Figure: 31 TAC §9.51(c)(3)(A)

## REDUCED ROYALTY SCHEDULE FOR QUALIFYING RESERVOIRS
## BASE ROYALTY RATE = 25.00%

| AVG. DAILY PER WELL PRODUCTION (BOE/DAY) | AVERAGE OF THE DAILY PRICE OF OIL DURING THE QUALIFYING PERIOD | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | $15.00 - $15.99/BBL | $16.00 - $16.99/BBL | $17.00 - $17.99/BBL | $18.00 - $18.99/BBL | $19.00 - $19.99/BBL | $20.00 - $20.99/BBL | $21.00 - $21.99/BBL | $22.00 - $22.99/BBL | $23.00 - $23.99/BBL | $24.00 - $25.00/BBL |
| 15 | 11.00% | 16.50% | 21.50% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% |
| 14 | 10.75% | 16.25% | 21.25% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% |
| 13 | 10.50% | 16.00% | 21.00% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% |
| 12 | 10.00% | 15.75% | 20.75% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% |
| 11 | 9.50% | 15.25% | 20.25% | 24.50% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% |
| 10 | 9.00% | 14.75% | 19.75% | 24.25% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% |
| 9 | 8.25% | 14.00% | 19.00% | 23.75% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% |
| 8 | 7.50% | 13.25% | 18.25% | 23.00% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% |
| 7 | 6.25% | 12.25% | 17.50% | 22.00% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% |
| 6 | 6.25% | 11.00% | 16.00% | 20.75% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% |
| 5 | 6.25% | 9.00% | 14.25% | 19.00% | 23.25% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% |
| 4 | 6.25% | 6.25% | 11.75% | 16.50% | 21.00% | 24.75% | 25.00% | 25.00% | 25.00% | 25.00% |
| 3 | 6.25% | 6.25% | 7.00% | 12.25% | 17.00% | 21.00% | 24.75% | 25.00% | 25.00% | 25.00% |
| 2 | 6.25% | 6.25% | 6.25% | 6.25% | 8.75% | 13.25% | 17.50% | 21.25% | 24.75% | 25.00% |
| 1 or Less | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 8.50% |

## REDUCED ROYALTY SCHEDULE FOR QUALIFYING RESERVOIRS
## BASE ROYALTY RATE = 20.00%

| AVG. DAILY PER WELL PRODUCTION (BOE/DAY) | AVERAGE OF THE DAILY PRICE OF OIL DURING THE QUALIFYING PERIOD | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | $15.00 - $15.99/BBL | $16.00 - $16.99/BBL | $17.00 - $17.99/BBL | $18.00 - $18.99/BBL | $19.00 - $19.99/BBL | $20.00 - $20.99/BBL | $21.00 - $21.99/BBL | $22.00 - $22.99/BBL | $23.00 - $23.99/BBL | $24.00 - $25.00/BBL |
| 15 | 11.00% | 16.50% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% |
| 14 | 10.75% | 16.25% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% |
| 13 | 10.50% | 16.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% |
| 12 | 10.00% | 15.75% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% |
| 11 | 9.50% | 15.25% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% |
| 10 | 9.00% | 14.75% | 19.75% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% |
| 9 | 8.25% | 14.00% | 19.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% |
| 8 | 7.50% | 13.25% | 18.25% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% |
| 7 | 6.25% | 12.25% | 17.50% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% |
| 6 | 6.25% | 11.00% | 16.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% |
| 5 | 6.25% | 9.00% | 14.25% | 19.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% |
| 4 | 6.25% | 6.25% | 11.75% | 16.50% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% |
| 3 | 6.25% | 6.25% | 7.00% | 12.25% | 17.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% |
| 2 | 6.25% | 6.25% | 6.25% | 6.25% | 8.75% | 13.25% | 17.50% | 20.00% | 20.00% | 20.00% |
| 1 or Less | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 8.50% |

## REDUCED ROYALTY SCHEDULE FOR QUALIFYING RESERVOIRS
## BASE ROYALTY RATE = 18.75%

| AVG. DAILY PER WELL PRODUCTION (BOE/DAY) | AVERAGE OF THE DAILY PRICE OF OIL DURING THE QUALIFYING PERIOD | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | $15.00 - $15.99/BBL | $16.00 - $16.99/BBL | $17.00 - $17.99/BBL | $18.00 - $18.99/BBL | $19.00 - $19.99/BBL | $20.00 - $20.99/BBL | $21.00 - $21.99/BBL | $22.00 - $22.99/BBL | $23.00 - $23.99/BBL | $24.00 - $25.00/BBL |
| 15 | 11.00% | 16.50% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% |
| 14 | 10.75% | 16.25% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% |
| 13 | 10.50% | 16.00% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% |
| 12 | 10.00% | 15.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% |
| 11 | 9.50% | 15.25% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% |
| 10 | 9.00% | 14.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% |
| 9 | 8.25% | 14.00% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% |
| 8 | 7.50% | 13.25% | 18.25% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% |
| 7 | 6.25% | 12.25% | 17.50% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% |
| 6 | 6.25% | 11.00% | 16.00% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% |
| 5 | 6.25% | 9.00% | 14.25% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% |
| 4 | 6.25% | 6.25% | 11.75% | 16.50% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% |
| 3 | 6.25% | 6.25% | 7.00% | 12.25% | 17.00% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% |
| 2 | 6.25% | 6.25% | 6.25% | 6.25% | 8.75% | 13.25% | 17.50% | 18.75% | 18.75% | 18.75% |
| 1 or Less | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 8.50% |

## REDUCED ROYALTY SCHEDULE FOR QUALIFYING RESERVOIRS
## BASE ROYALTY RATE = 12.50%

| AVG. DAILY PER WELL PRODUCTION (BOE/DAY) | AVERAGE OF THE DAILY PRICE OF OIL DURING THE QUALIFYING PERIOD | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | $15.00 - $15.99/BBL | $16.00 - $16.99/BBL | $17.00 - $17.99/BBL | $18.00 - $18.99/BBL | $19.00 - $19.99/BBL | $20.00 - $20.99/BBL | $21.00 - $21.99/BBL | $22.00 - $22.99/BBL | $23.00 - $23.99/BBL | $24.00 - $25.00/BBL |
| 15 | 11.00% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% |
| 14 | 10.75% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% |
| 13 | 10.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% |
| 12 | 10.00% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% |
| 11 | 9.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% |
| 10 | 9.00% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% |
| 9 | 8.25% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% |
| 8 | 7.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% |
| 7 | 6.25% | 12.25% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% |
| 6 | 6.25% | 11.00% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% |
| 5 | 6.25% | 9.00% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% |
| 4 | 6.25% | 6.25% | 11.75% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% |
| 3 | 6.25% | 6.25% | 7.00% | 12.25% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% |
| 2 | 6.25% | 6.25% | 6.25% | 6.25% | 8.75% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% |
| 1 or Less | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 8.50% |

## REDUCED ROYALTY SCHEDULE FOR QUALIFYING GULF OF MEXICO RESERVOIRS
## BASE ROYALTY RATE = 25.00%

| AVG. DAILY PER WELL PRODUCTION (BOE/DAY) | AVERAGE OF THE DAILY PRICE OF OIL DURING THE QUALIFYING PERIOD | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | $15.00 - $15.99/BBL | $16.00 - $16.99/BBL | $17.00 - $17.99/BBL | $18.00 - $18.99/BBL | $19.00 - $19.99/BBL | $20.00 - $20.99/BBL | $21.00 - $21.99/BBL | $22.00 - $22.99/BBL | $23.00 - $23.99/BBL | $24.00 - $25.00/BBL |
| 50.0 | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% |
| 47.5 | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% |
| 45.0 | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% |
| 42.5 | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% |
| 40.0 | 24.25% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% |
| 37.5 | 19.25% | 24.25% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% |
| 35.0 | 13.50% | 18.75% | 23.50% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% |
| 32.5 | 6.25% | 12.50% | 17.75% | 22.25% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% | 25.00% |
| 30.0 | 6.25% | 6.25% | 10.75% | 15.75% | 20.25% | 24.25% | 25.00% | 25.00% | 25.00% | 25.00% |
| 27.5 | 6.25% | 6.25% | 6.25% | 8.00% | 13.00% | 17.25% | 21.25% | 24.75% | 25.00% | 25.00% |
| 25.0 | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 9.00% | 13.50% | 17.25% | 21.00% | 24.25% |
| 22.5 | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 8.00% | 12.00% | 15.75% |
| 20.0 or LESS | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% |

## REDUCED ROYALTY SCHEDULE FOR QUALIFYING GULF OF MEXICO RESERVOIRS
## BASE ROYALTY RATE = 20.00%

| AVG. DAILY PER WELL PRODUCTION (BOE/DAY) | AVERAGE OF THE DAILY PRICE OF OIL DURING THE QUALIFYING PERIOD | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | $15.00 - $15.99/BBL | $16.00 - $16.99/BBL | $17.00 - $17.99/BBL | $18.00 - $18.99/BBL | $19.00 - $19.99/BBL | $20.00 - $20.99/BBL | $21.00 - $21.99/BBL | $22.00 - $22.99/BBL | $23.00 - $23.99/BBL | $24.00 - $25.00/BBL |
| 50.0 | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% |
| 47.5 | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% |
| 45.0 | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% |
| 42.5 | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% |
| 40.0 | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% |
| 37.5 | 19.25% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% |
| 35.0 | 13.50% | 18.75% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% |
| 32.5 | 6.25% | 12.50% | 17.75% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% |
| 30.0 | 6.25% | 6.25% | 10.75% | 15.75% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% | 20.00% |
| 27.5 | 6.25% | 6.25% | 6.25% | 8.00% | 13.00% | 17.25% | 20.00% | 20.00% | 20.00% | 20.00% |
| 25.0 | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 9.00% | 13.50% | 17.25% | 20.00% | 20.00% |
| 22.5 | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 8.00% | 12.00% | 15.75% |
| 20.0 or LESS | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% |

## REDUCED ROYALTY SCHEDULE FOR QUALIFYING GULF OF MEXICO RESERVOIRS
## BASE ROYALTY RATE = 18.75%

| AVG. DAILY PER WELL PRODUCTION (BOE/DAY) | AVERAGE OF THE DAILY PRICE OF OIL DURING THE QUALIFYING PERIOD | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | $15.00 - $15.99/BBL | $16.00 - $16.99/BBL | $17.00 - $17.99/BBL | $18.00 - $18.99/BBL | $19.00 - $19.99/BBL | $20.00 - $20.99/BBL | $21.00 - $21.99/BBL | $22.00 - $22.99/BBL | $23.00 - $23.99/BBL | $24.00 - $25.00/BBL |
| 50.0 | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% |
| 47.5 | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% |
| 45.0 | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% |
| 42.5 | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% |
| 40.0 | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% |
| 37.5 | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% |
| 35.0 | 13.50% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% |
| 32.5 | 6.25% | 12.50% | 17.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% |
| 30.0 | 6.25% | 6.25% | 10.75% | 15.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% | 18.75% |
| 27.5 | 6.25% | 6.25% | 6.25% | 8.00% | 13.00% | 17.25% | 18.75% | 18.75% | 18.75% | 18.75% |
| 25.0 | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 9.00% | 13.50% | 17.25% | 18.75% | 18.75% |
| 22.5 | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 8.00% | 12.00% | 15.75% |
| 20.0 or LESS | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% |

## REDUCED ROYALTY SCHEDULE FOR QUALIFYING GULF OF MEXICO RESERVOIRS
## BASE ROYALTY RATE = 12.50%

| AVG. DAILY PER WELL PRODUCTION (BOE/DAY) | AVERAGE OF THE DAILY PRICE OF OIL DURING THE QUALIFYING PERIOD | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | $15.00 - $15.99/BBL | $16.00 - $16.99/BBL | $17.00 - $17.99/BBL | $18.00 - $18.99/BBL | $19.00 - $19.99/BBL | $20.00 - $20.99/BBL | $21.00 - $21.99/BBL | $22.00 - $22.99/BBL | $23.00 - $23.99/BBL | $24.00 - $25.00/BBL |
| 50.0 | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% |
| 47.5 | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% |
| 45.0 | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% |
| 42.5 | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% |
| 40.0 | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% |
| 37.5 | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% |
| 35.0 | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% |
| 32.5 | 6.25% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% |
| 30.0 | 6.25% | 6.25% | 10.75% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% |
| 27.5 | 6.25% | 6.25% | 6.25% | 8.00% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% | 12.50% |
| 25.0 | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 9.00% | 12.50% | 12.50% | 12.50% | 12.50% |
| 22.5 | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 8.00% | 12.00% | 12.50% |
| 20.0 or LESS | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% |