the Partial Assignment and request the certified copy and filing fee of ~~$650~~ $625.00.
CB

From: Matt Madison <mattomadison@gmail.com>
Sent: Tuesday, October 15, 2019 3:18 PM
To: Carl Bonn <Carl.Bonn@GLO.TEXAS.GOV>
Subject: [EXTERNAL] Re: Assignment of MF088364 HROW, MF088676 C to T and MF097729 A to F (Reeves County)

Given I do not wish to transfer this agreement and do not wish to dispose of water that is not mine can you please explain why such fees are due?

On Tue, Oct 15, 2019, 3:02 PM Carl Bonn <Carl.Bonn@glo.texas.gov> wrote:

> Hello Matt,
>
> Thank you for sending a copy of the Partial Assignment from Quadrum Energy, LLC to Madison and Wright LLC.
>
> According to the Texas Administrative Code you are required to furnish a certified copy of the Partial Assignment with the $25/lease filing fee or $25 x 25 = $625.00.
>
> Please send the requested items to my attention.
>
> Best regards,
>
> Carl Bonn, CPL
>
> Texas General Land Office
>
> 1700 N Congress, Rm 847B
>
> Austin, TX 78701
>
> 512 463-5407

ID 10920 MH

MF088364 (Unit 7199)
MF088676 C to T
MF097729 A to F
SL 20170005

STATE OF TEXAS) **ASSIGNMENT AND BILL OF SALE** **MATTHEWS FIELD**
COUNTY OF REEVES)

eff 9-1-19

KNOW ALL MEN BY THESE PRESENTS:

40%

I.

That, Quadrum Energy LLC, a Texas limited liability company, (hereafter referred to as "Assignor"), whose address is 10645 Richmond Ave. #140, Houston TX 77042, for and in consideration of the sum of ONE HUNDRED DOLLARS AND NO CENTS ($100.00), and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, has SOLD, TRANSFERRED AND CONVEYED and, subject to the terms and provisions contained herein, does hereby SELL, TRANSFER, ASSIGN, AND CONVEY unto Madison and Wright LLC, a Texas limited liability company, (hereafter referred to as "Assignee"), effective as of 7:00 A.M. on September 1, 2019, (the "Effective Date"), **an undivided forty-percent (40%) in all right, title and interest**, in and to the following (collectively called the "Assets"), including but not limited to, those interests acquired by and through the following instruments: 1.) that certain Assignment and Bill of Sale, effective December 15, 2006 , recorded January 24, 2007 in Book 754, Page 565 of the records of Reeves County, Texas, by and between PPC Energy, L.P. and RCWI, L.P. 2.) that certain Assignment and Conveyance of Overriding Royalty Interests, effective December 1, 2006, recorded January 24, 2007 in Book 754, Page 619 of the records of Reeves County, Texas, by and between PPC Energy, L.P. and RCWI, L.P. and 3.) that certain Assignment and Conveyance of Overriding Royalty Interests, effective December 1, 2006, recorded January 24, 2007 in Book 754, Page 602 of the records of Reeves County, Texas, by and between PPC Energy, L.P. and RCWI, L.P:

A. The oil, gas and mineral leases and wells specifically described on Exhibit "A" attached hereto and made a part hereof (the "Leases"), subject to all outstanding burdens on said leases, whether of record or not, including but not limited to, royalty, overriding royalty, production payments,

MH

net profits obligations, and carried working interests;

B. Any easements, rights-of-way, licenses, surface leases, servitudes and permits, INSOFAR AND ONLY INSOFAR as they relate and are attributable to and are used in connection with the exploration for or production of hydrocarbons from the Assets; and

C. Any personal property, equipment, structures and fixtures (including, but not limited to, tanks, pumps, pipelines, flowlines and waterlines) located on or appurtenant to the Assets as of the Effective Date and used or obtained solely in connection with the production, treatment, sale or disposal of hydrocarbons or produced water therefrom or attributable thereto.

D. Excluding the positive arithmetic difference between twenty-five percent (25%) and existing burdens of record to the leases described on Exhibit B, attached hereto and made a part hereof. INFSOFAR AND ONLY INSOFAR as to the stratigraphic equivalent of the interval encountered between the depths of 7,000 feet and 12,264 feet as shown on the Gamma Resistivity Log of the Lewelling State #1 Well (API No 42-389-30424), located in Section 14, Block 57, Township 2, Reeves County, Texas, and FURTHER, INSOFAR AND ONLY INSOFAR as the leases listed and described on Exhibit "D" cover the Southwest Quarter of the Southeast Quarter (SW/4 of SE/4) and the Northeast Quarter of the Southeast Quarter (NE/4 of the SE/4) of Section 14, Block 57, Township 2, Reeves County, Texas.

II.

A. This Assignment is made subject to the terms and conditions of **1.)** that certain Assignment and Bill of Sale, effective December 15, 2006, recorded January 24, 2007 in Book 754, Page 565 of the records of Reeves County, Texas, by and between PPC Energy, L.P. and RCWI, L.P., **2.)** that certain Assignment and Conveyance of Overriding Royalty Interests, effective December 1, 2006, recorded January 24, 2007 in Book 754, Page 619 of the records of Reeves County, Texas, by and between PPC Energy, L.P. and RCWI, L.P. and **3.)** that certain Assignment and Conveyance of Overriding Royalty Interests, effective

December 1, 2006, recorded January 24, 2007 in Book 754, Page 602 of the records of Reeves County, Texas, by and between PPC Energy, L.P. and RCWI, L.P.

B. **ASSIGNEE**, its principals and affiliates covenant and agree to assume, pay for, perform and comply with all of the duties, liabilities, and obligations (express or implied) which existing or later arising, including, but not limited to lease terms, other leasehold burdens, applicable governmental orders, assignments, statutes, regulations and ordinances, and all other valid recorded and unrecorded agreements, contracts and instruments affecting the Assets. Without limiting the generality of the foregoing, **ASSIGNEE** covenants and agrees, to assume **ASSIGNOR'S** obligations, to the extent of the interest assigned herein, to properly and timely plug and abandon any and all wells now or hereafter located on or appurtenant to the Assets regardless of the date such wells were abandoned. Furthermore, **ASSIGNEE** agrees to RELEASE, DEFEND, INDEMNIFY AND HOLD HARMLESS ASSIGNOR, and its officers, directors, employees, partnerships, affiliate and subsidiary corporations, from and against any and all claims, demands, liabilities, losses, damages or penalties directly or indirectly relating to or arising from the obligations, liabilities, and duties assumed by **ASSIGNEE** in this Assignment.

C. The Assets have been used for oil and gas drilling and production operations, related oil field operations and possibly for the storage and disposal of waste materials or hazardous substances. Physical changes in or under the Assets or adjacent lands may have occurred as a result of such uses. The Assets also may contain buried pipelines and other equipment, whether or not of similar nature, the locations of which may not now be known by **ASSIGNOR** or be readily apparent by a physical inspection of the Assets. **ASSIGNEE** understands that **ASSIGNOR** does not have the requisite information with which to determine the exact nature or condition of the Assets nor the effect any such use has had on the physical condition of the Assets. Pursuant to the Safe Drinking Water and Toxic Enforcement Act of 1986, **ASSIGNEE** is hereby notified and assumes the risk that detectable amounts of chemicals the Assets.

ASSIGNEE shall assume the risk that the Assets may contain waste or contaminants, and that adverse physical conditions, including the presence of waste or contaminants may not have been revealed by **ASSIGNEE'S** investigation and all responsibility and liability related to disposal, spills, waste or contamination on or below the Assets shall be transferred from **ASSIGNOR** to **ASSIGNEE**. In addition, **ASSIGNEE** acknowledges that some oil field production equipment may contain asbestos and/or naturally occurring radioactive material (NORM). In this regard, **ASSIGNEE** expressly understands that NORM may affix or attach itself to inside of wells, materials and equipment as scale or in other forms, and that wells, materials and equipment located on the Assets described herein may contain NORM and that NORM-containing materials may be buried or have been otherwise disposed of on the Assets. **ASSIGNEE** also expressly understands that special procedures may be required for the removal and disposal of asbestos and NORM from the Assets where it may be found, and that **ASSIGNEE** assumes all liability when such activities are performed.

D. **ASSIGNEE** assumes full responsibility for, and agrees to indemnify, hold harmless and defend **ASSIGNOR** from and against all loss, liability, claims, fines, expenses, costs (including attorney's fees and expenses) and causes of action caused by or arising out of any federal, state or local laws, rules, orders and regulations applicable to any waste material or hazardous substances on or included with the Assets or the presence, disposal, release or threatened release of all waste material or hazardous substance from the Assets into the atmosphere or into or upon land or any water course or body of water, including ground water, whether or not attributable to **ASSIGNOR'S** activities or the activities of third parties (regardless of whether or not **ASSIGNOR** was or is aware of such activities) prior to, during or shall apply to liability for voluntary environmental response actions undertaken pursuant to the Comprehensive Environmental Response Compensation and Liability Act (CERCLA) or any other federal, state or local law. THIS INDEMNIFICATION SHALL BE IN ADDITION TO ANY OTHER INDEMNITY PROVISIONS

CONTAINED IN THIS ASSIGNMENT AND BILL OF SALE AND IT IS EXPRESSLY UNDERSTOOD AND AGREED THAT ANY TERMS OF THIS PROVISION SHALL CONTROL OVER ANY CONFLICTING OR CONTRADICTING TERMS OR PROVISIONS CONTAINED IN THIS ASSIGNMENT AND BELL OF SALE.

E. THE PARTIES AGREE THAT, THE INDEMNITY PROVISIONS OF THIS SECTION III SHALL APPLY REGARDLESS OF WHETHER THE APPLICABLE INDEMNITEE WAS WHOLLY OR PARTIALLY, ACTIVELY OR PASSIVELY, NEGLIGENT OR OTHERWISE AT FAULT, AND REGARDLESS OF THE THEORY OF NEGLIGENCE OR LIABILITY THAT MAY BE IMPOSED (INCLUDING, BUT NOT LIMITED TO, LIABILITY FOR CLEANUP COSTS UNDER THE FEDERAL COMPREHENSIVE ENVIRONMENTAL COMPENSATION AND LIABILITY ACT, 42 U.S.C. SEC. 9601 ET SEQ., OR SIMILAR STATE STATUTE).

III.

A. NOTWITHSTANDING ANYTHING THAT MAY BE CONTAINED HEREIN TO THE CONTRARY, **ASSIGNEE** AGREES AND ACKNOWLEDGES THAT **ASSIGNOR** HAS NOT MADE, AND **ASSIGNOR** HEREBY EXPRESSLY DISCLAIMS ANY WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, AT COMMON LAW, BY STATUTE, OR OTHERWISE RELATING TO THE ASSETS, INCLUDING, BUT NOT CONDITION OF THE ASSETS (INCLUDING WITHOUT LIMITATION, ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY, OF FITNESS FOR ANY PARTICULAR PURPOSE OR OF CONFORMITY TO MODELS OR SAMPLES OF MATERIALS); AND (ii) ANY REPRESENTATION OR WARRANTY CONCERNING ANY INFORMATION, DATA OR OTHER MATERIALS (WRITTEN OR ORAL) FURNISHED TO **ASSIGNEE** BY OR ON BEHALF OF **ASSIGNOR**. THIS CONVEYANCE OF THE **ASSETS** IS MADE ON AN "**AS IS**" AND "**WHERE IS**" BASIS AND IS

ACCEPTED BY **ASSIGNEE** ON SUCH BASIS.

B. THIS ASSIGNMENT IS MADE WITHOUT WARRANTY OF TITLE, EXPRESS OR IMPLIED. Any covenants implied by statute or law by the use of the words "transfer", "grant", "bargain", "sell", "convey", "assign", or "deliver", or other similar words appearing in this instrument, are hereby expressly restrained, disclaimed, waived, and negated. The parties hereto agree that, to the extent required by applicable law to be operative, the disclaimers of certain warranties contained in this Section are "conspicuous" disclaimers for the purposes of any applicable law, rule or order.

IV.

This Assignment and the terms and obligations contained herein shall be binding upon and shall inure to the benefit of **ASSIGNOR** and **ASSIGNEE** and their respective heirs, successors and assigns, and shall constitute covenants running with the land. All provisions herein are solely and exclusively for the benefit of **ASSIGNOR** and **ASSIGNEE** and their successors and assigns, and no other person shall be deemed a beneficiary or have standing to require the satisfaction of their terms.

Assignor and Assignee each hereby agree to sign, execute and deliver, or cause to be signed, executed and delivered, and to do or make, or cause to be done or made, upon written request of the other party, any and all agreements, documents, or instruments, supplemental, confirmatory or otherwise, as may be reasonably required by either party for mattes related to the consummation of the transactions contemplated hereunder.

V.

This instrument has been executed by **ASSIGNOR** and **ASSIGNEE** in duplicate originals, but they shall constitute but one assignment.

[remainder of page left intentionally black; signature and acknowledgement pages follow]

EXECUTED on the dates contained in the acknowledgments of this instrument, but to be effective for all purposes as of the Effective Date.

ASSIGNOR

Quadrum Energy LLC

By: M. Haci

Marc Haci

STATE OF Texas)

COUNTY OF Harris)

The foregoing instrument was acknowledged before me on the 29th day of August, 2019 by Marc Haci of Quadrum Energy, a Texas limited liability company on behalf of said limited liability company.

NOTARY PUBLIC

MAE OSAMA NAAROUF
Notary ID #132036714
My Commission Expires
June 3, 2023

ASSIGNEE

Madison and Wright LLC

By: _____
Matthew Madison

STATE OF Texas)

COUNTY OF Dallas)

The foregoing instrument was acknowledged before me on the ____ day of _____, 2019 by Matthew Madison, of Madison and Wright LLC, a Texas limited liability company on behalf of said limited liability company.

_____
NOTARY PUBLIC

ULISES ARZOLA
Notary ID #132018760
My Commission Expires
May 17, 2023

Exhibit "A" to that certain Assignment And Bill of Sale dated the 1st day of September, 2019							
LEASE NUMBER	AGREEMENT	LESSOR/OPTIONOR	LESSEE/OPTIONEE	EFFECTIVE DATE	RECORDING INFORMATION	LEASE NAME	SPECIAL PROVISIONS
TX-241	Oil and Gas Lease	Texaco Inc.	Blair Royalties of Orla, Inc	1/18/1987	Vol. 482, Pg. 590	Buckshot	Surface to 4500'
TX-242	Oil and Gas Lease	Texaco Inc.	Blair Royalties of Orla, Inc.	1/29/1986	Vol. 464, Pg. 163	Sureshot	Surface to 4500'
TX-243	Oil and Gas Lease	Texaco Inc.	Blair Royalties of Orla, Inc.	4/2/1986	Vol. 469, Pg. 219	Sureshot	Surface to 4500'
TX-244	Oil and Gas Lease	Texaco Inc.	Blair Royalties of Orla, Inc	7/29/1986	Vol. 474, Pg. 147	Sureshot	Surface to 4500'
TX-245	Oil and Gas Lease	Texaco Inc.	Blair Royalties of Orla, Inc	7/1/1988	Vol. 486, Pg. 500	Buckshot, Sureshot, Moonshot, Shuttleshot,	Surface to 4600'
TX-246	Oil and Gas Lease	State of Texas No. 88364	Prewit Minerals	10/5/1982	Vol. 427, Pg. 331	Longshot, Midshot	No Restrictions
TX-247-A	Oil and Gas Lease	State of Texas, acting by and through its agent, Violet Schuler	Blake Oil & Gas Corporation	10/10/1987	Vol. 481, Pg. 303	Northshot	No Restrictions
TX-247-B	Oil and Gas Lease	State of Texas, acting by and through its agent, Robert A Schuler and James N. Schuler, individually and as Remainderman under Evelyn Schuler, Life State	Blake Oil & Gas Corporation	12/8/1986	Vol. 474, Pg. 168	Northshot	No Restrictions
TX-247-C	Oil and Gas Lease	State of Texas, acting by and through its agent, Evelyn Schuler	Blake Oil & Gas Corporation	10/10/1987	Vol. 481, Pg. 311	Northshot	No Restrictions
TX-247-D	Oil and Gas Lease	Jack E Blake et ux	Michael W Roye	11/2/1988	Vol. 491, Pg. 696	Northshot	No Restrictions
TX-247-E	Oil and Gas Lease	State of Texas, acting by and through its agent, Betty Jane Staples	Michael W Roye	11/2/1988	Vol. 491, Pg. 686	Northshot	No Restrictions
TX-247-F	Oil and Gas Lease	Robert W Blake et ux	Blair Royalties of Orla, Inc	11/28/1989	Vol. 498, Pg. 29	Northshot	No Restrictions
TX-247-G	Oil and Gas Lease	State of Texas, acting by and through its agent, Richard Kiel	Blake Oil & Gas Corporation	9/30/1988	Vol. 489, Pg. 382	Northshot	No Restrictions
TX-247-H	Oil and Gas Lease	State of Texas, acting by and through its agent, Carol Wagner and Arthur Wagner	Blake Oil & Gas Corporation	9/30/1988	Vol. 491, Pg. 448	Northshot	No Restrictions
TX-247-I	Oil and Gas Lease	State of Texas, acting by and through its agent, Donald H. Kiel	Blake Oil & Gas Corporation	10/10/1988	Vol. 489, Pg. 392	Northshot	No Restrictions
TX-247-J	Oil and Gas Lease	State of Texas, acting by and through its agent, Lois Oestrich and Clint Oestrich	Blake Oil & Gas Corporation	9/30/1988	Vol. 489, Pg. 402	Northshot	No Restrictions

MF

Unit 7199
088364
088676-I
" " -C
" " -D
" " -H
" " -S
" " -T
" " -L
" " -R
" " -M
" " -J

Aside (MI= 097729 A-1= 7K' to 12,264'
Sold to BHP eff 6-1-14

TX-247-K	Oil and Gas Lease	State of Texas, acting by and through its agent, Lorna Jean Rybacheck	Blake Oil & Gas Corporation	10/10/1988	Vol. 489, Pg. 412	Northshot	No Restrictions
TX-247-L	Oil and Gas Lease	State of Texas, acting by and through its agent, Mildred Max	Blake Oil & Gas Corporation	9/30/1988	Vol. 489, Pg. 422	Northshot	No Restrictions
TX-247-M	Oil and Gas Lease	State of Texas, acting by and through its agent, Esther I. Wurm	Blake Oil & Gas Corporation	9/30/1988	Vol. 491, Pg. 459	Northshot	No Restrictions
TX-247-N	Oil and Gas Lease	State of Texas, acting by and through its agent, Richard Gehle	Blake Oil & Gas Corporation	9/30/1988	Vol. 490, Pg. 43	Northshot	No Restrictions
TX-247-O	Oil and Gas Lease	State of Texas, acting by and through its agent, Mary C. Gehle	Blake Oil & Gas Corporation	9/30/1988	Vol. 489, Pg. 372	Northshot	No Restrictions
TX-247-P	Oil and Gas Lease	State of Texas, acting by and through its agent, Shirley E. Campbell	Blake Oil & Gas Corporation	10/17/1988	Vol. 490, Pg. 33	Northshot	No Restrictions
TX-247-Q	Oil and Gas Lease	State of Texas, acting by and through its agent, Altha M. Farwell	Blake Oil & Gas Corporation	9/30/1988	Vol. 489, Pg. 362	Northshot	No Restrictions
TX-247-R	Oil and Gas Lease	State of Texas, acting by and through its agent, Algo A. Novallo	Blake Oil & Gas Corporation	9/30/1988	Vol. 490, Pg. 23	Northshot	No Restrictions
TX-248-A	Oil and Gas Lease	State of Texas, acting by and through its agent, Ella Mae Hall	Saturn Oil and Development Corp	1/8/1997	Bk. 571, Pg. 179	Hotshot Lewelling	No Restrictions
TX-248-B	Oil and Gas Lease	State of Texas, acting by and through its agent, Jackie Charles Lewelling	Saturn Oil and Development Corp	1/8/1997	Bk. 571, Pg. 161	Hotshot Lewelling	No Restrictions
TX-248-C	Oil and Gas Lease	State of Texas, acting by and through Robert Marion Lewelling	Saturn Oil and Development Corp.	1/8/1997	Bk. 571, Pg. 170	Hotshot Lewelling	No Restrictions
TX-248-D	Oil and Gas Lease	State of Texas, acting by and through its agent, Diania Louise Hanson	Saturn Oil and Development Corp	1/8/1997	Bk. 571, Pg. 188	Hotshot Lewelling	No Restrictions
TX-248-E	Oil and Gas Lease	State of Texas, acting by and through its agent, Albert Leroy Hanson, Jr.	Saturn Oil and Development Corp	1/8/1997	Bk. 571, Pg. 206	Hotshot Lewelling	No Restrictions
TX-248-F	Oil and Gas Lease	State of Texas, acting by and through its agent, Kelli Pauline Hanson Morgan	Saturn Oil and Development Corp	1/8/1997	Bk. 571, Pg. 197	Hotshot Lewelling	No Restrictions
TX-277	Oil and Gas Lease	Texaco Exploration and Production Inc.	Burlington Resources Oil and Gas Co.	2/2/1998	Bk. 599, Pg. 216	PVOG	Surface to 5000'
SL20170005	Surface/Subsurface Lease for Water Disposal	The State of Texas		12/27/2016			

088676-F
" " -K
" " -Q
" " -O
" " -P
" " -G
" " -E
" " -N
097729-C
" " -A
" " -B
" " -D
" " -F
" " -E
SL20170005

WELL NAME	RRC LEASE NUMBER	NET REVENUE INTEREST
BUCKSHOT #1	31037	0.75
BUCKSHOT #2	31037	0.75
HOTSHOT #1	30917	0.78625
HOTSHOT #2	30917	0.78625
LEWELLING STATE #1	31537	0.78625
LONGSHOT 'A' 1D	30714	0.7425

LONGSHOT 'A' 2	30714	0.7425
MATTHEWS PVOG #2	37312	0.79
MIDSHOT #1	31526	0.73
MIDSHOT 'A' 2	32191	0.73
MIDSHOT 'A' 3	32191	0.73
MOONSHOT #1	32781	0.75
NORTHSHOT #1	32490	0.76
NORTHSHOT #2	32490	0.76
NORTHSHOT #3	32490	0.76
SURESHOT #2	30282	0.75
SURESHOT 'A' 1	31316	0.75
SHUTTLESHOT #2	32196	0.75
SHUTTLESHOT #3	32196	0.75
SHUTTLESHOT #4	32196	0.75

EXHIBIT B

LESSOR	LESSEE	DATED	RECORDATION REEVES CO., TEXAS	
			VOL.	PAGE
Jackie Charles Lewelling	Saturn Oil and Development Corporation	January 8, 1997	571	161
Robert Marion Lewelling	Saturn Oil and Development Corporation	January 8, 1997	571	170
Ella Mae Hall	Saturn Oil and Development Corporation	January 8, 1997	571	179
Diania Louise Hanson	Saturn Oil and Development Corporation	January 8, 1997	571	188
Kelli Pauline Hanson Morgan	Saturn Oil and Development Corporation	January 8, 1997	571	197
Albert Leroy Hanson, Jr.	Saturn Oil and Development Corporation	January 8, 1997	571	206

71

File No. M1-088634

Assign # 10920

Quadrum © Madison & Wright

Date Filed: 10-18-19

George P. Bush, Commissioner

By _____

TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

October 18, 2019

Returned to Sender & Resent Corrected Ltr - 11/25/19
& Filed Post Office Stamped Envelope

Matt Madison
Madison and Wright LLC
901 Kilbridge Ln
Coppell, TX 75019

910 → #71

Re: GLO Assign ID #10920 – MF088364, MF088676 C to T, MF097729 A to F
Reeves County

Dear Mr. Madison:

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

> Assignment and Bill of Sale, effective September 1, 2019, from Quadrum Energy LLC, Assignor to Madison and Wright LLC, Assignee.

Filing fees in the amount of $625.00 are due on the referenced assignment. Also according to the Texas Administrative Code you are required to furnish a certified copy of the assignment.

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

Best Regards,

Carl Bonn, CPL
Mineral Leasing-Energy Resources

TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

October 18, 2019

Resent 11/25/19

Matt Madison
Madison and Wright LLC
910 Kilbridge Ln
Coppell, TX 75019

Re: GLO Assign ID #10920 – MF088364, MF088676 C to T, MF097729 A to F
Reeves County

Dear Mr. Madison:

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

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Filing fees in the amount of $625.00 are due on the referenced assignment. Also according to the Texas Administrative Code you are required to furnish a certified copy of the assignment.

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

Best Regards,

Carl Bonn, CPL
Mineral Leasing-Energy Resources

72

File No. MF088364

Resent Correct Addr
to M&W

Date Filed: 2-7-29

George P. Bush, Commissioner

By

bpx energy

BPX Midstream, LLC
Attn: BP GBS Americas - P2P Treasury Payments
150 West Warrenville Road, Building 605, 3rd Floor
Naperville, IL 60563

20708592

03/27/20

X07LH

COMMISSIONER OF THE TEXAS GENERAL
LAND OFFICE
1700 N CONGRESS
AUSTIN, TX 78701-1495 US

VENDOR NUMBER: 0069000251

TRACE NUMBER: 2000001100

DOCUMENT NO.	INVOICE DATE	INVOICE NO.	GROSS AMOUNT	DISCOUNT NO.	NET AMOUNT
1900000537	**03/24/20**	**2020.168**	**20,904.24**		**20,904.24**
UTILITY LINE IN S 200 ACRES 57					
Utility Line in S 200 acres 57-T2-12					
		TOTALS	20,904.24		X 20,904.24

counted 5/08
161

INQUIRIES CONCERNING THIS PAYMENT SHOULD BE DIRECTED TO OUR OFFICE. PLEASE CALL (800) 284-2244

IN ORDER TO AFFECT TIMELY INVOICE PAYMENT PLEASE PLACE YOUR VENDOR NUMBER ON ALL FUTURE INVOICE TO BP.
*** YOUR VENDOR NUMBER IS 0069000251

DETACH AND RETAIN THIS STUB FOR YOUR RECORDS

CHECK NO. 8005000250 ATTACHED BELOW

bpx energy

bp

BP America Production Company
BPX Energy Inc.
Permian Development – Land Department
1700 Platte St
Denver, CO 80202

April 28, 2020

Texas General Land Office
Attn: Energy Resources
1700 North Congress Avenue
Austin, TX 78701

RE: **Surface Damage Payment – Electric Line**
State LRP PME Project
Section 12, Block 57, Township 2
Reeves County, Texas

Dear Texas General Land Office,

Enclosed herein, please find **Check No. 8005000250** in the amount of **$20,904.24** covering the electric line on the subject line.

Pursuant to Oil and Gas Lease No. MF088364, "Lessee shall have the right to use so much of the surface of the land that may be reasonably necessary for drilling and operating wells and transporting and marketing the production therefrom, such use to be conducted under conditions of least injury to the surface of the land." State leases require the Lessee to, "pay surface damages in an amount set by the General Land Office fee schedule which is effective on the date when the activity requiring payment of the surface damages occur." To be consistent BPX Energy Inc. is going to proceed with the same compensation for this overhead utility easement. The current fee schedule on the bottom of the current web site applicate states that <69kV power line capacity in Region 3 is $23.00 per rod, per line.

$23.00 per rod x 302.96 rods = $6,968.08 x 3 (3 phase line) = $20,90424

Should you have any questions or need additional assistance regarding this matter, please don't hesitate to contact me at the telephone numbers or email address listed below.

Respectfully,

Cameron Finger
Surface Land Negotiator
Office: (303) 731-8260
Mobile: (720) 697-9363
Cameron.Finger@bpx.com

BPX Energy companies: BPX Production Company; BPX Midstream LLC; BPX Gathering Holdings LLC; BPX (Karnes) Gathering LLC; BPX (Permian) Gathering LLC; BPX Operating Company; BPX Properties (GP) LLC; BPX Properties (LP) LLC; BPX (Eagle Ford) Gathering LLC; BPX Properties (NA) LP; BPX (KCS Resources) LLC; BPX (WSF Operating) Inc.; South Texas Shale LLC; Winwell Resources, L.L.C.

File No. MF 088364

Reeves County

Surface Damage Pmt

Date Filed: 7/19/2021

George P. Bush, Commissioner

By VB

bpx energy

BPX Midstream, LLC
Attn: BP GBS Americas - P2P Treasury Payments
150 West Warrenville Road, Building 605, 3rd Floor
Naperville, IL 60563

21701262

09/25/20

X07LH

STATE OF TEXAS GLO
1700 N CONGRESS AVE NO 640
AUSTIN, TX 78701-1495 US

VENDOR NUMBER: 0069001423

TRACE NUMBER: 2000002998

DOCUMENT NO.	INVOICE DATE	INVOICE NO.	GROSS AMOUNT	DISCOUNT NO.	NET AMOUNT
1900001878	**09/23/20**	**2020.335**	**630.40**		**630.40**
SEC. 12, BLK 57, T2S ELECTRIC					
Sec. 12, Blk 57, T2S Electric Line State LRP PME					
		TOTALS	630.40		630.40

161

INQUIRIES CONCERNING THIS PAYMENT SHOULD BE DIRECTED TO OUR OFFICE, PLEASE CALL
(800) 284-2244

IN ORDER TO AFFECT TIMELY INVOICE PAYMENT PLEASE PLACE YOUR VENDOR NUMBER ON ALL FUTURE INVOICE TO BP.
*** YOUR VENDOR NUMBER IS 0069001423

DETACH AND RETAIN THIS STUB FOR YOUR RECORDS

CHECK NO. 8005000375 ATTACHED BELOW

bpx energy

bp

BP America Production Company
BPX Energy Inc.
Permian Development – Land Department
1700 Platte St
Denver, CO 80202

October 8, 2020

Texas General Land Office
Attn: Energy Resources
1700 North Congress Avenue
Austin, TX 78701

RE: **Surface Damage Payment – Electric Line Extension**
State LRP 57-T2-12 Pad A
Section 12, Block 57, Township 2
Reeves County, Texas

Dear Texas General Land Office,

Enclosed herein, please find **Check No. 8005000375** in the amount of **$630.40** covering the electric line on the subject line, which is outlined below:

Electric Line:	(31.52 rods) x ($20/rod)	=	$630.40
Total Damages:		=	**$630.40**
Total paid to the State of Texas:		=	**$630.40**

Should you have any questions or need additional assistance regarding this matter, please don't hesitate to contact me at the telephone numbers or email address listed below.

Respectfully,

Cameron Finger
Surface Land Negotiator
Office: (303) 731-8260
Mobile: (720) 697-9363
Cameron.Finger@bpx.com

BPX Energy companies: BPX Production Company; BPX Midstream LLC; BPX Gathering Holdings LLC; BPX (Karnes) Gathering LLC; BPX (Permian) Gathering LLC; BPX Operating Company; BPX Properties (GP) LLC; BPX Properties (LP) LLC; BPX (Eagle Ford) Gathering LLC; BPX Properties (NA) LP; BPX (KCS Resources) LLC; BPX (WSF Operating) Inc.; South Texas Shale LLC; Winwell Resources, L.L.C.

EXHIBIT "A", PAGE 1 OF 2

CENTERLINE DESCRIPTIONS FOR A 15' WIDE EASEMENT AND TWO GUY ANCHORS

STATE OF TEXAS

A CENTERLINE DESCRIPTION OF A PROPOSED POWERLINE AND TWO CENTERLINE DESCRIPTIONS OF GUY ANCHORS IN, OVER, ACROSS, AND THROUGH A 200 ACRE TRACT RECORDED IN VOLUME 616, PAGE 10, REEVES COUNTY, TEXAS DEED RECORDS, BEING OUT OF ABSTRACT NUMBER 5701, P. THOMAS, ORIGINAL GRANTEE, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

"STATE LRP POWERLINE EXT"

COMMENCING AT A 1/2 INCH REBAR W/CAP, AT THE SOUTHWEST CORNER OF SECTION 12, BLOCK 57-T2, REEVES COUNTY, TEXAS; THENCE N 89°44'27" E A DISTANCE OF 4,645.78 FEET TO THE POINT OF BEGINNING OF A 15 FOOT WIDE EASEMENT BEING 7.5 FEET ON EACH SIDE OF THE FOLLOWING DESCRIBED CENTERLINE;

THENCE S 87°37'50" E A DISTANCE OF 370.04 FEET TO A POINT;
THENCE N 01°44'30" E A DISTANCE OF 89.71 FEET TO THE POINT OF TERMINATION, SAID POINT BEING BEING S 05°37'03" W A DISTANCE OF 5,038.56 FEET FROM A 1/2 INCH PIPE AT THE NORTHEAST CORNER OF SECTION 12, BLOCK 57-T2, REEVES COUNTY, TEXAS.

THE ABOVE DESCRIBED CENTERLINE HAS A TOTAL LENGTH OF 459.75 FEET OR 27.86 RODS AND CONTAINS 0.16 ACRES OF EASEMENT, MORE OR LESS. LESS AND EXCEPT ALL EASEMENTS AND RIGHTS-OF-WAY OF RECORD.

"GUY ANCHOR 1"

COMMENCING AT A 1/2 INCH REBAR W/CAP, AT THE SOUTHWEST CORNER OF SECTION 12, BLOCK 57-T2, REEVES COUNTY, TEXAS; THENCE N 89°44'27" E A DISTANCE OF 4,645.78 FEET TO THE POINT OF BEGINNING OF "GUY ANCHOR 1";

THENCE N 88°29'41" WA DISTANCE OF 30.26 FEET TO THE POINT OF TERMINATION, SAID POINT BEING BEING S 09°59'12" W A DISTANCE OF 5,166.21 FEET FROM A 1/2 INCH PIPE AT THE NORTHEAST CORNER OF SECTION 12, BLOCK 57-T2, REEVES COUNTY, TEXAS.

THE ABOVE DESCRIBED CENTERLINE HAS A TOTAL LENGTH OF 30.26 FEET OR 1.83 RODS OF EASEMENT, MORE OR LESS. LESS AND EXCEPT ALL EASEMENTS AND RIGHTS-OF-WAY OF RECORD.

"GUY ANCHOR 2"

COMMENCING AT A 1/2 INCH REBAR W/CAP, AT THE SOUTHWEST CORNER OF SECTION 12, BLOCK 57-T2, REEVES COUNTY, TEXAS; THENCE N 89°56'05" E A DISTANCE OF 5,015.45 FEET TO THE POINT OF BEGINNING OF "GUY ANCHOR 2";

THENCE S 88°04'53" EA DISTANCE OF 30.23 FEET TO THE POINT OF TERMINATION, SAID POINT BEING BEING S 05°12'45" W A DISTANCE OF 5,126.24 FEET FROM A 1/2 INCH PIPE AT THE NORTHEAST CORNER OF SECTION 12, BLOCK 57-T2, REEVES COUNTY, TEXAS.

THE ABOVE DESCRIBED CENTERLINE HAS A TOTAL LENGTH OF 30.23 FEET OR 1.83 RODS OF EASEMENT, MORE OR LESS. LESS AND EXCEPT ALL EASEMENTS AND RIGHTS-OF-WAY OF RECORD.

THE THREE ABOVE DESCRIBED CENTERLINES HAVE A TOTAL LENGTH OF 520.24 FEET OR 31.52 RODS AND CONTAINS 0.16 ACRES OF EASEMENT, MORE OR LESS. LESS AND EXCEPT ALL EASEMENTS AND RIGHTS-OF-WAY OF RECORD.

BASIS OF BEARINGS: TEXAS STATE PLANE GRID, CENTRAL ZONE, NAD83 AS DETERMINED BY GPS OBSERVATION.

ALL DISTANCES ARE GRID DISTANCES BASED ON U.S. SURVEY FEET

THIS LEGAL DESCRIPTION ACCOMPANIES A SKETCH PREPARED FOR THIS TRACT OF LAND.

STATE OF TEXAS
REGISTERED
SHANNON D. OZMENT
6542
PROFESSIONAL
LAND SURVEYOR

8/20/2020

CONTACT INFORMATION:
Shannon D. Ozment
Crafton Tull (10193715)
1000 Ledgelawn Dr.
Conway, AR 72034

1000 Ledgelawn Dr.
Conway, Arkansas 72034
Crafton Tull
surveying
501.328.3316 t 501.328.3325 f
www.craftontull.com

1000 Ledgelawn Dr.
Conway, Arkansas 72034
Crafton Tull
surveying
501.328.3316 f 501.328.3325 f
www.craftontull.com

EXHIBIT "A", PAGE 2 OF 2

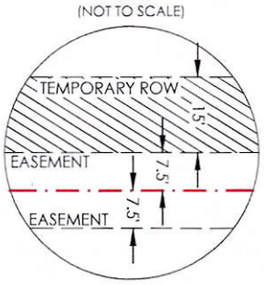
REEVES COUNTY, TEXAS

LEGEND

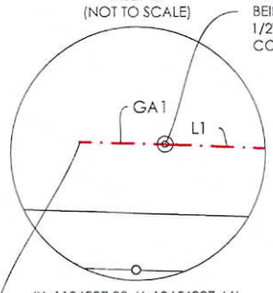
- CL OF PROPOSED POWERLINE EASEMENT
- EXISTING PIPELINE ROUTE
- EDGE OF ROAD
- FENCE
- P.O.C. POINT OF COMMENCEMENT
- P.O.B. POINT OF BEGINNING
- P.O.T. POINT OF TERMINATION
- OHE OVERHEAD ELECTRIC
- LF LINEAR FEET
- POWER POLE
- TELEPHONE RISER
- FOUND MONUMENT (AS NOTED)
- PROPOSED POWER POLE

GRID NORTH (NAD 83)
TEXAS - CENTRAL ZONE

INSET "A"
(NOT TO SCALE)



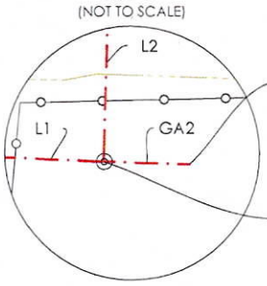
INSET "B"
(NOT TO SCALE)



(X: 1186237.60, Y: 10656226.86)
P.O.B. OF GUY ANCHOR "1"
BEING N 89°44'27" E - 4,645.78' FROM A
1/2" REBAR W/CAP, AT THE SOUTHWEST
CORNER OF SEC. 12, BLK. 57-T2

(X: 1186207.33, Y: 10656227.66)
P.O.T. OF GUY ANCHOR "1"
BEING S 09°59'12" W - 5,166.21'
FROM A 1/2" PIPE, AT THE NORTHEAST
CORNER OF SEC. 12, BLK. 57-T2

INSET "C"
(NOT TO SCALE)



(X: 1186637.54, Y: 10656210.55)
P.O.T. OF GUY ANCHOR "2"
BEING S 05°12'45" W - 5,126.24'
FROM A 1/2" PIPE, AT THE NORTHEAST
CORNER OF SEC. 12, BLK. 57-T2

(X: 1186607.32, Y: 10656211.56)
P.O.B. OF GUY ANCHOR "2"
BEING N 89°56'05" E - 5,015.45' FROM A
1/2" REBAR W/CAP, AT THE SOUTHWEST
CORNER OF SEC. 12, BLK. 57-T2

(X: 1187103.26, Y: 10661315.59)
A 1/2" PIPE, AT THE NORTHEAST
CORNER OF SEC. 12, BLK. 57-T2 BEING
N 05°37'03" E - 5,038.56' FROM THE P.O.T.

240 ACRES
ULYSSES G. DESPINA TELEGADIS

200 ACRES
STATE OF TEXAS
VOL. 616, PG. 10
PART OF SEC. 12, BLK. 57-T2
TOTAL: (520.24 L.F. OR 31.52 RODS)

STATE LRP
57-T2-12 1H

(X: 1186237.60,
Y: 10656226.86)
P.O.B. OF A 15'
WIDE EASEMENT
SEE INSET "B"

L1
SEE INSET"A"

L2

(X: 1186610.05,
Y: 10656301.23)
P.O.T. OF A 15'
WIDE EASEMENT

PI1
SEE INSET "C"

P.O.C.
(X: 1181591.88, Y: 10656205.85)
A 1/2" REBAR W/CAP, AT THE SOUTHWEST
CORNER OF SEC. 12, BLK. 57-T2 BEING
S 89°44'27" W - 4,645.78' FROM THE P.O.B.

627.52 ACRES
A.D. AND JACLYN KESSLER TRUST
VOL. 736, PG. 589

"STATE LRP POWERLINE EXT"

DESCRIPTION	COORDINATES NAD83	
	STATE PLANE TEXAS CENTRAL (2277)	GEOGRAPHIC (4269)
P.O.B.	N : 10656226.86 E : 1186237.60	LAT: 31.85486270° LONG: -103.90992761°
PI 1	N : 10656211.56 E : 1186607.32	LAT: 31.85485333° LONG: -103.90873592°
P.O.T.	N : 10656301.23 E : 1186610.05	LAT: 31.85509993° LONG: -103.90873643°

"STATE LRP POWERLINE EXT"

NUMBER	BEARING	DISTANCE
L1	S 87°37'50" E	370.04'
L2	N 01°44'30" E	89.71'

TOTAL: (459.75 L.F. OR 27.86 RODS)

"STATE LRP POWERLINE EXT"

NUMBER	BEARING	DISTANCE
GA 1	N 88°29'41" W	30.26'
GA 2	S 88°04'53" E	30.23'

TOTAL: (60.49 L.F. OR 3.67 RODS)

GENERAL NOTES

1. THE LOCATIONS OF UNDERGROUND UTILITIES AS SHOWN HEREON ARE BASED ON REASONABLE VISUAL OBSERVATION. LOCATIONS OF UNDERGROUND UTILITIES/ STRUCTURES MAY VARY FROM LOCATIONS SHOWN HEREIN. ADDITIONAL BURIED UTILITIES/ STRUCTURES MAY BE ENCOUNTERED. NO EXCAVATIONS WERE MADE DURING THE PROGRESS OF THIS SURVEY TO LOCATE BURIED UTILITIES/ STRUCTURES. BEFORE EXCAVATIONS ARE BEGUN, THE OFFICES OF THE VARIOUS UTILITIES SERVICING THIS AREA SHOULD BE CONTACTED FOR THEIR UTILITY LOCATION.
2. BASIS OF BEARINGS : TEXAS STATE PLANE GRID, CENTRAL ZONE, NAD83 AS DETERMINED BY GPS OBSERVATION.
3. VERTICAL DATUM IS NAVD 88
4. AREAS, DISTANCES, AND COORDINATES ARE "GRID" BASED ON U.S. SURVEY FEET.
5. THIS PLAT DOES NOT REPRESENT A BOUNDARY SURVEY.

STATE OF TEXAS
REGISTERED
SHANNON D. OZMENT
6542
PROFESSIONAL
LAND SURVEYOR

8/20/2020

CONTACT INFORMATION:
Shannon D. Ozment
Crafton Tull (10193715)
1000 Ledgelawn Dr.
Conway, AR 72034

THIS SKETCH ACCOMPANIES A LEGAL DESCRIPTION PREPARED FOR THIS TRACT OF LAND.

GRAPHIC SCALE IN FEET

200' 100' 0 200'

REVISION	
----	----

bpx energy

BPX (PERMIAN) GATHERING LLC.
A DELAWARE LIMITED LIABILITY COMPANY

"STATE LRP POWERLINE EXT"
STATE OF TEXAS
FINAL PLAT
REEVES COUNTY, TEXAS
PART OF SEC. 12, BLK. 57-T2

SCALE: 1" = 200'	CHECKED BY: FRANS	APPROVED BY: L. DOW
PLOT DATE: 08-20-2020	DRAWN BY: ALP	SHEET NO.: 2 OF 2

G:\852-7 (NORTH REEVES)\1 - 8527SV0200+ PROJECTS\8527SV0376 STATE LRP POWERLINE\BPX POWERLINE OWNER PLATS.DWG 8/20/2020 9:17:10 AM AP1232

74

File No. MF088364

Reeves County

Surface Damage Pmt

Date Filed: 7/19/2021

George P. Bush, Commissioner

By VB

STATUTES

STATUTES

10-3-30

Carl Bonn

From: Carl Bonn
Sent: Monday, November 25, 2019 10:22 AM
To: mattomadison@gmail.com
Subject: Assignment from Quadrum to Madison & Wright - MF088364 et al Reeves Co
Attachments: 20191125085546448.pdf

Hello Matt,
Please see attached receipt letter for the referenced assignment.
Please furnish payment of $625 and certified copy of assignment to my attention at the address below.
Thanks,
Carl

Carl Bonn, CPL
Texas General Land Office
1700 N Congress, Rm 847B
Austin, TX 78701
512 463-5407

03111

TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER
P.O. Box 12873
Austin, Texas 78711-2873

OFFICIAL BUSINESS
STATE OF TEXAS
PENALTY FOR
PRIVATE USE

PRESORTED
FIRST CLASS

U.S. POSTAGE PITNEY BOWES

ZIP 78701 $ 000.41²
02 1W
0001401682 OCT. 22 2019

RECEIVED
NOV 13 2019
General Land Office

[redacted]

4 IMEYNAB 78711>2873

NIXIE 750 DE 1270 0011/08/19

RETURN TO SENDER
NO SUCH NUMBER
UNABLE TO FORWARD

BC: 787112873373 *2182-02416-08-19

TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

October 18, 2019

Matt Madison
Madison and Wright LLC
910 Kilbridge Ln
Coppell, TX 75019

Re: GLO Assign ID #10920 – MF088364, MF088676 C to T, MF097729 A to F
Reeves County

Dear Mr. Madison:

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

Assignment and Bill of Sale, effective September 1, 2019, from Quadrum Energy LLC, Assignor to Madison and Wright LLC, Assignee.

Filing fees in the amount of $625.00 are due on the referenced assignment. Also according to the Texas Administrative Code you are required to furnish a certified copy of the assignment.

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

Best Regards,

Carl Bonn, CPL
Mineral Leasing-Energy Resources

15

File No. MF088364

Asst # 10920

Corrected Addr

4-8-22

Date Filed: _____

George P. Bush, Commissioner

By _____

BPX Operating Company
Attn: GBS - P2P Treasury Payments
501 Westlake Park Boulevard
Houston, TX 77079

bpx energy

2100003 01 SD T 6150 DB -P00003 C10

08/02/24

COMMISSIONER OF THE TEXAS GENERAL L
1700 N CONGRESS AVE
AUSTIN TX 78701

VENDOR NUMBER: 25700231

TRACE NUMBER: 4406461240BPXML-CPS

INQUIRIES CONCERNING THIS PAYMENT SHOULD BE DIRECTED TO 1-888-529-1358

IN ORDER TO AFFECT TIMELY INVOICE PAYMENTS PLEASE PLACE YOUR VENDOR NUMBER ON ALL FUTURE INVOICES. YOUR VENDOR NUMBER IS

DETACH AND RETAIN THIS STUB FOR YOUR RECORDS

CHECK # 6000009283 ATTACHED BELOW

bpx energy

BPX Operating Company
Attn: GBS - P2P Treasury Payments
501 Westlake Park Boulevard
Houston, TX 77079

62-20
311

No. 6000009283

08/02/24

TRACE NO.: 4406461240BPXML-CPS

PAY TO THE ORDER OF
COMMISSIONER OF THE TEXAS GENERAL L
1700 N CONGRESS AVE
AUSTIN TX 78701
25700231

$$$$$$$$$11,386.37

NOT VALID AFTER 6 MONTHS

Eleven Thousand Three Hundred Eighty-six and 37/100 Dollars

AUTHORIZED SIGNATURE

CITIBANK, N.A.
ONE PENN'S WAY, NEW CASTLE, DE 19720

122 ⑈6000009283⑈ [redacted] [redacted]

Agreement	State - County	Payment Description	Check Number
2012297000 - BRENNAND LAZY H RANCH LTD	TEXAS - REEVES	RIGHT OF WAY PAYMENT	6000009283

Payee	Net Amount	Billing Property
COMMISSIONER OF THE TEXAS GENERAL - 0069000250	$11,386.37	STATE ROBERTA REGAN 57-T2-36 1H NB

MF

(76)

File No. M-0883604

County

Surface Damages

Date Filed: 10/17/24

Commissioner Dawn Buckingham, M.D.

By: KC

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

PRODUCTION SHARING AGREEMENT
SHARING WELL

STATE OF TEXAS §
§
COUNTY OF REEVES §

This **PRODUCTION SHARING AGREEMENT** ("Agreement") is by and between the undersigned parties (collectively the "Interest Owners" or individually an "Interest Owner"), and **ANADARKO E&P ONSHORE LLC**, a Delaware limited liability company, with an address at 5 Greenway Plaza, Suite 110, Houston, Texas 77046 ("Anadarko"). Interest Owners and Anadarko may be collectively referred to herein as the "Parties" or individually as a "Party."

RECITALS

A. Interest Owners own an interest in the oil and gas leasehold, minerals, royalties, overriding royalties and/or executive rights under the lands described on Exhibit "A", attached hereto and fully incorporated by reference herein and made a part hereof (collectively, the "Sharing Area").

B. The oil and gas leases described on Exhibit "B" (collectively, the "Leases") are owned by Anadarko and other working interest owners who are Interest Owners.

C. Anadarko, as operator, plans to, from time to time, drill one or more Horizontal Drainhole Well(s) on the Lands and Leases described on Exhibits "A" and "B".

D. The Parties desire to establish a basis for allocating and sharing in the proceeds of production of Hydrocarbons from each Horizontal Drainhole Well deemed a Sharing Well, as defined below.

E. In consideration of the mutual promises set out herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree to the following terms, conditions and provisions:

AGREEMENT

1. DEFINITIONS. As used in this Agreement, these words have the following meanings:

   a. "Allocation Factor" means a fraction, the numerator of which is equal to the length, in feet, of that portion of Completed Lateral Length for such Sharing Well that traverses such Tract, and

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Evangelina N. Abila, County Clerk
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the denominator of which is equal to the total Completed Lateral Length across all Tracts for such Sharing Well.

b. "Completed Lateral Length" means the horizontal length, in feet, that begins at the first Take Point, and terminates at the last Take Point, less any portion of the Horizontal Drainhole deemed non-productive.

c. "Correlative Interval" is the depth interval designated by applicable field rules, or new field designation designated by the Texas Railroad Commission for the Horizontal Drainhole Well, or where a correlative interval has not been designated by the Texas Railroad Commission, it shall be the producing interval for the field in which the Horizontal Drainhole Well is completed as shown by information submitted by Anadarko to the Texas Railroad Commission.

d. "Exploration and Production Activities" means the necessary, incidental, and appurtenant activities and operations to be conducted by Anadarko and convenient to its exploration, exploitation, development, transportation, production operations, and any other operations on the Sharing Area and Leases and in the area, including, but not limited to, any rights granted to Anadarko under the terms of the Leases.

e. "Horizontal Drainhole" means that portion of the Horizontal Drainhole Well drilled in the Correlative Interval between the penetration point and the terminus.

f. "Horizontal Drainhole Well" means a horizontal well as defined in Texas Railroad Commission Statewide Rule 86, having a horizontal displacement of at least one hundred (100) feet.

g. "Hydrocarbons" means oil, gas, condensate, casinghead gas and all by-products thereof that may be produced from a well permitted by the Texas Railroad Commission.

h. "Sharing Well" means a Horizontal Drainhole Well with a Completed Lateral Length in more than one (1) Tract.

i. "Take Point" means a point along the Horizontal Drainhole where Hydrocarbons can enter the wellbore from the Correlative Interval and be produced.

j. "Tract" means the individual tracts listed on Exhibit "A".

2. ALLOCATION. Production of Hydrocarbons from a Sharing Well shall be allocated on the following basis:

a. Each Interest Owner shall share the production or proceeds from a Sharing Well on the basis of the Allocation Factor, as defined above.

b. Proceeds from production from a Sharing Well shall be paid in accordance with the Allocation Factor, as same may be proportionately reduced as set out in Section 2.c below, subject to the terms of the Leases' royalty provisions, which remain in full force and effect except as expressly modified herein.

c. In the event an Interest Owner owns less than 100% of the undivided interest in any Tract within the Sharing Area, then such Interest Owner's Allocation Factor shall be further proportionately reduced based upon its actual ownership.

d. Under no circumstances shall the sum of all Allocation Factors, as further proportionately reduced in Section 2.c, for all Interest Owners (whether a part of this Agreement or not) in a Sharing Well exceed 1.00 (i.e. 100%).

3. Exploration and Production Activities from each Sharing Well, whether or not the Sharing Well is located on a Tract or Lease and regardless of the surface location of such Sharing Well, shall be

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deemed as actual operations conducted on, or production from, all Tracts and Leases in the Sharing Area pursuant to the terms and provisions of each of the Leases and shall be deemed sufficient to maintain all Tracts and Leases in full force and effect pursuant to the terms thereof as to the Sharing Area.

4. Production from any and all Sharing Wells shall not create any offset obligation under the Leases, whether express or implied, and shall not constitute drainage under the Leases because all Interest Owners are sharing in the production proceeds. This Agreement shall be deemed to constitute satisfaction of Anadarko's obligations (whether express or implied) to protect the Leases from drainage from each Sharing Well, and protection of each Interest Owner's respective correlative rights. The undersigned further agrees that this Agreement affects only production from each Sharing Well, and in no way affects ownership under other wells drilled or to be drilled which are not Sharing Wells.

5. If any State lease contains a retained-acreage clause, partial-termination clause, or other provision that would, based upon the passage of time or the occurrence or non-occurrence of some event or condition, cause the State lease to terminate, except as to certain portions of the leased premises included within certain types of units or otherwise associated with productive wells, then, for the sole purpose of determining the acreage and/or depths of the leased premises under said State lease that is perpetuated by a Sharing Well, that portion of the Sharing Well drilled on the leased premises of said State lease shall be treated as a well drilled entirely on the leased premises, and the acreage retained by said Sharing Well shall be the greater of 40 acres or the amount of acreage determined by the following formula: 0.032 x L = A, where L = the length (in feet) of the horizontal lateral component of the well from the first takepoint to the last takepoint and A = the portion of the State lease retained (in acres) provided that, if A is not divisible by the number 20, A will be rounded up to the next number divisible by 20, i.e. (0.032 x 4500 feet = 144 acres, which rounds up to 160 acres).

6. The provisions of any Leases, agreements and, to the extent necessary, any division order(s) or transfer order(s) covering or affecting the Sharing Area and Leases, are hereby amended to the extent necessary to make such instruments and agreements conform to the provisions herein, but not otherwise. In the event of a conflict between the terms and conditions of this Agreement and any of the Leases, agreements, division or transfer orders, then this Agreement shall prevail.

7. This Agreement shall be effective on November 1, 2024 (the "Effective Date), and shall remain in effect as to each respective Lease for so long as such Lease is maintained in full force and effect. In the event a Sharing Well is no longer capable of producing in paying quantities, then Anadarko may terminate this Agreement as to such Sharing Well, by filing a notice of termination to that effect in the records of Loving and Reeves Counties, Texas, within ninety (90) days after such occurrence. In the event any Sharing Well is plugged back or recompleted such that the wellbore continues to be a Sharing Well but the Completed Lateral Length is altered, the Allocation Factor shall nonetheless remain as set forth above as of the Effective Date. This Agreement shall become binding as to each Interest Owner upon such owner's execution of this Agreement regardless of whether all Interest Owners have executed this Agreement.

8. Notwithstanding anything contrary in Section 3, it is understood and agreed that the Interest Owners herein do not by the execution hereof intend to pool or communitize the interest which they now

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own, or may hereafter own in portions of the land covered by the Sharing Area and Leases with the interests of other parties owning an interest in any other portion or portions of the land covered by the Sharing Area and Leases, except as to the extent that the Lands and Leases are already subject to a pooled unit. Further, the Leases described in Exhibit "B" are not otherwise altered or amended, except as set forth in Section (6) above.

9. To the extent they have the right to do so, Interest Owners hereby grant, let, lease and demise unto Anadarko surface and subsurface easements and rights-of-way (including all reasonable ingress and egress thereto and therefrom) on, in and under all the Sharing Area and Leases associated with the Sharing Well(s) for Exploration and Production Activities.

10. This Agreement may be executed in multiple counterparts, each of which shall be given the same effect as the execution of an original Agreement. Failure of any party hereto to execute a counterpart shall not render this Agreement ineffective as to any other Party hereto that does execute a counterpart thereof, but this Agreement shall be a covenant running with the Land and Leases and be binding upon each executing Party and its, his or her heirs, legal representatives, successors and assigns. The executed counterparts may be combined into one or more instruments for recordation, by combining the signature pages and acknowledgments, and the executing parties agree that such combined instruments shall be effective for all purposes as a single instrument.

EXECUTED on this 19th day of December, 2024.

ANADARKO E&P ONSHORE LLC

Name: John V. Schneider
Title: Attorney-in-Fact

ACKNOWLEDGMENT

STATE OF TEXAS §

COUNTY OF HARRIS §

This instrument was acknowledged before me on December 19th, 2024, by John V. Schneider, as Attorney-in-Fact for Anadarko E&P Onshore LLC, a Delaware limited liability company, on behalf of said company.

Notary Public, State of TEXAS

PAUL DONHAM
Notary Public, State of Texas
Comm. Expires 05-20-2025
Notary ID 125920351

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Page 4 of 11

Docusign Envelope ID: 3CB35266-47CD-4EF9-B5C7-A34931E3ACB0

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

Date Executed 11/25/2024

STATE OF TEXAS

DAWN BUCKINGHAM M.D.
Commissioner, General Land Office

Approved:
Leas. LB
Cont. DBO
Legal MO
DCC AP
CC MM

CERTIFICATE

I, Vicki Gonzales, Secretary of the School Land Board of the State of Texas, do hereby certify that at a meeting of the School Land Board duly held on November 19, 2024, the foregoing instrument was approved by said Board under the provisions of Chapter 32 and 52 of the Natural Resources Code all of which is set forth in the Minutes of the Board of which I am custodian.

IN TESTIMONY WHEREOF, witness my hand this the 25 day of November, 20 24

Vicki Gonzales
Secretary of the School Land Board

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Page 5 of 11

EXHIBIT A

Attached to and made a part of that certain Production Sharing Agreement dated November 1, 2024 between Anadarko E&P Onshore LLC, and Interest Owners.

SHARING AREA:

Tract 1: NW/4 of Section 1, Block 57, Township 2, T&P RR Co. Survey, Reeves County, Texas

Tract 2: SW/4 of Section 1, Block 57, Township 2, T&P RR Co. Survey, Reeves County, Texas

Tract 3: State LRP 57-T2-12 Unit as described in that certain Pooling Agreement dated December 9, 2014, GLO Unit No. 7199, recorded at Volume 1137, Page 443 and filed as Instrument Number 15-00361 in the Official Records of Reeves County, Texas: All of Section 12, Block 57, Township 2, T&P RR Co. Survey, Reeves County, Texas

Tract 4: W/2 of Section 13, Block 57, Township 2, T&P RR Co. Survey, Reeves County, Texas

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EXHIBIT B

Attached to and made a part of that certain Production Sharing Agreement dated November 1, 2024 between Anadarko E&P Onshore LLC, and Interest Owners.

OIL AND GAS LEASES:

1.	AEP LEASE NO:	26060400
	LESSOR:	State of Texas MF-088364
	LESSEE:	Prewit Minerals
	LEASE DATE:	10/5/1982
	RECORDING:	Volume 427, Page 331, Reeves County TX
2.	AEP LEASE NO:	1345983000
	LESSOR:	Chevron U.S.A. Inc.
	LESSEE:	Anadarko E&P Onshore LLC
	LEASE DATE:	11/15/2014
	RECORDING:	Volume 1220, Page 332, Reeves County, Texas
3.	AEP LEASE NO:	26060500
	LESSOR:	State of Texas MF-088676E
	LESSEE:	Blake Oil & Gas Corporation
	LEASE DATE:	12/8/1986
	RECORDING:	Volume 474, Page 168, Reeves County, Texas
4.	AEP LEASE NO:	Pending
	LESSOR:	State of Texas MF-088676D
	LESSEE:	Blake Oil & Gas Corporation
	LEASE DATE:	10/10/1987
	RECORDING:	Volume 481, Page 311, Reeves County, Texas
5.	AEP LEASE NO:	26060600
	LESSOR:	State of Texas MF-088676G
	LESSEE:	Blake Oil & Gas Corporation
	LEASE DATE:	10/10/1987
	RECORDING:	Volume 481, Page 303, Reeves County, Texas
6.	AEP LEASE NO:	26060700
	LESSOR:	State of Texas MF-088676H
	LESSEE:	Blake Oil & Gas Corporation
	LEASE DATE:	9/30/1988
	RECORDING:	Volume 489, Page 402, Reeves County, Texas
7.	AEP LEASE NO:	26060800
	LESSOR:	State of Texas MF-088676I
	LESSEE:	Blake Oil & Gas Corporation
	LEASE DATE:	9/30/1988
	RECORDING:	Volume 489, Page 422, Reeves County, Texas

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8.	AEP LEASE NO:	26060900
	LESSOR:	State of Texas MF-088676J
	LESSEE:	Blake Oil & Gas Corporation
	LEASE DATE:	9/30/1988
	RECORDING:	Volume 489, Page 382, Reeves County, Texas
9.	AEP LEASE NO:	26061000
	LESSOR:	State of Texas MF-088676L
	LESSEE:	Blake Oil & Gas Corporation
	LEASE DATE:	9/30/1988
	RECORDING:	Volume 489, Page 362, Reeves County, Texas
10.	AEP LEASE NO:	26061100
	LESSOR:	State of Texas MF-088676M
	LESSEE:	Blake Oil & Gas Corporation
	LEASE DATE:	10/10/1988
	RECORDING:	Volume 489, Page 392, Reeves County, Texas
11.	AEP LEASE NO:	26061200
	LESSOR:	State of Texas MF-088676N
	LESSEE:	Blake Oil & Gas Corporation
	LEASE DATE:	10/10/1988
	RECORDING:	Volume 489, Page 412, Reeves County, Texas
12.	AEP LEASE NO:	26061300
	LESSOR:	State of Texas MF-088676O
	LESSEE:	Blake Oil & Gas Corporation
	LEASE DATE:	9/30/1988
	RECORDING:	Volume 490, Page 23, Reeves County, Texas
13.	AEP LEASE NO:	26061400
	LESSOR:	State of Texas MF-088676P
	LESSEE:	Blake Oil & Gas Corporation
	LEASE DATE:	9/30/1988
	RECORDING:	Volume 490, Page 43, Reeves County, Texas
14.	AEP LEASE NO:	26061500
	LESSOR:	State of Texas MF-088676Q
	LESSEE:	Blake Oil & Gas Corporation
	LEASE DATE:	10/17/1988
	RECORDING:	Volume 490, Page 33, Reeves County, Texas
15.	AEP LEASE NO:	26061600
	LESSOR:	State of Texas MF-088676R
	LESSEE:	Blake Oil & Gas Corporation
	LEASE DATE:	9/30/1988
	RECORDING:	Volume 489, Page 372, Reeves County, Texas
16.	AEP LEASE NO:	26061700
	LESSOR:	State of Texas MF-088676S
	LESSEE:	Blake Oil & Gas Corporation
	LEASE DATE:	9/30/1988
	RECORDING:	Volume 491, Page 459, Reeves County, Texas

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17. AEP LEASE NO: 26061800
LESSOR: State of Texas MF-088676T
LESSEE: Blake Oil & Gas Corporation
LEASE DATE: 9/30/1988
RECORDING: Volume 491, Page 448, Reeves County, Texas

18. AEP LEASE NO: 26061900
LESSOR: Tunstill Oil & Land Trust (MF-101575)
LESSEE: MTBB Acquisition Company, LLC
LEASE DATE: 3/10/1999
RECORDING: Volume 604, Page 595, Reeves County, Texas

19. AEP LEASE NO: 26062000
LESSOR: State of Texas MF-115425A
LESSEE: Petrohawk Properties, LP
LEASE DATE: 1/28/2013
RECORDING: Volume 1001, Page 297, Reeves County, Texas

20. AEP LEASE NO: 26062100
LESSOR: State of Texas MF-115425B
LESSEE: Petrohawk Properties, LP
LEASE DATE: 5/24/2013
RECORDING: Volume 1007, Page 741, Reeves County, Texas

21. AEP LEASE NO: 26062200
LESSOR: State of Texas MF-115425C
LESSEE: Petrohawk Properties, LP
LEASE DATE: 6/12/2013
RECORDING: Volume 1014, Page 528, Reeves County, Texas

22. AEP LEASE NO: 26062300
LESSOR: State of Texas MF-115425D
LESSEE: Petrohawk Properties, LP
LEASE DATE: 5/24/2013
RECORDING: Volume 1010, Page 361, Reeves County, Texas

23. AEP LEASE NO: 26062400
LESSOR: State of Texas MF-115425E
LESSEE: Petrohawk Properties, LP
LEASE DATE: 5/24/2013
RECORDING: Volume 1014, Page 521, Reeves County, Texas

24. AEP LEASE NO: 26062500
LESSOR: State of Texas MF-115426
LESSEE: Petrohawk Properties, LP
LEASE DATE: 3/25/2013
RECORDING: Volume 1001, Page 320, Reeves County, Texas

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25. AEP LEASE NO: 26062600
LESSOR: State of Texas MF-115586A
LESSEE: Petrohawk Properties, LP
LEASE DATE: 5/24/2013
RECORDING: Volume 1010, Page 368, Reeves County, Texas

26. AEP LEASE NO: 26062700
LESSOR: State of Texas MF-115586B
LESSEE: Petrohawk Properties, LP
LEASE DATE: 7/18/2013
RECORDING: Volume 1032, Page 196, Reeves County, Texas

27. AEP LEASE NO: 26062800
LESSOR: State of Texas MF-115586C
LESSEE: Petrohawk Properties, LP
LEASE DATE: 7/18/2013
RECORDING: Volume 1025, Page 426, Reeves County, Texas

28. AEP LEASE NO: 26062900
LESSOR: State of Texas MF-115586D
LESSEE: Petrohawk Properties, LP
LEASE DATE: 7/18/2013
RECORDING: Volume 1025, Page 446, Reeves County, Texas

29. AEP LEASE NO: 26063000
LESSOR: State of Texas MF-115586E
LESSEE: Petrohawk Properties, LP
LEASE DATE: 7/18/2013
RECORDING: Volume 1025, Page 436, Reeves County, Texas

30. AEP LEASE NO: 1321268000
LESSOR: Chevron U.S.A. Inc.
LESSEE: Anadarko Petroleum Corporation
LEASE DATE: 9/1/2010
RECORDING: Volume 901, Page 391, Reeves County, Texas

31. AEP CONTRACT NO: 26551300*
OPERATOR: Anadarko E&P Onshore LLC
NON-OPERATOR: Chevron U.S.A. Inc.
EFFECTIVE DATE: 8/1/2024
RECORDING: Instrument No. 2024005747, Reeves County, Texas
*Chevron U.S.A. Inc. owned mineral interest covering the NW/4 of Section 1, Block 57, Township 2, T&P RR Co. Survey, Reeves County, Texas, and contributed to that certain Operating Agreement dated August 1, 2024.

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Reeves County
Evangelina N. Abila
Reeves County Clerk

Instrument Number: 2025000188

eRecording - Real Property

AGREEMENT

Recorded On: January 13, 2025 09:57 AM

Number of Pages: 11

" Examined and Charged as Follows: "

Total Recording: $61.00

********** **THIS PAGE IS PART OF THE INSTRUMENT** **********
Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY because of color or race is invalid and unenforceable under federal law.

File Information:

Document Number:	2025000188
Receipt Number:	20250113000005
Recorded Date/Time:	January 13, 2025 09:57 AM
User:	Rebecca G
Station:	CLERK07

Record and Return To:

CSC

STATE OF TEXAS
COUNTY OF REEVES

I hereby certify that this Instrument was FILED **In the File Number sequence on the date/time printed hereon, and was duly** RECORDED **in the Official Records of County, Texas.**

Evangelina N. Abila
Reeves County Clerk
Reeves County, TX

Evangelina N. Abila

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25-015

77

File No. MF088364
Reeves County
CC PSA #00701
Date Filed: 2-12-25
Commissioner Dawn Buckingham, M.D.
By: CRB

CERTIFIED A TRUE AND CORRECT COPY
OF THE RECORD ON FILE IN MY OFFICE
EVANGELINA N. ABILA
Reeves County Clerk

1-21-26
Date

By: Alyssa Salazar
Deputy Clerk

Information for processing an Internal Non Unit Transaction (iNut)

Length of Lateral

iNut No. 14563

GENERAL INFORMATION

Name of Well: Winghead State 57-2-1-13 A # 11H API # 42-389-41380

Name of Operator: Anadarko E&P Onshore LLC RRC # 08-902674

Operator Contact Person: Cindy Bao Phone: 713-215-7016

Counties: Reeves

ALLOCATION OF STATE UNITS AND/OR LEASES BASED ON LENGTH OF LATERAL

Lease Type	Unit/Lease No	Total Lateral Ft.	Unit or Lease Lateral Ft.	Unit or Lease Rylty Decimal	Lease Royalty Decimal	RRAC Participation Factor	State Participation by Unit/Lease
Ufee	7199/MF088364	15476	5323	0.07835687	0.25000000	0.10780399	0.02695100
RAL	7199/MF088676	15476	5323	0.00530539	0.09375000	0.01946452	0.00182480
FR	7199/MF101575	15476	5323	0.01952116	0.06250000	0.10742945	0.00671434
RAL	7199/MF115425	15476	5323	0.02343628	0.12500000	0.06448763	0.00806095
RAL	7199/MF115426	15476	5323	0.00781274	0.12500000	0.02149766	0.00268721
RAL	7199/MF115586	15476	5323	0.00845635	0.12500000	0.02326862	0.00290858
Totals:						0.34395187	**0.04914687**
Effective Date:	11/01/2024						State Net Royalty Revenue in Well

Name of Production Sharing Agreement, if any: PSA00701

Comments:

- Final as drilled plat submitted by email on June 24, 2025 from Cindy Bao.

Attach a plat showing the iNut well with length of laterals marked and the State lands marked.

Lease Types: Relinquishment Act Land (RAL), State Fee (SF), Free Royalty (FR), Unleased Riverbed (UR), Highway Right of Way (HROW), Unleased Highway (UH), Criminal Justice (TDCJ), Parks & Wildlife (TPW), Mineral Production Allocation (MPAA), Dept. of Aging (DADS), School for the Blind (SBVI), Stephen F. Austin (SFA), TX A&M (A&M).

Prepared by: JM Alamo updated by: JM WI updated by: JM

RAM approval by: VD GIS updated by: RL

DO NOT DESTROY

Texas General Land Office

UNIT AGREEMENT MEMO

INUT250001

Unit Number	*14563*				
Operator Name	*Anadarko E&P Onshore LLC*			***Effective Date***	*11/01/2024*
Customer ID	*C000044444*			***Unitized For***	*Oil And Gas*
Unit Name	*Winghead State 57 - 2 - 1 - 13 A # 11H*			***Unit Term***	
County 1	*Reeves*	***RRC District 1***	*08*	***Old Unit Number***	***Inactive Status Date***
County 2		***RRC District 2***			
County 3		***RRC District 3***			
County 4		***RRC District 4***			
Unit type	*iNut*				
State Net Revenue Interest	***Oil***	*0.04914687*			
State Part in Unit		*0.34395187*			
Unit Depth	*Specified Depths*				
From Depth					
To Depth					

Well

Formation

Participation Basis *Length of Lateral*

If Excluions Apply: See Remarks

Lease Number	*Tract No*	*Lease Acres in Unit*	*Total Unit Acres*	*Tract Participation*	*O/G*	*Lease Royalty*	*NRI of Lease in Unit*	*Royalty Rate Reduction Clause*
MF088364		0.000000	0.000000	0.10780399	O/G	0.25000000	0.02695100	No
MF088676		0.000000	0.000000	0.01946452	O/G	0.09375000	0.00182480	No
MF101575		0.000000	0.000000	0.10742945	O/G	0.06250000	0.00671434	No
MF115425		0.000000	0.000000	0.06448763	O/G	0.12500000	0.00806095	No

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	O/G	Lease Royalty	NRI of Lease in Unit	Royalty Rate Reduction Clause
MF115426		0.000000	0.000000	0.02149766	O/G	0.12500000	0.00268721	No
MF115586		0.000000	0.000000	0.02326862	O/G	0.12500000	0.00290858	No

API Number
4238941380

Remarks: PSA00701. Final as drilled plat submitted on June 24, 2025 by email from Cindy Bao. Corrections were needed to the unit which this wells crosses and delayed set up until July 3, 2025.

Prepared By:	JM	**Prepared Date:**	07/03/2025
GLO Base Updated By:	JM	**GLO Base Date:**	07/03/2025
RAM Approval By:	QD	**RAM Approval Date:**	07/03/2025
GIS By:	RC	**GIS Date:**	8/12/25
Well Inventory By:	JM	**WI Date:**	07/03/2025

Pooling Committee Report

To: School Land Board

INUT250001

Date of Board Meeting:

Unit Number: 14563

Effective Date: 11/01/2024

Unit Expiration Date:

Applicant: Anadarko E&P Onshore LLC

Attorney Rep:

Operator: ANADARKO E&P ONSHORE LLC

Unit Name: Winghead State 57 - 2 - 1 - 13 A # 11H

Field Name: PHANTOM (WOLFCAMP)

County: Reeves

Lease Type	Lease Number	Lease Royalty	Expiration Date	Lease Term	Lease Acres	Lease Acres In Unit	Royalty Participation
FR	MF101575	0.06250000	03/10/2002	3 years	200.000000	0.000000	0.00671434
RAL	MF088676	0.09375000	10/08/1985	3 years	36.456000	0.000000	0.00182480
RAL	MF115425	0.12500000	01/28/2018	5 years	120.000000	0.000000	0.00806095
RAL	MF115426	0.12500000	03/25/2018	5 years	40.000000	0.000000	0.00268721
RAL	MF115586	0.12500000	05/24/2018	5 years	43.555553	0.000000	0.00290858
U Fee	MF088364	0.25000000	10/05/1985	3 years	200.000000	0.000000	0.02695100

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

Participation Basis:	Length of Lateral
Surface Acreage	
State Acreage:	34.40%
State Net Revenue Interest:	4.91%

Unit Type:	Unitized for:
iNut	Oil And Gas
Term:	

RRC Rules:	Spacing Acres:
No	

BY: SIO AVELAR

LATERAL LENGTH ALLOCATION PSA

Joint Venture	Joint Venture Name	Well ID	API (10)	AS DRILL PLAT (ADP)	LATERAL LENGTH SEC 1	LATERAL LENGTH SEC 12	LATERAL LENGTH SEC 13	TOTAL
157627	WINGHEAD STATE 57-2-1-13	322847	4238941380		5,029	5,323	5,124	15,476
157628	WINGHEAD STATE 57-2-1-13	322848	4238941381		4,919	5,310	5,123	15352
157629	WINGHEAD STATE 57-2-1-13	322849	4238941382		4,995	5,303	5,116	15414

ROY/NPR/ORRI IN THE UNIT

LEGAL PER TR/SE	BP #	BP NAME	INTEREST TYPE	SEQ	ACREAGE CALC ALLOCATION	LEASE ROY RATE	MINERAL INTEREST	TRACT NRI	A11H	B12H	C13H	GAS MFG	OIL MFG
TOP TR 1 SEC 12	80093786	STATE OF TEXAS	NR	1	0.01952116			0.06250000	0.00671434	0.00675204	0.00671602	66	67
TOP TR 2 SEC 12	80093787	STATE OF TEXAS	RI		0.01376149	0.25000000	1.00000000	0.11076389	0.00473329	0.00475987	0.00473447	66	67
TOP TR 3 SEC 12	80093787	STATE OF TEXAS	RI		0.07835687	0.25000000	1.00000000	0.25000000	0.02695100	0.02710233	0.02695773	66	67
TOP TR 4 SEC 12	80093787	STATE OF TEXAS	RI		0.01562549	0.25000000	1.00000000	0.12500000	0.00537442	0.00540459	0.00537576	68	69
TOP TR 5 SEC 12	80093787	STATE OF TEXAS	RI		0.01562354	0.25000000	1.00000000	0.12500000	0.00537375	0.00540392	0.00537509	66	67
					0.142888556			**0.67326389**	**0.04914679**	**0.04942276**	**0.04915908**		
							ROYALTY COMBINED		**0.04243245**	**0.04267072**	**0.04244306**		

RRC ONLINE SYSTEM

Oil & Gas Data Query

Query Menu Help

Form W-1

Return

To Print Directional or Horizontal Wellbore Information use (View W-1D or W-1H) links.

Status #: 902674 - 99 **API #:** 389-41380	**Operator:** 020528 - ANADARKO E&P ONSHORE LLC **Issued:** 09/17/2024, **Filed:** Online	**Lease Name:** WINGHEAD STATE 57-2-1-13 A **Well #:** 11H, **District:** 08, **County:** REEVES	**Filing Purpose:** New Drill **Wellbore Profiles:** Horizontal

Exception Admin Approved. 37(h)(2)(B). Own Offset. (09/17/2024 03:15:15 PM)

Status: Approved View Current W-1 | View Current W-1H | View Current Permit | View SWR 13 Formations

Completion Information

Well Status Code	Spud Date	Drilling Completed	Surface Casing Date
-	10/30/2024		10/31/2024

General / Location Information

Basic Information:

Filing Purpose	Wellbore Profiles	Lease Name	Well #	SWR	Total Depth	Horizontal Wellbore	Stacked Lateral Parent Well DP #
New Drill	Horizontal	WINGHEAD STATE 57-2-1-13 A	11H	SWR 36, SWR 37 Lease Line	13000	Allocation	

Surface Location Information:

API #	Distance from Nearest Town	Direction from Nearest Town	Nearest Town	Surface Location Type
389-41380	4.2 miles	W	Orla	Land

GPS Coordinates - Datum: NAD 27
Latitude Degrees: 31 **Latitude Minutes:** 53 **Latitude Seconds:** 06.25
Longitude Degrees: -103 **Longitude Minutes:** 55 **Longitude Seconds:** 20.94

Survey/Legal Location Information:

Section	Block	Survey	Abstract #	County
48	57 T1	T&P RR CO/ROWAN, M	4241	REEVES

Township	League	Labor	Porcion	Share	Tract	Lot

Perpendicular surface location from two nearest designated lines:

Perpendiculars	Distance	Direction	Distance	Direction
Survey Perpendiculars	606.0 feet	S - OFF LEASE	482.0 feet	W - OFF LEASE

Permit Restrictions:

Code	Description
29	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.

Fields

District	Field Name	Field #	Completion Depth	Lease Name	Well #	Well Type	Acres	Distance to nearest well	Distance to nearest Survey Line from Surface Location	SWR	Off-lease Surface Location	Off-lease Penetration Point	Pooled/Unitized	Horizontal Ownership Interval
08	PHANTOM (WOLFCAMP) **Primary Field**	71052900	13000	WINGHEAD STATE 57-2-1-13 A	11H	Oil or Gas Well	1934.17	132.0 feet	482 feet	SWR 36, SWR 37 Lease Line	Y	Y	N	

Perpendiculars	Distance	Direction	Distance	Direction
Surface Survey Lines	606.0 feet	S - OFF LEASE	482.0 feet	W - OFF LEASE

Nearest Distance from the First/Last Take Point (Heel/Toe) to a Lease Line: 1 feet
Nearest Perpendicular Distance from Any Take Point to a Lease Line: 1 feet
Section: 13 **Block:57 T2** **Survey:**T&P RR CO
Abstract #: 624 **County:** REEVES

Name	Profile	Distance	Direction	Distance	Direction

TH1	Terminus Point	Lease	10.0 feet	from the SOUTH line and	944.0 feet	from the WEST line
		Survey	10.0 feet	from the SOUTH line and	944.0 feet	from the WEST line
	Penetration Point	Survey	656.0 feet	from the S-OFF LEASE line and	515.0 feet	from the W - OFF LEASE line

Field Restrictions:

Code	Description
02	This is a hydrogen sulfide field. This well shall be drilled in accordance with SWR 36.
30	No allowable will be assigned until acreage is reassigned from the base leases to accommodate the acreage assigned to this well. If a SWR 38 is required, the permit will need to be amended to receive an exception to SWR 38.

Exceptions

Field	Exception	Historical Docket/Case #	Resolution	CASES #
PHANTOM (WOLFCAMP)	SWR 37 Lease Line			

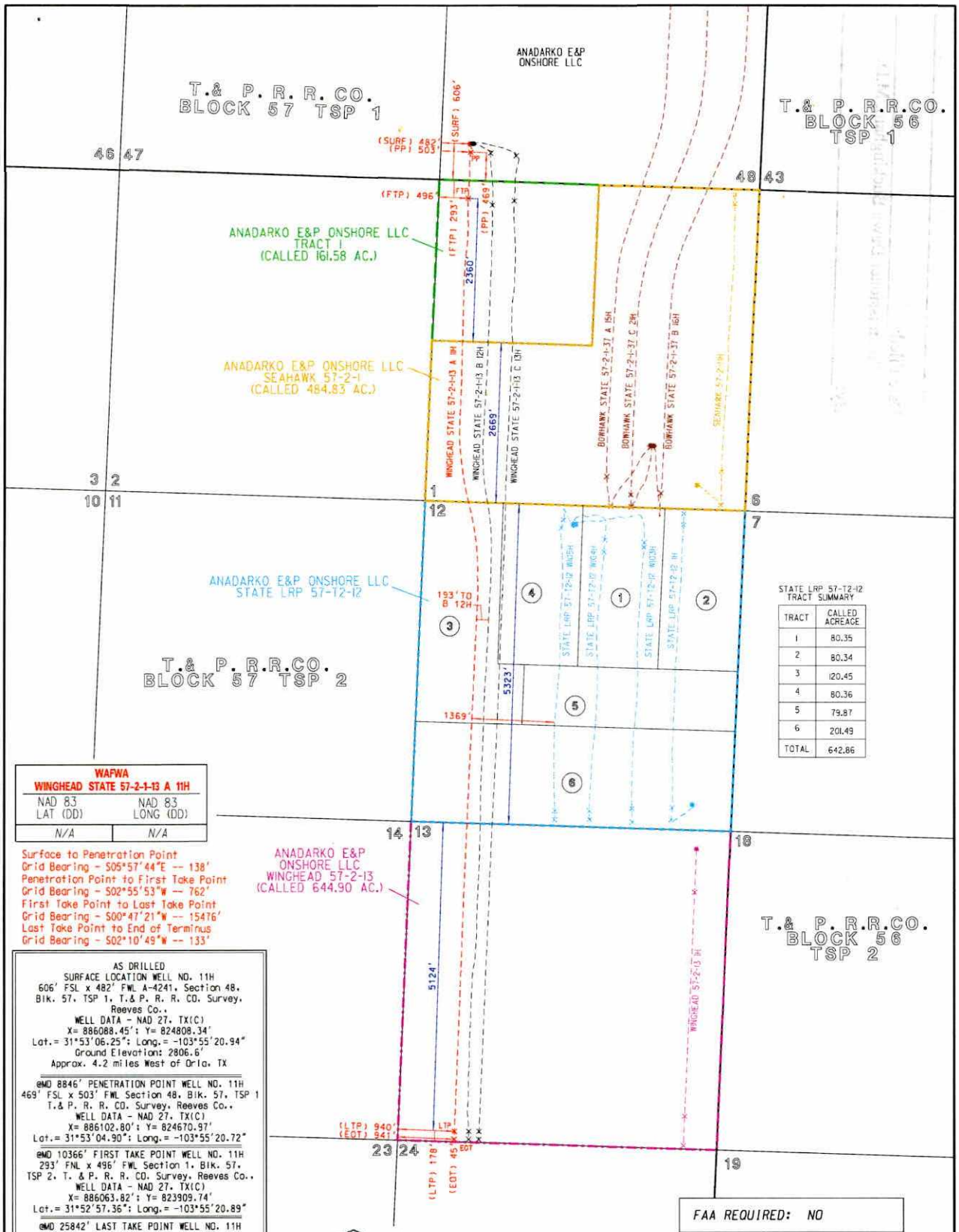
Comments

Remark	Date Entered	Entered By
Commission Staff expresses no opinion as to whether a 100% ownership interest in each of the leases alone or in combination with a "production sharing agreement" confers the right to drill across lease/unit lines or whether a pooling agreement is also required. However, until that issue is directly addressed and ruled upon by a Texas court of competent jurisdiction it appears that a 100% interest in each of the leases and a production sharing agreement constitute a sufficient colorable claim to the right to drill a horizontal well as proposed to authorize the removal of the regulatory bar and the issuance of a drilling permit by the Commission, assuming the proposed well is in compliance with all other relevant Commission requirements. Issuance of the permit is not an endorsement or approval of the applicant's stated method of allocating production proceeds among component leases or units. All production must be reported to the Commission as production from the lease or pooled unit on which the wellhead is located and reported production volume must be determined by actual measurement of hydrocarbon volumes prior to leaving that tract and may not be based on allocation or estimation. Payment of royalties is a contractual matter between the lessor and lessee. Interpreting the leases and determining whether the proposed proceeds allocation comports with the relevant leases is not a matter within Commission jurisdiction but a matter for the parties to the lease and, if necessary, a Texas court of competent jurisdiction. The foregoing statements are not, and should not be construed as, a final opinion or decision of the Railroad Commission.	09/13/2024 02:49:04 PM	
ONE OF THREE ALLOCATION WELLS BEING PERMITTED AT THE SAME TIME. STATE LRP 57-T2-12 POOLED UNIT WELLS ARE REATINED WELLBORES BY BPX, APC NOW HAS THE MINERAL INTERESTS ASSOCIATED WITH THIS POOLED UNIT.	09/13/2024 10:58:59 PM	FILER
Nearest Distance from the First/Last Take Point (Heel/Toe) to a Lease Line changed to 1' per Allocation filing procedures. The wellbore crosses at least one developmental tract boundary that is not bordered by an NPZ.	09/16/2024 09:38:08 AM	RRC STAFF
Nearest Perpendicular Distance from Any Take Point to a Lease Line corrected to 1' due to wellbore crossing a tract boundary at a non 90 deg angle.	09/16/2024 09:38:16 AM	RRC STAFF
Lease name in W-1 changed from WINGHEAD STATE 57-2-1-13 to WINGHEAD STATE 57-2-1-13 A per P-16 and plat.	09/16/2024 09:42:05 AM	RRC STAFF
A PP survey line call distance changed from 482 to 515 per plat.	09/16/2024 09:45:02 AM	RRC STAFF
There have been problems identified with this permit (see problem letter attachment). Notification sent.	09/16/2024 10:52:37 AM	RRC STAFF
There have been problems identified with this permit (see problem letter attachment). Notification sent.	09/17/2024 08:20:56 AM	RRC STAFF
Problems identified with this permit are resolved. Filer sent in a revised P-12.	09/17/2024 12:20:32 PM	RRC STAFF
Exception Admin Approved. 37(h)(2)(B). Own Offset.	09/17/2024 03:15:15 PM	RRC STAFF

Attachments

Attachment Type	File Path	Associated Fields and/or Plats
PLAT #1 (Paper Size: LGL)	TX_REEVES_WINGHEAD_STATE_57-2-1-13_A_11H_REV2.pdf	PHANTOM (WOLFCAMP)
P-16	WINGHEAD STATE 57-2-1-13 A 11H - P16 (W1).pdf	
Other	Winghead State - BPX Executed_SWR 40 Acreage Reduction Agreement_57 T2 12.pdf	
As Submitted W-1	AsSubmittedW1-9-13-2024.pdf	
Permit Problem Letter	problem_letter_9-16-2024.pdf	
Permit Problem Letter	problem_letter_9-17-2024.pdf	
P-12	902674 revised P-12.pdf	TX_REEVES_WINGHEAD_STATE_57-2-1-13_A_11H_REV2.pdf
As Approved W-1	AsApprovedW1-9-17-2024.pdf	
As Approved Permit	AsApprovedPermit-9-17-2024.pdf	

Return



STATE LRP 57-T2-12 TRACT SUMMARY

TRACT	CALLED ACREAGE
1	80.35
2	80.34
3	120.45
4	80.36
5	79.87
6	201.49
TOTAL	642.86

WAFWA
WINGHEAD STATE 57-2-1-13 A 1H

NAD 83 LAT (DD)	NAD 83 LONG (DD)
N/A	N/A

Surface to Penetration Point
Grid Bearing - S05°57'44"E -- 138'
Penetration Point to First Take Point
Grid Bearing - S02°55'53"W -- 762'
First Take Point to Last Take Point
Grid Bearing - S00°47'21"W -- 15476'
Last Take Point to End of Terminus
Grid Bearing - S02°10'49"W -- 133'

AS DRILLED
SURFACE LOCATION WELL NO. 11H
606' FSL x 482' FWL A-4241, Section 48, Blk. 57, TSP 1, T.& P. R. R. CO. Survey, Reeves Co.,
WELL DATA - NAD 27, TX(C)
X= 886088.45'; Y= 824808.34'
Lat.= 31°53'06.25"; Long.= -103°55'20.94"
Ground Elevation: 2806.6'
Approx. 4.2 miles West of Orla, TX

@MD 8846' PENETRATION POINT WELL NO. 11H
469' FSL x 503' FWL Section 48, Blk. 57, TSP 1 T.& P. R. R. CO. Survey, Reeves Co.,
WELL DATA - NAD 27, TX(C)
X= 886102.80'; Y= 824670.97'
Lat.= 31°53'04.90"; Long.= -103°55'20.72"

@MD 10366' FIRST TAKE POINT WELL NO. 11H
293' FNL x 496' FWL Section 1, Blk. 57, TSP 2, T. & P. R. R. CO. Survey, Reeves Co.,
WELL DATA - NAD 27, TX(C)
X= 886063.82'; Y= 823909.74'
Lat.= 31°52'57.36"; Long.= -103°55'20.89"

@MD 25842' LAST TAKE POINT WELL NO. 11H
178' FSL x 940' FWL Section 13, Blk. 57, TSP 2, T.& P. R. R. CO. Survey, Reeves Co.,
WELL DATA - NAD 27, TX(C)
X= 885851.21'; Y= 808473.79'
Lat.= 31°50'24.61"; Long.= -103°55'17.58"

@MD 25975' END OF TERMINUS WELL NO. 11H
45' FSL x 941' FWL A-624, Section 13, Blk. 57, TSP 2, T.& P. R. R. CO. Survey, Reeves Co.,
WELL DATA - NAD 27, TX(C)
X= 885846.15'; Y= 808340.89'
Lat.= 31°50'23.30"; Long.= -103°55'17.59"

FIELD: PHANTOM (WOLFCAMP)
LEASE BOUNDARY
PRODUCING WELL
INJECTION WELL
WELL LOCATIONS
PROPOSED CONVERSION

STATE OF TEXAS REGISTERED BRYON W. CAREY 6661 PROFESSIONAL LAND SURVEYOR

Firm # 10041700
For R.R.C Use Only

I, BRYON W. CAREY hereby certify that this plat, drawn to the scale indicated, accurately represents conditions as they actually exist on the property on which permit to drill is sought and correctly reflects all pertinent data required to be shown on such plat by orders of the Railroad Commission of Texas.

Date: 05/07/2025

FAA REQUIRED: NO

ANADARKO E&P ONSHORE LLC

WINGHEAD STATE 57-2-1-13 A

WELL NO. 11H

Reeves County, Texas

Scale: 1"= 1500' 05/07/2025 505_wingheadd.dgn
Plat prepared by GRB
Horizon Survey, Inc.

File No. MF0883164

Reeves County

iNut14563 - API42-389-41380

Date Filed: 07/03/2025

Commissioner Dawn Buckingham, M.D.

By: JM

Information for processing an Internal Non Unit Transaction (iNut)

Length of Lateral

iNut No. 14564

GENERAL INFORMATION

Name of Well: Winghead State 57-2-1-13 B # 12H API # 42-389-41381

Name of Operator: Anadarko E&P Onshore LLC RRC # 08-902675

Operator Contact Person: Cindy Bao Phone: 713-215-7016

Counties: Reeves

ALLOCATION OF STATE UNITS AND/OR LEASES BASED ON LENGTH OF LATERAL

Lease Type	Unit/Lease No	Total Lateral Ft.	Unit or Lease Lateral Ft.	Unit or Lease Rylty Decimal	Lease Royalty Decimal	RRAC Participation Factor	State Participation by Unit/Lease
Ufee	7199/MF088364	15352	5310	0.07835687	0.25000000	0.10840932	0.02710233
RAL	7199/MF088676	15352	5310	0.00530539	0.09375000	0.01957382	0.00183505
FR	7199/MF101575	15352	5310	0.01952116	0.06250000	0.10803268	0.00675204
RAL	7199/MF115425	15352	5310	0.02343628	0.12500000	0.06484974	0.00810622
RAL	7199/MF115426	15352	5310	0.00781274	0.12500000	0.02161837	0.00270230
RAL	7199/MF115586	15352	5310	0.00845635	0.12500000	0.02339928	0.00292491
Totals:						0.34588321	**0.04942284**
Effective Date:	11/01/2024						State Net Royalty Revenue in Well

Name of Production Sharing Agreement, if any: PSA00701

Comments:

- Final as drilled plat submitted by email on June 24, 2025 from Cindy Bao.

Attach a plat showing the iNut well with length of laterals marked and the State lands marked.

Lease Types: Relinquishment Act Land (RAL), State Fee (SF), Free Royalty (FR), Unleased Riverbed (UR), Highway Right of Way (HROW), Unleased Highway (UH), Criminal Justice (TDCJ), Parks & Wildlife (TPW), Mineral Production Allocation (MPAA), Dept. of Aging (DADS), School for the Blind (SBVI), Stephen F. Austin (SFA), TX A&M (A&M).

Prepared by: JM Alamo updated by: JM WI updated by: JM

RAM approval by: VD GIS updated by: RL

DO NOT DESTROY

Texas General Land Office

UNIT AGREEMENT MEMO

INUT250001

Unit Number	*14564*				
Operator Name	*Anadarko E&P Onshore LLC*			***Effective Date***	*11/01/2024*
Customer ID	*C000044444*			***Unitized For***	*Oil And Gas*
Unit Name	*Winghead State 57 - 2 - 1 - 13 B # 12H*			***Unit Term***	
County 1	*Reeves*	***RRC District 1***	*08*	***Old Unit Number***	***Inactive Status Date***
County 2		***RRC District 2***			
County 3		***RRC District 3***			
County 4		***RRC District 4***			
Unit type	*iNut*				
State Net Revenue Interest	***Oil***	*0.04942284*			
State Part in Unit		*0.34588321*			
Unit Depth	*Specified Depths*	***Well***			
From Depth		***Formation***			
To Depth		***Participation Basis***	*Length of Lateral*		
		If Excluions Apply: See Remarks			

Lease Number	*Tract No*	*Lease Acres in Unit*	*Total Unit Acres*	*Tract Participation*	*O/G*	*Lease Royalty*	*NRI of Lease in Unit*	*Royalty Rate Reduction Clause*
MF088364		0.000000	0.000000	0.10840932	O/G	0.25000000	0.02710233	No
MF088676		0.000000	0.000000	0.01957382	O/G	0.09375000	0.00183505	No
MF101575		0.000000	0.000000	0.10803268	O/G	0.06250000	0.00675204	No
MF115425		0.000000	0.000000	0.06484974	O/G	0.12500000	0.00810622	No

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	O/G	Lease Royalty	NRI of Lease in Unit	Royalty Rate Reduction Clause
MF115426		0.000000	0.000000	0.02161837	O/G	0.12500000	0.00270230	No
MF115586		0.000000	0.000000	0.02339928	O/G	0.12500000	0.00292491	No

API Number
4238941381

Remarks: PSA00701. Final as drilled plat submitted on June 24, 2025 by email from Cindy Bao. Corrections were needed to the unit which this wells crosses and delayed set up until July 3, 2025.

Prepared By:	JM	**Prepared Date:**	07/03/2025
GLO Base Updated By:	JM	**GLO Base Date:**	07/03/2025
RAM Approval By:	VD	**RAM Approval Date:**	07/03/2025
GIS By:	RC	**GIS Date:**	8/12/25
Well Inventory By:	JM	**WI Date:**	07/03/2025

Pooling Committee Report

To: School Land Board **INUT250001**

Date of Board Meeting: **Unit Number: 14564**

Effective Date: 11/01/2024

Unit Expiration Date:

Applicant: Anadarko E&P Onshore LLC

Attorney Rep:

Operator: ANADARKO E&P ONSHORE LLC,

Unit Name: Winghead State 57 - 2 - 1 - 13 B # 12H

Field Name: PHANTOM (WOLFCAMP)

County: Reeves

Lease Type	Lease Number	Lease Royalty	Expiration Date	Lease Term	Lease Acres	Lease Acres In Unit	Royalty Participation
FR	MF101575	0.06250000	03/10/2002	3 years	200.000000	0.000000	0.00675204
RAL	MF088676	0.09375000	10/08/1985	3 years	36.456000	0.000000	0.00183505
RAL	MF115425	0.12500000	01/28/2018	5 years	120.000000	0.000000	0.00810622
RAL	MF115426	0.12500000	03/25/2018	5 years	40.000000	0.000000	0.00270230
RAL	MF115586	0.12500000	05/24/2018	5 years	43.555553	0.000000	0.00292491
U Fee	MF088364	0.25000000	10/05/1985	3 years	200.000000	0.000000	0.02710233

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

Participation Basis:	Length of Lateral
Surface Acreage	
State Acreage:	34.59%
State Net Revenue Interest:	4.94%

Unit Type:	Unitized for:
iNut	Oil And Gas
Term:	

RRC Rules:	Spacing Acres:
No	

BY: SIO AVELAR

LATERAL LENGTH ALLOCATION PSA

Joint Venture	Joint Venture Name	Well ID	API (10)	AS DRILL PLAT (ADP)	LATERAL LENGTH SEC 1	LATERAL LENGTH SEC 12	LATERAL LENGTH SEC 13	TOTAL
157627	WINGHEAD STATE 57-2-1-13	322847	4238941380		5,029	5,323	5,124	15,476
157628	WINGHEAD STATE 57-2-1-13	322848	4238941381		4,919	5,310	5,123	15352
157629	WINGHEAD STATE 57-2-1-13	322849	4238941382		4,995	5,303	5,116	15414

ROY/NPR/ORRI IN THE UNIT

LEGAL PER TR/SE	BP #	BP NAME	INTEREST TYPE	SEQ	ACREAGE CALC ALLOCATION	LEASE ROY RATE	MINERAL INTEREST	TRACT NRI	A11H	B12H	C13H	GAS MFG	OIL MFG
TOP TR 1 SEC 12	80093786	STATE OF TEXAS	NR	1	0.01952116			0.06250000	0.00671434	0.00675204	0.00671602	66	67
TOP TR 2 SEC 12	80093787	STATE OF TEXAS	RI		0.01376149	0.25000000	1.00000000	0.11076389	0.00473329	0.00475987	0.00473447	66	67
TOP TR 3 SEC 12	80093787	STATE OF TEXAS	RI		0.07835687	0.25000000	1.00000000	0.25000000	0.02695100	0.02710233	0.02695773	66	67
TOP TR 4 SEC 12	80093787	STATE OF TEXAS	RI		0.01562549	0.25000000	1.00000000	0.12500000	0.00537442	0.00540459	0.00537576	68	69
TOP TR 5 SEC 12	80093787	STATE OF TEXAS	RI		0.01562354	0.25000000	1.00000000	0.12500000	0.00537375	0.00540392	0.00537509	66	67
					0.142888556			**0.67326389**	**0.04914679**	**0.04942276**	**0.04915908**		
							ROYALTY COMBINED		**0.04243245**	**0.04267072**	**0.04244306**		

RRC ONLINE SYSTEM

Oil & Gas Data Query

Query Menu Help

Form W-1

Return

To Print Directional or Horizontal Wellbore Information use (View W-1D or W-1H) links.

Status #: 902675 - 99 **API #:** 389-41381	**Operator:** 020528 - ANADARKO E&P ONSHORE LLC **Issued:** 09/17/2024, **Filed:** Online	**Lease Name:** WINGHEAD STATE 57-2-1-13 B **Well #:** 12H, **District:** 08, **County:** REEVES	**Filing Purpose:** New Drill **Wellbore Profiles:** Horizontal

Exception Admin Approved. 37(h)(2)(B). Own Offset. (09/17/2024 03:15:58 PM)

Status: Approved View Current W-1 View Current W-1H View Current Permit View SWR 13 Formations

Completion Information

Well Status Code	Spud Date	Drilling Completed	Surface Casing Date
-	11/01/2024		11/02/2024

General / Location Information

Basic Information:

Filing Purpose	Wellbore Profiles	Lease Name	Well #	SWR	Total Depth	Horizontal Wellbore	Stacked Lateral Parent Well DP #
New Drill	Horizontal	WINGHEAD STATE 57-2-1-13 B	12H	SWR 36, SWR 37 Lease Line	13000	Allocation	

Surface Location Information:

API #	Distance from Nearest Town	Direction from Nearest Town	Nearest Town	Surface Location Type
389-41381	4.2 miles	W	Orla	Land

GPS Coordinates - Datum: NAD 27
Latitude Degrees: 31 **Latitude Minutes:** 53 **Latitude Seconds:** 06.25
Longitude Degrees: -103 **Longitude Minutes:** 55 **Longitude Seconds:** 20.59

Survey/Legal Location Information:

Section	Block	Survey	Abstract #	County
48	57 T1	T&P RR CO/ROWAN, M	4241	REEVES

Township	League	Labor	Porcion	Share	Tract	Lot

Perpendicular surface location from two nearest designated lines:

Perpendiculars	Distance	Direction	Distance	Direction
Survey Perpendiculars	606.0 feet	S - OFF LEASE	513.0 feet	W - OFF LEASE

Permit Restrictions:

Code	Description
29	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.

Fields

District	Field Name	Field #	Completion Depth	Lease Name	Well #	Well Type	Acres	Distance to nearest well	Distance to nearest Survey Line from Surface Location	SWR	Off-lease Surface Location	Off-lease Penetration Point	Pooled/Unitized	Horizontal Ownership Interval
08	PHANTOM (WOLFCAMP) **Primary Field**	71052900	13000	WINGHEAD STATE 57-2-1-13 B	12H	Oil or Gas Well	1934.17	132.0 feet	513 feet	SWR 36, SWR 37 Lease Line	Y	Y	N	

Perpendiculars	Distance	Direction	Distance	Direction
Surface Survey Lines	606.0 feet	S - OFF LEASE	513.0 feet	W - OFF LEASE

Nearest Distance from the First/Last Take Point (Heel/Toe) to a Lease Line: 1 feet
Nearest Perpendicular Distance from Any Take Point to a Lease Line: 1 feet
Section: 13 **Block:57 T2** **Survey:**T&P RR CO
Abstract #: 624 **County:** REEVES

Name	Profile	Distance	Direction	Distance	Direction

TH1	Terminus Point	Lease	10.0 feet	from the SOUTH line and	1144.0 feet	from the WEST line
		Survey	10.0 feet	from the SOUTH line and	1144.0 feet	from the WEST line
	Penetration Point	Survey	656.0 feet	from the N - OFF LEASE line and	915.0 feet	from the W - OFF LEASE line

Field Restrictions:

Code	Description
02	This is a hydrogen sulfide field. This well shall be drilled in accordance with SWR 36.
30	No allowable will be assigned until acreage is reassigned from the base leases to accommodate the acreage assigned to this well. If a SWR 38 is required, the permit will need to be amended to receive an exception to SWR 38.

Exceptions

Field	Exception	Historical Docket/Case #	Resolution	CASES #
PHANTOM (WOLFCAMP)	SWR 37 Lease Line			

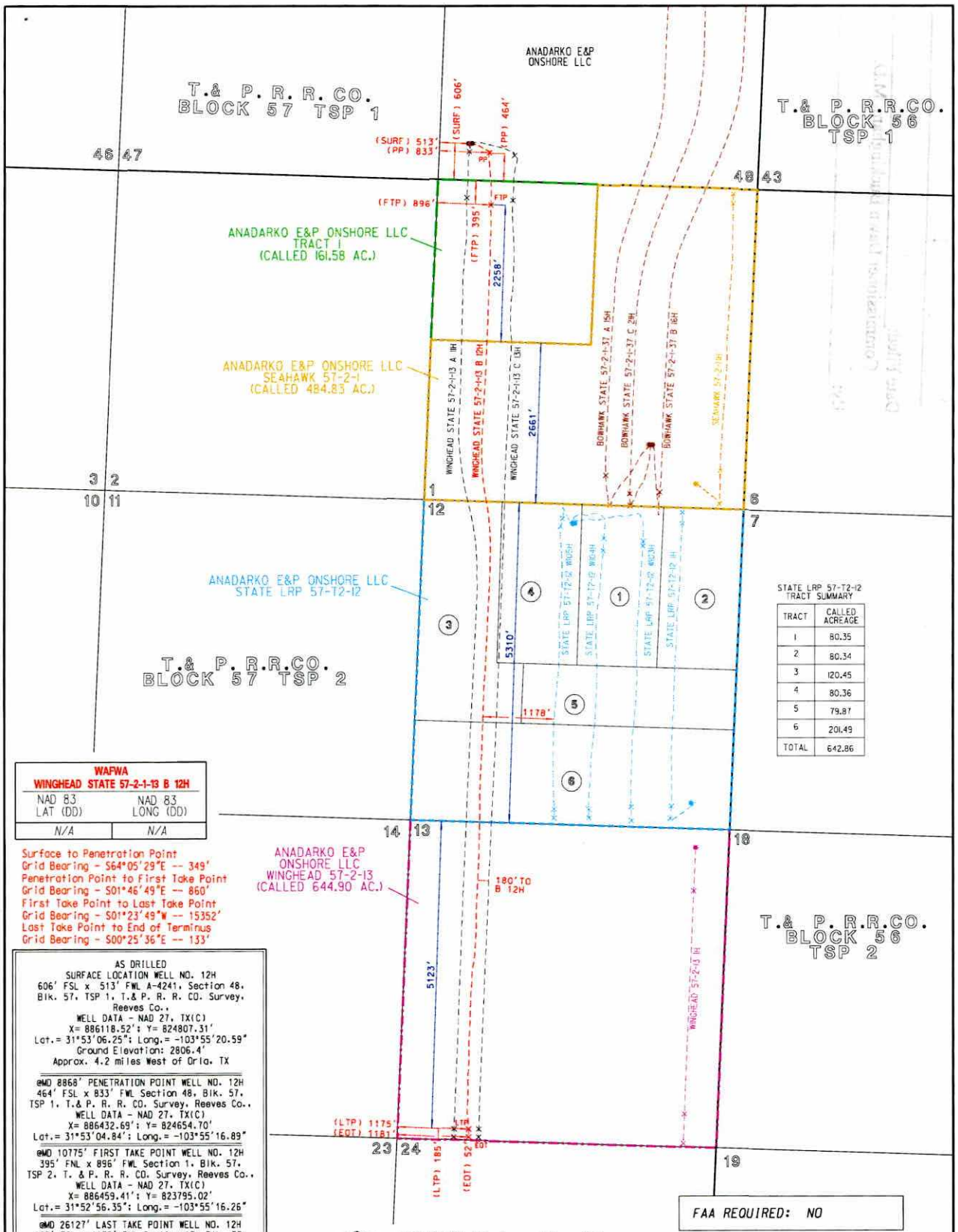
Comments

Remark	Date Entered	Entered By
Commission Staff expresses no opinion as to whether a 100% ownership interest in each of the leases alone or in combination with a "production sharing agreement" confers the right to drill across lease/unit lines or whether a pooling agreement is also required. However, until that issue is directly addressed and ruled upon by a Texas court of competent jurisdiction it appears that a 100% interest in each of the leases and a production sharing agreement constitute a sufficient colorable claim to the right to drill a horizontal well as proposed to authorize the removal of the regulatory bar and the issuance of a drilling permit by the Commission, assuming the proposed well is in compliance with all other relevant Commission requirements. Issuance of the permit is not an endorsement or approval of the applicant's stated method of allocating production proceeds among component leases or units. All production must be reported to the Commission as production from the lease or pooled unit on which the wellhead is located and reported production volume must be determined by actual measurement of hydrocarbon volumes prior to leaving that tract and may not be based on allocation or estimation. Payment of royalties is a contractual matter between the lessor and lessee. Interpreting the leases and determining whether the proposed proceeds allocation comports with the relevant leases is not a matter within Commission jurisdiction but a matter for the parties to the lease and, if necessary, a Texas court of competent jurisdiction. The foregoing statements are not, and should not be construed as, a final opinion or decision of the Railroad Commission.	09/13/2024 02:52:04 PM	
ONE OF THREE ALLOCATION WELLS BEING PERMITTED AT THE SAME TIME. STATE LRP 57-T2-12 POOLED UNIT WELLS ARE REATINED WELLBORES BY BPX, APC NOW HAS THE MINERAL INTERESTS ASSOCIATED WITH THIS POOLED UNIT.	09/13/2024 11:12:58 PM	FILER
Lease name in W-1 changed from WINGHEAD STATE 57-2-1-13 to WINGHEAD STATE 57-2-1-13 B per plat and P-16.	09/16/2024 09:57:59 AM	RRC STAFF
Distance to Nearest Well changed from 198 to 132 per plat.	09/16/2024 09:59:06 AM	RRC STAFF
Nearest Distance from the First/Last Take Point (Heel/Toe) to a Lease Line changed to 1' per Allocation filing procedures. The wellbore crosses at least one developmental tract boundary that is not bordered by an NPZ.	09/16/2024 10:08:14 AM	RRC STAFF
Nearest Perpendicular Distance from Any Take Point to a Lease Line corrected to 1' due to wellbore crossing a tract boundary at a non 90 deg angle.	09/16/2024 10:08:21 AM	RRC STAFF
There have been problems identified with this permit (see problem letter attachment). Notification sent.	09/16/2024 11:03:27 AM	RRC STAFF
Dummy problem added until 902674's problem is resolved.	09/16/2024 11:03:57 AM	RRC STAFF
Problems identified with this permit are resolved. Filer sent in a P-12.	09/17/2024 12:21:40 PM	RRC STAFF
Exception Admin Approved. 37(h)(2)(B). Own Offset.	09/17/2024 03:15:58 PM	RRC STAFF

Attachments

Attachment Type	File Path	Associated Fields and/or Plats
PLAT #1 (Paper Size: LGL)	TX_REEVES_WINGHEAD_STATE_57-2-1-13_B_12H_REV2.pdf	PHANTOM (WOLFCAMP)
P-16	WINGHEAD STATE 57-2-1-13 B 12H - P16 (W1).pdf	
Other	Winghead State - BPX Executed SWR 40 Acreage Reduction Agreement_57 T2 12.pdf	
As Submitted W-1	AsSubmittedW1-9-13-2024.pdf	
P-12	902675 revised P-12.pdf	TX_REEVES_WINGHEAD_STATE_57-2-1-13_B_12H_REV2.pdf
As Approved W-1	AsApprovedW1-9-17-2024.pdf	
As Approved Permit	AsApprovedPermit-9-17-2024.pdf	

Return



STATE LRP 57-T2-12 TRACT SUMMARY

TRACT	CALLED ACREAGE
1	80.35
2	80.34
3	120.45
4	80.36
5	79.87
6	201.49
TOTAL	642.86

WAFWA
WINGHEAD STATE 57-2-1-13 B 12H

NAD 83 LAT (DD)	NAD 83 LONG (DD)
N/A	N/A

Surface to Penetration Point
Grid Bearing - S64°05'29"E -- 349'
Penetration Point to First Take Point
Grid Bearing - S01°46'49"E -- 860'
First Take Point to Last Take Point
Grid Bearing - S01°23'49"W -- 15352'
Last Take Point to End of Terminus
Grid Bearing - S00°25'36"E -- 133'

AS DRILLED
SURFACE LOCATION WELL NO. 12H
606' FSL x 513' FWL A-4241, Section 48, Blk. 57, TSP 1, T.& P. R. R. CO. Survey, Reeves Co.,
WELL DATA - NAD 27, TX(C)
X= 886118.52'; Y= 824807.31'
Lat.= 31°53'06.25"; Long.= -103°55'20.59"
Ground Elevation: 2806.4'
Approx. 4.2 miles West of Orla, TX

@MD 8868' PENETRATION POINT WELL NO. 12H
464' FSL x 833' FWL Section 48, Blk. 57, TSP 1, T.& P. R. R. CO. Survey, Reeves Co.,
WELL DATA - NAD 27, TX(C)
X= 886432.69'; Y= 824654.70'
Lat.= 31°53'04.84"; Long.= -103°55'16.89"

@MD 10775' FIRST TAKE POINT WELL NO. 12H
395' FNL x 896' FWL Section 1, Blk. 57, TSP 2, T. & P. R. R. CO. Survey, Reeves Co.,
WELL DATA - NAD 27, TX(C)
X= 886459.41'; Y= 823795.02'
Lat.= 31°52'56.35"; Long.= -103°55'16.26"

@MD 26127' LAST TAKE POINT WELL NO. 12H
185' FSL x 1175' FWL Section 13, Blk. 57, TSP 2, T.& P. R. R. CO. Survey, Reeves Co.,
WELL DATA - NAD 27, TX(C)
X= 886085.76'; Y= 808472.53'
Lat.= 31°50'24.67"; Long.= -103°55'14.86"

@MD 26260' END OF TERMINUS WELL NO. 12H
52' FSL x 1181' FWL A-624, Section 13, Blk. 57, TSP 2, T.& P. R. R. CO. Survey, Reeves Co.,
WELL DATA - NAD 27, TX(C)
X= 886086.75'; Y= 808339.55'
Lat.= 31°50'23.36"; Long.= -103°55'14.80"

FIELD: PHANTOM (WOLFCAMP)
LEASE BOUNDARY
PRODUCING WELL
INJECTION WELL
WELL LOCATIONS
PROPOSED CONVERSION

GRID NAD27 TCZ USFT

FAA REQUIRED: NO

1500 1125 750 375 0 750 1500
SCALE IN FEET
SCALE: 1" = 1500'

STATE OF TEXAS REGISTERED BRYON W. CAREY 6661 PROFESSIONAL LAND SURVEYOR

Firm #10041700
For R.R.C Use Only

I, BRYON W. CAREY hereby certify that this plat, drawn to the scale indicated, accurately represents conditions as they actually exist on the property on which permit to drill is sought and correctly reflects all pertinent data required to be shown on such plat by orders of the Railroad Commission of Texas.

Date: 05/07/2025

ANADARKO E&P ONSHORE LLC

WINGHEAD STATE 57-2-1-13 B

WELL NO. 12H

Reeves County, Texas

Scale: 1"= 1500' 05/07/2025 505_winghead.dgn
Plat prepared by GRB
Horizon Survey, Inc.

File No. MF0883164

Reeves County

iNut145164-API42:389:41381

Date Filed: 07/03/2025

Commissioner Dawn Buckingham, M.D.

By: JM

Information for processing an Internal Non Unit Transaction (iNut)

Length of Lateral

iNut No. 14565

GENERAL INFORMATION

Name of Well: Winghead State 57-2-1-13 C # 13H API # 42-389-41382

Name of Operator: Anadarko E&P Onshore LLC RRC # 08-902676

Operator Contact Person: Cindy Bao Phone: 713-215-7016

Counties: Reeves

ALLOCATION OF STATE UNITS AND/OR LEASES BASED ON LENGTH OF LATERAL

Lease Type	Unit/Lease No	Total Lateral Ft.	Unit or Lease Lateral Ft.	Unit or Lease Rylty Decimal	Lease Royalty Decimal	RRAC Participation Factor	State Participation by Unit/Lease
FR	7199/MF101575	15414	5303	0.01952116	0.06250000	0.10745630	0.00671602
RAL	7199/MF115426	15414	5303	0.00781274	0.12500000	0.02150303	0.00268788
RAL	7199/MF115425	15414	5303	0.02343628	0.12500000	0.06450375	0.00806297
RAL	7199/MF088676	15414	5303	0.00530539	0.09375000	0.01946939	0.00182526
RAL	7199/MF115586	15414	5303	0.00845635	0.12500000	0.02327444	0.00290930
Ufee	7199/MF088364	15414	5303	0.07835687	0.25000000	0.10783093	0.02695773
Totals:						0.34403783	**0.04915916**
Effective Date:	11/01/2024						State Net Royalty Revenue in Well

Name of Production Sharing Agreement, if any: PSA00701

Comments:

- Final as drilled plat submitted by email on June 24, 2025 from Cindy Bao.

Attach a plat showing the iNut well with length of laterals marked and the State lands marked.

Lease Types: Relinquishment Act Land (RAL), State Fee (SF), Free Royalty (FR), Unleased Riverbed (UR), Highway Right of Way (HROW), Unleased Highway (UH), Criminal Justice (TDCJ), Parks & Wildlife (TPW), Mineral Production Allocation (MPAA), Dept. of Aging (DADS), School for the Blind (SBVI), Stephen F. Austin (SFA), TX A&M (A&M).

Prepared by: JM Alamo updated by: JM WI updated by: JM

RAM approval by: VD GIS updated by: RL

DO NOT DESTROY

Texas General Land Office

UNIT AGREEMENT MEMO

INUT250001

Unit Number	*14565*				
Operator Name	*Anadarko E&P Onshore LLC*			***Effective Date***	*11/01/2024*
Customer ID	*C000044444*			***Unitized For***	*Oil And Gas*
Unit Name	*Winghead State 57 - 2 - 1 - 13 C # 13H*			***Unit Term***	
County 1	*Reeves*	***RRC District 1***	*08*	***Old Unit Number***	***Inactive Status Date***
County 2		***RRC District 2***			
County 3		***RRC District 3***			
County 4		***RRC District 4***			
Unit type	*iNut*				
State Net Revenue Interest	***Oil***	*0.04915916*			
State Part in Unit		*0.34403783*			
Unit Depth	*Specified Depths*	***Well***			
From Depth		***Formation***			
To Depth		***Participation Basis***	*Length of Lateral*		
		If Excluions Apply: See Remarks			

Lease Number	*Tract No*	*Lease Acres in Unit*	*Total Unit Acres*	*Tract Participation*	*O/G*	*Lease Royalty*	*NRI of Lease in Unit*	*Royalty Rate Reduction Clause*
MF088364		0.000000	0.000000	0.10783093	O/G	0.25000000	0.02695773	No
MF088676		0.000000	0.000000	0.01946939	O/G	0.09375000	0.00182526	No
MF101575		0.000000	0.000000	0.10745630	O/G	0.06250000	0.00671602	No
MF115425		0.000000	0.000000	0.06450375	O/G	0.12500000	0.00806297	No

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	O/G	Lease Royalty	NRI of Lease in Unit	Royalty Rate Reduction Clause
MF115426		0.000000	0.000000	0.02150303	O/G	0.12500000	0.00268788	No
MF115586		0.000000	0.000000	0.02327444	O/G	0.12500000	0.00290930	No

API Number
4238941382

Remarks: PSA00701. Final as drilled plat submitted on June 24, 2025 by email from Cindy Bao. Corrections were needed to the unit which this wells crosses and delayed set up until July 3, 2025.

Prepared By:	JM	**Prepared Date:**	07/03/2025
GLO Base Updated By:	JM	**GLO Base Date:**	07/03/2025
RAM Approval By:	VD	**RAM Approval Date:**	07/03/2025
GIS By:	RC	**GIS Date:**	8/12/25
Well Inventory By:	JM	**WI Date:**	07/03/2025

Pooling Committee Report

To: School Land Board

INUT250001

Date of Board Meeting:

Unit Number: 14565

Effective Date: 11/01/2024

Unit Expiration Date:

Applicant: Anadarko E&P Onshore LLC

Attorney Rep:

Operator: ANADARKO E&P ONSHORE LLC,

Unit Name: Winghead State 57 - 2 - 1 - 13 C # 13H

Field Name: PHANTOM (WOLFCAMP)

County: Reeves

Lease Type	Lease Number	Lease Royalty	Expiration Date	Lease Term	Lease Acres	Lease Acres In Unit	Royalty Participation
FR	MF101575	0.06250000	03/10/2002	3 years	200.000000	0.000000	0.00671602
RAL	MF088676	0.09375000	10/08/1985	3 years	36.456000	0.000000	0.00182526
RAL	MF115425	0.12500000	01/28/2018	5 years	120.000000	0.000000	0.00806297
RAL	MF115426	0.12500000	03/25/2018	5 years	40.000000	0.000000	0.00268788
RAL	MF115586	0.12500000	05/24/2018	5 years	43.555553	0.000000	0.00290930
U Fee	MF088364	0.25000000	10/05/1985	3 years	200.000000	0.000000	0.02695773

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

Participation Basis:	Length of Lateral
Surface Acreage	
State Acreage:	34.40%
State Net Revenue Interest:	4.92%

Unit Type:	Unitized for:
iNut	Oil And Gas
Term:	

RRC Rules:	Spacing Acres:
No	

BY: SIO AVELAR

LATERAL LENGTH ALLOCATION PSA

Joint Venture	Joint Venture Name	Well ID	API (10)	AS DRILL PLAT (ADP)	LATERAL LENGTH SEC 1	LATERAL LENGTH SEC 12	LATERAL LENGTH SEC 13	TOTAL
157627	WINGHEAD STATE 57-2-1-13	322847	4238941380		5,029	5,323	5,124	15,476
157628	WINGHEAD STATE 57-2-1-13	322848	4238941381		4,919	5,310	5,123	15352
157629	WINGHEAD STATE 57-2-1-13	322849	4238941382		4,995	5,303	5,116	15414

ROY/NPR/ORRI IN THE UNIT

LEGAL PER TR/SE	BP #	BP NAME	INTEREST TYPE	SEQ	ACREAGE CALC ALLOCATION	LEASE ROY RATE	MINERAL INTEREST	TRACT NRI	A11H	B12H	C13H	GAS MFG	OIL MFG
TOP TR 1 SEC 12	80093786	STATE OF TEXAS	NR	1	0.01952116			0.06250000	0.00671434	0.00675204	0.00671602	66	67
TOP TR 2 SEC 12	80093787	STATE OF TEXAS	RI		0.01376149	0.25000000	1.00000000	0.11076389	0.00473329	0.00475987	0.00473447	66	67
TOP TR 3 SEC 12	80093787	STATE OF TEXAS	RI		0.07835687	0.25000000	1.00000000	0.25000000	0.02695100	0.02710233	0.02695773	66	67
TOP TR 4 SEC 12	80093787	STATE OF TEXAS	RI		0.01562549	0.25000000	1.00000000	0.12500000	0.00537442	0.00540459	0.00537576	68	69
TOP TR 5 SEC 12	80093787	STATE OF TEXAS	RI		0.01562354	0.25000000	1.00000000	0.12500000	0.00537375	0.00540392	0.00537509	66	67
					0.142888556			**0.67326389**	**0.04914679**	**0.04942276**	**0.04915908**		
							ROYALTY COMBINED		**0.04243245**	**0.04267072**	**0.04244306**		

RRC ONLINE SYSTEM

Oil & Gas Data Query

Query Menu Help

Form W-1

Return

To Print Directional or Horizontal Wellbore Information use (View W-1D or W-1H) links.

Status #: 902676 - 99 **API #:** 389-41382	**Operator:** 020528 - ANADARKO E&P ONSHORE LLC **Issued:** 09/17/2024, **Filed:** Online	**Lease Name:** WINGHEAD STATE 57-2-1-13 C **Well #:** 13H, **District:** 08, **County:** REEVES	**Filing Purpose:** New Drill **Wellbore Profiles:** Horizontal

Exception Admin Approved. 37(h)(2)(B). Own Offset. (09/17/2024 03:16:48 PM)

Status: Approved View Current W-1 View Current W-1H View Current Permit View SWR 13 Formations

Completion Information

Well Status Code	Spud Date	Drilling Completed	Surface Casing Date
-	11/03/2024		11/04/2024

General / Location Information

Basic Information:

Filing Purpose	Wellbore Profiles	Lease Name	Well #	SWR	Total Depth	Horizontal Wellbore	Stacked Lateral Parent Well DP #
New Drill	Horizontal	WINGHEAD STATE 57-2-1-13 C	13H	SWR 36, SWR 37 Lease Line	13000	Allocation	

Surface Location Information:

API #	Distance from Nearest Town	Direction from Nearest Town	Nearest Town	Surface Location Type
389-41382	4.2 miles	W	Orla	Land

GPS Coordinates - Datum: NAD 27
Latitude Degrees: 31 **Latitude Minutes:** 53 **Latitude Seconds:** 06.25
Longitude Degrees: -103 **Longitude Minutes:** 55 **Longitude Seconds:** 20.24

Survey/Legal Location Information:

Section	Block	Survey	Abstract #	County
48	57 T1	T&P RR CO/ROWAN, M	4241	REEVES

Township	League	Labor	Porcion	Share	Tract	Lot

Perpendicular surface location from two nearest designated lines:

Perpendiculars	Distance	Direction	Distance	Direction
Survey Perpendiculars	606.0 feet	S - OFF LEASE	543.0 feet	W - OFF LEASE

Permit Restrictions:

Code	Description
29	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.

Fields

District	Field Name	Field #	Completion Depth	Lease Name	Well #	Well Type	Acres	Distance to nearest well	Distance to nearest Survey Line from Surface Location	SWR	Off-lease Surface Location	Off-lease Penetration Point	Pooled/Unitized	Horizontal Ownership Interval
08	PHANTOM (WOLFCAMP) **Primary Field**	71052900	13000	WINGHEAD STATE 57-2-1-13 C	13H	Oil or Gas Well	1934.17	198.0 feet	543 feet	SWR 36, SWR 37 Lease Line	Y	Y	N	

Perpendiculars	Distance	Direction	Distance	Direction
Surface Survey Lines	606.0 feet	S - OFF LEASE	543.0 feet	W - OFF LEASE

Nearest Distance from the First/Last Take Point (Heel/Toe) to a Lease Line: 1 feet
Nearest Perpendicular Distance from Any Take Point to a Lease Line: 1 feet
Section: 13 **Block:57 T2** **Survey:**T&P RR CO
Abstract #: 624 **County:** REEVES

Name	Profile	Distance	Direction	Distance	Direction

TH1	Terminus Point	Lease	10.0 feet	from the SOUTH line and	1344.0 feet	from the WEST line
		Survey	10.0 feet	from the SOUTH line and	1344.0 feet	from the WEST line
	Penetration Point	Survey	656.0 feet	from the S - OFF LEASE line and	1315.0 feet	from the W - OFF LEASE line

Field Restrictions:

Code	Description
02	This is a hydrogen sulfide field. This well shall be drilled in accordance with SWR 36.
30	No allowable will be assigned until acreage is reassigned from the base leases to accommodate the acreage assigned to this well. If a SWR 38 is required, the permit will need to be amended to receive an exception to SWR 38.

Exceptions

Field	Exception	Historical Docket/Case #	Resolution	CASES #
PHANTOM (WOLFCAMP)	SWR 37 Lease Line			

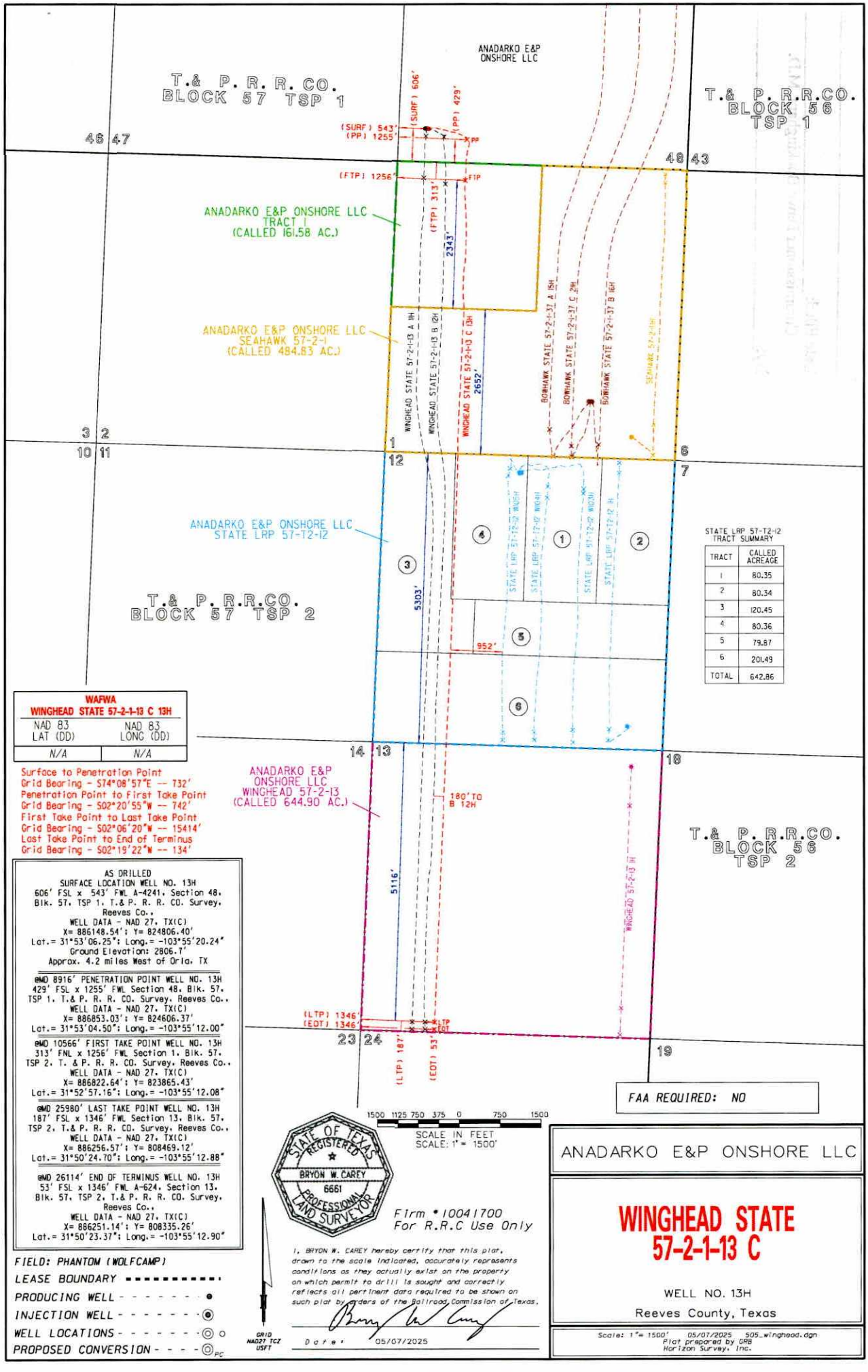
Comments

Remark	Date Entered	Entered By
Commission Staff expresses no opinion as to whether a 100% ownership interest in each of the leases alone or in combination with a "production sharing agreement" confers the right to drill across lease/unit lines or whether a pooling agreement is also required. However, until that issue is directly addressed and ruled upon by a Texas court of competent jurisdiction it appears that a 100% interest in each of the leases and a production sharing agreement constitute a sufficient colorable claim to the right to drill a horizontal well as proposed to authorize the removal of the regulatory bar and the issuance of a drilling permit by the Commission, assuming the proposed well is in compliance with all other relevant Commission requirements. Issuance of the permit is not an endorsement or approval of the applicant's stated method of allocating production proceeds among component leases or units. All production must be reported to the Commission as production from the lease or pooled unit on which the wellhead is located and reported production volume must be determined by actual measurement of hydrocarbon volumes prior to leaving that tract and may not be based on allocation or estimation. Payment of royalties is a contractual matter between the lessor and lessee. Interpreting the leases and determining whether the proposed proceeds allocation comports with the relevant leases is not a matter within Commission jurisdiction but a matter for the parties to the lease and, if necessary, a Texas court of competent jurisdiction. The foregoing statements are not, and should not be construed as, a final opinion or decision of the Railroad Commission.	09/13/2024 02:54:41 PM	
ONE OF THREE ALLOCATION WELLS BEING PERMITTED AT THE SAME TIME. STATE LRP 57-T2-12 POOLED UNIT WELLS ARE REATINED WELLBORES BY BPX, APC NOW HAS THE MINERAL INTERESTS ASSOCIATED WITH THIS POOLED UNIT.	09/13/2024 11:24:20 PM	FILER
Lease name changed from WINGHEAD STATE 57-2-1-13 to WINGHEAD STATE 57-2-1-13 C per plat.	09/16/2024 10:22:39 AM	RRC STAFF
Distance to Nearest Well changed from 932 to 198 per plat.	09/16/2024 10:34:38 AM	RRC STAFF
Nearest Distance from the First/Last Take Point (Heel/Toe) to a Lease Line changed to 1' per Allocation filing procedures. The wellbore crosses at least one developmental tract boundary that is not bordered by an NPZ.	09/16/2024 11:00:36 AM	RRC STAFF
Nearest Perpendicular Distance from Any Take Point to a Lease Line corrected to 1' due to wellbore crossing a tract boundary at a non 90 deg angle.	09/16/2024 11:00:44 AM	RRC STAFF
There have been problems identified with this permit (see problem letter attachment). Notification sent.	09/16/2024 11:05:01 AM	RRC STAFF
Problems identified with this permit are resolved. Filer sent in a P-12.	09/17/2024 12:23:30 PM	RRC STAFF
Exception Admin Approved. 37(h)(2)(B). Own Offset.	09/17/2024 03:16:48 PM	RRC STAFF

Attachments

Attachment Type	File Path	Associated Fields and/or Plats
PLAT #1 (Paper Size: LGL)	TX_REEVES_WINGHEAD_STATE_57-2-1-13_C_13H_REV2.pdf	PHANTOM (WOLFCAMP)
P-16	WINGHEAD STATE 57-2-1-13 C 13H - P16 (W1).pdf	
Other	Winghead State - BPX Executed SWR 40 Acreage Reduction Agreement_57 T2 12.pdf	
As Submitted W-1	AsSubmittedW1-9-13-2024.pdf	
P-12	902676 revised P-12.pdf	TX_REEVES_WINGHEAD_STATE_57-2-1-13_C_13H_REV2.pdf
As Approved W-1	AsApprovedW1-9-17-2024.pdf	
As Approved Permit	AsApprovedPermit-9-17-2024.pdf	

Return



STATE LRP 57-T2-12 TRACT SUMMARY

TRACT	CALLED ACREAGE
1	80.35
2	80.34
3	120.45
4	80.36
5	79.87
6	201.49
TOTAL	642.86

WAFWA
WINGHEAD STATE 57-2-1-13 C 13H

NAD 83 LAT (DD)	NAD 83 LONG (DD)
N/A	N/A

Surface to Penetration Point
Grid Bearing - S74°08'57"E -- 732'
Penetration Point to First Take Point
Grid Bearing - S02°20'55"W -- 742'
First Take Point to Last Take Point
Grid Bearing - S02°06'20"W -- 15414'
Last Take Point to End of Terminus
Grid Bearing - S02°19'22"W -- 134'

AS DRILLED
SURFACE LOCATION WELL NO. 13H
606' FSL x 543' FWL A-4241, Section 48, Blk. 57, TSP 1, T.& P. R. R. CO. Survey, Reeves Co.,
WELL DATA - NAD 27, TX(C)
X= 886148.54'; Y= 824806.40'
Lat.= 31°53'06.25"; Long.= -103°55'20.24"
Ground Elevation: 2806.7'
Approx. 4.2 miles West of Orla, TX

@MD 8916' PENETRATION POINT WELL NO. 13H
429' FSL x 1255' FWL Section 48, Blk. 57, TSP 1, T.& P. R. R. CO. Survey, Reeves Co.,
WELL DATA - NAD 27, TX(C)
X= 886853.03'; Y= 824606.37'
Lat.= 31°53'04.50"; Long.= -103°55'12.00"

@MD 10566' FIRST TAKE POINT WELL NO. 13H
313' FNL x 1256' FWL Section 1, Blk. 57, TSP 2, T. & P. R. R. CO. Survey, Reeves Co.,
WELL DATA - NAD 27, TX(C)
X= 886822.64'; Y= 823865.43'
Lat.= 31°52'57.16"; Long.= -103°55'12.08"

@MD 25980' LAST TAKE POINT WELL NO. 13H
187' FSL x 1346' FWL Section 13, Blk. 57, TSP 2, T.& P. R. R. CO. Survey, Reeves Co.,
WELL DATA - NAD 27, TX(C)
X= 886256.57'; Y= 808469.12'
Lat.= 31°50'24.70"; Long.= -103°55'12.88"

@MD 26114' END OF TERMINUS WELL NO. 13H
53' FSL x 1346' FWL A-624, Section 13, Blk. 57, TSP 2, T.& P. R. R. CO. Survey, Reeves Co.,
WELL DATA - NAD 27, TX(C)
X= 886251.14'; Y= 808335.26'
Lat.= 31°50'23.37"; Long.= -103°55'12.90"

FIELD: PHANTOM (WOLFCAMP)
LEASE BOUNDARY
PRODUCING WELL
INJECTION WELL
WELL LOCATIONS
PROPOSED CONVERSION

GRID NAD27 TCZ USFT

1500 1125 750 375 0 750 1500
SCALE IN FEET
SCALE: 1" = 1500'

STATE OF TEXAS
REGISTERED
BRYON W. CAREY
6661
PROFESSIONAL LAND SURVEYOR

Firm #10041700
For R.R.C Use Only

I, BRYON W. CAREY hereby certify that this plat, drawn to the scale indicated, accurately represents conditions as they actually exist on the property on which permit to drill is sought and correctly reflects all pertinent data required to be shown on such plat by orders of the Railroad Commission of Texas.

Date: 05/07/2025

FAA REQUIRED: NO

ANADARKO E&P ONSHORE LLC

WINGHEAD STATE 57-2-1-13 C

WELL NO. 13H

Reeves County, Texas

Scale: 1"= 1500' 05/07/2025 505_winghead.dgn
Plat prepared by GRB
Horizon Survey, Inc.

File No. MF0883364

Reeves County

iNut14565-API42.389.41382

Date Filed: 07/03/2025

Commissioner Dawn Buckingham, M.D.

By: JM

Corrected

DO NOT DESTROY

Texas General Land Office

UNIT AGREEMENT MEMO

UPA158526

Unit Number	7199				
Operator Name	Petrohawk Energy Corporation			**Effective Date**	12/09/2014
Customer ID	C000044995			**Unitized For**	Oil And Gas
Unit Name	State LRP 57-T2-12 Unit			**Unit Term**	
County 1	Reeves	**RRC District 1**	08	**Old Unit Number**	**Inactive Status Date**
County 2		**RRC District 2**			
County 3		**RRC District 3**			
County 4		**RRC District 4**			
Unit type	Standard				
State Net Revenue Interest	**Oil** 0.14288881				
State Part in Unit	1.00000000				
Unit Depth	Specified Depths				
From Depth	6746.000000 TVD	**Well**			
To Depth	11434.000000 TVD	**Formation**	Base of Brushy Canyon to Base of Wolfcamp		
		Participation Basis	Surface Acreage		
		If Excluions Apply: See Remarks			

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	O/G	Lease Royalty	NRI of Lease in Unit	Royalty Rate Reduction Clause
MF088364	1	201.490000	642.860000	0.31342750	O/G	0.25000000	0.07835687	No
MF088676	2	36.380000	642.860000	0.05659086	O/G	0.09375000	0.00530539	No
MF115586	3	43.490000	642.860000	0.06765081	O/G	0.12500000	0.00845635	No
MF115425	4	120.530000	642.860000	0.18749028	O/G	0.12500000	0.02343628	No

Lease Number	Tract No	Lease Acres in Unit	Total Unit Acres	Tract Participation	O/G	Lease Royalty	NRI of Lease in Unit	Royalty Rate Reduction Clause
MF115426	5	40.180000	642.860000	0.06250194	O/G	0.12500000	0.00781274	No
MF101575	6	200.790000	642.860000	0.31233861	O/G	0.06250000	0.01952116	No

API Number
4238936140, 4238936141, 4238936151

Remarks: ****Updated**** Unit NRI updated due to several leases under MF088676 terminating and being released under MF115586. The lease royalty for MF088676 was also corrected.

Prepared By:	JM	**Prepared Date:**	07/03/2025
GLO Base Updated By:	JM	**GLO Base Date:**	07/03/2025
RAM Approval By:	WD	**RAM Approval Date:**	07/03/2025
GIS By:	RL	**GIS Date:**	8/11/25
Well Inventory By:	JM	**WI Date:**	07/03/2025

Pooling Committee Report

To:	**School Land Board**	**UPA158526**
Date of Board Meeting:	**08/04/2015**	**Unit Number: 7199**
Effective Date:	**12/09/2014**	
Unit Expiration Date:		
Applicant:	**BHP Billiton Petroleum Properties (N.A.), LP**	
Attorney Rep:		
Operator:	**BHP Billiton Petroleum (TXLA Operating) Company, Houston**	
Unit Name:	**State LRP 57-T2-12 Unit**	
Field Name:	**Phantom (Wolfcamp)**	

County: Reeves

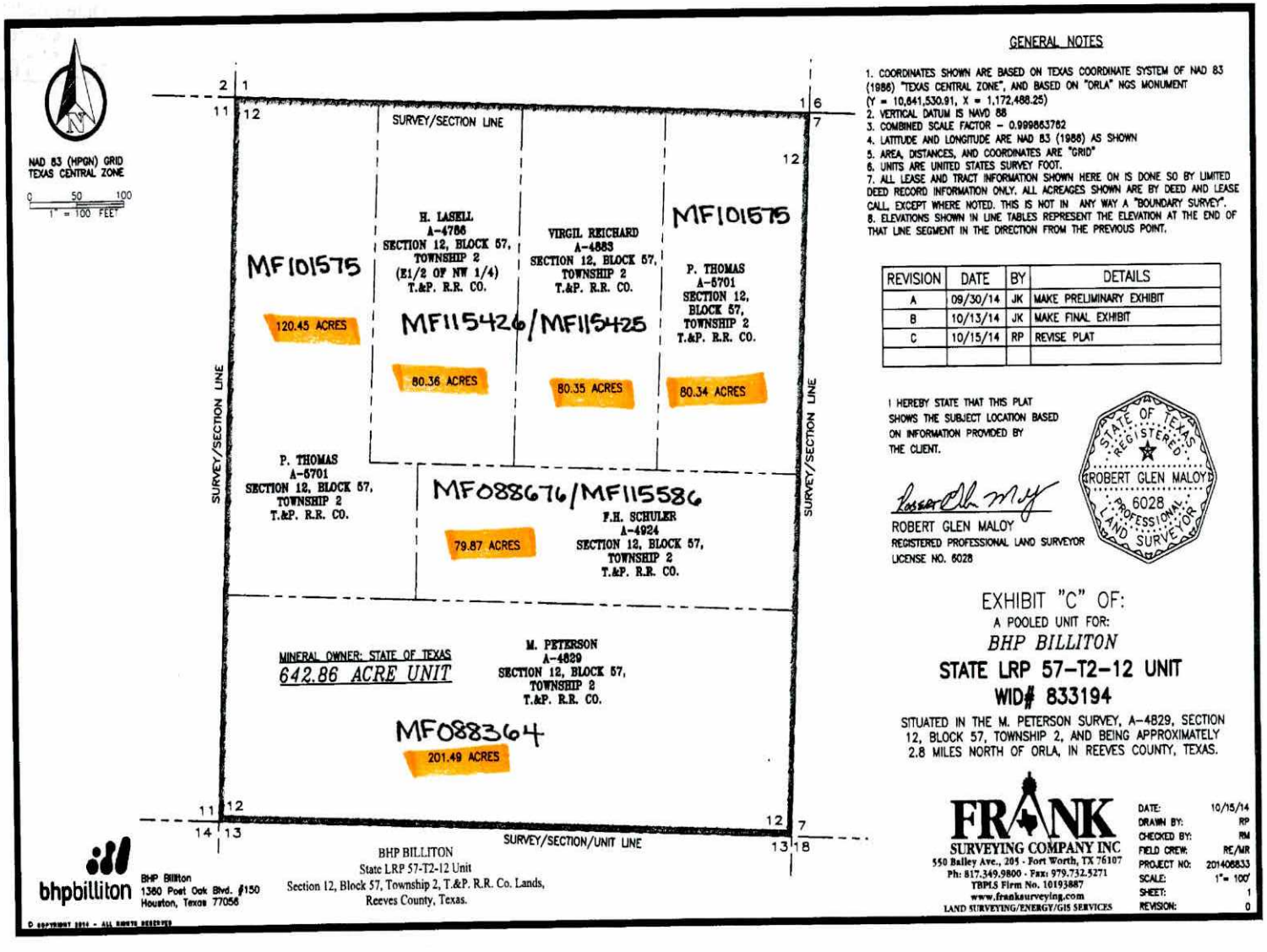
Lease Type	Lease Number	Lease Royalty	Expiration Date	Lease Term	Lease Acres	Lease Acres In Unit	Royalty Participation
FR	MF101575	0.06250000	03/10/2002	3 years	200.000000	200.790000	0.01952116
RAL	MF088676	0.09375000	10/08/1985	3 years	36.456000	36.380000	0.00530539
RAL	MF115425	0.12500000	01/28/2018	5 years	120.000000	120.530000	0.02343628
RAL	MF115426	0.12500000	03/25/2018	5 years	40.000000	40.180000	0.00781274
RAL	MF115586	0.12500000	05/24/2018	5 years	43.555553	43.490000	0.00845635
U Fee	MF088364	0.25000000	10/05/1985	3 years	200.000000	201.490000	0.07835687

Private Acres:	0.000000
State Acres:	642.860000
Total Unit Acres:	642.860000

Participation Basis:	Surface Acreage
Surface Acreage	
State Acreage:	100.00%
State Net Revenue Interest:	14.29%

Unit Type:	Unitized for:
Standard	Oil And Gas
Term:	

RRC Rules:	Spacing Acres:
Yes	704 acres for a 4880 foot lateral



BHP BILLITON
State LRP 57-T2-12 Unit
Section 12, Block 57, Township 2, T.&P. R.R. Co. Lands,
Reeves County, Texas.

bhpbilliton
BHP Billiton
1360 Post Oak Blvd. #150
Houston, Texas 77056

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GENERAL NOTES

1. COORDINATES SHOWN ARE BASED ON TEXAS COORDINATE SYSTEM OF NAD 83 (1986) "TEXAS CENTRAL ZONE", AND BASED ON "ORLA" NGS MONUMENT (Y = 10,641,530.91, X = 1,172,486.25)
2. VERTICAL DATUM IS NAVD 88
3. COMBINED SCALE FACTOR = 0.999863782
4. LATITUDE AND LONGITUDE ARE NAD 83 (1986) AS SHOWN
5. AREA, DISTANCES, AND COORDINATES ARE "GRID"
6. UNITS ARE UNITED STATES SURVEY FOOT.
7. ALL LEASE AND TRACT INFORMATION SHOWN HERE ON IS DONE SO BY LIMITED DEED RECORD INFORMATION ONLY. ALL ACREAGES SHOWN ARE BY DEED AND LEASE CALL, EXCEPT WHERE NOTED. THIS IS NOT IN ANY WAY A "BOUNDARY SURVEY".
8. ELEVATIONS SHOWN IN LINE TABLES REPRESENT THE ELEVATION AT THE END OF THAT LINE SEGMENT IN THE DIRECTION FROM THE PREVIOUS POINT.

REVISION	DATE	BY	DETAILS
A	09/30/14	JK	MAKE PRELIMINARY EXHIBIT
B	10/13/14	JK	MAKE FINAL EXHIBIT
C	10/15/14	RP	REVISE PLAT

I HEREBY STATE THAT THIS PLAT SHOWS THE SUBJECT LOCATION BASED ON INFORMATION PROVIDED BY THE CLIENT.

STATE OF TEXAS · REGISTERED · ROBERT GLEN MALOY · 6028 · PROFESSIONAL LAND SURVEYOR

ROBERT GLEN MALOY
REGISTERED PROFESSIONAL LAND SURVEYOR
LICENSE NO. 6028

EXHIBIT "C" OF:
A POOLED UNIT FOR:
BHP BILLITON
STATE LRP 57-T2-12 UNIT
WID# 833194

SITUATED IN THE M. PETERSON SURVEY, A-4829, SECTION 12, BLOCK 57, TOWNSHIP 2, AND BEING APPROXIMATELY 2.8 MILES NORTH OF ORLA, IN REEVES COUNTY, TEXAS.

FRANK
SURVEYING COMPANY INC
550 Bailey Ave., 205 - Fort Worth, TX 76107
Ph: 817.349.9800 - Fax: 979.732.5271
TBPLS Firm No. 10193887
www.frankssurveying.com
LAND SURVEYING/ENERGY/GIS SERVICES

DATE:	10/15/14
DRAWN BY:	RP
CHECKED BY:	RM
FIELD CREW:	RE/MR
PROJECT NO:	201406833
SCALE:	1"= 100'
SHEET:	1
REVISION:	0

81.

File No. MF0883644

Reeves County

Corrected Buckslip - Unit 7199

Date Filed: 7/03/2025

Commissioner Dawn Buckingham, M.D.

By: JM