

**Ann Landrith Holdings, LLC**  
**PO Box #3363 Tulsa, OK 74101**  
**918.237.5454**

April 11<sup>th</sup>, 2019

New Mexico Oil Conservation Division  
Florene Davidson, Commission Clerk  
1220 S. Francis Drive  
Santa Fe, NM 87505  
[florene.davidson@state.nm.us](mailto:florene.davidson@state.nm.us)

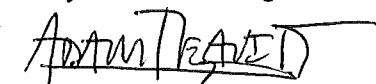
RE: 4/18/2019 Pre-Hearing Statement regarding Case Nos. 20210 and 20211 (Lime Rock: Applicant)  
and perhaps competing Case Nos. 20227, 20369, 20232, 20371 (Percussion Petroleum:  
Applicant)

Dear Commission Clerk,

As manager of the mineral owner, Ann Landrith Holdings, LLC ("ALH"), I contest the referenced cases. I have not yet secured legal counsel, so I will either be representing ALH and myself as a member of ALH or have legal counsel in attendance on Thursday, April 18<sup>th</sup>, 2019. Below is a statement of our case:

1. At the 4/4/2019 hearing, NMOCD declared a continuance of a separate case (#20319) in order for Lime Rock to amend the current mineral lease ("Lease") in good faith. I have not heard back from them.
2. The current Lease in effect was executed by my family in 1954 and does not allow for pooling beyond 43 acres for oil and 640 acres for gas.
3. Lime Rock requested an amendment to the Lease to allow them to develop the lease in accordance with the revised NMOCD rules but would not agree to any form of equitable compensation (neither bonus nor an adjustment to the current 1/8<sup>th</sup> royalty interest).
4. Because of the significant change in circumstances since 1954, because the Applicants wish to no longer adhere to certain terms of the Lease, because ALH's share will be diluted contrary to the Lease without any consideration, and in support of the correlative rights and obligations of producers and royalty owners, I am requesting the OCD issue an order to the successful Applicant requiring corrective action to update the Lease in accordance with revised NMOCD rules, the awarded Applicant's drill plan, and a more reasonable ALH royalty interest. This is just and reasonable and will afford ALH the opportunity to receive without unnecessary expense it's just and fair share of oil and gas.

I anticipate I, or my attorney if so secured, will need 10 minutes to present in the first case and less than 1 minute in any of the following referenced cases. Thank you very much for your consideration,



Adam J. Leavitt, Manager

**Ann Landrith Holdings, LLC**  
**PO Box #3363 Tulsa, OK 74101**  
**918.237.5454**

Let it be known, that Ann Landrith Holdings, LLC's current manager, Adam James Leavitt, is authorized to present and conduct business on behalf of its members in all matters.

Adam Leavitt

Signature

3/27/2019

Date

State of Oklahoma

County of Tulsa

Signed or attested before me on March 27, 2019 by Adam James Leavitt.

(NOTARY SEAL)



Melissa Young

Signature of notarial officer

My commission expires: 02/01/2021

My commission #: 13001119



*Via Certified Mail (9414 8108 9876 5015 2355 74)*

July 20, 2018

Ann Landrith Holdings LLC  
Attn: Amber Barbeau - Manager  
P.O. Box 3363  
Tulsa, OK 74101

Re: Pooling Amendment for Horizontal Wells  
NW/4, W/2 NE/4 Section 13-18S-26E  
E/2 NE/4 Section 14-18S-26E  
East Artesia Area  
Eddy County, New Mexico

Greetings:

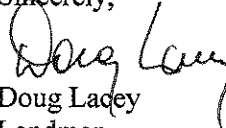
Lime Rock Resources II-A, L.P. ("LRR"), as the Owner and Operator of Oil, Gas and Mineral Leases under which you own royalty, is planning to drill horizontal wells throughout the Artesia area. Paragraph 14 of our lease with you grants us the right to pool acreage but is limited to 43 acres for an oil well and 647 acres for a gas well. A 5000' horizontal oil well in the Artesia area typically has a 160 acre production unit and under the recently revised New Mexico Oil Conservation Division ("NMOCD") rules for horizontal wells, longer laterals may provide for larger production units. The Designation of Voluntary Unit that you signed in 2016 pooled 160 acres for a horizontal well but was limited to rights only from the surface to 3,000' and we now anticipate developing rights both above and below the 3000' interval.

Horizontal drilling is gaining in popularity as it allows for better penetration of the oil/gas bearing zones than a vertical well. If our first horizontal well is successful, LRR would pursue drilling additional horizontal wells and create additional units on other acreage in this area for the mutual benefit of all the interest owners. Before proceeding with our horizontal drilling program, we will require an amendment of your lease to provide for pooling beyond the current 43 acres for oil and 640 acres for gas.

Enclosed please find an Amendment of Oil, Gas and Mineral Lease that includes language that will allow us to develop your lease with horizontal drilling in accordance with the revised NMOCD rules. If acceptable, please execute same before a Notary Public and return the original to me at your earliest convenience. Should you have any questions, feel free to contact me at 713-345-2147 or by email at [dlacey@limerockresources.com](mailto:dlacey@limerockresources.com).

Your consideration of this proposal is much appreciated.

Sincerely,

  
Doug Lacey  
Landman

Enclosure(s): 1) Amendment to Oil, Gas and Mineral Lease  
2) Oil, Gas and Mineral Lease dated January 12, 1954

## AMENDMENT OF OIL, GAS AND MINERAL LEASE

STATE OF NEW MEXICO     §  
                                      §     KNOW ALL MEN BY THESE PRESENTS:  
COUNTY OF EDDY         §

WHEREAS, reference is hereby made to that certain Oil, Gas and Mineral Lease (hereinafter referred to as the "Lease") dated January 12, 1954, by and between John Anton Leavitt and his wife, Anna Louise Leavitt, as Lessor, and Standard Oil Company of Texas, as Lessee, which Lease is recorded in Volume 60, Page 1, of the Official Public Records of Eddy County, New Mexico, covering the following described lands in Eddy County, New Mexico, to wit:

All of the NW/4 and the W/2 NE/4 of Section 13, Township 18 South,  
Range 26 East, N.M.P.M. and the E/2 NE/4 of Section 14, Township 18  
South, Range 26 East, N.M.P.M.

WHEREAS, Lime Rock Resources II-A, L.P., whose address is 1111 Bagby Street, Suite 4600, Houston, TX 77002, Norwood Oil Company, whose address is P.O. Box 1029, Malakoff, TX 75148, Tanos Energy Holdings II, LLC, whose address is 821 E Southeast Loop 323, Suite 400, Tyler, TX 75701, and Energen Resources Corporation, whose address is 605 Richard Arrington Jr. Boulevard North, Birmingham, AL 35203, (collectively known as "Lessees") are the current owners of the Lease.

WHEREAS, it is the desire of Lessee and Ann Landrith Holdings, L.L.C., whose address is PO Box 3363, Tulsa, OK 74101, as an heir, successor, and/or assign of the original Lessor (hereinafter referred to as the "Lessor"), to amend the Lease as set forth below.

NOW THEREFORE, for adequate consideration, the receipt and sufficiency of which is hereby acknowledged and confessed, the undersigned do hereby delete Paragraph No. 14 of the lease in its entirety and substitute therefor the following, to wit:

**14. Pooling.** Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well shall not exceed 43 acres and for a gas well shall not exceed 647 acres, provided that a larger unit may be formed for an oil well or gas well or horizontal oil or gas well to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental or regulatory authority having jurisdiction to do so. The term "horizontal oil or gas well" means an oil or gas well with a directional well bore with one or more laterals that extend a minimum of one hundred (100) feet horizontally in the target zone. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production on which Lessor's royalty is calculated shall be that proportion of the total unit production which

the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental or regulatory authority having jurisdiction, or to conform to any productive acreage determination made by such governmental or regulatory authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of the revision. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

Except as expressly amended herein, the Lease is and shall remain in full force and effect in accordance with and subject to all other terms and provisions as originally stated therein, and the undersigned do hereby ratify, adopt, confirm and revive the Lease, as hereby amended, as a valid and subsisting Lease, and the Lessor does hereby lease, grant, demise and let unto Lessor, the land described above, subject to and in accordance with all of the terms and provision of said Lease as hereby amended.

This agreement shall be binding upon and inure to the benefit of the parties hereto, their respective heirs, legal representatives, successors and assigns.

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

EXECUTED on the respective dates of the acknowledgements below, but effective for all purposes as of January 12, 1954.

**LESSOR**

**ANN LANDRITH HOLDINGS, L.L.C.**

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

Title: \_\_\_\_\_

Printed Name: \_\_\_\_\_

**LESSEES**

**LIME ROCK REOURCES II-A, L.P.**

By: Lime Rock Resources II-A GP, LLC,  
its General Partner  
By: Lime Rock Resources GP II, L.P.,  
its Sole Member  
By: LRR GP II, LLC,  
Its General Partner

By: \_\_\_\_\_  
Charles W. Adcock  
Co-Chief Executive Officer

**NORWOOD OIL COMPANY**

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

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

Title: \_\_\_\_\_

**TANOS ENERGY HOLDINGS II, LLC**

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

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

Title: \_\_\_\_\_

**ENERGEN RESOURCES CORPORATION**

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

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

Title: \_\_\_\_\_

## ACKNOWLEDGEMENTS

STATE OF \_\_\_\_\_ §

§

COUNTY OF \_\_\_\_\_ §

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_ 2018,  
by \_\_\_\_\_, the \_\_\_\_\_ of **Ann Landrith Holdings,**  
**L.L.C.**, on behalf of said company.

WITNESS my hand and official seal.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

STATE OF \_\_\_\_\_ §

§

COUNTY OF \_\_\_\_\_ §

The foregoing instrument was acknowledged before me on the 1st day of March, 2017, by Charles W. Adcock, the co-Chief Executive Officer of LRR GP II, LLC, a Delaware limited liability company, the general partner of Lime Rock Resources GP II, L.P., a Delaware limited partnership, the sole member of Lime Rock Resources II-A GP, LLC, a Delaware limited liability company, the general partner of Lime Rock Resources II-A, L.P. (the "Limited Partnership"), a Delaware limited partnership on behalf of the Limited Partnership.

WITNESS my hand and official seal.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

STATE OF \_\_\_\_\_ §  
COUNTY OF \_\_\_\_\_ §

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_ 2018,  
by \_\_\_\_\_, the \_\_\_\_\_ of Norwood Oil Company, on  
behalf of said company.

WITNESS my hand and official seal.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

STATE OF \_\_\_\_\_ §  
COUNTY OF \_\_\_\_\_ §

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_ 2018,  
by \_\_\_\_\_, the \_\_\_\_\_ of Tanos Energy Holdings II, LLC,  
on behalf of said company.

WITNESS my hand and official seal.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

STATE OF \_\_\_\_\_ §  
COUNTY OF \_\_\_\_\_ §

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_ 2018,  
by \_\_\_\_\_, the \_\_\_\_\_ of Energen Resources Corporation,  
on behalf of said company.

WITNESS my hand and official seal.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_



# OIL, GAS AND MINERAL LEASE

THIS AGREEMENT, dated the 12th day of January, 1954, between John Anton Leavitt and his wife, Anna Louise Leavitt of Rt. 3, Athens, Ohio.

and all other parties executing this lease or any counterpart hereof, hereinafter called "Lessor" (whether one or more), and Standard Oil Company of Texas, Houston, Texas, hereinafter called "Lessee," WITNESSETH:

1. Lessor, in consideration of One Dollar (\$1.00) in hand paid, and of other good and valuable considerations, receipt of which is hereby acknowledged, of the royalties herein provided, and of the agreements of Lessee herein contained, hereby grants, lets and leases exclusively unto Lessee for the purpose of prospecting, exploring and investigating, by geophysical methods or otherwise, drilling and mining for and producing, saving, taking care of, treating, transporting and owning oil, gas and all other minerals together with all easements, privileges and rights useful or convenient for Lessee's operations thereon, or on adjacent lands, including the right (but not excluding other similar rights) to lay pipe lines, dig canals, construct tanks, docks, pump-stations, telephone, telegraph and power lines, roads, railroads, warehouses, houses for its employees, and other structures, the following described land in Eddy County, New Mexico to-wit:

All of the Northwest One-Quarter ( $NW\frac{1}{4}$ ) and the West One-Half ( $W\frac{1}{2}$ ) of the Northeast One-Quarter ( $NE\frac{1}{4}$ ) of Section No. Thirteen (13) and all of the East One-Half ( $E\frac{1}{2}$ ) of the Northeast One-Quarter ( $NE\frac{1}{4}$ ) of Section No. Fourteen (14); Township Eighteen South (18S) - Range Twenty Six East (26E) NMPM



and also any and all land and rights and interests in land owned or claimed by Lessor adjacent or contiguous to the land above described. Lessor agrees to deliver to Lessee any supplemental instrument deemed necessary or required by Lessee for a more complete or accurate description of the land and interest covered hereby. The consideration paid Lessor for this lease is accepted by Lessor as a lump sum, paid in gross and not by the acre.

If the interest of Lessor covered hereby is stated to be less than the entire fee or mineral estate, this lease nevertheless covers, and Lessor grants, lets and leases to Lessee, the entire interest in said land actually owned by Lessor. For the purpose of calculating all payments hereunder, said land shall be considered to comprise 320 acres, whether more or less; and each tract comprising such land (if more than one tract be described) is estimated to comprise the number of acres stated in the foregoing description of such tract as being included therein, whether more or less, and whether stated to be more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of five years from the date hereof, herein called "primary term", and thereafter so long as oil, gas, or other mineral is being produced from said land, or any operations permitted hereunder are being conducted on said land, or this lease is continued in force by reason of any of the other provisions hereof.

3. The royalties to be paid by Lessee are: (a) on oil, one-eighth of that produced and saved from said land, the same to be delivered at the wells into storage furnished by Lessor, or to the credit of Lessor into the pipe line to which the wells may be connected; Lessee may from time to time purchase any royalty oil in its possession, paying the market price therefor prevailing for the field where produced on the date of purchase; (b) on gas, including casinghead gas or other gaseous substance, produced from said land and sold or used off the premises or in the manufacture of gasoline or other product therefrom, the market value at the well of one-eighth of the gas so sold or used, provided that on gas sold at the wells, the royalty shall be one-eighth of the amount realized from such sale; and (c) on all other minerals mined and marketed, one-tenth, either in kind or value at the well or mine, at Lessee's election, except that on sulphur the royalty shall be seventy-five cents (75¢) per long ton. Lessee shall have the use, free of royalty, of water, (except water from Lessor's wells), oil and gas from said land for all operations hereunder, including, but not limited to, the repressuring of the oil and gas bearing formations, and for such purposes such gas and water may be injected at any point upon said land or on any other land upon the same structure or in the same pool.

4. If drilling or mining operations are not commenced on said land on or before one year from the date hereof, this lease shall then terminate as to both parties unless Lessee on or before said anniversary date shall pay or tender to Lessor or to the credit of Lessor in Atlanta National Bank at Atlanta, Ohio or any successor, herein called "depository bank," the sum of One Hundred Six & 67/100

Dollars (\$106.67) hereinafter called "rental" which shall extend for twelve (12) months from said date the time within which drilling or mining operations may be commenced. Thereafter, annually, in like manner and upon like payments or tenders the commencement of such operations may be further deferred for successive periods of twelve (12) months each during the primary term.

5. If on any rental date there be neither operations in progress for the drilling of a well or mining or reworking operations anywhere on said land, nor production from any part thereof, this lease shall not terminate if Lessee on or before said date shall make or resume the payment or tender of rental as herein set forth; provided if such operations be abandoned or suspended,

or if production ceases from any cause, within a period of three months prior to any rental date, this lease shall not terminate, if, on or before the rental date next ensuing after the expiration of three months from the date of abandonment or suspension of such operations, or cessation of production, additional drilling, mining or reworking operations are commenced anywhere on said land or such suspended operations are resumed or production is established or Lessee makes or resumes the payment or tender of rental. If at the expiration of the primary term of this lease oil, gas, or other mineral is not being produced, but on or before that date reworking operations or operations for the drilling of a well or excavation of a mine in search of such products are commenced anywhere on said land, then this lease shall continue in force so long as such operations are being continuously prosecuted; and such operations shall be considered to be continuously prosecuted if not more than three (3) months shall elapse between the completion or abandonment of one well and the beginning of operations for the drilling or reworking of another well. If, as a result of any such operations, oil, gas, or other mineral is produced or production is restored, this lease shall continue in force so long as any of them is produced. If oil, gas or other mineral is being produced or is obtained from any part of said land at or after the expiration of the primary term hereof and such production shall for any reason cease or terminate, Lessee shall have the right at any time within three (3) months from the cessation of such production to resume drilling or reworking operations in an effort to obtain or restore production of oil, gas or other mineral from said land, in which event this lease shall remain in force so long as such operations are continuously prosecuted, as defined in the preceding sentence, and if such operations result in production of oil, gas or other mineral, so long thereafter as any of them is produced.

6. All payments or tenders of rental may be made by Lessee's check or draft mailed to Lessor at Lessor's post office address last known to Lessee, or delivered to Lessor, or mailed or delivered to any depository bank on or before the date of payment, and the date of mailing such check or draft shall be considered the date of payment of such rental. Should any depository bank cease to exist, suspend business, liquidate, fail or be succeeded by another bank, or for any reason fail or refuse to accept rental, Lessee shall not be held in default for failure to make such payment or tender of rental until thirty (30) days after Lessor shall have delivered to Lessee a proper recordable instrument, naming another bank as depository. Every bank herein or hereafter designated as depository shall, regardless of changes in ownership of said land or rentals or royalties, continue as depository of any and all sums payable hereunder, and shall be the agent of Lessor, his heirs, legal representatives, devisees and assigns. Irrespective of changes in ownership or division of rentals, Lessee shall always be privileged to pay or tender rental to all owners thereof jointly or to the credit of all such owners jointly in the depository bank herein named; or at Lessee's election, the proportionate part of the rentals to which each owner is entitled may be paid or tendered to him separately or to his separate credit in the depository bank herein named and such payment or tender or deposit to any owner of his portion of the rental shall maintain this lease as to such owner's interest in the leased premises, irrespective of whether rental is paid to any other owner. If Lessee shall, in good faith and with reasonable diligence, attempt to pay any rental, but shall fail to pay or incorrectly pay some portion thereof, this lease shall not terminate unless Lessee, within thirty (30) days after written notice of its error or failure, shall fail to rectify the same.

7. Lessee may from time to time execute and deliver to Lessor or to any depository bank or place of record a release or releases covering all or any portion or portions of said land or any mineral or horizon thereunder, and thereby surrender this lease as to all or as to such portion or portions, or as to such mineral or horizon, and be relieved of all obligations as to the acreage, mineral or horizon surrendered. Thereafter the rental shall be reduced in the proportion that the acreage covered hereby is reduced by such release or releases. Lessee shall nevertheless retain such rights of way, easements and privileges over, upon and across the surrendered land as are necessary or convenient for its operations on the land retained by it.

8. If the interest covered by this lease is now or becomes divided in any manner whatsoever, this lease may nevertheless be extended, altered or changed in any way from time to time (but in no event after the expiration of twenty (20) years after the death of the last survivor of the individuals signing this lease in any capacity as or for a Lessor), by concurrence of the Lessee and the record owners of at least seventy-five per cent (75%) of the interest in the minerals covered hereby to which the power to lease and right to possession for development purposes are attributable, excluding owners of royalty rights only, in any manner in which all owners of interests (mineral and royalty) covered hereby and the Lessee might have at the time so extended, altered or changed this lease.

9. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. No well shall be drilled within two hundred (200) feet of any residence or barn now on said land without consent of the owner of said house or barn unless this lease then covers less than five (5) acres. Lessee shall pay for damages to growing crops on said land caused by Lessee's operations.

10. The rights, powers and estate of either Lessor or Lessee hereunder may be assigned in whole or in part and also as to any mineral and as to any horizon or any mineral in any horizon. Payments may be anticipated and made by Lessee before their due date, and no change of ownership, or right to receive any payments hereunder, however accomplished, shall be binding on Lessee until after notice thereof shall have been furnished Lessee by the person claiming the benefit thereof, and then only with respect to payments thereafter made. Notice of sale or assignment shall consist of a certified copy of the recorded instrument accomplishing same; notice of change of ownership or right to receive such payments, accomplished in any other manner (for example, by reason of incapacity, death or dissolution) shall consist of certified copies of recorded documents and complete proceedings legally binding upon and conclusive of the rights of all parties. Until such notice shall have been furnished Lessee, as above provided, the payment or tender of all sums payable hereunder may be made in the manner provided herein precisely as if no such change in interest or ownership or right to receive payment had occurred. The kind of notice herein provided shall be exclusive, and no other kind, whether actual or constructive, shall be binding on Lessee. If more than one person executes this lease as Lessor, or is now or shall hereafter become entitled, through change of ownership or otherwise, to share in or receive the benefits accruing to Lessor hereunder, this lease shall nevertheless always be operated and developed by Lessee as a single tract, without regard to any such division in or change of interest or ownership, or right to receive payment, which shall not operate to enlarge the obligations or diminish the rights of Lessee. In the event of assignment of this lease as to a segregated portion of said land, the rental payable hereunder shall be apportionable as between the several leasehold owners ratably according to the surface area of each, and default in rental payment by one shall not affect the rights of other leasehold owners hereunder. Default in the performance of any expressed or implied obligation hereunder by any assignee of Lessee or its successors shall not affect any right of, or impose any obligation on, Lessee and Lessee shall not be liable to Lessor on account of any such default. If ten (10) or more parties become entitled to royalty hereunder, Lessee may withhold payment thereof until furnished with a recordable instrument executed by all such parties designating an agent to receive payment for all.

11. Lessor warrants and agrees to defend the title to said land, but if the interest of Lessor covered hereby is stated to be less than the entire fee or mineral estate, Lessor's warranty shall be limited to the interest so stated. The royalties herein provided are determined with respect to the entire fee or mineral estate and if this lease effectively covers a lesser interest (even though stated to be less), then without impairment of Lessor's warranty, the royalties to be paid Lessor shall be reduced proportionately. The rental hereinabove provided is determined with respect to the interest which this lease purports to cover, as hereinabove stated and if this lease effectively covers a lesser interest, the rental to be paid Lessor shall be reduced proportionately. Lessee at its option may discharge, in whole or part, any tax, mortgage, or other lien upon said land, or may redeem the same from any purchaser at any tax, execution or other sale, and may reimburse itself from any rentals and royalties accruing hereunder and shall be subrogated to such lien with the right to enforce same.

12. When drilling, or any other operation or act permitted or required hereunder, or the observance or performance by Lessee of any express or implied covenant, condition or requirement hereof, or the performance by Lessee of any act or thing, the non-performance of which would result in the termination of this lease or the loss of any rights of Lessee hereunder, is at any time or from time to time prevented, interrupted, delayed or suspended, directly or indirectly, by, as the result of, or in order to comply with, any law or any rule, regulation, order or requirement of any governmental commission, body or representative having or asserting jurisdiction, or by or as the result of an act of God, the elements, war, labor disputes, inability to obtain materials, or any other cause beyond the control of Lessee, whether similar or dissimilar to the causes hereinbefore enumerated, or

because oil, gas or other mineral is not being produced for lack of a market at the well or wells or mine, at any time the leased premises are capable of producing oil, gas or other mineral in such quantities as would be considered profitable based on the price being paid for the product which the leasehold is capable of producing at the nearest point where such product is then being marketed, then in any of such events, the period of such prevention, interruption, delay or suspension shall not be counted against Lessee, nor shall Lessee be liable for any loss or damage resulting therefrom, and, notwithstanding any of the terms and provisions hereof to the contrary, this lease shall not terminate, but shall continue in full force and effect during the full period of such prevention, interruption, delay or suspension (hereinafter called "period of suspension"), plus one hundred eighty (180) days after the termination of the period of suspension, and so long thereafter as this lease remains in force under its terms; provided, nevertheless, that this lease shall not be continued in force by virtue of the provisions of this paragraph, unless Lessee commences or resumes the payment or tender of rental on or before the anniversary of the rental paying date of this lease next ensuing after the expiration of three (3) months from commencement of such period of suspension. Should such period of suspension commence or continue after the expiration of the primary term of this lease, such rental payments may nevertheless be made or tendered with like effect as though made or tendered on a rental payment date occurring during the primary term. If Lessee elects to make the payments permitted under paragraph 15 hereof, the payment of rental under this paragraph 12 shall not be required in order to continue this lease in force.

13. 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. If, within sixty (60) days after receipt of such notice, Lessee shall meet or commence to meet the breaches alleged by Lessor, Lessee shall not be deemed in default hereunder. The service of said notice and the lapse of sixty (60) days without Lessee meeting or commencing to meet the alleged breaches shall be a condition precedent to any action by Lessor for any cause hereunder. 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 of its obligations hereunder. In case, however, of cancellation or termination of this lease for any cause whatsoever, this lease shall, nevertheless, remain in force and effect as to a tract of land around each oil or gas well or mine producing, drilling, or being worked on, containing the maximum number of acres prescribed or allocated to such well or mine under and pursuant to any spacing plan, regulation or order promulgated by the governmental agency having jurisdiction and in effect at the time of such cancellation or termination; but if no such plan, regulation or order is in effect at such time, this lease shall nevertheless remain in effect as to forty (40) acres around each such well or mine. In either event such tract of land shall be in the form of a rectangle to be designated by Lessee with the well at the center or at a location not less than the minimum distance from the boundary lines of such tract permitted by the spacing order, rule or regulation applicable thereto.

14. Lessee is granted the right and power, exercisable from time to time and either before or after production is secured from the leased premises or other premises proposed to be pooled hereunder (but in no event after the expiration of twenty (20) years after the death of the last survivor of the individuals signing this lease in any capacity as or for a Lessor), if this lease is then in force, but not thereafter, to pool and combine this lease and Lessor's royalty hereunder, as to all or any part of the land covered hereby, or any formation thereunder or mineral therein, with any other lease or leases and the royalty thereunder, as to all or any part of the land covered thereby, or the same formation thereunder or the same mineral therein, or with other land, royalty or mineral interests in land or the same formation thereunder or the same mineral therein, situated in the same general area as the land covered hereby, regardless of the ownership thereof, provided that for gas and/or condensate no unit created shall exceed six hundred and forty-seven (647) acres, and for oil no such unit shall exceed forty-three (43) acres. The exercise of such right and power shall be evidenced by written instrument executed by Lessee describing the land so pooled and combined. The entire acreage so pooled and combined into a unit and all drilling and other operations on, and production from, such acreage shall for all purposes of this lease, except as in this paragraph otherwise provided, be treated and considered as if such acreage were covered by, and such drilling and other operations were being conducted on, or such production were had from this lease, and such operations or production, even though not on or from land covered by this lease, shall nevertheless operate to continue this lease in force as to all land, minerals and rights covered hereby with like effect as though on or from the land covered hereby. Without impairment or change of any rights of Lessee under paragraph 11 hereof, Lessor shall receive as royalty on production from the pooled acreage only such portion of the royalty stipulated in paragraph 3 hereof as the amount of Lessor's acreage placed in the unit, or Lessor's royalty interest therein on an acreage basis, bears to the total acreage so pooled and combined in the particular unit involved, and such royalty shall be in lieu of the royalty provided in said paragraph 3. If by reason of cessation of operations on or production from a pooled unit, or for any other reason, Lessee determines to pay rentals which Lessee is permitted to pay under this or other leases covering land in any unit, such rentals shall be payable to the respective Lessors in this and such other leases in like manner as though such unit had not been created, and pooling hereunder shall not operate to pool such rentals. Lessee shall not be obligated to drill any offset wells on land covered hereby and not pooled, to offset wells drilled on a unit which includes any part of the land covered hereby. Should the acreage content of any unit be reduced by failure of title, or other event beyond the control of Lessee, Lessee shall not be liable to Lessor or reason thereof or be obligated to make any retroactive apportionment or adjustment of royalties theretofore paid, and in any such case, in addition to all other rights under this lease, Lessee shall also have the right to terminate the unit affected thereby by filing for record written notice of termination of such unit and thereupon Lessee shall be relieved of all obligations thereafter accruing hereunder with respect to the unit so terminated.

15. If Lessee shall at any time while this lease is in force complete a well or wells on the leased premises which shall be capable of producing gas, whether in paying quantities or not, the Lessee at its option may from time to time (notwithstanding any express or implied terms, conditions, covenants or provisions hereof to the contrary) suspend all production from such well or wells and all other operations and payments hereunder and pay or tender to the parties who are then entitled to the payment of royalties, or to their credit in the depository bank named herein, as royalty in lieu of production, a quarterly sum equivalent to one-fourth of the annual delay rental which Lessee would be required to pay under the terms hereof in order to continue this lease in force as to the acreage as to which the same is effective at the time such payment is paid or tendered if there were at such time no production on such lands and no operations being conducted thereon, paying or tendering the first such sum at or within thirty days after the beginning of the first calendar quarter after completion of such well or wells or any suspension of production therefrom and paying or tendering a like sum at the beginning of each successive calendar quarter, which sum so paid or tendered shall be considered as advance royalty and shall be charged against one-fourth of the first proceeds of royalty on the resumption of production from the leased premises; and, in the event of the exercise of such option by Lessee, this lease shall remain in force as long as such quarterly payments are made or tendered and as long after the resumption of production or operations as production may be had or operations are continued as elsewhere provided herein. The provisions of paragraph 6 hereof shall be applicable to all payments or tenders made pursuant to this paragraph.

16. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land, in which Lessor holds no interest whatsoever, and within three hundred thirty (330) feet of and draining the leased premises, Lessee agrees to drill such offset wells as a reasonably prudent operator would drill under the same or similar circumstances.

17. All the provisions of this lease shall be binding on the heirs, legatees, devisees, legal representatives, successors and assigns of Lessor and Lessee. This lease shall be binding upon all who execute it, whether or not named herein as a party Lessor, and even though not executed by all parties named herein as Lessor. This lease may be executed in any number of counterparts and for all purposes hereof all of such counterparts shall be considered as one lease.

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

*John Anton Leavitt*  
*Anna Lewis Leavitt*

COMPARED

INDEXED

No. 1

Oil, Gas  
and Mineral Lease

FROM

TO

Dated

19

No. Acres

County, Texas

Term

This instrument was filed for record on the

day of 22, 1954

at 9:40 o'clock A. M., and duly recorded in

Book 60 Page 16

of the records of this office.

By Mrs. R. A. W. County Clerk.

By J. M. Pearson, Deputy.

When recorded return to

### SINGLE ACKNOWLEDGMENT

(One or More Individuals)

STATE OF TEXAS

COUNTY OF

### AFFIDAVIT

STATE OF TEXAS

County of ATHENS

ss.

On this 15 day of January, A. D., 1954, before me personally appeared John Anton Leavitt and Anna Louise Leavitt

to me known to be the person<sup>s</sup> described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

B. T. GROVER, JR., Notary Public

My Commission Expires May 21, 1956

Notary Public

and wife, Anna Louise Leavitt, known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed. And the said Anna Louise Leavitt, wife of John Anton Leavitt, having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said

parties, acknowledged such instrument to be her act and deed and declared that she had willingly signed the same for the purposes and consideration therein expressed and that she did not wish to retract it.

Given under my hand and seal of office this the 15 day of January, A. D., 1954

B. T. GROVER, JR., Notary Public

My commission expires May 21, 1956

Notary Public in and for Athens County, Texas

### WIFE'S SEPARATE ACKNOWLEDGMENT

STATE OF TEXAS

COUNTY OF

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

wife of, known to me to be the person whose name is subscribed to the foregoing instrument, and having been examined by me privily and apart from her husband, and having the same fully explained to

her, she, the said, acknowledged such instrument to be her act and deed, and she declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office this the day of, A. D., 19

My commission expires, 19

Notary Public in and for County, Texas.



*Via Certified Mail (9414 8108 9876 5015 2355 74)*

July 20, 2018

Ann Landrith Holdings LLC  
Attn: Amber Barbeau - Manager  
P.O. Box 3363  
Tulsa, OK 74101

Re: Pooling Amendment for Horizontal Wells  
NW/4, W/2 NE/4 Section 13-18S-26E  
E/2 NE/4 Section 14-18S-26E  
East Artesia Area  
Eddy County, New Mexico

Greetings:

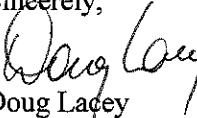
Lime Rock Resources II-A, L.P. ("LRR"), as the Owner and Operator of Oil, Gas and Mineral Leases under which you own royalty, is planning to drill horizontal wells throughout the Artesia area. Paragraph 14 of our lease with you grants us the right to pool acreage but is limited to 43 acres for an oil well and 647 acres for a gas well. A 5000' horizontal oil well in the Artesia area typically has a 160 acre production unit and under the recently revised New Mexico Oil Conservation Division ("NMOCD") rules for horizontal wells, longer laterals may provide for larger production units. The Designation of Voluntary Unit that you signed in 2016 pooled 160 acres for a horizontal well but was limited to rights only from the surface to 3,000' and we now anticipate developing rights both above and below the 3000' interval.

Horizontal drilling is gaining in popularity as it allows for better penetration of the oil/gas bearing zones than a vertical well. If our first horizontal well is successful, LRR would pursue drilling additional horizontal wells and create additional units on other acreage in this area for the mutual benefit of all the interest owners. Before proceeding with our horizontal drilling program, we will require an amendment of your lease to provide for pooling beyond the current 43 acres for oil and 640 acres for gas.

Enclosed please find an Amendment of Oil, Gas and Mineral Lease that includes language that will allow us to develop your lease with horizontal drilling in accordance with the revised NMOCD rules. If acceptable, please execute same before a Notary Public and return the original to me at your earliest convenience. Should you have any questions, feel free to contact me at 713-345-2147 or by email at [dlacey@limerockresources.com](mailto:dlacey@limerockresources.com).

Your consideration of this proposal is much appreciated.

Sincerely,

  
Doug Lacey  
Landman

Enclosure(s): 1) Amendment to Oil, Gas and Mineral Lease  
2) Oil, Gas and Mineral Lease dated January 12, 1954

## AMENDMENT OF OIL, GAS AND MINERAL LEASE

STATE OF NEW MEXICO     §  
                                     §     KNOW ALL MEN BY THESE PRESENTS:  
COUNTY OF EDDY         §

WHEREAS, reference is hereby made to that certain Oil, Gas and Mineral Lease (hereinafter referred to as the "Lease") dated January 12, 1954, by and between Vinnie L. Leavitt, as Lessor, and Standard Oil Company of Texas, as Lessee, which Lease is recorded in Volume 59, Page 495, of the Official Public Records of Eddy County, New Mexico, covering the following described lands in Eddy County, New Mexico, to wit:

All of the NW/4 and the W/2 NE/4 of Section 13, Township 18 South, Range 26 East, N.M.P.M. and the E/2 NE/4, a four (4) tract and a one (1) acre tract more particularly described in said Lease located in Section 14, Township 18 South, Range 26 East, N.M.P.M.

WHEREAS, Lime Rock Resources II-A, L.P., whose address is 1111 Bagby Street, Suite 4600, Houston, TX 77002, Norwood Oil Company, whose address is P.O. Box 1029, Malakoff, TX 75148, Tanos Energy Holdings II, LLC, whose address is 821 E Southeast Loop 323, Suite 400, Tyler, TX 75701, and Energen Resources Corporation, whose address is 605 Richard Arrington Jr. Boulevard North, Birmingham, AL 35203, (collectively known as "Lessees") are the current owners of the Lease.

WHEREAS, it is the desire of Lessee and Ann Landrith Holdings, L.L.C., whose address is PO Box 3363, Tulsa, OK 74101, as an heir, successor, and/or assign of the original Lessor (hereinafter referred to as the "Lessor"), to amend the Lease as set forth below.

NOW THEREFORE, for adequate consideration, the receipt and sufficiency of which is hereby acknowledged and confessed, the undersigned do hereby delete Paragraph No. 14 of the lease in its entirety and substitute therefor the following, to wit:

**14. Pooling.** Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well shall not exceed 43 acres and for a gas well shall not exceed 647 acres, provided that a larger unit may be formed for an oil well or gas well or horizontal oil or gas well to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental or regulatory authority having jurisdiction to do so. The term "horizontal oil or gas well" means an oil or gas well with a directional well bore with one or more laterals that extend a minimum of one hundred (100) feet horizontally in the target zone. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the

production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental or regulatory authority having jurisdiction, or to conform to any productive acreage determination made by such governmental or regulatory authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of the revision. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

Except as expressly amended herein, the Lease is and shall remain in full force and effect in accordance with and subject to all other terms and provisions as originally stated therein, and the undersigned do hereby ratify, adopt, confirm and revive the Lease, as hereby amended, as a valid and subsisting Lease, and the Lessor does hereby lease, grant, demise and let unto Lessor, the land described above, subject to and in accordance with all of the terms and provision of said Lease as hereby amended.

This agreement shall be binding upon and inure to the benefit of the parties hereto, their respective heirs, legal representatives, successors and assigns.

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

EXECUTED on the respective dates of the acknowledgements below, but effective for all purposes as of January 12, 1954.

**LESSOR**

**ANN LANDRITH HOLDINGS, L.L.C.**

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

Title: \_\_\_\_\_

Printed Name: \_\_\_\_\_

**LESSEES**

**LIME ROCK REOURCES II-A, L.P.**

By: Lime Rock Resources II-A GP, LLC,  
its General Partner  
By: Lime Rock Resources GP II, L.P.,  
its Sole Member  
By: LRR GP II, LLC,  
Its General Partner

By: \_\_\_\_\_  
Charles W. Adcock  
Co-Chief Executive Officer

**NORWOOD OIL COMPANY**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**TANOS ENERGY HOLDINGS II, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ENERGEN RESOURCES CORPORATION**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



**ACKNOWLEDGEMENTS**

STATE OF \_\_\_\_\_ §

COUNTY OF \_\_\_\_\_ §

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_ 2018,  
by \_\_\_\_\_, the \_\_\_\_\_ of **Ann Landrith Holdings,**  
**L.L.C.**, on behalf of said company.

WITNESS my hand and official seal.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

STATE OF \_\_\_\_\_ §

COUNTY OF \_\_\_\_\_ §

The foregoing instrument was acknowledged before me on the 1st day of March, 2017, by Charles W. Adcock, the co-Chief Executive Officer of LRR GP II, LLC, a Delaware limited liability company, the general partner of Lime Rock Resources GP II, L.P., a Delaware limited partnership, the sole member of Lime Rock Resources II-A GP, LLC, a Delaware limited liability company, the general partner of Lime Rock Resources II-A, L.P. (the "Limited Partnership"), a Delaware limited partnership on behalf of the Limited Partnership.

WITNESS my hand and official seal.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

STATE OF \_\_\_\_\_ §  
COUNTY OF \_\_\_\_\_ §  
§

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_ 2018,  
by \_\_\_\_\_, the \_\_\_\_\_ of Norwood Oil Company, on  
behalf of said company.

WITNESS my hand and official seal.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

STATE OF \_\_\_\_\_ §  
COUNTY OF \_\_\_\_\_ §  
§

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_ 2018,  
by \_\_\_\_\_, the \_\_\_\_\_ of Tanos Energy Holdings II, LLC,  
on behalf of said company.

WITNESS my hand and official seal.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

STATE OF \_\_\_\_\_ §  
COUNTY OF \_\_\_\_\_ §  
§

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_ 2018,  
by \_\_\_\_\_, the \_\_\_\_\_ of Energen Resources Corporation,  
on behalf of said company.

WITNESS my hand and official seal.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

## OIL, GAS AND MINERAL LEASE

THIS AGREEMENT, dated the 12th day of January, 1954, between  
Vinnie L. Leavitt a feme sole of Rt. 10, Box 51, Oklahoma City, Oklahoma.

and all other parties executing this lease or any counterpart hereof, hereinafter called "Lessor" (whether one or more), and  
Standard Oil Company of Texas, Houston, Texas, hereinafter called "Lessee," WITNESSETH:

1. Lessor, in consideration of One Dollar (\$1.00) in hand paid, and of other good and valuable considerations, receipt of which is hereby acknowledged, of the royalties herein provided, and of the agreements of Lessee herein contained, hereby grants, lets and leases exclusively unto Lessee for the purpose of prospecting, exploring and investigating, by geophysical methods or otherwise, drilling and mining for and producing, saving, taking care of, treating, transporting and owning oil, gas and all other minerals together with all easements, privileges and rights useful or convenient for Lessee's operations thereon, or on adjacent lands, including the right (but not excluding other similar rights) to lay pipe lines, dig canals, construct tanks, docks, pump-stations, telephone, telegraph and power lines, roads, railroads, warehouses, houses for its employees, and other structures, the

New Mexico  
 All of the Northwest One-Quarter (NW $\frac{1}{4}$ ) and the West One-Half (W $\frac{1}{2}$ ) of the Northeast One-Quarter (NE $\frac{1}{4}$ ) of Section No. Thirteen (13) and all of the East One-Half (E $\frac{1}{2}$ ) of the Northeast One-Quarter (NE $\frac{1}{4}$ ) of Section No. Fourteen (14); Township Eighteen South (18S) - Range Twenty Six East (26E) NMPM; and a four (4) acre tract out of the West One-Half (W $\frac{1}{2}$ ) of the Northeast One-Quarter (NE $\frac{1}{4}$ ) of Section No. Fourteen (14); Twp. 18S - Rge. 26E NMPM and more particularly described as follows:

Beginning at a point 1683 feet South of the Northeast Corner of the NW $\frac{1}{4}$  of the NE $\frac{1}{4}$  of said Section 14; thence West at right angles 208.75 feet; thence South at right angles 208.75 feet; thence West at right angles 208.75 feet; thence North at right angles 521.87 feet; thence East at right angles 417.5 feet to the East line of the W $\frac{1}{2}$  of the NE $\frac{1}{4}$  of said Section 14; thence South along said East line 313.12 feet to the point or place of beginning and containing four (4) acres of land more or less. Also all of a one (1) acre tract out of the West One-Half (W $\frac{1}{2}$ ) of the Northeast One-Quarter (NE $\frac{1}{4}$ ) of Section No. Fourteen (14), Twp. 18S - Rge 26E NMPM and more particularly described as follows:

Beginning at a point 1683 feet South of the Northeast Corner of the NW $\frac{1}{4}$  of the NE $\frac{1}{4}$  of said Section 14, thence West at right angles 208.75 feet; thence South at right angles 208.75 feet; thence East at right angles 208.75 feet to a point on the Subdivision line 680 feet North of the Southeast Corner of the SW $\frac{1}{4}$  of the NE $\frac{1}{4}$  of said Section 14; thence North on said Subdivision line 208.75 feet to the point or place of beginning and containing one (1) acres of land more or less out of the SW $\frac{1}{4}$  of the NE $\frac{1}{4}$  of said Section 14.

INITIAL FOR IDENTIFICATION

*Q.L.L.*

If the interest of Lessor covered hereby is stated to be less than the entire fee or mineral estate, this lease nevertheless covers, and Lessor grants, lets and leases to Lessee, the entire interest in said land actually owned by Lessor. For the purpose of calculating all payments hereunder, said land shall be considered to comprise 325 acres, whether more or less; and each tract comprising such land (if more than one tract be described) is estimated to comprise the number of acres stated in the foregoing description of such tract as being included therein, whether more or less, and whether stated to be more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of five years from the date hereof, herein called "primary term", and thereafter so long as oil, gas, or other mineral is being produced from said land, or any operations permitted hereunder are being conducted on said land, or this lease is continued in force by reason of any of the other provisions hereof.

3. The royalties to be paid by Lessee are: (a) on oil, one-eighth of that produced and saved from said land, the same to be delivered at the wells into storage furnished by Lessor, or to the credit of Lessor into the pipe line to which the wells may be connected; Lessee may from time to time purchase any royalty oil in its possession, paying the market price therefor prevailing for the field where produced on the date of purchase; (b) on gas, including casinghead gas or other gaseous substance, produced from said land and sold or used off the premises or in the manufacture of gasoline or other product therefrom, the market value at the well of one-eighth of the gas so sold or used, provided that on gas sold at the wells, the royalty shall be one-eighth of the amount realized from such sale; and (c) on all other minerals mined and marketed, one-tenth, either in kind or value at the well or mine, at Lessee's election, except that on sulphur the royalty shall be seventy-five cents (75¢) per long ton. Lessee shall have the use, free of royalty, of water, (except water from Lessor's wells), oil and gas from said land for all operations hereunder, including, but not limited to, the repressuring of the oil and gas bearing formations, and for such purposes such gas and water may be injected at any point upon said land or on any other land upon the same structure or in the same pool.

4. If drilling or mining operations are not commenced on said land on or before one year from the date hereof, this lease shall then terminate as to both parties unless Lessee on or before said anniversary date shall pay or tender to Lessor or to the credit of Lessor in The First National Bank and Trust Co. at Oklahoma City, Oklahoma

or any successor, herein called "depository bank," the sum of One Hundred Eleven & 16/100

Dollars (\$111.16) hereinafter called "rental" which shall extend for twelve (12) months from said date the time within which drilling or mining operations may be commenced. Thereafter, annually, in like manner and upon like payments or tenders the commencement of such operations may be further deferred for successive periods of twelve (12) months each during the primary term.

5. If on any rental date there be neither operations in progress for the drilling of a well or mining or reworking operations anywhere on said land, nor production from any part thereof, this lease shall not terminate if Lessee on or before said date shall make or resume the payment or tender of rental as herein set forth; provided if such operations be abandoned or suspended,

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or if production ceases from any cause, within a period of three months prior to any rental date, this lease shall not terminate, if, on or before the rental date next ensuing after the expiration of three months from the date of abandonment or suspension of such operations, or cessation of production, additional drilling, mining or reworking operations are commenced anywhere on said land or such suspended operations are resumed or production is established or Lessee makes or resumes the payment or tender of rental. If at the expiration of the primary term of this lease oil, gas, or other mineral is not being produced, but on or before that date reworking operations or operations for the drilling of a well or excavation of a mine in search of such products are commenced anywhere on said land, then this lease shall continue in force so long as such operations are being continuously prosecuted; and such operations shall be considered to be continuously prosecuted if not more than three (3) months shall elapse between the completion or abandonment of one well and the beginning of operations for the drilling or reworking of another well. If, as a result of any such operations, oil, gas, or other mineral is produced or production is restored, this lease shall continue in force so long as any of them is produced. If oil, gas or other mineral is being produced or is obtained from any part of said land at or after the expiration of the primary term hereof and such production shall for any reason cease or terminate, Lessee shall have the right at any time within three (3) months from the cessation of such production to resume drilling or reworking operations in an effort to obtain or restore production of oil, gas or other mineral from said land, in which event this lease shall remain in force so long as such operations are continuously prosecuted, as defined in the preceding sentence, and if such operations result in production of oil, gas or other mineral, so long thereafter as any of them is produced.

6. All payments or tenders of rental may be made by Lessee's check or draft mailed to Lessor at Lessor's post office address last known to Lessee, or delivered to Lessor, or mailed or delivered to any depository bank on or before the date of payment, and the date of mailing such check or draft shall be considered the date of payment of such rental. Should any depository bank cease to exist, suspend business, liquidate, fail or be succeeded by another bank, or for any reason fail or refuse to accept rental, Lessee shall not be held in default for failure to make such payment or tender of rental until thirty (30) days after Lessor shall have delivered to Lessee a proper recordable instrument, naming another bank as depository. Every bank herein or hereafter designated as depository shall, regardless of changes in ownership of said land or rentals or royalties, continue as depository of any and all sums payable hereunder, and shall be the agent of Lessor, his heirs, legal representatives, devisees and assigns. Irrespective of changes in ownership or division of rentals, Lessee shall always be privileged to pay or tender rental to all owners thereof jointly or to the credit of all such owners jointly in the depository bank herein named; or at Lessee's election, the proportionate part of the rentals to which each owner is entitled may be paid or tendered to him separately or to his separate credit in the depository bank herein named and such payment or tender or deposit to any owner of his portion of the rental shall maintain this lease as to such owner's interest in the leased premises, irrespective of whether rental is paid to any other owner. If Lessee shall, in good faith and with reasonable diligence, attempt to pay any rental, but shall fail to pay or incorrectly pay some portion thereof, this lease shall not terminate unless Lessee, within thirty (30) days after written notice of its error or failure, shall fail to rectify the same.

7. Lessee may from time to time execute and deliver to Lessor or to any depository bank or place of record a release or releases covering all or any portion or portions of said land or any mineral or horizon thereunder, and thereby surrender this lease as to all or as to such portion or portions, or as to such mineral or horizon, and be relieved of all obligations as to the acreage, mineral or horizon surrendered. Thereafter the rental shall be reduced in the proportion that the acreage covered hereby is reduced by such release or releases. Lessee shall nevertheless retain such rights of way, easements and privileges over, upon and across the surrendered land as are necessary or convenient for its operations on the land retained by it.

8. If the interest covered by this lease is now or becomes divided in any manner whatsoever, this lease may nevertheless be extended, altered or changed in any way from time to time (but in no event after the expiration of twenty (20) years after the death of the last survivor of the individuals signing this lease in any capacity as or for a Lessor), by concurrence of the Lessee and the record owners of at least seventy-five per cent (75%) of the interest in the minerals covered hereby to which the power to lease and right to possession for development purposes are attributable, excluding owners of royalty rights only, in any manner in which all owners of interests (mineral and royalty) covered hereby and the Lessee might have at the time so extended, altered or changed this lease.

9. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. No well shall be drilled within two hundred (200) feet of any residence or barn now on said land without consent of the owner of said house or barn unless this lease then covers less than five (5) acres. Lessee shall pay for damages to growing crops on said land caused by Lessee's operations.

10. The rights, powers and estate of either Lessor or Lessee hereunder may be assigned in whole or in part and also as to any mineral and as to any horizon or any mineral in any horizon. Payments may be anticipated and made by Lessee before their due date, and no change of ownership, or right to receive any payments hereunder, however accomplished, shall be binding on Lessee until after notice thereof shall have been furnished Lessee by the person claiming the benefit thereof, and then only with respect to payments thereafter made. Notice of sale or assignment shall consist of a certified copy of the recorded instrument accomplishing same; notice of change of ownership or right to receive such payments, accomplished in any other manner (for example, by reason of incapacity, death or dissolution) shall consist of certified copies of recorded documents and complete proceedings legally binding upon and conclusive of the rights of all parties. Until such notice shall have been furnished Lessee, as above provided, the payment or tender of all sums payable hereunder may be made in the manner provided herein precisely as if no such change in interest or ownership or right to receive payment had occurred. The kind of notice herein provided shall be exclusive, and no other kind, whether actual or constructive, shall be binding on Lessee. If more than one person executes this lease as Lessor, or is now or shall hereafter become entitled, through change of ownership or otherwise, to share in or receive the benefits accruing to Lessor hereunder, this lease shall nevertheless always be operated and developed by Lessee as a single tract, without regard to any such division in or change of interest or ownership, or right to receive payment, which shall not operate to enlarge the obligations or diminish the rights of Lessee. In the event of assignment of this lease as to a segregated portion of said land, the rental payable hereunder shall be apportionable as between the several leasehold owners ratably according to the surface area of each, and default in rental payment by one shall not affect the rights of other leasehold owners hereunder. Default in the performance of any expressed or implied obligation hereunder by any assignee of Lessee or its successors shall not affect any right of, or impose any obligation on, Lessee and Lessee shall not be liable to Lessor on account of any such default. If ten (10) or more parties become entitled to royalty hereunder, Lessee may withhold payment thereof until furnished with a recordable instrument executed by all such parties designating an agent to receive payment for all.

11. Lessor warrants and agrees to defend the title to said land, but if the interest of Lessor covered hereby is stated to be less than the entire fee or mineral estate, Lessor's warranty shall be limited to the interest so stated. The royalties herein provided are determined with respect to the entire fee or mineral estate and if this lease effectively covers a lesser interest (even though stated to be less), then without impairment of Lessor's warranty, the royalties to be paid Lessor shall be reduced proportionately. The rental hereinabove provided is determined with respect to the interest which this lease purports to cover, as hereinabove stated and if this lease effectively covers a lesser interest, the rental to be paid Lessor shall be reduced proportionately. Lessee at its option may discharge, in whole or part, any tax, mortgage, or other lien upon said land, or may redeem the same from any purchaser at any tax, execution or other sale, and may reimburse itself from any rentals and royalties accruing hereunder and shall be subrogated to such lien with the right to enforce same.

12. When drilling, or any other operation or act permitted or required hereunder, or the observance or performance by Lessee of any express or implied covenant, condition or requirement hereof, or the performance by Lessee of any act or thing, the non-performance of which would result in the termination of this lease or the loss of any rights of Lessee hereunder, is at any time or from time to time prevented, interrupted, delayed or suspended, directly or indirectly, by, as the result of, or in order to comply with, any law or any rule, regulation, order or requirement of any governmental commission, body or representative having or asserting jurisdiction, or by or as the result of an act of God, the elements, war, labor disputes, inability to obtain materials, or any other cause beyond the control of Lessee, whether similar or dissimilar to the causes hereinbefore enumerated, or

because oil, gas or other mineral is not being produced for lack of a market at the well or wells or mine, at any time the leased premises are capable of producing oil, gas or other mineral in such quantities as would be considered profitable based on the price being paid for the product which the leasehold is capable of producing at the nearest point where such product is then being marketed, then in any of such events, the period of such prevention, interruption, delay or suspension shall not be counted against Lessee, nor shall Lessee be liable for any loss or damage resulting therefrom, and, notwithstanding any of the terms and provisions hereof to the contrary, this lease shall not terminate, but shall continue in full force and effect during the full period of such prevention, interruption, delay or suspension (hereinafter called "period of suspension"), plus one hundred eighty (180) days after the termination of the period of suspension, and so long thereafter as this lease remains in force under its terms; provided, nevertheless, that this lease shall not be continued in force by virtue of the provisions of this paragraph, unless Lessee commences or resumes the payment or tender of rental on or before the anniversary of the rental paying date of this lease next ensuing after the expiration of three (3) months from commencement of such period of suspension. Should such period of suspension commence or continue after the expiration of the primary term of this lease, such rental payments may nevertheless be made or tendered with like effect as though made or tendered on a rental payment date occurring during the primary term. If Lessee elects to make the payments permitted under paragraph 15 hereof, the payment of rental under this paragraph 12 shall not be required in order to continue this lease in force.

13. 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. If, within sixty (60) days after receipt of such notice, Lessee shall meet or commence to meet the breaches alleged by Lessor, Lessee shall not be deemed in default hereunder. The service of said notice and the lapse of sixty (60) days without Lessee meeting or commencing to meet the alleged breaches shall be a condition precedent to any action by Lessor for any cause hereunder. 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 of its obligations hereunder. In case, however, of cancellation or termination of this lease for any cause whatsoever, this lease shall, nevertheless, remain in force and effect as to a tract of land around each oil or gas well or mine producing, drilling, or being worked on, containing the maximum number of acres prescribed or allocated to such well or mine under and pursuant to any spacing plan, regulation or order promulgated by the governmental agency having jurisdiction and in effect at the time of such cancellation or termination; but if no such plan, regulation or order is in effect at such time, this lease shall nevertheless remain in effect as to forty (40) acres around each such well or mine. In either event such tract of land shall be in the form of a rectangle to be designated by Lessee with the well at the center or at a location not less than the minimum distance from the boundary lines of such tract permitted by the spacing order, rule or regulation applicable thereto.

14. Lessee is granted the right and power, exercisable from time to time and either before or after production is secured from the leased premises or other premises proposed to be pooled hereunder (but in no event after the expiration of twenty (20) years after the death of the last survivor of the individuals signing this lease in any capacity as or for a Lessor), if this lease is then in force, but not thereafter, to pool and combine this lease and Lessor's royalty hereunder, as to all or any part of the land covered hereby, or any formation thereunder or mineral therein, with any other lease or leases and the royalty thereunder, as to all or any part of the land covered hereby, or the same formation thereunder or the same mineral therein, or with other land, royalty or mineral interests in land or the same formation thereunder or the same mineral therein, situated in the same general area as the land covered hereby, regardless of the ownership thereof, provided that for gas and/or condensate no unit created shall exceed six hundred and forty-seven (647) acres, and for oil no such unit shall exceed forty-three (43) acres. The exercise of such right and power shall be evidenced by written instrument executed by Lessee describing the land so pooled and combined. The entire acreage so pooled and combined into a unit and all drilling and other operations on, and production from, such acreage shall for all purposes of this lease, except as in this paragraph otherwise provided, be treated and considered as if such acreage were covered by, and such drilling and other operations were being conducted on, or such production were had from this lease, and such operations or production, even though not on or from land covered by this lease, shall nevertheless operate to continue this lease in force as to all land, minerals and rights covered hereby with like effect as though on or from the land covered hereby. Without impairment or change of any rights of Lessee under paragraph 11 hereof, Lessor shall receive as royalty on production from the pooled acreage only such portion of the royalty stipulated in paragraph 3 hereof as the amount of Lessor's acreage placed in the unit, or Lessor's royalty interest therein on an acreage basis, bears to the total acreage so pooled and combined in the particular unit involved, and such royalty shall be in lieu of the royalty provided in said paragraph 3. If by reason of cessation of operations on or production from a pooled unit, or for any other reason, Lessee determines to pay rentals which Lessee is permitted to pay under this or other leases covering land in any unit, such rentals shall be payable to the respective Lessors in this and such other leases in like manner as though such unit had not been created, and pooling hereunder shall not operate to pool such rentals. Lessee shall not be obligated to drill any offset wells on land covered hereby and not pooled, to offset wells drilled on a unit which includes any part of the land covered hereby. Should the acreage content of any unit be reduced by failure of title, or other event beyond the control of Lessee, Lessee shall not be liable to Lessor by reason thereof or be obligated to make any retroactive apportionment or adjustment of royalties theretofore paid, and in any such case, in addition to all other rights under this lease, Lessee shall also have the right to terminate the unit affected thereby by filing for record written notice of termination of such unit and thereupon Lessee shall be relieved of all obligations thereafter accruing hereunder with respect to the unit so terminated.

15. If Lessee shall at any time while this lease is in force complete a well or wells on the leased premises which shall be capable of producing gas, whether in paying quantities or not, the Lessee at its option may from time to time (notwithstanding any express or implied terms, conditions, covenants or provisions hereof to the contrary) suspend all production from such well or wells and all other operations and payments hereunder and pay or tender to the parties who are then entitled to the payment of royalties, or to their credit in the depository bank named herein, as royalty in lieu of production, a quarterly sum equivalent to one-fourth of the annual delay rental which Lessee would be required to pay under the terms hereof in order to continue this lease in force as to the acreage as to which the same is effective at the time such payment is paid or tendered if there were at such time no production on such lands and no operations being conducted thereon, paying or tendering the first such sum at or within thirty days after the beginning of the first calendar quarter after completion of such well or wells or any suspension of production therefrom and paying or tendering a like sum at the beginning of each successive calendar quarter, which sum so paid or tendered shall be considered as advance royalty and shall be charged against one-fourth of the first proceeds of royalty on the resumption of production from the leased premises; and, in the event of the exercise of such option by Lessee, this lease shall remain in force as long as such quarterly payments are made or tendered and as long after the resumption of production or operations as production may be had or operations are continued as elsewhere provided herein. The provisions of paragraph 6 hereof shall be applicable to all payments or tenders made pursuant to this paragraph.

16. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land, in which Lessor holds no interest whatsoever, and within three hundred thirty (330) feet of and draining the leased premises, Lessee agrees to drill such offset wells as a reasonably prudent operator would drill under the same or similar circumstances.

17. All the provisions of this lease shall be binding on the heirs, legatees, devisees, legal representatives, successors and assigns of Lessor and Lessee. This lease shall be binding upon all who execute it, whether or not named herein as a party Lessor, and even though not executed by all parties named herein as Lessor. This lease may be executed in any number of counterparts and for all purposes hereof all of such counterparts shall be considered as one lease.

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



X *Vinnie L. Leavitt*

X

1195 (e)

**COMPARED**

No. \_\_\_\_\_

**Oil, Gas and Mineral Lease**

FROM \_\_\_\_\_

TO \_\_\_\_\_

Dated January 30, 1954

No. Acres Edley County, Texas N.M.

Term \_\_\_\_\_

This instrument was filed for record on the 30 day of January, 1954, at 9:55 o'clock P. M., and duly recorded in Book 59, Page 498

of the records of this office.

By Mr. D. A. Wilcox County Clerk.

Mary Leavitt, Deputy.

When recorded return to 59 498 59

498

**AFFIDAVIT**

OKLAHOMA  
STATE OF NEW MEXICO, ss. MYERS PRINTING CO., CARLEBAD, N. M.

County of OKLAHOMA

On this 16 day of January, A. D., 1954, before me personally appeared Vinnie L. Leavitt

to me known to be the person described in and who executed the foregoing instrument, and acknowledged that she executed the same as her free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

My Commission Expires Sept. 15, 1956 K. L. Leavitt Notary Public

**HUSBAND AND WIFE JOINT ACKNOWLEDGMENT**

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

BEFORE ME, the undersigned authority, on this day personally appeared \_\_\_\_\_ and wife, \_\_\_\_\_, known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed. And the said \_\_\_\_\_, wife of \_\_\_\_\_, having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said \_\_\_\_\_, acknowledged such instrument to be her act and deed and declared that she had willingly signed the same for the purposes and consideration therein expressed and that she did not wish to retract it.

Given under my hand and seal of office this the \_\_\_\_\_ day of \_\_\_\_\_, A. D. 19\_\_\_\_.

Notary Public in and for \_\_\_\_\_ County, Texas.

My commission expires \_\_\_\_\_, 19\_\_\_\_.

**WIFE'S SEPARATE ACKNOWLEDGMENT**

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

BEFORE ME, the undersigned authority, on this day personally appeared \_\_\_\_\_ wife of \_\_\_\_\_, known to me to be the person whose name is subscribed to the foregoing instrument, and having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said \_\_\_\_\_, acknowledged such instrument to be her act and deed, and she declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office this the \_\_\_\_\_ day of \_\_\_\_\_, A. D. 19\_\_\_\_.

Notary Public in and for \_\_\_\_\_ County, Texas.

My commission expires \_\_\_\_\_, 19\_\_\_\_.