

Producers 88 (Paid-Up) - NM
 -With Pooling-
 - 01.01.2012 -

Oil & Gas Lease

THIS OIL & GAS LEASE ("lease") made this 17th day of November, 2015, between **BMNW Resources, L.L.C.**, 4925 Greenville Avenue, Suite 841, Dallas, Texas 75206, herein called "lessor" (whether one or more) and **Mewbourne Oil Company**, P.O. Box 7698, Tyler, Texas 75701, herein called "lessee":

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is hereby acknowledged, and of the agreements herein contained, hereby grants, leases and lets exclusively unto lessee, for the purpose of owning, investigating, exploring, prospecting, drilling, operating, producing and marketing oil, gas, and such other minerals and substances as may be produced incident to the production of oil and/or gas, the grant effected hereby to include the right to engage in all activities reasonably necessary or convenient to said stated purposes, including but not limited to conducting seismic operations, injecting gas, waters, other fluids, and air into subsurface strata, laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store, transport and market said lease substances, the following described land (deemed to comprise 80.0 acres, whether it actually comprises more or less), in Eddy County, New Mexico (the "leased premises" or "said land"), to-wit:

Township 23 South, Range 28 East, N.M.P.M.

Section 33: NE/4SE/4 as to all depths below 7,977' subsurface and;
 SE/4SE/4 as to all depths

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of two (2) years from this date (called "primary term") and as long thereafter as oil or gas is produced in paying quantities from said land or from land with which said land is pooled, or this lease is otherwise maintained in accordance with its terms.

3. The royalties to be paid by lessee are: (a) on oil, and other liquid hydrocarbons, 22% of that produced and saved from said land, same to be delivered free of all costs to the credit of lessor at the tanks or pipelines to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substances produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of 22% of the gas so used, provided that on gas sold on or off the premises, the royalties shall be 22% of the net proceeds realized at the well from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a well on said land, or land pooled therewith, capable of producing and such well is shut-in, either before or after production therefrom, then on or before 90 days after said well is shut-in, and thereafter at annual intervals, lessee may pay or tender a shut-in royalty equal to \$10.00 per net acre of the acreage then capable of being held by the well under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that leased substances are being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check.

4. This is a paid-up lease and lessee shall not be obligated during the primary term hereof to pay shut-in royalties, to commence or continue any operations of whatsoever character except to protect the leased premises from drainage or to make any other payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Spacing units (for vertical wells) or project areas (for horizontal wells) pooled hereunder shall not exceed the spacing unit or project area fixed by law, from time to time during the term hereof, or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent (10%). Lessee shall file written unit or project area designations in the county in which the premises are located and such units or project areas may be designated from time to time and either before or after the completion of wells. Operations (including, but not limited to, drilling operations) on or production from any part of any such unit or project area shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease, including, for a horizontal well, those cases in which the location of the well site tract for such well is not located on the leased premises or on any other lands included within the project area for such well. There shall be allocated to the land covered by this lease included in any such unit or project area that portion of the total production of pooled minerals from wells in the unit or project area, after deducting any used in lease or unit (or project area) operations, which the net oil or gas acreage in the land covered by this lease included in the unit or project area bears to the total number of surface acres in the unit or project area. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit or project area in the same manner as though produced from said land under the terms of this lease. Any pooled unit or project area designated by Lessee, as provided herein, may be amended or dissolved by Lessee, in whole or in part, at any time and from time to time, by recording an appropriate instrument in the County where the land is situated. As used in this lease, the term "horizontal well" shall mean a well containing a single lateral that is drilled in a manner in which the horizontal component of the completion interval extends at least one hundred (100) feet in the objective formation and which exceeds the vertical component of the completion interval in the objective formation. A horizontal well may have more than one lateral as long as each lateral component meets the above requirements for a single lateral. As used in this lease, the term "lateral" shall mean a well bore that deviates from approximate vertical orientation to approximate horizontal beyond such deviation to the end of the well bore. A "vertical well" is a well other than a horizontal well.

6. If at the expiration of the primary term (a) there is no oil or gas, but lessee has commenced operations thereon, or (b) there has been production of oil or gas within the preceding ninety (90) days, this lease shall remain in force so long as there is no cessation of more than ninety (90) consecutive days, whether such operations be the same or different operations and/or on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land

Case No. 3

Exhibit No. 1