Board for Lease of University Lands

Oil and Gas Lease Amendment – University Lands

This OIL AND GAS LEASE AMENDMENT – UNIVERSITY LANDS (this "Amendment") is made effective as of October 30, 20 06.

A. Oil and Gas Lease No. 21622 (the "lease") was issued on June 25, , 19 37, and covers the following tract of land, to wit: NW/4 of Section 13, Block 11, University Lands, 168.075 acres, Andrews County, Texas (the "leased premises").

B. Section 66.70, *Texas Education Code*, provides for the amendment of an oil and gas lease to include certain provisions on submission of an application by all lessees under the lease in the form required by the board and payment of any applicable fee set by the board.

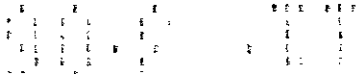
C. BP America Production Company (whether one or more, "Lessee") is the current owner and holder of all of the rights of lessee under the lease and all documents evidencing Lessee's rights in and to the lease have been filed in the county or counties in which the leased premises are located and in the records of the Board of Regents of The University of Texas System. Ownership interests of Lessee are shown in the attached **Exhibit "A."**

D. Lessee has submitted an application for amendment of the lease in the required form and paid the applicable fee.

NOW THEREFORE, in accordance with the provisions of the *Texas Education Code*, the lease is hereby amended so that it shall hereafter include the following provisions:

1. CESSATION OF PRODUCTION: In the event production of oil or gas from the leased premises, once obtained, shall cease for any cause within sixty (60) days before the expiration of the primary term of this lease or at any time or times thereafter, this lease shall not terminate (i) if lessee commences additional drilling or reworking operations within sixty (60) days thereafter, and the lease shall remain in full force and effect so long as operations continue in good faith and in workmanlike manner, without interruptions, totaling more than sixty (60) days during any one such operation; and if such drilling or reworking operations result in the production of oil or gas, the lease shall remain in full force and effect so long as oil or gas is produced therefrom in paying quantities or payment of shut-in gas well royalty or compensatory royalties is made as provided in this lease or by law; or (ii) if production in paying quantities is restored within sixty (60) days after such cessation.

2. SHUT-IN ROYALTIES: If at the expiration of the primary term or at any time thereafter there is located on the premises a well or wells capable of producing oil or gas in paying quantities and such oil or gas is not produced for lack of suitable production facilities or a suitable market and such conditions are outside the reasonable control of Lessee, and this lease is not being otherwise maintained in force and effect, then this lease will not terminate and shall be extended for a period of one year if Lessee timely submits a certification in form approved by the board of regents and pays a shut-in royalty in the amount specified in the rules of the board at the time the shut-in payment is made. Lessee must remit the shut-in royalty payment, together with the required certification, while this lease is otherwise maintained in force and effect. Payment of shut-in royalty after the expiration or other termination of this lease will not revive or extend this lease. Lessee may extend the lease for four additional and successive periods of one-year each by the payment of a like sum of money each year on or before the expiration of the extended term.



3. IN-KIND ROYALTIES: Lessee shall pay oil or gas royalty, or both, in kind at the option of lessor. Lessor may exercise its option to take oil or gas royalty in kind, or if royalty is taken in kind lessor may elect to take cash royalties, at any time or from time to time on not less than sixty (60) days' notice to lessee. If lessor elects to take lessor's royalty production in kind, lessor may elect to have lessor's royalty production delivered in kind at the wellhead, at the oil and gas separator, into a pipeline connected at the well, at the location lessee sells its production, or at another location mutually acceptable to lessor and lessee. Lessee shall bear all costs to the point of delivery."

4. By making application for this Amendment and payment of the required fee, Lessee agreed to be bound by the terms, conditions, and provisions of the lease, as modified hereby.

5. The lease is modified only as expressly set out in this Amendment.

BOARD FOR LEASE OF UNIVERSITY LANDS

By: _____
Commissioner of the General Land Office and Chairman of the Board for Lease of University Lands

Date: 11/7/06

[RECORDABLE UNDER SECTION 12.006 OF THE TEXAS PROPERTY CODE]

Exhibit "A"

to Oil and Gas Lease Amendment – University Lands Lease **#21622**

WI Owner(s)	Percent Interest Owned	Depth Limitations	Date of Document Creating the Interest
BP America Production Company	100.000000%	None	06/25/37

Board for Lease of University Lands

Application for Oil and Gas Lease Amendment – University Lands

TO: University Lands Accounting Office
P. O. Box 579
Austin, Texas 78767

Section 66.70, *Texas Education Code* provides for the amendment of Oil and Gas Lease covering University Lands to include certain provisions in the form adopted by the board at the time the lease is amended. The undersigned hereby applies for an amendment of Oil and Gas Lease No. 21622 (the "Lease") dated July 7, 1937, covering Tract No. 77 (Part) of Section 13, Block 11, University Lands, 168.1 acres, Andrews, County, Texas.

Enclosed is the fee of $_____-waived-_____.

(Effective May 20, 2004, for a limited time, the Board for Lease of University Lands voted to allow amendments without the payment of the usual fee. Contact Georgia Pruitt at (432) 688-0446 or via email at gpruitt@utsystem.edu to determine if the application should contain the $500.00 fee).

This Application must be signed by a representative of each and every person or entity with a working interest in the Lease (collectively, "Lessee"). Lessee represents and certifies that all documents evidencing all rights in and to the Lease have been filed in the county or counties in which the leased premises are located and in the records of the Board of Regents of The University of Texas System. Ownership interests of Lessee are shown in the attached **Exhibit "A."**

BP America Production Company
Owner(s) of Lease or Authorized Representative(s)

By: E M Sierra TCW

Print name: E. M. Sierra

Print title: Attorney-in-Fact

Address: 501 Westlake Park Blvd
Houston, TX 77079

Date: October 23, 2006

(Note: An application must be submitted for each lease to be amended. Add a page if necessary for additional owners' signatures.)

Exhibit "A"

to Application for Oil and Gas Lease Amendment – University Lands Lease **#21622**

WI Owner(s)	Percent Interest Owned	Depth Limitations	Date of Document Creating the Interest
BP America Production Company	100.000000%	None	06/25/37

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that

BP AMERICA PRODUCTION COMPANY (the "Company"), a corporation organized and existing under the laws of the State of Delaware, United States of America, hereby makes, constitutes, and appoints:

Orlando A. Alvarez	Todd R. Hansen	Jeanine Haller Piskurich
Lawrence E. Archibald	T. W. Harrington	D. I. Rainey
Murray Auchincloss	M. Renard Hayden	M. S. Reddin
L. Autenreith	A. Keith Hayles	Dan R. Replogle
Michael E. Barnes	Marta Henderson	Jerry R. Rhoads
J. D. Baudoin	Jeff Hohle	Steven F. Roach
T. K. Baumgart	Jeffrey R. Holtz	David C. Robertson
Melanie B. Bell	Andrew P. Hopwood	Cynthia P. Rogan
Thomas M. Blewitt	Kemper Howe	Michael J. Rosepiler
Mark R. Bly	William M. Janssen	Johanna M. Sharp
Charles Bondy	Jeanne M. Johns	E. M. Sierra
J. M. Braun	John M. Kaffenes	G. S. Sills
W. M. Burden	A. L. Keller	C. D. Simpson
Robert J. Button	M. J. Klingseisen	Chris M. Stelly
David Campbell	Edward J. Koval	David J. Sterling
G. L. Carpenter	Kenneth W. Lang	John Stombaugh
Bryant L. Chapman	M. J. Lattal	Jeffrey L. Tanner
Jeffrey S. Childs	Michael J. Leary	Jason K. Tate
Yvonne F. Clay	K.J. Madliger	James A. Taylor
Kent R. Davis	Lawrence K. Malnor	H. Thierens
Pete A. Edlund	Robert McComb	Simon P. Todd
David G. P. Eyton	P. J. McGannon	Robert S. Tucker
Barbara Fagan	Don G. Moe	C. Verchere
B. Frank	Edgar Molina	O. Kirk Wardlaw
Thalia R. Gelbs	Richard Morrison	Stephen L. Williams
Stacey J. Garvin	D. R. Mottashed	Shirley Jo Dickens-Wilson
T. B. Gray	Jacqueline C. Mutschler	Patricia D. Wright
P. Goldflam	Andy H. Netemeyer	Barbara Yilmaz
M. Golborne	M. O'Sullivan	M. Zanghi
Michael L. Hagood	David G. Peterson	P. A. Zwart

or any of them, its true and lawful attorneys, for it and in its name and behalf and for the sole and exclusive benefit of Company to execute and deliver any and all of the following instruments requiring execution and delivery in the name of the Company:

1. oil, gas and mineral leases and assignments of same and all applications and offers therefor or any interest therein;

2. all statements of interest and holdings and any other necessary statements which are or may be required by the federal leasing statutes and regulations of the United States of America in respect thereof;
3. contracts for and pertaining to the development or operation of oil, gas and mineral lands and leases or of any interest therein;
4. contracts of and for the sale and purchase of real and personal property;
5. contracts for and pertaining to the sale, purchase, processing, treating, gathering, transporting, compression, acquisition, disposition, and exchange of all crude oil, natural gas, casinghead gas, natural gas liquids, petroleum products, sulfur and chemicals, or any other products;
6. unitization agreements and declarations, plans of development; designation of participating areas; drilling, construction, installation, operation and maintenance contracts relating to any and all wells, systems, plants, pipelines, structures, buildings, equipment, articles, vehicles and vessels and any other things not herein specifically mentioned;
7. farmout contracts, transfer and division orders; mineral and royalty deeds; conveyances, easements and right-of-way deeds, leases, subleases, releases, mortgages, pledges, deeds of trust and bailments of real and personal property, or of any interest therein, contracts for making dry-hole and bottom-hole contributions;
8. contracts and licenses pertaining to railroad right-of-way crossings of pipelines and electric power lines;
9. affidavits concerning the drilling of wells and of production;
10. applications, bids, and offers for oil, gas, and mineral leases, government permits, priorities and allocations, or for the renewal and extension thereof or suspension of obligations thereunder, or for the approval of assignments or releases of oil, gas and mineral leases or interests therein, or of operating, royalty or other contracts described herein;
11. contracts of insurance, indemnity and guaranty;
12. contracts of labor and employment; collective bargaining agreements;
13. settlement agreements, releases of claims or causes of action or litigation;
14. contracts for the purchase and sale of goods and services;
15. bills, notes, checks and receipts;
16 contracts, applications, bids, offers, bonds, permits, and all other instruments with the United States Government or any agency thereof, and the states and territories of the United States of America, or agencies thereof;
17. lease bonds, operator's bonds, bonds on communitization agreements, consents of surety, and agreements indemnifying sureties on such bonds;

and TOGETHER with full power and authority to execute any amendments, modifications, supplements, releases, renewals, extensions, cancellations, assignments and transfers of and pertaining to any of the instruments herein set forth, and to supply all things necessary or desirable to enable the Company to acquire, handle, maintain, extend, perpetuate, transfer or dispose of any and all rights created or evidenced by such instruments or to conduct, engage in and transact any and all lawful business of whatever nature or kind on behalf of the Company; with full force and effect as if

authority had been granted in each particular case by the Board of Directors of this Company, hereby expressly ratifying and confirming any and all acts heretofore performed under and by virtue of the powers and authority hereby conferred.

Not by way of limitation, but by way of confirmation, the powers and authority hereby conferred shall include any and all of the above-described instruments and rights which may cover or pertain to lands of the United States of America or any state or territory thereof; or oil, gas, and mineral rights owned by the United States of America or any state or territory thereof; or Tribal and Allotted Indian Lands.

Company hereby agrees to be bound by all acts and representations of said named persons and each of them, done or made pursuant to the power and authority herein granted and waives all defenses to disaffirm or negate all actions performed by them, or any of them, pursuant hereto.

Company represents and warrants that there is not now any agreement or understanding, oral or written, between it and said named persons and each of them, and that it will not during the term hereof enter into any agreement or understanding with them, or any of them, whereby they, or any of them, acquire or will acquire in any manner whatsoever, any interest in any oil, gas, or mineral lease or any application or offer therefor, or any assignment thereof, executed by them, or any of them, as attorney for Company pursuant to the power and authority granted herein Further, the power and authority granted herein is subject to the specific limitation that the exercise thereof shall be for the sole and exclusive benefit of Company pursuant to the power and authority granted herein and shall not be on behalf of any other person in whole or in part. Further, to the extent that the power and authority granted herein permits said named persons to file federal simultaneous oil and gas lease applications or offers, said named persons are prohibited from filing such applications or offers on behalf of any other party except Company.

The power and authority hereby conferred upon said named persons shall be effective as of October 1, 2006, and shall continue in full force and effect as to each of them until October 1, 2008, unless notice of revocation in writing is duly given by the Company prior to such date.

The powers of attorney previously granted to Dianne D. Anderson, D. C. Byers, Tom M. Campbell, Steven C. Clancy, Cheryl Dimpault-Darcy, Mark Dice, B. Erdelt, Laura W. Folse, Terry R. Gerhart, John A. Huston, Timothy D. Morris, Clair M. Muraoka, R. A. Nielsen, David B. L. Walker, Janet L. Weiss, and Michael John Wilson granted on October 15, 2005, and to Stacey J. Garvin granted on April 3, 2006, and to Kemper Howe granted on July 1, 2006, are hereby revoked and canceled, effective as of the close of business on October 1, 2006. All acts heretofore done prior to the effective date of cancellation of said Powers of Attorney pursuant to the terms thereof by said named persons are hereby ratified and confirmed.

IN WITNESS WHEREOF, COMPANY, has caused its corporate name to be subscribed and its corporate seal affixed hereto and attested in the City of Houston, County of Harris, State of Texas, United States of America, this 11th day of October, 2006.

BP AMERICA PRODUCTION COMPANY

By: _____
W. H. Colbert
Vice President

ATTEST:

_____
M. S. Haskins
Assistant Secretary

STATE OF TEXAS) SS:

COUNTY OF HARRIS)

BEFORE ME, on this day personally appeared W. H. COLBERT, Vice President, and M. S. HASKINS, Assistant Secretary, of BP AMERICA PRODUCTION COMPANY, 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 therein expressed, and in the capacities therein stated as the act and deed of said corporation.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this 11th day of October, 2006.

DENISE ROBERTSON
Notary Public, State of Texas
My Commission Expires 10-12-08

_____
Notary Public
State of Texas

THE UNIVERSITY OF TEXAS SYSTEM
University Lands
West Texas Operations

STEPHEN HARTMANN
EXECUTIVE DIRECTOR
P. O. BOX 553
MIDLAND, TEXAS 79702-0553

TEL: (432) 684-4404
FAX: (432) 682-7456

November 14, 2006

Attn: Mr. E. M. Sierra
BP America Production Company
501 Westlake Park Blvd.
Houston, TX 77079

RE: **UT Lease #21622:** NW/4 Section 13, Block 11, University Lands Survey, Andrews County, Texas

Dear Mr. Sierra:

This is in response to your Application for Oil and Gas Lease Amendment dated October 23, 2006.

This lease amendment, executed by the Chairman of the Board for Lease of University Lands, covering the captioned lease as provided in Section 66, Subchapter D, of the Texas Education Code, as amended, is enclosed. This document amends lease provisions for cessation of production, shut-in royalties, and in-kind royalties.

Should you have any questions regarding this matter, please contact Georgia Pruitt at (432) 688-0446 or via email at gpruitt@utsystem.edu.

Sincerely,

Jim Benson
Assistant Director – University Lands

JB/glp
Enclosure
2007-10581

OFFICE OF GENERAL COUNSEL

The University of Texas System
201 West 7th Street
Austin, Texas 78701
Telephone (512) 499-4462 Fax (512) 499-4523

Mark E. Bentley
Attorney

October 30, 2006

MEMORANDUM

TO: Jerry E. Patterson, Commissioner of the General Land Office and Chairman of the Board for Lease of University Lands

FROM: Mark E. Bentley

SUBJECT: Requested Execution of Oil and Gas Lease Amendment
University Lease No. 21622.

Process for Amending University Leases:
By statute, a university lease may be amended for the limited purpose of adding lease provisions relating to drilling and reworking operations, to shut-in royalty payments and to taking royalty in-kind. Under *Texas Education Code,* Section 66.70, and Section 3.31 of the Board for Lease of University Lands Rules (adopted May 19, 1998, as amended May 17, 2000, May 16, 2001, and May 19, 2004), the process for obtaining such a lease amendment is as follows:

- All lessees submit an application in the form required by the Board for Lease,
- Lessees pay a $500 fee, (fee waived per Board for Lease for applications submitted from May 20, 2004 until otherwise notified)
- The Assistant Director of West Texas Operations, prepares a lease amendment adding the relevant lease provisions as they have been adopted by the Board in the most current University Lease form, and
- The Chairman of the Board for Lease executes the amendment.

Proposed Amendment of University Lease 21622:
Staff of the University Lands Accounting Office received application for this amendment and the appropriate payment on October 30, 2006.

Enclosed you will find documentation that supports a determination that the conditions for amending University Lease No. 21622 have been met. If you so determine, please execute the Oil and Gas Lease Amendment form, affix the appropriate seal to your signature and return all documents in the enclosed envelope.

Review by General Land Office Personnel:

C. Louis Renaud: _____

Legal: _____

Enclosures
cc: Mr. Steve Hartmann

THE UNIVERSITY OF TEXAS SYSTEM
University Lands
West Texas Operations

STEPHEN HARTMANN
EXECUTIVE DIRECTOR
P. O. BOX 553
MIDLAND, TEXAS 79702-0553

TEL: (432) 684-4404
FAX: (432) 682-7456

MEMORANDUM

Date: October 30, 2006

To: Mark Bentley

From: Jim Benson

Subject: Amendment to Lease

Amendment application has been received for lease No. 21622. For your review, the following is attached for this lease:

- Amendment form
- Application for Amendment, with exhibit
- Lease Ownership Report
- Lease Agreement
- Docket

Please forward the Amendment form to the General Land Office for review and approval. Upon return of the executed and sealed Amendment form, please forward the entire packet to this office to the attention of Georgia Pruitt.

Thank you.

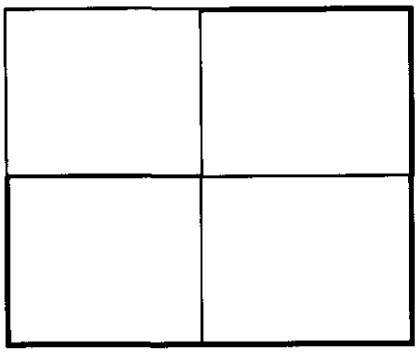
LEASE OWNERSHIP REPORT

UT LEASE NO. 021622

DATE:	LESSEE:	INT. - %	ORIGINAL LEASE DESCRIPTION:
06/25/37 Not Recorded	The Atlantic Refining Company	100.000000%	NW/4 Section 13, Block 11, Andrews Co., TX, containing 168.075 acres.

CHAIN OF TITLE:

05/06/66 Vol. 508 Pg. 755	**NAME CHANGE FROM:** The Atlantic Refining Company	100.000000%
	AND INTO: Atlantic Richfield Company, a Pennsylvania corporation	100.000000%
05/07/85 Vol. 558 Pg. 157	**NAME CHANGE FROM:** Atlantic Richfield Company, a Pennsylvania corporation	100.000000%
	AND INTO: Atlantic Richfield Company, a Delaware corporation	100.000000%
12/31/01 Vol. 778 Pg. 633	**ASSIGNOR:** Atlantic Richfield Company, a Delaware corporation	100.000000%
	ASSIGNEE: Amoco Production Company	100.000000%
12/31/01 Vol. Pg.	**NAME CHANGE FROM:** Amoco Production Company	100.000000%
	AND INTO: BP America Production Company	100.000000%



OWNERSHIP AS OF 06/14/2005:

BP America Production Company	100.000000%

UNIVERSITY LANDS OFFICE ROUTING DOCKET
AMENDMENT, EXTENSION or SHUT-IN

Check Type:
Amendment or Extension Docket ✓
Shut-In Docket ____

Letter to: **BP America Production Company**

UT Lease #: **21622**

	INITIALS	*DATE*
Prepared by	GP	10/30/06
Typed by	GP	10/30/06
Reviewed & sent to Mark Bentley (GP)	GP	10/30/06
Changes #2		
Final Draft Typed by		
Reviewed by Office General Council (MB)	MEB	11/1/06
Math Checked by	N/A	
Distribution		
Letter to Commissioner signed by (MB)		
Letter to company signed by (JB)	JB	11/1/06
Mailed by	GP	11/15/06
cc sent to & filed	GP	11/15/06

Explanation: **Amendment of UT Lease #21622 to include 60-day re-work clause, shut-in clause and take-in-kind clause**

BP America Production Company
Post Office Box 3092
Houston, Texas 77253-3092

501 Westlake Park Boulevard
Houston, Texas 77079

Tiffany Walker
Land Negotiator
Phone: 281.366.0380
Fax: 281.366.7548

October 23, 2006

The University of Texas System
University Lands Accounting Office
West Texas Operations
P.O. Box 579
Austin, TX 78767-0579

Re: UT Lease No. 21622
NW/4 Sec 13, Blk 11
Andrews County, Texas

Dear Sir or Madam:

Please find enclosed an executed Application for Oil and Gas Lease Amendment for the referenced University Lands lease.

Should you have questions or need additional information, please contact the undersigned.

Very truly yours,

Tiffany C. Walker
Land Negotiator

U.T. LANDS
OCT 30 2006
WTO