

NOTICE OF FORECLOSURE SALE

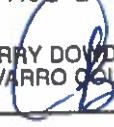
August 9, 2017

Standard Operating Agreement concerning leases and wells in ~~in the~~ County, Texas ("SOA");

FILED FOR RECORD
AT 2:00 O'CLOCK P.M.

AUG 14 2017

SHERRY DOWD, County Clerk
NAVARRO COUNTY, TEXAS

BY  DEPUTY

Dated: September 14, 2004
Debtor(s): ReoStar Energy Corporation
Trustee: M. O. Rife, III
Operator: Azteca Petroleum, LLC
Recorded: Document Number 2013-2042 of the Official Public Records of Navarro County, Texas filed March 11, 2013
Secures: Contractual debt in the principal balance of \$280,937.34, arising from obligations under that Standard Operating Agreement executed September 14, 2004 by Debtor and payable to the Operator ("Debt")
Contract Area: Corsicana Field Leases and McKinney Lease – Pecan Gap Development Project
Property Description: All of Debtor(s) leasehold interest and working interest in the Corsicana Field Leases and McKinney Lease – Pecan Gap Development Project, including but not limited to the interests shown on the attached Exhibit "A", incorporated herein by reference, and all other leasehold interest and working interest Debtor(s) may own in the Corsicana Field Leases and McKinney Lease – Pecan Gap Development Project ("Subject Property")
Substitute Trustee: Brian J. Smith
Substitute Trustee's Address: 301 Commerce Street, Suite 3500
Fort Worth, Texas 76102

1. *Property to Be Sold.* The property to be sold is described as follows:

Subject Property being all of Debtor(s) leasehold interest and working interest in the Corsicana Field Leases and McKinney Lease – Pecan Gap Development Project, as described herein and on the attached Exhibit "A".

2. *Instrument to be Foreclosed.* The instrument to be foreclosed is the Standard Operating Agreement recorded in Document Number No. 2013-2042 of the Official Public Records of Navarro County, Texas ("SOA").

3. *Date, Time, and Place of Sale.* The sale is scheduled to be held at the following date, time, and place:

Date: Tuesday, September 5, 2017

Time: The sale will begin no earlier than 10:00 A.M. or no later than three hours thereafter. The sale will be completed by no later than 4:00 P.M.

Place: Navarro County Courthouse in Corsicana, Texas at the following location:

At the east entrance of Navarro Center at 800 N. Main Street in Corsicana, Texas, or any other area designated by the County Commissioners Court pursuant to section 51.002 of the Texas Property Code as the place where foreclosure sales are to take place within that county.

4. *Terms of Sale.* The Foreclosure Sale will be conducted as a public auction and the Subject Property will be sold to the highest bidder for cash, except that Azteca Petroleum, LLC's bid may be by credit against the indebtedness secured by the lien of the Joint Operating Agreement. Cash buyers will be required to pay in cash or by wire transfer or cashier's check(s) by 4:00 p.m. on the day of the Foreclosure Sale.

Default has occurred in the performance of Debtor's obligations under the SOA. Because of that default, Azteca Petroleum, LLC, the operator under the SOA and a creditor to whom the Debtor owes its share of operating expenses under the SOA in the above amount, has requested Substitute Trustee to sell the Subject Property at public auction in full or partial satisfaction of the Debt.

Therefore, notice is given that on and at the Date, Time, and Place for the Foreclosure Sale described above, Substitute Trustee will sell the Subject Property in accordance with the Terms of Sale described above, the SOA, and applicable Texas law.

If Azteca Petroleum, LLC passes the Foreclosure Sale, notice of the date of

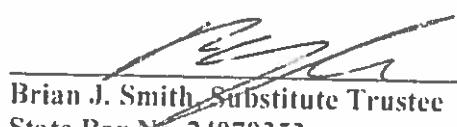
any rescheduled foreclosure sale will be reposted and refiled in accordance with the posting and filing requirements of the SOA and the Texas Property Code.

The Foreclosure Sale will be made expressly subject to any title matters set forth in the SOA, but prospective bidders are reminded that, by law, the Foreclosure Sale will necessarily be made subject to all prior matters of record affecting the Property, if any, to the extent that they remain in force and effect and have not been subordinated to the SOA. For the avoidance of doubt, the Foreclosure Sale will not cover any part of the Property that has been released of public record from the lien and/or security interest of the SOA by Azteca Petroleum, LLC. Prospective bidders are strongly urged to examine the applicable property records to determine the nature and extent of such matters, if any.

Pursuant to section 51.009 of the Texas Property Code, the Property will be sold "AS IS," without any expressed or implied warranties, except as to the warranties (if any) provided for under the Standard Operating Agreement. Prospective bidders are advised to conduct an independent investigation of the nature and physical condition of the Subject Property.

Pursuant to section 51.0075(a) of the Texas Property Code, Substitute Trustee reserves the right to set further reasonable conditions for conducting the Foreclosure Sale. Any such further conditions shall be announced before bidding is opened for the first sale of the day held by Substitute Trustee.

Assert and protect your rights as a member of the armed forces of the United States. If you are or your spouse is serving on active military duty, including active military duty as a member of the Texas National Guard or the National Guard of another state or as a member of a reserve component of the armed forces of the United States, please send written notice of the active duty military service to the sender of this notice immediately.



Brian J. Smith, Substitute Trustee
State Bar No. 24079353
Whitaker, Chalk, Swindle, & Schwartz, PLLC
301 Commerce Street, Suite 3500
Fort Worth, Texas 7602

Telephone: 817-878-0587
Facsimile: 817-878-0501

EXHIBIT "A"

1. Barry Lease

Lease from Bryan T. Barry, et al., as lessors, to Corsicana Petroleum Company, as lessee, dated October 5, 1901, recorded in Volume 108, page 463, Deed Records of Navarro County, Texas, covering 104 acres, more or less, in the Wm. J. Cairnes Survey, Navarro County, Texas.

2. Benton Leases

- a. Mineral Reservation in Deed from Corsicana Petroleum Company to J. W. Denton, dated February 5, 1906, recorded in Volume 142, page 44, Deed Records of Navarro County, Texas, covering 144.54 acres of land in the W. R. Bowen and R. Heaton Survey, Navarro County, Texas;
- b. Mineral reservation in Deed from Corsicana Petroleum Company to J. W. Denton, dated February 5, 1906, recorded in Volume 142, page 49, Deed Records of Navarro County, Texas, covering 48.27 acres of land in the W. R. Bowen and R. Heaton Surveys, Navarro County, Texas.

3. Blackburn Lease

Lease from James M. Blackburn, as lessor, to Trustees of Magnolia Petroleum Company, as lessee, dated May 29, 1918, recorded in Volume 207, page 248, Deed Records of Navarro County, Texas, covering 125.78 acres, more or less, being all of the 175.78 acres of land, more or less, described in said Lease, less and except a 50-acre tract of land described in release from Magnolia Petroleum Company, dated December 22, 1926, recorded in Volume 318, page 55, Deed Records of Navarro County, Texas; from the surface thereof down to a depth of 1,500 feet.

4. Bounds Lease

Lease from Rex T. Bounds, et al., as lessee, to R. H. Moore, Sr., et al., as lessor, dated May 20, 1958, recorded in Volume 647, page 572, Deed Records of Navarro County, Texas, covering 50 acres, more or less, in the M. J. Tidwell Survey, from the surface thereof down to a depth of 2,000 feet.

5. Breithaupt Lease

Lease from Glenna R. Breithaupt, individually, and as Administrator for the Estate of C. A. Breithaupt, as lessors, to Rife Oil Properties, Inc., as lessee, dated May 22, 1995, recorded in Volume 1312, page 129, Deed Records of Navarro County, Texas, covering 139.34 acres, more or less, in the Wm. J. Cairnes Survey, Navarro County, Texas.

6. Cavender "B"

- a. That certain Oil, Gas and Mineral Lease dated March 28, 1963, recorded in Book 698, Page 172, Official Public Records, Navarro County, Texas, executed by J.T. Cavender, as Lessor, to Southwestern Hydrocarbon Company, as Lessee, covering the following described land in Navarro County, Texas:

25 acres of land out the S.F. McCandless Survey in said County and State described as follows:
BEGINNING at the Southeast corner of the Hardy and Halbert 135 acre tract in said McCandless Survey;
THENCE, N. 30 W. with E line of said 135 acre tract 375.5 varas to stake for corner;
THENCE, S. 60 W. 375.5 varas to stake for corner;
THENCE, South 30 East 375.5 varas to stake for corner in south line of said Survey;
THENCE, N. 60 E. with S. line of said Survey 375.5 varas to place of beginning; and,
fully described in a deed from Rufus Hardy, et al., to Willard Parker dated May 12, 1934, and
recorded in Volume 391, Page 420, Deed Records, Navarro County, Texas. This Lease is limited
to and covers only the oil, gas and minerals found or produced above the base of the Woodbine
Sand. All other oil, gas and minerals found or produced below the Woodbine Sand being reserved
by Lessor herein.

7. Central Lease

Lease from Magnolia Petroleum Company, as lessor, to Coffield & Guthrie, Inc., as Lessee, dated June 26, 1933, recorded in Volume 357, Page 144, Deed Records of Navarro County, Texas, covering 322.7 acres in the Wm. J. Cairnes Survey, Navarro County, Texas

8. Chapman C

EXHIBIT "A" - CONTINUED

All that certain lot, tract or parcel of land, being 546.721 acres situated in the H.G. Anderson survey, Abstract No. 17, Navarro County, Texas, and being a part of a called 1379.7039 acre tract conveyed to Blake Gillen, Trustee and Glen Sodd, from 36, Inc. dated October 25, 1983, recorded in volume 1015, Page 304 of Deed Records of Navarro County, Texas; and also being the same tract of land more particularly described as "Exhibit A" in the Oil and Gas Lease between Barbara Moe, Trustee to C.L. Brown, III dated March 5, 1991 and recorded in the Deed records of Navarro County in Volume 1218, Page 48.

Limited to the area from the surface down to the bottom of the base of the Pecan Gap Formation which runs approximately 2000 feet from the surface; All depths below the base of the Pecan Gap Formation are reserved unto Lessor; and Lessor reserves the right for itself and its Lessees and Assigns to pass through the area between the surface and the base of the Pecan Gap Formation in drilling for oil, gas and other minerals at deeper depths that are covered by this lease, and Lessee shall reasonably cooperate in the production of such other, deeper minerals.

9. Chewning

All rights, title and interest in the W.H. Chewning lease and wells, said lease being recorded in Volume 234, Page 432, and Volume 321, Page 1, of the Deed Records of Navarro County, Texas. Assignment of this lease from Chit's Inc. to Rife Oil Properties, Inc. was dated August 30, 1999.

10. Dreeben Leases

- a. Lease from Jacob Dreeben, Et Ux., as Lessors, to G. C. Kent, as Lessee, dated March 10, 1927, recorded in Volume 322, Page 266, Deed Records of Navarro County, Texas.
- b. Lease Morris L. Dreeben, Et Al., as Lessors, to Coffield & Guthrie Inc., as Lessee, dated December 31, 1953, recorded in Volume 561, Page 351, Deed Records of Navarro County, Texas covering 27 1/2 acres, more or less, in the S. F. McCandless Survey, Navarro County, Texas, from the surface thereof down to a depth of 1,700 feet.

11. Fleming "A" Lease

Lease from R. D. Fleming, as Lessor, to W. R. Deskin, as Lessee, dated October 20, 1952, recorded in Volume 543, Page 123, Deed Records of Navarro County, Texas, covering 116.4 acres in the James Smith Survey, Navarro County, Texas.

12. J. A. Garvin Lease

Leases from the Thomas Children-William B. Thomas, IV; Jeff Thomas; James B. Thomas; Mike Thomas; and Carolyn L. Wikoff, as lessors, to Rife Oil Properties, Inc., as lessee, dated June 15, 1995, recorded in Volume 1319, page 526, Deed Records of Navarro County, Texas, covering 57 acres, more or less, in the Wm. J. Cairnes Survey, Navarro County, Texas.

13. Gibson Lease

Mineral Reservation in Deed from Corsicana Petroleum Company to John S. Gibson, dated August 26, 1905, recorded in Volume 134, page 55, Deed Records of Navarro County, Texas, covering 337 acres of land, more or less, in the W. R. Bowen Survey, Navarro County, Texas, from the surface thereof down to the bottom of the Austin Chalk Formation.

14. Gillette-Hill Leases

- a. Lease from James Hamilton Hill, II, Executor of the Estate of Gillett Hill, deceased, as lessor, to Crown Central Petroleum Corporation, as lessee, dated October 1, 1979, recorded in Volume 924, page 647, Deed Records of Navarro County, Texas.
- b. Lease from Doris P. Schumacher, as lessor, to Crown Central Petroleum Corporation, as lessee, dated October 2, 1979, recorded in Volume 924, page 649, Deed Records of Navarro County, Texas.

Insofar as the last three leases cover 100 acres, more or less, of the W. J. Cairnes 1/3 League Survey, Navarro County, Texas.

15. Kerr Leases

- a. Lease from S. A. Kerr, as lessor, to Corsicana Petroleum Company, as lessee, dated June 13, 1907, recorded in Volume 148, page 465, Deed Records of Navarro County, Texas;

EXHIBIT "A" - CONTINUED

- b. Lease from Mrs. S. A. Kerr, as lessor, to Corsicana Petroleum Company, as lessee, dated August 1, 1909, recorded in Volume 157, page 308, Deed Records of Navarro County, Texas.

16. King "B" Lease

Lease from Robert King, et al., as lessors, to W. S. Guthrie, as lessee, dated January 1, 1953, recorded in Volume 548, page 51, Deed Records of Navarro County, Texas, covering 10 acres, more or less, in the Wm. J. Cairnes Survey, Navarro County, Texas.

17. McKinney Lease

Lease from Mrs. Bertha McKinney, et vir., as lessors, to Coffield & Guthrie, Inc., as lessee, dated January 1, 1952, recorded in Volume 531, page 541, Deed Records of Navarro County, Texas, covering 350.4 acres, more or less, in the W. R. Bowen and the John O'Donnell Surveys, Navarro County, Texas.

18. Munsey Lease

Lease from B. B. Munsey, et al., as lessors, to S. H. Inmon, as lessee, dated May 1, 1916, recorded in Volume 200, page 682, Deed Records of Navarro County, Texas, covering 99 acres, more or less, in the M. J. Tidwell Survey, Navarro County, Texas.

19. Helen Pierce Lease

- a. That certain Oil, Gas and Mineral Lease dated June 15, 1989, recorded in Book 1186, Page 636, Official Public Records, Navarro County, Texas Executed by Sara H. Falk and Helen H. Lander, as Lessor, to Payola Production Co., Inc., as Lessee, covering the following described land in Navarro County, Texas:

Rights under this lease are limited to the base of the Pecan Gap Formation or a depth of 2,000 feet whichever is the deeper, and all rights below which depth are reserved by Lessors.

20. Pierce Lease

- a. As to the Pierce lease, this instrument does not convey any interest except the wellbores and equipment contained thereon; and the description is included only for identification only.
- i. That Certain Oil and Gas lease executed by Rufus Hardy, as Lessor, to G. C. Kent, as Lessee, dated January 4, 1926, recorded in Book 305, Page 602, Deed Records, Navarro County, Texas covering 114 acres, more or less, iii the S. F. McCandless Survey, Navarro County, Texas;
 - ii. That certain Oil and Gas Lease from A. M. Malone, Trustee as lessor, to Coffield & Guthrie, Inc., dated December 2, 1939 recorded in Volume 397, Page 309, Deed Records, Navarro County, Texas, covering 132.1 acres, more or less in the S. F. McCandless Survey, Navarro County, Texas;

Limited as to depth not to exceed the base of the Woodbine "A" Zone that occurs at an average depth of approximately 3,200 feet below the surface, and more particularly described as the zone from 3,100 feet to 3,172 feet that occurs on the Welex Induction Density Log of Crown Central's Chapman Well No. 9, located 1,770 feet from the Northeast line and 908 feet from the Southeast line of the H. G. Anderson Survey, A-17, iii Navarro County, Texas, and the correlative thereto iii other wells in the Corsicana and Powell Field areas.

21. South Mirus

All rights, title and interest in the South Mirus Lease. Said Lease being recorded in Volume 92, Page 425, of the Deed Records of Navarro County, Texas.

22. Stout Lease

Lease from J. F. Stout, as Lessor, to P. M. Lea, Et Al., as Lessees, dated February 12, 1900, recorded in Volume 103, page 400, Deed Records of Navarro County, Texas covering 100 acres, more or less, in the S. F. McCandless Survey, Navarro County, Texas.

23. Tatum "A" Lease

EXHIBIT "A" - CONTINUED

Covering 40 acres more or less and described in an Assignment from Bobby C. Lankford to Noram (U.S.A.) Inc., recorded in Volume 1327, Page 375 of the Records of Navarro County, Texas.

24. Worthy Lease

Lease from J. W. Moore, Et Ux., as Lessors, to C. L. Witherspoon, as Lessee, dated July 18, 1912, recorded in Volume 176, page 523, Deed Records of Navarro County, Texas, covering 67-2/3 acres, more or less, in the W. J. Cairnes and the W. R. Bowen Surveys, Navarro County, Texas.

25. Wright-Milligan Lease (a/k/a J. J. W. & H. Wright Lease)

Lease from John J. W. Wright, Et Al., as Lessors, to Trustee or Magnolia Petroleum Company, as Lessee, dated July 30, 1917, recorded in Volume 202, page 138, Deed Records of Navarro County, Texas, covering 109.42 acres, more or less, in the W. R. Bowen Survey, Navarro County, Texas, from the surface thereof down to a depth of 1,500 feet.

26. Wright "A" Lease

Mineral Reservation in Deed from Corsicana Petroleum Company to W. C. Clements, Jr. dated October 6, 1905, recorded in Volume 139, page 451, Deed Records of Navarro County, Texas, covering 39 acres of land, more or less, in the W. R. Bowen Survey, Navarro County, Texas.