



STRATA

FEB 26 2014

PRODUCTION COMPANY

February 26, 2014

Strata Production Company
P.O. Box 1030
Roswell, NM 88202

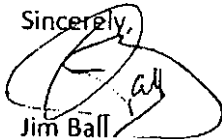
ATTN: Grace Charboneau

Re: Tule Field Wells, Roosevelt County, NM
Cook #1 0.00617430 RI
JT McGee Com #1 0.00987890 RI
Perry #1 0.00493940 RI
Wendell Best #1 0.00987890 RI
YH File for YB 9104-52

Ladies and Gentlemen,

Enclosed are executed and witnessed Revised Division Orders and Marketing Agreements covering the interest of Yates Brothers, a Partnership for the four captioned wells. Its Tax ID number is also shown on the respective documents. Please place Yates Brothers in pay status as soon as possible. Contact the undersigned if you have any questions. My direct phone number is (575) 736-8572. Thank you.

Sincerely,



Jim Ball
Landman

JB/
Enclosures

NMOCD CASE NO. 15224
December 4, 2014
Sovereign Eagle, LLC
Exhibit No. 1/

OIL AND GAS REVISED DIVISION ORDER
AND
MARKETING AGREEMENT

WELL NAME:	COOK#1
OPERATOR:	SOVEREIGN EXPLORATION COMPANY, LLC
PROPERTY NO:	340229 B01
OWNER NO.:	101009
EFFECTIVE DATE:	JANUARY 1, 2014
DATE PREPARED:	FEBRUARY 19, 2014

OIL AND GAS DIVISION ORDER

The undersigned are herein referred to as "Interest Owners" and the Operator, Sovereign Exploration Company, LLC, is herein referred to as "SEC". The Interest Owners and each of them certify that they are the legal owners of the respective interest(s) set out below (Division of Interest), in the petroleum crude oil, condensate, distillate and other liquid hydrocarbons (herein referred to as "oil"), and the natural gas, casinghead gas and other gaseous hydrocarbons (herein referred to as "gas") that may be produced from wells now or hereafter completed on the following described lands:

TOWNSHIP 2 SOUTH, RANGE 29 EAST, NMPM
SECTION 34: N/2
ROOSEVELT COUNTY, NEW MEXICO

The following covenants shall be binding upon each of the Interest Owners, their heirs, personal representatives, successors and assigns:

- D1. Commencing on the Effective Date, as specified in the caption hereof, and until further written notice as described herein, SEC is hereby authorized to receive such oil and/or gas into SEC's possession or any person or company designated by SEC, and to account for the proceeds received by SEC according to the following division of interest:

DIVISION OF INTEREST 0.00617430 RI

- D2. Settlement shall be made to the Interest Owners by check mailed to the Interest Owner within 45 days after the end of the calendar month in which payment is received by SEC from the purchaser of production. SEC is authorized to withhold payment due any individual Interest Owner until at least \$100 has been accumulated to the credit of said Interest Owner. Payment shall be made at least annually. The undersigned authorizes SEC to withhold from their share of the production described above any and all sums owing by them over 30 days from the date of invoice from SEC, for their proportionate share of costs incurred by SEC as Operator of the well(s) situated on the above described lands.
- D3. SEC is authorized to remit pursuant to the division of interest as described above until written notice to the contrary is received by SEC. Each of the Interest Owners agrees to notify SEC in writing of any change in their interest, and no transfer of interest shall be binding on SEC until SEC is furnished the original recorded instrument (or a copy thereof) or a transcript of proceedings which satisfactorily evidences such transfer, and SEC's regular form of Division Order is fully executed and returned to SEC. SEC shall be held harmless against loss or liability due to failure to receive such notice. Regardless of the effective date of the transfer, all transfers of interest shall be effective hereunder as to SEC as of 7:00 A.M. on the first day of the next succeeding calendar month following the month in which such written notice is received.
- D4. If any claim is made which adversely affects title to any interest credited hereunder, or such title is unmarketable in the opinion of a licensed New Mexico attorney, the parties credited with such interest severally agree to furnish abstracts or other evidence of title acceptable to SEC, and to cure any defects which render the title of the Interest Owners unmarketable, without expense to SEC. In the event of failure to furnish such evidence of marketable title, SEC is authorized to withhold payments without payment of interest until the claim is settled. In the event any action or suit is filed in any court affecting title to the oil and/or gas or proceeds thereof in which any of the Interest Owners are parties, written notice of the filing of such action shall immediately be furnished to SEC stating the court in which the same is filed and the title of such action, and SEC shall be held harmless from any judgment rendered in such suit, and all reasonable costs and expenses incurred in defending the claim shall be paid by the Interest Owner who is a party to the suit.
- D5. If through error, inadvertence, erroneous title information or otherwise, SEC shall pay to the Interest Owners any sums to which the Interest Owners are not lawfully entitled, SEC shall have the right to recover the total amount of all such payments, by withholding the same from future money in SEC's possession to which the Interest Owners are otherwise entitled to be paid, whether such withheld funds accrue from the land described herein or from other land in which the Interest Owners have an interest.
- D6. All of the provisions herein contained shall apply to each of the Interest Owners severally and not jointly. This division order shall become valid and binding on each of the Interest Owners as soon as signed by such party regardless of whether or not all of the Interest Owners have so signed.

INTEREST OWNERS: YATES BROTHERS, A PARTNERSHIP
P.O. BOX 1394
ARTESIA, NEW MEXICO 88211

MARKETING AGREEMENT

- M1. Commencing on the Effective Date, as specified in the caption hereof, and until such authority is revoked by written notice as described herein, SEC is hereby authorized to receive, market, and dispose of Interest Owners' oil and/or gas or to designate another person or company to receive, market, and dispose of Interest Owners' oil and/or gas, on the terms following.
- M2. OIL shall be measured and graded in accordance with standards generally accepted in the industry and agreed upon by SEC and the purchaser of oil. GAS shall be measured in accordance with standards generally accepted in the industry and may be commingled with gas produced from other properties. OIL and/or GAS shall become the property of the purchaser or the Pipeline Company or carrier designated by SEC upon actual delivery to it. SEC is authorized to receive payment for Interest Owners' share of oil and/or gas received by such purchaser; provided, however, SEC may withhold such portion of the price paid that may be subject to refund under any provision of SEC's contract with the purchaser or any regulation, rule or order of the Federal Energy Regulatory Commission or any successor agency having jurisdiction over such product.
- M3. Settlement for oil and/or gas received under this Marketing Agreement shall be based on the net proceeds realized at the well by SEC from the sale thereof under this Marketing Agreement and all applicable contracts. All Interest Owners shall bear their proportionate share of costs for transporting and treating the oil and/or gas for delivery; and their proportionate share of all severance, production, sales or other tax levied by or under applicable governmental authority against such oil and/or gas, and as an accommodation to the Interest Owners, SEC is authorized to withhold the payment thereof from the proceeds accruing hereunder and to pay such taxes in behalf of the Interest Owners. All Working Interest Owners shall additionally bear SEC's charges for marketing and handling the oil and/or gas. All Working Interest Owners will be allocated their share of the oil and/or gas revenues and all associated costs on the same basis as they are allocated to SEC and other SEC entities. The price received by SEC for oil and/or gas sold under this Marketing Agreement shall be accepted by the Interest Owners as the market price for oil and/or gas during the entire term of this Marketing Agreement.
- M4. The oil, gas and mineral lease or leases covering the above described land, together with any designations declarations or agreements creating a unit or units including all or part of the above described land, under which the oil and/or gas covered hereby is produced, are hereby ratified and approved and such ratification and approval shall be valid and effective notwithstanding any subsequent termination of this Marketing Agreement. The Interest Owners agree that no act or omission to act by SEC (including but not limited to the retention of funds hereunder), in compliance with or pursuant to this Marketing Agreement or any law or rule or requirement of or condition imposed by any Federal or State Agency having or asserting jurisdiction, shall be deemed to be or to result in a breach, forfeiture or termination of any such lease, designation, declaration, agreement or contract. The oil and gas proceeds derived from the sale of production from any well producing oil, gas or related hydrocarbons pursuant to this marketing agreement shall be paid to all persons legally entitled to such payments commencing no later than six months after the first day of the month following the date of first sale, or until such time as payor is furnished proof of marketable title in the affected party claiming entitlement to payment. All payments due after the initiation of the first payment shall be made not later than 45 days after the end of the calendar month within which payment is received by payor for production.
- M5. Each of the Interest Owners agrees to indemnify and hold SEC and any other purchaser of the oil and/or gas and any carrier designated by SEC or any other purchaser receiving the oil and/or gas and each of them harmless against all and every loss, damage, charge or expense of any kind whatsoever, which they or either of them may suffer or incur by or on account of receiving or purchasing or transporting the oil and/or gas or by reason of any and all claims of any character as to the oil and/or gas adverse to the Interest Owners.

EXECUTION OF DIVISION ORDER/MARKETING AGREEMENT

This Division Order and Marketing Agreement may be terminated by SEC or by any one or more of the Interest Owners (as to his, her or its interest) as to any future sales or deliveries of oil and/or gas from said lease provided that no such termination shall affect any rights given SEC or any of the Interest Owners under the terms hereof as to sales or deliveries of oil and/or gas theretofore made, or as to sums theretofore paid hereunder, and provided further, that no such termination by any of the Interest Owners shall be effective as to SEC until 7:00AM the first day of the next succeeding calendar month following 30 days after written notice thereof has been received by SEC at the above address. Consent is hereby given to SEC and/or any pipeline company which SEC may cause to connect with said well, to disconnect and remove such pipelines in case of termination by either SEC or Interest Owners of purchase under this Division Order and Marketing Agreement.

Under penalties of perjury, I certify (1) that the number shown below is my correct taxpayer identification number, and (2) that I am not subject to backup withholding

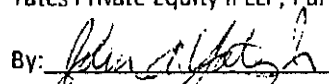
Witness or Attest:


JIM BALL

This Division Order may be terminated by you or by any one or more of the undersigned (as his, her, or its interest) as to any future sale or deliveries of oil and/or gas from said lease effective 30 days after written notice thereof has been received by you at the above address.

Yates Brothers, a Partnership

By: Yates Private Equity II LLP, Partner

By: 
John A. Yates, Jr., Manager
Tax I.D. #: 85-0119859

Address: P.O. BOX 1394

City: ARTESIA State NM Zip 88211

Phone #: (575) 736-8572

FAX #: (575) 736-8577

ATTN: JIM BALL, LANDMAN

Name, Address & Telephone No. of business associate or nearest relative not living with you:

OIL AND GAS REVISED DIVISION ORDER
AND
MARKETING AGREEMENT

WELL NAME:	J.T. MCGEE#1
OPERATOR:	SOVEREIGN EXPLORATION COMPANY, LLC
PROPERTY NO:	270229 B02
OWNER NO.:	101009
EFFECTIVE DATE:	JANUARY 1, 2014
DATE PREPARED:	FEBRUARY 19, 2014

OIL AND GAS DIVISION ORDER

The undersigned are herein referred to as "Interest Owners" and the Operator, Sovereign Exploration Company, LLC, is herein referred to as "SEC". The Interest Owners and each of them certify that they are the legal owners of the respective interest(s) set out below (Division of Interest), in the petroleum crude oil, condensate, distillate and other liquid hydrocarbons (herein referred to as "oil"), and the natural gas, casinghead gas and other gaseous hydrocarbons (herein referred to as "gas") that may be produced from wells now or hereafter completed on the following described lands:

TOWNSHIP 2 SOUTH, RANGE 29 EAST, NMPM
SECTION 27: N/2
ROOSEVELT COUNTY, NEW MEXICO

The following covenants shall be binding upon each of the Interest Owners, their heirs, personal representatives, successors and assigns:

- D1. Commencing on the Effective Date, as specified in the caption hereof, and until further written notice as described herein, SEC is hereby authorized to receive such oil and/or gas into SEC's possession or any person or company designated by SEC, and to account for the proceeds received by SEC according to the following division of interest:

DIVISION OF INTEREST 0.00987890 RI

- D2. Settlement shall be made to the Interest Owners by check mailed to the Interest Owner within 45 days after the end of the calendar month in which payment is received by SEC from the purchaser of production. SEC is authorized to withhold payment due any individual Interest Owner until at least \$100 has been accumulated to the credit of said Interest Owner. Payment shall be made at least annually. The undersigned authorizes SEC to withhold from their share of the production described above any and all sums owing by them over 30 days from the date of invoice from SEC, for their proportionate share of costs incurred by SEC as Operator of the well(s) situated on the above described lands.
- D3. SEC is authorized to remit pursuant to the division of interest as described above until written notice to the contrary is received by SEC. Each of the Interest Owners agrees to notify SEC in writing of any change in their interest, and no transfer of interest shall be binding on SEC until SEC is furnished the original recorded instrument (or a copy thereof) or a transcript of proceedings which satisfactorily evidences such transfer, and SEC's regular form of Division Order is fully executed and returned to SEC. SEC shall be held harmless against loss or liability due to failure to receive such notice. Regardless of the effective date of the transfer, all transfers of interest shall be effective hereunder as to SEC as of 7:00 A.M. on the first day of the next succeeding calendar month following the month in which such written notice is received.
- D4. If any claim is made which adversely affects title to any interest credited hereunder, or such title is unmarketable in the opinion of a licensed New Mexico attorney, the parties credited with such interest severally agree to furnish abstracts or other evidence of title acceptable to SEC, and to cure any defects which render the title of the Interest Owners unmarketable, without expense to SEC. In the event of failure to furnish such evidence of marketable title, SEC is authorized to withhold payments without payment of interest until the claim is settled. In the event any action or suit is filed in any court affecting title to the oil and/or gas or proceeds thereof in which any of the Interest Owners are parties, written notice of the filing of such action shall immediately be furnished to SEC stating the court in which the same is filed and the title of such action, and SEC shall be held harmless from any judgment rendered in such suit, and all reasonable costs and expenses incurred in defending the claim shall be paid by the Interest Owner who is a party to the suit.
- D5. If through error, inadvertence, erroneous title information or otherwise, SEC shall pay to the Interest Owners any sums to which the Interest Owners are not lawfully entitled, SEC shall have the right to recover the total amount of all such payments, by withholding the same from future money in SEC's possession to which the Interest Owners are otherwise entitled to be paid, whether such withheld funds accrue from the land described herein or from other land in which the Interest Owners have an interest.
- D6. All of the provisions herein contained shall apply to each of the Interest Owners severally and not jointly. This division order shall become valid and binding on each of the Interest Owners as soon as signed by such party regardless of whether or not all of the Interest Owners have so signed.

INTEREST OWNERS YATES BROTHERS, A PARTNERSHIP
P.O. BOX 1394
ARTESIA, NEW MEXICO 88211

MARKETING AGREEMENT

- M1. Commencing on the Effective Date, as specified in the caption hereof, and until such authority is revoked by written notice as described herein, SEC is hereby authorized to receive, market, and dispose of Interest Owners' oil and/or gas or to designate another person or company to receive, market, and dispose of Interest Owners' oil and/or gas, on the terms following:
- M2. OIL shall be measured and graded in accordance with standards generally accepted in the industry and agreed upon by SEC and the purchaser of oil. GAS shall be measured in accordance with standards generally accepted in the industry and may be commingled with gas produced from other properties. OIL and/or GAS shall become the property of the purchaser or the Pipeline Company or carrier designated by SEC upon actual delivery to it. SEC is authorized to receive payment for Interest Owners' share of oil and/or gas received by such purchaser; provided, however, SEC may withhold such portion of the price paid that may be subject to refund under any provision of SEC's contract with the purchaser or any regulation, rule or order of the Federal Energy Regulatory Commission or any successor agency having jurisdiction over such product.
- M3. Settlement for oil and/or gas received under this Marketing Agreement shall be based on the net proceeds realized at the well by SEC from the sale thereof under this Marketing Agreement and all applicable contracts. All Interest Owners shall bear their proportionate share of costs for transporting and treating the oil and/or gas for delivery; and their proportionate share of all severance, production, sales or other tax levied by or under applicable governmental authority against such oil and/or gas, and as an accommodation to the Interest Owners, SEC is authorized to withhold the payment thereof from the proceeds accruing hereunder and to pay such taxes in behalf of the Interest Owners. All Working Interest Owners shall additionally bear SEC's charges for marketing and handling the oil and/or gas. All Working Interest Owners will be allocated their share of the oil and/or gas revenues and all associated costs on the same basis as they are allocated to SEC and other SEC entities. The price received by SEC for oil and/or gas sold under this Marketing Agreement shall be accepted by the Interest Owners as the market price for oil and/or gas during the entire term of this Marketing Agreement.
- M4. The oil, gas and mineral lease or leases covering the above described land, together with any designations, declarations or agreements creating a unit or units including all or part of the above described land, under which the oil and/or gas covered hereby is produced, are hereby ratified and approved and such ratification and approval shall be valid and effective notwithstanding any subsequent termination of this Marketing Agreement. The Interest Owners agree that no act or omission to act by SEC (including but not limited to the retention of funds hereunder), in compliance with or pursuant to this Marketing Agreement or any law or rule or requirement of or condition imposed by any Federal or State Agency having or asserting jurisdiction, shall be deemed to be or to result in a breach, forfeiture or termination of any such lease, designation, declaration, agreement or contract. The oil and gas proceeds derived from the sale of production from any well producing oil, gas or related hydrocarbons pursuant to this marketing agreement shall be paid to all persons legally entitled to such payments commencing no later than six months after the first day of the month following the date of first sale, or until such time as payor is furnished proof of marketable title in the affected party claiming entitlement to payment. All payments due after the initiation of the first payment shall be made not later than 45 days after the end of the calendar month within which payment is received by payor for production.
- M5. Each of the Interest Owners agrees to indemnify and hold SEC and any other purchaser of the oil and/or gas and any carrier designated by SEC or any other purchaser receiving the oil and/or gas and each of them harmless against all and every loss, damage, charge or expense of any kind whatsoever, which they or either of them may suffer or incur by or on account of receiving or purchasing or transporting the oil and/or gas or by reason of any and all claims of any character as to the oil and/or gas adverse to the Interest Owners.

EXECUTION OF DIVISION ORDER/MARKETING AGREEMENT

This Division Order and Marketing Agreement may be terminated by SEC or by any one or more of the Interest Owners (as to his, her or its interest) as to any future sales or deliveries of oil and/or gas from said lease provided that no such termination shall affect any rights given SEC or any of the Interest Owners under the terms hereof as to sales or deliveries of oil and/or gas theretofore made, or as to sums theretofore paid hereunder, and provided further, that no such termination by any of the Interest Owners shall be effective as to SEC until 7:00AM the first day of the next succeeding calendar month following 30 days after written notice thereof has been received by SEC at the above address. Consent is hereby given to SEC and/or any pipeline company which SEC may cause to connect with said well, to disconnect and remove such pipelines in case of termination by either SEC or Interest Owners of purchase under this Division Order and Marketing Agreement.

Under penalties of perjury, I certify (1) that the number shown below is my correct taxpayer identification number, and (2) that I am not subject to backup withholding.

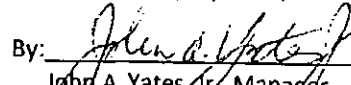
Witness or Attest:


JIM BALL

This Division Order may be terminated by you or by any one or more of the undersigned (as his, her, or its interest) as to any future sale or deliveries of oil and/or gas from said lease effective 30 days after written notice thereof has been received by you at the above address.

Yates Brothers, a Partnership

By: Yates Private Equity II LLP, Partner

By: 
John A. Yates, Jr., Manager

Tax I.D. #: 85-0119859

Address: P.O. BOX 1394

City: ARTESIA State NM Zip 88211

Phone #: (575) 736-8572

FAX #: (575) 736-8577

ATTN: JIM BALL, LANDMAN

Name, Address & Telephone No. of business associate or nearest relative not living with you:

OIL AND GAS REVISED DIVISION ORDER
AND
MARKETING AGREEMENT

WELL NAME:	PERRY#1
OPERATOR:	SOVEREIGN EXPLORATION COMPANY, LLC
PROPERTY NO:	230229 MO1
OWNER NO.:	101009
EFFECTIVE DATE:	JANUARY 1, 2014
DATE PREPARED:	FEBRUARY 19, 2014

OIL AND GAS DIVISION ORDER

The undersigned are herein referred to as "Interest Owners" and the Operator, Sovereign Exploration Company, LLC, is herein referred to as "SEC". The Interest Owners and each of them certify that they are the legal owners of the respective interest(s) set out below (Division of Interest), in the petroleum crude oil, condensate, distillate and other liquid hydrocarbons (herein referred to as "oil"), and the natural gas, casinghead gas and other gaseous hydrocarbons (herein referred to as "gas") that may be produced from wells now or hereafter completed on the following described lands:

TOWNSHIP 2 SOUTH, RANGE 29 EAST, NMCM
SECTION 23: S/2 SW/4
ROOSEVELT COUNTY, NEW MEXICO

The following covenants shall be binding upon each of the Interest Owners, their heirs, personal representatives, successors and assigns:

- D1. Commencing on the Effective Date, as specified in the caption hereof, and until further written notice as described herein, SEC is hereby authorized to receive such oil and/or gas into SEC's possession or any person or company designated by SEC, and to account for the proceeds received by SEC according to the following division of interest:

DIVISION OF INTEREST 0.00493940 R1

- D2. Settlement shall be made to the Interest Owners by check mailed to the Interest Owner within 45 days after the end of the calendar month in which payment is received by SEC from the purchaser of production. SEC is authorized to withhold payment due any individual Interest Owner until at least \$100 has been accumulated to the credit of said Interest Owner. Payment shall be made at least annually. The undersigned authorizes SEC to withhold from their share of the production described above any and all sums owing by them over 30 days from the date of invoice from SEC, for their proportionate share of costs incurred by SEC as Operator of the well(s) situated on the above described lands.
- D3. SEC is authorized to remit pursuant to the division of interest as described above until written notice to the contrary is received by SEC. Each of the Interest Owners agrees to notify SEC in writing of any change in their interest, and no transfer of interest shall be binding on SEC until SEC is furnished the original recorded instrument (or a copy thereof) or a transcript of proceedings which satisfactorily evidences such transfer, and SEC's regular form of Division Order is fully executed and returned to SEC. SEC shall be held harmless against loss or liability due to failure to receive such notice. Regardless of the effective date of the transfer, all transfers of interest shall be effective hereunder as in SEC as of 7:00 A.M. on the first day of the next succeeding calendar month following the month in which such written notice is received.
- D4. If any claim is made which adversely affects title to any interest credited hereunder, or such title is unmarketable in the opinion of a licensed New Mexico attorney, the parties credited with such interest severally agree to furnish abstracts or other evidence of title acceptable to SEC, and to cure any defects which render the title of the Interest Owners unmarketable, without expense to SEC. In the event of failure to furnish such evidence of marketable title, SEC is authorized to withhold payments without payment of interest until the claim is settled. In the event any action or suit is filed in any court affecting title to the oil and/or gas or proceeds thereof in which any of the Interest Owners are parties, written notice of the filing of such action shall immediately be furnished to SEC stating the court in which the same is filed and the title of such action, and SEC shall be held harmless from any judgment rendered in such suit, and all reasonable costs and expenses incurred in defending the claim shall be paid by the Interest Owner who is a party to the suit.
- D5. If through error, inadvertence, erroneous title information or otherwise, SEC shall pay to the Interest Owners any sums to which the Interest Owners are not lawfully entitled, SEC shall have the right to recover the total amount of all such payments, by withholding the same from future money in SEC's possession to which the Interest Owners are otherwise entitled to be paid, whether such withheld funds accrue from the land described herein or from other land in which the Interest Owners have an interest.
- D6. All of the provisions herein contained shall apply to each of the Interest Owners severally and not jointly. This division order shall become valid and binding on each of the Interest Owners as soon as assigned by such party regardless of whether or not all of the Interest Owners have so signed.

INTEREST OWNERS: YATES BROTHERS, A PARTNERSHIP
P.O. BOX 1394
ARTESIA, NEW MEXICO 88211

MARKETING AGREEMENT

- M1. Commencing on the Effective Date, as specified in the caption hereof, and until such authority is revoked by written notice as described herein, SEC is hereby authorized to receive, market, and dispose of Interest Owners' oil and/or gas or to designate another person or company to receive, market, and dispose of Interest Owners' oil and/or gas, on the terms following:
- M2. OIL shall be measured and graded in accordance with standards generally accepted in the industry and agreed upon by SEC and the purchaser of oil. GAS shall be measured in accordance with standards generally accepted in the industry and may be commingled with gas produced from other properties. OIL and/or GAS shall become the property of the purchaser or the Pipeline Company or carrier designated by SEC upon actual delivery to it. SEC is authorized to receive payment for Interest Owners' share of oil and/or gas received by such purchaser; provided, however, SEC may withhold such portion of the price paid that may be subject to refund under any provision of SEC's contract with the purchaser or any regulation, rule or order of the Federal Energy Regulatory Commission or any successor agency having jurisdiction over such product.
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- M4. The oil, gas and mineral lease or leases covering the above described land, together with any designations declarations or agreements creating a unit or units including all or part of the above described land, under which the oil and/or gas covered hereby is produced, are hereby ratified and approved and such ratification and approval shall be valid and effective notwithstanding any subsequent termination of this Marketing Agreement. The Interest Owners agree that no act or omission to act by SEC (including but not limited to the retention of funds hereunder), in compliance with or pursuant to this Marketing Agreement or any law or rule or requirement of or condition imposed by any Federal or State Agency having or asserting jurisdiction, shall be deemed to be or to result in a breach, forfeiture or termination of any such lease, designation, declaration, agreement or contract. The oil and gas proceeds derived from the sale of production from any well producing oil, gas or related hydrocarbons pursuant to this marketing agreement shall be paid to all persons legally entitled to such payments commencing no later than six months after the first day of the month following the date of first sale, or until such time as payor is furnished proof of marketable title in the affected party claiming entitlement to payment. All payments due after the initiation of the first payment shall be made not later than 45 days after the end of the calendar month within which payment is received by payor for production.
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EXECUTION OF DIVISION ORDER/MARKETING AGREEMENT

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Under penalties of perjury, I certify (1) that the number shown below is my correct taxpayer identification number, and (2) that I am not subject to backup withholding.

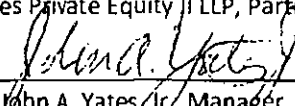
Witness or Attest:


JIM BALL

This Division Order may be terminated by you or by any one or more of the undersigned (as his, her, or its interest) as to any future sale or deliveries of oil and/or gas from said lease effective 30 days after written notice thereof has been received by you at the above address.

Yates Brothers, a Partnership

By: Yates Private Equity II LLP, Partner

By: 
John A. Yates, Jr., Manager
Tax I.D. #: 85-0119859

Address: P.O. BOX 1394

City: ARTESIA State NM Zip 88211

Phone #: (575) 736-8572

FAX #: (575) 736-8577

ATTN: JIM BALL, LANDMAN

Name, Address & Telephone No. of business associate or nearest relative not living with you:

OIL AND GAS REVISED DIVISION ORDER
AND
MARKETING AGREEMENT

WELL NAME:	WENDELL BEST#1
OPERATOR:	SOVEREIGN EXPLORATION COMPANY, LLC
PROPERTY NO:	270229 J01
OWNER NO.:	101009
EFFECTIVE DATE:	JANUARY 1, 2014
DATE PREPARED:	FEBRUARY 19, 2014

OIL AND GAS DIVISION ORDER

The undersigned are herein referred to as "Interest Owners" and the Operator, Sovereign Exploration Company, LLC, is herein referred to as "SEC". The Interest Owners and each of them certify that they are the legal owners of the respective interest(s) set out below (Division of Interest), in the petroleum crude oil, condensate, distillate and other liquid hydrocarbons (herein referred to as "oil"), and the natural gas, casinghead gas and other gaseous hydrocarbons (herein referred to as "gas") that may be produced from wells now or hereafter completed on the following described lands:

TOWNSHIP 2 SOUTH, RANGE 29 EAST, NMPM
SECTION 27: S/2
ROOSEVELT COUNTY, NEW MEXICO

The following covenants shall be binding upon each of the Interest Owners, their heirs, personal representatives, successors and assigns:

- D1. Commencing on the Effective Date, as specified in the caption herein, and until further written notice as described herein, SEC is hereby authorized to receive such oil and/or gas into SEC's possession or any person or company designated by SEC, and to account for the proceeds received by SEC according to the following division of interest:

DIVISION OF INTEREST 0.00987890 RI

- D2. Settlement shall be made to the Interest Owners by check mailed to the Interest Owner within 45 days after the end of the calendar month in which payment is received by SEC from the purchaser of production. SEC is authorized to withhold payment due any individual Interest Owner until at least \$100 has been accumulated to the credit of said Interest Owner. Payment shall be made at least annually. The undersigned authorizes SEC to withhold from their share of the production described above any and all sums owing by them over 30 days from the date of invoice from SEC, for their proportionate share of costs incurred by SEC as Operator of the well(s) situated on the above described lands.
- D3. SEC is authorized to remit pursuant to the division of interest as described above until written notice to the contrary is received by SEC. Each of the Interest Owners agrees to notify SEC in writing of any change in their interest, and no transfer of interest shall be binding on SEC until SEC is furnished the original recorded instrument (or a copy thereof) or a transcript of proceedings which satisfactorily evidences such transfer, and SEC's regular form of Division Order is fully executed and returned to SEC. SEC shall be held harmless against loss or liability due to failure to receive such notice. Regardless of the effective date of the transfer, all transfers of interest shall be effective hereunder as to SEC as of 7:00 A.M. on the first day of the next succeeding calendar month following the month in which such written notice is received.
- D4. If any claim is made which adversely affects title to any interest credited hereunder, or such title is unmarketable in the opinion of a licensed New Mexico attorney, the parties credited with such interest severally agree to furnish abstracts or other evidence of title acceptable to SEC, and to cure any defects which render the title of the Interest Owners unmarketable, without expense to SEC. In the event of failure to furnish such evidence of marketable title, SEC is authorized to withhold payments without payment of interest until the claim is settled. In the event any action or suit is filed in any court affecting title to the oil and/or gas or proceeds thereof in which any of the Interest Owners are parties, written notice of the filing of such action shall immediately be furnished to SEC stating the court in which the same is filed and the title of such action, and SEC shall be held harmless from any judgment rendered in such suit, and all reasonable costs and expenses incurred in defending the claim shall be paid by the Interest Owner who is a party to the suit.
- D5. If through error, inadvertence, erroneous title information or otherwise, SEC shall pay to the Interest Owners any sums to which the Interest Owners are not lawfully entitled, SEC shall have the right to recover the total amount of all such payments, by withholding the same from future money in SEC's possession to which the Interest Owners are otherwise entitled to be paid, whether such withheld funds accrue from the land described herein or from other land in which the Interest Owners have an interest.
- D6. All of the provisions herein contained shall apply to each of the Interest Owners severally and not jointly. This division order shall become valid and binding on each of the Interest Owners as soon as assigned by such party regardless of whether or not all of the Interest Owners have so signed.

INTEREST OWNERS: YATES BROTHERS, A PARTNERSHIP
P.O. BOX 1394
ARTESIA, NEW MEXICO 88211

MARKETING AGREEMENT

- M1. Commencing on the Effective Date, as specified in the caption hereof, and until such authority is revoked by written notice as described herein, SEC is hereby authorized to receive, market, and dispose of Interest Owners' oil and/or gas or to designate another person or company to receive, market, and dispose of Interest Owners' oil and/or gas, on the terms following:
- M2. OIL shall be measured and graded in accordance with standards generally accepted in the industry and agreed upon by SEC and the purchaser of oil. GAS shall be measured in accordance with standards generally accepted in the industry and may be commingled with gas produced from other properties. OIL and/or GAS shall become the property of the purchaser or the Pipeline Company or carrier designated by SEC upon actual delivery to it. SEC is authorized to receive payment for Interest Owners' share of oil and/or gas received by such purchaser; provided, however, SEC may withhold such portion of the price paid that may be subject to refund under any provision of SEC's contract with the purchaser or any regulation, rule or order of the Federal Energy Regulatory Commission or any successor agency having jurisdiction over such product.
- M3. Settlement for oil and/or gas received under this Marketing Agreement shall be based on the net proceeds realized at the well by SEC from the sale thereof under this Marketing Agreement and all applicable contracts. All Interest Owners shall bear their proportionate share of costs for transporting and treating the oil and/or gas for delivery; and their proportionate share of all severance, production, sales or other tax levied by or under applicable governmental authority against such oil and/or gas, and as an accommodation to the Interest Owners, SEC is authorized to withhold the payment thereof from the proceeds accruing hereunder and to pay such taxes in behalf of the Interest Owners. All Working Interest Owners shall additionally bear SEC's charges for marketing and handling the oil and/or gas. All Working Interest Owners will be allocated their share of the oil and/or gas revenues and all associated costs on the same basis as they are allocated to SEC and other SEC entities. The price received by SEC for oil and/or gas sold under this Marketing Agreement shall be accepted by the Interest Owners as the market price for oil and/or gas during the entire term of this Marketing Agreement.
- M4. The oil, gas and mineral lease or leases covering the above described land, together with any designations declarations or agreements creating a unit or units including all or part of the above described land, under which the oil and/or gas covered hereby is produced, are hereby ratified and approved and such ratification and approval shall be valid and effective notwithstanding any subsequent termination of this Marketing Agreement. The Interest Owners agree that no act or omission to act by SEC (including but not limited to the retention of funds hereunder), in compliance with or pursuant to this Marketing Agreement or any law or rule or requirement of or condition imposed by any Federal or State Agency having or asserting jurisdiction, shall be deemed to be or to result in a breach, forfeiture or termination of any such lease, designation, declaration, agreement or contract. The oil and gas proceeds derived from the sale of production from any well producing oil, gas or related hydrocarbons pursuant to this marketing agreement shall be paid to all persons legally entitled to such payments commencing no later than six months after the first day of the month following the date of first sale, or until such time as payor is furnished proof of marketable title in the affected party claiming entitlement to payment. All payments due after the initiation of the first payment shall be made not later than 45 days after the end of the calendar month within which payment is received by payor for production.
- M5. Each of the Interest Owners agrees to indemnify and hold SEC and any other purchaser of the oil and/or gas and any carrier designated by SEC or any other purchaser receiving the oil and/or gas and each of them harmless against all and every loss, damage, charge or expense of any kind whatsoever, which they or either of them may suffer or incur by or on account of receiving or purchasing or transporting the oil and/or gas or by reason of any and all claims of any character as to the oil and/or gas adverse to the Interest Owners.

EXECUTION OF DIVISION ORDER/MARKETING AGREEMENT

This Division Order and Marketing Agreement may be terminated by SEC or by any one or more of the Interest Owners (as to his, her or its interest) as to any future sales or deliveries of oil and/or gas from said lease provided that no such termination shall affect any rights given SEC or any of the Interest Owners under the terms hereof as to sales or deliveries of oil and/or gas theretofore made, or as to sums theretofore paid hereunder, and provided further, that no such termination by any of the Interest Owners shall be effective as to SEC until 7:00AM the first day of the next succeeding calendar month following 30 days after written notice thereof has been received by SEC at the above address. Consent is hereby given to SEC and/or any pipeline company which SEC may cause to connect with said well, to disconnect and remove such pipelines in case of termination by either SEC or Interest Owners of purchase under this Division Order and Marketing Agreement.

Under penalties of perjury, I certify (1) that the number shown below is my correct taxpayer identification number, and (2) that I am not subject to backup withholding.

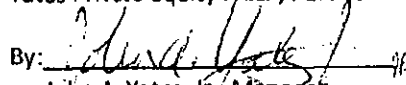
Witness or Attest:


JIM BALL

This Division Order may be terminated by you or by any one or more of the undersigned (as his, her, or its interest) as to any future sale or deliveries of oil and/or gas from said lease effective 30 days after written notice thereof has been received by you at the above address.

Yates Brothers, a Partnership

By: Yates Private Equity II, LLP, Partner

By: 
John A. Yates, Jr., Manager
Tax I.D. #: 85-0119859

Address: P.O. BOX 1394

City: ARTESIA State NM Zip 88211

Phone #: (575) 736-8572

FAX #: (575) 736-8577

Email Address:

ATTN: JIM BALL, LANDMAN

Name, Address & Telephone No. of business associate or nearest relative not living with you: