

MF108713

Lease Extended Until 2/14/11 *RL* State Lease Control Base File County
~~4922~~ 3/16/11 *RL* MF108713 01-002783 LEON
4/15/11 *RL* MF108713 01-002774 ROBERTSON

TERMINATION DATE 5-1-23
 LEASING CRB
 MAPS RL
 GIS MC

Leasing: *RL*
 Analyst: _____
 Maps: _____
 GIS: *BS*

Survey NAVASOTA RIVER
 Block _____
 Block Name _____
 Township _____
 Section/Tract 5-C
 Land Part _____
 Part Description _____
 Acres 5
 Depth Below 0
 Depth Above 0
 Depth Other _____
 Name CHESAPEAKE EXPLORATION, LLC
 Lease Date 1/15/2008
 Primary Term 3 yrs
 Bonus (\$) \$4,185.00
 Rental (\$) \$5.00
 Lease Royalty 0.2500

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CAUTION

Documents in this file have been placed in Table of Contents order and scanned.

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Archives and Records Staff

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JANUARY 15, 2008

MINERAL LEASE BID APPLICATION

APPLICANT AGREEMENT

I agree, if awarded a lease on the referenced tract, to comply with all terms and conditions of said lease and with all applicable laws that so govern said lease, and as those laws may be amended.

APPLICANT IDENTIFICATION TO APPEAR ON LEASE (type/print)

Name: **CHESAPEAKE EXPLORATION, L.L.C.**
 Address: **P. O. Box 18496**
 City: **Oklahoma City** State: **OK** Zip: **73154-0496**
 Telephone: (405) 879-7994 Attn: Jack Elliott
(Include +4 Code)

AREA

County(ies): **Leon/Robertson** Survey/Area: **Navasota River**

DESCRIPTION

Block/Tsp.: _____ Section/Tract: **5-C** Acres: **5.00**
(If Applicable)

BID SUBMISSION

(A) Bonus Amount **(\$ 4,185.00)**

(type/print above)

(B) Sales Fee Amount **(\$ 62.78)**

(type/print above)

This Sales Fee is 1½% of the cash bonus as provided in Section 32.110 of the Natural Resources Code as amended.

MGL. NO.

30

APPLICANT NAME

CHESAPEAKE EXPLORATION, L.L.C.

(same as above)

BONUS AMOUNT ONLY (A)
 (**Do Not** include sales fee)

(\$ 4,185.00)

08009664

STATE OF TEXAS TAX I.D. #

 (must be an 11-digit number)

SIGNATURE OF AGENT

 (signature)

Dwight Snell

(type/print name)

X 62.78

08009665

①

File No. MF-108713

Bid Form.

Date Filed: 1/15/2008

Jerry E. Patterson, Commissioner

By J.E. Quern

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The State of Texas



Austin, Texas

OIL AND GAS LEASE
NO. M-108713

WHEREAS, pursuant to the Texas Natural Resources Code Chapters 32, 33, 51, and Chapter 52, Subchapters A-D and H, (said Code being hereinafter referred to as N.R.C.), and subject to all rules and regulations promulgated by the Commissioner of the General Land Office and/or the School Land Board pursuant thereto, and all other applicable statutes and amendments to said N.R.C., the following area, to-wit:

TRACT 5-C OF THE NAVASOTA RIVER, LEON AND ROBERTSON COUNTIES, TEXAS, CONTAINING APPROXIMATELY 5 ACRES; TRACT 5-C IS BOUND ON ITS UPSTREAM END BY THE LION HEART GAS UNIT, SAID UNIT BEING MORE PARTICULARLY DESCRIBED IN MINERAL FILE M-104253, CURRENTLY ON FILE IN THE ARCHIVES & RECORDS DIVISION OF THE TEXAS GENERAL LAND OFFICE, AUSTIN, TEXAS, AND IS BOUND ON ITS DOWNSTREAM END BY A LINE BEARING GRID N 30 08' W AND PASSING THROUGH A POINT HAVING COORDINATES OF X=3,278,340 FEET AND Y=520,150 FEET, TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE, NAD 1927 (TRACT IS SUBJECT TO THE SMALL BILL),

was, after being duly advertised, offered for lease on 15th day of January, 2008, at 10:00 o'clock a.m., by the Commissioner of the General Land Office of the State of Texas and the School Land Board of the State of Texas, for the sole and only purpose of prospecting and drilling for, and producing oil and/or gas that may be found and produced from the above described area; and

WHEREAS, after all bids and remittances which were received up to said time have been duly considered by the Commissioner of the General Land Office and the School Land Board at a regular meeting thereof in the General Land Office, on the 15th day of January, 2008, hereinafter the "effective date" and it was found and determined that CHESAPEAKE EXPLORATION, L.L.C. whose address is P.O. BOX 18496, OKLAHOMA CITY, OKLAHOMA 73154-0496, had offered the highest and best bid for a lease of the area above described and is, therefore, entitled to receive a lease thereon:

NOW, THEREFORE, I, Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas, hereinafter sometimes referred to as "Lessor," whose address is Austin, Texas, by virtue of the authority vested in me and in consideration of the payment by the hereinafter designated Lessee, the sum of **Four Thousand One Hundred Eighty-Five And 00/100 Dollars (\$4,185.00)**, receipt of which is hereby acknowledged and of the royalties, covenants, stipulations and conditions contained and hereby agreed to be paid, observed and performed by Lessee, do hereby demise, grant, lease and let unto the above mentioned bidder the exclusive right to prospect for, produce and take oil and/or gas from the aforesaid area upon the following terms and conditions, to-wit:

1. **RESERVATION:** There is hereby excepted and reserved to Lessor the full use of the property covered hereby and all rights with respect to the surface and subsurface thereof for any and all purposes except those granted and to the extent herein granted to Lessee, together with the rights of ingress and egress and use of said lands by Lessor and its mineral lessees, for purposes of exploring for and producing the minerals which are not covered, or which may not be covered in the future, under the terms of this lease, but which may be located within the surface boundaries of the leased area. All of the rights in and to the leased premises retained by Lessor and all of the rights in and to the leased premises granted to Lessee herein shall be exercised in such a manner that neither shall unduly interfere with the operations of the other.

2. **TERM:** Subject to the other provisions hereof, this lease shall be for a term of **three (3) years** from the effective date hereof (herein called "primary term") and as long thereafter as oil or gas is produced in paying quantities from said area.

3. **DELAY RENTALS:** If no well be commenced on the land hereby leased on or before the anniversary date of this lease, this lease shall terminate as to both parties unless the Lessee on or before said date shall pay or tender to the Commissioner of the General Land Office of the State of Texas at Austin, Texas, the sum of **Five Dollars (\$5.00), per acre**, which shall operate as rental and cover the privilege of deferring the commencement of a well for twelve (12) months from said date. In like manner and upon like payments or tenders the commencement of a well may be further deferred for like periods of the same number of months successively during the primary term hereof.

4. **PRODUCTION ROYALTIES:** Subject to the provisions for royalty reductions set out in subparagraph (E) of this paragraph 4, upon production of oil and/or gas, the Lessee agrees to pay or cause to be paid to the Commissioner of the General Land Office in Austin, Texas, for the use and benefit of the State of Texas, during the term hereof:

(A) **OIL:** As a royalty on oil, which is defined as including all hydrocarbons produced in a liquid form at the mouth of the well and also all condensate, distillate, and other liquid hydrocarbons recovered from oil or gas run through a separator or other equipment, as hereinafter provided, 1/4 part of the gross production or the market value thereof, at the option of the Lessor, such value to be determined by 1) the highest posted price, plus premium, if any, offered or paid for oil, condensate, distillate, or other liquid hydrocarbons, respectively, of a like type and gravity in the general area where produced and when run, or 2) the highest market price thereof offered or paid in the general area where produced and when run, or 3) the gross proceeds of the sale thereof, whichever is the greater. Lessee agrees that before any gas produced from the land hereby leased is sold, used or processed in a plant, it will be run free of cost to Lessor through an adequate oil and gas separator of conventional type or other equipment at least as efficient to the end that all liquid hydrocarbons recoverable from the gas by such means will be recovered. Upon written consent of Lessor, the requirement that such gas be run through such a separator or other equipment may be waived upon such terms and conditions as prescribed by Lessor.

(B) **NON-PROCESSED GAS:** As a royalty on any gas (including flared gas), which is defined as all hydrocarbons and gaseous substances not defined as oil in subparagraph (A) above, produced from any well on said land (except as provided herein with respect to gas processed in a plant for the extraction of gasoline, liquid hydrocarbons or other products) 1/4 part of the gross production or the market value thereof, at the option of the Lessor, such value to be based on the highest market price paid or offered for gas of comparable quality in the general area where produced and when run, or the gross price paid or offered to the producer, whichever is greater provided that the maximum pressure base in measuring the gas under this lease contract shall not at any time exceed 14.65 pounds per square inch absolute, and the standard base temperature shall be sixty (60) degrees Fahrenheit, correction to be made for pressure according to Boyle's Law, and for specific gravity according to test made by the Balance Method or by the most approved method of testing being used by the industry at the time of testing.

(C) **PROCESSED GAS:** As a royalty on any gas processed in a gasoline plant or other plant for the recovery of gasoline or other liquid hydrocarbons, $\frac{1}{4}$ part of the residue gas and the liquid hydrocarbons extracted or the market value thereof, at the option of the Lessor. All royalties due herein shall be based on one hundred percent (100%) of the total plant production of residue gas attributable to gas produced from this lease, and on fifty percent (50%) or that percent accruing to Lessee, whichever is the greater, of the total plant production of liquid hydrocarbons, attributable to the gas produced from this lease; provided that if liquid hydrocarbons are recovered from gas processed in a plant in which Lessee (or its parent, subsidiary or affiliate) owns an interest, then the percentage applicable to liquid hydrocarbons shall be fifty percent (50%) or the highest percent accruing to a third party processing gas through such plant under a processing agreement negotiated at arms' length (or if there is no such third party, the highest percent then being specified in processing agreements or contracts in the industry), whichever is the greater. The respective royalties on residue gas and on liquid hydrocarbons shall be determined by 1) the highest market price paid or offered for any gas (or liquid hydrocarbons) of comparable quality in the general area or 2) the gross price paid or offered for such residue gas (or the weighted average gross selling price for the respective grades of liquid hydrocarbons), whichever is the greater. In no event, however, shall the royalties payable under this paragraph be less than the royalties which would have been due had the gas not been processed.

(D) **OTHER PRODUCTS:** As a royalty on carbon black, sulphur or any other products produced or manufactured from gas (excepting liquid hydrocarbons) whether said gas be "casinghead," "dry" or any other gas, by fractionating, burning or any other processing, $\frac{1}{4}$ part of gross production of such products, or the market value thereof, at the option of Lessor, such market value to be determined as follows:

- (1) On the basis of the highest market price of each product, during the same month in which such product is produced, or
- (2) On the basis of the average gross sale price of each product for the same month in which such products are produced; whichever is the greater.

(E) **VARIABLE ROYALTY:** (i) Subject to the other provisions of this lease, it is hereby provided that in the event production in paying quantities is established pursuant to the terms of this lease and such production is brought on line and sales thereof are commenced within twelve (12) months of the effective date hereof, the royalty rate provided herein shall be reduced to 20%, and shall apply to each subsequent well drilled and produced on the land covered by this lease. Provided that, if during such twelve (12) month term during which Lessee may earn a reduced royalty rate of 20% as herein provided, Lessee should drill in good faith and complete the first well as a dry hole on the land covered by this lease, Lessee may receive a three (3) month extension of the term in which to earn a reduced royalty rate by giving notice to the Commissioner of the General Land Office, commencing drilling operations on an additional well prior to the expiration of such three (3) month period and prosecuting diligently and in good faith the drilling of such additional well and completing same so that production in paying quantities is established and so that such production is brought on line and sales thereof are commenced prior to the expiration of such three (3) month extension period.

(ii) In the event production in paying quantities is established pursuant to the terms of this lease and such production is brought on line and sales thereof are commenced after the expiration of twelve (12) months from the effective date hereof but prior to the expiration of twenty-four (24) months from the effective date hereof, the royalty rate provided herein shall be reduced to 22.5% and shall apply to each subsequent well drilled and produced on the land covered by this lease. Provided that, if during such twelve (12) month term during which Lessee may earn a reduced royalty rate of 22.5% as herein provided, Lessee should drill in good faith and complete the first well as a dry hole on the land covered by this lease, Lessee may receive a three (3) month extension of the term in which to earn a reduced royalty rate by giving notice to the Commissioner of the General Land Office, commencing drilling operations on an additional well prior to the expiration of such three (3) month period and prosecuting diligently and in good faith the drilling of such additional well and completing same so that production in paying quantities is established and so that such production is brought on line and sales thereof are commenced prior to the expiration of such three (3) month extension period.

(F) **NO DEDUCTIONS:** Lessee agrees that all royalties accruing to Lessor under this lease shall be without deduction for the cost of producing, transporting, and otherwise making the oil, gas and other products produced hereunder ready for sale or use.

(G) **ROYALTY IN KIND:** Notwithstanding anything contained herein to the contrary, Lessor may, at its option, upon not less than 60 days notice to Lessee, require at any time or from time to time that payment of all or any royalties accruing to Lessor under this lease be made in kind without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting and otherwise making the oil, gas and other products produced hereunder ready for sale or use. Lessor's right to take its royalty in kind shall not diminish or negate Lessor's rights or Lessee's obligations, whether express or implied, under this lease.

(H) **PLANT FUEL AND RECYCLED GAS:** No royalty shall be payable on any gas as may represent this lease's proportionate share of any fuel used to process gas produced hereunder in any processing plant. Notwithstanding anything contained herein to the contrary, and subject to the consent in writing of the Commissioner of the General Land Office, Lessee may recycle gas for gas lift purposes on the leased premises after the liquid hydrocarbons contained in the gas have been removed, and no royalties shall be payable on the gas so recycled until such time as the same may thereafter be produced and sold or used by Lessee in such manner as to entitle Lessor to a royalty thereon under the royalty provisions of this lease.

(I) **MINIMUM ROYALTY:** During any year after the expiration of the primary term of this lease, if this lease is maintained by production, the royalties paid to Lessor in no event shall be less than an amount equal to the total annual delay rental herein provided; otherwise, there shall be due and payable on or before the last day of the month succeeding the anniversary date of this lease a sum equal to the total annual rental less the amount of royalties paid during the preceding year.

(J) **MARGINAL PRODUCTION ROYALTY:** Upon Lessee's written application, the School Land Board may reduce the royalty rate set out in this paragraph and/or the minimum royalty set out in subparagraph 4 (I) to extend the economic life of this lease and encourage recovery of oil or gas that might otherwise remain unrecovered. Any such royalty reduction must conform to the requirements of any School Land Board administrative rules on this subject. Royalty may not be reduced below the applicable statutory minimum.

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

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

(B) **DRILLING RECORDS:** Written notice of all operations on this lease shall be submitted to the Commissioner of the General Land Office by Lessee or operator five (5) days before spud date, workover, re-entry, temporary abandonment or plug and abandonment of any well or wells. Such written notice to the General Land Office shall include copies of Railroad

Commission forms for application to drill. Copies of well tests, completion reports and plugging reports shall be supplied to the General Land Office at the time they are filed with the Texas Railroad Commission. Lessee shall supply the General Land Office with any records, memoranda, accounts, reports, cuttings and cores, or other information relative to the operation of the above-described premises, which may be requested by the General Land Office, in addition to those herein expressly provided for. Lessee shall have an electrical and/or radioactivity survey made on the bore-hole section, from the base of the surface casing to the total depth of well, of all wells drilled on the above described premises and shall transmit a true copy of the log of each survey on each well to the General Land Office within fifteen (15) days after the making of said survey.

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

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

(A) **VERTICAL:** In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall then terminate as to all of the leased premises, EXCEPT (1) 40 acres surrounding each oil well capable of producing in paying quantities and 320 acres surrounding each gas well capable of producing in paying quantities (including a shut-in oil or gas well as provided in Paragraph 11 hereof), or a well upon which Lessee is then engaged in continuous drilling or reworking operations, or (2) the number of acres included in a producing pooled unit pursuant to Natural Resources Code Sections 52.151-52.153, or (3) such greater or lesser number of acres as may then be allocated for production purposes to a proration unit for each such producing well under the rules and regulations of the Railroad Commission of Texas, or any successor agency, or other governmental authority having jurisdiction. Within 90 days of a partial termination of this lease in accordance with this subparagraph and upon payment of the minimum filing fee set by General Land Office rules in effect at the time of the partial termination, Lessee shall have the right to obtain a surface lease for ingress and egress on and across the terminated portion of the leased premises as may be reasonably necessary for the continued operation of the portions of the lease remaining in force and effect. If Lessee fails to apply for a surface lease within the 90 day period specified above, Lessee may apply for a surface lease from the Land Office, but the Land Commissioner has the discretion to grant or deny such application and to set the fee for such surface lease.

(B) **HORIZONTAL:** In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall further terminate as to all depths below 100 feet below the total depth drilled (hereinafter "deeper depths") in each well located on acreage retained in Paragraph 7 (A) above, unless on or before two (2) years after the primary or extended term Lessee pays an amount equal to one-half (1/2) of the bonus originally paid as consideration for this lease (as specified on page 1 hereof). If such amount is paid, this lease shall be in force and effect as to such deeper depths, and said termination shall be delayed for an additional period of two (2) years and so long thereafter as oil or gas is produced in paying quantities from such deeper depths covered by this lease.

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

8. **OFFSET WELLS:** If oil and/or gas should be produced in commercial quantities from a well located on land privately owned or on State land leased at a lesser royalty, which well is within one thousand (1,000) feet of the area included herein, or which well is draining the area covered by this lease, the Lessee shall, within sixty (60) days after such initial production from the draining well or the well located within one thousand (1,000) feet from the area covered by this lease begin in good faith and prosecute diligently the drilling of an offset well on the area covered by this lease, and such offset well shall be drilled to such depth as may be necessary to prevent the undue drainage of the area covered by this lease, and the Lessee, manager or driller shall use all means necessary in a good faith effort to make such offset well produce oil and/or gas in commercial quantities. Only upon the determination of the Commissioner and with his written approval, may the payment of a compensatory royalty satisfy the obligation to drill an offset well or wells required under this Paragraph.

9. **DRY HOLE/CESSATION OF PRODUCTION DURING PRIMARY TERM:** If, during the primary term hereof and prior to discovery and production of oil or gas on said land, Lessee should drill a dry hole or holes thereon, or if during the primary term hereof and after the discovery and actual production of oil or gas from the leased premises such production thereof should cease from any cause, this lease shall not terminate if on or before the expiration of sixty (60) days from date of completion of said dry hole or cessation of production Lessee commences additional drilling or reworking operations thereon, or pays or tenders the next annual delay rental in the same manner as provided in this lease. If, during the last year of the primary term or within sixty (60) days prior thereto, a dry hole be completed and abandoned, or the production of oil or gas should cease for any cause, Lessee's rights shall remain in full force and effect without further operations until the expiration of the primary term; and if Lessee has not resumed production in paying quantities at the expiration of the primary term, Lessee may maintain this lease by conducting additional drilling or reworking operations pursuant to Paragraph 10, using the expiration of the primary term as the date of cessation of production under Paragraph 10. Should the first well or any subsequent well drilled on the above described land be completed as a shut-in oil or gas well within the primary term hereof, Lessee may resume payment of the annual rental in the same manner as provided herein on or before the rental paying date following the expiration of sixty (60) days from the date of completion of such shut-in oil or gas well and upon the failure to make such payment, this lease shall ipso facto terminate. If at the expiration of the primary term or any time thereafter a shut-in oil or gas well is located on the leased premises payments may be made in accordance with the shut-in provisions hereof.

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

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

12. **COMPENSATORY ROYALTIES:** If, during the period the lease is kept in effect by payment of the shut-in oil or gas royalty, oil or gas is sold and delivered in paying quantities from a well located within one thousand (1,000) feet of the leased premises and completed in the same producing reservoir, or in any case in which drainage is occurring, the right to continue to maintain the lease by paying the shut-in oil or gas royalty shall cease, but the lease shall remain effective for the remainder of the year for which the royalty has been paid. The Lessee may maintain the

lease for four more successive years by Lessee paying compensatory royalty at the royalty rate provided in the lease of the market value of production from the well causing the drainage or which is completed in the same producing reservoir and within one thousand (1,000) feet of the leased premises. The compensatory royalty is to be paid monthly to the Commissioner beginning on or before the last day of the month following the month in which the oil or gas is produced from the well causing the drainage or that is completed in the same producing reservoir and located within one thousand (1,000) feet of the leased premises; if the compensatory royalty paid in any 12-month period is in an amount less than the annual shut-in oil or gas royalty, Lessee shall pay an amount equal to the difference within thirty (30) days from the end of the 12-month period; and none of these provisions will relieve Lessee of the obligation of reasonable development nor the obligation to drill offset wells as provided in N.R.C. Section 52.034; however, at the determination of the Commissioner, and with the Commissioner's written approval, the payment of compensatory royalties shall satisfy the obligation to drill offset wells. Compensatory royalty payments which are not timely paid will accrue penalty and interest in accordance with Paragraph 5 of this lease.

13. EXTENSIONS: If, at the expiration of the primary term of this lease, production of oil or gas has not been obtained on the leased premises but drilling operations are being conducted thereon in good faith and in a good and workmanlike manner, Lessee may, on or before the expiration of the primary term, file in the General Land Office written application to the Commissioner of the General Land Office for a thirty (30) day extension of this lease, accompanied by payment of Three Thousand Dollars (\$3,000.00) if this lease covers six hundred forty (640) acres or less and Six Thousand Dollars (\$6,000.00) if this lease covers more than six hundred forty (640) acres and the Commissioner shall, in writing, extend this lease for a thirty (30) day period from and after the expiration of the primary term and so long thereafter as oil or gas is produced in paying quantities; provided further, that Lessee may, so long as such drilling operations are being conducted make like application and payment during any thirty (30) day extended period for an additional extension of thirty (30) days and, upon receipt of such application and payment, the Commissioner shall, in writing, again extend this lease so that same shall remain in force for such additional thirty (30) day period and so long thereafter as oil or gas is produced in paying quantities; provided, however, that this lease shall not be extended for more than a total of three hundred ninety (390) days from and after the expiration of the primary term unless production in paying quantities has been obtained.

14. USE OF WATER; SURFACE: Lessee shall have the right to use water produced on said land necessary for operations hereunder and solely upon the leased premises; provided, however, Lessee shall not use potable water or water suitable for livestock or irrigation purposes for water flood operations without the prior written consent of Lessor. Subject to its obligation to pay surface damages, Lessee shall have the right to use so much of the surface of the land that may be reasonably necessary for drilling and operating wells and transporting and marketing the production therefrom, such use to be conducted under conditions of least injury to the surface of the land. Lessee shall pay surface damages in an amount set by the General Land Office fee schedule which is effective on the date when the activity requiring the payment of surface damages occurs.

15. POLLUTION: In developing this area, Lessee shall use the highest degree of care and all proper safeguards to prevent pollution. Without limiting the foregoing, pollution of coastal wetlands, natural waterways, rivers and impounded water shall be prevented by the use of containment facilities sufficient to prevent spillage, seepage or ground water contamination. In the event of pollution, Lessee shall use all means at its disposal to recapture all escaped hydrocarbons or other pollutant and shall be responsible for all damage to public and private properties.

(A) UPLANDS: Lessee shall build and maintain fences around its slush, sump, and drainage pits and tank batteries so as to protect livestock against loss, damage or injury; and upon completion or abandonment of any well or wells, Lessee shall fill and level all slush pits and cellars and completely clean up the drilling site of all rubbish thereon.

(B) SUBMERGED LANDS: No discharge of solid waste or garbage shall be allowed into State waters from any drilling or support vessels, production platform, crew or supply boat, barge, jack-up rig or other equipment located on the leased area. Solid waste shall include but shall not be limited to containers, equipment, rubbish, plastic, glass, and any other man-made non-biodegradable items. A sign must be displayed in a high traffic area on all vessels and manned platforms stating, "Discharge of any solid waste or garbage into State Waters from vessels or platforms is strictly prohibited and may subject a State of Texas lease to forfeiture." Such statement shall be in lettering of at least 1" in size.

(C) RIVERS: To the extent necessary to prevent pollution, the provisions found in subsections (a) and (b) of this paragraph shall also apply to rivers and riverbeds.

(D) PENALTY: Failure to comply with the requirements of this provision may result in the maximum penalty allowed by law including forfeiture of the lease. Lessee shall be liable for the damages caused by such failure and any costs and expenses incurred in cleaning areas affected by the discharged waste.

16. IDENTIFICATION MARKERS: Lessee shall erect, at a distance not to exceed twenty-five (25) feet from each well on the premises covered by this lease, a legible sign on which shall be stated the name of the operator, the lease designation and the well number. Where two or more wells on the same lease or where wells on two or more leases are connected to the same tank battery, whether by individual flow line connections direct to the tank or tanks or by use of a multiple header system, each line between each well and such tank or header shall be legibly identified at all times, either by a firmly attached tag or plate or an identification properly painted on such line at a distance not to exceed three (3) feet from such tank or header connection. Said signs, tags, plates or other identification markers shall be maintained in a legible condition throughout the term of this lease.

17. ASSIGNMENTS: The lease may be transferred at any time; provided, however, that the liability of the transferor to properly discharge its obligation under the lease, including properly plugging abandoned wells, removing platforms or pipelines, or remediation of contamination at drill sites shall pass to the transferee upon the prior written consent of the Commissioner of the General Land Office. The Commissioner may require the transferee to demonstrate financial responsibility and may require a bond or other security. All transfers must reference the lease by the file number and must be recorded in the county where the area 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 filing fee prescribed by the General Land Office rules in effect on the date of receipt by the General Land Office of such transfer or certified copy thereof. 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.

18. RELEASES: 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 filing fee prescribed by the General Land Office rules in effect on the date of receipt by the General Land Office of such relinquishment or certified copy thereof. Such relinquishment will not have the effect of releasing Lessee from any liability theretofore accrued in favor of the State.

19. LIEN: In accordance with N.R.C. Section 52.136, the State shall have a first lien upon all oil and gas produced from the area covered by this lease to secure payment of all unpaid royalty and other sums of money that may become due under this lease. By acceptance of this lease, Lessee grants the State, in addition to the lien provided by N.R.C. Section 52.136 and any other applicable statutory lien, an express contractual lien on and security interest in all leased minerals in and extracted from the leased premises, all proceeds which may accrue to Lessee from the sale of such leased minerals, whether such proceeds are held by Lessee or by a third party, and all fixtures on and improvements to the leased premises used in connection with the production or processing of such leased minerals in order to secure the payment of all royalties or other amounts due or to become due under this lease and to secure payment of any damages or loss that Lessor may suffer by reason of Lessee's breach of any covenant or condition of this lease, whether express or implied. This lien and security interest may be foreclosed with or without court proceedings in the manner provided in the Title 1, Chapter 9 of the Texas Business and Commerce Code. Lessee agrees that the Commissioner may require Lessee to execute and record such instruments as may be reasonably necessary to acknowledge, attach or perfect this lien. Lessee hereby represents that there are no prior or superior liens arising from and relating to Lessee's activities upon the above-described property or from Lessee's acquisition of this lease. Should the Commissioner at any time determine that this representation is not true, then the Commissioner may declare this lease forfeited as provided herein.

20. FORFEITURE: If Lessee shall fail or refuse to make the 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, the School Land Board, or the Railroad Commission, 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 Lessee shall knowingly violate any of the material provisions of this lease, or if this lease is assigned and the assignment is not filed in the General Land Office as required by law, the rights acquired under this lease shall be subject to forfeiture by the Commissioner, and he shall forfeit same when sufficiently informed of the facts which authorize a forfeiture, and when forfeited the area shall again be subject to lease to the highest bidder, under the same regulations controlling the original sale of leases. However, nothing herein shall be construed as waiving the automatic termination of this lease by

operation of law or by reason of any special limitation arising hereunder. Forfeitures may be set aside and this lease and all rights thereunder reinstated before the rights of another intervene upon satisfactory evidence to the Commissioner of the General Land Office of future compliance with the provisions of the law and of this lease and the rules and regulations that may be adopted relative hereto.

21. RIVERBED TRACTS: In the event this lease covers a riverbed, Lessee is hereby specifically granted the right of eminent domain and condemnation as provided for in N.R.C. Sections 52.092-52.093, as a part of the consideration moving to Lessor for the covenants herein made by Lessee.

22. APPLICABLE LAWS AND DRILLING RESTRICTIONS: This lease shall be subject to all rules and regulations, and amendments thereto, promulgated by the Commissioner of the General Land Office governing drilling and producing operations on Permanent Free School Land (specifically including any rules promulgated that relate to plans of operations), payment of royalties, and auditing procedures, and shall be subject to all other valid statutes, rules, regulations, orders and ordinances that may affect operations under the provisions of this lease. Without limiting the generality of the foregoing, Lessee hereby agrees, by the acceptance of this lease, to be bound by and subject to all statutory and regulatory provisions relating to the General Land Office's audit billing notice and audit hearings procedures. Said provisions are currently found at 31 Texas Administrative Code, Chapter 4, and Texas Natural Resources Code Sections 52.135 and 52.137 through 52.140. In the event this lease covers land franchised or leased or otherwise used by a navigation district or by the United States for the purpose of navigation or other purpose incident to the operation of a port, then Lessee shall not be entitled to enter or possess such land without prior approval as provided under Section 61.117 of the Texas Water Code, but Lessee shall be entitled to develop such land for oil and gas by directional drilling; provided, however, that no surface drilling location may be nearer than 660 feet and special permission from the Commissioner of the General Land Office is necessary to make any surface location nearer than 2,160 feet measured at right angles from the nearest bulkhead line or from the nearest dredged bottom edge of any channel, slip, or turning basin which has been authorized by the United States as a federal project for future construction, whichever is nearer.

23. REMOVAL OF EQUIPMENT: Upon the termination of this lease for any cause, Lessee shall not, in any event, be permitted to remove the casing or any part of the equipment from any producing, dry, or abandoned well or wells without the written consent of the Commissioner of the General Land Office or his authorized representative; nor shall Lessee, without the written consent of said Commissioner or his authorized representative remove from the leased premises the casing or any other equipment, material, machinery, appliances or property owned by Lessee and used by Lessee in the development and production of oil or gas therefrom until all dry or abandoned wells have been plugged and until all slush or refuse pits have been properly filled and all broken or discarded lumber, machinery, or debris shall have been removed from the premises to the satisfaction of the said Commissioner or his authorized representative.

24. FORCE MAJEURE: Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling operations thereon, or from producing oil and/or gas therefrom, after effort made in good faith, by reason of war, rebellion, riots, strikes, fires, acts of God or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended upon proper and satisfactory proof presented to the Commissioner of the General Land Office in support of Lessee's contention and Lessee shall not be liable for damages for failure to comply therewith (except in the event of lease operations suspended as provided in the rules and regulations adopted by the School Land Board); and this lease shall be extended while and so long as Lessee is prevented, by any such cause, from drilling, reworking operations or producing oil and/or gas from the leased premises; provided, however, that nothing herein shall be construed to suspend the payment of rentals during the primary or extended term, nor to abridge Lessee's right to a suspension under any applicable statute of this State.

25. LEASE SECURITY: Lessee shall take the highest degree of care and all proper safeguards to protect said premises and to prevent theft of oil, gas, and other hydrocarbons produced from said lease. This includes, but is not limited to, the installation of all necessary equipment, seals, locks, or other appropriate protective devices on or at all access points at the lease's production, gathering and storage systems where theft of hydrocarbons can occur. Lessee shall be liable for the loss of any hydrocarbons resulting from theft and shall pay the State of Texas royalties thereon as provided herein on all oil, gas or other hydrocarbons lost by reason of theft.

26. REDUCTION OF PAYMENTS: If, during the primary term, a portion of the land covered by this lease is included within the boundaries of a pooled unit that has been approved by the School Land Board in accordance with Natural Resources Code Sections 52.151-52.153, or if, at any time after the expiration of the primary term or the extended term, this lease covers a lesser number of acres than the total amount described herein, payments that are made on a per acre basis hereunder shall be reduced according to the number of acres pooled, released, surrendered, or otherwise severed, so that payments determined on a per acre basis under the terms of this lease during the primary term shall be calculated based upon the number of acres outside the boundaries of a pooled unit, or, if after the expiration of the primary term, the number of acres actually retained and covered by this lease.

27. SUCCESSORS AND ASSIGNS: The covenants, conditions and agreements contained herein shall extend to and be binding upon the heirs, executors, administrators, successors or assigns of Lessee herein.

28. ANTIQUITIES CODE: In the event that any feature of archeological or historical interest on Permanent School Fund Land is encountered during the activities authorized by this lease, Lessee will immediately cease activities and will immediately notify the General Land Office (ATTN: Archaeologist, Asset Management Division, 1700 N. Congress Ave., Austin, Texas 78701) and the Texas Historical Commission (P.O. Box 12276, Austin, TX 78711) so that adequate measures may be undertaken to protect or recover such discoveries or findings, as appropriate. Lessee is expressly placed on notice of the National Historical Preservation Act of 1966 (PB-89-66, 80 Statute 915; 16 U.S.C.A. 470) and the Antiquities Code of Texas, Chapter 191, Tex. Nat. Code Ann. (Vernon 1993 & Supp. 1998). On state-owned land not dedicated to the Permanent School Fund, lessee shall notify the Texas Historical Commission before breaking ground at a project location. An archaeological survey might be required by the commission before construction of the project can commence. Further, in the event that any site, object, location, artifact or other feature of archaeological, scientific, educational, cultural or historic interest is encountered during the activities authorize by this lease, lessee will immediately notify lessor and the Texas Historical Commission so that adequate measures may be undertaken to protect or recover such discoveries or findings, as appropriate.

29. VENUE: Lessor and lessee, including lessee's successors and assigns, hereby agree that venue for any dispute arising out of a provision of this lease, whether express or implied, regarding interpretation of this lease, or relating in any way to this lease or to applicable case law, statutes, or administrative rules, shall be in a court of competent jurisdiction located in Travis County, State of Texas.

30. LEASE FILING: Pursuant to Chapter 9 of the Tex. Bus. & Com. Code, this lease must be filed of record in the office of the County Clerk in any county in which all or any part of the leased premises is located, and certified copies thereof must be filed in the General Land Office. The prescribed filing fee shall accompany the certified copies sent to the General Land Office.

31. EXECUTION: This oil and gas lease must be signed and acknowledged by the Lessee before it is filed of record in the county records and in the General Land Office of the State of Texas.

File No. MF 708713
Date Filed: 11/15/08
By Jerry E. Patterson, Commissioner

LESSEE _____
BY: _____
TITLE: _____
DATE: _____

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.

COMMISSIONER OF THE GENERAL LAND OFFICE
OF THE STATE OF TEXAS

APPROVED
Contents _____
Legal _____
DC _____
Exec _____

STATE OF _____ (CORPORATION ACKNOWLEDGMENT)
COUNTY OF _____

BEFORE ME, the undersigned authority, on this day personally appeared _____
known to me to be the person whose name is subscribed to the foregoing instrument, as _____ of
_____ and acknowledged to me that he executed the same
for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said corporation.

Given under my hand and seal of office this the _____ day of _____, 20_____.

Notary Public in and for _____

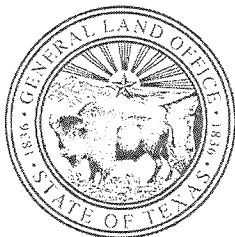
STATE OF _____ (INDIVIDUAL ACKNOWLEDGMENT)
COUNTY OF _____

Before me, the undersigned authority, on this day personally appeared _____
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.

Given under my hand and seal of office this the _____ day of _____, 20_____.

Notary Public in and for _____

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

January 31, 2008

Mr. Jack Elliott
Chesapeake Exploration, L.L.C.
P.O. Box 18496
Oklahoma City, Oklahoma 73154-0496

Dear Mr. Elliott:

Thank you for participating in the General Land Office Oil and Gas Lease Sale held on January 15, 2008. I am pleased to inform you that Chesapeake Exploration, L.L.C. was the high bidder on **MGL. No. 30**, which has been assigned the lease number **M-108713**.

State Lease M-108713 is enclosed and serves as your receipt for your bid. This lease form must be fully executed by the lessee, and then recorded in the County Clerk's office of the county or counties in which lands covered by the lease are located. After signing and recording the lease, please submit a certified copy of the recorded lease to the attention of the undersigned. These requirements are material provisions of the lease; therefore, please return the certified copy at your earliest convenience.

The lessee's other contractual and statutory responsibilities are outlined in the lease agreement, such as Section 6(B), which requires submission of written notice for all drilling, production, and related activities. When forms are filed with the Texas Railroad Commission, they are required to submit copies of these forms to the General Land Office, such as Forms W-1, Application to Drill; W-2, Oil Well Completion Report and Log; G -1, Gas Well Completion Report and Log; W-3, Plugging Record; G-5, Gas Well Classification Report; G-10, Gas Well Status Report; W-10, Oil Well Status Report; W-12, Inclination Report; Electric Logs; Directional Surveys.

Please let me know if you have any questions or need any additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "R. B. Hatter".

Robert B. Hatter, Director
Mineral Leasing Division

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

FILE NO. M-108713 (3)

Letter

Date Filed: 1/31/2008

Jerry E. Patterson, Commissioner

By M. Silva

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

January 31, 2008

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Chesapeake Exploration, L.L.C.
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www.glo.state.tx.us

Lease Form
Revised 10/99
River

The State of Texas



Austin, Texas

Accepted for Filing in:
Robertson County
On: Mar 20, 2008 at 10:06A
By: Carol Bancroft

OIL AND GAS LEASE NO. M-108713

WHEREAS, pursuant to the Texas Natural Resources Code Chapters 32, 33, 51, and Chapter 52, Subchapters A-D and H, (said Code being hereinafter referred to as N.R.C.), and subject to all rules and regulations promulgated by the Commissioner of the General Land Office and/or the School Land Board pursuant thereto, and all other applicable statutes and amendments to said N.R.C., the following area, to-wit:

TRACT 5-C OF THE NAVASOTA RIVER, LEON AND ROBERTSON COUNTIES, TEXAS, CONTAINING APPROXIMATELY 5 ACRES; TRACT 5-C IS BOUND ON ITS UPSTREAM END BY THE LION HEART GAS UNIT, SAID UNIT BEING MORE PARTICULARLY DESCRIBED IN MINERAL FILE M-104253, CURRENTLY ON FILE IN THE ARCHIVES & RECORDS DIVISION OF THE TEXAS GENERAL LAND OFFICE, AUSTIN, TEXAS, AND IS BOUND ON ITS DOWNSTREAM END BY A LINE BEARING GRID N 30 08' W AND PASSING THROUGH A POINT HAVING COORDINATES OF X=3,278,340 FEET AND Y=520,150 FEET, TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE, NAD 1927 (TRACT IS SUBJECT TO THE SMALL BILL),


was, after being duly advertised, offered for lease on 15th day of January, 2008, at 10:00 o'clock a.m., by the Commissioner of the General Land Office of the State of Texas and the School Land Board of the State of Texas, for the sole and only purpose of prospecting and drilling for, and producing oil and/or gas that may be found and produced from the above described area; and

WHEREAS, after all bids and remittances which were received up to said time have been duly considered by the Commissioner of the General Land Office and the School Land Board at a regular meeting thereof in the General Land Office, on the 15th day of January, 2008, hereinafter the "effective date" and it was found and determined that CHESAPEAKE EXPLORATION, L.L.C. whose address is P.O. BOX 18496, OKLAHOMA CITY, OKLAHOMA 73154-0496, had offered the highest and best bid for a lease of the area above described and is, therefore, entitled to receive a lease thereon:

NOW, THEREFORE, I, Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas, hereinafter sometimes referred to as "Lessor," whose address is Austin, Texas, by virtue of the authority vested in me and in consideration of the payment by the hereinafter designated Lessee, the sum of Four Thousand One Hundred Eighty-Five And 00/100 Dollars (\$4,185.00), receipt of which is hereby acknowledged and of the royalties, covenants, stipulations and conditions contained and hereby agreed to be paid, observed and performed by Lessee, do hereby demise, grant, lease and let unto the above mentioned bidder the exclusive right to prospect for, produce and take oil and/or gas from the aforesaid area upon the following terms and conditions, to-wit:

1. **RESERVATION:** There is hereby excepted and reserved to Lessor the full use of the property covered hereby and all rights with respect to the surface and subsurface thereof for any and all purposes except those granted and to the extent herein granted to Lessee, together with the rights of ingress and egress and use of said lands by Lessor and its mineral lessees, for purposes of exploring for and producing the minerals which are not covered, or which may not be covered in the future, under the terms of this lease, but which may be located within the surface boundaries of the leased area. All of the rights in and to the leased premises retained by Lessor and all of the rights in and to the leased premises granted to Lessee herein shall be exercised in such a manner that neither shall unduly interfere with the operations of the other.
2. **TERM:** Subject to the other provisions hereof, this lease shall be for a term of three (3) years from the effective date hereof (herein called "primary term") and as long thereafter as oil or gas is produced in paying quantities from said area.
3. **DELAY RENTALS:** If no well be commenced on the land hereby leased on or before the anniversary date of this lease, this lease shall terminate as to both parties unless the Lessee on or before said date shall pay or tender to the Commissioner of the General Land Office of the State of Texas at Austin, Texas, the sum of Five Dollars (\$5.00), per acre, which shall operate as rental and cover the privilege of deferring the commencement of a well for twelve (12) months from said date. In like manner and upon like payments or tenders the commencement of a well may be further deferred for like periods of the same number of months successively during the primary term hereof.
4. **PRODUCTION ROYALTIES:** Subject to the provisions for royalty reductions set out in subparagraph (E) of this paragraph 4, upon production of oil and/or gas, the Lessee agrees to pay or cause to be paid to the Commissioner of the General Land Office in Austin, Texas, for the use and benefit of the State of Texas, during the term hereof:
 - (A) **OIL:** As a royalty on oil, which is defined as including all hydrocarbons produced in a liquid form at the mouth of the well and also all condensate, distillate, and other liquid hydrocarbons recovered from oil or gas run through a separator or other equipment, as hereinafter provided, 1/4 part of the gross production or the market value thereof, at the option of the Lessor, such value to be determined by 1) the highest posted price, plus premium, if any, offered or paid for oil, condensate, distillate, or other liquid hydrocarbons, respectively, of a like type and gravity in the general area where produced and when run, or 2) the highest market price thereof offered or paid in the general area where produced and when run, or 3) the gross proceeds of the sale thereof, whichever is the greater. Lessee agrees that before any gas produced from the land hereby leased is sold, used or processed in a plant, it will be run free of cost to Lessor through an adequate oil and gas separator of conventional type or other equipment at least as efficient to the end that all liquid hydrocarbons recoverable from the gas by such means will be recovered. Upon written consent of Lessor, the requirement that such gas be run through such a separator or other equipment may be waived upon such terms and conditions as prescribed by Lessor.
 - (B) **NON-PROCESSED GAS:** As a royalty on any gas (including flared gas), which is defined as all hydrocarbons and gaseous substances not defined as oil in subparagraph (A) above, produced from any well on said land (except as provided herein with respect to gas processed in a plant for the extraction of gasoline, liquid hydrocarbons or other products) 1/4 part of the gross production or the market value thereof, at the option of the Lessor, such value to be based on the highest market price paid or offered for gas of comparable quality in the general area where produced and when run, or the gross price paid or offered to the producer, whichever is greater provided that the maximum pressure base in measuring the gas under this lease contract shall not at any time exceed 14.65 pounds per square inch absolute, and the standard base temperature shall be sixty (60) degrees Fahrenheit, correction to be made for pressure according to Boyle's Law, and for specific gravity according to test made by the Balance Method or by the most approved method of testing being used by the industry at the time of testing.

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CLERK'S OFFICE

ATTEST: *A. Kaiser*
A. KAISER

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(C) PROCESSED GAS: As a royalty on any gas processed in a gasoline plant or other plant for the recovery of gasoline or other liquid hydrocarbons, 1/4 part of the residue gas and the liquid hydrocarbons extracted or the market value thereof, at the option of the Lessor. All royalties due herein shall be based on one hundred percent (100%) of the total plant production of residue gas attributable to gas produced from this lease, and on fifty percent (50%) or that percent accruing to Lessee, whichever is the greater, of the total plant production of liquid hydrocarbons, attributable to the gas produced from this lease; provided that if liquid hydrocarbons are recovered from gas processed in a plant in which Lessee (or its parent, subsidiary or affiliate) owns an interest, then the percentage applicable to liquid hydrocarbons shall be fifty percent (50%) or the highest percent accruing to a third party processing gas through such plant under a processing agreement negotiated at arms' length (or if there is no such third party, the highest percent then being specified in processing agreements or contracts in the industry), whichever is the greater. The respective royalties on residue gas and on liquid hydrocarbons shall be determined by 1) the highest market price paid or offered for any gas (or liquid hydrocarbons) of comparable quality in the general area or 2) the gross price paid or offered for such residue gas (or the weighted average gross selling price for the respective grades of liquid hydrocarbons), whichever is the greater. In no event, however, shall the royalties payable under this paragraph be less than the royalties which would have been due had the gas not been processed.

(D) OTHER PRODUCTS: As a royalty on carbon black, sulphur or any other products produced or manufactured from gas (excepting liquid hydrocarbons) whether said gas be "casinghead," "dry" or any other gas, by fractionating, burning or any other processing, 1/4 part of gross production of such products, or the market value thereof, at the option of Lessor, such market value to be determined as follows:

- (1) On the basis of the highest market price of each product, during the same month in which such product is produced, or
- (2) On the basis of the average gross sale price of each product for the same month in which such products are produced; whichever is the greater.

(E) VARIABLE ROYALTY: (i) Subject to the other provisions of this lease, it is hereby provided that in the event production in paying quantities is established pursuant to the terms of this lease and such production is brought on line and sales thereof are commenced within twelve (12) months of the effective date hereof, the royalty rate provided herein shall be reduced to 20%, and shall apply to each subsequent well drilled and produced on the land covered by this lease. Provided that, if during such twelve (12) month term during which Lessee may earn a reduced royalty rate of 20% as herein provided, Lessee should drill in good faith and complete the first well as a dry hole on the land covered by this lease, Lessee may receive a three (3) month extension of the term in which to earn a reduced royalty rate by giving notice to the Commissioner of the General Land Office, commencing drilling operations on an additional well prior to the expiration of such three (3) month period and prosecuting diligently and in good faith the drilling of such additional well and completing same so that production in paying quantities is established and so that such production is brought on line and sales thereof are commenced prior to the expiration of such three (3) month extension period.

(ii) In the event production in paying quantities is established pursuant to the terms of this lease and such production is brought on line and sales thereof are commenced after the expiration of twelve (12) months from the effective date hereof but prior to the expiration of twenty-four (24) months from the effective date hereof, the royalty rate provided herein shall be reduced to 22.5% and shall apply to each subsequent well drilled and produced on the land covered by this lease. Provided that, if during such twelve (12) month term during which Lessee may earn a reduced royalty rate of 22.5% as herein provided, Lessee should drill in good faith and complete the first well as a dry hole on the land covered by this lease, Lessee may receive a three (3) month extension of the term in which to earn a reduced royalty rate by giving notice to the Commissioner of the General Land Office, commencing drilling operations on an additional well prior to the expiration of such three (3) month period and prosecuting diligently and in good faith the drilling of such additional well and completing same so that production in paying quantities is established and so that such production is brought on line and sales thereof are commenced prior to the expiration of such three (3) month extension period.

(F) NO DEDUCTIONS: Lessee agrees that all royalties accruing to Lessor under this lease shall be without deduction for the cost of producing, transporting, and otherwise making the oil, gas and other products produced hereunder ready for sale or use.

(G) ROYALTY IN KIND: Notwithstanding anything contained herein to the contrary, Lessor may, at its option, upon not less than 60 days notice to Lessee, require at any time or from time to time that payment of all or any royalties accruing to Lessor under this lease be made in kind without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting and otherwise making the oil, gas and other products produced hereunder ready for sale or use. Lessor's right to take its royalty in kind shall not diminish or negate Lessor's rights or Lessee's obligations, whether express or implied, under this lease.

(H) PLANT FUEL AND RECYCLED GAS: No royalty shall be payable on any gas as may represent this lease's proportionate share of any fuel used to process gas produced hereunder in any processing plant. Notwithstanding anything contained herein to the contrary, and subject to the consent in writing of the Commissioner of the General Land Office, Lessee may recycle gas for gas lift purposes on the leased premises after the liquid hydrocarbons contained in the gas have been removed, and no royalties shall be payable on the gas so recycled until such time as the same may thereafter be produced and sold or used by Lessee in such manner as to entitle Lessor to a royalty thereon under the royalty provisions of this lease.

(I) MINIMUM ROYALTY: During any year after the expiration of the primary term of this lease, if this lease is maintained by production, the royalties paid to Lessor in no event shall be less than an amount equal to the total annual delay rental herein provided; otherwise, there shall be due and payable on or before the last day of the month succeeding the anniversary date of this lease a sum equal to the total annual rental less the amount of royalties paid during the preceding year.

(J) MARGINAL PRODUCTION ROYALTY: Upon Lessee's written application, the School Land Board may reduce the royalty rate set out in this paragraph and/or the minimum royalty set out in subparagraph 4 (I) to extend the economic life of this lease and encourage recovery of oil or gas that might otherwise remain unrecovered. Any such royalty reduction must conform to the requirements of any School Land Board administrative rules on this subject. Royalty may not be reduced below the applicable statutory minimum.

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

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

(B) DRILLING RECORDS: Written notice of all operations on this lease shall be submitted to the Commissioner of the General Land Office by Lessee or operator five (5) days before spud date, workover, re-entry, temporary abandonment or plug and abandonment of any well or wells. Such written notice to the General Land Office shall include copies of Railroad

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A. KAISER



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Commission forms for application to drill. Copies of well tests, completion reports and plugging reports shall be supplied to the General Land Office at the time they are filed with the Texas Railroad Commission. Lessee shall supply the General Land Office with any records, memoranda, accounts, reports, cuttings and cores, or other information relative to the operation of the above-described premises, which may be requested by the General Land Office, in addition to those herein expressly provided for. Lessee shall have an electrical and/or radioactivity survey made on the bore-hole section, from the base of the surface casing to the total depth of well, of all wells drilled on the above described premises and shall transmit a true copy of the log of each survey on each well to the General Land Office within fifteen (15) days after the making of said survey.

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

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

(A) VERTICAL: In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall then terminate as to all of the leased premises, EXCEPT (1) 40 acres surrounding each oil well capable of producing in paying quantities and 320 acres surrounding each gas well capable of producing in paying quantities (including a shut-in oil or gas well as provided in Paragraph 11 hereof), or a well upon which Lessee is then engaged in continuous drilling or reworking operations, or (2) the number of acres included in a producing pooled unit pursuant to Natural Resources Code Sections 52.151-52.153, or (3) such greater or lesser number of acres as may then be allocated for production purposes to a proration unit for each such producing well under the rules and regulations of the Railroad Commission of Texas, or any successor agency, or other governmental authority having jurisdiction. Within 90 days of a partial termination of this lease in accordance with this subparagraph and upon payment of the minimum filing fee set by General Land Office rules in effect at the time of the partial termination, Lessee shall have the right to obtain a surface lease for ingress and egress on and across the terminated portion of the leased premises as may be reasonably necessary for the continued operation of the portions of the lease remaining in force and effect. If Lessee fails to apply for a surface lease within the 90 day period specified above, Lessee may apply for a surface lease from the Land Office, but the Land Commissioner has the discretion to grant or deny such application and to set the fee for such surface lease.

(B) HORIZONTAL: In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall further terminate as to all depths below 100 feet below the total depth drilled (hereinafter "deeper depths") in each well located on acreage retained in Paragraph 7 (A) above, unless on or before two (2) years after the primary or extended term Lessee pays an amount equal to one-half (1/2) of the bonus originally paid as consideration for this lease (as specified on page 1 hereof). If such amount is paid, this lease shall be in force and effect as to such deeper depths, and said termination shall be delayed for an additional period of two (2) years and so long thereafter as oil or gas is produced in paying quantities from such deeper depths covered by this lease.

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

8. OFFSET WELLS: If oil and/or gas should be produced in commercial quantities from a well located on land privately owned or on State land leased at a lesser royalty, which well is within one thousand (1,000) feet of the area included herein, or which well is draining the area covered by this lease, the Lessee shall, within sixty (60) days after such initial production from the draining well or the well located within one thousand (1,000) feet from the area covered by this lease begin in good faith and prosecute diligently the drilling of an offset well on the area covered by this lease, and such offset well shall be drilled to such depth as may be necessary to prevent the undue drainage of the area covered by this lease, and the Lessee, manager or driller shall use all means necessary in a good faith effort to make such offset well produce oil and/or gas in commercial quantities. Only upon the determination of the Commissioner and with his written approval, may the payment of a compensatory royalty satisfy the obligation to drill an offset well or wells required under this Paragraph.

9. DRY HOLE/CESSATION OF PRODUCTION DURING PRIMARY TERM: If, during the primary term hereof and prior to discovery and production of oil or gas on said land, Lessee should drill a dry hole or holes thereon, or if during the primary term hereof and after the discovery and actual production of oil or gas from the leased premises such production thereof should cease from any cause, this lease shall not terminate if on or before the expiration of sixty (60) days from date of completion of said dry hole or cessation of production Lessee commences additional drilling or reworking operations thereon, or pays or tenders the next annual delay rental in the same manner as provided in this lease. If, during the last year of the primary term or within sixty (60) days prior thereto, a dry hole be completed and abandoned, or the production of oil or gas should cease for any cause, Lessee's rights shall remain in full force and effect without further operations until the expiration of the primary term; and if Lessee has not resumed production in paying quantities at the expiration of the primary term, Lessee may maintain this lease by conducting additional drilling or reworking operations pursuant to Paragraph 10, using the expiration of the primary term as the date of cessation of production under Paragraph 10. Should the first well or any subsequent well drilled on the above described land be completed as a shut-in oil or gas well within the primary term hereof, Lessee may resume payment of the annual rental in the same manner as provided herein on or before the rental paying date following the expiration of sixty (60) days from the date of completion of such shut-in oil or gas well and upon the failure to make such payment, this lease shall ipso facto terminate. If at the expiration of the primary term or any time thereafter a shut-in oil or gas well is located on the leased premises payments may be made in accordance with the shut-in provisions hereof.

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

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

12. COMPENSATORY ROYALTIES: If, during the period the lease is kept in effect by payment of the shut-in oil or gas royalty, oil or gas is sold and delivered in paying quantities from a well located within one thousand (1,000) feet of the leased premises and completed in the same producing reservoir, or in any case in which drainage is occurring, the right to continue to maintain the lease by paying the shut-in oil or gas royalty shall cease, but the lease shall remain effective for the remainder of the year for which the royalty has been paid. The Lessee may maintain the

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lease for four more successive years by Lessee paying compensatory royalty at the royalty rate provided in the lease of the market value of production from the well causing the drainage or which is completed in the same producing reservoir and within one thousand (1,000) feet of the leased premises. The compensatory royalty is to be paid monthly to the Commissioner beginning on or before the last day of the month following the month in which the oil or gas is produced from the well causing the drainage or that is completed in the same producing reservoir and located within one thousand (1,000) feet of the leased premises; if the compensatory royalty paid in any 12-month period is in an amount less than the annual shut-in oil or gas royalty, Lessee shall pay an amount equal to the difference within thirty (30) days from the end of the 12-month period; and none of these provisions will relieve Lessee of the obligation of reasonable development nor the obligation to drill offset wells as provided in N.R.C. Section 52.034; however, at the determination of the Commissioner, and with the Commissioner's written approval, the payment of compensatory royalties shall satisfy the obligation to drill offset wells. Compensatory royalty payments which are not timely paid will accrue penalty and interest in accordance with Paragraph 5 of this lease

13. **EXTENSIONS:** If, at the expiration of the primary term of this lease, production of oil or gas has not been obtained on the leased premises but drilling operations are being conducted thereon in good faith and in a good and workmanlike manner, Lessee may, on or before the expiration of the primary term, file in the General Land Office written application to the Commissioner of the General Land Office for a thirty (30) day extension of this lease, accompanied by payment of Three Thousand Dollars (\$3,000.00) if this lease covers six hundred forty (640) acres or less and Six Thousand Dollars (\$6,000.00) if this lease covers more than six hundred forty (640) acres and the Commissioner shall, in writing, extend this lease for a thirty (30) day period from and after the expiration of the primary term and so long thereafter as oil or gas is produced in paying quantities; provided further, that Lessee may, so long as such drilling operations are being conducted make like application and payment during any thirty (30) day extended period for an additional extension of thirty (30) days and, upon receipt of such application and payment, the Commissioner shall, in writing, again extend this lease so that same shall remain in force for such additional thirty (30) day period and so long thereafter as oil or gas is produced in paying quantities; provided, however, that this lease shall not be extended for more than a total of three hundred ninety (390) days from and after the expiration of the primary term unless production in paying quantities has been obtained.

14. **USE OF WATER; SURFACE:** Lessee shall have the right to use water produced on said land necessary for operations hereunder and solely upon the leased premises; provided, however, Lessee shall not use potable water or water suitable for livestock or irrigation purposes for water flood operations without the prior written consent of Lessor. Subject to its obligation to pay surface damages, Lessee shall have the right to use so much of the surface of the land that may be reasonably necessary for drilling and operating wells and transporting and marketing the production therefrom, such use to be conducted under conditions of least injury to the surface of the land. Lessee shall pay surface damages in an amount set by the General Land Office fee schedule which is effective on the date when the activity requiring the payment of surface damages occurs.

15. **POLLUTION:** In developing this area, Lessee shall use the highest degree of care and all proper safeguards to prevent pollution. Without limiting the foregoing, pollution of coastal wetlands, natural waterways, rivers and impounded water shall be prevented by the use of containment facilities sufficient to prevent spillage, seepage or ground water contamination. In the event of pollution, Lessee shall use all means at its disposal to recapture all escaped hydrocarbons or other pollutant and shall be responsible for all damage to public and private properties.

(A) **UPLANDS:** Lessee shall build and maintain fences around its slush, sump, and drainage pits and tank batteries so as to protect livestock against loss, damage or injury; and upon completion or abandonment of any well or wells, Lessee shall fill and level all slush pits and cellars and completely clean up the drilling site of all rubbish thereon.

(B) **SUBMERGED LANDS:** No discharge of solid waste or garbage shall be allowed into State waters from any drilling or support vessels, production platform, crew or supply boat, barge, jack-up rig or other equipment located on the leased area. Solid waste shall include but shall not be limited to containers, equipment, rubbish, plastic, glass, and any other man-made non-biodegradable items. A sign must be displayed in a high traffic area on all vessels and manned platforms stating, "Discharge of any solid waste or garbage into State Waters from vessels or platforms is strictly prohibited and may subject a State of Texas lease to forfeiture." Such statement shall be in lettering of at least 1" in size

(C) **RIVERS:** To the extent necessary to prevent pollution, the provisions found in subsections (a) and (b) of this paragraph shall also apply to rivers and riverbeds.

(D) **PENALTY:** Failure to comply with the requirements of this provision may result in the maximum penalty allowed by law including forfeiture of the lease. Lessee shall be liable for the damages caused by such failure and any costs and expenses incurred in cleaning areas affected by the discharged waste.

16. **IDENTIFICATION MARKERS:** Lessee shall erect, at a distance not to exceed twenty-five (25) feet from each well on the premises covered by this lease, a legible sign on which shall be stated the name of the operator, the lease designation and the well number. Where two or more wells on the same lease or where wells on two or more leases are connected to the same tank battery, whether by individual flow line connections direct to the tank or tanks or by use of a multiple header system, each line between each well and such tank or header shall be legibly identified at all times, either by a firmly attached tag or plate or an identification properly painted on such line at a distance not to exceed three (3) feet from such tank or header connection. Said signs, tags, plates or other identification markers shall be maintained in a legible condition throughout the term of this lease.

17. **ASSIGNMENTS:** The lease may be transferred at any time; provided, however, that the liability of the transferor to properly discharge its obligation under the lease, including properly plugging abandoned wells, removing platforms or pipelines, or remediation of contamination at drill sites shall pass to the transferee upon the prior written consent of the Commissioner of the General Land Office. The Commissioner may require the transferee to demonstrate financial responsibility and may require a bond or other security. All transfers must reference the lease by its file number and must be recorded in the county where the area 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 filing fee prescribed by the General Land Office rules in effect on the date of receipt by the General Land Office of such transfer or certified copy thereof. 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.

18. **RELEASES:** 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 filing fee prescribed by the General Land Office rules in effect on the date of receipt by the General Land Office of such relinquishment or certified copy thereof. Such relinquishment will not have the effect of releasing Lessee from any liability theretofore accrued in favor of the State.

19. **LIEN:** In accordance with N.R.C. Section 52.136, the State shall have a first lien upon all oil and gas produced from the area covered by this lease to secure payment of all unpaid royalty and other sums of money that may become due under this lease. By acceptance of this lease, Lessee grants the State, in addition to the lien provided by N.R.C. Section 52.136 and any other applicable statutory lien, an express contractual lien on and security interest in all leased minerals in and extracted from the leased premises, all proceeds which may accrue to Lessee from the sale of such leased minerals, whether such proceeds are held by Lessee or by a third party, and all fixtures on and improvements to the leased premises used in connection with the production or processing of such leased minerals in order to secure the payment of all royalties or other amounts due or to become due under this lease and to secure payment of any damages or loss that Lessor may suffer by reason of Lessee's breach of any covenant or condition of this lease, whether express or implied. This lien and security interest may be foreclosed with or without court proceedings in the manner provided in the Title 1, Chapter 9 of the Texas Business and Commerce Code. Lessee agrees that the Commissioner may require Lessee to execute and record such instruments as may be reasonably necessary to acknowledge, attach or perfect this lien. Lessee hereby represents that there are no prior or superior liens arising from and relating to Lessee's activities upon the above-described property or from Lessee's acquisition of this lease. Should the Commissioner at any time determine that this representation is not true, then the Commissioner may declare this lease forfeited as provided herein.

20. **FORFEITURE:** If Lessee shall fail or refuse to make the 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, the School Land Board, or the Railroad Commission, 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 Lessee shall knowingly violate any of the material provisions of this lease, or if this lease is assigned and the assignment is not filed in the General Land Office as required by law, the rights acquired under this lease shall be subject to forfeiture by the Commissioner, and he shall forfeit same when sufficiently informed of the facts which authorize a forfeiture, and when forfeited the area shall again be subject to lease to the highest bidder, under the same regulations controlling the original sale of leases. However, nothing herein shall be construed as waiving the automatic termination of this lease by

CERTIFICATION:
TRUE AND CORRECT
COPY OF ORIGINAL ON
FILE IN LEON COUNTY
CLERK'S OFFICE
ATTEST: *A. Kaiser*
A. KAISER



operation of law or by reason of any special limitation arising hereunder. Forfeitures may be set aside and this lease and all rights thereunder reinstated before the rights of another intervene upon satisfactory evidence to the Commissioner of the General Land Office of future compliance with the provisions of the law and of this lease and the rules and regulations that may be adopted relative hereto.

21. RIVERBED TRACTS: In the event this lease covers a riverbed, Lessee is hereby specifically granted the right of eminent domain and condemnation as provided for in N.R.C. Sections 52.092-52.093, as a part of the consideration moving to Lessor for the covenants herein made by Lessee.

22. APPLICABLE LAWS AND DRILLING RESTRICTIONS: This lease shall be subject to all rules and regulations, and amendments thereto, promulgated by the Commissioner of the General Land Office governing drilling and producing operations on Permanent Free School Land (specifically including any rules promulgated that relate to plans of operations), payment of royalties, and auditing procedures, and shall be subject to all other valid statutes, rules, regulations, orders and ordinances that may affect operations under the provisions of this lease. Without limiting the generality of the foregoing, Lessee hereby agrees, by the acceptance of this lease, to be bound by and subject to all statutory and regulatory provisions relating to the General Land Office's audit billing notice and audit hearings procedures. Said provisions are currently found at 31 Texas Administrative Code, Chapter 4, and Texas Natural Resources Code Sections 52.135 and 52.137 through 52.140. In the event this lease covers land franchised or leased or otherwise used by a navigation district or by the United States for the purpose of navigation or other purpose incident to the operation of a port, then Lessee shall not be entitled to enter or possess such land without prior approval as provided under Section 61.117 of the Texas Water Code, but Lessee shall be entitled to develop such land for oil and gas by directional drilling; provided, however, that no surface drilling location may be nearer than 660 feet and special permission from the Commissioner of the General Land Office is necessary to make any surface location nearer than 2,160 feet measured at right angles from the nearest bulkhead line or from the nearest dredged bottom edge of any channel, ship, or turning basin which has been authorized by the United States as a federal project for future construction, whichever is nearer.

23. REMOVAL OF EQUIPMENT: Upon the termination of this lease for any cause, Lessee shall not, in any event, be permitted to remove the casing or any part of the equipment from any producing, dry, or abandoned well or wells without the written consent of the Commissioner of the General Land Office or his authorized representative; nor shall Lessee, without the written consent of said Commissioner or his authorized representative remove from the leased premises the casing or any other equipment, material, machinery, appliances or property owned by Lessee and used by Lessee in the development and production of oil or gas therefrom until all dry or abandoned wells have been plugged and until all slush or refuse pits have been properly filled and all broken or discarded lumber, machinery, or debris shall have been removed from the premises to the satisfaction of the said Commissioner or his authorized representative.

24. FORCE MAJEURE: Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling operations thereon, or from producing oil and/or gas therefrom, after effort made in good faith, by reason of war, rebellion, riots, strikes, fires, acts of God or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended upon proper and satisfactory proof presented to the Commissioner of the General Land Office in support of Lessee's contention and Lessee shall not be liable for damages for failure to comply therewith (except in the event of lease operations suspended as provided in the rules and regulations adopted by the School Land Board); and this lease shall be extended while and so long as Lessee is prevented, by any such cause, from drilling, reworking operations or producing oil and/or gas from the leased premises; provided, however, that nothing herein shall be construed to suspend the payment of rentals during the primary or extended term, nor to abridge Lessee's right to a suspension under any applicable statute of this State.

25. LEASE SECURITY: Lessee shall take the highest degree of care and all proper safeguards to protect said premises and to prevent theft of oil, gas, and other hydrocarbons produced from said lease. This includes, but is not limited to, the installation of all necessary equipment, seals, locks, or other appropriate protective devices on or at all access points at the lease's production, gathering and storage systems where theft of hydrocarbons can occur. Lessee shall be liable for the loss of any hydrocarbons resulting from theft and shall pay the State of Texas royalties thereon as provided herein on all oil, gas or other hydrocarbons lost by reason of theft.


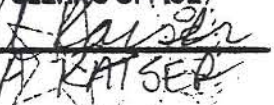
26. REDUCTION OF PAYMENTS: If, during the primary term, a portion of the land covered by this lease is included within the boundaries of a pooled unit that has been approved by the School Land Board in accordance with Natural Resources Code Sections 52.151-52.153, or if, at any time after the expiration of the primary term or the extended term, this lease covers a lesser number of acres than the total amount described herein, payments that are made on a per acre basis hereunder shall be reduced according to the number of acres pooled, released, surrendered, or otherwise severed, so that payments determined on a per acre basis under the terms of this lease during the primary term shall be calculated based upon the number of acres outside the boundaries of a pooled unit, or, if after the expiration of the primary term, the number of acres actually retained and covered by this lease.

27. SUCCESSORS AND ASSIGNS: The covenants, conditions and agreements contained herein shall extend to and be binding upon the heirs, executors, administrators, successors or assigns of Lessee herein.

28. ANTIQUITIES CODE: In the event that any feature of archeological or historical interest on Permanent School Fund Land is encountered during the activities authorized by this lease, Lessee will immediately cease activities and will immediately notify the General Land Office (ATTN: Archaeologist, Asset Management Division, 1700 N. Congress Ave., Austin, Texas 78701) and the Texas Historical Commission (P.O. Box 12276, Austin, TX 78711) so that adequate measures may be undertaken to protect or recover such discoveries or findings, as appropriate. Lessee is expressly placed on notice of the National Historical Preservation Act of 1966 (PB-89-66, 80 Statute 915; 16 U.S.C.A. 470) and the Antiquities Code of Texas, Chapter 191, Tex. Nat. Code Ann. (Vernon 1993 & Supp. 1998). On state-owned land not dedicated to the Permanent School Fund, Lessee shall notify the Texas Historical Commission before breaking ground at a project location. An archaeological survey might be required by the commission before construction of the project can commence. Further, in the event that any site, object, location, artifact or other feature of archaeological, scientific, educational, cultural or historic interest is encountered during the activities authorize by this lease, Lessee will immediately notify Lessor and the Texas Historical Commission so that adequate measures may be undertaken to protect or recover such discoveries or findings, as appropriate.

29. VENUE: Lessor and Lessee, including Lessee's successors and assigns, hereby agree that venue for any dispute arising out of a provision of this lease, whether express or implied, regarding interpretation of this lease, or relating in any way to this lease or to applicable case law, statutes, or administrative rules, shall be in a court of competent jurisdiction located in Travis County, State of Texas.

30. LEASE FILING: Pursuant to Chapter 9 of the Tex. Bus. & Com. Code, this lease must be filed of record in the office of the County Clerk in any county in which all or any part of the leased premises is located, and certified copies thereof must be filed in the General Land Office. The prescribed filing fee shall accompany the certified copies sent to the General Land Office.

 CERTIFICATION:
TRUE AND CORRECT
COPY OF ORIGINAL ON
FILE IN LEON COUNTY
CLERK'S OFFICE
ATTEST: 
A. KATSER

 **CERTIFIED COPY**
This is a true and correct copy
of the original filed in
Robertson County Clerk's Office
Kathryn Nickelson Brimhall

31. EXECUTION: This oil and gas lease must be signed and acknowledged by the Lessee before it is filed of record in the county records and in the General Land Office of the State of Texas.

CHESAPEAKE EXPLORATION, L.L.C.,
an Oklahoma limited liability company

By: [Signature]
Henry J. Hood, Senior Vice President - Land and Legal and
General Counsel

24
was

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.



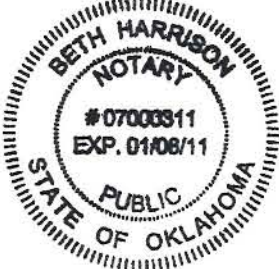
STATE OF Oklahoma
COUNTY OF Oklahoma

(CORPORATION ACKNOWLEDGMENT)

BEFORE ME, the undersigned authority, on this day personally appeared Henry J. Hood
known to me to be the person whose name is subscribed to the foregoing instrument, as Senior Vice President of
Chesapeake Exploration L.L.C. and acknowledged to me that he executed the same
for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said corporation.

Given under my hand and seal of office this the 6th day of March, 2008

Beth Harrison
Notary Public in and for Oklahoma



STATE OF _____
COUNTY OF _____

(INDIVIDUAL ACKNOWLEDGMENT)

Before me, the undersigned authority, on this day personally appeared _____
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.

Given under my hand and seal of office this the _____ day of _____, 20_____

Return to:
Jarrod Guynes
Chesapeake Energy
P.O. Box 184916
Oklahoma City, OK 73154

Notary Public in and for _____

Doc 20082230 Bk OR Vol 1028 Pg 248

Filed for Record in: Leon County
On: Mar 18, 2008 at 04:06P
As a Recordings
Document Number: 00353666
Amount: \$ 30.06
Receipt Number: 82549
By: Amy Kaiser

COUNTY OF LEON
I, _____, County Clerk of Leon County, Texas, do hereby
certify that this instrument was filed on the
_____ day of _____, 20____, at _____
and true stamped hereon by me and was duly recorded
the volume and page of the named records of:
Leon County
stamped hereon by me.

Mar 18, 2008
Carla McEachern, County Clerk
Leon County



Carla McEachern, County Clerk of Leon County, Texas, do hereby
certify that this document is a true and correct copy of the original record
on file and of record in Vol. 1355, Page 46
Records of Leon County, Texas. Witness my hand and
official seal of office, this 18 day of March, 2008.
CARLA MCEACHERN, County Clerk,
Leon County, Texas.



By A Kaiser Deputy
A KAISER



CERTIFIED COPY
This is a true and correct copy
of the original filed in
Robertson County Clerk's Office
Kathryn Nickelson Brimhall

File No. M#108713

Letter +
certified lease

Date Filed: 4/10/08

By [Signature]
Jerry E. Patterson, Commissioner

4.

U.S. DEPARTMENT OF JUSTICE
COMMUNITY RELATIONS DIVISION
CRIMINAL JUSTICE CENTER
WASHINGTON, D.C. 20535

LEASE OBLIGATION DEPOSIT RECEIPT

WE HAVE THIS DAY DECEMBER 18, 2008

TENDERED TO

COMMISSIONER OF THE GENERAL LAND

THE SUM OF **\$25.00** DOLLARS FOR THE CREDIT OF PARTY OR PARTIES NAMED BELOW
 IN AMOUNT STATED PURSUANT TO THE TERMS OF THE LEASE IDENTIFIED HEREIN, FOR THE PERIOD FROM
 1/15/2009 TO 1/15/2010 COVERING LESSOR'S INTEREST IN LAND DESCRIBED AS:

- Survey: PEDRO PEREIRA JOSE D JESUS & MARIANO GRE Abstract: 17 Short Desc: 1.25 ACS, G MARIANO SURVEY, A-17
- Survey: JOSE MARIA VIESCA Abstract: 30 Short Desc: 1.25 ACS, J VIESCA SURVEY, A-30
- Survey: PEDRO PEREIRA JOSE D JESUS & MARIANO GRE Abstract: 32 Short Desc: 1.25 ACS, P PEREIRE SURVEY, A-32
- Survey: JOSE MARIA VIESCA Abstract: 46 Short Desc: 1.25 ACS, J VIESCA SURVEY, A-46

PAYMENT RENTAL

| | | | | | | | |
|----------------|---------------|-------------|-----------|---------------|--------------|---------------|------|
| LEASE NUMBER | TX2240270-001 | LEASE DATE: | 1/15/2008 | PROSPECT: | HILLTOP-LEON | STATE | TX |
| RECORDED: BOOK | 1355 | PAGE | 96 | ENTRY NUMBER: | 00353666 | COUNTY/PARISH | LEON |
| FOR CREDIT OF: | | | | | | AMOUNT | |

017397

COMMISSIONER OF THE GENERAL LAND
 OFFICE OF THE STATE OF TEXAS
 STEPHEN F. AUSTIN BUILDING
 1700 NORTH CONGRESS, SUITE 600
 AUSTIN, TX 78701

Acct:
 ANNUAL DELAY RENTAL

25.00

COPY FOR
 YOUR RECORDS

M-108713

3316005

IMPORTANT

The attached check is for the person(s) named above. Please date, sign and return the attached receipts on the day you receive it. If directed to a bank, please deposit the amount to the credit of the person(s) named above and date, sign and return the receipt on the day you receive it. If correspondence required, please make reference to lease number.

Date Received _____

Sign Here **COPY FOR
 YOUR RECORDS**
 By _____

Title _____

| | |
|------------------------|-------|
| Subtotal | 25.00 |
| BANK SERVICE CHARGE \$ | 0.00 |
| Grand Total | 25.00 |
| Check No. | 40277 |

CHESAPEAKE OPERATING, INC.

DELAY RENTAL ACCOUNT
 P.O. BOX 18496
 OKLAHOMA CITY, OK 73154
 405/848-8000

BANK OF OKLAHOMA, N.A.
 OKLAHOMA CITY, OK

39-13/1030

40277

*****25 * DOLLARS * 00 * CENTS

DATE

12/18/2008

AMOUNT

\$25.00

COPY FOR
 YOUR RECORDS

PAY TO THE ORDER OF

COMMISSIONER OF THE GENERAL LAND
 OFFICE OF THE STATE OF TEXAS
 STEPHEN F. AUSTIN BUILDING
 1700 NORTH CONGRESS, SUITE 600
 AUSTIN, TX 78701

CHESAPEAKE OPERATING, INC.

Jennifer M. Amzel

File No. MF 108713

Rental Payment

Date Filed: 12/29/08

Jerry E. Patterson, Commissioner

AM

08/11/2009

08/11/2009

CHESAPEAKE OPERATING, INC. P.O. BOX 18496 OKLAHOMA CITY, OK 73154

LEASE OBLIGATION DEPOSIT RECEIPT

WE HAVE THIS DAY **JANUARY 5, 2010** TENDERED TO **COMMISSIONER OF THE GENERAL LAND**
THE SUM OF **\$25.00** DOLLARS FOR THE CREDIT OF PARTY OR PARTIES NAMED BELOW IN AMOUNT STATED
PURSUANT TO THE TERMS OF THE LEASE IDENTIFIED HEREIN, FOR THE PERIOD FROM **1/15/2010** TO **1/15/2011**
COVERING LESSOR'S INTEREST IN LAND DESCRIBED AS:

Survey: PEDRO PEREIRA JOSE D JESUS & MARIANO GRE Abstract: 17 County: LEON Short Desc: 1.25 ACS, G MARIANO SUR
Survey: JOSE MARIA VIESCA Abstract: 30 County: LEON Short Desc: 1.25 ACS, J VIESCA SURVEY, A-30 Acres: 0
Survey: PEDRO PEREIRA JOSE D JESUS & MARIANO GRE Abstract: 32 County: ROBERTSON Short Desc: 1.25 ACS, P PEREIRE
Survey: JOSE MARIA VIESCA Abstract: 46 County: ROBERTSON Short Desc: 1.25 ACS, J VIESCA SURVEY, A-46 Acres: 0

MF 108713

10703504

PAYMENT: RENTAL

LEASE NUMBER: TX2240270-001 LEASE DATE: 1/15/2008 PROSPECT: HILLTOP-LEON
RECORDED BOOK: 1355 PAGE: 96 ENTRY NUMBER: 00353666 COUNTY/PARISH: LEON STATE: TX

| FOR CREDIT OF: | ACCT: | AMOUNT |
|----------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------|
| 017397 COMMISSIONER OF THE GENERAL LAND OF THE STATE OF TEXAS 1700 N CONGRESS, STE 600 STEPHEN F AUSTIN BUILDING AUSTIN TX 78701 | ANNUAL DELAY RENTAL | \$25.00 |

PLEASE SIGN

File No. MF-108713

⑥

RENTAL PAYMENT

Date Filed: 1/8/10

Jerry E. Patterson, Commissioner

By [Signature]

**EXTENSION OF STATE OIL AND GAS LEASE
TEXAS GENERAL LAND OFFICE
STATE LEASE NO. M-108713
LEON AND ROBERTSON COUNTIES, TEXAS**

WHEREAS, State Lease No. **M-108713** was issued to **Chesapeake Exploration, L.L.C.** on the **15th** day of **January, 2008**, covering the tract of land described as: **Tract 5-C of the Navasota River, Leon and Robertson Counties, Texas**, containing approximately **5** acres; and

WHEREAS, Section 52.031 of the Natural Resources Code (originally enacted as Article 5382e, Section 2, V.A.C.S.) provides for extensions of valid and subsisting leases issued pursuant to what is now codified as part of Subchapter B, Chapter 52 of the Natural Resources Code (formerly Chapter 271, Acts of the 42nd Legislature, 1931, as amended by House Bill No. 9, Acts of the 46th Legislature, 1939, Chapter 82, Acts of the 50th Legislature, 1947), and other applicable laws; and

WHEREAS, drilling operations are being conducted thereon in good faith and workmanlike manner; and

WHEREAS, the owner of said lease has made written application for an extension in accordance with said Act, and paid the sum of **\$3,000.00**, as consideration therefor:

NOW, THEREFORE, I, Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas, by virtue of the authority vested in me, and in accordance with the provisions of said Act, do by these presents hereby extend said lease for a period of thirty (30) days beginning the **16th** day of **January, 2011**, said term extends to and includes the **14th** day of **February, 2011**, and so long thereafter as oil or gas is being produced in paying quantities.

IN TESTIMONY WHEREOF, witness the signature of the Commissioner of the Texas General Land Office, under the seal thereof, this the 21st day of January, 2011.



Jerry E. Patterson, Commissioner
General Land Office of the State of Texas

APPROVED:

Legal
Min. Leasing
Content
Executive

LAW OFFICES
**SCOTT, DOUGLASS
& McCONNICO, L.L.P.**
A REGISTERED LIMITED LIABILITY PARTNERSHIP

ONE AMERICAN CENTER
300 CONGRESS AVENUE, 15TH FLOOR
AUSTIN, TEXAS 78701-2589
TELEPHONE (512) 495-6300
FAX (512) 474-0731
WWW.SCOTTDUG.COM

RAY LANGENBERG*
BRYAN D. LAUER
RICHARD P. MARSHALL, JR.*
CARROLL MARTIN*
STEVE McCONNICO^{†‡}
D. DAVIN McGINNIS*
CURTIS J. OSTERLOH
GREG PIERCE
DIANA E. REINHART
JOE T. SANDERS

STEVE SELBY
QUENTIN (DOUG) SIGEL
CHRISTOPHER D. SILEO
JOHN G. SOULE*
JULIE A. SPRINGER^{†*}
RYAN S. SQUIRES
JANE M. N. WEBRE[▲]
H. PHILIP WHITWORTH, JR.*
STEVEN J. WINGARD

PAIGE ARNETTE AMSTUTZ
DANIEL C. BITTING
STEVE BRITT
JOHN W. CAMP*
SARA WILDER CLARK
CYNTHIA SAITER CONNOLLY
JAMES N. COWDEN*
AMY LEE DASHIELL*
DOUGLAS JACKSON DASHIELL*
CASEY L. DOBSON
RAY N. DONLEY
MARK W. EIDMAN
SEAN P. FLAMMER
ASHER B. GRIFFIN
R. ERIC HAGENSWOLD
MARK W. HANNA
ROBYN BIGELOW HARGROVE
JOHN K. HICKS
SAM JOHNSON
S. ABRAHAM KUCZAJ, III

WALLACE H. SCOTT, JR.
(1920-2005)
FRANK DOUGLASS
(1933-2007)

[†]BOARD CERTIFIED-CIVIL TRIAL LAW
[‡]BOARD CERTIFIED-PERSONAL INJURY TRIAL LAW
^{*}BOARD CERTIFIED-LABOR & EMPLOYMENT LAW
[▲]BOARD CERTIFIED-OIL, GAS & MINERAL LAW
[◆]BOARD CERTIFIED-CIVIL APPELLATE LAW
[◆]BOARD CERTIFIED-ADMINISTRATIVE LAW
TEXAS BOARD OF LEGAL SPECIALIZATION

OF COUNSEL:
JAMES D. BASKIN
ELIZABETH N. MILLER*

January 13, 2011

In Re: Application by Chesapeake Exploration, L.L.C. for a 30 Day Extension of State Oil and Gas Lease No. M-108713, State Tract 5 C, Navasota River, Little 4 Ranch – State Unit, Leon and Robertson Counties, Texas

VIA HAND DELIVERY

Mr. Daryl Morgan
General Land Office
1700 N. Congress Avenue, Room No. 840
Austin, Texas 78701

Dear Mr. Morgan:

On behalf of Chesapeake Exploration, L.L.C., you will find enclosed the following:

1. Application for 30 Day Extension of State Oil & Gas Lease executed by Henry Hood as Senior Vice President and General Counsel of Chesapeake;
2. Form W-1 confirming approval of the Railroad Commission drilling permit for Encana Oil & Gas (USA), Inc.'s Little 4 Ranch-State Unit No. 1 Well; and
3. Check payable to the Texas General Land Office in the amount of \$3,000.00 for the extension payment.

As you know, this Chesapeake lease is included in Encana's Little 4 Ranch-State Unit that has been approved by the School Land Board. Encana has commenced operations on this unit well, a fact that will be confirmed by an appropriate drilling affidavit that will be filed with the GLO next week.

Daryl Morgan
January 13, 2011
Page 2

If you have any questions concerning this matter, please do not hesitate to call.
Thank you for your cooperation.

Very truly yours,



H. Philip Whitworth
Attorney for Chesapeake Exploration, L.L.C.

HPW:map

Enclosures

cc: D. Jane Graham, *via email w/o encl.*
Vance Sparks, *via email w/o encl.*

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

Receiver Payment Form

Date: 1-13-11

Mail Code: _____

Check:

Cash: _____

Amount of Payment \$ 3,000.00

Account Holder Name

Chesapeake Operating, Inc

For

Lease Extension Rmt

Return Distribution Slip To _____

Received By:

Tony AR

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

Application for 30 Day Extension of State Oil and Gas Lease

Jerry E. Patterson, Commissioner
General Land Office
1700 North Congress Avenue
Austin, Texas 78701

General Land Office
P. O. Box 12873
Austin, Texas 78711-2873

Under the provisions of Section 52.031 of the Natural Resources Code, providing for extensions of valid and subsisting leases issued pursuant to Subchapter B and C, Chapter 52 of the Natural Resources Code, and other applicable laws, the undersigned hereby applies for a thirty (30) day extension of the oil and gas lease held by the lessee on the tract of land described below.

Enclosed herewith is the extension payment in the amount of \$ 3,000.00 and when applicable, a copy of Railroad Commission Form W-1, Application for Permit to Drill, for the well on which drilling operations have been commenced prior to the end of the primary term. **NOTE:** (the W-1 is only required with the initial extension application, it is not needed for additional extensions)

STATE LEASE NO. M- 108713 LEASE DATE 1/15/2008

STATE TRACT 5-C AREA Navasota River
(Bay, River, GOM, etc.)

PART _____
(N/2 NE/4 etc.)

SECTION _____ BLOCK _____ TSP. _____

SURVEY NAME J. Viesca

ACRES 5 COUNTY/COUNTIES Leon and Robertson

(Only one lease should be included in this application, and the land must be described the same as in the original lease as granted, unless the amount of acreage held at the end of the primary term is less than was originally covered by the lease)

CHESAPEAKE EXPLORATION, L.L.C.

(Individual or Company Name)

an Oklahoma limited liability company

By: _____
Henry J. Hood, Senior Vice President –
Land & Legal and General Counsel

Date: January 12, 2011

| | | | | | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|-----------------------------------------------------|
| API No. <u>42-289-31845</u> Drilling Permit # <u>688350</u> SWR Exception Case/Docket No. <u>0268831</u> (R37) | RAILROAD COMMISSION OF TEXAS OIL & GAS DIVISION APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER <i>This facsimile W-1 was generated electronically from data submitted to the RRC. A certification of the automated data is available in the RRC's Austin office.</i> | FORM W-1 07/2004 Permit Status: Approved | | | | |
| 1. RRC Operator No. <u>251691</u> | 2. Operator's Name (as shown on form P-5, Organization Report) <u>ENCANA OIL & GAS(USA) INC.</u> | 3. Operator Address (include street, city, state, zip): | | | | |
| 4. Lease Name <u>LITTLE 4 RANCH-STATE UNIT</u> | 5. Well No. <u>1</u> | | | | | |
| GENERAL INFORMATION | | | | | | |
| 6. Purpose of filing (mark ALL appropriate boxes): | | | | | | |
| <input checked="" type="checkbox"/> New Drill <input type="checkbox"/> Recompletion <input type="checkbox"/> Reclass <input type="checkbox"/> Field Transfer <input type="checkbox"/> Re-Enter <input checked="" type="checkbox"/> Amended <input type="checkbox"/> Amended as Drilled (BHL) (Also File Form W-1D) | | | | | | |
| 7. Wellbore Profile (mark ALL appropriate boxes): | | | | | | |
| <input type="checkbox"/> Vertical <input type="checkbox"/> Horizontal (Also File Form W-1H) <input checked="" type="checkbox"/> Directional (Also File Form W-1D) <input type="checkbox"/> Sidetrack | | | | | | |
| 8. Total Depth <u>22000</u> | 9. Do you have the right to develop the minerals under any right-of-way? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 10. Is this well subject to Statewide Rule 36 (hydrogen sulfide area)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | | | | |
| SURFACE LOCATION AND ACREAGE INFORMATION | | | | | | |
| 11. RRC District No. <u>05</u> | 12. County <u>LEON</u> | 13. Surface Location <input checked="" type="checkbox"/> Land <input type="checkbox"/> Bay/Estuary <input type="checkbox"/> Inland Waterway <input type="checkbox"/> Offshore | | | | |
| 14. This well is to be located <u>3.9</u> miles in a <u>NW</u> direction from <u>WEALTHY</u> which is the nearest town in the county of the well site. | | | | | | |
| 15. Section | 16. Block | 17. Survey <u>VIESCA, J M</u> | | | | |
| | | 18. Abstract No. <u>A-30</u> | | | | |
| | | 19. Distance to nearest lease line: <u>175</u> ft. | | | | |
| | | 20. Number of contiguous acres in lease, pooled unit, or unitized tract: <u>117.8</u> | | | | |
| 21. Lease Perpendiculars: <u>695</u> ft from the <u>SE</u> line and <u>230</u> ft from the <u>NE</u> line. | | | | | | |
| 22. Survey Perpendiculars: <u>42360</u> ft from the <u>NE</u> line and <u>3815</u> ft from the <u>SE</u> line. | | | | | | |
| 23. Is this a pooled unit? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | | 24. Unitization Docket No: | | | | |
| | | 25. Are you applying for Substandard Acreage Field? <input type="checkbox"/> Yes (attach Form W-1A) <input checked="" type="checkbox"/> No | | | | |
| FIELD INFORMATION List all fields of anticipated completion including Wildcat. List one zone per line. | | | | | | |
| 26. RRC District No. | 27. Field No. | 28. Field Name (exactly as shown in RRC records) | 29. Well Type | 30. Completion Depth | 31. Distance to Nearest Well in this Reservoir | 32. Number of Wells on this lease in this Reservoir |
| <u>05</u> | <u>41515250</u> | <u>HILLTOP RESORT (BOSSIER)</u> | <u>Gas Well</u> | <u>22000</u> | <u>0.00</u> | <u>1</u> |
| | | | | | | |
| | | | | | | |
| BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS (see W-1D attachment) | | | | | | |
| Remarks | | | | Certificate: I certify that information stated in this application is true and complete, to the best of my knowledge. <u>Diana George, Regulatory Analyst</u> <u>Dec 22, 2010</u> Name of filer Date submitted <u>(214)2427248</u> <u>diana.george@encana.com</u> Phone E-mail Address (OPTIONAL) | | |
| RRC Use Only | | | | | | |
| Data Validation Time Stamp: <u>Jan 12, 2011 8:05 AM(Current Version)</u> | | | | | | |

Permit Status: **Approved**

The RRC has not approved this application. Duplication or distribution of information is at the user's own risk.

**RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION**

APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER

*This facsimile W-1 was generated electronically from data submitted to the RRC.
A certification of the automated data is available in the RRC's Austin office.*

Form W-1D

07/2004

Supplemental Directional Well Information

Permit # **688350**

Approved Date: **Dec 28, 2010**

| | | | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|---------------------------------------------------|--------------------------|----------------------------------|
| 1. RRC Operator No. 251691 | 2. Operator's Name (exactly as shown on form P-5, Organization Report) ENCANA OIL & GAS(USA) INC. | 3. Lease Name LITTLE 4 RANCH-STATE UNIT | 4. Well No. 1 | |
| Lateral Drainhole Location Information | | | | |
| 5. Field as shown on Form W-1 HILLTOP RESORT (BOSSIER) (Field # 41515250, RRC District 05) | | | | |
| 6. Section | 7. Block | 8. Survey VIESCA, J M | 9. Abstract 30 | 10. County of BHL LEON |
| 11. Bottom hole Lease Line Perpendiculars 175 ft. from the North West line, and 680 ft. from the South East line | | | | |
| 12. Bottom hole Survey Line Perpendiculars # 44250 ft. from the North East line, and 4615 ft. from the South East line | | | | |

LAW OFFICES
**SCOTT, DOUGLASS
& McCONNICO, L.L.P.**

A REGISTERED LIMITED LIABILITY PARTNERSHIP

ONE AMERICAN CENTER
600 CONGRESS AVENUE, 15TH FLOOR
AUSTIN, TEXAS 78701-2589
TELEPHONE (512) 495-6300
FAX (512) 474-0731
WWW.SCOTTDOUG.COM

RAY LANGENBERG*
BRYAN D. LAUER
RICHARD P. MARSHALL, JR.*
CARROLL MARTIN*
STEVE McCONNICO†#
D. DAVIN McGINNIS*
CURTIS J. OSTERLOH
GREG PIERCE
DIANA E. REINHART
JOE T. SANDERS

STEVE SELBY
QUENTIN (DOUG) SIGEL
CHRISTOPHER D. SILEO
JOHN G. SOULE*
JULIE A. SPRINGER†*
RYAN S. SQUIRES
JANE M. N. WEBRE[▲]
H. PHILIP WHITWORTH, JR.*
STEVEN J. WINGARD

PAIGE ARNETTE AMSTUTZ
DANIEL C. BITTING
STEVE BRITT
JOHN W. CAMP*
SARA WILDER CLARK
CYNTHIA SAITER CONNOLLY
JAMES N. COWDEN*
AMY LEE DASHIELL*
DOUGLAS JACKSON DASHIELL*
CASEY L. DOBSON
RAY N. DONLEY
MARK W. EIDMAN
SEAN P. FLAMMER
ASHER B. GRIFFIN
R. ERIC HAGENSWOLD
MARK W. HANNA
ROBYN BIGELOW HARGROVE
JOHN K. HICKS
SAM JOHNSON
S. ABRAHAM KUCZAJ, III

WALLACE H. SCOTT, JR.
(1920-2005)
FRANK DOUGLASS
(1933-2007)

†BOARD CERTIFIED-CIVIL TRIAL LAW
#BOARD CERTIFIED-PERSONAL INJURY TRIAL LAW
*BOARD CERTIFIED-LABOR & EMPLOYMENT LAW
*BOARD CERTIFIED-OIL, GAS & MINERAL LAW
▲BOARD CERTIFIED-CIVIL APPELLATE LAW
◆BOARD CERTIFIED-ADMINISTRATIVE LAW
TEXAS BOARD OF LEGAL SPECIALIZATION

OF COUNSEL:
JAMES D. BASKIN
ELIZABETH N. MILLER*

January 19, 2011

In Re: Application by Chesapeake Exploration, L.L.C. for a 30 Day Extension of State Oil and Gas Lease No. M-108713, State Tract 5 C, Navasota River, Little 4 Ranch – State Unit, Leon and Robertson Counties, Texas

VIA HAND DELIVERY

Mr. Daryl Morgan
General Land Office
1700 N. Congress Avenue, Room No. 840
Austin, Texas 78701

Dear Mr. Morgan:

On behalf of Chesapeake Operating, Inc., you will find enclosed the originally executed Affidavit of Drilling Operations – State of Texas Leases that has been signed by Vance Sparks on behalf of Encana Oil & Gas (USA) Inc. You will recall that Encana is the operator of the subject unit well. This affidavit confirms drilling operations within the unit and attributable to the subject State lease as of the January 15, 2011 primary term expiration date.

Please do not hesitate to call me if you have any questions or problems with this affidavit.

Very truly yours,

H. Philip Whitworth
Attorney for Chesapeake Exploration, L.L.C.

HPW:map
Enclosures

cc: D. Jane Graham, *via email w/o encl.*
Vance Sparks, *via email w/o encl.*

Affidavit of Drilling Operations – State of Texas Leases

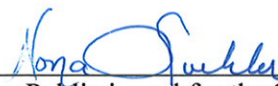
Before me, the undersigned authority in and for the State of Texas, this day personally appeared Vance Sparks, of Encana Oil & Gas (USA) Inc. stated to me to be the person who subscribed his name below, and who after being by me duly sworn, upon oath deposes and says that Encana Oil & Gas (USA) Inc. as operator commenced drilling operations on December 31, 2010, and at the end of the primary term or extended term, on January 15, 2011, was engaged in drilling operations on the Little 4 Ranch-State Unit Well No. 1, (API No. 42-289-31845) located on State Tract 5-C, Area (water body etc.) Navasota River, or Section _____, Block _____, J.M. Viesca Survey A-30, Leon and Robertson, Counties, Texas which is covered by State Lease M-108713 and is continuing drilling operations in good faith and in good and workmanlike manner and of this date, the well is drilling at a depth of approximately 11,530 feet.

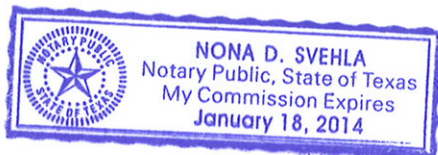
By: 
Vance Sparks, Land Negotiator

THE STATE OF TEXAS

COUNTY OF DALLAS

Sworn to me and subscribed before me on this the 17th day of January, 2011 by Vance Sparks.


Notary Public in and for the State of Texas





MEMORANDUM

Texas General Land Office • Jerry Patterson • Commissioner

TIME SENSITIVE: Action Required by: January 21, 2011

DATE: January 14, 2011
TO: Commissioner Patterson
FROM: J. Daryl Morgan
SUBJECT: Extension of Oil and Gas Lease for signature

.....
SUMMARY: Attached for your signature are duplicate originals of an Extension of Oil and Gas Lease for State lease No. **M-108713**.

DETAILS: The extension complies with statute and existing GLO rules and policies and has been reviewed by Minerals Leasing staff and the Legal Services Division. **Section 52.031** of the Texas Natural Resources Code gives the Commissioner the authority to extend Oil and Gas Leases at the end of their primary terms if drilling operations are being conducted thereon in good faith and in a workmanlike manner. Extensions can be granted for successive periods of thirty-days. Lessee has made written application as required and has tendered the proper extension payment. School Land Board action or approval is not required. This is the first extension and the Lessee has commenced drilling operations on the well.

| | | |
|----------------------------|---|----------------------------------------------|
| State Lease Number: | - | M-108713 |
| Lessee: | - | Chesapeake Exploration LLC |
| Unit: | - | Little 4 Ranch State Unit |
| Well: | - | Little 4 Ranch State Unit, Well No. 1 |
| Location: | - | Leon and Robertson Counties |

Recommendation: Please sign and return to Daryl Morgan in Energy Resources (5-9106)

Attachments: Two lease extensions

Thru: LaNell Aston

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

January 24, 2011

Mr. H. Philip Whitworth
Scott, Douglas & McConnico, L.L.P.
One American Center
600 Congress Avenue, 15th Floor
Austin, Texas 78701-2589

RE: Extension of State Oil and Gas Lease
Chesapeake Exploration, LLC
State Lease M-108713
Tract 5-C, Navasota River
Little 4 Ranch State Unit
Leon and Robertson Counties, Texas

Dear Flip:

Enclosed is an original Extension of State Oil and Gas Lease for the referenced lease that has been executed by Jerry E. Patterson, Commissioner of the General Land Office. We have retained an original extension for our files.

Your remittance of \$3,000.00, which was received in our office on January 13, 2011, has been applied to extend the lease for a thirty-day period beginning January 16, 2011 and ending February 14, 2011. The extension will serve as receipt for the payment. If additional extensions are required, the same procedure should be followed, with a new application and payment due in our office prior to the expiration of the current extension period and an affidavit to follow documenting the activities during the extension period.

Thank you for your assistance with this matter please let me know if you have any questions, or need anything further.

Sincerely,

J. Daryl Morgan, CPL
Energy Resources
(512) 305-9106

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

**EXTENSION OF STATE OIL AND GAS LEASE
TEXAS GENERAL LAND OFFICE
STATE LEASE NO. M-108713
LEON AND ROBERTSON COUNTIES, TEXAS**

WHEREAS, State Lease No. **M-108713** was issued to **Chesapeake Exploration, L.L.C.** on the **15th** day of **January, 2008**, covering the tract of land described as: **Tract 5-C of the Navasota River, Leon and Robertson Counties, Texas**, containing approximately **5** acres; and

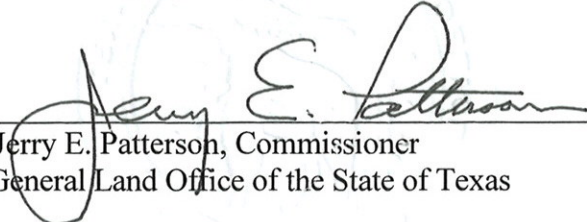
WHEREAS, Section 52.031 of the Natural Resources Code (originally enacted as Article 5382e, Section 2, V.A.C.S.) provides for extensions of valid and subsisting leases issued pursuant to what is now codified as part of Subchapter B, Chapter 52 of the Natural Resources Code (formerly Chapter 271, Acts of the 42nd Legislature, 1931, as amended by House Bill No. 9, Acts of the 46th Legislature, 1939, Chapter 82, Acts of the 50th Legislature, 1947), and other applicable laws; and

WHEREAS, drilling operations are being conducted thereon in good faith and workmanlike manner; and

WHEREAS, the owner of said lease has made written application for an extension in accordance with said Act, and paid the sum of **\$3,000.00**, as consideration therefor:

NOW, THEREFORE, I, Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas, by virtue of the authority vested in me, and in accordance with the provisions of said Act, do by these presents hereby extend said lease for a period of thirty (30) days beginning the **15th** day of **February, 2011**, said term extends to and includes the **16th** day of **March, 2011**, and so long thereafter as oil or gas is being produced in paying quantities.

IN TESTIMONY WHEREOF, witness the signature of the Commissioner of the Texas General Land Office, under the seal thereof, this the 16th day of February, 2011.



Jerry E. Patterson, Commissioner
General Land Office of the State of Texas

APPROVED:

Legal
Min. Leasing
Content
Executive





D. Jane Graham
Assistant Landman

February 8, 2011

VIA UPS OVERNIGHT MAIL

Mr. J. Daryl Morgan, CPL
Texas General Land Office
Stephen F. Austin Building
1700 North Congress Avenue
Austin, TX 78701-1495

RE: Application by Chesapeake Exploration, L.L.C. for a 30 Day Extension of State Oil and Gas Lease No. M-108713, State Tract 5-C, Navasota River, Little 4 Ranch-State Unit, Leon and Robertson Counties, Texas

Dear Mr. Morgan:

Drilling operations continue to be conducted on the Little 4 Ranch-State Unit Well No. 1. Enclosed is the Application of Chesapeake Exploration, L.L.C. for a second 30 Day Extension of State Oil and Gas Lease No. M-108713 and our check in amount of \$3,000.00 for the extension fee.

Encana Oil & Gas (USA) Inc., as operator of the Little 4 Ranch-State Unit, will forward an affidavit documenting the drilling activities during the first extension period upon the end of such extension period February 14, 2011.

Please let me know if you need anything further. Your assistance with this matter is appreciated.

Sincerely,

A handwritten signature in blue ink that reads "D. Jane Graham".

D. Jane Graham

Enclosures (2)

Cc: Vance Sparks, Encana

CHESAPEAKE OPERATING, INC. P.O. BOX 18496 OKLAHOMA CITY, OK 73154

LEASE OBLIGATION DEPOSIT RECEIPT

WE HAVE THIS DAY **FEBRUARY 8, 2011** TENDERED TO **COMMISSIONER OF THE GENERAL LAND**
 THE SUM OF **\$3,000.00** DOLLARS FOR THE CREDIT OF PARTY OR PARTIES NAMED BELOW IN AMOUNT STATED
 PURSUANT TO THE TERMS OF THE LEASE IDENTIFIED HEREIN, FOR THE PERIOD FROM **2/14/2011** TO **3/16/2011**
 COVERING LESSOR'S INTEREST IN LAND DESCRIBED AS:

SURVEY: PEDRO PEREIRA JOSE D JESUS & MARIANO GRE ABSTRACT: 17 COUNTY: LEON SHORT DESC: 1.25 ACS, G MARIANO SURVEY, A-17 ACR
 SURVEY: JOSE MARIA VIESCA ABSTRACT: 30 COUNTY: LEON SHORT DESC: 1.25 ACS, J VIESCA SURVEY, A-30
 SURVEY: PEDRO PEREIRA JOSE D JESUS & MARIANO GRE ABSTRACT: 32 COUNTY: ROBERTSON SHORT DESC: 1.25 ACS, P PEREIRE SURVEY, A-32
 SURVEY: JOSE MARIA VIESCA ABSTRACT: 46 COUNTY: ROBERTSON SHORT DESC: 1.25 ACS, J VIESCA SURVEY, A-46

11705684

PAYMENT: OTHER

| | | | |
|------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|----------------------------|
| LEASE NUMBER: TX2240270-001 | LEASE DATE: 1/15/2008 | PROSPECT: HILLTOP-LEON | |
| RECORDED BOOK: 1355 | PAGE: 96 | ENTRY NUMBER: 00353666 | COUNTY/PARISH: LEON |
| STATE: TX | | | |
| FOR CREDIT OF: | ACCT: | AMOUNT | |
| 017397 | COMMISSIONER OF THE GENERAL LAND OF THE STATE OF TEXAS 1700 N CONGRESS, STE 600 STEPHEN F AUSTIN BUILDING AUSTIN TX 78701 | ST/TX - M-108713 \$3,000 FOR 30 DAY EXTENSION | \$3,000.00 |

X

121

PLEASE SIGN AND RETURN

IMPORTANT

The attached check is for the person(s) named above. Please date, sign and return the attached receipts on the day you receive it. If directed to a bank, please deposit the amount to the credit of the person(s) named above and date, sign and return the receipt on the day you receive it. If correspondence required, please make reference to lease number.

Date Received _____

Sign Here _____

By _____
Title

| | |
|---------------------|------------|
| Subtotal | \$3,000.00 |
| BANK SERVICE CHARGE | \$.00 |
| Grand Total | \$3,000.00 |
| Check No. | 340845 |

Application for 30 Day Extension of State Oil and Gas Lease

Jerry E. Patterson, Commissioner
General Land Office
1700 North Congress Avenue
Austin, Texas 78701

General Land Office
P. O. Box 12873
Austin, Texas 78711-2873

Under the provisions of Section 52.031 of the Natural Resources Code, providing for extensions of valid and subsisting leases issued pursuant to Subchapter B and C, Chapter 52 of the Natural Resources Code, and other applicable laws, the undersigned hereby applies for a thirty (30) day extension of the oil and gas lease held by the lessee on the tract of land described below.

Enclosed herewith is the extension payment in the amount of \$ 3,000.00 and when applicable, a copy of Railroad Commission Form W-1, Application for Permit to Drill, for the well on which drilling operations have been commenced prior to the end of the primary term. **NOTE:** (the W-1 is only required with the initial extension application, it is not needed for additional extensions)

STATE LEASE NO. M- 108713 LEASE DATE 1/15/2008

STATE TRACT 5-C AREA Navasota River
(Bay, River, GOM, etc.)

PART _____
(N/2 NE/4 etc.)

SECTION _____ BLOCK _____ TSP. _____

SURVEY NAME J. Viesca

ACRES 5 COUNTY/COUNTIES Leon and Robertson

(Only one lease should be included in this application, and the land must be described the same as in the original lease as granted, unless the amount of acreage held at the end of the primary term is less than was originally covered by the lease)

CHESAPEAKE EXPLORATION, L.L.C.

(Individual or Company Name)

an Oklahoma limited liability company

By: _____
Henry J. Hood, Senior Vice President –
Land & Legal and General Counsel

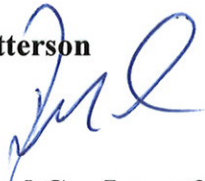
Date: February 8, 2011



MEMORANDUM

Texas General Land Office • Jerry Patterson • Commissioner

TIME SENSITIVE: Action Required by: February 17, 2011

DATE: February 10, 2011
TO: Commissioner Patterson
FROM: J. Daryl Morgan 
SUBJECT: Extension of Oil and Gas Lease for signature

.....
SUMMARY: Attached for your signature are duplicate originals of an Extension of Oil and Gas Lease for State lease No. **M-108713**.

DETAILS: The extension complies with statute and existing GLO rules and policies and has been reviewed by Minerals Leasing staff and the Legal Services Division. **Section 52.031** of the Texas Natural Resources Code gives the Commissioner the authority to extend Oil and Gas Leases at the end of their primary terms if drilling operations are being conducted thereon in good faith and in a workmanlike manner. Extensions can be granted for successive periods of thirty-days. Lessee has made written application as required and has tendered the proper extension payment. School Land Board action or approval is not required. This is the second extension and the Lessee commenced drilling operations on December 31, 2010 and is continuing its drilling operations below 11,500 feet.

| | | |
|----------------------------|---|----------------------------------------------|
| State Lease Number: | - | M-108713 |
| Lessee: | - | Chesapeake Exploration LLC |
| Unit: | - | Little 4 Ranch State Unit |
| Well: | - | Little 4 Ranch State Unit, Well No. 1 |
| Location: | - | Leon and Robertson Counties |

Recommendation: Please sign and return to Daryl Morgan in Energy Resources (5-9106)

Attachments: Two lease extensions

Thru: LaNell Aston

encana[™]

Encana Oil & Gas (USA) Inc.

Vance F. Sparks, CPL/ESA
14001 N. Dallas Pkwy., Suite 1100
Dallas, Texas 75240
Office: (469) 461-2389
Fax: (469) 398-4459
Email: vance.sparks@encana.com

February 15, 2011

In Re: Application by Chesapeake Exploration, L.L.C. for a 30 Day Extension of State Oil and Gas Lease No. M-108713, State Tract 5 C, Navasota River, Little 4 Ranch-State Unit, Leon and Robertson Counties, Texas

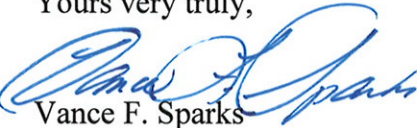
Mr. Daryl Morgan
General Land Office
1700 N. Congress Avenue, Room No. 840
Austin, TX 78701

Dear Mr. Morgan:

On behalf of Chesapeake Operating, Inc., you will find enclosed the originally executed Affidavit of Drilling Operations-State of Texas Lease I have executed on behalf of Encana Oil & Gas (USA) Inc., the operator of the well. This affidavit confirms drilling operations within the unit and attributable to the subject State lease as of the February 14, 2011 expiration of the first 30 day extension of the primary term from January 15, 2011.

Please let me know if you have any questions.

Yours very truly,


Vance F. Sparks
Land Negotiator

Enclosure

Cc: D. Jane Graham

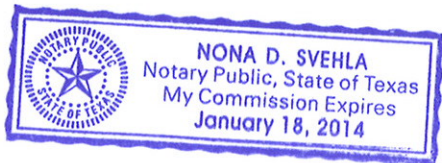
Affidavit of Drilling Operations – State of Texas Leases

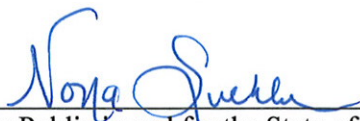
Before me, the undersigned authority in and for the State of Texas, this day personally appeared Vance Sparks, of Encana Oil & Gas (USA) Inc. stated to me to be the person who subscribed his name below, and who after being by me duly sworn, upon oath deposes and says that Encana Oil & Gas (USA) Inc. as operator commenced drilling operations on December 31, 2010, and at the end of the primary term or extended term, on January 15, 2011, was engaged in drilling operations on the Little 4 Ranch-State Unit Well No. 1, (API No. 42-289-31845) located on State Tract 5-C, Area (water body etc.) Navasota River, or Section _____, Block _____, J.M. Viesca Survey A-30, Leon and Robertson, Counties, Texas which is covered by State Lease M-108713 and is continuing drilling operations in good faith and in good and workmanlike manner and of this date, the well is drilling at a total vertical depth of approximately 15,501 feet.

By: 
Vance Sparks, Land Negotiator

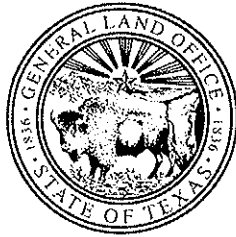
THE STATE OF TEXAS
COUNTY OF DALLAS

Sworn to me and subscribed before me on this the 15th day of February, 2011 by Vance Sparks.




Notary Public in and for the State of Texas

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

February 17, 2011

Ms. D. Jane Graham
Chesapeake Energy Corporation
P. O. Box 18496
Oklahoma City, Oklahoma 73154-0496

RE: 2nd Extension of State Oil and Gas Lease
State Lease M-108713
Tract 5-C, Navasota River
Little 4 Ranch State Unit
Leon and Robertson Counties, Texas

Dear Ms. Graham:

Enclosed is a duplicate original Extension of State Oil and Gas Lease for the referenced lease that has been executed by Jerry E. Patterson, Commissioner of the General Land Office. We have retained the other original extension for our files.

Your remittance of \$3,000.00, which was received in our office on February 9, 2011, has been applied to extend the lease for a thirty-day period beginning February 15, 2011 and ending March 16, 2011. The extension will serve as receipt for the payment. If additional extensions are required, the same procedure should be followed, with a new application and payment due in our office prior to the expiration of the current extension period and an affidavit to follow documenting the activities during the extension period.

Thank you for your assistance with this matter please let me know if you have any questions, or need anything further.

Sincerely,

J. Daryl Morgan, CPL
Energy Resources
(512) 305-9106

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

8

M-108713

File No.

Extension Packet #2

2/17/11

Date Filed:

Jerry E. Patterson, Commissioner

By

Daryl Morgan

**EXTENSION OF STATE OIL AND GAS LEASE
TEXAS GENERAL LAND OFFICE
STATE LEASE NO. M-108713
LEON AND ROBERTSON COUNTIES, TEXAS**

WHEREAS, State Lease No. **M-108713** was issued to **Chesapeake Exploration, L.L.C.** on the **15th** day of **January, 2008**, covering the tract of land described as: **Tract 5-C of the Navasota River, Leon and Robertson Counties, Texas**, containing approximately **5** acres; and

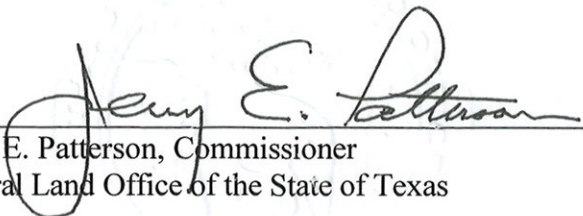
WHEREAS, Section 52.031 of the Natural Resources Code (originally enacted as Article 5382e, Section 2, V.A.C.S.) provides for extensions of valid and subsisting leases issued pursuant to what is now codified as part of Subchapter B, Chapter 52 of the Natural Resources Code (formerly Chapter 271, Acts of the 42nd Legislature, 1931, as amended by House Bill No. 9, Acts of the 46th Legislature, 1939, Chapter 82, Acts of the 50th Legislature, 1947), and other applicable laws; and

WHEREAS, drilling operations are being conducted thereon in good faith and workmanlike manner; and

WHEREAS, the owner of said lease has made written application for an extension in accordance with said Act, and paid the sum of **\$3,000.00**, as consideration therefor:

NOW, THEREFORE, I, Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas, by virtue of the authority vested in me, and in accordance with the provisions of said Act, do by these presents hereby extend said lease for a period of thirty (30) days beginning the **17th** day of **March, 2011**, said term extends to and includes the **15th** day of **April, 2011**, and so long thereafter as oil or gas is being produced in paying quantities.

IN TESTIMONY WHEREOF, witness the signature of the Commissioner of the Texas General Land Office, under the seal thereof, this the 16 day of March, 2011.



Jerry E. Patterson, Commissioner
General Land Office of the State of Texas

APPROVED:

Legal
Min. Leasing
Content
Executive





D. Jane Graham
Assistant Landman

March 8, 2011

VIA UPS OVERNIGHT MAIL

Mr. J. Daryl Morgan, CPL
Texas General Land Office
Stephen F. Austin Building
1700 North Congress Avenue
Austin, TX 78701-1495

RE: 3rd Application by Chesapeake Exploration, L.L.C. for a 30 Day Extension of State Oil and Gas Lease No. M-108713, State Tract 5-C, Navasota River, Little 4 Ranch-State Unit, Leon and Robertson Counties, Texas

Dear Mr. Morgan:

Drilling operations continue to be conducted on the Little 4 Ranch-State Unit Well No. 1. Enclosed is the Application of Chesapeake Exploration, L.L.C. for a third 30 Day Extension of State Oil and Gas Lease No. M-108713 and our check in amount of \$3,000.00 for the extension fee.

Encana Oil & Gas (USA) Inc., as operator of the Little 4 Ranch-State Unit, will forward an affidavit documenting the drilling activities during the second extension period upon the end of such extension period March 16, 2011.

Please let me know if you need anything further. Your assistance with this matter is appreciated.

Sincerely,

A handwritten signature in blue ink, appearing to read "D. Jane Graham", is written over a blue horizontal line.

D. Jane Graham

Enclosures (2)

Cc: Vance Sparks, Encana

CHESAPEAKE OPERATING, INC. P.O. BOX 18496 OKLAHOMA CITY, OK 73154

LEASE OBLIGATION DEPOSIT RECEIPT

11707077

WE HAVE THIS DAY **FEBRUARY 14, 2011** TENDERED TO **COMMISSIONER OF THE GENERAL LAND**
 THE SUM OF **\$3,000.00** DOLLARS FOR THE CREDIT OF PARTY OR PARTIES NAMED BELOW IN AMOUNT STATED
 PURSUANT TO THE TERMS OF THE LEASE IDENTIFIED HEREIN, FOR THE PERIOD FROM **3/16/2011** TO **4/15/2011**
 COVERING LESSOR'S INTEREST IN LAND DESCRIBED AS:

SURVEY: PEDRO PEREIRA JOSE D JESUS & MARIANO GRE ABSTRACT: 17 COUNTY: LEON SHORT DESC: 1.25 ACS, G MARIANO SURVEY, A-17 ACR
 SURVEY: JOSE MARIA VIESCA ABSTRACT: 30 COUNTY: LEON SHORT DESC: 1.25 ACS, J VIESCA SURVEY, A-30
 SURVEY: PEDRO PEREIRA JOSE D JESUS & MARIANO GRE ABSTRACT: 32 COUNTY: ROBERTSON SHORT DESC: 1.25 ACS, P PEREIRE SURVEY, A-32
 SURVEY: JOSE MARIA VIESCA ABSTRACT: 46 COUNTY: ROBERTSON SHORT DESC: 1.25 ACS, J VIESCA SURVEY, A-46

PAYMENT: OTHER

| | | | |
|------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|----------------------------|
| LEASE NUMBER: TX2240270-001 | LEASE DATE: 1/15/2008 | PROSPECT: HILLTOP-LEON | |
| RECORDED BOOK: 1355 | PAGE: 96 | ENTRY NUMBER: 00353666 | COUNTY/PARISH: LEON |
| FOR CREDIT OF: | | | STATE: TX |
| | ACCT: | | AMOUNT |
| 017397 | COMMISSIONER OF THE GENERAL LAND OF THE STATE OF TEXAS 1700 N CONGRESS, STE 600 STEPHEN F AUSTIN BUILDING AUSTIN TX 78701 | ST/TX - M-108713 \$3,000 FOR 30 DAY EXTENSION | \$3,000.00 |

**PLEASE SIGN
AND RETURN**

121

IMPORTANT

The attached check is for the person(s) named above. Please date, sign and return the attached receipts on the day you receive it. If directed to a bank, please deposit the amount to the credit of the person(s) named above and date, sign and return the receipt on the day you receive it. If correspondence required, please make reference to lease number.

Date Received _____

Sign Here _____

By _____
Title

| | |
|---------------------|------------|
| Subtotal | \$3,000.00 |
| BANK SERVICE CHARGE | \$.00 |
| Grand Total | \$3,000.00 |
| Check No. | 342465 |

Application for 30 Day Extension of State Oil and Gas Lease

Jerry E. Patterson, Commissioner
General Land Office
1700 North Congress Avenue
Austin, Texas 78701

General Land Office
P. O. Box 12873
Austin, Texas 78711-2873

Under the provisions of Section 52.031 of the Natural Resources Code, providing for extensions of valid and subsisting leases issued pursuant to Subchapter B and C, Chapter 52 of the Natural Resources Code, and other applicable laws, the undersigned hereby applies for a thirty (30) day extension of the oil and gas lease held by the lessee on the tract of land described below.

Enclosed herewith is the extension payment in the amount of \$ 3,000.00 and when applicable, a copy of Railroad Commission Form W-1, Application for Permit to Drill, for the well on which drilling operations have been commenced prior to the end of the primary term. **NOTE:** (the W-1 is only required with the initial extension application, it is not needed for additional extensions)

STATE LEASE NO. M- 108713 LEASE DATE 1/15/2008

STATE TRACT 5-C AREA Navasota River
(Bay, River, GOM, etc.)

PART _____
(N/2 NE/4 etc.)

SECTION _____ BLOCK _____ TSP. _____

SURVEY NAME J. Viesca

ACRES 5 COUNTY/COUNTIES Leon and Robertson

(Only one lease should be included in this application, and the land must be described the same as in the original lease as granted, unless the amount of acreage held at the end of the primary term is less than was originally covered by the lease)

CHESAPEAKE EXPLORATION, L.L.C.
(Individual or Company Name)

By: _____
Henry J. Hood, Senior Vice President -
Land & Legal and General Counsel

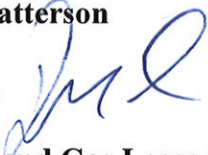
Date: March 7, 2011



MEMORANDUM

Texas General Land Office • Jerry Patterson • Commissioner

TIME SENSITIVE: Action Required by: March 17, 2011

DATE: March 10, 2011
TO: Commissioner Patterson
FROM: J. Daryl Morgan 
SUBJECT: Extension of Oil and Gas Lease for signature

.....
SUMMARY: Attached for your signature are duplicate originals of an Extension of Oil and Gas Lease for State lease No. **M-108713**.

DETAILS: The extension complies with statute and existing GLO rules and policies and has been reviewed by Minerals Leasing staff and the Legal Services Division. **Section 52.031** of the Texas Natural Resources Code gives the Commissioner the authority to extend Oil and Gas Leases at the end of their primary terms if drilling operations are being conducted thereon in good faith and in a workmanlike manner. Extensions can be granted for successive periods of thirty-days. Lessee has made written application as required and has tendered the proper extension payment. School Land Board action or approval is not required. This is the third extension and the Lessee commenced drilling operations on December 31, 2010 and has reached total depth below 11,500 feet and is waiting on the completion rig.

| | | |
|----------------------------|---|----------------------------------------------|
| State Lease Number: | - | M-108713 |
| Lessee: | - | Chesapeake Exploration LLC |
| Unit: | - | Little 4 Ranch State Unit |
| Well: | - | Little 4 Ranch State Unit, Well No. 1 |
| Location: | - | Leon and Robertson Counties |

Recommendation: Please sign and return to Daryl Morgan in Energy Resources (5-9106)

Attachments: Two lease extensions

Thru: LaNell Aston

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

March 17, 2011

Ms. D. Jane Graham
Chesapeake Energy Corporation
P. O. Box 18496
Oklahoma City, Oklahoma 73154-0496

RE: 3rd Extension of State Oil and Gas Lease
State Lease M-108713
Tract 5-C, Navasota River
Little 4 Ranch State Unit
Leon and Robertson Counties, Texas

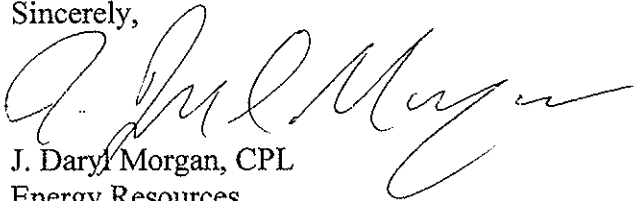
Dear Ms. Graham:

Enclosed is a duplicate original Extension of State Oil and Gas Lease for the referenced lease that has been executed by Jerry E. Patterson, Commissioner of the General Land Office. We have retained the other original extension for our files.

Your remittance of \$3,000.00, which was received in our office on March 10, 2011, has been applied to extend the lease for a thirty-day period beginning March 17, 2011 and ending April 15, 2011. The extension will serve as receipt for the payment. If additional extensions are required, the same procedure should be followed, with a new application and payment due in our office prior to the expiration of the current extension period and an affidavit to follow documenting the activities during the extension period.

Thank you for your assistance with this matter please let me know if you have any questions, or need anything further.

Sincerely,


J. Daryl Morgan, CPL
Energy Resources
(512) 305-9106

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

9

File No. M-108713
Extension Packet #3

Date Filed: 3/17/11

Jerry F. Patterson, Commissioner
By Dwight Morgan



Vance F. Sparks, CPL/ESA
14001 N. Dallas Pkwy., Suite 1100
Dallas, Texas 75240
Office: (469) 461-2389
Fax: (469) 398-4459
Email: vance.sparks@encana.com

March 17, 2011

In Re: Application by Chesapeake Exploration, L.L.C. for a 30 Day Extension of State Oil and Gas Lease No. M-108713, State Tract 5 C, Navasota River, Little 4 Ranch-State Unit, Leon and Robertson Counties, Texas

Mr. Daryl Morgan
General Land Office
1700 N. Congress Avenue, Room No. 840
Austin, TX 78701

Dear Mr. Morgan:

On behalf of Chesapeake Operating, Inc., you will find enclosed the originally executed Affidavit of Drilling Operations-State of Texas Lease I have executed on behalf of Encana Oil & Gas (USA) Inc., the operator of the well. This affidavit confirms drilling operations within the unit and attributable to the subject State lease as of the March 17, 2011 expiration of the second 30 day extension of the primary term from February 14, 2011.

Please let me know if you have any questions.

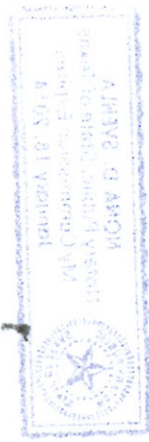
Yours very truly,


Vance F. Sparks
Land Negotiator

Enclosure

Cc: D. Jane Graham

File No. M-108713
Fr. From EnCana with
Att: David et, Drilling Ops
Date Filed: 3/18/11
Jerry E. Patterson, Commissioner
By Daryl Morgan



From: "Sparks, Vance F." <Vance.Sparks@encana.com>
To: <daryl.morgan@glo.state.tx.us>
CC: <jane.graham@chk.com>
Date: 4/6/2011 10:40 AM
Subject: FW: Deep Bossier - Development First Sales Date Notification

Mr. Morgan-

The Little 4 Ranch-State Unit 01 (Robertson County, Texas) has reported first sales today (see below). Thank you for working with us on the mechanics of the extension payments from Chesapeake and Affidavits from EnCana and also your help in forming the Unit.

Please let me know if you have any questions.

Sincerely,

Vance

Vance Sparks, CPL/ESA
Encana Oil & Gas (USA) Inc.
14001 N. Dallas Parkway, Suite 1100
Dallas, TX 75240
Direct #469.461.2389
Fax #469.398.4459

-----Original Message-----

From: Wellcore
Sent: Wednesday, April 06, 2011 10:05 AM
To: Dickson, Chad H.; Meaders, Ed; Virant, Mark A; Woody, Rickey D.; Svehla, Nona; Gauntt, Bridget; Browning, Harvey W.; Mihalyi, Janet; Rhoades, Brenda S.; VanZandt, Terri L.; Freeman, Sandra G.; Bills, Diane J.; Brumley, Betty; Daniel.Lundt@EnCana.com; Demases, Chance; Juru, Sylvester; Robinson, Kelly S.; Akin, Amanda B.; Zmolik, Amy L.; Baber, Becky J.; O'Brien, Brooke A.; Lame, Charles W.; White, Cheryl L; McClellan, Daniel W.; Nichols, Debbie; Perry, Don S.; Goeger, Jack A.; Scaife, Jerry; Zalusky, John J.; Kenny.Johnson@encana.com; Pacheco, Melissa; Roth, Michael; Flanigan, Patricia L.; Pitney, Patricia; Binz, Richard C.; McKay, Richard G.; Tabor, Teri; Spack, Timothy R.; jeanette@crazymtn.org; molly@crazymtn.org; toni@crazymtn.org; tracy@crazymtn.org; Ausmus, David; St. Amant, Helen M.; Jeff.Clark2@EnCana.com; Casanova, Neisy; Riley.Willingham@EnCana.com; Doeden, Tracey G.; Glass, Gloria; White, Julie R.; Pemberton, Kevin; Scully Jr., James J.; Herrera, Michelle F.; Sibley, Sarah E.; Gomoke, Corbet B.; Truelove, Beth A.; Johnson, Wallace M.; Holstead, John L.; Watson, Stephanie L.; Borgan, Andrew D.; Adkison, Madeline K.; Sparks, Vance F.; Pingaro, Mark A.; Smith, Kevin A. (Accountant); Brown, Kelli; MCBU_SAVVION@EnCana.com; Thrush, Mark; Torres, Andrew; Fairchild, Ken; Cox, Ray; Harwell, Bruce; Fukuhara, Lisa; Trujillo, Zeke; Williams, Valerie; Jones, Ann; Gosney, Terry C. ; McCurdy, Mary Jo; Deshpande, Sandip; Doss, Jason K.; Franklin, Megan R.; Robinson, Mac; McCullough, Adam P.; Mims, Idias S.; Jones, Quentin; Gates, Anne M.; Dodson, Teresa; Wansley, Jane S.; Bass, Jayne; Vandamme, Kelly A.; Mackow, H Michael; Berman, Daniel I.; Schneider, Derrick; Martinez, Nina M.; Trimble,

Jennifer R; George, Diana W.; Jeffery, Richard C.; Kennedy, Christopher J.; Anderson, Derek A.; Robinson-Lewis, Meril; Urban, Kenneth W.; Meyers, John W.; Tenenholz, Aaron B.
Subject: Deep Bossier - Development First Sales Date Notification

Deep Bossier - Deep Bossier - Development

The following well(s) reported the date of first sales today:

Little 4 Ranch-State Unit 01 - 4/5/2011

This is an automated email message generated by Wellcore. Please do not reply to this email address as this account is unattended. If you wish to be removed from the email list, please contact the Service Desk at (877) 645-7799.

This email communication and any files transmitted with it may contain confidential and or proprietary information and is provided for the use of the intended recipient only. Any review, retransmission or dissemination of this information by anyone other than the intended recipient is prohibited. If you receive this email in error, please contact the sender and delete this communication and any copies immediately. Thank you.
<http://www.encana.com>

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File No. M-108713
E-Mail FROM ENCL

Date Filed: 4/6/11

Jerry E. Patterson, Commissioner

By Daryl Morgan



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

October 3, 2016

R. Scott Higbee
SND Operating, L.L.C.
8150 North Central Expressway
Campbell Centre II, Suite M1020
Dallas, Texas 75206-1839

Re: *GLO Assignment ID #9840, Leon & Robertson Counties
MF108713 & MF105562 (Terminated)*

Dear Mr. Higbee:


The General Land Office received the following instrument and has filed it in the appropriate files.

Assignment, Bill of Sale and Conveyance, effective 11/01/14 from Chesapeake Exploration, L.L.C., Assignor to SND – Vortus, L.P., Assignee. Filed for record under Doc. #2015000045.

Filing fees in the amount of \$150.00 were received in connection with the above assignment. Also, furnish certified copy of Assignment from Robertson County.

Please feel free to contact me at (512) 463-5407 or email carl.bonn@glo.texas.gov if you have further questions.

Best Regards,


Carl Bonn, CPL
Mineral Leasing-Energy Resources



ID 98.40

Direct Dial Number
(214) 932-1654
Email: shigbee@sndenergy.com

R. Scott Higbee
Vice President - Land



May 1, 2015

TEXAS GENERAL LAND OFFICE

P. O. Box 12873
Austin, Texas 78711-2873

Attn: Mr. Mark Adams
Landman

RE: Assignment, Bill of Sale and Conveyance
State Lease - MF108713 & (Leon & Robertson)
State Lease - MF105562 - Terminated (Leon)
Leon County, Texas

Robertson & Leon ✓

Dear Mr. Adams:

Please find enclosed an Assignment, Bill of Sale and Conveyance dated effective November 1, 2014, covering the above referenced State Leases. Also enclosed is our check in the amount of \$100.00 for the filing fee.

If you have any questions concerning the attached, please feel free to call at any time. In this regard, I am

Very truly yours,

R. Scott Higbee

[TXGLO/Assignment/Leon/0501.15.doc](#)

15711432

From: SND VORTUS, LP
To: TEXAS GENERAL LAND OFFICE
PO BOX 12873
AUSTIN, TX 78711-2873

Vendor Code
C646157

Check Date
04/30/2015

Check Amount
X \$450.00

Check Number
OP-10233

| Invoice # | Invoice Amt |
|----------------------|-------------|
| CHEROKEE-04/29/15 | 150.00 |
| LEON-04/29/15 | 100.00 |
| NACOGDOCHES-04/29/15 | 50.00 |
| SHELBY-04/29/15 | 150.00 |

129

15711432

ID 9840

Leon & Robert MF-108713
Doc Bk Vol Pg
00409916 DR 1622 55
Leon (terminated) 105562

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER. eff 11-1-14

ASSIGNMENT, BILL OF SALE AND CONVEYANCE

STATE OF TEXAS §
§
COUNTY OF LEON §

THIS ASSIGNMENT, BILL OF SALE AND CONVEYANCE (this "Assignment"), dated effective as of November 1, 2014 at 7:00 a.m. Central Time (the "Effective Time"), is made by CHESAPEAKE EXPLORATION, L.L.C., an Oklahoma limited liability company, with a notice address of 6100 N. Western, Oklahoma City, Oklahoma 73118 ("Assignor"), to SND - Vortus, L.P., a Delaware limited partnership, with a notice address of 8150 N. Central Expressway, Suite M-1020, Dallas, Texas 75206 ("Assignee"). This Assignment is executed and delivered in connection with and pursuant to the terms of that certain Purchase and Sale Agreement dated November 24, 2014 (the "Agreement"), by and among Assignor, Chesapeake Louisiana, L.P., and Assignee.

1. Assignment. For and in consideration of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor does hereby GRANT, BARGAIN, SELL, CONVEY, ASSIGN, TRANSFER, SET OVER AND DELIVER unto Assignee, all of Assignor's right, title and interest as of the Effective Time in and to the following subject to the terms and reservations hereof and specifically LESS AND EXCEPT the Excluded Assets (as hereinafter defined) (the "Properties"):

1.1 All oil, gas and mineral leases, operating rights, working interests and net revenue interests, and overriding royalty interests described in Exhibit A-1 attached hereto and made a part hereof, whether producing or non-producing (the "Real Property Interests");

1.2 (i) All oil and gas wells located on the Real Property Interests including those wells described in Exhibit A-1 (the "Wells"), (ii) salt water disposal wells, systems and related equipment and clean water wells, systems and equipment described in Exhibit A-1 to the extent exclusively used in operating or producing the Wells, and (iii) all Lease Owned tangible personal property, equipment, fixtures and improvements, including, but not by way of limitation, all injection wells, salt water disposal facilities, well heads, casing, tubing, pumps, motors, gauges, valves, heaters, treaters, water lines, vessels, tanks, boilers, separators, treating equipment, compressors, other equipment, automation systems including meters and related telemetry on wells, power lines, telephone and communication lines, and other appurtenances owned in connection with the production, treating, storing, transportation or marketing of Hydrocarbons from the Wells, to the extent each of the foregoing is Lease Owned;

1.3 All presently existing unitization, pooling and/or communitization agreements, declarations or designations and statutorily, judicially or administratively created drilling, spacing and/or production units, whether recorded or unrecorded, insofar as the same are attributable or allocated to the Real Property Interests, and all of the Assignor's interest in and to the properties covered or units created thereby which are attributable to the Real Property Interests;

1.4 All presently existing and valid Hydrocarbon sales agreements, operating agreements, gathering agreements, transportation agreements, marketing, disposal or injection agreements, farmout and farmin agreements, unitization, pooling and communitization agreements, purchase agreements, exploration agreements, area of mutual interest agreements, exchange and processing contracts and agreements, partnership and joint venture agreements and any other contracts, agreements and instruments, in each case, only to the extent the above agreements cover, are attributable to or relate to the Real Property Interests, Wells or any interests pooled, communitized or unitized therewith or the Surface Site including, without limitation, those contracts and agreements described in the Agreement;

1.5 All Hydrocarbons in, on, under or produced from the Real Property Interests or any interests pooled or unitized therewith from and after the Effective Time and the proceeds therefrom;

1.6 To the extent transferrable, automation systems including meters and related telemetry and communications infrastructure including towers, antennas, data links and network circuits;

1.7 All easements, surface leases, subsurface leases, permits, licenses, servitudes, rights of way and all other rights and appurtenances situated on or used in connection with the operation of the Real Property Interests, Wells or any interests pooled or unitized therewith or any of the Transferred Pipeline Assets ("**Easements**");

1.8 All rights, benefits and obligations arising from or in connection with any Gas Imbalances as of the Effective Time;

1.9 To the extent the same are assignable or transferable, and further to the extent the same are related to the Real Property Interests and Wells, all of the Assignor's interests in and to all orders, contracts, title opinions and documents, abstracts of title, leases, division of interest statements, participation agreements, and all other agreements and instruments, easements, rights-of-way, licenses, authorizations, permits and similar rights and interests, subject to the rights of Third Parties; and

1.10 The Records.

It is the intent of Assignor to convey and this Assignment hereby conveys to Assignee, subject to the reservations and conditions herein contained, from and after the Effective Time, the Properties, regardless of errors in description, any incorrect or misspelled names, or any mistranscribed or incorrect recording references.

TO HAVE AND TO HOLD all and singular of Assignor's interest in the Properties together with all rights, titles, interests, estates, remedies, powers, and privileges thereunto appertaining unto Assignee and Assignee's successors and assigns forever; subject to the following matters:

a. Royalties, overriding royalties and other burdens or encumbrances to the extent they do not, individually or in the aggregate, reduce the Assignor's Net Revenue Interest or increase the Assignor's Working Interest (without at least a proportionate corresponding increase in the Seller's Net Revenue Interest) in any Property from that described for the Assignor in the Agreement;

b. The VPP Obligations and the burdens existing under the VPP Documents, including the term overriding royalty interests granted pursuant thereto;

c. Liens for Taxes for which payment is not due or which are being contested in good faith by appropriate proceedings;

d. Liens of mechanics, materialmen, warehousemen, landlords, vendors, and carriers and any similar Liens arising by operation of Law which, in each instance, arise in the Ordinary Course of Business for sums not yet due or which are being contested in good faith by appropriate proceedings;

e. Operating agreements, unit agreements, unitization and pooling designations and declarations, gathering and transportation agreements, processing agreements, Hydrocarbon purchase contracts and all of the Contracts, easements, surface leases and other surface rights and the terms of all of the Real Property Interests;

f. Regulatory authority of Governmental Authorities or Laws not presently violated, plat restrictions, zoning Laws, restrictive covenants and conditions, and building and other land use Laws and similar encumbrances;

g. All rights to consent by, required notices to, filings with or other actions by Governmental Authorities in connection with the sale, disposition, transfer or conveyance of federal, state, tribal or other governmental oil and gas leases or interests therein or related thereto, or the transfer of operations of any of the Wells, where the same are customarily obtained subsequent to the assignment, disposition or transfer of such oil and gas leases or interests therein, or such operations;

h. Conventional rights of reassignment obligating the lessee to reassign or offer to reassign its interests in any lease prior to a release or abandonment of such lease;

i. Non-governmental Third Party consents (other than Required Consents and preferential rights to purchase) which have been waived by the appropriate parties or for which the time period for asserting such rights has expired without the exercise of such rights;

j. Rights of tenants-in-common in and to the Properties;

k. All defects or irregularities of title, if any, affecting the Properties that do not individually or in the aggregate, reduce the Assignor's Net Revenue Interest or increase the

Assignor's Working Interest (without at least a proportionate corresponding increase in the Assignor's Net Revenue Interest) in the Property subject thereto;

l. All defects or irregularities (i) arising out of lack of corporate authorization or a variation in corporate name, (ii) that have been cured or remedied by applicable statutes of limitation or statutes for prescription, (iii) consisting of the failure to recite marital status in documents or omissions of heirship proceedings, (iv) that have been cured by possession under applicable statutes of limitation, or (v) resulting from lack of survey or failure to record releases of liens, production payments or mortgages that have expired by their own terms or the enforcement of which are barred by applicable statutes of limitation;

m. Rights vested in or reserved to any Governmental Authority to regulate the Properties, to terminate any right, power, franchise, license or permit afforded by such Governmental Authority, or to purchase, condemn or expropriate any of the Properties; and

n. The Purchase Agreement.

2. Excluded Assets. Assignor specifically excepts from this Assignment and reserves unto itself the following (the "Excluded Assets"):

2.1 All limited liability company, partnership, financial, tax, and legal (other than title) records of the Assignor;

2.2 Any existing or future refund of costs, Taxes or expenses borne by the Assignor, its Affiliates or their respective predecessors in title attributable to the period prior to the Effective Time;

2.3 Any and all proceeds from production and from the settlements of contract disputes with purchasers of Hydrocarbons or byproducts from the Real Property Interests, including, without limitation, settlement of take-or-pay disputes, insofar as said proceeds are attributable to periods of time prior to the Effective Time;

2.4 All rights and interests of the Assignor (i) under any policy or agreement of insurance or indemnity (including, without limitation, any rights, claims or causes of action of the Assignor against Third Parties under any indemnities or hold harmless agreements and any indemnities received in connection with the Assignor's prior acquisition of any of the Properties) and (ii) under any bond;

2.5 All Hydrocarbons produced from the Properties with respect to all periods prior to the Effective Time and all proceeds from the disposition thereof;

2.6 All of the Assignor's and its Affiliates' proprietary computer software, patents, trade secrets, copyrights, names, trademarks, logos and other intellectual property;

2.7 All accounts receivable and all audit rights arising under any of the applicable contracts or otherwise with respect to the Properties for any period prior to the Effective Time or to any of the Excluded Assets, except for any Gas Imbalances;

2.8 Except for the Transferred Pipeline Assets, all non-Lease Owned gathering lines, transmission lines, flow lines, gas lines, gas processing and gathering line compression facilities, tubing, pumps, motors, gauges, valves and other systems, machinery and equipment constituting part of or comprising gas gathering systems or assets, and all rights of way, easements and other contracts relating to the ownership, operation or maintenance of any of the foregoing;

2.9 All claims of the Assignor or any of its Affiliates for refunds of or loss carry forwards with respect to (i) production, severance, use, occupation, ad valorem property, personal property or any other similar taxes attributable to any period prior to the Effective Time, (ii) income or franchise taxes or (iii) any Taxes attributable to the Excluded Assets;

2.10 All "virtual courthouses" of the Assignor and the Assignor's exclusive use arrangements with title abstract facilities and all documents and instruments of the Assignor that may be protected by an attorney-client privilege (other than title opinions and reports, which shall be included as part of the Records) and all data that cannot be disclosed to the Assignee as a result of confidentiality arrangements under agreements with Third Parties;

2.11 Other than the Easements and Other Assets, all surface fee interests, surface leasehold and other surface property interests and all buildings, offices, improvements, appurtenances, field offices and yards;

2.12 All non-Lease Owned equipment, including, without limitation, compressors on the wellheads of the Wells operated by the Assignor or its Affiliates owned by or leased from the Assignor, its Affiliates or Third Parties;

2.13 All assets of Chesapeake Oilfield Services Group and all drilling rigs and related equipment, work over rigs and related equipment, tools and other equipment brought onto a well site temporarily for purposes of drilling, reworking or maintaining a well, and any other non-Lease Owned equipment, inventory, machinery, tools and other personal property not currently in use for the operation of a Well or Wells; and

2.14 All mineral interests and lessor royalties owned by Assignor and its Affiliates including, without limitation, any and all mineral interests burdened by or relating to any of the Real Property Interests or burdened by other oil, gas and mineral leases; and

2.15 Any other right or interest of the Assignor, including claims against Third Parties, to the extent related to the ownership of the Properties prior to the Effective Time.

3. Special Warranty of Title. Assignor does hereby bind itself and its successors and assigns to warrant and forever defend all and singular title to its interest in the Properties unto Assignee and Assignee's successors and assigns, against every Person whomsoever lawfully claiming or to claim the same or any part thereof, by, through, or under Assignor, but not otherwise. This special warranty of title will continue after the delivery of this Assignment for a period of three (3) years and shall thereafter be of no further force or effect except with respect to any claim under such special warranty of title that has been asserted prior to the end of such four (4) year period, which shall survive until such claim with respect thereto is resolved. The intended effect of such termination is to bar, from and after the date of termination, any claim or cause of action with respect to such special warranty of title. Further, Assignee is specifically assigned, and

subrogated to, the rights or actions on title warranties given or made by Assignor's or its Affiliate's predecessors in title, with respect to the Properties and to the extent Assignor may legally assign such rights and grant such subrogation.

4. Limitations on Representations and Warranties.

4.1. EXCEPT FOR THE EXPRESS AND SPECIFIC REPRESENTATIONS AND WARRANTIES OF ASSIGNOR IN THE AGREEMENT AND ASSIGNOR'S CERTIFICATE DELIVERED AT CLOSING PURSUANT THERETO, ASSIGNEE ACKNOWLEDGES THAT ASSIGNOR HAS NOT MADE, AND ASSIGNOR HEREBY EXPRESSLY DISCLAIMS AND NEGATES, AND ASSIGNEE HEREBY EXPRESSLY WAIVES, ANY REPRESENTATION OR WARRANTY, EXPRESS, IMPLIED, AT COMMON LAW, BY STATUTE OR OTHERWISE RELATING TO (i) PRODUCTION RATES, RECOMPLETION OPPORTUNITIES, DECLINE RATES, GAS BALANCING INFORMATION, OR THE QUALITY, QUANTITY OR VOLUME OF THE RESERVES OF HYDROCARBONS, IF ANY, ATTRIBUTABLE TO THE PROPERTIES, (ii) THE ACCURACY, COMPLETENESS OR MATERIALITY OF ANY RECORDS, INFORMATION, DATA OR OTHER MATERIALS (WRITTEN OR ORAL) NOW, HERETOFORE OR HEREAFTER FURNISHED TO ASSIGNEE BY OR ON BEHALF OF ASSIGNOR, AND (iii) THE ENVIRONMENTAL OR OTHER CONDITION OF THE PROPERTIES.

4.2. EXCEPT FOR THE EXPRESS REPRESENTATIONS AND WARRANTIES OF ASSIGNOR IN THE AGREEMENT AND ASSIGNOR'S CERTIFICATE DELIVERED AT CLOSING PURSUANT THERETO, AND WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, ASSIGNOR EXPRESSLY DISCLAIMS AND NEGATES, AND ASSIGNEE HEREBY WAIVES, AS TO PERSONAL PROPERTY, EQUIPMENT, INVENTORY, MACHINERY AND FIXTURES CONSTITUTING A PART OF THE PROPERTIES, (i) ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY, (ii) ANY IMPLIED OR EXPRESS WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, (iii) ANY IMPLIED OR EXPRESS WARRANTY OF CONFORMITY TO MODELS OR SAMPLES OF MATERIALS, (iv) ANY RIGHTS OF PURCHASERS UNDER APPROPRIATE STATUTES TO CLAIM DIMINUTION OF CONSIDERATION OR RETURN OF THE PURCHASE PRICE, (v) ANY IMPLIED OR EXPRESS WARRANTY OF FREEDOM FROM DEFECTS, WHETHER KNOWN OR UNKNOWN, (vi) ANY AND ALL IMPLIED WARRANTIES EXISTING UNDER APPLICABLE LAW, AND (vii) ANY IMPLIED OR EXPRESS WARRANTY REGARDING ENVIRONMENTAL LAWS, THE RELEASE OF SUBSTANCES, WASTES OR MATERIALS INTO THE ENVIRONMENT, OR PROTECTION OF THE ENVIRONMENT OR HEALTH, IT BEING THE EXPRESS INTENTION OF ASSIGNEE AND ASSIGNOR THAT THE PERSONAL PROPERTY, EQUIPMENT, INVENTORY, MACHINERY AND FIXTURES IN WHICH ASSIGNOR HAS ANY INTEREST ARE BEING ACCEPTED BY ASSIGNEE, SUBJECT TO THE TERMS OF THE AGREEMENT, "AS IS, WHERE IS, WITH ALL FAULTS" AND IN THEIR PRESENT CONDITION AND STATE OF REPAIR, AND ASSIGNEE REPRESENTS TO ASSIGNOR THAT ASSIGNEE HAS MADE OR CAUSED TO BE MADE SUCH INSPECTIONS WITH RESPECT TO SUCH

PERSONAL PROPERTY, EQUIPMENT, INVENTORY, MACHINERY, FIXTURES AND OTHER PROPERTIES AS ASSIGNEE DEEMS APPROPRIATE.

4.3. **ASSIGNOR AND ASSIGNEE AGREE THAT, TO THE EXTENT REQUIRED BY APPLICABLE LAW TO BE EFFECTIVE, THE DISCLAIMERS OF CERTAIN WARRANTIES CONTAINED IN THIS SECTION 4 ARE "CONSPICUOUS" DISCLAIMERS FOR THE PURPOSES OF ANY APPLICABLE LAW, RULE OR ORDER.**

5. Miscellaneous.

5.1. Cooperation. In addition to this Assignment, Assignor shall execute, acknowledge, and deliver to Assignee, in a timely manner and without further consideration, any documents or instruments that Assignee may reasonably require, including, without limitation, further assignments or conveyances required by any state or federal authority, deeds, and consents to further evidence the assignment and conveyance of the Properties by Assignor to Assignee.

5.2. Counterparts. This Assignment may be executed in multiple counterparts, each of which will be an original instrument, but all of which will constitute one instrument; provided, however, that to facilitate recording or filing of this Assignment, each recorded or filed counterpart may contain only a portion of Exhibit "A" as provided in Section 5.4 of this Assignment.

5.3. Successors and Assigns. This Assignment shall bind and inure to the benefit of Assignor and Assignee and their respective successors and assigns.

5.4. Recording of Assignment. To facilitate recording or filing of this Assignment, the counterpart filed with a county agency or office may contain only that portion of Exhibit "A" that describes property under the jurisdiction of that agency or office. Assignor, on the one hand, and Assignee, on the other hand, have each retained a counterpart of this Assignment containing a full description of all of the Properties.

5.5. Capitalized Terms. Except as otherwise defined herein, all capitalized terms used in this Assignment which are defined in the Agreement will have the same meanings herein as defined in the Agreement.

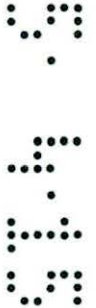
5.6. Conflicts. If there is a conflict between the provisions of the Agreement and this Assignment, the provisions of the Agreement shall control.

5.7. Choice of Law. THIS ASSIGNMENT AND THE LEGAL RELATIONS AMONG THE PARTIES SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS.

5.8. Arbitration. Any disputes, claims, counterclaims, demands, causes of action, controversies and other matters in question between the parties hereto arising out of or relating to this Assignment or the alleged breach hereof, regardless of whether (a) allegedly extra-contractual in nature, (b) sounding in contract, tort or otherwise, (c) provided for by Law or

otherwise, or (d) seeking damages or any other relief, whether at Law, in equity or otherwise, shall be resolved through final and binding arbitration in accordance with Section 14 of the Agreement, the terms of which are incorporated by reference as if set out in full herein.

[SIGNATURE PAGES FOLLOW]



IN WITNESS WHEREOF, each of Assignor and Assignee has executed this instrument on the date of its respective acknowledgment annexed hereto, but effective for all purposes as of the Effective Time.

ASSIGNOR:

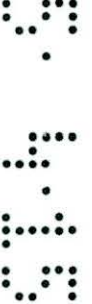
CHESAPEAKE EXPLORATION, L.L.C.
an Oklahoma limited liability company

By: 
Douglas J. Jacobson
Executive Vice President

ASSIGNEE:

SND - VORTUS, L.P.
a Delaware limited partnership

By: 
C.R. Anderson
Executive Vice President



ASSIGNOR ACKNOWLEDGMENT

STATE OF OKLAHOMA §
 §
COUNTY OF OKLAHOMA §

This instrument was acknowledged before me on this 17th day of December, 2014, by Douglas J. Jacobson, as Executive Vice President of Chesapeake Exploration, L.L.C., an Oklahoma limited liability company, as the act and deed and on behalf of such company.

Claudia DeLoera
Notary Public

My Commission Expires: 11/20/17
Commission Number: 13010654

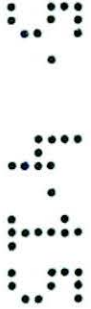


Exhibit A-1

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00409916 OR 1622 66

Attached to and made a part of that certain
Assignment, Bill of Sale and Conveyance dated effective as of November 1, 2014, made by
CHESAPEAKE EXPLORATION, L.L.C. to SND - VORTUS, L.P.

REAL PROPERTY INTERESTS



Exhibit A-1 - Real Property Interests

Attached to and made part of that certain Assignment, Bill of Sale and Conveyance dated effective as of November 1, 2014 made by Chesapeake Exploration, L.L.C. to SND - Vortus, L.P.

| LEASE NO. | LESSOR | LESSEE | LEASE DATE | PARISH/COUNTY | STATE | BOOK | PAGE | ENTRY |
|---------------|--------------------------------|-------------------------------|------------|---------------|-------|------|------|--------|
| TX2250004-002 | ALAN L & ELLYN M GATES | CHESAPEAKE EXPLORATION LP | 12/23/2005 | LEON | TX | 1237 | 806 | 327152 |
| TX1940311-002 | ALICE LOUISE HARCROW, AS AGENT | WISENBAKER PRODUCTION COMPANY | 8/21/1997 | LEON | TX | 977 | 571 | |
| TX1940311-003 | ALICE LOUISE HARCROW, AS AGENT | WISENBAKER PRODUCTION COMPANY | 8/21/1997 | LEON | TX | 977 | 576 | |
| TX2250004-004 | AMERICAN CANCER SOCIETY | CHESAPEAKE EXPLORATION LP | 2/6/2006 | LEON | TX | 1246 | 621 | 329077 |
| TX2250004-001 | AMERICAN HEART ASSOCIATION | CHESAPEAKE EXPLORATION LP | 12/2/2005 | LEON | TX | 1237 | 845 | 327165 |
| TX1940350-001 | BEULAH M.GILLIAM | TEAM INVEST, INC. | 3/10/1998 | LEON | TX | 1022 | 5 | |
| TX2250060-007 | BILLY & SHIRLEY CRAWFORD TRUST | CHESAPEAKE EXPLORATION LP | 6/20/2006 | LEON | TX | 1267 | 904 | 334127 |
| TX2250060-002 | BILLY C & JULIA HILL | CHESAPEAKE EXPLORATION LP | 6/20/2006 | LEON | TX | 1267 | 914 | 334132 |
| TX2250001-014 | BRYAN W & ANNA L SMITH | CHESAPEAKE EXPLORATION LP | 8/4/2006 | LEON | TX | 1279 | 521 | 336727 |
| TX1940384-009 | CAROLYN ANN LANE | AMERICAN COMETRA INC | 8/28/1996 | LEON | TX | 947 | 90 | |
| TX2250001-008 | CAROLYN THOMAS | CHESAPEAKE EXPLORATION LP | 1/27/2006 | LEON | TX | 1249 | 731 | 329801 |
| TX1940384-007 | CHARLAN BETH BEAL, INDIVIDUALL | WISENBAKER PRODUCTION COMPANY | 8/30/1997 | LEON | TX | 996 | 318 | |
| TX2240138-011 | CHRISTINA CONJUN ESTATE | CHESAPEAKE EXPLORATION LLC | 8/22/2007 | LEON | TX | 1454 | 762 | 375888 |
| TX2250001-009 | CLAUDIA S LANE | CHESAPEAKE EXPLORATION LP | 3/16/2006 | LEON | TX | 1249 | 645 | 329776 |
| TX2236508-007 | CUEWES JOHNSON | RAM ENERGY INC | 8/17/2007 | LEON | TX | 1341 | 548 | 350787 |
| TX2240164-000 | CURTIS G CROUCH JR, ET AL | GASTAR EXPLORATION TEXAS LP | 4/12/2007 | LEON | TX | 1314 | 847 | 344713 |
| TX2240138-005 | CYNTHIA WARREN MEEKS | CHESAPEAKE EXPLORATION LLC | 7/2/2007 | LEON | TX | 1326 | 13 | 347258 |
| TX2240138-004 | DANIEL BRANNIN JR | CHESAPEAKE EXPLORATION LLC | 7/2/2007 | LEON | TX | 1325 | 920 | 347253 |
| TX2240138-006 | DOROTHY KOKKO SIMKINS | CHESAPEAKE EXPLORATION LLC | 7/18/2007 | LEON | TX | 1325 | 916 | 347252 |
| TX2240138-009 | ELLEN LAWTHER PIERCE | CHESAPEAKE EXPLORATION LLC | 7/12/2007 | LEON | TX | 1328 | 812 | 347948 |
| TX2229027-001 | ELNA RAE PEOPLES | AMERICAN ENERGY PARTNERS | 3/24/2001 | LEON | TX | 1078 | 720 | 293424 |
| TX2250060-003 | ESSIE HILL HINES | CHESAPEAKE EXPLORATION LP | 6/20/2006 | LEON | TX | 1267 | 910 | 334130 |
| TX1940384-002 | ESTATE OF AVANELL SPRUIELL NIC | WISENBAKER PRODUCTION COMPANY | 7/17/1995 | LEON | TX | 981 | 309 | |
| TX2240138-016 | FROST OIL PARTNERSHIP | CHESAPEAKE EXPLORATION LLC | 3/12/2008 | LEON | TX | 1375 | 917 | 358235 |
| TX1940311-004 | GEORGIA ANN STIEREN, ET AL | WISENBAKER PRODUCTION COMPANY | 5/6/1993 | LEON | TX | 853 | 431 | |
| TX1940314-001 | GERRY ALLISON, ET AL | TEAM INVEST, INC. | 4/22/1998 | LEON | TX | 1023 | 329 | |
| TX2230237-107 | GILBERT WASHINGTON, JR | RAM ENERGY, INC | 6/26/2007 | LEON | TX | 1382 | 759 | 359866 |
| TX2235929-072 | GILBERT WASHINGTON, JR | RAM ENERGY, INC | 8/31/2007 | LEON | TX | 1382 | 756 | 359865 |
| TX1941023-001 | HALLOWED GROUND LP | HEMUS LTD | 5/18/2005 | LEON | TX | 1211 | 720 | 321663 |
| TX2250060-005 | HERSCHEL DON CRAWFORD | CHESAPEAKE EXPLORATION LP | 6/20/2006 | LEON | TX | 1267 | 908 | 334129 |
| TX2250060-006 | HOMER WAYNE CRAWFORD | CHESAPEAKE EXPLORATION LP | 6/20/2006 | LEON | TX | 1267 | 906 | 334128 |
| TX2250019-002 | JAMES DOUGLASS DEZELLE | CHESAPEAKE EXPLORATION LP | 12/27/2005 | LEON | TX | 1239 | 406 | 327514 |
| TX2240147-001 | JAMES W WILSON | CHESAPEAKE EXPLORATION LLC | 2/15/2008 | LEON | TX | 1330 | 213 | 348296 |
| TX2250001-010 | JANET STEWART | CHESAPEAKE EXPLORATION LP | 3/16/2006 | LEON | TX | | | 330378 |
| TX2240138-007 | JOANN LAWTHER MACDONALD | CHESAPEAKE EXPLORATION LLC | 7/26/2007 | LEON | TX | 1328 | 816 | 347949 |
| TX2235929-071 | JOANNA FOLK | RAM ENERGY, INC | 8/24/2007 | LEON | TX | 1363 | 630 | 355553 |
| TX2250060-004 | JOHN DAVID HINES JR | CHESAPEAKE EXPLORATION LP | 6/20/2006 | LEON | TX | 1267 | 912 | 334131 |
| TX1940314-002 | JOSEPHINE M. ALLISON | TEAM INVEST, INC. | 4/22/1998 | LEON | TX | 1023 | 334 | |
| TX2250072-001 | KOSAIR CRIPPLED CHILDRENS HOSP | CHESAPEAKE EXPLORATION LP | 3/18/2006 | LEON | TX | | | 330353 |
| TX1940311-005 | LESTER R. ERICSON, AND WIFE, V | WISENBAKER PRODUCTION COMPANY | 8/20/1998 | LEON | TX | 1004 | 579 | |
| TX2240030-002 | LION HEART, INC | FIRST SOURCE ENERGY, LP | 11/21/2005 | LEON | TX | 1244 | 266 | 328570 |
| TX2240138-008 | LYNN V LAWTHER, JR | CHESAPEAKE EXPLORATION LLC | 8/2/2007 | LEON | TX | 1329 | 877 | 348211 |
| TX2240138-017 | MARGARET WEBER | CHESAPEAKE EXPLORATION LLC | 1/21/2008 | LEON | TX | 1457 | 333 | 376398 |
| TX1940384-003 | MARGUERITE ADDISON EDWARDS | WISENBAKER PRODUCTION COMPANY | 9/14/1997 | LEON | TX | 981 | 305 | |
| TX2250019-001 | MARK & DEBORAH K COLLINS | CHESAPEAKE EXPLORATION LP | 1/16/2006 | LEON | TX | 1240 | 685 | 327740 |
| TX1940314-003 | MARY A. ARMSTRONG | TEAM INVEST, INC. | 4/22/1998 | LEON | TX | 1023 | 338 | |
| TX1941023-002 | MARY E RAMSEY DESC TRUSTS | HEMUS LTD | 5/18/2005 | LEON | TX | 1214 | 165 | 322101 |
| TX1940384-008 | MARYHELEN BOICE | AMERICAN COMETRA INC | 8/28/1996 | LEON | TX | 947 | 93 | |
| TX1940314-006 | MCMURREY CHILDREN'S TRUST | TEAM INVEST, INC. | 7/1/1999 | LEON | TX | | | 280831 |
| TX1940384-004 | MONTIE BELLE BURNS SHELTON | WISENBAKER PRODUCTION COMPANY | 9/14/1997 | LEON | TX | 981 | 313 | |
| TX2250018-001 | MYRNA KNORPP | CHESAPEAKE EXPLORATION LP | 1/16/2006 | LEON | TX | 1240 | 682 | 327739 |
| TX2250060-001 | NELDA CORENE HASWELL ISBELL SI | CHESAPEAKE EXPLORATION LP | 1/10/2006 | LEON | TX | 1249 | 639 | 329774 |
| TX1940384-006 | NELLIE JO HERRING | WISENBAKER PRODUCTION COMPANY | 5/8/1998 | LEON | TX | 996 | 348 | |
| TX2250069-001 | PATE N SNAPP | CHESAPEAKE EXPLORATION LP | 3/22/2006 | LEON | TX | | | 330381 |
| TX2250022-001 | PATE N. SNAPP | CHESAPEAKE EXPLORATION LP | 1/12/2006 | LEON | TX | 1241 | 871 | 328014 |
| TX1940312-002 | PAUL M. WHITE AND FLORENCE H | TEAM INVEST, INC. | 3/14/1998 | LEON | TX | 1025 | 336 | 280758 |
| TX2240138-010 | REGINA D PERKINS | CHESAPEAKE EXPLORATION LLC | 8/20/2007 | LEON | TX | 1442 | 174 | 372980 |
| TX2230034-008 | ROBERT E JOHNSON | R A M ENERGY | 6/20/2007 | LEON | TX | 1450 | 231 | 374855 |



| LEASE NO. | LESSOR | LESSEE | LEASE DATE | PARISH/COUNTY | STATE | BOOK | PAGE | ENTRY |
|---------------|---------------------------------------|-------------------------------|------------|---------------|-------|------|------|--------|
| TX1940314-005 | ROBERT ROSS ALLISON | TEAM INVEST. INC. | 6/15/1998 | LEON | TX | 1023 | 325 | |
| TX1940384-005 | ROBERT SPRUIELL ADDISON | WISENBAKER PRODUCTION COMPANY | 9/14/1997 | LEON | TX | 981 | 301 | |
| TX2230237-106 | ROY L WASHINGTON | RAM ENERGY, INC | 6/26/2007 | LEON | TX | 1326 | 181 | 347327 |
| TX2250001-011 | SALLY STEWART WILSON | CHESAPEAKE EXPLORATION LP | 3/16/2006 | LEON | TX | | | 330377 |
| TX2250001-012 | SEGB INC | CHESAPEAKE EXPLORATION LP | 5/23/2006 | LEON | TX | 1263 | 165 | 333001 |
| TX2240270-001 | STATE OF TEXAS - M-108713 MF108713 | CHESAPEAKE EXPLORATION LLC | 1/15/2008 | LEON | TX | 1355 | 96 | 353666 |
| TX1941031-000 | STATE OF TEXAS - WELDON E DUBO 105562 | HEMUS LTD <i>Terminated</i> | 4/28/2005 | LEON | TX | 1208 | 322 | 320971 |
| TX2240138-014 | STAYTON C WELDON | CHESAPEAKE EXPLORATION LLC | 10/24/2007 | LEON | TX | 1502 | 528 | 386643 |
| TX1940384-001 | STEPHEN T HARCROW AND WIFE, AL | WISENBAKER PRODUCTION COMPANY | 6/30/1995 | LEON | TX | 981 | 297 | |
| TX1940311-001 | STEPHEN T. HARCROW AND WIFE, A | WISENBAKER PRODUCTION COMPANY | 8/21/1997 | LEON | TX | 977 | 563 | |
| TX2240147-002 | STEVE TORNO | CHESAPEAKE EXPLORATION LLC | 2/15/2008 | LEON | TX | 1330 | 217 | 348297 |
| TX1940312-001 | THOMAS HILL AND WIFE, MARION A | TEAM INVEST. INC. | 3/14/1998 | LEON | TX | 1027 | 719 | |
| TX2250004-003 | THORNTOWN PRESBYTERIAN CHURCH | CHESAPEAKE EXPLORATION LP | 12/27/2005 | LEON | TX | 1246 | 540 | 329051 |
| TX1940350-002 | WESLEY L. OAKES AND WIFE, JO A | TEAM INVEST. INC. | 3/10/1998 | LEON | TX | 1022 | 7 | |
| TX1940314-004 | WILLIAM T. ALLISON | TEAM INVEST. INC. | 6/15/1998 | LEON | TX | 1023 | 342 | |
| TX2230237-104 | CONNIE SIMPSON | RAM ENERGY, INC | 1/15/2008 | LEON | TX | 1367 | 334 | 356323 |
| TX2236508-044 | EMERY JOHNSON | RAM ENERGY, INC | 8/10/2007 | LEON | TX | 1361 | 646 | 355137 |
| TX2230237-108 | GILBERT WASHINGTON, JR | RAM ENERGY, INC | 6/19/2007 | LEON | TX | 1382 | 762 | 359867 |
| TX2230237-105 | HOMER CLARK | RAM ENERGY, INC | 1/25/2008 | LEON | TX | 1368 | 816 | 356671 |
| TX0021211-045 | KENNETH V MORGAN, JR | RAM ENERGY, INC | 1/7/2008 | LEON | TX | 1292 | 223 | 339542 |
| TX2236508-043 | LATANYA JOHNSON MABRY | RAM ENERGY, INC | 8/10/2007 | LEON | TX | 1361 | 643 | 355136 |

End of Exhibit A-1

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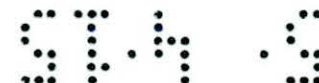


Exhibit A-1 - Wells

Attached to and made part of that certain Assignment, Bill of Sale and Conveyance dated
effective as of November 1, 2014 made by
Chesapeake Exploration, L.L.C. to SND - Vortus, L.P.

| PROPERTY NO. | PROPERTY NAME | API NO. | PARISH/COUNTY | STATE |
|--------------|-----------------------------|------------|---------------|-------|
| 621766 | A D CARR A 1 | 4228931727 | LEON | TX |
| 630784 | A D CARR A 5 | 4228931836 | LEON | TX |
| 626521 | A D CARR A 6 | 4228931793 | LEON | TX |
| 392305 | ALLISON 1 (LEON) | 4228931303 | LEON | TX |
| 392644 | B F SHOWS GU LEASE | ROLLUP | LEON | TX |
| 611851 | BALDWIN 1 | 4228931594 | LEON | TX |
| 621127 | BRYAN SMITH 1(LEON) | 4228931743 | LEON | TX |
| 634597 | CARR LITTLE 4 RANCH UNIT 1 | 4228931889 | LEON | TX |
| 628707 | CARR-NAVASOT 1 | 4228931815 | LEON | TX |
| 632637 | CARR-NAVASOT UNIT 2 | 4228931858 | LEON | TX |
| 610678 | DUBOIS 1 | 4228931575 | LEON | TX |
| 392304 | HARCROW S 1 RE | 4228931246 | LEON | TX |
| 392645 | HOLMES 1 (LEON) | 4228931279 | LEON | TX |
| 615827 | LIONHEART 1 | 4228931661 | LEON | TX |
| 633080 | LITTLE 4 RANCH STATE UNIT 1 | 4228931845 | LEON | TX |
| 616689 | MINTER 1 | 4228931669 | LEON | TX |
| 626237 | PAGE HEIRS 1 | 4228931799 | LEON | TX |
| 635000 | SENATOR RANCH A UNIT 1 | 4228931887 | LEON | TX |
| 636508 | SENATOR RANCH A UNIT 2 | 4228931915 | LEON | TX |
| 633716 | SENATOR RANCH B UNIT 1 | 4228931879 | LEON | TX |
| 635001 | SENATOR RANCH B UNIT 3 | 4228931885 | LEON | TX |
| 639142 | SENATOR RANCH B UNIT 4 | 4228931926 | LEON | TX |

End of Exhibit A-1

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Vol: 1622
Pg: 69





12

File No. MF 108713

Assign ID # 9840

From: Chesapeake To: SND

Date Filed: 10/3/14

George P. Bush, Commissioner

By AT

DO NOT DESTROY



Texas General Land Office
UNIT AGREEMENT MEMO

PA10-256

Unit Number 4922
Operator Name ENCANA OIL & GAS (USA) INC **Effective Date** 1/4/2011
Customer ID C000044571 **Unitized For** Oil & Gas
Unit Name Little 4 Ranch-State Unit #1 **Unit Term** 0 Months
County 1 Leon
County 2 Robertson **Old Unit Number** 0 **Inactive Status Date**
County 3 0
RRC District: 05 0
Unit Type: Permanent 0
State Royalty Interest: 0.0106112054329 0
State Part in Unit: 0.0424448217317
Unit Depth **Well:**
Below Depth 14352 TVD **Formation:** Bossier
Above Depth 17670 TVD **Participation Basis:** Surface Acreage
 [If Exclusions Apply: See Remarks]

MF Number MF108713 **Tract Number** 1
Lease Acres 5 / **Total Unit Acres** 117.8 =
Tract Participation: 0.0424448 X
Lease Royalty 0.25 = **Manual Tract Participation:** [] 0 | See Remark
Tract Royalty Participation 0.0106112 **Manual Tract Royalty:** [] 0 |

Tract Royalty Reduction No
Tract Royalty Rate 0
Tract On-Line Date:

01-002774 (2.5ac) 01-002783 (2.5ac)

API Number

RRC Number

Remarks:

Prepared By:

LC

Prepared Date:

12-22-10

GLO Base Updated By:

m

GLOBase Date:

1-4-11

RAM Approval By:

JK

RAM Approval Date:

1-12-2011

GIS By:

GIS Date:

Pooling Committee Report

To: School Land Board PA10-256
Date of Board Meeting: January 4, 2011 Unit Number: 4922
Effective Date: 1/4/2011
Unit Expiration Date: Permanent
Applicant: ENCANA OIL & GAS (USA) INC
Attorney Rep: H. Philip Whitworth, Jr.
Operator: ENCANA OIL & GAS (USA) INC
County 1: Leon
County 2: Robertson
County 3:
Unit Name: Little 4 Ranch-State Unit #1
Field Name: Wildcat & Hilltop Resort (Bossier)

| <u>Lease Type</u> | <u>M Number</u> | <u>Lease Royalty</u> | <u>Expiration Date</u> | <u>Lease Term</u> | <u>Lease Acres</u> | <u>Lease Acres in Unit</u> | <u>Royalty Participation</u> |
|-------------------|-----------------|----------------------|------------------------|-------------------|--------------------|----------------------------|------------------------------|
| SF | MF108713 | 0.25 | 1/15/2011 | 3 years | 5 | 5 | 0.0106112 |

SF = State Fee RAL = Relinquishment Act FR = Free Royalty UR = Unleased River

| | |
|--------------------------|-------|
| Private Acres: | 112.8 |
| State Acres: | 5 |
| Total Unit Acres: | 117.8 |

| | |
|------------------------------------|-------|
| <u>Participation Basis:</u> | |
| Surface Acreage | |
| <u>State Acreage:</u> | 4.24% |
| <u>State Unit Royalty:</u> | 1.06% |

| | |
|--------------------------|-----------------------------|
| <u>Unit Type:</u> | <u>Unitized for:</u> |
| Permanent | Oil & Gas |
| <u>Term:</u> | 0 Months |

| |
|------------------------------|
| <u>Well Location:</u> |
| Private Land |

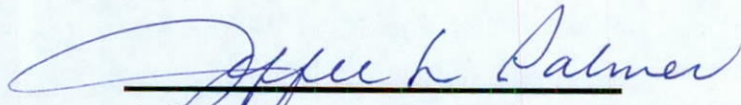
| | |
|--------------------------|------------------------------|
| <u>RRC Rules:</u> | <u>Spacing Acres:</u> |
| Special Field Rule | 40 acres |

REMARKS:

- Encana Oil & Gas USA Inc is requesting permanent oil and gas pooling from the top of the Knoles Formation to the base of the Bossier Formation defined as the stratigraphic interval or its correlative equivalent occurring from 14,352 feet TVD to 17,670 feet TVD as seen on the Encana Little 4 Ranch well No. 5 well log.
- The applicant plans to spud the unit well on January 4, 2011 and the proposed total depth is 18,500 feet MD.
- With approval of the unit the State's unit royalty participation will be 1.0611%.
- The State will participate on a unitized basis from the date of first production.
- Approval by the School Land Board in no way ratifies the State lease included in this agreement.

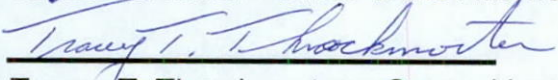
POOLING COMMITTEE RECOMMENDATION:

- The Pooling Committee recommends Board approval of a permanent oil and gas unit under the above-stated provisions.



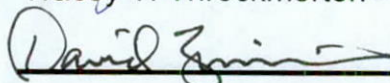
Jeffrey L. Palmer - Office of the Attorney General

12-16-10
Date:



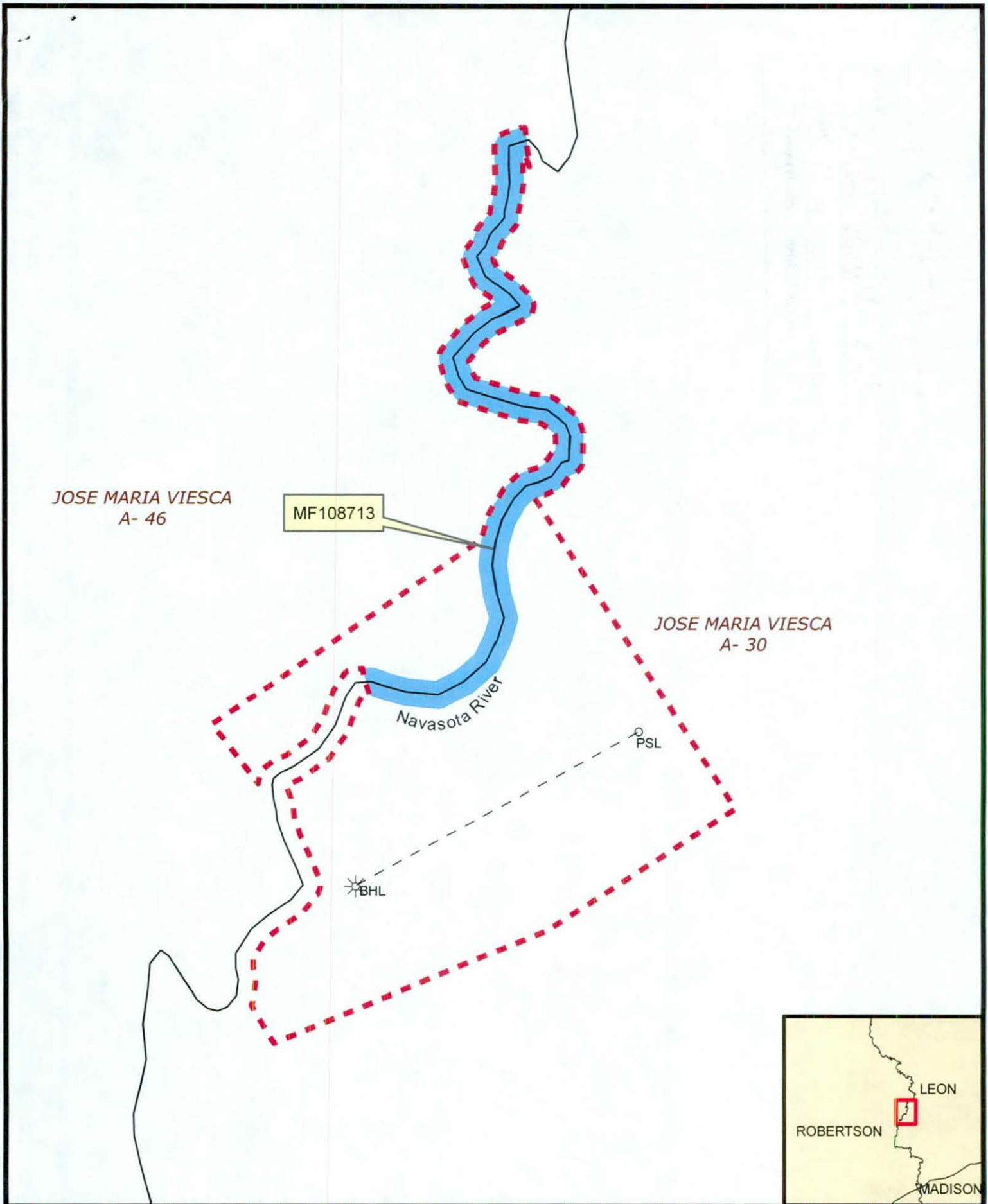
Tracey T. Throckmorton - General Land Office

12-16-10
Date:



David Zimmerman - Office of the Governor

12/16/10
Date:



JOSE MARIA VIESCA
A- 46

MF108713

JOSE MARIA VIESCA
A- 30

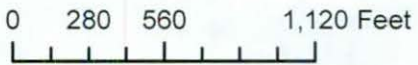
Navasota River

PSL

BHL



Encana Oil & Gas USA Inc.
Little 4 Ranch -State Unit #1
Wildcat & Hilltop Resort (Bossier) Fields
Leon & Robertson Counties
Unit #4922
PA10-256



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: Zeke Guillen
December 21, 2010

13

File No. M-108713

Vic Agent Memo County

Date Filed: 8/23/19

George P. Bush, Commissioner

By [Signature]



MEMORANDUM

TEXAS GENERAL LAND OFFICE • GEORGE P. BUSH • COMMISSIONER

August 23, 2019

To: M-108713

From: J. Daryl Morgan 

Re: Pooling Application for Navasota River – Little 4 Ranch-State Unit #1, GLO
Unit No. 4922

On January 4, 2011, the School Land Board approved pooling State Lease M-108713 into the referenced 117.8-acre Unit. The attorney for the applicant requested that the GLO do a Ratification of their Designation of Unit, which we were never furnished, but the lease has remained effectively pooled.

File No. M-108713

Memo to File County

Date Filed: 8/28/19

George P. Bush, Commissioner

By M

USPS TRACKING # NORTH TEXAS TX 78701

First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10



20 APR 2024 PM 6

9590 9402 7565 2098 2706 85

**United States
Postal Service**

• Sender: Please print your name, address, and ZIP+4® in this box •

Chase Brockman - 8th Floor
ENERGY RESOURCES
Texas General Land Office
P.O. Box 12873
Austin, TX 78701

78711-287373



SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

Article Addressed to:

Comstock Oil & Gas LLC
 300 Town and Country Blvd., Suite
 00
 Frisco, TX 75034



9590 9402 7565 2098 2706 85

Article Number (Transfer from service label)

7021 2720 0000 6468 9817

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

- Agent
- Addressee

B. Received by (Printed Name)

C. Date of Delivery

4-20-24

D. Is delivery address different from item 1?

- Yes
- No

If YES, enter delivery address below:

3. Service Type

- Adult Signature
- Adult Signature Restricted Delivery
- Certified Mail®
- Certified Mail Restricted Delivery
- Collect on Delivery
- Collect on Delivery Restricted Delivery

- Priority Mail Express®
- Registered Mail™
- Registered Mail Restricted Delivery
- Signature Confirmation
- Signature Confirmation Restricted Delivery

Mail

Mail Restricted Delivery

00)

U.S. Postal Service
CERTIFIED MAIL® RECEIPT
Domestic Mail Only

For delivery information, visit our website at www.usps.com®.

OFFICIAL USE

Certified Mail Fee

\$

440

Extra Services & Fees (check box, add fee as appropriate)

- Return Receipt (hardcopy) \$
- Return Receipt (electronic) \$
- Certified Mail Restricted Delivery \$
- Adult Signature Required \$
- Adult Signature Restricted Delivery \$

YES
CAPITOL
STATION

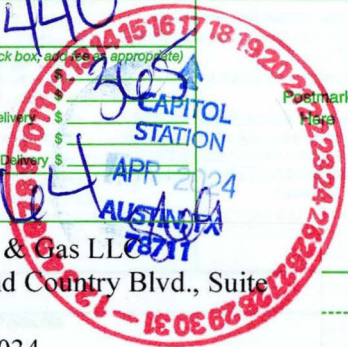
Postmark
Here

Postage

\$

APR 2024
AUSTIN TX
78711

Comstock Oil & Gas LLC
5300 Town and Country Blvd., Suite
500
Frisco, TX 75034



Chase Brockman - 8th Floor
ENERGY RESOURCES
Texas General Land Office
P.O. Box 12873
Austin, TX 78701

A receipt (this portion of the Certified Mail label).
A unique identifier for your mailpiece.

Delivery or attempted
to the recipient's
by the Postal Service™

Mail service with
Package Service®

available for
available for purchase
however, the purchase
does not change the
mailpiece included with

with a proper
postage, you may request

which provides a record
(recipient's signature).
For a return receipt or an
aircopy return receipt,
Domestic Return
811 to your mailpiece;

for an electronic return receipt, see a retail
associate for assistance. To receive a duplicate
return receipt for no additional fee, print out this
USPS®-postmarked Certified Mail receipt to the
retail associate.

- Restricted delivery service, which requires delivery to the addressee specified by name, or to the addressee's authorized agent.
- Adult signature service, which requires the signee to be at least 21 years of age (not available at retail).
- Adult signature restricted delivery service, which requires the signee to be at least 21 years of age and provides delivery to the addressee specified by name, or to the addressee's authorized agent (not available at retail).

■ To ensure that your Certified Mail receipt is accepted as legal proof of mailing, it should bear a USPS postmark. If you would like a postmark on this Certified Mail receipt, please present your Certified Mail item at a Post Office™ for postmarking. If you don't need a postmark on this Certified Mail receipt, detach the barcoded portion of this label, affix it to the mailpiece, apply appropriate postage, and deposit the mailpiece.

IMPORTANT: Save this receipt for your records.



TEXAS GENERAL LAND OFFICE
COMMISSIONER DAWN BUCKINGHAM, M.D.

April 16, 2024

Certified USPS # 7021 2720 0000 6468 9817

Comstock Oil & Gas LLC
5300 Town and Country Blvd., Suite 500
Frisco, TX 75034

Re: Termination of State Lease No. MF108713;GLO Unit No. 4922
Little 4 Ranch-State Unit #1 / API No. 42-289-31845 / RRC No. 05-265888
Tract 5-C of the Navasota River, Leon and Robertson Counties, Texas, containing
approximately 5 acres

To whom it may concern:

The Texas General Land Office (GLO) has completed a review of the above captioned State Lease of which Comstock Oil & Gas LLC is the current listed operator. The review of our internal records, along with production records provided by the Texas Railroad Commission, indicate RRC No. 05-265888 (API No. 42-289-31845) ceased production as of February 1, 2023. The above referenced mineral file does not contain documentation of any additional shut-in royalty payments or reworking operations. As such, pursuant to Paragraph No. 10 of the State Lease dated January 15, 2008, the GLO considers the above referenced State Lease terminated effective May 01, 2023.

Should you disagree with this assessment please provide evidence to the GLO at the address shown below within thirty (30) days of receipt of this letter. Failure to reply or failure to present sufficient evidence of the continuation of said State Lease will result in the mineral file being endorsed as terminated. You will receive no further communication from this office prior to this endorsement.

Additionally, Title 31, §9.92, of the Texas Administrative Code requires that a recorded original or certified copy of a Release of each State Lease, along with a filing fee of twenty-five dollars (\$25.00) per lease, be filed with our office.

Please discontinue filing GLO production reports and immediately delete the GLO RRAC control record for this well. If there are royalties due, our Audit Division will notify you of the amount due.

Lastly, when the well has been plugged, copies of Railroad Commission Form W-3 are required to be filed with our office.



TEXAS GENERAL LAND OFFICE
COMMISSIONER DAWN BUCKINGHAM, M.D.

If you have questions concerning this matter, please feel free to e-mail me at the address below my signature.

Best,



COPY

Chase Brockman
Energy Resources
chase.brockman@glo.texas.gov

PA. _____
Commissioner (email: commissioner@glo.texas.gov) M/D
Date Filed _____
County _____
Efile No. _____

15

File No. MF108713

Leon & Robertson County

Termination Request Letter

Date Filed: 5-29-24

Commissioner Dawn Buckingham, M.D.

By: CRB

COBY

Operating Account

REGIONS BANK

61-373
622

COMSTOCK OIL & GAS, LLC
5300 TOWN & COUNTRY BLVD
SUITE 500
FRISCO TX 75034
(972) 668-8800

| Check No | Check Date | Check Amount |
|------------|------------|--------------|
| 1000028719 | 5/3/2024 | *****\$25.00 |

PAY *Twenty-Five Dollars and Zero Cents*

24707365

Void After 90 Days

TO
THE
ORDER
OF

TEXAS GENERAL LAND OFFICE
1700 NORTH CONGRESS AVE
AUSTIN TX 78701

David Se...

Treasurer

⑈ 1000028719 ⑈

121

PLEASE DETACH AT PERFORATION ABOVE

PLEASE DETACH AT PERFORATION ABOVE

COMSTOCK OIL & GAS, LLC

5300 TOWN & COUNTRY BLVD
SUITE 500
FRISCO TX 75034
(972) 668-8800

Check Number: 1000028719



| Invoice # | Inv. Date | Description | Amount | Discount | Net Amount |
|--------------|-----------|-------------|---------|----------|------------|
| REQ043024-JW | 4/30/2024 | | \$25.00 | \$0.00 | \$25.00 |

24707365

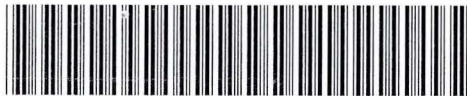
| | | | | |
|--------|---------|----------------------|----------------|-------|
| 091370 | ← Owner | Check Date: 5/3/2024 | Check Amount → | 25.00 |
|--------|---------|----------------------|----------------|-------|



16

File No. MF108713
Leon + Robertson County
Filing Fee
Date Filed: 5-29-24
Commissioner Dawn Buckingham, M.D.
By: CRB

Leon County
Christie Wakefield
Leon County Clerk
Centerville, Texas 75833



70 2024 00468559

Instrument Number: 2024- 00468559

As

Recordings

Recorded On: May 06, 2024

Parties: COMSTOCK OIL & GAS LLC

To

GENERAL LAND OFFICE OF THE STATE OF TEXAS

Billable Pages: 1

Recorded By: COMSTOCK RESOURCES

Num Of Pages: 2

Comment: RELEASE OF OGML

**** Examined and Charged as Follows: ****

| | |
|-------------------|-------|
| Recordings | 15.00 |
| Recording Charge: | 15.00 |



**** THIS PAGE IS PART OF THE INSTRUMENT ****

I hereby certify that the within and foregoing was recorded in the Clerk's Office For: Leon County, TX

File Information:

Document Number: 2024- 00468559
Receipt Number: 184080
Recorded Date/Time: May 06, 2024 02:37:54P
Book-Vol/Pg: Bk-OR VI-1996 Pg-5

Record and Return To:

COMSTOCK RESOURCES
5300 TOWN AND COUNTRY BLVD STE 500
FEDEX 5/7/24
FRISCO TX 75034

Doc 20241817 Bk OR Vol 1562 Pg 84

RELEASE OF OIL AND GAS LEASE

STATE OF TEXAS §
COUNTIES OF LEON, ROBERTSON § KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, Jerry D. Patterson, Commissioner of the General Land Office of the State of Texas ("Lessor"), granted that certain Oil and Gas Lease No. M-108713 dated January 15, 2008, in favor of Chesapeake Exploration, LLC ("Lessee), which is recorded as Document 00353666, Volume 1355, Page 96, of the Official Public Records of Leon County, Texas, and as Document 20082230, Volume 1028, Page 243 of the Official Public Records of Robertson County, Texas

WHEREAS, through various assignments of interest, the undersigned is a current Lessee of said Lease, who, pursuant to the terms of said Lease, desires to release and relinquish its interest thereof.

NOW THEREFORE, the undersigned does hereby RELEASE, RELINQUISH and SURRENDER unto Lessor, its heirs, successors and assigns:

All of its right, title & interest in and to Lease No M-108713, described as Tract 5-C of the Navasota River, Leon and Robertson Counties, Texas containing approximately 5 acres; Tract 5-C is bound on its upstream end by the Lion Heart Gas Unit being more particularly described in Mineral File M-104253, currently on file in the Archives & Records Division of the Texas General Land Office, Austin, Texas, and is bound on its downstream end by a line bearing grid N 30 08' W passing through a point having coordinates of X-3,278,340 feet and Y-520,150 feet, Texas State Plane Coordinate System, Central Zone, NAD 1927 (Tract is subject to the small bill).

This release may be executed in any number of counterparts, each of which will constitute but one and the same release.

IN WITNESS WHEREOF, this release is effective as of the date set forth in the acknowledgment below.

COMSTOCK OIL & GAS, LLC

By: [Signature] LaRae L. Sanders Vice President of Land

STATE OF TEXAS §
COUNTY OF COLLIN §

This instrument was acknowledged before me on this 25 day of April, 2024, by LaRae L. Sanders, Vice President of Land, Comstock Resources, Inc., a Nevada corporation, the Sole Member of Comstock Oil & Gas, LLC, a Nevada limited liability company, for and on behalf of the Comstock Resources, Inc., for the purposes stated herein.



[Signature] Notary Public, State of Texas

Doc 20241817 Bk OR Vol 1562 Pg 85

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File No. MF108713
Leon + Robertson County
Records Release of Lease
Date Filed: 5-29-24
Commissioner Dawn Buckingham, M.D.
By: CRB

REC'D
MAY 29 2024

STATE OF TEXAS
COUNTY OF ROBERTSON
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 Robertson County
as stamped hereon by me.

May 13, 2024
Stephanie M. Sanders, County Clerk
Robertson County



FILED FOR RECORD IN
Robertson County
Stephanie M. Sanders
COUNTY CLERK
ON: May 13, 2024 AT 03:38P
as
Recordings
Document Number: 20241817
Total Fees: 29.00
Receipt Number - 147286
By: Stephanie M. Sanders, County Clerk



Doc 20241817 BK OR Vol 1562 Pg 86