

**MF113724**

<i>State Lease</i>	<i>Control</i>	<i>Base File</i>	<i>County</i>
MF113724	08-010877	SF-15169	GLASSCOCK

*Survey* COUNCIL ESTELLE H MRS

*Block*

*Block Name*

*Township*

*Section/Tract*

*Land Part*

*Part Description*

*Acres* 125.56

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

*Name* FIVESTONES ENERGY LLC

*Lease Date* 5/17/2010

*Primary Term* 3 yrs

*Bonus (\$)* \$0.00

*Rental (\$)* \$0.00

*Lease Royalty* 0.0625

*Leasing:* GA

*Analyst:* \_\_\_\_\_

*Maps:* \_\_\_\_\_

*GIS:* \*, MCZG

*DocuShare:* \_\_\_\_\_



F107589

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12/12 from cashed \$36.54 → From email on 12/3

12/21 \$46.87 Internet

1/10 \$51.10 Gas

100.97

\$33.32

\$41.47

\$12.15



410 17th Street, Suite 900  
Denver, CO 80202  
Phone: (303) 893-5073  
Fax: (303) 573-0386

December 13, 2011

Beverly Boyd  
General Land Office  
Energy Resources  
P. O. Box 12873  
Austin, TX 78711-2873

Re: Patrick Barbee Lease  
Glasscock County, Texas

Dear Ms. Boyd,

Pursuant to the request from Louis Renaud from your office, please find enclosed a certified copy of the Patrick Barbee Lease covering Scrap File 15169 Abstract 1279, Glasscock County, Texas.

If you have any questions, or need additional information, please do not hesitate to call me at 303-628-7342.

Sincerely,

A handwritten signature in black ink that reads "Leah H. Brace". The signature is written in a cursive, flowing style.

Leah H. Brace  
Landman

File No. 113724

Cover Letter

Date Filed: 12/16/11

Jerry E. Patterson, Commissioner

By GLA

[New Search](#) [Back to Results](#)**Basefile Number -****SF-15169****Information for this County -  
GLASSCOCK COUNTY****ZOOM TO THIS RECORD****COUNTY - GLASSCOCK  
CURRENT ACREAGE - 125.56****IDENTIFICATION NUMBERS****LAND CLASS NUMBER - 08  
BASEFILE NUMBER - SF-15169  
CONTROL NUMBER -  
08-010877****SURVEY INFORMATION****SURVEY NAME - T&P RR CO  
GRANTEE NAME - Council, Estelle Hull (Mrs)  
ABSTRACT - 1279  
BLOCK - TOWNSHIP -  
SECTION NUMBER -  
SECTION/PART -  
ORIGINAL ACRES - 125.56***1/16 Roy***PATENT INFORMATION** [Archived Record](#)**PATENTEE NAME - Council, Estelle Hull (Mrs)  
DISTRICT -  
CLASSIFICATION - Scrap File  
FILE NUMBER - 015169  
PATENT DATE - 08 Mar 1951  
CERTIFICATE -  
PATENT NUMBER - 169  
PATENT VOLUME - 17-B  
PAGE -****LEASE INFORMATION**

To view an individual lease, click on the link.

**POOLING AGREEMENTS:**

NONE

**OIL & GAS LEASES:**

NONE

**HARD MINERAL LEASES:**

NONE

**PSF SURFACE LEASES:**

NONE

**HISTORIC LEASES FOR THIS PARCEL****POOLING AGREEMENTS:**

NONE

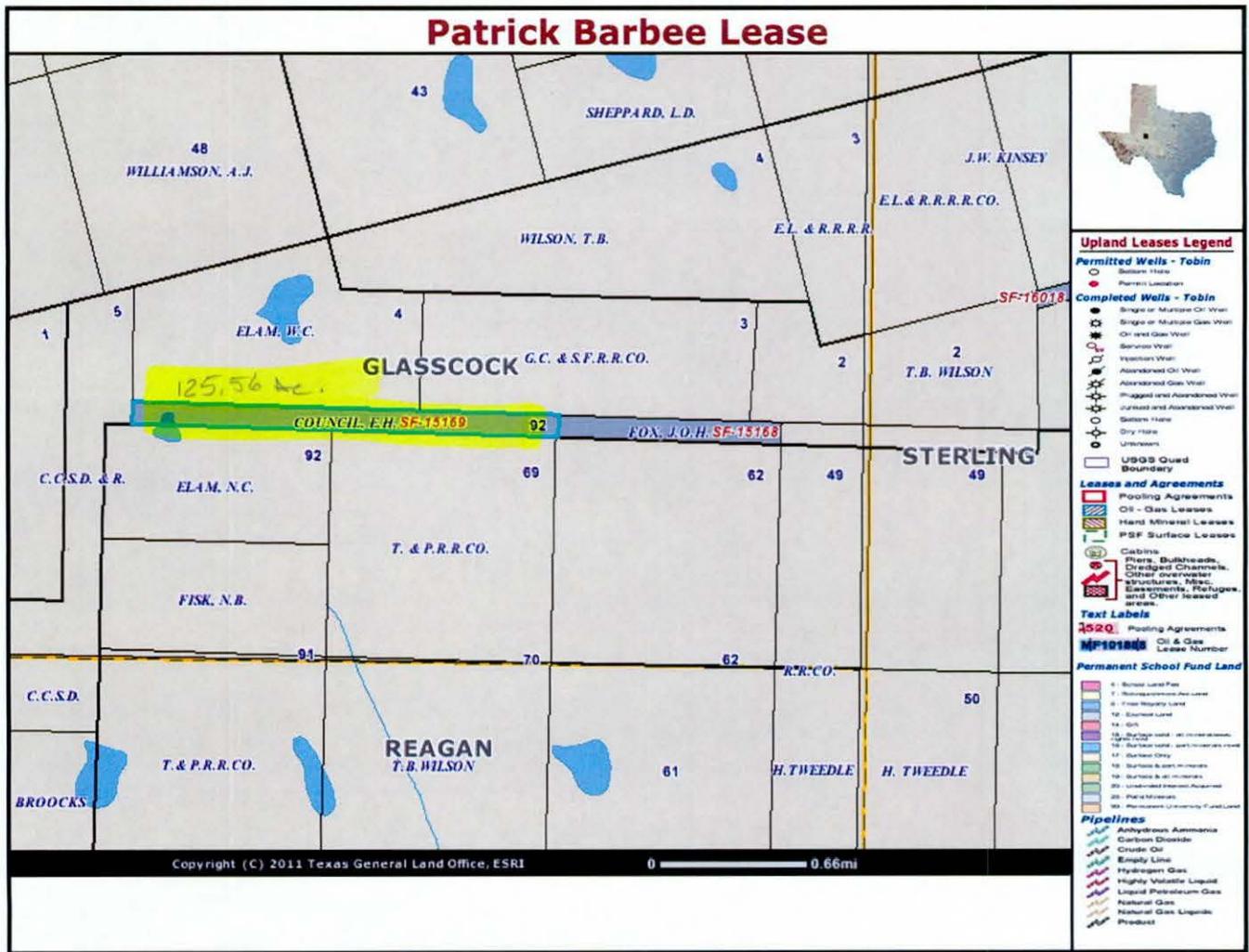
**OIL & GAS LEASES:**

NONE

**OIL & GAS WELL DATA**

To view individual well data, click on the link.

NONE



ACCEPTANCE OF TERMS OF SALE  
OF UNSURVEYED SCHOOL LAND

(Applicant or Good Faith Claimant)

Paris, Texas, March 1st 19 51

TO THE COMMISSIONER OF THE GENERAL LAND OFFICE, AUSTIN, TEXAS:

I hereby accept the terms of sale of the tract of unsurveyed school land hereinafter described as stated in your letter dated February 20, 1951 and apply to complete my application to purchase under the terms of House Bill No. 9, passed at the Regular Session of the Forty-sixth Legislature and approved June 19, 1939, and other laws relating to the sale of unsurveyed school land without settlement.

The land is situated in Glasscock County, Texas, about 16.7 miles (give course) S 40 E from the county seat, and is briefly described as follows:

Survey No.	S. F. No.	Acres	Classification
	15169	125.56	

I agree to pay for said land the price of \$5.00 Dollars per acre, and I hereby enclose the sum of \$627.80 Dollars as the full cash payment therefor. (Insert whether "full" or "one-fortieth")

I further agree that the sale to me is made upon the express conditions, to-wit:

Free royalty reservation of minerals to the State of one-sixteenth of the oil and gas and one-eighth of the sulphur and other minerals.

I do solemnly swear (affirm) that I am over twenty-one (21) years of age.

Estelle Hull Council  
Applicant or Good Faith Claimant  
417 East Houston St.  
Paris, Texas.

Sworn to and subscribed before me, this the 1st day of March, 19 51.

RECEIVED

MAR 3 1951

GENERAL LAND OFFICE

19424 Marguerite Beard  
Marguerite Beard  
Notary Public, Lamar County, Texas

OBLIGATION

\$ School Lands.

For value received, I, the undersigned, do promise to pay to the State of Texas the sum of Dollars, with interest thereon as hereinafter specified, the same being for the remainder of purchase money for the following described tract of land purchased by me, of the State of Texas, in accordance with the provisions of laws relating to the sale of unsurveyed public free school lands; to-wit: All of Survey No. S. F. No., Grantee, situated in County, Texas.

The annual interest of five per cent, upon all unpaid principal, together with one-fortieth of the original principal, I am to pay or cause to be paid to the General Land Office, at Austin, Travis County, Texas, on or before the first day of each November thereafter until the whole purchase money is paid. And it is expressly understood that I am to comply strictly with all the conditions, limitations and requirements, and am subject to and accept all the benefits and penalties contained and prescribed in the laws above referred to.

Witness my hand this day of, 19.

Applicant or Good Faith Claimant  
Post Office

Ledger 139

# LAND AWARDS AND RECEIPT

File No. S.F. 15169

Page 638

Date of Award March 3, 19451

GENERAL LAND OFFICE,  
AUSTIN, TEXAS

WHEREAS, Mrs. Estelle Hull Council

of Paris, Texas, has, in the manner and form prescribed by law, filed in this office an application and obligation to purchase the following land, to-wit:

SECTION	BLOCK	TOWNSHIP	CERTIFICATE	GRANTEE	ACRES	PRICE	COUNTY
			S. F. 15169	Estelle Hull Council	125.56	\$ 5.00	Glasscock

Date of Sale \_\_\_\_\_

Amount of Note \$ \_\_\_\_\_

Rate of Interest \_\_\_\_\_ Per Cent

Due November 1st Annually  
SCHOOL LAND

The School land Board having fixed the price, and the State having received \$ 627.80 as the full payment thereon, I do hereby award to said applicant the survey of land described above with a reservation of a free royalty of one-sixteenth on oil and gas and one-eighth on sulphur and all other minerals to the State.

*Bascom Giles*

Commissioner General Land Office

File No. 113724

Level ID

Date Filed: 12/20/11

Jerry E. Patterson, Commissioner

By GH

#3868

OIL AND GAS LEASE

THIS AGREEMENT made this 17th day of May, 2010, between BILLY H. BARBEE, SR., also known as BILLY HULL BARBEE, SR.; Billy Hull Barbee, Sr. as Trustee of the BILL AND BETTY BARBEE FAMILY TRUST UNDER THE WILL OF BETTY JANE BARBEE, DECEASED; the Estate of ELBERT PATRICK BARBEE, Deceased; and GEORGE MICHAEL BARBEE, herein called Lessor (whether one or more), and FIVESTONES VENTURES, INC. whose address is PO Box 51082, Midland, Texas 79710-1082 herein called Lessee:

Lessor, in consideration of the sum of Ten and NO/100 Dollars (\$10.00) in hand paid, receipt of which is hereby acknowledged, and the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases, and lets exclusively unto Lessee, for the purpose of investigating, exploring, prospecting, drilling, mining and operating for and producing oil and gas, laying pipelines, storing oil, building tanks, power stations, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals and other products manufactured therefrom, the following described land situated in Glasscock County, Texas, to-wit:

Section 4, Block 20, Abstract 977, GC&SF RR Survey, containing 492.36 acres, more or less;

Scrap File 15169, Abstract 1279, containing 125.56 acres, more or less; ✓

Section 92, Block 2, Abstracts 1141 and 1142, T&P Survey, containing 640 acres, more or less.

For the purpose of calculating the rental payments hereinafter provided for, said land is agreed to comprise 1,257.92 gross acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of three (3) years from this date (called "primary term"), and as long thereafter as oil, gas, or other minerals are produced in commercial quantities from said land.

3. The royalties to be paid by Lessee are: (a) on oil, and on other liquid hydrocarbons saved at the well, Twenty-Five Percent (25.0%) of that produced and saved from said land, same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas and all gaseous substances, produced from said land and sold or used off the premises or in the manufacture of gasoline or other product therefrom, the market value at the mouth of the well of Twenty-Five Percent (25.0%) of the gas so sold or used, provided that on gas sold at the wells the royalty shall be Twenty-Five Percent (25.0%) of the amount realized from such sale; (c) on all other minerals mined and marketed, Twenty-Five Percent (25.0%) either in kind or value at the well or mine, at Lessee's election; and (d) at any time, either before or after the expiration of the primary term of this lease, if there is a gas well or wells on the above land (and for the purposes of this clause (d) the term "gas well" shall include wells capable of producing natural gas, condensate, distillate or any gaseous substance and wells classified as gas



wells by any governmental authority) and such well or wells are shut in before or after production therefrom for a period of ninety (90) consecutive days, Lessee or any assignee hereunder may pay or tender an advance royalty of Ten Dollars (\$10.00) per acre times the number of acres which are then held under this lease by the party making such payment or tender, and if such payment or tender is made, it shall be considered under all provisions of this lease that gas is being produced from the leased premises in paying quantities for one (1) year from the date such payment or tender is made, and in like manner subsequent advance royalty payments may be made or tendered and it will be considered under all provisions of this lease that gas is being produced from the leased premises in paying quantities during any annual period for which such royalty is paid or tendered. Such advance royalty may be paid or tendered to Lessor on or before the end of ninety (90) days from the later of the date such wells are shut in or the day this lease ceases to be maintained by other provisions hereof. Royalty accruing to the owners thereof on any production from the leased premises during any annual period for which advance royalty is paid may be credited against such advance payment; and when there is a shut-in gas well or wells on the leased premises if this lease is not continued in force under some other provision thereof, it shall nevertheless continue in force for a period of ninety (90) days from the last date on which a gas well located on the leased premises is shut in, or for ninety (90) days following the date to which this lease is continued in force by some other provision thereof, as the case may be, within which 90-day period Lessee or any assignee hereunder may commence or resume the payment or tender of the advance royalty as herein provided.

In the event Lessee or its assigns should receive any form of payment under any gas purchase contract or other agreement which relates to the oil and/or gas produced from or allocated to the property subject to this Lease, whether such payment is classified by industry standards to be a "take-or-pay payment" or a contract "buy-out payment" or "buy-down payment", or bonus for number of barrels or cubic feet or other volume of oil and/or gas sold to a purchaser or any other type payment, Lessor shall receive its Twenty-Five Percent (25.0%) royalty on the sums received by Lessee or its assigns.

Lessee will not enter into any contract for the sale of gas from any of the lands whereby the Lessee agrees to sell said gas to a related person or company or to a company in which the Lessee owns an interest, legal or beneficial, or to a company of which it is a subsidiary or parent or brother-sister company, unless the price received for such sale is equal to or better than the average of the same or similar category of gas as defined by the regulations of any applicable governmental body having jurisdiction at the time the contract is entered into and unless said contract provides for renegotiation at least every two (2) years.

Subsequent to Lessor's execution of a division order complying with Section 91.402 of the Texas Natural Resources Code, if any royalties under this Lease are not paid within 90 days from the date of production thereof, Lessor may give written notice of such non-payment to Lessee.

Lessor reserves a vendor's lien and superior title to secure the payment of all royalty and other payments to be made hereunder, in addition to all other remedies, liens and security interests Lessor may have.

4. If, at the expiration of the primary term, oil, gas, or other minerals are not being produced on said land, or from lands pooled therewith, but Lessee is then engaged in operations for



drilling, mining, or reworking of any well or mine thereon, or shall have completed a dry hole thereon within ninety (90) days prior to the end of the primary term, this lease shall remain in force so long as drilling, mining, or reworking operations are prosecuted (whether on the same or different wells) with no cessation of more than ninety (90) consecutive days, so long as such operations continue in good faith and in workmanlike manner without interruptions totaling more than ninety (90) days during any one such operation, and if they result in production, so long thereafter as oil, gas or other minerals are produced from said land or from lands pooled therewith. If, after the expiration of the primary term of this lease and after oil, gas or other mineral is produced from said land, or from lands pooled therewith, the production thereof should cease from any cause, this lease shall not terminate if Lessee commences operations for drilling or reworking within ninety (90) days after the cessation of such production, but shall remain in force and effect so long as such operations are prosecuted with no cessation of more than ninety (90) consecutive days, and if they result in the production of oil, gas or other mineral, so long thereafter as oil, gas or other mineral is produced from said land, or from land pooled therewith. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and draining the leased premises, Lessee agrees to drill such offset wells as a reasonably prudent operator would drill under the same or similar circumstances.

5. Lessee shall have free use of oil and gas from said land for fueling equipment for all drilling and completion operations hereunder, and the royalty shall be computed after deducting any so used.

6. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to the heirs, executors, administrators, successors, and assigns, but no change or division in ownership of the land, rentals or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee. No such change or division in the ownership of the land, rentals or royalties shall be binding upon Lessee for any purpose until such person acquiring any interest has furnished Lessee with the instrument or instruments or certified copies thereof, constituting his chain of title from the original Lessor. An assignment of this lease, in whole or in part, shall to the extent of such assignment, relieve and discharge Lessee of any obligations hereunder.

7. Lessee shall not be liable for delays or defaults in its performance of any agreement or covenant hereunder due to force majeure. The term "force majeure" as employed herein shall mean: any act of God including but not limited to storms, floods, washouts, landslides, and lightning; acts of the public enemy; wars, blockades, insurrections or riots; strikes or lockouts; epidemics or quarantine regulations; and laws, acts, orders or requests of federal, state, municipal or other governments or governmental officers or agents under color of authority. If Lessee is required, ordered or directed by any federal, state or municipal law, executive order, rule, regulation or request enacted or promulgated under color of authority to cease drilling operations, reworking operations or producing operations until such time as such law, order, rule, regulation, request or force majeure is terminated and for a period of sixty (60) days after such termination each and every provision of this lease that might operate to terminate it or the estate conveyed by it shall be suspended and inoperative and this lease shall continue in full force. If any period of suspension occurs during the primary term, the time thereof shall be added to such term.



8. Lessor agrees that Lessee, at its option, may discharge any tax, mortgage, or other lien upon said land, and in the event Lessee does so, it shall be subrogated to such lien with the right to enforce same and apply royalties accruing hereunder toward satisfying same. It is agreed that, if Lessor owns an interest in said land less than the entire fee simple estate, then the royalties and other monies to be paid Lessor shall be reduced proportionately. Should any one or more of the parties named above as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

9. Lessee, its/his successors and assigns, shall have the right at any time to surrender this lease, in whole or in part, to lessor or his heirs and assigns by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon Lessee shall be relieved from all obligations, expressed or implied, of this agreement as to the acreage so surrendered.

10. Lessee agrees to indemnify, save and hold harmless the Lessor, Lessor's heirs, executors, administrators, tenants and assigns ("Indemnitees") from and against all causes of action, liabilities and claims of whatever nature for damages, including but not limited to personal injury or property damages, arising from the Lessee's ownership of or operations under this Lease, expressly including damages resulting from acts or omissions of Lessee, Lessee's contractors, subcontractors, licensees, agents, servants or employees, whether incurring on the leased premises, or otherwise. This indemnity and hold harmless agreement shall include indemnity against all reasonable cost, expenses and liabilities, including reasonable attorney's fees, and Indemnitees on or in connection with any such claim or proceeding brought thereon and in defense thereof. This indemnity agreement is performable in Glasscock County, Texas.

11. Notwithstanding anything herein contained to the contrary, it is here now agreed:

(a) With respect to damages to land resulting from Lessee's operations, Lessee shall be liable to Lessor in Glasscock County, Texas, for all such damages sustained, with the amount of such damages to be the usual, reasonable and customary damages paid for similar damages by oil and gas operators in the general vicinity of the premises; however, in no event shall the amount paid for the damages be less than the following amounts for the following indicated damages:

Well locations not to exceed 1.5 acres	\$5,000.00/Location
Well location covering more than 1.5 acres	\$6,000 per acre or part thereof
Tank Battery or other Facility sites not to exceed 1 acre	\$4,000.00/Site*

\*No additional damages shall be paid for tank batteries or other facility located upon a drilling pad or on the drill site locations of a Test Well.

Pits not to exceed 1.5 acres	\$5,000.00/Location
Pits covering more than 1.5 acres	\$6,000 per acre or part thereof



True and correct copy of original filed in the Glasscock County Clerks Office

Caliche, Sand and Gravel	\$3.50/Cubic Yard
Top Soil	\$4.00/Cubic Yard
Geophysical dynamite shot hole	\$800.00 per hole
For 3D seismic surveys or other seismic surveys in which cross lines are laid:	\$1,500.00 per mile for vibrosis lines \$500 per mile for receiver lines
For 2D seismic surveys in which lines are laid only one direction	\$2,000 per mile of line
Buried Electrical Line	\$8.00/Rod
Overhead Electrical Line	\$200/Pole
Pipeline Flow Line located off the drilling pad in place for more than six months	\$15.00/Rod
Pipeline Flow Line located off the drilling pad in place for more than 30 days but less than six months which do not follow lease roads (no damage payment is due if the line is in place less than six months so long as it follows lease roads).	\$5.00/Rod
Water from Lessor's existing water wells if Lessor agrees to sell water	\$5,000.00 for each oil/gas well drilled
New Road	\$12.50/Rod
Oilfield quality roads including new roads after it has been used for the drilling of one well, and including any existing road which provides access to the leased premises from the county road over property not included in leased premises, payable within thirty days of spudding the well	\$6.00 per Rod per well drilled

The minimum amounts set forth above shall be increased by 2% annually after the expiration of the primary term.

Lessor hereby grants to Lessee a non-exclusive easement over lands owned by Lessor which provides access to the leased premises from the existing county road over the portion



True and correct copy  
of original filed in the  
Glasscock County  
Clerks Office

of Lessor's property which is not included in the leased premises. This easement shall be for sole purposes of providing access to the leased premises under the terms of this Lease.

The damages provided for above shall be paid within thirty (30) days of termination of construction operations related to a well on a well by well basis. In the event such damages are not paid in advance and within thirty (30) days of written notice received from Lessor, Lessee agrees to pay as liquidated damages the greater of (1) twice the amount stipulated above as minimum damages, or (2) twice the amount of the usual and customary damages paid for similar damages by oil and gas operations in the vicinity of the lease premises.

Lessee shall additionally be liable for any other damages caused by any operations on said lease and this provision is for benefit of any lawful user of the surface as well as for the benefit of the Lessor. In the event any such damages occur, Lessee shall commence any repair, restoration, clean up, or other action required by this lease in a timely workmanlike fashion. If such action is begun within a reasonable time after Lessee becomes aware of it and is continued in good faith in a workmanlike manner, then Lessee shall be liable for the actual damages paid by oil and gas operators in the vicinity for similar damages. However, in the event Lessee does not begin such action within thirty (30) days written notice delivered in writing by Lessor to Lessee of such uncorrected damage and continue such action in good faith and in a workmanlike manner Lessee agrees to pay as damages twice the amount of actual damages paid by oil and gas operators in the vicinity for similar damages.

(b) Lessee further agrees that neither he nor his employees, contractors, suppliers and agents shall bring any firearms on the leased premises, that in the absence of agreement of Lessor to the contrary, all flow lines and pipelines placed by him on the leased premises shall follow the roads used by Lessee thereon; and that at such times as he is not conducting operations on the leased premises, or is not transporting oil or other liquid hydrocarbons therefrom, he will keep all entry gates to the leased premises closed and locked; and that in the event of commercial production of oil and/or gas from the leased premises, that all cattleguards entering the premises shall be kept locked and chained. In the event any roads or lines are dozed or cleared, all trees shall be grubbed prior to such clearing work.

(c) Lessee further agrees to consult with Lessor regarding location of all roads used by him, that all cattleguards (to be not less than 9' x 16' in size), fence corners and fence braces installed by Lessee will be in accordance with Lessor's reasonable specifications, and that all roads used by Lessee will be maintained in a good condition. Lessee further agrees to periodically water said roads during periods of high concentration of motor vehicle traffic and at other times so as to prevent excessive dust and erosion on said roadway. With regard to payment of damages for roadways established under Paragraph 11(a) hereinabove, Lessee hereby agrees to pay such damages established by measuring from the point of the exit from the existing access road to each well location for each well drilled and/or operated on the leased premises. Lessee shall not use water from Lessor's wells or the surface of the leased lands for watering roads without first obtaining Lessor's written consent, which such consent shall not be unreasonably withheld. Lessee shall be entitled to drill its own water well(s) on the leased premises, after consulting with Lessor as to location of same, and after termination



of this lease, Lessee shall turn over ownership of the water well to Lessor. Lessor shall be entitled to use such well(s) during the term of this lease provided such use does not interfere with Lessee's need of use of such wells. With regard to installation of cattleguards on the leased premises, Lessee agrees that all cattleguards so installed shall be constructed as to prevent livestock from crossing said cattleguard and shall be so constructed so that there is a "swing gate" which shall be lockable. During drilling operations cattleguards may be placed at ground level with a 2 foot pit below the cattle guard. After drilling operations, they will be placed a minimum of 3 feet above ground level on concrete beams with steel reinforced concrete skirting, poured in place so as to prevent road fill material from falling into the open space around the raised cattleguard. The raised cattleguard will be constructed so that water can flow freely away from open area below cattleguard, so that silt and debris will not collect beneath it. Lessee further agrees that upon cessation of production, abandonment of the lease, release or termination of the lease, whichever occurs first, all cattleguards installed by Lessee shall be turned over to the Lessor so that Lessor shall have full rights and title thereto. It is further agreed that all roads used by Lessee shall be and remain private roads for all purposes.

In the event any roads or lines are dozed or cleared, all trees shall be grubbed prior to such clearing work.

(d) If livestock are being grazed within the area of the well location, Lessee shall fence out all slush pits or other pits which the Lessee may create, or cause to be located on such land, so that fluids there or damaging substances thereof shall be wholly unavailable to livestock being grazed upon the above described lands or any part thereof.

(e) Each drill site shall be cleaned and leveled by the Lessee as soon as reasonably possible after the completion of each well and in such a manner that the land will be returned to its former condition as nearly as possible under the circumstances. Lessee further agrees that all slush pits shall be filled and closed with good on-site topsoil as promptly as possible. While operations are being conducted hereunder, all areas and all vicinities of operations, including roads, will be kept free from junk, paper, cans, bottles, old iron, trash and other forms of debris and within a reasonable time after operations on each site are completed, the area will be finally cleaned and policed and all objects and structures foreign to the natural condition of the land will be eliminated.

(f) A pit shall be in the minimum size required for Lessee's operation and shall be constructed by first removing the topsoil and storing the same at a nearby location, the subsoil shall be removed and stored separately from the topsoil and the pit shall be lined in such a manner as to prevent subsurface contamination, using such practices that are normal and customary in this area and that have been proven effective to achieve such result. Any pit used hereunder shall only be used for the express purpose of drilling, completion and workover operations only. At no time shall a pit be used for any other purpose (by way of illustration and not of limitation, the storage or holding of any liquids). Within ninety (90) days following the completion of a well as a producer or abandoned as a dry hole, all fluids in the pit shall be pumped out and the contents, together with the plastic liners shall be deep buried a minimum of 6 feet from the surface. The pit shall then be covered in reverse order of



the opening, that is subsoil shall be placed in the bottom of the pit and the topsoil on the surface.

(g) The operations of Lessee on the leased premises shall be conducted in such a manner that the Lessee shall use every reasonable and customary means to prevent the contamination of any and all waters in, on and under said land, whether in surface tanks or any other type of storage, in creek beds or river beds, and any and all surface and subsurface water bearing strata or formation by virtue of Lessee's drilling, development and productions. Lessee shall use reasonable efforts to prevent contamination of the surface of the above described lands from salt water or other contaminating substances flowing over or seeping onto such lands because of Lessee's operations.

(h) This lease covers oil, gas and all associated hydrocarbons produced from the well bore with oil and/or gas only and all other references to other minerals are hereby deleted. It is hereby understood and agreed that Lessor shall receive Twenty-Five Percent (25.0%) royalty for sulphur or other components extracted from the well bore and produced by Lessee.

(i) Subject to the terms of Paragraph 1(j) hereof, payment of shut-in gas royalty as provided for in Paragraph 3 hereinabove shall maintain this lease in force and effect for a period of not more than two (2) years beyond the above stated primary term of three (3) years.

(j) Anything hereinabove to the contrary notwithstanding, it is specifically understood and agreed that if this lease is in force and effect at the expiration of its primary term, Lessee may continuously develop the above described land by commencing an additional well within 180 days from the date of completion of the preceding well until all proration units as prescribed or permitted by the applicable rules of the Railroad Commission of Texas, or other governmental authority having jurisdiction, have been drilled, or this lease shall ipso facto terminate as to all of the above described land, save and except as to each proration unit allocated for production allowable purposes to each well producing oil or gas in commercial quantities. In the event there are no special field rules established for production allowable purposes within the field from which a well is producing, then Lessee shall be allowed to retain 80 acres around each oil well and 160 acres around each gas well producing or capable of producing oil and/or gas in paying quantities and such acreage shall be considered a proration unit under the terms of this lease. The first such development well shall be commenced on or before the expiration of the primary term of this lease, or within 180 days from the date of completion of any well being drilled at the expiration of the primary term, whichever is the later date. Notwithstanding such termination, Lessee shall have a continuing right-of-way and easement on, over and across all the land hereby leased for the construction, use, maintenance, replacement and/or removal of pipelines, roads, telephone lines, electric lines, tanks and other facilities for its operations hereunder on land remaining covered by this lease following such termination. "Completion" of a well or of drilling shall be defined as sixty (60) days after the day that the drilling rig moves off the well.



With reference to the drilling obligation described above, after the end of the primary term, should Lessee drill a well less than 180 days between the completion of one well and the beginning of the next well (whether a dry hole or a well capable of production), such time shall accumulate to the Lessee. Such accumulated time may be used in any later interval or intervals between completion of one well and commencement of the next, except that no time in excess of 360 days shall occur between completion of one well and commencement of the next.

A zone, formation or horizon shall be deemed to be "capable of production in paying quantities" only if such capability is determined by actual drill stem test or if such capability is determined by production testing in each respective well.

(k) It is further understood and agreed that Lessee, his successors and assigns, in any and all actions taken hereunder will conduct such operations, workings, and action in such a manner as to prevent soil erosion and soil loss. Lessee shall construct dumps, terraces and turn outs in accordance with Lessor's reasonable specifications to prevent damage resulting from erosion. Lessee shall prevent vehicles of its employees, agents, contractors, subcontractors and other invitees of Lessee from traveling at an excessive rate of speed on Lessor's property.

(l) Notwithstanding anything herein contained to the contrary, it is understood and agreed that Lessee shall have a reasonable time, but not to exceed 180 days after the expiration of the primary term or cessation of production or any other fee determinable event, in which to remove all property and fixtures placed by Lessee on said land except as provided for hereinabove.

(m) When this lease is abandoned by Lessee, Lessee, its successors and assigns, agrees to plug all wells drilled by Lessee on said premises in accordance with the rules and regulations promulgated by the Railroad Commission of Texas or any other regulatory agency having such jurisdiction.

(n) Intentionally left blank.

(o) Lessee hereby agrees that with regard to all wells drilled on the leased premises, a sufficient amount of surface casing shall be set and cemented to properly protect all fresh water formations which are now or may be a source of water supply. "Sufficient amount of casing" shall mean that amount of surface casing required to reach the depth recommended by the Texas Water Development Board or other applicable authority to protect all fresh water formations which are currently found, or may be found, on the leased premises.

(p) Notwithstanding anything contained herein to the contrary, each royalty owner may, at any time or from time to time, upon not less than sixty (60) days written notice to the holder of the lease, require that payment of any royalties accruing to such royalty owner under this lease be made in kind.



(q) Notwithstanding any possibly interpretation or definition of (a) market value or (b) the "amount realized" expressed herein or implied at law, it is controlling provided that payments to Lessor for Lessor's royalty shall never bear or be charged with, either directly or indirectly, any part of the costs or expenses incurred by Lessee upstream of the point of first sale to a non-affiliate of Lessee of production, gathering, dehydration, compression, transportation (except for reasonable transportation costs paid by Lessee to third party carriers in order to get Lessor's share of the gas to a more favorable market), manufacturing, treating, post production expenses, or marketing of oil or gas from the leased premises nor any of the costs of construction, operation or depreciation of any plant or other facilities or equipment for processing or treating said oil or gas produced from the leased premises. Any such costs or expenses which were deducted or charged in determining the "amount realized" shall be added back to the amount realized in determining the royalty due to the Lessor. It is intended and agreed that the terms of this paragraph be controlling, and not merely "surplusage," regardless of any court decisions to the contrary.

(r) Lessor neither warrants nor agrees to defend title to the leased premises.

(s) Notwithstanding anything herein contained to the contrary except as provided in paragraph no. 11 (c), it is hereby agreed that Lessee shall not be entitled to the use of water, potable or nonpotable, for any operations hereunder without the express written consent of Lessor, which consent shall not be unreasonably withheld.

(t) All gates and cattleguards left open by Lessor or its grazing tenant shall be left open. All gates closed by Lessor or its grazing tenant shall also be closed by Lessee. Further, Lessee agrees to install all necessary gates and cattleguards according to Lessor's specifications in order to least interfere with such operations.

(u) Upon Lessor's written request, any abstracts or supplemental abstracts of title purchased by Lessee covering the above described land shall become the property of Lessor upon the termination of the lease. Upon Lessor's written request, Lessee agrees to provide to Lessor photocopies of all run sheets and title opinions received by Lessee or prepared by Lessee's employees.

(v) All notices provided for in this lease shall be in writing and shall be served by personal service upon one of Lessee's officers or agents, or personally upon Lessor, or the same may be mailed to the party to whom the same is directed in registered or certified mail, return receipt requested, at the address for such party set forth herein, and notice by mailing shall be deemed complete three (3) days after deposit thereof in any United States post office.

(w) In consideration hereof, it is further specifically understood and agreed that said Lessee, its successors and assigns, in any and all operations, workings and actions taken hereunder will use reasonable efforts to re-establish or cause to be re-established, the grass sod or cover to those surface areas affected by its operations, workings and actions, and in all cases conduct its operations, workings and actions, in such manner as to prevent soil erosion and soil loss. Lessee shall plow or disc the surface, utilizing seed mixtures reasonably



acceptable to Lessor when necessary to reestablish the grass sod or cover as soon as reasonably possible.

(x) In the event the operator of this lease, or any part thereof, changes from the Lessee named herein, Lessee shall notify Lessor in writing, furnishing Lessor a copy of any assignment of its leasehold estate to such operator along with the mailing address and telephone number of the new operator. Any assignment of leasehold interest to the new operator shall be effective on the date on which it is mailed to Lessor by certified mail through the U.S. Postal Service or overnight courier service.

(y) If Lessor shall not be paid any sum due by the provisions of this lease as royalty on the production from this lease within the time period set forth in Section 91.402 of the Texas Natural Resources Code, Lessee shall pay interest on such sums at the rate provided by Section 91.402 of the Texas Natural Resources Code or ten percent per annum, which ever is higher.

(z) Within the first well drilled by Lessee on each section of land, Lessee shall cause a Gamma Ray log to be conducted covering the interval from the surface down to 1,250 feet of any well drilled. Lessee shall furnish to Lessor, without cost, copies of said log and other information relating to the existence of subsurface water, noting on such logs the existence of water-bearing formations. Said logs and other relevant information shall be turned over to Lessor within fifteen (15) days of the completion of each well.

(aa) If this lease is in force and effect as to any part of the above described leased land at the expiration of five (5) years from the end of the primary term, then this lease shall thereupon terminate as to all of the oil and gas rights in all formations within the boundary lines of each proration unit or producing unit below the depth of 100 feet below the stratigraphic equivalent of the base of the deepest formation capable of production in paying quantities in each respective well. A formation shall be deemed to be "capable of production in paying quantities" only if such capability is determined by actual drill stem test or if such capability is determined by production testing in each respective well.

(bb) Prior to entering the premises for seismic or drilling operations, notice must be given to the current grass lease tenant or his designee, in Sterling City, Texas

12. Lessee may pool or combine the acreage covered by this lease or any portion thereof as to oil and gas, or either of them, as herein provided. In the event Lessee elects to pool acreage covered by this lease and the well is located on lands covered hereby, then at least one-half of the unit so formed shall be comprised of lands covered by this lease. In the event Lessee elects to pool acreage covered by this lease and the well is NOT located on lands covered hereby, then at least one-fourth of the unit so formed shall be comprised of lands covered by this lease. Units pooled hereunder shall conform with the minimum size with those prescribed or permitted by the Railroad Commission of Texas, or other lawful authority, for the drilling or operation of a well to obtain maximum allowables for any well to be drilled, drilling or already drilled. Lessee under the provisions hereof may pool or combine acreage covered by this lease or any portion thereof as above provided as to oil or gas in any one or more strata. Lessee shall file for record in the county in which the leased premises are



situated an instrument describing and designating the pooled acreage as a pooled unit; and upon such recordation the unit shall be effective as to all parties hereto. Lessee may exercise the pooling rights herein allowed before or after commencing operations for or completing an oil or gas well. In the event of operations for drilling on or production of oil or gas from any part of a pooled unit which includes all or a portion of the land covered by this lease, such operations shall be considered as operations for drilling on or production of oil or gas from land covered by this lease. For the purpose of computing the royalties to which owners of royalties and payments out of production and each of them shall be entitled on production of oil and gas, or either of them, from the pooled unit, there shall be allocated to the land covered by this lease and included in said unit a pro rata portion of the oil and gas, or either of them, produced from the pooled unit. Such allocation shall be on an acreage basis, meaning there shall be allocated to the acreage covered by this lease and included in the pooled unit that pro rata portion of the oil and gas, or either of them, produced from the pooled unit which the number of surface acres covered by this lease and included in the pooled unit bears to the total number of surface acres included in the pooled unit. Notwithstanding anything herein seemingly to the contrary, in the event Lessee pools only a portion of this lease, then in such event the pooled portion and the unpooled portion shall be treated and considered as a separate and distinct lease for the limited purposes of paying shut-in royalties and extending the term of this lease by drilling, production or reworking operations. Should this occur, the payment of any shut-in gas royalties shall be based on the number of acres then covered by each separate lease.

Subject to the foregoing limitations as to the acreages that may be pooled under this lease, Lessee shall have the right and power to pool and unitize, for horizontal drainhole wells as such wells are defined or recognized by the Railroad Commission of Texas ("Commission"), all or part of the lands covered by this lease with any other land for oil or gas to form pooled units of such size as may be permitted by the Commission for the assignment of acreage to horizontal drainhole well or wells in question. In exercising its pooling rights for horizontal drainhole wells under this paragraph, Lessee shall file of record in the county where the lands to be pooled are located a written declaration describing the unit and upon such declaration the unit shall be effective. Lessee shall have the recurring right but not the obligation to revise any unit formed for horizontal drainhole wells by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density patterns permitted by the Commission, or to conform to any productive acreage determination made by such agency. In making such a revision, Lessee shall file of record in the county where the lands are located a written declaration describing the revised unit and upon such declaration the revised unit shall be effective. To the extent any portion of the leased premises included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable under this paragraph shall be adjusted accordingly as of the effective date for the revised unit. The effective date for any unit formed for horizontal drainhole wells under this paragraph or any revision thereof shall be the date set forth as the effective date by Lessee in the written declaration that is filed of record for such unit or revision thereof.

If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interest as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease, but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph with consequent allocation of production as herein provided.

As used in this paragraph, the words "separate tracts" shall mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased



premises. Pooling hereunder shall not constitute a cross-conveyance of interests.

13. Lessee agrees to reimburse Lessor \$1000 for attorneys fees and expenses relating to the preparation and negotiation of this lease.

14. This lease may be executed in multiple counterparts, each of which, when so executed, shall be deemed an original, and all such counterparts, when taken together, shall constitute one and the same instrument. For recordation purposes, the separate signature pages and acknowledgments may be affixed to the body of one original instrument without the necessity of recording each separate counterpart in its entirety.

IN WITNESS WHEREOF, we sign effective the day and year first above written.

Billy H. Barbée, Sr.  
BILLY H. BARBEE, SR Individually and as  
Trustee of the BILL AND BETTY BARBEE  
FAMILY TRUST UNDER THE WILL OF  
BETTY JANE BARBEE

STATE OF TEXAS §

COUNTY OF STERLING §

This instrument was acknowledged before me on May 17, 2010 by BILLY H. BARBEE, SR. Individually and as Trustee of the BILL AND BETTY BARBEE FAMILY TRUST UNDER THE WILL OF BETTY JANE BARBEE



KRM  
Notary Public, State of Texas

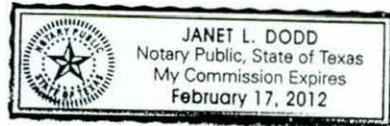
LeAnn Barbee  
LeAnn Barbee, Independent Executor of the  
Estate of ELBERT PATRICK BARBEE, Deceased

STATE OF TEXAS §

COUNTY OF Lamar §

This instrument was acknowledged before me on May 13, 2010 by LeAnn Barbee as Independent Executor of the Estate of ELBERT PATRICK BARBEE, Deceased.

Janet L. Dodd  
Notary Public, State of Texas



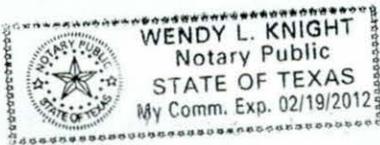
True and correct copy  
of original filed in the  
Glasscock County  
Clerks Office

George Michael Barbé  
GEORGE MICHAEL BARBEE

STATE OF TEXAS §

COUNTY OF LAMAR §

This instrument was acknowledged before me on 5-13-10, 2010 by GEORGE MICHAEL BARBEE.



Wendy L. Knight  
Notary Public, State of Texas

**FILED**  
AT 1:20 O'CLOCK P M  
ON THE 28 DAY OF May  
A.D., 2010  
INS. NO. 3868

Rebecca Batla  
COUNTY CLERK, GLASSCOCK COUNTY, TEXAS

BY Suzie Helgeson  
DEPUTY

STATE OF TEXAS  
COUNTY OF GLASSCOCK

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



Rebecca Batla  
County Clerk, Glasscock County, Texas

OFFICIAL PUBLIC RECORDS

VOL. 146 PAGE 566

RECORDED May 28, 2010

**CERTIFIED TRUE AND CORRECT COPY CERTIFICATE**  
STATE OF TEXAS  
COUNTY OF GLASSCOCK

The above and foregoing is a full, true and correct photographic copy of the original record now in my lawful custody and possession, as the same is filed/recorded in the Official Public Records of my office, found in VOL. 146 PAGE 566



I hereby certified on Dec 5, 2011

REBECCA BATLA, COUNTY & DISTRICT CLERK  
GLASSCOCK COUNTY, TEXAS

BY Patricia Jones DEPUTY



True and correct copy  
of original filed in the  
Glasscock County  
Clerks Office

(3)

File No. 113724

Lease

Date Filed: 12/16/11

Jerry E. Patterson, Commissioner

By GA

3.3.11

**DO NOT DESTROY**



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

PA12-46

Unit Number 5308  
Operator Name FIVESTONES ENERGY LLC Effective Date 5/17/2010  
Customer ID C000051489 Unitized For Oil & Gas  
Unit Name Billy Hull Barbee SR. Lease Unit Term 0 Months  
County1 Glasscock  
County2 0  
County3 0  
RRC District: 08 0  
Unit Type: Permanent 0  
State Royalty Interest: 0.0062384730 0  
State Part in Unit: 0.0998155686  
Unit Depth All Well:  
Below Depth 0 Formation: Spraberry  
Above Depth 0 Participation Basis: Surface Acreage  
[If Exclusions Apply: See Remarks]

MF Number MF113724 Tract Number 1  
Lease Acres 125.56 / Total Unit Acres 1257.92 =  
Tract Participation: 0.0998156 X  
Lease Royalty 0.0625 = Manual Tract Participation: [ ] 0  
Tract Royalty Participation 0.0062385 Manual Tract Royalty: [ ] 0

See Remark

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

08-010877

*API Number*

*RRC Number*

421733431900

0

421733431800

0

*Remarks:*

*Prepared By:*

REW

*Prepared Date:*

1-17-12

*GLO Base Updated By:*

REW

*GLOBase Date:*

1-18-12

*RAM Approval By:*

J King

*RAM Approval Date:*

1-23-2012

*GIS By:*

ZU

*GIS Date:*

2-6-2012

# Pooling Committee Report

**To:** School Land Board PA12-46  
**Date of Board Meeting:** January 17, 2012 Unit Number: 5308  
**Effective Date:** 5/17/2010  
**Unit Expiration Date:** Permanent  
**Applicant:** FIVESTONES ENERGY LLC  
**Attorney Rep:**  
**Operator:** FIVESTONES ENERGY LLC  
**County 1:** Glasscock  
**County 2:**  
**County 3:**  
**Unit Name:** Billy Hull Barbee SR. Lease  
**Field Name:** Spraberry (Trend Area)

<u>Lease Type</u>	<u>MF Number</u>	<u>Lease Royalty</u>	<u>Expiration Date</u>	<u>Lease Term</u>	<u>Lease Acres</u>	<u>Lease Acres in Unit</u>	<u>Royalty Participation</u>
FR	MF113724	0.0625	5/17/2013	3 years	125.56	125.56	0.0062385

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

<b>Private Acres:</b>	1132.36
<b>State Acres:</b>	125.56
<b>Total Unit Acres:</b>	1257.92

<b><u>Participation Basis:</u></b>	
Surface Acreage	
<b><u>State Acreage:</u></b>	9.98%
<b><u>State Unit Royalty:</u></b>	0.62%

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

<b><u>Well Location:</u></b>
State Land

<b><u>RRC Rules:</u></b>	<b><u>Spacing Acres:</u></b>
Special Field Rule	80 acres

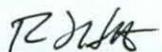
REMARKS:

- Fivestones Energy LLC is requesting the State to ratify their 1,257.92 acre Billy Hull Barbee Sr. lease which includes a 125.56 acre Free Royalty Tract.
- Two wells have been drilled and completed on this lease in the Spraberry Trend Area (42-173-34318 and 42-173-34319).
- With approval of the ratification, the State's royalty interest in the lease will be 0.624%
- The State will participate from the date of first production.

POOLING COMMITTEE RECOMMENDATION:

- The Pooling Committee recommends Board ratification of the Billy Hull Barbee Sr lease under the above-stated provisions.

  
\_\_\_\_\_  
Jeffrey L. Palmer - Office of the Attorney General

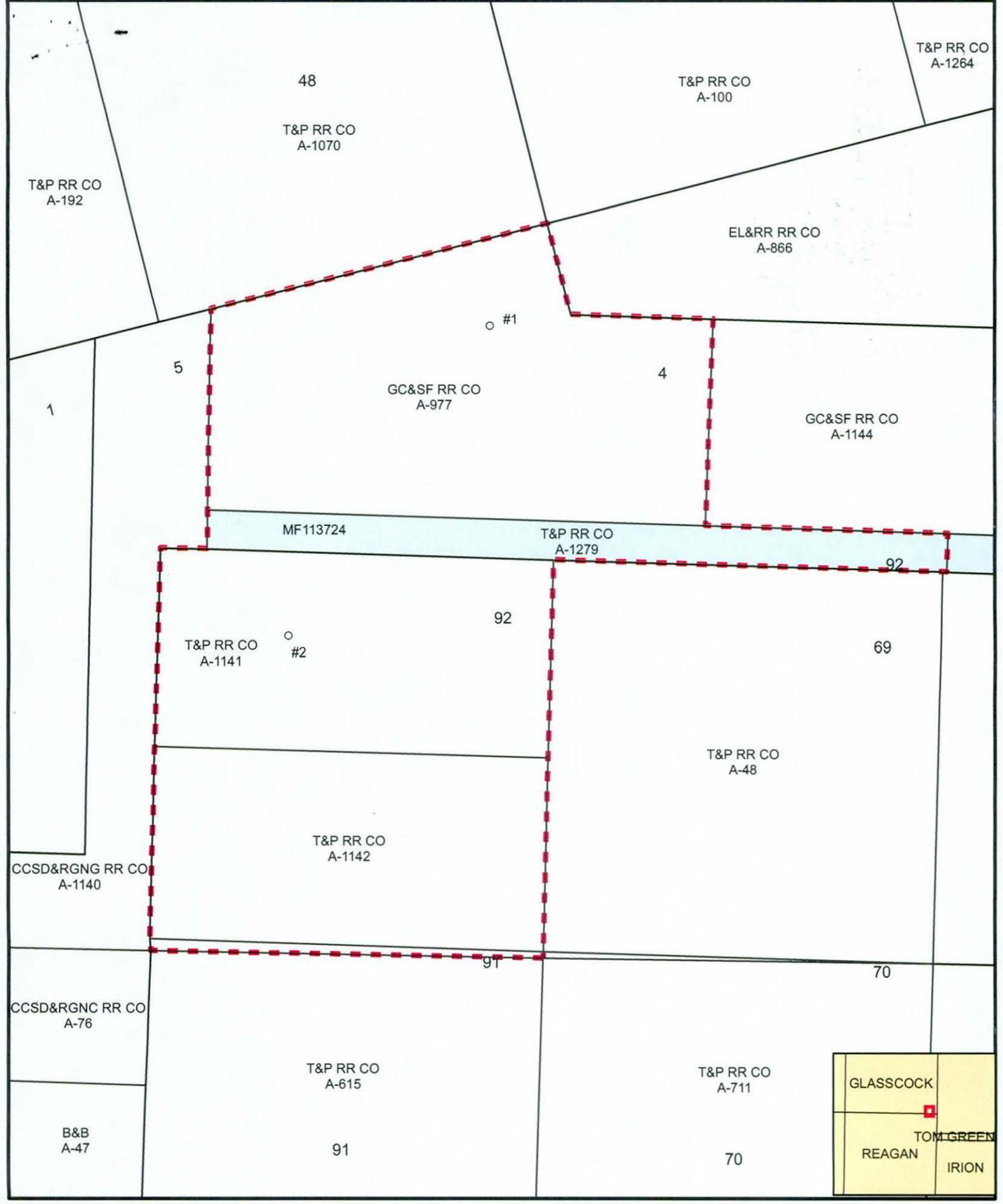
  
\_\_\_\_\_  
Robert Hatter - General Land Office

  
\_\_\_\_\_  
David Zimmerman - Office of the Governor

1-5-12  
Date:

1/05/12  
Date:

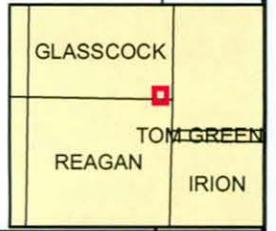
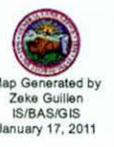
1-5-12  
Date:



Fivestones Energy LLC  
 Billy Hull Barbee Sr. Lease  
 Spraberry (Trend Area) Field  
 MF113724  
 Glasscock County  
 Unit #5308  
 PA12-46



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



4

File No. M-113724  
Ratification Packet #  
5308  
Date Filed: 1/31/12  
Jerry E. Patterson, Commissioner  
By [Signature]

**RATIFICATION OF STATE FREE ROYALTY LEASE  
STATE LEASE NO. M-113724  
GLASSCOCK COUNTY, TEXAS**

WHEREAS, an Oil and Gas Lease was entered into on May 17, 2010, by and between Billy H. Barbee, Sr. et al. as Lessor and Fivestones Ventures, Inc. as Lessee, covering 1,257.92 acres of land, more or less in Glasscock County, Texas, as more particularly described in said Lease on file in Book 146, Page 566 of the Official Public Records of Glasscock County, Texas, said lease being hereinafter referred to as "the Lease"; and

WHEREAS, the State of Texas is the owner of a free royalty interest in 125.56 acres, being the Mrs. Estelle Hull Council Survey, Scrap File 15169, A-1279, which tract is included in the 1,257.92 gross acres covered by the Lease; and

WHEREAS, a certified copy of the Lease was filed in the Archives and Records of the General Land Office on December 16, 2011 in Mineral File No. MF-113724; and

WHEREAS, the State of Texas is desirous of communitizing the State's free royalty interest in the Lease with the other acreage covered by the Lease; and

WHEREAS, the School Land Board at its regular meeting held on January 17, 2012, approved ratifying the Lease thereby creating a community lease; and

WHEREAS, the Commissioner of the General Land Office has made a finding that said ratification is in the best interest of the State and is authorized by statute to execute this Ratification of the Lease on behalf of the State of Texas.

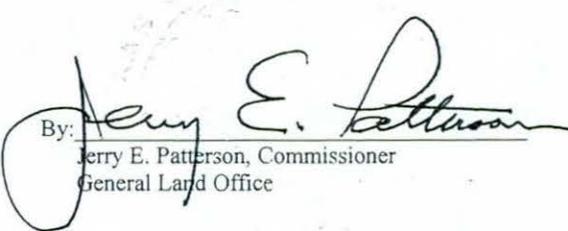
NOW THEREFORE, KNOW ALL MEN BY THESE PRESENTS, that the Commissioner of the General Land Office of the State of Texas, acting on behalf of the State, does hereby ratify the Lease and commits to the Lease all of the free royalty interests of the State of Texas in and to the oil and gas in and under all tracts within the Lease as described therein and does hereby agree that the State of Texas shall be bound by all of the provisions of said Lease as if the undersigned had executed the original or a counterpart of the Lease, except as may be otherwise provided by the laws and rules governing the free royalty interest of the State.

NOTHING in this ratification nor its approval by the School Land Board shall (1) constitute a waiver or release of any claim for money, oil, gas or other hydrocarbons, or other thing due to any reason, including without limitation, violations of the laws of the State with respect to such lease or failure of consideration; (2) constitute a confirmation or recognition of any boundary or acreage of any tract or parcel of land in which the State has or claims an interest, or; (3) constitute a ratification of, or a waiver or release or any claim by the State with respect to any violation of a statute, regulation, or any of the common laws of this State, or breach of any contract, duty, or other obligation owed to the State.

IN WITNESS WHEREOF, the Commissioner of the General Land Office has executed this Ratification of State Free Royalty Lease on the date indicated below but effective as of May 17, 2010.

Date Executed January 27, 2012

THE STATE OF TEXAS

By:   
Jerry E. Patterson, Commissioner  
General Land Office

Content RM  
Geology REW  
Legal MS  
Executive [Signature]

5

File No. M-113724  
Rectification of F.R. Leave

Date Filed: 1/31/12

Jerry E. Patterson, Commissioner

By [Signature]

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

January 31, 2012

Ms. Leslie Gadd  
FIML Natural Resources, LLC  
410 17<sup>th</sup> Street, Suite 900  
Denver, Colorado 80202

Re: Ratification of State Free Royalty Lease  
State Lease No. M-113724  
Mrs. Estelle Hull Council Survey, A-1279  
Patrick Barbee Lease  
Book 146, Page 566  
Glasscock County, Texas

Dear Ms. Gadd:

The School Land Board of the State of Texas at its regular meeting on January 17, 2012, approved having the State ratify the referenced oil and gas lease, which includes a State Free Royalty tract. Enclosed is a copy of the Pooling Committee Report presented to the Board and an original Ratification of State Free Royalty Lease that has been signed by Jerry E. Patterson, Commissioner of the Texas General Land Office. The lease and ratification have been filed in Mineral File No. M-113724, Please refer to this Mineral File number when paying royalties to the State and in all future correspondence regarding this interest. The ratification will be sent for recording in Glasscock County, Texas and I will provide you with a copy of the recorded ratification as soon as I receive it from the County Clerk.

If you have any questions, or require anything further please contact me at the number listed.

Sincerely,

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

Enclosures

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

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

[www.glo.state.tx.us](http://www.glo.state.tx.us)

6

File No. M-113724  
L.F. to FIMC

Date Filed: 1/31/12  
Jerry E. Patterson, Commissioner  
By: [Signature]

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

February 17, 2012

Ms. Leslie Gadd  
FIML Natural Resources, LLC  
410 17<sup>th</sup> Street, Suite 900  
Denver, Colorado 80202

Re: Ratification of State Free Royalty Lease  
State Lease No. M-113724  
Mrs. Estelle Hull Council Survey, A-1279  
Patrick Barbee Lease  
Book 146, Page 566  
Glasscock County, Texas

Dear Ms. Gadd:

Enclosed is a copy of the Ratification of State Free Royalty Lease that has been recorded in the Official Public records of Glasscock County, Texas.

If you have any questions, or require anything further please contact me at the number listed.

Sincerely,

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

Enclosure

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

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

[www.glo.state.tx.us](http://www.glo.state.tx.us)

(7)

File No. M-113724  
Ltr. to FML

Date Filed: 2/17/12

Jerry E. Patterson, Commissioner

By [Signature]

# 9957

**RATIFICATION OF STATE FREE ROYALTY LEASE  
STATE LEASE NO. M-113724  
GLASSCOCK COUNTY, TEXAS**

WHEREAS, an Oil and Gas Lease was entered into on May 17, 2010, by and between Billy H. Barbee, Sr. et al. as Lessor and Fivestones Ventures, Inc. as Lessee, covering 1,257.92 acres of land, more or less in Glasscock County, Texas, as more particularly described in said Lease on file in Book 146, Page 566 of the Official Public Records of Glasscock County, Texas, said lease being hereinafter referred to as "the Lease"; and

WHEREAS, the State of Texas is the owner of a free royalty interest in 125.56 acres, being the Mrs. Estelle Hull Council Survey, Scrap File 15169, A-1279, which tract is included in the 1,257.92 gross acres covered by the Lease; and

WHEREAS, a certified copy of the Lease was filed in the Archives and Records of the General Land Office on December 16, 2011 in Mineral File No. MF-113724; and

WHEREAS, the State of Texas is desirous of communitizing the State's free royalty interest in the Lease with the other acreage covered by the Lease; and

WHEREAS, the School Land Board at its regular meeting held on January 17, 2012, approved ratifying the Lease thereby creating a community lease; and

WHEREAS, the Commissioner of the General Land Office has made a finding that said ratification is in the best interest of the State and is authorized by statute to execute this Ratification of the Lease on behalf of the State of Texas.

NOW THEREFORE, KNOW ALL MEN BY THESE PRESENTS, that the Commissioner of the General Land Office of the State of Texas, acting on behalf of the State, does hereby ratify the Lease and commits to the Lease all of the free royalty interests of the State of Texas in and to the oil and gas in and under all tracts within the Lease as described therein and does hereby agree that the State of Texas shall be bound by all of the provisions of said Lease as if the undersigned had executed the original or a counterpart of the Lease, except as may be otherwise provided by the laws and rules governing the free royalty interest of the State.

NOTHING in this ratification nor its approval by the School Land Board shall (1) constitute a waiver or release of any claim for money, oil, gas or other hydrocarbons, or other thing due to any reason, including without limitation, violations of the laws of the State with respect to such lease or failure of consideration; (2) constitute a confirmation or recognition of any boundary or acreage of any tract or parcel of land in which the State has or claims an interest, or; (3) constitute a ratification of, or a waiver or release or any claim by the State with respect to any violation of a statute, regulation, or any of the common laws of this State, or breach of any contract, duty, or other obligation owed to the State.

IN WITNESS WHEREOF, the Commissioner of the General Land Office has executed this Ratification of State Free Royalty Lease on the date indicated below but effective as of May 17, 2010.

Date Executed January 27, 2012

THE STATE OF TEXAS

By:   
Jerry E. Patterson, Commissioner  
General Land Office

Content   
Geology   
Legal   
Executive 

8

File No. M-113724  
Recorded Retification  
Date Filed: 2/17/12  
Jerry E. Patterson, Commissioner  
By: [Signature]

FILED

AT 1100 O'CLOCK A M  
ON THE 3 DAY OF Feb  
A.D., 2012  
INS. NO. 9957

STATE OF TEXAS  
COUNTY OF GLASSCOCK

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



Rebecca Barla

County Clerk, Glasscock County, Texas

Rebecca Barla

COUNTY CLERK, GLASSCOCK COUNTY, TEXAS

BY [Signature] DEPUTY

OFFICIAL PUBLIC RECORDS

VOL. 183 PAGE 670  
RECORDED Feb 8, 2012



Glasscock

MF 113724  
Unit 5308

**DIVISION ORDER**

To: **FIML Natural Resources, LLC**  
410 – 17<sup>th</sup> Street, Suite 900  
Denver, CO 80202

Date: February 27, 2013

Property Number: TX.0055.024  
Property Name: BARBEE 04D  
API No: 42-173-35210  
Footage: 1124' FNL; 670' FWL  
Operator: FIML NATURAL RESOURCES LLC  
County and State: Glasscock, Texas  
Property: GC&SF RR CO SURVEY, Blk: 20 Sec: 4  
Description: NW NW

Effective Date: Date of First Sales

Production: \_\_\_\_\_ Oil \_\_\_\_\_ Gas X Other: All Products

Owner Name and Address:	OWNER NUMBER: 4835
STATE OF TEXAS	Type of Interest: NPR
GENERAL LAND OFFICE	Decimal Interest: 0.00623847 ✓
ENERGY RESOURCES	
P O BOX 12873	
AUSTIN, TX 78711-2873	

The undersigned certifies the ownership of their decimal interest in production or proceeds as described above payable by FIML Natural Resources, LLC (Payor).

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

Payor is authorized to withhold payment pending resolution of a title dispute or adverse claim asserted regarding the interest in production claimed herein by the undersigned. The undersigned agrees to indemnify and reimburse Payor any amount attributable to an interest to which the undersigned is not entitled.

Payor may accrue proceeds until the total amount equals \$25.00, or pay annually, whichever occurs first or as required by applicable state statute.

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

In addition to the terms and conditions of this Division Order, the undersigned and Payor may have certain statutory rights under the laws of the state in which the property is located.

Special Clauses: *(None or See Attached Exhibit)*

Owner(s) Signature(s): \_\_\_\_\_  
STATE OF TEXAS

Owner(s) Tax I.D. Number(s): \_\_\_\_\_

Owner Daytime Telephone: \_\_\_\_\_

Owner FAX Telephone #: \_\_\_\_\_

Federal Law requires you to furnish your Social Security or Taxpayer Identification Number. Failure to comply will result in 28 % tax withholding and will not be refundable by Payor. Please fill out and signed the enclosed W-9.



**DIVISION ORDER**

To: **FIML Natural Resources, LLC**  
 410 – 17<sup>th</sup> Street, Suite 900  
 Denver, CO 80202

Date: February 27, 2013

Property Number: TX.0055.025  
 Property Name: BARBEE 04E  
 API No: 42-173-35214  
 Footage: 129' FSL; 650' FWL  
 Operator: FIML NATURAL RESOURCES LLC  
 County and State: Glasscock, Texas  
 Property: GC&SF RR CO SURVEY, Blk: 20 Sec: 4  
 Description: SW NW

Effective Date: Date of First Sales

Production: \_\_\_\_\_ Oil \_\_\_\_\_ Gas X Other: All Products

Owner Name and Address:	OWNER NUMBER: 4835
STATE OF TEXAS	Type of Interest: NPR
GENERAL LAND OFFICE	Decimal Interest: 0.00623847
ENERGY RESOURCES	
P O BOX 12873	
AUSTIN, TX 78711-2873	

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Special Clauses: *(None or See Attached Exhibit)*

Owner(s) Signature(s): \_\_\_\_\_  
 STATE OF TEXAS \_\_\_\_\_  
 Owner(s) Tax I.D. Number(s): \_\_\_\_\_  
 Owner Daytime Telephone: \_\_\_\_\_  
 Owner FAX Telephone #: \_\_\_\_\_

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**DIVISION ORDER**

To: **FIML Natural Resources, LLC**  
 410 – 17<sup>th</sup> Street, Suite 900  
 Denver, CO 80202

Date: February 27, 2013

Property Number: TX.0055.026  
 Property Name: BARBEE 92D  
 API No: 42-173-35301  
 Footage: 543' FNL; 650' FWL  
 Operator: FIML NATURAL RESOURCES LLC  
 County and State: Glasscock, Texas  
 Property: T&P RR CO SURVEY, Blk: 2 Sec: 92  
 Description: NW NW

Effective Date: Date of First Sales

Production: \_\_\_\_\_ Oil \_\_\_\_\_ Gas X Other: All Products

Owner Name and Address:	OWNER NUMBER: 4835
STATE OF TEXAS	Type of Interest: NPR
GENERAL LAND OFFICE	Decimal Interest: 0.00623847
ENERGY RESOURCES	
P O BOX 12873	
AUSTIN, TX 78711-2873	

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Special Clauses: *(None or See Attached Exhibit)*

Owner(s) Signature(s): \_\_\_\_\_  
 STATE OF TEXAS

Owner(s) Tax I.D. Number(s): \_\_\_\_\_

Owner Daytime Telephone: \_\_\_\_\_

Owner FAX Telephone #: \_\_\_\_\_

Federal Law requires you to furnish your Social Security or Taxpayer Identification Number. Failure to comply will result in 28 % tax withholding and will not be refundable by Payor. Please fill out and signed the enclosed W-9.



**DIVISION ORDER**

To: **FIML Natural Resources, LLC**  
 410 – 17<sup>th</sup> Street, Suite 900  
 Denver, CO 80202

Date: February 27, 2013

Property Number: TX.0055.028  
 Property Name: BARBEE 92P  
 API No: 42-173-35310  
 Footage: 777' FSL; 742' FEL  
 Operator: FIML NATURAL RESOURCES LLC  
 County and State: Glasscock, Texas  
 Property: T&P RR CO SURVEY, Blk: 2 Sec: 92  
 Description: SE SE

Effective Date: Date of First Sales

Production: \_\_\_\_\_ Oil \_\_\_\_\_ Gas  Other: All Products

Owner Name and Address:	OWNER NUMBER: 4835
STATE OF TEXAS	Type of Interest: NPR
GENERAL LAND OFFICE	Decimal Interest: 0.00623847
ENERGY RESOURCES	
P O BOX 12873	
AUSTIN, TX 78711-2873	

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Special Clauses: *(None or See Attached Exhibit)*

Owner(s) Signature(s): \_\_\_\_\_  
 STATE OF TEXAS \_\_\_\_\_  
 Owner(s) Tax I.D. Number(s): \_\_\_\_\_  
 Owner Daytime Telephone: \_\_\_\_\_  
 Owner FAX Telephone #: \_\_\_\_\_

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**DIVISION ORDER**

To: **FIML Natural Resources, LLC**  
 410 – 17<sup>th</sup> Street, Suite 900  
 Denver, CO 80202

Date: February 27, 2013

Property Number: TX.0055.027  
 Property Name: BARBEE 92L  
 API No: 42-173-35309  
 Footage: 2206' FSL; 666' FWL  
 Operator: FIML NATURAL RESOURCES LLC  
 County and State: Glasscock, Texas  
 Property Description: T&P RR CO SURVEY, Blk: 2 Sec: 92  
 Description: NW SW

Effective Date: Date of First Sales

Production: \_\_\_\_\_ Oil \_\_\_\_\_ Gas  Other: All Products

Owner Name and Address:	OWNER NUMBER: 4835
STATE OF TEXAS GENERAL LAND OFFICE ENERGY RESOURCES P O BOX 12873 AUSTIN, TX 78711-2873	Type of Interest: NPR Decimal Interest: 0.00623847

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Owner(s) Signature(s): \_\_\_\_\_  
 STATE OF TEXAS

Owner(s) Tax I.D. Number(s): \_\_\_\_\_

Owner Daytime Telephone: \_\_\_\_\_

Owner FAX Telephone #: \_\_\_\_\_

Federal Law requires you to furnish your Social Security or Taxpayer Identification Number. Failure to comply will result in 28 % tax withholding and will not be refundable by Payor. Please fill out and signed the enclosed W-9.

RD

**Retain this copy for your records**



File No. 113724

DIVISION ORDER

Date Filed: 03/14/13  
Jerry E. Patterson, Commissioner

By 



12/12 from cashed \$36.54 └─ From email on 12/3

12/21 \$46.87 Internet

1/10 \$51.10 Gas

100.97

\$33.32

\$41.47

\$12.15

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

July 18, 2013

CERTIFIED MAIL: 7011 1150 0001 2419 0812

Mr. Stephen R. Winslow  
Fiml Natural Resources LLC  
410 17<sup>th</sup> Street Ste 900  
Denver CO 80202-4420

RE: Notice of non-reporting on State Lease MF113724

Dear Mr. Winslow :

Per letter dated June 14, 2013 (copy enclosed) Fiml Natural Resources LLC (Fiml) was asked by the Texas General Land Office (GLO) to file missing production reports for the referenced lease. Fiml has not complied with this request and is being billed \$7,020.00 for non compliance in filing GLO1 and GLO2 production reports. Missing reports are billed at a rate of \$10.00 for each 30 day period the report is late as detailed on the enclosed schedules.

It is also necessary to file the missing Royalty Payment Summary (GLO3) reports as detailed in the June 14, 2013 letter. Any royalty payments heretofore remitted by Fiml remain in an "Unapplied" status as the payments were not accompanied by a GLO3. As it stands now, it appears that no royalties have been remitted on this lease because the GLO has no way of knowing if the correct payments have been remitted without proper documentation.

Your cooperation in correcting the reporting problems would be appreciated. The GLO has a duty to ensure that royalties due to the Permanent School Fund are paid correctly. This can only be accomplished with proper reporting documentation.

To ensure your company remains in good standing with the GLO, please respond to this notice within 30 days of the above date. As stated in the June 14, 2013 letter, the Texas Administrative Code provides other remedies for non compliance of lease provisions and reporting requirements such as lease forfeiture and/or warrant holds on funds available at the Comptroller's Office.

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

P.O. Box 12873 • Austin, Texas 78711-2873

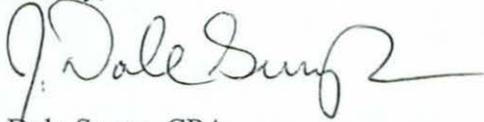
512.463.5001 • 800.998.4GLO

[glo.texas.gov](http://glo.texas.gov)

Fiml Natural Resources LLC  
July 18, 2013  
Page 2

If you have any questions, please contact Mike May at 512-463-5379 or [mike.may@glo.texas.gov](mailto:mike.may@glo.texas.gov).

Sincerely,

A handwritten signature in black ink that reads "J. Dale Sump". The signature is written in a cursive style with a long horizontal flourish at the end.

J. Dale Sump, CPA  
Manager of Minerals Audit  
Texas General Land Office  
(512) 463-2921 / [dale.sump@glo.texas.gov](mailto:dale.sump@glo.texas.gov)

Attachments  
Ltr Log #0077

Customer ID: C000044891

Invoice Number:

GLO Lease: MF113724

GLO Review: Fiml Natural Resources LLC

Review Period: April 2011 through May 2013

Auditor/AE: Mmay

Billing Date: 7/18/2013

P&I Calculation Date: 7/13/2013

Royalty Rate: 0.00%

Month / Year	RRC Number	(1) Oil Volume	(2) Tract Participation Rate	(3) Price	(4) Gross Value  (1)x(2)x(3)	(5) Royalty Due  (4) * Royalty Rate	(6) Royalty Paid	(7) Additional Royalty Due	(8) Number of Days Late	(9) Interest Rate For Additional Royalty	(10) Penalty From Additional Royalty	(11) Interest From Additional Royalty	(12) Revenue Due  (7)+(10)+(11)
Apr-11	08-41771	0.00	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	769	4.25%	\$260.00	\$0.00	\$260.00
May-11	08-41771	0.00	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	739	4.25%	\$250.00	\$0.00	\$250.00
Jun-11	08-41771	0.00	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	708	4.25%	\$240.00	\$0.00	\$240.00
Jul-11	08-41771	0.00	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	677	4.25%	\$230.00	\$0.00	\$230.00
Aug-11	08-41771	0.00	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	647	4.25%	\$220.00	\$0.00	\$220.00
Sep-11	08-41771	0.00	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	616	4.25%	\$210.00	\$0.00	\$210.00
Oct-11	08-41771	0.00	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	586	4.25%	\$200.00	\$0.00	\$200.00
Nov-11	08-41771	0.00	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	555	4.25%	\$190.00	\$0.00	\$190.00
Dec-11	08-41771	0.00	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	524	4.25%	\$180.00	\$0.00	\$180.00
Jan-12	08-41771	0.00	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	495	4.25%	\$170.00	\$0.00	\$170.00
Feb-12	08-41771	0.00	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	464	4.25%	\$160.00	\$0.00	\$160.00
Mar-12	08-41771	0.00	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	434	4.25%	\$150.00	\$0.00	\$150.00
Apr-12	08-41771	0.00	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	403	4.25%	\$140.00	\$0.00	\$140.00
May-12	08-41771	0.00	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	373	4.25%	\$130.00	\$0.00	\$130.00
Jun-12	08-41771	0.00	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	342	4.25%	\$120.00	\$0.00	\$120.00
Jul-12	08-41771	0.00	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	311	4.25%	\$110.00	\$0.00	\$110.00
Aug-12	08-41771	0.00	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	281	4.25%	\$100.00	\$0.00	\$100.00
Sep-12	08-41771	0.00	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	250	4.25%	\$90.00	\$0.00	\$90.00
Oct-12	08-41771	0.00	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	220	4.25%	\$80.00	\$0.00	\$80.00
Nov-12	08-41771	0.00	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	189	4.25%	\$70.00	\$0.00	\$70.00
Dec-12	08-41771	0.00	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	158	4.25%	\$60.00	\$0.00	\$60.00
Jan-13	08-41771	0.00	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	130	4.25%	\$50.00	\$0.00	\$50.00
Feb-13	08-41771	0.00	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	99	4.25%	\$40.00	\$0.00	\$40.00
Mar-13	08-41771	0.00	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	69	4.25%	\$30.00	\$0.00	\$30.00
Apr-13	08-41771	0.00	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	38	4.25%	\$20.00	\$0.00	\$20.00
May-13	08-41771	0.00	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	8	4.25%	\$10.00	\$0.00	\$10.00
<b>TOTALS</b>		<b>0.00</b>			<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>			<b>\$3,510.00</b>	<b>\$0.00</b>	<b>\$3,510.00</b>

Comments Missing reports billed at \$10.00 for each month the report is late.

Customer ID: C000044891  
 Invoice Number:  
 GLO Lease: MF113724  
 GLO Review: Fiml Natural Resources LLC  
 Review Period: April 2011 through May 2013

Auditor/AE: Mmay  
 Billing Date: 7/18/2013  
 P&I Calculation Date: 7/31/2013  
 Royalty Rate: 0.00%

Month / Year	RRC Number	Gas Volume (1)	Tract Participation Rate (2)	Price (3)	BTU (4)	Gross Value (5)		Royalty Due (6)	Royalty Paid (7)	Additional Royalty Due (8)	Number of Days Late (9)	Interest Rate For Additional Royalty (10)	Penalty From Additional Royalty (11)	Interest From Additional Royalty (12)	Revenue Due (13)
						(1)x(2)x(3)x(4)	(5) * Royalty Rate								
Apr-11	08-41771	0	0.000000	\$0.000000	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	777	4.25%	\$260.00	\$0.00	\$260.00
May-11	08-41771	0	0.000000	\$0.000000	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	747	4.25%	\$250.00	\$0.00	\$250.00
Jun-11	08-41771	0	0.000000	\$0.000000	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	716	4.25%	\$240.00	\$0.00	\$240.00
Jul-11	08-41771	0	0.000000	\$0.000000	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	685	4.25%	\$230.00	\$0.00	\$230.00
Aug-11	08-41771	0	0.000000	\$0.000000	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	655	4.25%	\$220.00	\$0.00	\$220.00
Sep-11	08-41771	0	0.000000	\$0.000000	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	624	4.25%	\$210.00	\$0.00	\$210.00
Oct-11	08-41771	0	0.000000	\$0.000000	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	594	4.25%	\$200.00	\$0.00	\$200.00
Nov-11	08-41771	0	0.000000	\$0.000000	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	563	4.25%	\$190.00	\$0.00	\$190.00
Dec-11	08-41771	0	0.000000	\$0.000000	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	532	4.25%	\$180.00	\$0.00	\$180.00
Jan-12	08-41771	0	0.000000	\$0.000000	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	503	4.25%	\$170.00	\$0.00	\$170.00
Feb-12	08-41771	0	0.000000	\$0.000000	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	472	4.25%	\$160.00	\$0.00	\$160.00
Mar-12	08-41771	0	0.000000	\$0.000000	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	442	4.25%	\$150.00	\$0.00	\$150.00
Apr-12	08-41771	0	0.000000	\$0.000000	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	411	4.25%	\$140.00	\$0.00	\$140.00
May-12	08-41771	0	0.000000	\$0.000000	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	381	4.25%	\$130.00	\$0.00	\$130.00
Jun-12	08-41771	0	0.000000	\$0.000000	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	350	4.25%	\$120.00	\$0.00	\$120.00
Jul-12	08-41771	0	0.000000	\$0.000000	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	319	4.25%	\$110.00	\$0.00	\$110.00
Aug-12	08-41771	0	0.000000	\$0.000000	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	289	4.25%	\$100.00	\$0.00	\$100.00
Sep-12	08-41771	0	0.000000	\$0.000000	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	258	4.25%	\$90.00	\$0.00	\$90.00
Oct-12	08-41771	0	0.000000	\$0.000000	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	228	4.25%	\$80.00	\$0.00	\$80.00
Nov-12	08-41771	0	0.000000	\$0.000000	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	197	4.25%	\$70.00	\$0.00	\$70.00
Dec-12	08-41771	0	0.000000	\$0.000000	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	166	4.25%	\$60.00	\$0.00	\$60.00
Jan-13	08-41771	0	0.000000	\$0.000000	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	138	4.25%	\$50.00	\$0.00	\$50.00
Feb-13	08-41771	0	0.000000	\$0.000000	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	107	4.25%	\$40.00	\$0.00	\$40.00
Mar-13	08-41771	0	0.000000	\$0.000000	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	77	4.25%	\$30.00	\$0.00	\$30.00
Apr-13	08-41771	0	0.000000	\$0.000000	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	46	4.25%	\$20.00	\$0.00	\$20.00
May-13	08-41771	0	0.000000	\$0.000000	0.000000	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	16	4.25%	\$10.00	\$0.00	\$10.00
TOTALS		0				\$0.00	\$0.00	\$0.00	\$0.00	\$0.00			\$3,510.00	\$0.00	\$3,510.00

Comments: Missing reports billed at \$10.00 for each month the report is late.

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

June 14, 2013

CERTIFIED MAIL: 7011 1150 0001 2419 2014

Mr. Stephen R. Winslow  
Fiml Natural Resources LLC  
410 17<sup>th</sup> Street Ste 900  
Denver, CO 80202-4420

RE: Notice of non-reporting on State Lease MF113724

Dear Mr. Winslow :

Per Texas Administrative Code: Lessees shall provide, in the form and manner prescribed by the General Land Office (GLO), production/royalty reports (Form GLO1 for oil and condensate and Form GLO2 for gas). Fiml Natural Resources LLC (Fiml) is the operator of the above referenced lease and has not complied with the reporting requirements. The penalty for missing production reports is \$10.00 for each 30 day period the report is late. Penalties for non compliance of reporting requirements on the referenced lease is \$4,600.00 as of June 2013 due dates.

The GLO has sent Fiml monthly Unmatched Remittances notices for payments that have been remitted without the filing of Form GLO3. The most recent notice is enclosed. The GLO3 form is used to allocate royalty payments to the proper lease and production month. The GLO has no way to allocate payments without the GLO3.

Please complete the attached Blanket Authorization Affidavit before a notary and return via regular mail. Also attached is an Electronic Reporting Agreement which must be completed and returned to our office. For your convenience, copies of letters sent to new GLO operators and the applicable section of the Texas Administrative Code governing State Oil and Gas Leases are also enclosed.

If the required production reports from first production through April 2013 are not filed by July 15, 2013 the GLO will assess the penalty noted above. Please note that the Texas Administrative Code provides other remedies to the GLO for failure to comply with lease reporting requirements such as lease forfeiture and/or warrant hold on funds available at the Comptroller's Office.

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

P.O. Box 12873 • Austin, Texas 78711-2873

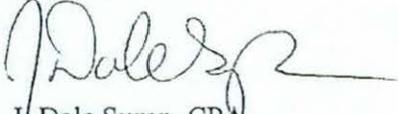
512.463.5001 • 800.998.4GLO

[glo.texas.gov](http://glo.texas.gov)

Fiml Natural Resources  
June 14, 2013  
Page 2

If you have any questions, please contact Mike May at 512-463-5379 or [mike.may@glo.texas.gov](mailto:mike.may@glo.texas.gov).

Sincerely,

A handwritten signature in black ink, appearing to read "Dale Sump", with a long horizontal flourish extending to the right.

J Dale Sump, CPA  
Manager of Minerals Audit  
Texas General Land Office  
(512) 463-2921 / [dale.sump@glo.texas.gov](mailto:dale.sump@glo.texas.gov)

Attachments  
Ltr Log #0067

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

Monday, April 22, 2013

FIML NATURAL RESOURCES, LLC  
410 17TH STREET STE 900  
DENVER, CO 80202 4420

Re: Unmatched Remittances

Dear Sir or Madam:

This notice is to inform FIML NATURAL RESOURCES, LLC that the royalty due amount on GLO3/MA3 remittance reports does not match the funds actually received. Please see attached detail.

You may have already been contacted via telephone by the GLO on this matter. If not, please respond to this notice within 30 days of the notice date in order to ensure your company remains in good standing with the General Land Office. Correction of this out-of-balance condition is necessary to avoid future accumulation of penalty and interest.

Unmatched GLO3/MA3 reports will be listed as Unmatched Remittance balances on the monthly statement until resolved. Unmatched Payments can not be properly applied until a GLO3/MA3 report is received. After one year, unmatched payments may be applied to other outstanding invoices per GLO policy.

If you have any questions concerning this notice please contact James Ybarbo at (512) 463-5184 or by email at [James.Ybarbo@glo.texas.gov](mailto:James.Ybarbo@glo.texas.gov) or Amy Krutis at (512) 463-5065 or by email at [Amy.Krutis@glo.texas.gov](mailto:Amy.Krutis@glo.texas.gov).

Sincerely,

A handwritten signature in black ink, appearing to read "Donna Keel".

Donna Keel, CIA, CGAP  
Financial Operations Manager

Stephen F. Austin Building • 1700 North Congress Avenue • Austin, TX 78701-1495  
Post Office Box 12873 • Austin, TX 78711-2873  
512-463-5001 • 800-998-4GLO

[www.glo.texas.gov](http://www.glo.texas.gov)



# General Land Office

## Unmatched Remittance Detail

PO Box 12873  
Austin, TX 78711-2873  
(800) 998-4456  
7:30 - 5:30 M-F

Jerry Patterson, Commissioner

FIML NATURAL RESOURCES, LLC  
410 17TH STREET STE 900  
DENVER, CO 80202 4420

Customer Number: C000044891

Unapplied Payments			
Document Number	Date Received	Check Number	Payment Amount Received
13014082	3/4/2013	89618	\$6,175.81
13002614	10/1/2012	82611	\$18,167.57
13005033	10/29/2012	84267	\$4,453.83
13007305	12/3/2012	85732	\$8,379.83
13011676	1/31/2013	88411	\$6,270.84
13016787	4/1/2013	90990	\$8,288.54
13009292	1/2/2013	87220	\$7,640.29

The above payments were received without corresponding GLO3/MA3 remittance reports.

### NOTICE

For royalty reporting questions, please visit <http://www.glo.texas.gov>, call (512) 463-6850 or email us at [glo123@glo.texas.gov](mailto:glo123@glo.texas.gov).

FIML NATURAL RESOURCES, LLC



## TEXAS GENERAL LAND OFFICE ELECTRONIC REPORTING AGREEMENT

THIS ELECTRONIC REPORTING AGREEMENT (the "Agreement") is made as of \_\_\_\_\_, \_\_\_\_\_, by and between \_\_\_\_\_ (the "Remitter") with offices at \_\_\_\_\_ and Texas General Land Office (the "GLO") with offices at Austin, Texas (collectively, the "parties").

### RECITALS

The parties desire to facilitate reports and other information exchanged by electronically transmitting and receiving data in agreed formats; and

The parties desire to assure that such transactions are legally valid and enforceable as a result of the use of available electronic technologies for the mutual benefit of the parties; and

The parties desire to enter into this Agreement to govern their relationship with respect to the electronic exchange of information using the Internet, also known as electronic reporting transactions.

THEREFORE the parties hereby agree as follows:

### Section 1. Prerequisites

- 1.1 Data Communications. Each party may electronically transmit to or receive from the other party any of the transaction sets listed in the Exhibit(s), as such Exhibit(s) may be revised by written agreement (collectively "Documents"). Any transmission of data which is not a Document, an electronic delivery mechanism error notification, or a time-stamp receipt response or record (collectively "Data Communications") shall have no force or effect between the parties. All Data Communications shall be transmitted in accordance with the most current published standards and guidelines set forth in the GLO web page.
- 1.2 Internet Service Providers
  - 1.2.1 Data Communications will be transmitted electronically to each party as specified in the Exhibit(s) through any Internet service provider ("Provider") with whom either party may contract. Either party may modify its election to use, not use or change a Provider without notice to the other party.
  - 1.2.2 Remitter shall be responsible for the costs of any Provider with whom it contracts. Remitter shall be responsible for services needed to carry out its responsibilities under this agreement.
  - 1.2.3 Notwithstanding the acts or omissions of its Provider, for purposes of this Agreement, Remitter is responsible for transmitting, receiving, storing or handling Data Communications to the extent required to effectuate transactions pursuant to Section 2.
- 1.3 System Operations. Remitter, at its own expense, shall provide and maintain the equipment, software, services and testing necessary to transmit Data Communications to, and receive Data Communications from the GLO's Receipt Computer.

- 1.4 Security Procedures. Remitter shall use those security procedures in accordance with the most current published standards and guidelines set forth in the GLO web page. The manner in which user names and passwords are to be changed and/or exchanged will be specified in the standards and guidelines.

## Section 2. Transmissions

### 2.1 Filing Deadlines.

- 2.1.1 The due dates for filing electronic reports under this Agreement are the same as those for the equivalent conventional paper-based filings. Such due dates are specified in TEX. NAT. RES. CODE § 52.131 and in the applicable regulations and rules of the TGLO. Remitter is subject to penalties for failure to ensure that TGLO receives an error-free file transmitted prior to 12:00 mid-night Central Standard Time on the due date, as indicated by the time that such file was uploaded to the TGLO.

- 2.1.2 Working hours for TGLO staff are Monday through Friday (except holidays), 8:00 AM to 5:00 PM, Central Standard Time. Remitters who file electronic reports outside of normal working hours do so at their own risk, as TGLO support is unavailable for potential obstacles to transmission, irrespective of the nature of the transmission difficulties. If transmission difficulties are encountered during normal working hours, the Remitter is required to promptly contact TGLO by telephone or electronic mail and resolve such difficulties. If the transmission difficulties are due to factors beyond the Remitter's immediate control, and the filing deadlines are about to be missed, the Remitter may be given additional time by the TGLO (either in writing or by E mail) for electronic filing, or be required to fax the report within the set due date.

- 2.2 Proper Receipt. Documents shall not be deemed to have been properly received, and no Document shall fulfill any obligation, until accessible to the GLO at the GLO's Receipt Computer, as evidenced by the receipt by the Remitter of the HTTP response initiated by the GLO. The HTTP response shall specify the date and time of receipt of a Document at the receiving Internet server. No Document shall have any effect if the HTTP response is not received by sending party, or if the HTTP response indicates an error. The "Receipt Computer" shall be defined as the GLO's Uniform Resource Locator ("URL") which describes the protocols needed to access the resources and point to the appropriate Internet locations.

- 2.3 Response document. If the Response Document indicates an error, neither party shall rely on the Document or portion of the Document which is in error, if known. The Remitter shall attempt to correct the errors and promptly retransmit the Document or applicable portion or otherwise contact the GLO. If the Response Document does not indicate any error, the Response Document shall constitute conclusive evidence a Document has been received in syntactically correct form.

- 2.4 Right to Further Inspection, Examination and Audit. All electronically submitted oil and gas production and royalty payment reports being filed in accordance with this Agreement are expressly subject to the further inspection, examination, audit and other rights of the TGLO, Attorney General and Governor or their representatives, under the laws of the State of Texas.

### Section 3. Terms

- 3.1 Transaction Terms and Conditions. This Agreement is intended to facilitate Data Communications between the parties concerning the transactions related to oil and gas operations conducted pursuant to underlying written agreement(s) and the applicable rules, regulations and statutes. In the event of conflict between this Agreement and the subject underlying written agreement(s), the terms and conditions of the underlying agreement(s) and the applicable rules, regulations and statutes shall control.
- 3.2 Terms and Conditions of Reports and Other Information. In the absence of any other written agreement applicable to reports and other information transmitted pursuant to this Agreement, such reports and other information shall be subject to such additional terms and conditions as may be determined in accordance with the applicable rules, regulations and statutes.
- 3.3 Confidentiality. No information contained in any Document or otherwise exchanged between the parties shall be considered confidential, except to the extent provided by the applicable rules, regulations and statutes.
- 3.4 Validity: Enforceability
- 3.4.1 This Agreement has been executed by the parties to evidence their mutual intent to be bound by the terms and conditions set forth herein relating to the electronic transmission and receipt of Data Communications.
- 3.4.2 Any Document properly transmitted pursuant to this Agreement shall be considered, in connection with any transaction, any other written agreement described in Section 3.1, or this Agreement, to be a "writing" or "in writing"; and any such shall be deemed for all purposes (a) to have been "signed" and (b) to constitute an "original" when printed from electronic files or records established and maintained in the normal course of business.

### Section 4. Miscellaneous

- 4.1 Term. This Agreement shall be effective as of the date first set forth above and shall remain in effect until terminated by either party with not less than 30 days prior written notice specifying the effective date of termination; provided, however, that written notice for purposes of this paragraph shall not include notice provided pursuant to an electronic reporting transaction; further provided, however, that any termination shall not affect the respective obligations or rights of the parties arising under any Documents or otherwise under this Agreement prior to the effective date of termination.
- 4.2 Severability. Any provision of this Agreement which is determined by any court or regulatory body having jurisdiction over this Agreement to be invalid or unenforceable will be ineffective to the extent of such determination without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such remaining provisions.
- 4.3 Entire Agreement. This Agreement and the Exhibit(s) constitute the complete agreement of the parties relating to the matters specified in this Agreement and supersede all prior representations or agreements, whether oral or written, with respect to such matters. No oral modification or waiver of any of the provisions of this agreement shall be binding on either party.

- 4.4 No Third Party Beneficiaries. This Agreement is solely for the benefit of, and shall be binding solely upon, the parties, their agents and their respective successors and permitted assigns. This Agreement is not intended to benefit and shall not be for the benefit of any party other than the parties hereto and no other party shall have any right, claim or action as a result of this Agreement.
- 4.5 Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of Texas, excluding any conflict-of-law rules and principles of that jurisdiction which would result in reference to the laws or law rules of another jurisdiction.
- 4.6 Notices. All notices required or permitted to be given with respect to this Agreement shall be given by mailing the same postage prepaid, or given by fax or by courier, or by other methods specified in the Exhibit(s) to the addressee party at such party's address as set forth in the Exhibit(s). Either party may change its address for the purpose of notice hereunder by giving the other party no less than five days prior written notice of such new address in accordance with the preceding provisions.
- 4.7 Assignment. This Agreement may not be assigned or transferred by Remitter without the prior written approval of the GLO, including any assignment or transfer, whether by merger or otherwise, to a party's affiliate or successor in interest.
- 4.8 Waivers. No forbearance by the GLO to require performance of any provisions of this Agreement shall constitute or be deemed a waiver of such provision or the right thereafter to enforce it.
- 4.9 Counterparts. This Agreement may be executed in any number of original counterparts. All of which shall constitute one and the same instrument.
- 4.10 The undersigned for Remitter expressly states that he/she is authorized to execute this agreement on behalf of Remitter and is executing this Agreement with the intent to bind Remitter according to the terms thereof.

Each party has caused this Agreement to be properly executed on its behalf as of the date first above written.

Texas General Land Office, Energy Resources Remitter Name: \_\_\_\_\_

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

Name: Susan Wauer Name: \_\_\_\_\_

Title: Accounts Examiner Title: \_\_\_\_\_

Energy Financial Management

EXHIBIT 1

TEXAS GENERAL LAND OFFICE  
ELECTRONIC REPORTING AGREEMENT

DATED \_\_\_\_\_

**Contact Information:**

Remitter Name: \_\_\_\_\_

Street Address: \_\_\_\_\_

City: \_\_\_\_\_

State/Province/Commonwealth: \_\_\_\_\_

Zip/Postal Code: \_\_\_\_\_

Attention [Name, Title]: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_ Email Address: \_\_\_\_\_

Texas General Land Office  
1700 N Congress  
Austin TX 78701-1495  
Attention: Susan Wauer  
Phone: 463-3889 or (512) 936-1959  
Fax: (512) 475-2295.  
E-mail: glo123@glo.texas.gov

The undersigned do hereby execute this Exhibit pursuant to the Agreement attached and do hereby ratify said Agreement for all purposes set forth in this Exhibit.

Texas General Land Office, Energy Resources Remitter Name: \_\_\_\_\_

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

Name: Susan Wauer Name: \_\_\_\_\_

Title: Accounts Examiner Title: \_\_\_\_\_  
Energy Financial Management

THIS SECTION FOR GLO USE ONLY

**Authorized Electronic Forms**

GLO-1E \_\_\_\_\_  
GLO-2E \_\_\_\_\_  
GLO-3E \_\_\_\_\_

**Blanket Authorization Number:**

# OIL & GAS REPORTS AND PAYMENTS PROCEDURES

## PAYMENT OF ROYALTIES

### DUE DATES

All oil and condensate royalty payments, reports, and required supporting documents must be received in the General Land Office on or before the fifth (5th) day of the second month succeeding the month of production. All gas royalty payments, reports, and required supporting documents must be received on or before the fifteenth (15th) day of the second month succeeding the month of production.

Royalty payments and reports are timely received if the reports are deposited with the United States Postal Service or a parcel delivery service at least one day before the due date, as evidenced by the postmark, postal meter stamp, or a receipt.

If a royalty payment or report is due on Sunday or a legal state or federal holiday, then the payment or report must be received the next calendar day which is not a Sunday or a holiday, or postmarked or stamped prior to the next calendar day which is not a Sunday or a holiday.

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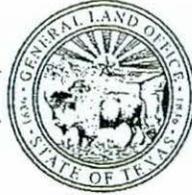
### FORM OF PAYMENT

Royalties and other sums of money due may be paid by cash, check, money order, or sight draft made payable to the Commissioner of the General Land Office. Payment also may be accepted by electronic funds transfer or in any manner that may lawfully be made to the state Comptroller. If interested in alternative payment methods, contact the General Land Office.

State regulations require payers who remit more than \$25,000 in royalties annually to submit royalty payments electronically. If you think you qualify, please contact Linda Arellano at (512) 463-5008, or by e-mail at [linda.arellano@glo.state.tx.us](mailto:linda.arellano@glo.state.tx.us).

---

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

To: Lessees, Operators, Royalty Reporters, and Royalty Payers

Re: Blanket Authorization Affidavit, (RA-005)  
Royalty Reporting Compliance

Please complete the enclosed Blanket Authorization Affidavit (form RA-005) before a notary and return to this office, attention: Energy Financial Management. Both your unique Blanket Authorization Number (BAN) and Customer ID are required on all Oil/Condensate (GLO-1) and Gas (GLO-2) Royalty Reports, and on all Royalty Payment (GLO3) documents submitted to the General Land Office.

The Energy Financial Management Division of the General Land Office charges a penalty for each delinquent and / or erroneous royalty report. This penalty is provided for in Section 52.131 of the Texas Natural Resources Code and Article 31 Texas Administrative Code 9.51(b)(3)(A)(i)(III). Pertinent sections of the statute and rule are enclosed for your convenience.

Reports filed on the wrong form, incorrectly filled out, or not timely submitted will generate a penalty of \$10.00 per document for each thirty (30) day period the report is delinquent.

Should you have any questions, please refer to your report instructions or call the Energy Financial Management Section at 1-800-998-4GLO within Texas or (1-512-936-7495 outside Texas) then press 1 or 2 for English or Spanish, then 3 for Energy Financial Management.

Electronic reporting via the GLO website is encouraged for submitting monthly production and royalty payment reports, though paper reports are accepted as well. A company reporting electronically is provided an immediate response that provides information about the file status. In addition, companies can access GLO's new Royalty Reporting and Control System (RRAC) to know what wells the GLO is expecting production and royalty reports for. Reporting electronically can save reporting companies time and money, as well as minimize the time it takes to detect and correct errors.

For complete information on electronic reporting and RRAC, visit our web-site at [www.glo.texas.gov/rrac](http://www.glo.texas.gov/rrac). To get started, download and complete the Electronic Reporting Agreement and return to this office. Someone will be in contact with you shortly. If you have further questions concerning electronic reporting contact Susan Wauer at 512-463-3889 or by email at [susan.wauer@glo.texas.gov](mailto:susan.wauer@glo.texas.gov).

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

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

[www.glo.state.tx.us](http://www.glo.state.tx.us)

File No. 113724

Billing

Date Filed: 7/18/2013

Jerry E. Patterson, Commissioner

By JM May

**DIVISION ORDER**

To: **FIML Natural Resources, LLC**  
 410 – 17<sup>th</sup> Street, Suite 900  
 Denver, CO 80202

Date: February 8, 2012

Property Number: TX.0055.002  
 Property Name: BARBEE 4B  
 API No: 42-173-34318  
 Footage: 1980' FSL; 3300' FWL  
 Operator: FIML NATURAL RESOURCES LLC  
 County and State: Glasscock, Texas  
 Property: GC&SF RR CO SURVEY, Sec: 4  
 Description:

Effective Date: Date of First Sales  
 FR  
 MF 113724  
 UNIT# 5308

Production: \_\_\_\_\_ Oil \_\_\_\_\_ Gas \_\_\_\_\_ X \_\_\_\_\_ Other: All Products

Owner Name and Address:	OWNER NUMBER: 4835
STATE OF TEXAS	Type of Interest: NPR
GENERAL LAND OFFICE	Decimal Interest: 0.00623847
ENERGY RESOURCES	
P O BOX 12873	
AUSTIN, TX 78711-2873	

The undersigned certifies the ownership of their decimal interest in production or proceeds as described above payable by FIML Natural Resources, LLC (Payor)

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

Payor is authorized to withhold payment pending resolution of a title dispute or adverse claim asserted regarding the interest in production claimed herein by the undersigned. The undersigned agrees to indemnify and reimburse Payor any amount attributable to an interest to which the undersigned is not entitled.

Payor may accrue proceeds until the total amount equals \$25.00, or pay annually whichever occurs first, or as required by applicable state statute.

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

In addition to the terms and conditions of this Division Order, the undersigned and Payor may have certain statutory rights under the laws of the state in which the property is located.

Special Clauses: *(None or See Attached Exhibit)*

Owner(s) Signature(s): \_\_\_\_\_  
 STATE OF TEXAS

Owner(s) Tax I.D. Number(s): \_\_\_\_\_

Owner Daytime Telephone: \_\_\_\_\_

Owner FAX Telephone #: \_\_\_\_\_

Federal Law requires you to furnish your Social Security or Taxpayer Identification Number. Failure to comply will result in 28 % tax withholding and will not be refundable by Payor. Please fill out and sign the enclosed W-9.

**Sign and return this original**

RR 8

**DIVISION ORDER**

To: **FIML Natural Resources, LLC**  
410 – 17<sup>th</sup> Street, Suite 900  
Denver, CO 80202

Date: May 16, 2012

Property Number: TX.0055.006  
Property Name: BARBEE 4X  
API No: 42-173-34653  
Footage: 977' FNL; 926' FEL  
Operator: FIML NATURAL RESOURCES LLC  
County and State: Glasscock, Texas  
Property: GC&SF RR CO SURVEY, Sec: 4  
Description: 977 FNL 926 FEL

Effective Date: Date of First Sales

Production: \_\_\_\_\_ Oil \_\_\_\_\_ Gas  Other: All Products

Owner Name and Address:	OWNER NUMBER: 4835
STATE OF TEXAS	Type of Interest: NPR
GENERAL LAND OFFICE ENERGY RESOURCES	Decimal Interest: 0.00623847
P O BOX 12873	
AUSTIN, TX 78711-2873	

The undersigned certifies the ownership of their decimal interest in production or proceeds as described above payable by FIML Natural Resources, LLC (Payor)

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

Payor is authorized to withhold payment pending resolution of a title dispute or adverse claim asserted regarding the interest in production claimed herein by the undersigned. The undersigned agrees to indemnify and reimburse Payor any amount attributable to an interest to which the undersigned is not entitled.

Payor may accrue proceeds until the total amount equals \$25.00, or pay annually whichever occurs first, or as required by applicable state statute.

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

In addition to the terms and conditions of this Division Order, the undersigned and Payor may have certain statutory rights under the laws of the state in which the property is located.

Special Clauses: *(None or See Attached Exhibit)*

Owner(s) Signature(s): \_\_\_\_\_  
STATE OF TEXAS

Owner(s) Tax I.D. Number(s): \_\_\_\_\_

Owner Daytime Telephone: \_\_\_\_\_

Owner FAX Telephone #: \_\_\_\_\_

Federal Law requires you to furnish your Social Security or Taxpayer Identification Number. Failure to comply will result in 28 % tax withholding and will not be refundable by Payor. Please fill out and sign the enclosed W-9.

jr

**Sign and return this original**

**DIVISION ORDER**

To: **FIML Natural Resources, LLC**  
 410 – 17<sup>th</sup> Street, Suite 900  
 Denver, CO 80202

Date: February 8, 2012

Property Number: TX.0055.001  
 Property Name: BARBEE 92F  
 API No: 42-173-34319  
 Footage: 1980' FNL; 1980' FWL  
 Operator: FIML NATURAL RESOURCES LLC  
 County and State: Glasscock, Texas  
 Property: T&P RR CO SURVEY, Blk: 2 Sec: 92  
 Description: SE NW

Effective Date: Date of First Sales

Production: \_\_\_\_\_ Oil \_\_\_\_\_ Gas  Other: All Products

Owner Name and Address:	OWNER NUMBER: 4835
STATE OF TEXAS GENERAL LAND OFFICE ENERGY RESOURCES P O BOX 12873 AUSTIN, TX 78711-2873	Type of Interest: NPR Decimal Interest: 0.00623847

The undersigned certifies the ownership of their decimal interest in production or proceeds as described above payable by FIML Natural Resources, LLC (Payor)

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

Payor is authorized to withhold payment pending resolution of a title dispute or adverse claim asserted regarding the interest in production claimed herein by the undersigned. The undersigned agrees to indemnify and reimburse Payor any amount attributable to an interest to which the undersigned is not entitled.

Payor may accrue proceeds until the total amount equals \$25.00, or pay annually whichever occurs first, or as required by applicable state statute.

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

In addition to the terms and conditions of this Division Order, the undersigned and Payor may have certain statutory rights under the laws of the state in which the property is located.

Special Clauses: *(None or See Attached Exhibit)*

Owner(s) Signature(s): \_\_\_\_\_  
 STATE OF TEXAS

Owner(s) Tax I.D. Number(s): \_\_\_\_\_

Owner Daytime Telephone: \_\_\_\_\_

Owner FAX Telephone #: \_\_\_\_\_

Federal Law requires you to furnish your Social Security or Taxpayer Identification Number. Failure to comply will result in 28 % tax withholding and will not be refundable by Payor. Please fill out and sign the enclosed W-9.

RRC8

February 8, 2012

State of Texas – General Land Office  
Attention: Energy Resources  
P.O Box 12873  
Austin, TX 78711-2873



410 17th Street, Suite 900  
Denver, CO 80202  
Phone: (303) 893-5073  
Fax: (303) 573-0386

*Handwritten signature*

Re: Division Orders  
State Lease No M-113724  
Patrick Barbee Lease  
Barbee 92F – API # 42-173-34319  
Barbee 4B – API # 42-173-34318  
Glasscock County, Texas

Ladies and Gentlemen:

Enclosed for review and execution are two (2) sets of Division Orders reflecting the State's Non-Participating Royalty Interest in the above referenced wells located in Glasscock County, Texas, in which FIML Natural Resources, LLC is the operator. In accordance with the instructions we have included, please review these Division Orders for accuracy, add all requested information and sign at the bottom. Please return one executed copy of each Division Order to our office at your earliest convenience. A self-addressed, stamped envelope has been provided for your convenience.

If you have any questions please feel free to contact myself at (303) 893-5094 or Leah Brace at (303) 628-7342.

Sincerely,

FIML Natural Resources, LLC

A handwritten signature in blue ink, appearing to read 'Jeffery Rose', is written over the printed name.

Jeffery Rose  
Senior Lease Analyst

/encls.



RRCS

**DIVISION ORDER**

To: **FIML Natural Resources, LLC**  
410 – 17<sup>th</sup> Street, Suite 900  
Denver, CO 80202

Date: September 25, 2012

Property Number: TX.0055.014  
Property Name: BARBEE 92J  
API No: 42-173-34721  
Footage: 1811' FSL; 1975' FEL  
Operator: FIML NATURAL RESOURCES LLC  
County and State: Glasscock, Texas  
Property Description: T&P RR CO SURVEY, Blk: 2 Sec: 92  
Description: NW SE

Effective Date: Date of First Sales

Production: \_\_\_\_\_ Oil \_\_\_\_\_ Gas X Other: All Products

Owner Name and Address: STATE OF TEXAS, GENERAL LAND OFFICE ENERGY RESOURCES PO BOX 12873 AUSTIN, TX 78711-2873	OWNER NUMBER: 4835 Type of Interest: NPR Decimal Interest: 0.00623847
---	---

The undersigned certifies the ownership of their decimal interest in production or proceeds as described above payable by FIML Natural Resources, LLC (Payor).

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In addition to the terms and conditions of this Division Order, the undersigned and Payor may have certain statutory rights under the laws of the state in which the property is located.

Special Clauses: *(None or See Attached Exhibit)*

Owner(s) Signature(s): \_\_\_\_\_  
STATE OF TEXAS

Owner(s) Tax I.D. Number(s): \_\_\_\_\_

Owner Daytime Telephone \_\_\_\_\_

Owner FAX Telephone #: \_\_\_\_\_

Federal Law requires you to furnish your Social Security or Taxpayer Identification Number. Failure to comply will result in 28 % tax withholding and will not be refundable by Payor. Please fill out and signed the enclosed W-9.

**Sign and return this original**

RRCS

**DIVISION ORDER**

To: **FIML Natural Resources, LLC**  
410 – 17<sup>th</sup> Street, Suite 900  
Denver, CO 80202

Date: September 25, 2012

Property Number: TX.0055.010  
Property Name: BARBEE 4H  
API No: 42-173-34715  
Footage: 1002' FSL; 2065' FEL  
Operator: FIML NATURAL RESOURCES LLC  
County and State: Glasscock, Texas  
Property Description: GC&SF RR CO SURVEY, Sec: 4  
SE NE

Effective Date: Date of First Sales

Production: \_\_\_\_\_ Oil \_\_\_\_\_ Gas \_\_\_\_\_ X \_\_\_\_\_ Other: All Products

Owner Name and Address:	OWNER NUMBER: 4835
STATE OF TEXAS, GENERAL LAND OFFICE ENERGY RESOURCES PO BOX 12873 AUSTIN, TX 78711-2873	Type of Interest: NPR Decimal Interest: 0.00623847

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Special Clauses: *(None or See Attached Exhibit)*

Owner(s) Signature(s): \_\_\_\_\_  
STATE OF TEXAS

Owner(s) Tax I.D. Number(s): \_\_\_\_\_

Owner Daytime Telephone: \_\_\_\_\_

Owner FAX Telephone #: \_\_\_\_\_

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--

**Sign and return this original**

File No. 113724

DIVISION ORDER

Date Filed: 02/13/12  
Jerry E. Patterson, Commissioner

By 

5



### DIVISION ORDER

To: **FIML Natural Resources, LLC**  
410 – 17<sup>th</sup> Street, Suite 900  
Denver, CO 80202

Date: February 8, 2012

Property Number: TX.0055.002  
Property Name: BARBEE 4B  
API No: 42-173-34318  
Footage: 1980' FSL; 3300' FWL  
Operator: FIML NATURAL RESOURCES LLC  
County and State: Glasscock, Texas  
Property: GC&SF RR CO SURVEY, Sec: 4  
Description:

Effective Date: Date of First Sales

*FR*  
*MF 113724*  
*UNIT# 5308*

Production: \_\_\_\_\_ Oil \_\_\_\_\_ Gas \_\_\_\_\_  Other: All Products

Owner Name and Address:	OWNER NUMBER: 4835
STATE OF TEXAS	Type of Interest: NPR
GENERAL LAND OFFICE	Decimal Interest: 0.00623847
ENERGY RESOURCES	
P O BOX 12873	
AUSTIN, TX 78711-2873	

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Special Clauses: *(None or See Attached Exhibit)*

Owner(s) Signature(s): \_\_\_\_\_  
STATE OF TEXAS

Owner(s) Tax I.D. Number(s): \_\_\_\_\_

Owner Daytime Telephone: \_\_\_\_\_

Owner FAX Telephone #: \_\_\_\_\_

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**Sign and return this original**



RR 8

### DIVISION ORDER

To: **FIML Natural Resources, LLC**  
410 – 17<sup>th</sup> Street, Suite 900  
Denver, CO 80202

Date: May 16, 2012

Property Number: TX.0055.006  
Property Name: BARBEE 4X  
API No: 42-173-34653  
Footage: 977' FNL; 926' FEL  
Operator: FIML NATURAL RESOURCES LLC  
County and State: Glasscock, Texas  
Property: GC&SF RR CO SURVEY, Sec: 4  
Description: 977 FNL 926 FEL

Effective Date: Date of First Sales

Production: \_\_\_\_\_ Oil \_\_\_\_\_ Gas X Other: All Products

Owner Name and Address:	OWNER NUMBER: 4835
STATE OF TEXAS	Type of Interest: NPR
GENERAL LAND OFFICE ENERGY RESOURCES	Decimal Interest: 0.00623847
P O BOX 12873	
AUSTIN, TX 78711-2873	

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Special Clauses: *(None or See Attached Exhibit)*

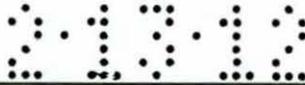
Owner(s) Signature(s): \_\_\_\_\_  
STATE OF TEXAS

Owner(s) Tax I.D. Number(s): \_\_\_\_\_

Owner Daytime Telephone: \_\_\_\_\_

Owner FAX Telephone #: \_\_\_\_\_

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### DIVISION ORDER

To: **FIML Natural Resources, LLC**  
410 – 17<sup>th</sup> Street, Suite 900  
Denver, CO 80202

Date: February 8, 2012

Property Number: TX.0055.001  
Property Name: BARBEE 92F  
API No: 42-173-34319  
Footage: 1980' FNL; 1980' FWL  
Operator: FIML NATURAL RESOURCES LLC  
County and State: Glasscock, Texas  
Property: T&P RR CO SURVEY, Blk: 2 Sec: 92  
Description: SE NW

Effective Date: Date of First Sales

Production: \_\_\_\_\_ Oil \_\_\_\_\_ Gas  Other: All Products

Owner Name and Address:	OWNER NUMBER: 4835
STATE OF TEXAS GENERAL LAND OFFICE ENERGY RESOURCES P O BOX 12873 AUSTIN, TX 78711-2873	Type of Interest: NPR Decimal Interest: 0.00623847

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Special Clauses: *(None or See Attached Exhibit)*

Owner(s) Signature(s): \_\_\_\_\_  
STATE OF TEXAS

Owner(s) Tax I.D. Number(s): \_\_\_\_\_

Owner Daytime Telephone: \_\_\_\_\_

Owner FAX Telephone #: \_\_\_\_\_

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2012

RRC8

February 8, 2012

State of Texas – General Land Office  
Attention: Energy Resources  
P.O Box 12873  
Austin, TX 78711-2873



410 17th Street, Suite 900  
Denver, CO 80202  
Phone: (303) 893-5073  
Fax: (303) 573-0386

Re: Division Orders  
State Lease No M-113724  
Patrick Barbee Lease  
Barbee 92F – API # 42-173-34319  
Barbee 4B – API # 42-173-34318  
Glasscock County, Texas

*Approved*

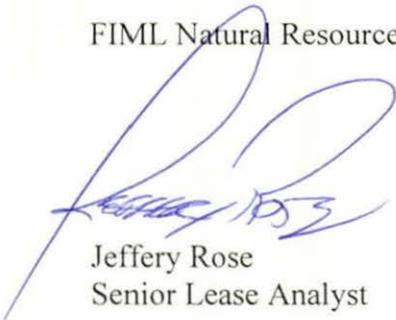
Ladies and Gentlemen:

Enclosed for review and execution are two (2) sets of Division Orders reflecting the State's Non-Participating Royalty Interest in the above referenced wells located in Glasscock County, Texas, in which FIML Natural Resources, LLC is the operator. In accordance with the instructions we have included, please review these Division Orders for accuracy, add all requested information and sign at the bottom. Please return one executed copy of each Division Order to our office at your earliest convenience. A self-addressed, stamped envelope has been provided for your convenience.

If you have any questions please feel free to contact myself at (303) 893-5094 or Leah Brace at (303) 628-7342.

Sincerely,

FIML Natural Resources, LLC

  
Jeffery Rose  
Senior Lease Analyst

/encls.

KRC 9

**DIVISION ORDER**

To: **FIML Natural Resources, LLC**  
410 – 17<sup>th</sup> Street, Suite 900  
Denver, CO 80202

Date: September 25, 2012

Property Number: TX.0055.015  
Property Name: BARBEE 92B  
API No: 42-173-34720  
Footage: 1016' FNL; 1886' FEL  
Operator: FIML NATURAL RESOURCES LLC  
County and State: Glasscock, Texas  
Property: T&P RR CO SURVEY, Blk: 2 Sec: 92  
Description: NW NE

Effective Date: Date of First Sales

Production: \_\_\_\_\_ Oil \_\_\_\_\_ Gas X Other: All Products

Owner Name and Address:	OWNER NUMBER: 4835
STATE OF TEXAS, GENERAL LAND OFFICE ENERGY RESOURCES PO BOX 12873 AUSTIN, TX 78711-2873	Type of Interest: NPR Decimal Interest: 0.00623847

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Special Clauses: *(None or See Attached Exhibit)*

Owner(s) Signature(s): \_\_\_\_\_  
STATE OF TEXAS

Owner(s) Tax I.D. Number(s): \_\_\_\_\_

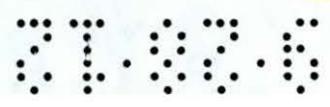
Owner Daytime Telephone: \_\_\_\_\_

Owner FAX Telephone #: \_\_\_\_\_

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RD

**Sign and return this original**



RRC8

**DIVISION ORDER**

To: **FIML Natural Resources, LLC**  
410 – 17<sup>th</sup> Street, Suite 900  
Denver, CO 80202

Date: September 25, 2012

Property Number: TX.0055.014  
Property Name: BARBEE 92J  
API No: 42-173-34721  
Footage: 1811' FSL; 1975' FEL  
Operator: FIML NATURAL RESOURCES LLC  
County and State: Glasscock, Texas  
Property: T&P RR CO SURVEY, Blk: 2 Sec: 92  
Description: NW SE

Effective Date: Date of First Sales

Production: \_\_\_\_\_ Oil \_\_\_\_\_ Gas \_\_\_\_\_ X \_\_\_\_\_ Other: All Products

Owner Name and Address:

OWNER NUMBER: 4835

STATE OF TEXAS, GENERAL LAND OFFICE  
ENERGY RESOURCES  
PO BOX 12873  
AUSTIN, TX 78711-2873

Type of Interest: NPR  
Decimal Interest: 0.00623847

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Special Clauses: *(None or See Attached Exhibit)*

Owner(s) Signature(s):

STATE OF TEXAS

Owner(s) Tax I.D. Number(s):

Owner Daytime Telephone

Owner FAX Telephone #:

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RD

**Sign and return this original**



RRCS

**DIVISION ORDER**

To: **FIML Natural Resources, LLC**  
410 – 17<sup>th</sup> Street, Suite 900  
Denver, CO 80202

Date: September 25, 2012

Property Number: TX.0055.010  
Property Name: BARBEE 4H  
API No: 42-173-34715  
Footage: 1002' FSL; 2065' FEL  
Operator: FIML NATURAL RESOURCES LLC  
County and State: Glasscock, Texas  
Property Description: GC&SF RR CO SURVEY, Sec: 4  
SE NE

Effective Date: Date of First Sales

Production: \_\_\_\_\_ Oil \_\_\_\_\_ Gas \_\_\_\_\_ X \_\_\_\_\_ Other: All Products

Owner Name and Address:	OWNER NUMBER: 4835
STATE OF TEXAS, GENERAL LAND OFFICE ENERGY RESOURCES PO BOX 12873 AUSTIN, TX 78711-2873	Type of Interest: NPR Decimal Interest: 0.00623847

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Special Clauses: *(None or See Attached Exhibit)*

Owner(s) Signature(s): \_\_\_\_\_  
STATE OF TEXAS

Owner(s) Tax I.D. Number(s): \_\_\_\_\_

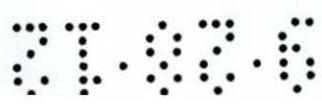
Owner Daytime Telephone: \_\_\_\_\_

Owner FAX Telephone #: \_\_\_\_\_

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RD

**Sign and return this original**



File No. 113724

DIVISION ORDER

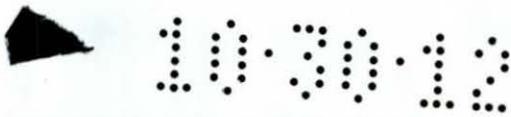
Date Filed: 02/13/12

Jerry E. Patterson, Commissioner

By 



7



RRL 8

**DIVISION ORDER**

MF 113724

To: **FIML Natural Resources, LLC**  
410 – 17<sup>th</sup> Street, Suite 900  
Denver, CO 80202

Date: October 25, 2012

Property Number: TX.0055.016  
Property Name: BARBEE 92N  
API No: 42-173-35027  
Footage: 1146' FSL; 1957' FWL  
Operator: FIML NATURAL RESOURCES LLC  
County and State: Glasscock, Texas  
Property: T&P RR CO SURVEY, Blk: 2 Sec: 92  
Description: SE SW

Effective Date: Date of First Sales

Production: \_\_\_\_\_ Oil \_\_\_\_\_ Gas \_\_\_\_\_ X \_\_\_\_\_ Other: All Products

Owner Name and Address:	OWNER NUMBER: 4835
STATE OF TEXAS ENERGY GENERAL LAND OFFICE ENERGY RESOURCES PO BOX 12873 AUSTIN, TX 78711-2873	Type of Interest: NPR Decimal Interest: 0.00623847 ✓

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Special Clauses: *(None or See Attached Exhibit)*

Owner(s) Signature(s): \_\_\_\_\_  
STATE OF TEXAS \_\_\_\_\_

Owner(s) Tax I.D. Number(s): \_\_\_\_\_

Owner Daytime Telephone: \_\_\_\_\_

Owner FAX Telephone #: \_\_\_\_\_

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**Sign and return this original**

File No. 113724

DIVISION ORDER

Date Filed: 12/30/12

Jerry E. Patterson, Commissioner

By 



**DIVISION ORDER**

MF113724

To: **FIML Natural Resources, LLC**  
410 - 17<sup>th</sup> Street, Suite 900  
Denver, CO 80202

Date: April 9, 2013

Property Number: TX.0055.030  
Property Name: BARBEE 04A  
API No: 42-173-35394  
Footage: 1820' FSL; 2009' FEL  
Operator: FIML NATURAL RESOURCES LLC  
County and State: Glasscock, Texas  
Property: GC&SF RR CO SURVEY, Blk: 20 Sec: 4  
Description: NE NE

Effective Date: Date of First Sales

Production: Oil \_\_\_\_\_ Gas \_\_\_\_\_ Other: All Products X

Owner Name and Address:	OWNER NUMBER: 4835
STATE OF TEXAS GENERAL LAND OFFICE ENERGY P O BOX 12873 AUSTIN, TX 78711-2873	Type of Interest: NPR Decimal Interest: 0.00623847

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Payor is authorized to withhold payment pending resolution of a title dispute or adverse claim asserted regarding the interest in production claimed herein by the undersigned. The undersigned agrees to indemnify and reimburse Payor any amount attributable to an interest to which the undersigned is not entitled.

Payor may accrue proceeds until your total amount equals \$25.00 or pay you annually, whichever occurs first or as required by applicable state statute.

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

In addition to the terms and conditions of this Division Order, the undersigned and Payor may have certain statutory rights under the laws of the state in which the property is located.

Special Clauses: *(None or See Attached Exhibit)*

Owner(s) Signature(s): \_\_\_\_\_  
STATE OF TEXAS

Owner(s) Tax I.D. Number(s): \_\_\_\_\_

Owner Daytime Telephone: \_\_\_\_\_

Owner FAX Number: \_\_\_\_\_

Federal Law requires you to furnish your Social Security or Taxpayer Identification Number. Failure to comply will result in 28% tax withholding and will not be refundable by Payor. If included, please complete and sign the enclosed W-9.

jac

**Retain this copy for your records**

File No. MF

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

Jerry E. Patterson, Comissione

By \_\_\_\_\_

43579

8

**DIVISION ORDER**

MF 113724

To: **FIML Natural Resources, LLC**  
410 - 17<sup>th</sup> Street, Suite 900  
Denver, CO 80202

Date: April 9, 2013

Property Number: TX.0055.029  
Property Name: BARBEE 92H  
API No: 42-173-35300  
Footage: 2477' FNL; 713' FEL  
Operator: FIML NATURAL RESOURCES LLC  
County and State: Glasscock, Texas  
Property: T&P RR CO SURVEY, Blk: 2 Sec: 92  
Description: SE NE

Effective Date: Date of First Sales

Production: Oil \_\_\_\_\_ Gas \_\_\_\_\_ Other: All Products X

Owner Name and Address:	OWNER NUMBER: 4835
STATE OF TEXAS GENERAL LAND OFFICE ENERGY P O BOX 12873 AUSTIN, TX 78711-2873	Type of Interest: NPR Decimal Interest: 0.00623847

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Owner(s) Tax I.D. Number(s): \_\_\_\_\_

Owner Daytime Telephone: \_\_\_\_\_

Owner FAX Number: \_\_\_\_\_

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jae

**Retain this copy for your records**

(13)

File No. MF 43724

Division Order

Date Filed: 4/12/13

Jerry E. Patterson, Commissioner

By EA

43724

MF 113724

**DIVISION ORDER**

To: **FIML Natural Resources, LLC**  
410 – 17<sup>th</sup> Street, Suite 900  
Denver, CO 80202

Date: November 28, 2012

Property Number: TX.0055.009  
Property Name: BARBEE 04F  
API No: 42-17334646  
Footage: 827' FSL; 1982' FWL  
Operator: FIML NATURAL RESOURCES LLC  
County and State: Glasscock, Texas  
Property: GC&SF RR CO SURVEY, Sec: 4  
Description: SE NW

Effective Date: Date of First Sales

Production: \_\_\_\_\_ Oil \_\_\_\_\_ Gas X Other: All Products

Owner Name and Address:	OWNER NUMBER: 4835
STATE OF TEXAS	Type of Interest: NPR
GENERAL LAND OFFICE	Decimal Interest: 0.00623847 ✓
ENERGY RESOURCES	
P O BOX 12873	
AUSTIN, TX 78711-2873	

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Owner(s) Signature(s): \_\_\_\_\_  
STATE OF TEXAS  
Owner(s) Tax I.D. Number(s): \_\_\_\_\_  
Owner Daytime Telephone: \_\_\_\_\_  
Owner FAX Telephone #: \_\_\_\_\_

Federal Law requires you to furnish your Social Security or Taxpayer Identification Number. Failure to comply will result in 28 % tax withholding and will not be refundable by Payor. Please fill out and signed the enclosed W-9.

**Sign and return this original**

File No. MF 113 724

14

DIVISION ORDER

Date Filed: 12. 5. 12

Jerry E. Patterson, Commissioner

By 

75 215



MF 113724

**DIVISION ORDER**

To: **FIML Natural Resources, LLC**  
410 – 17<sup>th</sup> Street, Suite 900  
Denver, CO 80202

Date: May 1, 2013

Property Number: TX.0055.031  
Property Name: BARBEE 04Y  
API No: 42-173-35392  
Footage: 650' FSL; 977' FEL  
Operator: FIML NATURAL RESOURCES LLC  
County and State: Glasscock, Texas  
Property: GC&SF RR CO SURVEY, Blk: 20 Sec: 4  
Description: SE SE

Effective Date: Date of First Sales

Production: Oil \_\_\_\_\_ Gas \_\_\_\_\_ Other: All Products   X  

Owner Name and Address:	OWNER NUMBER: 4835
STATE OF TEXAS GENERAL LAND OFFICE ENERGY RESOURCES PO BOX 12873 AUSTIN, TX 78711-2873	Type of Interest: NP Decimal Interest: 0.00623847 ✓

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STATE OF TEXAS

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Owner Daytime Telephone: \_\_\_\_\_

Owner FAX Number: \_\_\_\_\_

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File No. MF113724

DIVISION ORDER

Date Filed: 5 . 6 . 13

Jerry E. Patterson, Commissioner

By 





## MEMORANDUM

TEXAS GENERAL LAND OFFICE • GEORGE P. BUSH • COMMISSIONER

---

Date: March 12, 2015  
To: MF 113724  
From: Mark Adams <sup>MA</sup>  
Subject: Unit 5308 has been withdrawn

---

Unit 5308 was set up to communitize lease MF113724 with the private lease that covers the lands under this Free Royalty. This was never a unit and should not have been processed as a unit.

The free royalty tract was communitized with the private lease and any wells drilled on the private lease that are not in a unit are lease wells for MF113724. We have withdrawn Unit 5308 because it never should have been set up. Communitization is NOT unitization.

File No. MF 113724

Memo to file re: withdrawal County  
of Unit # 5308

Date Filed: 3/12/15

By M.A. George P. Bush, Commissioner

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

**Discovery Natural Resources, LLC**  
 410 17<sup>th</sup> St., Ste. #900  
 Denver, CO 80202

2. Article Number  
(Transfer from service label)

7011 1150 0001 2419 3080

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X

- 
- Agent
- 
- 
- Addressee

B. Received by (Printed Name)

C. Date of Delivery

10-2

- D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

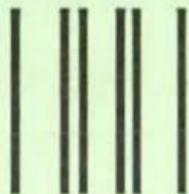
3. Service Type

- 
- Certified Mail
- 
- Express Mail
- 
- 
- Registered
- 
- Return Receipt for Merchandise
- 
- 
- Insured Mail
- 
- C.O.D.

4. Restricted Delivery? (Extra Fee)  Yes

UNITED STATES POSTAL SERVICE

00692  
02 OCT '14



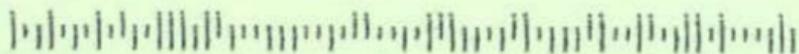
First-Class Mail  
Postage & Fees Paid  
USPS  
Permit No. G-10

PM 8 L

• Sender: Please print your name, address, and ZIP+4 in this box •



**21510**  
Texas General Land Office  
Jerry Patterson, Commissioner  
P.O. Box 12873  
Austin, Texas 78711-2873



TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

September 24, 2014

Discovery Natural Resources, LLC  
410 17<sup>th</sup> Street, Suite 900  
Denver, Colorado 80202

Via Certified Mail  
Return Receipt Requested

Attn: Thomas A. Queeley

Re: Delinquent Invoices; Royalty, Penalty, and/or Interest due under State  
mineral lease MF 113724

Dear Mr. Queeley:

This letter is notice that an outstanding amount is owed to the Texas General Land Office (GLO) by your company, Discovery Natural Resources, LLC. If payment is not received within 30 days from the date of this letter, the GLO will take action to enforce the State's claim by: (i) reporting your company's debt to the Texas Comptroller's Office so that any warrants otherwise due your company from the State will be held and the amounts paid to the GLO under §403.055 of the Texas Government Code; (ii) forfeiting your leases under §§52.029 and 52.176 of the Texas Natural Resources Code; and (iii) reporting your company to the Office of the Attorney General.

Before any enforcement action is taken, Discovery Natural Resources, LLC has the right to an opportunity for an evidentiary hearing. A request for a hearing must be in writing and sent to:

Texas General Land Office  
Attention: Marylee McKnight  
P.O. Box 12873  
Austin, TX 78711-2873

If a hearing is requested, Discovery Natural Resources, LLC must substantiate its defenses to the asserted claims. The debt will be reported to the Comptroller's Office unless payment is made or a request for a hearing is sent in writing to the GLO by October 24, 2014.

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

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

[www.glo.texas.gov](http://www.glo.texas.gov)

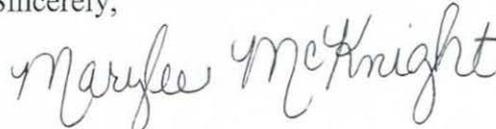
Additionally, the subject leases will be forfeited on October 24, 2014 unless Discovery Natural Resources, LLC presents convincing evidence within that time to the GLO that your leases should not be forfeited.

Our preference would be for your company to pay the amounts reflected on the attached list of invoices promptly so that we may close this file without further enforcement action. **If you have any questions regarding the amounts reflected on the attached list of delinquent invoices, please promptly contact Donna Keel of the GLO's Financial Management Division at (512) 463-8072.**

Please note that the GLO's records for the referenced leases do not indicate that the GLO has been notified that your company is a debtor in bankruptcy or has previously been a debtor and received a discharge in bankruptcy. If, however, your company is a debtor in bankruptcy or previously received a discharge in bankruptcy, please immediately notify the GLO of such bankruptcy proceeding by providing the case number and bankruptcy court where this case is/was pending, as well as the relevant date when the bankruptcy stay went into effect. Please be advised that the GLO fully respects the bankruptcy laws pertaining to the collection of debts, so if your company is in bankruptcy or has received a discharge in bankruptcy, please treat this letter as informational only with regard to any debts owed to the GLO and not as a demand for payment.

Thank you in advance for your prompt attention to this important matter.

Sincerely,

A handwritten signature in cursive script that reads "Marylee McKnight".

Marylee McKnight, Attorney  
Legal Services Division, Energy Section

cc: Donna Keel, Financial Management Division  
Robert Hatter, Energy Division

**Delinquent Invoices Pre FY11 - FY13**

Voluntary Royalty, Limited Reviews, Reconciliations, Due vs Paid, Late Report and Late Payment Invoices

Customer Name	Customer ID	Transaction Class	Invoice Number	Doc Date	Due Date	Lease Number	121-365 Days Past Due	Older	Description (AE Name)
Discovery Natural Resources LLC	C000044891	Ltd Review	13I01284	7/18/13	8/17/13	MF113724	\$2,760.00	\$0.00	Mike May
Discovery Natural Resources LLC	C000044891	Ltd Review	13I01286	7/18/13	8/17/13	MF113724	\$2,760.00	\$0.00	Mike May
							\$5,520.00	\$0.00	\$5,520.00

FM Aged Receivables

Doc Date Between: 1/1/2001 And 9/25/2014

Aging Date: 9/25/2014

17

File No. MF 113724

GLASSCOCK County

FY13 Demand Letter

Date Filed: 10/28/15

By George P. Bush, Commissioner  
Nancy Ramirez