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SENECA RESOURCES CORPORATION

F28162

~~# 2166~~
 # 2166 11.98 Ac. inactive 7-1-99
 # 2157 8.74 Ac. inactive 4-9-02
 P.O. 16.78 Ac. RELEASED ~~1-24-95~~
 4-3-95

TERMINATED

Date 4-9-02

Accounting _____

Legal CZB

Exploration _____

Drill, etc. _____

Legal _____
 Rental MS
 Min. A/o _____
 Min. Max. VA
 Pans To: US: JP

Ms.
 PARTIAL RELEASE

STATE LEASE - UPLANDS M-94914

COUNTY (CODE) : BURLESON (26)
 SURVEY : B.C.I.D. NO. 1
 BLOCK : _____
 TOWNSHIP : _____
 SECTION : 11
 PART : SEE LEASE
 ACRES : ~~37.00~~ 20.22
 DEPTH LIMITS : _____
 BASE FILE (S) : 154562
 CONTROL NO. (S) : 04-10292-6
 LESSEE : SENECA RESOURCES CORP
 DATE : 4/7/92
 PRIMARY TERM : 3 years
 BONUS : \$11,359.00
 ROYALTY : *
 RENTALS : \$5.00

CONTENTS OF FILE NO. 94914

1. Bid Form	APR - 7 1992	23. Letter from Seneca 1-9-95
2. Lease	APR - 7 1992	24. Answer to Memo 1-27-95
3. Transmittal Letter	APR 22 1992	25. Ltr from Seneca Res. Corp. 1-28-95
4. Pooling Committee Rpt.	2-23-93	26. Release 1-28-95
(Term - 6 MONTHS - Pecore - Siegert)		
5. Pooling Agreement	"	27. Ltr to Seneca Res. Corp. 1-31-95
6. Rental Payment	3-19-93	28. Division Order MAY 02 1995
(Pooling Rpt + Pooling Agreement - Leachman - Robinson)		
SEE ITEMS # 9 + #10 in M-94913		29. Asw well # 1H completion papers, Dated 1-4-96. 5/14/98
7. Pooling Committee Rpt	6-16-93	30. Pooling Committee Rpt with 2152
(Temp Perm. Pecore - Siegert)		
8. Pooling Agreement	#2166	31. Pooling Agreement (Temp Leachman - Robinson)
9. Application to Drill Well # 1	"	32. Rental Payment 3/6/06
10. Division Order	4-29-93	33. RENTAL PAYMENT 3/1/07
11. Division Order	6-19-93	34. D.O. 11-21-1996
12. Division Order	6-17-93 6-16-93	Scanned KW 3-23-2016
13. Ltr from Seneca	8-17-93	
(Pecore - Siegert)		
14. Completion Info well # 1-H	"	
E-LOG well # 1-H		
15. Pooling Committee Rpt	9-30-93	
(Permanent - Leachman, Robinson)		
16. Pooling Agreement	"	
17. Application to Drill Well # 1	"	
18. Completion Rpts. Well # 1	"	
19. Rental Payments	3-15-94	
Check sub		
See Letter Dated 3-23-94 in M 94912 (19)		
Deed of Trust		
See Assignment in M 94912 (20)		
Deed of Trust		
See Assignment in M 94912 (21)		
See Letter Dated 3-25-94 in M 94912 (22)		

94914

Garry Mauro
Commissioner
General Land Office

Date
April 7, 1992



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 SENECA RESOURCES CORPORATION
Address 333 Clay Street, Suite 4150
Houston, Texas 77002 - 4103
Telephone (713) 658-0191

AREA DESCRIPTION

County(ies) Burleson Survey/ Area James Fisher, A-23
(If Applicable)
Block/Tsp _____ Section/Tract _____ Acres 37.00
(If Applicable)

BID SUBMISSION

Royalty 25.0% Rental Per Acre \$5.00 Primary Term 3 Yrs.

Cash Bonus Enclosed
Eleven Thousand Three Hundred Fifty-Nine and No/100----- (Dollars) \$ 11,359.00 **92038192**

Sales Fee Attached
One Hundred Seventy and 39/100---- (Dollars) \$ 170.39 **92038193**

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.

23

APPLICANT(S)

Seneca Resources Corporation
333 Clay Street, Suite 4150
Houston, Texas 77002

BONUS AMOUNT ENCLOSED

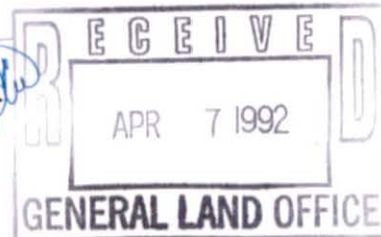
(\$) 11,359.00

APPLICANT TAX I.D. NUMBER



SIGNATURE OF APPLICANT/AGENT

Emmett Wassell
Emmett Wassell
General Manager - Gulf Coast Division



M-94914. (1.)
BID FORM
4-7-92 MUCK



Seneca Resources Corporation

a National Fuel Gas System company

August 4, 1992

The State of Texas
General Land Office
Stephen F. Austin Building
1700 N. Congress Avenue
Austin, Texas 78701

Re: State of Texas Lease No. M-94914
N. E. Clay Field
Burlleson County, Texas

Gentlemen:

Enclosed for filing in the appropriate records of the General Land Office of the State of Texas, please find a certified copy of the captioned lease, which has been duly recorded in Burlleson County, Texas. Also enclosed is our check in the amount of \$25.00 to cover the appropriate filing fee.

If any additional information is needed, please do not hesitate to call. Thank you for your courtesy and cooperation.

Sincerely,

SENECA RESOURCES CORPORATION

Gwen A. Cook

Gwen A. Cook
Lease Analyst

/gc

Enclosures

G1022

Lease Form
Revised 03/92

The State of Texas



U 4023

Austin, Texas

3501

OIL AND GAS LEASE
NO. M-94914

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 JAMES FISHER SURVEY, A-23, BURLERSON COUNTY, TEXAS, BEING 37.00 ACRES, APPROXIMATELY, AS DESCRIBED BY METES AND BOUNDS IN A DEED TO THE BURLERSON COUNTY IMPROVEMENT DISTRICT NO. 1, OF RECORD IN VOLUME 40, PAGE 105 AND VOLUME 40, PAGE 106, DEED RECORDS OF BURLERSON 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 SENECA RESOURCES CORPORATION whose address is 333 Clay Street, Suite 4150, Houston, Texas 77002 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 Eleven Thousand Three Hundred Fifty-nine and No/100 Dollars (\$11,359.00), 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:

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(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.

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(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, motors, 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

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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

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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.

FILED FOR RECORD
A. P. H. ... H. ... M.
JUL 13 1992
Evelyn M. Henry
EVELYN M. HENRY
COUNTY CLERK BURLERSON CO. TEX

[Signature]
COMMISSIONER OF THE GENERAL LAND OFFICE
OF THE STATE OF TEXAS
APPROVED
Legal
Geology
Department

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 13 DAY OF July, 19 92, AT 9:00 O'CLOCK A. M., AND DULY RECORDED ON 20 DAY OF July, 19 92, AT 4:00 O'CLOCK P. M., IN THE Oil & Gas Lease RECORD OF SAID COUNTY, IN VOL. 204, PAGE 833-839

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. Schielock DEPUTY

EVELYN M. HENRY
COUNTY CLERK, BURLESON COUNTY, TEXAS

STATE OF TEXAS }
COUNTY OF BURLESON }

I, EVELYN M. HENRY, County Clerk, Burleson County, Texas, do hereby certify that the foregoing is a true and correct copy of the original, as same appears of record in Vol. 204 Page 833-839 Oil & Gas Lease Records, Burleson County, Texas.

Witness my hand and seal of office on this the 21 day of July A.D. 1992

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

BY _____ Deputy



The State of Texas



Austin, Texas

OIL AND GAS LEASE NO. M-94914

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 JAMES FISHER SURVEY, A-23, BURLESON COUNTY, TEXAS, BEING 37.00 ACRES, APPROXIMATELY, AS DESCRIBED BY METES AND BOUNDS IN A DEED TO THE BURLESON COUNTY IMPROVEMENT DISTRICT NO. 1, OF RECORD IN VOLUME 40, PAGE 105 AND VOLUME 40, PAGE 106, 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 SENECA RESOURCES CORPORATION whose address is 333 Clay Street, Suite 4150, Houston, Texas 77002 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 Eleven Thousand Three Hundred Fifty-nine and No/100 Dollars (\$11,359.00), 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.

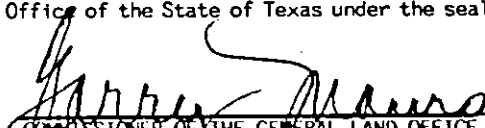
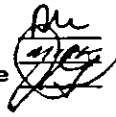
24. **RAILROAD COMMISSION HEARINGS ON GAS:** No natural gas or casinghead gas, including both associated and non-associated gas, produced from the mineral estate subject to this lease may be sold or contracted for sale to any person for ultimate use outside the State of Texas unless the Railroad Commission 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-94914 (2)

DATE 4-7-92 BY MICK

Garry Mauro
Commissioner
General Land Office



April 22, 1992

SENECA RESOURCES CORPORATION
333 Clay Street, Suite 4150
Houston, Texas 77002-4103

Attn: Emmett Wassell

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. 23

M-94914

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,

A handwritten signature in black ink that reads "Garry Mauro". The signature is fluid and cursive, with a large, sweeping "G" and "M".
Garry Mauro

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

Unit # 2142
(Temp)
new unit 2166

DO NOT DESTROY

GLO-36-10-84

-MEMO-

12506404453

Operator SENECA Resources Corporation

Unit Name Pecore-Siegert Unit, well No. 1-H

County Barkson

03

Effective Date 12-15-92

Unitized for: Oil Gas Oil & Gas

1. M.F. No. 94914

Area _____ Tr. _____

Sec. 11 Blk. _____ Survey B.C.I.D. No. 1

$\frac{29}{704} \times \frac{1}{4} = \frac{01.0298}{.25} = 0.041193$ %
0.041193 .010298

2. M.F. No. 95040

Area Brazos River Tr. 8-A

Sec. _____ Blk. _____ Survey _____

$\frac{96}{707} \times \frac{1}{4} = \frac{03.4090}{.25} = 0.136363$ %
.136363 .034090

3. M.F. No. _____

Area _____ Tr. _____

Sec. _____ Blk. _____ Survey _____

_____ x _____ = _____ %

4. M.F. No. _____

Area _____ Tr. _____

Sec. _____ Blk. _____ Survey _____

_____ x _____ = _____ %

REMARKS:

State acreage changed from 29 to 11.98 on state lease # 94914 and from 96 to 85.53 on state lease 95040 - this unit was a temporary -

POOLING COMMITTEE REPORT

TO: SCHOOL LAND BOARD

DATE: December 15, 1992

OPERATOR: Seneca Resources Corporation COUNTY: Burleson

UNIT NAME: Pecore-Siegert Unit, FIELD: Clay, N.E.
Well No. 1-H (Austin Chalk 11350 Sand)

STATE LEASE(S) IN UNIT

<u>Lease</u> <u>*Type</u>	<u>State</u> <u>Number</u>	<u>State</u> <u>Royalty</u>	<u>Expiration</u> <u>Date</u>	<u>Term</u> <u>Year</u>	<u>Acres</u> <u>Acres</u>	<u>Acres</u> <u>In Unit</u>	<u>Lessee of</u> <u>Record</u>
SF	M-94914	1/4 **	4/7/95	3	37.00	29.00	Seneca Resources Corporation
SF	M-95040	1/4 **	8/4/94	2	550.00	96.00	Union Pacific Resources Company

** Subject to Royalty Reduction Provision

* RAL = Relinquishment Act
* SF = State Fee
* FR = Free Royalty

PRIVATE ACRES: 579.00
STATE ACRES: 125.00
TOTAL UNIT ACRES: 704.00

Unitized for:	Depth(s):	Well Location:
Oil _____	See Remarks	State Land _____
Gas _____	Formation:	Private Land <u> x </u>
Both <u> x </u>	See Remarks	

Participation:	Railroad Commission Rules:
Basis <u>See Remarks</u>	Spacing <u>836 Acres</u>
State Acreage <u>17.75%</u>	Acreage Factor <u>84.00%</u>
State Unit Royalty <u>3.55%</u>	

Agree to drill to density of field rules:	Yes <u> x </u>	No _____
Holds only acreage included in the unit past primary term:	Yes <u> x </u>	No _____
Satisfactory geological data furnished:	Yes <u> x </u>	No _____

REMARKS:

- . Seneca Resources Corporation is requesting six month temporary oil and gas pooling of the Austin Chalk Formation defined as the stratigraphic interval or its correlative equivalent occurring from 11,070 feet M.D. to 11,650 feet M.D. as shown on the Dual Induction-SFL Log of Seneca Resources Wilkins No. 5 well.
- . Proposed spud date is prior to January 1, 1993. The proposed horizontal length of the well is 4300 feet.
- . Horizontal severance is effective 2 years after the end of the primary or extended term, as provided in the lease.
- . APPROVAL BY THE SCHOOL LAND BOARD IN NO WAY RATIFIES ANY OF THE STATE LEASES INCLUDED IN THIS PROPOSED UNIT.

POOLING COMMITTEE RECOMMENDATION:

- . The Pooling Committee recommends Board approval of a six month temporary unit under provisions as set out above.

Susan D. Albers

Susan D. Albers

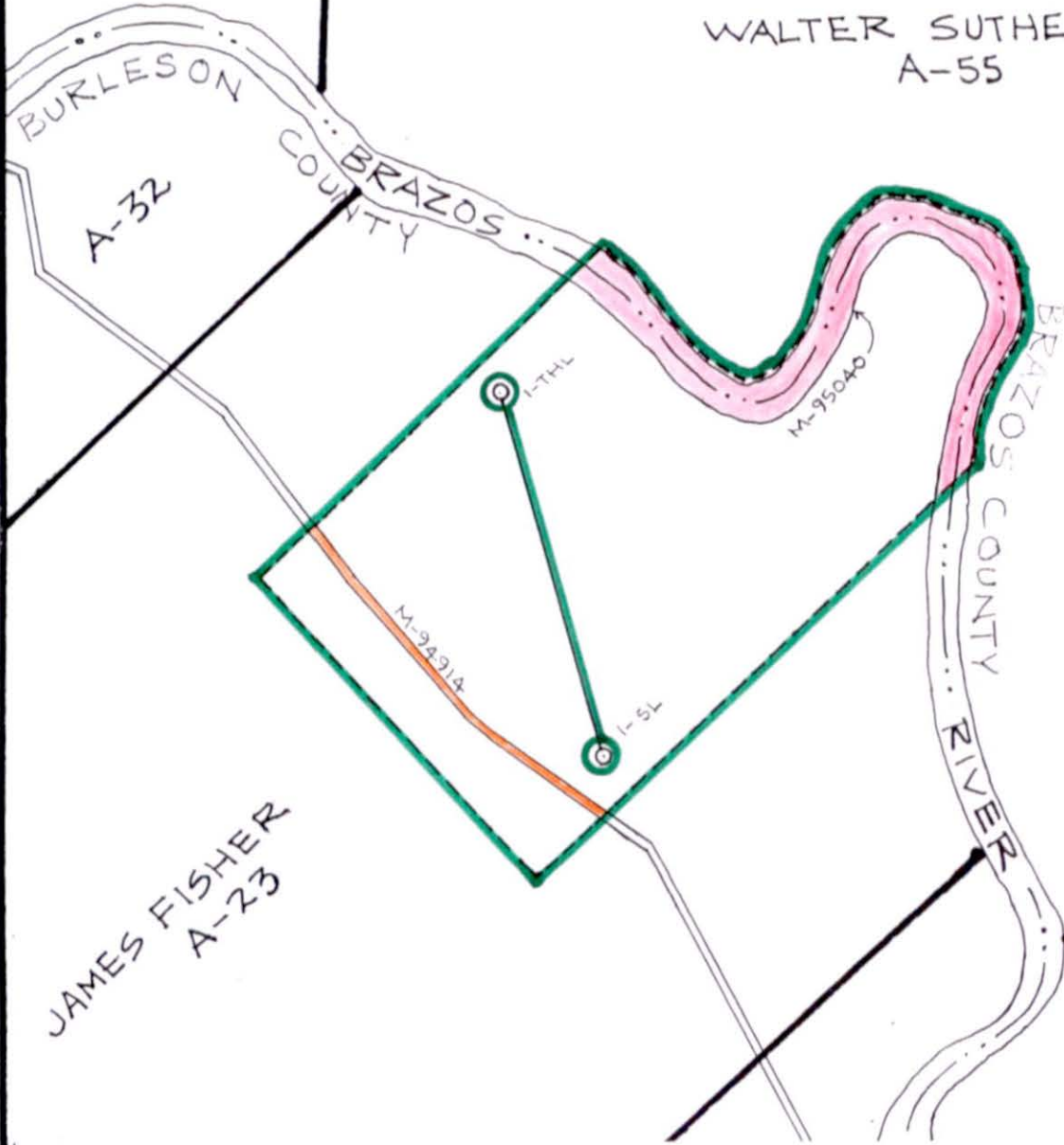
Priscilla M. Hubenak

Priscilla M. Hubenak

Peter A. Boone

Peter A. Boone

WALTER SUTHERLAND
A-55



JAMES FISHER
A-23

SENECA RESOURCES CORPORATION
PECOR-SIEGERT UNIT, WELL NO. 1-H

BRAZOS RIVER TRACT M-95040
BCID TRACT M-94914

BURLESON COUNTY, TEXAS

④ M-94914

Pooling Committee Rpt
FILED: 12-23-93

TERM POOLING AGREEMENT
SENECA RESOURCES CORPORATION
PECORE-SIEGERT UNIT, WELL NO. 1-H
BURLESON COUNTY, TEXAS

THIS AGREEMENT is entered into by and between the Commissioner of the General Land Office, on behalf of the State of Texas, as "Lessor" and Seneca Resources Corporation, herein referred to as "Lessee", and such other interested parties as may join in the execution hereof, the undersigned parties herein collectively referred to as the "parties", 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 follow:

PURPOSES:

1.

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

MINERAL POOLED:

3.

The mineral pooled and unitized ("pooled mineral") hereby shall be oil and gas including all hydrocarbons that may be produced from an oil well or a gas well as such wells are recognized and designated by the Railroad Commission of Texas or other state regulatory agency having jurisdiction of the drilling and production of oil and gas wells. The pooled mineral shall extend to those depths underlying the surface boundaries of the pooled unit in the Austin Chalk Formation defined as the stratigraphic interval or its correlative equivalent occurring from 11,070 feet M.D. to 11,650 feet M.D. as shown on the Dual Induction-SFL Log of Seneca Resources Wilkins No. 5 well ("unitized interval").

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 "B", 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 land or lease included within said unit shall be considered as a shut-in oil or gas well located upon each land or 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 described in Exhibit "B" only as provided in each such lease without regard to unit operations or unit production. Neither production of the pooled mineral, nor unit operations with respect thereto, 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 described in Exhibit "B" 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, except as may otherwise be provided in each State Lease, 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 special field rules providing for oil and/or gas proration units of less than 704 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 State leases described in Exhibit "A" and the State lands within the boundaries of the pooled unit described in Exhibit "B" 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 pooled unit, nor to develop the lands within the boundaries thereof 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 conditions 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 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.

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.

Upon execution by the Commissioner of the General Land Office of the State of Texas this Agreement shall become effective as of December 15, 1992, so that the State will participate in the production from the Unit from the date the pooled mineral is first produced.

TERM: 9.

Unless this agreement expires earlier pursuant to the terms of the respective leases included as a part of this Agreement, this Agreement shall expire on June 15, 1993. 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 covered by 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 Burleson 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.

RATIFICATION/WAIVER: 12.

Nothing in this Agreement, nor the approval of this Agreement by the School Land Board, nor the execution of this Agreement by the Commissioner shall: (1) operate as a ratification or revivor of any State lease that has expired, terminated, or has been released in whole or in part or terminated under the terms of such State lease or the laws applicable thereto; (2) constitute a waiver or release of any claim for money, oil, gas or other hydrocarbons, or other thing due to the State by reason of the existence or failure of such lease; (3) constitute a waiver or release of any claim by the State that such lease is void or voidable for any reason, including, without limitation, violations of the laws of the State with respect to such lease or failure of consideration; or (4) constitute a confirmation or recognition of any boundary or acreage of any tract or parcel of land in which the State has or claims an interest.

COUNTERPARTS: 13.

This Agreement may be executed in counterparts and if so executed shall be valid, binding and have the same effect as if all the parties hereto actually joined in and executed one and the same document. For recording purposes and in the event counterparts of this Agreement are executed, the executed pages, together with the pages necessary to show acknowledgments, may be combined with the other pages of this Agreement so as to form what shall be deemed and treated as a single original instrument showing execution by all parties hereto.

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

Date Executed 2-12-93

Legal
Geology
Execution

STATE OF TEXAS

By
Garry Mauro, Commissioner
of the General Land Office

Date Executed _____

ATTEST:

SENECA RESOURCES CORPORATION

By: _____

Its: General Manager Gulf Coast Division

Emmett Wassell

Date Executed _____

ATTEST:

UNION PACIFIC RESOURCES COMPANY

By: _____

Its: ATTORNEY IN FACT

Carolynn J. David

*V. W. Wassell
etc
MB*

Date Executed _____

ATTEST:

SINCLAIR OIL CORPORATION

By: _____

Its: _____

Date Executed _____

ATTEST:

TORCH ENERGY ASSOCIATES

By: _____

Its: _____

Date Executed _____

ATTEST:

NUEVO ENERGY COMPANY

By: _____

Its: _____

STATE OF TEXAS

COUNTY OF HARRIS

BEFORE ME, the undersigned authority, came and appeared Emmett Wassell, as General Manager-Gulf Coast Division, of SENECA RESOURCES CORPORATION, a Pennsylvania corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purpose and consideration therein expressed, in the capacity therein stated, and as the free act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL this 4th day of FEBRUARY, 1993

My Commission Expires:

4-4-97

Gibnette R. Rossi
Notary Public in and for
The State of Texas

Date Executed _____

SENECA RESOURCES CORPORATION

ATTEST:

By: _____

Its: _____

Date Executed _____

UNION PACIFIC RESOURCES COMPANY

ATTEST:

By: _____

Its: _____

Date Executed _____

SINCLAIR OIL CORPORATION

ATTEST:

By:  _____

Its: Kenneth T. Smith, Vice President

gay

Date Executed _____

TORCH ENERGY ASSOCIATES

ATTEST:

By: _____

Its: _____

Date Executed _____

NUEVO ENERGY COMPANY

ATTEST:

By: _____

Its: _____

STATE OF TEXAS

COUNTY OF HARRIS

BEFORE ME, the undersigned authority, came and appeared Emmett Wassell, as General Manager-Gulf Coast Division, of SENECA RESOURCES CORPORATION, a Pennsylvania corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purpose and consideration therein expressed, in the capacity therein stated, and as the free act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL this ____ day of _____, 19__.

My Commission Expires:

Notary Public in and for
The State of Texas

Date Executed _____

SENECA RESOURCES CORPORATION

ATTEST:

By: _____
Its: _____

Date Executed _____

UNION PACIFIC RESOURCES COMPANY

ATTEST:

By: _____
Its: _____

Date Executed _____

SINCLAIR OIL CORPORATION

ATTEST:

By: _____
Its: _____

Date Executed _____

TORCH ENERGY ASSOCIATES

ATTEST:

By: _____
Its: **MATTHEW S. RAMSEY**
Vice President

Approval
[Signature]

Date Executed _____

NUEVO ENERGY COMPANY

ATTEST:

By: _____
Its: **MATTHEW S. RAMSEY**
Senior Vice President

Land Approval
[Signature]

STATE OF TEXAS

COUNTY OF HARRIS

BEFORE ME, the undersigned authority, came and appeared Emmett Wassell, as General Manager-Gulf Coast Division, of SENECA RESOURCES CORPORATION, a Pennsylvania corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purpose and consideration therein expressed, in the capacity therein stated, and as the free act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL this ____ day of _____, 19__.

My Commission Expires:

Notary Public in and for
The State of Texas

STATE OF TEXAS

COUNTY OF Tarrant

BEFORE ME, the undersigned authority, came and appeared Carolyn J. David, as Attorney-in-Fact of UNION PACIFIC RESOURCES COMPANY, a Delaware corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purpose and consideration therein expressed, in the capacity therein stated, and as the free act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL this 29th day of January, 1993.

My Commission Expires: 8-11-93



Susan G. Stone
Notary Public in and for
The State of Texas

STATE OF COLORADO

COUNTY OF _____

BEFORE ME, the undersigned authority, came and appeared _____, as _____ of SINCLAIR OIL CORPORATION, a _____ corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purpose and consideration therein expressed, in the capacity therein stated, and as the free act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL this ____ day of _____, 19__.

My Commission Expires: _____

Notary Public in and for
The State of Texas

STATE OF TEXAS

COUNTY OF HARRIS

BEFORE ME, the undersigned authority, came and appeared _____, as _____ of TORCH ENERGY ASSOCIATES, a _____ corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purpose and consideration therein expressed, in the capacity therein stated, and as the free act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL this ____ day of _____, 19__.

My Commission Expires: _____

Notary Public in and for
The State of Texas

STATE OF TEXAS

COUNTY OF _____

BEFORE ME, the undersigned authority, came and appeared _____, as _____ of UNION PACIFIC RESOURCES COMPANY, a Delaware corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purpose and consideration therein expressed, in the capacity therein stated, and as the free act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL this ____ day of _____, 19__.

My Commission Expires: _____

Notary Public in and for
The State of Texas

STATE OF COLORADO

COUNTY OF Denver

BEFORE ME, the undersigned authority, came and appeared Kenneth T. Smith, as Vice President of SINCLAIR OIL CORPORATION, a Wyoming corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purpose and consideration therein expressed, in the capacity therein stated, and as the free act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL this 3rd day of February, 1993.

My Commission Expires: 10-29-96



[Signature]

Notary Public in and for
The State of ~~Texas~~ Colorado

STATE OF TEXAS

COUNTY OF HARRIS

BEFORE ME, the undersigned authority, came and appeared _____, as _____ of TORCH ENERGY ASSOCIATES, a _____ corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purpose and consideration therein expressed, in the capacity therein stated, and as the free act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL this ____ day of _____, 19__.

My Commission Expires: _____

Notary Public in and for
The State of Texas

STATE OF TEXAS

COUNTY OF _____

BEFORE ME, the undersigned authority, came and appeared _____, as _____ of UNION PACIFIC RESOURCES COMPANY, a Delaware corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purpose and consideration therein expressed, in the capacity therein stated, and as the free act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL this ____ day of _____, 19__.

My Commission Expires: _____

Notary Public in and for
The State of Texas

STATE OF COLORADO

COUNTY OF _____

BEFORE ME, the undersigned authority, came and appeared _____, as _____ of SINCLAIR OIL CORPORATION, a _____ corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purpose and consideration therein expressed, in the capacity therein stated, and as the free act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL this ____ day of _____, 19__.

My Commission Expires: _____

Notary Public in and for
The State of Texas

STATE OF TEXAS

COUNTY OF HARRIS

BEFORE ME, the undersigned authority, came and appeared Matthew S. Ramsey, as Vice President of TORCH ENERGY ASSOCIATES, a limited partnership corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purpose and consideration therein expressed, in the capacity therein stated, and as the free act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL this 29th day of January, 1993.

My Commission Expires: 1993
BETTY KARPEL
MY COMMISSION EXPIRES
December 4, 1993

Betty Karpel

Notary Public in and for
The State of Texas

STATE OF TEXAS

COUNTY OF HARRIS

BEFORE ME, the undersigned authority, came and appeared Matthew S. Ramsey,
as Sr. Vice President - Law of NUEVO ENERGY COMPANY, a Delaware
corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged
to me that he executed the same for the purpose and consideration therein expressed, in the capacity therein
stated, and as the free act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL this 20th day of January, 1993.

My Commission Expires:



Betty Karpel
Notary Public in and for
The State of Texas

CERTIFICATE

I, Linda K. 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 15th day of December, 1992, 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 5th day of February, 199~~2~~³.

Linda K. Fisher
Secretary of the School Land Board

STATE OF TEXAS

COUNTY OF _____

This instrument was acknowledged before me on _____, 1992, by _____ as _____ of Seneca Resources Corporation, a _____ corporation, on behalf of said corporation.

Notary Public in and for the
State of Texas
Commission expires: _____

EXHIBIT "A"

Attached and made a part of that certain
Term Pooling Agreement
Pecore-Siegert Unit
Burleson County, Texas

1. Lessor: Mary D. Siegert, et al.
Lessee: Seneca Resources Corporation
Date: September 14, 1989
Filed: Oil and Gas Lease Records of Burleson County, Texas
Recorded: Volume 158, Page 181
2. Lessor: Elizabeth Hohlt Pecore
Lessee: Seneca Resources Corporation
Date: August 22, 1990
Filed: Oil and Gas Lease Records of Burleson County, Texas
Recorded: Volume 174, Page 435
3. Lessor: Robert S. Fleming
Lessee: Seneca Resources Corporation
Date: August 22, 1990
Filed: Oil and Gas Lease Records of Burleson County, Texas
Recorded: Volume 174, Page 423
4. Lessor: Frederic A. Fleming, Jr.
Lessee: Seneca Resources Corporation
Date: August 22, 1990
Filed: Oil and Gas Lease Records of Burleson County, Texas
Recorded: Volume 174, Page 427
5. Lessor: TRAAC Company, a Texas Partnership, Marian W. Fleming,
Managing General Partner
Lessee: Seneca Resources Corporation
Date: August 22, 1990
Filed: Oil and Gas Lease Records of Burleson County, Texas
Recorded: Volume 174, Page 439
6. Lessor: Joan Hohlt Wech
Lessee: Seneca Resources Corporation
Date: August 22, 1990
Filed: Oil and Gas Lease Records of Burleson County, Texas
Recorded: Volume 174, Page 431

7. Lessor: State of Texas (M-94914)
Lessee: Seneca Resources Corporation
Date: April 7, 1992
Filed: Oil and Gas Lease Records of Burleson County, Texas
Recorded: Volume 204, Page 833

8. Lessor: State of Texas (M-95040)
Lessee: Union Pacific Resources Company
Date: August 4, 1992
Filed: Oil and Gas Lease Records, Burleson County, Texas
Recorded: Volume 207, Page 313
(Also recorded in Volume 1612, Page 219 of the Official Records of Brazos County, Texas)

EXHIBIT "B"

Attached and made a part of that certain
Term Pooling Agreement
Pecore-Siegert Unit
Burlleson County, Texas

Pecore-Siegert Gas Unit
704 Acre Unit

Being 704 acres of land, out of the James Fisher Survey, Abstract No. A-23, Burlleson County, Texas, bounded as follows:

From a Point of Beginning where the Northeast line of that certain 640 acre tract of land described and allocated to the Mabel Wilkin Well No. 5 in that certain Partial Release of Oil & Gas Lease dated February 12, 1985, recorded in Volume 133, Page 5 of the Oil & Gas Lease Records of Burlleson County, Texas, (being the Southwest line of this unit) meets at a common point with the Northwest line of that certain Oil, Gas and Mineral Lease dated September 14, 1989, recorded in Volume 174, Page 435 of the Oil and Gas Records of Burlleson County, Texas; thence northeasterly along said Northwest line to the East bank of the Brazos River, Brazos County, Texas; thence along the East bank of the Brazos River to the northeast terminus of a line parallel to and a sufficient distance from the Northwest line of this unit so as to comprise of 704 acres of land, when extended southwesterly to the initially described Northeast line (being the Southwest line of this unit); and thence northwesterly along said Southwest line of this unit to the Point of Beginning.

This unit is limited to the Austin Chalk Formation defined as the stratigraphic interval as its correlative equivalent accruing from 11,070 feet M.D. to 11,650 feet M.D. as shown on the Dual Induction-SFL log of the Seneca Resources Wilkin No. 5 Well ("unitized interval").

SENECA RESOURCES CORPORATION
 PECOR-SIEGERT NO.1-H
 BURLESON COUNTY, TEXAS

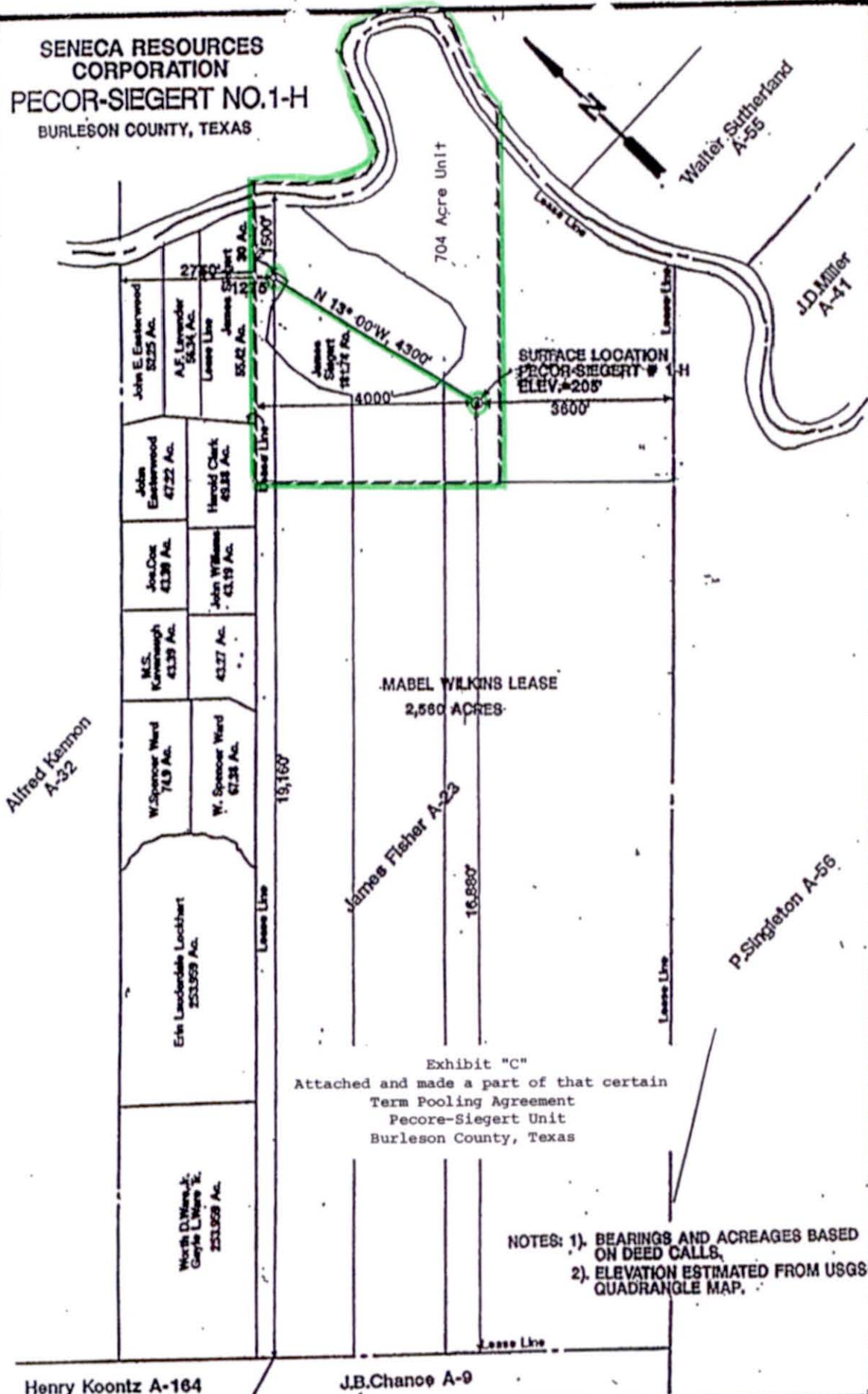


Exhibit "C"
 Attached and made a part of that certain
 Term Pooling Agreement
 Pecore-Siegert Unit
 Burleson County, Texas

- NOTES: 1). BEARINGS AND ACREAGES BASED ON DEED CALLS.
 2). ELEVATION ESTIMATED FROM USGS QUADRANGLE MAP.

O'MALLEY ENGINEERS
 Brenham, Texas

Scale 1" = 2000'
 Paper Number: 92.100.23 LG
 Date: 11/92
 Sheet Number: 1 of 1

⑤ M-94914

Pooling Agreement

FILED: 2-23-93

SENECA RESOURCES CORPORATION

333 CLAY, SUITE 4150
HOUSTON, TX 77002

PLEASE SIGN AND RETURN THE ATTACHED WHITE RECEIPT

003470

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

LEASE DATE	LESSOR	PAYMENT FOR PERIOD		LEASE	
		FROM	TO	NUMBER	SUF
04/07/1992	STATE OF TEXAS M-94914	4/07/1993	4/07/1994	00102035	

In Payment of:

Tract	County/Parish	Status	Gross Acr.	Payment	Recording #
02 TX	BURLESON COUNTY	PAY DELAY RENTAL	17.36	86.80	V204 P833
PROSPECT: 1169		N.E. CLAY PROSPECT			

*money cleared
for Portione & outside
unit rd*

121



Total Amount Paid

86.80

** Payment made on behalf of SENECA RESOURCES GULF COAST DV and all others.

⑥ M-94914
Lental Regiment
3-19-93

2
2
2
2
2

2166 (Permanent)

DO NOT DESTROY

GLO-36-10-84

-MEMO-

12506404453

Operator JENCA Resources CorporationUnit Name PEERE-Siegert Unit, Well No. 1-HCounty ⁰³ Barleson & BrazosEffective Date 04-06-93Unitized for: Oil Gas Oil & Gas 1. M.F. No. 94914

Area _____ Tr. _____

Sec. 11 Blk. _____ Survey B.C.I. S No. 1

$$\frac{11.98}{704.00} \times \frac{15}{20} = \frac{0.003404}{0.003404} \%$$
2. M.F. No. 95040Area Brazos River Tr. 8-A

Sec. _____ Blk. _____ Survey _____

$$\frac{85.53}{704.00} \times \frac{15}{20} = \frac{2.4298}{0.024298} \%$$

3. M.F. No. _____

Area _____ Tr. _____

Sec. _____ Blk. _____ Survey _____

_____ x _____ = _____ %

4. M.F. No. _____

Area _____ Tr. _____

Sec. _____ Blk. _____ Survey _____

_____ x _____ = _____ %

REMARKS:

THIS IS THE PERMANENT unit for these leases - the temporary unit was 2142. THE ACREAGE changed on both of these leases.

POOLING COMMITTEE REPORT

H/2166
Inactive 7-1-99
CJB

TO: SCHOOL LAND BOARD
 DATE: April 6, 1993
 OPERATOR: Seneca Resources Corporation COUNTY: Burleson & Brazos
 UNIT NAME: Pecore-Siegert Unit, Well No. 1-H FIELD: Clay, NE (Austin Chalk 11350)

STATE LEASE(S) IN UNIT

Lease *Type	State Number	State Royalty	Expiration Date	Term Year	Acres	Acres In Unit	Lessee of Record
SF	M-94914	1/4 **	4-7-95	3	37.00	11.98	Seneca Resources Corporation
SF	M-95040	1/4 **	8-4-94	2	550.00	85.53	UPRC

** Subject to Royalty Reduction Provision

- * RAL = Relinquishment Act
- * SF = State Fee
- * FR = Free Royalty

PRIVATE ACRES: 606.49
 STATE ACRES: 97.51
 TOTAL UNIT ACRES: 704.00

Unitized for: Oil _____ Gas _____ Both x
 Depth(s): See Remarks
 Formation: See Remarks
 Well Location: State Land _____ Private Land x

Participation: Basis See Remarks
 State Acreage 13.85%
 State Unit Royalty 2.77%
 Railroad Commission Rules: Spacing 737.71 Acres
 Acreage Factor 100%

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

REMARKS:

- . Seneca Resources Corporation is requesting permanent oil and gas pooling of the Austin Chalk Formation defined as the stratigraphic interval or its correlative equivalent occurring from 11,070 feet M.D. to 11,650 feet M.D. as shown on the Dual Induction-SFL log of Seneca Resources Wilkins No. 5 Well.
- . The applicant has completed a horizontal gas well in the Austin Chalk Formation. The well was completed on February 10, 1993. The initial potential of the well was 8271 mcf and 492 bbls per day.
- . State participation in the proposed permanent unit is reduced from that in the temporary unit, because of the survey of the river tract and discovery that part of the levee tract is not state owned.
- . ✓ If the unit is approved, the applicant will earn a royalty reduction to 20% making the State's unit royalty participation 2.77%.
- . Horizontal severance is effective at the end of 2 years after the primary or extended term as provided in the lease agreement.
- . APPROVAL BY THE SCHOOL LAND BOARD IN NO WAY RATIFIES ANY OF THE STATE LEASES INCLUDED IN THIS PROPOSED UNIT.

POOLING COMMITTEE RECOMMENDATION:

- . The Pooling Committee recommends Board approval of a permanent unit, under the provisions set out above.

Susan D. Albers

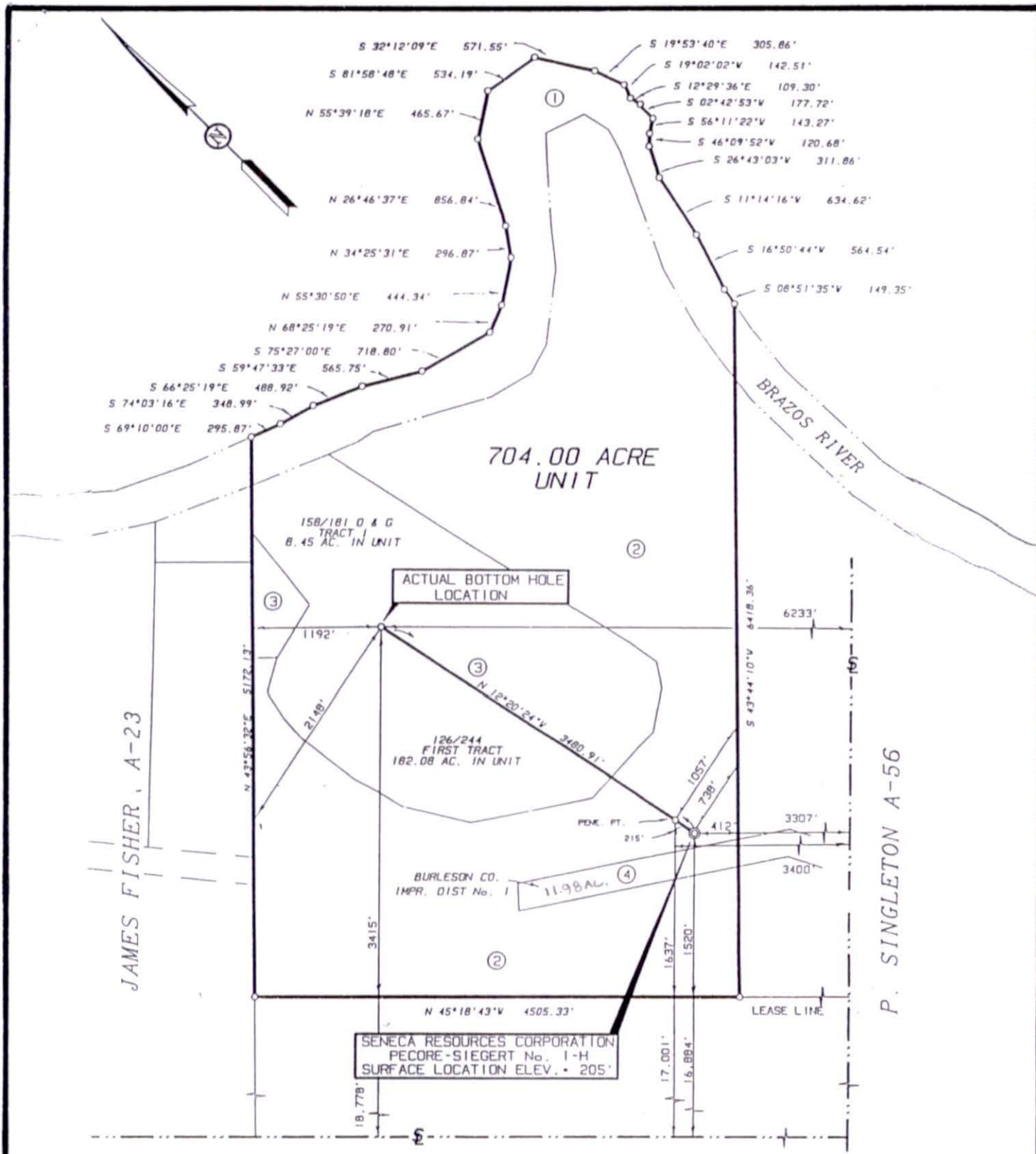
Susan D. Albers

Priscilla M. Hubenak

Priscilla M. Hubenak

Peter A. Boone

Peter A. Boone



Seneca Resources Corporation
 Pecore-Siegert Unit, Well No.1-H
 Clay, NE (Austin Chalk 11350)
 M-94914, M-95040
 Burleson County

⑦ M-94914

Pooling Committee Rpt
FILED: 6-16-93

POOLING AGREEMENT
SENECA RESOURCES CORPORATION
PECORE-SIEGERT UNIT, WELL NO. 1-H
BURLESON AND BRAZOS COUNTIES COUNTY, TEXAS

THIS AGREEMENT is entered into by and between the Commissioner of the General Land Office, on behalf of the State of Texas, as "Lessor" and Seneca Resources Corporation, herein referred to as "Lessee", and such other interested parties as may join in the execution hereof, the undersigned parties herein collectively referred to as the "parties", 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 follow:

PURPOSES:

1.

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

MINERAL POOLED:

3.

The mineral pooled and unitized ("pooled mineral") hereby shall be oil and gas including all hydrocarbons that may be produced from an oil well or a gas well as such wells are recognized and designated by the Railroad Commission of Texas or other state regulatory agency having jurisdiction of the drilling and production of oil and gas wells. The pooled mineral shall extend to those depths underlying the surface boundaries of the pooled unit in the Austin Chalk Formation defined as the stratigraphic interval or its correlative equivalent occurring from 11,070 feet measured depth to 11,650 feet measured depth as shown on the Dual Induction-SFL log of Seneca Resources Wilkins No. 5 Well ("unitized interval").

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 "B", 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 land or lease included within said unit shall be considered as a shut-in oil or gas well located upon each land or 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 described in Exhibit "B" only as provided in each such lease without regard to unit operations or unit production. Neither production of the pooled mineral, nor unit operations with respect thereto, 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 described in Exhibit "B" 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, except as may otherwise be provided in each State Lease, 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 special field rules providing for oil and/or gas proration units of less than 704 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 State leases described in Exhibit "A" and the State lands within the boundaries of the pooled unit described in Exhibit "B" 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 pooled unit, nor to develop the lands within the boundaries thereof 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 conditions 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 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.

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.

Upon execution by the Commissioner of the General Land Office of the State of Texas this Agreement shall become effective as of April 6, 1993, such that the State will participate in the production from the Unit well from the date the pooled mineral is first produced.

TERM: 9.

This Agreement shall remain in effect so long as the pooled mineral is being produced from said unit, or so long as all leases included in the pooled unit are maintained in force by payment of delay rentals or shut-in oil or gas well royalties, by drilling or rework, 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 covered by 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 Burleson and Brazos Counties 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.

RATIFICATION/WAIVER: 12.

Nothing in this Agreement, nor the approval of this Agreement by the School Land Board, nor the execution of this Agreement by the Commissioner shall: (1) operate as a ratification or revivor of any State lease that has expired, terminated, or has been released in whole or in part or terminated under the terms of such State lease or the laws applicable thereto; (2) constitute a waiver or release of any claim for money, oil, gas or other hydrocarbons, or other thing due to the State by reason of the existence or failure of such lease; (3) constitute a waiver or release of any claim by the State that such lease is void or voidable for any reason, including, without limitation, violations of the laws of the State with respect to such lease or failure of consideration; (4) constitute a confirmation or recognition of any boundary or acreage of any tract or parcel of land in which the State has or claims an interest; or (5) constitute a ratification of, or a waiver or release of any claim by the State with respect to any violation of a statute, regulation, or any of the common laws of this State, or any breach of any contract, duty, or other obligation owed to the State.

COUNTERPARTS: 13.

This Agreement may be executed in counterparts and if so executed shall be valid, binding and have the same effect as if all the parties hereto actually joined in and executed one and the same document. For recording purposes and in the event counterparts of this Agreement are executed, the executed pages, together with the pages necessary to show acknowledgments, may be combined with the other pages of this Agreement so as to form what shall be deemed and treated as a single original instrument showing execution by all parties hereto.

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

Date Executed 6-10-93

Legal
Geology
Execution

STATE OF TEXAS
By Garry Mauro
Garry Mauro, Commissioner
of the General Land Office

Date Executed 5-28-93

SENECA RESOURCES CORPORATION

Emmett Wassell

EW

Emmett Wassell
General Manager - Gulf Coast Division

Attest: _____

Date Executed _____

UNION PACIFIC RESOURCES COMPANY

Carolyn J. David

see memo from JRM

Carolyn J. David
Attorney-In-Fact

Attest: _____

Date Executed _____

SINCLAIR OIL CORPORATION

Kenneth T. Smith
Vice President

Attest: _____

Date Executed _____

TORCH ENERGY ASSOCIATES

Matthew S. Ramsey
Vice President

Attest: _____

Date Executed _____

NUEVO ENERGY COMPANY

Matthew S. Ramsey
Senior Vice President - Land

Attest: _____

Date Executed _____

SENECA RESOURCES CORPORATION

Attest: _____

Emmett Wassell
General Manager - Gulf Coast Division

Date Executed _____

UNION PACIFIC RESOURCES COMPANY

Attest: _____

Carolyn J. David
Attorney-In-Fact

Date Executed 5-27-93

SINCLAIR OIL CORPORATION

Attest: _____



Kenneth T. Smith
Vice President

Date Executed _____

TORCH ENERGY ASSOCIATES

Attest: _____

Matthew S. Ramsey
Vice President

Date Executed _____

NUEVO ENERGY COMPANY

Attest: _____

Matthew S. Ramsey
Senior Vice President - Land

Date Executed _____

SENECA RESOURCES CORPORATION

Attest: _____

Emmett Wassell
General Manager - Gulf Coast Division

Date Executed _____

UNION PACIFIC RESOURCES COMPANY

Attest: _____

Carolyn J. David
Attorney-In-Fact

Date Executed _____

SINCLAIR OIL CORPORATION

Attest: _____

Kenneth T. Smith
Vice President

Date Executed _____

TORCH ENERGY ASSOCIATES

Attest: _____

Matthew S. Ramsey
Vice President

Approval
jip

Date Executed _____

NUEVO ENERGY COMPANY

Attest: _____

Matthew S. Ramsey
Senior Vice President - Land

Approval
jip

Certificate

I, Linda K. 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 6th day of April, 1993, 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.

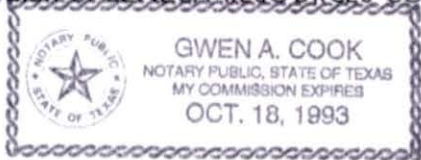
IN TESTIMONY WHEREOF, witness my hand this is the 4th day June, 1993.

Secretary of the School Land Board Linda K. Fisher

STATE OF TEXAS

COUNTY OF HARRIS

This instrument was acknowledged before me on May 28, 1993, by Emmett Wassell as General Manager - Gulf Coast Division of SENECA RESOURCES CORPORATION, a Pennsylvania corporation, on behalf of said corporation.



Gwen A. Cook
Notary Public in and for the
State of Texas
Commission expires: 10-18-93

STATE OF TEXAS

COUNTY OF TARRANT

This instrument was acknowledged before me on May 4, 1993, by Carolyn J. Davis as Attorney-in-Fact for UNION PACIFIC RESOURCES COMPANY, a Delaware corporation, on behalf of said corporation.



Stephen M. Kaufman
Notary Public in and for the
State of Texas
Commission expires: _____

STATE OF COLORADO

COUNTY OF DENVER

This instrument was acknowledged before me on _____, 1993, by Kenneth T. White, as Vice President of SINCLAIR OIL CORPORATION, a Wyoming corporation on behalf of said corporation.

Notary Public in and for the
State of Colorado
Commission expires: _____

STATE OF TEXAS

COUNTY OF HARRIS

This instrument was acknowledged before me on _____, 1993, by Matthew S. Ramsey, as Vice President of TORCH ENERGY ASSOCIATES, a Texas Limited Partner on behalf of said partnership.

Notary Public in and for the
State of Texas
Commission expires: _____

Certificate

I, Linda K. 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 6th day of April, 1993, 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 is the ____ day _____, 1993.

Secretary of the School Land Board _____

STATE OF TEXAS

COUNTY OF HARRIS

This instrument was acknowledged before me on _____, 1993, by Emmett Wassell as General Manager - Gulf Coast Division of SENECA RESOURCES CORPORATION, a Pennsylvania corporation, on behalf of said corporation.

Notary Public in and for the
State of Texas
Commission expires: _____

STATE OF TEXAS

COUNTY OF TARRANT

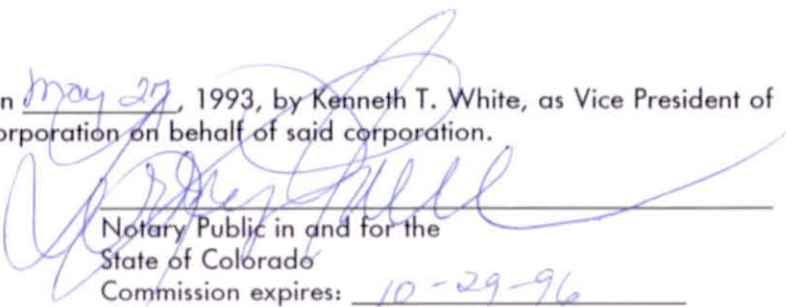
This instrument was acknowledged before me on _____, 1993, by Carolyn J. Davis as Attorney-in-Fact for UNION PACIFIC RESOURCES COMPANY, a Delaware corporation, on behalf of said corporation.

Notary Public in and for the
State of Texas
Commission expires: _____

STATE OF COLORADO

COUNTY OF DENVER

This instrument was acknowledged before me on May 27, 1993, by Kenneth T. White, as Vice President of SINCLAIR OIL CORPORATION, a Wyoming corporation on behalf of said corporation.



Notary Public in and for the
State of Colorado
Commission expires: 10-29-96

STATE OF TEXAS

COUNTY OF HARRIS

This instrument was acknowledged before me on _____, 1993, by Matthew S. Ramsey, as Vice President of TORCH ENERGY ASSOCIATES, a Texas Limited Partner on behalf of said partnership.

Notary Public in and for the
State of Texas
Commission expires: _____

Certificate

I, Linda K. 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 6th day of April, 1993, 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 is the ____ day _____, 1993.

Secretary of the School Land Board _____

STATE OF TEXAS

COUNTY OF HARRIS

This instrument was acknowledged before me on _____, 1993, by Emmett Wassell as General Manager - Gulf Coast Division of SENECA RESOURCES CORPORATION, a Pennsylvania corporation, on behalf of said corporation.

Notary Public in and for the
State of Texas
Commission expires: _____

STATE OF TEXAS

COUNTY OF TARRANT

This instrument was acknowledged before me on _____, 1993, by Carolyn J. Davis as Attorney-in-Fact for UNION PACIFIC RESOURCES COMPANY, a Delaware corporation, on behalf of said corporation.

Notary Public in and for the
State of Texas
Commission expires: _____

STATE OF COLORADO

COUNTY OF DENVER

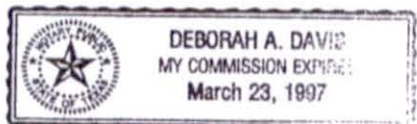
This instrument was acknowledged before me on _____, 1993, by Kenneth T. White, as Vice President of SINCLAIR OIL CORPORATION, a Wyoming corporation on behalf of said corporation.

Notary Public in and for the
State of Colorado
Commission expires: _____

STATE OF TEXAS

COUNTY OF HARRIS

This instrument was acknowledged before me on April 27, 1993, by Matthew S. Ramsey, as Vice President of TORCH ENERGY ASSOCIATES, a Texas Limited Partner on behalf of said partnership.



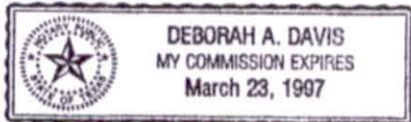
Deborah A. Davis

Notary Public in and for the
State of Texas
Commission expires: 3-23-97

STATE OF TEXAS

COUNTY OF HARRIS

This instrument was acknowledged before me on April 27, 1993, by Matthew S. Ramsey, as Senior Vice President of NUEVO ENERGY ASSOCIATES, a Delaware corporation, on behalf of said corporation.



Deborah A. Davis

Notary Public in and for the
State of Texas

Commission expires: 3-23-97

EXHIBIT "A"

Pooling Agreement
Seneca Resources Corporation
Pecore-Siegert Unit, Well No. 1-H
Burleson and Brazos Counties, Texas

1. Lessor: Mary D. Siegert, et al.
Lessee: Seneca Resources Corporation
Date: September 14, 1989
Filed: Oil and Gas Lease Records of Burleson County, Texas
Recorded: Volume 158, Page 181
2. Lessor: Elizabeth Hohlt Pecore
Lessee: Seneca Resources Corporation
Date: August 22, 1990
Filed: Oil and Gas Lease Records of Burleson County, Texas
Recorded: Volume 174, Page 435
3. Lessor: Robert S. Fleming
Lessee: Seneca Resources Corporation
Date: August 22, 1990
Filed: Oil and Gas Lease Records of Burleson County, Texas
Recorded: Volume 174, Page 423
4. Lessor: Frederic A. Fleming, Jr.
Lessee: Seneca Resources Corporation
Date: August 22, 1990
Filed: Oil and Gas Lease Records of Burleson County, Texas
Recorded: Volume 174, Page 427
5. Lessor: TRAAC Company, a Texas Partnership, Marian W. Fleming,
Managing General Partner
Lessee: Seneca Resources Corporation
Date: August 22, 1990
Filed: Oil and Gas Lease Records of Burleson County, Texas
Recorded: Volume 174, Page 439
6. Lessor: Joan Hohlt Wech
Lessee: Seneca Resources Corporation
Date: August 22, 1990
Filed: Oil and Gas Lease Records of Burleson County, Texas
Recorded: Volume 174, Page 431

7. Lessor: State of Texas (M-94914)
Lessee: Seneca Resources Corporation
Date: April 7, 1992
Filed: Oil and Gas Lease Records of Burleson County, Texas
Recorded: Volume 204, Page 833

8. Lessor: State of Texas (M-95040)
Lessee: Union Pacific Resources Company
Date: August 4, 1992
Filed: Oil and Gas Lease Records, Burleson County, Texas
Recorded: Volume 207, Page 313
(Also recorded in Volume 1612, Page 219 of the Official Records of Brazos County, Texas)

EXHIBIT "B"

Pooling Agreement
Seneca Resources Corporation
Pecore-Siegert Unit, Well No. 1-H
Burleson and Brazos Counties, Texas

Pecore-Siegert Gas Unit
704 Acre Unit

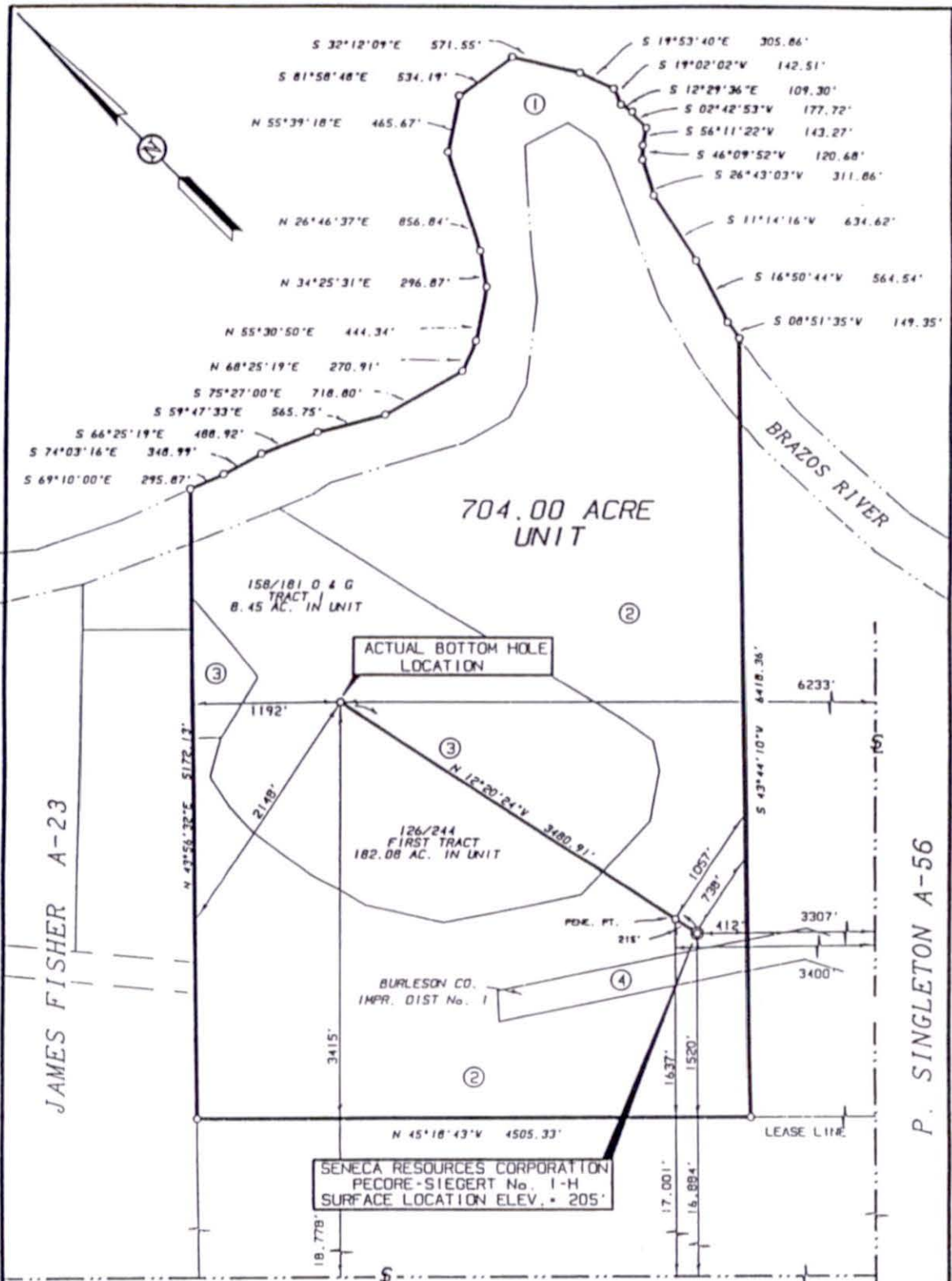
Being 704 acres of land, out of the James Fisher Survey, Abstract No. A-23, Burleson County, Texas, bounded as follows:

From a Point of Beginning where the Northeast line of that certain 640 acre tract of land described and allocated to the Mabel Wilkin Well No. 5 in that certain Partial Release of Oil & Gas Lease dated February 12, 1985, recorded in Volume 133, Page 5 of the Oil & Gas Lease Records of Burleson County, Texas, (being the Southwest line of this unit) meets at a common point with the Northwest line of that certain Oil, Gas and Mineral Lease dated September 14, 1989, recorded in Volume 174, Page 435 of the Oil and Gas Records of Burleson County, Texas;

thence N 43° 56' 32" E	5172.13';
thence S 69° 10' 00" E	295.87';
thence S 74° 03' 16" E	348.99';
thence S 66° 25' 19" E	488.92';
thence S 59° 47' 33" E	565.75';
thence S 75° 27' 00" E	718.80';
thence N 68° 25' 19" E	270.91';
thence N 55° 30' 50" E	444.34';
thence N 34° 25' 31" E	296.87';
thence N 26° 46' 37" E	856.84';
thence N 55° 39' 18" E	465.67';
thence S 81° 58' 48" E	534.19';
thence S 32° 12' 09" E	571.55';
thence S 19° 53' 40" E	305.86';
thence S 19° 02' 02" W	142.51';
thence S 12° 29' 36" E	109.30';
thence S 02° 42' 53" W	177.72';
thence S 56° 11' 22" W	143.27';
thence S 46° 09' 52" W	120.68';
thence S 26° 43' 03" W	311.86';
thence S 11° 14' 16" W	634.62';
thence S 16° 50' 44" W	564.54';
thence S 08° 51' 35" W	149.35';
thence S 43° 44' 10" W	6418.36';
thence N 45° 18' 43" W	4505.33';

to the Point of Beginning.

This unit is limited to the Austin Chalk Formation defined as the stratigraphic interval as its correlative equivalent accruing from 11,070 feet M.D. to 11,650 feet M.D. as shown on the Dual Induction-SFL log of the Seneca Resources Wilkin No. 5 Well ("unitized interval").



NOTES:
 1) BEARINGS BASED ON TRUE NORTH OBTAINED BY SOLAR OBSERVATION
 2) WELL IS LOCATED 10.7 MILES SOUTHEAST OF SNOOK, TEXAS
 3) SEE ATTACHMENT "A" FOR TABLE OF LESSORS
 FEBRUARY 9, 1993
 REVISED FEBRUARY 25, 1993 (LEVEE TRACT 1)

Charles H. Calhoun
 CHARLES H. CALHOUN
 REGISTERED PROFESSIONAL LAND SURVEYOR No. 4452

WARREN L. SIMPSON
 PROFESSIONAL LAND SURVEYING SERVICES
 7701 CAMERON ROAD SUITE No. 108
 AUSTIN TEXAS 78752
 PHONE (512) 452-1513



Exhibit "C"
 Pooling Agreement
 Seneca Resources Corporation
 Pecore-Siegert Unit, Well No. 1-H
 Burleson and Brazos Counties, Texas

SENECA RESOURCES CORPORATION
 PECORE-SIEGERT No. 1-H
 JAMES FISHER SURVEY, A-23
 BURLESON COUNTY, TEXAS
 SCALE 1" = 1000'

ATTACHMENT "A"

PECORE-SIEGERT No. I-H

TRACT	ACRES IN UNIT	DESCRIPTION	LEASE No. / VOL/PAGE
1	85.53	STATE OF TEXAS	LEASE No. M-95040
2	415.96	ELIZABETH HOHLT PECORE ROBERT S. FLEMING FREDERIC A. FLEMING, Jr. TRAC COMPANY JOAN HOHLT WICH	83/491 D.R.
3	190.53	MARY D. SIEGERT, et al	26/244 FIRST TRACT D.R. 58/181 TRACT 1 O & G
4	11.98	STATE OF TEXAS	40/105-106 D.R. LEASE No. M-94914
704.00 ACRES TOTAL IN UNIT			

FEBRUARY 9, 1993
REVISED FEBRUARY 25, 1993 (LEVEE TRACT)

WARREN L. SIMPSON
PROFESSIONAL LAND SURVEYING SERVICES
7701 CAMERON ROAD SUITE No. 108
AUSTIN TEXAS 78752
PHONE (512) 452-1513

SENECA RESOURCES CORPORATION
PECORE-SIEGERT No. I-H
JAMES FISHER SURVEY, A-23
BURLESON COUNTY, TEXAS

⑧ M-94914

Pooling Agreement

(Perm. - Peacor-Siegert Unit)

FILED: 6-16-93

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

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

EFFECTIVE SEPT. 1, 1991, PERMIT APPLICATION FEE WILL VARY ACCORDING TO THE TOTAL DEPTH SHOWN IN ITEM NO. 9 BELOW:
0-2000' - \$100, 2001' - 4000' - \$125, 4001' - 9000' - \$150, 9001' or deeper - \$200

Return each W-1 with plat, applicable fee, and "W-1 Compliance Certificate" (W-1c). 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. Box 12967
Austin, Texas 78711-2967

File a copy of W-1 and plat in RRC District Office

Read Instructions on Back

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

Enter here, if assigned: API No. 42-
Permit No. _____
Rule 37 Case No. _____

1. Operator's Name (exactly as shown on Form P-5, Organization Report) SENECA RESOURCES CORP.
 2. Address (including city and zip code) 333 CLAY ST., STE. 4150 HOUSTON, TX 77002
 3. RRC Operator No. 767060
 4. RRC District No. 03
 5. County of Well Site BURLESON
 6. Lease Name (32 spaces maximum) PEODRE - SIEGERT
 7. RRC Lease/ID No. _____
 8. Well No. 1-H
 9. Total Depth 12,000' TVD
 10. Location JAMES FISHER LEAGUE SURVEY
 • Section _____ Block _____ Survey _____ Abstract No. A-23
 • This well is to be located 5 miles in a NE'ly direction from CLAY
 which is the nearest town in the county of the well site.

11. Distance from proposed location to nearest lease or unit line TERMINUS 350 ft.
 12. Number of contiguous acres in lease (pooled unit, or unitized tract) 704.00 (OUTLINE ON PLAT.)

13. FIELD NAME (Exactly as shown on RRC production schedule. List all established and potential zones of anticipated completion. Attach additional Form W-1s as needed to list these zones. One zone per line.)	14. Depth (ft.)	15. Section	16. Total Acres	17. Number of Wells	18. Is this well to be drilled on this acreage?	19. Is this well to be plugged back on this acreage?	20. Is this well to be completed on this acreage?	21. Is this well to be plugged back on this acreage?	22. No. of Wells (a) (b) (c) (d) (e) (f) (g) (h) (i) (j) (k) (l) (m) (n) (o) (p) (q) (r) (s) (t) (u) (v) (w) (x) (y) (z)
<u>CLAY, N.E. (AUSTIN CHALK) 11350</u>	<u>12,000'</u>	<u>100/1867</u>	<u>640</u>	<u>704</u>	<u>No</u>	<u>N/A</u>	<u>0/6</u>	<u>1</u>	<u>1</u>

22. Perpendicular surface location from two nearest designated lines:
 • Lease/Unit 1250' FSEL & 1400' FSWL
 • Survey/Section 3600' FSEL & 16,880 FSWL
 If a directional well, show also projected bottom-hole location: (TERMINUS)
 • Lease/Unit 350' FNWL & 3550' FSWL
 • Survey/Section 2750' FNWL & 19,160' FSWL

23. Is this a pooled unit? Yes (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

25. Is this wellbore subject to Statewide Rule 36 (hydrogen sulfide area)? Yes No
 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 No
 If not, and if the well requires a Rule 37 or 38 exception, see Instructions for Rule 37.

Remarks PENETRATION POINT LOCATION:
UNIT - 950' FSEL & 1400' FSWL
SURVEY - 3650' FSEL & 17,000' FSWL

I certify that information stated in this application is true and complete, to the best of my knowledge.
 Signature Jane Dolmage Name and title of operator's representative JANE DOLMAGE REGULATORY/PROD SUPV.
 Date: 12/4/92 Tel.: (713) 658-0191
 mo. day yr. Area Code Number

W-1 COMPLIANCE CERTIFICATION

FORM W-1C

9/1/91

Railroad Commission of Texas
Oil and Gas Division
P. O. Box 12967
Austin, Texas 78711-2967

Reference: TNRC 91.110

ATTACH TO DRILLING PERMIT APPLICATION

WHEN TO FILE: A Form W-1C, "W-1 Compliance Certification," is to accompany any filing of Form W-1, "Application for Permit to Drill, Deepen, Plug Back, or Re-Enter." This includes initial and materially amended applications. The W-1C is attached only to the W-1 filed with Austin; a copy does not have to be attached to the W-1 copy filed with the district office.

This certification is binding on the named organization. Failure to file the W-1C will delay approval of the W-1 application. Filing a false statement may be a violation of TNRC 91.143 and may also subject a permit to denial or revocation.

VIOLATION means non-compliance with Title 3, TNRC or a Commission rule, order, license, permit, or certificate that relates to safety or the prevention or control of pollution.

OUTSTANDING FINAL ORDERS. An organization has an outstanding final order against it if:

- a Commission order finding a violation has been entered and all appeals have been exhausted; or
- the Commission and the organization have entered into an agreed order relating to an alleged violation;

AND

- (1) the conditions that constituted a violation have not been corrected;
- (2) all administrative, civil, and criminal penalties relating to any conditions constituting a violation have not been paid; and
- (3) all reimbursements of costs and expenses assessed by the Commission to be collected in relation to any conditions constituting a violation have not been collected.

CERTIFICATION STATEMENT: I certify:

- (1) that the applicant organization named below has no outstanding final orders against it; and
- (2) that no owner of more than 25 percent ownership interest, officer, director, general partner, or trustee of the applicant organization named below has within the last five years held a position of ownership or control in any organization (including the named organization) that has an outstanding final Commission order against it relating to a violation, during that period of ownership or control.

SENECA RESOURCES CORP.
organization name

William M. Petmecky
Assistant Secretary
representative's name (print or type)

(713) 658-0191
phone number with area code

William M. Petmecky
representative's signature

William M. Petmecky
Assistant Secretary
representative's title

12/4/92
date

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

CERTIFICATE OF POOLING AUTHORITY

I, JANIE DOLMAGE, being of lawful age, being familiar with the matter, and having full knowledge of the facts set out, do state:

(1) That the acreage claimed for the purpose of establishing a pooled drilling or proration unit under applicable orders of the Railroad Commission of Texas, for the

NAME OF OPERATOR: SENELA RESOURCES CORP.

NAME OF POOLED UNIT: PELORE-SIEGERT WELL NO. 1-H

FIELD: CLAY, N.E. (AUSTIN CHALK 11350), BURLESON COUNTY,

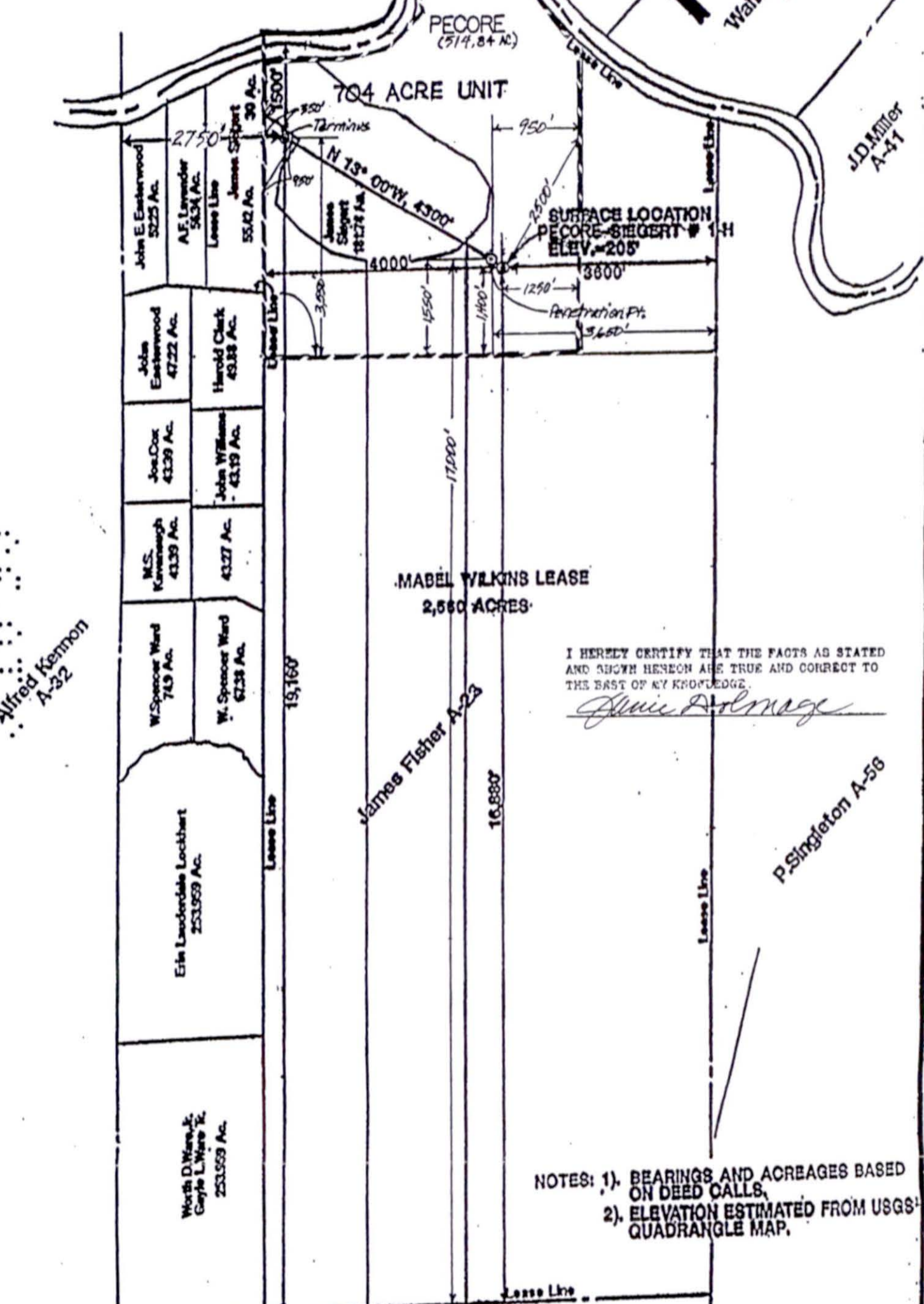
TEXAS, contains 704.00 acres; that with respect to such pooled unit, as it is hereafter described, parties now owning a mineral interest or mineral interests (including royalty interests, working interests, or other mineral interests) therein either (1) acquired such interest as they now have subject to the provisions of an instrument or instruments now in effect and which permit the pooling of said interests or (2) have, by virtue of the execution of an instrument or instruments the provisions of which are now in effect, pooled such of said interests as they now own therein, in such manner that all of such pooled unit shall be considered by the Commission as one base tract as if all rights with respect thereto has been acquired under a single contract.

(2) That the pooled unit described in the preceding paragraph is made up of and contains the hereafter described individual tracts of land no part of which is embraced within any other pooled unit in the same field and which, by virtue of the pooling agreements referred to in the preceding paragraph, are now contained within the pooled unit herein described.

(3) That where a non-pooled undivided interest exists in any of the individual tracts pooled, that certain non-pooled interest is noted in the margin of this instrument beside the tract description to identify the existence of the non-pooled interests in that tract:

(OVER)

SENECA RESOURCES CORPORATION
PECORE-SIEGERT NO.1-H
 BURLESON COUNTY, TEXAS



MABEL WILKINS LEASE
 2,560 ACRES

I HEREBY CERTIFY THAT THE FACTS AS STATED AND SHOWN HEREON ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.

Janie Polmage

NOTES: 1). BEARINGS AND ACREAGES BASED ON DEED CALLS.
 2). ELEVATION ESTIMATED FROM USGS QUADRANGLE MAP.

Henry Koontz A-164

J.B.Chance A-9

JD 12-4-92

O'MALLEY ENGINEERS
 Brenham, Texas



Scale	1" = 2000'
Project Number	92-10023 LC
Drawn by	gj
Date	11/92
Sheet Number	1 of 1

⑨ M-94914
Application to Drill Well #
FILED: 6-16-93

2.10.93

OIL AND GAS DIVISION ORDER SENECA RESOURCES CORPORATION

TO: SENECA RESOURCES CORPORATION
333 Clay Street, Suite 4150
Houston, Texas 77002

EFFECTIVE: 1st Production

m - 94914

Each of the undersigned hereby certify and warrant that they are the legal owners of the interest set out opposite his, her or its name on Exhibit "A" attached hereto and made a part hereof, and that the interest is his, her or its correct and entire ownership and interest, whether royalty, mineral or otherwise, in the oil produced from and in the proceeds of the gas sold from or used off the leases or units known as:

<u>WELL NO.</u>	<u>WELL NAME</u>	<u>COUNTY/STATE</u>
33590	Pecore-Siegert No. 1-H Gas Unit	Burleson/Texas

Until further written notice, either from you to the undersigned or from the undersigned to you, you are hereby authorized to receive such oil and/or gas into your possession, or the possession of any person or company designated by you, the same to be run and measured in accordance with the customary pipeline rules and regulations, including those of the governmental agency having recognized jurisdiction over or control of the production and handling of oil and/or gas in such area, and to account for the proceeds received by you from the sale of such oil and/or gas according to the aforementioned Division of Interest Schedule.

The following covenants are also part of this division order and shall be binding upon the undersigned, his, her or its heirs, devisees, legal representatives, successors and assigns:

1. The word "OIL" as used herein is hereby declared to include all liquid hydrocarbons purchased hereunder, and the word "GAS" as used herein is hereby declared to include all gaseous substances, including oil well gas (casinghead gas).
2. The oil run hereunder shall, on the terms herein stated, become your property immediately upon being received into your possession or the possession of your designated nominee; and you agree to receive the oil hereunder and, subject to the further provisions hereof, to pay the respective owners therefor according to the division of interest herein indicated, either at the posted per barrel (42 gallons) field price for similar crude prevailing for the field where produced on the date of each respective run, or, if the oil is purchased by a nominee, the price to be paid shall be the same price received by Company from such nominee, and, in the absence of a pipeline connection, all prices are subject to deduction of barging or trucking costs and the applicable transportation tax thereof. You, your designated carrier or purchaser, may treat or steam unmerchantable oil before acceptance thereunder, and the expense therefor may be withheld.
3. The price to be paid for gas received hereunder shall be based on the amount realized from such sales. Prior to computing any royalties or other interest hereunder, you are authorized hereby to deduct any and all federal, state or local taxes imposed on or incident to the severance, production, gathering, processing and marketing of gas, all costs of treating such gas to make it merchantable and all costs which you have incurred in transporting such to any purchaser.
4. If a refund of a portion of the proceeds derived from the sale of gas may be required under any order, rule or regulation of the Federal Energy Regulatory Commission or the provisions of the Natural Gas Policy Act of 1978 or any amendments thereto, Seneca Resources Corporation ("Company") may hold without interest the portion of the proceeds subject to refund until indemnity satisfactory to Company has been furnished, or until Company's refund obligation has been finally determined. If at any time a refund of a portion of the proceeds derived from the sale of gas which has been paid, the undersigned is required under any order, rule or regulation of the Federal Energy Regulatory Commission or the provisions of the Natural Gas Policy Act of 1978 or any amendments thereto, Company may recover said refund by deduction from future payments or, at Company's discretion, may invoice the undersigned for that portion applicable to the undersigned's interest, plus the legal rate of interest Company is required to pay applicable to the undersigned's portion of the refund.
5. The undersigned hereby adopt, ratify, and confirm each oil and gas lease, unit designation or agreement, and gas sales or processing agreement, and all amendments thereof, under which the production covered hereby is produced, processed and sold. In the event all or any portion of the land described herein or any formation underlying same be included in one or more units now or hereafter formed or revised by order of any appropriate governmental authority or in one or more duly authorized voluntary units now or hereafter formed or revised, it is agreed that this division order shall be subject to such unit or units so formed or revised and that settlements shall be made in accordance with the production allocated to said tract or formation without requiring the execution of additional division orders.
6. Settlement shall be made monthly by Company's check mailed to each of the undersigned at the address indicated. However, if the proceeds for any one month amount to less than \$25.00, Company is hereby authorized to accumulate the total and make settlement in the month the total reached \$25.00 or on December 31 of each year, whichever occurs first.
7. The undersigned hereby warrant and guarantee the title to the interest credited to him, her or it herein. In the event there is any adverse claim of title to the production affected hereby or any part thereof as to the interest of the undersigned in the lands from which such production is obtained, the undersigned agrees that you may hold the proceeds of such production attributable to such interest, without interest, until evidence of good title satisfactory to you has been furnished, or such dispute as to the ownership has been settled, or until the undersigned furnishes indemnity satisfactory to Company. In the event any action or suit is filed in any court affecting title to the interest of an owner herein, or to the gas run to the credit of such interest, written notice of the filing of such suit or action shall be immediately furnished you by the owner of such interest, stating the court in which the same is filed and the title of such suit or action.
8. Any of the undersigned executing this division order as a lien holder agree that you are authorized to make payment direct to the owner of the royalty or other interest subject to the lien of all proceeds accruing to such owner's interest and waives any rights thereto until you are furnished written notice to the contrary.

- 9. Seneca Resources Corporation is hereby relieved of any responsibility for determining when any of the interest hereinabove set forth shall revert to other parties as a result of the completion or discharge of money or other payments from said interest and the signers hereof whose interests are affected by such money or other payments, if any agree to deliver to Seneca Resources Corporation notice in writing, at the above address, when any such money or other payments have been completed or discharged or when any other division of interest than that set forth above shall, for any reason, become effective and to furnish transfer orders accordingly, and that in the event such notice shall not be delivered to Seneca Resources Corporation, it shall be held harmless in the event of, and is hereby released from, any and all damage or loss which might arise out of any overpayment.
- 10. Until you actually receive notice in writing at the above address of any change in ownership or transfer or of any increase or decrease in the amount of character of any owner's interest (whether or not now provided for in any recorded instrument heretofore furnished to you), together with certified copies of properly recorded instruments in evidence thereof, you may continue to make payments for oil and/or gas sold on the basis of the ownership set forth in said Division of Interest Schedule, and you shall be held harmless from any loss arising out of any overpayment as a result of failure to receive written notice of any such change in ownership, transfer or difference in interest. Any such change in ownership or transfer of any increase or decrease in the amount of character of any owner's interest shall be made subject to this division order and shall be effective (insofar as payments made hereunder are concerned) at 7:00 o'clock A.M. on the first day of a calendar month, and shall not, as to you, be effective as to runs earlier than 7:00 o'clock A.M. of the first day of the calendar month during which you receive notice of such change, transfer or difference.
- 11. This division order may be terminated by you or by any one or more of the undersigned (as to his, her or its interests) as to any future sales or deliveries of oil and/or gas from said lease provided that no such termination shall affect any rights given you or any of the undersigned under the terms hereof as to sales or deliveries of oil and/or gas theretofore made, or as to sums theretofore paid hereunder, and provided further, that no such termination by any of the undersigned shall be effective as to you until thirty days after written notice thereof has been received by you at the above address. Consent is hereby given to you and/or any pipeline company which you may cause to connect with said well, to disconnect and remove such pipelines in case of termination by either you or us to purchase under this division order.
- 12. In the event the undersigned's interest is subject to an operating agreement or other like agreement relative to the oil and gas operations on the lease(s) described herein and there is a conflict with any of the provisions contained herein, the terms and conditions of such operating agreement shall control.

All of the provisions herein contained shall apply to each of the undersigned separately and not jointly. This division order may be executed in multiple counterparts and shall be binding on each party as soon as signed by such party regardless of whether or not the same is signed by any other party.

WITNESSES:

By _____

SS/Tax No. _____

Address: _____

By _____

SS/Tax No. _____

Address: _____

PLEASE SIGN YOUR NAME EXACTLY AS SHOWN ON THE INTEREST SCHEDULE
AND ENTER YOUR SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER
IN THE SPACE PROVIDED.

EXHIBIT "A"

Division Order Number 33590

Well Name Pecore-Siebert No. 1-H Gas Unit

Prospect N.E. Clay

Description: 704 Acres described in that certain Designation of Unit dated January 29, 1993, recorded in Volume 211, Page 487, Oil and Gas Records, Burtleson County, Texas, LIMITED HOWEVER, to the Austin Chalk formation as found between 11,070 feet and 11,650 feet as shown on the Dual Induction-SFL log of the Seneca Resources Wilken No. 5 Well.

TRACT FACTOR = 1/.8745460 = 1.1434504

CREDIT TO:	DIVISION OF INTEREST	INTEREST/TYPE	TIMES TRACT FACTOR
3501	State of Texas 1/4 of 11.98/704	.0042543 RI	.0048646
8683	Frederich A. Fleming, Jr. 3/16 of 1/6 of 415.96/704, plus 3/16 of 1/18 of 415.96/704, less 1/6 of 2/64 of 415.96/704, less 1/18 of 2/64 of 415.96/704, less 1/6 of 200/3,465 of 1/8 of 415.96/704	.0198052 RI	.0226463
8684	Robert S. Fleming 3/16 of 1/6 of 415.96/704, plus 3/16 of 1/18 of 415.96/704, less 1/6 of 2/64 of 415.96/704, less 1/18 of 2/64 of 415.96/704, less 1/6 of 200/3,465 of 1/8 of 415.96/704	.0198052 RI	.0226463
8689	Joan Hohlt Wich 3/16 of 1/6 of 415.96/704, plus 3/16 of 1/12 of 415.96/704, less 1/6 of 2/64 of 415.96/704, less 1/12 of 2/64 of 415.96/704, less 1/4 of 200/3,465 of 1/8 of 415.96/704	.0220144 RI	.0251724
8687	Elizabeth Hohlt Pecore (1/4 of 3/16 of 1/6 of 415.96/704), plus (1/4 of 3/16 of 1/12 of 415.96/704), less (1/4 of 1/6 of 2/64 of 415.96/704), less (1/4 of 1/12 of 2/64 of 415.96/704), less (1/4 of 200/3,465 of 1/8 of 415.96/704)	.0055036 RI	.0062932
C522	Daniel A. Pecore (1/4 of 3/16 of 1/6 of 415.96/704), plus (1/4 of 3/16 of 1/12 of 415.96/704), less (1/4 of 1/6 of 2/64 of 415.96/704), less (1/4 of 1/12 of 2/64 of 415.96/704), less (1/4 of 200/3,465 of 1/8 of 415.96/704)	.0055036 RI	.0062932
C523	Douglas A. Pecore (1/4 of 3/16 of 1/6 of 415.96/704), plus (1/4 of 3/16 of 1/12 of 415.96/704), less (1/4 of 1/6 of 2/64 of 415.96/704), less (1/4 of 1/12 of 2/64 of 415.96/704), less (1/4 of 200/3,465 of 1/8 of 415.96/704)	.0055036 RI	.0062932
C524	John W. Pecore (1/4 of 3/16 of 1/6 of 415.96/704), plus (1/4 of 3/16 of 1/12 of 415.96/704), less (1/4 of 1/6 of 2/64 of 415.96/704), less (1/4 of 1/12 of 2/64 of 415.96/704), less (1/4 of 200/3,465 of 1/8 of 415.96/704)	.0055036 RI	.0062932
8688	TRAAC Company, a Texas General Partnership 3/16 of 1/18 of 415.96/704, less 1/18 of 2/64 of 415.96/704, less 1/6 of 200/3,465 of 415.96/704	.0044184 RI	.0050522
8682	Marian Frances Halsey Duckworth (1/2 of 1/64 of 415.96/704, plus 1/2 of 1/64 of 8.45/704)	.0047098 NPRI	.0053854

CREDIT TO:	DIVISION OF INTEREST	INTEREST/TYPE	TIMES TRACT FACTOR
8680	Martha Caldwell Bivens (1/4 of 1/64 of 415.96/704, plus 1/4 of 1/64 of 8.45/704)	.0023549 NPRI	.0026927
8681	Elizabeth Jane Caldwell Brent (1/4 of 1/64 of 415.96/704, plus 1/4 of 1/64 of 8.45/704)	.0023549 NPRI	.0026927
8678	Clinton Anderson (1/2 of 1/64 of 415.96/704, plus 1/2 of 1/64 of 8.45/704)	.0047098 NPRI	.0053854
8679	Carol Rodgers Bicknell (1/3 of 1/2 of 1/64 of 415.96/704, plus 1/3 of 1/2 of 1/64 of 8.45/704)	.0015700 NPRI	.0017952
C569	Carol Rodgers Bicknell, Life Estate, with remainder to vest as provided in the Will of Carolyn Giddings Rogers, Deceased (2/3 of 1/2 of 1/64 of 415.96/704, plus 2/3 of 1/2 of 1/64 of 8.45/704)	.0031400 NPRI	.0035904
1602	Betty Mortimer Estate Trust (1/2 of 200/3,465 of 415.96/704, plus 1/2 of 200/3,465 of 8.45/704)	.0021748 NPRI	.0024868
8690	Wil-Ken Production Company (1/2 of 200/3,465 of 415.96/704, plus 1/2 of 200/3,465 of 8.45/704)	.0021748 NPRI	.0024868
C570	Mary D. Siegert (1/6 of 1/2 of 182.08/704, plus 1/6 of 1/2 of 8.45/704, less 1/2 of 3/4 of 1/6 of 182.08/704, less 1/2 of 1/4 of 182.08/704, less 1/2 of 2/64 of 8.45/704, less 1/2 of 200/3,465 of 1/8 of 8.45/704)	.0034635 RI	.0039603
C571	James O. Siegert (1/6 of 1/3 of 182.08/704, plus 1/6 of 1/6 of 8.45/704, less 1/3 of 3/4 of 1/6 of 182.08/704, less 1/3 of 1/48 of 182.08/704, less 1/6 of 2/64 of 8.45/704, less 1/6 of 200/3,465 of 8.45/704)	.0011546 RI	.0013202
C572	Linda S. Warren (1/6 of 1/3 of 182.08/704, plus 1/6 of 1/6 of 8.45/704, less 1/3 of 3/4 of 1/6 of 182.08/704, less 1/3 of 1/48 of 182.08/704, less 1/6 of 2/64 of 8.45/704, less 1/6 of 200/3,465 of 8.45/704)	.0011546 RI	.0013202
C573	Paul W. Siegert (1/6 of 1/3 of 182.08/704, plus 1/6 of 1/6 of 8.45/704, less 1/3 of 3/4 of 1/6 of 182.08/704, less 1/3 of 1/48 of 182.08/704, less 1/6 of 2/64 of 8.45/704, less 1/6 of 200/3,465 of 8.45/704)	.0011546 RI	.0013202
8192	Daniel C. Herndon (1/2 of 1/4 of 1/4 of 1/6 of 182.08/704)	.0013471 NPRI	.0015403
8193	Thomas C. Herndon (1/2 of 1/4 of 1/4 of 1/6 of 182.08/704)	.0013471 NPRI	.0015403

CREDIT TO:	DIVISION OF INTEREST	INTEREST/TYPE	TIMES TRACT FACTOR
C568	George Marble (1/3 of 1/4 of 1/4 of 1/6 of 182.08/704)	.0008980 NPRI	.0010268
B574	Polly M. Campbell (1/3 of 1/4 of 1/4 of 1/6 of 182.08/704)	.0008980 NPRI	.0010268
8189	Kay Campbell Cravens (1/3 of 1/4 of 1/4 of 1/6 of 182.08/704)	.0008980 NPRI	.0010268
8183	Susan Bragg (1/3 of 1/4 of 1/4 of 1/6 of 182.08/704)	.0008980 NPRI	.0010268
8191	Thetis Gardner (1/3 of 1/4 of 1/4 of 1/6 of 182.08/704)	.0008980 NPRI	.0010268
8195	Mary Jim Jones (1/4 of 1/4 of 1/6 of 182.08/704)	.0026941 NPRI	.0030805
8200	John R. Sanderford, (1/3 of 1/3 of 1/4 of 1/4 of 1/6 of 182.08/704)	.0002993 NPRI	.0003422
8467	Stacie Sanderford (1/3 of 1/3 of 1/4 of 1/4 of 1/6 of 182.08/704)	.0002993 NPRI	.0003422
8466	Mauri Sanderford (1/3 of 1/3 of 1/4 of 1/4 of 1/6 of 182.08/704)	.0002993 NPRI	.0003422
B562	Virginia Louise Busse (1/6 of 1/3 of 1/4 of 1/6 of 182.08/704)	.0005987 NPRI	.0006846
B561	Charles Moore Frede (1/6 of 1/3 of 1/4 of 1/6 of 182.08/704)	.0005987 NPRI	.0006846
B560	Jan Moore Murphy (1/6 of 1/3 of 1/4 of 1/6 of 182.08/704)	.0005987 NPRI	.0006846
B559	Melanie Moore Kolby (1/6 of 1/3 of 1/4 of 1/6 of 182.08/704)	.0005987 NPRI	.0006846
B558	Jerry Mason Moore (1/6 of 1/3 of 1/4 of 1/6 of 182.08/704)	.0005987 NPRI	.0006846
B557	Robert Harry Moore (1/6 of 1/3 of 1/4 of 1/6 of 182.08/704)	.0005987 NPRI	.0006846
8572	Estate of Robert T. Moore (1/3 of 1/4 of 1/6 of 182.08/704)	.0035922 NPRI	.0041075
8571	Joyce M. Frede (1/3 of 1/4 of 1/6 of 182.08/704)	.0035922 NPRI	.0041075
C574	Estate of Margaret S. Easley (1/3 of 1/4 of 1/6 of 182.08/704)	.0035922 NPRI	.0041075
8576	Elizabeth Sayles (1/3 of 1/4 of 1/6 of 182.08/704)	.0035922 NPRI	.0041075
8186	Imogene Clay Chappel (1/3 of 1/48 of 182.08/704)	.0017961 NPRI	.0020537
8188	T.C. Clay (1/3 of 1/48 of 182.08/704)	.0017960 NPRI	.0020537

CREDIT TO:	DIVISION OF INTEREST	INTEREST/TYPE	TIMES TRACT FACTOR
8187	E. Finney Clay (1/3 of 1/48 of 182.08/704, plus 1/3 of 1/4 of 1/6 of 182.08/704)	.0053882 NPRI	.0061611
1025	Jesse E. Filgo (3.125% of 606.49/704)	.0269216 ORRI	.0307835
	TOTAL ROYALTY/OVERRIDING ROYALTY:	<u>.1870673</u>	<u>.2139022</u>
0001	Seneca Resources Corporation (85% of 3/4 of 97.51/704, plus 85% of 78.125% of 415.96/704, plus 85% of 80.20833% of 190.53/704)	.6651759 NRI	.7605957
7305	Union Pacific Resources Company (1.14% of 3/4 of 97.51/704, plus 1.14% of 78.125% of 415.96/704, plus 1.14% of 80.20833% of 190.53/704)	.0089212 NRI	.0102009
C533	Sinclair Oil Corporation (1.14% of 3/4 of 97.51/704, plus 1.14% of 78.125% of 415.96/704, plus 1.14% of 80.20833% of 190.53/704)	.0089212 NRI	.0102009
B532	Nuevo Energy Company (.38% of 3/4 of 97.51/704, plus .38% of 78.125% of 415.96/704, plus .38% of 80.20833% of 190.53/704)	.0029737 NRI	.0034002
C534	Torch Energy Associates (.19% of 3/4 of 97.51/704, plus .19% of 78.125% of 415.96/704, plus .19% of 80.20833% of 190.53/704)	.0014868 NRI	.0017001
	TOTAL NET REVENUE INTEREST	<u>.6874788</u>	<u>.7860979</u>
	TOTAL	<u>.8745460</u>	<u>1.0000000</u>

MF-94914
D.O.
4.29.1993

10

Division Order
(Texas Form)

M- 941914
REF 950410

TO: TORCH OPERATING COMPANY
1221 LAMAR, SUITE 1600
HOUSTON, TX 77010-3039

Property No.: 25008375

Effective: First Production

The undersigned severally and not jointly certifies it is the legal owner of the interest set out on the attached of all the oil produced from the property described below:

Operator: UNION PACIFIC RESOURCES COMPANY

Property Name: LEACHMAN ROBINSON UNIT #1

YOUR COPY

Legal Description:

760.0 ACRE UNIT SITUATED IN THE ALFRED KENNON SURVEY, A-32, AND JAMES FISHER SURVEY, A-23, BURLESON COUNTY, TEXAS.

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 executes this agreement:

TERMS OF SALE: The undersigned will be paid in accordance with the division of interests set out on the attached.

Oil: 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 deductions 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 payor as purchaser. Payments of less than \$25 may be accrued before disbursement until the total amount equals \$25 or more, or until 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: The 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 the owner's interest to which payor is made a party.

DISPUTE; WITHHOLDING OF FUNDS: If a suit is filed that affects the interest of the 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 accruing to such interest, without interest unless otherwise required by applicable statute, until the claim or dispute is settled.

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

NOTICES: The 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 the recorded copy of the instrument of change or documents satisfactorily evidencing such change are furnished to payor at the time the change occurs.

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 addresses listed unless otherwise advised by either party.

In addition to the legal rights provided by the terms and provisions of this division order, an owner may have certain statutory rights under the laws of this state.

NOTICE: Failure to furnish your Social Security or Taxpayers Identification number will result in a 31 percent withholding tax in accordance with federal law, and any tax withheld will not be refundable by payor.

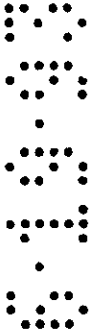
TORCH ENERGY ADVISORS INC
 DIVISION ORDER DEPARTMENT
 1221 LAMAR
 SUITE 1800
 HOUSTON, TX 77010

Date: 06/16/93
 Prepared By: 11ak
 Verified: _____

LEACHMAN ROBINSON #1 25008375
 BURLESON, TEXAS

The undersigned severally and not jointly certifies it is the legal owner of the interest set out below in all the oil or gas produced from the well(s) referenced

CREDIT TO:	Pay Type	Interest / Type	OWNER SIGN BELOW AND INCLUDE PAYEE TAX IDENTIFICATION NUMBER
1592 COMMISSIONER GENERAL LAND OFFICE STATE OF TEXAS 1700 N CONGRESS AVENUE AUSTIN, TX 78711	P	0.003249000 RI	(SIGNATURE)
			(SOCIAL SECURITY OR TAX ID NUMBER)
			(WITNESS SIGNATURE)
			(WITNESS SIGNATURE)
TOTAL INTEREST		0.003249000	



PAY TYPES LEGEND
 P PAY IF AMT EXCEEDS THRESHOLD

IMPORTANT: NO PAYMENT WILL BE MADE UNTIL TORCH ENERGY ASSOCIATES HAS YOUR SOCIAL SECURITY/ TAX I.D. NUMBER.

TORCH ENERGY ADVISORS INC
 DIVISION ORDER DEPARTMENT
 1221 LAMAR
 SUITE 1600
 HOUSTON, TX 77010

Company : 02
 Property : 25008375 LEACHMAN ROBINSON #1
 Dist Code : R
 Product : 0
 Eff Date : 06/01/93

Date : 06/16/93
 User : llak

OWNER	NAME	IT	PC	NRJ %
1 *	1592 COMMISSIONER GENERAL LAND OFFICE	RI	P	0.2978000
2 *	1592 COMMISSIONER GENERAL LAND OFFICE	RI	P	0.0271000
3 *	38017 LELAND H MILLER	RI	DO	0.0139000
4 *	41359 ROBERT D LEACHMAN & ELIZABETH F LEACHMAN	RI	DO	0.8204000
5 *	52175 E RICHARD CRISS ESTATE	RI	DO	0.0069000
6 *	52176 VIRGINIA E CRISS	RI	DO	0.0069000
7 *	52177 JOSEPH M COX	RI	DO	0.0593000
8 *	52178 FLOYD FAIRBANKS	RI	DO	0.0417000
9 *	52179 GEORGE W FAIRBANKS	RI	DO	0.0417000
10 *	52180 JIMMY WAYNE FAIRBANKS	RI	DO	0.0139000
11 *	52181 JOHN F FAIRBANKS JR	RI	DO	0.0417000
12 *	52182 LLOYD FAIRBANKS	RI	DO	0.0417000
13 *	52183 MARSHALL LEE FAIRBANKS JR	RI	DO	0.0139000
14 *	52184 ROGER DALE FAIRBANKS	RI	DO	0.0139000
15 *	52186 WALLACE LEE HONEYCUTT TRUSTEE	RI	DO	0.0035000
16 *	52187 DOROTHY M LAVENDER	RI	DO	0.0621000
17 *	52188 CYNTHIA WICKIZER MUELLER	RI	DO	0.0069000
18 *	52189 G W ROBINSON	RI	DO	0.0709000
19 *	52190 JAMES O SIEGERT	RI	TI	0.0213000
20 *	52191 MARY D SIEGERT	RI	TI	0.0638000
21 *	52192 PAUL W SIEGERT	RI	TI	0.0213000
22 *	52193 FLAIRTEX RESOURCES INC	RI	DO	0.0840000
23 *	52193 FLAIRTEX RESOURCES INC	RI	TI	0.0840000
24 *	52194 LINDA S WARREN	RI	TI	0.0213000
25 *	52195 JO ELLA WEGNER	RI	DO	0.0417000
26 *	52196 JOHN S WILLIAMS	RI	DO	0.0593000
27 *	52197 MARGIE K WOODS	RI	DO	0.0035000

				1.9844000
28	88888 BALANCING INTEREST	WI	P	90.0000000
29	99025 NUEVO ENERGY	WI	P	5.3464000
30	99030 TORCH ENERGY ASSOCIATES LTD	WI	P	2.6692000

				98.0155000
				=====
				100.0000000

* Indicates a division order was generated for that owner.

MF-94914
D.O.
6.19.1993



0.13.00

PROPERTY NUMBER: 050143 PRODUCT(S): GAS

PROPERTY NAME: LEACHMAN-ROBINSON UNIT #1

OPERATOR: UNION PACIFIC RESOURCES

LEGAL DESCRIPTION: 760 ACRES OUT OF ALFRED KENNON SURVEY, A-32, AND JAMES FISHER SURVEY, A-23.

COUNTY/PARISH: BURLESON

STATE: TEXAS

STATE OF TEXAS
 % COMMISSION GEN. LAND OFFICE
 1700 N CONGRESS AVENUE
 STEPHEN F. AUSTIN BLDG.
 AUSTIN TX 78701

005772101001

200

THIS IS YOUR COPY. PLEASE RETAIN FOR YOUR RECORDS.
 IMPORTANT: YOU MUST PROVIDE YOUR SOCIAL SECURITY OR TAX ID NUMBER. YOUR SIGNATURE AND THOSE OF TWO WITNESSES MUST ALSO BE PROVIDED. YOUR SIGNATURE CONFIRMS THE INTEREST IDENTIFIED BELOW TO OWNER #0057721-01 DOI ID# 001, AND BINDS YOU TO THE TERMS ON THE REVERSE SIDE OF THIS DOCUMENT. FURTHER, YOU HEREBY CERTIFY UNDER PENALTIES OF PERJURY, AS REQUIRED BY THE INTERNAL REVENUE CODE, THAT THE NUMBER SHOWN ON THIS FORM IS YOUR CORRECT TAX ID NUMBER. PLEASE RETURN THE EXECUTED DIVISION ORDER TO UNION PACIFIC RESOURCES CO. P.O. BOX 2993, FORT WORTH, TEXAS 76113-2993. THIS DIVISION ORDER SHALL BE EFFECTIVE AS OF 7:00 A.M. ON THE FIRST DAY OF FEBRUARY 1993.

OWNER SIGNATURE(S)/CORPORATE TITLE

SIGNATURE OF WITNESS #1

SOCIAL SECURITY OR TAX ID #

SIGNATURE OF WITNESS #2

NEW ADDRESS (IF CHANGED)

OWNER NUMBER	DOI/ID	OWNER NAME	INTEREST TYPE	INTEREST PAID BY UPRC
0057721 01	001	STATE OF TEXAS	RI	0.021514
2121444 01	001	ROBERT D. LEACHMAN AND ELIZABETH LEACHMAN	RI	0.054322
2244721 01	001	MARY SIEGERT	RI	0.004226
2244795 01	001	FLAIRTEX RESOURCES, INC.	RI	0.011130
2264284 01	001	JAMES O. SIEGERT	RI	0.001409

INTEREST TYPE LEGEND:

WI - WORKING INTEREST OR - OVERRIDING ROYALTY RI - ROYALTY INTEREST
 PP - PRODUCTION PAYMENT TP - TOTAL PRODUCTION

*m-94914
RF-m-95040*

UNION PACIFIC RESOURCES COMPANY

TO: Union Pacific Resources Company.
P.O.Box 2993
Fort Worth, Texas 76113-2993

1. **OIL** : Oil shall include crude oil, condensate and other liquid hydrocarbons marketed in conjunction with the production of oil and gas. The price of all oil marketed shall be a posted per barrel field price for similar oil for the field where produced or as established under applicable contract, less A) trucking, barging or pipeline expenses, if any, to the point of delivery designated by the purchaser; B) the cost of any treatment necessary to render such oil merchantable; C) any proper deduction for water, dirt, sediment and other impurities; and D) corrections for temperature and gravity made in accordance with established rules prevailing at the time and place of delivery. All oil marketed under the terms of this division order shall become the property of the purchaser to whom it is marketed by Union Pacific Resources Co. (UPRC) when delivered to such purchaser or when delivered into any pipeline or to any person, firm or corporation designated by such purchaser to receive or transport said oil for its account.
2. **GAS** : Gas shall include natural gas, gas liquids, casinghead gas, associated gaseous hydrocarbons and plant by-products marketed in conjunction with the production of oil and gas. The settlement for all gas produced and marketed from the property shall be made on the basis of measurements in accordance with industry standards and shall be priced in accordance with the applicable gas sales contract or processing agreement, less any fair and reasonable charges for, but not limited to, A) compression, B) processing, C) making it merchantable, and D) transportation, if sold or taken off the property.
3. **COMMINGLING** : If production from the property is commingled with production from other properties, a portion of the total shall be allocated to the property on the basis of lease meter readings or any other method generally accepted in the industry.
4. **UNITIZATION** : In the event the production from the property is pooled, unitized or communitized with one or more other properties by voluntary agreement, declaration, operation of law, or by action of a governmental authority with jurisdiction, the oil and/or gas allocated to the property from the total oil and/or gas produced and marketed from the pooled, unitized or communitized area shall be deemed for all purposes to have been actually produced from the property.
5. **TITLES** : If any dispute or question arises concerning title to the interest of the owner(s) in the property or the proceeds from the sale of production therefrom, UPRC shall be furnished, at its request, such evidence of title as it may require. Until such evidence of title is furnished and such dispute or question is resolved to the satisfaction of UPRC, or until satisfactory indemnity is furnished to UPRC, UPRC is authorized to withhold proceeds due the owner(s) of the disputed or questioned interest. If any action or suit is filed in any state or federal court or administrative body affecting an owner(s) interest or proceeds due, owner(s) shall immediately provide written notice to UPRC stating the court or administrative body in which the action is filed and the title of the action.
6. **CHANGE OF OWNERSHIP** : Owner(s), their heirs, representatives, successors or assigns, shall timely notify UPRC, at the address above, of each change in the person or entity entitled to receive payment hereunder. No transfer of ownership or change in the person or entity entitled to receive payment, however effected, shall be binding upon UPRC until it has received, at no expense to UPRC: A) a properly recorded instrument or instruments evidencing such transfer or change; B) such further evidence as UPRC may require; and C) a properly executed division order/transfer order executed by all parties in interest. Furthermore, owner(s) relieve UPRC from the responsibility and liability for determining when and whether such owner's interest shall change or revert to or otherwise become owned by another party. Owner(s) shall indemnify UPRC and hold UPRC harmless from any and all claims, causes of action, damages or losses including, but not limited to, court costs and reasonable attorney's fees which may arise or result to any owner in the event of a change of ownership for which timely and sufficient notice is not received by UPRC. The accounting for all such transfers or changes of interests shall be as of 7:00 AM on the first day of the calendar month following the month in which notice is received by UPRC.
7. **WARRANTIES** : Owner(s) hereby warrants and agrees to forever defend the title to such owner's interest including that owner's share in proceeds from sales. The operator and other working interest owners severally represent that all oil and/or gas produced and marketed from the property has been or will be produced in compliance with all applicable federal, state and local laws, rules and regulations.
8. **TAXES AND ASSESSMENTS** : UPRC shall deduct, as required by applicable law, from any proceeds due an owner, any or all production, severance, ad valorem, excise, sales, and other or dissimilar taxes. Any charges or assessments or any interest or penalties in connection therewith, now or hereafter levied, assessed or placed on such proceeds or an owners interest by a governmental authority will also be deducted.
9. **SETTLEMENT** : Settlement shall be made monthly to owner(s). If the proceeds payable to an owner in any one month amount to less than twenty-five dollars (\$25.00), UPRC may, at its option, accrue such proceeds and proceeds of subsequent months, until the amounts accrued total twenty-five dollars (\$25.00).
10. **EXECUTION** : This document shall be binding upon all signatory parties, their heirs, representatives, successors or assigns.



Union Pacific Resources

A Subsidiary of Union Pacific Corporation

PAGE 2
PROPERTY NUMBER 050143

OWNER NUMBER	DOI/ID	NAME	INTEREST TYPE	INTEREST PAID BY UPRC
2293682	01 001	DOROTHY M. LAVENDER	RI	0.004114
2293694	01 001	LINDA SIEGERT WARREN	RI	0.001409
2293701	01 001	PAUL W. SIEGERT	RI	0.001409
2293713	01 001	JOSEPH M. COX	RI	0.003929
2293725	01 001	JOHN F. FAIRBANKS JR.	RI	0.002759
2293737	01 001	JO ELLA WEGNER	RI	0.002759
2293749	01 001	LLOYD FAIRBANKS	RI	0.002759
2293751	01 001	FLOYD FAIRBANKS	RI	0.002759
2293763	01 001	JIMMY WAYNE FAIRBANKS	RI	0.000918
2293775	01 001	ROGER DALE FAIRBANKS	RI	0.000918
2293787	01 001	MARSHALL LEE FAIRBANKS JR.	RI	0.000918
2293799	01 001	E. RICHARD CRISS JR.	RI	0.000461
2293806	01 001	VIRGINIA E. CRISS	RI	0.000461
2293820	01 001	CYNTHIA W. MUELLER	RI	0.000461
2293832	01 001	WALTER LEE HONEYCUTT AND RUTH N. HONEYCUTT TRUSTEES	RI	0.000229
2293844	01 001	MARGIE K. WOODS	RI	0.000229
2293856	01 001	G.W. ROBINSON	RI	0.004694
2293868	01 001	JOHN S. WILLIAMS	RI	0.003928
2293870	01 001	GEORGE W. FAIRBANKS	RI	0.002759
5812101	01 001	LELAND H. MILLER	RI	0.000918
0018970	01 001	SENECA RESOURCES CORP	WI	0.129931
1536001	01 001	UNION PACIFIC RESOURCES CO.	WI	0.152000
1536001	01 002	UNION PACIFIC RESOURCES CO.	WI	0.008311
2166491	01 001	TORCH ENERGY ASSOCIATES	WI	0.018750

INTEREST TYPE LEGEND:

WI - WORKING INTEREST OR - OVERRIDING ROYALTY RI - ROYALTY INTEREST
PP - PRODUCTION PAYMENT TP - TOTAL PRODUCTION

UNION PACIFIC RESOURCES COMPANY

TO: Union Pacific Resources Company.
P.O.Box 2993
Fort Worth, Texas 76113-2993

1. **OIL** : Oil shall include crude oil, condensate and other liquid hydrocarbons marketed in conjunction with the production of oil and gas. The price of all oil marketed shall be a posted per barrel field price for similar oil for the field where produced or as established under applicable contract, less A) trucking, barging or pipeline expenses, if any, to the point of delivery designated by the purchaser; B) the cost of any treatment necessary to render such oil merchantable; C) any proper deduction for water, dirt, sediment and other impurities; and D) corrections for temperature and gravity made in accordance with established rules prevailing at the time and place of delivery. All oil marketed under the terms of this division order shall become the property of the purchaser to whom it is marketed by Union Pacific Resources Co. (UPRC) when delivered to such purchaser or when delivered into any pipeline or to any person, firm or corporation designated by such purchaser to receive or transport said oil for its account.
2. **GAS** : Gas shall include natural gas, gas liquids, casinghead gas, associated gaseous hydrocarbons and plant by-products marketed in conjunction with the production of oil and gas. The settlement for all gas produced and marketed from the property shall be made on the basis of measurements in accordance with industry standards and shall be priced in accordance with the applicable gas sales contract or processing agreement, less any fair and reasonable charges for, but not limited to, A) compression, B) processing, C) making it merchantable, and D) transportation, if sold or taken off the property.
3. **COMMINGLING** : If production from the property is commingled with production from other properties, a portion of the total shall be allocated to the property on the basis of lease meter readings or any other method generally accepted in the industry.
4. **UNITIZATION** : In the event the production from the property is pooled, unitized or communitized with one or more other properties by voluntary agreement, declaration, operation of law, or by action of a governmental authority with jurisdiction, the oil and/or gas allocated to the property from the total oil and/or gas produced and marketed from the pooled, unitized or communitized area shall be deemed for all purposes to have been actually produced from the property.
5. **TITLES** : If any dispute or question arises concerning title to the interest of the owner(s) in the property or the proceeds from the sale of production therefrom, UPRC shall be furnished, at its request, such evidence of title as it may require. Until such evidence of title is furnished and such dispute or question is resolved to the satisfaction of UPRC, or until satisfactory indemnity is furnished to UPRC, UPRC is authorized to withhold proceeds due the owner(s) of the disputed or questioned interest. If any action or suit is filed in any state or federal court or administrative body affecting an owner(s) interest or proceeds due, owner(s) shall immediately provide written notice to UPRC stating the court or administrative body in which the action is filed and the title of the action.
6. **CHANGE OF OWNERSHIP** : Owner(s), their heirs, representatives, successors or assigns, shall timely notify UPRC, at the address above, of each change in the person or entity entitled to receive payment hereunder. No transfer of ownership or change in the person or entity entitled to receive payment, however effected, shall be binding upon UPRC until it has received, at no expense to UPRC: A) a properly recorded instrument or instruments evidencing such transfer or change; B) such further evidence as UPRC may require; and C) a properly executed division order/transfer order executed by all parties in interest. Furthermore, owner(s) relieve UPRC from the responsibility and liability for determining when and whether such owner's interest shall change or revert to or otherwise become owned by another party. Owner(s) shall indemnify UPRC and hold UPRC harmless from any and all claims, causes of action, damages or losses including, but not limited to, court costs and reasonable attorney's fees which may arise or result to any owner in the event of a change of ownership for which timely and sufficient notice is not received by UPRC. The accounting for all such transfers or changes of interests shall be as of 7:00 AM on the first day of the calendar month following the month in which notice is received by UPRC.
7. **WARRANTIES** : Owner(s) hereby warrants and agrees to forever defend the title to such owner's interest including that owner's share in proceeds from sales. The operator and other working interest owners severally represent that all oil and/or gas produced and marketed from the property has been or will be produced in compliance with all applicable federal, state and local laws, rules and regulations.
8. **TAXES AND ASSESSMENTS** : UPRC shall deduct, as required by applicable law, from any proceeds due an owner, any or all production, severance, ad valorem, excise, sales, and other or dissimilar taxes. Any charges or assessments or any interest or penalties in connection therewith, now or hereafter levied, assessed or placed on such proceeds or an owners interest by a governmental authority will also be deducted.
9. **SETTLEMENT** : Settlement shall be made monthly to owner(s). If the proceeds payable to an owner in any one month amount to less than twenty-five dollars (\$25.00), UPRC may, at its option, accrue such proceeds and proceeds of subsequent months, until the amounts accrued total twenty-five dollars (\$25.00).
10. **EXECUTION** : This document shall be binding upon all signatory parties, their heirs, representatives, successors or assigns.



OWNER NUMBER	DOI/ID	NAME	INTEREST TYPE	INTEREST PAID BY UPRC
2166491 01	002	TORCH ENERGY ASSOCIATES	WI	0.007942
2231187 01	001	NUEVO ENERGY COMPANY	WI	0.037500
2231187 01	002	NUEVO ENERGY COMPANY	WI	0.015963
3572849 01	001	SINCLAIR OIL CORPORATION	WI	0.112500
3572849 01	002	SINCLAIR OIL CORPORATION	WI	0.047811

INTEREST TYPE LEGEND:

WI - WORKING INTEREST OR - OVERRIDING ROYALTY RI - ROYALTY INTEREST
PP - PRODUCTION PAYMENT TP - TOTAL PRODUCTION

UNION PACIFIC RESOURCES COMPANY

TO: Union Pacific Resources Company.
P.O.Box 2993
Fort Worth, Texas 76113-2993

1. **OIL** : Oil shall include crude oil, condensate and other liquid hydrocarbons marketed in conjunction with the production of oil and gas. The price of all oil marketed shall be a posted per barrel field price for similar oil for the field where produced or as established under applicable contract, less A) trucking, barging or pipeline expenses, if any, to the point of delivery designated by the purchaser; B) the cost of any treatment necessary to render such oil merchantable; C) any proper deduction for water, dirt, sediment and other impurities; and D) corrections for temperature and gravity made in accordance with established rules prevailing at the time and place of delivery. All oil marketed under the terms of this division order shall become the property of the purchaser to whom it is marketed by Union Pacific Resources Co. (UPRC) when delivered to such purchaser or when delivered into any pipeline or to any person, firm or corporation designated by such purchaser to receive or transport said oil for its account.
2. **GAS** : Gas shall include natural gas, gas liquids, casinghead gas, associated gaseous hydrocarbons and plant by-products marketed in conjunction with the production of oil and gas. The settlement for all gas produced and marketed from the property shall be made on the basis of measurements in accordance with industry standards and shall be priced in accordance with the applicable gas sales contract or processing agreement, less any fair and reasonable charges for, but not limited to, A) compression, B) processing, C) making it merchantable, and D) transportation, if sold or taken off the property.
3. **COMMINGLING** : If production from the property is commingled with production from other properties, a portion of the total shall be allocated to the property on the basis of lease meter readings or any other method generally accepted in the industry.
4. **UNITIZATION** : In the event the production from the property is pooled, unitized or communitized with one or more other properties by voluntary agreement, declaration, operation of law, or by action of a governmental authority with jurisdiction, the oil and/or gas allocated to the property from the total oil and/or gas produced and marketed from the pooled, unitized or communitized area shall be deemed for all purposes to have been actually produced from the property.
5. **TITLES** : If any dispute or question arises concerning title to the interest of the owner(s) in the property or the proceeds from the sale of production therefrom, UPRC shall be furnished, at its request, such evidence of title as it may require. Until such evidence of title is furnished and such dispute or question is resolved to the satisfaction of UPRC, or until satisfactory indemnity is furnished to UPRC, UPRC is authorized to withhold proceeds due the owner(s) of the disputed or questioned interest. If any action or suit is filed in any state or federal court or administrative body affecting an owner(s) interest or proceeds due, owner(s) shall immediately provide written notice to UPRC stating the court or administrative body in which the action is filed and the title of the action.
6. **CHANGE OF OWNERSHIP** : Owner(s), their heirs, representatives, successors or assigns, shall timely notify UPRC, at the address above, of each change in the person or entity entitled to receive payment hereunder. No transfer of ownership or change in the person or entity entitled to receive payment, however effected, shall be binding upon UPRC until it has received, at no expense to UPRC: A) a properly recorded instrument or instruments evidencing such transfer or change; B) such further evidence as UPRC may require; and C) a properly executed division order/transfer order executed by all parties in interest. Furthermore, owner(s) relieve UPRC from the responsibility and liability for determining when and whether such owner's interest shall change or revert to or otherwise become owned by another party. Owner(s) shall indemnify UPRC and hold UPRC harmless from any and all claims, causes of action, damages or losses including, but not limited to, court costs and reasonable attorney's fees which may arise or result to any owner in the event of a change of ownership for which timely and sufficient notice is not received by UPRC. The accounting for all such transfers or changes of interests shall be as of 7:00 AM on the first day of the calendar month following the month in which notice is received by UPRC.
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9. **SETTLEMENT** : Settlement shall be made monthly to owner(s). If the proceeds payable to an owner in any one month amount to less than twenty-five dollars (\$25.00), UPRC may, at its option, accrue such proceeds and proceeds of subsequent months, until the amounts accrued total twenty-five dollars (\$25.00).
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A Subsidiary of Union Pacific Corporation

DIVISION ORDER

DATE: 06/17/93

ME

PROPERTY NUMBER: 050143 PRODUCT(S): CRUDE OIL
 PROPERTY NAME: LEACHMAN-ROBINSON UNIT #1 COUNTY/PARISH: BURLESON
 OPERATOR: UNION PACIFIC RESOURCES STATE: TEXAS
 LEGAL DESCRIPTION: 760 ACRES OUT OF ALFRED KENNON SURVEY, A-32, AND
 JAMES FISHER SURVEY, A-23.

M-94914
REF-M-95040

STATE OF TEXAS
 % COMMISSION GEN. LAND OFFICE
 1700 N CONGRESS AVENUE
 STEPHEN F. AUSTIN BLDG.
 AUSTIN TX 78701

005772101001

100

THIS IS YOUR COPY. PLEASE RETAIN FOR YOUR RECORDS.
 IMPORTANT: YOU MUST PROVIDE YOUR SOCIAL SECURITY OR TAX ID NUMBER. YOUR SIGNATURE AND THOSE OF TWO WITNESSES MUST ALSO BE PROVIDED. YOUR SIGNATURE CONFIRMS THE INTEREST IDENTIFIED BELOW TO OWNER #0057721-01 DOI ID# 001, AND BINDS YOU TO THE TERMS ON THE REVERSE SIDE OF THIS DOCUMENT. FURTHER, YOU HEREBY CERTIFY UNDER PENALTIES OF PERJURY, AS REQUIRED BY THE INTERNAL REVENUE CODE, THAT THE NUMBER SHOWN ON THIS FORM IS YOUR CORRECT TAX ID NUMBER. PLEASE RETURN THE EXECUTED DIVISION ORDER TO UNION PACIFIC RESOURCES CO. P.O. BOX 2993, FORT WORTH, TEXAS 76113-2993. THIS DIVISION ORDER SHALL BE EFFECTIVE AS OF 7:00 A.M. ON THE FIRST DAY OF FEBRUARY 1993.

OWNER SIGNATURE(S)/CORPORATE TITLE

SIGNATURE OF WITNESS #1



SOCIAL SECURITY OR TAX ID #

SIGNATURE OF WITNESS #2

NEW ADDRESS (IF CHANGED)

OWNER NUMBER	DOI/ID	OWNER NAME	INTEREST TYPE	INTEREST PAID BY UPRC
0057721 01	001	STATE OF TEXAS	RI	0.029245
2121444 01	001	ROBERT D. LEACHMAN AND ELIZABETH LEACHMAN	RI	0.073841
2244721 01	001	MARY SIEGERT	RI	0.005745
2244795 01	001	FLAIRTEX RESOURCES, INC.	RI	0.015130
2264284 01	001	JAMES O. SIEGERT	RI	0.001915

INTEREST TYPE LEGEND:

WI - WORKING INTEREST OR - OVERRIDING ROYALTY RI - ROYALTY INTEREST
 PP - PRODUCTION PAYMENT TP - TOTAL PRODUCTION

UNION PACIFIC RESOURCES COMPANY

TO: Union Pacific Resources Company.
P.O.Box 2993
Fort Worth, Texas 76113-2993

1. **OIL** : Oil shall include crude oil, condensate and other liquid hydrocarbons marketed in conjunction with the production of oil and gas. The price of all oil marketed shall be a posted per barrel field price for similar oil for the field where produced or as established under applicable contract, less A) trucking, barging or pipeline expenses, if any, to the point of delivery designated by the purchaser; B) the cost of any treatment necessary to render such oil merchantable; C) any proper deduction for water, dirt, sediment and other impurities; and D) corrections for temperature and gravity made in accordance with established rules prevailing at the time and place of delivery. All oil marketed under the terms of this division order shall become the property of the purchaser to whom it is marketed by Union Pacific Resources Co. (UPRC) when delivered to such purchaser or when delivered into any pipeline or to any person, firm or corporation designated by such purchaser to receive or transport said oil for its account.
2. **GAS** : Gas shall include natural gas, gas liquids, casinghead gas, associated gaseous hydrocarbons and plant by-products marketed in conjunction with the production of oil and gas. The settlement for all gas produced and marketed from the property shall be made on the basis of measurements in accordance with industry standards and shall be priced in accordance with the applicable gas sales contract or processing agreement, less any fair and reasonable charges for, but not limited to, A) compression, B) processing, C) making it merchantable, and D) transportation, if sold or taken off the property.
3. **COMMINGLING** : If production from the property is commingled with production from other properties, a portion of the total shall be allocated to the property on the basis of lease meter readings or any other method generally accepted in the industry.
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OWNER NUMBER	DOI/ID	NAME	INTEREST TYPE	INTEREST PAID BY UPRC
2293682	01 001	DOROTHY M. LAVENDER	RI	0.005593
2293694	01 001	LINDA SIEGERT WARREN	RI	0.001915
2293701	01 001	PAUL W. SIEGERT	RI	0.001915
2293713	01 001	JOSEPH M. COX	RI	0.005340
2293725	01 001	JOHN F. FAIRBANKS JR.	RI	0.003749
2293737	01 001	JO ELLA WEGNER	RI	0.003749
2293749	01 001	LLOYD FAIRBANKS	RI	0.003749
2293751	01 001	FLOYD FAIRBANKS	RI	0.003749
2293763	01 001	JIMMY WAYNE FAIRBANKS	RI	0.001249
2293775	01 001	ROGER DALE FAIRBANKS	RI	0.001249
2293787	01 001	MARSHALL LEE FAIRBANKS JR.	RI	0.001249
2293799	01 001	E. RICHARD CRISS JR.	RI	0.000626
2293806	01 001	VIRGINIA E. CRISS	RI	0.000626
2293820	01 001	CYNTHIA W. MUELLER	RI	0.000626
2293832	01 001	WALTER LEE HONEYCUTT AND RUTH N. HONEYCUTT TRUSTEES	RI	0.000311
2293844	01 001	MARGIE K. WOODS	RI	0.000311
2293856	01 001	G.W. ROBINSON	RI	0.006381
2293868	01 001	JOHN S. WILLIAMS	RI	0.005340
2293870	01 001	GEORGE W. FAIRBANKS	RI	0.003749
5812101	01 001	LELAND H. MILLER	RI	0.001249
0018970	01 001	SENECA RESOURCES CORP	WI	0.400777
1535505	01 001	BALANCING ITEM	WI	0.100000
1536001	01 001	UNION PACIFIC RESOURCES CO.	WI	0.152000
1536001	01 002	UNION PACIFIC RESOURCES CO.	WI	0.008311

INTEREST TYPE LEGEND:

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UNION PACIFIC RESOURCES COMPANY

TO: Union Pacific Resources Company.
P.O.Box 2993
Fort Worth, Texas 76113-2993

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Union Pacific Resources

A Subsidiary of Union Pacific Corporation

PAGE 3
PROPERTY NUMBER 050143

OWNER NUMBER	DOI/ID	NAME	INTEREST TYPE	INTEREST PAID BY UPRC
3572849 01	001	SINCLAIR OIL CORPORATION	WI	0.112500
3572849 01	002	SINCLAIR OIL CORPORATION	WI	0.047811

INTEREST TYPE LEGEND:

WI - WORKING INTEREST OR - OVERRIDING ROYALTY RI - ROYALTY INTEREST
PP - PRODUCTION PAYMENT TP - TOTAL PRODUCTION

12

UNION PACIFIC RESOURCES COMPANY

TO: Union Pacific Resources Company.
P.O.Box 2993
Fort Worth, Texas 76113-2993

MF-94914
D.O. 1993
6.17.16

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Seneca Resources Corporation

a National Fuel Gas System company

INTEROFFICE MEMORANDUM

April 16, 1993

M-94914

To: Well File

From: Janie Dolmage *JD*

Subject: Pecore-Siegert No. 1-H, N. E. Clay (Austin Chalk 11350), Burlison Co., TX
Completion Paperwork

For documentation purposes, the following RRC Completion forms were handcarried this date to the RRC District 3 office:

- G-1 Gas Well Back Pressure Test, Completion or Recompletion Report
- G-5 Gas Well Classification Report
AOF Curve and Gas Analysis
- W-15 Cementing Report for 10-3/4" Surface Casing
- W-15 Cementing Report for 7-5/8" Casing
- L-1 Electric Log Status Report (Requesting Confidentiality)
- G-10 Gas Well Status Report (Deliverability)
- P-15 Statement of Productivity of Acreage Assigned to Proration Units
Plat showing Proration Unit and Actual Location of Drainhole

A copy of the package was mailed to Jessie Filgo and a mandatory copy of the electric log and the above package went to the General Land Office (the GLO requires this information for wells drilled on unitized tracts).

/jd93-56

cc: Steve Conley
Land Dept.

GLO

Tracy Yakints
c/o Gen. Land Off.
1700 N. Congress
Rm. 640
Austin, TX 78701

(13) M-9A914

Ltr. fr. Seneca
FILED: 8-17-93

45500

Type or print only
483-047

API No. 42-05133352

<h2 style="margin: 0;">Gas Well Back Pressure Test, Completion or Recompletion Report, and Log</h2>		7. RRC District No. 03
1. FIELD NAME (as per RRC Records or Wildcat) N.E. Clay (Austin Chalk 11350)		8. RRC Gas ID No. (new)
2. LEASE NAME Pecore-Siebert		9. Well No. 1-H
3. OPERATOR'S NAME (Exactly as shown on Form P-5, Organization Report) Seneca Resources Corp.		10. County of well site Burleson
4. ADDRESS 333 Clay Street, Suite 4150, Houston, Texas 77002-4176		11. Purpose of filing Initial Potential <input checked="" type="checkbox"/> Retest <input type="checkbox"/> Reclass <input type="checkbox"/> Well record only <input type="checkbox"/> (Explain in remarks)
5. Location (Section, Block, and Survey) James Fisher League A-23		
6a. If operator has changed within last 60 days, name former operator N/A		12. If workover or reclass, give former field (with reservoir) & Gas ID or oil lease no. FIELD & RESERVOIR N/A
6b. Pipe Line Connection Aguila Southwest		12. If workover or reclass, give former field (with reservoir) & Gas ID or oil lease no. GAS ID or OIL LEASE # OIL-O Gas-G WELL #
14. Completion or recompletion date 2/21/93		15. Any condensate on hand at time of workover or recompletion? <input type="checkbox"/> Yes <input type="checkbox"/> No N/A
16. Type of Electric or other Log Run. DIFL/BHC Acou/GR		

Section I GAS MEASUREMENT DATA										
Date of Test		Gas Measurement Method (Check One)						Gas produced during test		
02/24-27/93		Orifice Meter <input type="checkbox"/>	Flange Taps <input checked="" type="checkbox"/>	Pipe Taps <input type="checkbox"/>	Positive Choke <input type="checkbox"/>	Orifice Vent Meter <input type="checkbox"/>	Pitot Tube <input type="checkbox"/>	Critical-flow Prover <input type="checkbox"/>	24813 MCF	
Run No.	Line Size	Orif. or Choke Size	24 Hr. Coeff. Orif. or Choke	Static P _m or Choke Press	Diff. h _w	Flow Temp. °F	Temp. Factor F _t	Gravity Factor F _g	Compress Factor F _{py}	Volume MCF/DAY
1	3.826	2.000	26462.87	975	122.00	140	.9310	.9005	1.081	8271
2										
3										
4										

Section II FIELD DATA AND PRESSURE CALCULATIONS										
Gravity (Dry Gas)		Gravity Liquid Hydrocarbon		Gas-Liquid Hydro Ratio		Gravity of Mixture		Avg. Shut-in Temp.		Bottom Hole Temp. TVD
.740		55.8 Deg. API		16800 CF/Bbl		G_{mix} = .887		183 °F		291 °F @ 1404 (Depth)
$D_{eff}^{8/3} = 10.806$		$\sqrt{T_I} = \sqrt{676} = 26.00$				$\sqrt{GL} = \sqrt{0115.35} = 100.58$				
$c = \frac{1118 \times (D_{eff})^{8/3}}{\sqrt{T}} = 1118 \times 10.806 / 26.00 = 464.66$						$\frac{\sqrt{GL}}{c} = 100.58 / 464.66 = .2164$				
Run No.	Time of Run Min.	Choke Size	Wellhead Press. PSIA P _w	Wellhead Flow Temp. F°	P _w ² (Thousands)	R	R ² (Thousands)	P ₁	P _w /P ₁	
Shut-in 24 hours			3902	74						
1	4320	26/64	2895	140	8381	1789.8	3203.3	3404	.8505	
2										
3										
4										
Run No.	F	K	S = $\frac{1}{z}$	E _{ks}	P ₁ and P _s	P ₁ ² and P _s ² (thousands)	P ₁ ² - P _s ² (thousands)	Angle of Slope		
Shut-in		.2949	1.0966	1.3818	5392	29074		B .45.00		
1	.9273	.2601	1.1826	1.3601	4630	21437	7637	n 1.0000		
2								Absolute Open Flow		
3								. . . 31489 . . . MCF/DAY		
4										

WELL TESTER'S CERTIFICATION: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I conducted or supervised this test and that data and facts shown in Sections I and II above are true, correct, and complete, to the best of my knowledge. Bottomhole temperature and the diameter and length of flow string were furnished by the operator of the well.

Turn Ware
Signature Well Tester

FESCO Inc.
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 I Prepared or supervised and directed this report, and that data and facts stated therein are true, correct, and complete, to the best of my knowledge.

Janie Dolmage
Signature: Operator's representative
Janie Dolmage

Reg/Prod Supv. 4/15/93
Title Date

713/658-0191
A/C Number

SECTION III

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

17. Type of Completion:			18. Permit to Drill, Plug Back or Deepen		DATE	PERMIT NO.	
New Well	<input checked="" type="checkbox"/>	Deepening	<input type="checkbox"/>	Plug Back	<input type="checkbox"/>	Other	<input type="checkbox"/>
19. Notice of Intention to Drill this well was filed in Name of			Rule 37		12/23/92	406485	
Seneca Resources Corp.			Exception		-----	CASE NO.	
20. Number of producing wells on this lease in this field (reservoir) including this well			Water Injection Permit		-----	PERMIT NO.	
1			Salt Water Disposal Permit		-----	PERMIT NO.	
21. Total number of acres in this lease			Other		-----	PERMIT NO.	
704			Surface casing (SWRB)		----		
22. Date Plug Back, Deepening, WorkOver or Drilling Operations.	Commenced	Completed	23. Distance to nearest well, Same Lease & Reservoir				
	12/28/92	2/6/93	N/A				

24. Location of well, relative to nearest lease boundaries of lease on which this well is located		1250	Feet From	SE	Line and	1400	Feet from
		SW	Line of the		Pecore-Siegert Unit		Lease
25. Elevation (IDF, RKB, RT, GR, ETC.)		26. Was directional survey made other than inclination (Form W-12)?		<input checked="" type="checkbox"/> Yes		<input type="checkbox"/> No	
205' GR							

27. Top of Pay	28. Total Depth	29. P. B. Depth	30. Surface Casing Determined by:		Field	<input type="checkbox"/>	Recommendation of T.D.W.R.	<input checked="" type="checkbox"/>	Dt. of Letter	11/30/92
11,100' TVD	14,634' MD	--	Rules		Railroad Commission (Special)	<input type="checkbox"/>				
11,276' TVD										

31. Is well multiple completion?		32. If multiple completion, list all reservoir names (completions in this well) and Oil Lease or Gas ID No.		33. Intervals Drilled by:		Rotary Tools		Cable Tools	
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		N/A FIELD & RESERVOIR		GAS ID or OIL LEASE #		Oil-O Gas-G		WELL #	
						XX			
34. Name of Drilling Contractor		35. Is Cementing Affidavit Attached?		<input checked="" type="checkbox"/> Yes		<input type="checkbox"/> No			
Grey Wolf Rig#19									

36. 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.
16"		94'			24"		
10-3/4"	45.5 & 40.5	3,555'		1705 sxs 15/85 POZ A	14-3/4"	surface	3999
				471 sxs C/A			
7-5/8"	29.7	11,183'		100 sxs 50/50 POZ	9-7/8"	surface	875
				500 sxs C/H			

37. LINER RECORD				
Size	TOP	Bottom	Sacks Cement	Screen

38. TUBING RECORD			39. Producing Interval (this completion) Indicate depth of perforation or open hole	
Size	Depth Set	Packer Set	From	To
2-7/8"	10799'	10799'	11,183' MD	14,634' MD
			From	To
			From	To
			From	To

40. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.	
Depth Interval	Amount and Kind of Material Used

Pecore Siegert Unit Well No. 1-H

41. FORMATION RECORD (LIST DEPTHS OF PRINCIPAL GEOLOGICAL MARKERS AND FORMATION TOPS)			
Formations	Depth	Formations	Depth
Navarro	9230' MD (-9004'SS)		
Pecan Gap	10375' MD (-10149'SS)		
Austin Chalk	11100' TVD (-10874'SS)		

REMARKS New horizontal well

GAS WELL
CLASSIFICATION REPORT

READ INSTRUCTIONS ON BACK

1. OPERATOR NAME (Exactly as shown on Form P-5 Organization Report) <u>Seneca Resources Corp.</u>		3. RRC DISTRICT NO. <u>03</u>	4. OIL LEASE NO. OR GAS WELL ID NO. <u>New Gas</u>
2. MAILING ADDRESS <u>333 Clay Street, Suite 4150 Houston, Texas 77002-4176</u>		5. WELL NO. <u>1-H</u>	6. API NO. <u>42-05133352</u>
		7. COUNTY OF WELL SITE <u>Burleson</u>	

8. FIELD NAME (as per RRC Records) <u>N.E. Clay (Austin Chalk 11350)</u>	9. LEASE NAME <u>Pecore-Siebert</u>
10. LOCATION (Section, Block, and Survey) <u>James Fisher League A-23</u>	11. PIPELINE CONNECTION OR USE OF GAS <u>Aquila Southwest</u>

I. PRODUCTION TEST AT RATE ELECTED BY OPERATOR (data on 24-hour basis)

A. Date of Test 02/24-27/93

B. Gas Volume 8271 (Mcf)

C. Oil or Condensate Volume 492.32 (Bbl)

D. Water Volume 309.00 (Bbl)

E. Gas/Liquid Hydrocarbon Ratio 16800 (Cf/Bbl)

F. Flowing Tubing Pressure 2895 (psia)

G. Choke Size 26/64 (in.)

H. Casing Pressure 305 (psia)

I. Shut-in Wellhead Pressure—
Tubing 3902 (psia)

J. Separator Operating Pressure 975 (psia)

K. Color of Stock Tank Liquid Lt. Straw

L. Gravity of Separator Liquid 55.8 °API

M. Gravity of Stock Tank Liquid NA °API

N. Specific Gravity of the Gas (Air = 1) .740

II. A.S.T.M. DISTILLATION OF LIQUID SAMPLE. Distillation test is required for gas wells ONLY if the producing gas-liquid hydrocarbon ratio is less than 100,000 CF/barrel.

Date Liquid Sample Obtained 02/24-27/93

Where Obtained: Separator Stock Tank

% Over	Temp. (deg. F)	% Over	Temp. (deg. F)
Initial Boiling Temp.	<u>98</u>	60	<u>368</u>
10	<u>150</u>	70	<u>445</u>
20	<u>214</u>	80	<u>524</u>
30	<u>246</u>	90	<u>662</u>
40	<u>278</u>	95	<u>732</u>
50	<u>314</u>	End Point	<u>734</u>

Total Recovery 97.5 percent

Residue 2.0 percent

Loss 0.5 percent

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.

03/04/93 DATE

Tim Ware NAME (Type or Print)

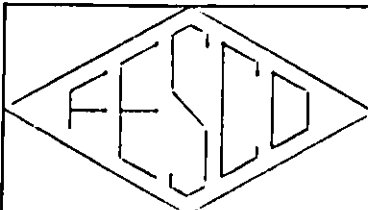
Tim Ware SIGNATURE

Bryan District Manager TITLE

Tim Ware CONTACT PERSON

(409)775-1825 PHONE NUMBER

RRC USE ONLY

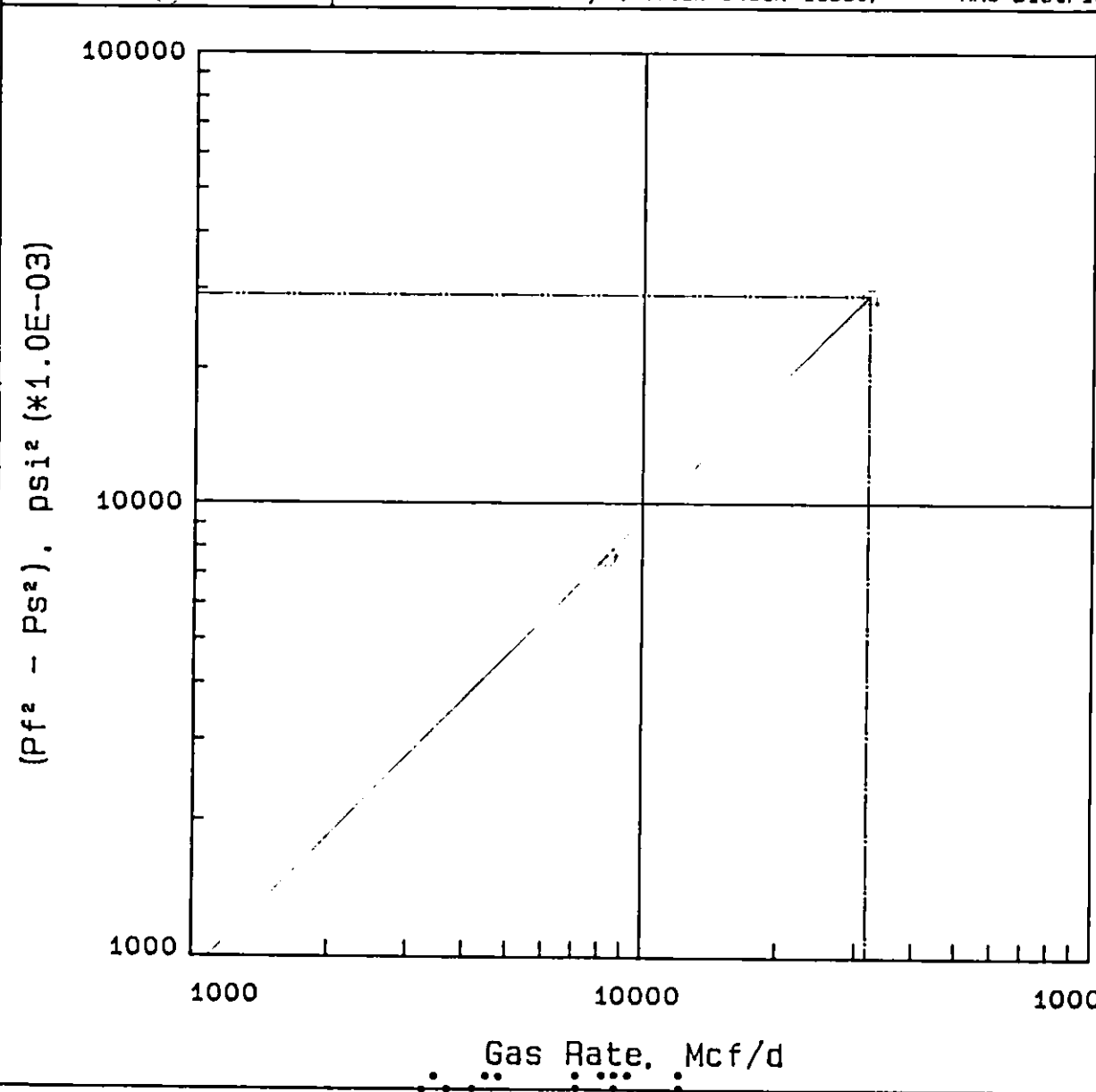


Seneca Resources Corporation

Lease : Peacore-Siegert
 Well No.: 1-H
 Field : N.E. Clay (Austin Chalk 11350)

County : Burleson
 Test Date : 02/24-27/93
 RRC District:

Gas Deliverability Plot



Single Point BPT Data

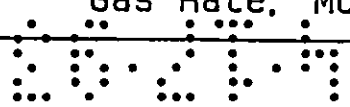
Point	Rate, Mcf/d	BHP, PsiA	(Pf² - Ps²), psi² (*1.0E-03)
SI	0	5392	-----
1	8271	4630	7637
AOF	31489	15	29073

DELIVERABILITY RESULTS

DELIVERABILITY LINE: Drawn through the point corresponding to the top rate at a 45.0 degree angle.

ANGLE.....: $\theta = 45.0$ degrees
 EXPONENT.....: $n = 1.0000$
 PERFORMANCE COEF: $C = 1.0831$ (Mcf/d)/psi²
 LINE EQUATION...: $Q = C(P_f^2 - P_s^2)^n$
 AOF.....: 31489 Mcf/d

Certified by: Tim Ware
 District Manager
 Bryan, Texas
 409-775-1825



March 04, 1993

FESCO, INC.
400 Industrial Blvd - Bryan, Texas 77803

For: Seneca Resources Corporation
333 Clay Street, Suite 4150
Houston, Texas 77002-4176

Sample: Peacore-Siegert No. 1-H Field: N.E. Clay (Austin Chalk 11350)
Separator Gas @ 950 PSIG & 134 Deg F

Date Sampled: 02-26-93

CHROMATOGRAPH ANALYSIS

COMPONENT	MOL%	GPM
Nitrogen	0.098	
Carbon Dioxide	5.154	
Methane	76.990	
Ethane	11.862	3.155
Propane	3.437	0.942
Isobutane	0.610	0.198
n-Butane	0.948	0.297
Isopentane	0.281	0.102
n-Pentane	0.240	0.086
Hexanes Plus	0.380	0.163
Totals	100.000	4.943

Computed Real Properties:

Specific Gravity ——— 0.740 (Air=1)
Compressibility (Z) — 0.9967
Gross Heating Value @ 14.65 PSIA & 60 Deg F
 Dry Basis ————— 1165 BTU/CF
 Saturated Basis ——— 1145 BTU/CF

Base Conditions: 14.65 PSIA and 60 Deg F

Certified: FESCO Inc. - Bryan, Texas

Ralph Batten
Ralph Batten 409-775-1825

Job Number: 07971.001

Cyl Number:

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

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

1. Operator's Name (As shown on Form P-5, Organization Report) Seneca Resources Corp.	2. RRC Operator No. 767060	3. RRC District No. 03	4. County of Well Site Burleson
5. Field Name (Wildcat or exactly as shown on RRC records) Clay, N.E. (Austin Chalk 11350)	6. API No. 42-051-33352		7. Drilling Permit No. 406485
8. Lease Name Pecore-Siegert	9. Rule 37 Case No. -----	10. Oil Lease/Gas ID No. (new)	11. Well No. 3

CASING CEMENTING DATA:		SURFACE CASING	INTER-MEDIATE CASING	PRODUCTION CASING		MULTI-STAGE CEMENTING PROCESS	
				Single String	Multiple Parallel Strings	Tool	Shoe
12. Cementing Date		12/30/92					
13. *Drilled hole size		14-3/4"					
*Est. % wash or hole enlargement							
14. Size of casing (in. O.D.)		10-3/4"					
15. Top of liner (ft.)		Surface					
16. Setting depth (ft.)		3555'					
17. Number of centralizers used		25					
18. Hrs. waiting on cement before drill-out		29 1/2					
1st Slurry	19. API cement used: No. of sacks ▶	1705					
	Class ▶	15:85POZ:A					
	Additives ▶	*					
2nd Slurry	No. of sacks ▶	471					
	Class ▶	A					
	Additives ▶	None					
3rd Slurry	No. of sacks ▶						
	Class ▶						
	Additives ▶						
1st	20. Slurry pumped: Volume (cu. ft.) ▶	3444					
	Height (ft.) ▶	6185					
2nd	Volume (cu. ft.) ▶	555					
	Height (ft.) ▶	910					
3rd	Volume (cu. ft.) ▶						
	Height (ft.) ▶						
Total	Volume (cu. ft.) ▶	3999					
	Height (ft.) ▶	7095					
21. Was cement circulated to ground surface (or bottom of cellar) outside casing?		Yes 300 bbls.					
22. Remarks *D20, D44, D29							

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

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

1. Operator's Name (As shown on Form P-5, Organization Report) SENECA RESOURCES CORP.	2. RRC Operator No. 767060	3. RRC District No. 03	4. County of Well Site Burlison
5. Field Name (Wildcat or exactly as shown on RRC records) Clay, N.E. (Austin Chalk 11350)	6. API No. 42-051-33352		7. Drilling Permit No. 406485
8. Lease Name Pecore Siegert	9. Rule 37 Case No. -----	10. Oil Lease/Gas ID No. (new)	11. Well No. 1-H

CASING CEMENTING DATA:	SURFACE CASING	INTER-MEDIATE CASING	PRODUCTION CASING		MULTI-STAGE CEMENTING PROCESS	
			Single String	Multiple Parallel Strings	Tool	Shoe
12. Cementing Date		1-15-93				
13. Drilled hole size		9-7/8				
• Est. % wash or hole enlargement						
14. Size of casing (in. O.D.)		7-5/8				
15. Length of liner (ft.)		surface				
16. Setting depth (ft.)		11,183				
17. Number of centralizers used						
18. Hrs. waiting on cement before drill-out						
1st Slurry	19. API cement used: No. of sacks ▶	100				
	Class ▶	50/50 Poz				
	Additives ▶	.25% CFR-2 + .3% HR-5				
2nd Slurry	No. of sacks ▶	500				
	Class ▶	Premium				
	Additives ▶	35% SSA-1 + .35% HR-12 + .6% Halad-22A + 3% KCL				
3rd Slurry	No. of sacks ▶					
	Class ▶					
	Additives ▶					
1st	20. Slurry pumped: Volume (cu. ft.) ▶	125				
	Height (ft.) ▶	582				
2nd	Volume (cu. ft.) ▶	750				
	Height (ft.) ▶	3492				
3rd	Volume (cu. ft.) ▶					
	Height (ft.) ▶					
Total	Volume (cu. ft.) ▶	875				
	Height (ft.) ▶	4074				
21. Was cement circulated to ground surface (or bottom of cellar) outside casing?		No				

22. Remarks



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.

Regi Ketcham - Cementer
 Name and title of cementer's representative
 Halliburton Services
 Cementing Company
 Signature: *Regi Ketcham*
 P.O. Box 688
 Address
 Caldwell, Texas 77836
 City, State, Zip Code
 409/567-4674
 Tel: Area Code Number
 1-15-93
 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.

Janie Dolmage
 Typed or printed name of operator's representative
 Reg/Prod Supervisor
 Title
 Signature: *Janie Dolmage*
 333 Clay St., Suite 4150
 Address
 Houston, Texas 77002
 City, State, Zip Code
 713/658-0191
 Tel: Area Code Number
 4/15/93
 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.

ELECTRIC LOG STATUS REPORT

INSTRUCTIONS

When to file the L-1

- with Forms G-1, W-2, and GT-1 for new and deepened gas, oil, and geothermal wells
- with Form W-3 for plugged dry holes
- when sending in a log which was held under a request for confidentiality and the period of confidentiality has not yet expired

When the L-1 is NOT required

- with Forms W-2, G-1, and GT-1 filed for injection wells, disposal wells, water supply wells, service wells, re-test wells, re-classifications, and plugbacks of oil, gas, and geothermal wells
- with Form W-3 for plugging of other than a dry hole

Where to file the L-1

- with the appropriate Commission district office

Filling out the L-1

- Section I and the signature section must be filled out for all wells
- complete only the appropriate part of Section II

Type of log required

- any wireline survey run for the purpose of obtaining lithology, porosity, or resistivity information
- no more than one such log is required but it must be of the subject well
- if such a log is NOT run on the subject well, do NOT substitute any other type of log; just select Section II, Part A below

SEE REVERSE SIDE

SECTION I. IDENTIFICATION

Operator Name Seneca Resources Corp.	District No. 03	Completion Date 2/21/93
Field Name Clay, N.E. (Austin Chalk 11350)	Drilling Permit No. 406485	
Lease Name Pecore-Siegert	Lease/ID No. (new)	Well No. 1-H
County Burlison	API No. 42 - 051-33352	

SECTION II. LOG STATUS (complete either A. or B.)

A. BASIC ELECTRIC LOG NOT RUN

B. BASIC ELECTRIC LOG RUN (select one)

1. Confidentiality requested.

2. Confidentiality already granted on basic electric log covering this interval (applicable to deepened wells only).

3. Basic electric log covering this interval already on file with Commission (applicable to deepened wells only).

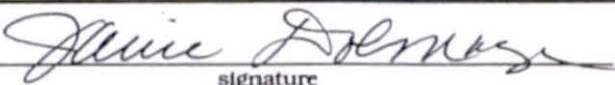
4. Log attached to (select one)

(a) Form L-1 (this form). If the company/lease name on log is different from that shown in Section I. please enter name on log here: _____

Check here if attached log is being submitted after being held confidential

(b) Form P-7, Application for Discovery Allowable and New Field Designation.

(c) Form W-4, Application for Multiple Completion: lease or ID no.(s) _____, well no.(s) _____

	Reg/Prod Supervisor
signature	title
Janie Dolmage	(713) 658-0191
name (print)	phone
	4/15/93
	date

For Railroad Commission use only

Electric Log Filing Requirements

As required by statute (T.N.R.C. Chapter 91, Subchapter M) and defined by Statewide Rule 16 (see copy below), a legible, unaltered final copy of a basic electric log run on a well must be filed with the completion report for that well (Form W-2 and Form G-1) or the plugging report for that well if it is a dry hole (Form W-3). The electric log will become a part of the public record.

You may, however, request a one-year period of confidentiality during which the log will be kept in your possession. Prior to the expiration of the initial period of confidentiality, you may request a renewal for a two-year period. Logs of wells drilled on land submerged in State water may be granted an additional two-year extension. At the end of the period(s) of confidentiality, a copy of the basic electric log must be filed with the Commission. The Commission will send you a notice prior to expiration of the confidentiality period(s). NOTE: electric logs submitted in conjunction with an application for multiple completion or a new field designation are considered part of the public records; confidentiality cannot be granted them.

§3.16 RULE 16. Log and Completion or Plugging Report. (Effective February 28, 1986)

(a) The owner or operator of an oil, gas or geothermal resource well, within thirty (30) days after the completion of such well or the plugging of such well, if the well is a dry hole, shall file with the Commission the appropriate completion or plugging report, and if a basic electric log is run on the well, a legible, unaltered final copy of such log shall be attached. A "basic electric log" means a lithology, porosity, or resistivity log run over the entire wellbore or in the alternative, if no such log is run over the entire wellbore, the log which is the most complete of such logs run. Amended completion reports must be filed for any change in perforations, or openhole or casing records within thirty (30) days after recompleting the well. In addition, if the well is deepened, a copy of a basic electric log run after September 1, 1985 should be submitted if such log is run over a deeper interval than the interval covered by a basic electric log already on file with the Commission for that wellbore.

(b) Each log filed with the Commission shall be considered public information and shall be available to the public during normal business hours. If the owner or operator of such well described in subsection (a) of this section desires log(s) to be confidential, the owner or operator must submit a written request for a delayed filing of the log(s). When filing such a request, the owner or operator must retain the log(s) and may delay filing such log(s) for one (1) year beginning from the date the completion or plugging report is required to be filed with the Commission. The owner or operator of such well may request an additional filing delay of two (2) years, provided the written request is filed prior to the expiration date of the initial confidentiality period. If a well is drilled on land submerged in state water, the owner or operator may request an additional filing delay of two (2) years so that a possible total filing delay of five (5) years may be obtained. A request for the additional two (2) year filing delay period must be in writing and be received prior to the expiration of the first two (2) year filing delay. Logs must be filed with the Commission within thirty (30) days after the expiration of the final confidentiality period.

(c) If the logs are not filed in accordance with the provisions of this section, the Commission may refuse to assign an allowable to a well or may set the allowable for such well at zero. If the well is a dry hole and the logs are not filed in accordance with the provisions of this section, the Commission may initiate penalty action pursuant to Title 3 of the Texas Natural Resources Code.

Operator Seneca Resources Corp.
Address 333 Clay St., Suite 4150
Houston, Texas 77002

[] RETEST

Test Period

Due Date

Effective Date 2/28/93

FIELD NAME LEASE NAME	RRC IDENT. NO. WELL NUMBER	DATE TESTED Mo/Day/Yr	PRODUCING WELLS					NON-PRODUCING WELLS				
			DAILY PRODUCING RATE			PRESSURE PSIA#	POTENTIAL BHP	SHUT IN @ (Date Required)	EXCEPTION SWR 14B (Expiration Date)	INJECTION	SALT WATER DISPOSAL	PLUGGED & ABANDONED
			GAS MCF	CONDEN- SATE BBLS	WATER BBLS							
Clay, N.E. (Austin Chalk 11350) Pecore-Siegert	(new)	2/28/93	8400 MCF	450.0 BBLS	280 BBLS	3800 SIWH						
	1-H		740 Spec.Grav.	55.8 Grav. API	19 MCF/Bbl	2900 Flowing						
			MCF	BBLS	BBLS	SIWH						
			Spec.Grav.	Grav. API	MCF/Bbl	Flowing						
			MCF	BBLS	BBLS	SIWH						
			Spec.Grav.	Grav. API	MCF/Bbl	Flowing						
			MCF	BBLS	BBLS	SIWH						
			Spec.Grav.	Grav. API	MCF/Bbl	Flowing						
			MCF	BBLS	BBLS	SIWH						
			Spec.Grav.	Grav. API	MCF/Bbl	Flowing						
PURCHASER'S STATEMENT DATE _____ PURCHASER: _____			MCF	BBLS	BBLS	SIWH						
SIGNATURE _____			Spec.Grav.	Grav. API	MCF/Bbl	Flowing						
AS PURCHASER'S REPRESENTATIVE, I AGREE THAT EACH TEST VOLUME SHOWN ABOVE IS A TRUE TEST REPRESENTATIVE OF EACH WELL(S) CAPABILITY.			MCF	BBLS	BBLS	SIWH						
			Spec.Grav.	Grav. API	MCF/Bbl	Flowing						

* COMMINGLING TEST REQUIREMENT
(Gas Specific Gravity, Condensate Gravity and
Gas Condensate Ratio Required)

@ Wells with an exception to SWR 14(B)(2) must insert the date (MO/Yr) the well was last produced or utilized.

Shut-in well head pressures are to be reported in pounds per square inch gauge pressure (PSIG) for wells in
the West Panhandle, West Panhandle (Red Cave), and Texas-Hugoton Fields.

X ADDITIONAL SPECIAL TEST REQUIREMENT

CERTIFICATE

I declare under penalties prescribed in Article 6036c, R.C.S., 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 herein are true, correct, and complete, to the best of my knowledge.



Alvin Adams

Signature

Reg/Prod Supervisor

Title

4/15/93

Date

713/658-0191

Telephone

INSTRUCTIONS

This report shall be mailed in duplicate to the appropriate Railroad Commission District Office not later than 5 days after the close of the test period.

Report full well stream gas production figures in MCF (thousands of cubic feet) measured at a base pressure of 14.65 pounds per square inch, absolute, and a standard base temperature of 60 degrees Fahrenheit. Whenever the conditions of pressure and temperature differ from the above standards, conversion of volume from measured conditions to the standard conditions shall be made in accordance with the Ideal Gas Laws: corrected for deviation. Correction for specific gravity shall be made based on a test made by the Balance Method. All tests submitted to the Commission on this form shall be made by a person qualified by training or experience to make such tests, and the methods of gas measurement used shall be those described in the current pamphlet "Gas-Oil Ratio Calculation", and the back pressure manual issued by the Commission, or methods of at least equal accuracy. All production tests to determine the daily producing rates reported on this form shall be of 24 hours duration and shall be made with the same equipment used during normal operations. Liquid hydrocarbons include both oil and condensate and shall be reported in barrels of 42 U.S. Gallons at 60 degrees Fahrenheit.

Show all requested data separately for each well.

1. Each gas well operating under Statewide Rules 28 and 29 shall be assigned an allowable not to exceed 25% of the calculated absolute open flow potential or the production test volume as reported on Form G-10, whichever is the smaller volume. A 24 hour production test at a rate selected by the operator shall be taken semi-annually and filed with the appropriate District Office on Form G-10. The latest absolute open flow (AOF) as reported on Form G-1 shall be semi-annually adjusted by one of the following methods and the adjusted AOF reported on Form G-10.
 - a. Using the shut-in wellhead pressure, a measured or calculated bottom hole pressure, calculate a new PF_2 , plot on the original back pressure curve and determine a new AOF (attach a copy of curve),
 - b. Calculate the new AOF by use of the formula.

$$OF_2 = OF_1 \left[\frac{(PF_2)^2}{(PF_1)^2} \right]^n$$

2. Wells operating under Statewide Rule 28C (special field rules) shall receive a daily allowable in accordance with the field rules but not to exceed the daily rate as reported on Form G-10. These wells must be preflowed for 48 hours preceding the test at an average rate not less than 75% of the official test rate. The average producing rate during the 48 hour stabilization period shall be the average of the producing rates during the two 24 hour stabilization periods. At the conclusion of the 24 hour official test, the well shall be closed in, and the maximum shutin wellhead pressure determined and reported.
3. Wells operating under special field rules where potential is part of the factor (Annual 4 Point Test) shall report the highest rate of flow from the 4-point test conducted, the corresponding ending flowing well head pressure, the shut-in bottomhole pressure and the new AOF. A copy of the back pressure curve shall be attached.
4. In addition to other data, calculated potential or deliverability shall be reported for each well in the East Panhandle, West Panhandle, and Texas-Hugoton Fields. In the West Panhandle, West Panhandle (Red Cave), and Texas-Hugoton Fields, shut-in well head pressures are to be determined to the nearest one-tenth (0.1) pound per square inch by deadweight gauge or equivalent method approved by the Commission. Pressures thus obtained are to be rounded off to the nearest pound per square inch gauge and reported on Form G-10. West Panhandle and Texas-Hugoton Field Rules remain unchanged in regard to test requirements.
5. All other producing wells (including associated gas wells or wells previously granted exceptions to Statewide Rule 28 and 29 testing requirements) shall report the ending flowing well head pressure plus the daily production of gas, condensate, water, plus gas specific gravity, API gravity of condensate and gas condensate ratio. The shut-in well head pressure may be omitted.
6. Prorated wells which have BHP as part of the proration formula shall include the BHP on Form G-10 in addition to the filing of Form W-7. The reported BHP must have been taken within the same test period as the production test.
7. Wells delivering full well stream to a plant or central facility shall report the calculated condensate produced and liquid hydrocarbon ratio based on a GPM test conducted within 30 days of the date of the production test reported on this form.

STATEMENT OF PRODUCTIVITY OF ACREAGE
ASSIGNED TO PRORATION UNITS

Form P-15
(5-5-71)

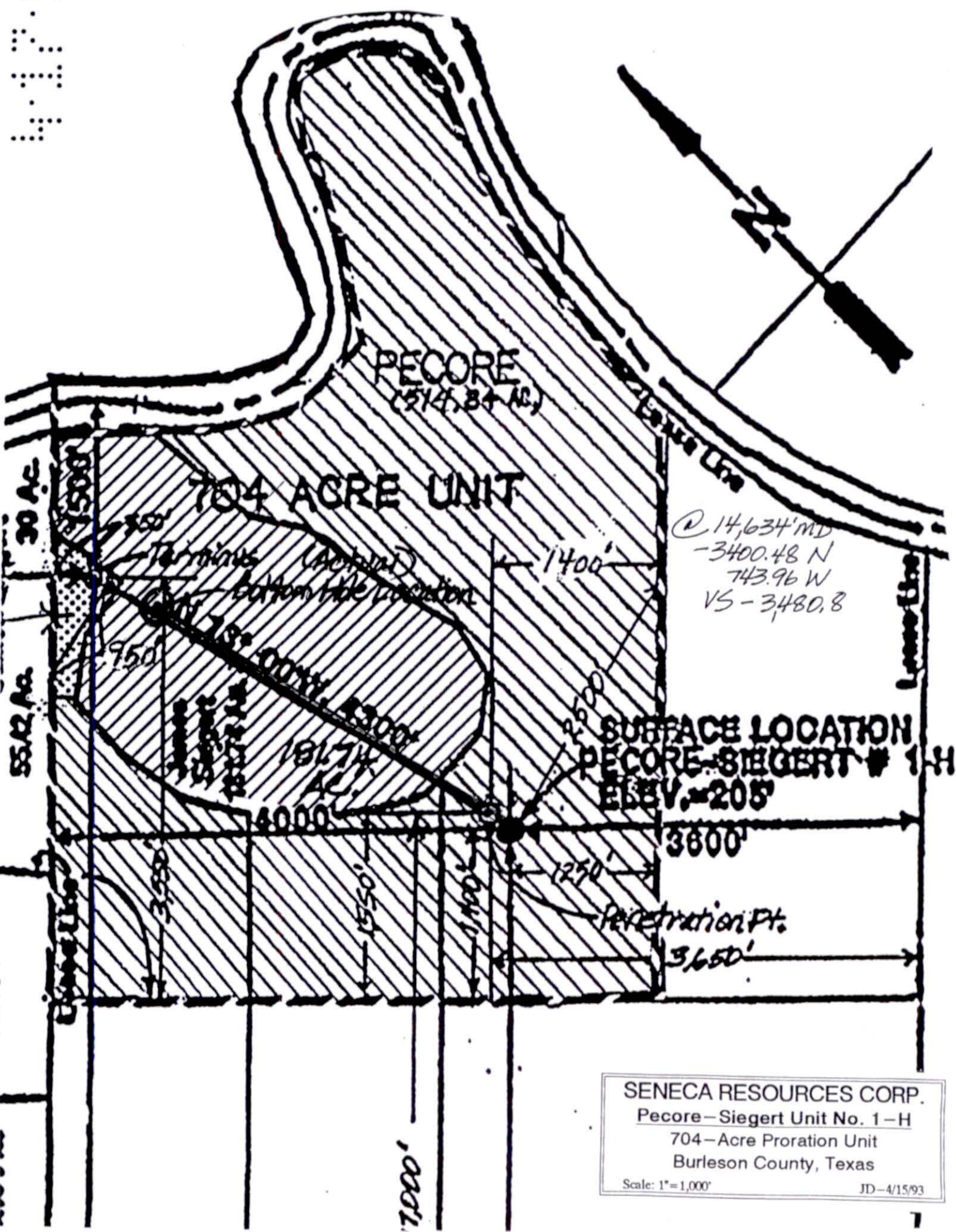
The undersigned states that he is authorized to make this statement; that he has knowledge of the facts concerning the Seneca Resources Corp. OPERATOR
Pecore-Siegert LEASE No. 1-H WELL; that such well is completed in the Clay, N.E. (Austin Chalk 11350) Field, Burleson County, Texas and that the acreage claimed, and assigned to such well for proration purposes as authorized by special rule and as shown on the attached certified plat embraces 704 acres which can reasonably be considered to be productive of hydrocarbons.

- CERTIFICATE -

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.

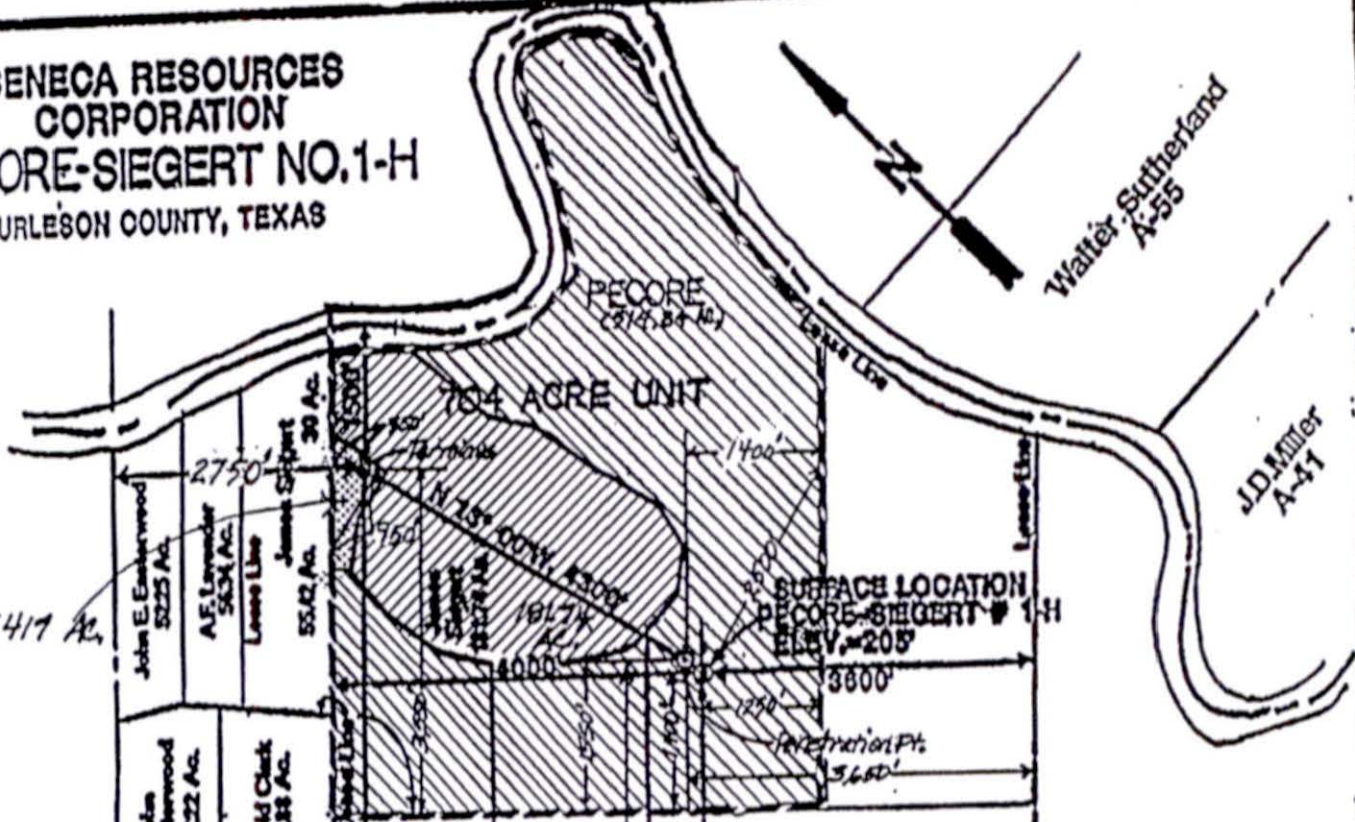
Date 4/15/93 Signature Janie Dolmage
Telephone 713/658-0191 Title Reg/Prod Supervisor
AREA CODE

71133



SENECA RESOURCES CORP.
 Pecore-Siebert Unit No. 1-H
 704-Acre Proration Unit
 Burleson County, Texas
 Scale: 1"=1,000' JD-4/15/93

SENECA RESOURCES CORPORATION
 PECORE-SIEGERT NO.1-H
 BURLISON COUNTY, TEXAS



John E. Eastwood 5225 Ac.
 A.F. Loyander 5634 Ac.
 James Spibert 30 Ac.
 7.417 Ac.

John Eastwood 4722 Ac.
 Harold Clark 4388 Ac.
 Joe Cox 4339 Ac.
 John Williams 4319 Ac.
 M.S. Kinnear 4339 Ac.
 4327 Ac.

W. Spencer Ward 749 Ac.
 W. Spencer Ward 6738 Ac.

Elin Lauderdale Lockhart 253,959 Ac.

Worth D. Ware, Jr. & Gayle L. Ware 253,959 Ac.

MABEL WELONS LEASE
 2,660 ACRES

I HERELY CERTIFY THAT THE FACTS AS STATED AND SHOWN HEREON ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.

Janis Adams

Alfred Kemmon A-32

James Fisher A-23

P. Singleton A-58

Henry Koontz A-164

J.B. Chanoe A-9

NOTES: 1). BEARINGS AND ACREAGES BASED ON DEED CALLS.
 2). ELEVATION ESTIMATED FROM USGS' QUADRANGLE MAP.

12/22/92
 REV. 12/21/92
 JD 12-4-92

O'MALLEY ENGINEERS
 Brenham, Texas



Scale	1" = 2000'
Project Number	92-10023 LD
Drawn by	CS
Check by	11/92
Sheet Number	of.

5252



Type or print only

483-047

API No. 42-05133352

Gas Well Back Pressure Test, Completion or Recompletion Report, and Log

7. RRC District No.
03

8. RRC Gas ID No.
(new)

9. Well No.
1-H

10. County of well site
Burleson

11. Purpose of filing
Initial Potential
Retest
Reclass
Well record only
(Explain in remarks)

1. FIELD NAME (as per RRC Records or Wildcat)
N.E. Clay (Austin Chalk 11350)

2. LEASE NAME
Pecore-Siebert

3. OPERATOR'S NAME (Exactly as shown on Form P-5, Organization Report)
Seneca Resources Corp.

RRC Operator No.
767060

4. ADDRESS
333 Clay Street, Suite 4150, Houston, Texas 77002-4176

5. Location (Section, Block, and Survey)
James Fisher League A-23

5b. Distance and direction to nearest town in this county.
5 miles NE of Clay

6. If operator has changed within last 60 days, name former operator
N/A

12. If workover or reclass, give former field (with reservoir) & Gas ID or oil lease no. FIELD & RESERVOIR **N/A** GAS ID or OIL LEASE # OIL-D Gas-G WELL #

13. Pipe Line Connection
Aquila Southwest

15. Any condensate on hand at time of workover or recompletion? Yes No **N/A**

16. Type of Electric or other Log Run.
DIFL/BHC Acou/GR

Completion or recompletion date
2/21/93

Section I GAS MEASUREMENT DATA										
Date of Test		Gas Measurement Method (Check One)							Gas produced during test	
02/24-27/93		Orifice Meter <input checked="" type="checkbox"/>	Flange Taps <input checked="" type="checkbox"/>	Pipe Taps <input type="checkbox"/>	Positive Choke <input type="checkbox"/>	Orifice Vent Meter <input type="checkbox"/>	Pitot Tube <input type="checkbox"/>	Critical-flow Prover <input type="checkbox"/>	24813 MCF	
Run No.	Line Size	Orif. or Choke Size	24 Hr. Coeff. Orif. or Choke	Static P _m or Choke Press	Diff. h _w	Flow Temp. °F	Temp. Factor F _{tt}	Gravity Factor F _g	Compress Factor F _{pv}	Volume MCF/DAY
1	3.826	2.000	26462.87	975	122.00	140	.9310	.9005	1.081	8271
2										
3										
4										

Section II FIELD DATA AND PRESSURE CALCULATIONS										
Gravity (Dry Gas)		Gravity Liquid Hydrocarbon		Gas-Liquid Hydro Ratio		Gravity of Mixture		Avg. Shut-in Temp.		Bottom Hole Temp. TVD
.740		55.8 Deg. API		16800 CF/Bbl		G_{mix} = .887		183 °F		291 °F @ 1404 (Depth)
$D_{eff}^{8/3} = 10.806$		$\sqrt{T_1} = \sqrt{676} = 26.00$				$\sqrt{GL} = \sqrt{0115.35} = 100.58$				
$c = \frac{1118 \times (D_{eff})^{8/3}}{\sqrt{T}} = 1118 \times 10.806 / 26.00 = 464.66$						$\frac{\sqrt{GL}}{c} = 100.58 / 464.66 = .2164$				
Run No.	Time of Run Min.	Choke Size	Wellhead Press. PSIA P _w	Wellhead Flow Temp. °F	P _w ² (Thousands)	R	R ² (Thousands)	P ₁	P _w /P ₁	
Shut-in 24 hours			3902	74						
1	4320	26/64	2895	140	8381	1789.8	3203.3	3404	.8505	
2										
3										
4										
Run No.	F	K	S = $\frac{1}{z}$	E ^{ks}	P ₁ and P _s	P ₁ ² and P _s ² (thousands)	P ₁ ² - P _s ² (thousands)	Angle of Slope		
Shut-in		.2949	1.0966	1.3818	5392	29074		B . 45.00		
1	.9273	.2601	1.1826	1.3601	4630	21437	7637	n 1.0000		
2								Absolute Open Flow		
3								31489 MCF/DAY		
4										

WELL TESTER'S CERTIFICATION: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I conducted or supervised this test and that data and facts shown in Sections I and II above are true, correct, and complete, to the best of my knowledge. Bottomhole temperature and the diameter and length of flow string were furnished by the operator of the well.

Tim Ware
Signature Well Tester

FESCO Inc.
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 I Prepared or supervised and directed this report, and that data and facts stated therein are true, correct, and complete, to the best of my knowledge.

Janie Dolmage
Signature Operator's representative

Reg/Prod Supv. **4/15/93** **713/658-0191**
Title Date A/C Number

SECTION III

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

17. Type of Completion: New Well <input checked="" type="checkbox"/> Deepening <input type="checkbox"/> Plug Back <input type="checkbox"/> Other <input type="checkbox"/>				18. Permit to Drill, Plug Back or Deepen DATE 12/23/92 PERMIT NO. 406485	
19. Notice of Intention to Drill this well was filed in Name of Seneca Resources Corp.				Rule 37 Exception ----- CASE NO.	
20. Number of producing wells on this lease in this field (reservoir) including this well 1		21. Total number of acres in this lease 704		Water Injection PERMIT NO. Permit -----	
22. Date Plug Back, Deepening, Work Over or Drilling Operations: 12/28/92		Completed 2/6/93		Salt Water Disposal PERMIT NO. Permit -----	
23. Distance to nearest well, Same Lease & Reservoir N/A		Other PERMIT NO. Surface casing (SWRB) ----			
24. Location of well, relative to nearest lease boundaries of lease on which this well is located 1250 Feet From SE Line and 1400 Feet from SW Line of the Pecore-Siegert Unit			25. Elevation (IDF, RKB, RT, GR, ETC.) 205' GR		
26. Was directional survey made other than inclination (Form W-12)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			27. Top of Pay 11,100' TVD		
28. Total Depth 14,634' MD 11,276' TVD		29. P. B. Depth --		30. Surface Casing Determined by: Field <input type="checkbox"/> Recommendation of T.D.W.R. <input checked="" type="checkbox"/> Railroad Commission (Special) <input type="checkbox"/>	
31. Is well multiple completion? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		32. If multiple completion, list all reservoir names (completions in this well) and Oil Lease or Gas ID No. N/A FIELD & RESERVOIR		33. Intervals Drilled by: Rotary Tools XX Cable Tools	
34. Name of Drilling Contractor Grey Wolf Rig#19			35. Is Cementing Affidavit Attached? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		

36. 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.
16"		94'			24"		
10-3/4"	45.5 & 40.5	3,555'		1705 sxs 15/85 POZ A 14-3/4" 471 sxs C/A	surface		3999
7-5/8"	29.7	11,183'		100 sxs 50/50 B07 500 sxs C/H	surface		875

37. LINER RECORD				
Size	TOP	Bottom	Sacks Cement	Screen

38. TUBING RECORD			39. Producing Interval (this completion) Indicate depth of perforation or open hole	
Size	Depth Set	Packer Set	From	To
2-7/8"	10799'	10799'	11,183' MD	14,634' MD
			From	To
			From	To

40. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.	
Depth Interval	Amount and Kind of Material Used

Pecore Siegert Unit Well No. 1-H

41. FORMATION RECORD (LIST DEPTHS OF PRINCIPAL GEOLOGICAL MARKERS AND FORMATION TOPS)			
Formations	Depth	Formations	Depth
Navarro	9230' MD(-9004'SS)		
Pecan Gap	10375' MD(-10149'SS)		
Austin Chalk	11100'TVD(-10874'SS)		

REMARKS New horizontal well

GAS WELL
CLASSIFICATION REPORT

READ INSTRUCTIONS ON BACK

1. OPERATOR NAME (Exactly as shown on Form P-5 Organization Report) Seneca Resources Corp.		3. RRC DISTRICT NO. 03	4. OIL LEASE NO. OR GAS WELL ID NO. New Gas
2. MAILING ADDRESS 333 Clay Street, Suite 4150 Houston, Texas 77002-4176		5. WELL NO. 1-H	6. API NO. 42-05133352
8. FIELD NAME (as per RRC Records) N.E. Clay (Austin Chalk 11350)		7. COUNTY OF WELL SITE Burluson	

9. LEASE NAME Pecore-Siegert	10. LOCATION (Section, Block, and Survey) James Fisher League A-23	11. PIPELINE CONNECTION OR USE OF GAS Aquila Southwest
---------------------------------	---	---

I. PRODUCTION TEST AT RATE ELECTED BY OPERATOR (data on 24-hour basis)

A. Date of Test 02/24-27/93

B. Gas Volume 8271 (Mcf)

C. Oil or Condensate Volume 492.32 (Bbl)

D. Water Volume 309.00 (Bbl)

E. Gas/Liquid Hydrocarbon Ratio 16800 (Cf/Bbl)

F. Flowing Tubing Pressure 2895 (psia)

G. Choke Size 26/64 (in.)

H. Casing Pressure 305 (psia)

I. Shut-in Wellhead Pressure - Tubing 3902 (psia)

J. Separator Operating Pressure 975 (psia)

K. Color of Stock Tank Liquid Lt. Straw

L. Gravity of Separator Liquid 55.8 °API

M. Gravity of Stock Tank Liquid NA °API

N. Specific Gravity of the Gas (Air = 1) .740

II. A.S.T.M. DISTILLATION OF LIQUID SAMPLE. Distillation test is required for gas wells ONLY if the producing gas-liquid hydrocarbon ratio is less than 100,000 CF/barrel.

Date Liquid Sample Obtained 02/24-27/93

Where Obtained: Separator Stock Tank

% Over	Temp. (deg. F)	% Over	Temp. (deg. F)
Initial Boiling Temp.	<u>98</u>	60	<u>368</u>
10	<u>150</u>	70	<u>445</u>
20	<u>214</u>	80	<u>524</u>
30	<u>246</u>	90	<u>662</u>
40	<u>278</u>	95	<u>732</u>
50	<u>314</u>	End Point	<u>734</u>

Total Recovery 97.5 percent

Residue 2.0 percent

Loss 0.5 percent

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.

03/04/93 DATE

Tim Ware CONTACT PERSON

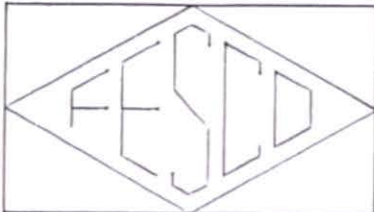
FESCO Inc. (Type or Print) NAME

Tim Ware SIGNATURE

Bryan District Manager TITLE

(409)775-1825 PHONE NUMBER

RRC USE ONLY

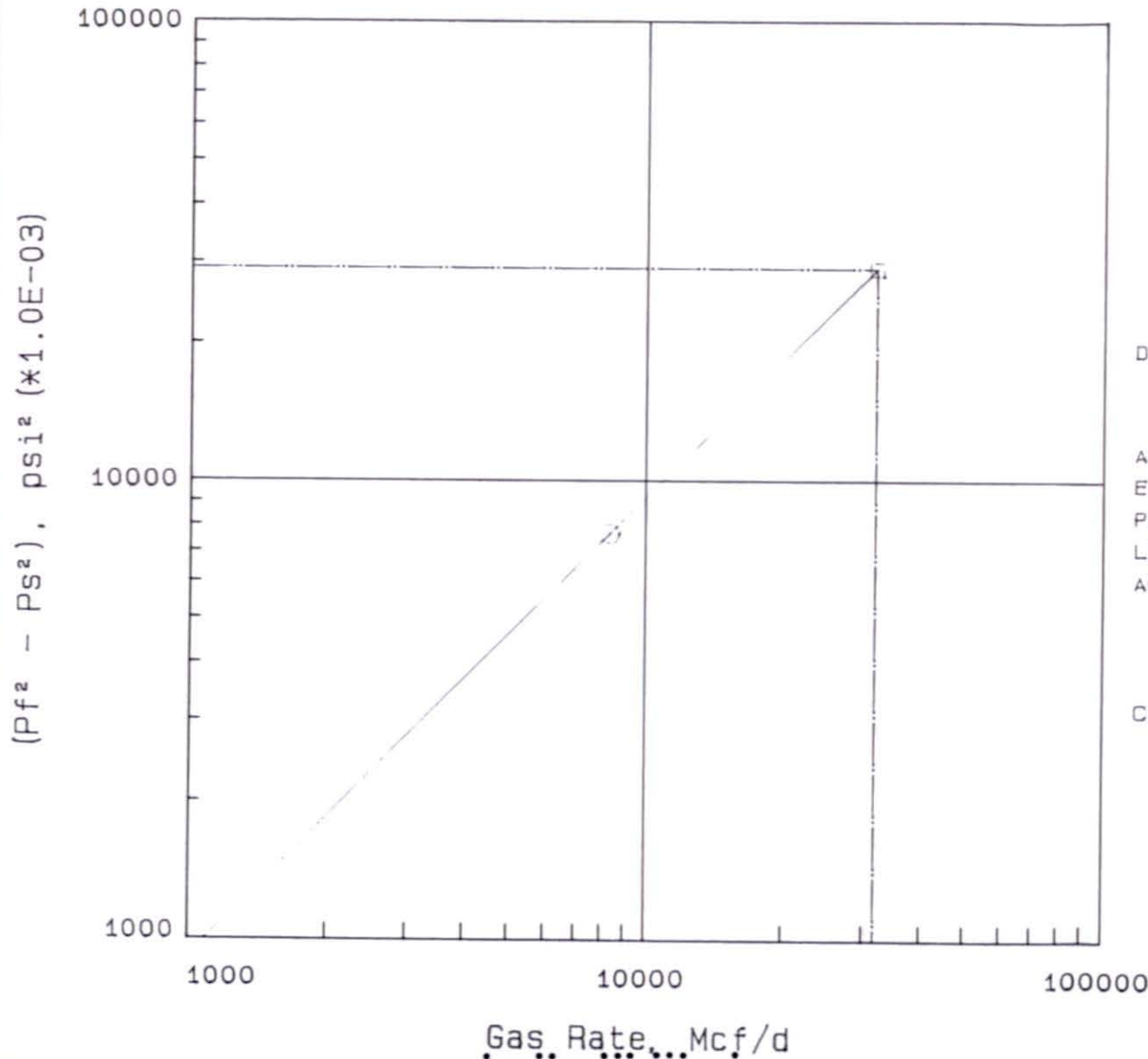


Seneca Resources Corporation

Lease : Peacore-Siegert
 Well No.: 1-H
 Field : N.E. Clay (Austin Chalk 11350)

County : Burleson
 Test Date : 02/24-27/93
 RRC District:

Gas Deliverability Plot



Single Point BPT Data

Point	Rate, Mcf/d	BHP, PsiA	(Pf ² - Ps ²), psi ² (x1.0E-03)
SI	0	5392	-----
1	8271	4630	7637
AOF	31489	15	29073

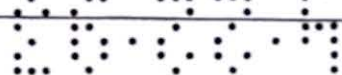
DELIVERABILITY RESULTS

DELIVERABILITY LINE: Drawn through the point corresponding to the top rate at a 45.0 degree angle.

ANGLE.....: $\theta = 45.0$ degrees
 EXPONENT.....: $n = 1.0000$
 PERFORMANCE COEF: $C = 1.0831$ (Mcf/d)/psi²
 LINE EQUATION...: $Q = C(Pf^2 - Ps^2)^n$
 AOF.....: 31489 Mcf/d

Certified by: Tim Ware
 District Manager
 Bryan, Texas
 409-775-1825

Gas Rate, Mcf/d



March 04, 1993

FESCO, INC.
400 Industrial Blvd - Bryan, Texas 77803

For: Seneca Resources Corporation
333 Clay Street, Suite 4150
Houston, Texas 77002-4176

Sample: Peacore-Siegert No. 1-H Field: N.E. Clay (Austin Chalk 11350)
Separator Gas @ 950 PSIG & 134 Deg F

Date Sampled: 02-26-93

CHROMATOGRAPH ANALYSIS

COMPONENT	MOL%	GPM
Nitrogen	0.098	
Carbon Dioxide	5.154	
Methane	76.990	
Ethane	11.862	3.155
Propane	3.437	0.942
Isobutane	0.610	0.198
n-Butane	0.948	0.297
Isopentane	0.281	0.102
n-Pentane	0.240	0.086
Hexanes Plus	0.380	0.163
Totals	100.000	4.943

Computed Real Properties:

Specific Gravity ——— 0.740 (Air=1)
Compressibility (Z) — 0.9967
Gross Heating Value @ 14.65 PSIA & 60 Deg F
Dry Basis ————— 1165 BTU/CF
Saturated Basis ——— 1145 BTU/CF

Base Conditions: 14.65 PSIA and 60 Deg F

Certified: FESCO Inc. - Bryan, Texas

Ralph Batten
Ralph Batten 409-775-1825

Job Number: 07971.001

Cyl Number:

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

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

1. Operator's Name (As shown on Form P-5, Organization Report) Seneca Resources Corp.	2. RRC Operator No. 767060	3. RRC District No. 03	4. County of Well Site Burlison
5. Field Name (Wildcat or exactly as shown on RRC records) Clay, N.E. (Austin Chalk 11350)	6. API No. 42-051-33352	7. Drilling Permit No. 406485	
8. Lease Name Pecore-Siegert	9. Rule 37 Case No. -----	10. Oil Lease/Gas ID No. (new)	11. Well No. 3

CASING CEMENTING DATA:	SURFACE CASING	INTER-MEDIATE CASING	PRODUCTION CASING		MULTI-STAGE CEMENTING PROCESS	
			Single String	Multiple Parallel Strings	Tool	Shoe
12. Cementing Date	12/30/92					
13. Drilled hole size	14-3/4"					
14. Size of casing (In. O.D.)	10-3/4"					
15. Top of liner (ft.)	Surface					
16. Setting depth (ft.)	3555'					
17. Number of centralizers used	25					
18. Hrs. waiting on cement before drill-out	29 1/2					
1st Slurry	19. API cement used: No. of sacks ▶	1705				
	Class ▶	15:85POZ:A				
	Additives ▶	*				
2nd Slurry	No. of sacks ▶	471				
	Class ▶	A				
	Additives ▶	None				
3rd Slurry	No. of sacks ▶					
	Class ▶					
	Additives ▶					
1st	20. Slurry pumped: Volume (cu. ft.) ▶	3444				
	Height (ft.) ▶	6185				
2nd	Volume (cu. ft.) ▶	555				
	Height (ft.) ▶	910				
3rd	Volume (cu. ft.) ▶					
	Height (ft.) ▶					
Total	Volume (cu. ft.) ▶	3999				
	Height (ft.) ▶	7095				
21. Was cement circulated to ground surface (or bottom of cellar) outside casing?	Yes 300 bbls.					

22. Remarks *D20, D44, D29

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.

Ronnie Justice FSM Dowell Schlumberger Ronnie Justice
 Name and title of cementer's representative Cementing Company Signature

801 S. Standard Longview, TX 75604 (903)295-6100 12/30/92
 Address City, State, Zip Code Tel: Area Code Number 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.

Janie Dolmage Reg/Prod Supervisor Janie Dolmage
 Typed or printed name of operator's representative Title Signature

333 Clay St., Suite 4150 Houston, Texas 77002 713/658-0191 4/15/93
 Address City, State, Zip Code Tel: Area Code Number 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 cements 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.

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

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

1. Operator's Name (As shown on Form P-5, Organization Report) SENECA RESOURCES CORP.	2. RRC Operator No. 767060	3. RRC District No. 03	4. County of Well Site Burleson
5. Field Name (Wildcat or exactly as shown on RRC records) Clay, N.E. (Austin Chalk 11350)	6. API No. 42-051-33352	7. Drilling Permit No. 406485	
8. Lease Name Pecore Siegert	9. Rule 37 Case No. -----	10. Oil Lease/Gas ID No. (new)	11. Well No. 1-H

CASING CEMENTING DATA:	SURFACE CASING	INTER-MEDIATE CASING	PRODUCTION CASING		MULTI-STAGE CEMENTING PROCESS	
			Single String	Multiple Parallel Strings	Tool	Shoe
12. Cementing Date		1-15-93				
13. Drilled hole size		9-7/8				
13.1. Est. % wash or hole enlargement						
14. Size of casing (tn. O.D.)		7-5/8				
15. Top of liner (ft.)		surface				
16. Setting depth (ft.)		11,183				
17. Number of centralizers used						
18. Hrs. waiting on cement before drill-out						
1st Slurry	19. API cement used: No. of sacks ▶	100				
	Class ▶	50/50 Poz				
	Additives ▶	.25% CFR-2 + .3% HR-5				
2nd Slurry	No. of sacks ▶	500				
	Class ▶	Premium				
	Additives ▶	35% SSA-1 + .35% HR-12 + .6% Halad-22A + 3% KCL				
3rd Slurry	No. of sacks ▶					
	Class ▶					
	Additives ▶					
1st	20. Slurry pumped: Volume (cu. ft.) ▶	125				
	Height (ft.) ▶	582				
2nd	Volume (cu. ft.) ▶	750				
	Height (ft.) ▶	3492				
3rd	Volume (cu. ft.) ▶					
	Height (ft.) ▶					
Total	Volume (cu. ft.) ▶	875				
	Height (ft.) ▶	4074				
21. Was cement circulated to ground surface (or bottom of cellar) outside casing?		No				
22. Remarks						

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.

Regi Ketcham - Cementer

Name and title of cementer's representative

Halliburton Services

Cementing Company

Signature

Regi Ketcham

P.O. Box 688

Address

Caldwell, Texas 77836

City, State, Zip Code

409/567-4674

Tel.: Area Code Number

1-15-93

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.

Janie Dolmage

Typed or printed name of operator's representative

Reg/Prod Supervisor

Title

Signature

Janie Dolmage

333 Clay St., Suite 4150

Address

Houston, Texas 77002

City, State, Zip Code

713/658-0191

Tel.: Area Code Number

4/15/93

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.

ELECTRIC LOG
STATUS REPORT

INSTRUCTIONS

When to file the L-1

- with Forms G-1, W-2, and GT-1 for new and deepened gas, oil, and geothermal wells
- with Form W-3 for plugged dry holes
- when sending in a log which was held under a request for confidentiality and the period of confidentiality has not yet expired

When the L-1 is NOT required

- with Forms W-2, G-1, and GT-1 filed for injection wells, disposal wells, water supply wells, service wells, re-test wells, re-classifications, and plugbacks of oil, gas, and geothermal wells
- with Form W-3 for plugging of other than a dry hole

Where to file the L-1

- with the appropriate Commission district office

Filling out the L-1

- Section I and the signature section must be filled out for all wells
- complete only the appropriate part of Section II

Type of log required

- any wireline survey run for the purpose of obtaining lithology, porosity, or resistivity information
- no more than one such log is required but it must be of the subject well
- if such a log is NOT run on the subject well, do NOT substitute any other type of log; just select Section II, Part A below

SEE REVERSE SIDE

SECTION I. IDENTIFICATION

Operator Name Seneca Resources Corp.	District No. 03	Completion Date 2/21/93
Field Name Clay, N.E. (Austin Chalk 11350)	Drilling Permit No. 406485	
Lease Name Pecore-Siegert	Lease/ID No. (new)	Well No. 1-H
County Burlison	API No. 42 - 051-33352	

SECTION II. LOG STATUS (complete either A. or B.)

A. BASIC ELECTRIC LOG NOT RUN

B. BASIC ELECTRIC LOG RUN (select one)

1. Confidentiality requested.

2. Confidentiality already granted on basic electric log covering this interval (applicable to deepened wells only).

3. Basic electric log covering this interval already on file with Commission (applicable to deepened wells only).

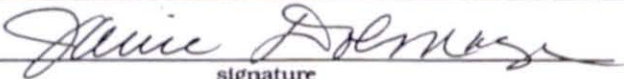
4. Log attached to (select one)

(a) Form L-1 (this form). If the company/lease name on log is different from that shown in Section I, please enter name on log here: _____

Check here if attached log is being submitted after being held confidential

(b) Form P-7. Application for Discovery Allowable and New Field Designation.

(c) Form W-4. Application for Multiple Completion: lease or ID no.(s) _____, well no.(s) _____

	Reg/Prod Supervisor
signature	title
Janie Dolmage	(713) 658-0191
name (print)	phone
	4/15/93
	date

For Railroad Commission use only

Electric Log Filing Requirements

As required by statute (T.N.R.C. Chapter 91, Subchapter M) and defined by Statewide Rule 16 (see copy below), a legible, unaltered final copy of a basic electric log run on a well must be filed with the completion report for that well (Form W-2 and Form G-1) or the plugging report for that well if it is a dry hole (Form W-3). The electric log will become a part of the public record.

You may, however, request a one-year period of confidentiality during which the log will be kept in your possession. Prior to the expiration of the initial period of confidentiality, you may request a renewal for a two-year period. Logs of wells drilled on land submerged in State water may be granted an additional two-year extension. At the end of the period(s) of confidentiality, a copy of the basic electric log must be filed with the Commission. The Commission will send you a notice prior to expiration of the confidentiality period(s). NOTE: electric logs submitted in conjunction with an application for multiple completion or a new field designation are considered part of the public records; confidentiality cannot be granted them.

§3.16 RULE 16. Log and Completion or Plugging Report. (Effective February 28, 1986)

(a) The owner or operator of an oil, gas or geothermal resource well, within thirty (30) days after the completion of such well or the plugging of such well, if the well is a dry hole, shall file with the Commission the appropriate completion or plugging report, and if a basic electric log is run on the well, a legible, unaltered final copy of such log shall be attached. A "basic electric log" means a lithology, porosity, or resistivity log run over the entire wellbore or in the alternative, if no such log is run over the entire wellbore, the log which is the most complete of such logs run. Amended completion reports must be filed for any change in perforations, or openhole or casing records within thirty (30) days after recompleting the well. In addition, if the well is deepened, a copy of a basic electric log run after September 1, 1985 should be submitted if such log is run over a deeper interval than the interval covered by a basic electric log already on file with the Commission for that wellbore.

(b) Each log filed with the Commission shall be considered public information and shall be available to the public during normal business hours. If the owner or operator of such well described in subsection (a) of this section desires log(s) to be confidential, the owner or operator must submit a written request for a delayed filing of the log(s). When filing such a request, the owner or operator must retain the log(s) and may delay filing such log(s) for one (1) year beginning from the date the completion or plugging report is required to be filed with the Commission. The owner or operator of such well may request an additional filing delay of two (2) years, provided the written request is filed prior to the expiration date of the initial confidentiality period. If a well is drilled on land submerged in state water, the owner or operator may request an additional filing delay of two (2) years so that a possible total filing delay of five (5) years may be obtained. A request for the additional two (2) year filing delay period must be in writing and be received prior to the expiration of the first two (2) year filing delay. Logs must be filed with the Commission within thirty (30) days after the expiration of the final confidentiality period.

(c) If the logs are not filed in accordance with the provisions of this section, the Commission may refuse to assign an allowable to a well or may set the allowable for such well at zero. If the well is a dry hole and the logs are not filed in accordance with the provisions of this section, the Commission may initiate penalty action pursuant to Title 3 of the Texas Natural Resources Code.

[DISTRICT 03]

Operator Seneca Resources Corp.
Address 333 Clay St., Suite 4150
Houston, Texas 77002

[] RETEST

Test Period

Due Date

Effective Date 2/28/93

FIELD NAME LEASE NAME	RRC IDENT. NO. WELL NUMBER	DATE TESTED Mo/Day/Yr	PRODUCING WELLS					NON-PRODUCING WELLS				
			DAILY PRODUCING RATE			PRESSURE PSIA#	POTENTIAL BHP	SHUT IN @ (Date Required)	EXCEPTION SWR 14B (Expiration Date)	INJECTION	SALT WATER DISPOSAL	PLUGGED & ABANDONED
			GAS	CONDEN- SATE	WATER							
Clay, N.E. (Austin Chalk 11350) Pecore-Siegert	(new)	2/28/93	8400 MCF	450.0 BBLS	280 BBLS	3800 SIWH						
	1-H		740 Spec.Grav.	55.8 Grav. API	19 MCF/Bbl	2900 Flowing						
			MCF	BBLS	BBLS	SIWH						
			Spec.Grav.	Grav. API	MCF/Bbl	Flowing						
			MCF	BBLS	BBLS	SIWH						
			Spec.Grav.	Grav. API	MCF/Bbl	Flowing						
			MCF	BBLS	BBLS	SIWH						
			Spec.Grav.	Grav. API	MCF/Bbl	Flowing						
			MCF	BBLS	BBLS	SIWH						
			Spec.Grav.	Grav. API	MCF/Bbl	Flowing						
PURCHASER'S STATEMENT DATE _____ PURCHASER: _____			MCF	BBLS	BBLS	SIWH						
SIGNATURE _____			Spec.Grav.	Grav. API	MCF/Bbl	Flowing						
AS PURCHASER'S REPRESENTATIVE, I AGREE THAT EACH TEST VOLUME SHOWN ABOVE IS A TRUE TEST REPRESENTATIVE OF EACH WELL(S) CAPABILITY.			MCF	BBLS	BBLS	SIWH						
			Spec.Grav.	Grav. API	MCF/Bbl	Flowing						

* COMMINGLING TEST REQUIREMENT
(Gas Specific Gravity, Condensate Gravity and
Gas Condensate Ratio Required)

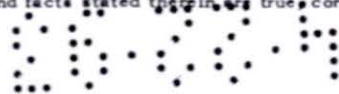
X ADDITIONAL SPECIAL TEST REQUIREMENT

@ Wells with an exception to SWR 14(B)(2) must insert the date (MO/Yr) the well was last produced or utilized.

Shut-in well head pressures are to be reported in pounds per square inch gauge pressure (PSIG) for wells in the West Panhandle, West Panhandle (Red Cave), and Texas-Hugoton Fields.

CERTIFICATE

I declare under penalties prescribed in Article 6036c, R.C.S., 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.



Alvin D. May 4/15/93
Signature Date
Reg/Prod Supervisor
Title Telephone
713/658-0191

STATEMENT OF PRODUCTIVITY OF ACREAGE
ASSIGNED TO PRORATION UNITS

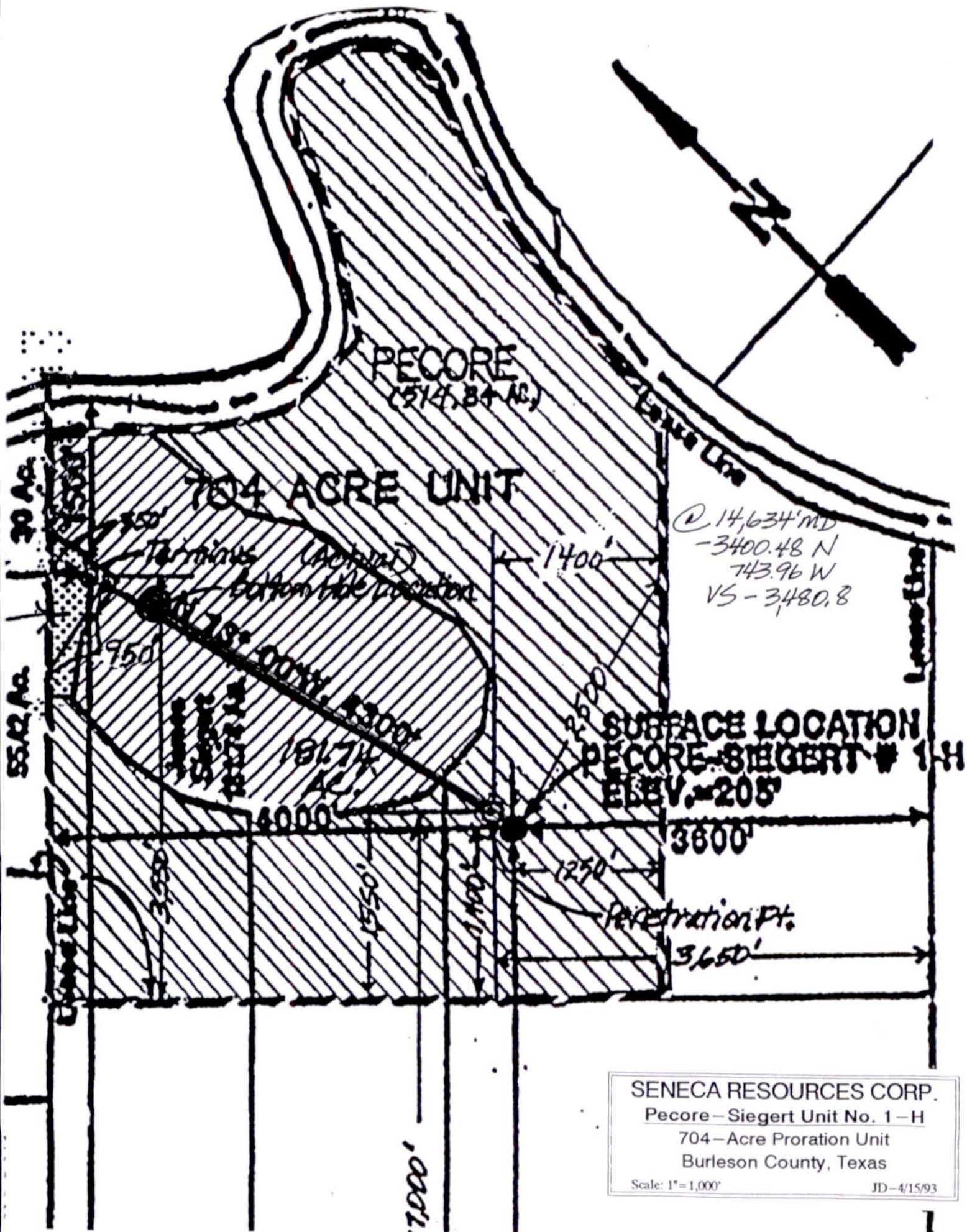
Form P-15
(5-5-71)

The undersigned states that he is authorized to make this statement; that he has knowledge of the facts concerning the Seneca Resources Corp.,
Pecore-Siegert OPERATOR 1-H WELL; that such well is
LEASE completed in the Clay, N.E. (Austin Chalk 11350) FIELD, Burleson County,
Texas and that the acreage claimed, and assigned to such well for proration purposes as
authorized by special rule and as shown on the attached certified plat embraces _____
704 acres which can reasonably be considered to be productive of hydrocarbons.

- CERTIFICATE -

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.

Date 4/15/93 Signature Janie Dolmage
Telephone 713/658-0191 AREA CODE Title Janie Dolmage
Reg/Prod Supervisor



PECORE
(1514.84 AC)

704 ACRE UNIT

① 14,634' MD
-3400.48 N
743.96 W
VS - 3480.8

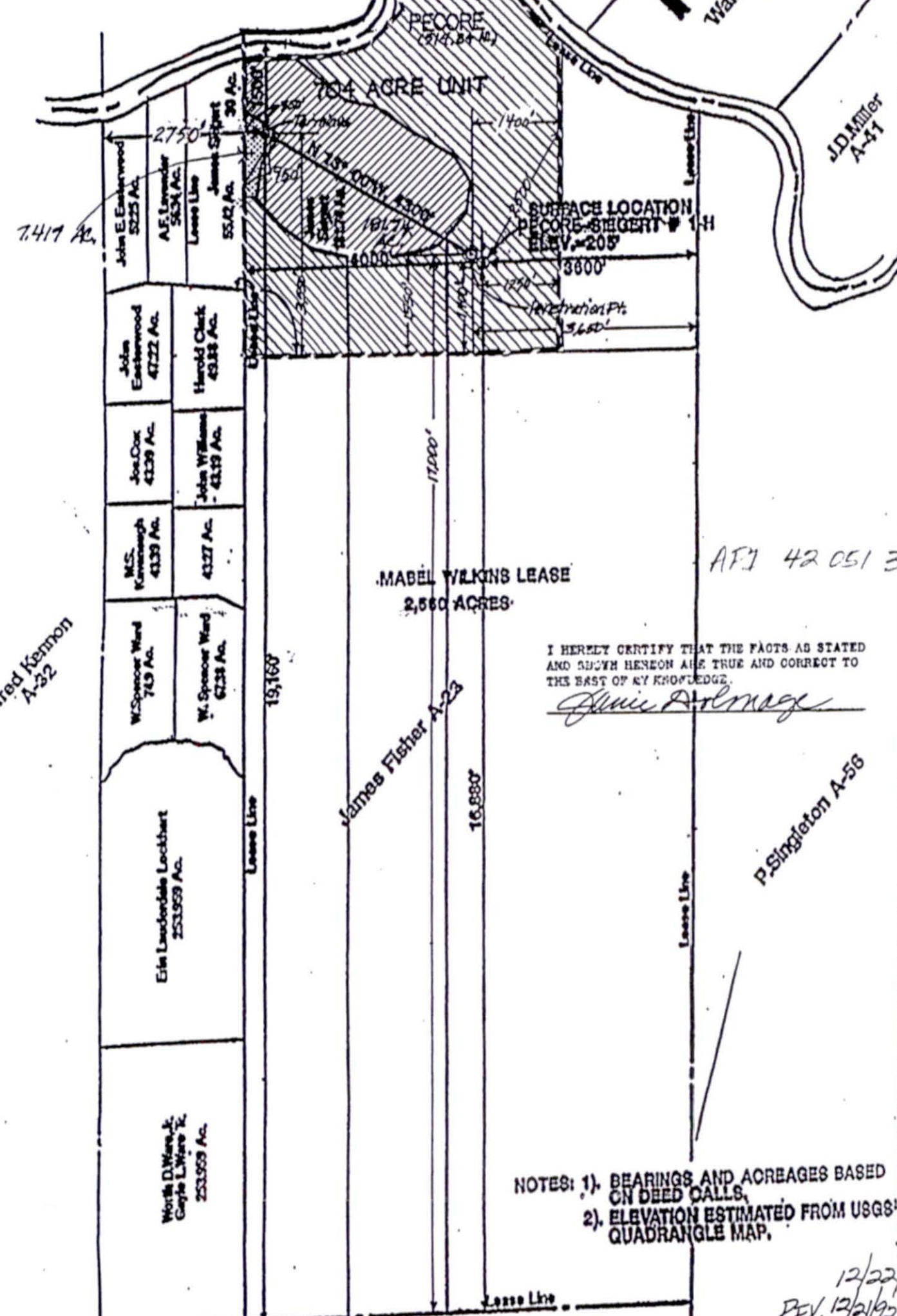
SURFACE LOCATION
PECORE-SIEGERT # 1-H
ELEV. = 205'

Penetration Pt.
3650'

SENECA RESOURCES CORP.
Pecore-Siebert Unit No. 1-H
704-Acre Proration Unit
Burlson County, Texas
Scale: 1"=1,000' JD-4/15/93

7000'

SENECA RESOURCES CORPORATION
 PECORE-SIEGERT NO.1-H
 BURLISON COUNTY, TEXAS



MABEL WILKINS LEASE
 2,560 ACRES

I HERELY CERTIFY THAT THE FACTS AS STATED
 AND SHOWN HEREON ARE TRUE AND CORRECT TO
 THE BEST OF MY KNOWLEDGE.

Janis Arlmage

NOTES: 1). BEARINGS AND ACREAGES BASED
 ON DEED CALLS.
 2). ELEVATION ESTIMATED FROM USGS
 QUADRANGLE MAP.

12/22/92
 REV. 12/21/92
 JD 12-4-92

Henry Koontz A-164

J.B. Chance A-9

O'MALLEY ENGINEERS
 Brenham, Texas



Scale 1" = 2000'
 Project Number 9210023 LO
 Date of 9/11/92
 John Miller

① M-9491+

Completion Info well # 1-H
FILED: 8-17-93

455-22

~~#2152~~

Permanent #2152

DO NOT DESTROY

GLO-36-10-84

-MEMO-

Operator Union Pacific Resources

Unit Name Leachman-ROBINSON #1

County Burlington

Effective Date 7-6-93

Unitized for: Oil Gas Oil & Gas

1. M.F. No. 094914

Area UPLANDS Tr. 7

Sec. 8.24 Blk. 760.00 Survey 1/5

<u>760.00</u>	<u>x</u>	<u>1/5</u>	<u>.2168</u>	<u>%</u>
<u>.010842</u>	<u>.20</u>		<u>.002168</u>	

2. M.F. No. 095040

Area UPLANDS Tr. 8

Sec. 90.53 Blk. 760.00 Survey 1/5

<u>760.00</u>	<u>x</u>	<u>1/5</u>	<u>2.3823</u>	<u>%</u>
<u>.119118</u>	<u>.20</u>		<u>.023823</u>	

3. M.F. No. _____

Area _____ Tr. _____

Sec. _____ Blk. _____ Survey _____

_____ x _____ . _____ %

4. M.F. No. _____

Area _____ Tr. _____

Sec. _____ Blk. _____ Survey _____

_____ x _____ . _____ %

REMARKS: Replaces slip to Leachman-ROBINSON Unit #2152 filed in M-94913

Now filed in M-94914 #21

~~#2207~~
#2152

POOLING COMMITTEE REPORT

TO: SCHOOL LAND BOARD
DATE: July 6, 1993
OPERATOR: Union Pacific Resouces Co. COUNTY: Burleson
UNIT NAME: Leachman-Robinson Unit No. 1 FIELD: Clay, NE.
(Austin Chalk 11350)

STATE LEASE(S) IN UNIT

Lease *Type	State Number	State Royalty	Expiration Date	Term Year	Acres Acres	Acres In Unit	Lessee of Record
SF	M-95040	1/4 **	8-4-94	2	550	90.53	UPRC
SF	M-94914	1/4 **	4-7-95	3	37	8.24	Seneca Resources Corp.

** Subject to Royalty Reduction Provision

- * RAL = Relinquishment Act
- * SF = State Fee
- * FR = Free Royalty

PRIVATE ACRES: 661.23
STATE ACRES: 98.77
TOTAL UNIT ACRES: 760.00

Unitized for: Oil _____ Gas _____ Both x
Depth(s): See Remarks
Formation: See Remarks
Well Location: State Land _____ Private Land x

Participation: Basis See Remarks
State Acreage 12.996%
State Unit Royalty 2.599%
Railroad Commission Rules: Spacing 840 Acres
Acreage Factor 100%


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

REMARKS:

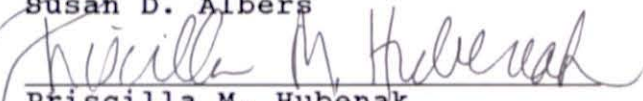
- . Union Pacific Resources Company is requesting permanent oil and gas pooling of the Austin Chalk Formation defined as the stratigraphic interval or its correlative equivalent occurring from 10,713 feet MD to 11,124 feet MD as shown on the electric log of QMG's Leachman Well #1.
- . The applicant completed a horizontal gas well in the Austin Chalk Formation on February 24, 1993. The initial potential of the well was 7,938 mcf and 560 bbls per day.
- . If the unit is approved, the applicant will earn a royalty reduction to 20% making the State's unit royalty participation 2.599%.
- . Horizontal severance is effective 2 years after the primary or extended term as provided in the lease agreement.
- . APPROVAL BY THE SCHOOL LAND BOARD IN NO WAY RATIFIES ANY OF THE STATE LEASES INCLUDED IN THIS PROPOSED UNIT.

POOLING COMMITTEE RECOMMENDATION:

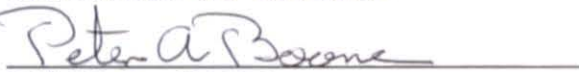
- . The Pooling Committee recommends Board approval of a permanent unit, under the provisions as set out above.



Susan D. Albers



Priscilla M. Hubenak



Peter A. Boone

RED KENNON A-32

MES FISHER A-23

S 69°56'13"E 631.67'
 S 64°07'16"E 435.17'
 S 64°42'04"E 285.93'
 S 49°42'20"E 357.84'
 90.53 AC IN UNIT
 BRAZOS RIVER

M-95040

126/244
 SECOND TR.
 10.98 AC
 IN UNIT

LINE TABLE

LINE	BEARING	DISTANCE
L 1	N 77°57'18"E	282.62'
L 2	N 63°13'44"E	149.17'
L 3	N 49°59'05"E	343.63'
L 4	N 41°18'00"E	372.89'
L 5	N 35°50'23"E	478.21'
L 6	N 31°33'46"E	435.41'
L 7	N 53°06'12"E	333.79'
L 8	N 41°37'21"E	292.30'
L 9	N 82°48'00"E	485.24'
L 10	S 86°14'26"E	438.92'
L 11	S 62°09'41"E	313.19'
L 12	S 61°38'59"E	344.32'
L 13	S 47°02'26"E	337.57'
L 14	S 45°53'13"E	413.83'
L 15	S 32°53'55"E	301.81'
L 16	S 32°18'04"E	527.30'
L 17	S 37°50'33"E	402.30'
L 18	S 38°36'34"E	611.87'

223/400 TRACT 1
 52.86 AC IN UNIT
 293/703 45.12 AC IN UNIT
 234/138 55.85 AC IN UNIT

760.00 ACRE UNIT

UNION PACIFIC RESOURCES COMPANY
 LEACHMAN-ROBINSON UNIT No. 1
 SURFACE LOCATION ELEV. 208'

BURLSON CO. IMPROVEMENT DISTRICT No. 1
 M-94914

223/400 TRACT 2
 47.54 AC IN UNIT

340/453
 50.03 AC IN UNIT

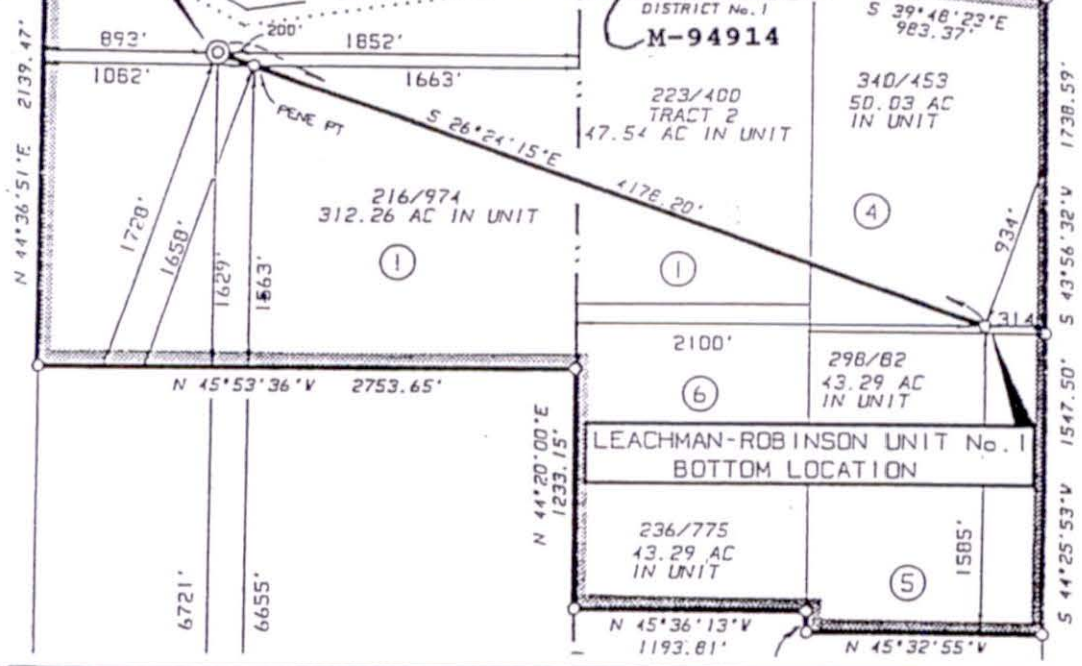
216/974
 312.26 AC IN UNIT

298/82
 43.29 AC IN UNIT

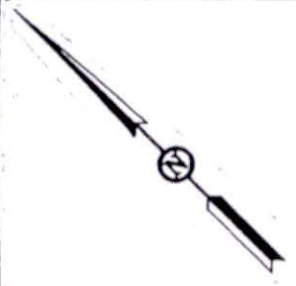
LEACHMAN-ROBINSON UNIT No. 1
 BOTTOM LOCATION

236/775
 43.29 AC IN UNIT

N 07°46'15"W 466.27'
 N 44°36'51"E 2139.47'
 892'
 1062'
 1720'
 1658'
 1629'
 1563'



Union Pacific Resources Company
 Leachman-Robinson Unit No. 1
 Clay NE (Austin Chalk 11350) Field
 M-95040, M-94914
 Burleson County



⑮ M-94914

Pooling Committee Rpt
FILED: 9-30-93

POOLING AGREEMENT
UNION PACIFIC RESOURCES COMPANY
LEACHMAN-ROBINSON UNIT NO. 1
BURLESON COUNTY, TEXAS

THIS AGREEMENT is entered into by and between the Commissioner of the General Land Office, on behalf of the State of Texas, as "Lessor" and Union Pacific Resources Company, herein referred to as "Lessee", and such other interested parties as may join in the execution hereof, the undersigned parties herein collectively referred to as the "parties", 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 follow:

PURPOSES:

1.

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

MINERAL POOLED:

3.

The mineral pooled and unitized ("pooled mineral") hereby shall be oil and gas including all hydrocarbons that may be produced from an oil well or a gas well as such wells are recognized and designated by the Railroad Commission of Texas or other state regulatory agency having jurisdiction of the drilling and production of oil and gas wells. The pooled mineral shall extend to those depths underlying the surface boundaries of the pooled unit in the Austin Chalk Formation defined as the stratigraphic interval or its correlative equivalent occurring from 10,713 feet measured depth to 11,124 feet measured depth as shown on the electric log of QMG's Leachman Well No. 1 ("unitized interval").

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 "B", 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. In the event the unitized area covered by this Agreement is maintained in force by drilling or reworking operations conducted on a directional well drilled under the unitized area from a surface location on adjacent or adjoining lands not included within the boundaries of the unitized area, such operations shall be considered to have been commenced on the unitized area when drilling is commenced on the adjacent or adjoining land for the purpose of directionally drilling under the unitized and production of oil or gas from the unitized area through any directional well surfaced on adjacent or adjoining land or drilling or reworking of any such directional well shall be considered production or drilling or reworking operations, as the case may be, on the unitized area for all purposes under this Agreement. Nothing in this Agreement is intended or shall be construed as granting to Lessee any leasehold interest, easements, or other rights in or with respect to any such adjacent or adjoining land in addition to any such leasehold interests, easements, or other rights which the lessee, operator or other interest owner in the unitized area may have lawfully acquired from the state or others.
- (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 land or lease included within said unit shall be considered as a shut-in oil or gas well located upon each land or 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 described in Exhibit "B" only as provided in each such lease without regard to unit operations or unit production. Neither production of the pooled mineral, nor unit operations with respect thereto, 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 described in Exhibit "B" 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, except as may otherwise be provided in each State Lease, 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 special field rules providing for oil and/or gas proration units of less than 760 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 State leases described in Exhibit "A" and the State lands within the boundaries of the pooled unit described in Exhibit "B" 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 pooled unit, nor to develop the lands within the boundaries thereof 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 conditions 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

This Agreement may be executed in counterparts and if so executed shall be valid, binding and have the same effect as if all the parties hereto actually joined in and executed one and the same document. For recording purposes and in the event counterparts of this Agreement are executed, the executed pages, together with the pages necessary to show acknowledgments, may be combined with the other pages of this Agreement so as to form what shall be deemed and treated as a single original instrument showing execution by all parties hereto.

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

Date Executed 9-29-93

Legal pu
Geology ta
Execution SM

STATE OF TEXAS

By Garry Mauro
Garry Mauro, Commissioner
of the General Land Office

Date Executed July 30, 1993

UNION PACIFIC RESOURCES COMPANY

By Carolyn J. David
Its Attorney-In-Fact jc

ATTEST:

CERTIFICATE

I, Linda K. 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 6th day of July, 1993, 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 27th day of September, 1993.

Linda K. Fisher
Secretary of the School Land Board

STATE OF TEXAS

COUNTY OF _____

This instrument was acknowledged before me on July 30, 1993, by Carolyn J. David as Attorney-In-Fact of Union Pacific Resources Company, a Delaware corporation, on behalf of said corporation.



Cynthia E. Sewell
Notary Public in and for the
State of Texas
Commission expires: 4/22/97

pooling or unitization agreement 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.

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.

Upon execution by the Commissioner of the General Land Office of the State of Texas this Agreement shall become effective as of July 6, 1993, such that the State will participate in the production from the Unit well from the date the pooled mineral is first produced.

TERM:

9.

This Agreement shall remain in effect so long as the pooled mineral is being produced from said unit, or so long as all leases included in the pooled unit are maintained in force by payment of delay rentals or shut-in oil or gas well royalties, by drilling or rework, 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 covered by 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 Burleson 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 or upon such other date as may be approved by the School Land Board and mutually agreed to by the undersigned parties, their successors or assigns.

RATIFICATION/WAIVER:

12.

Nothing in this Agreement, nor the approval of this Agreement by the School Land Board, nor the execution of this Agreement by the Commissioner shall: (1) operate as a ratification or revivor of any State lease that has expired, terminated, or has been released in whole or in part or terminated under the terms of such State lease or the laws applicable thereto; (2) constitute a waiver or release of any claim for money, oil, gas or other hydrocarbons, or other thing due to the State by reason of the existence or failure of such lease; (3) constitute a waiver or release of any claim by the State that such lease is void or voidable for any reason, including, without limitation, violations of the laws of the State with respect to such lease or failure of consideration; (4) constitute a confirmation or recognition of any boundary or acreage of any tract or parcel of land in which the State has or claims an interest; or (5) constitute a ratification of, or a waiver or release of any claim by the State with respect to any violation of a statute, regulation, or any of the common laws of this State, or any breach of any contract, duty, or other obligation owed to the State.

COUNTERPARTS:

13.

SINCLAIR OIL CORPORATION

By: [Signature]
Its: Kenneth T. Smith, Vice President

[Signature]

STATE OF Colorado
COUNTY OF Denver

This instrument was acknowledged before me on the 11th day of August, 1993, by Kenneth T. Smith, the Vice President of SINCLAIR OIL CORPORATION, a Wyoming corporation, on behalf of said corporation.



[Signature]
Notary Public in and for the
State of _____
My commission expires: 10-29-96

TORCH ENERGY ASSOCIATES

By: _____
Its: _____

STATE OF _____
COUNTY OF _____

This instrument was acknowledged before me on the _____ day of _____, 1993, by _____, the _____ of TORCH ENERGY ASSOCIATES, a _____ partnership, on behalf of said partnership.

Notary Public in and for the
State of _____
My commission expires: _____

NUEVO ENERGY COMPANY

By: _____
Its: _____

STATE OF _____
COUNTY OF _____

This instrument was acknowledged before me on the _____ day of _____, 1993, by _____, the _____ of NUEVO ENERGY COMPANY, a _____ corporation, on behalf of said corporation.

Notary Public in and for the
State of _____
My commission expires: _____

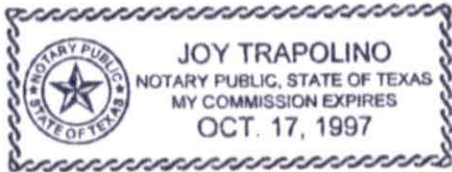
SENECA RESOURCES CORPORATION

Emmett Wassell
By: Emmett Wassell
Its: General Manager
Gulf Coast Division

STATE OF TEXAS

COUNTY OF HARRIS

This instrument was acknowledged before me on the 9th day of August, 1993, by EMMETT WASSELL, the General Manager, Gulf Coast Division of SENECA RESOURCES CORPORATION, a Pennsylvania corporation, on behalf of said corporation.



Joy Trapolino
Notary Public in and for
the State of Texas

SINCLAIR OIL CORPORATION

By: _____
Its: _____

STATE OF _____
COUNTY OF _____

This instrument was acknowledged before me on the _____ day of _____, 1993, by _____, the _____ of SINCLAIR OIL CORPORATION, a _____ corporation, on behalf of said corporation.

Notary Public in and for the
State of _____
My commission expires: _____

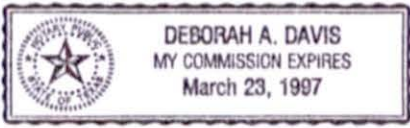
TORCH ENERGY ASSOCIATES

By: _____
Its: _____
MATTHEW S. RAMSEY
Vice President



STATE OF Texas
COUNTY OF Harris

This instrument was acknowledged before me on the 16th day of August, 1993, by Matthew S. Ramsey the VP of TORCH ENERGY ASSOCIATES, a _____ partnership, on behalf of said partnership.



Deborah A. Davis
Notary Public in and for the
State of Texas
My commission expires: 3-23-97

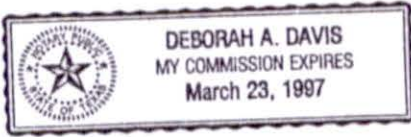
NUEVO ENERGY COMPANY

By: _____
Its: MATTHEW S. RAMSEY
Senior Vice President - Land

Approval
[Signature]

STATE OF Texas
COUNTY OF Harris

This instrument was acknowledged before me on the 16th day of August, 1993, by Matthew S. Ramsey the S.V.P. - Land of NUEVO ENERGY COMPANY, a Delaware corporation, on behalf of said corporation.



Deborah A. Davis
Notary Public in and for the
State of Texas
My commission expires: 3-23-97

SENECA RESOURCES CORPORATION

By: _____
Its: _____

STATE OF _____
COUNTY OF _____

This instrument was acknowledged before me on the _____ day of _____, 1993, by _____, the _____ of SENECA RESOURCES CORPORATION, a _____ corporation, on behalf of said corporation.

Notary Public in and for the
State of _____
My commission expires: _____

Exhibit "A"

Attached to and made a part of that certain Pooling Agreement
for the Leachman-Robinson Unit #1.
Schedule of Leases

Lessor: Robert D. Leachman, et ux. TX-43439
Lessee: Union Pacific Resources Company
Date: October 4, 1991
Filed: Oil and Gas Lease Records of Burleson County
Recorded: Volume 192, Page 783

Lessor: State of Texas M-95040 TX-46248
Lessee: Union Pacific Resources Company
Date: August 4, 1992
Filed: Oil and Gas Lease Records of Burleson County
Recorded: Volume 207, Page 313
Filed: Official Records of Brazos County
Recorded: Volume 1612, Page 219

Lessor: State of Texas M-94913 TX-45524
Lessee: Union Pacific Resources Company
Date: April 7, 1992
Filed: Oil and Gas Lease Records of Burleson County
Recorded: Volume 204, Page 42

Lessor: State of Texas M-94914
Lessee: Seneca Resources Corporation
Date: April 7, 1992
Filed: Oil and Gas Lease Records of Burleson County
Recorded: Volume 204, Page 833

Lessor: G.W. Robinson
Lessee: Seneca Resources Corporation
Date: September 22, 1989
Filed: Oil and Gas Lease Records of Burleson County
Recorded: Volume 158, Page 633

Lessor: John S. Williams, et ux.
Lessee: Seneca Resources Corporation
Date: July 30, 1989
Filed: Oil and Gas Lease Records of Burleson County
Recorded: Volume 157, Page 75

Lessor: Joseph M. Cox, et ux.
Lessee: Seneca Resources Corporation
Dated: August 2, 1989
Filed: Oil and Gas Lease Records of Burleson County
Recorded: Volume 157, Page 73

Lessor: Dorothy M. Lavender
Lessee: Seneca Resources Corporation
Dated: July 27, 1989
Filed: Oil and Gas Lease Records of Burleson County
Recorded: Volume 157, Page 71

Lessor: Mary D. Siegert, et al.
Lessee: Seneca Resources Corporation
Dated: September 14, 1989
Filed: Oil and Gas Lease Records of Burleson County
Recorded: Volume 158, Page 181

FIELD NOTES

LEACHMAN-ROBINSON UNIT No.1
760.00 ACRE UNIT

Being 760.00 acres of land out of the Alfred Kennon Survey, Abstract No. 32 and the James Fischer Survey Abstract No. 23 in Burleson County, Texas: being 306.63 acres of land out of that certain 639.4 acre tract of land conveyed to Robert D. Leachman, et ux, by deed recorded in Volume 216, Page 974: being 100.40 acres of land conveyed to R. D. Leachman, et ux, by deed recorded in Volume 223, Page 400: being 45.33 acres of land conveyed to Dorothy M. Lavender by deed recorded in Volume 293, Page 703: being 59.58 acres of land conveyed to James Siegert by deed recorded in Volume 234, Page 138: being 10.98 acres of land described as Second Tract, conveyed to James Siegert, et ux, by deed recorded in Volume 126, Page 244: being 51.73 acres of land conveyed to G. W. Robinson by deed recorded in Volume 340, Page 453: being 43.29 acres of land conveyed to John S. Williams by deed recorded in Volume 298, Page 82: being 43.29 acres of land conveyed to Joseph M. Cox by deed recorded in Volume 236, Page 775: being 8.24 acres of land conveyed to John K. Parker by deed recorded in Volume 40, Page 105, all in the Deed Records of Burleson County, Texas: being 90.53 acres of land located within the banks of the Brazos River, described as Tract 8-A in an Oil and Gas Lease recorded in Volume 1612, Page 219 in the Deed Records of Brazos County, Texas and being more particularly described as follows:

BEGINNING at a concrete monument found for the south corner of said John S. Williams, et ux tract:

THENCE N 45°32'45" W, along the southwest line of said Williams tract, a distance of 1218.80 feet to a point for the west corner of said Williams tract:

THENCE N 44°25'52" E, along the northwest line of said Williams tract, a distance of 107.50 feet to a point for the south corner of said Joseph M. Cox tract:

THENCE N 45°36'13" W, along the southwest line of said Cox tract, a distance of 1193.81 feet to a point for the west corner of said Cox tract:

THENCE N 44°20'00" E, along the fenced southeast line of said Robert D. Leachman, et ux, 639.4 acre tract, a distance of 1322.30 feet to a point for corner:

THENCE N 45°53'36" W, traversing the interior of said 639.4 acre tract, a distance of 2753.21 feet to a point for the west corner of the herein described unit in the fenced northwest line of said 639.4 acre tract:

THENCE N 44°36'51" E, along the fenced northwest line of said 639.4 acre tract, a distance of 2050.32 feet to a point for corner on the west bank of the Brazos River:

THENCE N 07°46'15" W, traversing across the Brazos River, a distance of 466.37 feet to a point for corner on the east bank of the Brazos River:

THENCE along the east bank of the Brazos River the following twenty two (22) courses and distances:

- 1) N 77°57'18" E, 282.62 feet,
- 2) N 63°13'44" E, 149.17 feet,
- 3) N 49°59'05" E, 343.63 feet,
- 4) N 41°18'00" E, 372.89 feet,
- 5) N 35°50'23" E, 478.21 feet,
- 6) N 31°33'46" E, 435.41 feet,
- 7) N 53°06'12" E, 333.79 feet,
- 8) N 41°37'21" E, 292.30 feet,
- 9) N 82°48'01" E, 485.24 feet,
- 10) S 86°14'26" E, 438.92 feet,
- 11) S 62°09'41" E, 313.19 feet,
- 12) S 61°38'59" E, 344.32 feet,
- 13) S 47°02'26" E, 337.57 feet,
- 14) S 45°53'13" E, 413.83 feet,
- 15) S 32°53'55" E, 301.81 feet,
- 16) S 32°18'04" E, 527.30 feet,
- 17) S 37°50'33" E, 402.30 feet,
- 18) S 38°36'34" E, 611.87 feet,
- 19) S 49°42'20" E, 307.84 feet,
- 20) S 64°42'04" E, 285.93 feet,
- 21) S 64°07'16" E, 435.17 feet,
- 22) S 69°56'13" E, 631.67 feet to a point for the east corner of the herein described unit on the east bank of the Brazos River:

THENCE S 43°56'32" W, traversing across the Brazos River and along the southeast lines of said James Siegert, James Siegert, et ux, and G. W. Robinson tracts, a distance of 5875.00 feet to a point for the south corner of said G. W. Robinson tract:

THENCE S 44°25'53" W. a distance of 1547.50 feet to the PLACE OF BEGINNING, and containing 760.00 acres of land, more or less.



Charles H. Calhoun
Registered Professional Land Surveyor No. 4452
March 15, 1993

LIMITED TO THE AUSTIN CHALK FORMATION, as found between 10,713 feet and 11,124 feet in the QMG Leachman #1 Well, which is located 6590 feet from the SW line and 1000 feet from the NE line of the A. Kennon Survey, A-32, Burleson County, Texas.

90.53 AC IN UNIT
BRAZOS RIVER

126/244
SECOND TR.
10.98 AC
IN UNIT

LINE TABLE

LINE	BEARING	DISTANCE
L 1	N 77°57'18"E	282.62'
L 2	N 63°13'44"E	149.17'
L 3	N 49°59'05"E	343.63'
L 4	N 41°18'00"E	372.89'
L 5	N 35°50'23"E	478.21'
L 6	N 31°33'46"E	435.41'
L 7	N 53°06'12"E	333.79'
L 8	N 41°37'21"E	292.30'
L 9	N 82°48'00"E	485.24'
L 10	S 86°14'26"E	438.92'
L 11	S 62°09'41"E	313.19'
L 12	S 61°38'59"E	344.32'
L 13	S 47°02'26"E	337.57'
L 14	S 45°53'13"E	413.83'
L 15	S 32°53'55"E	301.81'
L 16	S 32°18'04"E	527.30'
L 17	S 37°50'33"E	402.30'
L 18	S 38°36'34"E	611.87'

223/400
TRACT 1
52.86 AC
IN UNIT

293/703
45.33 AC
IN UNIT

234/138
59.58 AC
IN UNIT

760.00 ACRE UNIT

UNION PACIFIC RESOURCES COMPANY
LEACHMAN-ROBINSON UNIT No. 1
SURFACE LOCATION ELEV. 208'

BURLESON CO. IMPROVEMENT
DISTRICT No. 1

223/400
TRACT 2
47.54 AC IN UNIT

340/453
51.72 AC
IN UNIT

216/974
306.63 AC IN UNIT

298/82
43.29 AC
IN UNIT

LEACHMAN-ROBINSON UNIT No. 1
BOTTOM LOCATION

236/775
43.29 AC
IN UNIT

N 45°36'13"W
1193.81'
N 44°25'52"E
107.50'

N 45°32'55"W
1218.80'

ALFRED KENNON A-32

JAMES FISHER A-23

NOTES:

- BEARINGS BASED ON TRUE NORTH OBTAINED BY SOLAR OBSERVATION
- WELL IS LOCATED 9.2 MILES EAST SOUTHEAST OF SNOOK, TEXAS
- INDICATES LIMITS OF UNIT
- STATE PLANE COORDINATES
SURFACE LOCATION:
X= 3,265,047 Y= 306,428
BOTTOM LOCATION:
X= 3,267,044 Y= 302,748

SURVEYED DECEMBER 11, 1992

REVISED JANUARY 18, 1993 (UNIT CONFIGURATION)

REVISED MARCH 15, 1993 (UNIT CONFIGURATION)

LEACHMAN-ROBINSON UNIT No. 1

TRACT	ACRES IN UNIT	DESCRIPTION	DEED RECORDS VOL/PAGE
1	407.03	ROBERT D. LEACHMAN, et ux	216/974 223/400
2	45.33	DOROTHY M. LAVENDER	293/703
3	70.56	MARY D. SIEGERT, et al	234/138 126/244 SEC. TR.
4	51.73	G.W. ROBINSON	340/453
5	43.29	JOHN S. WILLIAMS, et ux	298/82
6	43.29	JOSEPH M. COX, et ux	236/775
7	8.24	STATE OF TEXAS	40/105 M-94914
8	90.53	STATE OF TEXAS	LEASE No. M-95040

760.00 ACRES TOTAL IN UNIT

CHARLES H. CALHOUN R.P.L.S.



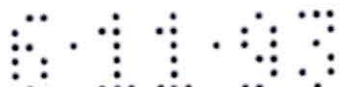
UNION PACIFIC RESOURCES COMPANY
LEACHMAN-ROBINSON UNIT No. 1
ALFRED KENNON SURVEY, A-32
BURLESON COUNTY, TEXAS
SCALE 1" = 1000'

WARREN L. SIMPSON PROFESSIONAL LAND SURVEYING
7701 CAMERON ROAD SUITE No. 108 AUSTIN, TEXAS 78752
PHONE (512) 452-1513

① M-94914

Pooling Agreement

FILED: 9-30-93



RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

Form W-1
Rev. 9/1/91

Return each W-1 with plat, applicable fee, and "W-1 Compliance Certificate" (W-1c). 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. Box 12967
Austin, Texas 78711-2967

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

File a copy of W-1 and plat in RRC District Office Read Instructions on Back

EFFECTIVE SEPT. 1, 1991, PERMIT APPLICATION FEE WILL VARY ACCORDING TO THE TOTAL DEPTH SHOWN IN ITEM NO. 9 BELOW:
0-2000' - \$100, 2001' - 4000' - \$125, 4001' - 9000' - \$150, 9001' or deeper - \$200

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

Enter here, **API No. 42-**
If assigned: **Permit No.**
Rule 37 Case No.

1. Operator's Name (exactly as shown on Form P-5, Organization Report)
UNION PACIFIC RESOURCES COMPANY

2. Address (including city and zip code)
**P.O. BOX 7 MS 3407
FORT WORTH, TEXAS 76101-0007**

3. RRC Operator No. **876645** 4. RRC District No. **03** 5. County of Well Site **BURLESON**

6. Lease Name (32 spaces maximum)
LEACHMAN-ROBINSON UNIT 7. RRC Lease/ID No. 8. Well No. **1** 9. Total Depth **14,500'**

10. Location
SL: **ALFRED KENNON** A-32
• Section _____ Block _____ Survey **TL: JAMES FISHER** Abstract No. **A-23**
• This well is to be located **9.2** miles in a **ESE** direction from **SNOOK, TEXAS** which is the nearest town in the county of the well site.

11. Distance from proposed location to nearest lease or unit line **314** ft. 12. Number of contiguous acres in lease, pooled unit, or unutilized tract **760.00** (OUTLINE ON PLAT)

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 another 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
CLAY, NE (AUSTIN CHALK, 11350)	14,500'	933/1867	640/320	760.00	NO	N/A	GAS	0	1

22. Perpendicular surface location from two nearest designated lines:
 • Lease/Unit **893' FWML and 1629' FSWL**
 • Survey/Section **1852' FSEL and 6721' FSWL**
 If a directional well, show also projected bottom hole location:
 • Lease/Unit **314' ESEL and 934' FSEL**
 • Survey/Section **14,700' FSWL and 2100' FWML**

23. Is this a pooled unit?
Yes (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

25. Is this wellbore subject to Statewide Rule 36 (hydrogen sulfide area)? Yes No

26. Do you have the right to develop the minerals under any right-of-way that crosses, or is contiguous to, this tract? Yes No

If subject to Rule 36, is Form II-9 filed? Yes No If not filed, explain in Remarks

I certify that information stated in this application is true and complete, to the best of my knowledge.

Signature: **KAREN S. MOSS** Name and title of operator's representative: **KAREN S. MOSS SENIOR REGULATORY ANALYST**

Date: **12-16-92** Tel: **817-877-7957**

Remarks **PENETRATION POINT LOCATION:
1082' FWML and 1563' FSWL of Unit;
6655' FSWL and 1663' FSEL of Survey**

RRC Use Only

9/1/91

Railroad Commission of Texas
Oil and Gas Division
P. O. Box 12967
Austin, Texas 78711-2967

Reference: TNRC 91.110

ATTACH TO DRILLING PERMIT APPLICATION

WHEN TO FILE: A Form W-1C, "W-1 Compliance Certification," is to accompany any filing of Form W-1, "Application for Permit to Drill, Deepen, Plug Back, or Re-Enter." This includes initial and materially amended applications. The W-1C is attached only to the W-1 filed with Austin; a copy does not have to be attached to the W-1 copy filed with the district office.

This certification is binding on the named organization. Failure to file the W-1C will delay approval of the W-1 application. Filing a false statement may be a violation of TNRC 91.143 and may also subject a permit to denial or revocation.

VIOLATION means non-compliance with Title 3, TNRC or a Commission rule, order, license, permit, or certificate that relates to safety or the prevention or control of pollution.

OUTSTANDING FINAL ORDERS. An organization has an outstanding final order against it if:

- a Commission order finding a violation has been entered and all appeals have been exhausted; or
- the Commission and the organization have entered into an agreed order relating to an alleged violation;

AND

- (1) the conditions that constituted a violation have not been corrected;
- (2) all administrative, civil, and criminal penalties relating to any conditions constituting a violation have not been paid; and
- (3) all reimbursements of costs and expenses assessed by the Commission to be collected in relation to any conditions constituting a violation have not been collected.

CERTIFICATION STATEMENT: I certify:

- (1) that the applicant organization named below has no outstanding final orders against it; and
- (2) that no owner of more than 25 percent ownership interest, officer, director, general partner, or trustee of the applicant organization named below has within the last five years held a position of ownership or control in any organization (including the named organization) that has an outstanding final Commission order against it relating to a violation, during that period of ownership or control.

UNION PACIFIC RESOURCES COMPANY

 organization name

KAREN S. MOSS

 representative's name (print or type)

817/877-7957

 phone number with area code

Karen S. Moss

 representative's signature

REGULATORY ANALYST

 representative's title

12-16-92

 date

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

CERTIFICATE OF POOLING AUTHORITY

I, KAREN S. MOSS, being of lawful age, being familiar with the matter, and having full knowledge of the facts set out, do state:

(1) That the acreage claimed for the purpose of establishing a pooled drilling or proration unit under applicable orders of the Railroad Commission of Texas, for the

NAME OF OPERATOR: UNION PACIFIC RESOURCES COMPANY

NAME OF POOLED UNIT: LEACHMAN-ROBINSON UNIT WELL NO. 1

FIELD: CLAY, NE (AUSTIN CHALK, 11350'), BURLESON COUNTY,

TEXAS, contains 760.00 acres; that with respect to such pooled unit, as it is hereafter described, parties now owning a mineral interest or mineral interests (including royalty interests, working interests, or other mineral interests) therein either (1) acquired such interest as they now have subject to the provisions of an instrument or instruments now in effect and which permit the pooling of said interests or (2) have, by virtue of the execution of an instrument or instruments the provisions of which are now in effect, pooled such of said interests as they now own therein, in such manner that all of such pooled unit shall be considered by the Commission as one base tract as if all rights with respect thereto has been acquired under a single contract.

(2) That the pooled unit described in the preceding paragraph is made up of and contains the hereafter described individual tracts of land no part of which is embraced within any other pooled unit in the same field and which, by virtue of the pooling agreements referred to in the preceding paragraph, are now contained within the pooled unit herein described.

(3) That where a non-pooled undivided interest exists in any of the individual tracts pooled, that certain non-pooled interest is noted in the margin of this instrument beside the tract description to identify the existence of the non-pooled interests in that tract:

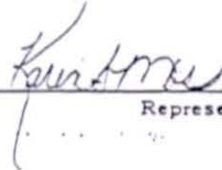
(OVER)

DESCRIPTION OF INDIVIDUAL TRACTS OR LEASES CONTAINED
WITHIN POOLED UNIT REFERRED TO IN PARAGRAPH (1) ABOVE

NAME OF HOLDER OF LEASE	LEASE NAME	NO. OF ACRES	MARGIN
UNION PACIFIC RESOURCES COMPANY	ROBERT D. LEACHMAN, et ux	412.67	
UNION PACIFIC RESOURCES COMPANY	DOROTHY M. LAVENDER	45.12	
UNION PACIFIC RESOURCES COMPANY	MARY D. SIEGERT, et al	66.83	
UNION PACIFIC RESOURCES COMPANY	G.W. ROBINSON	50.03	
UNION PACIFIC RESOURCES COMPANY	JOHN S. WILLIAMS, et ux	43.29	
UNION PACIFIC RESOURCES COMPANY	JOSEPH M. COX, et ux	43.29	
UNION PACIFIC RESOURCES COMPANY	STATE OF TEXAS	8.24	
UNION PACIFIC RESOURCES COMPANY	STATE OF TEXAS	90.53	
TOTAL		760.00	

CERTIFICATE:

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.


KAREN S. MOSS SENIOR REGULATORY ANALYST 12-16-92
 Representative of Operator Title Date
 Telephone 817 877-7957
 A / C Number

INSTRUCTIONS

Where two or more tracts are pooled to form either a drilling unit or a proration unit as permitted by Commission regulation, the operator thereof must furnish a certificate of pooling authority at the time action by the Commission is sought either for a permit to drill on a pooled drilling unit or for establishment of an allowable for a well on a pooled proration unit.

PLEASE READ ALL INSTRUCTIONS

The information requested is essential in order for this agency to provide an appropriate response. Please allow for receipt of this form in our offices at least one week before your operation begins. Due to the volume of these requests, it is difficult for us to handle telephone inquiries, and such only serve to delay the processing of these forms. Complete, keep the bottom sheet (yellow) for your files, and mail the top 3 sheets of the 4-sheet set of carbon-backed forms to the address below; one of them will be returned to you bearing our response and one will be sent to the appropriate district office of the Railroad Commission. For questions phone: 512/463-8003.

Surface Casing
Texas Water Commission
P.O. Box 13087
Austin, TX 78711-3087

Date 12-16-92

TWC File No.: SC-

KAREN S. MOSS 817-877-7957
Name of person preparing this request & telephone no. w/AC

UNION PACIFIC RESOURCES COMPANY
Company (operator's name as on RRC form W-1)
P.O. BOX 7 MS 3407
Mailing Address
FORT WORTH, TEXAS 76101-0007
City and State Zip Code

Do not write in this space

COUNTY	<u>BURLESON</u>	Survey Name	<u>ALFRED KENNON</u>
Block No.	_____	Township	_____
Abstract No. A-	<u>32</u>	LEASE Name	<u>LEACHMAN-ROBINSON UNIT</u>
		Section or Survey No.	_____ (or) Lot No. _____
		Well No.	<u>1</u>

→ **A map showing all surrounding SURVEYS and your well site must accompany this request.** ←

Distances, in feet, and directions measured at right angles from each of two intersecting Section or Survey lines
(NOT LEASE LINES) 1852' ~~XXXX~~ feet from SE line and 6721 feet from SW line
Distance (in miles) and direction from a nearby town in this County (name the town).
9.2 miles ESE from Snook, Texas

THE ABOVE INFORMATION IN THIS BLOCK MUST BE COMPLETE AND CORRECT!!!

RRC Lease No. _____ RRC Dist. No. 03

Elevation (if avail.) 208' Proposed Total Depth 14,500' Geologic Fm. at T.D. AUSTIN CHALK

Purpose of the Request: New Drill Re-entry Plug & Abd. Other (specify) _____

Is this an amended request? Yes No Give previous File No. for this well: SC- _____

Additional data (check if attached):
Log of same or nearby well _____ (The applicable type of well log of a nearby well that shows the aquifers.)
ALWAYS attach the electric log of any well that is to be reentered.
Additional remarks: HORIZONTAL WELL

The TEXAS WATER COMMISSION'S recommendation for the protection of usable-quality ground water at the referenced location is as follows:

filled on 12/16/92

Very truly yours,

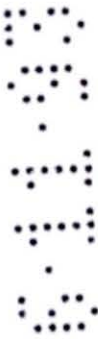
Geologist, Surface Casing, TWC

Date _____ typed by TWC

NOTE: The depth to which we recommend that usable-quality water strata should be protected is intended to apply only to the subject well and not for area-wide use. Approval of the well-completion methods for protection of this ground water falls under the jurisdiction of the Railroad Commission of Texas. This recommendation is intended for normal drilling, production, and plugging operations only and does not apply to salt water disposal operations into a nonproductive zone (RRC Form W-14).

TYPE OR PRINT IN INK

DO NOT WRITE HERE FOR TWC USE ONLY



00110

(17) M-94914

Application to Drill Well #1
FILED: 9-30-93

Type or print only

483-047

API No. 42-051-33357

7. RRC District No.

03

8. RRC Gas ID No.

Gas Well Back Pressure Test, Completion or Recompletion Report, and Log

1. FIELD NAME (as per RRC Records or Wildcat) CLAY, NE (AUSTIN CHALK 11350)		2. LEASE NAME LEACHMAN-ROBINSON UNIT		9. Well No. 1	
3. OPERATOR'S NAME (Exactly as shown on Form P-5, Organization Report) UNION PACIFIC RESOURCES COMPANY			RRC Operator No.		10. County of well site BURLESON
4. ADDRESS P.O. BOX 7, MS 3407 FORT WORTH, TEXAS 76101-0007					
5. Location (Section, Block, and Survey) ALFRED KENNON A-32			5b. Distance and direction to nearest town in this county. 9.2 MILES ESE FROM SNOOK, TEXAS		
6. If operator has changed within last 60 days, name former operator		12. If workover or reclass, give former field (with reservoir) & Gas ID or oil lease no. FIELD & RESERVOIR		WELL Gas ID or OIL LEASE # Gas-Q Gas-C	
13. Pipe Line Connection AQUILA S/W P/L				11. Purpose of filing Initial Potential <input checked="" type="checkbox"/> Retest <input type="checkbox"/> Reclass <input type="checkbox"/> Well record only (Explain in remarks) <input type="checkbox"/>	
14. Completion or recompletion date 02/05/93		15. Any condensate on hand at time of workover or recompletion? <input type="checkbox"/> Yes <input type="checkbox"/> No		16. Type of Electric or other Log Run. GAMMA RAY	

Section I

GAS MEASUREMENT DATA

Date of Test 02/24/93		Gas Measurement Method (Check One) Orifice Meter <input type="checkbox"/> Flange Taps <input checked="" type="checkbox"/> Pipe Taps <input type="checkbox"/> Positive Choke <input type="checkbox"/> Orifice Vent Meter <input type="checkbox"/> Pitot Tube <input type="checkbox"/> Critical-flow Prover <input type="checkbox"/>						Gas produced during test 2,667 MCF		
Run No.	Line Size	Orif or Choke Size	24 Hr. Coeff. Orif. or Choke	Static P _m or Choke Press	Diff. h _w	Flow Temp. °F	Temp. Factor F _T	Gravity Factor F _G	Compress Factor F _{pv}	Volume MCF/DAY
1	4.026	2.750	54,417.41	500	49.1	100	0.9636	0.9035	1.050	7,788
2	4.026	2.750	54,417.41	485	46.2	93	0.9697	0.9035	1.050	7,494
3	4.026	2.750	54,417.41	480	34.1	90	0.9723	0.9035	1.051	6,426
4	4.026	2.750	54,417.41	480	26.5	81	0.9804	0.9035	1.054	5,727

Section II

FIELD DATA AND PRESSURE CALCULATIONS

Gravity (Dry Gas) 0.7350		Gravity Liquid Hydrocarbon 52.5 Deg. API		Gas Liquid Hydro Ratio 17,701 CF/Bbl		Gravity of Mixture G_{mix} 6.879		Avg. Shut-in Temp. 173 °F		Bottom Hole Temp. 10,747 °F (Depth)	
$D_{eff}^{8/3} = 6.310$		$\sqrt{T_f} = \sqrt{669.8} = 25.88$				$\sqrt{GL} = \sqrt{4,443.51} = 97.18$					
$C = \frac{1118 \times (D_{eff})^{8/3}}{\sqrt{T}} = \frac{7,054.58}{25.88} = 272.59$						$\frac{\sqrt{GL}}{C} = \frac{97.18}{272.59} = 0.3565$					
Run No.	Time of Run Min.	Choke Size	Wellhead Press. P _w PSIA	Wellhead Flow Temp. °F	P _w ² (Thousands)	R	R ² (Thousands)	P _i	P _w /P _i		
Shut-in			3,695	72	13,653						
1*	90	24/64	2,055	152	4,223	2,776.5	7,708.8	3,454	0.595		
2*	195	22/64	2,865	149	8,208	2,671.7	7,138.0	3,917	0.731		
3*	187	20/64	2,990	143	8,940	2,290.9	5,248.2	3,767	0.794		
4	81	18/64	3,235	142	10,465	2,041.8	4,168.8	3,825	0.846		
Run No.	F	K	S = 1/z	E _{ks}	P _f and P _s	P _f ² and P _s ² (thousands)	P _f ² - P _s ² (thousands)	Angle of Slope			
Shut-in		0.2799	1.1421	1.37670	5,087	25,877		$\theta = 63.5^\circ$			
1	0.815	0.2153	1.2203	1.30054	2,673	7,143	18,734	$n = 0.500$			
2	0.873	0.2307	1.1705	1.30995	3,753	14,085	11,792	Absolute Open Flow 9,200 MCF/DAY			
3	0.901	0.2381	1.1626	1.31898	3,944	15,553	10,323				
4	0.925	0.2445	1.1473	1.32383	4,283	18,341	7,536				

WELL TESTER'S CERTIFICATION: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I conducted or supervised this test and that data and facts shown in Sections I and II above are true, correct, and complete, to the best of my knowledge. Bottomhole temperature and the diameter and length of flow string were furnished by the operator of the well.

Name of Company RRC Representative
 Signature: Well Tester

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 I prepared or supervised and directed this report, and that data and facts stated therein are true, correct, and complete, to the best of my knowledge.

Title Date Tel. A.C. Number
 Signature: Operator representative / KAREN S. MOSS SR. REGULATORY ANALYST 03/10/93 Tel: 817/877-7957

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

17. Type of Completion: New Well Deepening Plug Back Other

18. Permit to Drill, Plug Back or Deepen DATE 12/17/92 PERMIT NO. 407373
 Rule 37 CASE NO.
 Exception
 Water Injection PERMIT NO.
 Permit
 Salt Water Disposal PERMIT NO.
 Permit
 Other PERMIT NO.

19. Notice of Intention to Drill this well was filed in Name of
 UNION PACIFIC RESOURCES COMPANY

20. Number of producing wells on this lease in this field (reservoir) including this well 1
 21. Total number of acres in this lease 760.00

22. Date Plug Back, Deepening, WorkOver or Drilling Operations: Commenced 12/30/92 Completed 02/04/93
 23. Distance to nearest well, Same Lease & Reservoir N/A

24. Location of well, relative to nearest lease boundaries of lease on which this well is located 893 Feet From NW Line and 1629 Feet from SW Line of the LEACHMAN-ROBINSON UNIT Lease

25. Elevation (DF, RKB, RT, GR, ETC.) GL: 208' KB: 232'
 26. Was directional survey made other than inclination (Form W-12)? Yes No

27. Top of Pay 10,678'
 28. Total Depth 15,063'
 29. P. B. Depth 15,063'
 30. Surface Casing Determined by: Field Rules Recommendation of T.D.W.R. Railroad Commission (Special)
 Dt. of Letter 12/17/92
 Dt. of Letter

31. Is well multiple completion? Yes No
 32. 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 #
 33. Intervals Drilled by: Rotary Tools Cable Tools

34. Name of Drilling Contractor DELTA # 35
 35. Is Cementing Affidavit Attached? Yes No

36. 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.
10 3/4"	40.5#	3,500'		1300 PS LT	14 3/4"	SURFACE	3212
7 5/8"	26.4# & 29.7#	10,747'		350 'A' 500 'H'	9 7/8"	9,747	735

37. LINER RECORD

Size	TOP	Bottom	Sacks Cement	Screen

38. TUBING RECORD

Size	Depth Set	Packer Set	From	To
2 7/8"	10,337'	10,320'	10,747'	15,063'

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

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

Depth Interval	Amount and Kind of Material Used
OPEN HOLE COMPLETION	

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

Formations	Depth	Formations	Depth
MIDWAY	6700'	AUSTIN CHALK	10,678'
NAVARRO	7778'		
PECAN GAP	9910'		

REMARKS

County BURLESON Field CLAY, NE (AUSTIN CHALK 113)

Operator UNION PACIFIC RESOURCES COMPANY

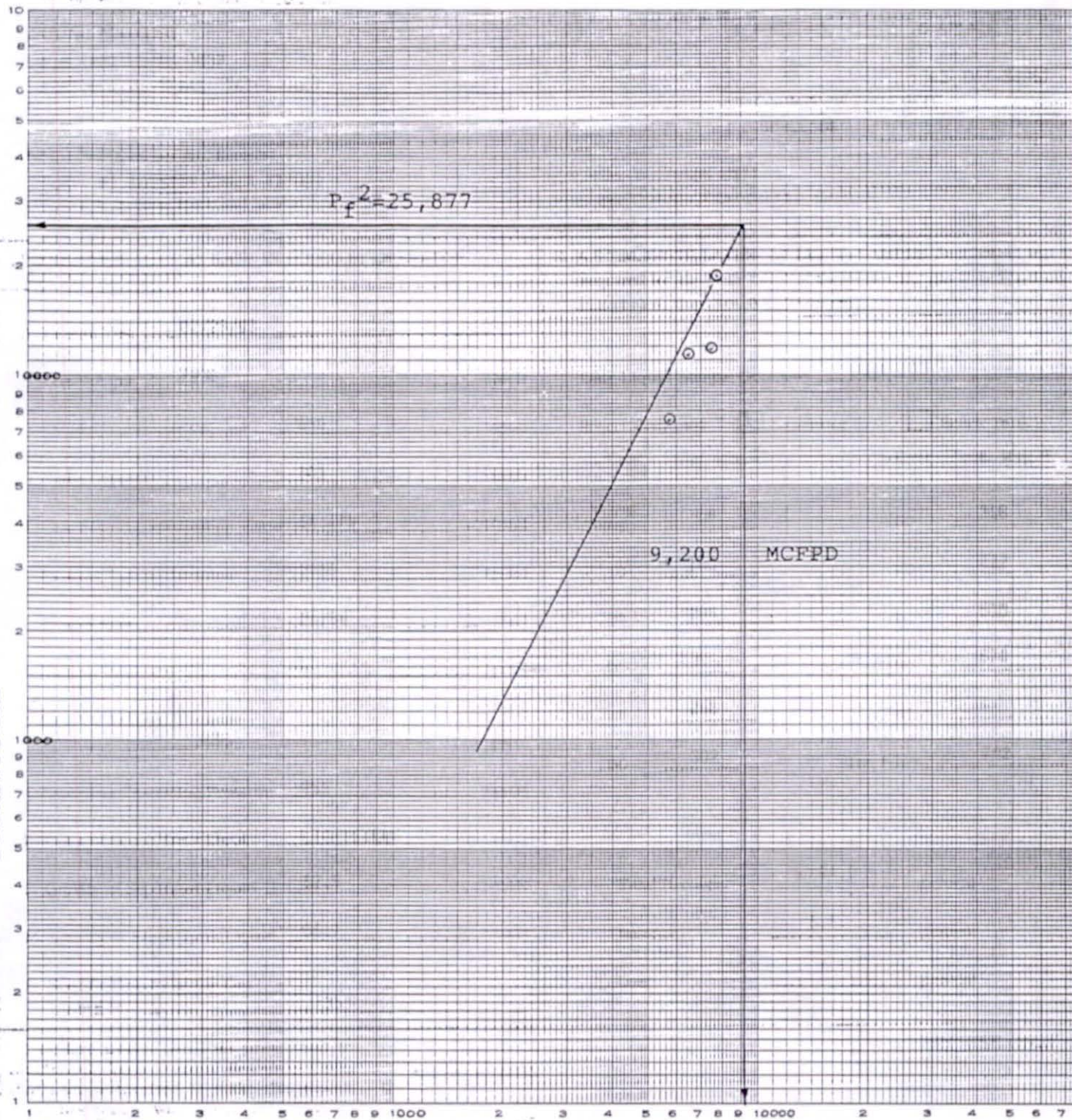
Lease LEACHMAN-ROBINSON UNIT #1

Volume 9,200 MCF/24

Date Tested 02/24/93

GAS WELL

BACK PRESSURE CURVE



Please Read Instructions

ELECTRIC LOG STATUS REPORT

INSTRUCTIONS

When to file the L-1

- with Forms G-1, W-2, and GT-1 for new and deepened gas, oil, and geothermal wells
with Form W-3 for plugged dry holes
when sending in a log which was held under a request for confidentiality and the period of confidentiality has not yet expired

When the L-1 is NOT required

- with Forms W-2, G-1, and GT-1 filed for injection wells, disposal wells, water supply wells, service wells, re-test wells, re-classifications, and plugbacks of oil, gas, and geothermal wells
with Form W-3 for plugging of other than a dry hole

Where to file the L-1

- with the appropriate Commission district office

Filling out the L-1

- Section I and the signature section must be filled out for all wells
complete only the appropriate part of Section II

Type of log required

- any wireline survey run for the purpose of obtaining lithology, porosity, or resistivity information
no more than one such log is required but it must be of the subject well
if such a log is NOT run on the subject well, do NOT substitute any other type of log; just select Section II, Part A below

SEE REVERSE SIDE

SECTION I. IDENTIFICATION

Operator Name: UNION PACIFIC RESOURCES COMPANY, District No. 03, Completion Date: 02/05/93, Field Name: CLAY, NE (AUSTIN CHALK 11350), Lease Name: LEACHMAN-ROBINSON UNIT, County: BURLESON, API No. 42 - 051-33357

SECTION II. LOG STATUS (complete either A. or B.)

A. BASIC ELECTRIC LOG NOT RUN
B. BASIC ELECTRIC LOG RUN (select one)
X 1. Confidentiality requested.
2. Confidentiality already granted on basic electric log covering this interval (applicable to deepened wells only).
3. Basic electric log covering this interval already on file with Commission (applicable to deepened wells only).
4. Log attached to (select one)
(a) Form L-1 (this form). If the company/lease name on log is different from that shown in Section I, please enter name on log here:
Check here if attached log is being submitted after being held confidential
(b) Form P-7, Application for Discovery Allowable and New Field Designation.
(c) Form W-4, Application for Multiple Completion: lease or ID no.(s) , well no.(s)

Signature: Karen S. Moss, SR. REGULATORY ANALYST, title, (817) 877-7957, phone, 03/10/93, date

For Railroad Commission use only

READ INSTRUCTIONS ON BACK

1. Field name exactly as shown on proration schedule CLAY, NE (AUSTIN CHALK 11350)		2. Lease name LEACHMAN-ROBINSON UNIT	
3. Operator name exactly as shown on P-5 Organization Report UNION PACIFIC RESOURCES COMPANY		4. Operator P-5 no. 876645	5. Oil lease no.
7. Operator address including city, state, and zip code P.O. BOX 7, MS 3407 FORT WORTH, TEXAS 76101-0007		8. County in which oil lease or gas well is actually located BURLESON	6. RRC district no. 3
		9. Gas ID no.	10. Gas well no. 1
		11. Effective date	

12. GAS WELL GAS OR CASINGHEAD GAS. Additional space and example on reverse side.

Type Operation			Name of gatherer, purchaser, and/or nominator as indicated in type operation columns NOTE: For each purchaser, give its RRC-assigned system code and identify the market. If applicable, place an "X" in the full-well stream column for the gatherer.	RRC USE ONLY		Purchaser's RRC Assigned System Code	Purchaser's Market		Percent of Take	Full-well stream
Gatherer	Purchaser	Nominator		G/P/N Code			Inter-state	Intra-state		
X	X		AQUILA SW PIPELINE			0001		X	100	

13. NAME OF OIL OR CONDENSATE GATHERER List highest volume gatherer first PRIDE PIPELINE CO.		Percent of Take 100	RRC USE ONLY Gath. code	14. PURPOSE OF FILING. Remarks:	
				a. <input type="checkbox"/> New oil lease <input checked="" type="checkbox"/> New gas well <input type="checkbox"/> Reclassification (oil to gas or gas to oil) <input type="checkbox"/> Consolidation, unitization or subdivision b. CHANGE <input type="checkbox"/> Gatherer <input type="checkbox"/> Nominator <input type="checkbox"/> Purchaser <input type="checkbox"/> Purchaser's system code	

RRC USE ONLY	c. CHANGE FROM	
Approved (Initials) _____ Oper. No. _____	<input type="checkbox"/> Operator _____	
Date _____ Field No. _____	<input type="checkbox"/> Field Name _____	
Remarks: _____	<input type="checkbox"/> Lease Name _____	

15. OPERATOR CHANGE. Being the PREVIOUS OPERATOR, I certify that operating responsibility for wells located on the subject lease has been transferred in its entirety to the above named Current Operator. I understand, as Previous Operator, that designation of the above named operator as Current Operator is not effective until this certificate is approved by the Commission.

Previous Operator _____ Date _____

Signature _____ Name (Print) _____

Title _____ Phone (____) _____

Address with city/state/zip _____

16. CURRENT OPERATOR'S CERTIFICATION. By signing this certificate as the CURRENT OPERATOR, I acknowledge responsibility for the regulatory compliance of the subject lease, INCLUDING PLUGGING OF WELLS if required under Statewide Rule 14. I also acknowledge that I will remain designated as the Current Operator until a new certificate designating a new Current Operator is approved by the Commission.

Signature Karen S. Moss Name (Print) KAREN S. MOSS

Title SR. REGULATORY ANALYST Date 03/10/93 Phone (817) 877-7957

I, the Current Operator, certify that the above agent is authorized to transport the above specified percentage of the allowable oil or gas produced from the above described property in accordance with the regulations of the Railroad Commission of Texas, and that this authorization will be valid until further notice or until cancelled by the Railroad Commission of Texas, and further certify that the conservation laws of the State of Texas and all rules, regulations and orders of the Railroad Commission of Texas have been complied with in respect to the property covered by this report.

check if listings are continued on reverse side

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

CERTIFICATE OF POOLING AUTHORITY

I, KAREN S. MOSS, being of lawful age, being familiar with the matter, and having full knowledge of the facts set out, do state:

(1) That the acreage claimed for the purpose of establishing a pooled drilling or proration unit under applicable orders of the Railroad Commission of Texas, for the

NAME OF OPERATOR: UNION PACIFIC RESOURCES COMPANY

NAME OF POOLED UNIT: LEACHMAN-ROBINSON UNIT WELL NO. 1

FIELD: CLAY, NE (AUSTIN CHALK 11350), BURLESON COUNTY,

TEXAS, contains 760.00 acres; that with respect to such pooled unit, as it is hereafter described, parties now owning a mineral interest or mineral interests (including royalty interests, working interests, or other mineral interests) therein either (1) acquired such interest as they now have subject to the provisions of an instrument or instruments now in effect and which permit the pooling of said interests or (2) have, by virtue of the execution of an instrument or instruments the provisions of which are now in effect, pooled such of said interests as they now own therein, in such manner that all of such pooled unit shall be considered by the Commission as one base tract as if all rights with respect thereto has been acquired under a single contract.

(2) That the pooled unit described in the preceding paragraph is made up of and contains the hereafter described individual tracts of land no part of which is embraced within any other pooled unit in the same field and which, by virtue of the pooling agreements referred to in the preceding paragraph, are now contained within the pooled unit herein described.

(3) That where a non-pooled undivided interest exists in any of the individual tracts pooled, that certain non-pooled interest is noted in the margin of this instrument beside the tract description to identify the existence of the non-pooled interests in that tract:

(OVER)

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

CERTIFICATE OF POOLING AUTHORITY

I, KAREN S. MOSS, being of lawful age, being familiar with the matter, and having full knowledge of the facts set out, do state:

(1) That the acreage claimed for the purpose of establishing a pooled drilling or proration unit under applicable orders of the Railroad Commission of Texas, for the

NAME OF OPERATOR: UNION PACIFIC RESOURCES COMPANY

NAME OF POOLED UNIT: LEACHMAN-ROBINSON UNIT WELL NO. 1

FIELD: CLAY, NE (AUSTIN CHALK 11350), BURLESON COUNTY,

TEXAS, contains 760.00 acres; that with respect to such pooled unit, as it is hereafter described, parties now owning a mineral interest or mineral interests (including royalty interests, working interests, or other mineral interests) therein either (1) acquired such interest as they now have subject to the provisions of an instrument or instruments now in effect and which permit the pooling of said interests or (2) have, by virtue of the execution of an instrument or instruments the provisions of which are now in effect, pooled such of said interests as they now own therein, in such manner that all of such pooled unit shall be considered by the Commission as one base tract as if all rights with respect thereto has been acquired under a single contract.

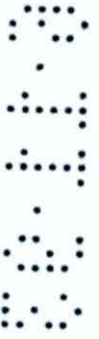
(2) That the pooled unit described in the preceding paragraph is made up of and contains the hereafter described individual tracts of land no part of which is embraced within any other pooled unit in the same field and which, by virtue of the pooling agreements referred to in the preceding paragraph, are now contained within the pooled unit herein described.

(3) That where a non-pooled undivided interest exists in any of the individual tracts pooled, that certain non-pooled interest is noted in the margin of this instrument beside the tract description to identify the existence of the non-pooled interests in that tract:

(OVER)

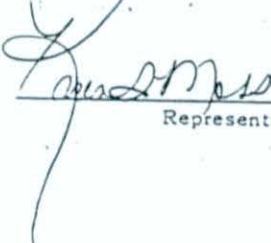
DESCRIPTION OF INDIVIDUAL TRACTS OR LEASES CONTAINED
 WITHIN POOLED UNIT REFERRED TO IN PARAGRAPH (1) ABOVE

NAME OF HOLDER OF LEASE	LEASE NAME	NO. OF ACRES	MARGIN
UNION PACIFIC RESOURCES COMPANY	ROBERT D. LEACHMAN, ET UX	412.67	
UNION PACIFIC RESOURCES COMPANY	DOROTHY M. LAVENDER	45.12	
UNION PACIFIC RESOURCES COMPANY	MARY D. SIEGERT, ET AL	66.83	
UNION PACIFIC RESOURCES COMPANY	G.W. ROBINSON	50.03	
UNION PACIFIC RESOURCES COMPANY	JOHN S. WILLIAMS, ET UX	43.29	
UNION PACIFIC RESOURCES COMPANY	JOSEPH M. COX, ET UX	43.29	
UNION PACIFIC RESOURCES COMPANY	STATE OF TEXAS	8.24	
UNION PACIFIC RESOURCES COMPANY	STATE OF TEXAS	90.53	
TOTAL:		760.00	



CERTIFICATE:

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.


 _____ / KAREN S. MOSS
 Representative of Operator

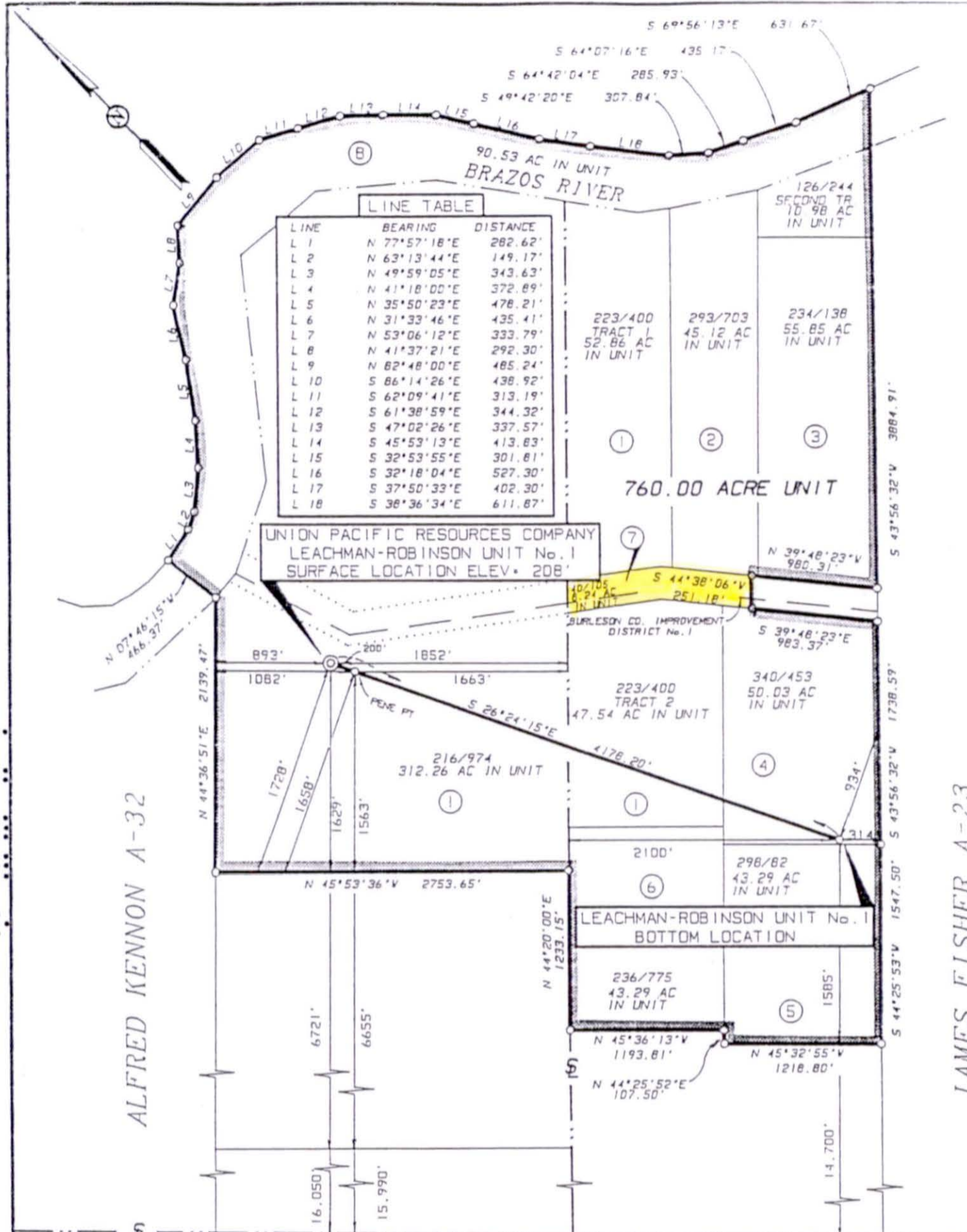
_____ SR. REGULATORY ANALYST
 Title

_____ 03/10/93
 Date

_____ 817/877-7957
 Telephone A / C Number

INSTRUCTIONS

Where two or more tracts are pooled to form either a drilling unit or a proration unit as permitted by Commission regulation, the operator thereof must furnish a certificate of pooling authority at the time action by the Commission is sought either for a permit to drill on a pooled drilling unit or for establishment of an allowable for a well on a pooled proration unit.



LINE TABLE

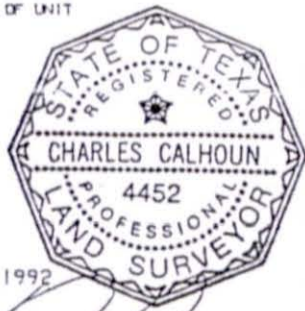
LINE	BEARING	DISTANCE
L 1	N 77°57'18"E	282.62'
L 2	N 63°13'44"E	149.17'
L 3	N 49°59'05"E	343.63'
L 4	N 41°18'00"E	372.89'
L 5	N 35°50'23"E	478.21'
L 6	N 31°33'46"E	435.41'
L 7	N 53°06'12"E	333.79'
L 8	N 41°37'21"E	292.30'
L 9	N 82°48'00"E	485.24'
L 10	S 86°14'26"E	438.92'
L 11	S 62°09'41"E	313.19'
L 12	S 61°38'59"E	344.32'
L 13	S 47°02'26"E	337.57'
L 14	S 45°53'13"E	413.83'
L 15	S 32°53'55"E	301.81'
L 16	S 32°18'04"E	527.30'
L 17	S 37°50'33"E	402.30'
L 18	S 38°36'34"E	611.87'

UNION PACIFIC RESOURCES COMPANY
LEACHMAN-ROBINSON UNIT No. 1
SURFACE LOCATION ELEV. 208'

BURLESON CO. IMPROVEMENT DISTRICT No. 1

LEACHMAN-ROBINSON UNIT No. 1
BOTTOM LOCATION

- NOTES:
- 1) BEARINGS BASED ON TRUE NORTH OBTAINED BY SOLAR OBSERVATION
 - 2) WELL IS LOCATED 9.2 MILES EAST SOUTHEAST OF SNOOK, TEXAS
 - 3) INDICATES LIMITS OF UNIT
 - 4) STATE PLANE COORDINATES
SURFACE LOCATION
X= 3,265,047 Y= 306,428
BOTTOM LOCATION
X= 3,267,044 Y= 302,748



SURVEYED DECEMBER 11, 1992

Charles H. Calhoun
CHARLES H. CALHOUN R.P.L.S. No. 4452

TRACT	ACRES IN UNIT	DESCRIPTION	DEED RECORDS VOL./PG
1	412.67	ROBERT D. LEACHMAN, et ux	216/974 223/400
2	45.12	DOROTHY M. LAVENDER	293/703
3	66.83	MARY D. SIEGERT, et al	234/138 126/244 SEC. TR.
4	50.03	G.W. ROBINSON	340/453
5	43.29	JOHN S. WILLIAMS, et ux	298/82
6	43.29	JOSEPH M. COX, et ux	236/775
7	8.24	STATE OF TEXAS	40/105 M-94914
8	90.53	STATE OF TEXAS	LEASE No. M-95040

760.00 ACRES TOTAL IN UNIT

UNION PACIFIC RESOURCES COMPANY
LEACHMAN-ROBINSON UNIT No. 1

WARREN L. SIMPSON PROFESSIONAL LAND SURVEYING
7701 CAMERON ROAD SUITE No. 108 AUSTIN, TEXAS 78752
PHONE (512) 452-1513

ALFRED KENNON SURVEY, A-32
BURLESON COUNTY, TEXAS
SCALE 1"=1000'

ALFRED KENNON A-32

JAMES FISHER A-23

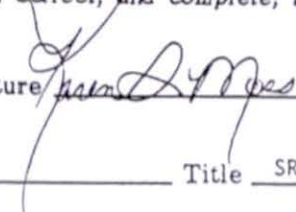
STATEMENT OF PRODUCTIVITY OF ACREAGE
ASSIGNED TO PRORATION UNITS

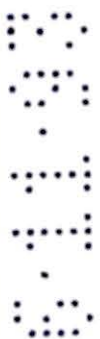
Form P-15
(5-5-71)

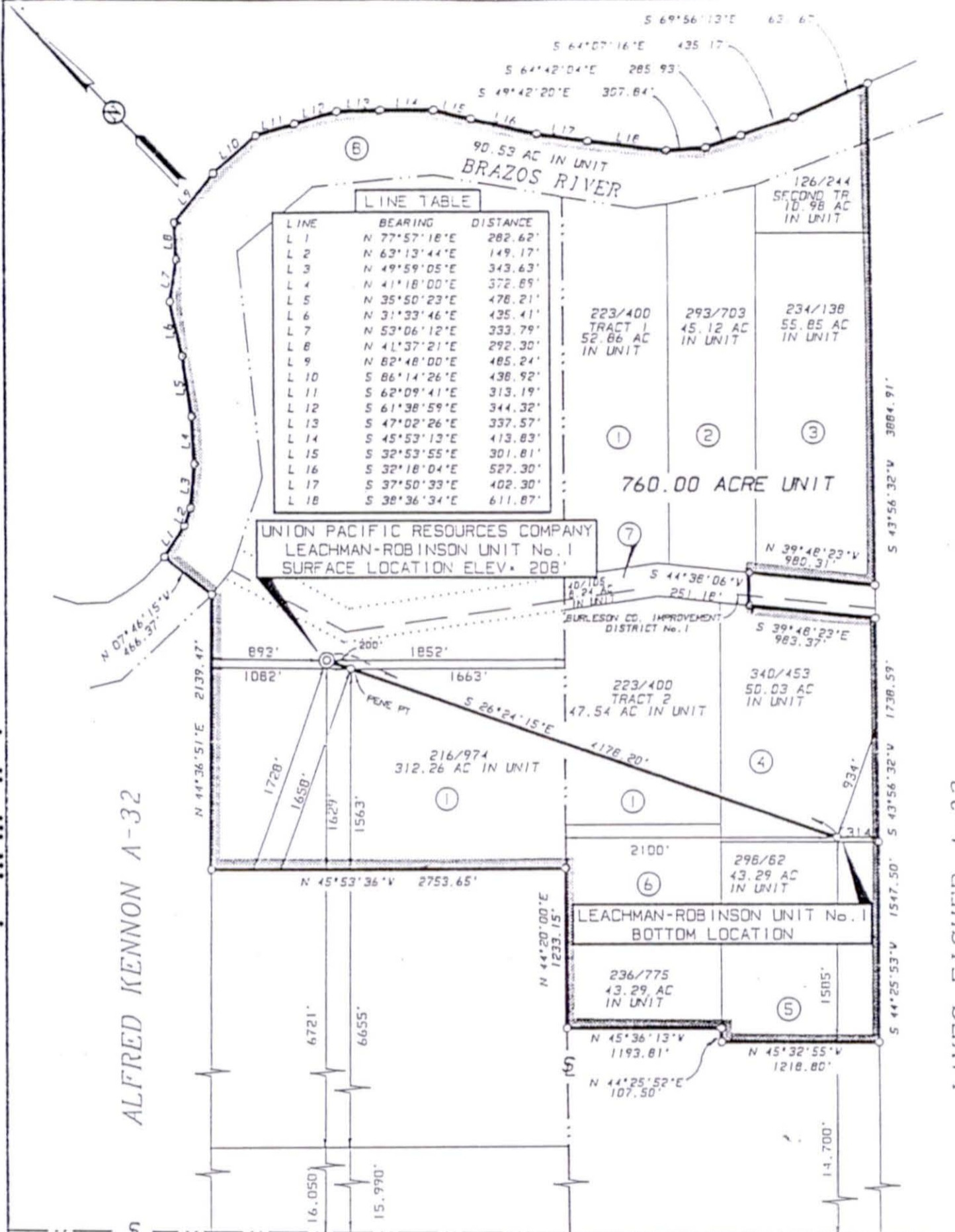
The undersigned states that he is authorized to make this statement; that he has knowledge of the facts concerning the UNION PACIFIC RESOURCES COMPANY,
OPERATOR
LEACHMAN-ROBINSON UNIT, No. 1; that such well is
LEASE
WELL
completed in the CLAY, NE (AUSTIN CHALK 11350) Field, BURLESON County,
Texas and that the acreage claimed, and assigned to such well for proration purposes as
authorized by special rule and as shown on the attached certified plat embraces 760
_____ acres which can reasonably be considered to be productive of hydrocarbons.

- CERTIFICATE -

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.

Date 03/10/93 Signature  /KAREN S. MOSS
Telephone 817/ 877-7957 Title SR. REGULATORY ANALYST
AREA CODE





LINE TABLE

LINE	BEARING	DISTANCE
L 1	N 77°57'18"E	282.62'
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L 3	N 49°59'05"E	343.63'
L 4	N 41°18'00"E	372.89'
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L 17	S 37°50'33"E	402.30'
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UNION PACIFIC RESOURCES COMPANY
LEACHMAN-ROBINSON UNIT No. 1
SURFACE LOCATION ELEV. 208'

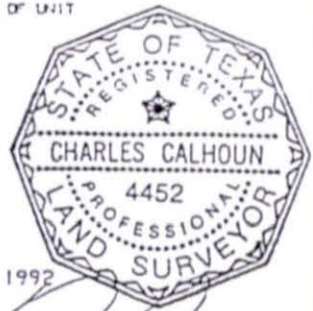
BURLESON CO. IMPROVEMENT
DISTRICT No. 1

LEACHMAN-ROBINSON UNIT No. 1

TRACT	ACRES IN UNIT	DESCRIPTION	DEED RECORDS VOL./PG.
1	412.67	ROBERT D. LEACHMAN, et ux	216/974 223/400
2	45.12	DOROTHY M. LAVENDER	293/703
3	66.83	MARY D. SIEGERT, et al	234/138 126/244 SEC. TR.
4	50.03	G.W. ROBINSON	340/453
5	43.29	JOHN S. WILLIAMS, et ux	298/82
6	43.29	JOSEPH M. COX, et ux	236/775
7	8.24	STATE OF TEXAS	40/105 M-94914
8	90.53	STATE OF TEXAS	LEASE No. M-95040

760.00 ACRES TOTAL IN UNIT

- NOTES:**
- 1) BEARINGS BASED ON TRUE NORTH OBTAINED BY SOLAR OBSERVATION
 - 2) WELL IS LOCATED 9.2 MILES EAST SOUTHEAST OF SNOOK, TEXAS
 - 3) INDICATES LIMITS OF UNIT
 - 4) STATE PLANE COORDINATES
SURFACE LOCATION
X= 3,265,047 Y= 306,428
BOTTOM LOCATION
X= 3,267,044 Y= 302,748



SURVEYED DECEMBER 11, 1992

Charles H. Calhoun
CHARLES H. CALHOUN R.P.L.S. No. 4452

WARREN L. SIMPSON PROFESSIONAL LAND SURVEYING
7701 CAMERON ROAD SUITE No. 108 AUSTIN, TEXAS 78752
PHONE (512) 452-1513

UNION PACIFIC RESOURCES COMPANY
LEACHMAN-ROBINSON UNIT No. 1
ALFRED KENNON SURVEY, A-32
BURLESON COUNTY, TEXAS
SCALE 1" = 1000'

ALFRED KENNON A-32

JAMES FISHER A-23

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

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

1. Operator's Name (As shown on Form P-5, Organization Report) Union Pacific Resources COMPANY		2. RRC Operator No. 876645	3. RRC District No. 3	4. County of Well Site Burleson
5. Field Name (Wildcat or exactly as shown on RRC records) CLAY, NE (AUSTIN CHALK 11350)			6. API No. 42-051-33357	7. Drilling Permit No. 407373
8. Lease Name Leachman-Robinson UNIT		9. Rule 37 Case No.	10. Oil Lease/Gas ID No.	11. Well No. 1

CASING CEMENTING DATA:		SURFACE CASING	INTER-MEDIATE CASING	PRODUCTION CASING		MULTI-STAGE CEMENTING PROCESS	
				Single String	Multiple Parallel Strings	Tool	Shoe
12. Cementing Date		1/17/93					
13. •Drilled hole size		14 3/4"					
•Est. % wash or hole enlargement							
14. Size of casing (in. O.D.)		10 3/4"					
15. Top of liner (ft.)							
16. Setting depth (ft.)		3500'					
17. Number of centralizers used		20					
18. Hrs. waiting on cement before drill-out		24					
1st Slurry	19. API cement used: No. of sacks ▶	1300					
	Class ▶	Pacesetter Lite II					
	Additives ▶	6% Gel + 3% Salt + .25 PPS Cello Seal					
2nd Slurry	No. of sacks ▶	350					
	Class ▶	A					
	Additives ▶	None					
3rd Slurry	No. of sacks ▶						
	Class ▶						
	Additives ▶						
1st	20. Slurry pumped: Volume (cu. ft.) ▶	2782					
	Height (ft.) ▶	5005					
2nd	Volume (cu. ft.) ▶	430					
	Height (ft.) ▶	767					
3rd	Volume (cu. ft.) ▶						
	Height (ft.) ▶						
Total	Volume (cu. ft.) ▶	3212					
	Height (ft.) ▶	5772					
21. Was cement circulated to ground surface (or bottom of cellar) outside casing?		Yes					
22. Remarks							

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.

J.P. McNaney—Service Supervisor The Western Company of N.A. *J.P. McNaney*
 Name and title of cementer's representative Cementing Company Signature
 P. O. Box 308 La Grange, Texas 78945 409-242-3931 1/1/93
 Address City, State, Zip Code Tel.: Area Code Number 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.

KAREN S. MOSS SR. REGULATORY ANALYST *Karen S. Moss*
 Typed or printed name of operator's representative Title Signature
 P.O. BOX 7, MS 3407 FORT WORTH, TEXAS 76101-0007 817/877-7957 03/10/93
 Address City, State, Zip Code Tel.: Area Code Number 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.

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

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

1. Operator's Name (As shown on Form P-5, Organization Report) Union Pacific Resources COMPANY	2. RRC Operator No. 876645	3. RRC District No. 3	4. County of Well Site Burleson
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8. Lease Name Leachman-Robinson	9. Rule 37 Case No.	10. Oil Lease/Gas ID No.	11. Well No. 1

CASING CEMENTING DATA:		SURFACE CASING	INTER-MEDIATE CASING	PRODUCTION CASING		MULTI-STAGE CEMENTING PROCESS	
				Single String	Multiple Parallel Strings	Tool	Shoe
12. Cementing Date			1/19/93				
13. •Drilled hole size			9 7/8"				
•Est. % wash or hole enlargement							
14. Size of casing (In. O.D.)			7 5/8"				
15. Top of liner (ft.)							
16. Setting depth (ft.)			10747'				
17. Number of centralizers used			2				
18. Hrs. waiting on cement before drill-out							
1st Slurry	19. API cement used: No. of sacks ▶		500				
	Class ▶		H				
	Additives ▶		35% SF-3 + .55% WR-15				
2nd Slurry	No. of sacks ▶						
	Class ▶						
	Additives ▶						
3rd Slurry	No. of sacks ▶						
	Class ▶						
	Additives ▶						
1st	20. Slurry pumped: Volume (cu. ft.) ▶		735				
	Height (ft.) ▶		3422				
2nd	Volume (cu. ft.) ▶						
	Height (ft.) ▶						
3rd	Volume (cu. ft.) ▶						
	Height (ft.) ▶						
Total	Volume (cu. ft.) ▶		735				
	Height (ft.) ▶		3422				
21. Was cement circulated to ground surface (or bottom of cellar) outside casing?			No.				
22. Remarks							

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.)								
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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.

Jack Burgess-Service Supervisor The Western Company of N.A. *Jack Burgess*
 Name and title of cementer's representative Cementing Company Signature
 P. O. Box 308 La Grange, Texas 78945 409-242-3931 1/19/93
 Address City, State, Zip Code Tel. Area Code Number 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.

KAREN S. MOSS SR. REGULATORY ANALYST *Karen S. Moss*
 Typed or printed name of operator's representative Title Signature
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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.



RUSTY CLAR
SURVEY COMPANY, INC.

P.O. Box 100
Breaux Bridge, Louisiana 70517
Phone (318) 237-7593

JANUARY 19, 1993

RAILROAD COMMISSION OF TEXAS
OIL & GAS DIVISION
P.O. DRAWER 12967
CAPITOL STATION
AUSTIN, TEXAS 78711

ATTENTION: MR. DAVID TRIANA

REFERENCE: UNION PACIFIC RESOURCES COMPANY
LEACHMAN-ROBINSON UNIT #1, API #420513335700
BURLESON COUNTY, TEXAS

DEAR MR. TRIANA:

ENCLOSED, PLEASE FIND THE CERTIFIED COPY OF THE SURVEY RAN ON THE ABOVE REFERENCED WELL. OTHER INFORMATION REQUIRED BY YOUR OFFICE IS AS FOLLOWS:

1. Surveying Company is: RUSTY CLARK SURVEY COMPANY, INC. #157688
2. Surveyed by: BRENT LEBLANC
3. BRENT is a SENIOR SURVEYOR with RUSTY CLARK SURVEY COMPANY, INC.
4. Survey performed on: JANUARY 16, 1993.
5. Survey type was a GYROSCOPIC MULTI-SHOT SURVEY.
6. Well I.D. listed above, API # listed above.
7. Survey conducted from SURFACE to 10,443 FEET MEASURED DEPTH as indicated on enclosed survey report.

A CERTIFIED PLAT IS ATTACHED TO THE ENCLOSED SURVEY REPORT ALSO. WE SINCERELY APPRECIATE THIS OPPORTUNITY TO BE OF SERVICE TO YOU, AND IF ANY OTHER INFORMATION IS REQUIRED, OUR COMPLIANCE WILL BE IMMEDIATE UPON REQUEST.

YOURS TRULY,

RUSTY CLARK SURVEY COMPANY, INC.

Perry Guidry
PERRY GUIDRY
OPERATIONS MANAGER

PG/LM

ENCLOSURES

CC: UNION PACIFIC RESOURCES COMPANY



RUSTY CLARK SURVEY COMPANY, INC.

TXL-01930021-GS

JANUARY 16, 1993

Report of Sub-Surface Directional Survey

UNION PACIFIC RESOURCES COMPANY

LEACHMAN-ROBINSON UNIT #1

BURLESON COUNTY, TEXAS

SURVEY FROM SURFACE TO 10,443 FT. MD.

P.O. BOX 100

BREAUX BRIDGE, LOUISIANA 70517

PHONE (318) 237-7593


0193

RUSTY CLARK SURVEY COMPANY INC.
P.O. BOX 100
BREAUX BRIDGE LA. 70517
(318)-237-7593

UNION PACIFIC RESOURCES COMPANY
LEACHMAN-ROBINSON UNIT #1 API # 420513335700
AUSTIN CHALK FIELD BURLINSON COUNTY TEXAS
RIG: DELTA 35

GYROSCOPIC MULTISHOT SURVEY - TXL-01930021-GS - JANUARY 16 1993

We hereby certify that the Field Data contained in this report from 0 feet to 10443 feet by our Directional Surveyors, represents to the best of our knowledge, a true and accurate survey of the well at the time the survey was run.

 RUSTY CLARK
SURVEY COMPANY, INC. Perry Guichy
Division Survey Supervisor

KELLY BUSHING ELEVATION = 23.00 FEET
MAGNETIC DECLINATION = 5 DEGREES 50 MINUTES EAST TO TRUE
PLANE OF PROPOSAL DIRECTION IS S 26 24 E

ALL CALCULATIONS MADE BY KAYPRO COMPUTER
RADIUS OF CURVATURE METHOD

DATE = 01/18/93

C:\SURVEY\U\U\PRCROBL.N



MEAS. DEPTH	DRIFT ANGLE DEG	DRIFT DIREC	TRUE VERTICAL DEPTH	SUB SEA TVD	VERTICAL SECTION	TOTAL RECTANGULAR COORDINATES				CLOSURE DISTANCE ANGLES				DOG LEG SEVERITY DEG/100FT.
0	0.00	N 0.00 E	0.00	-23.00	0.00	0.00 N	0.00 E	0.00	N 0 0 0 E	0.00				0.00
100	0.25	N 72.17 W	100.00	77.00	-0.15	0.07 N	0.21 W	0.22	N 72 10 12 W	0.25				0.25
200	0.00	N 0.00 E	200.00	177.00	-0.30	0.13 N	0.41 W	0.43	N 72 10 12 W	0.25				0.25
300	0.25	S 34.83 W	300.00	277.00	-0.20	0.04 S	0.53 W	0.54	S 85 11 8 W	0.25				0.25
400	0.00	N 0.00 E	400.00	377.00	-0.09	0.22 S	0.66 W	0.69	S 71 19 48 W	0.25				0.25
500	0.50	N 89.17 W	500.00	477.00	-0.29	0.22 S	1.09 W	1.11	S 78 49 51 W	0.50				0.50
600	0.50	S 83.83 W	599.99	576.99	-0.64	0.26 S	1.96 W	1.98	S 82 33 41 W	0.06				0.06
700	0.75	S 89.83 W	699.99	676.99	-1.07	0.32 S	3.05 W	3.07	S 84 4 37 W	0.26				0.26
800	0.50	S 76.83 W	799.98	776.98	-1.44	0.44 S	4.14 W	4.16	S 83 52 53 W	0.29				0.29
900	0.50	S 45.83 W	899.98	876.98	-1.41	0.86 S	4.89 W	4.97	S 80 3 52 W	0.27				0.27
1000	0.50	S 70.83 W	999.97	976.97	-1.33	1.31 S	5.63 W	5.78	S 76 53 4 W	0.22				0.22
1100	0.25	N 28.17 W	1099.97	1076.97	-1.77	1.09 S	6.19 W	6.29	S 80 0 32 W	0.52				0.52
1200	0.25	N 15.17 W	1199.97	1176.97	-2.21	0.69 S	6.35 W	6.39	S 83 49 11 W	0.06				0.06
1300	0.50	N 28.17 W	1299.97	1276.97	-2.86	0.08 S	6.59 W	6.59	S 89 18 29 W	0.26				0.26
1400	0.25	N 39.17 W	1399.97	1376.97	-3.51	0.47 N	6.96 W	6.97	N 86 10 23 W	0.26				0.26
1500	0.25	N 16.17 W	1499.97	1476.97	-3.94	0.85 N	7.16 W	7.21	N 83 14 1 W	0.10				0.10
1600	0.50	N 44.17 W	1599.96	1576.96	-4.59	1.41 N	7.48 W	7.61	N 79 19 34 W	0.30				0.30
1700	0.25	N 47.17 W	1699.96	1676.96	-5.21	1.87 N	7.95 W	8.17	N 76 46 35 W	0.25				0.25
1800	0.25	N 47.17 W	1799.96	1776.96	-5.62	2.17 N	8.27 W	8.55	N 75 19 55 W	0.00				0.00
1900	0.25	N 42.17 W	1899.96	1876.96	-6.03	2.48 N	8.58 W	8.93	N 73 54 15 W	0.02				0.02
2000	0.50	N 34.17 W	1999.96	1976.96	-6.67	2.99 N	8.98 W	9.47	N 71 35 17 W	0.25				0.25
2100	0.50	N 17.17 W	2099.95	2076.95	-7.54	3.77 N	9.36 W	10.09	N 68 2 23 W	0.15				0.15
2200	0.50	N 35.17 W	2199.95	2176.95	-8.41	4.55 N	9.74 W	10.75	N 64 56 53 W	0.16				0.16
2300	0.50	N 40.17 W	2299.95	2276.95	-9.27	5.24 N	10.28 W	11.54	N 62 57 44 W	0.04				0.04
2400	0.75	N 37.17 W	2399.94	2376.94	-10.33	6.10 N	10.96 W	12.54	N 60 54 37 W	0.25				0.25
2500	1.00	N 56.17 W	2499.93	2476.93	-11.76	7.14 N	12.06 W	14.02	N 59 22 59 W	0.30				0.30
2600	0.75	N 67.17 W	2599.92	2576.92	-13.00	7.86 N	13.40 W	15.54	N 59 36 26 W	0.30				0.30
2700	0.00	N 0.00 E	2699.91	2676.91	-13.50	0.12 N	14.01 W	16.19	N 59 54 43 W	0.75				0.75
2800	0.50	S 57.83 W	2799.91	2776.91	-13.45	7.88 N	14.38 W	16.40	N 61 15 35 W	0.50				0.50
2900	0.25	S 43.83 W	2899.91	2876.91	-13.31	7.47 N	14.88 W	16.65	N 63 20 44 W	0.26				0.26



MEAS. DEPTH	DRIFT ANGLE DEG	DRIFT DIREC	TRUE VERTICAL DEPTH	SUB SEA TVD	VERTICAL SECTION	TOTAL		CLOSURES				DOG LEG SEVERITY DEG/100FT.	
						RECTANGULAR COORDINATES	DISTANCE	ANGLE DMS					
3000	0.25	N 86.17 W	2999.91	2976.91	-13.35	7.32 N	15.28 W	16.94	N 64	24	18	W	0.21
3100	0.25	N 76.17 W	3099.91	3076.91	-13.60	7.38 N	15.71 W	17.36	N 64	49	11	W	0.04
3200	0.75	N 70.17 W	3199.90	3176.90	-14.20	7.64 N	16.54 W	18.22	N 65	13	7	W	0.50
3300	0.75	S 85.83 W	3299.90	3276.90	-14.93	7.81 N	17.83 W	19.47	N 66	20	1	W	0.31
3400	0.50	S 55.83 W	3399.89	3376.89	-15.06	7.46 N	18.85 W	20.27	N 68	24	27	W	0.40
3500	0.25	S 57.83 W	3499.89	3476.89	-14.99	7.10 N	19.40 W	20.66	N 69	53	35	W	0.25
3600	0.00	N 0.00 E	3599.89	3576.89	-14.96	6.99 N	19.58 W	20.79	N 70	21	49	W	0.25
3700	0.25	S 4.83 W	3699.89	3676.89	-14.78	6.77 N	19.60 W	20.74	N 70	56	24	W	0.25
3800	0.25	S 77.17 E	3799.89	3776.89	-14.39	6.45 N	19.36 W	20.41	N 71	34	50	W	0.33
3900	0.25	N 41.83 E	3899.88	3876.88	-14.32	6.58 N	18.97 W	20.07	N 70	52	52	W	0.25
4000	0.00	N 0.00 E	3999.88	3976.88	-14.40	6.74 N	18.82 W	19.99	N 70	18	38	W	0.25
4100	0.00	N 0.00 E	4099.88	4076.88	-14.40	6.74 N	18.82 W	19.99	N 70	18	38	W	0.00
4200	0.25	N 7.83 E	4199.88	4176.88	-14.58	6.95 N	18.79 W	20.04	N 69	42	23	W	0.25
4300	0.25	N 50.17 W	4299.88	4276.88	-15.00	7.34 N	18.94 W	20.32	N 68	49	24	W	0.24
4400	0.50	N 32.17 W	4399.88	4376.88	-15.63	7.83 N	19.37 W	20.90	N 68	0	32	W	0.27
4500	0.50	N 57.17 W	4499.88	4476.88	-16.45	8.45 N	19.98 W	21.70	N 67	5	13	W	0.22
4600	0.50	N 60.17 W	4599.87	4576.87	-17.19	8.90 N	20.73 W	22.56	N 66	45	45	W	0.03
4700	0.50	S 69.83 W	4699.87	4676.87	-17.63	8.97 N	21.57 W	23.36	N 67	25	2	W	0.42
4800	0.50	S 75.83 W	4799.87	4776.87	-17.77	8.71 N	22.40 W	24.04	N 68	44	48	W	0.05
4900	0.50	N 82.17 W	4899.86	4876.86	-18.11	8.67 N	23.27 W	24.83	N 69	34	27	W	0.19
5000	0.75	S 67.83 W	4999.86	4976.86	-18.46	8.53 N	24.34 W	25.79	N 70	41	5	W	0.40
5100	1.00	S 10.83 W	5099.84	5076.84	-17.86	7.40 N	25.27 W	26.33	N 73	40	44	W	0.86
5200	1.00	S 20.17 E	5199.83	5176.83	-16.26	5.68 N	25.13 W	25.76	N 77	15	40	W	0.53
5300	1.00	S 28.17 E	5299.81	5276.81	-14.52	4.09 N	24.41 W	24.75	N 80	29	24	W	0.14
5400	1.00	S 28.17 E	5399.80	5376.80	-12.77	2.55 N	23.59 W	23.73	N 83	49	38	W	0.00
5500	1.25	S 28.17 E	5499.78	5476.78	-10.81	0.82 N	22.66 W	22.68	N 87	55	32	W	0.25
5600	1.25	S 28.17 E	5599.76	5576.76	-8.63	1.10 S	21.63 W	21.66	S 87	5	0	W	0.00
5700	0.75	S 24.17 E	5699.74	5676.74	-6.89	2.67 S	20.86 W	21.03	S 82	42	52	W	0.50
5800	0.75	S 1.17 E	5799.73	5776.73	-5.62	3.94 S	20.58 W	20.95	S 79	10	21	W	0.30



MEAS. DEPTH	DRIFT ANGLE DEG	DRIFT DIREC	TRUE VERTICAL DEPTH	SUB SEA TVD	VERTICAL SECTION	TOTAL RECTANGULAR COORDINATES		CLOSURE DISTANCE			DOG LEG SEVERITY DEG/100FT.	
									ANGLE D M S			
5900	0.50	S 14.83 W	5899.72	5876.73	-4.71	5.02 S	20.71 W	21.31	S 76	23	1 W	0.30
6000	0.50	S 8.83 W	5999.72	5976.72	-4.03	5.87 S	20.89 W	21.70	S 74	18	12 W	0.05
6100	0.25	S 1.17 E	6099.72	6076.72	-3.46	6.52 S	20.93 W	21.92	S 72	41	24 W	0.26
6200	0.25	S 9.17 E	6199.72	6176.72	-3.06	6.96 S	20.89 W	22.02	S 71	34	52 W	0.03
6300	0.00	N 0.00 E	6299.72	6276.72	-2.85	7.17 S	20.86 W	22.06	S 71	1	39 W	0.25
6400	0.00	N 0.00 E	6399.72	6376.72	-2.85	7.17 S	20.86 W	22.06	S 71	1	39 W	0.00
6500	0.25	N 35.17 W	6499.72	6476.72	-3.06	6.99 S	20.98 W	22.12	S 71	33	52 W	0.25
6600	0.50	N 27.17 W	6599.72	6576.72	-3.72	6.43 S	21.32 W	22.27	S 73	12	32 W	0.25
6700	0.50	N 30.17 W	6699.71	6676.71	-4.59	5.67 S	21.74 W	22.47	S 75	23	13 W	0.03
6800	1.00	N 32.17 W	6799.70	6776.70	-5.89	4.55 S	22.42 W	22.87	S 78	31	50 W	0.50
6900	1.00	N 9.17 W	6899.69	6876.69	-7.62	2.93 S	23.03 W	23.21	S 82	45	29 W	0.40
7000	0.75	N 9.17 W	6999.68	6976.68	-9.08	1.42 S	23.27 W	23.32	S 86	30	30 W	0.25
7100	0.75	N 13.17 W	7099.67	7076.67	-10.34	0.14 S	23.53 W	23.53	S 89	40	7 W	0.05
7200	0.75	N 23.17 W	7199.66	7176.66	-11.63	1.11 N	23.93 W	23.96	N 87	21	15 W	0.13
7300	0.50	N 13.17 W	7299.65	7276.65	-12.71	2.14 N	24.27 W	24.37	N 84	57	27 W	0.27
7400	1.00	N 1.17 W	7399.64	7376.64	-13.94	3.44 N	24.44 W	24.68	N 82	0	31 W	0.52
7500	1.00	N 12.17 W	7499.63	7476.63	-15.58	5.17 N	24.64 W	25.17	N 78	9	9 W	0.19
7600	1.00	N 25.17 W	7599.61	7576.61	-17.31	6.82 N	25.20 W	26.10	N 74	51	28 W	0.23
7700	1.25	N 9.17 W	7699.59	7676.59	-19.24	8.69 N	25.77 W	27.20	N 71	22	19 W	0.40
7800	1.25	N 10.00 W	7799.57	7776.57	-21.33	10.84 N	26.14 W	28.30	N 67	28	35 W	0.02
7900	1.50	N 12.17 W	7899.54	7876.54	-23.64	13.19 N	26.60 W	29.69	N 63	36	59 W	0.26
8000	2.00	N 12.17 W	7999.49	7976.49	-26.61	16.18 N	27.24 W	31.68	N 59	17	34 W	0.50
8100	2.00	N 17.17 W	8099.43	8076.43	-30.02	19.55 N	28.13 W	34.26	N 55	11	25 W	0.17
8200	2.25	N 12.17 W	8199.36	8176.36	-33.65	23.14 N	29.06 W	37.15	N 51	28	31 W	0.31
8300	2.50	N 18.17 W	8299.28	8276.28	-37.71	27.14 N	30.15 W	40.56	N 48	0	31 W	0.35
8400	3.00	N 22.17 W	8399.16	8376.16	-42.48	31.64 N	31.80 W	44.86	N 45	8	46 W	0.54
8500	3.25	N 24.17 W	8499.01	8476.01	-47.92	36.65 N	33.95 W	49.96	N 42	48	23 W	0.27
8600	3.25	N 27.17 W	8598.85	8575.85	-53.59	41.76 N	36.40 W	55.40	N 41	4	43 W	0.17
8700	2.75	N 36.17 W	8698.72	8675.72	-50.00	46.21 N	39.15 W	60.56	N 40	16	12 W	0.69

5199

MEAS. DEPTH	DRIFT ANGLE DEG	DRIFT DIREC	TRUE VERTICAL DEPTH	SUB SEA TVD	VERTICAL SECTION	TOTAL RECTANGULAR COORDINATES		CLOSURE DISTANCE			DOG LEG SEVERITY DEG/100FT.	
									ANGLE D M S			
8800	2:50	N 40:17 W	8798.61	8775:61	-63:28	49:81 N	41:98 W	65:14	N 40	7	21 W	0:31
8900	2:25	N 24:17 W	8898.52	8875:52	-67:39	53:31 N	44:18 W	69:23	N 39	38	58 W	0:71
9000	2:25	N 26:17 W	8998.45	8975:45	-71:31	56:86 N	45:85 W	73:04	N 38	52	46 W	0:08
9100	2:25	N 21:17 W	9098.37	9075:37	-75:24	60:45 N	47:42 W	76:83	N 38	6	42 W	0:20
9200	2:50	N 14:17 W	9198.28	9175:29	-79:33	64:40 N	40:68 W	80:73	N 37	5	5 W	0:38
9300	1:75	N 12:17 W	9298.22	9275:22	-82:94	68:01 N	49:52 W	84:13	N 36	3	40 W	0:75
9400	1:75	N 8:17 W	9398:17	9375:17	-85:87	71:02 N	50:06 W	86:89	N 35	10	55 W	0:12
9500	1:75	N 3:83 E	9498:12	9475:12	-88:65	74:06 N	50:18 W	89:46	N 34	7	6 W	0:37
9600	2:25	N 19:83 E	9598:06	9575:06	-91:38	77:47 N	49:47 W	91:91	N 32	33	35 W	0:74
9700	2:00	N 29:83 E	9697:99	9674:99	-93:70	80:83 N	47:91 W	93:96	N 30	39	29 W	0:45
9800	2:25	N 42:83 E	9797:92	9774:92	-95:39	83:81 N	45:72 W	95:47	N 28	36	53 W	0:54
9900	2:25	N 44:83 E	9897:85	9874:85	-96:72	86:64 N	43:00 W	96:72	N 26	23	49 W	0:08
10000	2:25	N 49:83 E	9997:77	9974:77	-97:82	89:30 N	40:12 W	97:89	N 24	11	29 W	0:20
10100	2:25	N 39:83 E	10097:69	10074:69	-99:08	92:08 N	37:35 W	99:37	N 22	4	48 W	0:39
10200	2:50	N 42:83 E	10197:61	10174:61	-100:65	95:19 N	34:61 W	101:29	N 19	58	60 W	0:28
10300	3:00	N 36:83 E	10297:49	10274:49	-102:59	98:87 N	31:54 W	103:78	N 17	41	38 W	0:58
10400	3:00	N 28:83 E	10397:35	10374:35	-105:26	103:27 N	20:71 W	107:18	N 15	32	8 W	0:42

PROJECTED SURVEY AT 10443 FT. MD.

10443	3:00	N 28:83 E	10440:29	10417:29	-106:55	105:24 N	27:62 W	108:80	N 14	42	25 W	0:00
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BOTTOM HOLE CLOSURE 108.80 FEET AT N 14 42 25 W

UNION PACIFIC RESOURCES COMPANY
 LEACHMAN-ROBINSON UNIT #1 ARI # 420513335
 AUSTIN CHALK FIELD BURLESON COUNTY TEXAS

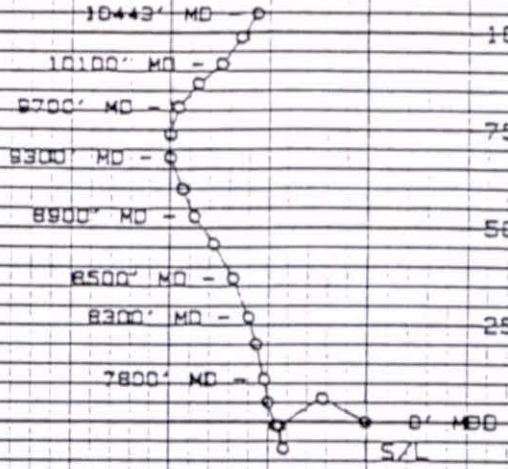
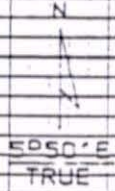
HORIZONTAL PLAN

01/18/93

SCALE 1" = 50'

125

PLANE OF PROPOSAL
 S-26° 24' E



100

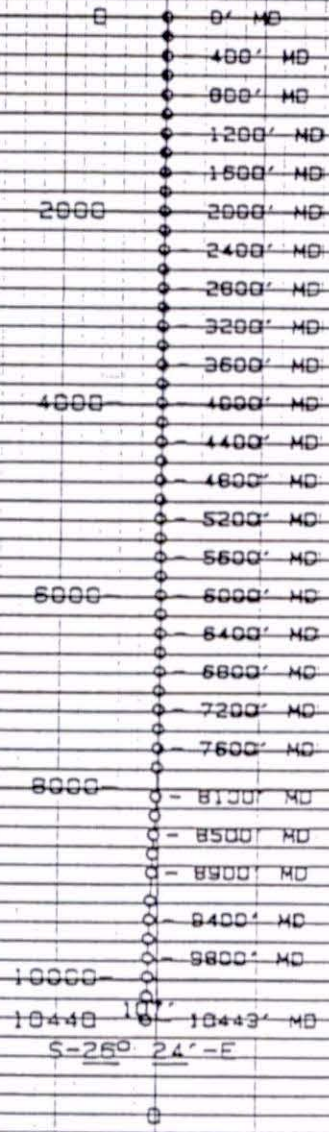
75

50

25

25

VERTICAL SECTION
 SCALE 1" = 2000'



50 25 0

B.H.L.
 109' N-14° 42' 30" W
 N-105.23' W-27.62'
 T.V.D. - 10440'
 M.D. - 10443'

46 0780

16 1/2" 10 X 10 X 10 THIRDS
 KLUTZ & ESSER CO. MADE IN U.S.A.

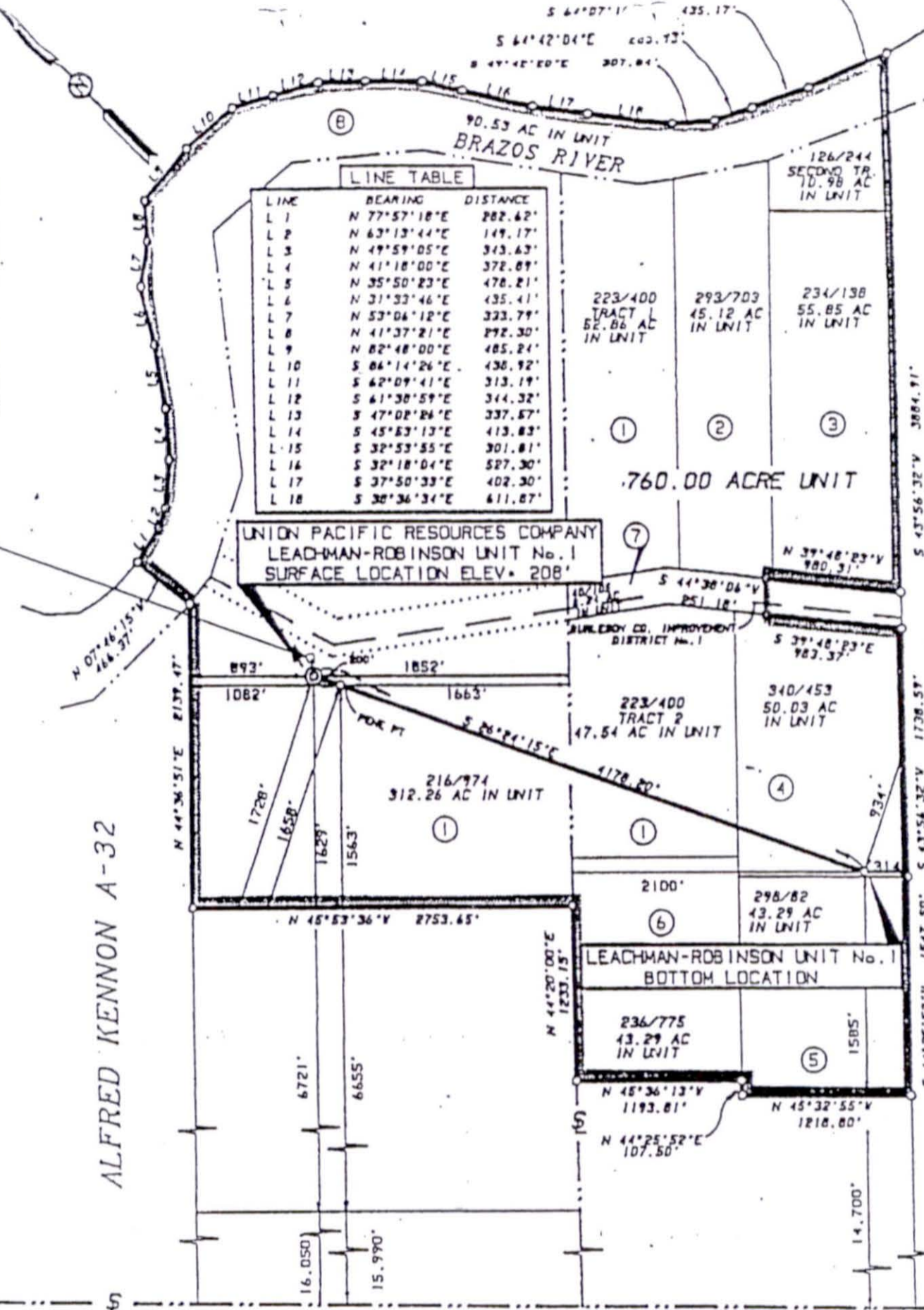
B.H.L. @ 10443 M.D. = 103,80' @ N 14° 42' 25" V
 OF SURFACE LOCATION, T.V.D. = 10443
 RUSTY CLARK SURVEY COMPANY INC.

Brent Lesane

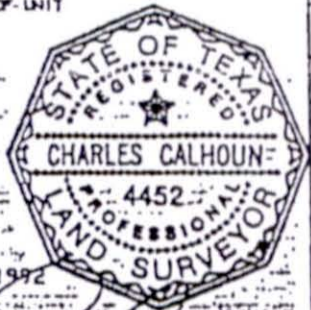
6103

ALFRED KENNON A-32

JAMES FISHER A-23



NOTES:
 1) BEARINGS BASED ON TRUE NORTH OBTAINED BY SOLAR OBSERVATION
 2) WELL IS LOCATED 9.2 MILES EAST SOUTHEAST OF BHOOK, TEXAS
 3) INDICATES LIMITS OF UNIT
 4) STATE PLANE COORDINATES
 SURFACE LOCATION
 X = 3,245,047 Y = 304,428
 BOTTOM LOCATION
 X = 3,247,044 Y = 302,748



SURVEYED DECEMBER 11, 1992

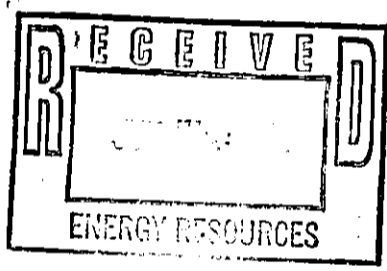
CHARLES H. CALHOUN R.P.L.S. No. 4452

WARREN L. SIMPSON PROFESSIONAL LAND SURVEYING
 7701 CAMERON ROAD SUITE No. 108 AUSTIN, TEXAS 78752
 PHONE (512) 452-1513

TRACT	ACRES IN UNIT	DESCRIPTION	DEED RECORDS
1	412.67	ROBERT D. LEACHMAN, et ux	216/974 223/400
2	45.12	DOROTHY H. LAVENDER	293/703
3	66.83	MARY D. SIEGERT, et al	234/138 126/244 SEC. TR.
4	50.03	D.V. ROBINSON	340/453
5	43.29	JOHN B. WILLIAMS, et ux	298/82
6	43.29	JOSEPH H. COX, et ux	236/775
7	8.24	STATE OF TEXAS	40/105 H-94914
8	90.53	STATE OF TEXAS	LEASE No. H-95040
760.00 ACRES TOTAL IN UNIT			

UNION PACIFIC RESOURCES COMPANY
LEACHMAN-ROBINSON UNIT No. 1
 ALFRED KENNON SURVEY, A-32
 BURLESON COUNTY, TEXAS
 SCALE 1" = 1000'

2000



(18) M-94914
Completion Reports Well #1
FIELD: 4-30-93

DETACH STATEMENT BEFORE DEPOSITING

SENECA RESOURCES CORPORATION

333 CLAY, SUITE 4150
HOUSTON, TX 77002

PLEASE SIGN AND RETURN THE ATTACHED WHITE RECEIPT

003504

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

LEASE DATE	LESSOR	PAYMENT FOR PERIOD		LEASE	
		FROM	TO	NUMBER	SUF
04/07/1992	STATE OF TEXAS M-94914	4/07/1994	4/07/1995	00102035	

In payment of:

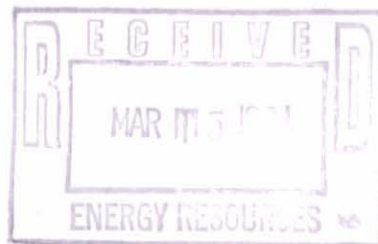
Tract	County/Parish	Status	Gross Acr.	Payment	Recording #
-------	---------------	--------	------------	---------	-------------

02 TX	BURLESON COUNTY	PAY DELAY RENTAL	17.36	86.80	V204 P833
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PROSPECT: 1169	N.E. CLAY PROSPECT
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P.O.U. see item #6

121



Total Amount Paid

~~86.80~~

94040974

** Payment made on behalf of SENECA RESOURCES GULF COAST DV and all others.

M-94914 (19)
Rental Pymt
3-15-94

372.04



Seneca Resources Corporation

a National Fuel Gas System company

RECEIVED
LEGAL SERVICES

JAN 13 1995

January 9, 1995

Mr. David Hall
General Land Office
Stephen F. Austin Bldg.
1700 N. Congress Avenue
Austin, Tx 78701

Re: State of Texas Lease
M-94914, dated 4/7/92
Burleson County, TX

Dear Mr. Hall:

Pursuant to our telephone conversations, I am hereby requesting a written interpretation of the captioned lease, insofar as it pertains to the expiration of that portion of same (± 17.36 acres) falling outside the Pecore-Siegert No. 1-H and the Leachman-Robinson Unit No. 1.

Numbered paragraph 2. Term provides that the 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." Numbered paragraph 7. Retained Acreage: (A) Vertical: states "In the event this lease is in force and effect two (2) years after the expiration date of the primary term or extended term it shall then terminate as to all of the leased premises, EXCEPT...". [Emphasis Added]

It is Seneca's contention that the lease, if it is otherwise held pursuant to the terms of the lease, remains effective as to the entirety of the acreage for two years beyond the expiration of the primary term without any further action on the part of Seneca other than to "exercise the due 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..." as cited in numbered paragraph 7.

The lease is absent other language to require payment of "pugh clause rentals" during the two year period after the primary term or any other language which provides for the loss of any of the lands covered by the lease prior to the aforesaid two-year period.

You referred me to Section 4.(f) of the pooling agreement for the Pecore-Siegert No. 1-H Unit. Said provision provides "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 described in Exhibit 'B' only as provided in each such lease without regard to unit operations or unit production. Neither production of the pooled mineral, nor unit operations serve to hold any State Lease in force as to any area outside the unitized area described in Exhibit 'B' regardless...".

The first sentence of Section 4.(f) clearly allows that a State Lease may be held as to areas outside the unit as provided in the lease. The lease says that it is good for three (3) years and as long as oil or gas is produced in paying quantities, subject to the requirement to retain only that portion in units after a two year period beyond the expiration of the primary term. The second sentence of Section 4.(f) also ties to paragraph 7.(A) of the lease in that it sets forth that only the portion of the leased area inside the unit is held by same. further, there is no language in the pooling agreement that amends, overrides or conflicts with the terms of the lease.

For the above stated reasons, Seneca feels that the non-pooled acreage of the lease will be maintained in accordance with the lease terms for a period of two (2) years beyond the expiration date of the primary term.

Please consider Seneca's interpretation and provide it with a written opinion as to whether the non-pooled acreage can be maintained or if it will expire at the end of the primary term.

Pursuant to our telephone conversation of January 9, 1995, it is requested that you also advise the State's interpretation of paragraphs 10. and 12. (copies enclosed). Specifically, is there a mechanism in either the lease (Form Revised 03/92) or the NRC, as amended which provides for an extension of the undeveloped portion of the lease when a portion thereof is included in a unit? Paragraph 12. seems to address only an undeveloped lease and paragraph 10. addresses a scenario where production has ceased. Neither of these cases fits the aforesaid situation.

Your cooperation and early response will be greatly appreciated. Please feel free to call me should you have any questions.

Yours very truly,



Dennis F. Sharp

DFS/jt

Enclosures

JUL 23 1992

The State of Texas



U 4023

Austin, Texas

3501

OIL AND GAS LEASE
NO. H-94914

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 JAMES FISHER SURVEY, A-23, BURLESON COUNTY, TEXAS, BEING 37.00 ACRES, APPROXIMATELY, AS DESCRIBED BY METES AND BOUNDS IN A DEED TO THE BURLESON COUNTY IMPROVEMENT DISTRICT NO. 1, OF RECORD IN VOLUME 40, PAGE 105 AND VOLUME 40, PAGE 106, 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 SENECA RESOURCES CORPORATION whose address is 333 Clay Street, Suite 4150, Houston, Texas 77002 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 Eleven Thousand Three Hundred Fifty-nine and No/100 Dollars (\$11,359.00), 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:

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(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.

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(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 to 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 so 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 each tank or header shall be legibly identified at all times, either by a firmly attached tag or plate or an identification properly attached 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.

[Handwritten Signature]
COMMISSIONER OF THE GENERAL LAND OFFICE
OF THE STATE OF TEXAS
APPROVED
Legal
Geology
Executive
[Signature]

FILED FOR RECORD
At 9:00 o'clock A.M.
JUL 13 1992
Evelyn M. Henry
EVELYN M. HENRY
COUNTY CLERK, BURLISON COUNTY, TEXAS

THE STATE OF TEXAS
COUNTY OF BURLISON

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 13 DAY OF July, 19 92, AT 9:00 O'CLOCK A.M., AND DULY RECORDED ON 20 DAY OF July, 19 92, AT 4:00 O'CLOCK P.M., IN THE Oil & Gas Lease RECORD OF SAID COUNTY, IN VOL. 204, PAGE 833-839

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. Schilack*

EVELYN M. HENRY
COUNTY CLERK

D 4023

FILED FOR RECORD BY
at 1:00 o'clock ... H...
MAY 13 1992
Evelyn M. Henry

Seneca Resources Corporation
333 CLAY, SUITE 4150 • HOUSTON, TEXAS 77002

8/17.0
21

(23) Ltr from Sewell
M. 94914

GENERAL LAND OFFICE

GARRY MAURO
COMMISSIONER

MEMORANDUM

DATE: January 27, 1995

TO: File M-94914
FROM: J.D. Hall *JDA*
SUBJECT: Expiring acreage outside of unit boundary.

Background:

Dennis Sharp was initially told by Tracey T. Throckmorton that the acreage outside the unit would expire at the end of the primary term. I later contacted Mr. Sharp and confirmed what Ms. Trockmorton had earlier relayed to Mr. Sharp.

Result:

The outside acreage was nominated for the April 1995 lease sale and Seneca Resources Corporation will execute a release of the acreage. The lease must be released prior to the sale date April 4th as the primary term of M-94914 does not expire until April 7th. date is scheduled for the 4th.

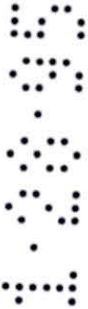
24 Repone
M-94914



Seneca Resources Corporation

a National Fuel Gas System company

January 25, 1995



Ms. Tracey Throckmorton
General Land Office
Stephen F. Austin Building
1700 N. Congress Avenue
Austin, Texas

Re: Partial Release of Lease/Nomination Fee
State of Texas M-94914
Burleson County, Texas

Dear Tracey:

Pursuant to our many telephone conversations, enclosed is a Partial Release of Oil, Gas and Mineral Lease, effective April 3, 1995, of the captioned lease. This partial release is provided in order to have the lands being released therein placed in the April 4, 1995 lease sale publication.

Also enclosed is Seneca's check #066309, dated January 19, 1995, in the amount of Two hundred dollars (\$200.00) to cover the nomination fees for the two levee tracts we have been discussing.

Thank you for your assistance and cooperation. Your courteous and cooperative approach is very much appreciated.

Yours very truly,

SENECA RESOURCES CORPORATION

Dennis F. Sharp, Consultant

(25)

MF 94914
ITEM LUR
TO _____
FROM Seneca Res. Corp.
DATE 1-28-95

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2
2
2
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PARTIAL RELEASE OF OIL, GAS AND MINERAL LEASE

STATE OF TEXAS

§

KNOW ALL MEN BY THESE PRESENTS

COUNTY OF BURLESON

§

§


THAT, Seneca Resources Corporation, a Pennsylvania corporation, whose address is 333 Clay, Suite 4150, Houston, Texas 77002, does hereby relinquish, surrender, and forever quitclaim to the hereinafter named Lessor, its successors and assigns, any and all right, title and interest whatsoever presently owned by the undersigned in and to the lands described in and covered by virtue of the following described Oil and Gas Lease, to wit:

Oil and Gas Lease, dated effective April 7, 1992, by and between Gary Mauro, Commissioner of the General Land Office of the State of Texas, as Lessor, and Seneca Resources Corporation, as Lessee, and recorded in Volume 204, Page 833, et seq. of the Official Records of Burleson County, Texas, INsofar AND ONLY INsofar as said lands fall outside the boundaries of the Pecore-Seigert 1-H Unit, as amended, recorded in Volume 214, Page 259, et seq. of the Official Records of Burleson County, Texas and the Leachman-Robinson Unit No. 1, recorded in Volume 212, Page 570, et seq. of the Official Records of Burleson County, Texas.

IN WITNESS WHEREOF, the undersigned owner has signed this instrument this 24th day of January, 1995, but effective for all purposes on April 3, 1995.

SENECA RESOURCES CORPORATION

By:

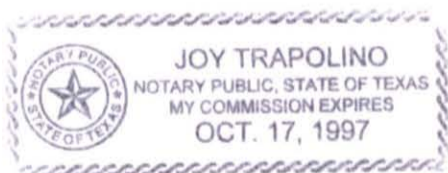

Emmett Wassell


General Manager, Gulf Coast Division

STATE OF TEXAS

COUNTY OF HARRIS

This instrument was acknowledged before me on this the 24 day of January, 1995, by EMMETT WASSELL, General Manager, Gulf Coast Division of SENECA RESOURCES CORPORATION, a Pennsylvania corporation, on behalf of said corporation.




Notary Public in and for
The State of Texas

26.

MF 94914
ITEM Release
TO _____
FROM _____
DATE 1-28-95

26



Texas General Land Office
Garry Mauro, Commissioner

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

JANUARY 31, 1995

DENNIS F. SHARP
SENECA RESOURCES CORPORATION
333 CLAY STREET, SUITE 4150
HOUSTON, TEXAS 77002

**Re: Partial Release of State Lease M-94914
Burleson County, Texas**

Dear Mr. Sharp:

Thank you for your recent letter covering the captioned lease.

The certified copy of the release has been filed in our records.

Sincerely,

Mary Helen Silva
Gas Contract Administrator
Energy Resources
(512) 475-1532

MHS/mhs

27.

MF 94914
ITEM LHR
TO Seneca Res Corp.
FROM _____
DATE 1-31-95



Texas General Land Office
Garry Mauro, Commissioner

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

May 2, 1995

Seneca Resources Corporation
333 Clay Street, Suite 4150
Houston, Tx 77002-4176
Jeanette Rossi

**Re: Mineral File No. M-094914 & M-095040
Pecore-Seigert No. 1-H Gas Unit**

Dear Ms. Rossi:

We have received the amended division order submitted by your company for the above referenced lease and made the necessary changes in our files. Please be sure to reference this mineral file number in all future royalty payments, reports and correspondence concerning the lease.

The payment of royalties to the State of Texas is set by statute. As the execution of the division order may, in some cases, effect 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 acquiesces 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) 475-1462.

Sincerely,

Lillie Gamble
Accounts Examiner
Royalty and Revenue Processing
Energy Resources

/LRG

Enclosures



Seneca Resources Corporation

a National Fuel Gas System company

03-144909

April 12, 1995

State of Texas
c/o Commissioner of the General Land Office
1700 N. Congress Avenue
Austin, Texas 78701
Attention: Ms. Lillie Gamble

Re: Pecore-Siegert No. 1-H
N.E. Clay Prospect
Burlson County, Texas

Dear Ms. Gamble:

Pursuant to your memorandum dated November 4, 1994 to Marion Smith of our office and our telephone conversations, please note that Seneca confirms that the captioned well was placed on line February 18, 1993, within twelve (12) months after the initial lease date of two State of Texas leases placed into the Pecore Siegert 1-H Unit. Therefore, pursuant to paragraph 4(E) of State of Texas lease No. M94914 dated effective April 7, 1992 leased to Seneca Resources Corporation and State of Texas lease No. M91940 dated effective 8/4/92 leased to UPRC, the State of Texas royalty has been reduced from 25% to 20% effective from first production.

ut 2166
95040 ->

Therefore, please find enclosed an original and a copy of a division order reflecting the decrease of the royalty of the State of Texas from 25% to 20% and a proportionate increase to the working interest owners on condensate and the gas marketed by Seneca, effective from first production. If you find this document to be in order, please note this change in your files. If you have any questions or require additional information, please do not hesitate to contact me at 713-654-2624.

Sincerely,

SENECA RESOURCES CORPORATION

Jeanette Rossi
Jeanette Rossi
Division Order Analyst

Enclosures

5-1-95

Jeanette put this in error, should be M 95040. She's working a separate letter to E. Moore for the lease operated by UPRC, although, M95040 tract report is submitted by UPRC on Unit 2166. Eugene's Unit # is a different lease J2565 Unit name.

Lillie

Date of Preparation: March 10, 1995

AMENDED
OIL AND GAS DIVISION ORDER
SENECA RESOURCES CORPORATION

TO: SENECA RESOURCES CORPORATION
333 Clay Street, Suite 4150
Houston, Texas 77002

EFFECTIVE: First Production

Each of the undersigned hereby certify and warrant that they are the legal owners of the interest set out opposite his, her or its name on Exhibit "A" attached hereto and made a part hereof, and that the interest is his, her or its correct and entire ownership and interest, whether royalty, mineral or otherwise, in the oil produced from and in the proceeds of the gas sold from or used off the leases or units known as:

<u>Well No.</u>	<u>Well Name</u>	<u>County/State</u>
1169-410	Pecore-Siegert No. 1-H Gas Unit	Burleson, Texas

Until further written notice, either from you to the undersigned or from the undersigned to you, you are hereby authorized to receive such oil and/or gas into your possession, or the possession of any person or company designated by you, the same to be run and measured in accordance with the customary pipeline rules and regulations, including those of the governmental agency having recognized jurisdiction over or control of the production and handling of oil and/or gas in such area, and to account for the proceeds received by you from the sale of such oil and/or gas according to the aforementioned Division of Interest Schedule.

The following covenants are also part of this division order and shall be binding upon the undersigned, his, her or its heirs, devisees, legal representatives, successors and assigns:

1. The word "OIL" as used herein is hereby declared to include all liquid hydrocarbons purchased hereunder, and the word "GAS" as used herein is hereby declared to include all gaseous substances, including oil well gas (casinghead gas).
2. The oil run hereunder shall, on the terms herein stated, become your property immediately upon being received into your possession or the possession of your designated nominee; and you agree to receive the oil hereunder and, subject to the further provisions hereof, to pay the respective owners therefor according to the division of interest herein indicated, either at the posted per barrel (42 gallons) field price for similar crude prevailing for the field where produced on the date of each respective run, or, if the oil is purchased by a nominee, the price to be paid shall be the same price received by Company from such nominee, and, in the absence of a pipeline connection, all prices are subject to deduction of barging or trucking costs and the applicable transportation tax thereof. You, your designated carrier or purchaser, may treat or steam unmerchantable oil before acceptance thereunder, and the expense therefor may be withheld.
3. The price to be paid for gas received hereunder shall be based on the amount realized from such sales. Prior to computing any royalties or other interest hereunder, you are authorized hereby to deduct any and all federal, state or local taxes imposed on or incident to the severance, production, gathering, processing and marketing of gas, all costs of treating such gas to make it merchantable and all costs which you have incurred in transporting such to any purchaser.
4. If a refund of a portion of the proceeds derived from the sale of gas may be required under any order, rule or regulation of the Federal Energy Regulatory Commission or the provisions of the Natural Gas Policy Act of 1978 or any amendments thereto, Seneca Resources Corporation ("Company") may hold without interest the portion of the proceeds subject to refund until indemnity satisfactory to Company has been furnished, or until Company's refund obligation has been finally determined. If at any time a refund of a portion of the proceeds derived from the sale of gas which has been paid, the undersigned is required under any order, rule or regulation of the Federal Energy Regulatory Commission or the provisions of the Natural Gas Policy Act of 1978 or any amendments thereto, Company may recover said refund by deduction from future payments or, at Company's discretion, may invoice the undersigned for that portion applicable to the undersigned's interest, plus the legal rate of interest Company is required to pay applicable to the undersigned's portion of the refund.
5. The undersigned hereby adopt, ratify, and confirm each oil and gas lease, unit designation or agreement, and gas sales or processing agreement, and all amendments thereof, under which the production covered hereby is produced, processed and sold. In the event all or any portion of the land described herein or any formation underlying same be included in one or more units now or hereafter formed or revised by order of any appropriate governmental authority or in one or more duly authorized voluntary units now or hereafter formed or revised, it is agreed that this division order shall be subject to such unit or units so formed or revised and that settlements shall be made in accordance with the production allocated to said tract or formation without requiring the execution of additional division orders.
6. Settlement shall be made monthly by Company's check mailed to each of the undersigned at the address indicated. However, if the proceeds for any one month amount to less than \$25.00, Company is hereby authorized to accumulate the total and make settlement in the month the total reached \$25.00 or on December 31 of each year, whichever occurs first.
7. The undersigned hereby warrant and guarantee the title to the interest credited to him, her or it herein. In the event there is any adverse claim of title to the production affected hereby or any part thereof as to the interest of the undersigned in the lands from which such production is obtained, the undersigned agrees that you may hold the proceeds of such production attributable to such interest, without interest, until evidence of good title satisfactory to you has been furnished, or such dispute as to the ownership has been settled, or until the undersigned furnishes indemnity satisfactory to Company. In the event any action or suit is filed in any court affecting title to the interest of an owner herein, or to the gas run to the credit of such interest, written notice of the filing of such suit or action shall be immediately furnished you by the owner of such interest, stating the court in which the same is filed and the title of such suit or action.
8. Any of the undersigned executing this division order as a lien holder agree that you are authorized to make payment direct to the owner of the royalty or other interest subject to the lien of all proceeds accruing to such owner's interest and waives any rights thereto until you are furnished written notice to the contrary.
9. Seneca Resources Corporation is hereby relieved of any responsibility for determining when any of the interest hereinabove set forth shall revert to other parties as a result of the completion or discharge of money or other payments from said interest and the signers hereof whose interests are affected by such money or other payments, if any agree to deliver to Seneca Resources Corporation notice in writing, at the above address, when any such money or other payments have been completed or discharged or when any other division of interest than that set forth above shall, for any reason, become effective and to furnish transfer orders accordingly, and that in the event such notice shall not be delivered to Seneca Resources Corporation, it shall be held harmless in the event of, and is hereby released from, any and all damage or loss which might arise out of any overpayment.

COPY

10. Until you actually receive notice in writing at the above address of any change in ownership or transfer or of any increase or decrease in the amount of character of any owner's interest (whether or not now provided for in any recorded instrument heretofore furnished to you), together with certified copies of properly recorded instruments in evidence thereof, you may continue to make payments for oil and/or gas sold on the basis of the ownership set forth in said Division of Interest Schedule, and you shall be held harmless from any loss arising out of any overpayment as a result of failure to receive written notice of any such change in ownership, transfer or difference in interest. Any such change in ownership or transfer of any increase or decrease in the amount of character of any owner's interest shall be made subject to this division order and shall be effective (insofar as payments made hereunder are concerned) at 7:00 o'clock A.M. on the first day of a calendar month, and shall not, as to you, be effective as to runs earlier than 7:00 o'clock A.M. of the first day of the calendar month during which you receive notice of such change, transfer or difference.
11. This division order may be terminated by you or by any one or more of the undersigned (as to his, her or its interests) as to any future sales or deliveries of oil and/or gas from said lease provided that no such termination shall affect any rights given you or any of the undersigned under the terms hereof as to sales or deliveries of oil and/or gas theretofore made, or as to sums theretofore paid hereunder, and provided further, that no such termination by any of the undersigned shall be effective as to you until thirty days after written notice thereof has been received by you at the above address. Consent is hereby given to you and/or any pipeline company which you may cause to connect with said well, to disconnect and remove such pipelines in case of termination by either you or us to purchase under this division order.
12. In the event the undersigned's interest is subject to an operating agreement or other like agreement relative to the oil and gas operations on the lease(s) described herein and there is a conflict with any of the provisions contained herein, the terms and conditions of such operating agreement shall control.

All of the provisions herein contained shall apply to each of the undersigned separately and not jointly. This division order may be executed in multiple counterparts and shall be binding on each party as soon as signed by such party regardless of whether or not the same is signed by any other party.

WITNESSES:

By _____

SS/Tax No. _____

Address: _____

Phone _____

Date Signed _____

By _____

SS/Tax No. _____

Address: _____

Phone _____

Date Signed _____

PLEASE SIGN YOUR NAME EXACTLY AS SHOWN ON THE INTEREST SCHEDULE
AND ENTER YOUR SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER
IN THE SPACE PROVIDED.

REASON FOR AMENDMENT: Per paragraph 4(E) of Seneca State Lease M-94914 and UPRC State Lease M-94940, State of Texas royalty decreases from 25% to 20% if a well is drilled and placed on line within 12 months of the effective date of the lease. M-94914 effective lease date is 4/7/92, M-94940 effective lease date is 8/4/92. The sales from the Pecore-Siegert were commenced 2/18/93.

EXHIBIT "A"

Division Order Number: 1169-410
 Well Name: Pecore-Siegert No. 1-H Gas Unit
 Prospect Name: N. E. Clay

704 Acres described in that certain Designation of Unit dated January 29, 1993, recorded in Volume 211, Page 487, Oil and Gas Records, Burleson County, Texas, LIMITED HOWEVER, to the Austin Chalk formation as found between 11,070 feet and 11,650 feet as shown on the Dual Induction-SFL Log of the Seneca Resources Wilkins No. 5 Well.

Tract Factor = $1/.8785 = 1.1383039$

Owner No.:	Credit To:	TYPE	GAS		OIL	
			INTEREST	TIMES TRACT FACTOR	INTEREST	
8501	State of Texas c/o Commissioner of the General Land 1700 N. Congress Avenue Austin, TX 78701	1/5 of 11.98/704 * 1/5 of 97.51/704	RI	0.0034034	0.0038741	0.0277017
999001	Seneca Resources Corporation P.O. Box 299102 Houston, TX 77299 25-0640445	(85%/87.85% of 4/5 of 11.98/704, plus 85%/87.85% of 78.125% of 424.41/704, plus 85%/87.85% of 76.875% of 182.08/704)	NRI	0.6612410	0.7526932	0.6612410
7305	Union Pacific Resources Company P.O. Box 842511 Dallas, TX 75284-3169 73-0739973	(1.14%/87.85% of 4/5 of 11.98/704, plus 1.14%/87.85% of 78.125% of 424.41/704, plus 1.14%/87.85% of 76.875% of 182.08/704)	NRI	0.0088686	0.0100952	0.0477492
		(1.14%/87.85% of 4/5 of 11.98/704, plus 1.14%/87.85% of 78.125% of 424.41/704, plus 1.14%/87.85% of 76.875% of 182.08/704, plus 40% of 80% of 85.53/704)				

Owner No.:	Credit To:		TYPE	GAS		OIL
				INTEREST	TIMES TRACT FACTOR	INTEREST
12533	Sinclair Oil Corporation P.O. Box 30825 Salt Lake City, UT 84130-0825 83-0230188	(1.14%/87.85% of 4/5 of 11.98/704, plus 1.14%/87.85% of 78.125% of 424.41/704, plus 1.14%/87.85% of 76.875% of 182.08/704)	NRI	0.0088686	0.0100952	
		(1.14%/87.85% of 4/5 of 11.98/704, plus, 1.14%/87.85% of 78.125% of 424.41/704, plus 1.14%/87.85% of 76.875% of 182.08/704, plus 40% of 80% of 85.53/704)				0.0477492
11532	Nuevo Energy Company P.O. Box 201629 Houston, TX 77216-1629 76-0304436	(.38%/87.85% of 4/5 of 11.98/704, plus .38%/87.85% of 78.125% of 424.41/704, plus .38%/87.85% of 76.875% of 182.08/704)	NRI	0.0029561	0.0033650	
		(.38%/87.85% of 4/5 of 11.98/704, plus .38%/87.85% of 78.125% of 424.41/704, plus .38%/87.85% of 76.875% of 182.08/704, plus 13.33% of 80% of 85.53/704)				0.0159132
12535	Torch Energy Associates P.O. Box 201629 Houston, TX 77216-1629 76-0033731	(.19%/87.85% of 4/5 of 11.98/704, plus .19%/87.85% of 78.125% of 424.41/704, plus .19%/87.85% of 76.875% of 182.08/704)	NRI	0.0014780	0.0016824	
		(.19%/87.85% of 4/5 of 11.98/704, plus .19%/87.85% of 78.125% of 424.41/704, plus .19%/87.85% of 76.875% of 182.08/704, plus 6.67% of 80% of 85.53/704)				0.0079614
	Balancing Interest			0.6868157	0.7818051	0.8083157
				0.1916843	0.2181949	0.1916843
				0.8785000	1.0000000	1.0000000

Date of Preparation: March 10, 1995

AMENDED
OIL AND GAS DIVISION ORDER
SENECA RESOURCES CORPORATION

TO: SENECA RESOURCES CORPORATION
333 Clay Street, Suite 4150
Houston, Texas 77002

EFFECTIVE: First Production

Each of the undersigned hereby certify and warrant that they are the legal owners of the interest set out opposite his, her or its name on Exhibit "A" attached hereto and made a part hereof, and that the interest is his, her or its correct and entire ownership and interest, whether royalty, mineral or otherwise, in the oil produced from and in the proceeds of the gas sold from or used off the leases or units known as:

<u>Well No.</u>	<u>Well Name</u>	<u>County/State</u>
1169-410	Pecore-Siebert No. 1-H Gas Unit	Burleson, Texas

Until further written notice, either from you to the undersigned or from the undersigned to you, you are hereby authorized to receive such oil and/or gas into your possession, or the possession of any person or company designated by you, the same to be run and measured in accordance with the customary pipeline rules and regulations, including those of the governmental agency having recognized jurisdiction over or control of the production and handling of oil and/or gas in such area, and to account for the proceeds received by you from the sale of such oil and/or gas according to the aforementioned Division of Interest Schedule.

The following covenants are also part of this division order and shall be binding upon the undersigned, his, her or its heirs, devisees, legal representatives, successors and assigns:

1. The word "OIL" as used herein is hereby declared to include all liquid hydrocarbons purchased hereunder, and the word "GAS" as used herein is hereby declared to include all gaseous substances, including oil well gas (casinghead gas).
2. The oil run hereunder shall, on the terms herein stated, become your property immediately upon being received into your possession or the possession of your designated nominee; and you agree to receive the oil hereunder and, subject to the further provisions hereof, to pay the respective owners therefor according to the division of interest herein indicated, either at the posted per barrel (42 gallons) field price for similar crude prevailing for the field where produced on the date of each respective run, or, if the oil is purchased by a nominee, the price to be paid shall be the same price received by Company from such nominee, and, in the absence of a pipeline connection, all prices are subject to deduction of barging or trucking costs and the applicable transportation tax thereof. You, your designated carrier or purchaser, may treat or steam unmerchantable oil before acceptance thereunder, and the expense therefor may be withheld.
3. The price to be paid for gas received hereunder shall be based on the amount realized from such sales. Prior to computing any royalties or other interest hereunder, you are authorized hereby to deduct any and all federal, state or local taxes imposed on or incident to the severance, production, gathering, processing and marketing of gas, all costs of treating such gas to make it merchantable and all costs which you have incurred in transporting such to any purchaser.
4. If a refund of a portion of the proceeds derived from the sale of gas may be required under any order, rule or regulation of the Federal Energy Regulatory Commission or the provisions of the Natural Gas Policy Act of 1978 or any amendments thereto, Seneca Resources Corporation ("Company") may hold without interest the portion of the proceeds subject to refund until indemnity satisfactory to Company has been furnished, or until Company's refund obligation has been finally determined. If at any time a refund of a portion of the proceeds derived from the sale of gas which has been paid, the undersigned is required under any order, rule or regulation of the Federal Energy Regulatory Commission or the provisions of the Natural Gas Policy Act of 1978 or any amendments thereto, Company may recover said refund by deduction from future payments or, at Company's discretion, may invoice the undersigned for that portion applicable to the undersigned's interest, plus the legal rate of interest Company is required to pay applicable to the undersigned's portion of the refund.
5. The undersigned hereby adopt, ratify, and confirm each oil and gas lease, unit designation or agreement, and gas sales or processing agreement, and all amendments thereof, under which the production covered hereby is produced, processed and sold. In the event all or any portion of the land described herein or any formation underlying same be included in one or more units now or hereafter formed or revised by order of any appropriate governmental authority or in one or more duly authorized voluntary units now or hereafter formed or revised, it is agreed that this division order shall be subject to such unit or units so formed or revised and that settlements shall be made in accordance with the production allocated to said tract or formation without requiring the execution of additional division orders.
6. Settlement shall be made monthly by Company's check mailed to each of the undersigned at the address indicated. However, if the proceeds for any one month amount to less than \$25.00, Company is hereby authorized to accumulate the total and make settlement in the month the total reached \$25.00 or on December 31 of each year, whichever occurs first.
7. The undersigned hereby warrant and guarantee the title to the interest credited to him, her or it herein. In the event there is any adverse claim of title to the production affected hereby or any part thereof as to the interest of the undersigned in the lands from which such production is obtained, the undersigned agrees that you may hold the proceeds of such production attributable to such interest, without interest, until evidence of good title satisfactory to you has been furnished, or such dispute as to the ownership has been settled, or until the undersigned furnishes indemnity satisfactory to Company. In the event any action or suit is filed in any court affecting title to the interest of an owner herein, or to the gas run to the credit of such interest, written notice of the filing of such suit or action shall be immediately furnished you by the owner of such interest, stating the court in which the same is filed and the title of such suit or action.
8. Any of the undersigned executing this division order as a lien holder agree that you are authorized to make payment direct to the owner of the royalty or other interest subject to the lien of all proceeds accruing to such owner's interest and waives any rights thereto until you are furnished written notice to the contrary.
9. Seneca Resources Corporation is hereby relieved of any responsibility for determining when any of the interest hereinabove set forth shall revert to other parties as a result of the completion or discharge of money or other payments from said interest and the signers hereof whose interests are affected by such money or other payments, if any agree to deliver to Seneca Resources Corporation notice in writing, at the above address, when any such money or other payments have been completed or discharged or when any other division of interest than that set forth above shall, for any reason, become effective and to furnish transfer orders accordingly, and that in the event such notice shall not be delivered to Seneca Resources Corporation, it shall be held harmless in the event of, and is hereby released from, any and all damage or loss which might arise out of any overpayment.

ORIGINAL

10. Until you actually receive notice in writing at the above address of any change in ownership or transfer or of any increase or decrease in the amount of character of any owner's interest (whether or not now provided for in any recorded instrument heretofore furnished to you), together with certified copies of properly recorded instruments in evidence thereof, you may continue to make payments for oil and/or gas sold on the basis of the ownership set forth in said Division of Interest Schedule, and you shall be held harmless from any loss arising out of any overpayment as a result of failure to receive written notice of any such change in ownership, transfer or difference in interest. Any such change in ownership or transfer of any increase or decrease in the amount of character of any owner's interest shall be made subject to this division order and shall be effective (insofar as payments made hereunder are concerned) at 7:00 o'clock A.M. on the first day of a calendar month, and shall not, as to you, be effective as to runs earlier than 7:00 o'clock A.M. of the first day of the calendar month during which you receive notice of such change, transfer or difference.
11. This division order may be terminated by you or by any one or more of the undersigned (as to his, her or its interests) as to any future sales or deliveries of oil and/or gas from said lease provided that no such termination shall affect any rights given you or any of the undersigned under the terms hereof as to sales or deliveries of oil and/or gas theretofore made, or as to sums theretofore paid hereunder, and provided further, that no such termination by any of the undersigned shall be effective as to you until thirty days after written notice thereof has been received by you at the above address. Consent is hereby given to you and/or any pipeline company which you may cause to connect with said well, to disconnect and remove such pipelines in case of termination by either you or us to purchase under this division order.
12. In the event the undersigned's interest is subject to an operating agreement or other like agreement relative to the oil and gas operations on the lease(s) described herein and there is a conflict with any of the provisions contained herein, the terms and conditions of such operating agreement shall control.

All of the provisions herein contained shall apply to each of the undersigned separately and not jointly. This division order may be executed in multiple counterparts and shall be binding on each party as soon as signed by such party regardless of whether or not the same is signed by any other party.

WITNESSES:

By _____

SS/Tax No. _____

Address: _____

Phone _____

Date Signed _____

By _____

SS/Tax No. _____

Address: _____

Phone _____

Date Signed _____

PLEASE SIGN YOUR NAME EXACTLY AS SHOWN ON THE INTEREST SCHEDULE
AND ENTER YOUR SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER
IN THE SPACE PROVIDED.

REASON FOR AMENDMENT: Per paragraph 4(E) of Seneca State Lease M-94914 and UPRC State Lease M-94940, State of Texas royalty decreases from 25% to 20% if a well is drilled and placed on line within 12 months of the effective date of the lease. M-94914 effective lease date is 4/7/92, M-94940 effective lease date is 8/4/92. The sales from the Pecore-Siegert were commenced 2/18/93.

EXHIBIT "A"

Division Order Number: 1169-410
 Well Name: Pecore-Siegert No. 1-H Gas Unit
 Prospect Name: N. E. Clay

704 Acres described in that certain Designation of Unit dated January 29, 1993, recorded in Volume 211, Page 487, Oil and Gas Records, Burtleson County, Texas, LIMITED HOWEVER, to the Austin Chalk formation as found between 11,070 feet and 11,650 feet as shown on the Dual Induction-SFL Log of the Seneca Resources Wilkins No. 5 Well.

Tract Factor = 1/.8785 = 1.1383039

Owner No.:	Credit To:	TYPE	GAS		OIL
			INTEREST	TIMES TRACT FACTOR	INTEREST
3501	State of Texas c/o Commissioner of the General Land 1700 N. Congress Avenue Austin, TX 78701	1/5 of 11.98/704 1/5 of 97.51/704	0.0034034	0.0038741	0.0277017
999001	Seneca Resources Corporation P.O. Box 299102 Houston, TX 77299 25-0640445	(85%/87.85% of 4/5 of 11.98/704, plus 85%/87.85% of 78.125% of 424.41/704, plus 85%/87.85% of 76.875% of 182.08/704) (85%/87.85% of 4/5 of 11.98/704, plus 85%/87.85% of 78.125% of 424.41/704, plus 85%/87.85% of 76.875% of 182.08/704)	0.6612410	0.7526932	0.6612410
7305	Union Pacific Resources Company P.O. Box 842511 Dallas, TX 75284-3169 73-0739973	(1.14%/87.85% of 4/5 of 11.98/704, plus 1.14%/87.85% of 78.125% of 424.41/704, plus 1.14%/87.85% of 76.875% of 182.08/704) (1.14%/87.85% of 4/5 of 11.98/704, plus 1.14%/87.85% of 78.125% of 424.41/704, plus 1.14%/87.85% of 76.875% of 182.08/704, plus 40% of 80% of 85.53/704)	0.0088686	0.0100952	0.0477492

Owner No.:	Credit To:		TYPE	GAS		OIL
				INTEREST	TIMES TRACT FACTOR	INTEREST
12533	Sinclair Oil Corporation P.O. Box 30825 Salt Lake City, UT 84130-0825 83-0230188	(1.14%/87.85% of 4/5 of 11.98/704, plus 1.14%/87.85% of 78.125% of 424.41/704, plus 1.14%/87.85% of 76.875% of 182.08/704)	NRI	0.0088686	0.0100952	
		(1.14%/87.85% of 4/5 of 11.98/704, plus 1.14%/87.85% of 78.125% of 424.41/704, plus 1.14%/87.85% of 76.875% of 182.08/704, plus 40% of 80% of 85.53/704)				0.0477492
11532	Nuevo Energy Company P.O. Box 201629 Houston, TX 77216-1629 76-0304436	(.38%/87.85% of 4/5 of 11.98/704, plus .38%/87.85% of 78.125% of 424.41/704, plus .38%/87.85% of 76.875% of 182.08/704)	NRI	0.0029561	0.0033650	
		(.38%/87.85% of 4/5 of 11.98/704, plus .38%/87.85% of 78.125% of 424.41/704, plus .38%/87.85% of 76.875% of 182.08/704, plus 13.33% of 80% of 85.53/704)				0.0159132
12535	Torch Energy Associates P.O. Box 201629 Houston, TX 77216-1629 76-0033731	(.19%/87.85% of 4/5 of 11.98/704, plus .19%/87.85% of 78.125% of 424.41/704, plus .19%/87.85% of 76.875% of 182.08/704)	NRI	0.0014780	0.0016824	
		(.19%/87.85% of 4/5 of 11.98/704, plus .19%/87.85% of 78.125% of 424.41/704, plus .19%/87.85% of 76.875% of 182.08/704, plus 6.67% of 80% of 85.53/704)				0.0079614
	Balancing Interest			0.6868157	0.7818051	0.8083157
				0.1916843	0.2181949	0.1916843
				<u>0.8785000</u>	<u>1.0000000</u>	<u>1.0000000</u>

28

M. 94914
Division Order
File Dated MAY 02 1995

ENERGY RESOURCES

OIL & GAS REGULATORY CONSULTANTS
Patricia A. Rygg

2205 Big Horn Drive
Austin, Texas 78734
(512)266-3066
Fax (512) 266-3018

January 4, 1996

Texas Railroad Commission
District 03
13201 Northwest Freeway, Suite 701
Houston, TX 77040

*MF-94914
and
MF-95040*

RE: GAS WELL COMPLETION PAPERS
Seneca Resources Corporation
A. Smith Unit Well #1H
Giddings (Austin Chalk-Gas) Field
Grimes County, Texas

Gentlemen:

Enclosed, in duplicate, please find a completed Form G-1, wellbore schematic, Form G-5, AOF Curve, Form L-1, Form P-12 and plat, Form P-15 and plat, Form W-15 (one for each casing string) and Form W-15 for plug setting prior to sidetrack. Form P-4 was previously filed with your office.

Please call me at (512) 266-3066 should you have any questions concerning the enclosed gas well completion paperwork. Thank you.

Sincerely yours,

ENERGY RESOURCES

Patricia A. Rygg
Patricia A. Rygg
Agent for Seneca Resources Corporation

PAR/me
Enclosures

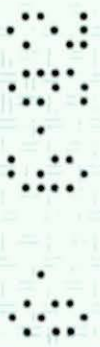
xc: Seneca Resources Corporation, Attn: Sunna Denny
333 Clay St., Suite 4150, Houston, TX 77002

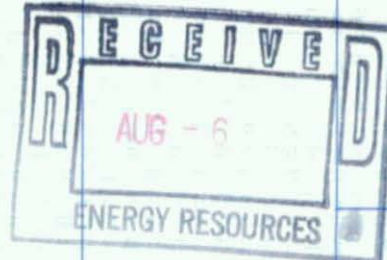
SENECA RESOURCES CORPORATION

333 CLAY, SUITE 4150
HOUSTON, TEXAS 77002

045873

VENDOR ID: 3501

INVOICE NUMBER	INVOICE DATE	VOUCHER NUMBER	INVOICE AMOUNT	CREDIT	NET REMITTANCE
072892	07/28/92	070520	25.00	92063650	25.00
					<p>170</p>
TOTAL FOR CHECK NUMBER 045873					25.00



RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

Form G-1
Rev. 4/1/83

Type or print only

483-047

API No. 42-185-30540

7. RRC District No.

03

8. RRC Gas ID No.

Gas Well Back Pressure Test, Completion or Recompletion Report, and Log

1. FIELD NAME (as per RRC Records or Wildcat) Giddings (Austin Chalk-Gas)		2. LEASE NAME A. Smith Unit		9. Well No. 1H	
3. OPERATOR'S NAME (Exactly as shown on Form P-5, Organization Report) Seneca Resources Corporation			RRC Operator No. 767060		10. County of well site Grimes
4. ADDRESS 333 Clay St., Suite 4150, Houston, TX 77002					
5. Location (Section, Block, and Survey) SL&PEN PT: .Garrett A-17; TL#1&TL#2: Kennard A-34			5b. Distance and direction to nearest town in this county. 7 miles NE from Anderson		
6. If operator has changed within last 60 days, name former operator N/A		12. If workover or reclass, give former field (with reservoir) <input checked="" type="checkbox"/> Gas ID or oil lease no. FIELD <input checked="" type="checkbox"/> RESERVOIR N/A		11. Purpose of filing Initial Potential <input checked="" type="checkbox"/> Retest <input type="checkbox"/> Reclass <input type="checkbox"/> Well record only (Explain in remarks) <input type="checkbox"/>	
13. Pipe Line Connection Aquila Southwest		15. Any condensate on hand at time of workover or recompletion? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		16. Type of Electric or other Log Run. Dual Ind/Gamma Ray	
14. Completion or recompletion date 11-17-95					

Section I GAS MEASUREMENT DATA

Date of Test 12/09/95	Gas Measurement Method (Check One) Orifice Meter <input checked="" type="checkbox"/> Flange Taps <input checked="" type="checkbox"/> Pipe Taps <input type="checkbox"/> Positive Choke <input type="checkbox"/> Orifice Vent Meter <input type="checkbox"/> Pitot Tube <input type="checkbox"/> Critical-flow Prover <input type="checkbox"/>						Gas produced during test 16176 MCF			
Run No.	Line Size	Orif. or Choke Size	24 Hr. Coeff. Orif. or Choke	Static P _m or Choke Press	Diff. h _w	Flow Temp. °F	Temp. Factor F _{tf}	Gravity Factor F _g	Compress Factor F _{pv}	Volume MCF/DAY
1	4.026	2.750	54417.44	1095	8.00	68	.9924	.9593	1.112	5392
2										
3										
4										

Section II FIELD DATA AND PRESSURE CALCULATIONS

Grav. Dry Gas .652	Gravity Liquid Hydrocarbon ----- Deg. API	Gas-Liquid Hydro Ratio Dry CF/Bbl	Gravity of Mixture G _{mix} = .652	Avg. Shut-in Temp. 203 °F	Bottom Hole Temp. 332 °F @ 13571 (Depth)
$C_{eff} = 6.310$		$\sqrt{T_r} = \sqrt{666} = 25.81$		$\sqrt{GL} = \sqrt{8848.29} = 94.07$	
$C = \frac{1118 \times (D_{eff})^{8/3}}{\sqrt{T}} = 1118 \times 6.310 / 25.81 = 273.33$			$\frac{\sqrt{GL}}{C} = 94.07 / 273.33 = .3441$		

Run No.	Time of Run Min.	Choke Size	Wellhead Press. PSIA P _w	Wellhead Flow Temp. °F	P _w ² (Thousands)	R	R ² (Thousands)	P ₁	P _w /P ₁
Shut-In 24 Hrs			5415	74					
1	4320	24/64	3695	80	13653	1855.4	3442.5	4135	.8936
2									
3									
4									

Run No.	F	K	S = 1/z	E ^{ks}	P _f and P _s	P _f ² and P _s ² (thousands)	P _f ² - P _s ² (thousands)	Angle of Slope
Shut-In								θ 45.00
1	.9478	.2361	1.0281	1.2747	5271	27783	18620	n 1.0000
2								
3								
4								

Absolute Open Flow
13438 MCF/DAY

WELL TESTER'S CERTIFICATION: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I conducted or supervised this test and that data and facts shown in Sections I and II above are true, correct, and complete, to the best of my knowledge. Bottomhole temperature and the diameter and length of flow string were furnished by the operator of the well.

Jim Ware Signature: Well Tester FESCO Inc. Name of Company Delma Soto 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 I prepared or supervised and directed this report, and that data and facts stated therein are true, correct, and complete, to the best of my knowledge.

Patricia A. Rygg Signature: Operator's representative Patricia A. Rygg Agent 1-4-96 Date (512) 266-3066 Tel. 713-654-2600 Operator

SECTION III

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

17. Type of Completion:

New Well Deepening Plug Back Other

18. Permit to Drill, Plug Back or Deepen DATE Amended 1-4-96 PERMIT NO 439541

19. Notice of Intention to Drill this well was filed in Name of

Seneca Resources Corporation

Rule 37 N/A CASE NO

Exception N/A PERMIT NO

Water Injection Permit N/A PERMIT NO

Salt Water Disposal Permit N/A PERMIT NO

Other PERMIT NO

Annular Disposal MP-03-398 approved 11/15/95

20. Number of producing wells on this lease in this field (reservoir) including this well

1

21. Total number of acres in this lease

718.69

22. Date Plug Back, Deepening, WorkOver or Drilling Operations:

Commenced 9/6/95

Completed 11/17/95

23. Distance to nearest well. Same Lease & Reservoir N/A

24. Location of well, relative to nearest lease boundaries SL or of lease on which this well is located SEE REMARKS for PEN PT.

227.7 Feet From South Line and 3286 Feet from East Line of the A. Smith Unit Lease

25. Elevation (DF, RKB, RT, GR, ETC.) 376.75' GR

TL#1 & TL#2

26. Was directional survey made other than inclination (Form W-12)?

 Yes No

27. Top of Pay 13585'

28. Total Depth 16342' MD 13511' TVD

29. P. B. Depth ----

30. Surface Casing Determined by: Field Rules Recommendation of T.D.W.R. Railroad Commission (Special)

SC-571 Dt. of Letter 8/21/9 Dt. of Letter 9/1/95

31. Is well multiple completion? Yes No

32. 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 #

33. Intervals Drilled by: Rotary Tools Cable Tools

34. Name of Drilling Contractor Nabors Rig

N/A

35. Is Cementing Affidavit Attached? Yes No

36. 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.
16"	65#	71'		Driven	16"	---	---
10-3/4"	40.5&45.5#	3710'	1890	Neat/Std	14-3/4"	Surf.	4183'
7-5/8"	29.7&33.7#	13617'	100	Hall. Lite & 600 Prem.	9-7/8"	8474'	1102

Drilled 6-1/2" hole to terminus loc'

LINER RECORD

Size	TOP	Bottom	Sacks Cement	Screen
3-1/2" 12.95PPF	12979'	16342'	-----	-----
L-80 PH6				

38. TUBING RECORD

Size	Depth Set	Packer Set	39. Producing Interval (this completion) indicate depth of perforation or open hole
2-3/8" 4.6#	12793'	12793'	From 13617' MD (13527' TVD) To 14971' MD (13569' TVD)
		Guiberson G-10	From 13648' MD (13545' TVD) To 16342' MD (13511' TVD)
			From To
			From To

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

Depth Interval	Amount and Kind of Material Used
10,723'-13,400'	Set a 638' cmt. plug w/500 sx Prem. 10723' to 10085' (tagged); drilled out to 10460' and sidetracked junked hole; top of fish 12076' (8 its HWDP & BHA).

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

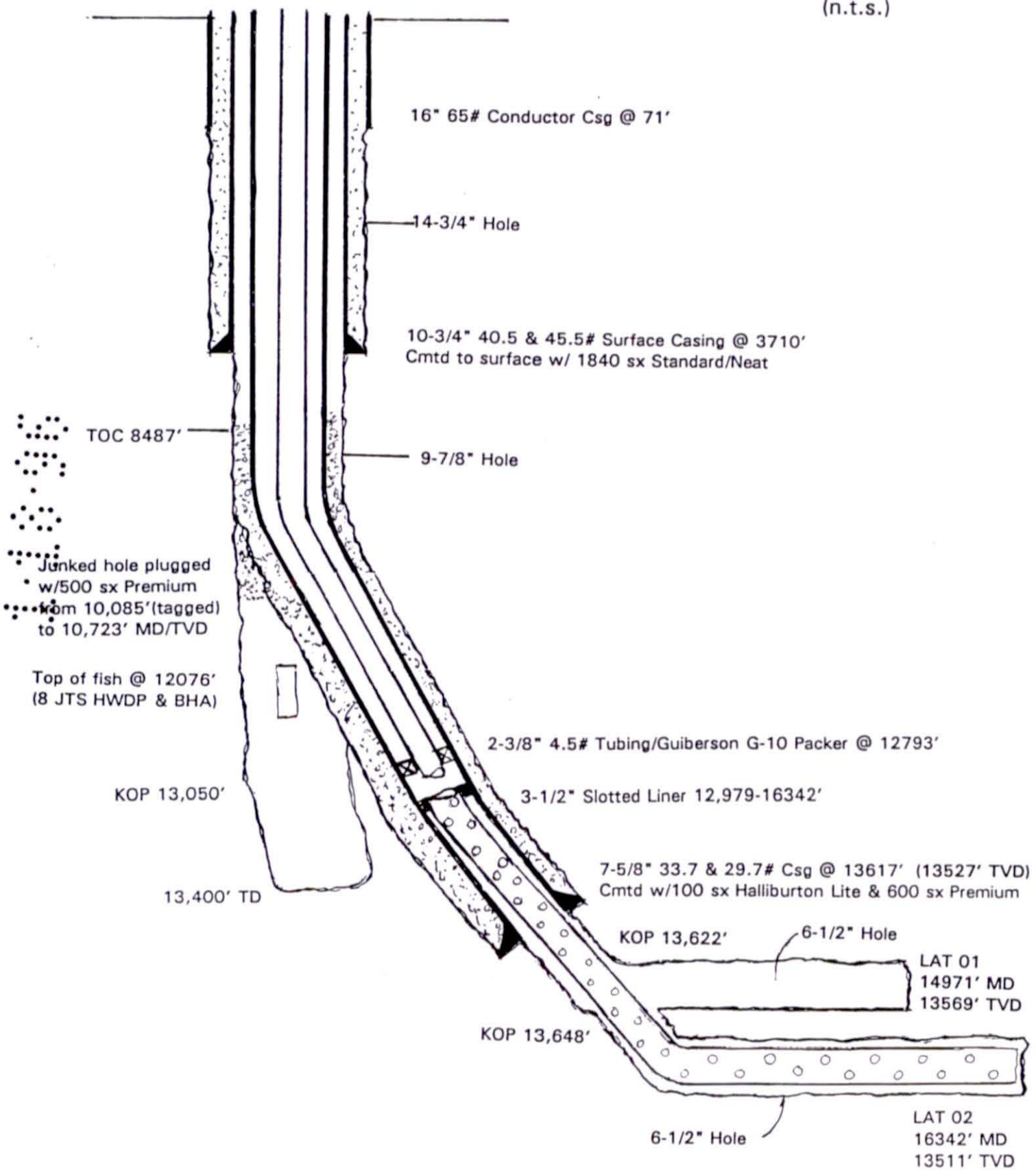
Formations	Depth	Formations	Depth
Midway	10085'	Pecan Gap	12554'
Navarro	10380'	Austin Chalk	13585'
Taylor	11630'		

REMARKS PEN PT: 3345' FEL & 529' FSL of Lease; 1223.8' FWL & 129' FNL of survey
 TL #1: 2333.68' FEL & 1866' FSL of lease; 2333.68' FEL & 1209' FSL of survey
 TL #2: 675.6' FEL & 1460.5' FNL of lease; 2137' FEL & 2558' FSL of survey

WELLBORE SCHEMATIC ATTACHED

Seneca Resources Corporation
A. SMITH UNIT WELL NO. 1H
 Grimes County, Texas

WELLBORE DIAGRAM
 (n.t.s.)



GAS WELL
CLASSIFICATION REPORT

READ INSTRUCTIONS ON BACK

1. OPERATOR NAME (Exactly as shown on Form P-5 Organization Report) Seneca Resources Corporation		3. RRC DISTRICT NO. 03	4. OIL LEASE NO. OR GAS WELL ID NO.
2. MAILING ADDRESS 333 Clay St., Suite 4150 Houston, TX 77002		5. WELL NO. 1H	6. API NO. 42-185-30540
		7. COUNTY OF WELL SITE Grimes	

8. FIELD NAME (as per RRC Records) Giddings (Austin Chalk-Gas)	9. LEASE NAME A. Smith Unit
---	--------------------------------

10. LOCATION (Section, Block, and Survey) SL&PEN PT: C. Garrett A-17; TL#1&TL#2: Kennard A-34	11. PIPELINE CONNECTION OR USE OF GAS Aquila Southwest
--	---

I. PRODUCTION TEST AT RATE ELECTED BY OPERATOR
(data on 24-hour basis)

A. Date of Test 12/09/95

B. Gas Volume 5392 (Mcf)

C. Oil or Condensate Volume 0.00 (Bbl)

D. Water Volume 46.70 (Bbl)

E. Gas/Liquid Hydrocarbon Ratio Dry (Cf/Bbl)

F. Flowing Tubing Pressure 3695 (psia)

G. Choke Size 24/64 (In.)

H. Casing Pressure 15 (psia)

I. Shut-in Wellhead Pressure--
Tubing 5415 (psia)

J. Separator Operating Pressure 1095 (psia)

K. Color of Stock Tank Liquid ---

L. Gravity of Separator Liquid --- °API

M. Gravity of Stock Tank Liquid N/A °API

N. Specific Gravity of the Gas
(Air = 1) 0.652

II. A.S.T.M. DISTILLATION OF LIQUID SAMPLE. Distillation test is required for gas wells ONLY if the producing gas-liquid hydrocarbon ratio is less than 100.000 CF/barrel.

Date Liquid Sample Obtained _____

Where Obtained: Separator Stock Tank

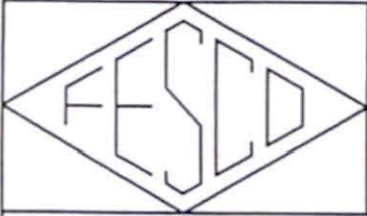
% Over	Temp. (deg. F)	% Over	Temp. (deg. F)
Initial Boiling Temp.	_____	60	_____
10	_____	70	_____
20	_____	80	_____
30	_____	90	_____
40	_____	95	_____
50	_____	End Point	_____

Total Recovery _____ percent

Residue _____ percent

Loss _____ percent

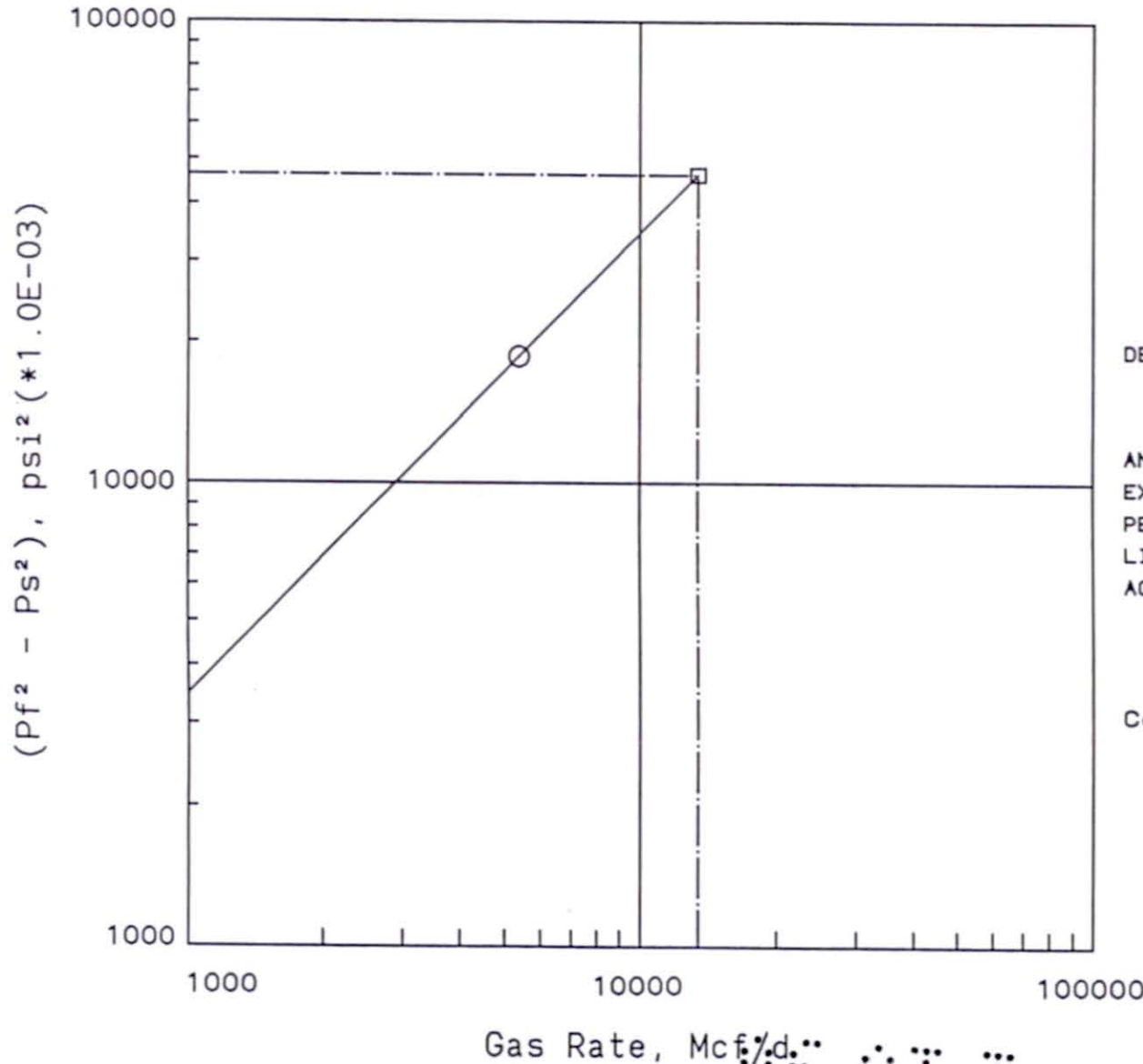
<p>I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated therein are true, correct, and complete to the best of my knowledge.</p> <p>12/13/95</p> <p>DATE</p>	<p>Tim Ware FESCO Inc.</p> <p>NAME (Type or Print)</p>	<p>RRC USE ONLY</p>
	<p><i>Tim Ware</i></p> <p>SIGNATURE <i>John Soto</i></p>	
	<p>Bryan District Manager</p> <p>TITLE</p>	
	<p>Tim Ware (409) 775-1825</p> <p>CONTACT PERSON PHONE NUMBER</p>	



Seneca Resources Corporation

Lease : A. Smith Unit	County : Grimes
Well No.: 1H	Test Date : 12/09/95
Field : Giddings (Austin Chalk - Gas)	RRC District: 3

Gas Deliverability Plot



Single Point BPT Data

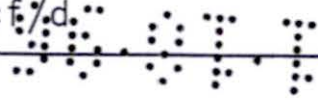
Point	Rate, Mcf/d	BHP, PsiA	(Pf ² - Ps ²), psi ² (*1.0E-03)
SI	0	6812	-----
1	5392	5271	18620
AOF	13438	15	46403

DELIVERABILITY RESULTS

DELIVERABILITY LINE: Drawn through the point corresponding to the top rate at a 45.0 degree angle.

ANGLE.....: $\theta = 45.0$ degrees
 EXPONENT.....: $n = 1.0000$
 PERFORMANCE COEF: $C = 0.2896$ (Mcf/d)/psi²
 LINE EQUATION...: $Q = C(Pf^2 - Ps^2)^n$
 AOF.....: 13438 Mcf/d

Certified by: Tim Ware
 District Manager
 Bryan, Texas
 409-775-1825



ELECTRIC LOG
STATUS REPORT

INSTRUCTIONS

When to file the L-1

- with Forms G-1, W-2, and GT-1 for new and deepened gas, oil, and geothermal wells
- with Form W-3 for plugged dry holes
- when sending in a log which was held under a request for confidentiality and the period of confidentiality has not yet expired

When the L-1 is NOT required

- with Forms W-2, G-1, and GT-1 filed for injection wells, disposal wells, water supply wells, service wells, re-test wells, re-classifications, and plugbacks of oil, gas, and geothermal wells
- with Form W-3 for plugging of other than a dry hole

Where to file the L-1

- with the appropriate Commission district office

Filling out the L-1

- Section I and the signature section must be filled out for all wells
- complete only the appropriate part of Section II

Type of log required

- any wireline survey run for the purpose of obtaining lithology, porosity, or resistivity information
- no more than one such log is required but it must be of the subject well
- if such a log is NOT run on the subject well, do NOT substitute any other type of log; just select Section II, Part A below

SEE REVERSE SIDE

SECTION I. IDENTIFICATION

Operator Name Seneca Resources Corporation	District No. 03	Completion Date 11/17/95
Field Name Giddings (Austin Chalk-Gas)	Drilling Permit No. 439541	
Lease Name A. Smith Unit	Lease/ID No.	Well No. 1H
County Grimes	API No. 42-185-30540	

SECTION II. LOG STATUS (complete either A. or B.)

 A. BASIC ELECTRIC LOG NOT RUN B. BASIC ELECTRIC LOG RUN (select one)

1. Confidentiality requested.
2. Confidentiality already granted on basic electric log covering this interval (applicable to deepened wells only).
3. Basic electric log covering this interval already on file with Commission (applicable to deepened wells only).
4. Log attached to (select one)

(a) Form L-1 (this form). If the company/lease name on log is different from that shown in Section I, please enter name on log here: _____

Check here if attached log is being submitted after being held confidential

(b) Form P-7, Application for Discovery Allowable and New Field Designation.

(c) Form W-4, Application for Multiple Completion: lease or ID no.(s) _____, well no.(s) _____

Patricia A. Rygg
signature

Patricia A. Rygg
name (print)

Agent 512-266-3066

title

(713) 654-2600 (Operator)

phone

1-4-96

date

For Railroad Commission use only

STATEMENT OF PRODUCTIVITY OF ACREAGE
ASSIGNED TO PRORATION UNITS

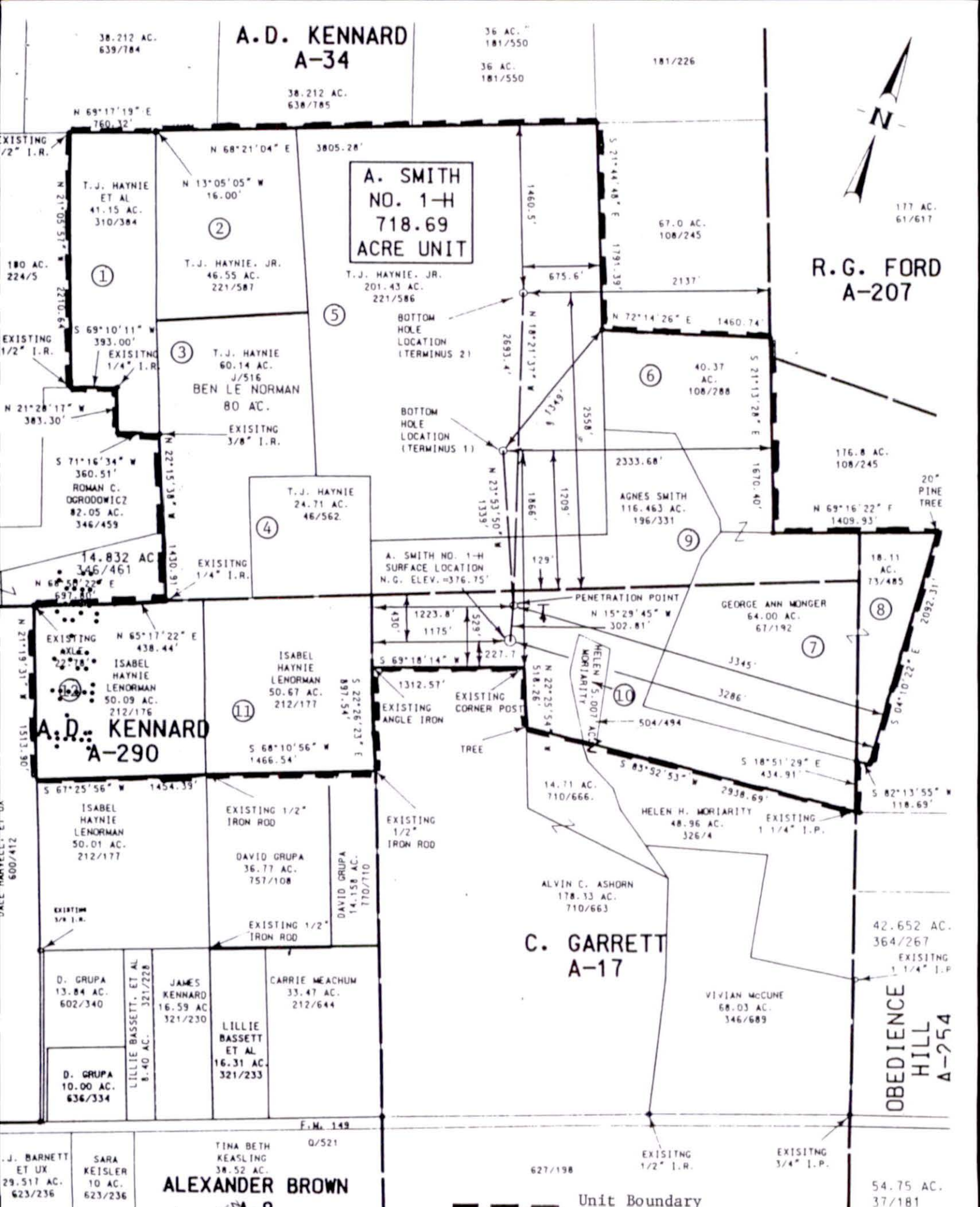
Form P-15
(5-5-71)

The undersigned states that he is authorized to make this statement; that he has knowledge of the facts concerning the Seneca Resources Corporation,
A. Smith Unit OPERATOR 1H No. 1H; that such well is
LEASE Giddings (Austin Chalk-Gas) WELL Grimes County,
completed in the _____ Field, _____ County,
Texas and that the acreage claimed, and assigned to such well for proration purposes as
authorized by special rule and as shown on the attached certified plat embraces _____
718.69 acres which can reasonably be considered to be productive of hydrocarbons.

- CERTIFICATE -

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.

Date 1-4-96 Signature Patricia A. Rygg / Patricia A. Rygg
Telephone 713-654-2600 Operator _____ Title Agent 512-266-3066
AREA CODE



THE ABOVE PLAN HAS BEEN EXAMINED BY ME AND THAT THE INFORMATION CONTAINED THEREON IS TO THE BEST OF MY KNOWLEDGE AND BELIEF, TRUE, CORRECT AND COMPLETE.

SIGNED: *Patricia A. Kelly*
 DATE OF: *1-3-1995*

GANEM & KELLY INCORPORATED
 BY: GARY J. KELLY
 REGISTERED PROFESSIONAL LAND SURVEYOR
 TEXAS NO. 4791



• • • INDICATES SET 5/8" IRON ROD UNLESS OTHERWISE NOTED.
 ○ Form P-12 Cross-Reference
 NOTE: BEARINGS ARE BASED ON ASTRONOMIC NORTH

SENECA RESOURCES CORPORATION

SHOWING THE A. SMITH NO. 1-H SURFACE LOCATIONS AND BOTTOM HOLE LOCATION IN A 718.69 ACRE UNIT SITUATED IN THE A.D. KENNARD SURVEY, A-34, A.D. KENNARD SURVEY, A-290, OBEDIENCE HILL SURVEY, A-254 AND C. GARRETT SURVEY, A-17 GRIMES COUNTY, TEXAS.

DRAWN BY: L.D.	SCALE: 1" = 1000'	JOB NO: 95-125
CHK'D BY: G.J.K.	DATE: 12/08/95	DRAWING NO.
APPV'D BY: G.J.K.		95-125

GANEM & KELLY INCORPORATED
 LAMAR STREET, SUITE 6
 POINT COMFORT, TEXAS 77978
 512-987-2011
 FAX 512-987-2011

INCORPORATED
 111 EAST MAIN ST.
 EDNA, TEXAS 77957
 512-782-3798
 FAX 512-782-7096

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

CERTIFICATE OF POOLING AUTHORITY

I, Patricia A. Rygg, being of lawful age, being familiar with the matter, and having full knowledge of the facts set out, do state:

(1) That the acreage claimed for the purpose of establishing a pooled drilling or proration unit under applicable orders of the Railroad Commission of Texas, for the

NAME OF OPERATOR: Seneca Resources Corporation

NAME OF POOLED UNIT: A. Smith Unit WELL NO. 1H

FIELD: Giddings (Austin Chalk-Gas), Grimes COUNTY,

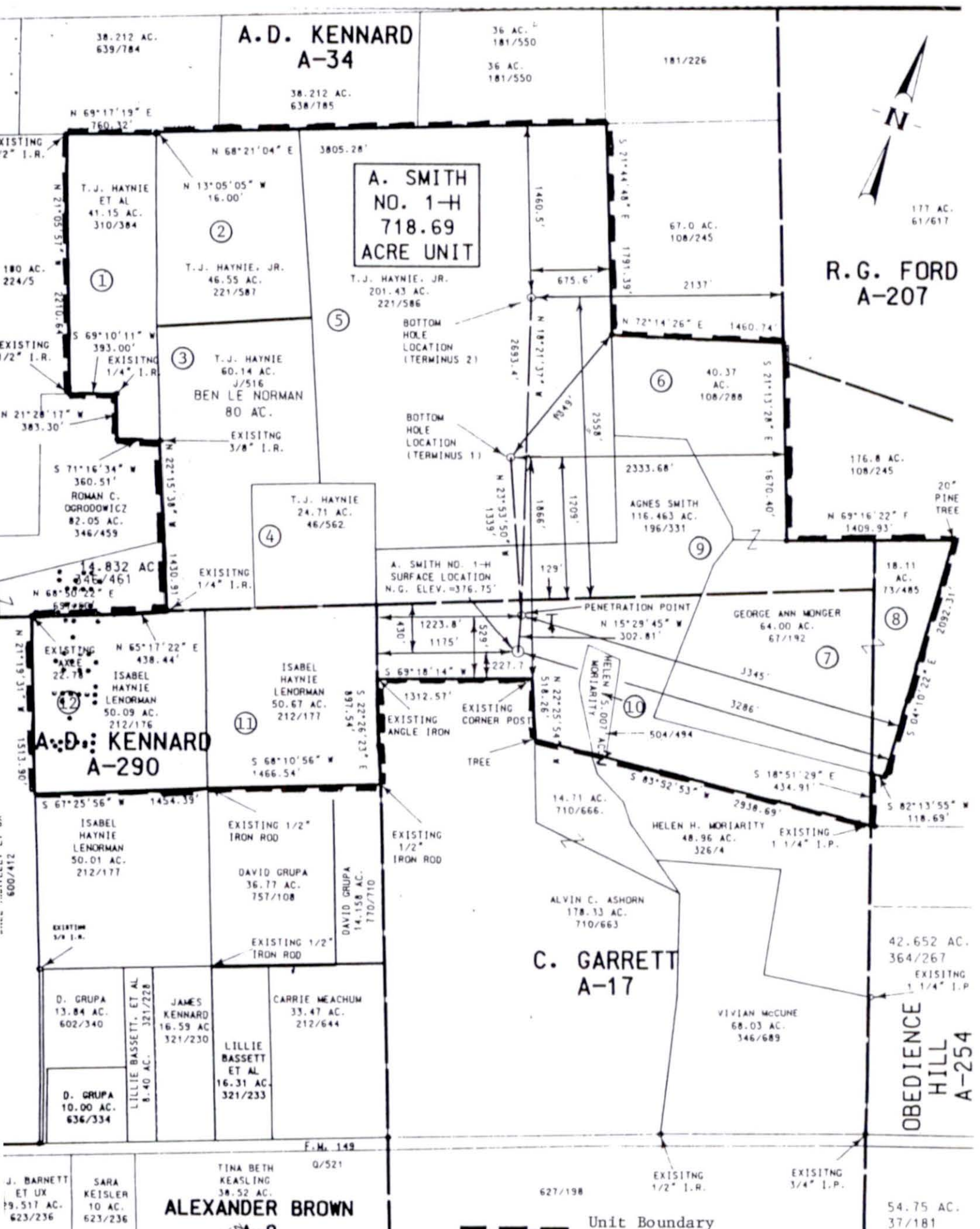
TEXAS, contains 718.69 acres; that with respect to such pooled unit, as it is hereafter

described, parties now owning a mineral interest or mineral interests (including royalty interests, working interests, or other mineral interests) therein either (1) acquired such interest as they now have subject to the provisions of an instrument or instruments now in effect and which permit the pooling of said interests or (2) have, by virtue of the execution of an instrument or instruments the provisions of which are now in effect, pooled such of said interests as they now own therein, in such manner that all of such pooled unit shall be considered by the Commission as one base tract as if all rights with respect thereto has been acquired under a single contract.

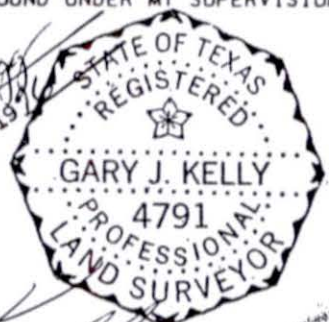
(2) That the pooled unit described in the preceding paragraph is made up of and contains the hereafter described individual tracts of land no part of which is embraced within any other pooled unit in the same field and which, by virtue of the pooling agreements referred to in the preceding paragraph, are now contained within the pooled unit herein described.

(3) That where a non-pooled undivided interest exists in any of the individual tracts pooled, that certain non-pooled interest is noted in the margin of this instrument beside the tract description to identify the existence of the non-pooled interests in that tract:

(OVER)



THE ABOVE PLAN HAS BEEN EXAMINED BY ME AND THAT THE INFORMATION CONTAINED THEREON IS TO THE BEST OF MY KNOWLEDGE AND BELIEF, TRUE, CORRECT AND COMPLETE.



SIGNED: *Gary J. Kelly*
 DATE OF: *1-3*

GANEM & KELLY INCORPORATED
 BY: GARY J. KELLY
 REGISTERED PROFESSIONAL LAND SURVEYOR
 TEXAS NO. 4791

• • • INDICATES SET 5/8" IRON ROD UNLESS OTHERWISE NOTED.
 ○ Form P-12 Cross-Reference
 NOTE: BEARINGS ARE BASED ON ASTRONOMIC NORTH

SENECA RESOURCES CORPORATION

SHOWING THE A. SMITH NO. 1-H SURFACE LOCATIONS AND BOTTOM HOLE LOCATION IN A 718.69 ACRE UNIT SITUATED IN THE A.D. KENNARD SURVEY, A-34, A.D. KENNARD SURVEY, A-290, OBEDIENCE HILL SURVEY, A-254 AND C. GARRETT SURVEY, A-17, GRIMES COUNTY, TEXAS.

DRAWN BY: L.D.	SCALE: 1" = 1000'	JOB NO: 95-125
CHK'D BY: G.J.K.	DATE: 12/08/95	DRAWING NO.
APPV'D BY: G.J.K.		95-125

GANEM & KELLY INCORPORATED

LAMAR STREET, SUITE 6
 POINT COMFORT, TEXAS 77978
 512-987-2011
 FAX 512-987-2011

111 EAST MAIN ST.
 EDNA, TEXAS 77957
 512-782-3798
 FAX 512-782-7096

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

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

1. Operator's Name (As shown on Form P-5, Organization Report) Seneca Resources Corporation	2. RRC Operator No. 767060	3. RRC District No. 03	4. County of Well Site Grimes
5. Field Name (Wildcat or exactly as shown on RRC records) Giddings (Austin Chalk-Gas)	6. API No. 42-185-30540	7. Drilling Permit No. 439541	
8. Lease Name A. Smith Unit	9. Rule 37 Case No. N/A	10. Oil Lease/Gas ID No.	11. Well No. 1H

CASING CEMENTING DATA:	SURFACE CASING	INTER-MEDIATE CASING	PRODUCTION CASING		MULTI-STAGE CEMENTING PROCESS	
			Single String	Multiple Parallel Strings	Tool	Shoe
12. Cementing Date	9-8-95					
13. •Drilled hole size	14-3/4"					
•Est. % wash or hole enlargement	100%					
14. Size of casing (in. O.D.)	10-3/4"					
15. Top of liner (ft.)	---					
16. Setting depth (ft.)	3710'					
17. Number of centralizers used	28					
18. Hrs. waiting on cement before drill-out	40					
1st Slurry	19. Cement used: No. of sacks ▶	1340				
	Class ▶	STANDARD				
	Additives ▶	2% ECONOLITE + 3% SALT + 1/4#/SK FLOCELE				
2nd Slurry	No. of sacks ▶	500				
	Class ▶	STANDARD				
	Additives ▶	NEAT				
3rd Slurry	No. of sacks ▶	50				
	Class ▶	STANDARD				
	Additives ▶	2% CALCIUM CHLORIDE				
1st	20. Slurry pumped: Volume (cu. ft.) ▶	3484				
	Height (ft.) ▶	6262.2				
2nd	Volume (cu. ft.) ▶	635				
	Height (ft.) ▶	1052.9				
3rd	Volume (cu. ft.) ▶	64				
	Height (ft.) ▶	114				
Total	Volume (cu. ft.) ▶	4183				
	Height (ft.) ▶	7429.1				
21. Was cement circulated to ground surface (or bottom of cellar) outside casing?	YES					

22. Remarks Csg cmtg witnessed by Josef Ironkwe, RRC D.O. 3

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.

Douglas Sykes-Serv. Supervisor HALLIBURTON ENERGY
 Name and title of cementer's representative Cementing Company Signature *Doug Sykes*
 P.O. BOX 688 CALDWELL, TEXAS 77836 409/567-4674 9-8-95
 Address City, State, Zip Code Tel.: Area Code Number 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.

Steve Conley Engineer *Steve Conley*
 Typed or printed name of operator's representative Title Signature
 Solutra Resources Corporation Houston, TX 77002 (713) 654-2600 9-3-96
 Address City, State, Zip Code Tel.: Area Code Number 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.

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

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

1. Operator's Name (As shown on Form P-5, Organization Report) Seneca Resources Corporation	2. RRC Operator No. 767060	3. RRC District No. 03	4. County of Well Site Grimes
5. Field Name (Wildcat or exactly as shown on RRC records) Giddings (Austin Chalk-Gas)		6. API No. 42-185-30540	7. Drilling Permit No. 439541
8. Lease Name A. Smith Unit	9. Rule 37 Case No. N/A	10. Oil Lease/Gas ID No.	11. Well No. 1H

CASING CEMENTING DATA:	SURFACE CASING	INTER-MEDIATE CASING	PRODUCTION CASING		MULTI-STAGE CEMENTING PROCESS	
			Single String	Multiple Parallel Strings	Tool	Shoe
12. Cementing Date		10-22-95				
13. •Drilled hole size		9-7/8"				
•Est. % wash or hole enlargement		35%				
14. Size of casing (In. O.D.)		7-5/8"				
15. Top of liner (ft.)		---				
16. Setting depth (ft.)		13617'				
17. Number of centralizers used		19				
18. Hrs. waiting on cement before drill-out		80				
1st Slurry	19. API cement used: No. of sacks ▶	100				
	Class ▶	HLC				
	Additives ▶	.7% HR-12				
2nd Slurry	No. of sacks ▶	600				
	Class ▶	PREMIUM				
	Additives ▶	35% SSA-1 + .65% HR-12				
3rd Slurry	No. of sacks ▶					
	Class ▶					
	Additives ▶					
1st	20. Slurry pumped: Volume (cu. ft.) ▶	220				
	Height (ft.) ▶	1024				
2nd	Volume (cu. ft.) ▶	882				
	Height (ft.) ▶	4106				
3rd	Volume (cu. ft.) ▶					
	Height (ft.) ▶					
Total	Volume (cu. ft.) ▶	1102				
	Height (ft.) ▶	5130				
21. Was cement circulated to ground surface (or bottom of cellar) outside casing?		NO				
22. Remarks						

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.

David Ondrasek-Service Supervisor
Name and title of cementer's representative

HALLIBURTON ENERGY
Cementing Company

David W. Ondrasek
Signature

P.O. BOX 688
Address

CALDWELL, TEXAS 77836
City, State, Zip Code

409/567-4674
Tel.: Area Code Number

10-22-95
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.

Steve Conley
Typed or printed name of operator's representative
Geneva Resources Corporation
383 Clay St., Suite 4150
Address

Engineer
Title
Houston, TX 77002
City, State, Zip Code

Steve Conley
Signature

(713) 654-2600
Tel.: Area Code Number

1-3-96
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.

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

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

1. Operator's Name (As shown on Form P-5, Organization Report) Seneca Resources Corporation	2. RRC Operator No. 767060	3. RRC District No. 03	4. County of Well Site Grimes
5. Field Name (Wildcat or exactly as shown on RRC records) Giddings (Austin Chalk-Gas)	6. API No. 42-185-30540		7. Drilling Permit No. 439541
8. Lease Name A. Smith Unit	9. Rule 37 Case No. N/A	10. Oil Lease/Gas ID No.	11. Well No. 1H

CASING CEMENTING DATA:	SURFACE CASING	INTER-MEDIATE CASING	PRODUCTION CASING		MULTI-STAGE CEMENTING PROCESS	
			Single String	Multiple Parallel Strings	Tool	Shoe
12. Cementing Date						
13. •Drilled hole size						
•Est. % wash or hole enlargement						
14. Size of casing (in. O.D.)						
15. Top of liner (ft.)						
16. Setting depth (ft.)						
17. Number of centralizers used						
18. Hrs. waiting on cement before drill-out						
1st Slurry	19. AP cement used: No. of sacks ▶					
	Class ▶					
	Additives ▶					
2nd Slurry	No. of sacks ▶					
	Class ▶					
	Additives ▶					
3rd Slurry	No. of sacks ▶					
	Class ▶					
	Additives ▶					
1st	20. Slurry pumped: Volume (cu. ft.) ▶					
	Height (ft.) ▶					
2nd	Volume (cu. ft.) ▶					
	Height (ft.) ▶					
3rd	Volume (cu. ft.) ▶					
	Height (ft.) ▶					
Total	Volume (cu. ft.) ▶					
	Height (ft.) ▶					
21. Was cement circulated to ground surface (or bottom of cellar) outside casing?						
22. Remarks Drld 9-7/8" hole to 13,400' TD. Pipe stuck. Backed off drill pipe @ 12,076'. Left 8 joints HWDP and BHA in hole. Plugged off junked hole w/500 sx Premium 10723'-10,085' (tagged).						

CEMENTING TO PLUG AND ABANDON	PLUG # 1	PLUG # 2	PLUG # 3	PLUG # 4	PLUG # 5	PLUG # 6	PLUG # 7	PLUG # 8
23. Cementing date	10-5-95							
24. Size of hole or pipe plugged (in.)	9-7/8							
25. Depth to bottom of tubing or drill pipe (ft.)	10723							
26. Sacks of cement used (each plug)	500							
27. Slurry volume pumped (cu. ft.)	495							
28. Calculated top of plug (ft.)	9792							
29. Measured top of plug, if tagged (ft.)	10,085'							
30. Slurry wt. (lbs/gal)	17.0							
31. Type cement	PREMIUM							

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 plugging 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.

Regi Ketcham-Service Supervisor

HALLIBURTON ENERGY

Regi Ketcham
Signature

Name and title of cementer's representative

Cementing Company

P.O. BOX 688

CALDWELL, TEXAS 77836

409/567-4674

10-5-95

Address

City, State, Zip Code

Tel: Area Code Number

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.

Steve Conley

Engineer

Steve Conley
Signature

Typed or printed name of operator's representative

Title

Signature

Seneca Resources Corporation

331 Clay St., Suite 4150

Houston, TX 77002 (713) 654-2600

1-3-96

Address

City, State, Zip Code

Tel: Area Code Number

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:

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

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(29) MF 94914
Gas well # 1H completion papers dated
1-4-96, 5/14/98.

2025

#9152

DO NOT DESTROY

GLO-36-10-84

-MEMO-

17301399737

Operator Union Pacific Resources

Unit Name Leachman Robinson #1

County ⁰³ Burleson

Effective Date 2-2-93

Unitized for: Oil Gas Oil & Gas

1. M.F. No. 94913

Area _____ Tr. 6

Sec. _____ Blk. _____ Survey _____

$\frac{15.55}{760.00}$	$\times \frac{1}{5}$	<u>.4092</u>	%
<u>.02046</u>	<u>.20</u>	<u>.004092</u>	

2. M.F. No. 94914

Area _____ Tr. 87

Sec. _____ Blk. _____ Survey _____

$\frac{13.89}{760.00}$	$\times \frac{1}{5}$	<u>.3655</u>	%
<u>.018276</u>	<u>.20</u>	<u>.003655</u>	

3. M.F. No. 95040

Area _____ Tr. 8

Sec. _____ Blk. _____ Survey _____

$\frac{90.53}{760.00}$	$\times \frac{1}{5}$	<u>2.3823</u>	%
<u>.119118</u>	<u>.20</u>	<u>.023823</u>	

4. M.F. No. _____

Area _____ Tr. .031570

Sec. _____ Blk. _____ Survey _____

_____	\times	_____	%
		<u>kind MS 7200</u>	

REMARKS:

(unit)
 This document is now void as it has been replaced by an amended permanent unit that excepts out M-94913. See M-94914 for the Amended unit. 12-3-93

TEMPORARY

POOLING COMMITTEE REPORT

TO: SCHOOL LAND BOARD
DATE: February 2, 1993
OPERATOR: Union Pacific Resources Co. COUNTY: Burleson
UNIT NAME: Leachman-Robinson Unit No. 1 FIELD: Clay, NE.
(Austin Chalk 11350)

STATE LEASE(S) IN UNIT

Table with 8 columns: Lease *Type, State Number, State Royalty, Expiration Date, Term Year, Acres, In Unit, Lessee of Record. Rows include SF M-95040, SF M-94914, and SF M-94913.

** Subject to Royalty Reduction Provision

- * RAL = Relinquishment Act
* SF = State Fee
* FR = Free Royalty

PRIVATE ACRES: 640.03
STATE ACRES: 119.97
TOTAL UNIT ACRES: 760.00

Unitized for: Oil, Gas, Both (x)
Depth(s): See Remarks
Well Location: State Land, Private Land (x)

Participation: Basis See Remarks
State Acreage 15.785%
State Unit Royalty 3.157%
Railroad Commission Rules: Spacing 821.02 Acres, Acreage Factor 92.56%

Agree to drill to density of field rules: Yes (x) No
Holds only acreage included in the unit past primary term: Yes (x) No
Satisfactory geological data furnished: Yes (x) No

REMARKS:

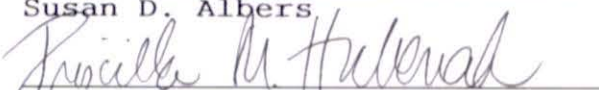
- . Union Pacific Resources Company is requesting temporary six month oil and gas pooling to all depths.
- . The applicant spudded the proposed unit well on December 29, 1992. The proposed horizontal length is 4,178.20 feet. The operator plans on completing a horizontal gas well in the Austin Chalk Formation.
- . If the unit is approved, the applicant will earn a royalty reduction to 20% making the State's unit royalty participation 3.157%.
- . Horizontal severance is effective 2 years after the primary or extended term as provided in the lease agreement.
- . APPROVAL BY THE SCHOOL LAND BOARD IN NO WAY RATIFIES ANY OF THE STATE LEASES INCLUDED IN THIS PROPOSED UNIT.

POOLING COMMITTEE RECOMMENDATION:

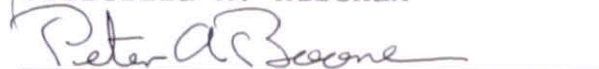
- . The Pooling Committee recommends Board approval of a six month temporary unit, under the provisions as set out above.



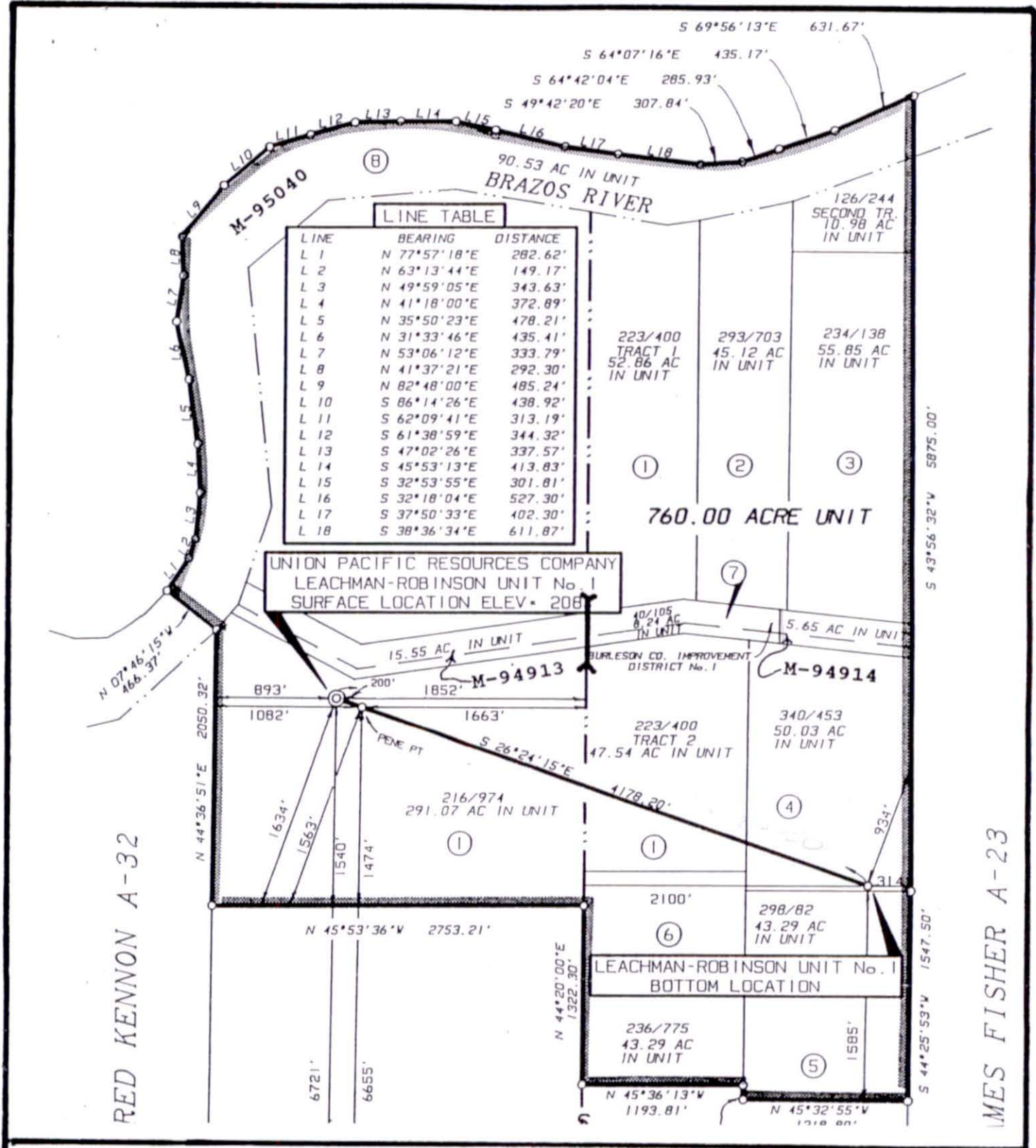
Susan D. Albers



Priscilla M. Hubenak



Peter A. Boone



LINE TABLE

LINE	BEARING	DISTANCE
L 1	N 77°57'18"E	282.62'
L 2	N 63°13'44"E	149.17'
L 3	N 49°59'05"E	343.63'
L 4	N 41°18'00"E	372.89'
L 5	N 35°50'23"E	478.21'
L 6	N 31°33'46"E	435.41'
L 7	N 53°06'12"E	333.79'
L 8	N 41°37'21"E	292.30'
L 9	N 82°48'00"E	485.24'
L 10	S 86°14'26"E	438.92'
L 11	S 62°09'41"E	313.19'
L 12	S 61°38'59"E	344.32'
L 13	S 47°02'26"E	337.57'
L 14	S 45°53'13"E	413.83'
L 15	S 32°53'55"E	301.81'
L 16	S 32°18'04"E	527.30'
L 17	S 37°50'33"E	402.30'
L 18	S 38°36'34"E	611.87'

UNION PACIFIC RESOURCES COMPANY
LEACHMAN-ROBINSON UNIT No. 1
SURFACE LOCATION ELEV. = 208'

BURLESON CO. IMPROVEMENT
DISTRICT No. 1

LEACHMAN-ROBINSON UNIT No. 1
BOTTOM LOCATION

Union Pacific Resources Company
Leachman-Robinson Unit #1
Giddings (Austin Chalk-3)
M-94913, M-94914, M-95040
Burleson County

RED KENNON A-32

MES FISHER A-23



M-94914
30 ~~9~~ M-94913
Pooling Committee Rpt
FILED: 4-8-93
Moved from M-94913
#9 & #10
to
M-94914
#30 & #31

TERM POOLING AGREEMENT
UNION PACIFIC RESOURCES COMPANY
LEACHMAN-ROBINSON UNIT NO. 1
BURLESON COUNTY, TEXAS

2152

Inactive

4-9-02

THIS AGREEMENT is entered into by and between the Commissioner of the General Land Office, on behalf of the State of Texas, as "Lessor" and Union Pacific Resources Company, herein referred to as "Lessee", and such other interested parties as may join in the execution hereof, the undersigned parties herein collectively referred to as the "parties", 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 follow:

PURPOSES:

1.

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

MINERAL POOLED:

3.

The mineral pooled and unitized ("pooled mineral") hereby shall be oil and gas including all hydrocarbons that may be produced from an oil well or a gas well as such wells are recognized and designated by the Railroad Commission of Texas or other state regulatory agency having jurisdiction of the drilling and production of oil and gas wells. The pooled mineral shall extend to all depths underlying the surface boundaries of the pooled unit ("unitized interval").

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 "B", 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 land or lease included within said unit shall be considered as a shut-in oil or gas well located upon each land or 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 described in Exhibit "B" only as provided in each such lease without regard to unit operations or unit production. Neither production of the pooled mineral, nor unit operations with respect thereto, 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 described in Exhibit "B" 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, except as may otherwise be provided in each State Lease, 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 special field rules providing for oil and/or gas proration units of less than 760 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 State leases described in Exhibit "A" and the State lands within the boundaries of the pooled unit described in Exhibit "B" 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 pooled unit, nor to develop the lands within the boundaries thereof 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 conditions 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 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.

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.

Upon execution by the Commissioner of the General Land Office of the State of Texas this Agreement shall become effective as of February 2, 1993, such that the State will participate in the production from the Unit well from the date the pooled mineral is first produced.

TERM: 9.

Unless this agreement expires earlier pursuant to the terms of the respective leases included as a part of this Agreement, this Agreement shall expire on August 2, 1993. 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 covered by 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 Burtleson 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.

RATIFICATION/WAIVER: 12.

Nothing in this Agreement, nor the approval of this Agreement by the School Land Board, nor the execution of this Agreement by the Commissioner shall: (1) operate as a ratification or revivor of any State lease that has expired, terminated, or has been released in whole or in part or terminated under the terms of such State lease or the laws applicable thereto; (2) constitute a waiver or release of any claim for money, oil, gas or other hydrocarbons, or other thing due to the State by reason of the existence or failure of such lease; (3) constitute a waiver or release of any claim by the State that such lease is void or voidable for any reason, including, without limitation, violations of the laws of the State with respect to such lease or failure of consideration; or (4) constitute a confirmation or recognition of any boundary or acreage of any tract or parcel of land in which the State has or claims an interest.

COUNTERPARTS: 13.

This Agreement may be executed in counterparts and if so executed shall be valid, binding and have the same effect as if all the parties hereto actually joined in and executed one and the same document. For recording purposes and in the event counterparts of this Agreement are executed, the executed pages, together with the pages necessary to show acknowledgments, may be combined with the other pages of this Agreement so as to form what shall be deemed and treated as a single original instrument showing execution by all parties hereto.

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

Date Executed 3-23-93

Legal _____
Geology _____
Execution _____

STATE OF TEXAS
By Barry Mauro
Barry Mauro, Commissioner
of the General Land Office

Date Executed _____

UNION PACIFIC RESOURCES COMPANY

By _____

Its _____

ATTEST:

Date Executed 2-10-93

UNION PACIFIC RESOURCES COMPANY

By Carolyn J David

Its ATTORNEY IN FACT

*see
John
Pike*

ATTEST:

Virginia Markley

Date Executed _____

Attest:

Date Executed _____

Attest:

Date Executed _____

Attest:

Date Executed _____

Attest:

Sinclair Oil Corporation

By _____

Its _____

Torch Energy Associates

By _____

Its _____

Nuevo Energy Company

By _____

Its _____

Seneca Resources Corproation

By _____

Its _____

CERTIFICATE

I, Linda K. 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 2nd day of February, 1993, 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 2nd day of March, 1993.

Linda K. Fisher
Secretary of the School Land Board

STATE OF TEXAS

COUNTY OF TARRANT

This instrument was acknowledged before me on February 10, 1993, by Carolyn J. David as Attorney-in-fact of Union Pacific Resources Company, a Delaware corporation, on behalf of said corporation.

Leigh M. Kauffman
Notary Public in and for the
State of Texas
Commission expires: _____



Date Executed _____

ATTEST:

Date Executed _____

Attest:

Date Executed _____

Attest:

Date Executed _____

Attest:

Date Executed _____

Attest:

UNION PACIFIC RESOURCES COMPANY

By Carolyn J. David

Its ATTORNEY IN FACT

Sinclair Oil Corporation

By _____

Its _____

Torch Energy Associates

By _____

Its MATTHEW S. RAMSEY
Vice President

Nuevo Energy Company

By MATTHEW S. RAMSEY

Its Senior Vice President - Land

Seneca Resources Corporation Approval
[Signature]

By _____

Its _____

STATE OF _____
COUNTY OF _____

This instrument was acknowledged before me on the _____ day of _____, 1993, by _____, the _____ of SINCLAIR OIL CORPORATION, a _____ corporation, on behalf of said corporation.

Notary Public in and for the
State of _____
My commission expires: _____

STATE OF Texas
COUNTY OF Harris

This instrument was acknowledged before me on the 18th day of February, 1993, by Matthew S. Ramsey the J.P. of TORCH ENERGY ASSOCIATES, a _____ corporation, on behalf of said corporation.



Deborah A. Davis
Notary Public in and for the
State of Texas
My commission expires: 3-23-97

STATE OF Texas
COUNTY OF Harris

This instrument was acknowledged before me on the 18th day of February, 1993, by Matthew S. Ramsey the Sl. J.P. and of NUEVO ENERGY COMPANY, a Delaware corporation, on behalf of said corporation.



Deborah A. Davis
Notary Public in and for the
State of Texas
My commission expires: 3-23-97

STATE OF _____
COUNTY OF _____

This instrument was acknowledged before me on the _____ day of _____, 1993, by _____, the _____ of SENECA RESOURCES CORPORATION, a _____ corporation, on behalf of said corporation.

Notary Public in and for the
State of _____
My commission expires: _____

Date Executed 2-10-93

UNION PACIFIC RESOURCES COMPANY

By Carolyn J. David
Its _____ *see above page*

ATTEST:
Virginia Markley

Date Executed 2-17-93

Sinclair Oil Corporation
By [Signature]
Its Vice President

Attest:

Date Executed _____

Torch Energy Associates
By _____
Its _____

Attest:

Date Executed _____

Nuevo Energy Company
By _____
Its _____

Attest:

Date Executed _____

Seneca Resources Corporation
By _____
Its _____

Attest:

STATE OF Colorado
COUNTY OF Denver

This instrument was acknowledged before me on the 17th day of February, 1993, by Kenneth T. Smith, the Vice President of SINCLAIR OIL CORPORATION, a Wyoming corporation, on behalf of said corporation.



[Handwritten Signature]

Notary Public in and for the
State of Colorado
My commission expires: 10-29-96

STATE OF _____
COUNTY OF _____

This instrument was acknowledged before me on the _____ day of _____, 1993, by _____, the _____ of TORCH ENERGY ASSOCIATES, a _____ corporation, on behalf of said corporation.

Notary Public in and for the
State of _____
My commission expires: _____

STATE OF _____
COUNTY OF _____

This instrument was acknowledged before me on the _____ day of _____, 1993, by _____, the _____ of NUEVO ENERGY COMPANY, a _____ corporation, on behalf of said corporation.

Notary Public in and for the
State of _____
My commission expires: _____

STATE OF _____
COUNTY OF _____

This instrument was acknowledged before me on the _____ day of _____, 1993, by _____, the _____ of SENECA RESOURCES CORPORATION, a _____ corporation, on behalf of said corporation.

Notary Public in and for the
State of _____
My commission expires: _____

Date Executed 2-10-93

UNION PACIFIC RESOURCES COMPANY

By Carolyn J. David *see above page*
Its SECURITY INTEREST

ATTEST:
Virginia Mankley

Date Executed _____

Sinclair Oil Corporation

Attest:

By _____
Its _____

Date Executed _____

Torch Energy Associates

Attest:

By _____
Its _____

Date Executed _____

Nuevo Energy Company

Attest:

By _____
Its _____

Date Executed FEB 15 1993

Seneca Resources Corporation

Attest:
William M. Petnecky
William M. Petnecky
Assistant Secretary

By Tommy W. Warrick *Warrick*
Its General Manager, Gulf Coast Division

STATE OF _____
COUNTY OF _____

This instrument was acknowledged before me on the _____ day of _____, 1993, by _____, the _____ of SINCLAIR OIL CORPORATION, a _____ corporation, on behalf of said corporation.

Notary Public in and for the
State of _____
My commission expires: _____

STATE OF _____
COUNTY OF _____

This instrument was acknowledged before me on the _____ day of _____, 1993, by _____, the _____ of TORCH ENERGY ASSOCIATES, a _____ corporation, on behalf of said corporation.

Notary Public in and for the
State of _____
My commission expires: _____

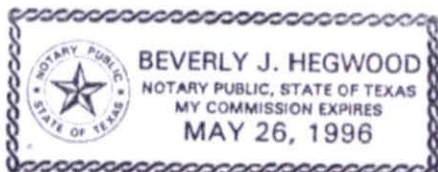
STATE OF _____
COUNTY OF _____

This instrument was acknowledged before me on the _____ day of _____, 1993, by _____, the _____ of NUEVO ENERGY COMPANY, a _____ corporation, on behalf of said corporation.

Notary Public in and for the
State of _____
My commission expires: _____

STATE OF TEXAS
COUNTY OF HARRIS

This instrument was acknowledged before me on the 15th day of February, 1993, by EMMETT WASSELL, the General Manager, Gulf Coast Division, of SENECA RESOURCES CORPORATION, a Pennsylvania corporation, on behalf of said corporation.



Beverly J. Hegwood

Notary Public in and for the
State of Texas
My commission expires: 5/26/96

Exhibit "A"

Attached to and made a part of that certain Term Pooling Agreement for the Leachman-Robinson Unit #1.
Schedule of Leases

Lessor: Robert D. Leachman, et ux. TX-43439
Lessee: Union Pacific Resources Company
Date: October 4, 1991
Filed: Oil and Gas Lease Records of Burleson County
Recorded: Volume 192, Page 783

Lessor: State of Texas M-95040 TX-46248
Lessee: Union Pacific Resources Company
Date: August 4, 1992
Filed: Oil and Gas Lease Records of Burleson County
Recorded: Volume 207, Page 313
Filed: Official Records of Brazos County
Recorded: Volume 1612, Page 219

Lessor: State of Texas M-94913 TX-45524
Lessee: Union Pacific Resources Company
Date: April 7, 1992
Filed: Oil and Gas Lease Records of Burleson County
Recorded: Volume 204, Page 42

Lessor: State of Texas M-94914
Lessee: Seneca Resources Corporation
Date: April 7, 1992
Filed: Oil and Gas Lease Records of Burleson County
Recorded: Volume 204, Page 833

Lessor: G.W. Robinson
Lessee: Seneca Resources Corporation
Date: September 22, 1989
Filed: Oil and Gas Lease Records of Burleson County
Recorded: Volume 158, Page 633

Lessor: John S. Williams, et ux.
Lessee: Seneca Resources Corporation
Date: July 30, 1989
Filed: Oil and Gas Lease Records of Burleson County
Recorded: Volume 157, Page 75

Lessor: Joseph M. Cox, et ux.
Lessee: Seneca Resources Corporation
Dated: August 2, 1989
Filed: Oil and Gas Lease Records of Burleson County
Recorded: Volume 157, Page 73

Lessor: Dorothy M. Lavender
Lessee: Seneca Resources Corporation
Dated: July 27, 1989
Filed: Oil and Gas Lease Records of Burleson County
Recorded: Volume 157, Page 71

Lessor: Mary D. Siegert, et al.
Lessee: Seneca Resources Corporation
Dated: September 14, 1989
Filed: Oil and Gas Lease Records of Burleson County
Recorded: Volume 158, Page 181

Attached to and made a part of that certain Term Pooling Agreement for the Leachman-Robinson Unit #1.

FIELD NOTES

LEACHMAN-ROBINSON UNIT No.1
760.00 ACRE UNIT

Being 760.00 acres of land out of the Alfred Kennon Survey, Abstract No. 32 and the James Fischer Survey Abstract No. 23 in Burleson County, Texas; being 306.63 acres of land out of that certain 639.4 acre tract of land conveyed to Robert D. Leachman, et ux. by deed recorded in Volume 216, Page 974; being 100.40 acres of land conveyed to R. D. Leachman, et ux. by deed recorded in Volume 223, Page 400; being 45.33 acres of land conveyed to Dorothy M. Lavender by deed recorded in Volume 293, Page 703; being 59.58 acres of land conveyed to James Siegert by deed recorded in Volume 234, Page 138; being 10.98 acres of land described as Second Tract, conveyed to James Siegert, et ux, by deed recorded in Volume 126, Page 244; being 51.73 acres of land conveyed to G. W. Robinson by deed recorded in Volume 340, Page 453; being 43.29 acres of land conveyed to John S. Williams by deed recorded in Volume 298, Page 82; being 43.29 acres of land conveyed to Joseph M. Cox by deed recorded in Volume 236, Page 775; being 8.24 acres of land conveyed to John K. Parker by deed recorded in Volume 40, Page 105, all in the Deed Records of Burleson County, Texas; being 90.53 acres of land located within the banks of the Brazos River, described as Tract 8-A in an Oil and Gas Lease recorded in Volume 1612, Page 219 in the Deed Records of Brazos County, Texas and being more particularly described as follows:

BEGINNING at a concrete monument found for the south corner of said John S. Williams, et ux tract:

THENCE N 45°32'45" W. along the southwest line of said Williams tract, a distance of 1218.80 feet to a point for the west corner of said Williams tract;

THENCE N 44°25'52" E. along the northwest line of said Williams tract, a distance of 107.50 feet to a point for the south corner of said Joseph M. Cox tract;

THENCE N 45°36'13" W. along the southwest line of said Cox tract, a distance of 1193.81 feet to a point for the west corner of said Cox tract;

THENCE N 44°20'00" E. along the fenced southeast line of said Robert D. Leachman, et ux, 639.4 acre tract, a distance of 1322.30 feet to a point for corner;

THENCE N 45°53'36" W, traversing the interior of said 639.4 acre tract, a distance of 2753.21 feet to a point for the west corner of the herein described unit in the fenced northwest line of said 639.4 acre tract:

THENCE N 44°36'51" E, along the fenced northwest line of said 639.4 acre tract, a distance of 2050.32 feet to a point for corner on the west bank of the Brazos River:

THENCE N 07°46'15" W, traversing across the Brazos River, a distance of 466.37 feet to a point for corner on the east bank of the Brazos River:

THENCE along the east bank of the Brazos River the following twenty two (22) courses and distances:

- 1) N 77°57'18" E, 282.62 feet,
- 2) N 63°13'44" E, 149.17 feet,
- 3) N 49°59'05" E, 343.63 feet,
- 4) N 41°18'00" E, 372.89 feet,
- 5) N 35°50'23" E, 478.21 feet,
- 6) N 31°33'46" E, 435.41 feet,
- 7) N 53°06'12" E, 333.79 feet,
- 8) N 41°37'21" E, 292.30 feet,
- 9) N 82°48'01" E, 485.24 feet,
- 10) S 86°14'26" E, 438.92 feet,
- 11) S 62°09'41" E, 313.19 feet,
- 12) S 61°38'59" E, 344.32 feet,
- 13) S 47°02'26" E, 337.57 feet,
- 14) S 45°53'13" E, 413.83 feet,
- 15) S 32°53'55" E, 301.81 feet,
- 16) S 32°18'04" E, 527.30 feet,
- 17) S 37°50'33" E, 402.30 feet,
- 18) S 38°36'34" E, 611.87 feet,
- 19) S 49°42'20" E, 307.84 feet,
- 20) S 64°42'04" E, 285.93 feet,
- 21) S 64°07'16" E, 435.17 feet,
- 22) S 69°56'13" E, 631.67 feet to a point for the east corner of the herein described unit on the east bank of the Brazos River:

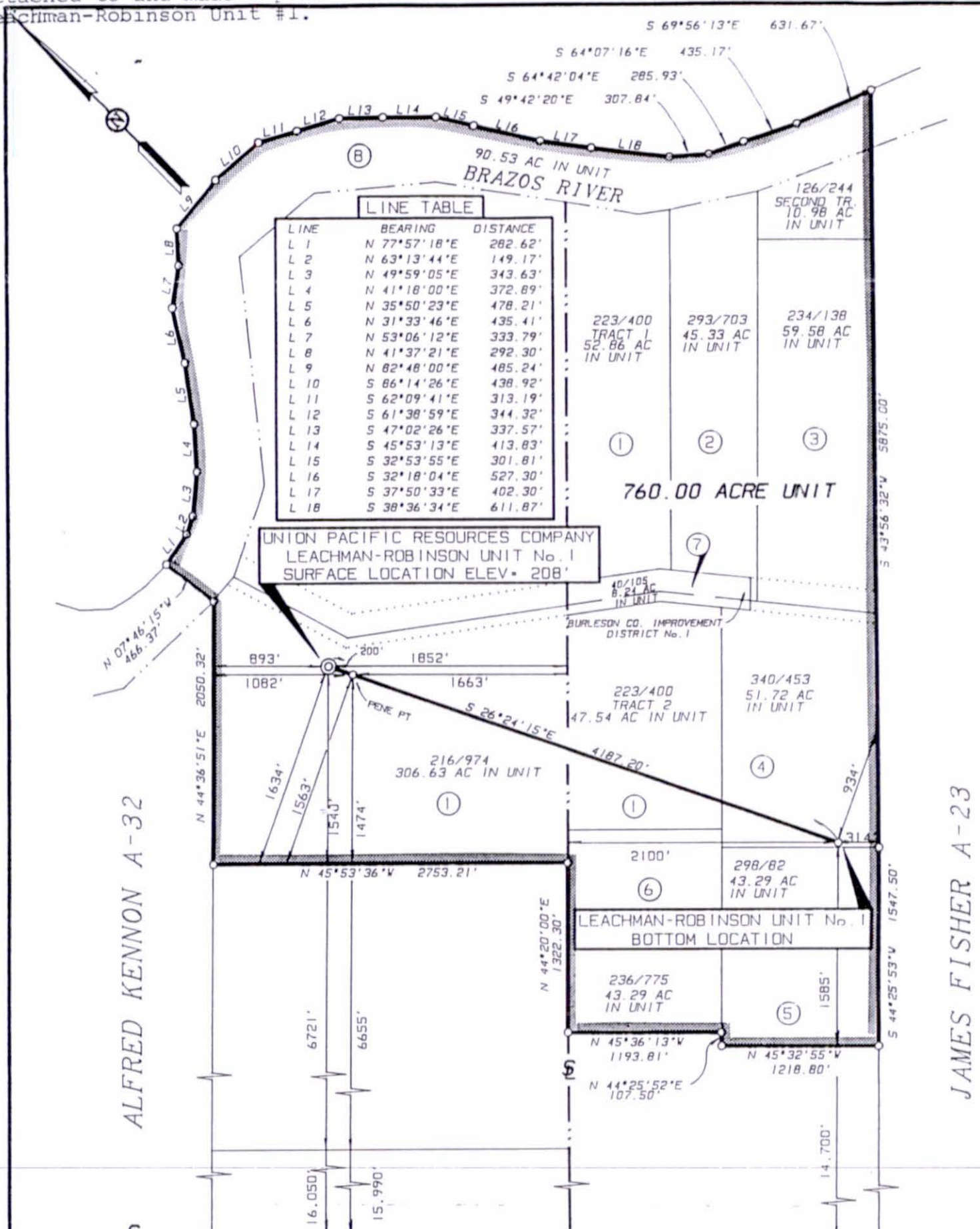
THENCE S 43°56'32" W, traversing across the Brazos River and along the southeast lines of said James Siegert, James Siegert, et ux, and G. W. Robinson tracts, a distance of 5875.00 feet to a point for the south corner of said G. W. Robinson tract:

THENCE S 44°25'53" W. a distance of 1547.50 feet to the PLACE OF BEGINNING, and containing 760.00 acres of land, more or less.



Charles H. Calhoun
Registered Professional Land Surveyor No. 4452
March 15, 1993

LIMITED TO THE AUSTIN CHALK FORMATION, as found between 10,713 feet and 11,124 feet in the QMG Leachman #1 Well, which is located 6590 feet from the SW line and 1000 feet from the NE line of the A. Kennon Survey, A-32, Burleson County, Texas.



LINE TABLE

LINE	BEARING	DISTANCE
L 1	N 77°57'18"E	282.62'
L 2	N 63°13'44"E	149.17'
L 3	N 49°59'05"E	343.63'
L 4	N 41°18'00"E	372.89'
L 5	N 35°50'23"E	478.21'
L 6	N 31°33'46"E	435.41'
L 7	N 53°06'12"E	333.79'
L 8	N 41°37'21"E	292.30'
L 9	N 82°48'00"E	485.24'
L 10	S 86°14'26"E	438.92'
L 11	S 62°09'41"E	313.19'
L 12	S 61°38'59"E	344.32'
L 13	S 47°02'26"E	337.57'
L 14	S 45°53'13"E	413.83'
L 15	S 32°53'55"E	301.81'
L 16	S 32°18'04"E	527.30'
L 17	S 37°50'33"E	402.30'
L 18	S 38°36'34"E	611.87'

UNION PACIFIC RESOURCES COMPANY
LEACHMAN-ROBINSON UNIT No. 1
SURFACE LOCATION ELEV. 208'

LEACHMAN-ROBINSON UNIT No. 1

TRACT	ACRES IN UNIT	DESCRIPTION	DEED RECORDS VOL/PG
1	407.03	ROBERT D. LEACHMAN, et ux	216/974 223/400
2	45.33	DOROTHY M. LAVENDER	293/703
3	70.56	MARY D. SIEGERT, et al	234/138 126/244 SEC. TR.
4	51.73	G.W. ROBINSON	340/453
5	43.29	JOHN S. WILLIAMS, et ux	298/82
6	43.29	JOSEPH M. COX, et ux	236/775
7	8.24	STATE OF TEXAS	40/105 M-94914
8	90.53	STATE OF TEXAS	LEASE No. M-95040

760.00 ACRES TOTAL IN UNIT

NOTES:

- BEARINGS BASED ON TRUE NORTH OBTAINED BY SOLAR OBSERVATION
- WELL IS LOCATED 9.2 MILES EAST SOUTHEAST OF SNOOK, TEXAS
- INDICATES LIMITS OF UNIT
- STATE PLANE COORDINATES
SURFACE LOCATION
X= 3,265,047 Y= 306,428
BOTTOM LOCATION
X= 3,267,044 Y= 302,748

SURVEYED DECEMBER 11, 1992
REVISED JANUARY 18, 1993 (UNIT CONFIGURATION)
REVISED MARCH 15, 1993 (UNIT CONE)



CHARLES H. CALHOUN R.P.L.S.
WARREN L. SIMPSON PROFESSIONAL LAND SURVEYING
7701 CAMERON ROAD SUITE No. 108 AUSTIN, TEXAS 78752
PHONE (512) 452-1513

UNION PACIFIC RESOURCES COMPANY
LEACHMAN-ROBINSON UNIT No. 1
ALFRED KENNON SURVEY, A-32
BURLESON COUNTY, TEXAS
SCALE 1" = 1000'

31 (10) M-94914
M-94913
Pooling Agreement
FILED: 4-8-93
Moved from M-94913
to M-94914
30 & #31

#9 & #10

✓

ANADARKO PETROLEUM CORPORATION
ON BEHALF OF ANADARKO E&P COMPANY LP

Lease Number: TX-000118512

DEPOSIT TO THE CREDIT OF	BA NUMBER	CHECK DATE	CHECK NUMBER	AMOUNT
STATE OF TEXAS GENERAL LAND OFFICE	456782	Feb-22-2006	30029179	***\$41.20*
STATE OF TEXAS M-94914			06029611	

121

INSTRUCTIONS TO PAYEE:

In as much as the canceled check serves as our rental receipt, please cash the check immediately upon receipt.

INSTRUCTIONS TO DEPOSITORY:

In case of any difficulty, promptly communicate with the rental section of Land Administration of this company (832-636-7922), explaining the circumstances and further instructions will be given.

00050011

File No.

MF 094914

RENTAL PAYMENT

Date Filed:

3/6/06

By



Jerry E. Patterson, Commissioner

32.



✓ ANADARKO PETROLEUM CORPORATION
ON BEHALF OF ANADARKO E & P COMPANY LP

07029186

Lease Number: TX-000118512

DEPOSIT TO THE CREDIT OF	BA NUMBER	CHECK DATE	CHECK NUMBER	AMOUNT
STATE OF TEXAS GENERAL LAND OFFICE	LA45678203	Feb-21-2007	30031945	***\$41.20*

STATE OF TEXAS M-94914

121
RECEIVED
07 MAR -2 PM 12: 28
LAND ADMINISTRATION

INSTRUCTIONS TO PAYEE:

In as much as the canceled check serves as our rental receipt, please cash the check immediately upon receipt.

INSTRUCTIONS TO DEPOSITORY:

In case of any difficulty, promptly communicate with the rental section of Land Administration of this company (832-636-7905), explaining the circumstances and further instructions will be given.

ANADARKO PETROLEUM CORPORATION
ON BEHALF OF ANADARKO E & P COMPANY LP

Lease Number: TX-000118512

DEPOSIT TO THE CREDIT OF	BA NUMBER	CHECK DATE	CHECK NUMBER	AMOUNT
STATE OF TEXAS GENERAL LAND OFFICE	LA45678203	Feb-21-2007	30031945	***\$41.20*

STATE OF TEXAS M-94914

07029186

INSTRUCTIONS TO PAYEE:

In as much as the canceled check serves as our rental receipt, please cash the check immediately upon receipt.

INSTRUCTIONS TO DEPOSITORY:

In case of any difficulty, promptly communicate with the rental section of Land Administration of this company (832-636-7905), explaining the circumstances and further instructions will be given.

DETACH STUB AND RETAIN FOR YOUR RECORDS

ANADARKO PETROLEUM CORPORATION
ON BEHALF OF ANADARKO E & P COMPANY LP

Mellon Bank N.A. 60-160
Pittsburgh, PA 433

LEASE NUMBER	LEASE DATE	MONTHS PAID FOR	FOR PERIOD BEGINNING	ACRES PAID FOR	LESSOR REFERENCE
TX-000118512	04-07-1992	12	04-07-2007	8.240	ST TX M-94914
DELAY RENTAL					
Book 204 Page 833 Reception # 4023					
BURLESON TX					

CHECK NO.	30031945
CHECK DATE	02-21-2007

AMOUNT	***\$41.20*
--------	-------------

TO THE ORDER OF:

PAY EXACTLY **\$41dols20cts**

STATE OF TEXAS
GENERAL LAND OFFICE
1700 N CONGRESS AVENUE
AUSTIN TX 78701-1436

Patricia J. ...

AUTHORIZED REPRESENTATIVE(S) OF THE COMPANY



File No. MF-094914

Rental Payment

Date Filed: 3/1/2007

Jerry E. Patterson, Commissioner

By J.E. Buem

RECEIVED

20070301

00185





Texas General Land Office
Garry Mauro, Commissioner

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

November 18, 1996

Sinclair Oil Corporation
P.O. Box 30825
Salt Lake City, Utah 84130-0825

Re: Mineral File No. M- 094914 & 095040
Property No. 423077

Dear Sir or Madam:

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

The payment of royalties to the State of Texas is set by statute. As the execution of the division order may, in some cases, effect 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 acquiesces 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) 475-1527.

Sincerely,

Eugene H. Moore, Jr.

Eugene H. Moore, Jr.
Accounts Examiner
Royalty and Revenue Processing
Energy Resources

U.P.R.C.
M.F. → ~~94914~~
→ 94914
→ 95040



October 8, 1996

RECEIVED
96 OCT 29 PM 4:02
ENERGY RESOURCES

RE: Leachman-Robinson #1 Well
SOC WT: 20%

ALL INTEREST OWNERS:

Sinclair Oil Corporation, as a working interest owner in the captioned well, is now selling its proportionate share of the oil produced from this well separately from Union Pacific Resources Company. We will begin disbursing revenues attributable to the production we sell effective May 1, 1996. The enclosed Division Order reflects your interest based on Sinclair's production.

In order to keep your interest in line for payment, we will need an executed division order covering the captioned well. To that end, enclosed are two copies of our Division Order prepared from information furnished to us by Union Pacific. If your interest is correct, please execute one copy of the Division Order in the presence of two witnesses, insert your Social Security or Taxpayer Identification Number in the space provided, verify the address shown, and return the original to our office in the enclosed self-addressed envelope for further processing. Please retain the copy for your records.

NOTE: FAILURE TO PROVIDE YOUR SOCIAL SECURITY OR TAXPAYER IDENTIFICATION NUMBER COMPELS SINCLAIR TO COMPLY WITH IRS GUIDELINES GOVERNING BACKUP WITHHOLDING WHICH REQUIRE US TO DEDUCT 31% FROM THE NET PROCEEDS OF YOUR CHECKS. THIS INFORMATION MUST BE REFLECTED ON THIS DIVISION ORDER EVEN THOUGH IT HAS BEEN PROVIDED PREVIOUSLY ON OTHER DIVISION ORDERS.

Please provide Sinclair with copies of any documents which affect your ownership or interest in this well. If you have any questions, please feel free to contact either of the following individuals:

Sam Bariett - Royalty Payments (801) 524-2910

Becky Farmer - Division Orders (801) 526-3911

You may contact us anytime during normal business hours - Mountain Time.

Yours truly,

Becky A. Farmer
Becky A. Farmer
Division Order Analyst

DIVISION ORDER

TO: Sinclair Oil Corporation
P.O. Box 30825
Salt Lake City, UT 84130-0825

Property No: 423077
Effective: MAY 1, 1996

The undersigned severally and not jointly certifies it is the legal owner of the interest set out below of all the oil, gas and related liquid hydrocarbons produced from the property described below:

Leachman - Robinson #1 Well
760 Acres out of Alfred Kennon Survey A-32 and James Fisher Survey A-23
Burleson County, Texas

RETAIN COPY
FOR YOUR FILE

DIVISION OF INTEREST: SEE EXHIBIT "A" ATTACHED AND BY THIS REFERENCE 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 OR GAS.

The following provisions apply to each interest owner ("owner") who executes 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 for gas according to the underlying lease, operating agreement and/or other contracts applicable to each party's interest. 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 deductions 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 and for gas sold during the second preceding calendar month from the property listed above, less taxes required by law to be deducted and remitted by payor as purchaser. Payments of less than \$25 may be accrued before disbursement until the total amount equals \$25 or more, or until 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: The 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 judgements in connection with any suit that affects the owner's interest to which payor is made a party.

DISPUTE; WITHHOLDING OF FUNDS: If a suit is filed that affects the interest of the 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 accruing to such interest, without interest unless otherwise required by applicable statute, until the claim or dispute is settled.

TERMINATION: Termination of this 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: The 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 the recorded copy of the instrument of change or documents satisfactorily evidencing such change are furnished to payor at the time the change occurs. 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 addresses listed unless otherwise advised by either party.

In addition to the legal rights provided by the terms and provisions of this division order, an owner may have certain statutory rights under the laws of this state.

<u>Witness</u>	<u>Signature of Interest Owner</u> <u>Social Security/Tax I.D. No.</u>	<u>Date</u>
_____	_____	_____
_____	ID # _____	_____
_____	_____	_____
_____	ID # _____	_____
_____	_____	_____
_____	ID # _____	_____

Failure to furnish your Social Security/Tax I.D. number will result in withholding tax in accordance with federal law, and any tax withheld will not be refundable by payor.

ROYALTY INTEREST:TOTAL INTEREST

FLAIRTEX RESOURCES, INC.
P.O. BOX 131058
HOUSTON TX 77219

0.00094130

DGM PROFIT SHARING PLAN
3EPERNAY PLACE
HOUSTON TX 77040

0.00047070

HOLDEN H. W. WALLACE
811 DALLAS, SUITE 1217
HOUSTON TX 77002

0.00050440

KSM PROFIT SHARING PLAN
3 EPERNAY PLACE
HOUSTON TX 77040

0.00047070

LOUIS P. SEEBER
8314 PRAIRIE WIND
HOUSTON TX 77040

0.00097510

ROBERT D. LEACHMAN & ELIZABETH F. LEACHMAN
6 BEAVERTAIL POINT
HOUSTON TX 77024

0.01640910

✓ COMMISSIONER OF GENERAL LAND OFFICE
1700 N CONGRESS AVENUE
AUSTIN TX 78701

0.00519840

DOROTHY M. LAVENDER
2009 ELMHURST DRIVE
ARLINGTON TX 76012

0.00124260

G. W. ROBINSON
P.O. BOX 66
SEABROOK TX 77586

0.00141810

JAMES O. SIEGERT
4411 BURT ROAD
BRYAN TX 77807

0.00042550

LINDA SIEGERT WARREN
4300 WOODY LANE
BRYAN TX 77803

0.00042550

MARY D. SIEGERT
5173 BURT ROAD
BRYAN TX 77807

0.00127660

PAUL W. SIEGERT
2906 WOOD MEADOW DRIVE
BRYAN TX 77802

0.00042550

INDEPENDENT EXECUTOR OF THE
ESTATE OF JOHN S. WILLIAMS
191-D MULBERRY
EL PASO TX 79932

0.00118670

JOSEPH M. COX
910 EAST 32ND STREET
BRYAN TX 77803

0.00118670

NON-PARTICIPATING ROYALTY:

CYNTHIA W. MUELLER
352 SOUTH MAIN
LA GRANGE TX 78945

0.00013890

E. RICHARD CRISS, JR., SUZANNE C. WEIKMAN &
CAROL C. HOLLOWAY, INDEPENDENT EXECUTOR
OF ESTATE OF E. RICHARD CRISS
3755 CAPITAL OF TX HWY SOUTH
AUSTIN TX 78704-6600

0.00027780

FLOYD FAIRBANKS 0.00083310
P.O. BOX 625
HUMBLE TX 77347

JIMMY WAYNE FAIRBANKS 0.00027770
29213 CEDARWOOD
SPRING TX 77381

LLOYD FAIRBANKS 0.00083310
P.O. BOX 107
CLAY TX 77839

MARSHALL LEE FAIRBANKS, JR. 0.00027770
3910 HUNTERS TREE
SAN ANTONIO TX 78230

JOHN F. FAIRBANKS, JR. 0.00083310
4527 SLOANGATE DRIVE
SPRING TX 77373

ROGER DALE FAIRBANKS 0.00027770
1501 KNOX
HOUSTON TX 77007

WALLACE LEE HONEYCUTT, TRUSTEE & 0.00006950
RUTH NANCY HONEYCUTT, TRUSTEE
P.O. BOX 1248
GOLD BEACH OR 97444

MARGIE K. WOODS 0.00006950
EMERALD BAY
112 MARINA DRIVE
BULLARD TX 75757

LELAND H. MILLER 0.00027770
2624 EHLINGER-BECKER ROAD
FAYETTEVILLE TX 78940-5146

JO ELLA WEGNER 0.00166630
ROUTE 2, BOX 69
SOMERVILLE TX 77879

WORKING INTEREST:

SINCLAIR OIL CORPORATION 0.16161100
550 EAST SOUTH TEMPLE
SALT LAKE CITY UT 84102

TOTAL INTEREST: 0.20000000

Mr. 94914
Division Order (34)
File Dated 11-21-96
CIR 95040