



CAUTION

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Archives and Records Staff

MF094838

<i>State Lease</i>	<i>Control</i>	<i>Base File</i>	<i>County</i>
MF094838	15-017680	155425	WARD

<i>Survey</i>	BROWN HERMAN SURVEY NO 3		
<i>Block</i>			
<i>Block Name</i>			
<i>Township</i>			
<i>Section/Tract</i>			
<i>Land Part</i>			
<i>Part Description</i>			
<i>Acres</i>	49.5		
<i>Depth Below</i>	<i>Depth Above</i>	<i>Depth Other</i>	
0	0	See Lease	
<i>Name</i>	AMBER ENERGY INC		
<i>Lease Date</i>	1/7/1992		
<i>Primary Term</i>	6 mo		
<i>Bonus (\$)</i>	\$12,028.50		
<i>Rental (\$)</i>	\$0.00		
<i>Lease Royalty</i>	0.2000		
<i>Leasing:</i>			
<i>Analyst:</i>			
<i>Maps:</i>			
<i>GIS:</i>			

AMBER ENERGY INC

-M
F
0
9
4
8
3
8

F291082

#2135

24.8 UNIT ACRES

~~24.7 NON-UNIT ACRES~~

EXPIRED

#3116

Legal: Mick

Rental

Min. A/d

Min. Map

STATE LEASE - UPLANDS M-94838

COUNTY (CODE) : WARD (238)
SURVEY : HERMAN BROWN SURVEY
BLOCK :
TOWNSHIP :
SECTION : 3
PART : ALL
ACRES : ~~49.50~~ 24.8
DEPTH LIMITS :
BASE FILE (S) : MA-29805
CONTROL NO. (S) : 04-02433-5

LESSEE : AMBER ENERGY, INC.
DATE : JAN. 7, 1992
PRIMARY TERM : 6 MONTHS
BONUS : \$12,028.50
ROYALTY : 1/5
RENTALS : N/A

1. Bid Form	1-7-92	See MFO 61793 #99, Agyt #10912
2. Lease	1-7-92	EOG (to) Abraxas 10-7-19
3. Transmittal Letter	1-15-92	Scanned sm 10/09/2019
4. Pooling Committee Rpt	3-3-93	15. Min Roy 3-18-22
5. Ratification of Designation of Pooled Unit	3-3-93	Scanned sm 03/23/2022
6. Division Order		16. Minimum Royalty 3/4/24
7. Division Order	OCT 06 1994	Scanned sm 03/04/2024
See Letter Dated 10-23-94 in M 61783 (89)		17. min royalty 3/11/25
See Assignment in M 61783 (90)		Scanned GD 6-30-2025
See Assignment in M 61793 (91)		
See Letter Dated 10-17-94 in M 61793 (92)		
8. Division Order	DEC 16 1994	
9. Ltr to Abraxas 7-12-95		
10. Ltr to Abraxas 8-31-95		
11. Pooling Committee Report & Term Pooling Agreement		3/14/02
12 Ltr. from EOG with recorded copy of Pooling Agreement	4-25-02	
13 Recon Ltr	8/20/07	
Scanned sm	9/12/14	
14. Assignment #8742, merging of Abraxas Operating to Abraxas Petro	5-9-13	
Scanned Pt	2-25-15	
See MFO 61793 #98, Assign #10911		
Abraxas (to) EOG	10-7-19	

94838

Garry Mauro
Commissioner
General Land Office



~~12/12/92~~
Date

1/3/92

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 AMBER ENERGY, INC.

Address P.O. Box 11227

Midland, TX 79702

Telephone (915) 682-6612

AREA DESCRIPTION

County(ies) Ward Survey/
Area Herman Brown
(If Applicable)

Block/Tsp (If Applicable) Section/Tract 3 Acres 49.50

BID SUBMISSION

Royalty 1 / 5 (20%) Rental Per Acre \$5.00 Primary Term 6 ~~xx~~ Mos.

Cash Bonus Enclosed

\$243.00/Acre (Dollars) \$ 12,028.50

92021907

Sales Fee Attached

(Dollars) \$ 180.43

92021908

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.

APPLICANT(S)

BONUS AMOUNT ENCLOSED

1

Amber Energy, Inc.

(\$ 12,028.50)

P.O. Box 11227 Midland, TX 79702

APPLICANT
TAX I.D. NUMBER

[REDACTED]

SIGNATURE OF
APPLICANT/AGENT

Jack Hightower
Jack Hightower, President
Amber Energy, Inc.

BID FORM
M-99838

⑪

met

94838

1 - 2.05

1 - 2.05

The State of Texas



Austin, Texas

OIL AND GAS LEASE NO. M-94838

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:

All of the Herman Brown Survey No. 3, Ward County, Texas, containing 49.50 acres, as shown on the official map of Ward County, Texas, now on file in the General Land Office in Austin, Texas,

was, after being duly advertised, offered for lease on 7th day of January, 1992, 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 7th day of January, 1992, and it was found and determined that AMBER ENERGY, INC. whose address is P.O. Box 11227, Midland, TX 79702 had offered the highest and best bid for a lease of the area above described and is, therefore, entitled to receive a lease thereon: 17516600487

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 Twelve Thousand Twenty-eight and 50/100 Dollars (\$12,028.50), 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. RESERVATION: 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 and to the extent herein granted to Lessee, together with 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 which are not covered, or which may not be covered in the future, under the terms of this lease, but which may be located within the surface boundaries of the leased area. All of the rights in and to the leased premises retained by Lessor and all of the rights in and to the leased premises granted to Lessee herein shall be exercised in such a manner that neither shall unduly interfere with the operations of the other.

2. TERM: Subject to the other provisions hereof, this lease shall be for a term of six (6) months from the effective date hereof (herein called "primary term") and as long thereafter as oil or gas is produced in paying quantities from said area.

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

(A) OIL: As a royalty on oil, which is defined as including all hydrocarbons produced in a liquid form at the mouth of the well and also all condensate, distillate, and other liquid hydrocarbons recovered from oil or gas run through a separator or other equipment, as hereinafter provided, 1/5 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) 1/5 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, 1/5 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, 1/5 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 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.

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

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

(H) MINIMUM ROYALTY: During any year after the expiration of the primary term of this lease, if this lease is maintained by production, the royalties paid to Lessor in no event shall be less than an amount equal to Five and No/100 Dollars (\$5.00) per acre covered by this lease; 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 Five and No/100 Dollars (\$5.00) per acre covered by this lease 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 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.

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.

(B) DRILLING RECORDS: Written notice of all operations on this 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. 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 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. RETAINED ACREAGE: 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.

(A) VERTICAL: In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended 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 having jurisdiction.

(B) HORIZONTAL: In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall further terminate as to all depths below 100 feet below the total depth drilled (hereinafter "deeper depths") in each well located on each unit retained in subparagraph (A) above, unless on or before two (2) years after the primary or extended term Lessee pays an amount equal to one-half (1/2) of the bonus originally paid as consideration for this lease (as specified on page 1 hereof). If such amount is paid, this lease shall be in force and effect as to such deeper depths, and said termination shall be delayed for an additional period of two (2) years and so long thereafter as oil or gas is produced in paying quantities from such deeper depths covered by this lease.

(C) IDENTIFICATION AND FILING: The surface 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 and/or depths 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 Lessee fails or refuses to execute and record such release or releases within ninety (90) days after being requested to do so by the General Land Office, then the Commissioner at his sole discretion may designate by written instrument the acreage and/or depths to be released hereunder and record such instrument at Lessee's expense in the county or counties where the lease is located and in the official records of the General Land Office and such designation shall be binding upon Lessee for all purposes. 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 one thousand (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 the date of completion of said dry hole or cessation of production Lessee commences additional drilling or reworking operations thereon. If during the primary term 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. 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 shut-in provisions hereof.

9. CESSION, 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 thirty (30) 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 Ten and No/100 Dollars (\$10.00) per acre covered by this 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 one thousand (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. (For purposes of determining due dates in accordance with this paragraph, the next succeeding month shall mean the following calendar month, e.g. February shall be considered the month next succeeding the month of January.)

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.

(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. LIEN: In accordance with N.R.C. Section 52.136, 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. By acceptance of this lease, 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 leased minerals in and extracted from the leased premises, all proceeds which may accrue to Lessee from the sale of such leased minerals, whether such proceeds are held by Lessee or by a third party, and all fixtures on and improvements to the leased premises used in connection with the production or processing of such leased minerals in order to secure the payment of all royalties or other amounts due or to become due under this lease 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 lease, 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 acquisition of this lease. Should the Commissioner at any time determine that this representation is not true, then the Commissioner may declare this lease forfeited as provided herein.

18. 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.

19. 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.

20. APPLICABLE LAWS AND DRILLING RESTRICTIONS: This lease 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, 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 lease. Without limiting the generality of the foregoing, Lessee hereby agrees, by the acceptance of this lease, 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 lease 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 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.

21. REMOVAL OF EQUIPMENT; PLUGGING: It is understood by lessee that there may be open well bores and unusable and/or unsafe equipment on the area covered by this lease. By acceptance of this lease, lessee agrees to assume all responsibilities and liabilities with respect to plugging each open well bore, removing all abandoned equipment and restoring and cleaning the lease area, whether or not lessee actually re-enters such well bores or uses such equipment. No warranty or representation is made or intended as to the title to any equipment located on this lease. Nor does the General Land Office make any representation regarding the question of availability of the equipment on the subject tract. Lessee agrees to conduct such plugging and clean up within a reasonable time following the cessation of activities on the lease. 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.

22. 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.

23. RAILROAD COMMISSION HEARINGS ON GAS: No natural gas or casinghead gas, including both associated and non-associated 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.

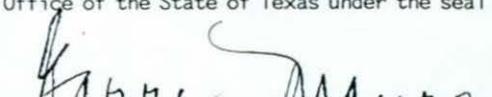
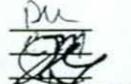
24. LEASE SECURITY: Lessee shall take the highest degree of care and all proper safeguards to protect said premises and to prevent theft of oil, gas, and other hydrocarbons produced from said lease. This includes, but is not limited to, the installation of all necessary equipment, seals, locks, or other 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 herein on all oil, gas or other hydrocarbons lost by reason of theft.

25. REDUCTION OF PAYMENTS: If, at any time after the expiration of the primary term or the extended term, this lease covers a lesser number of acres than the total amount described herein, payments that are made on a per acre basis hereunder shall be reduced according to the number of acres released, surrendered, or otherwise severed, so that payments determined on a per acre basis under the terms of this lease shall be calculated based upon the number of acres actually retained and covered by this lease.

26. **INDEMNITY:** Lessee agrees to indemnify and hold harmless Lessor, its officers and employees, and specifically the School Land Board members, whether in their official or individual capacities, from and against any and all claims and damages of every kind or character without limit, including, but not limited to, any and all claims and damages for injury to or the death of any person or persons and for damage to or loss of property, arising out of or attributed, directly or indirectly, to the operations or performance of Lessee under this lease, from the use of the premises leased hereby, and/or any breach by Lessee of the terms, covenants, or conditions herein provided, including any claims and damages which may arise in whole or in part from the negligence of Lessor, its officers and employees, and specifically the School Land Board members, whether in their official or individual capacities. Lessee agrees to defend or pay judgments against Lessor, its officers and employees, and specifically the School Land Board members, whether in their official or individual capacities, from and against any and all claims, demands, or causes of action, including claims for contribution or indemnity, and the reasonable and necessary costs, including attorney's fees, incurred in the defense of any such claim made against Lessor, its officers and employees, and specifically the School Land Board members, whether in their official capacity or an individual capacity.

27. **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, effective this 7th day of January, 1992.


HARRY W. MOORE
COMMISSIONER OF THE GENERAL LAND OFFICE
OF THE STATE OF TEXAS
APPROVED
Legal
Geology
Executive


LEASE FORM
M-94838

(K)
MCH

Garry Mauro
Commissioner
General Land Office

December 3, 1991



NOTICE FOR BIDS

TO BE RECEIVED NOT LATER THAN 10:00 A.M. JANUARY 7, 1992
AS AUTHORIZED BY THE SCHOOL LAND BOARD ON DECEMBER 3, 1991
ALL BIDS SUBJECT TO 1-1/2% SALES FEE

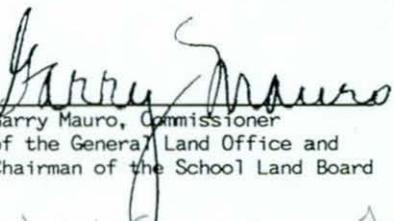
GROUP I
SURVEYED SCHOOL LAND
WARD COUNTY

The royalty on this tract is fixed at exactly 20% (1/5) of the gross production of oil and/or gas and the bidding shall be on the cash bonus, but no bid of less than \$235.00 per acre shall be considered. The primary term of the lease shall be 6 months. The annual rental is fixed at \$5.00 for the purpose of calculating the shut-in royalty and minimum royalty.

BASE FILE-MA-29805

PIN# 04-02433-5

MGL. NO.	DISTANCE IN MILES/COURSE IN DEGREES FROM COUNTY SEAT	TRACT	GRANTEE	ACRES
1	17S17W	3	HERMAN BROWN	49.50


Garry Mauro

Garry Mauro, Commissioner
of the General Land Office and
Chairman of the School Land Board

All of the Herman Brown Survey No. 3, Ward County, Texas, containing 49.50 acres, as shown on the official map of Ward County, Texas, now on file in the General Land Office in Austin, Texas,

Garry Mauro
Commissioner
General Land Office



January 15, 1992

AMBER ENERGY, INC.
P.O. Box 11227
Midland, TX 79702

Attn: Jack Hightower

Gentlemen:

Thank you for your participation in the State of Texas Oil and Gas Lease Sale held on the 7th day of January, 1992. You were the high bidder on the marginal number listed below, that has been assigned the corresponding lease number:

MGL NO. 1

M-94838

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

When production is secured from this lease(s) it is required that monthly production/royalty reports (GLO Forms 1, 1a, 2, 2a) be submitted to the General Land Office outlining production/disposition activities for the month. If you are not familiar with the required forms and procedures, please call the Royalty Management and Compliance Division of the General Land Office at (512)463-5042 and request the Oil and Gas reports and payments procedures booklet.

Lessees should contact the coding agency of the General Land Office Resource Management Division for updates and any additional information prior to drilling.

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 at (512)463-5022 if you need any assistance in the future, or if you have questions concerning the State lease that you operate.

Sincerely,

A handwritten signature in black ink that reads "Garry Mauro". Below the signature, the name "Garry Mauro" is printed in a smaller, sans-serif font.

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

TRANSMITTAL LETTER (3.)
M-94838 *mcg*

#2135

DO NOT DESTROY

GLO-36-10-84

-MEMO-

30114896977

Operator Ener tex, Inc.Unit Name Howe Unit #5-1
08County WARDEffective Date 10/20/92Unitized for: Oil Gas Oil & Gas 1. M.F. No. 094838Area Uplands Tr. _____

Sec. _____ Blk. _____ Survey _____

$$\begin{array}{r}
 \cancel{24.8} \\
 \cancel{350.00} \times \cancel{15} = \cancel{1.4171} \\
 \cancel{.070857} \quad \cancel{.20000} \quad \cancel{.014171}
 \end{array} \%$$

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:

Permanent

PA 92-61

SLB app'd 10-20-92

POOLING COMMITTEE REPORT

TO: SCHOOL LAND BOARD

DATE: October 20, 1992

OPERATOR: Ener tex, Inc. COUNTY: Ward

UNIT NAME: Howe Unit #5-1 FIELD: Howe (Devonian)

STATE LEASE(S) IN UNIT

Lease <u>*Type</u>	State <u>Number</u>	State <u>Royalty</u>	Lease <u>Date</u>	Term <u>Year</u>	Acres <u>In Unit</u>	Lessee of <u>Record</u>	
SF	M-94838	1/5	1/7/92	6 mo.	49.5	24.8	Amber Energy

*RAL = Relinquishment Act

*SF = State Fee

*FR = Free Royalty

PRIVATE ACRES:	<u>325.2</u>
STATE ACRES:	<u>24.8</u>
TOTAL UNIT ACRES:	<u>350.0</u>

Unitized for:

Depth(s):
See Remarks

Well Location:

Oil

State Land

Gas XPrivate Land X

Both

Formation:
See Remarks

Participation:

Basis See Remarks

Railroad Commission Rules:

State Acreage 7.0857%Spacing 320 AcresState Unit Royalty 1.4171%Acreage Factor 100 %

Agree to drill to density of field rules:

Yes XNo

Holds only acreage included in the unit

Yes XNo

past primary term:

Yes XNo

Satisfactory geological data furnished:

Yes XNo

REMARKS:

- On June 16, 1992 the School Land Board approved Enerrex Inc.'s request for temporary formation of the Howe Unit #5-1. The applicant now requests that the temporary unit be amended to permanent. The unit configuration is reduced from 700 acres to 350 acres to comply with amended Railroad Commission field rules.
- The unitized interval is the Devonian Formation [↓] found between the depths of 12,400' - 12,800' as seen on the Composite Schlumberger Borehole Compensated Sonic Log-GR Howe Well #5-1.
- The unit well was re-completed in August of 1991 in the Howe (Devonian) field. The well tested 1611 mcf/day in November 1991.
- Horizontal severance is effective 2 years after the primary term of the state lease.

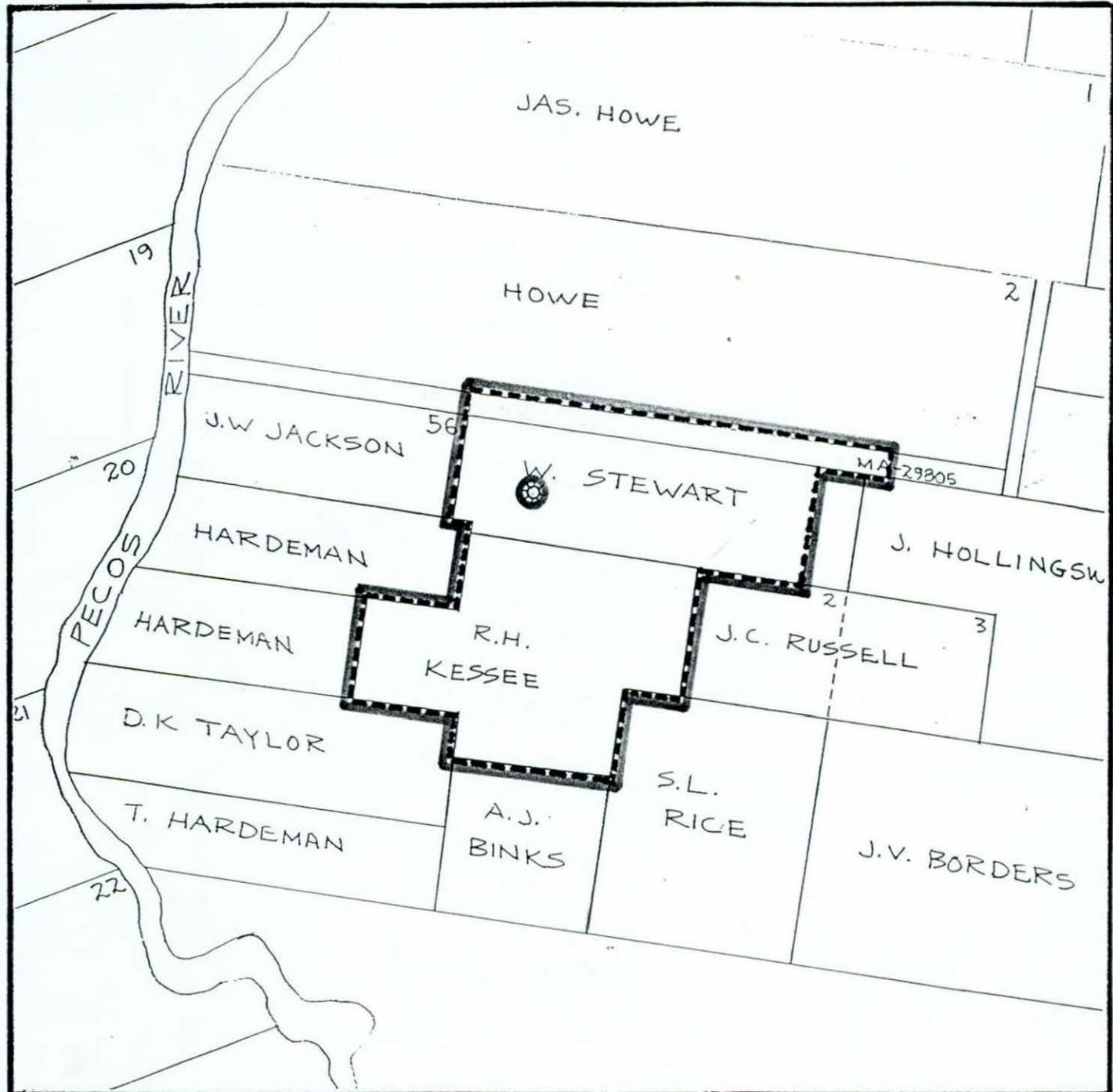
Recommendation:

- The pooling committee recommends permanent gas pooling of the Devonian formation as described above.

Susan D. Albers
Susan D. Albers

Priscilla M. Hubenak
Priscilla M. Hubenak

Peter A. Boone
Peter A. Boone



Enertex, Inc.
Howe Gas Unit #5-1

M-94838

Ward County, Texas



M-94858

(4)

Pooling Committee Rpt

10-20-92

3-3-93

RATIFICATION OF DESIGNATION OF POOLED UNIT
HOWE GAS UNIT #5-1
ENERTEX, INC.
WARD COUNTY, TEXAS

WHEREAS, a certain instrument, entitled "Designation of Pooled Unit Howe Gas Unit #5-1" ("Unit Designation"), has been executed as of the 22nd day of October, 1992, by various persons for conducting Unit Operations with respect to the Devonian Formation pay of the Howe Field, located in Ward County, Texas, as more particularly described in said Unit Designation; and,

WHEREAS, the Unit Designation describes each Tract in the Unit Area, and, by Exhibit "A" lists the oil and gas leases which are included within the Unit Area,

WHEREAS, a person may become a party to said Unit Designation by signing the original of said instrument, a counterpart thereof, or other instrument agreeing to be bound by the provisions thereof;

WHEREAS, the State of Texas is the owner of a Royalty Interest in certain Tracts within the Unit Area, and pursuant to the provisions of Subchapter E, Chapter 52 of the Natural Resources Code, the School Land Board has approved said Unit Designation, upon the condition, however, that the Working Interest Owners agree to the terms hereinafter set forth in consideration of the commitment of the State's Royalty Interests to said Unit Designation, and the Commissioner of the General Land Office is authorized by said statute to commit the State's royalty interests to said Unit Designation on behalf of the State:

NOW THEREFORE, KNOW ALL MEN BY THESE PRESENTS, that the undersigned, the Commissioner of the General Land Office of the State of Texas, acting on behalf of the State, for and in consideration of the premises and the benefits anticipated to accrue to the State under said Unit Designation, does hereby commit to said Unit Designation all Royalty Interests of the State of Texas in all Tracts within the Unit Area as described in the Unit Designation, and does hereby agree that the State of Texas shall be bound by all of the provisions of said Unit Designation, except as hereinafter set forth, the same as if the undersigned had executed the original or a counterpart of said Unit Designation.

This instrument is executed by the undersigned upon the condition that the Working Interest Owners agree to the following terms in consideration of the commitment of the State's Royalty Interests to said Unit Designation:

PURPOSES:

1.

This Ratification of Unit Designation ("Ratification") 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 Ratification to effect equitable participation within the unit formed hereby. This Ratification 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 gas including all hydrocarbons that may be produced from a gas well as such wells are recognized and designated by the Railroad Commission of Texas or other state regulatory agency having jurisdiction over the drilling and production of oil and gas wells. The pooled mineral shall extend to those depths underlying the surface boundaries of the pooled unit in the Devonian Formation found between the depths of 12,400 feet and 12,800 feet subsurface as shown on the composite Schlumberger Borehole Compensated Sonic Log-GR of the Howe Gas Unit #5-1 Well ("unitized interval").

POOLING AND EFFECT:

4.

The State's interests which are within the Unit Area are hereby committed thereto to the extent and as above described into said unit and do unitize and pool hereunder the State's 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 Ratification.

(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 Ratification.

(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 Ratification.

(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 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 350 acres, 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 Ratification shall not relieve Lessee from the duty of protecting the State leases described on Exhibit "A" attached hereto from drainage from any well situated on privately owned land outside the Unit Area or as to any mineral not pooled hereby, 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 an internal offset to any other well on separate tracts within the Unit Area, nor to develop the tracts separately, as to the pooled mineral, except as may be provided herein.

(j) Should the Unit Designation 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 the Unit Designation.

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 Ratification 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) the gross proceeds of the sale thereof, whichever is the greatest;
- (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 Ratification "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 Ratification shall become effective as of October 20, 1992, or from the date the pooled mineral is first produced, whichever date is sooner.

TERM:

9.

This Ratification 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 Ratification.

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 Ratification 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 Area covered by this Ratification may be dissolved by Lessee, his heirs, successors or assigns, by an instrument filed for record in Ward 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 Ratification 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 Ratification are executed, the executed pages, together with the pages necessary to show acknowledgments, may be combined with the other pages of this Ratification 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

11/18/92

STATE OF TEXAS

By

Garry Mauro
Garry Mauro, Commissioner
of the General Land Office

Legal me
Geology Mauro
Execution Mauro

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 20th day of October, 1992, 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 16th day of November, 1992.

Linda K. Fisher
Secretary of the School Land Board

STATE OF TEXAS

COUNTY OF MIDLAND

This instrument was acknowledged before me on September 6, 1992, by Jack Hightower as
President of EnerTex, Inc., a Texas corporation, on behalf of said corporation.

Susan D. Rowland
Notary Public in and for the State of Texas



Date Executed 9-6-92

ENERTEX, INC.

By

Its

Jack Hightower
PRESIDENT

ATTEST:

Bryan Gossett

COLLINS & WARE, INC.

BY:

Ted C. Linn Jr
Howard Clark Mathison
HOWARD CLARK MATHISON

DMV, INC.

BY:

William J. Vaughn Jr.
WILLIAM J. VAUGHN, JR.,
PRESIDENT

WJV, INC.

BY:

William J. Vaughn Jr.
WILLIAM J. VAUGHN JR.,
PRESIDENT

William Hightower Jr.
WILLIAM HIGHTOWER JR.

Robert W. Palmer
ROBERT W. PALMER

Bryan Gossett
BRYAN GOSSETT

George M. Hover
GEORGE M. HOVER

TITAN EXPLORATION, INC.

BY:

Jack Hightower
JACK HIGHTOWER,
PRESIDENT

AMBER ENERGY, INC.

BY:

Jack Hightower
JACK HIGHTOWER,
PRESIDENT

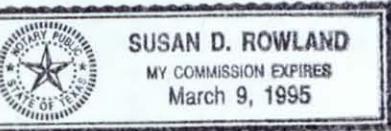
William J. Vaughn Jr.
WILLIAM J. VAUGHN JR.

STATE OF TEXAS

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COUNTY OF MIDLAND

This instrument was acknowledged before me on this the 30th day of October, 1992, by Ted Collins JR as PRESIDENT of COLLINS & WARE, INC., a TEXAS corporation, on behalf of said corporation.



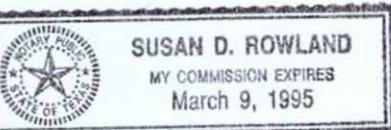
Susan D. Rowland
Notary Public State of Texas
Print Name: Susan D. Rowland
My Comm. Expires: 3/9/95

STATE OF TEXAS

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COUNTY OF MIDLAND

This instrument was acknowledged before me on this the 30th day of October, 1992, by HOWARD CLARK MATHISON.



Susan D. Rowland
Notary Public State of Texas
Print Name: Susan D. Rowland
My Comm. Expires: 3/9/95

STATE OF TEXAS

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COUNTY OF MIDLAND

This instrument was acknowledged before me on this the 30th day of October, 1992, by WILLIAM J. VAUGHN, JR.



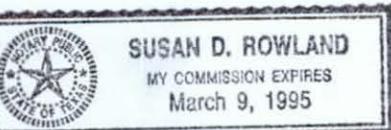
Susan D. Rowland
Notary Public State of Texas
Print Name: Susan D. Rowland
My Comm. Expires: 3/9/95

STATE OF TEXAS

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COUNTY OF MIDLAND

This instrument was acknowledged before me on this the 30th day of October, 1992, by WILLIAM J. VAUGHN, JR., as President of DMV, INC., a TEXAS corporation, on behalf of said corporation.



Susan D. Rowland
Notary Public State of Texas
Print Name: Susan D. Rowland
My Comm. Expires: 3/9/95

STATE OF TEXAS

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COUNTY OF MIDLAND

This instrument was acknowledged before me on this the 30th day of October, 1992, by WILLIAM J. VAUGHN, JR., as President of WJV, INC., a TEXAS corporation, on behalf of said corporation.

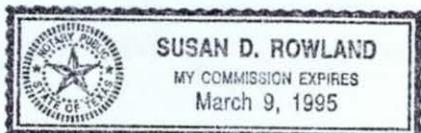


Susan D. Rowland
Notary Public State of Texas
Print Name: Susan D. Rowland
My Comm. Expires: 3/9/95

STATE OF TEXAS
COUNTY OF MIDLAND

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This instrument was acknowledged before me on this the 30th day
of October, 1992, by WILLIAM HIGHTOWER, JR.



Susan D. Rowland
Notary Public State of Texas
Print Name: Susan D. Rowland
My Comm. Expires: 3/9/95

STATE OF TEXAS
COUNTY OF MIDLAND

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This instrument was acknowledged before me on this the 30th day
of October, 1992, by ROBERT W. PALMER.

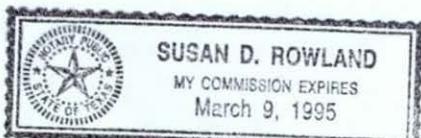


Susan D. Rowland
Notary Public State of Texas
Print Name: Susan D. Rowland
My Comm. Expires: 3/9/95

STATE OF TEXAS
COUNTY OF MIDLAND

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This instrument was acknowledged before me on this the 30th day
of October, 1992, by BRYAN GOSSETT.



Susan D. Rowland
Notary Public State of Texas
Print Name: Susan D. Rowland
My Comm. Expires: 3/9/95

STATE OF TEXAS
COUNTY OF MIDLAND

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This instrument was acknowledged before me on this the 30th day
of October, 1992, by GEORGE HOVER.

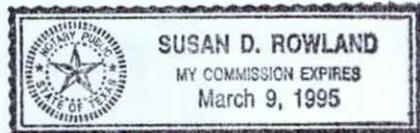


Susan D. Rowland
Notary Public State of Texas
Print Name: Susan D. Rowland
My Comm. Expires: 3/9/95

STATE OF TEXAS
COUNTY OF MIDLAND

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This instrument was acknowledged before me on this the 30th day
of October, 1992, by Jack Hightower, as President of TITAN
EXPLORATION, INC, a TEXAS corporation, on behalf of said
corporation.



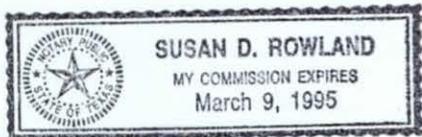
Susan D. Rowland
Notary Public State of Texas
Print Name: Susan D. Rowland
My Comm. Expires: 3/9/95

STATE OF TEXAS

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COUNTY OF MIDLAND

This instrument was acknowledged before me on this the 30th day of October, 1992, by Jack Hightower, as President of AMBER ENERGY, INC., a TEXAS corporation, on behalf of said corporation.



Notary Public State of Texas

Print Name: Susan D. Rowland

My Comm. Expires: 3/9/95

EXHIBIT "A"

The following Oil and Gas Leases and Mineral Interests are committed to the Pooled Unit insofar as they cover lands located within the indicated Tracts comprising said Unit.

TRACT 1

Oil and Gas Lease dated January 7, 1992 by and between the Commissioner of the General Land Office of the State of Texas, as Lessor, and Amber Energy, Inc., as Lessee, said lease bearing State Lease #M-94838 and having been recorded in Volume 590, Page 717 of the Lease Records of Ward County, Texas.

TRACT 2

Oil and Gas Lease dated November 20, 1990 by and between NCNB Texas National Bank, Trustee of the William E. and Edna D. Kreps Memorial Trust, as Lessor, and Amber Energy, Inc., as Lessee, recorded in Volume 585, Page 807 of the Deed Records of Ward County, Texas.

TRACT 3

1. Oil and Gas Lease dated January 16, 1967, by and between Florence Farr Hawley, as Lessor, and Jack B. Chase, as Lessee, recorded in Volume 304, Page 32 of the Deed Records of Ward County, Texas.
2. Oil and Gas Lease dated February 3, 1967, by and between S.E. Adams, as Lessor, and Jack B. Chase, as Lessee, recorded in Volume 304, Page 34 and Volume 306, Page 394, of the Deed Records of Ward County, Texas.
3. Oil and Gas Lease dated January 20, 1972, by and between Harvin L. Landua, as Lessor, and Humble Oil and Refining Company, as Lessee, and recorded in Volume 357, Page 610, of the Deed Records of Ward County, Texas.
4. Oil and Gas Lease dated February 5, 1973, by and between Margaret L. Bremont, as Lessor, and Stanley S. Beard, as Lessee, and recorded in Volume 370, Page 610 of the Deed Records of Ward County, Texas.
5. Oil and Gas Lease dated February 5, 1973, by and between Fannie Cortley Byrne, as Lessor and Stanley S. Beard, as Lessee, and recorded in Volume 370, Page 613, of the Deed Records of Ward County, Texas.
6. Oil and Gas Lease dated February 15, 1973, by and between Helen Cortley Broadland, as Lessor, and Stanley S. Beard, as Lessee, and recorded in Volume 370, Page 612, of the Deed Records of Ward County, Texas.
7. Oil and Gas Lease dated February 15, 1973, by and between David C. Carson, as Lessor and Stanley S. Beard, as Lessee, and recorded in Volume 370, Page 616, of the Deed Records of Ward County, Texas.

8. Oil and Gas Lease dated February 15, 1973, by and between Lawrence W. Carson, as Lessor, and Stanley S. Beard, as Lessee, and recorded in Volume 370, Page 615, of the Deed Records of Ward County, Texas.
9. Oil and Gas Lease dated February 15, 1973, by and between John Lee Carson, as Lessor, and Stanley S. Beard, as Lessee, and recorded in Volume 370, Page 618, of the Deed Records of Ward County, Texas.
10. Oil and Gas Lease dated January 31, 1992, by and between John J. Redfern, III, Independent Executor of the Estate of John J. Redfern Jr., as Lessor, and Amber Energy, Inc., as Lessee, and recorded in Volume 597, Page 18, of the Deed Records of Ward County, Texas.
11. Oil and Gas Lease dated January, 21 1992, by and between Elliott Davis and Leon Davis, as Lessors, and Amber Energy, Inc., as Lessee and recorded in Volume 590, page 734, of the Deed Records of Ward County, Texas.
12. Oil and Gas Lease dated August 15, 1992, by and between J.H. Herd, as Lessor, and Amber Energy, Inc., as Lessee, and recorded in Volume 598, Page 127, of the Deed Records of Ward County, Texas.
13. Oil and Gas Lease dated January 29, 1992, by and between Rosalind Redfern, as Lessor, and Amber Energy, Inc., as Lessee, and recorded in Volume 592, Page 240, of the Deed Records of Ward County, Texas.
14. Oil and Gas Lease dated November 8, 1991, by and between Willie Fay Stanley Creech, as Lessor, and Amber Energy, Inc., as Lessee, and recorded in Volume 590, Page 59, of the Deed Records of Ward County, Texas.
15. Oil and Gas Lease dated October 25, 1991, by and between Norma L. Crawford, as Lessor, and Amber Energy, Inc., as Lessee, and recorded in Volume 589, Page 433, of the Deed Records of Ward County, Texas.
16. Oil and Gas Lease dated October 25, 1991, by and between Schuyler B. Crawford, as Lessor, and Amber Energy, Inc., as Lessee, and recorded in Volume 589, Page 616, of the Deed Records of Ward County, Texas.
17. Oil and Gas Lease dated October 25, 1991, by and between Amy Briceland, as Lessor, and Amber Energy, Inc., as Lessee, and recorded in Volume 589, Page 620 of the Deed Records of Ward County, Texas.
18. Oil and Gas Lease dated October 25, 1991, by and between Molly Crawford, as Lessor, and Amber Energy, Inc., as Lessee, and recorded in Volume 589, Page 618 of the Deed Records of Ward County, Texas.
19. Oil and Gas Lease dated October 25, 1991, by and between Paul J. Williams, Indiv. and as agent and AIF for Barbara Miller Williams, as Lessor, and Amber Energy, Inc., as Lessee, and recorded in Volume 590, Page 291 of the Deed Records of Ward County, Texas.
20. Oil and Gas Lease dated January 28, 1992, by and between Charles H. Priddy, as Lessor, and Amber Energy, Inc., as Lessee, and recorded in Volume 592, Page 238 of the Deed Records of Ward County, Texas.

21. Oil and Gas Lease dated January 31, 1992, by and between Gene C. Redfern, as Lessor, and Amber Energy, Inc., as Lessee, and recorded in the Deed Records of Ward County, Texas.
22. Oil and Gas Lease dated November 8, 1991, by and between Louise Stanley Hawkins, as Lessor, and Amber Energy, Inc., as Lessee and recorded in Volume 590, page 67, of the Deed Records of Ward County, Texas.
23. Oil and Gas Lease dated November 7, 1991, by and between Fred G. Goodman, as Lessor and Amber Energy, Inc., as Lessee and recorded in Volume 590, Page 37 of the Deed Records of Ward County, Texas.
24. Oil and Gas Lease dated November 8, 1991, by and between Laura Anderson Davis, Indivi. and as Trustee of the J.H. Stanley Trust, as Lessor, and Amber Energy, Inc., as Lessee, and a recorded in Volume 590, Page 53 of the Deed Records of Ward County, Texas.
25. Oil and Gas Lease dated December 15, 1991, by and between NCNB Texas National Bank, Trustee of the William E. and Edna D. Kreps Memorial Trust, as Lessor, and Amber Energy, Inc., as Lessee and recorded in Volume 590, Page 297, of the Deed Records of Ward County, Texas.
26. Oil and Gas Lease dated October 25, 1991, by and between Jane Crawford Speelman, as Lessor, and Amber Energy, Inc., as Lessee and recorded in Volume 589, Page 622 of the Deed Records of Ward County, Texas.
27. Oil and Gas Lease dated October 25, 1991, by and between Quay V. Kimes, as Lessor, and Amber Energy, Inc., as Lessee and recorded in Volume 590, Page 57, of the Deed Records of Ward County, Texas.
28. Oil and Gas Lease dated November 8, 1991, by and between Berkley Donovan Anderson, as Lessor, and Amber Energy, Inc., as Lessee and recorded in Volume 590, Page 55 of the Deed Records of Ward County, Texas.
29. Oil and Gas Lease dated October 25, 1991, by and between Annette Sarchione, as Lessor, and Amber Energy, Inc., as Lessee and recorded in Volume 589, Page 431, of the Deed Records of Ward County, Texas.
30. Oil and Gas Lease dated October 25, 1991, by and between Cindy Larson, as Lessor, and Amber Energy, Inc., as Lessee and recorded in Volume 595, Page 170, of the Deed Records of Ward County, Texas.
31. Oil and Gas Lease dated September 24, 1992, by and between Amax Oil and Gas, Inc., as Lessor, and Amber Energy, Inc., as Lessee and recorded in Volume ___, Page ___, of the Deed Records of Ward County, Texas.
32. Oil and Gas Lease dated October 1, 1992, by and between Lowe Partners, LP, as Lessor and Amber Energy, Inc. as Lessee and recorded in Volume ___, Page ___, of the Deed of Records of Ward County, Texas.

EXHIBIT "B"

TRACT 1

24.8 acres out of the Herman Brown Survey No. 3, subject to State of Texas Lease No. M-94838 dated January 7, 1992, recorded Volume 590, Page 717, Deed Records of Ward County, Texas, from the State of Texas, as lessor, to Amber Energy, Inc., as lessee, being that part of the Herman Brown Survey No. 3 lying Northwest of and adjacent to the W. F. Stewart Survey No. 6, SF 6110, having as its southwestern boundary line a northwesterly projection of the southwestern boundary line of the said W. F. Stewart Survey No. 6, to a point in the Northwest line of said Survey No. 3, thence along the northwestern boundary line of said Survey No. 3 to a point that is a sufficient distance to enclose 24.8 acres adjacent to the said W. F. Stewart Survey No. 6, with the northeastern boundary line of said 24.8-acre tract being parallel to the southwestern boundary line thereof.

TRACT 2

The Southwest 165.2 acres of the W. F. Stewart Survey No. 6, SF 6110, also being described as the South 165.2 acres of the said W. F. Stewart Survey No. 6, assuming that the northeastern boundary line of said W. F. Stewart Survey No. 6 is the North line thereof.

TRACT 3

All of the R. H. Keesee Pre-emption Survey, SF 8174, containing 160 acres, more or less.

MI-94838

(5)

Ratification of Designation
of Pooled Unit

3-3-93

ENERTEX, INC.

3-94838

OIL & GAS DIVISION ORDER

TO: ENERTEX, INC.
P.O. Box 11227
Midland, Texas 79702

Date: 12-21-92
Lease No.: TX-135-00090-00126
Field: Howe (Devonian)

We, the undersigned, and each of us hereby declare, warrant and agree that we are the owners, in the proportions set out below in the proceeds derived from the sale of oil and gas (including natural gas and gas condensate) produced from the Howe Gas Unit #5-1 on the oil, gas and mineral lease located in Ward County, State of Texas, more particularly described as follows:

See property description on Exhibit "A"

We, and each of us, declare and agree that you are not obligated to purchase oil and gas produced from the above described property, and that effective first production and until further written notice, you are hereby authorized to receive from said property for purchase from said parties severally, in the proportions set forth below, that part of such oil and gas as you desire to purchase, subject to the conditions, covenants and directions following:

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

See Exhibit "A"

FIRST: The oil and gas received and purchased hereunder shall become your property upon the delivery thereof to you or to any carrier or pipeline designated by you, and the undersigned agree to look solely to you for payment of all oil and gas purchased hereunder and shall have no claim or recourse against any subsequent purchaser of said oil and gas.

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

THIRD: Settlement for gas shall be based upon the net proceeds realized from the sale thereof under applicable gas purchase contracts between you and the purchaser of the gas.

FOURTH: Payments for such oil and gas shall be made by your checks delivered or mailed to the parties thereto entitled at the addresses above given. It is agreed that if one any settlement date the amount payable to any party hereunder shall be less than \$25.00, you may withhold payments without interest and in lieu of monthly settlement, make payment annually. The undersigned authorize you to withhold from the proceeds of any and all runs made hereunder the amount of any tax required by law to be deducted and paid by you as purchaser and to pay the same in our behalf. If at any time a federal or state agency having jurisdiction over the price of oil and gas sold hereunder shall determine that the price which has been paid pursuant to this contract exceeds the maximum lawful ceiling price determined by said agency or if for any reason the sums paid thereunder exceed the sums legally due the undersigned, the undersigned agrees to refund to you the total amount of such overpayment within thirty (30) days from date of notice of the overpayment being given to the undersigned. In your sole option, in lieu of such refund, you are authorized to withhold payments to the undersigned and credit such payments against any sums which the undersigned is obligated to refund hereunder.

FIFTH: The quantity and quality of the oil purchased under this division order shall be determined in accordance with local rules in effect at the time, and correction shall be made for temperature and impurities according to the prevailing practice and the rules and regulations prescribed by the governmental agency having jurisdiction in the state where the purchases hereunder are made. You may require the owners to treat or steam any unmerchantable oil at the owner's expense, before acceptance hereunder, and may refuse to receive any oil not considered merchantable by you.

SIXTH: Complete abstracts or other evidence of title satisfactory to you will be furnished to you at any time on demand. Until such evidence is furnished, or if a claim adverse to any of the undersigned is asserted, you may withhold payment for all oil and gas accruing to the interests affected thereby until you are indemnified to your satisfaction or until such adverse claim is settled, without liability for interest in either case. If suit is filed affecting the interest of any of the undersigned, written notice of filing of such action shall immediately be furnished to you by the undersigned, stating the court in which the same is filed and the title of such action or suit, and you or any carrier or pipeline transporting oil and gas for your account, shall be held harmless from any judgement entered in such suit and from all reasonable costs and expenses incurred in defending against said claim, including, but not limited to, attorneys' fees and court costs, whether in your defense or in the defense of the carrier or pipeline transporting oil and gas for your account, and the undersigned shall pay said judgement and said costs and expenses.

SEVENTH: The undersigned, for valuable consideration, the receipt and sufficiency of which is acknowledged, and to the extent of the right of the undersigned to execute an oil, gas and mineral lease covering the lands hereinabove described, severally do hereby and by execution hereof expressly declare the validity of the Lease and do hereby adopt, ratify and confirm the Lease and grant, lease and let the lands hereinabove described unto the Lessee named in the Lease, his heirs and assigns, under and in accordance with the terms of the Lease.

EIGHTH: The undersigned severally shall notify you of any change of ownership, and no transfer of interest shall be binding upon you until a transfer order and the recorded instrument evidencing such transfer, or a certified copy thereof, shall be furnished to you. You are relieved hereby from any responsibility for determining if and when any of the interests hereinabove set forth shall or should revert to or be owned by other parties as a result of the completion or discharge of money or other payments from said interest, and the undersigned whose interests are affected by such money or other payments, if any, assume that responsibility and shall give you written notice at the above address when any such money or other payments have been completed or discharged, or when any other division of interest than that set forth above shall, for any reason, become effective, and shall also forward transfer orders accordingly and, in the event such notice shall not be received, you shall be held harmless in the event of, and are hereby released from, any and all damages or losses which might arise out of any overpayment. Regardless of the effective date of the instrument of transfer, you shall not be required to recognize such transfer as being effective earlier than 7:00 a.m. on the first day of the calendar month following the month in which said written notice is received by you.

NINTH: This Division Order shall become valid and binding on each and every owner above named as soon as signed by such owner, regardless of whether any of the other above-named owners have so signed; and in consideration of the purchase of oil and gas hereunder, consent is given hereby to you and any pipeline company which you may cause to connect with the well or tanks on said land, to disconnect and remove such pipelines and other personal property in case of termination by either you or the undersigned of purchases under this Division Order.

IMPORTANT: TO AVOID DELAY IN PAYMENT, YOUR SOCIAL SECURITY NUMBER OR TAX IDENTIFICATION NUMBER MUST BE SHOWN BELOW.

WITNESS

OWNERS SIGN HERE

TAX I.D./SOCIAL SECURITY NO.

Commissioner of the General Land Office

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

EXHIBIT "A"

Attached to and made a part of the Division Order dated December
21, 1992.

Howe Gas Unit #5-1

Ward County, Texas

Property Description

- A. Tract 1 - 24.8 acres out of the Herman Brown Survey #3
- B. Tract 2 - The Southwest 165.2 acres of the W.F. Stewart Survey #6, S.F. 6110
- C. Tract 3 - All of the R.H. Keesee Preemption Survey, S.F. 8174 containing 160.0 acres.

Limited to the Devonian Formation and containing a total of 350.0 acres more or less in the unit.

<u>Name and Address</u>	<u>Interest</u>
Commissioner of the General Land Office 1700 North Congress Avenue Austin, Texas 78701-1495	.0141714 RI
NationsBank of Texas, N.A., Midland, Texas, Trustee of the William E. and Edna D. Kreps Memorial Trust P.O. Box 270 Midland, Texas 79702	.0557620 RI
Boyce Rush Davis P.O. Box 516124 Dallas, Texas 75251-6124	.0007449 RI
Ruth Rush Weaver P.O. Box 195 Pearcy, Arkansas 71964	.0003725 RI
James William Bishop P.O. Box 2248 Hot Springs, Arkansas 71914	.0003725 RI
R.H. Merritt 109 Wroxton Drive Conroe, Texas 77304	.0004966 RI
L. Holt Magee P.O. Box 1876 Monahans, Texas 79756	.0004966 RI
L.H. Hahn 3307 Stanolind Midland, Texas 79701	.0010520 RI

D.G. Roberts P.O. Box 415 Midland, Texas 79702	.0008488	RI
McCall Family Partnership P.O. Box 931 Midland, Texas 79702	.0076666	RI
Hendrick Ranch Royalties, Inc. P.O. Box 1270 McKinney, Texas 75070-1270	.0280101	RI
Robert L. Hargrave P.O. Box 1637 Houston, Texas 77251	.0002651	RI
Norman R. Hargrave 5305 Bayway Drive Baytown, Texas 77520	.0002651	RI
Jesse Steven Hargrave 34 Derringerstrasse 8000 Munich 80 Germany	.0002651	RI
Rodney D. Hargrave, Jr. 4328 Beverly Drive Dallas, Texas 75205	.0002651	RI
Catherine Hargrave Daniel 13708 Peyton Dallas, Texas 75240	.0002651	RI
John Stephen Hargrave Route 2, Box 60R3 Winnsboro, Texas 75494	.0002651	RI
Gilbert F. Hargrave 327 Caroline Bullard, Texas 75757	.0002651	RI
Paul A. Hargrave 175 Taylor Road Kaufman, Texas 75142	.0002650	RI
Malcoln A. Hargrave 9412 Shady Valley Dallas, Texas 75238	.0002650	RI
Thomas Clyde Robbins, Jr. 829 Teakwood Place Richardson, Texas 75080	.0002650	RI
David Hargrave, Ind. Executor of Estate Ruth Hargrave Robbins 4328 Beverly Drive Dallas, Texas 75205	.0002650	RI
Apex Royalties, Inc. P.O. Box 50836 Midland, Texas 79710	.0002650	RI

S.E. Adams P.O. Box 709 San Angelo, Texas 76901	.0010714	RI
Elizabeth Ann Dorsey Substitute Trustee U/W/O Mary Louise Hollingsworth c/o First City National Bank of El Paso - Trust Dept. P.O. Box 1572 El Paso, Texas 79948	.0042857	RI
Gerhardine T. Landua 1700 Sparks Midland, Texas 79705	.0004018	RI
Donald Robert Broadland Individually and as A/I/F for Helen Costley Broadland 3535 East 66th Street Tulsa, Oklahoma 74136-2632	.0087054	RI
Betty Jo Rife P.O. Box 569 Mexia, Texas 76667	.0014509	RI
Martha Frances Rife P.O. Box 1029 Mexia, Texas 76667	.0014509	RI
Calhoun Bobbitt One Oak Park, Suite 610 1020 N.E. Loop 410 San Antonio, Texas 78209	.0007254	RI
James L. Drought 27th Floor NBC Bank Plaza 112 East Pecan Street San Antonio, Texas 78205	.0007254	RI
Charles Washington Carson 10010 Commanche Houston, Texas 77041	.0002902	RI
Kathleen Louise Carson 12915 Clarewood Houston, Texas 77072-1711	.0002902	RI
Susan Jeanne Sinclair 27 Indiana Terrace Newton Upper Falls, Mass. 02164	.0002902	RI
Susan Jeanne Sinclair A/I/F for Lee Eugene Carson 27 Indiana Terrace Newton Upper Falls, Mass. 02164	.0002902	RI
Nancy Lee Conley 602 LaRiviera Drive Houston, Texas 77015	.0002902	RI
David Costley Carson P.O. Box 4856 McDade, Texas 78650	.0014509	RI

John Lee Carson P.O. Box 6733 San Antonio, Texas 78209	.0014509	RI
Fred G. Goodman 8 Winchester Court Midland, Texas 79705	.0004286	RI
Lowe Partners, LP Five Post Oak Park Suite 1010 Houston, Texas 77027-3489	.0020000	RI
Amax Oil & Gas, Inc. P.O. Box 42806 Houston, Texas 77042	.0068214	RI
Elliott Davis & Leon Davis One Williams Center Suite 2000 Tulsa, Oklahoma 74172	.0068214	RI
Transocean Oil, Inc. c/o C.R. Church Houston, Texas	.0017857	ORRI
Charles H. Priddy One Marienfeld Place Suite 405 Midland, Texas 79701	.0011429	RI
Paul J. Williams as A/I/F for Barbara Miller Williams 213 Security State Bank Bldg. Pecos, Texas 74772	.0040179	RI
Norma L. Crawford 454 E. Beech Road Alliance, Ohio 44601	.0010045	RI
Quay V. Kimes 3234 Knox School Road Homeworth, Ohio 44634	.0010045	RI
Jane C. Speelman 1408 Via Andres Palo Verdes Estates, California 90274	.0010045	RI
Annette Sarchione P.O. Box 123 Homeworth, Ohio 44634	.0001435	RI
Cindy Larson 5063 Roundup Norco, California 92646	.0001435	RI
Schnyler B. Crawford P.O. Box 13 Strasburg, Ohio 44680	.0001435	RI

Amy Briceland 15790 Freed Avenue Mineva, Ohio 44657	.0001435	RI
Molly Crawford 4981 Bandy Road Homeworth, Ohio 44634	.0001435	RI
James Crawford 4897 Bandy Road Homeworth, Ohio 44634	.0001434	RI
Paul Crawford 4897 Bandy Road Homeworth, Ohio 44634	.0001434	RI
Laura Anderson Davis 13422 Vista Del Prado San Antonio, Texas 78216	.0002976	RI
Laura Anderson Davis, Trustee of the J.H. Starley Trust 13422 Vista Del Prado San Antonio, Texas 78216	.0002976	RI
Berkley Donovan Anderson 13422 Vista Del Prado San Antonio, Texas 78216	.0002976	RI
Willie Fay Creech P.O. Box 1234 New Braunfels, Texas 78130	.0008929	RI
Louise S. Hawkins P.O. Box TL Cortez, Colorado 81321	.0008929	RI
J.H. Herd P.O. Box 130 Midland, Texas 79702	.0076190	RI
Rosalind Redfern P.O. Box 2127 Midland, Texas 79702	.0057143	RI
John J. Redfern III, Independent Executor of the Estate of John J. Redfern, Jr. P.O. Box 46 Midland, Texas 79702	.0057143	RI
Gene C. Redfern P.O. Box 50430 Midland, Texas 79710	.0038095	RI
NationsBank of Texas, N.A., Midland, Texas, Trustee of the William E. and Edna D. Kreps Foundation P.O. Box 270 Midland, Texas 79702	.0042857	RI
Exxon Company, U.S.A. Royalty Owners Relations Property Ownership P.O. Box 2024 Houston, Texas 77252-2024	.0114286	RI

Amber Energy, Inc. P.O. Box 11227 Midland, Texas 79702	.1708454	WI
Collins & Ware, Inc. 303 W. Wall Street, Suite 2200 Midland, Texas 79701	.2320093	WI
Howard Clark Mathison 303 W. Wall Street, Suite 2300 Midland, Texas 79701	.1491319	WI
William J. Vaughn, Jr. 2302 Maxwell Midland, Texas 79705	.0516991	WI
DMV, Inc. 2302 Maxwell Midland, Texas 79705	.0516991	WI
WJV, Inc. 2302 Maxwell Midland, Texas 79705	.0159073	WI
William Hightower, Jr. P.O. Box 3548 Midland, Texas 79702	.0258496	WI
Bryan Gossett P.O. Box 11227 Midland, Texas 79702	.0079537	WI
Robert W. Palmer 500 W. Ohio Midland, Texas 79701	.0198842	WI
George M. Hover P.O. Box 11227 Midland, Texas 79702	.0019885	WI
Titan Exploration, Inc. P.O. Box 11227 Midland, Texas 79702	.0684018	WI
	1.0	

File No MF-94838

6
County

Division order

Date Filed: Jerry Patterson E., Comissioner

By: _____

TS-50-25



Texas General Land Office
Garry Mauro, Commissioner

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

October 5, 1994

Abraxas Production Corporation
Attn: Mr. Richard R. Ryan
P. O. Box 17485
San Antonio, Texas 78217-7485

**Re: Mineral File No. M-94838
Abraxas D.O. No. 83855**

Dear Mr. Ryan:

We have received the division order submitted by your company for the above referenced lease and filed same in our files. Please be sure to reference this mineral file number in all future royalty payments, reports and correspondence concerning the lease.

The payment of royalties to the State of Texas is set by statute. As the execution of the division order may, in some cases, effect the payments of such royalties, it is not the policy of this office to execute them. Insofar as allowed by law, the Texas General Land Office acquiesces in the sale of oil and gas under the terms and conditions set out in the lease.

If you should have any questions, please feel free to call me at (512) 475-1519.

Sincerely,

LaTresa Sidney
LaTresa Sidney
Accounts Examiner
Royalty and Revenue Processing
Energy Resources

LS:mrg

Enclosures

DIVISION ORDER

TO:
ABRAXAS PRODUCTION CORPORATION
P.O. BOX 17485
SAN ANTONIO, TEXAS 78217

For Abraxas Use Only:

Lease No.: 420771
Well Name: Howe #5-1
Division Order No.: 83855

The undersigned, and each of us, certify and guarantee that we are the legal owners of and hereby warrant the title to our respective interests as set out below in all oil and/or gas produced from all wells on the Howe 5-1 farm or lease, located in Ward County, State of Texas, more particularly described as follows:

Howe Gas Unit 5-1, being described as follows:

Tract 1 - 24.8 acres out of the Herman Brown Survey #3;

Tract 2 - The Southwest 165.2 acres of the W. F. Stewart Survey #6, S. F. 6110;

Tract 3 - All of the R. H. Keesee Preemption Survey, S. F. 8174 containing 160.0 acres.

and commencing at 7 A.M. the 1st day of July, 19 94, and until further written notice either from you or us you are authorized to receive all proceeds for the sale of oil and/or gas therefrom and to distribute said proceeds as follows:

OWNER NUMBER	OWNER NAME	SOC. SEC./TAX I.D. #	OWNER ADDRESS	INTEREST
83855	Texas Land Commissioner General Land Office	74-6000108	1700 N. Congress Austin, TX 78701	.01417140 RI

The following covenants are also parts of this Division Order and shall be binding on the undersigned, their heirs, devisees, successors, legal representatives and assigns.

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

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

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

FOURTH: It is understood that the gas produced from the land described herein is being sold under a gas contract and that said contracts, and any amendments, extensions or renewals thereof, shall govern as to the price to be paid for said gas and the times when such payments are to be made, payments hereunder to be made after receipt thereof.

FIFTH: Settlements and payments shall be made by check mailed from your office to the respective party at the address given herein, for the amount of such purchase price due said party, less any taxes required by law to be deducted and paid by you as a purchaser. However, if the proceeds accruing to any interest hereunder should amount to less than fifty dollars (\$50.00) for any month, you are hereby authorized to accumulate such proceeds and make payment when fifty dollars (\$50.00) has accrued, or annually in December, whichever occurs first. Should there be any price adjustment by reason of Federal Energy Regulatory Commission regulations or other governmental authority whereby the undersigned owners have been paid for gas at a higher price than authorized, said owners agree to promptly repay to you any amount due when billed. You, at your option, may elect to recover such amount out of the proceeds of future production credited to said owners.

SIXTH: In case of any adverse claim of title, or in case title shall not be satisfactory to you at any time during the term of this Division Order, each of the undersigned agrees to furnish evidence of title satisfactory to you and authorizes you to withhold payment without obligation to pay interest on the amount so withheld, until satisfactory indemnity has been furnished to you against such adverse claim or any such defects in title, or until title shall be made satisfactory to you. Each undersigned party, as to the interest of such party hereunder, respectively agrees, in the event a suit is filed in any court affecting title to said oil and/or gas, either before or after severance, to indemnify and save you harmless against any and all liability for loss, cost, damage and expense which you may suffer or incur in paying said party thereof. When you, pursuant to the provisions hereof, withhold payment, or any portion thereof, each undersigned party from whom payment is so withheld severally agrees to indemnify and hold you harmless from all liability from any tax, together with all interest and penalties incident thereto, imposed or assessed against, or paid by you on account of, the sum or sums so withheld from payment to said party, and severally agrees that you may deduct all such taxes, interest and penalties so paid by you from any sums owing you to said party.

SEVENTH: In consideration of your purchasing the oil and/or gas hereunder, the undersigned warrants that it has the right to sell and deliver all oil and/or gas sold and delivered under this Division Order, and agrees to indemnify you, your successors and assigns, or any carrier transporting such oil and/or gas, against all claims of anyone claiming any title to or interest in oil and/or gas delivered hereunder or the proceeds thereof against all loss, damage and expense (including court costs and reasonable attorney's fee) incurred or suffered by you, your successors or assigns, or any carrier transporting such oil and/or gas by reason of any such claims, and the undersigned further agrees to make settlement with all parties in interest, including settlement with the proper authorities for taxes, interest and penalties, if any, due upon said oil and/or gas and deductible under the law by the purchaser thereof when such taxes, interest and penalties are not deducted as authorized in paragraph Fifth hereof.

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

NINTH: The undersigned, for valuable consideration, the receipt and sufficiency of which is acknowledged, and to the extent of the right of the undersigned to execute an oil, gas and mineral lease covering the lands hereinabove described, severally do hereby and by execution hereof expressly declare the validity of the Lease and do hereby adopt, ratify and confirm the Lease and grant, lease and let the lands hereinabove described unto the Lessee named in the Lease, his heirs and assigns, under and in accordance with the terms of the Lease.

TENTH: This Division Order shall become valid and binding on each and every owner above named as soon as signed by him or her regardless of whether any of the other above named owners have so signed. The undersigned may terminate this Division Order only by giving thirty (30) days prior written notice to you at the above address. In consideration of the purchase of oil hereunder, consent is hereby given to you and any pipeline company which you may cause to connect with the wells or tanks on said land to disconnect and remove such pipelines, in case of termination by either you or us of purchases under this Division Order.

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

WITNESS OR ATTEST

OWNER SIGNATURE

TEXAS LAND COMMISSIONER
GENERAL LAND OFFICE

By:
Title:

EACH INDIVIDUAL OWNER'S SIGNATURE MUST BE WITNESSED BY TWO PERSONS. EACH CORPORATE SIGNATURE MUST BE ATTESTED BY THE DULY AUTHORIZED SECRETARY AND THE CORPORATE SEAL AFFIXED.

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

DIVISION ORDER

TO:
ABRAXAS PRODUCTION CORPORATION
P.O. BOX 17485
SAN ANTONIO, TEXAS 78217

For Abraxas Use Only:

Lease No.: 420771
Well Name: Howe #5-1
Division Order No.: 83855

The undersigned, and each of us, certify and guarantee that we are the legal owners of and hereby warrant the title to our respective interests as set out below in all oil and/or gas produced from all wells on the Howe 5-1 farm or lease, located in Ward County, State of Texas, more particularly described as follows:

Howe Gas Unit 5-1, being described as follows:

Tract 1 - 24.8 acres out of the Herman Brown Survey #3;

Tract 2 - The Southwest 165.2 acres of the W. F. Stewart Survey #6, S. F. 6110;

Tract 3 - All of the R. H. Keesee Preemption Survey, S. F. 8174 containing 160.0 acres.

and commencing at 7 A.M. the 1st day of July, 1994, and until further written notice either from you or us you are authorized to receive all proceeds for the sale of oil and/or gas therefrom and to distribute said proceeds as follows:

OWNER NUMBER	OWNER NAME	SOC. SEC./TAX I.D. #	OWNER ADDRESS	INTEREST
83855	Texas Land Commissioner General Land Office	74-6000108	1700 N. Congress Austin, TX 78701	.01417140 RI

The following covenants are also parts of this Division Order and shall be binding on the undersigned, their heirs, devisees, successors, legal representatives and assigns.

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

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

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

FOURTH: It is understood that the gas produced from the land described herein is being sold under a gas contract and that said contracts, and any amendments, extensions or renewals thereof, shall govern as to the price to be paid for said gas and the times when such payments are to be made, payments hereunder to be made after receipt thereof.

FIFTH: Settlements and payments shall be made by check mailed from your office to the respective party at the address given herein, for the amount of such purchase price due said party, less any taxes required by law to be deducted and paid by you as a purchaser. However, if the proceeds accruing to any interest hereunder should amount to less than fifty dollars (\$50.00) for any month, you are hereby authorized to accumulate such proceeds and make payment when fifty dollars (\$50.00) has accrued, or annually in December, whichever occurs first. Should there be any price adjustment by reason of Federal Energy Regulatory Commission regulations or other governmental authority whereby the undersigned owners have been paid for gas at a higher price than authorized, said owners agree to promptly repay to you any amount due when billed. You, at your option, may elect to recover such amount out of the proceeds of sale of future production credited to said owners.

SIXTH: In case of any adverse claim of title, or in case title shall not be satisfactory to you at any time during the term of this Division Order, each of the undersigned agrees to furnish evidence of title satisfactory to you and authorizes you to withhold payment without obligation to pay interest on the amount so withheld, until satisfactory indemnity has been furnished to you against such adverse claim or any such defects in title, or until title shall be made satisfactory to you. Each undersigned party, as to the interest of such party hereunder, respectively agrees, in the event a suit is filed in any court affecting title to said oil and/or gas, either before or after severance, to indemnify and save you harmless against any and all liability for loss, cost, damage and expense which you may suffer or incur in paying said party thereof. When you, pursuant to the provisions hereof, withhold payment, or any portion thereof, each undersigned party from whom payment is so withheld severally agrees to indemnify and hold you harmless from all liability from any tax, together with all interest and penalties incident thereto, imposed or assessed against, or paid by you on account of, the sum or sums so withheld from payment to said party, and severally agrees that you may deduct all such taxes, interest and penalties so paid by you from any sums owing you to said party.

SEVENTH: In consideration of your purchasing the oil and/or gas hereunder, the undersigned warrants that it has the right to sell and deliver all oil and/or gas sold and delivered under this Division Order, and agrees to indemnify you, your successors and assigns, or any carrier transporting such oil and/or gas, against all claims of anyone claiming any title to or interest in oil and/or gas delivered hereunder or the proceeds thereof against all loss, damage and expense (including court costs and reasonable attorney's fee) incurred or suffered by you, your successors or assigns, or any carrier transporting such oil and/or gas by reason of any such claims, and the undersigned further agrees to make settlement with all parties in interest, including settlement with the proper authorities for taxes, interest and penalties, if any, due upon said oil and/or gas and deductible under the law by the purchaser thereof when such taxes, interest and penalties are not deducted as authorized in paragraph Fifth hereof.

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

NINTH: The undersigned, for valuable consideration, the receipt and sufficiency of which is acknowledged, and to the extent of the right of the undersigned to execute an oil, gas and mineral lease covering the lands hereinabove described, severally do hereby and by execution hereof expressly declare the validity of the Lease and do hereby adopt, ratify and confirm the Lease and grant, lease and let the lands hereinabove described unto the Lessee named in the Lease, his heirs and assigns, under and in accordance with the terms of the Lease.

TENTH: This Division Order shall become valid and binding on each and every owner above named as soon as signed by him or her regardless of whether any of the other above named owners have so signed. The undersigned may terminate this Division Order only by giving thirty (30) days prior written notice to you at the above address. In consideration of the purchase of oil hereunder, consent is hereby given to you and any pipeline company which you may cause to connect with the wells or tanks on said land to disconnect and remove such pipelines, in case of termination by either you or us of purchases under this Division Order.

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

WITNESS OR ATTEST

OWNER SIGNATURE

TEXAS LAND COMMISSIONER
GENERAL LAND OFFICE

By:
Title:

By:	
Title:	
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EACH INDIVIDUAL OWNER'S SIGNATURE MUST BE WITNESSED BY TWO PERSONS. EACH CORPORATE SIGNATURE MUST BE ATTESTED BY THE DULY AUTHORIZED SECRETARY AND THE CORPORATE SEAL AFFIXED.

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

ABRAXAS

ABRAXAS PETROLEUM CORPORATION
909 N.E. Loop 410 P.O. Box 17485 San Antonio, Texas 78217
Office: 210/828-5354 • Fax: 210/828-3611

August 29, 1994

To All Interest Owners

RE: Lease No.: 420771
Lease Name: Howe #5-1
Ward County, Texas

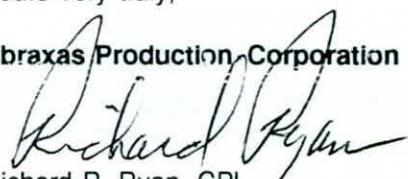
Abraxas Production Corporation will begin disbursing revenue proceeds on the referenced lease effective with July, 1994 sales. Abraxas has acquired various interests in the lease and succeeded Enerrex, Inc. as Operator.

Abraxas is very pleased with this acquisition and looks forward to a mutually beneficial relationship with each of you. Should you have any questions or comments regarding our operation of this property, please feel free to call or write myself or Stephen T. Wendel at the letterhead address and telephone numbers.

Enclosed is a division order with instructions for your review and execution. Thank you for your continued cooperation.

Yours very truly,

Abraxas Production Corporation


Richard R. Ryan, CPL
Land Manager

RRR\ak

Enclosures

DIVISION/TRANSFER ORDER INSTRUCTIONS

Dear Interest Owner:

Enclosed are two copies of a Division/Transfer Order covering leases in which you have an interest. If acceptable, please return one signed copy to the address below. The other copy is for your file. In order to reduce the possibility of delayed payments, please follow the instructions outlined below.

SIGNATURE

Please have your signature witnessed by two people and indicate their current addresses. If signing for a corporation, signature must be attested and title of signatory party shown.

If the Division/Transfer Order is signed by any party other than the named interest owner, please furnish evidence of the rights vested in the signatory party.

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ATTORNEYS-
IN-FACT, GUARDIANS,
PARTNERSHIP,
CHANGES IN INTEREST

...
...

PAYEE INFORMATION

Print in ink or type. If you are already receiving checks from this company, please use the same address to which we are now mailing checks. Please promptly notify us in writing of any change in your mailing address. Payee information is set forth in the box on the face of the Division/Transfer Order. Every item in this box must be verified as correct by you except "Owner Number", which is assigned by Abraxas for internal control. If any information is incorrect or not provided, please either correct any errors or complete the blank sections as necessary. This is the information we will use to prepare and direct checks or any other correspondence to you.

DIVISION/TRANSFER ORDERS SHOULD BE RETURNED TO THE FOLLOWING ADDRESS

Abraxas Production Corporation
P.O. Box 17485
San Antonio, Texas 78217
Attn: Land Department

Please contact Richard Ryan (210/828-5354) should you have any questions regarding this matter.

⑦

94838

Division Order

File Dated OCT 06 1994

8-20-94



Texas General Land Office
Garry Mauro, Commissioner

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

December 16, 1994

Abraxas Production Corporation
P. O. Box 17485
San Antonio, Texas 78217-7485

**Re: Mineral File No. M-94838
Abraxas D. O. No. 83855**

Dear Sir or Madam:

We have received the division order submitted by your company for the above referenced lease and filed same in our files. Please be sure to reference this mineral file number in all future royalty payments, reports and correspondence concerning the lease.

The payment of royalties to the State of Texas is set by statute. As the execution of the division order may, in some cases, effect the payments of such royalties, it is not the policy of this office to execute them. Insofar as allowed by law, the Texas General Land Office acquiesces in the sale of oil and gas under the terms and conditions set out in the lease.

If you should have any questions, please feel free to call me at (512) 475-1519.

Sincerely,

LaTresa Sidney
LaTresa Sidney
Accounts Examiner
Royalty and Revenue Processing
Energy Resources

LS:mrg

DIVISION ORDER

TO:

ABRAXAS PRODUCTION CORPORATION
 P.O. BOX 17485
 SAN ANTONIO, TEXAS 78217

For Abraxas Use Only:

Lease No.: 420771
 Well Name: Howe #5-1
 Division Order No.: 83855

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Tract 3 - All of the R. H. Keesee Preemption Survey, S. F. 8174 containing 160.0 acres.

and commencing at 7 A.M. the 1st day of July, 1994, and until further written notice either from you or us you are authorized to receive all proceeds for the sale of oil and/or gas therefrom and to distribute said proceeds as follows:

OWNER NUMBER	OWNER NAME	SOC. SEC./TAX I.D. #	OWNER ADDRESS	INTEREST
83855	Texas Land Commissioner General Land Office	74-6000108	1700 N. Congress Austin, TX 78701	.01417140 RI

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FOURTH: It is understood that the gas produced from the land described herein is being sold under a gas contract and that said contracts, and any amendments, extensions or renewals thereof, shall govern as to the price to be paid for said gas and the times when such payments are to be made, payments hereunder to be made after receipt thereof.

FIFTH: Settlements and payments shall be made by check mailed from your office to the respective party at the address given herein, for the amount of such purchase price due said party, less any taxes required by law to be deducted and paid by you as a purchaser. However, if the proceeds accruing to any interest hereunder should amount to less than fifty dollars (\$50.00) for any month, you are hereby authorized to accumulate such proceeds and make payment when fifty dollars (\$50.00) has accrued, or annually in December, whichever occurs first. Should there be any price adjustment by reason of Federal Energy Regulatory Commission regulations or other governmental authority whereby the undersigned owners have been paid for gas at a higher price than authorized, said owners agree to promptly repay to you any amount due when billed. You, at your option, may elect to recover such amount out of the proceeds of sale of future production credited to said owners.

SIXTH: In case of any adverse claim of title, or in case title shall not be satisfactory to you at any time during the term of this Division Order, each of the undersigned agrees to furnish evidence of title satisfactory to you and authorizes you to withhold payment without obligation to pay interest on the amount so withheld, until satisfactory indemnity has been furnished to you against such adverse claim or any such defects in title, or until title shall be made satisfactory to you. Each undersigned party, as to the interest of such party hereunder, respectively agrees, in the event a suit is filed in any court affecting title to said oil and/or gas, either before or after severance, to indemnify and save you harmless against any and all liability for loss, cost, damage and expense which you may suffer or incur in paying said party thereof. When you, pursuant to the provisions hereof, withhold payment, or any portion thereof, each undersigned party from whom payment is so withheld severally agrees to indemnify and hold you harmless from all liability from any tax, together with all interest and penalties incident thereto, imposed or assessed against, or paid by you on account of, the sum or sums so withheld from payment to said party, and severally agrees that you may deduct all such taxes, interest and penalties so paid by you from any sums owing you to said party.

SEVENTH: In consideration of your purchasing the oil and/or gas hereunder, the undersigned warrants that it has the right to sell and deliver all oil and/or gas sold and delivered under this Division Order, and agrees to indemnify you, your successors and assigns, or any carrier transporting such oil and/or gas, against all claims of anyone claiming any title to or interest in oil and/or gas delivered hereunder or the proceeds thereof against all loss, damage and expense (including court costs and reasonable attorney's fee) incurred or suffered by you, your successors or assigns, or any carrier transporting such oil and/or gas by reason of any such claims, and the undersigned further agrees to make settlement with all parties in interest, including settlement with the proper authorities for taxes, interest and penalties, if any, due upon said oil and/or gas and deductible under the law by the purchaser thereof when such taxes, interest and penalties are not deducted as authorized in paragraph Fifth hereof.

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

(see reverse hereof)

NINTH: The undersigned, for valuable consideration, the receipt and sufficiency of which is acknowledged, severally do hereby and by execution hereof expressly declare the validity of the above described Lease and/or unit and do hereby adopt, ratify and confirm the Lease and/or unit, and further, to the extent of the right of the undersigned to execute an oil, gas and mineral lease covering the lands hereinabove described, the undersigned do grant, lease and let the lands hereinabove described unto the Lessee named in the Lease, his heirs and assigns, under and in accordance with the terms of the lease.

TENTH: This Division Order shall become valid and binding on each and every owner above named as soon as signed by him or her regardless of whether any of the other above named owners have so signed. The undersigned may terminate this Division Order only by giving thirty (30) days prior written notice to you at the above address. In consideration of the purchase of oil hereunder, consent is hereby given to you and any pipeline company which you may cause to connect with the wells or tanks on said land to disconnect and remove such pipelines, in case of termination by either you or us of purchases under this Division Order.

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

WITNESS OR ATTEST

OWNER SIGNATURE

EACH INDIVIDUAL OWNER'S SIGNATURE MUST BE WITNESSED BY TWO PERSONS. EACH CORPORATE SIGNATURE MUST BE ATTESTED BY THE DULY AUTHORIZED SECRETARY AND THE CORPORATE SEAL AFFIXED.

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

ABRAXAS**ABRAXAS PETROLEUM CORPORATION**

909 N.E. Loop 410 P.O. Box 17485 San Antonio, Texas 78217
Office: 210/828-5354 • Fax: 210/828-3611

December 6, 1994

RE: Enertex Acquisition
Division Orders

Dear Interest Owner:

Effective July 1, 1994, Abraxas Production Corporation acquired various interests from Enertex, Inc. As a result, Abraxas has assumed the responsibility to pay you the royalty interest as detailed on the enclosed division order(s). Abraxas has previously provided you with a division order covering this interest which has not been returned as of this date. Consequently, the enclosed original is submitted herewith for your review and execution. If this division order meets with your approval, please follow the procedure as detailed on the enclosed instruction sheet and return the fully executed division order to Abraxas at the letterhead address.

In the event Abraxas has not received an executed division order from you by December 20, 1994, we will place your interest in suspense until such time as the properly executed division order has been returned to and accepted by Abraxas.

Should you have any questions or comments, please feel free to contact the undersigned at the letterhead address.

Very truly yours,

Abraxas Production Corporation

Richard R. Ryan
Richard R. Ryan, CPL
Land Manager

RRR\ak

Enclosures

RICHARD\LETTERS\ENERTEX.ACQ



DIVISION/TRANSFER ORDER INSTRUCTIONS

Dear Interest Owner:

Enclosed are two copies of a Division/Transfer Order covering leases in which you have an interest. If acceptable, please return one signed copy to the address below. The other copy is for your file. In order to reduce the possibility of delayed payments, please follow the instructions outlined below.

SIGNATURE

Please have your signature witnessed by two people and indicate their current addresses. If signing for a corporation, signature must be attested and title of signatory party shown.

ATTORNEYS- IN-FACT, GUARDIANS, PARTNERSHIP, CHANGES IN INTEREST

If the Division/Transfer Order is signed by any party other than the named interest owner, please furnish evidence of the rights vested in the signatory party.

PAYEE INFORMATION

Print in ink or type. If you are already receiving checks from this company, please use the same address to which we are now mailing checks. Please promptly notify us in writing of any change in your mailing address. Payee information is set forth in the box on the face of the Division/Transfer Order. Every item in this box must be verified as correct by you except "Owner Number", which is assigned by Abraxas for internal control. If any information is incorrect or not provided, please either correct any errors or complete the blank sections as necessary. This is the information we will use to prepare and direct checks or any other correspondence to you.

TAX I.D./SOCIAL SECURITY

Verify that your social security/tax I.D. number is correct, or, if the space provided for this number has been left blank, legibly insert the correct number. Federal guidelines require us to deduct additional withholding tax from all interest owners who fail to provide social security or tax I.D. numbers.

DIVISION/TRANSFER ORDERS SHOULD BE RETURNED TO THE FOLLOWING ADDRESS

Abraxas Production Corporation
P.O. Box 17485
San Antonio, Texas 78217
Attn: Land Department

Please contact Richard Ryan (210/828-5354) should you have any questions regarding this matter.

94838
DIVISION ORDER
File Dated DEC 16 1994

⑧

TS. 0.04

UNITED STATES POSTAL SERVICE

AN ANTONIO TX 78204-1844 15

Official Business



PENALTY FOR PRIVATE
USE, \$300

Print your name, address and ZIP Code here

GENERAL LAND OFFICE
STEPHEN F. AUSTIN BUILDING
1700 NORTH CONGRESS AVENUE, RM 600
AUSTIN, TEXAS 78701

attn: Carl Liberty

/ 1433

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt Fee will provide you the signature of the person delivered to and the date of delivery.

3. Article Addressed to:

Ms. Cindy Cornelius
Abraul's Petroleum
P.O. Box 17485
San Antonio, TX
78217-7485

I also wish to receive the following services (for an extra fee):

1. Addressee's Address
2. Restricted Delivery

Consult postmaster for fee.

4a. Article Number

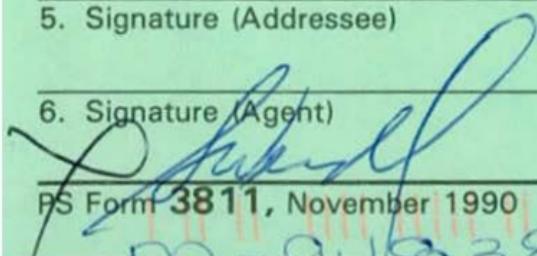
P 795977 708

4b. Service Type

- | | |
|---|---|
| <input type="checkbox"/> Registered | <input type="checkbox"/> Insured |
| <input checked="" type="checkbox"/> Certified | <input type="checkbox"/> COD |
| <input type="checkbox"/> Express Mail | <input type="checkbox"/> Return Receipt for Merchandise |

7. Date of Delivery

JUL 15 1995

5. Signature (Addressee)**6. Signature (Agent)**



Texas General Land Office
Garry Mauro, Commissioner

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

Certified Mail No. P 795 977 708
Return Receipt Requested

July 12, 1995

Ms. CYNDY CORNELIES
ABRAXAS PETROLEUM CORPORATION
P.O. BOX 17485
SAN ANTONIO, TEXAS 78217-7485

RE: Notice of Underpayment on State Lease M-94838

Dear Ms. CORNELIES

The Royalty Management Division of the Texas General Land Office has completed a limited review of the above referenced lease operated by Abraxas Production Corp. Through this review, it was determined that \$2,022.89 has been underpaid to the State for the reporting periods July 1991 through October 1994. This amount comprises \$819.67 in additional royalty, \$1,000.00 in penalty and \$203.22 in interest, which has been computed through August 7, 1995, in accordance with Section 52.131 of the Texas Natural Resources Code.

The following documents are attached in support of our findings:

- A brief summary of our review (Attachment I);
- Schedule supporting our royalty, penalty and interest calculations (Attachment II), and;
- Procedures used for assessment of penalties and interest (Attachment III);
- A copy of Oil and Gas Lease agreement (Attachment IV).

To ensure your company remains in good standing with the General Land Office, please respond to this notice within 25 days of the above date. If your records reflect this royalty has been paid, please provide us with documentation of payments made and remittance dates. Payment of this notice should be submitted separately from monthly royalty payments you may be remitting. We will prepare the GLO-2 Reports for correction of the delinquent amounts reflected in this notice. In order to ensure proper credit, your payment should be mailed to my attention in the enclosed envelope, along with a copy of this letter.

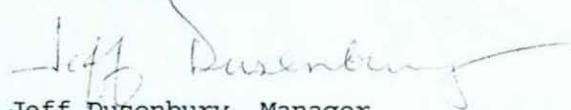
Abraxas Production Corporation
July 12, 1995

Page 2

This notice does not constitute an Audit Billing Notice as defined in Section 52.135 of the Natural Resources Code and, consequently, does not preclude the General Land Office from conducting further examinations of this or other leases operated and/or reported by Abraxas Production or from examining these or other issues and time periods in a future inspection of your books, accounts, reports or other records.

If you have any questions, please call Carl Liberty at (512) 475-1493.

Sincerely,



Jeff Dusenbury, Manager
Royalty Management/Energy Resources

Enclosures
Attachments

ATTACHMENT I

REVIEW SUMMARY

State Lease M-94838

We have reviewed our records for the period of July 1991 through October 1994, to determine whether or not royalty for Lease Fuel, etc., has been reported and paid correctly with respect to volume and price. Volumes reported to the Texas General Land Office (TGLO) were compared to volumes reported to the Texas Railroad Commission (TRRC) with any differences being noted. We also reviewed the lease agreement to determine if payment for the aforementioned is due.

As a result of this review, it was determined that Lease Fuel volumes were reported but no royalty was paid as required by the lease agreement. Paragraph 3 (B) As a royalty on any gas (including flared gas), which is defined as all hydrocarbons and gaseous substances not defined as oil in subparagraph (A) above, produced from any well on said land (except as provided herein with respect to gas processed in a plant for the extraction of gasoline, liquid hydrocarbons or other products).

Therefore, we have concluded that additional royalty revenue is due in the following amount.

Royalty	Penalty	Interest	Total
\$819.67	\$1,000.00	\$203.22	\$2,022.89

(See Attachment II for supporting calculations)

ABRAXAS PRODUCTION CORPORATION
 STATE LEASE M-94838 (UNIT #2135)
 HOWE STATE 5-1
 HOWE (DEVONIAN) FIELD
 WARD COUNTY, TEXAS
 RRC GAS WELL #08-57368
 STATE'S ROYALTY DECIMAL .200000
 TRACT PARTICIPATION .070857

ATTACHMENT II

AUDITOR:
 FILE NAME:
 DATE:

C LIBERTY
 94838NG.xls
 07/10/95

PENALTY/
 INTEREST DATE:

08/07/95

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
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MONTH/ YEAR	RRC VOLUME (A)	TRACT PARTICIPATION (A)X(.070857)	PRICE (B)	BTU (B)	GROSS VALUE (1) X (2) X (3)	ADDITIONAL ROYALTY DUE (4) X (.200000)	NUMBER OF DAYS LATE	PENALTY DUE (C)	INTEREST DUE (C)	TOTAL DUE (5)+(7)+(8)
Jul-91	828	59	0.8730	1.154	59.44	11.89	1422	25.00	5.33	42.22
Aug-91	828	59	1.0110	1.155	68.89	13.78	1392	25.00	6.04	44.82
Sep-91	828	59	1.2330	1.155	84.02	16.80	1361	25.00	7.19	48.99
Oct-91	828	59	1.3980	1.158	95.51	19.10	1331	25.00	7.99	52.09
Nov-91	828	59	1.4520	1.156	99.03	19.81	1300	25.00	8.08	52.89
Dec-91	828	59	1.7050	1.156	116.29	23.26	1269	25.00	9.25	57.51
Jan-92	828	59	1.7050	1.164	117.09	23.42	1240	25.00	9.09	57.51
Feb-92	828	59	0.9100	1.164	62.50	12.50	1209	25.00	4.73	42.23
Mar-92	828	59	1.0120	1.159	69.20	13.84	1179	25.00	5.10	43.94
Apr-92	828	59	1.1350	1.158	77.55	15.51	1148	25.00	5.55	46.06
May-92	828	59	1.4520	1.158	99.20	19.84	1118	25.00	6.91	51.75
Jun-92	828	59	1.3680	1.157	93.38	18.68	1087	25.00	6.31	49.99
Jul-92	828	59	1.2270	1.157	83.76	16.75	1056	25.00	5.49	47.24
Aug-92	828	59	1.6150	1.156	110.15	22.03	1026	25.00	7.00	54.03
Sep-92	828	59	1.6940	1.155	115.44	23.09	995	25.00	7.11	55.20
Oct-92	828	59	2.1650	1.155	147.53	29.51	965	25.00	8.79	63.30
Nov-92	828	59	1.8610	1.155	126.82	25.36	934	25.00	7.30	57.66
Dec-92	828	59	1.8610	1.155	126.82	25.36	903	25.00	7.04	57.40
Jan-93	828	59	1.8610	1.155	126.82	25.36	875	25.00	6.80	57.16
Feb-93	828	59	1.3810	1.150	93.70	18.74	844	25.00	4.84	48.58
Mar-93	828	59	1.6150	1.150	109.58	21.92	814	25.00	5.44	52.36
Apr-93	828	59	1.6690	1.157	113.93	22.79	783	25.00	5.42	53.21
May-93	828	59	1.9420	1.157	132.57	26.51	753	25.00	6.05	57.56
Jun-93	828	59	1.4530	1.157	99.19	19.84	722	25.00	4.32	49.16
Jul-93	828	59	1.5590	1.153	106.05	21.21	691	25.00	4.41	50.62
Aug-93	828	59	1.6560	1.153	112.65	22.53	661	25.00	4.46	51.99
Sep-93	828	59	1.7880	1.153	121.63	24.33	630	25.00	4.57	53.90
Oct-93	828	59	1.5400	1.157	105.13	21.03	600	25.00	3.74	49.77
Nov-93	828	59	1.5530	1.157	106.01	21.20	569	25.00	3.55	49.75
Dec-93	828	59	1.9880	1.157	135.71	27.14	538	25.00	4.27	56.41
Jan-94	828	59	1.6890	1.150	114.60	22.92	510	25.00	3.40	51.32
Feb-94	828	59	1.6540	1.150	112.22	22.44	479	25.00	3.10	50.54
Mar-94	828	59	1.7640	1.150	119.69	23.94	449	25.00	3.07	52.01
Apr-94	828	59	1.5310	1.154	104.24	20.85	418	25.00	2.46	48.31
May-94	828	59	1.5310	1.154	104.24	20.85	388	25.00	2.26	48.11
Jun-94	828	59	1.3110	1.154	89.26	17.85	357	25.00	1.75	44.60
Jul-94	828	59	1.3980	1.156	95.35	19.07	326	25.00	1.67	45.74
Aug-94	828	59	1.3310	1.156	90.78	18.16	296	25.00	1.41	44.57
Sep-94	828	59	1.1990	1.156	81.78	16.36	265	25.00	1.11	42.47
Oct-94	828	59	1.0330	1.157	70.52	14.10	235	25.00	0.82	39.92

2,360

\$4,098.27

\$819.67

\$1,000.00

\$203.22

\$2,022.89

ABRAXAS PRODUCTION CORPORATION
 STATE LEASE M-94838 (UNIT #2135)
 HOWE STATE 5-1
 HOWE (DEVONIAN) FIELD
 WARD COUNTY, TEXAS
 RRC GAS WELL #08-57368
 STATE'S ROYALTY DECIMAL .200000
 TRACT PARTICIPATION .070857

ATTACHMENT II

AUDITOR:
 FILE NAME:
 DATE:

C LIBERTY
 94838NG.xls
 07/10/95

PENALTY/
 INTEREST DATE:

08/07/95

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
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MONTH/ YEAR	RRC VOLUME (A)	TRACT PARTICIPATION (A)X(.070857)	PRICE (B)	BTU (B)	GROSS VALUE (1) X (2) X (3)	ADDITIONAL ROYALTY DUE (4) X (.200000)	NUMBER OF DAYS LATE	PENALTY DUE (C)	INTEREST DUE (C)	TOTAL DUE (5)+(7)+(8)

COMMENTS:

- (A) RRC VOLUME - REPRESENTS LEASE OR FIELD FUEL USE FROM RRC WELL ID# 08-57368
- (B) PRICE/BTU - REPRESENTS SALES PRICES AND BTUs NOTED ON GLO-2 GAS REPORTS.
- (C) SEE ATTACHMENT III, "SUMMARY OF PENALTY/INTEREST ASSESSMENT RULES", FOR EXPLANATION OF PENALTY AND INTEREST CALCULATION

ATTACHMENT III

**SUMMARY OF PENALTY/INTEREST ASSESSMENT RULES
FOR DELINQUENT ROYALTIES AND DELINQUENT
REQUIRED REPORTS OR DOCUMENTS**

	DUE BEFORE 10-1-75 (Production Prior to 8-1-75)	DUE AFTER 10-1-75 AND BEFORE 9-1-85 (Production 8-1-75 thru 6-30-85)	DUE AFTER 9-1-85 (Production 7-1-85 Forward)
<u>PENALTY</u> (3) • For delinquent royalty	NONE	The greater of 1% of the delinquent amount or \$5.00 for each 30-day delinquency	For delinquencies of 30 days or less, the greater of 5% of the delinquent amount or \$25.00 For delinquencies of more than 30 days, the greater of 10% of the delinquent amount or \$25.00
• For delinquent report, affidavit, or other document	NONE	\$5.00 per document for each 30-day period of delinquency	\$10.00 per document for each 30-day period of delinquency
<u>INTEREST</u> • For delinquent royalty	6% per year, compounded annually; accrual begins 30 days after due date (1)	6% per year, compounded annually; accrual begins 30 days after due date (1)	12% per year, simple; accrual begins 60 days after due date (2)

(1) Tex. Rev. Civ. Stat. Ann., Article 5069-1.03 and related case law.

(2) Tex. Nat. Res. Code Ann. § 52.131 (g).

(3) Penalties are not assessed in cases of title dispute as to the state's portion of the royalty or to royalty in dispute as to fair market value except when fraud is involved, in which case the fraud penalty is applicable. Penalty provisions are found at Tex. Nat. Res. Code Ann. § 52.131 (e), (f), & (h).

A royalty payment that is not accompanied by the required royalty affidavit identifying the GLO lease number is delinquent.

The State's power to forfeit a lease shall not be affected by the assessment or payment of any delinquency, penalty, or interest.

77-94838 47
He to Abraxas
July 12, 1995

UNITED STATES POSTAL SERVICE

Official Business



RECEIVED

SEP - 5 1995

ENERGY RESOURCES

PENALTY FOR PRIVATE
USE, \$300

Print your name, address and ZIP Code here

• General Land Office
1700 Congress Avenue
Austin, Texas 78701-1495

Open Card Library

1/1995

|||||

nd

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt Fee will provide you the signature of the person delivered to and the date of delivery.

3. Article Addressed to:

Abrazas Petro. Corp.
ms. Cyndy Cornelies
P.O. Box 17485
San Antonio, TX 78217-7485

5. Signature (Addressee)**6. Signature (Agent)**

I also wish to receive the following services (for an extra fee):

1. Addressee's Address
2. Restricted Delivery

Consult postmaster for fee.

4a. Article Number

P 795 976 967

4b. Service Type

- | | |
|---------------------------------------|---|
| <input type="checkbox"/> Registered | <input type="checkbox"/> Insured |
| <input type="checkbox"/> Certified | <input type="checkbox"/> COD |
| <input type="checkbox"/> Express Mail | <input type="checkbox"/> Return Receipt for Merchandise |

7. Date of Delivery

SEP - 2 1995

8. Addressee's Address (Only if requested and fee is paid)



Texas General Land Office
Garry Mauro, Commissioner

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

Certified Mail No. P 795 976 967

Return Receipt Requested

SECOND REQUEST

August 31, 1995

Ms. CYNDY CORNELIES
ABRAXAS PETROLEUM CORPORATION
P. O. BOX 17485
SAN ANTONIO, TEXAS 78217-7485

RE: Notice of Underpayment on State Leases M-94838

Dear Ms. CORNELIES:

Enclosed is a copy of our letter to you dated July 12, 1995 requesting additional royalties due on the captioned lease. As of this date we have not received your payment or a reply to this letter.

Be advised that penalty and interest continue to accrue until payment is received. The amount now due is \$2,036.11 which is comprised of \$819.67 in additional royalty, \$1,000.00 in penalty, and \$216.44 in interest. Penalty and interest has been computed through September 25, 1995 in accordance with Section 52.131 of Texas Natural Resources Code.

You are also hereby notified that if the amount now due is not received in this office by September 25, 1995, this lease will be forwarded to our legal division for appropriate action.

If you have any questions, please call Carl Liberty at (512) 475-1493.

Sincerely,

Jeff Dusenbury
Jeff Dusenbury, Manager
Royalty Management/Energy Resources

Enclosures
Attachments

ABRAXAS PRODUCTION CORPORATION
 STATE LEASE M-94838 (UNIT #2135)
 HOWE STATE 5-1
 HOWE (DEVONIAN) FIELD
 WARD COUNTY, TEXAS
 RRC GAS WELL #08-57368
 STATE'S ROYALTY DECIMAL .200000
 TRACT PARTICIPATION .070857

ATTACHMENT II

AUDITOR:
 FILE NAME:
 DATE:

C LIBERTY
 94838NG.xls
 08/29/95

PENALTY/
 INTEREST DATE:

09/25/95

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
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MONTH/ YEAR	RRC VOLUME (A)	TRACT PARTICIPATION (A) X (.070857)	PRICE (B)	BTU (B)	GROSS VALUE (1) X (2) X (3)	ADDITIONAL ROYALTY DUE (4) X (.200000)	NUMBER OF DAYS LATE	PENALTY DUE (C)	INTEREST DUE (C)	TOTAL DUE (5) + (7) + (8)
Jul-91	828	59	0.8730	1.154	59.44	11.89	1471	25.00	5.52	42.41
Aug-91	828	59	1.0110	1.155	68.89	13.78	1441	25.00	6.26	45.04
Sep-91	828	59	1.2330	1.155	84.02	16.80	1410	25.00	7.46	49.26
Oct-91	828	59	1.3980	1.158	95.51	19.10	1380	25.00	8.30	52.40
Nov-91	828	59	1.4520	1.156	99.03	19.81	1349	25.00	8.40	53.21
Dec-91	828	59	1.7050	1.156	116.29	23.26	1318	25.00	9.63	57.89
Jan-92	828	59	1.7050	1.164	117.09	23.42	1289	25.00	9.47	57.89
Feb-92	828	59	0.9100	1.164	62.50	12.50	1258	25.00	4.93	42.43
Mar-92	828	59	1.0120	1.159	69.20	13.84	1228	25.00	5.32	44.16
Apr-92	828	59	1.1350	1.158	77.55	15.51	1197	25.00	5.80	46.31
May-92	828	59	1.4520	1.158	99.20	19.84	1167	25.00	7.23	52.07
Jun-92	828	59	1.3680	1.157	93.38	18.68	1136	25.00	6.61	50.29
Jul-92	828	59	1.2270	1.157	83.76	16.75	1105	25.00	5.76	47.51
Aug-92	828	59	1.6150	1.156	110.15	22.03	1075	25.00	7.36	54.39
Sep-92	828	59	1.6940	1.155	115.44	23.09	1044	25.00	7.48	55.57
Oct-92	828	59	2.1650	1.155	147.53	29.51	1014	25.00	9.27	63.78
Nov-92	828	59	1.8610	1.155	126.82	25.36	983	25.00	7.70	58.06
Dec-92	828	59	1.8610	1.155	126.82	25.36	952	25.00	7.45	57.81
Jan-93	828	59	1.8610	1.155	126.82	25.36	924	25.00	7.21	57.57
Feb-93	828	59	1.3810	1.150	93.70	18.74	893	25.00	5.14	48.88
Mar-93	828	59	1.6150	1.150	109.58	21.92	863	25.00	5.79	52.71
Apr-93	828	59	1.6690	1.157	113.93	22.79	832	25.00	5.79	53.58
May-93	828	59	1.9420	1.157	132.57	26.51	802	25.00	6.48	57.99
Jun-93	828	59	1.4530	1.157	99.19	19.84	771	25.00	4.64	49.48
Jul-93	828	59	1.5590	1.153	106.05	21.21	740	25.00	4.75	50.96
Aug-93	828	59	1.6560	1.153	112.65	22.53	710	25.00	4.82	52.35
Sep-93	828	59	1.7880	1.153	121.63	24.33	679	25.00	4.96	54.29
Oct-93	828	59	1.5400	1.157	105.13	21.03	649	25.00	4.08	50.11
Nov-93	828	59	1.5530	1.157	106.01	21.20	618	25.00	3.90	50.10
Dec-93	828	59	1.9880	1.157	135.71	27.14	587	25.00	4.71	56.85
Jan-94	828	59	1.6890	1.150	114.60	22.92	559	25.00	3.77	51.69
Feb-94	828	59	1.6540	1.150	112.22	22.44	528	25.00	3.46	50.90
Mar-94	828	59	1.7640	1.150	119.69	23.94	498	25.00	3.46	52.40
Apr-94	828	59	1.5310	1.154	104.24	20.85	467	25.00	2.80	48.65
May-94	828	59	1.5310	1.154	104.24	20.85	437	25.00	2.59	48.44
Jun-94	828	59	1.3110	1.154	89.26	17.85	406	25.00	2.04	44.89
Jul-94	828	59	1.3980	1.156	95.35	19.07	375	25.00	1.98	46.05
Aug-94	828	59	1.3310	1.156	90.78	18.16	345	25.00	1.71	44.87
Sep-94	828	59	1.1990	1.156	81.78	16.36	314	25.00	1.37	42.73
Oct-94	828	59	1.0330	1.157	70.52	14.10	284	25.00	1.04	40.14

2,360

\$4,098.27

\$819.67

\$1,000.00

\$216.44

\$2,036.11

ABRAXAS PRODUCTION CORPORATION
 STATE LEASE M-94838 (UNIT #2135)
 HOWE STATE 5-1
 HOWE (DEVONIAN) FIELD
 WARD COUNTY, TEXAS
 RRC GAS WELL #08-57368
 STATE'S ROYALTY DECIMAL .200000
 TRACT PARTICIPATION .070857

ATTACHMENT II

AUDITOR:
 FILE NAME:
 DATE:

C LIBERTY
 94838NG.xls
 08/29/95

PENALTY/
 INTEREST DATE:

09/25/95

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
MONTH/ YEAR	RRC VOLUME (A)	TRACT PARTICIPATION (A) (.070857)	PRICE (B)	BTU (B)	GROSS VALUE (1) X (2) X (3)	ADDITIONAL ROYALTY DUE (4) X (.200000)	NUMBER OF DAYS LATE	PENALTY DUE (C)	INTEREST DUE (C)	TOTAL DUE (5)+(7)+(8)

COMMENTS:

- (A) RRC VOLUME - REPRESENTS LEASE OR FIELD FUEL USE FROM RRC WELL ID# 08-57368
- (B) PRICE/BTU - REPRESENTS SALES PRICES AND BTU's NOTED ON GLO-2 GAS REPORTS.
- (C) SEE ATTACHMENT III, "SUMMARY OF PENALTY/INTEREST ASSESSMENT RULES", FOR EXPLANATION OF PENALTY AND INTEREST CALCULATION

Certified Mail No.
Return Receipt Requested

July 12, 1995

Ms. CYNDY CORNELIES
ABRAXAS PETROLEUM CORPORATION
P.O. BOX 17485
SAN ANTONIO, TEXAS 78217-7485

RE: Notice of Underpayment on State Lease M-94838

Dear Ms. CORNELIES

The Royalty Management Division of the Texas General Land Office has completed a limited review of the above referenced lease operated by Abraxas Production Corp. Through this review, it was determined that \$2,022.89 has been underpaid to the State for the reporting periods July 1991 through October 1994. This amount comprises \$819.67 in additional royalty, \$1,000.00 in penalty and \$203.22 in interest, which has been computed through August 7, 1995, in accordance with Section 52.131 of the Texas Natural Resources Code.

The following documents are attached in support of our findings:

- A brief summary of our review (Attachment I);
- Schedule supporting our royalty, penalty and interest calculations (Attachment II), and;
- Procedures used for assessment of penalties and interest (Attachment III);
- A copy of Oil and Gas Lease agreement (Attachment IV).

To ensure your company remains in good standing with the General Land Office, please respond to this notice within 25 days of the above date. If your records reflect this royalty has been paid, please provide us with documentation of payments made and remittance dates. Payment of this notice should be submitted separately from monthly royalty payments you may be remitting. We will prepare the GLO-2 Reports for correction of the delinquent amounts reflected in this notice. In order to ensure proper credit, your payment should be mailed to my attention in the enclosed envelope, along with a copy of this letter.

Abraxas Production Corporation
July 12, 1995

Page 2

This notice does not constitute an Audit Billing Notice as defined in Section 52.135 of the Natural Resources Code and, consequently, does not preclude the General Land Office from conducting further examinations of this or other leases operated and/or reported by Abraxas Production or from examining these or other issues and time periods in a future inspection of your books, accounts, reports or other records.

If you have any questions, please call Carl Liberty at (512) 475-1493.

Sincerely,

Jeff Dusenbury, Manager
Royalty Management/Energy Resources

Enclosures
Attachments

ATTACHMENT I

REVIEW SUMMARY

State Lease M-94838

We have reviewed our records for the period of July 1991 through October 1994, to determine whether or not royalty for Lease Fuel, etc., has been reported and paid correctly with respect to volume and price. Volumes reported to the Texas General Land Office (TGLO) were compared to volumes reported to the Texas Railroad Commission (TRRC) with any differences being noted. We also reviewed the lease agreement to determine if payment for the aforementioned is due.

As a result of this review, it was determined that Lease Fuel volumes were reported but no royalty was paid as required by the lease agreement. Paragraph 3 (B) As a royalty on any gas (including flared gas), which is defined as all hydrocarbons and gaseous substances not defined as oil in subparagraph (A) above, produced from any well on said land (except as provided herein with respect to gas processed in a plant for the extraction of gasoline, liquid hydrocarbons or other products).

Therefore, we have concluded that additional royalty revenue is due in the following amount.

Royalty	Penalty	Interest	Total
\$819.67	\$1,000.00	\$203.22	\$2,022.89

(See Attachment II for supporting calculations)

94838
M.
Ltr. to Abraxas.

(10)

File Dated AUG 31 1995

DO NOT DESTROY



UNIT AGREEMENT MEMO

Unit No. 3116

Operator EOG RESOURCES INC

Unit Name Hawthorne State Gas unit #1

County WARD

Effective Date 12-11-2001

Unitized for: Oil _____ Gas Oil & Gas _____

1. M.F. No. 094838 Tr.# 3
Lease Acres: 24.80 ÷ Total Unit Acres 680.00 =
Tract Participation: .03647059 X
Royalty Decimal: * .20000000 =
Unit Royalty Decimal: .00729412
*Royalty Reduction: Yes No

2. M.F. No. _____ Tr.# _____
Lease Acres: _____ ÷ Total Unit Acres _____ =
Tract Participation: _____ X
Royalty Decimal: * _____ =
Unit Royalty Decimal: _____
*Royalty Reduction: Yes No

3. M.F. No. _____ Tr.# _____
Lease Acres: _____ ÷ Total Unit Acres _____ =
Tract Participation: _____ X
Royalty Decimal: * _____ =
Unit Royalty Decimal: _____
*Royalty Reduction: Yes No

4. M.F. No. _____ Tr.# _____
Lease Acres: _____ ÷ Total Unit Acres _____ =
Tract Participation: _____ X
Royalty Decimal: * _____ =
Unit Royalty Decimal: _____
*Royalty Reduction: Yes No

Remarks:

*This is a 18 month temporary
gas unit.*

Prepared by: <u>Shishu M. Chou</u>	<u>3-19-2002</u>
Data Base Update <u>M. Shua</u>	Date <u>3-22-02</u>
GIS	Date
Mineral Maps	Date

POOLING COMMITTEE REPORT

TO: SCHOOL LAND BOARD

PA#: 01-85

DATE OF BOARD MEETING: December 11, 2001

EFFECTIVE DATE: December 11, 2001

UNIT EXPIRATION DATE: June 11, 2003

APPLICANT: EOG Resources, Inc.

OPERATOR: EOG Resources, Inc.

COUNTY: Ward

UNIT NAME: Howe State Gas Unit #1

FIELD: Wildcat

STATE LEASE(S) IN UNIT

Lease *Type	State Number	State Royalty	Expiration Date	Term Year	Acres	Acres In Unit	Lessee of Record	State Unit Participation
SF	M-94838	20%	HBP	6 Mos	49.50	24.80	Amber Energy	0.7294%

* SF = State Fee

* RAL = Relinquishment Act

* FR = Free Royalty

PRIVATE ACRES:	<u>655.2</u>
STATE ACRES:	<u>24.8</u>
TOTAL UNIT ACRES:	<u>680.0</u>

Type Unit:
Permanent _____
Temporary x
Term 18 months

Unitized for:
Oil _____
Gas x
Both _____

Well Location:
State Land x
Private Land x

Participation:
Basis Surface acreage
State Acreage 3.647%
State Unit Participation 0.7294%

Railroad Commission Rules:
Statewide x
Special Field Rules _____
Spacing _____ Acres

REMARKS:

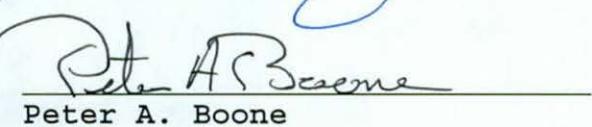
- EOG Resources, Inc. is requesting 18 month temporary gas pooling of the Montoya Formation, defined as the stratigraphic interval or its correlative equivalent occurring from 13,366 feet to 13,850 feet as seen in the Exxon Corp. Howe Gas Unit 4 #2 well log.
- The applicant proposes to drill a horizontal well to test the Montoya Formation.
- If the unit is approved, the state's royalty participation will be 0.7294% based on the state's surface acreage factor of 3.467% and a lease royalty of 20%.
- The portion of the lease included in the proposed unit is also included in the Howe Gas Unit #5-1, a Devonian unit created on June 16, 1992. Although the lease contains horizontal and vertical severance clauses, the GLO legal staff has determined that the Howe Gas Unit #5-1 unit well holds that portion of the lease within the existing unit to all depths.
- The proposed unit well will be drilled on statewide spacing. It is anticipated that once the well becomes productive, Railroad Commission field rules will be changed from statewide to 640 acre spacing as indicated by several nearby horizontally drilled Montoya fields.
- The state will participate from date of first production.
- APPROVAL BY THE SCHOOL LAND BOARD IN NO WAY RATIFIES ANY OF THE STATE LEASES INCLUDED IN THIS PROPOSED UNIT.

POOLING COMMITTEE RECOMMENDATION:

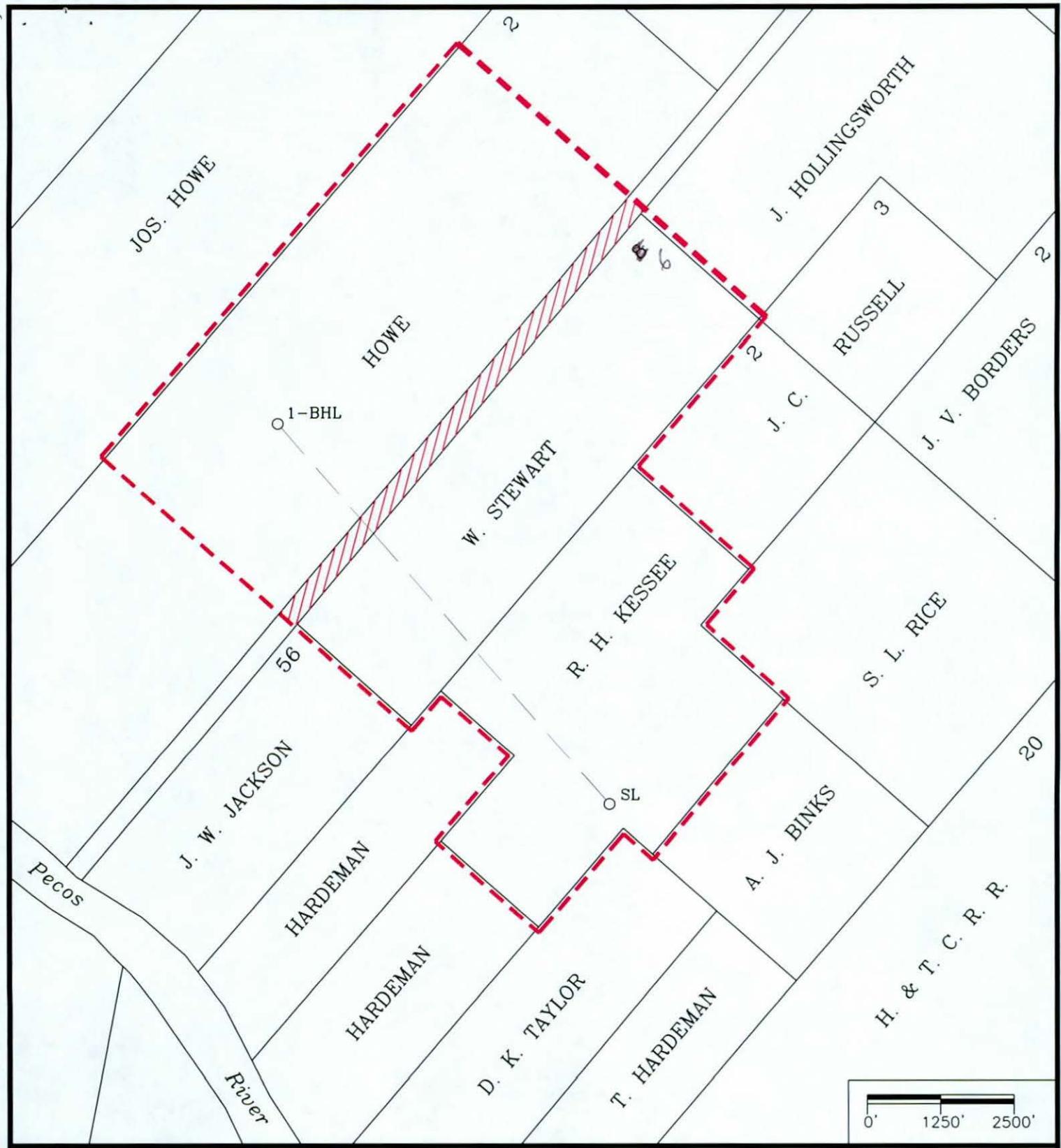
- The Pooling Committee recommends Board approval of an 18 month temporary gas unit under the above-stated provisions.


Jeffee Martinez-Vargas

11/29/01
Date


Peter A. Boone

11.29.01
Date



01-85\ft\12-01

EOG RESOURCES, INC.

HOWE STATE GAS UNIT #1

WILDCAT

MF94838

WARD COUNTY

TERM POOLING AGREEMENT
EOG RESOURCES, INC.
HOWE STATE GAS UNIT NO. 1
WARD 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 EOG Resources, 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 gas including all hydrocarbons that may be produced from a gas well as such wells are recognized and designated by the Railroad Commission of Texas or other state regulatory agency having jurisdiction of the drilling and production of oil and gas wells. The pooled mineral shall extend to those depths underlying the surface boundaries of the pooled unit in the Montoya Formation defined as the stratigraphic interval or its correlative equivalent occurring from 13,366 feet to 13,850 feet as seen on the log of the Exxon Corp., Howe Gas Unit No. 4, No. 2 well ("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

20.9 .6

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 680 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.

200 8 8

FULL MARKET VALUE:

7.

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

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

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

EFFECTIVE DATE:

8.

Upon execution by the Commissioner of the General Land Office of the State of Texas this Agreement shall become effective as of December 11, 2001; however, it is agreed that the State will participate in production from the Unit well or wells on a unitized basis from the date the pooled mineral was or is first produced.

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 June 11, 2003. 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 Ward County, Texas, and a certified copy thereof filed in the General Land Office at any time after the cessation of production on said unit or the completion of a dry hole thereon prior to production or upon such other date as may be approved by the School Land Board and mutually agreed to by the undersigned parties, their successors or assigns.

RATIFICATION/WAIVER:

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 3-12-2002

STATE OF TEXAS

Legal
Content
Geology
Executive



By: David Dewhurst
David Dewhurst, Commissioner
of the General Land Office

Date Executed _____

EOG RESOURCES, INC.

By: William R. Thomas *GR*
William R. Thomas, Senior Vice President *R2*

Date Executed 3/6/02

ABRAXAS PETROLEUM CORPORATION

By: Stephen T. Wendel
Stephen T. Wendel
Vice President/Land & Marketing

CERTIFICATE

I, Judy Powell, 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 11th day of December, 2001, 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 12 day of March, 2002

Judy Powell
Secretary of the School Land Board

STATE OF TEXAS

COUNTY OF MIDLAND

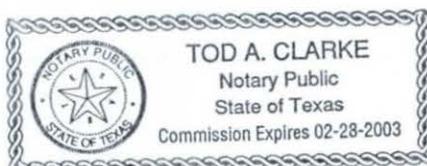
This instrument was acknowledged before me on February 19, 2002, by William R. Thomas as Senior Vice President of EOG Resources, Inc., a Delaware corporation, on behalf of said corporation.



Traci Conner
Notary Public in and for the
State of Texas

STATE OF TEXAS §
COUNTY OF BEXAR §

This instrument was acknowledged before me on March 4, 2002, by Stephen T. Wendel, Vice President / Land & Marketing of Abraxas Petroleum Corporation, a Nevada corporation, on behalf of said Corporation.



Notary Public, State of Texas

002, by Stephen T. Wendel, Vice President / Land &
orporation, on behalf of said Corporation.

EXHIBIT "A"

Attached to and made a part of that certain Term Pooling Agreement
For the Howe State Gas Unit No. 1
Ward County, Texas

Oil and Gas Leases Included in Unit

Tract #1 R.H. Keesee Preemption Survey, SF 8174, A-397

Lease Number:	86242-001
Lessor:	S.E. Adams
Lessee:	Jack B. Chase
Date:	February 3, 1967
Recorded:	Volume 304, Page 34, Deed Records, Ward County, Texas
Lease Number:	86242-002
Lessor:	Florence Farr Hawley
Lessee:	Jack B. Chase
Date:	January 16, 1967
Recorded:	Volume 304, Page 32, Deed Records, Ward County, Texas
Lease Number:	86242-003
Lessor:	Harvin L. Landua
Lessee:	Humble Oil & Refining Company
Date:	January 20, 1972
Recorded:	Volume 357, Page 209, Deed Records, Ward County, Texas
Lease Number:	86242-004
Lessor:	Margaret L. Bremont
Lessee:	Stanley S. Beard
Date:	February 5, 1973
Recorded:	Volume 370, Page 610, Deed Records, Ward County, Texas
Lease Number:	86242-005
Lessor:	Helen Costley Broadland
Lessee:	Stanley S. Beard
Date:	February 15, 1973
Recorded:	Volume 370, Page 612, Deed Records, Ward County, Texas

20.8 .8

Lease Number: 86242-006
Lessor: Fannie Costley Byrne
Lessee: Stanley S. Beard
Date: February 5, 1973
Recorded: Volume 370, Page 613, Deed Records, Ward County, Texas

Lease Number: 86242-007
Lessor: Lawrence W. Carson
Lessee: Stanley S. Beard
Date: February 15, 1973
Recorded: Volume 370, Page 615, Deed Records, Ward County, Texas

Lease Number: 86242-008
Lessor: David C. Carson
Lessee: Stanley S. Beard
Date: February 15, 1973
Recorded: Volume 370, Page 616, Deed Records, Ward County, Texas

Lease Number: 86242-009
Lessor: John Lee Carson, etux
Lessee: Stanley S. Beard
Date: February 15, 1973
Recorded: Volume 370, Page 618, Deed Records, Ward County, Texas

Lease Number: 86242-010
Lessor: Fred G. Goodman
Lessee: Amber Energy, Inc.
Date: November 7, 1991
Recorded: Volume 590, Page 37, Deed Records, Ward County, Texas

Lease Number: 86242-014
Lessor: Charles H. Priddy
Lessee: Amber Energy, Inc.
Date: January 28, 1992
Recorded: Volume 592, Page 238, Deed Records, Ward County, Texas

Lease Number: 86242-015
Lessor: Paul J. Williams, Ind. & as Agent & AIF
For Barbara Miller Williams
Lessee: Amber Energy, Inc.
Date: October 25, 1991
Recorded: Volume 590, Page 291, Deed Records, Ward County, Texas

80.8 .2

Lease Number: 86242-016
Lessor: Norma L. Crawford
Lessee: Amber Energy, Inc.
Date: October 25, 1991
Recorded: Volume 589, Page 433, Deed Records, Ward County, Texas

Lease Number: 86242-017
Lessor: Quay V. Kimes
Lessee: Amber Energy, Inc.
Date: October 25, 1991
Recorded: Volume 590, Page 57, Deed Records, Ward County, Texas

Lease Number: 86242-018
Lessor: Jane Crawford Speelman
Lessee: Amber Energy, Inc.
Date: October 25, 1991
Recorded: Volume 589, Page 622, Deed Records, Ward County, Texas

Lease Number: 86242-019
Lessor: Annette Sarchione
Lessee: Amber Energy, Inc.
Date: October 25, 1991
Recorded: Volume 589, Page 431, Deed Records, Ward County, Texas

Lease Number: 86242-020
Lessor: Cindy Larson
Lessee: Amber Energy, Inc.
Date: October 25, 1991
Recorded: Volume 595, Page 170, Deed Records, Ward County, Texas

Lease Number: 86242-021
Lessor: Schuyler B. Crawford
Lessee: Amber Energy, Inc.
Date: October 25, 1991
Recorded: Volume 589, Page 616, Deed Records, Ward County, Texas

Lease Number: 86242-022
Lessor: Amy Briceland
Lessee: Amber Energy, Inc.
Date: October 25, 1991
Recorded: Volume 589, Page 620, Deed Records, Ward County, Texas

30-9-3

Lease Number: 86242-023
Lessor: Molly Crawford
Lessee: Amber Energy, Inc.
Date: October 25, 1991
Recorded: Volume 589, Page 618, Deed Records, Ward County, Texas

Lease Number: 86242-024
Lessor: Laura Anderson Davis, Individually &
As Trustee of the J.H. Starley Trust
Lessee: Amber Energy, Inc.
Date: November 8, 1991
Recorded: Volume 590, Page 53, Deed Records, Ward County, Texas

Lease Number: 86242-025
Lessor: Berkley Donovan Anderson
Lessee: Amber Energy, Inc.
Date: November 8, 1991
Recorded: Volume 590, Page 55, Deed Records, Ward County, Texas

Lease Number: 86242-026
Lessor: Willie Fay Starley Creech
Lessee: Amber Energy, Inc.
Date: November 8, 1991
Recorded: Volume 590, Page 59, Deed Records, Ward County, Texas

Lease Number: 86242-027
Lessor: Louise Starley Hawkins
Lessee: Amber Energy, Inc.
Date: November 8, 1991
Recorded: Volume 590, Page 67, Deed Records, Ward County, Texas

Lease Number: 86242-033
Lessor: Paul Crawford & James Crawford
Lessee: Amber Energy, Inc.
Date: November 18, 1992
Recorded: Volume 599, Page 256, Deed Records, Ward County, Texas

Lease Number: 86242-035
Lessor: Herd Partners, Ltd.
Lessee: M. Craig Clark
Date: November 1, 2001
Recorded: Volume 718, Page 195, Official Public Records, Ward County, Texas

Lease Number: 86239-035
Lessor: Bank of America, N.A., Trustee of the
William E. & Edna D. Kreps Memorial Trust
Lessee: EOG Resources, Inc.
Date: 9/21/01
Recorded: Volume 718, Page 775, Official Public Records, Ward County,
Texas

Tract #2 165.2 acres being the southwest 165.2 acres of the W.F. Stewart Survey No. 6, SF 6110, A-645, also being described as the south 165.2 acres of said Survey No. 6 assuming that the northeastern boundary line of said Survey No. 6 is the north line thereof

Lease Number: 86239-035
Lessor: Bank of America, N.A., Trustee of the
William E. & Edna D. Kreps Memorial Trust
Lessee: EOG Resources, Inc.
Date: 9/21/01
Recorded: Volume 718, Page 775, Official Public Records, Ward County,
Texas

Tract #3 24.8 acres out of the Herman Brown Survey No. 3, being that part of the Herman Brown Survey lying northeast and adjacent to the W.F. Stewart Survey No. 6, SF 6110, having as its southwestern boundary line a northwesterly projection of the southwestern boundary line of the said W.F. Stewart No. 6 to a point in the northwest line of Survey 3, Thence along the northwestern boundary line of said Survey 3 to a point that is a sufficient distance to enclose 24.8 acres adjacent to said W.F. Stewart Survey No. 6 with the northeastern boundary of said 24.8 acre tract being parallel to the southwestern boundary line thereof

Lease Number: 86241-000
Lessor: State of Texas Lease No. 94838
Lessee: Amber Energy, Inc.
Date: January 7, 1992
Recorded: Volume 590, Page 717, Deed Records, Ward County, Texas

Tract #4 330 acres being the south 160.8 acres of the north 252 acres and the north 169.2 acres of the south 508 acres of the Jospeh Howe Survey #2

Lease Number: 86239-001
Lessor: Kathleen L. Carson
Lessee: Amber Energy, Inc.
Date: January 14, 1992
Recorded: Volume 590, Page 724, Deed Records, Ward County, Texas

20.0 6

Lease Number: 86239-002
Lessor: Exxon Corporation
Lessee: Amber Energy, Inc.
Date: January 30, 1992
Recorded: Volume 592, Page 222, Deed Records, Ward County, Texas

Lease Number: 86239-003
Lessor: Charles W. Carson
Lessee: Amber Energy, Inc.
Date: January 14, 1992
Recorded: Volume 590, Page 728, Deed Records, Ward County, Texas

Lease Number: 86239-004
Lessor: Nancy Lee Conley
Lessee: Amber Energy, Inc.
Date: January 14, 1992
Recorded: Volume 590, Page 730, Deed Records, Ward County, Texas

Lease Number: 86239-005
Lessor: Susan C. Sinclair, Individually & as AIF for
Lee E. Carson
Lessee: Amber Energy, Inc.
Date: January 14, 1992
Recorded: Volume 590, Page 732, Deed Records, Ward County, Texas

Lease Number: 86239-009
Lessor: Sidonia L. Wingert
Lessee: Amber Energy, Inc.
Date: April 29, 1991
Recorded: Volume 585, Page 832, Deed Records, Ward County, Texas

Lease Number: 86239-010
Lessor: J. Paul Wingert, Jr.
Lessee: Amber Energy, Inc.
Date: April 29, 1991
Recorded: Volume 585, Page 830, Deed Records, Ward County, Texas

Lease Number: 86239-011
Lessor: Jane Rooney Williams
Lessee: Amber Energy, Inc.
Date: April 30, 1991
Recorded: Volume 585, Page 844, Deed Records, Ward County, Texas

Lease Number: 86239-012
Lessor: Oleta Loree Wallen
Lessee: Amber Energy, Inc.
Date: May 30, 1991
Recorded: Volume 585, Page 850, Deed Records, Ward County, Texas

Lease Number: 86239-013
Lessor: Gerald W. Rudes
Lessee: Amber Energy, Inc.
Date: April 29, 1991
Recorded: Volume 585, Page 814, Deed Records, Ward County, Texas

Lease Number: 86239-014
Lessor: Guy Gerald Rudes
Lessee: Amber Energy, Inc.
Date: April 29, 1991
Recorded: Volume 585, Page 816, Ward County, Texas

Lease Number: 86239-014
Lessor: Billy C. Roten
Lessee: Amber Energy, Inc.
Date: April 30, 1991
Recorded: Volume 585, Page 838, Deed Records, Ward County, Texas

Lease Number: 86239-015
Lessor: Marie M. Rooney, Trustee
Lessee: Amber Energy, Inc.
Date: April 30, 1991
Recorded: Volume 585, Page 836, Deed Records, Ward County, Texas

Lease Number: 86239-016
Lessor: Janie Poteet
Lessee: Amber Energy, Inc.
Date: April 29, 1991
Recorded: Volume 585, Page 828, Deed Records, Ward County, Texas

Lease Number: 86239-017
Lessor: JoAnn Means
Lessee: Amber Energy, Inc.
Date: April 29, 1991
Recorded: Volume 585, Page 822, Ward County, Texas

20.9 2

Lease Number: 86239-018
Lessor: Patsy Keefer MacInnes
Lessee: Amber Energy, Inc.
Date: April 29, 1991
Recorded: Volume 585, Page 810, Deed Records, Ward County, Texas

Lease Number: 86239-019
Lessor: Fred F. Keefer, III
Lessee: Amber Energy, Inc.
Date: April 29, 1991
Recorded: Volume 585, Page 812, Deed Records, Ward County, Texas

Lease Number: 86239-020
Lessor: Edwina Harrison
Lessee: Amber Energy, Inc.
Date: May 30, 1991
Recorded: Volume 585, Page 852, Deed Records, Ward County, Texas

Lease Number: 86239-021
Lessor: Josephine Harris
Lessee: Amber Energy, Inc.
Date: April 29, 1991
Recorded: Volume 585, Page 824, Deed Records, Ward County, Texas

Lease Number: 86239-022
Lessor: Coen Family Living Trust by Marjorie Coen, Trustee
Lessee: Amber Energy, Inc.
Date: April 29, 1991
Recorded: Volume 585, Page 820, Deed Records, Ward County, Texas

Lease Number: 86239-023
Lessor: John Lee Carson
Lessee: Amber Energy, Inc.
Date: April 30, 1991
Recorded: Volume 585, Page 848, Deed Records, Ward County, Texas

Lease Number: 86239-024
Lessor: David C. Carson
Lessee: Amber Energy, Inc.
Date: April 30, 1991
Recorded: Volume 585, Page 834, Deed Records, Ward County, Texas

20.0 .2

Lease Number: 86239-025
Lessor: Grace Elizabeth Bromm
Lessee: Amber Energy, Inc.
Date: April 30, 1991
Recorded: Volume 585, Page 842, Deed Records, Ward County, Texas

Lease Number: 86239-026
Lessor: Annie Rooney Brissman
Lessee: Amber Energy, Inc.
Date: April 30, 1991
Recorded: Volume 585, Page 840, Deed Records, Ward County, Texas

Lease Number: 86239-027
Lessor: Rose Allene Bradshaw, Individually & as
Trustee of the Mary Jane DeBusk Trust
Lessee: Amber Energy, Inc.
Date: April 30, 1991
Recorded: Volume 585, Page 846, Deed Records, Ward County, Texas

Lease Number: 86239-028
Lessor: Elizabeth Ariola
Lessee: Amber Energy, Inc.
Date: April 29, 1991
Recorded: Volume 585, Page 818, Deed Records, Ward County, Texas

Lease Number: 86239-029
Lessor: J. David Amundson
Lessee: Amber Energy, Inc.
Date: April 29, 1991
Recorded: Volume 585, Page 826, Ward County, Texas

Lease Number: 86239-030
Lessor: Jack O. McCall
Lessee: Amber Energy, Inc.
Date: July 10, 1991
Recorded: Volume 585, Page 860, Deed Records, Ward County, Texas

Lease Number: 86239-031
Lessor: D.G. Roberts, etux
Lessee: Amber Energy, Inc.
Date: July 16, 1991
Recorded: Volume 587, Page 632, Ward County, Texas

Lease Number: 86239-032
Lessor: TCP, a Texas General Partnership
Lessee: Amber Energy, Inc.
Date: July 16, 1991
Recorded: Volume 587, Page 630, Ward County, Texas

Lease Number: 86239-034
Lessor: Mary Kay Anderson Allen
Lessee: M. Craig Clark
Date: August 16, 2001
Recorded: Volume 718, Page 183, Official Public Records, Ward County, Texas

Lease Number: 86239-035
Lessor: Bank of America, N.A., Trustee of the William E. & Edna D. Kreps Memorial Trust
Lessee: EOG Resources, Inc.
Date: 9/21/01
Recorded: Volume 718, Page 775, Official Public Records, Ward County, Texas

Lease Number: 86239-036
Lessor: Royalty Acquisition Co., Inc.
Lessee: M. Craig Clark
Date: August 16, 2001
Recorded: Volume 718, Page 193, Official Public Records, Ward County, Texas

Lease Number: 86239-037
Lessor: Maxine Schultz
Lessee: M. Craig Clark
Date: September 27, 2001
Recorded: Volume 718, Page 191, Official Public Records, Ward County, Texas

Lease Number: 86239-038
Lessor: Bank of America, N.A., Trustee of the Charlotte R. Odell Trust
Lessee: EOG Resources, Inc.
Date: 9/21/01
Recorded: Volume 718, Page 780, Official Public Records, Ward County, Texas

Lease Number: 86239-039
Lessor: Greg Holly, Receiver for J.M. Sherman per order dated
November 16, 2001 in Cause #01-09-20062-CVW of the
District County of Ward County
Lessee: EOG Resources, Inc.
Date: November 26, 2001
Recorded: Volume 718, Page 181, Official Public Records, Ward County,
Texas

2008.2

EXHIBIT "B"

Attached to and made a part of that certain Term Pooling Agreement
For the Howe State Gas Unit No. 1
Ward County, Texas

Unit Description

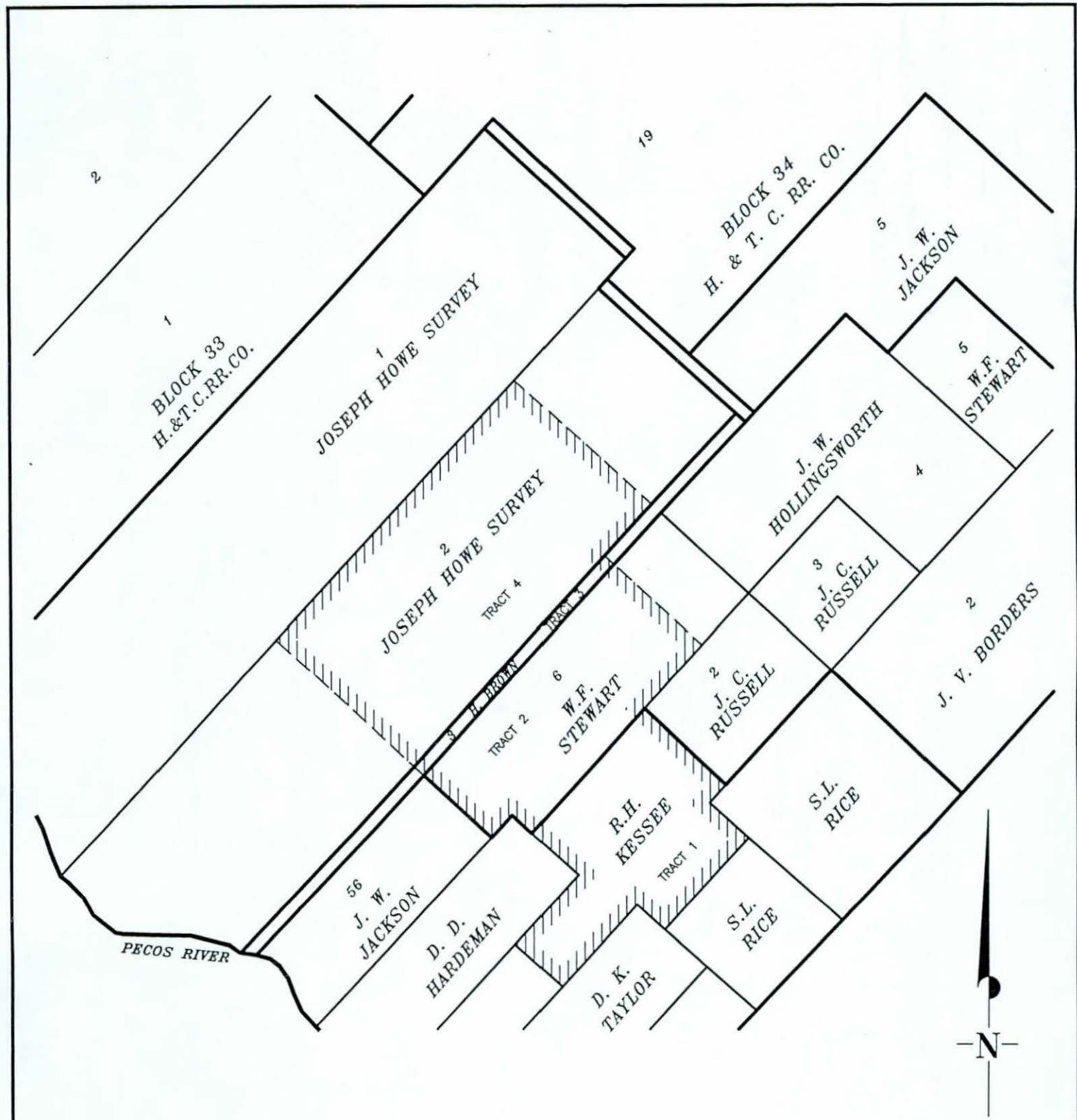
Gas rights in the Montoya Formation in the following 680 acres:

- Tract 1: 160 acres being all the R.H. Keesee Preemption Survey, SF 8174, A-397,
- Tract 2: 165.2 acres being the southwest 165.2 acres of the W. F. Stewart Survey No. 6, SF 6110, A-645, also being described as the south 165.2 acres of Survey No. 6 assuming that the northeastern boundary line of said Survey No. 6 is the north line thereof.
- Tract 3: 24.8 acres out of the Herman Brown Survey No. 3, being that part of the Herman Brown Survey lying northeast and adjacent to the W. F. Stewart Survey No. 6, SF 6110, having as its southwestern boundary line a northwesterly projection of the southwestern boundary line of the said W. F. Stewart No. 6 to a point in the northwest line of Survey 3, Thence along the northwestern boundary line of said Survey 3 to a point that is a sufficient distance to enclose 24.8 acres adjacent to the said W. F. Stewart Survey No. 6 with the northeastern boundary line of said 24.8 acre tract being parallel to the southwestern boundary line thereof, (M-94838)
- Tract 4: 330 acres being the south 160.8 acres of the north 252 acres and the north 169.2 acres of the south 508 acres of the Joseph Howe Survey #2.

30-8-2

EXHIBIT "C"

Attached to and made a part of that certain Term Pooling Agreement for the
Howe State Gas Unit No. 1
Ward County, Texas



NO.	REVISION	DATE	BY
SURVEYED BY:			
DRAWN BY:	JSJ		
APPROVED BY:	W.J.K.		

EOG RESOURCES, INC.

SURVEYING AND MAPPING BY
TOPOGRAPHIC LAND SURVEYORS
MIDLAND, TEXAS

SCALE: 1" = 2000'
DATE: FEBRUARY 19, 2002
JOB NO.: 80522

574 NW
SHEET : 1 OF 1

File No. MF 94838 11.
Pooling Committee Report
Term Pooling Agreement
Date Filed: 3/14/02
By David Dewhurst, Commissioner
DR

4-25-02



April 23, 2002

EOG Resources, Inc.
P.O. Box 2267
Midland, TX 79702
(915) 686-3600

Texas General Land Office
P. O. Box 12873
Austin, TX 78711-2873

Attention: Mr. Daryl Morgan

Re: Term Gas Pooling Agreement **M-94838**
Howe State Gas Unit 1
Ward County, Texas
K-0013406

Amendment of Gas Pooling Agreement **M-61793**
Howe Gas Unit No. 2
Reeves and Ward Counties, Texas
K-0013409

Dear Mr. Morgan:

Enclosed for your files are recorded copies of each of the captioned agreements.

If you have any questions please call me at 915-686-3607.

Very truly yours,

EOG RESOURCES, INC.

A handwritten signature in blue ink that reads "Traci Conner".

Traci Conner
Sr. Land Technician

/tc
Encl.

RECEIVED
02 APR 25 AM 10:47
EOG RESOURCES, INC.

4-25-03

701

TERM POOLING AGREEMENT
EOG RESOURCES, INC.
HOWE STATE GAS UNIT NO. 1
WARD 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 EOG Resources, 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 gas including all hydrocarbons that may be produced from a gas well as such wells are recognized and designated by the Railroad Commission of Texas or other state regulatory agency having jurisdiction of the drilling and production of oil and gas wells. The pooled mineral shall extend to those depths underlying the surface boundaries of the pooled unit in the Montoya Formation defined as the stratigraphic interval or its correlative equivalent occurring from 13,366 feet to 13,850 feet as seen on the log of the Exxon Corp., Howe Gas Unit No. 4, No. 2 well ("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 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 680 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 December 11, 2001; however, it is agreed that the State will participate in production from the Unit well or wells on a unitized basis from the date the pooled mineral was or is first produced.

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 June 11, 2003. 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 Ward County, Texas, and a certified copy thereof filed in the General Land Office at any time after the cessation of production on said unit or the completion of a dry hole thereon prior to production or upon such other date as may be approved by the School Land Board and mutually agreed to by the undersigned parties, their successors or assigns.

RATIFICATION/WAIVER:

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

4-25-02

VOL. 722 PAGE 405

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 3-12-2002

STATE OF TEXAS

Legal
Content
Geology
Executive

*P
DR
B*

By: David Dewhurst
David Dewhurst, Commissioner
of the General Land Office

Date Executed _____

EOG RESOURCES, INC.

By: William R. Thomas
William R. Thomas, Senior Vice President

Date Executed 3/6/02

ABRAXAS PETROLEUM CORPORATION

By: Stephen T. Wendel
Stephen T. Wendel
Vice President/Land & Marketing

CERTIFICATE

I, Judy Powell, 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 11th day of December, 2001, 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 12 day of March, 2002.

Judy Powell
Secretary of the School Land Board

4.25.02

STATE OF TEXAS

COUNTY OF MIDLAND

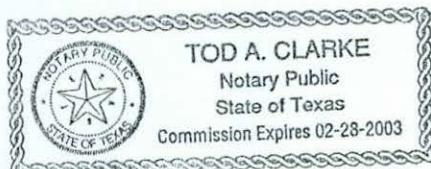
This instrument was acknowledged before me on February 19, 2002, by William R. Thomas as Senior Vice President of EOG Resources, Inc., a Delaware corporation, on behalf of said corporation.



Traci Conner
Notary Public in and for the
State of Texas

STATE OF TEXAS
COUNTY OF BEXAR

This instrument was acknowledged before me on March 4, 2002, by Stephen T. Wendel, Vice President / Land & Marketing of Abraxas Petroleum Corporation, a Nevada corporation, on behalf of said Corporation.



Todd A. Clarke
Notary Public, State of Texas

EXHIBIT "A"

Attached to and made a part of that certain Term Pooling Agreement
For the Howe State Gas Unit No. 1
Ward County, Texas

Oil and Gas Leases Included in UnitTract #1 R.H. Keesee Preemption Survey, SF 8174, A-397

Lease Number:	86242-001
Lessor:	S.E. Adams
Lessee:	Jack B. Chase
Date:	February 3, 1967
Recorded:	Volume 304, Page 34, Deed Records, Ward County, Texas
Lease Number:	86242-002
Lessor:	Florence Farr Hawley
Lessee:	Jack B. Chase
Date:	January 16, 1967
Recorded:	Volume 304, Page 32, Deed Records, Ward County, Texas
Lease Number:	86242-003
Lessor:	Harvin L. Landua
Lessee:	Humble Oil & Refining Company
Date:	January 20, 1972
Recorded:	Volume 357, Page 209, Deed Records, Ward County, Texas
Lease Number:	86242-004
Lessor:	Margaret L. Bremont
Lessee:	Stanley S. Beard
Date:	February 5, 1973
Recorded:	Volume 370, Page 610, Deed Records, Ward County, Texas
Lease Number:	86242-005
Lessor:	Helen Costley Broadland
Lessee:	Stanley S. Beard
Date:	February 15, 1973
Recorded:	Volume 370, Page 612, Deed Records, Ward County, Texas

Lease Number: 86242-006
Lessor: Fannie Costley Byrne
Lessee: Stanley S. Beard
Date: February 5, 1973
Recorded: Volume 370, Page 613, Deed Records, Ward County, Texas

Lease Number: 86242-007
Lessor: Lawrence W. Carson
Lessee: Stanley S. Beard
Date: February 15, 1973
Recorded: Volume 370, Page 615, Deed Records, Ward County, Texas

Lease Number: 86242-008
Lessor: David C. Carson
Lessee: Stanley S. Beard
Date: February 15, 1973
Recorded: Volume 370, Page 616, Deed Records, Ward County, Texas

Lease Number: 86242-009
Lessor: John Lee Carson, etux
Lessee: Stanley S. Beard
Date: February 15, 1973
Recorded: Volume 370, Page 618, Deed Records, Ward County, Texas

Lease Number: 86242-010
Lessor: Fred G. Goodman
Lessee: Amber Energy, Inc.
Date: November 7, 1991
Recorded: Volume 590, Page 37, Deed Records, Ward County, Texas

Lease Number: 86242-014
Lessor: Charles H. Priddy
Lessee: Amber Energy, Inc.
Date: January 28, 1992
Recorded: Volume 592, Page 238, Deed Records, Ward County, Texas

Lease Number: 86242-015
Lessor: Paul J. Williams, Ind. & as Agent & AIF
Lessee: For Barbara Miller Williams
Date: October 25, 1991
Recorded: Volume 590, Page 291, Deed Records, Ward County, Texas

4-25-02

Lease Number: 86242-016
Lessor: Norma L. Crawford
Lessee: Amber Energy, Inc.
Date: October 25, 1991
Recorded: Volume 589, Page 433, Deed Records, Ward County, Texas

Lease Number: 86242-017
Lessor: Quay V. Kimes
Lessee: Amber Energy, Inc.
Date: October 25, 1991
Recorded: Volume 590, Page 57, Deed Records, Ward County, Texas

Lease Number: 86242-018
Lessor: Jane Crawford Speelman
Lessee: Amber Energy, Inc.
Date: October 25, 1991
Recorded: Volume 589, Page 622, Deed Records, Ward County, Texas

Lease Number: 86242-019
Lessor: Annette Sarchione
Lessee: Amber Energy, Inc.
Date: October 25, 1991
Recorded: Volume 589, Page 431, Deed Records, Ward County, Texas

Lease Number: 86242-020
Lessor: Cindy Larson
Lessee: Amber Energy, Inc.
Date: October 25, 1991
Recorded: Volume 595, Page 170, Deed Records, Ward County, Texas

Lease Number: 86242-021
Lessor: Schuyler B. Crawford
Lessee: Amber Energy, Inc.
Date: October 25, 1991
Recorded: Volume 589, Page 616, Deed Records, Ward County, Texas

Lease Number: 86242-022
Lessor: Amy Briceland
Lessee: Amber Energy, Inc.
Date: October 25, 1991
Recorded: Volume 589, Page 620, Deed Records, Ward County, Texas

4-25-02

Lease Number: 86242-023
Lessor: Molly Crawford
Lessee: Amber Energy, Inc.
Date: October 25, 1991
Recorded: Volume 589, Page 618, Deed Records, Ward County, Texas

Lease Number: 86242-024
Lessor: Laura Anderson Davis, Individually &
As Trustee of the J.H. Starley Trust
Lessee: Amber Energy, Inc.
Date: November 8, 1991
Recorded: Volume 590, Page 53, Deed Records, Ward County, Texas

Lease Number: 86242-025
Lessor: Berkley Donovan Anderson
Lessee: Amber Energy, Inc.
Date: November 8, 1991
Recorded: Volume 590, Page 55, Deed Records, Ward County, Texas

Lease Number: 86242-026
Lessor: Willie Fay Starley Creech
Lessee: Amber Energy, Inc.
Date: November 8, 1991
Recorded: Volume 590, Page 59, Deed Records, Ward County, Texas

Lease Number: 86242-027
Lessor: Louise Starley Hawkins
Lessee: Amber Energy, Inc.
Date: November 8, 1991
Recorded: Volume 590, Page 67, Deed Records, Ward County, Texas

Lease Number: 86242-033
Lessor: Paul Crawford & James Crawford
Lessee: Amber Energy, Inc.
Date: November 18, 1992
Recorded: Volume 599, Page 256, Deed Records, Ward County, Texas

Lease Number: 86242-035
Lessor: Herd Partners, Ltd.
Lessee: M. Craig Clark
Date: November 1, 2001
Recorded: Volume 718, Page 195, Official Public Records, Ward County, Texas

Lease Number: 86239-035
 Lessor: Bank of America, N.A., Trustee of the
 William E. & Edna D. Kreps Memorial Trust
 Lessee: EOG Resources, Inc.
 Date: 9/21/01
 Recorded: Volume 718, Page 775, Official Public Records, Ward County,
 Texas

Tract #2 165.2 acres being the southwest 165.2 acres of the W.F. Stewart Survey No. 6, SF 6110, A-645, also being described as the south 165.2 acres of said Survey No. 6 assuming that the northeastern boundary line of said Survey No. 6 is the north line thereof

Lease Number: 86239-035
 Lessor: Bank of America, N.A., Trustee of the
 William E. & Edna D. Kreps Memorial Trust
 Lessee: EOG Resources, Inc.
 Date: 9/21/01
 Recorded: Volume 718, Page 775, Official Public Records, Ward County,
 Texas

Tract #3 24.8 acres out of the Herman Brown Survey No. 3, being that part of the Herman Brown Survey lying northeast and adjacent to the W.F. Stewart Survey No. 6, SF 6110, having as its southwestern boundary line a northwesterly projection of the southwestern boundary line of the said W.F. Stewart No. 6 to a point in the northwest line of Survey 3, Thence along the northwestern boundary line of said Survey 3 to a point that is a sufficient distance to enclose 24.8 acres adjacent to said W.F. Stewart Survey No. 6 with the northeastern boundary of said 24.8 acre tract being parallel to the southwestern boundary line thereof

Lease Number: 86241-000
 Lessor: State of Texas Lease No. 94838
 Lessee: Amber Energy, Inc.
 Date: January 7, 1992
 Recorded: Volume 590, Page 717, Deed Records, Ward County, Texas

Tract #4 330 acres being the south 160.8 acres of the north 252 acres and the north 169.2 acres of the south 508 acres of the Josphah Howe Survey #2

Lease Number: 86239-001
 Lessor: Kathleen L. Carson
 Lessee: Amber Energy, Inc.
 Date: January 14, 1992
 Recorded: Volume 590, Page 724, Deed Records, Ward County, Texas

4-25-02

Lease Number: 86239-002
Lessor: Exxon Corporation
Lessee: Amber Energy, Inc.
Date: January 30, 1992
Recorded: Volume 592, Page 222, Deed Records, Ward County, Texas

Lease Number: 86239-003
Lessor: Charles W. Carson
Lessee: Amber Energy, Inc.
Date: January 14, 1992
Recorded: Volume 590, Page 728, Deed Records, Ward County, Texas

Lease Number: 86239-004
Lessor: Nancy Lee Conley
Lessee: Amber Energy, Inc.
Date: January 14, 1992
Recorded: Volume 590, Page 730, Deed Records, Ward County, Texas

Lease Number: 86239-005
Lessor: Susan C. Sinclair, Individually & as AIF for
Lee E. Carson
Lessee: Amber Energy, Inc.
Date: January 14, 1992
Recorded: Volume 590, Page 732, Deed Records, Ward County, Texas

Lease Number: 86239-009
Lessor: Sidonia L. Wingert
Lessee: Amber Energy, Inc.
Date: April 29, 1991
Recorded: Volume 585, Page 832, Deed Records, Ward County, Texas

Lease Number: 86239-010
Lessor: J. Paul Wingert, Jr.
Lessee: Amber Energy, Inc.
Date: April 29, 1991
Recorded: Volume 585, Page 830, Deed Records, Ward County, Texas

Lease Number: 86239-011
Lessor: Jane Rooney Williams
Lessee: Amber Energy, Inc.
Date: April 30, 1991
Recorded: Volume 585, Page 844, Deed Records, Ward County, Texas

4-25-02

Lease Number: 86239-012
Lessor: Oleta Loree Wallen
Lessee: Amber Energy, Inc.
Date: May 30, 1991
Recorded: Volume 585, Page 850, Deed Records, Ward County, Texas

Lease Number: 86239-013
Lessor: Gerald W. Rudes
Lessee: Amber Energy, Inc.
Date: April 29, 1991
Recorded: Volume 585, Page 814, Deed Records, Ward County, Texas

Lease Number: 86239-014
Lessor: Guy Gerald Rudes
Lessee: Amber Energy, Inc.
Date: April 29, 1991
Recorded: Volume 585, Page 816, Ward County, Texas

Lease Number: 86239-014
Lessor: Billy C. Roten
Lessee: Amber Energy, Inc.
Date: April 30, 1991
Recorded: Volume 585, Page 838, Deed Records, Ward County, Texas

Lease Number: 86239-015
Lessor: Marie M. Rooney, Trustee
Lessee: Amber Energy, Inc.
Date: April 30, 1991
Recorded: Volume 585, Page 836, Deed Records, Ward County, Texas

Lease Number: 86239-016
Lessor: Janie Poteet
Lessee: Amber Energy, Inc.
Date: April 29, 1991
Recorded: Volume 585, Page 828, Deed Records, Ward County, Texas

Lease Number: 86239-017
Lessor: JoAnn Means
Lessee: Amber Energy, Inc.
Date: April 29, 1991
Recorded: Volume 585, Page 822, Ward County, Texas

4-25-02

Lease Number: 86239-018
Lessor: Patsy Keefer MacInnes
Lessee: Amber Energy, Inc.
Date: April 29, 1991
Recorded: Volume 585, Page 810, Deed Records, Ward County, Texas

Lease Number: 86239-019
Lessor: Fred F. Keefer, III
Lessee: Amber Energy, Inc.
Date: April 29, 1991
Recorded: Volume 585, Page 812, Deed Records, Ward County, Texas

Lease Number: 86239-020
Lessor: Edwina Harrison
Lessee: Amber Energy, Inc.
Date: May 30, 1991
Recorded: Volume 585, Page 852, Deed Records, Ward County, Texas

Lease Number: 86239-021
Lessor: Josephine Harris
Lessee: Amber Energy, Inc.
Date: April 29, 1991
Recorded: Volume 585, Page 824, Deed Records, Ward County, Texas

Lease Number: 86239-022
Lessor: Coen Family Living Trust by Marjorie Coen, Trustee
Lessee: Amber Energy, Inc.
Date: April 29, 1991
Recorded: Volume 585, Page 820, Deed Records, Ward County, Texas

Lease Number: 86239-023
Lessor: John Lee Carson
Lessee: Amber Energy, Inc.
Date: April 30, 1991
Recorded: Volume 585, Page 848, Deed Records, Ward County, Texas

Lease Number: 86239-024
Lessor: David C. Carson
Lessee: Amber Energy, Inc.
Date: April 30, 1991
Recorded: Volume 585, Page 834, Deed Records, Ward County, Texas

Lease Number: 86239-025
Lessor: Grace Elizabeth Bromm
Lessee: Amber Energy, Inc.
Date: April 30, 1991
Recorded: Volume 585, Page 842, Deed Records, Ward County, Texas

Lease Number: 86239-026
Lessor: Annie Rooney Brissman
Lessee: Amber Energy, Inc.
Date: April 30, 1991
Recorded: Volume 585, Page 840, Deed Records, Ward County, Texas

Lease Number: 86239-027
Lessor: Rose Allene Bradshaw, Individually & as
Trustee of the Mary Jane DeBusk Trust
Lessee: Amber Energy, Inc.
Date: April 30, 1991
Recorded: Volume 585, Page 846, Deed Records, Ward County, Texas

Lease Number: 86239-028
Lessor: Elizabeth Ariola
Lessee: Amber Energy, Inc.
Date: April 29, 1991
Recorded: Volume 585, Page 818, Deed Records, Ward County, Texas

Lease Number: 86239-029
Lessor: J. David Amundson
Lessee: Amber Energy, Inc.
Date: April 29, 1991
Recorded: Volume 585, Page 826, Ward County, Texas

Lease Number: 86239-030
Lessor: Jack O. McCall
Lessee: Amber Energy, Inc.
Date: July 10, 1991
Recorded: Volume 585, Page 860, Deed Records, Ward County, Texas

Lease Number: 86239-031
Lessor: D.G. Roberts, etux
Lessee: Amber Energy, Inc.
Date: July 16, 1991
Recorded: Volume 587, Page 632, Ward County, Texas

4-25-02

Lease Number: 86239-032
Lessor: TCP, a Texas General Partnership
Lessee: Amber Energy, Inc.
Date: July 16, 1991
Recorded: Volume 587, Page 630, Ward County, Texas

Lease Number: 86239-034
Lessor: Mary Kay Anderson Allen
Lessee: M. Craig Clark
Date: August 16, 2001
Recorded: Volume 718, Page 183, Official Public Records, Ward County, Texas

Lease Number: 86239-035
Lessor: Bank of America, N.A., Trustee of the William E. & Edna D. Kreps Memorial Trust
Lessee: EOG Resources, Inc.
Date: 9/21/01
Recorded: Volume 718, Page 775, Official Public Records, Ward County, Texas

Lease Number: 86239-036
Lessor: Royalty Acquisition Co., Inc.
Lessee: M. Craig Clark
Date: August 16, 2001
Recorded: Volume 718, Page 193, Official Public Records, Ward County, Texas

Lease Number: 86239-037
Lessor: Maxine Schultz
Lessee: M. Craig Clark
Date: September 27, 2001
Recorded: Volume 718, Page 191, Official Public Records, Ward County, Texas

Lease Number: 86239-038
Lessor: Bank of America, N.A., Trustee of the Charlotte R. Odell Trust
Lessee: EOG Resources, Inc.
Date: 9/21/01
Recorded: Volume 718, Page 780, Official Public Records, Ward County, Texas

Lease Number: 86239-039
Lessor: Greg Holly, Receiver for J.M. Sherman per order dated
November 16, 2001 in Cause #01-09-20062-CVW of the
District County of Ward County
Lessee: EOG Resources, Inc.
Date: November 26, 2001
Recorded: Volume 718, Page 181, Official Public Records, Ward County,
Texas

EXHIBIT "B"

Attached to and made a part of that certain Term Pooling Agreement
For the Howe State Gas Unit No. 1
Ward County, Texas

Unit Description

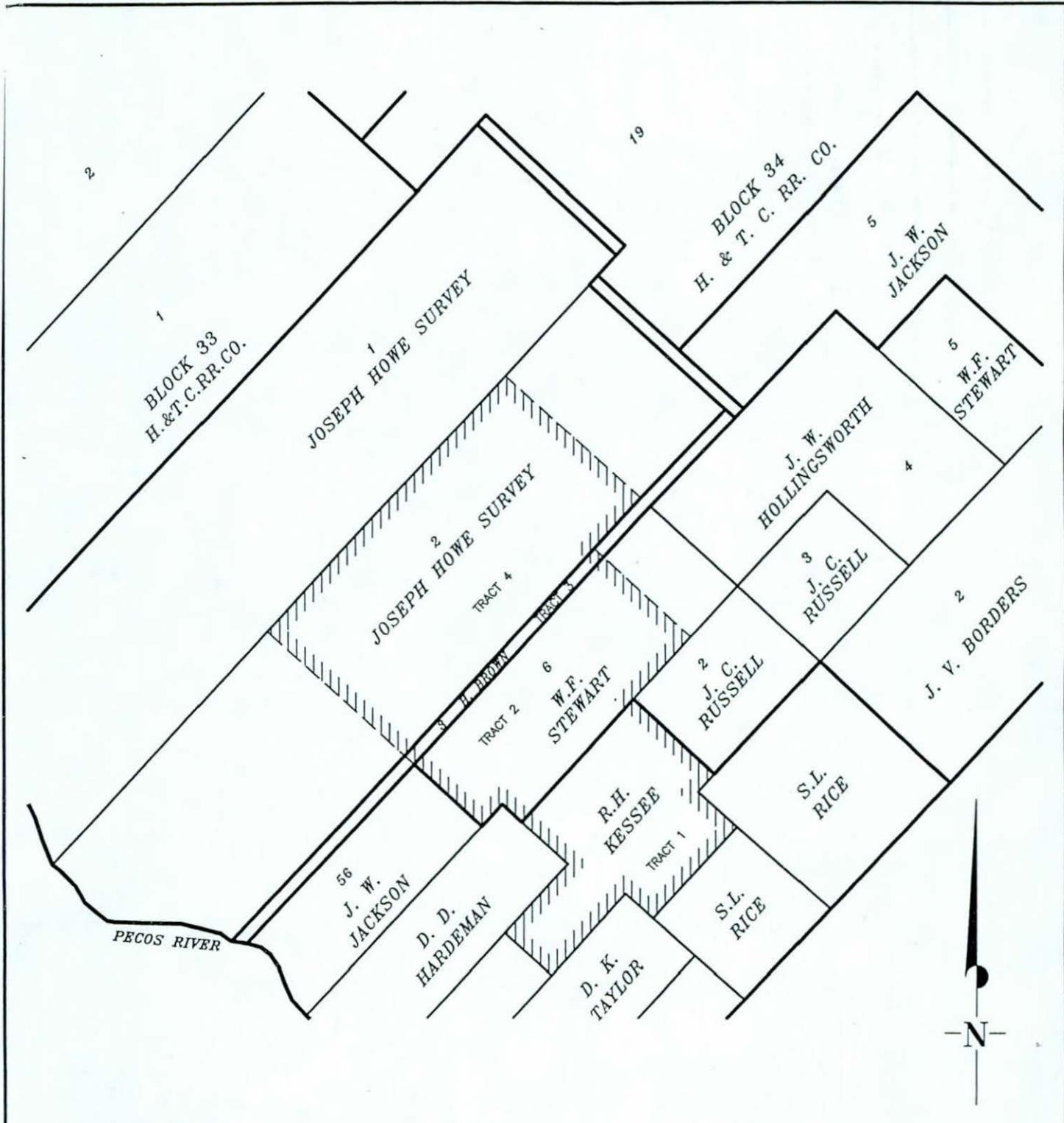
Gas rights in the Montoya Formation in the following 680 acres:

- Tract 1: 160 acres being all the R.H. Keesee Preemption Survey, SF 8174, A-397,
- Tract 2: 165.2 acres being the southwest 165.2 acres of the W. F. Stewart Survey No. 6, SF 6110, A-645, also being described as the south 165.2 acres of Survey No. 6 assuming that the northeastern boundary line of said Survey No. 6 is the north line thereof.
- Tract 3: 24.8 acres out of the Herman Brown Survey No. 3, being that part of the Herman Brown Survey lying northeast and adjacent to the W. F. Stewart Survey No. 6, SF 6110, having as its southwestern boundary line a northwesterly projection of the southwestern boundary line of the said W. F. Stewart No. 6 to a point in the northwest line of Survey 3, Thence along the northwestern boundary line of said Survey 3 to a point that is a sufficient distance to enclose 24.8 acres adjacent to the said W. F. Stewart Survey No. 6 with the northeastern boundary line of said 24.8 acre tract being parallel to the southwestern boundary line thereof, (M-94838)
- Tract 4: 330 acres being the south 160.8 acres of the north 252 acres and the north 169.2 acres of the south 508 acres of the Joseph Howe Survey #2.

EXHIBIT "C"

Attached to and made a part of that certain Term Pooling Agreement for the
Howe State Gas Unit No. 1
Ward County, Texas

4.25.02



				EOG RESOURCES, INC.	SCALE: 1" = 2000'		
					DATE: FEBRUARY 19, 2002		
NO.	REVISION	DATE	BY	JOB NO.:	80522		
SURVEYED BY:				<i>SURVEYING AND MAPPING BY TOPOGRAPHIC LAND SURVEYORS MIDLAND, TEXAS</i>			
DRAWN BY: JSJ						574 NW	
APPROVED BY: W.J.K.						SHEET : 1 OF 1	

701

No. _____

FILED

AT 2:00 O'CLOCK P.M.
ON THE 8 DAY OF APRIL
A.D. 2002THE STATE OF TEXAS
COUNTY OF WARD

I hereby certify that this instrument was FILED on the date and at the time stamped hereon by me and was duly RECORDED in the Records of Ward County, Texas, in the Volume and Page as noted hereon by me.



Natrell Cain

Natrell Cain, County Clerk
Ward County, TexasNATRELL CAIN
COUNTY CLERK, WARD COUNTY TEXASBY Natrell Cain DEPUTYBy Natrell Cain Elsa Alaniz Deputy
RECORDED APRIL 9, 2002; 8:00 A.M.OPR RECORDS, Volume 722, Page 402-419

RP 5.00
 CHS 1.00
 RF 37.00
 Paid 43.00

Oeog resources

P.O. Box 2267, Midland, Texas 79702

File No. M-94838 (12)
 Ltr. From EOD6 with
 second copy of Term Book 7 (4/25/02)
 Date Filed: 4/25/02
 By David Devhurst, Commissioner
Ward County, Texas
 P-58-007-1

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

August 20, 2007

CERTIFIED MAIL 7006 2760 0004 7904 4781

ABRAXAS PETROLEUM CORPORATION
500 N LOOP 1604 EAST STE 100
SAN ANTONIO, TX 78232

RE: Notice of non-payment on State Lease(s) MF094838.

Dear Ms. Cornelius:

The Royalty Audit Division of the Texas General Land Office has completed a lease reconciliation of the above-referenced lease operated by ABRAXAS PETROLEUM CORPORATION. Through this review, it was determined that \$102.82 has been underpaid to the State for the reporting period September 2006 through February 2007. This amount is comprised of \$73.79 in additional royalty, \$25.00 penalty, and \$4.03 in interest, computed through 9/28/2007, in accordance with Section 52.131 of the Texas Natural Resources Code.

The following document are attached in support of our findings:

A brief summary of our review (Attachment I);

Schedule supporting our royalty, penalty, and interest calculation (Attachment II); and

Procedures used for assessment of penalties and interest (Attachment III).

To ensure your company remains in good standing with the General Land Office, please respond to this notice within 30 days of the above date. If your records reflect this royalty has been paid, please provide us with documentation of payments made and remittance dates. Payment of this notice should be submitted separately from monthly royalty payments you may be remitting. In order to ensure proper credit, your payment should be mailed to my attention along with a copy of this letter.

If you have any questions, please call William Cox at (512) 475-2326 or email at wiliam.cox@glo.state.tx.us.

Sincerely,

A handwritten signature in black ink that reads "Joe A. King".

Joe A. King
Acting Director
Financial, Energy Royalty Management

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

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

www.glo.state.tx.us

ATTACHMENT I
REVIEW SUMMARY

State Lease: MF094838,

As a result of this review, it was determined that the gas royalty was under paid on "Howe Gas Unit #1" for 9/2006 through 2/2007.

Please submit the amended GLO-2E report to reflect the additional royalty.

We have concluded that additional royalty is due in the following amount.

Oil Summary

Royalty	Penalty	Interest	Total
\$0.00	\$0.00	\$0.00	\$0.00

Gas Summary

Royalty	Penalty	Interest	Total
\$73.79	\$25.00	\$4.03	\$102.82

Oil & Gas Summary

Royalty	Penalty	Interest	Total
\$73.79	\$25.00	\$4.03	\$102.82

ATTACHMENT II

GLO REVIEW: ABRAXAS PETROLEUM CORPORATION
 GAS BILLING: CALCULATION OF ADDITIONAL ROYALTY DUE
 MINERAL FILE #: 094838
 FIELD NAME: HOWE DEVONIAN
 LEASE NAME: HOWE GAS UNIT # 1
 AUDIT PERIOD: SEPT 2006 THROUGH FEB 2007

Page	Initials	Date
Prepared By:	WCC	8/20/2007
Reviewed By:		
Excel Name:	ADDITIONAL ROYALTY DUE	
W/P Ref:	GAS BILLINGS	

PURPOSE: To summarize additional Royalty Due on MF094838

(1) PRODUCTION MONTH	(2) GAS VOLUMES	(3) BTU FACTOR	(4) GAS PRICE	(5) GROSS VALUE (2 x 3 x 4)	(6) ROYALTY %	(7) ROYALTY DUE (5 x 6)	(8) ROYALTY PAID	(9) ADDITIONAL ROYALTY DUE (7-8)	(10) PENALTY AS OF 9/28/07	(11) INTEREST AS OF 9/28/07	(12) TOTAL ROYALTY DUE (9+10+11)
(A)	(B)	(C)							(D)	(D)	
200612	1514	1.180000	5.900000	\$10,540.47	0.20	\$2,108.09	\$2,034.30	\$73.79	\$25.00	\$4.03	\$102.82
TOTAL	1514			\$10,540.47		\$2,108.09	\$2,034.30	\$73.79	\$25.00	\$4.03	\$102.82

FOOTNOTES:

- A. Gas Volumes taken from GLO-2 Reports
- B. BTUs taken from GLO-2 Reports
- C. Prices taken from GLO-2 Reports
- D.. Penalty and Interest is assessed in accordance with Section 52.131 of the Texas Natural Resources Code.

ATTACHMENT III

**SUMMARY OF PENALTY/INTEREST ASSESSMENT RULES
FOR DELINQUENT ROYALTIES AND DELINQUENT
REQUIRED REPORTS OR DOCUMENTS**

	DUE BEFORE 10-1-75 (Production Prior to 8-1-75)	DUE AFTER 10-1-75 AND BEFORE 9-1-85 (Production 8-1-75 thru 6-30-85)	DUE AFTER 9-1-85 (Production 7-1-85 Forward)
PENALTY (3) <ul style="list-style-type: none">• For delinquent royalty• For delinquent report, affidavit, or other document	NONE	The greater of 1% of the delinquent amount or \$5.00 for each 30-day delinquency	For delinquencies of 30 days or less, the greater of 5% of the delinquent amount or \$25.00 For delinquencies of more than 30 days, the greater of 10% of the delinquent amount or \$25.00
INTEREST <ul style="list-style-type: none">• For delinquent royalty	NONE	\$5.00 per document for each 30-day period of delinquency	\$10.00 per document for each 30-day period of delinquency
	6% per year, simple interest; accrual begins 30 days after due date (1)	6% per year, simple interest; accrual begins 30 days after due date (1)	12% per year, simple; accrual begins 60 days after due date (2)

(1) Tex. Rev. Civ. Stat. Ann., Article 5069-1.03 and related case law.

(2) Tex. Nat. Res. Code Ann. § 52.131 (g).

(3) Penalties are not assessed in cases of title dispute as to the state's portion of the royalty or to royalty in dispute as to fair market value except when fraud is involved, in which case the fraud penalty is applicable. Penalty provisions are found at Tex. Nat. Res. Code Ann. § 52.131 (e), (f), & (h).

A royalty payment that is not accompanied by the required royalty affidavit identifying the GLO lease number is delinquent.

The State's power to forfeit a lease shall not be affected by the assessment or payment of any delinquency, penalty, or interest.

File No. MF 094838

13.

Recon Utr

Date Filed: 8/29/07

Jerry E. Patterson, Commissioner

By W. Cox/B.C

From: Janis Thorson <JThorson@abraxaspetroroleum.com>
To: "beverly.boyd@glo.texas.gov" <beverly.boyd@glo.texas.gov>
Date: 4/24/2013 2:13 PM
Subject: FW: Abraxas merger
Attachments: 201304241334.pdf

Beverly,
Thank you for all your help and I am enclosing a copy of our Merger documents from Abraxas Operating, LLC, into Abraxas Petroleum Corporation. Also, listed below are the leases that are in Abraxas Operating, LLC.

State of Texas #M-94838	WARD	Texas
State of Texas #58202	WARD	Texas
State of Texas ME 20060035 (ROW)	WARD	Texas

If you need any more information, please let me know.

Thank you again,

Janis Thorson
Lease Analyst
Abraxas Petroleum Corporation
18803 Meisner Dr.
San Antonio, TX 78258
(210) 757-9858 (direct line)
(210) 495-1107 (fax)
jthorson@abraxaspetroroleum.com

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

May 9, 2013

Janis Thorson
Abraxas Petroleum Corp.
18803 Meisner Drive
San Antonio, TX 78258-4240

RE: GLO Assignment ID # 8742

Dear Ms. Thorson,

The General Land Office received the following instrument(s) and has filed them in the appropriate files. Please see attached "Exhibit A" for reference.

Certificate of Merger effective April 10th, 2013 merging Abraxas Operating LLC with and into Abraxas Petroleum Corporation

SOS Texas Doc #475283270002.

u/c
Filing fees of \$0.00 were received in connection with the above assignment. If any you have questions, please feel free to contact me.

Sincerely,

Beverly Boyd
Mineral Leasing
Energy Resources
512-463-6521

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

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

www.glo.state.tx.us

Exhibit "A"

<i>GLO ID</i>	<i>County</i>	<i>Lease</i>
8742		
8742	<i>Ward</i>	MF058202 - Does not exist in stellent
8742	<i>Ward</i>	MF094838

Return To:
Abraxas Petroleum Corporation
Land Department
18803 Meisner Drive
San Antonio, TX 78217

AFFIDAVIT OF MERGER

BEFORE ME, the undersigned authority, on this 23 day of April 2013, personally appeared Stephen T. Wendel, in his capacity as Vice President of Abraxas Petroleum Corporation, a Nevada corporation ("*Affiant*"), known to me to be the person whose signature appears below and, after being duly sworn by me, stated the following:

1. ABRAVAS PETROLEUM CORPORATION, a Nevada corporation ("*Abraxas Petroleum*"), and ABRAVAS OPERATING, LLC, a Texas limited liability company ("*Abraxas Operating*"), did merge (the "*Merger*") according to the terms of that certain Agreement and Plan of Merger dated March 14, 2013, as evidenced by (i) that certain Articles of Merger dated April 10, 2013 from the Secretary of State of Nevada, attached hereto as Exhibit A, and (ii) that certain Certificate of Merger dated April 10, 2013 from the Secretary of State of Texas, attached hereto as Exhibit B.
2. Pursuant to the Merger, Abraxas Petroleum, as the sole surviving entity, did succeed to all assets and property of every description, and every interest in the assets and property, wherever located, and the rights, privileges, immunities, powers, franchises, and authority, of a public as well as of a private nature, and all obligations belonging to or due to Abraxas Operating, including but not limited to, all past, present and future rights and obligations ("*Lease Rights and Obligations*") of Abraxas Operating under all oil and gas leases ("*Leases*") in which Abraxas Operating had Lease Rights and Obligations as of the Merger.
3. All correspondences regarding the Merger, Leases, Lease Rights and Obligations or this Affidavit of Merger should be directed to the following:

Abraxas Petroleum Corporation
18803 Meisner Drive
San Antonio, TX 78258-4240
Attention: Stephen T. Wendel
Telephone: 210-757-9855
Facsimile: 210-495-1107

[Signature Page Follows]

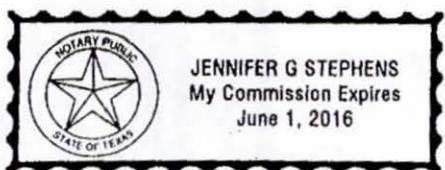
FURTHER, AFFIANT SAITH NAUGHT.

AFFIANT:

Stephen T. Wendel, Vice President of
Abraxas Petroleum Corporation,
a Nevada corporation

STATE OF TEXAS
COUNTY OF BEXAR

Sworn to and subscribed before me on the 28th day of April, 2013, by STEPHEN T. WENDEL, Vice President of Abraxas Petroleum Corporation, a Nevada corporation.

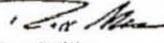


Jennifer D. Stephens
Notary Public, State of Texas

140103

140103

ROSS MILLER
Secretary of State
204 North Carson Street, Suite 1
Carson City, Nevada 89701-4620
(775) 684-5700
Website: www.nvsos.gov

Filed in the office of 	Document Number 20130241363-75
Ross Miller Secretary of State State of Nevada	Filing Date and Time 04/10/2013 3:40 PM
	Entity Number C8080-1990

Articles of Merger

(PURSUANT TO NRS 92A.200)

Page 1

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Articles of Merger
(Pursuant to NRS Chapter 92A)

1) Name and jurisdiction of organization of each constituent entity (NRS 92A.200):

If there are more than four merging entities, check box and attach an 8 1/2" x 11" blank sheet
containing the required information for each additional entity from article one.

Abraxas Operating, LLC

Name of merging entity

Texas

Jurisdiction

Limited Liability Company

Entity type *

Name of merging entity

Jurisdiction

Entity type *

Name of merging entity

Jurisdiction

Entity type *

Name of merging entity

Jurisdiction

Entity type *

and,

Abraxas Petroleum Corporation

Name of surviving entity

Nevada

Jurisdiction

Corporation

Entity type *

* Corporation, non-profit corporation, limited partnership, limited-liability company or business trust.

Filing Fee: \$350.00

This form must be accompanied by appropriate fees.

Nevada Secretary of State 92A Merger Page 1
Revised: 8-31-11

ROSS MILLER
Secretary of State
204 North Carson Street, Suite 1
Carson City, Nevada 89701-4620
(775) 684-6708
Website: www.nvsec.state.nv.us

Articles of Merger
(PURSUANT TO NRS 92A.200)
Page 2

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2) Forwarding address where copies of process may be sent by the Secretary of State of Nevada (if a foreign entity is the survivor in the merger - NRS 92A.190):

Attn: _____
c/o: _____

3) Choose one:

The undersigned declares that a plan of merger has been adopted by each constituent entity (NRS 92A.200).

The undersigned declares that a plan of merger has been adopted by the parent domestic entity (NRS 92A.180).

4) Owner's approval (NRS 92A.200) (options a, b or c must be used, as applicable, for each entity):

If there are more than four merging entities, check box and attach an 8 1/2" x 11" blank sheet containing the required information for each additional entity from the appropriate section of article four.

(a) Owner's approval was not required from

Abraxas Operating, LLC

Name of merging entity, if applicable

Name of merging entity, if applicable

Name of merging entity, if applicable

and, or,

Abraxas Petroleum Corporation

Name of surviving entity, if applicable



ROSS MILLER
Secretary of State
204 North Carson Street, Suite 1
Carson City, Nevada 89701-4520
(775) 884-5708
Website: www.nvsos.gov

Articles of Merger
(PURSUANT TO NRS 92A.200)
Page 3

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(b) The plan was approved by the required consent of the owners of *:

Name of merging entity, if applicable

and, or;

Name of surviving entity, if applicable

* Unless otherwise provided in the certificate of trust or governing instrument of a business trust, a merger must be approved by all the trustees and beneficial owners of each business trust that is a constituent entity in the merger.



ROSS MILLER
Secretary of State
204 North Carson Street, Suite 1
Carson City, Nevada 89701-4520
(775) 684-5708
Website: www.nvsecos.gov

Articles of Merger
(PURSUANT TO NRS 92A.200)
Page 4

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(c) Approval of plan of merger for Nevada non-profit corporation (NRS 92A.160):

The plan of merger has been approved by the directors of the corporation and by each public officer or other person whose approval of the plan of merger is required by the articles of incorporation of the domestic corporation.

Name of merging entity, if applicable

and, or;

Name of surviving entity, if applicable



ROSS MILLER
Secretary of State
204 North Carson Street, Suite 1
Carson City, Nevada 89701-4520
(775) 684-5708
Website: www.nvsec.state.nv.us

Articles of Merger
(PURSUANT TO NRS 92A.200)
Page 5

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6) Amendments, if any, to the articles or certificate of the surviving entity. Provide article numbers, if available. (NRS 92A.200)*:

Not applicable.

6) Location of Plan of Merger (check a or b):

(a) The entire plan of merger is attached;

or,

(b) The entire plan of merger is on file at the registered office of the surviving corporation, limited-liability company or business trust, or at the records office address if a limited partnership, or other place of business of the surviving entity (NRS 92A.200).

7) Effective date and time of filing; (optional) (must not be later than 90 days after the certificate is filed).

Date:

Time:

*Amended and restated articles may be attached as an exhibit or integrated into the articles of merger. Please entitle them "Restated" or "Amended and Restated," accordingly. The form to accompany restated articles prescribed by the secretary of state must accompany the amended and/or restated articles. Pursuant to NRS 92A.160 (merger of subsidiary into parent - Nevada parent owning 90% or more of subsidiary), the articles of merger may not contain amendments to the constituent documents of the surviving entity except that the name of the surviving entity may be changed.

ROSS MILLER
Secretary of State
204 North Carson Street, Suite 1
Carson City, Nevada 89701-4520
(775) 684-5708
Website: www.nvaos.gov

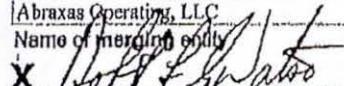
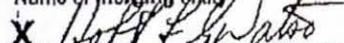
Articles of Merger
(PURSUANT TO NRS 92A.200)
Page 6

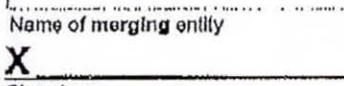
USE BLACK INK ONLY - DO NOT HIGHLIGHT

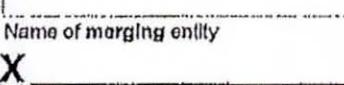
ABOVE SPACE IS FOR OFFICE USE ONLY

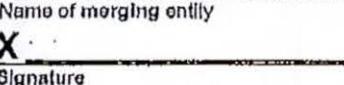
8) Signatures - Must be signed by: An officer of each Nevada corporation; All general partners of each Nevada limited partnership; All general partners of each Nevada limited-liability limited partnership; A manager of each Nevada limited-liability company with managers or one member if there are no managers; A trustee of each Nevada business trust (NRS 92A.230)*

If there are more than four merging entities, check box and attach an 8 1/2" x 11" blank sheet containing the required information for each additional entity from article eight.

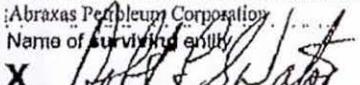
Abraxas Operating, LLC
Name of merging entity

X 
Signature Robert L.G. Watson, Manager
Title Date March 14, 2013

Name of merging entity

X 
Signature Title Date

Name of merging entity

X 
Signature Title Date

Name of merging entity

X 
Signature Title Date

and,

Abraxas Petroleum Corporation
Name of surviving entity

X 
Signature Robert L.G. Watson, Chairman of
the Board, President and Chief
Executive Officer
Title Date March 14, 2013

* The articles of merger must be signed by each foreign constituent entity in the manner provided by the law governing it (NRS 92A.230). Additional signature blocks may be added to this page or as an attachment, as needed.

IMPORTANT: Failure to include any of the above information and submit with the proper fees may cause this filing to be rejected.

This form must be accompanied by appropriate fees.

Nevada Secretary of State 92A Merger Page 8
Revised: 6-31-11

Exhibit B

Corporations Section
P.O.Box 13697
Austin, Texas 78711-3697

John Steen
Secretary of State



Office of the Secretary of State

CERTIFICATE OF MERGER

The undersigned, as Secretary of State of Texas, hereby certifies that a filing instrument merging

Abraxas Operating, LLC
Domestic Limited Liability Company (LLC)
[File Number: 800818925]

Into

ABRAXAS PETROLEUM CORPORATION
Foreign For-Profit Corporation
Nevada, USA
[File Number: 9091006]

has been received in this office and has been found to conform to law.

Accordingly, the undersigned, as Secretary of State, and by the virtue of the authority vested in the secretary by law, hereby issues this certificate evidencing the acceptance and filing of the merger on the date shown below.

Dated: 04/10/2013

Effective: 04/10/2013



A handwritten signature in black ink, appearing to read "John Steen".

John Steen
Secretary of State

(14)

File No. MF 094938

Assignment #8742, merging of
Abraxas Operating to Abraxas Petro.

Date Filed: 5-9-13

Jerry E. Patterson, Commissioner

By an

ABRAXAS
ABRAXAS PETROLEUM CORPORATION
www.abraxaspetroleum.com
18803 Meisner Dr. • San Antonio, Texas 78258
Office: 210.490.4788 • Land Fax: 210.495.1107

M-94838

February 25, 2021

Texas Land Commissioner (GLO)
Royalty Payments
1700 N. Congress
Austin, Texas 78701

**RE: Minimum Royalty – State of Texas Lease # M-94838, Howe #5-1 (420771),
Howe Prospect, Ward County, TX**

Dear Sir or Madam;

Your lease supporting the above subject well has a Minimum Royalty provision stating that if royalties equal to \$5 per acre held by production are not paid annually after the primary term then the difference would be due & payable.

For the well listed above our records show you were paid a total of \$17.02 for the previous year ending 12/31/2020, therefore a difference in the amount of MR due to you is \$106.98. Enclosed is Abraxas Petroleum Corp.'s Check #58641, in the amount of \$106.98, as MR for the above referenced OGM Lease. If you have any questions, please contact me at bkennedy@abraxaspetroleum.com.

Thank you,


Becky Kennedy
CDOA & Lease Analyst

$$\begin{array}{r} \$5/ac \times 24.8 ac = \$124 \\ \hline - 17.02 \\ \hline \$106.98 \end{array}$$

encl/bk

TEXAS LAND COMMISSIONER		VENDOR 83829	CHECK DATE 02/25/21	DISCOUNT TAKEN	AMOUNT PAID
INVOICE NUMBER	INVOICE DATE				
022521TLC	02/25/21	165925 MIN ROYALTIES HOWE PROSPECT Total:		\$0.00	\$106.98

21705840

121

THE FACE OF THIS DOCUMENT HAS A COLORED BACKGROUND ON WHITE PAPER

32-1797
1110

58641

ABRAXAS Abraxas Petroleum Corporation
18803 Meisner Drive
San Antonio TX 78258
210-490-4788

Texas Capital Bank
2350 Lakeside Blvd.
Suite 800
Richardson, TX 75082

DATE 02/25/21

21705840

PAY *****106 Dollars and 98 Cents \$ ****106.98

TO
THE
ORDER
OF
TEXAS LAND COMMISSIONER
GENERAL LAND OFFICE
1700 N CONGRESS
AUSTIN, TX 78701

Clare Estelle Villalobos

THE BACK OF THIS DOCUMENT CONTAINS AN ARTIFICIAL WATERMARK—HOLD AT AN ANGLE TO VIEW

000058641

58641

MF 094838 (15)

File No.

Minimum Royalty

Date Filed: 3-18-22

George P. Bush Commissioner

By GB



M 1 = 094838

January 19, 2024

Min Roy

Texas Land Commissioner (GLO)
Royalty Payments
1700 N. Congress
Austin, Texas 78701

Via Certified Mail

**RE: Minimum Royalty – State of Texas Lease # M-94838, Howe #5-1 (420771),
Howe Prospect, Ward County, TX**

Dear Sir or Madam:

Your lease supporting the above subject well has a Minimum Royalty provision stating that if royalties equal to \$5 per acre held by production are not paid annually after the primary term then the difference would be due & payable.

For the well listed above our records show you were paid a total of \$43.13 for the previous year ending 12/31/2023, therefore a difference in the amount of minimum royalty due to you is \$80.87. Enclosed is Abraxas Petroleum Corporation's Check #64824 in the amount of \$80.87 as minimum royalty for the above referenced Oil and Gas Lease. If you have any questions, please contact me at jstephens@abraxaspetroleum.com

Thank you,

Sincerely,

Jennifer G. Stephens
Jennifer G. Stephens

encl/js

Abraxas Petroleum

VENDOR
83829CHECK DATE
01/31/24

064824

TEXAS LAND COMMISSIONER

INVOICE NUMBER	INVOICE DATE		DISCOUNT TAKEN	AMOUNT PAID
2023MINROY	01/19/24	175800 MINIMUM ROYALTIES FOR PERIOD 01/01/23 THRU 12/31/23 Total:	\$0.00 \$0.00	\$80.87 \$80.87

24704438

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Printed 01/17/24 09:25:34 AM TEXAS LAND COMMISSIONER

Abraxas Petroleum

19100 Ridgewood Parkway Suite 1200
San Antonio, TX 78259Texas Capital Bank
2350 Lakeside Blvd. Suite 800
Richardson, TX 7508232-1797
1110

064824

DATE 01/31/24

PAY Eighty and 87/100 Dollars \$ *****\$80.87

24704438

TO
THE
ORDER
OFTEXAS LAND COMMISSIONER
GENERAL LAND OFFICE
1700 N CONGRESS
AUSTIN, TX 78701

1/18/24 (Q. Edd)

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121

064824

16

File No. MF 094838

Mlyn Roy County

Date Filed: 3/14/24

Commissioner Dawn Buckingham, M.D.

By: CJS

Abraxas Petroleum Corporation

VENDOR
83857

CHECK DATE
02/26/25

070611

TEXAS GENERAL LAND OFFICE

INVOICE NUMBER	INVOICE DATE		DISCOUNT TAKEN	AMOUNT PAID
22525	02/25/25	181737 MIN ROY 1/1/24 - 12/31/24 L#420895; Total:	\$0.00 P517-HOWE PRO \$0.00	\$108.70 \$108.70

25705180



Abraxas Petroleum Corporation
19100 Ridgewood Parkway Suite 1200
San Antonio, TX 78259
(210) 490-4788

Texas Partner Bank
1900 NW Loop 410
San Antonio, TX 78213

070611

DATE 02/26/25

PAY One Hundred Eight and 70/100 Dollars

\$ *****\$108.70

TO
THE
ORDER
OF

TEXAS GENERAL LAND OFFICE
P.O. BOX 12873
AUSTIN, TX 78711

25705180

1/26/25 Q. (Edd)

THE BACK OF THIS DOCUMENT CONTAINS AN ARTIFICIAL WATERMARK—HOLD AT AN ANGLE TO VIEW

1070611

ABRAXAS
ABRAXAS PETROLEUM CORPORATION
www.abraxaspetroleum.com
19100 Ridgewood Parkway, Suite 1200 • San Antonio, Texas 78259
Office: 210.490.4788

February 25, 2025

Texas Land Commissioner (GLO)
Royalty Payments
1700 N. Congress
Austin, Texas 78701

Via Certified Mail

**RE: Minimum Royalty – State of Texas Lease # M-94838, Howe #5-1 (420771),
Howe Prospect, Ward County, TX**

Dear Sir or Madam;

Your lease supporting the above subject well has a Minimum Royalty provision stating that if royalties equal to \$5 per acre held by production are not paid annually after the primary term then the difference would be due & payable.

For the well listed above, our records show you were paid a total of \$15.30 for the year ending 12/31/2024, therefore, a difference in the amount of minimum royalty due to you is \$108.70 (\$124.00 - \$15.30 = \$108.70). Enclosed is Abraxas Petroleum Corporation's Check # 70611 in the amount of \$108.70 as minimum royalty for the above referenced Oil and Gas Lease. If you have any questions, please contact me at jstephens@abraxaspetroleum.com

Thank you,

Sincerely,

Jennifer G. Stephens
Jennifer G. Stephens

encl/js

39-etc

(17)

File No. M-094838

County

Min. royalty

Date Filed: 5/1/25

Commissioner Dawn Buckingham, M.D.

By: AS