

MF108565

State Lease  
MF108565

Control  
56-030015

Base File

County  
LEON

✓  
**EXPIRED**  
DATE 12/11/2008  
LEASING ME  
MAPS \_\_\_\_\_  
GIS BS

Survey  
Block  
Block Name  
Township  
Section/Tract  
Land Part  
Part Description  
Acres  
Depth Below  
0

HIGHWAYS & PUBLIC TRANSPORTATION DE

HIGHWAY RIGHT-OF-WAY

4.779

Depth Above  
0

Depth Other

Leasing: BS  
Analyst: MS  
Maps: \_\_\_\_\_  
GIS: \_\_\_\_\_

Name  
Lease Date  
Primary Term  
Bonus (\$)  
Rental (\$)  
Lease Royalty

STEWARD ENERGY RESOURCES, LLC

12/11/2007

1 yrs

\$1,075.28

\$0.00

0.2100



CONTENTS OF FILE NO. MF- 108565

1. Lease	10/12/07
2. Affidavit	10/12/07
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4. Deed	10/12/07
5. Lease	10/12/07
6. NO letter	12/18/07
<hr/>	
Scanned Sm	6/14/13



# The State of Texas

HROW Lease  
Revised 8/06



## Austin, Texas

PAID-UP  
OIL AND GAS LEASE NO. (108565)  
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 **Steward Energy Resources**, whose address is **1524 S. IH 35, Suite 330, Austin, TX 78704** hereinafter called "Lessee".

1. Lessor, in consideration of **One Thousand Seventy Five 28/100 (\$1,075.28)** 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 **Leon** State of Texas, and is described as follows:

**4.779 acres** of land, more or less, known as, situated in said **Leon** 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 **4.779 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 **one year, from December 11th, 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 **21%** 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 **21%** 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 **21%** 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 **21%** 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 **\$ 20.00 per acre**. 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: DR

DC: cur

CC: B



Exhibit "A"

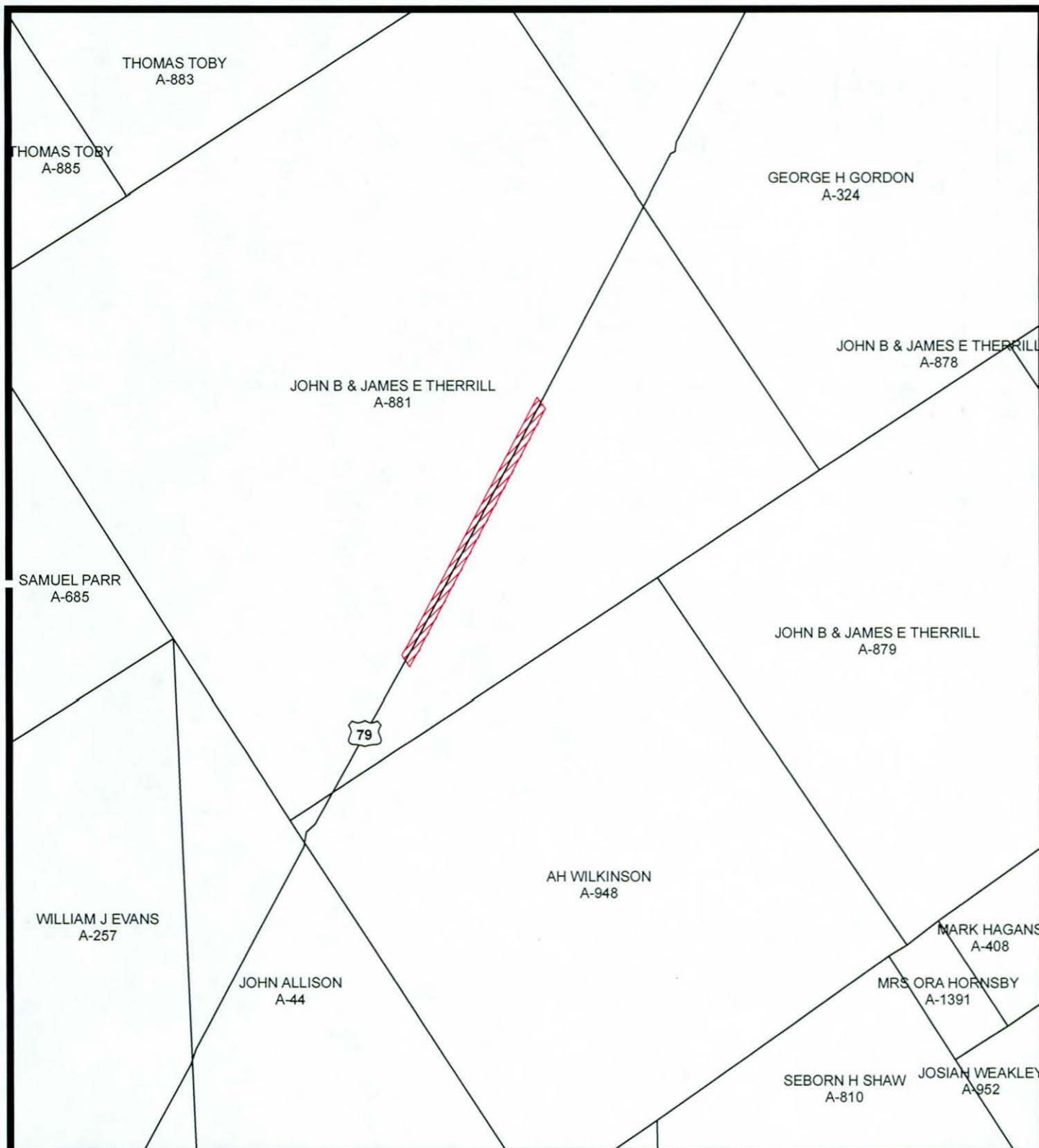
Attached hereto and made a part of that certain Oil and Gas Lease dated December 11th, 2007, by and between the State of Texas, as lessor, and Steward Energy Resources, as lessee, covering acreage to be leased in Leon County, Texas, being part State Highway 43.

4.779 acres of land, more or less, situated in the J.B. & J.E. Therrill Survey, A-881. Said lands also being the same lands described in the following deeds recorded in the Deed of Records, Leon County, Texas:

Deed from W.T. Mattison to the County of  
Leon.

dated 8/7/1930 and recorded in the Deed of  
Records, Bastrop County.





Map Showing  
A portion of a State Highway 79  
4.779 acres  
Approximately 10 miles southwest of Marquez  
Leon County  
fl12-07

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

0 500 1,000 Feet



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  
December 11, 2007



1.  
File No. MF 108565

Lease

Date Filed: 10/12/07

By JEP  
Jerry E. Patterson, Commissioner



\* Need: map  
Description

Have money  
m-

# AFIDAVIT OF CONSIDERATION PAID

State: Texas  
County: Leon  
Affiant: David Steward 100 W. Gregg Fairfield, TX 75840

225.00  
2190  
142  
Shut in 20.00  
Per Ac

Affiant, on oath, swears that the following statements are true:

My name is David Steward, I am an employee of Steward Energy Resources, the lessee in the oil and gas leases (the leases) dated April 1, 2006 and November 1, 2006 from Kenneth Thomas, et al, as Lessors, which are recorded in volume 1285 page 13, 1286/817, 1248/869, 1248/873, 1248/865, and 1254/497 along with 18 month extensions making the leases expiration date October 31, 2008.

Steward Energy Resources tendered the amount of \$225.00 per acre for bonus payment for the leases that are adjacent to the 4.779 acres out of the J.B. & J. E. Therrill Survey, A-881 Leon County, Texas.

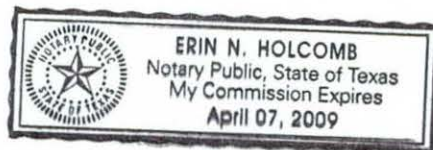
This instrument is executed this 27 day of September, 2007.

Affiant:

  
David Steward

STATE OF TEXAS  
COUNTY OF FREESTONE

This instrument was acknowledged before me this 27 day of September, 2007 by David Steward.



  
Notary Public State of Texas



AFFIDAVIT OF NONDEVELOPMENT AND NONPRODUCTION

STATE: TEXAS  
COUNTY: LEON  
AFFIANT: DAVID STEWARD 100 W. GREGG ST. FAIRFIELD, TX 75840

Affiant on oath swears that the following statements are true:

My name is David Steward. I am over the age of 50. I have continually resided in Freestone County, Texas for more than 25 years and am familiar with the following lands (the "Lands") situated in Leon County, Texas:

4.779 acres of land, more or less out of the J.B. & J. E. Therrill Survey, A-881 Leon County, Texas

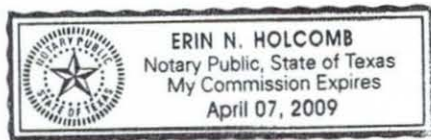
I know of my own personal knowledge that since January 1, 1985, no oil, gas or other minerals have been produced from the Lands. No well in search of oil and/or gas has been drilled on the Lands, or on any other lands in paying quantities within 2500 feet adjacent to the Lands. There has been no drilling, workover, or any other type of oil and gas related activities within 2500 feet of the lands since January 1, 1985. The lands are not being leased for the specific purpose of drilling a horizontal oil or gas well. This instrument is executed and effective this 27 day of September, 2007.

Affiant:

  
David Steward

STATE OF TEXAS  
COUNTY OF FREESTONE

This instrument was executed this 27 day of September, 2007 by David Steward.



  
Notary Public State of Texas

ORIGINAL CHECK HAS A COLORED BACKGROUND PRINTED ON CHEMICAL REACTIVE PAPER - SEE BACK FOR DETAILS

Steward Oil & Gas LLC  
1524 S. IH 35, Suite 330  
Austin, TX 78704

American Bank  
P. O. Box 6469 / 361-992-9911  
Corpus Christi, Texas 78466-6469

001305

PAY

TO THE  
ORDER OF

STATE OF TEXAS  
ELEVEN Hundred Ninety ONE & 41/100

DATE

10/9/07

AMOUNT

\$ 4,196.41

OKC - LEON Co. STAW Branch Pros.  
4177 MA Hwy 79 Row



Authorized Signature



File No. MF 108565

Officer

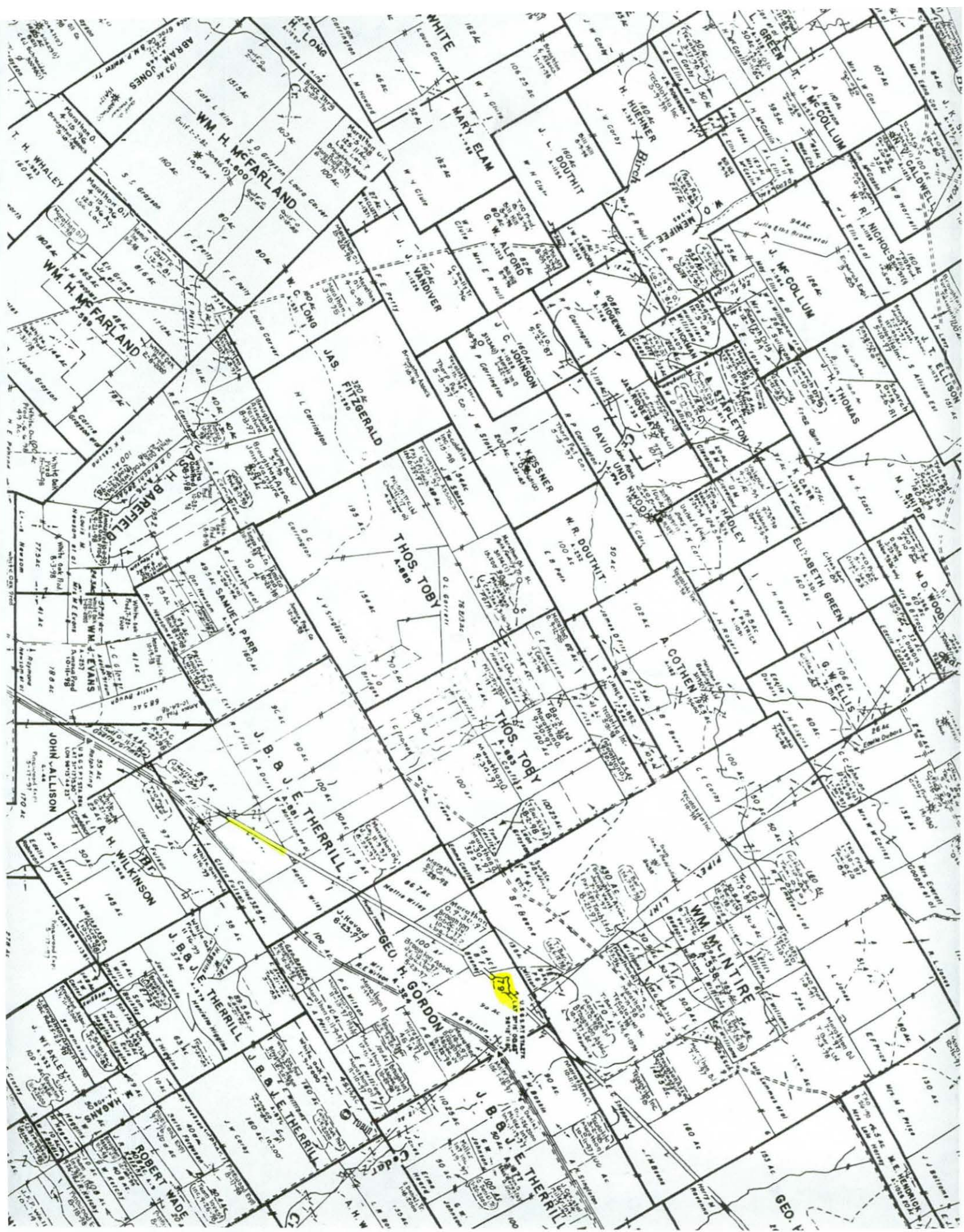
Date Filed: 10/12/07

Jerry E. Patterson, Commissioner

By [Signature]

2.







3.

File No. MF 108565

Map

Date Filed: 10/12/07

Jerry E. Patterson, Commissioner

By [Signature]

highway being in the arc of said curve; thence southwesterly with the arc of said curve 110 ft to cor in J.W. Dodson survey; thence N. 51 deg 30 M.E. 424 ft to cor in N.R/W line of said highway said cor being in the arc of said curve; thence northeasterly with the arc of said curve 136 ft to the P.T. of said curve thence N. 66 deg 05 M.E. 260.8 ft to cor; thence S. 23 deg 55 M.E. 30 ft to cor; thence N. 66 deg 05 M.E. 902.33 ft to cor in E. property line of herein described tract; thence S. 33 deg 45 M.E. 50.74 ft to place of beginning containing 3.451 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 State of Texas forever, and I do hereby bind myself my heirs, executors and administrators to warrant and forever defend all and singular the said premises unto the said State of Texas against every person whomsoever lawfully claiming or to claim the same or any part thereof.

Witness my hand at Jewett this 7 day of Aug A.D. 1930

J.W. Griffin

The State of Texas)(

County of Leon ) ( Before me Robert E. Burroughs a notary public in and for Leon County, Texas on this day personally appeared J.W. Griffin 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 7 day of August A.D. 1930.

L.S.

Robt E. Burroughs

Notary Public Leon County, Texas.

Filed for record the 10th day of August A.D. 1930 at 1 o'clock P.M. and recorded this the 18th day of August A.D. 1930 at 5 o'clock P.M.

B.T. Gresham County Clerk,

By James H. Gresham Deputy

The State of Texas)(

County of Leon ) ( KNOW ALL MEN BY THESE PRESENTS:

That I, W.T. Mattison of the County of Leon State of Texas, for and in consideration of the sum of five hundred (\$500.00) & no/100 dollars to me in hand paid by the County of Leon and for the further consideration of the said county of Leon building and erecting good and substantial hog proof fences consisting of net wire and two barb wires along and upon each side of the hereinafter described strip of land

have granted, sold and conveyed, and by these presents do grant, sell and convey, unto the said State of Texas all that certain lot, tract and parcel of land situated in Leon County, Texas a part of the J.B. & J.E. Therrell survey, described as follows, to-wit: Beginning at Engineers Station 1654 plus 44 on center line of State Highway No 43 said station being N. 38 deg 45 M. W. 1423 ft from the center line of the I G.N.R.R. thence S. 38 deg 45 M.E. 57.55 ft to cor in E right of way line of said highway; thence S. 21 deg 33 M.W. with said right of way line 2080.6 ft to cor in W. property line of said tract; thence N. 40 deg W with said line, crossing Engineers Station 1675 plus 26, 113.7 ft to cor in W. right of way line of said highway; thence N. 21 deg 33 M.E. with said right of way line 2083.4 ft to cor in E. property line of said tract; thence S. 38 deg 45 M.E. with said line, 57.55 ft to the place of beginning, containing 4.779 acres/

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 State of Texas forever, and I do hereby bind myself, my heirs, executors and administrators to warrant and forever defend all and singular the said premises unto the said State of Texas against every person whomsoever lawfully claiming or to claim the same or any part thereof.



Witness my hand this 7 day of Aug A.D. 1930

W.T. Mattison

The State of Texas)(

County of Leon )( Before me Robert E. Burroughs a notary public in and for Leon County, Texas, on this day personally appeared W.T. Mattison 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 7 day of August A.D. 1930

L.S.

Robt. E. Burroughs

Notary Public Leon County, Texas.

Filed for record the 1 th day of August A.D. 1930 at 1 o'clock P.M. and recorded this the 19th day of August A.D. 1930 at 8 o'clock A.M.

B.T. Gresham County Clerk,

By Hance D. Gresham Deputy

73  
The State of Texas)(

County of Leon )( KNOW ALL MEN BY THESE PRESENTS:

That we W.A. Price and wife Nannie Price of the County of Leon State of Texas, for and in consideration of the sum of forty (\$40.00) & no/100 Dollars to me in hand paid by the County of Leon have granted, sold and conveyed, and by these presents do grant, sell and convey, unto the said State of Texas all that certain lot, tract and parcel of land, situated in Leon County, Texas, a part of the J.W. Dodson survey, described as follows, to-wit: Beginning at Engineers Station 1412 plus 95.8 on center line of State Highway No 43 said Sta being E.R/W li line of the I, & G.W.R.R. and brs N.38 deg 30 M.W. from S. cor of herein described tract; thence N.38 deg 30 M.W. 89.08 ft to cor in N.R/W line of said highway; thence N.77 deg 35 M.E 98.4 ft to P.T. of a 2 deg curve to the left; thence northeasterly with the arc of said curve 415.63 ft to cor in J.W. Dodson survey; Thence S.51 deg 30 M.W. 424 ft to cor in S.R/W line of said highway, said cor being in the arc of said curve, thence southwesterly with the arc of said curve in E.R/W line of said railroad; thence N.38 deg 30 M.W. 89.08 ft to place of beginning, containing 1.046 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 State of Texas forever, and I do hereby bind myself, my heirs, executors and administrators to warrant and forever defend all and singular the said premises unto the said State of Texas against every person whomsoever lawfully claiming or to claim the same or any part thereof

Witness my hand this 7 day of August A.D. 1930

W.A. Price

Nannie Price

The State of Texas)(

County of Leon )( Before me Robert E. Burroughs a notary public in and for Leon County, Texas on this day personally appeared W.A. Price and Nannie Price wife of W.A. Price known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed. And the said Nannie Price wife of the said W.A. Price having been examined by me privily and apart from her husband and having the same fully explained to her, she, the said Nannie Price 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.

4.  
File No. MF 108565

See

Date Filed: 10/12/07

Jerry E. Patterson, Commissioner

By [Signature]



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 DRIVER'S LICENSE NUMBER.

## PAID UP OIL AND GAS LEASE

THIS LEASE AGREEMENT is made as of the 1st day of April, 2006 between, **Trenda Linette Hykes**, leasing her separate property, whose address is 550 Johnson Rd., Coldspring, TX 77331 as Lessor (whether one or more), and **Steward Energy Resources**, whose address is P. O. Box 653, Fairfield, TX 75840, as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises:

1.00 acres of land, more or less, out of the J.B. & J.E. Therrell Survey, A-881 Leon County, Texas and being more particularly described in the following Gift Mineral and Royalty Deed from Noybe Thomas to Tiffany Lynn Johnson and Trenda Linette Hykes recorded volume 1243 page 391 and dated February 8, 2006, Deed Records, Leon County, Texas, to which references are here made for all pertinent purposes.

THIS LEASE IS SUBJECT TO ADDITIONAL PROVISIONS CONTAINED IN EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF.

in the County of Leon, State of Texas, containing **1.0** gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith. The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of 6 months from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying commercial quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be **twenty-one percent (21%)** of such commercial production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be **twenty-one percent (21%)** of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production severance, or other excise taxes, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) on all other minerals marketed or utilized by Lessee from said land, including sulphur produced as a by-product, **twenty-one percent (21%)** of such commercial production. If at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of producing oil or gas or other substances covered hereby in paying commercial quantities, but such well or wells are either shut in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying commercial quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut in or production therefrom is not being sold by Lessee, then Lessee shall pay shut-in royalty of **twenty dollar** per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in MAIL TO LESSOR AT ABOVE ADDRESS or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the U.S. Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.

5. If Lessee drills a well which is incapable of producing in paying commercial quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate government authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel, and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production of which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent that 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 hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

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7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.

8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones thereunder, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized therewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder, without Lessors consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.

11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or cancelled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

14. Lessor hereby warrants and agrees to defend title conveyed to Lessee by through and under Lessor only hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

LESSOR (WHETHER ONE OR MORE)

Trenda Linette Hykes  
Trenda Linette Hykes

STATE OF TEXAS  
COUNTY OF WALKER

This instrument was acknowledged before me on the 24 day of March 2006, by Trenda Linette Hykes.



Sofia G. Hernandez  
Notary Public, State of Texas



EXHIBIT "A"

To Oil, Gas and Mineral Lease between Trena Linette Hykes, Lessor and Steward Energy Resources as Lessee.

15. The terms and provisions contained on this page shall take precedence over other provisions and terms contained in said lease hereto attached and in the event of a conflict between the provisions on this page and the terms and provisions of said lease, the terms and provisions on this page shall prevail.

16. In the event a portion or portions of the land herein leased is pooled or unitized with other land so as to form a pooled unit or units, operations on or production from such pooled unit or units will maintain this lease in force only as to the land included in such unit or units. This lease may be maintained in force as to any land covered hereby and not included in such unit or units by payment of delay rentals on the unitized acreage during the primary term or in any manner provided herein, provided that if it is to be by rental payments, rentals shall be reduced in proportion to the number of acres covered hereby and not included in such unit or units. At the expiration of the primary term of this lease, lessee will release all lands not then included within a unit if there is no drilling or production operations thereon at such time.

17. The term "other minerals" as used herein shall pertain only to such minerals that may be produced in connection with the production of oil and / or gas. All other minerals of every kind and character are expressly reserved from this lease and reserved by Lessor. This lease shall not cover coal, lignite, iron ore, uranium or any other fissionable material.

18. All royalties that may be due hereunder shall commence to be paid on each well within ninety (90) days after the first day of the month following the month during which any well is completed and commences production, and thereafter all royalties shall be paid to Lessor on or before the last day of the second month following the month of production. Royalties not paid when due shall bear interest at the prime rate of interest plus two percent (2%) (not to exceed legal Texas interest rate) from their due date until paid.

19. Notwithstanding anything herein to the contrary it is agreed and understood that at the end of two years after the expiration of the primary term hereof, this lease shall automatically expire as to all depths lying deeper than one hundred (100) feet below the depth of the deepest oil or gas strata or horizon found to be productive in commercial quantities during the term of this lease.

20. Notwithstanding anything herein to the contrary it is agreed and understood that the royalty reserved to Lessor herein shall be absolutely free and clear of all costs and expenses of every kind or character except ad valorem and production taxes. By way of explanation, but not limitation, Lessor shall not be required to pay any part of expenses of separation, compression, marketing, transportation, treating, manufacturing, or any other deduction or charge whatsoever.

21. Notwithstanding anything herein to the contrary it is understood and agreed that Lessee's right to maintain this lease in force by shut-in royalty payments under Paragraph 3 above shall not extend for more than two (2) consecutive years after the expiration of the primary term.

22. Lessee shall upon written request by the Lessor or their agent furnish copies of all Railroad Commission forms, all geological logs and testing reports, drilling reports, seismograph lines, shot points and copy of final seismograph data within a one mile radius of herein leased acreage and any other information in his possession or control pertaining to any well on the leased premises or on a unit well with which the leased premises are pooled. It is understood and agreed that any information provided to Lessor as herein provided, shall be kept strictly confidential and shall not be provided to any other party by Lessor without the express written consent of Lessee. Lessor, their agents and employees, shall have the right of access at the entire risk of Lessor to the location, derrick floor and any other facility located thereon during the drilling and testing of any well for the purpose of obtaining information in connection therewith.

23. Lessee agrees to give Lessor written notice prior to the commencement of operations for the drilling of any well hereunder, specifying its proposed location and commencement of any geophysical operations to be conducted on the herein leased premises or lands pooled therewith.

24. It is understood and agreed that in the event that the above described land is used as a drill site, or pooled with other acreage then in that event Lessee shall not have the right to unitize less than all of the acreage covered by this lease.

25. It is agreed and understood that Woodbine gas units shall not exceed 320 acres, plus ten percent tolerance.

26. Lessee agrees to fence all pits until dry, and agrees as soon as possible thereafter, to cover the same, restoring the surface of each location to its former condition as nearly as may be reasonably possible.

27. Lessee shall in no event have a period of greater than six months after the termination of this lease to remove its equipment from the premises. In the event Lessee fails to remove such equipment within the said six month period after termination, said equipment shall become the property of the owner of the surface.

28. Lessee by acceptance of this lease, agrees to use the existing roads on the premises as much as possible, and to maintain such roads constructed on the land in an all-weather condition, including if production of oil or gas is established, at Lessee's cost and expense, the placing of rock or gravel on the road surface to make same passable under all weather conditions. At the end of operations or in the event of a dry hole all surface rock, fencing material, culverts and cattle guards shall remain the property of Lessor.

29. The rights of Lessee hereunder may be assigned or sub-leased in whole or part, and in the provisions hereof shall extend to its successors, sub-lessees or assigns.

30. Lessee agrees to pay to the owner for the surface, or tenant of the owner of the surface estate, for all damages caused to livestock on the premises by Lessee's operations hereunder.

31. Lessor hereby grants Lessee the option to extend the primary term of this lease for an additional six (6) months from the expiration of the original primary term. This option may be exercised by Lessee, or its successors and assigns, at any time before the expiration of the primary term hereof by paying to Lessor the sum of seventy five (\$75.00) per net mineral acre for each acre so extended. Payment may be made by check or draft mailed or delivered to Lessor. Should this option be exercised as herein provided, it is agreed that Lessee may execute and file or record an instrument evidencing the exercise of this option.

T.H.  
Initial



**EXTENSION OF OIL, GAS & MINERAL LEASE**

STATE OF TEXAS

§

COUNTY OF LEON

§

§

WHEREAS, Trendera Linette Hykes is the owner and holder of an oil and gas lease dated April 1, 2006, as executed by Trendera Linette Hykes, as Lessors, to Steward Energy Resources, as Lessee, covering the following described lands in Leon County, State of Texas, to-wit:

1 acre of land, more or less, out of the J.B. & J. E. Therrell Survey, A-881 Leon County, Texas and being more particularly described in that certain Deed from Noybe Thomas to Tiffany L. Johnson and Trendera L. Hykes, dated February 8, 2006 and recorded volume 1243 page 391, Deed Records Leon County, Texas.

such Oil and Gas Lease having been recorded in Volume 1248, Page 865 of the Official records of said county; and,

WHEREAS, it is the desire of the undersigned parties to extend the primary term of said lease; for a second time;

NOW, THEREFORE, the undersigned, for and in consideration of Ten Dollars, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, do hereby grant, lease and let exclusively to the Lessee herein above named and agrees that the original term of said lease and any extension thereof, shall be and is hereby extended, with the same force and effect, for a period of one (1) year and six (6) months from the aforesaid original expiration or extension expiration date thereof, and for as long thereafter as oil, gas or other hydrocarbons are produced as provided in said lease; subject, however, in all other respects, to the provisions and conditions of said lease and/or terms of any modification or amendment; provided, however, that the consideration for this extension includes the delay rental, if any, which would become payable on said original expiration date because of this extension.

The undersigned acknowledge that said lease is valid and in full force and effect and for such purpose the undersigned hereby grant, lease and let to the aforesaid owner and holder all of the interest of the undersigned in the above described lands upon the same terms, conditions and provisions as are contained in said lease as extended hereby, and by any amendment heretofore executed, and for such purpose the rights of dower and/or homestead in such lands are hereby released.

This extension of lease shall be binding upon and inure to the benefit of the aforesaid owner and holder and of the undersigned, their successors, personal representatives and assigns.

IN WITNESS WHEREOF, this instrument is executed on this 19<sup>th</sup> day of October, 2006.

Trendera Linette Hykes  
Trendera Linette Hykes

**ACKNOWLEDGEMENT**

STATE OF TEXAS

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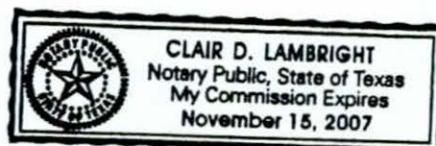
COUNTY OF WALKER

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This instrument was acknowledged before me this 20<sup>th</sup> day of October, 2006, by Trendera Linette Hykes.

Clair D. Lambright  
Notary Public in and for The State of Texas  
My Commission Expires: 11-15-07





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 DRIVER'S LICENSE NUMBER.

## PAID UP OIL AND GAS LEASE

THIS LEASE AGREEMENT is made as of the 1st day of April, 2006 between, James H. Thomas, leasing his separate property, whose address is 550 Johnson Rd., Coldspring, TX 77331 as Lessor (whether one or more), and Steward Energy Resources, whose address is P. O. Box 653, Fairfield, TX 75840, as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises:

217.339 acres of land, more or less, out of the J.B. & J.E. Therrell Survey, A-881 and the T. Toby (John Wall) Survey, A-883 Leon County, Texas and being more particularly described in the following three tracts: 199.009 acres out of the Therrell Survey described in Stipulation and Conveyance Of Interest recorded volume 1245 page 237 and dated February 25, 2006, and 12 acres out of the Toby Survey described in Deed from Virginia Perkins to James Thomas, dated July 13, 1990, recorded volume 806 page 704 and 6.33 acres out of the Toby Survey described in Deed from Nobby Thomas et al to James Thomas recorded volume 410 page 620 and dated November 26, 1974 Deed Records, Leon County, Texas, to which references are here made for all pertinent purposes.

THIS LEASE IS SUBJECT TO ADDITIONAL PROVISIONS CONTAINED IN EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF.

in the County of Leon, State of Texas, containing **217.339** gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith. The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of 6 months from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying commercial quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be **twenty-one percent (21%)** of such commercial production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be **twenty-one percent (21%)** of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production severance, or other excise taxes, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) on all other minerals marketed or utilized by Lessee from said land, including sulphur produced as a by-product, **twenty-one percent (21%)** of such commercial production. If at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of producing oil or gas or other substances covered hereby in paying commercial quantities, but such well or wells are either shut in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying commercial quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut in or production therefrom is not being sold by Lessee, then Lessee shall pay shut-in royalty of **twenty dollar** per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in MAIL TO LESSOR AT ABOVE ADDRESS or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the U.S. Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.

5. If Lessee drills a well which is incapable of producing in paying commercial quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate government authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel, and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production of which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent that 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 hereunder shall thereafter be

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adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.

8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones thereunder, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized therewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder, without Lessors consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.

11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or cancelled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

14. Lessor hereby warrants and agrees to defend title conveyed to Lessee by through and under Lessor only hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

LESSOR (WHETHER ONE OR MORE)

James H. Thomas  
James H. Thomas

STATE OF TEXAS  
COUNTY OF ~~WALKER~~ SAN JACINTO

This instrument was acknowledged before me on the day of March 2006, by James H. Thomas.

Sheila Wenckens  
Notary Public, State of Texas

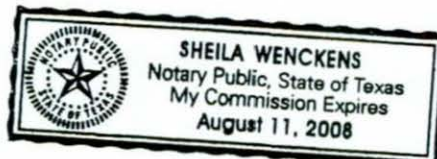




EXHIBIT "A"

To Oil, Gas and Mineral Lease between James H. Thomas, Lessor and Steward Energy Resources as Lessee.

15. The terms and provisions contained on this page shall take precedence over other provisions and terms contained in said lease hereto attached and in the event of a conflict between the provisions on this page and the terms and provisions of said lease, the terms and provisions on this page shall prevail.
16. In the event a portion or portions of the land herein leased is pooled or unitized with other land so as to form a pooled unit or units, operations on or production from such pooled unit or units will maintain this lease in force only as to the land included in such unit or units. This lease may be maintained in force as to any land covered hereby and not included in such unit or units by payment of delay rentals on the unitized acreage during the primary term or in any manner provided herein, provided that if it is to be by rental payments, rentals shall be reduced in proportion to the number of acres covered hereby and not included in such unit or units. At the expiration of the primary term of this lease, lessee will release all lands not then included within a unit if there is no drilling or production operations thereon at such time.
17. The term "other minerals" as used herein shall pertain only to such minerals that may be produced in connection with the production of oil and / or gas. All other minerals of every kind and character are expressly reserved from this lease and reserved by Lessor. This lease shall not cover coal, lignite, iron ore, uranium or any other fissionable material.
18. All royalties that may be due hereunder shall commence to be paid on each well within ninety (90) days after the first day of the month following the month during which any well is completed and commences production, and thereafter all royalties shall be paid to Lessor on or before the last day of the second month following the month of production. Royalties not paid when due shall bear interest at the prime rate of interest plus two percent (2%) (not to exceed legal Texas interest rate) from their due date until paid.
19. Notwithstanding anything herein to the contrary it is agreed and understood that at the end of two years after the expiration of the primary term hereof, this lease shall automatically expire as to all depths lying deeper than one hundred (100) feet below the depth of the deepest oil or gas strata or horizon found to be productive in commercial quantities during the term of this lease.
20. Notwithstanding anything herein to the contrary it is agreed and understood that the royalty reserved to Lessor herein shall be absolutely free and clear of all costs and expenses of every kind or character except ad valorem and production taxes. By way of explanation, but not limitation, Lessor shall not be required to pay any part of expenses of separation, compression, marketing, transportation, treating, manufacturing, or any other deduction or charge whatsoever.
21. Notwithstanding anything herein to the contrary it is understood and agreed that Lessee's right to maintain this lease in force by shut-in royalty payments under Paragraph 3 above shall not extend for more than two (2) consecutive years after the expiration of the primary term.
22. Lessee shall upon written request by the Lessor or their agent furnish copies of all Railroad Commission forms, all geological logs and testing reports, drilling reports, seismograph lines, shot points and copy of final seismograph data within a one mile radius of herein leased acreage and any other information in his possession or control pertaining to any well on the leased premises or on a unit well with which the leased premises are pooled. It is understood and agreed that any information provided to Lessor as herein provided, shall be kept strictly confidential and shall not be provided to any other party by Lessor without the express written consent of Lessee. Lessor, their agents and employees, shall have the right of access at the entire risk of Lessor to the location, derrick floor and any other facility located thereon during the drilling and testing of any well for the purpose of obtaining information in connection therewith.
23. Lessee agrees to give Lessor written notice prior to the commencement of operations for the drilling of any well hereunder, specifying its proposed location and commencement of any geophysical operations to be conducted on the herein leased premises or lands pooled therewith.
24. It is understood and agreed that in the event that the above described land is used as a drill site, or pooled with other acreage then in that event Lessee shall not have the right to unitize less than all of the acreage covered by this lease.
25. It is agreed and understood that Woodbine gas units shall not exceed 320 acres, plus ten percent tolerance.
26. Lessee agrees to fence all pits until dry, and agrees as soon as possible thereafter, to cover the same, restoring the surface of each location to its former condition as nearly as may be reasonably possible.
27. Lessee shall in no event have a period of greater than six months after the termination of this lease to remove its equipment from the premises. In the event Lessee fails to remove such equipment within the said six month period after termination, said equipment shall become the property of the owner of the surface.
28. Lessee by acceptance of this lease, agrees to use the existing roads on the premises as much as possible, and to maintain such roads constructed on the land in an all-weather condition, including if production of oil or gas is established, at Lessee's cost and expense, the placing of rock or gravel on the road surface to make same passable under all weather conditions. At the end of operations or in the event of a dry hole all surface rock, fencing material, culverts and cattle guards shall remain the property of Lessor.
29. The rights of Lessee hereunder may be assigned or sub-leased in whole or part, and in the provisions hereof shall extend to its successors, sub-lessees or assigns.
30. Lessee agrees to pay to the owner for the surface, or tenant of the owner of the surface estate, for all damages caused to livestock on the premises by Lessee's operations hereunder.
31. Lessor hereby grants Lessee the option to extend the primary term of this lease for an additional six (6) months from the expiration of the original primary term. This option may be exercised by Lessee, or its successors and assigns, at any time before the expiration of the primary term hereof by paying to Lessor the sum of seventy five (\$75.00) per net mineral acre for each acre so extended. Payment may be made by check or draft mailed or delivered to Lessor. Should this option be exercised as herein provided, it is agreed that Lessee may execute and file or record an instrument evidencing the exercise of this option.

Initial

Filed for Record in: Leon County  
On: Mar 30, 2006 at 10:52A  
As a Recording  
Document Number: 00329609  
Amount: \$ 18.00  
Receipt Number: 85348  
By: Carla McEachern

STATE OF TEXAS

COUNTY OF LEON

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:

Leon County

as stamped hereon by me.

Mar 30, 2006  
Carla McEachern, County Clerk  
Leon County



EXTENSION OF OIL, GAS & MINERAL LEASE

STATE OF TEXAS                   §  
  §  
COUNTY OF LEON           §

WHEREAS, James H. Thomas , is the owner and holder of an oil and gas lease dated April 1, 2006, as executed by James H. Thomas, as Lessors, to Steward Energy Resources, as Lessee, covering the following described lands in Leon County, State of Texas, to-wit:

217.339 acres of land, more or less, out of the J.B. & J. E. Therrell Survey, A-881 and the T. Toby Survey, A-883 Leon County, Texas and being more particularly described in the following three tracts: 199.09 acres out of the Therrell Survey described in Stipulation and Conveyance of Interest, recorded volume 1245 page 237 and dated February 25, 2006, and 12 acres out of the Toby Survey described in Deed from Virginia Perkins to James Thomas, dated July 13, 1990 and recorded volume 806 page 704 and 6.33 acres out of the Toby Survey described in Deed from Noye Thomas et al to James Thomas recorded volume 410 page 620 and dated November 26, 1975, Deed Records Leon County, Texas.

such Oil and Gas Lease having been recorded in Volume 1248, Page 873 of the Official records of said county; and,

WHEREAS, it is the desire of the undersigned parties to extend the primary term of said lease; for a second time;

NOW, THEREFORE, the undersigned, for and in consideration of Ten Dollars, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, do hereby grant, lease and let exclusively to the Lessee herein above named and agrees that the original term of said lease and any extension thereof, shall be and is hereby extended, with the same force and effect, for a period of one (1) year and six (6) months from the aforesaid original expiration or extension expiration date thereof, and for as long thereafter as oil, gas or other hydrocarbons are produced as provided in said lease; subject, however, in all other respects, to the provisions and conditions of said lease and/or terms of any modification or amendment; provided, however, that the consideration for this extension includes the delay rental, if any, which would become payable on said original expiration date because of this extension.

The undersigned acknowledge that said lease is valid and in full force and effect and for such purpose the undersigned hereby grant, lease and let to the aforesaid owner and holder all of the interest of the undersigned in the above described lands upon the same terms, conditions and provisions as are contained in said lease as extended hereby, and by any amendment heretofore executed, and for such purpose the rights of dower and/or homestead in such lands are hereby released.

This extension of lease shall be binding upon and inure to the benefit of the aforesaid owner and holder and of the undersigned, their successors, personal representatives and assigns.

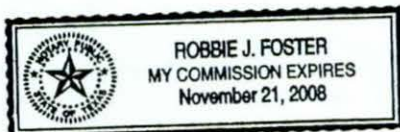
IN WITNESS WHEREOF, this instrument is executed on this 17<sup>th</sup> day of October, 2006.

James H. Thomas  
James H. Thomas

ACKNOWLEDGEMENT

STATE OF TEXAS                   §  
  §  
COUNTY OF SAN JACINTO       §

This instrument was acknowledged before me this 17<sup>th</sup> day of October, 2006, by James H.. Thomas.



Robbie J. Foster  
Notary Public in and for The State of Texas



Doc 00342899  
Bk DR  
Vol 1306  
Pg 839

Filed for Record in: Leon County  
On: Mar 16, 2007 at 10:04A  
As a Recordings  
Document Number: 00342899  
Amount: \$ 10.00  
Receipt Number: 74028  
By: Kelli Howle

STATE OF TEXAS COUNTY OF LEON  
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:  
Leon County  
as stamped hereon by me.

Mar 16, 2007  
Carla McEachern, County Clerk  
Leon County



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 DRIVER'S LICENSE NUMBER.

## PAID UP OIL AND GAS LEASE

THIS LEASE AGREEMENT is made as of the 1st day of April, 2006 between, Anita Thomas Alexander, leasing her separate property whose address is 8221 Coolgreene Dr. Dallas, TX 75228 as Lessor (whether one or more), and Steward Energy Resources, whose address is P. O. Box 653, Fairfield, TX 75840, as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises:

218.989 acres of land, more or less, out of the J.B. & J.E. Therrell Survey, A-881 and the T. Toby (John Wall) Survey, A-883 Leon County, Texas and being more particularly described in the following four tracts: 199.009 acres out of the Therrell Survey described in Stipulation and Conveyance Of Interest recorded volume 1245 page 237 and dated February 25, 2006, and 1.64 acres out of the Toby Survey described in Deed from Janis Simmons to Anita Alexander, dated February 2, 1992, recorded volume 816 page 053 and 6.340 acres out of the Toby Survey described in Deed from Nobye Thomas et al to Anita Alexander recorded volume 410 page 620 and dated November 26, 1975 and 12 acres out of the Toby Survey described in Deed from Janis Simmons to Anita Alexander, dated May 19, 1993 and recorded volume 868 page 318, Deed Records, Leon County, Texas, to which references are here made for all pertinent purposes.

THIS LEASE IS SUBJECT TO ADDITIONAL PROVISIONS CONTAINED IN EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF.

in the County of Leon, State of Texas, containing **218.989** gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith. The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of 6 months from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying commercial quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be **twenty-one percent (21%)** of such commercial production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be **twenty-one percent (21%)** of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production severance, or other excise taxes, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) on all other minerals marketed or utilized by lessee from said land, including sulphur produced as a by-product, **twenty-one percent (21%)** of such commercial production. If at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of producing oil or gas or other substances covered hereby in paying commercial quantities, but such well or wells are either shut in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying commercial quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut in or production therefrom is not being sold by Lessee, then Lessee shall pay shut-in royalty of **twenty dollar per acre** then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in MAIL TO LESSOR AT ABOVE ADDRESS or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the U.S. Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.

5. If Lessee drills a well which is incapable of producing in paying commercial quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate government authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel, and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production of which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent that 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 hereunder shall thereafter be

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adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.

8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones thereunder, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized therewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder, without Lessors consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.

11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or cancelled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

14. Lessor hereby warrants and agrees to defend title conveyed to Lessee by through and under Lessor only hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

LESSOR (WHETHER ONE OR MORE)

  
Anita Alexander

STATE OF TEXAS  
COUNTY OF DALLAS

This instrument was acknowledged before me on the day of March 2006, by Anita Alexander.



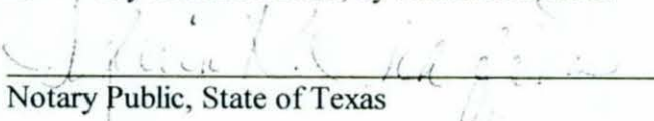
  
Notary Public, State of Texas



EXHIBIT "A"

To Oil, Gas and Mineral Lease between Anita Thomas Alexander, Lessor and Steward Energy Resources as Lessee.

15. The terms and provisions contained on this page shall take precedence over other provisions and terms contained in said lease hereto attached and in the event of a conflict between the provisions on this page and the terms and provisions of said lease, the terms and provisions on this page shall prevail.
16. In the event a portion or portions of the land herein leased is pooled or unitized with other land so as to form a pooled unit or units, operations on or production from such pooled unit or units will maintain this lease in force only as to the land included in such unit or units. This lease may be maintained in force as to any land covered hereby and not included in such unit or units by payment of delay rentals on the unitized acreage during the primary term or in any manner provided herein, provided that if it is to be by rental payments, rentals shall be reduced in proportion to the number of acres covered hereby and not included in such unit or units. At the expiration of the primary term of this lease, lessee will release all lands not then included within a unit if there is no drilling or production operations thereon at such time.
17. The term "other minerals" as used herein shall pertain only to such minerals that may be produced in connection with the production of oil and / or gas. All other minerals of every kind and character are expressly reserved from this lease and reserved by Lessor. This lease shall not cover coal, lignite, iron ore, uranium or any other fissionable material.
18. All royalties that may be due hereunder shall commence to be paid on each well within ninety (90) days after the first day of the month following the month during which any well is completed and commences production, and thereafter all royalties shall be paid to Lessor on or before the last day of the second month following the month of production. Royalties not paid when due shall bear interest at the prime rate of interest plus two percent (2%) (not to exceed legal Texas interest rate) from their due date until paid.
19. Notwithstanding anything herein to the contrary it is agreed and understood that at the end of two years after the expiration of the primary term hereof, this lease shall automatically expire as to all depths lying deeper than one hundred (100) feet below the depth of the deepest oil or gas strata or horizon found to be productive in commercial quantities during the term of this lease.
20. Notwithstanding anything herein to the contrary it is agreed and understood that the royalty reserved to Lessor herein shall be absolutely free and clear of all costs and expenses of every kind or character except ad valorem and production taxes. By way of explanation, but not limitation, Lessor shall not be required to pay any part of expenses of separation, compression, marketing, transportation, treating, manufacturing, or any other deduction or charge whatsoever.
21. Notwithstanding anything herein to the contrary it is understood and agreed that Lessee's right to maintain this lease in force by shut-in royalty payments under Paragraph 3 above shall not extend for more than two (2) consecutive years after the expiration of the primary term.
22. Lessee shall upon written request by the Lessor or their agent furnish copies of all Railroad Commission forms, all geological logs and testing reports, drilling reports, seismograph lines, shot points and copy of final seismograph data within a one mile radius of herein leased acreage and any other information in his possession or control pertaining to any well on the leased premises or on a unit well with which the leased premises are pooled. It is understood and agreed that any information provided to Lessor as herein provided, shall be kept strictly confidential and shall not be provided to any other party by Lessor without the express written consent of Lessee. Lessor, their agents and employees, shall have the right of access at the entire risk of Lessor to the location, derrick floor and any other facility located thereon during the drilling and testing of any well for the purpose of obtaining information in connection therewith.
23. Lessee agrees to give Lessor written notice prior to the commencement of operations for the drilling of any well hereunder, specifying its proposed location and commencement of any geophysical operations to be conducted on the herein leased premises or lands pooled therewith.
24. It is understood and agreed that in the event that the above described land is used as a drill site, or pooled with other acreage then in that event Lessee shall not have the right to unitize less than all of the acreage covered by this lease.
25. It is agreed and understood that Woodbine gas units shall not exceed 320 acres, plus ten percent tolerance.
26. Lessee agrees to fence all pits until dry, and agrees as soon as possible thereafter, to cover the same, restoring the surface of each location to its former condition as nearly as may be reasonably possible.
27. Lessee shall in no event have a period of greater than six months after the termination of this lease to remove its equipment from the premises. In the event Lessee fails to remove such equipment within the said six month period after termination, said equipment shall become the property of the owner of the surface.
28. Lessee by acceptance of this lease, agrees to use the existing roads on the premises as much as possible, and to maintain such roads constructed on the land in an all-weather condition, including if production of oil or gas is established, at Lessee's cost and expense, the placing of rock or gravel on the road surface to make same passable under all weather conditions. At the end of operations or in the event of a dry hole all surface rock, fencing material, culverts and cattle guards shall remain the property of Lessor.
29. The rights of Lessee hereunder may be assigned or sub-leased in whole or part, and in the provisions hereof shall extend to its successors, sub-lessees or assigns.
30. Lessee agrees to pay to the owner for the surface, or tenant of the owner of the surface estate, for all damages caused to livestock on the premises by Lessee's operations hereunder.
31. Lessor hereby grants Lessee the option to extend the primary term of this lease for an additional six (6) months from the expiration of the original primary term. This option may be exercised by Lessee, or its successors and assigns, at any time before the expiration of the primary term hereof by paying to Lessor the sum of seventy five (\$75.00) per net mineral acre for each acre so extended. Payment may be made by check or draft mailed or delivered to Lessor. Should this option be exercised as herein provided, it is agreed that Lessee may execute and file or record an instrument evidencing the exercise of this option.

ATA  
Initial



Filed for Record in: Leon County  
On: Mar 30, 2006 at 10:52A  
As a Recording  
Document Number: 00329606  
Amount: \$ 18.00  
Receipt Number: 65348  
By: Carla McEachern

STATE OF TEXAS                      COUNTY OF LEON  
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:  
Leon County  
as stamped hereon by me.

Mar 30, 2006  
Carla McEachern, County Clerk  
Leon County



## EXTENSION OF OIL, GAS & MINERAL LEASE

STATE OF TEXAS                   §  
COUNTY OF LEON         §

WHEREAS, Anita Thomas Alexander, is the owner and holder of an oil and gas lease dated April 1, 2006, as executed by Anita Thomas Alexander, as Lessors, to Steward Energy Resources, as Lessee, covering the following described lands in Leon County, State of Texas, to-wit:

218.989 acres of land, more or less, out of the J.B. & J. E. Therrell Survey, A-881 and the T. Toby Survey, A-883 Leon County, Texas and being more particularly described in the following four tracts: 199.09 acres out of the Therrell Survey described in Stipulation and Conveyance of Interest, recorded volume 1245 page 237 and dated February 25, 2006, and a 1.64 acres out of the Toby Survey described in Deed from Janis Simmons to Anita Alexander, dated February 2, 1992 and recorded volume 816 page 53 and a 6.34 acres out of the Toby Survey described in Deed from Nobye Thomas et al to Anita Alexander recorded volume 410 page 620 and dated November 26, 1975 and 12 acres out of the Toby Survey described in Deed from Janis Simmons to Anita Alexander, dated May 19, 1993 and recorded volume 868 page 318, Deed Records Leon County, Texas.

such Oil and Gas Lease having been recorded in Volume 1248, Page 861 of the Official records of said county; and,

WHEREAS, it is the desire of the undersigned parties to extend the primary term of said lease; for a second time;

NOW, THEREFORE, the undersigned, for and in consideration of Ten Dollars, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, do hereby grant, lease and let exclusively to the Lessee herein above named and agrees that the original term of said lease and any extension thereof, shall be and is hereby extended, with the same force and effect, for a period of one (1) year and six (6) months from the aforesaid original expiration or extension expiration date thereof, and for as long thereafter as oil, gas or other hydrocarbons are produced as provided in said lease; subject, however, in all other respects, to the provisions and conditions of said lease and/or terms of any modification or amendment; provided, however, that the consideration for this extension includes the delay rental, if any, which would become payable on said original expiration date because of this extension.

The undersigned acknowledge that said lease is valid and in full force and effect and for such purpose the undersigned hereby grant, lease and let to the aforesaid owner and holder all of the interest of the undersigned in the above described lands upon the same terms, conditions and provisions as are contained in said lease as extended hereby, and by any amendment heretofore executed, and for such purpose the rights of dower and/or homestead in such lands are hereby released.

This extension of lease shall be binding upon and inure to the benefit of the aforesaid owner and holder and of the undersigned, their successors, personal representatives and assigns.

IN WITNESS WHEREOF, this instrument is executed on this 10 day of <sup>NOVEMBER</sup> ~~October~~, 2006.

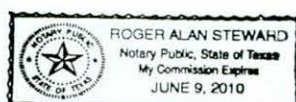
Anita Thomas Alexander 11-10-06

## ACKNOWLEDGEMENT

STATE OF TEXAS                   §  
COUNTY OF DALLAS         §

This instrument was acknowledged before me this 10th day of October, 2006, by Anita Thomas Alexander.

Notary Public in and for The State of Texas





Doc Bk Vol Pg  
00342900 DR 1306 841

Filed for Record in: Leon County  
On: Mar 16, 2007 at 10:04A  
As a Recordings  
Document Number: 00342900  
Amount: \$ 10.00  
Receipt Number: 74028  
By: Kelli Howle

STATE OF TEXAS COUNTY OF LEON  
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:  
Leon County  
as stamped hereon by me.

Mar 16, 2007  
Carla McEachern, County Clerk  
Leon County



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 DRIVER'S LICENSE NUMBER.

## PAID UP OIL AND GAS LEASE

THIS LEASE AGREEMENT is made as of the 1st day of November, 2006 between, Mary Virginia Thomas Johnson, and husband Glendel Johnson, whose address is 13449 Highway 79 West Jewett, TX 75846 as Lessor (whether one or more), and Steward Energy Resources, whose address is P. O. Box 653, Fairfield, TX 75840, as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises:

2 acres of land, more or less, out of the J.B. & J.E. Therrell Survey, A-881, Leon County, Texas and being more particularly described in that certain Deed from Kennie Thomas to Mary Johnson and Glendel Johnson recorded volume 293 page 556 and dated June 2, 1962, Deed Records, Leon County, Texas, to which references are here made for all pertinent purposes,

THIS LEASE IS SUBJECT TO ADDITIONAL PROVISIONS CONTAINED IN EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF.

in the County of Leon, State of Texas, containing 2 gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith. The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of two (2) years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying commercial quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be **twenty-one percent (21%)** of such commercial production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be **twenty-one percent (21%)** of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production severance, or other excise taxes, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) on all other minerals marketed or utilized by lessee from said land, including sulphur produced as a by-product, **twenty-one percent (21%)** of such commercial production. If at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of producing oil or gas or other substances covered hereby in paying commercial quantities, but such well or wells are either shut in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying commercial quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut in or production therefrom is not being sold by Lessee, then Lessee shall pay shut-in royalty of **twenty dollar** per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in MAIL TO LESSOR AT ABOVE ADDRESS or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the U.S. Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.

5. If Lessee drills a well which is incapable of producing in paying commercial quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate government authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel, and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production of which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent that 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 hereunder shall thereafter be adjusted accordingly. In the absence of



production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.

8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones thereunder, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized therewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder, without Lessors consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.

11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or cancelled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

14. Lessor hereby warrants and agrees to defend title conveyed to Lessee by through and under Lessor only hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

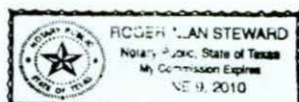
IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

LESSOR (WHETHER ONE OR MORE)

Mary Virginia Thomas Johnson Glendel Johnson  
Mary Virginia Thomas Johnson Glendel Johnson

STATE OF TEXAS  
COUNTY OF LEON

This instrument was acknowledged before me on the 6<sup>th</sup> day of <sup>November</sup> ~~October~~ 2006, by Mary Virginia Thomas Johnson and husband Glendel Johnson.



[Signature]  
Notary Public, State of Texas

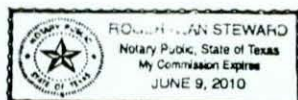




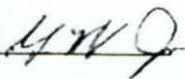
EXHIBIT "A"

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To Oil, Gas and Mineral Lease between Mary Johnson and husband Glendel Johnson, Lessors and Steward Energy Resources as Lessee.

15. The terms and provisions contained on this page shall take precedence over other provisions and terms contained in said lease hereto attached and in the event of a conflict between the provisions on this page and the terms and provisions of said lease, the terms and provisions on this page shall prevail.
16. In the event a portion or portions of the land herein leased is pooled or unitized with other land so as to form a pooled unit or units, operations on or production from such pooled unit or units will maintain this lease in force only as to the land included in such unit or units. This lease may be maintained in force as to any land covered hereby and not included in such unit or units by payment of delay rentals on the unitized acreage during the primary term or in any manner provided herein, provided that if it is to be by rental payments, rentals shall be reduced in proportion to the number of acres covered hereby and not included in such unit or units. At the expiration of the primary term of this lease, lessee will release all lands not then included within a unit if there is no drilling or production operations thereon at such time.
17. The term "other minerals" as used herein shall pertain only to such minerals that may be produced in connection with the production of oil and / or gas. All other minerals of every kind and character are expressly reserved from this lease and reserved by Lessor. This lease shall not cover coal, lignite, iron ore, uranium or any other fissionable material.
18. All royalties that may be due hereunder shall commence to be paid on each well within ninety (90) days after the first day of the month following the month during which any well is completed and commences production, and thereafter all royalties shall be paid to Lessor on or before the last day of the second month following the month of production. Royalties not paid when due shall bear interest at the prime rate of interest plus two percent (2%) (not to exceed legal Texas interest rate) from their due date until paid.
19. Notwithstanding anything herein to the contrary it is agreed and understood that at the end of two years after the expiration of the primary term hereof, this lease shall automatically expire as to all depths lying deeper than one hundred (100) feet below the depth of the deepest oil or gas strata or horizon found to be productive in commercial quantities during the term of this lease.
20. Notwithstanding anything herein to the contrary it is agreed and understood that the royalty reserved to Lessor herein shall be absolutely free and clear of all costs and expenses of every kind or character except ad valorem and production taxes. By way of explanation, but not limitation, Lessor shall not be required to pay any part of expenses of separation, compression, marketing, transportation, treating, manufacturing, or any other deduction or charge whatsoever.
21. Notwithstanding anything herein to the contrary it is understood and agreed that Lessee's right to maintain this lease in force by shut-in royalty payments under Paragraph 3 above shall not extend for more than two (2) consecutive years after the expiration of the primary term.
22. Lessee shall upon written request by the Lessor or their agent furnish copies of all Railroad Commission forms, all geological logs and testing reports, drilling reports, seismograph lines, shot points and copy of final seismograph data within a one mile radius of herein leased acreage and any other information in his possession or control pertaining to any well on the leased premises or on a unit well with which the leased premises are pooled. It is understood and agreed that any information provided to Lessor as herein provided, shall be kept strictly confidential and shall not be provided to any other party by Lessor without the express written consent of Lessee. Lessor, their agents and employees, shall have the right of access at the entire risk of Lessor to the location, derrick floor and any other facility located thereon during the drilling and testing of any well for the purpose of obtaining information in connection therewith.
23. Lessee agrees to give Lessor written notice prior to the commencement of operations for the drilling of any well hereunder, specifying its proposed location and commencement of any geophysical operations to be conducted on the herein leased premises or lands pooled therewith.
24. It is understood and agreed that in the event that the above described land is used as a drill site, or pooled with other acreage then in that event Lessee shall not have the right to unitize less than all of the acreage covered by this lease.
25. It is agreed and understood that Woodbine gas units shall not exceed 320 acres, plus ten percent tolerance.
26. Lessee agrees to fence all pits until dry, and agrees as soon as possible thereafter, to cover the same, restoring the surface of each location to its former condition as nearly as may be reasonably possible.
27. Lessee shall in no event have a period of greater than six months after the termination of this lease to remove its equipment from the premises. In the event Lessee fails to remove such equipment within the said six month period after termination, said equipment shall become the property of the owner of the surface.
28. Lessee by acceptance of this lease, agrees to use the existing roads on the premises as much as possible, and to maintain such roads constructed on the land in an all-weather condition, including if production of oil or gas is established, at Lessee's cost and expense, the placing of rock or gravel on the road surface to make same passable under all weather conditions. At the end of operations or in the event of a dry hole all surface rock, fencing material, culverts and cattle guards shall remain the property of Lessor.
29. The rights of Lessee hereunder may be assigned or sub-leased in whole or part, and in the provisions hereof shall extend to its successors, sub-lessees or assigns.
30. Lessee agrees to pay to the owner for the surface, or tenant of the owner of the surface estate, for all damages caused to livestock on the premises by Lessee's operations hereunder.

  
initial





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 DRIVER'S LICENSE NUMBER.

## PAID UP OIL AND GAS LEASE

THIS LEASE AGREEMENT is made as of the 1st day of November, 2006 between, Mary Virginia Thomas Johnson, leasing her separate property, joined pro forma by her husband Glendel Johnson, whose address is 13449 Highway 79 West Jewett, TX 75846 as Lessor (whether one or more), and Steward Energy Resources, whose address is P. O. Box 653, Fairfield, TX 75840, as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

I. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises:

218.009 acres of land, more or less, out of the J.B. & J.E. Therrell Survey, A-881 and the T. Toby (John Wall) Survey, A-883 Leon County, Texas and being more particularly described in the following three tracts: 199.009 acres out of the Therrell Survey described in Stipulation and Conveyance Of Interest recorded volume 1245 page 237 and dated February 25, 2006, and 12 acres out of the Toby Survey described in Deed from Virginia Perkins to Mary Johnson, dated January 16, 1990, recorded volume 760 page 639 and 7.0 acres out of the Toby Survey described in Deed from Nobye Thomas et al to Mary Johnson recorded volume 410 page 620 and dated November 26, 1975, Deed Records, Leon County, Texas, to which references are here made for all pertinent purposes,

THIS LEASE IS SUBJECT TO ADDITIONAL PROVISIONS CONTAINED IN EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF.

in the County of Leon, State of Texas, containing 218.009 gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and non hydrocarbon substances produced in association therewith. The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of two (2) years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying commercial quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be twenty-one percent (21 %) of such commercial production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be twenty-one percent (21%) of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production severance, or other excise taxes, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) on all other minerals marketed or utilized by lessee from said land, including sulphur produced as a by-product, twenty-one percent (21 %) of such commercial production. If at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of producing oil or gas or other substances covered hereby in paying commercial quantities, but such well or wells are either shut in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying commercial quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut in or production therefrom is not being sold by Lessee, then Lessee shall pay shut-in royalty of twenty dollar per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in MAIL TO LESSOR AT ABOVE ADDRESS or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the U.S. Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.

5. If Lessee drills a well which is incapable of producing in paying commercial quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production therefrom, this lease shall remain in force so long as anyone or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate government authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel, and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production of which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after



commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent that 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 hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.

8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones thereunder, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized therewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder, without Lessors consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.

11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.


12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or cancelled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

14. Lessor hereby warrants and agrees to defend title conveyed to Lessee by through and under Lessor only hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

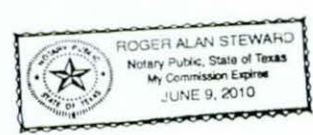
LESSOR (WHETHER ONE OR MORE)

  
Mary Virginia Thomas Johnson

  
Glendel Johnson

STATE OF TEXAS  
COUNTY OF LEON

This instrument was acknowledged before me on the 30<sup>th</sup> day of October 2006, by Mary Virginia Thomas Johnson and husband Glendel Johnson.



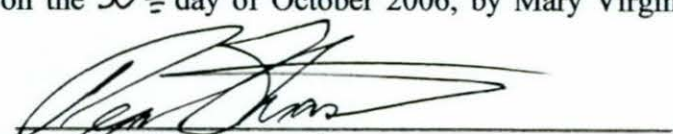
  
Notary Public, State of Texas



EXHIBIT "A"

To Oil, Gas and Mineral Lease between Mary Johnson and husband Glendel Johnson, Lessors and Steward Energy Resources as Lessee.

15. The terms and provisions contained on this page shall take precedence over other provisions and terms contained in said lease hereto attached and in the event of a conflict between the provisions on this page and the terms and provisions of said lease, the terms and provisions on this page shall prevail.

16. In the event a portion or portions of the land herein leased is pooled or unitized with other land so as to form a pooled unit or units, operations on or production from such pooled unit or units will maintain this lease in force only as to the land included in such unit or units. This lease may be maintained in force as to any land covered hereby and not included in such unit or units by payment of delay rentals on the unitized acreage during the primary term or in any manner provided herein, provided that if it is to be by rental payments, rentals shall be reduced in proportion to the number of acres covered hereby and not included in such unit or units. At the expiration of the primary term of this lease, lessee will release all lands not then included within a unit if there is no drilling or production operations thereon at such time.

17. The term "other minerals" as used herein shall pertain only to such minerals that may be produced in connection with the production of oil and / or gas. All other minerals of every kind and character are expressly reserved from this lease and reserved by Lessor. This lease shall not cover coal, lignite, iron ore, uranium or any other fissionable material.

18. All royalties that may be due hereunder shall commence to be paid on each well within ninety (90) days after the first day of the month following the month during which any well is completed and commences production, and thereafter all royalties shall be paid to Lessor on or before the last day of the second month following the month of production. Royalties not paid when due shall bear interest at the prime rate of interest plus two percent (2%) (not to exceed legal Texas interest rate) from their due date until paid.

19. Notwithstanding anything herein to the contrary it is agreed and understood that at the end of two years after the expiration of the primary term hereof, this lease shall automatically expire as to all depths lying deeper than one hundred (100) feet below the depth of the deepest oil or gas strata or horizon found to be productive in commercial quantities during the term of this lease.

20. Notwithstanding anything herein to the contrary it is agreed and understood that the royalty reserved to Lessor herein shall be absolutely free and clear of all costs and expenses of every kind or character except ad valorem and production taxes. By way of explanation, but not limitation, Lessor shall not be required to pay any part of expenses of separation, compression, marketing, transportation, treating, manufacturing, or any other deduction or charge whatsoever.

21. Notwithstanding anything herein to the contrary it is understood and agreed that Lessee's right to maintain this lease in force by shut-in royalty payments under Paragraph 3 above shall not extend for more than two (2) consecutive years after the expiration of the primary term.

22. Lessee shall upon written request by the Lessor or their agent furnish copies of all Railroad Commission forms, all geological logs and testing reports, drilling reports, seismograph lines, shot points and copy of final seismograph data within a one mile radius of herein leased acreage and any other information in his possession or control pertaining to any well on the leased premises or on a unit well with which the leased premises are pooled. It is understood and agreed that any information provided to Lessor as herein provided, shall be kept strictly confidential and shall not be provided to any other party by Lessor without the express written consent of Lessee. Lessor, their agents and employees, shall have the right of access at the entire risk of Lessor to the location, derrick floor and any other facility located thereon during the drilling and testing of any well for the purpose of obtaining information in connection therewith.

23. Lessee agrees to give Lessor written notice prior to the commencement of operations for the drilling of any well hereunder, specifying its proposed location and commencement of any geophysical operations to be conducted on the herein leased premises or lands pooled therewith.

24. It is understood and agreed that in the event that the above described land is used as a drill site, or pooled with other acreage then in that event Lessee shall not have the right to unitize less than all of the acreage covered by this lease.

25. It is agreed and understood that Woodbine gas units shall not exceed 320 acres, plus ten percent tolerance.

26. Lessee agrees to fence all pits until dry, and agrees as soon as possible thereafter, to cover the same, restoring the surface of each location to its former condition as nearly as may be reasonably possible.

27. Lessee shall in no event have a period of greater than six months after the termination of this lease to remove its equipment from the premises. In the event Lessee fails to remove such equipment within the said six month period after termination, said equipment shall become the property of the owner of the surface.

28. Lessee by acceptance of this lease, agrees to use the existing roads on the premises as much as possible, and to maintain such roads constructed on the land in an all-weather condition, including if production of oil or gas is established, at Lessee's cost and expense, the placing of rock or gravel on the road surface to make same passable under all weather conditions. At the end of operations or in the event of a dry hole all surface rock, fencing material, culverts and cattle guards shall remain the property of Lessor.

29 The rights of Lessee hereunder may be assigned or sub-leased in whole or part, and in the provisions hereof shall extend to its successors, sub-lessees or assigns.

30. Lessee agrees to pay to the owner for the surface, or tenant of the owner of the surface estate, for all damages caused to livestock on the premises by Lessee's operations hereunder.

  
initial



Doc 00338033 Bk OR Vol 1285 Pg 16

Filed for Record in: Leon County  
On: Oct 30, 2006 at 02:42P  
As a Recordings  
Document Number: 00338033  
Amount: \$ 18.00  
Receipt Number: 70891  
By: Kelli Howle

STATE OF TEXAS COUNTY OF LEON  
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:  
Leon County  
as stamped hereon by me.

Oct 30, 2006  
Carla McEachern, County Clerk  
Leon County



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 DRIVER'S LICENSE NUMBER.

## PAID UP OIL AND GAS LEASE

THIS LEASE AGREEMENT is made as of the 1st day of April, 2006 between, Tiffany Lynn Johnson, leasing her separate property, whose address is 22010 Allyson, Magnolia, TX 77354 as Lessor (whether one or more), and Steward Energy Resources, whose address is P. O. Box 653, Fairfield, TX 75840, as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises:

1.00 acres of land, more or less, out of the J.B. & J.E. Therrell Survey, A-881 Leon County, Texas and being more particularly described in the following Gift Mineral and Royalty Deed from Noybe Thomas to Tiffany Lynn Johnson and Trena Linette Hykes recorded volume 1243 page 391 and dated February 8, 2006, Deed Records, Leon County, Texas, to which references are here made for all pertinent purposes.

THIS LEASE IS SUBJECT TO ADDITIONAL PROVISIONS CONTAINED IN EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF.

in the County of Leon, State of Texas, containing 1.0 gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith. The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of 6 months from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying commercial quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be **twenty-one percent (21%)** of such commercial production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be **twenty-one percent (21%)** of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production severance, or other excise taxes, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) on all other minerals marketed or utilized by Lessee from said land, including sulphur produced as a by-product, **twenty-one percent (21%)** of such commercial production. If at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of producing oil or gas or other substances covered hereby in paying commercial quantities, but such well or wells are either shut in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying commercial quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut in or production therefrom is not being sold by Lessee, then Lessee shall pay shut-in royalty of **twenty dollar** per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in MAIL TO LESSOR AT ABOVE ADDRESS or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the U.S. Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.

5. If Lessee drills a well which is incapable of producing in paying commercial quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate government authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel, and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production of which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent that 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 hereunder shall thereafter be adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

309606



EXHIBIT "A"

To Oil, Gas and Mineral Lease between Tiffany Lynn Johnson, Lessor and Steward Energy Resources as Lessee.

15. The terms and provisions contained on this page shall take precedence over other provisions and terms contained in said lease hereto attached and in the event of a conflict between the provisions on this page and the terms and provisions of said lease, the terms and provisions on this page shall prevail.
16. In the event a portion or portions of the land herein leased is pooled or unitized with other land so as to form a pooled unit or units, operations on or production from such pooled unit or units will maintain this lease in force only as to the land included in such unit or units. This lease may be maintained in force as to any land covered hereby and not included in such unit or units by payment of delay rentals on the unitized acreage during the primary term or in any manner provided herein, provided that if it is to be by rental payments, rentals shall be reduced in proportion to the number of acres covered hereby and not included in such unit or units. At the expiration of the primary term of this lease, lessee will release all lands not then included within a unit if there is no drilling or production operations thereon at such time.
17. The term "other minerals" as used herein shall pertain only to such minerals that may be produced in connection with the production of oil and / or gas. All other minerals of every kind and character are expressly reserved from this lease and reserved by Lessor. This lease shall not cover coal, lignite, iron ore, uranium or any other fissionable material.
18. All royalties that may be due hereunder shall commence to be paid on each well within ninety (90) days after the first day of the month following the month during which any well is completed and commences production, and thereafter all royalties shall be paid to Lessor on or before the last day of the second month following the month of production. Royalties not paid when due shall bear interest at the prime rate of interest plus two percent (2%) (not to exceed legal Texas interest rate) from their due date until paid.
19. Notwithstanding anything herein to the contrary it is agreed and understood that at the end of two years after the expiration of the primary term hereof, this lease shall automatically expire as to all depths lying deeper than one hundred (100) feet below the depth of the deepest oil or gas strata or horizon found to be productive in commercial quantities during the term of this lease.
20. Notwithstanding anything herein to the contrary it is agreed and understood that the royalty reserved to Lessor herein shall be absolutely free and clear of all costs and expenses of every kind or character except ad valorem and production taxes. By way of explanation, but not limitation, Lessor shall not be required to pay any part of expenses of separation, compression, marketing, transportation, treating, manufacturing, or any other deduction or charge whatsoever.
21. Notwithstanding anything herein to the contrary it is understood and agreed that Lessee's right to maintain this lease in force by shut-in royalty payments under Paragraph 3 above shall not extend for more than two (2) consecutive years after the expiration of the primary term.
22. Lessee shall upon written request by the Lessor or their agent furnish copies of all Railroad Commission forms, all geological logs and testing reports, drilling reports, seismograph lines, shot points and copy of final seismograph data within a one mile radius of herein leased acreage and any other information in his possession or control pertaining to any well on the leased premises or on a unit well with which the leased premises are pooled. It is understood and agreed that any information provided to Lessor as herein provided, shall be kept strictly confidential and shall not be provided to any other party by Lessor without the express written consent of Lessee. Lessor, their agents and employees, shall have the right of access at the entire risk of Lessor to the location, derrick floor and any other facility located thereon during the drilling and testing of any well for the purpose of obtaining information in connection therewith.
23. Lessee agrees to give Lessor written notice prior to the commencement of operations for the drilling of any well hereunder, specifying its proposed location and commencement of any geophysical operations to be conducted on the herein leased premises or lands pooled therewith.
24. It is understood and agreed that in the event that the above described land is used as a drill site, or pooled with other acreage then in that event Lessee shall not have the right to unitize less than all of the acreage covered by this lease.
25. It is agreed and understood that Woodbine gas units shall not exceed 320 acres, plus ten percent tolerance.
26. Lessee agrees to fence all pits until dry, and agrees as soon as possible thereafter, to cover the same, restoring the surface of each location to its former condition as nearly as may be reasonably possible.
27. Lessee shall in no event have a period of greater than six months after the termination of this lease to remove its equipment from the premises. In the event Lessee fails to remove such equipment within the said six month period after termination, said equipment shall become the property of the owner of the surface.
28. Lessee by acceptance of this lease, agrees to use the existing roads on the premises as much as possible, and to maintain such roads constructed on the land in an all-weather condition, including if production of oil or gas is established, at Lessee's cost and expense, the placing of rock or gravel on the road surface to make same passable under all weather conditions. At the end of operations or in the event of a dry hole all surface rock, fencing material, culverts and cattle guards shall remain the property of Lessor.
29. The rights of Lessee hereunder may be assigned or sub-leased in whole or part, and in the provisions hereof shall extend to its successors, sub-lessees or assigns.
30. Lessee agrees to pay to the owner for the surface, or tenant of the owner of the surface estate, for all damages caused to livestock on the premises by Lessee's operations hereunder.
31. Lessor hereby grants Lessee the option to extend the primary term of this lease for an additional six (6) months from the expiration of the original primary term. This option may be exercised by Lessee, or its successors and assigns, at any time before the expiration of the primary term hereof by paying to Lessor the sum of seventy five (\$75.00) per net mineral acre for each acre so extended. Payment may be made by check or draft mailed or delivered to Lessor. Should this option be exercised as herein provided, it is agreed that Lessee may execute and file or record an instrument evidencing the exercise of this option.

Initial



7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.

8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones thereunder, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized therewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder, without Lessors consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.

11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

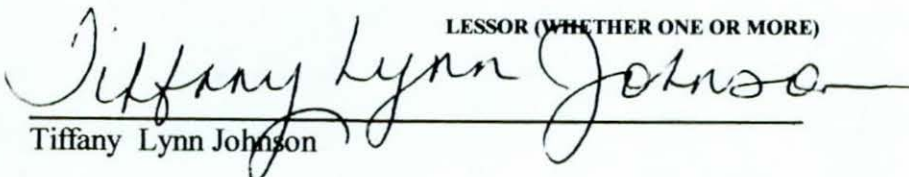
12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or cancelled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

14. Lessor hereby warrants and agrees to defend title conveyed to Lessee by through and under Lessor only hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

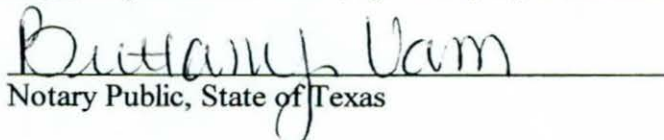
IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

LESSOR (WHETHER ONE OR MORE)

  
Tiffany Lynn Johnson

STATE OF TEXAS  
COUNTY OF WALLER

This instrument was acknowledged before me on the 28 day of March 2006, by Tiffany Lynn Johnson.

  
Notary Public, State of Texas





**EXTENSION OF OIL, GAS & MINERAL LEASE**

STATE OF TEXAS

§

COUNTY OF LEON

§

§

WHEREAS, Tiffany Lynn Johnson is the owner and holder of an oil and gas lease dated April 1, 2006, as executed by Tiffany Lynn Johnson, as Lessors, to Steward Energy Resources, as Lessee, covering the following described lands in Leon County, State of Texas, to-wit:

1 acre of land, more or less, out of the J.B. & J. E. Therrell Survey, A-881 Leon County, Texas and being more particularly described in that certain Deed from Noybe Thomas to Tiffany L. Johnson and Trenda L. Hykes, dated February 8, 2006 and recorded volume 1243 page 391, Deed Records Leon County, Texas.

such Oil and Gas Lease having been recorded in Volume 1254, Page 497 of the Official records of said county; and,

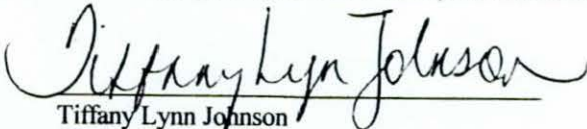
WHEREAS, it is the desire of the undersigned parties to extend the primary term of said lease; for a second time;

NOW, THEREFORE, the undersigned, for and in consideration of Ten Dollars, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, do hereby grant, lease and let exclusively to the Lessee herein above named and agrees that the original term of said lease and any extension thereof, shall be and is hereby extended, with the same force and effect, for a period of one (1) year and six (6) months from the aforesaid original expiration or extension expiration date thereof, and for as long thereafter as oil, gas or other hydrocarbons are produced as provided in said lease; subject, however, in all other respects, to the provisions and conditions of said lease and/or terms of any modification or amendment; provided, however, that the consideration for this extension includes the delay rental, if any, which would become payable on said original expiration date because of this extension.

The undersigned acknowledge that said lease is valid and in full force and effect and for such purpose the undersigned hereby grant, lease and let to the aforesaid owner and holder all of the interest of the undersigned in the above described lands upon the same terms, conditions and provisions as are contained in said lease as extended hereby, and by any amendment heretofore executed, and for such purpose the rights of dower and/or homestead in such lands are hereby released.

This extension of lease shall be binding upon and inure to the benefit of the aforesaid owner and holder and of the undersigned, their successors, personal representatives and assigns.

IN WITNESS WHEREOF, this instrument is executed on this \_\_\_\_\_ day of October, 2006.

  
Tiffany Lynn Johnson

**ACKNOWLEDGEMENT**

STATE OF TEXAS

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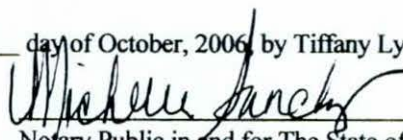
COUNTY OF WALLER

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This instrument was acknowledged before me this 20 day of October, 2006, by Tiffany Lynn Johnson.



  
Notary Public in and for The State of Texas  
My Commission Expires: 07-27-09



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 DRIVER'S LICENSE NUMBER.

## PAID UP OIL AND GAS LEASE

THIS LEASE AGREEMENT is made as of the 1st day of April, 2006 between, Kenneth R. Thomas, leasing his separate property, whose address is 2310 Pebble Lake, Magnolia, TX 77354 as Lessor (whether one or more), and Steward Energy Resources, whose address is P. O. Box 653, Fairfield, TX 75840, as Lessee. All printed portions of this lease were prepared by the party hereinabove named as Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises:

217.339 acres of land, more or less, out of the J.B. & J.E. Therrell Survey, A-881 and the T. Toby (John Wall) Survey, A-883 Leon County, Texas and being more particularly described in the following three tracts: 199.009 acres out of the Therrell Survey described in Stipulation and Conveyance Of Interest recorded volume 1245 page 237 and dated February 25, 2006, and 12 acres out of the Toby Survey described in Deed from Virginia Perkins to Kenneth Thomas, dated July 13, 1990, recorded volume 806 page 701 and 6.33 acres out of the Toby Survey described in Deed from Noby Thomas et al to Kenneth Thomas recorded volume 410 page 620 and dated November 26, 1975 Deed Records, Leon County, Texas, to which references are here made for all pertinent purposes.

THIS LEASE IS SUBJECT TO ADDITIONAL PROVISIONS CONTAINED IN EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF.

in the County of Leon, State of Texas, containing 217.339 gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith. The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of 6 months from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying commercial quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be **twenty-one percent (21%)** of such commercial production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be **twenty-one percent (21%)** of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production severance, or other excise taxes, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) on all other minerals marketed or utilized by Lessee from said land, including sulphur produced as a by-product, **twenty-one percent (21%)** of such commercial production. If at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of producing oil or gas or other substances covered hereby in paying commercial quantities, but such well or wells are either shut in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying commercial quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut in or production therefrom is not being sold by Lessee, then Lessee shall pay shut-in royalty of **twenty dollar** per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit in MAIL TO LESSOR AT ABOVE ADDRESS or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the U.S. Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.

5. If Lessee drills a well which is incapable of producing in paying commercial quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for a gas well or a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate government authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel, and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that the production of which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. To the extent that 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 hereunder shall thereafter be

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adjusted accordingly. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.

8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area and/or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate in the depository designated above. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons or to their credit in the depository, either jointly or separately in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

9. Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this lease as to a full or undivided interest in all or any portion of the area covered by this lease or any depths or zones thereunder, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

10. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized therewith, in primary and/or enhanced recovery, Lessee shall have the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder, without Lessors consent, and Lessee shall pay for damage caused by its operations to buildings and other improvements now on the leased premises or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within a reasonable time thereafter.

11. Lessee's obligations under this lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells, and the price of oil, gas and other substances covered hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

12. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default, within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or cancelled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

14. Lessor hereby warrants and agrees to defend title conveyed to Lessee by through and under Lessor only hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, Lessee shall be subrogated to the rights of the party to whom payment is made and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

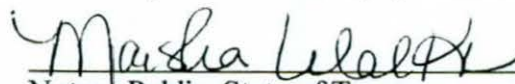
IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

LESSOR (WHETHER ONE OR MORE)

  
Kenneth R. Thomas

STATE OF TEXAS  
COUNTY OF WALKER

This instrument was acknowledged before me on the      day of March 2006, by Kenneth R. Thomas.

  
Notary Public, State of Texas

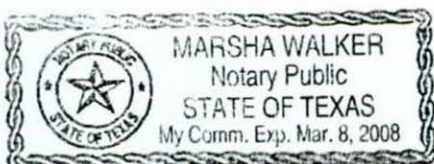




EXHIBIT "A"

Doc 00329608 BK DR Vol 1248 Pg 871

To Oil, Gas and Mineral Lease between Kenneth R. Thomas, Lessor and Steward Energy Resources as Lessee.

15. The terms and provisions contained on this page shall take precedence over other provisions and terms contained in said lease hereto attached and in the event of a conflict between the provisions on this page and the terms and provisions of said lease, the terms and provisions on this page shall prevail.
16. In the event a portion or portions of the land herein leased is pooled or unitized with other land so as to form a pooled unit or units, operations on or production from such pooled unit or units will maintain this lease in force only as to the land included in such unit or units. This lease may be maintained in force as to any land covered hereby and not included in such unit or units by payment of delay rentals on the unitized acreage during the primary term or in any manner provided herein, provided that if it is to be by rental payments, rentals shall be reduced in proportion to the number of acres covered hereby and not included in such unit or units. At the expiration of the primary term of this lease, lessee will release all lands not then included within a unit if there is no drilling or production operations thereon at such time.
17. The term "other minerals" as used herein shall pertain only to such minerals that may be produced in connection with the production of oil and / or gas. All other minerals of every kind and character are expressly reserved from this lease and reserved by Lessor. This lease shall not cover coal, lignite, iron ore, uranium or any other fissionable material.
18. All royalties that may be due hereunder shall commence to be paid on each well within ninety (90) days after the first day of the month following the month during which any well is completed and commences production, and thereafter all royalties shall be paid to Lessor on or before the last day of the second month following the month of production. Royalties not paid when due shall bear interest at the prime rate of interest plus two percent (2%) (not to exceed legal Texas interest rate) from their due date until paid.
19. Notwithstanding anything herein to the contrary it is agreed and understood that at the end of two years after the expiration of the primary term hereof, this lease shall automatically expire as to all depths lying deeper than one hundred (100) feet below the depth of the deepest oil or gas strata or horizon found to be productive in commercial quantities during the term of this lease.
20. Notwithstanding anything herein to the contrary it is agreed and understood that the royalty reserved to Lessor herein shall be absolutely free and clear of all costs and expenses of every kind or character except ad valorem and production taxes. By way of explanation, but not limitation, Lessor shall not be required to pay any part of expenses of separation, compression, marketing, transportation, treating, manufacturing, or any other deduction or charge whatsoever.
21. Notwithstanding anything herein to the contrary it is understood and agreed that Lessee's right to maintain this lease in force by shut-in royalty payments under Paragraph 3 above shall not extend for more than two (2) consecutive years after the expiration of the primary term.
22. Lessee shall upon written request by the Lessor or their agent furnish copies of all Railroad Commission forms, all geological logs and testing reports, drilling reports, seismograph lines, shot points and copy of final seismograph data within a one mile radius of herein leased acreage and any other information in his possession or control pertaining to any well on the leased premises or on a unit well with which the leased premises are pooled. It is understood and agreed that any information provided to Lessor as herein provided, shall be kept strictly confidential and shall not be provided to any other party by Lessor without the express written consent of Lessee. Lessor, their agents and employees, shall have the right of access at the entire risk of Lessor to the location, derrick floor and any other facility located thereon during the drilling and testing of any well for the purpose of obtaining information in connection therewith.
23. Lessee agrees to give Lessor written notice prior to the commencement of operations for the drilling of any well hereunder, specifying its proposed location and commencement of any geophysical operations to be conducted on the herein leased premises or lands pooled therewith.
24. It is understood and agreed that in the event that the above described land is used as a drill site, or pooled with other acreage then in that event Lessee shall not have the right to unitize less than all of the acreage covered by this lease.
25. It is agreed and understood that Woodbine gas units shall not exceed 320 acres, plus ten percent tolerance.
26. Lessee agrees to fence all pits until dry, and agrees as soon as possible thereafter, to cover the same, restoring the surface of each location to its former condition as nearly as may be reasonably possible.
27. Lessee shall in no event have a period of greater than six months after the termination of this lease to remove its equipment from the premises. In the event Lessee fails to remove such equipment within the said six month period after termination, said equipment shall become the property of the owner of the surface.
28. Lessee by acceptance of this lease, agrees to use the existing roads on the premises as much as possible, and to maintain such roads constructed on the land in an all-weather condition, including if production of oil or gas is established, at Lessee's cost and expense, the placing of rock or gravel on the road surface to make same passable under all weather conditions. At the end of operations or in the event of a dry hole all surface rock, fencing material, culverts and cattle guards shall remain the property of Lessor.
29. The rights of Lessee hereunder may be assigned or sub-leased in whole or part, and in the provisions hereof shall extend to its successors, sub-lessees or assigns.
30. Lessee agrees to pay to the owner for the surface, or tenant of the owner of the surface estate, for all damages caused to livestock on the premises by Lessee's operations hereunder.
31. Lessor hereby grants Lessee the option to extend the primary term of this lease for an additional six (6) months from the expiration of the original primary term. This option may be exercised by Lessee, or its successors and assigns, at any time before the expiration of the primary term hereof by paying to Lessor the sum of seventy five (\$75.00) per net mineral acre for each acre so extended. Payment may be made by check or draft mailed or delivered to Lessor. Should this option be exercised as herein provided, it is agreed that Lessee may execute and file or record an instrument evidencing the exercise of this option.

  
Initial



EXTENSION OF OIL, GAS & MINERAL LEASE

STATE OF TEXAS                   §  
  §  
COUNTY OF LEON           §

WHEREAS, Kenneth R. Thomas , is the owner and holder of an oil and gas lease dated April 1, 2006, as executed by Kenneth R. Thomas, as Lessors, to Steward Energy Resources, as Lessee, covering the following described lands in Leon County, State of Texas, to-wit:

217.339 acres of land, more or less, out of the J.B. & J. E. Therrell Survey, A-881 and the T. Toby Survey, A-883 Leon County, Texas and being more particularly described in the following three tracts: 199.09 acres out of the Therrell Survey described in Stipulation and Conveyance of Interest, recorded volume 1245 page 237 and dated February 25, 2006, and 12 acres out of the Toby Survey described in Deed from Virginia Perkins to Kenneth Thomas, dated July 13, 1990 and recorded volume 806 page 701 and 6.33 acres out of the Toby Survey described in Deed from Noby Thomas etal to Kenneth Thomas recorded volume 410 page 620 and dated November 26, 1975, Deed Records Leon County, Texas.

such Oil and Gas Lease having been recorded in Volume 1248, Page 869 of the Official records of said county; and,


WHEREAS, it is the desire of the undersigned parties to extend the primary term of said lease; for a second time;

NOW, THEREFORE, the undersigned, for and in consideration of Ten Dollars, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, do hereby grant, lease and let exclusively to the Lessee herein above named and agrees that the original term of said lease and any extension thereof, shall be and is hereby extended, with the same force and effect, for a period of one (1) year and six (6) months from the aforesaid original expiration or extension expiration date thereof, and for as long thereafter as oil, gas or other hydrocarbons are produced as provided in said lease; subject, however, in all other respects, to the provisions and conditions of said lease and/or terms of any modification or amendment; provided, however, that the consideration for this extension includes the delay rental, if any, which would become payable on said original expiration date because of this extension.

The undersigned acknowledge that said lease is valid and in full force and effect and for such purpose the undersigned hereby grant, lease and let to the aforesaid owner and holder all of the interest of the undersigned in the above described lands upon the same terms, conditions and provisions as are contained in said lease as extended hereby, and by any amendment heretofore executed, and for such purpose the rights of dower and/or homestead in such lands are hereby released.

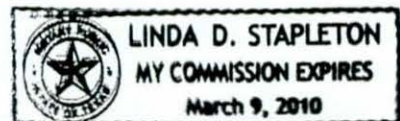
This extension of lease shall be binding upon and inure to the benefit of the aforesaid owner and holder and of the undersigned, their successors, personal representatives and assigns.

IN WITNESS WHEREOF, this instrument is executed on this 17 day of October, 2006.

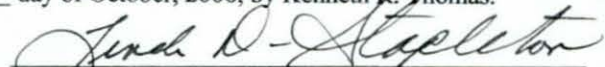
  
Kenneth R. Thomas

ACKNOWLEDGEMENT

STATE OF TEXAS                   §  
  §  
COUNTY OF WALKER           §



This instrument was acknowledged before me this 17 day of October, 2006, by Kenneth R. Thomas.

  
Notary Public in and for The State of Texas



Doc Bk Vol Pg  
00342898 OR 1306 837

Filed for Record in: Leon County  
On: Mar 16, 2007 at 10:04A  
As a Recordings  
Document Number: 00342898  
Amount: \$ 10.00  
Receipt Number: 74028  
By: Kelli Howle

STATE OF TEXAS COUNTY OF LEON  
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:  
Leon County  
as stamped hereon by me.

Mar 16, 2007  
Carla McEachern, County Clerk  
Leon County



5.  
File No. MF 108565  
Lease  
Date Filed: 10/12/07  
Jerry E. Patterson, Commissioner  
By [Signature]



TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

December 18<sup>th</sup>, 2007

Mr. David Steward  
Steward Energy Resources  
1524 S. IH 35, Suite 330  
Austin, TX 78704

Dear Mr. Steward,

Re: State of Texas HROW Lease # **MF108565**

Enclosed you will find an original executed Highway Right-of-Way Lease for Leon 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,

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)



6.

File No. MF 108565  
JTO letter  
Date Filed: 12/18/07  
By Jerry E. Patterson, Commissioner