

State Lease Number
<b>M-</b>
For GLO Use Only



January 20, 2015

**OIL AND GAS LEASE BID APPLICATION**

**APPLICANT AGREEMENT**

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

**APPLICANT IDENTIFICATION TO APPEAR ON LEASE** (type/print)

Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_  
 (Include +4 Code)  
 Telephone: ( ) \_\_\_\_\_

**AREA DESCRIPTION**

County(ies): \_\_\_\_\_ Survey/Area: \_\_\_\_\_  
 (If Applicable)  
 Block/Tsp.: \_\_\_\_\_ Section/Tract: \_\_\_\_\_ Acres: \_\_\_\_\_  
 (If Applicable)

**BID SUBMISSION**

(A) Bonus Amount (\$ \_\_\_\_\_)  
 (type/print above)  
 (B) Sales Fee Amount (\$ \_\_\_\_\_)  
 (type/print above)

This Sales Fee is 1½% of the cash bonus as provided in Section 32.110 of the Natural Resources Code as amended.

MGL. NO.  _____
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**APPLICANT NAME**

\_\_\_\_\_  
 (same as above)

**BONUS AMOUNT ONLY (A)**  
 (**Do Not** include sales fee)

\_\_\_\_\_  
 (\$)

**STATE OF TEXAS TAX I.D. #**

\_\_\_\_\_  
 (must be an 11-digit number)

**SIGNATURE OF AGENT**

\_\_\_\_\_  
 (signature)

\_\_\_\_\_  
 (type/print name)

**JANUARY 20, 2015 SEALED BID OIL & GAS LEASE SALE**  
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Under the applicable provisions of Chapters 32, 34 and 52 of the Natural Resources Code, the tracts in this Notice for Bids will be leased by competitive sealed bid for the production of oil, gas, and other minerals. The School Land Board will receive sealed bids until 10:00 a.m. on January 20, 2015, at the General Land Office in Austin, Texas. Bids received after 10:00 a.m. will not be considered.

Separate bids must be submitted on the enclosed bid form for each tract identified by a separate MGL. NO. Bids should include:

- 1) The tract description as given in this Notice for Bids
- 2) Bidder's name and address
- 3) Bidder's Tax I.D. Number

All oil and gas bids must be sealed and addressed to the COMMISSIONER OF THE TEXAS GENERAL LAND OFFICE, 1700 N. CONGRESS AVE., STEPHEN F. AUSTIN STATE OFFICE BUILDING, AUSTIN, TEXAS, 78701-1495. Each envelope containing a bid should be endorsed "SEALED BID FOR MINERAL LEASE, JANUARY 20, 2015." Each oil, gas, and other minerals bid must include a check for the cash bonus, which is being offered on the tract. In addition, an oil, gas, and other minerals bid must include a separate check in the amount of 1½% of the bid as a sales fee. All checks should be payable to the Commissioner of the Texas General Land Office.

Bids on School Land Board tracts offered for lease will be opened at the School Land Board meeting at 10:00 a.m. in the General Land Office, Austin, Texas. Subject to the right to reject any bid, the board will lease advertised tracts to the bidder offering the best bid meeting or exceeding the minimum bid. If identical bids for a tract are submitted by more than one bidder, and if those bids are the high bids received, all bids on that tract will be rejected. Bids received from unsuccessful bidders will be returned (including the 1½% sales fee for oil and gas bids). A sample of the oil and gas lease form for School Land Board tracts is included in this Notice for Bids.

By order of the School Land Board in its regular meeting on December 9, 2014:

\_\_\_\_\_  
Secretary

\_\_\_\_\_  
Commissioner, Texas General Land Office  
and Chairman, School Land Board

## **PERMANENT SCHOOL FUND OIL AND GAS TRACTS**

The tracts are listed by geographical area with a minimum bid shown for each tract. For Gulf of Mexico acreage, the tracts are listed by offshore area with large or "L" tracts listed first, followed by small or "S" tracts. If you have any questions, please call the Mineral Leasing Division at either (512) 475-1512 or (512) 475-1542.

### **SURVEYED SCHOOL LAND**

#### **TERMS AND CONDITIONS**

The royalty on all surveyed school land is 25% of the gross production of oil and/or gas. The primary term of the lease shall be five (5) years. Except as otherwise provided below, the annual rental is \$5.00 per acre for the second and third year of the lease. For the fourth and fifth year of the lease, the annual rental will increase to \$25.00 per acre.

#### **SPECIAL RENTAL CONDITIONS FOR CULBERSON, LOVING, REEVES AND WARD COUNTY TRACTS:**

For all tracts in Culberson, Loving, Reeves, and Ward Counties, the annual rental is \$5.00 per acre for the second, third, and fifth years of the lease. For the fourth year, the annual rental is equal to the minimum per acre bid amount for that particular tract.

### **RIVERS, CREEKS, AND BAYOUS**

#### **TERMS AND CONDITIONS**

The royalty on all rivers, creeks, lakes and bayous is 25% of the gross production of oil and/or gas. The primary term of the lease shall be three (3) years. The annual rental thereon is fixed at \$5.00 per acre beginning with the second year of the lease.

### **SUBMERGED AREAS BAYS, LAKES, ISLANDS AND BAYOUS & GULF OF MEXICO**

#### **TERMS AND CONDITIONS**

The royalty on bays, lakes, islands, bayous (influenced by the tides), and the Gulf of Mexico is 25% of the gross production of oil and/or gas, but can be reduced to:

- 20% if production, in paying quantities, is established, brought on line and sales thereof are commenced within the initial twenty-four (24) months of the primary term of the lease.
- 22.5% if production, in paying quantities, is established, brought on line and sales thereof are commenced between the 25th and 48th month of the primary term of the lease.

If the initial well drilled is a dry hole, the lessee may receive the lower royalty rates as follows:

- 20% if a second well is commenced and production, in paying quantities, can be established, brought on line and sales thereof are commenced by the end of the 30th month, as provided for in the lease.
- 22.5% if a second well is commenced and production, in paying quantities, can be established, brought on line and sales thereof are commenced by the end of the 54th month as provided for in the lease.

The primary term of the leases shall be five (5) years. The annual rental thereon is fixed at \$10.00 per acre beginning with the second year of the lease.

## **TEXAS DEPARTMENT OF CRIMINAL JUSTICE**

### **TERMS AND CONDITIONS**

The royalty on the Texas Department of Criminal Justice (TDCJ) tracts is 25% of the gross production of oil and/or gas. The primary term of the lease shall be three (3) years. The annual rental thereon is fixed at \$20.00 per net mineral acre beginning with the second year of the lease. Subject to the right to reject any bid, the TDCJ Board for Lease will lease advertised tracts to the highest bidder meeting or exceeding the minimum bid.

The leases issued for the TDCJ tracts shall be subject to the following surface use restrictions:

- No well location shall be made nor operations of any nature conducted within 300 feet from any building or detention fence located on the area leased without express permission of the Program Administrator for Land and Minerals Operations, and no operations of any kind are to be conducted on the remainder of the areas without first notifying the Program Administrator for Land and Minerals Operations.
- If lessee obtains a title examination of the land, a copy of the title opinion shall be furnished to the Program Admin. for Land and Minerals Operations within sixty (60) days after receipt of same by lessee.
- If lessee has a survey of the land made, lessee shall furnish the Program Administrator for Land and Minerals Operations with a copy of the field notes of the survey and map, if any, prior to commencement of drilling operations.
- All oil and gas leases must be recorded within sixty (60) days of issuance in the county where the property covered by such leases is situated. Additionally, upon release of any part of such oil and gas lease or termination thereof, a release describing same must be recorded in the county noted above. Copies of the recorded instruments are to be sent to the Program Administrator for Land and Minerals Operations and the Texas General Land Office.
- All vehicles entering TDCJ property are subject to search.
- No guns, no alcohol, no drugs, and no tobacco are allowed on TDCJ property.
- No well shall be drilled nearer than two hundred feet (200') to any house or barn now on said premises without the written consent of the agricultural lessee of the soil.
- Lessee shall pay the agricultural lessee of the soil for damages caused by its operations to all personal property, improvements, livestock, and crops of said lands.
- When requested by the agricultural lessee of the soil, lessee shall bury its pipelines below the plow depth. Lessee shall have the right to use water produced on said land necessary for operations under this lease except water from wells or tanks of the owner of the soil; provided, however, lessee shall not use potable water or water suitable for livestock or irrigation purposes for waterflood operations without the prior consent of the owner of the soil.

For a copy of the lease form to be used for the TDCJ tracts or for additional information concerning TDCJ tracts, contact the Mineral Leasing Division at either (512) 475-1499 or (512) 475-1512 or Diane Fuller with TDCJ at (936) 437-5440.

## **TEXAS PARKS AND WILDLIFE DEPARTMENT**

### **TERMS AND CONDITIONS**

The royalty on the Texas Parks and Wildlife Department (TPWD) tracts is fixed at 25% of the gross production of oil and/or gas. The primary term of the leases shall be three (3) years. The annual rental is fixed at \$20.00 per net mineral acre beginning with the second year of the lease. Subject to the right to reject any bid, the TPWD Board for Lease will lease the advertised tract to the highest bidder meeting or exceeding the minimum bid.

The lease issued for the TPWD tracts shall be subject to the following surface use restrictions:

- Any provision herein to the contrary notwithstanding, it is agreed and understood that no entry shall be permitted on the surface of the leased lands. Any development of the land shall be by means of directional wells located off the leased land, or by pooling of said land with other land or leases as provided by Subchapter E, Chapter 52, Natural Resources Code.

For a copy of the lease form to be used for the TPWD tract or for additional information concerning TPWD tracts, contact the Mineral Leasing Division at either (512) 475-1499 or (512) 475-1512 or TPWD at (512) 389-4590.

## **TEXAS DEPARTMENT OF TRANSPORTATION**

### **TERMS AND CONDITIONS**

The royalty on the Texas Department of Transportation (TxDOT) tract is fixed at 25% of the gross production of oil and/or gas. The primary term of the leases shall be three (3) years. The annual rental is fixed at \$10.00 per net mineral acre beginning with the second year of the lease. Subject to the right to reject any bid, the School Land Board will lease advertised tracts to the highest bidder meeting or exceeding the minimum bid.

The lease issued for the TxDOT tract shall be subject to the following surface use restrictions:

- Any provision herein to the contrary notwithstanding, it is agreed and understood that no entry shall be permitted on the surface of the leased lands. Any development of the land shall be by means of directional wells located off the leased land, or by pooling of said land with other land or leases as provided by Subchapter E, Chapter 52, Natural Resources Code.

## **TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES**

### **TERMS AND CONDITIONS**

The royalty on the Texas Department of Aging and Disability Services (DADS) tract is fixed at 25% of the gross production of oil and/or gas. The primary term of the leases shall be three (3) years. The annual rental is fixed at \$10.00 per net mineral acre beginning with the second year of the lease. Subject to the right to reject any bid, the School Land Board will lease advertised tracts to the highest bidder meeting or exceeding the minimum bid.

The lease issued for the DADS tract shall be subject to the following surface use restrictions:

- Any provision herein to the contrary notwithstanding, it is agreed and understood that no entry shall be permitted on the surface of the leased lands. Any development of the land shall be by means of directional wells located off the leased land, or by pooling of said land with other land or leases as provided by Subchapter E, Chapter 52, Natural Resources Code.

For a copy of the lease form to be used for the TxDOT and DADS tracts, or for additional information concerning these tracts, contact the Mineral Leasing Division at either (512) 475-1499 or (512) 475-1512.

## **ABBREVIATIONS AND DEFINITIONS**

**AC** - Acre(s)

**NAVI DIST** - NAVIGATION DISTRICT: Indicates that all or a portion of the tract lies within the boundaries of a navigation district. Bidders should contact the applicable governing authority for the navigation district and the General Land Office for surface use restrictions.

**POL** – PORTION OUTSIDE LEASE: Indicates that the acreage within the boundaries of the tract is available for lease save and except any portion included in a valid oil and/or gas lease. Lease information is available in the mineral file located in the Archives and Records Division of the General Land Office.

**POU** - PORTION OUTSIDE UNIT: Indicates that the acreage within the boundaries of the tract is available for lease save and except any portion included in a valid oil and/or gas unit. Unit information is available in the mineral file located in the Archives and Records Division of the General Land Office.

**PT** - PART: Bidders should contact the General Land Office for further information.

**TMLL** -THREE MARINE LEAGUE LINE: Denotes tracts that are adjacent to the Three Marine League Line. These tracts have been submitted to the MMS for the coordination of acreage.

**WFAL** - Denotes tracts that are WEST of the FEDERAL ADMINISTRATION LINE.

**NOTE:** Information printed in this Notice for Bids is provided in summary form for the purpose of soliciting bids to lease the subject tracts and should not be relied upon as the sole source of information regarding the tracts. Prospective bidders are advised to contact all governmental authorities with jurisdiction over a tract in order to ascertain its status and suitability for the bidder's intended use. No representation or warranty is made with regard to the information set forth, or referenced, herein. In particular, even if bids are calculated on a per acre basis, no portion of a bid will be refunded should the actual acreage in a tract later be determined to be less than the acreage reflected herein.

The following is a sample lease form for bay and Gulf of Mexico tracts. For a sample copy of the lease form to be used for other land types, call (512) 475-1512. Area/Location maps shall be provided upon request. Please call (512) 475-1512 or (512) 475-1499 for additional information.

**SAMPLE (GULF & BAYS)  
OIL AND GAS LEASE  
NO. M-\_\_\_\_\_**

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

was, after being duly advertised, offered for lease on the **20<sup>th</sup> day of January, 2015** at 10:00 o'clock a.m., by the Commissioner of the General Land Office of the State of Texas and the School Land Board of the State of Texas, for the sole and only purpose of prospecting and drilling for, and producing oil and/or gas that may be found and produced from the above described area; and

WHEREAS, after all bids and remittances which were received up to said time have been duly considered by the Commissioner of the General Land Office and the School Land Board at a regular meeting thereof in the General Land Office, on the **20<sup>th</sup> day of January, 2015**, hereinafter the "effective date" and it was found and determined that \_\_\_\_\_ whose address is \_\_\_\_\_, \_\_\_\_\_ had offered the highest and best bid for a lease of the area above described and is, therefore, entitled to receive a lease thereon:

NOW, THEREFORE, I, George P. Bush, Commissioner of the General Land Office of the State of Texas, hereinafter sometimes referred to as "Lessor," whose address is Austin, Texas, by virtue of the authority vested in me and in consideration of the payment by the hereinafter designated Lessee, the sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), receipt of which is hereby acknowledged and of the royalties, covenants, stipulations and conditions contained and hereby agreed to be paid, observed and performed by Lessee, do hereby demise, grant, lease and let unto the above mentioned bidder the non exclusive right to explore for oil and gas and the exclusive right to drill for, produce and take oil and/or gas from the aforesaid area upon the following terms and conditions, to-wit:

**1. RESERVATION:** There is hereby excepted and reserved to Lessor: the full use of the property covered hereby and all rights with respect to the surface and subsurface thereof for any and all purposes except those granted, and to the extent herein granted to Lessee; the right to grant third parties seismic, geophysical and geological permits and to enter into other agreements with third parties, which allow such third parties to conduct geophysical, geological or seismic surveys on, over, under, through and across the land covered herein during the term of this lease; and the rights of ingress and egress and use of said lands by Lessor and its mineral lessees for purposes of exploring for and producing the minerals which are not covered, or which may not be covered in the future, under the terms of this lease, but which may be located within the surface boundaries of the leased area. All of the rights in and to the leased premises retained by Lessor and all of the rights in and to the leased premises granted to Lessee herein shall be exercised in such a manner that neither shall unduly interfere with the operations of the other.

**2. TERM:** Subject to the other provisions hereof, this lease shall be for a term of **five (5)** years from the effective date hereof (herein called "primary term") and as long thereafter as oil or gas is produced in paying quantities from said area.

**3. DELAY RENTALS:** If no well be commenced on the land hereby leased on or before the anniversary date of this lease, this lease shall terminate as to both parties unless the Lessee on or before said date shall pay or tender to the Commissioner of the General Land Office of the State of Texas at Austin, Texas, the sum of **Ten Dollars (\$10.00), per acre**, which shall operate as rental and cover the privilege of deferring the commencement of a well for twelve (12) months from said date. In like manner and upon like payments or tenders the commencement of a well may be further deferred for like periods of the same number of months successively during the primary term hereof.

**4. PRODUCTION ROYALTIES:** Subject to the provisions for royalty reductions set out in subparagraph (E) of this paragraph 4, upon production of oil and/or gas, the Lessee agrees to pay or cause to be paid to the Commissioner of the General Land Office in Austin, Texas, for the use and benefit of the State of Texas, during the term hereof:

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

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

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

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

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

**(E) VARIABLE ROYALTY:** (i) Subject to the other provisions of this lease, it is hereby provided that in the event production in paying quantities is established pursuant to the terms of this lease and such production is brought on line and sales thereof are commenced within twenty-four (24) months of the effective date hereof, the royalty rate provided herein shall be reduced to 20%, and shall apply to each subsequent well drilled and produced on the land covered by this lease. Provided that, if during such twenty-four (24) month term during which Lessee may earn a reduced royalty rate of 20% as herein provided, Lessee should drill in good faith and complete the first well as a dry hole on the land covered by this lease, Lessee may receive a six (6) month extension of the term in which to earn a reduced royalty rate by giving notice to the Commissioner of the General Land Office, commencing drilling operations on an additional well prior to the expiration of such six (6) month period and prosecuting diligently and in good faith the drilling of such additional well and completing same so that production in paying quantities is established and so that such production is brought on line and sales thereof are commenced prior to the expiration of such six (6) month extension period.

(ii) In the event production in paying quantities is established pursuant to the terms of this lease and such production is brought on line and sales thereof are commenced after the expiration of twenty-four (24) months from the effective date hereof but prior to the expiration of forty-eight (48) months from the effective date hereof, the royalty rate provided herein shall be reduced to 22.5% and shall apply to each subsequent well drilled and produced on the land covered by this lease. Provided that, if during such twenty-four (24) month term during which Lessee may earn a reduced royalty rate of 22.5% as herein provided, Lessee should drill in good faith and complete the first well as a dry hole on the land covered by this lease, Lessee may receive a six (6) month extension of the term in which to earn a reduced royalty rate by giving notice to the Commissioner of the General Land Office, commencing drilling operations on an additional well prior to the expiration of such six (6) month period and prosecuting diligently and in good faith the drilling of such additional well and completing same so that production in paying quantities is established and so that such production is brought on line and sales thereof are commenced prior to the expiration of such six (6) month extension period.

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

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

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

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

**(J) MARGINAL PRODUCTION ROYALTY:** Upon Lessee's written application, the School Land Board may reduce the royalty rate set out in this paragraph and/or the minimum royalty set out in subparagraph 4 (I) to extend the economic life of this lease and encourage recovery of oil or gas that might otherwise remain unrecovered. Any such royalty reduction must conform to the requirements of any School

Land Board Administrative rules on this subject. Royalty may not be reduced below the applicable statutory minimum.

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

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

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

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

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

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

(A) **VERTICAL:** In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall then terminate as to all of the leased premises, EXCEPT (1) 40 acres surrounding each oil well capable of producing in paying quantities and 320 acres surrounding each gas well capable of producing in paying quantities (including a shut-in oil or gas well as provided in Paragraph 11 hereof), or a well upon which Lessee is then engaged in continuous drilling or reworking operations, or (2) the number of acres included in a producing pooled unit pursuant to Natural Resources Code Sections 52.151-52.153, or (3) such greater or lesser number of acres as may then be allocated for production purposes to a proration unit for each such producing well under the rules and regulations of the Railroad Commission of Texas, or any successor agency, or other governmental authority having jurisdiction. Within 90 days of a partial termination of this lease in accordance with this subparagraph and upon payment of the minimum filing fee set by General Land Office rules in effect at the time of the partial termination, Lessee shall have the right to obtain a surface lease for ingress and egress on and across the terminated portion of the leased premises as may be reasonably necessary for the continued operation of the portions of the lease remaining in force and effect. If Lessee fails to apply for a surface lease within the 90 day period specified above, Lessee may apply for a surface lease from the Land Office, but the Land Commissioner has the discretion to grant or deny such application and to set the fee for such surface lease.

(B) **HORIZONTAL:** In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall further terminate as to all depths below 100 feet below the total depth drilled (hereinafter "deeper depths") in each well located on acreage retained in Paragraph 7 (A) above, unless on or before two (2) years after the primary or extended term Lessee pays an amount equal to one-half (1/2) of the bonus originally paid as consideration for this lease (as specified on page 1 hereof). If such amount is paid, this lease shall be in force and effect as to such deeper depths, and said termination shall be delayed for an additional period of two (2) years and so long thereafter as oil or gas is produced in paying quantities from such deeper depths covered by this lease.

(C) **IDENTIFICATION AND FILING:** The surface acreage retained hereunder as to each well shall, as nearly as practical, be in the form of a square with the well located in the center thereof, or such other shape as may be approved by the School Land Board. Within thirty (30) days after partial termination of this lease as provided herein, Lessee shall execute and record a release or releases containing a satisfactory legal description of the acreage and/or depths not retained hereunder. The recorded release, or a certified copy of same, shall be filed in the General Land Office, accompanied by the filing fee prescribed by the General Land Office rules in effect on the date the release is filed. If Lessee fails or refuses to execute and record such release or releases within ninety (90) days after being requested to do so by the General Land Office, then the Commissioner at his sole discretion may designate by written instrument the acreage and/or depths to be released hereunder and record such instrument at Lessee's expense in the county or counties where the lease is located and in the official records of the General Land Office and such designation shall be binding upon Lessee for all purposes. If at any time after the effective date of the partial termination provisions hereof, the applicable field rules are changed or the well or wells located thereon are reclassified so that less acreage is thereafter allocated to said well or wells for production purposes, this lease shall thereupon terminate as to all acreage not thereafter allocated to said well or wells for production purposes.

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

or driller shall use all means necessary in a good faith effort to make such offset well produce oil and/or gas in commercial quantities. Only upon the determination of the Commissioner and with his written approval, may the payment of a compensatory royalty satisfy the obligation to drill an offset well or wells required under this Paragraph.

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

10. **CESSATION, DRILLING, AND REWORKING:** If, after the expiration of the primary term, production of oil or gas from the leased premises, after once obtained, should cease from any cause, this lease shall not terminate if Lessee commences additional drilling or reworking operations within sixty (60) days after such cessation, and this lease shall remain in full force and effect for so long as such operations continue in good faith and in workmanlike manner without interruptions totaling more than sixty (60) days. If such drilling or reworking operations result in the production of oil or gas, the lease shall remain in full force and effect for so long as oil or gas is produced from the leased premises in paying quantities or payment of shut-in oil or gas well royalties or payment of compensatory royalties is made as provided herein or as provided by law. If the drilling or reworking operations result in the completion of a well as a dry hole, the lease will not terminate if the Lessee commences additional drilling or reworking operations within sixty (60) days after the completion of the well as a dry hole, and this lease shall remain in effect so long as Lessee continues drilling or reworking operations in good faith and in a workmanlike manner without interruptions totaling more than sixty (60) days. Lessee shall give written notice to the General Land Office within thirty (30) days of any cessation of production.

11. **SHUT-IN ROYALTIES:** For purposes of this paragraph, "well" means any well that has been assigned a well number by the state agency having jurisdiction over the production of oil and gas. If at any time after the expiration of the primary term of a lease that, until being shut in, was being maintained in force and effect, a well capable of producing oil or gas in paying quantities is located on the leased premises, but oil or gas is not being produced for lack of suitable production facilities or lack of a suitable market, then Lessee may pay as a shut-in oil or gas royalty an amount equal to double the annual rental provided in the lease, but not less than \$1,200 a year for each well capable of producing oil or gas in paying quantities. To be effective, each initial shut-in oil or gas royalty must be paid on or before: (1) the expiration of the primary term, (2) 60 days after the Lessee ceases to produce oil or gas from the leased premises, or (3) 60 days after Lessee completes a drilling or reworking operation in accordance with the lease provisions; whichever date is latest. If the shut-in oil or gas royalty is paid, the lease shall be considered to be a producing lease and the payment shall extend the term of the lease for a period of one year from the end of the primary term, or from the first day of the month following the month in which production ceased, and, after that, if no suitable production facilities or suitable market for the oil or gas exists, Lessee may extend the lease for four more successive periods of one (1) year by paying the same amount each year on or before the expiration of each shut-in year.

12. **COMPENSATORY ROYALTIES:** If, during the period the lease is kept in effect by payment of the shut-in oil or gas royalty, oil or gas is sold and delivered in paying quantities from a well located within one

thousand (1,000) feet of the leased premises and completed in the same producing reservoir, or in any case in which drainage is occurring, the right to continue to maintain the lease by paying the shut-in oil or gas royalty shall cease, but the lease shall remain effective for the remainder of the year for which the royalty has been paid. The Lessee may maintain the lease for four more successive years by Lessee paying compensatory royalty at the royalty rate provided in the lease of the market value of production from the well causing the drainage or which is completed in the same producing reservoir and within one thousand (1,000) feet of the leased premises. The compensatory royalty is to be paid monthly to the Commissioner beginning on or before the last day of the month following the month in which the oil or gas is produced from the well causing the drainage or that is completed in the same producing reservoir and located within one thousand (1,000) feet of the leased premises; if the compensatory royalty paid in any 12-month period is in an amount less than the annual shut-in oil or gas royalty, Lessee shall pay an amount equal to the difference within thirty (30) days from the end of the 12-month period; and none of these provisions will relieve Lessee of the obligation of reasonable development nor the obligation to drill offset wells as provided in N.R.C. Section 52.034; however, at the determination of the Commissioner, and with the Commissioner's written approval, the payment of compensatory royalties shall satisfy the obligation to drill offset wells. Compensatory royalty payments which are not timely paid will accrue penalty and interest in accordance with Paragraph 5 of this lease.

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

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

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

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

**(B) SUBMERGED LANDS:** No discharge of solid waste or garbage shall be allowed into State waters from any drilling or support vessels, production platform, crew or supply boat, barge, jack-up rig or

other equipment located on the leased area. Solid waste shall include but shall not be limited to containers, equipment, rubbish, plastic, glass, and any other man-made non-biodegradable items. A sign must be displayed in a high traffic area on all vessels and manned platforms stating, "Discharge of any solid waste or garbage into State Waters from vessels or platforms is strictly prohibited and may subject a State of Texas lease to forfeiture." Such statement shall be in lettering of at least 1" in size.

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

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

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

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

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

**19. LIEN:** In accordance with N.R.C. Section 52.136, the State shall have a first lien upon all oil and gas produced from the area covered by this lease to secure payment of all unpaid royalty and other sums of money that may become due under this lease. By acceptance of this lease, Lessee grants the State, in addition to the lien provided by N.R.C. Section 52.136 and any other applicable statutory lien, an express contractual lien on and security interest in all leased minerals in and extracted from the leased premises, all proceeds which may accrue to Lessee from the sale of such leased minerals, whether such proceeds are held by Lessee or by a third party, and all fixtures on and improvements to the leased premises used in connection with the production or processing of such leased minerals in order to secure the payment of all royalties or other amounts due or to become due under this lease and to secure payment of any damages or loss that Lessor may suffer by reason of Lessee's breach of any covenant or condition of this lease, whether express or implied. This lien and security interest may be foreclosed with or without court proceedings in the manner provided in the Title 1, Chapter 9 of the Texas Business and Commerce Code. Lessee agrees that the Commissioner may require Lessee to execute and record such instruments as may be reasonably necessary to acknowledge, attach or perfect this lien. Lessee hereby represents that there are no prior or superior liens arising from and relating to Lessee's activities upon the above-described property or from Lessee's acquisition of this lease. Should the

Commissioner at any time determine that this representation is not true, then the Commissioner may declare this lease forfeited as provided herein.

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

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

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

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

**24. FORCE MAJEURE:** Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling operations thereon, or from producing oil and/or gas

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

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

**26. REDUCTION OF PAYMENTS:** If, during the primary term, a portion of the land covered by this lease is included within the boundaries of a pooled unit that has been approved by the School Land Board in accordance with Natural Resources Code Sections 52.151-52.153, or if, at any time after the expiration of the primary term or the extended term, this lease covers a lesser number of acres than the total amount described herein, payments that are made on a per acre basis hereunder shall be reduced according to the number of acres pooled, released, surrendered, or otherwise severed, so that payments determined on a per acre basis under the terms of this lease during the primary term shall be calculated based upon the number of acres outside the boundaries of a pooled unit, or, if after the expiration of the primary term, the number of acres actually retained and covered by this lease.

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

**28. ANTIQUITIES CODE:** In the event that any feature of archeological or historical interest on Permanent School Fund Land is encountered during the activities authorized by this lease, Lessee will immediately cease activities and will immediately notify the General Land Office (ATTN: Archaeologist, Asset Management Division, 1700 N. Congress Ave., Austin, Texas 78701) and the Texas Historical Commission (P.O. Box 12276, Austin, TX 78711) so that adequate measures may be undertaken to protect or recover such discoveries or findings, as appropriate. Lessee is expressly placed on notice of the National Historical Preservation Act of 1966 (PB-89-66, 80 Statute 915; 16 U.S.C.A. 470) and the Antiquities Code of Texas, Chapter 191, Tex. Nat. Code Ann. (Vernon 1993 & Supp. 1998). On state-owned land not dedicated to the Permanent School Fund, lessee shall notify the Texas Historical Commission before breaking ground at a project location. An archaeological survey might be required by the commission before construction of the project can commence. Further, in the event that any site, object, location, artifact or other feature of archaeological, scientific, educational, cultural or historic interest is encountered during the activities authorize by this lease, lessee will immediately notify lessor and the Texas Historical Commission so that adequate measures may be undertaken to protect or recover such discoveries or findings, as appropriate.

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

**30. LEASE FILING:** Pursuant to Chapter 9 of the Tex. Bus. & Com. Code, this lease must be filed of record in the office of the County Clerk in any county in which all or any part of the leased premises is located, and certified copies thereof must be filed in the General Land Office.

**31. EXECUTION:** This oil and gas lease must be signed and acknowledged by the Lessee before it is filed of record in the county records and in the General Land Office of the State of Texas.

\_\_\_\_\_  
**LESSEE**  
**BY:** \_\_\_\_\_  
**TITLE:** \_\_\_\_\_  
**DATE:** \_\_\_\_\_

**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.

\_\_\_\_\_  
**GEORGE P. BUSH**  
**COMMISSIONER, GENERAL LAND OFFICE**

**APPROVED**  
**Contents** \_\_\_\_\_  
**Legal** \_\_\_\_\_  
**DC** \_\_\_\_\_  
**Exec** \_\_\_\_\_

**(CORPORATION ACKNOWLEDGMENT)**

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

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

Given under my hand and seal of office this the \_\_\_\_\_ day of \_\_\_\_\_, 2015.

\_\_\_\_\_  
Notary Public in and for \_\_\_\_\_

**(INDIVIDUAL ACKNOWLEDGMENT)**

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

BEFORE ME, the undersigned authority, on this day personally appeared \_\_\_\_\_ known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this the \_\_\_\_\_ day of \_\_\_\_\_, 2015.

\_\_\_\_\_  
Notary Public in and for \_\_\_\_\_

**SURVEYED SCHOOL LAND (See Page 1 for special rental provisions)**

<b>MGL. NO.</b>	<b>COUNTY</b>	<b>DIST./DIR. FROM COUNTY SEAT</b>	<b>SEC. / TRACT</b>	<b>BLOCK</b>	<b>TSP</b>	<b>SURVEY</b>	<b>ACRES</b>	<b>PART / COMMENTS</b>	<b>MINIMUM BID</b>
1	ATASCOSA	22S24E				W. H. STOUT	12.00	ALL	\$30,000.00
2	CULBERSON	63N47E	32	45		PUBLIC SCHOOL LAND	640.00	ALL	\$1,920,000.00
3	CULBERSON	48N64E	24	59	6-S	T. & P. RY. CO.	559.13	N 3/4	\$1,677,390.00
4	LOVING	12N30E	25	C-26		PUBLIC SCHOOL LAND	462.51	ALL	\$925,020.00
5	MARION	6S82E				O. P. DEANER	527.94	ALL	\$131,985.00
6	MONTAGUE	12S62E				J. F. DYRE	18.00	ALL	\$18,000.00
7	PECOS	26N03E	102	8		H. & G. N. RY. CO.	160.00	SOUTH PART - LIMITED TO DEPTHS BELOW 1923' ONLY	\$48,000.00
8	PECOS	6S40W	62	3		T. & P. RY. CO.	646.20	ALL	\$193,860.00
9	REEVES	32S04W	318	13		H. & G. N. RY. CO.	480.00	S/2 & NW/4	\$720,000.00
10	REEVES	26S89W	61			M. TOREZ	161.10	AREA COVERED BY TOREZ STATE 61 UNIT, LIMITED TO DEPTHS BELOW 10,873 FEET (TVD)	\$483,300.00
11	REEVES	26S79W	61			M. TOREZ	93.90	POU	\$281,700.00
12	REEVES	23W00	41	58		PUBLIC SCHOOL LAND	129.00	W/2	\$387,000.00
13	REEVES	25S71W	7	71		PUBLIC SCHOOL LAND	320.00	W/2	\$960,000.00
14	REEVES	28S73W	10	71		PUBLIC SCHOOL LAND	320.00	N/2	\$960,000.00
15	REEVES	20S62W	29	71		PUBLIC SCHOOL LAND	140.00	N PT OF NW/4	\$420,000.00
16	REEVES	26S76W	45	71		PUBLIC SCHOOL LAND	390.90	AREA COVERED BY TOREZ STATE 61 UNIT, LIMITED TO DEPTHS BELOW 10,873 FEET (TVD)	\$1,172,700.00
17	REEVES	26S76W	45	71		PUBLIC SCHOOL LAND	62.50	POU	\$187,500.00
18	REEVES	25S72W	46	71		PUBLIC SCHOOL LAND	40.00	SW/4 OF SW/4	\$120,000.00
19	REEVES	15S65W	21	72		PUBLIC SCHOOL LAND	80.00	N/2 OF SW/4	\$240,000.00
20	REEVES	16S55W	37	72		PUBLIC SCHOOL LAND	40.00	NW/4 OF NW/4	\$120,000.00
21	REEVES	17S53W	43	72		PUBLIC SCHOOL LAND	320.00	E/2	\$960,000.00
22	REEVES	2S63E				STRICK WATKINS	11.48	ALL	\$34,440.00
23	REEVES	12N28W	6	53	4-S	T. & P. RY. CO.	240.00	NE/4; S/2 OF SE/4	\$720,000.00
24	REEVES	31S84W	2	58	6-S	T. & P. RY. CO.	675.08	ALL	\$2,025,240.00
25	REEVES	33S81W	16	58	6-S	T. & P. RY. CO.	171.00	NW/4	\$513,000.00
26	REEVES	35S76W	32	58	6-S	T. & P. RY. CO.	347.13	S/2	\$1,041,390.00
27	REEVES	34S68W	10	58	7-S	T. & P. RY. CO.	672.06	ALL	\$2,016,180.00
28	ROBERTSON	10N85E	2			MRS. MARY TRIBBLE	203.79	ALL	\$152,842.50
29	THROCKMORTON	17N26E				A. D. DUDLEY	107.00	ALL	\$8,025.00
30	THROCKMORTON					CEL-1 LP	26.54	SUBJECT TO 1/16 ROYALTY RESERVATION	\$1,990.50
31	THROCKMORTON					CHRISTOPHER E. YOUNG	60.25	SUBJECT TO 1/16 ROYALTY RESERVATION	\$4,518.75
32	THROCKMORTON					E.A. KARPER	168.35	EAST PART	\$12,626.25

**SURVEYED SCHOOL LAND (See Page 1 for special rental provisions)**

<b>MGL. NO.</b>	<b>COUNTY</b>	<b>DIST./DIR. FROM COUNTY SEAT</b>	<b>SEC. / TRACT</b>	<b>BLOCK</b>	<b>TSP</b>	<b>SURVEY</b>	<b>ACRES</b>	<b>PART / COMMENTS</b>	<b>MINIMUM BID</b>
33	THROCKMORTON	18N52E	5			J. W. STILL	103.89	ALL	\$7,791.75
34	THROCKMORTON					LEAH W. ADAMS	7.87	SUBJECT TO 1/16 ROYALTY RESERVATION	\$590.25
35	WARD	34S88W				G. R. HOLCOMB	64.00	ALL	\$192,000.00

## RIVERS, CREEKS AND BAYOUS

MGL. NO.	COUNTY	AREA	TRACT	ACRES	DESCRIPTION	MINIMUM BID
36	OLDHAM	CANADIAN RIVER	1 -A	70.00	TRACT 1-A IS BOUND ON ITS UPSTREAM END BY A SOUTHERLY EXTENSION OF THE EAST LINE OF SECTION 114, BLOCK 47, H. & T.C, RY. CO. SURVEY, A-581, AND IS BOUND ON ITS DOWNSTREAM END BY A SOUTHERLY EXTENSION OF THE EAST LINE OF SECTION 108, BLOCK 47, H. & T.C. RY. CO. SURVEY, A-919.	\$7,000.00
37	OLDHAM/POTTER	CANADIAN RIVER	2 -A	154.00	TRACT 2-A IS BOUND ON ITS UPSTREAM END BY A SOUTHERLY EXTENSION OF THE EAST LINE OF SECTION 108, BLOCK 47, H. & T.C. RY. CO. SURVEY, A-919, OLDHAM COUNTY, AND IS BOUND ON ITS DOWNSTREAM END BY A SOUTHERLY EXTENSION OF THE EAST LINE OF SECTION 97, BLOCK 47, H. & T.C. RY. CO. SURVEY, A-240, POTTER COUNTY.	\$15,400.00
38	POTTER	CANADIAN RIVER	12 -B	150.00	TRACT 12-B IS BOUND ON ITS UPSTREAM END BY A SOUTHERLY EXTENSION OF THE EAST LINE OF SECTION 97, BLOCK 47, H. & T.C. RY. CO. SURVEY, A-240, AND IS BOUND ON ITS DOWNSTREAM END BY A NORTHERLY EXTENSION OF THE EAST LINE OF SECTION 46, BLOCK GM5, G. & M. SURVEY, A-541.	\$15,000.00
39	BASTROP	COLORADO RIVER	2 -C	72.00	TRACT 2-C IS BOUND ON ITS UPSTREAM END BY A NORTHEASTERLY EXTENSION OF THE NORTHWEST LINE OF THE RICHARD LAWRENCE SURVEY, A-43, BASTROP COUNTY, AND IS BOUND ON ITS DOWNSTREAM END BY A NORTHEASTERLY EXTENSION OF THE SOUTHEAST LINE OF THE SAMUEL SAWYER SURVEY, A-57, BASTROP COUNTY.	\$18,000.00
40	LIVE OAK	FRIO RIVER	2 -A	17.00	TRACT 2-A IS BOUND ON ITS UPSTREAM END BY A SOUTHWESTERLY EXTENSION OF THE NORTHWEST LINE OF THE LUIS AYERS SURVEY, A-2, AND IS BOUND ON ITS DOWNSTREAM END BY A SOUTHWESTERLY EXTENSION OF THE SOUTHEAST LINE OF THE AFOREMENTIONED SURVEY.	\$8,500.00
41	MCMULLEN	FRIO RIVER	4 -B	9.00	TRACT 4-B IS BOUND ON ITS UPSTREAM END BY THE BEARD 3H UNIT, SAID UNIT BEING MORE PARTICULARLY DESCRIBED IN MINERAL FILE M-116095, CURRENTLY ON FILE IN THE ARCHIVES & RECORDS DIVISION OF THE TEXAS GENERAL LAND OFFICE, AUSTIN, TEXAS, AND IS BOUND ON ITS DOWNSTREAM END BY A SOUTHERLY EXTENSION OF THE EAST LINE OF THE JUANA GRANADO SURVEY, A-207.	\$4,500.00
42	GONZALES	GUADALUPE RIVER	5 -D	25.00	TRACT 5-D IS BOUND ON ITS UPSTREAM END BY A LINE BEARING GRID S 20 E AND PASSING THROUGH A POINT HAVING COORDINATES OF X=2,511,871 FEET AND Y=592,802 FEET, TEXAS COORDINATE SYSTEM, SOUTH CENTRAL ZONE, NAD 1927, AND IS BOUND ON ITS DOWNSTREAM END BY THE DUBOSE UNIT NO. 2 WELL #1H, SAID UNIT BEING MORE PARTICULARLY DESCRIBED IN MINERAL FILE M-114320, SAID MINERAL FILE CURRENTLY ON FILE IN THE ARCHIVES & RECORDS DIVISION OF THE TEXAS GENERAL LAND OFFICE, AUSTIN, TEXAS.	\$25,000.00

## RIVERS, CREEKS AND BAYOUS

MGL. NO.	COUNTY	AREA	TRACT	ACRES	DESCRIPTION	MINIMUM BID
43	FRIO	LEONA RIVER	4	7.00	TRACT 4 IS BOUND ON ITS UPSTREAM END BY A NORTHEASTERLY EXTENSION OF THE NORTHWEST LINE OF THE J. CURVIER SURVEY, A-270, AND IS BOUND ON ITS DOWNSTREAM END BY A NORTHEASTERLY EXTENSION OF THE SOUTHEAST LINE OF THE L.S. HAIGHLER SURVEY, A-379.	\$1,400.00
44	FRIO/ZAVALA	LEONA RIVER	5	6.00	TRACT 5 IS BOUND ON ITS UPSTREAM END BY A NORTHEASTERLY EXTENSION OF THE NORTHWEST LINE OF THE M. CASILLAS SURVEY, A-87, ZAVALA COUNTY, AND IS BOUND ON ITS DOWNSTREAM END BY A NORTHEASTERLY EXTENSION OF THE NORTHWEST LINE OF THE RAMONA URRUGAS SURVEY NO. 287, A-645, FRIO COUNTY.	\$1,200.00
45	ZAVALA	LEONA RIVER	6	14.00	TRACT 6 IS BOUND ON ITS UPSTREAM END BY A NORTHEASTERLY EXTENSION OF THE NORTHWEST LINE OF THE C. BAKER SURVEY, A-69, AND IS BOUND ON ITS DOWNSTREAM END BY A NORTHEASTERLY EXTENSION OF THE SOUTHEAST LINE OF THE W. SPEED SURVEY, A-576.	\$1,400.00
46	BRAZOS/GRIMES	NAVASOTA RIVER	3 -C	11.00	TRACT 3-C IS BOUND ON ITS UPSTREAM END BY A NORTHWESTERLY EXTENSION OF THE NORTHEAST LINE OF THE L. COTTLE SURVEY, A-159, GRIMES COUNTY, AND IS BOUND ON ITS DOWNSTREAM END BY THE PATTERSON-PETERS NO. 5 UNIT, SAID UNIT BEING MORE PARTICULARLY DESCRIBED IN MINERAL FILE M-105301, CURRENTLY ON FILE IN THE ARCHIVES & RECORDS DIVISION OF THE TEXAS GENERAL LAND OFFICE, AUSTIN, TEXAS.	\$5,500.00
47	BRAZOS/GRIMES	NAVASOTA RIVER	5 -B	23.00	TRACT 5-B IS BOUND ON ITS UPSTREAM END BY A SOUTHEASTERLY EXTENSION OF THE NORTHERLY NORTHEAST LINE OF THE THOMAS HENRY SURVEY, A-127, BRAZOS COUNTY, AND IS BOUND ON ITS DOWNSTREAM END BY A SOUTHEASTERLY EXTENSION OF THE SOUTHERLY SOUTHWEST LINE OF THE AFOREMENTIONED SURVEY.	\$9,200.00
48	BRAZOS/MADISON	NAVASOTA RIVER	3 -D	10.00	TRACT 3-D IS BOUND ON ITS UPSTREAM END BY THE BURNS-STATE UNIT, SAID UNIT BEING MORE PARTICULARLY DESCRIBED IN MINERAL FILE M-114066, AND IS BOUND ON ITS DOWNSTREAM END BY THE COLEMAN/MCDONALD UNIT, SAID UNIT BEING MORE PARTICULARLY DESCRIBED IN MINERAL FILE M-116623, SAID MINERAL FILES CURRENTLY ON FILE IN THE ARCHIVES & RECORDS DIVISION OF THE TEXAS GENERAL LAND OFFICE, AUSTIN, TEXAS.	\$10,000.00
49	DIMITT	NUECES RIVER	12 -A	9.00	TRACT 12-A IS BOUND ON ITS UPSTREAM END BY A SOUTHERLY EXTENSION OF THE WEST LINE OF THE E. PAUSTICHI SURVEY, A-639, AND IS BOUND ON ITS DOWNSTREAM END BY A SOUTHERLY EXTENSION OF THE EAST LINE OF THE P. HASSETT SURVEY, A-116.	\$9,000.00
50	DIMITT	NUECES RIVER	15	8.00	TRACT 15 IS BOUND ON ITS UPSTREAM END BY A SOUTHWESTERLY EXTENSION OF THE SOUTHEAST LINE OF THE J. GOBBETT SURVEY, A-68, AND IS BOUND ON ITS DOWNSTREAM END BY A SOUTHERLY EXTENSION OF THE EAST LINE OF THE D. GRAY SURVEY, A-64.	\$800.00

## RIVERS, CREEKS AND BAYOUS

MGL. NO.	COUNTY	AREA	TRACT	ACRES	DESCRIPTION	MINIMUM BID
51	DIMITT	NUECES RIVER	16	12.00	TRACT 16 IS BOUND ON ITS UPSTREAM END BY A SOUTHERLY EXTENSION OF THE EAST LINE OF THE D. GRAY SURVEY, A-64, AND IS BOUND ON ITS DOWNSTREAM END BY A SOUTHERLY EXTENSION OF THE EAST LINE OF THE W.H. GRIMES SURVEY, A-66.	\$1,200.00
52	PANOLA	SABINE RIVER	5 -B	37.00	TRACT 5-B IS BOUND ON ITS UPSTREAM END BY THE WRIGHT-TWOMEY GAS UNIT, SAID UNIT BEING MORE PARTICULARLY DESCRIBED IN MINERAL FILE M-97172, SAID MINERAL FILE CURRENTLY ON FILE IN THE ARCHIVES & RECORDS DIVISION OF THE TEXAS GENERAL LAND OFFICE, AUSTIN, TEXAS, AND IS BOUND ON ITS DOWNSTREAM END BY A SOUTHERLY EXTENSION OF THE EAST LINE OF THE J. NEEDHAM SURVEY, A-966.	\$11,100.00
53	SMITH/WOOD	SABINE RIVER	2 -D	9.00	TRACT 2-D IS BOUND ON ITS UPSTREAM END BY A SOUTHERLY EXTENSION OF THE WEST LINE OF THE S. HOUSTON SURVEY, A-271, WOOD COUNTY, AND IS BOUND ON ITS DOWNSTREAM END BY THE RICHARD MATTHEWS ET AL UNIT, SAID UNIT BEING MORE PARTICULARLY DESCRIBED IN MINERAL FILE M-113762, CURRENTLY ON FILE IN THE ARCHIVES & RECORDS DIVISION OF THE TEXAS GENERAL LAND OFFICE, AUSTIN, TEXAS.	\$2,250.00
54	SMITH/WOOD	SABINE RIVER	2 -E	11.00	TRACT 2-E IS BOUND ON ITS UPSTREAM END BY THE RICHARD MATTHEWS ET AL GAS UNIT, SAID UNIT BEING MORE PARTICULARLY DESCRIBED IN MINERAL FILE M-113762, CURRENTLY ON FILE IN THE ARCHIVES & RECORDS DIVISION OF THE TEXAS GENERAL LAND OFFICE, AUSTIN, TEXAS, AND IS BOUND ON ITS DOWNSTREAM END BY A LINE BEARING GRID SOUTH AND PASSING THROUGH A POINT HAVING COORDINATES OF X=2,672,804 FEET AND Y=345,508 FEET, TEXAS COORDINATE SYSTEM, NORTH CENTRAL ZONE, NAD 1927.	\$2,750.00
55	WILSON	SAN ANTONIO RIVER	3 -A	8.00	TRACT 3-A IS BOUND ON ITS UPSTREAM END BY A LINE BEARING GRID EAST AND PASSING THROUGH A POINT HAVING COORDINATES OF X=2,267,303 FEET AND Y= 454,450 FEET, AND IS BOUND ON ITS DOWNSTREAM END BY A LINE BEARING GRID EAST AND PASSING THROUGH A POINT HAVING COORDINATES OF X=2,267,487 FEET AND Y=449,787 FEET, TEXAS COORDINATE SYSTEM,SOUTH CENTRAL ZONE, NAD 1927.	\$4,000.00
56	HOUSTON/MADISON	TRINITY RIVER	6 -A	112.00	TRACT 6-A IS BOUND ON ITS UPSTREAM END BY THE ROSCOE BAYLESS UNIT, SAID UNIT BEING MORE PARTICULARLY DESCRIBED IN MINERAL FILE M-77044, AND IS BOUND ON ITS DOWNSTREAM END BY THE FORT TRINIDAD (UPPER GLEN ROSE) FIELD UNIT, SAID UNIT BEING MORE PARTICULARLY DESCRIBED IN MINERAL FILE M-38458, SAID MINERAL FILES CURRENTLY ON FILE IN THE ARCHIVES & RECORDS DIVISION OF THE TEXAS GENERAL LAND OFFICE, AUSTIN, TEXAS.	\$56,000.00

## BAYS, LAKES, ISLANDS AND BAYOUS

MGL. NO.	AREA	COUNTY	TRACT	PART	ACRES	COMMENTS	MINIMUM BID
57	ARANSAS BAY	ARANSAS	82	ALL	290.00		\$29,000.00
58	ARANSAS BAY	ARANSAS	91	ALL	155.00		\$15,500.00
59	ARANSAS BAY	ARANSAS	92	ALL	285.00		\$28,500.00
60	BLACK DUCK BAY	HARRIS		NW/PT	415.00	HOUSTON SHIP CHANNEL NAVI DIST, SB 222	\$41,500.00
61	CEDAR BAYOU	CHAMBERS/HARRIS	1 -A	ALL	760.00	TRACT 1-A IS BOUND ON ITS UPSTREAM END BY A SOUTHWESTERLY EXTENSION OF THE NORTHWEST LINE OF THE J. STEELE SURVEY, A-227, CHAMBERS COUNTY, AND IS BOUND ON ITS DOWNSTREAM END AT ITS CONFLUENCE WITH STATE TRACT 359, GALVESTON BAY.	\$76,000.00
62	COPANO BAY	ARANSAS	38	ALL	475.00		\$47,500.00
63	COPANO BAY	ARANSAS	39	ALL	495.00		\$49,500.00
64	COPANO BAY	REFUGIO	53	ALL	320.00		\$32,000.00
65	COPANO BAY	REFUGIO	54	ALL	625.00		\$62,500.00
66	COPANO BAY	REFUGIO	55	ALL	520.00		\$52,000.00
67	COPANO BAY	REFUGIO	56	ALL	320.00		\$32,000.00
68	COPANO BAY	REFUGIO	57	ALL	320.00		\$32,000.00
69	COPANO BAY	REFUGIO	58	ALL	320.00		\$32,000.00
70	COPANO BAY	ARANSAS/REFUGIO	59	ALL	320.00		\$32,000.00
71	COPANO BAY	ARANSAS/REFUGIO	60	ALL	320.00		\$32,000.00
72	COPANO BAY	ARANSAS/REFUGIO	61	ALL	320.00		\$32,000.00
73	COPANO BAY	ARANSAS/REFUGIO	83	ALL	320.00		\$32,000.00
74	COPANO BAY	ARANSAS/REFUGIO	84	ALL	320.00		\$32,000.00
75	COPANO BAY	ARANSAS/REFUGIO	85	ALL	320.00		\$32,000.00
76	COPANO BAY	ARANSAS/REFUGIO	86	ALL	320.00		\$32,000.00
77	COPANO BAY	REFUGIO	87	ALL	320.00		\$32,000.00
78	COPANO BAY	REFUGIO	88	ALL	320.00		\$32,000.00
79	COPANO BAY	REFUGIO	89	ALL	320.00		\$32,000.00
80	COPANO BAY	ARANSAS/REFUGIO	90	ALL	480.00		\$48,000.00
81	COPANO BAY	ARANSAS/REFUGIO	91	ALL	320.00		\$32,000.00
82	COPANO BAY	ARANSAS/REFUGIO	92	ALL	320.00		\$32,000.00

## BAYS, LAKES, ISLANDS AND BAYOUS

MGL. NO.	AREA	COUNTY	TRACT	PART	ACRES	COMMENTS	MINIMUM BID
83	COPANO BAY	ARANSAS	97	ALL	320.00		\$32,000.00
84	COPANO BAY	ARANSAS	98	ALL	320.00		\$32,000.00
85	COPANO BAY	ARANSAS	111	ALL	320.00		\$32,000.00
86	COPANO BAY	ARANSAS	112	ALL	320.00		\$32,000.00
87	COPANO BAY	ARANSAS	117	ALL	455.00		\$45,500.00
88	COPANO BAY	ARANSAS/REFUGIO	118	ALL	190.00		\$19,000.00
89	COPANO BAY	ARANSAS/REFUGIO	119	ALL	635.00		\$63,500.00
90	COPANO BAY	ARANSAS	120	ALL	200.00		\$20,000.00
91	COPANO BAY	ARANSAS	121	ALL	275.00		\$27,500.00
92	COPANO BAY	ARANSAS	122	ALL	320.00	INCL GRASS ISLAND	\$32,000.00
93	COPANO BAY	ARANSAS	123	ALL	320.00		\$32,000.00
94	COPANO BAY	ARANSAS	127	ALL	320.00		\$32,000.00
95	COPANO BAY	ARANSAS	128	ALL	400.00		\$40,000.00
96	CORPUS CHRISTI BAY	NUECES	436	PT	40.00	40 ACRES IN A SQUARE AROUND 42-355-02802, DEPTH LIMITED TO 9,525 FEET (TD)	\$4,000.00
97	GALVESTON BAY	CHAMBERS	91	NE/275	275.00		\$27,500.00
98	GALVESTON BAY	CHAMBERS	91	SW/320	320.00		\$32,000.00
99	GALVESTON BAY	CHAMBERS	92	NE/2	320.00	CHAMBERS & LIBERTY CO NAVI DIST, ATKINSON ISLAND	\$32,000.00
100	GALVESTON BAY	CHAMBERS	92	SW/2	320.00	CHAMBERS & LIBERTY CO NAVI DIST, ATKINSON ISLAND	\$32,000.00
101	GALVESTON BAY	CHAMBERS	93	NE/2	320.00	CHAMBERS & LIBERTY CO NAVI DIST	\$32,000.00
102	GALVESTON BAY	CHAMBERS	93	SW/2	320.00	CHAMBERS & LIBERTY CO NAVI DIST	\$32,000.00
103	GALVESTON BAY	CHAMBERS	94	NE/560	560.00	CHAMBERS & LIBERTY CO NAVI DIST	\$56,000.00
104	GALVESTON BAY	CHAMBERS	95	NE/445	445.00	CHAMBERS & LIBERTY CO NAVI DIST	\$44,500.00
105	GALVESTON BAY	CHAMBERS	96	NE/2	320.00		\$32,000.00
106	GALVESTON BAY	CHAMBERS	96	SW/2	320.00		\$32,000.00
107	GALVESTON BAY	CHAMBERS	116	SW/2	320.00		\$32,000.00
108	GALVESTON BAY	CHAMBERS	117	NE/2	320.00		\$32,000.00
109	GALVESTON BAY	CHAMBERS	117	SW/2	320.00		\$32,000.00

## BAYS, LAKES, ISLANDS AND BAYOUS

MGL. NO.	AREA	COUNTY	TRACT	PART	ACRES	COMMENTS	MINIMUM BID
110	GALVESTON BAY	CHAMBERS	119	NE/2	320.00	CHAMBERS & LIBERTY CO NAVI DIST, ATKINSON ISLAND	\$32,000.00
111	GALVESTON BAY	CHAMBERS	120	NE/2	320.00	CHAMBERS & LIBERTY CO NAVI DIST, ATKINSON ISLAND	\$32,000.00
112	GALVESTON BAY	CHAMBERS	120	SW/2	320.00	CHAMBERS & LIBERTY CO NAVI DIST, ATKINSON ISLAND	\$32,000.00
113	GALVESTON BAY	CHAMBERS	121	NE/2	320.00	CHAMBERS & LIBERTY CO NAVI DIST, ATKINSON ISLAND	\$32,000.00
114	GALVESTON BAY	CHAMBERS	121	SW/2	320.00	CHAMBERS & LIBERTY CO NAVI DIST, ATKINSON ISLAND	\$32,000.00
115	GALVESTON BAY	CHAMBERS	122	ALL	645.00		\$64,500.00
116	GALVESTON BAY	CHAMBERS	123	ALL	800.00		\$80,000.00
117	GALVESTON BAY	CHAMBERS	124	NE/2	320.00		\$32,000.00
118	GALVESTON BAY	CHAMBERS	124	SW/2	320.00		\$32,000.00
119	GALVESTON BAY	CHAMBERS	125	SW/2	320.00	CHAMBERS & LIBERTY CO NAVI DIST, ATKINSON ISLAND	\$32,000.00
120	GALVESTON BAY	CHAMBERS	127	NE/2	320.00		\$32,000.00
121	GALVESTON BAY	CHAMBERS	128	NE/2	320.00		\$32,000.00
122	GALVESTON BAY	CHAMBERS	128	SW/2	320.00		\$32,000.00
123	GALVESTON BAY	CHAMBERS	129	NE/2	320.00		\$32,000.00
124	GALVESTON BAY	CHAMBERS	208	NE/2	320.00		\$32,000.00
125	GALVESTON BAY	CHAMBERS	209	NE/2	320.00	HOUSTON SHIP CHANNEL NAVI DIST	\$32,000.00
126	GALVESTON BAY	CHAMBERS	210	NE/2	320.00	CHAMBERS & LIBERTY CO, HOUSTON SHIP CHANNEL NAVI DIST	\$32,000.00
127	GALVESTON BAY	CHAMBERS	211	NE/2	320.00		\$32,000.00
128	GALVESTON BAY	CHAMBERS	212	NE/2	320.00		\$32,000.00
129	GALVESTON BAY	CHAMBERS	213	ALL	765.00		\$76,500.00
130	GALVESTON BAY	CHAMBERS/HARRIS	359	ALL	550.00		\$55,000.00
131	GALVESTON BAY	CHAMBERS/HARRIS	360	SW/2	320.00		\$32,000.00
132	GALVESTON BAY	CHAMBERS/HARRIS	361	SW/320	320.00	INCL PT OF HOG ISLAND	\$32,000.00
133	GALVESTON BAY	CHAMBERS/HARRIS	363	ALL	330.00		\$33,000.00

## BAYS, LAKES, ISLANDS AND BAYOUS

MGL. NO.	AREA	COUNTY	TRACT	PART	ACRES	COMMENTS	MINIMUM BID
134	MATAGORDA BAY	MATAGORDA	171	N/2 (PT)	80.00	40 ACRES IN A SQUARE AROUND 42-321-31793, DEPTH LIMITED TO 4,646 FEET (TD) (#3), AND 40 ACRES IN A SQUARE AROUND 42-321-30908, DEPTH LIMITED TO 4,854 FEET (TD) (#4)	\$8,000.00
135	MATAGORDA BAY	MATAGORDA	194	N/2 (PT)	40.00	40 ACRES IN A SQUARE AROUND API 42-321-30969, DEPTH LIMITED TO 3,303 FEET (TD)	\$4,000.00
136	SAN ANTONIO BAY	CALHOUN	148	N/2	320.00		\$32,000.00
137	SAN ANTONIO BAY	CALHOUN	148	S/2	320.00		\$32,000.00
138	SAN ANTONIO BAY	CALHOUN	149	N/2	320.00		\$32,000.00
139	SAN ANTONIO BAY	CALHOUN	149	S/2	320.00		\$32,000.00
140	SAN ANTONIO BAY	CALHOUN	157	N/2	320.00		\$32,000.00
141	SAN ANTONIO BAY	CALHOUN	157	S/2	320.00		\$32,000.00
142	SAN ANTONIO BAY	CALHOUN	158	N/2	320.00		\$32,000.00
143	SAN ANTONIO BAY	CALHOUN	158	S/2	320.00		\$32,000.00
144	SAN ANTONIO BAY	CALHOUN	159	N/2	320.00		\$32,000.00
145	SAN ANTONIO BAY	CALHOUN	159	S/2	320.00		\$32,000.00
146	SAN ANTONIO BAY	CALHOUN	160	ALL	670.00		\$67,000.00
147	SAN ANTONIO BAY	CALHOUN	163	N/2	320.00		\$32,000.00
148	SAN ANTONIO BAY	CALHOUN	163	S/2	320.00		\$32,000.00
149	SAN ANTONIO BAY	CALHOUN	164	N/2	320.00		\$32,000.00
150	SAN ANTONIO BAY	CALHOUN	164	S/2	320.00		\$32,000.00
151	SAN JACINTO BAY	HARRIS	1	ALL	420.00	HOUSTON SHIP CHANNEL NAVI DIST, SB 222	\$42,000.00
152	SAN JACINTO BAY	HARRIS	2	ALL	645.00	HOUSTON SHIP CHANNEL NAVI DIST, SB 222	\$64,500.00
153	SAN JACINTO BAY	HARRIS	11	ALL	297.28	HOUSTON SHIP CHANNEL NAVI DIST, SB 222	\$29,728.00
154	SAN JACINTO RIVER	HARRIS	I	ALL	275.00		\$27,500.00
155	SWAN LAKE	ARANSAS		ALL	360.00		\$36,000.00
156	SWAN LAKE	JACKSON	15	ALL	240.00		\$24,000.00
157	WEST BAY	BRAZORIA	20	N/2	320.00		\$32,000.00
158	WEST BAY	BRAZORIA	20	S/2	320.00		\$32,000.00
159	WEST BAY	BRAZORIA	21	N/440	440.00		\$44,000.00

**BAYS, LAKES, ISLANDS AND BAYOUS**

<b>MGL. NO.</b>	<b>AREA</b>	<b>COUNTY</b>	<b>TRACT</b>	<b>PART</b>	<b>ACRES</b>	<b>COMMENTS</b>	<b>MINIMUM BID</b>
160	WEST BAY	BRAZORIA	22	ALL	440.00		\$44,000.00
161	WEST BAY	BRAZORIA	23	ALL	480.00		\$48,000.00
162	WEST BAY	BRAZORIA	32	ALL	630.00		\$63,000.00
163	WEST BAY	BRAZORIA/GALVESTON	33	ALL	482.00		\$48,200.00
164	WEST BAY	BRAZORIA/GALVESTON	34	N/2	320.00		\$32,000.00
165	WEST BAY	BRAZORIA/GALVESTON	34	S/2	320.00		\$32,000.00

# GULF OF MEXICO

OFFSHORE AREA	MGL. NO.	TRACT	PART	QUARTER	COMMENTS	COUNTY	ACRES	MINIMUM BID
BRAZOS	166	440 L	S/2	NW/4	DEPTH LIMITED TO 8,500 FEET	MATAGORDA	720.00	\$72,000.00
	167	478 L	N/720	PT OF NW/4, SW/4	DEPTH LIMITED TO 10,782 FEET	MATAGORDA	720.00	\$72,000.00
MATAGORDA ISLAND	168	485 L	S/2	SW/4	DEPTH LIMITED TO 13,000 FEET	MATAGORDA	720.00	\$72,000.00
	169	596 L	N/2	NE/4		CALHOUN	720.00	\$72,000.00
	170	707 S	N/2			CALHOUN	320.00	\$32,000.00
	171	707 S	S/2			CALHOUN	320.00	\$32,000.00
	172	708 S	N/2			CALHOUN	320.00	\$32,000.00
	173	708 S	S/2			CALHOUN	320.00	\$32,000.00
	174	719 S	N/2			CALHOUN	320.00	\$32,000.00
	175	719 S	S/2			CALHOUN	320.00	\$32,000.00
	176	720 S	N/2			CALHOUN	320.00	\$32,000.00
	177	720 S	S/2			CALHOUN	320.00	\$32,000.00
	178	721 S	N/2			CALHOUN	320.00	\$32,000.00
	179	721 S	S/2			CALHOUN	320.00	\$32,000.00
	MUSTANG ISLAND	180	748 L	N/2	NE/4		NUECES	720.00
181		748 L	S/2	NE/4		NUECES	720.00	\$72,000.00
182		748 L	N/2	NW/4		NUECES	720.00	\$72,000.00
183		748 L	S/2	NW/4		NUECES	720.00	\$72,000.00
184		748 L	N/2	SW/4		NUECES	720.00	\$72,000.00
185		748 L	S/2	SW/4		NUECES	720.00	\$72,000.00
186		772 L	N/2	NW/4		NUECES	720.00	\$72,000.00
187		772 L	S/2	NW/4		NUECES	720.00	\$72,000.00
188		772 L	N/2	SE/4		NUECES	720.00	\$72,000.00
189		772 L	S/2	SE/4		NUECES	720.00	\$72,000.00
190		772 L	N/2	SW/4		NUECES	720.00	\$72,000.00
191		772 L	S/2	SW/4		NUECES	720.00	\$72,000.00
192		773 L	N/2	NE/4		NUECES	720.00	\$72,000.00
193		773 L	S/2	NE/4		NUECES	720.00	\$72,000.00
194		774 L	N/2	NW/4		NUECES	720.00	\$72,000.00
195		774 L	S/2	NW/4		NUECES	720.00	\$72,000.00
196		818 L	S/2	NW/4		KLEBERG	720.00	\$72,000.00
197		818 L	N/2	SW/4		KLEBERG	720.00	\$72,000.00
198		880 S	ALL			NUECES	610.00	\$61,000.00

# GULF OF MEXICO

OFFSHORE AREA	MGL. NO.	TRACT	PART	QUARTER	COMMENTS	COUNTY	ACRES	MINIMUM BID
MUSTANG ISLAND	199	881 S	S/2			NUECES	320.00	\$32,000.00
	200	883 S	N/2			NUECES	320.00	\$32,000.00
	201	883 S	S/2			NUECES	320.00	\$32,000.00
	202	884 S	N/2			NUECES	320.00	\$32,000.00
	203	884 S	S/2			NUECES	320.00	\$32,000.00
	204	885 S	N/2 OF E/640			NUECES	320.00	\$32,000.00
	205	885 S	S/2 OF E/640			NUECES	320.00	\$32,000.00
	206	885 S	W/315 (PT)		40 ACRES IN A SQUARE AROUND 42-355-02841, DEPTH LIMITED TO 10,850 FEET (TD)	NUECES	40.00	\$4,000.00
	207	887 S	N/2			NUECES	320.00	\$32,000.00
	208	887 S	S/2			NUECES	320.00	\$32,000.00
	209	888 S	N/2			NUECES	320.00	\$32,000.00
	210	888 S	S/2			NUECES	320.00	\$32,000.00
	211	890 S	N/2			NUECES	320.00	\$32,000.00
	212	891 S	N/2			NUECES	320.00	\$32,000.00
	213	891 S	S/2			NUECES	320.00	\$32,000.00
	214	892 S	N/2			NUECES	320.00	\$32,000.00
215	892 S	S/2			NUECES	320.00	\$32,000.00	
216	901 S	PT		40 ACRES IN A SQUARE AROUND 42-602-30025, DEPTH LIMITED TO 8,850 FEET (TD)	NUECES	40.00	\$4,000.00	

**TEXAS DEPARTMENT OF CRIMINAL JUSTICE**

<b>MGL. NO.</b>	<b>COUNTY</b>	<b>DIST./DIR. FROM COUNTY SEAT</b>	<b>SEC. / TRACT</b>	<b>BLOCK</b>	<b>TSP</b>	<b>SURVEY</b>	<b>ACRES</b>	<b>PART / COMMENTS</b>	<b>MINIMUM BID</b>
217	WALKER					TEXAS DEPARTMENT OF CRIMINAL JUSTICE	274.84	BEING A PART OF THE WILLIAM LINDLEY SURVEY A-322, BEING A TRACT OF LAND CONTAINING 366.45 SURFACE ACRES AND 274.84 MINERAL ACRES DESCRIBED AS "FIRST TRACT" IN A DEED FROM MARY SMITHERS, ET AL TO JOHNNIE MAY SMITHERS, INDIVIDUALLY AND AS SOLE SURVIVING INDEPENDENT EXECUTRIX OF THE WILL OF GABE SMITHERS, DECEASED, DATED OCTOBER 16, 1937, AND RECORDED IN VOLUME 110 PAGES 225 TO 234, DEED RECORDS, WALKER COUNTY, TEXAS.	\$137,420.00
218	WALKER					TEXAS DEPARTMENT OF CRIMINAL JUSTICE	210.14	BEING A PART OF THE GEORGE GALASPY SURVEY A-120, BEING A TRACT OF LAND CONTAINING 280.18 SURFACE ACRES AND 210.135 MINERAL ACRES DESCRIBED AS "FOURTH TRACT" IN A DEED FROM MARY SMITHERS, ET AL TO JOHNNIE MAY SMITHERS, INDIVIDUALLY AND AS SOLE SURVIVING INDEPENDENT EXECUTRIX OF THE WILL OF GABE SMITHERS, DECEASED, DATED OCTOBER 16, 1937, AND RECORDED IN VOLUME 110 PAGES 225 TO 234, DEED RECORDS, WALKER COUNTY, TEXAS.	\$105,067.50

**TEXAS PARKS AND WILDLIFE DEPARTMENT**

<b>MGL. NO.</b>	<b>COUNTY</b>	<b>DIST./DIR. FROM COUNTY SEAT</b>	<b>SEC. / TRACT</b>	<b>BLOCK</b>	<b>TSP</b>	<b>SURVEY</b>	<b>ACRES</b>	<b>PART / COMMENTS</b>	<b>MINIMUM BID</b>
219	ANDERSON					GUS ENGELING WILDLIFE MANGAGEMENT AREA	181.61	BEING A TRACT OF LAND CONTAINING 237 ACRES WITHIN THE WM. HOGAN SURVEY, A-385, FURTHER DESCRIBED IN A DEED FROM JAY O. HARSTON TO THE STATE OF TEXAS FOR THE BENEFIT OF THE GAME, FISH AND OYSTER COMMISSION, DEED DATED SEPTEMBER 19, 1951 AND RECORDED IN VOLUME 433 PAGES 511 - 512, DEED RECORDS, ANDERSON COUNTY, TEXAS.	\$72,642.40
220	HOWARD					BIG SPRING STATE RECREATIONAL AREA	370.24	BEING A TRACT OF LAND CONTAINING 370.24 ACRES AND BEING FURTHER DESCRIBED AS PARTS OF SECTIONS 1 AND 2 OF BLOCK 33, TSP 1-S, T. & P. R.R. CO.	\$277,680.00

**TEXAS DEPARTMENT OF TRANSPORTATION**

<b>MGL. NO.</b>	<b>COUNTY</b>	<b>DIST./DIR. FROM COUNTY SEAT</b>	<b>SEC. / TRACT</b>	<b>BLOCK</b>	<b>TSP</b>	<b>SURVEY</b>	<b>ACRES</b>	<b>PART / COMMENTS</b>	<b>MINIMUM BID</b>
221	KARNES					TEXAS DEPARTMENT OF TRANSPORTATION	0.48	BEING A TRACT OF LAND CONTAINING .482 ACRES IN THE JOSE ANTONIO LEAL SURVEY, A-184, FURTHER DESCRIBED IN A QUIT-CLAIM DEED FROM THE CITY OF KARNES CITY, TEXAS, TO THE STATE OF TEXAS, ACTING THROUGH THE STATE HIGHWAY COMMISSION AND DESCRIBED AS LOTS 3, 4, AND 5, BLOCK 94, OF THE CITY OF KARNES CITY, TEXAS, FULLY DESCRIBED IN THAT CERTAIN QUIT-CLAIM DEED DATED NOVEMBER 5, 1938, FROM THE CITY OF KARNES CITY, TEXAS, ACTING BY AND THROUGH ITS DULY ELECTED MAYOR, J. O. FAITH TO THE STATE OF TEXAS, DULY RECORDED IN VOLUME 116 PAGES 360, DEED RECORDS, KARNES COUNTY, TEXAS.	\$1,446.00

**DEPARTMENT OF AGING AND DISABILITY SERVICES**

<b>MGL. NO.</b>	<b>COUNTY</b>	<b>DIST./DIR. FROM COUNTY SEAT</b>	<b>SEC. / TRACT</b>	<b>BLOCK</b>	<b>TSP</b>	<b>SURVEY</b>	<b>ACRES</b>	<b>PART / COMMENTS</b>	<b>MINIMUM BID</b>
222	HARRISON					DEPARTMENT OF AGING AND DISABILITY SERVICES (MHMR)	0.78	BEING A TRACT OF LAND CONTAINING 187.69 SURFACE ACRES, 0.7820479 NET MINERAL ACRES, MORE OR LESS, OUT OF THE JOSEPH BOWMAN SURVEY, A-72, HARRISON COUNTY, TEXAS AND BEING MORE PARTICULARLY DESCRIBED IN THAT CERTAIN WARRANTY DEED EXECUTED BY D.W. DUEPREE, ET AL TO CARL S. SWENDSON, DATED SEPTEMBER 22, 1960 AND RECORDED IN VOLUME 554, PAGE 186, DEED RECORDS OF HARRISON COUNTY, TEXAS.  THE FOREGOING DESCRIPTION IS BASED ON THE INFORMATION MADE AVAILABLE TO THE GLO. THE GLO MAKES NO REPRESENTATION WHATSOEVER REGARDING THE SIZE OR EXISTENCE OF THE NET MINERAL ACRES, AND RECOMMENDS THAT ANY BIDDER OR LESSEE ENGAGE APPROPRIATE CONSULTANTS TO CONFIRM SUCH ACREAGE INDEPENDENTLY.	\$391.02

## RESOURCE MANAGEMENT CODES

**Note: The General Land Office streamlined, standardized, and updated the Resource Management Codes in October 2014 with the assistance of the state and federal natural resource agencies, to promote best management practices for activities within the tracts to minimize adverse impacts to sensitive natural resource areas. The codes that have been assigned to state tracts are meant to assist potential bidders by providing the best available information on natural resource concerns that may be associated with leasing the tracts. The Resource Management Codes, however, should not be relied upon as the sole source of information on potential natural resource concerns associated with leasing state tracts. Prospective bidders are encouraged and advised to contact all governmental authorities with jurisdiction over a tract in order to ascertain its status and suitability for the bidder's intended use. No representation or warranty is made with regard to the Resource Management Code information set forth or referenced in the Notice for Bids.**

Resource Management Codes are based on the recommendations from natural resource entities including: the U.S. Fish and Wildlife Service, Texas Parks and Wildlife Department, Texas Historical Commission, U.S. Army Corps of Engineers (Corps), and the Texas General Land Office. The codes are provided for information to promote best management practices and are not part of the General Land Office mineral lease contract. The codes may assist state land lessees during the Corps permitting process by informing a prospective operator of restrictions that may be included in the Corps permit. Resource Management Codes do not grant authorization to perform work. All proposed work should be coordinated with, and may require a permit from the Corps, Galveston District, before undertaking any activity. If Resource Management Codes are included by the applicant on Corps permit drawings, they should be titled "Recommended Resource Codes." Before beginning work on a state tract, lessees may be required to conduct a survey for sensitive habitats and resources. In most cases, tract development can proceed when an applicant demonstrates that the development plan is not inconsistent with the concerns listed in the codes. When impacts to sensitive habitats or resources are unavoidable, development may be allowed using best management practices, subject to negotiation for mitigation. If a tract offered for lease, does not have recommendations relating to sensitive area impacts, excluding cultural resources, it is assigned Resource Management Code MA. Potential bidders who have questions about codes are encouraged to contact the applicable natural resource agencies regarding any concerns, restrictions, updates, or additional information relating to tracts on which they intend to bid. Agency contact information can be found at: <http://www.glo.texas.gov/what-we-do/energy-and-minerals/resource-management-codes/federal-state-contacts.html>.

All activities should be coordinated with the commenting agencies and should use Best Management Practices to avoid unnecessary impacts to sensitive areas. The following mitigation sequence may be applied during the evaluation of potential adverse impacts of a project: (1) avoidance of adverse impacts; (2) minimization of adverse impacts; and (3) compensation for unavoidable adverse impacts.

For information on Best Management Practices and guidelines to reduce the overall impact to the environments and facilitate permitting, please visit the U.S. Army Corps of Engineers Galveston District construction guidelines: <http://www.swg.usace.army.mil/BusinessWithUs/Regulatory/ConstructionGuidelines.aspx>

### ACCESS

#### General Recommendations

Access methods for development may result in loss of wetland habitat and can significantly alter coastal processes such as salinity and hydrology, which can modify the distribution and abundance of living marine resources. The placement of fill material should avoid covering sensitive areas and altering hydrology. Fill materials such as sand, gravel, rock, or similar materials for roadway

construction may not be placed below mean high water or in state-owned wetlands.

Lessees must, to the greatest extent possible, use existing channels, canals, and other deep-water areas to avoid impacts to sensitive areas, and minimize initial and maintenance dredging requirements. Where construction of a new channel is unavoidable, siting to avoid impacts to sensitive areas such as bird rookeries, oyster reefs, and areas of submerged aquatic vegetation is important. In addition, canals and channels should not cut through barrier beaches, barrier islands, or other Gulf shoreline protection features.

#### Definitions and Explanations

##### **CA - Use existing channels.**

New dredging may not be authorized on this tract; however, maintenance dredging of existing and previously dredged channels may be authorized if sensitive areas are not impacted.

##### **CC - The dredging of one channel may be authorized for development of this tract.**

If no channel is present on the tract, the dredging of a single channel may be authorized to provide access if impacts to submerged aquatic vegetation and other sensitive areas are avoided.

##### **CF - Limit vehicular access for development activities.**

Vehicular access methods and staging areas should be designed to avoid impacts to sensitive areas.

### DREDGING AND DREDGED MATERIAL DISPOSAL

#### General Recommendations

In general, discharge of dredged material is not allowed on state-owned submerged lands. Discharge of dredged material in sensitive areas has the potential to directly bury aquatic habitats and animals, adversely impact water quality, reduce oxygen availability for aquatic species and reduce light for submerged aquatic vegetation. Sediment control techniques such as silt curtains or other barriers that minimize turbidity and migration of dredged materials into sensitive areas are encouraged and may be required. Prop-washing is not an acceptable dredging method or means of entering or traveling in tracts.

Dredged material, however, is a resource that should be used to create or restore habitat in a process called "beneficial use of dredged material". Beneficial use of dredged material includes, but is not limited to, beach and aquatic habitat creation or restoration. If dredged material cannot be used beneficially, it should be placed in existing placement areas or upland sites where levees will contain the material.

#### Definitions and Explanations

##### **DA - Dredging may not be allowed on this tract.**

Dredging may not be authorized on this tract due to the occurrence of sensitive areas, sediment contamination or existing infrastructure. If impacts to sensitive areas occur, mitigation may be required.

##### **DB - Dredging may not be approved in water less than 6 feet deep as measured from mean low water.**

Dredging may not be approved to protect shallow water sensitive areas. This tract has shallow areas and the creation of excessively deep pockets of water could alter current patterns, cause stagnation pools and create traps for fish when tide levels drop.

### MISCELLANEOUS

#### General Recommendations

Miscellaneous codes include general concerns that are not activity-specific and that apply to sensitive areas and habitats along the coast. These include, but are not limited to, the following:

Coastal wetlands	Tidal sand and mud flats
Submerged aquatic vegetation	Hard substrate reefs
Cultural resources	Bird rookeries
Private oyster leases	Dredge material placement areas
Endangered species habitat	Regional designated sand sources
Designated-use areas	

Dredging may not be allowed and other construction activities should be located at safe distances from

sensitive areas. Specific setback distances depend on the type of sensitive areas present. Special methods may need to be incorporated to reduce turbidity and sedimentation impacts to sensitive areas from construction activities. A survey to locate any existing sensitive areas may be required before activity commences. In addition, plans for development and routes and methods of structure installation or construction must be included on applications for U.S. Army Corps of Engineers permits and Texas General Land Office plat maps for all state-owned submerged lands.

#### Definitions and Explanations

**MA - No special recommendations relating to sensitive areas, other than cultural resources.**

No specific concerns have been identified at this time.

**MB - Avoid impacts to hard substrate reefs.**

This tract contains hard substrate reefs which include rock outcrops, coral reefs, serpulid worm reefs (living or dead) and relic reef structures in intertidal or subtidal areas. Activities may be permissible if best management practices are used to avoid adverse impacts to these sensitive habitats.

**MC - Avoid impacts to artificial reefs.**

This tract contains artificial reefs; however, activities may be permissible if best management practices are used to avoid adverse impacts to these sensitive habitats.

**MD - Avoid impacts to tidal sand and mud flats.**

This tract contains tidal sand and mudflats; however, activities may be permissible if best management practices are used to avoid adverse impacts to these sensitive habitats.

**ME - Avoid impacts to coastal wetlands.**

Coastal wetlands exist within this tract; however, activities may be permissible if best management practices are used to avoid adverse impacts to these sensitive habitats. A survey may be required to locate existing wetlands.

**MG - Avoid impacts to submerged aquatic vegetation.**

Submerged aquatic vegetation, such as seagrass, has been documented on this tract; however, activities may be permissible if best management practices are used to avoid adverse impacts to these sensitive habitats. A survey may be required to locate existing submerged aquatic vegetation.

**MI - Avoid impacts to bird rookeries.**

Bird rookeries exist within this tract; however, activities may be permissible if best management practices are used to avoid adverse impacts to these sensitive habitats.

**MJ - Cultural resources may be present.**

These tracts lack sufficient data regarding the presence of submerged cultural resources. An archeological remote-sensing survey, issued under a Texas Antiquities Permit, may be required for proposed work that introduces bottom disturbing activities such as dredging and/or creation of sediment placement areas. Consult with the Texas Historical Commission for more information.

**MK - Avoid impacts to cultural resources.**

State Antiquities Landmarks or other cultural resources protected by state law are known to be or may be located on this tract and should not be disturbed. An archeological remote-sensing survey, issued under a Texas Antiquities Permit, may be required prior to commencement of activities. Consult with the Texas Historical Commission for more information.

**ML - This tract contains private oyster leases.**

Private oyster leases have been documented on this tract. Consult with the Texas Parks and Wildlife Department for more information.

**MM - Avoid impacts to public oysters characterized as reefs, beds, patches, or scattered.**

Oysters (reefs, beds, patches, or scattered) exist on this tract; however, activities may be permissible if best management practices are used to avoid adverse impacts to these sensitive habitats. A survey may be required to locate existing oyster cover.

**MN - Work on this tract is subject to state threatened or endangered species regulations.**

Activities conducted on this tract would require consultation with the Texas Parks and Wildlife Department. Laws and regulations pertaining to endangered or threatened species are contained in Chapters 67 and 68 of the Texas Parks and Wildlife Code and Sections 65.171 -

65.176 of Title 31 of the Texas Administrative Code.

**MO - Work on this tract is subject to review under the Endangered Species Act.**

Activities conducted on this tract would require consultation with the corresponding agency. The U.S. Fish and Wildlife Service administers the Endangered Species Act for freshwater and land-based species, while the National Marine Fisheries Service is responsible for marine species.

**MP - This tract contains designated use areas.**

This tract contains designated use areas such as coastal protected areas, navigation districts, patented areas, and other designated use areas, which may be subject to special recommendations. Federal, state and local government entities should be consulted regarding restrictions or special use permits.

**MR - This tract contains restoration areas.**

This tract contains restoration areas; activities should not be undertaken which may adversely impact restoration features or the intended recovery of the ecosystem or which may undermine the management goals established for that area.

**MS - This tract contains mitigation sites.**

This tract contains sites established for the purpose of providing compensatory mitigation; however, activities may be permissible if best management practices are used to avoid adversely impacting mitigation features.

**MV - This tract contains identified sand sources.**

This tract contains identified sand sources; however, activities may be permissible if conflicts with other uses of this area are avoided.

**MX - This tract contains dredge material placement areas.**

This tract contains dredge material placement areas; however, activities may be permissible if conflicts with other uses of this area are avoided.

## OIL AND GAS DEVELOPMENT

### General Recommendations

All oil and gas related activities should avoid, to the maximum extent practicable, impacts to sensitive areas. In general, impacts to submerged aquatic vegetation, marsh, oysters, and other structured habitats are of particular concern. Biological monitors may be required when conducting activities. Oil and gas related activities on state-owned submerged lands may be subject to requirements of the Oil Spill Prevention and Response Act (Natural Resources Code Chapter 40), which designates the General Land Office as the lead state agency for the prevention of and response to oil spills into Texas coastal waters.

### Definitions and Explanations

**OA – Surface drilling may not be allowed.**

Directional drilling from off-tract locations may be required for mineral development of this tract. Sensitive areas dominate this tract, thus drilling activity may significantly damage the ecosystem.

**OH - Drill in water deeper than 6 feet as measured from mean low water or from land above mean high water.**

This tract has deep-water (greater than 6 feet) areas and sensitive areas in shallow-water. Drilling activities may need to be confined to the deep-water areas or adjacent uplands.

**OM - Pipeline and platform construction may be prohibited on top or near oyster reefs, hard substrate reefs, artificial reefs and banks.**

Construction activities may be prohibited or restricted within 500 feet of artificial or natural reefs, banks or hard bottoms to minimize damage caused by accidental discharges of hazardous substances, sedimentation, or physical impacts, and to protect fish and other organisms attracted to the area. A survey for the presence of reefs may be required.

**OP - The use of high-velocity energy sources may be prohibited for performing geophysical surveys on top of or near oyster reefs, hard substrate reefs, artificial reefs and banks.**

Geophysical activities may be prohibited within 500 feet of artificial or natural reefs, banks, or hard bottoms to minimize impacts to reefs and to protect fish and other organisms attracted to the area. A survey for the presence of reefs may be required. A three-year recovery period is usually required between consecutive surveys over the same geographic area.

**OR – No drilling within two miles seaward of the Gulf shoreline along the Padre Island National Seashore.**

Drilling activity within two miles of the Gulf shoreline along the Padre Island National Seashore is restricted to protect both the aesthetic and recreational values of the public beach. Access to minerals in the two-mile zone along the Gulf beach may be achieved by directional drilling from upland sites, if authorized by the National Park Service, or from submerged state tracts beyond the two-mile limit.

### **RIGHTS-OF-WAY**

#### **General Recommendations**

Use of existing rights-of-way is encouraged to lessen adverse impacts to sensitive areas on state-owned submerged lands. Pipeline construction under navigation channels is subject to special routing and burial requirements. Development may be accomplished by directional drilling from parts of state tracts that are outside the federal right-of-way. All work on tracts where navigation concerns have been identified should be coordinated with the U.S. Army Corps of Engineers (USACE) Galveston District, Operations Division, local navigation districts, port authorities and the U.S. Coast Guard.

To ensure compliance with federal regulations regarding navigation channels, dredge material placement areas, anchorage areas, safety fairways, and other navigational concerns, contact the USACE Galveston District Navigation Division and the U.S. Coast Guard.

Following is a link to USACE Standard Operating Procedures for Federal Channel Setbacks:

<http://www.swg.usace.army.mil/Portals/26/docs/regulatory/Setback%20SOPs/GIWSOP.pdf>

#### **Definitions and Explanations**

##### **RW – Navigation concerns may exist.**

This tract may contain navigation channels, dredged material placement areas, safety fairways, designated channel setbacks, anchorage areas and other navigation concerns.

### **TIME RESTRICTIONS**

#### **General Recommendations**

Activities on some tracts may be limited to specific time periods to avoid disturbance to state or federally listed endangered or threatened species and colonial nesting waterbirds and their critical habitat. Lessees should coordinate activities with the corresponding agencies to ensure that their activities do not adversely impact endangered or threatened species or colonial nesting waterbirds. Consultation agencies include: the U.S. Fish and Wildlife Service, the National Marine Fisheries Service, the National Park Service and the Texas Parks and Wildlife Department.

#### **Definitions and Explanations**

##### **TA – Drilling is prohibited within the area from two miles to three miles seaward of the Gulf shoreline of the Padre Island National Seashore during sea turtle nesting season from March 15 through September 30.**

Drilling is prohibited within the area from two miles to three miles seaward from March 15 through September 30 to avoid interference with nesting sea turtles. Drilling is allowed within the area from two miles to three miles seaward from October 1 through March 14. Drilling activity in this area must begin before January 15 to ensure completion before March 15. Contact the National Park Service Division of Sea Turtle Science and Recovery for regulations and mitigation measures required for oil and gas operations to reduce the direct impacts that could occur to nesting sea turtles.

##### **TB – Dredging, oil and gas related activity, or development operations may not be allowed during whooping crane overwintering season from October 15 through April 15. Permanent structures higher than 15 feet above ground are not allowed.**

This tract contains whooping crane designated critical habitat. Most activities on this tract are restricted during the period from October 15 through April 15 to protect overwintering whooping cranes.

##### **TC – Dredging, oil and gas related activity, development operations, or watercraft landing**

##### **may be prohibited, within 1000 feet of a bird rookery during peak nesting season, which typically occurs from February 15 through September 1.**

Bird rookeries are located on or near this tract. Nesting birds must be left undisturbed. Any activities may be prohibited within 1000 feet of a rookery area during the peak-nesting season from February 15 through September 1. A biological monitor may be required.

##### **TD - Geophysical surveying may be restricted from the seaward base of the sand dunes or vegetation line Gulfward three miles during sea turtle nesting season from March 15 through September 30.**

Sea turtles have been documented using the beach in or adjacent to this tract for nesting. Geophysical surveying on this tract may be restricted from March 15 through September 30 to protect nesting sea turtles. A biological monitor may be required. Contact the National Park Service Division of Sea Turtle Science and Recovery for regulations and mitigation measures required for oil and gas operations to reduce the direct impacts that could occur from crushing or covering of nests or turtles.

##### **TE - Dredging, oil and gas related activity or other development operations may be restricted within 1000 feet of a sea turtle nesting beach from March 15 through September 30.**

This tract contains areas with documented or potential sea turtle nesting beaches. Activities may be restricted within 1000 feet of a sea turtle nesting beach from March 15 through September 30. A biological monitor may be required. Contact the National Park Service Division of Sea Turtle Science and Recovery for regulations and mitigation measures required for oil and gas operations to reduce the direct impacts that could occur to nesting sea turtles.

##### **TF – Dredging, oil and gas related activity or other development operations may be restricted during piping plover season, typically from July 15 through May 15.**

This tract contains designated critical habitat for piping plovers. During this period, oil and gas related or other development activities may be restricted. A biological monitor may be required.

### **RESOURCES**

#### **U.S. Army Corps of Engineers Webpage for Permit Guidance:**

<http://www.usace.army.mil/Missions/CivilWorks/RegulatoryProgramandPermits.aspx>

#### **U.S. Army Corps of Engineers Webpage for Federal Regulations and Permit Guidance:**

<http://www.usace.army.mil/Missions/CivilWorks/RegulatoryProgramandPermits/FederalRegulation.aspx>

**RESOURCE MANAGEMENT CODES - JANUARY 20, 2015 OIL AND GAS LEASE SALE**

<b>MGL Number</b>	<b>RMC</b>
57	CC, CF, DA, DB, MD, ME, MG, MK, MMb, MP, OA, OH, OM, OP
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64	CC, DA, DB, MK, MMb, MP, OA, OH, OM, OP
65	CC, CF, DA, DB, MD, ME, MG, MK, MMb, MP, OA, OH, OM, OP
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67	CC, DA, DB, MG, MK, MMb, MP, OA, OH, OM, OP
68	CC, DA, DB, MK, MM, MMb, MP, OA, OH, OM, OP
69	CC, DA, DB, MJ, MMb, MP, OA, OH, OM, OP
70	CC, DA, DB, MJ, MM, MMb, MP, OA, OH, OM, OP
71	CC, DA, MJ, MP, OA, OP
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97	CC, DA, DB, MK, MM, MMb, MP, OA, OH, OM, OP
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99	CA, CF, DA, DB, MD, ME, MI, MK, MP, OA, OH, OP, RW, TC
100	CA, CF, DA, DB, MD, ME, MI, MK, MMb, MP, MX, OA, OM, OP, RW, TC
101	CC, CF, DA, DB, MD, ME, MK, MMb, MP, MX, OA, OH, OM, OP, RW
102	CC, CF, DA, DB, MD, ME, MK, MP, OA, OH, TC
103	CA, CF, DA, DB, ME, MK, MMb, MP, MX, OA, OH, OM, OP, RW, TC

<b>MGL Number</b>	<b>RMC</b>
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106	CC, DA, MJ, MP, OA
107	CC, MA, MJ
108	CC, DB, MA, MJ
109	CC, MA, MJ
110	CC, DA, DB, MK, MP, OA, OH, TC
111	CC, CF, DA, DB, ME, MI, MK, MP, MX, OA, RW, TC
112	CA, CF, DA, DB, MD, ME, MI, MK, MMb, MP, MX, OA, OH, OM, OP, RW, TC
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115	CA, CF, DA, DB, MD, ME, MI, MK, MMb, MP, OA, OH, OM, OP, RW, TC
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117	CA, DA, DB, MK, MMb, MP, OA, OH, OM, OP, RW, TC
118	CC, DA, DB, MK, MMb, MP, OA, OH, OM, OP
119	CA, DA, DB, MI, MK, MMb, MP, MX, OA, OH, OM, OP, RW, TC
120	CC, DB, MA, MJ, TC
121	CC, MA, MJ
122	CA, DA, DB, MJ, MX, OA, OP, RW
123	CC, MA, MJ
124	CA, DA, DB, MK, MX, OA, OH, OP, RW
125	CA, CF, DA, DB, ME, MI, MJ, MM, MMb, MP, MX, OA, OH, OM, OP, RW, TC
126	CA, CF, DA, DB, ME, MI, MJ, MM, MMb, MP, MX, OA, OH, OM, OP, RW, TC
127	CA, DA, MK, MMb, MP, OA, OM, OP, RW
128	CC, MA, MK
129	CC, DA, DB, MK, MMb, MP, OA, OH, OM, OP
130	CA, CF, DA, DB, ME, MI, MK, MMb, MP, MX, OA, OH, OM, OP, RW, TC
131	CA, DA, DB, MK, MMb, MP, OA, OH, OM, OP, RW
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135	CA, DA, MJ, MX, OA, OP, RW
136	CC, DA, DB, MJ, MMb, MO, OA, OM, OP, TB
137	CC, DA, DB, MJ, MO, OA, TB
138	CC, DA, DB, MJ, MMb, MO, OA, OM, OP, TB
139	CC, DA, DB, MJ, MMb, MO, OA, OM, OP, TB
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144	CC, DA, DB, MJ, MO, OA, TB
145	CC, DA, DB, MJ, MMb, MO, OA, OM, OP, TB
146	CC, CF, DA, DB, MD, ME, MG, MJ, MO, MP, OA, OP, TB, TF
147	CC, DA, DB, MJ, MMb, MO, OA, OM, OP, TB
148	CC, DA, DB, MJ, MMb, MO, OA, OM, OP, TB

**RESOURCE MANAGEMENT CODES - JANUARY 20, 2015 OIL AND GAS LEASE SALE**

<b>MGL Number</b>	<b>RMC</b>
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155	CC, CF, DA, MD, ME, MG, MJ, MP, OA, OP
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158	CA, DA, DB, MI, MK, MM, MP, MX, OA, OH, OM, OP, RW, TC
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188	CC, MA, MK
189	CC, DA, MB, MK, OA, OM, OP
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<b>MGL Number</b>	<b>RMC</b>
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205	CC, DA, MK, OA, TD
206	CC, CF, DA, ME, MK, MO, MP, OA, TD, TE, TF
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210	CC, MA, MJ, TD
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