A MODEL FORM TITLE OPINION:
TIME FOR A REVISIT?

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Paul Yale, CPL, is an attorney and shareholder with the law firm of Gray Reed & McGraw P.C. in Houston. He has 39 years of land and legal experience working in both the domestic and international oil and gas industry — including 27 years with ExxonMobil Corp. (1980-2007) and its predecessor companies where his last position was manager of land for ExxonMobil Production Co. Yale’s current legal practice focuses on domestic upstream oil and gas transactional, title and dispute resolution matters. He is licensed to practice law in multiple U.S. jurisdictions and has extensive experience in practically all major U.S. oil and gas basins, offshore as well as onshore.

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The following examples and reference material accompanies this article, which was published in the 2016 July/August issue of the Landman magazine.
APPENDIX A: “SHORT” AND “LONG” FORM TITLE OPINION EXAMPLES

EXAMPLE 1: “SHORT FORM” OWNERSHIP TABLE

OWNERSHIP

Our examination of the aforesaid records and documents of title reflect that, as of ______, ____, at 8:00 a.m. CST, record title to the captioned land was vested as follows, subject to the Comments and Requirements hereinafter set forth:

SURFACE ESTATE:

Joe Allen Mixon et ux., Gayla J. Mixon (ALL) 1.00000000

MINERAL ESTATE:

Geneva Ashby Smith (Requirement No. 3) (1/2 x 3/4) .37500000

Robert H. Ashby (Requirement No. 3) (1/2 x 3/4) .37500000

Sherry G. Lundberg (Requirement No. 3) (1/2 x 1/4) .12500000

Joe Allen Wilson et ux., Gayla J. Wilson (1/2 x 1/4) .12500000

LEASEHOLD ROYALTY ESTATE: Source

Geneva Ashby Smith (Requirement No. 3) (1/2 x 3/4 x 1/6) .06250000 L1

Robert H. Ashby (Requirement No. 3) (1/2 x 3/4 x 1/6) .06250000 L2

Sherry G. Lundberg (Requirement No. 3) (1/2 x 1/4 x 1/6) .02083333 L3

Joe Allen Wilson et ux., Gayla J. Wilson (1/2 x 1/4 x 1/6) .02083334 L4

Total RI: .16666667
OIL, GAS AND MINERAL LEASEHOLD ESTATE:

<table>
<thead>
<tr>
<th>Source</th>
<th>Working Interest</th>
<th>Net Revenue Interest</th>
<th>Working Interest Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Double XX Oil Inc. (100% x 5/6)</td>
<td>100.000000%</td>
<td>.83333333</td>
<td>L1-4</td>
</tr>
</tbody>
</table>

Total RI + NRI: 1.00000000

EXAMPLE 2: “LONG FORM” OWNERSHIP TABLE

OWNERSHIP

Our examination of the aforesaid records and documents of title reflect that, as of ______, at 8:00 a.m. CST, record title to the captioned land, consisting of 640.00 acres, more or less, was vested as follows, subject to the Comments and Requirements hereinafter set forth:

SURFACE

<table>
<thead>
<tr>
<th>OWNER/FRACTION</th>
<th>FRACTION</th>
<th>INTEREST</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joe Allen Mixon et ux., Gayla J. Mixon</td>
<td>8/8</td>
<td>1.00000000</td>
</tr>
</tbody>
</table>

OIL AND GAS: LEASED

<table>
<thead>
<tr>
<th>OWNER/FRACTION</th>
<th>INTEREST</th>
<th>NET ACRES</th>
<th>LEASE ROYALTY</th>
<th>LEASE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Geneva Ashby Smith (1/2 x 3/4)</td>
<td>.37500000</td>
<td>240.0000</td>
<td>1/6</td>
<td>L1</td>
</tr>
<tr>
<td>Robert H. Ashby (1/2 x 3/4)</td>
<td>.37500000</td>
<td>240.0000</td>
<td>1/6</td>
<td>L2</td>
</tr>
<tr>
<td>Sherry G. Lundberg (1/2 x 1/4)</td>
<td>.12500000</td>
<td>80.0000</td>
<td>1/6</td>
<td>L3</td>
</tr>
<tr>
<td>Joe Allen Wilson et ux., Gayla J. Wilson (1/2 x 1/4)</td>
<td>.12500000</td>
<td>80.0000</td>
<td>1/6</td>
<td>L4</td>
</tr>
</tbody>
</table>

1.00000000 640.0000

OIL AND GAS: UNLEASED
None.

**NONPARTICIPATING ROYALTY**

None.

**LEASEHOLD ESTATE**

<table>
<thead>
<tr>
<th>OWNER</th>
<th>WORKING INTEREST</th>
<th>NET REVENUE</th>
<th>NET ACRES</th>
<th>LEASE</th>
<th>ASSIGN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Double XX Oil Inc.</td>
<td>1.00000000</td>
<td>.83333333</td>
<td>640.0000</td>
<td>L1-4</td>
<td>NA</td>
</tr>
</tbody>
</table>

**OVERRIDING ROYALTY**

None.

**DIVISION OF INTEREST**

**LANDOWNER'S ROYALTY (“LOR”)**

<table>
<thead>
<tr>
<th>OWNER</th>
<th>FRACTION</th>
<th>INTEREST</th>
<th>LEASE</th>
<th>REQ.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Geneva Ashby Smith</td>
<td>(1/2 x 3/4 x 1/6)</td>
<td>.06250000</td>
<td>L1</td>
<td>3</td>
</tr>
<tr>
<td>Robert H. Ashby</td>
<td>(1/2 x 3/4 x 1/6)</td>
<td>.06250000</td>
<td>L2</td>
<td>3</td>
</tr>
<tr>
<td>Sherry G. Lundberg</td>
<td>(1/2 x 1/4 x 1/6)</td>
<td>.02083333</td>
<td>L3</td>
<td>3</td>
</tr>
<tr>
<td>Joe Allen Wilson et ux., Gayla J. Wilson</td>
<td>(1/2 x 1/4 x 1/6)</td>
<td>.02083333</td>
<td>L4</td>
<td>NA</td>
</tr>
</tbody>
</table>

**TOTA L** .16666667

**UNLEASED OWNERS (“UNL”)**

None.

**NONPARTICIPATING ROYALTY (“NPRI”)**

None.

**OVERRIDING ROYALTY INTERESTS (“ORRI”)**

None.
NET REVENUE INTERESTS ("NRI")

<table>
<thead>
<tr>
<th>OWNER</th>
<th>FRACTION</th>
<th>INTEREST</th>
<th>LEASE</th>
<th>REQ.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Double XX Oil Inc.</td>
<td>(100% x 5/6)</td>
<td>.83333333</td>
<td>L1-4</td>
<td>NA</td>
</tr>
</tbody>
</table>

\[ \text{LOR+UNL+NPRI+ORRI+NRI=} \quad 1.00000000 \]

EXAMPLE 3: “SHORT FORM” OWNERSHIP TABLE (ALTERNATE)

OWNERSHIP

Our examination of the aforesaid records and documents of title reflect that, as of November 5, 2004, at 8:00 a.m. CST, record title to the captioned land was vested as follows, subject to the Comments and Requirements hereinafter set forth:

<table>
<thead>
<tr>
<th>OWNER</th>
<th>WI</th>
<th>NRI</th>
<th>LEASE</th>
<th>TRACT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Double XX Oil Inc.</td>
<td>97.916666%</td>
<td>82.333333%</td>
<td>WI</td>
<td>1-4</td>
</tr>
<tr>
<td>Geneva Ashby Smith</td>
<td>--</td>
<td>6.250000%</td>
<td>LOR</td>
<td>L1</td>
</tr>
<tr>
<td>Robert H. Ashby</td>
<td>--</td>
<td>6.250000%</td>
<td>LOR</td>
<td>L2</td>
</tr>
<tr>
<td>Sherry G. Lundberg</td>
<td>--</td>
<td>2.083333%</td>
<td>LOR</td>
<td>L3</td>
</tr>
<tr>
<td>George Snell</td>
<td>--</td>
<td>1.000000%</td>
<td>ORRI</td>
<td>L1-3</td>
</tr>
<tr>
<td>Joe Allen Wilson et ux., Gayla J. Wilson</td>
<td>2.083334%*</td>
<td>2.083334%*</td>
<td>UNL</td>
<td>NA</td>
</tr>
</tbody>
</table>

**TOTAL** 100.000000% 100.000000%

(*Rounded up)

---

A standard footnote that I have added when using this format in the past included a key to abbreviations. Not every reader would know that “NRI” means net revenue interest or that “UL” means unleased, for example. The footnote might say the following: Abbreviations used in this Opinion include Working Interest = WI; Unleased = UL; Lease Royalty (a/k/a Landowner’s Royalty) = LOR; Overriding Royalty Interest = ORRI; Net Revenue Interest = NRI (NRI = Mineral Interest less Burdens x Working Interest for WI Owners/Mineral Interest for Unleased Owners/Mineral Interest x Lease Royalty for RI Owners/Mineral Interest x Overriding Royalty Interest for ORRI Owners). More on abbreviations later in this Part III, Number 18, Record Reference and Other Abbreviations.
DRILLING AND DIVISION ORDER TITLE OPINION

Client
Address
City, State, ZIP

Attention: ________________

Re: XXXX Unit, Tracts 1-23, A-__, PSL Survey
________ County, Texas
500.00 acres, m/l

Delivered via e-mail ²

DEPTH LIMITED TO SAN ANDRES FORMATION³

Ladies and Gentlemen:

Pursuant to your request, title has been examined as to the following described lands, comprising the XXXX Unit, which encompasses 500.000 acres of land, more or less, in __________ County, Texas, described as follows: Section XX, W/2, W/2E/2, NE/4NE/4, Block A-XX, Abstract XXX, PSL Survey. The XXXX Unit is comprised of 23 separate Tracts, each being individually described below, and all of which together are referred to herein as the “Subject Lands.”

SUBJECT LANDS

TRACT 1: Being __.__. acres of land, more or less, located in the __________ Survey, A-__, ______ County, Texas, and being more particularly described in that certain Deed of Gift, dated December 22, 1982, from __________ as Grantor, to ______________, as Grantee, and recorded in Volume __, Page ___ of the Deed Records of __________ County, Texas.

[Tract descriptions 2-23 omitted for purposes of this sample opinion]

See Exhibit “F” for a plat depicting the Subject Lands included within the _______ Unit.

² Most clients no longer want paper copies of opinions.
³ See C/R No. 3.
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## MATERIALS EXAMINED

Our examination was limited to the following:

### ABSTRACTS, et al:

1. Assignment of Oil, Gas and Mineral Leases dated June ____, 20__ (___/___), __________, as Assignor, and ________________, as Assignee;

2. Quitclaim Deed dated ____ __, 20__ (___/___), from ______________ aka ___________ and ______________, as Grantors, to ________________, as Grantee, quitclaiming her interest in Tract ___.

[Remaining Materials Examined omitted for sample opinion purposes]
SCOPE OF OPINION

This Drilling and Division Order Title Opinion (the “Opinion”) has been prepared based upon the Materials Examined as identified above, and further, has been limited to an examination of the oil and gas estate. This Opinion is depth limited to the San Andres Formation. Furthermore, no opinion is expressed on the ownership of existing oil and or gas wellbores that may be located within the lands covered by this Opinion. No opinion is expressed on the ownership of coal, lignite, or any other minerals other than oil and gas. The use of the term “Minerals” in this Opinion shall be understood to refer only to the oil and gas estate.

This Opinion expressly excludes from coverage the ownership of the surface estate in the Subject Lands. Surface information may be included in this Opinion for convenience purposes, only. If a definitive Opinion on the Surface is needed, contact the Examiner for a supplement to this Opinion.

All ownership interests in this Opinion are calculated on an after payout basis. The Examiner has not taken into account who will, or will not, participate in any wells drilled on the Subject Lands and/or the impact of any farmout agreements or forced pooling penalties. If an opinion is needed on a before and after payout basis, contact the Examiner for a supplement to this Opinion.

Based solely upon our examination of the instruments listed above (hereinafter collectively referred to as “Materials Examined”), and subject to the comments, requirements, and limitations hereinafter set forth, we find title to the Subject Lands, as of ________, ____, at ____ AM/PM, ____as follows:

WORKING INTEREST OWNERS SUMMARY

TRACTS 1-23 CONSOLIDATED

<table>
<thead>
<tr>
<th>OWNER</th>
<th>WORKING INTEREST</th>
<th>NET REVENUE</th>
<th>NET ACRES</th>
<th>LEASE</th>
<th>ASSIGN</th>
<th>TRACT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cold Play Oil, Inc.</td>
<td>0.95000000</td>
<td>0.72900000</td>
<td>475.0000</td>
<td>L1-31, 33</td>
<td>A1</td>
<td>T 1-4, 6-21, 23</td>
</tr>
<tr>
<td>Aerosmith Oil, Inc.</td>
<td>0.03600000</td>
<td>0.02880000</td>
<td>18.0000</td>
<td>L32</td>
<td>A2</td>
<td>T22</td>
</tr>
<tr>
<td>Avett Brothers Oil and Gas, LLC.</td>
<td>0.00200000</td>
<td>0.00160000</td>
<td>1.0000</td>
<td>L32</td>
<td>A2</td>
<td>T22</td>
</tr>
<tr>
<td>Radio Head Oil, Inc.</td>
<td>0.00200000</td>
<td>0.00160000</td>
<td>1.0000</td>
<td>L32</td>
<td>A2</td>
<td>T22</td>
</tr>
<tr>
<td>Unleased Bruno Mars</td>
<td>0.01000000</td>
<td>0.01000000</td>
<td>5.0000</td>
<td>UNL</td>
<td>N/A</td>
<td>T5</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1.00000000</td>
<td>0.77100000</td>
<td>500.0000</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
OWNERSHIP OF THE SUBJECT LANDS

TRACT 1:

SURFACE

<table>
<thead>
<tr>
<th>OWNER</th>
<th>FRACTION</th>
<th>INTEREST</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jay Z and Beyoncé, Joint Tenants</td>
<td>(8/8)</td>
<td>1.00000000</td>
</tr>
</tbody>
</table>

OIL AND GAS: LEASED

<table>
<thead>
<tr>
<th>OWNER/FRACTION</th>
<th>INTEREST</th>
<th>NET ACRES</th>
<th>LEASE ROYALTY</th>
<th>LEASE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pit Bull</td>
<td>0.33333333</td>
<td>8.3333</td>
<td>25%</td>
<td>L1</td>
</tr>
<tr>
<td>Taylor Swift</td>
<td>0.33333333</td>
<td>8.3333</td>
<td>25%</td>
<td>L2</td>
</tr>
<tr>
<td>Katy Perry</td>
<td>0.33333333</td>
<td>8.3333</td>
<td>25%</td>
<td>L3</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1.00000000</td>
<td>25.0000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

OIL AND GAS: UNLEASED

None

NONPARTICIPATING ROYALTY

None

[Tracts 2-22 omitted in Sample Opinion]

TRACT 23:

SURFACE

<table>
<thead>
<tr>
<th>OWNER</th>
<th>FRACTION</th>
<th>INTEREST</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adam Levine</td>
<td>(8/8)</td>
<td>1.00000000</td>
</tr>
</tbody>
</table>
**OIL AND GAS: LEASED**

<table>
<thead>
<tr>
<th>OWNER/FRACTION</th>
<th>INTEREST</th>
<th>NET ACRES</th>
<th>LEASE ROYALTY</th>
<th>LEASE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blake Shelton</td>
<td>1.00000000</td>
<td>35,000</td>
<td>25%</td>
<td>L21</td>
</tr>
</tbody>
</table>

**OIL AND GAS: UNLEASED**

None

**NONPARTICIPATING ROYALTY**

<table>
<thead>
<tr>
<th>OWNER/FRACTION</th>
<th>INTEREST</th>
<th>LEASE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Justin Timberlake</td>
<td>0.25000000</td>
<td>L21</td>
</tr>
</tbody>
</table>

**LEASEHOLD ESTATE**

**TRACTS 1-4, 6-21, 23**

<table>
<thead>
<tr>
<th>OWNER</th>
<th>WORKING INTEREST</th>
<th>NET REVENUE</th>
<th>NET ACRES</th>
<th>LEASE</th>
<th>ASSIGN.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cold Play Oil, Inc.</td>
<td>25,0000 (T1)</td>
<td>L1-3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>50,0000 (T2)</td>
<td>L4-6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>100,0000 (T3)</td>
<td>L7-10</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5,00000 (T4)</td>
<td>L11-15</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>10,0000 (T6)</td>
<td>L16</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>10,0000 (T7)</td>
<td>L17</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>30,0000 (T8)</td>
<td>L18</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>20,0000 (T9)</td>
<td>L19</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>20,0000(T10)</td>
<td>L20</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>10,0000(T11)</td>
<td>L21</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>20,0000(T12)</td>
<td>L22</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>20,0000(T13)</td>
<td>L23</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>10,0000(T14)</td>
<td>L24</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>20,0000(T15)</td>
<td>L25</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>30,0000(T16)</td>
<td>L26</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>20,0000(T17)</td>
<td>L27</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5,00000(T18)</td>
<td>L28</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>10,0000(T19)</td>
<td>L29</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5,00000(T20)</td>
<td>L30</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>20,0000(T21)</td>
<td>L31</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1.00000000</td>
<td>0.75000000</td>
<td>35,000</td>
<td>T23</td>
<td>L33</td>
</tr>
<tr>
<td></td>
<td>1.00000000</td>
<td>0.75000000</td>
<td>35,000</td>
<td>T23</td>
<td>A1</td>
</tr>
</tbody>
</table>

**TOTAL** 475,000
**OVERRIDING ROYALTY**

<table>
<thead>
<tr>
<th>OWNER</th>
<th>BURDEN</th>
<th>INTEREST</th>
<th>TRACT</th>
<th>LEASE</th>
<th>ASSIGN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nashville Skyline, LP</td>
<td>½ of 1% of 8/8ths</td>
<td>0.005000000</td>
<td>3</td>
<td>L7-10</td>
<td>Aori1</td>
</tr>
<tr>
<td>White Album, LP</td>
<td>¼ of 1% of 8/8ths</td>
<td>0.002500000</td>
<td>3</td>
<td>L7-10</td>
<td>Aori1</td>
</tr>
<tr>
<td>Endless Summer, LP</td>
<td>¼ of 1% of 8/8ths</td>
<td>0.002500000</td>
<td>3</td>
<td>L7-10</td>
<td>Aori1</td>
</tr>
</tbody>
</table>

**TRACT 5**

<table>
<thead>
<tr>
<th>OWNER</th>
<th>WORKING INTEREST</th>
<th>NET REVENUE</th>
<th>NET ACRES</th>
<th>LEASE</th>
<th>ASSIGN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unleased</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bruno Mars</td>
<td>1.00000000</td>
<td>1.00000000</td>
<td>5.0000</td>
<td>NA</td>
<td>NA</td>
</tr>
</tbody>
</table>

**TRACT 22**

<table>
<thead>
<tr>
<th>OWNER</th>
<th>WORKING INTEREST</th>
<th>NET REVENUE</th>
<th>NET ACRES</th>
<th>LEASE</th>
<th>ASSIGN</th>
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<td></td>
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</table>

**OVERRIDING ROYALTY**

None

***************************

**PATENT, MINERAL CLASSIFICATION, AND CHAIN OF TITLE**

The Subject Lands are included in Patent (_/___) dated _________, 1845, from the Republic of Texas to ____________, for what is now the _________________ Survey, A-___, _______ County, Texas. Under the Relinquishment Act of 1919 and the Sales Act of 1931, lands granted or patented from the State of Texas from 1895 forward may be subject to “mineral classification.” The Relinquishment Act applies to lands granted or patented from September 1, 1895, to May 29, 1931. The Sales Act applies to lands granted or patented from May 29, 1931, forward. Since the grant of the Subject Lands falls outside the applicable dates, the Subject Lands are not under mineral classification and, therefore, the sovereign retained no mineral interest in the Subject Lands. Note, however, the limitations in this Opinion relative to state ownership of navigable watercourses as set forth in the Limitations section of this Opinion. Please see Exhibit “G” for the Mineral Chain of Title relating to the Subject Lands.

***************************
COMMENTS AND REQUIREMENTS

A. Special Comments and Requirements

1. **Unleased Interest (Tract 5).** The interest of Bruno Mars in Tract 5 is unleased. Oil and Gas Lease No. 8 taken by J.R. Ewing IV from Digger Barnes IV which purports to cover this interest was taken from the wrong owner. Digger Barnes IV is a stranger to title as to Tract 5.

   REQUIREMENT: You should obtain a lease or otherwise address the unleased interest of Bruno Mars in Tract 5 through farmin, a joint operating proposal, or otherwise. You should also secure a release from J.R. Ewing IV of Lease No. 8 to remove the cloud on the record. This requirement should be addressed prior to drilling.

2. **Current Status of Estate of Alton B. Rich (Tract 14).** The Materials Examined show that Alton B. Rich, the owner of a 1/3 interest in Tract 14, died testate on April 1, 2013, and an Independent Administration of his estate proceedings has been opened for him in ______ County, Texas, Cause No. __________. The Will was not included in the Materials Examined. We have scheduled the mineral interest owned by him in the “Estate of Alton B. Rich.” Note that Alton B. Rich entered into Lease No. 1 prior to his death so his Estate would be bound by its terms.

   REQUIREMENT: In the event of production, the above referenced estate proceedings should be reviewed following their conclusion to determine the devisees of Alton B. Rich. The Examiner should be furnished with a copy of the Will so that the ownership schedules in this Opinion may be updated accordingly. The Will should be obtained and recorded in ______ County, Texas. A certified copy of the letters testamentary appointing the Independent Executor of the Estate should also be recorded in ______ County, Texas. This requirement should be addressed prior to division orders.

3. **Depth Limitation – Unleased Mineral Interest.** Subject Lease Nos. 1-3 each contain the following provision labeled “Retained Depths”: “Lessor reserves and accepts from this lease all depths from the surface down to the top of the __________ formation.” Accordingly, the mineral interest from the surface to the top of the __________ Formation remains unleased.

   REQUIREMENT: Advisory as to the lease status of the minerals from the surface to the top of the __________ Formation. If you wish to lease all minerals underlying the Subject Lands, obtain Oil and Gas Leases covering the State’s interest from the surface to the top of the __________ formation, executed by the State’s agents, currently, __________________________, __________________________ and __________________________, Jr. Record the leases in ________ County and provide the Examiner with copies for review.

   [Remaining Special Comments and Requirements omitted]

B. General Comments and Requirements

6. **Reliance on Runsheet.** In preparation of this Opinion, we have not conducted an actual examination of the records of ________ County, Texas. Our examination of title and this Opinion is based upon the Runsheet and additional materials furnished to us as indicated in the Materials Examined section of this Opinion. We accept no liability for the accurateness or completeness of the Materials Examined.

   REQUIREMENT: Advisory.
7. **Use and Possession of Subject Lands.** We have not been furnished any information regarding the past or current use and possession of the Subject Lands, and ownership as credited herein is subject to the rights of parties actually in possession thereof. The Materials Examined reveal certain gaps and early defects in title to the Subject Lands which would be difficult, if not impossible, to cure at the present time.

You will have to rely upon the Statute of Limitations and possession to cure the early defects. Section 16.030 of the Texas Civil Practice and Remedies Code provides that when a limitation title by a person having peaceful and adverse possession is perfected, the claimant has the full or fee title precluding all claims, the same as if such title had been conveyed by deed in writing by the record owner or acquired by Patent. Therefore, we have made no requirements to cure all of the early defects other than the hereinafter possession requirement.

REQUIREMENT (A): You should secure Affidavits of Possession from two or more persons personally familiar with the Subject Lands setting forth the nature of possession of Subject Lands for the past 25 years. In this connection, determine the location of all fences and improvements located on the Subject Lands, if any, and in what manner the Subject Lands have been used, such as for farming, grazing of cattle, timber operations, or commercial development. The Affidavits should give the names and addresses of such persons and recite the manner in which they are acquainted with the facts surrounding the property insofar as they relate to possession, use and occupancy. Such affidavit should also include the results of your investigation relevant to the existence or non-existence of any highway or railroad right-of-way, schools, churches, cemeteries, placer and lode mining locations, if any, located at any time on the Subject Lands. The Affidavits should be submitted to this office for review.

REQUIREMENT (B): If the investigation of use and occupancy of the Subject Lands reveals that the lands are occupied by any person other than the current owner, determine by what rights such person is in possession. We recommend that you attempt to secure a Tenant’s Consent Agreement from any such person, particularly if their use and occupancy of the land began before the date of your oil and gas lease. Contact this office for advice should this situation arise.

8. **Liens and Other Encumbrances.** We have assumed for purposes of this Opinion that any unreleased liens or similar encumbrances affecting the Subject Lands which were due and payable more than 40 years ago have been paid in full or are barred by the statute of limitations and that said liens and encumbrances no longer burden the Subject Lands. With this assumption in mind, our review of the Materials Examined revealed no unreleased liens, deed of trusts, or similar interests that may be acting to encumber the interests of the surface, mineral/royalty, or leasehold interest owners as listed in the Ownership section of this Opinion.

REQUIREMENT:  Advisory.

9. **Easements and Rights of Way.** The Materials Examined included one easement or right of way affecting the Subject Lands, as summarized in Exhibit “C.” You should respect the use and enjoyment of same in connection with your operations on the Subject Lands.

REQUIREMENT:  Advisory.

10. **On the Ground Examination.** Prior to your operations on the Subject Lands, you should conduct an on the ground examination to determine any operating burdens revealed by visual inspection. Your operations on the Subject Lands must be conducted with due regard for any prior rights or conflicting uses including any easements and rights of way which are senior to your oil and gas leases.

REQUIREMENT:  Advisory.
11. **Unreleased Oil and Gas Leases.** The Materials Examined reveal the existence of prior, unreleased oil and gas leases as noted in Exhibit “D” of this Opinion. The Examiner observes that these prior, unreleased oil and gas leases cover lands in addition to the Subject Lands and most do not contain Pugh Clauses. Additionally, the Materials Examined included Affidavits of Non-Production stating that there has been no production of oil or gas on the E/2 of the Subject Lands, see Affidavits dated ___ _, ___ from ______ __________(__/__) and ________ ___ (/).

**REQUIREMENT:** You should fully satisfy yourself that all prior unreleased oil and gas leases covering the Subject Lands have expired by their own terms, or in lieu thereof, you should secure releases of same and file such releases in the county records. Alternatively, you should obtain and furnish for examination Affidavits of Non-Production substantiating that the leases have expired, or otherwise assure yourself to the extent that you deem advisable that each of such Leases have terminated and are no longer in force and effect.

12. **Read the Leases and Assignments.** The Examiner has provided brief summaries of the Subject Leases and Assignments thereof in Exhibits “A” and “B” respectively. You are advised that these summaries are not exhaustive and should not be relied upon in substitution of your actual review of the terms of the leases and assignments themselves.

**REQUIREMENT:** Advisory.

13. **Taxes.** Under § 32.01 of the Texas Tax Code, all property subject to property taxes is subject to a lien in favor of the taxing authority as of January 1st of each year. The Materials Examined included Tax Receipts (Certificate Nos. XXXXXX) for the year XXXX covering the Subject Lands. The Tax Receipts reflect that there are no outstanding balances due.

**REQUIREMENT:** Satisfy yourselves to the extent that you deem advisable that there are no delinquent ad valorem taxes affecting any portion of the oil and gas mineral estate.

14. **Closing Date of the Runsheet.** The closing date of the Runsheet is ______, _____. The Examiner advises you to check the records of the County and District Clerk’s office of _____________ County, Texas, to ensure that nothing has been placed of record since the date of this examination which could adversely affect your interest in the Subject Lands or that could impact the division of interest set forth in this Opinion prior to any payment of royalties. In the event any such instruments have been filed of record, you should submit these instruments for our examination so that additional comments and requirements, if appropriate, may be made.

**REQUIREMENT:** Advisory.

15. **Survey.** We have not been provided a copy of a survey relating to the Subject Lands. We recommend that you obtain and provide a survey of the Subject Lands for our examination.

**REQUIREMENT:** Advisory.

16. **Division Orders.** You should obtain signed division orders from each of the owners listed in the ownership tables of this Opinion. The form of the division order should comply substantially with Texas Natural Resources Code § 91.402.

**REQUIREMENT:** Advisory.
17. **Texas Estates Code § 203.001.** The Texas Estates Code, Section 203.001 provides that subject to rebuttal, a statement of facts concerning family history shall be received as prima facie evidence in any proceeding to declare heirship or a suit involving title if contained in a document legally executed and acknowledged or sworn to, if the same has been filed of record for five (5) years in the county where the land is located. Unless otherwise noted, we assume the information contained in any Affidavits included in the Runsheet are correct and rely on the same in preparing this Opinion, regardless of the length of the time the same have been filed of record.

**REQUIREMENT:** Advisory

18. **Use of Excel.** Please note the following with regard to the subtotals and totals shown in the various ownership schedules which are part of this opinion. All of these schedules have been prepared using the Microsoft Excel® spreadsheet program. When Excel calculates values, it does so using 15 significant digits of precision. What is displayed, however, is based on the formatting selected for the individual cells. This results, in some cases, in subtotals or totals that are not exactly equal to the number which would be obtained if the component figures were manually calculated.

This effect can be illustrated by the following example. When the fraction 1/3 is entered, calculations in Excel are based on 0.333333333333333. What is displayed, however, is based on the formatting selected for each individual cell. Thus, if a cell is set to display three decimal places, a cell in which 1/3 was entered as the value would be displayed as 0.333. When Excel adds three such cells, however, the result is displayed as 1.000, even though manually adding what is displayed would yield 0.999.

The only way these discrepancies can be eliminated is to set each cell to “round” to a certain number of decimal places and then manually change this rounding if necessary to arrive at the proper total. If a spreadsheet/schedule contains a significant number of values, this process is time consuming. In addition, this manual rounding process must be repeated each time an entry is changed. If, for example, a new lease is acquired from a previously unleased interest or the working interest ownership should change for other reasons, then the rounding must be manually updated. We also note that these discrepancies would occur only in the last decimal place displayed and that the differences in the “real world” at this level are negligible. For example, the schedules in this opinion show revenue and working interest calculations to eight decimal places. The difference between 0.50000000 and 0.49999999 in a net revenue calculation would be equal to one barrel out of 100 million, and, similarly, the difference between 0.50000000 and 0.49999999 in a cost calculation would be $1.00 out of $100 million. Net acres are shown to only four decimal places because the original GLO surveys expressed acreage amounts to only two decimal places, so expressed precision beyond that level would not be consistent with the underlying data. Where net acres are based on fractional divisions, however, the underlying fraction — rather than the acreage amount — is retained and used for additional calculations.

Given all of the above, we have chosen to include the data in the various schedules as displayed and calculated by Excel, and we have not manually rounded the numbers displayed by Excel, so as to ensure that the subtotals and totals are exactly equal to the sum of their component figures. Upon request, however, we will revise the schedules using the manual rounding methods which are necessary to achieve such results.

**REQUIREMENT:** Advisory.
References in this Opinion to Volume/Page (V/P) numbers (sometimes represented just as number/number) are to the records of _______ County, Texas, and may include references to Deed Records, Official Records, Real Property Records, Deed of Trust Records, Mechanic’s Lien Records or Mechanic & Material Lien Records, Probate Records, or other records as the context may indicate. In addition the following abbreviations may be used in this Opinion: “LOR” for Landowner’s Royalty; “NRI” for Net Revenue Interest; “NPRI” for nonparticipating royalty interest; “ORRI” for overriding royalty interest; “C/R” for Comments and Requirements; and “ASSIGN.” for Assignment(s). The heading “REQ.” in the Division of Interest table is used to call attention to “Special” Comments and Requirements that directly affect that individual and/or entity. This does not mean that there are no other requirements that may affect that individual and/or entity.

LIMITATIONS

This Opinion does not cover (i) ownership of minerals other than oil, gas and associated hydrocarbons; (ii) the location of the Subject Lands on the ground, questions of boundary, conflicts with adjacent surveys or matters of area such as are determinable only by an actual ground survey, which we assume you will undertake prior to commencement of oil and gas operations; (iii) the genuineness, authenticity or enforceability of any instruments relied upon; (iv) matters not discoverable with ordinary professional care including fraud, forgery, duress, undue influence, capacity/competency of parties, wrongfully indexed instruments, delivery and alteration after delivery, bankruptcy, homestead rights, unrecorded instruments, and inchoate liens; (v) technical defects of title that may not reasonably be expected to materially affect the value or use of the Subject Lands for oil and gas development purposes in accordance with the “Texas Title Examination Standards” found in Title II of the Texas Property Code; and (vi) any other matter not strictly pertaining to title and ownership such as environmental matters or compliance with governmental laws, rules, ordinances or regulations.

The United States Army Corps of Engineers has designated lands in various counties in Texas to be “wetlands” and has promulgated strict regulations regarding their development for oil and gas purposes. Though we have not examined any materials indicating that all, or part, of the Subject Lands are classified as wetlands, you should be aware that there is a possibility that all, or part, of the Subject Lands could be considered “wetlands” subject to the jurisdiction of various state and federal authorities for the purposes of protecting the environment and controlling and regulating the drilling of such lands.

Be aware that if there are any watercourses traversing the Subject Lands, the mineral ownership under same could be vested in the State of Texas. Streams which average at least 30 feet in width measured from the mouth are navigable as a matter of law. The State of Texas owns the beds and bottoms, now or formerly, of all navigable waterways within the state, including the minerals. TEX. NAT. RES. CODE ANN. §§ 21.001 (3), 21.012 and 21.013 (Vernon 1978); State v. Bradford, 121 Tex. 515, 50 S.W.2d 1065 (1932); Motl v. Boyd, 116 Tex. 82, 286 S.W. 458 (1926). Though we have not examined any materials which would lead us to conclude that the State of Texas owns any watercourses traversing the Subject Lands, this Opinion expressly excludes from coverage any possible claims to State ownership of the beds and bottoms of any such watercourses.

The Materials Examined do not indicate whether the Subject Lands are located within the city limits or extraterritorial jurisdiction of an incorporated town or municipality. If the Subject Lands are located within such a city limit or extraterritorial jurisdiction, you should be aware that your oil and gas drilling and producing operations may be subject to municipal or other governmental permitting requirements.

This Opinion has been rendered in accordance with the law as it existed at the time of the preparation of the opinion. In the event of a change in the applicable laws, we are not responsible for informing any party relying on this Opinion of the change in law or its impact upon record title.
All addresses listed in Exhibit “D” *(this might be a different Exhibit letter if there is no Division of Interest Exhibit)* of this Opinion are last known addresses of record only and may or may not be current. The addresses are furnished for your convenience and for starting point purposes. You should independently determine the current addresses for owners and should not rely on last known addresses of record until they have been proven to be current.

[Balance of page left intentionally blank]

Attached to this Opinion as Exhibit “F” is a plat showing the approximate location of the Subject Lands. We make no representation regarding its accuracy, but include it only to assist you in identifying the Subject Lands.

This Opinion is rendered solely for the benefit of the addressee and may not be relied on by any other person or entity for any purpose.

Respectfully submitted,

LAW FIRM

By: ______________________
Attorney
EXHIBIT A

OIL AND GAS LEASES

1. Instrument: Memorandum of Oil and Gas Lease
   Lease Date: May 15, 2015
   Memo Recorded: May 17, 2015 (Volume ___, Page ___)
   Lessor: Pit Bull, dealing in his sole and separate property
   Lessee: Big Oil, LLC
   Lands covered: Tract 1
   Interest covered: Oil & Gas
   Primary term: Three (3) years
   Royalty: 25%
   Delay rentals: None, this is a paid-up lease
   Pooling: Yes
   Pugh Clause: Yes

2. Instrument: Memorandum of Oil and Gas Lease
   Lease Date: May 15, 2015
   Memo Recorded: May 17, 2015 (Volume ___, Page ___)
   Lessor: Taylor Swift, an unmarried woman
   Lessee: Big Oil, LLC
   Lands covered: Tract 2
   Interest covered: Oil & Gas
   Primary term: Three (3) years
   Royalty: 25%
   Delay rentals: None, this is a paid-up lease
   Pooling: Yes
   Pugh Clause: Yes

[Remaining leases omitted]
EXHIBIT B
ASSIGNMENTS OF OIL AND GAS LEASES

A. Leasehold

1. Instrument: Assignment of Oil and Gas Leases
   Dated: June 19, 2015
   Effective: June 19, 2015
   Recorded: June 30, 2015 (Volume ___, Page ___)
   Assignor: Big Oil, LLC
   Assignee: Cold Play Oil, Inc.
   Interest Assigned: All of Assignor's right, title and interest in Subject Leases 1-31, and 33
   Reservations: None, but subject to Aori 1-3
   Warranty: Yes
   Proportionate reduction: None

[Remaining Assignments of Leasehold omitted]

B. Overriding Royalty

1. Instrument: Assignment of Overriding Royalty Interest
   Dated: June 1, 2015
   Effective: June 1, 2015
   Recorded: June 3, 2015 (Volume ___, Page ___)
   Assignor: Big Oil, LLC
   Assignee: Nashville Skyline, LP
   Interest Assigned: ½ of 1% of 8/8ths overriding royalty interest in Subject Leases 7-10, Tract 3
   Warranty: Yes
   Proportionate reduction: None

[Remaining Assignments of Overriding Royalty omitted]
EXHIBIT C
ENCUMBRANCES

A. Declarations of Units/Pooling Declarations

None examined, see C/R ___.

B. Deeds of Trust

1. Instrument: Deed of Trust, Line of Credit Deed of Trust, Fixture Filing, Assignment of As-Extracted Collateral, Security Agreement, and Financing Statement

   Grantor: Cold Play Oil, Inc.
   Trustee: Stewart Title Company, Inc.
   Beneficiary: Bank of America, NA
   Date: June 23, 2015
   Recorded: June 30, 2015 (___/___)
   Description: Secured in part by Subject Leases 1-31 and 33, among other leases
   Amount: $10,000,000.00
   Maturity: As stated in the Loan Agreement

C. Judgments and Liens

None examined.

D. Taxes

No current information on taxes furnished. See C/R ___.

E. Easements

None examined.

F. Affidavits of Production/Development

None examined.

G. Affidavits of Non-Production/Non-Development

None examined.
EXHIBIT D

UNIT-WIDE DIVISION OF INTEREST

Unit Description:

Section XX, W/2, W/2E:2, Block A-XX, XXXX Abstracts XXX and XXX, PSL Survey
XXXX County, Texas,
500.0000 acres, more or less

Tract Factors

Unit Tract 1: 25.0000 acres/500.0000 acres
Unit Tracts 2-22: [Tracts descriptions/net acres omitted]/500.0000 acres
Unit Tract 23: 35.0000 acres/500.0000 acres

Contents and Calculations for Unit-Wide Division of Interest

Landowner’s Royalty (“LOR”)
= (mineral interest) X (lease royalty) X (tract factor) ................................................................. XX

Unleased Interests (“UL”)
= (mineral interest) X (tract factor) .............................................................................................. XX

Nonparticipating Royalty Interests (“NPRI”)
= (mineral interest) X (NPRI) X (tract factor) ............................................................................... XX

Overriding Royalty Interests (“ORRI”)
= (mineral interest) X (ORRI) X (tract factor)
(results summed for all leases) ........................................................................................................ XX

Net Revenue Interests For Working Interest Owners (“NRI”)
= (1 - lease royalty (including the NPRI)) less (ORRI if any) X (working interest X mineral interest)
X (tract factor)
(results summed for all leases) ........................................................................................................ XX
**LANDOWNER'S ROYALTY**

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<th>REQ.</th>
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<td>2012</td>
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<td>0.0041667</td>
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<td>Taylor Swift</td>
<td>1702 Wayland Avenue, Fort Worth, Texas 77345</td>
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<td>Katy Perry</td>
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[Other entries omitted]

**TOTAL UNIT LOR (all tracts, all owners)** = 0.20950000
### UNLEASED INTERESTS

**Bruno Mars**
4187 Caravan Way
Tyler, Texas 75701

[2013]

\[
\text{TRACT} \quad \text{UL BY TRACT} \quad \text{UNIT UL} \quad \text{REQ.}
\]

\[
5 \quad 0.01000000 \quad 0.01000000
\]

Total UL = 0.01000000

TOTAL UNIT UL (all tracts, all owners) = 0.01000000

### NONPARTICIPATING ROYALTY INTERESTS

**Justin Timberlake**
4237 Washington Avenue
Tyler, Texas 75701

[2013]

\[
\text{TRACT} \quad \text{NPRI BY TRACT} \quad \text{UNIT NPRI} \quad \text{LEASE} \quad \text{REQ.}
\]

\[
23 \quad 0.01750000 \quad N/A \quad N/A
\]

Total NPRI = 0.01750000

TOTAL UNIT NPRI (all tracts, all owners) = 0.01750000
## OVERRIDING ROYALTY INTERESTS

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<th>Lease</th>
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<td><strong>Nashville Skyline, LP</strong></td>
<td>2100 Orchard Street, Houston, TX 77001</td>
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<td>2</td>
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<td><strong>White Album, LP</strong></td>
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<td><strong>ORRI BY TRACT UNIT LEASE REQ.</strong></td>
<td></td>
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</tr>
<tr>
<td>= (1/4) x (1%) x (8/8) x (100.00/500.00)</td>
<td>3</td>
<td>0.00050000</td>
<td>Total ORRI = 0.00050000</td>
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**TOTAL UNIT ORRI (all tracts, all owners)= 0.00200000**
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**TOTAL UNIT NRI (all tracts, all owners)** = 0.76100000

**TOTAL UNIT INTERESTS (LOR + UL + NPRI + ORRI + NRI)** = 1.00000000

*******************************************************************************
EXHIBIT E: PRIOR UNRELEASED OIL AND GAS LEASES

Section ____, Block ____, ____ acres, more or less
______ Survey, A____, ________ County, Texas

The Examiner has assumed that the following oil and gas leases are expired though they are not released of record or are questionably released. You need to satisfy yourself that these leases are in fact expired and when possible, obtain and record releases. To facilitate your review, the Examiner has sorted the leases in the categories below. The categories are ranked from highest risk (Category 1) to lowest risk (Category 4). Where a lease qualifies for more than one category, the Examiner has included the lease in the lower risk category.

CATEGORY 1: Prior unreleased oil and gas leases that encompass lands outside your unit but have no Pugh Clauses. This is what the Examiner considers to be your highest risk—a prior lease in your unit HBP by a well that could be miles away.

CATEGORY 2: Prior unreleased oil and gas leases that encompass lands outside your unit but with Pugh Clauses. This is what the Examiner considers to be your second highest risk—a prior lease in your unit held by ongoing operations such that the Pugh Clause has not been triggered.

CATEGORY 3: Released oil and gas leases but not all lessees or assignees of the lease have signed the release. The Examiner considers this to be a lower risk category. If any of the lessees signed a release, chances are that the lease is no longer held. Proceeding further without releases signed by all the other lessees or assignees of the lessees could be an acceptable business risk.

CATEGORY 4: Prior unreleased oil and gas leases that encompass lands wholly within your unit. This is what the Examiner considers to be the lowest risk category—provided you can get an affidavit of nonproduction or otherwise satisfy yourself relatively quickly that there is or is not prior production in your unit.

CATEGORY 1:

1.1 Instrument Oil, Gas and Mineral Lease
Lessor: _____________________
Lessee: _____________________
Dated: __________, __________
Recorded: _____, __________ (Volume ____, ______)
Lands covered: Subject Lands, among other lands
Primary term: Twenty (20) years
Pugh clause: No

CATEGORIES 2, 3 and 4: None examined.

**********************
[EXHIBITS F (PLAT) and G (MINERAL CHAIN OF TITLE) omitted]
Bibliography and Suggested Further Reading


Chad Baruch, Course Director, Legal Writing to Win 2015, Texas Bar CLE (2015).


George J. Morgenthaler, Oil and Gas Title Examination, (Mockingbird Press 2012) (1982).


The Bluebook: A Uniform System of Citation (Columbia Law Review Ass’n et al. eds., 18th ed. 2005).