



## CAUTION

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Archives and Records Staff

MF114153

State Lease	Control	Base File	County
MF114153	08-039400	BEX-9637-P	FRIO

EXPIRED

DATE 5/11/2013

LEASING T.M. 7/29/16

MAPS JA

GIS MC

Leasing: CrH

Analyst: CrH

Maps: JA

GIS: MC

DocuShare: \_\_\_\_\_

Survey	ADAMS W A	
Block		
Block Name		
Township		
Section/Tract	8	
Land Part		
Part Description		
Acres	160	
Depth Below	Depth Above	Depth Other
Name	RICOCHET ENERGY INC	
Lease Date	5/11/2011	
Primary Term	2 yrs	
Bonus (\$)	\$0.00	
Rental (\$)	\$0.00	
Lease Royalty	0.0625	

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LEASE EXPIRED	5/11/13
T.M.	7/29/16
scanned PJ	11-17-16

**The Schuenemann Office**  
**Professional Landmen**

JO ELLEN SCHUENEMANN, APL  
H. CRAIG SCHUENEMANN, CPL

503 ILA STREET / P.O. BOX 1850  
KENEDY, TEXAS 78119  
BUS. (830) 583-3441 / FAX (830) 583-9823  
[crasheil@sbcglobal.net](mailto:crasheil@sbcglobal.net)

EDWIN WIATREK, RPL

May 17, 2012

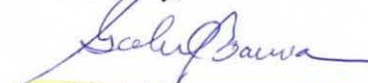
General Land Office  
C/O Drew Reid  
P.O. Box 12873  
Austin, Texas 78711

Re: Ratification of Frio County, Texas Lease

Dear Mr. Reid:

Ricochet Energy, Inc. has taken a lease where the State of Texas owns a free royalty interest. I have enclosed a copy of the Lease along with the recorded Memorandum. Please contact me via telephone or email on the steps we need to take to receive the Ratification on this tract of land.

Sincerely,



Gabriel Barrera  
Petroleum Landman  
(210)882-2803  
[gabebarrera78@yahoo.com](mailto:gabebarrera78@yahoo.com)

GEB  
Enclosure

MF-114153

08-039400  
BEX-9637-7  
(009637)  
Ser 8  
W.A. Adams sur  
A-1340  
Frio Co.  
160 AC  
7/16

File No. 114153

Cover Letter

Date Filed: 5/18/12

Jerry E. Patterson, Commissioner

By GH

2013



NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL 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.

## PAID UP OIL AND GAS LEASE

THIS LEASE AGREEMENT is effective this 11<sup>TH</sup> day of MAY, 2011, between FIVE BAR L, L.P., a Texas limited partnership as Lessor (whether one or more), whose address is P.O. Box 1257, Boerne, Texas 78006 and RICOCHE ENERGY, INC., whose address is 16111 Via Shavano, San Antonio, Texas 78249, as Lessee.

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

**168.71 acres of land, more or less, located in the W.A. Adams Survey No. 8, A-1340, Frio County, Texas, being the same lands described in that certain Special Warranty Deed dated May 19, 2010, from Complete Oil and Gas Specialist, Inc. (COGS), as Grantor, to Five Bar L, L.P., as Grantee, recorded in Volume 74, page 324, Official Public Records, Frio County, Texas, reference to which is here made for all pertinent purposes, INsofar AS AND ONLY INsofar AS said land includes all depths from the surface of the earth down to the stratigraphic equivalent of the base of the Austin Chalk formation.**

**SEE ADDENDUM ATTACHED HERETO AND MADE A PART HEREOF FOR ADDITIONAL PROVISIONS.**

in the county of FRIO, State of Texas, containing 168.71 gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith. The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

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

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be 25.0% of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessors credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead market price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity; (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be 25.0% of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if at the end of the primary term or any time thereafter one or more wells on the leased premises or lands pooled therewith are capable of producing oil or gas or other substances covered hereby in paying quantities, but such well or wells are either shut in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut in or production therefrom is not being sold by Lessee, then Lessee shall pay shut-in royalty of one dollar per acre then covered by this lease, such payment to be made to Lessor or to Lessors credit in the depository designated below, on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut in or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

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

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

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



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

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

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

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

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

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

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

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

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

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

LESSOR (WHETHER ONE OR MORE)

Signed for Identification Purposes

**FIVE BAR L, L.P., a Texas limited partnership**  
**By: Complete Oil and Gas Specialist, Inc., (COGS)**  
**Its: General Partner**

By:   
**Charles Lonnie Livingston, President**



ADDENDUM  
(Attached to Paid Up Oil and Gas Lease  
dated May 11<sup>th</sup>, 2011, from Five Bar L, L.P.,  
as Lessor, to Ricochet Energy, Inc., as Lessee)

Notwithstanding anything to the contrary contained in the foregoing printed form oil and gas lease, it is agreed and understood as follows, to-wit:

15. Reference in this lease to "other minerals" shall be deemed to include, in addition to oil and gas, only such related sulphur and hydrocarbons as may be produced therewith and extracted therefrom and shall not include coal, lignite, uranium, fissionable materials or any unrelated or hard minerals.
16. The right to maintain this lease in force and effect by the payment of shut-in royalties as set out in paragraph 3, is a recurring right which may be exercised by Lessee from time to time but shall not exceed an aggregate or cumulative period of time of more than three (3) years.
17. In the event a pooled unit is created under the provisions of paragraph 6, production, drilling, or reworking operations on said unit shall be effective to maintain this lease in force only as to that portion of the leased acreage included within said pooled unit. As to such portion of the leased premises that is not included within the boundaries of any pooled unit so formed, this lease may be maintained after the end of the primary term by the other applicable provisions of this lease.
18. Lessee agrees to pay for damages caused by its operations on the leased premises to growing crops, grass, cattle, roads, fences, and improvements on said land; and further, within a reasonable time after the completion of any well, to fill and level all slush pits used in connection therewith; and upon abandonment of any well or other structure or facility on said land, to reasonably restore the surface of said land so occupied by such well, structure or facility to as near its natural state as possible. Lessee agrees to pay Lessor (or the owner of the surface, if different) the sum of FIVE THOUSAND AND NO/100 DOLLARS (\$5,000.00) for the site location for each well that may be drilled on the leased premises, such payment to be made within thirty (30) days of moving the drilling rig on the location. Lessee shall consult with surface owner or Lessor prior to cutting or altering any fence. Any changes to fences proposed by Lessee shall be done by a fence contractor acceptable to Lessor or surface owner and at Lessee's expense. When requested by Lessor, Lessee will fence, with a good and substantial fence capable of turning livestock of ordinary demeanor, all permanent type facilities it places on the leased premises. All roadways to be regularly used by Lessee must be improved with caliche and regularly maintained.
19. Lessee, its agents, servants, employees, contractors, or sub-contractors shall not be permitted to carry firearms on the leased premises, nor to fish or hunt thereon, and any breach of this covenant shall make such party liable as a trespasser under the laws of the State of Texas, and such person shall not again be permitted to come on the leased premises.
20. Lessee shall have the right to use water from Lessor's water wells or surface water for drilling operations only, and agrees to compensate Lessor or surface owner at the rate of \$1.00 per foot drilled in each said well. Lessee's right to take and use water from Lessor's wells on the leased premises shall not include the right to use fresh water from any fresh water sands or strata underlying the leased premises for any secondary recovery, completion or fracture stimulation operations that may be conducted on the leased premises or lands pooled therewith without written consent from and agreed compensation to the Lessor or the affected surface owner.
21. If any well or wells drilled on the leased premises or lands pooled therewith have H<sub>2</sub>S gas, then at all times that Lessee conducts operations on Lessor's property, Lessor or Lessor's agent, with proper insurance and sour gas training, shall have reasonable access to Lessee's facilities at Lessor's sole risk and expense including, without limitation, the rig floor and logging truck. Lessor or any agent or consultant employed by Lessor in this capacity shall hold a current H<sub>2</sub>S Gas Safety Certificate prior to such access.
22. Lessee herein shall be solely responsible for full compliance with all rules and regulations of the Railroad Commission of Texas (RRC), the Texas Commission on Environmental Quality (TCEQ), and any other governmental agency with jurisdiction, in all of its operations on the leased premises, and does hereby indemnify and agree to hold Lessor harmless against violations of any such rules or regulations by Lessee. Lessee agrees to notify the Lessor at least twenty-four (24) hours in advance of intended plugging of any well drilled on the leased premises, granting Lessor the option of having such well or wells plugged in such a manner to allow Lessor the opportunity of then completing the same as a water well at Lessor's expense in a water sand of his/her selection after first having obtained the necessary permit from the Railroad Commission of Texas, or other regulatory body then having jurisdiction over the matter. Lessee shall also notify Lessor at least twenty-four (24) hours in



advance of intended abandoning of any dry hole granting Lessor the option of completing said well as a water well, provided that all additional costs of completing said well as a water well shall be paid by Lessor.

23. In the event Lessee shall be producing oil, gas or other hydrocarbons from any well or wells on the leased premises or on land pooled therewith on the date of the expiration of the primary term hereof, as it may be extended or continued by continuous operations as provided below, this lease shall terminate except insofar as it pertains to the following:

a. As to an oil well:

1. 40 acres in surface area if the well is producing or capable of producing from the surface of the earth to and including 4,000 feet below the surface of the earth; and
2. 80 acres in surface area if the well is producing or capable of producing from depths below 4,000 feet.

b. As to a gas, distillate and/or condensate well:

1. 320 acres in surface area if the well is producing or capable of producing from the surface of the earth to and including 5,000 feet below the surface of the earth; and
2. 640 acres in surface area if the well is producing or capable of producing from depths below 5,000 feet.

Provided, however, should a well for either oil or gas be drilled as a Horizontal Drainhole Well as defined and permitted by the Railroad Commission of Texas Statewide Rule 86 (Rule 3.86 of Title 16, Part 1, Chapter 3 of the Texas Administration Code) Horizontal Drainhole Wells, then, in that case, Lessee shall retain such an amount of acreage for either an oil well or a gas well that produces in paying or commercial quantities, as permitted by Railroad Commission Rule 86 or by special field rules for a horizontal drainhole well in the field where the well is located (the Horizontal Retained Tract).

Each separate tract ascribed to an oil well and each separate tract ascribed to a gas well pursuant to the provisions of this paragraph shall be treated as a separate lease tract subject to the provisions of this lease, and the continuation of this lease as to each such separate lease tract shall be determined by the provision of this lease applied to each such separate lease tract. Acreage in excess of the acreage provided for development (as selected by Lessee) must be released upon expiration of the primary term unless held by development or reworking operations provisions contained herein. One (1) year after the partial termination of this lease takes place, production or operations on each retained acreage tract allotted by the Lessee shall maintain this lease in effect only with regard to the land within the retained area, and down to a depth of 100 feet below the deepest depth drilled on the retained unit around the well and no further.

Regardless of whether or not Lessee shall be producing oil, gas or other hydrocarbons from any well or wells on any of the above described lands, if Lessee shall be engaged in drilling or reworking operations upon any well or wells on said date of the expiration of the primary term of this lease, Lessee's rights hereunder shall be continued thereby so long as this lease is maintained by continuous operations prosecuted by Lessee, diligently and in good faith, without any interruption of operations upon any one well for more than sixty (60) days and without any lapse of more than one hundred eighty (180) days between the completion of one well (either as a dry hole or as a commercial producer) and the commencement of actual drilling operations upon the next succeeding well.

Any well completed under this continuous drilling program shall maintain this lease in force and effect according to the other terms and provisions of this lease as to the production unit for such well or wells as hereinabove provided and down to a depth of 100 feet below the deepest depth drilled on the retained unit around such well and no further.

24. In the event Lessee does not remove all property and fixtures placed on the leased premises within One Hundred Eighty (180) days after the termination of this lease and receipt of written notice from Lessor to Lessee to remove such property and fixtures, and Lessee does not make suitable arrangements with the Lessor within said period of time to leave such property on the premises for a set additional period of time, then at the option of Lessor title to all of such property so left on the leased premises shall pass to and vest in Lessor.
25. Should Lessee have title to said lands, or any portion thereof, examined and have a title opinion(s) rendered, Lessee shall furnish to Lessor a copy of each such title opinion and any supplements thereto. A copy of each such opinion rendered shall be mailed to Lessor at the above address within thirty (30) days after the receipt by Lessee of each opinion. Lessee shall not be liable in any way for the contents of any such opinion rendered and delivered to Lessor.



26. Before building any pipelines on the leased premises, Lessee agrees to secure Lessor's approval as to the location of same and such approval will not be unreasonably withheld or delayed. It is the intention of the Lessor to assist Lessee in selecting the route that will cause the least amount of damage or interruption to the Lessor's farming and/or ranching operations. Lessee agrees to bury all pipelines at least thirty-six (36") inches below the surface. Standard farmland double-ditching method will be used by Lessee in construction of the pipeline by separating the topsoil from the subsoil during excavation and during the backfill operation, said subsoil must be placed in the open ditch first and then the topsoil will be placed in the ditch to complete the backfilling operation. All pipelines across the leased premises will be permanently identified and located by markings at all fence lines traversed by such pipelines. Should a pipeline from wells on the leased premises or lands pooled therewith be built, Lessee is not required to obtain an easement, but will nevertheless be liable for reasonable surface damages. Lessee, at all times while this lease is in effect, is required to maintain the pipeline right-of-way in order to prevent or correct sinkage, settlement and erosion of the soil as occasioned by its pipelines.
27. Within sixty (60) days (weather permitting) after the completion or abandonment of any well drilled or worked over on the leased premises, Lessee agrees that it will fill and level all slush pits, holes, ruts, ditches and drains and remove all non-water based drilling mud and chemicals from said premises and will restore the surface of the leased premises, as nearly as possible, to its condition prior to the commencement of such operations. Lessee may spread water-based drilling mud over the land in a land farm method or into Lessor's stock pond, at Lessor's option, upon obtaining prior consent to such disposal of drilling mud from Lessor.
28. Salt water will not be disposed of on the leased premises without the written consent of Lessor.
29. Within ninety (90) days after this lease has expired or any portion thereof has been forfeited and upon written request by Lessor, Lessee will furnish to Lessor, or Lessor's heirs, successors or assigns, a recordable release of this lease or such portions which have been forfeited under the terms of this lease agreement. If Lessee or Lessee's assigns fail to provide a release in the time required after receipt of written notice from Lessor, Lessee will immediately pay Lessor the sum of \$500.00 as agreed liquidated damages.
30. Notwithstanding any partial termination of this lease under the above provisions, Lessee shall have and retain such easements of ingress and egress over the remainder of the leased premises as shall be necessary to enable Lessee to develop and operate the portion or portions of this lease then in effect for the production of oil and gas therefrom. It is further agreed that it shall not be necessary for Lessee to remove or relocate any pipelines, tank batteries or other surface equipment or installations from any portions of the leased premises as to which this lease has terminated for so long as same remain necessary for the development and operation of such portions of this lease as continue in force and effect. Upon the occurrence of any partial termination of this lease, Lessor shall have, and expressly reserves, an easement through the said lands and the depths and formations retained by Lessee in order to enable the exploration and/or production of oil, gas and/or other minerals in and from any depths and lands which are not thereafter subject to this lease.
31. LESSEE AGREES TO COMPLY WITH ALL VALID LAWS, ORDINANCES, AND REGULATIONS, WHETHER STATE, FEDERAL OR MUNICIPAL, APPLICABLE TO THE LEASED PREMISES. THE USE WHICH LESSEE MAKES AND INTENDS TO MAKE OF THE LEASED PREMISES WILL NOT RESULT IN THE DISPOSAL OR OTHER RELEASE OF ANY HAZARDOUS SUBSTANCE OR SOLID WASTE ON OR TO THE PREMISES. IN THE EVENT THAT ANY HAZARDOUS SUBSTANCES, SOLID WASTES OR OTHER POLLUTANTS ARE DISPOSED OR RELEASED ON AND/OR UNDER THE PREMISES, RESULTING IN THE CONTAMINATION OR POLLUTION TO THE PREMISES OR ANY ADJOINING PROPERTY, ARISING OUT OF SAID CONTAMINATION OR POLLUTION, CAUSED BY OR CONSENTED TO BY THE LESSEE, THE LESSEE SHALL INDEMNIFY AND HOLD HARMLESS THE LESSOR AND LESSOR'S HEIRS, EXECUTORS, ADMINISTRATORS, SUCCESSORS, AND ASSIGNS, FROM AND AGAINST ANY AND ALL LIABILITY FROM THE RULES AND REGULATIONS OF THE TEXAS RAILROAD COMMISSION, THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION, AND LIABILITY ACT OF 1980, THE RESOURCE CONSERVATION AND RECOVERY ACT OF 1976, OR ANY OTHER STATE OR FEDERAL STATUTE, RULE OR REGULATION NOW IN EXISTENCE OR HEREINAFTER ENACTED RELATING TO SUCH SUBSTANCE OR WASTE AND LESSEE HAS THE ABSOLUTE RESPONSIBILITY FOR ALL CLEANUP OF SAID POLLUTION OR CONTAMINATION OR RECLAMATION OF THE PREMISES AND ALL COSTS AND EXPENSES THEREOF.
32. It is expressly understood and agreed that this lease is limited only to depths in the leased premises from the surface of the earth down to the stratigraphic equivalent of the base of the Austin Chalk



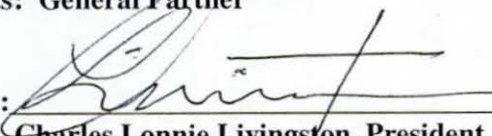
formation, and all deeper rights and depths are hereby reserved to Lessor. Notwithstanding the foregoing depth limitation, Lessor reserves the equal and concurrent rights of occupancy, use and possession of the surface of the leased premises together with an easement through the said lands, depths and formations covered by this lease to enable the exploration and/or production of oil, gas and/or other minerals in and from any other depths that are not subject to this lease; provided, however, Lessor will not use or grant others the right to use the surface of the premises covered hereby in any manner that will unduly interfere with Lessee's rights in exploring, developing, producing, transporting, marketing and caring for oil, gas and hydrocarbon produced from said lands by Lessee.

33. Lessor hereby grants to Lessee the option to extend the primary term of this lease for an additional one (1) year beginning May 11, 2013, provided however for said extension to take effect, the Lessee must deliver to Lessor on or prior to May 11, 2013, a cash amount equal to the sum of \$300.00 per net mineral acre covered by this lease. If said amount is not delivered to Lessor before said date, this option shall automatically terminate. Should the extension option be exercised as herein provided, it shall be considered for all purposes as though this lease originally provided for a primary term of three (3) years.
34. This lease shall not be filed of record in any public record without the written consent of Lessor and Lessee. Lessor shall execute and deliver to Lessee at the same time as the execution and delivery of this lease, a recordable Memorandum of this lease for the purposes of filing same in the public records of Frio County, Texas.

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

**LESSOR**

**FIVE BAR L, L.P., a Texas limited partnership**  
By: Complete Oil and Gas Specialist, Inc. (COGS)  
Its: General Partner

By:   
Charles Lonnie Livingston, President

**LESSEE**

**RICOCHET ENERGY, INC.**

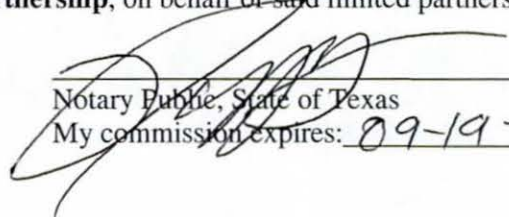
By:   
Jerry L. Hamblin, President

STATE OF TEXAS

COUNTY OF Kendall

This instrument was acknowledged before me on the 11<sup>th</sup> day of May, 2011, by **Charles Lonnie Livingston**, President of Complete Oil and Gas Specialist, Inc. (COGS), as General Partner for **FIVE BAR L, L.P., a Texas limited partnership**, on behalf of said limited partnership.



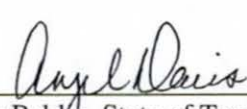
  
Notary Public, State of Texas  
My commission expires: 09-19-2014

STATE OF TEXAS

COUNTY OF BEXAR

This instrument was acknowledged before me on the 16<sup>th</sup> day of May, 2011, by Jerry L. Hamblin, President of **RICOCHET ENERGY, INC.**, a Texas corporation, on behalf of said corporation.



  
Notary Public, State of Texas  
My commission expires: 1-20-2015



**AFTER RECORDING RETURN TO:**

Ricochet Energy, Inc.  
16111 Via Shavano  
San Antonio, Texas 78249

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

**MEMORANDUM OF PAID UP OIL AND GAS LEASE**

THE STATE OF TEXAS       §  
  §                   KNOW ALL MEN BY THESE PRESENTS  
COUNTY OF FRIO         §

That effective as of the 11th day of May, 2011, a Paid Up Oil and Gas Lease (the "**Lease**") was entered into between **FIVE BAR L, L.P., a Texas limited partnership**, as Lessor (whether one or more), whose address is P.O. Box 1257, Boerne, Texas 78006, and **RICOCHET ENERGY, INC.**, as Lessee, whose address is 16111 Via Shavano, San Antonio, Texas 78249, covering the following described lands located in Frio County, Texas, to wit:

168.71 acres of land, more or less, located in the W.A. Adams Survey No. 8, A-1340, Frio County, Texas, being the same lands described in that certain Special Warranty Deed dated May 19, 2010, from Complete Oil and Gas Specialist, Inc. (COGS), as Grantor, to Five Bar L, L.P., as Grantee, recorded in Volume 74, page 324, Official Public Records, Frio County, Texas, reference to which is here made for all pertinent purposes, INSOFAR AS AND ONLY INSOFAR AS said land includes all depths from the surface of the earth down to the stratigraphic equivalent of the base of the Austin Chalk formation.

Subject to the other provisions therein contained, the Lease shall remain in force for a primary term of two (2) years from the date thereof, and for as long thereafter as oil or gas or other substances covered thereby are produced in paying quantities from the leased premises or from lands pooled therewith, or as long as the Lease is otherwise maintained in effect pursuant to the provisions contained therein. The Lease also grants Lessee the right and option to extend the original primary term for an additional one (1) year period by payment of additional bonus consideration on or before May 11, 2013, as provided therein.

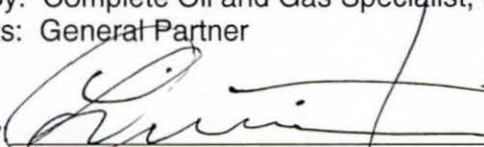
Executed copies of the Lease are in the possession of Lessor and Lessee at their respective addresses indicated above.

This Memorandum is effective as of the date first written above.

**LESSOR**

**FIVE BAR L, L.P., a Texas limited partnership**  
By: Complete Oil and Gas Specialist, Inc., (COGS)  
Its: General Partner

By

  
Charles Lonnie Livingston, President



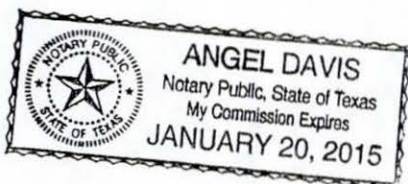
LESSEE

RICOCHET ENERGY, INC.

By: [Signature]  
Jerry L. Hamblin, President

STATE OF TEXAS       §  
                                  §  
COUNTY OF BEXAR   §

This instrument was acknowledged before me on the 17<sup>th</sup> day of May, 2011, by **Charles Lonnie Livingston**, President of Complete Oil and Gas Specialist, Inc. (COGS), as General Partner for **FIVE BAR L, L.P., a Texas limited partnership**, on behalf of said limited partnership.



[Signature]  
Notary Public, State of Texas  
My commission expires: 1-20-2015

STATE OF TEXAS       §  
                                  §  
COUNTY OF BEXAR   §

This instrument was acknowledged before me on the 16<sup>th</sup> day of May, 2011, by Jerry L. Hamblin, as President of **RICOCHET ENERGY, INC.**, a Texas corporation, on behalf of said corporation.



[Signature]  
Notary Public, State of Texas  
My Commission Expires: 1-20-2015

**THE STATE OF TEXAS**

COUNTY OF FRIO

I, Angie Tullis, Clerk of the County Court Frio County, Texas, do hereby certify that the foregoing instrument, with its Certificate of Authorization, was duly recorded on the 24<sup>th</sup> day of May, 2011, at 10:00 A.M., in Volume 91, Page 579-580, of the OP Records of Frio County, Texas.

Witness my hand and seal of the County Court of said County, at office in Pearsall, this 24<sup>th</sup> day of May, 2011.

By Aldalio Rodriguez Deputy

**ANGIE TULLIS**  
COUNTY CLERK, FRIO COUNTY, TEXAS

0129774  
FILED FOR RECORD  
2011 May 23 at 02:57 PM  
Angie Tullis, County Clerk  
Frio County, Texas  
By: Aldalio Rodriguez DEPUTY



2 2

File No. 1141153  
Private oil & gas lease  
~~Oil & Gas Lease~~  
Date Filed: 5/11/11  
Jerry E. Patterson, Commissioner  
v. CH

2013