

Special Meeting-Midland College Board of Trustees  
Gibson Board Room-Pevehouse Administration Building  
3600 N. Garfield Midland, TX 79705  
March 2, 2026 10:00 a.m.

## **AGENDA**

### **Call to Order**

### **Public Comments**

### **Executive Session**

The Board will convene into Executive Session under the provision of Texas Government Code §551.072 (Real Property). The Executive Session will not be open to the public.

### **Action Items**

- A. Consideration of the authorization of an offer of a proposed Surface Use Agreement and Oil and Gas Lease to Midland-Petro D.C. Partners, LLC and Permian Deep Rock Oil Company, LLC

### **Adjournment**

If, during the course of the meeting, discussion of any item on the agenda should be held in a closed meeting, the Board will conduct a closed meeting in accordance with the Texas Open Meetings Act, Texas Government Code Chapter 551, subchapters D and E or Texas Government code §418.183(f). Before any closed meeting is convened, the presiding officer will publicly identify the section or sections of the Act authorizing the closed meeting. All final votes, actions or decisions will be taken in open meeting.

## SURFACE USE AGREEMENT

THIS SURFACE USE AGREEMENT (this “Agreement”) is made and entered into effective January 6, 2024 by and between the **MIDLAND COLLEGE DISTRICT**, formerly known as the Midland Community College District, whose address is 3600 N. Garfield, Midland Texas 79705 (“Surface Owner”) and **MIDLAND-PETRO D.C. PARTNERS, LLC** and **PERMIAN DEEP ROCK OIL COMPANY, LLC** whose address is P. O. Box 2071, Midland, Texas 79702 (collectively, “Lessee”) (Surface Owner and Lessee collectively referred to herein as the “Parties”), covering the following described lands located in Midland County, Texas (the “Surface Premises,” being composed of two tracts, as identified on Exhibit “A,” (i) the “Drill Site,” and (ii) the “Access Road”):

See Exhibit “A”

Reference is made to that certain Oil and Gas Lease described on Exhibit “B” attached hereto (the “Oil and Gas Lease”), covering the lands described on Exhibit “B” (the “Leased Premises”), executed of even date herewith. Lessee is hereby granted the exclusive right to use the Surface Premises for oil and gas operations for the benefit of Lessee’s oil and gas interests in Midland County, Texas, subject to the terms, conditions and provisions of this Agreement. The Surface Premises are illustrated on the plat attached as Exhibit “C;” provided, however, that in the event of any conflict between the description in Exhibit “A” and the plat in Exhibit “C,” the description in Exhibit “A” shall control.

It is the purpose of this Agreement to provide for protection of the aesthetics of the Midland College Campus (being the lands described on Exhibit “D,” and referred to hereafter as the “Campus”) as well as its functionality, and for the safety and comfort of its students and employees, while also allowing for oil and gas development and production as described herein, solely and exclusively from the Surface Premises.

Accordingly, it is agreed as follows:

### 1. **COMPENSATION TO SURFACE OWNER:**

As compensation to the Surface Owner for the use of the Surface Premises, Lessee agrees to the following:

- (a) Lessee shall pay to Surface Owner (i) Fifteen Million Dollars (\$15,000,000.00) within thirty (30) days after the Parties’ execution and delivery of this Agreement and the Oil and Gas Lease; and (ii) Twenty Million Dollars (\$20,000,000.00) upon the first to occur of:
  - (i) thirty (30) days after Lessee receives all requisite permits (as reasonably determined by Lessee), including but not limited to those required from the Texas Railroad Commission, the Texas Department of Transportation, and the City of Midland, Texas, to drill, complete and transport production from the full intended lateral for the initial well on the Surface Premises (the date the last such permit is received is referred to hereafter as the “Commencement Date”); or

- (ii) 270 days from the date of Execution of this Agreement.

In no event shall Lessee spud the initial well until both payments under this paragraph have been fully made to Surface Owner. Upon execution of this Agreement, Surface Owner agrees to provide a publicly posted agenda and meeting minutes showing that the Oil and Gas Lease and this Agreement were duly authorized by adoption of a resolution by majority vote of the board of trustees of Surface Owner. Lessee shall submit the initial application to the City of Midland for a permit for the surface location for the initial well within 120 days of the execution and delivery of this Agreement.

- (b) Lessee shall within 365 days after the Commencement Date, begin constructing a water pipeline on the route depicted on Exhibit E (the "Water Line"). Lessee's sole responsibility for the Water Line shall be the reasonably prompt construction of the Water Line, delivering a pipeline reasonably built with an outlet flange on the southeast corner of the Drillsite to which the Surface Owner may connect for its irrigation use on the Campus. The Water Line shall be delivered as-is, where-is, and Lessee shall have no obligations related to maintenance. Lessee shall be responsible for securing any easements and rights of way for the Water Line that are required, and if any such rights have not been obtained by the Commencement Date, Lessee's obligation to commence construction shall be tolled until 30 days after such rights have been secured. In the event any surface owner along the Water Line or governmental agency requires a revision of the location of the Water Line, Lessee's obligation to commence construction of the Water Line (or to maintain the Water Line after construction) shall be tolled until 30 days after the complete resolution and permitting of the revised location of the Water Line. Lessee shall have no obligation to secure a water source for the Water Line because the water well(s) to which the Water Line is to be connected are not owned by Lessee but are owned and controlled by the City of Midland. However, should Lessee secure a water source for the Water Line then Lessee shall make water available to Surface Owner at the outlet flange described above and Surface Owner shall pay Lessee for such water at the rate paid by Lessee. Notwithstanding the foregoing, Lessee shall have the first right to use water from the Water Line to use for Lessee's operations on the Surface Premises and any obligations to irrigate under this Agreement.

The payment and obligations above as well as the other terms of this agreement are in satisfaction of all reasonably necessary use of the Surface Premises provided for herein and damage arising from that use. Lessee shall have no further payment obligation to Surface Owner for such use, or for damage arising from such use, but will remain liable for any and all additional damages owed for a breach of this Agreement or where damages are otherwise provided for under the terms of this Agreement or the Oil and Gas Lease.

**2. LIMITATIONS AS TO USE:** NOTWITHSTANDING ANY RIGHT OF USE OF ANY TYPE OR NATURE THAT IT MIGHT OTHERWISE HAVE OR ACQUIRE, LESSEE SHALL CONDUCT NO OPERATIONS OF ANY TYPE OR NATURE ON THE SURFACE OF THE CAMPUS OTHER THAN ON THE SURFACE PREMISES, AND OPERATIONS AND USE ON

THE SURFACE PREMISES SHALL BE CONDUCTED ONLY AS EXPRESSLY ALLOWED AND PERMITTED BY THE TERMS OF THIS AGREEMENT. THE LIMITATION ABOVE SHALL NOT, HOWEVER, LIMIT LESSEE'S OBLIGATIONS, AS PROVIDED FOR BELOW, TO PERFORM LANDSCAPING OUTSIDE OF THE SURFACE PREMISES. THIS PROVISION SHALL SURVIVE TERMINATION OF THE OIL AND GAS LEASE AND/OR OF THIS AGREEMENT AND SHALL CONTINUE IN FORCE AND EFFECT FOR THE TERM OF LESSEE'S OIL AND GAS OPERATIONS UPON THE SURFACE PREMISES.

**3. ACCESS AND FENCES:**

- (a) Lessee's ingress and egress rights to the Drill Site shall be limited to using the Access Road; provided that Lessee may access, cross and utilize all and any of the area within the perimeter fences of the Drill Site, having exclusive use thereof for the term of this Agreement save and except such portion thereof, if any, as might be surrendered by Lessee electing to permanently enclose a smaller area (as subsequently addressed herein). It is further understood that Lessee shall have unrestricted rights of ingress and egress to the Surface Premises from other lands that are not currently owned by Surface Owner, including but not limited to the right to build roads, pipelines, flowlines and electrical lines that enter the Surface Premises from the adjoining tracts to the north and east of the Surface Premises that are not owned by Surface Owner. Lessee and all persons entering or leaving the Surface Premises in connection with Lessee's operations hereunder shall keep all gates securely closed and locked except when a gate guard shall be on duty at the intersection of the Surface Premises and Garfield Street to control and monitor traffic. Lessee shall have a gate guard on duty at such location, at a minimum, at all times when a drilling, completion or workover rig is on, entering or exiting the Drill Site and at any and all other times required by the City of Midland.
- (b) While under construction (i.e., prior to the paving or topping thereof as contemplated above being completed), the Access Road and the Drill Site will be kept "wet down" to avoid excessive dust (with the extent of that duty to reflect the special nature of the uses of the surrounding lands).
- (c) Lessee shall install adequate culverts wherever any road constructed by Lessee crosses a natural drainage feature, and except as otherwise provided herein all roads shall be so constructed and laid as not to interfere with the natural flow of surface waters or with drainage.
- (d) Lessee shall place water diversions along all roads constructed by Lessee as reasonably necessary to prevent excessive washing out of the road. All material for such diversions must be acquired by Lessee other than from the Leased Premises and/or any other land of the Campus, as Lessee shall have no right to recover components of the surface estate of the Leased Premises or of any other land of the Campus, other than as naturally produced from an oil and/or gas well with oil and/or gas.

- (e) Lessee shall use commercially reasonable efforts to avoid the use of heavy vehicles (being anything larger than a one-ton pickup), using the Access Road from 8:00 am to 5:30 pm on weekdays that scheduled classes and/or exams are being conducted on the Campus as per academic calendars published by Midland College and available on its website; provided, however, that the foregoing restriction shall not apply during rig up, rig down, drilling, completions, unscheduled workovers and emergencies.
- (f) Before Lessee moves a drilling rig onto the Drill Site, Lessee shall construct sound walls of a height of not less than twenty-four feet (24'): (i) surrounding the Drill Site and (ii) paralleling the Access Road so as to separate the Access Road from the Campus to the south, in accordance with Surface Owner's reasonable requirements and specifications for such sound walls (not only to act as a sound barrier, but also to minimize dust and trash from blowing onto adjoining lands), but allowing for adequate ingress and egress for Lessee's equipment to operate, and such sound walls shall remain in place during all drilling, fracking and completion operations. Within ninety (90) days after Lessee has completed its then projected drilling and completion operations (deemed to be when it has no development plans for the drilling of additional wells within the next 365 days) Lessee shall remove the sound walls. Notwithstanding anything to the contrary in this Agreement, Lessee shall commence construction of permanent fencing around the south and west sides of the boundary of the Surface Premises (the permanent fencing around the north and east boundary of the Surface Premises will conform to the specifications of the City of Midland) within five (5) years of the date of execution of this Agreement and continue construction with reasonable diligence until the permanent fences are completed. Said permanent fences shall substantially conform to the provisions and schematics of Exhibit "F." The color of the permanent fencing will be selected by Surface Owner. The terms, provisions and requirements of this Subparagraph (f) shall survive the termination or expiration of this Agreement. If and to the extent the permanent fencing does not enclose all of the Drill Site, and there has been damage to areas outside of Lessee's permanent fencing attributable to Lessee's activities in the construction of the permanent fencing and/or in Lessee's previous use thereof, Lessee shall restore the damaged area as reasonably requested by Surface Owner, in its discretion, to cause the area to be consistent and compatible with surrounding landscaping and the irrigation layout and Exhibit "G" hereto.
- (g) Not less than thirty (30) days prior to the actual commencement of operations related to the Drill Site or Access Road, Lessee shall provide written notice to the Surface Owner specifying the approximate date of commencement of such activities. In addition, Lessee shall provide the Surface Owner with not less than forty-eight (48) hours prior notice of each occurrence of mobilization of drilling equipment to the Drill Site, in accordance with the requirements set forth in the City of Midland Oil and Gas Drilling Ordinance No. 8769, as codified in Section 6-1-23 of the Midland, Texas Municipal Code.

- (h) No alcohol, illegal drugs, firearms or other weapons or pets shall be allowed to be brought onto the Surface Premises by those persons acting by, through and under Lessee (including contractors of any tier) at any time.
- (i) A speed limit of 20 m.p.h. on the Surface Premises will be observed by Lessee and its agents, employees, representatives, contractors and subcontractors of any tier.

**4. DRILLSITE LOCATIONS:**

- (a) LESSEE SHALL LOCATE ALL SURFACE OPERATIONS (OTHER THAN, AND DISTINGUISHED FROM, INGRESS AND EGRESS RIGHTS ON THE ACCESS ROAD) WITHIN, AND EXCLUSIVELY WITHIN, THE DRILL SITE.
- (b) SURFACE OWNER HEREBY DOES GRANT, BARGAIN, AND CONVEY UNTO LESSEE A SUBSURFACE EASEMENT AND RIGHT-OF-WAY IN AND UNDER THE CAMPUS, TO PROVIDE LESSEE THE RIGHT TO DRILL UNDER, COMPLETE, WORKOVER, SIDETRACK, OPERATE, PRODUCE AND ENJOY ONE OR MORE OIL AND GAS WELLS, ACROSS, IN AND THROUGH THE SUBSURFACE OF THE CAMPUS. THE SUBSURFACE EASEMENT GRANTED IN THIS PARAGRAPH SHALL SURVIVE UNTIL EVERY WELL DRILLED UNDER SUCH EASEMENT HAS BEEN PLUGGED AND ABANDONED, WHICH TERM MAY EXTEND BEYOND THE EXPIRATION OR TERMINATION OF THIS AGREEMENT. AS PART OF THE GRANTING OF THIS SUBSURFACE EASEMENT, LESSEE AGREES AS FOLLOWS:
  - (i) no wells hereunder will be fracture stimulated at any depth above two thousand five hundred feet (2,500') from the surface; and
  - (ii)
  - (iii) for each well to be drilled which will have a take point (as that phrase is currently defined in 16 Texas Administrative Code § 3.86(a)(11)) outside of the Chaparral Unit (as defined in that certain Pooling Authority for the Chaparral Unit dated the 11 day of March, 2020, recorded as Instrument No. 2020-8276 in the Official Public Records of Midland County, TX, as such may be amended from time to time), , Lessee shall pay surface owner a one-time easement fee of \$100,000, due upon the spudding of the well.
- (c) Lessee shall at all times have trash trailers on the Drill Site while drilling, completion and workover operations are in progress, and at other times Lessee shall have trash receptacles in place commensurate with the activities then occurring on the Drill Site. No trash may be disposed of on the Surface Premises or on any other portion of the Campus at any time.
- (d) Within one hundred twenty (120) days after abandonment of the last producing well on the Drill Site, Lessee will remove all caliche and other surface topping material, oil and/or gas waste materials, junk, pieces or iron, pipes and other debris from the Drill Site, level it, replace removed topsoil, and return the disturbed area to its original condition.

- (e) Electricity will be used in the drilling and completion of wells as often and to the extent possible. However, gasoline and/or diesel may be used for the drilling rig in case of loss of electric power, but only for so long as the triggering situation continues, and with Lessee to have a duty to take all reasonable action to cause the triggering situation to terminate as soon as reasonably practicable. Lessee will use its best efforts to use electric motors for other purposes and equipment as well.
- (f) All lighting for the Drill Site shall face away from the Campus and be placed and designed to provide as little light upon the Campus as is reasonably practicable.
- (g) The entire Surface Premises shall be topped/coated, and thereafter maintained, with asphalt or TXDOT approved caliche or an alternative that will comparably minimize dust.
- (h) Other than drilling, workover and completion equipment and the sound walls provided for in Paragraph 3(f), nothing on the Surface Premises shall have an operating height greater than 16 feet.
- (i) Flaring may occur on the Surface Premises only when necessary in connection with drilling and/or completion operations, provided: (i) flaring shall be subject to the City of Midland Oil and Gas Drilling requirements as applied under Ordinance 8769, as codified in Section 6-1-23 of the Municipal Code of Midland, Texas, governing flaring, as same presently exists or subsequently amended and (ii) flaring shall not occur because Lessee is unable to accomplish (for whatever reason) the delivery of gas. Instead, in such events, all wells on the Surface Premises shall be shut-in until gas deliveries by pipeline can be commenced or resumed; it being agreed, however, that flaring may occur for limited periods and limited volumes to the minimum extent required to maintain the safety of Lessee's employees, contractors and equipment.
- (j) Lessee shall at all times maintain all equipment and permitted fixtures and facilities located on the Surface Premises in good repair and condition, and in a properly painted condition, with Surface Owner being entitled to dictate paint colors consistent with the Campus and/or school colors subject to City of Midland Oil and Gas Ordinance.
- (k) Nothing other than non-movable fixtures located on the Surface Premises shall be painted, steam cleaned or cleaned with solvents while on the Surface Premises, and with all such activities, Lessee must collect and remove all effluent(s) and otherwise protect the surface and subsurface (including water). All rig waste and other waste shall be removed from the Drill Site as soon as reasonably practical.
- (l) Demobilization operations shall commence promptly for any drilling (including completion) rig or workover rig (in no event later than fourteen (14) days after the drilling or workover operations have been completed), except: (i) in the event of a heavy rain or other circumstance or event that would cause removal within that timeframe to create an unreasonable risk of damage to the Surface Premises or

injury to personnel that would otherwise be avoidable, or (ii) a drilling rig is to be used to drill another well located on the Drill Site within one hundred twenty (120) days following the completion of its use on the prior operation or a workover rig to be used to workover another well located on the Drill Site within thirty (30) days.

**5. PITS AND DISPOSAL OF DRILLING FLUIDS AND MUD:**

- (a) While drilling, Lessee will use a closed loop mud system. Without limiting that requirement, if and to the extent any pits will be utilized, such: (i) must be located within the confines of the Drill Site, (ii) must be lined with a non-permeable liner prior to use and at all times during use, (iii) remaining liquids must be removed and disposed of off of the Campus, (iv) liners may not be “deep buried,” but must be completely removed from the Campus, and (v) must be backfilled, leveled and topped (as required by 4(g) above) upon their abandonment.
- (b) While drilling and completing, all cuttings and other drilling and completion fluids will be retained and removed from the Surface Premises in above-ground vessels.
- (c) There shall be no landfarming or disposal of drilling fluids or muds, or other wastes from oil and gas operations on the Surface Premises, or the disposal of same into any wellbore or pit located on the Surface Premises at any time.

**6. PIPELINES:**

With the exception of water irrigation lines, there shall be no pipelines or flowlines, temporary or permanent, placed, at any time, on any portion of the Campus other than on or under the Drill Site and Access Road.

**7. ELECTRIC LINES:**

There shall be no electric lines, temporary or permanent, placed, at any time, on any portion of the Campus other than on or under the Drill Site and Access Road. Lessee shall at no time use Midland College electricity or electrical infrastructure.

**8. STORAGE OF MACHINERY AND EQUIPMENT:**

Lessee shall use no part of the Surface Premises for long-term storage (greater than six months) of machinery, rigs, equipment, pipe or other equipment or fixtures of Lessee while not being used.

**9. HOUSING OF EMPLOYEES:**

Lessee will be allowed sufficient temporary housing of supervising personnel and/or security officer(s) on the Drill Site, but otherwise Lessee shall use no part of the Surface Premises to house employees or other personnel.

**10. USE OF WATER:**

Lessee may use water that it imports to the Surface Premises (including through the Water Line), but shall not drill any water wells on, or otherwise extract water from (including by use of Midland College water wells and/or irrigation system), the Surface Premises or elsewhere on the Campus.

**11. DISPOSAL OF SALT WATER/WASTE:**

Lessee shall not dispose of saltwater, flowback water or any other substance by injection into the Surface Premises or elsewhere on the Campus.

**12. TRASH:**

Lessee will keep the Surface Premises free of trash and debris at all times. Under no circumstances will Lessee be allowed to bury any trash, debris or foreign material of any kind on or under the Surface Premises. Upon the completion of any operation, all ribbons, flags, stakes and similar items shall be promptly removed from the Surface Premises.

**13. SEISMIC OPERATIONS:**

Lessee shall not conduct seismic operations on the Leased Premises or elsewhere on the Campus.

**14. LOCATION AND CONDUCT OF OPERATIONS:**

Notwithstanding anything contained in this Agreement to the contrary, Lessee and Surface Owner acknowledge and agree that:

- (a) Lessee shall comply in all its operations with all applicable ordinances, laws, rules and regulations of each governmental, municipal and/or regulatory authority having jurisdiction over such operations, and shall, without limitation or condition, comply with the City of Midland's Oil and Gas Drilling requirements as applied under current Ordinance 8769, as codified in Section 6-1-23 of the Municipal Code of Midland, Texas, as the same may be hereafter amended from time to time (the "City of Midland Oil and Gas Ordinance"), the City of Midland Oil and Gas Ordinance requirements being minimum requirements, subject to all other provisions hereof);
- (b) Lessee shall provide security adjacent to the Surface Premises at all times when drilling, completion and/or workover rigs are on the Drill Site, at all times when third party contractors are providing other operations at the Drill Site, and at all times when road construction is occurring on the Surface Premises; Lessee shall coordinate security services with the Midland College Police Department;
- (c) All fracking of Lessee's wells on the Surface Premises shall be done using a quiet frac fleet system with sound reduction technology, and all other (including subsequently developed) sound reduction technology that is reasonably practicable, in recognition of the particular sensitivities to noise of the immediately adjacent college environment.

**15. ARCHAEOLOGICAL SITES:**

Lessee, its agents, employees, representatives, contractors and subcontractors or others entering upon the Surface Premises under the authority of the Oil and Gas Lease, or this Agreement shall not intentionally remove or destroy any fossils, Indian artifacts, or other archeological objects of historical or scientific value which may be situated thereon. Should Lessee or any of its agents, employees, representatives, contractors or subcontractors discover any such objects on the Surface Premises, it shall leave said objects in place and promptly notify Surface Owner of the existence of such objects.

**16. DAMAGE TO PROPERTY IN GENERAL:**

Lessee agrees to pay for any and all damages resulting to the Campus outside the boundary of the Surface Premises, improvements thereon and to personal property thereon caused in whole or in part by Lessee's operations and/or by the acts or omissions of any third party (including independent contractors of any tier) acting by, through or under Lessee. Lessee agrees to pay for any and all damages to the Surface Premises beyond the reasonable and necessary damage thereto (which is covered by the payment provided for in 1(a) above) and proximately caused by the negligence of Lessee and/or by the negligence of any third party (including independent contractors of any tier) acting by, through and under Lessee.

**17. REMOVAL OF PROPERTY:**

Except as otherwise provided herein, Lessee shall have the right at any time during or within ninety (90) days after the cessation of production from all wells on the Surface Premises, to remove all property and fixtures placed by Lessee on any such portion of the Leased Premises, excluding the right to draw and remove casing, then belonging to Lessee and not permissibly taken over by Surface Owner under some other provision of this Agreement. If Lessee fails to remove such property and fixtures within said ninety (90) day period, such property and fixtures shall, at the election of Surface Owner, either become owned by Surface Owner or Surface Owner may have such property removed at the sole expense of Lessee; provided, however, Lessee shall in no event be relieved of its liability to plug and abandon in accordance with all applicable laws and regulations all wells drilled on the Surface Premises by, through or under Lessee. The terms, provisions and requirements of this Paragraph shall survive the termination or expiration of this Agreement.

**18. INDEMNIFICATION AND ENVIRONMENTAL PROTECTION:**

TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, LESSEE, ITS SUCCESSORS AND ASSIGNS, AGREE TO INDEMNIFY, PROTECT, DEFEND AND HOLD HARMLESS SURFACE OWNER AND ITS OFFICERS, REPRESENTATIVES, THE PAST, PRESENT AND FUTURE MEMBERS OF THE MIDLAND COLLEGE BOARD OF TRUSTEES, AS WELL AS SURFACE OWNER'S AGENTS, EMPLOYEES, THEIR ATTORNEYS, HEIRS, EXECUTORS, AND EACH OF SAID PARTIES' SUCCESSORS AND ASSIGNS (COLLECTIVELY, "INDEMNITEES") FOR, FROM AND AGAINST ANY AND ALL CLAIMS, LOSSES, DAMAGES, LIABILITIES, LIENS, FINES, PENALTIES, CAUSES OF ACTION, SUITS, CHARGES, JUDGMENTS, ADMINISTRATIVE ORDERS, REMEDIATION REQUIREMENTS, ENFORCEMENT ACTIONS OF ANY KIND, AND ALL COSTS AND EXPENSES INCURRED IN CONNECTION THEREWITH (INCLUDING, BUT NOT LIMITED TO, ATTORNEYS' FEES, EXPERT WITNESS FEES AND OTHER REASONABLE LITIGATION EXPENSES, INCLUDING THOSE INCURRED IN ENFORCING THIS INDEMNITY) OF ANY NATURE, KIND OR DESCRIPTION ARISING, DIRECTLY OR INDIRECTLY, OUT OF, CAUSED BY OR RESULTING FROM (IN WHOLE OR IN PART) AN EXERCISE OF RIGHTS GRANTED BY THIS AGREEMENT, OR ANY ACT OR OMISSION OF LESSEE, ANY CONTRACTOR (INCLUDING INDEPENDENT CONTRACTORS OF ANY TIER), ANYONE DIRECTLY OR INDIRECTLY EMPLOYED BY THEM, OR ANYONE THAT THEY CONTROL OR EXERCISE CONTROL OVER (COLLECTIVELY, "LIABILITIES") RELATING TO OR ARISING FROM OPERATIONS CONDUCTED ON THE SURFACE PREMISES, EVEN IF SUCH LIABILITIES ARISE FROM OR ARE ATTRIBUTED TO THE CONCURRENT NEGLIGENCE OF ANY INDEMNITEE.

THE ONLY LIABILITIES WITH RESPECT TO WHICH LESSEE'S OBLIGATION TO INDEMNIFY THE INDEMNITEES DOES NOT APPLY IS WITH RESPECT TO LIABILITIES OF AN INDEMNITEE RESULTING FROM THE SOLE NEGLIGENCE OR WILLFUL MISCONDUCT OF THAT INDEMNITEE. SURFACE OWNER SHALL PROMPTLY ADVISE LESSEE OF ANY ACTION, ADMINISTRATIVE OR LEGAL PROCEEDING OR INVESTIGATION, OF WHICH SURFACE OWNER HAS KNOWLEDGE, TO WHICH THIS DUTY OF INDEMNIFICATION MAY APPLY. LESSEE SHALL PROMPTLY ADVISE SURFACE OWNER OF ANY ACTION, ADMINISTRATIVE OR LEGAL PROCEEDING OR INVESTIGATION, OF WHICH LESSEE HAS KNOWLEDGE, TO WHICH THIS DUTY OF INDEMNIFICATION MAY APPLY. LESSEE, AT LESSEE'S EXPENSE, SHALL ASSUME AND CONDUCT WITH DUE DILIGENCE AND IN GOOD FAITH THE DEFENSE OF SURFACE OWNER (AND THE OTHER INDEMNITEES) WITH REGARD TO ALL LIABILITIES SUBJECT TO LESSEE'S DUTY OF INDEMNIFICATION, DOING SO WITH COUNSEL REASONABLY SATISFACTORY TO SURFACE OWNER. PROVIDED, SURFACE OWNER AND OTHER INDEMNITEES SHALL HAVE THE RIGHT, AT THEIR OPTION, TO BE REPRESENTED BY COUNSEL OF THEIR OWN SELECTION AT THEIR OWN EXPENSE.

WITHIN TEN BUSINESS DAYS AFTER RECEIPT OF NOTICE FROM SURFACE OWNER AND/OR ANOTHER INDEMNITEE OF AN EVENT OR CIRCUMSTANCE ASSERTED BY AN INDEMNITEE AS TRIGGERING LESSEE'S INDEMNIFICATION DUTY UNDER THIS AGREEMENT (SAID TEN DAY PERIOD TO NOT APPLY IN ANY CASE WHERE IMMEDIATE ANSWERS, RESPONSES, OR OTHER AFFIRMATIVE ACTION IS REQUIRED TO PRESERVE THE RIGHTS OF THE SURFACE OWNER AND/OR ANOTHER INDEMNITEE), LESSEE SHALL PROVIDE WRITTEN NOTICE TO THE PARTY OR PARTIES SEEKING INDEMNIFICATION OF LESSEE'S ACCEPTANCE OF ITS OR THEIR DEFENSE. SHOULD LESSEE FAIL OR REFUSE TO TIMELY ASSUME THE DEFENSE OF A PARTY RIGHTFULLY CLAIMING A RIGHT TO INDEMNIFICATION UNDER THIS AGREEMENT, ALL REASONABLE COSTS AND EXPENSES OF DEFENSE THEREAFTER INCURRED BY THE PARTY SHALL BE REIMBURSED BY LESSEE, TOGETHER WITH INTEREST ON THE SAME FROM THE DATE ANY SUCH EXPENSE WAS PAID BY SURFACE OWNER OR OTHER INDEMNITEE UNTIL REIMBURSED BY LESSEE, AT THE RATE OF INTEREST PROVIDED TO BE PAID ON JUDGMENTS, BY THE LAW OF THE STATE OF TEXAS, TOGETHER WITH THE FULL AMOUNT OF THE LIABILITY.

LIABILITIES, AS USED ABOVE WITH REGARD TO THE DUTY OF LESSEE TO PROVIDE INDEMNIFICATION, SHALL INCLUDE ANY AND ALL FAILURES BY LESSEE AND/OR BY A LESSEE CONTRACTOR OF ANY TIER (INCLUDING INDEPENDENT CONTRACTORS OF ANY TIER) TO COMPLY WITH APPLICABLE LOCAL, FEDERAL AND/OR STATE ENVIRONMENTAL LAWS, INCLUDING BUT NOT LIMITED TO THE RESOURCE CONSERVATION AND RECOVERY ACT (RCRA) AND THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION, AND LIABILITY ACT (CERCLA) (AS THEY MAY BE REAUTHORIZED AND/OR AMENDED) AND ALL OTHER LOCAL, FEDERAL AND STATE LAWS, IN CONNECTION WITH OR RELATED TO: (i) OPERATIONS OR ACTIVITIES ON OR RELATED TO THE SURFACE PREMISES, AND/OR (ii) THE HANDLING, STORING, RELEASING OR TRANSPORTING OR DISPOSING OF SUBSTANCES BROUGHT ONTO OR PRODUCED FROM THE SURFACE

PREMISES, INCLUDING BUT NOT LIMITED TO HAZARDOUS SUBSTANCES AND HAZARDOUS WASTES, BY LESSEE OR ANY OTHER PERSON OR ENTITY ON THE SURFACE PREMISES BY, THROUGH OR UNDER LESSEE. PROVIDED, HOWEVER, LESSEE SHALL NOT BE REQUIRED TO PROVIDE INDEMNIFICATION HEREUNDER TO THE EXTENT OF THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SURFACE OWNER OR OF ANY OTHER INDEMNITEE.

IT IS THE INTENTION OF THE PARTIES HERETO THAT THE INDEMNIFICATION PROVISIONS OF THIS AGREEMENT SHALL APPLY TO AND PROTECT EACH INDEMNIFIED PARTY FROM THE CONSEQUENCES OF STRICT LIABILITY IMPOSED OR THREATENED TO BE IMPOSED ON SUCH INDEMNIFIED PARTY AS A RESULT OF THE FOREGOING.

THE TERMS, PROVISIONS AND REQUIREMENTS OF THIS PARAGRAPH SHALL SURVIVE THE TERMINATION OR EXPIRATION OF THIS AGREEMENT, AND THESE INDEMNIFICATION OBLIGATIONS SHALL NOT BE LIMITED BY OR TO BENEFITS PAYABLE UNDER INSURANCE POLICIES OR OTHERWISE BE CONTRACTUALLY LIMITED.

**19. INSURANCE:**

Lessee shall carry and maintain, at its sole cost and expense, the stated types of insurance, in not less than the stated amounts, with one or more insurance carriers licensed by the Texas Department of Insurance, at any and all times that Lessee or any entity or person is on the Surface Premises or acting for and on behalf of Lessee pursuant to the Oil and Gas Lease and/or this Agreement, to wit:

- i. Worker's Compensation Insurance to cover full liability under the Worker's Compensation laws of the State of Texas, and at a minimum be in amounts not less than:
  - Bodily Injury by accident: \$1,000,000 each incident
  - Bodily Injury by disease: \$1,000,000 policy limit
  - Bodily Injury by disease: \$1,000,000 each employee;
  
- ii. Comprehensive General Public Liability Bodily Injury Insurance with limits of liability of not less than;
  - General Aggregate: \$2,000,000.00
  - Each Occurrence: \$ 1,000,000.00
  - Personal Injury: \$ 1,000,000.00
  - Products/Completed Operations: \$ 2,000,000.00;
  
- iii. Comprehensive General Public Liability Property Damage Insurance with limits of not less than \$1,000,000.00 for damage to property as a result of one accident or occurrence, which shall include the following:
  - Broad Form Property Damage;

- Explosion, Collapse, and Underground (XCU) exclusion excluded;
  - Fire/Legal Liability Endorsement;
  - Sudden and Accidental Seepage and Pollution Coverage;
- iv. Automobile Bodily Injury and Property Damage Liability Insurance. Such insurance shall extend to owned, non-owned, and hired automobiles used in the performance of the rights herein granted. The limits of liability of such insurance shall not be less than One Million Dollars (\$1,000,000) combined single limit for bodily injury and property damage in respect of any one accident or occurrence;
- v. Well Control Insurance in the amount of Five Million Dollars (\$5,000,000) with respect to all wells drilled, to include the following items:
- Well control costs and /or expenses incurred in regaining or attempting to regain control of any and all wells which are out of control and in extinguishing or attempting to extinguish oil or gas well fires, and
- Seepage and pollution, cleanup and contamination;
- vi. Umbrella/Excess Liability (or combination of primary and umbrella coverage) with limits of not less than \$50,000,000.00 per occurrence.

The Lessee shall cause certificates of insurance evidencing the above coverages and amounts of coverage to be provided promptly upon request to Surface Owner, or to such other representative(s) of Surface Owner as Surface Owner may from time to time designate, but in any event in advance of conducting initial physical entry onto the Surface Premises. The insurance policies required above, except under item (i), shall provide coverage for the Indemnitees identified in Paragraph 18 above, with Surface Owner and all other Indemnitees to be additional insureds with regard to the insurance to be provided herein; and said policies shall reflect: (i) that Surface Owner will receive thirty (30) days prior written notice of cancellation or material changes in coverage and (ii) that the insurer has waived any right of subrogation against Surface Owner and all of the other Indemnitees.

Lessee further agrees to use best efforts to require each contractor, person, or other entity acting on Lessee's behalf to carry insurance coverage in the types and amounts stated in subparagraphs 19(i) through (v) above. If a line of insurance coverage required by subparagraphs 19(i) through (vi) above is not reasonably available for purchase by Lessee (or other third party), then Lessee (or such other third party) may substitute coverage that is functionally equivalent, which shall be reflected on the applicable certificate of coverage..

## **20. RESTROOM FACILITIES:**

Lessee or its contractors shall provide its employees with portable toilet facilities during drilling, completion, reworking, construction, and any other similar or related operations. These facilities shall remain in the confines of the Drill Site. No person acting by, through or under Lessee shall, at any time, use Midland College restroom facilities or otherwise go upon the Campus (save and except the Surface Premises), unless doing so as a student or as a person having business with Midland College other than with regard to the Oil and Gas Lease and/or this Agreement.

**21. LANDSCAPING AND IRRIGATION:**

On or before the last day of the third (3rd) month after the commencement of drilling operations, Lessee shall submit to the President of Midland College for his or her approval a detailed written plan, including appropriate plats and/or renderings, for reasonable and appropriate landscaping and irrigation of the areas immediately adjacent to the Surface Premises impacted by Lessee's operations (being a border area along the Drill Site and Access Road that extends twenty-five feet (25') into the Campus) in order to minimize the impact of Lessee's operations upon the appearance of the Campus, and upon the flow and drainage of water: (i) during the continuation of drilling operations and (ii) after the cessation of drilling operations. Such landscaping and irrigation plans shall include such reasonable requirements as may be requested by Surface Owner (including but not limited to a landscaped berm around the Drill Site of sufficient height to contain the maximum potential fluid release that might reasonably occur within same), and Surface Owner approval of such landscaping and irrigation plans shall not be unreasonably withheld if similar to the requirements attached hereto as Exhibit "G" (unless as waived or otherwise expressly agreed to by Surface Owner in writing). Without limiting the foregoing, the Parties hereto acknowledge and agree that (i) such landscaping and irrigation plans shall require the installation of appropriate landscaping and irrigation around the perimeter fence of the Drill Site and those adjacent to the remainder of the Surface Premises to the extent road construction and other Lessee activity has negatively impacted adjacent lands, (ii) the landscaping shall be irrigated with a bubbler and sprinkler irrigation system that provides sufficient water volume and coverage for such landscaping (including installation of a booster pump if and as reasonably necessary to offset low delivery pressures), and (iii) Surface Owner's requirements for the landscaping and irrigation to be installed on the Surface Premises shall not be limited by the requirements of the City of Midland Oil and Gas Ordinance or any other applicable ordinance, law, rule or regulation, but shall in no event ever be less than those requirements. All costs of the preparation of the landscaping and irrigation plan and of the installation of such landscaping and irrigation shall be paid by Lessee. Installation of the approved plans for landscaping and irrigation during the continuation of drilling operations shall be commenced within thirty (30) days of plan approval as related to those particular duties. Unless otherwise agreed by Surface Owner, Lessee shall be responsible for the installation of all such landscaping and irrigation in accordance with such plans and the installation of such post-drilling landscaping and irrigation, which shall be commenced (and thereafter pursued with reasonable diligence) by Lessee within sixty (60) days after installation of the permanent fencing described in this agreement. Lessee shall be responsible, at Lessee's sole cost and expense, for maintenance of the landscaping and irrigation during the term of this Agreement.

**22. WAIVER; SOVEREIGN IMMUNITY:**

No waiver of any of the provisions of this Agreement shall be deemed or constitute a waiver of any other provision of this Agreement, nor shall any such waiver constitute a continuing waiver unless otherwise expressly provided. Likewise, the failure of Surface Owner to enforce a provision of this Agreement at a particular time or with regard to a particular circumstance or event shall not be deemed to, nor constitute, a waiver of the right of Surface Owner to enforce such provision or other provisions at a later time or with regard to another circumstance or event. IT IS STIPULATED AND AGREED THAT NEITHER THIS AGREEMENT, THE OIL AND GAS LEASE OR ANY OTHER ACTION TAKEN BY SURFACE OWNER, NOW OR IN THE FUTURE (SAVE AND EXCEPT FOR AN EXPRESS, WRITTEN DOCUMENT OF WAIVER EXECUTED IN THE FUTURE BY A PERSON WITH EXPRESS AUTHORIZED TO DO SO) SHALL EFFECT A WAIVER OF SURFACE OWNER'S SOVEREIGN IMMUNITY.

**23. ENFORCEMENT:**

Unless provided otherwise under some other provision of this Agreement, all compensation, damages or other payments due to Surface Owner under the terms of this Agreement shall be paid to Surface Owner in Midland County, Texas within thirty (30) days after the event giving rise to such obligation occurs. In the event Lessee fails to take the actions required under this Agreement, and Surface Owner notifies Lessee of such failure and Lessee does not commence (and thereafter reasonably pursue) efforts to cure the failure within thirty (30) days from the date of the notice, Surface Owner may (in addition to, and not in lieu of any other rights) take reasonable action to cure the failure on behalf of Lessee, and should such occur Lessee agrees to pay all reasonable costs incurred by Surface Owner related to such required action within thirty (30) days of receipt of an invoice for such action. Any amount not paid within said thirty (30) day period shall bear interest at a rate of eighteen percent (18%) per annum or at the highest interest rate allowed by law, whichever is less..

**24. MATERIAL BREACH:**

- (a) If Surface Owner believes that Lessee has breached its obligations under (i) Paragraph 1(a) by failing to timely make a payment on or before the due date, (ii) Paragraph 3(f) by failing to timely build a required fence, (iii) Paragraph 19 by failing to obtain or maintain a conforming insurance policy for Lessee, or (iv) Paragraph 26 by causing a Change of Control without express consent as set forth in Paragraph 16 of the Oil and Gas Lease (each a “Material Obligation”), then Surface Owner may send a notice of breach to Lessee that specifies the alleged breach (“Notice of Material Breach”).
- (b) If Lessee disputes the alleged breach, then Lessee shall respond within thirty (30) days from receipt of the notice with an explanation of its position and the Parties shall promptly meet to discuss a resolution. If the Parties are unable to resolve the dispute after such meeting, and Lessee fails to commence within thirty (30) days and continue good faith efforts to cure the breach this Agreement shall terminate.

**25. ATTORNEY'S FEES AND EXPENSES:**

Should Surface Owner employ an attorney to enforce this Agreement, or any of its rights under this Agreement, Surface Owner shall be entitled to reimbursement from Lessee for its reasonable attorney's fees, expert witness fees and other costs of litigation if Surface Owner is the prevailing party in a final, non-appealable judgment.

**26. SUCCESSORS AND ASSIGNS/OPERATORS AND SUCCESSOR OPERATORS:**

The provisions of this Agreement shall inure to the benefit of and be binding upon Surface Owner and Lessee, their respective heirs, successors, representatives and assigns. Any amendment of this Agreement may be made solely by Surface Owner and Lessee. Lessee’s rights in this Agreement may be assigned, but are subject to the same restrictions set forth in Paragraph 16 of the Oil and Gas Lease, which is incorporated by reference as if fully set out herein.

**27. COVENANTS RUNNING WITH THE LAND:**

The covenants and obligations of the Parties under this Agreement shall be binding upon and shall run with the land and burden the Parties' real property interests (including with regard to Lessee, the Oil and Gas Lease, and with regard to Surface Owner the Surface Premises).

**28. MEMORANDUM OF SURFACE USE AGREEMENT:**

Surface Owner and Lessee have executed a Memorandum of Surface Use Agreement in the form attached hereto as Exhibit "H", dated of even date herewith, for recording in the records of the County in which the Leased Premises and Surface Premises are situated, to give record notice of this Surface Use Agreement. This Surface Use Agreement shall not be recorded except by or with the consent of Surface Owner.

**29. COUNTERPART EXECUTION:**

This Agreement may be executed in several counterparts, and any such agreement shall be deemed an original for all intents and purposes.

**30. APPLICABLE LAW:**

This Agreement shall be construed and enforced in accordance with the laws of the State of Texas. Exclusive venue for any cause of action arising from or related, directly or indirectly, to this Agreement shall be in Midland County, Texas.

**31. RELATED AGREEMENT:**

This Agreement is executed in conjunction with the Oil and Gas Lease. This Agreement, however, shall continue in force and effect until all wells on the Surface Premises have been plugged and abandoned and the Surface Premises have been restored in accordance with the terms hereof, or as otherwise provided herein. Termination or expiration of the Oil and Gas Lease or this Agreement shall not relieve Lessee of any liability, duty or obligation which accrued, attached or arose prior to such termination or expiration or that is expressly stated to survive termination or expiration, nor shall it preclude Surface Owner from asserting any right to specific performance, damages or any other rights or remedies to which Surface Owner may be entitled. Upon termination or expiration of this Agreement for any reason, Lessee shall execute and deliver a recordable release of this Agreement to Surface Owner.

**32. THIRD-PARTY BENEFICIARIES:**

Except as provided in Paragraphs 18 and 19 with respect to Indemnitees, this Agreement is intended solely for the use and benefit of the Parties hereto and shall not constitute or be construed as a contract for the benefit of any third party.

**33. LIMITED WARRANTIES:**

LESSEE REPRESENTS AND WARRANTS THAT IT IS FULLY FAMILIAR WITH THE SURFACE PREMISES AND THEIR CONDITION AND STATE OF REPAIR FROM LESSEE'S OWN INVESTIGATION OF SAME, ACKNOWLEDGES THAT SURFACE OWNER HAS MADE NO EXPRESS REPRESENTATIONS OR WARRANTIES WITH REGARD TO THE SURFACE PREMISES, THE CONDITION THEREOF, OR THE ABILITY OF LESSEE TO CONDUCT THE OPERATIONS CONTEMPLATED UNDER THIS AGREEMENT. LESSEE STIPULATES TO THE FACT THAT LESSEE HAS NOT RELIED UPON ANY SUCH REPRESENTATION OR WARRANTIES AND/OR UPON ANY IMPLIED OR STATUTORY

WARRANTY AND, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, SURFACE OWNER HEREBY DISCLAIMS, AND LESSEE WAIVES, THE BENEFIT OF ANY AND ALL IMPLIED WARRANTIES, INCLUDING IMPLIED WARRANTIES OF FITNESS OR SUITABILITY FOR LESSEE'S PURPOSE, EXCEPT AS EXPRESSLY SET FORTH HEREIN. IN ADDITION, THIS AGREEMENT IS MADE WITHOUT WARRANTY OF TITLE OR SEISIN, EXPRESS OR IMPLIED, CONTRACTUAL OR STATUTORY; PROVIDED, HOWEVER, THAT ANY IMPLIED WARRANTIES OF TITLE SHALL REMAIN IMPLIED, BUT ONLY TO THE EXTENT ARISING BY, THROUGH OR UNDER LESSOR, BUT NOT OTHERWISE. Without limiting the foregoing, this Agreement is made subject to any and all validly existing rights of way, liens, agreements, instruments, burdens, encumbrances, restrictions and defects in title affecting the Surface Premises evidenced in the records of Midland County, Texas or that could be discovered by inspection of the Surface Premises and surrounding lands.

In addition and without limiting any of the foregoing, Lessee acknowledges and agrees that (i) it has satisfied itself as to all applicable ordinances, laws, rules and regulations of each governmental, municipal and/or regulatory authority having jurisdiction over the Surface Premises, the Leased Premises, this Agreement, the Oil and Gas Lease, and Lessee's contemplated operations, including, without limitation, all federal laws and all applicable FAA rules, regulations and requirements, and (ii) it stipulates that Surface Owner has made no representations or warranties that the terms, provisions or conditions of this Agreement or the Oil and Gas Lease comply with such applicable ordinances, laws, rules or regulations.

Notwithstanding the foregoing, Surface Owner warrants and represents that (i) the person executing this Agreement has the authority and capacity to execute this Agreement on behalf of the Surface Owner; (ii) this Agreement has been duly authorized by Surface Owner, its board and any other relevant governing persons; and (iii) this Agreement does not violate Surface Owner's charter, bylaws, statutory and constitutional abilities, and other governing documents.

**34. REGISTERED SEX OFFENDERS:**

Lessee shall not permit any employees who are registered sex offenders to enter any part of the Surface Premises. Lessee shall provide a letter in the form attached as Exhibit "I" to each contractor (if such contractor is a legal entity, then to such entity, and if not, to the individual) before it enters any part of the Surface Premises.

**35. NOTICE BETWEEN SURFACE OWNER AND LESSEE:**

- (a) Prior to commencing an operation on the Surface Premises that will involve the use of heavy duty vehicles or rigs of any type or nature, Lessee shall notify Surface Owner in writing of the specific activity that is to be conducted and of the commencement date of such activity, such notice to be given not less than thirty (30) days prior to the actual commencement of operations insofar as reasonably practical, with the understanding that in emergency situations or with smaller jobs, thirty (30) days advance notice may not be practical.
- (b) Lessee agrees to designate in writing the name of the person or persons with whom Surface Owner may communicate about the activities being conducted on the surface and with whom Surface Owner may resolve issues that arise. Where notices

are required under this Agreement, notice shall be provided by certified mail, return receipt requested to:

MIDLAND-PETRO D.C. PARTNERS, LLC  
Attn: VP Land and Legal  
500 West Wall St., Suite 300  
Midland, TX 79701

and

PERMIAN DEEP ROCK OIL COMPANY, LLC  
Attn: VP of Land & Legal  
P. O. Box 2071  
Midland, Texas 79702

and

Rendall Sikes PLLC  
Attn: Abigail W. Sikes  
6 Desta Dr, Suite 1600  
Midland, TX 79707

- (c) All communications by Lessee to Surface Owner shall be directed to:

The President of Midland College  
(currently Dr. Damon Kennedy)  
3600 N. Garfield Street  
Midland, TX 79705  
432.685.4520

With copy to:

Vice-President of Administrative Services of Midland College  
(currently Mr. Jeff Chambers)  
3600 N. Garfield Street  
Midland, TX 79705

**36. CONFLICTS:**

In the event of a conflict between the terms and provisions of this Agreement and the Oil and Gas Lease, the terms and provisions of this Agreement shall control.

*[Signature Page Follows]*

IN WITNESS WHEREOF this Surface Use Agreement is executed as of the respective dates of the acknowledgements below, but is effective for all purposes on January 6, 2024.

**SURFACE OWNER:**

**This Agreement has been duly authorized by a resolution adopted by majority vote of the board of trustees of the Midland College District (formerly known as the Midland College Community District) at a meeting of the board held on \_\_\_\_\_, 2026, in accordance with Texas Education Code § 11.154.**

**MIDLAND COLLEGE DISTRICT**

**By:** \_\_\_\_\_

**Name:** \_\_\_\_\_

**Title: President of the Board of Trustees**

**LESSEE:**

**MIDLAND-PETRO D.C. PARTNERS, LLC**

**PERMIAN DEEP ROCK OIL  
COMPANY, LLC**

**By:** \_\_\_\_\_

**By:** \_\_\_\_\_

**Name:** \_\_\_\_\_

**Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Title:** \_\_\_\_\_

Acknowledgments

STATE OF TEXAS

COUNTY OF MIDLAND

This instrument was acknowledged before me this \_\_\_\_ day \_\_\_\_\_, 2026 by \_\_\_\_\_, \_\_\_\_\_ of the Midland College District, a public entity, on behalf of said public entity.

\_\_\_\_\_  
Notary Public – State of Texas  
My Commission Expires: \_\_\_\_\_

STATE OF TEXAS

COUNTY OF MIDLAND

This instrument was acknowledged before me this \_\_\_\_ day \_\_\_\_\_, 2026 by \_\_\_\_\_, \_\_\_\_\_ of Midland-Petro D.C. Partners, LLC, a Texas limited liability company, on behalf of said company

\_\_\_\_\_  
Notary Public – State of Texas  
My Commission Expires: \_\_\_\_\_

STATE OF TEXAS

COUNTY OF MIDLAND

This instrument was acknowledged before me this \_\_\_\_ day \_\_\_\_\_, 2026 by \_\_\_\_\_, \_\_\_\_\_ of Permian Deep Rock Oil Company, LLC, a Texas limited liability company, on behalf of said company

\_\_\_\_\_  
Notary Public – State of Texas  
My Commission Expires: \_\_\_\_\_

**EXHIBIT “A”**

Attached to that certain Surface Use Agreement between  
Midland College District, as “Surface Owner”  
and  
Midland-Petro D.C. Partners, LLC, and Permian Deep Rock Oil Company, LLC as “Lessee”

*Description of the Surface Premises*

Two tracts, being a total of 17.47 acres, described as follows, and as illustrated in the plat attached as Exhibit “C”:

Drill Site: 15.65 acre tract of land, being that rectangle 675’ wide and 1,010’ long, in and from the NE/corner of the Midland College property, and being part of the approximately 53.26 acre tract of land, located in the Northwest part of Section 15, Block 39, Township I South, Texas and Pacific Railroad Company Survey, Abstract No. 36, Midland County, Texas, and being further described in a General Warranty Deed dated July 21, 1999, recorded in Volume 1696, Page 639, Midland County Official Public Records, from the City of Midland to the Midland Community College District.

Access Road: Approximately 1.82 acre tract of land, being that 50’ wide strip of land immediately South of the North boundary of the Midland College property and extending (i) from East boundary of Garfield Street, City of Midland, TX right-of-way (ii) to the Drill Site as described immediately above.

**EXHIBIT “B”**

Attached to that certain Surface Use Agreement between  
Midland College District, as “Surface Owner”  
and  
Midland-Petro D.C. Partners, LLC, and Permian Deep Rock Oil Company, LLC as “Lessee”

*Description of Oil and Gas Lease and Leased Premises*

**Oil and Gas Lease:**

Lessor: Midland College District  
Lessee: Midland-Petro D.C. Partners, LLC  
Date:  
Leased Premises:

Being a **53.26 acre tract of land, located in the Northwest part of section 15, Block 39, T-1-S, T&P RR Co. Survey, Midland County, Texas;** boundary being further described by metes and bounds as follows:

**BEGINNING** at (Y=10,708,382.88', X=1,745,852.79') at a 1/2" iron rod with plastic cap marked "PLS 1974" set in the Southwesterly boundary of said Midland Airpark property and the Northeasterly boundary line of a 20.374 acre tract, at the Northwest corner of this tract, being the south east corner of a 1.16 acre tract surveyed this day, from whence the Northwest corner of said section 15, Block 39, T-1-S, bears S. 75° 52' 33" W. a distance of 430.83 feet, S. 75° 42' 10" W. a distance of 40.00 feet and N. 14° 17' 50" W. a distance of 1021.54 feet;

**THENCE** N. 75° 52' 33" E. parallel to the centerline of Midland Airpark Runway 7-25, a distance of 2152.95 feet to a 1/2" iron rod marked with a plastic cap marked "PLS 1974" set at the Northeast corner of this tract;

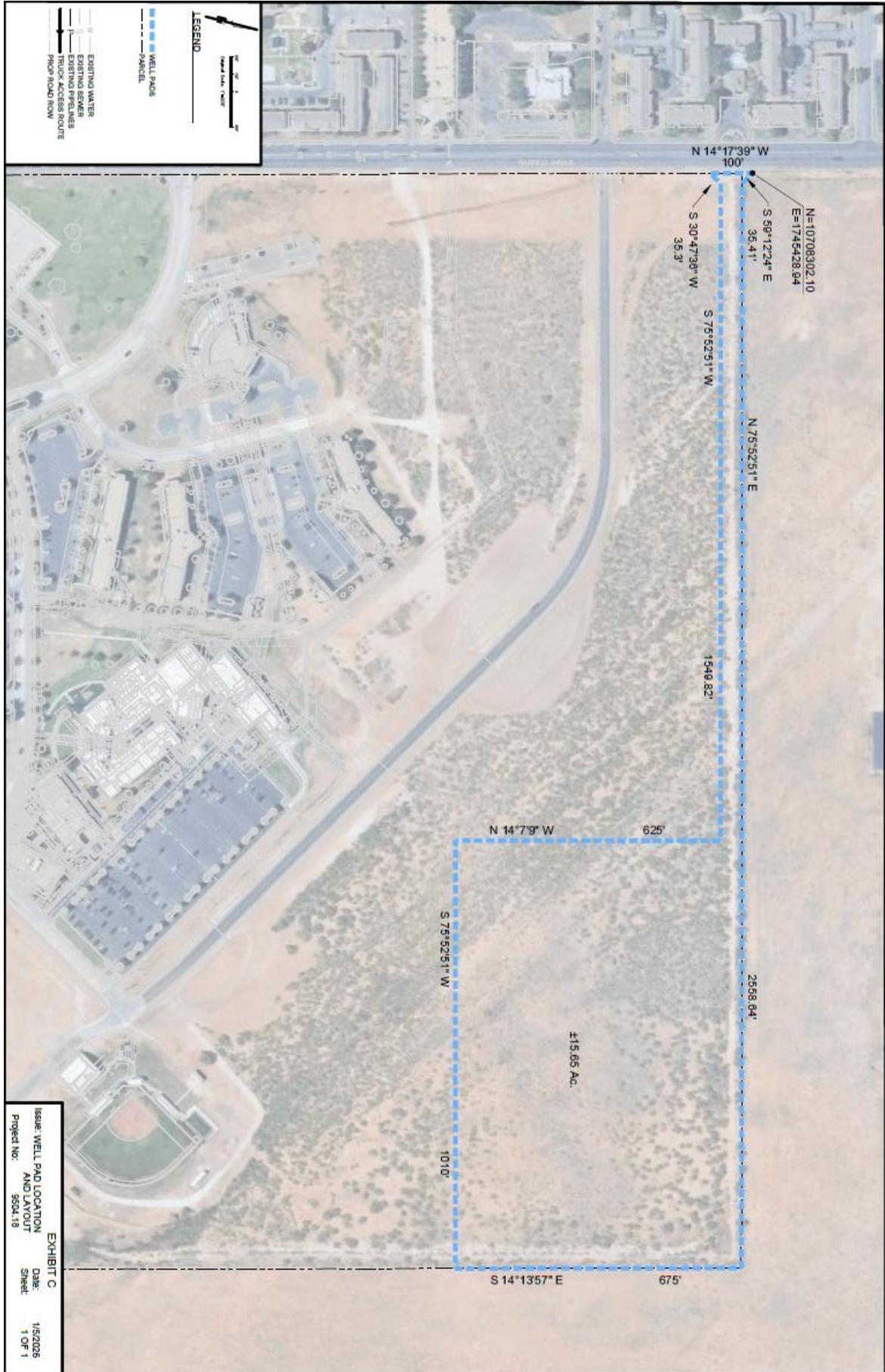
**THENCE** S. 14° 08' 41" E. parallel to the centerline of Midland Airpark Runway 16-34, a distance of 2154.70 feet to a 1/2" iron rod with a plastic cap marked "PLS 1974" set at the Southeast corner of this tract;

**THENCE** N. 59° 06' 40" W. with the Northeasterly boundary line of Midland College as described in Volume 566, Page 103, Deed Records, Midland County, and a 28.00 acre tract and said 20.347 acre tract being a Southwesterly boundary line of said Midland Airpark property, a distance of 3046.52 feet to the **PLACE OF BEGINNING.**

**EXHIBIT “C”**

Attached to that certain Surface Use Agreement between  
Midland College District, as “Surface Owner”  
and  
Midland-Petro D.C. Partners, LLC, and Permian Deep Rock Oil Company, LLC as “Lessee”

*Plat Illustrating the Surface Premises*



**EXHIBIT “D”**

Attached to that certain Surface Use Agreement between  
Midland College District, as “Surface Owner”  
and  
Midland-Petro D.C. Partners, LLC, and Permian Deep Rock Oil Company, LLC as “Lessee”

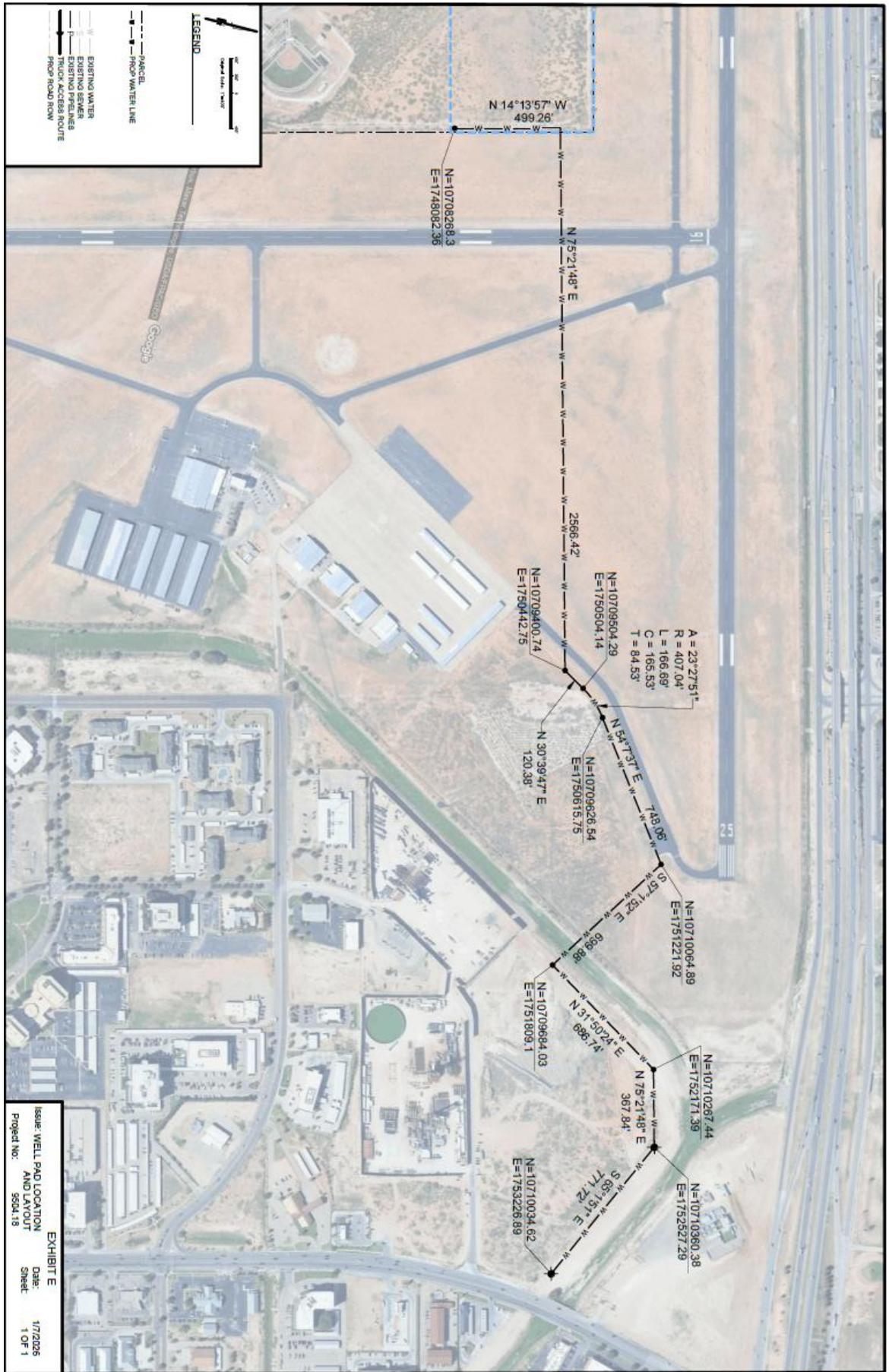
*Description of the Midland College Campus*

Campus: 215.210 acre tract of land, being Block 1 Lot 1, Midland College Addition, Section 15, Block 39, Township 1 South, Texas and Pacific Railroad Company Survey, Abstract No. 36, Midland County, Texas as described in the plat thereof recorded in Instrument Number 2021-32494, of the Official Records of Midland County, Texas.

**EXHIBIT “E”**

Attached to that certain Surface Use Agreement between  
Midland College District, as “Surface Owner”  
and  
Midland-Petro D.C. Partners, LLC, and Permian Deep Rock Oil Company, LLC as “Lessee”

*Plat of Water Line Route*



**EXHIBIT E**  
 Issue Well Pad Location  
 AND LAYOUT  
 Project No: 5504.18  
 Date: 1/7/2026  
 Sheet: 1 OF 1

**EXHIBIT “F”**

Attached to that certain Surface Use Agreement between  
Midland College District, as “Surface Owner”  
and  
Midland-Petro D.C. Partners, LLC, and Permian Deep Rock Oil Company, LLC as “Lessee”

*Fencing Schematics*

Permanent Fencing:

1. To be of steel and concrete or brick, as directed by Surface Owner;
2. To be sixteen (16) feet in height or higher;
3. To be constructed around the south and west sides of the boundary of the Surface Premises (the permanent fencing around the north and east boundary of the Surface Premises will conform to the specifications of the City of Midland), but with solid metal gates of not less than ten (10) feet in height and of sufficient width to afford reasonable operational (as opposed to drilling) access;
4. To be consistent with the aesthetics of other Midland College structures and to be similar to images depicted in Exhibit “G” and not being in lieu of express terms of the body of this Agreement and/or of this Exhibit “F” addressing permanent fencing, and with deviations only to be allowed with approval of the President of Midland College.

**EXHIBIT “G”**

Attached to that certain Surface Use Agreement between  
Midland College District, as “Surface Owner”  
and  
Midland-Petro D.C. Partners, LLC, and Permian Deep Rock Oil Company, LLC as “Lessee”  
*Landscaping, Permanent Fencing and Irrigation*







**EXHIBIT “H”**

Attached to that certain Surface Use Agreement between  
Midland College District, as “Surface Owner”  
and  
Midland-Petro D.C. Partners, LLC, and Permian Deep Rock Oil Company, LLC as “Lessee”

*Memorandum of Surface Use Agreement*

**MEMORANDUM OF SURFACE USE AGREEMENT**

STATE OF TEXAS           §  
  §  
COUNTY OF MIDLAND   §

This Memorandum of Surface Use Agreement (this “Memorandum”) is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2026, by and between the MIDLAND COLLEGE DISTRICT, formerly known as the Midland Community College District, whose address is 3600 N. Garfield, Midland, Texas, 79705, (herein “Surface Owner”) and MIDLAND-PETRO D.C. PARTNERS, LLC and PERMIAN DEEP ROCK OIL COMPANY, LLC, whose address is 500 W. Wall, Suite 300, Midland, Texas 79701 (collectively, “Lessee”), covering the lands located in Midland County, Texas, more particularly described on Exhibit “A” attached hereto (herein the “Surface Premises”) and depicted for illustration purposes on Exhibit “C” attached hereto.

WITNESSETH:

Reference is made to that certain oil and gas lease described on Exhibit “B” attached hereto (the “Oil and Gas Lease”) covering the lands described on Exhibit “B” (the “Leased Premises”). Surface Owner and Lessee have entered into that certain Surface Use Agreement effective January 6, 2024 (the “Surface Use Agreement”) which grants Lessee the exclusive right to use the Surface Premises for oil and gas operations for the benefit of Lessee’s oil and gas interests in Midland County, Texas.

In addition, the Surface Use Agreement grants Lessee a subsurface easement under and through the Campus, being the lands described on Exhibit “D” attached hereto.

Surface Owner and Lessee are executing this Memorandum for the purpose of placing the same of record in Midland County, Texas, and in order to constitute constructive notice to all third parties dealing with Surface Owner and/or Lessee of the existence of the Surface Use Agreement and of the rights and obligations contained therein. Surface Owner and Lessee give notice that the Surface Use Agreement may be amended or supplemented from time to time in the future and any inquiry as to the contents thereof should also include an inquiry as to the contents of any and all such amendments and supplements.

This Memorandum shall be binding upon both parties signing a counterpart of this Memorandum, whether or not both parties sign the same counterpart hereof, with regard to the existence of same. To facilitate recordation, one or more executed counterparts of this Memorandum may be assembled into one document for recording purposes and a single counterpart containing additional signature and acknowledgment pages from the other counterparts may be executed and recorded.

[Remainder of page intentionally left blank; signature pages follow.]

IN WITNESS WHEREOF, this Memorandum is executed as of the dates of the acknowledgments of the respective parties, but effective as of January 6, 2024.

**SURFACE OWNER:**

**MIDLAND COLLEGE DISTRICT**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**LESSEE:**

**MIDLAND-PETRO D.C. PARTNERS, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**PERMIAN DEEP ROCK OIL COMPANY, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ACKNOWLEDGMENTS**

STATE OF TEXAS                   §  
  §  
COUNTY OF MIDLAND         §

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2026, by \_\_\_\_\_, \_\_\_\_\_ of the Midland College District, a \_\_\_\_\_, on behalf of the \_\_\_\_\_.

\_\_\_\_\_  
Notary Public – State of Texas

STATE OF TEXAS                   §  
  §  
COUNTY OF MIDLAND         §

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2026, by \_\_\_\_\_ of Midland-Petro D.C. Partners, LLC, a Texas limited liability company, on behalf of said company.

\_\_\_\_\_  
Notary Public – State of Texas

STATE OF TEXAS                   §  
  §  
COUNTY OF MIDLAND         §

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2026, by \_\_\_\_\_ of Permian Deep Rock Oil Company, LLC, a Texas limited liability company, on behalf of said company.

\_\_\_\_\_  
Notary Public – State of Texas

**EXHIBIT “A”**

Attached to that certain Memorandum of Surface Use Agreement  
between the Midland College District, as “Surface Owner”  
and  
Midland-Petro D.C. Partners, LLC and Permian Deep Rock Oil Company, LLC, as “Lessee”

*Description of Surface Premises*

MIDLAND COUNTY, TEXAS

Drill Site: 15.65 acre tract of land, being that rectangle 675’ wide and 1,010’ long, in and from the NE/corner of the Midland College property, and being part of the approximately 53.26 acre tract of land, located in the Northwest part of Section 15, Block 39, Township I South, Texas and Pacific Railroad Company Survey, Abstract No. 36, Midland County, Texas, and being further described in a General Warranty Deed dated July 21, 1999, recorded in Volume 1696, Page 639, Midland County Official Public Records, from the City of Midland to the Midland Community College District.

Access Road: Approximately 1.82 acre tract of land, being that 50’ wide strip of land immediately South of the North boundary of the Midland College property and extending (i) from East boundary of Garfield Street, City of Midland, TX right-of-way (ii) to the Drill Site as described immediately above.

**EXHIBIT “B”**

Attached to that certain Memorandum of Surface Use Agreement  
between the Midland College District as “Surface Owner”  
and  
Midland-Petro D.C. Partners, LLC and Permian Deep Rock Oil Company, LLC, as “Lessee”

*Oil and Gas Lease and Leased Premises*

Oil and Gas Lease dated effective as of January 6, 2024, between the Midland College District, as lessor, and Midland-Petro D.C. Partners, LLC, as lessee, covering the following lands located in Midland County, Texas:

Being a **53.26 acre tract of land, located in the Northwest part of section 15, Block 39, T-1-S, T&P RR Co. Survey, Midland County, Texas**; boundary being further described by metes and bounds as follows:

**BEGINNING** at (Y=10,708,382.88’, X=1,745,852.79’) at a 1/2” iron rod with plastic cap marked “PLS 1974” set in the Southwesterly boundary of said Midland Airpark property and the Northeasterly boundary line of a 20.374 acre tract, at the Northwest corner of this tract, being the south east corner of a 1.16 acre tract surveyed this day, from whence the Northwest corner of said section 15, Block 39, T-1-S, bears S. 75° 52’ 33” W. a distance of 430.83 feet, S. 75° 42’ 10” W. a distance of 40.00 feet and N. 14° 17’ 50” W. a distance of 1021.54 feet;

**THENCE** N. 75° 52’ 33” E. parallel to the centerline of Midland Airpark Runway 7-25, a distance of 2152.95 feet to a 1/2” iron rod marked with a plastic cap marked “PLS 1974” set at the Northeast corner of this tract;

**THENCE** S. 14° 08’ 41” E. parallel to the centerline of Midland Airpark Runway 16-34, a distance of 2154.70 feet to a 1/2” iron rod with a plastic cap marked “PLS 1974” set at the Southeast corner of this tract;

**THENCE** N. 59° 06’ 40” W. with the Northeasterly boundary line of Midland College as described in Volume 566, Page 103, Deed Records, Midland County, and a 28.00 acre tract and said 20.347 acre tract being a Southwesterly boundary line of said Midland Airpark property, a distance of 3046.52 feet to the **PLACE OF BEGINNING**.

**EXHIBIT “C”**

Attached to that certain Memorandum of Surface Use Agreement  
between the Midland College District as “Surface Owner”  
and  
Midland-Petro D.C. Partners, LLC and Permian Deep Rock Oil Company, LLC, as “Lessee”

*Plat Illustrating the Surface Premises*

**EXHIBIT “D”**

Attached to that certain Memorandum of Surface Use Agreement  
between the Midland College District as “Surface Owner”  
and  
Midland-Petro D.C. Partners, LLC and Permian Deep Rock Oil Company, LLC, as “Lessee”

*Description of the Midland College Campus*

Campus: 215.210 acre tract of land, being Block 1 Lot 1, Midland College Addition, Section 15, Block 39, Township 1 South, Texas and Pacific Railroad Company Survey, Abstract No. 36, Midland County, Texas.

**EXHIBIT “I”**

Attached to that certain Surface Use Agreement between  
Midland College District, as “Surface Owner”  
and  
Midland-Petro D.C. Partners, LLC, and Permian Deep Rock Oil Company, LLC as “Lessee”

*Form of Letter Regarding Registered Sex Offenders*

See attached Exhibit “A”

EXHIBIT "A"

LETTER HEAD

DATE

NAME

ADDRESS

Re: Surface Use Agreement requirements related to registered sex offenders.

Dear \_\_\_\_\_:

The Midland College District, ("MC"), Midland-Petro D.C. Partners, LLC, ("Midland-Petro") and Permian Deep Rock Oil Company, LLC ("Deep Rock") are parties to a Surface Use Agreement ("SUA"). Your company has been hired by us to provide goods and/or services on the drill site (as identified in the SUA) on the MC campus.

There is a childcare facility, public prekindergarten facility and student dormitories on the MC campus in close proximity to the drill site.

Midland-Petro and Deep Rock have agreed with MC that they "shall not permit any employees (of ours) who are registered sex offenders to enter any part" of the drill site. In turn, Midland-Petro and Deep Rock are instructing you that you shall not permit any of your employees who are registered sex offenders to enter any part of the drill site. We expect strict compliance with this request.

This is a sensitive matter. If you retain any subcontractor(s) to perform services and/or to supply goods on the drill site, we expect you to provide this written notice to them.

Thank you for your attention to this important requirement.

Yours very truly,

MIDLAND-PETRO D.C. PARTNERS, LLC

PERMIAN DEEP ROCK OIL COMPANY,  
LLC

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_



**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.**

**OIL AND GAS LEASE**

THIS AGREEMENT IS EFFECTIVE the 6th day of January 2024, between the Midland College District, formerly known as the Midland Community College District, whose address is 3600 N. Garfield, Midland, Texas, 79705 Attention: Office of the President, hereinafter called "Lessor," and Midland-Petro D. C. Partners, LLC, whose address is PO Box 2071, Midland, TX 79702, hereinafter called "Lessee."

1. Lessor in consideration of Ten and No/100 Dollars (\$10.00) and other valuable consideration, subject to the provisions of paragraph 29 herein, receipt of which is hereby acknowledged, for the royalties herein provided and the covenants, conditions, limitations, agreements and obligations hereinafter set forth and contained, hereby grants, leases and lets unto Lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling and operating for, producing and owning oil and gas. The land covered hereby (herein "said land", "Leased Premises" or "Premises"), is located in the county of Midland, State of Texas, and is described as shown in Exhibit "A" attached hereto and made a part hereof for all purposes.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, LESSOR RESERVES AND DOES NOT GRANT OR CONVEY, AND LESSEE SHALL HAVE, NO RIGHT TO USE, AND AGREES NOT TO USE, THE SURFACE OF THE LEASED PREMISES (INCLUDING BUT NOT LIMITED TO ANY COMPONENT THEREOF), EVEN INSOFAR AS SUCH USE MIGHT BE REASONABLE AND/OR NECESSARY TO LESSEE'S ENJOYMENT OF THE OIL AND GAS LEASEHOLD ESTATE CONVEYED HEREBY OR AS MIGHT BE REASONABLE AND/OR NECESSARY TO LESSEE'S ENJOYMENT OF ANY OTHER MINERAL OR LEASEHOLD INTERESTS COVERING ALL OR PART OF THE LEASED PREMISES, SAVE AND EXCEPT AS SUCH SURFACE RIGHTS ARE EXPRESSLY OTHERWISE GRANTED TO LESSEE BY THE SEPARATE SURFACE USE AGREEMENT ENTERED INTO BETWEEN LESSOR (AS SURFACE OWNER), LESSEE, AND PERMIAN DEEP ROCK OIL COMPANY, LLC OF EVEN DATE HEREWITH.

For the purpose of determining the amount of any bonus to be paid hereunder said land shall be deemed to contain 53.26 net acres, whether actually containing more or less. In the event it is subsequently determined that said land includes more or less than 53.26 net acres, then for purposes of determining the amount of any additional bonus, or for determining royalty or other payment hereunder, said land shall be deemed to contain such actual number of net acres. Provided, in no event shall Lessor be obligated to return any portion of the bonus initially paid.

Lessor expressly reserves all minerals other than oil and gas save and except as may be produced by Lessee incident to its production of oil and gas by means of a well permitted as an oil well or a gas well by the Railroad Commission of Texas.

2. Subject to the other provisions herein contained, this lease shall be for a term of three (3) years from the date of execution (called "primary term") and as long thereafter as oil and/or gas is produced in paying quantities from said land or lands pooled therewith.

3. When production of oil and/or gas is secured during the term of this lease, Lessee covenants and agrees to pay or cause to be paid to Lessor, at its address shown above, the following royalties which are hereby reserved and retained by Lessor:

(a) Oil. Royalty on oil, which is defined as including all hydrocarbons produced in a liquid form at the mouth of the well and also as all condensate, distillate and other liquid hydrocarbons recovered from oil or gas run through a separator or other equipment as hereinafter provided, shall be one-fourth (1/4) of that produced and saved from said land (including skim oil saved and sold by Lessee and/or an affiliate of Lessee), with same to be delivered free of all costs to the credit of Lessor at the tanks or pipelines to which the wells may be connected.

(b) Gas. Royalty on any gas which is defined as all hydrocarbons and gaseous substances not defined as oil in subparagraph (a) above produced from any well on said land (except as provided herein with respect to gas processed in a plant where there is extraction of gasoline, liquid hydrocarbons or other products) shall be one-fourth (1/4) of the gross proceeds from the sale of such production received by Lessee, or any affiliate of Lessee, for its share of the gas produced from said land. Provided as to gas used off the Chaparral Unit as presently configured, the royalty shall be one-fourth (1/4) of the market value of the gas so used.

(c) Other Products. Royalty on carbon black, sulphur or any other products produced or manufactured from gas (excepting liquid hydrocarbons) whether said gas be "casinghead", "dry" or any other gas, by fractioning, burning or any other processing shall be one-fourth (1/4) of the actual proceeds from the sale such of production received by Lessee, or any affiliate of Lessee, for its share of such products produced

and saved from said land.

(d) Notwithstanding anything in this lease to the contrary: (i) the valuation location for the determination of gross proceeds from sales is at the point of first sale to a purchaser not affiliated with Lessee and the valuation location for the determination of the market value of production used is at the location of its use; and (ii) it is stipulated and agreed that Lessor will not be charged with the expense or cost of any activity or event occurring upstream of the point(s) of first sale to a purchaser that is not affiliated with Lessee or at the point of its use.

(e) For purposes of this paragraph 3, affiliate status shall be determined in accordance with the factors, provisions and formulas of 30 C.F.R. §206.151.

(f) Lessee represents and agrees that with each payment, Lessee will provide Lessor with sufficient information for Lessor to monitor and calculate the total payment due to Lessor at the time. Further, within sixty (60) days of receipt by Lessee of a written request from Lessor, and no more frequently than once a year, Lessee shall make available to Lessor, or Lessor's representative, at Lessee's office during normal business hours, Lessee's books, contracts, records and accounts regarding and pertaining to the sale of hydrocarbons produced from the Leased Premises and/or the calculation and payment of royalties payable to Lessor hereunder. Notwithstanding any other provision of this Lease or Texas law to the contrary, Lessor and Lessee agree that royalty statements and payments become final and may not be contested after four years, such that Lessor shall have no right to audit any payments or statements that are more than four years old, nor any right to adjustments, royalties, interest or fees related thereto.

(g) Any tender or payment to Lessor of a sum less than the total amount due to Lessor hereunder which is made or intended to be made as an offer of settlement or accord by or on behalf of Lessee, its agents, successors, or assigns, must be accompanied by a Notice of Settlement Offer, so denominated, addressed to Lessor's address provided below (or such other address as shall be specified by written notice to Lessee). Any such offer of settlement submitted solely by the tender of a check containing language of settlement or accord printed or otherwise inserted thereon shall not be deemed an offer of settlement or accord, unless preceded or accompanied by such Notice of Settlement Offer.

(h) It shall not be necessary for Lessor to execute any division or transfer order to be entitled to payment of royalties due under this Lease, and in no event shall any division order circulated by Lessee to Lessor contain any warranty or indemnity clauses or other clauses modifying in any way the terms of this Lease. Lessee and any purchaser of oil or gas produced from the Leased Premises hereby waive the provisions of Section 91.402(c)(1) of the Texas Natural Resources Code which entitle a payor of royalties to require a signed division order as a condition to payment. Additionally, for purposes of this Lease, in no event shall the Lessor's failure or refusal to execute a division or transfer order constitute a bona fide title dispute justifying the suspension or refusal to pay to Lessor royalties due hereunder. If Lessor agrees to accept payment of royalties from a purchaser of oil or gas produced from the Leased Premises, or from another party designated to distribute royalties other than Lessee, Lessor's acceptance of such payments shall not relieve Lessee of its obligation to pay royalty hereunder except to the extent of payments actually received by Lessor from such third party. If such third party fails to pay any sums due as royalty under this Lease, Lessee shall remain fully liable therefor, whether or not Lessee has received payment for production from such purchaser or third party.

4. If Lessee enters into a gas purchase contract which contains what is commonly referred to as a "take or pay provision" (such provision meaning that the gas purchaser agrees to take delivery of a specified minimum volume or quantity of gas over a specified term at a specified price or to make minimum periodic payments to producer for gas not taken by the purchaser) and the purchaser under such gas purchase contract makes payments to Lessee by virtue of such purchaser's failure to take delivery of such minimum volume or quantity of gas, then Lessor shall be entitled to one-fourth (1/4) of all such sums paid to Lessee or producer under the "pay" provisions of such gas purchase contract. Said royalty payments shall be due and owing to Lessor within sixty (60) days after receipt of such payments by Lessee. Any royalty payments made to Lessor under the "pay" obligation of any "take or pay" gas purchase contract shall be applied as a credit towards Lessee's royalty obligation. If the gas purchaser makes up such gas within the period called for in the gas purchase contract, and Lessee is required to give such purchaser a credit for gas previously paid for but not taken, then Lessor shall not be entitled to royalty on such make-up gas. If Lessee is not producing gas in paying quantities from the Leased Premises but is receiving payments under the "pay" portion of such "take or pay" gas purchase contract provision, such payments shall not relieve Lessee of the duty to make shut-in royalty payments if Lessee desires to continue this lease, but such "take or pay" royalty payments shall be applied as a credit against any shut-in royalty obligation of the Lessee. Lessor shall be a third-party beneficiary of any gas purchase contract and/or transportation agreement entered into between Lessee and any purchase and/or transporter or pipeline company of Lessor's gas, irrespectively of any provision of said contracts to the contrary. Further, Lessor shall be entitled to one-fourth (1/4) of the value of any benefits obtained by or granted to Lessee from any gas purchaser and/or transporter from the amendment, modification, extension, alteration, consolidation, transfer, translation or settlement of any gas purchase contract and/or transportation agreement.

5. Notwithstanding anything contained in paragraph 3 or elsewhere in this lease to the contrary, Lessor at any time on sixty (60) days prior notice in writing to Lessee, may require that payment of all or any part of the royalties accrued to Lessor under 3(b) and 3(c) above be made in kind effective as of the first day of the calendar month next following the expiration of said sixty (60) day period or if payment of any such royalties are then being made to Lessor in kind, require that such in kind payment cease and that payment of such royalties thereafter be made

as provided in paragraph 3 of this lease. In the event Lessor elects to take in kind, Lessee shall make all its leasehold and pipeline facilities available for Lessor's use without charge therefore, but with Lessor being responsible for any extra or additional charge Lessee may incur as a result of Lessor taking in kind pursuant to the terms of this paragraph.

6. Notwithstanding any provisions of paragraph 3 herein to the contrary, if gas or gas-condensate and/or other liquefiable hydrocarbon should be discovered on said land in paying quantities, and after the expiration of the primary term and/or in the event that this lease is not maintained in effect by any other provision, and such substance or substances are not being sold or used for lack of a suitable market, Lessee may pay as royalty (called "shut-in royalty") the sum of One Hundred and no/100 Dollars (\$100.00) per net acre of the Leased Premises as to which this lease is to be continued in force and effect by such payment of shut-in royalty, commencing on or before ninety (90) days after the well is shut-in or this lease ceases to be maintained in effect pursuant to any other provision, whichever is later. Said payment may be mailed to Lessor at its address stated herein on or before said due date. If shut-in royalty is paid, the well or wells for which such payment is made shall be considered for all purposes of this lease to be producing gas in paying quantities; provided, although this provision may be invoked multiple times, the term of this lease may not be extended by the payment of shut-in royalty for any single, continuous shut-in period exceeding three hundred sixty five consecutive days.

7. Within one hundred twenty (120) days following the date of first sale of oil and/or gas produced from the Leased Premises, all royalties from such production due Lessor by virtue of this lease shall be paid to Lessor or its agent, successors and/or assigns, and such royalties shall be paid on a monthly basis thereafter. If said initial payment is not so made, this lease shall be subject to termination by Lessor by notice in writing to Lessee as described below. From and after the date the initial payment is made all further payments of oil royalty shall be made within thirty (30) days following the last day of the month during which production occurred and with respect to gas within sixty (60) days following the last day of the month during which gas production occurred. In the event such initial or further payments are not so made, Lessor shall have the right to terminate this lease by furnishing a written notice to Lessee and such termination shall be effective sixty (60) days from the date such notice is mailed. Termination of this lease, however, shall not take effect if payment is received by Lessor within sixty (60) days after Lessee's receipt of said notice or Lessee has given written notice of reasonable basis for such non-payment and all undisputed royalties then due are paid within said sixty (60) days. Any royalties provided for in this lease which are suspended or not paid to Lessor within the time period specified therefor shall accrue interest, at the highest lawful rate per annum from due date until paid. Acceptance by Lessor of royalties which are past due shall not act as a waiver of its rights to receive or recover any and all interest due thereon under the provisions hereof.

As security for the payment of the royalties hereunder, Lessee agrees by acceptance hereof that Lessor shall have a first lien and security interest upon the leasehold estate created hereby, the personal property and equipment thereon and the production and proceeds of production accruing to both Lessor and Lessee and that this lease shall be sufficient as a security agreement and financing statement in all respects.

Notwithstanding anything herein to the contrary, Lessor and Lessee acknowledge that prior to the date hereof Lessee has obtained production from the Chaparral Unit (as defined in paragraph 21 below) and agree that Lessee will pay Lessor, within ninety (90) days after the parties' execution and delivery hereof, Lessor's share of royalty proceeds attributable to such prior production as if this lease had been in force and pooled since first production from the Chaparral Unit. Such payment will be in full satisfaction of amounts payable to Lessor with respect to production from the Chaparral Unit prior to the date hereof and no interest thereon will be owed.

8. Lessee may at any time and from time to time execute and deliver to Lessor or file for record a release or releases of this lease as to any part or all of said land. At such time as this lease or a portion thereof has terminated and Lessor makes a demand for such a release, Lessee shall promptly execute and deliver such release to Lessor, failing in which Lessee shall be liable at the rate of One Hundred and No/100 Dollars (\$100.00) per day after the thirtieth (30<sup>th</sup>) day following receipt of Lessor's request, until such release is delivered to Lessor. Failure to deliver a release as provided herein shall entitle Lessor to file a Notice of Termination in the real property records of Midland County designating those parts of the Leased Premises as to which the lease has terminated.

9. Subject to the provisions of paragraph 10 hereof, if after the expiration of the primary term the production of oil or gas should cease from any cause, this lease shall remain in force as long as additional drilling or reworking operations are commenced within sixty (60) days of any such cessation and are thereafter conducted upon said land or lands pooled therewith with no cessation of more than sixty (60) consecutive days in a good faith effort to discover and produce oil and/or gas; and if production is restored, for so long thereafter as oil or gas is produced in paying quantities.

10. Notwithstanding anything herein contained to the contrary, at the end of the primary term this lease shall terminate unless Lessee has secured production or is then conducting drilling and/or completion operations on the Leased Premises or on lands pooled together therewith under the terms of this lease or otherwise combined together therewith under the terms of an agreement executed by both Lessor and Lessee; then, in either event, this lease shall remain in force and effect for one hundred twenty (120) days from the later of the expiration of the primary term or the completion of the last well commenced prior to the expiration of the primary term, then for so long thereafter as Lessee is engaged in continuous drilling operations on said lands with not more than one hundred twenty (120) days elapsing between the completion or abandonment of one well and the commencement of actual drilling operations on the next well; provided, however, that in the event less than one hundred twenty (120) days elapse between the completion or abandonment of one well and the commencement of actual drilling operations on the next well, Lessee shall be permitted to accumulate any unused portion of the 120 day period

and add the unused days to the time for drilling any subsequent well so that the time between wells shall in such event be the sum of 120 days plus the sum of all unused days. Accumulated days between wells shall be carried over and accumulated from well to well until all days provided for and accumulated are finally used or exhausted. For purposes of this paragraph, "completion" shall be defined as the date the drilling rig that drilled the applicable well is released, but in no event more than sixty (60) days after total measured depth is reached in the applicable well. Commencement of actual drilling shall be the day a well is spudded. Upon Lessee's failure so to drill, this lease shall terminate except as to the following producing proration units:

(a) Subject to paragraph 12, if Lessee has completed a non-pooled vertical well on said land or on land pooled with the Leased Premises in accordance with the terms of this lease which is producing, or capable of producing, oil or gas in paying quantities from any portion of the Leased Premises, then this lease shall continue in effect as to a tract of land around each such well designated by Lessee not to exceed the minimum number of acres for a proration or spacing unit under applicable special field rules, or if there are no special field rules in effect, then forty (40) acres (plus 10% tolerance) around each such well;

(b) If Lessee has completed a non-pooled horizontal well on said land which is producing, or capable of producing, oil or gas in commercial quantities, then this lease shall continue in effect as to a tract of land around each such well designated by Lessee not to exceed the minimum number of acres for a spacing or proration unit for horizontal wells under applicable special field rules, or if there are no special field rules in effect, forty (40) acres around each well, plus so much additional acreage as may be permitted pursuant to Rule 86 of the rules and regulations of the Railroad Commission of Texas, plus a tolerance of 10%, around each such well;

(c) If Lessee has completed a well which is producing, or capable of producing, oil or gas in commercial quantities on any pooled unit formed under the terms of this Lease or otherwise authorized by Lessor, then this Lease shall continue in effect as to the lands included in such pooled unit.

(d) In each case, the acreage around such oil or gas well is to be limited as to depths from the surface of the earth down to one hundred feet (100') below the deepest perforation in any horizontal well then producing, or capable of producing, in paying quantities in such producing proration unit or, if pooled, the pooled unit, and this lease shall terminate as to all depths below one hundred feet (100') below the deepest perforation in any horizontal well then producing, or capable of producing, in paying quantities in such producing proration unit or pooled unit.

11. Upon the later to occur of (a) five (5) years after the expiration of the primary term, or (b) five (5) years after cessation of continuous drilling operations as provided above, this lease shall further terminate as to all lands within each producing proration unit or, if pooled, the pooled unit, as to all depths between the surface and one hundred feet (100') above the shallowest perforation in any horizontal well then producing in paying quantities in such producing proration unit or pooled unit.

12. Notwithstanding anything to the contrary contained in this lease, including, without limitation, paragraph 10(a) of this lease, but subject to the temporary cessation of production provisions contained in paragraph 9, if at any time after the cessation of continuous drilling operations under paragraph 10 as to any producing proration unit (a) no horizontal well has been drilled and completed in such producing proration unit or (b) all horizontal wells in such producing proration unit have ceased producing in paying quantities, then this lease shall automatically terminate as to such producing proration unit and as to any and all lands pooled or combined with such producing proration unit and Lessee shall plug and abandon all wells located in such lands in accordance with Texas Railroad Commission rules and regulations. In other words, production only from vertical well(s) shall not perpetuate this lease.

13. After any partial lease termination under paragraphs 10, 11 or 12 or elsewhere under this lease, Lessee shall promptly execute and deliver to Lessor a recordable release of this lease as to the lands and depths as to which the lease has terminated. If Lessee fails to promptly deliver such release to Lessor, Lessor may make a written request to Lessee for such release, and if Lessee fails to execute and deliver such release to Lessor, Lessee shall be liable to Lessor at the rate of One Hundred and No/100 Dollars (\$100.00) per day after the thirtieth (30<sup>th</sup>) day following receipt of Lessor's request, until such release is delivered to Lessor. Failure to deliver a release as provided herein shall entitle Lessor to file a Notice of Termination in the real property records of Midland County designating those parts of the Leased Premises as to which the lease has terminated. Upon any such partial termination each such producing proration unit shall become a separate lease subject to all the terms and provisions hereof so that production and/or operations from one such producing proration unit shall not constitute production and/or operations on any other such proration unit.

14. After the completion of each well under the terms of this lease, Lessee agrees to notify in writing within thirty (30) days after such completion, Midland College District and the Midland Central Appraisal District of the location of such well and to provide any and all information requested by such taxing authorities relevant to the land and their taxing authority status.

15. Lessee hereby obligates itself to protect the potable water in, under and on said Leased Premises from contamination from oil and gas operations.

16. The provisions of this lease shall extend to and bind the heirs, successors and assigns of the parties hereto and shall constitute covenants running with the land hereby leased, subject to the following provisions:

(a) In order to assure Lessor that operations hereunder shall be conducted by responsible parties for the mutual

benefit of Lessor and Lessee hereunder, Lessee may not, without Lessor's express consent, cause a Change of Control, as herein defined, and any such Change of Control without Lessor's express consent shall be void *ab initio*. As used in this Paragraph 16, the following terms shall have the meanings provided below:

- (i) "Affiliate" means, with respect to any Person, any other Person that directly, or indirectly through one or more intermediaries, Controls, is Controlled by or is under common Control with, such Person.
- (ii) "Change of Control" means the occurrence of either (A) a Company Change of Control; or (B) a Change of Operator.
- (iii) "Change of Operator" means a change in operator (other than (i) to a publicly traded company having market capital of one hundred million dollars (\$100,000,000) or more at the effective date of the change, (ii) to Lessee, or (iii) to Permian Deep Rock Oil Company, LLC), unless such successor operator demonstrates adequate financial responsibility and a responsible history as an operator as of the date of such change in operator.
- (iv) "Company Change of Control" means any direct change in Control of Lessee (whether through merger, sale of shares or other equity interests, or otherwise), unless the successor (i) is a publicly traded company having market capital of one hundred million dollars (\$100,000,000) or more at the effective date of the change, or (ii) demonstrates adequate financial responsibility and a responsible history as a mineral lessee and operator reasonably satisfactory to Lessor as of the date of such change in Control.
- (v) "Control" (including the terms "Controlling," "Controlled by" and "under common Control with") means possession of the power to direct or cause the direction of management, policies, or action of a Person (i) pursuant to a written agreement or contract, a majority of membership in management or in the group appointing or electing management; or (ii) otherwise a majority of control through formal or informal arrangements or business relationships.
- (vi) "Person" means any individual, corporation, company, partnership, limited partnership, limited liability company, trust, estate, governmental authority or any other entity.

(b) Where Lessor's consent is required under this Paragraph 16, Lessee shall send notice to Lessor of the request, including a detailed description of the proposed Change of Control containing sufficient information evidencing that the all provisions of this paragraph 16 have been complied with, and Lessor shall have 30 days after receipt to respond; failure to respond within such time will be deemed as consent to the proposed Change of Control. Lessor shall not unreasonably delay, withhold, or condition its consent to the proposed Change of Control. Lessor's refusal to consent will be accompanied by valid reasons for withholding consent, to which Lessee may respond within thirty (30) days. Lessor's failure to object in writing to Lessee's request for consent within thirty (30) days will be deemed as consent to the proposed Change of Control. In the event Lessor unreasonably delays, withholds, or unreasonably conditions its consent, Lessee may pursue its rights at law.

(c) Notwithstanding any other provision hereof, Lessor agrees that Permian Deep Rock Oil Company, LLC is a permitted operator of Lessee.

(d) Except as set forth above, the rights and estate of Lessee and Lessor may be assigned from time to time in whole or in part. All the covenants, obligations and consideration of this lease shall extend to and be binding upon the parties hereto, their respective heirs, successors and permitted assigns. No change or division of the ownership of said land, royalties or other monies or any part hereof however effected shall increase the obligation or diminish the rights of Lessee, including, but not limited to, the location in drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof to Lessee, its successors or assigns, no change or division of the ownership of said land or of the royalties or other monies or the right to receive the same shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner notice of such change or division supported by either original or duly certified copies of the instruments which have been properly filed for record which evidence such change or division together with any such court records and proceedings, transcripts or other documents as shall be necessary to establish the validity of such division or change. Any assignment or relinquishment shall not relieve the Lessee of any obligations theretofore accrued hereunder, or impair the lien provided for by law and in this lease, but Lessee shall be relieved of any obligations accruing thereafter.

**17. LESSEE HEREBY RELEASES, ACQUITS AND DISCHARGES LESSOR, AND ITS RESPECTIVE OFFICERS, EMPLOYEES, AGENTS, REPRESENTATIVES, SUCCESSORS AND ASSIGNS, AND LESSOR'S BOARD OF TRUSTEES (AS SAME IS CURRENTLY CONSTITUTED AND SAME MAY CHANGE OVER THE TERM OF THIS LEASE) (COLLECTIVELY, THE "INDEMNIFIED PARTIES") FROM ALL AND ANY ACTIONS AND CAUSES OF ACTION OF EVERY NATURE, OR OTHER HARM, INCLUDING ENVIRONMENTAL HARM, FOR WHICH RECOVERY OF DAMAGES IS SOUGHT, INCLUDING, BUT NOT LIMITED TO, ALL LOSSES AND EXPENSES WHICH ARISE OUT OF, ARE INCIDENTAL TO, OR RESULT FROM, THE OPERATIONS OF OR ON BEHALF OF LESSEE (INCLUDING BY INDEPENDENT CONTRACTORS AND SUBCONTRACTORS OF LESSEE OF ANY TIER) ON OR IN CONNECTION WITH OPERATIONS INVOLVING THE PREMISES, OR THAT MAY ARISE OUT OF OR BE OCCASIONED BY LESSEE'S BREACH OF ANY OF THE TERMS OR PROVISIONS OF THIS LEASE, OR BY ANY ACT OR OMISSION OF OR ON BEHALF OF LESSEE (INCLUDING BY INDEPENDENT CONTRACTORS AND SUBCONTRACTORS OF LESSEE OF ANY TIER) FOR WHICH THERE IS STRICT LIABILITY. FURTHER, LESSEE HEREBY AGREES TO BE LIABLE FOR, EXONERATE, INDEMNIFY, DEFEND AND HOLD HARMLESS THE INDEMNIFIED PARTIES AGAINST ANY AND ALL CLAIMS, LIABILITIES, LOSSES, DAMAGES, ACTIONS PERSONAL INJURY (INCLUDING DEATH), COSTS AND EXPENSES (INCLUDING, WITHOUT LIMITATION, ATTORNEYS' FEES, EXPERT FEES, COURT COSTS AND EXPENSES), INCLUDING THOSE RELATED TO ENVIRONMENTAL HAZARDS ON THE PREMISES (INCLUDING THOSE BY INDEPENDENT CONTRACTORS AND SUBCONTRACTORS OF LESSEE OF ANY TIER) OR IN ANY WAY RELATED TO LESSEE'S OPERATIONS OR ANY OTHER OF LESSEE'S ACTIVITIES**

**ON OR IN CONNECTION WITH OPERATIONS INVOLVING THE PREMISES (INCLUDING THOSE BY INDEPENDENT CONTRACTORS AND SUBCONTRACTORS OF LESSEE OF ANY TIER); THOSE ARISING FROM LESSEE'S USE OR RIGHTS OF USE OF THE SURFACE OF THE PREMISES OR OTHER LANDS IN CONNECTION WITH OPERATIONS INVOLVING THE PREMISES; AND THOSE THAT MAY ARISE OUT OF OR BE OCCASIONED BY LESSEE'S BREACH OF ANY OF THE TERMS OR PROVISIONS OF THIS LEASE OR ANY OTHER ACT OR OMISSION OF LESSEE, ITS DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, CONTRACTORS, SUBCONTRACTORS (OF ANY TIER), GUESTS OR INVITEES. EACH ASSIGNEE OF THIS LEASE, OR AN INTEREST THEREIN, AGREES TO BE LIABLE FOR, EXONERATE, INDEMNIFY, DEFEND AND HOLD HARMLESS THE INDEMNIFIED PARTIES IN THE SAME MANNER PROVIDED ABOVE IN CONNECTION WITH THE ACTIVITIES OF SUCH LESSEE, ITS DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, CONTRACTORS, GUESTS OR INVITEES AS DESCRIBED IN THIS PARAGRAPH.**

18. Lessee shall assure that Lessee and any person acting on Lessee's behalf under this lease carries the following insurance with one or more insurance carriers licensed by the Texas Department of Insurance at any and all times such party or person is on or about the Premises or acting pursuant to this lease (and agrees to act and to be an insurer of those persons to the extent they not do so), in such amounts as stated below or as from time to time may be reasonably required by Lessor:

- i. Worker's Compensation Insurance to cover full liability under the Worker's Compensation laws of the state in which the Premises are located;
- ii. Employer's Liability Insurance with limits of not less than \$500,000.00 for accidental injury or death of one or more employees;
- iii. Comprehensive General Public Liability Bodily Injury Insurance with limits of liability of not less than \$1,000,000.00 for the accidental injury or death of one person, and \$1,000,000.00 for accidental injury or death of more than one person as the result of one accident or occurrence;
- iv. Comprehensive General Public Liability Property Damage Insurance with limits of not less than \$1,000,000.00 for damage to property as a result of one accident or occurrence;
- v. Automobile Public Liability and Property Damage Insurance combined with the limits of not less than \$500,000.00 for injuries to or death of one person or property damage, and \$1,000,000.00 for injuries to or death of more than one person and property damage as the result of one accident;
- vi. Umbrella Liability with limits of not less than \$5,000,000.00 per occurrence; and
- vii. Care, custody and control coverage with limits of not less than \$100,000.00, or in lieu of coverage, Broad Form Property Damage endorsement.

The Lessee shall cause certificates of insurance evidencing the above coverage to be provided promptly upon request to Lessor, or to such other representative(s) of Lessor as Lessor may from time to time designate but in any event in advance of conducting any physical entry on the Leased Premises. The insurance policies required above, except under item (i), shall provide coverage for Lessor and all Indemnified Parties (defined above) as additional insureds with regard to the Leased Premises; shall reflect that Lessor will receive thirty (30) days prior written notice of cancellation or material changes in coverage; and shall reflect that the insurer has waived any right of subrogation against Lessor.

In the event of conflict between the insurance requirements and provisions hereof and the insurance requirements and provisions of an applicable Surface Use Agreement, the requirements of the Surface Use Agreement shall control.

19. This lease is executed without warranty, express or implied, except by, through or under Lessor. If Lessor owns less than the entire estate in oil and gas in all or any part of said land, royalties payable hereunder shall be paid only in the proportion which the interest covered by this lease bears to the whole and undivided fee simple estate except as otherwise expressly provided for in this lease.

20. In the event a well or wells are brought in on adjacent land and within 330 feet of the Leased Premises Lessee agrees, within one hundred eighty (180) days after such well commences actual production, to commence drilling such offset well or wells as a prudent operator would drill under the same or similar circumstances. In lieu of drilling such offset to any such oil or gas well, Lessee shall have the option of either releasing this lease as to the stratigraphic equivalent of the zone or horizon which corresponds with that being produced in the offset well, with Lessee retaining all other rights within such tract, or pay Lessor monthly, as compensatory royalty, a sum equal to the payments which would be payable under this lease on the production reasonably estimated to be drained from the Leased Premises by such offset well and, as long as Lessee may elect to pay such royalty in lieu of drilling an offset well, Lessee shall have satisfied its offset obligations to Lessor as to such well.

21. Lessee is hereby granted the right and power to pool this lease or any part or horizon thereof for the production of oil or gas with such other land, leases, mineral estates or parts thereof as specifically described in and pursuant to the terms of the "Chaparral Unit", as defined in that certain Pooling Authority for the Chaparral Unit dated the 11 day of March, 2020, recorded as Instrument No. 2020-8276 in the Official Public Records of Midland County,

TX, as presently described by metes and bounds therein, and the lease is deemed pooled into such unit upon the lease's effective date. Except as specifically provided in the preceding sentence, Lessee shall have no right to pool or unitize any lands covered by this lease, or any portion thereof, without the prior written consent of Lessor, which consent shall be in Lessor's sole discretion. Lessee shall file a written unit designation for record in the office of the county clerk of the county in which the Premises are located before completion of any well in said unit. Drilling and/or other operations on, or production from any part of such unit, shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the lands included in such unit. All of the Leased Premises shall, at all times during the continuation of this lease remain in and be a part of said Chaparral Unit; and Drilling and/or other operations on, or production from, any portion of said pooled unit shall maintain this lease in effect and drilling operations anywhere on said unit shall constitute drilling operations for purposes of continuous development (under paragraph 10). There shall be allocated to the land covered by this lease included in such unit that portion of the total production of pooled minerals from wells in the unit which the net oil or gas acreage in the land covered by this lease bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the land covered hereby in the same manner as though produced from said land. Notwithstanding such allocation, the formation of said unit hereunder shall not have the effect of exchanging or transferring any interest under this lease between parties owning different interests as between lands covered by this lease and lands not covered. If this lease now or hereafter covers separate tracts (a "separate tract" meaning any tract with royalty ownership differing, either as to parties or amounts, from that as to any other part of the Leased Premises), no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied from inclusion of such separate tracts within this lease, from the existence of Lessee's pooling authority herein, or from any other circumstances except by Lessee's express exercise of the pooling authority in the manner herein prescribed, nor shall this lease or the pooling authority hereby granted be construed as constituting an attempt or offer by Lessor to pool or unitize any interest which Lessor has no right or authority to pool or unitize, any such intention to pool or unitize such interests or to apportion any royalty over which Lessor has no such right being expressly disclaimed. Should this lease expire or terminate from any cause, in whole or in part, Lessor's interest in any land no longer subject to this lease shall not be subject to the Chaparral Unit or to any pooling or unitization otherwise claimed to have been effected, anything herein to the contrary notwithstanding.

22. Should Lessee be prevented from complying with any express or implied covenants of this lease, from conducting drilling or reworking operations thereon or from producing oil or gas therefrom by operation of force majeure, or by any federal, state or local law, ordinance or any order, rule or regulation of any governmental authority, or due to the failure to act by any governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended and Lessee shall not be liable in damages for failure to comply therewith and the time provided for compliance shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations or from producing oil or gas from the said land, and the time while Lessee is so prevented shall not be counted against Lessee. However, nothing described in this paragraph 21 shall excuse Lessee from paying, or extend the time for paying, any royalty, shut-in gas royalty or other payment payable in money hereunder, or serve to extend the primary term of this lease beyond five (5) years from the date hereof.

23. Except as otherwise provided herein, Lessee shall have the right and obligation at any time during or within ninety (90) days after the expiration of this lease as to any portion of said land, to remove all property and fixtures placed by Lessee on any such portion of said land, including the right to draw and remove all casing, then belonging to Lessee and not taken over by Lessor under some other provision of this lease. If Lessee fails to remove such property and fixtures within said ninety (90) days, such property and fixtures may be removed by Lessor at Lessee's expense; provided, however, Lessee shall not be relieved of its liability to plug any well so abandoned.

24. Lessee agrees to notify Lessor in advance, in writing, of the location of all wells containing a surface location to be drilled on the Leased Premises prior to commencement of operations and shall provide copies of all reports filed with the State of Texas or its agencies, when filed, including permit applications, completion, plugging, casing, cementing and production reports.

25. Lessee agrees that it will comply in all its operations with all applicable ordinances, laws, rules and regulations of each governmental, municipal and/or regulatory authority having jurisdiction over such operations, including, without limitation, the City of Midland Oil and Gas Drilling requirements as applied under current Ordinance 8769, as codified in the City of Midland Municipal Code Section 6-1-23, as the same may be hereafter amended from time to time, if and to the extent applicable. Lessee shall comply in all its operations with all applicable Federal Aviation Administration rules and regulations and shall secure in advance all necessary approvals, permits and consents, and shall in addition comply with all reasonable directions of the City of Midland Director of Aviation relating to the public safety and welfare, and the safety of aviation related activities, including without limitation directives, rules and regulations relating to equipment height, location and safety markings. Without limiting any of the foregoing, Lessee acknowledges and agrees that (i) to its knowledge it has satisfied itself as to all applicable ordinances, laws, rules and regulations of each governmental, municipal and/or regulatory authority having jurisdiction over the Leased Premises, this lease, and Lessee's operations, including, without limitation, all federal laws and all applicable Federal Aviation Administration rules, regulations and requirements, and (ii) Lessor has made no representations or warranties that the terms, provisions or conditions of this lease comply with such applicable ordinances, laws, rules or regulations. Lessor agrees that it will not protest any application made by Lessee in connection with the drilling, development and production of this Lease, including but not limited to applications with the Texas Railroad Commission or other authorities for drilling permits, spacing exceptions, density exceptions, commingling exceptions, and applications to pool minerals (other than those owned by Lessor) under the Mineral Interest Pooling Act.

26. The venue for any suit arising out of any provision of this lease, whether express or implied, regarding interpretation, breach or alleged breach of this lease, or relating in any way to this lease or to applicable case law, statutes, or administrative rules, shall be in Midland County, Texas. The obligations and undertakings of each of the parties to this lease shall be deemed to have been performed in Midland County, Texas. This lease and all matters pertaining thereto shall be governed by the laws of the State of Texas without reference to any rule or law that would apply the law of another jurisdiction.

27. By executing this lease Lessor is not waiving its right of sovereign immunity. Lessor is retaining its immunity from suit. Lessor is not granting consent to be sued by legislative resolution or action. **THERE IS NO WAIVER OF SOVEREIGN IMMUNITY.**

28. By executing this lease, **LESSEE AGREES TO WAIVE AND DOES HEREBY WAIVE ANY CLAIM IT HAS OR MAY HAVE AGAINST LESSOR, REGARDING THE AWARD OF ATTORNEY'S FEES, WHICH ARE IN ANY WAY RELATED TO THIS LEASE, OR THE CONSTRUCTION, INTERPRETATION OR BREACH OF THIS LEASE. LESSEE SPECIFICALLY AGREES THAT IF LESSEE BRINGS OR COMMENCES ANY LEGAL ACTION OR PROCEEDING RELATED TO THIS LEASE, THE CONSTRUCTION, INTERPRETATION, VALIDITY OR BREACH OF THIS LEASE, INCLUDING BUT NOT LIMITED TO ANY ACTION PURSUANT TO THE PROVISIONS OF THE TEXAS UNIFORM DECLARATORY JUDGMENTS ACT (TEXAS CIVIL PRACTICE AND REMEDIES CODE SECTION 37.001, ET SEQ., AS AMENDED), LESSEE AGREES TO WAIVE AND RELINQUISH ANY AND ALL RIGHTS TO THE RECOVERY OF ATTORNEY'S FEES TO WHICH LESSEE MIGHT OTHERWISE BE ENTITLED.** Lessee agrees that this is the intentional relinquishment of a presently existing right. Lessee acknowledges that it understands all terms and conditions of this lease.

29. Lessor and Lessee acknowledge that the full amount of the \$665,750.00 bonus payment payable to Lessor by Lessee is due on or before thirty (30) days after the effective date of this lease. Lessee acknowledges and agrees that in the event Lessee fails to timely make said bonus payment, Lessor shall have the right to terminate this lease by giving written notice to Lessee of said termination.

30. No amendment, modification, or alteration of the terms of this lease shall be binding unless it is in writing, dated subsequent to the date of this lease, and duly executed by the parties to this lease. Each of the parties hereto expressly warrants and represents, and does hereby affirm and stipulate, that no representation, promise or agreement, or statement of a past or existing fact, not expressed in the written agreement, was made to induce the execution of same. Furthermore, the parties hereto do each expressly warrant and represent, and do hereby affirm and stipulate, that they have not relied upon any representation, promise or agreement, or statement of a past or existing fact, which is not expressed in this written agreement or the SUA. Each of the parties hereto is relying upon his, her, or its own judgment, and has had a full, fair and adequate opportunity to read and understand this agreement, including but not limited to this provision. Each of the parties hereto recognize that this paragraph is binding, as a matter of law and fact, and shall preclude them from asserting that they were wrongfully induced to enter into this agreement by any representation, promise or agreement, or statement of a past or existing fact, which is not found within the four (4) corners of this agreement. The rights and remedies provided by this lease are cumulative, and the use of any one right or remedy by either party shall not preclude or waive such party's rights to use any or all other remedies.

31. Notices. Any notice provided or permitted to be given under this lease must be in writing and may be served by depositing same in the United States mail if (i) addressed to the party to be notified, (ii) postage is prepaid, and (iii) it is sent by registered or certified with return receipt requested; by delivering the same in person to the party designated below for notification; or by email if, but email notification shall only be effective if receipt is confirmed in writing (including by reply email) by the party to be notified (with digital tracking not constituting written confirmation). Notice given in accordance herewith will be effective upon receipt at the address of the addressee:

If to Lessor:

The President of the Midland College  
(currently Dr. Damon Kennedy)  
3600 N. Garfield Street  
Midland, TX 79705  
432.685.4520

With copy to:

Vice-President of Administrative Services for Midland College  
(currently Mr. Jeff Chambers)  
3600 Garfield Street  
Midland, TX 79705  
432.685.4529

If to Lessee:

Midland-Petro D.C. Partners, LLC  
500 W. Wall, Suite 300  
Midland, Texas 79701  
Attn: VP Land and Legal

With copy to:

PERMIAN DEEP ROCK OIL COMPANY, LLC  
Attn: VP of Land & Legal  
P. O. Box 2071  
Midland, Texas 79702

And a copy to:

Rendall Sikes PLLC  
Attn: Abigail W. Sikes  
6 Desta Dr, Suite 1600  
Midland, TX 79707

32. There is no third-party beneficiary to this lease. No person or entity who is not a party to this lease shall have any third-party beneficiary or other rights hereunder.

33. The parties hereto shall execute a Memorandum of Lease in the form attached hereto as Exhibit "B" contemporaneously with execution of this lease, and Lessee shall promptly file the Memorandum in the public records of the county where the Leased Premises are located.

**IN WITNESS WHEREOF** this lease is executed by the parties hereto effective as of the effective date of said lease.

**LESSOR:**

**This Agreement has been duly authorized by a resolution adopted by majority vote of the board of trustees of the Midland College District (also known as the Midland College Community District) at a meeting of the board held on \_\_\_\_\_, 2026, in accordance with Texas Education Code § 11.153.**

**Midland College District**

**By:** \_\_\_\_\_

**Name:** \_\_\_\_\_

**Title: President of the Board of Trustees**

**LESSEE:**

**MIDLAND-PETRO D.C. PARTNERS, LLC**

**By:** \_\_\_\_\_

**Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

Acknowledgments

**STATE OF TEXAS** §  
**COUNTY OF MIDLAND** §

This instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2026, by \_\_\_\_\_,  
\_\_\_\_\_ of Midland College District, a \_\_\_\_\_, on behalf of said entity.

\_\_\_\_\_  
Notary Public, State of Texas

**STATE OF TEXAS** §  
**COUNTY OF MIDLAND** §

This instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2026, by J. Wayne Bailey, as  
Attorney-in Fact of Midland-Petro D.C. Partners, LLC, a Texas limited liability company, on behalf of said company.

\_\_\_\_\_  
Notary Public, State of Texas

**EXHIBIT "A"**  
**DESCRIPTION OF**  
**LANDS**

Being a **53.26 acre tract of land, located in the Northwest part of section 15, Block 39, T-1-S, T&P RR Co. Survey, Midland County, Texas;** boundary being further described by metes and bounds as follows:

**BEGINNING** at (Y=10,708,382.88', X=1,745,852.79') at a 1/2" iron rod with plastic cap marked "PLS 1974" set in the Southwesterly boundary of said Midland Airpark property and the Northeasterly boundary line of a 20.374 acre tract, at the Northwest corner of this tract, being the south east corner of a 1.16 acre tract surveyed this day, from whence the Northwest corner of said section 15, Block 39, T-1-S, bears S. 75° 52' 33" W. a distance of 430.83 feet, S. 75° 42' 10" W. a distance of 40.00 feet and N. 14° 17' 50" W. a distance of 1021.54 feet;

**THENCE** N. 75° 52' 33" E. parallel to the centerline of Midland Airpark Runway 7-25, a distance of 2152.95 feet to a 1/2" iron rod marked with a plastic cap marked "PLS 1974" set at the Northeast corner of this tract;

**THENCE** S. 14° 08' 41" E. parallel to the centerline of Midland Airpark Runway 16-34, a distance of 2154.70 feet to a 1/2" iron rod with a plastic cap marked "PLS 1974" set at the Southeast corner of this tract;

**THENCE** N. 59° 06' 40" W. with the Northeasterly boundary line of Midland College as described in Volume 566, Page 103, Deed Records, Midland County, and a 28.00 acre tract and said 20.347 acre tract being a Southwesterly boundary line of said Midland Airpark property, a distance of 3046.52 feet to the **PLACE OF BEGINNING.**

**NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.**

**MEMORANDUM OF OIL AND GAS LEASE**

THE STATE OF TEXAS                    §  
  §        KNOW ALL MEN BY THESE PRESENTS:  
COUNTY OF MIDLAND                 §

This Memorandum of Oil and Gas Lease is made and entered into between the **Midland College District**, formerly known as the Midland Community College District, whose address is 3600 N. Garfield, Midland, Texas, 79705 Attention: Office of the President, hereinafter called "Lessor," and **Midland-Petro D. C. Partners, LLC**, whose address is PO Box 2071, Midland, TX 79702, hereinafter called "Lessee."

**WITNESSETH:**

Lessor and Lessee have entered into an Oil and Gas Lease dated effective January 6, 2024, (the "Effective Date"), covering the lands located in Midland County, Texas, described on **Exhibit "A"** attached hereto and incorporated herein.

Said Oil and Gas Lease contains a primary term of three (3) years from and after the execution date and shall remain in force as long thereafter as oil and/or gas is produced in paying quantities from said land, or lands pooled therewith, pursuant to the other terms and provisions of said Oil and Gas Lease.

Lessor and Lessee are executing this Memorandum of Oil and Gas Lease for the purpose of placing the same of record in Midland County, Texas, and in order to constitute constructive notice of said Oil and Gas Lease in lieu of the recording of said Oil and Gas Lease in its entirety. A full and complete copy of said Oil and Gas Lease will be maintained in the office of Lessee at the address shown above.

This Memorandum may be executed in multiple counterparts by the undersigned parties and Lessee is authorized to assemble such counterparts into one document for recording purposes.

This Memorandum is executed as of the dates of the respective acknowledgments shown below, to be effective as of the Effective Date.

**LESSOR:**

**Midland College District**

**By:** \_\_\_\_\_

**Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**LESSEE:**

**MIDLAND-PETRO D.C. PARTNERS, LLC**

**By:** \_\_\_\_\_

**Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

Acknowledgments

**STATE OF TEXAS** §  
**COUNTY OF MIDLAND** §

This instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2026, by \_\_\_\_\_,  
\_\_\_\_\_ of Midland College District, a \_\_\_\_\_, on behalf of said entity.

\_\_\_\_\_  
Notary Public, State of Texas

**STATE OF TEXAS** §  
**COUNTY OF MIDLAND** §

This instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2026, by J. Wayne Bailey, as  
Attorney-in Fact of Midland-Petro D.C. Partners, LLC, a Texas limited liability company, on behalf of said company.

\_\_\_\_\_  
Notary Public, State of Texas

**EXHIBIT "A"**  
**to**  
**Memorandum of Oil and Gas Lease**

**DESCRIPTION OF LANDS**

Being a **53.26 acre tract of land, located in the Northwest part of section 15, Block 39, T-1-S, T&P RR Co. Survey, Midland County, Texas;** boundary being further described by metes and bounds as follows:

**BEGINNING** at (Y=10,708,382.88', X=1,745,852.79') at a 1/2" iron rod with plastic cap marked "PLS 1974" set in the Southwesterly boundary of said Midland Airpark property and the Northeasterly boundary line of a 20.374 acre tract, at the Northwest corner of this tract, being the south east corner of a 1.16 acre tract surveyed this day, from whence the Northwest corner of said section 15, Block 39, T-1-S, bears S. 75° 52' 33" W. a distance of 430.83 feet, S. 75° 42' 10" W. a distance of 40.00 feet and N. 14° 17' 50" W. a distance of 1021.54 feet;

**THENCE** N. 75° 52' 33" E. parallel to the centerline of Midland Airpark Runway 7-25, a distance of 2152.95 feet to a 1/2" iron rod marked with a plastic cap marked "PLS 1974" set at the Northeast corner of this tract;

**THENCE** S. 14° 08' 41" E. parallel to the centerline of Midland Airpark Runway 16-34, a distance of 2154.70 feet to a 1/2" iron rod with a plastic cap marked "PLS 1974" set at the Southeast corner of this tract;

**THENCE** N. 59° 06' 40" W. with the Northeasterly boundary line of Midland College as described in Volume 566, Page 103, Deed Records, Midland County, and a 28.00 acre tract and said 20.347 acre tract being a Southwesterly boundary line of said Midland Airpark property, a distance of 3046.52 feet to the **PLACE OF BEGINNING.**