

**MF114176**

<i>State Lease</i>	<i>Control</i>	<i>Base File</i>	<i>County</i>
MF114176	56-030239		GLASSCOCK

<i>Survey</i>	HIGHWAYS & PUBLIC TRANSPORTATION DE	
<i>Block</i>		
<i>Block Name</i>		
<i>Township</i>		
<i>Section/Tract</i>		
<i>Land Part</i>	PART OF SH-33	
<i>Part Description</i>	HIGHWAY RIGHT-OF-WAY	
<i>Acres</i>	7.911	
<i>Depth Below</i>	<i>Depth Above</i>	<i>Depth Other</i>
		See Lease

*Leasing:* GH

*Analyst:* GH

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

*GIS:* ZG

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

<i>Name</i>	APACHE CORPORATION
<i>Lease Date</i>	6/5/2012
<i>Primary Term</i>	1 yrs
<i>Bonus (\$)</i>	\$2,373.30
<i>Rental (\$)</i>	\$0.00
<i>Lease Royalty</i>	0.2500



F1078706

CONTENTS OF FILE NO. MF 114176

1. Application and checklist	5/1/12
2. Lease	6/5/12
3. Cover letter, fees, and bonus	5/11/12
4. Plat	"
5. Affidavit of Highest Consideration	"
6. Project Details	"
7. Final Letter	6/25/12

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RECEIVED  
5/11/12



APPLICATION & CHECKLIST FOR HIGHWAY RIGHT OF WAY LEASE

Revised Sept 2011

LESSEE Apache Corporation

ADDRESS 303 Veteran's Airpark Lane, Suite 3000, Midland, Texas 79705  
[Lessee name and address must be written as they will appear on the Lease.]

HIGHEST ADJACENT BONUS PER ACRE PAID \$ 300.00 NET ACRES 7.911

TOTAL CONSIDERATION TO COMMISSIONER OF GENERAL LAND OFFICE

\$2,373.30 Paid 4/27/2012 \$35.60 Paid 5/7/2012  
[bonus amount] [date] [Sales fee] [date]

TERM [General Land Office will determine the Term based on remaining term of adjacent leases] 3 years

HIGHEST ADJACENT LEASE ROYALTY RATE \$300.00

HIGHEST ADJACENT LEASE SHUT-IN ROYALTY ~~\_\_\_\_\_~~ \$1200/well  
[Note: Shut-in royalty will be highest in adjacent leases with a minimum of \$1200/well.]

TOTAL GROSS ACRES IN PROPOSED LEASE 7.911 TOTAL NET ACRES IN PROPOSED LEASE 7.911

COUNTY

ALL NAMES OF ROAD/HIGHWAY/STREET BEING LEASED: Texas State Highway 33

FULL DESCRIPTION [Abstract, Block, Township, Section] 7.911 Acres in Section 45, Block 33, T-2S, T&P RR. Co. survey, Glasscock County, Texas

Do you control all minerals or leasehold adjacent to the highway/roadway? Yes  No   
If no, what percent of minerals or leasehold adjacent to the roadway do you control? \_\_\_\_\_

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

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

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

Section 45, Block 33,  
T-2S, T&P Ry. Co.  
Survey,



**APPLICATION & CHECKLIST FOR HIGHWAY RIGHT OF WAY LEASE**

Revised Sept 2011

**CHECKLIST**

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

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

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

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

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

**For questions about pooling:**

Beverly Boyd  
Texas General Land Office  
512-463-6521  
[beverly.boyd@glo.texas.gov](mailto:beverly.boyd@glo.texas.gov)

①

no. 1141176

App@ Checklist

dated: 5/1/12

B. Patterson, Commissioner

Att \_\_\_\_\_

2012

# The State of Texas



## Austin, Texas

PAID-UP  
OIL AND GAS LEASE NO. (MF 114176)  
GENERAL LAND OFFICE  
AUSTIN, TEXAS

THIS AGREEMENT made and entered into by and between the Commissioner of the General Land Office of the State of Texas, whose address is Stephen F. Austin Building, 1700 North Congress, Austin, Texas, 78701, hereinafter called "Lessor", hereunto authorized by the School Land Board, pursuant to the provisions of Chapters 32 and 52 of the Natural Resources Code (hereinafter called N.R.C.), and amendments thereto, and all applicable rules promulgated by the School Land Board and **Apache Corporation** whose address is **303 Veteran's Airpark Lane, Suite 3000, Midland, TX 79705** hereinafter called "Lessee".

1. Lessor, in consideration of **Two Thousand Three Hundred Seventy Three and 30/100 (\$ 2,373.30)**, receipt of which is hereby acknowledged, and of the covenants and agreements of Lessee hereinafter contained, does hereby grant, lease, and let unto Lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, and all other hydrocarbons, produced from the land covered hereby. The land covered hereby, herein called "said land" is located in the County of **Glasscock**, State of Texas, and is described as follows:

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

For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain **7.911 acres**, whether actually containing more or less, and the above recital of acreage shall be deemed to be the true acreage thereof. Lessor accepts the bonus as lump sum consideration for this lease and all rights and options hereunder.

2. PRIMARY TERM: This lease, which is a "paid up" lease requiring no rentals, shall remain in force for a term of **one year**, from **June 5th, 2012** hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. ROYALTIES: As royalty Lessee covenants and agrees:

(a) To deliver to the credit of Lessor, in the pipe line to which Lessee may connect its well, the equal **25 %** part of all oil produced and saved by Lessee from said land, or from time to time, at the option of Lessee, to pay Lessor the average posted market price of such **25 %** part of such oil at the wells as of the day it is run to the pipe line or storage tanks, Lessor's interest, in either case, to bear none of the cost of treating oil to render it marketable pipe line oil;

(b) To pay Lessor on gas and casing head gas produced from said land (1) when sold by lessee 25 % of the amount realized by Lessee, computed at the mouth of the well, or (2) when used by Lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of 25 % of such gas and casing head gas.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

11. ASSIGNMENTS: This lease may be transferred at any time. All transfers must reference the lease by file number and must be recorded in the county where the land covered hereby is located, and the recorded transfer or a copy certified to by the County Clerk of the county where the transfer is recorded must be filed in the General Land Office within ninety (90) days of the execution date, as provided by N.R.C. Section 52.026, accompanied by the prescribed filing fee. Every transferee shall succeed to all rights and be subject to all obligations, liabilities, and penalties owed to the State by the original Lessee or any prior transferee of the lease, including any liabilities to the State for unpaid royalties.

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

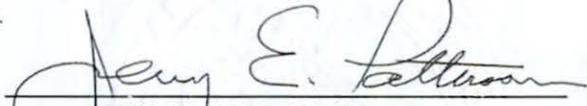
13. SURFACE: Notwithstanding anything herein to the contrary, it is agreed that Lessee will not conduct any exploration or drilling on the surface of the leased premises or use the surface in the exercise of any rights herein granted. Any development of said land shall be by means of a directional well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

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

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

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

IN TESTIMONY WHEREOF, witness the signature of the Commissioner of the General Land Office of the State of Texas under the seal of the General Land Office.

  
 \_\_\_\_\_  
 JERRY E. PATTERSON  
 COMMISSIONER, GENERAL LAND OFFICE

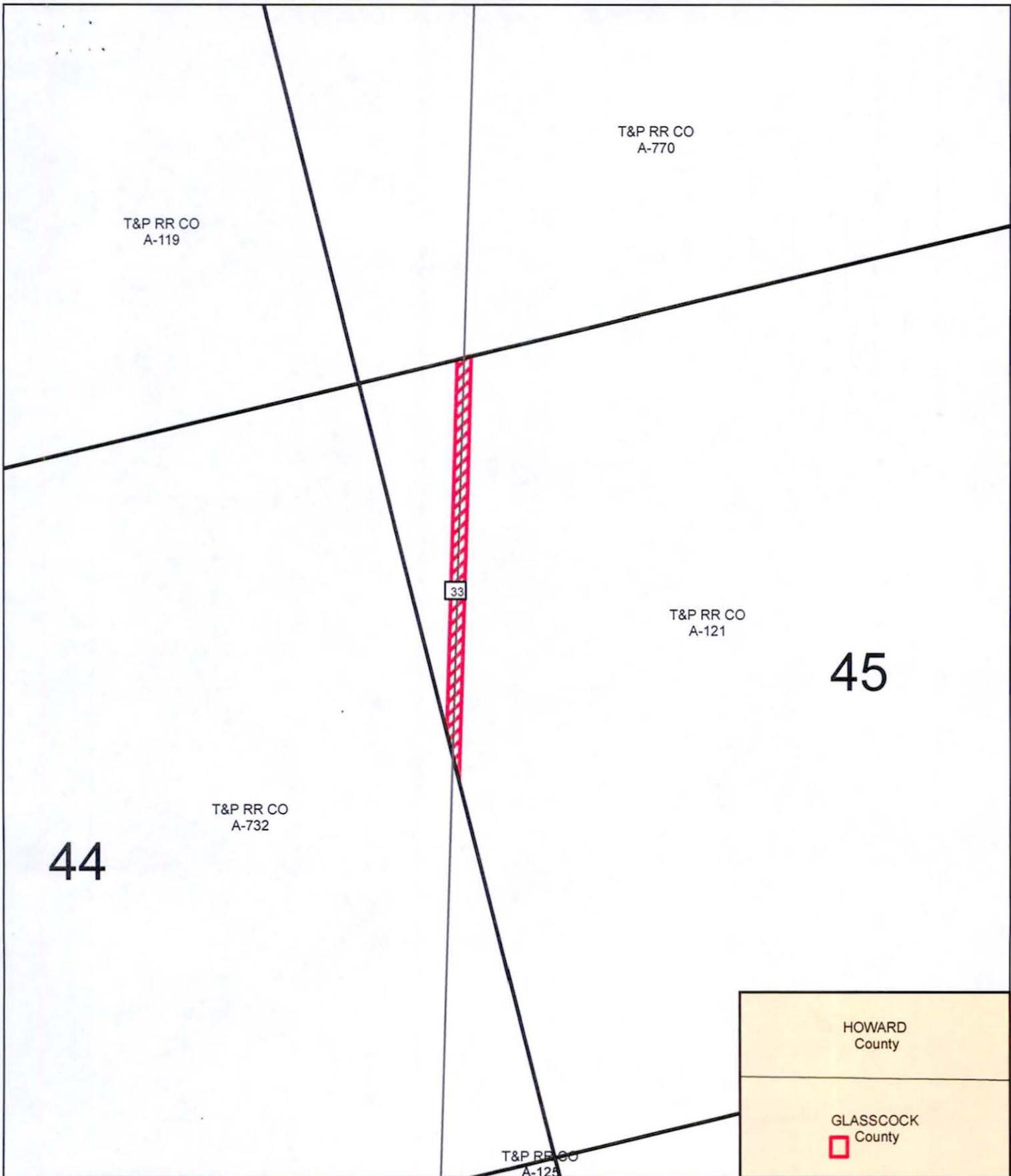
Approved:  
 ML:   
 DC:   
 CC: 

Exhibit "A"

Attached hereto and made a part of that certain Oil and Gas Lease dated June 5, 2012, by and between the State of Texas, as lessor, and Apache Corporation as Lessee, covering acreage to be leased in Glasscock County, Texas, State Highway 33.

7.911 acres of land, more or less, situated in Section 45, Block 33, T-2-S, T&P RR Co. Survey. Said lands being described in the following deed filed in the Deeds of Record, Glasscock County, Texas.

Deed from Adolph Nieman to the State of Texas, dated September 27, 1945 and recorded in Volume 56, Page 236 of the Deed Records in Glasscock County, Texas.



Highway Right-of-Way Plat of  
 SH 33  
 MF114176  
 7.911 acres  
 Glasscock County, Texas



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



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

1,000 500 0 1,000 Feet

2

File No. 114176

LEASE

Date Filed: 6/5/12

Jerry E. Patterson, Commissioner

By GT



May 7, 2012

Mr. George Martin  
Texas General Land Office  
1700 N. Congress Ave., Suite 600  
Austin, TX 78701

**RE: Oil, Gas and Mineral Lease**

**A 7.911 acre tract in Section 45, Block 33, Township 2 South, T&P RR Co. Survey, more fully described in Vol. 56, Pages 236 and 237, dated September 27, 1945, by and between Adolph Nieman (Grantor) and the State of Texas (Grantee) of the Glasscock County Records.  
Glasscock County, Texas**

Dear Mr. Martin,

The county records of Glasscock County, Texas indicate that the State of Texas owns a mineral interest described in the above captioned lands. Veritas 321 Energy Partners, LP is presently leasing in this area for Apache Corporation, Successor Leasehold Owner to Mariner Energy, Inc., and desires to lease the State of Texas' mineral interest.

For your review, we have provided a Mineral Ownership Report, Lease Purchase Reports, executed Oil & Gas lease, and copies of payments made to the adjoining mineral owner to document the per acre bonus that was paid. In addition, we are submitting a plat for this tract which shows the State owned Highway Right of Way. I have also included a copy of the now current Oil & Gas Lease.

Please consider the land description above as the legal description to be used on the lease form. For your reference, we have enclosed a copy of the Right of Way Deeds.

Should you have any questions, please contact me at (432) 682-4002, Ext. 131 or email at [rwarnick@veritas321.com](mailto:rwarnick@veritas321.com)

Respectfully,

Ric Warnick  
Landman

VERITAS 321 ENERGY PARTNERS, LP

011402

Commissioner of the TX General Land Office  
2010 · Receipts Payable-Apache

APA201124

5/8/2012

2,373.30

12711417  
12/1

(WNB) Veritas 321 EP

APA201124

321.11417

2,373.30

VERITAS 321 ENERGY PARTNERS, LP

011404

Commissioner of the TX General Land Office  
2010 · Receipts Payable-Apache

APA201124

5/8/2012

35.60

X  
12/1

✓  
12711419

(WNB) Veritas 321 EP

APA201124

321.14

35.60

VERITAS 321 ENERGY PARTNERS, LP

011403

Commissioner of the TX General Land Office  
2010 · Receipts Payable-Apache

APA201124

5/8/2012

500.00



12711418

12/1

(WNB) Veritas 321 EP

APA201124

321.124



500.00

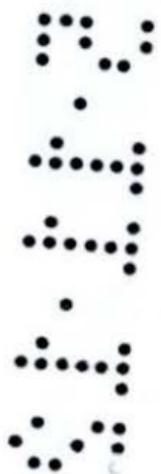
File No. 114176

Cover Letter @ Bows @ Fees

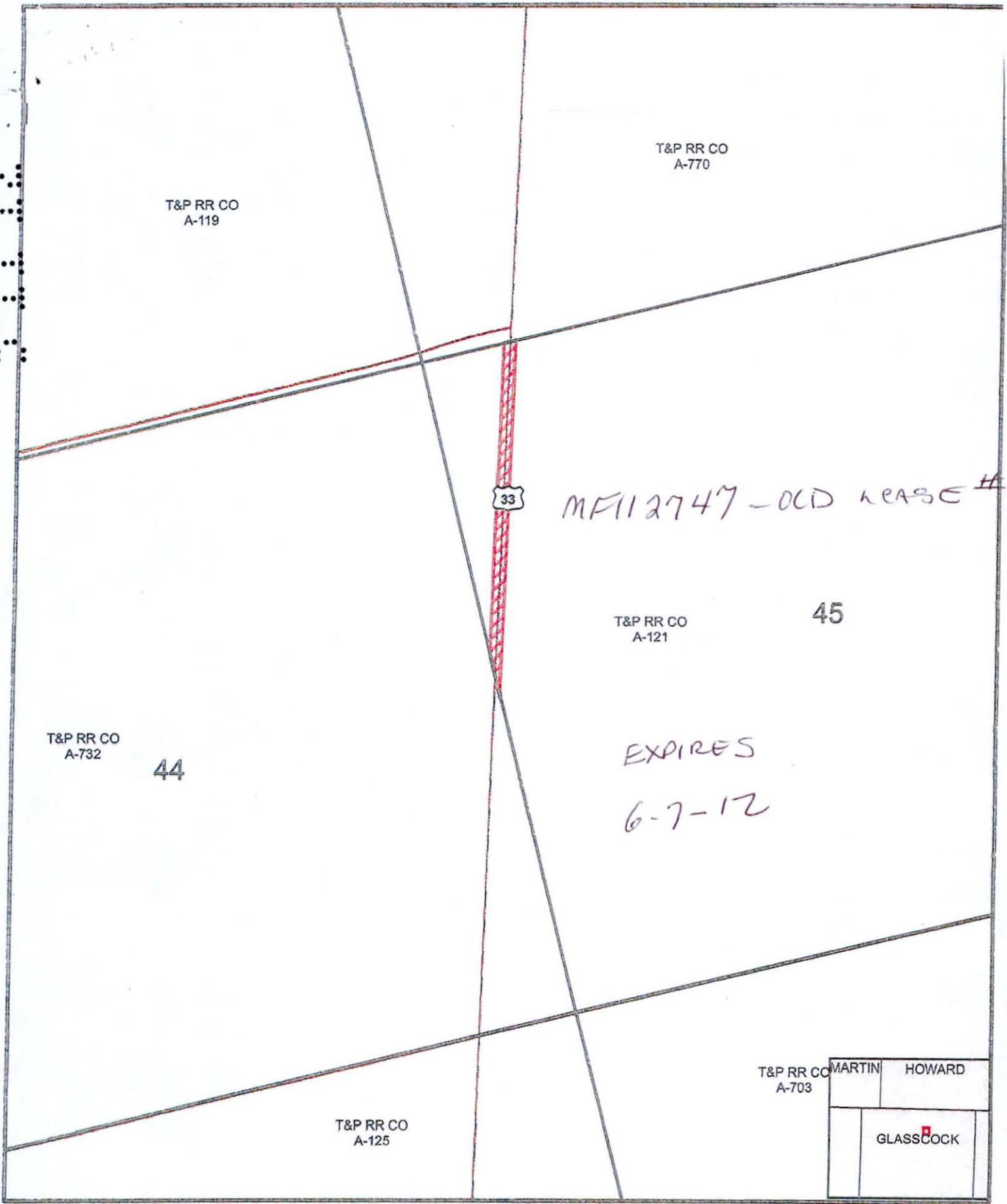
Date Filed: 5/11/12

Jerry E. Patterson, Commissioner

By GH







Map Showing a Buffer of  
State Highway 33  
7,911 acres  
Glasscock County



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



Map Generated by  
Zoke Gullien  
IS/BAS/GIS  
June 7, 2011

4

File No. 14176

Plat

Date Filed: 5/11/12

Jerry E. Patterson, Commissioner

By GH

27775

AFFIDAVIT OF HIGHEST CONSIDERATION PAID  
HIGHWAY RIGHT OF WAY LEASES

STATE OF TEXAS

COUNTY OF GLASSCOCK

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

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

That his/her name is Ricky A. Warnick. And that, Affiant is personally familiar with and knowledgeable of the terms and conditions of the oil and gas lease(s) which adjoin(s) Texas State Highway 33. [common name(s) of highway/roadway]

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

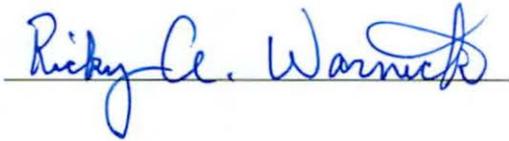
Bonus Consideration Paid (Per Acre): \$300.00

Primary Term: (3) Three Years

Royalty Rate: (25%) 1/4

Delay Rentals: \$NONE.

The above statements are within my personal knowledge and are true and correct. Further, Affiant sayeth not.

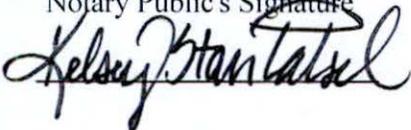


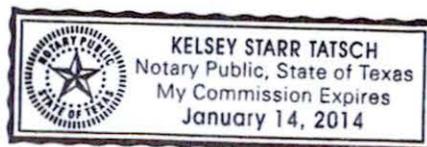
Ricky A. Warnick

State of Texas  
County of Midland

Sworn to and subscribed before me on the 7<sup>th</sup> day of May, 2012, by Ricky A. Warnick.

Notary Public's Signature





# APACHE DEEPWATER LLC

**FINAL**

## LEASE PURCHASE OR MINERAL ACQUISITION REPORT

DATE:	July 14, 2011	PROSPECT:	DEADWOOD
PREPARED BY:	VERITAS 321 ENERGY PARTNERS, LP (AT)	AFE #	PA-11-6003-03
APPROVED BY:			blue cell = formula inserted

ASSIGNOR/LESSOR/GRANTOR:

COMMISSIONER OF THE GENERAL LAND OFFICE OF THE STATE OF TEXAS  
ASSIGNEE/LESSEE/GRANTEE:

APACHE CORPORATION

**PROPERTY DESCRIPTION:**

7.911 ACRES OF LAND, MORE OR LESS, SITUATED IN SECTION 45, BLOCK 33, T-2S, T&P RR CO. SURVEY. SAID LANDS BEING DESCRIBED IN THE FOLLOWING DEED FILED IN THE DEEDS OF RECORD, GLASSCOCK CO.

DEED FROM ADOLPH NIEMAN TO THE STATE OF TEXAS DATED 9/27/1945 AND RECORDED IN VOL. 56., P. 236 OF THE DEED RECORDS, GLASSCOCK COUNTY, TEXAS

<input checked="" type="checkbox"/> NEW	<input type="checkbox"/> FEDERAL	<b>DOCUMENTS SUBMITTED:</b>	
<input type="checkbox"/> RENEWAL	<input checked="" type="checkbox"/> STATE	<input checked="" type="checkbox"/> ORIGINAL LEASE	<input checked="" type="checkbox"/> COMPLETED W9
<input type="checkbox"/> RATIFICATION	<input type="checkbox"/> GOVT. AGENCY	<input type="checkbox"/> MEMORANDUM OF LEASE	<input checked="" type="checkbox"/> MINERAL TAKEOFF
<input type="checkbox"/> EXTENSION	<input type="checkbox"/> FEE	<input checked="" type="checkbox"/> LEASE PLAT	<input checked="" type="checkbox"/> RECEIPT OF PAYMENT
<input type="checkbox"/> AMENDED	<input checked="" type="checkbox"/> PAID-UP	<input checked="" type="checkbox"/> COPY OF DRAFT/CHECK	<input type="checkbox"/>
BOOK: 173	PAGE: 79	ENTRY/REGISTER/MICROFILM: 8302	COUNTY/PH-ST: GLASSCOCK COUNTY, TX
DATE: June 7, 2011	EFFECTIVE DATE: June 7, 2011	EXPIRATION DATE: June 7, 2012	TERM (YRS): 1
MINERAL INTEREST: 1.00000000	GROSS ACRES: 7.9110	NET ACRES: 7.9110	ROYALTY RATE: 0.25000000
CO. GWI: 1.00000000	PROCESSING FEE OF 1.5%: \$35.60	CO. NET ACRES: 7.9110	SHUT-IN ROYALTY AMOUNT: \$197.78
BONUS PER ACRE: \$300.00	BONUS AMOUNT: \$2,373.30	FIRST RENTAL DUE: N/A	RENTAL AMOUNT: N/A

<b>LESSOR(S):</b>	<b>COMMISSIONER OF THE GENERAL LAND OFFICE OF THE STATE OF TEXAS</b>	<b>INTEREST:</b>
NAME: CONTINUED	ATTN: DREW REID OR GEORGE MARTIN	1.00000000
ADDRESS:	1700 NORTH CONGRESS AVE	
CITY ST ZIP:	AUSTIN, TX 78701-1495	
TIN:	[REDACTED]	
PHONE:	(512) 475-1534 - DREW REID OR (512) 475-1512 - GEORGE MARTIN	
EMAIL:	GEORGE.MARTIN@GLO.STATE.TX.US	
NAME: CONTINUED		
ADDRESS:		
CITY ST ZIP:		
TIN:		
PHONE:		
EMAIL:		
	<b>TOTAL INTEREST:</b>	<b>1.00000000</b>

SEE ADDITIONAL PAGES OR ATTACHMENTS

**INSTRUCTIONS, SPECIAL PROVISIONS AND OBLIGATIONS:**

P. 3F: Shut-in @ \$25.00/acre  
P. 8: If the lease is ever cancelled for any cause, it shall remain in force and effect as to (1) sufficient acreage around each well as to which there are operations  
P. 11: A certified copy of the assignment must be filed in the General Land Office within 90 days of the execution date.  
P. 12: Well information: Upon written request by Lessor, Lessee agrees to furnish Lessor with well information, which Lessor agrees to maintain confidentially.  
P. 13: Surface  
P. 14: Offset well provision: Compensatory royalties will be owed if an offset well within 2,500 feet is drilled and is causing drainage.  
P. 15: Forfeiture  
\*\*\*The bonus payment includes a 1.5% processing fee as shown above (totals \$2,408.90)  
WT: APA201123  
VEP CK #: 9922  
Lease Purchase Report

REVISED 3/32008

cj/ts

5

File No. 114176

High Consideration

Date Filed: 5/11/12

Jerry E. Patterson, Commissioner

By GH

2012

Given under my hand and seal of office, this the 8th day of October 1945.

Vena Lawson

(SEAL)

County Clerk in and for Glasscock County, Texas.

Filed for record December 3, 1945 at 11:00 o'clock A.M.

Recorded December 4, 1945 at 10:00 o'clock A.M.

*Vena Lawson*  
County Clerk, Glasscock County, Texas.

(FILE # 7621)

RIGHT-OF-WAY DEED

STATE OF TEXAS }  
COUNTY OF GLASSCOCK }

KNOW ALL MEN BY THESE PRESENTS:

THAT I, Adolph Nieman of the County of Comanche, State of Texas, for and in consideration of the sum of One hundred eighty five & 53/100 (\$185.53) DOLLARS, to me in hand paid by the State of Texas, acting by and through the State Highway Commission, receipt of which is hereby acknowledged, have this day sold, and do by these presents grant, bargain, sell and convey unto the State of Texas, all that certain tract or parcel of land, situated in the County of Glasscock, State of Texas, and being a part of Survey 45, Abstract 121, Block 33, Township 2-South, T. & P. Ry. Co. Survey conveyed by Mart M. Gillean et al. to Adolph Nieman by deed dated the 29th day of December 1934, and recorded in Volume 43 Page 296 of Deed Records of Glasscock County, Texas; said tract or parcel of land herein conveyed, being subject to:

(IMPORTANT NOTE: If no liens, leases or easements exist, insert the word "None.")  
lien(s) held by (Name) None, (Address) \_\_\_\_\_, easement(s) held by (Name) None, (Address) \_\_\_\_\_, lease(s) held by (Name) None, (Address) \_\_\_\_\_, and being more particularly described as follows, to-wit:

Being a strip of land along and adjacent to the centerline of State Highway No. 207, 2694 feet long and 120 feet wide, 60 feet each side of said center line from station 254/43 to station 281 / 37.

Said center line being described as follows, to wit:

Beginning at a point on the north boundary line of said Survey 45, said point being station 254 / 43 and being N. 75 Deg. 19 Min. E., 735 feet from the northwest corner of said Survey 45.

Thence S. 1 Deg. 09 Min. W., 2694 feet to a point in the west boundary line of said Survey 45, said point being station 281 / 37 and being N. 14 Deg. 41 Min. W., 2627 feet from the southwest corner of said Survey 45.

Said strip of land containing 7.421 acres.

TO HAVE AND TO HOLD the above described premises, together with all and singular the rights and appurtenances thereto in any wise belonging, unto the said State of Texas and its assigns.

And I the said grantor do hereby bind myself, my heirs, executors, and administrators, to warrant and forever defend all and singular the said premises, unto the said State of Texas, and its assigns against every person whomsoever lawfully claiming or to claim the same or any part thereof.

The undersigned grantor herein for the same consideration hereby specially agree that the consideration above recited includes adequate and complete compensation for any and all damages, present or future, that may be done to the remainder of the tract above referred to and in consideration of the premises and the payment to me of the sum of money above acknowledged, hereby release the State of Texas from any and all damages, if any, present

or future, that may be done to the remainder of \_\_\_ said tract of land by virtue of the construction and maintenance of the new proposed Highway No. 33 or by virtue of any drainage in connection therewith or by virtue of any operations of any nature in connection with said road and its appurtenances.

Witness my hand, this the 27 day of Sept., A.D. 1945.

Adolf Nieman

THE STATE OF TEXAS }  
COUNTY OF MILLS }

Before me Walter J. Marwitz, a notary public in and for said County and State, on this day personally appeared Adolf Niemann a single man, known to me (or proved to me on the oath of \_\_\_\_\_, a credible witness) to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office, this the 27 day of Sept. 1945.

Walter J. Marwitz (WALTER J. MARWITZ)

(SEAL)

Notary Public in and for Mills County, Texas

Filed for record December 3, 1945 at 11:00 o'clock A.M.

Recorded December 4, 1945 at 10:30 o'clock A.M.

*Sam Lanson*  
County Clerk, Glasscock County, Texas.

FILE # 7622)

CHANNEL EASEMENT

STATE OF TEXAS }  
COUNTY OF GLASSCOCK }

KNOW ALL MEN BY THESE PRESENTS:

THAT I, Adolph Nieman of Comanche County, State of Texas, in consideration of the sum of Twelve & 25/100 (\$12.25) and other good and valuable consideration in hand paid by the State of Texas, acting through the State Highway Commission, receipt of which is hereby acknowledged, do by these presents grant, bargain, sell and convey unto the State of Texas the free and uninterrupted use, liberty and privilege of the passage in, along, upon and across the following land in Glasscock County, Texas, and being more particularly described as follows, to-wit:

Being a part of the property of Adolph Nieman and being out of T. & P. Ry. Co Survey No. 45, Block 33, Abstract 121, and being more particularly described as follows:

A strip of land 50 feet wide and 425 feet long, 25 feet at right angles each side of a center line described as follows:

Beginning at a point on the West Right-of-Way Line 60 feet at right angles right of Station 263/30;

Thence South 73 deg. 30 min. West, 425 feet;

The tract of land herein described contains 0.49 acres.

For the purpose of opening, constructing and maintaining a permanent channel in, along, upon and across said premises, with the right and privilege at all times of the Grantee herein, his or its agents, employees, workmen and representatives having ingress, egress and regress in, along, upon and across said premises for the purposes of making additions to, improvements on and repairs to the said channel or any part thereof.

TO HAVE AND TO HOLD unto the State of Texas as aforesaid for the purposes aforesaid the premises above described.

Witness my hand, this the 27 day of Sept. A.D. 1945.

Adolf Niemann

#2603 OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 1<sup>st</sup> day of April, 2007, Robert Ballenger, Lessor (whether one or more), whose address is 2800 Ranch Road 33, Big Spring, Texas 79720, and Boyd & McWilliams Energy Group, Inc., Lessee, whose address is 550 W. Texas Avenue, Suite 310, Midland, Texas 79701

WITNESSETH:

1. Lessor, in consideration of Ten Dollars and other valuable consideration (\$10.00 and OVC), receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas and other related hydrocarbons and constituent elements which may be produced with oil and/or gas and reference to other minerals is hereby deleted, together with the right to make surveys on said land, lay pipe lines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any land adjacent thereto. The land covered hereby, herein called said land, is located in the County of Glasscock, State of Texas, and is described as follows:

W/2 of Section 45, Block 33, T-2-S and  
Section 4 and 9, Block 33, T-3-S, T & P RR Co. Survey, containing 1558.50 acres more or less

This lease also covers and includes, in addition to that above described, all land, if any, contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said land. For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain 80 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be deemed to be the true acreage thereof. Lessor accepts the bonus as lump sum consideration for this lease and all rights and options hereunder.

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

3. As royalty, lessee covenants and agrees: (a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal 1/5 part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such 1/5 part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear 1/5 of the cost of treating oil to render it marketable pipe line oil; (b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, 1/5 of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of 1/5 of such gas and casinghead gas; (c) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one tenth either in kind or value at the well or mine at lessee's election, except that on sulphur mined and marketed the royalty shall be one dollar (\$1.00) per long ton. If, at the expiration of the primary term or any time or times thereafter, there is any well on said land or on lands with which said lands or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to one dollar (\$1.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in the (PAY DIRECTLY TO LESSOR) Bank at \_\_\_\_\_, or its successors, which shall continue as the depositories, regardless of changes in the ownership of shut-in royalty. If at any time that lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, lessee may, in lieu of any other method of payment herein provided, pay or tender such shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownership thereof, as lessee may elect. Any payment hereunder may be made by check or draft of lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

4. Lessee is hereby granted the right, at its option, to pool or unitize any land covered by this lease with any other land covered by this lease, and/or with any other land, lease, or leases, as to any or all minerals or horizons, so as to establish units containing not more than 80 surface acres, plus 10% acreage tolerance; provided, however, units may be established as to any one or more horizons, or existing units may be enlarged as to any one or more horizons, so as to contain not more than 640 surface acres plus 10% acreage tolerance, if limited to one or more of the following: (1) gas, other than casinghead gas, (2) liquid hydrocarbons (condensate) which are not liquids in the subsurface reservoir, (3) minerals produced from wells classified as gas wells by the conservation agency having jurisdiction. If larger units than any of those herein permitted, either at the time established, or after enlargement, are required under any governmental rule or order, for the drilling or operation of a well at a regular location, or for obtaining maximum allowable from any well to be drilled, drilling, or already drilled, any such unit may be established or enlarged to conform to the size required by such governmental order or rule. Lessee shall exercise said option as to each desired unit by executing an instrument identifying such unit and filing it for record in the public office in which this lease is recorded. Each of the said options may be exercised by the lessee at any time and from time to time while this lease is in force, and whether before or after production has been established either on said land, or on the portion of said land included in the unit, or on other land unitized therewith. A unit established hereunder shall be valid and effective for all purposes of this lease even though there may be mineral, royalty, or leasehold interests in lands within the unit, which are not effectively pooled or unitized. Any operations conducted on any part of such unitized land shall be considered, for all purposes, except the payment of royalty, operations conducted upon said land under this lease. There shall be allocated to the land covered by this lease within each such unit (or to each separate tract within the unit if the lease covers separate tracts within the unit) that proportion of the total production of unitized minerals from the unit, after deducting any used in lease or unit operations, which the number of surface acres in such land (or in each such separate tract) covered by this lease within the unit bears to the total number of surface acres in the unit, and the production so allocated shall be considered for all purposes, including payment or delivery of royalty, overriding royalty and any other payments out of production, to be the entire production of unitized minerals from the land to which allocated in the same manner as though produced therefrom under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph or of shut-in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas. The formation of any unit hereunder which includes land not covered by this lease shall not have the effect of exchanging or transferring any interest under this lease (including, without limitation any shut-in royalty which may become payable under this lease) between parties owning interests in land covered by this lease and parties owning interests in land not covered by this lease. Neither shall it impair the right of the lessee to release as provided in paragraph 5 hereof, except that lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit. At any time while this lease is in force lessee may dissolve any unit established hereunder by filing for record in the public office where this lease is recorded a declaration to that effect, if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 4, a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but lessee shall nevertheless have the right to pool or unitize as provided in this paragraph 4 with consequent allocation of production as herein provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

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

6. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, re-completing, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

7. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove casing. No well shall be drilled nearer than 200 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

8. The rights and estate of any party hereto may be assigned from time to time in whole or in part as to any mineral or horizon. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof of or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division. If any such change in ownership occurs by reason of the death of the owner, lessee may, nevertheless pay or tender such royalties, or other moneys, or part thereof, to the credit of the decedent in a depository bank provided for above.

9. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder. If this lease is canceled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said land as are necessary to operations on the acreage so retained.

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

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

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

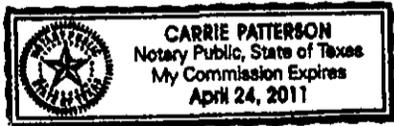
IN WITNESS WHEREOF, this instrument is executed on the date first above written.

\_\_\_\_\_  
S.S. NUMBER/TAX I.D. NUMBER  
Robert Ballenger  
LESSOR: ROBERT BALLENGER

ACKNOWLEDGMENT

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

This instrument was acknowledged before me on the 1st day of April, 2007,  
by Robert Ballenger



Carrie Patterson  
Notary Public, State of Texas  
Notary's name (printed):  
Carrie Patterson  
Notary's commission expires: 4-24-11

EXHIBIT "A"

Attached to and made part of that certain Oil and Gas Lease dated April 1, 2007 between Robert Ballenger, as Lessor, and Boyd & McWilliams Energy Group, Inc., as Lessee, covering lands in Glasscock County, Texas.

After the expiration of the primary term, Lessee agrees to Continuously develop the lands by this lease with no more than 180 days between the official completion date of one well and the commencement of the next succeeding well unit such time as the lands covers hereby have been developed to the density permitted by the Texas Railroad Commission. Official completion date shall be the date that the required G-1 or W-2 forms are filed with the Texas Railroad Commission by the operator of said wells. If Lessee fails to continuously develop the lands covered by this lease, Lessee shall release to Lessor all lands not included in a proration unit as permitted by the Texas Railroad Commission. Lessee shall also release to Lessor all depths below the depth of 100 feet below the stratigraphic equivalent of the total depth of the deepest well producing on this lease.

LESSOR:

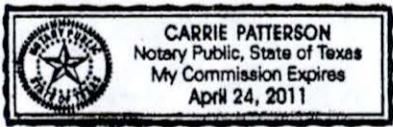
ROBERT BALLENGER

SS #:

Robert Ballenger  
Individual Acknowledgement

State of  
County of

This instrument was acknowledged before me on the 1st day of April  
by Robert Ballenger.



Carrie Patterson  
Notary Public, State of Texas

Notary's name (printed):  
Carrie Patterson

Notary's commission expires: 4-24-11

FILED  
AT 10:00 O'CLOCK A M  
ON THE 24 DAY OF April  
A.D., 2008  
INS. NO. 2603

Rebecca Batla  
COUNTY CLERK, GLASSCOCK COUNTY, TEXAS  
BY Rebecca Batla  
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. 115 PAGE 186  
RECORDED April 24, 2008



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

#4450

### Oil and Gas Lease (PAID UP)

THIS AGREEMENT made and entered into this 11th day of May, 2010, by and between, Wells Fargo Bank, N. A., Trustee for the Sophie Bartlett Moore Beck Revocable Trust and Wells Fargo Bank, N.A., Trustee of the Stephen Ellis Moore Testamentary Trust u/w/o B. C. Mann, deceased whose address is: P.O. Box 1959 Midland, Texas 79702 hereinafter called "LESSOR", and Mariner Energy, Inc., whose address is: 2000 W. Sam Houston Parkway South, Suite 2000, Houston, Texas 77042-3622 hereinafter called "LESSEE".

WITNESSETH:

1. In consideration of the bonus in hand paid, of the royalties herein provided, and of the agreements of Lessee herein contained, Lessor hereby grants, leases, and lets unto Lessee for the sole and only purpose of exploring, drilling and operating for and producing oil and gas and of laying pipelines, storing oil and building tanks, roads and structures thereon to produce, save, care for, treat and transport said substances produced from the land leased hereunder only, the following described land situated in Glasscock County, State of Texas to-wit:

S/2 Section 45, Block 33, T2S, T&P Survey

and containing 320 acres, more or less, sometimes called herein the "leased premises" or "said lands".

2. Subject to the other provisions hereof, this lease shall be for a term of (3) years from this date (called "Primary Term") and as long thereafter as oil and gas, or either of them, is produced in paying quantities from said lands or lands pooled therewith.
3. Lessee shall pay the following royalties to Lessor:
  - (a) OIL: On all oil and liquid hydrocarbons, including all condensate, distillate and other liquid hydrocarbons recovered or separated from oil or gas by separator or other equipment, the royalty shall be 25% of that produced and saved from the leased premises, the same to be sold with Lessee's oil and liquid hydrocarbons at a price no less than the current market value at the time of production in the field where produced or, at Lessor's option, to be delivered to Lessor free of cost into the storage tanks or into the pipeline to which the wells may be connected. To exercise such option (which may be done by Lessor from time to time), Lessor shall give sixty (60) days written notice to Lessee.
  - (b) GAS: On all gas produced from the leased premises, including casinghead gas and residue gas at the tailgate of any plant through which gas is processed, the royalty shall be 25% of the current market value at the time of production at the place of sale or use.
  - (c) Royalty on carbon dioxide and any other substance produced from the lands covered by this lease, whether or not extracted or recovered from oil or gas, and sold or used by Lessee shall be paid in the same percentage and manner as provided for gas in paragraph [3(b)] of this lease, except that royalty for carbon dioxide used by Lessee shall be based upon the greater of (i) the highest price paid or offered in the area by other purchasers of such substance, or (ii) the market value at the point of delivery.
  - (d) PLANT PRODUCTS: On condensate and other products separated, extracted or manufactured from gas at a plant owned wholly or in part by Lessee or an affiliate or subsidiary thereof, the royalty shall be 25% of the current market value at the plant; provided, however, if such plant is not owned wholly or in part by Lessee or an affiliate or subsidiary thereof, the royalty on such condensate and other products shall be 25% of the proceeds received by Lessee from the sale of such condensate and other products.
  - (e) SULPHUR: Although this lease is intended to cover only oil and gas, it is contemplated that some sulphur may be produced necessarily with and incidental to the production of oil and gas and, in such event, this lease shall also cover such sulphur so produced. On all sulphur so produced, the royalty shall be 25% of the proceeds received by Lessee from the sale of such sulphur.
  - (f) While there is a gas well on the leased premises capable of producing gas in paying quantities but gas is not being sold or used, Lessee may pay, as royalty, commencing on or before ninety (90) days after the date on which (i) the gas well is shut-in or (ii) this lease is no longer maintained by other provisions hereof, whichever is the later date, a sum of \$25.00 for each acre ascribed to such gas well pursuant to Paragraph 7 hereof; provided, however, in no event shall the amount of such royalty be less than Fifty Dollars (\$50.00) per well after applying the proportionate reduction provision contained herein. If such

payment is made or tendered in accordance with the terms hereof, this lease shall continue in full force for one (1) year after such payment, subject to the provisions of Paragraph 7, and it will be considered that gas is being produced from the leased premises in paying quantities within the meaning of each pertinent provision of this lease, it being understood and agreed that such payment shall be in lieu of and excuse payment or tender of the annual delay rentals which may have otherwise accrued and become payable under the terms and provisions hereof and in no event shall shut-in well payments after the expiration of the primary term maintain this lease in force for a cumulative period exceeding two (2) years. Lessee shall not be entitled to recover any shut-in royalty payments from the later sale of gas. Should shut-in royalty not be paid in a timely manner as provided in this Paragraph, it will be considered for all purposes that there is no production of gas from the shut-in well in question and, unless there is then in effect some provision of this lease directing otherwise, this lease shall terminate.

- (g) Except as may be permitted for proceeds received by Lessee under Subparagraphs (c) and (d) above, all royalties payable to Lessor shall be free, clear and without deduction for any costs of marketing, gathering, transporting, separating, processing, dehydrating, compressing or other costs in making the oil and gas available and marketable at the place of sale or use; provided, however, Lessee shall have free use of oil and gas for lease operations conducted on the leased premises under the terms of this lease (but in no event shall such free use of oil and gas extend to fuel gas used in plant operations).
- (h) Lessee agrees that before any gas produced from the leased premises is used or sold off the leased premises, it will be run, free of cost to Lessor, through a conventional separator or other comparable equipment, so that all liquid hydrocarbons recoverable from gas by such means will be recovered on the leased premises.
- (i) Lessee agrees that it will not enter into any contract for the sale of oil or gas production from this lease which shall extend more than three (3) years from the effective date of such contract, unless such contract has adequate provisions for the redetermination of price at intervals not less frequently than one year. Upon written request by Lessor, Lessee shall advise Lessor of the price and other pertinent terms under which production from the leased premises is being sold and shall furnish to Lessor a complete copy of such contract as executed by Lessee. In the event Lessee enters into a gas purchase contract containing what is commonly referred to as a "take or pay" provision and the purchaser under such gas purchase contract makes any payment or payments of any nature to Lessee for failure to take delivery of a required minimum volume of gas, then Lessor shall be entitled to a fractional share of all such payment or payments so made to Lessee, such fractional share to be the same as provided in Subparagraph (b) above.
- (j) Lessee is unconditionally obligated to Lessor to make the payment of royalties hereunder, irrespective of the failure or bankruptcy of any third party oil or gas purchaser and without the necessity of Lessor executing a division order or transfer order. Further, Lessee shall bear full responsibility for payment of all royalties hereunder, irrespective of any split-stream marketing of production and without regard to whether or not Lessee is taking its share of production. Accounting and payments to Lessor of royalties from the production of oil and gas from any well shall commence and thereafter be paid in full compliance with the applicable provisions of the laws or codes of the governmental authority having jurisdiction and failure to so comply shall entitle Lessor to the remedies therein provided. If Lessee at any time fails to make royalty payments to Lessor in compliance with the applicable provisions of the laws or codes of the governmental authority having jurisdiction, Lessor may, at Lessor's option, cancel this lease by giving Lessee thirty (30) days advance written notice of such cancellation. Lessee may avoid such cancellation by paying to Lessor all sums (including interest) then owed by Lessee prior to the expiration of said thirty (30) day period. Acceptance by Lessor of royalties which are past due shall not act as a waiver or estoppel of Lessor's right to receive or recover any and all interest due thereon under the provisions hereof, unless a written acknowledgment executed by Lessor expressly so provides. Lessee shall pay all costs of litigation, including reasonable attorney's fees, expert witness and consultation fees, incurred by Lessor in connection with any lawsuit in which Lessor is successful in recovering any royalties or interest attributable to Lessee's failure to timely pay royalties as required herein.
- (k) If production is obtained from the leased premises, the minimum royalty payable hereunder after the primary term shall be \$ 25.00 per acre per annum for each acre ascribed to a well pursuant to Paragraph 7 on December 31st of each year in question. The only credits applicable to this annual minimum royalty are royalties actually paid during the year in question. Lessee shall pay to Lessor the actual royalties provided for herein as they accrue. Within thirty (30) days after the end of each year, Lessee shall furnish Lessor with a detailed statement of the actual production and royalties paid for the year in question and any applicable credits. If such statement shows that the minimum royalty provided for herein has not been paid, Lessee shall remit the difference to Lessor with the statement. Should Lessee fail to furnish such statement or fail to pay the minimum payment required within thirty (30) days after written notice by Lessor that such statement has not been received, whichever is later, then Lessee shall have an additional thirty (30) days to cure such default, failing which, this lease shall terminate. Each year shall stand on its own, and Lessee shall not apply any excess paid during one year to a deficiency existing in any other year. The annual periods provided for herein shall begin on January 1st of the year immediately following the year in which production is first obtained from the leased premises. The provision for minimum royalty shall in no way alter, limit, lessen, restrict, change or impair the obligation of Lessee to develop the leased premises reasonably and with due diligence.
4. Lessee shall have the right to pool as follows:
- (a) Lessee is hereby granted the right to pool, communitize or combine the land covered by this lease, or any part or parts thereof, as to all strata or any stratum, with any other land, as to all strata or any stratum, for the production of oil or gas. Pooling in one or more instances shall not exhaust the right of Lessee hereunder to pool this lease or portion thereof into other or different units. Units pooled for oil or gas hereunder shall not exceed the number of acres comprising the minimum spacing unit for the applicable well as designated by the Oil Conservation Division or other regulatory agency having jurisdiction. Lessee shall file for record in the appropriate records of the county in which the leased premises are situated an

instrument describing and designating the pooled acreage as a pooled unit; upon such recordation the unit shall be effective as to all parties hereto. A copy of such instrument shall be furnished to Lessor within thirty (30) days after it is filed of record, and if Lessee fails to do so, such unit may be declared invalid by Lessor by an instrument filed of record in the county in question. Drilling or reworking operations on and production from any part of a pooled unit shall be treated for all purposes hereof (except the payment of royalties on such production) as if such drilling or reworking operations were on or such production was from the land described in this lease, whether or not the operations or well be located on the land covered by this lease. For the purpose of computing royalties and other payments out of production from any pooled unit, there shall be allocated to the land covered by this lease and included in such unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) a prorata portion of the production from the pooled unit, such allocation to be on an acreage basis. Thus, there shall be allocated to the acreage covered by this lease and included in the pooled unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that prorata portion of the production from the pooled unit which the number of surface acres covered by this lease (or in each such separate tract) and included in the pooled unit bears to the total number of surface acres included in the pooled unit. Royalties hereunder shall be computed on the portion of such production so allocated to the land covered by this lease and included in the unit just as though such production were from such land. NOTWITHSTANDING THE ABOVE, it is understood and agreed that:

- (i) Lessee shall not have any right to pool for oil or gas to be produced from a well located on the leased premises unless all of the acreage covered by this lease is included in such pooled unit.
  - (ii) Lessee shall have the right to pool for oil or gas to be produced from a well located off of the leased premises, provided that at least fifty percent (50%) of the acreage comprising the pooled unit consists of acreage covered by this lease.
- (b) If this lease now or hereafter covers separate tracts, no pooling, unitization or communitization of mineral or royalty interests as between any such separate tracts is intended or shall be implied or result from the inclusion of such separate tracts within this lease, and the rule of non-apportionment shall be applicable to this lease and to all lands covered by this lease. The inclusion of Lessor's interest in any separate tract within this lease shall not constitute an offer on the part of Lessor to any party who may now or hereafter have an ownership interest in the minerals or royalties in any such separate tract to pool, unitize or communitize any such interest with other interests covered by this lease. With respect to Lessor's interests in said lands, or in any separate tract, and any other party's interest in said lands, or in any separate tract, such interests shall remain separate ownerships with neither party having any rights, interests or ownership whatsoever in the rights, interests or ownership of the other. Any attempt by an owner of any mineral or royalty interest under a separate tract, now or hereafter, to ratify, adopt or confirm this lease, or any provision herein contained, by any means and thereby effect a pooling, unitization or communitization of any separate tract covered by this lease with any other interests shall by such action specifically ratify, adopt and confirm the entire contents of this Paragraph, and such attempt to effect a pooling, unitization or communitization shall be ineffective, null and void for all purposes. As used in this Paragraph, the words "separate tract" means any tract with mineral or royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the lands covered by this lease.
- (c) In the event only part or parts of the land covered by this lease instrument is pooled with other land or lands so as to form a pooled unit or units, then operations on or production from such unit or units will maintain this lease in force only as to the land included in such unit or units. This lease may be maintained in force as to any land covered hereby and not included in such unit or units in any manner provided for herein, provided that if it be by rental payments, rentals shall be reduced in proportion to the number of acres covered hereby and included in such unit or units.
5. **DELETED IN ENTIRETY**
6. If prior to discovery and production of oil or gas on the leased premises or land pooled therewith Lessee should drill a dry hole or holes thereon, or if after discovery and production of oil or gas the production thereof should cease from any cause (within or after the primary term), this lease shall not terminate if Lessee commences drilling or reworking operations within sixty (60) days thereafter or, if it be within the primary term, commences or resumes the payment or tender of rentals or commences drilling or reworking operations on or before the rental paying date next ensuing after the expiration of sixty (60) days from date of completion of said dry hole or cessation of production. If at the expiration of the primary term oil or gas is not being produced from the leased premises but Lessee is then engaged in drilling or reworking operations thereon or shall have completed a dry hole thereon within sixty (60) days prior to the expiration of the primary term, then this lease shall remain in force so long as such operations on such well or drilling or reworking operations on any additional well are prosecuted in good faith and in a workmanlike manner with no cessation of more than sixty (60) consecutive days, and if such operations result in production of oil or gas, so long thereafter as oil or gas is produced in paying quantities from the leased premises, subject to the other provisions hereof.
7. Notwithstanding anything herein to the contrary, in order to maintain this lease in force and effect after the expiration of the primary term as to the portion of the leased premises not then ascribed to a producing well or shut-in well pursuant to the provisions of this Paragraph, Lessee shall be required to continuously drill wells on said lands (or lands pooled therewith) after the expiration of the primary term so that there is no cessation of more than 180 consecutive days between the completion of one well and the commencement of a subsequent well, thereby providing a continuous drilling schedule after the expiration of the primary term. Commencement of the first well in such continuous drilling program shall occur on (i) the expiration of the primary term or (ii) ninety (90) days after the completion of the last well drilled on said lands within the primary term, whichever is later. If at any time after the expiration of the primary term Lessee fails to maintain said continuous drilling schedule, then this lease shall automatically

terminate as to all of the leased premises, SAVE AND EXCEPT the interval from the surface down to 100 feet below the deepest drilled depth in each well producing oil or gas from said lands in paying quantities, or capable of producing gas in paying quantities with all shut-in royalty payments then due having been paid thereon, together with the number of acres designated by the Oil Conservation Division, or other regulatory agency having jurisdiction, for the minimum spacing unit for the applicable well, the acreage around oil wells and gas wells to be in the form of a square or rectangle and comprised of regular governmental survey subdivisions as nearly as practicable (but if a rectangle, the longest sides shall be no more than twice the length of the shortest sides) with the well located at a legal spacing distance within its boundaries. UPON THE TERMINATION OF THIS LEASE EXCEPT AS TO EACH OIL WELL AND EACH GAS WELL AND THE NUMBER OF ACRES HEREINABOVE SPECIFIED AROUND EACH SUCH WELL, EACH SEPARATE TRACT AROUND AN OIL WELL AND EACH SEPARATE TRACT AROUND A GAS WELL SHALL BE TREATED AS A SEPARATE LEASE THAT IS SUBJECT TO THE PROVISIONS HEREOF. In such event, the continuation of this lease as to each such separate lease shall be determined by the application of the provisions hereof to each particular separate lease. Within sixty (60) days after the termination of this lease except as to each oil well and each gas well and the number of acres hereinabove specified around each such well, Lessee shall designate and file of record a plat and legal description of the particular acreage ascribed to each well, furnishing Lessor a copy of such instrument.

8. Operations for drilling shall be deemed hereunder to be "commenced" on the date the drill bit enters the earth for the drilling of a validly permitted well utilizing a drilling rig capable of drilling to the permitted depth. A well shall be deemed hereunder to be "completed" on the date that is (i) ten (10) days after the well reaches total depth in the event no attempt is made to complete the well as a producer of oil or gas by the running of production casing (a "dry hole") or (ii) thirty (30) days after the date production casing is cemented in the well (as reflected by the cementing affidavit required to be filed with the governmental authority having jurisdiction) in the event an attempt is made to complete the well as a producer of oil or gas.
9. In the event (i) a well producing oil or gas should be brought in on land adjacent to the leased premises and (ii) such well is within 660 feet from or draining the leased premises, then Lessee agrees to commence the drilling of an offset well within 180 days or release the formation which is producing in the adjoining well as to that portion of the leased premises that would be ascribed to such offset well pursuant to Paragraph 7. If oil or gas is discovered on the land covered by this lease or land pooled therewith, Lessee agrees to further develop said lands covered by this lease as a reasonably prudent operator would under the same or similar circumstances.
10. The rights of either party hereto may be assigned in whole or in part (except that oil rights shall never be severed from gas rights). The provisions hereof shall extend to the heirs, successors and assigns of the parties hereto, but no change or division in ownership of land, rentals, or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee. It is provided, however, that Lessee may not assign this lease, or any portion thereof, without the prior written consent by Lessor, which consent shall not be unreasonably withheld, and any attempted assignment in violation hereof should be voidable at Lessor's election. No change or division in the ownership of land, rentals, or royalties shall be binding upon Lessee for any purpose until Lessee shall have been furnished with the instrument or instruments, or certified copies thereof, evidencing such change or division. In the event of a permitted assignment of this lease as to a segregated portion of said lands, the rentals payable hereunder shall be apportioned as between the several leasehold owners ratably according to the surface area owned by each, and default in rental payment by one shall not affect the rights of other leasehold owners hereunder, and liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease, or a portion thereof, who commits such breach.
11. When any of the operations contemplated by this lease are delayed or interrupted by operation of force majeure, the time of such delay or interruption shall not be counted against Lessee. The term "force majeure", as used herein, shall mean storms, floods, washouts, landslides, lightning or other acts of God. If Lessee is required, ordered or directed by any federal, state or municipal law, executive order, rule or regulation enacted or promulgated under color of authority to cease drilling operations, reworking operations or producing operations, then the period of such cessation shall not be counted against Lessee; provided, however, that in no event will the primary term be extended unless Lessee has begun drilling operations prior to the date of the expiration of the primary term. Before the provisions of this Paragraph may be relied upon, Lessee must furnish written notice to Lessor within a reasonable time after the first day the provisions hereof are relied upon, said notice to specify the preventing event and the beginning date thereof. Further, within thirty (30) days after the preventing event ceases, Lessee shall notify Lessor thereof.
12. This lease is executed without warranty by Lessor, either expressed or implied. If Lessor owns an interest in said lands less than the entire and undivided fee simple estate therein, then the royalties and rental herein provided shall be paid to Lessor in the proportion which Lessor's interest bears to the entire and undivided fee simple estate. Lessee, at its option and after giving thirty (30) days written notice to Lessor, may discharge any tax lien upon the interest of Lessor; in the event Lessee does so, Lessee shall have the right to apply rentals and royalties accruing hereunder toward the reimbursement of such payment.
13. Should Lessee have title to said lands, or any portion thereof, examined and have one or more title opinions rendered, Lessee shall furnish to Lessor a copy of each such title opinion and any supplementals thereto. A copy of each such opinion rendered shall be mailed to Lessor at the above address within thirty (30) days after the date thereof, and Lessee shall not be liable in any way for the contents of any such opinion.
14. It is expressly understood and agreed that this lease covers oil and gas only, along with the products and

by-products thereof and sulphur produced necessarily with and incidental to the production of oil and gas. This lease does not cover any other minerals of any type, including uranium, thorium and other fissionable materials, iron ore, copper, coal, lignite, or any other minerals or substances of any type.

15. In the event this lease terminates for any reason as to all or any portion of the leased premises, Lessee shall promptly prepare and execute a recordable release covering all of the land to which this lease has terminated and shall forward same to Lessor.
16. If Lessor files a legal action to enforce any express or implied obligation of this lease and receives a favorable judgment from a court of competent jurisdiction, then Lessee shall reimburse Lessor for all costs of such legal proceeding, including reasonable attorney's fees.
17. Lessee agrees to give Lessor notice of Lessee's intentions to commence any drilling, reworking or completion operations on said lands or lands pooled therewith, the approximate date of such operations, the approximate location of the same, and the objective depths of any proposed well. Such notice is to be given at least five (5) days prior to the commencement of such operations. Lessor, its agents and representatives, shall, at Lessor's own risk, have access to the derrick floor. During Lessee's regular office hours, Lessor shall also have reasonable access to all information concerning the drilling, deepening, plugging back, coring, testing and completing or recompleting of any and all wells (including seismic data and interpretations thereof), all information concerning driller's logs, well logs, surveys, production charts and records, and all information concerning the production and marketing of oil and gas from said lands or lands pooled therewith, along with copies of all forms filed with the governmental authority having jurisdiction over Lessee's operations on this lease or acreage pooled herewith. Lessor shall have the right to be present when wells or tanks are gauged and production is metered and shall have the right to examine all run tickets and to have full information as to production and runs. Lessor shall be furnished copies of all run tickets upon written request. Lessor agrees not to divulge non-public proprietary information obtained under this paragraph to parties other than other mineral or royalty owners under the leased premises and Lessor's attorneys, geologists, petroleum engineers, accountants, employees, financial consultants, guardians or other personal or legal representatives, for six (6) months after Lessor receives same or until such information becomes available to the public, whichever first occurs.
18. Lessee shall indemnify, defend and hold Lessor harmless from and against all claims, liabilities, judgments, losses and causes of action for injury or death of any person and for damage to or destruction of any property (real, personal or otherwise) resulting directly or indirectly from any and all acts, omissions or courses of conduct by Lessee, its employees, agents, contractors, subcontractors, suppliers and invitees, or arising out of or in any way incidental to the exercise of the rights herein granted. Lessee further expressly agrees to indemnify, defend and hold Lessor harmless from all claims, damages and causes of action asserted by the owner or tenant of the surface estate of the leased premises which result from Lessee's exercise of the rights herein granted.
19. Lessee shall install and maintain all equipment and conduct all operations in an environmentally sound manner, in accordance with all applicable regulations of governmental authorities having jurisdiction. Lessee shall not use, store or dispose of any hazardous materials on the leased premises, except to the extent such substances are contemporaneously required for actual oil or gas operations thereon, and any such substances shall be used, stored and disposed in a safe manner and in compliance with all applicable governmental regulations. Lessee shall insure that all contractors comply with the terms of this Paragraph. In the event Lessee is notified of any environmentally harmful or dangerous conditions on the leased premises resulting from Lessee's operations, Lessee shall promptly take all actions required to clean-up and correct such dangerous or harmful conditions, in accordance with applicable laws, regulations and sound engineering practices. Lessor shall have no responsibility to inspect or oversee Lessee's operations or to identify or correct any potentially harmful, dangerous or damaging conditions, and Lessor shall have no right to control any details of Lessee's operations, nor to designate or control Lessee's contractors. Lessee shall indemnify, defend and hold Lessor harmless from and against any and all liability arising out of Lessee's use of the leased premises which causes or may cause contamination of the ground water or soil within the leased premises or surrounding area adjacent thereto and for any and all liability incurred by Lessor because of Lessee's use of the leased premises and arising out of or incurred pursuant to any state, federal or municipal laws, rules and regulations. Further, Lessee agrees to give written notice to Lessor of any environmental complaint, charge, or allegation of which Lessee has knowledge involving the leased premises.
20. Lessee is not an officer, director, or employee of Wells Fargo Bank, N.A., or its parent or any of its affiliates and or subsidiaries, nor is Lessee acting on behalf of any such officer, director, or employee.
21. The undersigned Bank acts herein in its fiduciary capacity only and not otherwise, and it shall not have any personal, individual or corporate liability or responsibility, express or implied, under by or by virtue of this instrument.

IN WITNESS THEREOF, this lease is executed on the date first above written.

Lessor: WELLS FARGO BANK, N.A., TRUSTEE  
OF THE SOPHIE BARTLETT MOORE BECK  
REVOCABLE TRUST AND TRUSTEE OF THE  
STEPHEN ELLIS MOORE TESTAMENTARY TRUST  
U/W/O B. C. MANN, DECEASED

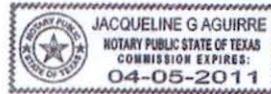
By: Mayra Wiggins  
Mayra Wiggins  
Trust Asset Manager

THE STATE OF TEXAS  
COUNTY OF MIDLAND

BEFORE ME, the undersigned authority, on this day personally appeared Mayra Wiggins, Trust Asset Manager of Wells Fargo Bank, National Association, a national banking association, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that said officer executed the same as the act and deed of said Bank for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 12<sup>th</sup> day of May, 2010

Jacqueline G. Aguirre  
Notary Public



**FILED**  
AT 10:00 O'CLOCK A. M.  
ON THE 29 DAY OF July  
A.D., 2010  
INS. NO. 4450

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 Antonina Jones  
DEPUTY

OFFICIAL PUBLIC RECORDS  
VOL. 149 PAGE 636  
RECORDED July 29, 2010



# MARINER ENERGY, INC.

FINAL

## LEASE PURCHASE OR MINERAL ACQUISITION REPORT

DATE:	September 17, 2010	PROSPECT:	DEADWOOD
PREPARED BY:	VERITAS 321 ENERGY PARTNERS, LP (KT)	AFE #	072296
APPROVED BY:			blue cell = formula inserted

### ASSIGNOR(S)/LESSOR(S)/GRANTOR(S):

WELLS FARGO BANK, N.A., TRUSTEE FOR THE SOPHIE BARTLETT MOORE BECK REVOCABLE TRUST AND WELLS FARGO BANK, N.A., TRUSTEE OF THE STEPHEN ELLIS MOORE TESTAMENTARY TRUST U/W/O B.C. MANN, DECEASED

### ASSIGNEE/LESSEE/GRANTEE:

MARINER ENERGY, INC.

### PROPERTY DESCRIPTION:

S/2 OF SECTION 45, BLOCK 33, T-2-S, T&P RR CO. SY.

NEW <input checked="" type="checkbox"/>	FEDERAL <input type="checkbox"/>	DOCUMENTS SUBMITTED:	
RENEWAL <input type="checkbox"/>	STATE <input type="checkbox"/>	ORIGINAL LEASE <input checked="" type="checkbox"/>	COMPLETED W9 <input checked="" type="checkbox"/>
RATIFICATION <input type="checkbox"/>	GOVT. AGENCY <input type="checkbox"/>	MEMORANDUM OF LEASE <input checked="" type="checkbox"/>	MINERAL TAKEOFF <input checked="" type="checkbox"/>
EXTENSION <input type="checkbox"/>	FEE <input checked="" type="checkbox"/>	LEASE PLAT <input checked="" type="checkbox"/>	COPY OF ORIGINAL PATENT <input checked="" type="checkbox"/>
AMENDED <input type="checkbox"/>	PAID-UP <input checked="" type="checkbox"/>	COPY OF DRAFT/CHECK <input checked="" type="checkbox"/>	RECEIPT OF CHECK <input checked="" type="checkbox"/>
BOOK: 149	PAGE: 636	ENTRY/REGISTER/MICROFILM: 4450	COUNTY/PH-ST: GLASSCOCK CO., TX
DATE: May 11, 2010	EFFECTIVE DATE: May 11, 2010	EXPIRATION DATE: May 11, 2013	TERM (YRS): 3
MINERAL INTEREST: SEE EXHIBIT 'A'	GROSS ACRES: 320.0000	NET ACRES: 5.0000	ROYALTY RATE: 0.25000000
CO. GWI: 1.00000000		CO. NET ACRES: 5.0000	SHUT-IN ROYALTY AMOUNT: \$125.00
BONUS PER ACRE: \$300.00	BONUS AMOUNT: \$1,500.00	FIRST RENTAL DUE: N/A	RENTAL AMOUNT: N/A

<b>LESSOR(S):</b>		<b>INTEREST:</b>
NAME	<b>WELLS FARGO BANK, N.A., TRUSTEE FOR THE SOPHIE BARTLETT MOORE BECK REVOCABLE TRUST</b>	SEE EXHIBIT 'A'
CONTINUED	C/O MAYRA WIGGINS, TRUST ASSET MNGR.	
ADDRESS	P.O. BOX 1959	
CITY ST ZIP	MIDLAND, TX 79702	
TIN:	[REDACTED]	
PHONE:	(432) 685-5132	
NAME	<b>WELLS FARGO BANK, N.A., TRUSTEE OF THE STEPHEN ELLIS MOORE TESTAMENTARY TRUST U/W/O B.C. MANN</b>	<b>INTEREST:</b>
CONTINUED	C/O MAYRA WIGGINS, TRUST ASSET MNGR.	SEE EXHIBIT 'A'
ADDRESS	P.O. BOX 1959	
CITY ST ZIP	MIDLAND, TX 79702	
TIN:	[REDACTED]	
PHONE:	(432) 685-5132	
	<b>TOTAL INTEREST:</b>	SEE EXHIBIT 'A'

SEE ADDITIONAL PAGES OR ATTACHMENTS

### INSTRUCTIONS, SPECIAL PROVISIONS AND OBLIGATIONS:

SEE LEASE FOR DETAILS:

- P3 F) \$25.00 PER ACRE SHUT-IN ROYALTY
- P5) DELETED IN ENTIRETY
- P7) 180 DAY CDC; PUGH CLAUSE
- P8) OPERATIONS
- P9) OPERATIONS
- P10) ASSIGNMENT
- P11) FORCE MAJEURE
- P12) NO WARRANTY
- P13) INFORMATION REQUIRED
- P14) OIL & GAS ONLY
- P15) FILE RELEASE IF IN THE EVENT THE LEASE TERMINATES
- P16) JURISDICTION
- P17) NOTIFICATION - 5 DAYS - PRIOR TO DRILLING
- P18) INDEMNITY CLAUSE
- P19) ENVIRONMENTAL ISSUES

WT: MEI201019  
VEP CK #: 8267 & 8268

# The State of Texas

# 8302



## Austin, Texas

PAID-UP  
OIL AND GAS LEASE NO. (MF 112747)  
GENERAL LAND OFFICE  
AUSTIN, TEXAS

THIS AGREEMENT made and entered into by and between the Commissioner of the General Land Office of the State of Texas, whose address is Stephen F. Austin Building, 1700 North Congress, Austin, Texas, 78701, hereinafter called "Lessor", hereunto authorized by the School Land Board, pursuant to the provisions of Chapters 32 and 52 of the Natural Resources Code (hereinafter called N.R.C.), and amendments thereto, and all applicable rules promulgated by the School Land Board and **Apache Corporation**, whose address is **303 Veterans Airpark Lane, Suite 3000, Midland, TX 79705** hereinafter called "Lessee".

1. Lessor, in consideration of **Two Thousand Three Hundred Seventy Three and 30/100 (\$ 2,373.30)** receipt of which is hereby acknowledged, and of the covenants and agreements of Lessee hereinafter contained, does hereby grant, lease, and let unto Lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, and all other hydrocarbons, produced from the land covered hereby. The land covered hereby, herein called "said land" is located in the County of **Glasscock** State of Texas, and is described as follows:

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

For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain **7.911 net** acres, whether actually containing more or less, and the above recital of acreage shall be deemed to be the true acreage thereof. Lessor accepts the bonus as lump sum consideration for this lease and all rights and options hereunder.

2. PRIMARY TERM: This lease, which is a "paid up" lease requiring no rentals, shall remain in force for a term of **one year, from June 7th, 2011** hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. ROYALTIES: As royalty Lessee covenants and agrees:

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

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

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

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

(e) If at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check of lessee, as royalty, the sum of **\$ 25.00 per acre**. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

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

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

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

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

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

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

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

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

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

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

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

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

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

11. ASSIGNMENTS: This lease may be transferred at any time. All transfers must reference the lease by file number and must be recorded in the county where the land covered hereby is located, and the recorded transfer or a copy certified to by the County Clerk of the county where the transfer is recorded must be filed in the General Land Office within ninety (90) days of the execution date, as provided by N.R.C. Section 52.026, accompanied by the prescribed filing fee. Every transferee shall succeed to all rights and be subject to all obligations, liabilities, and penalties owed to the State by the original Lessee or any prior transferee of the lease, including any liabilities to the State for unpaid royalties.

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

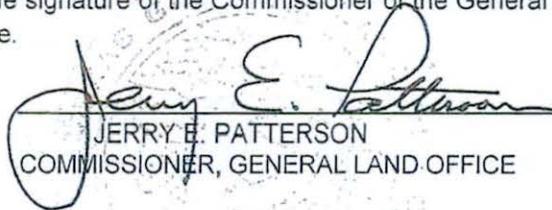
13. SURFACE: Notwithstanding anything herein to the contrary, it is agreed that Lessee will not conduct any exploration or drilling on the surface of the leased premises or use the surface in the exercise of any rights herein granted. Any development of said land shall be by means of a directional well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

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

causing the drainage or from the well located within 2500 feet of the leased premises and completed in a producible reservoir under this lease. Notwithstanding anything herein to the contrary, compensatory royalty payable hereunder shall be no less than an amount equal to **double the shut-in royalty** and shall maintain this lease in effect for so long as such payments are made as provided herein.

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

IN TESTIMONY WHEREOF, witness the signature of the Commissioner of the General Land Office of the State of Texas under the seal of the General Land Office.

  
JERRY E. PATTERSON  
COMMISSIONER, GENERAL LAND OFFICE

Approved:  
ML:   
DC:   
CC: 



Exhibit "A"

Attached hereto and made a part of that certain Oil and Gas Lease dated June 7th, 2011, by and between the State of Texas, as lessor, and Apache Corp. as lessee, covering acreage to be leased in Glasscock County, Texas, along SH-33.

7.911 acres of land, more or less, situated in Section 45, Block 33, T-2S, T&P RR Co. Survey. Said lands being described in the following deed filed in the Deeds of Record, Glasscock Co.

Deed from Adolph Nieman to the State of Texas dated 9/27/1945 and recorded in Vol. 56, P. 236 of the Deed Records, Glasscock County, Texas

T&P RR CO  
A-770

T&P RR CO  
A-119

33

T&P RR CO  
A-121

45

T&P RR CO  
A-732

44

T&P RR CO  
A-703

T&P RR CO  
A-125

MARTIN	HOWARD
GLASSCOCK	

Map Showing a Buffer of  
State Highway 33  
7.911 acres  
Glasscock County



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.



FILED

AT 8.00 O'CLOCK A. M.  
ON THE 22 DAY OF August  
A.D., 2011  
INS. NO. 8302

*Rebecca Bada*

COUNTY CLERK, GLASSCOCK COUNTY, TEXAS

BY *Montana Jones*  
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 Bada*

County Clerk, Glasscock County, Texas

OFFICIAL PUBLIC RECORDS

VOL. 113 PAGE 079

RECORDED August 22, 2011

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4  
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4  
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4

6

File No. 114176

Project Details

Date Filed: 5/11/12

Jerry E. Patterson, Commissioner

By GA

2012

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

June 25, 2012

Mr. Ric Warnick  
Veritas 321 Energy Partners, LP  
Agent for Mariner Energy, Inc.  
3325 Caldera Blvd.  
Midland, TX 79701

**Dear Mr. Warnick,**

Re: State of Texas HROW Lease # MF 114176

Enclosed you will find an original executed Highway Right-of-Way lease in Glasscock County.

**Please proof read the lease before filing of record and refer to this lease number with all correspondence.**

**Please have your client provide the GLO with a copy of the Unit Designation after this lease has been added and the unit designation has been recorded.**

If you have any questions please feel free to contact my direct phone number, or email address listed below, or contact George Martin at his direct number (512) 475-1512.

Best regards,

Beverly Boyd  
Energy Resources  
Mineral Leasing  
512-463-6521  
beverly.boyd@glo.state.tx.us

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. 114176

Final Letter

Date Filed: 6/25/12

Jerry E. Patterson, Commissioner

By CM