

DESIGNATION OF PRODUCTIVE ACREAGE AND PARTIAL RELEASE OF CONTRACT FOR DEVELOPMENT 118627

STATE OF TEXAS §
 §
COUNTY OF WINKLER §

THIS DESIGNATION OF PRODUCTIVE ACREAGE AND PARTIAL RELEASE OF CONTRACT FOR DEVELOPMENT 118627 ("**Designation & Release**") is executed by the undersigned on the date(s) of acknowledgement below.

RECITALS:

The Commissioner of the General Land Office of the State of Texas, on behalf of the Board for Lease of University Lands (the "**Board**") through University Lands, the Board's authorized designee (with the Board, the State, and University Lands referred to collectively as "**University Lands**" or "**Lessor**") and **Felix Energy** (hereinafter, "**Lessee**") entered into University Lands *Contract for Development 118627*, dated effective **May 1, 2017** (the "**CfD**"), as amended, covering all depths of the following tract of land:

Part/Section	Block	Grantee	Acres	County
W/2 of Section 47	21	State of Texas	320.350	Winkler

A fully executed original copy of that certain *Contract for Development 118627* is recorded in the Records of Winkler County, Texas at document #**C22163** (the "**Originally Recorded CfD**").

The Originally Recorded CfD was amended by that certain *Amendment to Contract for Development 118627* recorded in the Records of Winkler County, Texas at document #**C25374**.

Title to Leasehold

Effective November 1, 2021, by that certain *ASSIGNMENT, BILL OF SALE AND CONVEYANCE* recorded in the Records of Winkler County, TX at document #C37340, a successor to the interest of the Lessee assigned all rights, titles, and interests granted by the CfD to **BAFII Permian, LLC** ("**Releasor**"), with an address at 1320 S UNIVERSITY DRIVE, SUITE 400 FORT WORTH, TX 76107. As of the date of execution of this Designation and Release, Releasor is the owner of all rights, titles, and interests granted by the CfD.

Effective April 1, 2021, a successor to the interest of the Lessee transferred the right to operate the only Lease Well (as hereinafter defined) producing from the lands covered by the CfD to **BASIN OIL & GAS OPERATING, LLC** (the "**Designated Operator**").

C40971 Total Pages: 6
Filed 09/06/2023 08:32:53 AM By: tlujan
Receipt No. 23-43720 Amt: \$46.00
Pam Greene - Winkler County, TX County Clerk



Designation of Productive Acreage and Partial Release

- A. Execution of this Designation & Release by a duly authorized representative of Releasor shall serve as confirmation by Releasor that, on the date of execution indicated below, Releasor hereby represents and confirms the following:
1. The Designated Operator has a contractual right granted by the Releasor to be the Operator of record of each oil and/or gas well described below (a "**Lease Well**"):
 - UL 21 WAR-WINK 47 #2H - API #42-495-34084; and
 2. In addition to the Lease Well, no additional oil and/or gas well produces hydrocarbons from the Leased Premises; and
 3. As required by section "8. (a)" of the CfD, Lessee and/or its successors, including Releasor, did not "exercise the diligence of a reasonably prudent operator in drilling such additional well or wells as may be reasonably necessary to fully develop the Premises; and
 4. As required by Section "8. (b)" of the CfD, prior to the execution of this Designation & Release, wells have not been drilled on the Premises to a density that has been "agreed upon and approved by Lessor"; and
 5. As stated in Section "8. (c)" of the CfD, the acreage retained under the terms of the CfD as to each producing well shall, "as nearly as practical, be in the form of a square with the well located in the center thereof, or such other shape as may be approved by the Lessor."; and
 6. Section "19. (h)" of the CfD, defines "Productive Acreage" as, "the minimum acreage required for a well for production purposes pursuant to the applicable rules and regulations of the Railroad Commission and as agreed upon and approved by Lessor."; and
 7. Section "19. (i)" of the CfD, defines "Unproductive Depths" as, "all depths below 300' below the deepest depth drilled by Lessee on the Premises."; and
 8. Due to non-compliance with the requirement of full development described in sections "8. (a)" and "8. (b)" of the CfD, consistent with the terms and conditions therein and Texas Law, the CfD partially terminated under its own terms, effective September 1, 2020 ("**Partial Termination Date**"), as to the entirety of the Leased Premises, LESS AND EXCEPT lands and depths included in the description of Productive Acreage assigned to an oil or gas well then producing in Paying Quantities located on the Leased Premises.
 9. Upon the Partial Termination Date, the CfD requires Releasor to designate "Productive Acreage", and to release: i) Non-Productive Depths under Productive Acreage; and (ii) all depths of lands not designated as Productive Acreage.

B. Releasor, as the owner of all rights, titles, and interests granted by the CfD, desires to comply with the terms and conditions of the CfD, and therefore, to:

1. Designate "Productive Acreage", as to the specific lands and depths more particularly described on the attached Exhibit "A", for each correspondingly described Lease Well, in accordance with the provisions of the CfD.
2. Release all rights, titles, and interests in the CfD, LESS AND EXCEPT:
 - A. Productive Acreage, and
 - B. Those depths underlying Productive Acreage which are NOT included in the definition of Unproductive Depths.

Specifically released, relinquished, and surrendered to Lessor, upon the Partial Termination Date, are those lands and depths more particularly described on the attached Exhibit "B"; and

WITNESSETH:

NOW, THEREFORE, in consideration of the foregoing, and in accordance with the provisions of the CfD and *Texas Education Code* Section 66.76, Releasor, as successor to all rights, titles and interests granted to Lessee by the CfD, does hereby:

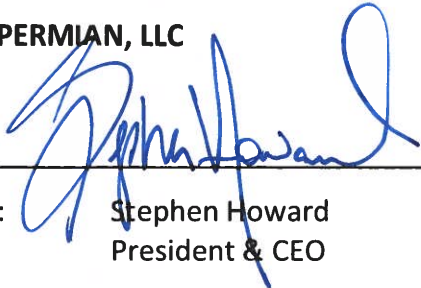
1. Designate "Productive Acreage", as to the specific lands and depths more particularly described on the attached Exhibit "A", for each correspondingly described Lease Well, in accordance with the provisions of the CfD.
2. RELEASE, RELINQUISH and SURRENDER to Lessor, its heirs, representatives, successors and assigns all rights, titles, and interests of Releasor in and to the CfD, INsofar AND ONLY INsofar, as said CfD covers those lands and depths to be released upon the Partial Termination Date, said lands and depths are more particularly described on the attached Exhibit "B".

Subject to and in accordance with the terms and provisions of the CfD, Releasor expressly reserves and retains, unto itself, all rights under the CfD insofar as the CfD covers and affects any oil and gas leasehold rights NOT released hereby.

[THE REMAINDER OF THIS PAGE IS BLANK INTENTIONALLY, SIGNATURE PAGE(S) TO FOLLOW]

IN WITNESS WHEREOF, this instrument is executed by the undersigned on the date of acknowledgement below.

BAFII PERMIAN, LLC

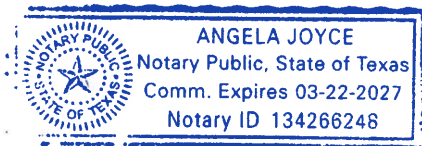


ds

Name: Stephen Howard
Title: President & CEO

STATE OF TEXAS §
§
COUNTY OF TARRANT §

This instrument was acknowledged before me on the 17th day of May, 2023 by Stephen Howard, as President & CEO of BAFII Permian, LLC, a state of Delaware limited liability company, on behalf of said company.





NOTARY PUBLIC

EXHIBIT "A"

Attached to and made a part of that certain *DESIGNATION OF PRODUCTIVE ACREAGE AND PARTIAL RELEASE OF OIL AND GAS CONTRACT FOR DEVELOPMENT 118627*

The Productive Acreage described below is NOT released, relinquished and/or surrendered by this Designation & Release, and is subject to the terms and conditions of the CfD.

UL Agreement #:	118627
UL Agreement Title:	<i>Contract for Development 118627 *</i>
Agreement Date:	5/1/2017
Recording Information:	
State:	TX
County:	Winkler
Document #:	C22163
Description of Production Acreage: UL 21 WAR-WINK 47 #2H (API #42-495-34084)	
State:	TX
County:	Winkler
Acres:	76.333 acres
Block:	21
Section:	47
Legal Description:	S2N2NWNWNW; S2NWNWNW; SWNWNW; W2SWNW; W2NWSW; NWSWSW; N2SWSWSW; N2S2SWSWSW; N2S2S2SWSWSW;
Depth(s):	From: 0' To: 300' below the stratigraphic equivalent of 11,540' TVD, as identified in the UL 21 WAR-WINK 47 #2H (API #42-495-34084).

* As amended by that certain *Amendment to Contract For Development 118627*, as described herein above.

END OF EXHIBIT "A"

EXHIBIT "B"

Attached to and made a part of that certain *DESIGNATION OF PRODUCTIVE ACREAGE AND PARTIAL RELEASE OF OIL AND GAS CONTRACT FOR DEVELOPMENT 118627*

Relesor does hereby RELEASE, RELINQUISH and SURRENDER to Lessor, its heirs, representatives, successors and assigns all rights, titles, and interests of Relesor in and to the CfD, INsofar AND ONLY INsofar, as said CfD covers those lands and depths to be released upon the **Partial Termination Date**, described follows:

UL Agreement #:	118627
UL Agreement Title:	<i>Contract for Development 118627 *</i>
Agreement Date:	5/1/2017
Recording Information:	
State:	TX
County:	Winkler
Document #:	C22163
Description of Tract "B-1":	
State:	TX
County:	Winkler
Acres:	76.333 acres
Block:	21
Section:	47
Legal Description:	S2N2NWNWNW; S2NWNWNW; SWNWNW; W2SWNW; W2NWSW; NWSWSW; N2SWSWSW; N2S2SWSWSW; N2S2S2SWSWSW;
Depth(s):	All Depths below 300' below the stratigraphic equivalent of 11,540' TVD, as identified in the UL 21 WAR-WINK 47 #2H (API #42-495-34084).
Description of Tract "B-2":	
State:	TX
County:	Winkler
Acres:	244.017 acres
Block:	21
Section:	47
Legal Description:	N2N2NWNWNW; S2S2S2SWSWSW; E2W2W2; E2W2;
Depth(s):	All depths.

* As amended by that certain *Amendment to Contract For Development 118627*, as described herein above.

END OF EXHIBIT "B"