CAUTION

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Archives and Records Staff

Unit acres 10
Non Unit acres 40

STATE LEASE - RIVERBEDS M-92713

TERMINATED
Cessation of Production

Date 6-1-12

Leasing CHB

Maps/GIS

Lots AS

COUNTY (CODE)	:	Milam(166)Robertson(198)
RIVER NAME	:	Brazos River
TRACT	:	3-A
ACRES	:	50.0 Approx.
DEPTH LIMITS	:	All
CONTROL NO. (S)	:	01-00073-0 01-00074-9
LESSEE	:	Kenny Pitts
DATE	:	10-6-87
PRIMARY TERM	:	3 years
BONUS	:	$2500.00
ROYALTY	:	.25
RENTALS	:	$5.00

Level
Rental NS
Min. A/c

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6. POOLING AGREEMENT (Filed) 12-12-88 gf

7. letter from Seraco - 12-21-88 Bp

8. D.O. 12-24-89 Bj

9. worksheet 8-9-89 Bj

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13. Assignment 9-29-89 Bj

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15. letter Douglas A. McCary 10-11-89 Bj

Elec. Log Well # McCrary-Earnie #1 5/6/88

16. Letter to McCrary 2-6-90

17. APPLICATION TO DRILL WELL # 3A-1

18. COMP. REPORT WELL # 1

19. APPLICATION TO DRILL WELL # 2

20. COMP REPORT WELL # 2

21. Missing ELEC. LOG WELL # 1 Dual Induction Microlog 5/6/88

22. Missing ELEC. LOG WELL # 2 Dual Induction Microlog 5/12/88

23. D.O. & rtn ltr

24. Ltr from McCrary Dil/notes 5-31-12

25. Notice of well plugged 5/31/12

Scanned KW 11-21-2016

Lease Form
Revised 7/1987

The State of Texas

Austin, Texas

OIL AND GAS LEASE
NO. M-92713

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

Tract 3-A, Brazos River, Milam and Robertson Counties, Texas, containing approximately 50 acres is bound on the South by FM 979 Bridge crossing the river and is bound on the North by a line with a grid bearing N73°W and passing through a point with coordinates of X=3,124,386 Ft. and Y=501,200 Ft. Central Zone,

was, after being duly advertised, offered for lease on **6th** day of **October, 1987**, at 10:00 o'clock A.M., by the Commissioner of the General Land Office of the State of Texas and the School Land Board of the State of Texas, for the sole and only purpose of prospecting and drilling for, and producing oil and/or gas that may be found and produced from the above described area; and

WHEREAS, after all bids and remittances which were received up to said time have been duly considered by the Commissioner of the General Land Office and the School Land Board at a regular meeting thereof in the General Land Office, on the **6th** day of **October, 1987**, and it was found and determined that **Kenny Pitts** whose address is **P.O. Box 1036, Livingston, Texas 77351** had offered the highest and best bid for a lease of the area above described and is, therefore, entitled to receive a lease thereon:

NOW, THEREFORE, I, Garry Mauro, Commissioner of the General Land Office of the State of Texas, hereinafter sometimes referred to as "Lessor", whose address is Austin, Texas, by virtue of the authority vested in me and in consideration of the payment by the hereinafter designated Lessee, the sum of **Two Thousand Five Hundred and no/100** Dollars ($2,500.00), receipt of which is hereby acknowledged and of the royalties, covenants, stipulations and conditions contained and hereby agreed to be paid, observed and performed by Lessee, do hereby demise, grant, lease and let unto the above mentioned bidder the exclusive right to prospect for, produce and take oil and/or gas from the aforesaid area upon the following terms and conditions, to-wit:

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

2. **DELAY RENTALS**: If no well be commenced on the land hereby leased on or before the **6th** day of **October, 1988**, this lease shall terminate as to both parties unless the Lessee on or before said date shall pay or tender to the Commissioner of the General Land Office of the State of Texas at Austin, Texas, the sum of **Five and no/100** Dollars ($5.00), **per acre**, which shall operate as rental and cover the privilege of deferring the commencement of a well for twelve (12) months from said date. In like manner and upon like payments or tenders the commencement of a well may be further deferred for like periods of the same number of months successively during the primary term hereof.

3. **PRODUCTION ROYALTIES:** When production of oil and/or gas is secured, the Lessee agrees to pay or cause to be paid to the Commissioner of the General Land Office in Austin, Texas, for the use and benefit of the State of Texas, during the term hereof:

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

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

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

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

(1) On the basis of the highest market price of each product, during the same month in which such product is produced, or

(2) On the basis of the average gross sale price of each product for the same month in which such products are produced; whichever is the greater.

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

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

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

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

4. **ROYALTY PAYMENTS AND REPORTS**: All royalties not taken in kind shall be paid to the Commissioner of the General Land Office at Austin, Texas, in the following manner:

Payment of royalty on production of ail and gas shall be as provided in the rules set forth in the Texas Register. Rules currently provide that royalty on oil is due and must be received in the General Land Office on or before the 5th day of the second month succeeding the month of production, and royalty on gas is due and must be received in the General Land Office on or before the 15th day of the second month succeeding the month of production, accompanied by the affidavit of the owner, manager or other authorized agent, completed in the form and manner prescribed by the General Land Office and showing the gross amount and disposition of all oil and gas produced and the market value of the oil and gas, together with a copy of all documents, records or reports confirming the gross production, disposition and market value including gas meter readings, pipeline receipts, gas line receipts and other checks or memoranda of amount produced and put into pipelines, tanks, or pools and gas lines or gas storage, and any other reports or records which the General Land Office may require to verify the gross production, disposition and market value. In all cases the authority of a manager or agent to act for the Lessee herein must be filed in the General Land Office. Each royalty payment shall be accompanied by a check stub, schedule, summary or other remittance advice showing by the assigned General Land Office lease number the amount of royalty being paid on each lease. If Lessee pays his royalty on or before thirty (30) days after the royalty payment was due, then Lessee owes a penalty of 5% on the royalty or $25.00, whichever is greater. A royalty payment which is over thirty (30) days late shall accrue a penalty of 10% of the royalty due or $25.00 whichever is greater. In addition to a penalty, royalties shall accrue interest at a rate of 12% per year; such interest will begin accruing when the royalty is 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.

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

(B) DRILLING RECORDS: Written notice of all operations on a State of Texas lease shall be submitted to the Commissioner of the General Land Office by Lessee or operator five (5) days before spud date, workover, re-entry, temporary abandonment or plug and abandonment of any well or wells. Such written notice to the General Land Office shall include copies of Railroad Commission forms for application to drill, well tests, completion reports and plugging records. Lessee shall supply the General Land Office with any records, memoranda, accounts, reports, cuttings and cores, or other information relative to the operation of the above described premises, which may be requested by the General Land Office, in addition to those herein expressly provided for. Lessee shall have an electrical and/or radioactivity survey made on the bore-hole section, from the base of the surface casing to the total depth of well, of all wells drilled on the above described premises and shall transmit a true copy of the log of each survey on each well to the General Land Office within fifteen (15) days after the making of said survey.

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

6. DEVELOPMENT: Notwithstanding any provision of this lease to the contrary, after a well producing or capable of producing oil or gas has been completed on the leased premises, Lessee shall exercise the diligence of a reasonably prudent operator in drilling such additional well or wells as may be reasonably necessary for the proper development of the leased premises and in marketing the production thereon. In the event this lease is in force and effect three (3) years after the expiration date of the primary term it shall then terminate as to all of the leased premises, EXCEPT (1) 40 acres surrounding each producing oil well and 320 acres surrounding each producing gas well (including a shut-in oil or gas well as provided in Paragraph 10 hereof), or a well upon which Lessee is then engaged in continuous drilling or reworking operations, or (2) the number of acres included in a producing pooled unit pursuant to Natural Resources Code Sections 52.151-52.153, or (3) such greater or lesser number of acres as may then be allocated for production purposes to a proration unit for each such producing well under the rules and regulations of the Railroad Commission of Texas, or any successor agency, or other governmental authority having jurisdiction. "Producing" as used herein means producing in paying quantities. The acreage retained hereunder as to each well shall, as nearly as practical, be in the form of a square with the well located in the center thereof, or such other shape as may be approved by the School Land Board. Lessee shall execute and record a release or releases containing a satisfactory description of the acreage not retained hereunder and the recorded release, or a certified copy of same, shall be filed in the General Land Office, accompanied by the prescribed filing fee, as provided in this lease.

7. OFFSET WELLS: If oil and/or gas should be produced in commercial quantities from a well located on land privately owned or on State land leased at a lesser royalty, which well is within one thousand (1,000) feet of the area included herein, or which well is draining the area covered by this lease, the Lessee shall, within sixty (60) days after such initial production from the draining well or the well located within 1000 feet from the area covered by this lease begin in good faith and prosecute diligently the drilling of an offset well on the area covered by this lease, and such offset well shall be drilled to such depth as may be necessary to prevent the undue drainage of the area covered by this lease, and the Lessee, manager or driller shall use all means necessary in a good faith effort to make such offset well produce oil and/or gas in commercial quantities. Only upon the determination of the Commissioner and with his written approval, may the payment of a compensatory royalty satisfy the obligation to drill an offset well or wells required under this Paragraph.

8. **DRY HOLE CLAUSE:** If, during the primary term hereof and prior to discovery and production of oil or gas on said land, Lessee should drill a dry hole or holes thereon, or if after discovery and production of oil or gas the production thereof should cease from any cause, this lease shall not terminate if on or before the rental paying date next ensuing after the expiration of sixty (60) days from date of completion of said dry hole or cessation of production Lessee commences additional drilling or reworking operations thereon, or commences or resumes the payment of annual delay rental in the same manner as provided in Paragraph Number 2 of this lease. If a dry hole be completed and abandoned during the last year of the primary term, Lessee's rights shall remain in full force and effect without further operations until the expiration of the primary term. Should the first well or any subsequent well drilled on the above described land be completed as a shut-in oil or gas well within the primary term hereof, Lessee shall resume payment of annual rental in the same manner as provided in Paragraph Number 2 in this lease on or before the rental paying date next ensuing after sixty (60) days from the date of completion of such shut-in oil or gas well and upon the failure to make such annual rental payment, this lease shall ipso facto terminate. If at the expiration of the primary term or any time thereafter a shut-in oil or gas well is located on the leased premises payments shall be made in accordance with the provisions of Paragraph Number 10 hereof.

9. **CESSATION, DRILLING, AND REWORKING:** In the event production of oil or gas on the leased premises after once obtained shall cease from any cause at the expiration of the primary term hereof or at any time or times thereafter, this lease shall not terminate if Lessee commences additional drilling or reworking operations within sixty (60) days thereafter, and the lease shall remain in full force and effect so long as such operations continue in good faith and in workmanlike manner without interruptions totaling more than sixty (60) days during any one such operation; and if such drilling or reworking operations result in the production of oil or gas, the lease shall remain in full force and effect so long as oil or gas is produced therefrom in paying quantities or payment of shut-in oil or gas well royalties or compensatory royalties is made as hereinafter provided or as provided elsewhere in the statutes of the State of Texas. Lessee shall give written notice to the General Land Office within five (5) days of any cessation of production.

10. **SHUT-IN ROYALTIES:** If at the expiration of the primary term or at any time after the expiration of the primary term a well or wells capable of producing oil or gas in paying quantities are located on the leased premises but oil or gas is not being produced for lack of suitable production facilities or a suitable market and the lease is not being maintained in force and effect, then Lessee may pay as a shut-in oil or gas royalty an amount equal to double the annual rental provided in the lease but not less than $1,200 a year for each well capable of producing oil or gas in paying quantities; any shut-in oil or gas royalty must be paid on or before: (1) the expiration of the primary term, (2) 60 days after the lessee ceases to produce oil or gas from the leased premises, or (3) 60 days after lessee completes a drilling and reworking operation in accordance with the lease provisions; whichever date is latest; if the shut-in oil or gas royalty is paid, the lease shall be considered to be a producing lease and the payment shall extend the term of the lease for a period of one year from the end of the primary term or from the first day of the month next succeeding the month in which production ceased and after that if no suitable production facilities or suitable market for the oil or gas exists, Lessee may extend the lease for four additional and successive periods of one year by paying the same amount each year on or before the expiration of the extended term; if, during the period the lease is kept in effect by payment of the shut-in oil or gas royalty, oil or gas is sold and delivered in paying quantities from a well located within one thousand (1,000) feet of the leased premises and completed in the same producing reservoir or in any case in which drainage is occurring, the right to continue to extend the lease by paying the shut-in oil or gas royalty shall cease, but the lease shall remain effective for the remainder of the year for which the royalty has been paid and for an four additional and successive periods of one year each by Lessee paying compensatory royalty at the royalty rate provided in the lease of the value at the well of production from the well which is causing the drainage or which is completed in the same producing reservoir and within one thousand (1,000) feet of the leased premises; the compensatory royalty is to be paid monthly to the Commissioner beginning on or before the last day of the month next succeeding the month in which the oil or gas is sold and delivered from the well located within 1,000 feet of or draining the leased premises and completed in the same reservoir; if the compensatory royalty paid in any 12-month period is in an amount less than the annual shut-in oil or gas royalty, Lessee shall pay an amount equal to the difference within thirty (30) days from the end of the 12-month period; and none of these provisions will relieve Lessee of the obligation of reasonable development nor the obligation to drill offset wells as provided in N.R.C. Section 52.034; however, at the determination of the Commissioner, and with his written approval, the payment of compensatory royalties shall satisfy the obligation to drill offset wells.

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

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

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

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

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

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

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

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

15. **ASSIGNMENTS:** The lease may be transferred at any time. All transfers must reference the lease by the file number and must be recorded in the county where the area is located, and the recorded transfer or a copy certified to by the County Clerk of the county where the transfer is recorded must be filed in the General Land Office within ninety (90) days of the execution date, as provided by N.R.C. Section 52.026, accompanied by the 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.

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

17. **FORFEITURE:** If Lessee shall fail or refuse to make the payment of any sum within thirty (30) days after it becomes due, or if Lessee or an authorized agent should knowingly make any false return or false report concerning production or drilling, or if Lessee shall fail or refuse to drill any offset well or wells in good faith as required by law and the rules and regulations adopted by the Commissioner of the General Land Office, or if Lessee should fail to file reports in the manner required by law or fail to comply with rules and regulations promulgated by the General Land Office, the School Land Board, or the Railroad Commission, or refuse the proper authority access to the records pertaining to operations, or if Lessee or an authorized agent should knowingly fail or refuse to give correct information to the proper authority, or knowingly fail or refuse to furnish the General Land Office a correct log of any well, or if Lessee shall knowingly violate any of the material provisions of this lease, or if this lease is assigned and the assignment is not filed in the General Land Office as required by law, the rights acquired under this lease shall be subject to forfeiture by the Commissioner, and he shall forfeit same when sufficiently informed of the facts which authorize a forfeiture, and when forfeited the area shall again be subject to lease to the highest bidder, under the same regulations controlling the original sale of leases. However, nothing herein shall be construed as waiving the automatic termination of this lease by operation of law or by reason of any special limitation arising hereunder. Forfeitures may be set aside and this lease and all rights thereunder reinstated before the rights of another intervene upon satisfactory evidence to the Commissioner of the General Land Office of future compliance with the provisions of the law and of this lease and the rules and regulations that may be adopted relative hereto.

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

19. **DRILLING RESTRICTIONS:** In the event this lease covers land leased under the provisions of N.R.C. Chapter 52, Subchapter B, no surface location on this area may be closer than six hundred sixty (660) feet from the center of any navigable ship channel, and special permission from the Commissioner of the General Land Office will be necessary to make any surface location between six hundred sixty (660) feet and two thousand one hundred sixty (2,160) feet from the center of any such navigable ship channel. Also in such event this lease shall be subject to all rules and regulations promulgated by the Commissioner of the General Land Office, and amendments thereto, governing drilling and producing operations on permanent free school lands.

20. **REMOVAL OF EQUIPMENT:** Upon the termination of this lease for any cause, Lessee shall not, in any event, be permitted to remove the casing or any part of the equipment from any producing, dry, or abandoned well or wells without the written consent of the Commissioner of the General Land Office or his authorized representative; nor shall Lessee, without the written consent of said Commissioner or

his authorized representative remove from the leased premises the casing or any other equipment, material, machinery, appliances or property owned by Lessee and used by Lessee in the development and production of oil or gas therefrom until all dry or abandoned wells have been plugged and until all slush or refuse pits have been properly filled and all broken or discarded lumber, machinery, or debris shall have been removed from the premises to the satisfaction of the said Commissioner or his authorized representative.

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

22. **RAILROAD COMMISSION HEARINGS ON GAS:** No natural gas or casinghead gas, including both associated and nonassociated gas, produced from the mineral estate subject to this lease may be sold or contracted for sale to any person for ultimate use outside the State of Texas unless the Railroad Commission of Texas, after notice and hearing as provided in Title 3 of the N.R.C., finds that (a) the person, agency, or entity that executed the lease in question does not require the natural gas or casinghead gas to meet its own existing needs for fuel; (b) no private or public hospital, nursing home, or other similar health-care facility in this State requires the natural gas or casinghead gas to meet its existing needs for fuel; (c) no public or private school in this State that provides elementary, secondary, or higher education requires the natural gas or casinghead gas to meet its existing needs for fuel; (d) no facility of the State or of any county, municipality, or other political subdivision in this State requires the natural gas or casinghead gas to meet its existing needs for fuel; (e) no producer of food and fiber requires the natural gas or casinghead gas necessary to meet the existing needs of irrigation pumps and other machinery directly related to this production; and (f) no person who resides in this State and who relies on natural gas or casinghead gas to provide in whole or part his existing needs for fuel or raw material requires the natural gas or casinghead gas to meet those needs. However, the Railroad Commission of Texas may grant exceptions to these provisions as set forth in N.R.C. Section 52.296.

23. **LEASE SECURITY:** Lessee shall take the highest degree of care and all proper safeguards to protect said premises and to prevent theft of oil, gas, and other hydrocarbons produced from said lease. This includes, but is not limited to, the installation of all necessary equipment, seals, locks, or other appropriate protective devices on or at all access points at the lease's production, gathering and storage systems where theft of hydrocarbons can occur. Lessee shall be liable for the loss of any hydrocarbons resulting from theft and shall pay the State of Texas royalties thereon as provided in Paragraph 3 above on all oil, gas or other hydrocarbons lost by reason of theft.

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

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, this day of , 19. OCT 6 1987

Garry Mauro

COMMISSIONER OF THE GENERAL LAND OFFICE
OF THE STATE OF TEXAS

APPROVED

Legal CME
Geology SAB
Executive

ORIGINAL SIGNED

OIL AND GAS LEASE NO. M-92713

DATE 10-29-87 BY PHM

1

92713

RECEIVED
OCT 6 1987
GENERAL LAND OFFICE

Date
Ocotber 3, 1987

MINERAL LEASE APPLICATION
Oil and Gas Lease Bid
Texas General Land Office ED-01 (3-87) Rev. 1

APPLICANT AGREEMENT

I agree to pay to the State of Texas the royalty percentage mentioned below of the gross production of oil and/or gas, or the value of same that may be produced.

I agree to pay a delay rental, as specified in the lease, in the amount per acre mentioned below, beginning on the first anniversary date of the lease and continuing on each anniversary date thereafter if no well is commenced during the primary term of the lease.

I agree to comply with all applicable provisions of Chapters 32 and 52 of the Texas Natural Resources Code.

APPLICANT IDENTIFICATION TO APPEAR ON LEASE

Name
Kenny Pitts
Address
P.O. Box 1036

Livingston, Texas 77351
Telephone (Include Area Code)
409-327-4260

AREA DESCRIPTION

County(ies): Milam & Robertson
Survey/Area: Brazos River
Block/TSP:
Section/Tract: 3-A
Acres: 50

BID SUBMISSION

Royalty: 25 %
Rental Per Acre: $ 5.00
Primary Term: 3 Years

Cash Bonus Enclosed
Two Thousand Five Hundred Dollars
88006167
(Bonus) (Dollars) $ 2500.00

Remittance Attached
Thirty Seven and 50/100 Dollars
88006168
(Sales Fee) (Dollars) $ 37.50

This remittance is 1-1/2% of the cash bonus offered as a special fee as provided in Section 32.110 of the Natural Resources Code as amended.

Marginal Number	Applicant(s)	Bonus Amount
35	Kenny Pitts	2500.00

APPLICANT SIGNATURE Kenny Pitts

M-92713 (A)
Bid Form PHM
10.6.1987 (2)

Garry Mauro
Commissioner
General Land Office

October 29, 1987

Kenny Pitts
P.O. Box 1036
Livingston, TX 77351

Dear Mr. Pitts

Thank you for your participation in the State of Texas' Oil and Gas lease sale, which was held on October 6, 1987. The sale was a tremendous success.

You were the high bidder on the marginal number listed below, that has been assigned the corresponding lease number:

M-92713, Tract 3-A, Brazos River, Milam & Robertson Cos.

Lease agreements for this marginal number are enclosed. The lease will serve as your receipt for the amount of your bid. Also, your contractual and statutory responsibilities to the General Land Office are outlined in the lease agreements. Section 5 (E) requires operators to submit written notice of all drilling, production, and related activities. More specifically, when lessees file various forms with the Texas Railroad Commission and the Department of Energy, they are required to submit copies of these forms to the General Land Office. Examples of these forms are:

W-1, Application to Drill, Deepen, or Plug Back with Plat;
W-2, Oil Well Potential Test, Completion or Recompletion Report and Log;
W-3, Plugging Record;
G-1, Gas Well Back Pressure Test, Completion/Recompletion Report and Log;
G-5, Gas Well Classification Report;
G-10, Gas Well Status Report;
W-10, Oil Well Status Report;
W-12, Inclination Report,
W-15, Cementing Affidavit;
Electrical Logs (any scale and within fifteen days after they are made);
Directional Surveys;
P-12, Certificate of Pooling Authority;
F-1, NGPA Supplemental Application; and
FERC-121, Application for Determination.

Your cooperation in complying with the reporting requirements outlined above will be greatly appreciated, and will contribute to the General Land Office's efforts to effectively manage the State of Texas' oil and gas resources. Failure to comply with these requirements will subject your lease to possible forfeiture.

Please do not hesitate to contact my office if you need any assistance in the future, or if you have questions concerning the State lease that you operate.

Sincerely,

Garry Mauro

Garry Mauro

Stephen F. Austin Building
1700 North Congress Avenue
Austin, Texas 78701
(512) 463-5256

M-92713 (3)
Transmittal Ltr
10.29.1987.

Garry Mauro
Commissioner
General Land Office

November 21, 1988

Kenny Pitts
c/o McCrary Oil Co.
P.O. Box 156
Calvert, Texas 77837-0156

Re: Pooling Agreement
State - McCrary Unit
Milam County, Texas

Dear Mr. Pitts:

Enclosed is one duplicate original of the above referenced Pooling Agreement, fully executed by Jack Giberson, Acting Commissioner of the General Land Office. We have retained a copy for our file.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Connie L. Kaderka

Connie L. Kaderka, Secretary
Oil and Gas Section
Legal Division
(512) 463-5314

/clk

Enclosure

Stephen F. Austin Building
1700 North Congress Avenue
Austin, Texas 78701
(512) 463-5256

(4) M-92713
Transmittal Letter
11-21-88
53

U01939

DO NOT DESTROY

GLO-36-10-84 -MEMO- 4100033617

Operator McCRARY OIL COMPANY

Unit Name STATE - MCCRARY UNIT

County MILAM & ROBERTSON

Effective Date 5-1-88

Unitized for: Oil X Gas ___ Oil & Gas ___

1. M.F. No. 092713

Area BRAZOS RIVER Tr. 3-A

Sec. ___ Blk. ___ Survey ___

10/20 x 1/4 12.50000 %

.50 x .25 = .125

2. M.F. No. ___

Area ___ Tr. ___

Sec. ___ Blk. ___ Survey ___

___ x ___ . ___ %

3. M.F. No. ___

Area ___ Tr. ___

Sec. ___ Blk. ___ Survey ___

___ x ___ . ___ %

4. M.F. No. ___

Area ___ Tr. ___

Sec. ___ Blk. ___ Survey ___

___ x ___ . ___ %

REMARKS:

type: permanent/oil
effective date: 5-1-88

PA 88-40
SLB appvd 10-4-88

POOLING COMMITTEE REPORT

TO: SCHOOL LAND BOARD

DATE: October 4, 1988

OPERATOR: McCrary Oil Company

COUNTY Milam 01405

UNIT NAME: State - McCrary

FIELD Calvert

STATE LEASE (S) IN UNIT

*Type	Lease Number	State Royalty	Expiration Date	Term	Acres	Acres In Unit	Lessee of Record
SF	92713	1/4	12-6-90	3 yrs	50.0	10.0	Kenny Pitts

PRIVATE ACRES IN UNIT - 10.0
SIZE OF UNIT - 20.0

*RAL = Relinquishment Act, SF = State Fee or FR = Free Royalty.

Unitized for: Depth(s): Surface to 2500'

Formation: Navarro

Oil x
Gas _____
Oil & Gas _____

Well location:
State Land _____
Private Land x

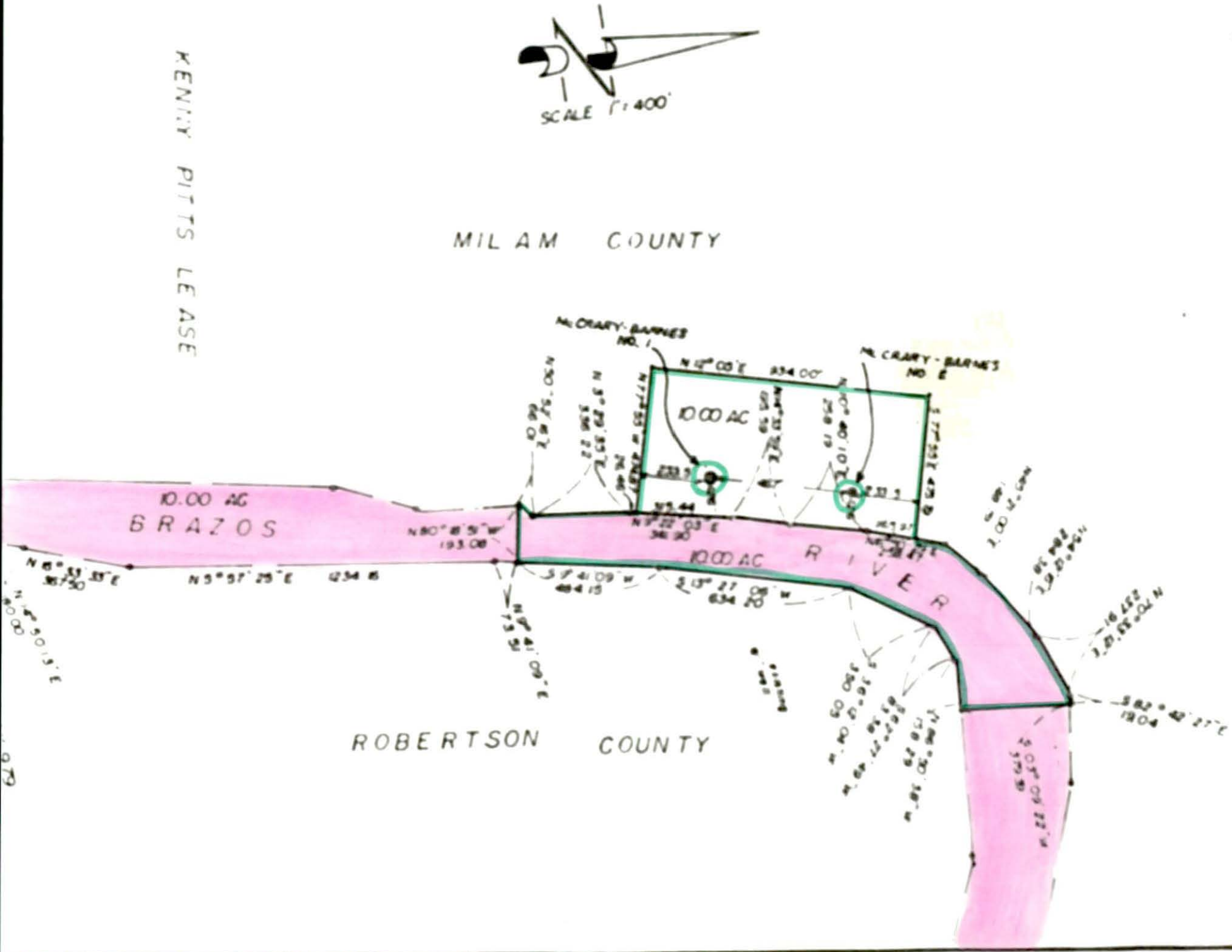
Participation:

Basis Surface Acreage
State Acreage 50.0%
State Unit Royalty 12.500%

Railroad Commission Rules:

Spacing 10 acres
Acreage Factor 100%

Agrees to drill density of field rules: Yes x No _____
Holds only acreage included in unit past primary term: Yes x No _____
Satisfactory geological data furnished: Yes x No _____


SCALE 1" = 400'
KENNY PITTS LEASE
MILAM COUNTY
ROBERTSON COUNTY
McCARTY-BARNES NO. 1
McCARTY-BARNES NO. 2
10.00 AC
10.00 AC
10.00 AC
BRAZOS
RIVER
N 12° 03' E 834.00'
N 80° 18' 59" W 193.08'
N 5° 57' 25" E 1234.16
S 9° 41' 09" W 484.15
S 13° 27' 08" W 634.20
N 9° 22' 03" E 346.30

M-92713
(3) Pabling Committee Rpt
10-4-88
183

UNIT AGREEMENT ROUTING SLIP

Routing Sequence	Initials	Date Passed
Legal		
Geology		
Chief Clerk		11-21-88
SLB Secretary		11-21-88
Commissioner		11-21-88
Legal	CLV	11-21-88
Geology	CM	11-22-88
Mineral Maps		12-20-88
Royalty Reptng.		
Rentals		

Comments:

U01939

POOLING AGREEMENT
STATE - MCCRARY UNIT
MILAM COUNTY, TEXAS

THIS AGREEMENT is entered into by and between the Commissioner of the General Land Office, on behalf of the State of Texas, and **Kenny Pitts**, Lessee, and such other interested parties as may join in the execution hereof, in consideration of the mutual agreements hereinafter set forth and other valuable considerations, the receipt and sufficiency of which are hereby acknowledged, and for the purposes and upon the terms and conditions which follows:

PURPOSES: 1.

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

UNIT DESCRIPTION: 2.

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

MINERAL POOLED: 3.

The minerals pooled and unitized hereby shall be **oil and associated hydrocarbons** as defined and designated by the Railroad Commission of Texas, and shall extend **from the surface to 2500 feet** underlying the surface boundaries of the pooled unit.

POOLING AND EFFECT: 4.

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

(a) The unit, to the extent as above described, shall be operated as an entirety for the exploration, development and production of the pooled mineral, rather than as separate tracts.

(b) All drilling operations, reworking or other operations with respect to the pooled mineral on land within the unit shall be considered as though the same were on each separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this agreement.

(c) Production of the pooled mineral from the unit allocated to each separate tract, respectively, as hereinafter provided, shall be deemed to have been produced from each such separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this agreement.

(d) All rights to the production of the pooled mineral from the unit, including royalties and other payments, shall be determined and governed by the lease or other contract pertaining to each separate tract, respectively, based upon the production so allocated to such tract only, in lieu of the actual production of the pooled mineral therefrom.

(e) A shut-in oil or gas well located upon any lease included within said unit shall be considered as a shut-in oil or gas well located upon each lease included within said unit; provided, however, that shut-in oil or gas well royalty shall be paid to the State on each State lease wholly or partially within the unit, according to the terms of such lease as though such shut-in oil or gas well were located on said lease, it being agreed that shut-in royalties provided in each State lease shall not be shared with other royalty owners or otherwise diminished by reason of this agreement.

(f) Notwithstanding any other provision hereof, it is expressly agreed that each State lease may be maintained in force as to areas lying outside the unitized area shown in Exhibit "A" only as provided in each such lease without regard to unit operations or unit production. Neither production for the pooled mineral, nor unit operations with respect hereto, nor the payment of shut-in royalties from a unit well, shall serve to hold any State lease in force as to any area outside the unitized area, regardless of whether the production or operations on the unit are actually located on the State lease or not. "Area" as used in this paragraph shall be based upon surface acres to the end that the area inside the surface boundaries of the pooled unit, if held, will be held as to all depths and horizons.

(g) If the Railroad Commission of Texas (or any other Texas regulatory body having jurisdiction) shall adopt field rules providing for oil and/or gas proration units of less than 50 acres, then Lessee agrees to either (1) drill to the density permitted by the Railroad Commission, (2) reform the unit to comply with Railroad Commission unit rules, or (3) make application to the School Land Board of the State of Texas for such remedy as may be agreeable to the Board.

(h) This agreement shall not relieve Lessee from the duty of protecting the above described leases from drainage from any well situated on privately owned land, but, subject to such obligation, Lessee may produce the allowable for the entire unit as fixed by the Railroad Commission of Texas or other lawful authority, from any one or more wells completed thereon.

(i) There shall be no obligation to drill internal offset to any other well on separate tracts within the unit, nor to develop the tracts separately, as to the pooled mineral except as provided herein.

(j) Should this agreement terminate for any cause, in whole or in part, the leases and other contracts affecting the lands within the unit, if not then otherwise maintained in force and effect, shall remain and may be maintained in force and effect under their respective terms and condition in the same manner as though there had been production or operations under said lease or contract and the same had ceased on the date of the termination of this agreement.

ALLOCATION OF PRODUCTION: 5.

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

TAKING ROYALTY IN KIND: 6.

Notwithstanding anything contained herein to the contrary, the State may, at its option, upon not less than sixty (60) days notice to Lessee, require that payment of all or any royalties accruing to the State under this pooling or unitization agreement be make in kind, without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating,

compressing, processing, transporting and otherwise making the oil, gas and other products produced hereunder ready for sale or use.

FULL MARKET VALUE: 7.

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

(a) As to royalty on oil by (1) the highest posted price, plus premium, if any, offered or paid for oil, condensate, distillate, or other liquid hydrocarbons, respectively, of a like type and gravity for the field where produced and when run, or (2) the highest market price thereof offered or paid for the field where produced and when run, or (3) gross proceeds of the sale thereof, whichever is the greater;

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

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

EFFECTIVE DATE: 8.

This agreement shall become effective when signed by the Commissioner of the General Land Office of the State of Texas, or from the date of production of the pooled mineral is first obtained, whichever date is sooner.

TERM: 9.

This agreement shall remain in effect as long as the pooled mineral is being produced from said unit, or so long as drilling or reworking operations are being prosecuted thereon with no more than sixty (60) days between cessation of either production or such operations and the beginning or resumption of either of them, as the case may be, from time to time thereafter, or so long as all existing leases covering the pooled mineral are maintained in force insofar as they are included in the pooled unit by payment or tender of shut-in oil or gas well royalties, or by other means, in accordance with the terms of said leases. Nothing herein shall amend or modify Section 52.031 of the Natural Resources Code, or any of the provisions thereof which are contained in any State lease included in this agreement.

STATE LAND: 10.

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

DISSOLUTION: 11.

The unit covered by this agreement may be dissolved by Lessee, his heirs, successors or assigns, by an instrument filed for record in **Milam** County, Texas, and a certified copy thereof filed in the General Land Office at any time after the cessation of production on said unit or the completion of a dry hole thereon prior to production.

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

Date Executed 11-21-88

STATE OF TEXAS

Approved
Audit
Legal ME
Geology CM
Execution

By Jack Giberson
Jack Giberson, Acting Commissioner of the General Land Office

Date Executed 11-15-88

KENNY PITTS

By Kenny Pitts
Kenny Pitts

CERTIFICATE

I, Linda Fisher, Secretary of the School Land Board of the State of Texas, do hereby certify that at a meeting of the School Land Board duly held on the 4th day of October, 1988, the foregoing instrument was presented to and approved by said Board under the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, all of which is set forth in the Minutes of the Board of which I am custodian.

IN TESTIMONY WHEREOF, witness my hand this the 21st day of November, 19 88.

Linda K. Fisher
Secretary of the School Land Board

THE STATE OF TEXAS §
§
COUNTY OF TRAVIS §

This instrument was acknowledged before me on _____, 1988, by Jack Giberson, Acting Commissioner of the General Land Office of the State of Texas.

_____
Notary Public in and for the State of Texas

My commission expires: _____

THE STATE OF TEXAS §
§
COUNTY OF Montgomery §

This instrument was acknowledged before me on 11-15-88, 1988, by Kenny Pitts.

Carol Davis
Notary Public in and for the State of Texas

My commission expires: 1-17-89

REMARKS:

- The School Land Board approved the McCrary-Barnes No. 1 Oil Unit April 5, 1988.
- Board approval granted temporary one year pooling from the surface to 2000 feet.
- Subsequently, the operator completed two oil wells but both completions are below 2000 feet.
- Since the oil well completions are not within the unitized interval, the applicant never executed and filed the Pooling Agreement.
- However, the applicant requests the Board to approve permanent oil pooling from the surface to 2500 feet.
- The State will participate from date of first production.
- The Pooling Committee recommends Board approval.

APPROVAL: Recommended X

Chris Macomb

Chris Macomb

Priscilla M. Hubenak

Priscilla M. Hubenak

Not Recommended _____

Peter A. Boone

Peter A. Boone

_____

D.R. Millard, III

EXHIBIT "A"

Field Notes for 10.00 Acres in
the BRAZOS RIVER
Robertson & Milam County, Texas

All that certain tract or parcel of land lying within the Brazos River in Robertson and Milam County, Texas, said tract or parcel of land herein described as follows:

COMMENCING at a point where the East side of the Brazos River intersects the North Right of Way line of F. M. Highway 979;

THENCE along the East side of the Brazos River N 14° 50' 13" E 180.00 feet, N 16° 33' 33" E 367.50 feet, N 05° 57' 25" E 1234.16 feet, and N 9° 41' 09" E 73.51 feet to a point for the PLACE OF BEGINNING and for the South East corner of the herein described tract;

THENCE N 80° 18' 51" W 193.08 feet across the Brazos River to a point in the West side of the River for the South West corner of the herein described tract;

THENCE along the West side of the Brazos River N 50° 52' 16" E 66.01 feet, N 03° 29' 35" E 336.22 feet, N 09° 22' 03" E 341.90 feet, N 14° 33' 59" E 195.59 feet, N 10° 40' 10" E 258.19 feet, N 16° 50' 29" E 258.47 feet, N 45° 21' 00" E 148.79 feet, N 54° 12' 16" E 284.38 feet, N 70° 33' 12" E 237.91 feet, and S 82° 42' 27" E 19.04 feet to a point for a corner;

THENCE S 03° 09' 22" W 379.39 feet across the Brazos River to a point in the South side of the River for a corner;

THENCE along the South side of the Brazos River N 86° 50' 38" W 158.29 feet, and S 62° 27' 49" W 83.38 feet to a point in the bend of the river;

THENCE along the East side of the Brazos River S 36° 12' 04" W 350.05 feet, S 13° 27' 06" W 634.20 feet, and S 9° 41' 09" W 484.15 feet to the PLACE OF BEGINNING and containing 10.00 acres, more or less.

Surveyed by

Joe L. Wilson
R. P. S. 2957

February 1988

Field Notes for a 10.00 Acre Tract
NILES F. SMITH SURVEY, A-58
Milam County, Texas

All that certain tract or parcel of land lying and being situated in Milam County, Texas, out of and a part of the Niles F. Smith Survey, Abstract No. 58, and further being out of those tracts of land totalling 625.5 acres described in a Deed to Douglas A. McCrary recorded in Volume 299, page 254 of the Deed Records of Milam County, Texas, said tract or parcel of land herein described as follows:

COMMENCING at a point where the West line of the Brazos River intersects the North Right of Way line of F. M. Highway 979;

THENCE along the West line of the Brazos River as follows:
N 06° 40' 30" E 803.78 feet,
N 11° 15' 41" E 428.65 feet,
N 19° 53' 28" E 293.35 feet,
N 03° 33' 56" E 381.43 feet,
N 50° 52' 16" E 66.01 feet,
N 03° 29' 35" E 336.22 feet, and
N 09° 22' 03" E 26.46 feet to a point for the PLACE OF BEGINNING and for the South East corner of the herein described tract;

THENCE N 77° 55' 00" W 474.87 feet to a point for the South West corner of the herein described tract;

THENCE N 12° 05' 00" E 934.00 feet to a point for the North West corner of the herein described tract;

THENCE N 77° 55' 00" E 475.79 feet to a point in the West line of the Brazos River for the North East corner of the herein described tract;

THENCE along the West line of the Brazos River S 16° 50' 29" W 165.97 feet, S 10° 40' 10" W 258.19 feet, S 14° 33' 59" W 195.59 feet, and S 9° 22' 03" W 315.44 feet to the PLACE OF BEGINNING and containing 10.00 acres of land, more or less.

Surveyed by

Joe L. Wilson
R. P. S. 2957

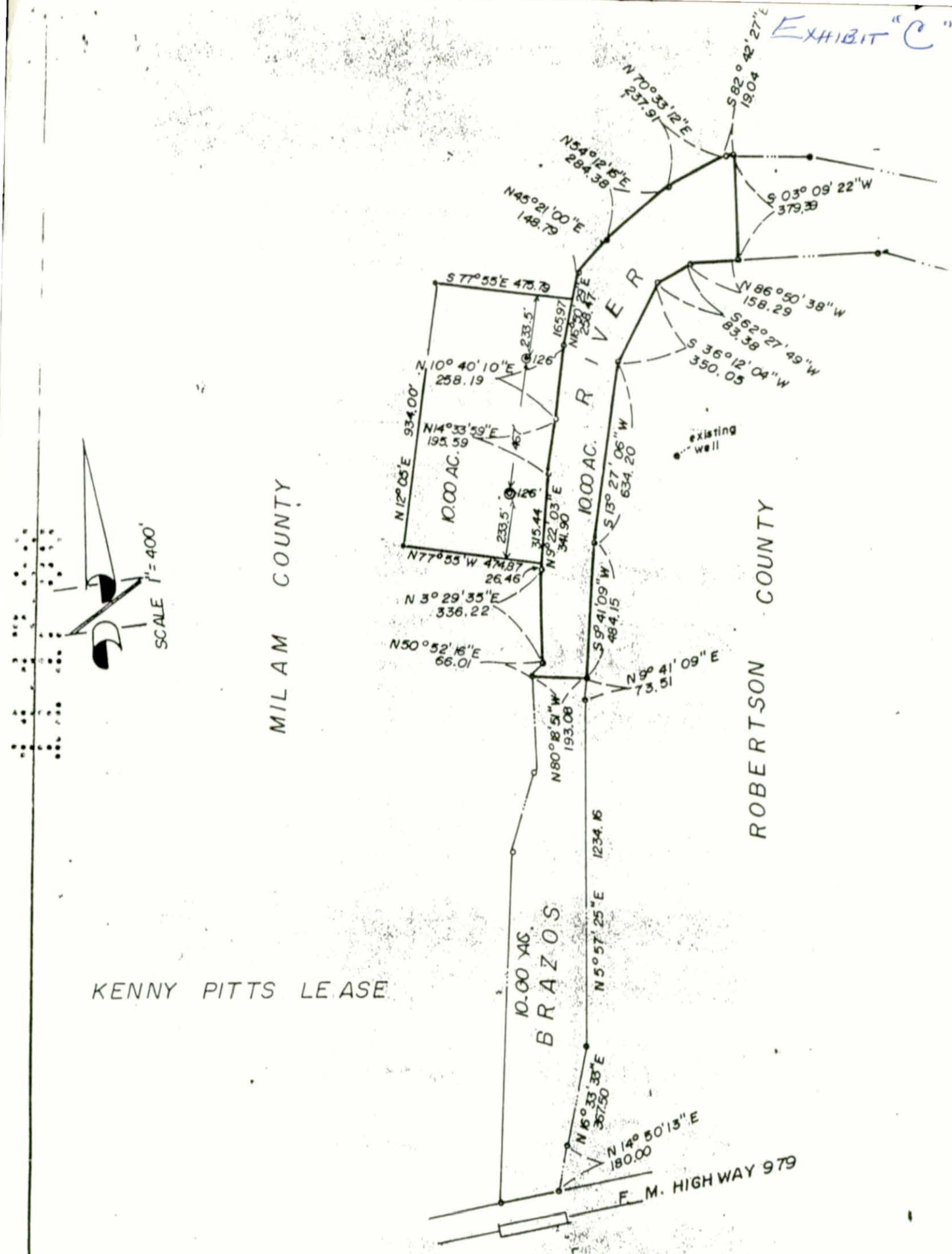
March 1988

"EXHIBIT B"

1. The State of Texas to Kenny Pitts - Oil and Gas Lease No. M-92713

2. McCrary Oil Company to Kenny Pitts - Partial Assignment of Oil and Gas Lease dated 3/1/88.

EXHIBIT "C"



SURVEYED BY _____

JOE L. WILSON
R P S 2957
FEBRUARY 1988

11.15.88

(6) M-92713
POOLING AGREEMENT
P3

M-92713

Texaco Trading and Transportation Inc 1670 Broadway
Denver CO 80202-4826
303 861 4475

December 20, 1988

Texas General Land Office
~~M66831 & M67088~~
1700 N. Congress Avenue
Austin, Texas 78701

Re: Lease No. 76605 - State McCrary Unit Well Nos. 1 & 2
Milam & Robertson Counties, Texas
Owner No. 070430

Dear Interest Owner:

The enclosed Division Order has been prepared on the basis of documentation provided.

Please examine the Division Order for accuracy and if you are in agreement with the interest set forth, execute one copy, retaining the copy provided for file and future reference. A correct mailing address and Social Security or Tax Identification Number are necessary and should be included in the spaces provided. The executed and witnessed copy should then be returned to our office.

In any communication with our company, please reference the owner number we have assigned to you and your lease number(s) so that we can respond promptly.

Sincerely,

Sandra K. Fascher

Sandra K. Fascher
Division Order Analyst
Title Department

SKF/skf
Encl.

MF 92713 (9)
ITEM letter
TO
FROM Jenaco
DATE 12-24-89

15-Sep-89

SKF/skf

file NEW → M-92713

DIVISION ORDER

TO: **TEXACO TRADING AND TRANSPORTATION INC.**
Attn: Title Department
Post Office Box 5568 T.A.
Denver, Colorado 80217-5568

Lease No. 76605

Date: December 20, 1988

The undersigned, and each of them, guarantee and warrant that they are the legal owners of their respective interests, in the proportions hereinafter stated, in all oil produced and saved from the

MCCRARY OIL COMPANY - STATE MCCRARY UNIT WELLS NOS. 1 & 2 Lease,

located in **MILAM & ROBERTSON** Counties, State of TEXAS ,described as:

FOR LEGAL DESCRIPTION SEE EXHIBIT "A" ATTACHED HERETO
AND MADE A PART HEREOF

Effective at 7:00 A.M. **JUNE 1, 1988** , and until further written notice, you are authorized to receive all such production, for your own purchase or for resale, to receive payment therefor, to give credit for all proceeds derived therefrom and pay therefor as follows:

OWNER NO.	CREDIT TO		TYPE	DIVISION OF INTEREST
106120	Douglas A. McCrary	10/20 x 1/16	RI	.0312500
106121	Douglas A. McCrary and Marine Midland Bank, New York, Trustees under the will of Wendy I. McCrary	10/20 x 1/16	RI	.0312500
070430	State of Texas	10/20 x 1/4	RI	.1250000
106122	McCrary Oil Company	10/20 x 1/8 x 8/8	ORRI	.0625000
127502	McCrary-Barnes	20/20 x 3/4 x 8/8	WI	.7500000
			Total	1.0000000

Analyst

70430A & 999999A

All covenants appearing on the reverse side hereof are incorporated herein by reference and the undersigned agree that each shall be deemed and considered an essential part of this division order in like manner and with the same effect as if printed above our signatures.

SIGNATURE OF WITNESS	SIGNATURE OF OWNER	SOCIAL SECURITY OR TAX I.D. NUMBER
X	X STATE OF TEXAS GENERAL LAND OFFICE STEPHEN F. AUSTIN BUILDING AUSTIN, TEXAS 78701 TAX I.D. [redacted]	X STATE OF TEXAS GENERAL LAND OFFICE STEPHEN F. AUSTIN BUILDING AUSTIN, TEXAS 78701 TAX I.D. [redacted]
X	X	

YOUR COPY

MAIL CHECKS TO THE FOLLOWING ADDRESS:

X

TITI ROUTING:

REC'D		
N/A		
SUSPENSE		
DI ACCT		
ANALYST		
DIGEST		

DAYTIME TELEPHONE NUMBER ( )

IMPORTANT: To avoid delay in payment, please show your correct address and your Social Security Number or Tax Identification Number. All owners of record for each account must sign the division order.

• Any alteration to the provision will void this division order, unless prior approval is obtained. •

The following covenants are also part of this division order and shall become valid and binding upon each and every interest owner above named upon execution hereof by such interest owner, and upon his or her successors, legal representatives and assigns, without regard to whether any other interest owner or owners have so signed.

FIRST: All oil received and purchased hereunder shall be merchantable oil and shall become your property as soon as the same is received into your custody or that of any carrier designated by you.

SECOND: The oil received and purchased hereunder shall be delivered f.o.b. to any carrier designated by you which gathers and receives said oil and you agree to pay for such oil to the respective owners according to the division of interests herein specified at the price being posted or paid by you at the time of such delivery; provided, however, that whenever it shall become necessary to truck oil from the leased premises, the additional costs resulting therefrom shall be deducted from the purchase price prior to computing payments to be made hereunder. The term "oil" as used in this division order, shall include all marketable liquid hydrocarbons.

THIRD: You shall compute quantity and quality, making corrections for temperature and deductions for impurities, according to the customs and prevailing practice in effect at the time and place of delivery and subject to rules and regulations prescribed by any governmental authority having jurisdiction in the premises.

FOURTH: Payments shall be made monthly for oil received and purchased during the preceding month, by your checks delivered or mailed to the respective parties at the addresses above stated; provided that if, at any time, the monthly payment due any party hereunder shall be less than twenty-five dollars ($25.00), you may defer such payment, without interest, until the amount payable to such party equals or exceeds the sum of twenty-five dollars in which event, payment shall be made at the next regular settlement date. You are hereby authorized to withhold from the proceeds of any and all runs made hereunder each interest owner's proportionate share of any tax levied and assessed by any governmental authority on the oil received and purchased hereunder and to pay the same in our behalf.

FIFTH: Satisfactory abstracts or other evidence of title will be furnished to you at any time on demand. Upon failure to furnish such evidence of title, or in the event of a claim or controversy which, in your opinion, concerns title to any interest hereunder, you may withhold, without interest and without liability, proceeds of all oil received by you hereunder until you have been furnished with indemnity satisfactory to you or competent evidence that such claim or controversy has been settled. In the event any action or suit is filed affecting title either to the real property above described or to the production therefrom in which any of the interest owners are parties, written notice thereof stating the court in which the same is filed shall be immediately furnished to you by such owner against whom the action is commenced. Each interest owner agrees to hold you harmless and to protect and indemnify you against any and all loss, cost, expenses or liability which may arise from such suit.

SIXTH: Working interest owners and or operators who execute this division order, and each of them, guarantee and warrant that all oil tendered hereunder has been or will be produced and delivered in compliance with all applicable federal, state and local laws, orders, rules and regulations.

SEVENTH: No transfer of any interest or change in the right to receive payments hereunder, however accomplished, shall be effective as to you until 7:00 A.M. on the first day of the calendar month in which you are furnished a proper division or transfer order together with proof satisfactory to you evidencing such transfer or change in the right to receive payments hereunder, and you are hereby relieved of any and all liability for payments made prior to receipt of a proper transfer order and a certified copy of the instrument of transfer.

EIGHTH: This division order shall remain in full force and effect until cancelled by any party hereto upon giving sixty days written notice in advance of any such cancellation which shall be mailed to the respective parties at the addresses shown herein. Cancellation by any interest owner or owners shall not be effective as to the interests of any other owner.

LEASE NO. 76605

Field Notes for a 10.00 Acre Tract
NILES F. SMITH SURVEY, A-58
Milam County, Texas

All that certain tract or parcel of land lying and being situated in Milam County, Texas, out of and a part of the Niles F. Smith Survey, Abstract No. 58, and further being out of those tracts of land totalling 625.5 acres described in a Deed to Douglas A. McCrary recorded in Volume 299, page 254 of the Deed Records of Milam County, Texas, said tract or parcel of land herein described as follows:

COMMENCING at a point where the West line of the Brazos River intersects the North Right of Way line of F. M. Highway 979;

THENCE along the West line of the Brazos River as follows:
N 06° 40' 30" E 803.78 feet,
N 11° 15' 41" E 428.65 feet,
N 19° 53' 28" E 293.35 feet,
N 03° 33' 56" E 381.43 feet,
N 50° 52' 16" E 66.01 feet,
N 03° 29' 35" E 336.22 feet, and
N 09° 22' 03" E 26.46 feet to a point for the PLACE OF BEGINNING and for the South East corner of the herein described tract;

THENCE N 77° 55' 00" W 474.87 feet to a point for the South West corner of the herein described tract;

THENCE N 12° 05' 00" E 934.00 feet to a point for the North West corner of the herein described tract;

THENCE N 77° 55' 00" E 475.79 feet to a point in the West line of the Brazos River for the North East corner of the herein described tract;

THENCE along the West line of the Brazos River S 16° 50' 29" W 165.97 feet, S 10° 40' 10" W 258.19 feet, S 14° 33' 59" W 195.59 feet, and S 9° 22' 03" W 315.44 feet to the PLACE OF BEGINNING and containing 10.00 acres of land, more or less.

LIMITED TO PRODUCTION FROM THE SURFACE DOWN TO 2500 FEET UNDERLYING THE SURFACE BOUNDARIES OF THE POOLED UNIT.

Surveyed by:
Joe L. Wilson
R. P. S. 2957

March 1988

LEASE NO. 76605

Field Notes for 10.00 Acres in
the BRAZOS RIVER
Robertson & Milam County, Texas

All that certain tract or parcel of land lying within the Brazos River in Robertson and Milam County, Texas, said tract or parcel of land herein described as follows:

COMMENCING at a point where the East side of the Brazos River intersects the North Right of Way line of F. M. Highway 979;

THENCE along the East side of the Brazos River N 14° 50' 3" E 180.00 feet, N 16° 33' 33" E 367.50 feet, N 05° 57' 25" E 1234.16 feet, and N 9° 41' 09" E 73.51 feet to a point for the PLACE OF BEGINNING and for the South East corner of the herein described tract;

THENCE N 80° 18' 51" W 193.08 feet across the Brazos River to a point in the West side of the River for the South West corner of the herein described tract;

THENCE along the West side of the Brazos River N 50° 52' 16" E 66.01 feet, N 03° 29' 35" E 336.22 feet, N 09° 22' 03" E 341.90 feet, N 14° 33' 59" E 195.59 feet, N 10° 40' 10" E 258.19 feet, N 16° 50' 29" E 258.47 feet, N 45° 21' 00" E 148.79 feet, N 54° 12' 16" E 284.38 feet, N 70° 33' 12" E 237.91 feet, and S 82° 42' 27" E 19.04 feet to a point for a corner;

THENCE S 03° 09' 22" W 379.39 feet across the Brazos River to a point in the South side of the River for a corner;

THENCE along the South side of the Brazos River N 86° 50' 38" W 158.29 feet, and S 62° 27' 49" W 83.38 feet to a point in the bend of the river;

THENCE along the East side of the Brazos River S 36° 12' 04" W 350.05 feet, S 13° 27' 06" W 634.20 feet, and S 9° 41' 09" W 484.15 feet to the PLACE OF BEGINNING and containing 10.00 acres, more or less.

LIMITED TO PRODUCTION FROM THE SURFACE DOWN TO 2500 FEET UNDERLYING THE SURFACE BOUNDARIES OF THE POOLED UNIT.

Surveyed by,

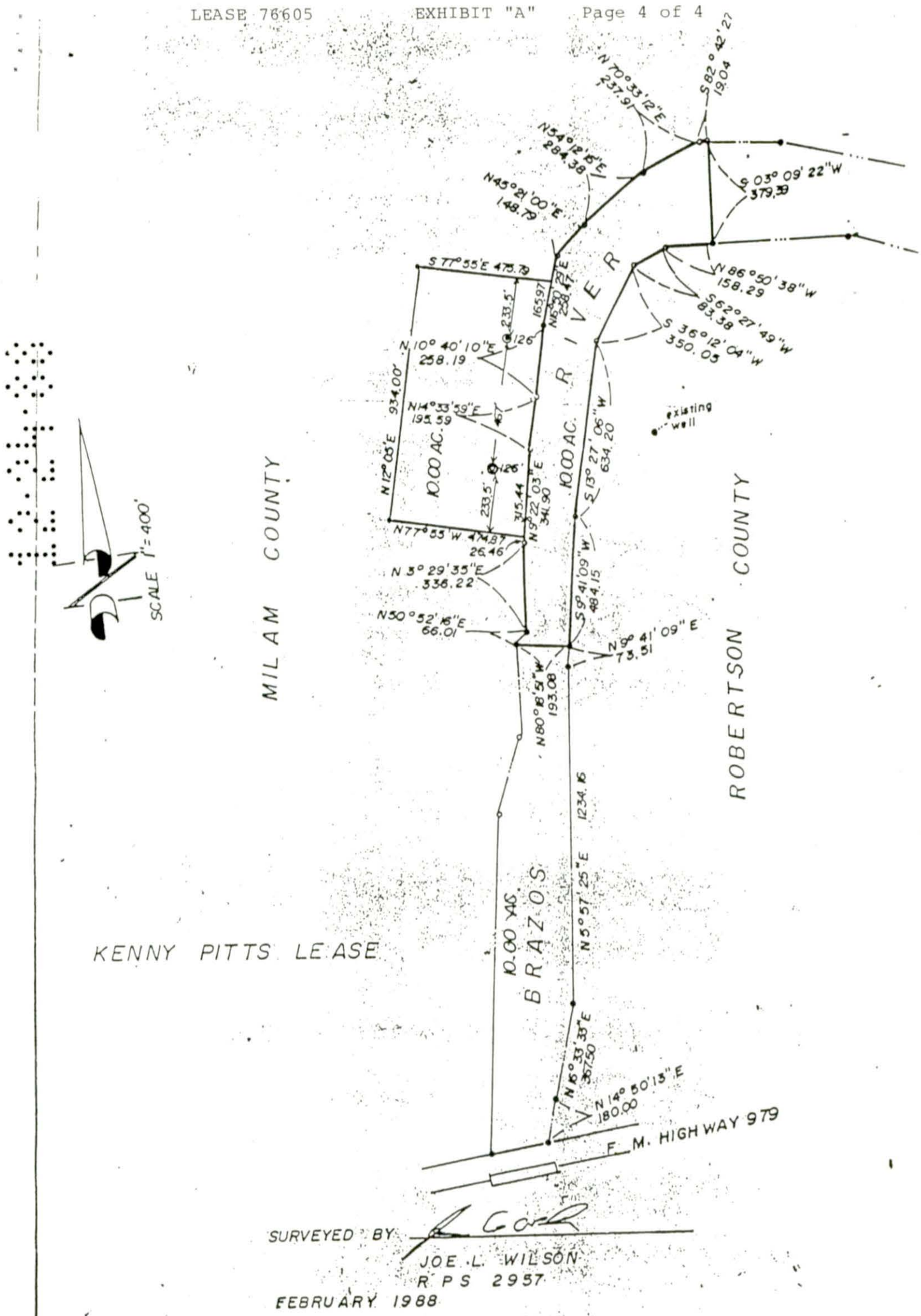
Joe L. Wilson
R. P. S. 2957

February 1988

LEASE NO. 76605

1. The State of Texas to Kenny Pitts - Oil and Gas Lease No. M-92713

2. McCrary Oil Company to Kenny Pitts - Partial Assignment of Oil and Gas Lease dated 3/1/88.



SURVEYED BY

JOE L. WILSON
R P S 2957
FEBRUARY 1988

MF 92713 (8)
ITEM D.U.
TO
FROM Draco
DATE 12-29-89

15-Sp-88

LEASE/DEED RECORD RESEARCH

M-92713 RECORDS 8/9/89 DIRECT/REVERSE

REF V	REF P	GRANTOR	GRANTEE	TYPE OF INSTR.	DATE OF INSTR.	BRIEF DESCRIPTION (OPTIONAL)
		STATE OF TEXAS	Kenny Pitts	OGL	10/6/87	TRACT 3-A BRAZOS River
		Pooling	Agreement		SLB 11/21/88	McLennan & Robertson Counties, TX
					$\frac{10}{20} \times \frac{1}{4} = .125$	

LEGAL DESCRIPTION:

GLO-RA-46-(7-86)

MF 92713
ITEM Worksheet
TO
FROM
DATE 8-9-89

(9)

Garry Mauro
Commissioner
General Land Office

August 16, 1989

Texaco Trading and Transportation, Inc.
Attn: Ms. Sandra K. Fascher
P.O. Box 5568 T. A.
Denver, CO 80217-5568

RE: State Lease M-92713
State of Texas (Lessor)
Milam and Robertson Counties, TX
Your Lease Number 76605

Dear Ms. Fascher:

This letter is issued in lieu of the ordinary form of "Division Order" prepared by the oil companies primarily for execution by the individual royalty owner.

Inasmuch as the statutes provide the royalties the State shall receive, it is felt that it would not be in conformity with the law for the General Land Office to execute your division order and thereby attempt to bind the State by the provisions contained therein.

The General Land Office, insofar as permitted under the law, acquiesces in the sale of the oil and/or gas to you from this lease, which oil and/or gas shall become your property when the State has been paid for same, as prescribed by law and under the terms and conditions as set out in the lease covering the area in question.

While reviewing Mineral file no. 92713 in order to process your Division Order, we have found parties listed for whom we do not have assignments or other sources of their interest.

The parties are as follows:

NAME	INTEREST
Douglas A. McCrary	.0312500 RI
Wendy I. McCrary	.0312500 RI
McCrary Oil Company	.0625000 OR RI
McCrary - Barnes	.7500000 WI

A certified copy of any assignment of State lands must be filed in the General Land Office within ninety (90) days of the execution date, as provided by Texas Natural Resources Codes Section 52.026, accompanied by the required filing fee.

Stephen F. Austin Building
1700 North Congress Avenue
Austin, Texas 78701
(512) 463-5256

Please provide this office with a certified copy of the above missing instruments along with the required filing fee at your earliest convenience.

A copy of the General Land Office filing fee schedule for filing assignments of State Lands is enclosed.

Please reference this letter in your reply.

Should you have any questions, please feel free to call me at the telephone number below.

Sincerely,

Carey Tynan

Carey Tynan, Manager
Lease Compliance
Energy Resources
(512) 463-5042

CCT/TR/yrg

Enclosures
Copy of Division Order
Filing Fee Schedule

MF 92713 10
ITEM letter
TO Dracco
FROM
DATE 5-16-89

M92713

DOUGLAS A. MCCRARY
(409) 364-2892

POST OFFICE BOX 156
CALVERT, TEXAS 77837

September 26, 1989

Mr. Ted Ringer
Lease Compliance
General Land Office
Stephen F. Austin Building
1700 North Congress Avenue
Austin, Texas 78701

X100.00

90004595

Re: State Lease M-92713
State of Texas (Lessor)
Milam and Robertson Counties, TX

129

Dear Mr. Ringer:

As we discussed in our telephone conversation yesterday, I am enclosing Certified Copies of Lease Assignments relative to State Lease M-92713, together with filing fee and penalty for late filing.

As you requested, the following is a brief summation of the 'family tree' of the subject lease.

1. Lease acquired by Kenny Pitts from State of Texas - 50 ac. under the Brazos River.

2. Kenny Pitts acquired an assignment of 10 acres on shore from McCrary Oil Company - not State land.

3. Kenny Pitts applied for, and was granted, authorization to pool 10 ac. out of State Lease M-92713 with the 10 ac. assigned by McCrary Oil.

4. Kenny Pitts assigned the two 10 ac. tracts and pooled unit to Dean Barnes, d/b/a Barnes Operating Company.

5. Dean Barnes, d/b/a/ Barnes Operating Company assigned the two 10 ac. tracts, and pooled unit, to McCrary-Barnes, a Texas joint venture & present owner.

Although not required, I am including for your files a copy of the assignment of 10 acres by McCrary Oil to Kenny Pitts. I am not, however, including the filing fee and penalty for that instrument.

2A, 1LFF 1LFF $100.

McCrary Barnes

I trust that this information will complete your files and the actions required upon assignment of a State of Texas lease. Should there be further information required, please let us know at once.

Yours very truly,

McCRARY OIL COMPANY

Patricia Bailey

Patricia Bailey

pb
Encls.

MF 92713 (11)
ITEM letter
TO
FROM Douglas A. McCrary
DATE 9-29-83

M 92713

3655

ASSIGNMENT OF OIL AND GAS LEASES

STATE OF TEXAS

COUNTIES OF MILAM AND ROBERTSON

WHEREAS, Dean Barnes d/b/a Barnes Operating Company, a sole proprietorship, and Jo Ann Barnes, are the present owners and holders of the following described oil and gas leases:

Oil and gas lease number M-92713 dated October 6, 1987, recorded in Volume 600, Page 509, Official Records of Milam County, Texas, and recorded in Volume 518, Page 246, Official Records of Robertson County, Texas, between Gary Mauro, Commissioner of the General Land Office of the State of Texas, as Lessor, and Kenny Pitts, as Lessee, said lease covers and affects a tract of land containing 50 acres, more or less, out of the Brazos River, in Milam and Robertson Counties, Texas.

Oil, gas, and mineral lease dated August 31, 1984, recorded in Volume 520, Page 239, of the Official Records of Milam County, Texas, between Douglas A. McCrary, Individually, and Douglas A. McCrary and Marine Midland Bank, New York, New York, as Trustees of the residuary trust created under the third article of the last will of Wendy I. McCrary, Deceased, as Lessor, and McCrary Oil, as Lessee, said lease covers and affects a tract of land containing 627.5 acres, more or less, out of the Niles F. Smith Survey, Abstract No. 58, Milam County, Texas.

NOW THEREFORE, for value received, Dean Barnes d/b/a Barnes Operating Company, a sole proprietorship, and Jo Ann Barnes, as assignors, do hereby assign and convey unto McCrary-Barnes, a Texas joint venture, all of the right, title and interest of the original Lessees in and to the leases described above as said leases cover land more particularly described in the attached Exhibit A and B which are incorporated into this document by reference for all purposes.

The area so designated as to the producing formation

situated beneath any oil or gas well shall be deemed "earned acreage", and said assignment shall continue in full force and effect so long as oil or gas are produced and paying quantities from said "earned acreage", or drilling or reworking operations are continued thereon. The remainder, if any, of land covered by this assignment and not so designated as "earned acreage" is hereinafter referred to as "unearned acreage".

This assignment is subject to the overriding royalty interest retained by McCrary Oil Company in the Partial Assignment of Oil and Gas Lease of even date.

DATED this 1st day of March, 1988.

Dean Barnes
Dean Barnes d/b/a Barnes Operating Company

JoAnn Barnes
Jo Ann Barnes

STATE OF TEXAS

COUNTY OF ROBERTSON

This instrument was acknowledged before me on March 1, 1988, by Dean Barnes d/b/a Barnes Operating Company, a sole proprietorship.

Patricia Bailey
Notary Public, State of Texas
Notary's Name (printed):
PATRICIA BAILEY
Notary's Commission Expires:
8-10-88.

NOTARY PUBLIC STATE OF TEXAS

STATE OF TEXAS

COUNTY OF ROBERTSON

This instrument was acknowledged before me on March 1, 1988, by Jo Ann Barnes.

NOTARY PUBLIC STATE OF TEXAS

Patricia Bailey
Notary Public, State of Texas
Notary's Name (printed):
PATRICIA BAILEY
Notary's Commission Expires:
8-10-88

FILED FOR RECORD
8 o'clock a.m.
7 day of NOV. 1988
WILLIE MAE WIESER
County Clerk, Milam County, Texas
By Barbara Vansa
Deputy

VOL. 604 PAGE 169

EXHIBIT A

Field Notes for 10.00 Acres in
the BRAZOS RIVER
Robertson & Milam County, Texas

All that certain tract or parcel of land lying within the Brazos River in Robertson and Milam County, Texas, said tract or parcel of land herein described as follows:

COMMENCING at a point where the East side of the Brazos River intersects the North Right of Way line of F. M. Highway 979;

THENCE along the East side of the Brazos River N 14 50′ 13" E 180.00 feet, N 16 33′ 33" E 367.50 feet, N 05 57′ 25" E 1234.16 feet, and N 9 41′ 09" E 73.51 feet to a point for the PLACE OF BEGINNING and for the South East corner of the herein described tract;

THENCE N 80 18′ 51" W 193.08 feet across the Brazos River to a point in the West side of the River for the South West corner of the herein described tract;

THENCE along the West side of the Brazos River N 50 52′ 16" E 66.01 feet, N 03 29′ 35" E 336.22 feet, N 09 22′ 03" E 341.90 feet, N 14 33′ 59" E 195.59 feet, N 10 40′ 10" E 258.19 feet, N 16 50′ 29" E 258.47 feet, N 45 21′ 00" E 148.79 feet, N 54 12′ 16" E 284.38 feet, N 70 33′ 12" E 237.91 feet, and S 82 42′ 27" E 19.04 feet for a point for a corner;

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THENCE along the East side of the Brazos River S 36 12′ 04" W 350.05 feet, S 13 27′ 06" W 634.20 feet, and S 9 41′ 09" W 484.15 feet to the PLACE OF BEGINNING and containing 10.00 acres, more or less.

EXHIBIT B

Field Notes for a 10.00 Acre Tract
NILES F. SMITH SURVEY, A-58
Milam County, Texas

All that certain tract or parcel of land lying and being situated in Milam County, Texas, out of and a part of the Niles F. Smith Survey, Abstract No. 58, and further being out of those tracts of land totalling 627.5 acres described in a Deed to Douglas A. McCrary recorded in Volume 299, page 254 of the Deed Records of Milam County, Texas, said tract or parcel of land herein described as follows:

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THENCE along the West line of the Brazos River as follows:

N 06 40′ 30" E 803.78 feet,
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N 19 53′ 28" E 293.35 feet,
N 03 33′ 56" E 381.43 feet,
N 50 52′ 16" E 66.01 feet,
N 03 29′ 35" E 336.22 feet, and
N 09 22′ 03" E 26.46 feet to a point for the PLACE OF BEGINNING and for the South East corner of the herein described tract;

THENCE N 77 55′ 00" W 474.87 feet to a point for the South West corner of the herein described tract;

THENCE 12 05′ 00" E 934.00 feet to a point for the North West corner of the herein described tract;

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THENCE along the West line of the Brazos River S 16 50′ 29" W 165.97 feet, S 10 40′ 10" W 258.19 feet, S 14 33′ 59" W 195.59 feet, and S 9 22′ 03" W 315.44 feet to the PLACE OF BEGINNING and containing 10.00 acres of land, more or less.

STATE OF TEXAS }
COUNTY OF MILAM }

I, WILLIE MAE WIESER, Clerk of the County Court of Milam County, Texas, do hereby certify that the foregoing Instrument of writing was duly recorded this 7 day of November A. D., 1988, at 2 o'clock P. M. in the Official Records of said County, in Volume 604, Page 167

Witness my hand and seal of the County Court of said County at Office in Cameron on the day of the year last above written.

By Barbara Vansa Deputy,

WILLIE MAE WIESER
Clerk County Court, Milam County, Texas

VOL. 604 PAGE 171

CERTIFIED COPY CERTIFICATE
STATE OF TEXAS
COUNTY OF MILAM

I hereby certify that the above and foregoing is a full, true and correct photographic copy of the original record now in my lawful custody and possession, as the same is recorded in the Original Records in my office. I hereby certify on: SEP 26 1989

Vol. 604
Pg. 167

WILLIE MAE WIESER
County Clerk
Milam County, Texas

By Helen Hrazek
Deputy

MF 92713 (12)
ITEM assignment
TO
FROM
DATE 9-29-89 BS

M92713

3654

ASSIGNMENT OF OIL AND GAS LEASES

STATE OF TEXAS

COUNTIES OF MILAM AND ROBERTSON

WHEREAS, Kenny Pitts, Individually, is the present owner and holder of the following described oil and gas leases:

Oil and gas lease number M-92713 dated October 6, 1987, recorded in Volume 600, Page 509, Official Records of Milam County, Texas, and recorded in Volume 518, Page 246, Official Records of Robertson County, Texas, between Gary Mauro, Commissioner of the General Land Office of the State of Texas, as Lessor, and Kenny Pitts, as Lessee, said lease covers and affects a tract of land containing 50 acres, more or less, out of the Brazos River, in Milam and Robertson Counties, Texas.

Oil, gas, and mineral lease dated August 31, 1984, recorded in Volume 520, Page 239, of the Official Records of Milam County, Texas, between Douglas A. McCrary, Individually, and Douglas A. McCrary and Marine Midland Bank, New York, New York, as Trustees of the residuary trust created under the third article of the last will of Wendy I. McCrary, Deceased, as Lessor, and McCrary Oil, as Lessee, said lease covers and affects a tract of land containing 627.5 acres, more or less, out of the Niles F. Smith Survey, Abstract No. 58, Milam County, Texas.

NOW THEREFORE, for value received, Kenny Pitts, as assignor, does hereby assign and convey unto Dean Barnes d/b/a Barnes Operating Company, a sole proprietorship, all of the right, title and interest of the original Lessees in and to the leases described above as said leases cover land more particularly described in the attached Exhibit A and B which are incorporated into this document by reference for all purposes.

The area so designated as to the producing formation situated beneath any oil or gas well shall be deemed "earned acreage", and said assignment shall continue in full force and

effect so long as oil or gas are produced and paying quantities from said "earned acreage", or drilling or reworking operations are continued thereon. The remainder, if any, of land covered by this assignment and not so designated as "earned acreage" is hereinafter referred to as "unearned acreage".

This assignment is subject to the overriding royalty interest retained by McCrary Oil Company in the Partial Assignment of Oil and Gas Lease of even date.

DATED this 1st day of March, 1988.

Kenny Pitts

Kenny Pitts

STATE OF TEXAS

COUNTY OF ROBERTSON

This instrument was acknowledged before me on March 1, 1988, by Kenny Pitts.

Patricia Bailey

Notary Public, State of Texas
Notary's Name (printed):
PATRICIA BAILEY
Notary's Commission Expires:
8-10-88

NOTARY PUBLIC STATE OF TEXAS

FILED FOR RECORD
8 o'clock a.m.
7 day of NOV. 1988
WILLIE MAE WIESER
County Clerk, Milam County, Texas
By Barbara Vansa
Deputy

VOL. 604 PAGE 164

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THENCE 12 05′ 00" E 914.00 feet to a point for the North West corner of the herein described tract;

THENCE N 77 55′ 00" E 475.79 feet to a point in the West line of the Brazos River for the North East corner of the herein described tract;

THENCE along the West line of the Brazos River S 16 50′ 29" W 165.97 feet, S 10 40′ 10" W 258.19 feet, S 14 33′ 59" W 195.59 feet, and S 9 22′ 03" W 315.44 feet to the PLACE OF BEGINNING and containing 10.00 acres of land, more or less.

STATE OF TEXAS }
COUNTY OF MILAM }

I WILLIE MAE WIESER, Clerk of the County Court of Milam County, Texas, do hereby certify that the foregoing instrument of writing was duly recorded this 7 day of November A. D., 1988, at 2 o'clock P. M. in the Official Records of said County, in Volume 604, Page 163

Witness my hand and seal of the County Court of said County at Office in Cameron on the day of the year last above written.

By Barbara Vanse Deputy,

WILLIE MAE WIESER
Clerk County Court, Milam County, Texas

VOL. 604 PAGE 166

CERTIFIED COPY CERTIFICATE
STATE OF TEXAS
COUNTY OF MILAM

I hereby certify that the above and foregoing is a full, true and correct photographic copy of the original record now in my lawful custody and possession, as the same is recorded in the Original Records in my office. I hereby certify on: SEP 25 1989

Vol. 604 Pg 163

WILLIE MAE WIESER
County Clerk
Milam County, Texas

By Debra Lee
Deputy

MF 92713 (13)
ITEM assignment
TO
FROM
DATE 9-29-89 B

File in 92713

(Related to chain of title) non-ratio

3656

PARTIAL ASSIGNMENT OIL AND GAS LEASE

STATE OF TEXAS

COUNTY OF MILAM

WHEREAS, Douglas A. McCrary, as general partner of McCrary Oil Company, is the present owner and holder of the following described oil, gas, and mineral lease:

> Oil, gas, and mineral lease dated August 31, 1984, recorded in Volume 520, Page 239, of the Official Records of Milam County, Texas, between Douglas A. McCrary, Individually, and Douglas A. McCrary and Marine Midland Bank, New York, New York, as Trustees of the residuary trust created under the third article of the last will of Wendy I. McCrary, Deceased, as Lessor, and McCrary Oil, as Lessee, said lease covers and affects a tract of land containing 627.5 acres, more or less, out of the Niles F. Smith Survey, Abstract No. 58, Milam County, Texas.

NOW THEREFORE, for value received, Douglas A. McCrary, as general partner of McCrary Oil Company, as Assignor, do hereby assign and convey unto Kenny Pitts, all of the right, title and interest of the original Lessee in and to a portion of the lease described above insofar as the above lease covers land more particularly described in the attached Exhibit A, which is incorporated into this document by reference for all purposes.

Assignor reserves as an overriding royalty, free and clear of all costs, but subject to applicable taxes, 12.5% of 8/8 of the oil, gas, and casinghead gas produced and marketed under the provisions of said lease, with the understanding that if the lease covers less than all of the oil and gas in the above land, the portion of production herein reserved as an overriding royalty shall be reduced proportionately. The area so designated

as to the producing formations situated beneath any oil or gas well shall be deemed "earned acreage", and said assignment shall continue in full force and effect so long as oil or gas are produced in paying quantities from said earned acreage, or drilling or reworking operations are continued thereon as herein provided. The remainder, if any, of the land covered by this assignment and not so designated as earned acreage is hereinafter referred to as "unearned acreage".

DATED this 1st day of March, 1988.

McCrary Oil Company

By: Douglas A. McCrary
Douglas A. McCrary,
General Partner

STATE OF TEXAS

COUNTY OF ROBERTSON

This instrument was acknowledged before me on March 1, 1988, by Douglas McCrary in his capacity as general partner of McCrary Oil Company.

Patricia Bailey
Notary Public, State of Texas
Notary's Name (printed):
PATRICIA BAILEY
Notary's Commission Expires:
8-10-88

NOTARY PUBLIC STATE OF TEXAS

FILED FOR RECORD
8 o'clock a.m.
7 day of NOV. 1988
WILLIE MAE WIESER
County Clerk, Milam County, Texas
By Barbara Vansa
Deputy

VOL 604 PAGE 173

Field Notes for a 10.00 Acre Tract
NILES F. SMITH SURVEY, A-58
Milam County, Texas

All that certain tract or parcel of land lying and being situated in Milam County, Texas, out of and a part of the Niles F. Smith Survey, Abstract No. 58, and further being out of those tracts of land totalling 627.5 acres described in a Deed to Douglas A. McCrary recorded in Volume 299, page 254 of the Deed Records of Milam County, Texas, said tract or parcel of land herein described as follows:

COMMENCING at a point where the West line of the Brazos River intersects the North Right of Way line of F. M. Highway 979;

THENCE along the West line of the Brazos River as follows:

N 06 40′ 30" E 803.78 feet,
N 11 15′ 41" E 428.65 feet,
N 19 53′ 28" E 293.35 feet,
N 03 33′ 56" E 381.43 feet,
N 50 52′ 16" E 66.01 feet,
N 03 29′ 35" E 336.22 feet, and
N 09 22′ 03" E 26.46 feet to a point for the PLACE OF BEGINNING and for the South East corner of the herein described tract;

THENCE N 77 55′ 00" W 474.87 feet to a point for the South West corner of the herein described tract;

THENCE 12 05′ 00" E 934.00 feet to a point for the North West corner of the herein described tract;

THENCE N 77 55′ 00" E 475.79 feet to a point in the West line of the Brazos River for the North East corner of the herein described tract;

THENCE along the West line of the Brazos River S 16 50′ 29" W 165.97 feet, S 10 40′ 10" W 258.19 feet, S 14 33′ 59" W 195.59 feet, and S 9 22′ 03" W 315.44 feet to the PLACE OF BEGINNING and containing 10.00 acres of land, more or less.

mccrary.pog - p3

STATE OF TEXAS }
COUNTY OF MILAM }

I, WILLIE MAE WIESER, Clerk of the County Court of Milam County, Texas, do hereby certify that the foregoing instrument of writing was duly recorded this 7 day of November A. D., 1988, at 2 o'clock P. M., in the Official Records of said County, in Volume 604, Page 172

Witness my hand and seal of the County Court of said County at Office in Cameron on the day of the year last above written.

By Barbara Vanca Deputy.

WILLIE MAE WIESER
Clerk County Court, Milam County, Texas

VOL. 604 PAGE 171

CERTIFIED COPY CERTIFICATE
STATE OF TEXAS
COUNTY OF MILAM

I hereby certify that the above and foregoing is a full, true and correct photographic copy of the original record now in my lawful custody and possession, as the same is recorded in the Original Records in my office. I hereby certify on: SEP 25 1989

Vol. 604
Pg 172

WILLIE MAE WIESER
County Clerk
Milam County, Texas

By LaVerne Lueze
Deputy

MF 92713 (H)
ITEM partial assignment
TO
FROM
DATE 9-29-89 BJ

3-50-00

Garry Mauro
Commissioner
General Land Office

October 11, 1989

Mc Crary Barnes
Attn: Ms. Patricia Bailey
P.O. Box 156
Calvert, TX 77837-0156

Re: Instrument Filings

Dear Ms. Barnes:

The General Land Office hereby acknowledges receipt of certified copies of the following instruments on September 29, 1989.

INSTRUMENT	COUNTY	STATE LEASE NUMBER	FILING FEE	LATE FEE	TOTAL FEE
Assignment of Oil and Gas Leases	Milam	M-92713	$25.00	$25.00	$50.00
Assignment of Oil and Gas Leases	Milam	M-92713	$25.00	$25.00	$50.00
				TOTAL	$100.00

The listed instruments have been filed in our records and your remittance of $100.00 has been applied as shown above.

Sincerely,

Carey Tynan

Carey Tynan, Manager
Lease Compliance
Energy Resources
(512) 463-5042

by

CCT/TR/yrg

Stephen F. Austin Building
1700 North Congress Avenue
Austin, Texas 78701
(512) 463-5256

MF 92713 (15)
ITEM letter
TO Mr Crary Barnes
FROM
DATE 10-11-89 PB

Garry Mauro
Commissioner
General Land Office

February 6, 1990

McCrary Oil Company
Box 156
Calvert, Texas 77837

Attention: Kenny Pitts, Landman

Re: State Lease M-92713
Tract No. 3-A Brazos River
Well Nos. 1 & 2
Milam County, Texas

Dear Mr. Pitts:

We note the completions of the captioned wells, however, we have not received the following reports or surveys, which are marked below, as required by your Oil and Gas Lease:

___ Form W-1 Application to Drill
_X_ Form W-2 Oil Well Potential Test/Completion Report
___ Form W-3 Plugging Report
___ Form G-1 Gas Well Pressure Test and Completion Report
___ Form G-5 Gas Well Classification Report
___ Form G-10 Gas Well Status Report
_X_ Form W-12 Inclination Report
_X_ Form W-15 Cementing Report
_X_ Electrical Log (full suite of 5 inch logs plus a 1 inch correlation electrical log, L-1 not acceptable as log.)
___ Directional Survey.

Electrical Logs are required, even if run prior to September 1, 1985.

Your cooperation will be appreciated.

Sincerely yours,

Diane Hyatt

Diane Hyatt, Geologist
Petroleum and Minerals Division
(512) 475-1507

Stephen F. Austin Building
1700 North Congress Avenue
Austin, Texas 78701
(512) 463-5256

(16.) M-92713

CORRESPONDENCE TO
McCrary Oil Co
DATED 12-6-90

126' W/Brazos River Tract 3-A M-92713

14
AA
4-6-88

▶ Return each W-1 with plat and $100.00 fee (make a check or money order payable to the State Treasurer of Texas. Address to Railroad Commission of Texas Oil and Gas Division, Drilling Permits P. O. Drawer 12967, Capitol Station Austin, Texas 78711
▶ File a copy of W-1 and plat in RRC District Office

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division
Application for Permit to Drill, Deepen, Plug Back, or Re-Enter

▶ Read Instructions on Back

Form W-1
Rev. 9/1/83
483-060

Purpose of filing (mark appropriate boxes)
[X] Drill [ ] Deepen (below casing) [ ] Deepen (within casing) [ ] Plug Back [ ] Re-Enter
[ ] Directional Well [ ] Sidetrack [ ] Amended Permit (enter permit no. at right & explain fully in Remarks)

Enter here, if assigned: API No. ▶ 42-331-33198; Permit No. ▶ 344507; Rule 37 Case No. ▶

1. Operator's Name (exactly as shown on Form P-5, Organization Report): MCCRARY OIL COMPANY
3. RRC Operator No.: 543540
4. RRC District No.: 05
5. County of Well Site: MILAM
2. Address (including city and zip code): Box 156, CALVERT, TX. 77837
OK Tax Dm 3/28/88
995364
6. Lease Name (32 spaces maximum): McCRARY - BARNES
7. RRC Lease/ID No.
8. Well No.: 1
9. Total Depth: 2000
10. Location
• Section ____ Block ____ Survey Niles F. Smith Abstract No. A-58
• This well is to be located 7 miles in a WEST direction from CALVERT which is the nearest town in the county of the well site.

11. Distance from proposed location to nearest lease or unit line: 233.5 ft.
12. Number of contiguous acres in lease, pooled unit, or unitized tract: 20 (OUTLINE ON PLAT.)

Permit Granted 3/28/88 Charles Oil

13. FIELD NAME (Exactly as shown on RRC proration schedule). List all established and wildcat zones of anticipated completion. Attach additional Form W-1's as needed to list these zones. One zone per line.	14. Completion depth	15. Spacing pattern (ft.)	16. Density pattern (acres)	17. Number of acres in drilling unit for this well. OUTLINE ON PLAT.	18. Is this acreage assigned to any other well on this lease or in this reservoir? If so, explain in Remarks.	19. Distance from proposed location to nearest applied for, permitted, or completed well, this lease or reservoir. (ft.)	20. Oil, gas, or other type well (Specify)	21. No. of applied for, permitted, or completed locations (including this one) on lease in this reservoir. OIL	GAS
CALVERT FIELD 14922001	2000	233/467	10	10	NO	467	OIL	2	
		Code C			Code A	467			

RECEIVED R.R.C. OF TEXAS MAR 28 1988 AUSTIN, TEXAS

22. Perpendicular surface location from two nearest designated lines
• Lease/Unit 349.9 FWL & 233.5 FSL
• Survey/Section ~~500 FSL~~ 126 FE (RIVER) L
If a directional well, show also projected bottom-hole location:
• Lease/Unit ____
• Survey/Section ____

23. Is this a pooled unit? 1700 F Ext. SEL
Yes [X] ▶ (Attach Form P-12 and certified plat.) No [ ]
24. Is item 17 less than item 16 (substandard acreage for any field applied for)? Yes [ ] ▶ (Attach Form W-1A) No [X]

25. Is this wellbore subject to Statewide Rule 36 (hydrogen sulfide area)? Yes [ ] No [X]
If subject to Rule 36, is Form H-9 filed? Yes [ ] No [ ] ▶ If not filed, explain in Remarks.

26. Do you have the right to develop the minerals under any right-of-way that crosses, or is contiguous to, this tract? If not, and if the well requires a Rule 37 or 38 exception, see Instructions for Rule 37. Yes [X] No [ ]

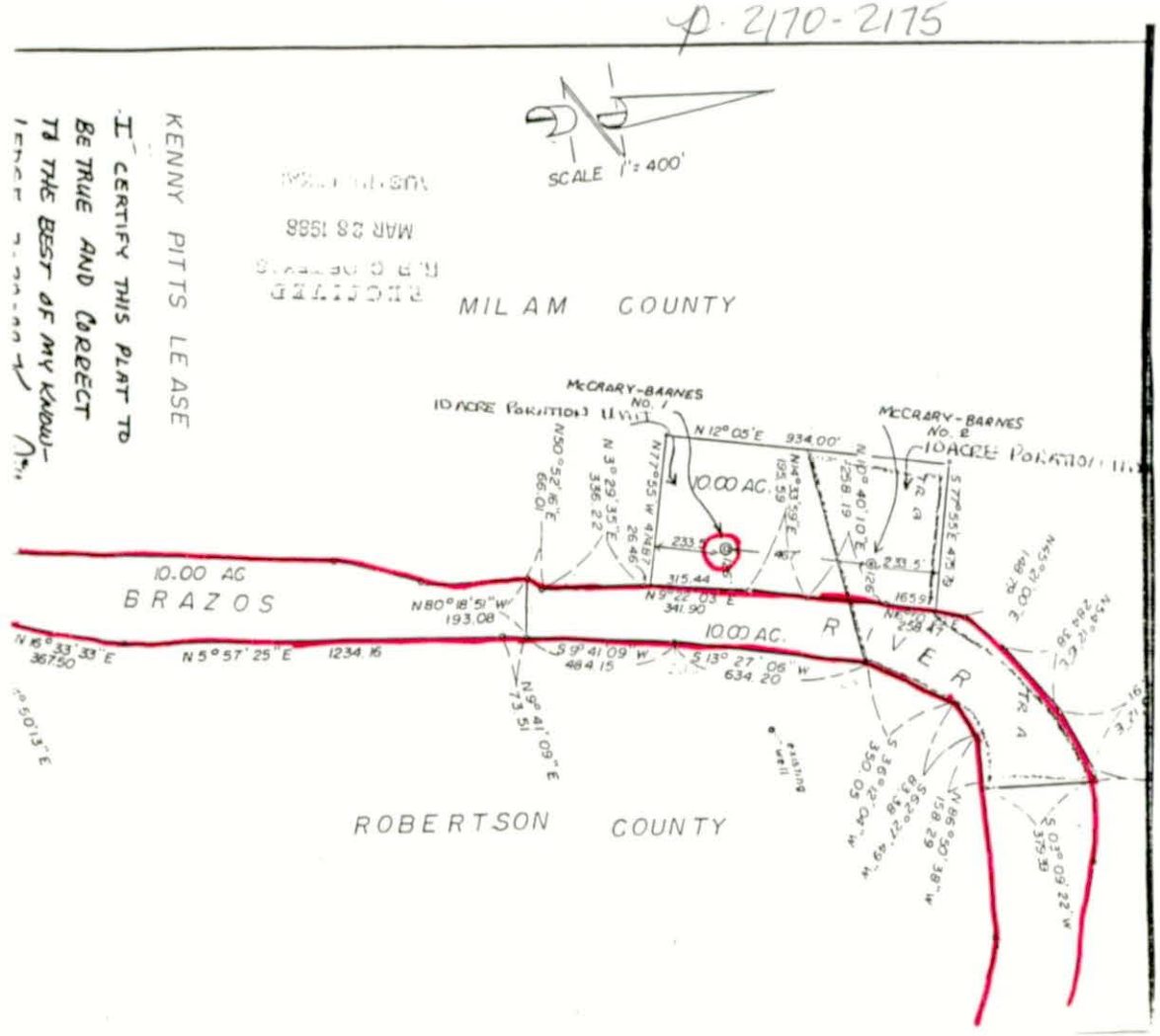
Remarks
P-12 attached

I certify that information stated in this application is true and complete, to the best of my knowledge.
Signature: Kenny Pitts
Name and title of operator's representative: KENNY PITTS - LANDMAN
Date: MARCH 28 1988 (mo. day yr.)
Tel.: 409 - 327 - 4260 (Area Code Number)

• RRC Use Only •
P-15677 344507

P. 2170-2175

4-1-88



SCALE OF MAP
1 inch = 500 feet
1 inch = 4,000 feet
1 inch = 3,000 feet
1 inch = 2,000 feet
1 inch = 1,000 feet

Statewide PLAT SERVICE
P. O. DRAWER 1867, AUSTIN, TEXAS 78767

17. M-92713

APPLIC.

ELL #

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

Form W-12
(1-1-71)

INCLINATION REPORT
(One Copy Must Be Filed With Each Completion Report.)

1. FIELD NAME (as per RRC Records or Wildcat): CALVERT	2. LEASE NAME: STATE McCRARY UNIT (McCrary-Barnes #1)
3. OPERATOR: McCrary Oil Company	4. ADDRESS: P.O. Box 156 - Calvert, Tx 77837
5. LOCATION (Section, Block, and Survey): NILES F. SMITH AB-58	6. RRC District: 5
7. RRC Lease Number. (Oil completions only)	
8. Well Number: 1	
9. RRC Identification Number (Gas completions only)	
10. County: MILAM	

RECORD OF INCLINATION

*11. Measured Depth (feet)	12. Course Length (Hundreds of feet)	*13. Angle of Inclination (Degrees)	14. Displacement per Hundred Feet (Sine of Angle X100)	15. Course Displacement (feet)	16. Accumulative Displacement (feet)
300	300	1/4	.44	1.32	1.32
769	469	1/4	.44	2.06	3.38
1275	506	1/2	.87	4.40	7.78
1650	375	1/2	.87	3.26	11.04
1990	340	3/4	1.31	4.45	15.49
2250	260	1	1.75	4.55	20.04

COPY

If additional space is needed, use the reverse side of this form.

17. Is any information shown on the reverse side of this form? ☐ yes ☒ no
18. Accumulative total displacement of well bore at total depth of 2250 feet = 20.04 feet.
*19. Inclination measurements were made in – ☐ Tubing ☐ Casing ☒ Open hole ☐ Drill Pipe
20. Distance from surface location of well to the nearest lease line 233.5 feet.
21. Minimum distance to lease line as prescribed by field rules 233.5 feet.
22. Was the subject well at any time intentionally deviated from the vertical in any manner whatsoever? No
(If the answer to the above question is "yes", attach written explanation of the circumstances.)

INCLINATION DATA CERTIFICATION

I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have personal knowledge of the inclination data and facts placed on both sides of this form and that such data and facts are true, correct, and complete to the best of my knowledge. This certification covers all data as indicated by asterisks (*) by the item numbers on this form.

Signature of Authorized Representative: Dean Barnes
Name of Person and Title (type or print): Dean Barnes Owner
Name of Company: Barnes & Sons Drilling
Telephone: 214 (Area Code) 729-1509

OPERATOR CERTIFICATION

I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have personal knowledge of all information presented in this report, and that all data presented on both sides of this form are true, correct, and complete to the best of my knowledge. This certification covers all data and information presented herein except inclination data as indicated by asterisks (*) by the item numbers on this form.

Signature of Authorized Representative: D.A. McCrary
Name of Person and Title (type or print): D.A. McCRARY
Operator: McCRARY Oil Co.
Telephone: 409 (Area Code) 364-2892

Railroad Commission Use Only:

Approved By: _____ Title: _____ Date: _____

* Designates items certified by company that conducted the inclination surveys.

18. M-92713 W-12

COMP. REPORT WELL # 1

Railroad Commission of Texas
Oil and Gas Division, Drilling Permits
P. O. Drawer 12967, Capitol Station
Austin, Texas 78711
▶ File a copy of W-1 and plat in RRC District Office.

Oil and Gas Division M-92713

Application for Permit to Drill, Deepen, Plug Back, or Re-Enter

M-92713 /SC

Purpose of filing (mark appropriate boxes):
[X] Drill [ ] Deepen (below casing) [ ] Deepen (within casing) [ ] Plug Back [ ] Re-Enter
[ ] Directional Well [ ] Sidetrack [ ] Amended Permit (enter permit no. at right & explain fully in Remarks)

Enter here, if assigned: API No. ▶ 42-331-33198 Permit No. ▶

1. Operator's Name (exactly as shown on Form P-5, Organization Report): MCCRARY OIL COMPANY
3. RRC Operator No.: 543540
4. RRC District No.: 05
5. County of Well Site: MILAM
Rule 37 Case No. ▶

2. Address (including city and zip code): Box 156, CALVERT, TX. 77837
OK Tax bm 3/28/88
995366

6. Lease Name (32 spaces maximum): McCRARY - BARNES
7. RRC Lease/ID No.:
8. Well No.: 1
9. Total Depth: 2000

10. Location
• Section ____ Block ____ Survey Niles F. Smith Abstract No. A- 58
• This well is to be located 7 miles in a WEST direction from CALVERT which is the nearest town in the county of the well site.

11. Distance from proposed location to nearest lease or unit line 233.5 ft.
12. Number of contiguous acres in lease, pooled unit, or unitized tract 20 (OUTLINE ON PLAT.)

Permit Granted 3/28/88 Charlotte Lewis

13. FIELD NAME (Exactly as shown on RRC proration schedule). List all established and wildcat zones of anticipated completion. Attach additional Form W-1's as needed to list these zones. One zone per line.	14. Completion depth	15. Spacing pattern (ft.)	16. Density pattern (acres)	17. Number of acres in drilling unit for this well. OUTLINE ON PLAT.	18. Is this an area assigned to an other well on this lease in this reservoir? If so, explain in Remarks.	19. Distance from proposed location to nearest applied for, permitted, or completed well, this lease & reservoir. (ft.)	20. Oil, gas, or other type well (Specify)	21. No. of applied for, permitted, or completed locations (including this one) on lease in this reservoir. OIL	GAS
CALVERT FIELD 14922001	2000	233/467	10	10	NO	467	OIL	2	

Code C Code A467

RECEIVED R. R. C. OF TEXAS MAR 28 1988 AUSTIN, TEXAS

22. Perpendicular surface location from two nearest designated lines:
• Lease/Unit 349.9 FWL & 233.5 FSL
• Survey/Section ~~300 FSL~~ 126 FE (RIVER) L

If a directional well, show also projected bottom-hole location:
• Lease/Unit
• Survey/Section

23. Is this a pooled unit? 1700 F Ext. SEL
Yes [X] ▶ (Attach Form P-12 and certified plat.) No [ ]

24. Is Item 17 less than Item 16 (substandard acreage for any field applied for)
Yes [ ] ▶ (Attach Form W-1A) No [X]

25. Is this wellbore subject to Statewide Rule 36 (hydrogen sulfide area)? Yes [ ] No [X]
If subject to Rule 36, is Form H-9 filed? Yes [ ] No [ ] ▶ If not filed, explain in Remarks.

26. Do you have the right to develop the minerals under any right-of-way that crosses, or is contiguous to, this tract? Yes [X] No [ ]
If not, and if the well requires a Rule 37 or 38 exception, see Instructions for Rule 37.

Remarks
P-12 attached

I certify that information stated in this application is true and complete, to the best of my knowledge.
Kenny Pitts
Signature
KENNY PITTS - LANDMAN
Name and title of operator's representative
MARCH 28 1988
Date: mo. day yr.
409-327-4260
Tel.: Area Code Number

• RRC Use Only •
D-15677 344507

Kenny Pitts

RE

RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION
PERMIT TO DRILL, DEEPEN OR PLUG BACK ON REGULAR LOCATION

PERMIT NUMBER	DATE PERMIT ISSUED OR AMENDED	DISTRICT
344507	3/28/88	05
API NUMBER	FORM W-1 RECEIVED	COUNTY
42 331 33198	3/28/88	MILAM
TYPE OF OPERATION		ACRES
DRILL		20.00

OPERATOR 543540

MCCRARY OIL COMPANY
P.O. BOX 156
CALVERT TX 77837

NOTICE

This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored.
District Office Telephone No.:
214 984-3026

LEASE NAME	WELL NUMBER
MCCRARY-BARNES	1
LOCATION	TOTAL DEPTH
7.00 MILES WEST FROM CALVERT	2,000

SECTION, BLOCK and/or SURVEY

SECTION => BLOCK => ABSTRACT => 58

SURVEY ==> NILES F. SMITH

DISTANCE--LEASE LINES	DISTANCE--NEAREST WELL ON LEASE
349.90 F W - 233.50 F S	467
DISTANCE--SURVEY LINES	
1,700.00 F EXT. SE - 126.00 F E (RIVER)	

READ IMPORTANT CONDITIONS AND INSTRUCTIONS ON THE BACK OF THIS FORM

FIELD(S) AND LIMITATIONS

CALVERT

** LIMITATIONS **

THE FOLLOWING RESTRICTIONS APPLY TO ALL FIELDS

REGULAR PROVIDED THIS WELL IS NEVER COMPLETED IN VIOLATION OF APPLICABLE SPECIAL FIELD OR STATEWIDE SPACING RULES.
REGULAR PROVIDED THIS WELL IS NEVER COMPLETED IN THE SAME RESERVOIR AS ANY OTHER WELL CLOSER THAN 467 FEET ON THIS SAME LEASE.

Type or print only

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

Form W-2
Rev. 4/1/83
483-046

API No. 42-331 33198

Oil Well Potential Test, Completion or Recompletion Report, and Log

7. RRC District No. 5
8. RRC Lease No. N/A

1. FIELD NAME (as per RRC Records or Wildcat): CALVERT
2. LEASE NAME: STATE MCCRARY UNIT(McCrary/Barnes)
9. Well No. 1
3. OPERATOR'S NAME (Exactly as shown on Form P-5, Organization Report): McCrary Oil Company
RRC Operator No. 543540
10. County of well site: Milam
4. ADDRESS: P. O. Box 156, Calvert, TX 77837
11. Purpose of filing: Initial Potential [X] Retest [ ] Reclass [ ] Well record only (explain in Remarks) [ ]
5. If Operator has changed within last 60 days, name former operator
6a. Location (Section, Block, and Survey): Niles F. Smith Survey Ab.58
6b. Distance and direction to nearest town in this county: 7 miles West of Calvert
12. If workover or reclass, give former field (with reservoir) & gas ID or oil lease no. FIELD & RESERVOIR | GAS ID or OIL LEASE # | Oil - O Gas - G | WELL NO.
13. Type of electric or other log run
14. Completion or recompletion date: June 13, 1988

COPY

SECTION I: POTENTIAL TEST DATA IMPORTANT: Test should be for 24 hours unless otherwise specified in field rules.

15. Date of test	16. No. of hours tested	17. Production method (Flowing, Gas Lift, Jetting, Pumping—Size & Type of pump)	18. Choke size
6-26-88	24	Pumping	N/A

	Oil - BBLS	Gas — MCF	Water - BBLS	Gas - Oil Ratio	Flowing Tubing Pressure
19. Production during Test Period ▶	14 BBL	41.5	0	2.97	N/A PSI
	Oil - BBLS	Gas — MCF	Water — BBLS	Oil Gravity—API—60°	Casing Pressure
20. Calculated 24-Hour Rate ▶	14 BBL	41.5	0	39	N/A PSI

21. Was swab used during this test? Yes [ ] No [X]
22. Oil produced prior to test (New & Reworked wells): 200 bbls
23. Injection Gas—Oil Ratio

REMARKS:

INSTRUCTIONS: File an original and one copy of the completed Form W-2 in the appropriate RRC District Office within 30 days after completing a well and within 10 days after a potential test. If an operator does not properly report the results of a potential test within the 10-day period, the effective date of the allowable assigned to the well will not extend back more than 10 days before the W-2 was received in the District Office. (Statewide Rules 16 and 51) To report a completion or recompletion, fill in both sides of this form. To report a retest, fill in only the front side.

COPY

WELL TESTER'S CERTIFICATION
I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I conducted or supervised this test by observation of (a) meter readings or (b) the top and bottom gauges of each tank into which production was run during the test. I further certify that the potential test data shown above is true, correct, and complete, to the best of my knowledge.

D. A. McCrary — Signature: Well Tester
McCrary Oil Company — Name of Company
RRC Representative

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

Jon A. Hittman — Typed or printed name of operator's representative
Agent — Title of Person
(409) 364-2892 — Telephone: Area Code Number
6 / 28 / 88 — Date: mo. day year
Jon A. Hittman — Signature

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

24. Type of Completion: New Well [X] Deepening [ ] Plug Back [ ] Other [ ]

25. Permit to Drill, Plug Back or Deepen — DATE 3/28/88 — PERMIT NO. 344507
Rule 37 Exception — CASE NO.
Water Injection Permit — PERMIT NO.
Salt Water Disposal Permit — PERMIT NO.
Other — PERMIT NO.

26. Notice of Intention to Drill this well was filed in Name of
McCrary Oil Co.

27. Number of producing wells on this lease in this field (reservoir) including this well: 0

28. Total number of acres in this lease: 50

29. Date Plug Back, Deepening, WorkOver or Drilling Operations: Commenced 5/2/88 Completed 5/8/88

30. Distance to nearest well, Same Lease & Reservoir: 467

31. Location of well, relative to nearest lease boundaries of lease on which this well is located: 349.9' Feet From SOUTH Line and 233.5 Feet from West Line of the State of Texas Lease

32. Elevation (DF, RKB, RT, GR, ETC.): N/A

33. Was directional survey made other than inclination (Form W—12)? [ ] Yes [XX] No

34. Top of Pay: 2170

35. Total Depth: 2324

36. P. B. Depth: DNA

37. Surface Casing Determined by: Field Rules [ ] Recommendation of T.D.W.R. [X] Dt. of Letter 5/2/88; Railroad Commission (Special) [ ] Dt. of Letter

38. Is well multiple completion? NO

39. If multiple completion, list all reservoir names (completions in this well) and Oil Lease or Gas ID No.

FIELD & RESERVOIR	GAS ID or OIL LEASE #	Oil—O Gas—G	WELL #

40. Intervals Drilled by: Rotary Tools 0-TD; Cable Tools

41. Name of Drilling Contractor: Barnes & Sons

42. Is Cementing Affidavit Attached? [X] Yes [ ] No

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

CASING SIZE	WT #/FT.	DEPTH SET	MULTISTAGE TOOL DEPTH	TYPE & AMOUNT CEMENT (sacks)	HOLE SIZE	TOP OF CEMENT	SLURRY VOL. cu. ft.
5 1/2	17	2320		383 Std	7 7/8	surf	697

44. LINER RECORD

Size	TOP	Bottom	Sacks Cement	Screen

45. TUBING RECORD

Size	Depth Set	Packer Set
2 3/8	2150	DNA

46. Producing Interval (this completion) Indicate depth of perforation or open hole

From	To
2170	2175

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

Depth Interval	Amount and Kind of Material Used

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

Formations	Depth	Formations	Depth
Wilcox	0-900		
CALVERT SAND	2170-2175		

REMARKS

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

Form W-15
Cementing Report
Rev. 4/1/83
483-045

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

1. Operator's Name (As shown on Form P-5, Organization Report)	2. RRC Operator No.	3. RRC District No.	4. County of Well Site
McCrary Oil Company	543540	5	Milam

5. Field Name (Wildcat or exactly as shown on RRC records)	6. API No.	7. Drilling Permit No.
CALVERT (McCRARY - BARNES)	42-331-33198	344507

8. Lease Name	9. Rule 37 Case No.	10. Oil Lease/Gas ID No.	11. Well No.
STATE McCRARY UNIT			1 (~~McCrary/Barnes~~)

CASING CEMENTING DATA:	SURFACE CASING	INTER-MEDIATE CASING	PRODUCTION CASING		MULTI-STAGE CEMENTING PROCESS	
			Single String	Multiple Parallel Strings	Tool	Shoe
12. Cementing Date			5-8-88			
13. •Drilled hole size			7 7/8			
•Est. % wash or hole enlargement						
14. Size of casing (in. O.D.)			5½			
15. Top of liner (ft.)						
16. Setting depth (ft.)			2330			
17. Number of centralizers used			6			
18. Hrs. waiting on cement before drill-out						
1st Slurry — 19. API cement used: No. of sacks ▶			250			
1st Slurry — Class ▶			Standard			
1st Slurry — Additives ▶			3% Salt, 10% Gel, ¼#/sk. Flocele			
2nd Slurry — No. of sacks ▶			135			
2nd Slurry — Class ▶			Premuim			
2nd Slurry — Additives ▶			10% Salt			
3rd Slurry — No. of sacks ▶						
3rd Slurry — Class ▶						
3rd Slurry — Additives ▶						
1st — 20. Slurry pumped: Volume (cu. ft.) ▶			535			
1st — Height (ft.) ▶			3087.9			
2nd — Volume (cu. ft.) ▶			162			
2nd — Height (ft.) ▶			935			
3rd — Volume (cu. ft.) ▶						
3rd — Height (ft.) ▶						
Total — Volume (cu. ft.) ▶			697			
Total — Height (ft.) ▶			4022.9			
21. Was cement circulated to ground surface (or bottom of cellar) outside casing?			Yes			

22. Remarks

OVER ▶

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

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

Jim Evans, Cementer — Name and title of cementer's representative
Halliburton Services — Cementing Company
Jim Evans — Signature

P.O. Box 688 — Address
Caldwell, Tx. 77836 — City, State, Zip Code
409/567-4674 — Tel.: Area Code Number
May 23, 1988 — Date: mo. day yr.

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

D.A. McCRARY — Typed or printed name of operator's representative
PARTNER — Title
D.A. McCrary — Signature

P.O. Box 156 — Address
CALVERT TX 77837 — City, State, Zip Code
409-364-2892 — Tel.: Area Code Number
6 28 88 — Date: mo. day yr.

Instructions to Form W-15, Cementing Report

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

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

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

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

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

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

E. **Exceptions and alternative casing programs.** The District Director may grant an exception to the requirements of Statewide Rule 13. In a written application, an operator must state the reason for the requested exception and outline an alternate program for casing and cementing through the protection depth for strata containing usable-quality water. The District Director may approve, modify, or reject a proposed program. **An operator must obtain approval of any exception before beginning casing and cementing operations.**

F. **Intermediate and production casing.** For specific technical requirements, operators should consult Statewide Rule 13 (b) (3) and (4).

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

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

MF-92713 (18)
App. to drill well # 1
Comp. Report

18. MF-92713

126' W/ Brazos River Tract 3-A M-92713

14

AA
4-6-88

▶ Return each W-1 with plat and $100.00 fee. Make a check or money order payable to the State Treasurer of Texas. Address to: Railroad Commission of Texas, Oil and Gas Division, Drilling Permits, P. O. Drawer 12967, Capitol Station, Austin, Texas 78711
▶ File a copy of W-1 and plat in RRC District Office

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division
Application for Permit to Drill, Deepen, Plug Back, or Re-Enter

▶ Read Instructions on Back

Form W-1
Rev. 9-1/83
483-060

Purpose of filing (mark appropriate boxes): [X] Drill [ ] Deepen (below casing) [ ] Deepen (within casing) [ ] Plug Back [ ] Re-Enter [ ] Directional Well [ ] Sidetrack [ ] Amended Permit (enter permit no. at right & explain fully in Remarks)

Enter here, if assigned: API No. ▶ 42- 331-33199; Permit No. ▶ 344506; Rule 37 Case No. ▶

1. Operator's Name (exactly as shown on Form P-5, Organization Report): McCRARY OIL COMPANY
3. RRC Operator No.: 543540
4. RRC District No.: 05
5. County of Well Site: MILAM
2. Address (including city and zip code): Box 156, CALVERT, TX. 77837
OK TGX Dm 3/28/88
995366
6. Lease Name (32 spaces maximum): McCRARY-BARNES
7. RRC Lease/ID No.:
8. Well No.: 2
9. Total Depth: 2000
10. Location: • Section ____ Block ____ Survey Niles F. Smith Abstract No. A-58
• This well is to be located 7 miles in a WEST direction from CALVERT which is the nearest town in the county of the well site.

11. Distance from proposed location to nearest lease or unit line: 233.5 ft.
12. Number of contiguous acres in lease, pooled unit, or unitized tract: 20 (OUTLINE ON PLAT.)

Permit Granted 3/28/88 Charlotte

13. FIELD NAME (Exactly as shown on RRC proration schedule). List all established and wildcat zones of anticipated completion. Attach additional Form W-1 is as needed to list these zones. One zone per line.	14. Completion depth	15. Spacing pattern (ft.)	16. Density pattern (acres)	17. Number of acres in drilling unit for this well. OUTLINE ON PLAT.	18. Is this acreage assigned to any other well on this lease in this reservoir? If so, explain in Remarks.	19. Distance from proposed location to nearest applied for, permitted, or completed well, this lease & reservoir. (ft.)	20. Oil, gas, or other type well (Specify)	21. No. of applied for, permitted, or completed locations (including this one) on lease in this reservoir. OIL	GAS
CALVERT FIELD 1492200	2000	233/467	10	10	No	467	OIL	2	

Code C Code A467

RECEIVED R.R.C. OF TEXAS MAR 28 1988 AUSTIN, TEXAS

22. Perpendicular surface location from two nearest designated lines: • Lease/Unit 349.9 FWL & 233.5 FNL • Survey/Section ~~288.5 FSL~~ 126 FE(RIVER) L
If a directional well, show also projected bottom-hole location: • Lease/Unit ____ • Survey/Section ____

23. Is this a pooled unit? Yes [X] ▶ (Attach Form P-12 and certified plat.) No [ ]
2047 F Ext. SEL
24. Is Item 17 less than Item 16 (substandard acreage for any field applied for)? Yes [ ] ▶ (Attach Form W-1A) No [X]

25. Is this wellbore subject to Statewide Rule 36 (hydrogen sulfide area)? Yes [ ] No [X]
If subject to Rule 36, is Form H-9 filed? Yes [ ] No [ ] ▶ If not filed, explain in Remarks.

26. Do you have the right to develop the minerals under any right-of-way that crosses, or is contiguous to, this tract? Yes [X] No [ ]
If not, and if the well requires a Rule 37 or 38 exception, see Instructions for Rule 37.

Remarks: P-12 attached

I certify that information stated in this application is true and complete, to the best of my knowledge.
Signature: Kenny Pitts
Name and title of operator's representative: KENNY PITTS-LANDMAN
Date: MARCH 28 1988 (mo. day yr.)
Tel.: Area Code Number: 409-327-4260

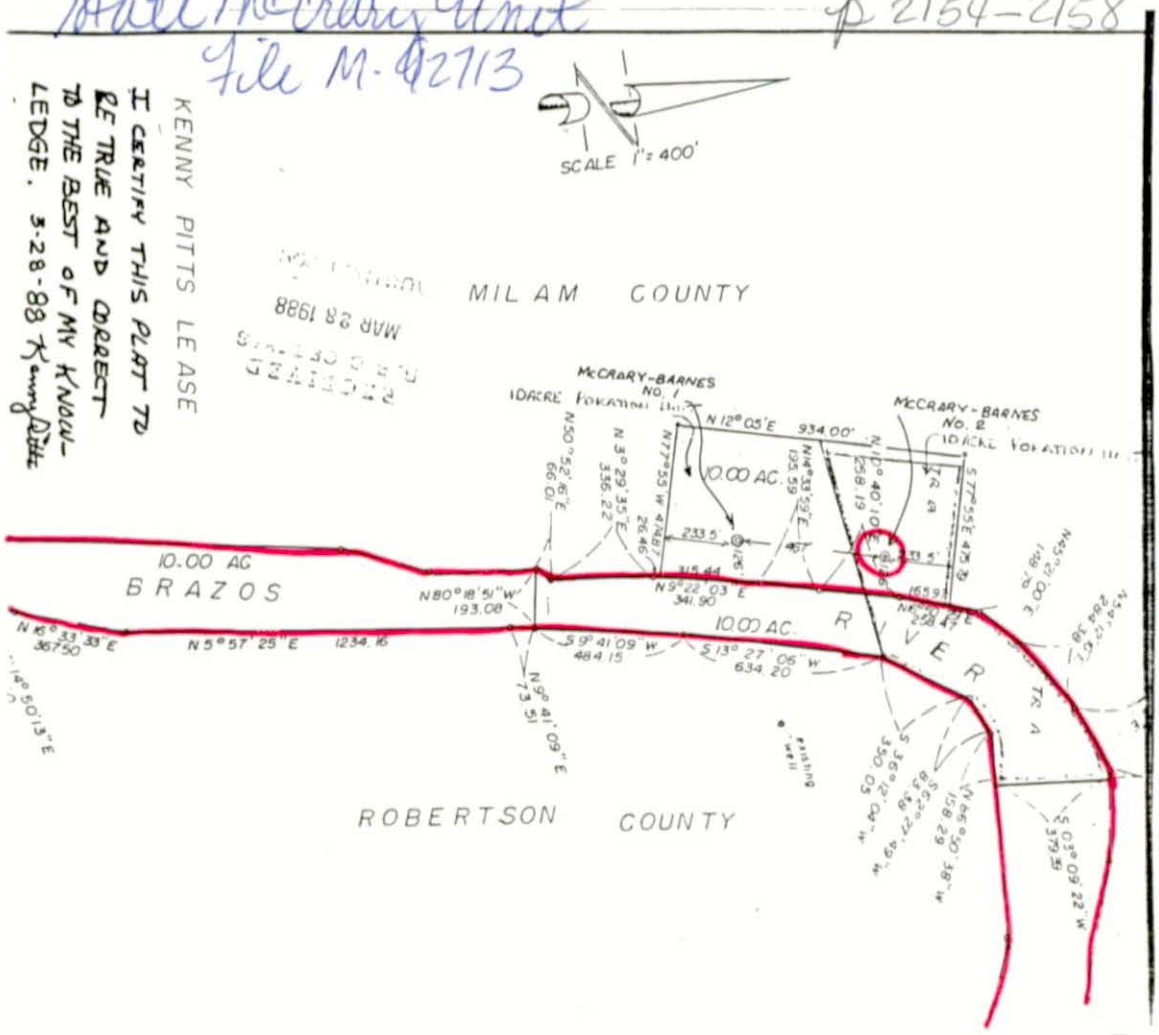
• RRC Use Only •
D-15677 344506

Statewide PLAT SERVICE P. O. DRAWER 1887, AUSTIN, TEXAS 78767

Kenny Pitts

4-1-88

State McCrary Unit
File M-92713
p 2154-2158



SCALE OF MAP

1 inch = 500 feet
1 inch = 4,000 feet
1 inch = 3,000 feet
1 inch = 2,000 feet
1 inch = 1,000 feet

19. M-92713

APPLICATION TO DRILL WELL #2

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

Form W-12
(1-1-71)

INCLINATION REPORT
(One Copy Must Be Filed With Each Completion Report.)

1. FIELD NAME (as per RRC Records or Wildcat): CALVERT	2. LEASE NAME: STATE - McCRARY UNIT (McCrary - Barnes #2)
3. OPERATOR: McCrary Oil	4. ADDRESS: P.O. Box 156 CALVERT, TX 77837
5. LOCATION (Section, Block, and Survey): NILES F. SMITH AB. 58	6. RRC District: 5
7. RRC Lease Number. (Oil completions only)	
8. Well Number: 2	
9. RRC Identification Number (Gas completions only)	
10. County: MILAM	

RECORD OF INCLINATION

*11. Measured Depth (feet)	12. Course Length (Hundreds of feet)	*13. Angle of Inclination (Degrees)	14. Displacement per Hundred Feet (Sine of Angle X100)	15. Course Displacement (feet)	16. Accumulative Displacement (feet)
300	300	1/4	.44	1.32	1.32
780	480	1/4	.44	2.11	3.43
1260	480	1/2	.87	4.18	7.61
1980	720	3/4	1.31	9.43	17.04
2300	320	1	1.75	5.60	22.64

COPY

If additional space is needed, use the reverse side of this form.

17. Is any information shown on the reverse side of this form? ☐ yes ☒ no
18. Accumulative total displacement of well bore at total depth of 2300 feet = 22.64 feet.
*19. Inclination measurements were made in – ☐ Tubing ☐ Casing ☐ Open hole ☐ Drill Pipe
20. Distance from surface location of well to the nearest lease line _____ feet.
21. Minimum distance to lease line as prescribed by field rules _____ feet.
22. Was the subject well at any time intentionally deviated from the vertical in any manner whatsoever? _____
(If the answer to the above question is "yes", attach written explanation of the circumstances.)

INCLINATION DATA CERTIFICATION

I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have personal knowledge of the inclination data and facts placed on both sides of this form and that such data and facts are true, correct, and complete to the best of my knowledge. This certification covers all data as indicated by asterisks (*) by the item numbers on this form.

Dean Barnes
Signature of Authorized Representative

Dean Barnes Owner
Name of Person and Title (type or print)

Barnes & Sons Drilling
Name of Company

Telephone: 214 729-1509
Area Code

OPERATOR CERTIFICATION

I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have personal knowledge of all information presented in this report, and that all data presented on both sides of this form are true, correct, and complete to the best of my knowledge. This certification covers all data and information presented herein except inclination data as indicated by asterisks (*) by the item numbers on this form.

D A McCrary
Signature of Authorized Representative

D.A. McCRARY PARTNER
Name of Person and Title (type or print)

McCRARY OIL CO.
Operator

Telephone: 409 364 2892
Area Code

Railroad Commission Use Only:

Approved By: _____ Title: _____ Date: _____

* Designates items certified by company that conducted the inclination surveys.

20. M-92713

COMP. REPORT WELL # 2

W-12

Type or print only

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

Form W-2
Rev. 4/1/83
483-046

API No. 42- 331-33199

7. RRC District No. 5

Oil Well Potential Test, Completion or Recompletion Report, and Log

8. RRC Lease No. N/A

1. FIELD NAME (as per RRC Records or Wildcat): CALVERT
2. LEASE NAME: STATE MCCRARY UNIT(McCrary-Barnes)
9. Well No. 2
3. OPERATOR'S NAME (Exactly as shown on Form P-5, Organization Report): McCrary Oil Company
RRC Operator No. 543540
10. County of well site: Milam
4. ADDRESS: P. O. Box 156, Calvert, TX 77837
11. Purpose of filing: Initial Potential [X] Retest [ ] Reclass [ ] Well record only (explain in Remarks) [ ]
5. If Operator has changed within last 60 days, name former operator
6a. Location (Section, Block, and Survey): Niles F. Smith Survey-Ab.58
6b. Distance and direction to nearest town in this county: 7 miles West of Calvert
12. If workover or reclass, give former field (with reservoir) or gas ID or oil lease no.
FIELD or RESERVOIR | GAS ID or OIL LEASE # | Oil - O Gas - G | WELL NO.
13. Type of electric or other log run: Dual Induction
14. Completion or recompletion date: June 15, 1988

COPY

SECTION I: POTENTIAL TEST DATA IMPORTANT: Test should be for 24 hours unless otherwise specified in field rules.

15. Date of test: 6-26-88
16. No. of hours tested: 24
17. Production method (Flowing, Gas Lift, Jetting, Pumping—Size & Type of pump): Pumping
18. Choke size: N/A

	Oil - BBLS	Gas — MCF	Water - BBLS	Gas - Oil Ratio	Flowing Tubing Pressure
19. Production during Test Period ▶	26 BBL	49	0	1.88	N/A PSI
	Oil - BBLS	Gas — MCF	Water — BBLS	Oil Gravity—API—60°	Casing Pressure
20. Calculated 24-Hour Rate ▶	26 BBL	49	0	39	N/A PSI

21. Was swab used during this test? Yes [ ] No [X]
22. Oil produced prior to test (New & Reworked wells): 210 bbls
23. Injection Gas—Oil Ratio: DNA

REMARKS:

COPY

INSTRUCTIONS: File an original and one copy of the completed Form W-2 in the appropriate RRC District Office within 30 days after completing a well and within 10 days after a potential test. If an operator does not properly report the results of a potential test within the 10-day period, the effective date of the allowable assigned to the well will not extend back more than 10 days before the W-2 was received in the District Office. (Statewide Rules 16 and 51) To report a completion or recompletion, fill in both sides of this form. To report a retest, fill in only the front side.

WELL TESTER'S CERTIFICATION
I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I conducted or supervised this test by observation of (a) meter readings or (b) the top and bottom gauges of each tank into which production was run during the test. I further certify that the potential test data shown above is true, correct, and complete, to the best of my knowledge.

D A McCrary — Signature: Well Tester
McCrary Oil Company — Name of Company
RRC Representative

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

Jon A. Hittman — Typed or printed name of operator's representative
Agent — Title of Person
(409) 364-2892 — Telephone: Area Code Number
6/28/88 — Date: mo. day year
Jon A. Hittman — Signature

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

24. Type of Completion: New Well [X] Deepening [ ] Plug Back [ ] Other [ ]

25. Permit to Drill, Plug Back or Deepen — DATE 3/28/88 — PERMIT NO. 344506

Rule 37 Exception — CASE NO.

Water Injection Permit — PERMIT NO.

Salt Water Disposal Permit — PERMIT NO.

Other — PERMIT NO.

26. Notice of Intention to Drill this well was filed in Name of: McCrary Oil Co.

27. Number of producing wells on this lease in this field (reservoir) including this well: 1

28. Total number of acres in this lease: 50

29. Date Plug Back, Deepening, WorkOver or Drilling Operations: Commenced 5/8/88 Completed 5/12/88

30. Distance to nearest well, Same Lease & Reservoir: 467'

31. Location of well, relative to nearest lease boundaries of lease on which this well is located: 349.9 Feet From West Line and 233.5 Feet from North Line of the State McCrary Unit Lease

32. Elevation (DF, RKB, RT, GR, ETC.): N/A

33. Was directional survey made other than inclination (Form W—12)? [ ] Yes [X] No

34. Top of Pay: 2154

35. Total Depth: 2330

36. P. B. Depth: DNA

37. Surface Casing Determined by: Field Rules [ ] Recommendation of T.D.W.R. [X] Dt. of Letter 5/8/88; Railroad Commission (Special) [ ] Dt. of Letter

38. Is well multiple completion? NO

39. If multiple completion, list all reservoir names (completions in this well) and Oil Lease or Gas ID No.

FIELD & RESERVOIR	GAS ID or OIL LEASE #	Oil—O Gas—G	WELL #

40. Intervals Drilled by: Rotary Tools 0-TD; Cable Tools

41. Name of Drilling Contractor: Barnes & Sons

42. Is Cementing Affidavit Attached? [X] Yes [ ] No

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

CASING SIZE	WT #/FT.	DEPTH SET	MULTISTAGE TOOL DEPTH	TYPE & AMOUNT CEMENT (sacks)	HOLE SIZE	TOP OF CEMENT	SLURRY VOL. cu. ft.
4 1/2	10.50	2320	DNA	385 Std	7 7/8	surf	707

44. LINER RECORD

Size	TOP	Bottom	Sacks Cement	Screen

45. TUBING RECORD

Size	Depth Set	Packer Set
2 3/8	2120	

46. Producing Interval (this completion) indicate depth of perforation or open hole

From	To
2154	2158

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

Depth Interval	Amount and Kind of Material Used

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

Formations	Depth	Formations	Depth
Wilcox	0-910		
Calvert Sand	2154-2158		

REMARKS

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

Form W-15
Cementing Report
Rev. 4/1/83
483-045

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

1. Operator's Name (As shown on Form P-5, Organization Report)	2. RRC Operator No.	3. RRC District No.	4. County of Well Site
McCrary Oil Company	543540	5	Robertson

5. Field Name (Wildcat or exactly as shown on RRC records)	6. API No.	7. Drilling Permit No.
CALVERT	42-331-35199	344506

8. Lease Name	9. Rule 37 Case No.	10. Oil Lease/Gas ID No.	11. Well No.
STAE McCRARY UNIT (McCrary-Barnes)			2

CASING CEMENTING DATA:		SURFACE CASING	INTER-MEDIATE CASING	PRODUCTION CASING		MULTI-STAGE CEMENTING PROCESS	
				Single String	Multiple Parallel Strings	Tool	Shoe
12. Cementing Date				5-12-88			
13. •Drilled hole size				7 7/8			
•Est. % wash or hole enlargement							
14. Size of casing (in. O.D.)				4 1/2			
15. Top of liner (ft.)							
16. Setting depth (ft.)				2295			
17. Number of centralizers used				6			
18. Hrs. waiting on cement before drill-out							
1st Slurry	19. API cement used: No. of sacks ▶			250			
	Class ▶			Standard			
	Additives ▶			10% Gel,3% Salt,1/4#/sk Flocele			
2nd Slurry	No. of sacks ▶			135			
	Class ▶			Premium			
	Additives ▶			10% Salt			
3rd Slurry	No. of sacks ▶						
	Class ▶						
	Additives ▶						
1st	20. Slurry pumped: Volume (cu. ft.) ▶			545			
	Height (ft.) ▶			2391			
2nd	Volume (cu. ft.) ▶			162			
	Height (ft.) ▶			710			
3rd	Volume (cu. ft.) ▶						
	Height (ft.) ▶						
Total	Volume (cu. ft.) ▶			707			
	Height (ft.) ▶			3101			
21. Was cement circulated to ground surface (or bottom of cellar) outside casing?				Yes			

22. Remarks

COPY

OVER ▶

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

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

Jenny Loehr, Sr. Clerk for L. Murph — Name and title of cementer's representative
Halliburton Services — Cementing Company
Jenny Loehr — Signature

P.O. Box 688 — Address
Caldwell, Texas 77836 — City, State, Zip Code
409/567-4674 — Tel.: Area Code Number
June 2, 1988 — Date: mo. day yr.

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

D.A. McCRARY — Typed or printed name of operator's representative
PARTNER — Title
D. A. McCrary — Signature

P.O. Box 156 — Address
CALVERT TX 77837 — City, State, Zip Code
409-364-2892 — Tel.: Area Code Number
6 28 88 — Date: mo. day yr.

Instructions to Form W-15, Cementing Report

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

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

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

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

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

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

E. **Exceptions and alternative casing programs.** The District Director may grant an exception to the requirements of Statewide Rule 13. In a written application, an operator must state the reason for the requested exception and outline an alternate program for casing and cementing through the protection depth for strata containing usable-quality water. The District Director may approve, modify, or reject a proposed program. **An operator must obtain approval of any exception before beginning casing and cementing operations.**

F. **Intermediate and production casing.** For specific technical requirements, operators should consult Statewide Rule 13 (b) (3) and (4).

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

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

Type or print only

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

Form W-2
Rev. 4/1/83
483-046

API No. 42- 331-33199

7. RRC District No. 5

Oil Well Potential Test, Completion or Recompletion Report, and Log

8. RRC Lease No. N/A

1. FIELD NAME (as per RRC Records or Wildcat): CALVERT
2. LEASE NAME: STATE MCCRARY UNIT(McCrary-Barnes)
9. Well No. 2
3. OPERATOR'S NAME (Exactly as shown on Form P-5, Organization Report): McCrary Oil Company
RRC Operator No. 543540
10. County of well site: Milam
4. ADDRESS: P. O. Box 156, Calvert, TX 77837
11. Purpose of filing
Initial Potential [X]
Retest [ ]
Reclass [ ]
Well record only (explain in Remarks) [ ]
5. If Operator has changed within last 60 days, name former operator
6a. Location (Section, Block, and Survey): Niles F. Smith Survey-Ab.58
6b. Distance and direction to nearest town in this county: 7 miles West of Calvert
12. If workover or reclass, give former field (with reservoir) & gas ID or oil lease no.
FIELD & RESERVOIR | GAS ID or OIL LEASE # | Oil - O Gas - G | WELL NO.
13. Type of electric or other log run: Dual Induction
14. Completion or recompletion date: June 15, 1988

SECTION I: POTENTIAL TEST DATA IMPORTANT: Test should be for 24 hours unless otherwise specified in field rules.

15. Date of test	16. No. of hours tested	17. Production method (Flowing, Gas Lift, Jetting, Pumping—Size & Type of pump)	18. Choke size
6-26-88	24	Pumping	N/A

	Oil - BBLS	Gas — MCF	Water - BBLS	Gas - Oil Ratio	Flowing Tubing Pressure
19. Production during Test Period ▶	26 BBL	49	0	1.88	N/A PSI
	Oil - BBLS	Gas — MCF	Water — BBLS	Oil Gravity—API—60°	Casing Pressure
20. Calculated 24-Hour Rate ▶	26 BBL	49	0	39	N/A PSI

21. Was swab used during this test? Yes [ ] No [X]
22. Oil produced prior to test (New & Reworked wells): 210 bbls
23. Injection Gas—Oil Ratio: DNA

REMARKS:

INSTRUCTIONS: File an original and one copy of the completed Form W-2 in the appropriate RRC District Office within 30 days after completing a well and within 10 days after a potential test. If an operator does not properly report the results of a potential test within the 10-day period, the effective date of the allowable assigned to the well will not extend back more than 10 days before the W-2 was received in the District Office. (Statewide Rules 16 and 51) To report a completion or recompletion, fill in both sides of this form. To report a retest, fill in only the front side.

WELL TESTER'S CERTIFICATION
I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I conducted or supervised this test by observation of (a) meter readings or (b) the top and bottom gauges of each tank into which production was run during the test. I further certify that the potential test data shown above is true, correct, and complete, to the best of my knowledge.

D A McCrary — Signature: Well Tester
McCrary Oil Company — Name of Company
RRC Representative

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

Jon A. Hittman — Typed or printed name of operator's representative
Agent — Title of Person
(409) 364-2892 — Telephone: Area Code Number
6/ 28/ 88 — Date: mo. day year
Jon A. Hittman — Signature

20 M-92713

COMP. REPORT WELL # 2

W-2

Texas General Land Office

David Dewhurst
Commissioner

May 27, 1999

Genesis Crude Oil, LP
ATTN: Marion Wheeler
500 Dallas, Suite 2500
Houston, TX 77002

Lease Name:	McCrary State Unit
Mineral File No.:	M-092713
County in Texas:	Milam
Operator:	McCrary Oil. Co.

Dear Sir or Madam:

We have received the division order submitted by your company for the above referenced lease and added it to our files. Please be sure to reference the mineral file number on all future royalty payments, reports and correspondence concerning the leases.

The payment of royalties to the State of Texas is set by statute. As the execution of the division order may in some cases affect the payments of such royalties, it is not the policy of this office to execute them. Insofar as allowed by law, the Texas General Land Office is acquiescent in the sale of oil and gas under the terms and conditions set out in the lease.

If you should have any questions, please feel free to call me at (512) 463-5407.

Sincerely,

Donna L. Smith
Energy Resources

Enclosures

Stephen F. Austin Building

1700 North
Congress Avenue

Austin, Texas
78701-1495

512-463-5001

GENESIS
CRUDE OIL, L.P.

March 25, 1999

409-364-2892
Calvert 77837
M-92713

TO ALL OWNERS OF INTEREST

McCrary Oil Co PO Box 1818

Re: 55030 - State McCrary Unit
Milam County, Texas

Dear Owner:

We are pleased to advise that effective March 1, 1999 Genesis Crude Oil, L.P. was designated purchaser of oil sold from the referenced lease.

Enclosed are two copies of the division order reflecting your interest. If you are in agreement with the division order, please sign before two disinterested witnesses (or attest), insert your social security number (or applicable tax identification number), and verify your mailing address. Please make any changes on the front of the division order to avoid being overlooked. Return the signed copy, retaining the extra copy for your records. There is a self-addressed envelope enclosed for your convenience.

Should you have any questions please do not hesitate to contact this office. Thank you for your cooperation in this matter.

Very truly yours,

Marlene Shaw

Marion Wheeler
Sr. Division Order Analyst
(713) 860-2566

kms

Enclosure

DIVISION ORDER

Lease No. 55030000

To Genesis Crude Oil, L.P.
Gathering Division
500 Dallas Suite 2500
Houston, Texas 77002

DATE MARCH 25, 1999

Each of the undersigned severally and not jointly certifies it is the legal owner of the interest set out below of all the produced from the MCCRARY OIL COMPANY - STATE MCCRARY UNIT

property, located in MILAM County/Parish, State of TEXAS more particularly described as follows:

ALL THAT CERTAIN TRACT OR PARCEL OF LAND LYING & BEING SITUATED OUT OF AND A PART OF THE NILES F SMITH SURVEY, A-58, & FURTHER BEING OUT OF THOSE TRACTS TOTALING 625.5 ACRES DESCRIBED IN A DEED TO DOUGLAS A MCCRARY, VOL 299, PG 254 OF DEED RECORDS, MILAM COUNTY, TEXAS. LIMITED TO PRODUCTION FROM THE SURFACE DOWN TO 2500' UNDERLYING THE SURFACE BOUNDARIES OF THE POOLED UNIT.

STATE LEASE M-92713

Effective 7 a.m. MARCH 01, 1999 and until further wirtten notice, subject to the conditions, covenants and directions hereof, Genesis Crude Oil, L.P. (Payor), its successors and assigns, are authorized to receive and purchase such oil and to give credit to the following:

OWNER NO.	LEASE NO.	INTEREST	CREDIT TO NAME AND ADDRESS
10974 R	55030000	.12500000	THE STATE OF TEXAS COMMISSIONER OF THE GENERAL LAND OFFICE 1700 NORTH CONGRESS AVENUE AUSTIN, TX. 78701
MF-92713			
			FOR DIVISION OF INTEREST SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF.

THIS AGREEMENT DOES NOT AMEND ANY LEASE OR OPERATING AGREEMENT BETWEEN THE INTEREST OWNERS AND THE LESSEE OR OPERATOR OR ANY OTHER CONTRACTS FOR THE PURCHASE OF OIL.

The following provisions apply to each interest owner (Owner) who excutes this agreement:

TERMS OF SALE: The undersigned will be paid in accordance with the division of interests set out above. The payor shall pay all parties at the price agreed to by the operator for oil to be sold pursuant to this division order. Purchaser shall compute quantity and make corrections for gravity and temperature and make deduction for impurities.

PAYMENT: From the effective date, payment is to be made monthly by payor's check, based on this division of interest, for oil run during the preceding calendar month from the property listed above, less taxes required by law to be deducted and remitted by the payor as purchaser.Payments of less than $25.00 may be accrued before disbursement until the total amount equals $25.00 or more, or before December 31 of each year, whichever occurs first. Payee agrees to refund to payor any amounts attributable to an interest or part of an interest that payee does not own.

INDEMNITY: Owner agrees to indemnify and hold payor harmless from all liability resulting from payments made to the owner in accordance with such division of interest, including but not limited to attorney fees or judgments in connection with any suit that affects owner's interest to which payor is made a party.

DISPUTE: WITHHOLDING OF FUNDS: If a suit is filed that affects the interest of owner, written notice shall be given to payor by the owner together with a copy of the complaint or petition filed. In the event of a claim or dispute that affects title to the division of interest credited herein, payor is authorized to withhold payments accuring to such interest, without interest unless otherwise required by applicable statute, until the claim or dispute is settled.

TERMINATION: Termination of the agreement is effective on the first day of the month that begins after the 30th day after the date written notice of termination is received by either party.

NOTICES: Owner agrees to notify payor in writing of any change in the division of interest, including changes of interest contingent on payment of money or expiration of time. No change of interest is binding on payor until a copy of the recorded instrument of change or documents satisfactorily evidencing such change are furnished to payor. Any change of interest shall be made effective on the first day of the month following receipt of such notice by payor. Any correspondence regarding this agreement shall be furnished to the addressses listed unles otherwise advised by either party.

IMPORTANT: NO PAYMENT WILL BE MADE UNTIL GENESIS CRUDE OIL, L.P. HAS YOUR SOCIAL SECURITY/TAX I.D. NUMBER .

WITNESSES: ATTEST:	SIGNATURE OF OWNER: THE STATE OF TEXAS	OWNER'S SOCIAL SECURITY OR IRS TAX ACCOUNT NUMBER
X	BY:	X
	FOR YOUR RECORDS NOT TO BE RETURNED	

Is your signature witnessed? Is your correct address shown? Include Zip Code

LEASE NUMBER : 55030000
LEASE NAME : STATE MCCRARY UNIT
LOCATION : MILAM TX

OWNER NO.		INTEREST		CREDIT TO		
**	10974	0.12500000	R	THE STATE OF TEXAS COMMISSIONER OF THE GENERAL LAND OFFICE 1700 NORTH CONGRESS AVENUE AUSTIN	TX	78701
	B9596	0.03125000	R	WENDY I BRECK P O BOX 156 CALVERT	TX	77837
**	B9598	0.03125000	R	DOUGLAS A MCCRARY FAMILY TRUST MARINE MIDLAND BANK, TRUSTEE		
	B9599	0.06250000	O	MCCRARY OIL COMPANY P O BOX 156 CALVERT	TX	77837
	B9600	0.75000000	W	MCCRARY-BARNES P O BOX 156 CALVERT	TX	77837
		1.00000000				

23
MF# 092713
D.O. & Rtn Ltr
5/27/99
dl Smith

Calendar
Note
6-12-12 to
CK if #2 Well still prod
RRC only one P&A request

Opr → McCrary Oil Company, Inc.
P. O. BOX 156
CALVERT, TEXAS 77837
(979) 364-2892
979-364-2714 Fax

MF 692713
Unit 1939

Note Globex to Termin
Globase
Term eff 6-1-12

Last Rev 5/11
Last Prod 3/12
6-7-12 from Harried

May 31, 2012

Still prod
No plugging approved on RRC

Texas General land Office
1700 North Congress
Austin, Texas 78701

McCrary
State McCrary Unit

05

Dear Sir:

We have plugged State Well # 1 and State Well #2 on lease number 03249. 331-33199
Attached is the RRC # W-3A, the Ground Water Protection Determination, the GlO-1 and the royalty check.

The State Lease is now void of all production.

Milam County & Robertson Co } River

Please feel free to call if there are questions.

Yours Truly,

Nancy R Bell

Nancy R. Bell
Vice President

Plugged on March 13th 2012

Well Hist

St McCr Unit	Milam	331-00081	
		33199 #2	05-03249
		331984 1	W3 Approved 4/12
		331-00080 NOF	

Last Prod 3/12 11 bbls

Just outside Unit NOF

24

File No. MF092713
Ltr from McCrary Oil Co

Date Filed: 5-31-12
Jerry Patterson, Commissioner
By Carl Bonn

McCrary Oil Company, Inc.
P. O. BOX 156
CALVERT, TEXAS 77837
(979) 364-2892
979-364-2714 Fax

May 31, 2012

Texas General land Office
1700 North Congress
Austin, Texas 78701

MF 092713

Dear Sir:

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The State Lease is now void of all production.

Please feel free to call if there are questions.

Yours Truly,

Nancy R Bell

Nancy R. Bell
Vice President

Plugged on March 13th 2012

25.

File No. MF 092713
Notice of well plugged

Date Filed: 5/31/12
Jerry E. Patterson, Commissioner

By SSD