

✓ EXPIRED
DATE 8/11/10
LEASING Globe J.D.
MAPS AS
GIS AS

Rentals: MS
Lease JD
Admin: JD
Mineral JA
Maps: JP

RELEASE FILED

STATE LEASE

MF104922

CONTROL	BASEFILE	COUNTY
07-33211	136505 -	CULBERSON /055
07-33284	136506 -	CULBERSON /055
07-33293	136507 -	CULBERSON /055
07-33300	143516 -	CULBERSON /055
...		

SURVEY : PUBLIC SCHOOL LAND
BLOCK : 115
TOWNSHIP : 00
SECTION/TRACT: 21, 18, 19, 20, 21, 22, 23
PART : SEE LEASE FOR PARTS OF SECTIONS.
ACRES : 4,112.68
DEPTH LIMITS : NO

LESSEE : ROBBINS III, W B
LEASE DATE : Jan 11 2005
PRIMARY TERM : 5 yrs
BONUS (\$) : 71971.90
RENTAL (\$) : 1.00
ROYALTY : 0.10000000
VAR ROYALTY :

F1024067

M
F
1
0
4
9
2
2

CONTENTS OF FILE NO

MF 104922

1. Letter + fee payment 1/14/05
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 7. Rental Payment 12/19/05
 8. RENTAL PAYMENT 1/4/07
 9. Rental payment 1/7/08
 10. RENTAL PAYMENT 12/29/08
 11. Cert of Fact 2010-9
 12. Cert of Fact 2010-12
 13. Energy Paper Detail 4/01/08
- See MF 104920 #2 Release 6-4-10

Scanned sm 7/21/15

Fax (432) 683-5074

Mobile: (432) 557-2025

W. B. Robbins III
P. O. Box 10428
Midland, Texas 79702
Office: (432) 683-5055
E-Mail: WBRIICPL@aol.com

Contact - 34
Trans. - 492
Qins. - see attached

January 12, 2005

Commissioner of the Texas
General Land Office
1700 N. Congress Ave., Rm. 640
Austin, TX 78701

Attn: Minerals and Leasing Department
Mr. Drew Reid

Re: Lease Submittal
Montgomery Ranch
Sections 4-11, 18-25, Blk. 115,
Sections 1-8, 11-14, and 16, Blk.
109, PSL Survey, Culberson County,
Texas, 18,068.30 gross & net acres

Dear Mr. Reid:

Enclosed please find a copy of an unexecuted Oil and Gas Lease covering the captioned acreage for your approval as follows:

1. Undivided 100% interest or 18,068.30 gross and net acres
2. \$35.00 per net acre bonus consideration
3. Five (5) year primary term
4. \$1.00 per net acre rental for the 1st, 2nd & 4th anniversary and \$35.00 per net acre rental for the 3rd anniversary
5. 1/5 royalty

Also enclosed is the \$100.00 processing fee.

Thank you for your prompt and favorable consideration of this proposal. If you have any questions please so advise.

Very truly yours,



W. B. Robbins III

WBR:dk
Enclosures

1/14/05

W. B. ROBBINS, III
OIL AND GAS ACCOUNT
P.O. BOX 10428 PH. 432-683-5055
MIDLAND, TX 79702

COMMUNITY NATIONAL BANK
MIDLAND, TX 79702

3678

1/12/2005

PAY TO THE General Land Office
ORDER OF

\$**100.00

One Hundred and 00/100*

DOLLARS

Commissioner of the Texas
General Land Office
1700 N. Congress Ave., Rm. 640
Austin, TX 78701

MEMO Sec. 4-11, 18-25, Blk. 115; Sec. 1-8, 11-14, Blk. 109

⑈003678⑈

AUTHORIZED SIGNATURE

Details on Back
Security Features Included

File No. MF 104922 1.

Letter 7 fee payment

Date Filed: 1/14/05
Jerry E. Patterson, Commission

By _____

RAL REVIEW SHEET

Transaction # 4754
 Lessor: The Undersigned
 Lessee: W.B. Robbins, III

Geologist: R. Widmayer
 Lease Date: 1/11/2005 ☐ ~~UE~~
 Acres: 4112.68

LEASE DESCRIPTION

County	Base File No	Part	Sec.	Block	Twp	Survey	Abst#
CULBERSON	136505		11	115	00	PUBLIC SCHOOL LAND	5070
CULBERSON	136506		18	115	00	PUBLIC SCHOOL LAND	5071
CULBERSON	136507		19	115	00	PUBLIC SCHOOL LAND	5072
CULBERSON	143516		20	115	00	PUBLIC SCHOOL LAND	6619
CULBERSON	118929		21	115	00	PUBLIC SCHOOL LAND	3969

TERMS OFFERED

Primary Term:
 Bonus/Acre:
 Rental/Acre:
 Royalty:

TERMS RECOMMENDED

Primary Term:
 Bonus/Acre:
 Rental/Acre:
 Royalty:

COMPARISONS

MF #	Lessee	Date	Term	Bonus/Ac.	Rental/Ac.	Royalty	Distance
							Last Lease
							Adjacent North
							Adjacent South

Comments: Property Continued: 07-33328 and 07-33337. 4th year rental will be \$35.00 per acre. 16 tracts in block 115, PSL survey and 13 tracts in block 109 PSL survey. 180 continuous drilling provision.

Approved: _____

Monday, July 11, 2005

1/18/05

Sec: 11, Bk. 115, PSL, Cuban Co.

07-33211

562.13 Ac.

Sec. 18,

"

"

"

07-33284

561.95 Ac

Sec. 19

"

"

"

07-33293

561.98 Ac

Sec. 20

"

"

"

07-33300

642.25 Ac.

Sec. 21

"

"

"

07-33319

642.35 Ac.

Sec. 22

"

"

"

07-33328

571.07 Ac. 571.70

Sec. 23

"

"

"

07-33337

570.31 Ac.

4,112.68

RAL REVIEW SHEET

Transaction # 4492

Geologist: R. Widmayer

Lessor: The Undersigned

Lease Date: 1/11/2005

UE ☐

Lessee: W.B. Robbins, III

Acres: 18068.3

4112.68

LEASE DESCRIPTION

County Base File No Part Sec. Block Twp Survey Abst#

TERMS OFFERED

Primary Term: 5 years

Bonus/Acre: \$35.00

Rental/Acre: \$1.00

Royalty: 1/5

TERMS RECOMMENDED

Primary Term: 5 years

Bonus/Acre: \$35.00

Rental/Acre: \$1.00

Royalty: 1/5

COMPARISONS

MF #	Lessee	Date	Term	Bonus/Ac.	Rental/Ac.	Royalty	Distance
							Last Lease
Pending	Warrior Exploration	9-16-04	5Yrs	\$50.00	\$1.00	3/16	Adjacent North
Pending	Warrior Exploration	9-16-04	5Yrs	\$50.00	\$1.00	3/16	Adjacent South

Comments: 4th year rental will be \$35.00 per acre. 16 tracts in Block 115, PSL Survey and 13 tracts in Block 109, PSL Survey. 180 day continuous drilling provision.

Approved: PAR 1-18-05

Tuesday, January 18, 2005

RELINQUISHMENT ACT LEASE APPLICATION

Texas General Land Office

Jerry Patterson, Commissioner

TO: Jerry Patterson, Commissioner
Larry Laine, Chief Clerk
Bill Warnick, General Counsel
Matt Edling, Deputy Commissioner

DATE: 18-Jan-05

FROM: Robert Hatter, Director of Mineral Leasing
Peter Boone, Chief Geologist

Applicant: W.B. Robbins, III

County:

Prim. Term: 5 years

Bonus/Acre

\$35.00

Royalty: 1/5

Rental/Acre

\$1.00

Consideration

Recommended: PAR

Date: 1.18.05

Not Recommended: _____

Comments: 4th year rental will be \$35.00 per acre. 16 tracts in Block 115, PSL Survey and 13 tracts in Block 109, PSL Survey. 180 day continuous drilling provision.

✓ Lease Form

Recommended: RAH

Date: 2/22/05

Not Recommended: _____

Comments:

Matt Edling, Deputy Commissioner

Date: 3/21/05

Recommended: me

Not Recommended: _____

Bill Warnick, General Counsel

Date: 3/22/05

Recommended: WW

Not Recommended: _____

Larry Laine, Chief Clerk

Date: 3/22/05

Approved: JEP

Not Approved: _____

Jerry Patterson, Commissioner

Date: 21 MAR 05

Approved: JEP

Not Approved: _____

2.
File No. MF704922

BAA Review

Date Filed: 1/18/05

Jerry E. Patterson, Commissioner

By JP

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

February 22, 2005

W.B. Robbins III
P.O. Box 10428
Midland, Texas 79702

RE: Relinquishment Act Lease / 18,068.30 ac. being the
Montgomery Ranch in Culberson Co., Texas

Dear Mr. Robbins:

We hereby acknowledge receipt of your proposed Relinquishment Act Lease covering the referenced tracts. The Commissioner of the General Land Office has approved this lease as to form and consideration. The terms recommended for approval of this lease are a \$35.00 per ac. bonus, 1/5 royalty and a five year primary term, with \$1.00 per ac. delay rentals for the 2nd, 3rd and 5th years. The delay rental for the 4th year will be \$35.00 per ac.

If the above recommended terms meet with your approval please furnish this office with a certified copy of the lease for filing. A check for the State's cash bonus, the required processing fee of \$100.00 and the required filing fee of (\$25.00) per lease.

If, prior to submittal of the requested material, this office receives evidence that the above terms constitute less than market value, then this approval may be withdrawn. Otherwise, this approval shall remain valid for sixty (60) days from the date hereof. Please call if you should have any questions.

Sincerely,

A handwritten signature in dark ink, appearing to read "Drew Reid".

Drew Reid, Landman
Minerals Leasing
Energy Resources
(512) 475-1534

Stephen F. Austin Building • 1700 North Congress Avenue • Austin, Texas 78701-1495

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

www.glo.state.tx.us

3.
File No. MF104922
GLD letter
Date Filed: 2/22/05
Jerry E. Patterson, Commissioner
By [Signature]

Fax (432) 683-5074

Mobile: (432) 557-2025

W. B. Robbins III
P. O. Box 10428
Midland, Texas 79702
Office: (432) 683-5055
E-Mail: WBRIICPL@aol.com

April 12, 2005

Commissioner of the Texas
General Land Office
1700 N. Congress Ave., Rm. 640
Austin, TX 78701

Attn: Minerals and Leasing Department
Mr. Drew Reid

Re: Lease Submittal
Montgomery Ranch
Sections 4-11, 18-25, Blk. 115,
Sections 1-8, 11-14, and 16, Blk.
109, PSL Survey, Culberson County,
Texas, 18,068.30 gross & net acres

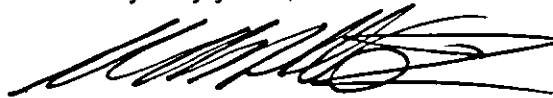
Dear Mr. Reid:

Enclosed please find four (4) certified copies of Oil and Gas Leases dated January 11, 2005 covering the captioned acreage along with Samson Lone Star's check # 130326 in the amount of \$316,195.60 representing the State of Texas share of bonus consideration.

Also enclosed is \$100.00 for the filing fees.

Thank you for your consideration in this matter. If you have any questions please advise.

Very truly yours,



W. B. Robbins III

WBR:dk
Enclosures

RECEIVED

05 APR 18 AM 2:36

RECEIVED
05 APR 18 AM 3:36

05035216

121

CNB Community National Bank P.O. Box 39031 Midland, Texas 79702 432.683.8400	W.B. ROBBINS, III ✓ OIL AND GAS ACCOUNT P.O. BOX 10428 - 432-683-5055 MIDLAND, TX 79702		7950	
	PAY TO THE ORDER OF <u>General Land Office</u>		DATE <u>4/12/05</u>	
	<u>One Hundred and No/100</u>		<u>\$ 100.00</u>	
	<u>Montgomery Co. (4)</u> <u>Advising Fees - Culberson Co. TX.</u>		DOLLARS  Security Features Included. Details on Back.	
THIS CHECK IS DELIVERED FOR PAYMENT ON THE ACCOUNTS LISTED				
MP <u></u>				
⑈ 007950 ⑈ 				

Attn Drew Reid

05035217

Vendor Number	Vendor Invoice No.	Invoice Date	Invoice Amount	Discount	Net Amount
228631	MontRnch LEASEHOLD	4/01/05 PURCHASE	316,195.60		316,195.60
CHECK NUMBER 0130326					316,195.60

RECEIVED
05 APR 18 AM 2:36
CITY OF HOUSTON

121

Samson Lone Star Limited Partnership
OPERATING ACCOUNT

File No.

MF704922

P.

Letter, fee, & bonus

Date Filed:

4/18/05

Jerry E. Patterson, Commissioner

By

ER

OIL AND GAS LEASE

THIS AGREEMENT is made and entered into this 11th day of January, 2005, between the State of Texas, acting by and through its agent, THE UNDERSIGNED C/O BEECHER MONTGOMERY, P. O. BOX 208, OZONA, TEXAS 76943

said agent

(Give Permanent Address)

herein referred to as the owner of the soil (whether one or more), and W. B. ROBBINS III

of P. O. BOX 10428, MIDLAND, TEXAS 79702

(Give Permanent Address)

hereinafter called Lessee.

1. GRANTING CLAUSE For and in consideration of the amounts stated below and of the covenants and agreements to be paid, kept and performed by Lessee under this lease, the State of Texas acting by and through the owner of the soil, hereby grants, leases and lets unto Lessee, for the sole and only purpose of prospecting and drilling for and producing oil and gas, laying pipe lines, building tanks, storing oil and building power Stations, telephone lines and other Structures thereon, to produce, save, take care of, treat and transport said products of the lease, the following lands situated in Culberson County, State of Texas, to-wit:

SEE ATTACHED EXHIBIT "A"

Containing 4,112.68 acres, more or less. The bonus consideration paid for this lease is as follows:

To the State of Texas: SEVENTY ONE THOUSAND NINE HUNDRED SEVENTY ONE AND 90/100
Dollars (\$ 71,971.90)

To the owner of the soil: SEVENTY ONE THOUSAND NINE HUNDRED SEVENTY ONE AND 90/100
Dollars (\$ 71,971.90)

Total bonus consideration: ONE HUNDRED FORTY THREE THOUSAND NINE HUNDRED FORTY THREE AND 80/100
Dollars (\$ 143,942.80)

The total bonus consideration paid represents a bonus of THIRTY FIVE AND NO/100
Dollars (\$ 35.00) per acre, on 4,112.68 net acres.

2. TERM. Subject to the other provisions in this lease, this lease shall be for a term of FIVE (5) YEARS from this date (herein called primary term") and as long thereafter as oil and gas, or either of them, is produced in paying quantities from said land. As used in this lease, the term "produced in paying quantities" means that the receipts from the sale or other authorized commercial use of the substance(s) covered exceed out of pocket operational expenses for the six months last past.

3. DELAY RENTALS. If no well is commenced on the leased premises on or before one (1) year from this date, this lease shall terminate, unless on or before such anniversary date Lessee shall pay or tender to the owner of the soil or to his credit in the Bank, at _____, or its successors (which shall continue as the depository regardless of changes in the ownership of said land), the amount specified below; in addition, Lessee shall pay or tender to the COMMISSIONER OF THE GENERAL LAND OFFICE OF THE STATE OF TEXAS, AT AUSTIN, TEXAS, a like sum on or before said date. Payments under this paragraph shall operate as a rental and shall cover the privilege of deferring the commencement of a well for one (1) year from said date. Payments under this paragraph shall be in the following amounts:

To the owner of the soil: TWO THOUSAND FIFTY SIX AND 34/100
Dollars (\$ 2,056.34)

To the State of Texas: TWO THOUSAND FIFTY SIX AND 34/100
Dollars (\$ 2,056.34)

Total Rental: FOUR THOUSAND ONE HUNDRED TWELVE AND 68/100
Dollars (\$ 4,112.68)

(*, ** See attached Amended Delay rental Provision)

NOTICE OF CONFIDENTIALITY RIGHTS: If you are a natural person, you may remove or strike any of the following information from this instrument before it is filed for record in the Public Records: Your Social Security Number or your Drivers License Number.

50.07.4

IF IT STAYS IN A SEAL OF
ATTORNEY - Inda M. Delgado



BY cle

In a like manner and upon like payments or tenders annually, the commencement of a well may be further deferred for successive periods of one (1) year each during the primary term. All payments or tenders of rental to the owner of the soil may be made by check or sight draft of Lessee, or any assignee of this lease, and may be delivered on or before the rental paying date. If the bank designated in this paragraph (or its successor bank) should cease to exist, suspend business, liquidate, fail or be succeeded by another bank, or for any reason fail or refuse to accept rental, Lessee shall not be held in default for failure to make such payments or tenders of rental until thirty (30) days after the owner of the soil shall deliver to Lessee a proper recordable instrument naming another bank as agent to receive such payments or tenders.

4. **PRODUCTION ROYALTIES** Upon production of oil and/or gas, Lessee agrees to pay or cause to be paid one-half (1/2) of the royalty provided for in this lease to the Commissioner of the General Land Office of the State of Texas, at Austin, Texas, and one-half (1/2) of such royalty to the owner of the soil:

(A) **OIL.** Royalty payable 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-fifth (1/5) part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such value to be determined by 1) the highest posted price, plus premium, if any, offered or paid for oil, condensate, distillate, or other liquid hydrocarbons, respectively, of a like type and gravity in the general area where produced and when run, or 2) the highest market price thereof offered or paid in the general area where produced and when run, or 3) the gross proceeds of the sale thereof, whichever is the greater. Lessee agrees that before any gas produced from the leased premises is sold, used or processed in a plant, it will be run free of cost to the royalty owners through an adequate oil and gas separator of conventional type, or other equipment at least as efficient, so that all liquid hydrocarbons recoverable from the gas by such means will be recovered. The requirement that such gas be run through a separator or other equipment may be waived in writing by the royalty owners upon such terms and conditions as they prescribe.

(B) **NON PROCESSED GAS.** Royalty on any gas (including flared 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 for the extraction of gasoline, liquid hydrocarbons or other products) shall be one-fifth (1/5) part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such value to be based on the highest market price paid or offered for gas of comparable quality in the general area where produced and when run, or the gross price paid or offered to the producer, whichever is the greater; provided that the maximum pressure base in measuring the gas under this lease shall not at any time exceed 14.65 pounds per square inch absolute, and the standard base temperature shall be sixty (60) degrees Fahrenheit, correction to be made for pressure according to Boyle's Law, and for specific gravity according to tests made by the Balance Method or by the most approved method of testing being used by the industry at the time of testing.

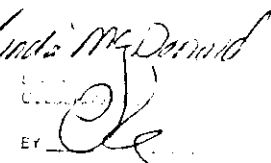
(C) **PROCESSED GAS.** Royalty on any gas processed in a gasoline plant or other plant for the recovery of gasoline or other liquid hydrocarbons shall be one-fifth (1/5) part of the residue gas and the liquid hydrocarbons extracted or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office. All royalties due herein shall be based on one hundred percent (100%) of the total plant production of residue gas attributable to gas produced from this lease, and on fifty percent (50%), or that percent accruing to Lessee, whichever is the greater, of the total plant production of liquid hydrocarbons attributable to the gas produced from this lease; provided that if liquid hydrocarbons are recovered from gas processed in a plant in which Lessee (or its parent, subsidiary or affiliate) owns an interest, then the percentage applicable to liquid hydrocarbons shall be fifty percent (50%) or the highest percent accruing to a third party processing gas through such plant under a processing agreement negotiated at arm's length (or if there is no such third party, the highest percent then being specified in processing agreements or contracts in the industry), whichever is the greater. The respective royalties on residue gas and on liquid hydrocarbons shall be determined by 1) the highest market price paid or offered for any gas (or liquid hydrocarbons) of comparable quality in the general area, or 2) the gross price paid or offered for such residue gas (or the weighted average gross selling price for the respective grades of liquid hydrocarbons), whichever is the greater. In no event, however, shall the royalties payable under this paragraph be less than the royalties which would have been due had the gas not been processed.

(D) **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 fractionating, burning or any other processing shall be one-fifth (1/5) part of the gross production of such products, or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such market value to be determined as follows: 1) on the basis of the highest market price of each product for the same month in which such product is produced, or 2) on the basis of the average gross sale price of each product for the same month in which such products are produced; whichever is the greater.

5. **MINIMUM ROYALTY.** During any year after the expiration of the primary term of this lease, if this lease is maintained by production, the royalties paid under this lease in no event shall be less than an amount equal to the total annual delay rental herein provided; otherwise, there shall be due and payable on or before the last day of the month succeeding the anniversary date of this lease a sum equal to the total annual rental less the amount of royalties paid during the preceding year. If Paragraph 3 of this lease does not specify a delay rental amount, then for the purposes of this paragraph, the delay rental amount shall be one dollar (\$1.00) per acre.

6. **ROYALTY IN KIND.** Notwithstanding any other provision in this lease, at any time or from time to time, the owner of the soil or the Commissioner of the General Land Office may, at the option of either, upon not less than sixty (60) days notice to the holder of the lease, require that the payment of any royalties accruing to such royalty owner under this lease be made in

50.01.4

Linda McDonald
By 

kind. The owner of the soil's or the Commissioner of the General Land Office's right to take its royalty in kind shall not diminish or negate the owner of the soil's or the Commissioner of the General Land Office's rights or Lessee's obligations, whether express or implied, under this lease.

7. **NO DEDUCTIONS.** Lessee agrees that all royalties accruing under this lease (including those paid in kind) shall be without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting, and otherwise making the oil, gas and other products hereunder ready for sale or use. Lessee agrees to compute and pay royalties on the gross value received, including any reimbursements for severance taxes and production related costs.

8. **PLANT FUEL AND RECYCLED GAS.** No royalty shall be payable on any gas as may represent this lease's proportionate share of any fuel used to process gas produced hereunder in any processing plant. Notwithstanding any other provision of this lease, and subject to the written consent of the owner of the soil and the Commissioner of the General Land Office, Lessee may recycle gas for gas lift purposes on the leased premises or for injection into any oil or gas producing formation underlying the leased premises after the liquid hydrocarbons contained in the gas have been removed; no royalties shall be payable on the recycled gas until it is produced and sold or used by Lessee in a manner which entitles the royalty owners to a royalty under this lease.

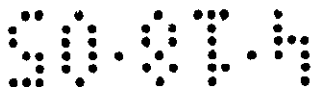
9. **ROYALTY PAYMENTS AND REPORTS.** All royalties not taken in kind shall be paid to the Commissioner of the General Land Office at Austin, Texas, in the following manner:

Payment of royalty on production of oil and gas shall be as provided in the rules set forth in the Texas Register. Rules currently provide that royalty on oil is due and must be received in the General Land Office on or before the 5th day of the second month succeeding the month of production, and royalty on gas is due and must be received in the General Land Office on or before the 15th day of the second month succeeding the month of production, accompanied by the affidavit of the owner, manager or other authorized agent, completed in the form and manner prescribed by the General Land Office and showing the gross amount and disposition of all oil and gas produced and the market value of the oil and gas, together with a copy of all documents, records or reports confirming the gross production, disposition and market value including gas meter readings, pipeline receipts, gas line receipts and other checks or memoranda of amount produced and put into pipelines, tanks, or pools and gas lines or gas storage, and any other reports or records which the General Land Office may require to verify the gross production, disposition and market value. In all cases the authority of a manager or agent to act for the Lessee herein must be filed in the General Land Office. Each royalty payment shall be accompanied by a check stub, schedule, summary or other remittance advice showing by the assigned General Land Office lease number the amount of royalty being paid on each lease. If Lessee pays his royalty on or before thirty (30) days after the royalty payment was due, then Lessee owes a penalty of 5% on the royalty or \$25.00, whichever is greater. A royalty payment which is over thirty (30) days late shall accrue a penalty of 10% of the royalty due or \$25.00 whichever is greater. In addition to a penalty, royalties shall accrue interest at a rate of 12% per year, such interest will begin accruing when the royalty is sixty (60) days overdue. Affidavits and supporting documents which are not filed when due shall incur a penalty in an amount set by the General Land Office administrative rule which is effective on the date when the affidavits or supporting documents were due. The Lessee shall bear all responsibility for paying or causing royalties to be paid as prescribed by the due date provided herein. Payment of the delinquency penalty shall in no way operate to prohibit the State's right of forfeiture as provided by law nor act to postpone the date on which royalties were originally due. The above penalty provisions shall not apply in cases of title dispute as to the State's portion of the royalty or to that portion of the royalty in dispute as to fair market value.

10. (A) **RESERVES, CONTRACTS AND OTHER RECORDS.** Lessee shall annually furnish the Commissioner of the General Land Office with its best possible estimate of oil and gas reserves underlying this lease or allocable to this lease and shall furnish said Commissioner with copies of all contracts under which gas is sold or processed and all subsequent agreements and amendments to such contracts within thirty (30) days after entering into or making such contracts, agreements or amendments. Such contracts and agreements when received by the General Land Office shall be held in confidence by the General Land Office unless otherwise authorized by Lessee. All other contracts and records pertaining to the production, transportation, sale and marketing of the oil and gas produced on said premises, including the books and accounts, receipts and discharges of all wells, tanks, pools, meters, and pipelines shall at all times be subject to inspection and examination by the Commissioner of the General Land Office, the Attorney General, the Governor, or the representative of any of them.

(B) **PERMITS, DRILLING RECORDS.** Written notice of all operations on this lease shall be submitted to the Commissioner of the General Land Office by Lessee or operator five (5) days before spud date, workover, re-entry, temporary abandonment or plug and abandonment of any well or wells. Such written notice to the General Land Office shall include copies of Railroad Commission forms for application to drill. Copies of well tests, completion reports and plugging reports shall be supplied to the General Land Office at the time they are filed with the Texas Railroad Commission. All applications, permits, reports or other filings that reference this lease or any specific well on the leased premises and that are submitted to the Texas Railroad Commission or any other governmental agency shall include the word "State" in the title. Additionally, in accordance with Railroad Commission rules, any signage on the leased premises for the purpose of identifying wells, tank batteries or other associated improvements to the land must also include the word "State." Lessee shall supply the General Land Office with any records, memoranda, accounts, reports, cuttings and cores, or other information relative to the operation of the above described premises, which may be requested by the General Land Office, in addition to those herein expressly provided for. Lessee shall have an electrical and/or radioactivity survey made on the bore-hole section, from the base of the surface casing to the total depth of well, of all wells drilled on the above described premises and shall transmit a true copy of the log of each survey on each well to the General Land Office within fifteen (15) days after the making of said survey.

(C) **PENALTIES.** Lessee shall incur a penalty whenever reports, documents or other materials are not filed in the General Land Office when due. The penalty for late filing shall be set by the General Land Office administrative rule which is



ATTEST: *Linda McDonald*
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effective on the date when the materials were due in the General Land Office.

11. **DRY HOLE/CESSATION OF PRODUCTION DURING PRIMARY TERM.** If, during the primary term hereof and prior to discovery and production of oil or gas on said land, Lessee should drill a dry hole or holes thereon, or if during the primary term hereof and after the discovery and actual production of oil or gas from the leased premises such production thereof should cease from any cause, this lease shall not terminate if on or before the expiration of sixty (60) days from date of completion of said dry hole or cessation of production Lessee commences additional drilling or reworking operations thereon, or pays or tenders the next annual delay rental in the same manner as provided in this lease. If, during the last year of the primary term or within sixty (60) days prior thereto, a dry hole be completed and abandoned, or the production of oil or gas should cease for any cause, Lessee's rights shall remain in full force and effect without further operations until the expiration of the primary term; and if Lessee has not resumed production in paying quantities at the expiration of the primary term, Lessee may maintain this lease by conducting additional drilling or reworking operations pursuant to Paragraph 13, using the expiration of the primary term as the date of cessation of production under Paragraph 13. Should the first well or any subsequent well drilled on the above described land be completed as a shut-in oil or gas well within the primary term hereof, Lessee may resume payment of the annual rental in the same manner as provided herein on or before the rental paying date following the expiration of sixty (60) days from the date of completion of such shut-in oil or gas well and upon the failure to make such payment, this lease shall ipso facto terminate. If at the expiration of the primary term or any time thereafter a shut-in oil or gas well is located on the leased premises, payments may be made in accordance with the shut-in provisions hereof.

12. **DRILLING AND REWORKING AT EXPIRATION OF PRIMARY TERM.** If, at the expiration of the primary term, neither oil nor gas is being produced on said land, but Lessee is then engaged in drilling or reworking operations thereon, this lease shall remain in force so long as operations on said well or for drilling or reworking of any additional well are prosecuted in good faith and in workmanlike manner without interruptions totaling more than sixty (60) days during any one such operation, and if they result in the production of oil and/or gas, so long thereafter as oil and/or gas is produced in paying quantities from said land, or payment of shut-in oil or gas well royalties or compensatory royalties is made as provided in this lease.

13. **CESSATION, DRILLING, AND REWORKING.** If, after the expiration of the primary term, production of oil or gas from the leased premises, after once obtained, should cease from any cause, this lease shall not terminate if Lessee commences additional drilling or reworking operations within sixty (60) days after such cessation, and this lease shall remain in full force and effect for so long as such operations continue in good faith and in workmanlike manner without interruptions totaling more than sixty (60) days. If such drilling or reworking operations result in the production of oil or gas, the lease shall remain in full force and effect for so long as oil or gas is produced from the leased premises in paying quantities or payment of shut-in oil or gas well royalties or payment of compensatory royalties is made as provided herein or as provided by law. If the drilling or reworking operations result in the completion of a well as a dry hole, the lease will not terminate if the Lessee commences additional drilling or reworking operations within sixty (60) days after the completion of the well as a dry hole, and this lease shall remain in effect so long as Lessee continues drilling or reworking operations in good faith and in a workmanlike manner without interruptions totaling more than sixty (60) days. Lessee shall give written notice to the General Land Office within thirty (30) days of any cessation of production.

14. **SHUT-IN ROYALTIES.** For purposes of this paragraph, "well" means any well that has been assigned a well number by the state agency having jurisdiction over the production of oil and gas. If, at any time after the expiration of the primary term of a lease that, until being shut in, was being maintained in force and effect, a well capable of producing oil or gas in paying quantities is located on the leased premises, but oil or gas is not being produced for lack of suitable production facilities or lack of a suitable market, then Lessee may pay as a shut-in oil or gas royalty an amount equal to double the annual rental provided in the lease, but not less than \$1,200 a year for each well capable of producing oil or gas in paying quantities. If Paragraph 3 of this lease does not specify a delay rental amount, then for the purposes of this paragraph, the delay rental amount shall be one dollar (\$1.00) per acre. To be effective, each initial shut-in oil or gas royalty must be paid on or before: (1) the expiration of the primary term, (2) 60 days after the Lessee ceases to produce oil or gas from the leased premises, or (3) 60 days after Lessee completes a drilling or reworking operation in accordance with the lease provisions; whichever date is latest. Such payment shall be made one-half (1/2) to the Commissioner of the General Land Office and one-half (1/2) to the owner of the soil. If the shut-in oil or gas royalty is paid, the lease shall be considered to be a producing lease and the payment shall extend the term of the lease for a period of one year from the end of the primary term, or from the first day of the month following the month in which production ceased, and, after that, if no suitable production facilities or suitable market for the oil or gas exists, Lessee may extend the lease for four more successive periods of one (1) year by paying the same amount each year on or before the expiration of each shut-in year.

15. **COMPENSATORY ROYALTIES.** If, during the period the lease is kept in effect by payment of the shut-in oil or gas royalty, oil or gas is sold and delivered in paying quantities from a well located within one thousand (1,000) feet of the leased premises and completed in the same producing reservoir, or in any case in which drainage is occurring, the right to continue to maintain the lease by paying the shut-in oil or gas royalty shall cease, but the lease shall remain effective for the remainder of the year for which the royalty has been paid. The Lessee may maintain the lease for four more successive years by Lessee paying compensatory royalty at the royalty rate provided in the lease of the market value of production from the well causing the drainage or which is completed in the same producing reservoir and within one thousand (1,000) feet of the leased premises. The compensatory royalty is to be paid monthly, one-half (1/2) to the Commissioner of the General Land Office and one-half (1/2) to the owner of the soil, beginning on or before the last day of the month following the month in which the oil or gas is produced from the well causing the drainage or that is completed in the same producing reservoir and located within one thousand (1,000) feet of the leased premises. If the compensatory royalty paid in any 12-month period is in an amount less than the annual shut-in oil or gas royalty, Lessee shall pay an amount equal to the difference within thirty (30) days from the end of the 12-month period. Compensatory royalty payments which are not timely paid will accrue penalty and interest in accordance with Paragraph 9 of this lease. None of these provisions will relieve Lessee of the obligation of reasonable development nor the obligation to drill offset wells as provided in Texas Natural

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Resources Code 52.173; however, at the determination of the Commissioner, and with the Commissioner's written approval, the payment of compensatory royalties can satisfy the obligation to drill offset wells.

16. **RETAINED ACREAGE.** Notwithstanding any provision of this lease to the contrary, after a well producing or capable of producing oil or gas has been completed on the leased premises, Lessee shall exercise the diligence of a reasonably prudent operator in drilling such additional well or wells as may be reasonably necessary for the proper development of the leased premises and in marketing the production thereon.

(A) **VERTICAL.** In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall then terminate as to all of the leased premises, EXCEPT (1) 40 acres surrounding each oil well capable of producing in paying quantities and 320 acres surrounding each gas well capable of producing in paying quantities (including a shut-in oil or gas well as provided in Paragraph 14 hereof), or a well upon which Lessee is then engaged in continuous drilling or reworking operations, or (2) the number of acres included in a producing pooled unit pursuant to Texas Natural Resources Code 52.151-52.153, or (3) such greater or lesser number of acres as may then be allocated for production purposes to a proration unit for each such producing well under the rules and regulations of the Railroad Commission of Texas, or any successor agency, or other governmental authority having jurisdiction. If at any time after the effective date of the partial termination provisions hereof, the applicable field rules are changed or the well or wells located thereon are reclassified so that less acreage is thereafter allocated to said well or wells for production purposes, this lease shall thereupon terminate as to all acreage not thereafter allocated to said well or wells for production purposes. Notwithstanding the termination of this lease as to a portion of the lands covered hereby, Lessee shall nevertheless continue to have the right of ingress to and egress from the lands still subject to this lease for all purposes described in Paragraph 1 hereof, together with easements and right-of-ways for existing roads, existing pipelines and other existing facilities on, over and across all the lands described in Paragraph 1 hereof ("the retained lands"), for access to and from the retained lands and for the gathering or transportation of oil, gas and other minerals produced from the retained lands.

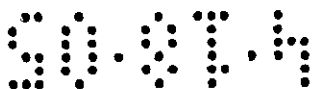
(B) **HORIZONTAL.** In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall further terminate as to all depths below 100 feet below the total depth drilled (hereinafter "deeper depths") in each well located on acreage retained in Paragraph 16(A) above, unless on or before two (2) years after the primary or extended term Lessee pays an amount equal to one-half (1/2) of the bonus originally paid as consideration for this lease (as specified on page 1 hereof). If such amount is paid, this lease shall be in force and effect as to such deeper depths, and said termination shall be delayed for an additional period of two (2) years and so long thereafter as oil or gas is produced in paying quantities from such deeper depths covered by this lease.

(C) **IDENTIFICATION AND FILING.** The surface acreage retained hereunder as to each well shall, as nearly as practical, be in the form of a square with the well located in the center thereof, or such other shape as may be approved by the Commissioner of the General Land Office. Within thirty (30) days after partial termination of this lease as provided herein, Lessee shall execute and record a release or releases containing a satisfactory legal description of the acreage and/or depths not retained hereunder. The recorded release, or a certified copy of same, shall be filed in the General Land Office, accompanied by the filing fee prescribed by the General Land Office rules in effect on the date the release is filed. If Lessee fails or refuses to execute and record such release or releases within ninety (90) days after being requested to do so by the General Land Office, then the Commissioner at his sole discretion may designate by written instrument the acreage and/or depths to be released hereunder and record such instrument at Lessee's expense in the county or counties where the lease is located and in the official records of the General Land Office and such designation shall be binding upon Lessee for all purposes.

17. **OFFSET WELLS.** Neither the bonus, delay rentals, nor royalties paid, or to be paid, under this lease shall relieve Lessee of his obligation to protect the oil and gas under the above-described land from being drained. Lessee, sublessee, receiver or other agent in control of the leased premises shall drill as many wells as the facts may justify and shall use appropriate means and drill to a depth necessary to prevent undue drainage of oil and gas from the leased premises. In addition, if oil and/or gas should be produced in commercial quantities within 1,000 feet of the leased premises, or in any case where the leased premises is being drained by production of oil or gas, the Lessee, sublessee, receiver or other agent in control of the leased premises shall in good faith begin the drilling of a well or wells upon the leased premises within 100 days after the draining well or wells or the well or wells completed within 1,000 feet of the leased premises start producing in commercial quantities and shall prosecute such drilling with diligence. Failure to satisfy the statutory offset obligation may subject this lease and the owner of the soil's agency rights to forfeiture. Only upon the determination of the Commissioner of the General Land Office and with his written approval may the payment of compensatory royalty under applicable statutory parameters satisfy the obligation to drill an offset well or wells required under this paragraph.

18. **FORCE MAJEURE.** If, after a good faith effort, Lessee is prevented from complying with any express or implied covenant of this lease, from conducting drilling operations on the leased premises, or from producing oil or gas from the leased premises by reason of war, rebellion, riots, strikes, acts of God, or any valid order, rule or regulation of government authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended and Lessee shall not be liable for damages for failure to comply with such covenants; additionally, this lease shall be extended while Lessee is prevented, by any such cause, from conducting drilling and reworking operations or from producing oil or gas from the leased premises. However, nothing in this paragraph shall suspend the payment of delay rentals in order to maintain this lease in effect during the primary term in the absence of such drilling or reworking operations or production of oil or gas.

19. **WARRANTY CLAUSE.** The owner of the soil warrants and agrees to defend title to the leased premises. If the owner of the soil defaults in payments owed on the leased premises, then Lessee may redeem the rights of the owner of the soil in the



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leased premises by paying any mortgage, taxes or other liens on the leased premises. If Lessee makes payments on behalf of the owner of the soil under this paragraph, Lessee may recover the cost of these payments from the rental and royalties due the owner of the soil.

20. (A) PROPORTIONATE REDUCTION CLAUSE. If the owner of the soil owns less than the entire undivided surface estate in the above described land, whether or not Lessee's interest is specified herein, then the royalties and rental herein provided to be paid to the owner of the soil shall be paid to him in the proportion which his interest bears to the entire undivided surface estate and the royalties and rental herein provided to be paid to the Commissioner of the General Land Office of the State of Texas shall be likewise proportionately reduced. However, before Lessee adjusts the royalty or rental due to the Commissioner of the General Land Office, Lessee or his authorized representative must submit to the Commissioner of the General Land Office a written statement which explains the discrepancy between the interest purportedly leased under this lease and the actual interest owned by the owner of the soil. The Commissioner of the General Land Office shall be paid the value of the whole production allocable to any undivided interest not covered by a lease, less the proportionate development and production cost allocable to such undivided interest. However, in no event shall the Commissioner of the General Land Office receive as a royalty on the gross production allocable to the undivided interest not leased an amount less than the value of one-sixteenth (1/16) of such gross production.

(B) REDUCTION OF PAYMENTS. If, during the primary term, a portion of the land covered by this lease is included within the boundaries of a pooled unit that has been approved by the School Land Board and the owner of the soil in accordance with Natural Resources Code Sections 52.151-52.154, or if at any time after the expiration of the primary term or the extended term, this lease covers a lesser number of acres than the total amount described herein, payments that are made on a per acre basis hereunder shall be reduced according to the number of acres pooled, released, surrendered, or otherwise severed, so that payments determined on a per acre basis under the terms of this lease during the primary term shall be calculated based upon the number of acres outside the boundaries of a pooled unit, or, if after the expiration of the primary term, the number of acres actually retained and covered by this lease.

21. USE OF WATER. Lessee shall have the right to use water produced on said land necessary for operations under this lease except water from wells or tanks of the owner of the soil; provided, however, Lessee shall not use potable water or water suitable for livestock or irrigation purposes for watertlood operations without the prior consent of the owner of the soil.

22. AUTHORIZED DAMAGES. Lessee shall pay the owner of the soil for damages caused by its operations to all personal property, improvements, livestock and crops on said land.

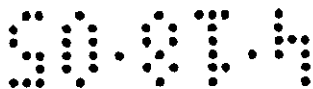
23. PIPELINE DEPTH. When requested by the owner of the soil, Lessee shall bury its pipelines below plow depth.

24. WELL LOCATION LIMIT. No well shall be drilled nearer than two hundred (200) feet to any house or barn now on said premises without the written consent of the owner of the soil.

25. POLLUTION. In developing this area, Lessee shall use the highest degree of care and all proper safeguards to prevent pollution. Without limiting the foregoing, pollution of coastal wetlands, natural waterways, rivers and impounded water shall be prevented by the use of containment facilities sufficient to prevent spillage, seepage or ground water contamination. In the event of pollution, Lessee shall use all means at its disposal to recapture all escaped hydrocarbons or other pollutant and shall be responsible for all damage to public and private properties. Lessee shall build and maintain fences around its slush, sump, and drainage pits and tank batteries so as to protect livestock against loss, damage or injury; and upon completion or abandonment of any well or wells, Lessee shall fill and level all slush pits and cellars and completely clean up the drilling site of all rubbish thereon. Lessee shall, while conducting operations on the leased premises, keep said premises free of all rubbish, cans, bottles, paper cups or garbage, and upon completion of operations shall restore the surface of the land to as near its original condition and contours as is practicable. Tanks and equipment will be kept painted and presentable.

26. REMOVAL OF EQUIPMENT. Subject to limitations in this paragraph, Lessee shall have the right to remove machinery and fixtures placed by Lessee on the leased premises, including the right to draw and remove casing, within one hundred twenty (120) days after the expiration or the termination of this lease unless the owner of the soil grants Lessee an extension of this 120-day period. However, Lessee may not remove casing from any well capable of producing oil and gas in paying quantities. Additionally, Lessee may not draw and remove casing until after thirty (30) days written notice to the Commissioner of the General Land Office and to the owner of the soil. The owner of the soil shall become the owner of any machinery, fixtures, or casing which are not timely removed by Lessee under the terms of this paragraph.

27. (A) ASSIGNMENTS. Under the conditions contained in this paragraph and Paragraph 29 of this lease, the rights and estates of either party to this lease may be assigned, in whole or in part, and the provisions of this lease shall extend to and be binding upon their heirs, devisees, legal representatives, successors and assigns. However, a change or division in ownership of the land, rentals, or royalties will not enlarge the obligations of Lessee, diminish the rights, privileges and estates of Lessee, impair the effectiveness of any payment made by Lessee or impair the effectiveness of any act performed by Lessee. And no change or division in ownership of the land, rentals, or royalties shall bind Lessee for any purpose until thirty (30) days after the owner of the soil (or his heirs, devisees, legal representatives or assigns) furnishes the Lessee with satisfactory written evidence of the change in ownership, including the original recorded muniments of title (or a certified copy of such original) when the ownership changed because of a conveyance. A total or partial assignment of this lease shall, to the extent of the interest assigned, relieve and discharge Lessee of all subsequent obligations under this lease. If this lease is assigned in its entirety as to only part of the acreage, the right and option to pay rentals shall be apportioned as between the several owners ratably, according to the area of each, and failure by one or more of them to pay his share of the rental shall not affect this lease on the part of the land upon which pro rata rentals are timely paid or



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tendered; however, if the assignor or assignee does not file a certified copy of such assignment in the General Land Office before the next rental paying date, the entire lease shall terminate for failure to pay the entire rental due under Paragraph 3. Every assignee shall succeed to all rights and be subject to all obligations, liabilities, and penalties owed to the State by the original lessee or any prior assignee of the lease, including any liabilities to the State for unpaid royalties.

(B) **ASSIGNMENT LIMITATION.** Notwithstanding any provision in Paragraph 27(a), if the owner of the soil acquires this lease in whole or in part by assignment without the prior written approval of the Commissioner of the General Land Office, this lease is void as of the time of assignment and the agency power of the owner may be forfeited by the Commissioner. An assignment will be treated as if it were made to the owner of the soil if the assignee is:

- (1) a nominee of the owner of the soil;
- (2) a corporation or subsidiary in which the owner of the soil is a principal stockholder or is an employee of such a corporation or subsidiary;
- (3) a partnership in which the owner of the soil is a partner or is an employee of such a partnership;
- (4) a principal stockholder or employee of the corporation which is the owner of the soil;
- (5) a partner or employee in a partnership which is the owner of the soil;
- (6) a fiduciary for the owner of the soil; including but not limited to a guardian, trustee, executor, administrator, receiver, or conservator for the owner of the soil; or
- (7) a family member of the owner of the soil or related to the owner of the soil by marriage, blood, or adoption.

28. **RELEASES.** Under the conditions contained in this paragraph and Paragraph 29, Lessee may at any time execute and deliver to the owner of the soil and place of record a release or releases covering any portion or portions of the leased premises, and thereby surrender this lease as to such portion or portions, and be relieved of all subsequent obligations as to acreage surrendered. If any part of this lease is properly surrendered, the delay rental due under this lease shall be reduced by the proportion that the surrendered acreage bears to the acreage which was covered by this lease immediately prior to such surrender; however, such release will not relieve Lessee of any liabilities which may have accrued under this lease prior to the surrender of such acreage.

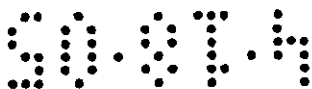
29. **FILING OF ASSIGNMENTS AND RELEASES.** If all or any part of this lease is assigned or released, such assignment or release must be recorded in the county where the land is situated, and the recorded instrument, or a copy of the recorded instrument certified by the County Clerk of the county in which the instrument is recorded, must be filed in the General Land Office within 90 days of the last execution date accompanied by the prescribed filing fee. If any such assignment is not so filed, the rights acquired under this lease shall be subject to forfeiture at the option of the Commissioner of the General Land Office.

30. **DISCLOSURE CLAUSE.** All provisions pertaining to the lease of the above-described land have been included in this instrument, including the statement of the true consideration to be paid for the execution of this lease and the rights and duties of the parties. Any collateral agreements concerning the development of oil and gas from the leased premises which are not contained in this lease render this lease invalid.

31. **FIDUCIARY DUTY.** The owner of the soil owes the State a fiduciary duty and must fully disclose any facts affecting the State's interest in the leased premises. When the interests of the owner of the soil conflict with those of the State, the owner of the soil is obligated to put the State's interests before his personal interests.

32. **FORFEITURE.** If Lessee shall fail or refuse to make the payment of any sum within thirty days after it becomes due, or if Lessee or an authorized agent should knowingly make any false return or false report concerning production or drilling, or if Lessee shall fail or refuse to drill any offset well or wells in good faith as required by law and the rules and regulations adopted by the Commissioner of the General Land Office, or if Lessee should fail to file reports in the manner required by law or fail to comply with rules and regulations promulgated by the General Land Office, the School Land Board, or the Railroad Commission, or if Lessee should refuse the proper authority access to the records pertaining to operations, or if Lessee or an authorized agent should knowingly fail or refuse to give correct information to the proper authority, or knowingly fail or refuse to furnish the General Land Office a correct log of any well, or if Lessee shall knowingly violate any of the material provisions of this lease, or if this lease is assigned and the assignment is not filed in the General Land Office as required by law, the rights acquired under this lease shall be subject to forfeiture by the Commissioner, and he shall forfeit same when sufficiently informed of the facts which authorize a forfeiture, and when forfeited the area shall again be subject to lease under the terms of the Relinquishment Act. However, nothing herein shall be construed as waiving the automatic termination of this lease by operation of law or by reason of any special limitation arising hereunder. Forfeitures may be set aside and this lease and all rights thereunder reinstated before the rights of another intervene upon satisfactory evidence to the Commissioner of the General Land Office of future compliance with the provisions of the law and of this lease and the rules and regulations that may be adopted relative hereto.

33. **LIEN.** In accordance with Texas Natural Resources Code 52.136, the State shall have a first lien upon all oil and gas produced from the area covered by this lease to secure payment of all unpaid royalty and other sums of money that may become due under this lease. By acceptance of this lease, Lessee grants the State, in addition to the lien provided by Texas Natural Resources Code 52.136 and any other applicable statutory lien, an express contractual lien on and security interest in all leased minerals in and extracted from the leased premises, all proceeds which may accrue to Lessee from the sale of such leased minerals, whether such proceeds are held by Lessee or by a third party, and all fixtures on and improvements to the leased premises used in connection with the production or processing of such leased minerals in order to secure the payment of all royalties or other amounts due or to become due under this lease and to secure payment of any damages or loss that Lessor may suffer by reason of Lessee's breach of any covenant or condition of this lease, whether express or implied. This lien and security interest may be foreclosed with or without court proceedings in the manner provided in the Title I, Chapter 9 of the Texas Business and Commerce Code. Lessee agrees that the



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ATTEST: *Linda McFarland*
Linda McFarland
COUNTY CLERK
BY *CL*

Commissioner may require Lessee to execute and record such instruments as may be reasonably necessary to acknowledge, attach or perfect this lien. Lessee hereby represents that there are no prior or superior liens arising from and relating to Lessee's activities upon the above-described property or from Lessee's acquisition of this lease. Should the Commissioner at any time determine that this representation is not true, then the Commissioner may declare this lease forfeited as provided herein.

34. **POOLING.** Lessee is hereby granted the right to pool or unitize the royalty interest of the owner of the soil under this lease with any other leasehold or mineral interest for the exploration, development and production of oil or gas or either of them upon the same terms as shall be approved by the School Land Board and the Commissioner of the General Land Office for the pooling or unitizing of the interest of the State under this lease pursuant to Texas Natural Resources Code 52.151-52.153. The owner of the soil agrees that the inclusion of this provision in this lease satisfies the execution requirements stated in Texas Natural Resources Code 52.152.

35. **INDEMNITY.** Lessee hereby releases and discharges the State of Texas and the owner of the soil, their officers, employees, partners, agents, contractors, subcontractors, guests, invitees, and their respective successors and assigns, of and 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 are caused by the activities of Lessee, its officers, employees, and agents arising out of, incidental to, or resulting from, the operations of or for Lessee on the leased premises hereunder, or that may arise out of or be occasioned by Lessee's breach of any of the terms or provisions of this Agreement, or by any other negligent or strictly liable act or omission of Lessee. Further, Lessee hereby agrees to be liable for, exonerate, indemnify, defend and hold harmless the State of Texas and the owner of the soil, their officers, employees and agents, their successors or assigns, against any and all claims, liabilities, losses, damages, actions, personal injury (including death), costs and expenses, or other harm for which recovery of damages is sought, under any theory including tort, contract, or strict liability, including attorneys' fees and other legal expenses, including those related to environmental hazards, on the leased premises or in any way related to Lessee's failure to comply with any and all environmental laws; those arising from or in any way related to Lessee's operations or any other of Lessee's activities on the leased premises; those arising from Lessee's use of the surface of the leased premises; and those that may arise out of or be occasioned by Lessee's breach of any of the terms or provisions of this Agreement or any other act or omission of Lessee, its directors, officers, employees, partners, agents, contractors, subcontractors, guests, invitees, and their respective successors and assigns. Each assignee of this Agreement, or an interest therein, agrees to be liable for, exonerate, indemnify, defend and hold harmless the State of Texas and the owner of the soil, their officers, employees, and agents in the same manner provided above in connection with the activities of Lessee, its officers, employees, and agents as described above. **EXCEPT AS OTHERWISE EXPRESSLY LIMITED HEREIN, ALL OF THE INDEMNITY OBLIGATIONS AND/OR LIABILITIES ASSUMED UNDER THE TERMS OF THIS AGREEMENT SHALL BE WITHOUT LIMITS AND WITHOUT REGARD TO THE CAUSE OR CAUSES THEREOF (EXCLUDING PRE-EXISTING CONDITIONS), STRICT LIABILITY, OR THE NEGLIGENCE OF ANY PARTY OR PARTIES (INCLUDING THE NEGLIGENCE OF THE INDEMNIFIED PARTY), WHETHER SUCH NEGLIGENCE BE SOLE, JOINT, CONCURRENT, ACTIVE, OR PASSIVE.**

36. **ENVIRONMENTAL HAZARDS.** Lessee shall use the highest degree of care and all reasonable safeguards to prevent contamination or pollution of any environmental medium, including soil, surface waters, groundwater, sediments, and surface or subsurface strata, ambient air or any other environmental medium in, on, or under the leased premises, by any waste, pollutant, or contaminant. Lessee shall not bring or permit to remain on the leased premises any asbestos containing materials, explosives, toxic materials, or substances regulated as hazardous wastes, hazardous materials, hazardous substances (as the term "Hazardous Substance" is defined in the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), 42 U.S.C. Sections 9601, et seq.), or toxic substances under any federal, state, or local law or regulation ("Hazardous Materials"), except ordinary products commonly used in connection with oil and gas exploration and development operations and stored in the usual manner and quantities. **LESSEE'S VIOLATION OF THE FOREGOING PROHIBITION SHALL CONSTITUTE A MATERIAL BREACH AND DEFAULT HEREUNDER AND LESSEE SHALL INDEMNIFY, HOLD HARMLESS AND DEFEND THE STATE OF TEXAS AND THE OWNER OF THE SOIL FROM AND AGAINST ANY CLAIMS, DAMAGES, JUDGMENTS, PENALTIES, LIABILITIES, AND COSTS (INCLUDING REASONABLE ATTORNEYS' FEES AND COURT COSTS) CAUSED BY OR ARISING OUT OF (I) A VIOLATION OF THE FOREGOING PROHIBITION OR (II) THE PRESENCE, RELEASE, OR DISPOSAL OF ANY HAZARDOUS MATERIALS IN, ON, UNDER, OR ABOUT THE LEASED PREMISES DURING LESSEE'S OCCUPANCY OR CONTROL OF THE LEASED PREMISES. LESSEE SHALL CLEAN UP, REMOVE, REMEDY AND REPAIR ANY SOIL OR GROUND WATER CONTAMINATION AND DAMAGE CAUSED BY THE PRESENCE OR RELEASE OF ANY HAZARDOUS MATERIALS IN, ON, UNDER, OR ABOUT THE LEASED PREMISES DURING LESSEE'S OCCUPANCY OF THE LEASED PREMISES IN CONFORMANCE WITH THE REQUIREMENTS OF APPLICABLE LAW. THIS INDEMNIFICATION AND ASSUMPTION SHALL APPLY, BUT IS NOT LIMITED TO, LIABILITY FOR RESPONSE ACTIONS UNDERTAKEN PURSUANT TO CERCLA OR ANY OTHER ENVIRONMENTAL LAW OR REGULATION. LESSEE SHALL IMMEDIATELY GIVE THE STATE OF TEXAS AND THE OWNER OF THE SOIL WRITTEN NOTICE OF ANY BREACH OR SUSPECTED BREACH OF THIS PARAGRAPH, UPON LEARNING OF THE PRESENCE OF ANY HAZARDOUS MATERIALS, OR UPON RECEIVING A NOTICE FROM ANY GOVERNMENTAL AGENCY PERTAINING TO HAZARDOUS MATERIALS WHICH MAY AFFECT THE LEASED PREMISES. THE OBLIGATIONS OF LESSEE HEREUNDER SHALL SURVIVE THE EXPIRATION OR EARLIER TERMINATION, FOR ANY REASON, OF THIS AGREEMENT.**

37. **APPLICABLE LAW.** This lease is issued under the provisions of Texas Natural Resources Code 52.171 through 52.190, commonly known as the Relinquishment Act, and other applicable statutes and amendments thereto, and if any provision in this lease does not conform to these statutes, the statutes will prevail over any nonconforming lease provisions.

38. **EXECUTION.** This oil and gas lease must be signed and acknowledged by the Lessee before it is filed of record in

50.01.4

IF IT BEARS THE SIGNATURE OF THE LESSEE
ATTENT: *Luella McFarland*
EC: *ole*

the county records and in the General Land Office of the State of Texas. Once the filing requirements found in Paragraph 39 of this lease have been satisfied, the effective date of this lease shall be the date found on Page 1.

39. LEASE FILING. Pursuant to Chapter 9 of the Texas Business and Commerce Code, this lease must be filed of record in the office of the County Clerk in any county in which all or any part of the leased premises is located, and certified copies thereof must be filed in the General Land Office. This lease is not effective until a certified copy of this lease (which is made and certified by the County Clerk from his records) is filed in the General Land Office in accordance with Texas Natural Resources Code 52.183. Additionally, this lease shall not be binding upon the State unless it recites the actual and true consideration paid or promised for execution of this lease. The bonus due the State and the prescribed filing fee shall accompany such certified copy to the General Land Office.


W. B. ROBBINS III

BY: W. B. ROBBINS III

TITLE: _____

DATE: 2/7/05

*As to any rentals that may be paid on or before the 1st, 2nd, and 4th anniversary date.
In the event delay rentals are paid on or before the 2nd anniversary date (and after the 3rd anniversary date), they shall be payable in the amount of \$4,112.68.

**Except that if delay rentals are paid on or before the 3rd anniversary date (and after the 2nd anniversary date), the total rental paid shall be \$143,943.80.

50.07.4

IF IT BEARS THE SIGNATURE OF
ATTORNEY W. B. Robbins III
 elle

STATE OF TEXAS

BY: Beecher Montgomery
Beecher Montgomery, Individually and as agent
for the State of Texas

DATE: 2/8/05

STATE OF TEXAS

BY: Jean Karen Gurdell
Jean Karen Gurdell, Individually and as agent
for the State of Texas

DATE: 2/11/05

STATE OF TEXAS

BY: Camille Chalk
Camille Chalk, Individually and as agent
for the State of Texas

DATE: 2/16/05

STATE OF TEXAS

BY: Clifton J. Montgomery
Clifton J. Montgomery, Individually and as
agent for the State of Texas

DATE: 2/8/05

STATE OF TEXAS

BY: John Robert Shepperson
John Robert Shepperson, Individually and as
agent for the State of Texas

DATE: 2/16/05

STATE OF TEXAS

BY: Sherry Talley
Sherry Talley, Individually and as
agent for the State of Texas

DATE: 2/8/05

IF IT BEARS THE SEAL OF THE
ATTORNEY GENERAL
Linda McQuinn
Cle

90074

STATE OF TEXAS

(INDIVIDUAL ACKNOWLEDGEMENT)

COUNTY OF MIDLAND

Before me, the undersigned authority, on this day personally appeared W. B. ROBBINS III, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.



Given under my hand and seal of office this the 7 day of February, 2005.
M.K. Brasuel
Notary Public in and for Texas

STATE OF TX

(INDIVIDUAL ACKNOWLEDGEMENT)

COUNTY OF Sutton

Before me, the undersigned authority, on this day personally appeared Beecher Montgomery, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this the 8th day of February, 2005.



Melanie Smith
Notary Public in and for the State of TX

STATE OF Texas
COUNTY OF Com Green

(INDIVIDUAL ACKNOWLEDGEMENT)

Before me, the undersigned authority, on this day personally appeared Clifton J. Montgomery, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this the 8th day of February, 2005.



Jenny S. Campassi
Notary Public in and for The State of Texas

STATE OF California
COUNTY OF Los Angeles

(INDIVIDUAL ACKNOWLEDGEMENT)

Before me, the undersigned authority, on this day personally appeared Jean Karen Gunnell, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this the 11th day of February, 2005.



Carolyn D. Stewart
Notary Public in and for State of California

STATE OF Texas
COUNTY OF Dallas

(INDIVIDUAL ACKNOWLEDGEMENT)

Before me, the undersigned authority, on this day personally appeared John Robert Shepperson, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this the 11th day of February, 2005.



Antonio Guevara, Jr.
Notary Public in and for Dallas County
State of Texas

A CERTIFIED COPY
IF IT BEARS THE SEAL OF THE COUNTY CLERK
ATTEST: Linda McDonald
LINDA McDONALD, COUNTY CLERK
CU-BERSON COUNTY, TEXAS
BY: [Signature]

90.07.4

STATE OF Texas
COUNTY OF Dallas

(INDIVIDUAL ACKNOWLEDGEMENT)

Before me, the undersigned authority, on this day personally appeared Camille Chalk, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this the 10 day of February, 2005.



ANTONIO GUEVARA, JR.
NOTARY PUBLIC
STATE OF TEXAS
My Comm Exp 10-22-05

Notary Public in and for the State of Texas

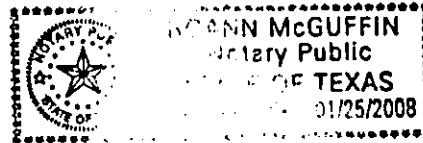
STATE OF Ill
COUNTY OF San Joaquin

(INDIVIDUAL ACKNOWLEDGEMENT)

Before me, the undersigned authority, on this day personally appeared Sherry Talley, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this the 8 day of Feb, 2005.

Notary Public in and for _____



90.07.4

IF IT BEARS THE SEAL OF THE NOTARY PUBLIC
A CERTIFIED COPY
ATTEST: Linda McDonald
Ele

ADDENDUM

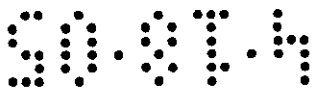
TO OIL AND GAS LEASE DATED January 3, 2005 FROM THE STATE OF TEXAS, ACTING BY AND THROUGH ITS AGENT, Beecher Montgomery, Jim Montgomery, Jean Karen Gunnell, Sherri Tally, Camille Chalk and John Robert Shepperson, AS LESSOR, and W. B. Robbins III, AS LESSEE;

ADDITIONAL PROVISIONS OF LEASE

Notwithstanding anything to the contrary in the foregoing Oil & Gas Lease, it is agreed and understood as follows, to-wit:

IF THE LAND COVERED BY THIS LEASE IS MINERALLY CLASSIFIED DAMAGES PAYABLE TO LESSOR SHALL BE PAYABLE 1/2 TO THE STATE OF TEXAS AND 1/2 TO THE OWNER OF THE SOIL, IF NOT MINERALLY CLASSIFIED DAMAGES SHALL BE PAYABLE TO THE SURFACE OWNER. DAMAGES PAYABLE FOR THE ACTUAL VALUE OF IMPROVEMENTS (SUCH AS BARNS, HOUSES, PENS, GROWING CROPS AND WATERING FACILITIES), WHICH ARE PAYABLE SOLELY TO THE OWNER OF THE IMPROVEMENTS.

- A. **RETAINED DEPTHS.** Lessor reserves and excepts from this lease all depths from the surface down to and including 1,000' below the surface.
- B. **OIL & GAS ONLY.** This lease covers only oil, gas and associated hydrocarbons. No fresh or potable water may be taken from the Lessor's land without Lessor's prior written consent.
- C. **ABSTRACTS.** If Lessor allows Lessee to use its abstracts of title, then those abstracts of title shall be returned to Lessor within sixty days of written request for the return of same by Lessor. In the event such abstracts are not returned to Lessor within (90) days of demand for return of same then Lessee shall pay as liquidated damages two times the replacement value thereof. In the event that Lessee obtains supplemental or additional abstracts of title covering the leased premises Lessee agrees to give the abstracts to Lessor, when Lessee's need for same has ceased.
- D. **NO PETS, FIREARMS OR RECREATION.** Lessee shall keep its employees from hunting, fishing and carrying firearms on the leased premises at all times. During the recognized mule deer hunting season, all pumpers shall exit the premises prior to 4:00 o'clock p.m., unless on an emergency basis to avoid harm to any well or during actual drilling operations.
- E. **COPIES OF REPORTS.** Lessee agrees to furnish Lessor with copies of any and all reports filed with the Railroad Commission of Texas, well logs and surveys within thirty (30) days of receipt by Lessee of a written request from Lessor which written request shall specify the type of report requested by Lessor.
- F. **METERS.** Lessor shall have the right and option to place his own measuring or metering devices on wells on the leased premises. Any such measuring or metering devices shall be constructed and installed by Lessee at Lessor's sole risk, cost and expense.
- G. **AGENT OF EMPLOYEE.** Lessor shall have the right, at Lessor's risk and expense, to place an employee or agent on the leased premises to observe all operations for drilling, testing, plugging, and abandoning or completing and equipping and producing any and all wells on the leased premises.
- H. **RELEASE.** After the end of the primary term, Lessee, its successors or assigns, shall deliver a release to Lessor within one hundred eighty (180) days of plugging and abandoning any well located on the leased premises. Such release shall cover such portions of the leased premises as were included within the proration unit establishing or drilling unit established as the case maybe for such well and not otherwise being maintained by other provisions of this lease. If Lessee wrongfully withholds any release, Lessor shall be entitled to recover its costs in obtaining same, including reasonable attorney's fees.
- I. **PITS AND RESTORATION.** Lessee agrees to remove all unnecessary caliche and pits from each location within six (6) months of obtaining total depth, and to restore the surface land and reseed with grasses and seed approved by the local Soil Conservation Service.
- J. **TANKS.** All tanks will be placed as near as possible to the wellhead and will be constructed of fiberglass or other material to prevent leakage.
- K. **SURFACE DAMAGES.** Lessee agrees to pay reasonable surface damages for roads, locations, flowline, caliche, trees, and water, consistent with the prevailing rates in the area, but not less than the minimum amount of \$5.50 per rod for roadways three thousand for up to 1 and ½ acres for locations and pits and six cents (\$.06) per square foot for aeach square foot above 1 and ½ acres. As to damages to oak trees and mesquite trees inches (10") or more in diameter, Lessee agrees to pay based upon the formula use by the Texas Agricultural Extension Service in Evaluation of Shade Trees, by Alan D. Dreasen.
- L. **FENCES.** Fences shall be placed around all pits, such shall be constructed and removed in accordance with surface owner's reasonable specifications.
- M. **CALICHE.** . No caliche from any surface owner's lands may be placed upon any other surface owner's lands without the written consent of each such surface owner. No caliche may be taken from the lands hereunder without construction of an all weather road with part of the caliche.



IF IT BEATS THE CHARTER
ATTORNEY *Linda McDaniel*
ck

N. PAINT. Lessee will paint all of Lessee's equipment with non-toxic paint and will police each wellsite to remove all trash therefrom.

O. WATER. Lessor agrees to let Lessee drill a well or wells for production of water for drilling purposes only, without charge for the water. Lessee agrees to tender such well or wells upon completion of its drilling program.

P. ROADS AND BUMPGATES. Once Lessee has entered the leased premises Lessee will at all times maintain all roads it uses with at least a two inch (2") caliche base, crowned in the center and a width of at least fourteen feet (14'), except at fence crossings, where the width shall be the width of the gate or bumpgate. Lessee shall install and maintain at each fence crossing on Lessor's land a cattle guard with a bumpgate across it, of good quality and sufficient to turn cattle, sheep and goats.

q. FOREIGN PLANTS PREVENTION. Lessee agrees, at Owner of the soil's request, to wash all vehicles and equipment used for drilling, workover or seismic, prior to entry of said premises in such a manner to free all vehicles and equipment from bitterweed, grass burrs, cockleburrs, horehound and other foreign plants.

r. FOREIGN PLANTS - REMEDIES. Lessee shall hereafter control the bitterweed, grass burrs, cockleburrs, horehound and other foreign plants on and within 30 feet of any construction area or road used by Lessee, so that same in said area shall not be any more prevalent after construction than before construction. The word "foreign" shall mean plants not now growing the above-described area. In the event Owner of the soil shall notify Lessee in writing, and Lessee shall, within two (2) weeks from receipt of such notice, eradicate such plants; and in the event Lessee does not, Owner of the soil is hereby authorized to eradicate the same by prudent and customary methods practiced in the area, and Lessee will reimburse Owner of the soil for the cost of eradication within ten (10) days from receipt of Owner of the soil's statement.

s. SEISMIC. In the event that Lessee conducts seismic operations on the leased premises, Lessee agrees to allow Lessor and Lessor's agents to review said seismic data at Lessee's office. Lessee agrees to give Lessor written notice of its intent to commence such geophysical operations at lease one (1) week prior to the actual commencement of said activities.

t. PIPELINES. All pipelines are to be buried to a sufficient depth so as to not interfere with the normal cultivation of the land, but in no event shall such burial be required to exceed a depth of twenty-four inches (24"). In the event solid rock is encountered within 24 inches of the surface, the pipelines may be laid on top of the rock for that portion of pipeline. All fittings, fixtures, structures, and other appurtenances to the pipeline that by their nature and function are customarily placed above the ground need not be buried.

u. Anything in this lease to the contrary notwithstanding, at the expiration of the primary term this lease shall not terminate as to any lands covered hereby if Lessee has: (i) within the primary term hereof established production from the lease, or ii) at the end of the primary term is engaged in drilling or completion operations on this lease. Then, and in any of such events, this lease shall continue in full force and effect as to all lands for so long as Lessee engages in Continuous Development of this lease. Continuous Development shall mean that not more than one hundred eighty (180) days shall elapse between the completion or abandonment of one well and the commencement of drilling operations for another well, except that Lessee shall commence operations for the first Continuous Development well on or before 2 years after the expiration of the Primary Term. Upon the cessation of Continuous Development operations, this lease shall terminate except as to forty (40) acres around each oil well and three hundred twenty (320) acres around each gas well, each as nearly in the shape of a square as practical with the well at or near the center (hereinafter called a "Producing Unit"), upon which is located either (a) a well producing or capable of producing oil or gas in paying quantities, whether actually producing or shut-in, or (b) upon which operations are then being conducted to obtain or restore production; except that in the event any federal or state law, or any order, rule or regulation of the appropriate state or other governmental regulatory agency or commission having jurisdiction prescribes or permits a spacing pattern for the development of the field, or allocates a producing allowable in whole or in part based upon acreage per well, then any Producing Unit retained hereunder may include as much additional acreage as may be so prescribed or permitted or as may be used in such allocation or allowable. In addition, after the end of the Continuous Development this lease shall terminate as to those depths deeper than 100' below total depth drill in each Producing Unit. For purposes of this provision, drilling operations shall be deemed to include any activities conducted on the leased premises preparatory to actual drilling or the re-entry of a well, previously plugged and abandoned, in an attempt to restore production from the well and the date of completion shall be the date reported to the Railroad Commission of Texas for the potential test.

Anything to the contrary in this lease notwithstanding, as long as this lease remains in force as to any part of the land originally covered hereby, any portion of the land as to which this lease expires or terminates may, nevertheless, be used by Lessee, its successors and assigns, to the extent reasonably necessary for ingress and egress for roads, access, gathering, transporting, treating, processing, and storing oil and/or gas produced from any land as to which this lease remains in force.

IF IT BEARS THE SEAL OF
ATTEST



Linda McFarland
SK

50.07.4

PARAGRAPH 40

Attached to and made a part of that certain Oil and Gas Lease
dated January 11, 2005, between the State of Texas, acting by
and through its agent Beecher Montgomery, et al and W. B. Robbins III, Lessee

40. Notwithstanding herein anything to the contrary, Paragraph 5 (minimum royalty) and Paragraph 14 (shut-in royalty) refer to their computation to the delay rentals provided in Paragraph 3 herein. The undersigned do hereby recognize and acknowledge that minimum royalties due herein are payable in the amount of \$4,112.68. Of such amount, \$2,056.34 is payable to the owner of the soil as provided herein and \$2,056.34 is payable to the State of Texas as provided herein, and the minimum shut-in royalty due herein are payable in the amount of \$8,225.36, of such amount \$4,112.68 is payable to the owner of the soil as provided herein and \$4,112.68 is payable to the State of Texas, as provided herein.

90.07.4

IF IT BEARS THE SIGNATURE OF THE
ATTORNEY *Lincoln McIlwain*
CL

EXHIBIT "A"

Attached to and made a part of that certain Oil and Gas Lease
dated January 11, 2005, between the State of Texas, acting by
and through its agent Beecher Montgomery, et al and W. B. Robbins III, Lessee

<u>PT</u>	<u>SECTION</u>	<u>ABSTRACT</u>	<u>BLOCK</u>	<u>SURVEY</u>	<u>ACRES</u>
E/2, NW/4, N/2SW/4	11	5070	115	PSL	562.13
E/2, SW/4, S/2NW/4	18	5071	115	PSL	561.95
W/2, SE/4, S/2NE/4	19	5072	115	PSL	561.98
ALL	20	6619	115	PSL	642.25
ALL	21	3969	115	PSL	642.35
W/2, SE/4, W/2NE/4	22	3970	115	PSL	571.70
E/2, SW/4, E/2NW/4	23	5073	115	PSL	<u>570.31</u>
					4,112.68

50074

AGENTED BY
IF IT BEARS THE SIGNATURE OF THE AGENT
ATTEST: *Linda M. Hearn*

Certificate of Record

38.00 Recording Fee

21.00 Certified Copy Fee

59.00 Total Paid

000633

D. Flores

Return to:

W.B. Robbins, III

COMPARED

THE STATE OF TEXAS, }
COUNTY OF REEVES. }

ANY PROVISION HEREIN WHICH RESTRICTS THE
SALE, RENTAL, OR USE OF THE DESCRIBED REAL
PROPERTY BECAUSE OF COLOR OR RACE IS INVALID
AND UNENFORCEABLE UNDER FEDERAL LAW.

I, hereby certify that this instrument with its certificates of authenticity was FILED on the
date and at the time stamped hereon and was duly RECORDED in the OFFICIAL PUBLIC
RECORDS of Real Property of Reeves County, Texas, as indicated.

OPR VOL. 694 PAGE 198 DATE RECORDED 03/01/2005



S/M Inc., Dallas 1-800-648-7022

DIANNE O. FLOREZ, COUNTY CLERK
REEVES COUNTY, TEXAS

By *Jose Flores*, Deputy

90074

IF IT BEARS THE SEAL OF THE
ATTORNEY *Linda McPherson*
CL

4702

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

July 7, 2005

W.B. Robbins, III
P.O. Box 10428
Midland, Texas 79702

Re: RELINQUISHMENT ACT LEASE No. M-104922
Sec. 11, 18, 19, 20, 21, 22, 23, Blk. 115, PSL
Culberson County, Texas

Dear Mr. Robbins:

The certified copy of the Relinquishment Act lease covering the above referenced tracts has been approved and filed in our records under mineral file number M-104922. Please refer to this number in all future correspondence concerning the lease.

Your remittance of \$72,096.90, has been applied as the state's portion of the cash bonus \$71,971.90, along with a processing and filing fee in the amount of \$125.00. Please let me know if you should have any questions.

Sincerely,

Drew Reid by ms

Drew Reid
Minerals Leasing
Energy Resources
(512) 475-1534

MS/DR

Stephen F. Austin Building • 1700 North Congress Avenue • Austin, Texas 78701-1495

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

www.glo.state.tx.us

6.
File No. MF 104922
John Little
Date Filed: 7/7/05
Jerry E. Patterson, Commissioner
By JP

KEEP FOR YOUR RECORDS

039392

PROSPECT: TX53C MONTGOMERY RANCH

THE AMOUNT OF THIS CHECK IS IN PAYMENT OF RENTAL DUE PARTY OR PARTIES
UNDER THE OIL AND GAS LEASE DESCRIBED BELOW FOR THE PERIOD STATED.

LESSOR: ST OF TX M-104922 (MONTG)

IF CORRESPONDENCE IS REQUIRED PLEASE REFERENCE THE LEASE NUMBER LISTED BELOW.

LEASE DATED	STATE	COUNTY OR PARISH	GROSS ACRES	RECORDED		NO. OF MONTHS	MONTHS BEGINNING	ETY	SAMSON LEASE NUMBER
				BOOK	PAGE				
01-11-05	TX	CULBERSON	4112.6700	87	24	12	1-11-05	99	TX2 75421

FOR CREDIT TO:

LEGAL: PUBLIC SCHOOL LANDS SVY
ST OF TX M-104922
BEECHER MONTGOMERY ETAL
AGENTS

X \$2,056.34

06017033

RECEIVED
05 DEC 19 PM 4:
ENERGY RESOUR

File No.

MF 104922 . 7.

Rental Payment

Date Filed:

12/19/05

Jerry E. Patterson, Commissioner

By

06011033

KEEP FOR YOUR RECORDS

42858

Prospect: TX53C MONTGOMERY RANCH

THE AMOUNT OF THIS CHECK IS IN PAYMENT OF RENTAL DUE PARTY OR PARTIES
UNDER THE OIL AND GAS LEASE DESCRIBED BELOW FOR THE PERIOD STATED.

LESSOR: ST OF TX M-104922 (MONTG)

IF CORRESPONDENCE IS REQUIRED PLEASE REFERENCE THE LEASE NUMBER LISTED BELOW.

LEASE DATED	STATE	COUNTY OR PARISH	GROSS ACRES	RECORDED		NO. OF MONTHS	MONTHS BEGINNING	SAMSON LEASE NUMBER
				BOOK	PAGE			
01/11/2005	TX	CULBERSON	4112.68	87	24	Yrly	01/11/2007	75421000

FOR CREDIT TO: Legal:

COMMISSIONER OF GENERAL LAND OFFICE
STATE OF TEXAS
1700 N CONGRESS AVE
AUSTIN TX 78701

X 2,056.34 07019920

121

1-4-07

ST OF TX M-104922

File No.

MF 104922

8.

~~RENTAL PAYMENT~~

Date Filed:

11/4/07

Jerry E. Patterson, Commissioner

By



KEEP FOR YOUR RECORDS

47745

THE AMOUNT OF THIS CHECK IS IN PAYMENT OF RENTAL DUE PARTY OR PARTIES
UNDER THE OIL AND GAS LEASE DESCRIBED BELOW FOR THE PERIOD STATED.

IF CORRESPONDENCE IS REQUIRED PLEASE REFERENCE THE LEASE NUMBER LISTED BELOW.

Prospect: TX53C MONTGOMERY RANCH

LESSOR: ST OF TX M-104922 (MONTG)

LEASE DATED	STATE	COUNTY OR PARISH	GROSS ACRES	RECORDED		NO. OF	MONTHS	SAMSON LEASE NUMBER
				BOOK	PAGE	MONTHS	BEGINNING	
01/11/2005	TX	CULBERSON	4112.68	87	24	Yrly	01/11/2008	75421000

FOR CREDIT TO: Legal:

COMMISSIONER OF GENERAL LAND
STATE OF TEXAS
1700 N CONGRESS AVE
AUSTIN

TX 78701

08008968

71,971.90

121

ST OF TX M-104922

Received
1/7/08 (KR)

File No. 1504922

Rental Payment

Date Filed: 1/7/08

Jerry E. Patterson, Commissioner

By [Signature]

(9)

KEEP FOR YOUR RECORDS

54811

Prospect: TX53C MONTGOMERY RANCH

THE AMOUNT OF THIS CHECK IS IN PAYMENT OF RENTAL DUE PARTY OR PARTIES
UNDER THE OIL AND GAS LEASE DESCRIBED BELOW FOR THE PERIOD STATED.

IF CORRESPONDENCE IS REQUIRED PLEASE REFERENCE THE LEASE NUMBER LISTED BELOW.

LESSOR: ST OF TX M-104922 (MONTG)

LEASE DATED	STATE	COUNTY OR PARISH	GROSS ACRES	RECORDED BOOK	PAGE	NO. OF MONTHS	MONTHS BEGINNING	SAMSON LEASE NUMBER
01/11/2005	TX	CULBERSON	4112.68	87	24	Yrly	01/11/2009	75421000

FOR CREDIT TO: Legal:

COMMISSIONER OF GENERAL LAND
STATE OF TEXAS
1700 N CONGRESS AVE
AUSTIN

TX 78701

2,056.34

09007104

ST OF TX M-104922

3316005

No. MF-104922 10.

Rental

Filed:

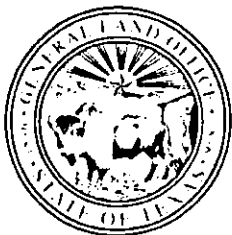
12/22/08

Jerry E. Patton, Commissioner

By

AW

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

January 25, 2009

I, Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas, do hereby certify that the papers, records, and documents of said office show;

This Certificate of Fact is limited, as requested by John Collins, and covers active Mineral Lease M-104922, and contains title and status facts since January 11, 2005 only;

That on December 2, 1911, Section 20, Block 115, Public School Land Survey, 640.00 acres in Culberson County was awarded to G.T. RADER on his application filed in the Texas General Land Office on September 5, 1911, in SCHOOL FILE 116792, and which application was filed to purchase said land under the provisions of Chapter 47, Act of 1895, and Chapter 129, Act of May 19, 1897, and the Acts approved April 19, 1901, April 15, 1905, and May 16, 1907, with settlement, said tract applied for having been classified as MINERAL & GRAZING;

That the File Wrapper for SCHOOL FILE 116792 is endorsed: "abst. 3892," "M&G (El Paso Co.)," "(Stamped) LAND FORFEITED 10/23/26, JT Robison," "Sold in file 143516,"

That on January 17, 1927, Section 20, Block 115, Public School Land Survey, 640.00 acres in Culberson County was awarded to W.H. RADER on his application filed in the Texas General Land Office on December 30, 1926, in SCHOOL FILE 143516, and which application was filed to repurchase said land under the provisions of Chapter 94, Act Approved March 19, 1925, said tract applied for having been classified as MINERAL & GRAZING;

That in September 1960, W.F. SOWELL, Licensed Land Surveyor of Texas, surveyed 642.25 acres in Culberson County for GEORGE MONTGOMERY, by virtue of ownership, and compiled corrected field notes thereon, designating it as Section 20, Block 115, Public School Land Survey, which field notes were recorded in Volume 10, Page 268, Surveyor's Records, Culberson County, and were filed in the Texas General Land Office on October 16, 1961, in SCHOOL FILE 143516, marked correct on map for 642.25 acres on October 19, 1961, and are endorsed as patented on November 22, 1961;

That the (old) File Wrapper for SCHOOL FILE 143516 is endorsed: "Ab. 6619," "M&G;" "640 Acres;"

That the (new) File Wrapper for SCHOOL FILE 143516 is endorsed: "ab - 6619," "M&G (El Paso Co.)," "640 642.25 Acres," "Old File inside," "See Min Plat Abs. 6619," "Paid in Full for 642.25 Acres 10-14-60," "Correct on Map for 642.25 Acres," "Patent to W.H. Rader, original, with M/R," "Patented 11/22/61, No. 391, Vol. 31-B," "See fieldnotes in MF 60484 (ptd);"

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Post Office Box 12873 • Austin, Texas 78711-2873

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That on January 11, 2005, "THE UNDERSIGNED C/O BEECHER MONTGOMERY," individually, and as agent for the State of Texas, executed and delivered a State Relinquishment Act Oil & Gas Lease M-104922, covering "Section 20, Block 115, Abstract 6619, PSL Survey, 642.25 acres," with additional tracts in Culberson County, to W.B. ROBBINS, III, for a primary term of Five (5) years, with a cash bonus of \$35.00 per acre, and an annual delay rental of \$4,112.68, with like amounts payable each to landowner and State, and a royalty of One-Fifth (1/5), one-half payable each to landowner and State, and a certified copy of said lease was filed in the Texas General Land Office on April 18, 2005, in Mineral File M-104922;

That the latest rental payment for State Oil & Gas Lease M-104922, for the period January 11, 2009, to January 11, 2010, was received in the Texas General Land Office on December 20, 2008;

IN TESTIMONY WHEREOF, I hereto set my hand and seal of said office the first date above written.

JERRY E. PATTERSON
COMMISSIONER OF THE GENERAL LAND OFFICE

JEP/wt

Name

John Collins/COTTON BLEDSOE

Dicta No.:

2010-9

Fee:

\$300.00

Files:

SCHOOL FILE - 143516, 116792, MINERAL FILE M-104922

11.
File No. WF 104922
Cert. of Fict
Date Filed: 1/20/10
By Jerry E. Patterson, Commissioner

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

January 25, 2009

I, Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas, do hereby certify that the papers, records, and documents of said office show;

This Certificate of Fact is limited, as requested by John Collins, and covers active Mineral Lease M-104922, and contains title and status facts since January 11, 2005 only;

That on December 23, 1905, JOHN J. TERRELL, Commissioner of the Texas General Land Office, awarded the minerals in "W ½ of NW ¼" of Section 23, Block 115, Public School Survey, 80.00 acres in El Paso County, to J.V. SMITH, in accordance with Title LXXI, Revised Civil Statutes of 1895, and said award were filed in the Texas General Land Office on December 9, 1905, in MINERAL AWARD FILE M-773;

That in May 1906, J.W. EUBANK, County Surveyor of El Paso County, surveyed 80.00 acres in El Paso County for J.V. SMITH, by virtue of a Mineral Claim for Patent, and compiled field notes thereon, designating it as "W ½ of the N.W. ¼" of Section 23, Block 115, PSL, which field notes were recorded in Book 8, Page 227, Surveyor's Records, El Paso County, and were filed in the Texas General Land Office on October 30, 1916, in MINERAL AWARD FILE M-773, marked correct on map for 80.00 acres on October 30, 1916, and are endorsed as patented on October 31, 1916;

That the "old" File Wrapper for MINERAL LAND M-773 is endorsed: "C abst. 2391," "~~El Paso~~, Culberson" "See Endorsement of Field Notes - 10/30/16, Clerk," "Paid in Full for 80 acres 10/30/1916," "Patent Original 10/31/16, Hutchins," "Patented Oct 31-1916, No. 132, Vol 1, Atkinson;"

That the "new" File Wrapper for MINERAL LAND M-773 is endorsed: "Surface Sold Act 1895, 3498j," "Patented 10/31/1916," "See Min. Plat Book Abs. 5073;"

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That on September 16, 1915, Section 23, Block 115, Public School Land Survey, 560.00 acres in Culberson County was awarded to MRS. BLANCH KISER on her application filed in the Texas General Land Office on September 2, 1915, in SCHOOL FILE 123750, and which application was filed to purchase said land under the provisions of the Acts of April 15, 1905, May 16, 1907, and April 5, 1915, relating to the sale of school land without settlement, said tract applied for having been classified as MINERAL & GRAZING;

That on March 18, 1916, BLANCH KISER transferred "Five Hundred and Sixty Acres of Land of Section Twenty Three (23) Block One Hundred and Fifteen (115) Public School Land being State School Land and is particularly described as S $\frac{1}{2}$ of N.E. $\frac{1}{4}$ & E $\frac{1}{2}$ of N.W. $\frac{1}{4}$, in Culberson County, to W.D. HUDSON, and a certified copy of said transfer was filed in the Texas General Land Office on March 28, 1916, in SCHOOL FILE 123750;

That the File Wrapper for SCHOOL FILE 123750 is endorsed: "abst 4339," "M&G," "MF 2433," "Transfer in 95181," "Transfer in 118731," "(Stamped) LAND FORFEITED, (Signed) JR Robison," "Sold in File 136508;"

That on March 9, 1929, S $\frac{1}{2}$ & NE $\frac{1}{4}$ & E $\frac{1}{2}$ of NW $\frac{1}{4}$ of Section 23, Block 115, Public School Land Survey, 560.00 acres in Culberson County was awarded to CENTRAL STATE BANK OF ABILENE TEXAS on their application filed in the Texas General Land Office on August 31, 1925, in SCHOOL FILE 136508, and which application was filed to re-purchase forfeited school land under the provisions of Chapter 94, Act approved March 19, 1925, said tract applied for having been classified as MINERAL & GRAZING;

That in September 1960, W.F. SOWELL, Licensed Land Surveyor of Texas, surveyed 570.31 acres in Culberson County for GEORGE MONTGOMERY, by virtue of ownership, and compiled field notes thereon, designating it as the E $\frac{1}{2}$ of the SW $\frac{1}{4}$ and the E $\frac{1}{2}$ of the NW $\frac{1}{4}$ of Section 23, Block 115, Public School Land Survey, which field notes were recorded in Volume 10, Page 235, Surveyor's Records, Culberson County, and were filed in the Texas General Land Office on September 29, 1961, in SCHOOL FILE 136508, marked correct on map for 570.31 acres on October 3, 1961, and are endorsed as patented on November 22, 1961;

That the File Wrapper for SCHOOL FILE 136508 is endorsed: "Ab. 5073," "Sold as M&G," "560 570.31 Acres;" "See Min. Plat Book Abs 5073," "See fieldnotes inMF 60994 (ptd)," "Transfer in 136502," "Transfer in 118929," "Paid in Full 10-14-60," "Correct on Map for 570.31 Acres," "Patent to Blanche Kiser, assignee, with M/R. 11-16-61," "(Stamped) Patented 11-22-61, No. 379, Vol. 31-B,"

That on January 11, 2005, "THE UNDERSIGNED C/O BEECHER MONTGOMERY," individually, and as agent for the State of Texas, executed and delivered a State Relinquishment Act Oil & Gas Lease M-104922, covering "E/2 SW/4 & E/2 of NW/4 of Section 23, Block 115, Abstract 5073, PSL Survey, 570.31 acres," with additional tracts in Culberson County, to W.B. ROBBINS, III, for a primary term of Five (5) years, with a cash bonus of \$35.00 per acre, and an annual delay rental of \$4,112.68, with like amounts payable each to landowner and State, and a royalty of One-Fifth (1/5), one-half payable each

to landowner and State, and a certified copy of said lease was filed in the Texas General Land Office on April 18, 2005, in MINERAL FILE M-104922;

That the latest rental payment for STATE OIL & GAS LEASE M-104922, for the period January 11, 2009, to January 11, 2010, was received in the Texas General Land Office on December 20, 2008;

IN TESTIMONY WHEREOF, I hereto set my hand and seal of said office the first date above written.

JERRY E. PATTERSON
COMMISSIONER OF THE GENERAL LAND OFFICE

JEP/wt

Name	John Collins/COTTON BLEDSOE
Dicta No.:	2010-12
Fee:	\$400.00
Files:	SCHOOL FILE - 123750, 136508, MINERAL AWARD M-773, MINERAL FILE M-104922

12.

File No. MF-104922

~~AB~~ Cert of fact

Date Filed: 1/20/10

Jerry E. Patterson, Commissioner

By [Signature]

[GLOBase Main Menu](#) | [Business Entity Search](#) | [Energy Paper Search](#) | [PSF Land Search](#) | [SRP Facility Search](#) | [SRP Land Search](#)

Energy Paper Details

Paper Type: OIL AND/OR GAS LEASE

Lease/Unit/Permit: MF104922

[Related Business Entities](#) | [Related Counties](#) | [Related Leases](#) | [Related PSF Land](#)
[View Oil/Gas Lease Details](#) | [Search Docushare](#) | [Revenue Details](#)

General Information

Lease Date	01/11/2005	Total Leased Acres	4,112.68
Status	ACTIVE	Land Part in Lease	
Status Date	01/11/2005	Limited Term	
Non-Unit Status		Term	
Non-Unit Status Date		Primary Term	5 yrs

Payment Information

Original Payment \$71,971.90

Payment Cycle ANNUAL

Rental Payments

Comments

RAL LEASE

Updated On	06/30/2005	By	msilva
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Business Entity Information

Lessee	ROBBINS III, W B
Lessor	MONTGOMERY, BEECHER
Operator	No operators recorded



*For technical support please contact the Technical Support Center at 463-8877
This page last updated on 4 November 2000*

File No. ML-104922
Energy Paper Detail
Date Filed: 4/01/08
Jerry E. Patterson, Commissioner
By 7