

MF093628

# 8283

Unit 9876

Lease Type

Control

Basefile

County

01-003416

LOVING

01-003425

REEVES

Survey

Block

Block Name

Township

Section/Tract

Land Part

Acres

Net: 6.880000 Gross: 55.000000

Depth Below

Depth Above

Depth Other

Allow All  
Depths

Name

HILLIN, T A

Lease Date

10/3/1989

Primary Term

3 years

Bonus

\$4,200.00

Lease Royalty

0.25000000

Paid Up

Leasing: JKMaps: JKGIS: MC

Scanlab: \_\_\_\_\_

**CAUTION**

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

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

Thank you for your assistance.

Archives and Records Staff

F290019

HILLIN, T A



# 2028 6.88 UNIT ACRES

~~48.12 NON-UNIT ACRES~~

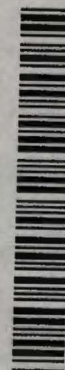
EXPIRED

STATE LEASE - RIVERBEDS

M-93628

COUNTY (CODE) : LOVING(150)REEVES (195)  
RIVER NAME : PECOS RIVER  
TRACT : 1-D  
ACRES : 55 APPROX. 6.88 AC.  
DEPTH LIMITS :   
CONTROL NO. (S) : 01-00341-6; 01-00342-5  
  
LESSEE : T.A. HILLIN  
DATE : 10-3-89  
PRIMARY TERM : 3 years  
BONUS : \$4,200.00  
ROYALTY :  $\frac{1}{4}$   
RENTALS : \$5.00

Initial  
Rental  
Min. A/c  
Min. Max



290019  
MF 093628

TGLO VAULT



CONTENTS OF FILE NO. **93628**

|                                           |             |                                              |             |
|-------------------------------------------|-------------|----------------------------------------------|-------------|
| 1. BID FORM                               | 10-3-89     | 14 Ltr. to MRC                               | 9/22/17     |
| 2. LEASE                                  | 10-3-89     | 15. Pooling Agmt. Packet # 8283              |             |
| 3. TRANSMITTAL LETTER                     | OCT 31 1989 | Wolf SW Unit                                 | 9/22/17     |
| 4. Rental Payment                         | 9-20-90     | scanned pt                                   | 10-2-2017   |
| 5. Pooling Agreement 07-17-90             | 21841       | (See MF119863, #1, Buckslip 9876 "Wolf"      |             |
| 6. Rental Payment                         | 9-21-91     | SW Unit Sharing Area"                        | 10/2/19     |
| 7. Assignment                             | 6-20-00     | (See MF119863, #2, Bonus Consideration       |             |
| 8. Fax Ltr. From Wolf Energy 4-26-05      |             | (See MF119863, #3, Memo to Commissioner      |             |
| 9. Pooling Committee Report +             |             | (See MF119863, #4, Letter to Scott, Douglass |             |
| Term Pooling Agreement. 10/24/06          |             | (See MF119863, #5, PSA for Wolf SW Unit      |             |
| 10. Pooling Committee Report              |             | Sharing Area                                 |             |
| + Term Pooling Agreement                  |             | Scanned sm                                   | 10/17/2019  |
| Pursuant to TNRC 52.076.                  | 10/24/06    | 16 Letter from Scott, Douglass               | 10/21/19    |
| 11. Pooling Committee Report              |             | 17 Fully executed PSA for the Wolf           | 10/21/19    |
| Amendment of Term Pooling                 |             | SW Unit                                      |             |
| Agreement Pursuant to TNRC                |             | Scanned sm                                   | 10/21/2019  |
| 52.076.                                   | 3/13/08     | (See MF119863 item # 10 for                  |             |
| See MF 066335 #30 FY14 Demand Ltr 1/17/16 |             | Clarification & Correction for               |             |
| Scanned sm                                | 4/12/16     | PSA Unit 9876                                |             |
| See MF 066335 #31 FY15 Demand Ltr 6/13/16 |             | Scanned pt                                   | 9-21-2020   |
| Scanned pt                                | 7-11-16     | (See MF119863 item # 14                      |             |
| 12. Unit 8283 Memo                        | 03/24/2017  | for 1st Amendment of                         |             |
| 13. Assign 10/98                          |             | PSA Wolf SW Sharing Area 9876                |             |
| Wolf to MRC                               | 4-4-17      | Scanned sm                                   | 10/14/2021  |
| Scanned pt                                | 5-18-2017   | 18. Division Order                           | 2-22-2022   |
|                                           |             | Scanned pt                                   | 28 feb 2022 |
|                                           |             | 19. Division Order                           | 9-30-2022   |
|                                           |             | over                                         |             |



c/f. April 2, 1991  
Rudolph A. Woerndle  
for T.A. Hillin

scanned PJ 14 Oct 2022

20. Notice of Operations 5/12/2023

scanned WM 5.22.2023

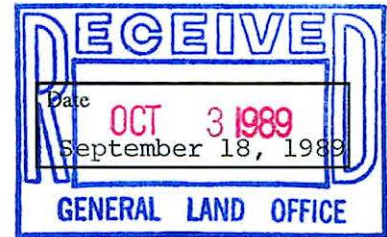


93628

Garry Mauro  
Commissioner  
General Land Office



**MINERAL LEASE BID APPLICATION**  
Texas General Land Office ED - 01(2-88) Rev. 2



**APPLICANT  
AGREEMENT**

I agree, if awarded a lease on the referenced tract, to comply with all terms and conditions of said lease and with all applicable laws that so govern said lease, as those laws may be amended.

**APPLICANT  
IDENTIFICATION TO  
APPEAR ON LEASE**

Name T. A. Hillin  
Address 1212 Main Street, Suite 887  
Houston, Texas 77002-6890  
Telephone ( 713 ) 651-3990

**AREA DESCRIPTION**

County(ies) Loving/Reeves Survey/  
Area Pecos River  
(If Applicable)  
Block/Tsp \_\_\_\_\_ Section/Tract 1-D Acres 55  
(If Applicable)

**BID SUBMISSION**

Royalty 25% Rental Per Acre \$5 Primary Term 3 Yrs.

Cash Bonus Enclosed 1

Four thousand two hundred (Dollars) \$ 4,200.00 **90005374**

Sales Fee Attached 1

Sixty three (Dollars) \$ 63.00 **90005375**

This Sales Fee is 1- 1/2% of the cash bonus as provided in Section 32.110 of the Natural Resources Code as amended.

MGL. NO.

37

APPLICANT(S)

T. A. Hillin

BONUS AMOUNT ENCLOSED

(\$) 4,200.00

APPLICANT  
TAX I.D. NUMBER

SIGNATURE OF  
APPLICANT/AGENT

[REDACTED]  
T. A. Hillin

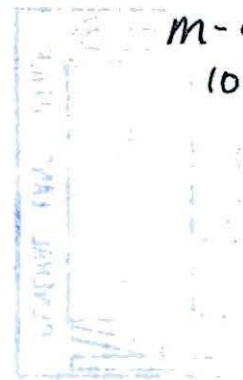
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Bid Form

M-93628

10-3-89

SW





# The State of Texas



Austin, Texas

OIL AND GAS LEASE  
NO. M-93628

WHEREAS, pursuant to the Texas Natural Resources Code Chapters 32, 33, 51, and Chapter 52, Subchapters A-D and H, (said Code being hereinafter referred to as N.R.C.), and subject to all rules and regulations promulgated by the Commissioner of the General Land Office and/or the School Land Board pursuant thereto, and all other applicable statutes and amendments to said N.R.C., the following area, to-wit:

Tract 1-D, Pecos River, Loving & Reeves Counties, Texas, containing approximately 55 acres, is bound on the Northwest by the Curley-State Unit, said unit being more particularly described in Pooling Agreement in Mineral Lease File M-88402, currently on file in the Archives & Records Division of the Texas General Land Office, Austin, Texas, and is bound on the South by a line with a grid bearing S40°W and passing through a point with coordinates of X=974,550 Ft. and Y=745,320 Ft., Texas State Plane Coordinate System, Central Zone,

was, after being duly advertised, offered for lease on 3rd day of October, 1989, at 10:00 o'clock A.M., by the Commissioner of the General Land Office of the State of Texas and the School Land Board of the State of Texas, for the sole and only purpose of prospecting and drilling for, and producing oil and/or gas that may be found and produced from the above described area; and

WHEREAS, after all bids and remittances which were received up to said time have been duly considered by the Commissioner of the General Land Office and the School Land Board at a regular meeting thereof in the General Land Office, on the 3rd day of October, 1989, and it was found and determined that T.A. Hillin whose address is 1212 Main Street, Suite 887, Houston, Texas 77002 had offered the highest and best bid for a lease of the area above described and is, therefore, entitled to receive a lease thereon:

NOW, THEREFORE, I, Garry Mauro, Commissioner of the General Land Office of the State of Texas, hereinafter sometimes referred to as "Lessor", whose address is Austin, Texas, by virtue of the authority vested in me and in consideration of the payment by the hereinafter designated Lessee, the sum of Four Thousand Two Hundred and no/100 Dollars (\$4,200.00), receipt of which is hereby acknowledged and of the royalties, covenants, stipulations and conditions contained and hereby agreed to be paid, observed and performed by Lessee, do hereby demise, grant, lease and let unto the above mentioned bidder the exclusive right to prospect for, produce and take oil and/or gas from the aforesaid area upon the following terms and conditions, to-wit:

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

2. **DELAY RENTALS:** If no well be commenced on the land hereby leased on or before the 3rd day of October, 1990, this lease shall terminate as to both parties unless the Lessee on or before said date shall pay or tender to the Commissioner of the General Land Office of the State of Texas at Austin, Texas, the sum of Five and no/100 Dollars (\$5.00), per acre, which shall operate as rental and cover the privilege of deferring the commencement of a well for twelve (12) months from said date. In like manner and upon like payments or tenders the commencement of a well may be further deferred for like periods of the same number of months successively during the primary term hereof.

90.87.4



**3. PRODUCTION ROYALTIES:** Subject to the provisions for royalty reductions set out in subparagraph (E) of this paragraph 3, when production of oil and/or gas is secured, the Lessee agrees to pay or cause to be paid to the Commissioner of the General Land Office in Austin, Texas, for the use and benefit of the State of Texas, during the term hereof:

**(A) OIL:** As a royalty on oil, which is defined as including all hydrocarbons produced in a liquid form at the mouth of the well and also all condensate, distillate, and other liquid hydrocarbons recovered from oil or gas run through a separator or other equipment, as hereinafter provided,  $\frac{1}{4}$  part of the gross production or the market value thereof, at the option of the Lessor, such value to be determined by 1) the highest posted price, plus premium, if any, offered or paid for oil, condensate, distillate, or other liquid hydrocarbons, respectively, of a like type and gravity in the general area where produced and when run, or 2) the highest market price thereof offered or paid in the general area where produced and when run, or 3) the gross proceeds of the sale thereof, whichever is the greater. Lessee agrees that before any gas produced from the land hereby leased is sold, used or processed in a plant, it will be run free of cost to Lessor through an adequate oil and gas separator of conventional type or other equipment at least as efficient to the end that all liquid hydrocarbons recoverable from the gas by such means will be recovered. Upon written consent of Lessor, the requirement that such gas be run through such a separator or other equipment may be waived upon such terms and conditions as prescribed by Lessor.

**(B) NON PROCESSED GAS:** As a royalty on any gas (including flared gas), which is defined as all hydrocarbons and gaseous substances not defined as oil in subparagraph (A) above, produced from any well on said land (except as provided herein with respect to gas processed in a plant for the extraction of gasoline, liquid hydrocarbons or other products)  $\frac{1}{4}$  part of the gross production or the market value thereof, at the option of the Lessor, such value to be based on the highest market price paid or offered for gas of comparable quality in the general area where produced and when run, or the gross price paid or offered to the producer, whichever is greater provided that the maximum pressure base in measuring the gas under this lease contract shall not at any time exceed 14.65 pounds per square inch absolute, and the standard base temperature shall be sixty (60) degrees Fahrenheit, correction to be made for pressure according to Boyle's Law, and for specific gravity according to test made by the Balance Method or by the most approved method of testing being used by the industry at the time of testing.

**(C) PROCESSED GAS:** As a royalty on any gas processed in a gasoline plant or other plant for the recovery of gasoline or other liquid hydrocarbons,  $\frac{1}{4}$  part of the residue gas and the liquid hydrocarbons extracted or the market value thereof, at the option of the Lessor. All royalties due herein shall be based on one hundred percent (100%) of the total plant production of residue gas attributable to gas produced from this lease, and on fifty percent (50%) or that percent accruing to Lessee, whichever is the greater, of the total plant production of liquid hydrocarbons, attributable to the gas produced from this lease; provided that if liquid hydrocarbons are recovered from gas processed in a plant in which Lessee (or its parent, subsidiary or affiliate) owns an interest, then the percentage applicable to liquid hydrocarbons shall be fifty percent (50%) or the highest percent accruing to a third party processing gas through such plant under a processing agreement negotiated at arms' length (or if there is no such third party, the highest percent then being specified in processing agreements or contracts in the industry), whichever is the greater. The respective royalties on residue gas and on liquid hydrocarbons shall be determined by 1) the highest market price paid or offered for any gas (or liquid hydrocarbons) of comparable quality in the general area or 2) the gross price paid or offered for such residue gas (or the weighted average gross selling price for the respective grades of liquid hydrocarbons), whichever is the greater. In no event, however, shall the royalties payable under this paragraph be less than the royalties which would have been due had the gas not been processed.

**(D) OTHER PRODUCTS:** As a royalty on carbon black, sulphur or any other products produced or manufactured from gas (excepting liquid hydrocarbons) whether said gas be "casinghead", "dry" or any other gas, by fractionating, burning or any other processing,  $\frac{1}{4}$  part of gross production of such products, or the market value thereof, at the option of Lessor, such market value to be determined as follows:

(1) On the basis of the highest market price of each product, during the same month in which such product is produced, or

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





(E) **VARIABLE ROYALTY:** (i) Subject to the other provisions of this lease, it is hereby provided that in the event production in paying quantities is established pursuant to the terms of this lease and such production is brought on line and sales thereof are commenced within (12) months of the effective date hereof the royalty rate provided in paragraph 3 shall be reduced to 20%, and shall apply to each subsequent well drilled and produced on the land covered by this lease. Provided that, if during such (12) month term during which Lessee may earn a reduced royalty rate of 20% as herein provided, Lessee should drill in good faith and complete the first well as a dry hole on the land covered by this lease, Lessee may receive a (3) month extension of the term in which to earn a reduced royalty rate by giving notice to the Commissioner of the General Land Office, commencing drilling operations on an additional well prior to the expiration of such (12) month period and prosecuting diligently and in good faith the drilling of such additional well and completing same so that production in paying quantities is established and so that such production is brought on line and sales thereof are commenced prior to the expiration of such (3) month extension period.

(ii) In the event production in paying quantities is established pursuant to the terms of this lease and such production is brought on line and sales thereof are commenced after the expiration of (12) months from the effective date hereof but prior to the expiration of (24) months from the effective date hereof, the royalty rate provided in paragraph 3 shall be reduced to 22.5% and shall apply to each subsequent well drilled and produced on the land covered by this lease. Provided that, if during such (12) month term during which Lessee may earn a reduced royalty rate of 22.5% as herein provided, Lessee should drill in good faith and complete the first well as a dry hole on the land covered by this lease, Lessee may receive a (3) month extension of the term in which to earn a reduced royalty rate by giving notice to the Commissioner of the General Land Office commencing drilling operations on an additional well prior to the expiration of such (12) month period and prosecuting diligently and in good faith the drilling of such additional well and completing same so that production in paying quantities is established and so that such production is brought on line and sales thereof are commenced prior to the expiration of such (3) month extension period.

(F) **NO DEDUCTIONS:** Lessee agrees that all royalties accruing to Lessor under this lease shall be without deduction for the cost of producing, transporting, and otherwise making the oil, gas and other products produced hereunder ready for sale or use.

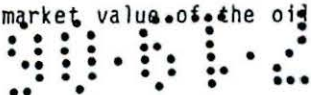
(G) **ROYALTY IN KIND:** Notwithstanding anything contained herein to the contrary, Lessor may, at its option, upon not less than 60 days notice to Lessee, require at any time or from time to time that payment of all or any royalties accruing to Lessor under this lease be made in kind without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting and otherwise making the oil, gas and other products produced hereunder ready for sale or use.

(H) **PLANT FUEL AND RECYCLED GAS:** No royalty shall be payable on any gas as may represent this lease's proportionate share of any fuel used to process gas produced hereunder in any processing plant. Notwithstanding anything contained herein to the contrary, and subject to the consent in writing of the Commissioner of the General Land Office, Lessee may recycle gas for gas lift purposes on the leased premises after the liquid hydrocarbons contained in the gas have been removed, and no royalties shall be payable on the gas so recycled until such time as the same may thereafter be produced and sold or used by Lessee in such manner as to entitle Lessor to a royalty thereon under the royalty provisions of this lease.

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

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

Payment of royalty on production of oil and gas shall be as provided in the rules set forth in the Texas Register. Rules currently provide that royalty on oil is due and must be received in the General Land Office on or before the 5th day of the second month succeeding the month of production, and royalty on gas is due and must be received in the General Land Office on or before the 15th day of the second month succeeding the month of production, accompanied by the affidavit of the owner, manager or other authorized agent, completed in the form and manner prescribed by the General Land Office and showing the gross amount and disposition of all oil and gas produced and the market value of the oil and gas, together with a copy of all documents, records or





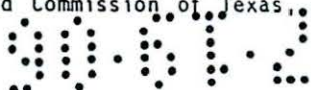
reports confirming the gross production, disposition and market value including gas meter readings, pipeline receipts, gas line receipts and other checks or memoranda of amount produced and put into pipelines, tanks, or pools and gas lines or gas storage, and any other reports or records which the General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

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

(B) **DRILLING RECORDS:** Written notice of all operations on a State of Texas lease shall be submitted to the Commissioner of the General Land Office by Lessee or operator five (5) days before spud date, workover, re-entry, temporary abandonment or plug and abandonment of any well or wells. Such written notice to the General Land Office shall include copies of Railroad Commission forms for application to drill, well tests, completion reports and plugging records. Lessee shall supply the General Land Office with any records, memoranda, accounts, reports, cuttings and cores, or other information relative to the operation of the above described premises, which may be requested by the General Land Office, in addition to those herein expressly provided for. Lessee shall have an electrical and/or radioactivity survey made on the bore-hole section, from the base of the surface casing to the total depth of well, of all wells drilled on the above described premises and shall transmit a true copy of the log of each survey on each well to the General Land Office within fifteen (15) days after the making of said survey.

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

6. **DEVELOPMENT:** Notwithstanding any provision of this lease to the contrary, after a well producing or capable of producing oil or gas has been completed on the leased premises, Lessee shall exercise the diligence of a reasonably prudent operator in drilling such additional well or wells as may be reasonably necessary for the proper development of the leased premises and in marketing the production thereon. In the event this lease is in force and effect three (3) years after the expiration date of the primary term it shall then terminate as to all of the leased premises, EXCEPT (1) 40 acres surrounding each oil well capable of producing in paying quantities and 320 acres surrounding each gas well capable of producing in paying quantities (including a shut-in oil or gas well as provided in Paragraph 10 hereof), or a well upon which Lessee is then engaged in continuous drilling or reworking operations, or (2) the number of acres included in a producing pooled unit pursuant to Natural Resources Code Sections 52.151-52.153, or (3) such greater or lesser number of acres as may then be allocated for production purposes to a proration unit for each such producing well under the rules and regulations of the Railroad Commission of Texas, or any successor agency, or other governmental authority





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having jurisdiction. The acreage retained hereunder as to each well shall, as nearly as practical, be in the form of a square with the well located in the center thereof, or such other shape as may be approved by the School Land Board. Within thirty (30) days after partial termination of this lease as provided herein, Lessee shall execute and record a release or releases containing a satisfactory legal description of the acreage not retained hereunder. The recorded release, or a certified copy of same, shall be filed in the General Land Office, accompanied by the filing fee prescribed by the General Land Office rules in effect on the date the release is filed. If at any time after the effective date of the partial termination provisions hereof, the applicable field rules are changed or the well or wells located thereon are reclassified so that less acreage is thereafter allocated to said well or wells for production purposes, this lease shall thereupon terminate as to all acreage not thereafter allocated to said well or wells for production purposes.

**7. OFFSET WELLS:** If oil and/or gas should be produced in commercial quantities from a well located on land privately owned or on State land leased at a lesser royalty, which well is within one thousand (1,000) feet of the area included herein, or which well is draining the area covered by this lease, the Lessee shall, within sixty (60) days after such initial production from the draining well or the well located within 1000 feet from the area covered by this lease begin in good faith and prosecute diligently the drilling of an offset well on the area covered by this lease, and such offset well shall be drilled to such depth as may be necessary to prevent the undue drainage of the area covered by this lease, and the Lessee, manager or driller shall use all means necessary in a good faith effort to make such offset well produce oil and/or gas in commercial quantities. Only upon the determination of the Commissioner and with his written approval, may the payment of a compensatory royalty satisfy the obligation to drill an offset well or wells required under this Paragraph.

**8. DRY HOLE CLAUSE:** If, during the primary term hereof and prior to discovery and production of oil or gas on said land, Lessee should drill a dry hole or holes thereon, or if at any time after the discovery and actual production of oil or gas from the leased premises such production thereof should cease from any cause, this lease shall not terminate if on or before the expiration of sixty (60) days from date of completion of said dry hole or cessation of production Lessee commences additional drilling or reworking operations thereon, or, if it be within the primary term, commences or resumes the payment of the annual delay rental in the same manner as provided in Paragraph 2 of this lease. If, during the last year of the primary term or within sixty (60) days prior thereto, a dry hole be completed and abandoned, or the production of oil or gas should cease for any cause, Lessee's rights shall remain in full force and effect without further operations until the expiration of the primary term. Should the first well or any subsequent well drilled on the above described land be completed as a shut-in oil or gas well within the primary term hereof, Lessee may resume payment of the annual rental in the same manner as provided in Paragraph 2 of this lease on or before the rental paying date following the expiration of sixty (60) days from the date of completion of such shut-in oil or gas well and upon the failure to make such annual rental payment, this lease shall ipso facto terminate. If at the expiration of the primary term or any time thereafter a shut-in oil or gas well is located on the leased premises payments may be made in accordance with the provisions of Paragraph 10 hereof.

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

**10. SHUT-IN ROYALTIES:** If at the expiration of the primary term or at any time after the expiration of the primary term a well or wells capable of producing oil or gas in paying quantities are located on the leased premises but oil or gas is not being produced for lack of suitable production facilities or a suitable market and the lease is not being maintained in force and effect, then Lessee may pay as a shut-in oil or gas royalty an amount equal to double the annual rental provided in the lease but not less than \$1,200 a year for each well capable of producing oil or gas in paying quantities; any shut-in oil or gas royalty must be paid on or before: (1) the expiration of the primary term, (2) 60 days after the lessee ceases to produce oil or gas from the leased premises, or (3) 60 days after lessee completes a drilling and reworking operation in accordance with the lease provisions; whichever date is latest; if the shut-in oil or gas royalty is paid, the lease shall be considered to be a producing lease and the payment shall extend the term of the lease for a period of one year



from the end of the primary term or from the first day of the month next succeeding the month in which production ceased and after that if no suitable production facilities or suitable market for the oil or gas exists, Lessee may extend the lease for four additional and successive periods of one year by paying the same amount each year on or before the expiration of the extended term; if, during the period the lease is kept in effect by payment of the shut-in oil or gas royalty, oil or gas is sold and delivered in paying quantities from a well located within one thousand (1,000) feet of the leased premises and completed in the same producing reservoir or in any case in which drainage is occurring, the right to continue to extend the lease by paying the shut-in oil or gas royalty shall cease, but the lease shall remain effective for the remainder of the year for which the royalty has been paid and for four additional and successive periods of one year each by Lessee paying compensatory royalty at the royalty rate provided in the lease of the value at the well of production from the well which is causing the drainage or which is completed in the same producing reservoir and within one thousand (1,000) feet of the leased premises; the compensatory royalty is to be paid monthly to the Commissioner beginning on or before the last day of the month next succeeding the month in which the oil or gas is sold and delivered from the well located within 1,000 feet of or draining the leased premises and completed in the same reservoir; if the compensatory royalty paid in any 12-month period is in an amount less than the annual shut-in oil or gas royalty, Lessee shall pay an amount equal to the difference within thirty (30) days from the end of the 12-month period; and none of these provisions will relieve Lessee of the obligation of reasonable development nor the obligation to drill offset wells as provided in N.R.C. Section 52.034; however, at the determination of the Commissioner, and with his written approval, the payment of compensatory royalties shall satisfy the obligation to drill offset wells.

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

**12. USE OF WATER; SURFACE:** Lessee shall have the right to use water produced on said land necessary for operations hereunder and solely upon the leased premises; provided, however, Lessee shall not use potable water or water suitable for livestock or irrigation purposes for water flood operations without the prior written consent of Lessor. Subject to its obligation to pay surface damages, Lessee shall have the right to use so much of the surface of the land that may be reasonably necessary for drilling and operating wells and transporting and marketing the production therefrom, such use to be conducted under conditions of least injury to the surface of the land. Lessee shall pay surface damages in an amount set by the General Land Office fee schedule which is effective on the date when the activity requiring the payment of surface damages occurs.

**13. POLLUTION:** In developing this area, Lessee shall use the highest degree of care and all proper safeguards to prevent pollution. Without limiting the foregoing, pollution of coastal wetlands, natural waterways, rivers and impounded water shall be prevented by the use of containment facilities sufficient to prevent spillage, seepage or ground water contamination. In the event of pollution, Lessee shall use all means at its disposal to recapture all escaped hydrocarbons or other pollutant and shall be responsible for all damage to public and private properties.

**(A) UPLANDS:** Lessee shall build and maintain fences around its slush, sump, and drainage pits and tank batteries so as to protect livestock against loss, damage or injury; and upon completion or abandonment of any well or wells, Lessee shall fill and level all slush pits and cellars and completely clean up the drilling site of all rubbish thereon.



VOLUME 85, PAGE 398, O&GL

(B) **SUBMERGED LANDS:** No discharge of solid waste or garbage shall be allowed into State waters from any drilling or support vessels, production platform, crew or supply boat, barge, jack-up rig or other equipment located on the leased area. Solid waste shall include but shall not be limited to containers, equipment, rubbish, plastic, glass, and any other man-made non-biodegradable items. A sign must be displayed in a high traffic area on all vessels and manned platforms stating, "Discharge of any solid waste or garbage into State Waters from vessels or platforms is strictly prohibited and may subject a State of Texas lease to forfeiture." such statement shall be in lettering of at least 1" in size.

(C) **RIVERS:** To the extent necessary to prevent pollution, the provisions found in subsections (a) and (b) of this paragraph shall also apply to rivers and riverbeds.

(D) **PENALTY:** Failure to comply with the requirements of this provision may result in the maximum penalty allowed by law including forfeiture of the lease. Lessee shall be liable for the damages caused by such failure and any costs and expenses incurred in cleaning areas affected by the discharged waste.

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

**15. ASSIGNMENTS:** The lease may be transferred at any time. All transfers must reference the lease by the file number and must be recorded in the county where the area is located, and the recorded transfer or a copy certified to by the County Clerk of the county where the transfer is recorded must be filed in the General Land Office within ninety (90) days of the execution date, as provided by N.R.C. Section 52.026, accompanied by the filing fee prescribed by the General Land Office rules in effect on the date of receipt by the General Land Office of such transfer or certified copy thereof. Every transferee shall succeed to all rights and be subject to all obligations, liabilities, and penalties owed to the state by the original lessee or any prior transferee of the lease, including any liabilities to the state for unpaid royalties.

**16. RELEASES:** Lessee may relinquish the rights granted hereunder to the State at any time by recording the relinquishment in the county where this area is situated and filing the recorded relinquishment or certified copy of same in the General Land Office within ninety (90) days after its execution accompanied by the filing fee prescribed by the General Land Office rules in effect on the date of receipt by the General Land Office of such relinquishment or certified copy thereof. Such relinquishment will not have the effect of releasing Lessee from any liability theretofore accrued in favor of the State.

**17. FORFEITURE:** If Lessee shall fail or refuse to make the payment of any sum within thirty (30) days after it becomes due, or if Lessee or an authorized agent should knowingly make any false return or false report concerning production or drilling, or if Lessee shall fail or refuse to drill any offset well or wells in good faith as required by law and the rules and regulations adopted by the Commissioner of the General Land Office, or if Lessee should fail to file reports in the manner required by law or fail to comply with rules and regulations promulgated by the General Land Office, the School Land Board, or the Railroad Commission, or refuse the proper authority access to the records pertaining to operations, or if Lessee or an authorized agent should knowingly fail or refuse to give correct information to the proper authority, or knowingly fail or refuse to furnish the General Land Office a correct log of any well, or if Lessee shall knowingly violate any of the material provisions of this lease, or if this lease is assigned and the assignment is not filed in the General Land Office as required by law, the rights acquired under this lease shall be subject to forfeiture by the Commissioner, and he shall forfeit same when sufficiently informed of the facts which authorize a forfeiture, and when forfeited the area shall again be subject to lease to the highest bidder, under the same regulations controlling the original sale of leases. However, nothing herein shall be construed as waiving the automatic termination of this lease by operation of law or by reason of any special limitation arising hereunder. Forfeitures may be set aside and this lease and all rights thereunder reinstated before the rights of another intervene upon satisfactory evidence to the Commissioner of the General Land Office of future compliance with the provisions of the law and of this lease and the rules and regulations that may be adopted relative hereto.





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

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

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

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

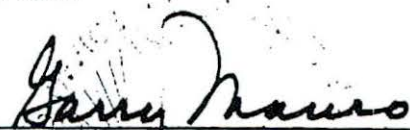
22. **RAILROAD COMMISSION HEARINGS ON GAS:** No natural gas or casinghead gas, including both associated and nonassociated gas, produced from the mineral estate subject to this lease may be sold or contracted for sale to any person for ultimate use outside the State of Texas unless the Railroad Commission of Texas, after notice and hearing as provided in Title 3 of the N.R.C., finds that (a) the person, agency, or entity that executed the lease in question does not require the natural gas or casinghead gas to meet its own existing needs for fuel; (b) no private or public hospital, nursing home, or other similar health-care facility in this State requires the natural gas or casinghead gas to meet its existing needs for fuel; (c) no public or private school in this State that provides elementary, secondary, or higher education requires the natural gas or casinghead gas to meet its existing needs for fuel; (d) no facility of the State or of any county, municipality, or other political subdivision in this State requires the natural gas or casinghead gas to meet its existing needs for fuel; (e) no producer of food and fiber requires the natural gas or casinghead gas necessary to meet the existing needs of irrigation pumps and other machinery directly related to this production; and (f) no person who resides in this State and who relies on natural gas or casinghead gas to provide in whole or part his existing needs for fuel or raw material requires the natural gas or casinghead gas to meet those needs. However, the Railroad Commission of Texas may grant exceptions to these provisions as set forth in N.R.C. Section 52.296.

23. **LEASE SECURITY:** Lessee shall take the highest degree of care and all proper safeguards to protect said premises and to prevent theft of oil, gas, and other hydrocarbons produced from said lease. This includes, but is not limited to, the installation of all necessary equipment, seals, locks, or other appropriate protective devices on or at all access points at the lease's production, gathering and storage systems where theft of hydrocarbons can occur. Lessee shall be liable for the loss of any hydrocarbons resulting from theft and shall pay the State of Texas royalties thereon as provided in Paragraph 3 above on all oil, gas or other hydrocarbons lost by reason of theft.



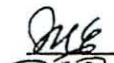
24. **SUCCESSORS AND ASSIGNS:** The covenants, conditions and agreements contained herein shall extend to and be binding upon the heirs, executors, administrators, successors or assigns of Lessee herein.

**IN TESTIMONY WHEREOF,** witness the signature of the Commissioner of the General Land Office of the State of Texas under the seal of the General Land Office, this 3rd day of **October**, 1989.

  
COMMISSIONER OF THE GENERAL LAND OFFICE  
OF THE STATE OF TEXAS

APPROVED

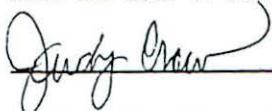
Legal  
Geology  
Executive


FILE NO: 741

GRANTOR: GARRY MAURO, COMMISSIONER OF THE GENERAL LAND OFFICE, STATE OF TEXAS  
GRANTEE: T. A. HILLIN

I, Juanita Busby, Clerk of the County Court, in and for said County do hereby certify that the within instrument in writing, dated OCTOBER 3, 1989 with its certification of authentication, was filed for record in my office NOVEMBER 6, 1989 at 10:00 o'clock A.m. and recorded NOVEMBER 6, 1989 at 2:00 P.m. in the OIL&GAS LEASE Records of Loving County, Texas in Vol: 85, Pg: 392. Witness my Hand and Seal of Said Court, at office in Mentone, Texas, on date and year last above written.

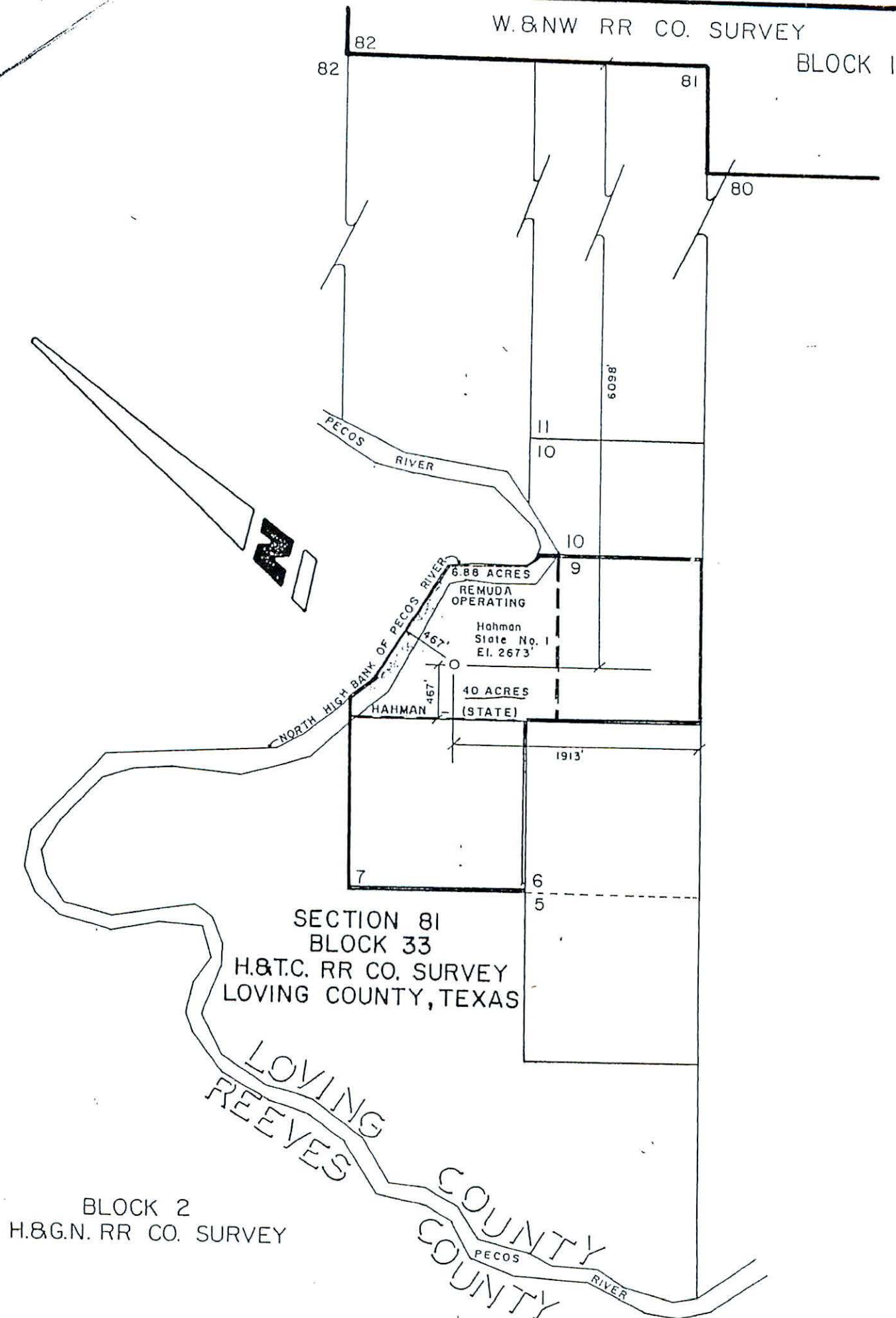
, Deputy

FEE: \$19.00

JUANITA BUSBY, COUNTY CLERK  
LOVING COUNTY, TEXAS

90.67.1





PLAT OF REMUDA OPERATING'S HAHMAN-STATE NO. 1, LOCATED 6098 FEET FROM THE NORTHEAST LINE AND 1913 FEET FROM THE SOUTHEAST LINE OF SECTION 81, BLOCK 33, H&T.C. RR COMPANY SURVEY, LOVING COUNTY, TEXAS.

SCALE: 1" = 1000'  
DATE: AUGUST 29, 1990

I, Frank X. Spencer, a Registered Public Surveyor of the State of Texas, do hereby certify that the foregoing plat represents a survey as made by me and under my direction on the ground on this date according to law and is true and correct to the best of my knowledge.

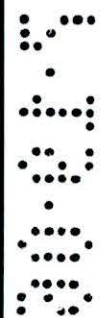
AUGUST 27, 28, & 29, 1990  
Date Surveyed

Registered Public Surveyor #2198





2. MF- 93628  
Lease  
10-3-89





Garry Mauro  
Commissioner  
General Land Office

October 31, 1989

T.A. Hillin  
1212 Main Street, Ste. 887  
Houston, TX 77002-6890

Dear Mr. Hillin:

Thank you for your participation in the State of Texas Oil and Gas Lease Sale held on October 3, 1989. The sale was a tremendous success. You were the high bidder on the marginal number listed below, that has been assigned the corresponding lease number:

MGL NO. 37

M-93628

The lease agreement for this marginal number is enclosed. The lease will serve as your receipt for the amount of your bid. Also, your contractual and statutory responsibilities to the General Land Office are outlined in the lease agreement. Section 5(B) requires operators to submit written notice of all drilling, production, and related activities. More specifically, when a lessee files various forms with the Texas Railroad Commission and the Department of Energy, they are required to submit copies of these forms to the General Land Office. Examples of these forms are:

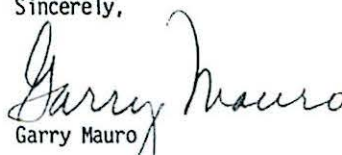
- W-1, Application to Drill, Deepen, or Plug Back with Plat;
- W-2, Oil Well Potential Test, Completion or Recompletion Report and Log;
- W-3, Plugging Record;
- G-1, Gas Well Back Pressure Test, Completion/Recompletion Report and Log;
- G-5, Gas Well Classification Report;
- G-10, Gas Well Status Report;
- W-10, Oil Well Status Report;
- W-12, Inclination Report;
- Electrical Logs (any scale and within fifteen (15) days after they are made);
- Directional Surveys;
- P-12, Certificate of Pooling Authority
- F-1, NGPA Supplemental Application; and
- FERC-121, Application for Determination

Furthermore, it is required that all oil and gas contracts, processing agreements, etc., as well as subsequent amendments, for the sale and/or processing of lease production be submitted to the General Land Office. The contracts, agreements, and amendments should be accompanied by a completed brief (Form MA-5). The brief (MA-5) is enclosed with the lease agreement, along with instructions for completion.

Your cooperation in complying with the reporting requirements outlined above will be greatly appreciated, and will contribute to the General Land Office's efforts to effectively manage the State of Texas' oil and gas resources. Failure to comply with these requirements will subject your lease to possible forfeiture.

Please do not hesitate to contact my office if you need any assistance in the future, or if you have questions concerning the State lease that you operate.

Sincerely,

  
Garry Mauro

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



③

Transmittal Letter

M-93628

10-31-89 SW



**T.A. HILLIN**  
*Petroleum Engineer*  
*Independent Producer*

(713) 651-3990

THE MAIN BUILDING  
1212 MAIN STREET, SUITE 887  
HOUSTON, TEXAS 77002

September 17, 1990

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

Attn: Lease Rental Section

Re: Lease Rental  
Lease # M-93628  
Loving & Reeves Co., TX

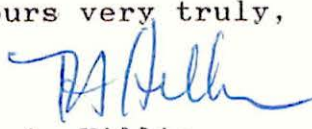
Gentlemen:

**91003372**

Please find enclosed a check in the amount of ~~X~~\$275.00 in payment of the first year's rental on the captioned lease.

Please acknowledge receipt and return an enclosed copy to me.

Yours very truly,

  
T. A. Hillin

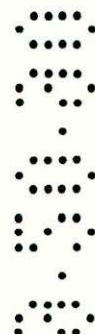
Receipt of Rental Payment Acknowledged

By: \_\_\_\_\_

General Land Office

on September \_\_\_\_, 1990.

④ M-93628  
Rental Payment  
9-20-90





Unit #  
2028

DO NOT DESTROY

GLO-36-10-84

-MEMO-

176 0197 4425-00

Operator T.A. Hillin

Unit Name HAHMAN-STATE

County LOVING 08

Effective Date 8-8-90

Unitized for: Oil      Gas      Oil & Gas X

1. M.F. No. 93628

Area                      Tr. 1-D

Sec.      Blk.      Survey     

6.88/40 x 25.90 04.300 %  
.172000 .250000 .043000

2. M.F. No.                     

Area                      Tr.                     

Sec.      Blk.      Survey                     

                     x                                           %

3. M.F. No.                     

Area                      Tr.                     

Sec.      Blk.      Survey                     

                     x                                           %

4. M.F. No.                     

Area                      Tr.                     

Sec.      Blk.      Survey                     

                     x                                           %

REMARKS:

SURF. to 6500

TYPE: PERMANENT  
EFFECTIVE: 8-8-90

PA 90-27  
SLB Appvd 7-17-90

POOLING COMMITTEE REPORT

#2028

TO: School Land Board

DATE: July 17, 1990

OPERATOR: T. A. Hillin

COUNTY: Loving

UNIT NAME: Hahman-State

FIELD: Hubbard

STATE LEASE(S) IN UNIT

| <u>*Type</u> | <u>Lease Number</u> | <u>State Royalty</u> | <u>Expiration Date</u> | <u>Term</u> | <u>Acres</u> | <u>Acres In Unit</u> | <u>Lessee of Record</u> |
|--------------|---------------------|----------------------|------------------------|-------------|--------------|----------------------|-------------------------|
| SF           | 93628               | 1/4                  | 10/3/90                | 3 Yrs.      | 55.0         | 6.88                 | T. A. Hillin            |

PRIVATE ACRES IN UNIT - 33.12  
SIZE OF UNIT - 40.00

\* RAL = Relinquishment Act, SF = State Fee, FR = Free Royalty

Unitized for:

Depth(s):  
See Remarks

Formation:  
Cherry Canyon

Oil \_\_\_\_\_  
Gas \_\_\_\_\_  
Oil & Gas   x  

Well location:  
State Land \_\_\_\_\_  
Private Land   x  

Participation:

Railroad Commission Rules:

Basis Surface Acreage  
State Acreage .17200  
State Unit Royalty 0.4300

Spacing 80 acres oil/40 acres gas  
Acreage Factor .500/1.0

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

GA



REMARKS:

T. A. Hillin requests oil and gas pooling from the surface to 6500 feet to include the Bell Canyon and Cherry Canyon Formations.

The proposed unit boundaries include state acreage directly offset by a Cherry Canyon producer.

The anticipated spud date is September 1990.

The State will participate from the date of first production.

The State lease has the variable royalty provision and participation in the unit could be reduced depending on when the applicant gets production on line.

The Pooling Committee recommends permanent oil and gas pooling as requested by the applicant.

APPROVAL: Recommended X

Not Recommended \_\_\_\_\_

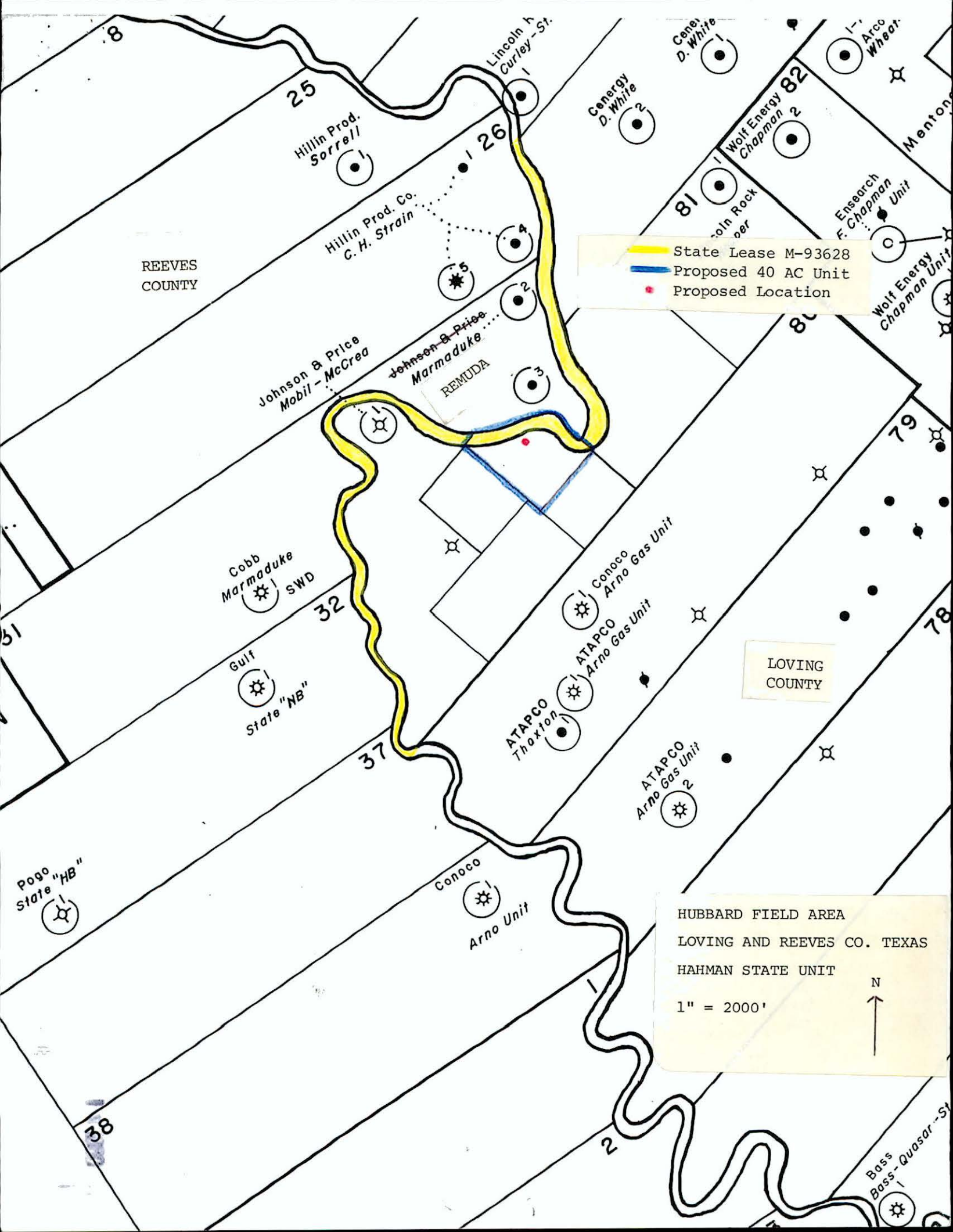
\_\_\_\_\_  
Geoffrey S. Conner

\_\_\_\_\_  
Peter A. Boone

\_\_\_\_\_  
Priscilla M. Hubenak

Chris Macomb  
Chris Macomb

*original misplaced during processing*





RECEIVED  
JUN 14 1980  
GENERAL LAND

T.A. HILLIN  
POOLING AGREEMENT  
HAHMAN-STATE  
LOVING COUNTY, TEXAS

THIS AGREEMENT is entered into by and between the Commissioner of the General Land Office, on behalf of the State of Texas, as "Lessor" and T.A. Hillin, herein referred to as "Lessee", and such other interested parties as may join in the execution hereof, the undersigned parties herein collectively referred to as the "parties", in consideration of the mutual agreements hereinafter set forth and other valuable considerations, the receipt and sufficiency of which are hereby acknowledged, and for the purposes and upon the terms and conditions which follow:

PURPOSES:

1.

This Pooling Agreement ("Agreement") is made for the purposes of conservation and utilization of the pooled mineral, to prevent waste, to facilitate orderly development and to preserve correlative rights. To such end, it is the purpose of this Agreement to effect equitable participation within the unit formed hereby. This Agreement is intended to be performed pursuant to and in compliance with all applicable statutes, decisions, regulations, rules, orders and directives of any governmental agency having jurisdiction over the production and conservation of the pooled mineral and in its interpretation and application shall, in all things, be subject thereto.

UNIT DESCRIPTION:

2.

The pooled unit shall consist of all of the lands described in Exhibit "A" attached hereto and made a part hereof. The oil and gas leases, which are included within the pooled unit, are listed on the attached Exhibit "B," to which leases and the records thereof reference is here made for all pertinent purposes. A plat of the pooled unit is attached hereto as Exhibit "C."

MINERAL POOLED:

3.

The mineral pooled and unitized ("pooled mineral") hereby shall be oil or gas including all hydrocarbons that may be produced from an oil well or a gas well as such wells are recognized and designated by the Railroad Commission of Texas or other state regulatory agency having jurisdiction of the drilling and production of oil and gas wells. The pooled mineral shall extend from the surface of the earth to 6500 feet to include the Bell Canyon and Cherry Canyon Formations, and underlying the surface boundaries of the pooled unit.



POOLING AND EFFECT:

4.

The parties hereto commit all of their interests which are within the unit to the extent and as above described into said unit and unitize and pool hereunder the separate tracts described on the attached Exhibit "A," for and during the term hereof, so that such pooling or unitization shall have the following effect:

- (a) The unit, to the extent as above described, shall be operated as an entirety for the exploration, development and production of the pooled mineral, rather than as separate tracts.
- (b) All drilling operations, reworking or other operations with respect to the pooled mineral on land within the unit shall be considered as though the same were on each separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Agreement.
- (c) Production of the pooled mineral from the unit allocated to each separate tract, respectively, as hereinafter provided, shall be deemed to have been produced from each such separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Agreement.
- (d) All rights to the production of the pooled mineral from the unit, including royalties and other payments, shall be determined and governed by the lease or other contract pertaining to each separate tract, respectively, based upon the production so allocated to such tract only, in lieu of the actual production of the pooled mineral therefrom.
- (e) A shut-in oil or gas well located upon any lease included within said unit shall be considered as a shut-in oil or gas well located upon each lease included within said unit; provided, however, that shut-in oil or gas well royalty shall be paid to the State on each State lease wholly or partially within the unit, according to the terms of such lease as though such shut-in oil or gas well were located on said lease, it being agreed that shut-in royalties provided in each State lease shall not be shared with other royalty owners or otherwise diminished by reason of this Agreement.
- (f) Notwithstanding any other provision hereof, it is expressly agreed that each State lease may be maintained in force as to areas lying outside the unitized area described in Exhibit "A" only as provided in each such lease without regard to unit operations or unit production. Neither production of the pooled mineral, nor unit operations with



respect thereto, nor the payment of shut-in royalties from a unit well, shall serve to hold any State lease in force as to any area outside the unitized area, regardless of whether the production or operations on the unit are actually located on the State lease or not. "Area" as used in this paragraph shall be based upon surface acres to the end that the area inside the surface boundaries of the pooled unit, if held, will be held as to all depths and horizons.

- (g) If the Railroad Commission of Texas (or any other Texas regulatory body having jurisdiction) shall adopt special field rules providing for oil and/or gas proration units of less than 80 acres for oil or 40 acres for gas, then Lessee agrees to either (1) drill to the density permitted by the Railroad Commission, (2) reform the unit to comply with Railroad Commission unit rules, or (3) make application to the School Land Board of the State of Texas for such remedy as may be agreeable to the Board.
- (h) This Agreement shall not relieve Lessee from the duty of protecting the above described leases from drainage from any well situated on privately owned land, but, subject to such obligation, Lessee may produce the allowable for the entire unit as fixed by the Railroad Commission of Texas or other lawful authority, from any one or more wells completed thereon.
- (i) There shall be no obligation to drill internal offset to any other well on separate tracts within the unit, nor to develop the tracts separately, as to the pooled mineral except as provided herein.
- (j) Should this Agreement terminate for any cause, in whole or in part, the leases and other contracts affecting the lands within the unit, if not then otherwise maintained in force and effect, shall remain and may be maintained in force and effect under their respective terms and condition in the same manner as though there had been production or operations under said lease or contract and the same had ceased on the date of the termination of this Agreement.

ALLOCATION OF PRODUCTION:

5.

For the purpose of computing the share of production of the pooled mineral to which each interest owner shall be entitled from the pooled unit, there shall be allocated to each tract committed to said unit that pro rata portion of the pooled mineral produced from the pooled unit which the number of surface acres covered by each such tract and included in the unit bears to the total number of surface acres included in said unit, and the share of production to which each interest owner is entitled shall be computed on the basis of such owner's interest in the production so allocated to each tract.



TAKING ROYALTY IN KIND:

6.

Notwithstanding anything contained herein to the contrary, the State may, at its option, upon not less than sixty (60) days notice to Lessee, require that payment of all or any royalties accruing to the State under this pooling or unitization agreement be made in kind, without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting and otherwise making the oil, gas and other products produced hereunder ready for sale or use.

FULL MARKET VALUE:

7.

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

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

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

EFFECTIVE DATE:

8.

This Agreement shall become effective when signed by the Commissioner of the General Land Office of the State of Texas, or from the date of production of the pooled mineral is first obtained, whichever date is sooner.

TERM:

9.

This Agreement shall remain in effect so long as the pooled mineral is being produced from said unit, or so long as all leases included in the pooled unit are maintained in force by payment of delay rentals or shut-in oil or gas well royalties, by drilling or rework, or by other means, in accordance with the terms of said leases. Nothing herein shall amend or modify Section 52.031 of the Natural Resources Code, or any of the provisions thereof which are contained in any State lease covered by this Agreement.

STATE LAND:

10.

Insofar as the royalty interest of the State of Texas in and under any State tract committed to the unit is concerned, this Agreement is entered into, made and executed by the undersigned Commissioner of the General Land Office by virtue of the authority and pursuant to the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, authorizing the same, after the prerequisites, findings and approval hereof, as provided in said Code having been duly considered, made and obtained.

DISSOLUTION:

11.

The unit covered by this Agreement may be dissolved by Lessee, his heirs, successors or assigns, by an instrument filed for record in Loving County, Texas, and a certified copy thereof filed in the General Land Office at any time after the cessation of production on said unit or the completion of a dry hole thereon prior to production.

COUNTERPARTS:

12.

This Agreement may be executed in counterparts and if so executed shall be valid, binding and have the same effect as if all the parties hereto actually joined in and executed one and the same document. For recording purposes and in the event counterparts of this agreement are executed, the executed pages, together with the pages necessary to show acknowledgments, may be combined with the other pages of this Agreement so as to form what shall be deemed and treated as a single original instrument showing execution by all parties hereto.

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

Date Executed 8/8/90 STATE OF TEXAS

Approved  
Audit [Signature]  
Legal [Signature]  
Geology [Signature]  
Execution [Signature]

By Garry Mauro  
Garry Mauro, Commissioner  
of the General Land Office

Date Executed July 27, 1990 T.A. Hillin

By T.A. Hillin



CERTIFICATE

I, Linda K. Fisher, Secretary of the School Land Board of the State of Texas, do hereby certify that at a meeting of the School Land Board duly held on the 17th day of July, 1990, the foregoing instrument was presented to and approved by said Board under the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, all of which is set forth in the Minutes of the Board of which I am custodian.

IN TESTIMONY WHEREOF, witness my hand this the 8th day of August, 1990.

Linda K. Fisher  
Secretary of the School Land Board

STATE OF TEXAS §

COUNTY OF Harris §

This instrument was acknowledged before me on July 27, 1990, by T.A. Hillin.

Jeanne O. Patterson  
Notary Public in and for the  
State of Texas

My commission expires 12-22-90

EXHIBIT "A"

POOLING AGREEMENT  
HAHMAN - STATE  
LOVING COUNTY, TEXAS

Unit being the Northwest (NW) 33.12 acres of Lot 9 of  
E. L. Stratton Subdivision, Section 81 Block 33,  
H&TC Ry Co. Survey and the 6.88 acres of the Pecos River  
bottom being that portion directly offsetting and  
contiguous to the above described 33.12 acre tract with  
the total acreage being 40 acres, all being in Loving  
County, Texas.



EXHIBIT "B"

POOLING AGREEMENT  
HAHMAN-STATE  
LOVING COUNTY, TEXAS

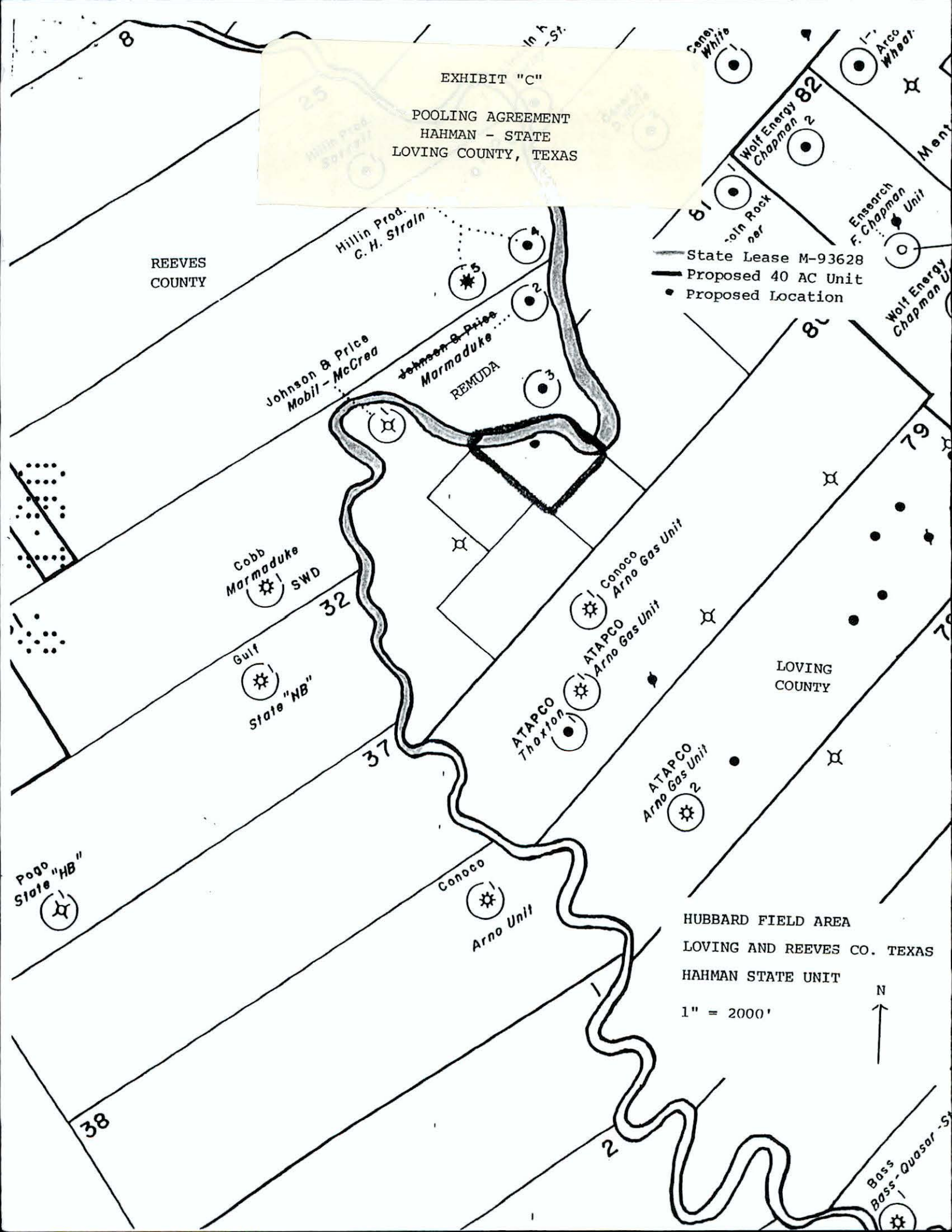
1. Oil and Gas Lease dated November 18, 1988 between Emma H. Maxwell, Caroline H. Bayfield and the Estate of William H. Hahman as Lessors and T. A. Hillin, Lessee recorded in Volume 84, page 161 of Oil and Gas Lease records of Loving County, Texas covering Lots 7 and 9, Section 81, Block 33, H&TC Ry Co. Survey containing 103.12 acres, more or less.
2. Oil and Gas Lease dated October 3, 1989 from State of Texas to T. A. Hillin covering Tract 1-D of the Pecos River and recorded in Volume 85, page 392 of the Oil and Gas Lease records in Loving County and in Volume 497, page 375 of the Deed of Records of Reeves County, Texas, comprising a total of 55 acres, more or less.

EXHIBIT "C"

POOLING AGREEMENT  
HAHMAN - STATE  
LOVING COUNTY, TEXAS

EXHIBIT "C"

POOLING AGREEMENT  
HAHMAN - STATE  
LOVING COUNTY, TEXAS





Unit # \_\_\_\_\_  
Briefed By J. Atellano  
Date \_\_\_\_\_

UNIT INFORMATION MAINTENANCE FORM

Mineral File Number M F - 9 3 6 2 8 | 1 | 1

Mineral File Number's Unit Acres \_\_\_\_\_ 6 . 8 8

| CONTROL NUMBER | PART | ACRES |
|----------------|------|-------|
| 0110103416     |      | 3.44  |

| CONTROL NUMBER | PART | ACRES |
|----------------|------|-------|
|                |      |       |

| CONTROL NUMBER | PART | ACRES |
|----------------|------|-------|
| 0110103425     |      | 3.44  |

| CONTROL NUMBER | PART | ACRES |
|----------------|------|-------|
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| CONTROL NUMBER | PART | ACRES |
|----------------|------|-------|
|                |      |       |

Mineral File Number M F - \_\_\_\_\_ | \_\_\_\_\_ | \_\_\_\_\_

Mineral File Number's Unit Acres \_\_\_\_\_ . \_\_\_\_\_

| CONTROL NUMBER | PART | ACRES |
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| CONTROL NUMBER | PART | ACRES |
|----------------|------|-------|
|                |      |       |

M-93628

(5)

pooling Agreement

7-12-90

2-18-91



**T.A. HILLIN**

Petroleum Engineer  
Oil & Gas Producer

(713) 651-3990

1111 FANNIN STREET, SUITE 670  
HOUSTON, TEXAS 77002-6922

September 19, 1991

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

Attn: Lease Rental Section

Re: Lease Rental  
Lease #M-93628  
Loving & Reeves Co., Tx

X 240. <sup>60</sup> 92003947

Gentlemen:

Please find enclosed a check in the amount of \$240.60 in payment of the second year's rental on the non-pooled acreage of the captioned lease.

121

Please acknowledge receipt and return an enclosed copy to me.

Yours very truly,

  
T. A. Hillin

TAH:jwp

Receipt of Rental Payment Acknowledged

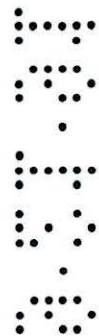
By: \_\_\_\_\_

General Land Office

on September \_\_\_\_\_, 1991.



⑥ M-93628  
Rental Payment  
9-27-91





Texas General  
Land Office



David Dewhurst  
Commissioner

COPY

May 24, 2000

Mr. Larry R. Wollschlager  
President  
Wolf Energy, Inc.  
201 West Wall Street Suite 101  
Midland, Texas 79701

RE: Assignment filing

Dear Mr. Wollschlager:

The General Land Office received the following instrument on May 19, 2000, and has filed it in MF093628.

Assignment of Oil and Gas Lease (100%) with an execution date of May 11, 2000, from Andrew Arceneaux, Jr. et al, as Assignors, to Larry Wollschlager, as Assignee, recorded in Loving County, Texas.

Filing fees of \$25.00 were received in connection with the above assignment. If you have any questions, please feel free to call me at (800) 998-4GLO, or at my direct number at (512) 475-2230.

Sincerely,

  
Jim Baumgardner  
Landman  
Energy Resources

Stephen F. Austin Building

1700 North  
Congress Avenue

Austin, Texas  
78701-1495

512-463-5001

Wolf Energy; MF093628

# **WOLF ENERGY, INC.**

201 West Wall Street, Suite 101  
Midland, Texas 79701  
915-685-0531 office, 915-685-3701 fax

May 17, 2000



Dayrl Morgan  
State of Texas General Land Office  
1700 N. Congress Ave.  
Austin, Texas 78704-3524

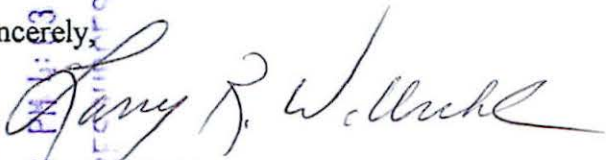
RE: Notice of Change in Ownership and Reporting  
Oil and Gas Lease # M-93628  
Hahman State #1 Well our Lease # 6019  
Tract 1-D of Pecos River  
Loving County, TX

Dear Mr. Morgan,

Per you're a conversation with Mitzi Thomas a couple of weeks ago, enclosed please find the Certified Copy of the Assignment and Bill of Sale from the interest owners to Larry R. Wollschlager on the above referenced lease. Wolf Energy Inc will be the operator and payor on the gas revenue. Also enclosed is a check in the amount of \$25.00 for the processing fee and a Request for Annual Royalty Payment Certificate.

Could you please forward to the necessary parties so we can set this up for payment. Our first revenue distribution to the state will begin with January 2000 production date. If you have any questions or need further information to process this information please feel free to contact the undersigned.

Sincerely,

  
Larry R. Wollschlager  
President

*Specializing in Large Natural Gas Reserves*

C:\MD\0005\Texas 6019 Lse



WOLF ENERGY, INC. ✓

2831

5.22.00

Assignment of Oil and Gas Lease Processing Fee ~~X~~ \$25.00  
M-93628

00 49846 .

129

**ASSIGNMENT AND BILL OF SALE**

STATE OF TEXAS §  
                     County §  
 COUNTY OF PANOLA §

|                               |       |
|-------------------------------|-------|
| • Checked for MF #'s          | ✓     |
| • Entered in database:        | 3008  |
| • Problem file? Y ___ N ___   |       |
| • Acknowledgement letter sent | _____ |

KNOWN ALL MEN BY THESE PRESENT, that **Andrew Arceneaux, Jr. et al**, hereinafter referred to as "Assignors", for and in consideration of the sum of Ten Dollars (\$10.00) and other valuable considerations paid, receipt of which is hereby acknowledged, do hereby grant, convey, sell, assign, transfer and deliver unto,

**Larry Wollschlager**, whose address is 201 W. Wall, Suite 101, Midland, Texas 79701, hereinafter referred to as "Assignee", all of Assignors' right, title and interest in and to the Oil and Gas Leases covering the property described in Exhibit "A" attached hereto and made part hereof.

For the same consideration as first hereinabove recited, the Assignors do hereby bargain, sell, transfer and convey unto the said Assignee all of Assignors' right, title and interest in and to the well located on the land described in Exhibit "A", together with the material and equipment located thereon.

Assignee hereby assumes the duties predescribed in the leases covered hereby to the extent of the rights acquired hereunder by Assignee, and Assignee shall defend, indemnify and hold Assignors harmless from all liability for damages (including attorney's fees) to the person (including death) and/or property of Assignee's operations on the leases and land covered hereby.

Assignee agrees to comply with all laws and with all rules, regulations and orders of all municipal, state and federal agencies and regulatory bodies in the conduct of all operations by Assignee in and on the land covered hereby, including, but not by way of limitation, the proper plugging of said well on the said land, and transfer or assumption of applicable permits, bonds and licenses.

TO HAVE AND TO HOLD the same unto said Assignee, its successors and assigns according to the term and conditions, obligations and covenants thereof and the terms hereof, **THIS ASSIGNMENT AND BILL OF SALE IS MADE WITHOUT WARRANTY OF TITLE, EITHER EXPRESS OR IMPLIED.**

The lease assigned hereunder, or portions thereof, may be subject to the terms and conditions of certain agreements, even though such are not listed herein.

The reservations herein made and the provisions and covenants contained herein shall attach to and run with the leases assigned and the land herein described or referred to and shall be binding upon and inure to the benefit of Assignors and Assignee and their respective heirs, administrators, executors, devisees, trustees, successors and assigns.

This Assignment and Bill of Sale, shall be effective 7:00 A.M. and may be executed in counterpart and when so executed by any signatory party, shall be binding on that party; and, each Counterpart Assignment shall be deemed to be original.

WITNESS the execution hereof:

\_\_\_\_\_  
 Andrew Arceneaux

\_\_\_\_\_  
 Bishop Windham Family Limited  
 Partnership

\_\_\_\_\_  
 Julianne Dean Bramlett

\_\_\_\_\_  
 Tom Aylesworth

\_\_\_\_\_  
 Robert A. Dean

\_\_\_\_\_  
 Leslie Margret Dean



A Certified Copy  
 If it bears the seal & name of  
 the County Clerk imprinted in purple  
 ink. Attest: 5/11/2000  
 Beverly Hanson County Clerk



Kenneth Gibson

T. A. Hillin

J. P. Exploration, Inc.

Bill Jackson

Majax, Inc.

Osprey Resources, Inc.

Lynn Roach

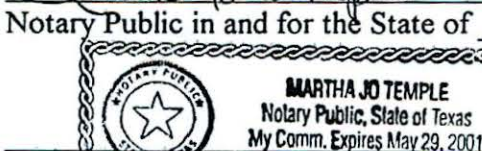
Howard Sears

Larry Wollschlager

STATE OF Texas  
COUNTY OF Midland

BEFORE ME, the undersigned authority, on this day personally appeared Robert A. Deam, known to me to be said 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.

Martha Jo Temple  
Notary Public in and for the State of Texas



Printed Name

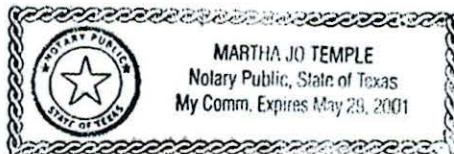
STATE OF Texas  
COUNTY OF Midland

BEFORE ME, the undersigned authority, on this day personally appeared Leslie Monger Deam, known to me to be said 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.

Martha Jo Temple  
Notary Public in and for the State of Texas

Notary Public in and for the State of Texas

Printed Name



STATE OF Texas  
COUNTY OF Midland

BEFORE ME, the undersigned authority, on this day personally appeared Julianne Dea Bennett, known to me to be said 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.

Martha Jo Temple  
Notary Public in and for the State of \_\_\_\_\_



Printed Name



A Certified Copy  
If it bears the seal & name of  
the County Clerk imprinted in purple  
ink. Attest: 5/11/2000  
Beverly Hanson County Clerk

**EXHIBIT "A"**

Assignment and Bill of Sale from  
Andrew Arceneaux Jr., et al to Larry Wollschlager  
dated November 1, 1999

1. Oil and Gas Lease dated November 18, 1988 between Emma II. Maxwell, Caroline Bayfield and the Estate of William H. Hahman as Lessors and T. A. Hillin, Lessee recorded in Volume 84, page 161 of Oil and Gas Lease records of Loving County, Texas covering Lots 7 and 9, Section 81, Block 33, H&TQ Ry Co. Survey containing 103.12 acres, more or less.
2. Oil and Gas Lease dated October 3, 1989 from the State of Texas to T. A. Hillin covering Tract 1-D of the Pecos River and recorded in Volume 85, page 392 of the Oil and Gas Lease records in Loving County, Texas and in Volume 497 , page 375 of the Deed of Records of Reeves County, Texas, comprising a total of 55 acres, more or less.

05-11-00P02:17 FILE

FILE NO: 00 358

GRANTOR: BRAMLETT, JULIANNE DEAN, ET AL

GRANTEE: WOLLSCHLAGER, LARRY

I, BEVERLY HANSON, Clerk of the County Court, in and for said County, do hereby certify that the within instrument in writing, dated 11/01/1999 with its certification of authentication, was filed for record in my office 05/11/2000 at 2:17PM o'clock and recorded 05/11/2000 in the OFFICIAL PUBLIC Records of Loving County, Texas, in VOL 14 , PG: 65. Witness my Hand and Seal of Said Court, at office in Mentone, Texas, on date and year last above written.



FEE: 13.00

BEVERLY HANSON, COUNTY CLERK  
LOVING COUNTY, TEXAS

*Sherlene Burrows*, DEPUTY  
SHERLENE BURROWS



A Certified Copy  
If it bears the seal & name of  
the County Clerk imprinted in purple  
ink. Attest: 5/11/2000  
Beverly Hanson County Clerk

**THE STATE OF TEXAS,****County of Loving**

I, Beverly Hanson, Clerk of the County Court of Loving County, Texas, do certify that the foregoing is a true and correct copy of the original  
Recorded ASSIGNMENT & BILL OF SALE

JULIANNE DEAN BRAMLETT, ET AL TO LARRY WOLLSCHLAGER

File # 00-358 Filed for record MAY 11, 2000

as the same appears of record in my office in book OPR 14 page 65

GIVEN UNDER MY HAND and the seal of said Court, at office in Mentone, Texas

this 11th day of MAY 20 00

Clerk



By *Sherlene Burrows* Deputy  
Sherlene Burrows



ASSIGNMENT AND BILL OF SALE

STATE OF TEXAS       §  
                           Louisiana   §  
 COUNTY OF PANOLA   §

KNOWN ALL MEN BY THESE PRESENT, that **Andrew Arceneaux, Jr. et al**, hereinafter referred to as "Assignors", for and in consideration of the sum of Ten Dollars (\$10.00) and other valuable considerations paid, receipt of which is hereby acknowledged, do hereby grant, convey, sell, assign, transfer and deliver unto,

**Larry Wollschlager**, whose address is 201 W. Wall, Suite 101, Midland, Texas 79701, hereinafter referred to as "Assignee", all of Assignors' right, title and interest in and to the Oil and Gas Leases covering the property described in Exhibit "A" attached hereto and made part hereof.

For the same consideration as first hereinabove recited, the Assignors do hereby bargain, sell, transfer and convey unto the said Assignee all of Assignors' right, title and interest in and to the well located on the land described in Exhibit "A", together with the material and equipment located thereon.

Assignee hereby assumes the duties predescribed in the leases covered hereby to the extent of the rights acquired hereunder by Assignee, and Assignee shall defend, indemnify and hold Assignors harmless from all liability for damages (including attorney's fees) to the person (including death) and/or property of Assignee's operations on the leases and land covered hereby.

Assignee agrees to comply with all laws and with all rules, regulations and orders of all municipal, state and federal agencies and regulatory bodies in the conduct of all operations by Assignee in and on the land covered hereby, including, but not by way of limitation, the proper plugging of said well on the said land, and transfer or assumption of applicable permits, bonds and licenses.

TO HAVE AND TO HOLD the same unto said Assignee, its successors and assigns according to the term and conditions, obligations and covenants thereof and the terms hereof, THIS ASSIGNMENT AND BILL OF SALE IS MADE WITHOUT WARRANTY OF TITLE, EITHER EXPRESS OR IMPLIED.

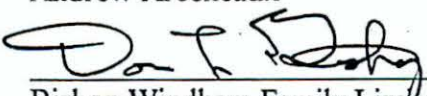
The lease assigned hereunder, or portions thereof, may be subject to the terms and conditions of certain agreements, even though such are not listed herein.

The reservations herein made and the provisions and covenants contained herein shall attach to and run with the leases assigned and the land herein described or referred to and shall be binding upon and inure to the benefit of Assignors and Assignee and their respective heirs, administrators, executors, devisees, trustees, successors and assigns.

This Assignment and Bill of Sale, shall be effective 7:00 A.M. and may be executed in counterpart and when so executed by any signatory party, shall be binding on that party; and, each Counterpart Assignment shall be deemed to be original.

WITNESS the execution hereof:

\_\_\_\_\_  
 Andrew Arceneaux

  
 Bishop Windham Family Limited  
 Partnership   DON L. BISHOP

\_\_\_\_\_  
 Julianne Dean Bramlett

\_\_\_\_\_  
 Tom Aylesworth

\_\_\_\_\_  
 Robert A. Dean

\_\_\_\_\_  
 Leslie Margret Dean

Page 2  
Hahman State Assignment

Kenneth Gibson

T. A. Hillin

J. P. Exploration, Inc.

Bill Jackson

Majax, Inc.

Osprey Resources, Inc.

Lynn Roach

Howard Sears

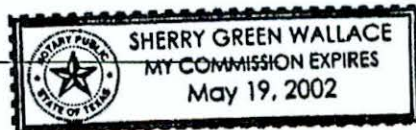
Larry Wollschlager

STATE OF Texas  
COUNTY OF Midland

BEFORE ME, the undersigned authority, on this day personally appeared DON L. Bishop, known to me to be said 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.

Sherry Green Wallace  
Notary Public in and for the State of Texas

Printed Name





**EXHIBIT "A"**

Assignment and Bill of Sale from  
Andrew Arceneaux Jr., et al to Larry Wollschlager  
dated November 1, 1999

1. Oil and Gas Lease dated November 18, 1988 between Emma II. Maxwell, Caroline Bayfield and the Estate of William H. Hahman as Lessors and T. A. Hillin, Lessee recorded in Volume 84, page 161 of Oil and Gas Lease records of Loving County, Texas covering Lots 7 and 9, Section 81, Block 33, H&T Ry Co. Survey containing 103.12 acres, more or less.
2. Oil and Gas Lease dated October 3, 1989 from the State of Texas to T. A. Hillin covering Tract 1-D of the Pecos River and recorded in Volume 85, page 392 of the Oil and Gas Lease records in Loving County, Texas and in Volume 497 , page 375 of the Deed of Records of Reeves County, Texas, comprising a total of 55 acres, more or less.

MF093628

05-11-00P02:17 FILE

FILE NO: 00 357

GRANTOR: BISHOP WINDHAM FAMILY LIMIT.PARTNERSHIP

GRANTEE: WOLLSCHLAGER, LARRY

I, BEVERLY HANSON, Clerk of the County Court, in and for said County, do hereby certify that the within instrument in writing, dated 11/01/1999 with its certification of authentication, was filed for record in my office 05/11/2000 at 2:17PM o'clock and recorded 05/11/2000 in the OFFICIAL PUBLIC Records of Loving County, Texas, in VOL 14 , PG: 62. Witness my Hand and Seal of Said Court, at office in Mentone, Texas, on date and year last above written.



FEE: 13.00

BEVERLY HANSON, COUNTY CLERK  
LOVING COUNTY, TEXAS

*Sherlene Burrows*, DEPUTY  
SHERLENE BURROWS



ASSIGNMENT AND BILL OF SALE

STATE OF TEXAS           §  
                                   Loving       §  
 COUNTY OF ~~PANOLA~~   §

KNOWN ALL MEN BY THESE PRESENT, that **Andrew Arceneaux, Jr. et al**, hereinafter referred to as "Assignors", for and in consideration of the sum of Ten Dollars (\$10.00) and other valuable considerations paid, receipt of which is hereby acknowledged, do hereby grant, convey, sell, assign, transfer and deliver unto,

**Larry Wollschlager**, whose address is 201 W. Wall, Suite 101, Midland, Texas 79701, hereinafter referred to as "Assignee", all of Assignors' right, title and interest in and to the Oil and Gas Leases covering the property described in Exhibit "A" attached hereto and made part hereof.

For the same consideration as first hereinabove recited, the Assignors do hereby bargain, sell, transfer and convey unto the said Assignee all of Assignors' right, title and interest in and to the well located on the land described in Exhibit "A", together with the material and equipment located thereon.

Assignee hereby assumes the duties prescribed in the leases covered hereby to the extent of the rights acquired hereunder by Assignee, and Assignee shall defend, indemnify and hold Assignors harmless from all liability for damages (including attorney's fees) to the person (including death) and/or property of Assignee's operations on the leases and land covered hereby,

Assignee agrees to comply with all laws and with all rules, regulations and orders of all municipal, state and federal agencies and regulatory bodies in the conduct of all operations by Assignee in and on the land covered hereby, including, but not by way of limitation, the proper plugging of said well on the said land, and transfer or assumption of applicable permits, bonds and licenses.

TO HAVE AND TO HOLD the same unto said Assignee, its successors and assigns according to the term and conditions, obligations and covenants thereof and the terms hereof, THIS ASSIGNMENT AND BILL OF SALE IS MADE WITHOUT WARRANTY OF TITLE, EITHER EXPRESS OR IMPLIED.

The lease assigned hereunder, or portions thereof, may be subject to the terms and conditions of certain agreements, even though such are not listed herein.

The reservations herein made and the provisions and covenants contained herein shall attach to and run with the leases assigned and the land herein described or referred to and shall be binding upon and inure to the benefit of Assignors and Assignee and their respective heirs, administrators, executors, devisees, trustees, successors and assigns.

This Assignment and Bill of Sale, shall be effective 7:00 A.M. and may be executed in counterpart and when so executed by any signatory party, shall be binding on that party; and, each Counterpart Assignment shall be deemed to be original.

WITNESS the execution hereof:

 Andrew Arceneaux, Jr.

  
 Tom Aylesworth

Bishop Windham Family Limited  
 Partnership

Robert A. Dean

Julianne Dean Bramlett

Leslie Margret Dean



Page 2  
Hahman State Assignment

\_\_\_\_\_  
Kenneth Gibson

\_\_\_\_\_  
T. A. Hillin

\_\_\_\_\_  
J. P. Exploration, Inc.

\_\_\_\_\_  
Bill Jackson

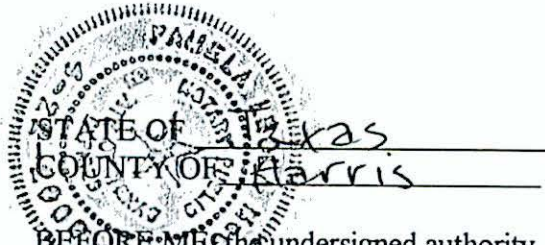
\_\_\_\_\_  
Majax, Inc.

\_\_\_\_\_  
Osprey Resources, Inc.

\_\_\_\_\_  
Lynn Roach

\_\_\_\_\_  
Howard Sears

\_\_\_\_\_  
Larry Wollschlager



BEFORE ME the undersigned authority, on this day personally appeared Andrew Arceneaux  
known to me to be said 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.

Pamela Wola McGhee  
Notary Public in and for the State of Texas

Pamela Wola McGhee  
Printed Name

Page 2  
Hahman State Assignment

\_\_\_\_\_  
Kenneth Gibson

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T. A. Hillin

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J. P. Exploration, Inc.

\_\_\_\_\_  
Bill Jackson

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Majax, Inc.

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Osprey Resources, Inc.

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Lynn Roach

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Howard Sears

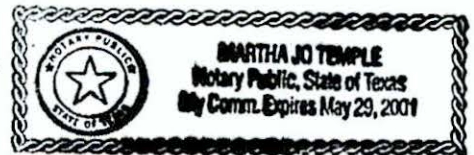
\_\_\_\_\_  
Larry Wollschlager

STATE OF Texas  
COUNTY OF Midland

BEFORE ME, the undersigned authority, on this day personally appeared John Aykeworth, known to me to be said 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.

Martha Jo Temple  
Notary Public in and for the State of Texas

Martha Jo Temple  
Printed Name





\_\_\_\_\_  
Kenneth Gibson

\_\_\_\_\_  
T. A. Hillin

\_\_\_\_\_  
J. P. Exploration, Inc.

\_\_\_\_\_  
Bill Jackson

John W. Edgar, President  
\_\_\_\_\_  
Majek, Inc. MAJEX, INC. JOHN W. EDGAR

\_\_\_\_\_  
Osprey Resources, Inc.

\_\_\_\_\_  
Lynn Roach

\_\_\_\_\_  
Howard Sears

\_\_\_\_\_  
Larry Wollschlager

STATE OF Texas  
COUNTY OF Harris

BEFORE ME, the undersigned authority, on this day personally appeared JOHN W. EDGAR, known to me to be said 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.

Kathleen M. Philips  
Notary Public in and for the State of Texas

KATHLEEN M. PHILIPS  
Printed Name



Page 2  
Hahman State Assignment

\_\_\_\_\_  
Kenneth Gibson

\_\_\_\_\_  
T. A. Hillin

\_\_\_\_\_  
J. P. Exploration, Inc.

\_\_\_\_\_  
Bill Jackson

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Majax, Inc.

\_\_\_\_\_  
Osprey Resources, Inc.

Lynn Roach  
\_\_\_\_\_  
Lynn Roach

\_\_\_\_\_  
Howard Sears

\_\_\_\_\_  
Larry Wollschlager

STATE OF OKLAHOMA  
COUNTY OF CLEVELAND

BEFORE ME, the undersigned authority, on this day personally appeared Lynn Roach, known to me to be said 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.

Sue Paradee  
Notary Public in and for the State of OKLAHOMA

SUE PARADEE  
Printed Name





Page 2

Hahman State Assignment

\_\_\_\_\_  
Kenneth Gibson

\_\_\_\_\_  
J. P. Exploration, Inc.

\_\_\_\_\_  
Majax, Inc.

\_\_\_\_\_  
Lynn Roach

T. A. Hillin  
T. A. Hillin

\_\_\_\_\_  
Bill Jackson

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Osprey Resources, Inc.

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Howard Sears

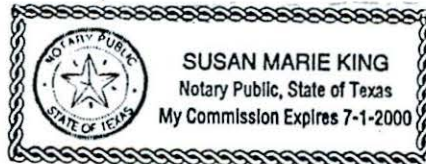
\_\_\_\_\_  
Larry Wollschlager

STATE OF TEXAS  
COUNTY OF HARRIS

BEFORE ME, the undersigned authority, on this day personally appeared T.A. Hillin, known to me to be said 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.

Susan Marie King  
Notary Public in and for the State of \_\_\_\_\_

\_\_\_\_\_  
Printed Name



Page 2  
Hahman State Assignment

\_\_\_\_\_  
Kenneth Gibson

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J. P. Exploration, Inc.

\_\_\_\_\_  
Majax, Inc.

\_\_\_\_\_  
Lynn Roach

\_\_\_\_\_  
T. A. Hillin

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Bill Jackson

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Osprey Resources, Inc.

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Howard Sears

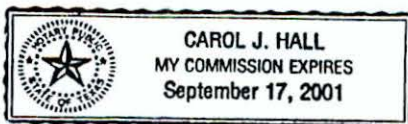
\_\_\_\_\_  
Larry Wollschlager

STATE OF Texas  
COUNTY OF Harris

BEFORE ME, the undersigned authority, on this day personally appeared Bill Jackson, known to me to be said 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.

Carol J. Hall  
Notary Public in and for the State of Texas

CAROL J. HALL  
Printed Name





\_\_\_\_\_  
Kenneth Gibson

\_\_\_\_\_  
T. A. Hillin

\_\_\_\_\_  
J. P. Exploration, Inc.

\_\_\_\_\_  
Bill Jackson

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Majax, Inc.

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Osprey Resources, Inc.

\_\_\_\_\_  
Lynn Roach

\_\_\_\_\_  
*Howard Sears*  
Howard Sears

\_\_\_\_\_  
Larry Wollschlager

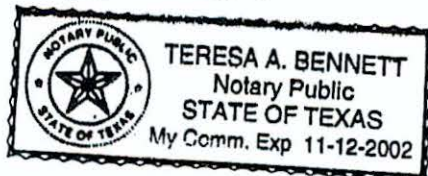
STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

*Texas*  
*Grayson*

BEFORE ME, the undersigned authority, on this day personally appeared *Howard Sears*  
known to me to be said 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.

*Teresa A. Bennett*  
Notary Public in and for the State of \_\_\_\_\_

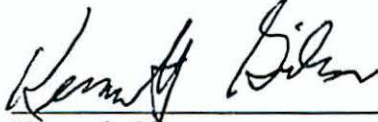
*Texas*



TERESA A BENNETT  
Printed Name

Page 2

Hahman State Assignment



Kenneth Gibson

T. A. Hillin

J. P. Exploration, Inc.

Bill Jackson

Majax, Inc.

Osprey Resources, Inc.

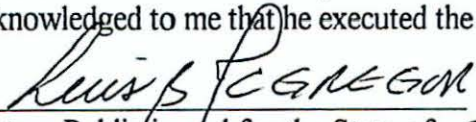
Lynn Roach

Howard Sears

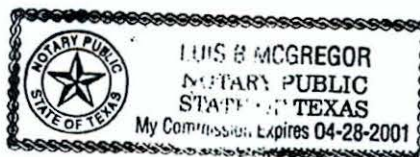
Larry Wollschlager

STATE OF TEXAS  
COUNTY OF  GALVESTON

BEFORE ME, the undersigned authority, on this day personally appeared Gibson, Kenneth Shay known to me to be said 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.

  
Notary Public in and for the State of TEXAS

Luis B McGREGOR  
Printed Name





\_\_\_\_\_  
Kenneth Gibson

\_\_\_\_\_  
T. A. Hillin

\_\_\_\_\_  
J. P. Exploration, Inc.

\_\_\_\_\_  
Bill Jackson

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Majax, Inc.

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Osprey Resources, Inc.  
By: David D. Welsh, President

\_\_\_\_\_  
Lynn Roach

\_\_\_\_\_  
Howard Sears

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Larry Wollschlager

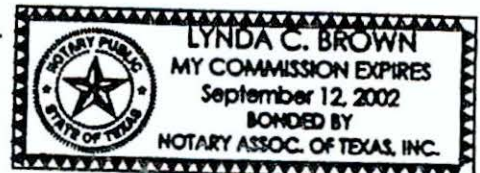
STATE OF Texas  
COUNTY OF Harris

BEFORE ME, the undersigned authority, on this day personally appeared David D. Welsh\*  
known to me to be said 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.

\* President of OSPREY RESOURCES, INC.

Lynda C. Brown  
Notary Public in and for the State of TEXAS

Lynda C. Brown  
Printed Name



**EXHIBIT "A"**

Assignment and Bill of Sale from  
Andrew Arceneaux Jr., et al to Larry Wollschlager  
dated November 1, 1999

1. Oil and Gas Lease dated November 18, 1988 between Emma II. Maxwell, Caroline Bayfield and the Estate of William H. Hahman as Lessors and T. A. Hillin, Lessee recorded in Volume 84, page 161 of Oil and Gas Lease records of Loving County, Texas covering Lots 7 and 9, Section 81, Block 33, H&T Ry Co. Survey containing 103.12 acres, more or less.
2. Oil and Gas Lease dated October 3, 1989 from the State of Texas to T. A. Hillin covering Tract 1-D of the Pecos River and recorded in Volume 85, page 392 of the Oil and Gas Lease records in Loving County, Texas and in Volume 497 , page 375 of the Deed of Records of Reeves County, Texas, comprising a total of 55 acres, more or less.

05-11-00P02:17 FILE

FILE NO: 00 356

GRANTOR: ARCENEAUX, ANDREW, ET AL  
GRANTEE: WOLLSCHLAGER, LARRY

I, BEVERLY HANSON, Clerk of the County Court, in and for said County, do hereby certify that the within instrument in writing, dated, 11/01/1999 with its certification of authentication, was filed for record in my office 05/11/2000 at 2:17PM o'clock and recorded 05/11/2000 in the OFFICIAL PUBLIC Records of Loving County, Texas, in VOL 14 , PG: 51. Witness my Hand and Seal of Said Court, at office in Mentone, Texas, on date and year last above written.



FEE: 30.25

BEVERLY HANSON, COUNTY CLERK  
LOVING COUNTY, TEXAS

*Sherlene Burrows*, DEPUTY  
SHERLENE BURROWS



①

00-99-2

File No. M-93628

Assignment

Date Filed: 6-20-00

David Dewhurst, Commissioner

By DB

J. Daryl Morgan  
Texas General Land Office  
Page 1



## **WOLF ENERGY, INC.**

201 West Wall Street, Suite 101  
Midland, Texas 79701  
432-685-0531 office, 432-685-3701 fax  
[www.wolfenergy.com](http://www.wolfenergy.com)

April 25, 2005

J. Daryl Morgan  
Texas General Land Office  
P. O. Box 12873  
Austin, Texas 78711-2873  
Phone: (512) 463-5001  
Fax: (512) 475-1543

Dear J. Daryl Morgan,

Wolf Energy, Inc. (Wolf) is a small exploration company in Midland, Texas. We believe we have defined a deep structure in an old area where several gas units already exist. We have spoken with Miller and Miller and the Railroad Commission about various methods to be able to proceed.

In order to proceed we first would like for you to review your State Lease M93628 consisting of 6.88 acres. We have reviewed this lease and believe we can pool the deeper rights, with the State's approval, into a new gas unit to be formed when we finalize title check.

In addition, we would like to acquire the rights to the 8 acres contiguous to, north of M93628. This also would be pooled and included in a new deeper gas unit.

Enclosed is a fax of Wolf's survey maps and the plat including the 6.88 state lease.

Presently Wolf controls the following subject to title attorney confirmation:

|            |         |
|------------|---------|
| Lots 7 & 9 | 102.02  |
| Lot 10     | 32.88 * |
| Lot 12     | 32.19   |
| M93628     | 6.88    |

\* Possible acreage number discrepancy problem.

Wolf also owns in acreage and units north, south, east and west, but each contains its own set of Working Interest Owners, pooling problems, unit boundaries, etc. Dale Miller has helped Wolf



J. Daryl Morgan  
Texas General Land Office  
Page 2

review its options and recommends a substandard unit be formed which is likely to be permitted due to the existing units, the irregularity of the river sections and because of the river, etc.

After reviewing M93628 and our request to pool an additional 8 acres of contiguous river, please advise us what we need to do next to be able to proceed so we can begin to find appropriate financing for such a project.

Thank you for your cooperation.

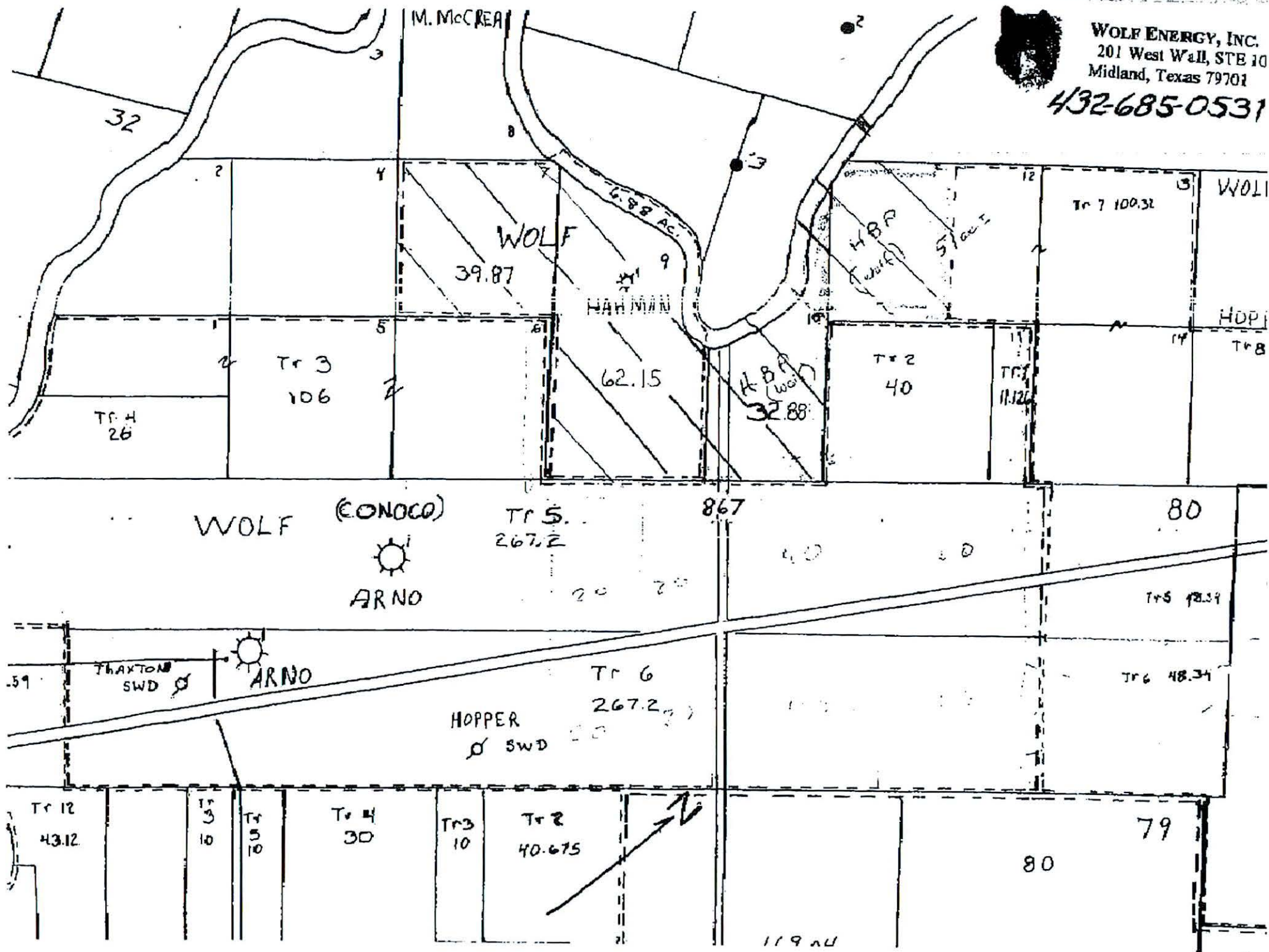
Sincerely,



Larry R. Wollschlager  
President, Wolf Energy

called & advised about  
pooling deeper depths

Jul  
4/26/05



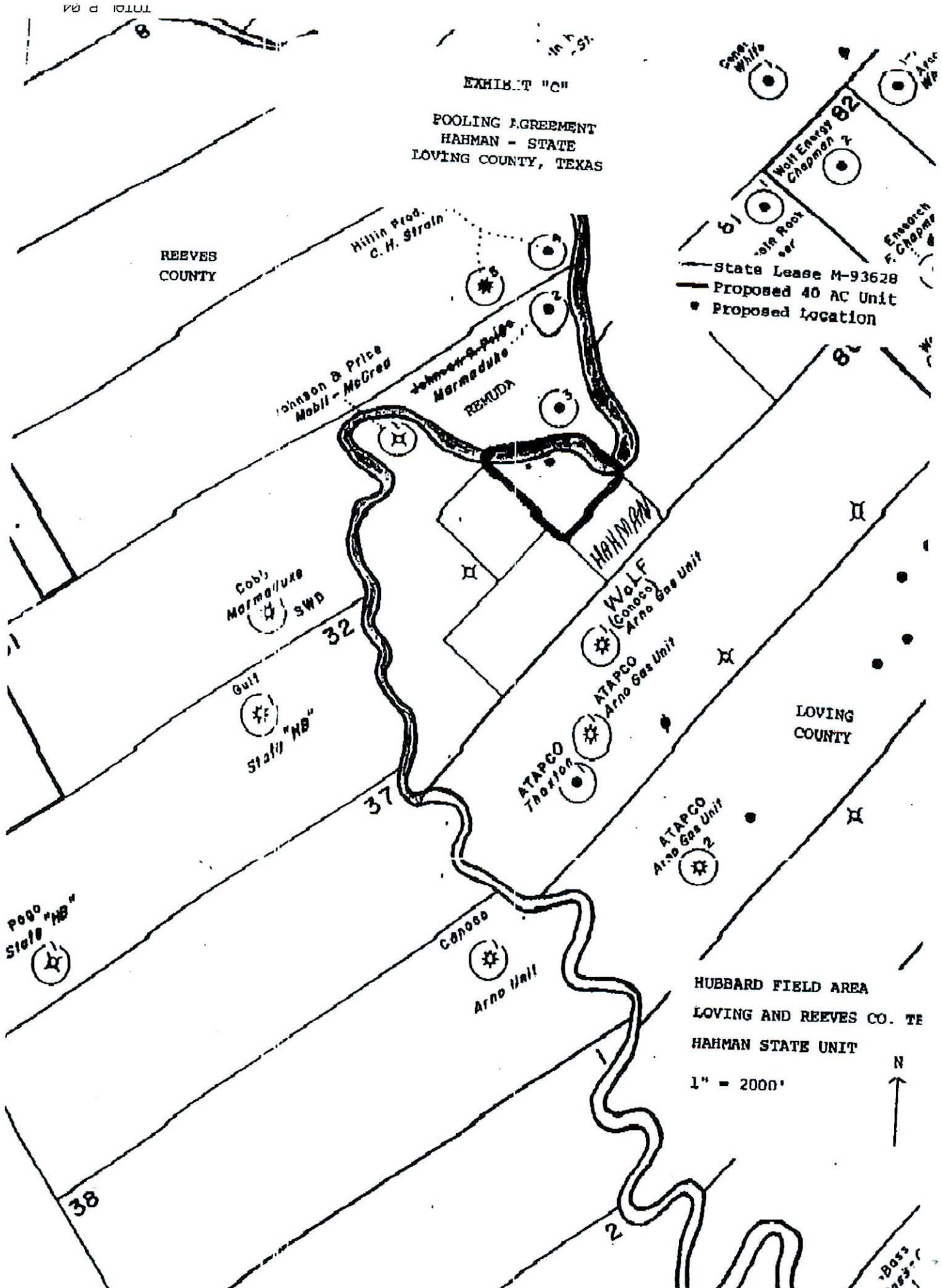
WOLF ENERGY, INC.  
201 West Wall, STE 10  
Midland, Texas 79701

432-685-0531



EXHIBIT "C"

POOLING AGREEMENT  
HAHMAN - STATE  
LOVING COUNTY, TEXAS



File No. M-93629 (8)  
Fax Ltr. From Wolf Energy

Date Filed: 4-26-05

Jerry E. Patterson, Commissioner  
By Dwyl Morgan



**DO NOT DESTROY**



**Texas General Land Office**  
**UNIT AGREEMENT MEMO**

PA06-131

Unit Number 3872  
Operator Name WOLF ENERGY INC Effective Date 9/19/2006  
TaxID: [REDACTED] Unitized For Oil & Gas  
Unit Name Pecos Bend Unit Unit Term 18 Months  
County1 Loving  
County 2 Reeves  
County 3  
RRC District: 08  
Unit Type: Temporary  
State Royalty Interest: 0.0120427322758  
State Part in Unit: 0.0481709291033  
Unit Depth All Well:  
Below Depth 0 Formation: Devonian. Fusselman. Ellenburger  
Above Depth 0 Participation Basis: Surface Acreage  
[If Exclusions Apply: See Remarks]

MF Number MF093628 Tract Number 1  
Lease Acres 6.88 / Total Unit Acres 308.9 =  
Tract Participation: 0.0222726 X  
Lease Royalty 0.25 = Manual Tract Participation: [ ] 0 See Remarks  
Tract Royalty Participation 0.0055681 Manual Tract Royalty: [ ] 0  
Tract Royalty Reduction No  
Tract Royalty Rate 0  
Tract On-Line Date:

|                                    |                  |                     |                                                                                                                                                                                                                                     |  |   |  |  |  |  |  |   |
|------------------------------------|------------------|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|---|--|--|--|--|--|---|
| <b>MF Number</b>                   | <b>MF106921</b>  | <b>Tract Number</b> | <b>2</b>                                                                                                                                                                                                                            |  |   |  |  |  |  |  |   |
| <b>Lease Acres</b>                 | <b>8</b>         | <b>/</b>            | <b>Total Unit Acres</b> <b>308.9 =</b>                                                                                                                                                                                              |  |   |  |  |  |  |  |   |
| <b>Tract Participation:</b>        | <b>0.0258983</b> | <b>X</b>            |                                                                                                                                                                                                                                     |  |   |  |  |  |  |  |   |
| <b>Lease Royalty</b>               | <b>0.25</b>      | <b>=</b>            | <b>Manual Tract Participation:</b> <table border="1" style="display: inline-table;"><tr><td> </td><td>0</td></tr><tr><td> </td><td> </td></tr><tr><td> </td><td> </td></tr><tr><td> </td><td>0</td></tr></table> <b>See Remarks</b> |  | 0 |  |  |  |  |  | 0 |
|                                    | 0                |                     |                                                                                                                                                                                                                                     |  |   |  |  |  |  |  |   |
|                                    |                  |                     |                                                                                                                                                                                                                                     |  |   |  |  |  |  |  |   |
|                                    |                  |                     |                                                                                                                                                                                                                                     |  |   |  |  |  |  |  |   |
|                                    | 0                |                     |                                                                                                                                                                                                                                     |  |   |  |  |  |  |  |   |
| <b>Tract Royalty Participation</b> | <b>0.0064746</b> |                     | <b>Manual Tract Royalty:</b> <table border="1" style="display: inline-table;"><tr><td> </td><td> </td></tr><tr><td> </td><td> </td></tr><tr><td> </td><td> </td></tr><tr><td> </td><td> </td></tr></table>                          |  |   |  |  |  |  |  |   |
|                                    |                  |                     |                                                                                                                                                                                                                                     |  |   |  |  |  |  |  |   |
|                                    |                  |                     |                                                                                                                                                                                                                                     |  |   |  |  |  |  |  |   |
|                                    |                  |                     |                                                                                                                                                                                                                                     |  |   |  |  |  |  |  |   |
|                                    |                  |                     |                                                                                                                                                                                                                                     |  |   |  |  |  |  |  |   |

**Tract Royalty Reduction** No  
**Tract Royalty Rate** 0  
**Tract On-Line Date:**

**API Number**      **RRC Number**

**Remarks:**

**Prepared By:** REW

**GLO Base Updated By:** M. Silva

**RAM Approval By:** J King

**GIS By:** [Signature]

**Mineral Maps By:** \_\_\_\_\_

**Prepared Date:** 9-25-06

**GLOBase Date:** 10-16-06

**RAM Approval Date:** 10-24-06

**GIS Date:** 11-15-06

**Mineral Maps Date:** \_\_\_\_\_



## Pooling Committee Report

**To:** School Land Board  
**Date of Board Meeting:** September 19, 2006  
**Effective Date:** 9/19/2006  
**Unit Expiration Date:** 3/19/2008  
**Applicant:** Wolf Energy, Inc.  
**Attorney Rep:**  
**Operator:** WOLF ENERGY INC  
**County 1:** Loving  
**County 2:** Reeves  
**County 3:**  
**Unit Name:** Pecos Bend Unit  
**Field Name:** Wildcat

**PA06-131**  
**Unit Number:** 3872

| <u>Lease Type</u> | <u>MF Number</u> | <u>Lease Royalty</u> | <u>Expiration Date</u> | <u>Lease Term</u> | <u>Lease Acres</u> | <u>Lease Acres in Unit</u> | <u>Royalty Participation</u> |
|-------------------|------------------|----------------------|------------------------|-------------------|--------------------|----------------------------|------------------------------|
| SF                | MF093628         | 0.25                 | 10/3/1992              | 3 years           | 6.88               | 6.88                       | 0.0055681                    |
| UR                | MF106921         | 0.25                 |                        |                   | 0                  | 8                          | 0.0064746                    |

A part of the Pecos River is being pooled pursuant to Texas Natural Resources Code 52.076 which gives the School Land Board the authority to pool unleased riverbeds and channels.

SF = State Fee    RAL = Relinquishment Act    FR = Free Royalty    UR = Unleased River

|                          |        |
|--------------------------|--------|
| <b>Private Acres:</b>    | 294.02 |
| <b>State Acres:</b>      | 14.88  |
| <b>Total Unit Acres:</b> | 308.9  |

|                                    |       |
|------------------------------------|-------|
| <b><u>Participation Basis:</u></b> |       |
| Surface Acreage                    |       |
| <b><u>State Acreage:</u></b>       | 4.82% |
| <b><u>State Unit Royalty:</u></b>  | 1.20% |

|                          |                             |
|--------------------------|-----------------------------|
| <b><u>Unit Type:</u></b> | <b><u>Unitized for:</u></b> |
| Temporary                | Oil & Gas                   |
| <b><u>Term:</u></b>      | 18 Months                   |

|                              |
|------------------------------|
| <b><u>Well Location:</u></b> |
| Private Land                 |

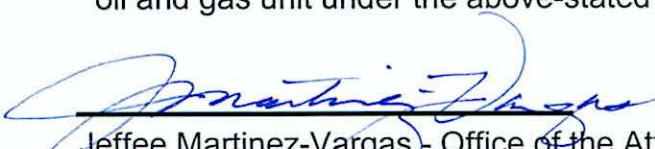
|                          |                              |
|--------------------------|------------------------------|
| <b><u>RRC Rules:</u></b> | <b><u>Spacing Acres:</u></b> |
| Statewide                | 40 Acres                     |

**REMARKS:**

- Wolf Energy, Inc. is requesting 18 month temporary oil and gas pooling to all depths save and except the 40 acres within the Hahman-State Unit # 2028 from the surface to 6,500 feet.
- The applicant plans on drilling a well in early 2007. The proposed total depth is 21,000 feet true vertical depth. A 400 foot lateral leg will be drilled within the Devonian Formation.
- To compensate the state for lost lease bonus the applicant has agreed to pay the Permanent School Fund \$2,400.00 or \$300.00 per acre for the unleased Pecos River acreage.
- With approval of the unit the State's unit royalty participation will to be 1.204%.
- Approval by the School Land Board in no way ratifies the state lease included in this proposed unit.

**POOLING COMMITTEE RECOMMENDATION:**

- The Pooling Committee recommends Board approval of an 18-month temporary oil and gas unit under the above-stated provisions.

  
Jeffee Martinez-Vargas - Office of the Attorney General

  
Peter A. Boone - General Land Office

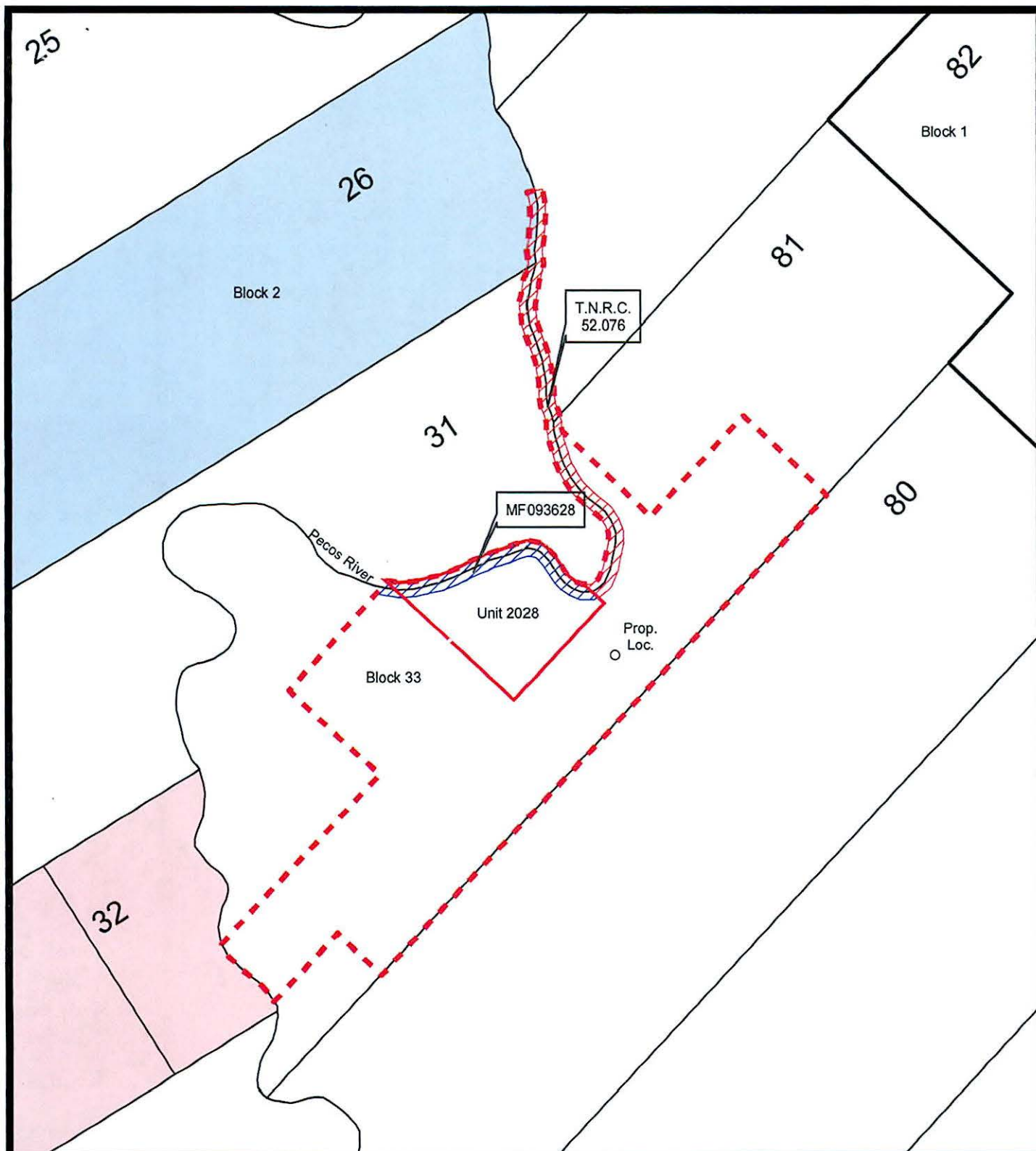
\_\_\_\_\_  
Vacant - Office of the Governor

9/06/06  
Date:

9-6-06  
Date:

\_\_\_\_\_  
Date:





Wolf Energy, Inc.  
Pecos Bend Unit  
Wildcat  
MF093628 and a part of the  
Pecos River is being pooled  
pursuant to T.N.R.C. 52.076  
Loving and Reeves Counties  
PA06-131

NAD\_1927\_Albers  
Projection: Albers  
False\_Easting: 0.000000  
False\_Northing: 0.000000  
Central\_Meridian: -100.000000  
Standard\_Parallel\_1: 28.000000  
Standard\_Parallel\_2: 35.000000  
Latitude\_Of\_Origin: 31.000000

GCS\_North\_American\_1927

0 500 1,000 Feet



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



Map Compiled By:  
Ferrel Taylor  
Information Systems - GIS  
September 19, 2006



TERM POOLING AGREEMENT  
WOLF ENERGY, INC.  
PECOS BEND UNIT  
LOVING AND REEVES COUNTIES, TEXAS

THIS AGREEMENT is entered into by and between the Commissioner of the General Land Office, on behalf of the State of Texas, as "Lessor" and Wolf Energy, Inc., herein referred to as "Lessee", and such other interested parties as may join in the execution hereof, the undersigned parties herein collectively referred to as the "parties", in consideration of the mutual agreements hereinafter set forth and other valuable considerations, the receipt and sufficiency of which are hereby acknowledged, and for the purposes and upon the terms and conditions which follow:

PURPOSES:

1.

This Pooling Agreement ("Agreement") is made for the purposes of conservation and utilization of the pooled mineral, to prevent waste, to facilitate orderly development and to preserve correlative rights. To such end, it is the purpose of this Agreement to effect equitable participation within the unit formed hereby. This Agreement is intended to be performed pursuant to and in compliance with all applicable statutes, decisions, regulations, rules, orders and directives of any governmental agency having jurisdiction over the production and conservation of the pooled mineral and in its interpretation and application shall, in all things, be subject thereto.

UNIT DESCRIPTION:

2.

The oil and gas leases, which are included within the pooled unit, are listed on the attached Exhibit "A", to which leases and the records thereof reference is here made for all pertinent purposes. The pooled unit shall consist of all of the lands described in Exhibit "B" attached hereto and made a part hereof. A plat of the pooled unit is attached hereto as Exhibit "C".

MINERAL POOLED:

3.

The mineral pooled and unitized ("pooled mineral") hereby shall be oil and gas including all hydrocarbons that may be produced from an oil well or a gas well as such wells are recognized and designated by the Railroad Commission of Texas or other state regulatory agency having jurisdiction of the drilling and production of oil and gas wells. The pooled mineral shall extend to all depths underlying the surface boundaries of the pooled unit save and except those depths from the surface to 6,500 feet on the 40 acres contained within the boundaries of the Hahman-State Unit which is more particularly described in the Pooling Agreement on file in the Archives and Records of the Texas General Land Office in Mineral File M-93628 ("unitized interval").

POOLING AND EFFECT:

4.

The parties hereto commit all of their interests which are within the unit to the extent and as above described into said unit and unitize and pool hereunder the separate tracts described on the attached Exhibit "B", for and during the term hereof, so that such pooling or unitization shall have the following effect:

- (a) The unit, to the extent as above described, shall be operated as an entirety for the exploration, development and production of the pooled mineral, rather than as separate tracts.
- (b) All drilling operations, reworking or other operations with respect to the pooled mineral on land within the unit shall be considered as though the same were on each separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Agreement. In the event the unitized area covered by this Agreement is maintained in force by drilling or reworking operations conducted on a directional well drilled under the unitized area from a surface location on adjacent or adjoining lands not included within the boundaries of the unitized area, such operations shall be considered to have been commenced on the unitized area when drilling is commenced on the adjacent or adjoining land for the purpose of directionally drilling under the unitized area and production of oil or gas from the unitized area through any directional well surfaced on adjacent or adjoining land or drilling or reworking of any such directional well shall be considered production or drilling or reworking operations, as the case may be, on the unitized area for all purposes under this Agreement. Nothing in this Agreement is intended or shall be construed as granting to Lessee any leasehold interest, easements, or other rights in or with respect to any such adjacent or adjoining land in addition to any such leasehold interests, easements, or other rights which the lessee, operator or other interest owner in the unitized area may have lawfully acquired from the state or others.
- (c) Production of the pooled mineral from the unit allocated to each separate tract, respectively, as hereinafter provided, shall be deemed to have been produced from each such separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Agreement.
- (d) All rights to the production of the pooled mineral from the unit, including royalties and other payments, shall be determined and governed by the lease or other contract pertaining to each separate tract, respectively, based upon the production so allocated to such tract only, in lieu of the actual production of the pooled mineral therefrom. Provided that, payments that are made on a per acre basis shall be reduced according to the number of acres pooled and included herein, so that payments made on a per acre basis shall be calculated based upon the number of acres actually included within the boundaries of the pooled unit covered by this Agreement.
- (e) A shut-in oil or gas well located upon any land or lease included within said unit shall be considered as a shut-in oil or gas well located upon each land or lease included within said unit; provided, however, that shut-in oil or gas well royalty shall be paid

90.91.07



to the State on each State lease wholly or partially within the unit, according to the terms of such lease as though such shut-in oil or gas well were located on said lease, it being agreed that shut-in royalties provided in each State lease shall not be shared with other royalty owners.

- (f) Notwithstanding any other provision hereof, it is expressly agreed that each State lease may be maintained in force as to areas lying outside the unitized area described in Exhibit "B" only as provided in each such lease without regard to unit operations or unit production. Neither production of the pooled mineral, nor unit operations with respect thereto, nor the payment of shut-in royalties from a unit well, shall serve to hold any State lease in force as to any area outside the unitized area described in Exhibit "B" regardless of whether the production or operations on the unit are actually located on the State lease or not. "Area" as used in this paragraph shall be based upon surface acres to the end that, except as may otherwise be provided in each State Lease, the area inside the surface boundaries of the pooled unit, if held, will be held as to all depths and horizons.
- (g) If the Railroad Commission of Texas (or any other Texas regulatory body having jurisdiction) shall adopt special field rules providing for oil and/or gas proration units of less than 308.9 acres, then Lessee agrees to either (1) drill to the density permitted by the Railroad Commission, (2) make application to the School Land Board of the State of Texas to reform the unit to comply with Railroad Commission unit rules, or (3) make application to the School Land Board of the State of Texas for such remedy as may be agreeable to the Board.
- (h) This Agreement shall not relieve Lessee from the duty of protecting the State leases described in Exhibit "A" and the State lands within the boundaries of the pooled unit described in Exhibit "B" from drainage from any well situated on privately owned land, lying outside the unitized area described in Exhibit "B", but, subject to such obligation, Lessee may produce the allowable for the entire unit as fixed by the Railroad Commission of Texas or other lawful authority, from any one or more wells completed thereon.
- (i) There shall be no obligation to drill internal offsets to any other well on separate tracts within the pooled unit, nor to develop the lands within the boundaries thereof separately, as to the pooled mineral.
- (j) Should this Agreement terminate for any cause, in whole or in part, the leases and other contracts affecting the lands within the unit, if not then otherwise maintained in force and effect, shall remain and may be maintained in force and effect under their respective terms and conditions in the same manner as though there had been production or operations under said lease or contract and the same had ceased on the date of the termination of this Agreement.

#### ALLOCATION OF PRODUCTION:

5.

For the purpose of computing the share of production of the pooled mineral to which each interest owner shall be entitled from the pooled unit, there shall be allocated to each tract committed to said unit that pro rata portion of the pooled mineral produced from the pooled unit which the number of surface acres covered by each such tract and included in the unit bears to the total number of surface acres included in said unit, and the share of production to which each interest owner is entitled shall be computed on the basis of such owner's interest in the production so allocated to each tract.

#### TAKING ROYALTY IN KIND:

6.

Notwithstanding anything contained herein to the contrary, the State may, at its option, upon not less than sixty (60) days notice to Lessee, require that payment of all or any royalties accruing to the State under this pooling or unitization agreement be made in kind, without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting and otherwise making the oil, gas and other products produced hereunder ready for sale or use.

#### FULL MARKET VALUE:

7.

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

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

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

#### EFFECTIVE DATE:

8.

Upon execution by the Commissioner of the General Land Office of the State of Texas this Agreement shall become effective as of September 19, 2006.





TERM:

9.

Unless this agreement expires earlier pursuant to the terms of the respective leases included as a part of this Agreement, or on such other date approved by the School Land Board and mutually agreed to by the undersigned parties, their successors or assigns, this Agreement shall expire on March 19, 2008. Nothing herein shall amend or modify Section 52.031 of the Natural Resources Code, or any of the provisions thereof, which are contained in any State lease, covered by this Agreement.

STATE LAND:

10.

Insofar as the royalty interest of the State of Texas in and under any State tract committed to the unit is concerned, this Agreement is entered into, made and executed by the undersigned Commissioner of the General Land Office by virtue of the authority and pursuant to the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, authorizing the same, after the prerequisites, findings and approval hereof, as provided in said Code having been duly considered, made and obtained.

DISSOLUTION:

11.

The unit covered by this Agreement may be dissolved by Lessee, his heirs, successors or assigns, by an instrument filed for record in Loving and Reeves Counties, Texas, and a certified copy thereof filed in the General Land Office at any time after the cessation of production on said unit or the completion of a dry hole thereon prior to production or upon such other date as may be approved by the School Land Board and mutually agreed to by the undersigned parties, their successors or assigns.

RATIFICATION/WAIVER:

12.

Nothing in this Agreement, nor the approval of this Agreement by the School Land Board, nor the execution of this Agreement by the Commissioner shall: (1) operate as a ratification or revivor of any State lease that has expired, terminated, or has been released in whole or in part or terminated under the terms of such State lease or the laws applicable thereto; (2) constitute a waiver or release of any claim for money, oil, gas or other hydrocarbons, or other thing due to the State by reason of the existence or failure of such lease; (3) constitute a waiver or release of any claim by the State that such lease is void or voidable for any reason, including, without limitation, violations of the laws of the State with respect to such lease or failure of consideration; (4) constitute a confirmation or recognition of any boundary or acreage of any tract or parcel of land in which the State has or claims an interest; or (5) constitute a ratification of, or a waiver or release of any claim by the State with respect to any violation of a statute, regulation, or any of the common laws of this State, or any breach of any contract, duty, or other obligation owed to the State.

COUNTERPARTS:

13.

This Agreement may be executed in counterparts and if so executed shall be valid, binding and have the same effect as if all the parties hereto actually joined in and executed one and the same document. For recording purposes and in the event counterparts of this Agreement are executed, the executed pages, together with the pages necessary to show acknowledgments, may be combined with the other pages of this Agreement so as to form what shall be deemed and treated as a single original instrument showing execution by all parties hereto.

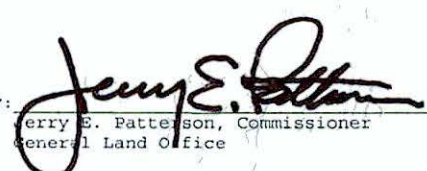
IN WITNESS WHEREOF, the parties have executed this Agreement upon the respective dates indicated below.

Date Executed 10/19/04

STATE OF TEXAS

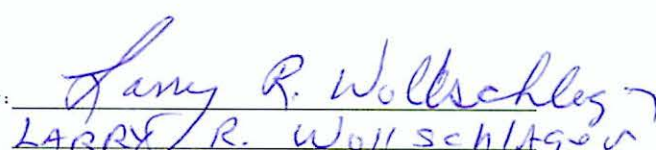
Legal  
Content  
Geology  
Executive



By:   
Perry E. Patterson, Commissioner  
General Land Office

Date Executed 10-11-04

WOLF ENERGY, INC.

By:   
LARRY R. WOLLSCHLAGER  
Its: PRESIDENT



CERTIFICATE

I, Stephanie Crenshaw, Secretary of the School Land Board of the State of Texas, do hereby certify that at a meeting of the School Land Board duly held on the 19th day of September, 2006, the foregoing instrument was presented to and approved by said Board under the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, all of which is set forth in the Minutes of the Board of which I am custodian.

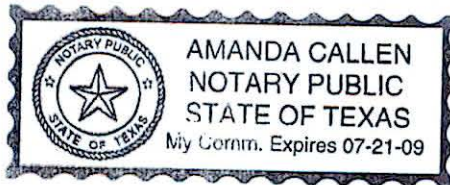
IN TESTIMONY WHEREOF, witness my hand this the 23rd day of October, 2006.

Stephanie Crenshaw  
Secretary of the School Land Board

STATE OF TEXAS

COUNTY OF MIDLAND

This instrument was acknowledged before me on October 11, 2006, by Larry Wolischlager  
as PRESIDENT of Wolf Energy, Inc., a TEXAS  
corporation, on behalf of said corporation.



Amanda Callen  
Notary Public in and for the State of Texas

90.97.07

Wolf Energy, Inc.

Pecos Bend Unit

Exhibit "A" + 118"

Hahman

LESSOR: Emma H. Maxwell, Caroline Bayfield and the Estate of William H. Hahman  
LESSEE: T.A. Hillin  
INSTRUMENT: Oil and Gas Lease  
DATED: November 18, 1988  
RECORDING: Volume 84, page 161 of Oil and Gas Lease records of Loving County, Texas.  
STATUS: H.B.P. Cherry Canyon Production  
ROYALTY: 1/6  
LANDS COVERED: Lots 7 and 9, Section 81, Block 33, H&TC Ry Co. Survey containing 103.12 acres, more or less. 102.02 ac

LESSOR: T.A. Hillin  
LESSEE: Texas General Land Office  
INSTRUMENT: Oil and Gas Lease- M-93628  
DATED: October 3, 1989  
RECORDING: Volume 85, page 392 of the Oil and Gas Lease records of Loving County, Texas and Volume 497, page 375 of the Deed of records of Reeves County, Texas.  
STATUS: H.B.P. Cherry Canyon Production  
ROYALTY: 1/4  
LANDS COVERED: Tract I-D of the Pecos River 6.88 ac

Ely

LESSOR: Clifford Ely  
LESSEE: J. Mack Burnes  
INSTRUMENT: Oil and Gas Mineral Lease  
DATED: September 27, 1973  
RECORDING: Volume 40, page 549 of Oil and Gas Lease records of Loving County, Texas.  
STATUS: H.B.P. by Lot 15  
ROYALTY: 3/16  
LANDS COVERED: Lots # 10 and 15 of the E.L. Stratton subdivision of Section 81, Block 33, H&TC Ry Co. Survey, save and except lot 15 which is included in the Ford Chapman Unit. 46 ac

Jones

LESSOR: Charles Adams Etal  
LESSEE: American Trading and Production Corporation  
INSTRUMENT: Oil and Gas Lease  
DATED: May 9, 1969  
RECORDING: Volume 30, page 634 of Oil and Gas Lease  
STATUS: H.B.P. by Lot 13  
ROYALTY: 1/8  
LANDS COVERED: Lots 5,6,13, and NW 1/2 Lot 1, Section 81, Block 33, H&TC RR, save and except lot 13 which is included in the Ford Chapman Unit. 106 ac

Wolf

LESSOR: Raymond Dripps Individually and Executor  
LESSEE: Curtis Pool  
INSTRUMENT: Oil and Gas Lease  
DATED: September 15, 1973  
RECORDING: Volume 39, page 108 and extended Volume 52, page 334 of Oil and Gas Lease records.  
STATUS: H.B.P. by Shallow Production  
ROYALTY: 1/8  
LANDS COVERED: The South West 40 acres of Lot 11, Section 81, Block 33, H&TC Ry Co. Survey 40 ac

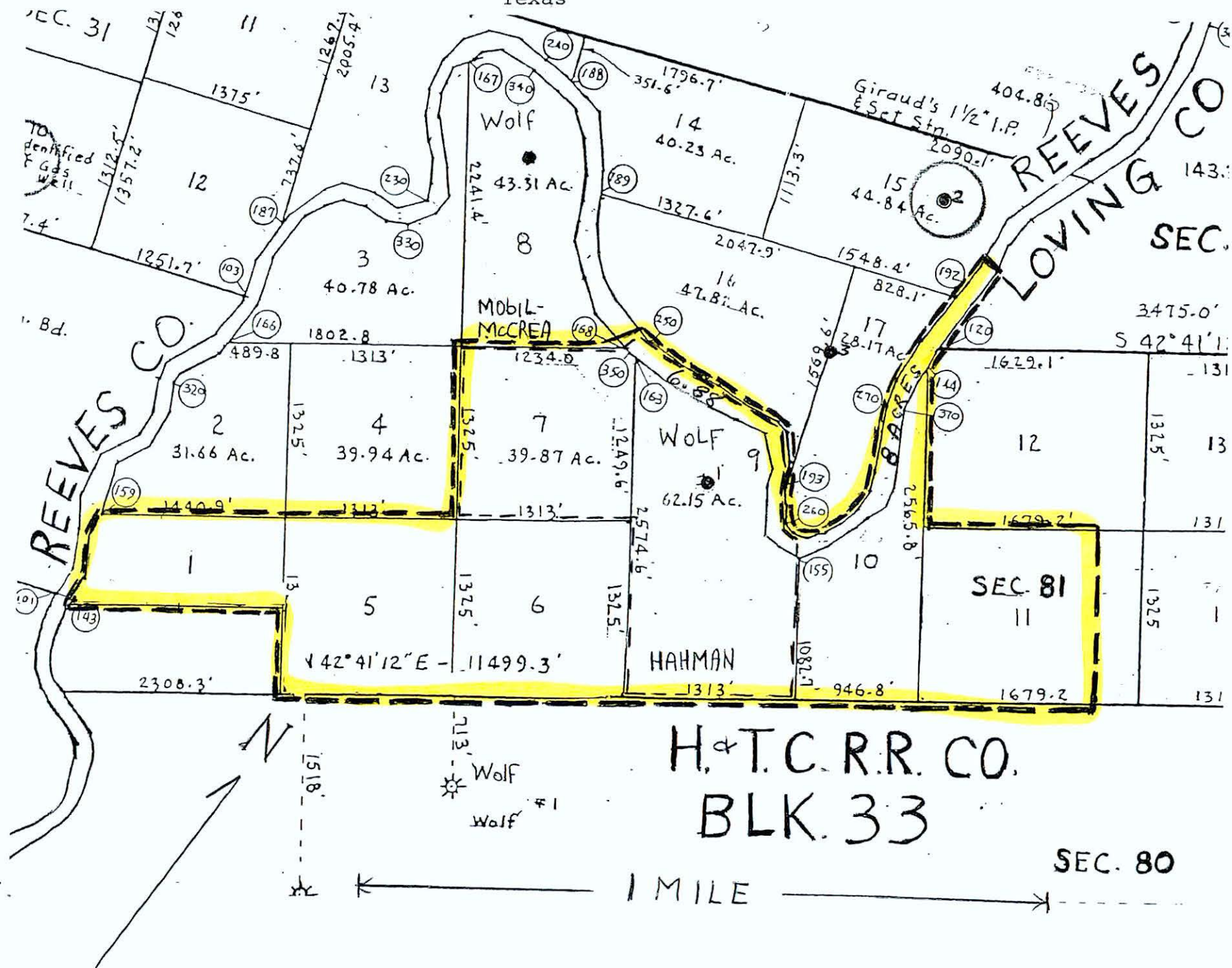
LESSOR:  
LESSEE: Wolf Energy, Inc.  
INSTRUMENT: State of Texas General Land Office  
DATED:  
RECORDING:  
STATUS:  
ROYALTY:  
LANDS COVERED: 8 ac

308.9 ac



EXHIBIT C

Texas



File No. MF 093628  
Pooling Committee Report  
+ Term Pooling Agreement

Date Filed: 10/24/06

Jerry E. Patterson, Commissioner

B, pp

10/24/06



**DO NOT DESTROY**



## Texas General Land Office UNIT AGREEMENT MEMO

PA06-131

Unit Number 3872  
Operator Name WOLF ENERGY INC Effective Date 9/19/2006  
TaxID: [REDACTED] Unitized For Oil & Gas  
Unit Name Pecos Bend Unit Unit Term 18 Months  
County 1 Loving  
County 2 Reeves  
County 3  
RRCD District: 08  
Unit Type: Temporary  
State Royalty Interest: 0.0120427322758  
State Part in Unit: 0.0481709291033  
Unit Depth All Well:  
Below Depth 0 Formation: Devonian. Fusselman. Ellenburger  
Above Depth 0 Participation Basis: Surface Acreage  
[If Exclusions Apply: See Remarks]

MF Number MF093628 Tract Number 1  
Lease Acres 6.88 / Total Unit Acres 308.9 =  
Tract Participation: 0.0222726 X  
Lease Royalty 0.25 =  
Tract Royalty Participation 0.0055681

Manual Tract Participation:  
Manual Tract Royalty:

See Remarks

Tract Royalty Reduction No  
Tract Royalty Rate 0  
Tract On-Line Date:

|                                    |                  |                                    |                                                                                |
|------------------------------------|------------------|------------------------------------|--------------------------------------------------------------------------------|
| <b>MF Number</b>                   | <b>MF106921</b>  | <b>Tract Number</b>                | <b>2</b>                                                                       |
| <b>Lease Acres</b>                 | <b>8</b>         | <b>Total Unit Acres</b>            | <b>308.9 =</b>                                                                 |
| <b>Tract Participation:</b>        | <b>0.0258983</b> | <b>X</b>                           |                                                                                |
| <b>Lease Royalty</b>               | <b>0.25</b>      | <b>=</b>                           |                                                                                |
| <b>Tract Royalty Participation</b> | <b>0.0064746</b> | <b>Manual Tract Participation:</b> | <div style="border: 1px solid black; padding: 2px;">0</div> <b>See Remarks</b> |
|                                    |                  | <b>Manual Tract Royalty:</b>       | <div style="border: 1px solid black; padding: 2px;">0</div>                    |

**Tract Royalty Reduction** No

**Tract Royalty Rate** 0

**Tract On-Line Date:**

**API Number**      **RRC Number**

**Remarks:**

**Prepared By:** REW

**GLO Base Updated By:** M. Silva

**RAM Approval By:** J King

**GIS By:** \_\_\_\_\_

**Mineral Maps By:** \_\_\_\_\_

**Prepared Date:** 9-25-06

**GLOBase Date:** 10-16-06

**RAM Approval Date:** 10-24-06

**GIS Date:** \_\_\_\_\_

**Mineral Maps Date:** \_\_\_\_\_



## Pooling Committee Report

To: School Land Board

PA06-131

Date of Board Meeting: September 19, 2006

Unit Number: 3872

Effective Date: 9/19/2006

Unit Expiration Date: 3/19/2008

Applicant: Wolf Energy, Inc.

Attorney Rep:

Operator: WOLF ENERGY INC

County 1: Loving

County 2: Reeves

County 3:

Unit Name: Pecos Bend Unit

Field Name: Wildcat

| <u>Lease Type</u> | <u>MF Number</u> | <u>Lease Royalty</u> | <u>Expiration Date</u> | <u>Lease Term</u> | <u>Lease Acres</u> | <u>Lease Acres in Unit</u> | <u>Royalty Participation</u> |
|-------------------|------------------|----------------------|------------------------|-------------------|--------------------|----------------------------|------------------------------|
| SF                | MF093628         | 0.25                 | 10/3/1992              | 3 years           | 6.88               | 6.88                       | 0.0055681                    |
| UR                | MF106921         | 0.25                 |                        |                   | 0                  | 8                          | 0.0064746                    |

A part of the Pecos River is being pooled pursuant to Texas Natural Resources Code 52.076 which gives the School Land Board the authority to pool unleased riverbeds and channels.

SF = State Fee    RAL = Relinquishment Act    FR = Free Royalty    UR = Unleased River

|                   |        |
|-------------------|--------|
| Private Acres:    | 294.02 |
| State Acres:      | 14.88  |
| Total Unit Acres: | 308.9  |

|                             |       |
|-----------------------------|-------|
| <u>Participation Basis:</u> |       |
| Surface Acreage             |       |
| <u>State Acreage:</u>       | 4.82% |
| <u>State Unit Royalty:</u>  | 1.20% |

|                   |                      |
|-------------------|----------------------|
| <u>Unit Type:</u> | <u>Unitized for:</u> |
| Temporary         | Oil & Gas            |
| <u>Term:</u>      | 18 Months            |

|                       |
|-----------------------|
| <u>Well Location:</u> |
| Private Land          |

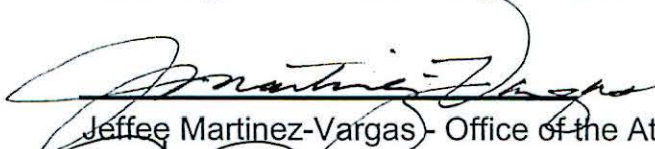
|                   |                       |
|-------------------|-----------------------|
| <u>RRC Rules:</u> | <u>Spacing Acres:</u> |
| Statewide         | 40 Acres              |

REMARKS:

- Wolf Energy, Inc. is requesting 18 month temporary oil and gas pooling to all depths save and except the 40 acres within the Hahman-State Unit # 2028 from the surface to 6,500 feet.
- The applicant plans on drilling a well in early 2007. The proposed total depth is 21,000 feet true vertical depth. A 400 foot lateral leg will be drilled within the Devonian Formation.
- To compensate the state for lost lease bonus the applicant has agreed to pay the Permanent School Fund \$2,400.00 or \$300.00 per acre for the unleased Pecos River acreage.
- With approval of the unit the State's unit royalty participation will to be 1.204%.
- Approval by the School Land Board in no way ratifies the state lease included in this proposed unit.

POOLING COMMITTEE RECOMMENDATION:

- The Pooling Committee recommends Board approval of an 18-month temporary oil and gas unit under the above-stated provisions.

  
Jeffee Martinez-Vargas - Office of the Attorney General

  
Peter A. Boone - General Land Office

\_\_\_\_\_  
Vacant - Office of the Governor

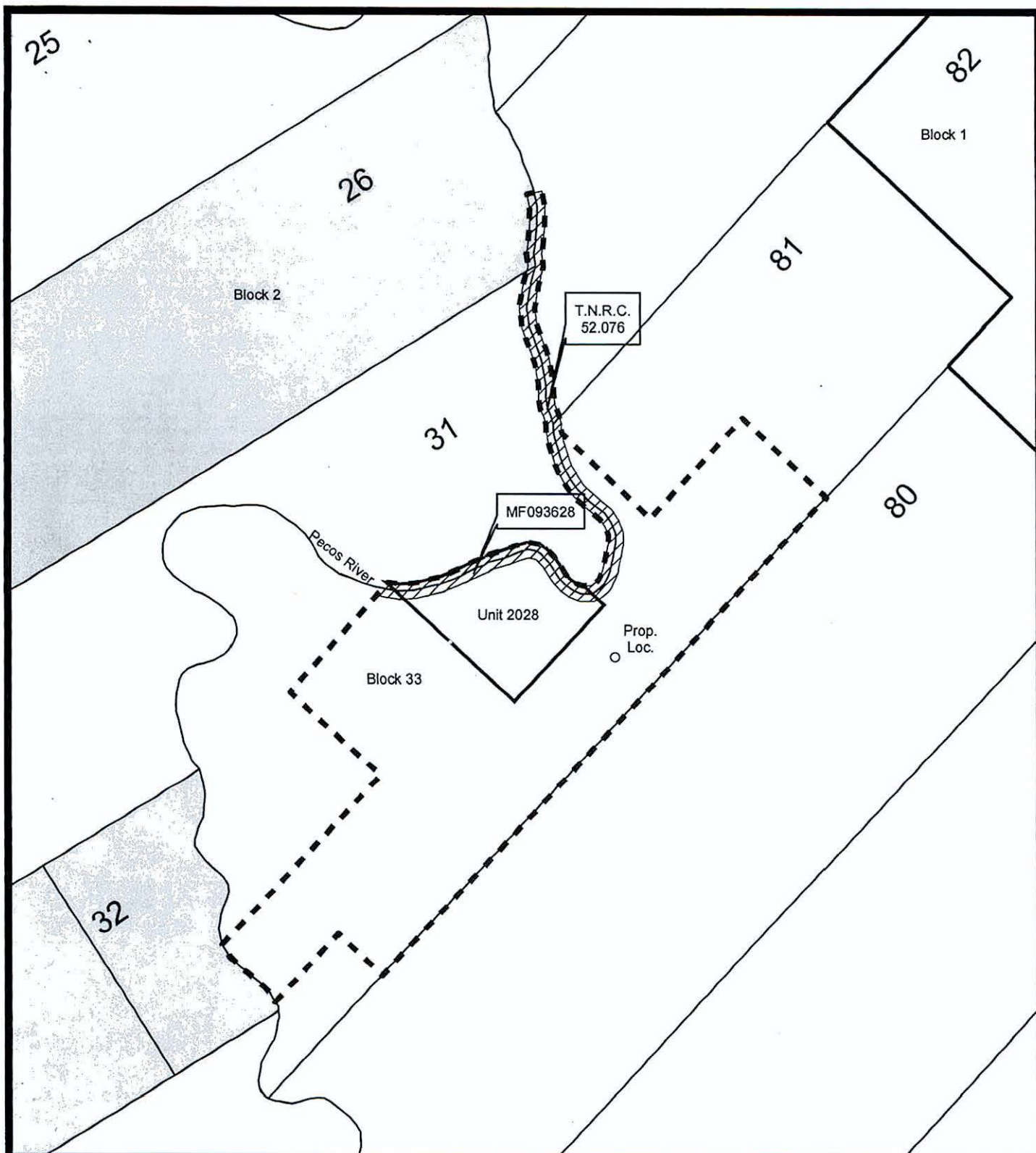
9/06/06  
Date:

9-6-06

Date:

\_\_\_\_\_  
Date:





Wolf Energy, Inc.  
Pecos Bend Unit  
Wildcat  
MF093628 and a part of the  
Pecos River is being pooled  
pursuant to T.N.R.C. 52.076  
Loving and Reeves Counties  
PA06-131

NAD\_1927\_Albers  
Projection: Albers  
False\_Easting: 0.000000  
False\_Northing: 0.000000  
Central\_Meridian: -100.000000  
Standard\_Parallel\_1: 28.000000  
Standard\_Parallel\_2: 35.000000  
Latitude\_Of\_Origin: 31.000000

GCS\_North\_American\_1927

0 500 1,000 Feet



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



Map Compiled By:  
Ferrel Taylor  
Information Systems - GIS  
September 19, 2006

**TERM POOLING AGREEMENT PURSUANT TO TNRC § 52.076**  
**STATE OF TEXAS / WOLF ENERGY, INC.**  
**PECOS BEND UNIT**  
**M-106921**  
**LOVING AND REEVES COUNTIES, TEXAS**

THIS AGREEMENT ("Agreement") is made and entered into and effective the 19th day of September 2006, by and between the Commissioner of the General Land Office of the State of Texas ("State"), and Wolf Energy, Inc.

WITNESSETH THAT:

WHEREAS, the State owns the minerals under 8 acres of the Pecos River contained within the boundaries of the 308.9-acre Pecos Bend Unit ("Unit") said 8 acres hereinafter referred to as the ("unleased interest"); and

WHEREAS, pursuant to Texas Natural Resources Code §52.076(a)(4), the School Land Board has authority to pool unleased river beds and channels owned by the State; and

WHEREAS, Wolf Energy, Inc. and the State desire to pool the above-referenced unleased interest into said Unit; and

WHEREAS, The School Land Board at its regular meeting on September 19, 2006, determined that pooling said unleased interest as to oil and gas for all depths, except on the 40 acres within the boundaries of the Hahman-State Unit as more particularly described in Exhibit "2" for a term of eighteen months is in the best interest of the State.

NOW, THEREFORE, in consideration of the payment of \$2,400.00 to the State and of the mutual agreements hereinafter set forth and together with other valuable consideration, the receipt and sufficiency of which are hereby acknowledged and confessed, and for the purposes and upon the terms and conditions contained herein, the parties hereto agree as follows:

1. This Agreement is entered into pursuant to the authority granted in Chapter 52, of the Texas Natural Resources Code and Chapter 9 of Title 31 of the Texas Administrative Code and is intended to be performed pursuant to and in compliance with all applicable statutes, decisions, regulations, rules, orders and directives of any governmental agency having jurisdiction over the production and conservation of minerals from the Unit and in the interpretation and application hereof this Agreement shall be, in all things, subject thereto.

2. The State and Wolf Energy, Inc. agree that nothing herein shall be construed as granting a leasehold interest to Wolf Energy, Inc. in the unleased interest but rather this Agreement affects a contractual pooling of interests with the respective rights and duties of the parties defined in paragraph 3, below.

3. The rights and duties of the State and Wolf Energy, Inc. with respect to the unleased interest within the boundaries of the Unit shall be established, governed and controlled by the terms, conditions and covenants contained in Exhibit "1" and Exhibit "2" attached hereto and incorporated herein, wherein the State shall be considered the Lessor and Wolf Energy, Inc. the Lessee and the State shall receive its share of unit production in the form of a royalty as provided in Exhibit "1" and allocated to the State as provided in Exhibit "2" with no obligation to the State for operating costs of any kind, including but not limited to exploring, drilling, equipping, completion, treating, transporting, marketing, plugging, abandonment or restoration.

4. This Agreement is for a term of eighteen months from the effective date and shall expire on March 19, 2008, unless it is dissolved earlier as approved by the School Land Board and mutually agreed to by the undersigned parties, their successors or assigns.

5. Inasmuch as the parties may not be able conveniently to execute one original hereof, it is agreed that a counterpart hereof may be executed by each party to this Agreement, each of which shall be considered an original, and all of said counterparts shall be construed together as one instrument.

6. The terms and provisions hereof shall extend to and be binding upon the heirs, legal representatives, successors, and assigns of the parties hereto.

7. This Agreement is to be performed in the State of Texas, and the substantive laws of the State of Texas will govern the validity, construction and enforcement of this Agreement.





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

Date Executed 10/19/06

STATE OF TEXAS

legal  
leas.  
cont.  
exec.

*[Handwritten initials]*

*[Signature of Jerry E. Patterson]*  
Jerry E. Patterson, Commissioner  
General Land Office

Date Executed 10-11-06

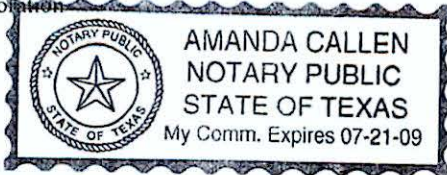
WOLF ENERGY, INC.

By: *[Signature of Larry R. Wollschlaeger]*  
LARRY R. WOLLSCHLAGER  
Its: PRESIDENT

STATE OF TEXAS

COUNTY OF MIDLAND

This instrument was acknowledged before me on October 11, 2006, by Larry Wollschlaeger as PRESIDENT of Wolf Energy, Inc. a TEXAS corporation on behalf of said corporation.



*[Signature of Amanda Callen]*  
Notary Public in and for the State of Texas

CERTIFICATE

I, Stephanie Crenshaw, Secretary of the School Land Board of the State of Texas, do hereby certify that at a meeting of the School Land Board duly held on September 19, 2006, the foregoing instrument was approved by said Board under the provisions of Chapter 52 of the Natural Resources Code all of which is set forth in the Minutes of the Board of which I am custodian.

IN TESTIMONY WHEREOF, witness my hand this the 23<sup>rd</sup> day of October, 2006.

*[Signature of Stephanie Crenshaw]*  
Secretary of the School Land Board

90.97.07



## EXHIBIT "1"

§52.076 Form  
Revised 3/04

**1. RESERVATION AND GRANT:** There is hereby excepted and reserved to Lessor the full use of the property covered hereby and all rights with respect to the surface and subsurface thereof for any and all purposes except those granted to Lessee, being the right to explore for, drill and produce the pooled mineral from the pooled area, and Lessor further reserves the rights of ingress and egress and use of said lands by Lessor and its mineral lessees, for purposes of exploring for and producing the minerals and zones which are not covered by this Agreement. All of the rights in and to the pooled area retained by Lessor and all of the rights in and to the pooled area granted to Lessee herein shall be exercised in such a manner that neither shall unduly interfere with the operations of the other.

**2. PRODUCTION ROYALTIES:** Upon production of the pooled mineral Lessee agrees to pay or cause to be paid to the Commissioner of the General Land Office in Austin, Texas, for the use and benefit of the State of Texas, during the term hereof:

(A) **OIL:** As a royalty on oil, which is defined as including all hydrocarbons produced in a liquid form at the mouth of the well and also all condensate, distillate, and other liquid hydrocarbons recovered from oil or gas run through a separator or other equipment, as hereinafter provided,  $\frac{1}{4}$  part of the gross production or the market value thereof, at the option of the Lessor, such value to be determined by 1) the highest posted price, plus premium, if any, offered or paid for oil, condensate, distillate, or other liquid hydrocarbons, respectively, of a like type and gravity in the general area where produced and when run, or 2) the highest market price thereof offered or paid in the general area where produced and when run, or 3) the gross proceeds of the sale thereof, whichever is the greater. Lessee agrees that before any gas produced from the land hereby pooled is sold, used or processed in a plant, it will be run free of cost to Lessor through an adequate oil and gas separator of conventional type or other equipment at least as efficient to the end that all liquid hydrocarbons recoverable from the gas by such means will be recovered. Upon written consent of Lessor, the requirement that such gas be run through such a separator or other equipment may be waived upon such terms and conditions as prescribed by Lessor.

(B) **NON-PROCESSED GAS:** As a royalty on any gas (including flared gas), which is defined as all hydrocarbons and gaseous substances not defined as oil in subparagraph (A) above, produced from any well on said land (except as provided herein with respect to gas processed in a plant for the extraction of gasoline, liquid hydrocarbons or other products)  $\frac{1}{4}$  part of the gross production or the market value thereof, at the option of the Lessor, such value to be based on the highest market price paid or offered for gas of comparable quality in the general area where produced and when run, or the gross price paid or offered to the producer, whichever is greater provided that the maximum pressure base in measuring the gas under this agreement contract shall not at any time exceed 14.65 pounds per square inch absolute, and the standard base temperature shall be sixty (60) degrees Fahrenheit, correction to be made for pressure according to Boyle's Law, and for specific gravity according to test made by the Balance Method or by the most approved method of testing being used by the industry at the time of testing.

(C) **PROCESSED GAS:** As a royalty on any gas processed in a gasoline plant or other plant for the recovery of gasoline or other liquid hydrocarbons,  $\frac{1}{4}$  part of the residue gas and the liquid hydrocarbons extracted or the market value thereof, at the option of the Lessor. All royalties due herein shall be based on one hundred percent (100%) of the total plant production of residue gas attributable to gas produced from this agreement, and on fifty percent (50%) or that percent accruing to Lessee, whichever is the greater, of the total plant production of liquid hydrocarbons, attributable to the gas produced from this agreement; provided that if liquid hydrocarbons are recovered from gas processed in a plant in which Lessee (or its parent, subsidiary or affiliate) owns an interest, then the percentage applicable to liquid hydrocarbons shall be fifty percent (50%) or the highest percent accruing to a third party processing gas through such plant under a processing agreement negotiated at arms' length (or if there is no such third party, the highest percent then being specified in processing agreements or contracts in the industry), whichever is the greater. The respective royalties on residue gas and on liquid hydrocarbons shall be determined by 1) the highest market price paid or offered for any gas (or liquid hydrocarbons) of comparable quality in the general area or 2) the gross price paid or offered for such residue gas (or the weighted average gross selling price for the respective grades of liquid hydrocarbons), whichever is the greater. In no event, however, shall the royalties payable under this paragraph be less than the royalties which would have been due had the gas not been processed.

(D) **OTHER PRODUCTS:** As a royalty on carbon black, sulphur or any other products produced or manufactured from gas (excepting liquid hydrocarbons) whether said gas be "casinghead," "dry" or any other gas, by fractionating, burning or any other processing,  $\frac{1}{4}$  part of gross production of such products, or the market value thereof, at the option of Lessor, such market value to be determined as follows:

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

(E) **NO DEDUCTIONS:** Lessee agrees that all royalties accruing to Lessor under this agreement shall be without deduction for the cost of producing, transporting, and otherwise making the oil, gas and other products produced hereunder ready for sale or use.

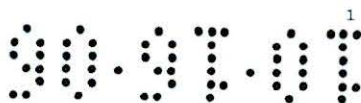
(F) **ROYALTY IN KIND:** Notwithstanding anything contained herein to the contrary, Lessor may, at its option, upon not less than 60 days notice to Lessee, require at any time or from time to time that payment of all or any royalties accruing to Lessor under this agreement be made in kind without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting and otherwise making the oil, gas and other products produced hereunder ready for sale or use. Lessor's right to take its royalty in kind shall not diminish or negate Lessor's rights or Lessee's obligations, whether express or implied, under this agreement.

(G) **PLANT FUEL AND RECYCLED GAS:** No royalty shall be payable on any gas as may represent this agreement's proportionate share of any fuel used to process gas produced hereunder in any processing plant. Notwithstanding anything contained herein to the contrary, and subject to the consent in writing of the Commissioner of the General Land Office, Lessee may recycle gas for gas lift purposes on the pooled area after the liquid hydrocarbons contained in the gas have been removed, and no royalties shall be payable on the gas so recycled until such time as the same may thereafter be produced and sold or used by Lessee in such manner as to entitle Lessor to a royalty thereon under the royalty provisions of this agreement.

(H) **MINIMUM ROYALTY:** The royalties paid to Lessor each year in no event shall be less than \$5.00 per acre pooled; otherwise, there shall be due and payable on or before the last day of the month succeeding the anniversary date of first production a sum equal to \$5.00 per acre pooled less the amount of royalties paid during the preceding year.

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

**4. (A) RESERVES, CONTRACTS AND OTHER RECORDS:** Lessee shall annually furnish the Commissioner of the General Land Office with its best possible estimate of pooled mineral reserves underlying the pooled area and shall furnish said Commissioner with copies of all contracts under which gas is sold or processed and all subsequent agreements and amendments to such contracts within thirty (30) days after entering into or making such contracts, agreements or amendments. Such contracts and agreements when received by the General Land Office shall be held in confidence by the General Land Office unless otherwise authorized by Lessee. All other contracts and records pertaining to the production, transportation, sale and marketing of the pooled





mineral produced from the pooled area, including the books and accounts, receipts and discharges of all wells, tanks, pools, meters, and pipelines shall at all times be subject to inspection and examination by the Commissioner of the General Land Office, the Attorney General, the Governor, or the representative of any of them.

(B) **DRILLING RECORDS:** Written notice of all operations on the pooled unit shall be submitted to the Commissioner of the General Land Office by Lessee or operator five (5) days before spud date, workover, re-entry, temporary abandonment or plug and abandonment of any unit well or wells. Such written notice to the General Land Office shall include copies of Railroad Commission forms for application to drill. Copies of well tests, completion reports and plugging reports shall be supplied to the General Land Office at the time they are filed with the Texas Railroad Commission. Lessee shall supply the General Land Office with any records, memoranda, accounts, reports, cuttings and cores, or other information relative to the operation of the above-described premises, which may be requested by the General Land Office, in addition to those herein expressly provided for. Lessee shall have an electrical and/or radioactivity survey made on the bore-hole section, from the base of the surface casing to the total depth of well, of all wells drilled on the unit and shall transmit a true copy of the log of each survey on each well to the General Land Office within fifteen (15) days after the making of said survey.

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

5. **OFFSET WELLS:** If the pooled mineral should be produced in commercial quantities from a well located on land privately owned or on State land leased at a lesser royalty, which well is within one thousand (1,000) feet of the area included herein, or which well is draining the area covered by this agreement, the Lessee shall, within sixty (60) days after such initial production from the draining well or the well located within one thousand (1,000) feet from the area covered by this agreement begin in good faith and prosecute diligently the drilling of an offset well on the area covered by this agreement, and such offset well shall be drilled to such depth as may be necessary to prevent the undue drainage of the area covered by this agreement, and the Lessee, manager or driller shall use all means necessary in a good faith effort to make such offset well produce oil and/or gas in commercial quantities. Only upon the determination of the Commissioner and with his written approval, may the payment of a compensatory royalty satisfy the obligation to drill an offset well or wells required under this Paragraph. Insofar as there is production from the well(s) provided for in this pooling agreement, there exists a duty to protect the state acreage that is a part of this agreement from drainage. This duty shall survive this agreement, but only to the extent that the well(s) provided for in this agreement is producing and only insofar as they are from the depths and productive acreage provided for in this agreement. This duty is in addition to any other duties that may now or hereafter exist.

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

7. **POLLUTION:** In developing this area, Lessee shall use the highest degree of care and all proper safeguards to prevent pollution. Without limiting the foregoing, pollution of coastal wetlands, natural waterways, rivers and impounded water shall be prevented by the use of containment facilities sufficient to prevent spillage, seepage or ground water contamination. In the event of pollution, Lessee shall use all means at its disposal to recapture all escaped hydrocarbons or other pollutant and shall be responsible for all damage to public and private properties.

(A) Lessee shall build and maintain fences around its slush, sump, and drainage pits and tank batteries so as to protect livestock against loss, damage or injury; and upon completion or abandonment of any well or wells, Lessee shall fill and level all slush pits and cellars and completely clean up the drilling site of all rubbish thereon.

(B) No discharge of solid waste or garbage shall be allowed into State waters from any drilling or support vessels, production platform, crew or supply boat, barge, jack-up rig or other equipment located on the pooled area. Solid waste shall include but shall not be limited to containers, equipment, rubbish, plastic, glass, and any other man-made non-biodegradable items. A sign must be displayed in a high traffic area on all vessels and manned platforms stating, "Discharge of any solid waste or garbage into State Waters from vessels or platforms is strictly prohibited and may subject a this agreement to forfeiture." Such statement shall be in lettering of at least 1" in size.

(C) **PENALTY:** Failure to comply with the requirements of this provision may result in the maximum penalty allowed by law including forfeiture of the agreement. Lessee shall be liable for the damages caused by such failure and any costs and expenses incurred in cleaning areas affected by the discharged waste.

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

9. **ASSIGNMENTS:** The agreement may be transferred at any time; provided, however, that the liability of the transferor to properly discharge its obligation under the agreement, including properly plugging abandoned wells, removing platforms or pipelines, or remediation of contamination at drill sites shall pass to the transferee upon the prior written consent of the Commissioner of the General Land Office. The Commissioner may require the transferee to demonstrate financial responsibility and may require a bond or other security. All transfers must reference this agreement by the State Lease Number and must be recorded in the county where the pooled area is located, and the recorded transfer or a copy certified to by the County Clerk of the county where the transfer is recorded must be filed in the General Land Office within ninety (90) days of the execution date, as provided by N.R.C. Section 52.026, accompanied by the filing fee prescribed by the General Land Office rules in effect on the date of receipt by the General Land Office of such transfer or certified copy thereof. Every transferee shall succeed to all rights and be subject to all obligations, liabilities, and penalties owed to the State by the original lessee or any prior transferee of the agreement, including any liabilities to the state for unpaid royalties.

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

11. **FORFEITURE:** If Lessee shall fail or refuse to make the payment of any sum within thirty (30) days after it becomes due, or if Lessee or an authorized agent should knowingly make any false return or false report concerning production or drilling, or if Lessee shall fail or refuse to drill any offset well or wells in good faith as required by law and the rules and regulations adopted by the Commissioner of the General Land Office, or if Lessee should fail to file reports in the manner required by law or fail to comply with rules and regulations promulgated by the General Land Office, the School Land Board, or the Railroad Commission, or refuse the proper authority access to the records pertaining to operations, or if Lessee or an authorized agent should knowingly fail or refuse to give correct information to the proper authority, or knowingly fail or refuse to furnish the General Land Office a correct log of any well, or if Lessee shall knowingly violate any of the material provisions of this agreement, or if this agreement is assigned and the assignment is not filed in the General Land Office as required by law, the rights acquired under this agreement shall be subject to forfeiture by the Commissioner, and he shall forfeit same when sufficiently informed of the facts which authorize a forfeiture, and when forfeited the area shall again be subject to lease or pooling. However, nothing herein shall be construed as waiving the automatic termination of this agreement by operation of law or by reason of any special limitation arising hereunder. Forfeitures may be set aside and this agreement and all rights thereunder reinstated before the rights of another intervene upon satisfactory evidence to the Commissioner of the General Land Office of future compliance with the provisions of the law and of this agreement and the rules and regulations that may be adopted relative hereto.





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

13. **APPLICABLE LAWS AND DRILLING RESTRICTIONS:** This agreement shall be subject to all rules and regulations, and amendments thereto, promulgated by the Commissioner of the General Land Office governing drilling and producing operations on Permanent Free School Land (specifically including any rules promulgated that relate to plans of operations), payment of royalties, and auditing procedures, and shall be subject to all other valid statutes, rules, regulations, orders and ordinances that may affect operations under the provisions of this agreement. Without limiting the generality of the foregoing, Lessee hereby agrees, by the acceptance of this agreement, to be bound by and subject to all statutory and regulatory provisions relating to the General Land Office's audit billing notice and audit hearings procedures. Said provisions are currently found at 31 Texas Administrative Code, Chapter 4, and Texas Natural Resources Code Sections 52.135 and 52.137 through 52.140. In the event this agreement covers land franchised or leased or otherwise used by a navigation district or by the United States for the purpose of navigation or other purpose incident to the operation of a port, then Lessee shall not be entitled to enter or possess such land without prior approval as provided under Section 61.117 of the Texas Water Code, but Lessee shall be entitled to develop such land for oil and/or gas by directional drilling; provided, however, that no surface drilling location may be nearer than 660 feet and special permission from the Commissioner of the General Land Office is necessary to make any surface location nearer than 2,160 feet measured at right angles from the nearest bulkhead line or from the nearest dredged bottom edge of any channel, slip, or turning basin which has been authorized by the United States as a federal project for future construction, whichever is nearer.

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

15. **FORCE MAJEURE:** Should Lessee be prevented from complying with any express or implied covenant of this agreement, from conducting drilling operations thereon, or from producing the pooled mineral therefrom, after effort made in good faith, by reason of war, rebellion, riots, strikes, fires, acts of God or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended upon proper and satisfactory proof presented to the Commissioner of the General Land Office in support of Lessee's contention and Lessee shall not be liable for damages for failure to comply therewith (except in the event of operations suspended as provided in the rules and regulations adopted by the School Land Board); and this agreement shall be extended while and so long as Lessee is prevented, by any such cause, from drilling, reworking operations or producing the pooled mineral from the pooled area; provided, however, that nothing herein shall be construed to suspend the or to abridge Lessee's right to a suspension under any applicable statute of this State.

16. **SECURITY:** Lessee shall take the highest degree of care and all proper safeguards to protect said premises and to prevent theft of oil, gas, and other hydrocarbons produced from the pooled area. This includes, but is not limited to, the installation of all necessary equipment, seals, locks, or other appropriate protective devices on or at all access points of the pooled area's production, gathering and storage systems where theft of hydrocarbons can occur. Lessee shall be liable for the loss of any hydrocarbons resulting from theft and shall pay the State of Texas royalties thereon as provided herein on all oil, gas or other hydrocarbons lost by reason of theft.

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

18. **ANTIQUITIES CODE:** In the event that any feature of archeological or historical interest on Permanent School Fund Land is encountered during the activities authorized by this agreement, Lessee will immediately cease activities and will immediately notify the General Land Office (ATTN. Archaeologist, Asset Management Division, 1700 N. Congress Ave., Austin, Texas 78701) and the Texas Historical Commission (P.O. Box 12276, Austin, TX 78711) so that adequate measures may be undertaken to protect or recover such discoveries or findings, as appropriate. Lessee is expressly placed on notice of the National Historical Preservation Act of 1966 (PB-89-66, 80 Statute 915; 16 U.S.C.A. 470) and the Antiquities Code of Texas, Chapter 191, Tex. Nat. Code Ann. (Vernon 1993 & Supp. 1998). Further, in the event that any site, object, location, artifact or other feature of archaeological, scientific, educational, cultural or historic interest is encountered during the activities authorize by this agreement, lessee will immediately notify lessor and the Texas Historical Commission so that adequate measures may be undertaken to protect or recover such discoveries or findings, as appropriate.

19. **VENUE:** Lessor and lessee, including lessee's successors and assigns, hereby agree that venue for any dispute arising out of a provision of this agreement, whether express or implied, regarding interpretation of this agreement, or relating in any way to this agreement or to applicable case law, statutes, or administrative rules, shall be in a court of competent jurisdiction located in Travis County, State of Texas.

20. **FILING:** Pursuant to Chapter 9 of the Tex. Bus. & Com. Code, this agreement must be filed of record in the office of the County Clerk in any county in which all or any part of the pooled area is located, and recorded copies thereof must be filed in the General Land Office. The prescribed filing fee shall accompany the recorded copies sent to the General Land Office.





## EXHIBIT "2"

### PURPOSES:

1.

This Pooling Agreement ("Agreement") is made for the purposes of conservation and utilization of the pooled mineral, to prevent waste, to facilitate orderly development and to preserve correlative rights. To such end, it is the purpose of this Agreement to effect equitable participation within the unit. This Agreement is intended to be performed pursuant to and in compliance with all applicable statutes, decisions, regulations, rules, orders and directives of any governmental agency having jurisdiction over the production and conservation of the pooled mineral and in its interpretation and application shall, in all things, be subject thereto.

### UNIT DESCRIPTION:

2.

The oil and gas leases, which are included within the pooled unit, are listed on the attached Exhibit "A", to which leases and the records thereof reference is here made for all pertinent purposes. The pooled unit shall consist of all of the lands described in Exhibit "B" attached hereto and made a part hereof. A plat of the pooled unit is attached hereto as Exhibit "C".

### MINERAL POOLED:

3.

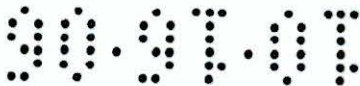
The mineral pooled and unitized ("pooled mineral") hereby shall be oil and gas including all hydrocarbons that may be produced from an oil well or a gas well as such wells are recognized and designated by the Railroad Commission of Texas or other state regulatory agency having jurisdiction of the drilling and production of oil and gas wells. The pooled mineral shall extend to all depths underlying the surface boundaries of the pooled unit save and except those depths from the surface to 6,500 feet on the 40 acres contained within the boundaries of the Hahman-State Unit which is more particularly described in the Pooling Agreement on file in the Archives and Records of the Texas General Land Office in Mineral File M-93628 ("unitized interval").

### POOLING AND EFFECT:

4.

The parties hereto commit all of their interests which are within the unit to the extent and as above described into said unit and unitize and pool hereunder the separate tracts described on the attached Exhibit "B", for and during the term hereof, so that such pooling or unitization shall have the following effect:

- (a) The unit, to the extent as above described, shall be operated as an entirety for the exploration, development and production of the pooled mineral, rather than as separate tracts.
- (b) All drilling operations, reworking or other operations with respect to the pooled mineral on land within the unit shall be considered as though the same were on each separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Agreement.
- (c) Production of the pooled mineral from the unit allocated to each separate tract, respectively, as hereinafter provided, shall be deemed to have been produced from each such separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Agreement.
- (d) All rights to the production of the pooled mineral from the unit, including royalties and other payments, shall be determined and governed by the lease or other contract pertaining to each separate tract, respectively, based upon the production so allocated to such tract only, in lieu of the actual production of the pooled mineral therefrom.
- (e) A shut-in oil or gas well located upon any land or lease included within said unit shall be considered as a shut-in oil or gas well located upon each tract or lease included within said unit.
- (f) If the Railroad Commission of Texas (or any other Texas regulatory body having jurisdiction) shall adopt special field rules providing for oil and/or gas proration units of less than 308.9 acres, then Lessee agrees to either (1) drill to the density permitted by the Railroad Commission, (2) make application to the School Land Board of the State of Texas to reform the unit to comply with Railroad Commission unit rules, or (3) make application to the School Land Board of the State of Texas for such remedy as may be agreeable to the Board.
- (g) This Agreement shall not relieve Lessee from the duty of protecting the State lands within the boundaries of the pooled unit described in Exhibit "B" from drainage from any well situated on privately owned land, lying outside the unitized area described in Exhibit "B", but, subject to such obligation, Lessee may produce the allowable for the entire unit as fixed by the Railroad Commission of Texas or other lawful authority, from any one or more wells completed thereon.
- (h) There shall be no obligation to drill internal offsets to any other well on separate tracts within the pooled unit, nor to develop the lands within the boundaries thereof separately, as to the pooled mineral.



ALLOCATION OF PRODUCTION:

5.

For the purpose of computing the share of production of the pooled mineral to which each interest owner shall be entitled from the pooled unit, there shall be allocated to each tract committed to said unit that pro rata portion of the pooled mineral produced from the pooled unit which the number of surface acres covered by each such tract and included in the unit bears to the total number of surface acres included in said unit, and the share of production to which each interest owner is entitled shall be computed on the basis of such owner's interest in the production so allocated to each tract.

DISSOLUTION:

6.

The unit covered by this Agreement may be dissolved by Lessee, his heirs, successors or assigns, by an instrument filed for record in Loving and Reeves Counties, Texas, and a certified copy thereof filed in the General Land Office at any time after the cessation of production on said unit or the completion of a dry hole thereon prior to production or upon such other date as may be approved by the School Land Board and mutually agreed to by the undersigned parties, their successors or assigns.

RATIFICATION/WAIVER:

7.

Nothing in this Agreement, nor the approval of this Agreement by the School Land Board, nor the execution of this Agreement by the Commissioner shall: (1) operate as a ratification or revivor of any State lease or Pooling Agreement that has expired, terminated, or has been released in whole or in part or terminated under the their terms or the laws applicable thereto; (2) constitute a waiver or release of any claim for money, oil, gas or other hydrocarbons, or other thing due to the State by reason of the existence or failure of such lease or Pooling Agreement; (3) constitute a waiver or release of any claim by the State that such lease or Pooling Agreement is void or voidable for any reason, including, without limitation, violations of the laws of the State with respect to such lease or Pooling Agreement or failure of consideration; (4) constitute a confirmation or recognition of any boundary or acreage of any tract or parcel of land in which the State has or claims an interest; or (5) constitute a ratification of, or a waiver or release of any claim by the State with respect to any violation of a statute, regulation, or any of the common laws of this State, or any breach of any contract, duty, or other obligation owed to the State.



Wolf Energy, Inc.

Pecos Bend Unit

Exhibit "A" ± "B"

Hahman

LESSOR: Emma H. Maxwell, Caroline Bayfield and the Estate of William H. Hahman  
LESSEE: T.A. Hillin  
INSTRUMENT: Oil and Gas Lease  
DATED: November 18, 1988  
RECORDING: Volume 84, page 161 of Oil and Gas Lease records of Loving County, Texas.  
STATUS: H.B.P. Cherry Canyon Production  
ROYALTY: 1/6  
LANDS COVERED: Lots 7 and 9, Section 81, Block 33, H&TC Ry Co. Survey containing 103.12 acres, more or less. 102.02 ac

LESSOR: T.A. Hillin  
LESSEE: Texas General Land Office  
INSTRUMENT: Oil and Gas Lease- M-93628  
DATED: October 3, 1989  
RECORDING: Volume 85, page 392 of the Oil and Gas Lease records of Loving County, Texas and Volume 497, page 375 of the Deed of records of Reeves County, Texas.  
STATUS: H.B.P. Cherry Canyon Production  
ROYALTY: 1/4  
LANDS COVERED: Tract 1-D of the Pecos River 6.88 ac

Ely

LESSOR: Clifford Ely  
LESSEE: J. Mack Burnes  
INSTRUMENT: Oil and Gas Mineral Lease  
DATED: September 27, 1973  
RECORDING: Volume 40, page 549 of Oil and Gas Lease records of Loving County, Texas.  
STATUS: H.B.P. by Lot 15  
ROYALTY: 3/16  
LANDS COVERED: Lots # 10 and 15 of the E.L. Stratton subdivision of Section 81, Block 33, H&TC Ry Co. Survey, save and except lot 15 which is included in the Ford Chapman Unit. 46 ac

Jones

LESSOR: Charles Adams Etal  
LESSEE: American Trading and Production Corporation  
INSTRUMENT: Oil and Gas Lease  
DATED: May 9, 1969  
RECORDING: Volume 30, page 634 of Oil and Gas Lease  
STATUS: H.B.P. by Lot 13  
ROYALTY: 1/8  
LANDS COVERED: Lots 5,6,13, and NW ½ Lot 1, Section 81, Block 33, H&TC RR, save and except lot 13 which is included in the Ford Chapman Unit. 106 ac

Wolf

LESSOR: Raymond Dripps Individually and Executor  
LESSEE: Curtis Pool  
INSTRUMENT: Oil and Gas Lease  
DATED: September 15, 1973  
RECORDING: Volume 39, page 108 and extended Volume 52, page 334 of Oil and Gas Lease records.  
STATUS: H.B.P. by Shallow Production  
ROYALTY: 1/8  
LANDS COVERED: The South West 40 acres of Lot 11, Section 81, Block 33, H&TC Ry Co. Survey 40 ac

LESSOR:  
LESSEE: Wolf Energy, Inc.  
INSTRUMENT: State of Texas General Land Office  
DATED:  
RECORDING:  
STATUS:  
ROYALTY:  
LANDS COVERED: 8 ac

308.9 ac

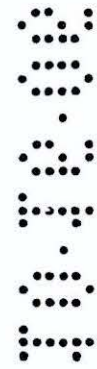
EXHIBIT C

This is a detailed land survey map of Block 33, showing sections 1 through 17. The map includes the following details:

- Sections and Acreage:**
  - Section 1: 31.66 Ac.
  - Section 2: 40.78 Ac.
  - Section 3: 43.31 Ac.
  - Section 4: 39.94 Ac.
  - Section 5: 39.87 Ac.
  - Section 6: 62.15 Ac.
  - Section 7: 47.87 Ac.
  - Section 8: 44.84 Ac.
  - Section 9: 40.23 Ac.
  - Section 10: 38.17 Ac.
  - Section 11: 34.75 Ac.
  - Section 12: 40.84 Ac.
  - Section 13: 40.23 Ac.
  - Section 14: 40.23 Ac.
  - Section 15: 40.23 Ac.
  - Section 16: 40.23 Ac.
  - Section 17: 40.23 Ac.
- Names and Owners:**
  - Wolf
  - Mobil-McCrea
  - Hahman
  - Giraud's 1 1/2 I.P.
- Highlighted Path:** A yellow highlighted path runs through sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, and 17.
- Other Features:**
  - Reeves Co. and Loving Co. boundaries.
  - SEC. 81 and SEC. 80 labels.
  - H. & T. C. R.R. CO. BLK. 33 label.
  - Scale bar: 1 MILE.
  - North arrow pointing towards the top left.
  - Various survey points and bearings (e.g., 142° 41' 12" E - 11499.3').



File No. SNF093628  
Pooling Committee Report  
to Term Pooling Agreement  
Date Filed: 10/24/08 Pursuant to TNRC  
Jerry E. Patterson, Commissioner  
By JP 52,026



**DO NOT DESTROY**



**Texas General Land Office**  
**UNIT AGREEMENT MEMO**

PA08-41

Unit Number 4205  
Operator Name WOLF ENERGY INC Effective Date 3/19/2008  
TaxID: [REDACTED] Unitized For Oil & Gas  
Unit Name Pecos Bend Unit Term 18 Months  
County1 Loving  
County2 Reeves Old Unit Number Inactive Status Date  
County3 0 3/19/2008  
RRC District: 08 0  
Unit Type: Temporary 0  
State Royalty Interest: 0.0120427322758 0  
State Part in Unit: 0.0481709291033 0  
Unit Depth All Well:  
Below Depth 0 Formation: Atoka, Fusselman, Ellenburger, Wildcat  
Above Depth 0 Participation Basis: Surface Acreage  
[If Exclusions Apply: See Remarks]

MF Number MF093628 Tract Number 1  
Lease Acres 6.88 / Total Unit Acres 308.9 =  
Tract Participation: 0.0222726 X  
Lease Royalty 0.25 = Manual Tract Participation: [ ] 0 See Remarks  
Tract Royalty Participation 0.0055681 Manual Tract Royalty: [ ] 0

Tract Royalty Reduction No  
Tract Royalty Rate 0  
Tract On-Line Date:

01-003416 - Loving  
01-003425 - Reeves





# Pooling Committee Report

To: School Land Board

PA08-41

Date of Board Meeting: February 19, 2008

Unit Number: 4205

Effective Date: 3/19/2008

Unit Expiration Date: 9/19/2009

Applicant: WOLF ENERGY INC

Attorney Rep:

Operator: WOLF ENERGY INC

County 1: Loving

County 2: Reeves

County 3:

Unit Name: Pecos Bend

Field Name: Wildcat

| <u>Lease Type</u> | <u>MF Number</u> | <u>Lease Royalty</u> | <u>Expiration Date</u> | <u>Lease Term</u> | <u>Lease Acres</u> | <u>Lease Acres in Unit</u> | <u>Royalty Participation</u> |
|-------------------|------------------|----------------------|------------------------|-------------------|--------------------|----------------------------|------------------------------|
| SF                | MF093628         | 0.25                 | 10/3/1992              | HBP               | 6.88               | 6.88                       | 0.0055681                    |
| UR                | MF106921         | 0.25                 |                        |                   |                    | 8                          | 0.0064746                    |

A part of the Pecos River is being pooled pursuant to Texas Natural Resources Code 52.076 which gives the School Land Board the authority to pool unleased riverbeds and channels.

SF = State Fee RAL = Relinquishment Act FR = Free Royalty UR = Unleased River

|                   |        |
|-------------------|--------|
| Private Acres:    | 294.02 |
| State Acres:      | 14.88  |
| Total Unit Acres: | 308.9  |

## Participation Basis:

Surface Acreage

State Acreage: 4.82%

State Unit Royalty: 1.20%

|                        |                      |
|------------------------|----------------------|
| <u>Unit Type:</u>      | <u>Unitized for:</u> |
| Temporary              | Oil & Gas            |
| <u>Term:</u> 18 Months |                      |

Well Location:  
Private Land

|                   |                       |
|-------------------|-----------------------|
| <u>RRC Rules:</u> | <u>Spacing Acres:</u> |
| Statewide         | 40 acres              |



**REMARKS:**

- Wolf Energy Inc. is requesting an 18 month extension of the temporary Pecos Bend Unit.
- The School Land Board approved an 18 month temporary oil and gas unit on 9/19/2006 to all depths save and except the 40 acres within the Hahman-State Unit # 2028 from the surface to 6,500 feet.
- The applicant plans on drilling a well in March 2009. The proposed total depth is 21,000 feet true vertical depth. A 400 foot lateral leg is proposed to be drilled in the Devonian Formation.
- With approval of the unit the State's unit royalty participation will be 1.204%.
- The State will participate from the date of first production. Approval by the School Land Board in no way ratifies the State leases included in this proposed unit.

**POOLING COMMITTEE RECOMMENDATION:**

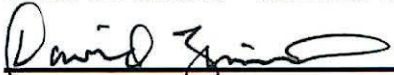
- The Pooling Committee recommends Board approval of an 18-month extension of the Pecos Bend Unit under the above-stated provisions.

  
Jeffee Martinez-Vargas - Office of the Attorney General

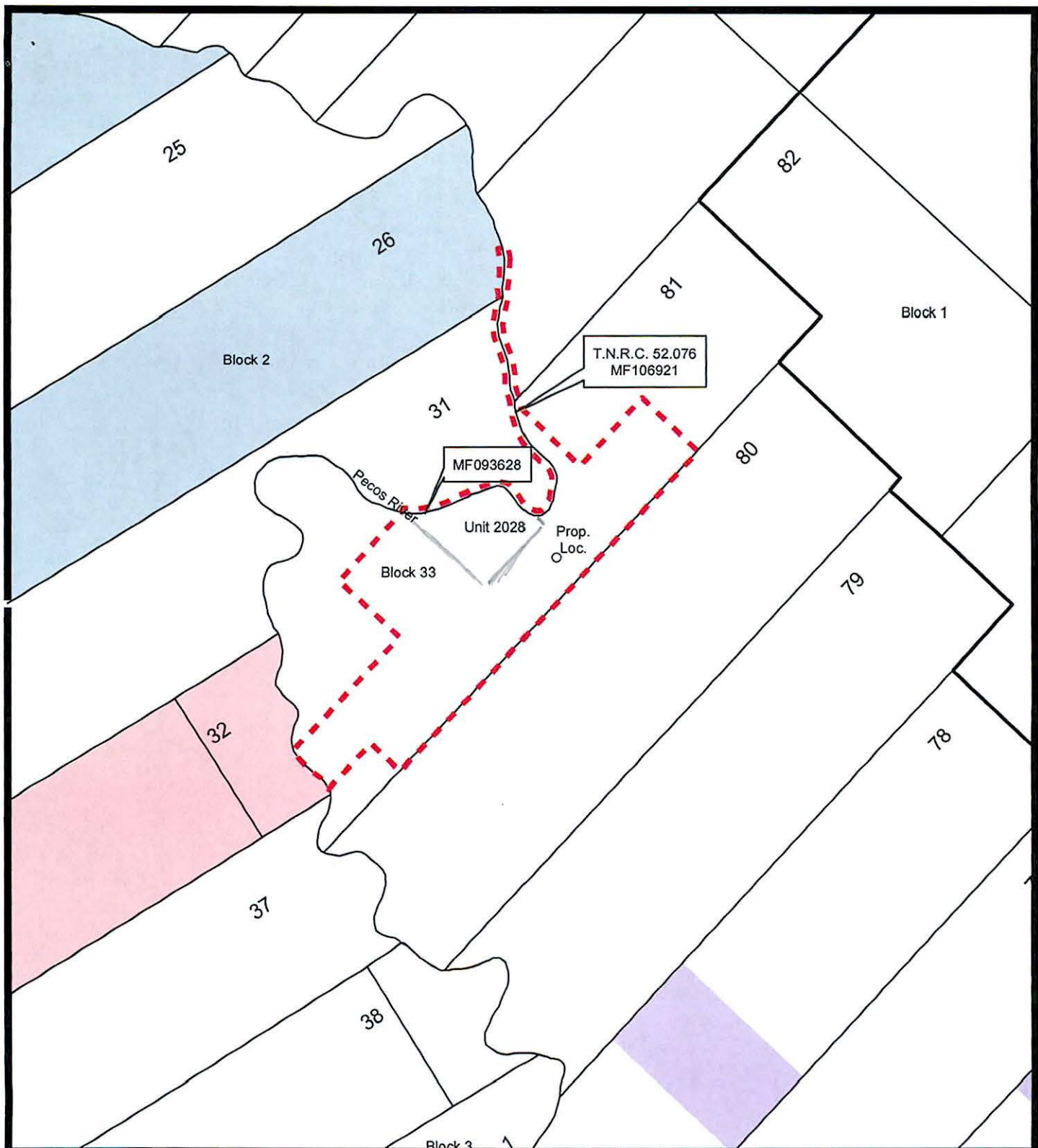
2-6-08  
Date:

  
Peter A. Boone - General Land Office

2-6-08  
Date:

  
David Zimmerman - Office of the Governor

2-6-08  
Date:



Wolf Energy, Inc.  
Pecos Bend Unit  
Wildcat  
MF093628, MF106921 and a part  
of the Pecos River is being pooled  
pursuant to T.N.R.C. 52.076  
Loving and Reeves Counties  
PA08-41

NAD\_1927\_Albers  
Projection: Albers  
False\_Easting: 0.000000  
False\_Northing: 0.000000  
Central\_Meridian: -100.000000  
Standard\_Parallel\_1: 28.000000  
Standard\_Parallel\_2: 35.000000  
Latitude\_Of\_Origin: 31.000000

GCS\_North\_American\_1927

0 5001,000 Feet



The Texas General Land Office  
makes no representations or  
warranties regarding the accuracy  
or completeness of the information  
depicted on the map or the data  
from which it was produced.

This map is NOT suitable for  
navigational purposes and does  
not purport to depict or establish  
boundaries between private  
and public land.



Map Compiled By:  
Ferrel Taylor  
Information Systems - GIS  
February 19, 2008



**AMENDMENT OF TERM POOLING AGREEMENT AND  
TERM POOLING AGREEMENT PURSUANT TO TNRC §52.076  
STATE OF TEXAS / WOLF ENERGY, INC.  
PECOS BEND UNIT  
PECOS COUNTY, TEXAS**

WHEREAS, on September 19, 2006, the School Land Board of the State of Texas approved the 308.9 acre, Pecos Bend Unit, in Pecos County, Texas, pursuant to the provisions of Chapter 52, of the Texas Natural Resources Code; and

WHEREAS, pursuant to such approval, Wolf Energy, Inc. and the Commissioner of the General Land Office of the State of Texas entered into that certain Term Pooling Agreement and Term Pooling Agreement pursuant to TNRC §52.076 ("Agreements") as more particularly described in said Agreements on file in the Archives and Records of the Texas General Land Office at Austin, Texas, in Mineral File No. M-93628; and

WHEREAS, said Agreements provide that they shall expire on March 19, 2008; and

WHEREAS, on February 19, 2008, Wolf Energy, Inc. made application and the School Land Board approved its application to extend the primary term of said Agreements for an additional eighteen months; and

WHEREAS, the Commissioner of the General Land Office finds that extending said Agreements as approved by the School Land Board is in the best interest of the State of Texas:

NOW THEREFORE, in consideration of the premises and of the mutual agreements contained in said Agreements, it is agreed that said Agreements are extended by deleting Paragraph 9 of the Term pooling Agreement and Paragraph 4 of the Term Pooling Agreement pursuant to TNRC §52.076 in their entirety and substituting the following paragraphs respectively therefor:

"TERM: 9.

Unless this Agreement expires earlier pursuant to the terms of the respective leases included as a part of this Agreement, or on such other date approved by the School Land Board and mutually agreed to by the undersigned parties, their successors or assigns, this Agreement shall expire on September 19, 2009. Nothing herein shall amend or modify Section 52.031 of the Natural Resources Code, or any of the provisions thereof, which are contained in any State lease covered by this Agreement.

4. This Agreement shall expire on September 19, 2009."

Nothing in this Amendment, nor the approval of this Amendment by the School Land Board, nor the execution of this Amendment by the Commissioner shall: (1) operate as a ratification or revivor of any State lease or Agreement that has expired, terminated, or has been released in whole or in part or terminated under the terms of such State lease or Agreement or the laws applicable thereto; (2) constitute a waiver or release of any claim for money, oil, gas or other hydrocarbons, or other thing due to the State by reason of the existence or failure of such lease or Agreement; (3) constitute a waiver or release of any claim by the State that such lease is void or voidable for any reason, including, without limitation, violations of the laws of the State with respect to such lease or Agreement or failure of consideration; or (4) constitute a confirmation or recognition of any boundary or acreage of any tract or parcel of land in which the State has or claims an interest; or (5) constitute a ratification of, or a waiver or release of any claim by the State with respect to any violation of a statute, regulation, or any of the common laws of this State, or any breach of any contract, duty, or other obligation owed to the State.

This Agreement may be executed in counterparts and, if so executed, shall be valid, binding and have the same effect as if all the parties hereto actually joined in and executed one and the same document. For recording purposes and in the event counterparts of this Agreement are executed, the executed pages, together with the pages necessary to show acknowledgments, may be combined with the other pages of this Agreement so as to form what shall be deemed and treated as a single original instrument showing execution by all parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement upon the respective dates indicated below but effective as of March 19, 2008 for the purpose of extending the Agreements.

Date Executed 3-7-08

STATE OF TEXAS

legal  
leas.  
cont.  
exec.

*[Handwritten initials]*

*[Signature of Jerry E. Patterson]*  
Jerry E. Patterson, Commissioner  
General Land Office

Date Executed 2-27-08

WOLF ENERGY, INC.

By: *[Signature of Larry Wauschlager]*

Its: President

CERTIFICATE

I, Stephanie Crenshaw, Secretary of the School Land Board of the State of Texas, do hereby certify that at a meeting of the School Land Board duly held on the 19th day of February, 2008, the foregoing instrument was presented to and approved by said Board under the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, all of which is set forth in the Minutes of the Board of which I am custodian.

IN TESTIMONY WHEREOF, witness my hand this the 10th day of March, 2008.

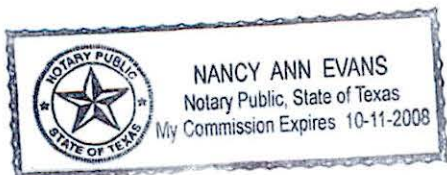
*[Signature of Stephanie Crenshaw]*  
Secretary of the School Land Board

STATE OF TEXAS

COUNTY OF MIDLAND

This instrument was acknowledged before me on February 27, 2008, by Larry Wauschlager  
as President of Wolf Energy, Inc., a Texas corporation on behalf of said corporation.

*[Signature of Nancy Ann Evans]*  
Notary Public in and for the State of Texas





11.

File No. SIF 093628  
Stirling Committee Report  
Amendment of Term Pooling  
Date Filed: 3/13/08 Agreement  
By Jerry E. Patterson Chairman  
By ER TNRC 53.076



5.53.00

**DO NOT DESTROY**



**Texas General Land Office**  
**UNIT AGREEMENT MEMO**

UPA169369

Unit Number 8283  
Operator Name MRC Permian Company Effective Date 12/15/2016  
Customer ID C000088034 Unitized For Oil And Gas  
Unit Name Wolf SW Unit Term  
County 1 Loving RRC District 1 08 Old Unit Number Inactive Status Date  
County 2 Reeves RRC District 2 08  
County 3 RRC District 3  
County 4 RRC District 4  
Unit type Permanent  
State Net Revenue Interest Oil 0.01361450  
State Part in Unit 0.05445800  
Unit Depth Specified Depths Well  
From Depth 6500 Surface Formation  
To Depth Participation Basis Surface Acreage  
If Exclusions Apply: See Remarks

| Lease Number | Tract No | Lease Acres in Unit | Total Unit Acres | Tract Participation | O/G | Lease Royalty | NRI of Lease in Unit | Royalty Rate Reduction Clause |
|--------------|----------|---------------------|------------------|---------------------|-----|---------------|----------------------|-------------------------------|
| MF116705     | 1        | 10.000000           | 484.410000       | 0.02064367          | O/G | 0.25000000    | 0.00516092           | No                            |
| MF116701     | 2        | 8.190000            | 484.410000       | 0.01690717          | O/G | 0.25000000    | 0.00422679           | No                            |
| MF093628     | 3        | 8.190000            | 484.410000       | 0.01690717          | O/G | 0.25000000    | 0.00422679           | No                            |

API Number

Remarks:

Prepared By:

Prepared Date:

GLO Base Updated By:

GLO Base Date:

RAM Approval By:

RAM Approval Date:

GIS By:

GIS Date:

Well Inventory By:

WI Date:



# Pooling Committee Report

To: School Land Board

UPA169369

Date of Board Meeting: 12/15/2016

Unit Number: 8283

Effective Date: 12/15/2016

Unit Expiration Date:

Applicant: Matador Production Company

Attorney Rep:

Operator: MATADOR PRODUCTION COMPANY

Unit Name: Wolf SW

Field Name: PHANTOM (WOLFCAMP)

County: Loving  
Reeves

| <u>Lease Type</u> | <u>Lease Number</u> | <u>Lease Royalty</u> | <u>Expiration Date</u> | <u>Lease Term</u> | <u>Lease Acres</u> | <u>Lease Acres In Unit</u> | <u>Royalty Participation</u> |
|-------------------|---------------------|----------------------|------------------------|-------------------|--------------------|----------------------------|------------------------------|
| R Fee             | MF093628            | 0.25000000           | 10/03/1992             | 3 years           | 6.880000           | 8.190000                   | 0.00422679                   |
| R Fee             | MF116701            | 0.25000000           | 07/01/2017             | 3 years           | 9.000000           | 8.190000                   | 0.00422679                   |
| R Fee             | MF116705            | 0.25000000           | 07/01/2017             | 3 years           | 10.000000          | 10.000000                  | 0.00516092                   |

|                   |            |
|-------------------|------------|
| Private Acres:    | 458.030000 |
| State Acres:      | 26.380000  |
| Total Unit Acres: | 484.410000 |

|                                    |                 |
|------------------------------------|-----------------|
| <u>Participation Basis:</u>        | Surface Acreage |
| Surface Acreage                    |                 |
| <u>State Acreage:</u>              | 5.45%           |
| <u>State Net Revenue Interest:</u> | 1.36%           |

|                   |                      |
|-------------------|----------------------|
| <u>Unit Type:</u> | <u>Unitized for:</u> |
| Permanent         | Oil And Gas          |
| <u>Term:</u>      |                      |

|                   |                                                  |
|-------------------|--------------------------------------------------|
| <u>RRC Rules:</u> | <u>Spacing Acres:</u>                            |
| Yes               | 704 acres for a 9,600 foot lateral (FTP to LTP). |

| MF#                 | MF116705   | MF116701   | MF093628   |                   |
|---------------------|------------|------------|------------|-------------------|
| LEASE AC. IN UNIT   | 10         | 8.19       | 8.19       |                   |
| TOTAL UNIT AC.      | 484.41     | 484.41     | 484.41     |                   |
| STATE PARTICIPATION | 0.02064367 | 0.01690717 | 0.01690717 | <b>0.05445800</b> |
| LEASE ROYALTY       | 0.25       | 0.25       | 0.25       |                   |
| PART OF UNIT NRI    | 0.00516092 | 0.00422679 | 0.00422679 | <b>0.01361450</b> |



**Working File Number:**    **UPA169369**

**REMARKS:**

- Matador Production Company is requesting permanent oil and gas pooling from 6,500 feet and below in order to test the Wolfcamp formation.
- The applicant plans to spud the unit well in December, 2016 with a proposed total depth of 17,230 feet. A 9,600 foot lateral is expected to be drilled.
- With Board approval of the unit the State's unit royalty participation will be 1.10%.
- The State will participate on a unitized basis from the date of first production.

**POOLING COMMITTEE RECOMMENDATION:**

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

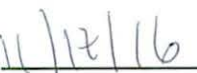
  
\_\_\_\_\_  
Mary Smith - Office of the Attorney General

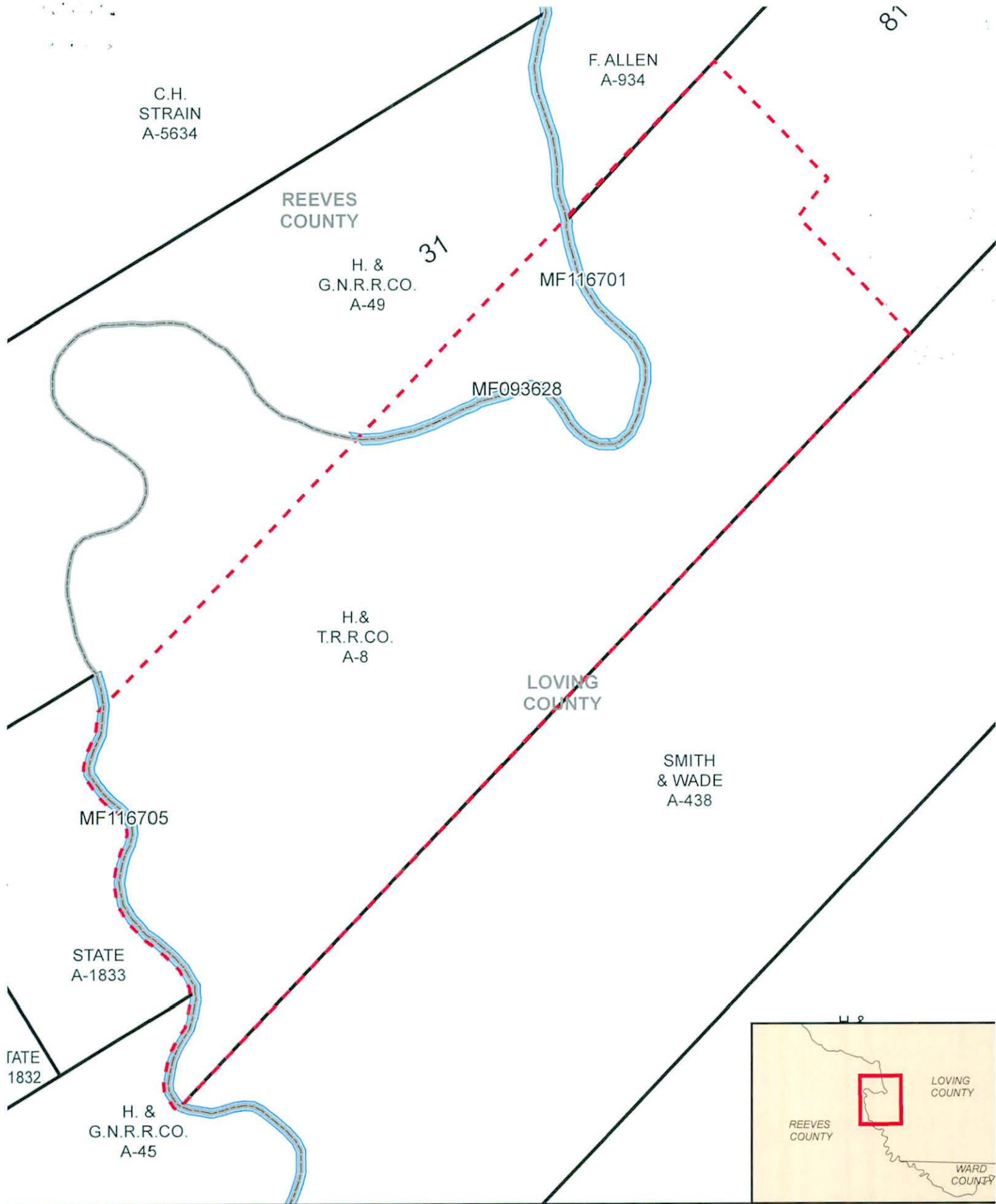
  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Robert Hatter - General Land Office

  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Diane Morris - Office of the Governor

  
\_\_\_\_\_  
Date



Unit #8283  
Matador Production Company  
Wolf SW Unit  
Phantom (Wolfcamp) Field  
Loving & Reeves Counties, Texas

1,000 500 0 1,000 Feet



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



Map Generated by:  
Mark Conway  
Enterprise Technology Solutions/GIS  
December 2016



File No. MF093628Loving & Reeves CountyUnit 8283Date Filed: 03/24/2017By gmb George P. Bush, Commissioner



TEXAS GENERAL LAND OFFICE  
GEORGE P. BUSH, COMMISSIONER

April 4, 2017

Diann Owens, Independent Landman  
2704 Colony Hills Dr.  
Bryan, TX 77808-5213

RE: Assignment ID 10198 – MF093628  
Loving & Reeves Counties, Texas

Dear Ms. Owens:

The General Land Office received the following instrument covering the referenced lands and filed it in the appropriate files.

Assignment of Oil & Gas Assets, effective August 9, 2012, from Wolf Energy Inc and Larry R. Wollschlager, Assignor to MRC Energy Company, Assignee. Filed in Doc # 2016-1083.

Filing fees in the amount of \$50D.00 were received in connection with the above assignment.

Please feel free to contact me at (512) 463-5407 or email [carl.bonn@glo.texas.gov](mailto:carl.bonn@glo.texas.gov) if you have further questions.

Best Regards,

Carl Bonn, CPL  
Mineral Leasing-Energy Resources





DIANN OWENS

INDEPENDENT PETROLEUM  
LANDMAN

PHONE (979) 220-2283

FAX (979) 859-7040

DIANNOWENSO4@GMAIL.COM

MRC Permian Company  
C/O Diann Owens  
1603 Mountain Shadow Drive  
Carlsbad, New Mexico 88220

ELEANOR DIANN OWENS  
2704 COLONY HILLS DR.  
BRYAN, TX 77808-5213

32-61  
1110 17703466 519

Date 11/8/16

Pay to the GLO \$50—  
Order of Fifty Dollars DOLLARS

CHASE

JPMorgan Chase Bank, N.A.  
www.Chase.com

MEMO 2012-1083

*[Handwritten signature]*

0519



diann owens <diannowens04@gmail.com>

## Pooling the Pecos River

3 messages

diann owens <diannowens04@gmail.com>

Mon, Nov 7, 2016 at 3:05 PM

To: carl.bonn@glo.texas.gov

Carl,

Thank you for all of your help earlier.

Here is the MF that applies to the document I need to file with you.

Also, there are many leases and tracts on the assignment. Do I pay per lease or per lease that affects our unit?

Diann Owens

Petroleum Landman

(979) 220-2283 cell

DiannOwens04@gmail.com

MF 093628  
Loring & Reeves

### 2 attachments

 MF 093628 Haman Unit # 2028.pdf  
21993K

 2012-1083 OPR.pdf  
564K

Carl Bonn <Carl.Bonn@glo.texas.gov>

Tue, Nov 8, 2016 at 12:25 PM

To: diann owens <diannowens04@gmail.com>

Hello Diann,

Glad to help and let me know if you ever have any questions.

All you have left to do is pay \$25/lease that is affected by your unit and furnish a **certified copy of the assignment**.

The filing fee increases to **\$50/lease** after 90 days from the date the assignment was notarized.

Have a great day,

Carl

Carl Bonn, CPL

Energy Resources/Mineral Leasing

Texas General Land Office

1700 North Congress, Rm 847B

Austin, Texas 78701

(512) 463-5407 - carl.bonn@glo.texas.gov



**From:** diann owens [mailto:diannowens04@gmail.com]

**Sent:** Monday, November 07, 2016 4:05 PM

**To:** Carl Bonn <Carl.Bonn@GLO.TEXAS.GOV>

**Subject:** Pooling the Pecos River

[Quoted text hidden]



**TAC Rules Assign 201609.pdf**

183K

---

**diann owens** <diannowens04@gmail.com>

Tue, Nov 8, 2016 at 1:36 PM

To: Carl Bonn <Carl.Bonn@glo.texas.gov>

Carl,

Thank you. I will be FedExing you the Assignment with a check made out to the GLO for \$50.00

The only lease in the assignment that affects our unit is Tract #16 filed at 85/392 with T.A. Hillan. Later assigned to Wolf Energy, and now to Matador.

Do you provide a receipt?

Thank you again,

Diann

[Quoted text hidden]



ASSIGNMENT OF OIL AND GAS ASSETS

MF 093628

STATE OF TEXAS

§

§

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF LOVING

§

all

CH 8-9-12

Wolf Energy Inc. and Larry R. Wollschlager ("Assignors"), whose address is 112 South Lorraine Street #444, Midland, Texas 79701, for Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby GRANT, BARGAIN, SELL, CONVEY, ASSIGN, TRANSFER, SET OVER, and DELIVER unto MRC Energy Company ("Assignee"), whose address is One Lincoln Centre, 5400 LBJ Frwy, Suite 1500, Dallas, Texas 75240, all of Assignors' right, title and interest in certain oil and gas assets of Assignors in the leases set forth on Exhibit A-1, and in the lands described on Exhibit A-2 (together with Exhibit A-1, "Exhibit A"), such lands and leases being depicted on the plat included as Exhibit B (collectively, the "Properties"), subject to the following terms and conditions:

1. The Properties include only mineral interests, leasehold interests, working interests and all applicable operating rights in the depths identified in Exhibit A, including all operating agreements covering all or any portion of the Properties, and all rights to the surface that are reasonably necessary to enable Assignee to develop the Properties, including (a) the right of ingress and egress; (b) the right to use existing roads and gates; (c) the right to construct new roads and gates; (d) the right to construct drill sites, pad sites and other surface sites for the drilling, completion and operation of wells; (e) the right to lay pipelines and gathering lines; and (f) the right to drill water wells on any of the lands covered by the Properties as are needed for Assignee's operations to develop the mineral, leasehold and working interests in the depths identified in Exhibit A. Assignee is not acquiring and Assignors are not conveying to Assignee any existing wells, any production or rights to production from such wells, well equipment, tanks, tank batteries, pipelines, gathering lines, meters, separators, compressors, pumps, buildings, structures, improvements or other tangible personal property whether affixed to the surface of the lands on which the Properties are located or not. Assignors retain ownership and the right to develop the mineral, leasehold and working interests in all depths both above and below the depths identified in Exhibit A on the lands covered by the Properties, and such rights are not covered by this Assignment, except that Assignors agree that their operations will be conducted in a manner to accommodate Assignee's development of the Properties. Assignors further reserve any and all overriding royalty interests and all other non-cost bearing interests out of production owned by Assignors in the Properties.
2. Assignors shall retain all original files, records and data relating to the Properties, including title records (title opinions, division order title opinions and any title curative documents); surveys, maps and drawings; contracts; correspondence; geological records





and information; production records, electric logs, core data, pressure data, decline curves, prospect files and related information; graphical production curves and all related matters and construction documents. Assignee shall be entitled to copies of all such files, records and data, at its sole cost and expense; however, in no event shall Assignee be entitled to receive copies of geophysical and seismic records, data or information or documents and instruments of Assignors that may be protected by the attorney-client privilege.

TO HAVE AND TO HOLD the Properties unto Assignee, its successors and assigns, forever.

This Assignment is made and accepted expressly subject to the following terms and conditions:

1. THIS ASSIGNMENT IS MADE WITHOUT WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, EXCEPT THAT ASSIGNOR WARRANTS AND WILL FOREVER DEFEND THAT TITLE TO THE PROPERTIES AND SAME IS HEREBY CONVEYED TO ASSIGNEE, FROM AND AGAINST ALL PERSONS LAWFULLY CLAIMING THE PROPERTIES OR ANY PART THEREOF BY, THROUGH OR UNDER ASSIGNOR BUT NOT OTHERWISE, BUT WITH FULL RIGHTS OF SUBROGATION AND SUBSTITUTION OF ASSIGNEE IN AND TO ALL COVENANTS, REPRESENTATIONS AND WARRANTIES OF ASSIGNOR'S PREDECESSORS IN TITLE, AS SET FORTH IN PARAGRAPH 4 BELOW.
2. ASSIGNOR EXPRESSLY DISCLAIMS AND NEGATES ANY WARRANTY AS TO THE CONDITION OF ANY OF THE PROPERTIES, IT BEING EXPRESSLY UNDERSTOOD THAT THE PROPERTIES ARE BEING CONVEYED TO ASSIGNEE "AS IS" AND "WHERE IS" AND WITHOUT WARRANTY OF MERCHANTABILITY, CONDITION OR FITNESS FOR A PARTICULAR PURPOSE, EITHER EXPRESS OR IMPLIED.
3. This Assignment is made subject to that certain letter agreement dated July 24, 2012 between Assignors and Assignee (the "**Letter Agreement**"). If there is any conflict between the terms of this Assignment and the terms of the Letter Agreement, the Letter Agreement shall control in all respects and shall not merge into the terms of this Assignment.
4. To the extent permitted by law, Assignee shall be subrogated to Assignors' rights in and to the representations, warranties and covenants given with respect to the Properties. Assignors hereby grant and transfer to Assignee, its successors and assigns, to the extent so transferable and permitted by law, the benefit of and the right to enforce the covenants, representations and warranties, if any, which Assignor is entitled to enforce with respect to the Properties.
5. Assignors shall execute and deliver to Assignee, from time to time as may be necessary and reasonable, such other and additional instruments and documents and take such other

Page 2 of 4

Wolf & Wollschlaeger – MRC Energy Assignment, August 9, 2012

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MOZELLE CARR, COUNTY CLERK  
LOVING COUNTY, TX

By BE

Deputy

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actions as may be necessary to more fully and effectively grant, convey and assign to Assignee the Properties.

6. Unless provided otherwise, all recording references in the Exhibits hereto are to the official real property records of the county in which the Properties are located.
7. The terms and conditions contained herein shall constitute covenants running with the land and shall be binding upon and inure to the benefit of Assignor and Assignee and their respective successors and assigns.
8. This Assignment may be executed in any number of counterparts, and each such counterpart shall be deemed to be an original and all of which together shall constitute one and the same instrument. To facilitate recordation, the counterpart of this Assignment to be recorded in a county need only include those portions of the exhibits and schedules hereto covering lands located in such county.

This Assignment is dated as of the date set out in each party's respective acknowledgment below but effective August 9, 2012 at 12:00 a.m. (the "Effective Time"). Assignors and Assignee have executed this Assignment on the date set forth in their respective acknowledgments below, but effective for all purposes as of the Effective Time.

**ASSIGNORS:**

WOLF ENERGY INC. and  
LARRY R. WOLLSCHLAGER

By: *Larry R. Wollschlager*  
Larry R. Wollschlager, Individually and  
As Agent for Wolf Energy, Inc.  
*Pres.*

**ASSIGNEE:**

MRC ENERGY COMPANY

By: *David E. Lancaster* *KE*  
David E. Lancaster,  
Executive Vice President

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LOVING COUNTY, TX

By *BE*

Deputy

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STATE OF TEXAS       §  
                                  §  
 COUNTY OF DALLAS   §

Before me, the undersigned authority, a Notary Public in and for the State of Texas, personally appeared David E. Lancaster to me known to be the person who executed the within and foregoing instrument as an officer of MRC Energy Company, and acknowledged to me that he executed the same as the free and voluntary act and deed of such corporation for the uses and purposes therein set forth.

GIVE UNDER MY OFFICIAL SEAL, this 8<sup>th</sup> day of August, 2012.

My Commission Expires:



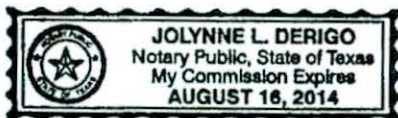
Samuel Pryor, Jr.  
 Notary Public in and for  
 Dallas County, Texas

STATE OF TEXAS       §  
                                  §  
 COUNTY OF MIDLAND   §

Before me, the undersigned authority, a Notary Public in and for the State of Texas, personally appeared Larry R. Wollschlager, to me known to be the person who executed the within and foregoing instrument individually and as President of Wolf Energy Inc., and acknowledged to me that he executed the same as the free and voluntary act and deed of such corporation for the uses and purposes therein set forth.

GIVE UNDER MY OFFICIAL SEAL, this 9<sup>th</sup> day of August, 2012.

My Commission Expires:



Jolynne L. Derigo  
 Notary Public in and for  
 Midland County, Texas

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By BC  
 Deputy

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## EXHIBIT A-1

Attached to and made a part of that certain Assignment of Oil and Gas Assets dated August 9, 2012 by and between Wolf Energy Inc. and Larry R. Wollschlager ("Assignors") and MRC Energy Company ("Assignee")

## THE ASSETS:

**All of Assignors' leasehold working interests in the following described leases located in Loving County, Texas, together with any associated operating rights, referred to herein as the Assets, insofar and only insofar as the Assets cover depths below the top of the Bone Spring formation (as seen at 7900' in the Dresser Atlas Density Neutron log for the Ford Chapman Unit #1 well) and down to the deepest depth owned by Assignors or 12,000' whichever is shallower**

| Lessor's Name                                                            | Lessee's Name                            | Volume | Page | Instrument Date | Tract Number |
|--------------------------------------------------------------------------|------------------------------------------|--------|------|-----------------|--------------|
| Billy Burt Hopper                                                        | Mobil Producing Texas & New Mexico, Inc. | 62     | 605  | 11/03/1981      | 1            |
| Young Bell and Jessie Bell Allen, Co-Trustees                            | Curtis Pool                              | 23     | 556  | 08/28/1963      | 1            |
| H. F. Anthony, Claude T. Anthony, Elizabeth A. Stewart and Jean A. Rowe  | Bill Seltzer                             | 62     | 301  | 08/17/1981      | 1            |
| Adobe Oil & Gas Corporation.                                             | Lincoln Rock Corporation                 | 69     | 205  | 04/26/1983      | 1            |
| Douglas Earl Bell, as Independent Executor of the Estate of Ruth V. Bell | Bill Seltzer                             | 62     | 299  | 08/21/1981      | 1            |
| Vera L. McCarter                                                         | Bill Seltzer                             | 62     | 53   | 08/10/1981      | 1            |
| Thelma Opal Roberts and husband, Murray Allen Roberts                    | Bill Seltzer                             | 62     | 44   | 08/10/1981      | 1            |
| Mary Jane McCarter Sherley                                               | Bill Seltzer                             | 62     | 55   | 10/10/1981      | 1            |
| R. L. Garrett, Jr.                                                       | Bill Seltzer                             | 62     | 51   | 08/10/1981      | 1            |
| Mary Kathryn Garrett Giles.                                              | Bill Seltzer                             | 62     | 57   | 08/10/1981      | 1            |
| Samuel Thomas Kendall and wife, Nettie W. Kendall                        | Bill Seltzer                             | 62     | 59   | 08/10/1981      | 1            |
| Robert P. Grimmett, Jr.                                                  | Bill Seltzer                             | 62     | 61   | 08/10/1981      | 1            |
| Ford Chapman                                                             | Lincoln Rock Corporation                 | 69     | 219  | 05/10/1983      | 1            |

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Wolf & Wollschlager-- MRC Energy Assignment -- Exhibit A-1, August 9, 2012

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|                                                                         |                                             |    |     |            |   |
|-------------------------------------------------------------------------|---------------------------------------------|----|-----|------------|---|
| Elizabeth Chapman Mays                                                  | Lincoln Rock Corporation                    | 69 | 213 | 05/10/1983 | 1 |
| Ara Chapman Blount                                                      | Lincoln Rock Corporation                    | 69 | 217 | 05/10/1983 | 1 |
| Sarah Chapman Hardwick                                                  | Lincoln Rock Corporation                    | 69 | 215 | 05/10/1983 | 1 |
| Jean Chapman Grebing                                                    | Lincoln Rock Corporation                    | 69 | 211 | 05/10/1983 | 1 |
| Mary Ellen Hering                                                       | Lincoln Rock Corporation                    | 69 | 209 | 05/10/1983 | 1 |
| Tenneco Oil Company                                                     | Lincoln Rock Corporation                    | 72 | 1   | 01/09/1984 | 1 |
| Frances Hubbard Kerr and Herman Peirce Hubbard                          | Dalton H. Cobb                              | 53 | 289 | 12/01/1978 | 2 |
| A. S. Chapman, joined pro forma by her husband, N. F. Chapman           | Jack E. Blake                               | 25 | 513 | 11/20/1964 | 3 |
| Woodrow W. Wheat and wife, Sylvia Wheat                                 | Curtis Pool                                 | 40 | 789 | 07/08/1974 | 4 |
| Mrs. A. S. Chapman, joined pro forma by her husband, N. F. Chapman      | H. N. White                                 | 16 | 429 | 08/05/1939 | 5 |
| D. D. Feldman and C. L. Pardo                                           | Delfern Oil Company                         | 9  | 551 | 10/04/1951 | 6 |
| Felix S. Thaxton and wife, Grace N. Thaxton                             | N. S. Marrow                                | 37 | 630 | 07/18/1973 | 7 |
| Lillas M. Thaxton, widow of Henry J. Thaxton, deceased                  | N. S. Marrow                                | 37 | 632 | 07/18/1973 | 7 |
| Mary Stovall Jackson, joined pro forma by her husband, David R. Jackson | N. S. Marrow                                | 37 | 651 | 07/18/1973 | 7 |
| Newel Thompson, Trustee of the Estate of Sue M. Smith, deceased         | William J. Phelan                           | 30 | 101 | 07/30/1968 | 8 |
| Mary Wade Smith Meador, joined by her husband, Hubert Troy Meador       | William J. Phelan                           | 30 | 220 | 12/19/1968 | 8 |
| T. C. Atkinson and wife, Marguerite Bell Atkinson                       | American Trading and Production Corporation | 31 | 103 | 05/20/1969 | 9 |
| Frances K. Toll, dealing in her sole and separate property              | American Trading and Production Corporation | 31 | 3   | 05/20/1969 | 9 |

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Wolf &amp; Wollschlaeger-- MRC Energy Assignment -- Exhibit A-1, August 9, 2012

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|                                                                                    |                                             |    |     |            |    |
|------------------------------------------------------------------------------------|---------------------------------------------|----|-----|------------|----|
| Marguerite L. Campbell, a widow                                                    | American Trading and Production Corporation | 31 | 5   | 05/20/1969 | 9  |
| Joanne Jorgensen Deatrick, dealing in her sole and separate property               | American Trading and Production Corporation | 42 | 184 | 09/25/1974 | 9  |
| Charles A. Adams, Jr., et al                                                       | American Trading and Production Corporation | 30 | 634 | 05/09/1969 | 10 |
| Clifford Ely, a single man                                                         | J. Mack Barnes                              | 40 | 549 | 09/27/1973 | 11 |
| Clifford Ely, a single man                                                         | J. Mack Barnes                              | 40 | 549 | 09/27/1973 | 12 |
| Jean M. Sheldon, joined pro forma by her husband, Edward C. Sheldon                | J. Mack Barnes                              | 39 | 329 | 09/18/1973 | 12 |
| Mrs. J. E. Gillispie, a married woman dealing in her separate property             | J. Mack Barnes                              | 39 | 333 | 08/17/1973 | 12 |
| William F. Bethard, MD                                                             | J. Mack Barnes                              | 39 | 335 | 09/03/1973 | 12 |
| Joan McKee Jones and husband, Frank G. Jones                                       | J. Mack Barnes                              | 39 | 473 | 11/21/1973 | 12 |
| Barbara B. Littlepage, formerly Barbara B. Woods, dealing in her separate property | Pennzoil Company                            | 41 | 223 | 09/18/1974 | 12 |
| Dorothy Allen White, et al.                                                        | Larry R. Wollschlager                       | 58 | 504 | 11/22/1980 | 13 |
| Felix S. Thaxton and wife, Grace N. Thaxton                                        | N. S. Marrow                                | 37 | 630 | 07/18/1973 | 14 |
| Lillas M. Thaxton, widow of Henry J. Thaxton, Deceased                             | N. S. Marrow                                | 37 | 632 | 07/18/1973 | 14 |
| Mary Stovall Jackson, joined pro forma by her husband, David R. Jackson            | N. S. Marrow                                | 37 | 651 | 07/18/1973 | 14 |
| Flag-Redfern Oil Company                                                           | Dalton H. Cobb                              | 55 | 45  | 06/22/1979 | 14 |
| Emma H. Maxwell, Caroline H. Bayfield, and the Estate of William F. Hahman.        | T. A. Hillin                                | 84 | 161 | 11/18/1988 | 15 |

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Wolf &amp; Wollschlager- MRC Energy Assignment - Exhibit A-1, August 9, 2012

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|                                                                                                                                      |                                                                                 |    |     |            |    |
|--------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|----|-----|------------|----|
| State of Texas, by and through the Commissioner of the General Land Office and the School Land Board.                                | T. A. Hillin                                                                    | 85 | 392 | 10/03/1989 | 16 |
| University Church of Christ, Abilene, Texas.                                                                                         | William J. Phelan                                                               | 54 | 64  | 12/15/1978 | 17 |
| The Children's Home of Lubbock, Lubbock, Texas, and The Home For the Aged, Gunter, Texas.                                            | American Trading and Production Corporation                                     | 54 | 69  | 12/15/1978 | 17 |
| Jesse W. Bush and wife, may Jarine Bush                                                                                              | Curtis Pool                                                                     | 54 | 527 | 04/20/1979 | 18 |
| Boyd E. Kern, Independent Executor of the Estate of Betty R. Kern, Deceased                                                          | J. T. Dickerson                                                                 | 56 | 566 | 04/11/1980 | 19 |
| Howell Spear                                                                                                                         | Curtis Pool                                                                     | 51 | 845 | 07/18/1978 | 20 |
| Marshall S. McCrea, Jr., Trustee                                                                                                     | American Trading and Production Corporation                                     | 53 | 4   | 10/03/1978 | 20 |
| Ellie Spear                                                                                                                          | Curtis Pool                                                                     | 53 | 663 | 03/14/1979 | 20 |
| Felmont Oil Corporation                                                                                                              | American Trading and Production Corporation                                     | 56 | 109 | 03/01/1979 | 20 |
| Howell Spear                                                                                                                         | Curtis Pool                                                                     | 51 | 845 | 07/18/1978 | 21 |
| Marshall S. McCrea, Jr., Trustee                                                                                                     | American Trading and Production Corporation                                     | 53 | 4   | 10/03/1978 | 22 |
| Marshall S. McCrea, Jr., Trustee                                                                                                     | American Trading and Production Corporation                                     | 53 | 4   | 10/03/1978 | 23 |
| Joanne Jorgenson Deatrick                                                                                                            | Curtis Pool                                                                     | 56 | 532 | 01/21/1980 | 23 |
| Marguerite L. Kendall, a widow.                                                                                                      | Griffin & Burnett, Inc. Assigned in 58/250 to: Cobb 37.5% and Wolschlager 37.5% | 52 | 866 | 09/25/1978 | 23 |
| Marshall S. McCrea and wife, Elizabeth J. McCrea                                                                                     | The Pure Oil Company (later Union Oil Company of California)                    | 17 | 587 | 04/30/1960 | 24 |
| George Hammarlund and wife, Lillie Hammarlund; Elmer Hammarlund and wife, Rose Hammarlund; Lillian Clark and husband, Ralph E. Clark | Curtis Pool                                                                     | 23 | 278 | 10/01/1963 | 25 |
| Ruth M. Vaughn                                                                                                                       | Curtis Pool                                                                     | 51 | 841 | 07/18/1978 | 26 |

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Wolf &amp; Wolschlager- MRC Energy Assignment - Exhibit A-1, August 9, 2012

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By

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|                                                                                                                  |                                                            |    |     |            |    |
|------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|----|-----|------------|----|
| James M. Raymond                                                                                                 | Curtis Pool                                                | 52 | 143 | 07/18/1978 | 26 |
| Dorothy Jane Williams and husband, Paul Williams                                                                 | Curtis Pool                                                | 52 | 145 | 07/18/1978 | 26 |
| Mary Dee Fisher                                                                                                  | Curtis Pool                                                | 52 | 147 | 07/18/1978 | 26 |
| Brenda Vaughan Petke                                                                                             | Curtis Pool                                                | 52 | 149 | 07/18/1978 | 26 |
| Nancy Vaughan Ridgley                                                                                            | Curtis Pool                                                | 52 | 327 | 07/18/1978 | 26 |
| Charles R. Prindle                                                                                               | Curtis Pool                                                | 23 | 243 | 10/01/1963 | 27 |
| John Vanderlee                                                                                                   | Curtis Pool                                                | 51 | 843 | 07/18/1978 | 28 |
| Felmont Oil Corporation                                                                                          | American Trading and Production Corporation                | 56 | 109 | 03/01/1979 | 29 |
| Young Bell, Trustee, and Jessie Bell Allen, Co-Trustee                                                           | Curtis Pool                                                | 23 | 556 | 08/28/1963 | 30 |
| United States Smelting Refining & Mining Company                                                                 | Mann Rankin and Randall B. Johnston                        | 23 | 235 | 10/14/1963 | 30 |
| George S. Bond and wife, Vera A. Bond                                                                            | The Pure Oil Company (now Union Oil Company of California) | 16 | 406 | 06/10/1959 | 30 |
| Minnie McCarter                                                                                                  | The Pure Oil Company (now Union Oil Company of California) | 16 | 447 | 09/15/1959 | 30 |
| Florence M. Anthony, a widow, Individually and as Independent Executrix of the Estate of H. F. Anthony, Deceased | The Pure Oil Company (now Union Oil Company of California) | 16 | 497 | 09/29/1959 | 30 |
| Avoca Corporation                                                                                                | The Pure Oil Company (now Union Oil Company of California) | 16 | 560 | 11/09/1959 | 30 |
| Young Bell, Trustee, and Jessie Bell Allen, Co-Trustee                                                           | Curtis Pool                                                | 23 | 556 | 08/28/1963 | 31 |
| United States Smelting Refining & Mining Company                                                                 | Mann Rankin and Randall B. Johnston                        | 23 | 235 | 10/14/1963 | 31 |
| Minnie McCarter                                                                                                  | The Pure Oil Company (now Union Oil Company of California) | 16 | 447 | 09/15/1959 | 31 |

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Wolf &amp; Wollschlaeger- MRC Energy Assignment - Exhibit A-1, August 9, 2012

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|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|----|-----|------------|----|
| Florence M. Anthony, a widow, Individually and as Independent Executrix of the Estate of H. F. Anthony, Deceased                                                                                                                                                | The Pure Oil Company (now Union Oil Company of California) | 16 | 497 | 09/29/1959 | 31 |
| Avoca Corporation                                                                                                                                                                                                                                               | The Pure Oil Company (now Union Oil Company of California) | 16 | 560 | 11/09/1959 | 31 |
| Vera Bond, a widow, Individually and as Independent Executrix of the Estate of George S. Bond, Deceased                                                                                                                                                         | Curtis Pool                                                | 38 | 251 | 08/15/1973 | 31 |
| Harwin Terry Mann and Howard C. Mann                                                                                                                                                                                                                            | Curtis Pool                                                | 59 | 165 | 01/17/1981 | 31 |
| H. M. Boddy, a single man, and Vivian Boddy, a widow, Individually, and as Independent Executor of the Estate of J.E. Boddy, Deceased                                                                                                                           | H. V. Beck, Jr.                                            | 56 | 702 | 03/31/1980 | 32 |
| The State of Texas, acting by and through Bob Armstrong, Commissioner of the General Land Office of the State of Texas                                                                                                                                          | American Trading and Production Corporation                | 53 | 625 | 02/06/1979 | 33 |
| Anna Goodrich, a widow; Thelma Goodrich, Individually and as Independent Executrix of the Estate of Descom Goodrich, Deceased; Ellen Goodrich, Individually and as Independent Executrix of the Estate of Gaylord Goodrich, Deceased; and Lloyd Lawson Goodrich | American Trading and Production Corporation                | 55 | 258 | 04/01/1979 | 34 |
| Starr Commonwealth For Boys, a Michigan Corporation                                                                                                                                                                                                             | Curtis Pool                                                | 52 | 323 | 08/31/1978 | 35 |

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Wolf &amp; Wollschlaeger- MRC Energy Assignment - Exhibit A-1, August 9, 2012

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|------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|----|-----|------------|----|
| Hermon Peirce Hubbard and wife, Barbara Hubbard, and Frances H. Kerr, individually and as Independent Executrix of the Estate of William L. Kerr, Deceased | Curtis Pool                                 | 53 | 107 | 09/14/1978 | 35 |
| U.V. Industries, Inc., formerly United States Smelting Refining & Mining Company                                                                           | American Trading and Production Corporation | 53 | 143 | 09/29/1978 | 35 |
| Transwestern, Inc.                                                                                                                                         | Curtis Pool                                 | 54 | 546 | 12/04/1978 | 35 |
| Felmont Oil Corporation                                                                                                                                    | American Trading and Production Corporation | 57 | 822 | 07/21/1980 | 35 |
| State of Texas                                                                                                                                             | Larry R. Wolschlager                        | 39 | 816 | 04/06/2004 | 36 |
| William Monroe Kerr & Ted M. Kerr, Independent Executors of the Estate of Frances H. Kerr, deceased                                                        | Larry R. Wolschlager                        | 19 | 221 | 04/01/2001 | 37 |
| Hubbard, Herman Pierce                                                                                                                                     | Larry R. Wolschlager                        | 16 | 106 | 06/07/2000 | 37 |
| Billy Burt Hopper, as his separate property and Wanema J. Hopper, as her separate property                                                                 | Larry R. Wolschlager                        | 76 | 80  | 03/06/2008 | 38 |
| Kyle Pool                                                                                                                                                  | Larry R. Wolschlager                        | 80 | 1   | 05/01/2008 | 39 |
| Lynn Robnett                                                                                                                                               | Larry R. Wolschlager                        | 98 | 320 | 11/04/2010 | 39 |
| Mickey Pool                                                                                                                                                | Larry R. Wolschlager                        | 80 | 5   | 05/01/2008 | 39 |
| Rita Johnston                                                                                                                                              | Larry R. Wolschlager                        | 80 | 7   | 05/01/2008 | 39 |
| James C. Angehr and wife, Donna L. Angehr                                                                                                                  | Larry R. Wolschlager                        | 80 | 9   | 05/01/2008 | 39 |
| Francis P. Hubbard, Individually and as Independent Executrix of the Estate of W. W. Hubbard                                                               | J. R. Bozeman                               | 11 | 387 | 10/10/1952 | 41 |
| The Lotus Oil Company                                                                                                                                      | J. R. Bozeman                               | 11 | 509 | 12/20/1952 | 41 |
| R. H. Ernest                                                                                                                                               | J. R. Bozeman                               | 12 | 40  | 02/07/1953 | 41 |
| Conoco-Phillips Company                                                                                                                                    | Endeavor Energy Resources, L.P.             | 61 | 348 | 04/21/2006 | 41 |
| Herman Pierce Hubbard                                                                                                                                      | Larry R. Wolschlager                        | 31 | 422 | 06/02/2003 | 41 |

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Wolf &amp; Wolschlager- MRC Energy Assignment - Exhibit A-1, August 9, 2012

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|                                                                                                |                                     |     |     |            |    |
|------------------------------------------------------------------------------------------------|-------------------------------------|-----|-----|------------|----|
| Wm. Monroe Kerr and Ted M. Kerr, Indep Co-Executors of the Estate of Frances H. Kerr, Deceased | Larry R. Wollschlager               | 31  | 703 | 06/19/2003 | 41 |
| Frank J. Abrams                                                                                | Permian Basin Land Associates, Inc. | 20  | 610 | 07/01/2001 | 42 |
| Julia A. Fennerty                                                                              | Permian Basin Land Associates, Inc. | 20  | 613 | 07/01/2001 | 42 |
| Eleanor Abrams Brosnan                                                                         | Permian Basin Land Associates, Inc. | 20  | 616 | 07/01/2001 | 42 |
| Julia Hamilton Chambers, dealing in her sole and separate property                             | Permian Basin Land Associates, Inc. | 30  | 387 | 10/02/2002 | 42 |
| Bernard Hamilton, dealing in his sole and separate property                                    | Permian Basin Land Associates, Inc. | 30  | 390 | 10/02/2002 | 42 |
| John S. Hamilton, dealing in his sole and separate property                                    | Permian Basin Land Associates, Inc. | 30  | 393 | 10/02/2002 | 42 |
| James A. Norton, dealing in his sold and separate property                                     | Permian Basin Land Associates, Inc. | 30  | 396 | 10/02/2002 | 42 |
| Edward J. Norton, dealing in his sole and separate property                                    | Permian Basin Land Associates, Inc. | 30  | 399 | 10/02/2002 | 42 |
| Harwin Terry Mann and Howard C. Mann                                                           | Curtis Pool                         | 59  | 165 | 01/17/1981 | 43 |
| Young Bell, Trustee, and Jessie Bell Allen, Co-Trustee                                         | Curtis Pool                         | 23  | 556 | 08/28/1963 | 43 |
| Gary Rowe                                                                                      | Wolf Energy Inc.                    | 100 | 433 | 02/15/2011 | 43 |
| Top Brass Oil Company                                                                          | Wolf Energy Inc.                    | 100 | 435 | 02/17/2011 | 43 |
| Toni Mullin                                                                                    | Wolf Energy Inc.                    | 101 | 73  | 02/15/2011 | 43 |
| Opal Ann Hawkins                                                                               | Wolf Energy Inc.                    | 101 | 75  | 02/15/2011 | 43 |
| Ronnie Rowe                                                                                    | Wolf Energy Inc.                    | 101 | 77  | 02/15/2011 | 43 |
| Nancy Claudine Reel                                                                            | Wolf Energy Inc.                    | 101 | 79  | 02/15/2011 | 43 |
| Jacklyn Giles Sunderland                                                                       | Wolf Energy Inc.                    | 102 | 169 | 04/01/2011 | 43 |
| El Casaga                                                                                      | Wolf Energy Inc.                    | 102 | 171 | 04/01/2011 | 43 |
| Teresa S. Gentry                                                                               | Wolf Energy Inc.                    | 103 | 235 | 04/18/2011 | 43 |
| E. Jackson Giles                                                                               | Wolf Energy Inc.                    | 103 | 239 | 04/01/2011 | 43 |
| Richard A. Sherley                                                                             | Wolf Energy Inc.                    | 104 | 34  | 04/18/2011 | 43 |

8

Wolf &amp; Wollschlager- MRC Energy Assignment - Exhibit A-1, August 9, 2012

A CERTIFIED COPY: PG 12 OF 19IF IT BEARS THE SEAL OF THE COUNTY CLERK IMPRINTED  
IN PURPLE INK ATTEST 11/7/16MOZELLE CARR, COUNTY CLERK  
LOVING COUNTY, TXBy BE

Deputy

916 711

|                                                                                                    |                       |      |      |            |    |
|----------------------------------------------------------------------------------------------------|-----------------------|------|------|------------|----|
| Charlotte Stewart-Sloan                                                                            | Wolf Energy Inc.      | 106  | 839  | 08/03/2011 | 43 |
| Kenneth Ehman                                                                                      | Wolf Energy Inc.      | 2011 | 1496 | 08/29/2011 | 43 |
| W.M. Monroe Kerr and Ted M. Kerr, Independent Executors of the Estate of Frances H. Kerr, Deceased | Larry R. Wollschlager | 19   | 221  | 04/01/2001 | 44 |
| Herman Pierce Hubbard                                                                              | Larry R. Wollschlager | 16   | 106  | 06/07/2000 | 44 |

9

Wolf &amp; Wollschlager- MRC Energy Assignment - Exhibit A-1, August 9, 2012

A CERTIFIED COPY: PG 13 OF 19IF IT BEARS THE SEAL OF THE COUNTY CLERK IMPRINTED  
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LOVING COUNTY, TXBy DE  
Deputy

916 77



## EXHIBIT A-2

Attached to and made a part of that certain Assignment of Oil and Gas Assets dated August 9, 2012 by and between Wolf Energy Inc. and Larry R. Wollschlager ("Assignors") and MRC Energy Company ("Assignees")

## THE ASSETS:

**All of Assignors' leasehold working interests, including any associated operating rights, in the following described lands located in Loving County, Texas referred to herein as the Assets, insofar and only insofar as the Assets cover depths below the top of the Bone Spring formation (as seen at 7900' in the Dresser Atlas Density Neutron log for the Ford Chapman Unit #1 well) and down to the deepest depth owned by Assignors or 12,000' whichever is shallower**

| Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Tract Number |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| Lot 16, Section 81, Block 33, H&TC Ry. Co. Survey, Loving County, Texas.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 1            |
| All of Section 83, Block 33, H&TC Ry. Co. Survey, Loving County, Texas, SAVE AND EXCEPT:<br>(a) The NE/2 NE/2 NE/2;<br>(b) The W/4 NE/2 NE/2 above 7500 feet;<br>(c) The N/4 SW/2 NE/2 above 7500 feet.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 2            |
| All of Section 82, Block 1, W&NW RR Co. Svy, Loving County, Texas, S&E that 40 acre tract conveyed by Deed in Book 7, Page 302, and S&E that 40 acre tract conveyed by Oil & Gas Mining Lease in Book 16, Page 429, Loving Co. Deed Records, and containing 347 acres.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 3            |
| Being 40 acres of land, more or less, out of Section 82, Block 1, W & NW RR Co. Survey, Loving County, Texas, described by metes and bounds as follows: Beginning at the South Corner of Section 83 and West corner of Section 80, all in Block 1, W&NW RR . Co. Survey; Thence South 40° West, 520 1/4 Vrs. to a point; Thence North 50° West, 434 Vrs. to a point; Thence North 40° East, 520 1/4 Vrs. to a point on the Northeast line of said Section 82; Thence South 50° East along the Northeast line of said Section-82, 434 Vrs. to the place of beginning, and containing 40 acres.                                                                                                                                                                                                                     | 4            |
| 40 acres of land out of Section 82, Block 1, W&NW Ry. Co. Svy., Loving County, Texas, described as follows: Beginning at the East Corner of Section 82, Block 1, W&NW RR Co. Survey, which is also the North corner of Section 81, same block and survey; Thence North 50° West along the Northeast line of Section 82, 1027.7 feet (390 Vrs.) to the West corner of Section 80 and the South corner of Section 83, same block and survey; Thence South 40° West, 1695.4 feet (610.4 Vrs.) to a point; Thence South 50° East, 1027.7 feet to a point in the Southeast line of Section 82; Thence North 40° East, 1695.4 feet along the Southeast line of Section 82 to the place of beginning, and containing 40 acres of land.                                                                                   | 5            |
| 40 acres of land out of the Northwest 200 acres of Section 81, Block 1, W&NW Ry. Co. Survey, and being described as follows: BEGINNING at the southeast corner of Section 82, and the north corner of Section 81, which point is the most northerly common corner of said Sections 81 and 82, Block 1, W&NW RR Co. Survey; Thence southeasterly along the northeast line of Section 81 a distance of 1866 feet; Thence southwesterly parallel with the northwest line of Section 81 a distance of 933 feet; Thence northwesterly parallel with the northeast line of said Section 81 a distance of 1866 feet to a point in the northwest line of said Section-81; Thence northeasterly along the northwest line of said Section 81 a distance of 933 feet to the place of Beginning, containing 40 acres of land. | 6            |

1

Wolf & Wollschlager – MRC Energy Assignment – Exhibit A-2, August 9, 2012

A CERTIFIED COPY: PG 14 OF 19

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MOZELLE CARR, COUNTY CLERK  
LOVING COUNTY, TX

By BE Deputy

976 11



|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |    |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|
| Being the northeast 48.34 acres out of the northwest half (NW2) of Section 80, Block 33, H&TC Ry. Co. Survey, Loving County, Texas, the most northerly corner of said 48.34 acre tract also being the most northerly corner of said Section 80; the northeasterly line of said 48.34 acre tract also being the. northeasterly line of said Section 80; the northwesterly line of said 48.34 acre tract also being the northwesterly line of said Section 80; the southwesterly line of said 48.34 acre tract being parallel to the northeasterly line of said Section 80 and a sufficient distance therefrom to encompass 48.34 acres and the southeasterly line of said 48.34 acre tract being parallel to the northwesterly line of said Section 80 and also being the common line separating the Northwest half (NW2) of Section 80 from the Southeast Half (SE2) of Section 80. | 7  |
| The Southeast one-half (SE/2) of Section 80, Block 33, H&TC RyCo Survey, containing 320 acres, more or less; said 320 acres being also known as Lots 33 through 64 inclusive of Subdivision of said Section made by W.H. Thaxton, recorded in Volume 1, Page 179 of the Plat Records of Loving County, Texas.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 8  |
| Lots 12 and 14 of the Stratton Subdivision of Section 81, Block 33, H&TC Ry. Co. Survey, Loving County, Texas.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 9  |
| Lots 5, 6, 13 and the NW/2 of Lot 1 of the E. L. Stratton Subdivision of Section 81, Block 33, H&TC Ry. Co. Survey, Loving County, Texas.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 10 |
| Being all of Tract Number 10 in Section 81, Abstract No. 8, Block 33, H&TC Ry. Co. Survey, and containing 46 acres of land, as the same is shown by E. L. Stratton's Subdivision Plat of said Section No. 81, Block 33, H&TC Ry. Co. Survey, Loving County, Texas, of record in the office of the County of Loving County, Texas.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 11 |
| Farm Lot Number 15, E. L. Stratton Subdivision, Section 81, Block 33, H&TC Ry. Co. Survey, Loving County, Texas.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 12 |
| All of Survey 82, Block 33, H&TC Ry. Co. Survey, Loving County, Texas.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 13 |
| The northwest half (NW/2) of Section 80, Block 33, H&TC Ry. Co. Survey, Loving County, Texas, but excluding the NE 48.34 acres of said NW/2, thereby leaving 271.66 acres out of said northwest half (NW/2).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 14 |
| Lots 7 & 9, Section 81, Block 33, H&TC Ry. Co. Survey, Loving County, Texas.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 15 |
| Tract I-D. <u>Pecos River</u> , Loving & Peeves Counties, Texas, containing approximately 55 acres, is bound on the Northwest by the Curley-State Unit, said unit being more particularly described in Pooling Agreement in Mineral Lease File W-88402, currently on file in the Archives & Records Division of the Texas General Land Office, Austin, Texas, and is bound on the South by a line with a grid bearing 540°W and passing through a point with coordinates of X-974.550 Ft. and Y745,320 Ft., Texas State Plane Coordinate System, Central Zone.                                                                                                                                                                                                                                                                                                                      | 16 |
| All of that part of the SE/2 of Section 80, Block 33, H&TC Ry. Co. Survey, Loving County, Texas, which is not included in the American Quasar Petroleum Company's Ford Chapman Unit (recorded in Volume 50, page 170, Deed Records, Loving County, Texas) and in American Trading and Production Corporation Arno Gas Unit No. 1 (a counterpart, copy of which is recorded in Volume , page , Deed Records, Loving County, Texas), and comprising 26.59 acres, more or less.                                                                                                                                                                                                                                                                                                                                                                                                        | 17 |

*terminated  
1964*

2

Wolf &amp; Wollschlaeger – MRC Energy Assignment – Exhibit A-2, August 9, 2012

A CERTIFIED COPY: PG 15 OF 19

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LOVING COUNTY, TX

By

Deputy

916 11

*sqw*



|                                                                                                                                                                                                                                                                                                                                                                           |    |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|
| Farm Lots 29, 30, 33 and 34, and the most southwesterly 338 feet of the Porterville Townsite (said 338 feet lying Southwest of the Gaataga Gas Unit No. 2, recorded in Volume 51, page 221, Deed Records, Loving County, Texas), All situated in Section 79, Block 33, H&TC Ry. Co. Survey, Loving County, Texas, and comprising 40.675 acres, more or less.              | 18 |
| Farm Lots 37 and 38, of Section 79, Block 33, H&TC Ry. Co. Survey, Loving County, Texas, and comprising 10 acres, more or less.                                                                                                                                                                                                                                           | 19 |
| Farm Lots 41, 42, 45, 46, 49, 50, 55 and 56, of Section 79, Block 33, H&TC Ry. Co. Survey, Loving County, Texas, and comprising 40 acres, more or less.                                                                                                                                                                                                                   | 20 |
| Farm Lot 42, Section 77, Block 33, H&TC Ry. Co. Survey, Loving County, Texas.                                                                                                                                                                                                                                                                                             | 21 |
| Farm Lots 31, 32, 35, 36, 53 and 54, of Section 79, Block 33, H&TC Ry. Co. Survey, Loving County, Texas, and comprising 30 acres, more or less.                                                                                                                                                                                                                           | 22 |
| Farm Lot 59, Section 79, Block 33, H&TC Ry. Co. Survey, Loving County, Texas, and comprising 5 acres, more or less.                                                                                                                                                                                                                                                       | 23 |
| Farm Lots 39 and 40 of said Section 79, Block 33, H&TC Ry. Co. Survey, Loving County, Texas, and comprising 10 acres, more or less.                                                                                                                                                                                                                                       | 24 |
| Farm Lots 43 and 44, Section 79, Block 33, H&TC RR Co. Survey, Loving County, Texas.                                                                                                                                                                                                                                                                                      | 25 |
| Farm Lots 47, 51, 57 and 58 of Section 79, Block 33, H&TC RR Company Survey, and comprising 20 acres, more or less.                                                                                                                                                                                                                                                       | 26 |
| Farm Lots 48 and 52, Section 79, Block 33, H&TC Ry. Co. Survey, Loving County, Texas.                                                                                                                                                                                                                                                                                     | 27 |
| Farm Lot 60 of Section 79, Block 33, H&TC Ry. Co. Survey, Loving County, Texas, and comprising 5 acres, more or less.                                                                                                                                                                                                                                                     | 28 |
| Farm Lots 69, 70, 73, 74 and 77 of Section 79, Block 33, H&TC Ry. Co. Survey, Loving County, Texas, and comprising 43.12 acres, more or less.                                                                                                                                                                                                                             | 29 |
| Farm Lots 61, 62, 63, 64, 65, 67, 68, 71, 72, 75, 76 and 78 of Edward L. Stratton's S/D of Section 79, Block 33, H&TC Ry. Co. Survey, Loving County, Texas, and comprising 90.37 acres, more or less.                                                                                                                                                                     | 30 |
| Farm Lot 66 of Edward L. Stratton's S/D of Section 79, Block 33, H&TC Ry. Co. Survey, Loving County, Texas.                                                                                                                                                                                                                                                               | 31 |
| Farm Lots, Numbered 19 to 29, inclusive, of the F. N. Johnson Subdivision, Section 78, Block 33, H&TC Ry. Co. Survey, Loving County, Texas, as per Plat thereof, recorded in Volume 3, page 617, Deed Records, Loving County, Texas, said lots being in the southwest end of said Section 78, and comprising 146.9 acres, more or less.                                   | 32 |
| The Mid-Part of the Southwest Part of Section 78, Block 33, H&TC Ry. Co. Survey, Loving County, Texas, (also described as Lots 9 through 18, inclusive, of the SW/2 of Section 78) and comprising 100 acres, more or less.                                                                                                                                                | 33 |
| Farm Lots 1, 3, 5 and 7 of the F. N. Johnson Subdivision of Section 78, Block 33, H&TC Ry. Co. Survey, Loving County, Texas, and comprising 40 acres, more or less.                                                                                                                                                                                                       | 34 |
| Farm Lots 2, 4, 6 and 8 of the F. N. Johnson Subdivision of Section 78, and the most southwesterly 31.345 acres of the SW/4 of the NE/2 of Section 78, Block 33, H&TC Ry. Co. Survey, Loving County, Texas, and comprising 71.345 acres, more or less.                                                                                                                    | 35 |
| Being approximately 8 acres of land, consisting of all of the bed of the Pecos River lying between a southwesterly extension, across the streambed, of the northwest line of Section No. 83, H. & T. C. R. R. Co. Survey, Block 33, Loving and Reeves Counties, Texas, and a southwesterly extension, across the streambed, of the southeast line of said Section No. 83. | 36 |

A CERTIFIED COPY: PG 16 OF 19

IF IT BEARS THE SEAL OF THE COUNTY CLERK IMPRINTED  
IN PURPLE INK ATTEST 11-7-14MOZELLE GARR, COUNTY CLERK  
LOVING COUNTY, TXBy *BE* Deputy

916 711

|                                                                                                                                                                                                                                                                                                                                                                                          |    |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|
| 72.00 acres out of 560.00 acres, said 560 acres being all of Section 83, Block 33, H & T C Railway Company Survey, loving County, Texas; SAVE AND EXCEPT that certain eighty acre tract of land included by the Railroad Commission of Texas as the proration unit for the Hubbard # 1 well located 7000' from the North East Line and 990' feet from the South East of said Section 83. | 37 |
| All of Section 90, Block 33, H&TC Ry. Co. Survey, Loving County, Texas, and all of Sections 22 and 24, Block 2, W&NW Ry. Co. Survey Loving County, Texas.                                                                                                                                                                                                                                | 38 |
| NE 11.126 acres of Lot 11, Section 81, Block 33, H&TC Ry. Co. Survey, Loving County, Texas.                                                                                                                                                                                                                                                                                              | 39 |
| SW 40.0 acres of Lot 11, Section 81, Block 33, H&TC Ry. Co. Survey, Loving County, Texas.                                                                                                                                                                                                                                                                                                | 40 |
| NE/2 of the NW/2 of Section 84, Block 33, H&TC Ry. Co. Survey, Loving County, Texas.                                                                                                                                                                                                                                                                                                     | 41 |
| SE/2 of Section 84, Block 33, H&TC Ry. Co. Survey, Loving County, Texas.                                                                                                                                                                                                                                                                                                                 | 42 |
| All of the SE/2 of Lot 1 of the E. L. Stratton Subdivision of Section 81, Block 33, H&TC Ry. Co. Survey, Loving County, Texas.                                                                                                                                                                                                                                                           | 43 |
| All of Section 83, Block 33, H&TC Ry. Co. Survey, Loving County, Texas; SAVE AND EXCEPT that certain eighty acre tract of land included by the Railroad Commission of Texas as the proration unit for the Hubbard # 1 well located 7000' from the North East Line and 990' feet from the South East of said Section 83.                                                                  | 44 |

4

Wolf &amp; Wollschlaeger – MRC Energy Assignment – Exhibit A-2, August 9, 2012

A CERTIFIED COPY: PG 17 OF 19IF IT BEARS THE SEAL OF THE COUNTY CLERK IMPRINTED  
IN PURPLE INK ATTEST 11-7-14MOZELLE CARR, COUNTY CLERK  
LOVING COUNTY, TXBy [Signature] Deputy

976 11

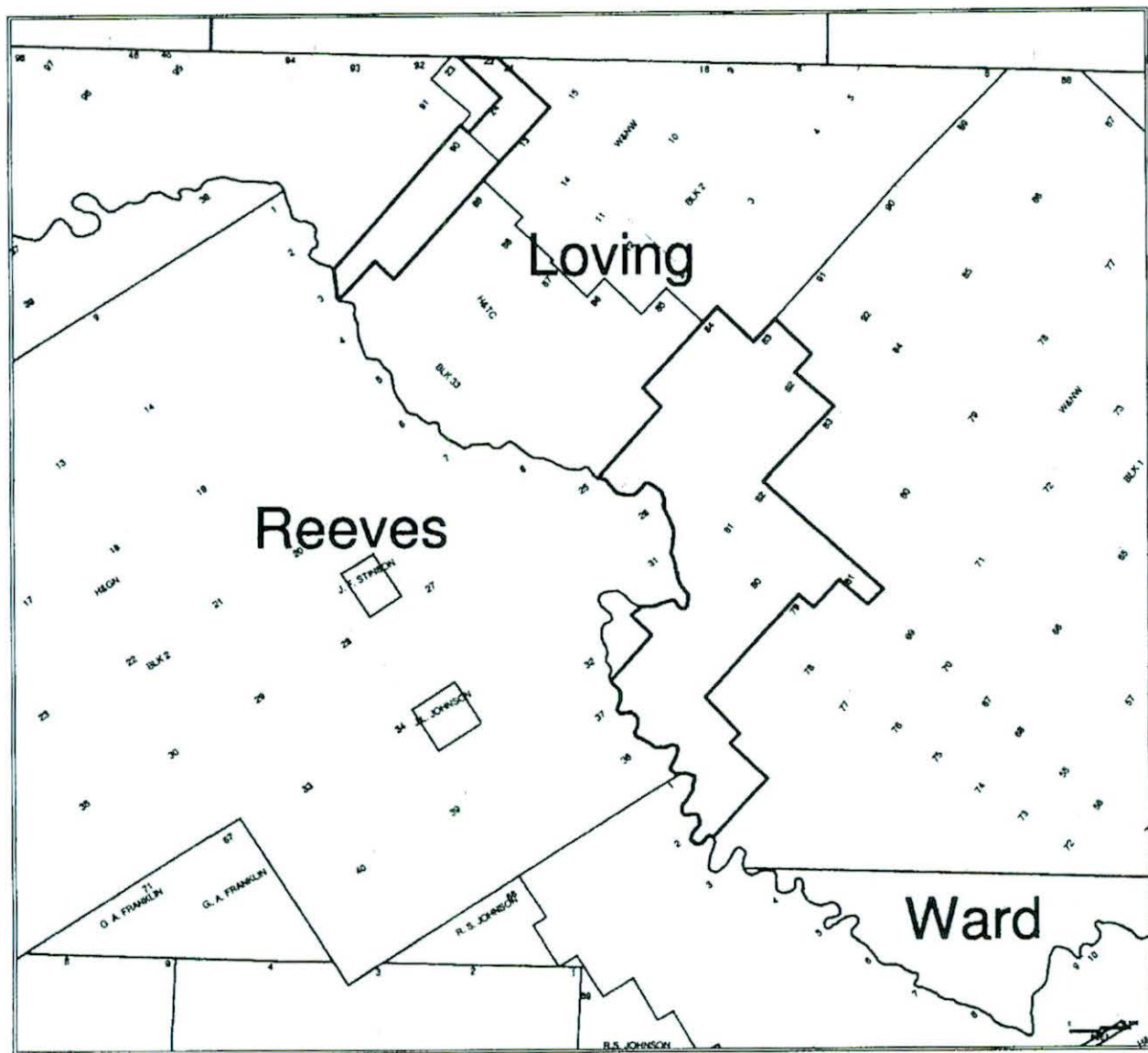


## EXHIBIT B

Attached to and made a part of that certain Assignment of Oil and Gas Assets dated August 9, 2012, by and between Wolf Energy Inc. and Larry R. Wollschlager ("Assignors") and MRC Energy Company ("Assignee")

## THE ASSETS:

All of Assignors' leasehold working interests, including any associated operating rights, in the following depicted lands located in Loving County, Texas referred to herein as the Assets, insofar and only insofar as the Assets cover depths below the top of the Bone Spring formation (as seen at 7,900' in the Dresser Atlas Density Neutron log for the Ford Chapman Unit #1 well) and down to the deepest depth owned by Assignors or 12,000' whichever is shallower



Wolf & Wollschlager – MRC Energy Assignment – Exhibit B, August 9, 2012

A CERTIFIED COPY: PG 18 OF 19

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IN PURPLE INK ATTEST 11.7.16



MOZELLE CARR, COUNTY CLERK  
LOVING COUNTY, TX

By [Signature] Deputy

976 11

I, Dustin Burrows, Deputy Clerk, Clerk of the County Court, in and for said County, do hereby certify that the within instrument in writing, dated 08/09/2012 with its certification of authentication, was filed in my office 08/13/2012 at 08:10 AM and recorded 08/13/2012 in the OFFICIAL PUBLIC RECORDS of Loving County, Texas with Instrument Number 2012-1083. Witness my Hand and Seal of Said Court, at office in Mentone, Texas, on date and year last above written.



  
DUSTIN BURROWS, Deputy County Clerk  
Loving County Texas

A CERTIFIED COPY: PG 19 OF 19

IF IT BEARS THE SEAL OF THE COUNTY CLERK, IMPRINTED  
IN PURPLE INK ATTEST 11.7.16



MOZELLE CARR, COUNTY CLERK  
LOVING COUNTY, TX

By BC  
Deputy

916 11



(13)

MI-093628

File No.

Assign 10198

Wolf @ MRC

Date Filed:

4-4-17

George P. Bush, Commissioner

By





**CERTIFIED COPY CERTIFICATE**  
**STATE OF TEXAS COUNTY OF LOVING**  
I hereby certify that the above is a true & correct  
copy of the original record on file in my office.  
MOZELLE GARR, DISTRICT CLERK & COUNTY CLERK, LOVING CO. TX

By:   
Deputy

11. 3. 16



TEXAS GENERAL LAND OFFICE  
GEORGE P. BUSH, COMMISSIONER

February 10, 2017

Ms. Diann Owens  
MRC Permian Company  
1603 Mountain Shadow Drive  
Carlsbad, New Mexico 88220

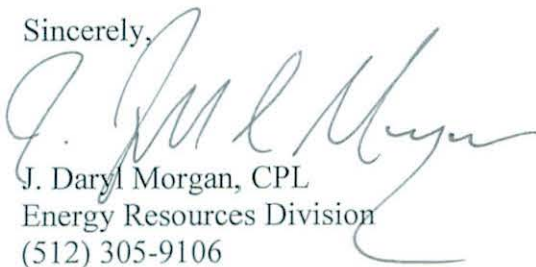
Re: Pooling Agreements  
Wolf SE Unit - GLO Unit No. 8282  
Wolf SW Unit - GLO Unit No. 8283  
Loving and Reeves Counties, Texas

Dear Ms. Owens:

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

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

Sincerely,

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

Enclosures



14

File No. M-93628

Ltr. to MRC County

Date Filed: 9/22/17

George P. Bush, Commissioner

By [Signature]

**DO NOT DESTROY**



**Texas General Land Office**  
**UNIT AGREEMENT MEMO**

UPA169369

Unit Number 8283  
Operator Name MRC Permian Company Effective Date 12/15/2016  
Customer ID C000088034 Unitized For Oil And Gas  
Unit Name Wolf SW Unit Term  
County 1 Loving RRC District 1 08 Old Unit Number Inactive Status Date  
County 2 Reeves RRC District 2 08  
County 3 RRC District 3  
County 4 RRC District 4  
Unit type Permanent  
State Net Revenue Interest Oil 0.01361450  
State Part in Unit 0.05445800  
Unit Depth Specified Depths Well  
From Depth 6500 Surface Formation  
To Depth Participation Basis Surface Acreage  
If Exclusions Apply: See Remarks

| Lease Number | Tract No | Lease Acres in Unit | Total Unit Acres | Tract Participation | O/G | Lease Royalty | NRI of Lease in Unit | Royalty Rate Reduction Clause |
|--------------|----------|---------------------|------------------|---------------------|-----|---------------|----------------------|-------------------------------|
| MF116705     | 1        | 10.000000           | 484.410000       | 0.02064367          | O/G | 0.25000000    | 0.00516092           | No                            |
| MF116701     | 2        | 8.190000            | 484.410000       | 0.01690717          | O/G | 0.25000000    | 0.00422679           | No                            |
| MF093628     | 3        | 8.190000            | 484.410000       | 0.01690717          | O/G | 0.25000000    | 0.00422679           | No                            |

API Number

Remarks:

Prepared By:

GLO Base Updated By:

RAM Approval By:

GIS By:

Well Inventory By:

Prepared Date:

GLO Base Date:

RAM Approval Date:

GIS Date:

WI Date:

12/15/2016

12/15/2016

2.15.17

4/10/2017

12/15/2016



# Pooling Committee Report

To: School Land Board

UPA169369

Date of Board Meeting: 12/15/2016

Unit Number: 8283

Effective Date: 12/15/2016

Unit Expiration Date:

Applicant: Matador Production Company

Attorney Rep:

Operator: MATADOR PRODUCTION COMPANY

Unit Name: Wolf SW

Field Name: PHANTOM (WOLFCAMP)

County: Loving

Reeves

| <u>Lease Type</u> | <u>Lease Number</u> | <u>Lease Royalty</u> | <u>Expiration Date</u> | <u>Lease Term</u> | <u>Lease Acres</u> | <u>Lease Acres In Unit</u> | <u>Royalty Participation</u> |
|-------------------|---------------------|----------------------|------------------------|-------------------|--------------------|----------------------------|------------------------------|
| R Fee             | MF093628            | 0.25000000           | 10/03/1992             | 3 years           | 6.880000           | 8.190000                   | 0.00422679                   |
| R Fee             | MF116701            | 0.25000000           | 07/01/2017             | 3 years           | 9.000000           | 8.190000                   | 0.00422679                   |
| R Fee             | MF116705            | 0.25000000           | 07/01/2017             | 3 years           | 10.000000          | 10.000000                  | 0.00516092                   |

|                   |            |
|-------------------|------------|
| Private Acres:    | 458.030000 |
| State Acres:      | 26.380000  |
| Total Unit Acres: | 484.410000 |

|                                    |                 |
|------------------------------------|-----------------|
| <u>Participation Basis:</u>        | Surface Acreage |
| Surface Acreage                    |                 |
| <u>State Acreage:</u>              | 5.45%           |
| <u>State Net Revenue Interest:</u> | 1.36%           |

|                   |                      |
|-------------------|----------------------|
| <u>Unit Type:</u> | <u>Unitized for:</u> |
| Permanent         | Oil And Gas          |
| <u>Term:</u>      |                      |

|                   |                                                  |
|-------------------|--------------------------------------------------|
| <u>RRC Rules:</u> | <u>Spacing Acres:</u>                            |
| Yes               | 704 acres for a 9,600 foot lateral (FTP to LTP). |

| MF#                 | MF116705   | MF116701   | MF093628   |            |
|---------------------|------------|------------|------------|------------|
| LEASE AC. IN UNIT   | 10         | 8.19       | 8.19       |            |
| TOTAL UNIT AC.      | 484.41     | 484.41     | 484.41     |            |
| STATE PARTICIPATION | 0.02064367 | 0.01690717 | 0.01690717 | 0.05445800 |
| LEASE ROYALTY       | 0.25       | 0.25       | 0.25       |            |
| PART OF UNIT NRI    | 0.00516092 | 0.00422679 | 0.00422679 | 0.01361450 |



**Working File Number:**    **UPA169369**

**REMARKS:**

- Matador Production Company is requesting permanent oil and gas pooling from 6,500 feet and below in order to test the Wolfcamp formation.
- The applicant plans to spud the unit well in December, 2016 with a proposed total depth of 17,230 feet. A 9,600 foot lateral is expected to be drilled.
- With Board approval of the unit the State's unit royalty participation will be 1.10%.
- The State will participate on a unitized basis from the date of first production.

**POOLING COMMITTEE RECOMMENDATION:**

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



Mary Smith - Office of the Attorney General



Date



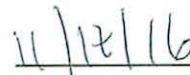
Robert Hatter - General Land Office



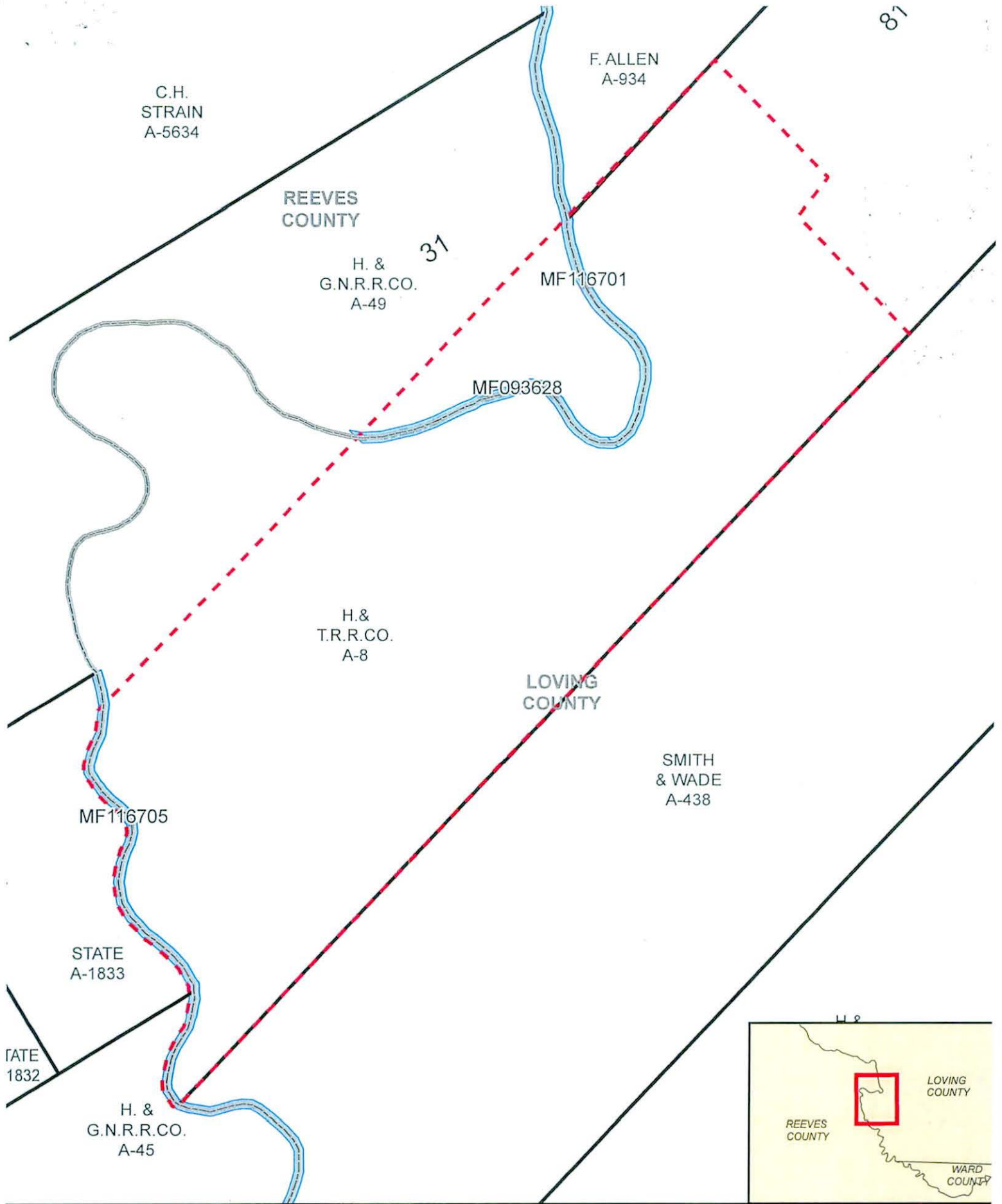
Date



Diane Morris - Office of the Governor



Date



STATE  
1832

H. &  
G.N.R.R.CO.  
A-45

STATE  
A-1833

MF116705

H. &  
T.R.R.CO.  
A-8

LOVING  
COUNTY

SMITH  
& WADE  
A-438

MF116701

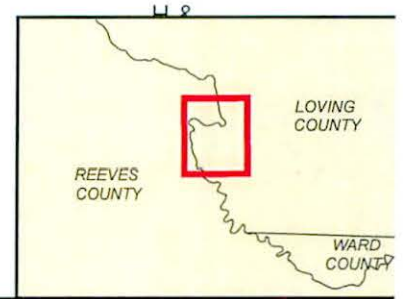
MF093628

H. &  
G.N.R.R.CO.  
A-49

REEVES  
COUNTY

C.H.  
STRAIN  
A-5634

F. ALLEN  
A-934



Unit #8283  
Matador Production Company  
Wolf SW Unit  
Phantom (Wolfcamp) Field  
Loving & Reeves Counties, Texas



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



Map Generated by:  
Mark Conway  
Enterprise Technology Solutions/GIS  
December 2016



POOLING AGREEMENT  
MRC PERMIAN COMPANY  
WOLF SW UNIT  
GLO UNIT NO. 8283  
LOVING AND REEVES COUNTIES, TEXAS

THIS AGREEMENT is entered into by and between the Commissioner of the General Land Office, on behalf of the State of Texas, as "Lessor" and MRC Permian Company, herein referred to as "Lessee", and such other interested parties as may join in the execution hereof, the undersigned parties herein collectively referred to as the "parties", in consideration of the mutual agreements hereinafter set forth and other valuable considerations, the receipt and sufficiency of which are hereby acknowledged, and for the purposes and upon the terms and conditions which follow:

PURPOSES:

1.

This Pooling Agreement ("Agreement") is made for the purposes of conservation and utilization of the pooled mineral, to prevent waste, to facilitate orderly development and to preserve correlative rights. To such end, it is the purpose of this Agreement to effect equitable participation within the unit formed hereby. This Agreement is intended to be performed pursuant to and in compliance with all applicable statutes, decisions, regulations, rules, orders and directives of any governmental agency having jurisdiction over the production and conservation of the pooled mineral and in its interpretation and application shall, in all things, be subject thereto.

UNIT DESCRIPTION:

2.

The oil and gas leases, which are included within the pooled unit, are listed on the attached Exhibit "A", to which leases and the records thereof reference is here made for all pertinent purposes. The pooled unit shall consist of all of the lands described in Exhibit "B" attached hereto and made a part hereof. A plat of the pooled unit is attached hereto as Exhibit "C".

MINERAL POOLED:

3.

The mineral pooled and unitized ("pooled mineral") hereby shall be oil and gas including all hydrocarbons that may be produced from an oil well or a gas well as such wells are recognized and designated by the Railroad Commission of Texas or other state regulatory agency having jurisdiction of the drilling and production of oil and gas wells. The pooled mineral shall extend to all depths underlying the surface boundaries of the pooled unit below 6,500 feet subject to any provision in the State leases for Horizontal Severance [ ("unitized interval")].

POOLING AND EFFECT:

4.

The parties hereto commit all of their interests which are within the unit to the extent and as above described into said unit and unitize and pool hereunder the separate tracts described on the attached Exhibit "B", for and during the term hereof, so that such pooling or unitization shall have the following effect:

- (a) The unit, to the extent as above described, shall be operated as an entirety for the exploration, development and production of the pooled mineral, rather than as separate tracts.
- (b) All drilling operations, reworking or other operations with respect to the pooled mineral on land within the unit shall be considered as though the same were on each separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Agreement. In the event the unitized area covered by this Agreement is maintained in force by drilling or reworking operations conducted on a directional or horizontal well drilled under the unitized area from a surface location on adjacent or adjoining lands not included within the boundaries of the unitized area, such operations shall be considered to have been commenced on the unitized area when drilling is commenced on the adjacent or adjoining land for the purpose of directionally drilling under the unitized area and production of oil or gas from the unitized area through any directional or horizontal well surfaced on adjacent or adjoining land or drilling or reworking of any such well shall be considered production or drilling or reworking operations, as the case may be, on the unitized area for all purposes under this Agreement. Nothing in this Agreement is intended or shall be construed as granting to Lessee any leasehold interest, easements, or other rights in or with respect to any such adjacent or adjoining land in addition to any such leasehold interests, easements, or other rights which the lessee, operator or other interest owner in the unitized area may have lawfully acquired from the state or others.
- (c) Production of the pooled mineral from the unit allocated to each separate tract, respectively, as hereinafter provided, shall be deemed to have been produced from each such separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Agreement.
- (d) All rights to the production of the pooled mineral from the unit, including royalties and other payments, shall be determined and governed by the lease or other contract pertaining to each separate tract, respectively, based upon the production so allocated to such tract only, in lieu of the actual production of the pooled mineral therefrom. Provided that, payments that are made on a per acre basis shall be reduced according to the number of acres pooled and included herein, so that payments made on a per acre basis shall be calculated based upon the number of acres actually included within the boundaries of the pooled unit covered by this Agreement.
- (e) A shut-in oil or gas well located upon any land or lease included within said unit shall be considered as a shut-in oil or gas well located upon each land or lease included within said unit; provided, however, that shut-in oil or gas well royalty shall be paid





to the State on each State lease wholly or partially within the unit, according to the terms of such lease as though such shut-in oil or gas well were located on said lease, it being agreed that shut-in royalties provided in each State lease shall not be shared with other royalty owners.

- (f) Notwithstanding any other provision hereof, it is expressly agreed that each State lease may be maintained in force as to areas lying outside the unitized area described in Exhibit "B" only as provided in each such lease without regard to unit operations or unit production. Neither production of the pooled mineral, nor unit operations with respect thereto, nor the payment of shut-in royalties from a unit well, shall serve to hold any State lease in force as to any area outside the unitized area described in Exhibit "B" regardless of whether the production or operations on the unit are actually located on the State lease or not. "Area" as used in this paragraph shall be based upon surface acres to the end that, except as may otherwise be provided in each State Lease, the area inside the surface boundaries of the pooled unit, if held, will be held as to all depths and horizons.
- (g) If the Railroad Commission of Texas (or any other Texas regulatory body having jurisdiction) shall adopt special field rules providing for oil and/or gas proration units of less than 482 acres, then Lessee agrees to either (1) drill to the density permitted by the Railroad Commission, (2) make application to the School Land Board of the State of Texas to reform the unit to comply with Railroad Commission unit rules, or (3) make application to the School Land Board of the State of Texas for such remedy as may be agreeable to the Board.
- (h) This Agreement shall not relieve Lessee from the duty of protecting the State leases described in Exhibit "A" and the State lands within the boundaries of the pooled unit described in Exhibit "B" from drainage from any well situated on privately owned land, lying outside the unitized area described in Exhibit "B", but, subject to such obligation, Lessee may produce the allowable for the entire unit as fixed by the Railroad Commission of Texas or other lawful authority, from any one or more wells completed thereon.
- (i) There shall be no obligation to drill internal offsets to any other well on separate tracts within the pooled unit, nor to develop the lands within the boundaries thereof separately, as to the pooled mineral.
- (j) Should this Agreement terminate for any cause, the leases and other contracts affecting the lands within the unit, if not then otherwise maintained in force and effect, shall remain and may be maintained in force and effect under their respective terms and conditions in the same manner as though there had been production or operations under said lease or contract and the same had ceased on the date of the termination of this Agreement.

ALLOCATION OF PRODUCTION:

5.

For the purpose of computing the share of production of the pooled mineral to which each interest owner shall be entitled from the pooled unit, there shall be allocated to each tract committed to said unit that pro rata portion of the pooled mineral produced from the pooled unit which the number of surface acres covered by each such tract and included in the unit bears to the total number of surface acres included in said unit, and the share of production to which each interest owner is entitled shall be computed on the basis of such owner's interest in the production so allocated to each tract.

TAKING ROYALTY IN KIND:

6.

Notwithstanding anything contained herein to the contrary, the State may, at its option, upon not less than sixty (60) days notice to Lessee, require that payment of all or any royalties accruing to the State under this pooling or unitization agreement be made in kind, without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting and otherwise making the oil, gas and other products produced hereunder ready for sale or use.

EFFECTIVE DATE:

7.

Upon execution by the Commissioner of the General Land Office of the State of Texas this Agreement shall become effective as of December 15, 2016.

TERM:

8.

This Agreement shall remain in effect so long as the pooled mineral is being produced from said unit, or so long as all leases included in the pooled unit are maintained in force by payment of delay rentals or shut-in oil or gas well royalties, by drilling or rework, or by other means, in accordance with the terms of said leases. Nothing herein shall amend or modify Section 52.031 of the Natural Resources Code, or any of the provisions thereof, which are contained in any State lease covered by this Agreement.

STATE LAND:

9.

Insofar as the royalty interest of the State of Texas in and under any State tract committed to the unit is concerned, this Agreement is entered into, made and executed by the undersigned Commissioner of the General Land Office by virtue of the authority and pursuant to the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, authorizing the same, after the prerequisites, findings and approval hereof, as provided in said Code having been duly considered, made and obtained.



2. 7. 17

DISSOLUTION:

10.

The unit covered by this Agreement may be dissolved by Lessee, his heirs, successors or assigns, by an instrument filed for record in Loving and Reeves Counties, Texas, and a certified copy thereof filed in the General Land Office at any time after the cessation of production on said unit or the completion of a dry hole thereon prior to production or upon such other date as may be approved by the School Land Board and mutually agreed to by the undersigned parties, their successors or assigns.

RATIFICATION/WAIVER:

11.

Nothing in this Agreement, nor the approval of this Agreement by the School Land Board, nor the execution of this Agreement by the Commissioner shall: (1) operate as a ratification or revivor of any State lease that has expired, terminated, or has been released in whole or in part or terminated under the terms of such State lease or the laws applicable thereto; (2) constitute a waiver or release of any claim for money, oil, gas or other hydrocarbons, or other thing due to the State by reason of the existence or failure of such lease; (3) constitute a waiver or release of any claim by the State that such lease is void or voidable for any reason, including, without limitation, violations of the laws of the State with respect to such lease or failure of consideration; (4) constitute a confirmation or recognition of any boundary or acreage of any tract or parcel of land in which the State has or claims an interest; or (5) constitute a ratification of, or a waiver or release of any claim by the State with respect to any violation of a statute, regulation, or any of the common laws of this State, or any breach of any contract, duty, or other obligation owed to the State.

COUNTERPARTS:

12.

This Agreement may be executed in counterparts and if so executed shall be valid, binding and have the same effect as if all the parties hereto actually joined in and executed one and the same document. For recording purposes and in the event counterparts of this Agreement are executed, the executed pages, together with the pages necessary to show acknowledgments, may be combined with the other pages of this Agreement so as to form what shall be deemed and treated as a single original instrument showing execution by all parties hereto.

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

Date Executed

2/8/17

STATE OF TEXAS

Legal  
Content  
Geology  
Executive

*[Signature]*  
*[Signature]*  
*[Signature]*

By: *[Signature]*  
George P. Bush, Commissioner  
General Land Office

Date Executed

MRC PERMIANN COMPANY

By:

*[Signature]*

Its:

Craig N. Adams - EVP

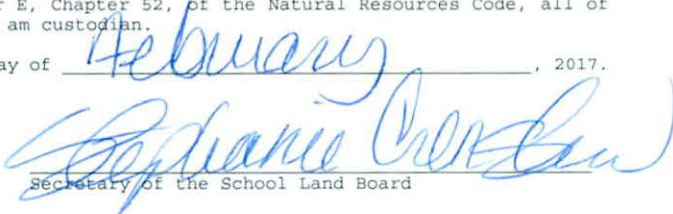
J1  
K3  
JHD

2717

CERTIFICATE

I, Stephanie Crenshaw, Secretary of the School Land Board of the State of Texas, do hereby certify that at a meeting of the School Land Board duly held on December 15, 2016, the foregoing instrument was presented to and approved by said Board under the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, all of which is set forth in the Minutes of the Board of which I am custodian.

IN TESTIMONY WHEREOF, witness my hand this the 27th day of February, 2017.

  
Secretary of the School Land Board

STATE OF TEXAS

COUNTY OF Dallas

This instrument was acknowledged before me on \_\_\_\_\_, 201\_\_\_\_, by Wraig N. Adams,  
as Executive Vice President of MRC Permian Company a Texas corporation on  
behalf of said corporation.

\_\_\_\_\_  
Notary Public in and for the State of Texas



EXHIBIT "A"Oil and Gas Lease 1:

Date: June 18, 1982

Lessor: Stephen S. Marmaduke

Lessee: Lincoln Rock Corporation

Recorded: Volume 423, Page 491

Oil and Gas Lease 2:

Date: June 18, 1982

Lessor: John H. Marmaduke

Lessee: Lincoln Rock Corporation

Recorded: Volume 423, Page 493

Oil and Gas Lease 3:

Date: June 18, 1982

Lessor: First National Bank of Amarillo and Sam Marmaduke, Co-Trustees for the benefit of Rebecca Jane Marmaduke Tibbitts

Lessee: Lincoln Rock Corporation

Oil and Gas Lease 4:

Date: July 13, 1982

Lessor: Jean Chapman Grebing

Lessee: Lincoln Rock Corporation

Recorded: Volume 427, Page 11

Oil and Gas Lease 5:

Date: July 13, 1982

Lessor: Ara Chapman Blount

Lessee: Lincoln Rock Corporation

Recorded: Volume 427, Page 13

Oil and Gas Lease 6:

Date: July 13, 1982

Lessor: Elizabeth Chapman Mays

Lessee: Lincoln Rock Corporation

Recorded: Volume 427, Page 5

Oil and Gas Lease 7:

Date: July 13, 1982

Lessor: Mary Ellen Chapman Hering

Lessee: Lincoln Rock Corporation

Recorded: Volume 427, Page 7

Oil and Gas Lease 8:

Date: July 13, 1982

Lessor: Sarah Chapman Hardwick  
Lessee: Lincoln Rock Corporation  
Recorded: Volume 427, Page 9

Oil and Gas Lease 9:

Date: November 16, 1982  
Lessor: Doug Bell, Individually and as Independent Executor of the Estate of Ruth V. Bell, Deceased  
Lessee: Lincoln Rock Corporation  
Recorded: Volume 428, Page 154

Oil and Gas Lease 10:

Date: May 11, 1983  
Lessor: Ford Chapman  
Lessee: Lincoln Rock Corporation  
Recorded: Volume 432, Page 775

Oil and Gas Lease 11:

Date: December 15, 2014  
Lessor: McGary Family Trust – Kelly Separate Property  
Lessee: The Bellomy Group, LLC  
Recorded: Volume 1138, Page 88

Oil and Gas Lease 12:

Date: December 15, 2014  
Lessor: Mary Jane McGary  
Lessee: The Bellomy Group, LLC  
Recorded: Volume 1138, Page 92

Oil and Gas Lease 13:

Date: December 15, 2014  
Lessor: McGary Living Trust – SPH  
Lessee: The Bellomy Group, LLC  
Recorded: Volume 1138, Page 90

Oil and Gas Lease 14:

Date: September 27, 1973  
Lessor: Clifford Ely,  
Lessee: J. Mack Barnes  
Recorded: Volume 40, Page 549

Oil and Gas Lease 15:

Date: May 20, 1969  
Lessor: T.C. Atkinson and wife, Marguerite Bell Atkinson  
Lessee: American Trading and Production Corporation  
Recorded: Volume 31, Page 103



Oil and Gas Lease 16:

Date: May 20, 1969

Lessor: Frances K. Toll

Lessee: American Trading and Production Corporation

Recorded: Volume 31, Page 3

Oil and Gas Lease 17:

Date: May 20, 1969

Lessor: Marguerite L. Kendall

Lessee: American Trading and Production Corporation

Recorded: Volume 31, Page 5

Oil and Gas Lease 18:

Date: September 25, 1974

Lessor: Joanne Jorgennsen Deatrick

Lessee: American Trading and Production Corporation

Recorded: Volume 42, Page 184

Oil and Gas Lease 19:

Date: September 15, 1973

Lessor: Raymond M. Dripps, Individually and as Independent Executor of the Estate of Margaret Boyer Dripps, Deceased

Lessee: Curtis Pool

Recorded: Volume 39, Page 108

Oil and Gas Lease 20:

Date: July 1, 2014

Lessor: Commissioner of the General Land Office

Lessee: Ammonite Oil &amp; Gas Corp.

Recorded: Instrument Number 2014-2092

Oil and Gas Lease 21:

Date: October 3, 1989

Lessor: Commissioner of the General Land Office

Lessee: T.A. Hillin

Recorded: Volume 85, Page 392

Oil and Gas Lease 22:

Date: July 1, 2014

Lessor: Commissioner of the General Land Office

Lessee: Ammonite Oil &amp; Gas Corp.

Recorded: Instrument Number 2014-2094

**EXHIBIT "B"****Tract 1:**

A 26.00 tract of land, more or less, being the SE/2 of Lot 1, Section 81, Block 33, situated in the H&TC Ry. Co. Survey, A-8, Loving County, Texas.

**Tract 2:**

A 103.12 acre tract of land, more or less, being all of the Farm Lots 7 & 9 of the E.L. Stratton Subdivision of Section 81, Block 33, described in the Deed of Gift dated January 10, 1994, recorded in Volume 97, page 414, from Caroline Hahman Bayfield and husband, Ralph Bayfield to Carol B. Garbutt.

**Tract 3:**

A 106.00 acre tract of land, more or less, being Lots 5, 6 and the NW/2 of Lot No. 1 in Section 81, Block 33, H&TC Ry. Co. Survey, A-8, described in the Warranty Deed dated August 1, 1998, recorded in Volume 2, Page 63, from Lester B. Adams, Jr., et al., to Elgin R. Jones and Mary Bell Jones.

**Tract 4:**

A 152.85 acre tract of land situated in the H&TC Ry. Co. Survey, A-8, being all of Farm Lots 2, 3, 4 and 8 of the E.L. Stratton Subdivision, described in the Quit Claim Deed dated May 14, 1951, recorded in Volume 21, Page 606, from Loving County to Marshall S. McCrea.

**Tract 5:**

Tract 8-C of the Pecos River, Loving and Reeves Counties, Texas, containing approximately 10 acres; Tract 8-C is bound on its upstream end by a Northeasterly extension of the Northwest line of Section 32, Block 2, Otto L. Schurger Survey, A-1833, Reeves County, and is bound on its downstream end by the Arno #1H unit, less and except the W/2 of the Pecos River that is pooled by Anadarko E&P Onshore LLC.

**Tract 6:**

Tract 1-D, Pecos River, Loving and Reeves Counties, Texas, containing approximately 55 acres, is bound on the Northwest by the Curley-State Unit, less and except the depths pooled in the Haman Unit.

**Tract 7:**

Tract 1-E of the Pecos River, Loving and Reeves Counties, Texas, containing approximately 9 acres; Tract 1-E is bound on its upstream end by the Curley Unit and is bound on its downstream end by the Haman State Unit.



# EXHIBIT "C"

SECTION 81, BLOCK 33, H. & T. C. RR. CO. SURVEY, A-8  
LOVING COUNTY, TEXAS

SECTION 31, BLOCK 2, H. & G. N. RR. CO. SURVEY, A-49  
REEVES COUNTY, TEXAS

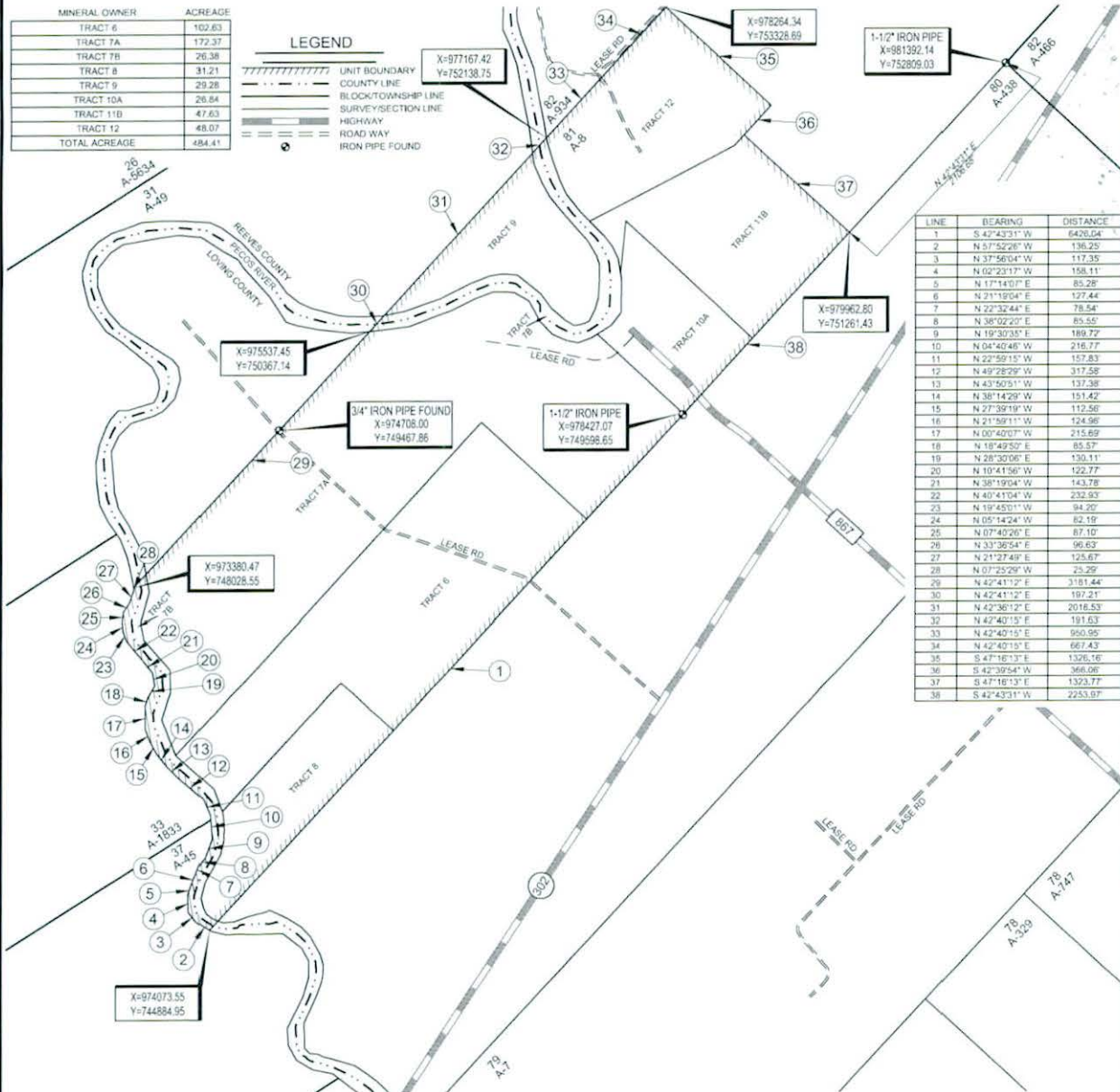
WOLF SW UNIT  
484.41 ACRES



| MINERAL OWNER | ACREAGE |
|---------------|---------|
| TRACT 6       | 102.63  |
| TRACT 7A      | 172.37  |
| TRACT 7B      | 26.38   |
| TRACT 8       | 31.21   |
| TRACT 9       | 29.28   |
| TRACT 10A     | 26.84   |
| TRACT 11B     | 47.63   |
| TRACT 12      | 48.07   |
| TOTAL ACREAGE | 484.41  |

## LEGEND

- UNIT BOUNDARY
- COUNTY LINE
- BLOCK/TOWNSHIP LINE
- SURVEY/SECTION LINE
- HIGHWAY
- ROAD WAY
- IRON PIPE FOUND



| LINE | BEARING       | DISTANCE |
|------|---------------|----------|
| 1    | S 42°43'31" W | 6426.04  |
| 2    | N 57°52'28" W | 136.25   |
| 3    | N 37°56'04" W | 117.35   |
| 4    | N 02°23'17" W | 158.11   |
| 5    | N 17°14'07" E | 85.28    |
| 6    | N 21°19'04" E | 127.44   |
| 7    | N 22°32'44" E | 78.54    |
| 8    | N 38°02'27" E | 85.55    |
| 9    | N 19°30'35" E | 189.72   |
| 10   | N 04°40'48" W | 216.77   |
| 11   | N 22°59'15" W | 157.83   |
| 12   | N 49°28'29" W | 317.58   |
| 13   | N 43°50'51" W | 137.38   |
| 14   | N 38°14'29" W | 151.42   |
| 15   | N 27°39'19" W | 112.56   |
| 16   | N 21°59'11" W | 124.96   |
| 17   | N 09°40'07" W | 215.69   |
| 18   | N 18°49'52" E | 85.57    |
| 19   | N 28°30'06" E | 130.11   |
| 20   | N 10°41'56" W | 122.77   |
| 21   | N 38°19'04" W | 143.78   |
| 22   | N 40°41'04" W | 232.93   |
| 23   | N 19°45'01" W | 94.25    |
| 24   | N 05°14'24" W | 82.19    |
| 25   | N 07°40'26" E | 87.10    |
| 26   | N 33°36'54" E | 96.63    |
| 27   | N 21°27'49" E | 125.67   |
| 28   | N 07°25'29" W | 25.29    |
| 29   | N 42°41'12" E | 3181.44  |
| 30   | N 42°41'12" E | 197.21   |
| 31   | N 42°38'12" E | 2016.53  |
| 32   | N 42°40'15" E | 191.63   |
| 33   | N 42°40'15" E | 950.95   |
| 34   | N 42°40'15" E | 667.43   |
| 35   | S 47°16'13" E | 1326.16  |
| 36   | S 42°39'54" W | 366.06   |
| 37   | S 47°16'13" E | 1323.77  |
| 38   | S 42°43'31" W | 2253.97  |



1400 EVERMAN PARKWAY, Ste. 107 • FT. WORTH, TEXAS 76142  
TELEPHONE: (817) 744-7339 • FAX: (817) 744-7448  
TEXAS FIRM REGISTRATION NO. 10042504  
WWW.TOPOGRAPHIC.COM

| WOLF SW UNIT               | REVISION |          | NOTES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|----------------------------|----------|----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                            | JST      | 07/28/16 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|                            | JST      | 10/12/16 | <p>1. ORIGINAL DOCUMENT SIZE: 11" x 17"</p> <p>2. ALL BEARINGS, DISTANCES, AND COORDINATE VALUES CONTAINED HEREIN ARE GRID BASED UPON THE TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE, U.S. SURVEY FEET, NORTH AMERICAN DATUM 1983.</p> <p>3. ALL INSTRUMENTS, PRE-POST DRILLING DATA, PRE-POST COMPLETION DATA/HARD LINE INFORMATION, LEASE INFORMATION, AND ANY PERTINENT INFORMATION USED IN THE PREPARATION OF THIS MAP WAS PROVIDED BY MATADOR PRODUCTION COMPANY.</p> <p>4. THIS UNIT/LEASE BOUNDARY HAS BEEN CAREFULLY SURVEYED ON THE GROUND UNDER MY SUPERVISION AND IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE ACCORDING TO THE EVIDENCE, OFFICIAL SURVEY RECORDS, MAPS, AND OTHER DATA PROVIDED BY MATADOR PRODUCTION COMPANY. THIS PLAT WAS CREATED FOR THE SOLE PURPOSE OF FILING A PERMIT WITH THE RAILROAD COMMISSION OF TEXAS AND SHOULD NOT BE CONSTRUED AS A "BOUNDARY SURVEY" IN COMPLIANCE WITH T.B.P.L.S. MINIMUM STANDARDS OF PROCEDURES FOR BOUNDARY SURVEYS. THIS CERTIFICATION IS MADE AND LIMITED TO THOSE PERSONS OR ENTITIES SHOWN ON THE FACE OF THIS PLAT AND IS NON-TRANSFERABLE. THIS SURVEY IS CERTIFIED FOR THIS TRANSACTION ONLY.</p> <p>5. ADDITIONAL INFORMATION SHOWN FOR INFORMATIONAL PURPOSES ONLY.</p> |
| DATE: 07/21/16             | JST      | 11/30/16 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| FILE: UN_WOLF_SW_UNIT_REV5 | JST      | 01/04/17 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| DRAWN BY: GLH              |          |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| SHEET: 1 OF 1              |          |          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |



Michael Blake Brown, R.P.L.S. No. 5857  
JANUARY 4, 2017

File No. M-93628 ...  
Pooling Agmt. Packet # 8283 ...  
Wolf SW Unit ...  
Date Filed: 9/22/17  
George P. Bush, Commissioner  
By [Signature] ...





October 17, 2019

D. Davin McGinnis  
DID Number: 512.495.6308  
Email: dmcginnis@scottdoug.com

*VIA HAND DELIVERY*

Ms. Mary Beth Barnstone  
Energy Resources Division  
Texas General Land Office  
1700 N. Congress Avenue (Room 840)  
Austin, TX 78701

In Re: Wolf SW Unit Production Sharing Agreement  
State Unit 9876  
State Leases M-093628 & M-119863  
Loving & Reeves Counties, Texas

Dear Ms. Barnstone:

On behalf of MRC Permian Company ("MRC Permian"), I enclose an original, fully-executed Production Sharing Agreement.

Very truly yours,

A handwritten signature in black ink, appearing to read "D. McGinnis".

Davin McGinnis  
Attorney for MRC Permian Company

Enclosures



4831-5564-9450

Scott Douglass & McConnico LLP | Attorneys at Law

303 Colorado Street, Suite 2400, Austin, TX 78701 | p : 512.495.6300 | f : 512.495.6399 | [www.scottdoug.com](http://www.scottdoug.com)

File No. MF 093628

Loving County

Letter from Scott, Douglass

Date Filed: 10/21/19

George P. Bush, Commissioner

By [Signature]

10.15.13



**PRODUCTION SHARING AGREEMENT  
FOR HORIZONTAL DRAINHOLE WELL  
WOLF SW UNIT  
LOVING COUNTY, TEXAS**

STATE OF TEXAS           §  
                                     §  
COUNTY OF LOVING       §

KNOW ALL PERSONS BY THESE PRESENTS:

The undersigned parties enter into this Production Sharing Agreement ("Agreement") on this the 29<sup>th</sup> Day of August, 2019 ("Effective Date").

Reference is made to those certain Oil and Gas Leases ("Leases") listed in Exhibit "A" attached hereto (such Leases and Pooled Unit are herein collectively called the "Leases"). Each of the Leases covers and includes lands within the area described in Exhibit "B" and shown on Exhibit "C" which covers 484.41 acres, more or less, in Loving County and Reeves County, Texas (herein "Sharing Area"). Each of the undersigned parties to this Agreement (collectively "Interest Owners" or individually an "Interest Owner") owns an interest in the leasehold, minerals, royalties, overriding royalties, and/or executive rights in or under the Leases and/or the Sharing Area.

The Interest Owners wish to encourage further development of the Wolfcamp Formation within the Sharing Area by the drilling of horizontal wells within the Sharing Area in order to increase the ultimate recovery of oil and gas. The Interest Owners have agreed that a basis for sharing in production from such horizontal wells should be established.

NOW THEREFORE, each of the undersigned, for ten dollars (\$10.00), and the recitals, promises, performances, payments, and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, do hereby agree to the following:

1. For purposes of this Agreement the following definitions apply:
  - a. **"MRC Permian Company"** means MRC Permian Company and its respective affiliate(s), successors and assigns.
  - b. **"Wolfcamp Formation"** is that correlative stratigraphic interval which is found between the log depths from 9,515 feet to 12,447 feet, on that certain Petrohawk Operating Company log, in the Oxy Fee "24" Lease, Well No.1 Well (API No. 42-389-32637) located in the Section 24, Block C18, PSL Survey, A-2150 Reeves County Texas.
  - c. **"Horizontal Well"** is any well with one or more horizontal drainholes having a horizontal drainhole displacement of at least 100 feet within the Wolfcamp Formation.
  - d. **"Sharing Well"** is a Horizontal Well within the Sharing Area which is completed within the Wolfcamp Formation after the Effective Date of this Agreement.
  - e. **"Separate Tract"** shall mean any tract of land within the Sharing Area wherein the ownership interest in production of oil or gas differs either as to parties or amounts, as to any other tract of land within the Sharing Area.
  - f. **"Allocation Factor"** is a fraction, the numerator of which is equal to the number of acres in a Separate Tract within the Sharing Area, and the denominator of which is equal to the total number of acres within the Sharing Area.

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2. MRC Permian Company is authorized, but not obligated, to drill, produce and operate Sharing Wells within the Sharing Area which may have horizontal drainholes that traverse Separate Tracts.
3. For the purpose of computing the amount of production of oil and gas, or proceeds from the sale of such production, from a Sharing Well to which each Interest Owner is entitled, the production shall be allocated to each Separate Tract within the Sharing Area in accordance with the Allocation Factor. Each Interest Owner shall be entitled to payment on the production allocated to a Separate Tract in accordance with such Interest Owner's ownership interest in such Separate Tract, and payment for such allocated share of production shall be made in the same manner and with the same effect as if such allocated share of production were produced entirely from such Separate Tract. In the event that a share of production is allocated to a pooled unit, such allocated production, or the proceeds from the sale of such production, shall be paid to Interest Owners in the pooled unit in the same manner and with the same effect as if such production were produced from the pooled unit.
4. Production from, or drilling or reworking operations on, a Sharing Well, and drilling or reworking operations on a Separate Tract within the Sharing Area in an effort to obtain or restore production from an existing or proposed Sharing Well, shall be considered to be production from, or drilling or reworking operations on all Separate Tracts and on all of the Leases within the Sharing Area; provided that each Interest Owner's allocated share of production shall be determined as set forth in this Agreement. A Sharing Well that is a shut-in gas well shall be considered to be a shut-in gas well on each Separate Tract and on each of the Leases within the Sharing Area. In the event the Sharing Area includes a portion of a pooled unit, such operations conducted on, and production from, such Sharing Well shall be deemed as if they were actual operations conducted on, or production from, such pooled unit.
5. Production from a Sharing Well shall not create any offset obligation, whether express or implied. In the event any Sharing Well shall be plugged back or recompleted in such manner that the well no longer falls within the above definition of a Sharing Well, such well shall no longer be considered a Sharing Well for purposes of this Agreement. MRC Permian Company shall have the right to make reasonable use of the surface of the Sharing Area for the purpose of exploring, drilling, producing, transporting and marketing oil and gas from a Sharing Well.
6. The continuous drilling or continuous development provisions of each of the Leases, if any, shall be satisfied by the timely commencement of operations to drill a Sharing Well. Notwithstanding the provisions of any of the Leases which may provide for partial termination of the Lease at the expiration of the primary term or upon cessation of continuous drilling or development operations, production from, or drilling or reworking operations on any Separate Tract within the Sharing Area in an effort to obtain or restore production from an existing or proposed Sharing Well, shall serve to maintain each Lease as to all of the Sharing Area covered by such Lease.
7. The provisions of the Leases, pooled unit designations and other agreements covering or affecting the Sharing Area are hereby amended to the extent necessary to make such agreements conform to the provisions herein, but not otherwise. In the case of conflict between the provisions of this Agreement and the provisions of such agreements, the provisions of this Agreement shall control.
8. Lessee may terminate this Agreement by filing a notice of termination to that effect in the records of Loving and Reeves Counties, Texas at any time that there is no Sharing

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Well on the Sharing Area producing or capable of producing in paying quantities and there are no operations to obtain or restore such production from a Sharing Well.

9. Each of the undersigned Interest Owners owning a mineral, royalty or non-executive mineral or royalty interest does hereby ratify, adopt, and confirm each Lease listed in Exhibit A covering lands in which such Interest Owner owns an interest, and does hereby lease, devise and let said land and premises unto the current lessee of each such Lease,, subject to the same terms and conditions provided for in the Lease, as same may have been heretofore amended, and subject to the terms of this Agreement.
10. An Interest Owner may become a party to this Agreement by signing the original of this Agreement, a counterpart or ratification thereof, each of which instruments shall be given the same effect as if all Interest Owners had signed the original of this Agreement. Failure of any Interest Owner to execute an instrument agreeing to be a party to this Agreement shall not render this Agreement ineffective as to any other party who does execute such an instrument. In the event of execution of counterparts, the executed counterparts may be combined into one or more instruments for recordation, by combining the signature pages and acknowledgements, and the executing Interest Owners agree that such instrument shall be treated and given effect for all purposes as a single instrument. This Agreement shall be binding upon each executing party and that party's heirs, legal representatives, successors, and assigns.
11. By executing this Agreement, the Interest Owner acknowledges that, under Texas law, historical and future variances in the course of the Pecos River may have and will result in alterations in the borders and, thus, variances in size of those Separate Tracts adjacent to the Pecos River. Additionally, by executing this Agreement, the Interest Owner agrees to be bound by those boundaries drawn and those acreages set out for each individual Separate Tract in the survey of the Wolf SW Unit revised on February 14, 2017, and agrees to waive any acreage-based violation of the Interest Owner's oil and gas lease resulting from variances in the course of the Pecos River, including but not limited to pooling violations. Interest Owners in the Sharing Area and their successors-in-interest may request a new survey of the Wolf SW Unit for purposes of confirming the location of the Pecos River no earlier than September 30, 2017, and thereafter no earlier than one year after each successive revised survey is produced.

EXECUTED by each party on the date shown for each such party's acknowledgement.

MRC PERMIAN COMPANY

By: 

Craig N. Adams, Executive Vice President, Land & Legal KJW  
KAP

STATE OF TEXAS

§

§

COUNTY OF DALLAS

§

This instrument was acknowledged before me on the 10th day of October, 2019, by Craig N. Adams, Executive Vice President of Land & Legal, of MRC Permian Company, on behalf of said company.



67.37.3

67.37.07

**INTEREST OWNER:**

STATE OF TEXAS

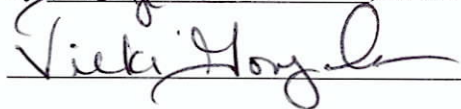
By:   
George P. Bush, Commissioner  
General Land Office

Date Executed: 9/3/19

STATE OF TEXAS §

COUNTY OF Travis §

This instrument was acknowledged before me on the 3 day of Sept., 2019,  
by George P. Bush, in the capacity stated herein.

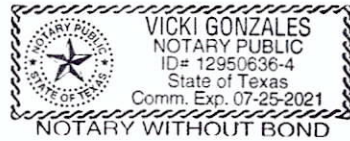
 Notary Public Signature

Legal LH

Content mb

Geology lu

Executive 



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**LEASEHOLD ESTATE:**

Date: July 18, 1973  
Recorded: Volume 37, Page 630  
Lessor: Felix S. Thaxton and wife, Grace N. Thaxton

Date: July 18, 1973  
Recorded: Volume 37, Page 632  
Lessor: Lillas M. Thaxton

Date: July 18, 1973  
Recorded: Volume 37, Page 651  
Lessor: Mary Stovall Jackson

Date: June 22, 1979  
Recorded: Volume 55, Page 45  
Lessor: Flag-Redfern Oil Company

Date: October 3, 1989  
Recorded: Volume 85, Page 392  
Lessor: The State of Texas

Date: April 13, 2018  
Recorded: Instrument # 2018-1249  
Lessor: George E. McCrea

Date: May 9, 1969  
Recorded: Volume 30, Page 634  
Lessor: Charles A. Adam, Jr. and wife, Betty Adam, Margaret Volkmann and husband, Herbert Volkmann, Herbert Dittmer and wife, Arleda Dittmer, Hazel Kleppe and husband, Blaine Kleppe, Roy A. Breitenbach and wife, Esther Breitenbach, Ruth D. Hogue and husband, Harold Hogue, Willard Kath and wife, Leona Kath, Ruth Mathwig and husband, Robert Mathwig, Mary A. Breitenbach, Lester B. Adams, Jr., Individually and as Executor of the Estate of Lester B. Adams, deceased, Winifred Adams, Caroline E. Hacker and husband, Robert W. Hacker, and Darlene Adams, wife of Lester B. Adams, Jr.

Date: November 18, 1988  
Recorded: Volume 84, Page 161  
Lessor: Emma H. Maxwell, Caroline H. Bayfield, and the Estate of William H. Hahman

Date: February 15, 2011  
Recorded: Volume 100, Page 433  
Lessor: Gary Rowe

Date: February 15, 2011  
Recorded: Volume 101, Page 73  
Lessor: Toni Mullin

6375

07-17-01

**Lease 11:**

Date: February 15, 2011  
Recorded: Volume 101, Page 75  
Lessor: Opal Ann Hawkins

**Lease 12:**

Date: February 15, 2011  
Recorded: Volume 101, Page 77  
Lessor: Ronnie Rowe

**Lease 13:**

Date: February 15, 2011  
Recorded: Volume 101, Page 79  
Lessor: Nancy Claudine Reel

**Lease 14:**

Date: April 1, 2011  
Recorded: Volume 102, Page 169  
Lessor: Jacklyn Giles Sunderland

**Lease 15:**

Date: April 1, 2011  
Recorded: Volume 102, Page 171  
Lessor: El Casaga Ltd.

**Lease 16:**

Date: April 1, 2011  
Recorded: Volume 103, Page 239  
Lessor: E. Jackson Giles

**Lease 17:**

Date: August 3, 2011  
Recorded: Volume 106, Page 839  
Lessor: Charlotte Stewart-Sloan

**Lease 18:**

Date: August 29, 2011  
Recorded: Instrument No. 2011-1496  
Lessor: Kenneth Ehman

**Lease 19:**

Date: September 5, 2014  
Recorded: Instrument No. 2014-1919  
Lessor: Top Brass Oil Properties, Inc.

**Lease 20:**

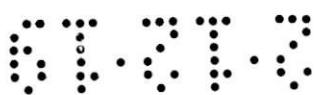
Date: October 6, 2014  
Recorded: Instrument No. 2014-2334  
Lessor: Richard A. Sherley, dealing in sole and separate property

**Lease 21:**

Date: October 6, 2014  
Recorded: Instrument No. 2014-2335  
Lessor: Teresa S. Gentry, dealing in sole and separate property

**Lease 22:**

Date: November 17, 2014  
Recorded: Instrument No. 2015-0622  
Lessor: Christopher L. Moon





**Lease 23:**

Date: May 20, 1969  
Recorded: Volume 31, Page 103  
Lessor: T.C. Atkinson and wife, Marguerite Bell Atkinson

**Lease 24:**

Date: May 20, 1969  
Recorded: Volume 31, Page 3  
Lessor: Frances K. Toll, dealing in her sole and separate property

**Lease 25:**

Date: May 20, 1969  
Recorded: Volume 31, Page 5  
Lessor: Marguerite L. Kendall, a widow

**Lease 26:**

Date: September 25, 1974  
Recorded: Volume 42, Page 184  
Lessor: Joanne Jorgensen Deatrick, dealing in her sole and separate property

**Lease 27:**

Date: June 18, 1982  
Recorded: Volume 423, Page 491  
Lessor: Stephen S. Marmaduke

**Lease 28:**

Date: June 18, 1982  
Recorded: Volume 423, Page 493  
Lessor: John H. Marmaduke

**Lease 29:**

Date: June 18, 1982  
Recorded: Volume 423, Page 495  
Lessor: First National Bank of Amarillo and Sam Marmaduke, Co-Trustees for the benefit of Rebecca Jane Marmaduke Tibbitts

**Lease 30:**

Date: July 13, 1982  
Recorded: Volume 427, Page 11  
Lessor: Jean Chapman Grebing

**Lease 31:**

Date: July 13, 1982  
Recorded: Volume 427, Page 13  
Lessor: Ara Chapman Blount

**Lease 32:**

Date: July 13, 1982  
Recorded: Volume 427, Page 5  
Lessor: Elizabeth Chapman Mays

**Lease 33:**

Date: July 13, 1982  
Recorded: Volume 427, Page 7  
Lessor: Mary Ellen Chapman Hering

**Lease 34:**

Date: July 13, 1982  
Recorded: Volume 427, Page 9  
Lessor: Sarah Chapman Hardwick

67-373

67-27-07

**Lease 35:**

Date: November 16, 1982  
Recorded: Volume 428, Page 154  
Lessor: Doug Bell, Individually and as Independent Executor of the Estate of Ruth V. Bell, Deceased

**Lease 36:**

Date: May 11, 1983  
Recorded: Volume 432, Page 775  
Lessor: Ford Chapman

**Lease 37:**

Date: April 1, 2018  
Recorded: Volume 1592, Page 218  
Lessor: McGary Family Trust – Kelly Separate Property

**Lease 38:**

Date: April 1, 2018  
Recorded: Volume 1592, Page 220  
Lessor: Mary Jane McGary Trust

**Lease 39:**

Date: April 1, 2018  
Recorded: Volume 1592, Page 216  
Lessor: McGary Living Trust – SPH Brian McGary, Trustee

**Lease 40:**

Date: September 15, 1973  
Recorded: Volume 39, Page 108  
Lessor: Raymond M. Dripps, Individually and as Independent Executor of the Estate of Margaret Boyer Dripps, Deceased

**Lease 41:**

Date: September 27, 1973  
Recorded: Volume 40, Page 549  
Lessor: Clifford Ely, a single man

**Lease 42:**

Date: April 13, 2018  
Recorded: Instrument # 2018-1248  
Lessor: Erastus Energy Resources, LP

**Lease 43:**

Date: April 13, 2018  
Recorded: Instrument # 2018-1250  
Lessor: Ice-Jac Partnership, LLC

**Lease 44:**

Date: April 13, 2018  
Recorded: Instrument # 2018-1251  
Lessor: McCrea Restorations, LLC

61.27.3

61.27.07



**EXHIBIT B**  
**DESCRIPTION OF SHARING AREA**

484.41 acres, Section 81, Block 33, H&TC RR. Co. Survey, Loving County, Texas and Section 31, Block 2, H&GN RR. Co. Survey, Reeves County, Texas, such lands being further described and depicted on Exhibit C as "Tracts 6, 7A, 7B, 7C, 8, 9, 10A, 11B, 12, 18"

61.31.3

61.21.01

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# EXHIBIT "C"

SECTION 81, BLOCK 33, H. & T. C. RR. CO. SURVEY, A-8  
LOVING COUNTY, TEXAS

SECTION 31, BLOCK 2, H. & G. N. RR. CO. SURVEY, A-49  
REEVES COUNTY, TEXAS

WOLF SW UNIT  
484.41 ACRES



NAD 27  
GRID BEARINGS

SCALE: 1" = 1000'

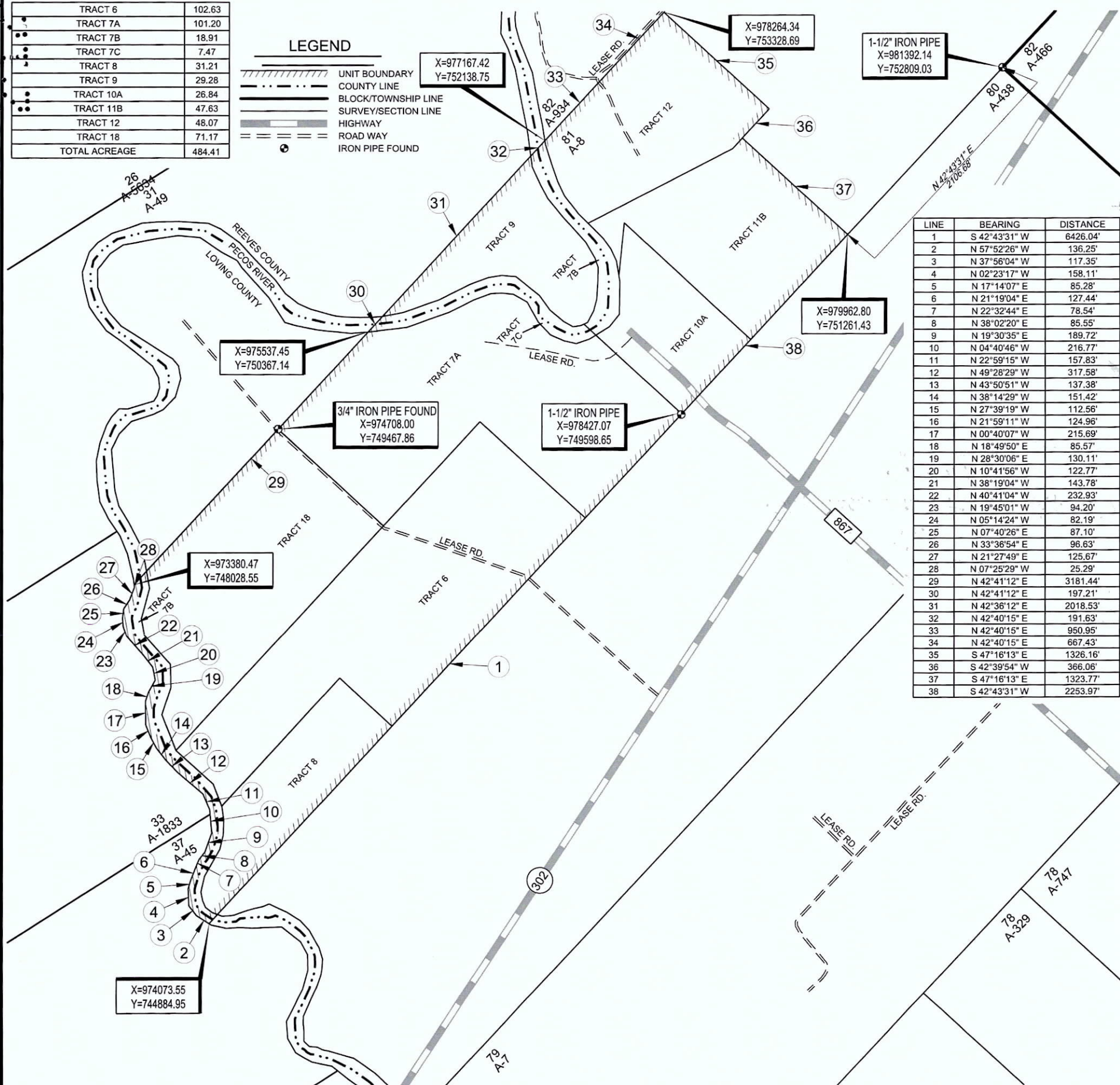
0' 500' 1000'

MINERAL OWNER ACREAGE

|               |        |
|---------------|--------|
| TRACT 6       | 102.63 |
| TRACT 7A      | 101.20 |
| TRACT 7B      | 18.91  |
| TRACT 7C      | 7.47   |
| TRACT 8       | 31.21  |
| TRACT 9       | 29.28  |
| TRACT 10A     | 26.84  |
| TRACT 11B     | 47.63  |
| TRACT 12      | 48.07  |
| TRACT 18      | 71.17  |
| TOTAL ACREAGE | 484.41 |

## LEGEND

|  |                     |
|--|---------------------|
|  | UNIT BOUNDARY       |
|  | COUNTY LINE         |
|  | BLOCK/TOWNSHIP LINE |
|  | SURVEY/SECTION LINE |
|  | HIGHWAY             |
|  | ROAD WAY            |
|  | IRON PIPE FOUND     |



| LINE | BEARING       | DISTANCE |
|------|---------------|----------|
| 1    | S 42°43'31" W | 6426.04' |
| 2    | N 57°52'26" W | 136.25'  |
| 3    | N 37°56'04" W | 117.35'  |
| 4    | N 02°23'17" W | 158.11'  |
| 5    | N 17°14'07" E | 85.28'   |
| 6    | N 21°19'04" E | 127.44'  |
| 7    | N 22°32'44" E | 78.54'   |
| 8    | N 38°02'20" E | 85.55'   |
| 9    | N 19°30'35" E | 189.72'  |
| 10   | N 04°40'46" W | 216.77'  |
| 11   | N 22°59'15" W | 157.83'  |
| 12   | N 49°28'29" W | 317.58'  |
| 13   | N 43°50'51" W | 137.38'  |
| 14   | N 38°14'29" W | 151.42'  |
| 15   | N 27°39'19" W | 112.56'  |
| 16   | N 21°59'11" W | 124.96'  |
| 17   | N 00°40'07" W | 215.69'  |
| 18   | N 18°49'50" E | 85.57'   |
| 19   | N 28°30'06" E | 130.11'  |
| 20   | N 10°41'56" W | 122.77'  |
| 21   | N 38°19'04" W | 143.78'  |
| 22   | N 40°41'04" W | 232.93'  |
| 23   | N 19°45'01" W | 94.20'   |
| 24   | N 05°14'24" W | 82.19'   |
| 25   | N 07°40'26" E | 87.10'   |
| 26   | N 33°36'54" E | 96.63'   |
| 27   | N 21°27'49" E | 125.67'  |
| 28   | N 07°25'29" W | 25.29'   |
| 29   | N 42°41'12" E | 3181.44' |
| 30   | N 42°41'12" E | 197.21'  |
| 31   | N 42°36'12" E | 2018.53' |
| 32   | N 42°40'15" E | 191.63'  |
| 33   | N 42°40'15" E | 950.95'  |
| 34   | N 42°40'15" E | 667.43'  |
| 35   | S 47°16'13" E | 1326.16' |
| 36   | S 42°39'54" W | 366.06'  |
| 37   | S 47°16'13" E | 1323.77' |
| 38   | S 42°43'31" W | 2253.97' |



1400 EVERMAN PARKWAY, Ste. 197 • FT. WORTH, TEXAS 76140  
TELEPHONE: (817) 744-7512 • FAX (817) 744-7548  
TEXAS FIRM REGISTRATION NO. 10042504  
WWW.TOPOGRAPHIC.COM

WOLF SW UNIT

### REVISION:

|     |          |
|-----|----------|
| JST | 07/28/16 |
| JST | 10/12/16 |
| EAH | 11/02/16 |
| JST | 11/30/16 |
| JST | 01/04/17 |
| ACC | 02/14/17 |
| ACC | 09/11/17 |

### NOTES:

1. ORIGINAL DOCUMENT SIZE: 11" X 17"
2. ALL BEARINGS, DISTANCES, AND COORDINATE VALUES CONTAINED HEREIN ARE GRID BASED UPON THE TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE, U.S. SURVEY FEET, NORTH AMERICAN DATUM 1927.
3. ALL INSTRUMENTS, PRE/POST DRILLING DATA, PRE/POST COMPLETION DATA, HARD LINE INFORMATION, LEASE INFORMATION, AND ANY PERTINENT INFORMATION USED IN THE PREPARATION OF THIS MAP WAS PROVIDED BY MATADOR PRODUCTION COMPANY.
4. THIS UNIT/LEASE BOUNDARY HAS BEEN CAREFULLY SURVEYED ON THE GROUND UNDER MY SUPERVISION AND IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE ACCORDING TO THE EVIDENCE, OFFICIAL SURVEY RECORDS, MAPS, AND OTHER DATA PROVIDED BY MATADOR PRODUCTION COMPANY. THIS PLAT WAS CREATED FOR THE SOLE PURPOSE OF FILING A PERMIT WITH THE RAILROAD COMMISSION OF TEXAS AND SHOULD NOT BE CONSTRUED AS A "BOUNDARY SURVEY" IN COMPLIANCE WITH T.B.P.L.S. MINIMUM STANDARDS OF PROCEDURES FOR BOUNDARY SURVEYS. THIS CERTIFICATION IS MADE AND LIMITED TO THOSE PERSONS OR ENTITIES SHOWN ON THE FACE OF THIS PLAT AND IS NON-TRANSFERABLE. THIS SURVEY IS CERTIFIED FOR THIS TRANSACTION ONLY.
5. ADJOINER INFORMATION SHOWN FOR INFORMATIONAL PURPOSES ONLY.



Michael Blake Brown, R.P.L.S. No. 5857  
SEPTEMBER 11, 2017



17

File No. MF 093628

Loving County

Fully executed PSA for the Wolf SW Unit

Date Filed: 10/21/19

George P. Bush, Commissioner

By AV

10-70-70

Unit 9876  
MF119863  
MFO93628  
**DIVISION ORDER**

**TO: MRC PERMIAN COMPANY** **Date: October 6, 2020**  
**Attn: Debra Warner**  
**One Lincoln Centre** **Effective: September 1, 2020**  
**5400 LBJ Freeway, Suite 1500** **Product: Oil and/or Gas**  
**Dallas, TX 75240-1017**

**Property Number / Name:** 420214.082.01 Marsh 81-TTT-B33 WF SA A 202H  
420214.069.01 Marsh 81-TTT-B33 WF SA A 204H

**Operator:** Matador Production Company

**County/State:** Loving and Reeves, Texas

**Property Description:** Marsh Unit  
482.96 acres of land, more or less, located in Section 81, Block 33, H&TC RR Co. Survey, A-8, Loving County, Texas, and Section 31, Block 2, H&GN RR Co. Survey, A-49, Reeves County, Texas, and being further described in that certain Declaration of Unit for the Marsh Unit as recorded under Instrument Number 2020-1342 in the Official Public Records of Loving County, Texas and as recorded under Document Number 2020006129 in the Official Records of Reeves County, Texas and as amended (2020-1527 Loving / 2020006736 Reeves).

(The initial ownership has been set up in accordance with the October 1, 2020 title information.)

The undersigned certifies the ownership of their decimal interest in production or proceeds as described above payable by MRC Permian Company.

Payor shall be notified, in writing, of any change in ownership, decimal interest, or payment address. All such changes shall be effective the first day of the month following receipt of such notice.

Payor is authorized to withhold payment pending resolution of a title dispute or adverse claim asserted regarding the interest in production claimed herein by the undersigned. The undersigned agrees to indemnify and hold Payor harmless from all liability resulting from payments made to the owner in accordance with such division of interest, including but not limited to attorneys' fees or judgments. The undersigned further agrees to reimburse Payor any amount attributable to an interest to which the undersigned is not entitled.

Payor may accrue proceeds until the total amount equals \$100.00, or pay annually upon written request from Owner, or as required by applicable state statute. Upon termination of this agreement, payments shall be made to the respective parties entitled thereto regardless of the amount or amounts due.

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

**OWNER #** 005321  
**OWNER NAME & ADDRESS**  
Commissioner of the General  
Land Office, State of Texas  
Stephen F Austin Building  
1700 N Congress, Room 110  
Austin, TX 78701-1495

**TYPE INTEREST:** STTX1

**DECIMAL INTEREST:** 0.0129048 ✓

**SIGNATURE:** \_\_\_\_\_

**PHONE:** \_\_\_\_\_

**PRINTED NAME:** \_\_\_\_\_

**FAX:** \_\_\_\_\_

**SS# or Tax ID#:** On File \_\_\_\_\_

**E-MAIL:** \_\_\_\_\_

**WITNESS:** \_\_\_\_\_

FEDERAL LAW REQUIRES YOU TO PROVIDE YOUR TAXPAYER IDENTIFICATION OR SOCIAL SECURITY NUMBER. FAILURE TO COMPLY WILL RESULT IN 24% TAX WITHHOLDING AND WILL NOT BE REFUNDABLE BY PAYOR.

**RETURN TO MRC PERMIAN COMPANY**



# Matador Resources Company

One Lincoln Centre • 5400 LBJ Freeway • Suite 1500 • Dallas, Texas 75240-1017  
Voice 972.371.5200 • Fax 214.866.4928

Debra Warner  
Sr. Division Order Analyst  
dwarner@matadorresources.com  
Direct: 972-371-5428

October 6, 2020

Re: Marsh 81-TTT-B33 WF SA A 202H 420214.082.01  
Marsh 81-TTT-B33 WF SA A 204H 420214.069.01  
Loving County, Texas

Dear Interest Owner:

Please note that the above referenced properties have reached first sales in September 2020. Enclosed are the division orders reflecting your current ownership in the above referenced properties. Please execute and have witnessed both copies of the division order and return one copy to the undersigned at your earliest convenience. Please retain the extra copy for your records.

Please feel free to contact me should you have any questions or require additional information.

Very truly yours,



Debra Warner  
Sr. Division Order Analyst

Enclosures



## INSTRUCTIONS FOR INTEREST OWNERS: HOW TO COMPLETE THE DIVISION ORDER FORM

The Division Order **SHOULD NOT** be altered in any way unless accompanied by documentary evidence to support the change. (Except to correct spelling errors)

---

### **SIGNATURE:**

- |                                                                                                        |                                                                                                                                                                                                                       |
|--------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Correct Name and Interest:</b>                                                                      | Sign your name as shown on the Division Order.                                                                                                                                                                        |
| <b>Name Change<br/>(i.e.: Marriage or Divorce):</b>                                                    | Execute the Division Order using your current name, and provide a copy of the marriage certificate or divorce decree if not previously submitted.                                                                     |
| <b>Agent, Attorney-In-Fact,<br/>Guardian or any party other<br/>than the named interest<br/>owner:</b> | If signed by an agent, attorney-in fact, or anyone other than the named interest owner, evidence of authority must be provided (i.e. power of attorney documents, guardianship documents, etc.)                       |
| <b>Corporations:</b>                                                                                   | Requires the signature of an officer of the corporation with the officer's title reflected.                                                                                                                           |
| <b>Partnerships:</b>                                                                                   | Must be executed by all partners or by an authorized partner. If signed by an authorized partner, we must be furnished a certified copy of the instrument giving said partner authority, if not previously furnished. |

### **TAX ID NUMBER:**

Furnish your social security or tax identification number which is associated to the owner name as shown.

***NOTE: Federal Law requires you to furnish your Social Security or Tax Identification Number. Failure to comply will result in 24% tax withholding and will not be refundable by Matador Resources Company or its subsidiaries.***

### **MAILING ADDRESS:**

Check the address listed on the Division Order. Make sure it reflects your correct mailing address. If the address shown is not correct, please correct it. This will ensure that you receive correspondence and/or payments for your interest

**Promptly, return the executed Division Order and W-9 form, if applicable, to the address below. If you do not have a W-9 form in your packet, we have already received this information from you. REMEMBER: Keep one copy for your records.**

MRC Permian Company  
Attn: Debra Warner  
5400 LBJ Freeway, Suite 1500  
Dallas, TX 75240-1017

If you have any questions or need further assistance, please feel free to contact me at 972.371.5428.



File No. MFD93628

\_\_\_\_\_ County

Division Order

Date Filed: 2-22-2022

George P. Bush, Commissioner

By VB

10.50.50

DIVISION ORDER

Unit 9876  
MF 093628  
MF 119863

TO: MRC PERMIAN COMPANY  
Attn: Debra Warner  
One Lincoln Centre  
5400 LBJ Freeway, Suite 1500  
Dallas, TX 75240-1017

Date: June 7, 2021  
Effective: April 1, 2021  
Product: Oil and/or Gas

Property Number: 500001.971.01  
Property Name: Marsh 81-TTT-B33 WF SA 122H  
Operator: Matador Production Company  
County/State: Loving and Reeves, Texas

Property Description: Marsh Unit  
482.96 acres of land, more or less, located in Section 81, Block 33, H&TC RR Co. Survey, A-8, Loving County, Texas, and Section 31, Block 2, H&GN RR Co. Survey, A-49, Reeves County, Texas, and being further described in that certain Declaration of Unit for the Marsh Unit as recorded under Instrument Number 2020-1342 in the Official Public Records of Loving County, Texas and as recorded under Document Number 2020006129 in the Official Records of Reeves County, Texas and as amended (2020-1527 Loving / 2020006736 Reeves).

(This well reached First Sales on 04/18/2021.)

The undersigned certifies the ownership of their decimal interest in production or proceeds as described above payable by MRC Permian Company.

Payor shall be notified, in writing, of any change in ownership, decimal interest, or payment address. All such changes shall be effective the first day of the month following receipt of such notice.

Payor is authorized to withhold payment pending resolution of a title dispute or adverse claim asserted regarding the interest in production claimed herein by the undersigned. The undersigned agrees to indemnify and hold Payor harmless from all liability resulting from payments made to the owner in accordance with such division of interest, including but not limited to attorneys' fees or judgments. The undersigned further agrees to reimburse Payor any amount attributable to an interest to which the undersigned is not entitled.

Payor may accrue proceeds until the total amount equals \$100.00, or pay annually upon written request from Owner, or as required by applicable state statute. Upon termination of this agreement, payments shall be made to the respective parties entitled thereto regardless of the amount or amounts due.

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

If you are interested in selling all of part of your interest in this unit, please contact Van Singleton at (972) 371-5273 or [vsingleton@matadorresources.com](mailto:vsingleton@matadorresources.com) or Jonathan Filbert at (972) 371-5275 or [jfilbert@matadorresources.com](mailto:jfilbert@matadorresources.com).

For all other inquiries, please contact Debra Warner at 972-371-5428 or [dwarner@matadorresources.com](mailto:dwarner@matadorresources.com).

|                   |                                                                                                                                                                       |
|-------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| OWNER #<br>005321 | OWNER NAME & ADDRESS<br>Commissioner of the General<br>Land Office, State of Texas<br>Stephen F Austin Building<br>1700 N Congress, Room 110<br>Austin, TX 78701-1495 |
|-------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|

TYPE INTEREST: STTX1                      DECIMAL INTEREST: 0.01290480

|                                |               |
|--------------------------------|---------------|
| SIGNATURE: _____               | PHONE: _____  |
| PRINTED NAME: _____            | FAX: _____    |
| SS# or Tax ID#: <u>On File</u> | E-MAIL: _____ |
| WITNESS: _____                 |               |

FEDERAL LAW REQUIRES YOU TO PROVIDE YOUR TAXPAYER IDENTIFICATION OR SOCIAL SECURITY NUMBER. FAILURE TO COMPLY WILL RESULT IN 24% TAX WITHHOLDING AND WILL NOT BE REFUNDABLE BY PAYOR.

RETAIN COPY FOR YOUR FILES





## INSTRUCTIONS FOR INTEREST OWNERS: HOW TO COMPLETE THE DIVISION ORDER FORM

The Division Order **SHOULD NOT** be altered in any way unless accompanied by documentary evidence to support the change. (Except to correct spelling errors)

### SIGNATURE:

- |                                                                                                        |                                                                                                                                                                                                                       |
|--------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Correct Name and Interest:</b>                                                                      | Sign your name as shown on the Division Order.                                                                                                                                                                        |
| <b>Name Change<br/>(i.e.: Marriage or Divorce):</b>                                                    | Execute the Division Order using your current name, and provide a copy of the marriage certificate or divorce decree if not previously submitted.                                                                     |
| <b>Agent, Attorney-In-Fact,<br/>Guardian or any party other<br/>than the named interest<br/>owner:</b> | If signed by an agent, attorney-in fact, or anyone other than the named interest owner, evidence of authority must be provided (i.e. power of attorney documents, guardianship documents, etc.)                       |
| <b>Corporations:</b>                                                                                   | Requires the signature of an officer of the corporation with the officer's title reflected.                                                                                                                           |
| <b>Partnerships:</b>                                                                                   | Must be executed by all partners or by an authorized partner. If signed by an authorized partner, we must be furnished a certified copy of the instrument giving said partner authority, if not previously furnished. |

### TAX ID NUMBER:

Furnish your social security or tax identification number which is associated to the owner name as shown.

**NOTE: Federal Law requires you to furnish your Social Security or Tax Identification Number. Failure to comply will result in 24% tax withholding and will not be refundable by Matador Resources Company or its subsidiaries.**

### MAILING ADDRESS:

Check the address listed on the Division Order. Make sure it reflects your correct mailing address. If the address shown is not correct, please correct it. This will ensure that you receive correspondence and/or payments for your interest

**Promptly, return the executed Division Order and W-9 form, if applicable, to the address below. If you do not have a W-9 form in your packet, we have already received this information from you. REMEMBER: Keep one copy for your records.**

MRC Permian Company  
Attn: Debra Warner  
5400 LBJ Freeway, Suite 1500  
Dallas, TX 75240-1017

If you have any questions or need further assistance, please feel free to contact Debra Warner at 972.371.5428 or at [dwarner@matadorresources.com](mailto:dwarner@matadorresources.com).

### MRC OFFER TO PURCHASE INTEREST

If you are interested in selling all of part of your interest in this unit, please contact Van Singleton at (972) 371-5273 or [vsingleton@matadorresources.com](mailto:vsingleton@matadorresources.com) or Jonathan Filbert at (972) 371-5275 or [jfilbert@matadorresources.com](mailto:jfilbert@matadorresources.com).



TEXAS GENERAL LAND OFFICE  
GEORGE P. BUSH, COMMISSIONER

September 28, 2022

Debra Warner  
Sr. Division Order Analyst  
Matador Resources Company  
One Lincoln Center  
5400 LBJ Freeway, Suite 1500  
Dallas, TX 75240-1017

Re: State Lease Nos. MF093628 and MF119863 Marsh 81-TTT-B33 WF SA 122H Unit 9876

Dear Mrs. Warner:

The Texas General Land Office (GLO) has received your Division Order for the referenced unit. This Division Order has been filed in the appropriate mineral file(s).

The payment of royalties attributable to state-owned mineral and royalty interests is set by contract and applicable statutes and rules. The execution of division orders may, in some cases, affect the manner in which such payments are made or calculated. Therefore, Title 31, §9.32, of the Texas Administrative Code specifies that GLO staff cannot execute a division order or bind the state to any terms contained within it.

Subject to applicable state law and the state's right to take its production in-kind, the GLO acquiesces to the sale of oil and gas in accordance with the terms and conditions set out in the oil and gas leases. If you have questions concerning this matter, please feel free to e-mail me at the address below my signature.

We look forward to being put on pay status as soon as you are able to set up the wells in our RRAC system.

Thank you,

Vivian Zamora  
Landman, Energy Resources  
512-475-0428  
512-475-1404 (fax)  
[vivian.zamora@glo.texas.gov](mailto:vivian.zamora@glo.texas.gov)



19.

File No. MF093628

County

Division Order

Date Filed: 9/30/2022

George P. Bush, Commissioner

By VB

# MRC Permian Company

One Lincoln Centre • 5400 LBJ Freeway • Suite 1500 • Dallas, Texas 75240

Voice 972.371.5419 • Fax 214.866.4919

[kworrell@matadorresources.com](mailto:kworrell@matadorresources.com)

---

**Kelly Worrell**  
Landman

May 20, 2020

VIA CERTIFIED MAIL

Texas General Land Office  
1700 North Congress Avenue  
Austin, Texas 78711-2873

Re: Marsh 81-TTT-B33 WF SA A 202H  
Marsh 81-TTT-B33 WF SA B 204H  
Oil and Gas Lease No. M-93628  
Loving & Reeves Counties, Texas

Gentlemen,

Pursuant to terms of the Oil and Gas Lease dated October 3, 1989, by and between the General Land Office of the State of Texas, as Lessor, and T.A. Hillin, as Lessee, MRC Permian Company hereby gives notice that it and its affiliate expect to spud the Marsh 81-TTT-B33 WF SA A 202H and Marsh 81-TTT-B33 WF SA B 204H well on or around May 26, 2020, located in Section 31, Block 2 H&GN RR Co. Survey and 81, Block 33 H&TC Co. Survey, Reeves & Loving Counties, Texas as described on the enclosed surveys and drilling permits.

Sincerely,

**MRC PERMIAN COMPANY**



Kelly Worrell

/Enclosures







LEASE NAME & WELL NO.:

**MARSH 81-TTT-B33 WF SA B #204H**

UNIT/LEASE ACREAGE:

**580.07 ACRES**

TOPOGRAPHY & VEGETATION:

**NATURAL MESQUITE PASTURE**

NEAREST TOWN IN COUNTY:

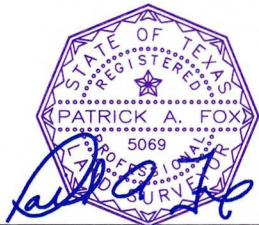
**±1.3 MILES SOUTHWEST OF MENTONE, TEXAS**

DESCRIPTION:

**BLOCK 33, SECTION 81, H. & T. C. RR. CO. SURVEY, A-8  
LOVING COUNTY, TEXAS**

This location has been very carefully staked on the ground according to the best official survey records, maps, and other data available to us. This plat does not in any way represent a "Boundary Survey", and does not comply with correct T.B.P.L.S. Minimum Standards of Procedures for Boundary Surveys.

#### CERTIFICATION:



Texas Reg. No. **5069**

I, Patrick A. Fox, a Registered Professional Land Surveyor, and an authorized agent of Topographic Land Surveys, do hereby certify that the above described well location was surveyed and staked on the ground as shown herein. This plat is for Texas Railroad Commission permitting only.

ALL BEARINGS, DISTANCES, AND COORDINATE VALUES CONTAINED HEREON ARE GRID BASED UPON THE TEXAS COORDINATE SYSTEM OF 1927, CENTRAL ZONE, U.S. SURVEY FEET

ALL INSTRUMENTS, PRE/POST DRILLING DATA, PRE/POST COMPLETION DATA, HARD LINE INFORMATION, LEASE INFORMATION, AND ANY PERTINENT INFORMATION USED IN THE PREPARATION OF THIS MAP WAS PROVIDED BY MATADOR PRODUCTION COMPANY.  
ORIGINAL DOC. SIZE: 8.5"x14"



1400 EVERMAN PARKWAY, Ste. 146 • FT. WORTH, TEXAS 76140  
TELEPHONE: (817) 744-7512 • FAX (817) 744-7554  
TEXAS FIRM REGISTRATION NO. 10042504  
WWW.TOPOGRAPHIC.COM



SCALE: 1" = 2000'

NAD 27  
GRID BEARINGS

Proposed Surface Location:  
UNIT/LEASE: 364' FNC & 1637' FNCW  
SURVEY/SECTION: 1026' FNCW & 2788' FNCW (SEC. 81)  
Ground Elevation: 2673.5', Staked 08/07/2019  
X=978910 Y=752515  
LAT.: N 31.6943116 LONG.: W 103.6167113

Penetration Point:  
UNIT/LEASE: 341' FNC & 1612' FNCW  
SURVEY/SECTION: 1050' FNCW & 2794' FNCW (SEC. 81)  
X=978924 Y=752494  
LAT.: N 31.6942557 LONG.: W 103.6166645

First Take Point:  
UNIT/LEASE: 100' FNC & 993' FNCW  
SURVEY/SECTION: ±1863' FNCW & 331' FSEL (SEC. 81)  
X=979652 Y=751412  
LAT.: N 31.6913411 LONG.: W 103.6142209

Last Take Point:  
UNIT/LEASE: 136' FWL & 1644' FSEL  
SURVEY/SECTION: 10942' FNCW & 330' FSEL (SEC. 81)  
X=974329 Y=745648  
LAT.: N 31.6750681 LONG.: W 103.6307787

Bottom Hole Location:  
UNIT/LEASE: 86' FWL & 1644' FSEL  
SURVEY/SECTION: 11042' FNCW & 330' FSEL (SEC. 81)  
X=974261 Y=745574  
LAT.: N 31.6748606 LONG.: W 103.6309897

#### LEGEND:

- Unit/Lease Line
- Except Tract
- Block Line
- Section Line
- County Line
- NPZ Line
- Iron Pipe Found
- Iron Rod Found

SCALE: 1" = 2000'  
DATE: 08/12/19  
COGO: LOVING\_SW\_OC  
LQ\_MARSH\_81-TTT-B33\_WF\_SA\_B\_204H\_REV11  
DRAWN BY: AMD

| REV       | DATE       | DESCRIPTION |
|-----------|------------|-------------|
| REV1-AMD  | 08/20/2019 |             |
| REV2-ACC  | 08/30/2019 |             |
| REV3-AMD  | 09/10/2019 |             |
| REV4-AMD  | 09/12/2019 |             |
| REV5-AMD  | 01/09/2020 |             |
| REV6-AVF  | 01/30/2020 |             |
| REV7-ACC  | 02/03/2020 |             |
| REV8-MU   | 02/12/2020 |             |
| REV9-AMD  | 02/21/2020 |             |
| REV10-AMD | 02/27/2020 |             |

| REV       | DATE       | DESCRIPTION |
|-----------|------------|-------------|
| REV11-JJJ | 03/10/2020 |             |
|           |            |             |
|           |            |             |
|           |            |             |
|           |            |             |
|           |            |             |
|           |            |             |
|           |            |             |
|           |            |             |
|           |            |             |

SURFACE LOCATION  
X=978910  
Y=752515  
LAT.: N 31.6943116  
LONG.: W 103.6167113

PENETRATION POINT  
X=978924  
Y=752494  
LAT.: N 31.6942557  
LONG.: W 103.6166645

DETAIL VIEW A  
SCALE: 1" = 40'

FIRST TAKE POINT  
X=979652  
Y=751412  
LAT.: N 31.6913411  
LONG.: W 103.6142209

LAST TAKE POINT  
X=974329  
Y=745648  
LAT.: N 31.6750681  
LONG.: W 103.6307787

BOTTOM HOLE LOCATION  
X=974261  
Y=745574  
LAT.: N 31.6748606  
LONG.: W 103.6309897

DETAIL VIEW B  
SCALE: 1" = 500'

S:\SURVEY\MATADOR\_RESOURCES\MARSH\_81-TTT-B33\_WF\_SA\_B\_204H\FINAL\_PRODUCT\SELO\_MARSH\_81-TTT-B33\_WF\_SA\_B\_204H\_REV11.DWG: 5/5/2020 3:02:51 PM c:\casson



LEASE NAME & WELL NO.:

**MARSH 81-TTT-B33 WF SA A #202H**

UNIT/LEASE ACREAGE:

**1261.95 ACRES**

TOPOGRAPHY & VEGETATION

**NATURAL MESQUITE PASTURE**

NEAREST TOWN IN COUNTY

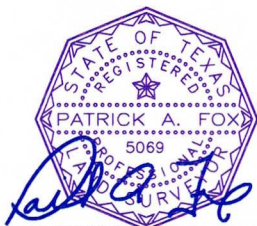
**±1.3 MILES SOUTHWEST OF MENTONE, TEXAS**

DESCRIPTION:

**BLOCK 33, SECTION 81, H. & T. C. RR. CO. SURVEY, A-8  
LOVING COUNTY, TEXAS**

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ORIGINAL DOC. SIZE: 8.5"x14"



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TELEPHONE: (817) 744-7512 • FAX: (817) 744-7554  
TEXAS FIRM REGISTRATION NO. 10042504  
WWW.TOPOGRAPHIC.COM

SCALE: 1" = 2000'  
0' 1000' 2000'

NAD 27  
GRID BEARINGS

Proposed Surface Location:  
UNIT/LEASE: 996' FNWL & 1474' FNEL  
SURVEY/SECTION: 2788' FNEL & 996' FNWL (SEC. 81)  
Ground Elevation: 2673.5', Staked 08/07/2019  
X=978888 Y=752535  
LAT.: N 31.6943656 LONG.: W 103.6167838

Penetration Point:  
UNIT/LEASE: 996' FNWL & 1449' FNEL  
SURVEY/SECTION: 2763' FNEL & 996' FNWL (SEC. 81)  
X=978905 Y=752554  
LAT.: N 31.6944174 LONG.: W 103.6167310

First Take Point:  
UNIT/LEASE: 996' FNWL & 1414' FNEL  
SURVEY/SECTION: 2728' FNEL & 996' FNWL (SEC. 81)  
X=978928 Y=752579  
LAT.: N 31.6944872 LONG.: W 103.6166600

Last Take Point:  
UNIT/LEASE: 257' FNWL & 330' FSEL  
SURVEY/SECTION: 1646' FSEL & 10295' FNEL (SEC. 81)  
X=973801 Y=747015  
LAT.: N 31.6787836 LONG.: W 103.6326065

Bottom Hole Location:  
UNIT/LEASE: 234' FNWL & 330' FSEL  
SURVEY/SECTION: 1646' FSEL & 10395' FNEL (SEC. 81)  
X=973733 Y=746942  
LAT.: N 31.6785760 LONG.: W 103.6328172

#### LEGEND:

- Unit/Lease Line
- Except Tract
- Block Line
- Section Line
- County Line
- Iron Pipe Found
- Iron Rod Found

|                                         |              |
|-----------------------------------------|--------------|
| SCALE:                                  | 1" = 2000'   |
| DATE:                                   | 08/12/19     |
| COGO:                                   | LOVING_SW_OC |
| LO_MARSH 81-TTT-B33 WF SA A #202H REV10 |              |
| DRAWN BY:                               | AMD          |

|           |            |
|-----------|------------|
| REV1-AMD  | 08/20/2019 |
| REV2-ACC  | 08/30/2019 |
| REV3-AMD  | 09/10/2019 |
| REV4-AMD  | 09/12/2019 |
| REV5-AMD  | 01/09/2020 |
| REV6-AVF  | 01/30/2020 |
| REV7-ACC  | 02/03/2020 |
| REV8-AMU  | 02/12/2020 |
| REV9-AMD  | 02/21/2020 |
| REV10-AMD | 02/27/2020 |

PENETRATION POINT  
X=978905  
Y=752554  
LAT.: N 31.6944174  
LONG.: W 103.6167310

SURFACE LOCATION  
X=978888  
Y=752535  
LAT.: N 31.6943656  
LONG.: W 103.6167838

FIRST TAKE POINT  
X=978928  
Y=752579  
LAT.: N 31.6944872  
LONG.: W 103.6166600

DETAIL VIEW B  
SCALE: 1" = 40'

DETAIL VIEW A  
SCALE: 1" = 600'

LAST TAKE POINT  
X=973801  
Y=747015  
LAT.: N 31.6787836  
LONG.: W 103.6326065

BOTTOM HOLE LOCATION  
X=973733  
Y=746942  
LAT.: N 31.6785760  
LONG.: W 103.6328172

| MINERAL OWNER     | ACREAGE |
|-------------------|---------|
| FORD CHAPMAN UNIT | 724.46  |
| WOLF UNIT         | 314.48  |
| HAHMAN UNIT       | 104.92  |
| TRACT 7B          | 13.89   |
| TRACT 7D          | 3.75    |
| TRACT 8           | 71.17   |
| TRACT 9           | 29.28   |
| TOTAL ACREAGE     | 1261.95 |

S:\SURVEY\MATADOR\_RESOURCES\MARSH\_81-TTT-B33\_WF\_202H\FINAL\_PRODUCTS\LO\_MARSH\_81-TTT-B33\_WF\_SA\_A\_202H\_REV10.DWG 3/9/2020 11:36:43 AM cbsmith



## Railroad Commission of Texas

### PERMIT TO DRILL, RE-COMplete, OR RE-ENTER ON REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

---

#### CONDITIONS AND INSTRUCTIONS

**Permit Invalidation.** It is the operator's responsibility to make sure that the permitted location complies with Commission density and spacing rules in effect on the spud date. The permit becomes invalid automatically if, because of a field rule change or the drilling of another well, the stated location is not in compliance with Commission field rules on the spud date. If this occurs, application for an exception to Statewide Rules 37 and 38 must be made and a special permit granted prior to spudding. Failure to do so may result in an allowable not being assigned and/or enforcement procedures being initiated.

**Notice Requirements.** Per H.B 630, signed May 8, 2007, the operator is required to provide notice to the surface owner no later than the 15th business day after the Commission issues a permit to drill. Please refer to subchapter Q Sec. 91.751-91.755 of the Texas Natural Resources Code for applicability.

**Permit expiration.** This permit expires two (2) years from the date of issuance shown on the original permit. The permit period will not be extended.

**Drilling Permit Number.** The drilling permit number shown on the permit **MUST** be given as a reference with any notification to the district (see below), correspondence, or application concerning this permit.

**Rule 37 Exception Permits.** This Statewide Rule 37 exception permit is granted under either provision Rule 37 (h)(2)(A) or 37(h)(2)(B). Be advised that a permit granted under Rule 37(h)(2)(A), notice of application, is subject to the General Rules of Practice and Procedures and if a protest is received under Section 1.3, "Filing of Documents," and/or Section 1.4, "Computation of Time," the permit may be deemed invalid.

#### Before Drilling

**Fresh Water Sand Protection.** The operator must set and cement sufficient surface casing to protect all usable-quality water, as defined by the Railroad Commission of Texas (RRC) Groundwater Advisory Unit (GWAU). Before drilling a well, the operator must obtain a letter from the Railroad Commission of Texas stating the depth to which water needs protection. Write: Railroad Commission of Texas, Groundwater Advisory Unit (GWAU), P.O. Box 12967, Austin, TX 78711-3087. File a copy of the letter with the appropriate district office.

**Accessing the Well Site.** If an OPERATOR, well equipment TRANSPORTER or WELL service provider must access the well site from a roadway on the state highway system (Interstate, U.S. Highway, State Highway, Farm-to-Market Road, Ranch-to-Market Road, etc.), an access permit is required from TxDOT. Permit applications are submitted to the respective TxDOT Area Office serving the county where the well is located.

**Water Transport to Well Site.** If an operator intends to transport water to the well site through a temporary pipeline laid above ground on the state's right-of-way, an additional TxDOT permit is required. Permit applications are submitted to the respective TxDOT Area Office serving the county where the well is located.

---

#### \*NOTIFICATION

---

The operator is **REQUIRED** to notify the district office when setting surface casing, intermediate casing, and production casing, or when plugging a dry hole. The district office **MUST** also be notified if the operator intends to re-enter a plugged well or re-complete a well into a different regulatory field. Time requirements are given below. The drilling permit number **MUST** be given with such notifications.

#### During Drilling

**Permit at Drilling Site.** A copy of the Form W-1 Drilling Permit Application, the location plat, a copy of Statewide Rule 13 alternate surface casing setting depth approval from the district office, if applicable, and this drilling permit must be kept at the permitted well site throughout drilling operations.

**\*Notification of Setting Casing.** The operator **MUST** call in notification to the appropriate district office (phone number shown on permit) a minimum of eight (8) hours prior to the setting of surface casing, intermediate casing, AND production casing. The individual giving notification **MUST** be able to advise the district office of the drilling permit number.

**\*Notification of Re-completion/Re-entry.** The operator MUST call in notification to the appropriate district office (phone number shown on permit) a minimum of eight (8) hours prior to the initiation of drilling or re-completion operations. The individual giving notification MUST be able to advise the district office of the drilling permit number.

### Completion and Plugging Reports

**Hydraulic Fracture Stimulation using Diesel Fuel:** Most operators in Texas do not use diesel fuel in hydraulic fracturing fluids. Section 322 of the Energy Policy Act of 2005 amended the Underground Injection Control (UIC) portion of the federal Safe Drinking Water Act (42 USC 300h(d)) to define "underground Injection" to *EXCLUDE* "...the underground injection of fluids or propping agents (*other than diesel fuels*) pursuant to hydraulic fracturing operations related to oil, gas, or geothermal production activities." (italic and underlining added.) Therefore, hydraulic fracturing may be subject to regulation under the federal UIC regulations if diesel fuel is injected or used as a propping agent. EPA defined "diesel fuel" using the following five (5) Chemical Abstract Service numbers: 68334-30-5 Primary Name: Fuels, diesel; 68476-34-6 Primary Name: Fuels, diesel, No. 2; 68476-30-2 Primary Name: Fuel oil No. 2; 68476-31-3 Primary Name: Fuel oil, No. 4; and 8008-20-6 Primary Name: Kerosene. As a result, an injection well permit would be required before performing hydraulic fracture stimulation using diesel fuel as defined by EPA on any well in Texas. Hydraulic fracture stimulation using diesel fuel as defined by EPA on a well in Texas without an injection well permit could result in enforcement action.

**Producing Well.** Statewide Rule 16 states that the operator of a well shall file with the Commission the appropriate completion report within ninety (90) days after completion of the well or within one hundred and fifty (150) days after the date on which the drilling operation is completed, whichever is earlier. Completion of the well in a field authorized by this permit voids the permit for all other fields included in the permit unless the operator indicates on the initial completion report that the well is to be a dual or multiple completion and promptly submits an application for multiple completion. All zones are required to be completed before the expiration date on the existing permit. Statewide Rule 40(d) requires that upon successful completion of a well in the same reservoir as any other well previously assigned the same acreage, proration plats and P-15s or P-16s (if required) or a lease plat and P-16 must be submitted with no double assignment of acreage unless authorized by rule.

**Dry or Noncommercial Hole.** Statewide Rule 14(b)(2) prohibits suspension of operations on each dry or non-commercial well without plugging unless the hole is cased and the casing is cemented in compliance with Commission rules. If properly cased, Statewide Rule 14(b)(2) requires that plugging operations must begin within a period of one (1) year after drilling or operations have ceased. Plugging operations must proceed with due diligence until completed. An extension to the one-year plugging requirement may be granted under the provisions stated in Statewide Rule 14(b)(2).

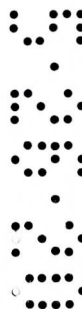
**Intention to Plug.** The operator must file a Form W-3A (Notice of Intention to Plug and Abandon) with the district office at least five (5) days prior to beginning plugging operations. If, however, a drilling rig is already at work on location and ready to begin plugging operations, the district director or the director's delegate may waive this requirement upon request, and verbally approve the proposed plugging procedures.

**\*Notification of Plugging a Dry Hole.** The operator MUST call in notification to the appropriate district office (phone number shown on permit) a minimum of four (4) hours prior to beginning plugging operations. The individual giving the notification MUST be able to advise the district office of the drilling permit number and all water protection depths for that location as stated in the Groundwater Advisory Unit letter.

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

PHONE  
(512) 463-6751

MAIL:  
PO Box 12967  
Austin, Texas, 78711-2967





**RAILROAD COMMISSION OF TEXAS**  
**OIL & GAS DIVISION**

PERMIT TO DRILL, DEEPEN, PLUG BACK, OR RE-ENTER ON A REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

| PERMIT NUMBER<br><b>862421</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | DATE PERMIT ISSUED OR AMENDED<br><b>Apr 30, 2020</b> | DISTRICT<br><b>* 08</b>                                                                                                                                                                                  |                          |                        |                        |                      |      |                              |               |               |             |           |                                 |          |  |             |  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|------------------------|------------------------|----------------------|------|------------------------------|---------------|---------------|-------------|-----------|---------------------------------|----------|--|-------------|--|
| API NUMBER<br><b>42-301-35039</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | FORM W-1 RECEIVED<br><b>Feb 28, 2020</b>             | COUNTY<br><b>LOVING</b>                                                                                                                                                                                  |                          |                        |                        |                      |      |                              |               |               |             |           |                                 |          |  |             |  |
| TYPE OF OPERATION<br><b>NEW DRILL</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | WELLBORE PROFILE(S)<br><b>Horizontal</b>             | ACRES<br><b>580.07</b>                                                                                                                                                                                   |                          |                        |                        |                      |      |                              |               |               |             |           |                                 |          |  |             |  |
| OPERATOR<br><b>MATADOR PRODUCTION COMPANY</b><br>ONE LINCOLN CENTRE<br>5400 LBJ FREEWAY STE 1500<br>DALLAS, TX 75240-0000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                      | NOTICE<br>This permit and any allowable assigned may be<br>revoked if payment for fee(s) submitted to the<br>Commission is not honored.<br><b>District Office Telephone No:</b><br><b>(432) 684-5581</b> |                          |                        |                        |                      |      |                              |               |               |             |           |                                 |          |  |             |  |
| LEASE NAME<br><b>MARSH 81-TTT-B33 WF SA B</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                      | WELL NUMBER<br><b>204H</b>                                                                                                                                                                               |                          |                        |                        |                      |      |                              |               |               |             |           |                                 |          |  |             |  |
| LOCATION<br><b>1.3 miles SW direction from MENTONE</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                      | TOTAL DEPTH<br><b>11000</b>                                                                                                                                                                              |                          |                        |                        |                      |      |                              |               |               |             |           |                                 |          |  |             |  |
| Section, Block and/or Survey<br>SECTION <b>◀ 81</b> BLOCK <b>◀ 33</b> ABSTRACT <b>◀ 8</b><br>SURVEY <b>◀ H&amp;TC RR CO</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                      |                                                                                                                                                                                                          |                          |                        |                        |                      |      |                              |               |               |             |           |                                 |          |  |             |  |
| DISTANCE TO SURVEY LINES<br><b>2788 ft. NE    1026 ft. NW</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                      | DISTANCE TO NEAREST LEASE LINE<br><b>1 ft.</b>                                                                                                                                                           |                          |                        |                        |                      |      |                              |               |               |             |           |                                 |          |  |             |  |
| DISTANCE TO LEASE LINES<br><b>2788 ft. NE    1026 ft. NW</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                      | DISTANCE TO NEAREST WELL ON LEASE<br><b>See FIELD(s) Below</b>                                                                                                                                           |                          |                        |                        |                      |      |                              |               |               |             |           |                                 |          |  |             |  |
| FIELD(s) and LIMITATIONS:<br><p align="center">* SEE FIELD DISTRICT FOR REPORTING PURPOSES *</p> <p align="center">** THIS PERMIT IS GRANTED PURSUANT TO STATEWIDE RULE 37(h)(2)(A) **</p> <p align="center">CASE NO. 0326342</p> <table style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">FIELD NAME<br/>LEASE NAME</th> <th style="text-align: center;">ACRES<br/>NEAREST LEASE</th> <th style="text-align: center;">DEPTH<br/>NEAREST LEASE</th> <th style="text-align: center;">WELL #<br/>NEAREST WE</th> <th style="text-align: center;">DIST</th> </tr> </thead> <tbody> <tr> <td><b>** PHANTOM (WOLFCAMP)</b></td> <td style="text-align: center;"><b>580.07</b></td> <td style="text-align: center;"><b>10,781</b></td> <td style="text-align: center;"><b>204H</b></td> <td style="text-align: center;"><b>08</b></td> </tr> <tr> <td><b>MARSH 81-TTT-B33 WF SA B</b></td> <td style="text-align: center;"><b>1</b></td> <td></td> <td style="text-align: center;"><b>1320</b></td> <td></td> </tr> </tbody> </table> |                                                      |                                                                                                                                                                                                          | FIELD NAME<br>LEASE NAME | ACRES<br>NEAREST LEASE | DEPTH<br>NEAREST LEASE | WELL #<br>NEAREST WE | DIST | <b>** PHANTOM (WOLFCAMP)</b> | <b>580.07</b> | <b>10,781</b> | <b>204H</b> | <b>08</b> | <b>MARSH 81-TTT-B33 WF SA B</b> | <b>1</b> |  | <b>1320</b> |  |
| FIELD NAME<br>LEASE NAME                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | ACRES<br>NEAREST LEASE                               | DEPTH<br>NEAREST LEASE                                                                                                                                                                                   | WELL #<br>NEAREST WE     | DIST                   |                        |                      |      |                              |               |               |             |           |                                 |          |  |             |  |
| <b>** PHANTOM (WOLFCAMP)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>580.07</b>                                        | <b>10,781</b>                                                                                                                                                                                            | <b>204H</b>              | <b>08</b>              |                        |                      |      |                              |               |               |             |           |                                 |          |  |             |  |
| <b>MARSH 81-TTT-B33 WF SA B</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>1</b>                                             |                                                                                                                                                                                                          | <b>1320</b>              |                        |                        |                      |      |                              |               |               |             |           |                                 |          |  |             |  |
| WELLBORE PROFILE(s) FOR FIELD: <b>Horizontal</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                      |                                                                                                                                                                                                          |                          |                        |                        |                      |      |                              |               |               |             |           |                                 |          |  |             |  |
| RESTRICTIONS: This is a hydrogen sulfide field. Hydrogen Sulfide Fields with perforations must be isolated and tested per State Wide Rule 36 and a Form H-9 filed with the district office. Fields with SWR 10 authority to downhole commingle must be isolated and tested individually prior to commingling production.<br><br>Lateral: TH1<br>Penetration Point Location<br>Lease Lines:        2794.0 F NE L<br>1050.0 F NW L<br><br>Terminus Location<br>Lease Lines:        86.0 F W L<br>1644.0 F SE L<br><br>Survey Lines:     11042.0 F NE L<br>330.0 F SE L                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                      |                                                                                                                                                                                                          |                          |                        |                        |                      |      |                              |               |               |             |           |                                 |          |  |             |  |
| '***' PRECEDING FIELD NAME INDICATES RULE (R37)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                      |                                                                                                                                                                                                          |                          |                        |                        |                      |      |                              |               |               |             |           |                                 |          |  |             |  |
| THE FOLLOWING RESTRICTIONS APPLY TO ALL FIELDS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                      |                                                                                                                                                                                                          |                          |                        |                        |                      |      |                              |               |               |             |           |                                 |          |  |             |  |

**RAILROAD COMMISSION OF TEXAS**  
**OIL & GAS DIVISION**

PERMIT TO DRILL, DEEPEN, PLUG BACK, OR RE-ENTER ON A REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                      |                                                                                                                                                                                                                               |            |       |       |        |      |            |               |  |            |  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-------|-------|--------|------|------------|---------------|--|------------|--|
| PERMIT NUMBER<br><b>862421</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | DATE PERMIT ISSUED OR AMENDED<br><b>Apr 30, 2020</b> | DISTRICT<br><b>* 08</b>                                                                                                                                                                                                       |            |       |       |        |      |            |               |  |            |  |
| API NUMBER<br><b>42-301-35039</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | FORM W-1 RECEIVED<br><b>Feb 28, 2020</b>             | COUNTY<br><b>LOVING</b>                                                                                                                                                                                                       |            |       |       |        |      |            |               |  |            |  |
| TYPE OF OPERATION<br><b>NEW DRILL</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | WELLBORE PROFILE(S)<br><b>Horizontal</b>             | ACRES<br><b>580.07</b>                                                                                                                                                                                                        |            |       |       |        |      |            |               |  |            |  |
| OPERATOR<br><b>MATADOR PRODUCTION COMPANY</b><br>ONE LINCOLN CENTRE<br>5400 LBJ FREEWAY STE 1500<br>DALLAS, TX 75240-0000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                      | 532993<br><br><b>NOTICE</b><br>This permit and any allowable assigned may be<br>revoked if payment for fee(s) submitted to the<br>Commission is not honored.<br><b>District Office Telephone No:</b><br><b>(432) 684-5581</b> |            |       |       |        |      |            |               |  |            |  |
| LEASE NAME<br><b>MARSH 81-TTT-B33 WF SA B</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                      | WELL NUMBER<br><b>204H</b>                                                                                                                                                                                                    |            |       |       |        |      |            |               |  |            |  |
| LOCATION<br><b>1.3 miles SW direction from MENTONE</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                      | TOTAL DEPTH<br><b>11000</b>                                                                                                                                                                                                   |            |       |       |        |      |            |               |  |            |  |
| Section, Block and/or Survey<br>SECTION <b>◀ 81</b> BLOCK <b>◀ 33</b> ABSTRACT <b>◀ 8</b><br>SURVEY <b>◀ H&amp;TC RR CO</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                      |                                                                                                                                                                                                                               |            |       |       |        |      |            |               |  |            |  |
| DISTANCE TO SURVEY LINES<br><b>2788 ft. NE    1026 ft. NW</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                      | DISTANCE TO NEAREST LEASE LINE<br><b>1 ft.</b>                                                                                                                                                                                |            |       |       |        |      |            |               |  |            |  |
| DISTANCE TO LEASE LINES<br><b>2788 ft. NE    1026 ft. NW</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                      | DISTANCE TO NEAREST WELL ON LEASE<br><b>See FIELD(s) Below</b>                                                                                                                                                                |            |       |       |        |      |            |               |  |            |  |
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| FIELD NAME                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | ACRES                                                | DEPTH                                                                                                                                                                                                                         | WELL #     | DIST  |       |        |      |            |               |  |            |  |
| LEASE NAME                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | NEAREST LEASE                                        |                                                                                                                                                                                                                               | NEAREST WE |       |       |        |      |            |               |  |            |  |

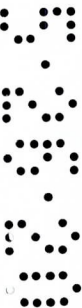


**RAILROAD COMMISSION OF TEXAS  
OIL & GAS DIVISION  
SWR #13 Formation Data**

**LOVING (301) County**

| Formation                         | Remarks       | Geological Order | Effective Date |
|-----------------------------------|---------------|------------------|----------------|
| RED BLUFF                         |               | 1                | 02/09/2020     |
| DELAWARE                          |               | 2                | 02/09/2020     |
| BELL CANYON                       |               | 3                | 02/09/2020     |
| CHERRY CANYON                     |               | 4                | 02/09/2020     |
| BRUSHY CANYON                     |               | 5                | 02/09/2020     |
| BONE SPRING                       |               | 6                | 02/09/2020     |
| WOLFCAMP                          |               | 7                | 02/09/2020     |
| PENNSYLVANIAN                     |               | 8                | 02/09/2020     |
| STRAWN                            |               | 9                | 02/09/2020     |
| ATOKA                             | high pressure | 10               | 02/09/2020     |
| MORROW                            |               | 11               | 02/09/2020     |
| DEVONIAN                          |               | 12               | 02/09/2020     |
| FUSSELMAN                         |               | 13               | 02/09/2020     |
| ELLENBURGER                       |               | 14               | 02/09/2020     |
| PRECAMBRIAN<br>(UNDIFFERENTIATED) |               | 15               | 02/09/2020     |

The above list may not be all inclusive, and may also include formations that do not intersect all wellbores. The listing order of the Formation information reflects the general stratigraphic order and relative geologic age. This is a dynamic list subject to updates and revisions. It is the operator's responsibility to make sure that at the time of spudding the well the most current list is being referenced. Refer to the RRC website at the following address for the most recent information.  
<http://www.rrc.texas.gov/oil-gas/compliance-enforcement/rule-13-geologic-formation-info>



## Railroad Commission of Texas

### PERMIT TO DRILL, RE-COMplete, OR RE-ENTER ON REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

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#### CONDITIONS AND INSTRUCTIONS

**Permit Invalidation.** It is the operator's responsibility to make sure that the permitted location complies with Commission density and spacing rules in effect on the spud date. The permit becomes invalid automatically if, because of a field rule change or the drilling of another well, the stated location is not in compliance with Commission field rules on the spud date. If this occurs, application for an exception to Statewide Rules 37 and 38 must be made and a special permit granted prior to spudding. Failure to do so may result in an allowable not being assigned and/or enforcement procedures being initiated.

**Notice Requirements.** Per H.B 630, signed May 8, 2007, the operator is required to provide notice to the surface owner no later than the 15th business day after the Commission issues a permit to drill. Please refer to subchapter Q Sec. 91.751-91.755 of the Texas Natural Resources Code for applicability.

**Permit expiration.** This permit expires two (2) years from the date of issuance shown on the original permit. The permit period will not be extended.

**Drilling Permit Number.** The drilling permit number shown on the permit **MUST** be given as a reference with any notification to the district (see below), correspondence, or application concerning this permit.

**Rule 37 Exception Permits.** This Statewide Rule 37 exception permit is granted under either provision Rule 37 (h)(2)(A) or 37(h)(2)(B). Be advised that a permit granted under Rule 37(h)(2)(A), notice of application, is subject to the General Rules of Practice and Procedures and if a protest is received under Section 1.3, "Filing of Documents," and/or Section 1.4, "Computation of Time," the permit may be deemed invalid.

#### Before Drilling

**Fresh Water Sand Protection.** The operator must set and cement sufficient surface casing to protect all usable-quality water, as defined by the Railroad Commission of Texas (RRC) Groundwater Advisory Unit (GWAU). Before drilling a well, the operator must obtain a letter from the Railroad Commission of Texas stating the depth to which water needs protection. Write: Railroad Commission of Texas, Groundwater Advisory Unit (GWAU), P.O. Box 12967, Austin, TX 78711-3087. File a copy of the letter with the appropriate district office.

**Accessing the Well Site.** If an OPERATOR, well equipment TRANSPORTER or WELL service provider must access the well site from a roadway on the state highway system (Interstate, U.S. Highway, State Highway, Farm-to-Market Road, Ranch-to-Market Road, etc.), an access permit is required from TxDOT. Permit applications are submitted to the respective TxDOT Area Office serving the county where the well is located.

**Water Transport to Well Site.** If an operator intends to transport water to the well site through a temporary pipeline laid above ground on the state's right-of-way, an additional TxDOT permit is required. Permit applications are submitted to the respective TxDOT Area Office serving the county where the well is located.

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#### \*NOTIFICATION

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The operator is **REQUIRED** to notify the district office when setting surface casing, intermediate casing, and production casing, or when plugging a dry hole. The district office **MUST** also be notified if the operator intends to re-enter a plugged well or re-complete a well into a different regulatory field. Time requirements are given below. The drilling permit number **MUST** be given with such notifications.

#### During Drilling

**Permit at Drilling Site.** A copy of the Form W-1 Drilling Permit Application, the location plat, a copy of Statewide Rule 13 alternate surface casing setting depth approval from the district office, if applicable, and this drilling permit must be kept at the permitted well site throughout drilling operations.

**\*Notification of Setting Casing.** The operator **MUST** call in notification to the appropriate district office (phone number shown on permit) a minimum of eight (8) hours prior to the setting of surface casing, intermediate casing, AND production casing. The individual giving notification **MUST** be able to advise the district office of the drilling permit number.



**\*Notification of Re-completion/Re-entry.** The operator MUST call in notification to the appropriate district office (phone number shown on permit) a minimum of eight (8) hours prior to the initiation of drilling or re-completion operations. The individual giving notification MUST be able to advise the district office of the drilling permit number.

### Completion and Plugging Reports

**Hydraulic Fracture Stimulation using Diesel Fuel:** Most operators in Texas do not use diesel fuel in hydraulic fracturing fluids. Section 322 of the Energy Policy Act of 2005 amended the Underground Injection Control (UIC) portion of the federal Safe Drinking Water Act (42 USC 300h(d)) to define "underground injection" to *EXCLUDE* " ...the underground injection of fluids or propping agents (*other than diesel fuels*) pursuant to hydraulic fracturing operations related to oil, gas, or geothermal production activities." (italic and underlining added.) Therefore, hydraulic fracturing may be subject to regulation under the federal UIC regulations if diesel fuel is injected or used as a propping agent. EPA defined "diesel fuel" using the following five (5) Chemical Abstract Service numbers: 68334-30-5 Primary Name: Fuels, diesel; 68476-34-6 Primary Name: Fuels, diesel, No. 2; 68476-30-2 Primary Name: Fuel oil No. 2; 68476-31-3 Primary Name: Fuel oil, No. 4; and 8008-20-6 Primary Name: Kerosene. As a result, an injection well permit would be required before performing hydraulic fracture stimulation using diesel fuel as defined by EPA on any well in Texas. Hydraulic fracture stimulation using diesel fuel as defined by EPA on a well in Texas without an injection well permit could result in enforcement action.

**Producing Well.** Statewide Rule 16 states that the operator of a well shall file with the Commission the appropriate completion report within ninety (90) days after completion of the well or within one hundred and fifty (150) days after the date on which the drilling operation is completed, whichever is earlier. Completion of the well in a field authorized by this permit voids the permit for all other fields included in the permit unless the operator indicates on the initial completion report that the well is to be a dual or multiple completion and promptly submits an application for multiple completion. All zones are required to be completed before the expiration date on the existing permit. Statewide Rule 40(d) requires that upon successful completion of a well in the same reservoir as any other well previously assigned the same acreage, proration plats and P-15s or P-16s (if required) or a lease plat and P-16 must be submitted with no double assignment of acreage unless authorized by rule.

**Dry or Noncommercial Hole.** Statewide Rule 14(b)(2) prohibits suspension of operations on each dry or non-commercial well without plugging unless the hole is cased and the casing is cemented in compliance with Commission rules. If properly cased, Statewide Rule 14(b)(2) requires that plugging operations must begin within a period of one (1) year after drilling or operations have ceased. Plugging operations must proceed with due diligence until completed. An extension to the one-year plugging requirement may be granted under the provisions stated in Statewide Rule 14(b)(2).

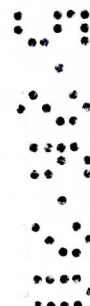
**Intention to Plug.** The operator must file a Form W-3A (Notice of Intention to Plug and Abandon) with the district office at least five (5) days prior to beginning plugging operations. If, however, a drilling rig is already at work on location and ready to begin plugging operations, the district director or the director's delegate may waive this requirement upon request, and verbally approve the proposed plugging procedures.

**\*Notification of Plugging a Dry Hole.** The operator MUST call in notification to the appropriate district office (phone number shown on permit) a minimum of four (4) hours prior to beginning plugging operations. The individual giving the notification MUST be able to advise the district office of the drilling permit number and all water protection depths for that location as stated in the Groundwater Advisory Unit letter.

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

PHONE  
(512) 463-6751

MAIL:  
PO Box 12967  
Austin, Texas, 78711-2967



**RAILROAD COMMISSION OF TEXAS**  
**OIL & GAS DIVISION**

PERMIT TO DRILL, DEEPEN, PLUG BACK, OR RE-ENTER ON A REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

|                                                                                                                                                                                                                                                                                                                          |                                                      |                                                                                                                                                                                                                               |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PERMIT NUMBER<br><b>862420</b>                                                                                                                                                                                                                                                                                           | DATE PERMIT ISSUED OR AMENDED<br><b>Apr 06, 2020</b> | DISTRICT<br><b>* 08</b>                                                                                                                                                                                                       |
| API NUMBER<br><b>42-301-35037</b>                                                                                                                                                                                                                                                                                        | FORM W-1 RECEIVED<br><b>Feb 28, 2020</b>             | COUNTY<br><b>LOVING</b>                                                                                                                                                                                                       |
| TYPE OF OPERATION<br><b>NEW DRILL</b>                                                                                                                                                                                                                                                                                    | WELLBORE PROFILE(S)<br><b>Horizontal</b>             | ACRES<br><b>1261.95</b>                                                                                                                                                                                                       |
| OPERATOR<br><b>MATADOR PRODUCTION COMPANY</b><br>ONE LINCOLN CENTRE<br>5400 LBJ FREEWAY STE 1500<br>DALLAS, TX 75240-0000                                                                                                                                                                                                |                                                      | 532993<br><br><b>NOTICE</b><br>This permit and any allowable assigned may be<br>revoked if payment for fee(s) submitted to the<br>Commission is not honored.<br><b>District Office Telephone No:</b><br><b>(432) 684-5581</b> |
| LEASE NAME<br><b>MARSH 81-TTT-B33 WF SA A</b>                                                                                                                                                                                                                                                                            |                                                      | WELL NUMBER<br><b>202H</b>                                                                                                                                                                                                    |
| LOCATION<br><b>1.3 miles SW direction from MENTONE</b>                                                                                                                                                                                                                                                                   |                                                      | TOTAL DEPTH<br><b>11000</b>                                                                                                                                                                                                   |
| Section, Block and/or Survey<br>SECTION <b>◀ 81</b> BLOCK <b>◀ 33</b> ABSTRACT <b>◀ 8</b><br>SURVEY <b>◀ H&amp;TC RR CO</b>                                                                                                                                                                                              |                                                      |                                                                                                                                                                                                                               |
| DISTANCE TO SURVEY LINES<br><b>2788 ft. NORTHEAST    996 ft. NORTHWEST</b>                                                                                                                                                                                                                                               |                                                      | DISTANCE TO NEAREST LEASE LINE<br><b>1 ft.</b>                                                                                                                                                                                |
| DISTANCE TO LEASE LINES<br><b>996 ft. NORTHWEST    1474 ft. NORTHEAST</b>                                                                                                                                                                                                                                                |                                                      | DISTANCE TO NEAREST WELL ON LEASE<br><b>See FIELD(s) Below</b>                                                                                                                                                                |
| FIELD(s) and LIMITATIONS:<br><p align="center">* SEE FIELD DISTRICT FOR REPORTING PURPOSES *</p> <p align="center">** THIS PERMIT IS GRANTED PURSUANT TO STATEWIDE RULE 37(h)(2)(A) **</p> <p align="center">CASE NO. 0326012</p>                                                                                        |                                                      |                                                                                                                                                                                                                               |
| FIELD NAME<br>LEASE NAME                                                                                                                                                                                                                                                                                                 | ACRES<br>NEAREST LEASE                               | DEPTH<br>NEAREST WE                                                                                                                                                                                                           |
| -----                                                                                                                                                                                                                                                                                                                    | -----                                                | -----                                                                                                                                                                                                                         |
| <b>** PHANTOM (WOLFCAMP)</b>                                                                                                                                                                                                                                                                                             | <b>1261.95</b>                                       | <b>10,700</b>                                                                                                                                                                                                                 |
| <b>MARSH 81-TTT-B33 WF SA A</b>                                                                                                                                                                                                                                                                                          | <b>1</b>                                             | <b>202H</b>                                                                                                                                                                                                                   |
|                                                                                                                                                                                                                                                                                                                          |                                                      | <b>214</b>                                                                                                                                                                                                                    |
| -----                                                                                                                                                                                                                                                                                                                    |                                                      |                                                                                                                                                                                                                               |
| WELLBORE PROFILE(s) FOR FIELD: <b>Horizontal</b>                                                                                                                                                                                                                                                                         |                                                      |                                                                                                                                                                                                                               |
| -----                                                                                                                                                                                                                                                                                                                    |                                                      |                                                                                                                                                                                                                               |
| RESTRICTIONS: This is a hydrogen sulfide field. Hydrogen Sulfide Fields with perforations must be isolated and tested per State Wide Rule 36 and a Form H-9 filed with the district office. Fields with SWR 10 authority to downhole commingle must be isolated and tested individually prior to commingling production. |                                                      |                                                                                                                                                                                                                               |
| Lateral: TH1<br>Penetration Point Location<br>Lease Lines:            996.0 F NORTHWEST L<br>1449.0 F NORTHEAST L<br>Terminus Location<br>Lease Lines:            234.0 F NORTHWEST L<br>330.0 F SOUTHEAST L<br>Survey Lines:        10395.0 F NORTHEAST L<br>1646.0 F SOUTHEAST L                                       |                                                      |                                                                                                                                                                                                                               |
| '***' PRECEDING FIELD NAME INDICATES RULE (R37)                                                                                                                                                                                                                                                                          |                                                      |                                                                                                                                                                                                                               |
| THE FOLLOWING RESTRICTIONS APPLY TO ALL FIELDS                                                                                                                                                                                                                                                                           |                                                      |                                                                                                                                                                                                                               |



**RAILROAD COMMISSION OF TEXAS**  
**OIL & GAS DIVISION**

PERMIT TO DRILL, DEEPEN, PLUG BACK, OR RE-ENTER ON A REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                      |                                                                                                                                                                                                          |            |       |       |        |      |            |               |  |            |  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|-------|-------|--------|------|------------|---------------|--|------------|--|
| PERMIT NUMBER<br><b>862420</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | DATE PERMIT ISSUED OR AMENDED<br><b>Apr 06, 2020</b> | DISTRICT<br><b>* 08</b>                                                                                                                                                                                  |            |       |       |        |      |            |               |  |            |  |
| API NUMBER<br><b>42-301-35037</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | FORM W-1 RECEIVED<br><b>Feb 28, 2020</b>             | COUNTY<br><b>LOVING</b>                                                                                                                                                                                  |            |       |       |        |      |            |               |  |            |  |
| TYPE OF OPERATION<br><b>NEW DRILL</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | WELLBORE PROFILE(S)<br><b>Horizontal</b>             | ACRES<br><b>1261.95</b>                                                                                                                                                                                  |            |       |       |        |      |            |               |  |            |  |
| OPERATOR<br><b>MATADOR PRODUCTION COMPANY</b><br><b>ONE LINCOLN CENTRE</b><br><b>5400 LBJ FREEWAY STE 1500</b><br><b>DALLAS, TX 75240-0000</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                      | NOTICE<br>This permit and any allowable assigned may be<br>revoked if payment for fee(s) submitted to the<br>Commission is not honored.<br><b>District Office Telephone No:</b><br><b>(432) 684-5581</b> |            |       |       |        |      |            |               |  |            |  |
| LEASE NAME<br><b>MARSH 81-TTT-B33 WF SA A</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                      | WELL NUMBER<br><b>202H</b>                                                                                                                                                                               |            |       |       |        |      |            |               |  |            |  |
| LOCATION<br><b>1.3 miles SW direction from MENTONE</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                      | TOTAL DEPTH<br><b>11000</b>                                                                                                                                                                              |            |       |       |        |      |            |               |  |            |  |
| Section, Block and/or Survey<br>SECTION <b>81</b> BLOCK <b>33</b> ABSTRACT <b>8</b><br>SURVEY <b>H&amp;TC RR CO</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                      |                                                                                                                                                                                                          |            |       |       |        |      |            |               |  |            |  |
| DISTANCE TO SURVEY LINES<br><b>2788 ft. NORTHEAST    996 ft. NORTHWEST</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                      | DISTANCE TO NEAREST LEASE LINE<br><b>1 ft.</b>                                                                                                                                                           |            |       |       |        |      |            |               |  |            |  |
| DISTANCE TO LEASE LINES<br><b>996 ft. NORTHWEST    1474 ft. NORTHEAST</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                      | DISTANCE TO NEAREST WELL ON LEASE<br><b>See FIELD(s) Below</b>                                                                                                                                           |            |       |       |        |      |            |               |  |            |  |
| FIELD(s) and LIMITATIONS:<br><p align="center">* SEE FIELD DISTRICT FOR REPORTING PURPOSES *</p> <p align="center">** THIS PERMIT IS GRANTED PURSUANT TO STATEWIDE RULE 37(h)(2)(A) **</p> <p align="center">CASE NO. 0326012</p> <table border="0"> <tr> <td>FIELD NAME</td> <td>ACRES</td> <td>DEPTH</td> <td>WELL #</td> <td>DIST</td> </tr> <tr> <td>LEASE NAME</td> <td>NEAREST LEASE</td> <td></td> <td>NEAREST WE</td> <td></td> </tr> </table> <p>This well shall be completed and produced in compliance with applicable special field or statewide spacing and density rules. If this well is to be used for brine mining, underground storage of liquid hydrocarbons in salt formations, or underground storage of gas in salt formations, a permit for that specific purpose must be obtained from Environmental Services prior to construction, including drilling, of the well in accordance with Statewide Rules 81, 95, and 97.</p> <p>This well must comply to the new SWR 3.13 requirements concerning the isolation of any potential flow zones and zones with corrosive formation fluids. See approved permit for those formations that have been identified for the county in which you are drilling the well in.</p> <p>The designated interval for one or more of the fields approved in this permit appears to overlap with the designated interval of another field or fields in this district. In the case of conflicting designated intervals you will be required to be consistent in field designation on this lease. Further, if the designated interval overlap of wells on this lease results in an actual or potential double assignment of reservoir and the applicant cannot conclusively demonstrate that there is no double assignment, the permitted well may not be assigned an allowable until the conflict is resolved. Because of the overlapping designated intervals in this area, issuance of this permit does not guarantee that the completion of the well will be approved or that the well will receive an allowable in any given field, even if that field is listed on the approved permit application.</p> |                                                      |                                                                                                                                                                                                          | FIELD NAME | ACRES | DEPTH | WELL # | DIST | LEASE NAME | NEAREST LEASE |  | NEAREST WE |  |
| FIELD NAME                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | ACRES                                                | DEPTH                                                                                                                                                                                                    | WELL #     | DIST  |       |        |      |            |               |  |            |  |
| LEASE NAME                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | NEAREST LEASE                                        |                                                                                                                                                                                                          | NEAREST WE |       |       |        |      |            |               |  |            |  |

**RAILROAD COMMISSION OF TEXAS  
OIL & GAS DIVISION  
SWR #13 Formation Data**

**LOVING (301) County**

| Formation                         | Remarks       | Geological Order | Effective Date |
|-----------------------------------|---------------|------------------|----------------|
| RED BLUFF                         |               | 1                | 02/09/2020     |
| DELAWARE                          |               | 2                | 02/09/2020     |
| BELL CANYON                       |               | 3                | 02/09/2020     |
| CHERRY CANYON                     |               | 4                | 02/09/2020     |
| BRUSHY CANYON                     |               | 5                | 02/09/2020     |
| BONE SPRING                       |               | 6                | 02/09/2020     |
| WOLFCAMP                          |               | 7                | 02/09/2020     |
| PENNSYLVANIAN                     |               | 8                | 02/09/2020     |
| STRAWN                            |               | 9                | 02/09/2020     |
| ATOKA                             | high pressure | 10               | 02/09/2020     |
| MORROW                            |               | 11               | 02/09/2020     |
| DEVONIAN                          |               | 12               | 02/09/2020     |
| FUSSELMAN                         |               | 13               | 02/09/2020     |
| ELLENBURGER                       |               | 14               | 02/09/2020     |
| PRECAMBRIAN<br>(UNDIFFERENTIATED) |               | 15               | 02/09/2020     |

The above list may not be all inclusive, and may also include formations that do not intersect all wellbores. The listing order of the Formation information reflects the general stratigraphic order and relative geologic age. This is a dynamic list subject to updates and revisions. It is the operator's responsibility to make sure that at the time of spudding the well the most current list is being referenced. Refer to the RRC website at the following address for the most recent information.  
<http://www.rrc.texas.gov/oil-gas/compliance-enforcement/rule-13-geologic-formation-info>





00-23-2

20.

File No. MF093628  
Loving & Reeves County  
Notice of Operations  
Date Filed: 5/12/2023  
Commissioner Dawn Buckingham, M.D.  
By: Jm