

RELEASED
07/27/12

✓ INACTIVE

DATE 7-1-07

LEASING CZB

GLOBASE

MAPS/GIS AS

Free Royalty Lease M-90201 ⁸/₁₉₅
COUNTY: Reeves
TRACT : Sec. 8 & 26, Blk. 2, H&GN RY.Co
PART :
ACRES : 1280
LESSEE : Hillin Production Company
DATE : November 5, 1981
TERM : Three years
BONUS :
RENTAL:
FILE : 150599 v 150598

08-02818-1 08-02819-0

Smead

HASTINGS, MN
LOS ANGELES-CHICAGO-LOGAN, OH
MCGREGOR, TX-LOCUST GROVE, GA
U.S.A.
SP63344

Legal DE
Rental 723
Min A/c 113
Min Map 92



MF 090201

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OIL AND GAS LEASE

THE STATE OF TEXAS

COUNTY OF REEVES

X
X
X

KNOW ALL MEN BY THESE PRESENTS:

This Agreement made this 5th day of November, A.D. 1981, between CLARA M. STRAIN, a widow, MARGARET S. MALLARD, a married woman dealing in her sole and separate property; and CHARLES HUNTER STRAIN, a married man dealing in his sole and separate property, hereinafter called LESSORS; and HILLIN PRODUCTION COMPANY, hereinafter called LESSEE,

W I T N E S S E T H :

1. LESSOR, in consideration of TEN AND NO/100 DOLLARS (\$10.00) and other good and valuable consideration in hand paid, the receipt of which is hereby acknowledged, and of the royalties herein provided, and of the agreements of the LESSEE herein contained, hereby GRANTS, LEASES AND LETS exclusively unto LESSEE, for the purposes of investigation, exploring, prospecting and drilling for and producing oil and gas, injecting gas, water, other fluids, and air into subsurface strata, laying flow lines as hereinafter provided, storing oil, building tanks, telephone lines, and other structures to save, take care of, treat, process, store and transport said oil and gas, upon the following described land situated in Reeves County, Texas, to-wit:

All of Section Eight (8), Block Two (2), H & GN Ry. Co. Survey; and

All of Section Twenty-six (26), Block Two (2), H & GN Ry. Co. Survey.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of three (3) years from this date (hereinafter called "Primary Term"), and as long thereafter as oil, gas or either of them is produced from said land or with which said land is pooled.

3. The royalties to be paid by LESSEE are:

- (a) On oil, 23.5% of 100% of that produced and saved from said land, the same to be delivered at the wells or to the credit of LESSOR into the pipelines to which the wells may be connected, free of cost; LESSEE may from time to time purchase any royalty oil in its possession, paying the market price therefor prevailing for the field where produced on the date of purchase;

6071

- (b) On gas, including casinghead of gas or other gaseous substances, produced from said land and sold or used on or off the premises including wellhead sales, or in the manufacture of gasoline or other products therefrom, the market value of 23.5% of 100% of the gas sold or used delivered free of transportation or compression fees, with the Lessor retaining the option to market such products separate and apart from Lessee upon thirty (30) days written notice to Lessee.
- (c) While there is a gas well on this lease or on acreage pooled therewith, but gas is not being sold or used, LESSEE may pay as royalty, on or before ninety (90) days after the date on which (1) said well is shut-in, or (2) the land covered hereby or any portion thereof is included in a pooled unit on which a well is located, or (3) this lease ceases to be otherwise maintained as provided herein, whichever is the later date, and thereafter at annual intervals on or before the anniversary of the date of the first payment is made, a sum of Two Dollars (\$2.00) per acre payable in lieu of drilling operation during the primary term on the number of acres subject to this lease at the time such payment is made, and if such payment is made or tendered, this lease shall not terminate, and it will be considered that gas is being produced from this lease in paying quantities, and if at the expiration of two (2) years following the date the last well was shut-in, said well or wells are not being produced in paying quantities, then this lease shall terminate and Lessee shall be entitled only to the market value of any equipment that may be on the lease premises at the time of termination.
- (d) If this lease has not sooner been terminated, then at the expiration of the primary term, this lease shall terminate as to all land covered hereby, SAVE AND EXCEPT the developed acreage. For the purposes hereof only, the following shall be deemed developed acreage hereunder, to-wit:
- (1) The proration unit shall be as nearly in the form of a square or rectangle as is practicable. The proration unit on an oil well shall be 80 acres and a gas well shall be 320 acres.

4. LESSEE is hereby granted the right to pool or unitize this lease, the land covered by it or any part thereof, with any other land, leases, mineral estate, or parts thereof for the production of oil, gas, or any other minerals. Units pooled for

oil hereunder shall not exceed forty (40) acres plus a tolerance of ten percent (10%) thereof, and units pooled for gas hereunder shall not exceed six hundred forty (640) acres, plus a tolerance of ten percent (10%) thereof, provided that if any federal or state law, executive order, rule or regulation shall prescribe a spacing pattern for the development of the field or allocate a producing allowable on acreage per well, then any such units may embrace as much additional acreage as may be so prescribed or as may be used in such allocation or allowable. LESSEE shall file written unit designations in the County in which the premises are located. Such units may be designated either before or after the completion of the wells. Drilling operations and production on any part of the pooled acreage shall be treated as if such drilling operations were upon or such production were from the land described in this lease, whether the well or wells be located on the land covered by this lease or not. The entire acreage pooled into a unit shall be treated for all purposes, except the payment of royalties on the production from the pooled unit, as if it were included in this lease. In lieu of the royalties herein provided, LESSOR shall receive on production from a unit so pooled only such portion of the royalties stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on acreage basis bears to the total acreage so pooled in the particular unit involved.

5. If operations for drilling are not commenced on said land or on acreage pooled therewith as above provided on or before one year from this date, the lease shall then terminate as to both parties as to all acreage not included in a spacing unit as prescribed by the Texas Railroad Commission, unless on or before such anniversary date LESSEE shall pay or tender (or shall make a bona fide attempt to pay or tender, as hereinafter stated)

to LESSOR or to LESSOR in the San Angelo National Bank of San Angelo, Tom Green County, Texas, (which Bank and its successors are LESSOR'S agent and shall continue as the depository for all rentals payable hereunder regardless of changes in ownership of said land or the rentals) the sum of Two Dollars (\$2.00) per acre for all acreage not included in a spacing unit as prescribed by the Texas Railroad Commission, (hereinafter called rentals) which shall cover the privilege of deferring commencement of drilling operations for a period of twelve (12) months. The payment or tender of rental under this paragraph and of royalty under Paragraph 3 on any gas well from which gas is not being sold or used may be made by the check or draft of LESSEE mailed or delivered to the parties entitled thereto or to said Bank on or before the date of payment. If such Bank, (or any successor bank) should fail, liquidate or be succeeded by another bank or for any reason fail or refuse to accept the rental, LESSEE shall not be held in default for failure to make such payment or tender of rental until thirty (30) days after LESSOR shall deliver to LESSEE a proper recordable instrument naming another bank as agent to receive such payment or tender. The cash down payment is consideration for this lease according to its terms and shall not be allocated as a mere rental for a period. LESSEE may at any time or times execute and deliver to LESSOR or to the depository above named or place of record a release or releases of this Lease as to all or any part of the above-described premises, and thereby be relieved of all obligations as to the released land or interest.

6. LESSEE shall be required to build and maintain fences around its slush, dump and drainage pits and tank batteries to protect livestock from injury, damage or loss; 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 trash and rubbish.

7. Upon abandonment of each well, in the event of dry hole or cessation of production, the LESSEE shall plug said well or wells in accordance with the Railroad Commission regulations.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions shall extend to the heirs, executors, administrators, successors and assigns, but no change or division in ownership of the land, rentals or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of LESSEE. No such change or division in ownership of the land, rentals or royalties shall be binding upon LESSEE for any purpose until such person acquiring any interest has furnished LESSEE with the instrument or instruments, or certified copies thereof, constituting his change of title from the original LESSOR. In the event of any assignment of this lease as to a segregated portion of said land, the rentals payable hereunder shall be apportioned as between the several leasehold owners ratably according to the surface ownership of each, and default in rental payment by one shall not affect the rights of the other leasehold owners hereunder. An assignment of this lease, in whole or in part, shall to the extent of such assignment, relieve and discharge LESSEE of any obligations hereunder, and if LESSEE or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of the rentals due from such LESSEE or assignee or fail to comply with any provision of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which LESSEE or other assignee thereof shall make payment of said rentals.

9. LESSEE hereby agrees to assume all risk and damage to tools, derrick and equipment and all risk of property damage done to the premises and livestock of LESSOR and to persons who might at any time be on said premises, and LESSEE hereby binds himself, his heirs and assigns to hold harmless LESSOR from any and all damages, causes of action, and judgments which might be obtained against LESSOR, and to indemnify LESSOR for such, his heirs and assigns, as a result of operations and compliance by LESSOR with the terms and conditions of this agreement unless any negligence

is on the part of the LESSOR. All parties who may have any business transactions with LESSEE are hereby given notice that LESSOR herein denies liability for any and all contractual obligations entered into between LESSEE and such parties.

10. Lessee covenants and agrees to pay the surface owner actual, but not less than customary, damages for damages to the surface (including improvements), crops of lessor or lessor's tenant, for this purpose grass shall be considered a crop, live-stock and personalty caused by seismic work, drilling operations and/or any other of lessee's operations hereunder.

11. All roads and right-of-ways for flow lines or connecting lines shall be laid only with the written consent of LESSOR, and such consent shall not be unreasonably withheld. The LESSEE shall be permitted to use existing roads when possible. If LESSEE chooses to bury its flow lines, then it shall return the surface right-of-way to a smooth contour.

12. Lessor reserves the privilege at his sole risk and expense of using gas from any gas well located on said land for household and domestic use for any dwelling situated on said lands or adjoining lands owned by Lessor, and Lessor assumes all liability in making said connection.

13. LESSEE shall not be liable for delays or defaults in its performance of any agreement or covenant hereunder due to force majeure. The term "force majeure" as employed herein shall mean: any act of God including but not limited to storms, floods, washouts, land slides and lightening; acts of the public enemy; wars, blockades, insurrections or riots; strikes or lockouts; epidemics or quarantine regulation; laws, acts, orders of federal, state, municipal or other governments or governmental officers or agents under color of authority. If LESSEE is required, ordered or directed by any federal, state or municipal law, executive

order, rules, regulational request enacted or promulgated under color of authority to cease drilling operations on the land covered by this lease or if LESSEE by force majeure is prevented from conducting drilling operations, reworking operations or producing operations, then until such time as such law, order, rule, or regulation terminate, it or the estate conveyed by it shall be suspended and inoperative and this lease shall continue in force. If any period of suspension occurs during the primary term, the time hereof shall be added to such term.

14. LESSOR hereby warrants and agrees to defend the title to said land, and agrees that LESSEE, at its option, may discharge any tax, mortgage or other lien upon said land, and in the event that LESSEE does so, it shall be subrogated to such lien with the right to enforce same and apply rentals and royalties accruing hereunder toward satisfaction of same. Without impairment of LESSEE'S rights under the warranty in the event of failure of title, it is agreed that if LESSOR owns an interest in said land less than the entire fee simple estate, then the royalties and rentals to be paid LESSOR shall be reduced proportionately; should any one or more of the parties named above as LESSORS fail to execute this lease, it shall nevertheless be binding upon the party or parties executing same.

15. LESSEE, its/his successors and assigns, shall have the right at any time to surrender this lease, in whole or in part to LESSOR or his heirs and assigns by delivering or mailing a release thereof to the LESSOR, or by placing a release thereof of record in the County in which said land is situated; thereupon LESSEE shall be released from all obligations, expressed or implied, of this agreement as to the acreage so surrendered, and thereafter the rentals payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

16. Upon any final expiration of this lease, LESSEE shall have the right of ingress and egress upon the land for a period of sixty (60) days after such expiration during which time it may remove all personal property and equipment belonging to it, including the drawing of casing.

17. The LESSOR reserves the right, in the event of a dry hole or abandonment of a producing well, to plug said well to a water producing zone for livestock and domestic purposes.

18. LESSEE shall be required to build and maintain fences around its slush, dump and drainage pits and tank batteries to protect livestock from injury, damage or loss; 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 trash and rubbish.

19. At no time shall substantial quantities of salt water be stored or placed in surface pits, and all pits into which salt water is placed shall be constructed and sealed in a water tight manner so that salt water cannot escape through or over such pits.

20. It is expressly provided that any water used by LESSEE for any lease operations except drilling operations shall be limited to water which is unfit for consumption by livestock or water which is unsuitable for irrigation purposes.

21. LESSEE agrees that all royalties accruing 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 and gas produced hereunder ready for sale or use.

IN WITNESS WHEREOF, we do hereby sign this day and year first above written.

LESSEE:

HILLIN PRODUCTION COMPANY

By: _____

LESSORS:

Clara M. Strain
CLARA M. STRAIN, a widow

Margaret S. Mallard
MARGARET S. MALLARD

Charles Hunter Strain
CHARLES HUNTER STRAIN

THE STATE OF TEXAS
COUNTY OF TOM GREEN

BEFORE ME, the undersigned authority, on this day personally appeared CLARA M. STRAIN, a widow, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 5th day of November, 1981.

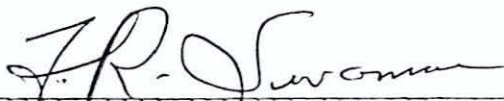


Notary Public in and for Tom Green
County, Texas
Print Name: Frank Swanson
My Commission Expires: March 31, 1985

THE STATE OF TEXAS
COUNTY OF TOM GREEN

BEFORE ME, the undersigned authority, on this day personally appeared MARGARET S. MALLARD, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 5th day of November, 1981.



Notary Public in and for Tom Green
County, Texas
Print Name: Frank Swanson
My Commission Expires: March 31, 1985

THE STATE OF TEXAS
COUNTY OF TOM GREEN

BEFORE ME, the undersigned authority, on this day personally appeared CHARLES HUNTER STRAIN, 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 5th day of November, 1981.



Notary Public in and for Tom Green
County, Texas
Print Name: Frank Swanson
My Commission Expires: March 31, 1985

THE STATE OF TEXAS
COUNTY OF ECTOR

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

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this _____ day of _____, 1981.

Notary Public in and for Ector
County, Texas
Print Name: _____
My Commission Expires: _____

①
M 90201
Lease

File dated 5-25-84

Garry Mauro, Commissioner

25204

174
Roberts and Koch

205 Building of the Southwest

MIDLAND, TEXAS 79701

A/C 915 - 683-6231

ROSS D. ROBERTS
CHARLES E. KOCH

May 22, 1984

Mr. Robert Caine
General Land Office
1700 N. Congress
Room 634
Austin, Texas 78701

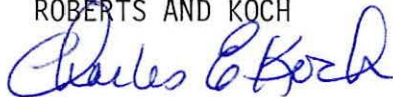
Dear Mr. Caine:

As requested yesterday, enclosed please find the oil and gas lease dated November 5, 1981 from Clara M. Strain et al to Hillin Production Company.

If we can be of further assistance, please do not hesitate to contact us.

Very truly yours,

ROBERTS AND KOCH



Charles E. Koch

CEK/sh

Enclosure

Robert - This is free royalty
lease to be set up to receive
royalty - please send file to me
I have well data to file, Bob Plummer

(2)

M. F. 90201

CORRESPONDENCE FILE

~~to~~ Roberts & Lock

From

Dated 5-22-84

2.52.04

M 90201
FIPO - Plat
File dated Undated
Garry Mauro, Commissioner

Garry Mauro
Commissioner
General Land Office



June 20, 1984

Mr. Charles E. Koch
Roberts and Koch
205 Building of the Southwest
Midland, Texas 79701

Re: Free Royalty Oil and Gas Lease
M-90201; Secs. 8 and 26, Blk. 2, H&GN Ry. Co. Sur.
Reeves County, Texas

Dear Mr. Koch:

The copy of free royalty oil and gas lease covering the captioned tract have been filed in our records under the captioned mineral file number. Please refer to this file number in all future correspondence concerning this lease.

Should you have any further questions, please call.

Sincerely,

A handwritten signature in dark ink, appearing to read "R. A. Caine", written over the word "Sincerely,".

Robert A. Caine, Attorney
Oil and Gas Section
Legal Division
512 475-4246

RAC/ma

(4)

M. F. 90201

CORRESPONDENCE FILE

TO Roberts & Gock

~~From~~

Dated 6-20-84

WITHIN FREE ROYALTY M-30287 M-90201

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

Form W-1
Rev. 9-1-80
483-000

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

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

Purpose of filing (mark appropriate boxes)

☒ 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. 389-31462
42-
Permit No. 225626

1. Operator's Name (as shown on Form P-5 Organization Report) Hillin Production Company
2. Address (including city and zip code) 1524 S. IH35 STE 301
Austin, TX 78704
3. RRC Operator No. 388770
4. RRC District No. 08
5. County of Well Site Reeves
6. Lease Name (32 spaces maximum) C. H. Strain
7. RRC Lease/ID No. NA
8. Well No. 1
9. Total Depth 7000'
10. Location
Section 26 Block 2 Survey H&GN RR Co.
This well is to be located 3 miles in a west direction from Mentone, Texas
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 480 (OUTLINE ON PLAT.)

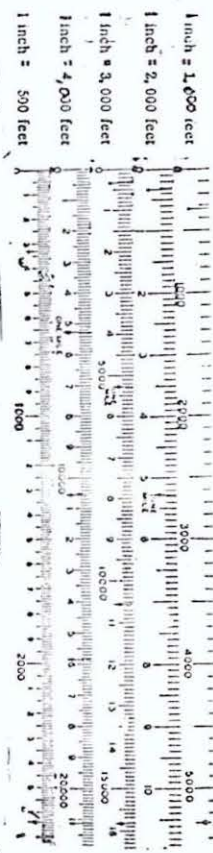
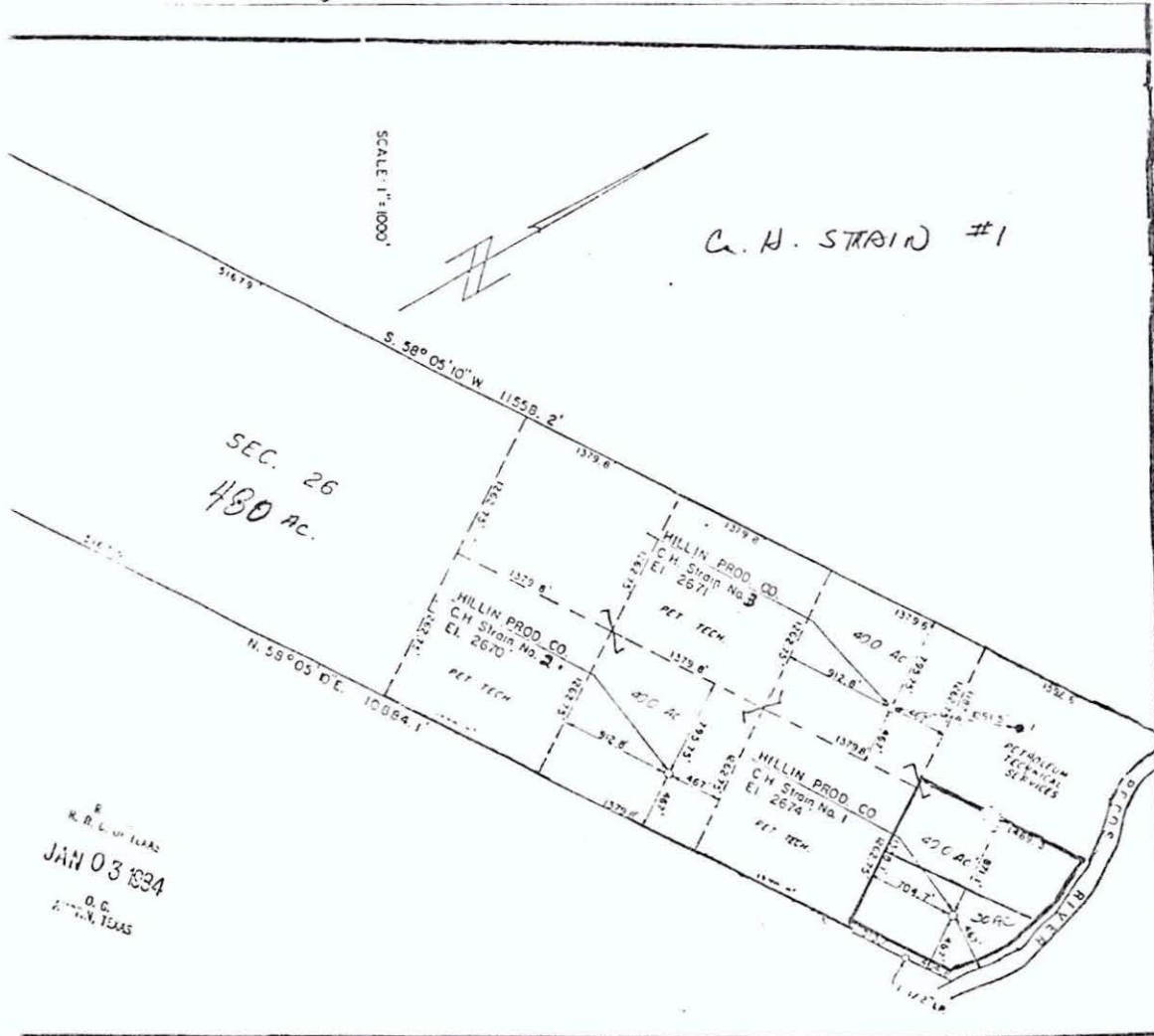
13. FIELD NAME (Exactly as shown on RRC proration schedule). List all established and wildcard zones of anticipated completion. Attach additional Form W-1's as needed to list these zones. One zone per line.	Completion depth	Spacing pattern (ft)	Density pattern (acres)	17. Number of acres assigned to this lease in this reservoir? If so, explain in Remarks.	20. Distance from proposed location to nearest applied for, permitted, or completed well, this lease # reservoir (ft.)	21. No. of applied for, permitted, or completed locations including this one on lease in this reservoir.
Wheat 96742001	4,200	330/933	20	20	No	1,580'
Hubbard (Cherry Canyon)	5,500	467/1200	40	40	No	1,580'
43106200						

22. Perpendicular surface location from two nearest designated lines
Lease/Unit 467' FSE & 704.7' FSW
Survey/Section 467' FSE & 10,479.3' FSW
23. Is this a pooled unit? Yes ☐ No ☒ (Attach Form D-12 and certified plat.)
24. Is Item 17 less than Item 16 (substandard acreage for any field applied for)? Yes ☐ No ☒ (Attach Form W-1A)

25. Is this wellbore subject to Statewide Rule 36 (hydrogen sulfide area)? Yes ☐ No ☒
26. Do you have the right to develop the minerals under any right-of-way that crosses, or is contiguous to, this tract? Yes ☒ No ☐
If not, and if the well requires a Rule 37 or 38 exception, see Instructions for Rule 37.

I certify that information stated in this application is true and complete, to the best of my knowledge.
Signature John D. Boxell, Production Engineer
Date 12-30-83
Tel. Area Code Number 915-563-3560

REMARKS
LEASE WAS 640 ACRES. HAVE FARMED OUT 160 ACRES TO Petroleum Technical Services
LATER 2000 FOR TOTAL 480 AC.
WOOD 999 210000 JAN 384 227113



Statewide PLAT SERVICE

1-20-84

JAN 03 1984
A. G. G. TEXAS

*** OIL AND GAS W-2/G-1 RECORD ***

INQUIRY

API #: 389 31462

DIST: 08 LSE/ID: 28714

WELL#: 4

SOURCE: RRC

FLD: HUBBARD (CHERRY CANYON)

TYPE: OIL CNTY: REEVES
LSE: STRAIN, C. H.

OPER: HILLIN PROD. CO.

COMPLETION: 02 01 84

DRILLING PERMIT #: 225626

W2-G1: 03 03 84

BUILT: 03 16 84

R-37 EXCEP CASE #:

ATTACHMENTS: ON FILE

WATER INJECT PERM #:

KEY 'S' TO VIEW ATTACH: _

SALT WATER DISP #:

DOCKET NUMBER:

DRILL COMPLETED: 01 24 84

ELEVATION: 2674 GR

TOTAL DEPTH: 6330

WELLBORE PLUGGED:

PLUGBACK DEPTH: 5500

LOCATION SEC: 26 BLK: 2

ABST:

SUR: H. & G. N. RR. CO.

SUR/SECT: 000467 FT FROM SE

AND 010479 FT FROM SW

NOTE=> REMARKS ON FILE FOR THIS DATE

* SCREEN OPTIONS: 12=FORM/SQZE 13=REMARKS 14=WATER 19=PERMITS/WELLIDS

* SELECT OPTION: (01=RETURN TO MENU, 00= HELP AND OTHER OPTIONS)

PRESS 'ENTER' FOR NEXT SCREEN

PERFS: 5252 TO 5253

WITHIN FREE ROYALTY unleased

MU
12-7-83

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

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

M-90201

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

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

Purpose of filing (mark appropriate boxes):

- ☒ 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- N/A 389 31422
Permit No. N/A 210371
Rule 37 Case No. N/A

1. Operator's Name (exactly as shown on Form P-5, Organization Report)

Petroleum Technical Services Company
3000 North Garfield Street
Suite 210
Midland, Texas 79705

3. RRC Operator No.

660842

4. RRC District No.

08

5. County of Well Site

Reeves

6. Lease Name (32 spaces maximum)

C. H. Strain

7. RRC Lease/ID No.

N/A

8. Well No.

1

9. Total Depth

5,500'

10. Location

Section 26 Block 2 Survey H & GN
This well is to be located 3 miles in a West direction from Mentone, Texas
which is the nearest town in the county of the well site.

Abstract No. A

993317

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 ac. (OUTLINE ON PLAT.)

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

Wheat 96742 601
Hubbard (Cherry Canyon) 43106 200

14. Completion depth

4,200'

15. Spacing pattern (ft.)

330/933

16. Density pattern (acres)

20

17. Number of acres in drilling unit for this well OUTLINE ON PLAT.

20

18. Is this acreage assigned to another well on this lease? If so, explain in Remarks.

No

19. Distance from proposed location to nearest applied for, permitted, or completed well (Specify).

N/A

20. Oil, gas, or other type well (Specify)

Oil

21. No. of applied for, permitted, or completed locations (including this one) on lease in this reservoir.

1

OIL

1

GAS

-0-

22. Perpendicular surface location from two nearest designated lines:

Lease/Unit: 467' FNL & 534' FWL

Survey/Section: 467' FNL & 10,449.7' FWL

If a directional well, show also projected bottom-hole location:

Lease/Unit:

Survey/Section:

23. Is this a pooled unit?

Yes ☐ No ☒ (Attach Form P-12 and certified plat.)

24. Is item 17 less than item 16 (is substandard acreage for any field applied for)?

Yes ☐ No ☒ (Attach Form W-1A)

25. Is this wellbore subject to Statewide Rule 36 (hydrogen sulfide area)?

Yes ☐ No ☒

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? If not, and if the well requires a Rule 37 or 38 exception, see instructions for Rule 37.

Yes ☐ No ☒ NA

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

Signature: Don C. Bennett, Owner/Operator

Date: 09-06-83

Area Code: (915) 684-6603

Number: 211696

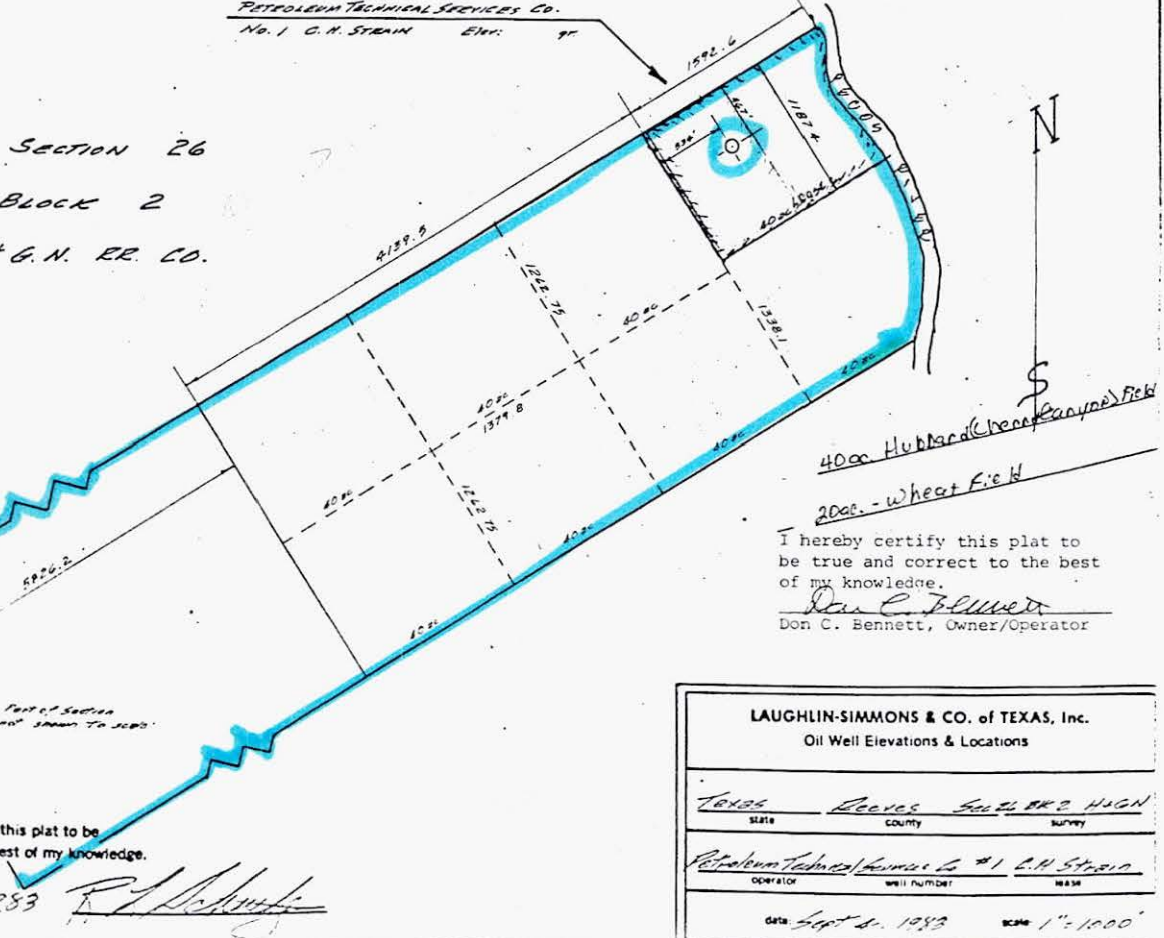
C: 9-23-83
IP P. 16 B0+27 BWPD

200067 SEP 23 1983

11000053

Pfs: 4210-4212

TD 4222



Statewide PLAT SERVICE

9-26-83

LAUGHLIN-SIMMONS & CO. of TEXAS, Inc.
Oil Well Elevations & Locations

State: Reeves County Survey: South RR. HIGH

Operator: Petroleum Technical Services Co. #1 C.H. Strain

Date: Sept 6, 1983 Scale: 1" = 1000'

WELL STATUS REPORT

OPERATOR Petroleum Techniaal Services Co.

STATE LEASE NO. Unleased FEE R.A.L. Within/
FREE ROYALTY xx

OFFSET, APPROX. FT. FROM STATE LEASE

LEASE C. H. Strain WELL NO. 1

FIELD NAME Wheat & Hubbard/Cherry Canyon WILDCAT COUNTY Reeves

REPORT NO. 1 SPUD DATE 9/12/83 DRILLING DEPTH

COMPLETION DATE 9/23/83 TOTAL DEPTH 4222' PBD 4216.5'

PERFS 4210' to 4212' 1ST COMPLETION: YES NO

POTENTIAL/TEST: OIL Pumping GAS D&A

REMARKS: Date of test 11/18/83 (24 Hr.)-Oil produced prior to test 136 bbls.-Top of pay
4210'-Oil/15.65 bbls.--Gas/MCF 10.5--Water/26.84 bbls.--Gas/Oil Ratio 670 to 1
Oil Gravity/35.2

BA/jmh/gs

2-25-75

W. A. White

INSPECTOR

DATE April 13, 1984

5

M.F. 90201
APPLICATION TO DRILL

WELL # 1
FILED 9 - 10 19 84
GARRY MAURO, COMMISSIONER

BY: HDK

TELEPHONE
(505) 748-3311



171
REFINING COMPANY

501 EAST MAIN STREET • P. O. DRAWER 159

TELETYPE
(910) 986-0990

ARTESIA, NEW MEXICO 88210

March 9, 1984

1/09157/6063

STATE OF TEXAS
GENERAL LAND OFFICE
1700 NORTH CONGRESS
AUSTIN TX 78701

Re: Lease #6063
Strain #4

*Field
Heat
Hubbard*

TO THE INTEREST OWNERS UNDER THE CAPTIONED PROPERTY:

Navajo Refining Company commenced purchasing oil under the subject lease during March, 1984.

Accordingly, we submit duplicate copies of our division order. If your interest is correctly shown, please execute the division order as thereon indicated, have your signature witnessed by an unrelated individual and return one copy to this office. The additional copy is for your file.

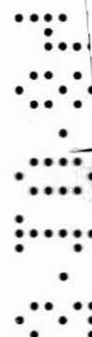
Please note, this company is required to have on file the federal tax identification or social security number of all payees. A line is provided with the signature line on the division order upon which it is requested you note your number. Also, if your address is incorrectly or incompletely shown, correction is requested.

Respectfully submitted,

Mrs. Gwenetta Lain
Division Order Supervisor

GL/sc

Enclosures



NAVAJO REFINING COMPANY
OIL DIVISION ORDER

EFFECTIVE: March 1, 1984

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

Each of the undersigned warrants ownership of the interest, set opposit his name, in all oil (defined as crude oil and condensate) produced from Hillin Production - Strain #4

Lease (or Unit), Reeves County, Texas described as:

All of Section 26, Block 2, H & GN Ry Co. Survey

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	Division of Interest	P. O. ADDRESS (Give box number or street address and zip code)
-----------	----------------------	---

(See Attached Division
of Interest)

Y20 copy
(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 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.
4. If any claim is made which in your opinion adversely affects title to any interest credited hereunder, or such title is unmarketable in the sole opinion of your attorney, or is not for some other reason satisfactory to you, the parties credited with such interest severally agree to furnish abstracts or other evidence of title acceptable to you, and to cure any defects which render the title of the undersigned unmarketable, without expense 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.
5. If through error, inadvertance, erroneous title information, or otherwise, you shall pay to the undersigned any sums to which the undersigned is not lawfully entitled, you shall have the right to recover the total amount of all such payments, together with interest at the rate of 10% per annum from the dates paid, by withholding the same from future money in your possession to which the undersigned is otherwise entitled to be paid, whether such withheld funds accrue from the land described herein or from other land in which the undersigned has an interest.
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 # _____

NAVAJO REFINING COMPANY
DIVISION OF INTEREST LISTING

LEASE NO: 6063

EFFECTIVE DATE:

March 1, 1984

LEASE NAME: STRAIN #4

OPERATOR: 405 HILLIN PRODUCTION CO

PAGE 1

OWNER NO.	CREDIT TO	DIVISION OF INTEREST	TYPE INTEREST
09157	STATE OF TEXAS GENERAL LAND OFFICE 1700 NORTH CONGRESS AUSTIN TX 78701	.06250000	RI
09158	MARGARET STRAIN MALLARD P O BOX 2 SAN ANGELO TX 76902	.06468800	RI
09159	SIDNEY MALLARD P O BOX 2 SAN ANGELO TX 76902	.02156300	RI
09160	CHARLES HUNTER STRAIN P O BOX 1631 SAN ANGELO TX 76902	.04312500	RI
09161	CLAIRE STRAIN DUESIQ 7130 RUTGERD DR DALLAS TX 75214	.01078100	RI
09162	DAVID HUNTER STRAIN 21497 MADRONE DR LOS GATOS CA 95030	.01078100	RI
09163	CARL SCHUCH STRAIN P O BOX 1631 SAN ANGELO TX 76902	.01078100	RI
09164	MARTHA LOUISE STRAIN 6910 HART #205 AUSTIN TX 78731	.01078100	RI
09165	DONALD P DORSEY 12 W HARRIS SAN ANGELO TX 76901	.00750000	OR
09166	C ADAM MORRISS III 3302 FOSTER STREET SAN ANGELO TX 76901	.00750000	OR

THIS EXHIBIT IS ATTACHED TO AND MADE A PART OF
NAVAJO REFINING COMPANY DIVISION ORDER NO. 6063

April 9, 1984

Navajo Refining Company
P.O. Box 159
Artesia, NM 88210

ATTENTION: DIVISION ORDER DEPARTMENT

RE: State Lease M-30287
Strair #4 Lease
Wheat Field
Reeves County, Texas

Gentlemen:

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

Inasmuch as the statutes provide the royalties the State shall receive, it is felt that it would not be in conformity with the law 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.

Very truly yours,

Marilyn Logan
Division Order Analyst
Energy Resources
Phone No. (512) 475-2858

jrf

Enclosure

Copy of Division Order

90201

M. F. 30287

CORRESPONDENCE FILE

TO

Division Order

FROM

DATED 4-9-84 ml

⑥
③



THE PERMIAN CORPORATION

2000 POST OAK BOULEVARD

713/840-7530

P. O. BOX 1183 HOUSTON, TEXAS 77251-1183

TWX: 910-881-1675

June 13, 1984

Re: Lease No. 483242 - Petroleum Tech Service Company - C. H. Strain

Dear Interest Owners:

Enclosed herewith is The Permian Corporation's division order for the captioned lease prepared in accordance with a Division Order Title Opinion dated February 17, 1984, rendered by Mr. Robert C. Bledsoe. If this division order meets with your approval, kindly execute in accordance with the attached instructions and return one fully executed and witnessed copy to The Permian Corporation. The extra copy provided is for your records.

This is to advise that you will receive a one-time payment for your interest in this lease from The Permian Corporation, since a new purchaser was designated, effective February 4, 1984.

Thank you for your cooperation and if you have any questions, please advise.

Yours very truly,

THE PERMIAN CORPORATION

Barbara Metscher

Barbara Metscher

BM/jt

Enclosures

cc: Petroleum Technical Services Co.
3000 North Garfield, Suite 210
Midland, Texas 79705

THE PERMIAN CORPORATION

DIVISION ORDER

Lease No. 483242

June 13

19 84

TO THE PERMIAN CORPORATION, P. O. BOX 1183, HOUSTON, TEXAS 77251-1183

The undersigned, and each of us, certify and guarantee that we are the legal owners of and hereby warrant the title to our respective interests as set out below in all oil produced from all wells on the _____

Petroleum Tech Service Company - C. H. Strain

farm or lease, located in Reeves County, State of Texas, more particularly described as follows:

Section 26, Block 2, H&GN Ry. Co. Survey, Reeves County, Texas.

and commencing at 7 A.M., the _____ day of first runs, 19____, and until further written notice either from you or us you are authorized to receive oil therefrom, purchase it and pay for it as follows:

CREDIT TO	DIVISION OF INTEREST	POST OFFICE ADDRESS
-----------	----------------------	---------------------

ROYALTY INTERESTS

{ State of Texas }	6.25% R.I. (.0625000) ✓
Margaret Strain Mallard, separate property	3/8 x 17.25% R.I. (.0646875)
Sidney Mallard, separate property	1/8 x 17.25% R.I. (.0215625)
Charles Hunter Strain, separate property	1/4 x 17.25% R.I. (.0431250)
Claire Strain Duesig, separate property	1/16 x 17.25% R.I. (.0107813)
David Hunter Strain, separate property	1/16 x 17.25% R.I. (.0107813)
Carl Schuch Strain, separate property	1/16 x 17.25% R.I. (.0107812)
Martha Louise Strain, separate property	1/16 x 17.25% R.I. (.0107812)

OVERRIDING ROYALTY INTERESTS

Donald P. Dorsey	.0075000 O.R.R.I.
C. Adam Morriss, III	.0075000 O.R.R.I.

MAKE SURE YOUR CORRECT MAILING ADDRESS IS SHOWN ABOVE

FIRST: The oil received and purchased hereunder shall become your property as soon as the same is received into your custody, or that of any pipe line company or carrier designated by you, and the undersigned agree to look solely to you for payment of oil purchased hereunder and shall have no claim or recourse against any subsequent purchaser of said oil.

SECOND: The oil received and purchased hereunder shall be delivered F. O. B. to any pipeline or carrier designated by you which gathers and receives said oil, and you shall pay for such oil to the respective owners according to the division of interest above set forth at the same price per barrel received by the operator of the lease covered by this division order. The word "oil" used herein shall mean crude oil and condensate (or distillate) delivered hereunder.

THIRD: Quality and quantity shall be determined in accordance with the conditions specified in the purchase agreement with lease operator. The oil shall be steamed when necessary to make merchantable and you may refuse to receive any oil not considered merchantable by you.

FOURTH: Settlements and payments shall be made monthly by check mailed from your office to the respective parties at the addresses above given, for the amount of such purchase price due said parties, respectively, less any taxes required by the law to be deducted and paid by you as purchaser.

FIFTH: Abstracts and other evidence of title satisfactory to you will be furnished to you at any time on demand. In the event of failure to so furnish such evidence of title, or in the event of any dispute or question at any time concerning title to the above lands, or the oil produced therefrom, you may hold the proceeds of all oil received and run, without interest, until indemnity satisfactory to you has been furnished or until such dispute or question of title is corrected or removed to your satisfaction. And in the event any action or suit is filed in any Court affecting title either to the real property above described or to the oil produced therefrom in which any of the undersigned are parties, written notice of filing of such action shall immediately be furnished you by the undersigned, stating the Court in which the same is filed and the title of such action or suit, and you or any carrier transporting oil for your account shall be held harmless from any judgment rendered in such suit and all reasonable costs and expenses incurred in defending against said claim, whether in your defense or in the defense of the carrier transporting oil for your account, and the undersigned shall pay said judgment and said costs and expenses.

SIXTH: The undersigned severally shall notify you of any change of ownership, and no transfer of interest shall be binding upon you until a transfer order and the recorded instrument evidencing such transfer, or a certified copy thereof, shall be furnished to you. Transfers of interest shall be made effective not earlier than the first day of the calendar month in which notice is received by you. You are relieved hereby of any responsibility for determining if and when any of the interests hereinabove set forth shall or should revert to or be owned by other parties as a result of the completion or discharge of money or other payments from said interest and the signers hereof whose interests are affected by such money or other payments, if any, assume said responsibility and shall give you notice in writing by registered letter addressed to you at the above address, when any such money or other payments have been completed or discharged or when any other division of interest than that set forth above shall, for any reason, become effective and to furnish transfer orders accordingly, and that in the event such notice shall not be received, you shall be held harmless in the event of, and are hereby released from any and all damage or loss which might arise out of any overpayment.

SEVENTH: This division order shall become valid and binding on each and every owner above named as soon as signed by him or her regardless of whether any of the other above named owners have so signed; and in consideration of the purchase of oil hereunder, consent is given hereby to you and any pipe line company which you may cause to connect with the wells or tanks on said land, to disconnect and remove such pipe lines. in case of termination by either you or us of purchases under this division order.

EIGHTH: Working interest owners and operators who sign this division order, and each of them, guarantee and warrant for your benefit and that of any pipe line or other carrier designated by you to run or transport said oil, that all oil tendered hereunder has been and will be produced and handled in compliance with the Fair Labor Standards Act of 1938, and any amendments thereto, and all other federal, state and municipal laws, rules and regulations.

IN ACCORDANCE WITH FEDERAL LAW, PLEASE INDICIATE YOUR SOCIAL SECURITY OR IDENTIFICATION NUMBER BELOW:

WITNESS OF SIGNATURES

OWNERS SIGN BELOW

BE SURE YOUR SIGNATURE IS WITNESSED AND YOUR CORRECT ADDRESS IS SHOWN

Page Two

Re: Lease No. 483242 - Petroleum Tech Service Company - C. H. Strain

WORKING INTERESTS

Petroleum, Inc.	46.419975% x 75% W.I. (.3481498)
Joseph Oil Corp.	18.329939% x 75% W.I. (.1374745)
Roberts and Koch	25.656627% x 75% W.I. (.1924247)
Jack C. Cartwright	7.736664% x 75% W.I. (.0580250)
Petroleum Technical Services Co.	1.856795% x 75% W.I. (.0139260)

Garry Mauro
Commissioner
General Land Office



June 26, 1984

Permian Corporation
P.O. Box 1183
Houston, TX 77251-1183

ATTENTION: MS. BARBARA METSCHER

RE: State Lease M-30287
C.H. Strain Lease
Wheat Field
Reeves County, Texas

Gentlemen:

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

Inasmuch as the statutes provide the royalties the State shall receive, it is felt that it would not be in conformity with the law 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.

Very truly yours,

Marilyn Logan
Division Order Analyst
Energy Resources
Phone No. (512) 475-2858

jrf
Enclosure
Copy of Division Order

(7)
(2)

90201

M. F. 30287

CORRESPONDENCE FILE

TO

Division Order

FROM

DATED 6-26-84

1. Leave 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 12767, Capitol Station, Austin, Texas 78711.
2. File a copy of W-1 and plat in RRC District Office.

WITHIN FREE ROYALTY ^{HELP 06PM} M-30287

RAILROAD COMMISSION OF TEXAS

Oil and Gas Division

Read Instructions on Back

Form W-1

REV. 5-1-83

483-060

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

Purpose of filing (mark appropriate boxes):
☒ 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: ⁴²⁻³⁸⁹⁻³¹⁴⁶² ₂₂₅₆₂₆

1. Operator's Name (exactly as shown on Form P-5 Organization Report): **Hillin Production Company**

2. Address (including city and zip code): **1524 S. IH35 STE 301
Austin, TX 78704**

3. RRC Operator No.: **388770**

4. RRC District No.: **08**

5. County of Well Site: **Reeves**

6. Lease Name (32 spaces maximum): **C. H. Strain**

7. RRC Lease/ID No.: **NA**

8. Well No.: **1**

9. Total Depth: **7000'**

10. Location:
 • Section **26** Block **2** Survey **H&CN RR Co.** Abstract No. **A-**
 • This well is to be located **3** miles in a **west** direction from **Mentone, Texas**
 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: **480** (OUTLINE ON PLAT.)

13. FIELD NAME (Exactly as shown on RRC proration schedule). List all established and wildcard zones of anticipated completion. Attach additional Form W-1's as needed to list these zones. One zone per line.
Wheat 96742001
Hubbard (Cherry Canyon)

14. Completion depth: **4,200**

15. Spacing pattern (ft.): **330/933**

16. Density pattern (acres): **20**

17. Number of acres in drilling unit for this well. OUTLINE ON PLAT: **20**

18. Distance from proposed location to nearest applied for, permitted, or completed well, this lease & reservoir. (ft.): **1,580'**

19. Oil, gas, or other type well (Specify): **Oil**

20. 21. No. of applied for, permitted, or completed locations (including this one) on lease in this reservoir:
 OIL **3** GAS **3**

22. Perpendicular surface location from two nearest designated lines:
 • Lease/Unit: **467' FSE & 704.7 FSW**
 • Survey/Section: **467' FSE & 10,479.3' FSN**

23. Is this a pooled unit? Yes ☐ No ☒ (Attach Form P-12 and certified plat.)

24. Is item 17 less than item 16 (substandard acreage for any field applied for)? Yes ☐ No ☒ (Attach Form W-1A)

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

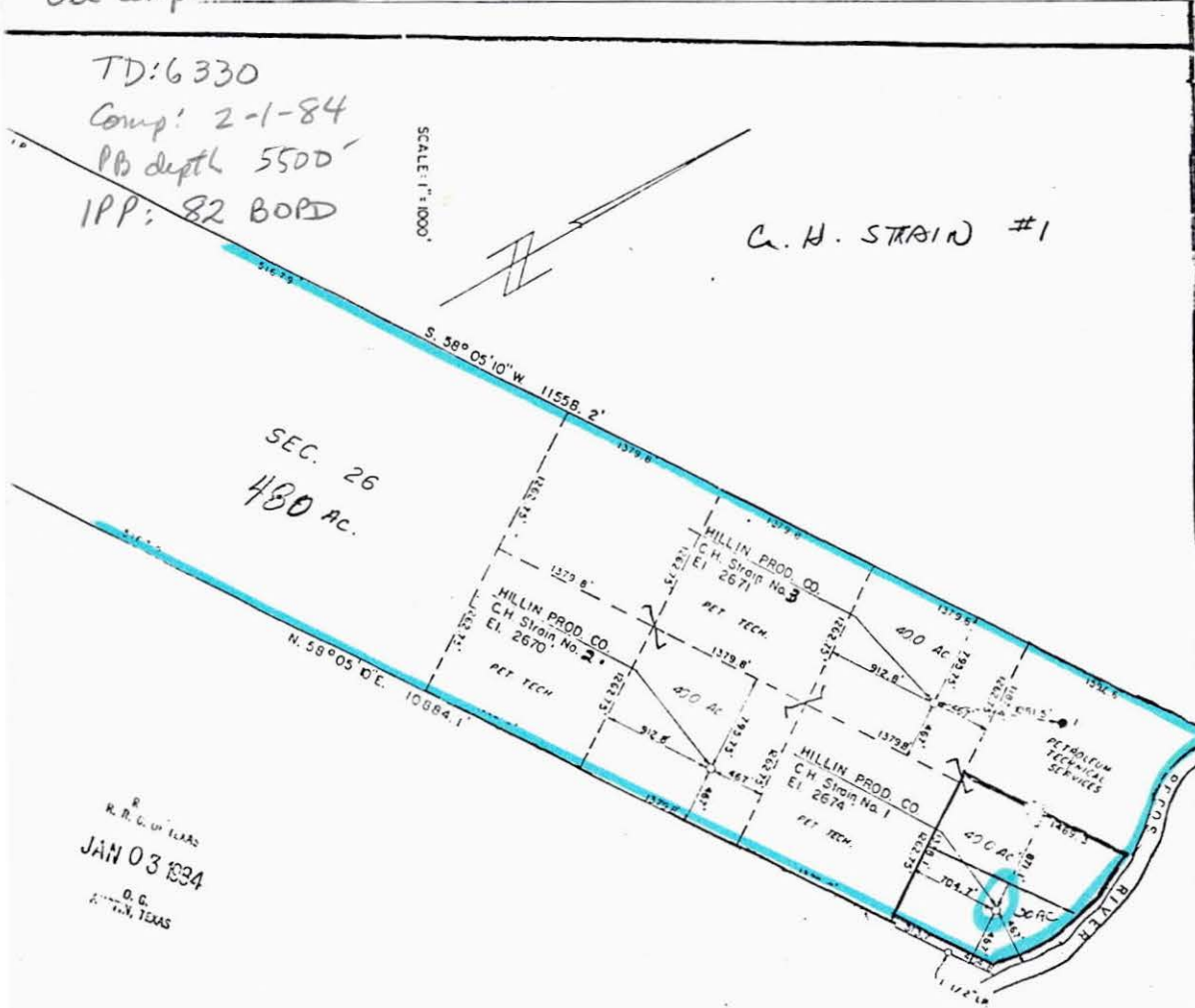
26. Do you have the right to develop the minerals under any right-of-way that crosses, or is contiguous to, this tract? If not, and if the well requires a Rule 37 or 38 exception, see Instructions for Rule 37. Yes ☒ No ☐

Remarks:
Lease WAS 640 ACRES. HAVE FARMED OUT 160 ACRES TO Petroleum Technical Services
Left 480 ACRES for Pool 17.
Oil Comp. 1-24-84

I certify that information stated in this application is true and complete, to the best of my knowledge.
 Signature: **John D. Boxell** Name and title of operator's representative: **John D. Boxell, Production Engineer**
 Date: **12-30-83** Tel.: **915-563-3560**
 • RRC Use Only •
WOOD 999 210000 JAN 3 1984 227113

Statewide PLAT SERVICE

1-20-84



WELL STATUS REPORT

OPERATOR Hillin Production Co.
STATE LEASE NO. M-30287 FEE R.A.L. Within/
FREE ROYALTY xx
OFFSET, APPROX. FT. FROM STATE LEASE
LEASE C. H. Strain WELL NO. 1
FIELD NAME Wheat & Hubbard/Cherry Canyon WILDCAT COUNTY Reeves
REPORT NO. 1 SPUD DATE 9/12/83 DRILLING DEPTH
COMPLETION DATE 9/23/83 TOTAL DEPTH 4222' PBD 4216.5'
PERFS 1ST COMPLETION: YES NO
POTENTIAL/TEST: OIL GAS D&A
REMARKS:

GM/jmh/gs

2-25-75

W. A. White

INSPECTOR

DATE April 19, 1984

PERMIT # 225626
TYPE PERMIT DRILL
HILLIN PROD. CO.

1524 SOUTH IH 35, SUITE 301
AUSTIN TX 78704

LEASE NAME--STRAIN, C. H.

LOCATION--SECTION 26, BLOCK 2, H & GN RR CO. SURVEY

ISSUE DATE 01/03/84

AMENDED DATE 00/00/00

CANCELLED DATE 00/00/00

EXTENTION DATE 00/00/00

RULE 37 CASE NUMBER

PERMIT # 225626 OPERATOR HILLIN PROD. CO.

CMP# FIELD# FIELD NAME

01 96742001 WHEAT

02 43106200 HUBBARD (CHERRY CANYON)

OPER # 388770
ALTERNATE

WELL NUMBER 1

W-1 DATE 12/30/83

SCSG DATE 01/16/84

RESERVED DATE 01/24/84

RESERVED CODE W

RESTRICTIONS RULE 36 APPLICABLE-NO H-9 FILED-NO
DST 08 RSTR LN#

PERMIT-TW RSTR COMPLTN-TW DATE

0 C

0 C

0 12484

DISTRICT 08
COUNTY REEVES
API NUMBER 389-31462
OFFSHORE--NO
FICHE SET # 000114

OIL PRODUCTION LEDGER

RAILROAD COMMISSION OF TEXAS

FIELD	OPERATOR	LEASE	NO.	NO. WELLS		OIL - BARRELS						OIL GATH	CASINOHEAD GAS - MCF		
				PROD.	OTHER	ALLOW.	PROD.	DISPOSITIONS	WELL	DATE	PROD.		UNIT	PROD.	LIFT
HUBBARD (CHERRY CANYON)	DEVON ENERGY CORP.	27638 HUBBARD, MRS. FRANCES	43106 200 216772	CONTINUED/											
				3	1	1178	693	11250	537	448	89		6324	3440	
				4	1	1140	31		568		568		6120	176	
				5	1	1178	833	4730	928		928		6324	6642	
				6	1	1140	314	3310	911		911		6120	2219	
				7	1	899	7	3317	573		573		6324		
				8	1	899	217		790		790	PERMI	6324	4215	
HILLIN PROD. CO.	28714 STRAIN, C. H.		388770	3	1	2542	1113	12220	71		71		7440	1	
				4	1	2460	755	6890	137		137		7200	1	
				5	1	2542	716	8290	24		24		7440	1	
				6	1	1200	692	6720	44		44		6120	1	
				7	1	868	568	5120	100		100		6324	1	
				8		806	0		100		100	NAVAJ	6324		
JOHNSON AND PRICE	28708 MARMADUKE		433775	3	1	1798	1313	17550	320		320		7440	1970	
				4	1	1740	1135	8220	633		633		7200	1703	
				5	1	1798	1090	12870	436		436		7440	1635	
				6	1	1410	892	9650	363		363		6120	1338	
				7	1	1302	322	3270	358		358		6324	483	
				8	1	1209	1303	12590	402	94	308	WESOT	6324	1955	
LINCOLN ROCK CORP.	27749 DOROTHY WHITE		500850	3	1	155	427	3610	157	272	-115		7440	2503	
				4	1	150	352	1790	330	474	-144		7200	1675	
				5	1	155	260	5410	49	579	-530		7440	1448	
				6	1	150	64		113	493	-380		6120	8	
				7	1	806	0		113		113		6324		
				8	1	806	458	371	189		189	KOCOT	6324	4185	
28652 HOPPER				3	1	434	173	3330	36		36		7440	1	
				4		420	0		36		36		7200		
				5		217	0		36		36		7440		
				6		210	0		36		36		6120		
				7			0		36		36				
				8			0		36		36	KOCOT		2476	
29210 HUBBARD "S"				3			NO RPT.								
				4			NO RPT.								
				5			NO RPT.								
				6			NO RPT.								
				7			NO RPT.								
				8			NO RPT.								
HUBER (DETRITAL)	HUBER, J. M., CORPORATION	21823 ARCO	43126 333 408850	3	2	93	36	1620	136		136		6324	255	
				4	2	90	47		183		183		6120	428	
				5	2	93	47		230		230		6324	436	
				6	2	90	50	1610	119		119		6120	376	
				7	2	93	50		169		169		6324	442	
				8	2	93	63		232		232	PERMI	6324	449	
TXO PRODUCTION CORP.	28688 PRICE "O"		875230	3	1	2294	88	11170	412		412		6324	1	
				4	1	2220	119		531		531		6120	1	
				5	1	2294	44		575		575		6324	1	
				6	1	2220	9	3670	217		217		6120	1	
				7	1	2294	28	1790	66		66		6324	1	
				8	1	62	7		73		73	POFAL	6324	1	

PDC 102-0011

* DISPOSITION CODES -

BLANK - PDC 102-0011

1 - TANK CASE OR CASK

3 - NET OIL FROM TANK CLEANING

2 - CIRCULATED OIL

5 - LOST

8 - SEDIMENTATION

7 - OTHER AND/OR COMBINATION

9 - SEPARATION

9 - SEPARATION OR

AUGUST, 1984

DISTRICT 08

PAGE 569

OIL PRODUCTION LEDGER

RAILROAD COMMISSION OF TEXAS

FIELD	OPERATOR	LEASE	NO.	NO. WELLS		ALLOW.	PROD.	OIL - BARRELS				OIL GATH	CASINGHEAD GAS - MCF		
				FLOW	OTHER			DISPOSITIONS	FOH BAL	CURD OVER	NOV BAL		LIMIT	PROD	LIFT
HOME (YATES)	EXXON CORP.	22814 KREPS, W. E. ESTATE	43013 900 257097	1	CONTINUED/ CONTINUED/ CONT/										
				2		240	287	3001	292	64	228		16200	7	
				2		248	194	3001	186	10	176		16740	82	
				2		240	316	2951	207	86	121	PERMI	16200	3	
HOME, S. (PERM.-PENN.)	EXXON CORP.	22698 JUUL, HENRIETTA C.	43018 500 257097	1		651	764	7401	731	113	618		17980	1347	
				1		754	759	7391	751	118	633		16820	1905	
				1		806	741	7341	758	53	705		17980	2389	
				1		780	692	7381	712		712		17400	1642	
				1		806	734	9091	537		537		17980	2659	
				1		780	677	5511	663		663	TESOC	17400	2128	
HUBBARD (WICHITA-ALBANY)	HUBBARD (CHERRY CANYON)	ARCO OIL & GAS CO.	43100 500 43106 200 029340	1		NO RPT.									
		29068 WHEAT RAMSEY -A-		1		NO RPT.									
				1		NO RPT.									
				1		NO RPT.									
				1		NO RPT.									
				1		104	99						5304		
DEVON ENERGY CORP.		27638 HUBBARD, MRS. FRANCES	216772	1		120		3721	254		254	TESOC	6120	5796	
				1		341	716	12951	543	375	168		7440	4416	
				1		203	761	3351	969	933	36		6960	5266	
				1		1178	693	11251	537	448	89		6324	3440	
				1		1140	31		568		568		6120	176	
				1		1178	833	4731	928		928		6374	6642	
				1		1140	314	3311	911		911	PERMI	6120	2219	
HILLIN PROD. CO.		28714 STRAIN, C. H.	388770	1		NO RPT.									
				1		2296	1192	10121	180		180		6720	1	
				1		2542	933	10421	71		71		7440	1	
				1		2460	755	6891	137		137		7200	1	
				1		2542	716	8291	24		24		7440	1	
				1		1200	692	6721	44		44	NAVAJ	6120	1	
JOHNSON AND PRICE		28708 MARMADUKE	433775	1		1147	683	12261	477		477		7440	1029	
				1		1577	1395	11101	762		762		6960	2100	
				1		1798	1313	17551	320		320		7440	1970	
				1		1740	1135	8221	633		633		7200	1703	
				1		1798	1090	12871	436		436		7440	1635	
				1		1410	892	9651	363		363	WESOT	6120	1338	
LINCOLN ROCK CORP.		27749 DOROTHY WHITE	500850	1		372	118	1741	261		261		7440	625	
				1		348	348	5181	91		91		6960	1145	
				1		155	427	3611	157	272	-115		7440	2503	
				1		150	352	1791	330	474	-144		7200	1675	
				1		155	260	5411	49	579	-530		7440	1448	
				1		150	64		113	493	-380	KOCOT	6120	8	
				1		322	34		34		34		5520	93	
				1		406	162		196		196		6960	1	
				1		434	173	3331	36		36		7440	1	
				1		420	0		36		36		7200		
				1		217	0		36		36		7440		
				1		210	0		36		36	KOCOT	6120		

DISPOSITION CODES

BLANK - PIPELINE

1 - TANK CARS OR BARGE

2 - CIRCULATING OIL

3 - NET OIL FROM TANK CLEANING

4 - LOST

5 - SEPARATION

6 - OTHER AND/OR COMBINATION

7 - SEEN OIL

8 - SCRUBBER OIL

JUNE, 1984

DISTRICT 08

PAGE 565

PSC 982-5011

8

M.F. 90201
APPLICATION TO DRILL

WELL # 1
FILED 12-13 19 84
GARRY MAURO, COMMISSIONER

BY: ejw

WITHIN FREE ROYALTY M-90201

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. 4-1-83
35A (000)

Purpose of filing (mark appropriate boxes) ☐ 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 APN No. 42-389-31499 Permit No. 230821 Rule 37 Case No.						
1. Operator's Name (exactly as shown on Form F-5, Organization Report) Hillin Production Company		3. RRC Operator No. 388770	4. RRC District No. 08	5. County of Well Site Reeves					
2. Address (including city and zip code) P.O. Box 152 Odessa, Texas 79760		6. Lease Name (32 spaces maximum) Strain, C. H.		7. RRC Lease ID No. 28714	8. Well No. #5				
10. Location Section 26 Block 2 Survey H&GN RR Co. Abstract No. A This well is to be located 3 miles in a West direction from Mentone, Texas 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.							
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. Hubbard (Cherry Canyon)		15. Completion depth 5,244'	16. Spacing pattern (ft.) 467	17. Density pattern (arrest) 40	18. Is this acreage assigned to another well on this lease or in this reservoir? If so, explain in Remarks. No				
19. Distance from proposed location to nearest applied for, permitted, or completed well. 1200'		20. Oil, gas, or other type well (Specify) Oil Gas	21. No. of applied for, permitted, or completed locations (including this one) on lease in this reservoir. <table border="1"> <tr> <th>OIL</th> <th>GAS</th> </tr> <tr> <td>3</td> <td>1</td> </tr> </table>			OIL	GAS	3	1
OIL	GAS								
3	1								
22. Perpendicular surface location from two nearest designated lines. Lease/Unit 495.3' FSEL & 467' FSWL Survey/Section 1800' FSEL & 8812' FSWL		23. Is this a pooled unit? Yes ☐ No ☒ (Attach Form P-12 and certified plat.)							
24. Is this wellbore subject to Statewide Rule 36 (hydrogen sulfide area)? Yes ☐ No ☒		25. Is this Form H-9 filed? Yes ☐ No ☒ (Attach Form W-1A)							
26. Do you have the right to develop the minerals under any right-of-way that crosses, or is contiguous to, this tract? If not, and if the well requires a Rule 37 or 38 exception, see Instructions for Rule 37. Yes ☒ No ☐		I certify that information stated in this application is true and complete, to the best of my knowledge. Signature John D. Boxell Name and title of operator's representative John D. Boxell-Production Engineer Date October 30, 1984 Tel. 915/563-3560 Area Code 915 Number 563-3560							
Remarks Well is permitted, No. 04635, as a SWD well. Application is to dual well with gas zone. Forms W-4 and W-4A are attached.		206388 NOV 25 84 263272							

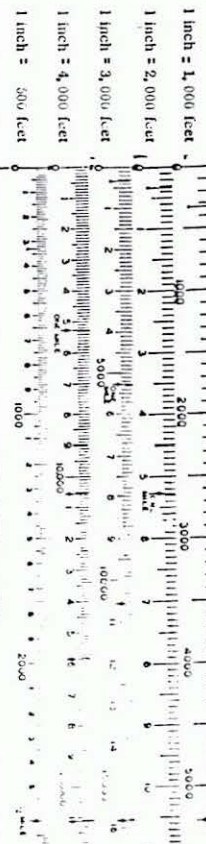
Statewide PLAT SERVICE

12-3-84

Comp: 11-1-84
Ref: 5244-49
T.D.: 5500'



SCALE OF MAP



C. H. Strain #5
495.3' FSEL & 8,812' FSWL of Section
26, Block 2, H&GN RR. Co. Survey,
Reeves County, Texas

Hillin Production Co.
C. H. Strain #1

NOV 05 1984
R. R. C. OF TEXAS

7

WITHIN FREE Royalty M-90201

MO
8.24.84

REEVES COUNTY WEST TEXAS HUBBARD FIELD

Well: HILLIN PRODUCTION CO, 5 C.H.Strain Result: SUS OPR SUS
Loc'n: 3 mi W/Mentone; Sec 26, Blk 2, H&GN Sur; 495' FSEL, 8812' FSWL
Sec

Spud: 3-14-84; Comp: 6-4-84; Elev: 2674' Grd; TD: 5500' CherryCany

Casing: 8-5/8" 850' / 620 sx

Comp Info: C/ Hillin #6

Tops: NR

API No: 42-389-31490

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Petroleum Information®

CORPORATION
A Subsidiary of A.C. Nielsen Company

Date: 6-14-84

Card No.: 296 dh

WITHIN FREE Royalty 150599 M-90201 NW 4-19-85

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

Read Instructions on Back

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

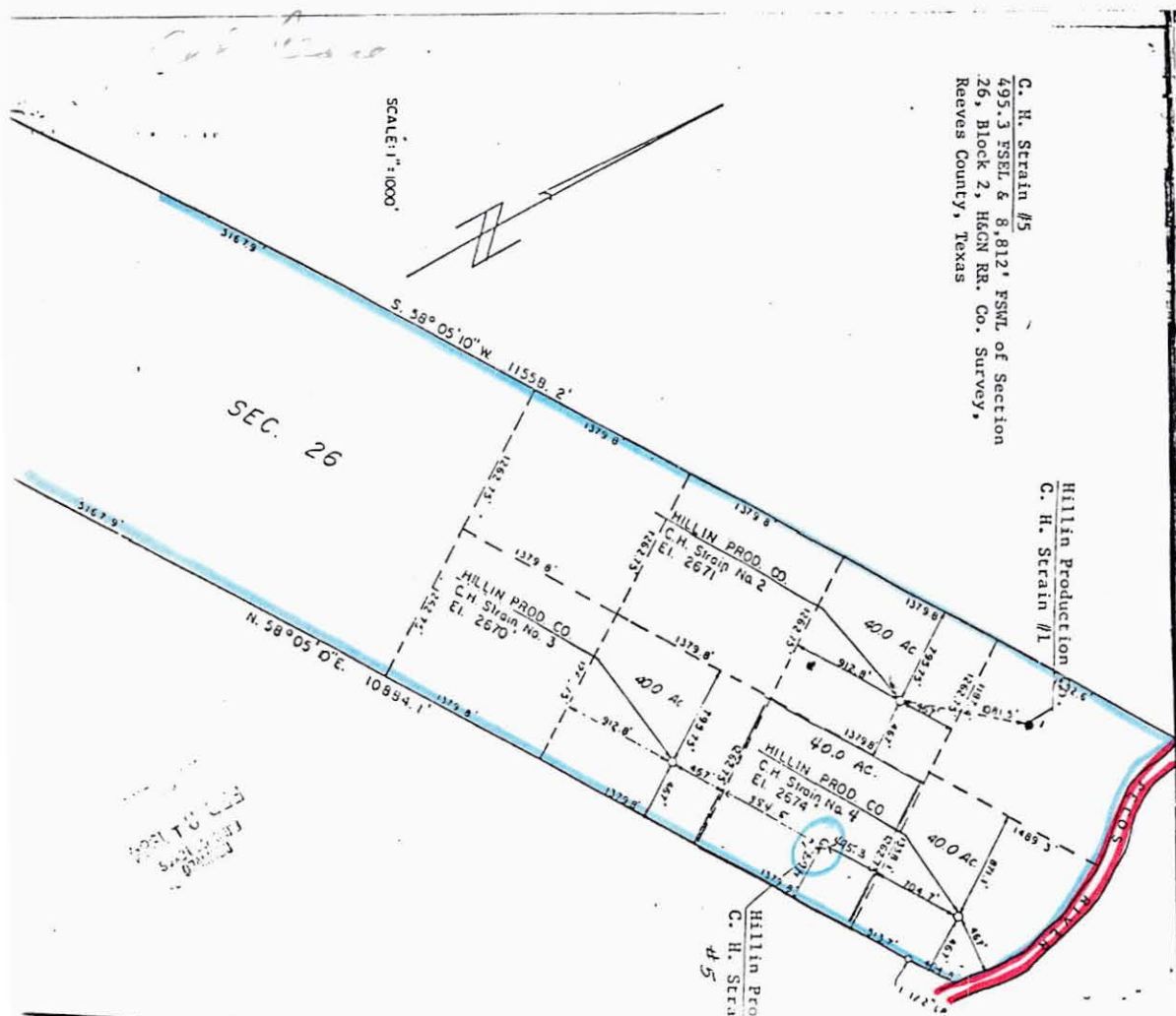
Application for Permit to Drill, Deepen, Plug Back, or Re-Enter

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

Purpose of filing (mark appropriate boxes): ☒ 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. 42-38931490 Permit No. 230627		
1. Operator's Name (exactly as shown on Form P-5, Organization Report) Hillin Production Company		3. RRC Operator No. 388770	4. RRC District No. 08	5. County of Well Site Reeves	Rule 37 Case No. N/A
2. Address (including city and zip code) P.O. Box 152 Odessa, Texas 79760		6. Lease Name (32 spaces maximum) C. H. Strain		7. RRC Lease/ID No. N/A	8. Well No. 5
		9. Total Depth 5500'			
10. Location Section 26 Block 2 Survey H&GN RR Co. Abstract No. A- This well is to be located 3 miles in a west direction from Mentone, Texas 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 640 (OUTLINE ON PLAT.)		
13. FIELD NAME (Exactly as shown on RRC proration schedule). List all established and wildcard zones of anticipated completion. Attach additional Form W-1's as needed to list these zones. One zone per line. Hubbard (Cherry Canyon) 43106 200 1895.3 FSEL 467' FSWL 495.3 FSEL & 467' FSWL 495.3 FSEL & 8812' FSWL		14. Completion depth 5,500	15. Spacing pattern (ft.) 467/1200	16. Density pattern (acres) 40	17. Number of acres in drilling unit for this well. OUTLINE ON PLAT. 40
		18. Is this acreage assigned to another well on this lease? If so, explain in Remarks. No	19. Distance from proposed location to nearest applied for, permitted, or completed well, this lease & reservoir. (ft.) 1200'	20. Oil, gas, or other type well (Specify) Oil	21. No. of applied for, permitted, or completed locations (including this one) on lease in this reservoir. OIL 4 GAS
22. Perpendicular surface location from two nearest designated lines: Lease/Unit 495.3 FSEL & 467' FSWL Survey/Section 495.3 FSEL & 8812' FSWL If a directional well, show also projected bottom hole location: Lease/Unit N/A Survey/Section N/A					
23. Is this a pooled unit? Yes ☐ (Attach Form P-12 and certified plat.) No ☒ Yes ☐ (Attach Form W-1A) No ☒					
24. Is item 17 less than item 16 (substandard acreage for any field applied for)? Yes ☐ No ☒ If not filed, explain in Remarks.					
25. Is this wellbore subject to Statewide Rule 36 (hydrogen sulfide area)? Yes ☐ No ☒ 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? If not, and if the well requires a Rule 37 or 38 exception, see Instructions for Rule 37. Yes ☒ No ☐					
Remarks Lil. 22a FSEL in Cement			I certify that information stated in this application is true and complete, to the best of my knowledge. Signature Beverly Hawkins Name and title of operator's representative Beverly Hawkins-Production Sec. Date 2-16-84 Tel. 915/563-3560 Area Code Number • RRC Use Only • 213848 FSEL 2/84 231983		

Statewide PLAT SERVICE
O. DAWSON 1867, AUSTIN, TEXAS 78701

3-6-84



WELL STATUS REPORT

OPERATOR Hillin Production Co.
STATE LEASE NO. M-30287 FEE R.A.L. Within/
FREE ROYALTY xx
OFFSET, APPROX. FT. FROM STATE LEASE
LEASE C. H. Strain WELL NO. 5
FIELD NAME Wheat & Hubbard/Cherry Canyon WILDCAT COUNTY Reeves
REPORT NO. 1 SPUD DATE 3/14/84 DRILLING DEPTH
COMPLETION DATE 3/27/84 TOTAL DEPTH 5383'
PERFS 1ST COMPLETION: YES NO
POTENTIAL/TEST: OIL GAS D&A
REMARKS: Testing

GM/jmh/gs

2-25-75

W. A. White

INSPECTOR

DATE April 19, 1984

*** OIL AND GAS W-2/G-1 RECORD ***

INQUIRY

API #: 389 31490

DIST: 08 LSE/ID: 113985 WELL#: 5

FLD: HUBBARD (CHERRY CANYON)

OPER: HILLIN PROD. CO.

COMPLETION: 11 01 84

W2-G1: 11 09 84

ATTACHMENTS: ON FILE

KEY 'S' TO VIEW ATTACH: _

TYPE: GAS CNTY: REEVES
LSE: STRAIN, C. H.

DRILLING PERMIT #: 230627
R-37 EXCEP CASE #:
WATER INJECT PERM #:
SALT WATER DISP #: 04635
DOCKET NUMBER:

DRILL COMPLETED: 03 27 84

ELEVATION: 2672 GR

TOTAL DEPTH: 5500

PLUGBACK DEPTH:

LOCATION SEC: 26

BLK: 2

ABST:

SUR: H & GN RR CO

SUR/SECT: 001895 FT FROM SEL

AND 008812 FT FROM SWL

NOTE=> REMARKS ON FILE FOR THIS DATE

* SCREEN OPTIONS: 12=FORM/SQZE 13=REMARKS 14=WATER 19=PERMITS/WELLIDS

* SELECT OPTION: (01=RETURN TO MENU, 00= HELP AND OTHER OPTIONS)

PRESS 'ENTER' FOR NEXT SCREEN

perp 5244' to 5249'

(9)

M.F.

90201

APPLICATION TO DRILL

WELL # 5

FILED

1-29

19

85

GARRY MAURO, COMMISSIONER

BY:

gjm

HILLIN PRODUCTION COMPANY

P. O. Box 152
ODESSA, TEXAS 79760

OIL, GAS AND CONDENSATE DIVISION ORDER

To: Hillin Production Company
P. O. Box 152
Odessa, Texas 79760

Dated: February 12, 1985

Effective: 7 a.m. First Production

The undersigned parties hereby certify and guarantee that they are the legal owners of all oil (OIL) and of all gas in its natural state and other gaseous substances (GAS) and all constituent hydrocarbons contained in Gas or produced with or in conjunction therewith, including condensate, distillate, natural gasoline and other liquid or liquifiable hydrocarbons

(CONDENSATE) produced from or allocated to the Strain

Lease in Reeves County, Texas, covering the following land in said county:

All of Section Twenty-six (26), Block Two (2), H & GN Ry. Co. Survey

and each party warrant and represents to you ("Hillin") ownership of the appropriate interest as shown on Page 2 and made a part hereof for all purposes as Exhibit "A" as its entire interest in the Oil, Gas and Condensate produced and marketed from said lease (LEASE) as to the land and depths herein described.

Effective as of the date and time specified above and continuing until Hillin is notified in writing to the contrary, Hillin is authorized and requested to receive such substances not used for normal lease operations into its possession or that of any party designated by Hillin, measuring or causing measurement of same in accordance with customary pipeline rules and regulations (including those of any governmental agency having recognized jurisdiction over or control of production and handling of the substances concerned in the area in which the Lease is situated), and is hereby directed to give credit for the Oil, Gas and Condensate so received and measured in accordance with Exhibit "A". By acceptance of each counterpart hereof, Hillin agrees to so receive, measure and give credit for such substances and to make settlement to the undersigned parties in accordance with the following terms and provisions:

A. If Condensate is separated from the Gas by ordinary field-type separators at or in the general vicinity of the well and sold by Hillin, it will become the purchaser's property when run from the Lease storage tanks or through other Lease measuring facilities and received into purchaser's possession, either at the Lease storage tank or a marketing point designated by such purchaser, and settlement will be based on the market value at the mouth of the well, defined as the gross amount actually received from the purchaser on its volume computation less the actual cost of treating, processing, and making the recovered Condensate marketable, storing same at any point other than the Lease storage tanks and transporting same to the points of delivery.

B. Settlements for all Gas sold from the lease (whether or not stripped of Condensate as provided in Paragraph A) will be based on the net proceeds received by Hillin from each sale thereof, computed at the contract price fixed by the existing gas sales contract described below (except as to any gaseous substances excluded from such contract), subject to regulation by the Federal Power Commission or other governmental authority, in which case such net proceeds, will be calculated on the basis of the unconditional certified price approved by order, rule or regulation of such authority, adjusted to conform to any quality standards promulgated by it. If refund of any portion of such proceeds is or may in Hillin's judgment be required by order, rule or regulation of the same authority or by the provisions of the Natural Gas Act, Hillin may hold, without interest, that portion of the proceeds subject to possible refund until the amount of the refund, if any, is determined by final unappealable order of the Federal Power Commission or other governmental authority having jurisdiction. As used herein, net proceeds means the actual proceeds received by Hillin from each sale of Gas, less dehydration, gathering, compressing, treating and any other actual costs and expenses required to make the gas marketable and transport same to the point or points of delivery to the purchaser.

If Gas is processed under the terms of the contracts referred to below and the resulting extracted Condensate sold by Hillin, that Condensate will become the purchaser's property when received into purchaser's possession, either at processing site storage tanks, or a marketing point designated by purchaser and settlement will be based on the market value at the mouth of the well, defined as the gross amount actually received from the purchaser on its volume computation, less the actual costs of extraction and processing (including any compression and transportation costs incidental thereto) and less all reimbursements and adjustments required to be made by Hillin under such contract.

C. Settlements will be made monthly by delivering or mailing to each of the undersigned (at the mailing address shown in Exhibit "A") Hillin's check or draft for the amount applicable to the interest of the party concerned, less a proportionate part of any production, severance or other taxes which Hillin is required by law to deduct and pay for the period concerned, and payment so made will be in full settlement of the Gas and/or Condensate concerned. If the amount credited on any interest on any settlement date is less than \$5.00, Hillin may withhold payment to the party concerned, without interest, until the next settlement date prior to which such amount shall have accumulated, or until the last settlement date for the then current calendar year, whichever is the earlier date.

D. At Hillin's request the undersigned will furnish evidence of title satisfactory to it, and Hillin is hereby authorized to withhold payment of the interests concerned, without interest, until such evidence is furnished. If any dispute or question should arise concerning either title to be above described land or title to the Gas or Condensate produced therefrom, Hillin is further authorized to withhold, without interest, the proceeds of the interests affected by the dispute or question until the title question is resolved to its satisfaction or until indemnity satisfactory to it is furnished. The undersigned hereby ratify the lease or leases, covering the interest of the undersigned in the above described land, in favor of, or which have been acquired by, the owners of the well located on the above described land. The undersigned agree that such leases cover the interest of the undersigned in such land and lease, let and demise all interest owned by the undersigned in the above described land on the same terms as contained in said lease or leases. The undersigned severally agree to furnish Hillin with written notice of the filing of any suit to which they are parties affecting title to said land or production, and to indemnify Hillin and hold it harmless from all loss with respect to any judgment, costs and expenses in connection with any such suit. No subsequent change in ownership, however accomplished, will be binding on Hillin until it has been furnished original or certified copies of all documents necessary in its judgment to evidence the change of ownership, together with appropriate transfer orders in form satisfactory to it. Hillin is hereby relieved of any responsibility for determining when any interest shown in Exhibit "A" reverts to or becomes owned by other parties as a result of the satisfaction or discharge or money or other payments from said interests and/or the occurrence of any other contingency. Hillin is likewise released from all liability, damages or loss which might arise out of any overpayment which results from failure to furnish and/or Hillin's failure to receive any notice or change of ownership.

E. Settlements for Oil shall be on the basis of the net sales price received by Hillin, after deductions of trucking or other appropriate costs charged by the purchaser of such Oil.

WITNESSES:

OWNERS:

State of Texas .06250000 RI

(Please include Social Security No. or Employer Identification No.)

GLO COPY

EXHIBIT "A"
TO
OIL, GAS AND CONDENSATE DIVISION ORDER

CREDIT TO

INTEREST

ADDRESS

Please insert current mailing address and Social Security or Taxpayers Identification Number.

~~NOXALRY~~

STATE OF TEXAS
GENERAL LAND OFFICE
1700 North Congress
Austin, Texas 78701

.06250000 RI

12/1
R. N. MILLIN
OWNER
9020

P. G. GAGNER
CONTROLLER

HILLIN PRODUCTION CO.

P. O. BOX 152
ODESSA, TEXAS 79760

AREA 915 563-1203
563-3560

February 13, 1985

TO INTEREST OWNERS:

RE: Gas Sales - Strain Lease
Section 26, Block 2, H&GN
RY. Co. Survey, Reeves County,
Texas.

Gentlemen:

The Strain Lease located in Section 26, Block 2, H&GN Ry. Co. Survey, Reeves County, Texas, started selling gas during the month of December, 1984, to Intratex Gas Company.

In order for Hillin Production Co. to distribute income from the sell of this gas, we are enclosing our Oil, Gas and Condensate Division Order providing your interest under Section 26. If this instrument meets with your approval, please execute one copy and return it to this office at your earliest convenience. The extra copy may be retained for your file.

If you should have any questions concerning the above, please call.

Yours truly,

HILLIN PRODUCTION CO.


P. G. Gagner
Controller

PGG/bh

Enclosures

⑩ mf- 90201
Division order
2-16-85



WITHIN FREE Royalty ~~unreleased~~ M-90201 150599

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

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

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

Read Instructions on Back

Purpose of well (mark appropriate boxes):
☒ 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)

1. Operator's Name (exactly as shown on Form P-5, Organization Report): **Hillin Production Company**
 2. RRC Operator No: **388770**
 3. RRC District No: **08**
 4. County of Well Site: **Reeves**
 5. Address (including city and zip code):
P.O. Box 152
Odessa, Texas 79760
 6. Lease Name (32 spaces maximum): **C. H. Strain**
 7. RRC Lease ID No: **NA**
 8. Well No: **3**
 9. Total Depth: **7000'**
 10. Location:
 Section **26** Block **2** Survey **HGCN RR Co.** Abstract No. **A-**
 This well is to be located **3** miles in a **west** direction from **Mentone, Texas**
 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: **640** (OUTLINE ON PLAT.)

13. FIELD NAME (Exactly as shown on RRC proration schedule). List all established and wildcard zones of anticipated completion. Attach additional Form W-1's as needed to list these zones. One zone per line.
 Wheat **96742 001**
 Hubbard (Cherry Canyon) **43106 200**

14. Completion depth: **4,200**
 Spacing pattern (ft.): **330/933**
 Density pattern (acres): **20**
 Number of acres in drilling unit for this well: **40**
 15. Is this a directional well? ☒ Yes ☐ No
 16. Is this a horizontal well? ☒ Yes ☐ No
 17. Is this a well in a reservoir? ☒ Yes ☐ No
 18. Is this a well in a reservoir? ☒ Yes ☐ No
 19. Distance from proposed location to nearest applied for, permitted, or completed well, this lease & reservoir (ft.): **1200'**
 20. Oil, gas, or other type well (Specify): **Oil**
 21. No. of applied for, permitted, or completed locations (including this one) on lease in this reservoir: **3**

22. Perpendicular surface location from two nearest designated lines:
 • Lease Unit: **795.75' ENML & 467' ENML**
 • Survey/Section: **795.75' ENML & 467' ENML**
 If a directional well, show also projected bottom hole location:
 • Lease Unit: **NA**
 • Survey/Section: **NA**

23. Is this a pooled unit? ☒ Yes ☐ No (Attach Form P-12 and certified plat.)
 24. Is item 17 less than item 16 (substandard acreage for any field applied for)? ☒ Yes ☐ No (Attach Form W-1A)

25. Is this wellbore subject to Statewide Rule 36 (hydrogen sulfide area)? ☒ Yes ☐ No
 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 ☐ No
 If not, and if the well requires a Rule 37 or 38 exception, see instructions for Rule 37.

Remarks: **22nd FUEL**
oil

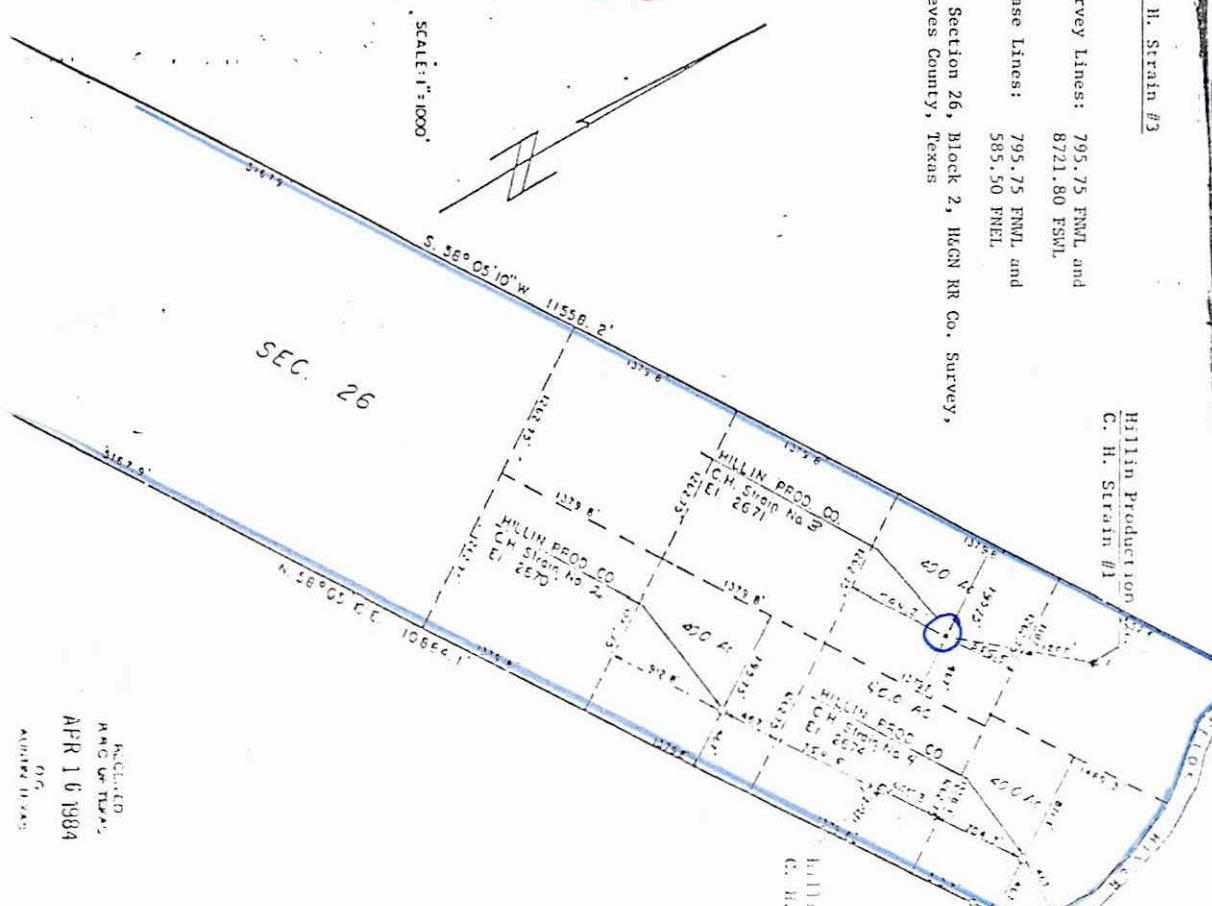
I certify that information stated in this application is true and complete, to the best of my knowledge.
 Signature: **John D. Boxell** John D. Boxell, Production Engineer
 Date: **12-30-83** Name and title of operator's representative
 Tel: **915/563-3560**
 210072 JAN 25 84 • RRC Use Only • **227196**

Statewide PLAT SERVICE

MU
8-16-84

7-16-84

Cancelled 2-5-86



APR 16 1984
RRC OF TEXAS
AUSTIN, TEXAS

M.F.

90201

11

APPLICATION TO DRILL

WELL #

3

FILED

2-10

19

87

GARRY MAURO, COMMISSIONER

BY:

Rosheu

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

December 19, 2008

Endeavor Energy Resources L.P.
110 N Marienfeld St, Ste 200
Midland, TX 79701

RE: Inactive State Lease MF090201
Lease Name: (08-28714) C.H. Strain
Reeves County

Gentlemen:

Our records have been updated to show that the referenced lease is now inactive effective 7/1/07 due to non-production.

When the wells are plugged, please file copies of Railroad Commission Form W-3 with our office. Our Audit Division will notify you if delinquent royalties are due. Once all final sales are reported and royalties paid to the State, you may discontinue submitting production royalty reports.

Sincerely,

Carl F. Bonn, CPL
Mineral Leasing
Office: (512) 463-5407
Fax: (512) 475-1543

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

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

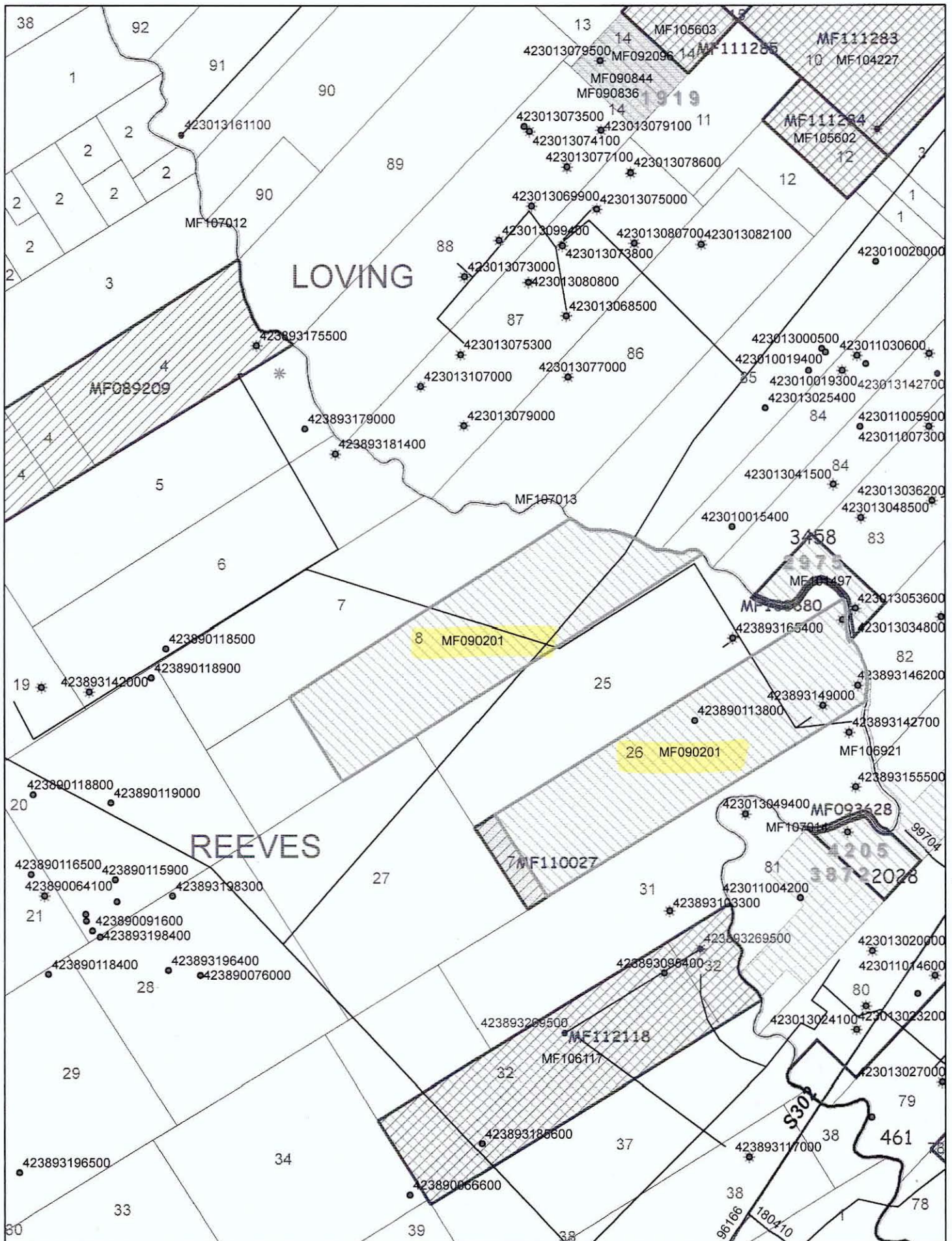
www.glo.state.tx.us

(12)

File No. MF 90201
Termin Ltr.

Date Filed: 3-11-09

Jerry E. Patterson, Commissioner
By Carl Bonn



Any Return to the State?

Save

Land Office

Mapping Program



301-30323

Streets

Aerial

Topo

Blank

MF 103680

301-30536

389-31422

301-30348

H. &
G.N.R.R.CO.

A-47

389-31654

LOVING

26

REEVES

Strain CH
#5 -

(113985)

389-31490

Hillman Production Co
Hubbard (cherry canyon)No prod or
dates shown
on Deeds

389-31427

(028714)

389-31462

87

389-01138

C.H. STRAIN

A-5634

150599

301-30494

3

FR Tract 150599

A-5634

Enderbary Energy Reserve

Strain C.H. #1

Hubbard (cherry canyon)

2/84 - 9/11 4200-5267' Parts

70,968 bbl + 218,437 McFC

(44 BOPM)

Sec 26
Blk 2
H146M
REAR
CO

80

MF 090201

Paid under - as per

(08-028714)

Glo base shows lease

CH Strain
RRC 08-28714

500 m

2000-ft

Latitude: 31.705334 Longitude: -103.642688

MF 090201 13.
Leads of lease
Date Filed: 6-26-12
Jerry E. Patterson, Commissioner
By JEP

Harriet Dunne - Re: MF090201 - status of royalty revenue

From: Susan Wauer
To: Harriet Dunne
Date: 6/26/2012 9:24 AM
Subject: Re: MF090201 - status of royalty revenue

Harriet,
MF090201 / RRC#08-28714 is current in their GLO1-3 filings, but they are filing zero reports.
On the RRC website, they aren't reporting any production either, not since Sept. 2011. Are you sure it isn't a different RRC#?
Susan

>>> Harriet Dunne 6/26/2012 8:35 AM >>>

Susan,
I'm trying to find out if we have been/still are receiving revenue that should be credited to the subject lease number. It is a Free Royalty and Alex tells me that there is one well producing. It is RRC 08-28714, RRC lease name C H Strain, and I believe the API is 389-31462.

Globase does not show any royalty revenue since Sept 2011; however, Alex says the well is still producing.

I plan to write the Operator, Endeavor Energy Resources in Midland, a letter requesting info about the status of the well and the old 1981 lease under which our Free Royalty has been producing. I would like to know if you have any information about this well and if we've been receiving revenue recently and it might be credited to another MF number.

Any help will be most appreciated.

Harriet

P.S. MF090201 shows "inactive" in Globase. That is not a good status, but I need to know about the well before I fix the status.

File No. MF 090201 14
Enail - status of lease

Date Filed: 6-26-12
Jerry E. Patterson, Commissioner
By JED

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

June 26, 2012

(sent by e-mail-schulz@eeronline.com; not USPS)

Larry L. Schulz
Endeavor Energy Resources
110 N Marienfeld St, Suite 200
Midland TX 79701-4412

Re: **State Lease No. MF090201** NPR Interest under Oil and Gas Lease dated Nov 5, 1981
Clara M. Strain, et al, Lessors; Hillin Production Co, Lessee
covering Sec 8 & 26, Blk 2, H&GN Ry Co Survey
C. W. Strain Well, RRC 08-28714, Reeves Co TX

Dear Mr. Schulz:

The State has a Free Royalty (a non participating royalty interest) under the lands covered by the referenced oil and gas lease. This letter is a request that you provide us a current status of this lease and well.

The last royalty revenue from this well the State received from Endeavor was for September 2011 production. If the well is still producing, please advise under what State lease number the revenue is being paid.

If the well is producing under a more recent lease, please send us a certified copy of the current oil and gas lease as required by Rule.

Any and all information you can provide about the status of leases and wells covering the referenced description will be most appreciated.

Yours truly,

Harriet Dunne, CPL
Manager, Mineral Leasing, Energy Resources
512-475-1579
512-475-1543 (fax)
harriet.dunne@glo.texas.gov

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

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

www.glo.state.tx.us

From: Harriet Dunne
To: schulz@eeronline.com
Date: 6/26/2012 9:33 AM
Subject: State Lease MF090201-C. W. Strain Well Sec 26, Blk 2 H&GN Ry Co Survey-Reeves Co TX
Attachments: 20120626092525127.pdf

Mr. Schulz,
Attached is my letter requesting information about the subject well and lease. I will not send a hard copy unless you so request.

Thank you,

Harriet Dunne, CPL
Manager, Mineral Leasing, Energy Resources
Texas General Land Office
512-475-1579
NOTE: New e-mail address:
harriet.dunne@glo.texas.gov

File No. MF 090201 15.
Letter to Cadeau
requesting leave info
Date Filed: 6-26-12
Jerry E. Patterson, Commissioner
By JP

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

August 3, 2012

I, Jerry E. Patterson, 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 December 30, 1872, JACOB KUECHLER, Commissioner of the Texas General Land Office, issued Land Scrip Certificate, 7/1388, entitling the HOUSTON and GREAT NORTHERN RAILROAD 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 "the provisions of 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 May 26, 1873, in File Bexar Scrip 2859;

That on April 6, 1873, WILLIAM NELSON, Deputy Surveyor of El Paso District, surveyed 640.00 acres in El Paso District for THE HOUSTON & GREAT NORTHERN RAILROAD COMPANY, by virtue of Certificate 7/1388, and compiled field notes thereon, designating it as Section 8, Block 2, which field notes were recorded in Book C, Number 1, Page 59, Surveyor's Records, El Paso District, and were filed in the Texas General Land Office on February 25, 1880, in File Bexar Scrip 2859, marked correct on map for 640.00 acres on July 7, 1873;

That the File Wrapper for File Bexar Scrip 2859 is endorsed: "State Survey No. 8, Block 2," "Corr. FN of 8 in F-150598;"

That on February 16, 1891, Section 8, Block 3, Houston & Great Northern Railroad Company Survey, Certificate 7/1388, 629.00 acres in Reeves County was awarded to L.D. BLANVELT, on his application filed in the Texas General Land Office on February 16, 1891, in School File 30389, and which application was filed to purchase said land under the provisions of an Act to provide for the sale of all lands heretofore or hereafter surveyed and set apart for the benefit of the Public Free Schools, the University and the several Asylums, and the lease of such Lands and of the Public Lands of the State, and to prevent the free use, occupancy, unlawful enclosure, or unlawful appropriation of such lands, and to prescribe and provide adequate penalties therefor, approved April 1, 1887, and the Acts amendatory thereof, approved April 8, 1889, and April 28, 1891, with settlement, said tract applied for having been classified as Watered Agriculture;

That the File Wrapper for School File 30389 is endorsed: "A-1042," "(Stamped) Forfeited, February 1, 1896, for non-payment of interest for the year ending Aug. 1st 1894;"

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

Post Office Box 12873 • Austin, Texas 78711-2873

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That on October 11, 1905, Section 8, Block 2, Houston & Great Northern Railroad Company Survey, Certificate 7/1388, 640.00 acres in Reeves County was awarded to CLELL Q. THORPE, on his application filed in the Texas General Land Office on September 2, 1905, in School File 82812, and which application was filed to purchase said land under the 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," with settlement, said tract applied for having been classified as Watered Grazing;

That the "old" File Wrapper for School File 82812 is endorsed: "Ab-1863," "W.G.," "(Stamped) Land Forfeited AUG 26 1941, (Signed) Bascom Giles, Commissioner;"

That the "new" File Wrapper for School File 82812 is endorsed: "Ab-1863," "W.G.," "Old File Inside," "Sold in 150598;"

That on April 22, 1942, Section 8, Block 2, Houston & Great Northern Railroad Company Survey, Certificate 7/1388, 640.00 acres in Reeves County was awarded to G. HUNTER STRAIN, on his application filed in the Texas General Land Office on April 8, 1942, in School File 150598, 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 & Agriculture (FR);

That on April 10, 1890, E.A. GIRAND, resurveyed said Section 8, Block 2, Houston & Great Northern Railroad Company Survey, in Reeves County and compiled corrected field notes thereon, showing said tract to contain 640.00 acres, which corrected field notes were recorded in Surveyor's Records, Reeves County, and were filed in the Texas General Land Office on August 22, 1890, originally in File Bexar Scrip 2859, but now in School 150598, and marked correct on map for 640.00 acres on November 10, 1843, and are endorsed as patented on November 22, 1943;

That the File Wrapper for School File 150598 is endorsed: "Abst 5633," "M&G (F.R.)," "Paid in Full for 640 acres, 11-15-1943," "(Stamped) Correct on Map for 640.0 Acres, 11-10-43," "Pat: Original M/R," "(Stamped) Patented NOV 22, 1943, No. 135, Vol. 92a;"

That on November 15, 1943, payment in full for 640.00 acres, Section 8, Block 2, Houston & Great Northern Railroad Company Survey, Certificate 7/1388, Reeves County, was received in the Texas General Land Office, and said land, having been classified Mineral & Grazing, with a free royalty reservation to the State, was patented on November 22, 1943, to G. Hunter Strain, his heirs, and assigns, by Patent Number 135, Volume 92a, under Abstract 5633 and School File 150598;

That on May 13, 1946, C. HUNTER STRAIN, executed and delivered Free Royalty Oil & Gas Lease M-30287, covering "All of Section 8, Block 2, H&GN Ry Co., Cert 7/1388, Patent 135, Vol 92-A," with additional tract, 1280.00 total acres in Reeves County, to SAN ANGELO NATIONAL BANK, for a primary term of Ten (10) years, with a cash bonus of \$10.00, and an annual delay rental of \$640.00 (.50¢ per acre), and a royalty "reserved shall be paid to the State of Texas as free-royalty, 1/16th of all minerals and 1/8th of all sulphur and all other mineral substances from which sulphur may be derived or produced," and a certified copy of said lease was filed in the Texas General Land Office on September 9, 1946, in Mineral File M-30287;

That the File Wrapper for Mineral File M-30287 is endorsed: "(Signed) Inactive;"

That on November 5, 1981, "CLARA M. STRAIN, a Widow, MARGARET S. MALLARD, a Married Woman dealing in her sole and separate property, and CHARLES HUNTER STRAIN, a Married Man, dealing in his sole and separate property," executed and delivered Free Royalty Oil & Gas Lease M-90201, covering "All of Section Eight (8), Block Two (2), H & GN Ry Co. Survey," with an additional tract, 640.00 acres in Reeves County, to HILLIN PRODUCTION COMPANY, for a primary term of Three (3) years, with a cash bonus of \$10.00, and an annual delay rental of \$2.00 per acre, and a royalty of One-Eighth (1/8), and a certified copy of said lease was filed in the Texas General Land Office on May 25, 1984, in Mineral File M-90201;

That the File Wrapper for Mineral File M-90201 is endorsed: "(Stamped) INACTIVE, DATE 7/1/07,"

IN TESTIMONY WHEREOF, I hereto set my hand and seal of said office the first date above written.

JERRY E. PATTERSON
COMMISSIONER OF THE GENERAL LAND OFFICE

JEP/wt

Name	John Allen 5718 Crowley Blvd Midland, TX 79707
Dicta No.:	2012-97
Fee:	\$600.00
Files:	BEX S 2859, SCH 30389, SCH 82812, SCH 150599, MF-30287, MF-90201

16.

File No. M-90201

Act of Fact

Date Filed: 8/6/12

Jerry E. Patterson, Commissioner

By [Signature]

From: Harriet Dunne
To: schulz@eeronline.com
Date: 9/21/2012 10:30 AM
Subject: State Lease No. MF090201 - CW Strain Well - Sec 26, Blk 2 H&GN Ry Co Survey, Reeves Co TX
Attachments: 20120921102506237.pdf

Mr. Schulz,
Attached is my June 26, 2012 letter requesting information on the subject well and lease.

We are trying to update our records at the General Land Office on this lease. I would really appreciate a response to this inquiry.

If did you respond, please send another copy.

Thank you for any help you can provide.

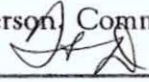
Harriet Dunne, CPL
Manager, Mineral Leasing, Energy Resources
Texas General Land Office
512-475-1579
NOTE: New e-mail address:
harriet.dunne@glo.texas.gov

File No. MF090201

2nd request for
clear status

Date Filed: 9-21-12

Jerry E. Patterson, Commissioner

By 

17.

From: "Thomas J. Kirwan" <Tip@eeronline.com>
To: 'Harriet Dunne' <Harriet.Dunne@GLO.TEXAS.GOV>
Date: 10/15/2012 1:43 PM
Subject: RE: State Lease MF090201 - Strain, et al, lease covering Sec 8 & 26, Blk 2 H&GN Ry, Reeves Co TX

Ms. Dunne,

Thanks for your response and forwarding the rule to me which clarifies the matter somewhat. Still, for my "two cents" worth, it is senseless to be required to provide a copy of the pertinent lease much less a certified copy. As you probably are aware, the State would be sent a Division Order in the event of production and then be aware of the activity, ergo, there is not a need for a copy of a lease because of that.

As for the need of a certified copy of the Lease, the only reason that I can see that a certified copy would be necessary is in order to record it in another County. Otherwise, the authenticity of the recording is evidenced by the recording itself. Back to the matter of the Lease, a mineral owner could sell its interest to multiple owners, thus, in that case, the Lessee would be required to send multiple certified copies of leases to the GLO!

This highlights my point that I made on your transmittal that we are performing tasks that are counterproductive. If we were required to send leases to all of the non-participating royalty owners, it would be much, much harder to prepare areas for drilling. I would like to add that the company that drilled was not Endeavor, so it was not Endeavor that did not send a copy of the lease in the first place.

I do understand that this rule was implemented by the legislature, but that does not mean that it is unnecessary. In any event, we appreciate your help and generally speaking, we enjoy our relationship with you all.

Thanks,

Tip

-----Original Message-----

From: Harriet Dunne [mailto:Harriet.Dunne@GLO.TEXAS.GOV]
Sent: Monday, October 15, 2012 1:22 PM
To: Thomas J. Kirwan
Subject: State Lease MF090201 - Strain, et al, lease covering Sec 8 & 26, Blk 2 H&GN Ry, Reeves Co TX

Mr. Kirwan,

Thank you very much for sending the release of the subject lease. This allows us at the GLO to keep current the lease statuses which we are charged to do.

It appears from your note on the attached letter that you are upset with us at the GLO about something. I am not sure what it is but would be happy to try to remedy that if at all possible. Your letter states "your office is handcuffing our ability to move forward with this type of request (requiring reports for free royalty)."

My letter was a request for status of the lease referenced in the letter. I did not request any reports at all.

You gave me the status in your first sentence for which I thank you.

The only requirements we have for free royalty are to furnish us a certified copy of the lease under which the State's free royalty is paid and to file a report when the royalty is paid. You requested that I cite the Rule which I mentioned in my letter. It is actually a Statute and I have attached a copy of that portion of the Natural Resources Code that addresses free royalty. This was established by the State Legislature and we at the GLO are charged with complying with that law.

Again, we appreciate receiving the status of this lease so we can keep the State lands up to date.

If there is anything we can do to help you regarding State lands, please let me know.

Harriet Dunne, CPL (2081)
Manager, Mineral Leasing, Energy Resources Texas General Land Office
512-475-1579
NOTE: New e-mail address:
harriet.dunne@glo.texas.gov

This email has been scanned by the Symantec Email Security.cloud service.
For more information please visit <http://www.symanteccloud.com>

Have a great day!

(4) government offices or facilities; (5) public recreation facilities; and (6) residential neighborhood public amenities.

(k) The asset management division of the land office may contract for the services of a real estate broker or of a private brokerage or real estate firm to assist in any sale, lease, or exchange of land under this subchapter.

(1) If the board leases land under this subchapter and the lease includes the right to produce groundwater from the land, the lessee shall comply with the statutory provisions governing and the rules adopted by the groundwater conservation district, if any, in which the land is located, including the statutory provisions and rules governing the production and use of groundwater and the transfer of groundwater out of the district.

Acts 1977, 65th Leg., p. 2419, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1983, 68th Leg., p. 5242, ch. 965, Sec. 1, eff. June 19, 1983; Acts 1987, 70th Leg., ch. 208, Sec. 14, eff. Aug. 31, 1987; Acts 1989, 71st Leg., ch. 383, Sec. 4, eff. June 14, 1989; Acts 1991, 72nd Leg., ch. 633, Sec. 5, eff. Aug. 26, 1991; Acts 1993, 73rd Leg., ch. 991, Sec. 13, eff. Sept. 1, 1993; Acts 1995, 74th Leg., ch. 293, Sec. 1, eff. Aug. 28, 1995; Acts 2003, 78th Leg., ch. 280, Sec. 7, eff. June 18, 2003.

Amended by:

Acts 2005, 79th Leg., Ch. 1098, Sec. 6, eff. June 18, 2005.

Acts 2007, 80th Leg., R.S., Ch. 726, Sec. 1, eff. September 1, 2007.

Acts 2009, 81st Leg., R.S., Ch. 1175, Sec. 17, eff. June 19, 2009.

Acts 2009, 81st Leg., R.S., Ch. 1175, Sec. 33(2), eff. June 19, 2009.

→ Sec. 51.054. RESERVATION OF MINERALS. (a) Except as otherwise provided in this section, land dedicated to the permanent

school fund shall be sold subject to a reservation set by the board of not less than one-eighth of all sulphur and other mineral substances from which sulphur may be derived or produced and not less than one-sixteenth of all other minerals to the state; provided, that if leasing rights are retained hereunder, the reserved minerals shall be subject to lease as provided by Subchapter B, Chapter 52, Natural Resources Code, and Subchapters B and E, Chapter 53, Natural Resources Code. The mineral reservation to the state shall be determined by the board before the land is offered for sale. If the board determines that a mineral reservation under this section would substantially reduce the value of the surface of land by restricting its suitability for agricultural, commercial, or residential use, the board may take such action or waive such rights as are in the best interest of the permanent school fund, including, without limitation, establishing designated exploration or drilling sites, waiving surface or other rights of access or development, or conveying the land with no mineral reservation.

(b) Land that is set apart for the various asylum funds shall be sold with the oil, gas, coal, and all other minerals reserved to the fund to which the land belongs.

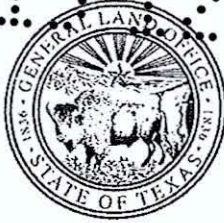
(c) The provisions of this section do not apply to oil and gas sold from public school land covered by Subchapter F, Chapter 52, of this code.

(d) The provisions of this section do not apply to vacancies covered by Section 51.201 of this code.

→ (e) An oil, gas, or other mineral lease on land in which the state reserves a mineral or royalty interest is not effective until a certified copy of the recorded lease is filed in the General Land Office.

Acts 1977, 65th Leg., p. 2420, ch. 871, art. I, Sec. 1, eff. Sept. 1, 1977. Amended by Acts 1983, 68th Leg., p. 5243, ch. 965, Sec.

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

June 26, 2012

(sent by e-mail-schulz@eeronline.com; not USPS)

Larry L. Schulz
Endeavor Energy Resources
110 N Marienfeld St, Suite 200
Midland TX 79701-4412

Re: **State Lease No. MF090201** NPR Interest under Oil and Gas Lease dated Nov 5, 1981
Clara M. Strain, et al, Lessors; Hillin Production Co, Lessee
covering Sec 8 & 26, Blk 2, H&GN Ry Co Survey
C. W. Strain Well, RRC 08-28714, Reeves Co TX

Dear Mr. Schulz:

The State has a Free Royalty (a non participating royalty interest) under the lands covered by the referenced oil and gas lease. This letter is a request that you provide us a current status of this lease and well.

The last royalty revenue from this well the State received from Endeavor was for September 2011 production. If the well is still producing, please advise under what State lease number the revenue is being paid.

If the well is producing under a more recent lease, please send us a certified copy of the current oil and gas lease as required by Rule.

Any and all information you can provide about the status of leases and wells covering the referenced description will be most appreciated.

Yours truly,

Harriet Dunne, CPL
Manager, Mineral Leasing, Energy Resources
512-475-1579
512-475-1543 (fax)
harriet.dunne@glo.texas.gov

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Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

www.glo.state.tx.us

The Lease was Released
July 27, 2012. See attached.
From our vantage point it
appears as if your office is
handcutting our ability to move
forward with this type of
Request (creating reports for
free royalty).

It should
be enough if a
lease expires. If
this happens,
another
company will
possibly purchase
a lease and
attempt to
achieve
production.

Thanks,
Tib Kirwan,
C.P.L. #3975
P.S. Pls. Cite the
rule which you
mention. There is
no reason for it
and it should
be eliminated.
That would be
greatly appreciated by
our department.
Thanks!

10-15-12

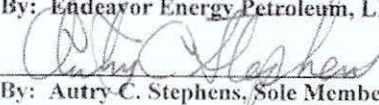
FULL/PARTIAL RELEASES OF OIL AND GAS LEASES

State: Texas
County: Reeves
Assignee: Endeavor Energy Resources, L.P.

Whereas all or a portion of the Leases described on Exhibit "A" have expired, and Whereas the terms of said Leases require Lessee to file a recorded Release of the expired acreage, and Whereas Assignee named above is the present record owner of the Leases described on Exhibit "A" hereto, now, therefore, Assignee hereby releases, relinquishes, surrenders, and quit claims to the present owners of their respective mineral estates all of Lessee's rights, title, and interests **insofar as and only insofar as** the lands and depths stated on Exhibit "A" attached hereto pursuant to the respective Leases.

This Partial Release in no way intended to release or impair Lessees' ownership and rights in the Lease on lands which are not specifically described in Exhibit "A".

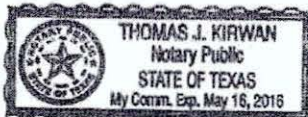
Endeavor Energy Resources, L. P.
By: Endeavor Energy Petroleum, LLC, as General Partner


By: Autry C. Stephens, Sole Member

STATE OF TEXAS
COUNTY OF MIDLAND

This instrument was acknowledged before me this July 29, 2012, by Autry C. Stephens, as Sole Member of Endeavor Petroleum, LLC, a Texas limited liability company, such limited liability company acting in its capacity as General Partner of Endeavor Energy Resources, L. P., a Texas limited partnership, on behalf of said limited partnership.


Notary Public for the State of Texas



10-15-12

EXHIBIT "A"

- 1) Oil, Gas and Mineral Lease dated November 05, 1981, between Clara M. Strain, a widow, Margaret S. Mallard, a married woman dealing in her sole and separate property, and Charles Hunter Strain, a married man dealing in his sole and separate property, Lessors and Hillin Production Company, Lessee, recorded in Volume 412, Page 482 of the Deed Records of Reeves County, Texas.
- 2) Agreement To Extend Oil and Gas Lease, dated November 08, 1984, between Clara M. Strain, a widow, Margaret S. Mallard and Charles Hunter Strain, as Lessors and Hillin Production Company, as Lessee, recorded in Book 453, Page 243 of the Deed Records of Reeves County, Texas.

Released acreage and depths:

- a) All of Section Eight (8), Block Two (2), H&GN RR Co. Survey, Reeves County, Texas, containing 640.00 acres, more or less, including all depths and formations.

File No. MF 090201 18.

Release of lease +
e-mail correspondence

Date Filed: 10-15-12

Jerry E. Patterson, Commissioner

By [Signature]

2012 OCT 15 PM 3:45