

# **SUPPLEMENTAL DRILLING TITLE OPINION**

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**SILVER HILL ENERGY OPERATING, LLC  
CAVIN UNIT – TRACT NOS. 7, 8, AND 9  
170.00 ACRES, BENJAMIN C. JORDAN SURVEY, A-348  
PANOLA COUNTY, TEXAS**

*December 5, 2022*

**Attn: Matt Marlow  
Silver Hill Energy Operating, LLC  
2850 N. Harwood St., Suite 1600  
Dallas, Texas 75201**

■ **FREEMAN MILLS PC**

Supplemental Drilling Title Opinion

Cavin Unit – Tract Nos. 7, 8, and 9

170.00 acres, Benjamin C. Jordan Survey, A-348

Panola County, Texas

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Ladies and Gentlemen:

At your request, we have examined title to the following described tract(s) of land in Panola County, Texas (the “Subject Property”):

**SUBJECT PROPERTY**

170.00 acres, more or less, situated in the Benjamin C. Jordan Survey, A-348, Panola County, Texas, more particularly described in the following Three (3) tracts of land:

**TRACT 1:** 82.00 acres of land, more or less, out of the Benjamin C. Jordan Survey, A-348, Panola County, Texas, and being the West Half (W/2) of that certain 164-acre tract more particularly described as “Tract 2” in that certain Warranty Deed dated August 9, 1907, recorded in Volume 19, page 82, Deed Records, Panola County, Texas, from A. G. Broke and J. G. Woolworth to Louis Werner Saw Mill Company.

**TRACT 2:** 74.00 acres of land, more or less, out of the Benjamin C. Jordan Survey, A-348, Panola County, Texas, and being the West Half (W/2) of that certain 148-acre tract more particularly described as “Tract 1” in that certain Warranty Deed dated August 9, 1907, recorded in Volume 19, page 82, Deed Records, Panola County, Texas, from A. G. Broke and J. G. Woolworth to Louis Werner Saw Mill Company.

**TRACT 3:** 14.00 acres of land, more or less, out of the Benjamin C. Jordan Survey, A-348, Panola County, Texas, and being the West Half (W/2) of that certain 28-acre tract more particularly described as “Tract 93(b)” in that certain Oil, Gas & Mineral Lease dated March 10, 1944, recorded in Volume 164, page 1, Deed Records, Panola County, Texas, from Louis Werner Saw Mill Company to Skelly Oil Company.<sup>1</sup>

The approximate location of the above-described property is outlined as the highlighted area on the attached **Exhibit “A.”**

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<sup>1</sup> All references are to the records of Panola County, Texas; generally being (1) Panola County Deed Records, (2) Panola County Deed of Trust Records, (3) Panola County Plat Records, (4) Panola County Real Property Records, (5) Panola County Oil and Gas Records, or (6) Panola County Official Public Records.

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**MATERIALS EXAMINED**

The following materials were reviewed and relied upon in forming the opinions expressed in this Opinion (the “Materials Examined”):

1. 5 instruments that have been recorded in Panola County, Texas, from September 14, 2020, to September 30, 2022, as set out in a Title Runsheet dated September 30, 2022, prepared by Roca Land & R.O.W. for Silver Hill Energy Operating, LLC, along with Flow Chart and Mineral Ownership Report.
2. Original Drilling Title Opinion dated October 6, 2020, prepared by Childers, Hewett, Myers & Slagle (“Prior Opinion 1”).
3. Various plats covering all or portions of the Subject Property.
4. Tax Certificate from the Panola County Tax Office dated October 6, 2022, covering the interest of MWF Madison LLC and Molpus Woodlands Group LLC in the Subject Property and other lands.
5. Various deed plots depicting all or portions of the Subject Property.
6. Online search at sbr-sabine.com regarding the Sabine Royalty Trust.
7. The instruments referenced herein.

**PATENT INFORMATION**

The State of Texas granted 3532 acres of land, which includes the Subject Property, to Thomas H. W. Forsythe by Patent dated April 15, 1872, recorded in Patent Volume 18, page 752.

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**OWNERSHIP OF THE SUBJECT PROPERTY**

Based upon examination of the foregoing and subject to the Title Comments and Requirements set forth below, we find that as of September 30, 2022, **limited to depths from the Top of the Haynesville Formation down to 100 feet below the Base of the Haynesville Formation**, title to the Subject Property is vested as follows:

<b><u>SURFACE ESTATE</u></b>		
<b>Tracts 1, 2, and 3 Save and Except 8.264 Acres Surrounding the Cavin Unit Well No. 5 (API No. 42-365-32355), 8.264 Acres Surrounding the Werner “P” Well No. 1 (API No. 42-365-00543), and 8.264 Acres Surrounding the Werner “P” Tank Battery<sup>2</sup></b>		
<i>Owner</i>	<i>Calculation</i>	<i>Surface Interest</i>
MWF Madison, LLC	--	1.000000000
<b>Total:</b>		<b>1.000000000</b>
<b>8.264 Acres Surrounding the Cavin Unit Well No. 5 (API No. 42-365-32355), 8.264 Acres Surrounding the Werner “P” Well No. 1 (API No. 42-365-00543), and 8.264 Acres Surrounding the Werner “P” Tank Battery<sup>3</sup></b>		
<i>Owner</i>	<i>Calculation</i>	<i>Surface Interest</i>
Champion International Corporation	--	1.000000000
<b>Total:</b>		<b>1.000000000</b>

<b><u>OIL AND GAS ESTATE – ALL TRACTS</u></b>		
<b>Mineral Interest</b>		
<b>Executive Interest<sup>4</sup></b>		
<i>Owner</i>	<i>Calculation</i>	<i>Mineral Interest</i>
PEC Minerals, LP	--	1.000000000
<b>Total:</b>		<b>1.000000000</b>

<sup>2</sup> The Prior Opinion did not contain a description of three 8.264-acre tracts, and the Materials Examined did not contain any further information as to the description.

<sup>3</sup> The Prior Opinion did not contain a description of three 8.264-acre tracts, and the Materials Examined did not contain any further information as to the description.

<sup>4</sup> See Comment and Requirement No. 9 Executive Rights in PEC Minerals, PC.

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<b>Non-Executive Interest<sup>5</sup></b>		
<i>Owner</i>	<i>Calculation</i>	<i>Mineral Interest</i>
Simmons Bank, Trustee of the Sabine Royalty Trust <sup>6</sup>	--	1.00000000
<b>Total:</b>		<b>1.00000000</b>
<b>Royalty Interest</b>		
<i>Owner</i>	<i>Calculation</i>	<i>Royalty Interest</i>
Simmons Bank, Trustee of the Sabine Royalty Trust <sup>6</sup>	1/8	0.12500000
<b>Total:</b>		<b>0.12500000</b>
<b>Overriding Royalty Interest</b>		
<i>Owner</i>	<i>Calculation</i>	<i>Overriding Royalty Interest</i>
Silver Hill Haynesville E&P, LLC <sup>7</sup>	1/8	0.12500000
<b>Total:</b>		<b>0.12500000</b>
<b>Leasehold Interest</b>		
<i>Owner</i>	<i>Working Interest</i>	<i>Net Revenue Interest</i>
Silver Hill Haynesville E&P, LLC <sup>8</sup>	1.00000000	0.75000000
<b>Total:</b>		<b>0.75000000</b>

<sup>5</sup> See Comment and Requirement No. 9 Executive Rights in PEC Minerals, PC.

<sup>6</sup> See Comment and Requirement No. 6 Trustee of the Sabine Royalty Trust.

<sup>7</sup> This is a term assignment. See Comment and Requirement No. 7 Term Assignment – Burk Royalty Co., Ltd., et al., to Pine Wave Energy Partners Operating, LLC.

<sup>8</sup> This is a term assignment. See Comment and Requirement No. 7 Term Assignment – Burk Royalty Co., Ltd., et al., to Pine Wave Energy Partners Operating, LLC.

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**OIL AND GAS LEASE ANALYSIS**

<b><u>OIL AND GAS LEASE</u></b>	
<b><i>Date</i></b>	March 5, 1938
<b><i>Recording Information</i></b>	Volume 128, page 377, as amended by Amendment recorded in Volume 233, page 282
<b><i>Lessor</i></b>	Louis Werner Saw Mill Company
<b><i>Lessee</i></b>	Union Producing Company
<b><i>Primary Term</i></b>	Ten (10) years
<b><i>Lands Covered</i></b>	Subject Property and other lands
<b><i>Mother Hubbard Clause</i></b>	No
<b><i>Interest Covered</i></b>	100%
<b><i>Royalties</i></b>	1/8 on oil and gas
<b><i>Shut-in Clause</i></b>	See Amendment recorded in Volume 233, page 282
<b><i>Delay Rentals</i></b>	\$3,545.00 per year
<b><i>Pooling</i></b>	Amendment - Lessee is hereby given the power and right, as to all the described herein, except as to the gas and gas rights, (including the condensate and condensate rights, distillate and distillate rights and gasoline and gasoline rights) in and under the lands described in the aforesaid assignment to Midstates Oil Corporation, and except as to the gas and gas rights, (including the condensate and condensate rights, distillate and distillate rights and gasoline and gasoline rights) under [the Subject Property] herein included in the Union Producing Company, et al., Cavin Unit. . . and as to any one or more of the formations thereunder and the minerals therein or produced therefrom, at its option and without Lessor's joinder or further consent, to at any time, either before or after production, pool and unitize the leasehold estate and the Lessor's royalty estate . . . Each such drilling or production unit shall not exceed 40 acres, plus an acreage tolerance not to exceed ten per cent (10%) of 40 acres, when created for the purpose of drilling for or production oil as herein defined, except distillate, condensate and gasoline therefrom, and 640 acres, plus an acreage tolerance not to exceed ten per cent (10%) of 640 acres, when created for the purpose of drilling for or producing gas.
<b><i>Warranty</i></b>	Special Warranty of Title



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<b><i>Modifications</i></b>	Amendment recorded in Volume 233, page 282
<b><i>Special Provisions</i></b>	See Lease

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**OIL AND GAS LEASE ASSIGNMENTS**

The Materials Examined include the following assignments of the oil and gas leases:

<b><u>Assignment No. 1</u></b>	
<b><i>Instrument</i></b>	Certificate of Amendment
<b><i>Merged Entity</i></b>	Union Producing Company
<b><i>Surviving Entity</i></b>	Pennzoil Producing Company
<b><i>Date</i></b>	December 19, 1969
<b><i>Recording Information</i></b>	Volume 530, page 452

<b><u>Assignment No. 2</u></b>	
<b><i>Instrument</i></b>	Certificate of Ownership and Merger
<b><i>Merged Entity</i></b>	Pennzoil Producing Company
<b><i>Surviving Entity</i></b>	Pennzoil Company
<b><i>Date</i></b>	October 23, 1986
<b><i>Recording Information</i></b>	Volume 800, page 83

<b><u>Assignment No. 3</u></b>	
<b><i>Instrument</i></b>	Deed, Assignment and Conveyance
<b><i>Assignor</i></b>	Pennzoil Company
<b><i>Assignee</i></b>	Pennzoil Exploration and Production Company
<b><i>Date</i></b>	March 31, 1988
<b><i>Recording Information</i></b>	Volume 822, page 689
<b><i>Oil and Gas Leases Covered</i></b>	Above-analyzed Oil and Gas Lease and other leases
<b><i>Interest Assigned</i></b>	All Assignor's right, title, and interest
<b><i>Depths</i></b>	All
<b><i>Reservation</i></b>	None

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<b><u>Assignment No. 4</u></b>	
<b><i>Instrument</i></b>	Certificate of Merger
<b><i>Merged Entity</i></b>	Pennzoil Exploration and Production Company
<b><i>Surviving Entity</i></b>	Pennzenergy Exploration and Production, LLC
<b><i>Date</i></b>	December 2, 1998
<b><i>Recording Information</i></b>	Volume 1055, page 429

<b><u>Assignment No. 5</u></b>	
<b><i>Instrument</i></b>	Certificate of Merger
<b><i>Merged Entity</i></b>	Pennzenergy Exploration and Production, LLC
<b><i>Surviving Entity</i></b>	Devon Energy Production Company, LP
<b><i>Date</i></b>	December 30, 1999
<b><i>Recording Information</i></b>	Volume 1083, page 502

<b><u>Assignment No. 6</u></b>	
<b><i>Instrument</i></b>	Assignment and Bill of Sale
<b><i>Assignor</i></b>	Devon Energy Production Company, LP
<b><i>Assignee</i></b>	Burk Royalty Co., Ltd.
<b><i>Date</i></b>	October 19, 2016, but effective January 1, 2016
<b><i>Recording Information</i></b>	Volume 1894, page 712
<b><i>Oil and Gas Leases Covered</i></b>	Oil and Gas Lease and other oil and gas leases
<b><i>Interest Assigned</i></b>	All Assignor's right, title, and interest
<b><i>Depths</i></b>	All
<b><i>Reservation</i></b>	None
<b><i>Subject To</i></b>	Purchase and Sale Agreement dated October 19, 2016, between Grantor and Grantee

<b><u>Assignment No. 7</u></b>	
<b><i>Instrument</i></b>	Assignment and Bill of Sale

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<i><b>Assignor</b></i>	Burk Royalty Co., Ltd.
<i><b>Assignee</b></i>	Kimbell Family Resources, Ltd., et al.
<i><b>Date</b></i>	June 8, 2018
<i><b>Recording Information</b></i>	Volume 1973, page 282, corrected at Volume 2008, page 38
<i><b>Oil and Gas Leases Covered</b></i>	Oil and Gas Lease and other oil and gas leases
<i><b>Interest Assigned</b></i>	18.95% interest in the Oil and Gas Lease
<i><b>Depths</b></i>	All
<i><b>Reservation</b></i>	None

<b><u>Assignment No. 8</u></b>	
<i><b>Instrument</b></i>	Term Assignment
<i><b>Assignor</b></i>	Burk Royalty Co., Ltd.
<i><b>Assignee</b></i>	Pine Wave Energy Partners Operating, LLC
<i><b>Date</b></i>	March 29, 2019
<i><b>Recording Information</b></i>	Volume 2017, page 431
<i><b>Oil and Gas Leases Covered</b></i>	Oil and Gas Lease and other oil and gas leases
<i><b>Interest Assigned</b></i>	All Assignor's right, title, and interest
<i><b>Depths</b></i>	Top of the Haynesville Formation down to one hundred (100) feet below the base of the Haynesville Formation
<i><b>Reservation</b></i>	An overriding royalty interest equal to the difference between 25% and lease burdens
<i><b>Subject To</b></i>	Letter Agreement dated January 3, 2019, between Grantor and Grantee.

<b><u>Assignment No. 9</u></b>	
<i><b>Instrument</b></i>	Term Assignment
<i><b>Assignor</b></i>	Kimbell Family Resources, Ltd., et al.
<i><b>Assignee</b></i>	Pine Wave Energy Partners Operating, LLC
<i><b>Date</b></i>	August 13, 2019
<i><b>Recording Information</b></i>	Volume 2040, page 579

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<b><i>Oil and Gas Leases Covered</i></b>	Oil and Gas Lease and other oil and gas leases
<b><i>Interest Assigned</i></b>	All Assignor's right, title, and interest
<b><i>Depths</i></b>	Top of the Haynesville Formation down to one hundred (100) feet below the base of the Haynesville Formation
<b><i>Reservation</i></b>	An overriding royalty interest equal to the difference between 25% and lease burdens
<b><i>Subject To</i></b>	Letter Agreement dated January 3, 2019, between Burk Royalty Co., Ltd. and Grantee and makes certain amendments thereto

<b><u>Assignment No. 10</u></b>	
<b><i>Instrument</i></b>	Assignment and Conveyance
<b><i>Assignor</i></b>	Burk Royalty Co., Ltd., and Kimbell Family Resources, Ltd., et al.
<b><i>Assignee</i></b>	Pine Wave Energy Partners Operating, LLC
<b><i>Date</i></b>	March 16, 2020
<b><i>Recording Information</i></b>	Volume 2078, page 71
<b><i>Oil and Gas Leases Covered</i></b>	Oil and Gas Lease and other oil and gas leases
<b><i>Interest Assigned</i></b>	All Assignor's right, title, and interest
<b><i>Depths</i></b>	Top of the Haynesville Formation down to one hundred (100) feet below the base of the Haynesville Formation
<b><i>Reservation</i></b>	The possibility of reverter reserved to grantors by Assignment Nos. 8 and 9, above

<b><u>Assignment No. 11</u></b>	
<b><i>Instrument</i></b>	Assignment and Bill of Sale
<b><i>Assignor</i></b>	Pine Wave Energy Partners Operating, LLC
<b><i>Assignee</i></b>	Silver Hill Haynesville E&P, LLC
<b><i>Date</i></b>	April 21, 2022, but effective January 1, 2022
<b><i>Recording Information</i></b>	Instrument No. 241910
<b><i>Oil and Gas Leases Covered</i></b>	Oil and Gas Lease and other oil and gas leases
<b><i>Interest Assigned</i></b>	All Assignor's right, title, and interest
<b><i>Depths</i></b>	All

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<i><b>Reservation</b></i>	None
<i><b>Subject To</b></i>	Purchase and Sale Agreement dated March 1, 2022, between the parties

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**EASEMENTS AND RIGHTS-OF-WAY**

The Materials Examined include the Right-of-Way dated December 27, 1942, recorded in Volume 151, page 429, from Louis Werner Saw Mill Company to Arkansas Louisiana Gas Company, which traverses the surface of the Subject Property:

**ENCUMBRANCES**

The Materials Examined do not reflect the existence of any instruments filed of record that presently encumber the Subject Property.

**LEASEHOLD ENCUMBRANCE**

The Materials Examined contain the Deed of Trust, Mortgage, Assignment of As-Extracted Collateral, Security Agreement, Fixture Filing and Financing Statement dated April 21, 2022, recorded as Instrument No. 241912, from Silver Hill Haynesville E&P, LLC, to Muhammad A. Dhamani, Trustee for the benefit of Wells Fargo Bank, N.A., that presently encumbers the leasehold interest in the Subject Property.

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**COMMENTS AND REQUIREMENTS**

**1. AFFIDAVITS OF USE AND POSSESSION**

Early title to the Subject Property is irregular and contains numerous title defects, including one or more gaps in the chain of title. Accordingly, we believe you must rely on limitations of title to cure these defects. Texas Civil Practice and Remedies Code § 16.030 states that if an action for the recovery of real property is barred under the limitations statute, a person having peaceful and adverse possession has full or fee title precluding all claims. Should you obtain affidavits of use and possession that are acceptable to us, we believe you would be reasonably safe in waiving any requirements arising from early gaps and defects. You are advised, however, that the status of such title depends on matters of fact proven when the necessity arises.

**Requirement No. 1**

Submit for our review affidavits executed by two or more disinterested and credible people stating in detail the nature and character of the use, occupancy, and possession of the Subject Property for a period of twenty-five years prior to any severance of the mineral estate or for the past twenty-five years if no severance has occurred. The affidavits should contain full and complete information as to the fences, cross fences, improvements—when built and present state of repair—amount of land used for grazing purposes, and the length of time so used.

In the event you are unwilling to assume the business risk of relying on title by limitations to cure early title defects, then you must resubmit the matter to us for further comment and requirement.

**2. SURVEY OF THE SUBJECT PROPERTY**

The legal descriptions contained in numerous instruments describe the Subject Property by metes and bounds with one or more calls to an object, tree, rock, river bed, landmark, landowner's boundary line, corner, an adjacent survey corner, and/or a boundary line. We have relied on these descriptions for the purposes of this Opinion. Additionally, several instruments recite that the instrument covers specified acreage. We have not independently verified that the recited acreage is accurate.

We note that the legal descriptions provided in Prior Opinion 1 states that the specific tracts are the West Half of a larger tract. However, based on the shapes of these tracts, it does not appear that said tracts would be the West Half of a larger tract but the West 82 acres for Tract 1, the West 74 acres for Tract 2, and the West 14 acres for Tract 3. However, "West Half" has been used for decades in describing these tracts. Accordingly, we have not changed said usage. In addition, the surface ownership in Prior Opinion 1 references 8.264 acres surrounding the Cavin Unit Well No. 5 (API No. 42-365-32355), 8.264 acres surrounding the Werner "P" Well No. 1 (API No. 42-365-00543), and 8.264 acres surrounding the Werner "P" Tank Battery but does not provide a metes and bounds for these 8.264-acre tracts.

**Requirement No. 2(a)**

Obtain and submit for our review the conveyance or plat which contains a description of the three 8.264-acre tracts referenced in the surface ownership of Prior Opinion 1.



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**Requirement No. 2(b)**

Obtain, file for record, and submit for our review a survey of the Subject Property, including the 8.264 acres surrounding the Cavin Unit Well No. 5 (API No. 42-365-32355), 8.264 acres surrounding the Werner “P” Well No. 1 (API No. 42-365-00543), and 8.264 acres surrounding the Werner “P” Tank Battery, and then contact us for an update to the legal descriptions of the Subject Property. In the event you wish to adjust the West Half language in the descriptions, please contact us.

**3. RELIANCE ON PRIOR OPINION**

This Opinion is based in part on your request that we rely upon the prior Title Opinion rendered by attorneys other than those in our law firm, including Prior Opinion 1. While we have no reason to doubt the accuracy of Prior Opinion 1, we accept no responsibility for any errors in or omissions from Prior Opinion 1 rendered by attorneys associated with other law firms. This Opinion is made expressly subject to all of the comments and requirements contained in this prior Title Opinion to the extent same are still applicable.

**Requirement No. 3**

None; advisory only.

**4. OIL AND GAS LEASES**

The Oil and Gas Lease analyzed above is beyond its primary term and would have expired on March 5, 1948, if not held by production. For ownership purposes herein, we have assumed that it has been maintained in force and effect to date.

Prior Opinion 1 analyzes the Oil and Gas Lease as having a pooling clause as follows:

Lessee, at its option, is hereby- given the right and power to pool or combine the acreage covered by this lease or any portion thereof with other land, lease or leases in the immediate vicinity thereof, when in Lessee's judgement it is necessary or advisable to do so in order properly to develop and operate said premises in compliance with the spacing rules of the Railroad Commission of Texas or other lawful authority

However, in reviewing this lease, no such provision was found therein or in the amendment recorded in Volume 233, page 282.

Prior Opinion 1 analyzes the Oil and Gas Lease as having a vertical pugh clause. The only pooling clause is found in the amendment recorded in Volume 233, page 282, and it does not contain a vertical pugh clause.

**Requirement No. 4(a)**

Satisfy yourself that the Oil and Gas Lease analyzed above has been maintained in force and effect to date.

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**Requirement No. 4(b)**

Advisory as to analysis of the Oil and Gas Lease in Prior Opinion 1.

**5. GAP IN TITLE – SURFACE OF TRACT 3**

By various conveyances, Louise Werner Saw Mill Company was vested with all right, title, and interest in the Subject Property. Subsequently, by Deed dated January 28, 1970, recorded in Volume 524, page 143, Louise Werner Saw Mill Company conveys Tracts 1 and 2 to Southland Paper Mills, Inc. That Deed does not appear to convey Tract 3.

Subsequently, by Special Warranty Deed dated December 14, 1990, recorded in Volume 872, page 193, Champion International Corporation, successor-in-interest to Southland Paper Mills, Inc. by merger, purports to convey interest in the Subject Property, including interest in Tract 3. For the purposes of this Opinion, we have assumed that Champion International Corporation acquired the requisite interest in Tract 3 by unrecorded conveyance or otherwise.

**Requirement No. 5**

Submit for our examination a conveyance from Louise Werner Saw Mill Company to Champion International Corporation, or their successor-in-interest. If no such conveyance exists, obtain a Quitclaim Deed from Louise Werner Saw Mill Company or their successors in interest in which they quitclaim all of their interest in the Subject Property to the present owners of record. The Quitclaim must then be filed of record in Panola County, Texas.

**6. TRUSTEE OF SABINE ROYALTY TRUST**

Prior Opinion 1 indicates InterFirst Bank Dallas, N.A., is the trustee of the Sabine Royalty Trust. However, the website for Sabine Royalty Trust lists Simmons Bank as its current trustee. No documentation has been filed in Panola County, Texas, to indicate a change of trustee, but an online search of FDIC Bank Find indicates that InterFirst Bank Dallas, National Association, closed as of June 6, 1987, and that the current name of its successor is Bank of America, National Association. We have assumed that Simmons Bank is the current trustee and have credited ownership as such.

**Requirement No. 6**

Obtain, file for record, and submit for our review instruments confirming Simmons Bank is the current trustee of the Sabine Royalty Trust. If such is not possible, you should contact us for a correction to the ownership.

**7. TERM ASSIGNMENT – BURK ROYALTY CO., LTD., ET AL., TO  
PINE WAVE ENERGY PARTNERS, OPERATING, LLC, AND NON-MERGER OF OVERRIDING  
ROYALTY INTEREST WITH WORKING INTEREST**

Burk Royalty Co., Ltd., was vested with certain interest in the above-analyzed Oil and Gas Lease. The Materials Examined contain that Term Assignment dated effective March 1, 2019, recorded in Volume 2017, page 431, from Burk Royalty Co., Ltd., to Pine Wave Energy Partners Operating, LLC, wherein Burk Royalty Co., Ltd., conveys certain interests in the above-analyzed Oil

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and Gas Lease to Pine Wave Energy Partners Operating, LLC, for a term of three (3) years and as long thereafter as oil and gas is produced from the leased premises.

Similarly, Kimbell Family Resources, Ltd., et al., were vested with certain interest in the above-analyzed Oil and Gas Lease. The Materials Examined contain that Term Assignment dated effective March 1, 2019, recorded in Volume 2040, page 579, from Kimbell Family Resources, Ltd., et al., to Pine Wave Energy Partners Operating, LLC, wherein Kimbell Family Resources, Ltd., et al., convey certain interests in the above-analyzed Oil and Gas Lease to Pine Wave Energy Partners Operating, LLC, for a term of three (3) years and as long thereafter as oil and gas is produced from the leased premises.

We note that as of the date of this Opinion, each of the Term Assignment is within its primary term and held without regard to production on the Subject Property or other lands included therein.

Subsequently, Burk Royalty Co., Ltd., and Kimbell Family Resources, Ltd., et al., conveyed all interest in the above-analyzed Oil and Gas Lease to Pine Wave Energy Partners Operating, LLC, via the Assignment and Conveyance dated March 16, 2020, recorded in Volume 2078, page 71. Pine Wave Energy Partners Operating, LLC, then conveyed all its interest in the above-analyzed Oil and Gas Lease to Silver Hill Haynesville E&P, LLC. We have not shown the merger of the overriding royalty interest owned by Silver Hill Haynesville E&P, LLC, with the working interest owned by Silver Hill Haynesville E&P, LLC, in our ownership charts.

### **Requirement No. 7(a)**

Advisory as to the existence of the Term Assignments within their primary terms.

### **Requirement No. 7(b)**

Advisory as to non-merger of the overriding royalty interest and working interests.

## **8. EXISTING POOLED UNIT – CAVIN UNIT**

By Declaration of Unitization executed on January 29, 1946, recorded in Volume 215, page 143, as amended and ratified at Volume 214, page 322; Volume 204, page 450, Volume 218, page 106; Volume 228, page 527; Volume 248, page 207; and Volume 224, page 326; Union Producing Company and Skelly Oil Company designated the Cavin Unit, consisting of 677.50 acres, including the Subject Property. This unit is listed as producing according to online records from the Railroad Commission of Texas.

### **Requirement No. 8**

Advisory.

## **9. EXECUTIVE RIGHTS IN PEC MINERALS, LP**

Sabine Corporation was vested with all the mineral interest in the Subject Property. By Conveyance dated January 31, 1983, recorded in Volume 738, page 629, Sabine Corporation conveys all mineral interest in the Subject Property and other lands to Interfirst Bank Dallas, N.A., Trustee of

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Sabine Royalty Trust, reserving for themselves all executive rights, including rights of ingress and egress, and rights to delay rentals and bonus.

**Requirement No. 9**

Advisory.

**10. MEMORANDUM OF GAS GATHERING AGREEMENT**

The Materials Examined contain that Memorandum of Agreement dated February 27, 2020, recorded in Volume 2086, page 695, by and between BTA ETG Gathering, LLC, and Pine Wave Energy Partners Operating, LLC, memorializing a Gas Gathering and Treating Agreement dated effective December 1, 2019, between BTA ETG Gathering, LLC, and Pine Wave Energy Partners Operating, LLC concerning the Subject Property. We have not been provided a copy of the Gas Gathering and Treating Agreement. However, you are on notice of all terms and provisions of the agreement and must make a diligent effort to determine the effect, if any, that it may have on record title.

**Requirement No. 10**

Obtain and submit for our examination copies of the Gas Gathering and Treating Agreement dated effective December 1, 2019, between BTA ETG Gathering, LLC, and Pine Wave Energy Partners Operating, LLC, or satisfy yourselves that it does not adversely affect title to the Subject Lands as reported herein.

**11. WELLBORES EXCLUDED**

This Opinion explicitly excludes any wellbores that may exist on the Subject Property and, accordingly, does not address ownership or status of title of any such wellbores.

**Requirement No. 11**

In the event you are concerned with ownership of any wellbore traversing the Subject Property, resubmit to us for further comment and requirement, which may include the submission of supplemental runsheets covering such wellbore.

**12. COVERED DEPTHS**

We have limited the scope of this Opinion as to the ownership of the Subject Property to the interval from the top of the Haynesville Formation to one hundred feet (100') below the base of the Haynesville formation, as that interval is defined in Term Assignment dated effective March 1, 2019, recorded in Volume 2017, page 431.

**Requirement No. 12**

Advisory.

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### **13. BINDING AUTHORITY GENERALLY ASSUMED**

If a person executes an instrument on behalf of an entity, individual, or other party without the proper authorization from the purportedly represented party, then said party may not be bound by the instrument. Given the difficulty and substantial amount of time required to determine whether every such instrument included in the Materials Examined was executed with proper authorization, we have made the following assumptions:

1. Any instrument executed by a general partner on behalf of a partnership that has been of record for at least ten (10) years was properly authorized by the partnership, and the general partner had complete authority to execute the instrument on behalf the partnership.
2. Any instrument executed by an officer, manager, or member on behalf of a limited liability company that has been of record for at least ten (10) years was properly authorized by the company, and the officer, manager, or member had complete authority to execute the instrument on behalf the company.
3. Any instrument executed by an attorney-in-fact on behalf of another party that has been of record for at least twenty (20) years was properly authorized by written Power of Attorney from said party, and such authorization had not been revoked as of the execution of the instrument.
4. Any instrument executed by a trustee that has been of record for at least twenty (20) years was properly authorized by the documents governing the administration of the corresponding trust, and the trustee had complete authority to execute the instrument.

Additionally, where the Materials Examined include probate proceedings with a court order that authorized the issuance of Letters Testamentary to a certain executor of a decedent's estate, we have generally assumed for the purposes of this Opinion that Letters Testamentary were issued to that executor even if a copy of said Letters was not provided for our review.

### **Requirement No. 13**

If you are unwilling to accept the business risk of our above assumptions, then resubmit the matter to us for further comment and requirement.

### **14. AUTHORITY: BUSINESS ENTITIES**

The Materials Examined include the following instruments that were executed on behalf of a business entity by a representative whose authority is uncertain:

1. Assignment and Conveyance dated effective December 1, 2019, recorded in Volume 2079, page 71, was executed by Michael K. Elyea as attorney-in-fact for Kimbell Family Resources, Ltd., et al.

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2. Assignment and Bill of Sale dated April 21, 2022, but effective January 1, 2022, recorded as Instrument No. 241910, from Pine Wave Energy Partners Operating, LLC, to Silver Hill Haynesville E&P, LLC, is executed by Benjamin C. Hunter, Chief Executive Officer of Pine Wave Energy Partners, LLC, managing member of Pine Wave Energy Partners Management, LLC, sole member of Pine Wave Energy Partners Operating, LLC.

If a representative executes an instrument on behalf of an entity without authorization from the entity to do so, then the entity may not be bound by the instrument. To confirm that an act was authorized by the entity, we must review (i) the governing documents of the entity to verify that a particular category of representative was vested with authority to undertake the act, and (ii) evidence that the individual purportedly acting as representative in fact held the role of said category of representative. For the purposes of this opinion, we have assumed for each above-listed instance that the representative was duly authorized to execute the instrument on behalf of their purportedly represented entity and had complete authority to bind the entity to the terms of the instrument without joinder of any other representative or party.

### **Requirement No. 14**

Furnish for our review (i) copies of the governing documents for each of the represented entities listed above, (ii) evidence that the representatives in fact held their purported roles, and (iii) any other evidence that the representatives had the requisite authority to execute the above-referenced instruments in their stated capacities on behalf of their represented entities. We reserve further comment and requirement. Alternatively, you may satisfy yourself of the same.

### **15. AUTHORITY OF TRUSTEE**

The Materials Examined include the following instruments that were executed by a trustee on behalf of a trust where the trust instrument was not provided for our review:

Term Assignment dated effective March 1, 2019, recorded in Volume 2040, page 579, was executed by Raymond S. Kimbell, Trustee for the Kimbell Family Trust; George T. Kimbell, II, Trustee for the Kimbell Family Trust A; and D. A. Kimbell, Jr., Trustee for the Kimbell Family Trust B.

We have assumed said signors had authority to convey the interests of the various trusts.

### **Requirement No. 15**

Submit for our examination the trust agreements for each of the above-identified trusts so we may ensure the named trustees were authorized to convey on behalf of the trusts. In the alternative, satisfy yourselves that each of the above-identified trustees were authorized to convey on behalf of the trusts.

### **16. UNRECORDED AGREEMENTS**

Instruments included in the Materials Examined reference additional unrecorded instruments that are incorporated into the record by such reference. You are on notice of all terms and provisions

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of all referenced unrecorded instruments and must make a diligent effort to determine the effect, if any, that unrecorded instruments may have on record title. Specifically, we identify those unrecorded instruments as follows:

1. Conveyance dated January 31, 1983, recorded in Volume 738, page 629, from Sabine Corporation to Interfirst Bank Dallas, N.A., Trustee of Sabine Royalty Trust references the Sabine Corporation Royalty Trust Agreement dated December 31, 1982.
2. Special Warranty Deed dated March 30, 2010, recorded in Volume 1557, page 618, from Forcap Investments, LP, to Madison Timber, LLC, references a Purchase and Sale Agreement dated February 11, 2010, between Grantor, Meriwether Louisiana Land & Timber, LLC, et al.
3. Special Warranty Deed dated June 22, 2012, recorded in Volume 1678, page 472, from Madison Timber, LLC, to MWF Madison, LLC, references a Purchase and Sale Agreement dated June 19, 2012, between Grantor and Grantee.
4. Assignment and Bill of Sale dated effective January 1, 2016, recorded in Volume 1894, page 712, from Devon Energy Production Company to Burk Royalty Co., Ltd. References a Purchase and Sale Agreement dated October 19, 2016, between Grantor and Grantee.
5. Term Assignment dated effective March 1, 2019, recorded in Volume 2017, page 431, from Burk Royalty Co., Ltd. To Pine Wave Energy Partners Operating, LLC, references a Letter Agreement dated January 3, 2019, between Grantor and Grantee.
6. Term Assignment dated effective March 1, 2019, recorded in Volume 2040, page 579, from Kimbell Family Resources, Ltd., et al., to Pine Wave Energy Partners Operating, LLC, references a Letter Agreement dated January 3, 2019, between Burk Royalty Co., Ltd. and Grantee and makes certain amendments thereto.
7. Assignment and Bill of Sale dated April 21, 2022, effective January 1, 2002, recorded as Instrument No. 241910, from Pine Wave Energy Partners Operating, LLC, to Silver Hill Haynesville E&P, LLC, references a Purchase and Sale Agreement dated March 1, 2022, between the parties.

### **Requirement No. 16**

Obtain and submit for our examination copies of the unrecorded instruments referenced above or satisfy yourselves that the unrecorded instruments do not adversely affect title to the Subject Lands as reported herein.

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**17. EASEMENTS AND RIGHTS-OF-WAY**

As noted in the section of this Opinion titled "Easements and Rights-of-Way" there are easements and rights-of-way appearing of record that cross the surface of the Subject Property.

**Requirement No. 17**

You should be familiar with the location of the easements and rights-of-way that cross the Subject Property, and ensure that your operations on the Subject Property will be conducted in a manner that does not interfere with the rights of the owners of the easements and rights-of-way.

**18. LEASEHOLD ENCUMBRANCE**

The instrument listed in the section of this Opinion titled "Leasehold Encumbrance," presently encumbers all or some of the leasehold interest in the Subject Property.

In the interest of time and unless otherwise noted, we have not made any comments and requirements for minor title defects arising from released deed(s) of trust, lien(s), and other security instrument(s), nor have we made any comments and requirements for title defects arising from unreleased deed(s) of trust, lien(s), and other security instrument(s) that would be cured by securing releases or subordination agreements.

**Requirement No. 18(a)**

None; advisory only for drilling purposes. In the event your proposed operations result in production, it will be necessary to submit a division order to the lending institution prior to distribution of funds.

**Requirement No. 18(b)**

Upon request we will provide you with a list of additional comments and requirements for title defects arising from deed(s) of trust, lien(s), and other security instrument(s).

**19. STRIPS AND GORES**

Portions of the Subject Property may abut roads, highways and/or streets, but the Title Runsheets examined are not certified to cover any portion of these roads. Generally, under the strips and gores doctrine, grantees of properties that abut streets acquire fee title to the center of the street subject to an easement for use of the surface; however, there are numerous exceptions to this general rule. Unless otherwise discussed in this opinion, we express no opinion as to the ownership of the roads, highways and/or streets that abut the Subject Property.

**Requirement No. 19**

In the event you are unwilling to assume the business risk of relying on the presumption that the strips and gores doctrine applies to the various roads that abut the Subject Property, then you must resubmit the matter to us for further comment and requirement.



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**20. AD VALOREM TAXES**

The Materials Examined included a tax certificate dated October 6, 2022, for ad valorem taxes assessed against the surface of the Subject Property, specifically covering the interest of WMF Madison LLC and indicating taxes in the amount of \$2,022.60 were due and owing for Tax Year 2022. When the mineral estate is severed from the surface estate, ad valorem taxes assessed against the surface estate do not create a burden or lien on the mineral estate. Additionally, ad valorem taxes are not assessed against the severed mineral estate unless minerals are being produced from the land.

**Requirement No. 20**

Ensure that ad valorem taxes are timely paid for the Subject Property, and there are no delinquent ad valorem taxes assessed against the Subject Property.

**21. TITLE BROKER**

Roca Land & R.O.W. has conducted the land and title work on behalf of Silver Hill Energy Operating, LLC. In accordance with your request, we have relied on the Title Runsheets and instruments referenced therein submitted by Roca Land & R.O.W.

**Requirement No. 21**

None; advisory only.

**22. EXAMINATION OF OIL AND GAS LEASE**

In the interest of time, this Opinion provides a very brief analysis of the Oil and Gas Lease covering the Subject Property.

**Requirement No. 22(a)**

Review the terms and provisions of the Oil and Gas Lease covering the Subject Property and conduct your operations accordingly.

**Requirement No. 22(b)**

Upon request, we will provide you with a thorough analysis of the Oil and Gas Lease covering the Subject Property. We reserve further comment and requirement.

**23. OIL AND GAS ONLY**

This Opinion covers title to only the oil, gas, and other minerals produced in association therewith. Specifically, this Opinion does not cover ownership of coal, lignite, uranium, thorium, or any other mineral generally classified as a hard mineral.

**Requirement No. 23**

None; advisory only.

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**24. MISCELLANEOUS LIMITATIONS**

This Opinion is based solely upon an examination of the documents included in the Materials Examined. We have made no other examination of the public records of Panola County, Texas, or any other public records, and therefore express no opinion as to the effect of any document(s), if any, not provided for our review.

We have made no examinations of and express no opinion as to any conflicts or discrepancies in boundary lines or survey lines; restrictions, order or ordinances of governmental agencies having or asserting jurisdiction (or compliance or non-compliance therewith); any bankruptcy filings, notice of which has not been placed in the County Clerk's records; matters which could be determined only by an investigation upon the ground; unpaid bills for labor or materials that could ripen into mechanic's or materialman's liens; genuineness of signatures; future corrections of instruments under Tex. Prop. Code § 5.029; whether any hazardous wastes or toxic substances may have contaminated the Subject Property; whether the Subject Property is considered as wetlands; or any other matters not revealed by the Materials Examined in connection with this Opinion.

This Opinion has been rendered in accordance with the law as it existed at the time this Title Opinion was prepared. In the event the law changes, we are not responsible for amending this Opinion to reflect the changes unless asked to do so by your written request.

**Requirement No. 24**

None; advisory only.

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This Supplemental Drilling Title Opinion is prepared at your request for your purposes only and may not be relied upon by any other party without this examiner's written consent.

Very truly yours,

**FREEMAN MILLS PC**



Milli L. Jacks



E. Foster Green

MLJ (7120)

■ **FREEMAN MILLS PC**

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EXHIBIT "A"

