

**UNIVERSITY LANDS OIL & GAS LEASES
REQUIRED OPERATING, REPORTING & COMPLIANCE PROCEDURES**

(Updated September 20, 2016)

Operating, reporting and compliance procedures have been adopted and are the basic procedures to be followed by lessees and/or operators on University Lands.

SUBMIT INFORMATION TO:

Postal Mail: University Lands
P. O. Box 553
Midland, Texas 79702
Business: (432) 684-4404

Emails: Drillingreport@utsystem.edu (Drilling & completion information only)
OGRegulatory@utsystem.edu (Regulatory forms)
WellLogs@utsystem.edu (Digital logs)
DOI@utsystem.edu (Division of Interest)

A. Notice of Move-Ins

Operator shall submit a notice of move-in prior to the commencing of any move-in, drilling or reentry activity. Such notices must include the location of the well, the lease name, well number and the address and phone number of the operator. (A copy of the Railroad Commission Form W-1, accompanied by a plat of the well site and lease premises, will satisfy this requirement.)

B. Copies of Railroad Commission Forms and Documents

Operator shall submit copies of all forms and documents, including all corrected reports, pertaining to a University lease and filed with the Railroad Commission of Texas. These copies shall be simultaneously transmitted to University Lands when filed with the Railroad Commission of Texas. This required reporting category also includes all information submitted for Railroad Commission of Texas hearings and all corrected reports.

C. Copies of Drilling Records

Operator shall submit reports or copies of all daily drilling or activity reports, records, memoranda, accounts, core analysis, drill stem tests, mud or sample logs, deviation surveys or other information relative to the drilling and completion operations conducted on the leased premises.

Drilling or activity reports are to be transmitted on a daily basis from the date of move-in on a location through the date of completion. Samples of all cuttings or cores are to be submitted upon request.

D. Copies of Logs

Operator shall submit a digital copy of all electric, radioactive or other borehole surveys no later than fifteen (15) days after reaching the total depth for the well. Logs should be submitted in TIFF or PDF and LAS formats to WellLogs@utsystem.edu. Contact the Midland office for additional means of digital log submission.

Failure to furnish University Lands with all logs required by the applicable lease form shall result in the lessee, at lessor's option, to reenter the well and run the required log or logs, or, require the lessee to pay to lessor the sum of \$15,000 (or the amount so prescribed in the applicable lease form).

E. Division of Interest

Operator shall submit the Division of Interest on University wells prior to the submission of the first production report. Contact information for all Working Interest Owners is required; which at minimum will include the entity's legal name, physical address and phone number. A contact name should be included, if known. If operator will be remitting royalties on less than 100% of the production, notification must be made to University Lands prior to first sales and shall include contact information, as stated previously, for the parties that will be remitting, as well as the percentage of gross production each party will remit. Throughout the life of the well, the operator shall immediately notify University Lands of any change in the Division of Interest or the percentages being reported by each party. This information shall be submitted by email to DOI@utsystem.edu or by mail to the address listed on page 1.

F. Notice of Changes in Well Status

Operator shall submit a written notice when the status of a well changes, whether or not such a notice is filed with the Railroad Commission of Texas.

If a well ceases producing, or is placed on production after being shut-in, the exact nature and date of such change shall be submitted within five (5) days of such change.

G. Workover Reports

Operator shall submit a written weekly report of any workover operation conducted on any well.

Leases issued before November 29, 1955, do not contain a workover clause, and it is suggested that all applicable lessees apply for a 60-day workover amendment; otherwise, these leases will terminate after 30 days of no production even though a workover is in progress and is being reported to the University.

H. Other Production Related Reports

For additional information concerning operations on University Lands (Commingling, LACT Systems, miscellaneous operations, field inspections and measurement of production), please review Chapters 4, 5, and 6 of the Board for Lease of University Lands Rules. The Rules are located on the following website:

www.utlands.utsystem.edu/

Reporting Requirements

Board for Lease Rules

I. Request for Permission to Abandon a Producing Lease

Operator shall notify University Lands prior to abandonment of a lease.

Operator shall file with the University Lands final appropriate affidavits of production showing proper disposition of all closing stock, any required supporting documents and shall make payment in full of all sums owed under said lease.

Upon consideration of the operator's compliance with all other University regulations, the operator will be given permission for abandonment of a lease.

II. Drilling Operations

All operators must contact the designated field representative, at least (3) three days in advance of a move-in to expedite and coordinate the move-in with the surface lessee.

Information for rates and damages fees may be obtained in the Rate and Damage Schedule.

UNIVERSITY LANDS CONTACT LIST (page 4) provides the Oil and Gas personnel's telephone numbers and the Oilfield Representative's area and telephone numbers.

III. Production

Operator shall submit all information and production reports (UT forms) to University Lands.

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CONTACT LIST

Oil And Gas:

Land Manager..... James Holtzclaw..... JHoltzclaw@utsystem.edu 432/686-4753
Landman..... Buck Underwood..... BUnderwood@utsystem.edu 432/686-4775
Assignments Lisa Belue LBelue@utsystem.edu 432/686-5479

Regulatory:

Regulatory Manager Cindy Brooks..... CBrooks@utsystem.edu 432/686-4728
Regulatory Michelle Chappell..... MChappell@utsystem.edu 432/686-4727
Drilling, Logs Julie Shirley..... JShirley@utsystem.edu 432/686-4711

Accounting:

Assoc. Director, Accounting..... Leslie Smith LSmith@utsystem.edu 432/686-4722
Assoc. Director, Accounting..... Cindy Brooks CBrooks@utsystem.edu 432/686-4728

Surface:

Manager, Surface Interests Joe Petersen..... Joe.Petersen@utsystem.edu 432/686-5475
Right of Way Manager Jim Buice JBuice@utsystem.edu 432/686-4778
Easements & Surface Leases Cindy Gomez CGomez@utsystem.edu 432/686-4715
Environmental, SWD, Water Daniel Bryant DBryant@utsystem.edu 432/686-5470

Oilfield Representatives:

Lazaro Acosta — LAcosta@utsystem.edu

Cellular Telephone:..... **432/557-6752** Office Telephone: 432/336-9659
Counties: Crane (Blks 30 & 31), Pecos

Nick Alejandro --- NAlejandro@utsystem.edu

Cellular Telephone: **830/889-4335** Office Telephone: 432/686-4752
Counties: Crane, Pecos, Terrell

Drew McEachern — DMcEachern@utsystem.edu

Cellular Telephone:..... **432/634-4108** Office Telephone: 432/686-5474
Counties: Andrews, Dawson, Gaines, Martin

Brazos Peacock — BPeacock@utsystem.edu

Cellular Telephone:..... **432/940-4392** Office Telephone: 432/686-5479
Counties: Crockett (Blks 5-7, 12-14), Reagan (Blks 1-2, 6-12, 58); Upton

Michael Taylor — MiTaylor@utsystem.edu

Cellular Telephone:..... **432/940-4945**
Counties: Ector (Block 35), Hudspeth, Culberson, Loving, Ward, Winkler

Jeff White — Jeff.White@utsystem.edu

Cellular Telephone:..... **432/556-2564** Office Telephone: 432/686-4751
Counties: Crockett (Blks 29-33, 38-52, 55-56), Irion, Reagan (Blks 43, 48-49), Schleicher