

MF114422

State Lease

MF114422

Control

56-031103

*Base File**County*

MCMULLEN

Survey

HIGHWAYS & PUBLIC TRANSPORTATION DE

*Block**Block Name**Township**Section/Tract**Land Part*

SH-72

Part Description

HIGHWAY RIGHT-OF-WAY

Acres

9.28

*Depth Below**Depth Above**Depth Other*

See Lease

Leasing: GH*Analyst:* G-I-I*Maps:* _____*GIS:* ZG*DocuShare:* _____*Name*

MARATHON OIL EF, LLC

Lease Date

9/11/2012

Primary Term

2 yrs

Bonus (\$)

\$16,240.00

Rental (\$)

\$0.00

Lease Royalty

0.2500

M

F

1

1

4

4

2

2

F1080916

CONTENTS OF FILE NO. M- 114422

- ① Appr Chedler 8/14/12
- ② Lease 9/11/12
- ③ Consideration 8/14/12
- ④ Plat "
- ⑤ Affidavit of highest Consideration "
- ⑥ Project Details "
- ⑦ Waiver Letter 8/21/12
- ⑧ Marathon Contact Info 9/12/12
- ⑨ Certified copy of lease 10/31/12
10. Print & Plat Exhibit A from CD 1-14-2013
Scanned 1-14-2013 Katie V
Scanner 5/6/13 JA
11. Unit # 6361 Designation 10/8/13
scanned PJ 8-5-14
12. DIVISION ORDER 10.4.13
13. Ltr from Marathon
 Notice of Assign 1-23-18
scanned PJ 1-23-2018
14. Assign #10793
 Marathon (to) OEZ STx 4-3-19
15. Assign #10794 OEI STx
 & Valence (to) Silver Bm 4-3-19
16. Assign #10795
 OEI STx (to) Valence 4-3-19
scanned PJ 4-12-2019
17. DIVISION ORDER 7-11-19
scanned PJ 7-15-2019



RECEIVED
8/14/12

GLO USE ONLY

STATE LEASE

MF- 114422

APPLICATION & CHECKLIST FOR HIGHWAY RIGHT OF WAY LEASE

Revised Sept 2011

LESSEE Marathon Oil EF, LLC

ADDRESS 5555 San Felipe, Room 3489, Houston, TX 77056

[Lessee name and address must be written as they will appear on the Lease.]

HIGHEST ADJACENT BONUS PER ACRE PAID \$ 1,750.00 NET ACRES 9.28 proposed

TOTAL CONSIDERATION TO COMMISSIONER OF GENERAL LAND OFFICE

\$ 16,240.00 Paid 8/2012
[bonus amount] [date]

\$ 243.60 Paid 8/2012
[sales fee] [date]

TERM [General Land Office will determine the Term based on remaining term of adjacent leases] 2 years

HIGHEST ADJACENT LEASE ROYALTY RATE 25%

HIGHEST ADJACENT LEASE SHUT-IN ROYALTY After 90 days, \$25/acre \$1200/well

[Note: Shut-in royalty will be highest in adjacent leases with a minimum of \$1200/well.]

TOTAL GROSS ACRES IN PROPOSED LEASE 9.28 acres TOTAL NET ACRES IN PROPOSED LEASE 9.28 acres

COUNTY McMullen, Texas

ALL NAMES OF ROAD/HIGHWAY/STREET BEING LEASED:
Highway 72

FULL DESCRIPTION [Abstract, Block, Township, Section]
Maria Josefa De Leon, Abstract 293, Section 40, McMullen County, Texas

Do you control all minerals or leasehold adjacent to the highway/roadway? Yes ☒ No ☐

If no, what percent of minerals or leasehold adjacent to the roadway do you control? _____

Is the highway/roadway on Relinquishment Act Lands? Yes ☐ No ☒

The second page of this Application is a Checklist that **must be filled out and all items furnished** before a Highway Right of Way Lease will be prepared.

For questions:
George Martin
Texas General Land Office
1700 N Congress
Austin TX 78701
512-475-1512
george.martin@glo.texas.gov

Maria Josefa De Leon
Survey, A-293

GLO USE ONLY
STATE LEASE
MF-_____



APPLICATION & CHECKLIST FOR HIGHWAY RIGHT OF WAY LEASE
Revised Sept 2011

CHECKLIST

- ☒ 1. Cover letter
- ☒ 2. Application for Highway Right of Way (HROW) Lease
- ☒ 3. Plat showing boundaries and dimensions of right of way tract with highway/roadway labeled. [This will be used to prepare an exhibit to the lease.]
- ☒ 4. Processing fee – check attached
- ☒ 5. Check to Commissioner of General Land Office for total consideration.
- ☒ 6. Check to Commissioner of General Land Office for 1-1/2% sales fee.
- ☐ 7. Executed Waivers of Preferential Right to Lease, if necessary.
- ☒ 8. Executed Affidavit of Consideration
- ☒ 9. Copies of all highway deeds, clipped together
- ☒ 10. Copies of adjacent leases, clipped together.
Put tabs on the leases with the highest bonus per acre, highest royalty, highest shut-in royalty and highlight those items on the tabbed page.
- ☒ 11. Exhibit "A" to be attached to the lease describing the area being leased (see Guidelines 8.)

See envelope
behind this
document

Include all the above information in one package and mail or deliver to:

George Martin
Texas General Land Office
1700 N Congress, Suite 840
Austin TX 78701

If you are pooling or unitizing at any time after the State lease has been issued, the following must be provided to the GLO:

- ☐ 1. Filled out Information for Highway Right-of-Way Unit Declaration
- ☐ 2. Copy of recorded unit designation
- ☐ 3. Copy of unit plat

For questions about pooling:

Beverly Boyd
Texas General Land Office
512-463-6521
beverly.boyd@glo.texas.gov

File No. 114422

Approached

Date Filed: 8/14/12

Jerry E. Patterson, Commissioner

By G.H.

FILED
JUL 11 1912
JUL 11 1912



CHIEF OF POLICE

☒ 1. Chief of Police

☒ 2. City Manager

☒ 3. City Attorney

☒ 4. City Engineer

☒ 5. City Clerk

☒ 6. City Treasurer

☒ 7. City Auditor

☒ 8. City Assessor

☒ 9. City Surveyor

☒ 10. City Recorder

☒ 11. City Controller

☒ 12. City Clerk

☒ 13. City Treasurer

☒ 14. City Auditor

☒ 15. City Assessor

☒ 16. City Surveyor

☒ 17. City Recorder

☒ 18. City Controller

☒ 19. City Clerk

The State of Texas



Austin, Texas

**PAID-UP
OIL AND GAS LEASE NO. (MF 114422)
GENERAL LAND OFFICE
AUSTIN, TEXAS**

THIS AGREEMENT made and entered into by and between the Commissioner of the General Land Office of the State of Texas, whose address is Stephen F. Austin Building, 1700 North Congress, Austin, Texas, 78701, hereinafter called "Lessor", hereunto authorized by the School Land Board, pursuant to the provisions of Chapters 32 and 52 of the Natural Resources Code (hereinafter called N.R.C.), and amendments thereto, and all applicable rules promulgated by the School Land Board and **Marathon Oil EF, LLC**, whose address is **5555 San Felipe, Room 3489, Houston, TX 77056** hereinafter called "Lessee".

1. Lessor, in consideration of **Sixteen Thousand Two Hundred Forty and 00/100 (\$ 16,240.00)**, receipt of which is hereby acknowledged, and of the covenants and agreements of Lessee hereinafter contained, does hereby grant, lease, and let unto Lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, and all other hydrocarbons, produced from the land covered hereby. The land covered hereby, herein called "said land" is located in the County of **McMullen**, State of Texas, and is described as follows:

9.28 acres of land, more or less, known as, situated in said **McMullen** County, Texas, more particularly described in Exhibit "A" attached hereto and made a part hereof together with a plat, attached hereto as Exhibit "B", depicting said right-of-way and surrounding area for purposes of illustration only.

For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain **9.28 acres**, whether actually containing more or less, and the above recital of acreage shall be deemed to be the true acreage thereof. Lessor accepts the bonus as lump sum consideration for this lease and all rights and options hereunder.

2. PRIMARY TERM: This lease, which is a "paid up" lease requiring no rentals, shall remain in force for a term of **two years**, from **September 11, 2012** hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. ROYALTIES: As royalty Lessee covenants and agrees:

(a) To deliver to the credit of Lessor, in the pipe line to which Lessee may connect its well, the equal **1/4** part of all oil produced and saved by Lessee from said land, or from time to time, at the option of Lessee, to pay Lessor the average posted market price of such **1/4** part of such oil at the wells as of the day it is run to the pipe line or storage tanks, Lessor's interest, in either case, to bear none of the cost of treating oil to render it marketable pipe line oil;

(b) To pay Lessor on gas and casing head gas produced from said land (1) when sold by lessee $\frac{1}{4}$ of the amount realized by Lessee, computed at the mouth of the well, or (2) when used by Lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of $\frac{1}{4}$ of such gas and casing head gas.

(c) If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred

(d) Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, Lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to Lessee.

(e) If at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check of lessee, as royalty, the sum of **\$ 1,200.00 per well**. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

(f) All royalties not taken in kind shall be paid to the Commissioner of the General Land Office at Austin, Texas, in the following manner:

Royalty on oil is due and must be received in the General Land Office on or before the 5th day of the second month succeeding the month of production, and royalty on gas is due and must be received in the General Land Office on or before the 15th day of the second month succeeding the month of production, accompanied by the affidavit of the owner, manager, or other authorized agent, completed in the form and manner prescribed by the General Land Office and showing the gross amount and disposition of all oil and gas produced and the market value of the oil and gas, together with a copy of all documents, records or reports confirming the gross production, disposition and market value including gas meter readings, pipeline receipts, gas line receipts and other checks or memoranda of amount produced and put into pipelines, tanks, or pools and gas lines or gas storage, and any other reports or records which the General Land Office may require to verify the gross production, disposition and market value. In all cases the authority of a manager or agent to act for the Lessee herein must be filed in the General Land Office. Each royalty payment shall be accompanied by a check stub, schedule, summary or other remittance advice showing by the assigned General Land Office lease number the amount of royalty being paid on each lease. If Lessee pays his royalty on or before thirty (30) days after the royalty payment was due, the 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. The State shall have first lien upon all oil and gas produced from the area covered by this lease to secure the payment of all unpaid royalty and other sums of money that may become due to the State hereunder.

4. POOLING: (a) Lessee is hereby granted the right, at its option, to pool or unitize any land covered by this lease with any other land covered by this lease, and/or with any other land, lease, or leases, as to any or all minerals or horizons. Units pooled for oil hereunder shall not exceed 160 acres each in area, and units pooled for gas hereunder shall not exceed in area 640 acres each plus a tolerance often percent (10%) thereof, unless oil or gas units of a greater size are allowed under or prescribed by rules of the Railroad Commission of Texas. A unit established hereunder shall be valid

and effective for all purposes of this lease even though there may be mineral, royalty, or leasehold interests in lands within the unit, which are not effectively pooled or unitized. Any operations conducted on any part of such unitized land shall be considered, for all purposes, except the payment of royalty, as operations conducted upon said land under this lease. There shall be allocated to the land covered by this lease within each such unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) the proportion of the total production of unitized minerals from the unit, after deducting any used in lease or unit operations, which the number of surface acres in such land (or in each such separate tract) covered by this lease within the unit bears to the total number of surface acres in the unit, and the production so allocated shall be considered for all purposes, including payment or delivery of royalty, overriding royalty and any other payments out of production, to be the entire production of unitized minerals from the land to which allocated in the same manner as though produced there from under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph or of shut-in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas. The formation of any unit hereunder which includes land not covered by this lease shall not have the effect of exchanging or transferring any interest under this lease (including, without limitation, any shut-in royalty which may become payable under this lease) between parties owning interests in land covered by this lease and parties owning interests in land not covered by this lease. Neither shall it impair the right of Lessee to release as provided in paragraph 5 hereof, except that Lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit. At any time while this lease is in force Lessee may dissolve any unit established hereunder by filing for record in the public office where this lease is recorded a declaration to that effect, if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 4, a unit once established hereunder shall remain in force for so long as any lease subject thereto shall remain in force. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph 4 with consequent allocation of production as herein provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

(b) Neither unit production of oil or gas, nor unit operations, nor payment of shut-in royalties from a unit gas well, shall serve to hold the lease in force as to any area outside the unit, regardless of whether the production, maintenance of a shut-in gas well, or operations are actually located on the State tract or not.

(c) Lessee agrees to file with the General Land Office a copy of any unit designation, which this lease is included within ninety (90) days of such designation.

5. RELEASE: 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 prescribed filing fee. Such relinquishment will not have the effect of releasing Lessee from any liability theretofore accrued in favor of the State.

6. REWORK: If at any time or times during the primary term operations are conducted on said land and if all operations are discontinued, this lease shall thereafter terminate at the end of the primary term or on the ninetieth day after discontinuance of all operations, whichever is the later date, unless on such later date either (1) Lessee is conducting operations or (2) the shut-in well provisions of paragraph 3 or the provisions of paragraph 9 are applicable. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil or gas, or production of oil or gas in paying quantities.

7. MINERAL USE: Lessee shall have the use, free from royalty, of oil and gas produced from said land in all operations hereunder.

8. NOTICE: In the event Lessor considers that Lessee has not complied with all its obligations hereunder, both express and implied, Lessor shall notify Lessee in writing, setting out specifically in what respects Lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all

or any part of the breaches alleged by Lessor. The service of said notice shall be precedent to the bringing of any action by Lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that Lessee has failed to perform all its obligations hereunder. If this lease is canceled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by Lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations.

9. **FORCE MAJEURE:** If, while this lease is in force, at, or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut-in well provisions of paragraph 3 hereof, and Lessee is not conducting operations on said land by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of Lessee, the primary term shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.

10. **LESSER ESTATE CLAUSE:** If this lease covers a less interest in the oil or gas in all or any part of said land than the entire and undivided fee simple estate (whether lessors interest is herein specified or not), or no interest therein, then the royalties, and other monies accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease bears to the whole and undivided fee simple estate therein.

11. **ASSIGNMENTS:** This lease may be transferred at any time. All transfers must reference the lease by file number and must be recorded in the county where the land covered hereby 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 prescribed filing fee. 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.

12. **WELL INFORMATION:** Lessee agrees to forthwith furnish Lessor, upon written request, with copies of all drilling logs, electrical logs, cores and core records and other information pertaining to all wells drilled by lessee either on the leased premises or acreage pooled therewith, when requested to do so. Said information shall remain confidential as required by statute.

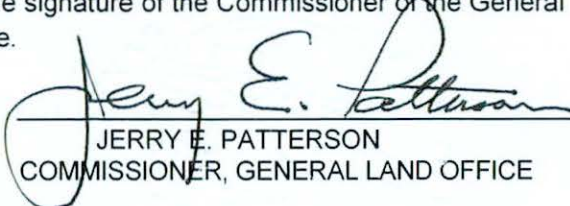
13. **SURFACE:** Notwithstanding anything herein to the contrary, it is agreed that Lessee will not conduct any exploration or drilling on the surface of the leased premises or use the surface in the exercise of any rights herein granted. Any development of said land shall be by means of a directional well located off the leased premises, or by pooling of said land with other land, lease or leases as hereinabove provided.

14. **COMPENSATORY ROYALTY:** Lessee shall pay a compensatory royalty if this lease is not being held by production on the leased premises, by production from a pooled unit, or by payment of shut-in royalties in accordance with the terms of this lease, and if oil or gas is sold or delivered in paying quantities from a well located within 2,500 feet of the leased premises and completed in a producible reservoir underlying the area leased hereunder or in any case in which drainage is occurring. Such compensatory royalty shall be paid at the royalty rate provided in this lease based on the value of production from the well as provided in the lease on which such well is located. The compensatory royalty shall be paid in the same proportion that the acreage of this lease has to the acreage of the proration unit surrounding the draining well plus the acreage of this lease. The compensatory royalty shall be paid monthly to the Commissioner of the General Land Office on or before the last day of the month after the month in which the oil or gas is sold and delivered from the well causing the drainage or from the well located within 2500 feet of the leased premises and completed in a producible reservoir under this lease. Notwithstanding anything herein to the contrary, compensatory royalty payable hereunder shall

be no less than an amount equal to double the shut-in, and shall maintain this lease in effect for so long as such payments are made as provided herein.

15. **FORFEITURE:** If Lessee shall fail or refuse to make 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, 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 this lease is pooled or assigned and the unit designation or 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. However, nothing herein shall be construed as waiving the automatic termination of this lease by operations of law or by reason of any special limitation arising hereunder. Forfeitures may be set aside and this lease and all rights there under 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.

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.


JERRY E. PATTERSON
COMMISSIONER, GENERAL LAND OFFICE

Approved:

ML: 

DC: 

CC: 

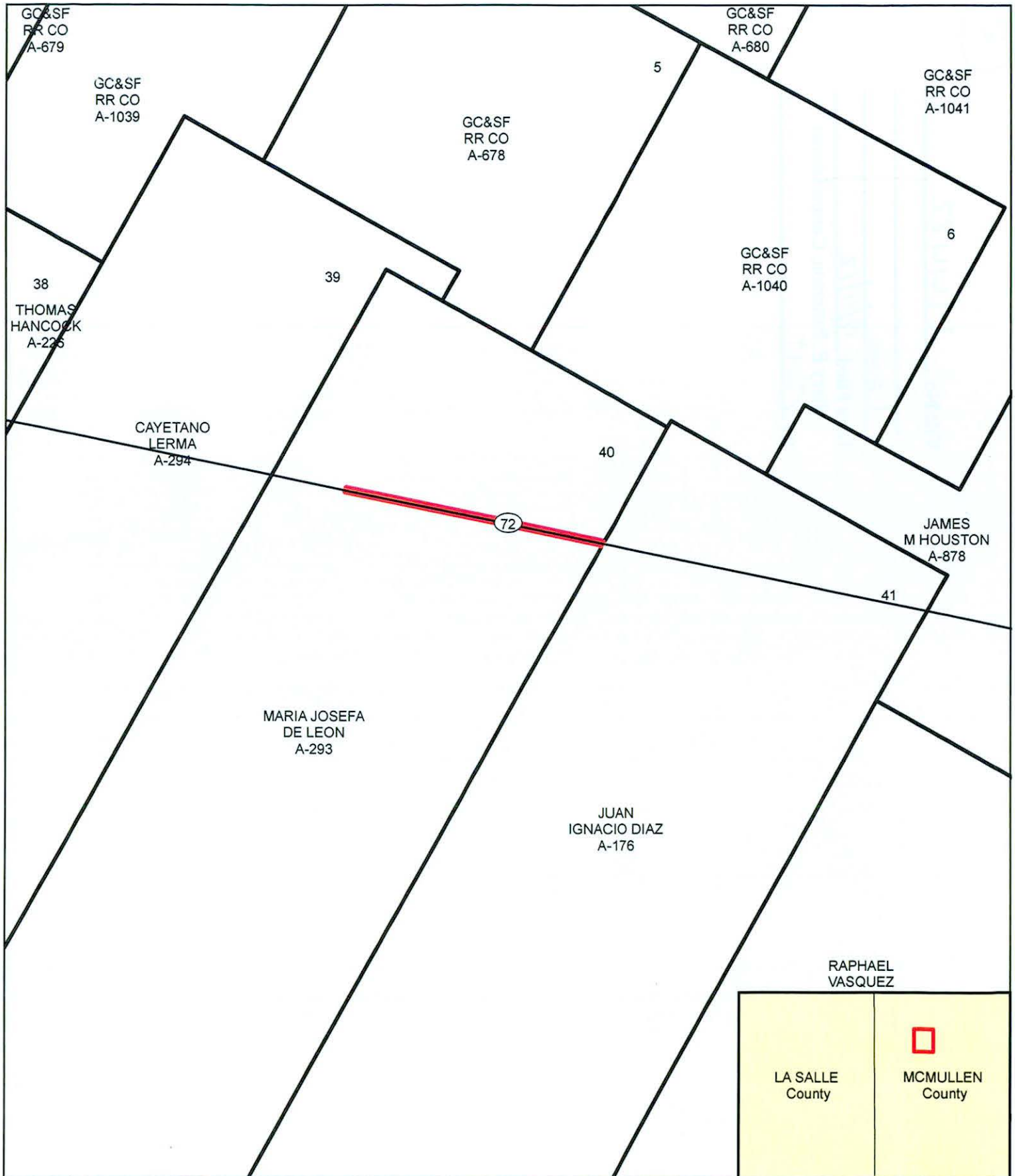
Exhibit "A"

Attached hereto and made a part thereof of that certain Oil and Gas Lease from The State of Texas to Marathon Oil EF, LLC, containing 9.28 acres of land, being a portion of State Highway 72 within the Maria Josefa De Leon Survey 40, A-293, McMullen County, Texas.

Description of land covered:

Tract 1, being all of that certain 7.27 acres of land described in Right-of-Way Deed dated July 28, 1937, from Cora Kuykendall, a widow, surviving wife of J.W. Kuykendall, deceased, to the State of Texas, recorded in Volume 20, Page 302 of the Deed Records of McMullen County, Texas.

Tract 2, being all of that certain 2.01 acres of land described in Right-of-Way Deed dated July 28, 1937, from Ike W. Kuykendall, and wife Sue Kuykendall, to the State of Texas, recorded in Volume 21, Page 250 of the Deed Records of McMullen County, Texas.



2

File No. 114422

Lease

Date Filed: 9/11/12

Jerry E. Patterson, Commissioner

By Glt



A E D G R O U P

MAIN
FAX
WEB

830.569.3452
830.569.3454
WWW.AEDGRP.COM

MAIN OFFICE

6301 GASTON AVE. • SUITE 620 • DALLAS, TX 75214

FINANCE OFFICE

2350 AIRPORT FWY • SUITE 130 • BEDFORD, TX 76022

SOUTH TEXAS FIELD OFFICE

1501 BENSDALE • SUITE C • PLEASANTON, TX 78064

August 10, 2012

George Martin
Texas General Land Office
1700 N. Congress
Austin, TX 78701

RE: Highway 72 Right-of-Way Lease

Dear Mr. Martin,

Enclosed is the lease application concerning a certain portion of the Highway 72 right-of-way located within Abstract 293 in McMullen County, Texas. We are submitting this lease application on behalf of Marathon Oil EF, LLC.

Please contact me if any other information is needed, or if you have any questions or concerns.

Thank you,

Valerie Stipp
AED Group, L.L.C.
1501 Bensdale, Suite C
Pleasanton, Texas 78064
(Office) 830-569-3452

Enclosures (1)

CC: Marathon Oil EF, LLC and Matthew Chitwood



Cover Letter
Application for State Highway 72 Right-of-Way Lease
Marathon Oil EF, LLC

Greetings,

Please consider this application to lease certain minerals found under State Highway 72 in McMullen County, Texas. We at AED Group are submitting this application on behalf of Marathon Oil EF, LLC, the holder of leases adjacent to the State Highway in question. Marathon Oil EF, LLC expressed its interest in leasing the minerals under this State-owned land due to the fact that Highway 72 crosses through both of Marathon's leaseholds.

The right-of-way in question is located in McMullen County, Texas, specifically in the Maria Josefa De Leon Abstract 293. Marathon Oil EF, LLC owns two different adjacent leaseholds within Abstract 293, which are both encumbered by the same Highway 72 right-of-way. The total acreage of the right-of-way in question will be 9.28 acres, per two separate right-of-way deeds enclosed in this application.

Enclosed are all of the required documents to complete the application, but do not hesitate to call if any additional information is needed or if you have any questions regarding the application. Please note that the leases reflect the lessee as being "Hilcorp Energy I, L.P.," but enclosed you will find certified copies of an assignment and a name change. These documents show the transition from Hilcorp Energy I, L.P. to Marathon Oil EF, LLC, effectively establishing that Marathon Oil EF, LLC currently holds the leases in question covering Abstract 293.

Feel free to contact us at your convenience regarding this lease application as well as what needs to be accomplished or submitted going forward.

Thank you for your time and consideration.

Sincerely,

Valerie Stipp
Field Landman – AED Group, LLC
Representing Marathon Oil EF, LLC

1501 Bensdale Rd. Suite C
Pleasanton, TX 78064
Cell: (210) 316 – 7862
Office: (830) 569 – 3452

Alternate Contact:
Matthew Chitwood – AED Group, LLC
Cell: (817) 675 – 6680
Office: (830) 569 – 3452

Check No	Check Date	Bank	Bank No	Vendor No	Marathon Oil Company		Direct Inquiries to: ACCOUNTS PAYABLE DEPARTMENT		Hndlg
1406998	08/07/2012	NCBAS	7780	1030225560	P. O. Box 22164 Tulsa, OK 74121-2164		Accts Payable Contact Center Phone: 866-323-1836		HS
Invoice Number	Invoice Date	Document No	Remit Comment			Gross Amount	Discount	Invoice/Pay Amount	
	08/06/2012	1900005137	TOTAL:			16,240.00 16,240.00		16,240.00 16,240.00	
								12715701	

Check No	Check Date	Bank	Bank No	Vendor No	Marathon Oil Company P. O. Box 22164 Tulsa, OK 74121-2164		Direct Inquiries to: ACCOUNTS PAYABLE DEPARTMENT Accts Payable Contact Center Phone: 866-323-1836	Hndlg HS	
Invoice Number	Invoice Date	Document No	Remit Comment		Gross Amount	Discount	Invoice/Pay Amount		
1407000	08/07/2012	NCBAS 7780	1030225560						
	08/06/2012	1900005139	TOTAL:		500.00 500.00		500.00 500.00		
					12715703		✓		

Check No	Check Date	Bank	Bank No	Vendor No	Marathon Oil Company		Direct Inquiries to: ACCOUNTS PAYABLE DEPARTMENT Accts Payable Contact Center Phone: 866-323-1836		Hndlg
1406999	08/07/2012	NCBAS	7780	1030225560	P. O. Box 22164 Tulsa, OK 74121-2164				HS
Invoice Number	Invoice Date	Document No	Remit Comment			Gross Amount	Discount	Invoice/Pay Amount	
	08/06/2012	1900005138	TOTAL:			243.60 243.60		243.60 243.60	
						12715702		1271	

3

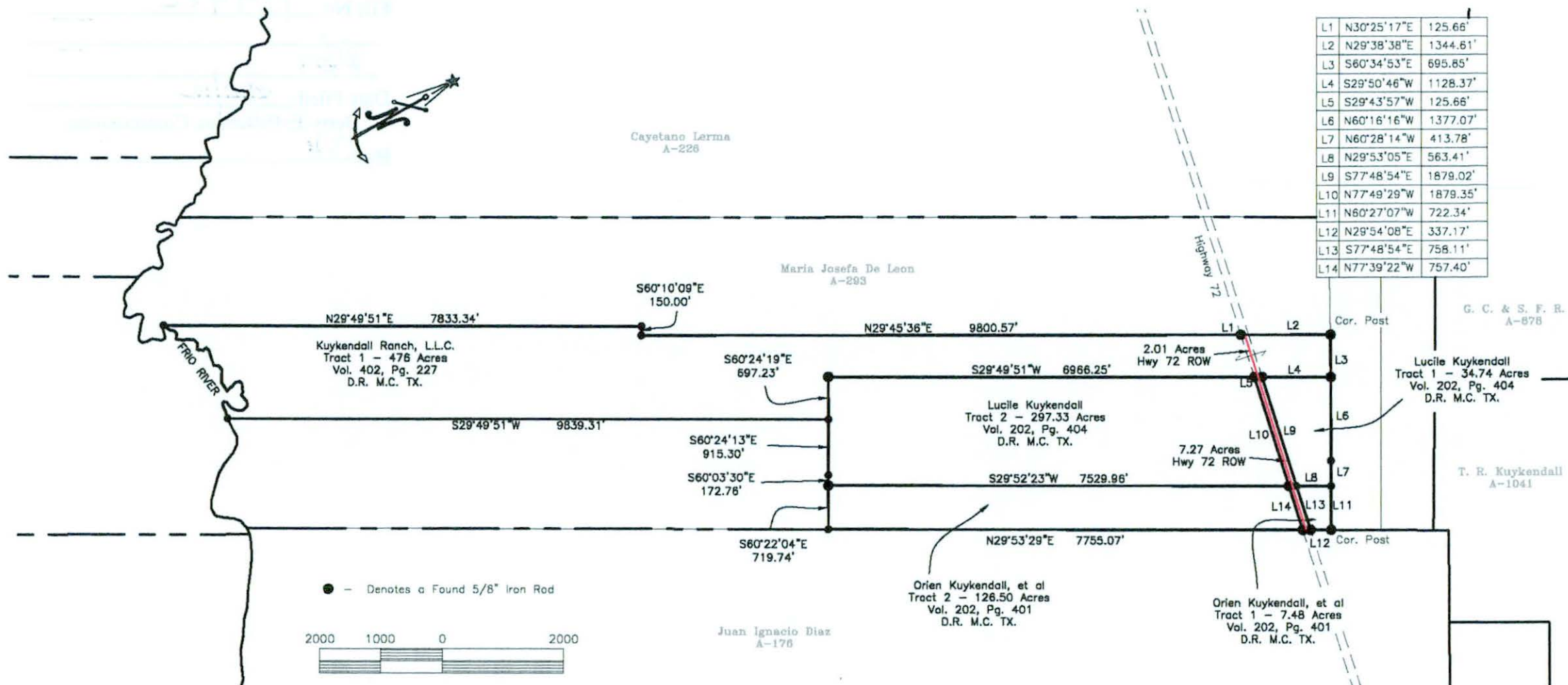
File No. 114422

Consideration

Date Filed: 8/14/12

Jerry E. Patterson, Commissioner

By SGT



Bearings & distances are GPS NAD 27, Texas South Central Zone. Combined Scale Factor is 0.999957425

There may be existing pipelines not shown on this plat. Use the Texas One Call System to locate pipelines before performing any excavation on this property.

King & Petrus, Inc.
P. O. Box 606
Sinton, Texas 78387
Phone 361-364-2622
Fax 361-364-2641
C:\MRJ\21500\21575 Survey

Highway 72 Right of Way: 9.28 acres total
McMullen DR 20/302 and DR 21/250

MARIA JOSEFA DE LEON SURVEY, ABSTRACT 293
MCMULLEN COUNTY, TEXAS
SCALE 1" = 2000 FEET

9

File No. 114422

Plot

Date Filed: 8/14/12

Jerry E. Patterson, Commissioner

By CR

**AFFIDAVIT OF HIGHEST CONSIDERATION PAID
HIGHWAY RIGHT OF WAY LEASES**

STATE OF TEXAS

COUNTY OF McMullen

BEFORE ME, the undersigned authority, on this day personally appeared

Matthew Chitwood (Affiant), known to me to be a credible person and of lawful age, who being by me first duly sworn, deposes and says:

That his/her name is Matthew Chitwood. And that, Affiant is personally familiar with and knowledgeable of the terms and conditions of the oil and gas lease(s) which adjoin(s) Highway 72 [common name(s) of highway/roadway]

situated in McMullen County, Texas, said highway/roadway being described on Exhibit "A" attached hereto and made a part hereof. And that the highest and best terms for any lease adjoining lands described in Exhibit "A" are as follows:

Bonus Consideration Paid (Per Acre): \$ 1,750

Primary Term: 3 years

Royalty Rate: 25%

Delay Rentals: \$ 25/acre after 90 days

The above statements are within my personal knowledge and are true and correct.

Further, Affiant sayeth not.

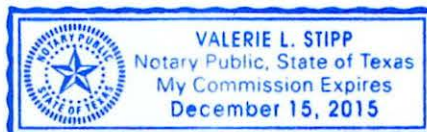
[Signature]
[signature of affiant]

Matthew A. Chitwood
[printed or typed name of affiant]

State of Texas
County of Atascosa

Sworn to and subscribed before me on the 26 day of July, 2012, by
Matthew Chitwood (name of Affiant).

Valerie L. Stipp
Notary Public's Signature



File No. 114422

Agreement of Higher Consultant

Date Filed: 8/14/12

Jerry E. Patterson, Commissioner

By GH



Vol 21 PB 250

State Highway No. 202
Sta. 435/71.0 to Sta. 443/00.8
RIGHT-OF-WAY DEED

STATE OF TEXAS |
COUNTY OF McMULLEN |

KNOW ALL MEN BY THESE PRESENTS:

THAT we, Ike W. Kuykendall and wife, Sue Kuykendall, of the County of McMullen in the State of Texas, for and in consideration of the sum of Twelve & 06/100 (\$12.06) DOLLARS, to us in hand paid by the State of Texas, acting through the State Highway Commission, receipt of which is hereby acknowledged, have this day sold, and do by these presents grant, bargain, sell and convey unto the State of Texas all that certain tract or parcel of land situated in the County of McMullen, State of Texas, and being part of a survey originally granted to Maria Josefa De Leon, by Patent No. 32, Vol. 3, Abstract No. 293, and being a part of a tract of 476 acres conveyed by T. H. Kuykendall to I. W. Kuykendall by deed dated the 18th day of June, 1894, and recorded in Volume I, page No. 175 of the Deed Records of McMullen County, Texas; said tract or parcel of land herein conveyed, Being more particularly described as follows, to-wit: State Highway No. 202 Sta. 435/71.0 to 443/00.8.

Beginning at a stake set on the center line of the proposed location of State Hy. No. 202 at Engrs. Sta. 443/00.8 in the East boundary line of the J. J. Henry tract and West boundary line of the Ike W. Kuykendall tract and S. 29°-47' W. 1405.5 ft. from the N.W. corner of said Ike W. Kuykendall tract;

thence N. 29°-47' E. along boundary line between the J. J. Henry tract and the Ike W. Kuykendall tract, 62.9 ft. to an intersection with the North Right of Way line of proposed highway;

A CERTIFIED COPY
ATTEST: 7-24-12
DORAIRENE GARZA COUNTY
& DISTRICT CLERK
Carolina

thence S. 77°-37' E. along said Right of Way line, 729.8 ft. to an intersection with the East line of Ike W. Kuykendall tract and the West boundary line of the J. W. Kuykendall tract;

thence S. 29°-47' W. along boundary line between the Ike W. Kuykendall tract and the J. W. Kuykendall tract, at 62.9 ft. cross center line of proposed highway at Engrs. Sta. 435+71.0, a total distance of 125.8 ft. to an intersection with the South Right of Way line of proposed highway;

thence N. 77°-37' W. along said Right of Way line 729.8 ft. to an intersection with the West boundary line of the Ike W. Kuykendall tract and the East boundary line of the J. J. Henry tract;

thence N. 29°-47' E. along boundary line between the Ike W. Kuykendall tract and the J. J. Henry tract, 62.9 ft. to the place of beginning, containing an area of 2.01 acres of land.

And it is further agreed that the said Grantors in consideration of the benefits above set out, will remove from the property above described such fences, buildings, and other obstructions as may be found upon said property.

TO HAVE AND TO HOLD the above described premises, together with all and singular the rights and hereditaments thereunto in anywise belonging unto the said State of Texas and its assigns;

And grantors hereby bind themselves, their heirs, executors and administrators to forever warrant and defend the rights and title to said premises unto the said State of Texas against every person whomsoever lawfully claiming or to claim the same or any part thereof.

Witness our hands, this the 28th day of July, A.D. 1937.

Ike W. Kuykendall
Sue Kuykendall

STATE OF TEXAS,)

COUNTY OF McMULLEN.)

Before me, E.R. Wyatt, a notary public in and for said county and State, on this day personally appeared Ike W. Kuykendall, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office, this the 5th day of Oct. A. D. 1937.

(SEAL)

E. R. Wyatt, Notary Public,
McMullen County, Texas.

STATE OF TEXAS,)

COUNTY OF McMULLEN.)

Before me, E. R. Wyatt, a notary public in and for said county and State, on this day personally appeared Sue Kuykendall, wife of Ike W. Kuykendall, known to me to be the person whose name is subscribed to the foregoing instrument, and having been examined by me privily and apart from her husband and having the same fully explained to her, she the said ___ Kuykendall acknowledged such instrument to be her act and deed, and declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office, this the 5th day of Oct. A. D. 1937.

(SEAL)

E. R. Wyatt, Notary Public,
McMullen County, Texas.

FILED FOR RECORD THE 12th day of October, A. D. 1937, at 1 o'clock P. M.

AND DULY RECORDED THIS 13th day of October, A. D. 1937, at 4 o'clock P. M.

Mabel Louise Franklin County Clerk
McMullen County, Texas.

: : : : :

CERTIFICATE

THE STATE OF TEXAS X

COUNTY OF McMULLEN X

I, Dorairene Garza, COUNTY CLERK IN AND FOR SAID
COUNTY AND STATE DO HEREBY CERTIFY THAT THE
FOREGOING IS A TRUE AND CORRECT COPY OF THE
INSTRUMENT HERewith SET OUT AS APPEARS OF RECORD
IN VOL. 21, PAGE 250, Filed RECORDS
OF McMULLEN COUNTY, TEXAS.

THIS 24th DAY OF July 20 12

Dorairene Garza

COUNTY CLERK

McMULLEN COUNTY, TEXAS

BY Carolyn Howe DEPUTY

A CERTIFIED COPY
ATTEST: 8/19/37
DORAIRENE BARZA COUNTY
& DISTRICT CLERK

20/302
(SEAL) G. Tenery
A Notary Public in and for Dallas County, Texas.

The State of Texas, I
County of Dallas.. I Before me, the undersigned authority, on this day personally appeared
Mayme Pilcher, wife of Earl Pilcher, known to me to be the person whose name is subscribed
to the foregoing instrument, and having been examined by me privily and apart from her husband,
and having the same fully explained to her, she, the said Mayme Pilcher, acknowledged such
instrument to be her act and deed, and declared that she had willingly signed the same for the
purposes and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office, on this the 28th day of July, A.D. 1937.

(SEAL) G. Tenery
A Notary Public in and for Dallas County, Texas.

FILED FOR RECORD THE 29th DAY OF JULY, A.D. 1937 at 3:00 O'CLOCK P. M.
AND DULY RECORDED THE 3rd DAY OF AUGUST, A.D. 1937 at 11:55 O'CLOCK A. M.

Mabel Louise Franklin County Clerk
McMullen County, Texas.
By Annie S. Bone, Deputy.

State Highway No. 202.
Station 409/33.1 to Sta. 435/71.0

RIGHT - OF - WAY DEED.

STATE OF TEXAS, I
County of McMullen I KNOW ALL MEN BY THESE PRESENTS:

THAT I, Cora Kuykendall, a widow, surviving wife of J. W. Kuykendall, deceased, and
acting herein individually and as survivor of our community estate, of the County of Mc-
Mullen in the State of Texas, for and in consideration of the sum of Forty Three & 62/100
(\$43.62) DOLLARS, to me in hand paid by the State of Texas, acting through the State High-
way Commission, receipt of which is hereby acknowledged, have this day sold. and do by
these presents grant, bargain, sell and convey unto the State of Texas all that certain
tract or parcel of land situated in the County of McMullen, State of Texas, and being
part of a survey originally granted to Maria Josefa De Leon, by Patent No. 32, Vol. 3,
Abstract No. 293, and being a part of a tract of 476 acres conveyed by T. W. Kuykendall to
J. W. Kuykendall by deed dated the 6th day of July, A.D. 1891, and recorded in Volume I,
page No. 117 of the Deed Records of McMullen County, Texas; said tract or parcel of land
herein conveyed, being free of liens, and being more particularly described as follows, to-wit:
State Highway No. 202,
Station 409/33.1 to 435/71.0

Beginning at a stake set in the center line of the proposed location of State Hy. No.
202 at Engrs. Sta. 409/33.1 and on the West boundary line of the Est. of Geo. Sealey tract
and the East boundary line of the J. W. Kuykendall tract and S. 29°-45' W. 401.0 ft. from
the N.E. Corner of said J. W. Kuykendall tract;

thence S. 29°-45' W. along boundary line between the Est. of Geo. Sealey tract and the
J. W. Kuykendall tract 62.9' to an intersection with the South Right of Way line of Pro-
posed highway;

thence N. 77° -37' W. along said Right of Way line 2637.9 ft. to an intersection
with the West boundary line of the J. W. Kuykendall tract and the East boundary line of the
Ike W. Kuykendall tract;

thence N. 29°-47' E. along boundary line between the J. W. Kuykendall tract and the

Ike W. Kuykendall tract at 62.9 ft. cross center line of proposed highway at Engrs. Sta. 435, 471.0 a total distance of 125.8 ft. to an intersection with the North Right of Way line of proposed highway;

thence S. 77°-37' E. along said Right of Way line, 2637.9 ft to an intersection with the East line of the J. W. Kuykendall tract and the West line of the Est. of George Sealey tract;

thence S. 29°-45' W. along boundary line between the J. W. Kuykendall tract and the Est. of Geo. Sealey tract, 62.9 ft. to the place of beginning, containing an area of 7.27 acres of land.

And it is further agreed that the said grantor in consideration of the benefits above set out, will remove from the property above described such fences, buildings and other obstructions as may be found upon said property.

TO HAVE AND TO HOLD the above described premises, together with all and singular the rights and hereditaments thereunto in anywise belonging unto the said State of Texas and its assigns;

And grantor hereby binds herself, her heirs, executors and administrators to forever warrant and defend the rights and title to said premises unto the said State of Texas against every person whomsoever lawfully claiming or to claim the same or any part thereof.

Witness my hand, this the 28th day of July, A.D. 1937.

Witnesses:

E. R. Wyatt
Jesse Wheeler.

her
Cora X Kuykendall
mark
Individually and as Survivor of Community Estate
of J. W. Kuykendall, deceased.

STATE OF TEXAS |
County of McMullen |

Before me, E. R. Wyatt, a notary public in and for said county and State, on this day personally appeared Cora Kuykendall, a widow, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein expressed, individually and in the capacity therein stated.

Given under my hand and seal of office, this the 28th day of July, A. D. 1937.

(SEAL)

E. R. Wyatt
Notary Public, McMullen County, Texas.

FILED FOR RECORD THE 29th DAY OF JULY, A.D. 1937 at 3:00 O'CLOCK P. M.

AND DULY RECORDED THE 3rd DAY OF AUGUST, A.D. 1937 at 1:55 O'CLOCK P. M.

Mabel Louise Franklin County Clerk
McMullen County, Texas.
By Annie D. Kane, Deputy

.....

STATE OF TEXAS |
COUNTY OF McMULLEN |

WHEREAS, on the 30th day of March, 1933, a certain oil and gas mining lease was made and entered into by and between L. A. Schreiner, as Independent Executor and Trustee under the Will of Mrs. Louie West Shiner, Deceased, as Lessor, in favor of C. C. Shumway, as Lessee, covering certain lands situated in McMullen County, Texas, which lease is of record in Book 11, page 455, et seq. of the Deed Records of said County; and

WHEREAS, on the 1st day of June, 1933, a certain oil and gas mining lease was made and entered into by and between L. A. Schreiner, as Independent Executor and Trustee under the Will of Mrs. Louie West Shiner, Deceased, as Lessor, in favor of C. C. Shumway, Inc., as

CERTIFICATE

THE STATE OF TEXAS X

COUNTY OF McMULLEN X

I, Dorairene Garza, COUNTY CLERK IN AND FOR SAID
COUNTY AND STATE DO HEREBY CERTIFY THAT THE
FOREGOING IS A TRUE AND CORRECT COPY OF THE
INSTRUMENT HERewith SET OUT AS APPEARS OF RECORD
IN VOL. 20, PAGE 302, Deed RECORDS
OF McMULLEN COUNTY, TEXAS.

THIS 10th DAY OF Aug 20 12

Dorairene Garza

COUNTY CLERK

McMULLEN COUNTY, TEXAS

BY [Signature] DEPUTY

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

CONVEYANCE, ASSIGNMENT, AND BILL OF SALE

STATE OF TEXAS

§

66819

§

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF McMULLEN

§

This Conveyance, Assignment, and Bill of Sale (this "Conveyance"), dated effective as of June 30, 2010 (the "Closing Date"), is from Hilcorp Energy I, L.P. a Texas limited partnership ("Assignor"), whose address is 1201 Louisiana, Suite 1400, Houston, Texas 77002 to Hilcorp Resources, LLC, a Delaware limited liability company ("Assignee"), whose address is 1201 Louisiana, Suite 1400, Houston, Texas 77002.

Recitals:

A. Assignor and Assignee are parties to a Contribution and Formation Agreement, dated June 10, 2010 (the "Contribution Agreement"), under which Assignor has agreed to assign, transfer, contribute, and convey, and Assignee has agreed to receive and accept, effective as of the Closing Date, certain oil and gas leasehold interests and other related rights, assets, and interests, as more fully provided therein.

B. Assignor now desires to convey and transfer to Assignee, and Assignee desires to receive and accept, effective as of the Closing Date, such oil and gas leasehold interests and other related rights, assets, and interests, on and subject to the terms and conditions in this Conveyance.

Conveyance:

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Assignor and Assignee agree as follows:

1. Conveyance. Assignor hereby assigns, transfers, grants, conveys, contributes, and delivers to Assignee, and its successors and assigns, effective as of the Closing Date, all of Assignor's rights, titles, and interests in and to the following described properties, rights, and interests (collectively, the "Assigned Properties"):

(i) the oil and gas leases, mineral leases, leasehold interests, and operating rights described in Exhibit A, together with all of Assignor's rights, titles, and interests attributable or allocable to the such leases and interests by virtue of pooling, unitization, communitization, and operating agreements, licenses, permits, and other agreements, and the other properties and interests described in Exhibit A, and together with any other

surface interests or fee interests expressly described in Exhibit A (collectively, the "Leases");

(ii) the wells, wellbores, injection or disposal wells, equipment, materials, fixtures, pipeline laterals, well pads, spare parts, equipment, personal property, and improvements, insofar and only insofar as the same are located on and attributable to the Leases as of the Closing Date, including the oil and gas wells described in Exhibit B;

(iii) the unitization, pooling, and operating agreements, and the units created thereby, which relate to the Leases, or which relate to units or wells located on the Leases, including the units formed under orders, regulations, rules, and other official acts of the governmental authority having jurisdiction, together with any right, title, and interest created thereby in the Leases, subject to any limitations indicated in Exhibit A;

(iv) all oil, gas, and associated liquid and gaseous hydrocarbons stored upon the Leases or attributable to the Leases as of the Closing Date, and all oil, gas, and associated liquid and gaseous hydrocarbons produced and saved on or after the Closing Date that may be attributable or allocable to Assignor's rights, titles, and interests in the Leases; and

(v) those contracts or agreements, including any leases, permits, rights-of-way, easements, licenses, participation agreements, farmouts, farmins, options, orders, gas purchase contracts, oil purchase agreements, gathering and transportation agreements, processing agreements, operating agreements, equipment leases, purchase and sale agreements, and other contracts or agreements (all to the extent assignable) of a similar nature to the extent relating thereto, insofar and only insofar as the same relate to the interests described in clauses (i)-(iv) above, including the agreements described in Exhibit D-2 to the Contribution Agreement;

but, in each case, excluding the Excluded Assets (as defined below).

2. Habendum Clause. TO HAVE AND TO HOLD, the Assigned Properties, together with all rights and appurtenances related thereto, unto Assignee, its successors and assigns, forever; and Assignor does hereby bind itself, its successors and assigns, to warrant and defend, all and singular, the Assigned Properties unto Assignee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof, by, through, or under Assignor, but not otherwise; subject, however, to the Permitted Encumbrances (as that term is defined in the Contribution Agreement) and the other matters set forth herein.

3. Excluded Assets. The Assigned Properties do not include the Excluded Assets. The term "Excluded Assets" means the following:

- (i) Assignor's and its affiliates' corporate, financial, and tax records;
- (ii) deposits, cash, checks in process of collection, cash equivalents, accounts and notes receivable and other funds attributable to the Leases and any periods before the

Closing Date, and security or other deposits made with third parties prior to the Closing Date;

(iii) all proceeds, benefits, income, or revenues attributable to the Leases for periods prior to the Closing Date;

(iv) the assets, rights, and interests of Assignor (and its affiliates) held in connection with gas gathering, oil gathering, treating, compressing, dehydrating, processing, fractionating or transporting activities or any other midstream activities that are conducted by Assignor (or its affiliates) downstream of the central delivery point or central tank battery located on the surface of the lands covered by the Leases collecting and receiving oil and gas production from the Leases;

(v) the assets, rights, and interests described in Exhibit C; and

(vi) all leases and other assets (including tangible and intangible property), rights, and interests owned or held by Assignor (and its affiliates) that are not included in the Leases or the related rights and interests described in clauses (ii) through (v) of Section 1 above.

4. Permitted Encumbrances. The conveyance and transfer of the Assigned Properties hereunder is made (and Assignee takes and accepts the Assigned Properties) subject to, in all respects, the Permitted Encumbrances.

5. Subsequent Actions. Assignor agrees to execute and deliver to Assignee, its successors and assigns, all such additional deeds, conveyances, and other instruments of assignment and transfer, and all such notices, releases, and other documents, that would more fully and specifically assign and transfer to and vest in Assignee, its successors and assigns, the title of Assignor in and to Assigned Properties and intended to be assigned and Assigned under this Conveyance and the Contribution Agreement.

6. Contribution Agreement. This Conveyance is subject to, in all respects, the terms and conditions of the Contribution Agreement and to the extent there is a conflict between the terms of this Conveyance and the terms and conditions of the Contribution Agreement, the terms and conditions of the Contribution Agreement shall control.

7. Counterparts. This Conveyance may be executed in any number of counterparts, and each counterpart hereof shall be deemed to be an original instrument, but all such counterparts shall constitute but one and the same instrument.

8. Binding Effect. This Conveyance shall be binding upon and shall inure to the benefit of Assignor and Assignee and their successors and assigns.

VOI 489 PART 03

IN WITNESS WHEREOF, Assignor and Assignee have executed this Conveyance to be effective for all purposes as of the Closing Date.

Assignor:

HILCORP ENERGY I, L.P.

By: Hilcorp Energy Company,
its general partner

By: J. R. F.

Name: Jason C. Rebrook
Title: Executive Vice President – A&D

Assignee:

HILCORP RESOURCES, LLC

By: J. R. F.

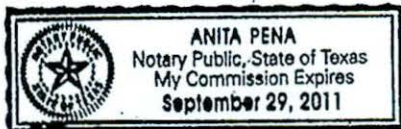
Name: Jason C. Rebrook
Title: Vice President

v0: 489-04

ACKNOWLEDGMENTS

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

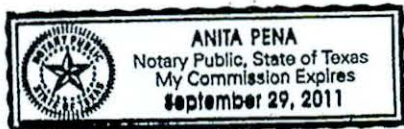
This instrument was acknowledged before me on the 30th day of June, 2010, by Jason C. Rebrook, as Executive Vice President of Hilcorp Energy Company, the general partner of Hilcorp Energy I, L.P., on behalf of said limited partnership.



Anita Pena
Notary Public, State of Texas
My Commission Expires: _____

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me on the 30th day of June, 2010, by Jason C. Rebrook, as Vice President of Hilcorp Resources, LLC, on behalf of said limited liability company.



Anita Pena
Notary Public, State of Texas
My Commission Expires: _____

Vol. 489 Page 05

A CERTIFIED COPY
ATTEST
7/24/12
MARIO GARCIA
COUNTY CLERK
HARRIS COUNTY

EXHIBIT A

LESSOR	LESSEE	LEASE DATE	VOLUME	PAGE	ENTRY NO.	COUNTY	STATE
74 RANCH MINERALS LTD ET AL	HILCORP ENERGY I. L.P.	02/01/2010	480	67	65931	MCMULLEN	TEXAS
JO ANN MAHONEY ET AL	HILCORP ENERGY I. L.P.	3/2/2010	486	84	66525	MCMULLEN	TEXAS
MARK MAHONEY ET AL	HILCORP ENERGY I. L.P.	3/2/2010	486	86	66526	MCMULLEN	TEXAS
KUYKENDALL RANCH LLC	HILCORP ENERGY I. L.P.	03/15/2010	486	80	66523	MCMULLEN	TEXAS
KUYKENDALL RANCH LLC	HILCORP ENERGY I. L.P.	03/16/2010	486	78	66522	MCMULLEN	TEXAS
KUYKENDALL RANCH LLC	HILCORP ENERGY I. L.P.	03/17/2010	486	82	66524	MCMULLEN	TEXAS
PATRICIA CLENDENIN	HILCORP ENERGY I. L.P.	03/17/2010	484	65	66326	MCMULLEN	TEXAS
MICHAEL ZEAL KUYKENDALL	HILCORP ENERGY I. L.P.	03/15/2010	484	67	66327	MCMULLEN	TEXAS
LISA KAY DOMINO	HILCORP ENERGY I. L.P.	03/14/2010	484	69	66328	MCMULLEN	TEXAS
KATHALEE RICE HOLMANS	HILCORP ENERGY I. L.P.	03/15/2010	484	71	66329	MCMULLEN	TEXAS
DAVID RUSSELL KUYKENDALL	HILCORP ENERGY I. L.P.	03/15/2010	484	73	66330	MCMULLEN	TEXAS
LOIS W RATHBURN	HILCORP ENERGY I. L.P.	03/15/2010	484	63	66325	MCMULLEN	TEXAS
BRENDA ELAINE DAVIS	HILCORP ENERGY I. L.P.	03/14/2010	484	59	66323	MCMULLEN	TEXAS
ABBIE MORGAN	HILCORP ENERGY I. L.P.	03/15/2010	484	61	66324	MCMULLEN	TEXAS
JIM ROY RATHBURN	HILCORP ENERGY I. L.P.	03/16/2010	484	57	66322	MCMULLEN	TEXAS
ANSON MICHAEL RICE	HILCORP ENERGY I. L.P.	03/25/2010	484	55	66321	MCMULLEN	TEXAS
ERIN SCHIBLER	HILCORP ENERGY I. L.P.	03/25/2010	484	53	66320	MCMULLEN	TEXAS
BRUCE ARTHUR HAYES	HILCORP ENERGY I. L.P.	03/29/2010	483	437	66297	MCMULLEN	TEXAS
ALICE W VALLE	HILCORP ENERGY I. L.P.	04/05/2010	483	455	66306	MCMULLEN	TEXAS
WILLIAM THOMAS WALKER	HILCORP ENERGY I. L.P.	04/05/2010	483	445	66301	MCMULLEN	TEXAS
WILLIAM E WALKER	HILCORP ENERGY I. L.P.	04/05/2010	483	441	66299	MCMULLEN	TEXAS
STEPHEN EDWARD WALKER	HILCORP ENERGY I. L.P.	04/05/2010	483	453	66305	MCMULLEN	TEXAS
CHARLES ROD WALKER	HILCORP ENERGY I. L.P.	04/05/2010	483	451	66304	MCMULLEN	TEXAS
MICHAEL D WALKER	HILCORP ENERGY I. L.P.	04/05/2010	483	447	66302	MCMULLEN	TEXAS
MARILYN WALKER	HILCORP ENERGY I. L.P.	04/05/2010	483	443	66300	MCMULLEN	TEXAS
ROBERT O BURFORD	HILCORP ENERGY I. L.P.	04/05/2010	483	439	66298	MCMULLEN	TEXAS
PATSY A SAMUEL	HILCORP ENERGY I. L.P.	04/05/2010	483	463	66310	MCMULLEN	TEXAS
CLAIR NORD	HILCORP ENERGY I. L.P.	04/05/2010	483	449	66303	MCMULLEN	TEXAS
PERRY L WALKER	HILCORP ENERGY I. L.P.	04/05/2010	483	461	66309	MCMULLEN	TEXAS
KENDRICK W WALKER	HILCORP ENERGY I. L.P.	04/05/2010	483	459	66308	MCMULLEN	TEXAS
JAMES A WALKER JR	HILCORP ENERGY I. L.P.	04/05/2010	483	465	66311	MCMULLEN	TEXAS

REBECCA WALKER INGRAM
AMERICAN NATIONAL INS CO
MBF PARTNERSHIP

HILCORP ENERGY I. L.P.
HILCORP ENERGY I. L.P.
HILCORP ENERGY I. L.P.

04/05/2010
03/01/2010
03/17/2010

483
483
484

457
399
311

66307
66278
66376

MCMULLEN
MCMULLEN
MCMULLEN

TEXAS
TEXAS
TEXAS

A CERTIFIED COPY
ATTEST
MARIA NEGARZA SOJNY
COUNTY CLERK

VS: 489
Page 07

EXHIBIT B

DESCRIPTION OF WELLS

None to date.

vs 489-08

A CERTIFIED COPY
ATTEST
MATTHEW J. GARDNER
CLERK

EXHIBIT C

EXCLUDED ASSETS

Charline Field

All of Hilcorp's and its Affiliates right, title, and interest in the Charline Field in Live Oak County, Texas.

Dilworth Field

All of Hilcorp's and its Affiliates right, title, and interest in the Dilworth Field in McMullen County, Texas.

South Sanger Field

All of Hilcorp's and its Affiliates right, title, and interest in the South Sanger Field in Live Oak County, Texas.

Tom Lyne Field

All of Hilcorp's and its Affiliates right, title, and interest in the Tom Lyne Field in Live Oak County, Texas.

FILED FOR RECORD 7-12-10 AT 1100 O'CLOCK P.M.
AND DULY RECORDED 7-12-10 AT 1400 O'CLOCK P.M.

BY [Signature] DORAIRENE GARZA, CLERK
DEPUTY MCMULLEN CO. TX

489 09

A CERTIFIED COPY
ATTEST
DORAIRENE GARZA, CLERK
MCMULLEN CO. TX
[Signature]

CERTIFICATE

THE STATE OF TEXAS X

COUNTY OF McMULLEN X

I, Dorairene Garza, COUNTY CLERK IN AND FOR SAID
COUNTY AND STATE DO HEREBY CERTIFY THAT THE
FOREGOING IS A TRUE AND CORRECT COPY OF THE
INSTRUMENT HERewith SET OUT AS APPEARS OF RECORD
IN VOL. 489, PAGE 01, Deed RECORDS
OF McMULLEN COUNTY, TEXAS.

THIS 24th DAY OF July 20 12

Dorairene Garza

COUNTY CLERK

McMULLEN COUNTY, TEXAS

BY [Signature] DEPUTY

Delaware

PAGE 1

The First State


I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE RESTATED CERTIFICATE OF "HILCORP RESOURCES, LLC", CHANGING ITS NAME FROM "HILCORP RESOURCES, LLC" TO "MARATHON OIL EF LLC", FILED IN THIS OFFICE ON THE FIRST DAY OF NOVEMBER, A.D. 2011, AT 10:55 O'CLOCK A.M.

4834979 8100

111153638

You may verify this certificate online
at corp.delaware.gov/authver.shtml




Jeffrey W. Bullock, Secretary of State
AUTHENTICATION: 9127390

DATE: 11-01-11

A CERTIFIED COPY
ATTEST:
DORRINE GARZA COUNTY
CLERK



State of Delaware
Secretary of State
Division of Corporations
Delivered 10:55 AM 11/01/2011
FILED 10:55 AM 11/01/2011
SRV 111153638 - 4834979 FILE

**AMENDED AND RESTATED
CERTIFICATE OF FORMATION
OF
HILCORP RESOURCES, LLC**

In accordance with Section 18-208 of the Delaware Limited Liability Company Act, this Amended and Restated Certificate of Formation is being executed for the purpose of amending and restating the Certificate of Formation of Hilcorp Resources, LLC filed with the Secretary of State of Delaware on the 10th day of June, 2010. The undersigned, being duly authorized to execute and file this Certificate, does hereby certify as follows:

FIRST: The name of the limited liability company is Hilcorp Resources, LLC.

SECOND: The Certificate of Formation of the limited liability company is hereby amended as follows:

1. Name. The name of the limited liability company is Marathon Oil EF LLC (the "Company").
2. Registered Office and Registered Agent. The Company's registered office in the State of Delaware is located at Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801. The registered agent of the Company for service of process at such address is The Corporation Trust Company.

THIRD: That the Amended and Restated Certificate of Formation becomes effective when filed by the Secretary of State.

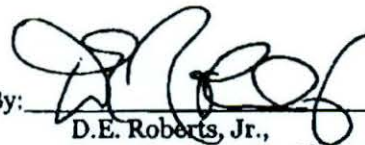
IN WITNESS WHEREOF, the undersigned has executed this 1st day of November, 2011.

MARATHON OIL COMPANY,
Member

When Recorded, please return to:

Marathon Oil Company
Eastern US Land
5555 San Felipe/Room 3489
Houston, Tx 77056

By:



D.E. Roberts, Jr.,
Executive Vice President and
Chief Operating Officer

A CERTIFIED COPY
ATTEST:
DORA RENE GARZA COUNTY
CLERK



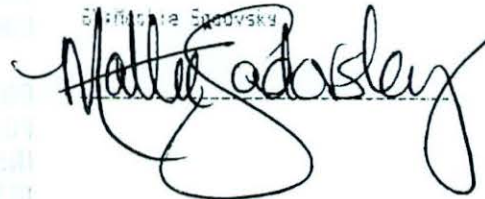
FILED FOR RECORD

This Nov 30, 2011 at 11:22A
HONORABLE DORAIENE GARZA
CLERK COUNTY COURT McMULLEN CO. TX
BY: Natalie Sadovsky

THE STATE OF TEXAS
COUNTY OF McMULLEN
I, HONORABLE DORAIENE GARZA, Clerk of the County Court
of said county, do hereby certify that the foregoing
Instrument of writing, with its certificate of
authentication was filed for record in my office
this Nov 30, 2011 at 11:22A and duly recorded the
Nov 30, 2011 in the McMullen County Records of said
County in VOL 18 on PAGE 684.
Witness my hand and the seal of the County Court of said
County at the office in TILDEN, TEXAS
the day and year last above written.

HONORABLE DORAIENE GARZA
CLERK, COUNTY COURT, McMULLEN COUNTY, TEXAS

Natalie Sadovsky



DEPUTY
BY _____
McMULLEN COUNTY TEXAS

A CERTIFIED COPY
ATTES: _____
DORAIENE GARZA COUNTY
CLERK



CERTIFICATE

THE STATE OF TEXAS X

COUNTY OF McMULLEN X

I, Dorairene Garza, COUNTY CLERK IN AND FOR SAID
COUNTY AND STATE DO HEREBY CERTIFY THAT THE
FOREGOING IS A TRUE AND CORRECT COPY OF THE
INSTRUMENT HEREWITH SET OUT AS APPEARS OF RECORD
IN VOL. 18, PAGE 682, OPR RECORDS
OF McMULLEN COUNTY, TEXAS.

THIS 24th DAY OF July 20 12

Dorairene Garza

COUNTY CLERK

McMULLEN COUNTY, TEXAS

BY Mattie Gadsby DEPUTY

Notice of confidentiality rights: If you are a natural person, you may remove or strike any or all of the following information from any instrument that transfers an interest in real property before it is filed for record in the Public Records: Your social security number or your driver's license number.

Producers 88 (7/69) Paid-Up
With 640 Acres Pooling Provision

OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 16th day of March, 2010, between **Kuykendall Ranch, LLC**, whose address is 445 Sharon Street, Corpus Christi, TX 78412, Lessor (whether one or more), and **Hilcorp Energy I, L.P.**, Lessee, whose address is, 1201 Louisiana Street, Suite 1400, Houston, Texas 77002,

WITNESSETH:

1. Lessor, in consideration of Ten and No/100 Dollars, receipt of which is hereby acknowledged, and of the covenants and agreements of Lessee hereinafter contained, does hereby grant, lease and let unto Lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipe lines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, and other structures on said land, necessary or useful in Lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land, is located in the County of McMullen, State of Texas, and is described as follows:

Being 473.99 acres, more or less, in the Josefa de Leon Survey No. 40, A-293, McMullen County, Texas, as more particularly described in that certain Contribution Deed dated May 2, 2000, from John Campbell, Allyce Campbell, E.C. Erwin, and Alice Kuykendall, to Kuykendall Ranch LLC, recorded in Volume 402, Page 227, Deed Records, McMullen County, Texas.

Lessor agrees to execute any supplemental instrument requested by Lessee for a more complete or accurate description of said land. For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain 473.99 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be deemed to be the true acreage thereof. Lessor accepts the bonus as lump sum consideration for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of **three (3) years** from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. As royalty, lessee covenants and agrees: (a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal **one-fourth (1/4th)** part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such **one-fourth (1/4th)** part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear **one-fourth (1/4th)** of the cost of treating oil to render it marketable pipe line oil; (b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, **one-fourth (1/4th)** of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, **of one-fourth (1/4th)** of such gas and casinghead gas. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time or times after the expiration of the primary term, all such wells **are shut-in** for a period of ninety (90) consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety (90) day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to **twenty-five dollars (\$25.00) for each acre of land** then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety (90) day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in the **PAY DIRECTLY TO LESSOR** Bank at _____, or its successors, which shall continue

as the depositories, regardless of changes in the ownership of shut-in royalty. If at any time that lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, lessee may, in lieu of any other method of payment herein provided, pay or tender such shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as lessee may elect. Any payment hereunder may be made by check or draft of lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment. Nothing herein shall impair lessee's right

to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

3A. "Gross Proceeds", as used herein, shall mean the total proceeds received by Lessee for any non-affiliated third-party sale of such oil, gas or other substance; provided, however, if any contract covering oil, gas or other substance produced from the lands covered hereby, or any contract used for the purpose of establishing the price of Lessor's royalty oil or gas, provides for any deduction for the expenses of production (except for Lessor's proportionate share of actual costs of extricating the sulphur, if any, from the gas and shrinkage, if any, resulting from such extraction), post production, gathering, dehydration, compression, transportation, manufacturing, treating, or marketing of such oil or gas, then such deduction shall be added to the price received by Lessee for such oil or gas so that Lessor's royalty shall not be charged directly or indirectly with any such expenses. Provided, however, should said gas contract provide for a deduction for transportation, shrinkage, or treating to make gas marketable downstream from Lessee's sales meter, and such deduction be levied by a bona fide non-affiliated third party, then in such event, Lessor's Royalty Share shall bear its proportionate share of non-affiliated third party transportation shrinkage and treating deductions, but no other post production costs shall be deducted from Lessor's Royalty Share.

3B. The phrase "free of cost(s)" or "free of all costs", as used herein, shall mean that the royalty interest shall not be charged and shall not bear any costs whatsoever in connection with the exploration, production, gathering, compression, transportation (except "Third Party Transportation Costs", as hereinafter defined, actually incurred by Lessee), marketing or "Treating", as hereinafter defined, of oil, gas or other substance produced hereunder. Provided, however, that Lessor's royalty shall bear its proportionate share of applicable production, windfall profits and severance taxes properly assessable against and attributable to said royalty interest. "Treating" shall mean those methods used by Lessee at the lease to remove contaminants from the wellhead hydrocarbons as may be necessary to place the hydrocarbons in a merchantable condition. Provided, however, should it be necessary for Lessee to install an amine unit on the leased premises in order to make said gas marketable, Lessor shall bear its prorata share of shrinkage of such gas as contaminants are removed from the gas stream processed by said amine plant. However, Lessor shall not bear its prorata share of fuel gas, amine, compression or other costs necessary to operate said amine plant. "Third Party Transportation Costs" shall mean the tariff rate based transportation costs incurred by Lessee in an arm's length transaction with a bona fide third party that is not a subsidiary or affiliate of Lessee in order to take gas and/or liquid hydrocarbons from the point that such hydrocarbons have been separated, treated (if necessary), processed (if performed) and placed in a merchantable condition.

4. Lessee is hereby granted the right, at its option, to pool or unitize any land covered by this lease with any other land covered by this lease, and/or with any other land, lease, or leases, as to any or all minerals or horizons, so as to establish units containing not more than 80 surface acres, plus 10% acreage tolerance; provided, however, units may be established as to any one or more horizons, or existing units may be enlarged as to any one or more horizons, so as to contain not more than 640 surface acres plus 10% acreage tolerance, if limited to one or more of the following: (1) gas, other than casinghead gas, (2) liquid hydrocarbons (condensate) which are not liquids in the subsurface reservoir, (3) minerals produced from wells classified as gas wells by the conservation agency having jurisdiction. If larger units than any of those herein permitted, either at the time established, or after enlargement, are required under any governmental rule or order, for the drilling or operation of a well at a regular location, or for obtaining maximum allowable from any well to be drilled, drilling, or already drilled, any such unit may be established or enlarged to conform to the size required by such governmental order or rule. Lessee shall exercise said option as to each desired unit by executing an instrument identifying such unit and filing it for record in the public office in which this lease is recorded. Each of said options may be exercised by Lessee at any time and from time to time while this lease is in force, and whether before or after production has been established either on said land, or on the portion of said land included in the unit, or on other land unitized therewith. A unit established hereunder shall be valid and effective for all purposes of this lease even though there may be mineral, royalty, or leasehold interests in lands within the unit which are not effectively pooled or unitized. Any operations conducted on any part of such unitized land shall be considered, for all purposes, except the payment of royalty, operations conducted upon said land under this lease. There shall be allocated to the land covered by this lease within each such unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that proportion of the total production of unitized minerals from the unit, after deducting any used in lease or unit operations, which the number of surface acres in such land (or in each such separate tract) covered by this lease within the unit bears to the total number of surface acres in the unit, and the production so

allocated shall be considered for all purposes, including payment or delivery of royalty, overriding royalty and any other payments out of production, to be the entire production of unitized minerals from the land to which allocated in the same manner as though produced therefrom under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph or of shut-in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas. The formation of any unit hereunder which includes land not covered by this lease shall not have the effect of exchanging or transferring any interest under this lease (including, without limitation, any shut-in royalty which may become payable under this lease) between parties owning interests in land covered by this lease and parties owning interests in land not covered by this lease. Neither shall it impair the right of Lessee to release as provided in paragraph 5 hereof, except that Lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit. At any time while this lease is in force Lessee may dissolve any unit established hereunder by filing for record in the public office where this lease is recorded a declaration to that effect, if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 4, a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph 4 with consequent allocation of production as herein provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

5. Lessee may at any time and from time to time execute and deliver to Lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations, as to the released acreage or interest.

6. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, in paying quantities.

7. Lessee shall have the use, free from royalty, of water, other than from Lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove casing. No well shall be drilled nearer than 300 feet to the house or barn now on said land without the consent of the Lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

8. The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any mineral or horizon. Lessee has the right to assign any part of this lease to anyone with the sole exception of Riley Exploration LLC, without getting written approval from Lessor. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of Lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof of or to Lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by Lessor or Lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division. If any such change in ownership occurs by reason of death of the owner, Lessee may, nevertheless pay or tender such royalties, or other moneys, or part thereof, to the credit of the decedent in a depository bank provided for above.

9. In the event Lessor considers that Lessee has not complied with all its obligations hereunder, both express and implied, Lessor shall notify Lessee in writing, setting out specifically in what respects Lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by Lessor. The service of said notice shall be precedent to the bringing of any action by Lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that Lessee has failed to perform all its obligations hereunder. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations,

(but in no event less than forty acres), such acreage to be designated by Lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said land as are necessary to operations on the acreage so retained.

10. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but Lessor agrees that Lessee shall have the right at any time to pay or reduce same for Lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to Lessor and/or assigns under this lease. If this lease covers a less interest in the oil, gas, sulphur, or other minerals in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not), or no interest therein, then the royalties and other moneys accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by Lessor) shall be paid out of the royalty herein provided. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as Lessor.

11. If, while this lease is in force, at, or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut-in well provisions of paragraph 3 hereof, and Lessee is not conducting operations on said land by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of Lessee, the primary term hereof shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred, provided Lessee notifies Lessor in writing of such extension and justifying cause within thirty (30) days of its commencement and shall pay Twenty-Five and No/100 Dollars (\$25.00) per acre for each ninety (90) days said lease is extended.

SEE ADDENDUM CONTAINING PARAGRAPHS 12 THROUGH 52 ATTACHED HERETO AND MADE A PART HEREOF FOR ALL PURPOSES.

ADDENDUM

NOTWITHSTANDING anything to the contrary hereinabove provided, it is expressly agreed and stipulated by and between the Lessor and Lessee that:

12.) Reference in this lease to "other minerals" shall be deemed to include, in addition to oil and gas, only such related sulphur and hydrocarbons as may be produced therewith and extracted therefrom and shall not include coal, lignite, uranium, fissionable materials, other sulphur, or any unrelated or hard minerals.

13.) The right to maintain this lease in force and effect beyond the expiration of the primary term by the payment of shut-in royalties as is set out in paragraph 3 supra, is a recurring right which may be exercised by Lessee from time to time but shall not exceed an aggregate or cumulative period of time of more than three (3) years.

14.) The right of Lessee to pool the acreage covered by this lease with other acreage, as is provided for in paragraph 4 supra, is hereby limited to the extent that if a well is drilled on the leased acreage and this pooling privilege is exercised, then at least one-half ($\frac{1}{2}$) of the unit must be land covered by this lease, or one-half ($\frac{1}{2}$) of this lease must be included within the unit, and if the well is drilled on the acreage pooled with this lease, then at least one-third ($\frac{1}{3}$ rd) of the unit must be land covered by this lease, or one-third ($\frac{1}{3}$ rd) of this lease must be included within the unit, at Lessee's discretion; provided, however, if the amount of acreage remaining which has not theretofore been included in a pooled unit or allocated to a producing well is insufficient to satisfy the above requirement, then all such remaining available acreage shall be included within such unit. In the event a pooled unit is formed and Lessee fails to obtain consent to pool any non-participating royalty interests which may affect the Leased Premises, and as a result, must account to said non-participating royalty owners on a non-pooled basis, the difference between paying said non-participating royalty on a non-pooled basis as opposed to a pooled basis, shall be borne by Lessee and shall not be borne by the Lessor's royalty payable under this lease.

15.) In the event a pooled unit is created under the provisions of paragraph 4 supra, production, drilling, or reworking operations on said unit shall not be effective to maintain this lease in force as to acreage outside of such unit beyond the end of the primary term or continuous development, whichever later occurs. However, this lease may be maintained in force as to such unpooled acreage in any other manner provided

herein.

16.) In the event Lessee exercises any pooling privilege granted, Lessee agrees to furnish Lessor with a copy of any unit designation within thirty (30) days after the same is filed for record. If Lessee fails to timely deliver said copy, Lessee will immediately pay Lessor \$500.00 as liquidated damages.

17.) The royalties which are to be paid under the terms of this lease for the production of oil or gas after the end of the primary term or continuous development, whichever later occurs, shall never be less than FIFTY AND NO/100 DOLLARS (\$50.00) per net mineral acre per annum for the number of acres which are being held under each well, and the accounting period for such royalties shall be from January 1st through December 31st of each year during the tenure of this lease, commencing with January 1st following the first production of oil and/or gas from the leased premises, and in the event that there has been a deficiency of royalty payments made during the accounting period for which such minimum royalty payments are due, the Lessee shall have a period of ninety (90) days within which to make up such deficiency from and after having received written notice from the Lessor of such deficiency, and Lessee shall be deemed conclusively to have received such notice as of the date that same was mailed in a United States Post Office by certified mail, return receipt requested, addressed solely to the Operator as designated at the Railroad Commission, irrespective of the ownership of this lease. Evidence of such mailing shall be by Postal Receipt Form P.S. 3811. Should Lessee fail to make up such deficiency within the prescribed time, this lease shall terminate as to all parties, but such termination shall not relieve Lessee of the obligation of paying a minimum royalty in accordance with the terms of this lease to its date of termination. It is provided, however, that such lease termination in the preceding sentence shall not apply to Hilcorp Energy Co., but any unpaid minimum royalty shall bear interest at the rate of ten percent (10%) per annum or the maximum lawful rate of interest for such sums, whichever is the lesser amount. Lessee is in nowise obligated to maintain this entire lease in force and effect, and upon releasing a portion of the acreage covered hereunder shall be relieved of this minimum royalty provision as to the acreage so released from and after the date of such release, and if released on other than an anniversary date, Lessee shall be liable for a prorata part of the annual minimum royalty up to the date of said release. This minimum royalty provision shall not be applicable to the period of time for which the shut-in royalties have been paid under the terms of this lease.

18.) Lessee agrees to pay for damages caused by its operations on the leased premises to growing crops, grass, cattle, roads, fences, and improvements on said land; and further, within 120 days after the completion of any well, weather permitting, to fill and level all slush pits used in connection therewith and stock pile base material brought in to said site for Lessor; and upon abandonment of any well or other structure or facility on said land, to reasonably restore the surface of said land so occupied by such well, structure or facility to as near its natural state as possible. Lessee further agrees to pay Lessor the sum of TWO THOUSAND FIVE HUNDRED AND NO/100 DOLLARS (\$2,500.00) per acre for the site location for each well that may be drilled on the leased premises, such payment to be made prior to moving on the location, and, furthermore, to pay the sum of TWO THOUSAND FIVE HUNDRED AND NO/100 DOLLARS (\$2,500.00) per acre for each acre to be regularly used by Lessee for roadways, tank batteries, or other above ground facility placed on the land by Lessee. Lessee shall consult with surface owner or Lessor prior to cutting, erecting or altering any fence. Any changes to any fence such as, but not limited to erecting new fence, cutting any existing fence, altering any existing fence, etc. shall be done by a fence contractor acceptable to Lessor or surface owner, to Lessor or surface owner's specifications and at Lessee's expense. When requested by Lessor, Lessee will fence, with a good and substantial fence capable of turning livestock of ordinary demeanor, or in a high fenced area, a like kind fence, all permanent type facilities it places on the leased premises. All roadways to be regularly used by Lessee must be improved with base material with a minimum of six (6) inch compacted and regularly maintained.

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19.) Lessee, his agents, servants, employees, contractors, or sub-contractors shall not be permitted to carry firearms on to the leased premises, nor to fish or hunt thereon, and any breach of this covenant shall make the individual person committing such breach liable as a trespasser under the laws of the State of Texas, and such person shall not again be permitted to come on to the leased premises.

20.) The parties recognize that it is difficult to control fishing or the hunting of game on the leased premises and to ascertain the monetary damages to Lessor's surface rights caused by any such unauthorized activity. Lessee therefore covenants that if any of its officers, agents, employees, servants or invitees bring on to the leased premises a dog or firearms of any description without the expressed written permission of Lessor, Lessee will immediately pay to Lessor the sum of \$2,500.00 for each of such incidents as agreed liquidated damages. Such payment is in addition to any fine or fines which might be imposed under the appropriate statutes or to any injunctive relief to which Lessor may be entitled from a court of equity.

21.) Lessee shall not have the right to use water from Lessor's water wells or surface water without Lessor's written consent. Lessee's right to take and use water from Lessor's wells on the leased premises shall not include the right to use fresh water from any fresh water sands or strata underlying the leased premises for any secondary recovery operations that may be conducted on the leased premises.

22.) Lessee herein shall be solely responsible for full compliance with all rules and regulations of the Railroad Commission of Texas, Texas Water Quality Board, the Texas Natural Resources & Conservation Commission, or any other governmental agency, in all of its operations on the leased premises, and does hereby indemnify and agree to hold Lessor harmless against any such rules or regulations. Provided further, Lessee shall notify the Lessor at least twelve (12) hours in advance of intended plugging of any well drilled on the leased premises, granting Lessor the option of having such well or wells to be abandoned be plugged in such a manner as to allow the Lessor the opportunity of then completing the same as a water well at Lessor's expense in a water sand of his/its selection after first having obtained the necessary permit from the Railroad Commission of Texas, or other regulatory body then having jurisdiction over the matter. Lessee shall also notify Lessor at least twelve (12) hours in advance of intended abandoning of any dry hole granting Lessor the option of completing said well as a water well, provided that all additional costs of completing said well as a water well, including rig time in excess of twenty-four (24) hours, shall be paid by Lessor.

23.) In the event Lessee shall be producing oil, gas or other hydrocarbons from any well or wells on the above described land on the date of the expiration of the primary term hereof, as it may be continued by continuous operations as provided below, this lease shall terminate except insofar as it covers the following, and the amount of acreage which may be included in pooled units under Paragraph 4 above shall be limited to the acreage amounts provided as follows:

- a. As to oil produced from a vertical well:
 - (1) 40 acres in surface area if the well is producing or capable of producing from the surface of the earth to and including 9,000 feet below the surface of the earth, and
 - (2) 80 acres in surface area if the well is producing or capable of producing for all depths below 9,000 feet.
- b. As to gas, distillate and/or condensate produced from a vertical well:
 - (1) 80 acres in surface area if the well is producing or capable of producing from the surface of the earth to and including 4,000 feet below the surface of the earth,
 - (2) 160 acres in surface area if the well is producing or capable of producing for all depths below 4,000 feet from the surface to and including 7,000 feet, and
- (3) 320 acres in surface area if the well is producing or capable of producing for all depths below 7,000 feet from the surface to and including 10,000 feet, and
- (4) 640 acres in surface area if the well is producing or capable of producing for all depths below 10,000 feet.

Provided, however, should a well for either oil or gas be drilled as a Horizontal Drainhole Well as described and permitted by the Railroad Commission of Texas Statewide Rule 86 (Rule 3.86 of Title 16, Part 1, Chapter 3 of the Texas Administration Code) Horizontal Drainhole Wells, then, in that case, Lessee shall be allowed to retain or pooled units may contain such an amount of acreage for either an oil well or a gas well that produces in paying or commercial quantities, calculated according to the following formula: $A \text{ (acreage)} = [L \text{ (actual lateral length drilled)} \times .11488 + 160] \times 1.5$; then A is rounded up to the nearest number evenly divisible by 40. EXAMPLE: $A = [2,000' \times .11488 + 160] \times 1.5 = 584.64 \text{ acres}$ (rounded up to the nearest number evenly divisible by 40 = 600 acres). But in no event shall the retained acreage exceed 640 acres.

Each separate tract ascribed to an oil well and each separate tract ascribed to a gas well pursuant to the provisions of this paragraph shall be treated as a separate lease tract subject to the provisions of this lease, and the continuation of this lease as to each such separate lease tract shall be determined by the provisions of this lease applied to each such separate lease tract; provided, however, that Lessee shall have no duty to protect such well

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tracts from drainage caused by other well tracts designated under this lease. Acreage in excess of the acreage provided for development (as selected by Lessee) must be released upon expiration of the primary term or the

end of continuous development, whichever later occurs unless held by reworking provisions contained herein. Production or operations on said allotted area by the Lessee shall maintain this lease in effect only with regard to the land within the described area, and down to a depth of 100 feet below the stratigraphic equivalent of the deepest sand or strata from which the well located on the spacing unit around the well is producing or which reasonably appears productive of oil or gas in commercial quantities as depicted on the electric log of such well and no further.

Regardless of whether or not Lessee shall be producing oil, gas or other hydrocarbons from any well or wells on any of the above described lands, if Lessee shall be engaged in drilling or reworking operations upon any well or wells on said date of the expiration of the primary term of this lease, Lessee's rights hereunder shall be continued thereby so long as this Lease is maintained by continuous operations prosecuted by Lessee, diligently and in good faith, without any interruption of operations upon any one well for more than sixty (60) days and without any lapse of more than one hundred eighty (180) days between the completion of one well (either as a dry hole or as a commercial producer) and the commencement of actual drilling operations upon the next succeeding well ("continuous development").

At the end of the primary term or of continuous development, whichever later occurs, any well completed under this continued drilling program shall maintain this lease in force and effect according to the other terms and provisions of this lease as to the production unit for such well or wells as hereinabove provided and down to a depth of 100 feet below the stratigraphic equivalent of the deepest sand or strata from which the well located on the spacing unit around such well is producing or which reasonably appears productive of oil or gas in commercial quantities as depicted on the electric log of such well, and no further.

24.) As used in the terms of this lease, the words "if operations for drilling are not commenced" or "commencement of drilling operations" shall be defined as the date on which the drilling of a well has actually commenced and commonly called "spudded in"; and the "completion of a well" shall be defined as the first date on which the completion rig has actually moved off the leased premises, or the date on which oil and/or gas is first produced from the well, whichever event occurs first. Any subsequent work done on the well will be deemed reworking operations.

25.) It is hereby specifically agreed and stipulated that in the event a well is completed as a producer of oil and/or gas on land adjacent and contiguous to the leased premises, and within 1000 feet of the premises covered by this lease, that Lessee herein is hereby obligated to, within 120 days after the completion date of the well or wells on the adjacent acreage, as follows:

(1) to commence drilling operations on the leased acreage and thereafter continue the drilling of such off-set well or wells with due diligence to a depth adequate to test the same formation from which the well or wells are producing from on the adjacent acreage; or

(2) pay the Lessor royalties as provided for in this lease as if an equivalent amount of production of oil and/or gas were being obtained from the off-set location on these leased premises as that which is being produced from the adjacent well or wells; or

(3) release an amount of acreage sufficient to constitute a spacing unit equivalent in size to the spacing unit that would be allocated under this lease to such well or wells on the adjacent lands, as to the zones or strata producing in such adjacent well.

26.) In the event Lessee does not remove all property and fixtures placed on the leased premises within NINETY (90) DAYS after the termination of this lease, and does not make suitable arrangements with the Lessor within said period of time to leave such property on the premises for a set additional period of time, title to all of such property so left on the leased premises shall pass to and vest in Lessor.

27.) Unless Hilcorp Energy Co. or its affiliates is one of the operators, Lessor's royalties shall be paid directly by the purchaser/gatherer of the oil or gas. The first royalty check shall be tendered the mineral owner within one hundred twenty (120) days after the first production leaves the leased premises. If the first royalty check is not tendered within said length of time, interest shall accrue on the unpaid royalty at 18% or the highest rate allowed by state law, whichever is less, and the first royalty check shall contain all accrued interest, unless such payment is delayed by a bona fide issue of title, based on an attorney's written opinion.

Once royalty checks have commenced being tendered, the mineral owner will be paid within sixty (60) days after the end of the month the production leaves the leased premises. If payments are not forthcoming within the designated period, interest will again accrue on the unpaid balance at the rate hereinbefore specified. If more than twelve (12) months transpire between royalty payments the lease shall expire except where delay was caused by title problems or force majeure per Paragraph 11, or unless this lease is otherwise held in effect in any other manner provided herein.

28.) Except as provided in Paragraphs 3, 3A and 3B above, the mineral owners' royalty shall bear no cost or expense (direct or indirect) incurred by the Lessee or Lessee's subsidiaries prior to or subsequent to production. This rule is to apply regardless of where the royalty is fixed in the lease or division order.

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In any event, the Lessee assumes all risk of loss for the oil or gas once it leaves the leased premises.

29.) Should Lessee have title to said lands, or any portion thereof, examined and have a title reports or opinion(s) rendered, Lessee shall furnish to Lessor a copy of each such title report or opinion and any supplements thereto. A copy of each such report or opinion rendered shall be mailed to Lessor at the above address within thirty (30) days after the receipt by Lessee of each report or opinion. Lessee shall not be liable in any way for the contents of any such report or opinion rendered and delivered to Lessor.

30.) Lessee shall promptly close all gates which Lessee, Lessee's agents, servants and/or employees may use in Lessee's operations on the leased premises, to prevent the escape of cattle or stock of Lessor through any open gates. Lessee further agrees to comply with all reasonable rules and regulations imposed by Lessor with regard to opening and closing and locking all such gates. If as a result of Lessee's failure to keep all gates locked any of the Lessor's cattle or livestock escape, then Lessee shall promptly reimburse to the Lessor all expenses incurred in rounding up such cattle or livestock and transporting them to the pasture from which they escaped. Additionally, if this paragraph is violated, Lessee shall pay to Lessor, at Lessor's address first given above, a penalty of Five Hundred Dollars (\$500.00) per violation, within 15 days of such violation. If Lessor so specifies, any gate installed over a cattle guard will be a sliding gate. All cattle guards will be wide enough to easily accommodate farm equipment.

31.) Before building any pipelines upon said premises, Lessee is required to consult with Lessor or the Surface Owner as to the location of same and such mutual agreement will not be unreasonably withheld. It is the intention of the Lessor to assist operator in selecting the route that will cause the least amount of damage or interruption to the Lessor's operations. Lessee must also bury all pipelines at least thirty-six (36") inches below the surface. Standard farmland double-ditching method will be used by Lessee in construction of the pipeline by separating the topsoil from the subsoil during excavation and during the backfill operation, said subsoil must be placed in the open ditch first and then the topsoil will be placed in the ditch to complete the backfilling operation. The width of the trench to be excavated is limited to twelve (12") inches unless the pipeline is greater than six inches (6") in diameter. All pipelines across the leased premises will be permanently identified and located by markings at all fence lines or roads traversed by such pipelines. In the event the premises is not subject to production from this tract or a pooled unit, or in the event Lessee transports gas from lands in which Lessor has no interest, then Lessee must not install or lay a pipeline across these lands without first securing an easement for such pipeline. Should a gas pipeline from wells on the premises or lands pooled therewith be built, Lessee is not required to obtain an easement, but will nevertheless be liable for all surface damages. Lessee, at all times while this lease is in effect, is required to maintain the pipeline right-of-way in order to prevent or correct sinkage, settlement and erosion of the soil as occasioned by its pipelines. Without Lessor's written consent, no compressor shall be located within one-half (1/2) mile of a dwelling upon the leased premises.

32.) Lessee shall have the right to drill such water wells as may be necessary for its operations on the premises. Fresh water use shall be restricted to the actual drilling for oil or gas on the leased premises and shall not be used in any manner for secondary recovery flooding of any productive oil reservoir. Any water well drilled by Lessee on the leased premises shall be drilled in a workmanlike manner and completed in accordance with the general practices in the area for the completion of water wells to be used for the production of water for livestock and domestic purposes (using windmills or other down hole pumping equipment normally used in the area). Any water well so drilled shall be drilled in order to accept a minimum of 7-inch O.D. casing. In the event Lessee shall drill a water well on Lessor's premises, then upon Lessee's permanent cessation of use of such water well, the Lessee shall leave the water well and the casing therein for the use of the Lessor, at Lessor's option and at Lessor's risk, however, the Lessee may remove any pump and motor installed by the Lessee. Any fresh water well drilled by Lessee must be drilled to completion in the Carrizo water sand.

33.) When such information has become generally available to the public or is made available through the public records and upon written request from Lessor, Lessee agrees to furnish Lessor with one (1) final print of all driller's logs, electrical logs and surveys obtained in the drilling of all wells on said lands, and one (1) copy of all core analyses and test results obtained from all wells. One (1) copy of all applications and reports filed by Lessee with the Texas Railroad Commission or other regulatory agencies in connection with Lessee's operations hereunder shall also be mailed to Lessor simultaneously with Lessee's mailing of such applications and reports. Lessee shall have no liability to Lessor or to any third party for their reliance upon such information unless the information furnished is intentionally false or misleading. Should Lessor request more than one (1) copy of the information to be furnished by Lessee under the provisions of this paragraph, Lessee agrees to furnish, at Lessor's cost and expense, such additional copies as may be requested by Lessor. Lessor agrees to maintain in confidence all information furnished by Lessee pursuant to the provisions of this paragraph for so long as this lease is maintained in force and effect as to the lands and depths on which producing wells are located and information is furnished with respect thereto, and Lessor agrees not to divulge such information to any third party during such period of confidentiality.

34.) Within one hundred twenty (120) days (weather permitting) after the completion or abandonment of any well drilled or worked over on the leased premises, Lessee agrees that it will fill and level all slush pits, holes, ruts, ditches and drains and remove all non-water based drilling mud, shale and chemicals from said premises and will restore the surface of the leased premises, as nearly as possible, to its condition prior to the commencement of such operations. Lessee will cut the banks of all slush pits and let them drain and dry before leveling to insure no bog hole will be created. In the event of failure of Lessee to comply with this paragraph, within the time specified as aforesaid, Lessor shall notify Lessee, by Certified Mail, Return Receipt Requested, of non-compliance of this paragraph. If Lessee does not comply with this

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paragraph within 30 days of said notification, Lessee shall pay to Lessor, three times the actual cost to Lessor for making said repairs as agreed as liquidated damages on account of Lessee's failure to carry out its obligation as provided in this paragraph. Nothing herein shall release Lessee from any liability for damages suffered by Lessor as a result of a blow-out or other damages occurring during Lessee's operations hereunder, and Lessee shall be fully responsible for any and all damages resulting therefrom.

35.) In the event Lessee exercises any pooling privilege granted, Lessee agrees to furnish Lessor with a copy of any unit designation before the same is filed for record.

36.) Salt water must not be disposed of on the premises without the written consent of Lessor.

37.) The provisions contained herein regarding acreage covered by this lease to be held by drilling operations on or production from any pooled unit or units shall not be altered or amended by any pooling, unitization or like agreement or instrument, or any amendment thereto or ratification or acknowledgment thereof, unless the same shall be specifically designated as an amendment of such paragraph for such purpose. It is further agreed that neither this lease nor any terms or provisions hereof will be altered, amended, extended or ratified by any division order or transfer order executed by Lessor, Lessor's successors, heirs, agents, or assigns, but that any division order or transfer order will be solely for the purpose of confirming the extent of Lessor's interest in production of oil and gas from the herein described premises, or any land or lands pooled therewith, and to comply with statutory requirements. In the event of production, all division orders prepared by Lessee and its assigns will eliminate all references to ratification of Lessee's acts, ratification of the unit and ratification of gas or oil purchase contracts. If such statements are contained therein, such ratifications are void and of no effect. Any amendment, alteration, extension or ratification of this lease, or of any term or provision of this lease, will be made only by an instrument clearly denominating its purpose and effect, describing the specific terms or provisions affected and the proposed change or modification thereof, and executed by the party against whom any such amendment, alteration, extension or ratification is sought to be enforced, and any purported amendment, alteration, extension or ratification not so drafted will be of no force or effect.

38.) In the event that Lessee or its assigns shall hereafter assign a portion of this Lease or the production to other entities, then and in such event, the Lessee or its assigns shall designate one operator to disburse all royalty payments derived from all production hereunder. In no event, without the consent of this Lessor, shall royalty be paid by multiple parties. Lessee shall furnish Lessor copies of all assignments of working interests within ninety (90) days after recording said assignment. If Lessee fails to timely deliver said copy, Lessee will immediately pay Lessor \$500.00 per month as liquidated damages. Any assignee shall

also provide Lessor with a name, address and telephone number for the contact person for the assignee.

All notices hereunder to Lessee shall be sent only to the Operator of each well designated with the Railroad Commission.

39.) Within ninety (90) days after this lease has expired or any portion thereof has been forfeited and upon written request by Lessor, Lessee or any assignee thereof must furnish Lessor, or Lessor's heirs or assigns, with a recordable release of this lease or such portions which have been forfeited by Lessee or its assigns under the terms of this lease agreement. If Lessee or Lessee's assigns fail to provide the Release in the time required after written notice, Lessee will immediately pay to Lessor the sum of \$500.00 as agreed liquidated damages.

40.) Notwithstanding the termination of this lease as to part of the leased premises under the above provisions, Lessee shall have and retain such easements of ingress and egress over the remainder of the leased premises as shall be necessary to enable Lessee to develop and operate the portion or portions of this lease then in effect for the production of oil and gas therefrom, and it is further agreed that it shall not be necessary for Lessee to remove or relocate any pipe lines, tank batteries or other surface equipment or installations from any portions of the leased premises as to which this lease has terminated for so long as same remain necessary for the development and operation of such portions of this lease as continue in force and effect. It is provided however, in no event shall Lessee be permitted to have more than one road leading to the location of a drilling or producing well. Upon the occurrence of any partial termination of this lease, Lessor shall have, and expressly reserves, an easement through the said lands and the depths and formations retained by Lessee in order to enable the exploration and/or production of oil, gas and/or other minerals in and from any depths and lands which are not thereafter subject to this Lease. The easement reserved herein shall be fully assignable by Lessor to any party, including any other oil, gas and mineral lessee, of depths or lands not then subject to this lease, and in the event Lessor assigns such easement to any third party, Lessee herein shall look only to such third party, provided Lessor gives Lessee notice of said Easement and its assignment, and not to Lessor, for any claims, costs, expenses or damages occasioned by such third party's use of the easement herein reserved, specifically including, but not limited to, any claims that such third party's activities interfered with or damaged Lessee's wells, reserves, equipment, operations or other rights hereunder.

41.) LESSEE SHALL INDEMNIFY AND HOLD LESSOR HARMLESS FROM AND AGAINST ANY AND ALL CLAIMS, ACTIONS, LIABILITY, LOSS, DAMAGE OR EXPENSE OF EVERY KIND AND NATURE, INCLUDING, BUT NOT LIMITED TO, REASONABLE ATTORNEY'S FEES AND COSTS, FOR DAMAGE TO PROPERTY OF ANY PERSON, FIRM OR CORPORATION OR FOR INJURY TO OR DEATH OF ANY PERSON, INCLUDING, BUT NOT LIMITED TO, THE EMPLOYEES OF LESSEE, ITS SUCCESSORS, ASSIGNS, CONTRACTORS OR SUBCONTRACTORS, WHICH MAY, IN WHOLE OR IN PART, BE CAUSED BY OR RESULT FROM OPERATIONS CONDUCTED HEREUNDER OR THE

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ENJOYMENT OF THIS LEASE OR THE EXERCISE OF ANY RIGHT GRANTED HEREUNDER OR ANY OBLIGATION IMPOSED HEREBY. IN THE EVENT THIS LEASE IS HELD OR INTERPRETED TO BE WITHIN THE SCOPE OF AN AGREEMENT AS DEFINED AND PROHIBITED BY CHAPTER 127 OF THE TEXAS CIVIL PRACTICE AND REMEDIES CODE ("CHAPTER 127"), THE INDEMNITY PROVIDED HEREIN SHALL BE AMENDED AND CONSTRUED TO LIMIT AND TO EXCEPT FROM ITS APPLICATION ANY INDEMNITY FOR ANY LOSS OR LIABILITY OCCURRING UNDER CIRCUMSTANCES THAT SUCH INDEMNITY IS PROHIBITED OR LIMITED BY THE APPLICATION OF CHAPTER 127 AND LESSEE SHALL INDEMNIFY AND HOLD HARMLESS LESSOR, THE SURFACE OWNER AND THEIR RESPECTIVE SUCCESSORS, LEGAL REPRESENTATIVES, ASSIGNS, AGENTS, CONTRACTORS, AND EMPLOYEES, ONLY TO THE EXTENT OF THE MAXIMUM COVERAGES AND DOLLAR LIMITS OR LIABILITY PERMITTED BY CHAPTER 127; AND THIS LIMITED INDEMNITY OBLIGATION SHALL BE SUPPORTED BY AVAILABLE LIABILITY INSURANCE FURNISHED BY LESSEE (AND LESSEE SHALL FURNISH TO LESSOR CERTIFICATES OR OTHER EVIDENCE OF LIABILITY INSURANCE BEING IN FORCE AND EFFECT). TO THE EXTENT THAT THE INDEMNITY PROVIDED HEREIN IS LIMITED OR INAPPLICABLE UNDER CHAPTER 127, THE LAW OF CONTRIBUTION SHALL APPLY.

42.) Lessee, at Lessee's own expense, will provide and maintain in force during the existence of this Lease a commercial general liability insurance in the amount of at least \$3,000,000.00, covering Lessor as well as Lessee, for any liability for property damage or personal injury arising as a result of Lessee's conducting operations on or off these premises pursuant to this Lease, the exercise of any right granted

hereunder or any obligation imposed hereby or associated in any way with activities conducted by Lessee on or impacting the premises. This insurance is to be carried by one or more insurance companies authorized to transact business in Texas. Lessee will furnish Lessor with certificates of all insurance required by this Lease.

43.) LESSEE MUST COMPLY WITH ALL VALID LAWS, ORDINANCES, AND REGULATIONS, WHETHER STATE, FEDERAL, OR MUNICIPAL, APPLICABLE TO THE PREMISES. THE USE WHICH LESSEE MAKES AND INTENDS TO MAKE OF THE PREMISES WILL NOT RESULT IN THE DISPOSAL OR OTHER RELEASE OF ANY HAZARDOUS SUBSTANCE OR SOLID WASTE ON OR TO THE PREMISES. IN THE EVENT THAT ANY HAZARDOUS SUBSTANCES, SOLID WASTES OR OTHER POLLUTANTS ARE DISPOSED OR RELEASED ON AND/OR UNDER THE PREMISES, RESULTING IN THE CONTAMINATION OR POLLUTION TO THE PREMISES OR ANY ADJOINING PROPERTY, ARISING OUT OF SAID CONTAMINATION OR POLLUTION, CAUSED BY OR CONSENTED TO BY THE LESSEE, THE LESSEE SHALL INDEMNIFY AND HOLD HARMLESS THE LESSOR AND LESSOR'S HEIRS, EXECUTORS, ADMINISTRATORS, SUCCESSORS, AND ASSIGNS, FROM AND AGAINST ANY AND ALL LIABILITY FROM THE RULES AND REGULATIONS OF THE TEXAS RAILROAD COMMISSION, THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION, AND LIABILITY ACT OF 1980, THE RESOURCE CONSERVATION AND RECOVERY ACT OF 1976, OR ANY OTHER STATE OR FEDERAL STATUTE, RULE OR REGULATION NOW IN EXISTENCE OR HEREINAFTER ENACTED RELATING TO SUCH SUBSTANCE OR WASTE AND LESSEE HAS THE ABSOLUTE RESPONSIBILITY FOR ALL CLEANUP OF SAID POLLUTION OR CONTAMINATION OR RECLAMATION OF THE PREMISES AND ALL COSTS AND EXPENSES THEREOF.

44.) IT IS AGREED THAT ANY SUITS AT LAW WILL BE INITIATED IN THE COURT OF PROPER JURISDICTION OF THE STATE OF TEXAS IN THE COUNTY WHERE THE LAND OR ANY PART THEREOF BE LOCATED WITH APPEALS TO THE APPELLATE COURT OF THE STATE OF TEXAS AND THAT THE LAW OF TEXAS WILL CONTROL IN CONSTRUING THIS LEASE.

45.) Lessor hereby warrants title to Lease premises against claims by, through or under Lessor, but not otherwise, and Lessor's liability on such warranties shall in no event exceed the value of bonus paid to Lessor herein for any portion having defective title. In the event that lands within the boundaries of the Leased Premises are owned, claimed or acquired by Lessor, their successors or assigns, by use, occupancy, prescription or adverse possession, all such lands are hereby and shall be subject to this Lease. In addition, should Lessor hereafter acquire any additional tracts or interest in the lands described herein, whether by purchase, gift, judgment, settlement or otherwise, such tracts or interests shall be subject to this Lease. Lessor agrees to execute and deliver such additional instruments, amendments and further assurances as may be reasonably necessary to give effect to the provisions of this Lease.

46.) Lessor shall have the right to use to the extent of its net royalty interest, free of charge, natural gas from any well(s) on the leased premises to run its irrigation pumps and equipment, and, Lessee shall not be required to make royalty payments to Lessor for any gas so used or taken. Lessor shall be responsible for all

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hookups, metering stations, pipelines, etc., and such use of gas shall be at Lessor's sole risk and expense and subject to the approval of and periodic inspection of Lessee's production operations engineering staff. In connection with which, Lessor reserves the option to take said gas on either the upstream or the downstream side of any gas treatment plant or separation unit situated on the leased premises. All such free gas shall be taken, transported and provided to Lessor in accordance with all applicable laws, rules and regulations.

47.) Lessee shall promptly pay the owner of the surface of the leased premises a reasonable sum for any damages resulting to the surface of said premises and the crops and improvements located thereon which may be caused by or result from the operations of Lessee hereunder or pursuant to any grants hereunder, and Lessee will restore same to substantially their present condition, so far as can be reasonably be done, as concerns any material change in the surface of such premises caused by or resulting from operations of Lessee hereunder. Lessee agrees that if any oil based mud or drilling compound containing hydrocarbon base or any material which is harmful to the soil is used in Lessee's operations of the Leased Premises, Lessee shall dispose of all such mud, compounds and materials from the Leased Premises in strict compliance with the applicable rules of the Railroad Commission of Texas before filling in the pit(s), leveling and restoring the surface, and all such harmful materials shall be disposed of by the Lessee. Drilling mud not

containing any of said harmful substances may be disposed of in accordance with Texas Administrative Code, Title 16, Part 1, Chapter 3, Rule 3.8 "Water Protection". Lessor herein grants to Lessee permission to landfarm all water base drilling mud with a chloride concentration of 3,000 milligrams per liter (mg/L) or less; drilled cuttings, sands, and silts obtained while using water based drilling fluid with a chloride concentration of 3,000 (mg/L) or less; and wash water used for cleaning drill pipe and other equipment from the drill sites used by Lessee on lands covered by this Oil and Gas Lease.

48.) By virtue of this Lease, Lessee is entitled to exercise all rights necessary to conduct seismic operations upon the leased premises. If Lessee elects to conduct 3D seismic operations upon the leased premises, Lessee agrees to pay the surface owner \$15.00 per acre for each acre of the leased premises covered by said 3D seismic operation. After completion of such seismic operations, Lessee must restore the land to its original condition just prior to such operations and shall pay the surface owner and any tenants the actual amount of extraordinary damages, if any, not customarily caused by seismic operations, all normal and customary damages being included within the sum of \$15.00 per surface acre provided above.

49.) Regardless of whether the oil, liquid petroleum products and gas produced from the Leased Premises or land pooled therewith is sold or valued at the well, on the Leased Premises or off the Leased Premises, and regardless of whether or not said oil, liquid petroleum products and gas is marketable at the wellhead, and despite the holding in *Heritage Resources, Inc. v. NationsBank*, 939 S.W.2d 118 (Tex. 1996), Lessor and Lessee specifically agree that the royalties payable under this lease shall be free and clear of costs or deductions for exploration, drilling, development, and production, including, but not limited to costs of lifting, gathering, transportation, treating, processing, marketing, dehydration, storage, compression, separation by mechanical means, and stabilization of the hydrocarbons. If Lessee treats and/or processes its gas in a natural gas plant (either on or off the Leased Premises), whether in Lessee's plant or in the plant of a third party, Lessee shall treat and/or process or cause Lessor's gas to be treated or processed. In the event of such treating and/or processing, then notwithstanding the foregoing, Lessee shall be entitled to deduct from the value of the products recovered by the treating and/or processing of the gas, the actual costs incurred by Lessee for such treating and/or processing, which costs shall include gathering or transportation costs required to transport the gas to the plant.

50.) In the event Lessee, its heirs, successors or assigns, drill a water well on any of the described property herein, Lessor shall have all rights to said water well upon the completion of all operations by Lessee, its heirs, successors or assigns.

51.) All covenants, obligations and liabilities of Lessee contained in this Lease shall survive the termination or expiration of this Lease, and Lessee shall remain wholly responsible and liable for the performance thereof notwithstanding such termination or expiration.

52.) Lessee agrees to provide a gate guard to control access to Lessor's property while drilling any oil or gas well. Lessor must consent to the location of any new roads, which consent may not be unreasonably withheld.

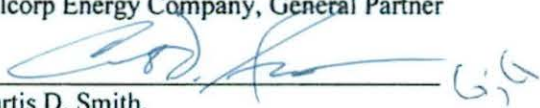
53.) The parties agree that they may record a Memorandum of the LEASE in lieu of recording this Lease.

EXECUTED in multiple originals on the date first above written.

HILCORP ENERGY I, L.P.

By: Hilcorp Energy Company, General Partner

By:


Curtis D. Smith,
Vice President-Land


Larry G. Campbell, Managing Member,
Kuykendall Ranch, LLC

Mary Kuykendall Swint, Managing Member,
Kuykendall Ranch, LLC

E.C. Erwin, Managing Member,
Kuykendall Ranch, LLC

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me on the 29th day of March, 2010, by Curtis D. Smith, Vice President-Land of Hilcorp Energy Company, a Texas corporation, on behalf of the corporation, acting as the General Partner of Hilcorp Energy I, L.P., a Texas limited partnership.



Chantelle MESSA LABBIE
Notary Public in and for the State of Texas

THE STATE OF TEXAS §
COUNTY OF WHEELER §

This instrument was acknowledged before me on this 16 day of March, 2010, by Larry G. Campbell.



[Signature]
NOTARY PUBLIC, STATE OF TEXAS

THE STATE OF TEXAS §
COUNTY OF _____ §

This instrument was acknowledged before me on this _____ day of March, 2010, by Mary Kuykendall Swint.

NOTARY PUBLIC, STATE OF TEXAS

THE STATE OF TEXAS §
COUNTY OF _____ §

This instrument was acknowledged before me on this _____ day of March, 2010, by E.C. Erwin.

NOTARY PUBLIC, STATE OF TEXAS

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

66522

MEMORANDUM OF OIL AND GAS LEASE

STATE OF TEXAS

§

COUNTY OF MCMULLEN

§

WHEREAS, Kuykendall Ranch, LLC, (hereinafter called Lessor), whose address is 445 Sharon Street, Corpus Christi, TX 78412, and Hilcorp Energy I, L.P. (hereinafter called Lessee), whose address is 1201 Louisiana Street, Suite 1400, Houston, Texas 77002, have entered into an Oil and Gas Lease dated March 16, 2010, (the Lease), and;

WHEREAS, the Lessee and Lessor have mutually agreed not to record the Lease in its entirety in the records of LaSalle County, Texas, and instead have agreed to record this Memorandum of Lease;

NOW, THEREFORE, in consideration of the valuable consideration given this date, the receipt and sufficiency of which is hereby acknowledged, and of the other terms of the lease, Lessor hereby grants, leases, and lets unto the Lessee for the purpose of exploring, drilling, operating for and producing oil and gas from the following described land in McMullen County, Texas:

Being 473.99 acres, more or less, in the Josefa de Leon Survey No. 40, A-293, McMullen County, Texas, as more particularly described in that certain Contribution Deed dated May 2, 2000, from John Campbell, Allyce Campbell, E.C. Erwin, and Alice Kuykendall, to Kuykendall Ranch LLC, recorded in Volume 402, Page 227, Deed Records, McMullen County, Texas.

All in accordance with the terms and conditions of the Lease, the Lease shall be effective for a primary term of Three (3) years from the date of the Lease or as long thereafter as oil or gas or other substances covered thereby are produced from said land. Should there be any conflict between this Memorandum of Lease and the Lease herein referred to, then in all cases, the Lease shall take precedence.

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

EXECUTED in multiple originals on the date first above written.

HILCORP ENERGY I, L.P.

By: Hilcorp Energy Company, General Partner

By:

Curtis D. Smith,
Vice President-Land


Larry C. Campbell, Managing Member,
Kuykendall Ranch, LLC

Mary Kuykendall Swint, Managing Member,
Kuykendall Ranch, LLC

E.C. Erwin, Managing Member,
Kuykendall Ranch, LLC

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Page 1 of 2

A CERTIFIED COPY
ATTEST:
DOLORENE GARZA, COUNTY
CLERK


STATE OF TEXAS
COUNTY OF HARRIS

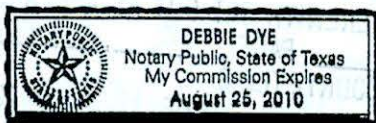
This instrument was acknowledged before me on the 29th day of March, 2010, by Curtis D. Smith, Vice President-Land of Hilcorp Energy Company, a Texas corporation, on behalf of the corporation, acting as the General Partner of Hilcorp Energy I, L.P., a Texas limited partnership.



Chantelle Messa Labbie
Notary Public in and for the State of Texas

THE STATE OF TEXAS
COUNTY OF Neeco

This instrument was acknowledged before me on this 16 day of March, 2010, by Larry G. Campbell.



Debbie Dye
NOTARY PUBLIC, STATE OF TEXAS

THE STATE OF TEXAS
COUNTY OF _____

This instrument was acknowledged before me on this _____ day of March, 2010, by Mary Kuykendall Swint.

NOTARY PUBLIC, STATE OF TEXAS

THE STATE OF TEXAS
COUNTY OF _____

This instrument was acknowledged before me on this _____ day of March, 2010, by E.C. Erwin.

NOTARY PUBLIC, STATE OF TEXAS

FILED FOR RECORD 520-10 AT 1230 O'CLOCK P.M.
AND DULY RECORDED 520-10 AT 1230 O'CLOCK P.M.

BY [Signature] DORAIRENE GARZA, CLERK
DEPUTY MCMULLEN CO. TX

VOL. **486** PAGE **79**

A CERTIFIED COPY
ATTEST: [Signature]
DORAIRENE GARZA, CLERK
MCMULLEN CO. TX

CERTIFICATE

THE STATE OF TEXAS X

COUNTY OF McMULLEN X

I, Dorairene Garza, COUNTY CLERK IN AND FOR SAID
COUNTY AND STATE DO HEREBY CERTIFY THAT THE
FOREGOING IS A TRUE AND CORRECT COPY OF THE
INSTRUMENT HERewith SET OUT AS APPEARS OF RECORD
IN VOL. 4816, PAGE 75, Deed RECORDS
OF McMULLEN COUNTY, TEXAS.

THIS 24th DAY OF July 2012

Dorairene Garza

COUNTY CLERK

McMULLEN COUNTY, TEXAS

BY Matthew Sadorisley DEPUTY

Notice of confidentiality rights: If you are a natural person, you may remove or strike any or all of the following information from any instrument that transfers an interest in real property before it is filed for record in the Public Records: Your social security number or your driver's license number.

Producers 88 (7/89) Paid-Up
With 640 Acres Pooling Provision

OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 15 day of March, 2010, between Michael Zeal Kuykendall, whose address is 215 Revenhill Drive, San Antonio, Texas 78214, Lessor (whether one or more), and Hilcorp Energy I, L.P., Lessee, whose address is, 1201 Louisiana Street, Suite 1400, Houston, Texas 77002,

WITNESSETH:

1. Lessor, in consideration of Ten and No/100 Dollars, receipt of which is hereby acknowledged, and of the covenants and agreements of Lessee hereinafter contained, does hereby grant, lease and let unto Lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipe lines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, and other structures on said land, necessary or useful in Lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land, is located in the County of McMullen, State of Texas, and is described as follows:

Being 473.38 acres, more or less, in the Maria Josefa de Leon Survey No. 40, A-293, McMullen County, Texas, being more particularly described as the same 473.38 acres referenced in that Exchange Deed from Orien Kuykendall, Maurine Kuykendall, Katherine K. Rice, Mary D. Kuykendall, and Lois K. Rathburn to Lucile Kuykendall, dated April 29th, 1982, recorded at Volume 202, Page 404, Deed Records, McMullen County, Texas, and also said 473.38 acres being the same called 476 acres described in that Deed from T.H. Kuykendall and I.W. Kuykendall to J.W. Kuykendall, dated July 6, 1891, recorded at Volume 1, Page 117, Deed Records, McMullen County, Texas.

Lessor agrees to execute any supplemental instrument requested by Lessee for a more complete or accurate description of said land. For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain 473.38 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be deemed to be the true acreage thereof. Lessor accepts the bonus as lump sum consideration for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of three (3) years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. As royalty, lessee covenants and agrees: (a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal one-fourth (1/4th) part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such one-fourth (1/4th) part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear one-fourth (1/4th) of the cost of treating oil to render it marketable pipe line oil; (b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, one-fourth (1/4th) of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, of one-fourth (1/4th) of such gas and casinghead gas. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety (90) consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety (90) day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to twenty-five dollars (\$25.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety (90) day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive

the royalties which would be paid under this lease if the wells were producing, and may be deposited in the PAY DIRECTLY TO LESSOR Bank at N/A MZK, or its successors, which shall continue as the depositories, regardless of changes in the ownership of shut-in royalty. If at any time that lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, lessee may, in lieu of any other method of payment herein provided, pay or tender such shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as lessee may elect. Any payment hereunder may be made by check or draft of lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

3A. "Gross Proceeds", as used herein, shall mean the total proceeds received by Lessee for any non-affiliated third-party sale of such oil, gas or other substance; provided, however, if any contract covering oil, gas or other substance produced from the lands covered hereby, or any contract used for the purpose of establishing the price of Lessor's royalty oil or gas, provides for any deduction for the expenses of production (except for Lessor's proportionate share of actual costs of extricating the sulphur, if any, from the gas and shrinkage, if any, resulting from such extraction), post production, gathering, dehydration, compression, transportation, manufacturing, treating, or marketing of such oil or gas, then such deduction shall be added to the price received by Lessee for such oil or gas so that Lessor's royalty shall not be charged directly or indirectly with any such expenses. Provided, however, should said gas contract provide for a deduction for transportation, shrinkage, or treating to make gas marketable downstream from Lessee's sales meter, and such deduction be levied by a bona fide non-affiliated third party, then in such event, Lessor's Royalty Share shall bear its proportionate share of non-affiliated third party transportation shrinkage and treating deductions, but no other post production costs shall be deducted from Lessor's Royalty Share.

3B. The phrase "free of cost(s)" or "free of all costs", as used herein, shall mean that the royalty interest shall not be charged and shall not bear any costs whatsoever in connection with the exploration, production, gathering, compression, transportation (except "Third Party Transportation Costs", as hereinafter defined, actually incurred by Lessee), marketing or "Treating", as hereinafter defined, of oil, gas or other substance produced hereunder. Provided, however, that Lessor's royalty shall bear its proportionate share of applicable production, windfall profits and severance taxes properly assessable against and attributable to said royalty interest. "Treating" shall mean those methods used by Lessee at the lease to remove contaminants from the wellhead hydrocarbons as may be necessary to place the hydrocarbons in a merchantable condition. Provided, however, should it be necessary for Lessee to install an amine unit on the leased premises in order to make said gas marketable, Lessor shall bear its prorata share of shrinkage of such gas as contaminants are removed from the gas stream processed by said amine plant. However, Lessor shall not bear its prorata share of fuel gas, amine, compression or other costs necessary to operate said amine plant. "Third Party Transportation Costs" shall mean the tariff rate based transportation costs incurred by Lessee in an arm's length transaction with a bona fide third party that is not a subsidiary or affiliate of Lessee in order to take gas and/or liquid hydrocarbons from the point that such hydrocarbons have been separated, treated (if necessary), processed (if performed) and placed in a merchantable condition.

4. Lessee is hereby granted the right, at its option, to pool or unitize any land covered by this lease with any other land covered by this lease, and/or with any other land, lease, or leases, as to any or all minerals or horizons, so as to establish units containing not more than 80 surface acres, plus 10% acreage tolerance; provided, however, units may be established as to any one or more horizons, or existing units may be enlarged as to any one or more horizons, so as to contain not more than 640 surface acres plus 10% acreage tolerance, if limited to one or more of the following: (1) gas, other than casinghead gas, (2) liquid hydrocarbons (condensate) which are not liquids in the subsurface reservoir, (3) minerals produced from wells classified as gas wells by the conservation agency having jurisdiction. If larger units than any of those herein permitted, either at the time established, or after enlargement, are required under any governmental rule or order, for the drilling or operation of a well at a regular location, or for obtaining maximum allowable from any well to be drilled, drilling, or already drilled, any such unit may be established or enlarged to conform to the size required by such governmental order or rule. Lessee shall exercise said option as to each desired unit by executing an instrument identifying such unit and filing it for record in the public office in which this lease is recorded. Each of said options may be exercised by Lessee at any time and from time to time while this lease is in force, and whether before or after production has been established either on said land, or on the portion of said land included in the unit, or on other land unitized therewith. A unit established hereunder shall be valid and effective for all purposes of this lease even though there may be mineral, royalty, or leasehold interests in lands within the unit which are not effectively pooled or unitized. Any operations conducted on any part of such unitized land shall be considered, for all purposes, except the payment of royalty, operations conducted upon said land under this lease. There shall be allocated to the land covered by this lease within each such unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that proportion of the total production of unitized minerals from the unit, after deducting any

used in lease or unit operations, which the number of surface acres in such land (or in each such separate tract) covered by this lease within the unit bears to the total number of surface acres in the unit, and the production so allocated shall be considered for all purposes, including payment or delivery of royalty, overriding royalty and any other payments out of production, to be the entire production of unitized minerals from the land to which allocated in the same manner as though produced therefrom under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph or of shut-in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas. The formation of any unit hereunder which includes land not covered by this lease shall not have the effect of exchanging or transferring any interest under this lease (including, without limitation, any shut-in royalty which may become payable under this lease) between parties owning interests in land covered by this lease and parties owning interests in land not covered by this lease. Neither shall it impair the right of Lessee to release as provided in paragraph 5 hereof, except that Lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit. At any time while this lease is in force Lessee may dissolve any unit established hereunder by filing for record in the public office where this lease is recorded a declaration to that effect, if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 4, a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph 4 with consequent allocation of production as herein provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

5. Lessee may at any time and from time to time execute and deliver to Lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations, as to the released acreage or interest.

6. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, in paying quantities.

7. Lessee shall have the use, free from royalty, of water, other than from Lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove casing. No well shall be drilled nearer than 300 feet to the house or barn now on said land without the consent of the Lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

8. The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any mineral or horizon. Lessee has the right to assign any part of this lease to anyone with the sole exception of Riley Exploration LLC, without getting written approval from Lessor. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of Lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof of or to Lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by Lessor or Lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division. If any such change in ownership occurs by reason of death of the owner, Lessee may, nevertheless pay or tender such royalties, or other moneys, or part thereof, to the credit of the decedent in a depository bank provided for above.

9. In the event Lessor considers that Lessee has not complied with all its obligations hereunder, both express and implied, Lessor shall notify Lessee in writing, setting out specifically in what respects Lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by Lessor. The service of said notice shall be precedent to the bringing of any action by Lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that Lessee has failed to perform all its obligations hereunder. If this lease is cancelled for any

cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by Lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said land as are necessary to operations on the acreage so retained.

10. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but Lessor agrees that Lessee shall have the right at any time to pay or reduce same for Lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to Lessor and/or assigns under this lease. If this lease covers a less interest in the oil, gas, sulphur, or other minerals in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not), or no interest therein, then the royalties and other moneys accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by Lessor) shall be paid out of the royalty herein provided. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as Lessor.

11. If, while this lease is in force, at or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut-in well provisions of paragraph 3 hereof, and Lessee is not conducting operations on said land by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of Lessee, the primary term hereof shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred, provided Lessee notifies Lessor in writing of such extension and justifying cause within thirty (30) days of its commencement and shall pay Twenty-Five and No/100 Dollars (\$25.00) per acre for each ninety (90) days said lease is extended.

SEE ADDENDUM CONTAINING PARAGRAPHS 12 THROUGH 52 ATTACHED HERETO AND MADE A PART HEREOF FOR ALL PURPOSES.

ADDENDUM

NOTWITHSTANDING anything to the contrary hereinabove provided, it is expressly agreed and stipulated by and between the Lessor and Lessee that:

12.) Reference in this lease to "other minerals" shall be deemed to include, in addition to oil and gas, only such related sulphur and hydrocarbons as may be produced therewith and extracted therefrom and shall not include coal, lignite, uranium, fissionable materials, other sulphur, or any unrelated or hard minerals.

13.) The right to maintain this lease in force and effect beyond the expiration of the primary term by the payment of shut-in royalties as is set out in paragraph 3 supra, is a recurring right which may be exercised by Lessee from time to time but shall not exceed an aggregate or cumulative period of time of more than three (3) years.

14.) The right of Lessee to pool the acreage covered by this lease with other acreage, as is provided for in paragraph 4 supra, is hereby limited to the extent that if a well is drilled on the leased acreage and this pooling privilege is exercised, then at least one-half (½) of the unit must be land covered by this lease, or one-half (½) of this lease must be included within the unit, and if the well is drilled on the acreage pooled with this lease, then at least one-third (1/3rd) of the unit must be land covered by this lease, or one-third (1/3rd) of this lease must be included within the unit, at Lessee's discretion; provided, however, if the amount of acreage remaining which has not theretofore been included in a pooled unit or allocated to a producing well is insufficient to satisfy the above requirement, then all such remaining available acreage shall be included within such unit. In the event a pooled unit is formed and Lessee fails to obtain consent to pool any non-participating royalty interests which may affect the Leased Premises, and as a result, must account to said non-participating royalty owners on a non-pooled basis, the difference between paying said non-participating royalty on a non-pooled basis as opposed to a pooled basis, shall be borne by Lessee and shall not be borne by the Lessor's royalty payable under this lease.

15.) In the event a pooled unit is created under the provisions of paragraph 4 supra, production, drilling, or reworking operations on said unit shall not be effective to maintain this lease in force as to acreage outside of such unit beyond the end of the primary term or continuous development, whichever later occurs. However, this lease may be maintained in force as to such unpooled acreage in any other manner provided herein.

16.) In the event Lessee exercises any pooling privilege granted, Lessee agrees to furnish Lessor with a copy of any unit designation within thirty (30) days after the same is filed for record. If Lessee fails to timely deliver said copy, Lessee will immediately pay Lessor \$500.00 as liquidated damages.

17.) The royalties which are to be paid under the terms of this lease for the production of oil or gas after the end of the primary term or continuous development, whichever later occurs, shall never be less than FIFTY AND NO/100 DOLLARS (\$50.00) per net mineral acre per annum for the number of acres which are being held under each well, and the accounting period for such royalties shall be from January 1st through December 31st of each year during the tenure of this lease, commencing with January 1st following the first production of oil and/or gas from the leased premises, and in the event that there has been a deficiency of royalty payments made during the accounting period for which such minimum royalty payments are due, the Lessee shall have a period of ninety (90) days within which to make up such deficiency from and after having received written notice from the Lessor of such deficiency, and Lessee shall be deemed conclusively to have received such notice as of the date that same was mailed in a United States Post Office by certified mail, return receipt requested, addressed solely to the Operator as designated at the Railroad Commission, irrespective of the ownership of this lease. Evidence of such mailing shall be by Postal Receipt Form P.S. 3811. Should Lessee fail to make up such deficiency within the prescribed time, this lease shall terminate as to all parties, but such termination shall not relieve Lessee of the obligation of paying a minimum royalty in accordance with the terms of this lease to its date of termination. It is provided, however, that such lease termination in the preceding sentence shall not apply to Hilcorp Energy Co., but any unpaid minimum royalty shall bear interest at the rate of ten percent (10%) per annum or the maximum lawful rate of interest for such sums, whichever is the lesser amount. Lessee is in nowise obligated to maintain this entire lease in force and effect, and upon releasing a portion of the acreage covered hereunder shall be relieved of this minimum royalty provision as to the acreage so released from and after the date of such release, and if released on other than an anniversary date, Lessee shall be liable for a prorata part of the annual minimum royalty up to the date of said release. This minimum royalty provision shall not be applicable to the period of time for which the shut-in royalties have been paid under the terms of this lease.

18.) Lessee agrees to pay for damages caused by its operations on the leased premises to growing crops, grass, cattle, roads, fences, and improvements on said land; and further, within 120 days after the completion of any well, weather permitting, to fill and level all slush pits used in connection therewith and stock pile base material brought in to said site for Lessor; and upon abandonment of any well or other structure or facility on said land, to reasonably restore the surface of said land so occupied by such well, structure or facility to as near its natural state as possible. Lessee further agrees to pay Lessor the sum of TWO THOUSAND FIVE HUNDRED AND NO/100 DOLLARS (\$2,500.00) per acre for the site location for each well that may be drilled on the leased premises, such payment to be made prior to moving on the location, and, furthermore, to pay the sum of TWO THOUSAND FIVE HUNDRED AND NO/100 DOLLARS (\$2,500.00) per acre for each acre to be regularly used by Lessee for roadways, tank batteries, or other above ground facility placed on the land by Lessee. Lessee shall consult with surface owner or Lessor prior to cutting, erecting or altering any fence. Any changes to any fence such as, but not limited to erecting new fence, cutting any existing fence, altering any existing fence, etc. shall be done by a fence contractor acceptable to Lessor or surface owner, to Lessor or surface owner's specifications and at Lessee's expense. When requested by Lessor, Lessee will fence, with a good and substantial fence capable of turning livestock of ordinary demeanor, or in a high fenced area, a like kind fence, all permanent type facilities it places on the leased premises. All roadways to be regularly used by Lessee must be improved with base material with a minimum of six (6) inch compacted and regularly maintained.

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19.) Lessee, his agents, servants, employees, contractors, or sub-contractors shall not be permitted to carry firearms on to the leased premises, nor to fish or hunt thereon, and any breach of this covenant shall make the individual person committing such breach liable as a trespasser under the laws of the State of Texas, and such person shall not again be permitted to come on to the leased premises.

20.) The parties recognize that it is difficult to control fishing or the hunting of game on the leased premises and to ascertain the monetary damages to Lessor's surface rights caused by any such unauthorized activity. Lessee therefore covenants that if any of its officers, agents, employees, servants or invitees bring on to the leased premises a dog or firearms of any description without the expressed written permission of

Lessor, Lessee will immediately pay to Lessor the sum of \$2,500.00 for each of such incidents as agreed liquidated damages. Such payment is in addition to any fine or fines which might be imposed under the appropriate statutes or to any injunctive relief to which Lessor may be entitled from a court of equity.

21.) Lessee shall not have the right to use water from Lessor's water wells or surface water without Lessor's written consent. Lessee's right to take and use water from Lessor's wells on the leased premises shall not include the right to use fresh water from any fresh water sands or strata underlying the leased premises for any secondary recovery operations that may be conducted on the leased premises.

22.) Lessee herein shall be solely responsible for full compliance with all rules and regulations of the Railroad Commission of Texas, Texas Water Quality Board, the Texas Natural Resources & Conservation Commission, or any other governmental agency, in all of its operations on the leased premises, and does hereby indemnify and agree to hold Lessor harmless against any such rules or regulations. Provided further, Lessee shall notify the Lessor at least twelve (12) hours in advance of intended plugging of any well drilled on the leased premises, granting Lessor the option of having such well or wells to be abandoned be plugged in such a manner as to allow the Lessor the opportunity of then completing the same as a water well at Lessor's expense in a water sand of his/its selection after first having obtained the necessary permit from the Railroad Commission of Texas, or other regulatory body then having jurisdiction over the matter. Lessee shall also notify Lessor at least twelve (12) hours in advance of intended abandoning of any dry hole granting Lessor the option of completing said well as a water well, provided that all additional costs of completing said well as a water well, including rig time in excess of twenty-four (24) hours, shall be paid by Lessor.

23.) In the event Lessee shall be producing oil, gas or other hydrocarbons from any well or wells on the above described land on the date of the expiration of the primary term hereof, as it may be continued by continuous operations as provided below, this lease shall terminate except insofar as it covers the following, and the amount of acreage which may be included in pooled units under Paragraph 4 above shall be limited to the acreage amounts provided as follows:

- a. As to oil produced from a vertical well:
 - (1) 40 acres in surface area if the well is producing or capable of producing from the surface of the earth to and including 9,000 feet below the surface of the earth, and
 - (2) 80 acres in surface area if the well is producing or capable of producing for all depths below 9,000 feet.
- b. As to gas, distillate and/or condensate produced from a vertical well:
 - (1) 80 acres in surface area if the well is producing or capable of producing from the surface of the earth to and including 4,000 feet below the surface of the earth,
 - (2) 160 acres in surface area if the well is producing or capable of producing for all depths below 4,000 feet from the surface to and including 7,000 feet, and
- (3) 320 acres in surface area if the well is producing or capable of producing for all depths below 7,000 feet from the surface to and including 10,000 feet, and
- (4) 640 acres in surface area if the well is producing or capable of producing for all depths below 10,000 feet.

Provided, however, should a well for either oil or gas be drilled as a Horizontal Drainhole Well as described and permitted by the Railroad Commission of Texas Statewide Rule 86 (Rule 3.86 of Title 16, Part 1, Chapter 3 of the Texas Administration Code) Horizontal Drainhole Wells, then, in that case, Lessee shall be allowed to retain or pooled units may contain such an amount of acreage for either an oil well or a gas well that produces in paying or commercial quantities, calculated according to the following formula: $A \text{ (acreage)} = [L \text{ (actual lateral length drilled)} \times .11488 + 160] \times 1.5$; then A is rounded up to the nearest number evenly divisible by 40. EXAMPLE: $A = [2,000' \times .11488 + 160] \times 1.5 = 584.64 \text{ acres}$ (rounded up to the nearest number evenly divisible by 40 = 600 acres). But in no event shall the retained acreage exceed 640 acres.

Each separate tract ascribed to an oil well and each separate tract ascribed to a gas well pursuant to the provisions of this paragraph shall be treated as a separate lease tract subject to the provisions of this lease, and the continuation of this lease as to each such separate lease tract shall be determined by the provisions of this

lease applied to each such separate lease tract; provided, however, that Lessee shall have no duty to protect such well

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Michael Reed Kipp Hall
tracts from drainage caused by other well tracts designated under this lease. Acreage in excess of the acreage provided for development (as selected by Lessee) must be released upon expiration of the primary term or the

end of continuous development, whichever later occurs unless held by reworking provisions contained herein. Production or operations on said allotted area by the Lessee shall maintain this lease in effect only with regard to the land within the described area, and down to a depth of 100 feet below the stratigraphic equivalent of the deepest sand or strata from which the well located on the spacing unit around the well is producing or which reasonably appears productive of oil or gas in commercial quantities as depicted on the electric log of such well and no further.

Regardless of whether or not Lessee shall be producing oil, gas or other hydrocarbons from any well or wells on any of the above described lands, if Lessee shall be engaged in drilling or reworking operations upon any well or wells on said date of the expiration of the primary term of this lease, Lessee's rights hereunder shall be continued thereby so long as this Lease is maintained by continuous operations prosecuted by Lessee, diligently and in good faith, without any interruption of operations upon any one well for more than sixty (60) days and without any lapse of more than one hundred eighty (180) days between the completion of one well (either as a dry hole or as a commercial producer) and the commencement of actual drilling operations upon the next succeeding well ("continuous development").

At the end of the primary term or of continuous development, whichever later occurs, any well completed under this continued drilling program shall maintain this lease in force and effect according to the other terms and provisions of this lease as to the production unit for such well or wells as hereinabove provided and down to a depth of 100 feet below the stratigraphic equivalent of the deepest sand or strata from which the well located on the spacing unit around such well is producing or which reasonably appears productive of oil or gas in commercial quantities as depicted on the electric log of such well, and no further.

24.) As used in the terms of this lease, the words "if operations for drilling are not commenced" or "commencement of drilling operations" shall be defined as the date on which the drilling of a well has actually commenced and commonly called "spudded in"; and the "completion of a well" shall be defined as the first date on which the completion rig has actually moved off the leased premises, or the date on which oil and/or gas is first produced from the well, whichever event occurs first. Any subsequent work done on the well will be deemed reworking operations.

25.) It is hereby specifically agreed and stipulated that in the event a well is completed as a producer of oil and/or gas on land adjacent and contiguous to the leased premises, and within 1000 feet of the premises covered by this lease, that Lessee herein is hereby obligated to, within 120 days after the completion date of the well or wells on the adjacent acreage, as follows:

- (1) to commence drilling operations on the leased acreage and thereafter continue the drilling of such off-set well or wells with due diligence to a depth adequate to test the same formation from which the well or wells are producing from on the adjacent acreage; or
- (2) pay the Lessor royalties as provided for in this lease as if an equivalent amount of production of oil and/or gas were being obtained from the off-set location on these leased premises as that which is being produced from the adjacent well or wells; or
- (3) release an amount of acreage sufficient to constitute a spacing unit equivalent in size to the spacing unit that would be allocated under this lease to such well or wells on the adjacent lands, as to the zones or strata producing in such adjacent well.

26.) In the event Lessee does not remove all property and fixtures placed on the leased premises within NINETY (90) DAYS after the termination of this lease, and does not make suitable arrangements with the Lessor within said period of time to leave such property on the premises for a set additional period of time, title to all of such property so left on the leased premises shall pass to and vest in Lessor.

27.) Unless Hilcorp Energy Co. or its affiliates is one of the operators, Lessor's royalties shall be paid directly by the purchaser/gatherer of the oil or gas. The first royalty check shall be tendered the ~~minimal~~ owner within one hundred twenty (120) days after the first production leaves the leased premises. If the first

royalty check is not tendered within said length of time, interest shall accrue on the unpaid royalty at 18% or the highest rate allowed by state law, whichever is less, and the first royalty check shall contain all accrued interest, unless such payment is delayed by a bona fide issue of title, based on an attorney's written opinion.

Once royalty checks have commenced being tendered, the mineral owner will be paid within sixty (60) days after the end of the month the production leaves the leased premises. If payments are not forthcoming within the designated period, interest will again accrue on the unpaid balance at the rate hereinbefore specified. If more than twelve (12) months transpire between royalty payments the lease shall expire except where delay was caused by title problems or force majeure per Paragraph 11, or unless this lease is otherwise held in effect in any other manner provided herein.

28.) Except as provided in Paragraphs 3, 3A and 3B above, the mineral owners' royalty shall bear no cost or expense (direct or indirect) incurred by the Lessee or Lessee's subsidiaries prior to or subsequent to production. This rule is to apply regardless of where the royalty is fixed in the lease or division order.

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In any event, the Lessee assumes all risk of loss for the oil or gas once it leaves the leased premises.

29.) Should Lessee have title to said lands, or any portion thereof, examined and have a title reports or opinion(s) rendered, Lessee shall furnish to Lessor a copy of each such title report or opinion and any supplements thereto. A copy of each such report or opinion rendered shall be mailed to Lessor at the above address within thirty (30) days after the receipt by Lessee of each report or opinion. Lessee shall not be liable in any way for the contents of any such report or opinion rendered and delivered to Lessor.

30.) Lessee shall promptly close all gates which Lessee, Lessee's agents, servants and/or employees may use in Lessee's operations on the leased premises, to prevent the escape of cattle or stock of Lessor through any open gates. Lessee further agrees to comply with all reasonable rules and regulations imposed by Lessor with regard to opening and closing and locking all such gates. If as a result of Lessee's failure to keep all gates locked any of the Lessor's cattle or livestock escape, then Lessee shall promptly reimburse to the Lessor all expenses incurred in rounding up such cattle or livestock and transporting them to the pasture from which they escaped. Additionally, if this paragraph is violated, Lessee shall pay to Lessor, at Lessor's address first given above, a penalty of Five Hundred Dollars (\$500.00) per violation, within 15 days of such violation. If Lessor so specifies, any gate installed over a cattle guard will be a sliding gate. All cattle guards will be wide enough to easily accommodate farm equipment.

31.) Before building any pipelines upon said premises, Lessee is required to consult with Lessor or the Surface Owner as to the location of same and such mutual agreement will not be unreasonably withheld. It is the intention of the Lessor to assist operator in selecting the route that will cause the least amount of damage or interruption to the Lessor's operations. Lessee must also bury all pipelines at least thirty-six (36") inches below the surface. Standard farmland double-ditching method will be used by Lessee in construction of the pipeline by separating the topsoil from the subsoil during excavation and during the backfill operation, said subsoil must be placed in the open ditch first and then the topsoil will be placed in the ditch to complete the backfilling operation. The width of the trench to be excavated is limited to twelve (12") inches unless the pipeline is greater than six inches (6") in diameter. All pipelines across the leased premises will be permanently identified and located by markings at all fence lines or roads traversed by such pipelines. In the event the premises is not subject to production from this tract or a pooled unit, or in the event Lessee transports gas from lands in which Lessor has no interest, then Lessee must not install or lay a pipeline across these lands without first securing an easement for such pipeline. Should a gas pipeline from wells on the premises or lands pooled therewith be built, Lessee is not required to obtain an easement, but will nevertheless be liable for all surface damages. Lessee, at all times while this lease is in effect, is required to maintain the pipeline right-of-way in order to prevent or correct sinkage, settlement and erosion of the soil as occasioned by its pipelines. Without Lessor's written consent, no compressor shall be located within one-half (1/2) mile of a dwelling upon the leased premises.

32.) Lessee shall have the right to drill such water wells as may be necessary for its operations on the premises. Fresh water use shall be restricted to the actual drilling for oil or gas on the leased premises and shall not be used in any manner for secondary recovery flooding of any productive oil reservoir. Any water well drilled by Lessee on the leased premises shall be drilled in a workmanlike manner and completed in accordance with the general practices in the area for the completion of water wells to be used for the production of water for livestock and domestic purposes (using windmills or other down hole pumping equipment normally used in the area). Any water well so drilled shall be drilled in order to accept a minimum of 7-inch O.D. casing. In the event Lessee shall drill a water well on Lessor's premises, then upon

Lessee's permanent cessation of use of such water well, the Lessee shall leave the water well and the casing therein for the use of the Lessor, at Lessor's option and at Lessor's risk, however, the Lessee may remove any pump and motor installed by the Lessee. Any fresh water well drilled by Lessee must be drilled to completion in the Carrizo water sand.

33.) When such information has become generally available to the public or is made available through the public records and upon written request from Lessor, Lessee agrees to furnish Lessor with one (1) final print of all driller's logs, electrical logs and surveys obtained in the drilling of all wells on said lands, and one (1) copy of all core analyses and test results obtained from all wells. One (1) copy of all applications and reports filed by Lessee with the Texas Railroad Commission or other regulatory agencies in connection with Lessee's operations hereunder shall also be mailed to Lessor simultaneously with Lessee's mailing of such applications and reports. Lessee shall have no liability to Lessor or to any third party for their reliance upon such information unless the information furnished is intentionally false or misleading. Should Lessor request more than one (1) copy of the information to be furnished by Lessee under the provisions of this paragraph, Lessee agrees to furnish, at Lessor's cost and expense, such additional copies as may be requested by Lessor. Lessor agrees to maintain in confidence all information furnished by Lessee pursuant to the provisions of this paragraph for so long as this lease is maintained in force and effect as to the lands and depths on which producing wells are located and information is furnished with respect thereto, and Lessor agrees not to divulge such information to any third party during such period of confidentiality.

34.) Within one hundred twenty (120) days (weather permitting) after the completion or abandonment of any well drilled or worked over on the leased premises, Lessee agrees that it will fill and level all slush pits, holes, ruts, ditches and drains and remove all non-water based drilling mud, shale and chemicals from said premises and will restore the surface of the leased premises, as nearly as possible, to its condition prior to the commencement of such operations. Lessee will cut the banks of all slush pits and let them drain and dry before leveling to insure no bog hole will be created. In the event of failure of Lessee to comply with this paragraph, within the time specified as aforesaid, Lessor shall notify Lessee, by Certified Mail, Return Receipt Requested, of non-compliance of this paragraph. If Lessee does not comply with this

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paragraph within 30 days of said notification, Lessee shall pay to Lessor, three times the actual cost to Lessor for making said repairs as agreed as liquidated damages on account of Lessee's failure to carry out its obligation as provided in this paragraph. Nothing herein shall release Lessee from any liability for damages suffered by Lessor as a result of a blow-out or other damages occurring during Lessee's operations hereunder, and Lessee shall be fully responsible for any and all damages resulting therefrom.

35.) In the event Lessee exercises any pooling privilege granted, Lessee agrees to furnish Lessor with a copy of any unit designation before the same is filed for record.

36.) Salt water must not be disposed of on the premises without the written consent of Lessor.

37.) The provisions contained herein regarding acreage covered by this lease to be held by drilling operations on or production from any pooled unit or units shall not be altered or amended by any pooling, unitization or like agreement or instrument, or any amendment thereto or ratification or acknowledgment thereof, unless the same shall be specifically designated as an amendment of such paragraph for such purpose. It is further agreed that neither this lease nor any terms or provisions hereof will be altered, amended, extended or ratified by any division order or transfer order executed by Lessor, Lessor's successors, heirs, agents, or assigns, but that any division order or transfer order will be solely for the purpose of confirming the extent of Lessor's interest in production of oil and gas from the herein described premises, or any land or lands pooled therewith, and to comply with statutory requirements. In the event of production, all division orders prepared by Lessee and its assigns will eliminate all references to ratification of Lessee's acts, ratification of the unit and ratification of gas or oil purchase contracts. If such statements are contained therein, such ratifications are void and of no effect. Any amendment, alteration, extension or ratification of this lease, or of any term or provision of this lease, will be made only by an instrument clearly denominating its purpose and effect, describing the specific terms or provisions affected and the proposed change or modification thereof, and executed by the party against whom any such amendment, alteration, extension or ratification is sought to be enforced, and any purported amendment, alteration, extension or ratification not so drafted will be of no force or effect.

38.) In the event that Lessee or its assigns shall hereafter assign a portion of this Lease or the production to other entities, then and in such event, the Lessee or its assigns shall designate one operator to

disburse all royalty payments derived from all production hereunder. In no event, without the consent of this Lessor, shall royalty be paid by multiple parties. Lessee shall furnish Lessor copies of all assignments of working interests within ninety (90) days after recording said assignment. If Lessee fails to timely deliver said copy, Lessee will immediately pay Lessor \$500.00 per month as liquidated damages. Any assignee shall also provide Lessor with a name, address and telephone number for the contact person for the assignee.

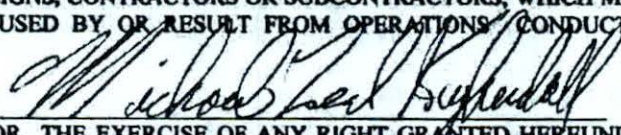
All notices hereunder to Lessee shall be sent only to the Operator of each well designated with the Railroad Commission.

39.) Within ninety (90) days after this lease has expired or any portion thereof has been forfeited and upon written request by Lessor, Lessee or any assignee thereof must furnish Lessor, or Lessor's heirs or assigns, with a recordable release of this lease or such portions which have been forfeited by Lessee or its assigns under the terms of this lease agreement. If Lessee or Lessee's assigns fail to provide the Release in the time required after written notice, Lessee will immediately pay to Lessor the sum of \$500.00 as agreed liquidated damages.

40.) Notwithstanding the termination of this lease as to part of the leased premises under the above provisions, Lessee shall have and retain such easements of ingress and egress over the remainder of the leased premises as shall be necessary to enable Lessee to develop and operate the portion or portions of this lease then in effect for the production of oil and gas therefrom, and it is further agreed that it shall not be necessary for Lessee to remove or relocate any pipe lines, tank batteries or other surface equipment or installations from any portions of the leased premises as to which this lease has terminated for so long as same remain necessary for the development and operation of such portions of this lease as continue in force and effect. It is provided however, in no event shall Lessee be permitted to have more than one road leading to the location of a drilling or producing well. Upon the occurrence of any partial termination of this lease, Lessor shall have, and expressly reserves, an easement through the said lands and the depths and formations retained by Lessee in order to enable the exploration and/or production of oil, gas and/or other minerals in and from any depths and lands which are not thereafter subject to this Lease. The easement reserved herein shall be fully assignable by Lessor to any party, including any other oil, gas and mineral lessee, of depths or lands not then subject to this lease, and in the event Lessor assigns such easement to any third party, Lessee herein shall look only to such third party, provided Lessor gives Lessee notice of said Easement and its assignment, and not to Lessor, for any claims, costs, expenses or damages occasioned by such third party's use of the easement herein reserved, specifically including, but not limited to, any claims that such third party's activities interfered with or damaged Lessee's wells, reserves, equipment, operations or other rights hereunder.

41.) LESSEE SHALL INDEMNIFY AND HOLD LESSOR HARMLESS FROM AND AGAINST ANY AND ALL CLAIMS, ACTIONS, LIABILITY, LOSS, DAMAGE OR EXPENSE OF EVERY KIND AND NATURE, INCLUDING, BUT NOT LIMITED TO, REASONABLE ATTORNEY'S FEES AND COSTS, FOR DAMAGE TO PROPERTY OF ANY PERSON, FIRM OR CORPORATION OR FOR INJURY TO OR DEATH OF ANY PERSON, INCLUDING, BUT NOT LIMITED TO, THE EMPLOYEES OF LESSEE, ITS SUCCESSORS, ASSIGNS, CONTRACTORS OR SUBCONTRACTORS, WHICH MAY, IN WHOLE OR IN PART, BE CAUSED BY OR RESULT FROM OPERATIONS CONDUCTED HEREUNDER OR THE

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ENJOYMENT OF THIS LEASE OR THE EXERCISE OF ANY RIGHT GRANTED HEREUNDER OR ANY OBLIGATION IMPOSED HEREBY. IN THE EVENT THIS LEASE IS HELD OR INTERPRETED TO BE WITHIN THE SCOPE OF AN AGREEMENT AS DEFINED AND PROHIBITED BY CHAPTER 127 OF THE TEXAS CIVIL PRACTICE AND REMEDIES CODE ("CHAPTER 127"), THE INDEMNITY PROVIDED HEREIN SHALL BE AMENDED AND CONSTRUED TO LIMIT AND TO EXCEPT FROM ITS APPLICATION ANY INDEMNITY FOR ANY LOSS OR LIABILITY OCCURRING UNDER CIRCUMSTANCES THAT SUCH INDEMNITY IS PROHIBITED OR LIMITED BY THE APPLICATION OF CHAPTER 127 AND LESSEE SHALL INDEMNIFY AND HOLD HARMLESS LESSOR, THE SURFACE OWNER AND THEIR RESPECTIVE SUCCESSORS, LEGAL REPRESENTATIVES, ASSIGNS, AGENTS, CONTRACTORS, AND EMPLOYEES, ONLY TO THE EXTENT OF THE MAXIMUM COVERAGES AND DOLLAR LIMITS OR LIABILITY PERMITTED BY CHAPTER 127; AND THIS LIMITED INDEMNITY OBLIGATION SHALL BE SUPPORTED BY AVAILABLE LIABILITY INSURANCE FURNISHED BY LESSEE (AND LESSEE SHALL FURNISH TO LESSOR CERTIFICATES OR OTHER EVIDENCE OF LIABILITY INSURANCE BEING IN FORCE AND EFFECT). TO THE EXTENT THAT THE INDEMNITY PROVIDED HEREIN IS LIMITED OR INAPPLICABLE UNDER CHAPTER 127, THE LAW OF CONTRIBUTION SHALL APPLY.

42.) Lessee, at Lessee's own expense, will provide and maintain in force during the existence of this Lease a commercial general liability insurance in the amount of at least \$3,000,000.00, covering Lessor as well as Lessee, for any liability for property damage or personal injury arising as a result of Lessee's conducting operations on or off these premises pursuant to this Lease, the exercise of any right granted hereunder or any obligation imposed hereby or associated in any way with activities conducted by Lessee on or impacting the premises. This insurance is to be carried by one or more insurance companies authorized to transact business in Texas. Lessee will furnish Lessor with certificates of all insurance required by this Lease.

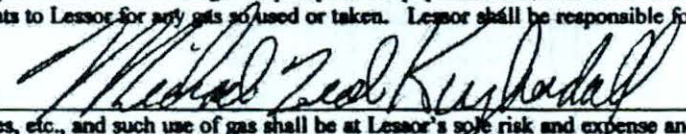
43.) LESSEE MUST COMPLY WITH ALL VALID LAWS, ORDINANCES, AND REGULATIONS, WHETHER STATE, FEDERAL, OR MUNICIPAL, APPLICABLE TO THE PREMISES. THE USE WHICH LESSEE MAKES AND INTENDS TO MAKE OF THE PREMISES WILL NOT RESULT IN THE DISPOSAL OR OTHER RELEASE OF ANY HAZARDOUS SUBSTANCE OR SOLID WASTE ON OR TO THE PREMISES. IN THE EVENT THAT ANY HAZARDOUS SUBSTANCES, SOLID WASTES OR OTHER POLLUTANTS ARE DISPOSED OR RELEASED ON AND/OR UNDER THE PREMISES, RESULTING IN THE CONTAMINATION OR POLLUTION TO THE PREMISES OR ANY ADJOINING PROPERTY, ARISING OUT OF SAID CONTAMINATION OR POLLUTION, CAUSED BY OR CONSENTED TO BY THE LESSEE, THE LESSEE SHALL INDEMNIFY AND HOLD HARMLESS THE LESSOR AND LESSOR'S HEIRS, EXECUTORS, ADMINISTRATORS, SUCCESSORS, AND ASSIGNS, FROM AND AGAINST ANY AND ALL LIABILITY FROM THE RULES AND REGULATIONS OF THE TEXAS RAILROAD COMMISSION, THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION, AND LIABILITY ACT OF 1980, THE RESOURCE CONSERVATION AND RECOVERY ACT OF 1976, OR ANY OTHER STATE OR FEDERAL STATUTE, RULE OR REGULATION NOW IN EXISTENCE OR HEREINAFTER ENACTED RELATING TO SUCH SUBSTANCE OR WASTE AND LESSEE HAS THE ABSOLUTE RESPONSIBILITY FOR ALL CLEANUP OF SAID POLLUTION OR CONTAMINATION OR RECLAMATION OF THE PREMISES AND ALL COSTS AND EXPENSES THEREOF.

44.) IT IS AGREED THAT ANY SUITS AT LAW WILL BE INITIATED IN THE COURT OF PROPER JURISDICTION OF THE STATE OF TEXAS IN THE COUNTY WHERE THE LAND OR ANY PART THEREOF BE LOCATED WITH APPEALS TO THE APPELLATE COURT OF THE STATE OF TEXAS AND THAT THE LAW OF TEXAS WILL CONTROL IN CONSTRUING THIS LEASE.

45.) Lessor hereby warrants title to Lease premises against claims by, through or under Lessor, but not otherwise, and Lessor's liability on such warranties shall in no event exceed the value of bonus paid to Lessor herein for any portion having defective title. In the event that lands within the boundaries of the Leased Premises are owned, claimed or acquired by Lessor, their successors or assigns, by use, occupancy, prescription or adverse possession, all such lands are hereby and shall be subject to this Lease. In addition, should Lessor hereafter acquire any additional tracts or interest in the lands described herein, whether by purchase, gift, judgment, settlement or otherwise, such tracts or interests shall be subject to this Lease. Lessor agrees to execute and deliver such additional instruments, amendments and further assurances as may be reasonably necessary to give effect to the provisions of this Lease.

46.) Lessor shall have the right to use to the extent of its net royalty interest, free of charge, natural gas from any well(s) on the leased premises to run its irrigation pumps and equipment, and, Lessee shall not be required to make royalty payments to Lessor for any gas so used or taken. Lessor shall be responsible for all

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hookups, metering stations, pipelines, etc., and such use of gas shall be at Lessor's sole risk and expense and subject to the approval of and periodic inspection of Lessee's production operations engineering staff. In connection with which, Lessor reserves the option to take said gas on either the upstream or the downstream side of any gas treatment plant or separation unit situated on the leased premises. All such free gas shall be taken, transported and provided to Lessor in accordance with all applicable laws, rules and regulations.

47.) Lessee shall promptly pay the owner of the surface of the leased premises a reasonable sum for any damages resulting to the surface of said premises and the crops and improvements located thereon which may be caused by or result from the operations of Lessee hereunder or pursuant to any grants hereunder, and Lessee will restore same to substantially their present condition, so far as can be reasonably be done, as concerns any material change in the surface of such premises caused by or resulting from operations of Lessee hereunder. Lessee agrees that if any oil based mud or drilling compound containing hydrocarbon

base or any material which is harmful to the soil is used in Lessee's operations of the Leased Premises, Lessee shall dispose of all such mud, compounds and materials from the Leased Premises in strict compliance with the applicable rules of the Railroad Commission of Texas before filling in the pit(s), leveling and restoring the surface, and all such harmful materials shall be disposed of by the Lessee. Drilling mud not containing any of said harmful substances may be disposed of in accordance with Texas Administrative Code, Title 16, Part 1, Chapter 3, Rule 3.8 "Water Protection". Lessor herein grants to Lessee permission to landfarm all water base drilling mud with a chloride concentration of 3,000 milligrams per liter (mg/L) or less; drilled cuttings, sands, and silts obtained while using water based drilling fluid with a chloride concentration of 3,000 (mg/L) or less; and wash water used for cleaning drill pipe and other equipment from the drill sites used by Lessee on lands covered by this Oil and Gas Lease.

48.) By virtue of this Lease, Lessee is entitled to exercise all rights necessary to conduct seismic operations upon the leased premises. If Lessee elects to conduct 3D seismic operations upon the leased premises, Lessee agrees to pay the surface owner \$15.00 per acre for each acre of the leased premises covered by said 3D seismic operation. After completion of such seismic operations, Lessee must restore the land to its original condition just prior to such operations and shall pay the surface owner and any tenants the actual amount of extraordinary damages, if any, not customarily caused by seismic operations, all normal and customary damages being included within the sum of \$15.00 per surface acre provided above.

49.) Regardless of whether the oil, liquid petroleum products and gas produced from the Leased Premises or land pooled therewith is sold or valued at the well, on the Leased Premises or off the Leased Premises, and regardless of whether or not said oil, liquid petroleum products and gas is marketable at the wellhead, and despite the holding in *Heritage Resources, Inc. v. NationsBank*, 939 S.W.2d 118 (Tex. 1996), Lessor and Lessee specifically agree that the royalties payable under this lease shall be free and clear of costs or deductions for exploration, drilling, development, and production, including, but not limited to costs of lifting, gathering, transportation, treating, processing, marketing, dehydration, storage, compression, separation by mechanical means, and stabilization of the hydrocarbons. If Lessee treats and/or processes its gas in a natural gas plant (either on or off the Leased Premises), whether in Lessee's plant or in the plant of a third party, Lessee shall treat and/or process or cause Lessor's gas to be treated or processed. In the event of such treating and/or processing, then notwithstanding the foregoing, Lessee shall be entitled to deduct from the value of the products recovered by the treating and/or processing of the gas, the actual costs incurred by Lessee for such treating and/or processing, which costs shall include gathering or transportation costs required to transport the gas to the plant.

50.) In the event Lessee, its heirs, successors or assigns, drill a water well on any of the described property herein, Lessor shall have all rights to said water well upon the completion of all operations by Lessee, its heirs, successors or assigns.


51.) All covenants, obligations and liabilities of Lessee contained in this Lease shall survive the termination or expiration of this Lease, and Lessee shall remain wholly responsible and liable for the performance thereof notwithstanding such termination or expiration.

52.) Lessee agrees to provide a gate guard to control access to Lessor's property while drilling any oil or gas well. Lessor must consent to the location of any new roads, which consent may not be unreasonably withheld.

53.) The parties agree that they may record a Memorandum of the LEASE in lieu of recording this Lease.

EXECUTED in multiple originals on the date first above written.

HILCORP ENERGY I, L.P.
By: Hilcorp Energy Company, General Partner

By: 
Curtis D. Smith,
Vice President-Land


Michael Zeal Kuykendall

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

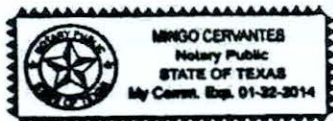
This instrument was acknowledged before me on the 1st day of April, 2010, by Curtis D. Smith, Vice President-Land of Hilcorp Energy Company, a Texas corporation, on behalf of the corporation, acting as the General Partner of Hilcorp Energy L.L.P., a Texas limited partnership.



Chantelle Messa Labrie
Notary Public in and for the State of Texas

THE STATE OF TEXAS §
COUNTY OF DELAWARE §

This instrument was acknowledged before me on this 15th day of March, 2010, by Michael Zeal Kuykendall.



Mingo Cervantes
NOTARY PUBLIC, STATE OF TEXAS

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

66327

MEMORANDUM OF OIL AND GAS LEASE

STATE OF TEXAS

§

COUNTY OF MCMULLEN

§

WHEREAS, Michael Zeal Kuykendall, (hereinafter called Lessor), whose address is 215 Revenhill Drive, San Antonio, Texas 78214, and Hilcorp Energy I, L.P. (hereinafter called Lessee), whose address is 1201 Louisiana Street, Suite 1400, Houston, Texas 77002, have entered into an Oil and Gas Lease dated March 15, 2010, (the Lease), and;

WHEREAS, the Lessee and Lessor have mutually agreed not to record the Lease in its entirety in the records of LaSalle County, Texas, and instead have agreed to record this Memorandum of Lease;

NOW, THEREFORE, in consideration of the valuable consideration given this date, the receipt and sufficiency of which is hereby acknowledged, and of the other terms of the lease, Lessor hereby grants, leases, and lets unto the Lessee for the purpose of exploring, drilling, operating for and producing oil and gas from the following described land in McMullen County, Texas:

Being 473.38 acres, more or less, in the Maria Josefa de Leon Survey No. 40, A-293, McMullen County, Texas, being more particularly described as the same 473.38 acres referenced in that Exchange Deed from Orien Kuykendall, Maurine Kuykendall, Katherine K. Rice, Mary D. Kuykendall, and Lois K. Rathburn to Lucile Kuykendall, dated April 29th, 1982, recorded at Volume 202, Page 404, Deed Records, McMullen County, Texas, and also said 473.38 acres being the same called 476 acres described in that Deed from T.H. Kuykendall and I.W. Kuykendall to J.W. Kuykendall, dated July 6, 1891, recorded at Volume I, Page 117, Deed Records, McMullen County, Texas.

All in accordance with the terms and conditions of the Lease, the Lease shall be effective for a primary term of Three (3) years from the date of the Lease or as long thereafter as oil or gas or other substances covered thereby are produced from said land. Should there be any conflict between this Memorandum of Lease and the Lease herein referred to, then in all cases, the Lease shall take precedence.

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

EXECUTED in multiple originals on the date first above written.

HILCORP ENERGY I, L.P.

By: Hilcorp Energy Company, General Partner

By: 

Curtis D. Smith,
Vice President-Land

C, A


Michael Zeal Kuykendall

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Page 1 of 2

A CERTIFIED COPY
ATTEST:
DORA PENE GARZA COUNTY
& DISTRICT CLERK


STATE OF TEXAS

COUNTY OF HARRIS

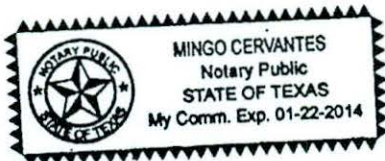
This instrument was acknowledged before me on the 15th day of April, 2010, by **Curtis D. Smith**, Vice President-Land of Hilcorp Energy Company, a Texas corporation, on behalf of the corporation, acting as the General Partner of Hilcorp Energy I, L.P., a Texas limited partnership.



Chantelle MESSA LABBIE
Notary Public in and for the State of Texas

THE STATE OF TEXAS §
COUNTY OF BEXAR §

This instrument was acknowledged before me on this 15th day of March, 2010, by Michael Zeal Kuykendall.



Mingo Cervantes
NOTARY PUBLIC, STATE OF TEXAS

FILED FOR RECORD 4-21-10 AT 11:20 'CLOCK A.M.
AND DULY RECORDED 4-21-10 AT 3:50 'CLOCK P.M.
BY [Signature] DORAIRENE GARZA, CLERK
DEPUTY MCMULLEN CO. TX

V3- 484 PAGE 68

Page 2 of 2

A CERTIFIED COPY
ATTEST: [Signature]
DORAIRENE GARZA COUNTY
CLERK

2

File No. 114422

Project Details
8/17/12

Date Filed:

Jerry E. Patterson, Commissioner

By JEH

CERTIFICATE

THE STATE OF TEXAS X

COUNTY OF McMULLEN X

I, Dorairene Garza, COUNTY CLERK IN AND FOR SAID COUNTY AND STATE DO HEREBY CERTIFY THAT THE FOREGOING IS A TRUE AND CORRECT COPY OF THE INSTRUMENT HERewith SET OUT AS APPEARS OF RECORD IN VOL. 484, PAGE 67, Deed RECORDS OF McMULLEN COUNTY, TEXAS.

THIS 25th DAY OF July 20 12

Dorairene Garza

COUNTY CLERK

McMULLEN COUNTY, TEXAS

BY [Signature] DEPUTY

DEPUTY

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

August 21, 2012

Valerie Stipp
AED Group, L.L.C.
1501 Bensdale, Suite C
Pleasanton, TX 78064

Re: 9.28 acres described as being a portion of State Highway 72 within the Maria Josefa De Leon Survey, A-293, in McMullen County, Texas

Dear Ms. Stipp:

Your client, Marathon Oil EF, LLC, has filed an application with the General Land Office (GLO) to take an oil and gas lease on the highway right of way under the referenced lands. The applicant has paid the applicable lease bonus, sales fee and filing fee. The applicant has provided all the data required to process the highway right of way lease.

As the lessee of oil and gas leases covering lands adjoining the subject highway right of way, under Natural Resources Code Section 32.201, Marathon Oil EF, LLC has a preferential right to obtain an oil and gas lease covering the right of way.

The GLO staff has recommended approval of the application by the School Land Board which will meet September 11, 2012.

Please advise if you need additional information.

Sincerely yours,

George Martin
Mineral Leasing, Energy Resources
512-475-1512
512-475-1543 (fax)
george.martin@glo.texas.gov

File No. 1144122

Waiver letter

Date Filed: 8/21/12

Jerry E. Patterson, Commissioner

By GH

Beverly Boyd - Right-of-Way Lease: Marathon Oil

From: <vstipp@aedgrp.com>
To: <Beverly.Boyd@GLO.TEXAS.GOV>
Date: 9/12/2012 1:31 PM
Subject: Right-of-Way Lease: Marathon Oil
CC: "George Martin" <George.Martin@GLO.TEXAS.GOV>

Good afternoon Beverly,

George Martin copied you in on an email earlier today regarding a question I had concerning right-of-way leases approved at the September 11th School Land Board meeting. I work for Marathon Oil EF, LLC and submitted the lease application for the 9.28 acre Highway 72 right-of-way lease in McMullen County. Marathon has specified that it would like the lease sent attention to Robert Nielson at Marathon Oil EF, LLC. The address is 5555 San Felipe, Room 3489, Houston, TX 77056.

Also, what will be the effective date on the lease? Will it be the date that the School Land Board approved it, or is it the date of our application?

Thank you,

Valerie Stipp, J.D., RL
AED Group, LLC
1501 Bensdale, Suite C
Pleasanton, TX 78064
Office: (830) 569-3452
Cell: (210) 316-7862

File No. 114422Marathon Contact InfoDate Filed: 9/12/12

Jerry E. Patterson, Commissioner

By GH

A CERTIFIED COPY
ATTEST: *[Signature]*
DORAIBENE GARZA COUNTY
& DISTRICT CLERK

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HROW Revised 8/06

The State of Texas



Austin, Texas

PAID-UP
OIL AND GAS LEASE NO. (MF 114422)
GENERAL LAND OFFICE
AUSTIN, TEXAS

THIS AGREEMENT made and entered into by and between the Commissioner of the General Land Office of the State of Texas, whose address is Stephen F. Austin Building, 1700 North Congress, Austin, Texas, 78701, hereinafter called "Lessor", hereunto authorized by the School Land Board, pursuant to the provisions of Chapters 32 and 52 of the Natural Resources Code (hereinafter called N.R.C.), and amendments thereto, and all applicable rules promulgated by the School Land Board and **Marathon Oil EF, LLC**, whose address is **5555 San Felipe, Room 3489, Houston, TX 77056** hereinafter called "Lessee".

1. Lessor, in consideration of **Sixteen Thousand Two Hundred Forty and 00/100 (\$ 16,240.00)**, receipt of which is hereby acknowledged, and of the covenants and agreements of Lessee hereinafter contained, does hereby grant, lease, and let unto Lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, and all other hydrocarbons, produced from the land covered hereby. The land covered hereby, herein called "said land" is located in the County of **McMullen**, State of Texas, and is described as follows:

9.28 acres of land, more or less, known as, situated in said **McMullen** County, Texas, more particularly described in Exhibit "A" attached hereto and made a part hereof together with a plat, attached hereto as Exhibit "B", depicting said right-of-way and surrounding area for purposes of illustration only.

For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain **9.28 acres**, whether actually containing more or less, and the above recital of acreage shall be deemed to be the true acreage thereof. Lessor accepts the bonus as lump sum consideration for this lease and all rights and options hereunder.

2. PRIMARY TERM: This lease, which is a "paid up" lease requiring no rentals, shall remain in force for a term of **two years**, from **September 11, 2012** hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. ROYALTIES: As royalty Lessee covenants and agrees:

(a) To deliver to the credit of Lessor, in the pipe line to which Lessee may connect its well, the equal **1/4** part of all oil produced and saved by Lessee from said land, or from time to time, at the option of Lessee, to pay Lessor the average posted market price of such **1/4** part of such oil at the wells as of the day it is run to the pipe line or storage tanks, Lessor's interest, in either case, to bear none of the cost of treating oil to render it marketable pipe line oil;

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(b) To pay Lessor on gas and casing head gas produced from said land (1) when sold by lessee $\frac{1}{4}$ of the amount realized by Lessee, computed at the mouth of the well, or (2) when used by Lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of $\frac{1}{4}$ of such gas and casing head gas.

(c) If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred

(d) Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, Lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to Lessee.

(e) If at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check of lessee, as royalty, the sum of **\$ 1,200.00 per well**. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

(f) All royalties not taken in kind shall be paid to the Commissioner of the General Land Office at Austin, Texas, in the following manner:

Royalty on oil is due and must be received in the General Land Office on or before the 5th day of the second month succeeding the month of production, and royalty on gas is due and must be received in the General Land Office on or before the 15th day of the second month succeeding the month of production, accompanied by the affidavit of the owner, manager, or other authorized agent, completed in the form and manner prescribed by the General Land Office and showing the gross amount and disposition of all oil and gas produced and the market value of the oil and gas, together with a copy of all documents, records or reports confirming the gross production, disposition and market value including gas meter readings, pipeline receipts, gas line receipts and other checks or memoranda of amount produced and put into pipelines, tanks, or pools and gas lines or gas storage, and any other reports or records which the General Land Office may require to verify the gross production, disposition and market value. In all cases the authority of a manager or agent to act for the Lessee herein must be filed in the General Land Office. Each royalty payment shall be accompanied by a check stub, schedule, summary or other remittance advice showing by the assigned General Land Office lease number the amount of royalty being paid on each lease. If Lessee pays his royalty on or before thirty (30) days after the royalty payment was due, the 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. The State shall have first lien upon all oil and gas produced from the area covered by this lease to secure the payment of all unpaid royalty and other sums of money that may become due to the State hereunder.

4. POOLING: (a) Lessee is hereby granted the right, at its option, to pool or unitize any land covered by this lease with any other land covered by this lease, and/or with any other land, lease, or leases, as to any or all minerals or horizons. Units pooled for oil hereunder shall not exceed 160 acres each in area, and units pooled for gas hereunder shall not exceed in area 640 acres each plus a tolerance often percent (10%) thereof, unless oil or gas units of a greater size are allowed under or prescribed by rules of the Railroad Commission of Texas. A unit established hereunder shall be valid

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and effective for all purposes of this lease even though there may be mineral, royalty, or leasehold interests in lands within the unit, which are not effectively pooled or unitized. Any operations conducted on any part of such unitized land shall be considered, for all purposes, except the payment of royalty, as operations conducted upon said land under this lease. There shall be allocated to the land covered by this lease within each such unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) the proportion of the total production of unitized minerals from the unit, after deducting any used in lease or unit operations, which the number of surface acres in such land (or in each such separate tract) covered by this lease within the unit bears to the total number of surface acres in the unit, and the production so allocated shall be considered for all purposes, including payment or delivery of royalty, overriding royalty and any other payments out of production, to be the entire production of unitized minerals from the land to which allocated in the same manner as though produced there from under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph or of shut-in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas. The formation of any unit hereunder which includes land not covered by this lease shall not have the effect of exchanging or transferring any interest under this lease (including, without limitation, any shut-in royalty which may become payable under this lease) between parties owning interests in land covered by this lease and parties owning interests in land not covered by this lease. Neither shall it impair the right of Lessee to release as provided in paragraph 5 hereof, except that Lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit. At any time while this lease is in force Lessee may dissolve any unit established hereunder by filing for record in the public office where this lease is recorded a declaration to that effect, if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 4, a unit once established hereunder shall remain in force for so long as any lease subject thereto shall remain in force. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph 4 with consequent allocation of production as herein provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

(b) Neither unit production of oil or gas, nor unit operations, nor payment of shut-in royalties from a unit gas well, shall serve to hold the lease in force as to any area outside the unit, regardless of whether the production, maintenance of a shut-in gas well, or operations are actually located on the State tract or not.

(c) Lessee agrees to file with the General Land Office a copy of any unit designation, which this lease is included within ninety (90) days of such designation.

5. RELEASE: 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 prescribed filing fee. Such relinquishment will not have the effect of releasing Lessee from any liability theretofore accrued in favor of the State.

6. REWORK: If at any time or times during the primary term operations are conducted on said land and if all operations are discontinued, this lease shall thereafter terminate at the end of the primary term or on the ninetieth day after discontinuance of all operations, whichever is the later date, unless on such later date either (1) Lessee is conducting operations or (2) the shut-in well provisions of paragraph 3 or the provisions of paragraph 9 are applicable. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil or gas, or production of oil or gas in paying quantities.

7. MINERAL USE: Lessee shall have the use, free from royalty, of oil and gas produced from said land in all operations hereunder.

8. NOTICE: In the event Lessor considers that Lessee has not complied with all its obligations hereunder, both express and implied, Lessor shall notify Lessee in writing, setting out specifically in what respects Lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all

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DORAJIDE GARZA COUNTY
CLERK

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or any part of the breaches alleged by Lessor. The service of said notice shall be precedent to the bringing of any action by Lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that Lessee has failed to perform all its obligations hereunder. If this lease is canceled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by Lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations.

9. FORCE MAJEURE: If, while this lease is in force, at, or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut-in well provisions of paragraph 3 hereof, and Lessee is not conducting operations on said land by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of Lessee, the primary term shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.

10. LESSER ESTATE CLAUSE: If this lease covers a less interest in the oil or gas in all or any part of said land than the entire and undivided fee simple estate (whether lessors interest is herein specified or not), or no interest therein, then the royalties, and other monies accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease bears to the whole and undivided fee simple estate therein.

11. ASSIGNMENTS: This lease may be transferred at any time. All transfers must reference the lease by file number and must be recorded in the county where the land covered hereby 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 prescribed filing fee. 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.

12. WELL INFORMATION: Lessee agrees to forthwith furnish Lessor, upon written request, with copies of all drilling logs, electrical logs, cores and core records and other information pertaining to all wells drilled by lessee either on the leased premises or acreage pooled therewith, when requested to do so. Said information shall remain confidential as required by statute.

13. SURFACE: Notwithstanding anything herein to the contrary, it is agreed that Lessee will not conduct any exploration or drilling on the surface of the leased premises or use the surface in the exercise of any rights herein granted. Any development of said land shall be by means of a directional well located off the leased premises, or by pooling of said land with other land, lease or leases as hereinabove provided.

14. COMPENSATORY ROYALTY: Lessee shall pay a compensatory royalty if this lease is not being held by production on the leased premises, by production from a pooled unit, or by payment of shut-in royalties in accordance with the terms of this lease, and if oil or gas is sold or delivered in paying quantities from a well located within 2,500 feet of the leased premises and completed in a producible reservoir underlying the area leased hereunder or in any case in which drainage is occurring. Such compensatory royalty shall be paid at the royalty rate provided in this lease based on the value of production from the well as provided in the lease on which such well is located. The compensatory royalty shall be paid in the same proportion that the acreage of this lease has to the acreage of the proration unit surrounding the draining well plus the acreage of this lease. The compensatory royalty shall be paid monthly to the Commissioner of the General Land Office on or before the last day of the month after the month in which the oil or gas is sold and delivered from the well causing the drainage or from the well located within 2500 feet of the leased premises and completed in a producible reservoir under this lease. Notwithstanding anything herein to the contrary, compensatory royalty payable hereunder shall

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DOBAIREN GARCIA COUNTY
CLERK


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be no less than an amount equal to double the shut-in, and shall maintain this lease in effect for so long as such payments are made as provided herein.

15. FORFEITURE: If Lessee shall fail or refuse to make 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, 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 this lease is pooled or assigned and the unit designation or 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. However, nothing herein shall be construed as waiving the automatic termination of this lease by operations of law or by reason of any special limitation arising hereunder. Forfeitures may be set aside and this lease and all rights there under 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.

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.


JERRY E. PATTERSON
COMMISSIONER, GENERAL LAND OFFICE

Approved:

ML: 
DC: 
CC: 

A CERTIFIED COPY
ATTEST: 10-18-18
DORAIRENE GARZA, COUNTY
CLERK
[Signature]

73054 Bk Vol Ps
OPR 41 460

Exhibit "A"

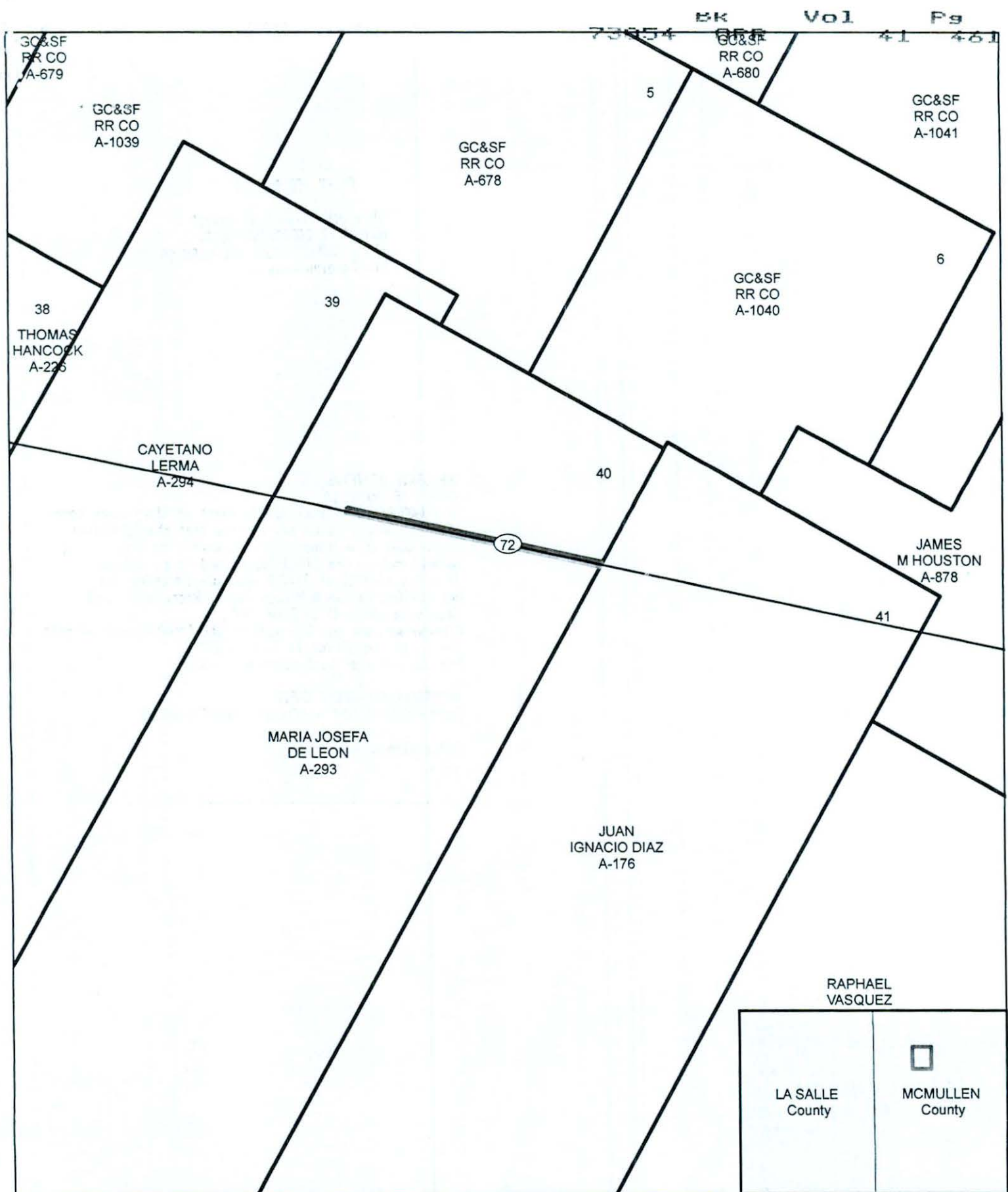
Attached hereto and made a part thereof of that certain Oil and Gas Lease from The State of Texas to Marathon Oil EF, LLC, containing 9.28 acres of land, being a portion of State Highway 72 within the Maria Josefa De Leon Survey 40, A-293, McMullen County, Texas.

Description of land covered:

Tract 1, being all of that certain 7.27 acres of land described in Right-of-Way Deed dated July 28, 1937, from Cora Kuykendall, a widow, surviving wife of J.W. Kuykendall, deceased, to the State of Texas, recorded in Volume 20, Page 302 of the Deed Records of McMullen County, Texas.

Tract 2, being all of that certain 2.01 acres of land described in Right-of-Way Deed dated July 28, 1937, from Ike W. Kuykendall, and wife Sue Kuykendall, to the State of Texas, recorded in Volume 21, Page 250 of the Deed Records of McMullen County, Texas.

[Signature]



Highway Right-of-Way Plat of
SH 72
MF114422
9.28 acres
McMullen County, Texas

2,000 1,000 0 2,000 Feet

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



Map Generated by:
Zeke Guillen
IS/BAS/GIS
October 2012

A CERTIFIED COPY
ATTEST: 10-18-12
DORAIRENE GARZA, COUNTY
& DISTRICT CLERK

73054 ON VOL 41 462

FILED FOR RECORD

This Oct 18, 2012 at 01:37P
HONORABLE DORAIRENE GARZA
CLERK COUNTY COURT McMULLEN CO. TX
BY: Carolyn Lowe

THE STATE OF TEXAS
COUNTY OF McMULLEN

I, HONORABLE DORAIRENE GARZA, Clerk of the County Court of said county, do hereby certify that the foregoing instrument of writing, with its certificate of authentication was filed for record in my office this Oct 18, 2012 at 01:37P and duly recorded the Oct 18, 2012 in the McMullen County Records of said County, in VOL 41 on PAGE 455.
Witness my hand and the seal of the County Court of said County at the office in TILDEN, TEXAS
the day and year last above written.

HONORABLE DORAIRENE GARZA
CLERK, COUNTY COURT, McMULLEN COUNTY, TEXAS

BY: Carolyn Lowe

Carolyn Lowe

9

File No. MF-114422
Certified Copy of Lease

Date Filed: 10/31/12
Jerry E. Patterson, Commissioner
By: George Martin

CERTIFICATE

THE STATE OF TEXAS X
COUNTY OF McMULLEN X

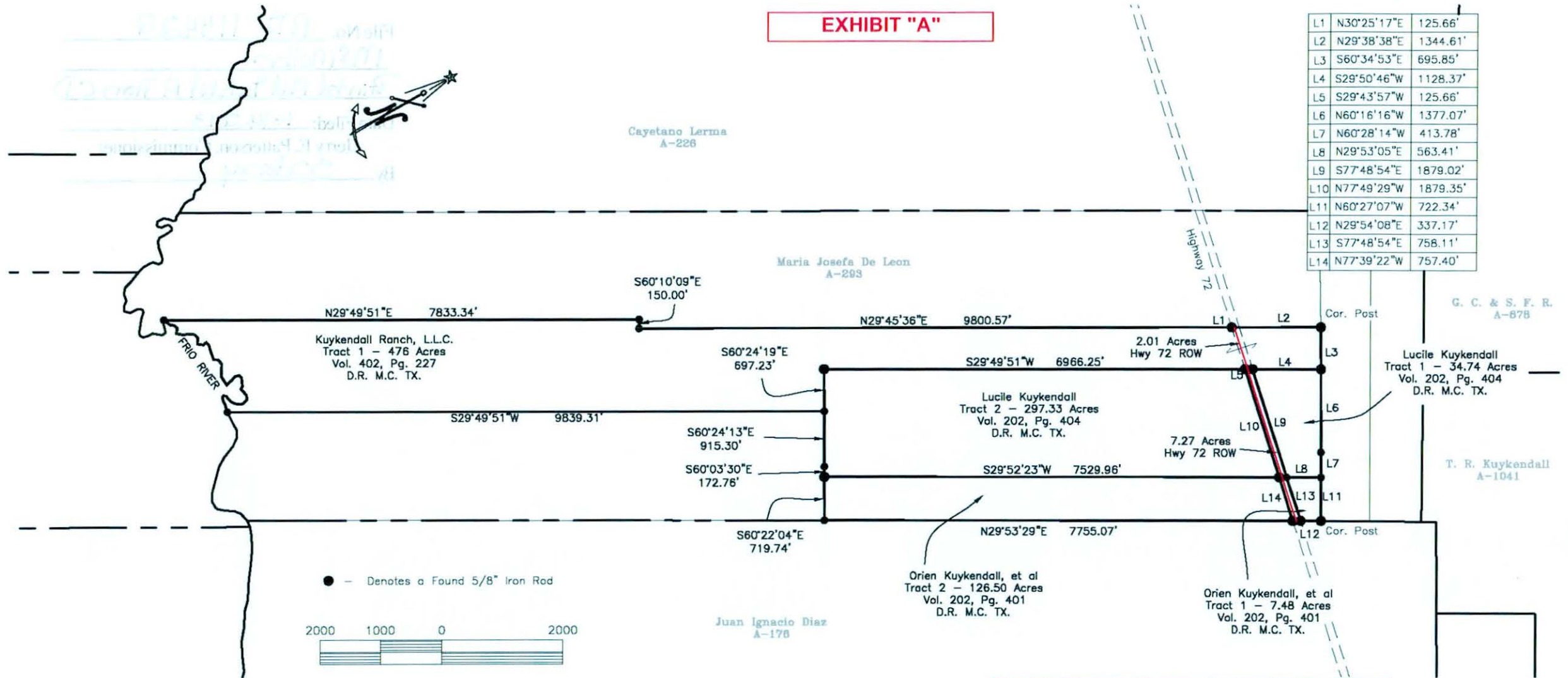
I, Dorairene Garza, COUNTY CLERK IN AND FOR SAID
COUNTY AND STATE DO HEREBY CERTIFY THAT THE
FOREGOING IS A TRUE AND CORRECT COPY OF THE
INSTRUMENT HERewith SET OUT AS APPEARS OF RECORD
IN VOL. 41, PAGE 455, OPR RECORDS
OF McMULLEN COUNTY, TEXAS.

THIS 18 DAY OF Oct 20 12

Dorairene Garza
COUNTY CLERK
McMULLEN COUNTY, TEXAS

BY [Signature] DEPUTY

EXHIBIT "A"



Bearings & distances are GPS NAD 27, Texas South Central Zone. Combined Scale Factor is 0.999957425

There may be existing pipelines not shown on this plat. Use the Texas One Call System to locate pipelines before performing any excavation on this property.

King & Petrus, Inc.
P. O. Box 606
Sinton, Texas 78387
Phone 361-364-2622
Fax 361-364-2641
C:\MRJ\21500\21575 Survey

Highway 72 Right of Way: 9.28 acres total
McMullen DR 20/302 and DR 21/250

**PLAT SHOWING KUYKENDALL RANCH TRACTS
MARIA JOSEFA DE LEON SURVEY, ABSTRACT 293
MCMULLEN COUNTY, TEXAS
SCALE 1" = 2000 FEET**

Contents of CD:
PDF version of the plat to be used as
"Exhibit A," describing the ROW in
question



10

File No. M# 114422
McMullen
Printed Plat Exhibit A From CD
Date Filed: 1-14-2013
Jerry E. Patterson, Commissioner
By S. Dorsey

DO NOT DESTROY



Texas General Land Office UNIT AGREEMENT MEMO

PA13-303

Unit Number	6361		
Operator Name	MARATHON OIL EF LLC	Effective Date	2/13/2013
Customer ID	C000051320	Unitized For	Oil & Gas
Unit Name	Kuykendall Unit	Unit Term	0 Months
County 1	McMullen		
County 2		<u>Old Unit Number</u>	<u>Inactive Status Date</u>
County 3		0	
RRC District:	01	0	
Unit Type:	Permanent	0	
State Royalty Interest:	0.0038443056	0	
State Part in Unit:	0.0153772225		
Unit Depth			
Below Depth	10294 TVD	Well:	Other
Above Depth	10580 TVD	Formation:	Eagle Ford
		Participation Basis:	Surface Acreage
		[If Exclusions Apply: See Remarks]	

MF Number	MF114422	Tract Number	1
Lease Acres	9.28	Total Unit Acres	603.49 =
Tract Participation:	0.0153772	X	
Lease Royalty	0.25	=	
Tract Royalty Participation	0.0038443		

Manual Tract Participation:

Manual Tract Royalty:

0	See Remark
0	

Tract Royalty Reduction No

Tract Royalty Rate 0

Tract On-Line Date:

56-031103

<i>API Number</i>	<i>RRC Number</i>
423113512200	16694
423223512300	16694
423113512100	16694

Remarks:

HROW Unit - Eagle Ford

Prepared By:

REW

Prepared Date:

6/18/13

GLO Base Updated By:

REW

GLOBase Date:

6/18/13

RAM Approval By:

RAM Approval Date:

GIS By:

ZG

GIS Date:

10 14 13

Pooling Committee Report

To: School Land Board

PA13-303

Date of Board Meeting:

Unit Number: 6361

Effective Date: 2/13/2013

Unit Expiration Date: Permanent

Applicant:

Attorney Rep:

Operator: MARATHON OIL EF LLC

County 1: McMullen

County 2:

County 3:

Unit Name: Kuykendall Unit

Field Name: EAGLEVILLE (EAGLE FORD-1)

<u>Lease Type</u>	<u>MF Number</u>	<u>Lease Royalty</u>	<u>Expiration Date</u>	<u>Lease Term</u>	<u>Lease Acres</u>	<u>Lease Acres in Unit</u>	<u>Royalty Participation</u>
HRW	MF114422	0.25	9/11/2014	2 years	9.28	9.28	0.0038443

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

Private Acres:	594.21
State Acres:	9.28
Total Unit Acres:	603.49

Participation Basis:

Surface Acreage

State Acreage: 1.54%

State Unit Royalty: 0.38%

<u>Unit Type:</u>	<u>Unitized for:</u>
Permanent	Oil & Gas
<u>Term:</u>	0 Months

Well Location:
Private Land

RRC Rules: Spacing Acres:

**MARATHON OIL EF LLC
DECLARATION OF POOLED UNIT
KUYKENDALL UNIT**

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

That the undersigned, being the owner and operator of certain valid and subsisting oil, gas and mineral leases (the "Leases") listed and described in Exhibit "A", attached hereto and made a part hereof for all purposes, covering and affecting certain contiguous tracts of land in the above referenced county and state, do, by virtue of the authority conferred by the terms of the Leases and all amendments and corrections thereto, hereby pool, consolidate, combine and unitize said Leases, the leasehold rights, mineral, royalty and other interests therein, which may be covered by agreement or amendment affecting said lands now held by the undersigned, or which they may hereafter acquire, insofar as such leases, rights and interests cover the land embraced within the area hereinafter described in Exhibit "B", for the purposes of forming or creating a unit or pooled area for the drilling for, development and production of oil, gas and associated liquid hydrocarbons that are produced therefrom, such hydrocarbons being referred to herein as the "Pooled Minerals".

The Unit or pooled area hereby formed and created will be known as the "Kuykendall Unit", is referred to herein as the "Unit" or "Unit Acreage" and shall cover the Eagle Ford formation, hereinafter called "Pooled Interval", the Eagle Ford formation being defined as the stratigraphic equivalent of a true vertical depth from 10,294 feet TVD to 10,580 feet TVD as shown on the log of the EOG Resources, Inc. - Milton Unit, Well No. 1 (API No. 42-255-31608). The Unit shall contain 603.49 acres, more or less, as delineated on the plat attached hereto as Exhibit "C".

The production of Pooled Minerals from the Pooled Interval from the Unit shall constitute production of such Pooled Minerals from all the Leases. Drilling or reworking operations or other operations conducted on any land or lease within such Unit for the production of Pooled Minerals covered by this Declaration of Pooled Unit shall constitute such operations for the production of the Pooled Minerals on all lands and leases included within the Unit.

All production of the Pooled Minerals from the Pooled Interval from such Unit shall be allocated proportionately among all of the tracts within such Unit in the proportion that the number of surface acres in each of the tracts which are included in the Unit bears to the total number of surface acres in such Unit, and the share of production to which each interest owner shall be entitled shall be computed on the basis of such owner's respective interest in each tract within the Unit as applied to the production allocated to such tract.

This instrument shall not be construed as an invitation or offer to the owner of any unleased mineral interest in lands within the pooled area to unitize such interest other than pursuant to an oil and gas lease to the undersigned, nor shall this instrument be construed as an invitation or offer to the owner of a non-participating royalty interest within the unit herein described to pool said interest without the written consent and agreement of the undersigned. In addition, this instrument shall not be construed as an invitation or offer to the owner of any oil and gas lease or interest therein (other than the undersigned) within the unit herein described to pool said lease or interest without the written consent and agreement of the undersigned.

This instrument may be executed in counterparts, no one of which needs to be executed by all parties hereto. Each counterpart shall be binding upon the executory party thereto as fully as if all parties had executed one instrument, and said parties may combine said counterparts to form one single instrument for recording purposes.

This Unit hereby created shall become effective on the date of first sales, and shall remain in force as long as (i) a well on said Unit is producing or is capable of producing Pooled Minerals from the Pooled Interval or (ii) operations for drilling or reworking are conducted in accordance with the provisions of the leases listed on Exhibit "A".

Executed this 12th day of February, 2013.

MARATHON OIL EF LLC

By: Matthew D. Brown
Name: Matthew D. Brown
Title: Attorney-in-fact

ACKNOWLEDGMENTS

STATE OF TEXAS §

COUNTY OF HARRIS §

This instrument was acknowledged before me this 12th day of February 2013, by Matthew D. Brown, as Attorney-in-fact, on behalf of MARATHON OIL EF LLC.



Brandon A. Meyers
Notary Public – State of Texas
My Commission Expires: 8-22-2016

When Recorded, please return to:

Marathon Oil Company
Eastern US Land
5555 San Felipe/Mailstop 34:08
Houston, Tx 77056

EXHIBIT "A"
DECLARATION OF POOLED UNIT
KUYKENDALL UNIT - 603.49-ACRE UNIT
SCHEDULE OF LEASES

LESSOR:	Kuykendall Ranch, LLC, by Larry G. Campbell, Managing Member
LESSEE:	Hilcorp Energy, I, L.P.
LEASE DATE:	March 16, 2010
RECORDING:	Volume 486, Page 78, Deed Records
LESSOR:	Kuykendall Ranch, LLC, by Mary Kuykendall Swint, Managing Member
LESSEE:	Hilcorp Energy I, L.P.
LEASE DATE:	March 15, 2010
RECORDING:	Volume 486, Page 80, Deed Records
LESSOR:	Kuykendall Ranch, LLC, by E. C. Erwin, Managing Member
LESSEE:	Hilcorp Energy I, L.P.
LEASE DATE:	March 17, 2010
RECORDING:	Volume 486, Page 82, Deed Records
LESSOR:	Patricia Clendenin
LESSEE:	Hilcorp Energy I, L.P.
LEASE DATE:	March 17, 2010
RECORDING:	Volume 484, Page 65, Deed Records
LESSOR:	Brenda Elaine Davis
LESSEE:	Hilcorp Energy I, L.P.
LEASE DATE:	March 14, 2010
RECORDING:	Volume 484, Page 59, Deed Records
LESSOR:	David Russell Kuykendall
LESSEE:	Hilcorp Energy I, L.P.
LEASE DATE:	March 15, 2010
RECORDING:	Volume 484, Page 73, Deed Records
LESSOR:	Lisa Kay Domino
LESSEE:	Hilcorp Energy I, L.P.
LEASE DATE:	March 14, 2010
RECORDING:	Volume 484, Page 69, Deed Records
LESSOR:	Kathalee Rice Holmans
LESSEE:	Hilcorp Energy I, L.P.
LEASE DATE:	March 15, 2010
RECORDING:	Volume 484, Page 71, Deed Records
LESSOR:	Michael Zeal Kuykendall
LESSEE:	Hilcorp Energy I, L.P.
LEASE DATE:	March 15, 2010
RECORDING:	Volume 484, Page 67, Deed Records
LESSOR:	Lois W. Rathburn
LESSEE:	Hilcorp Energy I, L.P.
LEASE DATE:	March 15, 2010
RECORDING:	Volume 484, Page 63, Deed Records
LESSOR:	Abbie Morgan
LESSEE:	Hilcorp Energy I, L.P.
LEASE DATE:	March 15, 2010
RECORDING:	Volume 484, Page 61, Deed Records

LESSOR: Jim Roy Rathburn
LESSEE: Hilcorp Energy I, L.P.
LEASE DATE: March 16, 2010
RECORDING: Volume 484, Page 57, Deed Records

LESSOR: Anson Michael Rice
LESSEE: Hilcorp Energy I, L.P.
LEASE DATE: March 25, 2010
RECORDING: Volume 484, Page 55, Deed Records

LESSOR: Erin Schibler
LESSEE: Hilcorp Energy I, L.P.
LEASE DATE: March 25, 2010
RECORDING: Volume 484, Page 53, Deed Records

LESSOR: State of Texas
LESSEE: Marathon Oil, EF, LLC
LEASE DATE: September 11, 2012
RECORDING: Volume 41, Page 455, Official Public Records

EXHIBIT "B"
DECLARATION OF POOLED UNIT
KUYKENDALL UNIT – 603.49-ACRE UNIT
DESCRIPTION OF UNIT

STATE OF TEXAS
COUNTY OF MCMULLEN

603.49 ACRES – KUYKENDALL UNIT

Field notes of a 603.49 acre unit, being comprised of the following tracts:

Tract 1 – 108.47 acres

Being out of a 476 acre tract of land described as Tract 1 in Deed from John Campbell, et al, to Kuykendall Ranch, L.L.C., recorded in Volume 402, Page 227 of the Deed Records of McMullen County, Texas;

Tract 2 – 297.33 acres

Being all of a 297.33 acre tract of land described as Tract 2 in Deed from Orien Kuykendall, et al, to Lucile Kuykendall, recorded in Volume 202, Page 404 of the Deed Records of McMullen County, Texas;

Tract 3 – 126.50 acres

Being all of a 126.50 acre tract of land described as Tract 2 in Deed from Lucile Kuykendall to Orien Kuykendall, et al, recorded in Volume 202, Page 401 of the Deed Records of McMullen County, Texas;

Tract 4 – 9.28 acres

Being all of a 2.01 acre tract of land described in right-of-way Deed from Ike W. Kuykendall, et ux, to the State of Texas and recorded in Volume 21, Page 250 of the Deed Records of McMullen County, Texas; also being all of a 7.27 tract of land described in right-of-way Deed from Cora Kuykendall to the State of Texas and recorded in Volume 20, Page 302 of the Deed Records of McMullen County, Texas;

Tract 5 – 19.69 acres

Being out of a 476 acre tract of land described as Tract 1 in Deed to Kuykendall Ranch, L.L.C., recorded in Volume 402, Page 227 of the Deed Records of McMullen County, Texas;

Tract 6 – 34.74 acres

Being all of a 34.74 acre tract of land described as Tract 1 in Deed from Orien Kuykendall, et al, to Lucile Kuykendall, recorded in Volume 202, Page 404 of the Deed Records of McMullen County, Texas;

Tract 7 – 7.48 acres

Being all of a 7.48 tract of land described as Tract 1 in Deed from Lucile Kuykendall to Orien Kuykendall, et al, recorded in Volume 202, Page 401 of the Deed Records of McMullen County, Texas;

Said 603.49 acre unit is comprised of a portion of the Maria Josefa De Leon Survey, Abstract 293, is situated in McMullen County, Texas, approximately 9 miles west of the town of Tilden, and is described by metes and bounds as follows:

Beginning at 5/8" iron rod found at the west corner of said 297.33 acre tract and an interior corner of said 476 acre tract, for an angle corner of this unit;

Thence N 60° 23' 29" W along the southwest line of this unit, a distance of 684.40 feet to a point in the northwest line of said 476 acre tract, for the west corner of this unit;

Thence N 29° 45' 36" E along the northwest line of said 476 acre tract and the northwest line of this unit, a distance of 6747.68 feet to a 5/8" iron rod found in the south right-of-way line of Highway 72, for an angle corner of said 476 acre tract and an angle corner of this unit;

Thence N 30° 25' 17" E continuing along the northwest line of said 476 acre tract and the northwest line of this unit, a distance of 125.66 feet to a point on the north right-of-way line of said Highway 72 for an angle corner of said 476 acre tract and an angle corner of this unit;

Thence N 29° 38' 38" E continuing along the northwest line of said 476 acre tract and the northwest line of this unit, a distance of 1344.61 feet to a point for the north corner of said 476 acre tract and the north corner of this unit;

Thence S 60° 34' 53" E along a northeast line of said 476 acre tract and the northeast line of this unit, a distance of 695.85 feet to a 5/8" iron rod found at an east corner of said 476 acre tract and the north corner of said 37.74 acre tract, for an angle corner of this unit;

Thence S 60° 16' 16" E along the northeast line of said 37.74 acre tract and continuing along the northeast line of this unit, a distance of 1377.07 feet to a point for an angle corner of said 37.74 acre tract and an angle corner of this unit;

Thence S 60° 28' 14" E continuing along the northeast line of said 37.74 acre tract and the northeast line of this unit, a distance of 413.78 feet to a point at the east corner of said 37.74 acre tract and the north corner of said 7.48 acre tract, for an angle corner of this unit;

Thence S 60° 27' 07" E along the northeast line of said 7.48 acre tract and continuing along the northeast line of this unit, a distance of 722.34 feet to a point for the east corner of said 7.48 acre tract and the east corner of this unit;

Thence S 29° 54' 08" W along the southeast line of said 7.48 acre tract and the southeast line of this unit, a distance of 337.17 feet to a 5/8" iron rod found in the north right-of-way line of said Highway 72 and at the south corner of said 7.48 acre tract, for an angle corner of this unit;

Thence S 29° 38' 51" W continuing along the southeast line of this unit, a distance of 127.46 feet to a 5/8" iron rod found in the south right-of-way line of said Highway 72 and at the east corner of said 126.50 acre tract, for an angle corner of this unit;

Thence S 29° 53' 29" W along the southeast line of said 126.50 acre tract and continuing along the southeast line of this unit, a distance of 7755.07 feet to a point for the south corner of said 126.50 acre tract and the south corner of this unit;

Thence N 60° 22' 04" W along the southwest line of said 126.50 acre tract and the southwest line of this unit, a distance of 719.74 feet to a 5/8" iron rod found at the west corner of said 126.50 acre tract, for an angle corner of this unit;

Thence N 60° 03' 30" W along the southwest line of said 297.33 acre tract and continuing along the southwest line of this unit, a distance of 172.76 feet to a point for an angle corner of said 297.33 acre tract and an angle corner of this unit;

Thence N 60° 16' 46" W continuing along the southwest line of said 297.33 acre tract and the southwest line of this unit, a distance of 941.40 feet to a 3" iron pipe found at the ostensible east corner of said 476 acre tract, for an angle corner of said 297.33 acre tract and an angle corner of this unit;

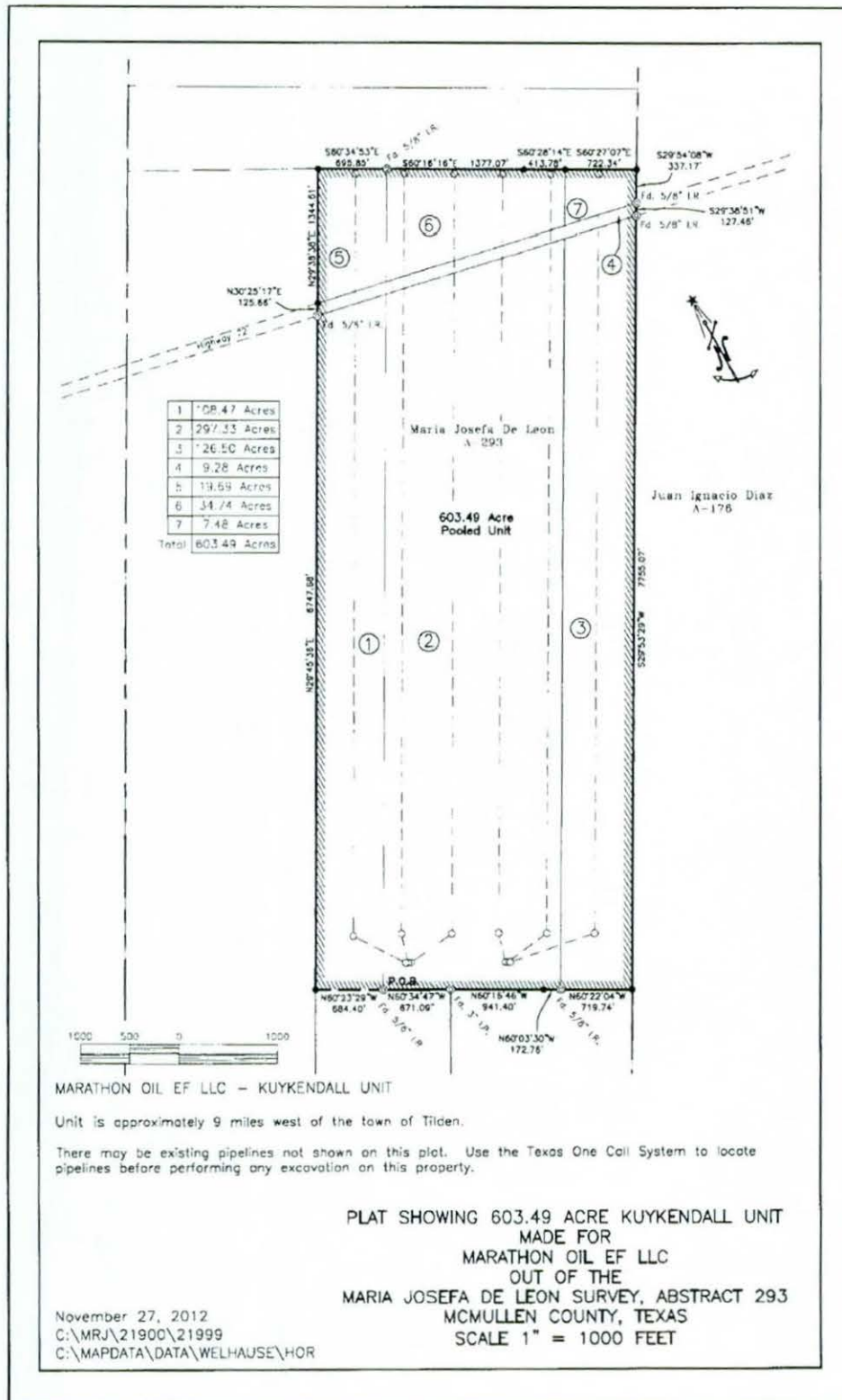
Thence N 60° 34' 47" W along a northeast line of said 476 acre tract, the southwest line of said 297.33 acre tract and the southwest line of this tract, a distance of 671.09 feet to the place of beginning, containing 603.49 acres of land, more or less.

Bearings in this description are GPS, NAD 27, Texas South Central Zone.

MJR.21999

A map was prepared in conjunction with this metes and bounds description

EXHIBIT "C"
DECLARATION OF POOLED UNIT
KUYKENDALL UNIT
PLAT



FILED FOR RECORD

This Feb 25, 2013 at 12:49P
HONORABLE DORAIRENE GARZA
CLERK COUNTY COURT McMULLEN CO. TX
BY: Bailey Serrata

THE STATE OF TEXAS
COUNTY OF McMULLEN
I, HONORABLE DORAIRENE GARZA, Clerk of the County Court
of said county, do hereby certify that the foregoing
instrument of writings, with its certificate of
authentication was filed for record in my office
this Feb 25, 2013 at 12:49P and duly recorded the
Feb 25, 2013 in the McMullen County Records of said
County, in VOL 52 on PAGE 563.
Witness my hand and the seal of the County Court of said
County at the office in TILDEN, TEXAS
the day and year last above written.

HONORABLE DORAIRENE GARZA
CLERK, COUNTY COURT, McMULLEN COUNTY, TEXAS

BY: Bailey Serrata



11.
File No. MF114422
Unit # 6361 Designation
Date Filed: 10/8/13
Jerry E. Patterson, Commissioner
By REU

Division Order Exhibit

Owner & Tax ID's	Owner Name	Remit. Address	Corresp. Address
Owner ID - [REDACTED]	COMMISSIONER OF THE GENERAL LAND	1700 NORTH CONGRESS AVENUE	1700 NORTH CONGRESS AVENUE
Tax ID - [REDACTED]		AUSTIN, TX 78701-1495	AUSTIN, TX 78701-1495

Property Info	Decimal	Ex. Cd.	Type	Pay and Suspend	Full Legal
Operator MARATHON OIL EF LLC DO Number 207646/00003 DO Name EF KUYKENDALL UNIT 1H Product OIL/CONDENSATE Status/Stage A APV	0.00384431	01	RI	PAY	COUNTY OF MC MULLEN STATE OF TX MARIA JOSEFA DE LEON ABST/ID# 293 Grantee API#42-013-35121. 603.49 ACRES, MORE OR LESS, IN THE MARIA JOSEFA DE LEON SURVEY, A-293, MCMULLEN COUNTY, TEXAS.
Operator MARATHON OIL EF LLC DO Number 207646/00004 DO Name EF KUYKENDALL UNIT 1H Product GAS/NGLS Status/Stage A APV	0.00384431	01	RI	PAY	COUNTY OF MC MULLEN STATE OF TX MARIA JOSEFA DE LEON ABST/ID# 293 Grantee API#42-013-35121. 603.49 ACRES, MORE OR LESS, IN THE MARIA JOSEFA DE LEON SURVEY, A-293, MCMULLEN COUNTY, TEXAS.

Division Order Exhibit

Owner & Tax ID's	Owner Name	Remit. Address	Corresp. Address
Owner ID - [REDACTED]	COMMISSIONER OF THE GENERAL LAND	1700 NORTH CONGRESS AVENUE	1700 NORTH CONGRESS AVENUE
Tax ID - [REDACTED]		AUSTIN, TX 78701-1495	AUSTIN, TX 78701-1495

Property Info	Decimal	Ex. Cd.	Type	Pay and Suspend	Full Legal
Operator MARATHON OIL EF LLC DO Number 207645/00003 DO Name EF KUYKENDALL UNIT 2H Product OIL/CONDENSATE Status/Stage A APV	0.00384431	01	RI	PAY	COUNTY OF MC MULLEN STATE OF TX MARIA JOSEFA DE LEON ABST/ID# 293 Grantee API#42-013-35121. 603.49 ACRES, MORE OR LESS, IN THE MARIA JOSEFA DE LEON SURVEY, A-293, MCMULLEN COUNTY, TEXAS.
Operator MARATHON OIL EF LLC DO Number 207645/00004 DO Name EF KUYKENDALL UNIT 2H Product GAS/NGLS Status/Stage A APV	0.00384431	01	RI	PAY	COUNTY OF MC MULLEN STATE OF TX MARIA JOSEFA DE LEON ABST/ID# 293 Grantee API#42-013-35121. 603.49 ACRES, MORE OR LESS, IN THE MARIA JOSEFA DE LEON SURVEY, A-293, MCMULLEN COUNTY, TEXAS.

Division Order Department - 2069, 5555 San Felipe St, Houston, TX 77056-2701
Royalty Customer Service Group - 1-888-522-8871
FAX - 713-296-4490

DO Query

Owner Exhibit

Division Order Exhibit

Owner & Tax ID's	Owner Name	Remit. Address	Corresp. Address
Owner ID - [REDACTED]	COMMISSIONER OF THE GENERAL LAND	1700 NORTH CONGRESS AVENUE	1700 NORTH CONGRESS AVENUE
Tax ID - [REDACTED]		AUSTIN, TX 78701-1495	AUSTIN, TX 78701-1495

Property Info	Decimal	Ex. Cd.	Type	Pay and Suspend	Full Legal
Operator MARATHON OIL EF LLC DO Number 207644/00003 DO Name EF KUYKENDALL UNIT 3H Product OIL/CONDENSATE Status/Stage A APV	0.00384431	01	RI	PAY	COUNTY OF MC MULLEN STATE OF TX MARIA JOSEFA DE LEON ABST/ID# 293 Grantee API#42-013-35121. 603.49 ACRES, MORE OR LESS, IN THE MARIA JOSEFA DE LEON SURVEY, A-293, MCMULLEN COUNTY, TEXAS.
Operator MARATHON OIL EF LLC DO Number 207644/00004 DO Name EF KUYKENDALL UNIT 3H Product GAS/NGLS Status/Stage A APV	0.00384431	01	RI	PAY	COUNTY OF MC MULLEN STATE OF TX MARIA JOSEFA DE LEON ABST/ID# 293 Grantee API#42-013-35121. 603.49 ACRES, MORE OR LESS, IN THE MARIA JOSEFA DE LEON SURVEY, A-293, MCMULLEN COUNTY, TEXAS.

Division Order Department - 2069, 5555 San Felipe St, Houston, TX 77056-2701

Royalty Customer Service Group - 1-888-522-8871

FAX - 713-296-4490

DO Query

Owner Exhibit

10.413

EF KUYKENDALL UNIT 1H VENTURE 207646

By Tract

API 42-013-35121

MARIA JOSEFA DE LEON SURVEY, A-293; MCMULLEN COUNTY, TEXAS

MOC ACQ FROM TCE, ET AL. EFF 9/1/2012

CORRECTED OWNERSHIP

TRACT	ACRES	TR %
Tr 1	128.16	0.21236475
Tr 2	466.05	0.77225803
Tr 3	9.28	0.01537722
	<u>603.49</u>	<u>1.00000000</u>

Tract	MOC Lse #	Interest Cd	Lse Type	Owner #	Royalty Owner	TI	EX	NRI	FRACTIONAL	ROYALTY
3	034060/0001	1	STANDARD	1010090967	COMMISSIONER OF THE GEO OF THE STATE OF TEXAS	RI	01	0.00384431	9.28/603.49 X 1/4	1/4 LR

10-413

EF KUYKENDALL UNIT 3H VENTURE 207644

By Tract

API 42-013-35122

MARIA JOSEFA DE LEON SURVEY, A-293; MCMULLEN COUNTY, TEXAS

MOC ACQ FROM TCE, ET AL. EFF 9/1/2012

CORRECTED OWNERSHIP

TRACT	ACRES	TR %
Tr 1	128.16	0.21236475
Tr 2	466.05	0.77225803
Tr 3	9.28	0.01537722
	<u>603.49</u>	<u>1.00000000</u>

Tract	MOC Lse #	Interest Cd	Lse Type	Owner #	Royalty Owner	TI	EX	NRI	FRACTIONAL	ROYALTY
3	034060/0001	1	STANDARD	1010090967	COMMISSIONER OF THE GLO OF THE STATE OF TEXAS	RI	01	0.00384431	9.28/603.49 X 1/4	1/4 LR

10 413

EF KUYKENDALL UNIT 2H VENTURE 207645

By Tract

API 42-013-35123

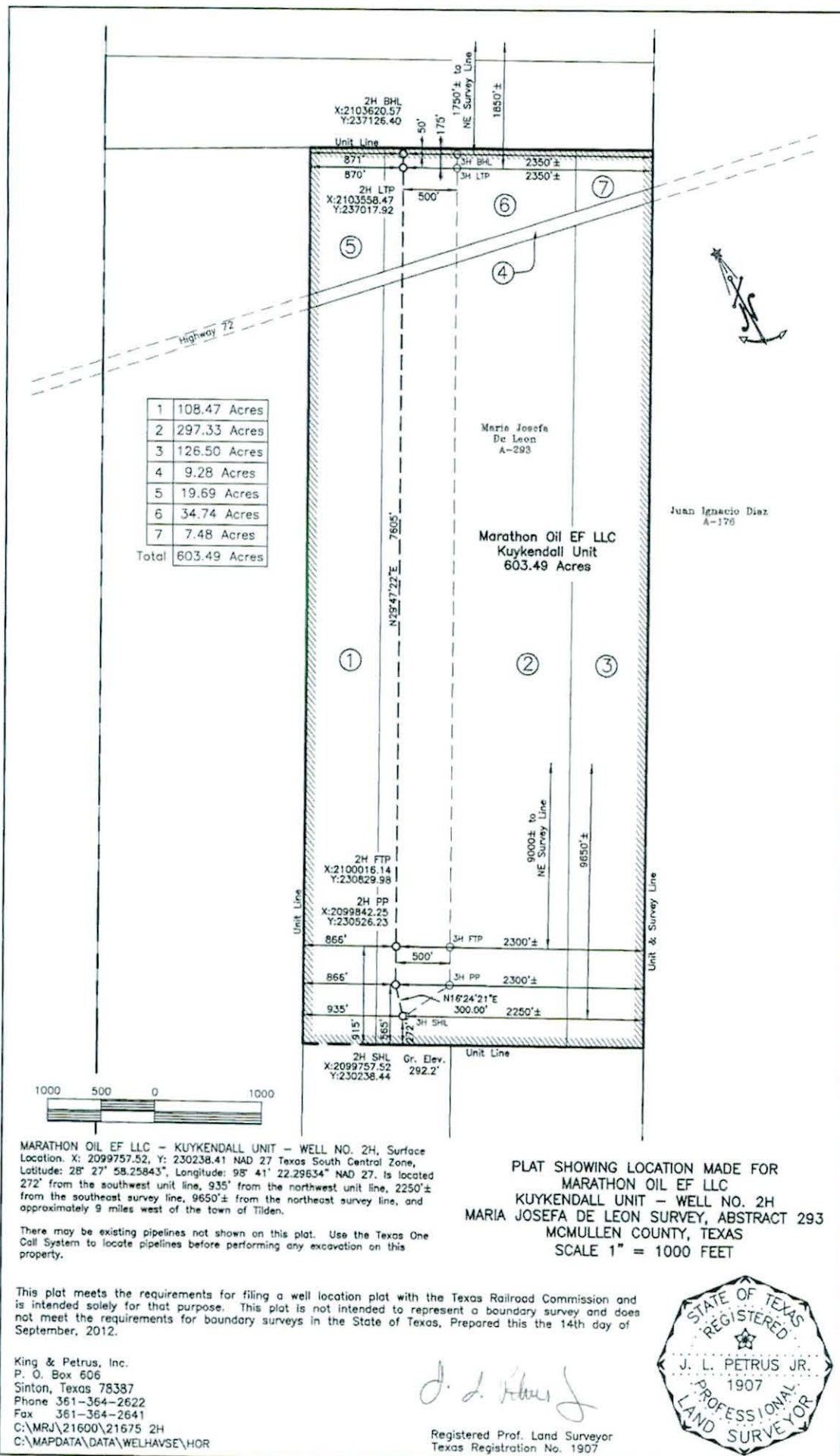
MARIA JOSEFA DE LEON SURVEY, A-293; MCMULLEN COUNTY, TEXAS

MOC ACQ FROM TCE, ET AL. EFF 9/1/2012

CORRECTED OWNERSHIP

TRACT	ACRES	TR %
Tr 1	128.16	0.21236475
Tr 2	466.05	0.77225803
Tr 3	9.28	0.01537722
	<u>603.49</u>	<u>1.00000000</u>

Tract	MOC Lse #	Interest Cd	Lse Type	Owner #	Royalty Owner	TI	EX	NRI	FRACTIONAL	ROYALTY
3	034060/0001	1	STANDARD	1010090967	COMMISSIONER OF THE GEO OF THE STATE OF TEXAS	RI	01	0.00384431	9.28/603.49 X 1/4	1/4 LR



1	108.47 Acres
2	297.33 Acres
3	126.50 Acres
4	9.28 Acres
5	19.69 Acres
6	34.74 Acres
7	7.48 Acres
Total	603.49 Acres



MARATHON OIL EF LLC - KUYKENDALL UNIT - WELL NO. 3H, Surface Location: X: 2099779.40, Y: 230226.31 NAD 27 Texas South Central Zone, Latitude: 28° 27' 58.13775", Longitude: 98° 41' 22.05155" NAD 27. Is located 273' from the southwest unit line, 960' from the northwest unit line, 2250'± from the southeast survey line, 9650'± from the northeast survey line, and approximately 9 miles west of the town of Tilden.

There may be existing pipelines not shown on this plat. Use the Texas One Call System to locate pipelines before performing any excavation on this property.

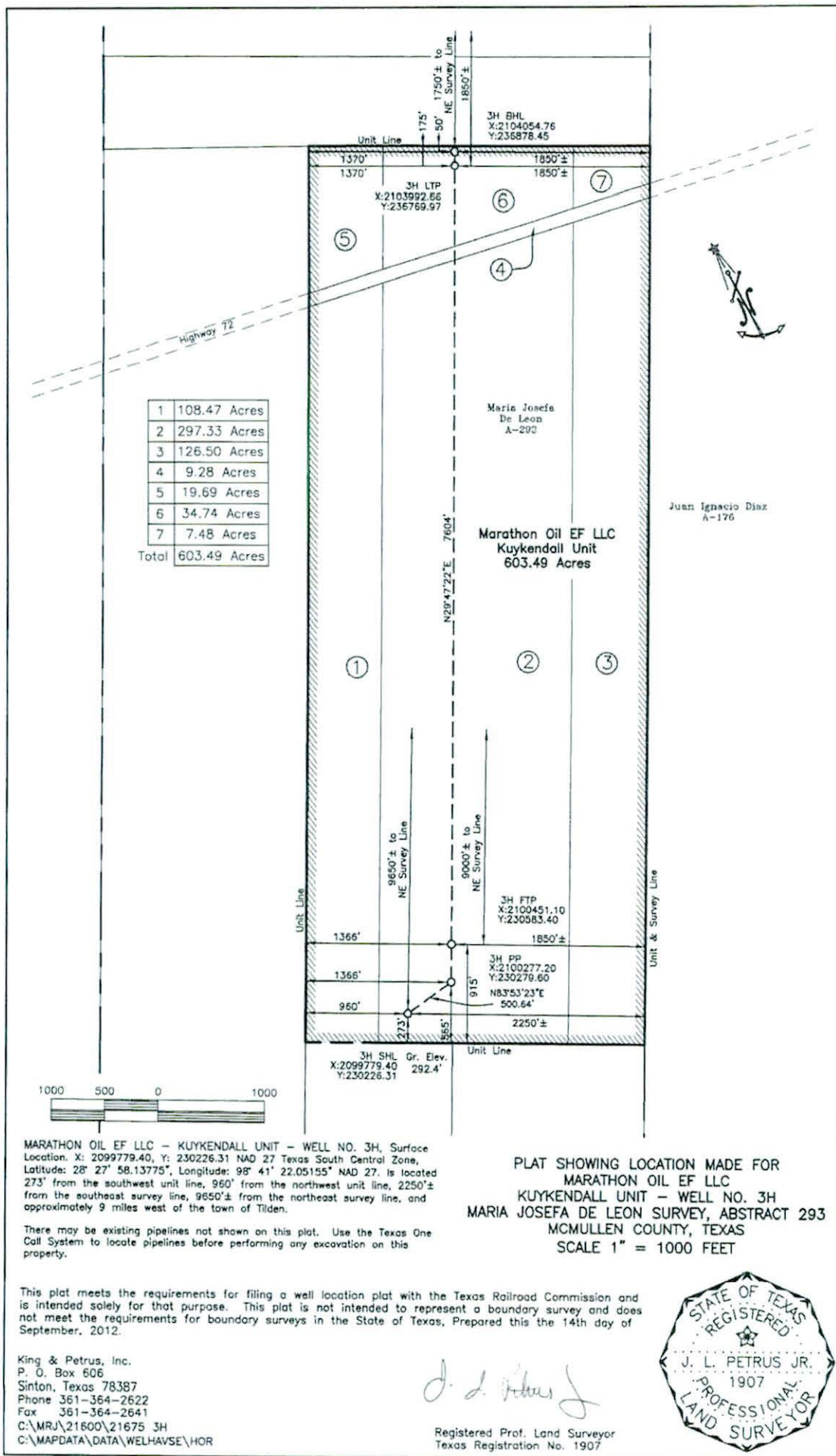
This plat meets the requirements for filing a well location plat with the Texas Railroad Commission and is intended solely for that purpose. This plat is not intended to represent a boundary survey and does not meet the requirements for boundary surveys in the State of Texas, Prepared this the 14th day of September, 2012.

King & Petrus, Inc.
P. O. Box 606
Sinton, Texas 78387
Phone 361-364-2622
Fax 361-364-2641
C:\MRJ\21600\21675 3H
C:\MAPDATA\DATA\WELHAVSE\HOR

J. L. Petrus Jr.

Registered Prof. Land Surveyor
Texas Registration No. 1907

PLAT SHOWING LOCATION MADE FOR
MARATHON OIL EF LLC
KUYKENDALL UNIT - WELL NO. 3H
MARIA JOSEFA DE LEON SURVEY, ABSTRACT 293
MCMULLEN COUNTY, TEXAS
SCALE 1" = 1000 FEET



File No. 114422

DIVISION ORDER

Date Filed: 10/04/13

Jerry E. Patterson, Commissioner

By 



Steve Virant
Land Supervisor
LAND – Eagle Ford

Marathon Oil Company
5555 San Felipe
Houston, TX 77056

DELIVERED VIA: Certified Mail

August 11, 2015

MF114422
Unit 6361

COMMISSIONER OF THE GENERAL LAND
1700 NORTH CONGRESS AVENUE
AUSTIN, TX 78701-1495

RE: Assignment of Interest

Dear COMMISSIONER OF THE GENERAL LAND:

As of June 1, 2015 Marathon Oil EF LLC ("Marathon") assigned all of its interest in the following well(s) to Overton Energy, LLC (Overton):

API	Well Name
4231135121	EF KUYKENDALL UNIT 1H
4231135123	EF KUYKENDALL UNIT 2H
4231135122	EF KUYKENDALL UNIT 3H

Overton's contact information is as follows:

Address: 4265 San Felipe, Suite 1040
Houston, Texas 77029

Contact: Mark G. Dinges

Email: mgdinges@hotmail.com

Phone: 713.580.7215

Please keep this letter for your records and direct all future correspondence and inquiries to Overton.

Regards,

Steve Virant

cc: Mark Dinges

MF 114422
File No. ltr from Marathon
Notice of Arrg
Date Filed: 1-23-18
George P. Bush, Commissioner
By: [Signature]

0343



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

April 3, 2019

Christine Wander, Contract Sr. Land Analyst
SilverBow Resources
575 N. Dairy Ashford, Ste 1200
Houston, TX 77079

Re: *GLO Assign ID #10793 –MF114422*
McMullen County

Dear Ms. Wander:

The General Land Office received the following instrument and has filed it in the appropriate files.

Assignment and Bill of Sale, effective June 1, 2015, from Marathon Oil EF LLC,
Assignor to OEI STX VII, LLC, Assignee. Filed of record in Vol 110, Pg 720.

Filing fees in the amount of \$50.00 were received on the referenced assignment.

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

Best Regards,

Carl Bonn, CPL
Mineral Leasing-Energy Resources



575 N. DAIRY ASHFORD
SUITE 1200
HOUSTON, TX 77079

Christine Wander
Email: christine.wander@sbow.com
Office: 281-874-2828

January 24, 2019

VIA FEDERAL EXPRESS

Texas General Land Office
Mr. Carl Bonn, CPL
Stephen F. Austin Building
1700 North Congress Avenue
Austin, Texas 78701-1495

MF 114422

Re: Paid up Oil and Gas Lease No. MF 114422
Dated September 11, 2012
McMullen County, Texas

Dear Carl:

Reference is made to that certain Paid up Oil and Gas Lease No. (MF 114422), dated September 11, 2012, between the Commissioner of the General Land Office of the State of Texas, as Lessor and Marathon Oil EF, LLC, as Lessee, located in McMullen County, Texas. Pursuant to Paragraph 11, Page 4, of referenced lease, SilverBow Resources Operating, LLC is providing a certified recorded copy of the Assignment and Bill of Sale from OEI STX VII, LLC (75%) and Valence Operating Company (25%) unto SilverBow Resources Operating, LLC, dated effective November 1, 2018. SilverBow Resources Operating, LLCs' contact information is:

SilverBow Resources Operating, LLC
Jeremy McKee, Sr. Manager - Land
575 N. Dairy Ashford, Suite 1200
Houston, Texas 77079
Main #281-874-2700

As discussed in our recent phone conversation, our predecessors had not previously provided recorded assignments to your office. I am including the following copies of past-recorded assignments for your records:

- Marathon Oil EF LLC. to OEI STX VII, LLC, dated effective June 1, 2015, File 81023 Vol 110/Pg 720, McMullen County, TX (100% assigned);
- OEI STX VII, LLC to Valence Operating Company, dated effective June 1, 2015, File 81083 Vol 111/Pg 406, McMullen County, TX (25% assigned).

January 24, 2019

Page 2

Should you need additional information, please feel free to contact me at 281-874-2828 or via email at christine.wander@sbow.com. Thank you.

Sincerely,

SILVERBOW RESOURCES OPERATING, LLC

A handwritten signature in dark ink, appearing to read "Christine Wander". The signature is fluid and cursive, with the first name "Christine" written in a larger, more prominent script than the last name "Wander".

Christine Wander
Contract Sr. Land Analyst

Enclosures

clw



ID 10793

MF114422

Cff 6-1-15

ASSIGNMENT AND BILL OF SALE

This ASSIGNMENT AND BILL OF SALE (the "**Conveyance**") from **Marathon Oil EF LLC**, a Delaware limited liability company, whose address is 5555 San Felipe, Houston, Texas 77056 ("**Grantor**"), to **OEI STX VII, LLC**, a Texas limited liability company, whose address is 4265 San Felipe, Suite 1040, Houston, Texas 77027 ("**Grantee**"), is executed to be effective as of June 1, 2015 at 12:01 a.m. (Central Time) (the "**Effective Date**"). Capitalized terms used but not defined herein shall have the respective meanings set forth in that certain Purchase and Sale Agreement (the "**PSA**"), dated as of July 9, 2015, between Overton Energy, LLC, which is Grantee's Affiliate, and Grantor. 100%

ARTICLE 1
CONVEYANCE OF OIL AND GAS INTERESTS AND ASSETS

Section 1.1 Conveyance. For and in consideration of ten dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, Grantor grants, bargains, sells, assigns and conveys unto Grantee, and Grantee accepts and assumes from Grantor, all of Grantors' right, title and interest in and to the following, less and except for the Excluded Assets (collectively the "**Assets**"):

- (a) the Hydrocarbon leases listed on Exhibit A, and any and all other right, title and interest of Seller in and to the leasehold estates created by such leases, including any working interests, overriding royalty interests, net profits interests, carried interests or similar rights or interest in such leases, and together with all rights, privileges, benefits and powers conferred upon the holder of such leases with respect to the use and occupation of the surface of the lands covered thereby that may be necessary, convenient or incidental to the possession and enjoyment of such leases, all subject to the terms, conditions, covenants and obligations set forth in such leases (the "**Leases**");
- (b) all oil, gas, water, disposal, injection or other wells located on any of the Leases or on any other lease or lands with which any Lease has been unitized (such interest in such wells, including the wells set forth in Exhibit B, the "**Wells**");
- (c) all rights and interests in, under or derived from all unitization and pooling agreements in effect with respect to any of the Leases or Wells and the units created thereby (the "**Units**");
- (d) all equipment, machinery, fixtures and other personal, moveable and mixed property, operational and nonoperational, known or unknown, located on any of the Properties or used solely in connection with the Properties, including pipelines, gathering systems, manifolds, well equipment, casing, tubing, pumps, motors, fixtures, machinery, compression equipment, flow lines, processing and separation facilities, structures, materials and other equipment used solely in the operation of the Properties (collectively, the "**Facilities**," and together with the Leases, Wells, and Units, the "**Properties**");



- (e) to the extent that they reasonably may be assigned without any fee or expense paid or incurred by Seller (unless Buyer agrees to, and does, pay such fee or expense, and with Buyer handling any paperwork on transferring any such Permits), all Permits, servitudes, easements and rights-of-way to the extent used solely in connection with the ownership or operation of any of the Properties, including, but not limited to, the easements and rights-of-way set forth in Exhibit "C."
- (f) all Hydrocarbons within, produced from or attributable to the Properties from and after the Effective Date, and all proceeds or accounts receivable resulting from the sale of any such Hydrocarbons;
- (g) the Contracts to which Seller is a party and by which the Assets are bound or subject, limited, in each case, to the extent that such Contracts pertain or relate solely to the Properties, and are transferable without any fee or expense paid or incurred by Seller;
- (h) to the extent transferable (with consent, if applicable; and without any fee or expense paid or incurred by Seller, unless Buyer agrees to, and does, pay such fee or expense, and with Buyer handling any paperwork on transferring any such Permits), a non-exclusive right to indemnities and releases from third parties to the extent relating to the Assets (reserving to Seller the same non-exclusive right to such indemnities and releases);
- (i) originals of all of the files, records, information and data, whether written or electronically stored, relating solely to the Properties, in Seller's or its Affiliates' possession, including, land and title records (including abstracts of title, title opinions and title curative documents), solely to the extent that such land and title records were in the possession of Seller (or its Affiliates) prior to the Execution Date; well logs; well tests; well files; mud logs; directional surveys; core reports; daily drilling records; machinery and equipment maintenance files; health, environmental and safety information and records; production and accounting records reflecting current ownership decks, well master files, division of interest files, working interest owner name and address files and revenue and joint interest billing account information; Production Tax records; and Contracts that constitute part of the Assets and files related thereto; limited, in each case, to the extent that such files, records, information, and data pertain or relate solely to the Properties, and are transferable without any fee or expense paid or incurred by Seller and are not Privileged Records (collectively, the "**Original Records**"); and
- (j) copies of all of the files, records, information and data, whether written or electronically stored, relating to the Assets but not relating solely to the Properties, in Seller's or its Affiliates' possession, including, land and title records (including abstracts of title, title opinions and title curative documents), solely to the extent that such land and title records were in the possession of Seller (or its Affiliates) prior to the Execution Date; well logs; well tests; well files; mud logs; directional surveys; core reports; daily drilling records; machinery and equipment maintenance files;



health, environmental and safety information and records; production and accounting records reflecting current ownership decks, well master files, division of interest files, working interest owner name and address files and revenue and joint interest billing account information; Production Tax; and Contracts that constitute part of the Assets and files related thereto, limited, in each case, to the extent that such files, records, information and data are transferable without any fee or expense paid or incurred by Seller and are not Privileged Records (collectively, the "Copies").

TO HAVE AND TO HOLD the Assets unto Grantee, its successors and assigns, forever, subject, however, to the terms and conditions of this Conveyance.

The Assets shall not include, and Grantor hereby reserves and retains, the Excluded Assets.

Section 1.2 Special Warranty and Disclaimer

- (a) During Survival Period, Grantor warrants and defends Defensible Title in and to the Leases (other than the Mahoney Lease) and Wells to Buyer against every Person whomsoever lawfully claiming or to claim the same or any part thereof by, through or under Grantor, but not otherwise, subject, however, to the Permitted Encumbrances; *provided, however*, that, except with respect to any liability of Grantor for any claim asserted by Grantee to Grantor on or before the expiration of the Survival Period for breach of such special warranty, such special warranty (as may be applicable) shall cease and terminate at the end of such Survival Period. Grantor's special warranty of title will not apply to, and Grantee will have no right to recovery in respect of such special warranty of title, (a) for any claim that was known by Grantee prior to the Execution Date, (b) for any claim that does not exceed the Individual Title Threshold, (c) for any claims to the extent that the aggregate of all claims (that do exceed the Individual Title Threshold) do not exceed the Aggregate Deductible, (d) in excess of the Liability Cap, (e) to the extent of the Mahoney Lease, and (f) to the extent of claims brought after the Survival Period.
- (b) The "Mahoney Lease" means any of the Assets relating to (i) that certain Oil and Gas Lease originally between Jo Ann Mahoney and Marci Mahoney, as Lessor, and Hilcorp Energy I, L.P., as Lessee, a memorandum of which is recorded at Vol. 486, Page 84 in the Official Records of McMullen County, Texas; or (ii) that certain Oil and Gas Lease originally between Mark Mahoney and Michael Mahoney, as Lessor, and Hilcorp Energy I, L.P., as Lessee, a memorandum of which is recorded at Vol. 486, Page 86 in the Official Records of McMullen County, Texas.
- (c) **Except as provided in the Section 1.2(a), Grantor makes no, and expressly disclaims and negates any, warranty or representation, express, implied, statutory or otherwise, with respect to Grantor's right, title or interest to any of the Assets. Grantor makes no, and expressly disclaims and negates any, warranty or representation, express, implied, statutory or otherwise, with respect to the Mahoney Lease. For the avoidance of doubt, it is the intent of**



Grantor to convey all of its right, title and interest whatsoever in and to the Assets. The foregoing notwithstanding, Grantor hereby assigns to Grantee a non-exclusive interest in all rights, claims and causes of action under title warranties given or made by Grantor's predecessors in interest ("Upstream Indemnities") and Grantee is specifically subrogated to all rights which Grantor may have against such predecessors in interest (other than Affiliates of Grantor) with respect to the Assets, to the extent Grantor may legally transfer a non-exclusive interest in such rights and grant such subrogation; provided that Grantor reserves unto itself a similar non-exclusive interest in such Upstream Indemnities.

- (d) **Except as and to the limited extent expressly represented otherwise in Section 1.2(a) of this Conveyance, Grantor expressly disclaims any representation or warranty, express, statutory or implied, as to (i) title to any of the Assets, (ii) the contents, character or nature of any report of any petroleum engineering consultant, or any engineering, geological or seismic data or interpretation relating to the Assets, (iii) the quantity, quality or recoverability of hydrocarbons in or from the Assets, (iv) any estimates of the value of the Assets or future revenues to be generated by the Assets, (v) the production of or ability to produce hydrocarbons from the Assets, (vi) the maintenance, repair, condition, quality, suitability, design, legal compliance or marketability of the Assets, (vii) the content, character or nature of any information memorandum, reports, model, samples, brochures, charts or statements prepared by Grantor or its Representatives with respect to the Assets, (viii) any other materials or information that may have been made available to Grantor or its Affiliates or any of their Representatives in connection with the PSA or any discussion or presentation relating thereto, and (ix) any implied or express warranty of freedom from patent or trademark infringement.**
- (e) **Grantee has reviewed and had access to all contracts, documents, records, and information that it desired to review in connection with its decision to enter into the PSA, and to consummate the transactions contemplated thereby. Grantee has not relied upon any representation, warranty, statement, advice, document, projection or other information of any type provided by Grantor, or its Affiliates, or any of their Representatives, except for the representations and warranties of Grantor expressly set forth in the PSA and Section 1.2(a) of this Conveyance. In deciding to enter into the PSA, and to consummate the transactions contemplated thereby, Grantee relied solely upon its own knowledge, investigation, and analysis (and that of its Representatives) and not on any disclosure or representation made by, or any duty to disclose on the part of, Grantor or its Affiliates, or any of their Representatives, other than the representations and warranties of Grantor expressly set forth in the PSA and Section 1.2(a) of this Conveyance.**
- (f) **Except as and to the limited extent expressly represented otherwise in Section 1.2(a) of this Conveyance, the Assets are being conveyed and assigned to and accepted by Grantee in their "as is, where is" condition and state of repair,**



and with all faults and defects, without, subject to the exception below, any representation, warranty, or covenant of any kind or nature, express, implied, or statutory, including warranties of marketability, freedom from latent vices or defects, quality, lease effectiveness, condition, conformity to models or samples, merchantability, fitness for a particular purpose, any implied warranty under Texas Property Code Section 5.023, or rights of a purchaser under appropriate statutes to claim diminution of consideration or return of the purchase price, all of which are expressly disclaimed by Grantor and waived by Grantee.

- (g) Grantee recognizes that the Assets have been used for oil and gas drilling, production, gathering, pipeline, transportation, storage, and related operations. Physical changes in the Assets and in the lands included therein may have occurred as a result of such uses. The Assets also may include buried pipelines and other equipment, the locations of which may not be known by Grantor or readily apparent by a physical inspection of the Assets. It is understood and agreed that Grantee has inspected (or waived its right to inspect) the leases, equipment, pipelines, and the associated premises included in the Assets and satisfied itself as to their physical and environmental condition, both surface and subsurface, and that Grantee accepts all of the same in their "as is, where is" condition and state of repair, and with all faults and defects, including any presence of naturally occurring radioactive material, man-made material fibers and hydrocarbons (possibly containing benzene). Notwithstanding anything to the contrary, Grantor has not and will not make, and expressly disclaims, any representation or warranty regarding any matter or circumstance relating to environmental laws, the release of materials into the environment or the protection of human health, safety, natural resources or the environment or any other environmental condition of the Assets, and nothing in this Conveyance or otherwise shall be construed as such a representation or warranty.
- (h) Any and all duties and obligations which either Grantor or Grantee may have to the other with respect to or in connection with the Assets, the PSA, or the transactions contemplated thereby are limited to those in the PSA and this Conveyance. Grantor and Grantee do not intend (i) that the duties or obligations of any party hereto, or the rights of any such party, shall be expanded beyond the terms of the PSA (or this Conveyance) on the basis of any legal or equitable principle or on any other basis whatsoever or (ii) that any equitable or legal principle or any implied obligation of good faith or fair dealing or any other matter requires any such party to incur, suffer, or perform any act, condition, or obligation contrary to the terms of the PSA (or this Conveyance) and that it would be unfair, and that they do not intend, to increase any of the obligations of any party hereto on the basis of any implied obligation or otherwise.
- (i) Grantor makes no representation, covenant, or warranty, express, implied, or statutory (i) as to the accuracy or completeness of any data, information or records delivered or made available to Grantee with respect to the Assets, or (ii)



concerning the quality or quantity of hydrocarbon reserves, if any, attributable to the Assets, or the ability of the Assets to produce hydrocarbons, or the product prices which Grantee is or will be entitled to receive from the sale of any such hydrocarbons.

ARTICLE 2 ASSUMPTION OF OBLIGATIONS

Section 2.1 Assumed Obligations. Grantee assumes and agrees to fulfill, pay for, discharge, be responsible for, perform and comply with the Assumed Obligations, subject to the terms and conditions of the PSA.

MISCELLANEOUS

Section 3.1 Further Assurances. Grantor and Grantee each agree to take such further actions and to execute, acknowledge and deliver all such further documents as are reasonably requested by the other for carrying out the purposes of this Conveyance.

Section 3.2 PSA. This Conveyance is delivered pursuant to, and hereby made subject to, the terms and conditions of the PSA. In the event that any provision of this Conveyance (other than any term defined herein) is construed to conflict with any provision of the PSA, the provisions of the PSA shall be deemed controlling to the extent of such conflict. The representations, warranties, indemnities, covenants and agreements in the PSA shall survive, without limitation, this Conveyance and the transactions contemplated herein, except to the extent such may be limited in the PSA.

Section 3.3 Successors and Assigns. This Conveyance shall bind and inure to the benefit of Grantor and Grantee and their respective successors and assigns.

Section 3.4 Counterparts. This Conveyance may be executed in any number of counterparts, and by different parties in separate counterparts, and each counterpart hereof shall be deemed to be an original instrument, but all such counterparts shall constitute but one instrument. To facilitate recordation, there may be omitted from the Exhibits to this Conveyance in certain counterparts descriptions of property located in recording jurisdictions other than the jurisdiction in which the particular counterpart is to be filed or recorded.

Section 3.5 Interpretation. The parties hereto agree that this Conveyance has been jointly prepared by the parties hereto, and may not be construed against any party hereto (nor may any inference or presumption be made) on the basis of who drafted this Conveyance or any particular provision hereof, who supplied the form of Conveyance, or any other event of the negotiation, drafting or execution of this Conveyance. The parties hereto agree that this Conveyance has been purposefully drawn and correctly reflects each party's understanding of the transaction contemplated by such parties. Unless expressly provided to the contrary in this Conveyance, in construing this Conveyance: the Section and Exhibit references in this Conveyance refer to the Sections and Exhibits of this Conveyance, such Exhibits which are made parts hereof for all purposes; the headings and titles in this Conveyance are for



convenience only and have no significance in interpreting or otherwise affect the meaning of this Conveyance; reference to a given agreement, contract or other instrument is a reference to that agreement, contract or other instrument as modified, amended, supplemented or restated from time to time; references to "\$" or "dollars" means United States dollars; "include" and "including" will mean include or including without limiting the generality of the description preceding such term; the word "or" is not exclusive; references to the singular includes the plural, and vice versa; and if there is any conflict or inconsistency between a term in the main part of this Conveyance and a term in any of the Exhibits or other documents referred to or otherwise incorporated into this Conveyance, the term in the main part of this Conveyance shall prevail to the extent of the conflict or inconsistency.

Section 3.6 Conspicuous. Grantor and Grantee agree that, to the extent required by applicable law to be effective or enforceable, the provisions of this Conveyance in bold-type font are "conspicuous" for the purpose of any applicable law.

Section 3.7 Governing Law. This assignment shall be governed and construed in accordance with the laws of the State of Texas.

IN WITNESS WHEREOF, the authorized representatives of Grantor and Grantee have executed this Conveyance as of the date of the acknowledgements below, but to be effective as of the Effective Date.


GRANTOR:

MARATHON OIL EF LLC

By: 
Name: Lance W. Robertson
Title: President

GRANTEE:

OEI STX VII, LLC

By: 
Name: R. Carter Overton
Title: CEO



STATE OF TEXAS §
§
COUNTY OF HARRIS §

This instrument was acknowledged before me on the 31st day of July, 2015, by Lance W. Robertson as President, of Marathon Oil EF LLC, a Delaware limited liability company, on behalf of said corporation.

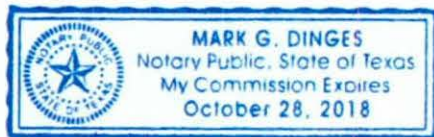


[Handwritten Signature]

Notary Public, State of Texas

STATE OF TEXAS §
§
COUNTY OF HARRIS §

This instrument was acknowledged before me on the 31st day of July, 2015, by R. Carter Overton as CEO of OEI STX VII, LLC, a Texas limited liability company, on behalf of said company.



[Handwritten Signature: Mark G. Dinges]

Notary Public, State of Texas



EXHIBIT A-1

ATTACHED TO AND MADE A PART OF
THAT CERTAIN ASSIGNMENT AND BILL OF SALE BY AND AMONG
GRANTOR AND GRANTEE

(MCMULLEN COUNTY LEASES)

Marathon Lease #029162-001

Lessor: Alice Warren Valle
Lessee: Hilcorp Energy I, L.P.
Lease Date: April 5, 2010
Recording: Volume 483, Page 455, Deed Records of McMullen County, Texas

Marathon Lease #029162-002

Lessor: William Thomas Walker
Lessee: Hilcorp Energy I, L.P.
Lease Date: April 5, 2010
Recording: Volume 483, Page 445, Deed Records of McMullen County, Texas

Marathon Lease #029162-003

Lessor: William E Walker
Lessee: Hilcorp Energy I, L.P.
Lease Date: April 5, 2010
Recording: Volume 483, Page 441, Deed Records of McMullen County, Texas

Marathon Lease #029162-004

Lessor: Stephen Edward Walker
Lessee: Hilcorp Energy I, L.P.
Lease Date: April 5, 2010
Recording: Volume 483, Page 453, Deed Records of McMullen County, Texas

Marathon Lease #029162-005

Lessor: Michael D. Walker
Lessee: Hilcorp Energy I, L.P.
Lease Date: April 5, 2010
Recording: Volume 483, Page 447, Deed Records of McMullen County, Texas

Marathon Lease #029162-006

Lessor: Charles Rod Walker
Lessee: Hilcorp Energy I, L.P.
Lease Date: April 5, 2010
Recording: Volume 483, Page 451, Deed Records of McMullen County, Texas

Marathon Lease #029162-007

Lessor: Marilyn Walker
Lessee: Hilcorp Energy I, L.P.
Lease Date: April 5, 2010
Recording: Volume 483, Page 443, Deed Records of McMullen County, Texas

Marathon Lease #029162-008

Lessor: Robert O. Burford
Lessee: Hilcorp Energy I, L.P.



Lease Date: April 5, 2010
Recording: Volume 483, Page 439, Deed Records of McMullen County, Texas

Marathon Lease #029162-009

Lessor: Patsy A. Samuel
Lessee: Hilcorp Energy I, L.P.
Lease Date: April 5, 2010
Recording: Volume 483, Page 463, Deed Records of McMullen County, Texas

Marathon Lease #029162-010

Lessor: Clair Nord
Lessee: Hilcorp Energy I, L.P.
Lease Date: April 5, 2010
Recording: Volume 483, Page 449, Deed Records of McMullen County, Texas

Marathon Lease #029162-011

Lessor: Perry Walker
Lessee: Hilcorp Energy I, L.P.
Lease Date: April 5, 2010
Recording: Volume 483, Page 461, Deed Records of McMullen County, Texas

Marathon Lease #029162-012

Lessor: Kendrick W. Walker
Lessee: Hilcorp Energy I, L.P.
Lease Date: April 5, 2010
Recording: Volume 483, Page 459, Deed Records of McMullen County, Texas

Marathon Lease #029162-013

Lessor: Rebecca Walker Ingram
Lessee: Hilcorp Energy I, L.P.
Lease Date: April 5, 2010
Recording: Volume 483, Page 457, Deed Records of McMullen County, Texas

Marathon Lease #029162-014

Lessor: James A Walker Jr.
Lessee: Hilcorp Energy I, L.P.
Lease Date: April 5, 2010
Recording: Volume 483, Page 465, Deed Records of McMullen County, Texas

Marathon Lease #029162-015

Lessor: Elizabeth Lois Haney
Lessee: Marathon Oil EF LLC
Lease Date: January 22, 2013
Recording: Volume 50, Page 625, Official Public Records of McMullen County, Texas

Marathon Lease #029162-016

Lessor: Rita Louise Burris
Lessee: Marathon Oil EF LLC
Lease Date: January 22, 2013
Recording: Volume 50, Page 633, Official Public Records of McMullen County, Texas

Marathon Lease #029162-017

Lessor: Joye Laverne Burris, Independent Executrix of the Estate of
Thomas E. Burris, Dec.
Lessee: Marathon Oil EF LLC



Lease Date: January 25, 2013
Recording: Volume 50, Page 629, Official Public Records of McMullen County, Texas

The above seventeen (17) leases pertain to the "Walker" tract and wells cover depths from the Surface down to 100' below the Base of the Eagle Ford Formation. Notwithstanding anything to the contrary, the term "Defensible Title" with respect to each Lease set forth above (as such term may apply to such Leases pursuant to the terms of the PSA) shall only cover the Eagle Ford zone and only those portions of the Leases, as applicable, that are included in the legal description of the leasehold production unit set forth below:

The Walker production unit as described in the Marathon Oil EF LLC Declaration of Leasehold Production Unit, Walker Unit, in Volume 63, Page 288, Official Public Records, McMullen County, TX.

Marathon Lease #029240-001

Lessor: Jo Ann Mahoney and Marci Mahoney
Lessee: Hilcorp Energy I, L.P.
Lease Date: March 16, 2010
Recording: Volume 486, Page 84, Deed Records of McMullen County, Texas

Marathon Lease #029240-002

Lessor: Mark Mahoney and Michael Mahoney
Lessee: Hilcorp Energy I, L.P.
Lease Date: April 6, 2010
Recording: Volume 486, Page 86, Deed Records of McMullen County, Texas

The above two (2) leases pertain to the "Mahoney" tract and wells cover depths from the Surface down to 100' below the Base of the Eagle Ford Formation. Notwithstanding anything to the contrary, the term "Defensible Title" with respect to each Lease set forth above (as such term may apply to such Leases pursuant to the terms of the PSA) shall only cover the Eagle Ford zone and only those portions of the Leases, as applicable, that are included in the legal description of the leasehold production unit set forth below.

The Mahoney production unit comprised of a portion of the Jose Maria Hernandez Survey, Abstract 225, and situated in McMullen County, Texas and is described by metes and bounds as follows:

*Commencing at the Mahoney 1H surface hole location, X: 2151511.84, Y: 279576.21;
Thence, N73°-28'-56"W, a distance of 804.87 feet to the point of beginning;
Thence, S89°-36'-38"E, a distance of 1769.34 feet to an angle point;
Thence, S00°-23'-21"W, a distance of 5378.16 feet to an angle point;
Thence, S82°-48'-50"E, a distance of 335.27 feet to an angle point;
Thence, S82°-40'-16"E, a distance of 421.90 feet to an angle point;
Thence, S62°-30'-36"E, a distance of 427.15 feet to an angle point;
Thence, S56°-06'-23"E, a distance of 525.62 feet to an angle point;
Thence, S37°-00'-29"E, a distance of 98.67 feet to an angle point;
Thence, S09°-31'-12"E, a distance of 109.32 feet to an angle point;
Thence, S00°-11'-52"W, a distance of 3756.52 feet to an angle point;
Thence, N88°-41'-40"W, a distance of 2122.63 feet to an angle point;
Thence, N00°-25'-26"W, a distance of 3175.94 feet to an angle point;*



*Thence, S89° -28'-16"W, a distance of 869.73 feet to an angle point;
Thence, N00° -14'-27"E, a distance of 473.54 feet to an angle point;
Thence, N88° -42'-20"W, a distance of 392.67 feet to an angle point;
Thence, N00° -23'-21"E, a distance of 6220.76 feet to the point of beginning,*

Less and Except all those lands within the Mahoney #2 unit from the surface of the earth down to a depth of 6300' as delineated in the Mahoney Leases.

containing 466 acres of land, more or less.

Bearings in this description are GPS, NAD 27, Texas South Central Zone.

Marathon Lease #029154-001

Lessor: Erin Schibler
Lessee: Hilcorp Energy I, L.P.
Lease Date: March 25, 2010
Recording: Volume 484, Page 53, Deed Records of McMullen County, Texas

Marathon Lease #029154-002

Lessor: Lisa Kay Domino
Lessee: Hilcorp Energy I, L.P.
Lease Date: March 14, 2010
Recording: Volume 484, Page 69, Deed Records of McMullen County, Texas

Marathon Lease #029154-003

Lessor: Anson Michael Rice
Lessee: Hilcorp Energy I, L.P.
Lease Date: March 25, 2010
Recording: Volume 484, Page 55, Deed Records of McMullen County, Texas

Marathon Lease #029154-004

Lessor: Abbie Morgan
Lessee: Hilcorp Energy I, L.P.
Lease Date: March 15, 2010
Recording: Volume 484, Page 61, Deed Records of McMullen County, Texas

Marathon Lease #029154-005

Lessor: Brenda Elaine Davis
Lessee: Hilcorp Energy I, L.P.
Lease Date: March 14, 2010
Recording: Volume 484, page 59, Deed Records of McMullen County, Texas

Marathon Lease #029154-006

Lessor: Kathalee Rice Holmans
Lessee: Hilcorp Energy I, L.P.
Lease Date: March 15, 2010
Recording: Volume 484, Page 71, Deed Records of McMullen County, Texas

Marathon Lease #029154-007

Lessor: Michael Zeal Kuykendall
Lessee: Hilcorp Energy I, L.P.
Lease Date: March 15, 2010
Recording: Volume 484, Page 67, Deed Records of McMullen County, Texas



Marathon Lease #029154-008

Lessor: Jim Roy Rathburn
 Lessee: Hilcorp Energy I, L.P.
 Lease Date: March 16, 2010
 Recording: Volume 484, Page 57, Deed Records of McMullen County, Texas

Marathon Lease #029154-009

Lessor: David Russell Kuykendall
 Lessee: Hilcorp Energy I, L.P.
 Lease Date: March 15, 2010
 Recording: Volume 484, Page 73, Deed Records of McMullen County, Texas

Marathon Lease #029154-010

Lessor: Patricia Clendenin
 Lessee: Hilcorp Energy I, L.P.
 Lease Date: March 17, 2010
 Recording: Volume 484, Page 65, Deed Records of McMullen County, Texas

Marathon Lease #029154-011

Lessor: Lois W Rathburn
 Lessee: Hilcorp Energy I, L.P.
 Lease Date: March 15, 2010
 Recording: Volume 484, Page 63, Deed Records of McMullen County, Texas

Marathon Lease #034060-001

Lessor: The State of Texas General Land Office (Oil and Gas Lease # MF 114422)
 Lessee: Marathon Oil EF LLC
 Lease Date: September 11, 2012
 Recording: Volume 41, Page 455, Official Public Records, McMullen County, Texas

MF 114422

Marathon Lease #29153-001

Lessor: Kuykendall Ranch, LLC
 Lessee: Hilcorp Energy I, L.P.
 Lease Date: March 16, 2010
 Recording: Volume 486, Page 78, Deed Records of McMullen County, Texas;
 Volume 486, Page 80, Deed Records of McMullen County, Texas;
 Volume 486, Page 82, Deed Records of McMullen County, Texas

The above thirteen (13) leases pertain to the "Kuykendall Unit" tract and wells and the "Kuykendall Ranch" tract and wells cover depths from the Surface down to 100' below the Base of the Eagle Ford Formation. Notwithstanding anything to the contrary, the term "Defensible Title" with respect to each Lease set forth above (as such term may apply to such Leases pursuant to the terms of the PSA) shall only cover the Eagle Ford zone and only those portions of the Leases, as applicable, that are included in a Unit or the legal description of the leasehold production units set forth below.

The Marathon Oil EF LLC Declaration of Pooled Unit, Kuykendall Unit, recorded in Volume 52, Page 563, McMullen County, Texas; or

The Kuykendall Ranch production unit, 473.99 acres, more or less, in the Josefa de Leon Survey No. 40, A-293, McMullen County, Texas, as more particularly described in that certain Contribution Deed dated May 2, 2000, from John Campbell, Allyce Campbell, E.C. Erwin, and Alice Kuykendall, to Kuykendall Ranch LLC, recorded in Volume 402, Page 227, Deed Records, McMullen County, Texas.

EXHIBIT A-2

ATTACHED TO AND MADE A PART OF
THAT CERTAIN ASSIGNMENT AND BILL OF SALE BY AND AMONG
GRANTOR AND GRANTEE

(ATASCOSA COUNTY LEASES)

Marathon Lease #032406-001

Lessor: Thelma Johnson and Billie Jean Ludlum
Lessee: Griffith Land Services, Inc.
Lease Date: October 24, 2009
Recording: Document #109768, Official Public Records of Atascosa County, Texas

Marathon Lease #032406-002

Lessor: Mary Anna Weigang, et al
Lessee: Griffith Land Services, Inc.
Lease Date: October 24, 2009
Recording: Document #109769, Official Public Records of Atascosa County, Texas

Marathon Lease #042863-001

Lessor: Zulema Cuellar Mendez et al
Lessee: EOG Resources, Inc.
Lease Date: January 4, 2010
Recording: Document #111326, Official Public Records of Atascosa County, Texas
(Insofar and only insofar as the 175 acres assigned to Marathon Oil EF LLC as described in Partial Assignment of Oil and Gas Lease recorded under File No. 156338.)

The above three (3) leases pertain to the "Weigang, et al" tract and the "Cuellar Mendez, et al" 175 acres tract and cover all depths. Notwithstanding anything to the contrary, the term "Defensible Title" with respect to each Lease set forth above (as such term may apply to such Leases pursuant to the terms of the PSA) shall only cover the Eagle Ford zone and only those portions of the Leases, as applicable, that are included in a Unit or the legal description of the leasehold production units set forth below.

The Pancho East production unit and the Pancho West production unit, describes as follows:

A 407.56 acre (more or less) production unit situated in a portion of the A. B. & M. Survey 1015, Abstract 51, A.B. & M. Survey 999, Abstract 44, A. B. & M. Survey 1000, Abstract 1283, BBB & C. RR. CO Survey 1091, Abstract 118, in Atascosa County, Texas, and is described by metes and bonds as follows:

Commencing at the proposed 1H surface hole location, X: 2118613 & Y: 318913;

Thence, N2° 17' 10" W, a distance of 273.63 to the point of beginning;

Thence, S89° 56' 37E", a distance of 51.23 feet to an angle point;

Thence, S89° 46' 13E", a distance of 440.35 feet to an angle point;

Thence, S89° 18' 29E", a distance of 1576.73 feet to an angle point;

Thence, S00° 07' 32E", a distance of 477.35 feet to an angle point;

Thence, S00° 11' 42W", a distance of 3594.65 feet to an angle point;

Thence, S00° 17' 34W", a distance of 4155.66 feet to an angle point;

Thence, S88° 54' 21W", a distance of 102.76 feet to an angle point;

Thence, $S14^{\circ} 55' 47''$, a distance of 351.6 feet to an angle point;
Thence, $S90^{\circ} 00' 00''$, a distance of 2059.28 feet to an angle point;

Thence, $N0^{\circ} 15' 7''$, a distance of 8590.2 feet to the place of beginning,
containing 407.56 acres of land, more or less.

Bearings in this description are NAD 27, Texas South Central Zone.

A 403.50 acre (more or less) production unit situated in a portion of the B.B.B. & C.R.R.CO survey 1091, Abstract 118, A.B. & M Survey 1015, Abstract 51, A.B. & M Survey 1000, Abstract 1283 & A.B. & M Survey 999, Abstract 444 in Atascosa County, Texas, and is described by metes and bonds as follows:

Commencing at the proposed 1H surface hole location, X: 2118268 & Y: 318918;

Thence, $N51^{\circ} 13' 18''$ E, a distance of 428.56 feet to the point of beginning;

Thence, $S00^{\circ} 15' 07''$ W, a distance of 8590.2 feet to an angle point;

Thence, $S90^{\circ} 00' 00''$ W, a distance of 2039.52 feet to an angle point;

Thence, $N00^{\circ} 02' 42''$ E, a distance of 1308.8 feet to an angle point;

Thence, $N00^{\circ} 18' 58''$ W, a distance of 3118.72 feet to an angle point;

Thence, $N00^{\circ} 19' 04''$ W, a distance of 1409.99 feet to an angle point;

Thence, $N4^{\circ} 03' 22''$ E, a distance of 2209.42 feet to an angle point;

Thence, $N12^{\circ} 46' 48''$ W, a distance of 561.84 feet to an angle point;

Thence, $N89^{\circ} 49' 09''$ E, a distance of 701.6 feet to an angle point;

Thence, $S89^{\circ} 56' 37''$ E, a distance of 1367.69 feet to the place of beginning,
containing 403.50 acres of land, more or less.

Bearings in this description are NAD 27, Texas South Central Zone



EXHIBIT B

ATTACHED TO AND MADE A PART OF
THAT CERTAIN ASSIGNMENT AND BILL OF SALE BY AND AMONG
GRANTOR AND GRANTEE

WELLS

(ALL LOCATED IN MCMULLEN COUNTY)

Well Name	API
Kuykendall Ranch #1H	42-311-35030
Kuykendall Ranch #2H	42-311-35032
Kuykendall Ranch #3H	42-311-35095
Kuykendall Ranch #4H	42-311-35117
Kuykendall Unit #1H	42-311-35121
Kuykendall Unit #2H	42-311-35123
Kuykendall Unit #3H	42-311-35122
Mahoney #1H	42-311-35148
Mahoney #2H	42-311-35165
Mahoney #3H	42-311-35168
Walker #1H	42-311-35224
Walker #2H	42-311-35231
Walker #3H	42-311-35223
Walker #4H	42-311-35229

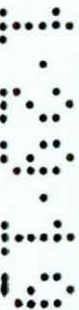


EXHIBIT C

ATTACHED TO AND MADE A PART OF
THAT CERTAIN ASSIGNMENT AND BILL OF SALE BY AND AMONG
GRANTOR AND GRANTEE

EASEMENTS & RIGHTS-OF-WAY

Grantor	Grantee	Date	County	Contract Type	Recording Data
Michael Zeal Kuykendall	Marathon Oil EF LLC	09/06/12	McMullen	Right-of-Way & Esmt	Unrecorded
Michael Zeal Kuykendall	Marathon Oil EF LLC	09/06/12	McMullen	Surface Site Agmt	40/124
Jim Roy Rathburn	Marathon Oil EF LLC	09/10/12	McMullen	Right-of-Way & Esmt	52/605
Jim Roy Rathburn	Marathon Oil EF LLC	09/10/12	McMullen	Surface Site Agmt	40/132
Kuykendall, Davis & Domino Ranch, LLC	Marathon Oil EF LLC	09/12/12	McMullen	Surface Site Agmt	40/140
Kuykendall, Davis & Domino Ranch, LLC	Marathon Oil EF LLC	09/17/12	McMullen	Right-of-Way & Esmt	41/319
Kuykendall Ranch, LLC	Marathon Oil EF LLC	10/29/12	McMullen	Pipeline Esmt	48/190
Rancho Tres Hijos LP	Marathon Oil EF LLC	12/06/12	McMullen	Water Use Agmt	Unrecorded
Comm Court of McMullen County	Marathon Oil EF LLC	01/02/13	McMullen	Road Crossing Permit	Unrecorded
DTB Investments, LP	Marathon Oil EF LLC	01/08/13	McMullen	Water Purchase Agmt	Unrecorded
Diamond J Ranch	Marathon Oil EF LLC	02/13/13	McMullen	Water Purchase Agmt	Unrecorded
William Eldon Walker	Marathon Oil EF LLC	03/06/13	McMullen	Right-of-Way & Esmt	59/179
William Eldon Walker	Marathon Oil EF LLC	03/06/13	McMullen	Surface Site Agmt	Unrecorded
Marilyn Walker	Marathon Oil EF LLC	03/18/13	McMullen	Right-of-Way & Esmt	59/184
Marilyn Walker	Marathon Oil EF LLC	03/18/13	McMullen	Surface Site Agmt	Unrecorded
Michael Mahoney	Marathon Oil EF LLC	03/20/13	McMullen	Right-of-Way & Esmt	59/189
Michael Mahoney	Marathon Oil EF LLC	03/20/13	McMullen	Surface Site Agmt	Unrecorded
Mark W. Mahoney	Marathon Oil EF LLC	03/29/13	McMullen	Right-of-Way & Esmt	59/199
Mark W. Mahoney	Marathon Oil EF LLC	03/29/13	McMullen	Surface Site Agmt	Unrecorded
Rita Louise Burris	Marathon Oil EF LLC	05/01/13	McMullen	Right-of-Way & Esmt	64/518
Rita Louise Burris	Marathon Oil EF LLC	05/01/13	McMullen	Surface Site Agmt	Unrecorded
Elizabeth Lois Haney	Marathon Oil EF LLC	05/07/13	McMullen	Right-of-Way & Esmt	64/528
Elizabeth Lois Haney	Marathon Oil EF LLC	05/07/13	McMullen	Surface Site Agmt	Unrecorded
Estate of Thomas Burris	Marathon Oil EF LLC	07/09/13	McMullen	Right-of-Way & Esmt	64/523
Estate of Thomas Burris	Marathon Oil EF LLC	07/09/13	McMullen	Surface Site Agmt	Unrecorded
Jo Ann Mahoney	Marathon Oil EF LLC	07/12/13	McMullen	Right-of-Way & Esmt	70/514
Jo Ann Mahoney	Marathon Oil EF LLC	07/12/13	McMullen	Surface Site Agmt	70/362
Marci Mahoney	Marathon Oil EF LLC	07/12/13	McMullen	Right-of-Way & Esmt	70/528
Marci Mahoney	Marathon Oil EF LLC	07/12/13	McMullen	Surface Site Agmt	70/538
Kenney Ranch, LTD.	Marathon Oil EF LLC	09/04/14	Atascosa	Road Easement Agmt	File No 156678

FILED FOR RECORD

This Aug 07, 2015 at 12:41P
MATTIE SADOVSKY
CLERK COUNTY COURT McMULLEN CO. TX
BY: Bailey Serrata

THE STATE OF TEXAS
COUNTY OF McMULLEN

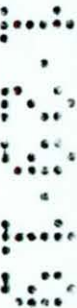
I, MATTIE SADOVSKY, Clerk of the County Court
of said county, do hereby certify that the foregoing
instrument of writing, with its certificate of
authentication was filed for record in my office
this Aug 07, 2015 at 12:41P and duly recorded the
Aug 07, 2015 in the McMullen County Records of said
County, in VOL 110 on PAGE 720.

Witness my hand and the seal of the County Court of said
County at the office in TILDEN, TEXAS
the day and year last above written.

MATTIE SADOVSKY
CLERK, COUNTY COURT, McMULLEN COUNTY, TEXAS

BY: Bailey Serrata





2025

14

File No. MF 114422
Assign # 10793
Marathon to OEE STx
Date Filed: 4-3-19
By: George P. Bush, Commissioner



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

April 3, 2019

Christine Wander, Contract Sr. Land Analyst
SilverBow Resources
575 N. Dairy Ashford, Ste 1200
Houston, TX 77079

Re: GLO Assign ID #10794 -MF114422
McMullen County

Dear Ms. Wander:

The General Land Office received the following instrument and has filed it in the appropriate files.

Assignment and Bill of Sale, effective November 1, 2018, from OEI STX VII, LLC and Valence Operating Company, Assignor's to SilverBow Resources Operating, LLC, Assignee. Filed of record in Vol 151 Pg 144.

Filing fees in the amount of \$25.00 were received on the referenced assignment.

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

Best Regards,

Carl Bonn, CPL
Mineral Leasing-Energy Resources

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

ASSIGNMENT AND BILL OF SALE

STATE OF TEXAS §
 COUNTY OF MCMULLEN §

KNOW ALL MEN BY THESE PRESENTS

MF 114422
 cft 11-1-18
 100%

This Assignment and Bill of Sale ("*Assignment*") is effective as of November 1, 2018, at 7:00 a.m. Central Time (the "*Effective Time*"), and is from OEI STX VII, LLC, a Texas limited liability company whose address is 12335 Kingside Lane, #366 Houston, Texas 77024 and Valence Operating Company, a Texas Corporation whose address is 600 Rockmead, Suite 200, Kingwood Texas 77339 (hereinafter collectively referred to as "*Assignor*") to SilverBow Resources Operating, LLC, a Texas limited liability company whose address is 575 N. Dairy Ashford, Suite 1200, Houston, Texas 77079 ("*Assignee*"). Assignee and Assignor are collectively referred to herein as the "*Parties*" and sometimes individually referred to herein as a "*Party*."

WITNESSETH

For valuable consideration, the receipt and adequacy of which are hereby acknowledged, Assignor hereby grants, sells, transfers, conveys, and assigns to Assignee, effective as of the Effective Time, all of such Assignor's right, title and interest in and to the following (collectively, the "*Properties*"):

- (a) All Hydrocarbon and mineral leases, and the surface and subsurface leasehold estates created thereby and subleases, described in Exhibit A of this Assignment (the "*Leases*"), and all of the lands covered by the Leases ("*Lands*"), together with corresponding surface and subsurface interests in and to all the property and rights incident thereto, including all rights in any pooled or unitized or communitized acreage by virtue of the Lands being a part thereof ("*Units*"); all production from the Units allocated to any such Lands, and all reversionary interests, carried interests, options, convertible interests and net profits interests attributable to the Oil and Gas Properties, together with all rights that arise by operation of Law or otherwise in all properties and land unitized, communitized or pooled with the Leases or Lands;
- (b) All surface fee interests, easements, rights-of-way, servitudes, licenses, authorizations, permits, and similar surface and other rights and interests applicable to, or used or useful in connection with, any or all of the Oil and Gas Properties;
- (c) All producing, non-producing, shut-in and other well bores including Hydrocarbon wells, disposal wells, injection wells, observations wells, co-op wells and water wells located on or attributable to the Oil and Gas Properties, including the wells described in Exhibit B of this Assignment and the pro-ration units associated therewith (the "*Wells*").
- (d) All pipelines, plants, gathering and processing systems, platforms, buildings, compressors, machinery, tools, utility lines, all computer and automation equipment to the extent used in connection with the Oil and Gas Properties, equipment, fixtures, and improvements and other appurtenances, on or to, the Oil and Gas Properties, insofar as they are used or were obtained in connection with the ownership, operation, maintenance or repair of the Oil and Gas Properties or relate to the production, treatment, sale, or disposal of Hydrocarbons or water produced from the Oil and Gas Properties or attributable thereto;
- (e) All Hydrocarbons (or the proceeds from the sale of Hydrocarbons) attributable to the Oil and Gas Properties, including Hydrocarbons located in pipelines or in tanks above the sales meter or upstream of the pipeline sales connection;
- (f) In each case only to the extent identified on Exhibit D of this Assignment, all farmout and farmin agreements, operating agreements, production sales and purchase contracts, processing contracts, gathering contracts, transportation

OEI & VALENCE

Page 1 of 11

A CERTIFIED COPY

SBOW



RLC

contracts, saltwater disposal agreements, surface leases, subsurface leases, division and transfer orders, areas of mutual interest, balancing contracts, and all other instruments covering or affecting any or all of the Oil and Gas Properties (the "**Contracts**");

- (g) All unitization, communitization and pooling declarations, orders and agreements to the extent they relate to the Oil and Gas Properties, or the production of Hydrocarbons therefrom;
- (h) All environmental and other governmental (whether federal, state, local or tribal) certificates, consents, permits, licenses, orders, authorizations, franchises and related instruments or rights relating to the ownership, operation or use of the Oil and Gas Properties;
- (i) All Records;
- (j) All royalties, overriding royalties, sliding scale royalties, shut-in royalties, rights to royalties in kind, or other interests in production of Hydrocarbons attributable to the Oil and Gas Properties, including those identified on Exhibit E of this Assignment; and
- (k) All partnership interests (tax, state law or otherwise) affecting any Oil and Gas Properties.

The Properties shall not include, and Assignor hereby expressly excepts, reserves and retains the interest defined as "**Excluded Assets**" in the Agreement, listed on Exhibit C.

TO HAVE AND TO HOLD the Properties unto Assignee, its successors and assigns, forever subject to the terms and conditions contained herein.

This Assignment is made pursuant and subject to the terms and conditions of that certain unrecorded Purchase and Sale Agreement between Assignor and Assignee, dated December 5, 2018 (the "**Agreement**"), the terms and conditions of which are hereby incorporated by reference, and the following terms and conditions:

A. Each Assignor Entity, for itself and its successors and assigns and on behalf of Assignor, jointly and severally forever warrants and agrees to defend the title to the Properties unto Assignee, its successors and assigns from all claims of any person or entity claiming or to claim the same or any part thereof, by, through or under Assignor or its Affiliates.

B. Assignee shall, to the extent permitted by law, be fully substituted and subrogated to Assignor's rights in and to warranties given with respect to the Properties. Assignor hereby grants and transfers to Assignee, its successors and assigns, to the extent so transferable and permitted by law, the benefit of and the right to enforce the covenants and warranties, if any, which Assignor is entitled to enforce with respect to the Properties.

C. This Assignment binds and inures to the benefit of Assignor and Assignee and their respective successors and assigns. The Assignor Entities, jointly and severally, promise and undertake to perform all obligations of the Assignor and each Assignor Entity under and in connection with this Assignment.

D. This instrument may be executed by Assignee and Assignor in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute but one and the same instrument.

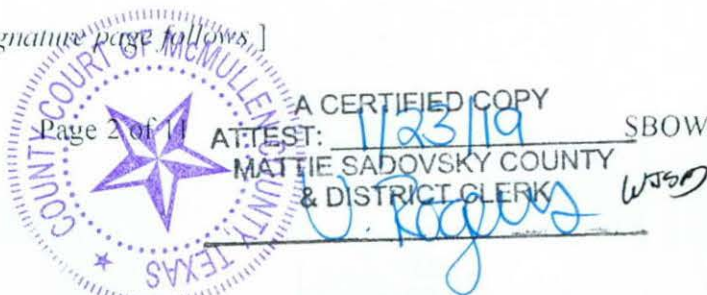
E. In the event of a conflict between the terms and conditions of this Assignment and the Agreement, the terms and conditions of the Agreement will prevail.

F. To facilitate recordation, there are omitted from Exhibit A in certain counterparts descriptions of property located in recording jurisdictions other than the jurisdiction in which the particular counterpart is to be filed or recorded.

G. Capitalized terms used but not defined herein shall have the respective meanings assigned to such terms in the Agreement.

[Signature page follows]

OEI & VALENCE



Bk 85452 OFF Vol 151 Pg 146

EXECUTION VERSION

IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment on the date(s) provided below, to be effective for all purposes as of the Effective Time.

ASSIGNOR:

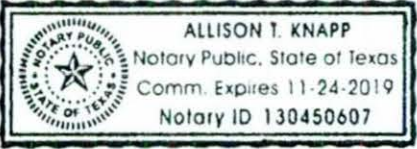
OEI STX VII, LLC

By: *R. Carter Overton III*
Name: R. Carter Overton III
Title: CEO

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me on this ²⁸~~31~~ day of December, 2018, R. Carter Overton III, as Chief Executive Officer of OEI STX VII, LLC, a Texas limited liability company, on behalf of said limited liability company.

Allison T. Knapp
Notary Public, State of Texas



25452 BK 008 VOL 151 PG 147

IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment on the date(s) provided below, to be effective for all purposes as of the Effective Time.

ASSIGNOR:

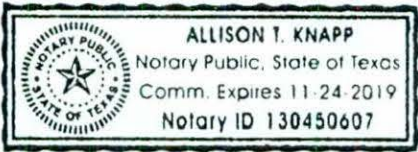
VALENCE OPERATING COMPANY

By: Walter J. Scherr III RCO
Name: Walter J. Scherr III
Title: CEO

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me on this ²⁸31 day of December, 2018, Walter J. Scherr, as Chief Executive Officer of Valence Operating Company, a Texas corporation, on behalf of said corporation.

Allison T. Knapp
Notary Public, State of Texas



112319

A CERTIFIED COPY
ATTEST: 112319
MATTIE SADOVSKY COUNTY
& DISTRICT CLERK
M. Sado

Bk 85452 Vol 151 Pg 148 OFR

EXECUTION VERSION

IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment on the date(s) provided below, to be effective for all purposes as of the Effective Time.

ASSIGNEE:

SILVERBOW RESOURCES OPERATING, LLC

By: [Signature]
Name: Steven W. Adam
Title: Executive Vice President & COO rm

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me on this 31 day of December, 2018, by Steven W. Adam, as Executive Vice President & COO of SilverBow Resources Operating, LLC, a Texas limited liability company, on behalf of said company.



[Signature]
Notary Public, State of Texas

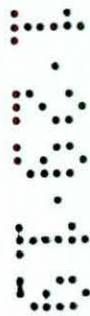


EXHIBIT A

Leases, Lands and Units

Leases:

Lessor: Erin Schibler
 Lessee: Hilcorp Energy I, L.P.
 Lease Date: March 25, 2010
 Recording: Volume 484, Page 53, Deed Records of McMullen County, Texas

Lessor: Lisa Kay Domino
 Lessee: Hilcorp Energy I, L.P.
 Lease Date: March 14, 2010
 Recording: Volume 484, Page 69, Deed Records of McMullen County, Texas

Lessor: Anson Michael Rice
 Lessee: Hilcorp Energy I, L.P.
 Lease Date: March 25, 2010
 Recording: Volume 484, Page 55, Deed Records of McMullen County, Texas

Lessor: Abbie Morgan
 Lessee: Hilcorp Energy I, L.P.
 Lease Date: March 15, 2010
 Recording: Volume 484, Page 61, Deed Records of McMullen County, Texas

Lessor: Brenda Elaine Davis
 Lessee: Hilcorp Energy I, L.P.
 Lease Date: March 14, 2010
 Recording: Volume 484, page 59, Deed Records of McMullen County, Texas

Lessor: Kathalee Rice Holmans
 Lessee: Hilcorp Energy I, L.P.
 Lease Date: March 15, 2010
 Recording: Volume 484, Page 71, Deed Records of McMullen County, Texas

Lessor: Michael Zeal Kuykendall
 Lessee: Hilcorp Energy I, L.P.
 Lease Date: March 15, 2010
 Recording: Volume 484, Page 67, Deed Records of McMullen County, Texas

Lessor: Jim Roy Rathburn
 Lessee: Hilcorp Energy I, L.P.
 Lease Date: March 16, 2010
 Recording: Volume 484, Page 57, Deed Records of McMullen County, Texas

Lessor: David Russell Kuykendall
 Lessee: Hilcorp Energy I, L.P.
 Lease Date: March 15, 2010
 Recording: Volume 484, Page 73, Deed Records of McMullen County, Texas

Lessor: Patricia Clendenin
 Lessee: Hilcorp Energy I, L.P.
 Lease Date: March 17, 2010
 Recording: Volume 484, Page 65, Deed Records of McMullen County, Texas

Lessor: Lois W Rathburn
 Lessee: Hilcorp Energy I, L.P.
 Lease Date: March 15, 2010
 Recording: Volume 484, Page 63, Deed Records of McMullen County, Texas

OEI & VALENCE

Page 6 of 11
 ATTEST: 1/23/19
 MATTIE SADOVSKY COUNTY
 & DISTRICT CLERK
 SBOW
 WSA
 RCU

EXECUTION VERSION

MF 114422

Leases (cont'd):

Lessor: The State of Texas General Land Office (Oil and Gas Lease # MF 114422)
 Lessee: Marathon Oil EF LLC
 Lease Date: September 11, 2012
 Recording: Volume 41, Page 455, Official Public Records, McMullen County, Texas

Lessor:	Kuykendall Ranch, LLC
Lessee:	Hilcorp Energy I, L.P.
Lease Date:	March 16, 2010
Recording:	Volume 486, Page 78, Deed Records of McMullen County, Texas; and as amended at Volume 486, Page 80, Deed Records of McMullen County, Texas; and as amended at Volume 486, Page 82, Deed Records of McMullen County, Texas

Lands:

M. J. De Leon Survey No. 40, Abstract-293, McMullen County, Texas

Unit:

Kuykendall Unit, Volume 52, Page 563, Public Records of McMullen County, Texas

[Remainder of page intentionally left blank]



EXHIBIT B

Wells

Well Name: Kuykendall Ranch #1H
API No.: 42-311-35030
Location: M J De Leon Survey No. 40, A-293

Well Name: Kuykendall Ranch #2H
API No.: 42-311-35052
Location: M J De Leon Survey No. 40, A-293

Well Name: Kuykendall Ranch #3H
API No.: 42-311-35095
Location: M J De Leon Survey No. 40, A-293

Well Name: Kuykendall Ranch #4H
API No.: 42-311-35117
Location: M J De Leon Survey No. 40, A-293

Well Name: Kuykendall Unit #1H
API No.: 42-311-35121
Location: M J De Leon Survey No. 40, A-293

Well Name: Kuykendall Unit #2H
API No.: 42-311-35123
Location: M J De Leon Survey No. 40, A-293

Well Name: Kuykendall Unit 3H
API No.: 42-311-35122
Location: M J De Leon Survey No. 40, A-293

[Remainder of page intentionally left blank]



A CERTIFIED COPY
ATTEST: 1/23/19
MATTIE SADOVSKY COUNTY
& DISTRICT CLERK
[Signature]

EXHIBIT C

Excluded Assets

- 1. Any area of mutual interests agreements and agreements that include non-competition restrictions or other similar restrictions on doing business to which Seller or its Affiliates or the Properties is bound.
- 2. Any Debt Instrument to which Seller or its Affiliates or the Properties is bound.
- 3. Any swap, forward, future, put, call, floor, cap, collar option or derivative transaction or option or similar agreement contract to which Seller or any of its Affiliates is a party or by which the Properties are bound, involving rates, currencies, commodities (including Hydrocarbons), equity or Debt Instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk.

[Remainder of page intentionally left blank]



A CERTIFIED COPY
ATTEST: 1/23/19
MATTIE SADOVSKY COUNTY
& DISTRICT CLERK
[Signature]

EXHIBIT D

Contracts

Type: Surface Site Agreement (Executed in Counter-Parts)
Operator: Marathon Oil EF LLC
Non-Operator(s): Michael Zeal Kuykendall & Jim Roy Rathburn
Recorded: Vol. 40 Pg. 124 & Vol. 40 Pg. 132
File No.: 127403

Type: Right of Way
Operator: Marathon Oil EF LLC
Non-Operator: Jim Roy Rathburn
Recorded: Vol. 52 Pg. 605
File No.: 129606

Type: Surface Site Agreement
Operator: Marathon Oil EF LLC
Non-Operator: Kuykendall, Davis & Domino Ranch, LLC
Recorded: Vol. 40 Pg. 140
File No.: 127403-0001

Type: Right of Way & Amendment
Operator: Marathon Oil EF LLC
Non-Operator: Kuykendall, Davis & Domino Ranch, LLC
Recorded: Vol. 41 Pg. 319 & Vol. 78 Pg. 680
File No.: 127697

Type: Right of Way
Operator: Marathon Oil EF LLC
Non-Operator: Kuykendall Ranch
Recorded: Vol. 1093, Pg. 677
File No.: 128666

Type: Right of Way and Easement
Operator: Marathon Oil EF LLC
Non-Operator: Michael Zeal Kuykendall
Recorded: Unrecorded

[Remainder of page intentionally left blank]



BK 85452 VOL 151 PG 154

EXHIBIT E

Royalties

Overriding Royalty Interest:

NONE

[Remainder of page intentionally left blank]

FILED FOR RECORD

This Jan 04, 2019 at 10:43A
MATTIE SADOVSKY
CLERK COUNTY COURT McMULLEN CO. TX
BY: Victoria Rogers

THE STATE OF TEXAS
COUNTY OF McMULLEN
I, MATTIE SADOVSKY, Clerk of the County Court
of said county, do hereby certify that the foregoing
instrument of writing, with its certificate of
authentication was filed for record in my office
this Jan 04, 2019 at 10:43A and duly recorded the
Jan 04, 2019 in the McMullen County Records of said
County in VOL 151 on PAGE 144.
Witness my hand and the seal of the County Court of said
County at the office in TILDEN, TEXAS
the day and year last above written.

MATTIE SADOVSKY
CLERK, COUNTY COURT, McMULLEN COUNTY, TEXAS

BY: Victoria Rogers

Victoria Rogers

CERTIFICATE
X THE STATE OF TEXAS
X COUNTY OF McMULLEN
I, MATTIE SADOVSKY, COUNTY CLERK IN AND FOR SAID
COUNTY AND STATE DO HEREBY CERTIFY THAT THE
FOREGOING IS A TRUE AND CORRECT COPY OF THE
INSTRUMENT HERWITH SET OUT AS APPEARS OF RECORD
IN VOLUME _____, PAGE _____,
McMULLEN COUNTY, TEXAS.
_____ DAY OF _____, 20____
_____ COUNTY CLERK
_____ DEPUTY

A CERTIFIED COPY
ATTEST: 1/23/19
MATTIE SADOVSKY COUNTY
& DISTRICT CLERK
V. Rogers

01-03-1

15

File No. MF114422
Assign & 10794 OETS+X
& Valencia to Silver Box
Date Filed: 4-3-19
By George P. Bush, Commissioner

CERTIFICATE
THE STATE OF TEXAS X
COUNTY OF McMULLEN X
I, MATTIE SADOVSKY, COUNTY CLERK IN AND FOR SAID
COUNTY AND STATE DO HEREBY CERTIFY THAT THE
FOREGOING IS A TRUE AND CORRECT COPY OF THE
INSTRUMENT HEREWITH SET OUT AS APPEARS OF RECORD
IN VOL. 151, PAGE 144, OPR RECORDS
OF McMULLEN COUNTY, TEXAS.
THIS 23 DAY OF Jan 20 19



MATTIE SADOVSKY
COUNTY CLERK
McMULLEN COUNTY, TEXAS
BY Natasha Rogers DEPUTY



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

April 3, 2019

Christine Wander, Contract Sr. Land Analyst
SilverBow Resources
575 N. Dairy Ashford, Ste 1200
Houston, TX 77079

*Re: GLO Assign ID #10795 -MF114422
McMullen County*

Dear Ms. Wander:

The General Land Office received the following instrument and has filed it in the appropriate files.

Assignment and Bill of Sale, effective November 1, 2018, from OEI STX VII, LLC,
Assignor to Valence Operating Company, Assignee. Filed of record in Vol 111 Pg
406.

Filing fees in the amount of \$25.00 were received on the referenced assignment.

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

Best Regards,

Carl Bonn, CPL
Mineral Leasing-Energy Resources

MF114422
CFF 6-1-15
259

ASSIGNMENT AND BILL OF SALE

This ASSIGNMENT AND BILL OF SALE (the "Conveyance") from **OEI STX VII, LLC**, a Texas limited liability company, whose address is 4265 San Felipe, Suite 1040, Houston, Texas 77027 ("Grantor"), to **Valence Operating Company**, a Texas corporation, whose address is 600 Rockmeade Drive, Suite 200, Kingwood, Texas 77339-2111, ("Grantee"), is executed to be effective as of June 1, 2015 at 12:02 a.m. (Central Time) (the "Effective Date"). Capitalized terms used but not defined herein shall have the respective meanings set forth in that certain Purchase and Sale Agreement (the "PSA"), dated as of July 9, 2015, between Marathon Oil EF, LLC, and Overton Energy, LLC, which is Grantor's Affiliate.

ARTICLE 1 CONVEYANCE OF OIL AND GAS INTERESTS AND ASSETS

Section 1.1 Conveyance. For and in consideration of ten dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, Grantor grants, bargains, sells, assigns and conveys unto Grantee, and Grantee accepts and assumes from Grantor, an undivided twenty-five percent (25%) of all of the right, title and interest acquired by OEI STX VII, LLC, as Grantee, in that certain Assignment and Bill of Sale from Marathon Oil EF LLC, as Grantor, executed July 31, 2015, however, effective June 1, 2015 at 12:01 a.m. (Central Time) and recorded in Volume 110, Page 720 of the Official Public Records of McMullen County, Texas, INSO FAR AND ONLY INSO FAR, as to all the properties located in and pertaining to McMullen County, Texas (the "**Marathon Assignment**"). *(All interest in and to the leases and road easement located in Atascosa County, Texas are excluded from this Conveyance as they have been previously conveyed.)* The herein conveyed interests are in and to the following (collectively the "**Assets**"), to-wit:

- (a) the Hydrocarbon leases listed on Exhibit A, and any and all other right, title and interest of Grantor in and to the leasehold estates created by such leases, and together with all rights, privileges, benefits and powers conferred upon the holder of such leases with respect to the use and occupation of the surface of the lands covered thereby that may be necessary, convenient or incidental to the possession and enjoyment of such leases, all subject to the terms, conditions, covenants and obligations set forth in such leases (the "**Leases**");
- (b) all oil, gas, water, disposal, injection or other wells located on any of the Leases or on any other lease or lands with which any Lease has been unitized (such interest in such wells, including the wells set forth in Exhibit B, the "**Wells**");
- (c) all rights and interests in, under or derived from all unitization and pooling agreements in effect with respect to any of the Leases or Wells and the units created thereby (the "**Units**");
- (d) all equipment, machinery, fixtures and other personal, moveable and mixed property, operational and nonoperational, known or unknown, located on any of the Properties or used solely in connection with the Properties, including pipelines, gathering systems, manifolds, well equipment, casing, tubing, pumps, motors, fixtures,

machinery, compression equipment, flow lines, processing and separation facilities, structures, materials and other equipment used solely in the operation of the Properties (collectively, the "**Facilities**," and together with the Leases, Wells, and Units, the "**Properties**");

- (e) to the extent that they reasonably may be assigned all Permits, servitudes, easements and rights-of-way to the extent used solely in connection with the ownership or operation of any of the Properties, including, but not limited to, the easements and rights-of-way set forth in Exhibit C.
- (f) all Hydrocarbons within, produced from or attributable to the Properties from and after the Effective Date, and all proceeds or accounts receivable resulting from the sale of any such Hydrocarbons;
- (g) the Contracts to which Grantor is a party, limited, in each case, to the extent that such Contracts pertain or relate solely to the Properties;
- (h) and all other files, records, information and data, whether written or electronically stored, relating solely to the Properties, in Grantor's possession, including but not limited to, land and title records (including abstracts of title, title opinions and title curative documents); well logs; well tests; well files; mud logs; directional surveys; core reports; daily drilling records; machinery and equipment maintenance files; health, environmental and safety information and records; production and accounting records reflecting current ownership decks, well master files, division of interest files, revenue and joint interest billing account information; Production Tax records; and Contracts that constitute part of the Assets and files related thereto; limited, in each case, to the extent that such files, records, information, and data pertain or relate solely to the Properties, and are transferable without any fee or expense paid or incurred by Seller and are not Privileged Records (collectively, the "**Original Records**"); and

TO HAVE AND TO HOLD the Assets unto Grantee, its successors and assigns, forever, subject, however, to the terms and conditions of this Conveyance.

Section 1.2 Special Warranty and Disclaimer

[Refer to the text in Section 1.2(a) through Section 1.2(i), inclusive, in the Marathon Assignment for the remainder of the terms and provisions of this Section 1.2. Grantor and Grantee in this Conveyance agree that said text is a part of this Conveyance as if were fully written herein.]

It is agreed and understood between OEI STX VII, LLC, and Valence Operating Company that wherever the word "Grantee" is written in Section 1.2(a) through Section 1.2(i), inclusive, in the Marathon Assignment, that "Grantee" shall collectively include OEI STX VII, LLC (75%), and Valence Operating Company (25%).

ARTICLE 2 ASSUMPTION OF OBLIGATIONS

Section 2.1 Assumed Obligations. Grantee assumes and agrees to fulfill, pay for, discharge, be responsible for, perform and comply with its share of the Assumed Obligations, subject to the terms and conditions of the PSA.

MISCELLANEOUS

Section 3.1 Further Assurances. Grantor and Grantee each agree to take such further actions and to execute, acknowledge and deliver all such further documents as are reasonably requested by the other for carrying out the purposes of this Conveyance.

Section 3.2 PSA. This Conveyance is delivered pursuant to, and hereby made subject to, the terms and conditions of the PSA, a copy of which has been provided to Grantee. *It is agreed and understood, between Buyer, Grantor and Grantee, that Grantee is subject to all of the terms and conditions of the PSA as fully and completely as if the Grantee had originally been named as a Buyer, along with Overton Energy, LLC, in said PSA and had executed, acknowledged and delivered the same in its own proper name.* In the event that any provision of this Conveyance (other than any term defined herein) is construed to conflict with any provision of the PSA, the provisions of the PSA shall be deemed controlling to the extent of such conflict. The representations, warranties, indemnities, covenants and agreements in the PSA shall survive, without limitation, this Conveyance and the transactions contemplated herein, except to the extent such may be limited in the PSA.

Section 3.3 Successors and Assigns. This Conveyance shall bind and inure to the benefit of Grantor and Grantee and their respective successors and assigns.

Section 3.4 Interpretation. The parties hereto agree that this Conveyance has been jointly prepared by the parties hereto, and may not be construed against any party hereto (nor may any inference or presumption be made) on the basis of who drafted this Conveyance or any particular provision hereof, who supplied the form of Conveyance, or any other event of the negotiation, drafting or execution of this Conveyance. The parties hereto agree that this Conveyance has been purposefully drawn and correctly reflects each party's understanding of the transaction contemplated by such parties. Unless expressly provided to the contrary in this Conveyance, in construing this Conveyance: the Section and Exhibit references in this Conveyance refer to the Sections and Exhibits of this Conveyance, such Exhibits which are made parts hereof for all purposes; the headings and titles in this Conveyance are for convenience only and have no significance in interpreting or otherwise affect the meaning of this Conveyance; reference to a given agreement, contract or other instrument is a reference to that agreement, contract or other instrument as modified, amended, supplemented or restated from time to time; references to "\$" or "dollars" means United States dollars; "include" and "including" will mean include or including without limiting the generality of the description preceding such term; the word "or" is not exclusive; references to the singular includes the plural, and vice versa; and if there is any conflict or inconsistency between a term in the main

part of this Conveyance and a term in any of the Exhibits or other documents referred to or otherwise incorporated into this Conveyance, the term in the main part of this Conveyance shall prevail to the extent of the conflict or inconsistency.

Section 3.5 Conspicuous. Grantor and Grantee agree that, to the extent required by applicable law to be effective or enforceable, the provisions of this Conveyance in bold-type font are "conspicuous" for the purpose of any applicable law.

Section 3.6 Governing Law. This assignment shall be governed and construed in accordance with the laws of the State of Texas.

IN WITNESS WHEREOF, the authorized representatives of Grantor and Grantee have executed this Conveyance as of the date of the acknowledgements below, but to be effective as of the Effective Date.

GRANTOR:

OEI STX VII, LLC

By: R. Carter Overton
R. Carter Overton, President

GRANTEE:

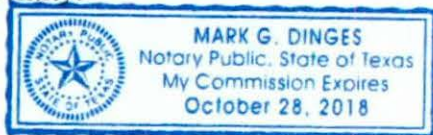
VALENCE OPERATING COMPANY

By: Walter J. Scherr, III
Walter J. Scherr, III
Chief Executive Officer

STATE OF TEXAS

COUNTY OF HARRIS

This instrument was acknowledged before me on the 10th day of August, 2015, by R. Carter Overton, as President of OEI STX VII, LLC, a Texas limited liability company, on behalf of said entity.



Mark G. Dinges
Notary Public, State of Texas

STATE OF TEXAS

COUNTY OF HARRIS

This instrument was acknowledged before me on the 10th day of August, 2015, by Walter J. Scherr, III, as Chief Executive Officer of Valence Operating Company, a Texas corporation, on behalf of said entity.



Cheryl Strickland
Notary Public, State of Texas

EXHIBIT A

ATTACHED TO AND MADE A PART OF THAT CERTAIN ASSIGNMENT AND BILL OF SALE, BY AND BETWEEN, OEI STX VII, LLC, AS ASSIGNOR, AND VALENCE OPERATION COMPANY, AS ASSIGNEE.

Lessor: Alice Warren Valle
Lessee: Hilcorp Energy I, L.P.
Lease Date: April 5, 2010
Recording: Volume 483, Page 455, Deed Records of McMullen County, Texas

Lessor: William Thomas Walker
Lessee: Hilcorp Energy I, L.P.
Lease Date: April 5, 2010
Recording: Volume 483, Page 445, Deed Records of McMullen County, Texas

Lessor: William E Walker
Lessee: Hilcorp Energy I, L.P.
Lease Date: April 5, 2010
Recording: Volume 483, Page 441, Deed Records of McMullen County, Texas

Lessor: Stephen Edward Walker
Lessee: Hilcorp Energy I, L.P.
Lease Date: April 5, 2010
Recording: Volume 483, Page 453, Deed Records of McMullen County, Texas

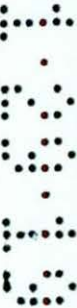
Lessor: Michael D. Walker
Lessee: Hilcorp Energy I, L.P.
Lease Date: April 5, 2010
Recording: Volume 483, Page 447, Deed Records of McMullen County, Texas

Lessor: Charles Rod Walker
Lessee: Hilcorp Energy I, L.P.
Lease Date: April 5, 2010
Recording: Volume 483, Page 451, Deed Records of McMullen County, Texas

Lessor: Marilyn Walker
Lessee: Hilcorp Energy I, L.P.
Lease Date: April 5, 2010
Recording: Volume 483, Page 443, Deed Records of McMullen County, Texas

Lessor: Robert O. Burford
Lessee: Hilcorp Energy I, L.P.
Lease Date: April 5, 2010
Recording: Volume 483, Page 439, Deed Records of McMullen County, Texas

Lessor: Patsy A. Samuel
Lessee: Hilcorp Energy I, L.P.
Lease Date: April 5, 2010
Recording: Volume 483, Page 463, Deed Records of McMullen County, Texas



Lessor: Clair Nord
 Lessee: Hilcorp Energy I, L.P.
 Lease Date: April 5, 2010
 Recording: Volume 483, Page 449, Deed Records of McMullen County, Texas

Lessor: Perry Walker
 Lessee: Hilcorp Energy I, L.P.
 Lease Date: April 5, 2010
 Recording: Volume 483, Page 461, Deed Records of McMullen County, Texas

Lessor: Kendrick W. Walker
 Lessee: Hilcorp Energy I, L.P.
 Lease Date: April 5, 2010
 Recording: Volume 483, Page 459, Deed Records of McMullen County, Texas

Lessor: Rebecca Walker Ingram
 Lessee: Hilcorp Energy I, L.P.
 Lease Date: April 5, 2010
 Recording: Volume 483, Page 457, Deed Records of McMullen County, Texas

Lessor: James A Walker Jr.
 Lessee: Hilcorp Energy I, L.P.
 Lease Date: April 5, 2010
 Recording: Volume 483, Page 465, Deed Records of McMullen County, Texas

Lessor: Elizabeth Lois Haney
 Lessee: Marathon Oil EF LLC
 Lease Date: January 22, 2013
 Recording: Volume 50, Page 625, Official Public Records of McMullen County, Texas

Lessor: Rita Louise Burris
 Lessee: Marathon Oil EF LLC
 Lease Date: January 22, 2013
 Recording: Volume 50, Page 633, Official Public Records of McMullen County, Texas

Lessor: Joye Laverne Burris, Independent Executrix of the Estate of
 Thomas E. Burris, Dec.
 Lessee: Marathon Oil EF LLC
 Lease Date: January 25, 2013
 Recording: Volume 50, Page 629, Official Public Records of McMullen County, Texas

[The above seventeen (17) leases pertain to the "Walker" tract and wells and cover depths from the Surface down to 100' below the Base of the Eagle Ford Formation.]

Lessor: Jo Ann Mahoney and Marci Mahoney
 Lessee: Hilcorp Energy I, L.P.
 Lease Date: March 16, 2010
 Recording: Volume 486, Page 84, Deed Records of McMullen County, Texas

Lessor: Mark Mahoney and Michael Mahoney
 Lessee: Hilcorp Energy I, L.P.
 Lease Date: April 6, 2010
 Recording: Volume 486, Page 86, Deed Records of McMullen County, Texas



[The above two (2) leases pertain to the "Mahoney" tract and wells and cover depths from the Surface down to 100' below the Base of the Eagle Ford Formation.]

Lessor: Erin Schibler
Lessee: Hilcorp Energy I, L.P.
Lease Date: March 25, 2010
Recording: Volume 484, Page 53, Deed Records of McMullen County, Texas

Lessor: Lisa Kay Domino
Lessee: Hilcorp Energy I, L.P.
Lease Date: March 14, 2010
Recording: Volume 484, Page 69, Deed Records of McMullen County, Texas

Lessor: Anson Michael Rice
Lessee: Hilcorp Energy I, L.P.
Lease Date: March 25, 2010
Recording: Volume 484, Page 55, Deed Records of McMullen County, Texas

Lessor: Abbie Morgan
Lessee: Hilcorp Energy I, L.P.
Lease Date: March 15, 2010
Recording: Volume 484, Page 61, Deed Records of McMullen County, Texas

Lessor: Brenda Elaine Davis
Lessee: Hilcorp Energy I, L.P.
Lease Date: March 14, 2010
Recording: Volume 484, page 59, Deed Records of McMullen County, Texas

Lessor: Kathalee Rice Holmans
Lessee: Hilcorp Energy I, L.P.
Lease Date: March 15, 2010
Recording: Volume 484, Page 71, Deed Records of McMullen County, Texas

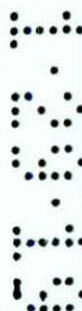
Lessor: Michael Zeal Kuykendall
Lessee: Hilcorp Energy I, L.P.
Lease Date: March 15, 2010
Recording: Volume 484, Page 67, Deed Records of McMullen County, Texas

Lessor: Jim Roy Rathburn
Lessee: Hilcorp Energy I, L.P.
Lease Date: March 16, 2010
Recording: Volume 484, Page 57, Deed Records of McMullen County, Texas

Lessor: David Russell Kuykendall
Lessee: Hilcorp Energy I, L.P.
Lease Date: March 15, 2010
Recording: Volume 484, Page 73, Deed Records of McMullen County, Texas

Lessor: Patricia Clendenin
Lessee: Hilcorp Energy I, L.P.
Lease Date: March 17, 2010
Recording: Volume 484, Page 65, Deed Records of McMullen County, Texas

Lessor: Lois W Rathburn
Lessee: Hilcorp Energy I, L.P.



Lease Date: March 15, 2010
Recording: Volume 484, Page 63, Deed Records of McMullen County, Texas

Lessor: The State of Texas General Land Office (Oil and Gas Lease # MF 114422)
Lessee: Marathon Oil EF LLC
Lease Date: September 11, 2012
Recording: Volume 41, Page 455, Official Public Records, McMullen County, Texas

MF114422

Lessor: Kuykendall Ranch, LLC
Lessee: Hilcorp Energy I, L.P.
Lease Date: March 16, 2010
Recording: Volume 486, Page 78, Deed Records of McMullen County, Texas;
Volume 486, Page 80, Deed Records of McMullen County, Texas;
Volume 486, Page 82, Deed Records of McMullen County, Texas

[The above thirteen (13) leases pertain to the "Kuykendall Unit" tract and wells and the "Kuykendall Ranch" tract and wells and covers depths from the Surface down to 100' below the Base of the Eagle Ford Formation.]

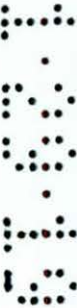


EXHIBIT B

ATTACHED TO AND MADE A PART OF THAT CERTAIN ASSIGNMENT AND BILL OF SALE, BY AND BETWEEN, OEI STX VII, LLC, AS ASSIGNOR, AND VALENCE OPERATION COMPANY, AS ASSIGNEE.

WELLS

Well Name	API
Kuykendall Ranch #1H	42-311-35030
Kuykendall Ranch #2H	42-311-35032
Kuykendall Ranch #3H	42-311-35095
Kuykendall Ranch #4H	42-311-35117
Kuykendall Unit #1H	42-311-35121
Kuykendall Unit #2H	42-311-35123
Kuykendall Unit #3H	42-311-35122
Mahoney #1H	42-311-35148
Mahoney #2H	42-311-35165
Mahoney #3H	42-311-35168
Walker #1H	42-311-35224
Walker #2H	42-311-35231
Walker #3H	42-311-35223
Walker #4H	42-311-35229



EXHIBIT C

ATTACHED TO AND MADE A PART OF THAT CERTAIN ASSIGNMENT AND BILL OF SALE,
BY AND BETWEEN, OEI STX VII, LLC, AS ASSIGNOR, AND VALENCE OPERATION
COMPANY, AS ASSIGNEE.

EASEMENTS & RIGHTS-OF-WAY

Grantor	Grantee	Date	County	Contract Type	Recording Data
Michael Zeal Kuykendall	Marathon Oil EF LLC	09/06/12	McMullen	Right-of-Way & Esmt	Unrecorded
Michael Zeal Kuykendall	Marathon Oil EF LLC	09/06/12	McMullen	Surface Site Agmt	40/124
Jim Roy Rathburn	Marathon Oil EF LLC	09/10/12	McMullen	Right-of-Way & Esmt	52/605
Jim Roy Rathburn	Marathon Oil EF LLC	09/10/12	McMullen	Surface Site Agmt	40/132
Kuykendall, Davis & Domino Ranch, LLC	Marathon Oil EF LLC	09/12/12	McMullen	Surface Site Agmt	40/140
Kuykendall, Davis & Domino Ranch, LLC	Marathon Oil EF LLC	09/17/12	McMullen	Right-of-Way & Esmt	41/319
Kuykendall Ranch, LLC	Marathon Oil EF LLC	10/29/12	McMullen	Pipeline Esmt	48/190
Rancho Tres Hijos LP	Marathon Oil EF LLC	12/06/12	McMullen	Water Use Agmt	Unrecorded
Comm Court of McMullen County	Marathon Oil EF LLC	01/02/13	McMullen	Road Crossing Permit	Unrecorded
DTB Investments, LP	Marathon Oil EF LLC	01/08/13	McMullen	Water Purchase Agmt	Unrecorded
Diamond J Ranch	Marathon Oil EF LLC	02/13/13	McMullen	Water Purchase Agmt	Unrecorded
William Eldon Walker	Marathon Oil EF LLC	03/06/13	McMullen	Right-of-Way & Esmt	59/179
William Eldon Walker	Marathon Oil EF LLC	03/06/13	McMullen	Surface Site Agmt	Unrecorded
Marilyn Walker	Marathon Oil EF LLC	03/18/13	McMullen	Right-of-Way & Esmt	59/184
Marilyn Walker	Marathon Oil EF LLC	03/18/13	McMullen	Surface Site Agmt	Unrecorded
Michael Mahoney	Marathon Oil EF LLC	03/20/13	McMullen	Right-of-Way & Esmt	59/189
Michael Mahoney	Marathon Oil EF LLC	03/20/13	McMullen	Surface Site Agmt	Unrecorded
Mark W. Mahoney	Marathon Oil EF LLC	03/29/13	McMullen	Right-of-Way & Esmt	59/199
Mark W. Mahoney	Marathon Oil EF LLC	03/29/13	McMullen	Surface Site Agmt	Unrecorded
Rita Louise Burris	Marathon Oil EF LLC	05/01/13	McMullen	Right-of-Way & Esmt	64/518
Rita Louise Burris	Marathon Oil EF LLC	05/01/13	McMullen	Surface Site Agmt	Unrecorded
Elizabeth Lois Haney	Marathon Oil EF LLC	05/07/13	McMullen	Right-of-Way & Esmt	64/528
Elizabeth Lois Haney	Marathon Oil EF LLC	05/07/13	McMullen	Surface Site Agmt	Unrecorded
Estate of Thomas Burris	Marathon Oil EF LLC	07/09/13	McMullen	Right-of-Way & Esmt	64/523
Estate of Thomas Burris	Marathon Oil EF LLC	07/09/13	McMullen	Surface Site Agmt	Unrecorded
Jo Ann Mahoney	Marathon Oil EF LLC	07/12/13	McMullen	Right-of-Way & Esmt	70/514
Jo Ann Mahoney	Marathon Oil EF LLC	07/12/13	McMullen	Surface Site Agmt	70/362
Marci Mahoney	Marathon Oil EF LLC	07/12/13	McMullen	Right-of-Way & Esmt	70/528
Marci Mahoney	Marathon Oil EF LLC	07/12/13	McMullen	Surface Site Agmt	70/538

FILED FOR RECORD

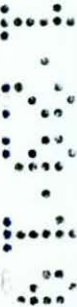
This Aug 19, 2015 at 01:44P
MATTIE SADOVSKY
CLERK COUNTY COURT McMULLEN CO, TX
BY: Bailey Serrata

THE STATE OF TEXAS
COUNTY OF McMULLEN
I, MATTIE SADOVSKY, Clerk of the County Court
of said county, do hereby certify that the foregoing
instrument of writing, with its certificate of
authentication was filed for record in my office
this Aug 19, 2015 at 01:44P and duly recorded the
Aug 19, 2015 in the McMullen County Records of said
County, in VOL 111 on PAGE 406.
Witness my hand and the seal of the County Court of said
County at the office in TILDEN, TEXAS
the day and year last above written.

MATTIE SADOVSKY
CLERK, COUNTY COURT, McMULLEN COUNTY, TEXAS

BY: Bailey Serrata





01051

16


File No. MF 114422

Assign # 10795

OEI & TX (to) Valenc

Date Filed: 4-3-19

George P. Bush, Commissioner

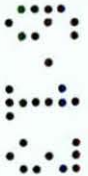
By 

Division Order Exhibit

Unit 6361
MF114422

Owner & Tax ID's	Owner Name	Remit. Address	Corresp. Address
Owner ID - 1010090967	COMMISSIONER OF THE GENERAL LAND	1700 NORTH CONGRESS AVENUE	1700 NORTH CONGRESS AVENUE
Tax ID - [REDACTED]		AUSTIN, TX 78701-1495	AUSTIN, TX 78701-1495

Property Info	Decimal	Ex. Cd.	Type	Pay and Suspend	Full Legal
Operator MARATHON OIL EF LLC DO Number 207646/00001 DO Name EF KUYKENDALL UNIT 1H Product OIL/CONDENSATE Status/Stage A APV 311-35121	0.00384431	01	RI	PAY	COUNTY OF MC MULLEN STATE OF TX MARIA JOSEFA DE LEON ABST/ID# 293 Grantee API#42-013-35121. 603.49 ACRES, MORE OR LESS, IN THE MARIA JOSEFA DE LEON SURVEY, A-293, MCMULLEN COUNTY, TEXAS.
Operator MARATHON OIL EF LLC DO Number 207646/00002 DO Name EF KUYKENDALL UNIT 1H Product GAS/NGLS Status/Stage A APV	0.00384431	01	RI	PAY	COUNTY OF MC MULLEN STATE OF TX MARIA JOSEFA DE LEON ABST/ID# 293 Grantee API#42-013-35121. 603.49 ACRES, MORE OR LESS, IN THE MARIA JOSEFA DE LEON SURVEY, A-293, MCMULLEN COUNTY, TEXAS.



Division Order Exhibit

Owner & Tax ID's	Owner Name	Remit. Address	Corresp. Address
Owner ID - 1010090967	COMMISSIONER OF THE GENERAL LAND	1700 NORTH CONGRESS AVENUE	1700 NORTH CONGRESS AVENUE
Tax ID - [REDACTED]		AUSTIN, TX 78701-1495	AUSTIN, TX 78701-1495

Property Info	Decimal	Ex. Cd.	Type	Pay and Suspend	Full Legal
Operator MARATHON OIL EF LLC DO Number 207645/00001 DO Name EF KUYKENDALL UNIT 2H Product OIL/CONDENSATE Status/Stage A APV	0.00384431	01	RI	PAY	COUNTY OF MC MULLEN STATE OF TX MARIA JOSEFA DE LEON ABST/ID# 293 Grantee API#42-013-35123. 603.49 ACRES, MORE OR LESS, IN THE MARIA JOSEFA DE LEON SURVEY, A-293, MCMULLEN COUNTY, TEXAS.
Operator MARATHON OIL EF LLC DO Number 207645/00002 DO Name EF KUYKENDALL UNIT 2H Product GAS/NGLS Status/Stage A APV	0.00384431	01	RI	PAY	COUNTY OF MC MULLEN STATE OF TX MARIA JOSEFA DE LEON ABST/ID# 293 Grantee API#42-013-35123. 603.49 ACRES, MORE OR LESS, IN THE MARIA JOSEFA DE LEON SURVEY, A-293, MCMULLEN COUNTY, TEXAS.



Division Order Department - 2069, 5555 San Felipe St, Houston, TX 77056-2701
Royalty Customer Service Group - 1-888-522-8871
FAX - 713-296-4490

DO Query

Owner Exhibit

Division Order Exhibit

Owner & Tax ID's	Owner Name	Remit. Address	Corresp. Address
Owner ID - 1010090967	COMMISSIONER OF THE GENERAL LAND	1700 NORTH CONGRESS AVENUE	1700 NORTH CONGRESS AVENUE
Tax ID - [REDACTED]		AUSTIN, TX 78701-1495	AUSTIN, TX 78701-1495

Property Info	Decimal	Ex. Cd.	Type	Pay and Suspend	Full Legal
Operator MARATHON OIL EF LLC DO Number 207644/00001 DO Name EF KUYKENDALL UNIT 3H Product OIL/CONDENSATE Status/Stage A APV	0.00384431	01	RI	PAY	COUNTY OF MC MULLEN STATE OF TX MARIA JOSEFA DE LEON ABST/ID# 293 Grantee API#42-013-35122. 603.49 ACRES, MORE OR LESS, IN THE MARIA JOSEFA DE LEON SURVEY, A-293, MCMULLEN COUNTY, TEXAS.
Operator MARATHON OIL EF LLC DO Number 207644/00002 DO Name EF KUYKENDALL UNIT 3H Product GAS/NGLS Status/Stage A APV	0.00384431	01	RI	PAY	COUNTY OF MC MULLEN STATE OF TX MARIA JOSEFA DE LEON ABST/ID# 293 Grantee API#42-013-35122. 603.49 ACRES, MORE OR LESS, IN THE MARIA JOSEFA DE LEON SURVEY, A-293, MCMULLEN COUNTY, TEXAS.



Division Order Department - 2069, 5555 San Felipe St, Houston, TX 77056-2701
Royalty Customer Service Group - 1-888-522-8871
FAX - 713-296-4490

DO Query

Owner Exhibit

1	108.47 Acres
2	297.33 Acres
3	126.50 Acres
4	9.28 Acres
5	19.69 Acres
6	34.74 Acres
7	7.48 Acres
Total 603.49 Acres	



MARATHON OIL EF LLC - KUYKENDALL UNIT - WELL NO. 3H, Surface Location. X: 2099779.40, Y: 230226.31 NAD 27 Texas South Central Zone, Latitude: 28° 27' 58.13775", Longitude: 98° 41' 22.05155" NAD 27. Is located 273' from the southwest unit line, 960' from the northwest unit line, 2250'± from the southeast survey line, 9650'± from the northeast survey line, and approximately 9 miles west of the town of Tilden.

There may be existing pipelines not shown on this plat. Use the Texas One Call System to locate pipelines before performing any excavation on this property.

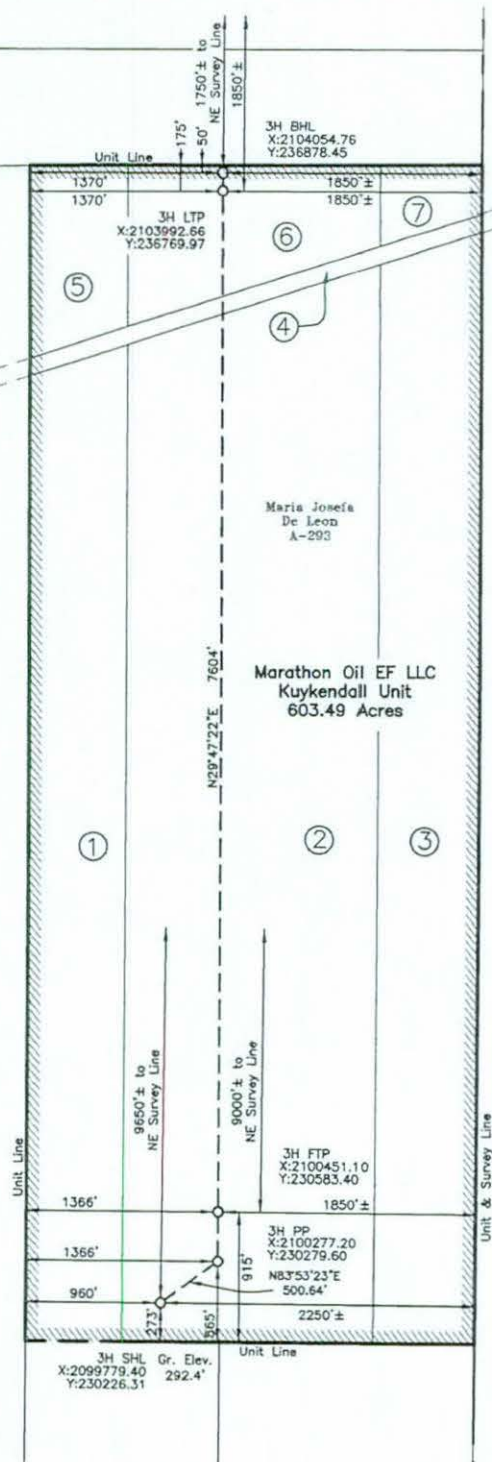
This plat meets the requirements for filing a well location plat with the Texas Railroad Commission and is intended solely for that purpose. This plat is not intended to represent a boundary survey and does not meet the requirements for boundary surveys in the State of Texas, Prepared this the 14th day of September, 2012.

King & Petrus, Inc.
P. O. Box 606
Sinton, Texas 78387
Phone 361-364-2622
Fax 361-364-2641
C:\MRJ\21600\21675 3H
C:\MAPDATA\DATA\WELHAVSE\HOR

Registered Prof. Land Surveyor
Texas Registration No. 1907



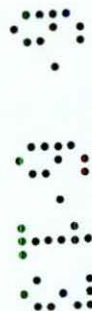
PLAT SHOWING LOCATION MADE FOR
MARATHON OIL EF LLC
KUYKENDALL UNIT - WELL NO. 3H
MARIA JOSEFA DE LEON SURVEY, ABSTRACT 293
MCMULLEN COUNTY, TEXAS
SCALE 1" = 1000 FEET



Juan Ignacio Diaz
A-176

Marathon Oil EF LLC
Kuykendall Unit
603.49 Acres

Maria Josefa
De Leon
A-293



1	108.47 Acres
2	297.33 Acres
3	126.50 Acres
4	9.28 Acres
5	19.69 Acres
6	34.74 Acres
7	7.48 Acres
Total	603.49 Acres



MARATHON OIL EF LLC - KUYKENDALL UNIT - WELL NO. 2H, Surface Location. X: 2099757.52, Y: 230238.41 NAD 27 Texas South Central Zone, Latitude: 28° 27' 58.25843", Longitude: 98° 41' 22.29634" NAD 27. Is located 272' from the southwest unit line, 935' from the northwest unit line, 2250'± from the southeast survey line, 9650'± from the northeast survey line, and approximately 9 miles west of the town of Tilden.

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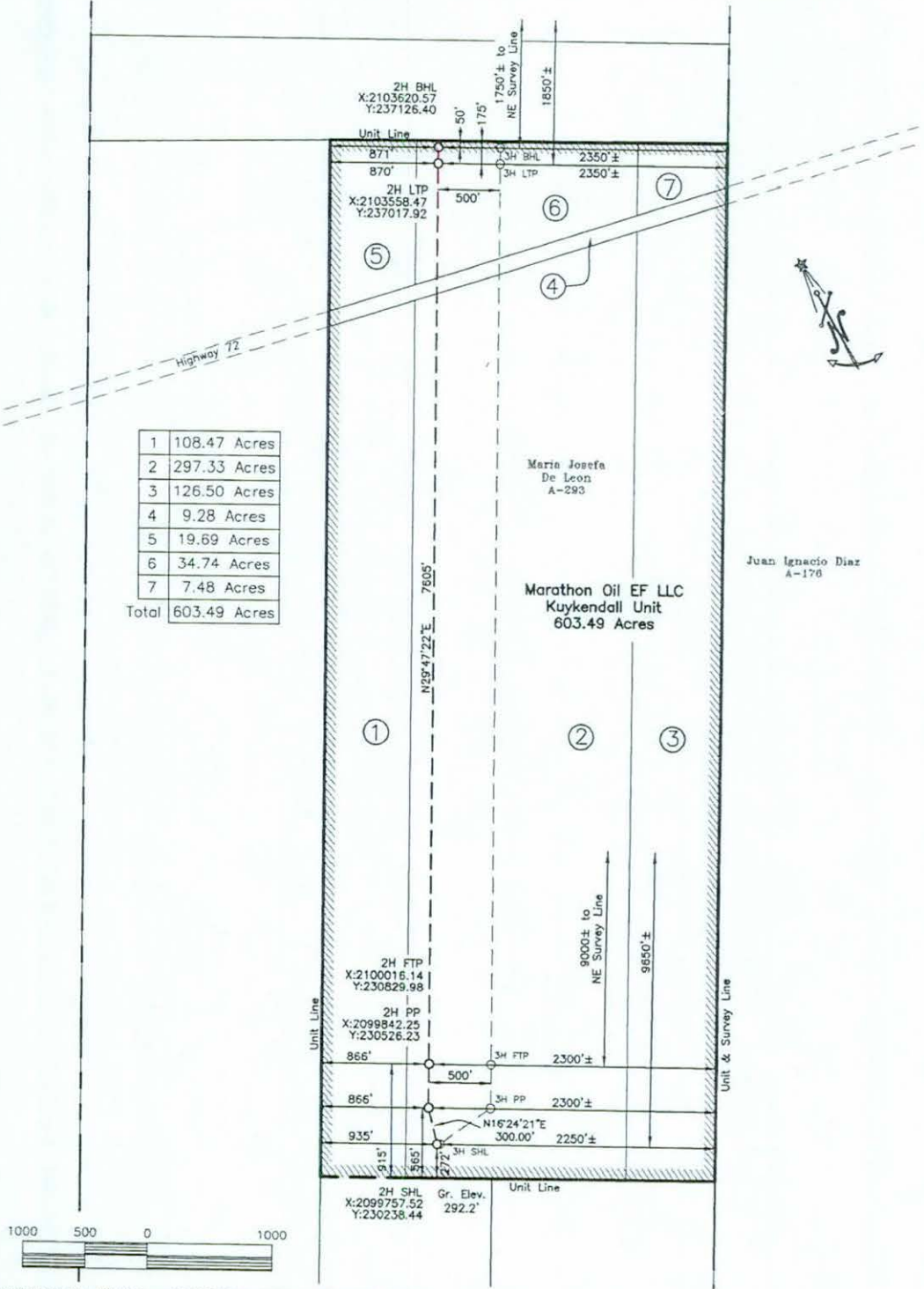
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P. O. Box 606
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Phone 361-364-2622
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C:\MRJ\21600\21675 2H
C:\MAPDATA\DATA\WELHAVSE\HOR

J. L. Petrus Jr.

Registered Prof. Land Surveyor
Texas Registration No. 1907

PLAT SHOWING LOCATION MADE FOR
MARATHON OIL EF LLC
KUYKENDALL UNIT - WELL NO. 2H
MARIA JOSEFA DE LEON SURVEY, ABSTRACT 293
MCMULLEN COUNTY, TEXAS
SCALE 1" = 1000 FEET



EF KUYKENDALL UNIT 3H VENTURE 207644

By Tract

API 42-013-35122

MARIA JOSEFA DE LEON SURVEY, A-293; MCMULLEN COUNTY, TEXAS

MOC ACQ FROM TCE, ET AL. EFF 9/1/2012

TRACT	ACRES	TR %
Tr 1	128.16	0.21236475
Tr 2	466.05	0.77225803
Tr 3	9.28	0.01537722
	<u>603.49</u>	<u>1.00000000</u>

Tract	MOC Lse #	Interest Cd	Lse Type	Owner #	Royalty Owner	TI	EX	NRI	FRACTIONAL	ROYALTY
3	034060/0001	1	STANDARD	1010090967	COMMISSIONER OF THE GEO OF THE STATE OF TEXAS	RI	01	0.00384431	9.28/603.49 X 1/4	1/4 LR

279 9

EF KUYKENDALL UNIT 2H VENTURE 207645

By Tract

API 42-013-35123

MARIA JOSEFA DE LEON SURVEY, A-293; MCMULLEN COUNTY, TEXAS

MOC ACQ FROM TCE, ET AL. EFF 9/1/2012

TRACT	ACRES	TR %
Tr 1	128.16	0.21236475
Tr 2	466.05	0.77225803
Tr 3	9.28	0.01537722
	<u>603.49</u>	<u>1.00000000</u>

Tract	MOC Lse #	Interest Cd	Lse Type	Owner #	Royalty Owner	TI	EX	NRI	FRACTIONAL	ROYALTY
3	034060/0001	1	STANDARD	1010090967	COMMISSIONER OF THE GLO OF THE STATE OF TEXAS	RI	01	0.00384431	9.28/603.49 X 1/4	1/4 LR

279 9

EF KUYKENDALL UNIT 1H VENTURE 207646

By Tract

API 42-013-35121

MARIA JOSEFA DE LEON SURVEY, A-293; MCMULLEN COUNTY, TEXAS

MOC ACQ FROM TCE, ET AL. EFF 9/1/2012

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010 9

813 3

17.

File No. MF114422

DIVISION ORDER

Date Filed: 7-11-19

Jerry E. Patterson, Commissioner

By VR