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MF116501

Lease Type HROW 56 [State]	Control 56-029447	Basefile Highways & Public Transportati...	County BURLESON
	Survey		
	Block		
	Block Name		
	Township		
	Section/Tract		
	Land Part	SH-36	
	Acres	Net: 6.000000 Gross: 6.000000	
	Depth Below	Depth Above	Depth Other
	Name	CLAYTON WILLIAMS ENERGY, INC.	
	Lease Date	5/6/2014	
	Primary Term	3 years	
	Bonus	\$3,000.00	
	Lease Royalty	0.20000000	
	Paid Up	NA	

**EXPIRED**  
 DATE 5/6/17  
 LEASING TM 11/28/17  
 MAPS [Signature]  
 GIS MC

Leasing: SSD  
 Maps: [Signature]  
 GIS: MC  
 Scanlab: \_\_\_\_\_



**CAUTION**

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

Please help keep documents in content order and let the ScanLab know when new documents are added to this file.

Thank you for your assistance.

Archives and Records Staff

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6 Source Deeds Record	4/8/14
7 Adjacent lease schedule	4/8/14
8 Final Letter	5/15/14

Scanned sm 12/5/14  
 (Sec MF095942 #25 Assign #10357  
 Clayton Wm @ WIFE 8-15-17  
 LEASE EXPIRED 5/6/17  
 ENTRY DATE FOR EXPIRATION 11/28/17

Scanned PJ 12-29-2017



RECEIVED  
4/8/14

GLO USE ONLY  
STATE LEASE  
MF-116501

APPLICATION & CHECKLIST FOR HIGHWAY RIGHT OF WAY LEASE

Revised June 2013

LESSEE Clayton Williams Energy Inc.

ADDRESS 6 Desta Dr. Ste. 3000, Midland, Texas 79705  
[Lessee name and address must be written as they will appear on the Lease.]

HIGHEST ADJACENT BONUS PER ACRE PAID \$ 500.00

TOTAL CONSIDERATION TO COMMISSIONER OF GENERAL LAND OFFICE  
\$ 3000.00 Paid 1/25/14 \$ 45.00 Paid 1/25/14  
[bonus amount] [date] [sales fee] [date]

TERM [General Land Office will determine the Term based on remaining term of adjacent leases] 3 year

HIGHEST ADJACENT LEASE ROYALTY RATE 20%

HIGHEST ADJACENT LEASE SHUT-IN ROYALTY ~~N/A~~ \$1200/well  
[Note: Shut-in royalty will be highest in adjacent leases with a minimum of \$1200/well.]

TOTAL GROSS ACRES IN PROPOSED LEASE 6.00

TOTAL NET ACRES IN PROPOSED LEASE 6.00

COUNTY Burleson

ALL NAMES OF ROAD/HIGHWAY/STREET BEING LEASED:  
State Highway 36 SH-36

FULL DESCRIPTION [Abstract, Block, Township, Section)  
L. Dickson Survey, A-20

Do you control all minerals or leasehold adjacent to the highway/roadway? Yes  No

If no, what percent of minerals or leasehold adjacent to the roadway do you control? \_\_\_\_\_

Is the highway/roadway on Relinquishment Act Lands? Yes  No

The second page of this Application is a Checklist that **must be filled out and all items furnished** before a Highway Right of Way Lease will be prepared.

For questions:  
George Martin  
Texas General Land Office  
1700 N Congress  
Austin TX 78701  
512-475-1512  
george.martin@glo.texas.gov

L. Dickson Survey,  
A-20

1.

File No. MF116501

Application Checklist

Date Filed: 4/8/14

Jerry E. Patterson, Commissioner

By SSD

4 8 14

# The State of Texas



Austin, Texas

PAID-UP  
OIL AND GAS LEASE NO. MF 116501  
GENERAL LAND OFFICE  
AUSTIN, TEXAS

THIS AGREEMENT made and entered into by and between the Commissioner of the General Land Office of the State of Texas, whose address is Stephen F. Austin Building, 1700 North Congress, Austin, Texas, 78701, hereinafter called "Lessor", hereunto authorized by the School Land Board, pursuant to the provisions of Chapters 32 and 52 of the Natural Resources Code (hereinafter called N.R.C.), and amendments thereto, and all applicable rules promulgated by the School Land Board and **Clayton Williams Energy Inc.**, whose address is **6 Desta Drive, Suite 3000, Midland, TX 79705** hereinafter called "Lessee".

1. Lessor, in consideration of **Three Thousand Dollars and 00/100s (\$ 3,000.00)**, receipt of which is hereby acknowledged, and of the covenants and agreements of Lessee hereinafter contained, does hereby grant, lease, and let unto Lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, and all other hydrocarbons, produced from the land covered hereby. The land covered hereby, herein called "said land" is located in the County of **Burleson**, State of Texas, and is described as follows:

**6.00 acres** of land, more or less, known as, situated in said **Burleson** County, Texas, more particularly described in Exhibit "A" attached hereto and made a part hereof together with a plat, attached hereto as Exhibit "B", depicting said right-of-way and surrounding area for purposes of illustration only.

For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain **6.00 acres**, whether actually containing more or less, and the above recital of acreage shall be deemed to be the true acreage thereof. Lessor accepts the bonus as lump sum consideration for this lease and all rights and options hereunder.

2. **Primary Term:** This lease, which is a "paid up" lease requiring no rentals, shall remain in force for a term of **three years** from **May 6, 2014** hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. **Royalties:** As royalty Lessee covenants and agrees:

(a) To deliver to the credit of Lessor, in the pipe line to which Lessee may connect its well, the equal **20%** part of all oil produced and saved by Lessee from said land, or from time to

time, at the option of Lessee, to pay Lessor the average posted market price of such **20%** part of such oil at the wells as of the day it is run to the pipe line or storage tanks, Lessor's interest, in either case, to bear none of the cost of treating oil to render it marketable pipe line oil;

(b) To pay Lessor on gas and casing head gas produced from said land (1) when sold by lessee **20%** of the amount realized by Lessee, computed at the mouth of the well, or (2) when used by Lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of **20%** of such gas and casing head gas.

(c) If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred

(d) Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, Lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to Lessee.

(e) If at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check of lessee, as royalty, the sum of **\$ 1200.00**. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

(f) All royalties not taken in kind shall be paid to the Commissioner of the General Land Office at Austin, Texas, in the following manner: Royalty on oil is due and must be received in the General Land Office on or before the 5th day of the second month succeeding the month of production, and royalty on gas is due and must be received in the General Land Office on or before the 15th day of the second month succeeding the month of production, accompanied by the affidavit of the owner, manager, or other authorized agent, completed in the form and manner prescribed by the General Land Office and showing the gross amount and disposition of all oil and gas produced and the market value of the oil and gas, together with a copy of all documents, records or reports confirming the gross production, disposition and market value including gas meter readings, pipeline receipts, gas line receipts and other checks or memoranda of amount produced and put into pipelines, tanks, or pools and gas lines or gas storage, and any other reports or records which the General Land Office may require to verify the gross production, disposition and market value. In all cases the authority of a manager or agent to act for the Lessee herein must be filed in the General Land Office. Each royalty payment shall be accompanied by a check stub, schedule, summary or other remittance advice showing by the assigned General Land Office lease number the amount of royalty being paid on each lease. If Lessee pays his royalty on or before thirty (30) days after the royalty payment was due, the Lessee owes a penalty of 5% on the royalty or \$25.00, whichever is greater. A royalty payment which is over thirty (30) days late shall accrue a penalty of 10% of the royalty due or \$25.00, whichever is greater. In addition to a penalty, royalties shall

accrue interest at a rate of 12% per year; such interest will begin accruing when the royalty is sixty (60) days overdue. Affidavits and supporting documents which are not filed when due shall incur a penalty in an amount set by the General Land Office administrative rule which is effective on the date when the affidavits or supporting documents were due. The Lessee shall bear all responsibility for paying or causing royalties to be paid as prescribed by the due date provided herein. Payment of the delinquency penalty shall in no way operate to prohibit the State's right of forfeiture as provided by law nor act to postpone the date on which royalties were originally due. The above penalty provisions shall not apply in cases of title dispute as to the State's portion of the royalty or to that portion of the royalty in dispute as to fair market value. The State shall have first lien upon all oil and gas produced from the area covered by this lease to secure the payment of all unpaid royalty and other sums of money that may become due to the State hereunder.

4. **Pooling:** (a) Lessee is hereby granted the right, at its option, to pool or unitize any land covered by this lease with any other land covered by this lease, and/or with any other land, lease, or leases, as to any or all minerals or horizons. Units pooled for oil hereunder shall not exceed 160 acres each in area, and units pooled for gas hereunder shall not exceed in area 640 acres each plus a tolerance often percent (10%) thereof, unless oil or gas units of a greater size are allowed under or prescribed by rules of the Railroad Commission of Texas. A unit established hereunder shall be valid and effective for all purposes of this lease even though there may be mineral, royalty, or leasehold interests in lands within the unit, which are not effectively pooled or unitized. Any operations conducted on any part of such unitized land shall be considered, for all purposes, except the payment of royalty, as operations conducted upon said land under this lease. There shall be allocated to the land covered by this lease within each such unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) the proportion of the total production of unitized minerals from the unit, after deducting any used in lease or unit operations, which the number of surface acres in such land (or in each such separate tract) covered by this lease within the unit bears to the total number of surface acres in the unit, and the production so allocated shall be considered for all purposes, including payment or delivery of royalty, overriding royalty and any other payments out of production, to be the entire production of unitized minerals from the land to which allocated in the same manner as though produced there from under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph or of shut-in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas. The formation of any unit hereunder which includes land not covered by this lease shall not have the effect of exchanging or transferring any interest under this lease (including, without limitation, any shut-in royalty which may become payable under this lease) between parties owning interests in land covered by this lease and parties owning interests in land not covered by this lease. Neither shall it impair the right of Lessee to release as provided in paragraph 5 hereof, except that Lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit. At any time while this lease is in force Lessee may dissolve any unit established hereunder by filing for record in the public office where this lease is recorded a declaration to that effect, if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 4, a unit once established hereunder shall remain in force for so long as any lease subject thereto shall remain in force. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph 4 with consequent allocation of production as herein provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

(b) Neither unit production of oil or gas, nor unit operations, nor payment of shut-in royalties from a unit gas well, shall serve to hold the lease in force as to any area outside the unit, regardless of whether the production, maintenance of a shut-in gas well, or operations are actually located on the State tract or not.

(c) **Lessee agrees to file with the General Land Office a copy of any unit designation in which this lease is included and a completed "Highway Right-of-Way Unit Designation Form" which is available on the General Land Office website. Lessee agrees to make such filing within thirty (30) days of the designation being filed of record with the county.**

5. **Release:** Lessee may relinquish the rights granted hereunder to the State at any time by recording the relinquishment in the county where this area is situated and filing the recorded relinquishment or certified copy of same in the General Land Office within ninety (90) days after its execution accompanied by the prescribed filing fee. Such relinquishment will not have the effect of releasing Lessee from any liability theretofore accrued in favor of the State.

6. **Rework:** If at any time or times during the primary term operations are conducted on said land and if all operations are discontinued, this lease shall thereafter terminate at the end of the primary term or on the ninetieth day after discontinuance of all operations, whichever is the later date, unless on such later date either (1) Lessee is conducting operations or (2) the shut-in well provisions of paragraph 3 or the provisions of paragraph 9 are applicable. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil or gas, or production of oil or gas in paying quantities.

7. **Mineral Use:** Lessee shall have the use, free from royalty, of oil and gas produced from said land in all operations hereunder.

8. **Notice:** In the event Lessor considers that Lessee has not complied with all its obligations hereunder, both express and implied, Lessor shall notify Lessee in writing, setting out specifically in what respects Lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by Lessor. The service of said notice shall be precedent to the bringing of any action by Lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that Lessee has failed to perform all its obligations hereunder. If this lease is canceled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by Lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations.

9. **Force Majeure:** If, while this lease is in force, at, or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut-in well provisions of paragraph 3 hereof, and Lessee is not conducting operations on said land by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of Lessee, the

primary term shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.

10. **Lesser Estate Clause:** If this lease covers a less interest in the oil or gas in all or any part of said land than the entire and undivided fee simple estate (whether lessors interest is herein specified or not), or no interest therein, then the royalties, and other monies accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease bears to the whole and undivided fee simple estate therein.

11. **Assignments:** This lease may be transferred at any time. All transfers must reference the lease by file number and must be recorded in the county where the land covered hereby is located, and the recorded transfer or a copy certified to by the County Clerk of the county where the transfer is recorded must be filed in the General Land Office within ninety (90) days of the execution date, as provided by N.R.C. Section 52.026, accompanied by the prescribed filing fee. Every transferee shall succeed to all rights and be subject to all obligations, liabilities, and penalties owed to the State by the original Lessee or any prior transferee of the lease, including any liabilities to the State for unpaid royalties.

12. **Well Information:** Lessee agrees to forthwith furnish Lessor, upon written request, with copies of all drilling logs, electrical logs, cores and core records and other information pertaining to all wells drilled by lessee either on the leased premises or acreage pooled therewith, when requested to do so. Said information shall remain confidential as required by statute.

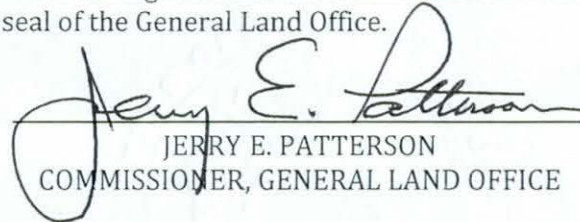
13. **Surface:** Notwithstanding anything herein to the contrary, it is agreed that Lessee will not conduct any exploration or drilling on the surface of the leased premises or use the surface in the exercise of any rights herein granted. Any development of said land shall be by means of a directional well located off the leased premises, or by pooling of said land with other land, lease or leases as hereinabove provided.

14. **Compensatory Royalty:** Lessee shall pay a compensatory royalty if this lease is not being held by production on the leased premises, by production from a pooled unit, or by payment of shut-in royalties in accordance with the terms of this lease, and if oil or gas is sold or delivered in paying quantities from a well located within 2,500 feet of the leased premises and completed in a producible reservoir underlying the area leased hereunder or in any case in which drainage is occurring. Such compensatory royalty shall be paid at the royalty rate provided in this lease based on the value of production from the well as provided in the lease on which such well is located. The compensatory royalty shall be paid in the same proportion that the acreage of this lease has to the acreage of the proration unit surrounding the draining well plus the acreage of this lease. The compensatory royalty shall be paid monthly to the Commissioner of the General Land Office on or before the last day of the month after the month in which the oil or gas is sold and delivered from the well causing the drainage or from the well located within 2500 feet of the leased premises and completed in a producible reservoir under this lease. Notwithstanding anything herein to the contrary, compensatory royalty payable hereunder shall be no less than an amount equal to double the shut-in, and shall maintain this lease in effect for so long as such payments are made as provided herein.

15. **Forfeiture:** If Lessee shall fail or refuse to make payment of any sum within thirty (30) days after it becomes due, or if Lessee or an authorized agent should knowingly make any false

return or false report concerning production or drilling, or if Lessee shall fail or refuse to drill any offset well or wells in good faith as required by law and the rules and regulations adopted by the Commissioner of the General Land Office, or if Lessee should fail to file reports in the manner required by law or fail to comply with rules and regulations promulgated by the General Land Office, or refuse the proper authority access to the records pertaining to operations, or if Lessee or an authorized agent should knowingly fail or refuse to give correct information to the proper authority, or knowingly fail or refuse to furnish the General Land Office a correct log of any well, or if this lease is pooled or assigned and the unit designation or assignment is not filed in the General Land Office as required by law, the rights acquired under this lease shall be subject to forfeiture by the Commissioner, and he shall forfeit same when sufficiently informed of the facts which authorize a forfeiture, and when forfeited the area shall again be subject to lease. However, nothing herein shall be construed as waiving the automatic termination of this lease by operations of law or by reason of any special limitation arising hereunder. Forfeitures may be set aside and this lease and all rights there under reinstated before the rights of another intervene upon satisfactory evidence to the Commissioner of the General Land Office of future compliance with the provisions of the law and of this lease and the rules and regulations that may be adopted relative hereto.

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

  
JERRY E. PATTERSON  
COMMISSIONER, GENERAL LAND OFFICE

Approved:

ML: 

DC: 

CC: 

## EXHIBIT A

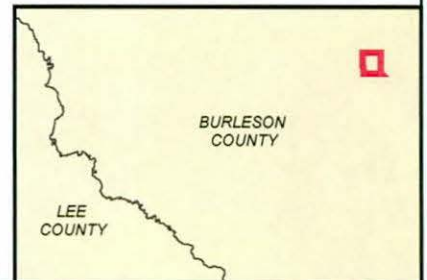
**6.00 acres of land**, more or less, lying and being situated in the L. Dickson Survey, A-20, Burleson County, Texas, more particularly described in that certain Warranty Deed dated October 14, 1957 from J.G. Shanklin and wife, Mamie Shanklin to the State of Texas acting through the State Highway Commission, and recorded in Volume 130, Page 426 of the Deed Records of Burleson County, Texas.

FRANCIS  
SMITH  
A-57

MF116501

36

LEMUEL  
DICKINSON  
A-20



MF116501  
Highway Right-of-Way  
SH-36  
6.00 Acres  
Burleson County, Texas

500 250 0 500 Feet



### Exhibit B

The Texas General Land Office makes no representations or warranties regarding the accuracy or completeness of the information depicted on this map or the data from which it was produced. This map IS NOT suitable for navigational purposes and does not purport to depict or establish boundaries between private and public land.



Map Generated by:  
Mark Conway  
IS/BAS/GIS  
April 2014

File No. MF 116501  
Oil & Gas lease

Date Filed: 5/6/14  
Jerry E. Patterson, Commissioner

By SSD



CLAYTON WILLIAMS ENERGY, INC.

March 26, 2014

RE: Texas Department of Transportation  
2157 Texas 36  
Caldwell, Texas 77836,  
L. Dickson Survey, A-20, Burleson County, Texas

Dear Mr. Martin,

Attached please find the following documents:

Application for Highway Right of Way (HROW) Lease  
Plat  
Processing Fee  
Bonus Check  
1.5% Tax Check  
Affidavit  
Source Deeds  
Schedule of Adjacent Leases

CWEI has enclosed checks in the amount of \$500.00 (Application Fee), \$3000.00 (Bonus Amount), \$45.00 (1.5% Tax).

I thank you for your patience and professionalism on these matters.

Sincerely,

Gene Bolton, Agent for Clayton Williams Energy, Inc.  
Burns Land Services, Inc.  
1501 Copperfield Parkway Ste. 528  
College Station, Texas 77840  
214-797-2719



CLAYTON WILLIAMS ENERGY, INC.

6 DESTA DRIVE, STE 1100,

MIDLAND, TX 79705

INVOICE DATE	INVOICE NUMBER	VOUCHER NUMBER	DESCRIPTION	AMOUNT
02/18/14	CK REQ 02/18	001439440	14710393	3000.00
				121
CHECK NUMBER	CHECK DATE	VENDOR NUMBER	VENDOR NAME	
287227	2/19/14	3667	TEXAS GENERAL LAND OFFICE	



CLAYTON WILLIAMS ENERGY, INC. 6 DESTA DRIVE, STE 1100,

MIDLAND, TX 79705

INVOICE DATE	INVOICE NUMBER	VOUCHER NUMBER	DESCRIPTION	AMOUNT
02/18/14	CK REQ 02/18	001439440		3000.00
			14710393	
		Total Bonus		
				121
CHECK NUMBER	CHECK DATE	VENDOR NUMBER	VENDOR NAME	
287227	2/19/14	3667	TEXAS GENERAL LAND OFFICE	

THIS CHECK IS VOID WITHOUT A BURGUNDY & GRAY BORDER AND BACKGROUND PLUS A KNIGHT & FINGERPRINT WATERMARK ON THE BACK - HOLD AT ANGLE TO VIEW



CLAYTON WILLIAMS ENERGY, INC.

6 DESTA DRIVE, STE 1100,  
MIDLAND, TX 79705  
(432) 682-6324

14710393

Wells Fargo Bank Ohio, N.A.  
Van Wert, OH

VOID

CHECK NO.	DATE	AMOUNT
287227	2/19/14	****3,000.00

PAY \*\*\*\*\*3,000 DOLLARS \*\*\*00 CENTS

CLAYTON WILLIAMS ENERGY, INC.

TO THE ORDER OF

TEXAS GENERAL LAND OFFICE  
1700 CONGRESS AVE., STE 640  
AUSTIN TX 78701 1495

3667

VOID AFTER 180 DAYS

⑈ 287227 ⑈



CLAYTON WILLIAMS ENERGY, INC.

6 DESTA DRIVE, STE 1100,

MIDLAND, TX 79705

INVOICE DATE	INVOICE NUMBER	VOUCHER NUMBER	DESCRIPTION	AMOUNT
02/18/14	CK REQ 02/18	001439441	14710394	<del>45.00</del>
				121
CHECK NUMBER	CHECK DATE	VENDOR NUMBER	VENDOR NAME	
287228	2/19/14	3667	TEXAS GENERAL LAND OFFICE	



CLAYTON WILLIAMS ENERGY, INC.

6 DESTA DRIVE, STE 1100,

MIDLAND, TX 79705

INVOICE DATE	INVOICE NUMBER	VOUCHER NUMBER	DESCRIPTION	AMOUNT
02/18/14	CK REQ 02/18	001439441	14710394	X 45.00
		1.5% Sales Fee		121
CHECK NUMBER	CHECK DATE	VENDOR NUMBER	VENDOR NAME	
287228	2/19/14	3667	TEXAS GENERAL LAND OFFICE	

THIS CHECK IS VOID WITHOUT A BURGUNDY & GRAY BORDER AND BACKGROUND PLUS A KNIGHT & FINGERPRINT WATERMARK ON THE BACK - HOLD AT ANGLE TO VIEW



CLAYTON WILLIAMS ENERGY, INC.

6 DESTA DRIVE, STE 1100,  
MIDLAND, TX 79705  
(432) 682-6324

14710394

Wells Fargo Bank Ohio, N.A.  
Van Wert, OH

VOID

CHECK NO.	DATE	AMOUNT
287228	2/19/14	*****45.00

PAY \*\*\*\*\*45 DOLLARS \*\*\*00 CENTS

CLAYTON WILLIAMS ENERGY, INC.

TO  
THE  
ORDER  
OF

TEXAS GENERAL LAND OFFICE  
1700 CONGRESS AVE., STE 640  
AUSTIN TX 78701 1495

3667

VOID AFTER 180 DAYS

⑈ 287228 ⑈



CLAYTON WILLIAMS ENERGY, INC.

6 DESTA DRIVE, STE 1100,

MIDLAND, TX 79705

INVOICE DATE	INVOICE NUMBER	VOUCHER NUMBER	DESCRIPTION	AMOUNT
02/18/14	CK REQ 02/18	001439442		500.00
			14710392	
				121
CHECK NUMBER	CHECK DATE	VENDOR NUMBER	VENDOR NAME	
287229	2/19/14	3667	TEXAS GENERAL LAND OFFICE	



CLAYTON WILLIAMS ENERGY, INC. 6 DESTA DRIVE, STE 1100,

MIDLAND, TX 79705

INVOICE DATE	INVOICE NUMBER	VOUCHER NUMBER	DESCRIPTION	AMOUNT
02/18/14	CK REQ 02/18	001439442		X 500.00
				14710392
			Processing Fee	
				121
CHECK NUMBER	CHECK DATE	VENDOR NUMBER	VENDOR NAME	
287229	2/19/14	3667	TEXAS GENERAL LAND OFFICE	

THIS CHECK IS VOID WITHOUT A BURGUNDY & GRAY BORDER AND BACKGROUND PLUS A KNIGHT & FINGERPRINT WATERMARK ON THE BACK - HOLD AT ANGLE TO VIEW



CLAYTON WILLIAMS ENERGY, INC.

6 DESTA DRIVE, STE 1100,  
MIDLAND, TX 79705  
(432) 682-6324

14710392

Wells Fargo Bank Ohio, N.A.  
Van Wert, OH

VOID

CHECK NO.	DATE	AMOUNT
287229	2/19/14	*****500.00

PAY \*\*\*\*\*500 DOLLARS \*\*\*00 CENTS

CLAYTON WILLIAMS ENERGY, INC.

TO THE ORDER OF

TEXAS GENERAL LAND OFFICE  
1700 CONGRESS AVE., STE 640  
AUSTIN TX 78701 1495

3667

VOID AFTER 180 DAYS

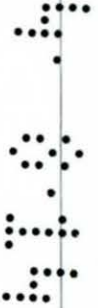
⑈ 287229 ⑈



CLAYTON WILLIAMS ENERGY, INC. 6 DESTA DRIVE, STE 1100,

MIDLAND, TX 79705

INVOICE DATE	INVOICE NUMBER	VOUCHER NUMBER	DESCRIPTION	AMOUNT
02/18/14	CK REQ 02/18	001439442		500.00
CHECK NUMBER	CHECK DATE	VENDOR NUMBER	VENDOR NAME	
287229	2/19/14	3667	TEXAS GENERAL LAND OFFICE	



THIS CHECK IS VOID WITHOUT A BURGUNDY & GRAY BORDER AND BACKGROUND PLUS A KNIGHT & FINGERPRINT WATERMARK ON THE BACK - HOLD AT ANGLE TO VIEW



CLAYTON WILLIAMS ENERGY, INC.

6 DESTA DRIVE, STE 1100,  
MIDLAND, TX 79705  
(432) 682-6324

Wells Fargo Bank Ohio, N.A.  
Van Wert, OH

CHECK NO.	DATE	AMOUNT
287229	2/19/14	*****500.00

PAY \*\*\*\*\*500 DOLLARS \*\*\*00 CENTS

CLAYTON WILLIAMS ENERGY, INC.

TO  
THE  
ORDER  
OF

TEXAS GENERAL LAND OFFICE  
1700 CONGRESS AVE., STE 640  
AUSTIN TX 78701 1495

3667

VOID AFTER 180 DAYS

⑈ 287229 ⑈



CLAYTON WILLIAMS ENERGY, INC. 6 DESTA DRIVE, STE 1100,

MIDLAND, TX 79705

INVOICE DATE	INVOICE NUMBER	VOUCHER NUMBER	DESCRIPTION	AMOUNT
02/18/14	CK REQ 02/18	001439442		500.00
CHECK NUMBER		CHECK DATE	VENDOR NUMBER	VENDOR NAME
287229		2/19/14	3667	TEXAS GENERAL LAND OFFICE



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CLAYTON WILLIAMS ENERGY, INC.

6 DESTA DRIVE, STE 1100,  
MIDLAND, TX 79705  
(432) 682-6324

Wells Fargo Bank Ohio, N.A.  
Van Wert, OH

CHECK NO. 287229  
DATE 2/19/14

AMOUNT
*****500.00

PAY \*\*\*\*\*500 DOLLARS \*\*\*00 CENTS

CLAYTON WILLIAMS ENERGY, INC.

TO THE ORDER OF

TEXAS GENERAL LAND OFFICE  
1700 CONGRESS AVE., STE 640  
AUSTIN TX 78701 1495

3667

*Handwritten signature*

VOID AFTER 180 DAYS

⑈ 287229⑈



CLAYTON WILLIAMS ENERGY, INC. 6 DESTA DRIVE, STE 1100,

MIDLAND, TX 79705

INVOICE DATE	INVOICE NUMBER	VOUCHER NUMBER	DESCRIPTION	AMOUNT
02/18/14	CK REQ 02/18	001439440		3000.00
CHECK NUMBER		CHECK DATE	VENDOR NUMBER	VENDOR NAME
287227		2/19/14	3667	TEXAS GENERAL LAND OFFICE



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CLAYTON WILLIAMS ENERGY, INC.

6 DESTA DRIVE, STE 1100,  
MIDLAND, TX 79705  
(432) 682-6324

Wells Fargo Bank Ohio, N.A.  
Van Wert, OH

CHECK NO.	DATE	AMOUNT
287227	2/19/14	****3,000.00

PAY \*\*\*\*\*3,000 DOLLARS \*\*\*\*00 CENTS

CLAYTON WILLIAMS ENERGY, INC.

TO THE ORDER OF

TEXAS GENERAL LAND OFFICE  
1700 CONGRESS AVE., STE 640  
AUSTIN TX 78701 1495

3667

VOID AFTER 180 DAYS

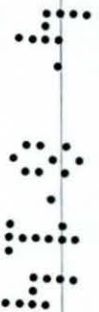
⑈ 287227⑈



CLAYTON WILLIAMS ENERGY, INC. 6 DESTA DRIVE, STE 1100,

MIDLAND, TX 79705

INVOICE DATE	INVOICE NUMBER	VOUCHER NUMBER	DESCRIPTION	AMOUNT
02/18/14	CK REQ 02/18	001439440		3000.00
CHECK NUMBER		CHECK DATE	VENDOR NUMBER	VENDOR NAME
287227		2/19/14	3667	TEXAS GENERAL LAND OFFICE



THIS CHECK IS VOID WITHOUT A BURGUNDY & GRAY BORDER AND BACKGROUND PLUS A KNIGHT & FINGERPRINT WATERMARK ON THE BACK - HOLD AT ANGLE TO VIEW



CLAYTON WILLIAMS ENERGY, INC.

6 DESTA DRIVE, STE 1100,  
MIDLAND, TX 79705  
(432) 682-6324

Wells Fargo Bank Ohio, N.A.  
Van Wert, OH

CHECK NO.	DATE	AMOUNT
287227	2/19/14	***3,000.00

PAY \*\*\*\*\*3,000 DOLLARS \*\*\*\*00 CENTS

CLAYTON WILLIAMS ENERGY, INC.

TO THE ORDER OF

TEXAS GENERAL LAND OFFICE  
1700 CONGRESS AVE., STE 640  
AUSTIN TX 78701 1495

3667

*Clayton Williams*

VOID AFTER 180 DAYS

⑈ 287227 ⑈



CLAYTON WILLIAMS ENERGY, INC. 6 DESTA DRIVE, STE 1100,

MIDLAND, TX 79705

INVOICE DATE	INVOICE NUMBER	VOUCHER NUMBER	DESCRIPTION	AMOUNT
02/18/14	CK REQ 02/18	001439441		45.00
CHECK NUMBER		CHECK DATE	VENDOR NUMBER	VENDOR NAME
287228		2/19/14	3667	TEXAS GENERAL LAND OFFICE



THIS CHECK IS VOID WITHOUT A BURGUNDY & GRAY BORDER AND BACKGROUND PLUS A KNIGHT & FINGERPRINT WATERMARK ON THE BACK - HOLD AT ANGLE TO VIEW



CLAYTON WILLIAMS ENERGY, INC.

6 DESTA DRIVE, STE 1100,  
MIDLAND, TX 79705  
(432) 682-6324

Wells Fargo Bank Ohio, N.A.  
Van Wert, OH

CHECK NO.	DATE	AMOUNT
287228	2/19/14	*****45.00

PAY \*\*\*\*\*45 DOLLARS \*\*\*00 CENTS

CLAYTON WILLIAMS ENERGY, INC.

TO THE ORDER OF

TEXAS GENERAL LAND OFFICE  
1700 CONGRESS AVE., STE 640  
AUSTIN TX 78701 1495

3667

VOID AFTER 180 DAYS

⑈ 287228 ⑈



CLAYTON WILLIAMS ENERGY, INC. 6 DESTA DRIVE, STE 1100,

MIDLAND, TX 79705

REORDER 805 - U.S. PATENT NO. 5530290, 5575508, 5641183, 5785353, 5384364, 6030000

INVOICE DATE	INVOICE NUMBER	VOUCHER NUMBER	DESCRIPTION	AMOUNT
02/18/14	CK REQ 02/18	001439441		45.00
CHECK NUMBER		CHECK DATE	VENDOR NUMBER	VENDOR NAME
287228		2/19/14	3667	TEXAS GENERAL LAND OFFICE



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(432) 682-6324



Wells Fargo Bank Ohio, N.A.  
Van Wert, OH

CHECK NO.	DATE	AMOUNT
287228	2/19/14	*****45.00

PAY \*\*\*\*\*45 DOLLARS \*\*\*00 CENTS

CLAYTON WILLIAMS ENERGY, INC.

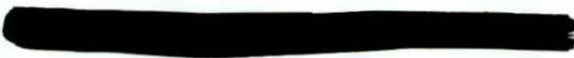
TO THE ORDER OF

TEXAS GENERAL LAND OFFICE  
1700 CONGRESS AVE., STE 640  
AUSTIN TX 78701 1495

3667

VOID AFTER 180 DAYS

⑈ 287228 ⑈



3.



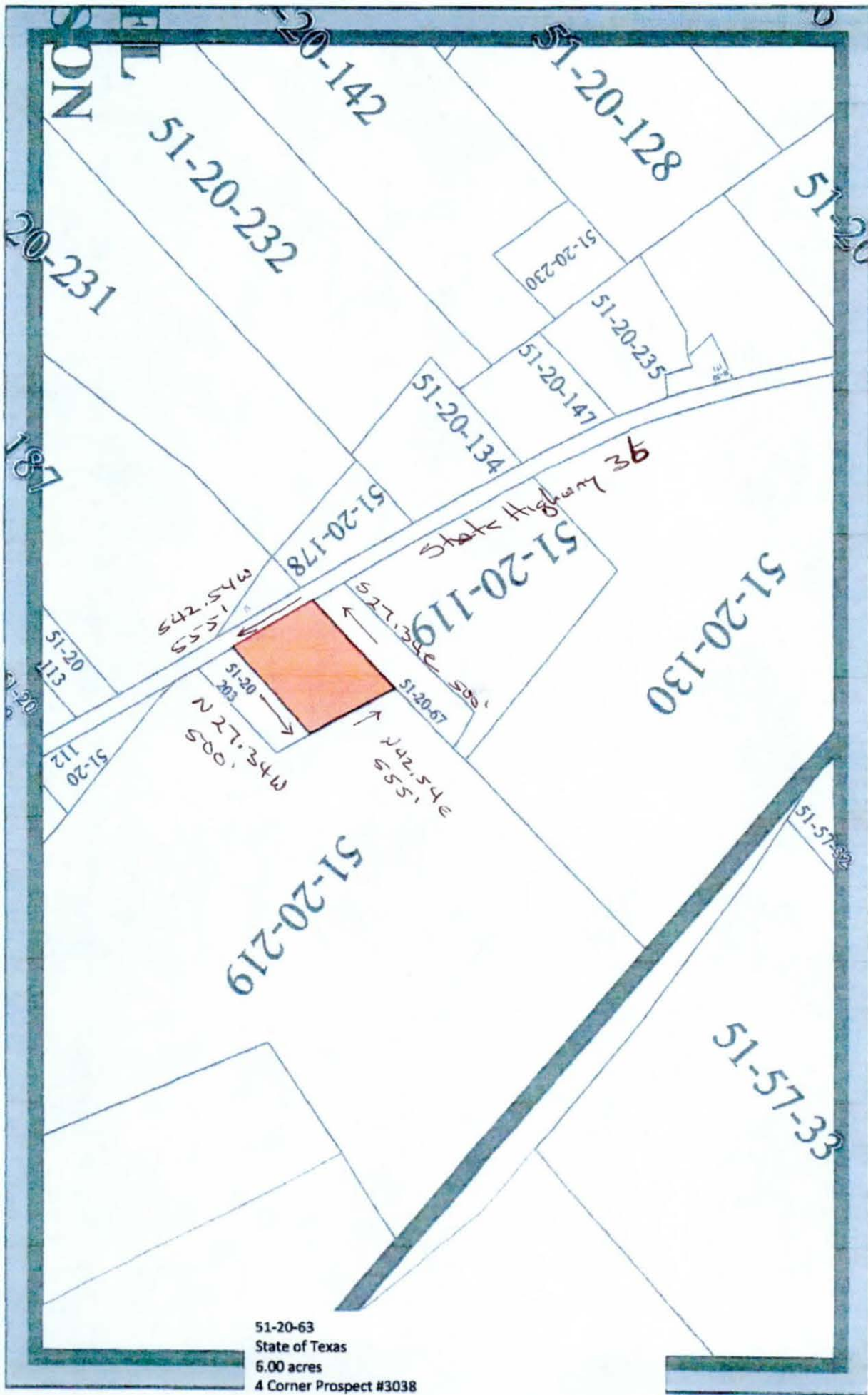
File No. MF116501  
Cover letter, bonus fees

Date Filed: 4/8/14  
Jerry E. Patterson, Commissioner  
By: SSD









51-20-63  
 State of Texas  
 6.00 acres  
 4 Corner Prospect #3038



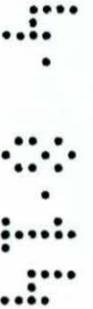


<b>Title:</b>		<b>Date: 06-28-2013</b>
<b>Scale: 1 inch = 1311 feet</b>	<b>File: 51-20-63.des</b>	
Tract 1: 6.004 Acres: 261529 Sq Feet: Closure = n00.0000e 0.00 Feet: Precision >1/999999: Perimeter = 2110 Feet		
001=n42.54e 555	003=s42.54w 555	
002=s27.34e 500	004=n27.34w 500	



**EXHIBIT A**

**6.00 acres of land**, more or less, lying and being situated in the L. Dickson Survey, A-20, Burleson County, Texas, more particularly described in that certain Warranty Deed dated October 14, 1957 from J.G. Shanklin and wife, Mamie Shanklin to the State of Texas acting through the State Highway Commission, and recorded in Volume 130, Page 426 of the Deed Records of Burleson County, Texas.

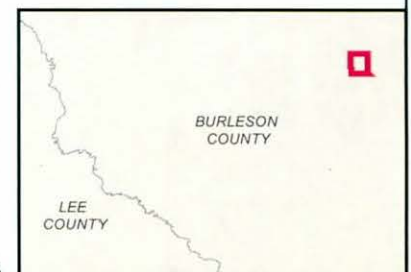


FRANCIS  
SMITH  
A-57

MF116501

36

LEMUEL  
DICKINSON  
A-20



MF116501  
Highway Right-of-Way  
SH-36  
6.00 Acres  
Burleson County, Texas

500 250 0 500 Feet



### Exhibit B

The Texas General Land Office makes no representations or warranties regarding the accuracy or completeness of the information depicted on this map or the data from which it was produced. This map IS NOT suitable for navigational purposes and does not purport to depict or establish boundaries between private and public land.



Map Generated by:  
Mark Conway  
IS/BAS/GIS  
April 2014

4.

File No. MF 116501  
Plat

Date Filed: 4/8/14  
Jerry E. Patterson, Commissioner

By SSD

**AFFIDAVIT OF HIGHEST CONSIDERATION PAID  
HIGHWAY RIGHT OF WAY LEASES**

STATE OF TEXAS

COUNTY OF Brazos

BEFORE ME, the undersigned authority, on this day personally appeared

Jeff Rogers (Affiant), known to me to be a credible person and of lawful age, who being by me first duly sworn, deposes and says:

That his/her name is Jeff Rogers. And that, Affiant is personally familiar with and knowledgeable of the terms and conditions of the oil and gas lease(s) which adjoin(s) State Highway 36  
[common name(s) of highway/roadway]

situated in Burleson County, Texas, said highway/roadway being described on Exhibit "A" attached hereto and made a part hereof. And that the highest and best terms for any lease adjoining lands described in Exhibit "A" are as follows:

Bonus Consideration Paid (Per Acre): \$ 500.00

Primary Term: 3 years

Royalty Rate: 1/4

Delay Rentals: \$ N/A

The above statements are within my personal knowledge and are true and correct.

Further, Affiant sayeth not.

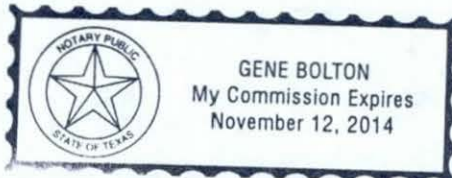
[Signature]  
[signature of affiant]

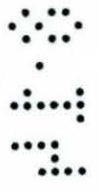
Jeff Rogers  
[printed or typed name of affiant]

State of Texas  
County of Brazos

Sworn to and subscribed before me on the 19<sup>th</sup> day of March, 2014, by Jeff Rogers (name of Affiant).

[Signature]  
Notary Public's Signature





File No. MF 116501  
Affidavit of Highest Consideration

Date Filed: 4/8/14  
Jerry E. Patterson, Commissioner  
By: SSD



GIVEN UNDER MY HAND AND SEAL OF OFFICE this 14 day of October A.D. 1957.

(L.S.)

Notary Public, E. S. Dushek  
Burlleson County, Texas

Filed for Record November 6, 1957 at 11:45 o'clock A.M.

And Recorded November 9, 1957 at 9:15 o'clock A.M.

John J. Toupal

By Linn Bee Steka Deputy

County Clerk

\*\*\*\*\*  
RELEASE C. F. HARDT TO CHARLIE RATLIFF ET UX

THE STATE OF TEXAS,  
COUNTY OF BURLESON,

WHEREAS, on the 6th day of Nov. 1957, Charlie Ratliff and wife Hattie Ratliff of Burlleson County, Texas, did execute, acknowledge and deliver to C. F. Hardt of Burlleson County, Texas, a certain Mechanic's and Materialman and Lien Note on the following described real estate, situated, lying and being in the County of Burlleson in said State of Texas, to-wit: All that certain lot, tract and parcel of land lying and being situated in the town of Somerville, Burlleson County, Texas and described as following,-to-wit: being a part of lots number Five (5) and six (6) in block number Five (5) in the W. A. Lyon addition to the town of Somerville, Texas, west of the railraod and described by metes and bounds as follows: Beginning at the N. W. corner of lot number Six (6); thence N. 45 E with the N. W. line of lots numbers 5 and 6; 112 feet corner in the S.W. line of Highway No. 36; Thence S. 33 1/4 E. 100 feet to Corner; Thence S. 45 W. 90 feet to corner in S.W. line of lot No. 6; Thence N. 45 W. 100 feet to the place of beginning, as surveyed by E. F. Matejowsky on May 3rd, 1940 and being the same lot or parcel of land heretofore conveyed to Charlie Ratliff and wife Mattie Ratliff by George Person on 13th day of Jan. 1951 recorded 15 day of Jan. 1951.

The same being fully described in said \_\_\_\_\_ which is recorded in Vol. \_\_\_\_\_ Page 37-38 of the Mechanic's Lien Records of said Burlleson County, and to which and the record thereof, reference is here made for more particular description, the said \_\_\_\_\_ being executed for the purpose of securing the prompt payment of one certain promissory note, executed by the said Charlie Ratliff and wife Hattie Lee Ratliff and payable to the order of C. F. Hardt as follows: and bearing interest from \_\_\_\_\_ at the rate of \_\_\_\_\_ per cent, per annum; and, whereas said note \_\_\_\_\_ with accrued interest thereon, has been fully paid, and at the time of such payment said note was the property of C. F. Hardt.

Now, therefore, KNOW ALL MEN BY THESE PRESENTS, that I, C. F. Hardt being the legal owner and holder of said note at the time of last payment, in consideration of the premises and of the full and final payment of said note, the receipt of which is hereby acknowledged, have this day, and do by these presents, remise, release and quitclaim unto the said Charlie and Hattie Lee Ratliff heirs or assigns, the lien heretofore existing on said premises by virtue of said last payment and do hereby declare the same fully released and satisfied.

Witness my hand this 6th day of November, 1957.

C. F. Hardt  
Mrs. C. F. Hardt

THE STATE OF TEXAS,  
COUNTY OF BURLESON,

BEFORE ME, Edwin B. Flencher, Notary Public, in and for said County and State, on this day personally appeared Mrs. C. F. Hardt known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office, this 14th day of November, 1957.

My commission expires the 1 day of June, A.D. 1959.

130 | 426

Filed for Record November 5, 1957 at 11:45 o'clock A.M.

And Recorded November 8, 1957 at 4:00 o'clock P.M.

John J. Toupal

By Lillian Bess Stepha Deputy

County Clerk

\*\*\*\*\*

WARRANTY DEED

J. G. SHANKLIN ET UX TO THE STATE OF TEXAS

THE STATE OF TEXAS  
COUNTY OF BURLESON

KNOW ALL MEN BY THESE PRESENTS:

That we, J. G. Shanklin and Mamie Jenkins Shanklin of the County of Burleson State of Texas for and in consideration of the sum of Two Thousand Seven Hundred and 00/100 Dollars to us in hand paid by The State of Texas, acting through the State Highway Commission have Granted, Sold and Conveyed, and by these presents do Grant, Sell and Convey unto the said State of Texas, all that certain A six acre tract of land out of and a part of a 244 acre tract known as the McIver tract in the Lemuel Dickenson League, Burleson County, Texas, as described in Burleson County Deed Records, volume 60, page 273, said 6 acre tract being more particularly described as follows:

Commencing at the most westerly corner of the above mentioned 244 acre tract, said point being near the center line of the old Caldwell to Brenham Road; thence north 42° 54' east (the same bearing being described as north 45° east in the original survey) along the northwesterly line of said 244 acre tract for a distance of approximately 280 feet to a point in the easterly right of way line of the present State Highway 36, said point also being the most southerly corner of a 2 acre tract of land belonging to Frank C. Skrabanek, and said point being the PLACE OF BEGINNING:

THENCE continuing north 42° 54' east (the same bearing being described as north 45° east in the original survey) along a common line between the Frank C. Skrabanek 2 acre tract and the above described 244 acre tract for a distance of 555 feet to a stake for corner; THENCE south 27° 34' east for a distance of 500 feet to a stake for corner; THENCE south 42° 54' west a distance of 555 feet to a stake in the easterly right of way line of present State Highway 36; THENCE north 27° 34' west along said right of way line, parallel to and 50 feet from the center line of State Highway 36, a distance of 500 feet to the PLACE OF BEGINNING.

TO HAVE AND TO HOLD the above described premises, together with all and singular, the rights and appurtenances thereto in anywise belonging unto the said State of Texas, its Successors and assigns forever; and we do hereby bind ourselves, our heirs, executors and administrators, to Warrant and Forever Defend all and singular the said premises unto the State of Texas, its successors and assigns, against every person whomsoever lawfully claiming, or to claim the same or any part thereof.

Witness our hands at Caldwell, Texas this 14th day of October, A.D. 1957.

(\$3.30)  
(U. S. Revenue Stamps duly cancelled)

J. G. Shanklin  
Mamie Jenkins Shanklin

THE STATE OF TEXAS,  
COUNTY OF BURLESON,

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this day personally appeared J. G. Shanklin and Mamie Jenkins Shanklin his wife, both known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they each executed the same for the purposes and consideration therein expressed, and the said Mamie Jenkins Shanklin, wife of the said J. G. Shanklin, having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said Mamie Jenkins Shanklin acknowledged such instrument to be her act and deed, and she declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.







File No. MF 116501  
Source Deeds Record

Date Filed: 4/8/14  
Jerry E. Patterson, Commissioner

By SSD

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.

## OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this **9th** day of **November, 2013**, between **Linda A. Perry**, Lessor (whether one or more), whose address is: **4009 Shawnee Circle, Bryan, Texas 77802** and **CLAYTON WILLIAMS ENERGY, INC., #6 Desta Drive, Suite #3000, Midland, Texas 79705**, Lessee, WITNESSETH:

1. Lessor, in consideration of Ten Dollars (\$10.00) and other valuable consideration, receipt of which is hereby acknowledged, and of the covenants and agreements of Lessee hereinafter contained, does hereby grant, lease and let unto Lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipe lines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in Lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land" is located in the County of **Burleson**, State of Texas, and is described as follows:

**2.00 acres of land, more or less, lying and situated in the Lemuel Dickson Survey A-20, Burleson County, Texas, being described in that certain Warranty Deed dated August 17, 1954 from Mattie A. Thompson to Frank Skrabanek and wife, Viola Skrabanek, recorded in Volume 124, Page 6 of the Deed Records, Burleson County, Texas.**

This lease also covers and includes, in addition to that above described, all land, if any, contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by Lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which Lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by Lessee for a more complete or accurate description of said land. For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain **2.00** acres, whether actually containing more or less, and the above recital of acreage in any tract shall be deemed to be the true acreage thereof. Lessor accepts the bonus as lump sum consideration for this lease and all rights and options hereunder.

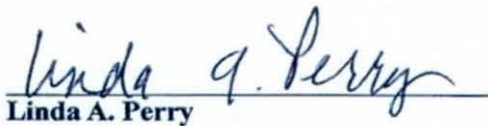
2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of Three (3) years from the date hereof, hereinafter called "primary term," and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.
3. As royalty, Lessee covenants and agrees: (a) To deliver to the credit of Lessor, in the pipe line to which Lessee may connect its wells, the equal **1/5th** part of all oil produced and saved by Lessee from said land, or from time to time, at the option of Lessee, to pay Lessor the average posted market price of such **1/5th** part of such oil at the wells as of the day it is run to the pipe line or storage tanks, Lessor's interest, in either case, to bear **1/5th** of the cost of treating oil to render it marketable pipe line oil; (b) To pay Lessor on gas and casinghead gas produced from said land (1) when sold by Lessee, **1/5th** of the amount realized by Lessee, computed at the mouth of the well, or (2) when used by Lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of **1/5th** of such gas and casinghead gas; (c) To pay Lessor on all other minerals mined and marketed or utilized by Lessee from said land, one-tenth either in kind or value at the well or mine at Lessee's election, except that on sulphur mined and marketed the royalty shall be one dollar (\$1.00) per long ton. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, Lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to Lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, Lessee shall pay or tender, by check or draft of Lessee, as royalty, a sum equal to one dollar (\$1.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, or its successors, which shall continue as the depositories, regardless of changes in the ownership of shut-in royalty. If at any time that Lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, Lessee may, in lieu of any other method of payment herein provided, pay or tender such shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as Lessee may elect. Any payment hereunder may be made by check or draft of Lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment. Nothing herein shall impair Lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.
4. Lessee is hereby granted the continuing and recurring right, but not the obligation, to pool or unitize the land covered by this lease, or any part or interest therein, with any other lands, leases or interests, as to any or all minerals, depths or horizons, either before or after the commencement of operations, whenever Lessee deems it's necessary or proper to do so in order to explore, develop or operate said lease, whether or not similar pooling authority exists with respect to such other lands, leases or interests. A unit formed by such pooling for an oil well which is not a horizontal drainhole well shall not exceed 80 surface acres plus a maximum acreage tolerance of 10%, and for an oil well that is a horizontal drainhole well or a gas well shall not exceed 640 surface acres plus a maximum acreage tolerance of 10%; provided that larger units may be formed for an oil well or a gas well, whether or not drilled as a horizontal drainhole well, as permitted by the rules or regulations of any governmental authority with jurisdiction over such matters. The terms "oil well", "gas well" and "horizontal drainhole well" shall have the meanings prescribed by applicable law or by regulations of the governmental authority with jurisdiction over such matters. Lessee may pool or combine land covered by this lease or any portion thereof as above provided as to oil and gas, or either of them, in any one or more stratum or strata. Units formed by pooling as to any stratum or strata need not conform in size or area with units formed as to any other stratum or strata, and oil units need not conform as to area with gas units. The pooling in one or more instances shall not exhaust the rights of Lessee to pool this lease or portions thereof into other units. Lessee shall exercise said option to pool as to each desired unit by executing an instrument identifying such unit and filing it for record in the appropriate records of the county in which all or part of such unit is situated. The effective date of pooling shall be the date of filing unless provided otherwise in such pooling declaration, and said unit shall be effective as to all parties hereto, their heirs, successors and assigns, irrespective of whether the unit is likewise effective as to all other owners of surface, mineral, royalty or other rights in land included in such unit, or whether there may be mineral, royalty or leasehold interests in lands within the unit which are not effectively pooled or unitized. Operations conducted on any part of such unit, regardless of whether such operations were commenced before or after the execution of this lease or the instrument designating the pooled unit, shall be deemed for all purposes (except the payment of royalties on production from the pooled unit) as operations conducted on said land under this lease and references herein to operations on said lands or on the leased premises shall be deemed to include operations on any portion of such pooled unit. For the purpose of computing royalties and other payments out of production, there shall be allocated to the land covered by this lease and included in such unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that proportion of the total production of unitized minerals from the unit, after deducting any used in lease or unit operations, which the number of surface acres in such land (or in each separate tract) covered by this lease within the unit bears to the total number of surface acres in the unit, and the production so allocated shall be considered for all purposes, including payment or delivery of royalties, overriding royalties and any other payments out of production, to be the entire production of unitized minerals from the land to which allocated in the same manner as though produced therefrom under the terms of this lease. Any unit formed hereunder may be revised, increased or decreased in size or changed in configuration by Lessee, at its sole option, without the joinder of Lessor, at any time and from time to time after the original designation thereof in order to conform to the rules or regulations of any governmental authority having jurisdiction, or when to do so would, in the judgment of Lessee, promote the conservation of minerals in and under and that may be

produced from said land or permit the drilling of an additional well or wells. In making such a revision, Lessee shall file in the records where the original unit designation is recorded a written declaration describing the revised unit and the effective date of revision shall be the date of filing unless provided otherwise in such declaration. To the extent any portion of said land 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 be adjusted accordingly, and such adjustment shall be made effective as of the effective date of the revision. Lessee may dissolve any unit formed hereunder by filing a written declaration to that effect, and the effective date of dissolution shall be the date of filing unless provided otherwise in such declaration. The formation of any unit hereunder which includes land not covered by this lease shall not have the effect of exchanging or transferring any interest under this lease (including, without limitation, any shut-in royalty which may become payable under this lease) between parties owning interests in land covered by this lease and parties owning interest in land not covered by this lease. Neither shall it impair the right of Lessee to release as provided in paragraph 5 hereof, except that Lessee may not so release as to lands within a unit while there is production in paying quantities thereon unless all pooled leases are released as to lands within the unit. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease, but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph with consequent allocation of production as herein provided. The inclusion of Lessors' interest in any separate tract within this lease shall not constitute an offer on the part of Lessor to any party who may now or hereafter have an ownership interest in the minerals or royalties in such separate tract to pool, unitize or communitize any such interest with other interests covered by this lease. Any attempt by an owner of any mineral or royalty interest under a separate tract to ratify, adopt or confirm this lease, or any provision herein contained, by any means and thereby effect a pooling, unitization or communitization of royalties among such separate tracts shall by such actions specifically ratify, adopt and confirm the entire contents of this paragraph and such attempt to effect a pooling, unitization or communitization between any separate tracts shall be wholly ineffective. As used herein, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

5. Lessee may at any time and from time to time execute and deliver to Lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations, as to the released acreage or interest.
6. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.
7. Lessee shall have the use, free from royalty, of water, other than from Lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove casing. No well shall be drilled nearer than 200 feet to the house or barn now on said land without the consent of the Lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.
8. The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any mineral or horizon. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of Lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof of or to Lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by Lessor or Lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division. If any such change in ownership occurs by reason of the death of the owner, Lessee may, nevertheless pay or tender such royalties, or other moneys, or part thereof, to the credit of the decedent in a depository bank provided for above.
9. In the event Lessor considers that Lessee has not complied with all its obligations hereunder, both express and implied, Lessor shall notify Lessee in writing, setting out specifically in what respects Lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by Lessor. The service of said notice shall be precedent to the bringing of any action by Lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that Lessee has failed to perform all its obligations hereunder. If this lease is canceled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by Lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said land as are necessary to operations on the acreage so retained.
10. Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but Lessor agrees that Lessee shall have the right at any time to pay or reduce same for Lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to Lessor and/or assigns under this lease. If this lease covers a less interest in the oil, gas, sulphur, or other minerals in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not), or no interest therein, then the royalties and other moneys accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by Lessor) shall be paid out of the royalty herein provided. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as Lessor.
11. If, while this lease is in force, at, or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut-in well provisions of paragraph 3 hereof, and Lessee is not conducting operations on said land by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of Lessee, the primary term hereof shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.

SEE ATTACHED ADDENDUM FOR ADDITIONAL PROVISIONS

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

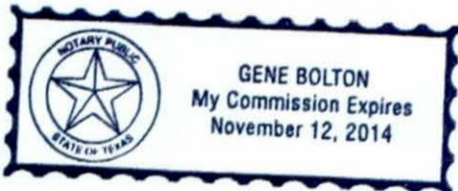
  
Linda A. Perry

ACKNOWLEDGEMENT

STATE OF TEXAS

COUNTY OF Burleson

This instrument was acknowledged before me on the 9<sup>th</sup> day of November, 2013 by **Linda A. Perry**.



  
\_\_\_\_\_  
Notary Public, State of Texas




ADDENDUM

Attached to and made a part of the certain Paid up Oil, Gas and Mineral Lease by and between **Clayton Williams Energy, Inc.**, as Lessee and **Linda A. Perry** as Lessor, dated November 9, 2013.

The provisions of the hereinafter paragraphs shall supersede and govern the provisions of the printed form text of this lease and shall inure to the benefit of, and be binding upon the parties hereto and their respective heirs, representatives, successors and assigns.

12. Notwithstanding anything herein above to the contrary, it is specifically understood and agreed that this lease covers only oil, gas, sulphur, and associated liquid or liquefiable hydrocarbon, but this lease does not cover or include any other minerals, with all other such minerals being reserved to the Lessor herein.
13. In the event a portion or portions of the land described in this lease are pooled or unitized with other land, lease or leases, so as to form a pooled unit or units, operations for drilling, drilling, or reworking operations on such unit or units, or production of oil or gas from such unit or units, or payment of shut-in gas royalties on a well or wells drilled on such unit or units, shall maintain this lease in effect only as to the portion or portions of the land described in this lease which is included in a pooled unit or units, this lease may be maintained in force and effect in any manner elsewhere provided in this lease.
14. 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 before or at the expiration of date 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 Purchaser, 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 all or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified.
15. **OPTION TO EXTEND PRIMARY TERM:** Notwithstanding anything contained herein to the contrary, if, at the expiration of the primary term of this lease, this lease is not being maintained in effecting any manner provided herein, including, but not limited to, operations upon or production from the leased premises herewith, Lessee shall have the exclusive right and option to renew and extend this lease as to the 2.00 acres described above for an additional ~~Three (3)~~ **Two (2)** year, commencing **November 9, 2016** by payment to the Lessor, on or before said date a sum of money equal to the initial bonus paid per net mineral acre.
16. On or before the date of expiration of the original primary term of this lease set out in Paragraph 2 hereof, Lessee may at its option pay to Lessor or to Lessor's credit at the depository bank named herein, **\$600.00 Flat Rate**. If said consideration is timely tendered, then the original primary term shall be extended for an additional two (2) year period from the end of said original primary term.

**SIGNED FOR IDENTIFICATION**

  
Linda A. Perry

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.

## OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this **9th** day of **November, 2013**, between **Gary Skrabanek**, Lessor (whether one or more), whose address is: **2657 FM 166, Caldwell, Texas 77836** and **CLAYTON WILLIAMS ENERGY, INC., #6 Desta Drive, Suite #3000, Midland, Texas 79705**,  
Lessee, WITNESSETH:

1. Lessor, in consideration of Ten Dollars (\$10.00) and other valuable consideration, receipt of which is hereby acknowledged, and of the covenants and agreements of Lessee hereinafter contained, does hereby grant, lease and let unto Lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipe lines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in Lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land" is located in the County of **Burleson**, State of Texas, and is described as follows:

**2.00 acres of land, more or less, lying and situated in the Lemuel Dickson Survey A-20, Burleson County, Texas, being described in that certain Warranty Deed dated August 17, 1954 from Mattie A. Thompson to Frank Skrabanek and wife, Viola Skrabanek, recorded in Volume 124, Page 6 of the Deed Records, Burleson County, Texas.**

- This lease also covers and includes, in addition to that above described, all land, if any, contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by Lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which Lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by Lessee for a more complete or accurate description of said land. For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain **2.00** acres, whether actually containing more or less, and the above recital of acreage in any tract shall be deemed to be the true acreage thereof. Lessor accepts the bonus as lump sum consideration for this lease and all rights and options hereunder.
2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of Three (3) years from the date hereof, hereinafter called "primary term," and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.
3. As royalty, Lessee covenants and agrees: (a) To deliver to the credit of Lessor, in the pipe line to which Lessee may connect its wells, the equal **1/5th** part of all oil produced and saved by Lessee from said land, or from time to time, at the option of Lessee, to pay Lessor the average posted market price of such **1/5th** part of such oil at the wells as of the day it is run to the pipe line or storage tanks, Lessor's interest, in either case, to bear **1/5th** of the cost of treating oil to render it marketable pipe line oil; (b) To pay Lessor on gas and casinghead gas produced from said land (1) when sold by Lessee, **1/5th** of the amount realized by Lessee, computed at the mouth of the well, or (2) when used by Lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of **1/5th** of such gas and casinghead gas; (c) To pay Lessor on all other minerals mined and marketed or utilized by Lessee from said land, one-tenth either in kind or value at the well or mine at Lessee's election, except that on sulphur mined and marketed the royalty shall be one dollar (\$1.00) per long ton. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, Lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to Lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, Lessee shall pay or tender, by check or draft of Lessee, as royalty, a sum equal to one dollar (\$1.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, or its successors, which shall continue as the depositories, regardless of changes in the ownership of shut-in royalty. If at any time that Lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, Lessee may, in lieu of any other method of payment herein provided, pay or tender such shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as Lessee may elect. Any payment hereunder may be made by check or draft of Lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment. Nothing herein shall impair Lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.
4. Lessee is hereby granted the continuing and recurring right, but not the obligation, to pool or unitize the land covered by this lease, or any part or interest therein, with any other lands, leases or interests, as to any or all minerals, depths or horizons, either before or after the commencement of operations, whenever Lessee deems it's necessary or proper to do so in order to explore, develop or operate said lease, whether or not similar pooling authority exists with respect to such other lands, leases or interests. A unit formed by such pooling for an oil well which is not a horizontal drainhole well shall not exceed 80 surface acres plus a maximum acreage tolerance of 10%, and for an oil well that is a horizontal drainhole well or a gas well shall not exceed 640 surface acres plus a maximum acreage tolerance of 10%; provided that larger units may be formed for an oil well or a gas well, whether or not drilled as a horizontal drainhole well, as permitted by the rules or regulations of any governmental authority with jurisdiction over such matters. The terms "oil well", "gas well" and "horizontal drainhole well" shall have the meanings prescribed by applicable law or by regulations of the governmental authority with jurisdiction over such matters. Lessee may pool or combine land covered by this lease or any portion thereof as above provided as to oil and gas, or either of them, in any one or more stratum or strata. Units formed by pooling as to any stratum or strata need not conform in size or area with units formed as to any other stratum or strata, and oil units need not conform as to area with gas units. The pooling in one or more instances shall not exhaust the rights of Lessee to pool this lease or portions thereof into other units. Lessee shall exercise said option to pool as to each desired unit by executing an instrument identifying such unit and filing it for record in the appropriate records of the county in which all or part of such unit is situated. The effective date of pooling shall be the date of filing unless provided otherwise in such pooling declaration, and said unit shall be effective as to all parties hereto, their heirs, successors and assigns, irrespective of whether the unit is likewise effective as to all other owners of surface, mineral, royalty or other rights in land included in such unit, or whether there may be mineral, royalty or leasehold interests in lands within the unit which are not effectively pooled or unitized. Operations conducted on any part of such unit, regardless of whether such operations were commenced before or after the execution of this lease or the instrument designating the pooled unit, shall be deemed for all purposes (except the payment of royalties on production from the pooled unit) as operations conducted on said land under this lease and references herein to operations on said lands or on the leased premises shall be deemed to include operations on any portion of such pooled unit. For the purpose of computing royalties and other payments out of production, there shall be allocated to the land covered by this lease and included in such unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that proportion of the total production of unitized minerals from the unit, after deducting any used in lease or unit operations, which the number of surface acres in such land (or in each separate tract) covered by this lease within the unit bears to the total number of surface acres in the unit, and the production so allocated shall be considered for all purposes, including payment or delivery of royalties, overriding royalties and any other payments out of production, to be the entire production of unitized minerals from the land to which allocated in the same manner as though produced therefrom under the terms of this lease. Any unit formed hereunder may be revised, increased or decreased in size or changed in configuration by Lessee, at its sole option, without the joinder of Lessor, at any time and from time to time after the original designation thereof in order to conform to the rules or regulations of any governmental authority having jurisdiction, or when to do so would, in the judgment of Lessee, promote the conservation of minerals in and under and that may be

produced from said land or permit the drilling of an additional well or wells. In making such a revision, Lessee shall file in the records where the original unit designation is recorded a written declaration describing the revised unit and the effective date of revision shall be the date of filing unless provided otherwise in such declaration. To the extent any portion of said land 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 be adjusted accordingly, and such adjustment shall be made effective as of the effective date of the revision. Lessee may dissolve any unit formed hereunder by filing a written declaration to that effect, and the effective date of dissolution shall be the date of filing unless provided otherwise in such declaration. The formation of any unit hereunder which includes land not covered by this lease shall not have the effect of exchanging or transferring any interest under this lease (including, without limitation, any shut-in royalty which may become payable under this lease) between parties owning interests in land covered by this lease and parties owning interest in land not covered by this lease. Neither shall it impair the right of Lessee to release as provided in paragraph 5 hereof, except that Lessee may not so release as to lands within a unit while there is production in paying quantities thereon unless all pooled leases are released as to lands within the unit. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease, but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph with consequent allocation of production as herein provided. The inclusion of Lessors' interest in any separate tract within this lease shall not constitute an offer on the part of Lessor to any party who may now or hereafter have an ownership interest in the minerals or royalties in such separate tract to pool, unitize or communitize any such interest with other interests covered by this lease. Any attempt by an owner of any mineral or royalty interest under a separate tract to ratify, adopt or confirm this lease, or any provision herein contained, by any means and thereby effect a pooling, unitization or communitization of royalties among such separate tracts shall by such actions specifically ratify, adopt and confirm the entire contents of this paragraph and such attempt to effect a pooling, unitization or communitization between any separate tracts shall be wholly ineffective. As used herein, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

5. Lessee may at any time and from time to time execute and deliver to Lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations, as to the released acreage or interest.
6. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.
7. Lessee shall have the use, free from royalty, of water, other than from Lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove casing. No well shall be drilled nearer than 200 feet to the house or barn now on said land without the consent of the Lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.
8. The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any mineral or horizon. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of Lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof of or to Lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by Lessor or Lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division. If any such change in ownership occurs by reason of the death of the owner, Lessee may, nevertheless pay or tender such royalties, or other moneys, or part thereof, to the credit of the decedent in a depository bank provided for above.
9. In the event Lessor considers that Lessee has not complied with all its obligations hereunder, both express and implied, Lessor shall notify Lessee in writing, setting out specifically in what respects Lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by Lessor. The service of said notice shall be precedent to the bringing of any action by Lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that Lessee has failed to perform all its obligations hereunder. If this lease is canceled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by Lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said land as are necessary to operations on the acreage so retained.
10. Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but Lessor agrees that Lessee shall have the right at any time to pay or reduce same for Lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to Lessor and/or assigns under this lease. If this lease covers a less interest in the oil, gas, sulphur, or other minerals in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not), or no interest therein, then the royalties and other moneys accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by Lessor) shall be paid out of the royalty herein provided. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as Lessor.
11. If, while this lease is in force, at, or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut-in well provisions of paragraph 3 hereof, and Lessee is not conducting operations on said land by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of Lessee, the primary term hereof shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.

SEE ATTACHED ADDENDUM FOR ADDITIONAL PROVISIONS

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

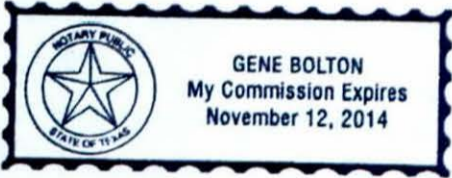
  
Gary Skrabanek

**ACKNOWLEDGEMENT**

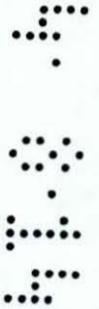
**STATE OF TEXAS**

**COUNTY OF** Burleson

This instrument was acknowledged before me on the 9<sup>th</sup> day of November, 2013 by **Gary Skrabanek**.



  
\_\_\_\_\_  
Notary Public, State of Texas



## ADDENDUM

Attached to and made a part of the certain Paid up Oil, Gas and Mineral Lease by and between **Clayton Williams Energy, Inc.**, as Lessee and **Gary Skrabanek** as Lessor, dated November 9, 2013.

The provisions of the hereinafter paragraphs shall supersede and govern the provisions of the printed form text of this lease and shall inure to the benefit of, and be binding upon the parties hereto and their respective heirs, representatives, successors and assigns.

12. Notwithstanding anything herein above to the contrary, it is specifically understood and agreed that this lease covers only oil, gas, sulphur, and associated liquid or liquefiable hydrocarbon, but this lease does not cover or include any other minerals, with all other such minerals being reserved to the Lessor herein.
13. In the event a portion or portions of the land described in this lease are pooled or unitized with other land, lease or leases, so as to form a pooled unit or units, operations for drilling, drilling, or reworking operations on such unit or units, or production of oil or gas from such unit or units, or payment of shut-in gas royalties on a well or wells drilled on such unit or units, shall maintain this lease in effect only as to the portion or portions of the land described in this lease which is included in a pooled unit or units, this lease may be maintained in force and effect in any manner elsewhere provided in this lease.
14. 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 before or at the expiration of date 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 Purchaser, 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 all or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified.
15. **OPTION TO EXTEND PRIMARY TERM:** Notwithstanding anything contained herein to the contrary, if, at the expiration of the primary term of this lease, this lease is not being maintained in effecting any manner provided herein, including, but not limited to, operations upon or production from the leased premises herewith, Lessee shall have the exclusive right and option to renew and extend this lease as to the 2.00 acres described above for an additional **Three (2)** year, commencing **November 9, 2016** by payment to the Lessor, on or before said date a sum of money equal to the initial bonus paid per net mineral acre.
16. On or before the date of expiration of the original primary term of this lease set out in Paragraph 2 hereof, Lessee may at its option pay to Lessor or to Lessor's credit at the depository bank named herein, **\$600.00 Flat Rate**. If said consideration is timely tendered, then the original primary term shall be extended for an additional two (2) year period from the end of said original primary term.

### SIGNED FOR IDENTIFICATION

  
Gary Skrabanek

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.

## OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this **9th** day of **November, 2013**, between **Sharon K. Chapman**, Lessor (whether one or more), whose address is: **8231 CR 319, Caldwell, Texas 77836** and **CLAYTON WILLIAMS ENERGY, INC., #6 Desta Drive, Suite #3000, Midland, Texas 79705**,  
Lessee, WITNESSETH:

1. Lessor, in consideration of Ten Dollars (\$10.00) and other valuable consideration, receipt of which is hereby acknowledged, and of the covenants and agreements of Lessee hereinafter contained, does hereby grant, lease and let unto Lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipe lines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in Lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land" is located in the County of **Burleson**, State of Texas, and is described as follows:

**2.00 acres of land, more or less, lying and situated in the Lemuel Dickson Survey A-20, Burleson County, Texas, being described in that certain Warranty Deed dated August 17, 1954 from Mattie A. Thompson to Frank Skrabanek and wife, Viola Skrabanek, recorded in Volume 124, Page 6 of the Deed Records, Burleson County, Texas.**

This lease also covers and includes, in addition to that above described, all land, if any, contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by Lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which Lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by Lessee for a more complete or accurate description of said land. For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain **2.00** acres, whether actually containing more or less, and the above recital of acreage in any tract shall be deemed to be the true acreage thereof. Lessor accepts the bonus as lump sum consideration for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of Three (3) years from the date hereof, hereinafter called "primary term," and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.
3. As royalty, Lessee covenants and agrees: (a) To deliver to the credit of Lessor, in the pipe line to which Lessee may connect its wells, the equal **1/5th** part of all oil produced and saved by Lessee from said land, or from time to time, at the option of Lessee, to pay Lessor the average posted market price of such **1/5th** part of such oil at the wells as of the day it is run to the pipe line or storage tanks, Lessor's interest, in either case, to bear **1/5th** of the cost of treating oil to render it marketable pipe line oil; (b) To pay Lessor on gas and casinghead gas produced from said land (1) when sold by Lessee, **1/5th** of the amount realized by Lessee, computed at the mouth of the well, or (2) when used by Lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of **1/5th** of such gas and casinghead gas; (c) To pay Lessor on all other minerals mined and marketed or utilized by Lessee from said land, one-tenth either in kind or value at the well or mine at Lessee's election, except that on sulphur mined and marketed the royalty shall be one dollar (\$1.00) per long ton. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, Lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to Lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, Lessee shall pay or tender, by check or draft of Lessee, as royalty, a sum equal to one dollar (\$1.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, or its successors, which shall continue as the depositories, regardless of changes in the ownership of shut-in royalty. If at any time that Lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, Lessee may, in lieu of any other method of payment herein provided, pay or tender such shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as Lessee may elect. Any payment hereunder may be made by check or draft of Lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment. Nothing herein shall impair Lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.
4. Lessee is hereby granted the continuing and recurring right, but not the obligation, to pool or unitize the land covered by this lease, or any part or interest therein, with any other lands, leases or interests, as to any or all minerals, depths or horizons, either before or after the commencement of operations, whenever Lessee deems it's necessary or proper to do so in order to explore, develop or operate said lease, whether or not similar pooling authority exists with respect to such other lands, leases or interests. A unit formed by such pooling for an oil well which is not a horizontal drainhole well shall not exceed 80 surface acres plus a maximum acreage tolerance of 10%, and for an oil well that is a horizontal drainhole well or a gas well shall not exceed 640 surface acres plus a maximum acreage tolerance of 10%; provided that larger units may be formed for an oil well or a gas well, whether or not drilled as a horizontal drainhole well, as permitted by the rules or regulations of any governmental authority with jurisdiction over such matters. The terms "oil well", "gas well" and "horizontal drainhole well" shall have the meanings prescribed by applicable law or by regulations of the governmental authority with jurisdiction over such matters. Lessee may pool or combine land covered by this lease or any portion thereof as above provided as to oil and gas, or either of them, in any one or more stratum or strata. Units formed by pooling as to any stratum or strata need not conform in size or area with units formed as to any other stratum or strata, and oil units need not conform as to area with gas units. The pooling in one or more instances shall not exhaust the rights of Lessee to pool this lease or portions thereof into other units. Lessee shall exercise said option to pool as to each desired unit by executing an instrument identifying such unit and filing it for record in the appropriate records of the county in which all or part of such unit is situated. The effective date of pooling shall be the date of filing unless provided otherwise in such pooling declaration, and said unit shall be effective as to all parties hereto, their heirs, successors and assigns, irrespective of whether the unit is likewise effective as to all other owners of surface, mineral, royalty or other rights in land included in such unit, or whether there may be mineral, royalty or leasehold interests in lands within the unit which are not effectively pooled or unitized. Operations conducted on any part of such unit, regardless of whether such operations were commenced before or after the execution of this lease or the instrument designating the pooled unit, shall be deemed for all purposes (except the payment of royalties on production from the pooled unit) as operations conducted on said land under this lease and references herein to operations on said lands or on the leased premises shall be deemed to include operations on any portion of such pooled unit. For the purpose of computing royalties and other payments out of production, there shall be allocated to the land covered by this lease and included in such unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that proportion of the total production of unitized minerals from the unit, after deducting any used in lease or unit operations, which the number of surface acres in such land (or in each separate tract) covered by this lease within the unit bears to the total number of surface acres in the unit, and the production so allocated shall be considered for all purposes, including payment or delivery of royalties, overriding royalties and any other payments out of production, to be the entire production of unitized minerals from the land to which allocated in the same manner as though produced therefrom under the terms of this lease. Any unit formed hereunder may be revised, increased or decreased in size or changed in configuration by Lessee, at its sole option, without the joinder of Lessor, at any time and from time to time after the original designation thereof in order to conform to the rules or regulations of any governmental authority having jurisdiction, or when to do so would, in the judgment of Lessee, promote the conservation of minerals in and under and that may be

produced from said land or permit the drilling of an additional well or wells. In making such a revision, Lessee shall file in the records where the original unit designation is recorded a written declaration describing the revised unit and the effective date of revision shall be the date of filing unless provided otherwise in such declaration. To the extent any portion of said land 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 be adjusted accordingly, and such adjustment shall be made effective as of the effective date of the revision. Lessee may dissolve any unit formed hereunder by filing a written declaration to that effect, and the effective date of dissolution shall be the date of filing unless provided otherwise in such declaration. The formation of any unit hereunder which includes land not covered by this lease shall not have the effect of exchanging or transferring any interest under this lease (including, without limitation, any shut-in royalty which may become payable under this lease) between parties owning interests in land covered by this lease and parties owning interest in land not covered by this lease. Neither shall it impair the right of Lessee to release as provided in paragraph 5 hereof, except that Lessee may not so release as to lands within a unit while there is production in paying quantities thereon unless all pooled leases are released as to lands within the unit. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease, but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph with consequent allocation of production as herein provided. The inclusion of Lessors' interest in any separate tract within this lease shall not constitute an offer on the part of Lessor to any party who may now or hereafter have an ownership interest in the minerals or royalties in such separate tract to pool, unitize or communitize any such interest with other interests covered by this lease. Any attempt by an owner of any mineral or royalty interest under a separate tract to ratify, adopt or confirm this lease, or any provision herein contained, by any means and thereby effect a pooling, unitization or communitization of royalties among such separate tracts shall by such actions specifically ratify, adopt and confirm the entire contents of this paragraph and such attempt to effect a pooling, unitization or communitization between any separate tracts shall be wholly ineffective. As used herein, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

5. Lessee may at any time and from time to time execute and deliver to Lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations, as to the released acreage or interest.
6. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.
7. Lessee shall have the use, free from royalty, of water, other than from Lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove casing. No well shall be drilled nearer than 200 feet to the house or barn now on said land without the consent of the Lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.
8. The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any mineral or horizon. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of Lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof of or to Lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by Lessor or Lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division. If any such change in ownership occurs by reason of the death of the owner, Lessee may, nevertheless pay or tender such royalties, or other moneys, or part thereof, to the credit of the decedent in a depository bank provided for above.
9. In the event Lessor considers that Lessee has not complied with all its obligations hereunder, both express and implied, Lessor shall notify Lessee in writing, setting out specifically in what respects Lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by Lessor. The service of said notice shall be precedent to the bringing of any action by Lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that Lessee has failed to perform all its obligations hereunder. If this lease is canceled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by Lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said land as are necessary to operations on the acreage so retained.
10. Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but Lessor agrees that Lessee shall have the right at any time to pay or reduce same for Lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to Lessor and/or assigns under this lease. If this lease covers a less interest in the oil, gas, sulphur, or other minerals in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not), or no interest therein, then the royalties and other moneys accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by Lessor) shall be paid out of the royalty herein provided. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as Lessor.
11. If, while this lease is in force, at, or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut-in well provisions of paragraph 3 hereof, and Lessee is not conducting operations on said land by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of Lessee, the primary term hereof shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.

SEE ATTACHED ADDENDUM FOR ADDITIONAL PROVISIONS

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

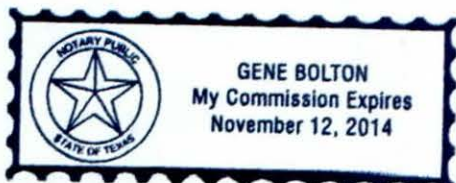
  
Sharon K. Chapman

**ACKNOWLEDGEMENT**

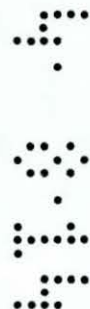
**STATE OF TEXAS**

**COUNTY OF** Burleson

This instrument was acknowledged before me on the 9<sup>th</sup> day of November, 2013 by **Sharon K. Chapman**.



  
\_\_\_\_\_  
Notary Public, State of Texas



ADDENDUM

Attached to and made a part of the certain Paid up Oil, Gas and Mineral Lease by and between **Clayton Williams Energy, Inc.**, as Lessee and **Sharon K. Chapman** as Lessor, dated November 9, 2013.

The provisions of the hereinafter paragraphs shall supersede and govern the provisions of the printed form text of this lease and shall inure to the benefit of, and be binding upon the parties hereto and their respective heirs, representatives, successors and assigns.

12. Notwithstanding anything herein above to the contrary, it is specifically understood and agreed that this lease covers only oil, gas, sulphur, and associated liquid or liquefiable hydrocarbon, but this lease does not cover or include any other minerals, with all other such minerals being reserved to the Lessor herein.
13. In the event a portion or portions of the land described in this lease are pooled or unitized with other land, lease or leases, so as to form a pooled unit or units, operations for drilling, drilling, or reworking operations on such unit or units, or production of oil or gas from such unit or units, or payment of shut-in gas royalties on a well or wells drilled on such unit or units, shall maintain this lease in effect only as to the portion or portions of the land described in this lease which is included in a pooled unit or units, this lease may be maintained in force and effect in any manner elsewhere provided in this lease.
14. 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 before or at the expiration of date 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 Purchaser, 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 all or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified.
15. **OPTION TO EXTEND PRIMARY TERM:** Notwithstanding anything contained herein to the contrary, if, at the expiration of the primary term of this lease, this lease is not being maintained in effecting any manner provided herein, including, but not limited to, operations upon or production from the leased premises herewith, Lessee shall have the exclusive right and option to renew and extend this lease as to the 2.00 acres described above for an additional **Three (2)** year, commencing **November 9, 2016** by payment to the Lessor, on or before said date a sum of money equal to the initial bonus paid per net mineral acre.
16. On or before the date of expiration of the original primary term of this lease set out in Paragraph 2 hereof, Lessee may at its option pay to Lessor or to Lessor's credit at the depository bank named herein, **\$600.00 Flat Rate**. If said consideration is timely tendered, then the original primary term shall be extended for an additional two (2) year period from the end of said original primary term.

**SIGNED FOR IDENTIFICATION**

  
Sharon K. Chapman

213928-B

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.

### OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 11th day of April, 2013 between Sue W. Kelly, a/k/a Mary Sue Whitney Kelly as Lessor (whether one or more), whose address is: 3919 Doris Drive, Amarillo, Texas 79109

and Clayton Williams Energy, Inc., whose address is #6 Desta Drive, Suite 3000, Midland, Texas 79705 as Lessee, WITNESSETH:

1. Lessor, in consideration of Ten Dollars (\$10.00) and other valuable consideration, receipt of which is hereby acknowledged, and of the covenants and agreements of Lessee hereinafter contained, does hereby grant, lease and let unto Lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipe lines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in Lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land" is located in the County of Bureson, State of Texas, and is described as follows:

**PLEASE REFER TO EXHIBIT "A" ATTACHED HERETO.**

This lease also covers and includes, in addition to that above described, all land, if any, contiguous or adjacent to or adjoining the land above described (a) owned or claimed by Lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which Lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by Lessee for a more complete or accurate description of said land. For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain 108.979 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be deemed to be the true acreage thereof. Lessor accepts the bonus as lump sum consideration for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of 3 years from the date hereof, hereinafter called "primary term," and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. As royalty, Lessee covenants and agrees: (a) To deliver to the credit of Lessor, in the pipe line to which Lessee may connect its wells, the equal 1/5 part of all oil produced and saved by Lessee from said land, or from time to time, at the option of Lessee, to pay Lessor the average posted market price of such 1/5 part of such oil at the wells as of the day it is run to the pipe line or storage tanks, Lessor's interest, in either case, to bear 1/5 of the cost of treating oil to render it marketable pipe line oil; (b) To pay Lessor on gas and casinghead gas produced from said land (1) when sold by Lessee, 1/5 of the amount realized by Lessee, computed at the mouth of the well, or (2) when used by Lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of 1/5 of such gas and casinghead gas; (c) To pay Lessor on all other minerals mined and marketed or utilized by Lessee from said land, one-tenth either in kind or value at the well or mine at Lessee's election, except that on sulphur mined and marketed the royalty shall be one dollar (\$1.00) per long ton. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, Lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to Lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, Lessee shall pay or tender, by check or draft of Lessee, as royalty, a sum equal to one dollar (\$1.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in the

Depository Bank: To Lessor at the above address

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, or its successors, which shall continue as the depositories, regardless of changes in the ownership of shut-in royalty. If at any time that Lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, Lessee may, in lieu of any other method of payment herein provided, pay or tender such shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as Lessee may elect. Any payment hereunder may be made by check or draft of Lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment. Nothing herein shall impair Lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

4. Lessee is hereby granted the continuing and recurring right, but not the obligation, to pool or unitize the land covered by this lease, or any part or interest therein, with any other lands, leases or interests, as to any or all minerals, depths or horizons, either before or after the commencement of operations, whenever Lessee deems it's necessary or proper to do so in order to explore, develop or operate said lease, whether or not similar pooling authority exists with respect to such other lands, leases or interests. A unit formed by such pooling for an oil well which is not a horizontal drainhole well shall not exceed 80 surface acres plus a maximum acreage tolerance of 10%, and for an oil well that is a horizontal drainhole well or a gas well shall not exceed 640 surface acres plus a maximum acreage tolerance of 10%; provided that larger units may be formed for an oil well or a gas well, whether or not drilled as a horizontal drainhole well, as prescribed or permitted by the rules or regulations of any governmental authority with jurisdiction over such matters. The terms "oil well", "gas well" and "horizontal drainhole well" shall have the meanings prescribed by applicable law or by regulations of the governmental authority with jurisdiction over such matters. Lessee may pool or combine land covered by this lease or any portion thereof as above provided as to oil and gas, or either of them, in any one or more stratum or strata. Units formed by pooling as to any stratum or strata need not conform in size or area with units formed as to any other stratum or strata, and oil units need not conform as to area with gas units. The pooling in one or more instances shall not exhaust the rights of Lessee to pool this lease or portions thereof into other units. Lessee shall exercise said option to pool as to each desired unit by executing an instrument identifying such unit and filing it for record in the appropriate records of the county in which all or part of such unit is situated. The effective date of pooling shall be the date of filing unless provided otherwise in such pooling declaration, and said unit shall be effective as to all parties hereto, their heirs, successors and assigns, irrespective of whether the unit is likewise effective as to all other owners of surface, mineral, royalty or other rights in land included in such unit, or whether there may be mineral, royalty or leasehold interests in lands within the unit which are not effectively pooled or unitized. Operations conducted on any part of such unit, regardless of whether such operations were commenced before or after the execution of this lease or the instrument designating the pooled unit, shall be deemed for all purposes (except the payment of royalties on production from the pooled unit) as operations conducted on said land under this lease and references herein to operations on said lands or on the leased premises shall be deemed to

include operations on any portion of such pooled unit. For the purpose of computing royalties and other payments out of production, there shall be allocated to the land covered by this lease and included in such unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that proportion of the total production of unitized minerals from the unit, after deducting any used in lease or unit operations, which the number of surface acres in such land (or in each separate tract) covered by this lease within the unit bears to the total number of surface acres in the unit, and the production so allocated shall be considered for all purposes, including payment or delivery of royalties, overriding royalties and any other payments out of production, to be the entire production of unitized minerals from the land to which allocated in the same manner as though produced therefrom under the terms of this lease. Any unit formed hereunder may be revised, increased or decreased in size or changed in configuration by Lessee, at its sole option, without the joinder of Lessor, at any time and from time to time after the original designation thereof in order to conform to the rules or regulations of any governmental authority having jurisdiction, or when to do so would, in the judgment of Lessee, promote the conservation of minerals in and under and that may be produced from said land or permit the drilling of an additional well or wells. In making such a revision, Lessee shall file in the records where the original unit designation is recorded a written declaration describing the revised unit and the effective date of revision shall be the date of filing unless provided otherwise in such declaration. To the extent any portion of said land 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 be adjusted accordingly, and such adjustment shall be made effective as of the effective date of the revision. Lessee may dissolve any unit formed hereunder by filing a written declaration to that effect, and the effective date of dissolution shall be the date of filing unless provided otherwise in such declaration. The formation of any unit hereunder which includes land not covered by this lease shall not have the effect of exchanging or transferring any interest under this lease (including, without limitation, any shut-in royalty which may become payable under this lease) between parties owning interests in land covered by this lease and parties owning interest in land not covered by this lease. Neither shall it impair the right of Lessee to release as provided in paragraph 5 hereof, except that Lessee may not so release as to lands within a unit while there is production in paying quantities thereon unless all pooled leases are released as to lands within the unit. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease, but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph with consequent allocation of production as herein provided. The inclusion of Lessors' interest in any separate tract within this lease shall not constitute an offer on the part of Lessor to any party who may now or hereafter have an ownership interest in the minerals or royalties in such separate tract to pool, unitize or communitize any such interest with other interests covered by this lease. Any attempt by an owner of any mineral or royalty interest under a separate tract to ratify, adopt or confirm this lease, or any provision herein contained, by any means and thereby effect a pooling, unitization or communitization of royalties among such separate tracts shall by such actions specifically ratify, adopt and confirm the entire contents of this paragraph, and such attempt to effect a pooling, unitization or communitization between any separate tracts shall be wholly ineffective. As used herein, the words, "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

5. Lessee may at any time and from time to time execute and deliver to Lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations, as to the released acreage or interest.
6. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.
7. Lessee shall have the use, free from royalty, of water, other than from Lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove casing. No well shall be drilled nearer than 200 feet to the house or barn now on said land without the consent of the Lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.
8. The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any mineral or horizon. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of Lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof of or to Lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by Lessor or Lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division. If any such change in ownership occurs by reason of the death of the owner, Lessee may, nevertheless pay or tender such royalties, or other moneys, or part thereof, to the credit of the decedent in a depository bank provided for above.
9. In the event Lessor considers that Lessee has not complied with all its obligations hereunder, both express and implied, Lessor shall notify Lessee in writing, setting out specifically in what respects Lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by Lessor. The service of said notice shall be precedent to the bringing of any action by Lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that Lessee has failed to perform all its obligations hereunder. If this lease is canceled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by Lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said land as are necessary to operations on the acreage so retained.
10. Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but Lessor agrees that Lessee shall have the right at any time to pay or reduce same for Lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to Lessor and/or assigns under this lease. If this lease covers a less interest in the oil, gas, sulphur, or other minerals in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not), or no interest therein, then the royalties and other moneys accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by Lessor) shall be paid out of the royalty herein provided. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as Lessor.
11. If, while this lease is in force, at, or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut-in well provisions of paragraph 3 hereof, and Lessee is not conducting operations on said land by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of Lessee, the primary term hereof shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.

SEE ATTACHED ADDENDUM FOR ADDITIONAL PROVISIONS

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

Mary Sue Whitney Kelly  
LESSOR: Sue W. Kelly, a/k/a Mary Sue Whitney Kelly

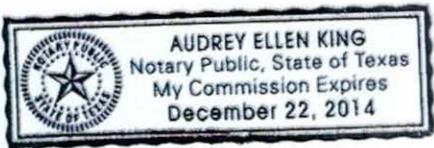
ACKNOWLEDGMENTS

STATE OF TEXAS

COUNTY OF Randall

This instrument was acknowledged before me on the 29<sup>th</sup> day of April, 2013

by Sue W. Kelly, a/k/a Mary Sue Whitney Kelly.



Audrey E King  
Notary Public, State of Texas  
Notary's Name (printed): Audrey King  
Notary's Commission Expires: 12-22-14



### ADDENDUM

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL, GAS AND MINERAL LEASE DATED APRIL 11, 2013 BETWEEN SUE W. KELLY, A/K/A MARY SUE WHITNEY KELLY AS LESSORS, AND CLAYTON WILLIAMS ENERGY, INC., AS LESSEE.

12. Notwithstanding anything herein above to the contrary, it is specifically understood and agreed that this lease covers only oil, gas, sulphur, and associated liquid or liquefiable hydrocarbon, but this lease does not cover or include any other minerals, with all other such minerals being reserved to the Lessor herein.
13. Lessee agrees and obligates itself to conduct its operations upon the leased premises as a reasonable and prudent operator and in such a way as to cause a minimum of damage to the land and improvements thereon, including fences; and that should it become necessary to make any opening in the fences, Lessee will properly brace the fence on each side of the opening to prevent slacking of the wires and shall place substantial metal gates and cattle guards in such openings. Said gates and cattle guards shall be installed before drilling operations commence and said gates and cattle guards shall remain on said property unless otherwise directed by Lessors. Lessee agrees that within one hundred twenty (120) days after any operation hereunder, Lessee shall repair the damaged land to the fullest practical extent, including the filling and leveling of all holes, pits, ruts, roads or excavations in the area no longer to be used by Lessee; and upon termination hereof, to fully repair all damaged land not already repaired to the end that the land will be rendered to substantially the same condition as it was prior to commencement of such operations. Lessee shall pay for all actual injury or damage done or caused by Lessee in its operations hereunder to any buildings, fences, roads, roadway easements, culverts, merchantable timber, growing crops or other improvements on said land or to livestock on said land which is not replaced or repaired by Lessee according to the terms of this Lease.
14. Notwithstanding any provision herein to the contrary, upon the expiration of primary term of this Lease (or the expiration of any extension or renewal thereof), or upon the expiration of ninety (90) days following the completion of the last well drilled on the leased premises or acreage pooled therewith (whether completed as a well capable of production in paying quantities or as a dry hole) whichever is the later date, this Lease shall terminate as to any lands not included in a pooled unit, proration unit or other unit from which any well located thereon is producing or may be capable of producing in paying quantities, or upon which drilling, reworking or other operations calculated to restore production are being pursued is herein provided. After the expiration of the primary term of this Lease, if production on any pooled, proration or other unit permanently ceases from any cause either voluntary or involuntary (and if this Lease is not otherwise being maintained), this Lease shall terminate as to such unit unless Lessee within ninety (90) days thereafter commences reworking operations or the actual drilling of a new well thereon. In such events, this Lease will continue in effect as to such unit so long as such drilling or reworking is prosecuted with no cessation of such operations for more than ninety (90) consecutive days until production is restored.
15. This lease shall expire upon the termination of the three year primary term unless it is held by production or if the provisions set out in Paragraph 11 permit the continuance of this lease for an extended period. Lessee shall not have the right to extend this Lease for another period of years by the payment of an additional sum of money.
16. Lessee agrees to pay Lessor or tenants of Lessor for all damages or injury to cattle or other livestock, pasturage, crops, fences, terraces, water wells, the surface otherwise in whatever way damaged and all other property of Lessor or tenants of Lessor situated on the leased premises resulting from Lessee's operations under the terms of this lease; and, Lessee further agrees that within a reasonable time after completion or abandonment of any well drilled on the leased premises, Lessee shall fill and level all excavations not required for production, fencing those that must remain open, and restore the surface of the ground to as near its original condition as is practicable.
17. In the event a portion or portions of the land described in this lease are pooled or unitized with other land, lease or leases, so as to form a pooled unit or units, operations for drilling, drilling or reworking

operations on such units or units, or production of oil, or gas from such unit or units, or payment of shut-in gas royalties on a well or wells drilled on such unit or units, shall maintain this lease in effect only as to the portion or portions of the land described in this lease which is included in a pooled unit or units. As to any portion or portions of the land not included in a pooled unit or units, this lease may be maintained in force and effect in any manner elsewhere provided in this lease.

18. Notwithstanding anything herein to the contrary, should Lessee elect to pool the leased premises with any other lands to form a pooled unit, then Lessee agrees to include at least eighty (80) percent of the leased premises herein in any such unit.
19. Notwithstanding anything herein to the contrary, at the expiration of the primary term or any continuous drilling operations, whichever is later, this lease shall terminate as to all depths below one hundred (100') below the deepest stratigraphic equivalent of the deepest depth drilled on the leased premises or on the lands pooled therewith.
20. Lessors royalty shall be calculated free and clear of costs, expenses and deductions for exploration, drilling, development and production, including, but not limited to, costs of dehydration, storage, compression, transportation, separation by mechanical means and stabilization of the hydrocarbons at the well, but shall bear its proportionate share of severance and other taxes based upon, production.
21. It is Lessor's intent to lease all of the lands and minerals in which Lessor owns and/or may own an interest in the Lemuel Dickinson Survey, Abstract Number 20, Burleson County, Texas.
22. Notwithstanding any provision herein to the contrary which may be contained in paragraph 1 hereof, it is agreed and understood that Lessee herein shall have no right to dig canals, nor shall it have the right to construct, build, or erect any type of permanent employee housing upon the leased premises herein, however, Lessee may utilize temporary and/or portable housing to house its rig crews and/or employees during actual drilling operations.
23. Notwithstanding any provision herein to the contrary which may be contained in paragraph 7 hereof, Lessor does not claim to own any rights to the water and/or other riparian rights. As such Lessor cannot grant or deny the use of water for Lessee's operations under the terms of this lease.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

  
Sue W. Kelly, a/k/a Mary Sue Whitney Kelly

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.

## OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 18<sup>th</sup> day of June, 2013 between J.B. Rancho, Inc.  
as Lessor (whether one or more), whose address is: 2939 South State Highway 36, Caldwell, Texas 77836;

and Clayton Williams Energy, Inc., whose address is #6 Desta Drive, Suite 3000, Midland, Texas 79705  
as Lessee, WITNESSETH:

1. Lessor, in consideration of Ten Dollars (\$10.00) and other valuable consideration, receipt of which is hereby acknowledged, and of the covenants and agreements of Lessee hereinafter contained, does hereby grant, lease and let unto Lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipe lines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in Lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land" is located in the County of Burtleson, State of Texas, and is described as follows:

### PLEASE REFER TO EXHIBIT "A" ATTACHED HERETO.

This lease also covers and includes, in addition to that above described, all land, if any, contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by Lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which Lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by Lessee for a more complete or accurate description of said land. For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain 108.069 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be deemed to be the true acreage thereof. Lessor accepts the bonus as lump sum consideration for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of 3 years from the date hereof, hereinafter called "primary term," and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.
3. As royalty, Lessee covenants and agrees: (a) To deliver to the credit of Lessor, in the pipe line to which Lessee may connect its wells, the equal 1/5 part of all oil produced and saved by Lessee from said land, or from time to time, at the option of Lessee, to pay Lessor the average posted market price of such 1/5 part of such oil at the wells as of the day it is run to the pipe line or storage tanks, Lessor's interest, in either case, to bear 1/5 of the cost of treating oil to render it marketable pipe line oil; (b) To pay Lessor on gas and casinghead gas produced from said land (1) when sold by Lessee, 1/5 of the amount realized by Lessee, computed at the mouth of the well, or (2) when used by Lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of 1/5 of such gas and casinghead gas; (c) To pay Lessor on all other minerals mined and marketed or utilized by Lessee from said land, one-tenth either in kind or value at the well or mine at Lessee's election, except that on sulphur mined and marketed the royalty shall be one dollar (\$1.00) per long ton. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, Lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to Lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, Lessee shall pay or tender, by check or draft of Lessee, as royalty, a sum equal to one dollar (\$1.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in the

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Mailing Address: To Lessor at the above address

, or its successors, which shall continue as the depositories, regardless of changes in the ownership of shut-in royalty. If at any time that Lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, Lessee may, in lieu of any other method of payment herein provided, pay or tender such shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as Lessee may elect. Any payment hereunder may be made by check or draft of Lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment. Nothing herein shall impair Lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

4. Lessee is hereby granted the continuing and recurring right, but not the obligation, to pool or unitize the land covered by this lease, or any part or interest therein, with any other lands, leases or interests, as to any or all minerals, depths or horizons, either before or after the commencement of operations, whenever Lessee deems it's necessary or proper to do so in order to explore, develop or operate said lease, whether or not similar pooling authority exists with respect to such other lands, leases or interests. A unit formed by such pooling for an oil well which is not a horizontal drainhole well shall not exceed 80 surface acres plus a maximum acreage tolerance of 10%, and for an oil well that is a horizontal drainhole well or a gas well shall not exceed 640 surface acres plus a maximum acreage tolerance of 10%; provided that larger units may be formed for an oil well or a gas well, whether or not drilled as a horizontal drainhole well, as prescribed or permitted by the rules or regulations of any governmental authority with jurisdiction over such matters. The terms "oil well", "gas well" and "horizontal drainhole well" shall have the meanings prescribed by applicable law or by regulations of the governmental authority with jurisdiction over such matters. Lessee may pool or combine land covered by this lease or any portion thereof as above provided as to oil and gas, or either of them, in any one or more stratum or strata. Units formed by pooling as to any stratum or strata need not conform in size or area with units formed as to any other stratum or strata, and oil units need not conform as to area with gas units. The pooling in one or more instances shall not exhaust the rights of Lessee to pool this lease or portions thereof into other units. Lessee shall exercise said option to pool as to each desired unit by executing an instrument identifying such unit and filing it for record in the appropriate records of the county in which all or part of such unit is situated. The effective date of pooling shall be the date of filing unless provided otherwise in such pooling declaration, and said unit shall be effective as to all parties hereto, their heirs, successors and assigns, irrespective of whether the unit is likewise effective as to all other owners of surface, mineral, royalty or other rights in land included in such unit, or whether there may be mineral, royalty or leasehold interests in lands within the unit which are not effectively pooled or unitized. Operations conducted on any part of such unit, regardless of whether such operations were commenced before or after the execution of this lease or the instrument designating the pooled unit, shall be deemed for all purposes (except the payment of royalties on production from the pooled unit) as operations conducted on said land under this lease and references herein to operations on said lands or on the leased premises shall be deemed to

include operations on any portion of such pooled unit. For the purpose of computing royalties and other payments out of production, there shall be allocated to the land covered by this lease and included in such unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that proportion of the total production of unitized minerals from the unit, after deducting any used in lease or unit operations, which the number of surface acres in such land (or in each separate tract) covered by this lease within the unit bears to the total number of surface acres in the unit, and the production so allocated shall be considered for all purposes, including payment or delivery of royalties, overriding royalties and any other payments out of production, to be the entire production of unitized minerals from the land to which allocated in the same manner as though produced therefrom under the terms of this lease. Any unit formed hereunder may be revised, increased or decreased in size or changed in configuration by Lessee, at its sole option, without the joinder of Lessor, at any time and from time to time after the original designation thereof in order to conform to the rules or regulations of any governmental authority having jurisdiction, or when to do so would, in the judgment of Lessee, promote the conservation of minerals in and under and that may be produced from said land or permit the drilling of an additional well or wells. In making such a revision, Lessee shall file in the records where the original unit designation is recorded a written declaration describing the revised unit and the effective date of revision shall be the date of filing unless provided otherwise in such declaration. To the extent any portion of said land 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 be adjusted accordingly, and such adjustment shall be made effective as of the effective date of the revision. Lessee may dissolve any unit formed hereunder by filing a written declaration to that effect, and the effective date of dissolution shall be the date of filing unless provided otherwise in such declaration. The formation of any unit hereunder which includes land not covered by this lease shall not have the effect of exchanging or transferring any interest under this lease (including, without limitation, any shut-in royalty which may become payable under this lease) between parties owning interests in land covered by this lease and parties owning interest in land not covered by this lease. Neither shall it impair the right of Lessee to release as provided in paragraph 5 hereof, except that Lessee may not so release as to lands within a unit while there is production in paying quantities thereon unless all pooled leases are released as to lands within the unit. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease, but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph with consequent allocation of production as herein provided. The inclusion of Lessors' interest in any separate tract within this lease shall not constitute an offer on the part of Lessor to any party who may now or hereafter have an ownership interest in the minerals or royalties in such separate tract to pool, unitize or communitize any such interest with other interests covered by this lease. Any attempt by an owner of any mineral or royalty interest under a separate tract to ratify, adopt or confirm this lease, or any provision herein contained, by any means and thereby effect a pooling, unitization or communitization of royalties among such separate tracts shall by such actions specifically ratify, adopt and confirm the entire contents of this paragraph and such attempt to effect a pooling, unitization or communitization between any separate tracts shall be wholly ineffective. As used herein, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

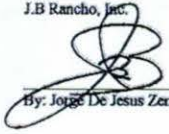
5. Lessee may at any time and from time to time execute and deliver to Lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations, as to the released acreage or interest.
6. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.
7. Lessee shall have the use, free from royalty, of water, other than from Lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove casing. No well shall be drilled nearer than 200 feet to the house or barn now on said land without the consent of the Lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.
8. The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any mineral or horizon. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of Lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof of or to Lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by Lessor or Lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division. If any such change in ownership occurs by reason of the death of the owner, Lessee may, nevertheless pay or tender such royalties, or other moneys, or part thereof, to the credit of the decedent in a depository bank provided for above.
9. In the event Lessor considers that Lessee has not complied with all its obligations hereunder, both express and implied, Lessor shall notify Lessee in writing, setting out specifically in what respects Lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by Lessor. The service of said notice shall be precedent to the bringing of any action by Lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that Lessee has failed to perform all its obligations hereunder. If this lease is canceled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by Lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said land as are necessary to operations on the acreage so retained.
10. Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but Lessor agrees that Lessee shall have the right at any time to pay or reduce same for Lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to Lessor and/or assigns under this lease. If this lease covers a less interest in the oil, gas, sulphur, or other minerals in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not), or no interest therein, then the royalties and other moneys accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by Lessor) shall be paid out of the royalty herein provided. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as Lessor.
11. If, while this lease is in force, at, or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut-in well provisions of paragraph 3 hereof, and Lessee is not conducting operations on said land by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of Lessee, the primary term hereof shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.

SEE ATTACHED ADDENDUM FOR ADDITIONAL PROVISIONS

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

LESSOR:

J.B Rancho, Inc.



By: Jorge De Jesus Zermeno, President

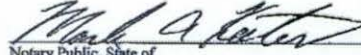
ACKNOWLEDGMENTS

STATE OF TEXAS

COUNTY OF BURLESON

This instrument was acknowledged before me on the 19th day of June, 2013  
by Jorge De Jesus Zermeno, on behalf of said corporation.



  
Notary Public, State of \_\_\_\_\_  
Notary's Name (printed): \_\_\_\_\_  
Notary's Commission Expires: \_\_\_\_\_

ADDENDUM

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL, GAS AND MINERAL LEASE DATED JUNE 18, 2013 BETWEEN J.B. RANCHO, INC. LESSOR, AND CLAYTON WILLIAMS ENERGY, INC., AS LESSEE.

12. Notwithstanding anything herein above to the contrary, it is specifically understood and agreed that this lease covers only oil, gas, sulphur, and associated liquid or liquefiable hydrocarbon, but this lease does not cover or include any other minerals, with all other such minerals being reserved to the Lessor herein.
13. Notwithstanding any provision herein to the contrary, upon the expiration of primary term of this Lease (or the expiration of any extension or renewal thereof), or upon the expiration of ninety (90) days following the completion of the last well drilled on the leased premises or acreage pooled therewith (whether completed as a well capable of production in paying quantities or as a dry hole) whichever is the later date, this Lease shall terminate as to any lands not included in a pooled unit, proration unit or other unit from which any well located thereon is producing or may be capable of producing in paying quantities, or upon which drilling, reworking or other operations calculated to restore production are being pursued is herein provided. After the expiration of the primary term of this Lease, if production on any pooled, proration or other unit permanently ceases from any cause either voluntary or involuntary (and if this Lease is not otherwise being maintained), this Lease shall terminate as to such unit unless Lessee within ninety (90) days thereafter commences reworking operations or the actual drilling of a new well thereon. In such events, this Lease will continue in effect as to such unit so long as such drilling or reworking is prosecuted with no cessation of such operations for more than ninety (90) consecutive days until production is restored.
14. This lease shall expire upon the termination of the three year primary term unless it is held by production or if the provisions set out in Paragraph 11 permit the continuance of this lease for an extended period. Lessee shall not have the right to extend this Lease for another period of years by the payment of an additional sum of money.
15. Lessee agrees to pay Lessor or tenants of Lessor for all damages or injury to cattle or other livestock, pasturage, crops, fences, terraces, water wells, the surface otherwise in whatever way damaged and all other property of Lessor or tenants of Lessor situated on the leased premises resulting from Lessee's operations under the terms of this lease; and, Lessee further agrees that within a reasonable time after completion or abandonment of any well drilled on the leased premises, Lessee shall fill and level all excavations not required for production, fencing those that must remain open, and restore the surface of the ground to as near its original condition as is practicable.
16. In the event a portion or portions of the land described in this lease are pooled or unitized with other land, lease or leases, so as to form a pooled unit or units, operations for drilling, drilling or reworking operations on such units or units, or production of oil, or gas from such unit or units, or payment of shut-in gas royalties on a well or wells drilled on such unit or units, shall maintain this lease in effect only as to the portion or portions of the land described in this lease which is included in a pooled unit or units. As to any portion or portions of the land not included in a pooled unit or units, this lease may be maintained in force and effect in any manner elsewhere provided in this lease.
17. Notwithstanding anything herein to the contrary, should Lessee elect to pool the leased premises with any other lands to form a pooled unit, then Lessee agrees to include at least eighty (80) percent of the leased premises herein in any such unit.
18. Notwithstanding anything herein to the contrary, at the expiration of the primary term or any continuous drilling operations, whichever is later, this lease shall terminate as to all depths below one hundred (100') below the deepest stratigraphic equivalent of the deepest depth drilled on the leased premises or on the lands pooled therewith.
19. Lessors royalty shall be calculated free and clear of costs, expenses and deductions for exploration, drilling, development and production, including, but not limited to, costs of dehydration, storage,

compression, transportation, separation by mechanical means and stabilization of the hydrocarbons at the well, but shall bear its proportionate share of severance and other taxes based upon, production.

20. Notwithstanding any provision herein to the contrary which may be contained in paragraph 1 hereof, it is agreed and understood that Lessee herein shall have no right to dig canals, nor shall it have the right to construct, build, or erect any type of permanent employee housing upon the leased premises herein, however, Lessee may utilize temporary and/or portable housing to house its rig crews and/or employees during actual drilling operations.

SIGNED FOR IDENTIFICATION



Jorge De Jesus Zermeno  
President of J.B. Rancho, Inc.

213988C

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.

## OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 11th day of April, 2013 between **Jenkins Garrett, Jr.**  
as Lessor (whether one or more), whose address is: 6237 Genoa, Ft. Worth, Texas 76107;

and **Clayton Williams Energy, Inc.**, whose address is #6 Desta Drive, Suite 3000, Midland, Texas 79705  
as Lessee, WITNESSETH:

1. Lessor, in consideration of Ten Dollars (\$10.00) and other valuable consideration, receipt of which is hereby acknowledged, and of the covenants and agreements of Lessee hereinafter contained, does hereby grant, lease and let unto Lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipe lines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in Lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land" is located in the County of Burleson, State of Texas, and is described as follows:

### PLEASE REFER TO EXHIBIT "A" ATTACHED HERETO.

This lease also covers and includes, in addition to that above described, all land, if any, contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by Lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which Lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by Lessee for a more complete or accurate description of said land. For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain **108.979** acres, whether actually containing more or less, and the above recital of acreage in any tract shall be deemed to be the true acreage thereof. Lessor accepts the bonus as lump sum consideration for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of 3 years from the date hereof, hereinafter called "primary term," and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.
3. As royalty, Lessee covenants and agrees: (a) To deliver to the credit of Lessor, in the pipe line to which Lessee may connect its wells, the equal 1/5 part of all oil produced and saved by Lessee from said land, or from time to time, at the option of Lessee, to pay Lessor the average posted market price of such 1/5 part of such oil at the wells as of the day it is run to the pipe line or storage tanks, Lessor's interest, in either case, to bear 1/5 of the cost of treating oil to render it marketable pipe line oil; (b) To pay Lessor on gas and casinghead gas produced from said land (1) when sold by Lessee, 1/5 of the amount realized by Lessee, computed at the mouth of the well, or (2) when used by Lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of 1/5 of such gas and casinghead gas; (c) To pay Lessor on all other minerals mined and marketed or utilized by Lessee from said land, one-tenth either in kind or value at the well or mine at Lessee's election, except that on sulphur mined and marketed the royalty shall be one dollar (\$1.00) per long ton. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, Lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to Lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, Lessee shall pay or tender, by check or draft of Lessee, as royalty, a sum equal to one dollar (\$1.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in the

Depository Bank: To Lessor at the above address

Mailing Address: To Lessor at the above address

, or its successors, which shall continue as the depositories, regardless of changes in the ownership of shut-in royalty. If at any time that Lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, Lessee may, in lieu of any other method of payment herein provided, pay or tender such shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as Lessee may elect. Any payment hereunder may be made by check or draft of Lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment. Nothing herein shall impair Lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

4. Lessee is hereby granted the continuing and recurring right, but not the obligation, to pool or unitize the land covered by this lease, or any part or interest therein, with any other lands, leases or interests, as to any or all minerals, depths or horizons, either before or after the commencement of operations, whenever Lessee deems it's necessary or proper to do so in order to explore, develop or operate said lease, whether or not similar pooling authority exists with respect to such other lands, leases or interests. A unit formed by such pooling for an oil well which is not a horizontal drainhole well shall not exceed 80 surface acres plus a maximum acreage tolerance of 10%, and for an oil well that is a horizontal drainhole well or a gas well shall not exceed 640 surface acres plus a maximum acreage tolerance of 10%; provided that larger units may be formed for an oil well or a gas well, whether or not drilled as a horizontal drainhole well, as prescribed or permitted by the rules or regulations of any governmental authority with jurisdiction over such matters. The terms "oil well", "gas well" and "horizontal drainhole well" shall have the meanings prescribed by applicable law or by regulations of the governmental authority with jurisdiction over such matters. Lessee may pool or combine land covered by this lease or any portion thereof as above provided as to oil and gas, or either of them, in any one or more stratum or strata. Units formed by pooling as to any stratum or strata need not conform in size or area with units formed as to any other stratum or strata, and oil units need not conform as to area with gas units. The pooling in one or more instances shall not exhaust the rights of Lessee to pool this lease or portions thereof into other units. Lessee shall exercise said option to pool as to each desired unit by executing an instrument identifying such unit and filing it for record in the appropriate records of the county in which all or part of such unit is situated. The effective date of pooling shall be the date of filing unless provided otherwise in such pooling declaration, and said unit shall be effective as to all parties hereto, their heirs, successors and assigns, irrespective of whether the unit is likewise effective as to all other owners of surface, mineral, royalty or other rights in land included in such unit, or whether there may be mineral, royalty or leasehold interests in lands within the unit which are not effectively pooled or unitized. Operations conducted on any part of such unit, regardless of whether such operations were commenced before or after the execution of this lease or the instrument designating the pooled unit, shall be deemed for all purposes (except the payment of royalties on production from the pooled unit) as operations conducted on said land under this lease and references herein to operations on said lands or on the leased premises shall be deemed to

include operations on any portion of such pooled unit. For the purpose of computing royalties and other payments out of production, there shall be allocated to the land covered by this lease and included in such unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that proportion of the total production of unitized minerals from the unit, after deducting any used in lease or unit operations, which the number of surface acres in such land (or in each separate tract) covered by this lease within the unit bears to the total number of surface acres in the unit, and the production so allocated shall be considered for all purposes, including payment or delivery of royalties, overriding royalties and any other payments out of production, to be the entire production of unitized minerals from the land to which allocated in the same manner as though produced therefrom under the terms of this lease. Any unit formed hereunder may be revised, increased or decreased in size or changed in configuration by Lessee, at its sole option, without the joinder of Lessor, at any time and from time to time after the original designation thereof in order to conform to the rules or regulations of any governmental authority having jurisdiction, or when to do so would, in the judgment of Lessee, promote the conservation of minerals in and under and that may be produced from said land or permit the drilling of an additional well or wells. In making such a revision, Lessee shall file in the records where the original unit designation is recorded a written declaration describing the revised unit and the effective date of revision shall be the date of filing unless provided otherwise in such declaration. To the extent any portion of said land 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 be adjusted accordingly, and such adjustment shall be made effective as of the effective date of the revision. Lessee may dissolve any unit formed hereunder by filing a written declaration to that effect, and the effective date of dissolution shall be the date of filing unless provided otherwise in such declaration. The formation of any unit hereunder which includes land not covered by this lease shall not have the effect of exchanging or transferring any interest under this lease (including, without limitation, any shut-in royalty which may become payable under this lease) between parties owning interests in land covered by this lease and parties owning interest in land not covered by this lease. Neither shall it impair the right of Lessee to release as provided in paragraph 5 hereof, except that Lessee may not so release as to lands within a unit while there is production in paying quantities thereon unless all pooled leases are released as to lands within the unit. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease, but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph with consequent allocation of production as herein provided. The inclusion of Lessors' interest in any separate tract within this lease shall not constitute an offer on the part of Lessor to any party who may now or hereafter have an ownership interest in the minerals or royalties in such separate tract to pool, unitize or communitize any such interest with other interests covered by this lease. Any attempt by an owner of any mineral or royalty interest under a separate tract to ratify, adopt or confirm this lease, or any provision herein contained, by any means and thereby effect a pooling, unitization or communitization of royalties among such separate tracts shall by such actions specifically ratify, adopt and confirm the entire contents of this paragraph and such attempt to effect a pooling, unitization or communitization between any separate tracts shall be wholly ineffective. As used herein, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

5. Lessee may at any time and from time to time execute and deliver to Lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations, as to the released acreage or interest.
6. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.
7. Lessee shall have the use, free from royalty, of water, other than from Lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove casing. No well shall be drilled nearer than 200 feet to the house or barn now on said land without the consent of the Lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.
8. The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any mineral or horizon. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of Lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof of or to Lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by Lessor or Lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division. If any such change in ownership occurs by reason of the death of the owner, Lessee may, nevertheless pay or tender such royalties, or other moneys, or part thereof, to the credit of the decedent in a depository bank provided for above.
9. In the event Lessor considers that Lessee has not complied with all its obligations hereunder, both express and implied, Lessor shall notify Lessee in writing, setting out specifically in what respects Lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by Lessor. The service of said notice shall be precedent to the bringing of any action by Lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that Lessee has failed to perform all its obligations hereunder. If this lease is canceled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by Lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said land as are necessary to operations on the acreage so retained.
10. Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but Lessor agrees that Lessee shall have the right at any time to pay or reduce same for Lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to Lessor and/or assigns under this lease. If this lease covers a less interest in the oil, gas, sulphur, or other minerals in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not), or no interest therein, then the royalties and other moneys accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by Lessor) shall be paid out of the royalty herein provided. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as Lessor.
11. If, while this lease is in force, at, or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut-in well provisions of paragraph 3 hereof, and Lessee is not conducting operations on said land by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of Lessee, the primary term hereof shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.

SEE ATTACHED ADDENDUM FOR ADDITIONAL PROVISIONS

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

  
LESSOR: Jenkins Garrett, Jr.

ACKNOWLEDGMENTS

STATE OF TEXAS

COUNTY OF Tarrant

This instrument was acknowledged before me on the 29 day of April 2013

by Jenkins Garrett, Jr.



  
Notary Public, State of TEXAS  
Notary's Name (printed): LINDA JONES  
Notary's Commission Expires: 3-23-2016



## ADDENDUM

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL, GAS AND MINERAL LEASE DATED APRIL 11, 2013 BETWEEN JENKINGS GARRETT, JR. AS LESSORS, AND CLAYTON WILLIAMS ENERGY, INC., AS LESSEE.

12. Notwithstanding anything herein above to the contrary, it is specifically understood and agreed that this lease covers only oil, gas, sulphur, and associated liquid or liquefiable hydrocarbon, but this lease does not cover or include any other minerals, with all other such minerals being reserved to the Lessor herein.
13. Lessee agrees and obligates itself to conduct its operations upon the leased premises as a reasonable and prudent operator and in such a way as to cause a minimum of damage to the land and improvements thereon, including fences; and that should it become necessary to make any opening in the fences, Lessee will properly brace the fence on each side of the opening to prevent slacking of the wires and shall place substantial metal gates and cattle guards in such openings. Said gates and cattle guards shall be installed before drilling operations commence and said gates and cattle guards shall remain on said property unless otherwise directed by Lessors. Lessee agrees that within one hundred twenty (120) days after any operation hereunder, Lessee shall repair the damaged land to the fullest practical extent, including the filling and leveling of all holes, pits, ruts, roads or excavations in the area no longer to be used by Lessee; and upon termination hereof, to fully repair all damaged land not already repaired to the end that the land will be rendered to substantially the same condition as it was prior to commencement of such operations. Lessee shall pay for all actual injury or damage done or caused by Lessee in its operations hereunder to any buildings, fences, roads, roadway easements, culverts, merchantable timber, growing crops or other improvements on said land or to livestock on said land which is not replaced or repaired by Lessee according to the terms of this Lease.
14. Notwithstanding any provision herein to the contrary, upon the expiration of primary term of this Lease (or the expiration of any extension or renewal thereof), or upon the expiration of ninety (90) days following the completion of the last well drilled on the leased premises or acreage pooled therewith (whether completed as a well capable of production in paying quantities or as a dry hole) whichever is the later date, this Lease shall terminate as to any lands not included in a pooled unit, proration unit or other unit from which any well located thereon is producing or may be capable of producing in paying quantities, or upon which drilling, reworking or other operations calculated to restore production are being pursued is herein provided. After the expiration of the primary term of this Lease, if production on any pooled, proration or other unit permanently ceases from any cause either voluntary or involuntary (and if this Lease is not otherwise being maintained), this Lease shall terminate as to such unit unless Lessee within ninety (90) days thereafter commences reworking operations or the actual drilling of a new well thereon. In such events, this Lease will continue in effect as to such unit so long as such drilling or reworking is prosecuted with no cessation of such operations for more than ninety (90) consecutive days until production is restored.
15. This lease shall expire upon the termination of the three year primary term unless it is held by production or if the provisions set out in Paragraph 11 permit the continuance of this lease for an extended period. Lessee shall not have the right to extend this Lease for another period of years by the payment of an additional sum of money.
16. Lessee agrees to pay Lessor or tenants of Lessor for all damages or injury to cattle or other livestock, pasturage, crops, fences, terraces, water wells, the surface otherwise in whatever way damaged and all other property of Lessor or tenants of Lessor situated on the leased premises resulting from Lessee's operations under the terms of this lease; and, Lessee further agrees that within a reasonable time after completion or abandonment of any well drilled on the leased premises, Lessee shall fill and level all excavations not required for production, fencing those that must remain open, and restore the surface of the ground to as near its original condition as is practicable.
17. In the event a portion or portions of the land described in this lease are pooled or unitized with other land, lease or leases, so as to form a pooled unit or units, operations for drilling, drilling or reworking operations on such units or units, or production of oil, or gas from such unit or units, or payment of

shut-in gas royalties on a well or wells drilled on such unit or units, shall maintain this lease in effect only as to the portion or portions of the land described in this lease which is included in a pooled unit or units. As to any portion or portions of the land not included in a pooled unit or units, this lease may be maintained in force and effect in any manner elsewhere provided in this lease.

18. Notwithstanding anything herein to the contrary, should Lessee elect to pool the leased premises with any other lands to form a pooled unit, then Lessee agrees to include at least eighty (80) percent of the leased premises herein in any such unit.
19. Notwithstanding anything herein to the contrary, at the expiration of the primary term or any continuous drilling operations, whichever is later, this lease shall terminate as to all depths below one hundred (100') below the deepest stratigraphic equivalent of the deepest depth drilled on the leased premises or on the lands pooled therewith.
20. Lessors royalty shall be calculated free and clear of costs, expenses and deductions for exploration, drilling, development and production, including, but not limited to, costs of dehydration, storage, compression, transportation, separation by mechanical means and stabilization of the hydrocarbons at the well, but shall bear its proportionate share of severance and other taxes based upon, production.
21. It is Lessor's intent to lease all of the lands and minerals in which Lessor owns and/or may own an interest in the Lemuel Dickinson Survey, Abstract Number 20, Burleson County, Texas.
22. Notwithstanding any provision herein to the contrary which may be contained in paragraph 1 hereof, it is agreed and understood that Lessee herein shall have no right to dig canals, nor shall it have the right to construct, build, or erect any type of permanent employee housing upon the leased premises herein, however, Lessee may utilize temporary and/or portable housing to house its rig crews and/or employees during actual drilling operations.
23. Notwithstanding any provision herein to the contrary which may be contained in paragraph 7 hereof, Lessor does not claim to own any rights to the water and/or other riparian rights. As such Lessor cannot grant or deny the use of water for Lessee's operations under the terms of this lease.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

  
\_\_\_\_\_  
Jenkins Garrett, Jr.

213928-1

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.

### OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 11th day of April, 2013 between Donna Kay Garrett as Lessor (whether one or more), whose address is: 1700 Indian Creek Dr., Ft. Worth, Texas 76110, <sup>DA</sup> 48 CORNELIA AVE MILL VALLEY, CA 94541 and Clayton Williams Energy, Inc., whose address is #6 Desta Drive, Suite 3000, Midland, Texas 79705 as Lessee, WITNESSETH:

1. Lessor, in consideration of Ten Dollars (\$10.00) and other valuable consideration, receipt of which is hereby acknowledged, and of the covenants and agreements of Lessee hereinafter contained, does hereby grant, lease and let unto Lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipe lines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in Lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land" is located in the County of Burtleson, State of Texas, and is described as follows:

#### PLEASE REFER TO EXHIBIT "A" ATTACHED HERETO.

This lease also covers and includes, in addition to that above described, all land, if any, contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by Lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which Lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by Lessee for a more complete or accurate description of said land. For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain 108.979 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be deemed to be the true acreage thereof. Lessor accepts the bonus as lump sum consideration for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of 3 years from the date hereof, hereinafter called "primary term," and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. As royalty, Lessee covenants and agrees: (a) To deliver to the credit of Lessor, in the pipe line to which Lessee may connect its wells, the equal 1/5 part of all oil produced and saved by Lessee from said land, or from time to time, at the option of Lessee, to pay Lessor the average posted market price of such 1/5 part of such oil at the wells as at the mouth of the well, or from time to time, at the option of Lessee, to pay Lessor the average posted market price of such 1/5 part of such oil at the wells as at the mouth of the well, or (2) when used by Lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of 1/5 of such gas and casinghead gas; (c) To pay Lessor on all other minerals mined and marketed or utilized by Lessee from said land, one-tenth either in kind or value at the well or mine at Lessee's election, except that on sulphur mined and marketed the royalty shall be one dollar (\$1.00) per long ton. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, Lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to Lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, Lessee shall pay or tender, by check or draft of Lessee, as royalty, a sum equal to one dollar (\$1.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in the

Depository Bank: To Lessor at the above address

Mailing Address: To Lessor at the above address

, or its successors, which shall continue as the depositories, regardless of changes in the ownership of shut-in royalty. If at any time that Lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, Lessee may, in lieu of any other method of payment herein provided, pay or tender such shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as Lessee may elect. Any payment hereunder may be made by check or draft of Lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment. Nothing herein shall impair Lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

4. Lessee is hereby granted the continuing and recurring right, but not the obligation, to pool or unitize the land covered by this lease, or any part or interest therein, with any other lands, leases or interests, as to any or all minerals, depths or horizons, either before or after the commencement of operations, whenever Lessee deems it's necessary or proper to do so in order to explore, develop or operate said lease, whether or not similar pooling authority exists with respect to such other lands, leases or interests. A unit formed by such pooling for an oil well which is not a horizontal drainhole well shall not exceed 80 surface acres plus a maximum acreage tolerance of 10%, and for an oil well that is a horizontal drainhole well or a gas well shall not exceed 640 surface acres plus a maximum acreage tolerance of 10%; provided that larger units may be formed for an oil well or a gas well, whether or not drilled as a horizontal drainhole well, as prescribed or permitted by the rules or regulations of any governmental authority with jurisdiction over such matters. The terms "oil well", "gas well" and "horizontal drainhole well" shall have the meanings prescribed by applicable law or by regulations of the governmental authority with jurisdiction over such matters. Lessee may pool or combine land covered by this lease or any portion thereof as above provided as to oil and gas, or either of them, in any one or more stratum or strata. Units formed by pooling as to any stratum or strata need not conform in size or area with units formed as to any other stratum or strata, and oil units need not conform as to area with gas units. The pooling in one or more instances shall not exhaust the rights of Lessee to pool this lease or portions thereof into other units. Lessee shall exercise said option to pool as to each desired unit by executing an instrument identifying such unit and filing it for record in the appropriate records of the county in which all or part of such unit is situated. The effective date of pooling shall be the date of filing unless provided otherwise in such pooling declaration, and said unit shall be effective as to all parties hereto, their heirs, successors and assigns, irrespective of whether the unit is likewise effective as to all other owners of surface, mineral, royalty or other rights in land included in such unit, or whether there may be mineral, royalty or leasehold interests in lands within the unit which are not effectively pooled or unitized. Operations conducted on any part of such unit, regardless of whether such operations were commenced before or after the execution of this lease or the instrument designating the pooled unit, shall be deemed for all purposes (except the payment of royalties on production from the pooled unit) as operations conducted on said land under this lease and references herein to operations on said lands or on the leased premises shall be deemed to

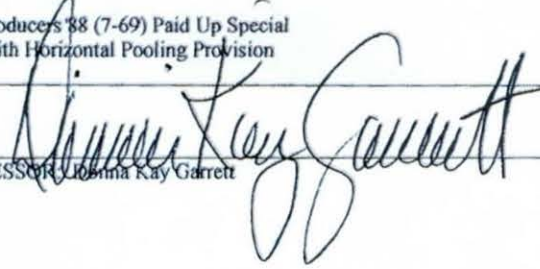
include operations on any portion of such pooled unit. For the purpose of computing royalties and other payments out of production, there shall be allocated to the land covered by this lease and included in such unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that proportion of the total production of unitized minerals from the unit, after deducting any used in lease or unit operations, which the number of surface acres in such land (or in each separate tract) covered by this lease within the unit bears to the total number of surface acres in the unit, and the production so allocated shall be considered for all purposes, including payment or delivery of royalties, overriding royalties and any other payments out of production, to be the entire production of unitized minerals from the land to which allocated in the same manner as though produced therefrom under the terms of this lease. Any unit formed hereunder may be revised, increased or decreased in size or changed in configuration by Lessee, at its sole option, without the joinder of Lessor, at any time and from time to time after the original designation thereof in order to conform to the rules or regulations of any governmental authority having jurisdiction, or when to do so would, in the judgment of Lessee, promote the conservation of minerals in and under and that may be produced from said land or permit the drilling of an additional well or wells. In making such a revision, Lessee shall file in the records where the original unit designation is recorded a written declaration describing the revised unit and the effective date of revision shall be the date of filing unless provided otherwise in such declaration. To the extent any portion of said land 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 be adjusted accordingly, and such adjustment shall be made effective as of the effective date of the revision. Lessee may dissolve any unit formed hereunder by filing a written declaration to that effect, and the effective date of dissolution shall be the date of filing unless provided otherwise in such declaration. The formation of any unit hereunder which includes land not covered by this lease shall not have the effect of exchanging or transferring any interest under this lease (including, without limitation, any shut-in royalty which may become payable under this lease) between parties owning interests in land covered by this lease and parties owning interest in land not covered by this lease. Neither shall it impair the right of Lessee to release as provided in paragraph 5 hereof, except that Lessee may not so release as to lands within a unit while there is production in paying quantities thereon unless all pooled leases are released as to lands within the unit. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease, but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph with consequent allocation of production as herein provided. The inclusion of Lessors' interest in any separate tract within this lease shall not constitute an offer on the part of Lessor to any party who may now or hereafter have an ownership interest in the minerals or royalties in such separate tract to pool, unitize or communitize any such interest with other interests covered by this lease. Any attempt by an owner of any mineral or royalty interest under a separate tract to ratify, adopt or confirm this lease, or any provision herein contained, by any means and thereby effect a pooling, unitization or communitization of royalties among such separate tracts shall by such actions specifically ratify, adopt and confirm the entire contents of this paragraph and such attempt to effect a pooling, unitization or communitization between any separate tracts shall be wholly ineffective. As used herein, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

5. Lessee may at any time and from time to time execute and deliver to Lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations, as to the released acreage or interest.
6. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, or excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.
7. Lessee shall have the use, free from royalty, of water, other than from Lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove casing. No well shall be drilled nearer than 200 feet to the house or barn now on said land without the consent of the Lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.
8. The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any mineral or horizon. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of Lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof or to Lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by Lessor or Lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division. If any such change in ownership occurs by reason of the death of the owner, Lessee may, nevertheless pay or tender such royalties, or other moneys, or part thereof, to the credit of the decedent in a depository bank provided for above.
9. In the event Lessor considers that Lessee has not complied with all its obligations hereunder, both express and implied, Lessor shall notify Lessee in writing, setting out specifically in what respects Lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by Lessor. The service of said notice shall be precedent to the bringing of any action by Lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that Lessee has failed to perform all its obligations hereunder. If this lease is canceled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by Lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said land as are necessary to operations on the acreage so retained.
10. Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but Lessor agrees that Lessee shall have the right at any time to pay or reduce same for Lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to Lessor and/or assigns under this lease. If this lease covers a less interest in the oil, gas, sulphur, or other minerals in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not), or no interest therein, then the royalties and other moneys accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by Lessor) shall be paid out of the royalty herein provided. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as Lessor.
11. If, while this lease is in force, at, or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut-in well provisions of paragraph 3 hereof, and Lessee is not conducting operations on said land by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of Lessee, the primary term hereof shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.

SEE ATTACHED ADDENDUM FOR ADDITIONAL PROVISIONS

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

LESSOR Donna Kay Garrett



ACKNOWLEDGMENTS

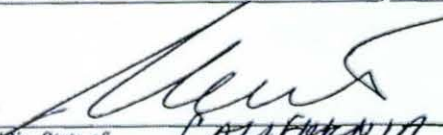
STATE OF ~~TEXAS~~ CALIF

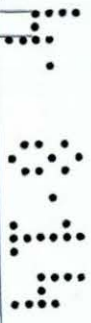
COUNTY OF Marin

This instrument was acknowledged before me on the 29<sup>th</sup> day of April, 2013

by Donna Kay Garrett.



  
Notary Public, State of CALIFORNIA  
Notary's Name (printed): CAROL A WEST  
Notary's Commission Expires: 01/17/2015



### ADDENDUM

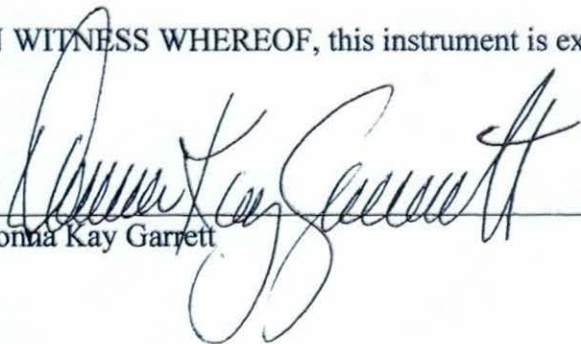
ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL, GAS AND MINERAL LEASE DATED APRIL 11, 2013 BETWEEN DONNA KAY GARRETT AS LESSORS, AND CLAYTON WILLIAMS ENERGY, INC., AS LESSEE.

12. Notwithstanding anything herein above to the contrary, it is specifically understood and agreed that this lease covers only oil, gas, sulphur, and associated liquid or liquefiable hydrocarbon, but this lease does not cover or include any other minerals, with all other such minerals being reserved to the Lessor herein.
13. Lessee agrees and obligates itself to conduct its operations upon the leased premises as a reasonable and prudent operator and in such a way as to cause a minimum of damage to the land and improvements thereon, including fences; and that should it become necessary to make any opening in the fences, Lessee will properly brace the fence on each side of the opening to prevent slacking of the wires and shall place substantial metal gates and cattle guards in such openings. Said gates and cattle guards shall be installed before drilling operations commence and said gates and cattle guards shall remain on said property unless otherwise directed by Lessors. Lessee agrees that within one hundred twenty (120) days after any operation hereunder, Lessee shall repair the damaged land to the fullest practical extent, including the filling and leveling of all holes, pits, ruts, roads or excavations in the area no longer to be used by Lessee; and upon termination hereof, to fully repair all damaged land not already repaired to the end that the land will be rendered to substantially the same condition as it was prior to commencement of such operations. Lessee shall pay for all actual injury or damage done or caused by Lessee in its operations hereunder to any buildings, fences, roads, roadway easements, culverts, merchantable timber, growing crops or other improvements on said land or to livestock on said land which is not replaced or repaired by Lessee according to the terms of this Lease.
14. Notwithstanding any provision herein to the contrary, upon the expiration of primary term of this Lease (or the expiration of any extension or renewal thereof), or upon the expiration of ninety (90) days following the completion of the last well drilled on the leased premises or acreage pooled therewith (whether completed as a well capable of production in paying quantities or as a dry hole) whichever is the later date, this Lease shall terminate as to any lands not included in a pooled unit, proration unit or other unit from which any well located thereon is producing or may be capable of producing in paying quantities, or upon which drilling, reworking or other operations calculated to restore production are being pursued is herein provided. After the expiration of the primary term of this Lease, if production on any pooled, proration or other unit permanently ceases from any cause either voluntary or involuntary (and if this Lease is not otherwise being maintained), this Lease shall terminate as to such unit unless Lessee within ninety (90) days thereafter commences reworking operations or the actual drilling of a new well thereon. In such events, this Lease will continue in effect as to such unit so long as such drilling or reworking is prosecuted with no cessation of such operations for more than ninety (90) consecutive days until production is restored.
15. This lease shall expire upon the termination of the three year primary term unless it is held by production or if the provisions set out in Paragraph 11 permit the continuance of this lease for an extended period. Lessee shall not have the right to extend this Lease for another period of years by the payment of an additional sum of money.
16. Lessee agrees to pay Lessor or tenants of Lessor for all damages or injury to cattle or other livestock, pasturage, crops, fences, terraces, water wells, the surface otherwise in whatever way damaged and all other property of Lessor or tenants of Lessor situated on the leased premises resulting from Lessee's operations under the terms of this lease; and, Lessee further agrees that within a reasonable time after completion or abandonment of any well drilled on the leased premises, Lessee shall fill and level all excavations not required for production, fencing those that must remain open, and restore the surface of the ground to as near its original condition as is practicable.
17. In the event a portion or portions of the land described in this lease are pooled or unitized with other land, lease or leases, so as to form a pooled unit or units, operations for drilling, drilling or reworking

operations on such units or units, or production of oil, or gas from such unit or units, or payment of shut-in gas royalties on a well or wells drilled on such unit or units, shall maintain this lease in effect only as to the portion or portions of the land described in this lease which is included in a pooled unit or units. As to any portion or portions of the land not included in a pooled unit or units, this lease may be maintained in force and effect in any manner elsewhere provided in this lease.

18. Notwithstanding anything herein to the contrary, should Lessee elect to pool the leased premises with any other lands to form a pooled unit, then Lessee agrees to include at least eighty (80) percent of the leased premises herein in any such unit.
19. Notwithstanding anything herein to the contrary, at the expiration of the primary term or any continuous drilling operations, whichever is later, this lease shall terminate as to all depths below one hundred (100') below the deepest stratigraphic equivalent of the deepest depth drilled on the leased premises or on the lands pooled therewith.
20. Lessors royalty shall be calculated free and clear of costs, expenses and deductions for exploration, drilling, development and production, including, but not limited to, costs of dehydration, storage, compression, transportation, separation by mechanical means and stabilization of the hydrocarbons at the well, but shall bear its proportionate share of severance and other taxes based upon, production.
21. It is Lessor's intent to lease all of the lands and minerals in which Lessor owns and/or may own an interest in the Lemuel Dickinson Survey, Abstract Number 20, Burlson County, Texas.
22. Notwithstanding any provision herein to the contrary which may be contained in paragraph 1 hereof, it is agreed and understood that Lessee herein shall have no right to dig canals, nor shall it have the right to construct, build, or erect any type of permanent employee housing upon the leased premises herein, however, Lessee may utilize temporary and/or portable housing to house its rig crews and/or employees during actual drilling operations.
23. Notwithstanding any provision herein to the contrary which may be contained in paragraph 7 hereof, Lessor does not claim to own any rights to the water and/or other riparian rights. As such Lessor cannot grant or deny the use of water for Lessee's operations under the terms of this lease.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

  
\_\_\_\_\_  
Donna Kay Garrett

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.

### OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 17th day of August, 2009, between

Nancy Giles, dealing in her sole and separate property

Lessor (whether one or more), whose address is P.O. Box 1143, Caldwell, Texas 77836 and Jim Burgin & Associates, Inc., P. O. Box 395, Fulshear, Texas, 77441, Lessee,

WITNESSETH:

1. Lessor, in consideration of Ten Dollars (\$10.00) and other valuable consideration, receipt of which is hereby acknowledged, and of the covenants and agreements of Lessee hereinafter contained, does hereby grant, lease and let unto Lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipe lines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in Lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land" is located in the County of **Burleson**, State of Texas, and is described as follows:

**First Tract:** 44.08 acres, more or less, out of the Lemuel Dickinson Survey, A-20, Burleson County, Texas, being more fully described in a Deed, dated March 15, 1969, from Leon C. Shaw and wife, Doris Shaw, to Willie H. Ihlenfeldt and wife, Dorothy Ihlenfeldt, recorded Volume 181, Page 473, Deed Records, Burleson County, Texas.

**Second Tract:** 3.0 acres, more or less, out of the Lemuel Dickinson Survey, A-20, Burleson County, Texas, being more fully described in a Deed, dated January 29, 1970, from W. F. Denson and wife, Nivie Denson, to Willie H. Ihlenfeldt, and wife, Dorothy Ihlenfeldt, recorded Volume 182, Page 258, Deed Records, Burleson County, Texas.

This lease also covers and includes, in addition to that above described, all land, if any, contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by Lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which Lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by Lessee for a more complete or accurate description of said land. For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain 47.08 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be deemed to be the true acreage thereof. Lessor accepts the bonus as lump sum consideration for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of Three (3) years from the date hereof, hereinafter called "primary term," and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. As royalty, Lessee covenants and agrees: (a) To deliver to the credit of Lessor, in the pipe line to which Lessee may connect its wells, the equal 1/8th part of all oil produced and saved by Lessee from said land, or from time to time, at the option of Lessee, to pay Lessor the average posted market price of such 1/8th part of such oil at the wells as of the day it is run to the pipe line or storage tanks, Lessor's interest, in either case, to bear 1/8th of the cost of treating oil to render it marketable pipe line oil; (b) To pay Lessor on gas and casinghead gas produced from said land (1) when sold by Lessee, 1/8th of the amount realized by Lessee, computed at the mouth of the well, or (2) when used by Lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of 1/8th of such gas and casinghead gas; (c) To pay Lessor on all other minerals mined and marketed or utilized by Lessee from said land, one-tenth either in kind or value at the well or mine at Lessee's election, except that on sulphur mined and marketed the royalty shall be one dollar (\$1.00) per long ton. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, Lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to Lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, Lessee shall pay or tender, by check or draft of Lessee, as royalty, a sum equal to one dollar (\$1.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in the

Depository Bank: Pay directly to Lessor at above address.

Mailing Address: \_\_\_\_\_

, or its successors, which shall continue as the depositories, regardless of changes in the ownership of shut-in royalty. If at any time that Lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, Lessee may, in lieu of any other method of payment herein provided, pay or tender such shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as Lessee may elect. Any payment hereunder may be made by check or draft of Lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment. Nothing herein shall impair Lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

4. Lessee is hereby granted the continuing and recurring right, but not the obligation, to pool or unitize the land covered by this lease, or any part or interest therein, with any other lands, leases or interests, as to any or all minerals, depths or horizons, either before or after the commencement of operations, whenever Lessee deems it's necessary or proper to do so in order to explore, develop or operate said lease, whether or not similar pooling authority exists with respect to such other lands, leases or interests. A unit formed by such pooling for an oil well which is not a horizontal drainhole well shall not exceed 80 surface acres plus a maximum acreage tolerance of 10%, and for an oil well that is a horizontal drainhole well or a gas well shall not exceed 640 surface acres plus a maximum acreage tolerance of 10%; provided that larger units may be formed for an oil well or a gas well, whether or not drilled as a horizontal drainhole well, as permitted by the rules or regulations of any governmental authority with jurisdiction over such matters. The terms "oil well", "gas well" and "horizontal drainhole well" shall have the meanings prescribed by applicable law or by regulations of the governmental authority with jurisdiction over such matters. Lessee may pool or combine land covered by this lease or any portion thereof as above provided as to oil and gas, or either of them, in any one or more stratum or strata. Units formed by pooling as to any stratum or strata need not conform in size or area with units formed as to any other stratum or strata, and oil units need not conform as to area with gas units. The pooling in one or more instances shall not exhaust the rights of Lessee to pool this lease or portions thereof into other units. Lessee shall exercise said option to pool as to each desired unit by executing an instrument

Lessee to pool this lease or portions thereof into other units. Lessee shall exercise said option to pool as to each desired unit by executing an instrument identifying such unit and filing it for record in the appropriate records of the county in which all or part of such unit is situated. The effective date of pooling shall be the date of filing unless provided otherwise in such pooling declaration, and said unit shall be effective as to all parties hereto, their heirs, successors and assigns, irrespective of whether the unit is likewise effective as to all other owners of surface, mineral, royalty or other rights in land included in such unit, or whether there may be mineral, royalty or leasehold interests in lands within the unit which are not effectively pooled or unitized. Operations conducted on any part of such unit, regardless of whether such operations were commenced before or after the execution of this lease or the instrument designating the pooled unit, shall be deemed for all purposes (except the payment of royalties on production from the pooled unit) as operations conducted on said land under this lease and references herein to operations on said lands or on the leased premises shall be deemed to include operations on any portion of such pooled unit. For the purpose of computing royalties and other payments out of production, there shall be allocated to the land covered by this lease and included in such unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that proportion of the total production of unitized minerals from the unit, after deducting any used in lease or unit operations, which the number of surface acres in such land (or in each separate tract) covered by this lease within the unit bears to the total number of surface acres in the unit, and the production so allocated shall be considered for all purposes, including payment or delivery of royalties, overriding royalties and any other payments out of production, to be the entire production of unitized minerals from the land to which allocated in the same manner as though produced therefrom under the terms of this lease. Any unit formed hereunder may be revised, increased or decreased in size or changed in configuration by Lessee, at its sole option, without the joinder of Lessor, at any time and from time to time after the original designation thereof in order to conform to the rules or regulations of any governmental authority having jurisdiction, or when to do so would, in the judgment of Lessee, promote the conservation of minerals in and under and that may be produced from said land or permit the drilling of an additional well or wells. In making such a revision, Lessee shall file in the records where the original unit designation is recorded a written declaration describing the revised unit and the effective date of revision shall be the date of filing unless provided otherwise in such declaration. To the extent any portion of said land 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 be adjusted accordingly, and such adjustment shall be made effective as of the effective date of the revision. Lessee may dissolve any unit formed hereunder by filing a written declaration to that effect, and the effective date of dissolution shall be the date of filing unless provided otherwise in such declaration. The formation of any unit hereunder which includes land not covered by this lease shall not have the effect of exchanging or transferring any interest under this lease (including, without limitation, any shut-in royalty which may become payable under this lease) between parties owning interests in land covered by this lease and parties owning interest in land not covered by this lease. Neither shall it impair the right of Lessee to release as provided in paragraph 5 hereof, except that Lessee may not so release as to lands within a unit while there is production in paying quantities thereon unless all pooled leases are released as to lands within the unit. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease, but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph with consequent allocation of production as herein provided. The inclusion of Lessors' interest in any separate tract within this lease shall not constitute an offer on the part of Lessor to any party who may now or hereafter have an ownership interest in the minerals or royalties in such separate tract to pool, unitize or communitize any such interest with other interests covered by this lease. Any attempt by an owner of any mineral or royalty interest under a separate tract to ratify, adopt or confirm this lease, or any provision herein contained, by any means and thereby effect a pooling, unitization or communitization of royalties among such separate tracts shall by such actions specifically ratify, adopt and confirm the entire contents of this paragraph and such attempt to effect a pooling, unitization or communitization between any separate tracts shall be wholly ineffective. As used herein, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

5. Lessee may at any time and from time to time execute and deliver to Lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations, as to the released acreage or interest.
6. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.
7. Lessee shall have the use, free from royalty, of water, other than from Lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove casing. No well shall be drilled nearer than 200 feet to the house or barn now on said land without the consent of the Lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.
8. The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any mineral or horizon. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of Lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof of or to Lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by Lessor or Lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division. If any such change in ownership occurs by reason of the death of the owner, Lessee may, nevertheless pay or tender such royalties, or other moneys, or part thereof, to the credit of the decedent in a depository bank provided for above.
9. In the event Lessor considers that Lessee has not complied with all its obligations hereunder, both express and implied, Lessor shall notify Lessee in writing, setting out specifically in what respects Lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by Lessor. The service of said notice shall be precedent to the bringing of any action by Lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that Lessee has failed to perform all its obligations hereunder. If this lease is canceled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by Lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said land as are necessary to operations on the acreage so retained.
10. Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but Lessor agrees that Lessee shall have the right at any time to pay or reduce same for Lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to Lessor and/or assigns under this lease. If this lease covers a less interest in the oil, gas, sulphur, or other minerals in all or any part of said land than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not), or no interest therein, then the royalties and other moneys accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by Lessor) shall be paid out of the royalty herein provided. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as Lessor.
11. If, while this lease is in force, at, or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut-in well provisions of paragraph 3 hereof, and Lessee is not conducting operations on said land by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of Lessee, the primary term hereof shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.

Producers 88 (7-69) Paid Up Special  
With Horizontal Pooling Provision

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 before or at the expiration date of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

Nancy Giles

SS OR TAX ID NO. \_\_\_\_\_

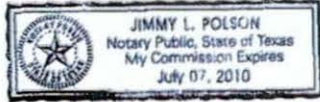
LESSOR: Nancy Giles, dealing in her sole and separate property.

ACKNOWLEDGMENT

STATE OF Texas  
COUNTY OF Burleson  
This instrument was acknowledged before me on the

21<sup>st</sup> day of August

by Nancy Giles



Jimmy Polson  
Notary Public, State of \_\_\_\_\_  
Notary's Name (printed): \_\_\_\_\_  
Notary's Commission Expires: \_\_\_\_\_

STATE OF Texas  
COUNTY OF Burleson  
This instrument was acknowledged before me on the \_\_\_\_\_ day of \_\_\_\_\_  
by \_\_\_\_\_

\_\_\_\_\_  
Notary Public, State of \_\_\_\_\_  
Notary's Name (printed): \_\_\_\_\_  
Notary's Commission Expires: \_\_\_\_\_



ADDENDUM

Attached to and made a part of the certain Paid up Oil and Gas Lease by and between **JIM BURGIN & ASSOCIATES, INC**, as Lessee and Nancy Giles, dealing in her sole and separate property as Lessor, dated Agust 17th, 2009.

The provisions of the hereinafter paragraphs shall supersede and govern the provisions of the printed form text of this lease and shall inure to the benefit of, and be binding upon the parties hereto and their respective heirs, representatives, successors and assigns.

15. Notwithstanding any other provisions herein contrary, Lessor hereby excepts and reserves from this Lease all coal and lignite and it is specifically understood and agreed that this lease covers only oil, gas, sulphur and associated liquid or liquefiable hydrocarbons.

16. Notwithstanding any other provisions herein to the contrary, if a part of the leased premises is included within the lateral boundaries of a pooled unit, or units, drilling operations on or production from or the payment of shut-in royalties on such pooled unit or units, shall maintain this lease only as to that portion of the leased premises within the lateral boundaries of such pooled unit or units; provided that the shut-in royalties which may be paid with respect to any such pooled unit, or units, shall be reduced in the proportion that the total number of acres from the leased premises which are not included in such pooled unit, or units, bears to the total number of acres covered by this lease. During the primary term, this lease may be maintained in force as to land not included within the lateral boundaries of such pooled unit, or units, in any manner provided for in this lease, except that if it be delay rentals or shut-in royalty payments, such payments shall be reduced in the proportion that the total number of acres from the leased premises which are included in such pooled unit, or units, bears to the total number of acres covered by this lease. As to that portion of the leased premises not included in such pooled unit, or units, after the expiration of the primary term, this lease may be maintained only by the production of oil, gas or other minerals therefrom or by payment of shut-in royalties thereon (which payments shall be reduced in the proportion that the total number of acres from the leased premises which are included in a pooled unit, or units, bears to the total number of acres covered by this lease) or by operations or other provisions in this lease which pertain to re-working operations or additional operations at or after the expiration of the primary term.

17. It is understood and agreed that wherever the fraction "one-eighth" (1/8th) appears herein, it is hereby changed to read "THREE SIXTEENTHS" (3/16ths).

18. Notwithstanding anything contained herein to the contrary, if, at the expiration of the primary term of this lease, this lease is not being maintained in effect in any manner provided for herein, including but not limited to operations upon or production from the leased premises or on land pooled therewith, or through the payment of delay rentals (if this lease so provides for delay rentals), Lessee shall have the exclusive right and option to renew and extend this lease as to the lands then covered thereby or any portion chosen by Lessee for an additional two (2) year primary term, on or before the expiration of the primary term as stated herein, by payment or tender to Lessor or to the credit of Lessor in the above named depository bank, on or before said date, a sum of money equal to One Hundred dollars (\$100.00) per net mineral acre. It is agreed and understood that said renewal payment shall cover any delay rental payment due on or before the end of the original primary term should the lease provide for delay rental payments. Such sum shall be reduced under the applicable lease provisions, including but not limited to proportionate reduction based on ownership of Lessor.

**SIGNED FOR IDENTIFICATION**

Nancy Giles  
Nancy Giles, dealing in her sole and separate property.

8-21-2009  
Date

Honorable Anna L. Schiack  
County Clerk

Dec 17, 2009

STATE OF TEXAS, COUNTY OF BURKESON  
I hereby certify that this instrument was filed on the date and time stated hereon by me and was duly recorded in the volume and page of the indexed records of Burkesson County as stated hereon by me.

Starron R. Burgess

Receipt Number - 65591

Amount 28.00

Document Number: 00004533

As on Official Public Records

On: Dec 17, 2009 at 09:32A

Filed for Record in:  
Burkesson County

File No. MF 116501  
Adjacent lease schedule

Date Filed: 4/8/14  
Jerry E. Patterson, Commissioner

By SSD





May 15, 2014

Mr. Gene Bolton  
Burns Land Services, Inc.  
1501 Copperfield Parkway, Ste. 528  
College Station, TX 77840

**Re: State of Texas HROW Lease # MF 116501** *(please make reference to this number in all correspondence with the GLO regarding your lease)*

Dear Mr. Bolton,

Enclosed you will find an original executed Highway Right of Way lease in Burleson County. We ask you assist us in two important ways:

- **Please proofread the lease before filing of record.** Notify the GLO of any errors so that we may promptly make the appropriate corrections.
- **Please have your client provide the GLO with a copy of the unit designation** after this lease has been added and the unit designation has been filed of record.

If you have any questions please feel free to contact me at my direct number or email address listed below. You may also contact George Martin at his direct number, 512-475-1512.

Best regards,

Susan Draughn  
Energy Resources  
Mineral Leasing  
512-463-6521  
susan.draughn@glo.texas.gov

Enclosure

8.

File No. MF 116501  
Final letter

Date Filed: 5/15/14  
Jerry E. Patterson, Commissioner

By: SSD