

MF108215

<i>State Lease</i>	<i>Control</i>	<i>Basefile</i>	<i>County</i>
MF108215	56-030220		GOLIAD
<i>Survey</i>	HIGHWAYS & PUBLIC TRANSPORTATION DEPT		
<i>Block</i>			
<i>Block Name</i>			
<i>Township</i>			
<i>Section/Tract</i>			
<i>Land Part</i>			
<i>Part Description</i>	HIGHWAY RIGHT-OF-WAY		
<i>Acres</i>	9.801		
<i>Depth Below</i>	<i>Depth Above</i>	<i>Depth Other</i>	
0	0		
<i>Role</i>	LESSEE		
<i>Name</i>	VENTEX OIL & GAS, INC.		
<i>Lessee Date</i>	8/21/2007		
<i>Primary Term</i>	2 yrs		
<i>Bonus (\$)</i>	\$2,940.30		
<i>Rental (\$)</i>	\$0.00		
<i>Gas Decimal</i>	0.25		
<i>Oil Decimal</i>	0.25		

*Leasing:* BB  
*Analyst:* BB  
*Maps:* \_\_\_\_\_  
*GIS:* AB

BB  
15  
✓  
**RELEASED**

ATTENTION FILE USERS!  
This file has been placed in table  
of contents order.  
RETURN TO VAULT WITH  
DOCUMENTS IN ORDER!

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CONTENTS OF FILE NO. MF- 108215

1. Lease 7/16/07
2. Letter + fee 7/16/07
3. Map 7/16/07
4. Deed 7/16/07
5. Partial Assignment 7/16/07
6. Ownership, + Memorandum 7/16/07
7. Bonus letter, + fee 8/3/07
8. BIO letter 9/5/07
9. Letter + fees 9/10/09
10. Release 9/10/09
11. BIO letter 9/15/09

Scanned lw 2.13.2015

# The State of Texas

HROW Lease  
Revised 8/06



## Austin, Texas

PAID-UP  
OIL AND GAS LEASE NO. (108215)  
GENERAL LAND OFFICE  
AUSTIN, TEXAS

THIS AGREEMENT made and entered into by and between the Commissioner of the General Land Office of the State of Texas, whose address is Stephen F. Austin Building, 1700 North Congress, Austin, Texas, 78701, hereinafter called "Lessor", hereunto authorized by the School Land Board, pursuant to the provisions of Chapters 32 and 52 of the Natural Resources Code (hereinafter called N.R.C.), and amendments thereto, and all applicable rules promulgated by the School Land Board and **Ventex Oil & Gas, Inc.**, whose address is **3500 Oak Lawn, Suite 720, Dallas, TX 75219** hereinafter called "Lessee".

1. Lessor, in consideration of **Two Thousand Nine Hundred Forty 30/100 (\$2,940.30)** receipt of which is hereby acknowledged, and of the covenants and agreements of Lessee hereinafter contained, does hereby grant, lease, and let unto Lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, and all other hydrocarbons, produced from the land covered hereby. The land covered hereby, herein called "said land" is located in the County of **Goliad** State of Texas, and is described as follows:

**9.801 acres** of land, more or less, known as, situated in said **Goliad** County, Texas, more particularly described in Exhibit "A" attached hereto and made a part hereof together with a plat, attached hereto as Exhibit "B", depicting said right-of-way and surrounding area for purposes of illustration only.

For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain **9.801 acres**, whether actually containing more or less, and the above recital of acreage shall be deemed to be the true acreage thereof. Lessor accepts the bonus as lump sum consideration for this lease and all rights and options hereunder.

2. **PRIMARY TERM:** This lease, which is a "paid up" lease requiring no rentals, shall remain in force for a term of **two years, from August 21st, 2007** hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. **ROYALTIES:** As royalty Lessee covenants and agrees:

(a) To deliver to the credit of Lessor, in the pipe line to which Lessee may connect its well, the equal **1/4** part of all oil produced and saved by Lessee from said land, or from time to time, at the option of Lessee, to pay Lessor the average posted market price of such **1/4** part of such oil at the wells as of the day it is run to the pipe line or storage tanks, Lessor's interest, in either case, to bear none of the cost of treating oil to render it marketable pipe line oil;

(b) To pay Lessor on gas and casing head gas produced from said land (1) when sold by lessee **1/4** of the amount realized by Lessee, computed at the mouth of the well, or (2) when used by Lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of **1/4** of such gas and casing head gas.

(c) If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred

(d) Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, Lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to Lessee.

(e) If at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check of lessee, as royalty, the sum of **\$ 25.00**. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

(f) All royalties not taken in kind shall be paid to the Commissioner of the General Land Office at Austin, Texas, in the following manner:

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, the 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. The State shall have first lien upon all oil and gas produced from the area covered by this lease to secure the payment of all unpaid royalty and other sums of money that may become due to the State hereunder.

4. POOLING: (a) Lessee is hereby granted the right, at its option, to pool or unitize any land covered by this lease with any other land covered by this lease, and/or with any other land, lease, or leases, as to any or all minerals or horizons. Units pooled for oil hereunder shall not exceed 160 acres each in area, and units pooled for gas hereunder shall not exceed in area 640 acres each plus a tolerance often percent (10%) thereof, unless oil or gas units of a greater size are allowed under or prescribed by rules of the Railroad Commission of Texas. A unit established hereunder shall be valid and effective for all purposes of this lease even though there may be mineral, royalty, or leasehold interests in lands within

the unit, which are not effectively pooled or unitized. Any operations conducted on any part of such unitized land shall be considered, for all purposes, except the payment of royalty, as operations conducted upon said land under this lease. There shall be allocated to the land covered by this lease within each such unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) the proportion of the total production of unitized minerals from the unit, after deducting any used in lease or unit operations, which the number of surface acres in such land (or in each such separate tract) covered by this lease within the unit bears to the total number of surface acres in the unit, and the production so allocated shall be considered for all purposes, including payment or delivery of royalty, overriding royalty and any other payments out of production, to be the entire production of unitized minerals from the land to which allocated in the same manner as though produced there from under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph or of shut-in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas. The formation of any unit hereunder which includes land not covered by this lease shall not have the effect of exchanging or transferring any interest under this lease (including, without limitation, any shut-in royalty which may become payable under this lease) between parties owning interests in land covered by this lease and parties owning interests in land not covered by this lease. Neither shall it impair the right of Lessee to release as provided in paragraph 5 hereof, except that Lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit. At any time while this lease is in force Lessee may dissolve any unit established hereunder by filing for record in the public office where this lease is recorded a declaration to that effect, if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 4, a unit once established hereunder shall remain in force for so long as any lease subject thereto shall remain in force. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph 4 with consequent allocation of production as herein provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

(b) Neither unit production of oil or gas, nor unit operations, nor payment of shut-in royalties from a unit gas well, shall serve to hold the lease in force as to any area outside the unit, regardless of whether the production, maintenance of a shut-in gas well, or operations are actually located on the State tract or not.

(c) Lessee agrees to file with the General Land Office a copy of any unit designation, which this lease is included within ninety (90) days of such designation.

5. RELEASE: Lessee may relinquish the rights granted hereunder to the State at any time by recording the relinquishment in the county where this area is situated and filing the recorded relinquishment or certified copy of same in the General Land Office within ninety (90) days after its execution accompanied by the prescribed filing fee. Such relinquishment will not have the effect of releasing Lessee from any liability theretofore accrued in favor of the State.

6. REWORK: If at any time or times during the primary term operations are conducted on said land and if all operations are discontinued, this lease shall thereafter terminate at the end of the primary term or on the ninetieth day after discontinuance of all operations, whichever is the later date, unless on such later date either (1) Lessee is conducting operations or (2) the shut-in well provisions of paragraph 3 or the provisions of paragraph 9 are applicable. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil or gas, or production of oil or gas in paying quantities.

7. MINERAL USE: Lessee shall have the use, free from royalty, of oil and gas produced from said land in all operations hereunder.

8. NOTICE: In the event Lessor considers that Lessee has not complied with all its obligations hereunder, both express and implied, Lessor shall notify Lessee in writing, setting out specifically in what respects Lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all

or any part of the breaches alleged by Lessor. The service of said notice shall be precedent to the bringing of any action by Lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that Lessee has failed to perform all its obligations hereunder. If this lease is canceled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by Lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations.

9. FORCE MAJEURE: If, while this lease is in force, at, or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut-in well provisions of paragraph 3 hereof, and Lessee is not conducting operations on said land by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of Lessee, the primary term shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.

10. LESSER ESTATE CLAUSE: If this lease covers a less interest in the oil or gas in all or any part of said land than the entire and undivided fee simple estate (whether lessors interest is herein specified or not), or no interest therein, then the royalties, and other monies accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease bears to the whole and undivided fee simple estate therein.

11. ASSIGNMENTS: This lease may be transferred at any time. All transfers must reference the lease by file number and must be recorded in the county where the land covered hereby is located, and the recorded transfer or a copy certified to by the County Clerk of the county where the transfer is recorded must be filed in the General Land Office within ninety (90) days of the execution date, as provided by N.R.C. Section 52.026, accompanied by the prescribed filing fee. Every transferee 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 transferee of the lease, including any liabilities to the State for unpaid royalties.

12. WELL INFORMATION: Lessee agrees to forthwith furnish Lessor, upon written request, with copies of all drilling logs, electrical logs, cores and core records and other information pertaining to all wells drilled by lessee either on the leased premises or acreage pooled therewith, when requested to do so. Said information shall remain confidential as required by statute.

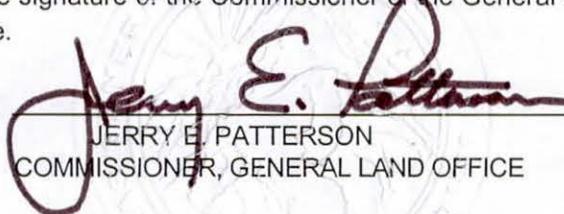
13. SURFACE: Notwithstanding anything herein to the contrary, it is agreed that Lessee will not conduct any exploration or drilling on the surface of the leased premises or use the surface in the exercise of any rights herein granted. Any development of said land shall be by means of a directional well located off the leased premises, or by pooling of said land with other land, lease or leases as hereinabove provided.

14. COMPENSATORY ROYALTY: Lessee shall pay a compensatory royalty if this lease is not being held by production on the leased premises, by production from a pooled unit, or by payment of shut-in royalties in accordance with the terms of this lease, and if oil or gas is sold or delivered in paying quantities from a well located within 2,500 feet of the leased premises and completed in a producible reservoir underlying the area leased hereunder or in any case in which drainage is occurring. Such compensatory royalty shall be paid at the royalty rate provided in this lease based on the value of production from the well as provided in the lease on which such well is located. The compensatory royalty shall be paid in the same proportion that the acreage of this lease has to the acreage of the proration unit surrounding the draining well plus the acreage of this lease. The compensatory royalty shall be paid monthly to the Commissioner of the General Land Office on or before the last day of the month after the month in which the oil or gas is sold and delivered from the well

causing the drainage or from the well located within 2500 feet of the leased premises and completed in a producible reservoir under this lease. Notwithstanding anything herein to the contrary, compensatory royalty payable hereunder shall be no less than an amount equal to **double the shut-in royalty** and shall maintain this lease in effect for so long as such payments are made as provided herein.

15. FORFEITURE: If Lessee shall fail or refuse to make payment of any sum within thirty (30) 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, or 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 this lease is pooled or assigned and the unit designation or 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. However, nothing herein shall be construed as waiving the automatic termination of this lease by operations of law or by reason of any special limitation arising hereunder. Forfeitures may be set aside and this lease and all rights there under 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.

IN TESTIMONY WHEREOF, witness the signature of the Commissioner of the General Land Office of the State of Texas under the seal of the General Land Office.

  
JERRY E. PATTERSON  
COMMISSIONER, GENERAL LAND OFFICE

Approved:

ML: de

DC: cll

CC: OW

EXHIBIT "A"

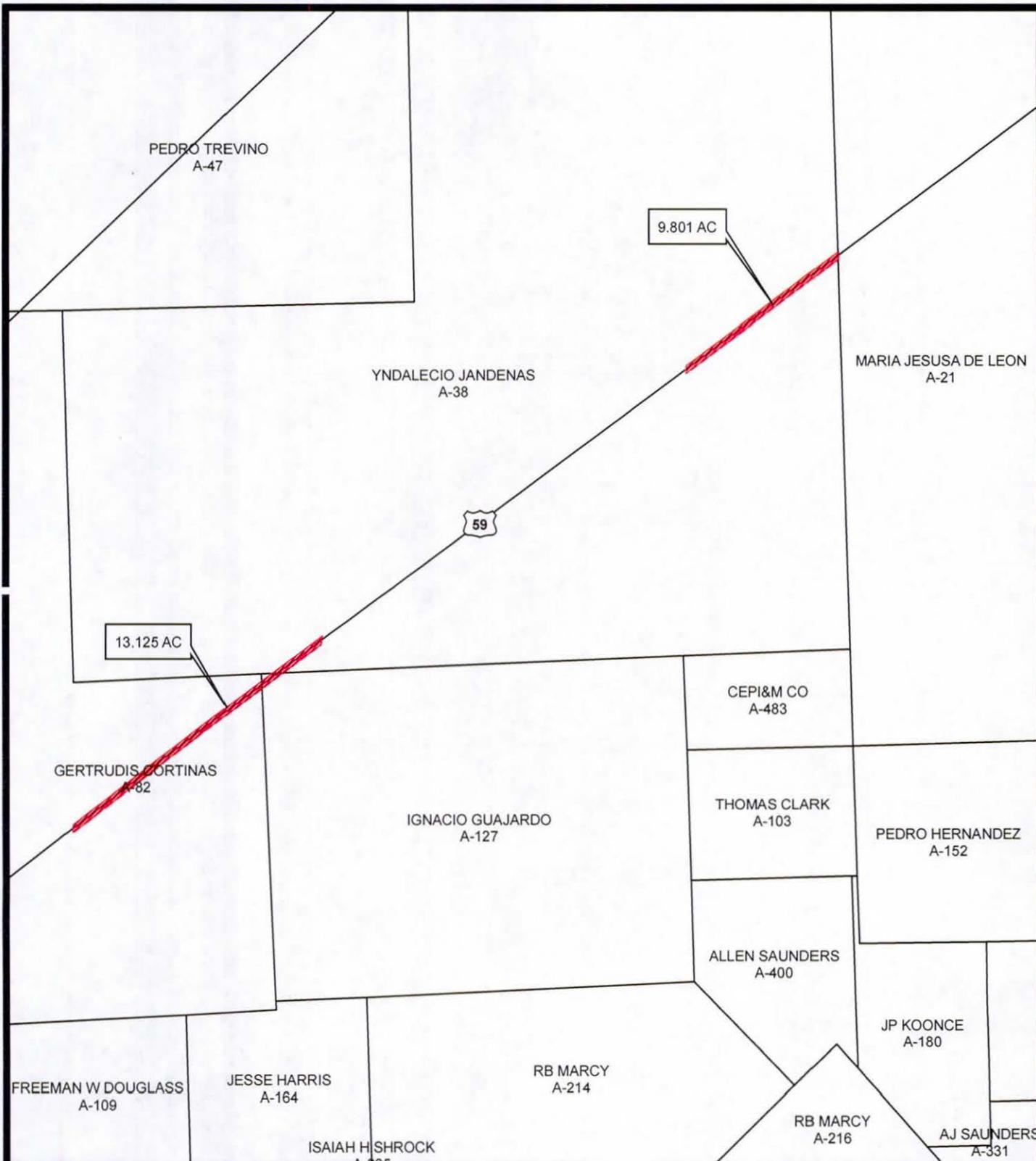
Attached to Application for Lease Request No. 3, dated July 12, 2007, and addressed to Mr. Drew Reid at the Texas General Land Office in Austin, Texas.

A tract of land situated in Goliad County, Texas, and containing 9.801 acres of land, more or less, and being that portion of the Right of Way for Highway 59 running in a Northeasterly direction from the intersection of said Highway with the Western boundary of the Fred Floerke tract, said intersection being about 1010 feet from Sta 1064+35 in a Southwesterly direction along said highway, and continuing in the same general Northeasterly direction along said highway through the J. T. Wilson Survey, A-485, to the intersection of said highway and the East boundary line of the J. T. Wilson Survey, this intersection being near Sta 1026, with Sta 1064+35 and Sta 1026 being located as shown on the maps of the Texas Department of Transportation (TXDOT) in Corpus Christi, Texas; said Highway 59 Right of Way containing the Right of Way for the Old Spanish Road or El Camino Real and also containing additional tracts of land described as follows:

A tract of land described as containing 8.29 acres of land, more or less, in that certain Right of Way Deed dated January 10, 1929, from O. F. McMaster, Grantor, to the County of Goliad, Texas, Grantee, and recorded in Volume 57, Page 480, of the Deed Records of Goliad County, Texas; and

A tract of land described as containing 1.62 acres of land, more or less, in that certain Right of Way Deed dated November 17, 1928, from F. M. Farley and Kittie Farley, husband and wife, Grantor, to the County of Goliad, Texas, and recorded in Volume 57, Page 260, of the Deed Records of Goliad County, Texas;

The aforesaid lands containing in all 9.801 acres of land, more or less.



Map Showing  
A portion State Highway 59  
9.72 acres and 13.125 acres  
Approximately 2 miles southwest Goliad  
Goliad County  
ft\08-07

NAD\_1927\_Albers  
Projection: Albers  
False\_Easting: 0.000000  
False\_Northing: 0.000000  
Central\_Meridian: -100.000000  
Standard\_Parallel\_1: 28.000000  
Standard\_Parallel\_2: 35.000000  
Latitude\_Of\_Origin: 31.000000

GCS\_North\_American\_1927



The Texas General Land Office  
makes no representations or  
warranties regarding the accuracy  
or completeness of the information  
depicted on the map or the data  
from which it was produced.  
This map is NOT suitable for  
navigational purposes and does  
not purport to depict or establish  
boundaries between private  
and public land.



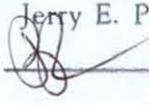
Map Compiled By:  
Ferrel Taylor  
Information Systems - GIS  
August 21, 2007

1.  
File No. MF708215

Lease

Date Filed: 7/16/07

Jerry E. Patterson, Commissioner

By 

 **Washington Mutual Bank**

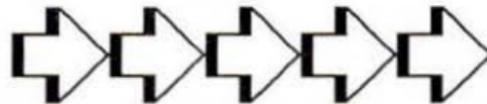
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10-86/220

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*VENTEX  
Lease Request No. 3  
9.801 acres of Hwy Row  
Goliad Co., TX*

*07046166*



**WASHINGTON  
MUTUAL**

**10000**  
ONE ZERO ZERO CTSCTS

\*\*\*\*\*Jul 13, 2007 ONE HUNDRED DOLLARS AND 00 CENTS\*\*\*\*\*

4556 (10/99)

PAY TO THE ORDER OF  
COMMISSIONER OF THE GENERAL LAND  
OFFICE OF THE STATE OF TEXAS

*auth:  
Drew Reid*

Washington Mutual Bank

**DRAWER / PURCHASER COPY  
NON-NEGOTIABLE**

REMITTER  
STEVEN D. HITT

1843 104

Issued by Integrated Payment Systems Inc., Englewood, Colorado To Citibank, N.A., Buffalo, NY

*X100.00*

THOMAS W. SCHLEIER & ASSOCIATES  
INDEPENDENT PETROLEUM LANDMEN  
101 E. NOLTE, SUITE 209  
SEGUIN, TEXAS 78155  
FAX (830) 372-2842  
(830) 379-6454

July 12, 2007

Mr. Drew Reid  
Texas General Land Office  
1700 Congress Avenue  
Austin, Texas 78701-1495

Have Money  
M. 108215

300.00  
1/4  
2 yr Paid up  
Shut in 25.00

Re: Lease Request Number 3:  
Request for Oil and Gas Lease covering 9.801 acres of land, more or less being a portion of Highway 59 Right of Way beginning in the I. G. Guajardo Survey, A-127, about 1010 feet Southwest of Sta 1064+35 and traversing the Southern part of the J. Wilson Survey, A-485, all in Goliad County, Texas. See Exhibit "A" attached for a more detailed description.

Dear Mr. Reid:

Thomas W. Schleier & Associates is acquiring leases in the Burns Ranch area of Goliad County, Texas, for the account of Ventex Oil & Gas, Inc., whose mailing address is 3500 Oak Lawn, Suite 720, Dallas, Texas 75219. On behalf of Ventex we are applying for an Oil & Gas Lease covering the captioned acreage for a primary term of two years and providing for a 25% royalty on both oil and gas. We are offering a bonus of \$300.00 per net mineral acre, or a total bonus of \$2940.30. These terms match the best terms we have given any lessor on any adjacent tract. Ventex is in an Area of Mutual Interest with KCS Resources, Inc., a wholly owned subsidiary of Petrohawk Energy Corporation, whose address is 1100 Louisiana, Suite 4400, Houston, Texas. Pursuant to the terms of the AMI, KCS will be offered an interest in any lease awarded as a result of this application.

In support of this application we are enclosing a check in the amount of \$100.00 and submitting a plat showing the acreage requested and adjacent leases and tracts. The acreage requested in this application lies toward the Northeast end of the ROW shown on the plat. We are also using the same plat in our Lease Request Number 2, and the acreage requested in that application lies toward the Southwest end of the ROW shown on the plat. Also enclosed are an ownership schedule keyed to the plat, and copies of Leases and Memorandums of Lease, and pertinent Right of Way Deeds.

We ran title on this acreage and did not find a deed conveying the main part of the ROW to the State or the County. This ROW is part of the Old Spanish Road and therefore passed directly to the Republic of Texas and then to the State of Texas. Since the patents for these Surveys were all issued before 1895, it is not mineral classified land. There were some ROW deeds from individuals where the state augmented the existing ROW and those are included in the package of instruments. We also found that there were no producing wells within 2500 feet of the subject lands that were capable of producing in paying quantities on January 1, 1985.

Our leases cover 100% of the mineral interest in the tracts adjacent to the requested acreage.

If you have any questions you can contact me by calling our office number shown on the letterhead or you can call me on my home phone at 281-920-4019.

RECEIVED  
JUL 15 PM 2 06

Page 2  
Mr. Drew Reid  
Lease Request No. 3  
July 12, 2007

To the best of my knowledge and belief, all of the statements in this letter are correct, as is all of the information shown on the enclosed plat and ownership schedule.

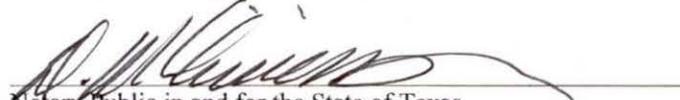
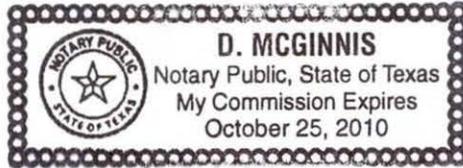
Sincerely,



Steven D. Hitt

ACKNOWLEDGMENT

This instrument was acknowledged before me, the undersigned authority, on June 13<sup>th</sup>, 2007, by Steven D. Hitt.

  
\_\_\_\_\_  
Notary Public in and for the State of Texas

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EXHIBIT "A"

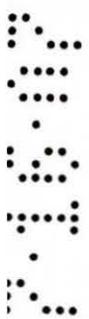
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A tract of land situated in Goliad County, Texas, and containing 9.801 acres of land, more or less, and being that portion of the Right of Way for Highway 59 running in a Northeasterly direction from the intersection of said Highway with the Western boundary of the Fred Floerke tract, said intersection being about 1010 feet from Sta 1064+35 in a Southwesterly direction along said highway, and continuing in the same general Northeasterly direction along said highway through the J. T. Wilson Survey, A-485, to the intersection of said highway and the East boundary line of the J. T. Wilson Survey, this intersection being near Sta 1026, with Sta 1064+35 and Sta 1026 being located as shown on the maps of the Texas Department of Transportation (TXDOT) in Corpus Christi, Texas; said Highway 59 Right of Way containing the Right of Way for the Old Spanish Road or El Camino Real and also containing additional tracts of land described as follows:

A tract of land described as containing 8.29 acres of land, more or less, in that certain Right of Way Deed dated January 10, 1929, from O. F. McMaster, Grantor, to the County of Goliad, Texas, Grantee, and recorded in Volume 57, Page 480, of the Deed Records of Goliad County, Texas; and

A tract of land described as containing 1.62 acres of land, more or less, in that certain Right of Way Deed dated November 17, 1928, from F. M. Farley and Kittie Farley, husband and wife, Grantor, to the County of Goliad, Texas, and recorded in Volume 57, Page 260, of the Deed Records of Goliad County, Texas;

The aforesaid lands containing in all 9.801 acres of land, more or less.



2

File No. MF 108215

Letter for

Date Filed: 7/16/07

Jerry E. Patterson, Commissioner

By [Signature]

01010708

5.70.05

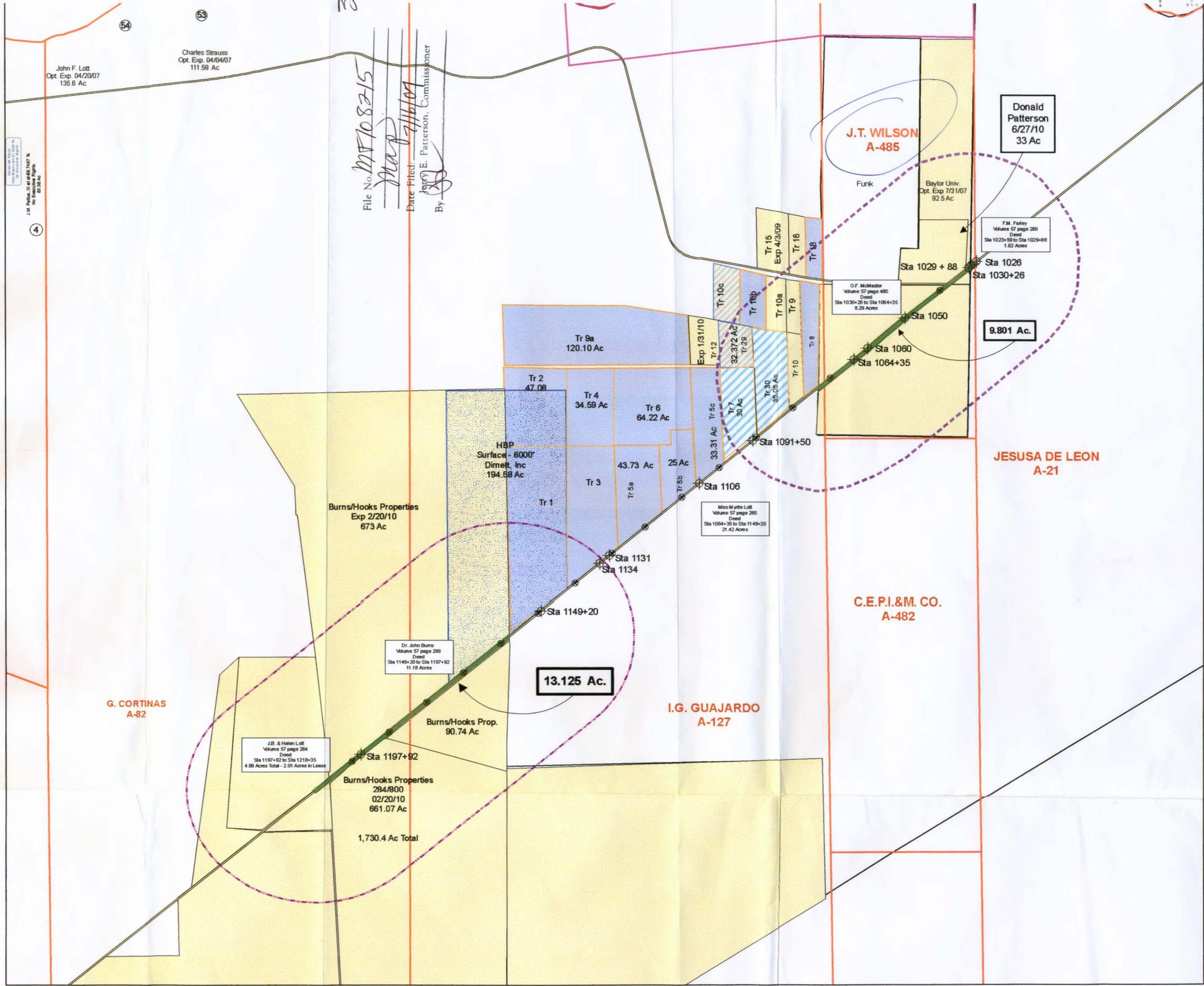
John F. Lott  
Opt. Exp. 04/20/07  
135.6 Ac

Charles Strauss  
Opt. Exp. 04/04/07  
111.58 Ac

File No. MF 108215  
Date Filled: 7/16/07  
By: [Signature] E. Patterson, Commissioner

J.M. Potts, 11st ed add 7407 N  
No Executive Rights  
80.38 Ac

4



Donald  
Patterson  
6/27/10  
33 Ac

J.T. WILSON  
A-485

Funk

Baylor Univ.  
Opt. Exp 7/31/07  
92.5 Ac

F.M. Farley  
Volume 57 page 260  
Deed  
Sta 1023+58 to Sta 1029+88  
1.52 Acres

O.F. McMaster  
Volume 57 page 480  
Deed  
Sta 1030+26 to Sta 1064+35  
8.29 Acres

9.801 Ac.

JESUSA DE LEON  
A-21

C.E.P.I.&M. CO.  
A-482

I.G. GUAJARDO  
A-127

G. CORTINAS  
A-82

Burns/Hooks Properties  
Exp 2/20/10  
673 Ac

HBP  
Surface - 6000'  
Dimelt, Inc  
194.68 Ac

13.125 Ac.

Dr. John Burns  
Volume 57 page 299  
Deed  
Sta 1149+20 to Sta 1197+92  
11.18 Acres

Burns/Hooks Prop.  
90.74 Ac

J.B. & Helen Lott  
Volume 57 page 264  
Deed  
Sta 1197+92 to Sta 1218+35  
4.98 Acres Total - 2.01 Acres in Lease

Burns/Hooks Properties  
284/800  
02/20/10  
661.07 Ac

1,730.4 Ac Total

Ventex Oil & Gas  
Burns Ranch  
Goliad County, Texas  
July 12, 2007

- 2,500' Buffer
- 50' Right of Way
- ID
- Area
- 2500' Buffer
- ROW tracts



County of Goliad.

Before me, the undersigned authority, on this day personally appeared Philip Borth, 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, and in the capacity therein setforth.

Given under my hand and seal of office this 11th day of August, 1928.

J.C.Barns, A Notary Public in and for

(SEAL)

Goliad County, Texas.

Filed for record January 14th, 1929, at 5 o'clock P.M.

And duly recorded January 14th, 1929, at 8:45 o'clock P.M.

*C.H. Bergmann* County Clerk  
Goliad County, Texas.

O.F.McMaster To Goliad County

Right of Way Deed

The State of Texas

County of Goliad.

Know all men by these Presents: That I, O.F.McMaster of Los Angeles, County, State of California, for and in consideration of the sum of Two Hundred Forty-eight 70/100 (248.70) Dollars to me in hand paid by the County of Goliad, State of Texas, the receipt of which is hereby acknowledged, have granted, sold and conveyed and by these presents do grant, sell and convey unto the said County of Goliad, the parcel of land described as follows:

8.29 acres of land, part of an original grant to C.G.Word, assignee of J.T.D.Wilson, Abstract 485, situated in Goliad County, Texas, and more fully described as follows:

Beginning at a point in the boundary line of the 251 acre tract of land owned by O.F. McMaster on the North and the 125 acre tract of land owned by F.M.Parley on the South, said point being a distance of 440 feet from the Northeast corner of the 251 acre tract of land owned by the said O.F.Mc Master, measured along the North side of same:

Thence S. 39 deg. 38 min. W. a distance of 2025 feet to a point:

Thence S. 50 deg. 22 min. E. a distance of 10 feet to a point:

Thence S. 39 deg. 38 min. W. a distance of 1000 feet to a point:

Thence N. 50 deg. 22 min. W. a distance of 10 feet to a point

Thence S. 39 deg. 38 min. W. a distance of 455 feet to a point in the West side of said 251 acre tract of land owned by O.F.McMaster, which point is also the East side of a 2354.8 acre tract of land owned by Miss Myrtle Lott, in the I.Guajardo survey, in Goliad County, Texas:

Thence along said West side of the said 251 acre tract of land owned by O.F.McMaster, in a northerly direction, a distance of 112 feet to a point:

Thence N. 39 deg. 38 min. E. a distance of 405 feet to a point

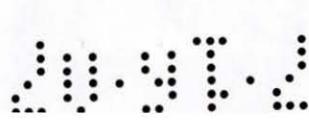
Thence N. 50 deg. 22 min. W. a distance of 10 feet to a point:

Thence N. 39 deg. 38 min. E. a distance of 1000 feet to a point:

Thence S. 50 deg. 22 min. E. a distance of 10 feet to a point:

Thence N. 39 deg. 38 min. E. a distance of 1925 feet to a point in the North side of said 251 acre tract of land owned by O.F.McMaster:

Thence along said North side of the said 251 acre tract of land owned by O.F.McMaster, in an easterly direction, a distance of 165 feet to the point of beginning, and containing a total of 8.29 acres of land.



57/480

rights and appurtenances thereto in anywise belonging unto the said Goliad County, its assigns and successors forever. and I do bind myself, my heirs, executors and administrators to warrant and forever defend all and singular the said premises unto the said Goliad County, its assigns and successors against every person whomsoever lawfully claiming or to claim the same or any part thereof.

Witness my hand this 10th day of January, 1929.

O.F.McMaster

The State of California  
County of Los Angeles.

Before me, the undersigned authority, in and for said County and State, on this day personally appeared O.F.McMaster, 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 10th day of January, A.D. 1929.

Mella S. Misbet, A Notary Public in and for  
County of Los Angeles, State of California

(SEAL)

Filed for record January 15th, 1929, at 1 o'clock P.M.

And duly recorded January 15th, 1929, at 5:25 o'clock P.M.

*C. H. Bergmann* County Clerk  
Goliad County, Texas.

Philip Borth et al. To L.N. Shaw

Oil and Gas Lease

An agreement entered into this 16 day of May, 1928, between Philip Borth ( a widower) for himself and as attorney in fact for Nathaniel Borth, Ervin Borth, Arthur Borth, Berthold Borth, Edmund Borth, A.C. Jank and Mrs. A.C. Jank Lessor (whether one or more) ,and L.N. Shaw, of Bexar Co. Texas, lessee.

1. Lessor in consideration of the sum of Ten Dollars (\$10.00) in hand paid, of the royalties herein provided and the agreements of lessee herein contained, hereby grants, leases and lets exclusively unto lessee, for the purpose of prospecting and drilling for and producing oil and gas, laying pipe lines, building tanks, storing oil and building powers, stations, telephone lines and other structures thereon, to produce, save, take care of, treat and transport said products the following described land in Goliad County, State of Texas, to wit:

266-5/10 acres, described as follows:

All that certain tract of land, being part of a survey originally granted to J.M. Mancha, about 15 miles N.W. from the town of Goliad, described by metes and bounds as follows:

Beginning at the South corner of said Mancha survey, whence S. 12½ W. 40 varas bears a L.O. marked "L" and S. 19 W. 42 varas a L.O. marked "Y"

Thence N. 41 E. 640 varas a stake, corner of a tract of 194½ acres sold by W. Hunt to Mrs. E.E. Adams:

Thence S. 26 E. 452 varas to the South corner of said tract:

Thence S. 84½ E. 1250 varas to corner of two tracts formerly owned by A.R. Wilbern and Wofford:

Thence S. 41 W. 1798 varas to the S.W. boundary of said J.M. Mancha grant:



(SEAL)

W.C.Webb, Notary Public in and  
for Harris County, Texas.

Filed for record November 30th, 1928, at 9 o'clock A.M.

And duly recorded December 5th, 1928, at 9:10 o'clock P.M.

*J.C. Arnold*  
County Clerk  
Goliad County, Texas.

F.M.Farley et ux To Goliad County

Right of way deed

The State of Texas

County of Goliad

Know all men by these presents: That we, F.M.Farley and Kittie Farley, husband and wife, of Goliad County, State of Texas, for and in consideration of the sum of Seventy-five (\$75.00) Dollars to us in hand paid by the County of Goliad, State of Texas, the receipt of which is hereby acknowledged, have granted, sold and conveyed, and by these presents do grant, sell and convey unto the said County of Goliad, the parcel of land described as follows:

1.62 acres of land, part of the C.G.Ward, assignee of J.T.D.Wilson survey, Abstract No. 485, situated in Goliad County, Texas, and more fully described as follows:

Beginning at a point in the boundary line of the East side of the tract of land owned by F.M.Farley and the West side of a tract of land owned by Mrs. Mary E.O'Connor, said point being 365 feet from the southeast corner of said F.M.Farley tract of land, measured along said East side of said F.M.Farley tract of land:

Thence S. 39 deg. 38 min. W. a distance of 180 feet to a point:

Thence N. 50 deg. 38 Min. W. a distance of 20 feet to a point:

Thence S. 39 deg. 38 min. W. a distance of 340 feet, to a point in the south side of said F.M.Farley tract of land, said point also being 412 feet from the southeast corner of said tract of land owned by F.M.Farley:

Thence S. 80 deg. 04 min. W. a distance of 145 feet to a point:

Thence N. 39 deg. 38 min. E. a distance of 442 feet to a point:

Thence N. 50 deg. 38 min. W. a distance of 20 feet to a point:

Thence N. 39 deg. 38 Min. E. a distance of 200 feet to a point:

Thence S. 50 deg. 22 min. E. a distance of 20 feet to a point:

Thence N. 39 deg. 38 min. E. a distance of 90 feet to a point in the East side of the said tract of land owned by F.M.Farley:

Thence along said East side S. 9 deg. 56 min. W. a distance of 160 feet to the point of beginning, and containing a total of 1.62 acres of land.

To have and to hold the above described premises, together with all and singular the rights and appurtenances thereto in anywise belonging unto the said Goliad County, its assigns and successors forever. And we do bind ourselves, our heirs, executors and administrators to warrant and forever defend all and singular the said premises unto the said Goliad County, its assigns and successors, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

Witness our hands this 17th day of November, 1928.

F.M.Farley Mrs. Kitty Farley



57/260

County of Goliad.

Before me, the undersigned authority, in and for said County and State, on this day personally appeared F.M. Farley and Kittie Farley, his wife, both known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they each executed the same for the purposes and consideration therein expressed, and the said Kittie Farley, wife of the said F.M. Farley, having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said Kittie Farley acknowledged such instrument to be her act and deed and she declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office this 28th day of November, A.D. 1928.

(SEAL) Ross E. Burke, Sr. A Notary Public in and for  
Goliad County, Texas.

Filed for record November 30th, 1928, at 3 o'clock P.M.

And duly recorded December 5th, 1928, at 9:30 O'clock P.M.

 County Clerk  
Goliad County, Texas.

-----  
Henry Dietzel, Guardian To Edw. A. Martin  
Oil, Gas and Mineral Lease

This agreement made this 14th day of September, 1928, between Henry Dietzel, as guardian of the persons and estates of the minors Victor Dietzel, and Howard Dietzel, duly authorized by the County Judge of Goliad County, Texas, Lessor (whether one or more) and Edw. A. Martin, lessee, witnesseth:

1. Lessor in consideration of One Hundred Five and 16/100 Dollars (\$105.16) in hand paid, of the royalties herein provided and of the agreements of lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of investigating; exploring, prospecting, drilling and mining for and producing oil, gas and all other minerals, laying pipe lines, building tanks, power stations, telephone lines and other structures thereon to produce, save, take care of, treat, transport and own said products, and housing its employees, the following described land in Goliad County, Texas, to wit:

An undivided two thirds of an undivided one half interest in and to all that certain lot, tract or parcel of land, lying, being and is situated in Goliad County, Texas, part of an original grant in the name of Eli Dial, Abstract No. 104, and thus particularly described to wit:

Beginning on the Coletto Creek, at the upper or North corner of said Eli Dial grant:

Thence S. 50 W. along the North or Northwest boundary of said grant, approximately 2250 varas to a stake, the West corner of a tract of 116 acres (composed of a 66 and 50 acres tracts) conveyed to Henry Dietzel by William Dietzel, by deed dated November 17th, 1920 duly recorded in Vol. 45, page 606 of the deed records of Goliad County, Texas;

Thence S. 40 E. 596 varas, a stake, it being the Southwest corner of said 116 acres:

Thence N. 50 E. approximately 110 varas, a stake for an inner corner of this survey, it being the Northwest corner of a 200 acre tract conveyed to Henry Dietzel by Ferdinand Dietzel, by deed dated January 4th, 1917, and recorded in Vol. 41, page 173 of the deed





PARTIAL ASSIGNMENT OF OIL, GAS AND MINERAL LEASES

Goliad, TX 795

STATE OF TEXAS

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KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF GOLIAD

That Ventex Oil & Gas, Inc., whose address is 3500 Oak Lawn, Suite 720, Dallas, Texas 75219 ("Assignor"), for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration in hand paid by KCS Resources, Inc., a Delaware corporation, and a wholly-owned subsidiary of Petrohawk Energy Corporation, whose address is 1100 Louisiana, Suite 4400, Houston, TX 77002 ("Assignee"), has granted, bargained, sold, assigned and conveyed, and by these presents does hereby grant, bargain, sell, assign and convey unto Assignee, subject to the reservations set out herein below, an undivided twenty five percent of eight-eighths (25% of 8/8ths) interest in and to the oil, gas and mineral leases and options to lease, described and/or referenced in Exhibit "A", attached hereto, such leases, inclusive of any lease acquired pursuant to an Option to Lease, being hereinafter referred to as the "Subject Leases", reference thereto being hereby made for a more complete description of the lands and interests covered thereby.

Assignee shall bear and pay its proportionate share of all lease royalties, overriding royalties, and other existing burdens upon production attributable to the Subject Leases. This assignment is made subject to all of the terms and provisions of the Subject Leases and any amendments or modifications thereto, and is further specifically subject to the terms and conditions of that certain Letter Agreement dated March 14, 2006 containing an Operating Agreement and a Security Agreement, by and between Assignor and Assignee.

Assignor hereby reserves from this Assignment for itself or its designees the following:

- (i) an overriding royalty interest on each of the Subject Leases equal to the difference between twenty-five percent (25%) and landowner royalty burdens.
- (ii) a five percent (5%) of eight eighths (8/8<sup>th</sup>) After Payout Working Interest ("APO WI") in and to the Subject Leases.

Such APO WI shall be assigned to Assignor by Assignee free and clear of any burdens placed thereon by Assignee upon the occurrence of Payout, all as more specifically addressed in that certain Agreement dated March 14, 2006 as hereinabove referenced.

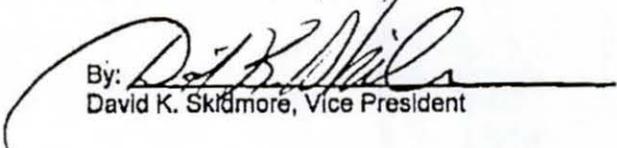
Assignor does hereby agree to warrant and forever defend the hereby assigned interests against all persons whomsoever lawfully claiming or attempting to claim the same by, through, or under Assignor, but not otherwise.

TO HAVE AND TO HOLD the interests herein assigned to Assignee and the reservations by Assignor, shall be binding upon their respective heirs, successors and assigns, subject to the reservations, terms, conditions and exceptions hereinabove set forth.

WITNESS THE EXECUTION HEREOF on the acknowledgement dates shown but effective as of 14<sup>th</sup> day of July, 2006.

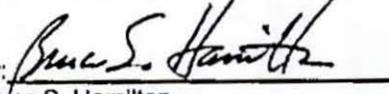
ASSIGNOR:

VENTEX OIL & GAS, INC.

By:   
David K. Skidmore, Vice President

ASSIGNEE:

KCS RESOURCES, INC.

By:   
Bruce S. Hamilton  
Vice President, Gulf Coast-Land *gsc*

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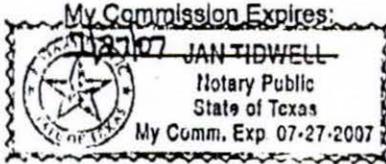
ACKNOWLEDGMENT:

STATE OF TEXAS

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COUNTY OF DALLAS

This instrument was acknowledged before me on this 2<sup>nd</sup> day of November 2006 by David K. Skidmore, Vice President of Ventex Oil & Gas, Inc., a Texas corporation, on behalf of said corporation.



[Signature]  
Notary Public in and for the State of Texas

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ACKNOWLEDGMENT:

STATE OF TEXAS

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COUNTY OF HARRIS

This instrument was acknowledged before me on this 25<sup>th</sup> day of October, 2006 by Bruce S. Hamilton, Vice President, Gulf Coast-Land of KCS Resources, Inc., a Delaware corporation, on behalf of said corporation.

My Commission Expires:

\_\_\_\_\_

[Signature]  
Notary Public in and for the State of Texas



## EXHIBIT "A"

**Attached to and made a part of that certain Partial Assignment of Oil, Gas & Mineral Leases and Options to Lease effective July 14, 2006, from Ventex Oil & Gas, Inc. to KCS Resources, Inc. a wholly-owned subsidiary of Petrohawk Energy Corporation**

Geophysical Lease Option dated 01/24/2006, by and between JAMES MILAM PETTUS, II AND ROBERT MILAM PETTUS, as Lessor, and VENTEX OIL & GAS INC, as Lessee, recorded on Book 00253, Page 00416, Document #00113563, of the records of Goliad County, Texas (TX094-001-00)

Oil Gas and Mineral Lease dated 04/04/2006, by and between ALSTON RAMSAY ELLIS, JR., AND ARCHER ATLEE ELLIS, as Lessor, and VENTEX OIL & GAS INC, as Lessee, recorded on Book 00255, Page 00421, Document #00113872, of the records of Goliad County, Texas (TX094-001-002-0)

Option to Lease dated 01/27/2006, by and between WILLIAM T. MILLER AND WIFE, LESLIE H. MILLER, as Lessor, and VENTEX OIL & GAS INC, as Lessee, recorded on Book 00250, Page 00519, Document #00113131, of the records of Goliad County, Texas (TX094-002-003-01)

Option to Lease dated 09/13/2005, by and between FRED J. FLOERKE, INDIVIDUALLY AND AS CO-TRUSTEE OF THE HELEN S. FLOERKE TESTAMENTARY TRUST; TONY J. FLOERKE, NEAL L. FLOERKE AND APRIL F. MAGNUSON, CO-TRUSTEES OF THE HELEN S. FLOERKE TESTAMANTARY TRUST, as Lessor, and VENTEX OIL & GAS INC, as Lessee, recorded on Book 00245, Page 00567, Document #00112383, of the records of Goliad County, Texas (TX094-005-00)

Option to Lease dated 09/13/2005, by and between TONY J. FLOERKE, DEALING IN HIS SEPARATE PROPERTY, as Lessor, and VENTEX OIL & GAS INC, as Lessee, recorded on Book 00245, Page 00572, Document #00112384, of the records of Goliad County, Texas (TX094-005A-00)

Option to Lease dated 09/13/2005, by and between FRED J. FLOERKE, DEALING IN HIS SEPARATE PROPERTY, as Lessor, and VENTEX OIL & GAS INC, as Lessee, recorded on Book 00245, Page 00575, Document #00112385, of the records of Goliad County, Texas (TX094-005B-01)

Oil Gas and Mineral Lease dated 05/25/2006, by and between DAVID PETTUS, as Lessor, and VENTEX OIL & GAS INC, as Lessee, recorded on Book 00267, Page 00581, Document #00115886, of the records of Goliad County, Texas (TX094-005B-02)

Oil Gas and Mineral Lease dated 05/24/2006, by and between HARRY STRACENER AND LELAND STRACENER, AS PART OF THEIR SEPARATE PROPERTIES, as Lessor, and VENTEX OIL & GAS INC, as Lessee, recorded on Book 00267, Page 00558, Document #00115885, of the records of Goliad County, Texas (TX094-005C-01)

Oil Gas and Mineral Lease dated 04/04/2006, by and between ALSTON RAMSAY ELLIS, JR. AND ARCHER ATLEE ELLIS, as Lessor, and VENTEX OIL & GAS INC, as Lessee, recorded on Book 00255, Page 00432, Document #00113875, of the records of Goliad County, Texas (TX094-007-019-0)

Oil Gas and Mineral Lease dated 08/16/2006, by and between PATRICIA HARNDEN, as Lessor, and VENTEX OIL & GAS INC, as Lessee, recorded on Book 00270, Page 00281, Document #00116102, of the records of Goliad County, Texas (TX094-008-00A)

Option to Lease dated 09/15/2005, by and between MILTON HARTMAN AND WIFE CAROL HARTMAN, as Lessor, and VENTEX OIL & GAS INC, as Lessee, recorded on Book 00248, Page 00650, Document #00112826, of the records of Goliad County, Texas (TX094-009-001)

Option - Seismic / Lease dated 09/15/2005, by and between ELSIE M. HOTING, as Lessor, and VENTEX OIL & GAS INC, as Lessee, recorded on Book 00248, Page 00647, Document #00112825, of the records of Goliad County, Texas (TX094-009-02)

Oil Gas and Mineral Lease dated 04/04/2006, by and between ALSTON RAMSAY ELLIS, JR., AND ARCHER ATLEE ELLIS, as Lessor, and VENTEX OIL & GAS INC, as Lessee, recorded on Book 00255, Page 00428, Document #00113874, of the records of Goliad County, Texas (TX094-010A-016-0)

Option to Lease dated 09/27/2005, by and between WILMA P. CLANTON, TRUSTEE FOR THE MILTON H. CLANTON AND WILMA P. CLANTON MARITAL TRUST, as Lessor, and VENTEX OIL & GAS INC, as Lessee, recorded on Book 00248, Page 00653, Document #00112827, of the records of Goliad County, Texas (TX094-012-00)

Oil Gas and Mineral Lease dated 04/03/2006, by and between JOHN A. HOLCOMB, A MARRIED MAN DEALING IN HIS SEPARATE PROPERTY, as Lessor, and VENTEX OIL & GAS INC, as Lessee, recorded on Book 00256, Page 00610, Document # 00114099, of the records of Goliad County, Texas (TX094-013-00)

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Option to Lease dated 08/24/2005, by and between BLANCHE BURNS, INDIVIDUALLY AND AS INDEPENDENT EXECUTOR AND TESTAMENTARY TRUSTEE UNDER THE WILL OF JOHN ARTHUR BURNS, DECEASED AND JOSEPH H. BURNS, as Lessor, and VENTEX OIL & GAS INC, as Lessee, recorded on Book 00247, Page 00734, Document #00112713, of the records of Goliad County, Texas (TX094-014-01)

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Option to Lease dated 08/24/2005, by and between HOOKS PROPERTIES, LTD, as Lessor, and VENTEX OIL & GAS INC, as Lessee, recorded on Book 00251, Page 00701, Document #00113324, of the records of Goliad County, Texas (TX094-014-02)

Option to Lease dated 03/02/2006, by and between RUDOLPH G. PENA AND REBECCA L. PENNA FAMILY PARTNERSHIP, LTD, as Lessor, and VENTEX OIL & GAS INC, as Lessee, recorded on Book 00254, Page 00585, Document #00113759, of the records of Goliad County, Texas (TX094-016-02)

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Oil Gas and Mineral Lease dated 02/03/2006, by and between ANDREW TORRES, JR. AND WIFE SHIRLEY Y. TORRES, as Lessor, and VENTEX OIL & GAS INC, as Lessee, recorded on Book 00254, Page 00588, Document #00113760, of the records of Goliad County, Texas (TX094-017-00)

Oil Gas and Mineral Lease dated 04/27/2006, by and between ELISEO STANSEL, JR., AND WIFE EMMA T. STANSEL, as Lessor, and VENTEX OIL & GAS INC, as Lessee, recorded on Book 00258, Page 00618, Document #00114485, of the records of Goliad County, Texas (TX094-020-00)

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Option to Lease dated 10/14/2005, by and between WAYNE J. OLSON, as Lessor, and VENTEX OIL & GAS INC, as Lessee, recorded on Book 00251, Page 00890, Document #00113321, of the records of Goliad County, Texas (TX094-022-01)

Oil & Gas Lease dated 09/01/2005, by and between MERCEDES BAKER WHITTINGTON AND HARRY M. WHITTINGTON, INDIVIDUALLY AND AS TRESTEES OF THE TRUST ESTATE CREATED SEPTEMBER 6, 1966 BY SALLIE P. BAKER, SALLY WHITTINGTON MAY, MARGARET WHITTINGTON PUCKETT, MERCEDES WHITTINGTON GREGG, INDIVIDUALLY AND AS TRUSTEES OF THE CLAIRE ERSKINE WHITTINGTON 1990 TRUST., as Lessor, and VENTEX OIL & GAS INC, as Lessee, recorded on Book 00245, Page 00582, Document #00112387, of the records of Goliad County, Texas (TX094-025-00)

Option to Lease dated 10/04/2005, by and between ROBERT DOUGLAS WOOD, as Lessor, and VENTEX OIL & GAS INC, as Lessee, recorded on Book 00247, Page 00339, Document # 00112640, of the records of Goliad County, Texas (TX094-027-01)

Option to Lease dated 10/04/2005, by and between JOY LYNN WILKINSON BROOM, as Lessor, and VENTEX OIL & GAS INC, as Lessee, recorded on Book 00247, Page 00338, Document #00112639, of the records of Goliad County, Texas (TX094-027-02)

Option to Lease dated 10/04/2005, by and between DEE ARLENE FERRIS, as Lessor, and VENTEX OIL & GAS INC, as Lessee, recorded on Book 00247, Page 00333, Document #00112638, of the records of Goliad County, Texas (TX094-027-03)

Option to Lease dated 10/04/2005, by and between JANICE WILKINSON, as Lessor, and VENTEX OIL & GAS INC, as Lessee, recorded on Book 00247, Page 00330, Document #00112637, of the records of Goliad County, Texas (TX094-027-04)

Option to Lease dated 10/04/2005, by and between RIPLEY IRVINE WILKINSON, as Lessor, and VENTEX OIL & GAS INC, as Lessee, recorded on Book 00247, Page 00327, Document #00112636, of the records of Goliad County, Texas (TX094-027-05)

Option to Lease dated 10/04/2005, by and between SHAWN MICHAEL WILKINSON, as Lessor, and VENTEX OIL & GAS INC, as Lessee, recorded on Book 00248, Page 00644, Document #00112624, of the records of Goliad County, Texas (TX094-027-06)

Option to Lease dated 10/11/2005, by and between RODGERS FAMILY LAND & MINERAL PARTNERSHIP LTD, BY JOSEPHINE RODGERS, TOM K. RODGERS, INDIVIDUALLY; TOM K. RIDGERS, AGENT AND ATTORNEY-INFACT FOR ROBERT WELLS RODGERS, CHARLES ANDREW RODGERS AND MARY RIDER RODGERS, as Lessor, and VENTEX OIL & GAS INC, as Lessee, recorded on Book 00251, Page 00878, Document #00113318, of the records of Goliad County, Texas (TX094-028A-B-01)

Option - Seismic / Lease dated 10/24/2005, by and between JOHN BLAIR RODGERS, INDIVIDUALLY AND AS TRUSTEE FOR THE JOHN BLAIR AND KAREN DOTSON RODGERS TRUST #1, as Lessor, and VENTEX OIL & GAS INC, as Lessee, recorded on Book 00251, Page 00886, Document #00113320, of the records of Goliad County, Texas (TX094-028A-B-02)

Option to Lease dated 10/24/2005, by and between MARGARET ANN RODGERS ARA, INDIVIDUALLY AND AS TRUSTEE, as Lessor, and VENTEX OIL & GAS INC, as Lessee, recorded on Book 00251, Page 00682, Document #00113319, of the records of Goliad County, Texas (TX094-028A-B-03)

Option to Lease dated 11/07/2005, by and between ALICE DIEBEL AND SON, CHARLES RAY DIEBEL, as Lessor, and VENTEX OIL & GAS INC, as Lessee, recorded on Book 00247, Page 00324, Document

#00112835, of the records of Goliad County, Texas (TX094-032-00)

Option to Lease dated 11/17/2005, by and between JOHN ARNOLD AND WIFE MOLLY A. ARNOLD, as Lessor, and VENTEX OIL & GAS INC, as Lessee, recorded on Book 00248, Page 00656, Document #00112828, of the records of Goliad County, Texas (TX094-034-00)

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Option to Lease dated 11/17/2005, by and between OLIVIA LOIS JAILLET, ALSO KNOW AS LOYCE JAILLET, as Lessor, and VENTEX OIL & GAS INC, as Lessee, recorded on Book 00247, Page 00342, Document #00112641, of the records of Goliad County, Texas (TX094-035-00)

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Oil & Gas Lease dated 03/31/2006, by and between B. B. GAYLE AND WIFE ROBBIE NELL GAYLE AND BOB BARTLETT GAYLE AND LUCINDA GAYLE, as Lessor, and VENTEX OIL & GAS INC, as Lessee, recorded on Book 00255, Page 00262, Document #00113841, of the records of Goliad County, Texas (TX094-037-00)

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Oil Gas and Mineral Lease dated 02/08/2006, by and between A. T. WOLFE AND WIFE NORMA NORELL WOLFE, as Lessor, and VENTEX OIL & GAS INC, as Lessee, recorded on Book 00256, Page 00616, Document #00114101

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Amendment - Book 00256, Page 00613, Document #00114100, of the records of Goliad County, Texas (TX094-038-00)

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Option to Lease dated 02/02/2006, by and between UNIVERSITY OF MARY HARDIN-BAYLOR, as Lessor, and VENTEX OIL & GAS INC, as Lessee, recorded on Book 00252, Page 00269, Document #00113404, of the records of Goliad County, Texas (TX094-041-00)

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Option to Lease dated 11/11/2005, by and between CRAIG O. HERTEL, INDIVIDUALLY AND INDEPENDENT EXECUTOR OF THE OTTO P. HERTEL, JR. ESTATE AND CRAIET J. HERTEL, as Lessor, and VENTEX OIL & GAS INC, as Lessee, recorded on Book 00251, Page 00675, Document #00113317, of the records of Goliad County, Texas (TX094-042-01)

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Option to Lease dated 08/26/2005, by and between GLORIA HERNANDEZ, as Lessor, and VENTEX OIL & GAS INC, as Lessee, recorded on Book 00248, Page 00659, Document #00112829, of the records of Goliad County, Texas (TX094-044-00)

Oil Gas and Mineral Lease dated 02/01/2006, by and between FRED H. NARANJO AND WIFE, CHRISTELIA H. NARANJO, as Lessor, and VENTEX OIL & GAS INC, as Lessee, recorded on Book 00251, Page 00718, Document #00113327, of the records of Goliad County, Texas (TX094-052-01)

Oil Gas and Mineral Lease dated 04/04/2006, by and between ALSTON RAMSAY ELLIS, JR., AND ARCHER ATLEE ELLIS, as Lessor, and VENTEX OIL & GAS INC, as Lessee, recorded on Book 00255, Page 00425, Document #00113873, of the records of Goliad County, Texas (TX094-052-02)

Option to Lease dated 10/04/2005, by and between CHARLES STRAUSS, as Lessor, and VENTEX OIL & GAS INC, as Lessee, recorded on Book 00245, Page 00585, Document #00112388, of the records of Goliad County, Texas (TX094-053-00)

Option to Lease dated 10/21/2005, by and between JOHN FREEMAN LOTT, JR., as Lessor, and VENTEX OIL & GAS INC, as Lessee, recorded on Book 00245, Page 00588, Document #00112389, of the records of Goliad County, Texas (TX094-054-00)

Oil Gas and Mineral Lease dated 01/23/2006, by and between ARTHUR G. BURNS, as Lessor, and VENTEX OIL & GAS INC, as Lessee, recorded on Book 00251, Page 00712, Document #00113326, of the records of Goliad County, Texas (TX094-18A-22-SUB)



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Filed for Record in:  
Goliad County  
On: Nov 06, 2006 at 11:14A

As a  
Recordings

Document Number: 00116895

Amount 32.00

Receipt Number - 43642

By:  
Tanny Kocian

STATE OF TEXAS COUNTY OF GOLIAD  
I hereby certify that this  
instrument was filed on the date  
and time stamped hereon by me and  
was duly recorded in the volume  
and page of the named records of:  
Goliad County  
as stamped hereon by me.

Nov 06, 2006

*Tanny Kocian, Deputy*

Gail M Turley, County Clerk  
Goliad County

This Document has been received by  
this Office for Recordings into the  
Official Public Records. We do  
hereby swear that we do not  
discriminate due to Race, Creed,  
Color, Sex or National Origin.

5.

File No. MF 108215

Partial Assignment

Date Filed: 7/16/07

Jerry E. Patterson, Commissioner

By [Signature]

67005

**OWNERSHIP SCHEDULE – LANDS ADJOINING HWY ROW- VENTEX O&G, INC., LEASE REQUEST NO. 3,  
GOLIAD COUNTY, TEXAS**

<u>OWNER</u>	<u>MIN INT</u>	<u>LESSEE</u>	<u>LEASE TERMS</u>
<b>TRACT 39: 242.7 acres</b>			
Fred J. Floerke 5204 CR 3567 Taft, Texas 78390	1.000000	Ventex Oil & Gas, Inc. 3500 Oak Lawn, Suite 720 Dallas, Texas 75219	MEMO OGML recorded 284/794 OR Goliad County, Texas, and unrecorded OGML with Prim Term of 3 yrs exp 3/10/2010, and 1/5 <sup>th</sup> Royalty on oil and gas. Bonus of \$300 per net mineral acre.
<b>TRACT 41: 92.5 acres</b>			
Donald Patterson and wife, Dorothy J. Paterson 18 F. M. 1351 Goliad, Texas 77963	0.500000	Ventex Oil & Gas, Inc.	Unrecorded MEMO of OGML and unrecorded OGML, both dated 6/28/2007, with Prim Term of 3 yrs, 22.5% Royalty on oil and gas. Bonus of \$300 per net acre.
Alan Andrew Cole 5430 N. US Hwy. 183 Goliad, Texas 77963	0.500000	Ventex Oil & Gas, Inc.	Unrecorded Memor of OGML and unrecorded OGML, both dated 6/28/2007, with Prim Term of 3 yrs, 22.5% Royalty on Oil and gas. Bonus of \$300 per net acre.
<b>TRACT 41a: 33 acres</b>			
University of Mary Hardin-Baylor	1.000000	Ventex Oil & Gas, Inc.	MEMO of OPTION AGREEMENT recorded 252/269 OR, Goliad County, Texas. Ventex will exercise option before it expires on 8/1/2007. Terms will be 3 yr Prim Term, 1/4 <sup>th</sup> Royalty on Oil and Gas, Bonus of \$250 per net acre.



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 driver's license number.

MEMORANDUM OF OIL, GAS AND MINERAL LEASE

STATE OF TEXAS §  
  §  
COUNTY OF GOLIAD §

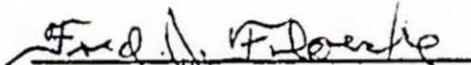
LESSOR: Fred J. Floerke, dealing in his separate property  
LESSOR'S ADDRESS: 5204 CR 3567, Taft, Texas 78390  
LESSEE: VENTEX OIL & GAS, INC.  
LESSEE'S ADDRESS: 3500 Oak Lawn, Dallas, Texas 75219  
EFFECTIVE DATE OF LEASE: March 11, 2007

For adequate consideration, Lessor named above, has granted, leased and let to Lessee, named above, for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas and other associated hydrocarbons, laying pipelines, building roads, tanks, power stations, telephone lines and other structures thereon to produce, save, take care of, treat, transport, and own oil, gas and other associated hydrocarbons, on the following lands in Goliad County, Texas:

242.71 acres of land, more or less, out of the J.T.D. Wilson Survey, A-485, described in Deed dated October 19<sup>th</sup>, 1943 from Leonard Walker et ux to Fred J. Floerke, recorded in Volume 107, Page 125 of the Deed Records of Gollad County, Texas.

The Lease is for a primary term of Three (3) years from the Effective date stated above, and may be extended and continued in force hereafter in accordance with the provisions set out in said Lease, and/or as long thereafter as oil, gas or other minerals are produced in paying quantities from the Lands described above, or lands pooled therewith, according to and by the terms and provisions of the Lease between Lessor and Lessee. The Lease, with all of its terms, covenants and other provisions, is referred to and incorporated into this Memorandum for all purposes. This Memorandum is placed of record for the purpose of giving notice of the Lease.

LESSOR:

  
Fred J. Floerke

LESSEE:

VENTEX OIL & GAS, INC.

By:   
David K. Skidmore, Vice President

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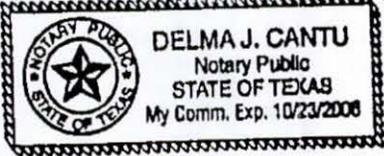
ACKNOWLEDGEMENT

STATE OF TEXAS §  
  §  
COUNTY OF SAN PATRICIO §

The foregoing instrument was acknowledged before me this 7<sup>th</sup> day of March, 2007, by Fred J. Floerke.

My Commission Expires:  
10-23-2008

Delma J. Cantu  
Notary Public in and for the State of Texas

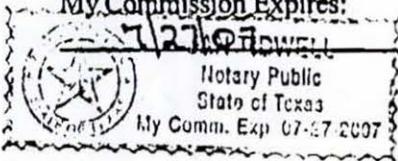


STATE OF TEXAS §  
  §  
COUNTY OF DALLAS §

The foregoing instrument was acknowledged before me this 5<sup>th</sup> day of March, 2007, by David K. Skidmore, Vice President of Ventex Oil & Gas, Inc., a Texas corporation, on behalf of said corporation.

My Commission Expires:  
7-27-2007

Janet Howell  
Notary Public in and for the State of Texas



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Filed for Record in:  
Goliad County  
On: Mar 19, 2007 at 11:42A

As a  
Recordings

Document Number: 00118370

Amount 20.00

Receipt Number - 45104

By:  
Vickie Quinn

STATE OF TEXAS COUNTY OF GOLIAD  
I hereby certify that this  
instrument was filed on the date  
and time stamped hereon by me and  
was duly recorded in the volume  
and page of the named records of:  
Goliad County  
as stamped hereon by me.

Mar 19, 2007

*Vickie Quinn, Deputy*

Gail M Turley, County Clerk  
Goliad County

This Document has been received by  
this Office for Recording into the  
Official Public Records. We do  
hereby swear that we do not  
discriminate due to Race, Creed,  
Color, Sex or National Origin.

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 DRIVER'S LICENSE NUMBER.

Producers 88 (7-69) Paid Up  
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P.O. Box 683046, Houston, Texas 77268-3046, (713) 552-9797

# OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 11<sup>th</sup> day of March, 2007, between

**Fred J. Floerke, dealing in his separate property**

Lessor (whether one or more), whose address is: 5204 CR 3567, Taft, Texas 78390  
**VENTEX OIL & GAS, INC.** 3500 Oak Lawn Avenue, Suite 720, Dallas, Texas 75219

and Lessee, WITNESSETH:

Ten Dollars and Other Valuable Considerations (\$10.00 & QVC)

Dollars,

1. Lessor, in consideration of receipt of which is hereby acknowledged, and of the covenants and agreements of Lessee hereinafter contained, does hereby grant, lease and let unto Lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipe lines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in Lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land," is located in the County of **Goliad**, State of **Texas**, and is described as follows:

242.71 acres of land, more or less, out of the J.T.D. Wilson Survey, A-485, described in Deed dated October 19<sup>th</sup>, 1943 from Leonard Walker et ux to Fred J. Floerke, recorded in Volume 107, Page 125 of the Deed Records of Goliad County, Texas.

Wherever the fraction one-eighth (1/8<sup>th</sup>) appears in paragraph 3 of this printed form, it is understood and agreed that the fraction one-fifth (1/5<sup>th</sup>) shall be substituted therefor.

This lease also covers and includes, in addition to that above described, all land, if any, contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by Lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which Lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by Lessee for a more complete or accurate description of said land. For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain **242.71** acres, whether actually containing more or less, and the above recital of acreage in any tract shall be deemed to be the true acreage thereof. Lessor accepts the bonus as lump sum consideration for this lease and all rights and options hereunder.

Three (3)

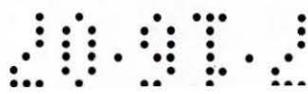
2. Unless sooner terminated or longer kept in force under other provisions hereof this lease shall remain in force for a term of **Three (3)** years from the date hereof, hereinafter called "primary term," and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. As royalty, Lessee covenants and agrees: (a) To deliver to the credit of Lessor in the pipe line to which Lessee may connect its wells, the equal one-eighth part of all oil produced and saved by Lessee from said land, or from time to time, at the option of Lessee, to pay Lessor the average posted market price of such one-eighth part of such oil at the wells as of the day it is run to the pipe line or storage tanks; Lessor's interest, in either case, to bear one-eighth of the cost of treating oil to render it marketable pipe line oil; (b) To pay Lessor on gas and casinghead gas produced from said land (1) when sold by Lessee, one-eighth of the amount realized by Lessee, computed at the mouth of the well, or (2) when used by Lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas; (c) To pay Lessor on all other minerals mined and marketed or utilized by Lessee from said land, one-tenth either in kind or value at the well or mine at Lessee's election except that on sulphur mined and marketed the royalty shall be one dollar (\$1.00) per long ton. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, Lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas or other products unacceptable to Lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days and during such time there are no operations on said land, then at or before the expiration of said ninety-day period, Lessee shall pay or tender, by check or draft of Lessee, as royalty, a sum equal to one dollar (\$1.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety-day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in the

The address above

Bank at **The address above**, or its successors, which shall continue as the depositories, regardless of changes in the ownership of shut-in royalty. If at any time that Lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, Lessee may, in lieu of any other method of payment herein provided, pay or tender such shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as Lessee may elect. Any payment hereunder may be made by check or draft of Lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment. Nothing herein shall impair Lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

4. Lessee is hereby granted the right, at its option, to pool or unitize any land covered by this lease with any other land covered by this lease, and/or with any other land, lease, or leases, as to any or all minerals or horizons, so as to establish units containing not more than 80 surface acres plus 10% acreage tolerance; provided, however, units may be established as to any one or more horizons, or existing units may be enlarged as to any one or more horizons, so as to contain not more than 640 surface acres plus 10% acreage tolerance, if limited to one or more of the following: (1) gas, other than casinghead gas; (2) liquid hydrocarbons (condensate) which are not liquids in the subsurface reservoir; (3) minerals produced from wells classified as gas wells by the conservation agency having jurisdiction. If larger units than any of those herein permitted, either at the time established, or after enlargement, are required under any governmental rule or order, for the drilling or operation of a well at a regular location, or for obtaining maximum allowable from any well to be drilled, drilling, or already drilled, any such unit may be established or enlarged to conform to the size required by such governmental order or rule. Lessee shall exercise said option as to each desired unit by executing an instrument identifying such unit and filing it for record in the public office in which this lease is recorded. Each of said options may be exercised by Lessee at any time and from time to time while this lease is in force, and whether before or after production has been established either on said land, or on the portion of said land included in the unit, or on other land unitized therewith. A unit established hereunder shall be valid and effective for all purposes of this lease even though there may be mineral, royalty, or leasehold interests in lands within the unit which are not effectively pooled or unitized. Any operations conducted on any part of such unitized land shall be considered, for all purposes, except the payment of royalty, operations conducted upon said land under this lease. There shall be allocated to the land covered by this lease within each such unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that proportion of the total production of unitized minerals from the unit, after deducting any used in lease or unit operations, which the number of surface acres in such land (or in each such separate tract) covered by this lease within the unit bears to the total number of surface acres in the unit; and the production of all minerals shall be considered for all purposes, including payment or delivery of royalty, overriding royalty and any other payments out of production, to be the entire production of unitized minerals from the land to which allocated in the same manner as though produced therefrom under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph or of shut-in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas. The formation of any unit hereunder which includes land not covered by this lease shall not have the effect of exchanging or transferring any interest under this lease (including, without limitation, any shut-in royalty



which may become payable under this lease) between parties owning interests in land covered by this lease and parties owning interests in land not covered by this lease. Neither shall it impair the right of Lessee to release as provided in paragraph 5 hereof, except that Lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit. At any time while this lease is in force, Lessee may dissolve any unit established hereunder by filing for record in the public office where this lease is recorded a declaration to that effect, if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 4, a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph 4 with consequent allocation of production as herein provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

5. Lessee may at any time and from time to time execute and deliver to Lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations, as to the released acreage or interest.

6. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals; excavating a mine; production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

7. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove casing. No well shall be drilled at a greater than 200 feet to the house or barn now on said land without the consent of the Lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

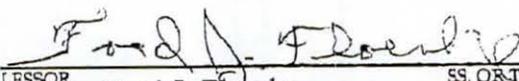
8. The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any mineral or horizon. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of Lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof of or to Lessee, its successors, or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by Lessor or Lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division. If any such change in ownership occurs by reason of the death of the owner, Lessee may, nevertheless pay or tender such royalties, or other moneys, or part thereof, to the credit of the decedent in a depository bank provided for above.

9. In the event Lessor considers that Lessee has not complied with all its obligations hereunder, both express and implied, Lessor shall notify Lessee in writing, setting out specifically in what respects Lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by Lessor. The service of said notice shall be precedent to the bringing of any action by Lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet, all or any of the alleged breaches shall be deemed an admission or presumption that Lessee has failed to perform all its obligations hereunder. If this lease is canceled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by Lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said land as are necessary to operations on the acreage so retained.

10. Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land; but Lessor agrees that Lessee shall have the right at any time to pay or reduce same for Lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to Lessor and/or assigns under this lease. If this lease covers a less interest in the oil, gas, sulphur, or other minerals in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not) or no interest therein, then the royalties and other moneys accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by Lessor) shall be paid out of the royalty herein provided. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as Lessor.

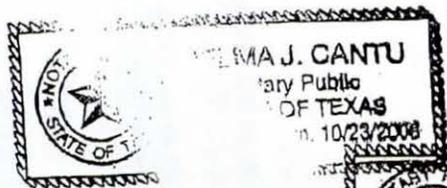
11. If, while this lease is in force, at, or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut-in well provisions of paragraph 3 hereof, and Lessee is not conducting operations on said land by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of Lessee, the primary term hereof shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.

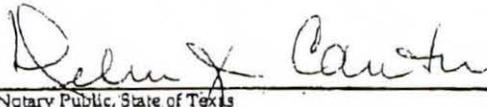
IN WITNESS WHEREOF, this instrument is executed on the date first above written.  
See Addendum attached hereto and made a part hereof

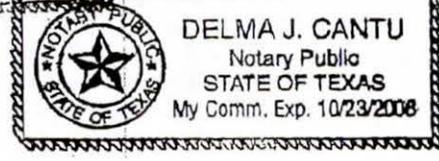
  
LESSOR Fred J. Floerke SS. OR TAX I.D. NO. \_\_\_\_\_

\_\_\_\_\_  
LESSOR SS. OR TAX I.D. NO. \_\_\_\_\_

STATE OF Texas COUNTY OF San Patricio This instrument was acknowledged before me on the 7<sup>th</sup> day of March 2007, by Fred J. Floerke

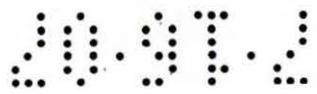


  
Notary Public, State of Texas  
Notary's name (printed):  
Notary's commission expires:



STATE OF \_\_\_\_\_ COUNTY OF \_\_\_\_\_ This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_, by \_\_\_\_\_

Notary Public, State of Texas  
Notary's name (printed):  
Notary's commission expires:



## ADDENDUM TO OIL AND GAS LEASE

Attached to and made a part of an Oil, Gas and Mineral Lease dated March 11, 2007, by and between Fred J. Floerke, as Lessor and Ventex Oil & Gas, Inc., as Lessee covering 242.71 acres of land, more or less, out of the J.T.D. Wilson Survey, A-485 in Goliad County, Texas. If at any time a conflict between the provisions contained in the printed lease and the paragraphs below shall exist, the below shall supersede.

12. Notwithstanding anything to the contrary contained in paragraph 3 above, this lease may be continued in force by shut-in royalty payments for a period of three (3) years, only, beyond the expiration date of the primary term hereof, and thereafter for non-consecutive periods of time not to exceed one (1) year each.

13. If, during any year, the anniversary date of which shall be the first day of the month next following the first production hereunder, oil or gas is produced and marketed in paying quantities hereunder, and the value of Lessor's royalty accruing from such production during the particular year by virtue of this lease amounts to less than \$20.00 per each acre of land subject to this lease at the commencement of the particular year, then Lessee agrees to pay the difference between the same to Lessor, or to Lessor's credit in the hereinafter designated depository bank within sixty (60) days thereafter. In case of default in the payment of said minimum payment, and such default is not made good within ten (10) days after notice of such default is given to the operator of this lease, or to the party in default, Lessor, at Lessor's option, may then terminate this lease as to all the leased acreage in which the party in default owns an interest.

14. Any other provisions hereof to the contrary notwithstanding it is provided that should Lessee, his successors, or assigns enter into a sales contract with a duration of one (1) year or longer covering oil or gas produced hereunder with a purchaser which is owned or controlled by Lessee, or which is a subsidiary or affiliate of Lessee, his successors, or assigns, Lessor shall receive as royalty on such production for each year, on a year-by-year basis of such contract, the share elsewhere stipulated, computed on (1) the same price received by Lessee, his successors and assigns, therefore, or (2) the average of the two highest prices paid during such year for production of like quality in the general area, whichever price is greater for such year. Lessee agrees to use best efforts to include in any contract for the sale or disposition of the production hereunder a provision for at least an annual re-determination of the price reasonably current with the market value of production of like quality in the County where said land is located.

15. All royalties that may become payable hereunder shall be paid before the end of the second month next following the month in which oil or gas is sold. Lessor's royalty shall never bear, either directly or indirectly, any part of the costs or expenses of production, gathering, dehydration, compression, processing, treating, transporting and marketing of the gas and/or oil from the leased premises. At Lessor's option, all royalties or other payments hereunder, shall be payable in Goliad or San Patricio County, Texas.

16. Lessee, and its assigns, shall fill and level all slush pits and return the surface to its original condition as nearly as practicable within ninety (90) days after the abandonment for the use of such pits, and remove all debris from the leased premises, and pay any reasonable damages to growing crops, surface of the land and livestock and personal property thereon. Lessee shall properly install and maintain a substantial gate with three (3) eight-inch (8") posts properly braced on each side wherever necessary to cross fences for operations hereunder and keep any outside gate locked at all times except when in actual use or a watchman is on duty and shall furnish a separate lock and key to be used by Lessor on each outside gate.

17. Lessee shall pay for damages to growing crops and to the land the sum of \$1,000.00 for each drillsite containing up to two acres, and such payment shall be made prior to the commencing of any operations for drilling at such site; Lessee shall also pay damages for additional land used in the drilling and producing of a well at the rate of \$500.00 per acre for cultivated and improved pasture land and \$250.00 per acre for pasture land, also prior to commencement of operations on such additional land.



18. All pipelines shall be buried a minimum of thirty inches (30") below the surface. All storage tanks shall be located as close to the public road as is feasible.

19. Upon the termination of this lease in whole or in part, Lessee shall file for record an appropriate release and certification of abandonment from any governmental agency having Jurisdiction. Lessee, and its assigns, shall comply with the plugging regulations of applicable governmental agencies.

20. Lessor expressly reserves all hunting and fishing rights, and neither Lessee nor his agents, servants, invitees, employees, or independent contractors shall have any right to fish or hunt upon said leased premises; no firearms of any kind shall be brought by them on the leased premises or any property in which any of the Lessors herein have an interest. Lessee shall use diligence to prevent anyone entering the leased premises or in such private property in connection with Lessee's operations on the terms of this lease from disturbing livestock, hunting, shooting at or killing wild game. Lessor or lessor's representatives may inspect any vehicle entering the leased premises on any private road leading to the leased premises across any property in which Lessor has an interest for firearms. For each separate violation of this paragraph by any person entering upon the leased premises in connection with Lessee's operations thereon, Lessee shall pay to the surface owner liquidated damages in the amount of \$500.00, such sum acknowledged to be reasonable under the circumstances. It is not intended that this provision require Lessee to be responsible for all parties claiming to have entered the premises in connection with Lessee's operation; however, Lessee shall be responsible for, and the foregoing provisions relating to liquidated damages shall apply to each violation by any party gaining access to the premises as a result of or arising out of any of Lessee, Lessee's agents, employees, contractors, sub-contractors, or invitees.

21. Any water well drilled hereunder and the casing placed therein shall become the property of Lessor when same ceases to be used for operations hereunder.

22. Paragraph 4 hereinabove pertaining to pooling is hereby amended as follows, and any provisions above to the contrary shall be considered deleted from this lease.

a. Lessee shall never have the right to pool the acreage covered by this lease for the production of oil, unless the other lands are owned by Fred J. Floerke, Tony J. Floerke or the Helen S. Floerke Testamentary Trust.

23. Notwithstanding anything herein to the contrary, pooling as provided in paragraph 4 shall be limited to pooling for gas or gas distillate production only and shall be limited as follows, unless governmental authority should provide otherwise: (a) units created by producing horizons located wholly above 5000' below the surface of the ground shall be limited to 160 acres, plus 10% tolerance thereof, (b) units created by producing horizons located wholly below 5000' and wholly above 9000' below the surface of the ground shall be limited to 320 acres plus 10% tolerance thereof, and (c) units created by producing horizons located wholly or partially below 9000' shall be 640 acres plus 10% tolerance thereof. After the primary term, if a part, but not all, of the leased land on a surface area basis is included with a unit or units, in accordance with the provisions hereof, this lease shall terminate as to such part or parts, of the leased land lying outside of such unit or units, unless this lease is perpetuated as to such land outside of such unit or units, by operations conducted thereon or by the production of oil, gas, or other minerals, or by such operation and such production in accordance with the provisions hereof.

24. Upon the expiration of the primary term, or if at the end of primary term drilling operations are then being conducted in search of oil and gas, then upon the expiration of sixty (60) days without drilling operations being conducted on the leased premises or acreage pooled therein, whichever event occurs later, this lease shall terminate as to all horizons and depths lying 100' below the deepest depth drilled on wells situated on the leased premises. Lessee shall furnish to Lessor, within thirty (30) days after such termination, a recordable instrument releasing such terminated horizons and depths.

It is expressly provided that after the expiration of the primary term or the expiration



of sixty (60) days without drilling operations, as above provided, that payment of shut-in gas well royalties alone shall not maintain this lease in force as to horizons or depths 100' below the deepest depth drilled.

25. Upon termination of the lease as to horizons and depths 100' below the deepest depth drilled, as hereinabove provided, the lease shall also terminate as to all acreage covered by this lease, except that included in producing units as hereinafter defined, and Lessee shall furnish Lessor a release of the non-producing acreage within thirty (30) days from and after such termination.

Producing units as herein used is defined as or in accordance with the rules and regulations of the Texas Railroad Commission or other governmental authority having jurisdiction:

- a. 40 acres around an oil well;
- b. 160 acres around gas well producing from depths wholly above 5000';
- c. 320 acres around a gas well producing from depths wholly below 5000' and wholly above 9000';
- d. 640 acres around a gas well producing from depths of 9000' or below;
- e. Any part of the leased premises included in any gas pooled unit under the provisions of paragraphs of paragraphs 4 and 23 hereof; and
- f. Any of the leased premises upon which shut-in gas royalty is being paid under the provisions of paragraphs 3 and 12 hereof, provided that upon the termination of the three (3) year period after expiration of the primary term, or if at the expiration of such period drilling operations are then being conducted on the acreage held by payment of shut-in gas royalty, then upon the expiration for sixty (60) days without drilling operations being conducted on the acreage held by payment of shut-in gas royalty, whichever event occurs later, then the producing unit shall be that amount of acreage applicable to the depth of the well as set forth in subparagraphs (a), (b), (c), or (d) above.

The termination of the lease as to some of the depths or some of the surface acreage shall be hereafter referred to as "Partial termination."

Each production unit retained around a well shall be designated in the form of a square as nearly as practicable and shall be contained in a recorded instrument.

After the primary term or after partial termination, production from or drilling or reworking operations on one production unit shall not serve to keep the lease in effect as to any other retained production unit. If production should cease as to any such unit, the lease thereon shall not terminate if drilling and/or reworking operations are continued thereon as provided in paragraph 6 hereof. Upon partial termination, Lessee shall be entitled to retain the use of pipelines, power lines, telephone lines and other structures and equipment and roads for ingress and egress to the leased premises, located on the released acreage necessary to the operations of the retained portions of the leased premises. After the expiration of the primary term or after partial termination, Lessee covenants to explore and produce each retained zone or horizons which a reasonably prudent operator would believe to be a commercially productive zone, in a reasonable and prudent manner, giving due regard to production efficiency, the proper time sequence, and order of exploitation of each productive zone. If Lessee fails to explore and produce such zones in a reasonable and prudent manner, then Lessor shall be furnished, upon request, a release of the zones or horizons not being reasonably explored and developed by Lessee

26. Assignment of this lease, in whole or in part, shall be made effective only after notification to Lessor in the same manner provided in paragraph 8 above for notification of change in Lessor's interest or ownership.



27. For purposes of computing Lessor's royalty on gas in accordance herewith, "market value" is defined as being the highest price reasonably obtainable for the quantity of gas available for sale, through good faith negotiations for gas produced from the leased premises at the place where such gas is available for sale on the date of such contract

28. This lease is made and accepted subject to all easements and rights-of-way over and across such property as evidenced or indicated by instruments of record in the office of the County Clerk of Goliad County, Texas, in which the leased premises or any part thereof is located.

29. Lessor shall be given five (5) days notice prior to commencement of all drilling operations. Lessor shall have the right, personally or by representative, at Lessor's risk, to have access to the derrick floor and to observe all operations on all wells drilled on the leased premises. Upon Lessor's request, Lessee shall furnish Lessor with one copy of each well log, core analysis, or other data taken from wells located on the leased premises. Lessee agrees, at Lessor's request, to furnish Lessor true and correct information pertaining to each well, the production therefrom (including true and complete copies of all contracts or agreements and all amendments and modifications thereof for sale, processing or other disposition of any product produced from the leased premises) and such technical information as Lessee may require with respect to the sands and formation encountered. Lessor shall have the right to be present or represented when wells are tested and/or tanks are gauged and shall have the right to examine all run tickets and to have full information as to production and runs, including all copies of all run tickets upon request. Lessor may, at Lessor's expense, install a gas meter to verify measurements of gas produced from the leased premises; however, any such gas meter shall be installed and maintained at Lessor's expense.

30. In the event Lessee installs or has installed any pipelines on the leased premises which are buried beneath the surface, Lessee shall maintain a reasonably accurate sketch or map of the location of each such pipeline and, upon request by Lessor, shall provide the Lessor copies of such maps showing the location of buried pipelines. A similar plat shall be maintained showing the location of all pipelines, if any, installed by Lessee or any other party for the benefit of Lessee across other lands in the vicinity of the leased premises in which the Lessor owns an interest in either the surface estate or the mineral estate, and upon request by Lessor, Lessee shall furnish a copy of such plat to Lessor.

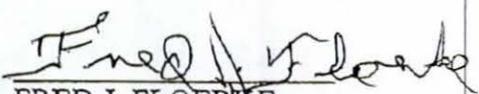
31. The acreage covered by this lease is leased out from time to time for hunting purposes and Lessee shall attempt not to interfere with Lessor's hunting operations during the months from October through January. Should Lessee interfere with Lessor's hunting operations during the months from October through January which will cause Lessor a loss of revenue then said loss will be negotiated upon between Lessor and Lessee at said time and Lessee shall pay Lessor reasonable damages as a result of said loss.

32. This lease agreement shall be considered for all purposes as being performable in Goliad, County, Texas.

IN WITNESS WHEREOF, this instrument is executed effective as of the day and year first above written.

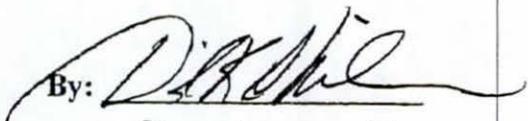


LESSOR:

  
FRED J. FLOERKE

LESSEE:

VENTEX OIL & GAS, INC.

By:   
David K. Skidmore  
Vice President, Ventex Oil & Gas, Inc.

ACKNOWLEDGEMENT

STATE OF TEXAS

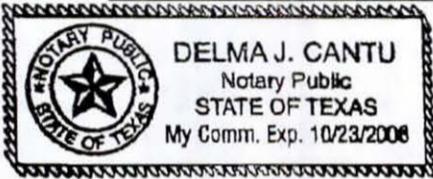
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§  
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COUNTY OF SAN PATRICIO

The foregoing instrument was acknowledged before me this 7<sup>th</sup> day of March, 2007, by Fred J. Floerke.

My Commission Expires:  
10-23-2008

Delma J Cantu  
Notary Public in and for the State of Texas



STATE OF TEXAS

§  
§  
§

COUNTY OF DALLAS

The foregoing instrument was acknowledged before me this 5<sup>th</sup> day of MARCH, 2007, by David K. Skidmore, Vice President of Ventex Oil & Gas, Inc., a Texas corporation, on behalf of said corporation.



Jan DeWeese  
Notary Public in and for the State of Texas



VENTEX OIL & GAS, INC.  
OPTION AGREEMENT

LEASE PURCHASE REPORT

PROSPECT: BURNS RANCH COUNTY/PARISH: GOLIAD STATE: TEXAS

LESSOR(S): DONALD R. PATERSON AND WIFE, DOROTHY J. PATERSON

ADDRESS: 18 F.M. 1351  
GOLIAD, TX 77963

TAX I.D.: Donald [REDACTED] TELEPHONE NUMBER: 361-528-2442

LESSEE: VENTEX OIL & GAS, INC.

LAND TYPE: FEE  MINERAL  SURFACE  ROW  STATE  FEDERAL

LEASE TYPE: OIL & GAS  SEISMIC OPTION  SEISMIC PERMIT/OPTION TO LEASE  ROW  OTHER

LEASE RECORDED: YES  NO  PENDING

GROSS ACRES: 33.0 BONUS: \$4,950.00 LEASE DATE: 06-28-2007

NET ACRES: 16.5 BONUS PER ACRE: \$300.00 PRIMARY TERM: 3 YEARS

MINERAL INTEREST: .50% TOTAL RENTAL: PAID-UP LEASE ROYALTY: 22.5%

PARTIAL INTEREST: YES  NO  RENTAL PER ACRE: PAID-UP OVERRIDE(S): N/A

LIST OUTSTANDING INTERESTS BELOW: PAID-UP: YES  NO  EXPIRATION DATE: 06-27-2010

SHORT LEGAL: 33.0 ac., J.T.D WILSON Surv., A-485, Goliad Co., TX

LEASE DEPTH RESTRICTIONS: YES  (If yes, explain below) NO

OPERATOR OF LEASE: VENTEX PARTY RESPONSIBLE FOR PAYMENTS: VENTEX

WORKING INTEREST PARTNERS/PERCENTAGES: \_\_\_\_\_

OUTSTANDING INTERESTS: Alan Andrew Cole - 1/2 MINERAL INTEREST

REMARKS OR SPECIAL PROVISIONS: Producers 88 (7-69) Paid- Up With 640 acres pooling provision. Additional clauses include: 12. Waives right to ingress and egress on surface. 13. Shut-in limit of 2 consecutive years. 14. Minerals Limited to only Oil and Gas and liquid hydrocabons. 15. Pooling above 9,000 ft set at 320 acres and below 9,000 ft set at 640 acres. 16. Provide release of lease. 17. All payments payable in Goliad Co. 18. Minimum royalty payment. 19. Information must be provided about any wells or drilling. 20. Free and clear royalty payments. 21. Release 100 ft below deepest production casing set. 22. Royalty payment due 90 days after first production. 23. Copies of all monthly oil and gas reports filed with Texas Railroad Commission. 24. Definitions of terms used in this lease. 25. Royalty payment of any loss oil and gas. 26. Lessee assumes all responsibility for pollution and contamination 27. Lessee is responsible for any damages during drilling operations. 28. Lessor is not required to sign a divison order. 29. Lessee must attempt to ratify before pooling. 30. Horizontal drilling shall base pooling on surface acreage. 31. Headings are for convenience of reference only. 32. Seismic shall be conducted in a professional manner, no firearms, alcohol or dogs permitted. 33. No assignments without priop written consent. 34. Limitation of 90-days on reworking operations.

PREPARED BY: DUSTIN SKOGMAN

DATE: 06-03-2007

PLEASE ATTACH:

SIGNED & RECORDED LEASE  
PLAT (COLORED)  
OWNERSHIP REPORT  
SOURCE DEED  
ASSIGNMENTS  
PAID DRAFT



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 DRIVER'S LICENSE NUMBER.

Producers 88 (7-69) Paid Up  
With 640 Acres Pooling Provision

©POUND PRINTING COMPANY  
P.O. Box 683046, Houston, Texas 77268-3046, (713) 552-9797

# OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 28th day of June, 2007, between

**Donald R. Paterson and wife, Dorothy J. Paterson**

Lessor (whether one or more), whose address is: 18 F. M. 1351, Goliad, Texas 77963  
and **VENTEX OIL & GAS, INC.** 3500 Oak Lawn Avenue, Suite 720, Dallas, Texas 75219  
Lessee, WITNESSETH:

1. Lessor, in consideration of Ten Dollars and Other Valuable Considerations (\$10.00 & OVC) Dollars, receipt of which is hereby acknowledged, and of the covenants and agreements of Lessee hereinafter contained, does hereby grant, lease and let unto Lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipe lines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, ~~employee houses~~ and other structures on said land, necessary or useful in Lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land," is located in the County of Goliad, State of Texas, and is described as follows:

33.0 acres of land, more or less, being located in and a part of the J.T.D. Wilson 1/3 League, A-485, Goliad County, Texas, and being the same land described in Warranty Deed dated February 18, 2000, from Alan Andrew Cole to Donald R. Paterson and wife, Dorothy J. Paterson, recorded in Volume 118, Page 578, et seq., Official Records of Goliad County, Texas.

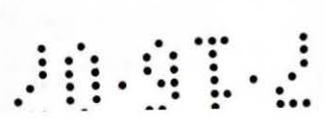
~~This lease also covers and includes, in addition to that above described, all land, if any, contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by Lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which Lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by Lessee for a more complete or accurate description of said land.~~ For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain 33.00 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be deemed to be the true acreage thereof. Lessor accepts the bonus as lump sum consideration for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of Three (3) years from the date hereof, hereinafter called "primary term," and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. As royalty, Lessee covenants and agrees: (a) To deliver to the credit of Lessor, in the pipe line to which Lessee may connect its wells, the equal ~~one-sixth~~ part of all oil 22.5% produced and saved by Lessee from said land, or from time to time, at the option of Lessee, to pay Lessor the average posted market price of such ~~one-sixth~~ part of such oil at 22.5% the wells as of the day it is run to the pipe line or storage tanks, Lessor's interest, in either case, to bear ~~one-third~~ of the cost of treating oil to render it marketable pipe line oil; 22.5% (b) To pay Lessor on gas and casinghead gas produced from said land (1) when sold by Lessee, ~~one-sixth~~ of the amount realized by Lessee, computed at the mouth of the well, 22.5% or (2) when used by Lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of ~~one-third~~ of such gas and casinghead gas; (c) To pay Lessor on all other minerals mined and marketed or utilized by Lessee from said land, one-tenth, either in kind or value at the well or mine at Lessee's election, except that on sulphur mined and marketed the royalty shall be one dollar (\$1.00) per long ton. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, Lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to Lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, Lessee shall pay or tender, by check or draft of Lessee, as royalty, a sum equal to one dollar (\$1.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in the

Bank at \_\_\_\_\_, or its successors, which shall continue as the depositories, regardless of changes in the ownership of shut-in royalty. If at any time that Lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, Lessee may, in lieu of any other method of payment herein provided, pay or tender such shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as Lessee may elect. Any payment hereunder may be made by check or draft of Lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment. Nothing herein shall impair Lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

4. Lessee is hereby granted the right, at its option, to pool or unitize any land covered by this lease with any other land covered by this lease, and/or with any other land, lease, or leases, as to any or all minerals or horizons, so as to establish units containing not more than 80 surface acres, plus 10% acreage tolerance; provided, however, units may be established as to any one or more horizons, or existing units may be enlarged as to any one or more horizons, so as to contain not more than 640 surface acres plus 10% acreage tolerance, if limited to one or more of the following: (1) gas, other than casinghead gas, (2) liquid hydrocarbons (condensate) which are not liquids in the subsurface reservoir, (3) minerals produced from wells classified as gas wells by the conservation agency having jurisdiction. If larger units than any of those herein permitted, either at the time established, or after enlargement, are required under any governmental rule or order, for the drilling or operation of a well at a regular location, or for obtaining maximum allowable from any well to be drilled, drilling, or already drilled, any such unit may be established or enlarged to conform to the size required by such governmental order or rule. Lessee shall exercise said option as to each desired unit by executing an instrument identifying such unit and filing it for record in the public office in which this lease is recorded. Each of said options may be exercised by Lessee at any time and from time to time while this lease is in force, and whether before or after production has been established either on said land, or on the portion of said land included in the unit, or on other land unitized therewith. A unit established hereunder shall be valid and effective for all purposes of this lease even though there may be mineral, royalty, or leasehold interests in lands within the unit which are not effectively pooled or unitized. Any operations conducted on any part of such unitized land shall be considered, for all purposes, except the payment of royalty, operations conducted upon said land under this lease. There shall be allocated to the land covered by this lease within each such unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that proportion of the total production of unitized minerals from the unit, after deducting any used in lease or unit operations, which the number of surface acres in such land (or in each such separate tract) covered by this lease within the unit bears to the total number of surface acres in the unit, and the production so allocated shall be considered for all purposes, including payment or delivery of royalty, overriding royalty and any other payments out of production, to be the entire production of unitized minerals from the land to which allocated in the same manner as though produced therefrom under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph or of shut-in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas. The formation of any unit hereunder which includes land not covered by this lease shall not have the effect of exchanging or transferring any interest under this lease (including, without limitation, any shut-in royalty



## ADDENDUM

ATTACHED TO AND FORMING PART OF OIL, GAS AND MINERAL LEASE DATED JUNE 28, 2007, BY AND BETWEEN DONALD R. PATERSON AND WIFE, DOROTHY J. PATERSON, AS LESSOR, AND VENTEX OIL & GAS, INC., AS LESSEE, COVERING 33.0 ACRES, MORE OR LESS, IN GOLIAD COUNTY, TEXAS.

### 12. INGRESS AND EGRESS:

Lessee hereby waives the right of ingress and egress to the surface of the leased premises such that no drilling operations or surface equipment can be placed thereon, nor can any pipelines be laid across said property, without the prior written consent of Lessor.

### 13. SHUT-IN LIMIT:

It is expressly agreed and provided that this lease cannot be held, maintained, nor extended under and by virtue of the shut-in gas well provision of this lease for a longer term beyond the primary term than two (2) consecutive years immediately thereafter, or for shorter terms at various intervals not to exceed in the aggregate two (2) years in all, and all such shut-in royalties paid under this Paragraph shall be calculated on the basis of Fifty Dollars (\$50.00) times the number of acres covered by this lease included within the unit and allocated to the shut-in wells.

### 14. MINERAL LIMITATION:

It is expressly understood and provided that this lease covers oil and gas and liquid hydrocarbons, along with the products and by-products thereof, but this lease does not cover any other minerals of any type, here making particular mention of water, the Lessee herein being given no right to explore for, nor develop any part of the land for production of water there from except with regard to producing water to be used solely with regard to Lessee's oil and gas drilling operations. Notwithstanding anything to the contrary in this lease contained, Lessee shall at all times protect the herein leased land from drainage of oil and gas from wells on adjoining lands.

### 15. POOLING LIMITATIONS:

Paragraph 4 hereinabove pertaining to pooling is hereby amended as follows and any provisions above to the contrary shall be considered deleted from this lease:

(a) If Lessee exercises the right and power to pool for the production of oil or gas, then in such event all the acreage covered by this lease must be placed in a pool or unit;

(b) It is expressly agreed that the units formed in accordance with the terms and provisions of Paragraph 4 of this lease for the production of oil shall not exceed forty (40) acres plus a tolerance of ten percent (10%) thereof, and units formed for the production of gas shall be governed by the following terms, to-wit :

(i) Above a depth of Nine Thousand (9,000') below the surface of the ground, they shall not exceed three hundred twenty (320) acres, plus a ten percent (10%) tolerance; and

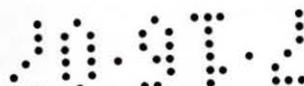
(ii) Below the depth of Nine Thousand (9,000') below the surface of the ground, they shall not exceed six hundred forty (640) acres each, plus a ten percent (10%) tolerance.

### 16. RELEASES :

Within 60 days after the termination of this lease with regard to any part of the herein leased premises from any cause, Lessee shall provide Lessor with a duly executed and acknowledged instrument releasing or evidencing the termination of the lease as to that part of the land upon which the lease has terminated. In the event Lessee has not executed such release within the prescribed time, then Lessor shall give written notice of Lessee's requesting such release and if Lessee fails to either provide such release or notify Lessor that no release is proper at that time by the 31<sup>st</sup> day following receipt by Lessee of such notice, then Lessee agrees to pay Lessor \$10.00 per day as liquidated damages in Goliad County, Texas, for Lessee's failure to furnish said release within the time provided. If the Lessee does so fail, such damages per day ARE to begin accruing on the 61<sup>st</sup> day after such termination. Said amount is agreed to be a reasonable amount to offset actual damages, which are difficult to determine.

### 17. PAYMENT LOCATION:

All royalties, rentals, surface damages, and other payments due under this lease shall be payable in Goliad County, Texas, unless otherwise herein provided.



18. MINIMUM ROYALTY:

If the royalties to be paid under this lease during 12-month periods as described below are less than the sum of \$50.00 per acre then leased ("minimum royalty") then this lease will terminate at the end of 60 days after the end of the applicable 12-month period unless the Lessee pays to the royalty holders a sum of money equal to the difference between said minimum royalty per acre and the total of all royalty monies on production so paid during the applicable 12-month period. Provided however, prior to termination of this lease, Lessor must notify the Lessee of the default and if Lessee does not pay the delinquent amount within 15 days after Lessor has sent such notice of the delinquency to Lessee by certified mail at its address set out above, this lease shall terminate as provided herein. Said 12 month periods are the initial period beginning with the date of first production from the lease premises and each successive 12 month period thereafter. The payments set out in this paragraph do not relieve Lessee of the requirement of production in paying quantities to maintain this lease.

19. INFORMATION PARAGRAPH:

Lessor or his agent shall have access to any well being drilled on the premises but must not interfere with Lessee's operations. At Lessor's request, Lessee must furnish Lessor or his agent with copies of logs, electrical well formation surveys and analyses of formation samples used by Lessee with regard to any well on the premises within 30 days after well completion or request, whichever is later. Lessee must furnish Lessor, on request, copies of sale contract concerning oil, gas, and other minerals from any well on the land. All of the above are to be furnished Lessor at his address set out above. Lessor recognizes and acknowledges that such information is valuable to Lessee and proprietary in nature and, Lessor agrees that same shall not be sold, traded or otherwise made available to any third parties without Lessee's prior written consent.

20. ROYALTY PRODUCTION:

Payments of royalty under the terms of this lease shall never bear or be charged with, either directly or indirectly, any part of the costs or expenses of production, gathering, dehydration, compression, transportation, manufacturing, processing, treating, post-production expenses, marketing or otherwise making the oil or gas ready for sale or use, nor any costs of construction, operation, or depreciation of any plant or other facilities for processing or treating said oil or gas. Anything to the contrary herein notwithstanding, it is expressly provided that the terms of this paragraph shall be controlling over the provisions of Paragraph 3 of this lease to the contrary and this paragraph shall not be treated as surplusage despite the holding in the cases styled "Heritage Resources, Inc., v. NationsBank, 939 S.W. 2d 118 (Tex. 1996) and "Judice v. Mewbourne Oil Co., 939 S.W. 2d 135-36 (Tex. 1996). Lessee's obligations to pay royalties under this lease shall be secured by a first lien under the provisions of Section 9.3 19 of the Texas Business and Commerce Code extending to all of Lessor's royalty share of all oil and gas production and the proceeds of such share of the production from the premises. Lessee's sale of the royalty oil and gas shall not extinguish this lien, which lien is thereby impressed on the monies received for the royalty oil and gas. In the event of Lessee's bankruptcy, Lessor shall possess a lien on all proceeds from the sale of the royalty oil and gas. Lessor reserves the right to inspect and check for accuracy all meters through which Lessor's royalty may be marketed.

21. DEEP RIGHTS:

At the end of the primary term hereof or the expiration of the continuous drilling period as provided in Paragraph 13 above, whichever occurs later, this lease shall automatically expire as to all depths lying deeper than 100 feet below the depth production casing is set.

22. ROYALTY PAYMENT DUE DATE:

All royalty payments on actual production shall commence no later than ninety (90) days after the date of first production, provided however in the event the Lessee determines that a bona fide question of title or ownership exists as to all or any portion of the minerals or royalties payable hereunder, then Lessee shall have the right to suspend such disputed interest until such time as title to such interest is resolved. Thereafter, unless otherwise specifically provided herein, all accounting and payments of royalties shall be made on or before the 28th day of the second calendar month following the calendar month in which the production was sold or removed from premises. In the event Lessee becomes delinquent in such payment, the Lessor must notify the Lessee of the default and if Lessee does not pay the delinquent amount within 15 days after Lessor has sent such notice of the delinquency to Lessee by certified mail at its address set out above, Lessee must pay interest on the delinquent royalty amount and on all other royalties subsequently becoming delinquent until all delinquent payments have been paid, the interest rate to be 12% per year and computed as to each of the delinquent amounts beginning with the date each becomes due.



23. REPORTS:

In the event of production of oil, gas, and other liquid hydrocarbons from the leased premises or land pooled therewith, the Lessee must deliver to the Lessor herein after Lessor's request, copies of all monthly oil and gas production reports required to be filed with the Texas Railroad Commission concerning the well or wells on the leased premises or land pooled therewith, such delivery to be at the same time as the filing time therefore required by said Commission.

24. DEFINITIONS USED IN THIS LEASE:

(a) The terms "drilling operations" or "operations for drilling" shall mean that the drilling rig is in position with the bit on the ground and rotating.

(b) A well is "completed" under the provisions of this lease (1) five days after the drilling rig used to drill such well has been released and no attempt is made to complete the well as a producer of oil and/or gas by running of production casing, or (2) thirty (30) days after the date completion rig used to complete such well has been released in the event an attempt is made to complete the well as a producer of oil and/or gas. Any later work done on the well will be deemed to be re-working operations.

(c) A well is deemed "abandoned" at the earlier of (a) when permanently plugged, or (b) when temporarily plugged by installation of a dry-hole tree or by welding a steel plate at the top of the casing.

25. NEGLIGENT LOSS:

It is expressly provided that the Lessee shall be liable to Lessor for the royalty on any oil or gas which may be lost or wasted due to leakage, fire or other reasons which are as a result of the Lessee's negligence or negligence of any parties operating this lease under the direction of or at the request of the Lessee, the royalty in this case to be as described with regard to production under Paragraph 3 hereof.

26. POLLUTION AND CONTAMINATION:

(a) It is agreed and understood between the Lessor and the Lessee that the Lessee will in its operations on the leased premises comply with all Federal and State laws, rules and regulations with regard to the avoidance of pollution and contamination, including but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), the Resource, Conservation and Recovery Act ("RCRA"), The Texas Health and Safety Code, Rules and Regulations of any State or Federal administrative agency and all amendments thereto as and when they become effective.

(b) Lessee assumes all responsibility to protect, defend, indemnify, and save Lessor harmless from and against all claims, demands, and causes of action of every kind and character arising directly or indirectly from any and all pollution or contamination which may occur during the conduct of operation hereunder whether above the land surface or below, including, but not limited to, those which result from spills of materials and/or garbage, or which may result from fire, blowout, cratering, seepage, or flow of oil, gas, water or other substance, as well as from the use or disposition of oils, fluids, contaminated cuttings, lost circulation and fish recovery materials and fluid.

(c) Lessee must control and remove all polluting or contaminating substance it brings or caused to be brought on the land. If a third party performing work for the Lessee commits an act or omission which results in such pollution or contamination or failure to comply with the aforementioned laws governing same, the Lessee shall be responsible therefore to the Lessor under this paragraph.

(d) In the event Lessee conducts any drilling operations on the lands covered by this lease, this shall be an ongoing obligation on the part of the Lessee which survives the termination of the lease unless the Lessee furnishes to the Lessor at Lessee's expense an Environmental Audit at the termination of the lease showing that there is no pollution or contamination from Lessee's operations under this lease then in existence on the leased land or land pooled therewith. Said audit shall be conducted by a person agreed upon by Lessor and Lessee who is qualified to conduct such audit.

(e) Lessee must immediately notify Lessor upon learning or suspecting that any environmental contamination or pollution has occurred on the lease premises.

(f) Lessee must maintain in effect, at all times during its operations under this lease, a liability insurance policy in amount of not less than \$1,000,000.00 protecting Lessor against all claims arising by virtue of the Lessee's failure to comply with the provisions of this Paragraph 26, and must furnish Lessor prior to beginning such operations with proof of the existence of such policy.



27. INDEMNIFICATION:

Lessee agrees to indemnify, hold harmless and defend Lessor at Lessee's cost against all claims for damages to person or property arising out of or connected with Lessee's operations on or occupancy of the leased premises. Lessee will comply with all environmental protection and pollution laws.

28. DIVISION ORDER:

Neither the Lessee nor any other party disbursing oil or gas royalty as provided under this lease or through agreement of the third party with the Lessee may require Lessor to execute a division order as a requisite for the Lessor being paid royalties with the exception that a division order that provides only a stipulation of the Lessor's royalty interest may be required of the Lessor.

29. RATIFICATION:

Prior to exercising its right to pool or unitize any part of the lease premises, Lessee must attempt to obtain ratification of this lease by all holders of outstanding royalty, if any.

30. HORIZONTAL DRILLING:

In the event a well is drilled in which the horizontal component of the gross completion interval exceeds one hundred (100') feet in length ("horizontal completion well"), pooling shall be on a surface acreage basis (defined below) to include the length of the horizontal drainhole beginning at a point where the horizontal drainhole penetrates the correlative interval and extending to the terminus of such horizontal drainhole. For the purpose of this provision, "terminus", "horizontal drainhole" and "correlative interval" shall be defined in accordance with the Rules and Regulations of the Railroad Commission of Texas or other governmental authority having jurisdiction. The diagonal of said units shall comply with the Rules and Regulations of said Authority, including but not limited to, Statewide Rule 86. "Surface acreage basis" means the production on which the Lessor's royalty is calculated shall be that portion of total unit production which the surface acreage covered by this lease and included in the unit bears to the total surface acreage in the unit. The size of the unit for a horizontal completion well with a drill site located on the above described property or in which the above described property is pooled where the drill site is located off the leased premises shall not exceed the unit size permitted by the Railroad Commission of Texas. In exercising the pooling rights granted in this paragraph, Lessee shall file of record a written declaration describing the unit as to the specific leases and acreage to be included therein as well as the vertical limits of the productive horizon or zone and stating the effective date of pooling; however, as to any horizontally completed well, Lessee shall have ninety (90) days from initial completion in which to amend such written designation of unit to increase or decrease the acreage, include or exclude specific leases or tracts as well as redefine the vertical limits of the productive zone in order to conform to the well spacing or density prescribed by the Railroad Commission of Texas. If such unit is filed and amended within such period of time, Lessee shall file of record in the county where the lands are located in written declaration describing the revised unit and stating the effective date of revision. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable under this paragraph shall be adjusted accordingly as of the effective date for the revised unit. The effective date of any unit formed for horizontal drainhole wells under this paragraph, or any revision thereof, shall be the date set forth as the effective date by Lessee in the written declaration that is filed of record for such unit or revision thereof.

31. HEADINGS :

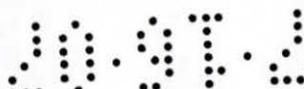
The paragraph and section headings appearing in this agreement are for convenience of reference only and are not intended, to any extent or purpose, to limit or define the text of any paragraph.

32. OTHER PROVISIONS:

(a) Lessee must conduct all seismic operations and surveys (or cause same to be conducted) in a professional manner, according to accepted industry standards and practices. No water will be taken and used from Lessor's lands without the consent of the surface owner for seismic operations.

(b) Upon completion of the geophysical and seismic operations by Lessee on the premises and not later than the termination of the lease, Lessee must send its representatives to meet with a representative of the Lessor on the premises to determine that all physical restoration and cleanup of the premises has been done by Lessee.

(c) Neither Lessee, nor its agent, employees or contractors shall be permitted to bring firearms, alcohol or dogs or do any hunting or fishing upon the lease premises.



33. ASSIGNMENTS:

Lessee shall be prohibited from making any assignment and/or entering into any farm-out agreement covering all or any part of the leased premises without Lessor's prior written consent, which consent will not be unreasonably withheld.

34. LIMITATION ON REWORKING OPERATIONS:

Paragraph 5 hereinabove is hereby amended such that Lessee cannot rely on but a single 90-day period for reworking operations to keep this lease in force and effect, and if such reworking operations do not result in production in paying quantities within 90 days from the date such prior production ceased, or if Lessee does not commence the actual drilling of a subsequent well within such time period, then this lease shall terminate.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

*Donald R. Paterson*

DONALD R. PATERSON

*Dorothy J. Paterson*

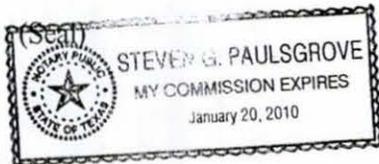
DOROTHY J. PATERSON

THE STATE OF TEXAS §

COUNTY OF GOLIAD §

THIS INSTRUMENT was acknowledged before me, on this the 2nd day of July A.D. 2007, by DONALD R. PATERSON and wife, DOROTHY J. PATERSON.

*Steve G. Paulsgrove*  
Notary Public, State of Texas



**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 driver's license number.**

**MEMORANDUM OF OIL, GAS AND MINERAL LEASE**

STATE OF TEXAS           §  
  §  
COUNTY OF GOLIAD       §

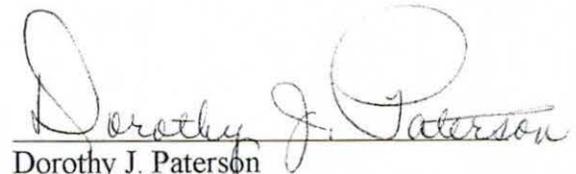
**LESSOR:**                         **DONALD R. PATERSON and wife, DOROTHY J. PATERSON**  
**LESSOR'S ADDRESS:**         18 F. M. 1351, Goliad, Texas 77963  
**LESSEE:**                         **VENTEX OIL & GAS, INC.**  
**LESSEE'S ADDRESS:**         3500 Oak Lawn, Suite 720, Dallas, Texas 75219  
**EFFECTIVE DATE OF LEASE:**         June 28, 2007

For adequate consideration, Lessor named above, has granted, leased and let to Lessee, named above, for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas and other associated hydrocarbons, laying pipelines, building roads, tanks, power stations, telephone lines and other structures thereon to produce, save, take care of, treat, transport, and own oil, gas and other associated hydrocarbons, on the following lands in Goliad County, Texas:

33.0 acres of land, more or less, being located in and a part of the Pedro Trevino Grant, A-47, Goliad County, Texas, and being the same land described in Warranty Deed dated February 18, 2000, from Alan Andrew Cole, to Donald R. Paterson and wife, Dorothy J. Paterson, recorded in Volume 118, Page 578, et seq., Official Records of Goliad County, Texas.

The Lease is for a primary term of Three (3) years from the Effective date stated above, and may be extended and continued in force hereafter in accordance with the provisions set out in said Lease, and/or as long thereafter as oil, gas or other minerals are produced in paying quantities from the Lands described above, or lands pooled therewith, according to and by the terms and provisions of the Lease between Lessor and Lessee. The Lease, with all of its terms, covenants and other provisions, is referred to and incorporated into this Memorandum for all purposes. This Memorandum is placed of record for the purpose of giving notice of the Lease.

**LESSOR:**  
  
Donald R. Paterson

  
Dorothy J. Paterson



ACKNOWLEDGMENT

STATE OF TEXAS §

COUNTY OF GOLIAD §

This instrument was acknowledged before me this 2nd day of July, 2007, by Donald R. Paterson.

My Commission Expires:



  
Notary Public in and for the State of Texas

STATE OF TEXAS §

COUNTY OF GOLIAD §

This instrument was acknowledged before me this 2nd day of July, 2007, by Dorothy J. Paterson.

My Commission Expires:



  
Notary Public in and for the State of Texas

VENTEX OIL & GAS, INC.  
OPTION AGREEMENT

LEASE PURCHASE REPORT

PROSPECT: BURNS RANCH COUNTY/PARISH: GOLIAD STATE: TEXAS

LESSOR(S): ALAN ADREW COLE, DEALING IN HIS SOLE AND SEPARATE PROPERTY

ADDRESS: 5430 N. US HWY 183

GOLIAD, TX 77963

TAX I.D.: \_\_\_\_\_ TELEPHONE NUMBER: \_\_\_\_\_

LESSEE: VENTEX OIL & GAS, INC.

LAND TYPE: FEE  MINERAL  SURFACE  ROW  STATE  FEDERAL

LEASE TYPE: OIL & GAS  SEISMIC OPTION  SEISMIC PERMIT/OPTION TO LEASE  ROW  OTHER

LEASE RECORDED: YES  NO  PENDING

GROSS ACRES: 33.0 BONUS: \$4,950.00 LEASE DATE: 06-28-2007

NET ACRES: 16.5 BONUS PER ACRE: \$300.00 PRIMARY TERM: 3 YEARS

MINERAL INTEREST: .50% TOTAL RENTAL: PAID-UP LEASE ROYALTY: 22.5%

PARTIAL INTEREST: YES  NO  RENTAL PER ACRE: PAID-UP OVERRIDE(S): N/A

LIST OUTSTANDING INTERESTS BELOW: PAID-UP: YES  NO  EXPIRATION DATE: 06-27-2010

SHORT LEGAL: 33.0 ac., J.T.D WILSON Surv., A-485, Goliad Co., TX

LEASE DEPTH RESTRICTIONS: YES  (If yes, explain below) NO

OPERATOR OF LEASE: VENTEX PARTY RESPONSIBLE FOR PAYMENTS: VENTEX

WORKING INTEREST PARTNERS/PERCENTAGES: \_\_\_\_\_

OUTSTANDING INTERESTS: DONALD AND DOROTHY PATERSON- 1/2 MINERAL INTEREST

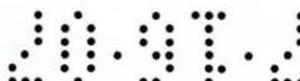
REMARKS OR SPECIAL PROVISIONS: Producers 88 (7-69) Paid- Up With 640 acres pooling provision. Additional clauses include: 12. Waives right to ingress and egress on surface. 13. Shut-in limit of 2 consecutive years. 14. Minerals Limited to only Oil and Gas and liquid hydrocabons. 15. Pooling above 9,000 ft set at 320 acres and below 9,000 ft set at 640 acres. 16. Provide release of lease. 17. All payments payable in Goliad Co. 18. Minimum royalty payment. 19. Information must be provided about any wells or drilling. 20. Free and clear royalty payments. 21. Release 100 ft below deepest production casing set. 22. Royalty payment due 90 days after first production. 23. Copies of all monthly oil and gas reports filed with Texas Railroad Commission. 24. Definitions of terms used in this lease. 25. Royalty payment of any loss oil and gas. 26. Lessee assumes all responsibility for pollution and contamination 27. Lessee is responsible for any damages during drilling operations. 28. Lessor is not required to sign a divison order. 29. Lessee must attempt to ratify before pooling. 30. Horizontal drilling shall base pooling on surface acreage. 31. Headings are for convenience of reference only. 32. Seismic shall be conducted in a professional manner, no firearms, alcohol or dogs permitted. 33. No assignments without priop written consent. 34. Limitation of 90-days on reworking operations.

PREPARED BY: DUSTIN SKOGMAN

DATE: 06-03-2007

PLEASE ATTACH:

SIGNED & RECORDED LEASE  
PLAT (COLORED)  
OWNERSHIP REPORT  
SOURCE DEED  
ASSIGNMENTS  
PAID DRAFT



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 DRIVER'S LICENSE NUMBER.

Producers 88 (7-69) Paid Up  
With 640 Acres Pooling Provision

©POUND PRINTING COMPANY  
P.O. Box 683046, Houston, Texas 77268-3046, (713) 552-9797

# OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 28th day of June, 2007, between

Alan Andrew Cole, dealing in his sole and separate property that forms no part of his homestead,

Lessor (whether one or more), whose address is: 5430 N. US Hwy. 183, Goliad, Texas 77963

and Lessee, WITNESSETH: VENTEX OIL & GAS, INC. 3500 Oak Lawn Avenue, Suite 720, Dallas, Texas 75219

1. Lessor, in consideration of Ten Dollars and Other Valuable Considerations (\$10.00 & OVC) Dollars, receipt of which is hereby acknowledged, and of the covenants and agreements of Lessee hereinafter contained, does hereby grant, lease and let unto Lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipe lines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, ~~employee houses~~ and other structures on said land, necessary or useful in Lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land," is located in the County of Goliad, State of Texas, and is described as follows:

33.0 acres of land, more or less, being located in and a part of the J.T.D. Wilson 1/3 League, A-485, Goliad County, Texas, and being the same land described in Warranty Deed dated February 18, 2000, from Alan Andrew Cole to Donald R. Paterson and wife, Dorothy J. Paterson, recorded in Volume 118, Page 578, et seq., Official Records of Goliad County, Texas.

This lease also covers and includes, in addition to that above described, all land, if any, contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by Lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which Lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by Lessee for a more complete or accurate description of said land. For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain 33.00 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be deemed to be the true acreage thereof. Lessor accepts the bonus as lump sum consideration for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of Three (3) years from the date hereof, hereinafter called "primary term," and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. As royalty, Lessee covenants and agrees: (a) To deliver to the credit of Lessor, in the pipe line to which Lessee may connect its wells, the equal ~~one-eighth~~ part of all oil 22.5% produced and saved by Lessee from said land, or from time to time, at the option of Lessee, to pay Lessor the average posted market price of such ~~one-eighth~~ part of such oil at 22.5% the wells as of the day it is run to the pipe line or storage tanks, Lessor's interest, in either case, to bear ~~one-eighth~~ of the cost of treating oil to render it marketable pipe line oil; 22.5% (b) To pay Lessor on gas and casinghead gas produced from said land (1) when sold by Lessee, ~~one-eighth~~ of the amount realized by Lessee, computed at the mouth of the well, 22.5% or (2) when used by Lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of ~~one-eighth~~ of such gas and casinghead 22.5% gas; (c) To pay Lessor on all other minerals mined and marketed or utilized by Lessee from said land, one-tenth, either in kind or value at the well or mine at Lessee's election, except that on sulphur mined and marketed the royalty shall be one dollar (\$1.00) per long ton. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, Lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to Lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, Lessee shall pay or tender, by check or draft of Lessee, as royalty, a sum equal to one dollar (\$1.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in the

Bank at \_\_\_\_\_, or its successors, which shall continue as the depositories, regardless of changes in the ownership of shut-in royalty. If at any time that Lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, Lessee may, in lieu of any other method of payment herein provided, pay or tender such shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as Lessee may elect. Any payment hereunder may be made by check or draft of Lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment. Nothing herein shall impair Lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

4. Lessee is hereby granted the right, at its option, to pool or unitize any land covered by this lease with any other land covered by this lease, and/or with any other land, lease, or leases, as to any or all minerals or horizons, so as to establish units containing not more than 80 surface acres, plus 10% acreage tolerance; provided, however, units may be established as to any one or more horizons, or existing units may be enlarged as to any one or more horizons, so as to contain not more than 640 surface acres plus 10% acreage tolerance, if limited to one or more of the following: (1) gas, other than casinghead gas, (2) liquid hydrocarbons (condensate) which are not liquids in the subsurface reservoir, (3) minerals produced from wells classified as gas wells by the conservation agency having jurisdiction. If larger units than any of those herein permitted, either at the time established, or after enlargement, are required under any governmental rule or order, for the drilling or operation of a well at a regular location, or for obtaining maximum allowable from any well to be drilled, drilling, or already drilled, any such unit may be established or enlarged to conform to the size required by such governmental order or rule. Lessee shall exercise said option as to each desired unit by executing an instrument identifying such unit and filing it for record in the public office in which this lease is recorded. Each of said options may be exercised by Lessee at any time and from time to time while this lease is in force, and whether before or after production has been established either on said land, or on the portion of said land included in the unit, or on other land unitized therewith. A unit established hereunder shall be valid and effective for all purposes of this lease even though there may be mineral, royalty, or leasehold interests in lands within the unit which are not effectively pooled or unitized. Any operations conducted on any part of such unitized land shall be considered, for all purposes, except the payment of royalty, operations conducted upon said land under this lease. There shall be allocated to the land covered by this lease within each such unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that proportion of the total production of unitized minerals from the unit, after deducting any used in lease or unit operations, which the number of surface acres in such land (or in each such separate tract) covered by this lease within the unit bears to the total number of surface acres in the unit, and the production so allocated shall be considered for all purposes, including payment or delivery of royalty, overriding royalty and any other payments out of production, to be the entire production of unitized minerals from the land to which allocated in the same manner as though produced therefrom under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph or of shut-in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas. The formation of any unit hereunder which includes land not covered by this lease shall not have the effect of exchanging or transferring any interest under this lease (including, without limitation, any shut-in royalty



## ADDENDUM

ATTACHED TO AND FORMING PART OF OIL, GAS AND MINERAL LEASE DATED JUNE 28, 2007, BY AND BETWEEN ALAN ANDREW COLE, DEALING IN HIS SOLE AND SEPARATE PROPERTY THAT FORMS NO PART OF HIS HOMESTEAD, AS LESSOR, AND VENTEX OIL & GAS, INC., AS LESSEE, COVERING 33.0 ACRES, MORE OR LESS, IN GOLIAD COUNTY, TEXAS.

### 12. INGRESS AND EGRESS:

Lessee hereby waives the right of ingress and egress to the surface of the leased premises such that no drilling operations or surface equipment can be placed thereon, nor can any pipelines be laid across said property, without the prior written consent of Lessor.

### 13. SHUT-IN LIMIT:

It is expressly agreed and provided that this lease cannot be held, maintained, nor extended under and by virtue of the shut-in gas well provision of this lease for a longer term beyond the primary term than two (2) consecutive years immediately thereafter, or for shorter terms at various intervals not to exceed in the aggregate two (2) years in all, and all such shut-in royalties paid under this Paragraph shall be calculated on the basis of Fifty Dollars (\$50.00) times the number of acres covered by this lease included within the unit and allocated to the shut-in wells.

### 14. MINERAL LIMITATION:

It is expressly understood and provided that this lease covers oil and gas and liquid hydrocarbons, along with the products and by-products thereof, but this lease does not cover any other minerals of any type, here making particular mention of water, the Lessee herein being given no right to explore for, nor develop any part of the land for production of water there from except with regard to producing water to be used solely with regard to Lessee's oil and gas drilling operations. Notwithstanding anything to the contrary in this lease contained, Lessee shall at all times protect the herein leased land from drainage of oil and gas from wells on adjoining lands.

### 15. POOLING LIMITATIONS:

Paragraph 4 hereinabove pertaining to pooling is hereby amended as follows and any provisions above to the contrary shall be considered deleted from this lease:

(a) If Lessee exercises the right and power to pool for the production of oil or gas, then in such event all the acreage covered by this lease must be placed in a pool or unit;

(b) It is expressly agreed that the units formed in accordance with the terms and provisions of Paragraph 4 of this lease for the production of oil shall not exceed forty (40) acres plus a tolerance of ten percent (10%) thereof, and units formed for the production of gas shall be governed by the following terms, to-wit :

(i) Above a depth of Nine Thousand (9,000') below the surface of the ground, they shall not exceed three hundred twenty (320) acres, plus a ten percent (10%) tolerance; and

(ii) Below the depth of Nine Thousand (9,000') below the surface of the ground, they shall not exceed six hundred forty (640) acres each, plus a ten percent (10%) tolerance.

### 16. RELEASES :

Within 60 days after the termination of this lease with regard to any part of the herein leased premises from any cause, Lessee shall provide Lessor with a duly executed and acknowledged instrument releasing or evidencing the termination of the lease as to that part of the land upon which the lease has terminated. In the event Lessee has not executed such release within the prescribed time, then Lessor shall give written notice of Lessee's requesting such release and if Lessee fails to either provide such release or notify Lessor that no release is proper at that time by the 31<sup>st</sup> day following receipt by Lessee of such notice, then Lessee agrees to pay Lessor \$10.00 per day as liquidated damages in Goliad County, Texas, for Lessee's failure to furnish said release within the time provided. If the Lessee does so fail, such damages per day ARE to begin accruing on the 61<sup>st</sup> day after such termination. Said amount is agreed to be a reasonable amount to offset actual damages, which are difficult to determine.

### 17. PAYMENT LOCATION:

All royalties, rentals, surface damages, and other payments due under this lease shall be payable in Goliad County, Texas, unless otherwise herein provided.



18. MINIMUM ROYALTY:

If the royalties to be paid under this lease during 12-month periods as described below are less than the sum of \$50.00 per acre then leased ("minimum royalty") then this lease will terminate at the end of 60 days after the end of the applicable 12-month period unless the Lessee pays to the royalty holders a sum of money equal to the difference between said minimum royalty per acre and the total of all royalty monies on production so paid during the applicable 12-month period. Provided however, prior to termination of this lease, Lessor must notify the Lessee of the default and if Lessee does not pay the delinquent amount within 15 days after Lessor has sent such notice of the delinquency to Lessee by certified mail at its address set out above, this lease shall terminate as provided herein. Said 12 month periods are the initial period beginning with the date of first production from the lease premises and each successive 12 month period thereafter. The payments set out in this paragraph do not relieve Lessee of the requirement of production in paying quantities to maintain this lease.

19. INFORMATION PARAGRAPH:

Lessor or his agent shall have access to any well being drilled on the premises but must not interfere with Lessee's operations. At Lessor's request, Lessee must furnish Lessor or his agent with copies of logs, electrical well formation surveys and analyses of formation samples used by Lessee with regard to any well on the premises within 30 days after well completion or request, whichever is later. Lessee must furnish Lessor, on request, copies of sale contract concerning oil, gas, and other minerals from any well on the land. All of the above are to be furnished Lessor at his address set out above. Lessor recognizes and acknowledges that such information is valuable to Lessee and proprietary in nature and, Lessor agrees that same shall not be sold, traded or otherwise made available to any third parties without Lessee's prior written consent.

20. ROYALTY PRODUCTION:

Payments of royalty under the terms of this lease shall never bear or be charged with, either directly or indirectly, any part of the costs or expenses of production, gathering, dehydration, compression, transportation, manufacturing, processing, treating, post-production expenses, marketing or otherwise making the oil or gas ready for sale or use, nor any costs of construction, operation, or depreciation of any plant or other facilities for processing or treating said oil or gas. Anything to the contrary herein notwithstanding, it is expressly provided that the terms of this paragraph shall be controlling over the provisions of Paragraph 3 of this lease to the contrary and this paragraph shall not be treated as surplusage despite the holding in the cases styled "Heritage Resources, Inc., v. NationsBank, 939 S.W. 2d 118 (Tex. 1996) and "Judice v. Mewbourne Oil Co., 939 S.W. 2d 135-36 (Tex. 1996). Lessee's obligations to pay royalties under this lease shall be secured by a first lien under the provisions of Section 9.3 19 of the Texas Business and Commerce Code extending to all of Lessor's royalty share of all oil and gas production and the proceeds of such share of the production from the premises. Lessee's sale of the royalty oil and gas shall not extinguish this lien, which lien is thereby impressed on the monies received for the royalty oil and gas. In the event of Lessee's bankruptcy, Lessor shall possess a lien on all proceeds from the sale of the royalty oil and gas. Lessor reserves the right to inspect and check for accuracy all meters through which Lessor's royalty may be marketed.

21. DEEP RIGHTS:

At the end of the primary term hereof or the expiration of the continuous drilling period as provided in Paragraph 13 above, whichever occurs later, this lease shall automatically expire as to all depths lying deeper than 100 feet below the depth production casing is set.

22. ROYALTY PAYMENT DUE DATE:

All royalty payments on actual production shall commence no later than ninety (90) days after the date of first production, provided however in the event the Lessee determines that a bona fide question of title or ownership exists as to all or any portion of the minerals or royalties payable hereunder, then Lessee shall have the right to suspend such disputed interest until such time as title to such interest is resolved. Thereafter, unless otherwise specifically provided herein, all accounting and payments of royalties shall be made on or before the 28th day of the second calendar month following the calendar month in which the production was sold or removed from premises. In the event Lessee becomes delinquent in such payment, the Lessor must notify the Lessee of the default and if Lessee does not pay the delinquent amount within 15 days after Lessor has sent such notice of the delinquency to Lessee by certified mail at its address set out above, Lessee must pay interest on the delinquent royalty amount and on all other royalties subsequently becoming delinquent until all delinquent payments have been paid, the interest rate to be 12% per year and computed as to each of the delinquent amounts beginning with the date each becomes due.



23. REPORTS:

In the event of production of oil, gas, and other liquid hydrocarbons from the leased premises or land pooled therewith, the Lessee must deliver to the Lessor herein after Lessor's request, copies of all monthly oil and gas production reports required to be filed with the Texas Railroad Commission concerning the well or wells on the leased premises or land pooled therewith, such delivery to be at the same time as the filing time therefore required by said Commission.

24. DEFINITIONS USED IN THIS LEASE:

(a) The terms "drilling operations" or "operations for drilling" shall mean that the drilling rig is in position with the bit on the ground and rotating.

(b) A well is "completed" under the provisions of this lease (1) five days after the drilling rig used to drill such well has been released and no attempt is made to complete the well as a producer of oil and/or gas by running of production casing, or (2) thirty (30) days after the date completion rig used to complete such well has been released in the event an attempt is made to complete the well as a producer of oil and/or gas. Any later work done on the well will be deemed to be re-working operations.

(c) A well is deemed "abandoned" at the earlier of (a) when permanently plugged, or (b) when temporarily plugged by installation of a dry-hole tree or by welding a steel plate at the top of the casing.

25. NEGLIGENT LOSS:

It is expressly provided that the Lessee shall be liable to Lessor for the royalty on any oil or gas which may be lost or wasted due to leakage, fire or other reasons which are as a result of the Lessee's negligence or negligence of any parties operating this lease under the direction of or at the request of the Lessee, the royalty in this case to be as described with regard to production under Paragraph 3 hereof.

26. POLLUTION AND CONTAMINATION:

(a) It is agreed and understood between the Lessor and the Lessee that the Lessee will in its operations on the leased premises comply with all Federal and State laws, rules and regulations with regard to the avoidance of pollution and contamination, including but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), the Resource, Conservation and Recovery Act ("RCRA"), The Texas Health and Safety Code, Rules and Regulations of any State or Federal administrative agency and all amendments thereto as and when they become effective.

(b) Lessee assumes all responsibility to protect, defend, indemnify, and save Lessor harmless from and against all claims, demands, and causes of action of every kind and character arising directly or indirectly from any and all pollution or contamination which may occur during the conduct of operation hereunder whether above the land surface or below, including, but not limited to, those which result from spills of materials and/or garbage, or which may result from fire, blowout, cratering, seepage, or flow of oil, gas, water or other substance, as well as from the use or disposition of oils, fluids, contaminated cuttings, lost circulation and fish recovery materials and fluid.

(c) Lessee must control and remove all polluting or contaminating substance it brings or caused to be brought on the land. If a third party performing work for the Lessee commits an act or omission which results in such pollution or contamination or failure to comply with the aforementioned laws governing same, the Lessee shall be responsible therefore to the Lessor under this paragraph.

(d) In the event Lessee conducts any drilling operations on the lands covered by this lease, this shall be an ongoing obligation on the part of the Lessee which survives the termination of the lease unless the Lessee furnishes to the Lessor at Lessee's expense an Environmental Audit at the termination of the lease showing that there is no pollution or contamination from Lessee's operations under this lease then in existence on the leased land or land pooled therewith. Said audit shall be conducted by a person agreed upon by Lessor and Lessee who is qualified to conduct such audit.

(e) Lessee must immediately notify Lessor upon learning or suspecting that any environmental contamination or pollution has occurred on the lease premises.

(f) Lessee must maintain in effect, at all times during its operations under this lease, a liability insurance policy in amount of not less than \$1,000,000.00 protecting Lessor against all claims arising by virtue of the Lessee's failure to comply with the provisions of this Paragraph 26, and must furnish Lessor prior to beginning such operations with proof of the existence of such policy.



27. INDEMNIFICATION:

Lessee agrees to indemnify, hold harmless and defend Lessor at Lessee's cost against all claims for damages to person or property arising out of or connected with Lessee's operations on or occupancy of the leased premises. Lessee will comply with all environmental protection and pollution laws.

28. DIVISION ORDER:

Neither the Lessee nor any other party disbursing oil or gas royalty as provided under this lease or through agreement of the third party with the Lessee may require Lessor to execute a division order as a requisite for the Lessor being paid royalties with the exception that a division order that provides only a stipulation of the Lessor's royalty interest may be required of the Lessor.

29. RATIFICATION:

Prior to exercising its right to pool or unitize any part of the lease premises, Lessee must attempt to obtain ratification of this lease by all holders of outstanding royalty, if any.

30. HORIZONTAL DRILLING:

In the event a well is drilled in which the horizontal component of the gross completion interval exceeds one hundred (100') feet in length ("horizontal completion well"), pooling shall be on a surface acreage basis (defined below) to include the length of the horizontal drainhole beginning at a point where the horizontal drainhole penetrates the correlative interval and extending to the terminus of such horizontal drainhole. For the purpose of this provision, "terminus", "horizontal drainhole" and "correlative interval" shall be defined in accordance with the Rules and Regulations of the Railroad Commission of Texas or other governmental authority having jurisdiction. The diagonal of said units shall comply with the Rules and Regulations of said Authority, including but not limited to, Statewide Rule 86. "Surface acreage basis" means the production on which the Lessor's royalty is calculated shall be that portion of total unit production which the surface acreage covered by this lease and included in the unit bears to the total surface acreage in the unit. The size of the unit for a horizontal completion well with a drill site located on the above described property or in which the above described property is pooled where the drill site is located off the leased premises shall not exceed the unit size permitted by the Railroad Commission of Texas. In exercising the pooling rights granted in this paragraph, Lessee shall file of record a written declaration describing the unit as to the specific leases and acreage to be included therein as well as the vertical limits of the productive horizon or zone and stating the effective date of pooling; however, as to any horizontally completed well, Lessee shall have ninety (90) days from initial completion in which to amend such written designation of unit to increase or decrease the acreage, include or exclude specific leases or tracts as well as redefine the vertical limits of the productive zone in order to conform to the well spacing or density prescribed by the Railroad Commission of Texas. If such unit is filed and amended within such period of time, Lessee shall file of record in the county where the lands are located in written declaration describing the revised unit and stating the effective date of revision. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable under this paragraph shall be adjusted accordingly as of the effective date for the revised unit. The effective date of any unit formed for horizontal drainhole wells under this paragraph, or any revision thereof, shall be the date set forth as the effective date by Lessee in the written declaration that is filed of record for such unit or revision thereof.

31. HEADINGS :

The paragraph and section headings appearing in this agreement are for convenience of reference only and are not intended, to any extent or purpose, to limit or define the text of any paragraph.

32. OTHER PROVISIONS:

- (a) Lessee must conduct all seismic operations and surveys (or cause same to be conducted) in a professional manner, according to accepted industry standards and practices. No water will be taken and used from Lessor's lands without the consent of the surface owner for seismic operations.
- (b) Upon completion of the geophysical and seismic operations by Lessee on the premises and not later than the termination of the lease, Lessee must send its representatives to meet with a representative of the Lessor on the premises to determine that all physical restoration and cleanup of the premises has been done by Lessee.
- (c) Neither Lessee, nor its agent, employees or contractors shall be permitted to bring firearms, alcohol or dogs or do any hunting or fishing upon the lease premises.



33. ASSIGNMENTS:

Lessee shall be prohibited from making any assignment and/or entering into any farm-out agreement covering all or any part of the leased premises without Lessor's prior written consent, which consent will not be unreasonably withheld.

34. LIMITATION ON REWORKING OPERATIONS:

Paragraph 5 hereinabove is hereby amended such that Lessee cannot rely on but a single 90-day period for reworking operations to keep this lease in force and effect, and if such reworking operations do not result in production in paying quantities within 90 days from the date such prior production ceased, or if Lessee does not commence the actual drilling of a subsequent well within such time period, then this lease shall terminate.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

*Alan Andrew Cole*

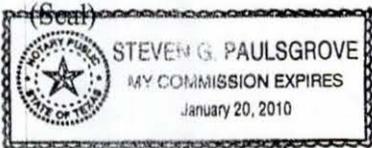
ALAN ANDREW COLE

THE STATE OF TEXAS §

COUNTY OF GOLIAD §

THIS INSTRUMENT was acknowledged before me, on this the 2nd day of July, A.D. 2007, by ALAN ANDREW COLE.

*Steven G. Paulsgrove*  
Notary Public, State of Texas



**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 driver's license number.**

**MEMORANDUM OF OIL, GAS AND MINERAL LEASE**

**STATE OF TEXAS**           §  
  §  
**COUNTY OF GOLIAD**       §

**LESSOR:**                               **ALAN ANDREW COLE**, dealing in his sole and separate property that forms no part of his homestead,

**LESSOR'S ADDRESS:**               5430 N. US Hwy. 183, Goliad, Texas 77963

**LESSEE:**                               **VENTEX OIL & GAS, INC.**

**LESSEE'S ADDRESS:**               3500 Oak Lawn, Suite 720, Dallas, Texas 75219

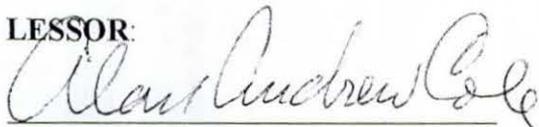
**EFFECTIVE DATE OF LEASE:**                               June 28, 2007

For adequate consideration, Lessor named above, has granted, leased and let to Lessee, named above, for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas and other associated hydrocarbons, laying pipelines, building roads, tanks, power stations, telephone lines and other structures thereon to produce, save, take care of, treat, transport, and own oil, gas and other associated hydrocarbons, on the following lands in Goliad County, Texas:

33.0 acres of land, more or less, being located in and a part of the Pedro Trevino Grant, A-47, Goliad County, Texas, and being the same land described in Warranty Deed dated February 18, 2000, from Alan Andrew Cole. to Donald R. Paterson and wife, Dorothy J. Paterson, recorded in Volume 118, Page 578, et seq., Official Records of Goliad County, Texas.

The Lease is for a primary term of Three (3) years from the Effective date stated above, and may be extended and continued in force hereafter in accordance with the provisions set out in said Lease, and/or as long thereafter as oil, gas or other minerals are produced in paying quantities from the Lands described above, or lands pooled therewith, according to and by the terms and provisions of the Lease between Lessor and Lessee. The Lease, with all of its terms, covenants and other provisions, is referred to and incorporated into this Memorandum for all purposes. This Memorandum is placed of record for the purpose of giving notice of the Lease.

**LESSOR:**



Alan Andrew Cole



ACKNOWLEDGMENT

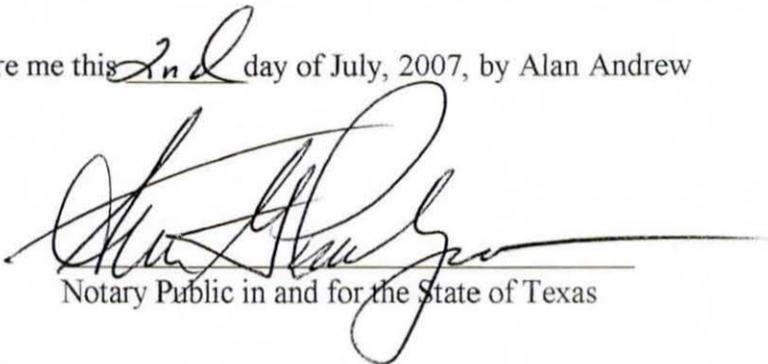
STATE OF TEXAS §

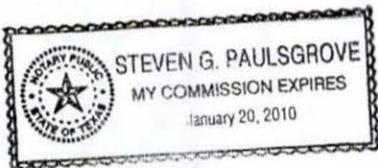
COUNTY OF GOLIAD §

This instrument was acknowledged before me this 2nd day of July, 2007, by Alan Andrew Cole.

My Commission Expires:

\_\_\_\_\_

  
Notary Public in and for the State of Texas





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**OPTIONEE:**

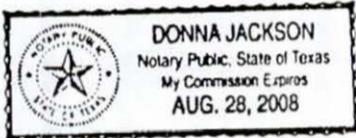
Ventex Oil & Gas, Inc.

By: *[Signature]*  
David Skidmore, Vice President  
Ventex Oil & Gas, Inc.

**ACKNOWLEDGEMENT**

STATE OF TEXAS       §  
                                  §  
                                  §  
COUNTY OF DALLAS   §

This instrument was acknowledged before me on this 15<sup>th</sup> day of February, 2006, by Joyce Bagley, Executive Vice President of Baptist Foundation of Texas, a Texas nonprofit corporation, on behalf of said corporation.

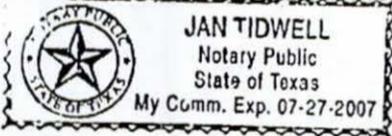


*[Signature]*  
Notary Public, State of Texas

STATE OF TEXAS       )  
                                  )  
                                  )  
COUNTY OF DALLAS   )

This instrument was acknowledged before me on the 3<sup>rd</sup> day of March, 2006, by David Skidmore, Vice President, Ventex Oil & Gas, Inc., on behalf of said corporation.

Given under my hand and seal of office this 3<sup>rd</sup> day of March, 2006.



My Commission Expires

*[Signature]*  
Notary Public in and for the State of Texas



6.

File No. MF 108215

Ownership Memorandum

Date Filed: 7/16/07

Jerry E. Patterson, Commissioner

By [Signature]

11004

**THOMAS W. SCHLEIER & ASSOCIATES**

INDEPENDENT PETROLEUM LANDMEN

101 E. NOLTE, SUITE 209

SEGUIN, TEXAS 78155

(830) 372-2842 FAX

(830) 379-6454

**Via Federal Express**

August 2, 2007

Mr. Drew Reed  
Texas General Land Office  
Stephen F. Austin Building  
1700 N. Congress Avenue, Room 640  
Austin, Texas 78701

Re: Bonus Money  
9.801 Acre Oil & Gas Lease  
Texas State Hwy. 59  
Goliad County, Texas

Mr. Reid:

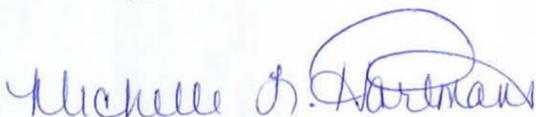
Enclosed please find Check No. 50377 in the amount of \$2,940.30 regarding bonus money covering the above mentioned lands.

Also enclosed is Check No. 50378 in the amount of \$44.10 regarding the 1.5% handling fee.

This lease is covered under the application originally sent to you by Steve Hitt of our office.

Please let me know if you have any questions regarding this matter.

Sincerely,



Michelle L. Hartmann  
Administrative Assistant

Enclosure

121

THOMAS W SCHLEIER & ASSOCIATES ✓  
DRAFT ACCOUNT  
101 E Nolte St., Ste. 200  
Seguin, TX 78155

WELLS FARGO BANK, N.A.  
www.wellsfargo.com  
37-65/1119

50378

07047990

8/2/2007

PAY TO THE ORDER OF Commissioner of the GLO - State of Texas

~~\$ \*\*44.10~~

Forty-Four and 10/100\*\*\*\*\*

DOLLARS

Commissioner of the GLO - State of Texas

MEMO

1.5% Handling Fee-9.801 Ac OGML, Goliad Co., Tx.

*Thomas Schleier*  
AUTHORIZED SIGNATURE MP

⑈0000050378⑈

121

07047991

THOMAS W SCHLEIER & ASSOCIATES ✓  
DRAFT ACCOUNT  
101 E Nolte St., Ste. 200  
Seguin, TX 78155

WELLS FARGO BANK, N.A.  
www.wellsfargo.com  
37-65/1119

50377

8/2/2007

PAY TO THE ORDER OF Commissioner of the GLO - State of Texas

~~\$ \*\*2,940.30~~

Two Thousand Nine Hundred Forty and 30/100\*\*\*\*\*

DOLLARS

Commissioner of the GLO - State of Texas

MEMO

9.801 Ac OGML, Goliad Co., Tx. (Hwy. 59)

*Thomas Schleier*  
AUTHORIZED SIGNATURE MP

⑈000005037⑈

Details on Back Security Features Included

Details on Back Security Features Included

File No. MA 108215

Bonus, letter, + fee

Date Filed: 8/3/07

Jerry E. Peterson, Commissioner

By [Signature]

10/1/07

10/1/07



TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

September 5, 2007

Mr. Steven Hitt  
Ventex Oil & Gas, Inc.  
101 E. Nolte, Suite 209  
Sequin, TX 78155

**Dear Mr. Hitt,**

Re: State of Texas HROW Lease # **MF108215**

Enclosed you will find an original executed Highway Right-of-Way Lease for Goliad County.

**Please refer to this lease number in all future correspondence concerning this lease. Thank you for your assistance in this request.**

**Please review Section 4c regarding pooling, and ensure the GLO receives a copy of any unit designation on this lease.**

If you have any questions please feel free to contact my direct phone number, or email listed below, or you may contact Drew Reid at 512-475-1534. Please send us a certified copy of this lease after recording

Best regards,

A handwritten signature in cursive script that reads "Beverly Boyd".

Beverly Boyd  
Energy Resources  
Mineral Leasing  
512-463-6521  
beverly.boyd@glo.state.tx.us

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](http://www.glo.state.tx.us)

8.

File No. MF 108215  
9210 letter  
Date Filed: 9/5/07  
Jerry E. Batterson, Commissioner  
By 



September 8, 2009

Texas General Land Office  
1700 N. Congress Ave.  
Suite 840  
Austin, TX 78701-1495

RE: Release of Oil & Gas Leases  
#108215; #108216 & #108048  
Goliad Co., TX

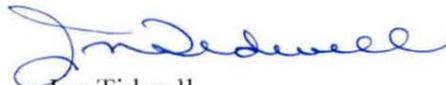
*RETURN  
9-15-09*

Gentlemen:

Enclosed, please find a copy of Release of Oil, Gas and Mineral Leases covering the above referenced Leases. Said Release has been recorded in Book 341, Page 166, Document #00125641 of the Official Records of Goliad County, Texas. Also enclosed, please find our check in the amount of \$75.00 for the filing fee.

Should you have any questions, or need further information, please do not hesitate to contact me at the number below.

Very truly yours,

  
Jan Tidwell

Encl.



VENTEX OPERATING CORP.  
3500 OAK LAWN, SUITE 720  
DALLAS, TEXAS 75219  
(214) 520-2929

VENDOR

CHECK DATE

183779

GE0025

09/08/09

INVOICE NUMBER	INVOICE DATE		DISCOUNT TAKEN	AMOUNT PAID
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90809

09/08/09

198079

\$0.00

\$75.00

Release Fees

Total:

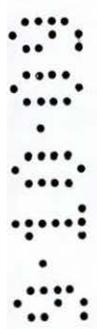
\$0.00

\$75.00

X

186

10700262



9.

File No. MF108215

Letter + fees

Date Filed: 9/10/09

Jerry Patterson, Commissioner

By 

3.10.09

RELEASE OF OIL, GAS AND MINERAL LEASES

STATE OF TEXAS §  
COUNTY OF GOLIAD §

Lessee: Ventex Oil & Gas, Inc.  
Lessee's Address: 3500 Oak Lawn Ave., Suite 720, Dallas, Texas 75219  
Date Effective: August 22, 2009

Whereas, certain Oil, Gas and Mineral Leases ("Leases") listed on the attached Exhibit "A", were entered into between the Lessors and Ventex Oil & Gas, Inc. ("Ventex"), as Lessee, covering the lands described in the Leases; and

Lessee acting pursuant to the Leases does hereby cancel, relinquish, release and surrender to the present owners of the mineral estates referenced in the Leases on the attached Exhibit "A", all of Lessee's right, title and interest in the Leases and the lands covered thereby.

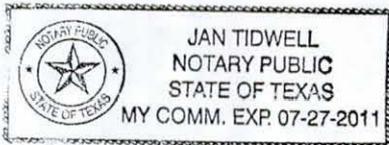
LESSEE:

VENTEX OIL & GAS, INC.

  
By: David K. Skidmore  
Title: Vice President

STATE OF TEXAS §  
COUNTY OF DALLAS §

This instrument was acknowledged before me this 7<sup>th</sup> day of August, 2009 by David K. Skidmore, Vice President of Ventex Oil & Gas, Inc., a Texas Corporation, on behalf of said Corporation, and acknowledged to me that he executed same for the purposes therein expressed.



  
Notary Public in and for the State of Texas

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## EXHIBIT "A"

Attached to and made a part of that certain Release of Oil, Gas and Mineral Leases, dated August 7, 2009, but effective August 21, 2009, covering leases in Burns Ranch Prospect, Goliad County, Texas

Lease dated 07/17/2007, by and between ST TX #108048, as Lessor, and VENTEX OIL & GAS INC, as Lessee, recorded on 08/15/2007, Book 00294, Page 00524, Document #00119732, of the records of Goliad County, Texas (TX094-056-00)

Lease dated 08/21/2007, by and between ST TX #108216, as Lessor, and VENTEX OIL & GAS INC, as Lessee, recorded on 09/21/2007, Book 00297, Page 00018, Document #00120082, of the records of Goliad County, Texas (TX094-057-00)

Lease dated 08/21/2007, by and between ST TX #108215, as Lessor, and VENTEX OIL & GAS INC, as Lessee, recorded on 09/21/2007, Book 00297, Page 00033, Entry 00120083, of the records of Goliad County, Texas (TX094-6-005)

Filed for Record in:  
Goliad County  
On: Aug 17, 2009 at 10:45A

As a  
Recordings

Document Number: 00125641

Amount 20.00

Receipt Number - 53993

By:  
Onie Rios

STATE OF TEXAS COUNTY OF GOLIAD  
I hereby certify that this instrument was filed on the date and time stamped hereon by me and was duly recorded in the volume and page of the named records of:  
Goliad County  
as stamped hereon by me.

Aug 17, 2009

*Onie Rios*  
Deputy

Mary Ellen Flores, County Clerk  
Goliad County

This Document has been received by this Office for Recording into the Official Public Records. We do hereby swear that we do not discriminate due to Race, Creed, Color, Sex or National Origin.

10.

File No. MF 108215  
Release  
Date Filed: 9/10/09  
Jerry Patterson, Commissioner  
By [Signature]

2007

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

September 15, 2009

Ms. Jan Tidwell  
Ventex Oil & Gas, Inc.  
3500 Oak Lawn, Suite 720  
Dallas, TX 75219

**RE: Release of State of Texas Lease – MF 108215, MF 108216, MF108048**

Dear Ms. Tidwell,

The General Land Office received the following instruments on September 10th, 2009. Said instrument is filed in the mineral file numbers as stated above.

The release is dated August 7, 2009 but effective August 22, 2009 and recorded in Goliad County, # 00125641 or Vol. 00341, P. 00166. The \$ 75.00 filing fee has been recorded in these files.

Best regards,

Beverly Boyd  
Energy Resources  
Mineral Leasing  
512-463-6521

11.

File No MF108215

200 letter

Date Filed: 9/15/09

Jerry Patterson, Commissioner

By 