



## Office of the Secretary of State

### CERTIFICATE OF FILING OF

HK Energy Operating, LLC  
800387104

[formerly: Southern Bay Operating, L.L.C.]

The undersigned, as Secretary of State of Texas, hereby certifies that a Restated Certificate of Formation for the above named domestic limited liability company (llc) has been received in this office and has been found to conform to the applicable provisions of law.

ACCORDINGLY, the undersigned, as Secretary of State, and by virtue of the authority vested in the secretary by law, hereby issues this certificate evidencing filing effective on the date shown below.

Dated: 04/15/2013

Effective: 04/15/2013

Certificate of Formation being used as proof of Ownership Change (P-4 could not be located). Effective date per RRC was 7/1/2013 rather than the 4/1/13 of this document due to unresolved H-5 issue (see attached).



A handwritten signature in black ink, appearing to read "John Steen".

John Steen  
Secretary of State

APR 15 2013

Corporations Section

**AMENDED AND RESTATED  
CERTIFICATE OF FORMATION  
OF  
SOUTHERN BAY OPERATING, L.L.C.**

Southern Bay Operating, L.L.C., a Texas limited liability company (the "*Company*"), pursuant to the provisions of Section 3.059 of the Texas Business Organizations Code (as amended, the "*TBOC*"), hereby adopts this Amended and Restated Certificate of Formation which accurately copies and makes new amendments to the Certificate of Formation of the Company (the "*Certificate of Formation*") and all amendments thereto that are in effect to date and as further amended by such Amended and Restated Certificate of Formation.

**ARTICLE ONE  
DELETED ARTICLES**

Article IX through Article XII, inclusive, of the Company's Certificate of Formation are deleted in their entirety.

**ARTICLE TWO  
AMENDED AND RESTATED ARTICLES**

Article I through Article VIII, inclusive, to the Certificate of Formation are hereby amended and restated in their entirety. The full text of amended and restated Article I through Article VIII, inclusive, is contained in the Amended and Restated Certificate of Formation attached hereto as Exhibit A.

**ARTICLE THREE  
STATEMENT OF APPROVAL**

Each new amendment has been made in accordance with the provisions of the TBOC. The amendments to the Certificate of Formation and the Amended and Restated Certificate of Formation have been approved in the manner required by the TBOC and by the governing documents of the Company.

**ARTICLE FOUR  
REQUIRED STATEMENTS**

The Amended and Restated Certificate of Formation, which is attached hereto as Exhibit A, accurately states the text of the Certificate of Formation being restated and each amendment to the Certificate of Formation being restated that is in effect, and as further amended by the Amended and Restated Certificate of Formation. The attached Amended and Restated Certificate of Formation does not contain any other change in the Certificate of Formation being restated except for the information permitted to be omitted by the provisions of the TBOC applicable to the Company.

**ARTICLE FIVE  
EFFECTIVENESS OF FILING**

This document becomes effective when filed by the Secretary of State of the State of Texas.

*[Signature page follows]*

**AMENDED AND RESTATED  
CERTIFICATE OF FORMATION  
OF  
SOUTHERN BAY OPERATING, L.L.C.**

**ARTICLE I  
NAME**

The name of the company is HK Energy Operating, LLC (the “*Company*”).

**ARTICLE II  
ENTITY**

The filing entity being formed is a limited liability company.

**ARTICLE III  
PURPOSE**

The purpose for which the Company is organized is for the transaction of any and all lawful business for which companies may be organized under the Texas Business Organizations Code (as amended, the “*TBOC*”).

**ARTICLE IV  
DURATION**

The period of the duration of the Company is perpetual.

**ARTICLE V  
REGISTERED OFFICE AND AGENT**

The Company’s registered agent is Capitol Corporate Services, Inc. and the mailing address of its registered office is 800 Brazos, Suite 400, Austin, Texas 78701.

**ARTICLE VI  
MEMBERS**

The Company shall be managed by its members. The name and address of the sole member of the Company is:

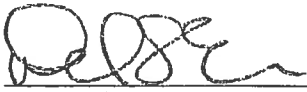
Southern Bay Energy, LLC  
1000 Louisiana Street, Suite 6700  
Houston, Texas 77002

**ARTICLE VII  
LIMITATION OF LIABILITY**

To the greatest extent permitted by applicable law in effect from time to time, no officer, member, former officer, former member, or former manager (each, an “*Indemnified Person*”) shall be liable to the Company or its members for monetary damages for an act or omission in the Indemnified Person’s capacity as an officer, member or manager except to the extent that the Indemnified Person is found to be liable under applicable law for: (i) breach of the Indemnified Person’s duty of loyalty, if any,

IN WITNESS WHEREOF, this Amended and Restated Certificate of Formation has been executed by a duly authorized officer of Southern Bay Operating, L.L.C., on this 15<sup>th</sup> day of April, 2013.

**SOUTHERN BAY OPERATING, L.L.C.**

By:   
Name: David S. Elkouri  
Title: Executive Vice President, General Counsel

to the Company or its members, (ii) an act or omission not committed in good faith or which involves intentional misconduct or a knowing violation of law or (iii) a transaction from which the Indemnified Person received an improper personal benefit. If the applicable law is hereafter amended to authorize the further elimination or limitation of the liability of an officer or manager of a limited liability company, then the liability of an Indemnified Person shall be eliminated or limited to the fullest extent permitted by the applicable law as so amended. No amendment to, or repeal of, this provision will apply to or have any affect on the limited or alleged liability of any Indemnified Person for or with respect to any acts or omissions of the Indemnified Person occurring prior to such amendment or repeal. If the governing authority (as defined in the TBOC) of the Company determines that a guaranty (as such term is defined in Section 2.104(a) of the TBOC) by the Company may be reasonably expected to benefit the Company, the Company (whether acting directly or through a receiver, trustee, or other legal representative, or through a member on behalf of the Company) shall not bring suit for damages against any member, manager or officer who authorized a guaranty on the ground that such guaranty could not reasonably be expected to benefit the Company.

## **ARTICLE VIII INDEMNIFICATION AND INSURANCE**

The Company shall indemnify an Indemnified Person to the same extent that a corporation is permitted to indemnify a governing person, former governing person, or delegate (as such terms are defined by the TBOC), as well as to the same extent that indemnification is required under the TBOC for a governing person, former governing person, or delegate of a corporation. The reasonable expenses incurred by an Indemnified Person in defending a proceeding shall be paid by the Company in advance of the final disposition of such proceeding to the fullest extent permitted under the TBOC. The Company shall pay or reimburse reasonable expenses incurred by an Indemnified Person in connection with such person's appearance as a witness or other participation in a proceeding at a time when such person is not a respondent in the proceeding. Such indemnification shall not be deemed exclusive of any other rights to which such Indemnified Person may be entitled, under any company agreement, other agreement, vote of members or disinterested managers, or otherwise, both as to actions taken in its official capacity and as to actions in another capacity while holding such position or office, and shall inure to the benefit of the heirs, executors and administrators of such person. The Company shall have the power to enter into agreements providing for indemnification by the Company of Indemnified Persons or delegates from and against any and all expenses, liabilities or other matters. The members may purchase, on behalf of the Company, such liability, indemnification and/or other similar insurance as the members, in their sole discretion, shall determine is necessary or appropriate from time to time. No amendment, modification, or repeal of this provision will apply to or adversely affect any right or protection of any Indemnified Person hereunder for or with respect to any acts or omissions of the Indemnified Person occurring prior to such amendment, modification or repeal.



## Office of the Secretary of State

April 16, 2013

Capitol Services Inc  
P O Box 1831  
Austin, TX 78767 USA

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RE: HK Energy Operating, LLC  
File Number: 800387104

It has been our pleasure to file the Restated Certificate of Formation for the referenced entity. Enclosed is the certificate evidencing filing. Payment of the filing fee is acknowledged by this letter.

If we may be of further service at any time, please let us know.

Sincerely,

Corporations Section  
Business & Public Filings Division  
(512) 463-5555

Enclosure

RAILROAD COMMISSION OF TEXAS  
OIL AND GAS DIVISION

BARRY T. SMITHERMAN, CHAIRMAN  
DAVID PORTER, COMMISSIONER  
CHRISTI CRADDICK, COMMISSIONER



GIL BUJANO, P.E.  
DIRECTOR, O&G DIVISION

1701 N. CONGRESS

CAPITOL STATION - P.O. BOX 12967 AUSTIN, TEXAS 78711-2967

SEPTEMBER 14, 2013

LEASE OPERATOR  
HK ENERGY OPERATING, LLC  
1000 LOUISIANA ST STE 6700  
HOUSTON TX 77002

RE: CANCELLATION OF P-4 CERTIFICATE OF COMPLIANCE  
AND SEVERANCE OF PIPELINE OR OTHER CARRIER CONNECTION

-----  
RRC DISTRICT: 08 RRC LEASE NO.: 35243  
FIELD: M.A.K. (SPRABERRY)  
LEASE NAME: M.A.K. (SPRABERRY) UNIT  
COUNTY: ANDREWS

THE REFERENCED LEASE IS CURRENTLY IN VIOLATION OF RAILROAD COMMISSION RULES AND REGULATIONS. THEREFORE, PURSUANT TO THE NOTICE LETTER ISSUED 08/15/2013, THE P-4 CERTIFICATE OF COMPLIANCE IS CANCELED. YOU ARE DIRECTED TO DISCONNECT THE PIPELINE OR OTHER CARRIER CONNECTION. ALL PRODUCTION MUST CEASE IMMEDIATELY. THE CERTIFICATE MAY BE REISSUED UPON CORRECTION OF THE VIOLATIONS LISTED BELOW.

VIOLATION(S): VIOLATION SWR: 46 CONCERNING  
FAILURE TO FILE FORM H5-INJ/DIS  
PRESSURE TEST DUE 06/03/2013 FOR  
WELL # 2903

DIRECT ALL INQUIRIES TO: STEVE SCHMIDT  
PHONE (512)463-6767

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THE COMMISSION MAY NOT ISSUE A NEW CERTIFICATE OF COMPLIANCE UNTIL THE OPERATOR SUBMITS TO THE COMMISSION A NON-REFUNDABLE FEE OF \$750 FOR EACH SEVERANCE OR SEAL ORDER ISSUED. IT IS UNLAWFUL FOR THE OPERATOR TO USE A WELL FOR PRODUCTION, INJECTION, OR DISPOSAL, OR FOR A GATHERER TO TRANSPORT OIL OR GAS FROM THE LEASE UNTIL A NEW CERTIFICATE OF COMPLIANCE HAS BEEN ISSUED. THE COMMISSION MAY IMPOSE AN ADMINISTRATIVE PENALTY OF UP TO \$10,000 FOR EACH VIOLATION OF THIS PROHIBITION.

\*\*\* RETURN PAYMENT WITH THIS LETTER, ATTN: CENTRAL FEE RECEIPTS \*\*\*

\*\*\* MAKE CHECKS PAYABLE TO RAILROAD COMMISSION OF TEXAS \*\*\*

## RAILROAD COMMISSION OF TEXAS

Oil and Gas Division

Disposal/Injection Well  
Pressure Test Report

Form H-5

06/03/85

READ INSTRUCTIONS ON BACK

PLEASE TYPE OR PRINT

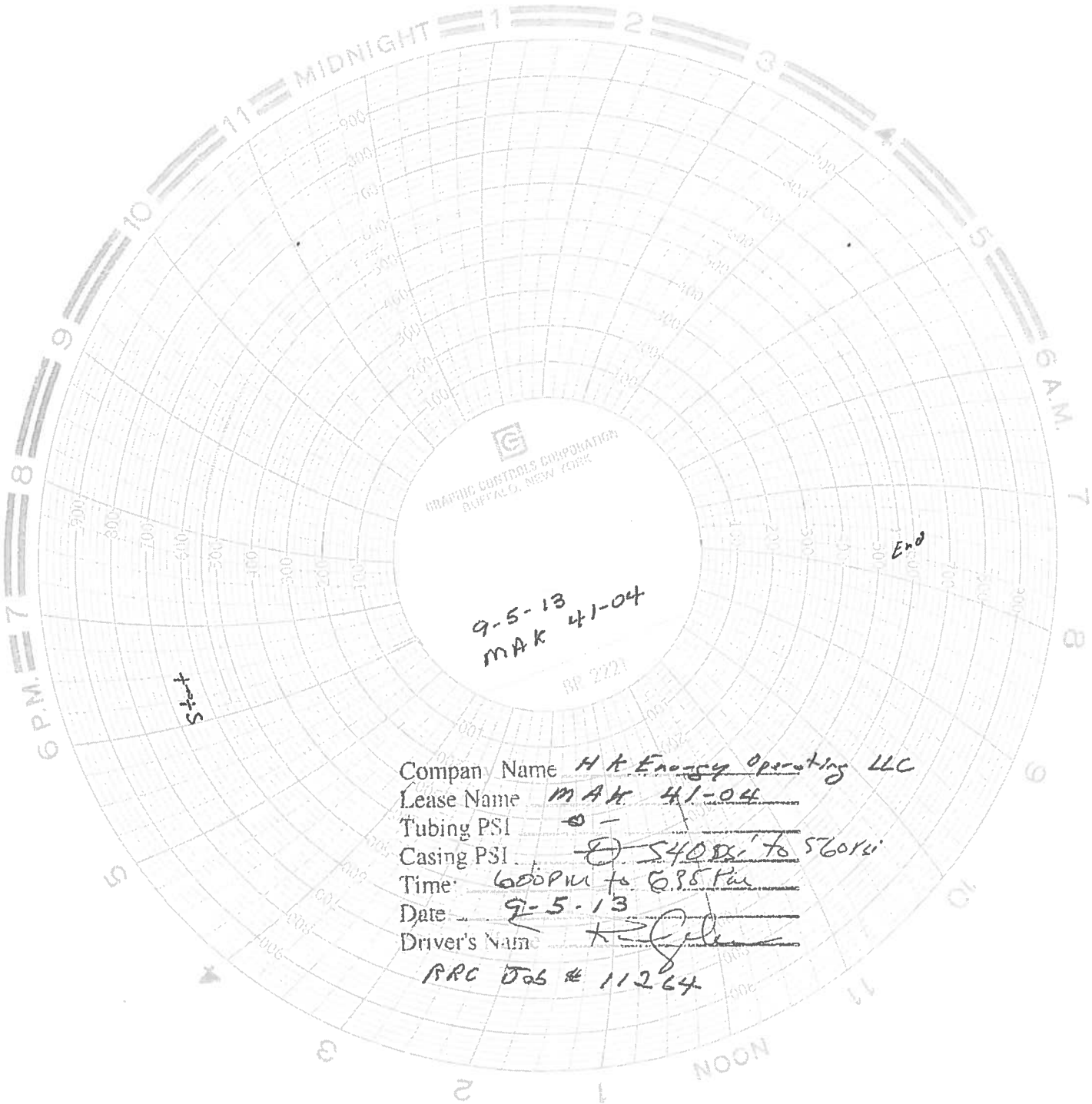
UIC CONTROL NO.

Type

FOR RRC USE ONLY

1. OPERATOR'S NAME <b>HK Energy Operating, LLC</b>				2. RRC OPERATOR NO. <b>341367</b>			
3. ADDRESS <b>1000 Louisiana St, Ste 6700 Houston Tx 79002</b>				4. RRC DISTRICT NO. <b>8</b>			
6. FIELD NAME (Exactly as shown on proration schedule) <b>M.A.K. (Spraberry)</b>				7. FIELD NO. <b>56082500</b>		8. API NO. <b>317-32355</b>	
9. LEASE NAME <b>MAK Spraberry unit</b>				10a. OIL LEASE NO. <b>35243</b>		10b. GAS ID NO. <b>---</b>	
11. WELL NO. <b>41-04</b>							
12. REASON FOR TEST  <input type="checkbox"/> Initial Test Prior to Injection <input type="checkbox"/> After Workover <input type="checkbox"/> Annual Test Required By Permit <input checked="" type="checkbox"/> Five-Year Test Required By Rule <input type="checkbox"/> Other (Specify) _____				13. DATE OF TEST <b>9-5-13</b>		14. RETEST? <input type="checkbox"/> YES <input type="checkbox"/> NO If YES, see Instruction No. 5	
				15. WELL COMPLETION			
				size		depth set	
				<b>13 5/8</b>		<b>360</b>	
				Surface Casing		<b>5 1/2</b>	
				Long String Casing		<b>9923</b>	
				Tubing		<b>2 3/8</b>	
16a. PACKER MAKE AND MODEL <b>Baker Loc Set</b>				16b. DEPTH SET <b>8341</b>			
17. AUTHORIZED INJECTION PRESSURE (PSIG): _____							
18a. PERMITTED INJECTION INTERVAL Top <b>8472'</b> Bottom <b>8530'</b>				18b. COMPLETED INJECTION INTERVAL Top <b>8474</b> Bottom <b>8512</b>			
19. TEST PRESSURE (PSIG) [see Instructions 4(e) and 4(f)]							
TIME	TUBING	CASING	SURFACE CSG.	TIME	TUBING	CASING	SURFACE CSG.
Initial	<b>540</b>	<b>0</b>	<b>0</b>				
15 min.	<b>550</b>	<b>0</b>	<b>0</b>				
30 min.	<b>560</b>	<b>0</b>	<b>0</b>				
20. CHARACTERISTICS OF INJECTION FLUID [see Instruction 4(e)] <b>Produced</b>				21. CHARACTERISTICS OF ANNULUS FLUID [see Instructions 4 (e) and 4(f)] <b>Packer Fluid</b>			
22. TEST WITNESSED BY RRC? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO If NO, see Instruction 4(a) If YES, Name of RRC Representative _____				23. WERE OTHER TESTS/SURVEYS PERFORMED AT THIS TIME? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO. If YES, List: _____			
24. OPERATOR COMMENTS ON TEST (attach separate sheet if necessary) <b>Evening heat caused press to increase slightly</b>							
25. WELL STATUS: <input checked="" type="checkbox"/> Active <input type="checkbox"/> Temporarily Abandoned <input type="checkbox"/> Other (Specify) _____							
CERTIFICATE. I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated herein are true, correct, and complete, to the best of my knowledge.							
Signature <b>Freg McWilliam</b> Name of Person (type or print)				Foreman <b>5</b> Title			
Telephone No. <b>(806) 445 1728</b>				Date <b>9-8-13</b>			





Company Name H K Energy Operating LLC  
Lease Name MAK 41-04  
Tubing PSI 0 -  
Casing PSI 0 5400 psi to 5600 psi  
Time 6:00 PM to 6:35 PM  
Date 9-5-13  
Driver's Name K. C. [Signature]  
PRC Dab # 11264