

MF110094

4644

State Lease	Control	Base File	County
MF110094	18-000625	155123	BURLESON

TERMINATION

DATE 9-1-2023
 LEASING CRB
 MAPS [Signature]
 GIS ML

Survey COLES JOHN P
 Block
 Block Name
 Township
 Section/Tract 9
 Land Part
 Part Description 597.78 GROSS ACRES
 Acres 440.45 110.98 MIN. ACRES
 Depth Below 0 Depth Above 0 Depth Other
 Name WCS OIL & GAS CORPORATION
 Lease Date 4/21/2009
 Primary Term 5 yrs
 Bonus (\$) \$31,385.00
 Rental (\$) \$5.00
 Lease Royalty 0.2500

Leasing: [Signature]
 Analyst: [Signature]
 Maps: [Signature]
 GIS: [Signature]

PARTIAL RELEASE



CAUTION

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Archives and Records Staff

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Scanned sm 7/31/13		
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Scanned PJ 9/28/2021		
See MF 101419 #18 Ass'n #11107 (Shuford @ Magnolia	12/15/21	



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 CORPORATION
 Address: P. O. BOX 9159
 City: 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: 9 Acres: 149.45
 (If Applicable)

BID SUBMISSION

(A) Bonus Amount (\$ 31,385.00)

THIRTY ONE THOUSAND THREE HUNDRED EIGHTY-FIVE AND NO/100
 (type/print above)

(B) Sales Fee Amount (\$ 470.78)

FOUR HUNDRED SEVENTY AND 78/100
 (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
10

APPLICANT NAME

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

WCS Oil & GAS CORPORATION (\$ 31,385.00)
 (same as above)

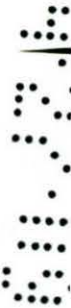
STATE OF TEXAS TAX I.D. #

[REDACTED]
 (must be an 11-digit number)

SIGNATURE OF AGENT

John Greig
 (signature)

JOHN GREIG
 (type/print name)



WCS OIL & GAS CORPORATION

044127

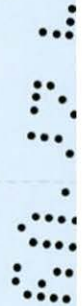


VENDOR		CHECK DATE	
15284		04/14/09	

INVOICE NUMBER	INVOICE DATE		DISCOUNT TAKEN	AMOUNT PAID
M-10-SALES	04/14/09	27445	\$0.00	\$470.78
		Total:	\$0.00	\$470.78

09013168

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WCS OIL & GAS CORPORATION

044124

VENDOR 15284 CHECK DATE 04/14/09

INVOICE NUMBER	INVOICE DATE		DISCOUNT TAKEN	AMOUNT PAID
M-10-BONUS	04/14/09	27445	\$0.00	\$31,385.00
		Total:	\$0.00	\$31,385.00

09013169

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File No. MF110094

Bud James

Date Filed: 4/7/09

Jerry Patterson, Commissioner

By *[Signature]*

The State of Texas



Austin, Texas

OIL AND GAS LEASE NO. M-110094

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:

597.78 ACRES OF LAND, MORE OR LESS, OUT OF THE JOHN P. COLES SURVEY, A-12, BURLESON COUNTY, TEXAS, BEING A 611.58 ACRE TRACT AS DESCRIBED IN THAT CERTAIN WARRANTY DEED, DATED FEBRUARY 4, 1963 FROM R. ARTHUR MEACHAM, ET UX TO HOLLAND PORTER, RECORDED AT VOLUME 150, PAGE 292 OF THE DEED RECORDS OF BURLESON COUNTY, TEXAS SAVE AND EXCEPT APPROXIMATELY 8.1 ACRE, BEING THAT PART OF SAID 611.58 ACRES LYING WEST OR SOUTHWEST OF THE CENTERLINE OF FARM-TO-MARKET ROAD NO. 50 AS DESCRIBED IN THAT WARRANTY DEED DATED APRIL 10, 1973 FROM HOLLAND PORTER TO BRAZOS J. VARISCO, RECORDED AT VOLUME 210, PAGE 257 OF THE DEED RECORDS OF BURLESON COUNTY, TEXAS AND FURTHER SAVE AND EXCEPT APPROXIMATELY 5.7 ACRES, MORE OR LESS, LYING IN 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 **Thirty-One Thousand Three Hundred Eighty-Five And 00/100 Dollars (\$31,385.00)**, 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.

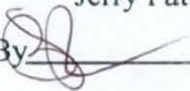
21. If this lease has been assigned to another company, Lessee shall provide the name and address of that company to the address listed above within thirty days of such assignment. If Lessee fails to comply with the rules, regulations and instructions, the General Land Office shall have the right, at 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.

File No. MF110094

Lease

Date Filed: 4/7/09

Jerry Patterson, Commissioner

By: 

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. 10**, which has been assigned the lease number **M-110094**.

State Lease M-110094 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,

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. MF 110094

Letter

Date Filed: 9/24/09
Jerry Patterson, Commissioner

By: [Signature]

The State of Texas



Austin, Texas

OIL AND GAS LEASE NO. M-110094

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:

597.78 ACRES OF LAND, MORE OR LESS, OUT OF THE JOHN P. COLES SURVEY, A-12, BURLESON COUNTY, TEXAS, BEING A 611.58 ACRE TRACT AS DESCRIBED IN THAT CERTAIN WARRANTY DEED, DATED FEBRUARY 4, 1963 FROM R. ARTHUR MEACHAM, ET UX TO HOLLAND PORTER, RECORDED AT VOLUME 150, PAGE 292 OF THE DEED RECORDS OF BURLESON COUNTY, TEXAS SAVE AND EXCEPT APPROXIMATELY 8.1 ACRE, BEING THAT PART OF SAID 611.58 ACRES LYING WEST OR SOUTHWEST OF THE CENTERLINE OF FARM-TO-MARKET ROAD NO. 50 AS DESCRIBED IN THAT WARRANTY DEED DATED APRIL 10, 1973 FROM HOLLAND PORTER TO BRAZOS J. VARISCO, RECORDED AT VOLUME 210, PAGE 257 OF THE DEED RECORDS OF BURLESON COUNTY, TEXAS AND FURTHER SAVE AND EXCEPT APPROXIMATELY 5.7 ACRES, MORE OR LESS, LYING IN 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 **Thirty-One Thousand Three Hundred Eighty-Five And 00/100 Dollars (\$31,385.00)**, 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.

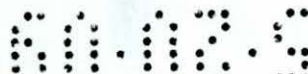
STATE OF TEXAS
COUNTY OF BURLESON
The document to which this certificate is affixed
is a full, true and correct copy of the original on
file and of record in my office.

Thereby, certified, on 5-12-09



Anna L. Schielack
County Clerk
Burleson County, Texas

By Shan R. Burger 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 Shawn R. Burgess 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 Shawn R. Burgin 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: [Signature] 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.

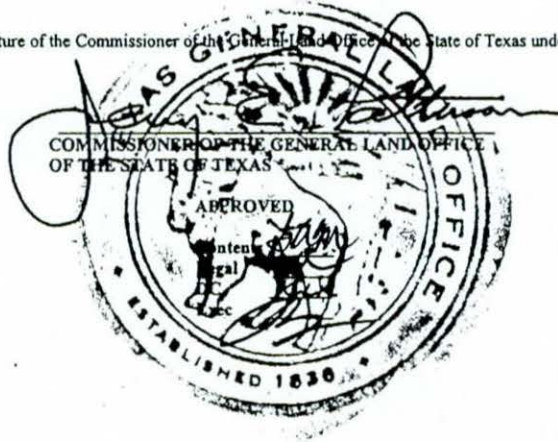
29. VENUE: Lessor and lessee, including lessee's successors and assigns, hereby agree that venue for any dispute arising out of a provision of this lease, whether express or implied, regarding interpretation of this lease, or relating in any way to this lease or to applicable case law, statutes, or administrative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

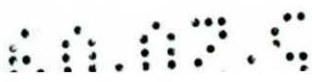
IN TESTIMONY WHEREOF, witness the signature of the Commissioner of the General Land Office of the State of Texas under the seal of the General Land Office.



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
 Deputy



STATE OF TEXAS
COUNTY OF DALLAS

(CORPORATION ACKNOWLEDGMENT)

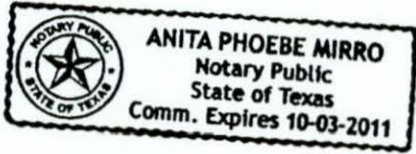
BEFORE ME, the undersigned authority, on this day personally appeared Bruce Stensrud
known to me to be the person whose name is subscribed to the foregoing instrument, as Executive Vice President of
WCS Oil & Gas Corporation

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 the 27 day of April, 2009

Anita Phoebe Mirro

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 *Shaw R. Burgin* 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

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. Burgin 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 Shawn R. Burger 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:
Burlison County

On: May 08, 2009 at 10:32A

As an Official Public Records

Document Number: 00001720

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:
Burlison 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
Burlison County, Texas

By Shawn R. Burgin
County Clerk

4.

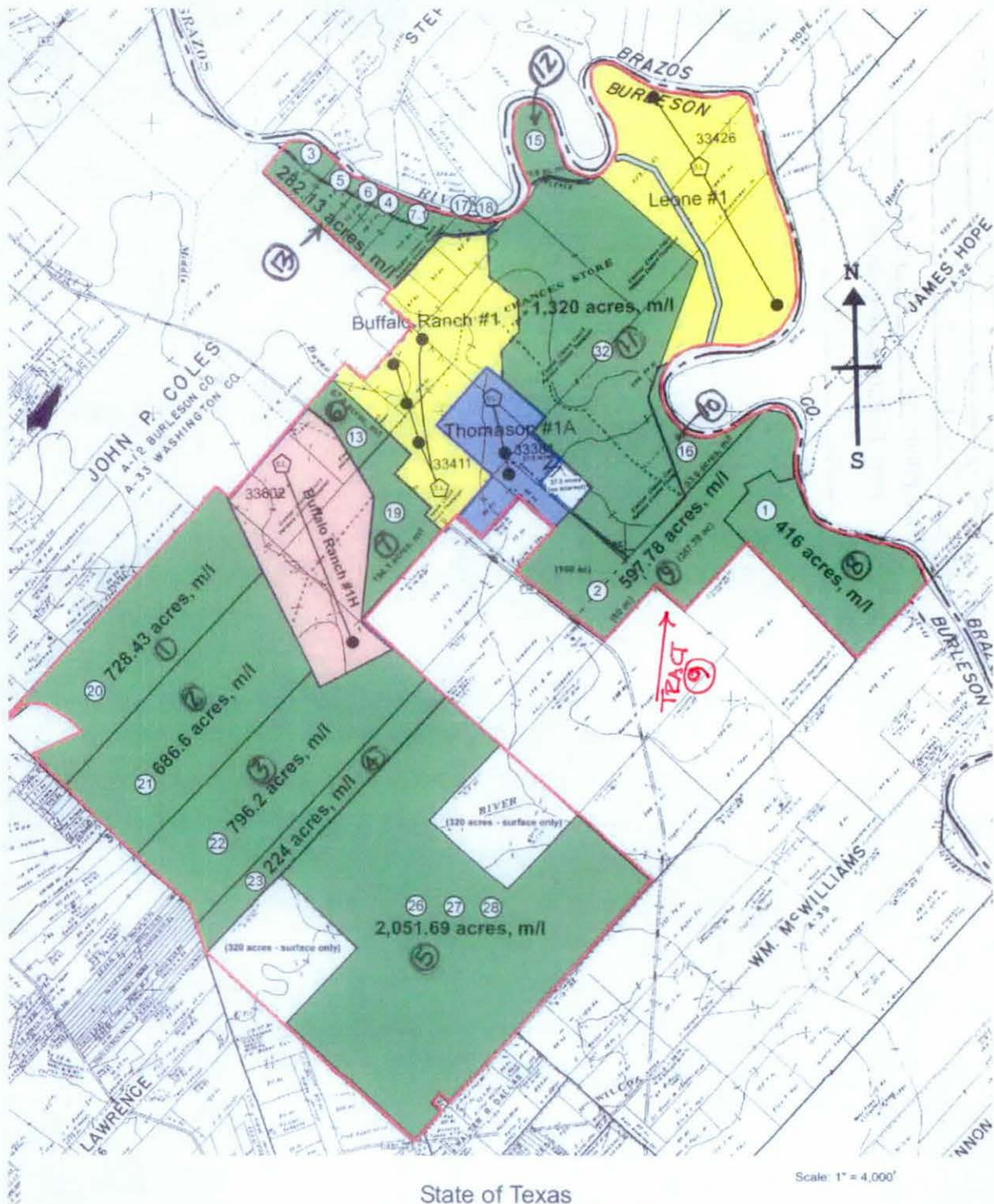
File No. MF 10094

Artificial lease

Date Filed: 9/20/09
Jerry Patterson, Commissioner

By [Signature]

3 5 0 3



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 609, Page 8, Official Records, Burleson County, Texas.	7,798.907 ac	Open Acreage - all depths	677.5 ac	No minerals owned by State
1,602.743 ac	HBP (Buda) - Apache Corporation	300.65 ac	HBP (Buda) - L&R Energy	700.0 ac	HBP (Buda) - WCS Oil & Gas

File No. MF-110094

Lease Plat

Date Filed: 5/21/2009

Jerry E. Patterson, Commissioner

By JEP



August 27, 2009

Texas General Land Office
Attn: ~~Carl Bonn~~ *Jesse Arellano*
P.O. Box 12873
Austin, TX 78711-2873

Re: GLO Lease No. M-110094
Burleson County, Texas


Dear Mr. Bonn:

Enclosed please find:

- 1) Original Partial Release of Oil and Gas Lease as recorded in Burleson County, Texas.
- 2) Two plats of our acreage with the 153.83 acres being released from M-110094 colored in red.

We are releasing this acreage due to title problems affecting mineral owners other than the State of Texas.

Very truly yours,

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

RECEIVED
BJS 9/1/09
Not pushed in mailbox

RELEASE FILE

6.

File No. MF110094

Keller

Date Filed: 9/1/09
Jerry Patterson, Commissioner

By [Signature]

PARTIAL RELEASE OF OIL AND GAS LEASE

(GLO Lease No. M-110094)

STATE OF TEXAS §
 §
COUNTY OF BURLESON §

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned does hereby SURRENDER, RELINQUISH and RELEASE all of the right, title and interest of the undersigned in and to that certain Oil and Gas Lease (hereinafter referred to as the "Lease" dated to be effective as of April 21, 2009, recorded in Volume 775, Page 817, Official Public Records, Burleson County, Texas, from Jerry E. Patterson, Commissioner of the General Land Office of the State of Texas (referred to therein and herein as "Lessor") to the undersigned, as Lessee, INsofar AND ONLY INsofar as the Lease covers 153.83 acres of land, more or less, out of Lot 10 of the John P. Coles Survey, A-12, Burleson County, Texas, 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 that portion of said 611.58 acre tract which is contained within the boundaries of the two (2) tracts described as "FIRST TRACT" (238.53 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, and which portion is hereinafter referred to as the "Released Acreage", unto the named Lessor of the Lease, its successors and assigns.

Notwithstanding anything contained herein to the contrary, this instrument is subject to and there is hereby EXCEPTED and RESERVED unto the undersigned, its successors and assigns, all of the right, title and interest of the undersigned in and to the Lease, INsofar AND ONLY INsofar as the Lease covers all of the "leased premises" (as that term is defined and described in the Lease), LESS, SAVE AND EXCEPT, HOWEVER, from the leased premises, the Released Acreage being released herein.

The terms and provisions of this instrument shall be binding upon and shall inure to the benefit of the parties hereto, their respective successors and assigns.

IN WITNESS WHEREOF, this instrument is executed this 7th day of August, 2009, shall be effective as of April 22, 2009.

Lessee:

WCS OIL & GAS CORPORATION

By Bruce J. Stensrud
Bruce J. Stensrud, Executive Vice President

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me on this 7th day of August, 2009, by Bruce J. 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



1-2 (New)
WCS Out Star Maps
PO Box 9159
Madison, TN 37209

434.81 acres.

0 _____ 1920

611.58 minus 153.83

Calls for ~~611.85~~ acres

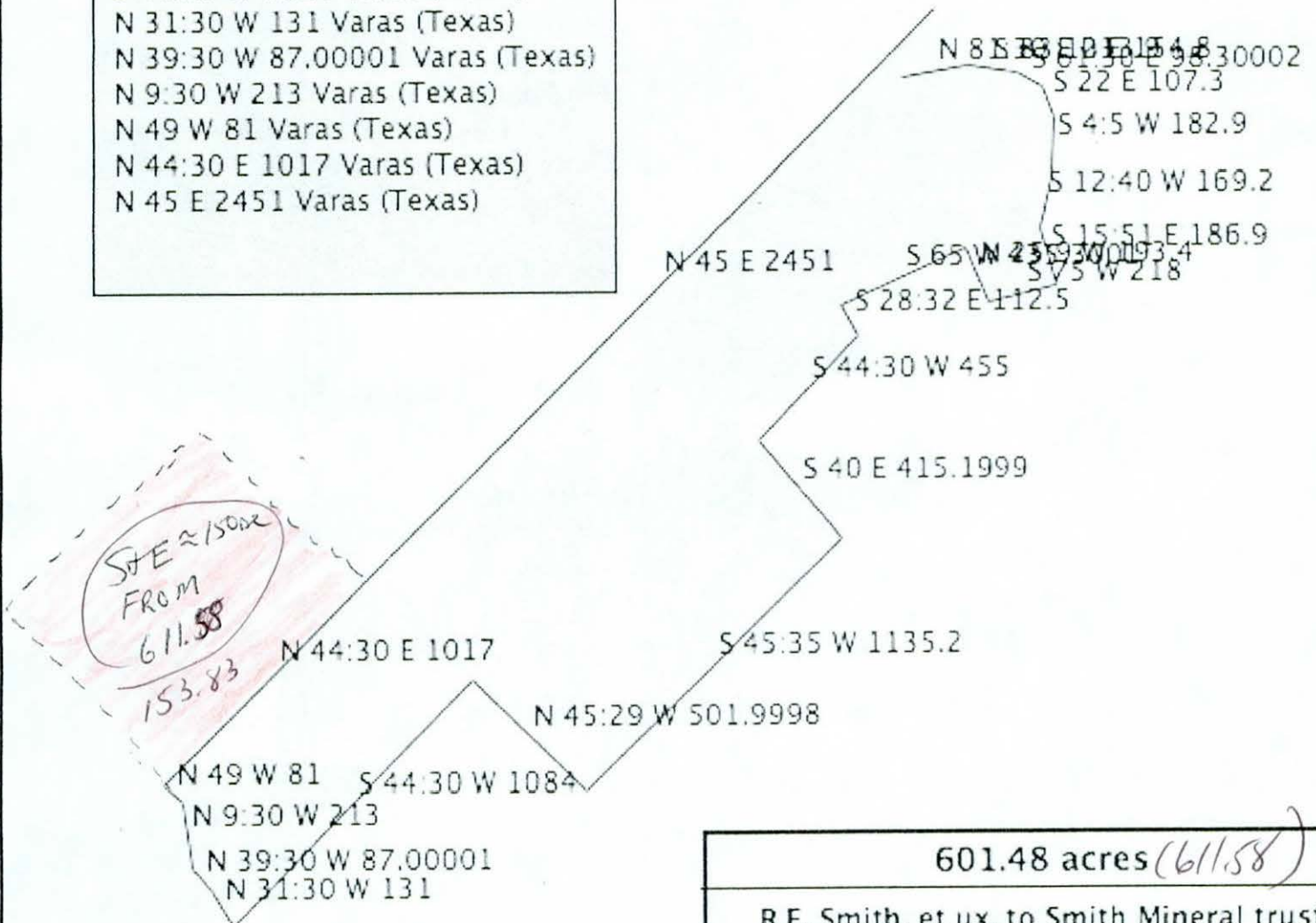
- N 81:30 E 213.9 Varas (Texas)
- S 83:10 E 154.8 Varas (Texas)
- S 61:30 E 98.30002 Varas (Texas)
- S 22 E 107.3 Varas (Texas)
- S 4:5 W 182.9 Varas (Texas)
- S 12:40 W 169.2 Varas (Texas)
- S 15:51 E 186.9 Varas (Texas)
- S 75 W 218 Varas (Texas)
- N 25:9 W 193.4 Varas (Texas)
- S 65 W 435.3001 Varas (Texas)
- S 28:32 E 112.5 Varas (Texas)
- S 44:30 W 455 Varas (Texas)
- S 40 E 415.1999 Varas (Texas)
- S 45:35 W 1135.2 Varas (Texas)
- N 45:29 W 501.9998 Varas (Texas)
- S 44:30 W 1084 Varas (Texas)
- N 31:30 W 131 Varas (Texas)
- N 39:30 W 87.00001 Varas (Texas)
- N 9:30 W 213 Varas (Texas)
- N 49 W 81 Varas (Texas)
- N 44:30 E 1017 Varas (Texas)
- N 45 E 2451 Varas (Texas)

This is platted from the calls in the Mineral Deed from R.F. Smith and Beatrice Smith to the Smith Family Mineral Trust

S+E ≈ 150ac ≈ 451.48 (LEASED)!

Brazos River Boundary, probable reason plat does not close

POB



601.48 acres (611.58)
R.F. Smith, et ux, to Smith Mineral trust
Platted from 256/238

587.6 acres.

0 _____ 1920



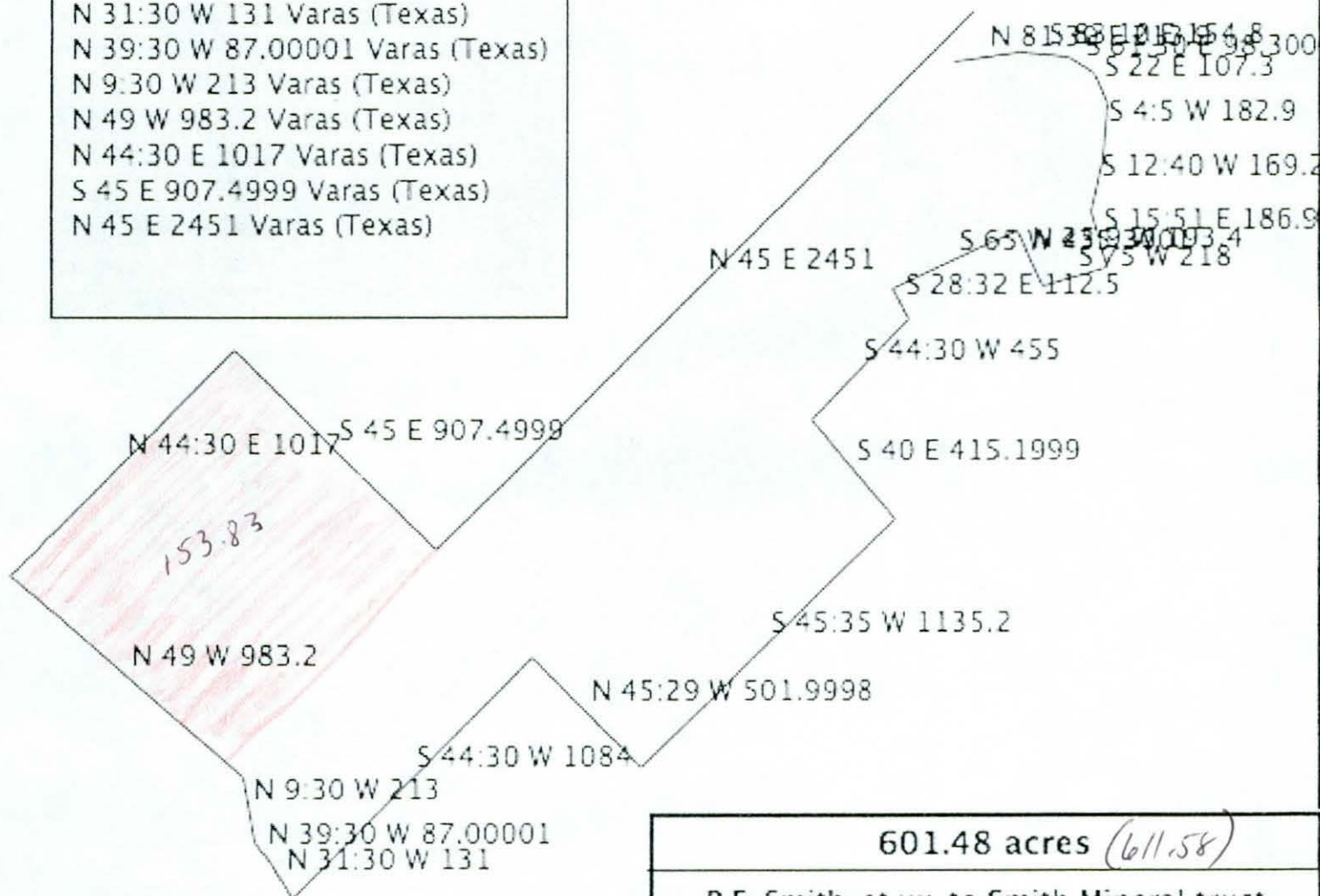
58
Calls for 611.58 acres

- N 81:30 E 213.9 Varas (Texas)
- S 83:10 E 154.8 Varas (Texas)
- S 61:30 E 98.30002 Varas (Texas)
- S 22 E 107.3 Varas (Texas)
- S 4:5 W 182.9 Varas (Texas)
- S 12:40 W 169.2 Varas (Texas)
- S 15:51 E 186.9 Varas (Texas)
- S 75 W 218 Varas (Texas)
- N 25:9 W 193.4 Varas (Texas)
- S 65 W 435.3001 Varas (Texas)
- S 28:32 E 112.5 Varas (Texas)
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- S 40 E 415.1999 Varas (Texas)
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- N 45:29 W 501.9998 Varas (Texas)
- S 44:30 W 1084 Varas (Texas)
- N 31:30 W 131 Varas (Texas)
- N 39:30 W 87.00001 Varas (Texas)
- N 9:30 W 213 Varas (Texas)
- N 49 W 983.2 Varas (Texas)
- N 44:30 E 1017 Varas (Texas)
- S 45 E 907.4999 Varas (Texas)
- N 45 E 2451 Varas (Texas)

This is platted from the calls in the Mineral Deed from R.F. Smith and Beatrice Smith to the Smith Family Mineral Trust

Brazos River Boundary, probable reason plat does not close

POB



601.48 acres (611.58)
R.F. Smith, et ux, to Smith Mineral trust
Platted from 256/238

7.

File No. MF 11094
Partial Release
Date Filed: 9/1/09
Jerry Patterson, Commissioner
By [Signature]

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

September 2, 2009

Mr. Bruce Stensrud
WCS Oil & Gas Corp.
PO Box 9159
Dallas, TX 75209

RE: Partial Release of State of Texas Lease – MF 110094

Dear Mr. Stensrud,

The General Land Office received the following instruments on August 28th, 2009. Said instrument is filed in the mineral file number as stated above.

The release is effective April 22, 2009, dated August 7, 2009 and recorded in Burleson County Vol. 782, P. 482. In the future, please note that a \$25.00 filing fee is required.

Best regards,

Beverly Boyd
Energy Resources
Mineral Leasing
512-463-6521

8.

File No. MF110094

Jerry Patterson

Date Filed: 9/2/09
Jerry Patterson, Commissioner

By 



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

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

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

512.463.5001 • 800.998.4GLO

glo.texas.gov

Exhibit "A"

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

Tuesday, March 10, 2015

From: Ted W. Walters & Assoc., LP

To: - COMMISSIONER OF THE GENERAL L
1700 N. CONGRESS STE. 935
AUSTIN, TX 78701-1495

Vendor Code
@GLOCT

Check Date
02/18/2015

Check Amount
X \$50.00

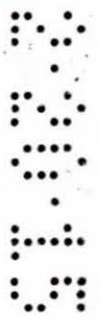
Check Number
E-4709

Invoice #	Invoice Amt
LBC04032014	50.00
CERTIFIED COPIES OF ASSIGNMENT	

15708039

129

51.003



WARNING - THIS CHECK IS PROTECTED BY SPECIAL SECURITY FEATURES

Ted W. Walters & Assoc., LP
Escrow Account
P O Box 8082
Tyler, TX 75711-8082

Southside Bank

4709

15708039

Fifty dollars and no cents

DATE	AMOUNT
02/18/2015	\$**50.00*

PAY
to the
Order
of

COMMISSIONER OF THE GENERAL LAND OFFICE
1700 N. CONGRESS STE. 935
AUSTIN, TX 78701-1495

SECURE FEATURES INCLUDE INVISIBLE FIBERS • MICROPRINTING • VOID FEATURE PANTOGRAPH • ENDORSEMENT BACKER • BROWNSTAIN CHEMICAL REACTANT • THERMOCHROMATIC THUMBPRINT

⑈00004709⑈

From: Ted W. Walters & Assoc., LP
 To: COMMISSIONER OF THE GENERAL L
 1700 N. CONGRESS STE. 935
 AUSTIN, TX 78701-1495

Vendor Code @GLOCT

Check Date 02/18/2015

Check Amount X \$50.00

Check Number E-4709

Invoice #	Invoice Amt
LBC04032014	50.00
CERTIFIED COPIES OF ASSIGNMENT	

15708039
129

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

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

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 02-27-14



Anna L Schiolack
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.

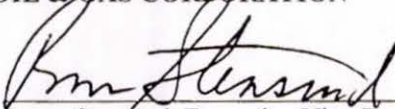
This assignment shall inure to the benefit of and be binding upon the parties hereto, their respective heirs, successors, and assigns. If any provision of this Assignment is held invalid, such invalidity shall not affect the remaining provisions. This Assignment is made free and clear of any arrangement 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:

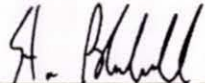
WCS OIL & GAS CORPORATION

By: 
Bruce Stensrud, Executive Vice-President

ASSIGNEES:

PETROMAX BRAZOS, LLC,
a Texas limited liability company

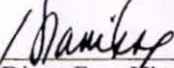
By: PetroMax Operating Company, Inc.
Its: Manager

By: 
Steve Blackwell, President

BURLESON ACQUISITION, LLC
a Texas limited liability company


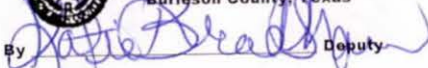
By: Hedgerow Properties, LLC
a Texas limited liability company, its sole member

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 05-27-14


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 §
 DALLAS §
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 22nd day of April, 2013, by Diane Fox, as 1/3 Sole Member of Burlison 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 2-27-14



Anna L Schielack
County Clerk
Burlison 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 2-27-14



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 02-27-14



Anna L. Schlegel
County Clerk
Burleson County, Texas

By

[Handwritten 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



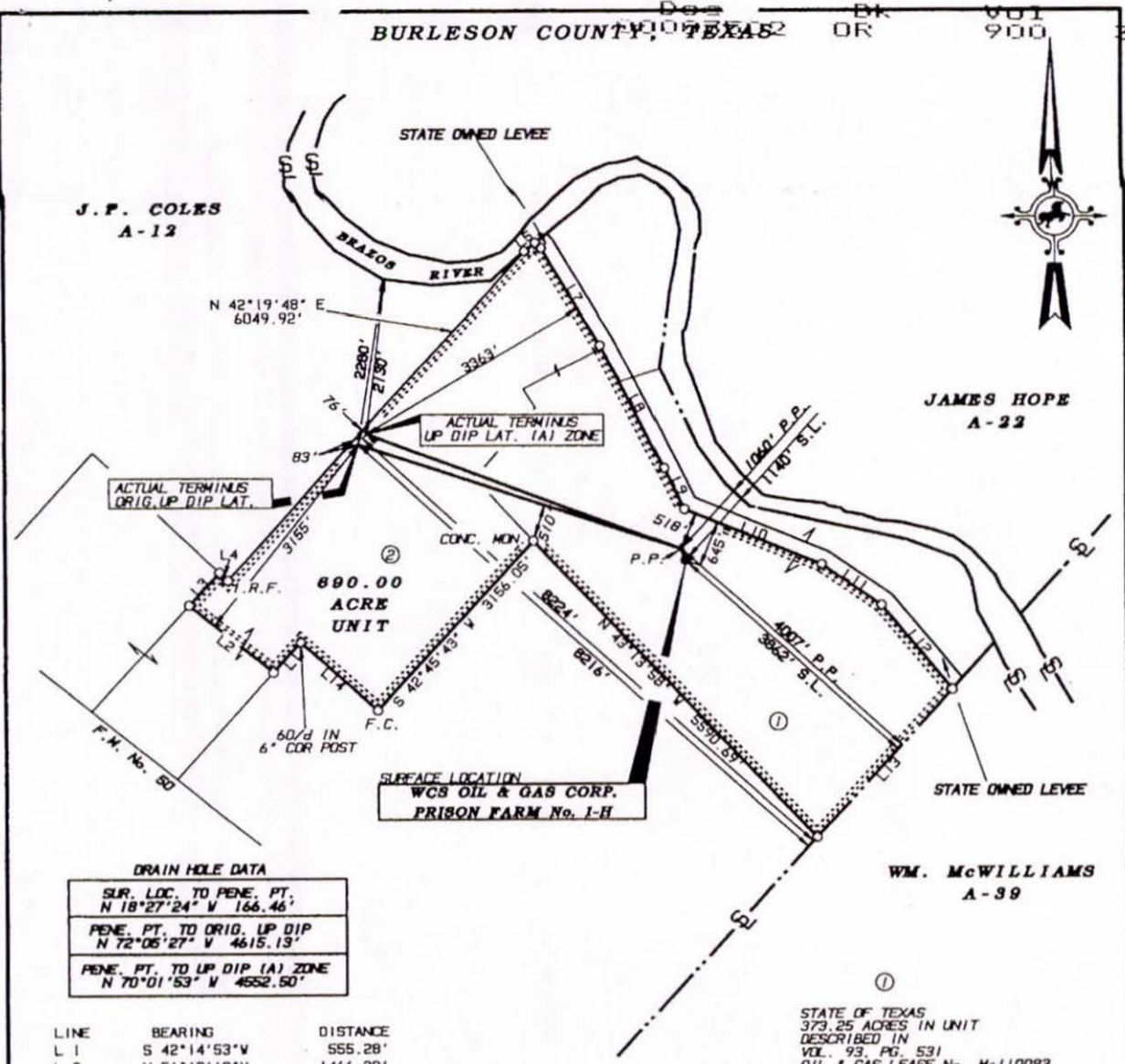
STATE OF TEXAS
COUNTY OF BURLESON

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 8-27-14



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
O.R. & 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

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 AS DRILLED DATA: CANDIAN	REV:

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 Anna L Schielack Deputy

Filed for Record in:
Burleson 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:
Burleson County
As stamped hereon by me.

May 29, 2013

Anna L. Schielack
Burleson 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 2-27-14



Anna L. Schielack
County Clerk
Burleson County, Texas

By

[Handwritten Signature]

Deputy

9

File No: MF-110094
Assignment #9283 WCS County
Civil & Crim Case to PetreMax Brazil
Date Filed: 3-6-15
George R. Bush, Commissioner
By: ga



MF 110094

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 110094

_____ County

Division Order

Date Filed: 2-9-17

By VH. George P. Bush, Commissioner