

18949
EASEMENT AGREEMENT

STATE OF NEW MEXICO :
COUNTY OF LEA : ss

KNOW ALL MEN BY THESE PRESENTS:

THAT for and in consideration of the sum of Ten and no/100 Dollars (10.00) and other good and valuable consideration paid to the undersigned, hereinafter referred to as Grantor, the receipt and sufficiency is hereby acknowledged, Grantor does hereby grant to David H. Arrington Oil & Gas, Inc., located at 500 West Wall Street, Suite 300, Midland, Texas 79702, Grantee, its successors and assigns a right of way and easement for the purpose of using and maintaining a road upon, over and across the following described lands and premises situated in Lea County, New Mexico to wit:

Township 15 South, Range 34 East, NMPM
Section 26: S1/2
Containing 320 acres more or less
Lea County, New Mexico.

SAID road right of way being 30 feet in width as currently constructed across the above described lands. Further, Grantor hereby grants David H. Arrington Oil & Gas, Inc. the continuing right to use the existing wellbore known as the Green Eyed Squeally Worm situated in the N2SE4 of said Section 26, T15S, R34E together with the continuing right to use the location pad as currently constructed and used for the operations of said well.

Together with the right of ingress and egress for all purposes incident to said grant, and the right of assignment in whole or in part. As consideration for this grant of easement, David H. Arrington Oil & Gas, Inc., as directed by Grantor, shall repair those portions of the above described road, as well as the existing road as constructed in Sections 27 and 34, T15S, R34E more particularly described in that certain Road/Powerline Easement between the parties hereto dated March 23, 2004 recorded in Book 1295, Page 325 of the Lea County, NM records.

It is understood and agreed by and between the parties hereto that Grantee's right to use the herein described existing roads hereunder, shall be exclusive, and Grantors hereby reserve for themselves right of concurrent use of said road for their ranching operations with Grantee. Grantee hereby agrees to indemnify and save Grantor harmless from and against any and all claims, demands or causes of action for injury, death or property damage arising out of the use of said grant of easement by Grantees, their heirs, successors or assigns.

TO HAVE AND TO HOLD the right of way and easement described above unto David H. Arrington Oil & Gas, Inc., their successors and assigns for road purposes as set out above for as long as said rights are used for such purposes and until released by recordable instrument. At such time Grantee no longer uses the above described lands for the purposes herein granted and if requested by Grantor, Grantee shall restore the disturbed areas to its original condition as near as practical.

Executed this 24th day of June, 2010.

Grantor:

CASWELL BROTHERS INC.

By: Oliver Caswell

TITLE: Pres.

Grantee:

David H. Arrington Oil & Gas, Inc.

By: Thomas A. Easton

Title: Attorney in Fact

STATE OF NEW MEXICO)
COUNTY OF LEA) ss

The foregoing instrument was acknowledged before me this 24th day of June, 2010 by Oliver Caswell as President of said Corporation on behalf

of said Corporation.

My Commission expires: none

BEFORE THE OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

Consolidated Case No.'s 14497 & 14538

Exhibit No. 3

Submitted by:

DAVID H. ARRINGTON OIL & GAS, INC.

Hearing Date: December 8, 2011

18949

STATE OF NEW MEXICO
COUNTY OF LEA
FILED

JUN 24 2010

at 10:03 o'clock A M
and recorded in Book 11684
Page 449
Pat Chappelle, Lea County Clerk
By C. Sandval Deputy

