

MF110093

4644

<i>State Lease</i>	<i>Control</i>	<i>Base File</i>	<i>County</i>
MF110093	18-000625	155123	BURLESON

TERMINATION

DATE 9-1-2023
 LEASING CRB
 MAPS JH
 GIS ML

<i>Survey</i>	COLES JOHN P	
<i>Block</i>		
<i>Block Name</i>		
<i>Township</i>		
<i>Section/Tract</i>	8	
<i>Land Part</i>		
<i>Part Description</i>		
<i>Acres</i>	404 208	
<i>Depth Below</i>	<i>Depth Above</i>	<i>Depth Other</i>
0	0	
<i>Name</i>	WCS OIL & GAS CORPORATION	
<i>Lease Date</i>	4/21/2009	
<i>Primary Term</i>	5 yrs	
<i>Bonus (\$)</i>	\$21,840.00 \$ 43,680.00	
<i>Rental (\$)</i>	\$5.00	
<i>Lease Royalty</i>	0.2500	

Leasing: [Signature]
Analyst: MS
Maps: JH
GIS: AS



CAUTION

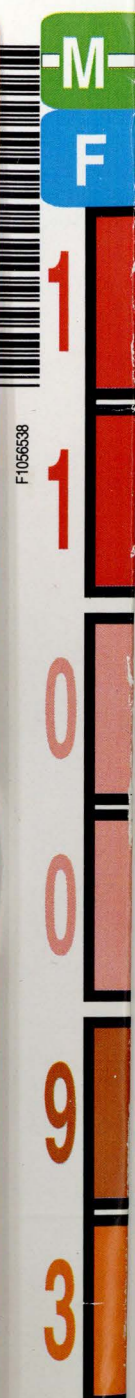
Documents in this file have been placed in Table of Contents order and scanned.

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Archives and Records Staff

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5. Lease Platf	5/21/09	
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APRIL 7, 2009

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: WCS Oil & GAS CORPORATIONAddress: P. O. BOX 9159City: DALLAS State: TX Zip: 75209-9159
(Include +4 Code)Telephone: (214) 357-9116**AREA DESCRIPTION**County(ies): BURLESON Survey/Area: BUFFALO RANCH
(If Applicable)Block/Tsp.: _____ Section/Tract: 8 Acres: 104
(If Applicable)**BID SUBMISSION**(A) Bonus Amount (\$) 21,840.00TWENTY ONE THOUSAND EIGHT HUNDRED FORTY AND NO/100
(type/print above)(B) Sales Fee Amount (\$) 327.60THREE HUNDRED TWENTY SEVEN AND 60/100
(type/print above)

This Sales Fee is 1.5% of the cash bonus as provided in Section 32.110 of the Natural Resources Code as amended.

MGL. NO

9**APPLICANT NAME****BONUS AMOUNT ONLY (A)**
(Do Not include sales fee)WCS Oil & GAS CORPORATION (\$) 21,840.00
(same as above)**STATE OF TEXAS TAX I.D. #**_____
(must be an 11-digit number)**SIGNATURE OF AGENT***John Greig*
(signature)JOHN GREIG
(type/print name)

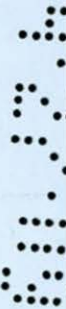
WCS OIL & GAS CORPORATION ✓

044128

INVOICE NUMBER		INVOICE DATE		VENDOR	CHECK DATE	DISCOUNT TAKEN	AMOUNT PAID
M-9-BONUS		04/14/09		15284	04/14/09	\$0.00	\$21,840.00
		27445				\$0.00	\$21,840.00
					Total:		

09013171

121



WCS OIL & GAS CORPORATION ✓

044129

INVOICE NUMBER		INVOICE DATE		VENDOR	CHECK DATE	DISCOUNT TAKEN	AMOUNT PAID
M-9-SALESFEE		04/14/09		15284	04/14/09	\$0.00	\$327.60
		27445				\$0.00	\$327.60
					Total:		

09013170

121

09013170

File No.

MF 110093

Bed Jam

Date Filed:

8/7/09

Jerzy Patterson, Commissioner

By



The State of Texas



Austin, Texas

OIL AND GAS LEASE NO. M-110093

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:

416.0 ACRES OF LAND, MORE OR LESS, OUT OF THE JOHN P. COLES SURVEY, A-12, BURLESON COUNTY, TEXAS, BEING A 461.4 ACRE TRACT REFERRED TO AS THE "SECOND TRACT" ALLOTTED TO J. O. ALEXANDER IN THAT CERTAIN PARTITION DEED DATED DECEMBER 11, 1944 BY AND BETWEEN MRS. CARRIE MAE FANT, ET AL, RECORDED AT VOLUME 93, PAGE 531 OF THE DEED RECORDS OF BURLESON COUNTY, TEXAS SAVE AND EXCEPT 45.4 ACRES OF LAND, MORE OR LESS, LYING WITHIN THE LEVEE,

was, after being duly advertised, offered for lease on the 7th day of April, 2009, 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 21st day of April, 2009, hereinafter the "effective date" and it was found and determined that WCS OIL & GAS CORPORATION whose address is P.O. BOX 9159, DALLAS, TEXAS 75209-9159 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 **Twenty-One Thousand Eight Hundred Forty And 00/100 Dollars (\$21,840.00)**, 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 **five (5) 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 is 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 amount specified in the following schedule multiplied by the number of acres in the premises, which shall operate as a rental and cover the privilege of deferring the commencement of a well for **twelve (12) months** from said date. In like manner and upon payments or tenders of amounts set out in the following schedule, the commencement of a well may be further deferred for a like period of the same number of months.

<u>Anniversary Date</u>	<u>Delay Rental per Acre</u>
First	\$ 5.00
Second	\$ 5.00
Third	\$25.00
Fourth	\$25.00

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 eighteen (18) 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 eighteen (18) 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 eighteen (18) 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 six (6) 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 \$5.00 per acre; 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 \$5.00 per acre 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 \$10.00 per acre, 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: Subject to the terms and conditions shown in Exhibit "A" attached hereto, 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 determined under Paragraph 12 of Exhibit "A" or as 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.

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 _____

Exhibit "A"

Attached to and made a part of the certain Oil and Gas Lease dated April 21, 2009, by and between the State of Texas and WCS Oil & Gas Corporation covering lands in Burleson County, Texas

Operational Procedures effective during the term of the existing Surface Lease or its renewal or replacement lease by and between the General Land Office and Texas Department of Criminal Justice.

1. Lessee shall coordinate with the General Land Office and the Texas Department of Criminal Justice (TDCJ) Agribusiness, Land and Minerals Office the notice required to the Texas Historical Commission before commencing operations on state owned land per §191.0525 of the Natural Resources Code and pursuant to Section 28 of the Oil and Gas Lease. Under the Antiquities Code of Texas, state agencies and political subdivisions of the State are required to contact the Texas Historical Commission relative to actions on public lands in the State of Texas.

The Texas Historical Commission will need information to identify historic properties such as archeological sites, buildings, structures, objects or districts in the project area. A copy of *Information Request* form for the specific type of information requested is available from TDCJ. The form also suggests information that should be considered to help determine Lessee's project's Area of Potential Effect and the types of historical resources that may be present in such project area.

2. A copy of all Railroad Commission forms and filings, along with a company contact name and phone number, must be sent to the TDCJ Agribusiness, Land and Minerals Office, 2405 Ave I Ste. E, Huntsville, TX 77342.
3. All water wells are to be drilled by licensed drillers. Documentation supporting this should be sent to TDCJ Agribusiness, Land and Minerals at the above address.
4. Lessee shall notify the TDCJ Agribusiness, Land and Minerals Office seven (7) days prior to commencing drilling operations or any other surface disturbing operations, including but not limited to geophysical surveys, pipeline installation, and construction of production facilities at (936) 437-5418 or its replacement number.
5. Lessee shall contact the TDCJ Unit Warden or Farm Manager for a Location Approval Meeting to designate a drilling site, road proposal, and any other necessary changes that may affect the site.
6. Lessee shall submit a copy of the survey and maps locating the well, along with any title opinions obtained to the TDCJ Agribusiness, Land and Minerals Office and the General Land Office.
7. **Thirty (30) days in advance of operations, Lessee shall submit a list of personnel that will be entering the property, along with their drivers license and Social Security numbers, to Cherrel Langley by email to cherrel.langley@tdcj.state.tx.us or her replacement or fax to (936) 437-5437 or its replacement number. A background check will be run on each individual prior to authorization to enter the property. The Unit Warden will make final approval of all who can enter the property. (Social Security numbers are required and shall be kept confidential to the extent allowed by law.)**
8. Lessee shall submit model, make and license plate numbers of all vehicles to be utilized on the Unit to the Unit Warden.

9. Lessee shall be responsible for building a suitable fence, capable of turning cattle, around any well site drilled under the lease.
10. No firearms, liquor or tobacco are permitted to be carried onto leased premises.
11. Lessee shall keep all reserve pits to a minimum size and clean from debris. Disposal of oil and gas wastes by landfarming shall not be permitted. These wastes include, but are not limited to: saltwater, other mineralized water, sludge, spent drilling fluids, cuttings, waste oil, spent completion fluids and other liquid, semi-liquid, or solid waste material; sands and silts obtained while using water base drilling fluids, wash water used for cleaning drill pipe and other equipment at the well site; waste generated in connection with activities associated with gasoline plants, natural gas or natural gas liquids processing plants, pressure maintenance plants, or repressurizing plants unless that waste is associated with the exploration, development, and production of oil or gas or geothermal resources.
12. Lessee and their assigns shall be directly responsible for damages, if any, to surface of the land and/or crops and timber, the amount of which will be assessed by the Unit Warden and his/her designee, in coordination with TDCJ Agribusiness, Land and Minerals. Subject to Lessee's obligation to pay surface damages 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 contact the Agribusiness, Land and Minerals Office prior to commencement of operations for the rates set forth for drilling activities.
13. Lessee shall remove all debris resulting from its operations, such as paper, cans, wire, flagging and other refuse on the leased premises.
14. Vehicles shall be driven on roads at all times possible. Gates shall be properly closed and under no condition will it be permissible to drive a vehicle over or through any fence. All vehicles shall be locked at all times. **All personal belongings (i.e., clothes, tools, etc.) shall be locked up inside the vehicles at all times.**
15. Speed of all vehicles shall be held at a reasonable and/or posted rate. Reasonable precautions must be taken when driving near livestock.
16. Vehicular and foot travel shall be confined to graded and surfaced roads during periods when excessive damage to vegetation crops and rutting of the land surface could result.
17. When entering plowed fields, drive parallel to crop rows. Lessee and its contractors may not drive through inmate work and field crews. Gates shall be properly closed and under no condition will it be permissible to drive a vehicle over any fence
18. TDCJ, at its discretion, will be allowed to have a representative with each crew during work herein permitted.
19. After the drilling operations are completed, regardless if the well is a producer or non-producer, Lessee shall restore the site as nearly as is practicable to its original condition. Excess water from reserve pits shall be tested for chlorine concentration and removed from the site pursuant to the requirements of the TDCJ and in accordance with the rules and regulations of the Texas Railroad Commission.
20. Once the site is restored and surface damages still exist, Lessee shall contact the TDCJ Agribusiness, Land and Minerals Office so that settlement proceedings can be initiated.

21. If this lease has been assigned to another company, Lessee shall provide the name and address of that company to the address listed above within thirty days of such assignment. If Lessee fails to comply with the rules, regulations and instructions, the General Land Office shall have the right, at its option, to cancel the privileges granted in accordance with the terms of Paragraph 20 (Forfeiture) of the lease.
22. Lessee shall reasonably accommodate any irrigation equipment and facilities existing on the leased premises.

2.

File No. MF 110093

Reas

Date Filed: 4/7/09
Jerry Patterson, Commissioner

By [Signature]

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

April 24, 2009

Mr. John Greig
WCS Oil & Gas Corporation
P.O. Box 9159
Dallas, Texas 75209-9159

Dear Mr. Greig:

Thank you for participating in the General Land Office Oil and Gas Lease Sale held on December 7, 2008. I am pleased to inform you that WCS Oil & Gas Corporation was the high bidder on **MGL No. 9**, which has been assigned the lease number **M-110093**.

State Lease M-110093 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

3.

File No. PF 110093
Letter
Date Filed: 9/24/09
Jerry Patterson, Commissioner
By: [Signature]



May 18, 2009

Robert Hatter, Director
Mineral Leasing Division
Texas General Land Office
P.O. Box 12873
Austin, TX 78711-2873

Re: Lease M-110093 MGL 9
Lease M-110094 MGL 10
Burleson County, Texas

Dear Mr. Hatter:

Enclosed please find certified copies of the above two leases as recorded in Burleson County.

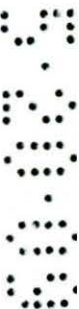
Very truly yours,

WCS OIL & GAS CORPORATION

By 

Bruce J. Stensrud,
Executive Vice President

BJS/lm
Enclosures



The State of Texas



Austin, Texas

OIL AND GAS LEASE NO. M-110093

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:

416.0 ACRES OF LAND, MORE OR LESS, OUT OF THE JOHN P. COLES SURVEY, A-12, BURLESON COUNTY, TEXAS, BEING A 461.4 ACRE TRACT REFERRED TO AS THE "SECOND TRACT" ALLOTTED TO J. O. ALEXANDER IN THAT CERTAIN PARTITION DEED DATED DECEMBER 11, 1944 BY AND BETWEEN MRS. CARRIE MAE FANT, ET AL, RECORDED AT VOLUME 93, PAGE 531 OF THE DEED RECORDS OF BURLESON COUNTY, TEXAS SAVE AND EXCEPT 45.4 ACRES OF LAND, MORE OR LESS, LYING WITHIN THE LEVEE,

was, after being duly advertised, offered for lease on the 7th day of April, 2009, 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 21st day of April, 2009, hereinafter the "effective date" and it was found and determined that WCS OIL & GAS CORPORATION whose address is P.O. BOX 9159, DALLAS, TEXAS 75209-9159 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 Twenty-One Thousand Eight Hundred Forty And 00/100 Dollars (\$21,840.00), 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 five (5) 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 is 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 amount specified in the following schedule multiplied by the number of acres in the premises, which shall operate as a rental and cover the privilege of deferring the commencement of a well for twelve (12) months from said date. In like manner and upon payments or tenders of amounts set out in the following schedule, the commencement of a well may be further deferred for a like period of the same number of months.

Anniversary Date	Delay Rental per Acre
First	\$ 5.00
Second	\$ 5.00
Third	\$25.00
Fourth	\$25.00

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.

STATE OF TEXAS COUNTY OF BURLESON

The document to which this certificate is affixed
is a full, true and correct copy of the original on
file and of record in my office.

Thereby, certified, on 5-12-09



Anna L. Schielack
County Clerk
Burleson County, Texas

By Shawn K. Buggs Deputy



(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 eighteen (18) 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 eighteen (18) 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 eighteen (18) 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 six (6) 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 \$5.00 per acre; 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 \$5.00 per acre 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.

STATE OF TEXAS
COUNTY OF BURLESON
The document to which this certificate is affixed
is a full, true and correct copy of the original on
file and of record in my office.

Thereby, certified, on 5-12-09



Anna L. Schielack
County Clerk
Burleson County, Texas

By Shan R. Buzen Deputy



(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 \$10.00 per acre, 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.

STATE OF TEXAS
COUNTY OF BURLESON
The document to which this certificate is affixed
is a full, true and correct copy of the original on
file and of record in my office.

Thereby, certified, on 5-12-09



Anna L. Schielack
County Clerk
Burleson County, Texas

By Sham R. Burgess
Deputy



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: Subject to the terms and conditions shown in Exhibit "A" attached hereto, 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 determined under Paragraph 12 of Exhibit "A" or as 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

STATE OF TEXAS
COUNTY OF BURLESON
The document to which this certificate is affixed
is a full, true and correct copy of the original on
file and of record in my office.

Thereby, certified, on 5/12/09



Anna L. Schielack
County Clerk
Burleson County, Texas

By Sham A. Burgess Deputy



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.

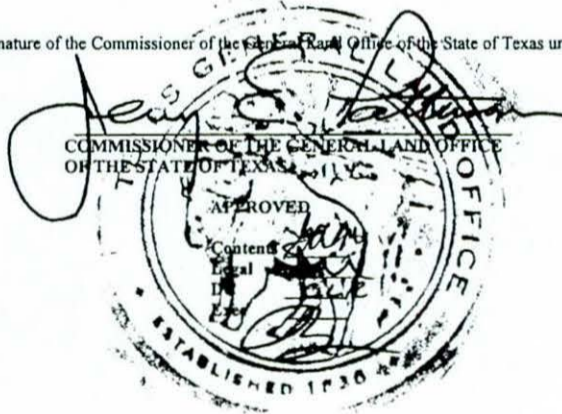
29. VENUE: Lessor and lessee, including lessee's successors and assigns, hereby agree that venue for any dispute arising out of a provision of this lease, whether express or implied, regarding interpretation of this lease, or relating in any way to this lease or to applicable case law, statutes, or administrative 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.



WCS Oil & Gas Corporation
LESSEE
BY: Bruce Stensrud
TITLE: Exec. Vice Pres.
DATE: April 28, 2009

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 TEXAS
COUNTY OF BURLESON
The document to which this certificate is affixed
is a full, true and correct copy of the original on
file and of record in my office.

Thereby, certified, on 5-12-09


Anna L. Schielack
County Clerk
Burleson County, Texas
By:  Deputy




STATE OF TEXAS
COUNTY OF DALLAS

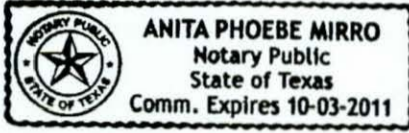
(CORPORATION ACKNOWLEDGMENT)

BEFORE ME, the undersigned authority, on this day personally appeared Bruce Stensrud
known to me to be the person whose name is subscribed to the foregoing instrument, as Executive Vice President of
WCS Oil & Gas Corporation
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 28 day of April, 2009


Notary Public in and for Dallas, Texas



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_____.

Notary Public in and for _____

STATE OF TEXAS
COUNTY OF BURLESON
The document to which this certificate is affixed
is a full, true and correct copy of the original on
file and of record in my office.

Thereby, certified, on 5-12-09



Anna L. Schielack
County Clerk
Burleson County, Texas

By Shawn Bugn Deputy

Exhibit "A"

Attached to and made a part of the certain Oil and Gas Lease dated April 21, 2009, by and between the State of Texas and WCS Oil & Gas Corporation covering lands in Burleson County, Texas

Operational Procedures effective during the term of the existing Surface Lease or its renewal or replacement lease by and between the General Land Office and Texas Department of Criminal Justice.

1. Lessee shall coordinate with the General Land Office and the Texas Department of Criminal Justice (TDCJ) Agribusiness, Land and Minerals Office the notice required to the Texas Historical Commission before commencing operations on state owned land per §191.0525 of the Natural Resources Code and pursuant to Section 28 of the Oil and Gas Lease. Under the Antiquities Code of Texas, state agencies and political subdivisions of the State are required to contact the Texas Historical Commission relative to actions on public lands in the State of Texas.

The Texas Historical Commission will need information to identify historic properties such as archeological sites, buildings, structures, objects or districts in the project area. A copy of *Information Request* form for the specific type of information requested is available from TDCJ. The form also suggests information that should be considered to help determine Lessee's project's Area of Potential Effect and the types of historical resources that may be present in such project area.

2. A copy of all Railroad Commission forms and filings, along with a company contact name and phone number, must be sent to the TDCJ Agribusiness, Land and Minerals Office, 2405 Ave I Ste. E, Huntsville, TX 77342.
3. All water wells are to be drilled by licensed drillers. Documentation supporting this should be sent to TDCJ Agribusiness, Land and Minerals at the above address.
4. Lessee shall notify the TDCJ Agribusiness, Land and Minerals Office seven (7) days prior to commencing drilling operations or any other surface disturbing operations, including but not limited to geophysical surveys, pipeline installation, and construction of production facilities at (936) 437-5418 or its replacement number.
5. Lessee shall contact the TDCJ Unit Warden or Farm Manager for a Location Approval Meeting to designate a drilling site, road proposal, and any other necessary changes that may affect the site.
6. Lessee shall submit a copy of the survey and maps locating the well, along with any title opinions obtained to the TDCJ Agribusiness, Land and Minerals Office and the General Land Office.
7. **Thirty (30) days in advance of operations, Lessee shall submit a list of personnel that will be entering the property, along with their drivers license and Social Security numbers, to Cherrel Langley by email to cherrel.langley@tdcj.state.tx.us or her replacement or fax to (936) 437-5437 or its replacement number. A background check will be run on each individual prior to authorization to enter the property. The Unit Warden will make final approval of all who can enter the property. (Social Security numbers are required and shall be kept confidential to the extent allowed by law.)**
8. Lessee shall submit model, make and license plate numbers of all vehicles to be utilized on the Unit to the Unit Warden.

STATE OF TEXAS
COUNTY OF BURLESON
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file and of record in my office.

Thereby, certified, on

5-12-09



Anna L. Schielack
County Clerk
Burleson County, Texas

By

Deputy

- 9. Lessee shall be responsible for building a suitable fence, capable of turning cattle, around any well site drilled under the lease.
- 10. No firearms, liquor or tobacco are permitted to be carried onto leased premises.
- 11. Lessee shall keep all reserve pits to a minimum size and clean from debris. Disposal of oil and gas wastes by landfarming shall not be permitted. These wastes include, but are not limited to: saltwater, other mineralized water, sludge, spent drilling fluids, cuttings, waste oil, spent completion fluids and other liquid, semi-liquid, or solid waste material; sands and silts obtained while using water base drilling fluids, wash water used for cleaning drill pipe and other equipment at the well site; waste generated in connection with activities associated with gasoline plants, natural gas or natural gas liquids processing plants, pressure maintenance plants, or repressurizing plants unless that waste is associated with the exploration, development, and production of oil or gas or geothermal resources.
- 12. Lessee and their assigns shall be directly responsible for damages, if any, to surface of the land and/or crops and timber, the amount of which will be assessed by the Unit Warden and his/her designee, in coordination with TDCJ Agribusiness, Land and Minerals. Subject to Lessee's obligation to pay surface damages 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 contact the Agribusiness, Land and Minerals Office prior to commencement of operations for the rates set forth for drilling activities.
- 13. Lessee shall remove all debris resulting from its operations, such as paper, cans, wire, flagging and other refuse on the leased premises.
- 14. Vehicles shall be driven on roads at all times possible. Gates shall be properly closed and under no condition will it be permissible to drive a vehicle over or through any fence. All vehicles shall be locked at all times. **All personal belongings (i.e., clothes, tools, etc.) shall be locked up inside the vehicles at all times.**
- 15. Speed of all vehicles shall be held at a reasonable and/or posted rate. Reasonable precautions must be taken when driving near livestock.
- 16. Vehicular and foot travel shall be confined to graded and surfaced roads during periods when excessive damage to vegetation crops and rutting of the land surface could result.
- 17. When entering plowed fields, drive parallel to crop rows. Lessee and its contractors may not drive through inmate work and field crews. Gates shall be properly closed and under no condition will it be permissible to drive a vehicle over any fence
- 18. TDCJ, at its discretion, will be allowed to have a representative with each crew during work herein permitted.
- 19. After the drilling operations are completed, regardless if the well is a producer or non-producer, Lessee shall restore the site as nearly as is practicable to its original condition. Excess water from reserve pits shall be tested for chlorine concentration and removed from the site pursuant to the requirements of the TDCJ and in accordance with the rules and regulations of the Texas Railroad Commission.
- 20. Once the site is restored and surface damages still exist, Lessee shall contact the TDCJ Agribusiness, Land and Minerals Office so that settlement proceedings can be initiated.

STATE OF TEXAS
 COUNTY OF BURLESON
 The document to which this certificate is affixed
 is a full, true and correct copy of the original on
 file and of record in my office.

Thereby, certified, on 5-12-09



Anna L. Schielack
 County Clerk
 Burleson County, Texas

By [Signature] Deputy



- 21. If this lease has been assigned to another company, Lessee shall provide the name and address of that company to the address listed above within thirty days of such assignment. If Lessee fails to comply with the rules, regulations and instructions, the General Land Office shall have the right, at its option, to cancel the privileges granted in accordance with the terms of Paragraph 20 (Forfeiture) of the lease.
- 22. Lessee shall reasonably accommodate any irrigation equipment and facilities existing on the leased premises.

Filed for Record in:
Burleson County

On: May 08, 2009 at 10:32A

As an Official Public Records

Document Number: 00001719

Amount 48.00

Receipt Number - 62434

By,
Katie Bradshaw

STATE OF TEXAS COUNTY OF BURLESON
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:
Burleson County
As stamped hereon by me.

May 08, 2009

Honorable Anna L. Schielack
County Clerk

STATE OF TEXAS
COUNTY OF BURLESON

The document to which this certificate is affixed
is a full, true and correct copy of the original on
file and of record in my office.

Thereby, certified, on 5-12-09



Anna L. Schielack
County Clerk
Burleson County, Texas

By Shawn R. Burger Deputy



4.

File No. NF 10093

Miller and
Christie lease

Date Filed: 5/20/09

Jerry Patterson, Commissioner

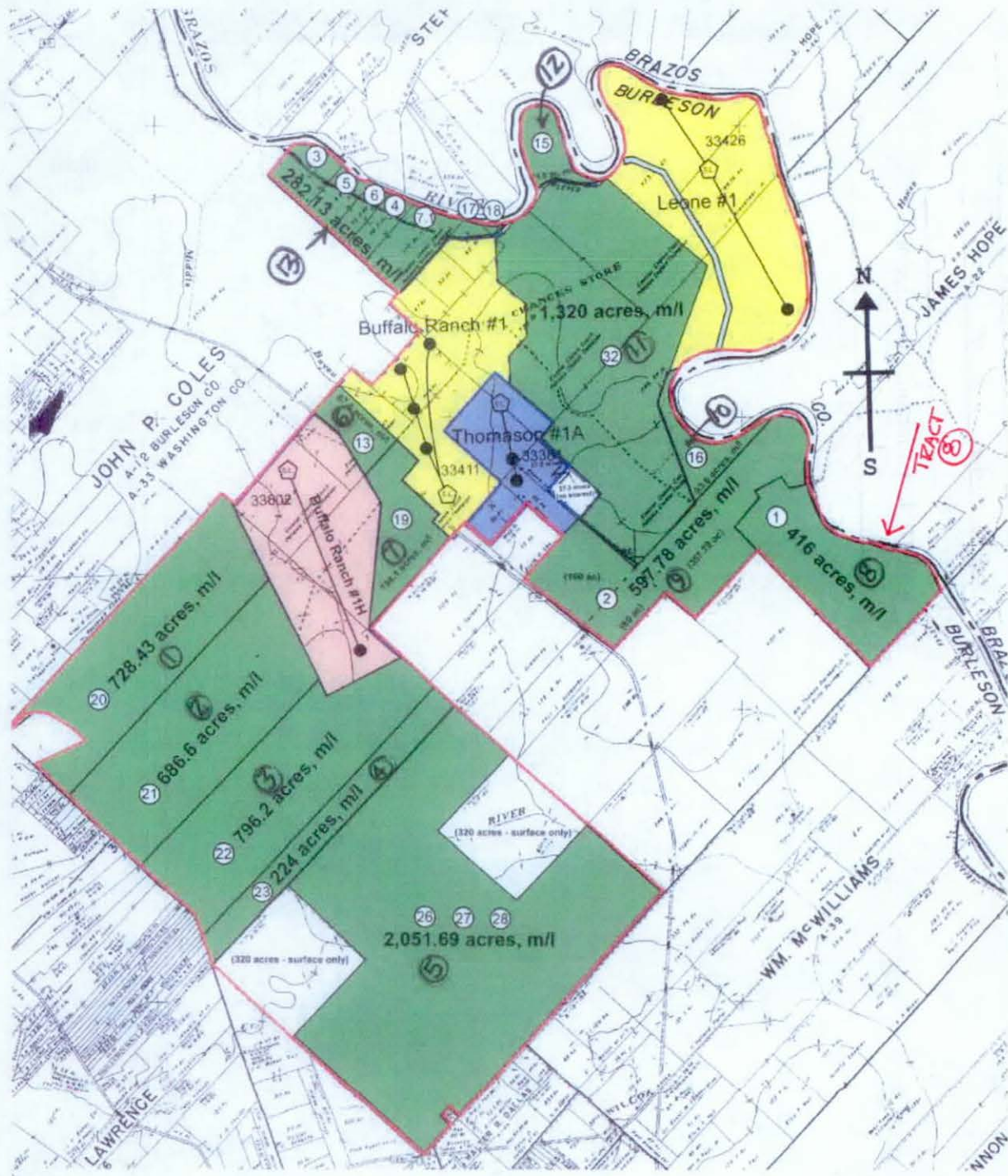
By [Signature]

STATE OF TEXAS
COUNTY OF HARRIS
I, _____, County Clerk of Harris County, Texas, do hereby certify that the foregoing is a true and correct copy of the original as filed in said county.

County Clerk



2500



Scale: 1" = 4,000'

State of Texas
 Status of State-owned Minerals
 Buffalo Ranch
 J.P. Cole Survey, A-12
 Burleson County, Texas
 January, 2009

11,079.8 ac	Total surface acreage of the "Buffalo Ranch", defined for the purposes herein as the gross surface acreage described in Special Warranty Deed, dated effective August 27, 2003, from Brazos Enterprises Corp. to the State of Texas, recorded in Volume 659, Page 8, Official Records, Burleson County, Texas.	7,796.907 ac	Open Acreage - all depths	677.5 ac	No minerals owned by State
1,602.743 ac	HBP (Buda) - Apache Corporation	300.85 ac	HBP (Buda) - L&R Energy	700.0 ac	HBP (Buda) - WCS Oil & Gas

5

File No. MF-110093

Lease Plat

Date Filed: 5/21/2009

Jerry E. Patterson, Commissioner

By JEP.



October 1, 2009

Robert Hatter, Director
Texas General Land Office
P.O. Box 12873
Austin, TX 78711-2873

Re: Oil and Gas Lease No. M-110093
416 Acres, J. P. Coles Survey, A-12
Burleson County, Texas
(Buffalo Ranch)

Dear Mr. Hatter:

In April 2009, WCS was the successful bidder for the above lease. We paid the State \$210 per acre and based on the State's representation used a 25% mineral interest, which calculated to a \$21,840 bonus. Our title opinion (pertinent pages enclosed) reveals that the State actually owns 50% mineral interest in this tract. Therefore, please find enclosed our check for the additional \$21,840 due the State for this lease.

If you have any questions please give me a call.

Very truly yours,

WCS OIL & GAS CORPORATION

By 
Bruce J. Stensrud,
Executive Vice President

BJS/lm
Enclosures

Correspondence: P.O. Box 9159
4807 Lovers Lane • Third Floor • Dallas, Texas 75209
Dallas, Texas Office: (214) 357-9116
Fax: (214) 357-9142

HOLMAN ROBERTSON ELDRIDGE

A Professional Corporation
Attorneys and Counselors
5949 Sherry Lane
Suite 1700
Dallas, Texas 75225

Telephone
214 / 361-9494

Writer's Extension
114

Facsimile
214 / 691-2109

Writer's E-Mail Address
pop999@hrep.com

Shareholders:
H. DOUGLAS BAER
CHARLES R. BIDDLE
RICHARD T. CHEATHAM
DAVID A. ELDRIDGE
RONALD O. HOLMAN
JOHN CROW MILLER
J. MALCOLM ROBERTSON, JR.
ROBERT A. SOLOMON

August 31, 2009

WCS Oil & Gas Corporation
P.O. Box 9159
Dallas, Texas 75209

Attn: Mr. Bruce Stensrud

TITLE OPINION

Re: 859.95 acres of land, more or less, out of the John P. Coles Survey, A-12, Burleson County, Texas, comprised of the various tracts more particularly described on Addendum "A" to this opinion.

(Cannon Chance Prospect – State/Smith Leases)

Gentlemen:

Pursuant to your request and instructions, we have examined copies of the following described materials pertaining to the title to the tracts of land referred to in the caption hereof (which tracts are hereinafter sometimes referred to individually as "Tracts 1 and 2 of the Subject Land" and collectively as the "Subject Land"):

1. The pertinent documents, records and instruments on file in the offices of the County and District Clerks of Burleson County, Texas, made available to us by Mr. John Greig (an independent petroleum landman of Bryan, Texas), based upon a runsheet prepared by him, which runsheet (the "Runsheet") purports to be a complete list of all documents, records and instruments affecting title to the Subject Land (and other lands not under examination) from Sovereignty to May 21, 2009, at 5:00 P.M.;
2. The Oil, Gas & Mineral Lease summarized as Lease 3 on Addendum "B" to this opinion;
3. Amendment to and Ratification of Oil, Gas & Mineral Lease dated to be effective as of April 21, 2009, Burleson County, Texas, for execution by the parties to Lease 3; and

4. Partial Release of Oil and Gas Lease dated August 7, 2009, but effective as of April 22, 2009, recorded in Volume 782, Page 482, Official Public Records, Burleson County, Texas, executed by WCS Oil & Gas Corporation ("WCS").

Based solely upon our examination of the foregoing (the "Materials Examined") and subject to the comments, exceptions and requirements hereinafter contained, it is our opinion that title to the Subject Land is vested as follows:

A. SURFACE ESTATE:

As to All of the Subject Land (859.95 Acres):

The State of Texas for the use and benefit of the Permanent School Fund	All
--	-----

B. OIL AND GAS ESTATE:

1. As to Tract 1 of the Subject Land (416.00 Acres):

1a. Executive Leasing Rights:

The State of Texas for the use and benefit of the Permanent School Fund	All (L1)
--	----------

1b. Bonus, Delay Rentals and Royalty:

The State of Texas for the use and benefit of the Permanent School Fund 1/2, or	1/2 (L1)
---	----------

Carolyn Jane McDaniel Simpson, as her separate property 1/4 of 1/2, or	1/8 (L1)
--	----------

William M. Simpson and wife, Dianne Simpson 1/3 of 3/4 of 1/2, or	1/8 (L1)
---	----------

Lewis Texas Minerals LLC 2/3 of 3/4 of 1/2, or	1/4 (L1)
---	----------

2. As to Tract 2 of the Subject Land (443.95 Acres):

2a. Executive Leasing Rights:

The State of Texas for the use and
benefit of the Permanent School Fund 1/2 (L2)

William David Smith, Trustee of the
Smith Family Mineral Trust Agreement
1/2, or 1/2 (L3)

2b. Bonus, Delay Rentals and Royalty:

The State of Texas for the use and
benefit of the Permanent School Fund
1/2 of 1/2, or 1/4 (L2)

Carolyn Jane McDaniel Simpson,
as her separate property
1/4 of 1/2 of 1/2, or 1/16 (L2)

William M. Simpson and wife,
Dianne Simpson
1/3 of 3/4 of 1/2 of 1/2, or 1/16 (L2)

Lewis Texas Minerals LLC
2/3 of 3/4 of 1/2 of 1/2, or 1/8 (L2)

William David Smith, Trustee of the
Smith Family Mineral Trust Agreement
1/2, or 1/2 (L3)

Explanatory Notes

(L1) These interests are subject to the oil and gas leasehold estate credited in C.1. below which was created by Lease 1 summarized on Addendum "B" to this opinion;

(L2) These interests are subject to that portion of the oil and gas leasehold estate credited in C.2. below which was created by Lease 2 summarized on Addendum "B" to this opinion; and

(L3) This interest is subject to that portion of the oil and gas leasehold estate credited in C.2. below which was created by Lease 3 summarized on Addendum "B" to this opinion.

Addendum "A"

(Cannon Chance Prospect – State/Smith Leases)

The Subject Land

859.95 acres of land, more or less, out of the John P. Coles Survey, A-12, Burleson County, Texas, comprised of the following two (2) described tracts:

Tract 1 (416.00 Acres):

416.00 acres of land, more or less, being the same land described as "SECOND TRACT" set aside to J. O. Alexander in that certain partition deed dated December 11, 1944, recorded in Volume 93, Page 531, Deed Records, Burleson County, Texas, executed by Mrs. Carrie Mae Fant and others.

Tract 2 (443.95 Acres):

443.95 acres of land, more or less, being part of that certain 611.58 acre tract described in that certain deed dated February 4, 1963, recorded in Volume 150, Page 292, Deed Records, Burleson County, Texas, from R. Arthur Mecham and wife, Alma R. Mecham, to Holland Porter, being all of said 611.58 acre tract, LESS, SAVE AND EXCEPT, HOWEVER, from said 611.58 acre tract, the following three (3) described tracts:

- (a) 8.10 acres of land, more or less, being that part of said 611.58 acre tract lying West or Southwest of the centerline of F.M. Road No. 50 as described in that certain deed dated April 10, 1973, recorded in Volume 210, Page 257, Deed Records, Burleson County, Texas, from Holland Porter to Brazos J. Varisco;
- (b) 5.70 acres of land, more or less, lying in the Levee; and
- (c) 153.83 acres of land, more or less, being that portion of said 611.58 acre tract which is located within the boundaries of the two (2) tracts described as "FIRST TRACT" (238.52 acres) and "SECOND TRACT" (178.52 acres) in that certain deed dated April 21, 1944, recorded in Volume 90, Page 587, Deed Records, Burleson County, Texas, from Margaret B. Miner, by her attorney-in-fact, Robert J. Callaghan, to R. F. Smith and A. B. Smith, which portion is estimated to contain approximately 153.83 acres of land, more or less,

LEAVING 443.95 acres of land, more or less.

WCS OIL & GAS CORPORATION

045131

INVOICE NUMBER		INVOICE DATE		VENDOR	CHECK DATE	DISCOUNT TAKEN	AMOUNT PAID
L-BONUS		09/30/09		28125	10/01/09	\$0.00	\$21,840.00
				Total:		\$0.00	\$21,840.00
						10701057	
							121

6

File No. MF-110093

Additional Bonus Payment

Date Filed: 10/15/2009

Jerry E. Patterson, Commissioner

By [Signature]

Operating Permit
Issued By Direction of the Board of Directors of the
Post Oak Savannah Groundwater Conservation District

This Operating Permit is granted to WSC Petroleum (Permittee) to authorize the Permittee to operate a water well or other aquifer penetration known as Prison Farm # 1-H (" Well ") at the location specified below within the Post Oak Savannah Groundwater Conservation District (District) for the non-wasteful purpose of producing water for Oil & Gas Exploration. This permit is conditioned upon and subject to the Permittee complying with the Rules of the District ("Rules"), orders of the Board and the Management Plan of the District, as amended, and the laws, rules and regulations of the State of Texas, as amended, applicable to drilling, operating and maintaining water well within the District. This permit confers only the right to use the permit under the provisions of the Rules and according to the terms of this permit. The permit terms may be modified or amended pursuant to the Rules.


The Well is registered with the District and the State of Texas. The Permittee is authorized to operate the Well at 30.29.57N & 096.21.19W, Burleson County, Texas, at a maximum capacity not to exceed 130 GPM and a maximum total production authorized for the Well is 3.68 Acre Feet.

The Rules are incorporated herein in their entirety by reference, as if set forth herein verbatim. The Permittee shall comply with the Rules and each requirement thereof in operating, maintaining, repairing and altering the Well. The application pursuant to which this permit has been issued is incorporated into this permit, and this permit is granted on the basis of, and contingent upon, the accuracy of the information supplied in that application. A finding that false information has been supplied to the District in the permitting process for the Well is grounds for revocation of this permit.

The issuance of this permit does not grant to the Permittee the right to use any private property, or any public property, for the production or conveyance of water. Neither does this permit authorize the invasion of any personal rights nor the violation of any federal, state, or local laws, rules or regulations. Further, the District makes no representations and shall have no responsibility with respect to the availability or quality of water authorized to be produced under this permit.

The term of the Operating Permit is for a period of 180 days from the date of issuance, subject to review and modification to conform this permit with intervening changes in the management plan or state law. This permit is issued and effective as of December 2, 2009.

**Post Oak Savannah
Groundwater Conservation District**

By: 
Name: Gary Westbrook
Title: General Manager



Permit No. POS-O&G-0014

15

15

Handwritten signature in blue ink.

POST OAK SAVANNAH GROUNDWATER CONSERVATION DISTRICT
Application To Drill, Operate, and / or Alter an Exempt Well for Exploration of Oil and Gas

Application Date 12/01/09

Please return this completed form to:
 POSGCD, P. O. Box 92, (310 East Ave. C) Milano, TX 76556
 Phone (512)455-9900 Fax (512)455-9909
 email: posgcd@tconline.net Website: www.posgcd.org

Please type or print legibly. Incomplete or illegible applications will be returned to applicant.
 It is understood by the applicant that this form is to be used only for wells to be drilled or altered for the production of groundwater for use in oil and gas exploration as permitted by the Texas Railroad Commission.

SECTION I - PURPOSE FOR APPLICATION

New Well
 Replacement Well (Please briefly explain) _____
 Alter existing well (Please briefly explain) _____

Total estimate of anticipated water usage for this operation- 1,400,000 gallons

SECTION II - APPLICANT

WCS Petroleum 979-542-8108
 NAME (First, Middle Initial, Last, or Company Name) Contact Phone Number
 Address 200 Crescent Center Ste. 1801 City Dallas State TX Zip 75201-1840

SECTION III - AUTHORIZATION TO DRILL

This groundwater well is being drilled on property owned by the following individual(s) pursuant to a permit issued by the Texas Railroad Commission for exploration of Oil and Gas.

Name & Address Texas General Land Office P.O. Box 12873
 City Austin State Texas Zip 78711

SECTION IV - ATTACHMENTS (please list all items attached to this permit)

Prison Farm #1-H Lease see attached directions & plat

Subject to the District receiving a completed well log within 30 days of the completion of this well, the \$100.00 deposit required by the District to apply for a certificate to drill an exempt well shall not be required.

SECTION V - AFFIRMATION AND EXECUTION

I certify that all statements and information in this application are true and correct. I also declare that all groundwater withdrawn will be put to beneficial use at all times, and that the applicant will abide by the Management Plan and Rules of the Post Oak Savannah Groundwater Conservation District.

It is further understood by the applicant that any obligation to notify the owners of the rights to the groundwater from this property of this production rests with the applicant.

Sheila Gardner
 Signature of Applicant

Sheila Gardner
 Printed Name of Applicant

BURLESON COUNTY

MAST# _____

CUST# _____

J&S WELL WORKORDER

DATE: 11/30/09

TOWN: WELLBORN

CUSTOMER: WCS PETROLEUM

OPERATOR: WCS PETROLEUM

LOCATION: PRISON FARM #1-H

RIG: NABORS M-34

DIRECTIONS:

AT THE INTERSECTION OF HWY 50 & HWY 60, GO SOUTH ON HWY 50 FOR 4 MILES. TURN LEFT INTO PROPERTY (ROAD WILL BE BETWEEN APACHE TANK BATTERY AND COMPRESSOR STATION) FOLLOW ROAD ONE MILE. TURN RIGHT. GO TWO MILES TO LOCATION.

JS RIG: _____ DRILLER: _____ CREW: _____

START DATE DRILLED: _____ COMPLETE DATE DRILLED: _____

SIZE OF WELL: 6"

ORDERED BY: DANNY ANDERSON

NEEDS TO BE DRILLED: THIS WEEK SOMETIME

AIRLINE OR SUB: SUB

SPECIAL INSTRUCTIONS:

LOCATION READY FOR US

_____ TOTAL DEPTH

_____ DRILLING FLUIDS

_____ SETTING DEPTH

_____ CEMENT

_____ CASING

_____ SLEEVE _____ SLAB

_____ SCREEN

_____ PIT

_____ AIRLINE

_____ WELL HEAD

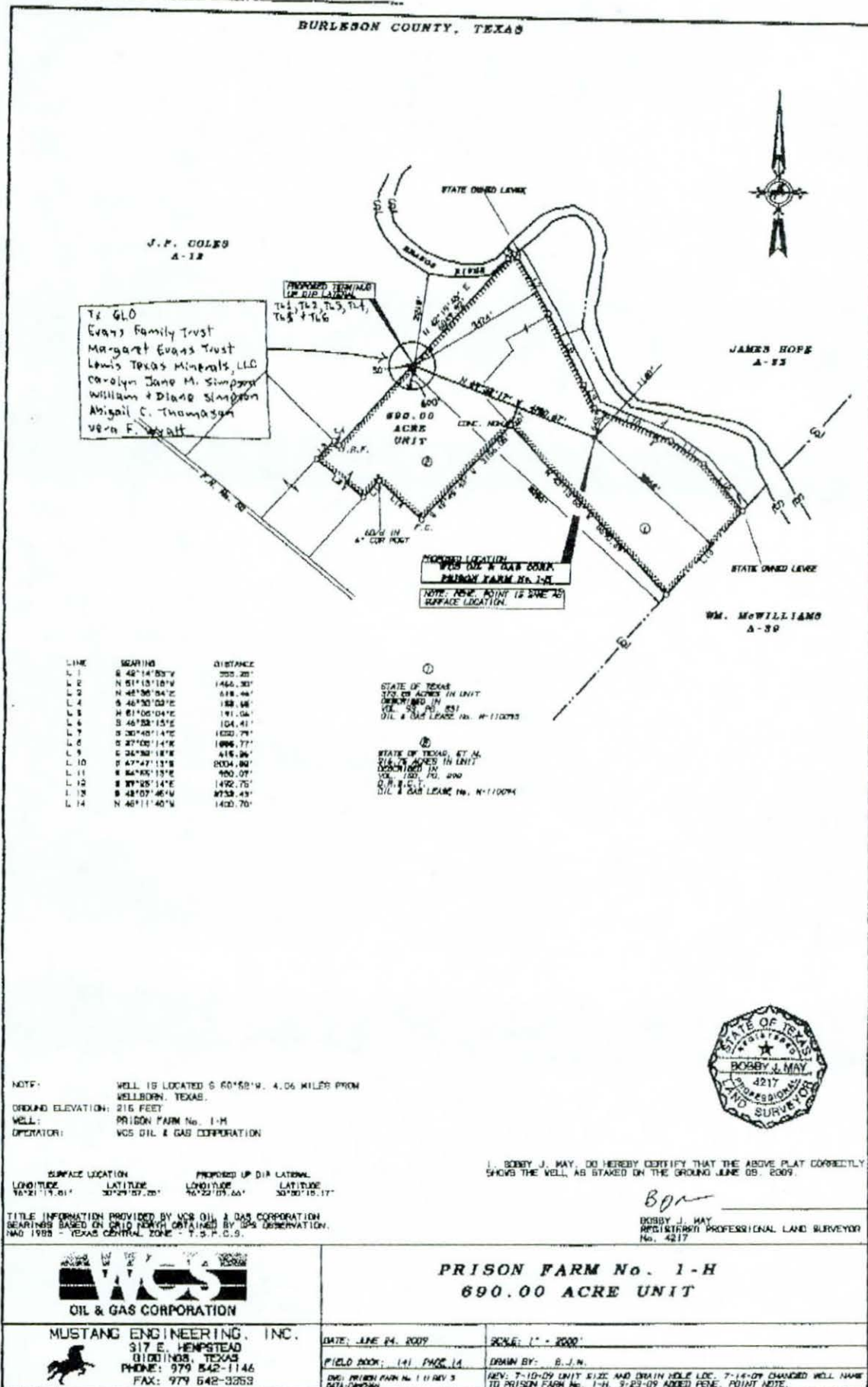
_____ JET PIPE

REMARKS:

ESTIMATED DEPTH _____

PIT PROVIDED _____





J & S WATER WELLS
a Richardson & Dunn Corporation
P.O. Box 675
Bellville, Texas 77418

FAX COVER LETTER

TO: POST OAK SAVANNAH GROUNDWATER CONSERVATION DISTRICT

ATTENTION: ELAINE

FROM: SHEILA GARDNER

DATE: DECEMBER 02, 2009

FAX: 512-455-9909

REFERENCE: APPLICATION TO DRILL WATER WELL

MESSAGE

FOLLOWING IS THE COMPLETED APPLICATION TO DRILL A 6" WATER WELL FOR WCS PETROLEUM ON THE PRISON FARM # 1-H LEASE IN BURLESON COUNTY. IF YOU FIND EVERYTHING IS IN ORDER, COULD YOU PLEASE FAX A COPY OF THE APPROVAL TO US AT 979-865-8322. IF YOU NEED ANY ADDITIONAL INFORMATION, PLEASE GIVE ME A CALL. THANK YOU FOR YOUR HELP WITH THIS MATTER. HAVE A WONDERFUL DAY!



THIS FAX CONSISTS OF 4 PAGE (S) INCLUDING COVER SHEET

PHONE: (979) 865-2393

FAX: (979) 865-8322

005 . 21

7

File No. M-110093

Waste Well Permit

Date Filed: 12/3/09

Jerry E. Patterson, Commissioner

By _____

Sandy Morgan

API No <u>42-051-33656</u>		RAILROAD COMMISSION OF TEXAS OIL & GAS DIVISION			FORM W-1 07/2004	
Drilling Permit # <u>685945</u>		APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER			Permit Status: <u>Approved</u>	
SWR Exception Case/Docket No. <u>0263236 (R37)</u>		<small>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.</small>				
1. RRC Operator No <u>902624</u>		2. Operator's Name (as shown on form P-5, Organization Report) <u>WCS OIL & GAS CORPORATION</u>		3. Operator Address (include street, city, state, zip): <u>PO BOX 9159 DALLAS, TX 75209</u>		
4. Lease Name <u>PRISON FARM</u>		5. Well No. <u>1H</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 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 checked="" type="checkbox"/> Horizontal (Also File Form W-1H) <input type="checkbox"/> Directional (Also File Form W-1D) <input type="checkbox"/> Sidetrack						
8. Total Depth <u>11000</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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
SURFACE LOCATION AND ACREAGE INFORMATION						
11. RRC District No. <u>03</u>		12. County <u>BURLESON</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>4.06</u> miles in a <u>SW</u> direction from <u>Wellborn</u> which is the nearest town in the county of the well site.						
15. Section		16. Block		17. Survey <u>COLE, J P</u>		18. Abstract No. <u>A-12</u>
				19. Distance to nearest lease line: <u>50</u> ft.		20. Number of contiguous acres in lease, pooled unit, or unitized tract: <u>690</u>
21. Lease Perpendiculars: <u>645</u> ft from the <u>NORTHEAST</u> line and <u>3862</u> ft from the <u>SOUTHEAST</u> line.		22. Survey Perpendiculars: <u>1140</u> ft from the <u>NORTHEAST</u> line and <u>3862</u> ft from the <u>SOUTHEAST</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
<u>03</u>	<u>34733500</u>	<u>GIDDINGS (AUSTIN CHALK-3)</u>		<u>Oil Well</u>	<u>11000</u>	<u>0.00</u>
<u>03</u>	<u>34773550</u>	<u>GIDDINGS (AUSTIN CHALK, GAS)</u>		<u>Gas Well</u>	<u>11000</u>	<u>0.00</u>
BOTTOMHOLE LOCATION INFORMATION is required for DIRECTIONAL, HORIZONTAL, AND AMENDED AS DRILLED PERMIT APPLICATIONS (see W-1H attachment)						
Remarks [FILER Oct 8, 2009 7:58 AM]: Permitting stacked horizontal drainholes in same regulatory field.				Certificate: I certify that information stated in this application is true and complete, to the best of my knowledge.		
				Name of filer <u>James Clark</u> Date submitted <u>Oct 08, 2009</u>		
RRC Use Only				Phone <u>(512)7329812</u> E-mail Address (OPTIONAL) <u>jim@lonquist.com</u>		
Data Validation Time Stamp: <u>Nov 4, 2009 9:21 AM('As Approved' 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**

Form W-1H 07/2004
 Supplemental Horizontal Well Information

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.

Permit # **685945**
 Approved Date: **Nov 04, 2009**

1. RRC Operator No. 902624	2. Operator's Name (exactly as shown on form P-5, Organization Report) WCS OIL & GAS CORPORATION	3. Lease Name PRISON FARM	4. Well No. 1H
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Lateral Drainhole Location Information

5. Field as shown on Form W-1 GIDDINGS (AUSTIN CHALK-3) (Field # 34733500, RRC District 03)				
6. Section	7. Block	8. Survey COLE, J P	9. Abstract 12	10. County of BHL BURLESON
11. Terminus Lease Line Perpendiculars 50 ft. from the Northwest line, and 3474 ft. from the Northeast line				
12. Terminus Survey Line Perpendiculars 2210 ft. from the Northeast line, and 8250 ft. from the Southeast line				
13. Penetration Point Lease Line Perpendiculars 645 ft. from the Northeast line, and 3862 ft. from the Southeast line				

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

Form W-1H 07/2004
Supplemental Horizontal Well Information

Permit Status: **Approved**
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APPLICATION FOR PERMIT TO DRILL, RECOMPLETE, OR RE-ENTER

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Lateral Drainhole Location Information			
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**RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION**

Form W-1H 07/2004
Supplemental Horizontal Well Information

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

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Permit # **685945**
Approved Date: **Nov 04, 2009**

1. RRC Operator No 902624	2. Operator's Name (exactly as shown on form P-5, Organization Report) WCS OIL & GAS CORPORATION	3. Lease Name PRISON FARM	4. Well No 1H
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Lateral Drainhole Location Information

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

Form W-1H 07/2004
Supplemental Horizontal Well Information

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

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Approved Date: **Nov 04, 2009**

1. RRC Operator No. 902624	2. Operator's Name (exactly as shown on form P-5, Organization Report) WCS OIL & GAS CORPORATION	3. Lease Name PRISON FARM	4. Well No. 1H
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**CERTIFICATE OF
 POOLING AUTHORITY**

P-12

Revised 05/2001

1. Field Name(s) All Fields	2. Lease/ID Number (if assigned)	3. RRC District Number 03
4. Operator Name WCS Oil & Gas Corporation	5. Operator P-5 Number 902624	6. Well Number 1H
7. Pooled Unit Name Prison Farm	8. API Number	9. Purpose of Filing <input checked="" type="checkbox"/> Drilling Permit (W-1) <input type="checkbox"/> Completion Report
10. County Burleson	11. Total acres in pooled unit 690.0	

DESCRIPTION OF INDIVIDUAL TRACTS CONTAINED WITHIN THE POOLED UNIT

TRACT/PLAT IDENTIFIER	TRACT NAME	ACRES IN TRACT (See Inst #7 below)	INDICATE UNDIVIDED INTERESTS	
			UNLEASED	NON-POOLED
1.	State of Texas	373.25	<input type="checkbox"/>	<input type="checkbox"/>
2.	State of Texas et al	316.75	<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>

CERTIFICATION:

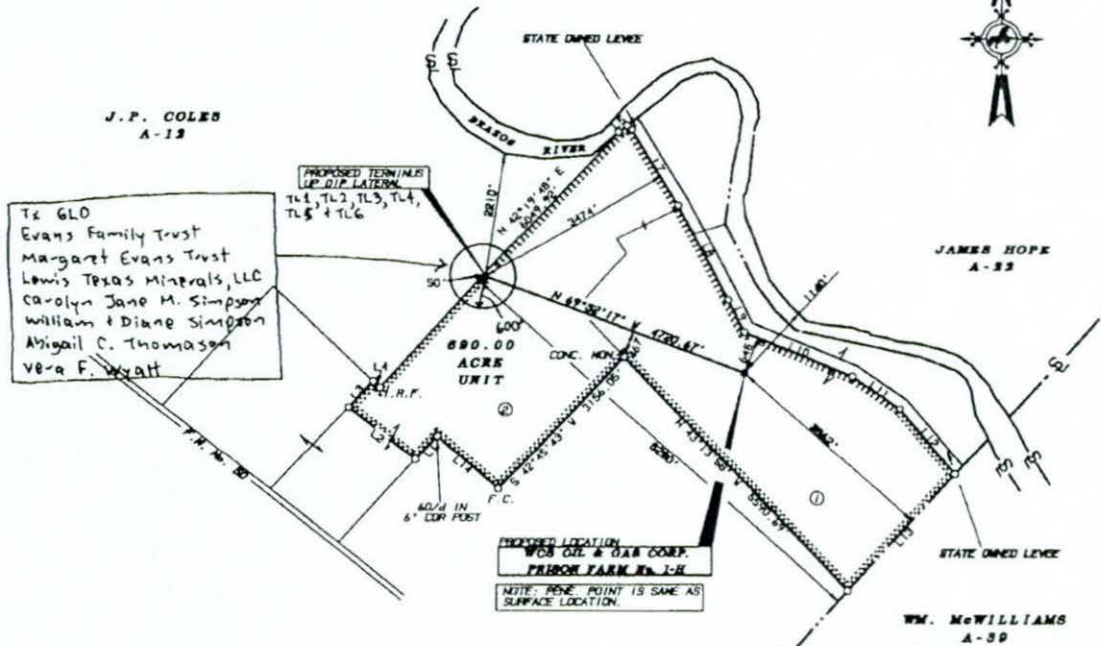
I declare under penalties prescribed pursuant to the Sec. 91.143, Texas Natural Resources Code, that I am authorized to make the foregoing statements and that the information provided by me or under my direction on this Certificate of Pooling Authority is true, correct, and complete to the best of my knowledge.

	James M. Clark
Signature	Print Name
Agent	10/08/2009
Title	Date
E-mail (if available)	Phone
	(512) 600-1760

INSTRUCTIONS — Reference: Statewide Rules 31, 38 and 40

- When two or more tracts are pooled to form a unit to obtain a drilling permit, file completion paperwork, or reform a pooled unit pursuant to Rule 38(d)(3) the operator must file an original Certificate of Pooling Authority and certified plat.
- The certified plat shall designate each tract with an outline and a tract identifier. The tract identifier on the plat shall correspond to the tract identifier and associated information listed on the Certificate.
- If within an individual tract, a non-pooled and/or unleased interest exists, indicate by checking the appropriate box.
- If the Purpose of Filing is to obtain a drilling permit, in box #1 list all applicable fields separately or enter "All Fields" if the Certificate pertains to all fields requested on Form W-1.
- If the Purpose of Filing is to file completion paperwork, enter the applicable field name in box #1 for the completion.
- Identify the drill site tract with an * to the left of the tract identifier.
- The total number of acres in the pooled unit in #11 should equal the total of all acres in the individual tracts listed.

BURLESON COUNTY, TEXAS



LINE	BEARING	DISTANCE
L 1	S 42°14'53"W	555.26'
L 2	N 51°13'18"W	1446.30'
L 3	N 42°38'54"E	815.46'
L 4	S 46°30'02"E	158.65'
L 5	N 51°05'04"E	191.04'
L 6	S 44°32'13"E	104.41'
L 7	S 30°40'14"E	1650.79'
L 8	S 27°08'14"E	1886.77'
L 9	S 25°32'15"E	815.26'
L 10	S 67°47'13"E	2004.82'
L 11	S 64°55'13"E	990.07'
L 12	S 39°25'14"E	1492.75'
L 13	S 42°07'45"W	2732.43'
L 14	N 45°11'40"W	1400.70'

STATE OF TEXAS
575.25 ACRES IN UNIT
DESCRIBED IN
VOL. 151, PG. 531
OIL & GAS LEASE No. M-110093

STATE OF TEXAS, ET AL
516.75 ACRES IN UNIT
DESCRIBED IN
VOL. 151, PG. 292
O.R.S.C.T.
OIL & GAS LEASE No. M-110094

NOTE: WELL IS LOCATED S 50°52'W, 4.06 MILES FROM VELLBORN, TEXAS.
GROUND ELEVATION: 215 FEET
WELL: PRISON FARM No. 1-H
OPERATOR: WGS OIL & GAS CORPORATION

SURFACE LOCATION: LONGITUDE 96°21'19.81", LATITUDE 30°29'57.28"
PROPOSED UP-DIP LATERAL: LONGITUDE 96°22'09.66", LATITUDE 30°30'15.17"

TITLE INFORMATION PROVIDED BY WGS OIL & GAS CORPORATION. BEARINGS BASED ON GRID NORTH OBTAINED BY GPS OBSERVATION. NAD 1983 - TEXAS CENTRAL ZONE - T.S.P.C.S.

I, BOBBY J. MAY, DO HEREBY CERTIFY THAT THE ABOVE PLAT CORRECTLY SHOWS THE WELL AS STAKED ON THE GROUND JUNE 08, 2009.



Bor
BOBBY J. MAY
REGISTERED PROFESSIONAL LAND SURVEYOR
No. 4217



PRISON FARM No. 1-H
690.00 ACRE UNIT

MUSTANG ENGINEERING, INC.
317 E. HEMPSTEAD
GIDDINGS, TEXAS
PHONE: 979 542-1146
FAX: 979 542-3353

DATE: JUNE 24, 2009

SCALE: 1" = 2000'

FIELD BOOK: 141 PAGE 14

DRAWN BY: B.J.M.

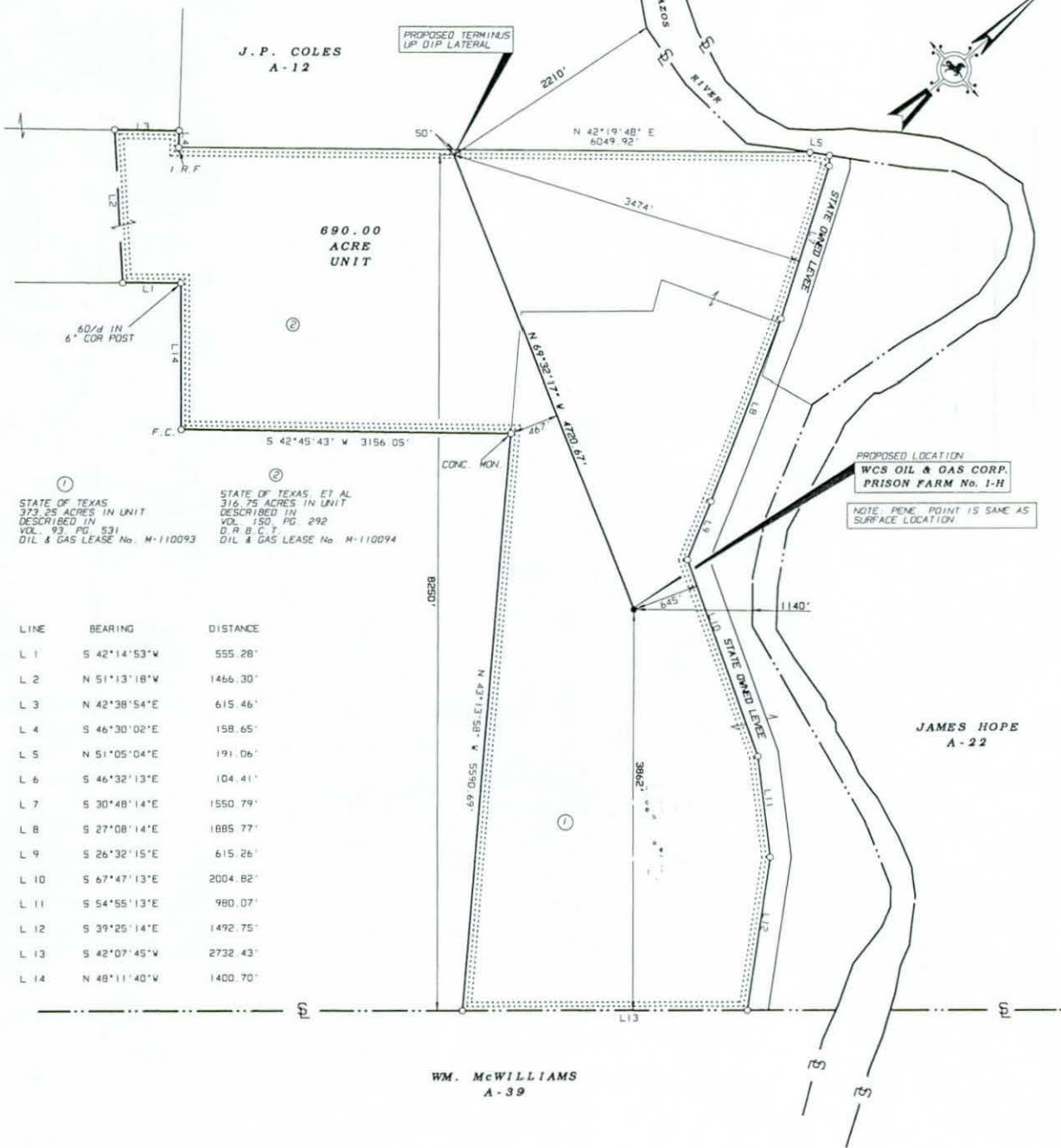
DWG: PRISON FARM No. 1-H REV 3 DATA CORRECTED

REV: 7-10-09 UNIT SIZE AND DRAIN HOLE LOC. 7-14-09 CHANGED WELL NAME TO PRISON FARM No. 1-H. 9-23-09 ADDED PENE. POINT NOTE.

BURLESON COUNTY, TEXAS

J. P. COLES
A-12

PROPOSED TERMINUS
UP DIP LATERAL



690.00
ACRE
UNIT

60/4 IN
6" COR POST

①
STATE OF TEXAS
373.25 ACRES IN UNIT
DESCRIBED IN
VOL. 93, PG. 531
OIL & GAS LEASE No. M-110093

②
STATE OF TEXAS ET AL
316.75 ACRES IN UNIT
DESCRIBED IN
VOL. 150, PG. 292
D.R.B.C. 7
OIL & GAS LEASE No. M-110094

PROPOSED LOCATION
WCS OIL & GAS CORP.
PRISON FARM No. 1-H

NOTE: PENE POINT IS SAME AS
SURFACE LOCATION

LINE	BEARING	DISTANCE
L 1	S 42°14'53"W	555.28'
L 2	N 51°13'18"W	1466.30'
L 3	N 42°38'54"E	615.46'
L 4	S 46°30'02"E	158.65'
L 5	N 51°05'04"E	191.06'
L 6	S 46°32'13"E	104.41'
L 7	S 30°48'14"E	1550.79'
L 8	S 27°08'14"E	1885.77'
L 9	S 26°32'15"E	615.26'
L 10	S 67°47'13"E	2004.82'
L 11	S 54°55'13"E	980.07'
L 12	S 39°25'14"E	1492.75'
L 13	S 42°07'45"W	2732.43'
L 14	N 48°11'40"W	1400.70'

JAMES HOPE
A-22

WM. McWILLIAMS
A-39



NOTE: WELL IS LOCATED S 50°52'W, 4.06 MILES FROM
WELLBORN, TEXAS.
GROUND ELEVATION: 215 FEET
WELL: PRISON FARM No. 1-H
OPERATOR: WCS OIL & GAS CORPORATION

I, BOBBY J. MAY, DO HEREBY CERTIFY THAT THE ABOVE PLAT CORRECTLY
SHOWS THE WELL AS STAKED ON THE GROUND JUNE 08, 2009.

SURFACE LOCATION PROPOSED UP DIP LATERAL
LONGITUDE LATITUDE LONGITUDE LATITUDE
96°21'19.81" 30°29'57.28" 96°22'09.66" 30°30'15.17"

TITLE INFORMATION PROVIDED BY WCS OIL & GAS CORPORATION
BEARINGS BASED ON GRID NORTH OBTAINED BY GPS OBSERVATION.
NAD 1983 - TEXAS CENTRAL ZONE - T.S.P.C.S

Bj
BOBBY J. MAY
REGISTERED PROFESSIONAL LAND SURVEYOR
No. 4217



PRISON FARM No. 1-H
690.00 ACRE UNIT

MUSTANG ENGINEERING, INC.
317 E. HEMPSTEAD
GIDDINGS, TEXAS
PHONE: 979 542-1146
FAX: 979 542-3353

DATE: JUNE 24, 2009	SCALE: 1" = 1000'
FIELD BOOK: 141 PAGE 14	DRAWN BY: B.J.M.
DWG: PRISON FARM No. 1-H 1 TO 1000 DATA CANNON	REV. 7-10-09 UNIT SIZE AND DRAIN HOLE LOC. 7-14-09 CHANGED WELL NAME TO PRISON FARM No. 1-H. 9-23-09 ADDED PENE POINT NOTE

8.

File No. MF-110093

W-1 AND PLAT

Date Filed: 12/10/2009

Jerry E. Patterson, Commissioner

By JEP

DO NOT DESTROY



Texas General Land Office
UNIT AGREEMENT MEMO

PA09-217

Unit Number 4644
 Operator Name WCS OIL & GAS CORPORATION Effective Date 12/1/2009
 Customer ID C000041246 Unitized For Oil & Gas
 Unit Name Prison Farm No. 1-H Unit Unit Term 0 Months
 County1 Burleson
 County 2 Old Unit Number Inactive Status Date
 County 3 0
 RRC District: 03 0
 Unit Type: Permanent 0
 State Royalty Interest: 0.0963088768116 0
 State Part in Unit: 1
 Unit Depth Well:
 Below Depth 0 Formation: Ton of A/C to base of Buda
 Above Depth 0 Participation Basis: Surface Acreage
 [If Exclusions Apply: See Remarks]

MF Number MF110093 Tract Number 1
 Lease Acres 373.25 / Total Unit Acres 690 =
 Tract Participation: 0.5409420 X
 Lease Royalty 0.125 = Manual Tract Participation: [] 0
 Tract Royalty Participation 0.0676178 Manual Tract Royalty: [] 0

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

18-000625

Pooling Committee Report

To: School Land Board PA09-217
Date of Board Meeting: December 1, 2009 Unit Number: 4644
Effective Date: 12/1/2009
Unit Expiration Date: Permanent
Applicant: WCS OIL & GAS CORPORATION
Attorney Rep:
Operator: WCS OIL & GAS CORPORATION
County 1: Burleson
County 2:
County 3:
Unit Name: Prison Farm No. 1-H Unit
Field Name: Giddings (Austin Chalk-3)

<u>Lease Type</u>	<u>MF 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	MF110093	0.125	4/21/2014	5 years	416	373.25	0.0676178
SF	MF110094	0.0625	4/21/2014	5 years	597.78	316.75	0.0286911

The Permanent School Fund owns a 50% mineral interest in MF110093 and a 25% mineral interest in MF110094.

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

Private Acres:	0
State Acres:	690
Total Unit Acres:	690

<u>Participation Basis:</u>	
Surface Acreage	
<u>State Acreage:</u>	100.00%
<u>State Unit Royalty:</u>	9.63%

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

<u>Well Location:</u>
State Land

<u>RRC Rules:</u>	<u>Spacing Acres:</u>
Special Field Rule	702

REMARKS:

- WCS Oil & Gas Corporation is requesting permanent oil and gas pooling from the top of the Austin Chalk Formation to the base of the Buda Formation.

- The applicant plans on drilling a horizontal well in the first quarter of 2010 to test the Austin Chalk and Buda Formations. The proposed total depth is 12,000 feet.

- With approval of the unit the State's unit royalty participation will be 9.63%. If the unit well is on-line to sales by October 21, 2010, the applicant will earn a reduced royalty on both leases, making the State's unit royalty participation 7.70%.

- Approval by the School Land Board in no way ratifies the leases included in this proposed unit.

POOLING COMMITTEE RECOMMENDATION:

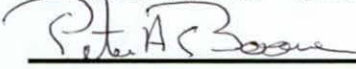
- The Pooling Committee recommends Board approval of a permanent oil and gas unit under the above-stated provisions.



Jeffee L. Palmer - Office of the Attorney General

11-19-09

Date:



Peter A. Boone - General Land Office

11-19-09

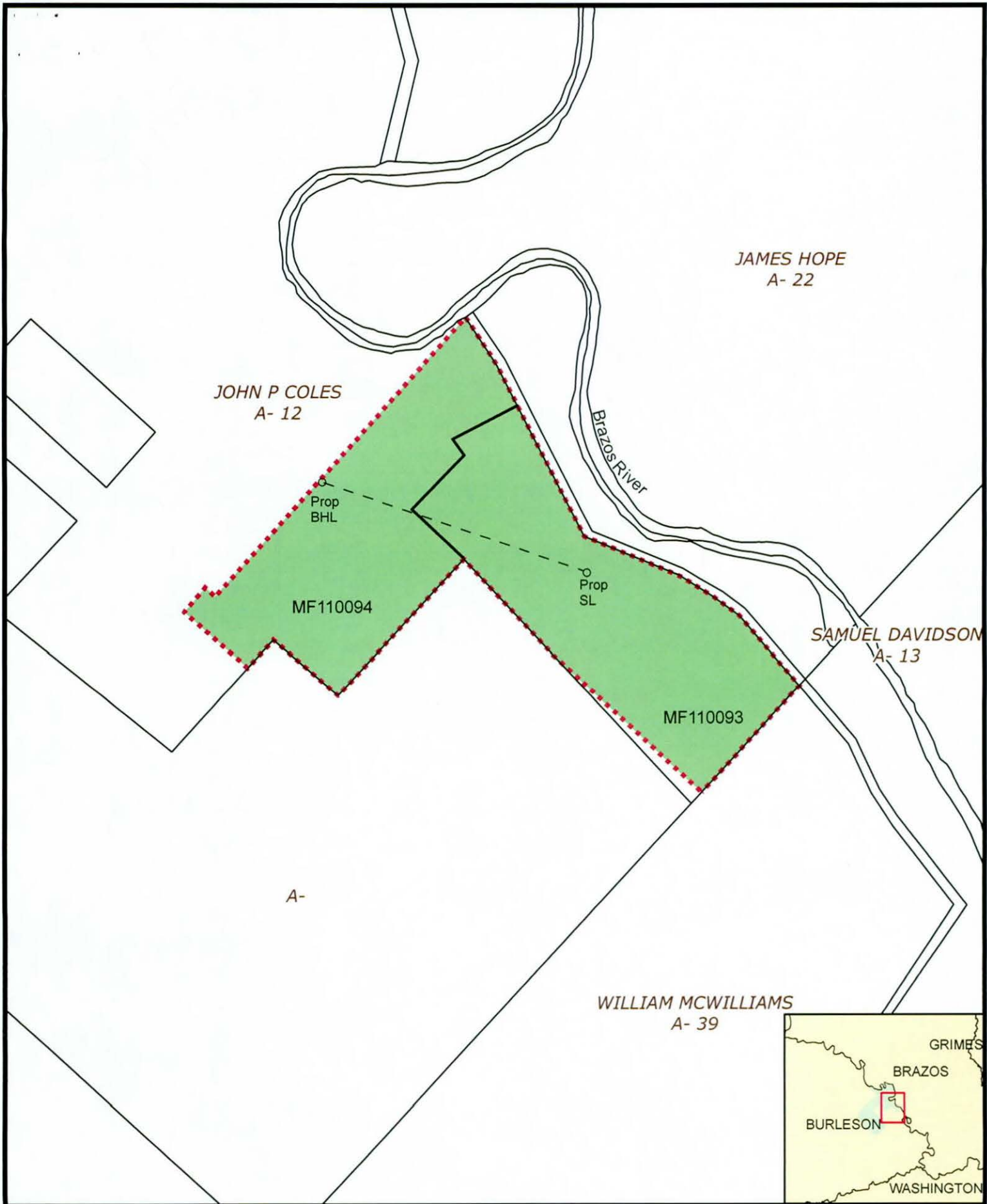
Date:



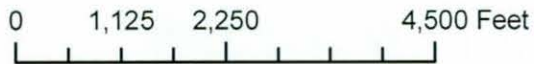
David Zimmerman - Office of the Governor

11-19-09

Date:



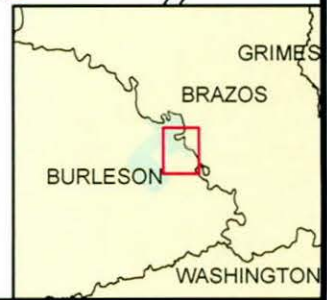
WCS Oil & Gas Corporation
 Prison Farm No. 1-H Unit
 MF110093 and MF110094
 Giddings (Austin Chalk-3)
 Burleson County
 Unit #4644
 PA09-217



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 1, 2009



POOLING AGREEMENT
WCS OIL & GAS CORPORATION
PRISON FARM UNIT NO. 1-H
BURLESON COUNTY, TEXAS

THIS AGREEMENT is entered into by and between the Commissioner of the General Land Office, on behalf of the State of Texas, as "Lessor" and WCS Oil & Gas Corporation, herein referred to as "Lessee", and such other interested parties as may join in the execution hereof, the undersigned parties herein collectively referred to as the "parties", in consideration of the mutual agreements hereinafter set forth and other valuable considerations, the receipt and sufficiency of which are hereby acknowledged, and for the purposes and upon the terms and conditions which follow:

PURPOSES:

1.

This Pooling Agreement ("Agreement") is made for the purposes of conservation and utilization of the pooled mineral, to prevent waste, to facilitate orderly development and to preserve correlative rights. To such end, it is the purpose of this Agreement to effect equitable participation within the unit formed hereby. This Agreement is intended to be performed pursuant to and in compliance with all applicable statutes, decisions, regulations, rules, orders and directives of any governmental agency having jurisdiction over the production and conservation of the pooled mineral and in its interpretation and application shall, in all things, be subject thereto.

UNIT DESCRIPTION:

2.

The oil and gas leases, which are included within the pooled unit, are listed on the attached Exhibit "A", to which leases and the records thereof reference is here made for all pertinent purposes. The pooled unit shall consist of all of the lands described in Exhibit "B" attached hereto and made a part hereof. A plat of the pooled unit is attached hereto as Exhibit "C".

MINERAL POOLED:

3.

The mineral pooled and unitized ("pooled mineral") hereby shall be oil and gas including all hydrocarbons that may be produced from an oil well or a gas well as such wells are recognized and designated by the Railroad Commission of Texas or other state regulatory agency having jurisdiction of the drilling and production of oil and gas wells. The pooled mineral shall extend to those depths underlying the surface boundaries of the pooled unit from the subsurface depth of the stratigraphic equivalent of the top of the Austin Chalk Formation down to the subsurface depth of the stratigraphic equivalent of the base of the Buda Formation ("unitized interval").

POOLING AND EFFECT:

4.

The parties hereto commit all of their interests which are within the unit to the extent and as above described into said unit and unitize and pool hereunder the separate tracts described on the attached Exhibit "B", for and during the term hereof, so that such pooling or unitization shall have the following effect:

- (a) The unit, to the extent as above described, shall be operated as an entirety for the exploration, development and production of the pooled mineral, rather than as separate tracts.
- (b) All drilling operations, reworking or other operations with respect to the pooled mineral on land within the unit shall be considered as though the same were on each separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Agreement. In the event the unitized area covered by this Agreement is maintained in force by drilling or reworking operations conducted on a directional well drilled under the unitized area from a surface location on adjacent or adjoining lands not included within the boundaries of the unitized area, such operations shall be considered to have been commenced on the unitized area when drilling is commenced on the adjacent or adjoining land for the purpose of directionally drilling under the unitized area and production of oil or gas from the unitized area through any directional well surfaced on adjacent or adjoining land or drilling or reworking of any such directional well shall be considered production or drilling or reworking operations, as the case may be, on the unitized area for all purposes under this Agreement. Nothing in this Agreement is intended or shall be construed as granting to Lessee any leasehold interest, easements, or other rights in or with respect to any such adjacent or adjoining land in addition to any such leasehold interests, easements, or other rights which the lessee, operator or other interest owner in the unitized area may have lawfully acquired from the state or others.
- (c) Production of the pooled mineral from the unit allocated to each separate tract, respectively, as hereinafter provided, shall be deemed to have been produced from each such separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Agreement. Provided that, if any State Lease described in Exhibit "A" attached hereto contains provision 4(E) VARIABLE ROYALTY, and a unit well is not located on such State Lease and a reduced royalty has not otherwise been earned, then a reduced royalty may be earned by unit production, but it shall only apply to the acreage included

within the unit. Acreage outside of the unitized area must earn a reduced royalty independently.

- (d) All rights to the production of the pooled mineral from the unit, including royalties and other payments, shall be determined and governed by the lease or other contract pertaining to each separate tract, respectively, based upon the production so allocated to such tract only, in lieu of the actual production of the pooled mineral therefrom. Provided that, payments that are made on a per acre basis shall be reduced according to the number of acres pooled and included herein, so that payments made on a per acre basis shall be calculated based upon the number of acres actually included within the boundaries of the pooled unit covered by this Agreement.
- (e) A shut-in oil or gas well located upon any land or lease included within said unit shall be considered as a shut-in oil or gas well located upon each land or lease included within said unit; provided, however, that shut-in oil or gas well royalty shall be paid to the State on each State lease wholly or partially within the unit, according to the terms of such lease as though such shut-in oil or gas well were located on said lease, it being agreed that shut-in royalties provided in each State lease shall not be shared with other royalty owners.
- (f) Notwithstanding any other provision hereof, it is expressly agreed that each State lease may be maintained in force as to areas lying outside the unitized area described in Exhibit "B" only as provided in each such lease without regard to unit operations or unit production. Neither production of the pooled mineral, nor unit operations with respect thereto, nor the payment of shut-in royalties from a unit well, shall serve to hold any State lease in force as to any area outside the unitized area described in Exhibit "B" regardless of whether the production or operations on the unit are actually located on the State lease or not. "Area" as used in this paragraph shall be based upon surface acres to the end that, except as may otherwise be provided in each State Lease, the area inside the surface boundaries of the pooled unit, if held, will be held as to all depths and horizons.
- (g) If the Railroad Commission of Texas (or any other Texas regulatory body having jurisdiction) shall adopt special field rules providing for oil and/or gas proration units of less than 690 acres, then Lessee agrees to either (1) drill to the density permitted by the Railroad Commission, (2) make application to the School Land Board of the State of Texas to reform the unit to comply with Railroad Commission unit rules, or (3) make application to the School Land Board of the State of Texas for such remedy as may be agreeable to the Board.
- (h) This Agreement shall not relieve Lessee from the duty of protecting the State leases described in Exhibit "A" and the State lands within the boundaries of the pooled unit described in Exhibit "B" from drainage from any well situated on privately owned land, lying outside the unitized area described in Exhibit "B", but, subject to such obligation, Lessee may produce the allowable for the entire unit as fixed by the Railroad Commission of Texas or other lawful authority, from any one or more wells completed thereon.
- (i) There shall be no obligation to drill internal offsets to any other well on separate tracts within the pooled unit, nor to develop the lands within the boundaries thereof separately, as to the pooled mineral.
- (j) Should this Agreement terminate for any cause, the leases and other contracts affecting the lands within the unit, if not then otherwise maintained in force and effect, shall remain and may be maintained in force and effect under their respective terms and conditions in the same manner as though there had been production or operations under said lease or contract and the same had ceased on the date of the termination of this Agreement.

ALLOCATION OF PRODUCTION:

5.

For the purpose of computing the share of production of the pooled mineral to which each interest owner shall be entitled from the pooled unit, there shall be allocated to each tract committed to said unit that pro rata portion of the pooled mineral produced from the pooled unit which the number of surface acres covered by each such tract and included in the unit bears to the total number of surface acres included in said unit, and the share of production to which each interest owner is entitled shall be computed on the basis of such owner's interest in the production so allocated to each tract.

TAKING ROYALTY IN KIND:

6.

Notwithstanding anything contained herein to the contrary, the State may, at its option, upon not less than sixty (60) days notice to Lessee, require that payment of all or any royalties accruing to the State under this pooling

or unitization agreement 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.

FULL MARKET VALUE: 7.

In the event the State does not elect to take its royalty in kind, the State shall receive full market value for its royalty hereunder, such value to be determined as follows:

- (a) As to royalty on oil 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 for the field where produced and when run, or (2) the highest market price thereof offered or paid for the field where produced and when run, or (3) gross proceeds of the sale thereof, whichever is the greater;
- (b) As to royalty on gas, such value to be based on (1) the highest market price paid or offered for gas of comparable quality for the field where produced and when run, or (2) the gross price paid or offered to the producer, whichever is the greater.

(For the purposes of this Agreement "field" means the general area in which the lands covered hereby are located.)

EFFECTIVE DATE: 8.

Upon execution by the Commissioner of the General Land Office of the State of Texas this Agreement shall become effective as of December 1, 2009.

TERM: 9.

This Agreement shall remain in effect so long as the pooled mineral is being produced from said unit, or so long as all leases included in the pooled unit are maintained in force by payment of delay rentals or shut-in oil or gas well royalties, by drilling or rework, or by other means, in accordance with the terms of said leases. Nothing herein shall amend or modify Section 52.031 of the Natural Resources Code, or any of the provisions thereof, which are contained in any State lease covered by this Agreement.

STATE LAND: 10.

Insofar as the royalty interest of the State of Texas in and under any State tract committed to the unit is concerned, this Agreement is entered into, made and executed by the undersigned Commissioner of the General Land Office by virtue of the authority and pursuant to the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, authorizing the same, after the prerequisites, findings and approval hereof, as provided in said Code having been duly considered, made and obtained.

DISSOLUTION: 11.

The unit covered by this Agreement may be dissolved by Lessee, his heirs, successors or assigns, by an instrument filed for record in Burleson County, Texas, and a certified copy thereof filed in the General Land Office at any time after the cessation of production on said unit or the completion of a dry hole thereon prior to production or upon such other date as may be approved by the School Land Board and mutually agreed to by the undersigned parties, their successors or assigns.

RATIFICATION/WAIVER: 12.

Nothing in this Agreement, nor the approval of this Agreement by the School Land Board, nor the execution of this Agreement by the Commissioner shall: (1) operate as a ratification or revivor of any State lease that has expired, terminated, or has been released in whole or in part or terminated under the terms of such State lease or the laws applicable thereto; (2) constitute a waiver or release of any claim for money, oil, gas or other hydrocarbons, or other thing due to the State by reason of the existence or failure of such lease; (3) constitute a waiver or release of any claim by the State that such lease is void or voidable for any reason, including, without limitation, violations of the laws of the State with respect to such lease or failure of consideration; (4) constitute a confirmation or recognition of any boundary or acreage of any tract or parcel of land in which the State has or claims an interest; or (5) constitute a ratification of, or a waiver or release of any claim by the State with respect to any violation of a statute, regulation, or any of the common laws of this State, or any breach of any contract, duty, or other obligation owed to the State.

COUNTERPARTS: 13.

This Agreement may be executed in counterparts and if so executed shall be valid, binding and have the same effect as if all the parties hereto actually joined in and executed one and the same document. For recording purposes and in the event counterparts of this Agreement are executed, the executed pages, together with the pages necessary to show acknowledgments, may be combined with the other pages of this Agreement so as to form what shall be deemed and treated as a single original instrument showing execution by all parties hereto.

IN WITNESS WHEREOF, the parties have executed this Agreement upon the respective dates indicated below.

Date Executed 1/8/10

STATE OF TEXAS

Legal
Content
Geology
Executive

[Handwritten initials]

By: *Jerry E. Patterson*
Jerry E. Patterson, Commissioner,
General Land Office

Date Executed 12-14-09

WCS OIL & GAS CORPORATION

By: *Bruce Stensrud*
Bruce Stensrud
Its: Exec. Vice Pres.

CERTIFICATE

I, Stephanie Crenshaw, Secretary of the School Land Board of the State of Texas, do hereby certify that at a meeting of the School Land Board duly held on the 1st day of December, 2009, the foregoing instrument was presented to and approved by said Board under the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, all of which is set forth in the Minutes of the Board of which I am custodian.

IN TESTIMONY WHEREOF, witness my hand this the 11th day of January, 2010.

Stephanie Crenshaw
Secretary of the School Land Board

STATE OF TEXAS

COUNTY OF Dallas

This instrument was acknowledged before me on December 14, 2009, by Bruce Stensrud
as Executive Vice President of WCS Oil & Gas Corporation, a Texas corporation on behalf of said corporation.



Lavelle Mays
Notary Public in and for the
State of Texas

EXHIBIT "A"

The following described oil, gas and mineral leases covering land in Burleson County, Texas, each of which leases are recorded in the Official Records of Burleson County, Texas, in the respective volumes thereof and at the pages shown below:

1. Lease dated April 21, 2009, from the State of Texas, as Lessor, to WCS Oil & Gas Corporation, as Lessee, recorded in Volume 775, Page 808. (GLO Lease No. 110093).
2. Lease dated April 21, 2009, from the State of Texas, as Lessor, to WCS Oil & Gas Corporation, as Lessee, recorded in Volume 775, Page 817. (GLO Lease No. 110094).
3. Lease dated April 21, 2009, from William David Smith, Trustee of The Smith Family Mineral Trust Agreement, as Lessor, to WCS Oil & Gas Corporation, as Lessee, recorded in Volume 778, Page 341, as amended by instrument dated to be effective as of April 21, 2009, recorded in Volume 784, Page 518.

INSOFAR AND ONLY INSOFAR as said lease covers the 690 acre proration unit described by metes and bounds in the field notes attached hereto and as depicted in the plat attached hereto.

Exhibit "B"

FIELD NOTES

WCS Oil & Gas Corporation
Prison Farm No. 1-H 690.00 Acre Unit

Being 690.00 acres of land out of the J.P. Coles Survey, Abstract No. 12, Burleson County, Texas and being out of that certain 4898.1 acre tract described by deed to The State of Texas, recorded in Volume 609, Page 8 of the Official Records of Burleson County, Texas, and also being out of those certain tracts of land described in Oil and Gas Lease No. M-110093 and M-110094.

BEGINNING at the east corner of a 400 acre tract, (Tract Two), recorded in Volume 465, Page 324, Deed Records Burleson County, Texas same being the south corner of said 4898.1 acre tract and the herein described unit.

THENCE N 43° 13' 58" W, 5590.69 feet, to a concrete monument found for the north corner of said 400 acre tract.

THENCE S 42° 45' 43" W, 3156.05 feet, to a point for the most northerly west corner of said 400 acre tract.

THENCE N 48° 11' 40" W, 1400.70 feet, to a 60d nail found in a fence corner post for the north corner of a 589.933 acre tract, recorded in Volume 361, Page 827, Deed Records Burleson County, Texas.

THENCE S 42° 14' 53" W, 555.28 feet, along the northwest line of said 589.933 acre tract, to a point for corner.

THENCE severing said 4898.1 acre tract as follows:

N 51° 13' 18" W, 1466.30 feet;
N 42° 38' 54" E, 615.46 feet;
S 46° 30' 02" E, 158.65 feet and
N 42° 19' 48" E, 6049.92 feet, to a point on the south bank of the Brazos River.

THENCE N 51° 05' 04" E, 191.06 feet, along the south bank of said Brazos River, to a point for the north corner of the herein described unit on the southwest line of an old Levee described in Volume V, Page 359, District Court Records Burleson County, Texas.

THENCE continuing to sever said 4898.1 acre tract and along the southwest line of said old Levee as follows:

S 46° 32' 13" E, 104.41 feet;
S 30° 48' 14" E, 1550.79 feet;
S 27° 08' 14" E, 1885.77 feet;
S 26° 32' 15" E, 615.26 feet;
S 67° 47' 13" E, 2004.82 feet;
S 54° 55' 13" E, 980.07 feet and
S 39° 25' 14" E, 1492.75 feet to a point on a southeast line of said 4898.1 acre tract for the east corner of the herein described unit.

THENCE S 42° 07' 45" W, 2732.43 feet along said line, to the POINT OF BEGINNING and containing 690.00 acres of land more or less.

Prepared by Mustang Engineering, INC. from a survey made on the ground during the month of June, 2009 and referenced by plat dated June 24, 2009.

Bearings based on Grid North, N.A.D. 1983 Texas Central Zone obtained from G.P.S. observations.
Title information provided by WCS Oil & Gas Corporation.

Bor

Bobby J. May
Registered Professional Land Surveyor
No. 4217



BURLESON COUNTY, TEXAS

Exhibit "C"



J.P. COLES
A-12

JAMES HOPE
A-22

WM. McWILLIAMS
A-39

PROPOSED TERMINUS
UP DIP LATERAL

PROPOSED LOCATION
**WCS OIL & GAS CORP.
PRISON FARM No. 1-H**
NOTE: PENE. POINT IS SAME AS
SURFACE LOCATION.

690.00
ACRE
UNIT

LINE	BEARING	DISTANCE
L 1	S 42°14'53"W	555.28'
L 2	N 51°13'18"W	1466.30'
L 3	N 42°38'54"E	615.46'
L 4	S 46°30'02"E	158.65'
L 5	N 51°05'04"E	191.06'
L 6	S 46°32'13"E	104.41'
L 7	S 30°48'14"E	1550.79'
L 8	S 27°08'14"E	1885.77'
L 9	S 26°32'15"E	615.26'
L 10	S 67°47'13"E	2004.82'
L 11	S 54°55'13"E	980.07'
L 12	S 39°25'14"E	1492.75'
L 13	S 42°07'45"W	2732.43'
L 14	N 48°11'40"W	1400.70'

①
STATE OF TEXAS
373.25 ACRES IN UNIT
DESCRIBED IN
VOL. 93, PG. 531
OIL & GAS LEASE No. M-110093

②
STATE OF TEXAS, ET AL
316.75 ACRES IN UNIT
DESCRIBED IN
VOL. 150, PG. 292
D.R.B.C.T.
OIL & GAS LEASE No. M-110094



NOTE: WELL IS LOCATED S 50°52'W, 4.06 MILES FROM WELLBORN, TEXAS.
GROUND ELEVATION: 215 FEET
WELL: PRISON FARM No. 1-H
OPERATOR: WCS OIL & GAS CORPORATION

SURFACE LOCATION		PROPOSED UP DIP LATERAL	
LONGITUDE	LATITUDE	LONGITUDE	LATITUDE
96°21'19.81"	30°29'57.28"	96°22'09.66"	30°30'15.17"

BOBBY J. MAY
REGISTERED PROFESSIONAL LAND SURVEYOR
No. 4217



**PRISON FARM No. 1-H
690.00 ACRE UNIT**

MUSTANG ENGINEERING, INC.
317 E. HEMPSTEAD
GIDDINGS, TEXAS
PHONE: 979 542-1146
FAX: 979 542-3353

DATE: JUNE 24, 2009	SCALE: 1" = 2000'
FIELD BOOK: 141 PAGE 14	DRAWN BY: B.J.M.
DWG: PRISON FARM No 1-H REV 3 DATA: CANCHAN	REV: 10-8-09 1 TO 2000 ON 8.5 X 14

9.

File No. MF 110093
Policy Committee Report
+ Policy Agreement

Date Filed: 11/10/10

[Signature]
Larry E. Patterson, Commissioner

By: [Signature]

RECEIVED



June 15, 2010

WCS Oil & Gas Corp
PO Box 9159
Dallas, TX 75209

Re: State Lease MF110093, MF11094 - **Please refer to this lease number with all correspondence**
Prison Farm 1H
2905

The General Land Office has received and filed the division order submitted for the above-referenced state lease. Please be advised that the payment of royalties attributable to state-owned mineral interests is set by statute. As the execution of division orders may, in some cases, affect the manner in which such payments are paid or calculated, it is the policy of this office not to execute them.

Subject to applicable state law and the state's right to take its production in-kind, the General Land Office acquiesces to the sale of oil and gas under the terms and conditions set out in the oil and gas lease. If you should have questions concerning this matter, please feel free to call me at (512) 463-6521.

Sincerely,

Beverly Boyd, Lease Analyst
Mineral Leasing Division

DIVISION ORDER

To: WCS Oil & Gas Corporation
P.O. Box 9159
Dallas, Texas 75209

Date: June 9, 2010
Effective: Date of First Production

Property Number: 2905

Property Name: PRISON FARM NO. 1-H

Operator: WCS OIL & GAS CORPORATION

County and State: BURLESON COUNTY, TEXAS

Property Description: 690 acre unit out of the J.P. Coles Survey, A-12, Burleson County, Texas as described in Declaration of Unit executed by WCS Oil & Gas Corporation, recorded in Volume 786, Page 481, Official Records, Burleson County, Texas

Production: Oil Gas Other: Liquids



**OWNER NUMBER,
NAME AND ADDRESS:**

DECIMAL INTEREST:

15285
The State of Texas
Commissioner of the
General Land Office
Stephen F. Austin Building
1700 North Congress
Austin, TX 78701-1495

1/5 of 1/2 of 373.25/690.00,
plus 1/5 of 1/4 of
316.75/690.00,
or .07704710 RI

The undersigned certifies the ownership of their decimal interest in production or proceeds as described above payable by WCS OIL & GAS CORPORATION.

WCS OIL & GAS CORPORATION shall be notified, in writing, of any change in ownership, decimal interest, or payment address. All such changes shall be effective the first day of the month following receipt of such notice.

WCS OIL & GAS CORPORATION is authorized to withhold payment pending resolution of a title dispute or adverse claim asserted regarding the interest in production claimed herein by the undersigned. The undersigned agrees to indemnify and reimburse WCS OIL & GAS CORPORATION any amount attributable to an interest to which the undersigned is not entitled.

WCS OIL & GAS CORPORATION may accrue proceeds until the total amounts equal \$100.00, or pay once a year, whichever occurs first, or as required by applicable state statute.

This Division Order does not amend any lease or operating agreement between the undersigned and the lessee or operator or any other contracts for the purchase of oil or gas.

In addition to the terms and conditions of this Division Order, the undersigned and WCS OIL & GAS CORPORATION may have certain statutory rights under the laws of the state in which the property is located.

Owner(s) Signature(s): _____

Owner(s) Tax I.D. Number: _____

Owner(s) Phone Number: _____

Corrected Address: _____

Date: _____

Federal Law requires you to furnish your Social Security or Taxpayer Identification Number. Failure to comply will result in 31% tax withholding and will not be refundable by WCS Oil & Gas Corporation.

**THIS COPY FOR
YOUR RECORDS**

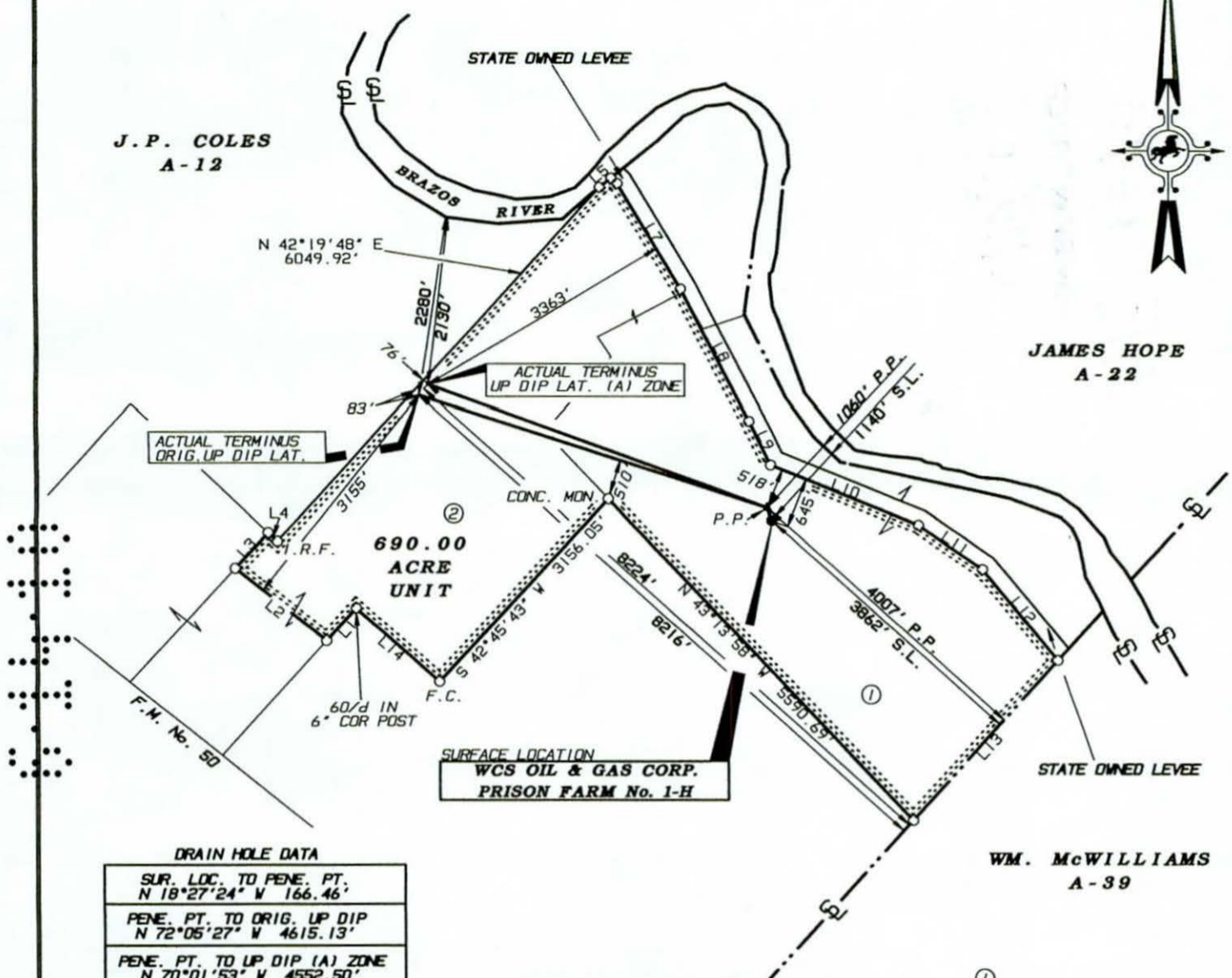
BURLESON COUNTY, TEXAS



J. P. COLES
A-12

JAMES HOPE
A-22

WM. McWILLIAMS
A-39



DRAIN HOLE DATA

SUR. LOC. TO PENE. PT. N 18°27'24" W 166.46'
PENE. PT. TO ORIG. UP DIP N 72°05'27" W 4615.13'
PENE. PT. TO UP DIP (A) ZONE N 70°01'53" W 4552.50'

LINE	BEARING	DISTANCE
L 1	S 42°14'53"W	555.28'
L 2	N 51°13'18"W	1466.30'
L 3	N 42°38'54"E	615.46'
L 4	S 46°30'02"E	158.65'
L 5	N 51°05'04"E	191.06'
L 6	S 46°32'13"E	104.41'
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373.25 ACRES IN UNIT
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316.75 ACRES IN UNIT
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NOTE: WELL IS LOCATED S 50°52'W. 4.06 MILES FROM WELLBORN, TEXAS.
GROUND ELEVATION: 215 FEET
WELL: PRISON FARM No. 1-H
OPERATOR: WCS OIL & GAS CORPORATION



Bor

BOBBY J. MAY
REGISTERED PROFESSIONAL LAND SURVEYOR
No. 4217

SURFACE LOCATION
LONGITUDE 96°21'19.81" LATITUDE 30°29'57.28"

ACTUAL TERMINUS ORIG. UP DIP LATERAL LONGITUDE 96°22'09.93" LATITUDE 30°30'14.45"
ACTUAL TERMINUS UP DIP LATERAL (A) ZONE LONGITUDE 96°22'08.59" LATITUDE 30°30'15.75"

TITLE INFORMATION PROVIDED BY WCS OIL & GAS CORPORATION
BEARINGS BASED ON GRID NORTH OBTAINED BY GPS OBSERVATION.
NAD 1983 - TEXAS CENTRAL ZONE - T.S.P.C.S.



**PRISON FARM No. 1-H
AS-DRILLED
690.00 ACRE UNIT**

MUSTANG ENGINEERING, INC.
317 E. HEMPSTEAD
GIDDINGS, TEXAS
PHONE: 979 542-1146
FAX: 979 542-3353

DATE: MARCH 24, 2010	SCALE: 1" = 2000'
FIELD BOOK: 141 PAGE 14	DRAWN BY: B.J.M.
DWG: PRISON FARM No 1-H ASDRILLED DATA: CANHAN	REV:





April 8, 2010

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

Re: State Leases M-110093 and M-110094
Burleson County, Texas
Prison Farm Unit No. 1-H

Gentlemen:

Enclosed please find:

1. Copy of RRC Drilling Permit.
2. Copy of As-Drilled Prison Farm No. 1-H 690 Acre Unit.

We are waiting for DCP Midstream's pipeline connection to be able to complete the well and begin to flow it back. This should occur in the next couple of weeks at which time we will furnish to you the RRC Completion Report. Please advise what other documents you would like to have for your files.

Very truly yours,

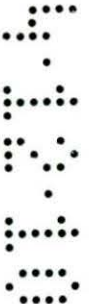
WCS OIL & GAS CORPORATION

By


Bruce J. Stensrud,
Executive Vice President

BJS/lm
Enclosures

Correspondence: P.O. Box 9159
4807 Lovers Lane • Third Floor • Dallas, Texas 75209
Dallas, Texas Office: (214) 357-9116
Fax: (214) 357-9142



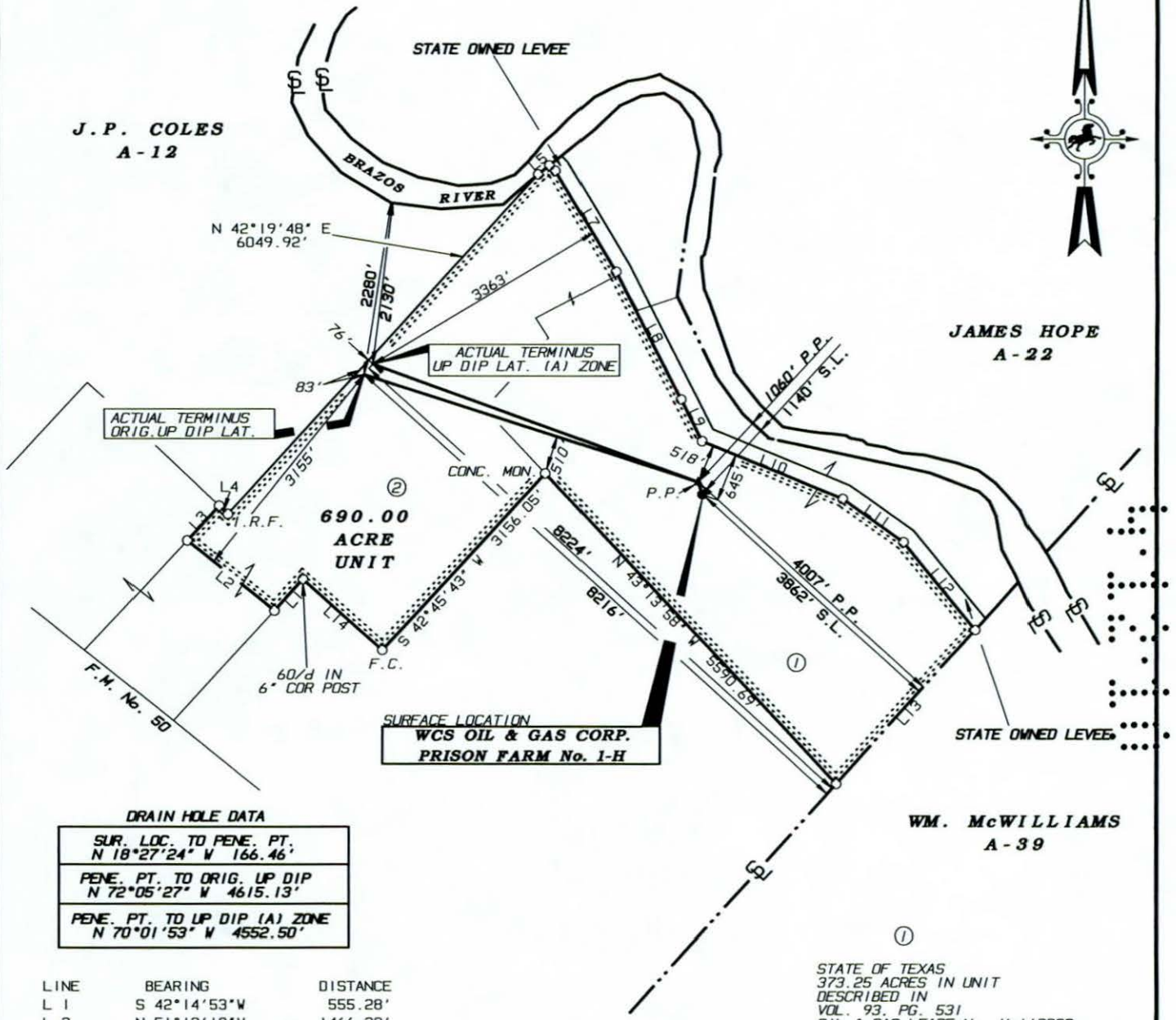
BURLESON COUNTY, TEXAS



J. P. COLES
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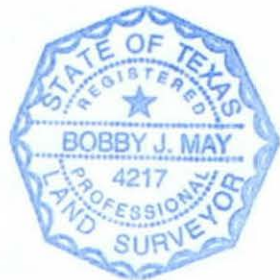
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WELL: PRISON FARM No. 1-H
OPERATOR: WCS OIL & GAS CORPORATION

SURFACE LOCATION

LONGITUDE	LATITUDE
96°21'19.81"	30°29'57.28"

ACTUAL TERMINUS ORIG. UP DIP LATERAL	ACTUAL TERMINUS UP DIP LATERAL (A) ZONE
LONGITUDE	LONGITUDE
96°22'09.93"	96°22'08.59"
LATITUDE	LATITUDE
30°30'14.45"	30°30'15.75"



Bor

TITLE INFORMATION PROVIDED BY WCS OIL & GAS CORPORATION
BEARINGS BASED ON GRID NORTH OBTAINED BY GPS OBSERVATION.
NAD 1983 - TEXAS CENTRAL ZONE - T.S.P.C.S.

BOBBY J. MAY
REGISTERED PROFESSIONAL LAND SURVEYOR
No. 4217



**PRISON FARM No. 1-H
AS-DRILLED
690.00 ACRE UNIT**

MUSTANG ENGINEERING, INC.
317 E. HEMPSTEAD
GIDDINGS, TEXAS
PHONE: 979 542-1146
FAX: 979 542-3353

DATE: MARCH 24, 2010
FIELD BOOK: 141 PAGE 14
DWG: PRISON FARM No 1-H ASDRILLED
DATA: CANCHAN

SCALE: 1" = 2000'
DRAWN BY: B.J.M.
REV:



RAILROAD COMMISSION OF TEXAS OIL & GAS DIVISION

PERMIT TO DRILL, DEEPEN, PLUG BACK, OR RE-ENTER
ON REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

PERMIT NUMBER 685945	DATE PERMIT ISSUED OR AMENDED 11/04/2009	DISTRICT 03
API NUMBER 42 051 33656	FORM W-1 RECEIVED 10/08/2009	COUNTY BURLESON
TYPE OF OPERATION DRILL (HORIZONTAL)		ACRES 690.00
OPERATOR 902624 WCS OIL & GAS CORPORATION PO BOX 9159 DALLAS TX 75209		NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No.: 713 869-5001
LEASE NAME PRISON FARM		WELL NUMBER 1H
LOCATION 4.06 MILES SW FROM WELLBORN		TOTAL DEPTH 11,000
SECTION, BLOCK and/or SURVEY SECTION => BLOCK => ABSTRACT => 12 SURVEY ==> COLE, J P		
DISTANCE--LEASE LINES 645.00 F NORTHEAST - 3,862.00 F SOUTHEAST		DISTANCE--NEAREST WELL ON LEASE 0.0
DISTANCE--SURVEY LINES 1,140.00 F NORTHEAST - 3,862.00 F SOUTHEAST		

READ IMPORTANT CONDITIONS AND INSTRUCTIONS ON THE BACK OF THIS FORM.

FIELD(S) AND LIMITATIONS

** THIS PERMIT IS GRANTED PURSUANT TO STATEWIDE RULE 37(H) (2) (A). **
** CASE NO. 0263236 **

BOTTOM HOLE LOCATION FOR GIDDINGS (AUSTIN CHALK-3)

SECTION =====> BLOCK => ABSTRACT => 12
SURVEY NAME =====> COLE, J P
LEASE DISTANCE ==> 50.00 F NORTHWEST - 3,474.00 F NORTHEAST
SURVEY DISTANCE => 2,210.00 F NORTHEAST - 8,250.00 F SOUTHEAST
PENETRATION POINT> 645.00 F NORTHEAST - 3,862.00 F SOUTHEAST
NEAREST WELL =====> 0.0

BOTTOM HOLE LOCATION FOR GIDDINGS (AUSTIN CHALK, GAS)

SECTION =====> BLOCK => ABSTRACT => 12
SURVEY NAME =====> COLE, J P
LEASE DISTANCE ==> 50.00 F NORTHWEST - 3,474.00 F NORTHEAST
SURVEY DISTANCE => 2,210.00 F NORTHEAST - 8,250.00 F SOUTHEAST
PENETRATION POINT> 645.00 F NORTHEAST - 3,862.00 F SOUTHEAST
NEAREST WELL =====> 0.0

*GIDDINGS (AUSTIN CHALK-3)

*GIDDINGS (AUSTIN CHALK, GAS)

"*" PRECEDING FIELD NAME INDICATES RULE 37

*** PLEASE REFER TO ATTACHMENT ***

ATTACHMENT
FOR DRILLING PERMIT NUMBER
685945

THIS WELL SHALL BE COMPLETED AND PRODUCED IN COMPLIANCE WITH APPLICABLE SPECIAL FIELD OR STATEWIDE SPACING AND DENSITY RULES. IF THIS WELL IS TO BE USED FOR BRINE MINING, UNDERGROUND STORAGE OF LIQUID HYDROCARBONS IN SALT FORMATIONS, OR UNDERGROUND STORAGE OF GAS IN SALT FORMATIONS, A PERMIT FOR THAT SPECIFIC PURPOSE MUST BE OBTAINED FROM ENVIRONMENTAL SERVICES PRIOR TO CONSTRUCTION, INCLUDING DRILLING, OF A WELL IN ACCORDANCE WITH STATEWIDE RULES 81, 95, AND 97.

THE FOLLOWING RESTRICTIONS APPLY TO THE FIELDS SPECIFIED

PERMITTED FOR OIL ONLY.

GIDDINGS (AUSTIN CHALK-3)

LATERAL # TH5

GIDDINGS (AUSTIN CHALK-3)

PENETRATION POINT LOCATION

GIDDINGS (AUSTIN CHALK-3)

LEASE LINES: 000645.00 FNORTHEAST L

GIDDINGS (AUSTIN CHALK-3)

003862.00 FSOUTHEAST L

GIDDINGS (AUSTIN CHALK-3)

TERMINUS LOCATION

GIDDINGS (AUSTIN CHALK-3)

BH COUNTY: 051

GIDDINGS (AUSTIN CHALK-3)

SECTION:

BLOCK:

ABSTRACT: 12

GIDDINGS (AUSTIN CHALK-3)

SURVEY NAME: COLE, J P

GIDDINGS (AUSTIN CHALK-3)

LEASE LINES: 000050.00 FNORTHWEST L

GIDDINGS (AUSTIN CHALK-3)

*** PLEASE REFER TO ATTACHMENT ***



ATTACHMENT
FOR DRILLING PERMIT NUMBER
685945

003474.00 FNORTHEAST L
GIDDINGS (AUSTIN CHALK-3)

SURVEY LINES: 002210.00 FNORTHEAST L
GIDDINGS (AUSTIN CHALK-3)

008250.00 FSOUTHEAST L
GIDDINGS (AUSTIN CHALK-3)

LATERAL # TH6
GIDDINGS (AUSTIN CHALK-3)

PENETRATION POINT LOCATION
GIDDINGS (AUSTIN CHALK-3)

LEASE LINES: 000645.00 FNORTHEAST L
GIDDINGS (AUSTIN CHALK-3)

003862.00 FSOUTHEAST L
GIDDINGS (AUSTIN CHALK-3)

TERMINUS LOCATION
GIDDINGS (AUSTIN CHALK-3)

BH COUNTY: 051
GIDDINGS (AUSTIN CHALK-3)

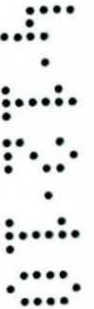
SECTION: BLOCK: ABSTRACT: 12
GIDDINGS (AUSTIN CHALK-3)

SURVEY NAME: COLE, J P
GIDDINGS (AUSTIN CHALK-3)

LEASE LINES: 000050.00 FNORTHWEST L
GIDDINGS (AUSTIN CHALK-3)

003474.00 FNORTHEAST L
GIDDINGS (AUSTIN CHALK-3)

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ATTACHMENT
FOR DRILLING PERMIT NUMBER
685945

SURVEY LINES: 002210.00 FNORTHEAST L
GIDDINGS (AUSTIN CHALK-3)

008250.00 FSOUTHEAST L
GIDDINGS (AUSTIN CHALK-3)

LATERAL # TH2
GIDDINGS (AUSTIN CHALK-3)

PENETRATION POINT LOCATION
GIDDINGS (AUSTIN CHALK-3)

LEASE LINES: 000645.00 FNORTHEAST L
GIDDINGS (AUSTIN CHALK-3)

003862.00 FSOUTHEAST L
GIDDINGS (AUSTIN CHALK-3)

TERMINUS LOCATION
GIDDINGS (AUSTIN CHALK-3)

BH COUNTY: 051
GIDDINGS (AUSTIN CHALK-3)

SECTION: BLOCK: ABSTRACT: 12
GIDDINGS (AUSTIN CHALK-3)

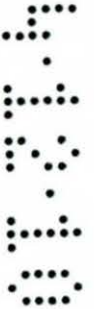
SURVEY NAME: COLE, J P
GIDDINGS (AUSTIN CHALK-3)

LEASE LINES: 000050.00 FNORTHWEST L
GIDDINGS (AUSTIN CHALK-3)

003474.00 FNORTHEAST L
GIDDINGS (AUSTIN CHALK-3)

SURVEY LINES: 002210.00 FNORTHEAST L
GIDDINGS (AUSTIN CHALK-3)

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ATTACHMENT
FOR DRILLING PERMIT NUMBER
685945

008250.00 FSOUTHEAST L
GIDDINGS (AUSTIN CHALK-3)

LATERAL # TH4
GIDDINGS (AUSTIN CHALK-3)

PENETRATION POINT LOCATION
GIDDINGS (AUSTIN CHALK-3)

LEASE LINES: 000645.00 FNORTHEAST L
GIDDINGS (AUSTIN CHALK-3)

003862.00 FSOUTHEAST L
GIDDINGS (AUSTIN CHALK-3)

TERMINUS LOCATION
GIDDINGS (AUSTIN CHALK-3)

BH COUNTY: 051
GIDDINGS (AUSTIN CHALK-3)

SECTION: BLOCK: ABSTRACT: 12
GIDDINGS (AUSTIN CHALK-3)

SURVEY NAME: COLE, J P
GIDDINGS (AUSTIN CHALK-3)

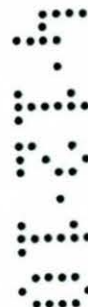
LEASE LINES: 000050.00 FNORTHWEST L
GIDDINGS (AUSTIN CHALK-3)

003474.00 FNORTHEAST L
GIDDINGS (AUSTIN CHALK-3)

SURVEY LINES: 002210.00 FNORTHEAST L
GIDDINGS (AUSTIN CHALK-3)

008250.00 FSOUTHEAST L
GIDDINGS (AUSTIN CHALK-3)

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ATTACHMENT
FOR DRILLING PERMIT NUMBER
685945

LATERAL # TH3
GIDDINGS (AUSTIN CHALK-3)

PENETRATION POINT LOCATION
GIDDINGS (AUSTIN CHALK-3)

LEASE LINES: 000645.00 FNORTHEAST L
GIDDINGS (AUSTIN CHALK-3)

003862.00 FSOUTHEAST L
GIDDINGS (AUSTIN CHALK-3)

TERMINUS LOCATION
GIDDINGS (AUSTIN CHALK-3)

BH COUNTY: 051
GIDDINGS (AUSTIN CHALK-3)

SECTION: BLOCK: ABSTRACT: 12
GIDDINGS (AUSTIN CHALK-3)

SURVEY NAME: COLE, J P
GIDDINGS (AUSTIN CHALK-3)

LEASE LINES: 000050.00 FNORTHWEST L
GIDDINGS (AUSTIN CHALK-3)

003474.00 FNORTHEAST L
GIDDINGS (AUSTIN CHALK-3)

SURVEY LINES: 002210.00 FNORTHEAST L
GIDDINGS (AUSTIN CHALK-3)

008250.00 FSOUTHEAST L
GIDDINGS (AUSTIN CHALK-3)

LATERAL # TH1
GIDDINGS (AUSTIN CHALK-3)

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ATTACHMENT
FOR DRILLING PERMIT NUMBER
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PENETRATION POINT LOCATION
GIDDINGS (AUSTIN CHALK-3)

LEASE LINES: 000645.00 FNORTHEAST L
GIDDINGS (AUSTIN CHALK-3)

003862.00 FSOUTHEAST L
GIDDINGS (AUSTIN CHALK-3)

TERMINUS LOCATION
GIDDINGS (AUSTIN CHALK-3)

BH COUNTY: 051
GIDDINGS (AUSTIN CHALK-3)

SECTION: BLOCK: ABSTRACT: 12
GIDDINGS (AUSTIN CHALK-3)

SURVEY NAME: COLE, J P
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LEASE LINES: 000050.00 FNORTHWEST L
GIDDINGS (AUSTIN CHALK-3)

003474.00 FNORTHEAST L
GIDDINGS (AUSTIN CHALK-3)

SURVEY LINES: 002210.00 FNORTHEAST L
GIDDINGS (AUSTIN CHALK-3)

008250.00 FSOUTHEAST L
GIDDINGS (AUSTIN CHALK-3)

LATERAL # TH6
GIDDINGS (AUSTIN CHALK, GAS)

PENETRATION POINT LOCATION
GIDDINGS (AUSTIN CHALK, GAS)

*** PLEASE REFER TO ATTACHMENT ***



ATTACHMENT
FOR DRILLING PERMIT NUMBER
685945

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GIDDINGS (AUSTIN CHALK, GAS)

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GIDDINGS (AUSTIN CHALK, GAS)

TERMINUS LOCATION
GIDDINGS (AUSTIN CHALK, GAS)

BH COUNTY: 051
GIDDINGS (AUSTIN CHALK, GAS)

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GIDDINGS (AUSTIN CHALK, GAS)

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GIDDINGS (AUSTIN CHALK, GAS)

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GIDDINGS (AUSTIN CHALK, GAS)

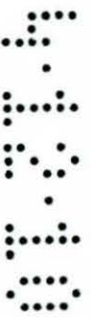
008250.00 FSOUTHEAST L
GIDDINGS (AUSTIN CHALK, GAS)

LATERAL # TH3
GIDDINGS (AUSTIN CHALK, GAS)

PENETRATION POINT LOCATION
GIDDINGS (AUSTIN CHALK, GAS)

LEASE LINES: 000645.00 FNORTHEAST L
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TERMINUS LOCATION
GIDDINGS (AUSTIN CHALK, GAS)

BH COUNTY: 051
GIDDINGS (AUSTIN CHALK, GAS)

SECTION: BLOCK: ABSTRACT: 12
GIDDINGS (AUSTIN CHALK, GAS)

SURVEY NAME: COLE, J P
GIDDINGS (AUSTIN CHALK, GAS)

LEASE LINES: 000050.00 FNORTHWEST L
GIDDINGS (AUSTIN CHALK, GAS)

003474.00 FNORTHEAST L
GIDDINGS (AUSTIN CHALK, GAS)

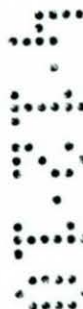
SURVEY LINES: 002210.00 FNORTHEAST L
GIDDINGS (AUSTIN CHALK, GAS)

008250.00 FSOUTHEAST L
GIDDINGS (AUSTIN CHALK, GAS)

LATERAL # TH1
GIDDINGS (AUSTIN CHALK, GAS)

PENETRATION POINT LOCATION
GIDDINGS (AUSTIN CHALK, GAS)

LEASE LINES: 000645.00 FNORTHEAST L
GIDDINGS (AUSTIN CHALK, GAS)



01917

(11)

File No. MF110093
Appl. to Drill well 1H

Date Filed: 4-12-10

Jerry E. Patterson, Commissioner

By *JM*

61410

WE



June 10, 2010

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

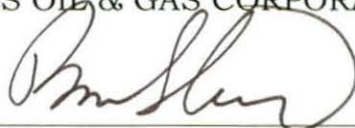
Re: State Leases M-110093 and M-110094
Burleson County, Texas
Prison Farm Unit No. 1-H

Gentlemen:

Enclosed please find copies of the Completion Report for this well filed with the Railroad Commission.

Very truly yours,

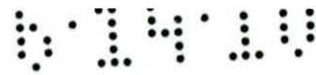
WCS OIL & GAS CORPORATION

By 

Bruce J. Stensrud,
Executive Vice President

BJS/lm
Enclosures

Correspondence: P.O. Box 9159
4807 Lovers Lane • Third Floor • Dallas, Texas 75209
Dallas, Texas Office: (214) 357-9116
Fax: (214) 357-9142



AUSTIN
3345 Bee Cave Road
Suite 201
Austin, Texas 78746 USA
Tel 512.732.9812
Fax 512.732.9816

LONQUIST & CO. LLC



www.lonquist.com

HOUSTON
1001 McKinney
Suite 420
Houston, Texas 77002 USA
Tel 713.559.9950
Fax 713.559.9959

May 26, 2010

Mr. Fred Wright
Railroad Commission of Texas
District 3 Office
1706 Seamist Drive Suite 501
Houston, Texas 77008-3135

Re: Completion papers for Prison Farm No. 1H
Giddings (Austin Chalk, Gas) Field
Burlleson County

Dear Mr. Wright:

Enclosed are the originals and one copy of completion papers for the above referenced well which is operated by WCS Oil & Gas Corporation. This is a new horizontal well in the Giddings (Austin Chalk, Gas) Field in Burlleson County. I have previously filed a P-4 for this well along with a P-8 request when I believed it would classify as an oil completion. Pursuant to the low fraction of heptanes plus in a recombined wellstream test, I now believe this completion will classify as a gas completion and have enclosed a revised P-4 for the Giddings (Austin Chalk, Gas) Field.

Should you require additional information, please contact me at (512) 600-1760.

Sincerely,

James M. Clark, P.E.
For WCS Oil & Gas Corporation

Enclosures

API No. 42-051-33656

Gas Well Back Pressure Test, Completion or Recompletion Report, and Log		7. RRC District No. 03
		8. RRC Gas ID No.
1. FIELD NAME (as per RCC Records or Wildcat) Giddings (Austin Chalk, Gas)	2. LEASE NAME Prison Farm	9. Well No. 1H
3. OPERATOR'S NAME (Exactly as shown on Form P-5, Organization Report) WCS Oil & Gas Corporation		10. County of well site Burleson
4. ADDRESS P.O. Box 9159 Dallas, TX 75209		11. Purpose of filing Initial Potential <input checked="" type="checkbox"/> Retest <input type="checkbox"/> Reclass <input type="checkbox"/> Well record only (Explain in remarks) <input type="checkbox"/>
5. Location (Section, Block, and Survey) J. P. Coles Survey A-12	5b. Distance and direction to nearest town in this county 4.06 miles SE of Wellborn	
6. If operator has changed within last 60 days, name former operator	12. If workover or reclass, give former field (with reservoir) & Gas ID or oil lease no. FIELD & RESERVOIR	Oil-O Gas-G Well #
13. Pipe Line Connection DCP Midstream, LP		
14. Completion or recompletion date 4-30-2010	15. Any condensate on hand at time of workover or recompletion? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	16. Type of Electric or other Log Run. None

Section I GAS MEASUREMENT DATA

Date of Test 5-17-2010		Gas Measurement Method (Check One) Orifice Meter <input checked="" type="checkbox"/> Flange Taps <input checked="" type="checkbox"/> Pipe Taps <input type="checkbox"/> Positive Choke <input type="checkbox"/> Orifice Vent Meter <input type="checkbox"/> Pitot Tube <input type="checkbox"/> Critical-flow Prover <input type="checkbox"/>						Gas production during test 4360 MCF		
Run Size	Line Size	Orif. or Choke Size	24 hr Coeff. Orif. or Choke	Static P _m or Choke Press	Diff. h _w	Flow Temp. °F	Temp. Factor F _T	Gravity Factor F _g	Compress Factor F _{pv}	Volume MCF/DAY
1	4"	1.625"				142				1491
2										
3										
4										

Section II FIELD DATA AND PRESSURE CALCULATIONS

Gravity (Dry Gas) 1.008	Gravity Liquid Hydrocarbon 45.5 Deg. API	Gas-Liquid Hydro Ratio 13432 CF/Bbl	Gravity of Mixture G _{mix} = 1.164	Avg. Shut-in Temp. 167.5 °F	Bottom Hole Temp. 261 °F @ 9800 (Depth)				
D _{eff} ^{8/3} = $\sqrt{T_f}$ = _____ = _____		√GL = _____ = _____							
C = $\frac{1118 \times (D_{eff})^{8/3}}{\sqrt{T}}$ = _____ = _____		$\frac{\sqrt{GL}}{C}$ = _____ = _____							
Run No.	Time of Run Min.	Choke Size	Wellhead Press. P _w PSIA	Wellhead Flow Temp. °F	P _w ² (Thousands)	R	R ² (Thousands)	P _i	P _w /P _i
Shut-In	1440		1265	74					
1	4320	48/64	340	182					
2									
3									
4									
Run No.	F	K	S = $\frac{1}{z}$	E ^{ks}	P _f and P _s	P _f ² and P _s ² (Thousands)	P _f ² - P _s ² (Thousands)	Angle of Slope	
Shut-In								θ	
1								n	
2								Absolute Open Flow	
3							 MCF/DAY	
4									

WELL TESTER'S CERTIFICATION: I declare under penalties prescribed in Sec.91.143, Texas Natural Resources Code, that I conducted or supervised this test and that data and facts shown in Sections I and II above are true, correct, and complete, to the best of my knowledge. Bottomhole temperature and the diameter and length of flow string were furnished by the operator of the well.

Signature: Well Tester _____ Name of Company _____ RRC Representative _____

OPERATOR'S CERTIFICATION: I declare under penalties prescribed in Sec.91.143, Texas Natural Resources Code, that I am authorized to make this report, that I prepared or supervised and directed this report, and that data and facts stated therein are true, correct, and complete, to the best of my knowledge.

Signature: Operator's representative *James M Clark* Agent Date 5-26-10 Tel: 512-600-1760
Signature: _____ Title _____ Date _____ A/C _____ Number _____



SECTION III DATA ON WELL COMPLETION AND LOG (Not Required on Retest)

17. Type of Completion: New Well Deepening Plug Back Other

18. Permit to Drill Plug Back or Deepen DATE 11-4-09 PERMIT NO. 685945
 Rule 37 Exception DATE 11-4-09 CASE NO. 0263236
 Water Injection Permit PERMIT NO.
 Salt Water Disposal Permit PERMIT NO.
 Other PERMIT NO.

19. Notice of Intention to Drill this well was filed in Name of
WCS Oil & Gas Corporation

20. Number of producing wells on this lease in this field (reservoir) including this well: **One**
 21. Total number of acres in this lease: **690.0**

22. Date Plug Back, Deepening Workover or Drilling Operations: Commenced **1-8-10** Completed **3-22-10**
 23. Distance to nearest well, Same Lease & Reservoir: **n/a**

24. Location of well, relative to the nearest lease boundaries of lease on which this well is located: **645 SE** Feet From **NE** Line and **3862** Feet From **Prison Farm** Lease

25. Elevation (DF, RKB, RT, GR, ETC.): **215' GL**
 26. Was directional survey made other than inclination (Form W-12)? Yes No

27. Top of Pay **9803'** 28. Total Depth **14550'** 29. P.B. Depth **14550'**
 30. Surface Casing Determined by: Field Rules Recommendation of T.D.W.R. Railroad Commission (Special)
 Dt. of Letter **10-13-09**

31. Is well multiple completion? Yes No
 32. If multiple completion, list all reservoir names (completions in this well) and Oil Lease or Gas ID No.

FIELD & RESERVOIR	GAS ID or OIL LEASE #	Oil-O Gas-G	Well #
n/a			

 33. Intervals Drilled by: Rotary Tools Cable Tools
 34. Name of Drilling Contractor: **Nabors**
 35. Is Cementing Affidavit Attached? Yes No

36. CASING RECORD (Report All Strings Set in Well)

CASING SIZE	WT#/FT.	DEPTH SET	MULTISTAGE TOOL DEPTH	TYPE & AMOUNT CEMENT (sacks)	HOLE SIZE	TOP OF CEMENT	SLURRY VOL. cu. ft.
9-5/8"	36.0	2311'		885 Sks	12-1/4"	Surface	1818
7"	26.0	9803'		210 Sks	8-3/4"	8959'	303

37. LINER RECORD

Size	TOP	Bottom	Sacks Cement	Screen
2-7/8"	9759' MD	14473' MD	Uncemented	
	9757' TVD	9945' TVD		

38. TUBING RECORD

Size	Depth Set	Packer Set	39. Producing Interval (this completion) Indicate depth of perforation or open hole	
2-3/8"	9713' MD	9715' MD	From 1. 9803' MD	To 14550' MD
	9711' TVD	9713' TVD	From 9801' TVD	To 9911' TVD
			From 2. 9803' MD	To 14490' MD
			From 9801' TVD	To 9945' TVD

40. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

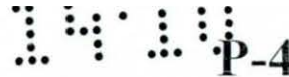
Depth Interval	Amount and Kind of Material Used
Drilled new horizontal stacked laterals below 7" casing shoe.	

41. FORMATION RECORD (LIST DEPTHS OF PRINCIPAL GEOLOGICAL MARKERS AND FORMATION TOPS)

Formations	Depth	Formations	Depth
Navarro	7740'		
Pecan Gap	9240'		
Austin Chalk	9790'		

REMARKS _____

**CERTIFICATE OF COMPLIANCE
 AND TRANSPORTATION AUTHORITY**



5/02—WWW-1

READ INSTRUCTIONS ON BACK

1. Field name exactly as shown on proration schedule Giddings (Austin Chalk, Gas)		2. Lease name as shown on proration schedule Prison Farm				
3. Current operator name exactly as shown on P-5 Organization Report WCS Oil & Gas Corporation		4. Operator P-5 no. 902624	5. Oil Lse/Gas ID no.	6. County Burleson	7. RRC district 03	
8. Operator address including city, state, and zip code P.O. Box 9159 Dallas, TX 75209		9. Well no(s) (see instruction E)				
		10. Classification <input type="checkbox"/> Oil <input checked="" type="checkbox"/> Gas <input type="checkbox"/> Other (see instruction A)			11. Effective Date 4-1-2010	

12. Purpose of Filing. (Complete section a or b below.) (See instructions B and G)

a. Change of: operator oil or condensate gatherer gas gatherer gas purchaser gas purchaser system code
 field name from: _____
 lease name from: _____

OR

b. New RRC Number for: oil lease gas well other well (specify) _____

Due to: new completion or recompletion reclass oil to gas reclass gas to oil
 consolidation, unitization, or subdivision (oil lease only)

13. Authorized GAS WELL GAS or CASINGHEAD GAS Gatherer(s) and/or Purchaser(s). (See instruction G).

Gatherer	Purchaser	Name of GAS WELL GAS or CASINGHEAD GAS Gatherer(s) or Purchaser(s) As Indicated in Columns to the Left (Attach an additional sheet in same format if more space is needed)	Purchaser's RRC Assigned System Code	Percent of Take	Full-well stream
x	x	DCP Midstream, LP	0001	100	

14. Authorized OIL or CONDENSATE Gatherer(s). (See instruction G).

Name of OIL or CONDENSATE Gatherer(s) - List Highest Volume Gatherer First (Attach an additional sheet in same format if more space is needed)	Percent of Take	RRC USE ONLY	
TEPPCO Crude Oil, LLC	100	Reviewer's initials: _____	Approval date: _____

15. PREVIOUS OPERATOR CERTIFICATION FOR CHANGE OF OPERATOR P-4 FILING. Being the PREVIOUS OPERATOR, I certify that operating responsibility for the well(s) designated in this filing, located on the subject lease has been transferred in its entirety to the above named Current Operator. I understand, as Previous Operator, that designation of the above named operator as Current Operator is not effective until this certificate is approved by the Commission.

Name of Previous Operator	Signature
Name (print)	<input type="checkbox"/> Authorized Employee of previous operator <input type="checkbox"/> Authorized agent of previous operator (see instruction G)
Title	Date _____ Phone with area code _____

16. CURRENT OPERATOR CERTIFICATION. By signing this certificate as the Current Operator, I certify that all statements on this form are true and correct and I acknowledge responsibility for the regulatory compliance of the subject lease including plugging of well(s) pursuant to Rule 14. I further acknowledge that I assume responsibility for the physical operation, control, and proper plugging of each well designated in this filing. I also acknowledge that I will remain designated as the Current Operator until a new certificate designating a new Current Operator is approved by the Commission.

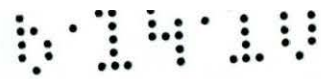
Name (print) James M. Clark	Signature
Title Agent for WCS Oil & Gas Corp.	<input type="checkbox"/> Authorized Employee of current operator <input checked="" type="checkbox"/> Authorized agent of current operator (see instruction G)
E-mail Address (optional)	Date 5-26-10 Phone with area code (512) 600-1760

READ INSTRUCTIONS ON BACK

1. OPERATOR NAME (Exactly as shown on Form P5 Organization Report) WCS Oil & Gas Corporation		3. RRC DISTRICT NO. 03	4. OIL LEASE NO OR GAS WELL ID NO.
2. MAILING ADDRESS P.O. Box 9159 Dallas, TX 75209		5. WELL NO. 1H	6. API NO. 42- 051-33656
8. FIELD NAME (as per RRC Records) Giddings (Austin Chalk, Gas)		9. LEASE NAME Prison Farm	
10. LOCATION (Section, Block and Survey) J. P. Cole Survey A-12		11. PIPELINE CONNECTION OR USE OF GAS DCP Midstream, LP	
7. COUNTY OF WELL SITE Burleson			

PRODUCTION TEST AT RATE ELECTED BY OPERATOR (data on 24-hour basis)		A.S.T.M. DISTILLATION OF LIQUID SAMPLE. Distillation test is required for gas wells ONLY if the producing gas-liquid hydrocarbon ratio is less than 100,000 CF/barrel.																			
A. Date of Test <u>5-17-10</u>		Date Liquid Sample Obtained <u>5-17-10</u>																			
B. Gas Volume <u>1491</u> (Mcf)		Where Obtained: <input checked="" type="checkbox"/> Separator <input type="checkbox"/> Stock Tank																			
C. Oil or Condensate Volume <u>111</u> (Bbl)		% Over Temp. (deg. F)																			
D. Water Volume <u>1663</u> (Bbl)		% Over Temp. (deg. F)																			
E. Gas/Liquid Hydrocarbon Ratio <u>13432</u> (Cf/Bbl)		Initial Boiling Temp.																			
F. Flowing Tubing Pressure <u>340</u> (psia)		<table border="0"> <tr> <td>116</td> <td>60</td> <td>478</td> </tr> <tr> <td>10 226</td> <td>70</td> <td>548</td> </tr> <tr> <td>20 268</td> <td>80</td> <td>638</td> </tr> <tr> <td>30 310</td> <td>90</td> <td>722</td> </tr> <tr> <td>40 356</td> <td>95</td> <td>734</td> </tr> <tr> <td>50 416</td> <td>End Point</td> <td>736</td> </tr> </table>		116	60	478	10 226	70	548	20 268	80	638	30 310	90	722	40 356	95	734	50 416	End Point	736
116	60	478																			
10 226	70	548																			
20 268	80	638																			
30 310	90	722																			
40 356	95	734																			
50 416	End Point	736																			
G. Choke Size <u>48/64</u> (in.)		Total Recovery <u>98.0</u> percent																			
H. Casing Pressure <u>14.7</u> (psia)		Residue <u>1.0</u> percent																			
I. Shut-in Wellhead Pressure-- Tubing <u>1265</u> (psia)		Loss <u>1.0</u> percent																			
J. Separator Operating Pressure <u>145.0</u> (psia)																					
K. Color of Stock Tank Liquid <u>Dark Straw</u>																					
L. Gravity of Separator Liquid <u> </u> °API																					
M. Gravity of Stock Tank Liquid <u>45.5</u> °API																					
N. Specific Gravity of the Gas (Air = 1) <u>1.008</u>																					

I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated therein are true, correct, and complete to the best of my knowledge.	James M. Clark NAME (Type or Print)	RRC USE ONLY
	 SIGNATURE	
	Agent for WCS Oil & Gas Corp. TITLE	
	James M. Clark (512) 600-1760 CONTACT PERSON PHONE NUMBER	
5-26-10 DATE		



May 21, 2010

WCS Oil & Gas Corporation
P. O. Box 1109
Giddings, Texas 78942-109

Re: Well: Prison Farms No. 1-H
Field: Giddings
Location: Burleson County, Texas
Formation: Austin Chalk
Perforations: 9700 - 9945 (OA) ft
Test Type: Mathematically Recombined C₇₊ Wellstream Analysis

Mr. Dean Priem:

FESCO collected gas and hydrocarbon (HC) liquid samples from the first-stage lease separator on May 17, 2010 then sent the samples to its laboratory in Bryan, Texas for C₇₊ compositional analysis. FESCO then determined the corresponding wellstream fluid composition by mathematically recombining the separator gas and separator HC liquid compositions at the producing GOR of 13315 Scf/Sep Bbl (13432 Scf/STB). The attached report contains the separator gas, separator liquid and wellstream fluid compositions through C₇₊. The operator provided the GOR value used to determine the wellstream composition. The resulting molar volume of the C₇₊ wellstream pseudo-component was 6.018 mole percent.

Thank you for this opportunity to serve WCS Oil & Gas Corporation. Please call me if you have any questions or concerns regarding this report.

Sincerely,

FESCO, Ltd.

Jim Lewis
Chemist
Bryan, Texas
Phone: 979-775-1825
Email: Jim.Lewis@FescoInc.com

Eddie Bickham
Vice – President of Engineering
Alice, Texas
Phone: 361-661-7000 Ext. 115
Email: Ed.Bickham@FescoInc.com

FESCO, Ltd.
400 Industrial Blvd. - Bryan, Texas 77803

For: WCS Oil & Gas Corporation
P. O. Box 1109
Giddings, Texas 78942-1109

**COMPOSITIONAL ANALYSIS OF THE SEPARATOR GAS, HC LIQUID,
AND MATHEMATICALLY RECOMBINED WELLSTREAM THROUGH C₇₊**

Well Information For Sample Date of : 05/17/2010

Well Name:	Prison Farms No. 1-H	Formation:	Austin Chalk
Field:	Giddings	Perforations:	9700 - 9945 (OA) ft
County:	Burleson	FWHP:	325 psig

Separator Effluents at: 130 psig & 159°F
Production Data Furnished by: WCS Oil & Gas Corporation

Stock Tank GOR:	13432	SCF / STB	Separator Gas Rate:	1491	MCF/Day
Separator GOR:	13315	SCF / Sep Bbl	Separator HC Liquid Rate:	111.98	Bbls/Day
Stock Tank HC SG:	45.45	°API @ 60 °F	Stock Tank HC Liquid Rate:	111.00	Bbls/Day
Stock Tank HC Color:	Dark Straw		Water Rate:	1663.0	Bbls/Day
			Sep HC Liquid Recovery Factor:	99.1254	%

Component	GAS		HC LIQUID		WELLSTREAM	
	Mole%	GPM	Mole %	Liquid Volume %	Mole %	GPM
Hydrogen Sulfide	----		----	----	----	
Nitrogen	0.153		0.516	0.093	0.171	
Carbon Dioxide	5.254		0.066	0.019	4.999	
Methane	57.017		0.364	0.101	54.237	
Ethane	16.365	4.353	0.547	0.239	15.589	4.146
Propane	9.293	2.543	0.826	0.372	8.878	2.430
Iso-butane	1.676	0.545	0.267	0.143	1.607	0.523
N-butane	4.252	1.332	0.730	0.376	4.079	1.278
2-2 Dimethylpropane	0.000	0.000	0.000	0.000	0.000	0.000
Iso-pentane	1.521	0.554	0.494	0.296	1.471	0.535
N-pentane	1.751	0.631	0.650	0.385	1.697	0.611
Hexanes	1.271	0.528	0.942	0.634	1.255	0.521
Heptanes Plus	1.447	0.695	94.599	97.342	6.018	3.564
TOTALS	100.000	11.181	100.000	100.000	100.000	13.609

HEPTANES PLUS (C₇₊) FRACTION CHARACTERISTICS

	GAS	HC LIQUID	WELLSTREAM
Molecular Weight	107.2 lb/lb-mol	159.3 lb/lb-mol	147.4 lb/lb-mol
Specific Gravity	3.7274 (Air=1)	0.8028 (Water=1)	5.1267 (Air=1)
Vapor Volume	20.812 Scf/Gal	15.996 Scf/Gal	16.885 Scf/Gal

TOTAL SAMPLE CHARACTERISTICS

	GAS	HC LIQUID	WELLSTREAM
Molecular Weight	29.0 lb/lb-mol	153.7 lb/lb-mol	35.1 lb/lb-mol
Specific Gravity	1.0075 (Air=1)	0.7969 (Water=1)	1.2203 (Air=1)
Vapor Volume	89.436 Scf/Gal	16.458 Scf/Gal	42.342 Scf/Gal
Gross Heating Value	Dry BTU/Scf	Sat BTU/Scf	
	1575	1549	

Certified: FESCO, Ltd. - Bryan, Texas

Base Conditions: 14.650 psia and 60 °F



May 19, 2010

FESCO, Ltd.
400 Industrial Blvd. - Bryan, Texas 77803-2030

For: WCS Oil & Gas Corporation
P. O. Box 1109
Giddings, Texas 78942-1109

REPORT OF ASTM D-86 DISTILLATION

Oil/Condensate Sample: Prison Farms No. 1-H
Field: Giddings
Date Sampled: 5/17/2010
API Gravity @ 60 °F: 45.5°
Color: Dark Straw
Observed Initial Boiling Point: 116 °F

Percent	Temperature Based on Percent	
	Recovered	Evaporated*
10	226	219
20	268	266
30	310	303
40	356	352
50	416	411
60	478	470
70	548	540
80	638	631
90	722	716
95	734	734
End Point	736	736
Recovery:	98.0 %	99.0 %
Residue:	1.0 %	1.0 %
Loss:	1.0 %	-- %
Totals:	100.0 %	100.0 %

*The Arithmetical Procedure, As Described In ASTM D-86, Was Used To Correct the Temperature Readings For The 1.0 % Loss.

Certified: FESCO, Ltd. - Bryan, Texas


Jim Lewis (979) 775-1825

OPERATOR NAME AND ADDRESS including city, state and zip
 WCS Oil & Gas Corporation
 P.O. Box 9159
 Dallas, TX 75209

GAS WELL STATUS REPORT
 RAILROAD COMMISSION OF TEXAS
 Oil and Gas Division
 P.O. Box 12967
 Austin, Texas 78711-2967
 Page 1 of 1

Reason for Filing
 Survey
 Initial Test
 Retest
 Correction

Operator P-5 Organization No. 902624
 RRC Dist. No. 03
 Test Period:
 Due Date:
 Effective Date: 4-30-2010

G-10
 REV. 7/95

FIELD NAME * LEASE NAME	RRC IDENT NO.	DATE TESTED MO/DAY/YR	GAS PRODUCED MCF/DAY **	CONDENSATE PRODUCED	WATER PROD BBL/DAY	***SIWH PRESSURE PSIA
	WELL NO.	MARK X FOR SHUT-IN WELL	GAS SPEC. GRAVITY	CONDENSATE GRAVITY (API)	X BOTTOMHOLE PRESSURE PSIA	***FLOWING PRESSURE PSIA
Giddings (Austin Chalk, Gas)		05/17/2010	1491 MCF	111.0 BBL	1663 BBL	1265
Prison Farm	1H		1,008	45.5		340
			MCF	BBL	BBL	
			MCF	BBL	BBL	
			MCF	BBL	BBL	
			MCF	BBL	BBL	
			MCF	BBL	BBL	
			MCF	BBL	BBL	
			MCF	BBL	BBL	
			MCF	BBL	BBL	
			MCF	BBL	BBL	

CERTIFICATION: I declare under penalties prescribed in Texas Natural Resources Code, Sec. 91.143, that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated herein are true, correct, and complete to the best of my knowledge.

Signature: James M. Clark Title: Agent for WCS Oil & Gas Corp. Phone: 512-600-1760 Date: 05/26/2010

* AN ASTERISK PREPRINTED ON A SURVEY IDENTIFIES WELL SUBJECT TO COMMINGLING TEST REQUIREMENT
 ** GAS PRODUCTION RATE, IN MCF, IS TO BE REPORTED FULL-WELL STREAM, INCLUDING CONDENSATE
 *** PRESSURE FOR THE TEXAS HUGOTON FIELD IS REPORTED IN PSIG
 X AN 'X' PREPRINTED ON A SURVEY IN THE BOTTOMHOLE PRESSURE BOX INDICATES A BOTTOMHOLE PRESSURE MUST BE REPORTED FOR THE WELL



Cementer: Fill in shaded areas
Operator: Fill in other items

Form W-15

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

Rev. 4/1/83
483-045

1. Operator's Name (As shown on Form P-5, Organization Report) WCS Oil & Gas Corporation	2. RRC Operator No. 902624	3. RRC District No. 03	4. County of Well Site Burlison
5. Field Name (Wildcat or exactly as shown on RRC records) Giddings(Austin Chalk, Gas)	6. API No. 42-051-33656	7. Drilling Permit No. 685945	
8. Lease Name Prison Farm	9. Rule 37 Case No. 0263236	10. Oil Lease/Gas ID No.	11. Well No. #1 H

CASING CEMENTING DATA:	SURFACE CASING	INTER-MEDIATE CASING	PRODUCTION CASING		MULTI-STAGE CEMENTING PROCESS	
			Single String	Multiple Parallel Strings	Tool	Shoe
12. Cementing Date	1/11/2010					
13. ●Drilling hole size	12.25					
●Est. % wash or hole enlargement	100%					
14. Size of casing (in. O.D.)	9 5/8"					
15. Top of liner (ft.)						
16. Setting depth (ft.)	2310'					
17. Number of centralizers used	13					
18. Hrs. waiting on cement before drill-out	24					
1st Slurry	19. API cement used: No. of sacks ▶	565				
	Class ▶	Class A				
	Additives ▶	see remarks				
2nd Slurry	No. of sacks ▶	320				
	Class ▶	Class A				
	Additives ▶	see remarks				
3rd Slurry	No. of sacks ▶					
	Class ▶					
	Additives ▶					
1st	20. Slurry pumped: Volume (cu. ft.) ▶	1440.75				
	Height (ft.) ▶	1840				
2nd	Volume (cu. ft.) ▶	377.6				
	Height (ft.) ▶	470				
3rd	Volume (cu. ft.) ▶	0				
	Height (ft.) ▶	0				
Total	▶	1818.35				
	▶	2310				
21. Was cement circulated to ground surface (or bottom of cellar) outside casing?	y					

22. Remarks
Lead: 565sks Class A+ 3%D044 BWOW + 3%D46 + 0.25pps D029
Tail: 320sks Class A Neat

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division



Form W-15

Cementing Report

Rev. 4/1/83
483-045

Cementer: Fill in shades areas.
Operator: Fill in other items.

1. Operator's Name (As shown of Form P-5, Organization Report) WCS Oil & Gas Corporation	2. RRC Operator No. 902624	3. RRC District No., 03	4. County of Well Burleson
5. Field Name (Wildcat or exactly as shown on RRC records) Giddings (Austin Chalk, Gas)		6. API No. 42-051-33656	7. Drilling Permit No. 685945
8. Lease Name Prison Farm	9. Rule 37 Case No. 0263236	10. Oil Lease/Gas ID No.	11. Well No. 1-H

CASING CEMENT DATA:	SURFACE	INTER-MEDIATE CASING	PRODUCTION CASING		MULTI-STAGE CEMENTING PROCESS	
			Single String	Multiple Parallel Strings	Tool	Shoe
12. Cementing Date		1-24-10				
13. • Drilled hole size		8 3/4"				
• Est. % wash or hole enlargement		50%				
14. Size of casing (in. O.D.)		7"				
15. Top of liner (ft.)						
16. Setting Depth		9803'				
17. Number of centralizers used		2				
18. Hrs. Waiting on cement before drill out		24				
19. API cement used: No. of sacks	1st Slurry	210				
		Class	"H"			
		Additives	REMARKS			
20. Slurry pumped:	2nd Slurry	No. of sacks				
		Class				
		Additives				
20. Slurry pumped:	3rd Slurry	No. of sacks				
		Class				
		Additives				
20. Slurry pumped:	1st	Volume (cu.ft.)	303			
		Height (ft.)	2011			
20. Slurry pumped:	2nd	Volume (cu.ft.)				
		Height (ft.)				
20. Slurry pumped:	3rd	Volume (cu.ft.)				
		Height (ft.)				
20. Slurry pumped:	Total	Volume (cu.ft.)	303			
		Height (ft.)	2011			
21. Was cement circulated to ground surface (or bottom of cellar) outside casing		NO				
22. Remarks .15% R 8 +.2% ASA 301 +35% SILICA SAND 100 MESH W C S OIL & GAS PRISON FARM # 1-H FR. 1001556524						

CEMENTING TO PLUG AND ABANDON	PLUG #1	PLUG #2	PLUG #3	PLUG #4	PLUG #5	PLUG #6	PLUG #7	PLUG #8
23. Cementing date								
24. Size of hole or pipe plugged (in.)								
25. Depth to bottom of tubing or drill pipe (ft.)								
26. Sacks of cement used (each plug)								
27. Slurry volume pumped (cu. ft.)								
28. Calculated top of plug (ft.)								
29. Measured top of plug, if tagged (ft.)								
30. Slurry wt. (lbs/gal)								
31. Type of cement								


CEMENTERS CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code that I am authorized to make this certification, that the cementing of casing and/or the placing of cement plugs in this well as shown in the report was performed by me or under my supervision, and that the cementing data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers cementing data only.

SHELDON L ALBERTHAL

Name and title of cementer's representative

BJ SERVICES COMPANY

Cementing Company


Signature

1680 Independence, Bryan, Tx. 77803
Address City, State, Zip Code

(979) 779-8125
Tel.: Area Code Number

1-24-10
Date: mo day yr.

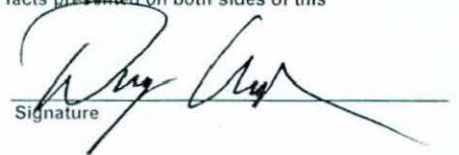
OPERATOR'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have knowledge of the well data and information presented in this report, and that data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers all well data.

Danny Anderson

Typed or printed name of operator's representative

Drilling Supt

Title


Signature

P.O. Box 1109 Giddings TX 78942
Address City, State, Zip Code

(979) 542-0021
Tel.: Area Code Number

3/3/2010
Date: mo day yr.

Instructions to Form W-15, Cementing Report

IMPORTANT: Operators and cementing companies must comply with the requirements of the Commission's Statewide Rules 8 (Water Protection), 13 (Casing Cementing, Drilling and Completion), and 14 (Well Plugging). For offshore operations, see the requirements of Rule 13 (c).

A. What to file. An operator should file an original and one copy of the completed Form W-15 for each cementing company used on a well. The cementing of different casing strings on a well by one cementing company may be reported on one form. Form W-15 should be filed with the following:

- An initial oil or gas completion report, Form W-2 or G-1, as required by Statewide or special field rules;
- Form W-4, Application for Multiple Completion, if the well is a multiple parallel casing completion; and
- Form W-3, Plugging Record, unless the W-3 is signed by the cementing company representative. When reporting dry holes, operators must complete Form W-15, in addition to W-3, to show any casing cemented in the hole.

B. Where to file. The appropriate Commission District Office for the county in which the well is located.

C. Surface casing. An operator must set and cement sufficient surface casing to protect all usable-quality water strata, as defined by The Texas Department of Water Resources, Austin. Before drilling a well in any field or area in which no field rules are in effect or in which surface casing requirements are not specified in the applicable rules, an operator must obtain a letter from the Department of Water Resources stating the protecting depth. Surface casing should not be set deeper than 200 feet below the specified depth without prior approval from the Commission.

D. Centralizers. Surface casing must be centralized at the shoe, above and below a stage collar or diverting tool, if run, and through usable-quality water zones. In nondeviated holes, a centralizer must be placed every fourth joint from the cement shoe to the ground surface or to the bottom of the cellar. All centralizers must meet API specifications.

F. Intermediate and production casing. For specific technical requirements, operators should consult Statewide Rule 13 (b) (3) and (14).

G. Plugging and abandoning. Cement plugs must be placed in the wellbore as required by Statewide Rule 14. The District Director may require additional cement plugs. For onshore or inland wells, a 10-foot plug must be placed in the top of the well, and the casing must be cut off three feet below the ground surface. All cement plugs, except the top plug, must have sufficient slurry volume to fill 100 feet of hole, plus ten percent for each 1,000 feet of depth from the ground surface to the bottom of the plug.

To plug and abandon a well, operators must use only cementers approved by the Director of Field Operations. Cementing companies, service companies, or operators can qualify as approved cementers by demonstrating that they are able to mix and pump cement in compliance with Commission rules and regulations.



STATEMENT OF PRODUCTIVITY OF ACREAGE
ASSIGNED TO PRORATION UNITS

The undersigned states that he is authorized to make this statement; that he has knowledge of the facts concerning the WCS Oil & Gas Corporation,
Prison Farm OPERATOR, No. 1H; that such well is
LEASE WELL
completed in the Giddings (Austin Chalk, Gas) Field, Burleson County,
Texas and that the acreage claimed, and assigned to such well for proration purposes as
authorized by special rule and as shown on the attached certified plat embraces _____
690.00 acres which can reasonably be considered to be productive of hydrocarbons.

- CERTIFICATE -

I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated therein are true, correct, and complete, to the best of my knowledge.

Date 5-26-2010 Signature James M. Clark

Telephone (512) 600-1760 Title Agent for WCS Oil & Gas Corp.
AREA CODE

CERTIFICATE OF POOLING AUTHORITY

Revised 05/2001



P-12

1. Field Name(s) Giddings (Austin Chalk, Gas)	2. Lease/ID Number (if assigned)	3. RRC District Number 03
4. Operator Name WCS Oil & Gas Corporation	5. Operator P-5 Number 902624	6. Well Number 1H
7. Pooled Unit Name Prison Farm	8. API Number 42-051-33656	9. Purpose of Filing <input type="checkbox"/> Drilling Permit (W-1) <input checked="" type="checkbox"/> Completion Report
10. County Burleson	11. Total acres in pooled unit 690.0	

DESCRIPTION OF INDIVIDUAL TRACTS CONTAINED WITHIN THE POOLED UNIT

TRACT/PLAT IDENTIFIER	TRACT NAME	ACRES IN TRACT <i>(See inst. #7 below)</i>	INDICATE UNDIVIDED INTERESTS	
			UNLEASED	NON-POOLED
1.	State of Texas	373.25	<input type="checkbox"/>	<input type="checkbox"/>
2.	State of Texas et al	316.75	<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>
			<input type="checkbox"/>	<input type="checkbox"/>

CERTIFICATION:

I declare under penalties prescribed pursuant to the Sec. 91.143, Texas Natural Resources Code, that I am authorized to make the foregoing statements and that the information provided by me or under my direction on this Certificate of Pooling Authority is true, correct, and complete to the best of my knowledge.

 Signature
 Agent
 Title

James M. Clark

 Print Name
 05/26/2010

 Date

(512) 600-1760

 Phone

INSTRUCTIONS — Reference: Statewide Rules 31, 38 and 40

1. When two or more tracts are pooled to form a unit to obtain a drilling permit, file completion paperwork, or reform a pooled unit pursuant to Rule 38(d)(3) the operator must file an original Certificate of Pooling Authority and certified plat.
2. The certified plat shall designate each tract with an outline and a tract identifier. The tract identifier on the plat shall correspond to the tract identifier and associated information listed on the Certificate.
3. If within an individual tract, a non-pooled and/or unleased interest exists, indicate by checking the appropriate box.
4. If the Purpose of Filing is to obtain a drilling permit, in box #1 list all applicable fields separately or enter "All Fields" if the Certificate pertains to all fields requested on Form W-1.
5. If the Purpose of Filing is to file completion paperwork, enter the applicable field name in box #1 for the completion.
6. Identify the drill site tract with an * to the left of the tract identifier.
7. The total number of acres in the pooled unit in #11 should equal the total of all acres in the individual tracts listed.



Instructions

When to File Form L-1:

- with Forms G-1, W-2, and GT-1 for new and deepened gas, oil, and geothermal wells
- with Form W-3 for plugged dry holes
- when sending in a log which was held under a request for confidentiality and the period for confidentiality has not yet expired.

When is Form L-1 NOT required:

- with Forms W-2, G-1, and GT-1 filed for injection wells, disposal wells, water supply wells, service wells, re-test wells, re-classifications, and plugbacks of oil, gas or geothermal wells
- with Form W-3 for plugging of other than a dry hole

Where to File Form L-1:

- with the appropriate Commission district office

Filling out Form L-1:

- Section I and the signature section must be filled out for all wells
- complete only the appropriate part of Section II

Type of log required:

- any wireline survey run for the purpose of obtaining lithology, porosity, or resistivity information
- no more than one such log is required but it must be of the subject well
- if such log is NOT run on the subject well, do NOT substitute any other type of log; just select Section II, Part A below

SEE REVERSE SIDE

SECTION I. IDENTIFICATION

Operator Name:	WCS Oil & Gas Corporation	District No.	03	Completion Date:	4-30-2010
Field Name	Giddings (Austin Chalk, Gas)	Drilling Permit No.	685945		
Lease Name	Prison Farm	Lease/ID No.		Well No.	1H
County	Burleson	API No.	42- 051-33656		

SECTION II. LOG STATUS (Complete either A or B)

A. BASIC ELECTRIC LOG NOT RUN

B. BASIC ELECTRIC LOG RUN. (Select one)

- 1. Confidentiality is requested and a copy of the header for each log that has been run on the well is attached.
- 2. Confidentiality already granted on basic electric log covering this interval (applicable to deepened wells only).
- 3. Basic electric log covering this interval already on file with Commission (applicable to deepened wells only).
- 4. Log attached to (select one):
 - (a) Form L-1 (this form). If the company/lease name on log is different from that shown in Section I, please enter name on log here: _____
Check here if attached log is being submitted after being held confidential.
 - (b) Form P-7, Application for Discovery Allowable and New Field Designation.
 - (c) Form W-4, Application for Multiple Completion: Lease or ID No(s). _____
Well No(s). _____

James M. Clark
Signature

James M. Clark
Name (print)

Agent for WCS Oil & Gas Corporation
Title

512 600-1760
Phone

05-26-2010
Date



Form L-1, Electric Log Filing Requirements

Rev. Effective 01-2007

As required by statute (Texas Natural Resources Code, Chapter 91, Subchapter M) and defined by Statewide Rule 16 (see below), a legible, unaltered final copy of a basic electric log run on a well must be filed with the completion report for that well (Form W2 and Form G-1) or the plugging report for that well if it is a dry hole (Form W-3). The electric log will become part of the public record.

You may, however, request a one-year period of confidentiality during which you will keep the log in your possession. Prior to the expiration of the initial period of confidentiality, you may request a renewal for a two-year period. Logs of wells drilled on land submerged in State water may be granted an additional two-year extension. At the end of the period(s) of confidentiality, a copy of the basic electric log must be filed with the Commission. The Commission will send you a notice prior to the expiration of the confidentiality period(s). NOTE: Electric logs submitted in conjunction with an application for multiple completion or a new field designation or tax exemptions/exclusions are considered part of the public records and confidentiality cannot be granted to them.

§3.16. Log and Completion or Plugging Report.

(a) Definitions. The following words and terms, when used in this section, shall have the following meanings, unless the context clearly indicates otherwise:

- (1) Basic electric log--A density, sonic, or resistivity (except dip meter) log run over the entire wellbore.
- (2) Drilling operation--A continuous effort to drill or deepen a wellbore for which the Commission has issued a permit.
- (3) Operator--A person who assumes responsibility for the regulatory compliance of a well as shown by a form the person files with the Commission and the Commission approves.
- (4) Well--A well drilled for any purpose related to exploration for or production or storage of oil or gas or geothermal resources, including a well drilled for injection of fluids to enhance hydrocarbon recovery, disposal of produced fluids, disposal of waste from exploration or production activity, or brine mining.

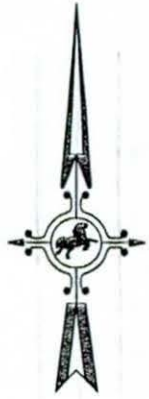
(b) Completion and plugging reports. The operator of a well shall file with the Commission the appropriate completion report within 30 days after completion of the well or within 90 days after the date on which the drilling operation is completed, whichever is earlier. The operator of a well shall file with the Commission an amended completion report within 30 days of any physical changes made to the well, such as any change in perforations, or openhole or casing records. If the well is a dry hole, the operator shall file with the Commission an appropriate plugging report within 30 days after the well is plugged.

(c) Basic electric logs. Except as otherwise provided in this section, not later than the 90th day after the date a drilling operation is completed, the operator shall file with the Commission a legible and unaltered copy of a basic electric log, except that where a well is deepened, a legible and unaltered copy of a basic electric log shall be filed if such log is run over a deeper interval than the interval covered by a basic electric log for the well already on file with the Commission. In the event a basic electric log, as defined in this section, has not been run, subject to the Commission's approval, the operator shall file a lithology log or gamma ray log of the entire wellbore. In the event no log has been run over the entire wellbore, subject to the Commission's approval, the operator shall file the log which is the most nearly complete of the logs run.

(d) Delayed filing based on confidentiality. Each log filed with the Commission shall be considered public information and shall be available to the public during normal business hours. If the operator of a well desires a log to be confidential, on or before the 90th day after the date a drilling operation is completed, the operator must submit a written request for a delayed filing of the log. When filing such a request, the operator must retain the log and may delay filing such log for one year beginning from the date the drilling operation was completed. The operator of such well may request an additional filing delay of two years, provided the written request is filed prior to the expiration date of the initial confidentiality period. If a well is drilled on land submerged in state water, the operator may request an additional filing delay of two years so that a possible total delay of five years may be obtained. A request for the additional two-year filing delay period must be in writing and be filed with the Commission prior to the expiration of the first two-year filing delay. Logs must be filed with the Commission within 30 days after the expiration of the final confidentiality period, except that an operator who fails to timely file with the Commission a written request under this subsection for an extension of the period of log confidentiality shall file the log with the Commission immediately after the conclusion of the period for filing the request.

(e) Sanctions. If an operator fails to file a completion report or log in accordance with the provisions of this section, the Commission may refuse to assign an allowable to a well, set the allowable for such well at zero, and/or initiate penalty action pursuant to the Texas Natural Resources Code, Title 3.

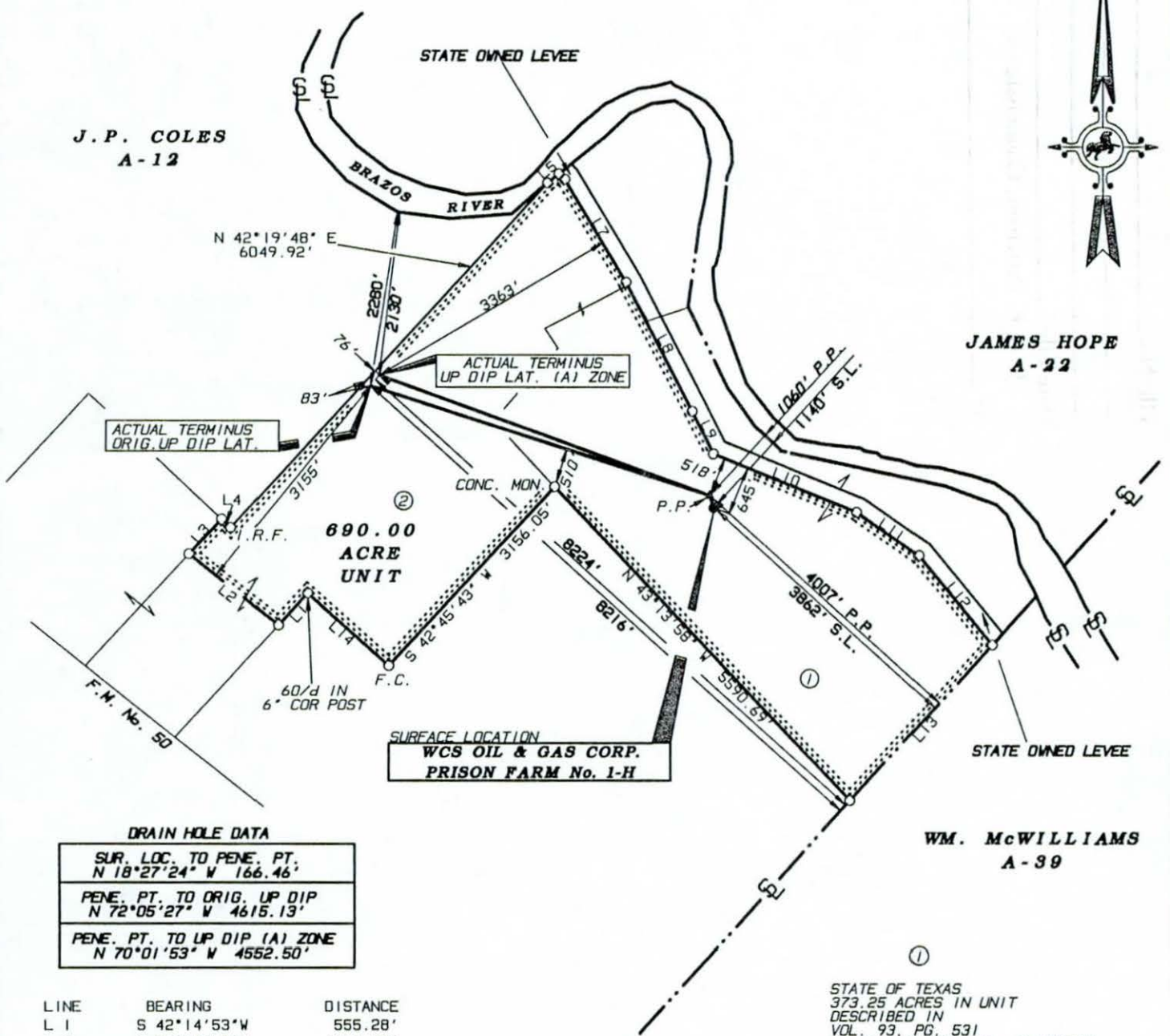
BURLESON COUNTY, TEXAS



J. P. COLES
A-12

JAMES HOPE
A-22

WM. McWILLIAMS
A-39



DRAIN HOLE DATA

SUR. LOC. TO PENE. PT. N 18°27'24" W 166.46'
PENE. PT. TO ORIG. UP DIP N 72°05'27" W 4615.13'
PENE. PT. TO UP DIP (A) ZONE N 70°01'53" W 4552.50'

LINE	BEARING	DISTANCE
L 1	S 42°14'53"W	555.28'
L 2	N 51°13'18"W	1466.30'
L 3	N 42°38'54"E	615.46'
L 4	S 46°30'02"E	158.65'
L 5	N 51°05'04"E	191.06'
L 6	S 46°32'13"E	104.41'
L 7	S 30°48'14"E	1550.79'
L 8	S 27°08'14"E	1885.77'
L 9	S 26°32'15"E	615.26'
L 10	S 67°47'13"E	2004.82'
L 11	S 54°55'13"E	980.07'
L 12	S 39°25'14"E	1492.75'
L 13	S 42°07'45"W	2732.43'
L 14	N 48°11'40"W	1400.70'

STATE OF TEXAS
373.25 ACRES IN UNIT
DESCRIBED IN
VOL. 93, PG. 531
OIL & GAS LEASE No. M-110093

STATE OF TEXAS, ET AL
316.75 ACRES IN UNIT
DESCRIBED IN
VOL. 150, PG. 292
D. R. B. C. T.
OIL & GAS LEASE No. M-110094

NOTE: WELL IS LOCATED S 50°52'W, 4.06 MILES FROM WELLBORN, TEXAS.
GROUND ELEVATION: 215 FEET
WELL: PRISON FARM No. 1-H
OPERATOR: WCS OIL & GAS CORPORATION

SURFACE LOCATION
LONGITUDE 96°21'19.81" LATITUDE 30°29'57.28"

ACTUAL TERMINUS ORIG. UP DIP LATERAL	ACTUAL TERMINUS UP DIP LATERAL (A) ZONE
LONGITUDE 96°22'09.93" LATITUDE 30°30'14.45"	LONGITUDE 96°22'08.59" LATITUDE 30°30'15.75"

TITLE INFORMATION PROVIDED BY WCS OIL & GAS CORPORATION
BEARINGS BASED ON GRID NORTH OBTAINED BY GPS OBSERVATION.
NAD 1983 - TEXAS CENTRAL ZONE - T.S.P.C.S.

BOBBY J. MAY
REGISTERED PROFESSIONAL LAND SURVEYOR
No. 4217



Bor



**PRISON FARM No. 1-H
- AS-DRILLED
690.00 ACRE UNIT**



MUSTANG ENGINEERING, INC.
317 E. HEMPSTEAD
GIDDINGS, TEXAS
PHONE: 979 542-1146
FAX: 979 542-3353

DATE: MARCH 24, 2010

SCALE: 1" = 2000'

FIELD BOOK: 141 PAGE 14

DRAWN BY: B. J. M.

DWG: PRISON FARM No 1-H ASDRILLED
DATA: CANCHAN

REV:

(2)

File No. MF110093
Completion Reports West #14

Date Filed: 6-14-10
Jerry E. Patterson, Commissioner
By EM





TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

March 10, 2015

To Whom It May Concern
Ted W. Walters & Assoc., LP
P.O. Box 8082
Tyler, Texas 75711

RE: GLO Assignment ID # 9283

To Whom It May Concern,

The General Land Office received the following instrument(s) and has filed them in the appropriate files.

Partial Assignment of Oil and Gas Leases April 18th, 2014 from WCS Oil & Gas Corporation, as assignor, to PetroMax Brazos, LLC and Burleson Acquisition, LLC, as assignee. As filed for record in Burleson County, in volume 900, page 295.

Please see attached "Exhibit A" for reference. Filing fees of \$50.00 were received in connection with the above assignment. Please feel free to contact me if you have any questions.

Best Regards,

Alberto Amesquita
Mineral Leasing
Energy Resources

Exhibit "A"

<i>GLO ID</i>	<i>County</i>	<i>Lease</i>
9283	Burleson	MF110093
9283	Burleson	MF110094

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.

PARTIAL ASSIGNMENT OF OIL AND GAS LEASES

THE STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS, THAT:
COUNTY OF BURLESON §

THIS ASSIGNMENT, made and entered into as of the 18th day of April, 2013 ("Effective Date" herein) by and between **WCS Oil & Gas Corporation**, ("Assignor" herein), whose address for purposes of this instrument is 4807 W. Lovers Lane, Dallas, Texas 75209 on the one hand; and **PetroMax Brazos, LLC**, a Texas limited liability company ("PMB" herein), whose address for purposes of this instrument is 603 Main Street, Suite 201, Garland, Texas 75040, and **Burleson Acquisition, LLC**, a Texas limited liability company, ("BA" herein), whose address for the purposes of this instrument is 603 Main Street, Suite 201, Garland, Texas 75040, (herein collectively "**Assignees**"), on the other hand.

WITNESSETH, THAT:

WHEREAS, Assignor is the owner and holder of certain interests in certain oil and gas leases (the "**Subject Leases**") covering certain lands located in Burleson County, Texas, as such leases are more particularly described in Exhibit "A", attached hereto and incorporated herein, and such Subject Leases are contained in, but not limited to, the unit identified in Exhibit "B" attached hereto and incorporated herein (the "**Subject Unit**") with the Leases and Subject Unit being collectively referred to herein as the "**Subject Lands**"; and

WHEREAS, Assignor desires to assign to Assignees, and Assignees desire to accept, all of Assignor's right, title and interest in the Subject Leases, but only with respect to the "**Eagle Ford Formation**". The "**Eagle Ford Formation**" as used herein shall mean the stratigraphic equivalent of the following intervals, hereby deemed to be one and the same formation: (1) from the base of the Austin Chalk formation at a measured depth of 7,320 feet to the top of the Buda limestone formation at a measured depth of 7,889 feet, as shown on the reference log for the Champlin Petroleum Charles C. Harter #1 Well dated 10-01-1979 located in Brazos County, Texas; (2) from the base of the Austin Chalk formation at a measured depth of 8,380 feet to the top of the Buda limestone formation at a measured depth of 9,000 feet, as shown on the reference log for the Dril Con Petroleum, Ltd. Patricia #1 Well dated 01/31/1984 located in Brazos County, Texas; and (3) from the base of the Austin Chalk formation at a measured depth of 8,410 feet to the top of the Buda limestone formation at a measured depth of 8,912 feet, as shown on the Schlumberger Dual Induction/Density/Neutron/Gamma Ray log for the Chaparral Minerals, Inc. Stasny #1 Well dated 09/06/1982 located in Brazos County, Texas.

NOW THEREFORE, for and in consideration of the premises and of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Assignor does hereby BARGAIN, SELL, TRANSFER, and ASSIGN unto PMB 55.963303% of Assignor's right, title and interest and to BA 44.036697% of Assignor's right, title and interest, collectively being all of Assignor's right, title and interest in and to: (i) the Subject Leases as they relate to the Eagle Ford Formation; and (ii) Assignor's rights of ingress and egress and the use of the surface of the lands covered by the Subject Leases, subject to all and singular the terms, conditions, regulations, and exceptions herein provided in the case of both clause (i) and clause (ii) above.

ASSIGNOR HEREBY FURTHER GRANTS UNTO ASSIGNEES, in the proportions as set forth above herein, a non-exclusive surface and subsurface easement through, under, over and across the Subject Lands to the extent permitted by the Leases and reasonably necessary or desirable to Assignees to transit the rights in the Subject Leases reserved by Assignor hereunder such that Assignees can access, develop, produce from and otherwise fully enjoy the rights granted to it herein in the Eagle Ford Formation; provided, however, that the parties hereto agree

STATE OF TEXAS
COUNTY OF BURLESON

The document to which this certificate is affixed is a full, true and correct copy of the original on file and of record in my office. Thereby, certified, on 2-27-14



Anna L Schielack
County Clerk
Burleson County, Texas

By *[Signature]* Deputy

that nothing in this assignment shall be construed to allow Assignees free use of Assignor's existing pipelines, pad sites or other facilities and infrastructure on lands covered by the Leases and within the Subject Unit except: (i) as otherwise may be agreed to by the parties hereto in a commercially reasonable manner; and (ii) that Assignees shall have the right to use Assignor's Lease roads insofar as Assignees do not unreasonably interfere with the use by Assignor or such Lease roads and provided that Assignees promptly repair any damage to Assignor's Lease roads to the extent caused by Assignees' operations.

THERE IS EXCEPTED HEREFROM AND RESERVED UNTO ASSIGNOR and Assignor's heirs, trustees, successors and assigns all rights under the Subject Lands outside the Eagle Ford Formation.

FURTHERMORE, ASSIGNOR HEREBY EXPRESSLY EXCEPTS AND RESERVES AN OVERRIDING ROYALTY INTEREST in all oil, casinghead gas, gas, condensate, distillate, gaseous substances, and other minerals produced, saved, and marketed from, or attributable to, the Subject Lands as to the Eagle Ford Formation. Such overriding royalty interest reserved by ASSIGNOR shall be in addition to all burdens upon and payable out of each of the Subject Leases, on a lease-by-lease basis, and shall be that fraction of production which, when added to such burdens, shall result in a total burden upon the interest actually assigned to ASSIGNEE in each of the Leases of twenty-five percent of eight-eighths (25% of 8/8ths), of all oil, gas, casinghead gas, condensate, distillate, gaseous substances, and other minerals produced, saved, and marketed from, or attributable to, such lease. As used herein, "burdens" upon a lease include landowners' royalties, overriding royalties, and production payments, or other like interest in production existing as of the date of this Assignment, which burdens have been created by ASSIGNOR or any of its predecessors in title. The proceeds of the overriding royalty interest shall be paid monthly to ASSIGNOR at its office at the above address. With respect to such overriding royalty interest, ASSIGNEE shall promptly furnish to ASSIGNOR: (a) copies of all contracts for the sale of oil and gas produced from the Subject Lands; (b) upon request, monthly reports showing the number of producing wells and producing days, leases stocks and runs; and, (c) upon request, copies of run tickets relating to the sale or disposition of oil and gas produced from the Subject Lands.

If any Subject Lease covers less than the entire oil and gas mineral estate in the lands covered thereby, or if ASSIGNOR'S interest in a Subject Lease is less than the full oil and gas mineral estate in such lease, the overriding royalty interest reserved herein shall be reduced in the proportion that the interest actually assigned in the particular lease bears to the entire and undivided oil and gas mineral estate attributable to the lands covered by such lease.

This ASSIGNMENT is expressly made subject to all of the terms and conditions of each of the Subject Leases. The interests in the Subject Leases covered by this Assignment are conveyed by ASSIGNOR and accepted by ASSIGNEES subject to all existing burdens with which the Subject Leases are encumbered, and ASSIGNEES, in the proportions as set forth above herein, hereby assumes and agrees to pay, perform, or carry, as the case may be, each of the existing burdens to the extent that such existing burdens are or remain a burden on the interest in the Subject Leases herein assigned. The term "existing burdens" as used herein shall mean all royalties, overriding royalties, the overriding royalty of Assignor described herein, and any and all other payments out of or with respect to production, with which the Subject Leases are burdened as of the date hereof.

Additionally, the interest in the Subject Leases and Subject Unit covered hereby is conveyed subject to the terms and provisions of any existing operating agreements, unit agreements, descriptions and/or designations, and, in particular, that certain Purchase and Sale Agreement dated to be effective the 4th day of March, 2013 by and between WCS Oil & Gas Corporation, as Seller, and PetroMax Brazos, LLC, represented by PetroMax Operating Company, Inc., its Manager, as Buyer. Any and all obligations, duties, and liabilities accruing under such agreements shall be assumed by and become the responsibility of ASSIGNEES to the extent that such existing burdens are or remain a burden on the interest in the Subject Leases herein assigned. This assignment is further made with full substitution and subrogation of Assignees in and to any rights and causes of action in warranty held or to be held by Assignor against third parties as to the interests conveyed hereunder.

STATE OF TEXAS
COUNTY OF BURLESON

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Anna L Schielack
County Clerk
Burleson County, Texas

By [Signature] Deputy

ASSIGNOR, ITS SUCCESSORS AND ASSIGNS, SHALL WARRANT AND DEFEND ALL AND SINGULAR THE TITLE OF ASSIGNEES, THEIR SUCCESSORS AND ASSIGNS, AGAINST ALL PERSONS CLAIMING OR ATTEMPTING TO CLAIM ANY INTEREST IN ANY OF THE INTERESTS ACQUIRED HEREUNDER, BY, THROUGH OR UNDER ASSIGNOR, BUT NOT OTHERWISE.

ASSIGNOR DOES HEREBY FURTHER REPRESENT AND WARRANT, TO THE EXTENT PROVIDED AND AS LIMITED IN THE PRECEDING PARAGRAPH, THAT IT IS THE LEGAL, EQUITABLE, AND RECORD OWNER OF THE INTERESTS IN THE ASSIGNED HEREUNDER.

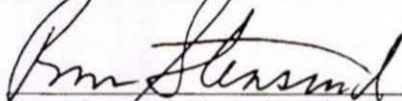
This assignment shall inure to the benefit of and be binding upon the parties hereto, their respective heirs, successors, and assigns. If any provision of this Assignment is held invalid, such invalidity shall not affect the remaining provisions. This Assignment is made free and clear of any arrangement which is treated as a partnership for federal income tax purposes. Both parties agree to execute all further documents and to take such further action as may be necessary to give full effect to the terms and conditions of this assignment.

Assignor will indemnify Assignees from and against any and all liabilities, liens, demands, judgments, suits and claims of any kind or character arising out of, in connection with or resulting from the ownership and/or operation of the herein assigned interests, including but not limited to all claims for environmental conditions for all periods accruing prior to the effective date hereof.

IN WITNESS WHEREOF, this instrument is executed effective as of the date first above written, regardless of the date of execution.

ASSIGNOR:

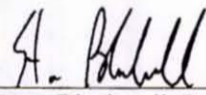
WCS OIL & GAS CORPORATION

By: 
Bruce Stensrud, Executive Vice-President

ASSIGNEES:

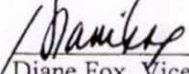
PETROMAX BRAZOS, LLC,
a Texas limited liability company

By: PetroMax Operating Company, Inc.
Its: Manager

By: 
Steve Blackwell, President

BURLESON ACQUISITION, LLC
a Texas limited liability company

By: Hedgerow Properties, LLC
a Texas limited liability company, its sole member
By: API Properties Corporation,
a California corporation, its managing member

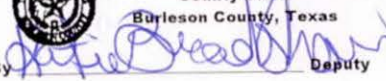
By: 
Diane Fox, Vice President

STATE OF TEXAS
COUNTY OF BURLESON

The document to which this certificate is affixed is a full, true and correct copy of the original on file and of record in my office.
Thereby, certified, on 2-27-14



Anna L Schielack
County Clerk
Burleson County, Texas

By:  Deputy

ACKNOWLEDGMENTS

THE STATE OF TEXAS §
DALLAS §
COUNTY OF BRAZOS §

This instrument was acknowledged before me on this 18th day of April, 2013, by Bruce Stensrud as Executive Vice-President of WCS Oil & Gas Corporation, on behalf of said company.



Lavelle Mays
Notary Public in and for the State of Texas

THE STATE OF TEXAS §
COUNTY OF Dallas §

This instrument was acknowledged before me on this 18th day of April, 2013, by Steve Blackwell, as President of PetroMax Operating Company, Inc., the Manager of PetroMax Brazos, LLC, a Texas limited liability company, on behalf of said company.



Tara Younker
Notary Public in and for the State of Texas

THE STATE OF California §
COUNTY OF Placer §

This instrument was acknowledged before me on this 27th day of April, 2013, by Diane Fox, as 1/3 Sole Member of Burleson Acquisition, LLC, a Texas limited liability company, on behalf of said company.



Jane Mervine
Notary Public in and for the State of Texas

STATE OF TEXAS
COUNTY OF BURLESON

The document to which this certificate is affixed is a full, true and correct copy of the original on file and of record in my office. Thereby, certified, on 4-27-14



Anna L Schielack
County Clerk
Burleson County, Texas

By *Anna L Schielack* Deputy

EXHIBIT "A"

Attached to and made a part of that Partial Assignment of Oil and Gas Leases dated effective April 18, 2013, between WCS Oil & Gas Corporation, as Assignor and PetroMax Brazos, LLC and Burleson Acquisition, LLC, as Assignees covering lands located in Burleson County, Texas.

The "SUBJECT LEASES"

1. Prison Farm No. 1-H:

Oil, Gas and Mineral Lease dated April 21, 2009, from the State of Texas, as Lessor, to WCS Oil & Gas Corporation, as Lessee, recorded in Volume 775, Page 808 (GLO Lease No. 110093) in the Official Records of Burleson County, Texas.

Oil, Gas and Mineral Lease dated April 21, 2009, from the State of Texas, as Lessor, to WCS Oil & Gas Corporation, as Lessee, recorded in Volume 775, Page 817 (GLO Lease No. 110094) in the Official Records of Burleson County, Texas.

*Oil, Gas and Mineral Lease dated April 21, 2009, from William David Smith, Trustee of the Smith Family Mineral Trust Agreement, as Lessor, to WCS Oil & Gas Corporation, as Lessee, recorded in Volume 778, Page 341, as amended by instrument dated to be effective April 21, 2009, recorded in Volume 784, Page 518 of the Official Records, Burleson County, Texas.

*(To be included in this assignment and conveyance is Assignor's interest in the additional 1/2 mineral interest in the 127.2 acres covered by this third lease lying outside of the boundaries of the 690 acre Prison Farm No. 1-H unit)

-----*End of Exhibit "A"*-----

STATE OF TEXAS
COUNTY OF BURLESON

The document to which this certificate is affixed is a full, true and correct copy of the original on file and of record in my office.
Thereby, certified, on 8-27-11



Anna L Schielack
County Clerk
Burleson County, Texas

By [Signature] Deputy

EXHIBIT "B"

Attached to and made a part of that Partial Assignment of Oil and Gas Leases
dated effective April 18, 2013,
between WCS Oil & Gas Corporation, as Assignor and PetroMax Brazos, LLC and Burleson
Acquisition, LLC, as Assignees covering lands located in Burleson County, Texas.

The "SUBJECT UNIT"

Depicted on the plats and/or metes and bounds descriptions on the following pages.

STATE OF TEXAS
COUNTY OF BURLESON

The document to which this certificate is affixed
is a full, true and correct copy of the original on
file and of record in my office.

Thereby, certified, on 2-27-14



Anna L Schielack
County Clerk
Burleson County, Texas

By [Signature] Deputy

FIELD NOTES

WCS Oil & Gas Corporation
Prison Farm No. 1-H 690.00 Acre Unit

Being 690.00 acres of land out of the J.P. Coles Survey, Abstract No. 12, Burleson County, Texas and being out of that certain 4898.1 acre tract described by deed to The State of Texas, recorded in Volume 609, Page 8 of the Official Records of Burleson County, Texas, and also being out of those certain tracts of land described in Oil and Gas Lease No. M-110093 and M-110094.

BEGINNING at the east corner of a 400 acre tract, (Tract Two), recorded in Volume 465, Page 324, Deed Records Burleson County, Texas same being the south corner of said 4898.1 acre tract and the herein described unit.

THENCE N 43° 13' 58" W, 5590.69 feet, to a concrete monument found for the north corner of said 400 acre tract.

THENCE S 42° 45' 43" W, 3156.05 feet, to a point for the most northerly west corner of said 400 acre tract.

THENCE N 48° 11' 40" W, 1400.70 feet, to a 60d nail found in a fence corner post for the north corner of a 589.933 acre tract, recorded in Volume 361, Page 827, Deed Records Burleson County, Texas.

THENCE S 42° 14' 53" W, 555.28 feet, along the northwest line of said 589.933 acre tract, to a point for corner.

THENCE severing said 4898.1 acre tract as follows:

- N 51° 13' 18" W, 1466.30 feet;
- N 42° 38' 54" E, 615.46 feet;
- S 46° 30' 02" E, 158.65 feet and
- N 42° 19' 48" E, 6049.92 feet, to a point on the south bank of the Brazos River.

THENCE N 51° 05' 04" E, 191.06 feet, along the south bank of said Brazos River, to a point for the north corner of the herein described unit on the southwest line of an old Levee described in Volume V, Page 359, District Court Records Burleson County, Texas.

THENCE continuing to sever said 4898.1 acre tract and along the southwest line of said old Levee as follows:

- S 46° 32' 13" E, 104.41 feet;
- S 30° 48' 14" E, 1550.79 feet;
- S 27° 08' 14" E, 1885.77 feet;
- S 26° 32' 15" E, 615.26 feet;
- S 67° 47' 13" E, 2004.82 feet;
- S 54° 55' 13" E, 980.07 feet and
- S 39° 25' 14" E, 1492.75 feet to a point on a southeast line of said 4898.1 acre tract for the east corner of the herein described unit.

THENCE S 42° 07' 45" W, 2732.43 feet along said line, to the POINT OF BEGINNING and containing 690.00 acres of land more or less.

Prepared by Mustang Engineering, INC. from a survey made on the ground during the month of June, 2009 and referenced by plat dated June 24, 2009.

Bearings based on Grid North, N.A.D. 1983 Texas Central Zone obtained from G.P.S. observations.
Title information provided by WCS Oil & Gas Corporation.

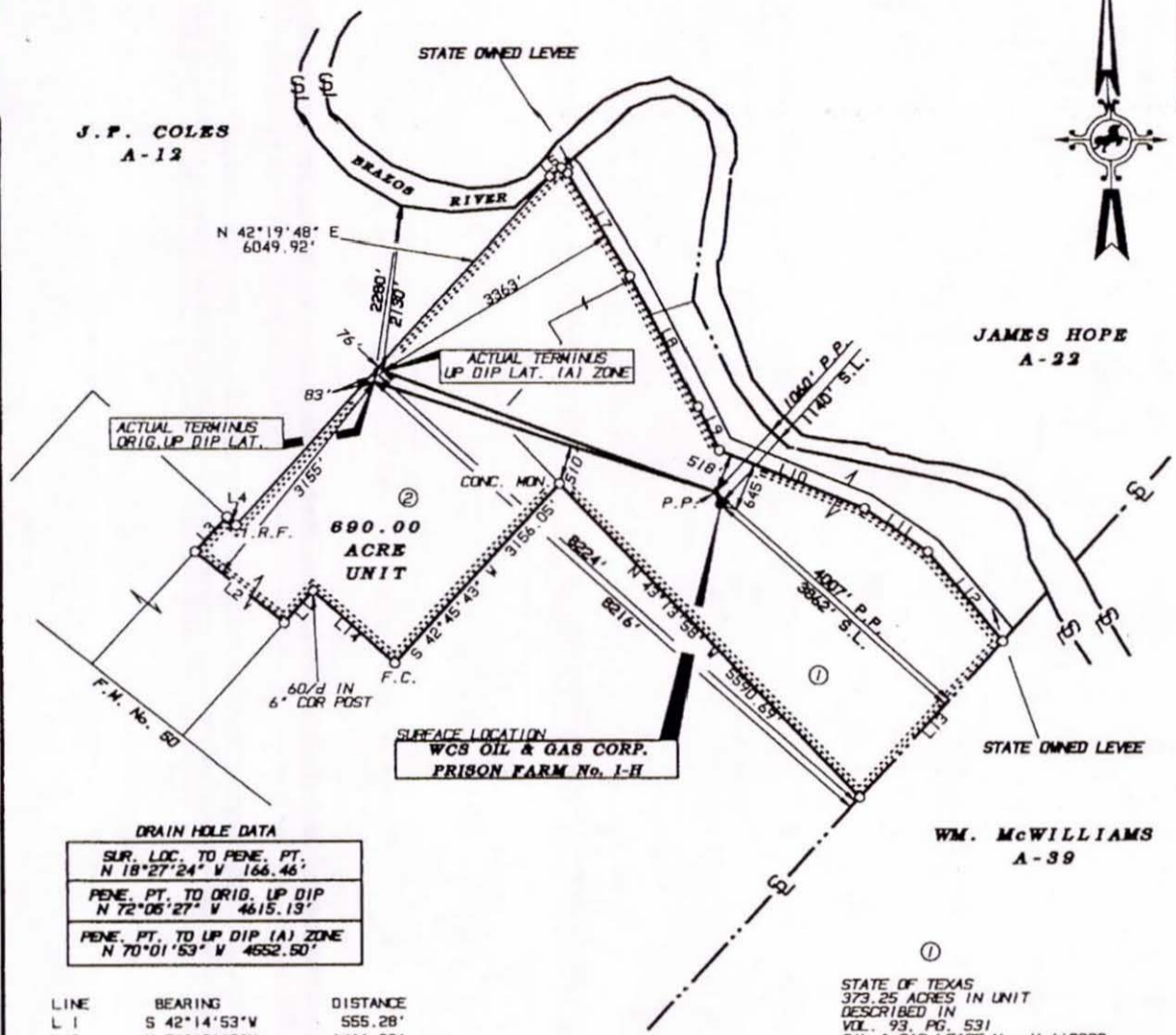
Bor
Bobby J. May
Registered Professional Land Surveyor
No. 4217



STATE OF TEXAS
COUNTY OF BURLESON

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is a full, true and correct copy of the original on
file and of record in my office.
Thereby, certified, on 8-27-14

Anna L Schielack
County Clerk
Burleson County, Texas
By *[Signature]* Deputy



DRAIN HOLE DATA

SUR. LOC. TO PENE. PT.	N 18°27'24" W 166.46'
PENE. PT. TO ORIG. UP DIP	N 72°05'27" W 4615.13'
PENE. PT. TO UP DIP (A) ZONE	N 70°01'53" W 4652.50'

LINE	BEARING	DISTANCE
L 1	S 42°14'53"W	555.28'
L 2	N 51°13'18"W	1466.30'
L 3	N 42°38'54"E	615.46'
L 4	S 46°30'02"E	158.65'
L 5	N 51°05'04"E	191.06'
L 6	S 46°32'13"E	104.41'
L 7	S 30°48'14"E	1550.79'
L 8	S 27°08'14"E	1885.77'
L 9	S 26°32'15"E	615.26'
L 10	S 67°47'13"E	2004.82'
L 11	S 54°55'13"E	980.07'
L 12	S 39°25'14"E	1492.75'
L 13	S 42°07'45"W	2732.43'
L 14	N 48°11'40"W	1400.70'

①
STATE OF TEXAS
373.25 ACRES IN UNIT
DESCRIBED IN
VOL. 93, PG. 531
OIL & GAS LEASE No. M-110093

②
STATE OF TEXAS, ET AL
316.75 ACRES IN UNIT
DESCRIBED IN
VOL. 150, PG. 292
D.R.B.C.T.
OIL & GAS LEASE No. M-110094

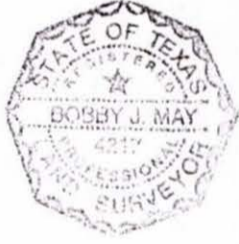
NOTE: WELL IS LOCATED S 50°52'W, 4.06 MILES FROM WELLBORN, TEXAS.
GROUND ELEVATION: 215 FEET
WELL: PRISON FARM No. 1-H
OPERATOR: WCS OIL & GAS CORPORATION

SURFACE LOCATION
LONGITUDE 96°21'19.81" LATITUDE 30°29'57.28"

ACTUAL TERMINUS ORIG. UP DIP LATERAL	ACTUAL TERMINUS UP DIP LATERAL (A) ZONE
LONGITUDE 96°22'09.93" LATITUDE 30°30'14.45"	LONGITUDE 96°22'08.59" LATITUDE 30°30'15.75"

TITLE INFORMATION PROVIDED BY WCS OIL & GAS CORPORATION
BEARINGS BASED ON GRID NORTH OBTAINED BY GPS OBSERVATION.
NAD 1983 - TEXAS CENTRAL ZONE - T.S.P.C.S.

BOBBY J. MAY
REGISTERED PROFESSIONAL LAND SURVEYOR
No. 4217



	PRISON FARM No. 1-H AS-DRILLED 690.00 ACRE UNIT	
	DATE: MARCH 24, 2010 FIELD BOOK: 141 PAGE 14 DWG: PRISON FARM No 1-H AS DRILLED DATA: CANDIAN	SCALE: 1" = 2000' DRAWN BY: B.J.M. REV:
MUSTANG ENGINEERING, INC. 317 E. HEMPSTEAD GIDDINGS, TEXAS PHONE: 979 542-1146 FAX: 979 542-3353		

STATE OF TEXAS
COUNTY OF BURLESON

The document to which this certificate is affixed is a full, true and correct copy of the original on file and of record in my office.
Thereby, certified, on 2-27-14
 Anna L Schielack
 County Clerk
 Burleson County, Texas
 By [Signature] Deputy

Doc
00003502

Bk
OR

Vol
900

Pg
303

Filed for Record in:
Burlison County

On: May 29, 2013 at 02:28P

As an Official Public Records

Document Number: 00003502

Amount 48.00

Receipt Number - 87061
By:
Ella Nelson

STATE OF TEXAS COUNTY OF BURLESON
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:
Burlison County
As stamped hereon by me.

May 29, 2013

Anna L. Schielack
Burlison County Clerk

STATE OF TEXAS
COUNTY OF BURLESON

The document to which this certificate is affixed
is a full, true and correct copy of the original on
file and of record in my office.

Thereby, certified, on 5-27-14



Anna L. Schielack
County Clerk
Burlison County, Texas

By  Deputy

(13) ~~(14)~~

File No. MF 110093

Assignment #9283, WCS Oil County
& Gas Corp. to PetroMax Brzo

Date Filed: 3-10-15

George A Bush, Commissioner

By aa



MF 110093

OIL DIVISION ORDER AND AGREEMENT

TO: ENTERPRISE CRUDE OIL LLC
210 Park Avenue, Ste. 1500
Oklahoma City, OK 73102-5630
(405) 606-5468

Lease No. See Exhibit A

Date: January 11, 2017

Each of the undersigned (herein referred to individually and collectively as "Owner") hereby guarantees, represents and warrants to ENTERPRISE Crude Oil LLC ("ECO"), its successors and assigns, that each Owner is the legal owner of the Owner's respective interest, in the proportions hereinafter stated, in all Oil (as defined herein) produced and saved from the SEE EXHIBIT A, located in the County of See Exhibit A, State of Texas, described as follows (the "Lands"):

See Exhibit A for description

Effective 7:00 A.M. December 1, 2016 and until further written notice, ECO is hereby authorized to receive all such produced Oil, for ECO's own purchase or for resale, to receive payment therefore, to make payment of and/or give credit for all proceeds derived there from as follows:

Owner No.	Credit To	Decimal Interest
87722	TEXAS GENERAL LAND OFFICE C/O COMMISSIONER STATE OF TX STEPHEN F AUSTIN BLDG 1700 N CONGRESS AVENUE AUSTIN, TX 78701	SEE EXHIBIT A

All provisions appearing on the reverse side hereof are incorporated herein by reference and are an essential part of this Division Order and Agreement (the "Agreement") with the same effect as if printed above the Owner's signatures. If Owner and ECO are or become parties to a crude oil purchase or sale agreement ("Contract") concerning the Lands, the Contract will control any conflicts between this Division Order and Agreement (the "Agreement") and the Contract.

Operator, please identify the decimal interest and appropriate lease numbers for Federal, State, University, Indian, or any other tax-exempt interest (only if 100% less taxes or if ECO is disbursing proceeds.)

The Owners expressly waive any claim against ECO for any and all amounts owed to the Owners from any third party for Oil produced from the Lands prior to the effective date hereof.

Signatures of Witnesses

**Owners Sign Below
(Enter Mailing Address)**

**Taxpayer ID Number or
Social Security Number**

Address

TELEPHONE

JM/kas

RETAIN THIS COPY FOR YOUR RECORDS

ATTACHED HERETO AND MADE A PART HERE OF THAT CERTAIN
 OIL DIVISION ORDER AND AGREEMENT DATED EFFECTIVE DECEMBER 1, 2016

EXHIBIT "A"

Owner: 87722 TEXAS GENERAL LAND OFFICE

Property #	Property Name	Legal Description	Int typ	Decimals
451555 MF103289	BRAZOS BUFFALO RANCH 1 H 051-33602	BURLESON CO/TX	RIX	0.05000000 ✓
451608 MF093165	NORMAN UNIT 149-32293	87 - WM RABB - FAYETTE CO/TX	RIX	0.06226560 ✓
451632 MF101419	STATE OF TEXAS UT 2 RE 287-30192	LEE CO/TX	RIX	0.01145189 ✓
451638 MF102975	VECERA HEIRS 1 RE 149-32280	97 W.H. TAYLOR LEAGUE, A-97 FAYETTE CO/TX	RIX	0.02272727 ✓
454030 MF109577	SAGER 1H 477-30977	WASHINGTON CO/TX	RIX	0.00428359 ✓
454149 ✓ MF110093 MF110094	PRISON FARM 1H 051-33656	JP COLE SURVEY, A-12 BURLESON CO, TX	RIX	0.07704710 ✓



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

February 8, 2017

Audry Ann Mefford
Division Order Analyst
Enterprise Crude Oil, LLC
210 Park Avenue, Ste. 1500
Oklahoma City, OK 73102-5630

Re: State Lease Nos. MF103289 Brazos Buffalo Ranch 1H; MF093165 Norman Unit;
MF101419 State of Texas 2RE; MF102975 Vecera Heirs 1RE;
MF109577 Sager 1H; and MF110093/MF10094 Prison Farm 1H

Dear Mrs. Mefford:

The Texas General Land Office (GLO) has received your Division Orders for the referenced units. These Division Orders have been filed in the appropriate mineral files.

The payment of royalties attributable to state-owned mineral and royalty interests is set by contract and applicable statutes and rules. The execution of division orders may, in some cases, affect the manner in which such payments are made or calculated. Therefore, Title 31, §9.32, of the Texas Administrative Code specifies that GLO staff cannot execute a division order or bind the state to any terms contained within it.

Subject to applicable state law and the state's right to take its production in-kind, the GLO acquiesces to the sale of oil and gas in accordance with the terms and conditions set out in the oil and gas leases. If you have questions concerning this matter, please feel free to e-mail me at the address below my signature.

We look forward to being put on pay status as soon as you are able to set up the wells in our RRAC system.

Thank you,

Vivian Hernandez
Landman, Energy Resources
512-475-0428
512-475-1543 (fax)
vivian.hernandez@glo.texas.gov

File No. MF 110093

_____ County

Division Order

Date Filed: 2-9-17

George P. Bush, Commissioner

By V.H.

DIVISION ORDER CONTRACT

SUN - - DOFF-Owner

Unit 4644
MF110093
MF110094

Property No. 154376000000 SLG

TO: Sunoco Partners Marketing & Terminals L.P.
PO Box 4933
Houston, TX 77210-4933

07/27/2020

Effective 7 a m MAY 01, 2020

The undersigned, severally and not jointly, certifies it is the owner of the interest set out below of all the oil (defined herein to include condensate), produced from the property described as:

Operator: WCS OIL & GAS CORPORATION
Property Name: PRISON FARM 1H (258144)
County: BURLESON State: TX
Legal Description:



TAX I.D./SOC. SEC. NO.	OWNER NO.	PAYEE	DIVISION OF INTEREST
--0108	0000000026	COMM OF THE GEN LAND OFFICE ID 1 23 3102655 4 STATE OF TX LAND OFFICE BLDG AUSTIN TX 78701	.0770471000 RI

THIS CONTRACT DOES NOT AMEND ANY LEASE OR OPERATING AGREEMENT BETWEEN THE INTEREST OWNERS AND THE LESSEE OR OPERATOR.

The following provisions apply to all interest owners ("owner") who execute this contract:

DELEGATION: The owner warrants and represents that it has delegated to the Lessee or Operator full authority to sell and deliver, and to Sunoco Partners Marketing & Terminals L.P. ("Sunoco Mktg.") or its agent the right to receive, on such terms and conditions as the Lessee or Operator or his designee may determine, all oil produced from the described property and allocable to the interest of the owner as set forth herein. For the purpose of this provision, "Lessee" means the Lessee of the lease under which interest is owned, its successors or assigns and "Operator" means the operator of the described property, at the time the oil is sold.

PAYMENT: From the effective date, payment is to be made monthly by Sunoco Mktg. based on this Division of Interest for oil run during the preceding calendar month from the property listed above, less taxes required by law to be deducted and paid by Sunoco Mktg. as purchaser. Payments of less than \$100.00/month may be accrued before disbursement until the total amount equals \$100.00 or more. Amounts greater than \$10.00 will be released at least annually.

The owner agrees to indemnify and hold Sunoco Mktg. harmless from all liability resulting from payments made to the owner in accordance with such division of interest, including but not limited to attorney's fees or judgements in connection with any suit affecting the owners interest to which Sunoco Mktg. is made a Party, including right of set off.

DISPUTE/WITHHOLDING OF FUNDS: If a suit is filed affecting the interest of the owner, written notice shall be given to Sunoco Mktg. by the owner together with a copy of the complaint or petition filed.

In the event of a claim or dispute affecting the division of interest and/or funds credited herein, Sunoco Mktg. is authorized to withhold payments accruing to such interest, without interest unless otherwise required by applicable statute, until the claim or dispute is settled.

CANCELLATION/REVOCATION: Cancellation or revocation of this contract shall be effective on the first day of that month commencing thirty (30) days after receipt of written notice of such cancellation or revocation to Sunoco Mktg.

NOTICES: The owner agrees to notify Sunoco Mktg. in writing of any change in the division of interest, including changes of interest contingent on payment of money or expiration of time. No change of interest shall be binding upon Sunoco Mktg. until the recorded copy of the instrument of change, or documents satisfactorily evidencing such change, are furnished to Sunoco Mktg. at the time the change occurs.

Any change of interest shall be made effective on the first day of the month following receipt of such notice by Sunoco Mktg.

All correspondence regarding this contract shall be furnished to the addresses listed above unless otherwise advised by either party.

Witnesses:

Signature of Interest Owner:

Social Security / Tax I.D. No.

Phone Number

Email

Failure to furnish your Social Security/Tax I.D. Number will result in withholding tax in accordance with federal law, and any tax withheld will not be refunded by payor.



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

August 5, 2021

Alice J. Holland
Division Order Manager
Sunoco Partners Marketing & Terminal L.P.
PO Box 4933
Houston, TX 77210-4933

Re: State Lease Nos. MF110093 and MF110094 Prison Farm 1H Unit 4644

Dear Mrs. Holland:

The Texas General Land Office (GLO) has received your Division Order for the referenced unit. This Division Order has been filed in the appropriate mineral files.

The payment of royalties attributable to state-owned mineral and royalty interests is set by contract and applicable statutes and rules. The execution of division orders may, in some cases, affect the manner in which such payments are made or calculated. Therefore, Title 31, §9.32, of the Texas Administrative Code specifies that GLO staff cannot execute a division order or bind the state to any terms contained within it.

Subject to applicable state law and the state's right to take its production in-kind, the GLO acquiesces to the sale of oil and gas in accordance with the terms and conditions set out in the oil and gas leases. If you have questions concerning this matter, please feel free to e-mail me at the address below my signature.

We look forward to being put on pay status as soon as you are able to set up the wells in our RRAC system.

Thank you,

Vivian Zamora
Landman, Energy Resources
512-475-0428
512-475-1404 (fax)
vivian.zamora@glo.texas.gov

File No. MF110093

Burleson County

Division Order

Date Filed: 8/6/2021

George P. Bush, Commissioner

By VB

Mail to: Texas General Land Office
 Attn: Energy Resources
 P.O. 12873
 Austin, Texas 78711-2873

Texas General Land Office
 ASSIGNMENT SUMMARY

For General Land Office Use Only

11109

DOCUMENT TYPE: (mark one):
 Assignment Deed of Trust Merger/Name Change

ASSIGNMENT FEE: \$25 per State Lease (additional \$25 after 90 days)
 INTEREST BEING CONVEYED: (mark one)

Working Interest Overriding Royalty Interest Other (explain):

DOCUMENT RECORDING INFORMATION: (Include all the counties covered by the properties listed below)

County	Volume	Page	Execution Date/Effective Date
BURLESON (1)	2021-3507		JUNE 30, 2021 / APRIL 1, 2021
BURLESON (2)	2021-3532		JULY 1, 2021 / APRIL 1, 2021
BURLESON (3)	2021-4197		JULY 21, 2021 / APRIL 1, 2021

Remarks:

FROM List all companies or individuals listed in this instrument who are transferring ownership interests, in whole or in part, in the leases shown below	TO List all companies or individuals listed in this instrument who are receiving ownership interests in the leases listed below	% GROSS WI OWNED BY ASSIGNOR	% GROSS WI TRANSFERRED BY ASSIGNOR	% GROSS WI RETAINED BY ASSIGNOR
1. WCS OIL & GAS CORPORATION	MAGNOLIA OIL & GAS OPERATING LLC	54.5%	54.5%	0%
2. SCOTT SHUFORD	MAGNOLIA OIL & GAS OPERATING LLC	1.5%	1.5%	0%
3. CENTERLINE OIL & GAS, INC.	MAGNOLIA OIL & GAS OPERATING LLC	4.0%	4.0%	0%
4.				

Attach additional pages as needed.

LEASES COVERED BY THIS TRANSFER:

State Lease #	COUNTY	BLOCK	SECTION	PART OF SECTION	DEPTH RESTRICTION
1. M-110093	BURLESON			JOHN P. COLES, A-12	N/A
2. M-110094	BURLESON			JOHN P. COLES, A-12	N/A
3.					
4.					


 Preparer's Signature
 DENNIS R. ENGELMANN
 Name (please print)
 dengelmänn@engelmännlandservices.com
 E-Mail Address
 (979) 777-9130
 Telephone Number

OWNER
 Title
 SEPTEMBER 1, 2021
 Date
 I am an authorized representative of the lessee(s) under the State of Texas leases identified herein and represent and certify to the Commissioner of the General Land Office that the information provided on this form is true and correct.

ENGELMANN LAND SERVICES, LLC
 Company Name

 Mailing Address
 P.O. BOX 2806

 BRYAN, TEXAS 77805
 City/State/Zip

M/F=110093

ID 11109
COPY
MF 110093
MF 110094
eff 4-1-21
Burleson

ASSIGNMENT AND BILL OF SALE

STATE OF TEXAS §
 §
COUNTY OF BURLESON §

This Assignment and Bill of Sale (this "Assignment") is from the undersigned WCS OIL & GAS CORPORATION, P.O. Box 9159, Dallas, Texas 75209, as "Assignor", and MAGNOLIA OIL & GAS OPERATING LLC, 9 Greenway Plaza, Suite 1300, Houston, Texas 77046, hereinafter referred to as "Assignee", its successors and assigns. Assignor, for and in consideration of the sum of Ten Dollar (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, has BARGAINED, SOLD, TRANSFERRED, ASSIGNED and CONVEYED, and by these presents does hereby BARGAIN, SELL, TRANSFER, ASSIGN and CONVEY to Assignee (1) all of Assignor's undivided rights, titles and interests in and to the oil, gas and mineral leases and leasehold estates described on the schedules attached hereto as Exhibit "A" and made a part hereof for all purposes, together with all of Assignor's working interests and net revenue interests in and to the wells (the "Wells") set forth on Exhibit "B" attached hereto and made a part hereof for all purposes, and all of Assignor's undivided interest in and to all tanks (including all production in said tanks), compressors, machinery and personal property and equipment situated therein or thereon and used or obtained in connection with the Wells, (2) the right, benefits and interests of Assignor, if any, in, to and under contracts, operating agreements, right-of-way, easements, surface leases, permits, licenses, servitudes, pooling or unitization agreements, pooling designations and pooling orders covering, affecting or used or in any way connected with or pertaining to any of said leases and leasehold estates described on said Exhibit "A", and (3) the rights, claims and demands now or hereafter existing on or under any and all warranties of title to any of the above described property heretofore made to or inuring to the benefit of Assignor (all of which are hereinafter collectively referred to as the "Subject Interests"), which Seller represents is all such interests it owns in Burleson County, Texas (the "Area").

Assignee accepts the equipment conveyed herein AS IS, WHERE IS, AND WITH ALL FAULTS AND DEFECTS, having satisfied itself as to the condition and serviceability of the equipment herein conveyed. Assignor expressly disclaims any warranty or representations concerning the fitness, serviceability or condition of the equipment conveyed herein. Except as set forth in Section 8(a) of the Purchase Agreement, the Subject Interests are being assigned by Assignor to Assignee without warranty of title of any kind, whether common law or statutory, express or implied. To the extent transferable, Assignor hereby assigns to Assignee, its successors and assigns, full power and right of substitution and subrogation in and to all covenants and warranties (including warranties of title) by owners in Assignor's chain of title, vendors, or others, given or made with respect to the Assets or any part thereof prior to the Effective Time.

Assignee assumes all plugging obligations and liability therefor for the wells covered by this Assignment and additionally agrees to be responsible for all of the cost and expense of any surface restoration and/or cleanup on surface location for the wells described on said Exhibit "B".

This Assignment is made in accordance with and subject to the terms and provisions of that certain Purchase and Sale Agreement dated May 10, 2021 between Assignor and Assignee (the "Purchase Agreement"). In the event of a conflict between the provisions of the Purchase Agreement and this Assignment, the provisions of the Purchase Agreement shall control. The execution and delivery of this Assignment by Assignor, and the execution and acceptance of this Assignment by Assignee, shall not operate to release or impair any surviving rights or obligations of Assignor or Assignee under the Purchase Agreement.

TO HAVE AND TO HOLD the properties, rights, estates and interests herein assigned and conveyed, together with all and singular all rights, privileges and appurtenances thereto or in anywise belonging unto the said Assignee, its successors and assigns, forever; and Assignor does hereby warrant and agree to defend the title to the properties, rights, estates and interests herein assigned and conveyed against any and all persons whomsoever lawfully claiming the same or any part thereof by, through or under Assignor, but not otherwise.

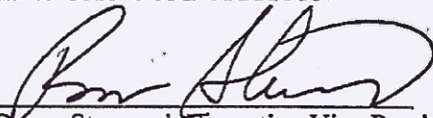
This Assignment may be executed in counterparts, and each such counterpart shall be deemed to be an original instrument, but all such counterparts together shall constitute for all purposes one agreement. Multiple counterparts of this Assignment may be recorded in the counties of the states where the Subject Interests are located, but the inclusion of a description of any Subject Interest in more than one counterpart of this Assignment shall not be construed as having effected any cumulative, multiple or overlapping interest in the applicable Subject Interest.

IN WITNESS WHEREOF, this instrument is executed the day of June 30, 2021, but shall be effective as of April 1, 2021, at 7:00 A.M (the "Effective Time").

ASSIGNOR:

WCS OIL & GAS CORPORATION

By:


Bruce Stensrud, Executive Vice President

ASSIGNEE:

MAGNOLIA OIL & GAS OPERATING LLC

By:

Wakeford Thompson, Vice President, Business Development

This Assignment is made in accordance with and subject to the terms and provisions of that certain Purchase and Sale Agreement dated May 10, 2021 between Assignor and Assignee (the "Purchase Agreement"). In the event of a conflict between the provisions of the Purchase Agreement and this Assignment, the provisions of the Purchase Agreement shall control. The execution and delivery of this Assignment by Assignor, and the execution and acceptance of this Assignment by Assignee, shall not operate to release or impair any surviving rights or obligations of Assignor or Assignee under the Purchase Agreement.

TO HAVE AND TO HOLD the properties, rights, estates and interests herein assigned and conveyed, together with all and singular all rights, privileges and appurtenances thereto or in anywise belonging unto the said Assignee, its successors and assigns, forever; and Assignor does hereby warrant and agree to defend the title to the properties, rights, estates and interests herein assigned and conveyed against any and all persons whomsoever lawfully claiming the same or any part thereof by, through or under Assignor, but not otherwise.

This Assignment may be executed in counterparts, and each such counterpart shall be deemed to be an original instrument, but all such counterparts together shall constitute for all purposes one agreement. Multiple counterparts of this Assignment may be recorded in the counties of the states where the Subject Interests are located, but the inclusion of a description of any Subject Interest in more than one counterpart of this Assignment shall not be construed as having effected any cumulative, multiple or overlapping interest in the applicable Subject Interest.

IN WITNESS WHEREOF, this instrument is executed the day of June 30, 2021, but shall be effective as of April 1, 2021, at 7:00 A.M (the "Effective Time").

ASSIGNOR:

WCS OIL & GAS CORPORATION

By: _____
Bruce Stensrud, Executive Vice President

ASSIGNEE:

MAGNOLIA OIL & GAS OPERATING LLC

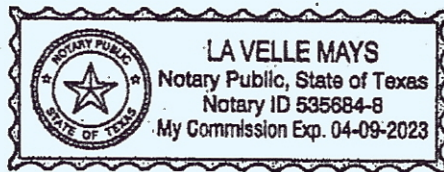
By: 
Wakeford Thompson, Vice President, Business Development

STATE OF TEXAS

§
§
§

COUNTY OF DALLAS

The foregoing instrument was acknowledged before me on June 30, 2021, by Bruce Stensrud as Executive Vice President of WCS Oil & Gas Corporation, a Texas corporation, on behalf of said corporation.



(Seal)

La Velle Mays
Notary Public in and for the State of Texas

STATE OF TEXAS

§
§
§

COUNTY OF HARRIS

The foregoing instrument was acknowledged before me on _____, 2021, by Wakeford Thompson, as Vice President, Business Development of Magnolia Oil & Gas Operating LLC, on behalf of said company.

Notary Public in and for the State of Texas

(Seal)

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

The foregoing instrument was acknowledged before me on _____, 2021, by Bruce Stensrud as Executive Vice President of WCS Oil & Gas Corporation, a Texas corporation, on behalf of said corporation.

Notary Public in and for the State of Texas

(Seal)

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

The foregoing instrument was acknowledged before me on June 30, 2021, by Wakeford Thompson, as Vice President, Business Development of Magnolia Oil & Gas Operating LLC, on behalf of said company.

Sonia Y. Wootton
Notary Public in and for the State of Texas

(Seal)

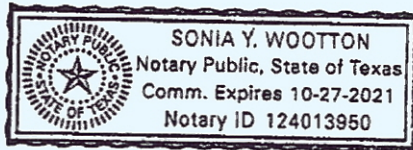


EXHIBIT "A"

Attached to and made a part of that certain Assignment and Bill of Sale by and between
WCS Oil & Gas Corporation, as Assignor, and Magnolia Oil & Gas Operating LLC, as Assignee

Leases

LEASE NUMBER	LESSOR	LESSEE	LEASE DATE	VOL	PAGE	COUNTY	ST
WCS-BUR0005	WALTER SCHUMACHER AND WIFE VIVIAN SCHUMACHER	ROBERT M EDSEL	02/21/1984	115	495	BURLESON	TX
WCS-BUR0006	JAMES SCHUMACHER AND WIFE DEBORAH SCHUMACHER	ROBERT M EDSEL	02/21/1984	115	498	BURLESON	TX
WCS-BUR0007	HARRY E KOSTER JR	ROBERT M EDSEL	05/08/1984	118	18	BURLESON	TX
WCS-BUR0008	ADOLPHUS J LUKSA	WCS OIL & GAS CORPORATION	06/22/1984	118	613	BURLESON	TX
WCS-BUR0009	CLINT LUKSA	WCS OIL & GAS CORPORATION	06/22/1984	118	615	BURLESON	TX
WCS-BUR0010	JOHNNY J LUKSA	WCS OIL & GAS CORPORATION	06/22/1984	118	617	BURLESON	TX
WCS-BUR0011	MELVIN MYNAR	WILLIAM C HAVERLAH	04/29/1976	16	108	BURLESON	TX
WCS-BUR0012	ROSALIE SCARMARDO ET AL	WCS OIL & GAS CORPORATION	02/06/1990	161	646	BURLESON	TX
WCS-BUR0014	LAWRENCE KAZMIR AND WIFE SHIRLEY KAZMIR	WILLIAM C HAVERLAH	05/01/1976	16	284	BURLESON	TX
WCS-BUR0015	EDWARD R MYNAR AND WIFE ALMA MYNAR	WILLIAM C HAVERLAH	04/30/1976	16	299	BURLESON	TX
WCS-BUR0016	TOMMY MONTALBANO	PRUITT ENERGY INC	02/28/1990	163	451	BURLESON	TX
WCS-BUR0017	MARY MONTALBANO CAMPISE	PRUITT ENERGY INC	02/28/1990	163	457	BURLESON	TX
WCS-BUR0018	JOE MONTALBANO	PRUITT ENERGY INC	02/28/1990	163	462	BURLESON	TX
WCS-BUR0019	VITA MONTALBANO FARETTA	PRUITT ENERGY INC	02/28/1990	165	374	BURLESON	TX
WCS-BUR0020	FORREST B SMALL AND WIFE ZULA SMALL	WILLIAM C HAVERLAH	05/05/1976	16	591	BURLESON	TX
WCS-BUR0021	ELO J JUNEK AND WIFE LYNN JUNEK	WILLIAM C HAVERLAH	05/07/1976	16	600	BURLESON	TX
WCS-BUR0022	J R SIMPSON AND WIFE DORA SIMPSON	WILLIAM C HAVERLAH	05/10/1976	16	680	BURLESON	TX
WCS-BUR0023	E E GRAFF AND WIFE VELMA GRAFF	WILLIAM C HAVERLAH	04/28/1976	16	96	BURLESON	TX
WCS-BUR0028	CLARENCE P MACHOVSKY AND WIFE ALICE BEATRICE MACHOVSKY	MARSHALL A HARRELL	10/12/1977	22	169	BURLESON	TX
WCS-BUR0036	LOWELL A PATTERSON TRUSTEE	CLAYTON W WILLIAMS JR	12/15/1977	22	767	BURLESON	TX
WCS-BUR0037	SAMUEL H HUTCHISON AND WIFE ERNESTINE LEE HUTCHISON	STRATA ENERGY INC	03/31/1978	22	790	BURLESON	TX
WCS-BUR0041	DUANE W ROW AND WIFE BETTY V ROW	AMMEX PETROLEUM INC	08/12/1978	24	345	BURLESON	TX
WCS-BUR0042	WALTER O KOEPPEN AND WIFE JOSEPHENE A KOPPEN	AMMEX PETROLEUM INC	08/12/1978	24	78	BURLESON	TX

WCS-BUR0043	JOHN M THORNTON	AMMEX PETROLEUM INC	08/12/1978	24	81	BURLESON	TX
WCS-BUR0044	JULIA A MACHOVSKY AND CLARENCE P MACHOVSKY	MARSHALL A HARRELL	10/07/1977	22	167	BURLESON	TX
WCS-BUR0045	EDWIN J GAAS AND WIFE MAVIS M GAAS	WCS OIL & GAS CORPORATION	03/11/2001	542	354	BURLESON	TX
WCS-BUR0046	CONNIE RICHTER	WCS OIL & GAS CORPORATION	03/16/2001	544	802	BURLESON	TX
WCS-BUR0047	JIMMY OPPERMAN	WCS OIL & GAS CORPORATION	03/16/2001	544	807	BURLESON	TX
WCS-BUR0048	RUBY JOYCE TOELLNER AND HUSBAND NORMAN H TOELLNER	WCS OIL & GAS CORPORATION	03/16/2001	544	812	BURLESON	TX
WCS-BUR0049	WILLIAM E JOHNSON	WCS OIL & GAS CORPORATION	11/15/2001	566	859	BURLESON	TX
WCS-BUR0050	FRANK E CHMELAR	WCS OIL & GAS CORPORATION	02/01/2002	566	862	BURLESON	TX
WCS-BUR0051	SHIRLEY WILLIAMS KILLINGSWORTH	WCS OIL & GAS CORPORATION	08/14/2002	582	29	BURLESON	TX
WCS-BUR0052	FRANK E CHMELAR AKA FRANK ERNEST CHMELAR	WCS OIL & GAS CORPORATION	08/14/2002	582	32	BURLESON	TX
WCS-BUR0053	GEORGE AND LENORA CHMELAR ET AL	DESTINY MANAGEMENT INC	03/04/2005	656	356	BURLESON	TX
WCS-BUR0054	SEALEY HUTCHINGS ET AL	WCS OIL & GAS CORPORATION	04/20/2006	690	390	BURLESON	TX
WCS-BUR0055	COMMISSIONER OF THE GLO OF THE SOT, M-110093	WCS OIL & GAS CORPORATION	04/21/2009	775	808	BURLESON	TX
WCS-BUR0056	COMMISSIONER OF THE GLO OF THE SOT, M-110094	WCS OIL & GAS CORPORATION	04/21/2009	775	817	BURLESON	TX
WCS-BUR0057	WILLIAM DAVID SMITH TRUSTEE	WCS OIL & GAS CORPORATION	04/21/2009	778	341	BURLESON	TX
WCS-BUR0058	RICHARD A BOWERS JR	WCS OIL & GAS CORPORATION	02/03/2010	795	610	BURLESON	TX
WCS-BUR0059	MARSHALL A HARRELL	WCS OIL & GAS CORPORATION	02/03/2010	796	267	BURLESON	TX
WCS-BUR0060	CATHY GENE COCKERHAM	WCS OIL & GAS CORPORATION	02/03/2010	796	272	BURLESON	TX
WCS-BUR0061	WILLIAM ERNEST JOHNSON AND WIFE ANITA JEAN JOHNSON	WCS OIL & GAS CORPORATION	02/03/2010	796	277	BURLESON	TX
WCS-BUR0062	ROGER W GOERLITZ AND WIFE KARL GOERLITZ	WCS OIL & GAS CORPORATION	11/02/2010	818	380	BURLESON	TX
WCS-BUR0063	BRANDON W MARTH AND WIFE KIRSTIE R MARTH	WCS OIL & GAS CORPORATION	11/02/2010	818	393	BURLESON	TX
WCS-BUR0064	MARSHALL A HARRELL	WCS OIL & GAS CORPORATION	11/22/2010	819	591	BURLESON	TX
WCS-BUR0065	LEON TOUBIN	WCS OIL & GAS CORPORATION	11/22/2010	819	595	BURLESON	TX
WCS-BUR0066	W S HOUSTON	WCS OIL & GAS CORPORATION	11/22/2010	819	599	BURLESON	TX
WCS-BUR0067	CRUMP FAMILY TRUST	WCS OIL & GAS CORPORATION	01/01/2011	825	672	BURLESON	TX
WCS-BUR0068	THOMAS N WARREN JR AND WIFE ELIZABETH F WARREN	WCS OIL & GAS CORPORATION	03/08/2011	827	435	BURLESON	TX
WCS-BUR0069	THE BURLESON COUNTY MINERAL TRUST	WCS OIL & GAS CORPORATION	11/02/2010	818	374	BURLESON	TX
WCS-BUR0070	CORY R FLENCHE AND WIFE CRISTI R FLENCHE	WCS OIL & GAS CORPORATION	05/20/2011	836	826	BURLESON	TX

110093
110094

WCS-BUR0071	MARY JANE MCMEANS	WCS OIL & GAS CORPORATION	06/21/2011	838	368	BURLESON	TX
WCS-BUR0072	HARRY B HUMPHRIES III	WCS OIL & GAS CORPORATION	06/21/2011	838	372	BURLESON	TX
WCS-BUR0073	BETTY SANDERS MURPHY FORMERLY BETTY J SANDERS	WCS OIL & GAS CORPORATION	06/21/2011	838	376	BURLESON	TX
WCS-BUR0074	JAMES TRUMAN ATKINSON AND WIFE JO ANN ATKINSON	WCS OIL & GAS CORPORATION	06/02/2011	838	380	BURLESON	TX
WCS-BUR0075	R E WILKENING AND WIFE SHARON WILKENING	WCS OIL & GAS CORPORATION	06/21/2011	841	721	BURLESON	TX
WCS-BUR0076	GAISIR OIL COMPANY INC	WCS OIL & GAS CORPORATION	06/21/2011	846	222	BURLESON	TX
WCS-BUR0077	WILLIAM S GARRETT AND WIFE RUTH P GARRETT	U S COMPANIES INC	03/22/1982	86	760	BURLESON	TX
WCS-BUR1237	JAMES SCHAWA ET AL	WCS OIL & GAS CORPORATION	03/30/2001	555	45	BURLESON	TX
WCS-BUR1238	JACK ELLIOTT	WCS OIL & GAS CORPORATION	03/30/2001	555	38	BURLESON	TX
WCS-BUR1253	BANK OF TEXAS AS AGENT FOR MARY IVORY SMITH	WCS OIL & GAS CORPORATION	05/26/2006	690	443	BURLESON	TX
WCS-BUR1254	JOHN B KING III	WCS OIL & GAS CORPORATION	04/20/2006	690	493	BURLESON	TX
WCS-BUR1255	ERNEST D CALVIN III	WCS OIL & GAS CORPORATION	04/20/2006	690	456	BURLESON	TX

EXHIBIT "B"

Attached to and made a part of that certain Assignment and Bill of Sale by and between WCS Oil & Gas Corporation, as Assignor, and Magnolia Oil & Gas Operating LLC, as Assignee

Wells

WELL NUMBER	API NUMBER	WELL	OPERATOR	COUNTY	STATE
2159	4205132318	WILMA NO. 1-RE	WCS OIL & GAS CORPORATION	BURLESON	TEXAS
2401	4205132153	DANIELLE #1 RE	WCS OIL & GAS CORPORATION	BURLESON	TEXAS
2905	4205133656	PRISON FARM #1H	WCS OIL & GAS CORPORATION	BURLESON	TEXAS
2536	4205132776	SEALY #1RE	WCS OIL & GAS CORPORATION	BURLESON	TEXAS
2015	4205130556	JUNEK UNIT #1	WCS OIL & GAS CORPORATION	BURLESON	TEXAS
2019	4205130686	PATTERSON "B" 1	WCS OIL & GAS CORPORATION	BURLESON	TEXAS
2011	4205130768	GRAFF #1	WCS OIL & GAS CORPORATION	BURLESON	TEXAS
2309	4205130769	GRAFF #2-RE	WCS OIL & GAS CORPORATION	BURLESON	TEXAS
2806	4205131067	GRAFF #3	WCS OIL & GAS CORPORATION	BURLESON	TEXAS
2###	4205131186	GRAFF #4 (former KAZMIR 1)	WCS OIL & GAS CORPORATION	BURLESON	TEXAS
9060	4205133141	WILL UNIT #1	WCS OIL & GAS CORPORATION	BURLESON	TEXAS
9139	4205133296	WILL UNIT NO. 2	WCS OIL & GAS CORPORATION	BURLESON	TEXAS
9402	4205132674	SCHUMACHER (HORZ)	WCS OIL & GAS CORPORATION	BURLESON	TEXAS
2922	4205133690	UNCLE STEVE #1H	WCS OIL & GAS CORPORATION	BURLESON	TEXAS
2716	4205130340	POEHL NO.1	GINGER PETROLEUM COMPANY INC	BURLESON	TEXAS
8490	4205132833	MACHOVSKY #2-A	RAMTEX ENERGY LLC	BURLESON	TEXAS



VG-1723-2021-3507

Burleson County
Anna L. Schielack
Burleson County Clerk

Instrument Number: 3507

Real Property Recordings
ASSIGNMENT & BILL OF SALE

Recorded On: July 06, 2021 12:54 PM

Number of Pages: 10

" Examined and Charged as Follows: "

Total Recording: \$82.25

***** THIS PAGE IS PART OF THE INSTRUMENT *****
Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY
because of color or race is invalid and unenforceable under federal law.

File Information:

Document Number: 3507
Receipt Number: 20210706000100
Recorded Date/Time: July 06, 2021 12:54 PM
User: Ella N
Station: Clerk01

Record and Return To:

ENGELMANN LAND SERVICES
P O BOX 1282
CALDWELL TX 77836



STATE OF TEXAS
Burleson County
I hereby certify that this Instrument was filed in the File Number sequence on the date/time
printed hereon, and was duly recorded in the Official Records of Burleson County, Texas

Anna L. Schielack
Burleson County Clerk
Burleson County, TX

(16)

File No. MF110093

~~Ariz~~ # 11109 ~~County~~

WCS et al (4) Magnolia

Date Filed: 12/15/21

George P. Bush, Commissioner

By [Signature]

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.

1. Article Addressed to:

Magnolia Oil & Gas Operating LLC
 9 Greenway Plaza, STE 1300
 Houston, TX 77046



9590 9402 8834 4005 7405 75

2. Article Number (Transfer from service label)

7011 1150 0001 2420 0252

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

[Handwritten Signature]
[Handwritten Name]

Agent

Addressee

B. Received by (Printed Name)

C. Date of Delivery

[Handwritten Date]
 8-22-24

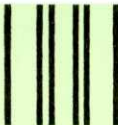
D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

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)

USPS TRACKING® RPDC 773
HOUSTON TX



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

9590 9402 8834 4005 7405 75

**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





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

August 12, 2024

Certified USPS # 7011 1150 0001 2420 0252

Magnolia Oil & Gas Operating LLC
9 Greenway Plaza, STE 1300
Houston, TX 77046

Re: Termination of State Lease Nos. MF 110093; MF110094; GLO Unit No. 4644
Prison Farm #1H / API No. 42-051-33656 / RRC No. 03-258144
MF-110093
416.00 acres of land, more or less, out of the John P. Coles Survey, A-12, Burleon County,
Texas.
MF-110094
597.78 acres of land, more or less, out of the John P. Coles Survey, A-12, Burleon County,
Texas.

To whom it may concern:

The Texas General Land Office (GLO) has completed a review of the above captioned State Leases of which Magnolia Oil & Gas Operating 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. 03-258144 (API No. 42-051-33656) ceased production as of July 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. 9 of the State Leases dated April 21, 2009, the GLO considers the above referenced State Leases terminated effective September 1, 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



Oil & Gas Data Query

Query Menu Help

Specific Lease Query Results

Query Path: [Search Criteria](#) > District: 03
 Date Range: Oct 2022 to May 2024

- Related Links**
[O&G Directory](#)
[O&G Proration Schedule](#)
[Offshore County Map](#)

[Production and Total Disposition](#) [Disposition Details](#) [County Production](#)

Search Criteria:

Lease Name: PRISON FARM , Lease No.: 258144 , Well No.: 1H
 Well Type: Gas
 District: 03
 Lease Production and Disposition
 Date Range: Oct 2022 - May 2024

20 results Page: 1 of 1 Page Size: [View All](#)

Date	GW Gas (MCF)		Condensate (BBL)		Operator Name	Operator No.	Field Name	Field No.
	Production	Disposition	Production	Disposition				
Oct 2022	265	265	115	1	MAGNOLIA OIL & GAS OPERATING LLC	521544	GIDDINGS (AUSTIN CHALK, GAS)	34773550
Nov 2022	746	746	105	187				
Dec 2022	643	643	92	1				
Jan 2023	0	0	13	1				
Feb 2023	56	56	34	191				
Mar 2023	177	177	81	0				
Apr 2023	0	0	5	0				
May 2023	0	0	59	0				
Jun 2023	0	0	7	2				
Jul 2023	0	0	0	174				
Aug 2023	0	0	0	0				
Sep 2023	0	0	0	0				
Oct 2023	0	0	0	0				
Nov 2023	0	0	0	0				
Dec 2023	0	0	0	0				
Jan 2024	0	0	0	0				
Feb 2024	0	0	0	0				
Mar 2024	0	0	0	0				
Apr 2024	0	0	0	0				
May 2024	0	0	0	0				
Total	1,887	1,887	511	557				

[Disclaimer](#) | [RRC Home](#) | [Contact](#)

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File No. MF110093

Burleson County

Termination Letter

Date Filed: 9-25-24

Commissioner Dawn Buckingham, M.D.

By: CRB