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UNION PACIFIC RESOURCES

UNIT # 2202 9.63 AC.
P.O.U. 30.37 AC.

STATE LEASE - UPLANDS M-94906

COUNTY (CODE) : BURLESON (26)
SURVEY : B.C.I.D. NO. 1
BLOCK : _____
TOWNSHIP : _____
SECTION : 3
PART : SEE LEASE
ACRES : 40.00 9.63
DEPTH LIMITS : _____
BASE FILE (S) : 154557
CONTROL NO. (S) : 04-10287-3

LESSEE : Union Pacific Resources Co.
DATE : 4/7/92
PRIMARY TERM : 3 years
BONUS : \$20,280.00
ROYALTY : *
RENTALS : \$5.00

Legal _____

Mental MS

Min. A/c _____

Min. Map. JA

Pass To:

Partial Release 8/22/95 MS.

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Garry Mauro
Commissioner
General Land Office

Date
3/31/92



MINERAL LEASE BID APPLICATION
Texas General Land Office ED - 01(2-88) Rev. 2

APPLICANT
AGREEMENT

I agree, if awarded a lease on the referenced tract, to comply with all terms and conditions of said lease and with all applicable laws that so govern said lease, as those laws may be amended.

APPLICANT
IDENTIFICATION TO
APPEAR ON LEASE

Name Union Pacific Resources Company

Address 801 Cherry Street

Fort Worth Texas 76101 - 6803

Telephone (817) 877-7272

AREA DESCRIPTION

County(ies) Burleson Survey/
Area Wm Raleigh A-47 & Charles Falenash
(If Applicable) A-22

Block/Tsp _____ Section/Tract _____ Acres 40.00
(If Applicable)

BID SUBMISSION

Royalty 25% Rental Per Acre 5.00 Primary Term 3 Yrs.

Cash Bonus Enclosed Twenty thousand Two hundred Eighty & 00/100

(Dollars) \$ 20,280.00 **92038176**

Sales Fee Attached Three hundred four & 20/100

(Dollars) \$ 304.20 **92038177**

This Sales Fee is 1- 1/2% of the cash bonus as provided in Section 32.110 of the Natural Resources Code as amended.

MGL. NO.

15

APPLICANT(S)

Union Pacific Resources Company

BONUS AMOUNT ENCLOSED

(S) 20,280.00

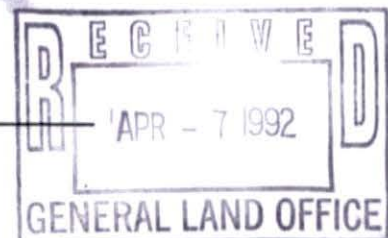
801 Cherry Street , Fort Worth, TX

APPLICANT
TAX I.D. NUMBER

[REDACTED]

SIGNATURE OF
APPLICANT/AGENT

[Signature]



M-94906 (1.)
BID FORM MKR
4-7-92

The State of Texas



Austin, Texas

OIL AND GAS LEASE NO. M-94906

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:

ALL OF THAT LAND OUT OF THE WILLIAM RALEIGH SURVEY, A-47 AND THE CHARLES FALENASH SURVEY, A-22, BURLESON COUNTY, TEXAS, BEING 40.00 ACRES, APPROXIMATELY, AS DESCRIBED BY METES AND BOUNDS IN DEEDS TO THE BURLESON COUNTY IMPROVEMENT DISTRICT NO. 1, OF RECORD IN VOLUME 31, PAGE 510, VOLUME 31, PAGE 512, VOLUME 31, PAGE 514, VOLUME 31, PAGE 515, VOLUME 31, PAGE 516, VOLUME 31, PAGE 518, AND VOLUME 40, PAGE 101, DEED RECORDS OF BURLESON COUNTY, TEXAS, SUBJECT TO A CURRENT SURVEY,

was, after being duly advertised, offered for lease on the 7th day of April, 1992, 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 7th day of April, 1992, and it was found and determined that Union Pacific Resources Company whose address is 801 Cherry Street, Fort Worth, Texas 76101 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 Twenty Thousand Two Hundred Eighty and No/100 Dollars (\$20,280.00), receipt of which is hereby acknowledged and of the royalties, covenants, stipulations and conditions contained and hereby agreed to be paid, observed and performed by Lessee, do hereby demise, grant, lease and let unto the above mentioned bidder the exclusive right to prospect for, produce and take oil and/or gas from the aforesaid area upon the following terms and conditions, to-wit:

1. **RESERVATION:** There is hereby excepted and reserved to Lessor the full use of the property covered hereby and all rights with respect to the surface and subsurface thereof for any and all purposes except those granted and to the extent herein granted to Lessee, together with the rights of ingress and egress and use of said lands by Lessor and its mineral lessees, for purposes of exploring for and producing the minerals which are not covered, or which may not be covered in the future, under the terms of this lease, but which may be located within the surface boundaries of the leased area. All of the rights in and to the leased premises retained by Lessor and all of the rights in and to the leased premises granted to Lessee herein shall be exercised in such a manner that neither shall unduly interfere with the operations of the other.

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

3. **DELAY RENTALS:** If no well be commenced on the land hereby leased on or before the anniversary date of this lease, this lease shall terminate as to both parties unless the Lessee on or before said date shall pay or tender to the Commissioner of the General Land Office of the State of Texas at Austin, Texas, the sum of Five 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.

4. **PRODUCTION ROYALTIES:** Subject to the provisions for royalty reductions set out in subparagraph (E) of this paragraph 4, 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, $\frac{1}{4}$ 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) $\frac{1}{4}$ part of the gross production or the market value thereof, at the option of the Lessor, such value to be based on the highest market price paid or offered for gas of comparable quality in the general area where produced and when run, or the gross price paid or offered to the producer, whichever is greater provided that the maximum pressure base in measuring the gas under this lease contract shall not at any time exceed 14.65 pounds per square inch absolute, and the standard base temperature shall be sixty (60) degrees Fahrenheit, correction to be made for pressure according to Boyle's Law, and for specific gravity according to test made by the Balance Method or by the most approved method of testing being used by the industry at the time of testing.

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

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

- (1) On the basis of the highest market price of each product, during the same month in which such product is produced, or
- (2) On the basis of the average gross sale price of each product for the same month in which such products are produced; whichever is the greater.

(E) VARIABLE ROYALTY: (i) Subject to the other provisions of this lease, it is hereby provided that in the event production in paying quantities is established pursuant to the terms of this lease and such production is brought on line and sales thereof are commenced within twelve (12) months of the effective date hereof, the royalty rate provided herein shall be reduced to 20%, and shall apply to each subsequent well drilled and produced on the land covered by this lease. Provided that, if during such twelve (12) month term during which Lessee may earn a reduced royalty rate of 20% as herein provided, Lessee should drill in good faith and complete the first well as a dry hole on the land covered by this lease, Lessee may receive a three (3) month extension of the term in which to earn a reduced royalty rate by giving notice to the Commissioner of the General Land Office, commencing drilling operations on an additional well prior to the expiration of such three (3) month period and prosecuting diligently and in good faith the drilling of such additional well and completing same so that production in paying quantities is established and so that such production is brought on line and sales thereof are commenced prior to the expiration of such three (3) month extension period.

(ii) In the event production in paying quantities is established pursuant to the terms of this lease and such production is brought on line and sales thereof are commenced after the expiration of twelve (12) months from the effective date hereof but prior to the expiration of twenty-four (24) months from the effective date hereof, the royalty rate provided herein shall be reduced to 22.5% and shall apply to each subsequent well drilled and produced on the land covered by this lease. Provided that, if during such twelve (12) month term during which Lessee may earn a reduced royalty rate of 22.5% as herein provided, Lessee should drill in good faith and complete the first well as a dry hole on the land covered by this lease, Lessee may receive a three (3) month extension of the term in which to earn a reduced royalty rate by giving notice to the Commissioner of the General Land Office, commencing drilling operations on an additional well prior to the expiration of such three (3) month period and prosecuting diligently and in good faith the drilling of such additional well and completing same so that production in paying quantities is established and so that such production is brought on line and sales thereof are commenced prior to the expiration of such three (3) month extension period.

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

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

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

(I) **MINIMUM ROYALTY:** During any year after the expiration of the primary term of this lease, if this lease is maintained by production, the royalties paid to Lessor in no event shall be less than an amount equal to 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.

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

Payment of royalty on production of oil and gas shall be as provided in the rules set forth in the Texas Register. Rules currently provide that royalty on oil is due and must be received in the General Land Office on or before the 5th day of the second month succeeding the month of production, and royalty on gas is due and must be received in the General Land Office on or before the 15th day of the second month succeeding the month of production, accompanied by the affidavit of the owner, manager or other authorized agent, completed in the form and manner prescribed by the General Land Office and showing the gross amount and disposition of all oil and gas produced and the market value of the oil and gas, together with a copy of all documents, records or reports confirming the gross production, disposition and market value including gas meter readings, pipeline receipts, gas line receipts and other checks or memoranda of amount produced and put into pipelines, tanks, or pools and gas lines or gas storage, and any other reports or records which the General Land Office may require to verify the gross production, disposition and market value. In all cases the authority of a manager or agent to act for the Lessee herein must be filed in the General Land Office. Each royalty payment shall be accompanied by a check stub, schedule, summary or other remittance advice showing by the assigned General Land Office lease number the amount of royalty being paid on each lease. If Lessee pays his royalty on or before thirty (30) days after the royalty payment was due, then Lessee owes a penalty of 5% on the royalty or \$25.00, whichever is greater. A royalty payment which is over thirty (30) days late shall accrue a penalty of 10% of the royalty due or \$25.00 whichever is greater. In addition to a penalty, royalties shall accrue interest at a rate of 12% per year; such interest will begin accruing when the royalty is sixty (60) days overdue. Affidavits and supporting documents which are not filed when due shall incur a penalty in an amount set by the General Land Office administrative rule which is effective on the date when the affidavits or supporting documents were due. The Lessee shall bear all responsibility for paying or causing royalties to be paid as prescribed by the due date provided herein. Payment of the delinquency penalty shall in no way operate to prohibit the State's right of forfeiture as provided by law nor act to postpone the date on which royalties were originally due. The above penalty provisions shall not apply in cases of title dispute as to the State's portion of the royalty or to that portion of the royalty in dispute as to fair market value.

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

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

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

7. **RETAINED ACREAGE:** Notwithstanding any provision of this lease to the contrary, after a well producing or capable of producing oil or gas has been completed on the leased premises, Lessee shall exercise the diligence of a reasonably prudent operator in drilling such additional well or wells as may be reasonably necessary for the proper development of the leased premises and in marketing the production thereon.

(A) **VERTICAL:** In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall then terminate as to all of the leased premises, EXCEPT (1) 40 acres surrounding each oil well capable of producing in paying quantities and 320 acres surrounding each gas well capable of producing in paying quantities (including a shut-in oil or gas well as provided in Paragraph 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.

(B) HORIZONTAL: In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall further terminate as to all depths below 100 feet below the total depth drilled (hereinafter "deeper depths") in each well located on each unit retained in Paragraph 7 (A) above, unless on or before two (2) years after the primary or extended term Lessee pays an amount equal to one-half (1/2) of the bonus originally paid as consideration for this lease (as specified on page 1 hereof). If such amount is paid, this lease shall be in force and effect as to such deeper depths, and said termination shall be delayed for an additional period of two (2) years and so long thereafter as oil or gas is produced in paying quantities from such deeper depths covered by this lease.

(C) IDENTIFICATION AND FILING: The surface acreage retained hereunder as to each well shall, as nearly as practical, be in the form of a square with the well located in the center thereof, or such other shape as may be approved by the School Land Board. Within thirty (30) days after partial termination of this lease as provided herein, Lessee shall execute and record a release or releases containing a satisfactory legal description of the acreage and/or depths not retained hereunder. The recorded release, or a certified copy of same, shall be filed in the General Land Office, accompanied by the filing fee prescribed by the General Land Office rules in effect on the date the release is filed. If Lessee fails or refuses to execute and record such release or releases within ninety (90) days after being requested to do so by the General Land Office, then the Commissioner at his sole discretion may designate by written instrument the acreage and/or depths to be released hereunder and record such instrument at Lessee's expense in the county or counties where the lease is located and in the official records of the General Land Office and such designation shall be binding upon Lessee for all purposes. If at any time after the effective date of the partial termination provisions hereof, the applicable field rules are changed or the well or wells located thereon are reclassified so that less acreage is thereafter allocated to said well or wells for production purposes, this lease shall thereupon terminate as to all acreage not thereafter allocated to said well or wells for production purposes.

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

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

10. 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 thirty (30) days of any cessation of production.

11. 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 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 one thousand (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. (For purposes of determining due dates in accordance with this paragraph, the next succeeding month shall mean the following calendar month, e.g. February shall be considered the month next succeeding the month of January.)

12. 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.

13. 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.

14. 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.

15. 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.

16. 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 filing fee prescribed by the General Land Office rules in effect on the date of receipt by the General Land Office of such transfer or certified copy thereof. Every transferee shall succeed to all rights and be subject to all obligations, liabilities, and penalties owed to the State by the original lessee or any prior transferee of the lease, including any liabilities to the state for unpaid royalties.

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

18. **LIEN:** In accordance with N.R.C. Section 52.136, the State shall have a first lien upon all oil and gas produced from the area covered by this lease to secure payment of all unpaid royalty and other sums of money that may become due under this lease. By acceptance of this lease, Lessee grants the State, in addition to the lien provided by N.R.C. Section 52.136 and any other applicable statutory lien, an express contractual lien on and security interest in all leased minerals in and extracted from the leased premises, all proceeds which may accrue to Lessee from the sale of such leased minerals, whether such proceeds are held by Lessee or by a third party, and all fixtures on and improvements to the leased premises used in connection with the production or processing of such leased minerals in order to secure the payment of all royalties or other amounts due or to become due under this lease and to secure payment of any damages or loss that Lessor may suffer by reason of Lessee's breach of any covenant or condition of this lease, whether express or implied. This lien and security interest may be foreclosed with or without court proceedings in the manner provided in the Title 1, Chapter 9 of the Texas Business and Commerce Code. Lessee agrees that the Commissioner may require Lessee to execute and record such instruments as may be reasonably necessary to acknowledge, attach or perfect this lien. Lessee hereby represents that there are no prior or superior liens arising from and relating to Lessee's activities upon the above-described property or from Lessee's acquisition of this lease. Should the Commissioner at any time determine that this representation is not true, then the Commissioner may declare this lease forfeited as provided herein.

19. **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.

20. **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.

21. **APPLICABLE LAWS AND DRILLING RESTRICTIONS:** This lease shall be subject to all rules and regulations, and amendments thereto, promulgated by the Commissioner of the General Land Office governing drilling and producing operations on Permanent Free School Land, payment of royalties, and auditing procedures, and shall be subject to all other valid statutes, rules, regulations, orders and ordinances that may affect operations under the provisions of this lease. Without limiting the generality of the foregoing, Lessee hereby agrees, by the acceptance of this lease, to be bound by and subject to all statutory and regulatory provisions relating to the General Land Office's audit billing notice and audit hearings procedures. Said provisions are currently found at 31 Texas Administrative Code, Chapter 4, and Texas Natural Resources Code Sections 52.135 and 52.137 through 52.140. In the event this lease covers land franchised or leased or otherwise used by a navigation district or by the United States for the purpose of navigation or other purpose incident to the operation of a port, then Lessee shall not be entitled to enter or possess such land without prior approval as provided under Section 61.117 of the Texas Water Code, but Lessee shall be entitled to develop such land for oil and gas by directional drilling; provided, however, that no surface drilling location may be nearer than 660 feet and special permission from the Commissioner of the General Land Office is necessary to make any surface location nearer than 2,160 feet measured at right angles from the nearest bulkhead line or from the nearest dredged bottom edge of any channel, slip, or turning basin which has been authorized by the United States as a federal project for future construction, whichever is nearer.

22. **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.

23. **FORCE MAJEURE:** Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling operations thereon, or from producing oil and/or gas therefrom, after effort made in good faith, by reason of war, rebellion, riots, strikes, fires, acts of God or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended upon proper and satisfactory proof presented to the Commissioner of the General Land Office in support of Lessee's contention and Lessee shall not be liable for damages for failure to comply therewith (except

in the event of lease operations suspended as provided in the rules and regulations adopted by the School Land Board); and this lease shall be extended while and so long as Lessee is prevented, by any such cause, from drilling, reworking operations or producing oil and/or gas from the leased premises; provided, however, that nothing herein shall be construed to suspend the payment of rentals during the primary or extended term, nor to abridge Lessee's right to a suspension under any applicable statute of this State.


24. **RAILROAD COMMISSION HEARINGS ON GAS:** No natural gas or casinghead gas, including both associated and non-associated 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.

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

26. **REDUCTION OF PAYMENTS:** If, during the primary term, a portion of the land covered by this lease is included within the boundaries of a pooled unit that has been approved by the School Land Board in accordance with Natural Resources Code Sections 52.151-52.153, or if, at any time after the expiration of the primary term or the extended term, this lease covers a lesser number of acres than the total amount described herein, payments that are made on a per acre basis hereunder shall be reduced according to the number of acres pooled, released, surrendered, or otherwise severed, so that payments determined on a per acre basis under the terms of this lease during the primary term shall be calculated based upon the number of acres outside the boundaries of a pooled unit, or, if after the expiration of the primary term, the number of acres actually retained and covered by this lease.

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

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, effective this 7th day of April, 1992.


COMMISSIONER OF THE GENERAL LAND OFFICE
OF THE STATE OF TEXAS

APPROVED

Legal
Geology
Executive



OIL AND GAS LEASE NO. M-94906 ^(2.)

DATE 4-7-92 BY MICK

Garry Mauro
Commissioner
General Land Office



April 22, 1992

Union Pacific Resources Company
801 Cherry Street
Fort Worth, Texas 76101-6803

Attn: Steve Byrom

Gentlemen:

Thank you for your participation in the State of Texas Oil and Gas Lease Sale held on the 7th day of April, 1992. 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:

MGL NO. 15

M-94906

The lease agreement for this marginal number is 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 agreement. Section 6(B) requires operators to submit written notice of all drilling, production, and related activities. More specifically, when a lessee files 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;
Electrical Logs (any scale and within fifteen (15) days after they are made);
Directional Surveys;
P-12, Certificate of Pooling Authority
F-1, NGPA Supplemental Application; and
FERC-121, Application for Determination

When production is secured from this lease(s) it is required that monthly production/royalty reports (GLO Forms 1,1a,2,2a) be submitted to the General Land Office outlining production/disposition activities for the month. If you are not familiar with the required forms and procedures, please call the Royalty Management and Compliance Division of the General Land Office at (512)463-5042 and request the Oil and Gas reports and payments procedures booklet.

Lessees should contact the coding agency of the General Land Office Resource Management Division for updates and any additional information prior to drilling.

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 at (512)463-5022 if you need any assistance in the future, or if you have questions concerning the State lease that you operate.

Sincerely,

Handwritten signature of Garry Mauro in cursive script.
Garry Mauro

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

Union Pacific Resources

LESSOR: ST OF TX M-94906

IF CORRESPONDENCE IS REQUIRED, PLEASE
MAKE REFERENCE TO THE LEASE NUMBER BELOW

121216

LEASE DATE	STATE	COUNTY OR PARISH	RECORDING	FOR PERIOD		ETY.	COMPANY LEASE NUMBER	
				MOS.	BEGINNING			
04/07/92	TX	BURLESON	V204 P63	12	04/07/93	01	TX2	45517

FOR CREDIT TO:

AMOUNT

ST OF TX M-94906
STEPHEN F AUSTIN BLDG

1700 NORTH CONGRESS AVE
AUSTIN TX 78701

K- \$200.00

93038916

121

PLEASE SIGN THE RECEIPT COPY AND RETURN
DETACH STATEMENT BEFORE DEPOSITING

④ M-94906
Rental Payment
3-5-93





2000 POST OAK BOULEVARD / SUITE 100 / HOUSTON, TEXAS 77056-4400

(713) 296-6000

April 27, 1993

*State of Texas
General Land Office
Attn: Mary Ruiz/Lease Administration
Stephen F. Austin Bldg, Rm 640
1700 N. Congress Ave.
Austin, TX 78701-1495*

Dear Ms. Ruiz:

Enclosed for filing is an instrument covering lands in Burtleson County, Texas:

*Partial Assignment of Oil and Gas Leases: State of Texas M-94906 and
State of Texas M-94907 executed 7/22/92, but effective 4/7/92,
between Union Pacific Resources as Assignor and MW Petroleum
Corporation as Assignee. (Lease Nos: 4101146 and 4101147,
Giddings MW Prospect #TX4010) \$100*

*Also, enclosed herewith is our check No. 667550 dated 4/23/93, for \$100 as our full
payment for the filing of the above partial assignment.*

*If you have any questions in regards to the above instrument, please give the
undersigned a call at (713) 296-6267.*

Thank you.

Sincerely,

A handwritten signature in black ink that reads "Prody P. Vong".

*Prody P. Vong
Lease Records Analyst I*

93375state.tx



ONE POST OAK CENTRAL
 2000 POST OAK BOULEVARD
 HOUSTON, TEXAS 77056-4400
 (713) 296-6000

00667550

On behalf of MW PETROLEUM CORPORATION

ACCEPTANCE AND ENDORSEMENT OF ATTACHED CHECK WILL ACKNOWLEDGE PAYMENT IN FULL OF INVOICES LISTED BELOW

INVOICE NUMBER	INV. DATE	DESCRIPTION	INVOICE GROSS AMOUNT	DISCOUNTS	NET AMOUNT
041993	04-19-93		100.00	.00	100.00

041993

129

RECEIVED
 APR 30 1993
 ENERGY RESOURCES

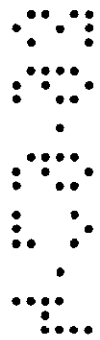
93050801

AMOUNT OF CHECK ATTACHED 

~~100.00~~

⑤

MF 94906
ITEM LV
TO _____
FROM Arabe Oil Corp.
DATE 4-29-93



#9.00

4101146 and 4101147
TX4010

1007

Partial Assignment of Oil and Gas Lease

KNOW ALL MEN BY THESE PRESENTS:

For and in consideration of the sum of One Dollar (\$1.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Union Pacific Resources Company, with an office at P. O. Box 7, Fort Worth, Texas 76101, sometimes hereinafter referred to as "Assignor," does hereby grant, sell, assign, transfer, convey, and deliver unto MW Petroleum Corporation, with an office at 1500 City West Blvd, Suite 400, Houston, Texas 77042, sometimes hereinafter referred to as "Assignee," its successors and assigns, an undivided 33.333% of Assignor's right, title, and interest in and to those certain Oil and Gas Leases (the "Leases") described on Exhibit "1" attached hereto and made a part hereof.

1. The interests assigned hereby are subject to the lease royalties, overriding royalties, production payments, net profits obligations, carried working interests, and other payments out of or with respect to production which are of record and with which the Lease(s) is encumbered on the effective date of this Partial Assignment, and are subject to all of the terms and provisions of any gas purchase, sales, and transportation contracts to which the lease acreage is subject on the effective date hereof.

2. This Partial Assignment is made subject to all of the terms and the express and implied covenants and conditions of the Lease(s) and any intervening assignment(s) affecting same, to the extent of the rights hereby assigned, which terms, covenants, and conditions the Assignee hereby assumes and agrees to perform with respect to the interests covered hereby.

3. Assignor warrants that the interests assigned herein are free and clear of all liens, claims, clouds, and encumbrances created by, through, and under Assignor, and there is no other warranty of title of any kind, either expressed or implied.

4. The terms, covenants, and conditions hereof shall be binding upon, and shall inure to the benefit of, the Assignor and the Assignee, and their respective successors and assigns, and such terms, covenants, and conditions shall be covenants running with the land herein described and the interests herein assigned and with each transfer or assignment of said land, lease acreage, or interests.

TO HAVE AND TO HOLD said right, title, and interest unto the Assignee, its successors and assigns, subject to the terms, covenants, and conditions hereinabove set forth.

EXECUTED this 22nd day of July, 1992, but to be effective from the 7th day of April, 1992.

UNION PACIFIC RESOURCES COMPANY

By: [Signature]
Its: Attorney-in-Fact

Handwritten initials and notes:
JL
SJS
JHR

MW PETROLEUM CORPORATION

By: [Signature]
Its: A.W. Erdman
Attorney-in-Fact
(Title)

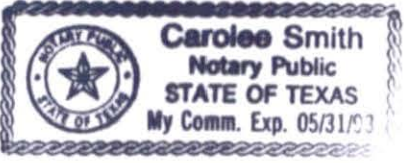
COUNTY CLERK'S MEMO.
Portions of This Document
Not Legible When Received.

Vertical column of dots on the left margin.

STATE OF TEXAS)
) ss.
COUNTY OF TARRANT)

The foregoing instrument was acknowledged before me this 22 day of July, 1992, by Ellen Barnes, as Attorney-in-Fact of UNION PACIFIC RESOURCES COMPANY, a Delaware corporation, on behalf of said corporation.

Witness my hand and official seal.



Carolee Smith
Notary Public
My commission expires: 5/31/93
Notary's Name Printed or Typed:
Carolee Smith

STATE OF TEXAS)
) ss.
COUNTY OF HARRIS)

The foregoing instrument was acknowledged before me this 22 day of July, 1992, by A. W. ERXLEBEN, as Attorney-in-Fact of MW PETROLEUM CORPORATION, a Colorado corporation, on behalf of said corporation.

Witness my hand and official seal.



Margie Carter
Notary Public
My commission expires: 4-7-1994
Notary's Name Printed or Typed:
MARGIE CARTER



THE STATE OF TEXAS
COUNTY OF BURLESON

I, EVELYN M. HENRY, CLERK OF THE COUNTY COURT OF SAID COUNTY, DO HEREBY CERTIFY THE FOREGOING INSTRUMENT OF WRITING WITH ITS CERTIFICATE OF AUTHENTICATION WAS FILED FOR RECORD IN MY OFFICE ON THE 11 DAY OF March, 1993, AT 9:00 O'CLOCK A. M., AND DULY RECORDED March 15, 1993 IN THE Oil & Gas Lease RECORD OF SAID COUNTY, IN VOL. 212, PAGE 361-363.

WITNESS MY HAND AND OFFICIAL SEAL OF THE COUNTY COURT OF SAID COUNTY, AT MY OFFICE IN CALDWELL, TEXAS, THE DAY AND YEAR ABOVE WRITTEN.

BY Anna L. Schielack, DEPUTY COUNTY CLERK, BURLESON COUNTY, TEXAS
EVELYN M. HENRY
COUNTY CLERK, BURLESON COUNTY, TEXAS

EXHIBIT "1"

Attached to and made a part of that certain Partial Assignment of Oil and Gas Leases Effective April 7, 1992, from Union Pacific Resources Company to MW Petroleum Corporation.

LESSOR: State of Texas M-94906 (TX2-45517)
LESSEE: Union Pacific Resources Company 4101146
DATED: April 7, 1992
RECORDED: Volume 204, Page 63, Burleson County, Texas

LESSOR: State of Texas M-94907 (TX2-45523)
LESSEE: Union Pacific Resources Company 4101147
DATED: April 7, 1992
RECORDED: Volume 204, Page 49, Burleson County, Texas

FILED FOR RECORD
at 9:00 o'clock A. M.
MAR 11 1993
EVELYN M. HENRY
COUNTY CLERK, BURLESON CO., TEX.
by *Mat Schueler* Deputy

PLEASE RETURN TO:
APACHE CORPORATION
ATTN: Prody P. Vong
2000 POST OAK BLVD
SUITE 100
HOUSTON, TX 77056-4400

0000

\$9.00 PD

FILED FOR RECORD
 AT 9:00 A. M.
 MAR 11 1993
 EVELYN M. HENRY
 COUNTY CLERK, BURLESON CO., TEX.
 By *Anna B. Bickel* Deputy

① MF 98906
 ITEM Assignment
 TO _____
 FROM _____
 DATE 4-29-93

1007



Texas General Land Office
Garry Mauro, Commissioner

Stephen F. Austin Building
1700 North Congress Avenue
Austin, Texas 78701-1495
(512) 463-5001

May 13, 1993

PRODY P. VONG
APACHE CORPORATION
2000 POST OAK BLVD. SUITE 100
HOUSTON, TEXAS 77056-4400

RE: ASSIGNMENT FILING

Dear Mr. VONG:

The General Land Office received the following instrument on April 29, 1993, and has been filed in Mineral File Nos. M-94906 and M-94907.

Assignment of Oil and Gas Lease dated July 22, 1992, from UNION PACIFIC RESOURCES COMPANY to MW PETROLEUM CORPORATION, recorded in BURLESON County, Texas.

Filing Fee: \$50.00
Late Fee : \$50.00
Total Fee : \$100.00

The total amount of the fees received for the filing of the instruments listed above is \$100.00, the receipt of which is acknowledged by the General Land Office.

Sincerely,

Mary Helen Ruiz
Gas Contract Administrator
Lease Administration
Energy Resources
(512) 475-1532

MHR/mhr

②

MF 94906
ITEM Ltr.
TO Apache Oil Comp.
FROM _____
DATE 5-13-23

PLEASE DETACH AND SIGN THIS RECEIPT COPY AND RETURN
IN THE ENCLOSED SELF-ADDRESSED STAMPED ENVELOPE

LESSOR: ST OF TX M-94906

IF CORRESPONDENCE IS REQUIRED, PLEASE MAKE
REFERENCE TO THE LEASE NUMBER BELOW.

CHECK NO. 125615

LEASE DATE	STATE	COUNTY OR PARISH	RECORDING	FOR PERIOD		TRACT	COMPANY LEASE NUMBER
				MOS.	BEGINNING		
04/07/92	TX	BURLESON	V204 P63	12	04/07/94	02	TX2 45517

TAXID: ST TX M-94906
ST OF TX M-94906
STEPHEN F AUSTIN BLDG

1700 NORTH CONGRESS AVE
AUSTIN TX 78701

X \$151.85

94040449

121
✓ Union Pacific Resource

PLEASE SIGN BELOW AND RETURN

RECEIVED BY _____

Date _____

PLEASE DIRECT ALL

- telephone inquiries to VOICE MAIL BOX (817) 877-7077
- mail address/I.D. # changes and inquiries to:
ATTN: OBLIGATIONS
Mail Station 3110
P.O. Box 7
Fort Worth, TX 76101-007

LESSOR: ST OF TX M-94906

IF CORRESPONDENCE IS REQUIRED, PLEASE MAKE
REFERENCE TO THE LEASE NUMBER BELOW.

CHECK NO. 125615

LEASE DATE	STATE	COUNTY OR PARISH	RECORDING	FOR PERIOD		TRACT	COMPANY LEASE NUMBER
				MOS.	BEGINNING		
04/07/92	TX	BURLESON	V204 P63	12	04/07/94	02	TX2 45517

m-94906 (8)
Rental Pymt
P.O.U.
3.11.94

37.00

Burleson #25
LM

3200

Burleson Co

APACHE CORPORATION

CERTIFICATE

I, Cheri L. Peper, Corporate Secretary of Apache Corporation ("Apache"), a Delaware corporation, do hereby certify:

- that attached hereto is a true and correct copy of the Certificate of Ownership and Merger, as filed by Apache with the Secretary of State of Delaware on August 19, 1998, whereby MW Petroleum Corporation ("MW"), a Colorado corporation, was merged with and into Apache effective September 1, 1998, with Apache being the surviving corporation; and
- that attached hereto is a true and correct copy of the Articles of Merger or Share Exchange, as filed by Apache with the Secretary of State of Colorado on August 19, 1998, whereby MW was merged with and into Apache effective September 1, 1998, with Apache being the surviving corporation and at which time MW ceased to exist.

IN WITNESS WHEREOF, I have signed this Certificate and affixed hereto the corporate seal of Apache, effective for all purposes, this 1st day of September, 1998.



Cheri L. Peper

Cheri L. Peper
Corporate Secretary

State of Texas)
)
County of Harris)

The foregoing instrument was acknowledged before me this 1st day of September 1998, by Cheri L. Peper, Corporate Secretary, Apache Corporation. Witness my hand and official seal.

[SEAL]



Susan Charba
Notary Public

1998 OCT 16 4:04

Office of the Secretary of State

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF OWNERSHIP, WHICH MERGES:

"MW PETROLEUM CORPORATION", A COLORADO CORPORATION, WITH AND INTO "APACHE CORPORATION" UNDER THE NAME OF "APACHE CORPORATION", A CORPORATION ORGANIZED AND EXISTING UNDER THE LAWS OF THE STATE OF DELAWARE, AS RECEIVED AND FILED IN THIS OFFICE THE NINETEENTH DAY OF AUGUST, A.D. 1998, AT 8:31 O'CLOCK A.M.

AND I DO HEREBY FURTHER CERTIFY THAT THE EFFECTIVE DATE OF THE AFORESAID CERTIFICATE OF OWNERSHIP IS THE FIRST DAY OF SEPTEMBER, A.D. 1998.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.

COUNTY CLERK'S MEMO. Portions of This Document Not Legible When Received.



Handwritten signature of Edward J. Freel

Edward J. Freel, Secretary of State

AUTHENTICATION:

9261680

DATE:

08-19-98

0482215 8100M

981324886

VOL 491 PAGE 59

CERTIFICATE OF OWNERSHIP AND MERGER
MERGING
MW PETROLEUM CORPORATION
INTO
APACHE CORPORATION

Apache Corporation, a corporation organized and existing under the laws of the State of Delaware, DOES HEREBY CERTIFY:

FIRST: That Apache Corporation was incorporated on the 6th day of December, 1954, pursuant to the General Corporation Law of the State of Delaware.

SECOND: That Apache Corporation owns all of the issued and outstanding shares of the capital stock of MW Petroleum Corporation, a corporation formerly known as MW Acquisition Corporation and which was incorporated on the 20th day of December, 1991, pursuant to the Revised Statutes of the State of Colorado.

THIRD: That Apache Corporation, by the following resolutions of its Board of Directors, duly adopted at a meeting held on the 30th day of April, 1998, determined to and did merge into itself said MW Petroleum Corporation:

RESOLVED: That MW Petroleum Corporation ("MW"), a wholly owned subsidiary of Apache Corporation, be merged with and into Apache Corporation ("Apache"), with Apache being the surviving corporation.

FURTHER RESOLVED: That the merger shall be effective on September 1, 1998.

FURTHER RESOLVED: That the Restated Certificate of Incorporation of Apache, as heretofore amended and as in effect on the date of the merger, shall continue in full force and effect as the Restated Certificate of Incorporation of the surviving corporation.

FURTHER RESOLVED: That each share of the capital stock of Apache, the surviving corporation, issued and outstanding on the effective date of the merger shall remain issued and outstanding.

FURTHER RESOLVED: That each share of the capital stock of MW issued and outstanding on the effective date of the merger shall be cancelled without consideration, and no shares of the capital stock of Apache, the surviving corporation, shall be issued in exchange therefore.

FURTHER RESOLVED: That the bylaws of Apache, as they exist on the effective date of the merger, shall be and remain the bylaws of Apache, the surviving corporation, until the same shall be altered, amended or repealed as therein provided.

FURTHER RESOLVED: That the directors and officers of Apache on the effective date of the merger shall be the directors and officers of the surviving corporation and shall continue in office until the next annual meeting of stockholders and until their successors have been elected and qualified.

FURTHER RESOLVED: That, upon the merger taking effect, Apache shall thereupon and thereafter possess all the rights, privileges, immunities, and franchises, of a public as well as a private nature, of each of Apache and MW; that all property, real, personal, and mixed, and all debts due on whatever account, including subscriptions to shares, and all other choses in action, and every other interest of or belonging to or due to MW shall be deemed to be transferred to and vested in Apache without further act or deed; that the title to any real estate, or any interest therein vested in either of Apache or MW shall not revert or be in any way impaired by reason of the merger; and that such transfer to and vesting in Apache shall be deemed to occur by operation of law, and no consent or approval of any other person shall be required in connection with any such transfer or vesting unless such consent or approval is specifically required in the event of merger by law or by express provision in any contract, agreement, decree, order, or other instrument to which either of Apache or MW is a party or by which either is bound.

FURTHER RESOLVED: That, upon the merger taking effect, Apache shall be responsible and liable for all the liabilities and obligations of MW; that any claim existing or action or proceeding, whether civil or criminal, pending by or against MW may be prosecuted as if the merger had not taken place; and that neither the rights of creditors nor any liens upon the property of either of Apache or MW shall be impaired by such merger.

FURTHER RESOLVED: That the proper officers of Apache are hereby authorized and directed, in the name and on behalf of Apache, to prepare and execute a Certificate of Ownership and Merger setting forth a copy of the resolutions authorizing the merger of MW with and into Apache and the assumption by Apache of the liabilities and obligations of MW, and the date of adoption thereof, and to cause such Certificate of Ownership and Merger to be filed with the Delaware Secretary of State and a certified copy of same recorded in the office of the Recorder of Deeds of New Castle County.

FURTHER RESOLVED: That the proper officers of Apache be, and they hereby are, authorized and directed to take such further action and to execute and file such certificates and other documents as they, in their discretion, shall deem necessary or advisable to consummate the merger and effect the foregoing resolutions including, without limitation, articles of merger or share exchange for filing with the Colorado Secretary of State.


FURTHER RESOLVED: This merger may be amended or terminated and abandoned by the Board of Directors of Apache at any time prior to the date of filing the merger with the Secretary of State of Delaware and of Colorado.

IN WITNESS WHEREOF, Apache Corporation has caused this Certificate of Ownership and Merger to be executed by its duly authorized officers as of this 7th day of August, 1998.

APACHE CORPORATION

By: 
G. Steven Farris
President and Chief Operating Officer

ATTEST:


Cheri L. Peper
Corporate Secretary

DELAYED EFFECTIVE DATE

9-1-98

STATE OF COLORADO
ARTICLES OF MERGER OR SHARE EXCHANGE
MERGING MW PETROLEUM CORPORATION
INTO APACHE CORPORATION

PC 19911164329
nc93

PC 19871029843

nc95

19981150690 0
\$ 75.00
SECRETARY OF STATE
06-19-1998 11:33:13
FILED

VICTORY BUREAU
COLORADO SECRETARY OF STATE

These articles are made in accordance with Title 7, Article 111 of the Colorado Revised Statutes.

1. The name of the surviving corporation is Apache Corporation.
2. The address of the surviving corporation is 2000 Post Oak Boulevard, Suite 100, Houston, Texas 77056-4400.
3. The merger plan is as follows:
 - a. MW Petroleum Corporation ("MW"), a Colorado corporation and a wholly-owned subsidiary of Apache Corporation, shall be merged with and into Apache Corporation ("Apache"), a Delaware corporation, with Apache being the surviving corporation.
 - b. The Restated Certificate of Incorporation of Apache, as heretofore amended and as in effect on the date of the merger, shall continue in full force and effect as the Restated Certificate of Incorporation of the surviving corporation.
 - c. Each share of the capital stock of Apache, the surviving corporation, issued and outstanding on the effective date of the merger shall remain issued and outstanding.
 - d. Each share of the capital stock of MW issued and outstanding on the effective date of the merger shall be cancelled without consideration, and no shares of the capital stock of Apache, the surviving corporation, shall be issued in exchange therefore.
 - e. The bylaws of Apache, as they exist on the effective date of the merger, shall be and remain the bylaws of Apache, the surviving corporation, until the same shall be altered, amended or repealed as therein provided.
 - f. The directors and officers of Apache, the surviving corporation, shall continue in office until the next annual meeting of stockholders and until their successors have been elected and qualified.
 - g. That, upon the merger taking effect, Apache shall thereupon and thereafter possess all the rights, privileges, immunities, and franchises, of a public as well as a private nature, of each of Apache and MW; that all property, real, personal, and mixed, and all debts due on whatever account, including subscriptions to shares, and all other choses in action, and every other interest of or belonging to or due to MW shall be deemed to be transferred to and vested in Apache without further act or deed; that the title to any real estate, or any interest therein vested in either of Apache or MW shall not revert or be in any way impaired by reason of the merger; and that such transfer to and vesting in Apache shall be deemed to occur by operation of law, and no consent or approval of any other person shall be required in connection with any such transfer or vesting unless such consent or approval is specifically required in the event of merger by law or by express provision in any contract, agreement, decree, order, or other instrument to which either of Apache or MW is a party or by which either is bound.


19981150690 0
\$ 75.00
SECRETARY OF STATE
06-19-1998 11:33:13

CPE

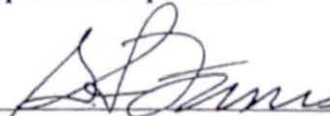
- h. That, upon the merger taking effect, Apache shall be responsible and liable for all the liabilities and obligations of MW; that any claim existing or action or proceeding, whether civil or criminal, pending by or against MW may be prosecuted as if the merger had not taken place; and that neither the rights of creditors nor any liens upon the property of either of Apache or MW shall be impaired by such merger.
4. The number of stockholder votes required to approve the merger were cast by the stockholder of MW Petroleum Corporation.
5. Approval of the stockholders of Apache Corporation was not required.
6. Immediately before the merger, the parent corporation, Apache Corporation, owned 100 percent of the outstanding shares of each class of capital stock of the subsidiary, MW Petroleum Corporation.
7. The effective date of the merger is September 1, 1998.

Dated this 7th day of August, 1998.

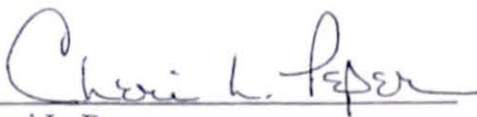
Attest:


Cheri L. Peper
Corporate Secretary

Apache Corporation

By: 
G. Steven Farris
President and Chief Operating Officer

Attest:


Cheri L. Peper
Corporate Secretary

MW Petroleum Corporation

By: 
G. Steven Farris
President

MERGER _____ CONSOLIDATION _____
CANCELLATION OF LIMITED PARTNERSHIP DUE TO MERGER _____
DOMESTIC _____ FOREIGN _____ PROFIT _____ NONPROFIT _____

MERGER #19981150690

MW PETROLEUM CORPORATION DOC19911104329
(COLORADO CORPORATION)

INTO

APACHE CORPORATION FPC19871029843
(DELAWARE CORPORATION)

THE SURVIVOR

DELAYED EFFECTIVE DATE

9-1-98

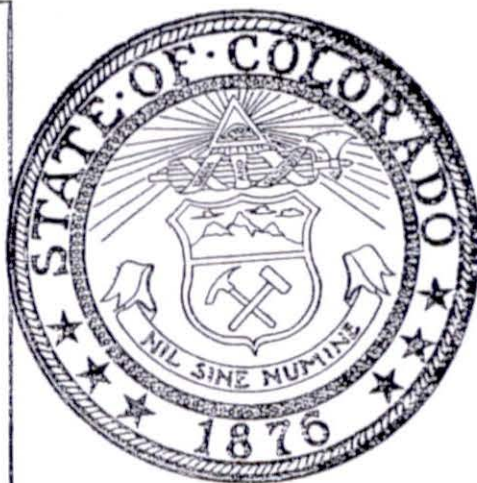
STATE OF COLORADO
DEPARTMENT OF STATE

I hereby certify that this is a true and complete copy of the document filed in this office and admitted to record in File 981130690

DATED Aug 19 19 98

Victoria Buckley
Secretary of State

By [Signature]



FILED FOR RECORD
at 9:00 o'clock A. M.

SEP 23 1998
Evelyn M. Henry
EVELYN M. HENRY
COUNTY CLERK, BURLESON CO., TEX.

THE STATE OF TEXAS
COUNTY OF BURLESON

I, Evelyn M. Henry, Clerk of the County Court of said County, do hereby certify the foregoing instrument of writing with its certificate of authentication was filed for record in my office on the 23 day of September, 19 98, at 9:00 o'clock A. M. and duly recorded on 24 day of September, 19 98, in the Deed Record of said County, in Vol. 491 Page 58-66.

Witness my hand and official seal of the County Court of said County, at my office in Caldwell, Texas, the day and year above written.

By _____, Deputy

Evelyn M. Henry
Evelyn M. Henry
County Clerk, Burleson County, Texas

3200

PLEASE RETURN TO
APACHE CORPORATION
Attn: LA TOYA JONES
2000 POST OAK BLVD.
STE 100
HOUSTON, TX 77056-4400

FILED FOR RECORD
at 9:00 o'clock 7 M.
SEP 23 1998
Evelyn M. Henry
EVELYN M. HENRY
COUNTY CLERK, BURLESON CO., TEX.

APACHE CORP
2000 POST OAK BLVD STE 100
HOUSTON TX 77056-0243

Attn: LA TOYA JONES

\$25.00
PH

M-94906 (9)
Assignment

CHESAPEAKE
ENERGY

January 21, 2020

VIA E-MAIL AND USPS GROUND MAIL

Texas General Land Office
ATTN: Energy Resources/Mineral Leasing
P.O. Box 12873
Austin, TX 78711-2873

Re: Unit #2202

Re: Chesapeake's Scarmardo-Carrabba Unit No. 1 Well
William Raleigh Survey, Abstract No. 47 &
Charles Falenash Survey, Abstract No. 22
Burleson County, Texas

Dear Sir or Madam:

Pursuant to Paragraph 10 of Oil and Gas Lease No. M-95252 dated April 6, 1993 by and between The Commissioner of the General Land Office and Union Pacific Resources Company, please allow this letter to serve as prior written notice of cessation of production of the Scarmardo-Carrabba Unit No. 1 Well in Burleson County, Texas. Production ceased on January 3, 2020 as the well was shut-in for safety purposes due to the commencement of hydraulic fracturing operations within the vicinity. It is currently anticipated that the above-referenced well will remain shut-in for a period in excess of thirty (30) days, but in no event does Chesapeake currently anticipate that it will remain shut-in for a period exceeding sixty (60) days.

For reference, I have included a copy of the above-referenced lease and corresponding unit designation.

Should you have any questions regarding this letter, please contact me by telephone at (405) 935-2289 or e-mail at robert.highsaw@chk.com.

Best regards,

Chesapeake Operating, L.L.C.



Robert S. Highsaw
Staff Landman

File No. MF094906

Notice of Temporary County

Cessation of Production Under 2202

Date Filed: 2/5/20

George P. Bush, Commissioner

By SSD