

MF095051

Unit 2230
Unit 10282

<i>State Lease</i>	<i>Control</i>	<i>Base File</i>	<i>County</i>
MF095051	56-029447		BURLESON

Survey HIGHWAYS & PUBLIC TRANSPORTATION DE

Block

Block Name

Township

Section/Tract

Land Part

Part Description HIGHWAY RIGHT-OF-WAY

Acres 12.64

Depth Below *Depth Above* *Depth Other*

0 0

Name UNITED OIL & MINERALS INC

Lease Date 8/18/1992

Primary Term 5 yrs

Bonus (\$) \$632.00

Rental (\$) \$0.00

Lease Royalty 0.1250

Leasing: _____

Analyst: _____

Maps: _____

GIS: _____



CAUTION

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

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

Thank you for your assistance.

Archives and Records Staff

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UNITED OIL & MINERALS INC

Highway Right of Way M-95051 Paid-up

COUNTY (CODE) : Burleson (26)
SURVEY : John Bird
BLOCK : A-5
TOWNSHIP : _____
SECTION : _____
PART : S.H. 36
ACRES : 12.64
DEPTH LIMITS : none
BASE FILE (S) : _____
CONTROL NO. (S) : 56-02944-7

LESSEE : United Oil & Minerals, Inc.
DATE : 8-18-92
PRIMARY TERM : 5 yr. Paid-up
BONUS : \$632.00
ROYALTY : 1/8
RENTALS : \$1.00 paid-up (50.56)

Pass To:
Legal: NS
Rental: _____
Min. A/c: OR
Min. Map: [Signature]

6-18-AS

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The State of Texas



Austin, Texas

PAID-UP

OIL AND GAS LEASE NO. M-95051
GENERAL LAND OFFICE
AUSTIN, TEXAS

THIS AGREEMENT made and entered into by and between the Commissioner of the General Land Office of the State of Texas, whose address is Stephen F. Austin Building, 1700 North Congress, Austin, Texas, 78701, hereinafter called "Lessor", hereunto authorized by the School Land Board, pursuant to the provisions of Chapters 32, 34 and 52 of the Natural Resources Code (hereinafter called N.R.C.), and amendments thereto, and all applicable rules promulgated by the School Land Board, and United Oil and Minerals, Inc., whose address is 108 Wild Basin Road, Suite 320, Austin, Texas 78746, hereinafter called "Lessee". *15411209131*

1. Lessor, in consideration of Six Hundred Thirty Two and 00/100 Dollars (\$632.00), receipt of which is hereby acknowledged, and of the covenants and agreements of Lessee hereinafter contained, does hereby grant, lease, and let unto Lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, and all other hydrocarbons, produced from the land covered hereby. The land covered hereby, herein called "said land" is located in the County of Burleson, State of Texas, and is described as follows:

12.64 acres of land, more or less, situated in said Burleson County, Texas, more particularly described in Exhibit "A" attached

hereto and made a part hereof together with a plat, attached hereto as Exhibit "B", depicting said right-of-way and surrounding area for purposes of illustration only.

For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain 12.64 acres, whether actually containing more or less, and the above recital of acreage shall be deemed to be the true acreage thereof. Lessor accepts the bonus as lump sum consideration for this lease and all rights and options hereunder.

2. PRIMARY TERM: This lease, which is a "paid up" lease requiring no rentals, shall remain in force for a term of five (5) years from August 18, 1992, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. ROYALTIES: As royalty Lessee covenants and agrees:

(a) To deliver to the credit of Lessor, in the pipe line to which Lessee may connect its well, the equal one eighth (1\8) part of all oil produced and saved by Lessee from said land, or from time to time, at the option of Lessee, to pay Lessor the average posted market price of such one eighth (1\8) part of such oil at the wells as of the day it is run to the pipe line or storage tanks, Lessor's interest, in either case, to bear none of the cost of treating oil to render it marketable pipe line oil;

(b) To pay Lessor on gas and casinghead gas produced from said land (1) when sold by lessee, one eighth (1\8) of the amount realized by Lessee, computed at the mouth of the well, or (2) when used by Lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one eighth (1\8) of such gas and casinghead gas.

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

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

(e) If at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check of lessee, as royalty, the sum of \$12.64. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

(f) All royalties not taken in kind shall be paid to the Commissioner of the General Land Office at Austin, Texas, in the following manner:

Royalty on oil is due and must be received in the General Land Office on or before the 5th day of the second month succeeding the month of production, and royalty on gas is due and must be received in the General Land Office on or before the 15th day of the second month succeeding the month of production, accompanied by the affidavit of the owner, manager, or other authorized agent, completed in the form and manner prescribed by the General Land Office and showing the gross amount and disposition of all oil and gas produced and the market value of the oil and gas, together with a copy of all documents, records or reports confirming the gross production, disposition and market value including gas meter readings, pipeline receipts, gas line receipts and other checks or memoranda of amount produced and put into pipelines, tanks, or pools and gas lines or gas storage, and any other reports or records which the General Land Office may require to verify the gross production, disposition and market value. In all cases the authority of a manager or agent to act for the Lessee herein must be filed in the General Land Office. Each royalty payment shall be accompanied by a check stub, schedule, summary or other remittance advice showing by the assigned General Land Office lease number the amount of royalty being paid on each lease. If Lessee pays his royalty on or before thirty (30) days after the royalty payment was due, the Lessee owes a penalty of 5% on the royalty or \$25.00, whichever is greater. A royalty payment which is over thirty (30) days late shall accrue a penalty of 10% of the royalty due or \$25.00, whichever is greater. In addition to a penalty, royalties shall accrue interest at a rate of 12% per year; such interest will begin accruing when the royalty is sixty (60) days overdue. Affidavits and supporting documents which are not filed when due shall incur a penalty in an amount set by the General Land Office

administrative rule which is effective on the date when the affidavits or supporting documents were due. The Lessee shall bear all responsibility for paying or causing royalties to be paid as prescribed by the due date provided herein. Payment of the delinquency penalty shall in no way operate to prohibit the State's right of forfeiture as provided by law nor act to postpone the date on which royalties were originally due. The above penalty provisions shall not apply in cases of title dispute as to the State's portion of the royalty or to that portion of the royalty in dispute as to fair market value. The State shall have first lien upon all oil and gas produced from the area covered by this lease to secure the payment of all unpaid royalty and other sums of money that may become due to the State hereunder.

4. POOLING: (a) Lessee is hereby granted the right, at its option, to pool or unitize any land covered by this lease with any other land covered by this lease, and/or with any other land, lease, or leases, as to any or all minerals or horizons. Units pooled for oil hereunder shall not exceed 160 acres each in area, and units pooled for gas hereunder shall not exceed in area 640 acres each plus a tolerance of ten percent (10%) thereof, unless oil or gas units of a greater size are allowed under or prescribed by rules of the Railroad Commission of Texas. A unit established hereunder shall be valid and effective for all purposes of this lease even though there may be mineral, royalty, or leasehold interests in lands within the unit which are not effectively pooled or unitized. Any operations conducted on any part of such unitized land shall be considered, for all purposes, except the payment of royalty, as operations conducted upon said land under this lease. There shall be allocated to the land covered by this lease within each such unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) the proportion of the total production of unitized minerals from the unit, after deducting any used in lease or unit operations, which the number of surface acres in such land (or in each such separate tract) covered by this lease within the unit bears to the total number of surface acres in the unit, and the production so allocated shall be considered for all purposes, including payment or delivery of royalty, overriding royalty and any other payments out of production, to be the entire production of unitized minerals from the land to which allocated in the same manner as though produced therefrom under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph or of shut-in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas. The formation of any unit hereunder which includes land not covered by this lease shall not have the effect of exchanging or transferring any interest under this lease (including, without limitation, any shut-in royalty which may become payable under this lease) between parties owning interests in land covered by this lease and parties owning interests in land not covered by this lease. Neither shall

it impair the right of Lessee to release as provided in paragraph 5 hereof, except that Lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit. At any time while this lease is in force Lessee may dissolve any unit established hereunder by filing for record in the public office where this lease is recorded a declaration to that effect, if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 4, a unit once established hereunder shall remain in force for so long as any lease subject thereto shall remain in force. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph 4 with consequent allocation of production as herein provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

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

(c) Lessee agrees to file with the General Land Office a copy of any unit designation which this lease is included within ninety (90) days of such designation.

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

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

obtain production of oil or gas, or production of oil or gas in paying quantities.

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

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

9. FORCE MAJEURE: If, while this lease is in force, at, or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut-in well provisions of paragraph 3 hereof, and Lessee is not conducting operations on said land by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of Lessee, the primary term shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.

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

11. ASSIGNMENTS: This lease may be transferred at any time. All

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

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

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

14. COMPENSATORY ROYALTY: Lessee shall pay a compensatory royalty if this lease is not being held by production on the leased premises, by production from a pooled unit, or by payment of shut-in royalties in accordance with the terms of this lease, and if oil or gas is sold or delivered in paying quantities from a well located within 2500 feet of the leased premises and completed in a producible reservoir underlying the area leased hereunder or in any case in which drainage is occurring. Such compensatory royalty shall be paid at the royalty rate provided in this lease based on the value of production from the well as provided in the lease on which such well is located. The compensatory royalty shall be paid in the same proportion that the acreage of this lease has to the acreage of the proration unit surrounding the draining well plus the acreage of this lease. The compensatory royalty shall be paid monthly to the Commissioner of the General Land Office on or before the last day of the month after the month in which the oil or gas is sold and delivered from the well causing the drainage or from the well located within 2500 feet of the leased premises and completed in a producible reservoir under this lease. Notwithstanding anything herein to the contrary, compensatory royalty payable hereunder shall be no less than an amount equal to \$25.28, and shall maintain this lease in effect for so long as such payments are made as provided herein.

15. FORFEITURE: If Lessee shall fail or refuse to make payment of

any sum within thirty (30) days after it becomes due, or if Lessee or an authorized agent should knowingly make any false return or false report concerning production or drilling, or if Lessee shall fail or refuse to drill any offset well or wells in good faith as required by law and the rules and regulations adopted by the Commissioner of the General Land Office, or if Lessee should fail to file reports in the manner required by law or fail to comply with rules and regulations promulgated by the General Land Office, or refuse the proper authority access to the records pertaining to operations, or if Lessee or an authorized agent should knowingly fail or refuse to give correct information to the proper authority, or knowingly fail or refuse to furnish the General Land Office a correct log of any well, or if this lease is pooled or assigned and the unit designation or assignment is not filed in the General Land Office as required by law, the rights acquired under this lease shall be subject to forfeiture by the Commissioner, and he shall forfeit same when sufficiently informed of the facts which authorize a forfeiture, and when forfeited the area shall again be subject to lease. However, nothing herein shall be construed as waiving the automatic termination of this lease by operations of law or by reason of any special limitation arising hereunder. Forfeitures may be set aside and this lease and all rights 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.

16. RAILROAD COMMISSION: 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 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;

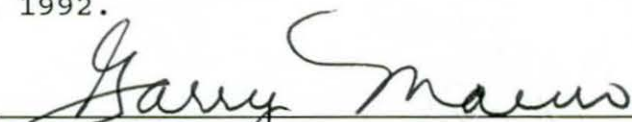
(e) no producer of food and fiber requires the natural gas or casinghead gas necessary to meet the existing needs of irrigation pumps and other machinery directly related to this production; and

(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; provided, however, after notice and hearing as provided in Title 3 of the N.R.C., the Railroad Commission of Texas may grant exceptions to these provisions of Subchapter H of Chapter 52 of the N.R.C. if it finds and determines that enforcement of such provisions:

(1) would cause physical waste as defined in Title 3 of the N.R.C.; or

(2) would unreasonably deny to the Lessee an opportunity to produce economically hydrocarbons from the land subject to this lease.

IN TESTIMONY WHEREOF, witness the signature of the Commissioner of the General Land Office, under the seal of the General Land Office, effective as of August 18, 1992.



GARRY MAURO
COMMISSIONER OF THE GENERAL LAND OFFICE
OF THE STATE OF TEXAS

Approved:
Energy: RH
Legal (Form): Am
Executive: _____

EXHIBIT "A"

Being 12.64 acres of land, more or less, situated in the John Bird Survey, Abstract Number 5 in Burleson County, Texas. Said 12.64 acres of land being a portion of the same land conveyed to the State in a deed from W. M. Hilliard as recorded in Volume 81, Page 55, of the Deed Records of Burleson County, Texas. Said 12.64 acres being a strip of land of variable width and is more particularly described as follows, to wit:

Beginning at a point on the south line of the said John Bird Survey where it intersects the centerline of S. H. 36 at Engineer's Centerline Station Number 587+02.00. Said point also being on a $02^{\circ} 00' 00''$ curve to the left. Thence along said centerline around said curve to the right in a northwesterly direction, a distance of 922.00 feet to a point identified as Engineer's Centerline Station Number 577+80.00. Said point being the point of beginning of the tract herein described.

Thence $N 86^{\circ} 13' 47'' W$, a distance of 120.00 feet to a point on the west right of way line of S. H. 36. Said point being on a curve to the right;

Thence along the west right of way line around said curve, having a radius of 2,492.01 feet an arc length of 273.68 feet and a chord bearing and distance of $N 06^{\circ} 55' 00'' E$ 273.54 feet to the end of said curve;

Thence $N 10^{\circ} 03' 46'' E$, along the west right of way line of S. H. 36, a distance of 1,125.25 feet to a point 110.00 feet from and at right angles to Engineer's Centerline Station Number 564+45.00;

Thence $N 24^{\circ} 07' 48'' E$, along the west right of way line of S. H. 36, a distance of 205.66 feet to a point 60.00 feet from and at right angles to Engineer's Centerline Station Number 562+45.00;

Thence $N 10^{\circ} 03' 34'' E$, along the west right of way line of S. H. 36, a distance of 1,267.71 feet to a point 60.00 feet from and at right angles to Engineer's Centerline Station Number 549+77.80. Said point also being the beginning of a $02^{\circ} 00' 00''$ curve to the left;

Thence along the west right of way line of S. H. 36 around said curve, having a radius of 2,804.79 feet, an arc length of 1,123.18 feet and a chord bearing and distance of $N 01^{\circ} 24' 59'' W$ 1,115.69 feet to a point;

Thence N 53° 54' 26" E, departing from the west right of way line of S. H. 36, a distance of 54.23 feet crossing the centerline of said highway at Engineer's Centerline Station Number 537+50 and continuing on a point on the east right of way line of S. H. 36 for a total distance of 108.46 feet. Said point being on a curve to the right;

Thence along the east right of way line of S. H. 36, around said curve, having a radius of 2,904.79 feet, an arc length of 1,206.41 feet and a chord bearing and distance of S 01° 47' 52" E, 1,197.75 feet to a point being the end of said curve, 40.00 feet from and at right angles to Engineer's Centerline Station Number 549+77.80;

Thence S 10° 02' 07" W, along the east right of way line of S. H. 36, a distance of 1,267.27 feet to a point 40.00 feet from and at right angles to Engineer's Centerline Station Number 562+45.00;

Thence S 04° 00' 39" E, along the east right of way line of S. H. 36, a distance of 205.55 feet to a point 90.00 feet from and at right angles to Engineer's Centerline Station Number 564+45.00;

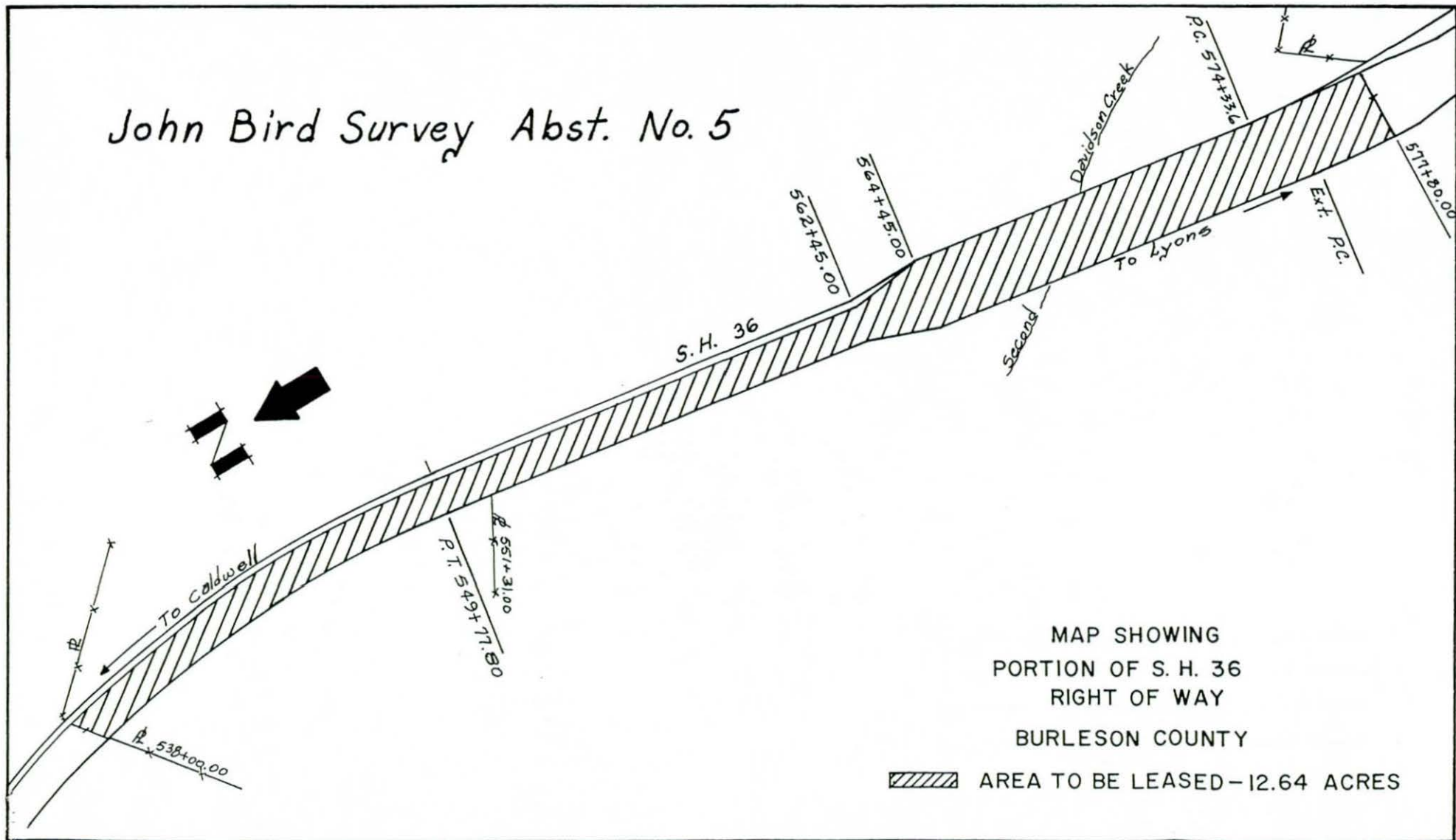
Thence S 10° 03' 46" W, along the east right of way line of S. H. 36, a distance of 1,125.26 to a point being the beginning of a curve to the left;

Thence along the east right of way line of S. H. 36 around said curve, having a radius of 2,291.04 feet, an arc length of 251.61 feet and a chord bearing and distance of S 06° 55' 00" W, 251.48 feet to a point;

Thence N 86° 13' 47" W, departing from the east right of way line of S. H. 36, a distance of 80.00 feet to the point of beginning at Engineer's Centerline Station Number 577+80.00.

The above described tract contains 12.64 acres of land, more or less, and being as indicated on the official right of way maps which are on file with the Texas Department of Transportation and identified under Control Numbers 186-3-6 and 19.

John Bird Survey Abst. No. 5



MAP SHOWING
PORTION OF S. H. 36
RIGHT OF WAY
BURLESON COUNTY

 AREA TO BE LEASED - 12.64 ACRES

①

MF 95051
Item LEASE
To United Minerals
From GLC
Date 8.18.92

RECEIVED AS STATED

Date 8.4.92
Ref No 03235 Bonus 632.00
Rental 50.50
Site Fee 9.48
GENERAL LAND OFFICE

GENERAL LAND OFFICE

GARRY MAURO
COMMISSIONER

MEMORANDUM

(bur 8-18)

Date 8-18-92
M-95091

DATE: August 11, 1992

TO: School Land Board

FROM: Robert Hatter / Lease Administration

SUBJECT: Application To Lease Right-of-Way

APPLICANT: United Oil and Minerals Inc.

REFERENCE: Being 12.64 acres of State Highway 36, more or less, situated in the John Bird Survey A-5, in Burleson County, Texas

The following terms were provided for in adjacent leases:

	<u>High</u>	<u>Low</u>
Bonus/Acres:	\$50.00	\$50.00
Royalty:	1/8	1/8
Delay Rental:	\$ 1.00	\$ 1.00
Primary Term:	5 years	5 years

The application has been reviewed by the Lease Administration Department and by the Department of Transportation. Subchapter F, Chapter 32 of the Texas Natural Resources Code requires the approval of the application to lease with the following terms:

Bonus/Acres:	\$50.00 per acre
Royalty:	1/8 royalty
Delay Rental:	\$ 1.00 per acre
Primary Term:	5 years

United Oil and Minerals, Inc. holds the mineral interest in the leases adjoining the above referenced right-of-way. Therefore, the applicant is entitled to a lease of the entire referenced 12.64 acres. The applicant has submitted a title opinion showing that the state owns the entire mineral estate in the right-of-way and has submitted all other pertinent information required by the School Land Board rules.



Texas Department of Transportation

P.O. BOX 5075 • AUSTIN, TEXAS 78763-5075 • (512) 416-2901

August 7, 1992

Contact: D-15

Mr. Garry Mauro
Commissioner
General Land Office
Petroleum and Mineral Division
1700 North Congress Avenue
Austin, Texas

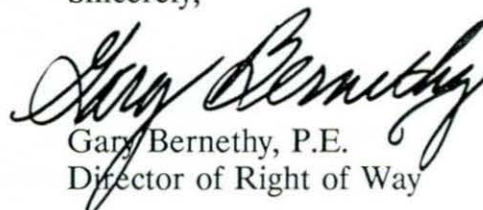
Dear Commissioner Mauro:

We have reviewed the proposed oil and gas leases and the following requests for preferential leases are considered sufficiently documented to be presented to the Public School Land Board for approval:

<u>County</u>	<u>Nominator</u>	<u>Bonus</u>	<u>Royalty</u>	<u>Primary Term</u>	<u>Delay Rental</u>
Fayette	Union Pacific Resources Co.	\$135.00	1/5	3 year	\$10.00
Brazos	Omni Petroleum Corp.	\$200.00	1/5	3 year	\$50.00
Brazos	Inco. Oil Corp.	\$200.00	1/5	3 year	Paid Up
★Burleson	United Oil and Minerals, Inc.	\$ 50.00	1/8	5 year	\$ 1.00
Burleson	Sage Energy Co.	\$ 10.00	1/8	5 year	\$ 1.00
Burleson	Sage Energy Co.	\$ 10.00	1/8	5 year	\$ 1.00

Attached is one copy each of the field notes and sketches for the proposed leases. If additional information is needed, please contact Jimmy Perry at (512) 416-2874.

Sincerely,



Gary Bernethy, P.E.
Director of Right of Way

Attachments

Highway Lease Applicant

Name of Lease Applicant: United oil & Minerals, Inc. by Ben Campbell, VP

County & Tract Description: Burleson Co. (Hwy 36 | 12.64 ac |

Date Sent to Highway Department: 7.20

Check List:

- Letter of Application and plat
- Names and addresses of adjacent mineral owners
- Affidavit of non-production within 2500 feet Horizontal
- \$100 processing fee
- Written waiver of statutory notice
- Certified copy/copies of adjacent lease/leases
- Notarized affidavit of consideration paid
- Title Opinion
- Is the right-of-way on Relinquishment Act Land NO

Remarks:

M-95051

Date Appeared Before SLB:

Approved: \$ 632.00 Bonus 50.00

Disapproved: 1 1/2 day 9.48 Royalty 1/8

Problems: 50.56 Rental 1.00

Team size Paid-up

Shot SW - 1.00

Date Lease Issued:

\$692.04

low
stone
↓

Call Bob
328-8184

MF 95051
Item Work sheet
To ?
From ?
Date ?

3

UNITED OIL & MINERALS, INC. ✓

VENDOR:

CHECK DATE: 7-17-92

CHECK NO: 18958

INVOICE NO.	DATE	DESCRIPTION	GROSS	DISCOUNT	NET
		<p>COMMISSIONER OF THE GENERAL LAND OFFICE</p> <p>PROCESSING FEE- LEASE APPLICATION 12.64 ac. - STATE HWY. 36 JOHN BIRD SURVEY A-5 BURLESON COUNTY TEXAS</p>	<p>170</p>	<p>92059839</p> <p>100.00</p>	
		<p>TOTAL</p>			



United Oil & Minerals, Inc.

108 Wild Basin Road
Suite 320
Austin, Texas 78746
Telephone: (512) 328-8184
Telecopier: (512) 328-8189
July 16, 1992

Texas General Land Office
Stephen H. Austin Building
1700 N. Congress Ave., Rm. 640
Austin, Texas 78701-1495
Attention: Drew Reid

Re: Lease Application
State Highway 36
Burleson County, Texas

Gentlemen:

United Oil & Minerals, Inc. hereby applies for an Oil, Gas and Mineral Lease from the State covering its mineral interest under a 12.64 acre section of State Highway 36 lying outside of the town of Caldwell in Burleson County, Texas. United plans to drill a horizontal drainhole well from a location on one of its leases on the west side of the highway to a bottom hole location on another of its leases on the east side of the highway. Enclosed for your review are the following:

1. A map showing the dimensions and boundaries of the right-of-way tract that United proposes to lease.
2. A surveyed metes and bounds legal description of the right-of-way tract.
3. United Oil & Minerals, Inc. owns the leases on both sides of the highway right-of-way and as such is the only adjacent mineral owner requiring notice. United Oil & Minerals, Inc. hereby waives its right to receive the statutory notice to which it would otherwise be entitled.
4. Affidavit that the right-of-way is being leased for the specific purpose of drilling a horizontal drainhole well.
5. A company check in the amount of \$100 representing the processing fee for this application.
6. Certified copies of the leases owned by United Oil & Minerals, Inc. covering the lands adjacent to the right-of-way.
7. Affidavit of consideration paid for the adjacent leases.

8. A map showing the mineral ownership of all tracts adjacent to the right-of-way.

9. A Title Opinion Letter from Reva Towslee, attorney officed in Caldwell, that the minerals under the subject right-of-way tract are, in her opinion, owned by the State.

Please proceed with processing our lease application as soon as possible as United plans to move its drilling rig to this location upon completion of current operations at another location. If I have failed to provide any necessary information please contact me immediately at the number shown above.

Sincerely,



Benjamin J. Campbell,
Vice-President

(4)

MF 95051
Item Ltr
To Glo
From United of
Date 7-16-92

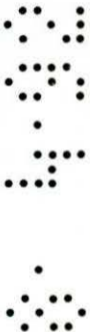
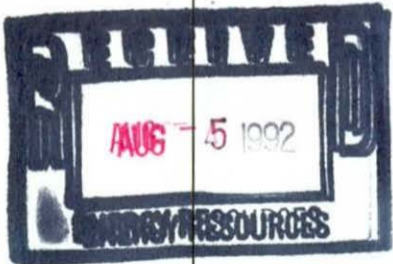
RECEIVED
JUL 20 1992
GENERAL INVESTIGATIVE
DIVISION

UNITED OIL & MINERALS, INC

VENDOR:

CHECK DATE: 8/3/92

CHECK NO: 19174

INVOICE NO.	DATE	DESCRIPTION	GROSS	DISCOUNT	NET
		<p>Bonus Consideration 12.64 Acres, more or less, John Bird Survey, A-5 Burleson Co., Tx Lisa-Herrmann B-5</p>	<p style="text-align: center;">170 9</p> 	<p style="text-align: center;">692.04 92063235</p>	<p style="text-align: center;">692.04</p>
TOTAL					692.04

United Oil & Minerals, Inc.

108 Wild Basin Road
Suite 320
Austin, Texas 78746
Telephone: (512) 328-8184
Telecopier: (512) 328-8189

August 3, 1992

General Land Office
S. F. Austin Building
1700 N. Congress, Ste. 640
Austin, Texas 78701-1495
Attention: Drew Reid

Re: Oil and Gas Lease
12.64 acres, more or less,
State Highway 36
Burleson County, Texas

Gentlemen:

Enclosed is a check in the amount of \$692.04 representing the full bonus consideration for a paid-up lease on the captioned lands. It is my understanding that you will hold this check until August 18, 1992, when the School Land Board meets and should approve the lease.

We are sending the enclosed in hopes of expediting the leasing process upon approval by the School Land Board. Time is of the essence as we have a rig on location.

Sincerely,



Bob Vander Ploeg, Agent

MF 95051
Item C+R
To G10
From United Oil
Date 8.3.92

5

0.435

BURLESON COUNTY, TEXAS

STEPHEN F. AUSTIN A-65



United Oil & Minerals, Inc.
HANS BUHRFEIND



United Oil & Minerals, Inc.
SCALE 1"=1000'

LISA No. B-5

United Oil & Minerals, Inc.

HWY. 36

577.80

12.64 AC.

United Oil & Minerals, Inc.

JOHN BIRD A-5

ROY HERMAN No. 1

ROY H. HERMANN, et ux
520.13 AC.
16/137 (D & G)

United Oil & Minerals, Inc.

NOTE:

1) RIGHT OF WAY ALIGNMENT SHOWN ON THIS PLAT REFLECTS LIMITS AS SHOWN ON A TEXAS STATE DEPARTMENT OF HIGHWAYS AND PUBLIC TRANSPORTATION MAP LABELED FAP 628-F. CONTROL 186-3-6. DATED 1936.

JULY 15, 1992



Warren L. Simpson
WARREN L. SIMPSON

REGISTERED PROFESSIONAL LAND SURVEYOR NO. 4122

WARREN L. SIMPSON

7701 CAMERON ROAD, SUITE 108

AUSTIN, TEXAS 78752

PHONE 512-452-1513

AFFIDAVIT

THE STATE OF TEXAS


COUNTY OF BURLESON

BEFORE ME, the undersigned, a Notary Public in and for the said County, State of Texas, on this day personally appeared, Benjamin J. Campbell, Vice-President of United Oil & Minerals, Inc., to me well known to be a credible person, and who, after being by me duly sworn, on his oath did state:

As the Vice President in charge of the Land Department at United Oil & Minerals, Inc. I hereby represent, on behalf of United Oil & Minerals, Inc., that the subject right-of-way described on Exhibit "A" attached hereto is being leased for the specific purpose of drilling a horizontal drainhole well.


Further affiant sayeth not.

Affiant



Benjamin J. Campbell

SUBSCRIBED AND SWORN TO BEFORE ME this 16th day of July, 1992.

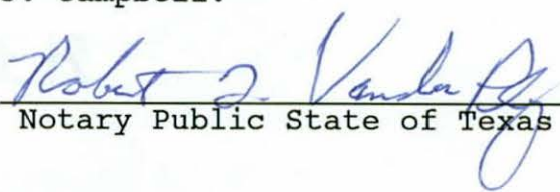


Notary Public State of Texas

STATE OF TEXAS

COUNTY OF TRAVIS

This instrument was acknowledged before me on this the 16th day of July, 1992, by Benjamin J. Campbell.



Notary Public State of Texas

My Commission Expires:

FIELD NOTES

LISA WELL No. B-5
HIGHWAY 36 TRACT

Being 12.64 acres of land out of the John Bird Survey, Abstract No. 5, in Burleson County, Texas; being 12.64 acres of land within the right-of-way of State of Texas Highway No. 36 from approximate Engineers station 537+50 to 577+80 as shown on a Texas State Department of Highways and Public Transportation map labeled FAP 628F-Control 186-3-6, dated 1936, and being more particularly described as follows:

BEGINNING at a point in the west right-of-way of said Highway No. 36, 100.00 feet right of approximate centerline station 577+80;

THENCE with said west right-of-way and along a curve to the right, having a radius of 2492.01 feet, an arc of 273.68 feet, and a chord bearing and distance of N 06°55'00"E, 273.54 feet to the end of said curve;

THENCE continuing with said west right-of-way the following three courses and distances:

- 1) N 10°03'46"E, 1125.25 feet,
- 2) N 24°07'48"E, 205.66 feet to a concrete monument found,
- 3) N 10°03'34"E, 1267.71 feet to a concrete monument found for the beginning of a curve to the left;

THENCE along said curve to the left, having a radius of 2804.79 feet, an arc of 1123.18 feet, and a chord bearing and distance of N 01°24'50" W, 1115.69 feet to a fence corner post for the east corner of that certain tract of land conveyed to Hans W. Buhrfeind, by deed recorded in Volume 280, Page 7, in the Deed Records of Burleson County, Texas;

THENCE N 53°54'26"E, traversing across said Highway No. 36, a distance of 108.46 feet to a point in a curve to the right in the east right-of-way line of said Highway No. 36;

THENCE along said curve to the right, having a radius of 2904.79 feet, an arc of 1206.41 feet, and a chord bearing and distance of S 01°49'52"E, 1197.75 feet to a point for the end of said curve;

THENCE continuing along said east right-of-way the following three (3) courses and distances:

- 1) S 10°02'07"W, 1267.27 feet,
- 2) S 04°00'39"E, 205.55 feet,
- 3) S 10°03'46"W, 1125.26 feet to a point for the beginning of a curve to the left;

THENCE along said curve having a radius of 2291.04 feet, an arc of 251.61 feet, and a chord bearing and distance of S 06°55'00"W, 251.48 feet, to a point for the southwest corner of that certain 520.13 acre tract of land described in an Oil, Gas, and Mineral lease from Roy H. Hermann, et ux, to William C. Haverlah, recorded in Volume 16, Page 137, in the Oil and Gas Records of Burleson County, Texas;

THENCE N 86°13'47" W, traversing across said Highway No. 36, 200.00 feet to the PLACE OF BEGINNING, and containing 12.64 acres of land, more or less.



Warren L. Simpson

Warren L. Simpson
Registered Professional Land Surveyor No. 4122
July 15, 1992

7

MF G15051
Item HL
To G10
From United air
Date 8.16.92

AFFIDAVIT

THE STATE OF TEXAS


COUNTY OF BURLESON

BEFORE ME, the undersigned, a Notary Public in and for the said County, State of Texas, on this day personally appeared, Benjamin J. Campbell, Vice-President of United Oil & Minerals, Inc., to me well known to be a credible person, and who, after being by me duly sworn, on his oath did state:

I am thoroughly familiar with the oil and gas leases described on Exhibit "A" attached hereto and which cover lands adjacent to State of Texas Highway 36 in Burleson County. Having been the Vice-President in charge of the Land Department at United Oil & Minerals, Inc. at the time these leases were acquired I am aware of the consideration paid for said leases. The consideration paid by United for the leases averaged \$50 per net mineral acre.


Further affiant sayeth not.

Affiant



Benjamin J. Campbell

SUBSCRIBED AND SWORN TO BEFORE ME this 16th day of July, 1992.

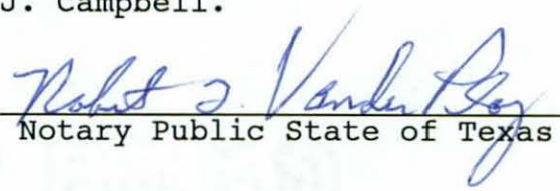


Notary Public State of Texas

STATE OF TEXAS

COUNTY OF TRAVIS

This instrument was acknowledged before me on this the 16th day of July, 1992, by Benjamin J. Campbell.



Notary Public State of Texas

My Commission Expires:

EXHIBIT "A" TO AFFIDAVIT OF CONSIDERATION BY BENJAMIN J. CAMPBELL

1. Oil, Gas and Mineral Lease dated April 26, 1976, between Joe C. Smith, et ux., as Lessor, and W. O. Watts, as Lessee, recorded in Volume 16 at Page 512 of the Oil & Gas Lease Records, Burleson County, Texas.

2. Oil, Gas and Mineral Lease dated April 27, 1976, between Doris Varner Lednicky, as Lessor, and W. O. Watts, as Lessee, recorded in Volume 16 at Page 516 of the Oil & Gas Lease Records, Burleson County, Texas.

3. Oil, Gas and Mineral Lease dated April 23, 1976, between Roy H. Herrmann, et ux., as Lessor, and W. O. Watts, as Lessee, recorded in Volume 16 at Page 137 of the Oil & Gas Lease Records, Burleson County, Texas.

MF 95051
Item off.
To G76
From United oil
Date 8.16.92

⑧

UNIVERSITY MICROFILMS
SERIALS ACQUISITION
300 N ZEEB RD
ANN ARBOR MI 48106

Reva L. Towslee

ATTORNEY AT LAW
CALDWELL, TEXAS 77836

106 SOUTH ECHOLS STREET

A/C 409-567-3251

P.O. Box 648

Bob Vander Ploeg
United Oil & Minerals, Inc.
108 Wild Basin Rd.
Suite 320
Austin, Texas 78746

Re: Proposed Lisa B-5 Horizontal Well, Burleson County, Texas

Dear Mr. Vander Ploeg:

Pursuant to your request, I have reviewed the below described instrument, which is a deed to the State of Texas, acting through the State Highway Commission, conveying 18.21 acres of land out of the John Bird Survey, A-5, Burleson County, Texas. Please be advised that I did not, independently, plat the location of the property covered by this deed.

It is my understanding that you propose to submit this opinion to the Commissioner of the General Land Office of the State of Texas. As such, the Commissioner of the General Land Office of the State of Texas may rely upon the statements contained in this opinion. However, no parties other than yourselves and the Commissioner of the General Land Office of the State of Texas may rely on any of the statements contained in this opinion without the prior express written consent of the author.

While I have reviewed the below described instrument, I have not traced title to the property described in it, nor do I make any representations as to the fee ownership of either the surface or the minerals in the subject property. It is my understanding that you want me to review the instrument and render an opinion solely based upon the contents of the document, and not to express any opinion as to the ownership of the fee title to either the surface or the minerals of the tract of land described in said instrument.

The instrument I have reviewed is as follows:

"Right Of Way Deed" dated July 9, 1936, from W.M. Hilliard to the State of Texas, acting through the State Highway Commission, recorded in Volume 81, Pages 55-56, Deed Records of Burleson county, Texas.

The instrument I reviewed is entitled "Right Of Way Deed". However, this deed provides that the respective grantor does grant, bargain, sell, and convey unto the State of Texas all that certain tract or parcel of land, as described therein, not just an easement or right-of-way. The deed contains a standard habendum clause purporting to convey the full fee title. The deed appears to be properly executed and acknowledged and is of record with the County Clerk of Burleson County, Texas. In said deed, there is no reference made to the minerals, nor is there any mineral or royalty reservation.

Please be advised that the deed contains a reversionary clause, that is, if the land is ever abandoned as a State Highway and is no longer used for Highway purposes, then all of the property described in said deed shall revert back to the grantor.

It is my conclusion that in said deed, the grantor was conveying to the State of Texas the fee simple title to the property. Further, in the absence of any mineral or royalty reservation, all interest in the oil, gas, or other minerals in the subject property owned by grantor would pass to the State of Texas. Please be advised that I have not traced title to this property so to determine what interest, if any, was held by grantor in said deed. If it is assumed that the grantor did own the full fee title in the surface and minerals to the property described in said deed, then, the full fee simple title in both the surface and minerals would pass to the State of Texas.

I hope this information is sufficient for your purposes. If I can be of further assistance please let me know.

Yours very truly,


REVA L. TOWSLEE

RLT/jrt

RIGHT OF WAY DEED.

R.J. Alexander et ux to State of Texas.

STATE OF TEXAS.
COUNTY OF BURLESON.

KNOW ALL MEN BY THESE PRESENTS:

THAT we R.J. Alexander and Mrs. Mary J. Alexander of the County of Burleson in the State of Texas, for and in consideration of the sum of One DOLLAR, to us in hand paid by the State of Texas, acting through the State Highway Commission, receipt of which is hereby acknowledged, have this day sold, and do by these presents grant, bargain, sell and convey unto the State of Texas all that certain tract or parcel of land situated in the County of Burleson, State of Texas, and being part of a survey originally granted to S. Dickinson, by Patent No. 29, Vol. 54-167, Abstract No. 29, and being a part of a tract of 138.75 acres conveyed by _____ to R.J. Alexander by deed dated the _____ day of _____ 19____, and recorded in Volume No. 63, page no. 575 of the Deed Records of Burleson County, Texas; said tract or parcel of land herein conveyed, being more particularly described as follows:

Beginning at a point in the fence line dividing the Alexander and the Shanklin property, said point being 1070 feet from the most Northern corner of the Alexander property, said point also being 50 feet West of the center line of the proposed road at station 399+11,

Thence in a Northeastern direction along said fence line for a distance of 105 feet to a point 50 feet East of the center line of the proposed highway,

Thence S. 27-24 E. along a line parallel to and 50 feet from the center line of the proposed highway for a distance of 966 feet to the North Fence line of a lane,

Thence in a Southeastern direction along the North Fence line of said lane for a distance of 105 feet,

Thence E. 27-24 W. along a line parallel to and 50 feet from the center line of the proposed highway for a distance of 966 feet to the place of beginning.

Containing 2.29 Ac.

And it is further agreed that the said _____ in consideration of the benefits above set out, will remove from the property above described such fences, buildings and other obstructions as may be found upon said property.

TO HAVE AND TO HOLD the above described premises, together with all and singular the rights and hereditaments thereto in anywise belonging unto the said State of Texas and its assigns.

And _____ hereby binds _____ heirs, executors and administrators to forever warrant and defend the rights and title to said premises unto the said State of Texas against every person whomsoever lawfully claiming or to claim the same or any part thereof.

Witness our hands, this the 4th. day of March, A.D. 1935.

R.J. Alexander
Mary J. Alexander

STATE OF TEXAS.
COUNTY OF BURLESON

Before me, Ella J. Jancik, a notary public in and for said county and State, on this day personally appeared R.J. Alexander, known to me (or proved to me on the oath of _____) to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office, this the 4th. day of March A.D. 1935.

(U.S.)

Ella J. Jancik
Notary Public, Burleson County, Texas.

STATE OF TEXAS.
COUNTY OF BURLESON.

Before me, Ella J. Jancik, a Notary public in and for said county and State, on this day personally appeared Mrs. Mary J. Alexander, wife of R.J. Alexander, known to me to be the person whose name is subscribed to the foregoing instrument, and having been examined by me privily and apart from her husband and having the same fully explained to her, she the said Mrs. Mary J. Alexander acknowledged such instrument to be her act and deed, and declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office, this the 4th. day of March A.D. 1935.

(U.S.)

Ella J. Jancik
Notary Public, Burleson County, Texas.

Filed for Record Feby. 10, 1937 at 3 o'clock P.M.
And Recorded February 16, 1937 at 9 o'clock A.M.

W.H. Hundley
County Clerk

By Willie L. Tuf Deputy.

RIGHT OF WAY DEED.

W.M. Hilliard to State of Texas.

STATE OF TEXAS.
COUNTY OF BURLESON.

KNOW ALL MEN BY THESE PRESENTS:

THAT W.M. Hilliard of the County of Burleson in the State of Texas, for and in consideration of the sum of Twelve hundred Forty-three DOLLARS, to me in hand paid by the State of Texas, acting through the State Highway Commission, receipt of which is hereby acknowledged, have this day sold, and do by these presents grant, bargain sell and convey unto the State of Texas all that certain tract or parcel of land situated in the County of _____, State of Texas, and being part of a survey originally granted to John Bird, by Patent No. 5, Vol. 47-276-7, Abstract No. 5, and being a part of the tract of 53 - 404 acres conveyed by _____ to W.M. Hilliard by deed dated the _____ day of _____ 19____, and recorded in Volume No. 72 page No. 376-22, page no. 531 of the Deed Records of Burleson County, Texas; and being more particularly described as follows, to-wit:

Beginning at a point in the fence line dividing the Simpson and the Hilliard property, said point being 2530 feet from the most Northern corner of the Hilliard property, and said point also being on the West Right-of-Way line of the proposed highway at station 535+00, said point being on a 2 degree curve to the right,

Thence in a Southeastern direction along said dividing fence line for a distance of 300 feet to a point in the East Right-of-Way line of the proposed highway, said point being on a 2 degree curve to the right at station approximately 537+30,

Thence in a Southern direction around said curve along a line parallel to and 50 feet from the center line of the proposed highway for a distance of 1162 feet to the P.T. of above mentioned curve,

THENCE S. 8-59 W. along a line parallel to and 50 feet from the center line of the proposed highway for a distance of 1257 feet.

Thence in a Southern direction for a distance of 207 feet to a point 100' from the center line of the proposed highway,

Thence S. 8-59 W. along a line parallel to and 100 feet from the center line of the proposed highway for a distance of 1119 feet to the P.C. of a 2 degree and 30 minute curve to the left.

THENCE in a Southern direction around said curve along a line parallel to and 100 feet from the center line

VOL. 81/P. 55

of the proposed highway for a distance of 281 feet,
 Thence approximately S. 10-00 W for a distance of 202 feet to a point that is 75 feet from the center line of the proposed highway, said point being on above mentioned 2 degree and 30 minute curve to the left,
 Thence in a Southern direction around said curve along a line parallel to and 75 feet from the center line of the proposed highway for a distance of 780 feet.
 Thence in a southern direction for a distance of 202 feet to a point that is 50 feet from the center line of the proposed highway at station 590/00,
 Thence S. 24-07 E along a line parallel to and 50 feet from the center line of the proposed highway for a distance of 400 feet to the line dividing the W.M. Hilliard property and the property of Mrs. Annie Denn,
 Thence in a Southwestern direction along said line for a distance of 105 feet to a point in the West right-of-way line of the proposed highway,
 Thence N. 24-07 E along a line parallel to and 50 feet from the center line of the proposed highway for a distance of 400 feet to station 590/00 of the proposed highway,
 Thence in a Northwestern direction for a distance of 202 feet to a point that is 75 feet from the center line of the proposed highway, said point being on the above mentioned 2 degree and 30 minute curve,
 Thence in a Northern direction around said curve along a line parallel to and 75 feet from the center line of the proposed highway for a distance of 780 feet,
 Thence in a Northwestern direction for a distance of 202 feet to a point that is 100 feet from the center line of the proposed highway,
 Thence continuing in a Northern direction around said curve for a distance of 281 feet to the P.C. of said curve,
 Thence N. 8-59 E along a line parallel to and 100 feet from the center line of the proposed highway for a distance of 1119 feet,
 Thence in a Northeastern direction for a distance of 207 feet to a point that is 50 feet from the center line of the proposed highway,
 Thence N. 8-59 E along a line parallel to and 50 feet from the center line of the proposed highway for a distance of 1453 feet to the P.T. of a 2 degree curve to the right,
 Thence in a northern direction around said curve along a line parallel to and 50 feet from the center line of the proposed highway for a distance of 1450 feet to the place of beginning, containing 13.21 Acres,
 and it is hereby especially agreed and understood that in the event the above described tract of land is ever abandoned as a State Highway and is no longer used for Highway purposes, then, and in that event, all of the above described land shall revert to the grantor, and shall become his property from hence forward,
 and it is further agreed that the said W.M. Hilliard in consideration of the benefits above set out, will remove from the property above described such fences, buildings and other obstructions as may be found upon said property,
 TO HAVE AND TO HOLD the above described premises, together with all and singular the rights and hereditaments thereunto in anywise belonging unto the said State of Texas and its assigns;
 Witness my hand, this the 9th, day of July, A.D. 1936,

W.M. Hilliard (WJA)

STATE OF TEXAS, COUNTY OF BURLESON.

Before me, W.J. Alexander, a notary public in and for said county and State, on this day personally appeared W.M. Hilliard, known to me (or proved to me on the oath of _____) to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN under my hand and seal of office, this the 9 day of July A.D. 1936.

W.J. Alexander Notary Public, Burleson County, Texas.

(I.S.)

Filed for Record Feb. 10, 1937, at 3 o'clock P.M. and Recorded February 16, 1937, at 11 o'clock A.M.

W.H. Hundley County Clerk.

By: Walter R. Nix Deputy.

RIGHT OF WAY DEED. Mattie Broadus et vir to State of Texas.

STATE OF TEXAS, COUNTY OF BURLESON

KNOW ALL MEN BY THESE PRESENTS:

THAT Mrs. Mattie Broadus joined here by H.T. Broadus of the County of Burleson in the State of Texas, for and in consideration of the sum of seventy five dollars, to us in hand paid by the State of Texas, acting through the State Highway Commission, receipt of which is hereby acknowledged, have this day sold, and do by these presents grant, bargain, sell and convey unto the State of Texas all that certain tract or parcel of land situated in the County of Burleson, State of Texas, and being part of a survey originally granted to L. Dickinson, by Patent No. 20, Vol. 54-169, Abstract No. 20, and being a part of a tract of 17.50 acres conveyed to Mrs. Mattie Broadus et vir by J.S. Tengue, et al by deed dated the 7 day of August 1936, and recorded in Volume No. 79, page No. 419 of the deed Records of Burleson County, Texas; said tract or parcel of land herein conveyed, being subject to lien(s) held by _____ and being more particularly described as follows, to-wit:

Beginning at the extreme North corner of the Mattie Broadus tract said point being also the Northeast corner of a tract of land recently deeded to the American Legion and said point being on the proposed right-of-way line of the proposed highway at station 432 plus 58;
 Thence S. 27-34' E along a line parallel to and 50 feet from the center of the proposed highway a distance of 609.4 feet to the South fence line of the Mattie Broadus tract;
 Thence Southwest with the South line a distance of 105 feet to a point which is fifty feet from the center of the proposed highway;
 Thence N. 27-34' W along a line parallel to and 50 feet from the center of the proposed highway a distance of 609.4 feet to the North fence line of the Mattie Broadus tract;
 Thence Northeast with the North fence of the Mattie Broadus tract a distance of 105 feet to the place of beginning.
 Containing 1.54 Acres.

This deed also conveys the right of an easement to a strip 100 feet wide where the proposed highway crosses a lane next to the American Legion property so far as my rights and privileges and interest in same may be, and it is further agreed that the said _____ in consideration of the benefits above set out, will remove from the property above described such fences, buildings and other obstructions as may be found upon said property.

TO HAVE AND TO HOLD the above described premises, together with all and singular the rights and hereditaments thereunto in anywise belonging unto the said State of Texas and its assigns;

And we hereby bind ourselves heirs, executors and administrators to forever warrant and defend the rights and title to said premises unto the said State of Texas against every person whomsoever lawfully claiming or to claim the same or any part thereof.

Witness our hands, this the 6 day of February, A.D. 1937.

Mrs. Mattie Broadus H.T. Broadus

MF 95051
Item title opinion & Row seed
To _____
From _____
Date _____

⑨

OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 26th day of April 19 76, between

Joe C. Smith and Wife, Mollie Dee Smith

Lessor (whether one or more) whose address is Hwy. 21 W, Caldwell, Texas

and W. O. Watts Lessee, WITNESSETH:

I, Lessor in consideration of Ten and other Dollars (\$ 10.00 +), in hand paid, of the royalties herein provided, and of the agreement of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas (including all gases, liquid hydrocarbons and their respective constituent elements) and all other minerals, laying pipelines, building roads, tanks, power stations, telephone lines and other structures thereon and on, over and across lands owned or claimed by Lessor adjacent and contiguous thereto, to produce, save, take care of, treat, transport, and own said products, and housing its employees, the following described land in Burleson County, Texas, to-wit:

All that certain tract or parcel of land located in Burleson County, Texas, and being out of the John Bird League, Abstract No. 5, the E. Swearingen League, Abstract No. 58 and the S. F. Austin League No. 8, Abstract No. 63, and being the same land described in a Partition Deed to Mrs. Helen Hilliard as recorded in Vol. 95, Page 175, of Burleson County Deed Records and being more particularly described as follows:

Beginning in the S.E. line of the L. Dickinson League, the N.W. line of the J. Bird League, the W. corner of Simpson 397 acres in the SE line of the Alexander 138 acres, iron rod for corner; Thence S. 45-12 E. with the S.W. line of said Simpson 2510.9 feet to corner in the W. line of State Highway 36; Thence with said R-O-W line; S. 13-45 E. 346.7 feet; S. 7-46 E. 200.0 feet; S. 4-18 E. 200.0 feet; S. 0-25 W. 200.0 feet; S. 4-16 W. 200.0 feet; S. 8-07 W. 200.0 feet, being P.T. of curve, Sta. 549 + 77.8; S. 10-37 W. 1264 feet; S. 24-33 W. 200.0 feet; S. 10-22 W. at 406 feet cross Second Creek, at 1124.7 feet corner; S. 7-04 W. 300.0 feet; S. 5-28 W. 151 feet to corner in said R-O-W, being N.E. corner of Williams; Thence S. 43-15 W. with said Williams N.W. line, at 408 feet the S.E. corner of an 89 acre tract, a P.O. marked X. brs. N. 45 W. 8 feet, at 2878.2 feet corner in said Williams, the S. corner of said 89 acre tract; Thence N. 44-52 W. 1657.8 feet to corner, the N.W. corner of said 89 acres; Thence N. 44-58 E. 2451.7 feet to corner, rock for corner; Thence N. 44-46 W. 258.8 feet, corner on the W. bank of Second Creek; Thence with the meanders of said creek bank, N. 63-14 W. 187.6 feet; N. 26-34 W. 229.4 feet, N. 41-32 W. 49.2 feet, N. 55-54 W. 353.6 feet, N. 33-43 W. 259.5 feet, N. 76-10 W. 106.2 feet, N. 29-55 W. at 40 feet cross Second Creek, at 95.4 feet corner in Branch draining into Second Creek; Thence N. 45-43 W. 817.3 feet to corner, being in the S.E. line of E. Swearingen League, a Pecan Tree marked X. for corner; Thence S. 42-38 W. at 226 feet cross Second Creek, at 1539.2 feet corner in the S.E. line of said Swearingen League, the S.E. corner of Kuchera 100 acres, a large P.O. marked X. for corner; Thence with Kuchera N.E. line, N. 46-43 W. 1812.2 feet to corner on the S. bank of Second Creek; Thence with the meanders of said Second Creek; N. 30-37 E. 170.4 feet, N. 52-17 E. 195.7 feet, N. 51 E. 198.2 feet, N. 65-23 E. 79.3 feet; N. 67-31 E. 194 feet, N. 72-36 E. 225.7 feet, N. 60-22 E. 184.4 feet, N. 21-05 E. 140.7 feet, N. 59-57 E. 248.2 feet, N. 9-31 E. 118.5 feet, N. 24-38 W. 183.1 feet, N. 54-26 W. 199.3 feet, N. 45-55 W. 137.2 feet, N. 17 W. 100.0 feet, N. 58-35 E. 64.2 feet, S. 68-55 E. 166 feet, S. 85-05 E. 113.6 feet, N. 16-22 E. at 30 feet cross Second Creek, at 51.9 feet the W. bank of Second Creek, N. 80-38 E. 79 feet, S. 80-07 E. 134.5 feet, S. 63-22 E. 100 feet, S. 3-38 W. 53.2 feet, S. 38-38 W. 140 feet, S. 63-47 E. 100 feet, S. 25-27 E. 138 feet, S. 60-36 E. 58 feet to corner on large Elm tree, being S. corner of L. Dickinson League; Thence N. 45-01 E. with said league line 2303 feet cross branch, at 3441.2 feet the Place of Beginning, containing 520.19 acres as surveyed on the ground May, 1967, by E. E. Johnson, Professional Engineer.

16 512

LESS, HOWEVER, the following described land:

BEING a tract or parcel of land located in Burleson County, Texas, being out of the John Bird League and being part of the same tract deeded to E. A. Varner by Walter M. Hilliard by Deed dated June 17, 1967, and recorded in Volume 166, Pages 229-34, of Burleson County Deed Records and being more particularly described as follows:

BEGINNING in the SW line of the Simpson 397 acre tract, the most S corner of Davis out of said Simpson and being in the W line of State Highway 36, the E. line of Varner, iron rod for marker; Thence with said Highway line, S 16-01 E. 278.3 feet to corner in same, iron rod for marker at existing fence corner; Thence with an existing fence, S 53-45 W 988.4 feet to corner; iron rod for corner at fence corner post; Thence with existing fence line, N 49-40 W 1060.5 feet to corner, iron rod at base of large Post Oak in fence; Thence continuing with said fence; N 43 01 W 139.6 feet, iron rod at base of 12" Post Oak and N 2-57 E 202.1 feet to fence corner post, iron rod at post, being corner at existing gap in fence; Thence with an existing fence and its meanders; N 68-04 E 234.0 N 61-40 E 271.0 feet, N 55 02 E 196.6 feet; N 51-23 E 353.9 feet to corner in the SW line of Simpson 397 acre tract and W line of Davis, iron rod for marker at corner post; Thence with Davis and Simpson, S 46-12 E. 997.0 feet to place of beginning, containing 33.11 acres of land, more or less, as surveyed on the ground by E.E. Johnson, P.E., on June 18, 1968.

Being the same tract of land described in Deed from E. A. Varner, et ux, to William R. Sullivan, dated June 19, 1968, and recorded in Volume 171, Pages 487-90, of the Deed Records of Burleson County, Texas.

(See attached Rider for description.)

This lease also covers and includes all land owned or claimed by Lessor adjacent or contiguous to the land particularly described above, whether the same be in said survey or surveys or in adjacent surveys, although not included within the boundaries of the land particularly described above. For the purpose of calculating the rental payments hereinafter provided for, said land is estimated to comprise 487.08 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall be for a term of ^{five} ~~five~~ years from this date (called "primary term") and as long thereafter as oil, gas or other mineral is produced from said land or land with which said land is pooled hereunder.

3. The royalties to be paid by Lessee are: (a) on oil, one-eighth of that produced and saved from said land, the same to be delivered at the wells or to the credit of Lessor into the pipeline to which the wells may be connected; Lessee may from time to time purchase any royalty oil in its possession, paying the market price therefor prevailing for the field where produced on the date of purchase; Lessor's interest shall bear one-eighth of the cost of treating the oil to render it marketable pipeline oil or, if there is no available pipeline, Lessor's interest shall bear one-eighth of the cost of all trucking charges; (b) on gas, including all gases, liquid hydrocarbons and their respective constituent elements, casinghead gas or other gaseous substance, produced from said land and sold or used off the premises or for the extraction of gasoline or other product therefrom, the market value at the well on one-eighth of the gas so sold or used, provided that on gas sold at the wells the royalty shall be one-eighth of the net proceeds derived from such sale, it being understood that Lessor shall bear one-eighth of the cost of all compressing, treating, dehydrating and transporting costs incurred in marketing the gas so sold at the wells; (c) on all other minerals mined and marketed one-tenth either in kind or value at the well or mine, at Lessee's election, except that on sulphur mined and marketed the royalty shall be fifty cents (50¢) per long ton, Lessee shall have free use of oil, gas, coal and water from said land, except water from Lessor's wells, for all operations hereunder, and the royalty on oil, gas and coal shall be computed after deducting any so used. While there is a well capable of producing gas in paying quantities on the leased premises or land or leases pooled therewith but gas is not being sold or used and this lease is not then being maintained by production, drilling or reworking operations, or otherwise, Lessee, at its election, may pay or tender as royalty to Lessor on or before the first day of the month after the expiration of ninety (90) days after the date of completion of such gas well, or from the date on which gas ceases to be sold or used, or from the date this lease is included in a unit on which a gas well has been previously completed and shut in, whichever be the later date, a sum determined by multiplying \$1.00 per acre for each acre then covered by this lease, in the event said well is located on the leased premises and other land or leases have not been pooled with this lease or any portion thereof to create a unit for such well or, if said well is located on a unit comprised of part or all of the land covered by this lease and other land or leases, a sum determined by multiplying \$1.00 per acre for each acre of the leased premises covered hereby and included in such unit on which said shut-in gas well is located, which payment will maintain this lease in force and effect for a period of one year after the due date of such payment; however, if actual production of gas commences within said 90-day period, this lease shall remain in full force and effect so long as such production continues without the necessity of any shut-in gas royalty having to be made by Lessee for the period of time gas production was not had from the land covered by this lease or land pooled therewith. In like manner and upon like payments or tenders on or before the expiration of each year thereafter this lease may be maintained in force and effect for successive periods of one year each as long as such payments or tenders are made or until such time as this lease is maintained by production, drilling or reworking operations. If a gas well on the above premises be shut-in because of overproduction therefrom, Lessee shall not be required to make any shut-in gas royalty payments provided for herein in order to maintain the lease in force during the period such well is not produced; provided, however, that if production from such well is not resumed within a period of 18 months, Lessee shall be required, (prior to the expiration of such period) to begin or renew the shut-in royalty payments provided for herein in order to maintain the lease in force thereafter; any payments or tenders made to Lessor on or before the end of said 18-month period shall cover a one-year period from the end of said 18-month period and annually thereafter.

4. Lessee shall have the right and power in its discretion to pool or combine, as to any one or more formations, the land covered by this lease or any portion of said land with other land, lease or leases in the vicinity thereof and, with respect to any such unit so formed, Lessee shall execute in writing an instrument of instruments identifying and describing the pooled acreage and file same for recording in the office of the County Clerk in the county in which said pooled acreage is; the pooled unit shall become effective as of the date provided for in said instrument or instruments, but if said instrument or instruments make no such provision, then such unit shall become effective on the date such instrument or instruments are so filed for record. Operations for drilling on or production of oil and gas from any part of the pooled unit which includes all or a portion of the land covered by this lease, regardless of whether such operations for drilling were commenced or such production was secured before or after the date of this lease or the date of the instrument designating the pooled unit, shall be considered as operations for drilling on or production of oil or gas from the land covered by this lease whether or not the well or wells be located on the land covered by this lease, and the entire acreage constituting such unit or units, as to oil or gas, or either of them as herein provided, shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if the same were included in this lease. The above right and power to pool and unitize may be exercised with respect to oil, gas and other minerals, or any one or more of said substances, and may be exercised at any time and from time to time and before or after a well has been drilled, or while a well is being drilled. Any unit so formed may be re-formed, increased or decreased at the election of Lessee at any time and from time to time after the original forming thereof, and Lessee may vacate any unit formed by it hereunder by instrument in writing filed for record in said county at any time when there is no unitized substance being produced from such unit. The pooling for gas hereunder by Lessee shall also pool and unitize all liquid hydrocarbons and their respective constituent elements as may be produced with the unitized gas and the royalty interest payable to Lessor thereon shall be computed the same as on gas. In lieu of royalties above specified, Lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of the above described acreage placed in the unit bears to the total acreage so pooled in the particular unit involved, subject to the rights of Lessee to reduce proportionately Lessor's royalty as hereinafter provided. Oil or gas produced from any such unit and used in the operations thereof or thereon shall be excluded in calculating said royalty. Units pooled for oil hereunder shall not substantially exceed 80 acres each in area, and units pooled for gas hereunder shall not substantially exceed in area 640 acres each, plus a tolerance of 10% thereof, provided that should governmental authority having jurisdiction prescribe or permit the creation of units larger than those specified, units thereafter created may conform substantially in size with those prescribed or permitted by governmental regulations. When the word "oil" is used herein, it shall mean any combination of liquid hydrocarbons regardless of gravity, all or any portion of which is a liquid in the reservoir from which produced and which can be recovered in a standard type of separator at the well in quantities of at least one barrel per 10,000 cubic feet of gas when measured on the pressure base fixed by the Railroad Commission of the State of Texas. When the word "gas" is used herein, it shall mean hydrocarbon vapor, including all liquid hydrocarbons which can be condensed, absorbed or separated out of or from such vapor after it leaves the reservoir, and including any combination of hydrocarbons which are in a liquid state in the reservoir if recoverable, in a standard type separator at the well, in quantities of less than one barrel per 10,000 cubic feet of gas when measured on the pressure base fixed by the Railroad Commission of the State of Texas, but not including casinghead gas or the liquid hydrocarbons which can be condensed, absorbed or separated out of or from such casinghead gas.

5. If operations for drilling are not commenced on said land or on acreage pooled therewith as above provided on or before one year from this date, the lease shall then terminate as to both parties, unless on or before such anniversary date Lessee shall pay or tender to Lessor or to the credit of Lessor in Caldwell National Bank at Caldwell, Texas, (which bank and its successors are Lessor's agent and shall continue as the depository for all rentals payable hereunder regardless of changes in ownership of said land or the rentals) the sum of two hundred forty two & 54/100 ----- Dollars (\$ 242.54), (herein called rentals), which shall cover the privilege of deferring commencement of drilling operations for a period of twelve (12) months. In like manner and upon like payments or tenders annually, the commencement of drilling operations may be further deferred for successive periods of twelve (12) months each during the primary term. The payment or tender of rental under this paragraph and of royalty under paragraph 3 on any gas well from which gas is not being sold or used may be made by the check or draft of Lessee mailed or delivered to the parties entitled thereto or to said bank on or before the date of payment. If such bank (or any successor bank) should fail, liquidate or be succeeded by another bank or for any reason fail or refuse to accept rental, Lessee shall not be held in default for failure to make such payment or tender of rental until thirty (30) days after Lessor shall deliver to Lessee a proper recordable instrument, naming another bank as agent to receive such payments or tenders. The down cash payment is consideration for this lease according to its terms and shall not be allocated as a mere rental for a period. Lessee may at any time or times execute and deliver to Lessor or to the depository above named or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered, and thereafter the rentals payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

6. If prior to discovery and production of oil, gas or other mineral on said land or on acreage pooled therewith Lessee should drill a dry hole or holes thereon, or if after discovery and production of oil, gas or other mineral, the production thereof should cease from any cause, this lease shall not terminate if Lessee commences operations for drilling or reworking within ninety (90) days thereafter or if it be within the primary term, commences or resumes the payment or tender of rentals or commences operations for drilling or reworking on or before the rental paying date next ensuing after the expiration of ninety days from date of completion of dry hole or cessation of production. If at any time subsequent to ninety (90) days prior to the beginning of the last year of the primary term and prior to the discovery of oil, gas or other mineral on said land, or on acreage pooled therewith, Lessee should drill a dry hole thereon, no rental payment or operations are necessary in order to keep the lease in force during the remainder of the primary term. If at the expiration of the primary term oil, gas or other mineral is not being produced on said land or on acreage pooled therewith but Lessee is then engaged in drilling or reworking operations thereon or shall have completed a dry hole thereon within ninety (90) days prior to the end of the primary term or shall after the expiration of the primary term complete either an oil well on land other than land covered by this lease, and which other land and all or a portion of the land covered by this lease has been included in a gas unit that was formed prior to the expiration of the primary term of this lease, or a gas well on land other than land covered by this lease and which other land and all or a portion of the land covered by this lease has been included in an oil unit that was formed prior to the expiration of the primary term of this lease this lease shall remain in force so long as operations on said well or drilling or reworking operations on any additional well on the land covered by this lease or acreage pooled therewith are prosecuted with no cessation of more than ninety (90) consecutive days and if they result in the production of oil, gas or other mineral so long thereafter as oil, gas and other mineral is produced from the land covered by this lease or acreage pooled therewith. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and within 660 feet of and draining the leased premises, Lessee agrees to drill such offset well or wells as an ordinary prudent person would do under similar circumstances and in this connection, it shall be considered that no drainage exists and there shall be no express or implied duty of Lessee to drill such offset well or wells unless it also appears that such offset well or wells would be sufficiently productive to pay Lessee a profit over and above drilling, completing and operating expenses.

7. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipelines below ordinary plow depth, and no well shall be drilled within two hundred (200) feet of any residence or barn now on said land without Lessor's consent.

8. The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall extend to their heirs, successors and assigns, but no change or division in ownership of the land or royalties, however accomplished, shall operate to enlarge the obligation or diminish the rights of Lessee; and no change of division in such ownership shall be binding on Lessee until thirty (30) days after Lessee shall have been furnished by registered U. S. mail at Lessee's principal place of business with a certified copy of recorded instrument or instruments evidencing same. In the event of assignment hereof in whole or in part liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease or of a portion thereof who commits such breach. If six or more parties become entitled to royalty hereunder, Lessee may withhold payment thereof unless and until furnished with a recordable instrument executed by all such parties designating an agent to receive payment for all.

9. The breach by Lessee of any obligation arising hereunder shall not work a forfeiture or termination of this lease nor cause a termination or reversion of the estate created hereby nor be grounds for cancellation hereof in whole or in part. In the event Lessor considers that operations are not at any time being conducted in compliance with this lease, Lessor shall notify Lessee in writing of the facts relied upon as constituting a breach hereof, and Lessee, if in default, shall have ninety (90) days after receipt of such notice in which to commence the compliance with the obligations imposed by virtue of this instrument. After the discovery of oil, gas or other mineral in paying quantities on said premises, Lessee shall reasonably develop the acreage retained hereunder, but in discharging this obligation it shall in no event be required to drill more than one well per eighty (80) acres of the area retained hereunder and capable of producing oil in paying quantities and one well per 640 acres plus an acreage tolerance not to exceed 10% of 640 acres of the area retained hereunder and capable of producing gas or other mineral in paying quantities.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land either in whole or in part, and in event Lessee does so, it shall be subrogated to such lien with the right to enforce same and apply royalties accruing hereunder toward satisfying same. Without impairment of Lessee's right under the warranty in event of failure of title, it is agreed that if Lessor owns an interest in the oil, gas or other minerals on, in or under said land less than the entire fee simple estate, then the ~~percentage of~~ royalties to be paid Lessor shall be reduced Proportionately. ~~XXXXXX~~

11. (a) Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling or reworking operations thereon or from producing oil or gas therefrom by reason of scarcity of or inability to obtain or to use equipment or material, or by operation of force majeure, any Federal or State law or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations on or from producing oil or gas from the leased premises; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

(b) The specification of causes of force majeure herein enumerated shall not exclude other causes from consideration in determining whether Lessee has used reasonable diligence wherever required in fulfilling any obligations or conditions of this lease, express or implied, and any delay of not more than six (6) months after termination of force majeure shall be deemed justified.

(c) All terms and express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, not Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.

12. This lease states the entire contract between the parties and no representation or promise, verbal or written, on behalf of either party shall be binding unless contained herein; and this lease shall be binding upon each party executing the same regardless of whether or not executed by all owners of the above described land or by all persons above named as "Lessor," and notwithstanding the inclusion above of other names as "Lessor," this term as used in this lease shall mean and refer only to such parties as execute this lease and their successors in interest.

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

Joe C. Smith M.D. LESSOR S. S. No. [redacted]
Mollie Dee Smith LESSOR S. S. No. [redacted]
LESSOR LESSOR
S. S. No. _____ S. S. No. _____

THE STATE OF TEXAS
County of Burleson

Before me, the undersigned authority, on this day personally appeared Joe C. Smith and Wife, Mollie Dee Smith

Known to me to be the identical person S, whose name S are X subscribed to the foregoing instrument, and acknowledged to me that t he y executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this the 28th day of April, A.D., 19 76



16 515 Notary Public in and for Burleson County, Texas

CORPORATION ACKNOWLEDGMENT

STATE OF TEXAS
COUNTY OF _____
BEFORE ME, the undersigned authority, on this day personally appeared _____, known to me to be the person whose name is subscribed to the foregoing instrument as _____ of _____

Filed for Record June 8, 1976 at 9:00 A.M.
And Recorded June 9, 1976 at 2:00 P.M.

By *Loyelle Forney* Deputy County Clerk, Burleson Co., Texas
John J. Toupal

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. 16, Page 512-515, Oil & Gas Lease Records, Burleson County, Texas.

Witness my hand and seal of office on this the 10th day of July, A.D. 1992.

EVELYN M. HENRY
County Clerk, Burleson County, Texas

BY Marcello Fraught
Deputy

OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 27th day of April 19 76, between

Doris Varner Lednicky

Lessor (whether one or more) whose address is Rt. 4, Caldwell, Texas 77836

and W. O. Watts

Lessee, WITNESSETH:

1. Lessor in consideration of Ten and other Dollars (\$ 10.00 +), in hand paid, of the royalties herein provided, and of the agreement of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas (including all gases, liquid hydrocarbons and their respective constituent elements) and all other minerals, laying pipelines, building roads, tanks, power stations, telephone lines and other structures thereon and on, over and across lands owned or claimed by Lessor adjacent and contiguous thereto, to produce, save, take care of, treat, transport, and own said products, and housing its employees, the following described land in Burleson County, Texas, to-wit:

See Exhibit "A" attached hereto and made a part hereof for description.

This lease also covers and includes all land owned or claimed by Lessor adjacent or contiguous to the land particularly described above, whether the same be in said survey or surveys or in adjacent surveys, although not included within the boundaries of the land particularly described above. For the purpose of calculating the rental payments hereinafter provided for, said land is estimated to comprise 787.58 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall be for a term of five years from this date (called "primary term") and as long thereafter as oil, gas or other mineral is produced from said land or land with which said land is pooled hereunder.

3. The royalties to be paid by Lessee are: (a) on oil, one-eighth of that produced and saved from said land, the same to be delivered at the wells or to the credit of Lessor into the pipeline to which the wells may be connected; Lessee may from time to time purchase any royalty oil in its possession, paying the market price therefor prevailing for the field where produced on the date of purchase; Lessor's interest shall bear one-eighth of the cost of treating the oil to render it marketable pipeline oil or, if there is no available pipeline, Lessor's interest shall bear one-eighth of the cost of all trucking charges; (b) on gas, including all gases, liquid hydrocarbons and their respective constituent elements, casinghead gas or other gaseous substance, produced from said land and sold or used off the premises or for the extraction of gasoline or other product therefrom, the market value at the well on one-eighth of the gas so sold or used, provided that on gas sold at the wells the royalty shall be one-eighth of the net proceeds derived from such sale, it being understood that Lessor shall bear one-eighth of the cost of all compressing, treating, dehydrating and transporting costs incurred in marketing the gas so sold at the wells; (c) on all other minerals mined and marketed one-tenth either in kind or value at the well or mine, at Lessee's election, except that on sulphur mined and marketed the royalty shall be fifty cents (50¢) per long ton, Lessee shall have free use of oil, gas, coal and water from said land, except water from Lessor's wells, for all operations hereunder, and the royalty on oil, gas and coal shall be computed after deducting any so used. While there is a well capable of producing gas in paying quantities on the leased premises or land or leases pooled therewith but gas is not being sold or used and this lease is not then being maintained by production, drilling or reworking operations, or otherwise, Lessee, at its election, may pay or tender as royalty to Lessor on or before the first day of the month after the expiration of ninety (90) days after the date of completion of such gas well, or from the date on which gas ceases to be sold or used, or from the date this lease is included in a unit on which a gas well has been previously completed and shut in, whichever be the later date, a sum determined by multiplying \$1.00 per acre for each acre then covered by this lease, in the event said well is located on the leased premises and other land or leases have not been pooled with this lease or any portion thereof to create a unit for such well or, if said well is located on a unit comprised of part or all of the land covered by this lease and other land or leases, a sum determined by multiplying \$1.00 per acre for each acre of the leased premises covered hereby and included in such unit on which said shut-in gas well is located, which payment will maintain this lease in force and effect for a period of one year after the due date of such payment; however, if actual production of gas commences within said 90-day period, this lease shall remain in full force and effect so long as such production continues without the necessity of any shut-in gas royalty having to be made by Lessee for the period of time gas production was not had from the land covered by this lease or land pooled therewith. In like manner and upon like payments or tenders on or before the expiration of each year thereafter this lease may be maintained in force and effect for successive periods of one year each as long as such payments or tenders are made or until such time as this lease is maintained by production, drilling or reworking operations. If a gas well on the above premises be shut-in because of overproduction therefrom, Lessee shall not be required to make any shut-in gas royalty payments provided for herein in order to maintain the lease in force during the period such well is not produced; provided, however, that if production from such well is not resumed within a period of 18 months, Lessee shall be required, (prior to the expiration of such period) to begin or renew the shut-in royalty payments provided for herein in order to maintain the lease in force thereafter; any payments or tenders made to Lessor on or before the end of said 18-month period shall cover a one-year period from the end of said 18-month period and annually thereafter.

4. Lessee shall have the right and power in its discretion to pool or combine, as to any one or more formations, the land covered by this lease or any portion of said land with other land, lease or leases in the vicinity thereof and, with respect to any such unit so formed, Lessee shall execute in writing an instrument of instruments identifying and describing the pooled acreage and file same for recording in the office of the County Clerk in the county in which said pooled acreage is; the pooled unit shall become effective as of the date provided for in said instrument or instruments, but if said instrument or instruments make no such provision, then such unit shall become effective on the date such instrument or instruments are so filed for record. Operations for drilling on or production of oil and gas from any part of the pooled unit which includes all or a portion of the land covered by this lease, regardless of whether such operations for drilling were commenced or such production was secured before or after the date of this lease or the date of the instrument designating the pooled unit, shall be considered as operations for drilling on or production of oil or gas from the land covered by this lease whether or not the well or wells be located on the land covered by this lease, and the entire acreage constituting such unit or units, as to oil or gas, or either of them as herein provided, shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if the same were included in this lease. The above right and power to pool and unitize may be exercised with respect to oil, gas and other minerals, or any one or more of said substances, and may be exercised at any time and from time to time and before or after a well has been drilled, or while a well is being drilled. Any unit so formed may be re-formed, increased or decreased at the election of Lessee at any time and from time to time after the original forming thereof, and Lessee may vacate any unit formed by it hereunder by instrument in writing filed for record in said county at any time when there is no unitized substance being produced from such unit. The pooling for gas hereunder by Lessee shall also pool and unitize all liquid hydrocarbons and their respective constituent elements as may be produced with the unitized gas and the royalty interest payable to Lessor thereon shall be computed the same as on gas. In lieu of royalties above specified, Lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of the above described acreage placed in the unit bears to the total acreage so pooled in the particular unit involved, subject to the rights of Lessee to reduce proportionately Lessor's royalty as hereinafter provided. Oil or gas produced from any such unit and used in the operations thereof or thereon shall be excluded in calculating said royalty. Units pooled for oil hereunder shall not substantially exceed 80 acres each in area, and units pooled for gas hereunder shall not substantially exceed in area 640 acres each, plus a tolerance of 10% thereof, provided that should governmental authority having jurisdiction prescribe or permit the creation of units larger than those specified, units thereafter created may conform substantially in size with those prescribed or permitted by governmental regulations. When the word "oil" is used herein, it shall mean any combination of liquid hydrocarbons regardless of gravity, all or any portion of which is a liquid in the reservoir from which produced and which can be recovered in a standard type of separator at the well in quantities of at least one barrel per 10,000 cubic feet of gas when measured on the pressure base fixed by the Railroad Commission of the State of Texas. When the word "gas" is used herein, it shall mean hydrocarbon vapor, including all liquid hydrocarbons which can be condensed, absorbed or separated out of or from such vapor after it leaves the reservoir, and including any combination of hydrocarbons which are in a liquid state in the reservoir if recoverable, in a standard type separator at the well, in quantities of less than one barrel per 10,000 cubic feet of gas when measured on the pressure base fixed by the Railroad Commission of the State of Texas, but not including casinghead gas or the liquid hydrocarbons which can be condensed, absorbed or separated out of or from such casinghead gas.

5. If operations for drilling are not commenced on said land or on acreage pooled therewith as above provided on or before one year from this date, the lease shall then terminate as to both parties, unless on or before such anniversary date Lessee shall pay or tender to Lessor or to the credit of Lessor

in Caldwell Bank at Caldwell Texas, (which bank and its successors are Lessor's agent and shall continue as the depository for all rentals payable hereunder regardless of changes in ownership of said land or the

rentals) the sum of Five Hundred Thirteen & 74/100 Dollars (\$ 513.74), (herein called rentals), which shall cover the privilege of deferring commencement of drilling operations for a period of twelve (12) months. In like manner and upon like payments or tenders annually, the commencement of drilling operations may be further deferred for successive periods of twelve (12) months each during the primary term. The payment or tender of rental under this paragraph and of royalty under paragraph 3 on any gas well from which gas is not being sold or used may be made by the check or draft of Lessee mailed or delivered to the parties entitled thereto or to said bank on or before the date of payment. If such bank (or any successor bank) should fail, liquidate or be succeeded by another bank or for any reason fail or refuse to accept rental, Lessee shall not be held in default for failure to make such payment or tender of rental until thirty (30) days after Lessor shall deliver to Lessee a proper recordable instrument, naming another bank as agent to receive such payments or tenders. The down cash payment is consideration for this lease according to its terms and shall not be allocated as a mere rental for a period. Lessee may at any time or times execute and deliver to Lessor or to the depository above named or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered, and thereafter the rentals payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

6. If prior to discovery and production of oil, gas or other mineral on said land or on acreage pooled therewith Lessee should drill a dry hole or holes thereon, or if after discovery and production of oil, gas or other mineral, the production thereof should cease from any cause, this lease shall not terminate if Lessee commences operations for drilling or reworking within ninety (90) days thereafter or if it be within the primary term, commences or resumes the payment or tender of rentals or commences operations for drilling or reworking on or before the rental paying date next ensuing after the expiration of ninety days from date of completion of dry hole or cessation of production. If at any time subsequent to ninety (90) days prior to the beginning of the last year of the primary term and prior to the discovery of oil, gas or other mineral on said land, or on acreage pooled therewith, Lessee should drill a dry hole thereon, no rental payment or operations are necessary in order to keep the lease in force during the remainder of the primary term. If at the expiration of the primary term oil, gas or other mineral is not being produced on said land or on acreage pooled therewith but Lessee is then engaged in drilling or reworking operations thereon or shall have completed a dry hole thereon within ninety (90) days prior to the end of the primary term or shall after the expiration of the primary term complete either an oil well on land other than land covered by this lease, and which other land and all or a portion of the land covered by this lease has been included in a gas unit that was formed prior to the expiration of the primary term of this lease, or a gas well on land other than land covered by this lease and which other land and all or a portion of the land covered by this lease has been included in an oil unit that was formed prior to the expiration of the primary term of this lease, this lease shall remain in force so long as operations on said well or drilling or reworking operations on any additional well on the land covered by this lease or acreage pooled therewith are prosecuted with no cessation of more than ninety (90) consecutive days and if they result in the production of oil, gas or other mineral so long thereafter as oil, gas and other mineral is produced from the land covered by this lease or acreage pooled therewith. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and within 660 feet of and draining the leased premises, Lessee agrees to drill such offset well or wells as an ordinary prudent person would do under similar circumstances and in this connection, it shall be considered that no drainage exists and there shall be no express or implied duty of Lessee to drill such offset well or wells unless it also appears that such offset well or wells would be sufficiently productive to pay Lessee a profit over and above drilling, completing and operating expenses.

7. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipelines below ordinary plow depth, and no well shall be drilled within two hundred (200) feet of any residence or barn now on said land without Lessor's consent.

8. The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall extend to their heirs, successors and assigns, but no change or division in ownership of the land or royalties, however accomplished, shall operate to enlarge the obligation or diminish the rights of Lessee; and no change or division in such ownership shall be binding on Lessee until thirty (30) days after Lessee shall have been furnished by registered U. S. mail at Lessee's principal place of business with a certified copy of recorded instrument or instruments evidencing same. In the event of assignment hereof in whole or in part liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease or of a portion thereof who commits such breach. If six or more parties become entitled to royalty hereunder, Lessee may withhold payment thereof unless and until furnished with a recordable instrument executed by all such parties designating an agent to receive payment for all.

9. The breach by Lessee of any obligation arising hereunder shall not work a forfeiture or termination of this lease nor cause a termination or reversion of the estate created hereby nor be grounds for cancellation hereof in whole or in part. In the event Lessor considers that operations are not at any time being conducted in compliance with this lease, Lessor shall notify Lessee in writing of the facts relied upon as constituting a breach hereof, and Lessee, if in default, shall have ninety (90) days after receipt of such notice in which to commence the compliance with the obligations imposed by virtue of this instrument. After the discovery of oil, gas or other mineral in paying quantities on said premises, Lessee shall reasonably develop the acreage retained hereunder, but in discharging this obligation it shall in no event be required to drill more than one well per eighty (80) acres of the area retained hereunder and capable of producing oil in paying quantities and one well per 640 acres plus an acreage tolerance not to exceed 10% of 640 acres of the area retained hereunder and capable of producing gas or other mineral in paying quantities.

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land either in whole or in part, and in event Lessee does so, it shall be subrogated to such lien with the right to enforce same and apply royalties accruing hereunder toward satisfying same. Without impairment of Lessee's right under the warranty in event of failure of title, it is agreed that if Lessor owns an interest in the oil, gas or other minerals on, in or under said land less than the entire fee simple estate, then the rentals and royalties to be paid Lessor shall be reduced proportionately.

11. (a) Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling or reworking operations thereon or from producing oil or gas therefrom by reason of scarcity of or inability to obtain or to use equipment or material, or by operation of force majeure, any Federal or State law or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations on or from producing oil or gas from the leased premises; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

(b) The specification of causes of force majeure herein enumerated shall not exclude other causes from consideration in determining whether Lessee has used reasonable diligence wherever required in fulfilling any obligations or conditions of this lease, express or implied, and any delay of not more than six (6) months after termination of force majeure shall be deemed justified.

(c) All terms and express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, not Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.

12. This lease states the entire contract between the parties and no representation or promise, verbal or written, on behalf of either party shall be binding unless contained herein; and this lease shall be binding upon each party executing the same regardless of whether or not executed by all owners of the above described land or by all persons above named as "Lessor," and notwithstanding the inclusion above of other names as "Lessor," this term as used in this lease shall mean and refer only to such parties as execute this lease and their successors in interest.

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

Doris Varner Lednicky LESSOR _____ LESSOR _____
 S. S. No. _____ S. S. No. _____
 _____ LESSOR _____ LESSOR _____
 S. S. No. _____ S. S. No. _____

THE STATE OF TEXAS
 County of Burleson

Before me, the undersigned authority, on this day personally appeared Doris Varner Lednicky

known to me to be the identical person whose name are/is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this the 27th day of April A. D., 1976

16 517 Notary Public in and for Burleson County, Texas

CORPORATION ACKNOWLEDGMENT

Exhibit "A"

(Attached to and made a part of that certain Oil, Gas and Mineral Lease dated April 27, 1976 between Doris Varney, Lessor, and W. O. Watts, Lessee.)
Tract 1: **Lednicky**

All that certain tract or parcel of land located in Burleson County, Texas, and being out of the John Bird League, Abstract No. 5, the E. Swearingen League, Abstract No. 58 and the S. F. Austin League No. 8, Abstract No. 63, and being the same land described in a Partition Deed to Mrs. Helen Hilliard as recorded in Vol. 95, Page 175, of Burleson County Deed Records and being more particularly described as follows:

Beginning in the S.E. line of the L. Dickinson League, the N.W. line of the J. Bird League, the W. corner of Simpson 397 acres in the SE line of the Alexander 138 acres, iron rod for corner; Thence S. 45-12 E. with the S.W. line of said Simpson 2510.9 feet to corner in the W. line of State Highway 36; Thence with said R-O-W line; S. 13-45 E. 346.7 feet; S. 7-46 E. 200.0 feet; S. 4-18 E. 200.0 feet; S. 0-25 W. 200.0 feet; S. 4-16 W. 200.0 feet; S. 8-07 W. 200.0 feet, being P.T. of curve, Sta. 549 + 77.8; S. 10-37 W. 1264 feet; S. 24-33 W. 200.0 feet; S. 10-22 W. at 406 feet cross Second Creek, at 1124.7 feet corner; S. 7-04 W. 300.0 feet; S. 5-28 W. 151 feet to corner in said R-O-W, being N.E. corner of Williams; Thence S. 43-15 W. with said Williams N.W. line, at 408 feet the S.E. corner of an 89 acre tract, a P.O. marked X. brs. N. 45 W. 8 feet, at 2878.2 feet corner in said Williams, the S. corner of said 89 acre tract; Thence N. 44-52 W. 1657.8 feet to corner, the N.W. corner of said 89 acres; Thence N. 44-58 E. 2451.7 feet to corner, rock for corner; Thence N. 44-46 W. 258.8 feet, corner on the W. bank of Second Creek; Thence with the meanders of said creek bank, N. 63-14 W. 187.6 feet; N. 26-34 W. 229.4 feet, N. 41-32 W. 49.2 feet, N. 55-54 W. 353.6 feet, N. 33-43 W. 259.5 feet, N. 76-10 W. 106.2 feet, N. 29-55 W. at 40 feet cross Second Creek, at 95.4 feet corner in Branch draining into Second Creek; Thence N. 45-43 W. 817.3 feet to corner, being in the S.E. line of E. Swearingen League, a Pecan Tree marked X. for corner; Thence S. 42-38 W. at 226 feet cross Second Creek, at 1539.2 feet corner in the S.E. line of said Swearingen League, the S.E. corner of Kuchera 100 acres, a large P.O. marked X. for corner; Thence with Kuchera N.E. line, N. 46-43 W. 1812.2 feet to corner on the S. bank of Second Creek; Thence with the meanders of said Second Creek; N. 30-37 E. 170.4 feet, N. 52-17 E. 195.7 feet, N. 51 E. 198.2 feet, N. 65-23 E. 79.3 feet; N. 67-31 E. 194 feet, N. 72-36 E. 225.7 feet, N. 60-22 E. 184.4 feet, N. 21-05 E. 140.7 feet, N. 59-57 E. 248.2 feet, N. 9-31 E. 118.5 feet, N. 24-38 W. 183.1 feet, N. 54-26 W. 199.3 feet, N. 45-55 W. 137.2 feet, N. 17 W. 100.0 feet, N. 58-35 E. 64.2 feet, S. 68-55 E. 166 feet, S. 85-05 E. 113.6 feet, N. 16-22 E. at 30 feet cross Second Creek, at 51.9 feet the W. bank of Second Creek, N. 80-38 E. 79 feet, S. 80-07 E. 134.5 feet, S. 63-22 E. 100 feet, S. 3-38 W. 53.2 feet, S. 38-38 W. 140 feet, S. 63-47 E. 100 feet, S. 25-27 E. 138 feet, S. 60-36 E. 58 feet to corner on large Elm tree, being S. corner of L. Dickinson League; Thence N. 45-01 E. with said league line 2303 feet cross branch, at 3441.2 feet the Place of Beginning, containing 520.19 acres as surveyed on the ground May, 1967, by E. E. Johnson, Professional Engineer.

LESS, HOWEVER, the following described land:

BEING a tract or parcel of land located in Burleson County, Texas, being out of the John Bird League and being part of the same tract deeded to E. A. Varner by Walter M. Hilliard by Deed dated June 17, 1967, and recorded in Volume 166, Pages 229-34, of Burleson County Deed Records and being more particularly described as follows:

BEGINNING in the SW line of the Simpson 397 acre tract, the most S corner of Davis out of said Simpson and being in the W line of State Highway 36, the E. line of Varner, iron rod for marker; Thence with said Highway line, S 16-01 E. 278.3 feet to corner in same, iron rod for marker at existing fence corner; Thence with an existing fence, S 53-45 W 988.4 feet to corner; iron rod for corner at fence corner post; Thence with existing fence line, N 49-40 W 1060.5 feet to corner, iron rod at base of large Post Oak in fence; Thence continuing with said fence; N 43 01 W 139.6 feet, iron rod at base of 12" Post Oak and N 2-57 E 202.1 feet to fence corner post, iron rod at post, being corner at existing gap in fence; Thence with an existing fence and its meanders; N 68-04 E 234.0 N 61-40 E 271.0 feet, N 55 02 E 196.6 feet; N 51-23 E 353.9 feet to corner in the SW line of Simpson 397 acre tract and W line of Davis, iron rod for marker at corner post; Thence with Davis and Simpson, S 46-12 E. 997.0 feet to place of beginning, containing 33.11 acres of land, more or less, as surveyed on the ground by E.E. Johnson, P.E., on June 18, 1968.

Being the same tract of land described in Deed from E. A. Varner, et ux, to William R. Sullivan, dated June 19, 1968, and recorded in Volume 171, Pages 487-90, of the Deed Records of Burleson County, Texas.

Tract 2:

All that certain tract or parcel of land located in Burleson County, Texas, and being out of the John Bird League, and being better known as part of the W. E. Simpson tract, and being more particularly described as follows:

BEGINNING at the S. line of a County Road between this tract and the R. J. Alexander 135 acre tract, being at the N. E. corner of a 4.61 acre tract deeded to C.H. Simpson and being N. 47 E. 221.9 feet from the inter-section of the E. line of Highway 36 and S. line of this County Road,
THENCE with the S. line of said County road N. 47 E. 517 feet, and N. 45-15 E. 1900 feet to corner in same, being at the Davidson Creek;
THENCE with said county road line N. 80 E. 170 feet to corner in same;
THENCE S. 44 E. 1305 feet with S. line of said county road to NE corner of J. R. Simpson tract;
THENCE S. 46 W. 598 feet to corner, NW corner of said Simpson;
THENCE S. 45 E. 1361 feet to corner, SW corner of said Simpson;
THENCE N. 46 E. 551 feet to corner in S. line of county road, for the SE corner of J. R. Simpson;
THENCE with S. line of said County road, S. 33 E. 700 feet, S. 37 E. 341 feet to corner in same, being NE corner of tract sold to Roy H. Hermann;
THENCE with NW line of said Herman S. 45 W. 3594 feet to corner;
THENCE N. 43-30 W. 1182 feet to corner in E. line of State Highway 36;
THENCE with said Highway line, N. 17 W. 339 feet, N. 22 W. 271 feet, N. 25 W. 1312 feet to corner in same, being SW corner of said C. H. Simpson 4.61 acre tract;
THENCE with SE line of 4.61 acres, N. 47 E. 221.7 feet to SE corner of same;
THENCE N. 25 W. 907.2 feet with N. E. line of 4.61 acres to place of beginning, containing 272 acres of land, more or less, as surveyed on the ground July 20 and 21, 1962.

And being a part of the land set aside to Charles Henry Simpson et al in partition deed, dated April 27, 1962, and recorded in Volume 147, page 453-9 of the Deed Records of Burleson County, SAVE AND EXCEPT 4.61 acres conveyed to Charles Henry Simpson, on April 30, 1962, and recorded in Volume 142, page 560-1, Burleson County Deed Records, and the tract herein conveyed by actual survey on the ground containing 272 acres of land, more or less.

Tract 3:

BEING a tract or parcel of land located in Burleson County, Texas, being out of the John Bird League and being part of the same tract deeded to E. A. Varner by Walter M. Hilliard by Deed dated June 17, 1967, and recorded in Volume 166, Pages 229-34 of Burleson County Deed Records and being more particularly described as follows:

BEGINNING in the SW line of the Simpson 397 acre tract, the most S corner of Davis out of said Simpson and being in the W. line of State Highway 36, the E line of Varner, iron rod for marker; THENCE with said Highway line, S 16-01 E 278.3 feet to corner in same, iron rod for marker at existing fence corner; THENCE with an existing fence, S 53-45 W 988.4 feet to corner, iron rod for corner at fence corner post; THENCE with existing fence line, N 49-40 W 1060.5 feet to corner, iron rod at base of large Post Oak in fence; THENCE continuing with said fence; N 43 01 W 139.6 feet, iron rod at base of 12" Post Oak and N 2-57 E 202.1 feet to fence corner post, iron rod at post, being corner at existing gap in fence; THENCE with an existing fence and its meanders; N 68-04 E 234.0 N 61 - 40 E 271.0 feet, N 55 02 E 196.6 feet; N 51-23 E 353.9 feet to corner in the SW line of Simpson 397 acre tract and W line of Davis, iron rod for marker at corner post; THENCE with Davis and Simpson, S 46-12 E. 997.0 feet to place of beginning, containing 33.11 acres of land, more or less as surveyed on the ground by E. E. Johnson, P.E., on June 18, 1968.

16 520

Filed for Record June 8, 1976 at 9:00 A.M.

And Recorded June 9, 1976 at 2:00 P.M.

By *Suzelle Kornegay*

John J. Toupal
Deputy County Clerk, Burleson Co., 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. 16, Page 516-520, Oil & Gas Lease Records, Burleson County, Texas.

Witness my hand and seal of office on this the 10th day of July, A.D. 1992.

EVELYN M. HENRY
County Clerk, Burleson County, Texas
BY Marcella Mangetti
Deputy

OIL, GAS AND MINERAL LEASE

C C 00088

THIS AGREEMENT made this 23rd day of April 19 76, between
Roy H. Herrmann and wife, Dorothy Herrmann,

lessor (whether one or more), whose address is: P.O. Box 177, Caldwell, Texas, 77836
and William C. Haverlah, Route 3, Box 112, Floresville, Texas, 78114 lessee, WITNESSETH:

1. Lessor, in consideration of Ten and No/100 ----- (\$10.00) ----- Dollars, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipe lines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Burleson State of Texas and is described as follows:

TRACT NO. 1: Being a tract or parcel of land located in Burleson County, Texas, and being part of the John Bird League, being more particularly described as follows:
Being the same tract of land purchased by P. H. Simpson from T. J. Bird and recorded in Vol. 56, page 187, of the Burleson County Deed Records, and being more particularly described as follows:
BEGINNING at the N W corner of the Daniel 301 acre tract in the S E line of Cooper tract for the NW corner of this;
THENCE N 45 E 2200 feet with the S E line of Simpson 370 acre tract to corner in the W line of the Old Brenham-Caldwell Road;
THENCE with said road S 8 E 630 feet, S 7 1/2 E 910 feet, S 22 E 429 feet, S 21 E 638 feet, S 25 E 141 feet, to corner in said W line of Road;
THENCE S 45 W 757 feet to corner, being the S W corner of Simpson tract (73.8 acres);
THENCE N 46 W 2340 feet to place of beginning, containing 74 acres of land, more or less, as surveyed on the ground October 14, 1961, by E. E. Johnson, Surveyor, and being the same tract of land formerly described as a 73.8 acre tract in a Deed from T. J. Bird and wife, N. E. Bird, dated June 4, 1920, acknowledged June 4, 1920, and recorded in Vol. 56, page 187, et seq., of the Deed Records of Burleson County, Texas, reference being here made to said Deed and to the record thereof by book and page for all necessary purposes.

TRACT NO. 2: Being a tract or parcel of land located in Burleson County, Texas, and being out of the John Bird League and being part of the F. H. Simpson 370 acre tract and part of the 9.04 acres purchased by Simpson from Mrs. Edna Haddox, and being more particularly described as follows:
BEGINNING at the S E corner of Sarah Foster 67 acre tract, the S W corner of Simpson 370 acres;
THENCE N 45 W 1650 feet past the N W corner of Henslee 97 acre tract to corner in the S W line of Simpson 370 acres, being in the N E line of said Foster 67 acres;
THENCE N 45 E 3594 feet to corner in N E line of said 9.04 acre tract, the W line of Old Brenham-Caldwell Road;
THENCE with W line of said Road; S 39 E 406 feet, S 31 E 167 feet, S 29 E 216 feet, S 16 E 527 feet, S 13 E 520 feet, to corner, being N E corner of Simpson 73.8 acres, and the S E corner of Simpson 370 acres;
THENCE with N W line of Simpson 73.8 acres S 45 W 2900 feet to corner, being the place of beginning, containing 134.7 acres of land, more or less, as surveyed on the ground October 14, 1961, by E. E. Johnson, Surveyor, and being a part of a 9.04 acre tract described in a Deed from Mrs. Edna Haddox et vir, to P. H. Simpson et al, dated May 15, 1920, acknowledged May 15, 1920, and recorded in Vol. 44, pages 426 et seq., of the Deed Records of Burleson County, Texas, reference being here made to said Deed and to the record thereof by book and page for all necessary purposes; and being part of a 100 acre tract described in a Deed from P. P. Matus et ux, to P. H. Simpson et al, dated February 9, 1917, acknowledged February 9, 1917, and recorded in Vol. 44, pages 190, et seq., of the Deed Records of Burleson County, Texas; and being part of a 200 acre tract described in a Deed from Joe Mikeska et ux, to W. E. and P. H. Simpson dated November 24, 1923, acknowledged November 23, 1923, and recorded in Vol. 58, on pages 364 et seq., of the Deed Records of Burleson County, Texas; and being all of a 97.3 acre tract described in a Deed from L. W. Henslee to P. H. Simpson et al, dated January 11, 1917, acknowledged January 11, 1917, and recorded in Vol. 52, on pages 88 et seq., of the Deed Records of Burleson County, Texas, reference being here made to all of said Deeds and to the respective records thereof by books and pages for all necessary purposes.

TRACT NO. 3: All that certain tract of land out of the John Bird League, in Burleson County, Texas, and described by metes and bounds as follows, to-wit:
BEGINNING 14 feet N 51 W from S E corner of Payonk 93 acres;
THENCE N 51 W 90 vrs S E corner of 100 acres;
THENCE N 45 W 336 vrs S E corner of Ad Tonn 53 acres; 16 137
THENCE S 45 W 702 vrs. corner;
THENCE S 45 E 428 vrs corner 14 feet N 45 W from S E line 93 acres;
THENCE N 45 E 702 vrs to the place of beginning, containing 53 acres of land, and being the same property described in a Deed from Mrs. Georgia Bailey, et al, to Roy Herrmann dated October 15, 1958, acknowledged October 27, 1958, and recorded in Vol. 136, pages 45-46, of the Deed Records of Burleson County, Texas, reference being here made to said Deed and to the record thereof by book and page for all necessary purposes.

TRACT NO. 4: All that certain tract of land being out of the John Bird League in Burleson County, Texas, and being the same tract of land conveyed by A. G. Tonn et ux, to Roy Herrmann, et ux, by a Deed dated March 19, 1949, and recorded in Vol. 104, page 392, of the Deed Records of Burleson County, Texas, said Deed and the record thereof by book and page being made a part hereof for description of said land, and all purposes, said land being described as follows, to-wit:

BEGINNING in the N E line of Payonk 100 acres, the N E corner of Frank Payonk 53 acres;

THENCE S 45 W 702 vrs, N W corner of Frank Payonk 53 acres;

THENCE N 45 W 426 vrs, corner in N W line of Payonk 100 acres;

THENCE N 45 E 702 vrs, N E corner;

THENCE S 45 E 426 vrs to the place of beginning, containing 53 acres of land, and being the same property described in a Deed from A. G. Tonn et ux, to Roy Herrmann, dated

March 19, 1949, acknowledged March 19, 1949, and recorded in Vol. 104, pages 392 et seq., of the Deed Records of Burleson County, Texas, reference being here made to said Deed and to the record thereof by book and page for all necessary purposes.

TRACT NO. 5: All that certain tract or parcel of land, lying and being situated in Burleson County, Texas, being part of the J. Bird League, being part of the 404 acres tract conveyed by L. W. Henslee et ux, to W. M. Hilliard by Deed dated the 15th day of September, A. D. 1910, recorded in Vol. 32, pages 531-2, Burleson County Deed Records, being all of the 53 acres tract conveyed by Mrs. Millie Morton et vir, to W. M. Hilliard by Deed dated the 20th day of January, A. D. 1936, recorded in Vol. 79, pages 124-5, Burleson County Deed Records; being all of the 53 acres tract conveyed by John R. Macek to W. M. Hilliard by Deed dated January 12, 1942, and recorded in Vol. 88, page 450, Burleson County Deed Records, more fully described by metes and bounds as follows, to-wit:

BEGINNING at a stake in the N E line of the Hunt 404 acres tract, conveyed to W. M. Hilliard by L. W. Henslee et ux, and in the S W line of the Simpson 397 acres tract, at a point in the lin S 45 E 979 vrs from the North corner of the 404 acres tract and in the East line of the Highway 36;

THENCE S 45 E 1001 vrs with the S W line of the Simpson 397 acres and N E line of the Hunt 404 acres tract to the East corner of said 404 acres tract (This line crosses Davidson Creek at 874.4 vrs);

THENCE with fence line between this tract and the Ross Payonk 100 acres tract S 35 W 72 vrs; S 37 W 38.2 vrs; S 18½ W 90.7 vrs; S 13½ W 34.2 vrs; N 74 W 33.1 vrs; S 65 W 21 vrs; S 79 W 40.7 vrs; S 31 W 16.2 vrs to corner in the Northeast line of the Millie Morton 53 acres tract on the South bank of Davidson Creek, at larger cedar post on the North bank of Davidson Creek bears N 45 W 25.9 vrs; this post is said to be in the South-east line of the Hunt 404 acres tract and was the North corner of the Payonk 95 acres tract of which the 53 acres tract is a part;

THENCE S 45 E 380 vrs the East corner of the Morton 53 acres tract and North corner of the John Macek 53 acres tract, at 829 vrs corner in the N W line of the Jesse Garrett 250 acres tract, a post oak marked X brs S 45 W 2 feet;

THENCE S 45 W with Garrett's Northwest line at 307.8 vrs. cross Davidson Creek at 565.2 vrs. corner in the center of Second Creek;

THENCE up Second Creek, running in the center thereof with all its meanders (N 36½ W 50.8 vrs; S 72 W 36 vrs; S 29½ W 67.3 vrs; S 77 W 61.9 vrs; N 73 deg 40 min W 102 vrs; S 85 W 72 vrs; N 72 W 29.2 vrs; N 15 W 22.3 vrs; N 24 E 25.6 vrs; N 63½ E 45 vrs; N 61 E 72 vrs; N 35½ E 32.8 vrs; N 24 W 40 vrs; N 65 W 81 vrs; S 56½ W 43.6 vrs; N 83 deg 20 min W 72 vrs; N 30½ W 20 vrs; N 25½ E 54 vrs; N 4 W 42.5 vrs; N 50 E 68.4 vrs; N 76 W 47.2 vrs; N 5 deg 20 min W 48 vrs; N 82 W 32 vrs; N 21½ W 45.7 vrs; S 24½ W 76.7 vrs; N 50½ W 37 vrs; N 32 E 50.7 vrs; N 79 W 35.6 vrs; S 79 W 42.8 vrs; N 8 W 21.6 vrs; N 47 E 43.6 vrs; N 52 W 49.7 vrs; N 65 W 94 vrs; N 70½ W 70 vrs) to corner in fence;

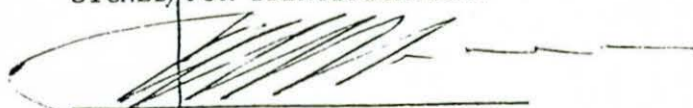
THENCE with fence line N 48 W 77 vrs; S 45 W 88 vrs to corner in the East line of Highway 36;

THENCE with the East line of Highway 36, N 4 deg 45 min E 50 vrs; N 8 deg. 55 min E 72 vrs; N 10 deg. 08 min E 17.7 vrs; N 10 deg 53 min E 890.0 vrs; N 7 E 72 vrs; N 3 deg 07 min E 72 vrs; N 0 deg 46 min W 72 vrs; N 4 deg 39 min W 72 vrs; N 8 deg 44 min W 72 vrs; N 12 deg 44 min W 72 vrs; N 16 deg 51 min W 31 vrs to the place of beginning, containing 205.43 acres of land, as surveyed by Louis Beazley, November 9, 1945, and being the same property described in a Deed from W. Justin Hilliard et ux, to Roy H. Herrmann dated November 8, 1947, acknowledged November 8, 1947, and recorded in Vol. 99, pages 412-414, of the Deed Records of Burleson County, Texas, reference being here made to said Deed and to the record thereof by book and page for all necessary purposes.

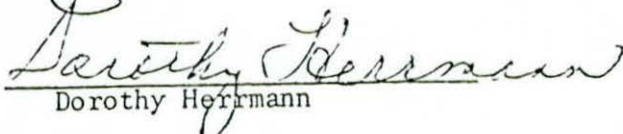
16

138

SIGNED FOR IDENTIFICATION:



Roy H. Herrmann



Dorothy Herrmann

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This lease also covers and includes, in addition to that above described, all land, if any, contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said land. For the purpose of determining the amount of any bonus, delay rental or other payment hereunder, said land shall be deemed to contain

520.13 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be deemed to be the true acreage thereof. Lessor accepts the bonus and agrees to accept the delay rental as lump sum considerations for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of ten (10) years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. As royalty, lessee covenants and agrees: (a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal one-eighth part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such one-eighth part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest. In either case, to bear one-eighth of the cost of treating oil to render it marketable pipe line oil; (b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, one-eighth of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas; (c) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election, except that on sulphur mined and marketed the royalty shall be one dollar (\$1.00) per long ton. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to the amount of annual delay rental provided for in this lease. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in a depository bank provided for below. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

4. Lessee is hereby granted the right, at its option, to pool or unitize any land covered by this lease with any other land covered by this lease, and/or with any other land, lease, or leases, as to any or all minerals or horizons, so as to establish units containing not more than 80 surface acres, plus 10% acreage tolerance; provided, however, units may be established as to any one or more horizons, or existing units may be enlarged as to any one or more horizons, so as to contain not more than 640 surface acres plus 10% acreage tolerance, if limited to one or more of the following: (1) gas, other than casinghead gas, (2) liquid hydrocarbons (condensate) which are not liquids in the subsurface reservoir, (3) minerals produced from wells classified as gas wells by the conservation agency having jurisdiction. If larger units than any of those herein permitted, either at the time established, or after enlargement, are required under any governmental rule or order, for the drilling or operation of a well at a regular location, or for obtaining maximum allowable from any well to be drilled, drilling, or already drilled, any such unit may be established or enlarged to conform to the size required by such governmental order or rule. Lessee shall exercise said option as to each desired unit by executing an instrument identifying such unit and filing it for record in the public office in which this lease is recorded. Each of said options may be exercised by lessee at any time and from time to time while this lease is in force, and whether before or after production has been established either on said land, or on the portion of said land included in the unit, or on other land unitized therewith. A unit established hereunder shall be valid and effective for all purposes of this lease even though there may be mineral, royalty, or leasehold interests in lands within the unit which are not effectively pooled or unitized. Any operations conducted on any part of such unitized land shall be considered, for all purposes, except the payment of royalty, operations conducted upon said land under this lease. There shall be allocated to the land covered by this lease within each such unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that proportion of the total production of unitized minerals from the unit, after deducting any used in lease or unit operations, which the number of surface acres in such land (or in each such separate tract) covered by this lease within the unit bears to the total number of surface acres in the unit, and the production so allocated shall be considered for all purposes, including payment or delivery of royalty, overriding royalty and any other payments out of production, to be the entire production of unitized minerals from the land to which allocated in the same manner as though produced therefrom under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph or of shut-in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas. The formation of any unit hereunder which includes land not covered by this lease shall not have the effect of exchanging or transferring any interest under this lease (including, without limitation, any delay rental and shut-in royalty which may become payable under this lease) between parties owning interests in land covered by this lease and parties owning interests in land not covered by this lease. Neither shall it impair the right of lessee to release as provided in paragraph 5 hereof, except that lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit. At any time while this lease is in force lessee may dissolve any unit established hereunder by filing for record in the public office where this lease is recorded a declaration to that effect, if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 4, a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but lessee shall nevertheless have the right to pool or unitize as provided in this paragraph 4 with consequent allocation of production as herein provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

5. If operations are not conducted on said land on or before the first anniversary date hereof, this lease shall terminate as to both parties, unless lessee on or before said date shall, subject to the further provisions hereof, pay or tender to lessor or to lessor's credit in the

First State Bank in Caldwell ~~xxx~~ at Caldwell, Texas, or its successors, which shall continue as the depository, regardless of changes in ownership of delay rental, royalties, or other moneys, the sum of

\$ 520.13, which shall operate as delay rental and cover the privilege of deferring operations for one year from said date. In like manner and upon like payments or tenders, operations may be further deferred for like periods of one year each during the primary term. If at any time that lessee pays or tenders delay rental, royalties, or other moneys, two or more parties are, or claim to be, entitled to receive same, lessee may, in lieu of any other method of payment herein provided, pay or tender such rental, royalties, or other moneys, in the manner herein specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as lessee may elect. Any payment hereunder may be made by check or draft of lessee deposited in the mail or delivered to lessor or to a depository bank on or before the last date for payment. Said delay rental shall be apportionable as to said land on an acreage basis, and a failure to make proper payment or tender of delay rental as to any portion of said land or as to any interest therein shall not affect this lease as to any portion of said land or as to any interest therein as to which proper payment or tender is made. Any payment or tender which is made in an attempt to make proper payment, but which is erroneous in whole or in part as to parties, amounts, or depository shall nevertheless be sufficient to prevent termination of this lease and to extend the time within which operations may be conducted in the same manner as though a proper payment had been made; provided, however, lessee shall correct such error within thirty (30) days after lessee has received written notice thereof from lessor. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest. If this lease is so released as to all minerals and horizons under a portion of said land, the delay rental and other payments computed in accordance therewith shall thereupon be reduced in the proportion that the acreage released bears to the acreage which was covered by this lease immediately prior to such release.

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. 16, Page 137-140, Oil & Gas Lease Records, Burleson County, Texas.

Witness my hand and seal of office on this the 10th day of July, A.D, 19 92.

EVELYN M. HENRY
County Clerk, Burleson County, Texas
BY Maureen Franzetti
Deputy

95051

Adverse leases (3)

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From _____
Date _____

M-95051

OIL & GAS DIVISION ORDER

To: United Oil & Minerals, Inc.
 108 Wild Basin Rd., Suite 320
 Austin, Texas 78746

DATE: 12-8-92

EFFECTIVE 7 A.M. 08-1-92

Each of the undersigned severally and not jointly certifies it is the legal owner of the interest set out below of all the oil and gas (or the proceeds therefrom) produced from the lease or unit known as: LISA-HERRMANN UNIT NO. B-5, located in Burleson County, State of Texas, more particularly described as follows:

See Attached

CREDIT TO NAME AND ADDRESS	INTEREST	OWNER NO.
General Land Office, State of Texas Stephen F. Austin Building 1700 N. Congress Austin, TX 78701	.00915199 RI	

The following provisions apply to each interest owner (Owner) who executes this agreement.

1. **OIL VALUATION:** 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 the price agreed to by United Oil & Minerals, Inc. based on posted per barrel field price for similar oil for the field where produced or as established under applicable contract, less A) any proper deduction for water, dirt, sediment and other impurities; and B) 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 orders shall become the property of the purchaser to whom it is marketed by United Oil & Minerals, Inc. (UOM) 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 VALUATION:** 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. **COMINGLING:** 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 adverse claims arise concerning title to the interest of the owner(s) in the property or the proceeds from the sale of production therefrom, UOM 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 UOM, or until satisfactory indemnity is furnished to UOM. UOM 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 UOM 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 UOM, 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 UOM until it has received, at no expense to UOM: A) a properly recorded instrument or instruments evidencing such transfer or change; B) such further evidence as UOM may require; and C) a properly executed division order/transfer order executed by all parties in interest. Furthermore, owner(s) relieve UOM 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.

7. The accounting for all such transfers or changes of interests shall be effective as of 7:00 A.M. on the first day of the calendar month following the month in which notice is received by UOM.
8. **INDEMNITY:** Owner agrees to indemnify UOM and hold UOM harmless from any and all liability resulting from payments made to owner in accordance with such division of interest, including but not limited to court costs, reasonable attorney fees and judgments in connection with any suits, claims, causes of action, damages or losses that affects the owner's interest. This indemnification shall extend to and include all transfers of such division of interest.
9. **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.
10. **TAXES AND ASSESSMENTS:** UOM 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.
11. **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), UOM may, at its option, accrue such proceeds and proceeds of subsequent months, until the amounts accrued total twenty-five dollars (\$25.00). Payee agrees to refund to payor any amounts attributable to an interest or part of an interest that payee does not own.
12. **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.
13. 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. This Agreement does not amend any lease or operating agreement between the interest owner and the lessee or operator or any other contracts for the purchase of oil or gas.
14. **EXECUTION:** This document shall be binding upon all signatory parties, their heirs, representatives, successors or assigns.

IMPORTANT: NO PAYMENT WILL BE MADE WITHOUT YOUR SOCIAL SECURITY/TAX I.D. NUMBER

YOUR SIGNATURE AND THOSE OF TWO WITNESSES MUST BE PROVIDED. ALL CORPORATIONS MUST BE ATTESTED. YOUR SIGNATURE CONFIRMS YOUR INTEREST AND BINDS YOU TO THE TERMS CONTAINED HEREIN. 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 I.D. NUMBER.

PLEASE RETURN THE EXECUTED DIVISION ORDER TO UNITED OIL & MINERALS, INC., 100 WILD BASIN RD., SUITE 320, AUSTIN, TX 78746.

Witnesses/Attest

Signature of Owner:

Social Security/
Tax I. D. Number

Address _____

General Land Office,
State of Texas

Address _____

Address _____

Address _____

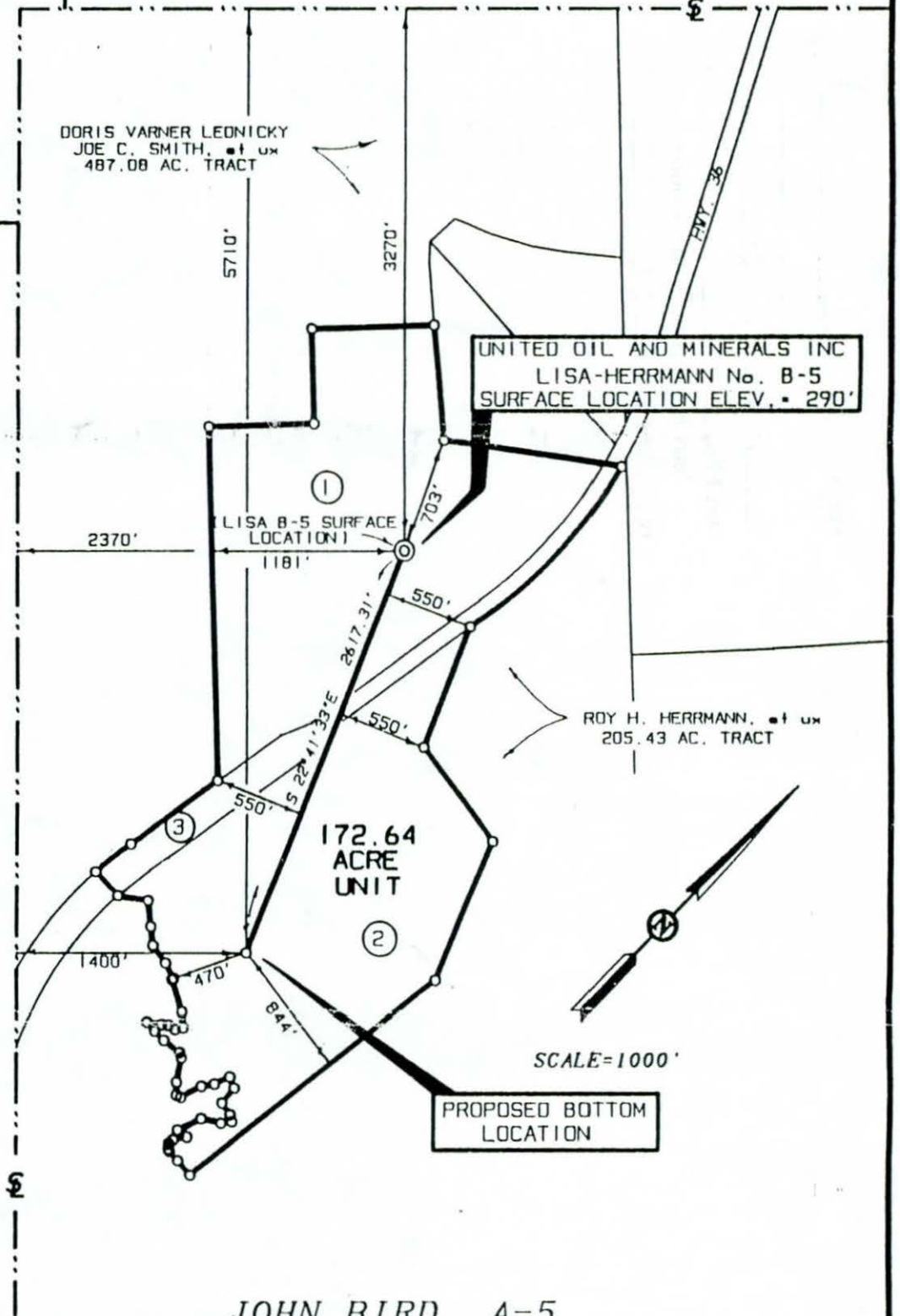
BURLESON COUNTY, TEXAS

E. SWEARINGEN A-58

DORIS VARNER LEONICKY
JOE C. SMITH, et ux
487.08 AC. TRACT

UNITED OIL AND MINERALS INC
LISA-HERRMANN No. B-5
SURFACE LOCATION ELEV. = 290'

STEPHEN F. AUSTIN A-65



ROY H. HERRMANN, et ux
205.43 AC. TRACT

172.64
ACRE
UNIT

SCALE=1000'

PROPOSED BOTTOM
LOCATION

JOHN BIRD A-5

NOTES:

- 1) BEARING BASED ON TRUE NORTH OBTAINED BY SOLAR OBSERVATION.
- 2) WELL IS LOCATED 4.2 MILES SOUTH SOUTHEAST OF CALDWELL, TEXAS

LISA-HERRMANN No. B-5

TRACT	ACRES IN UNIT	DESCRIPTION	OIL & GAS RECORDS VOL/PAGE
1	80.00	DORIS VARNER LEONICKY JOE C. SMITH, et ux	16/516 16/512
2	80.00	ROY H. HERRMANN, et ux	16/137
3	12.64	STATE OF TEXAS	
172.64 ACRES TOTAL IN UNIT			



Warren L. Simpson
WARREN L. SIMPSON

REGISTERED PROFESSIONAL LAND SURVEYOR NO. 4122

JULY 20, 1992

WARREN L. SIMPSON

7701 CAMERON ROAD, SUITE 108
AUSTIN, TEXAS 78752
PHONE 512-452-1513

//

File No. MF-95051

Division order

Date Filed: _____

Jerry E. Patterson, Commissioner

By _____

M-95051

0. 0. 00



Texas General Land Office
Garry Mauro, Commissioner

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

June 2, 1994

Union Pacific Resources
P. O. Box 7 MS 3705
Fort Worth, Texas 76101-0007

Re: Mineral File No. M-95051

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.
Accounts Examiner
Royalty and Revenue Processing
Energy Resources

EHM:mrg

Enclosures



A Subsidiary of Union Pacific Corporation

m - 10001

DATE: 04/27/94

DIVISION ORDER

NCT

PROPERTY NUMBER: 050730 PRODUCT(S): CRUDE OIL

PROPERTY NAME: LISA-HERRMANN "B" #5

COUNTY/PARISH: BURLESON

OPERATOR: UNION PACIFIC RESOURCES

STATE: TEXAS

LEGAL DESCRIPTION: JOHN BIRD SURVEY, A-5.
(ACQUIRED FROM UNITED OIL & MINERALS.)

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

005772101001

100

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 DECEMBER 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	0.009152

RETURN BY THE 15TH TO ENSURE PROCESSING THIS MONTH

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 similiar 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.
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A Subsidiary of Union Pacific Corporation

DIVISION ORDER

DATE: 04/27/94

NCT

PROPERTY NUMBER: 050730 PRODUCT(S): CRUDE OIL

PROPERTY NAME: LISA-HERRMANN "B" #5

COUNTY/PARISH: BURLESON

OPERATOR: UNION PACIFIC RESOURCES

STATE: TEXAS

LEGAL DESCRIPTION: JOHN BIRD SURVEY, A-5. (ACQUIRED FROM UNITED OIL & MINERALS.)

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

005772101001

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OWNER SIGNATURE(S)/CORPORATE TITLE

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SOCIAL SECURITY OR TAX ID #

SIGNATURE OF WITNESS #2

NEW ADDRESS (IF CHANGED)

Table with 5 columns: OWNER NUMBER, DOI/ID, OWNER NAME, INTEREST TYPE, INTEREST PAID BY UPRC. Row 1: 0057721 01 001 STATE OF TEXAS RI 0.009152

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

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A Subsidiary of Union Pacific Corporation

DIVISION ORDER

DATE: 04/27/94

NCT

PROPERTY NUMBER: 050730 PRODUCT(S): GAS

PROPERTY NAME: LISA-HERRMANN "B" #5

COUNTY/PARISH: BURLESON

OPERATOR: UNION PACIFIC RESOURCES

STATE: TEXAS

LEGAL DESCRIPTION: JOHN BIRD SURVEY, A-5. (ACQUIRED FROM UNITED OIL & MINERALS.)

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

005772101001
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SIGNATURE OF WITNESS #1

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SIGNATURE OF WITNESS #2

NEW ADDRESS (IF CHANGED)

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WI - WORKING INTEREST OR - OVERRIDING ROYALTY RI - ROYALTY INTEREST
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UNION PACIFIC RESOURCES COMPANY

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DIVISION ORDER

DATE: 04/27/94

NCT

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COUNTY/PARISH: BURLESON

OPERATOR: UNION PACIFIC RESOURCES

STATE: TEXAS

LEGAL DESCRIPTION: JOHN BIRD SURVEY, A-5. (ACQUIRED FROM UNITED OIL & MINERALS.)

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

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M-

95051

(12)

DIVISION Order

File Dated JUN 03 1994

UNITED STATES POSTAL SERVICE



Official Business



PENALTY FOR PRIVATE
USE, \$300

RECEIVED

96 MAY 17 PM 1:04

ENERGY RESOURCES

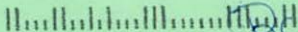
Print your name, address and ZIP Code here

GENERAL LAND OFFICE
STEPHEN F. AUSTIN BUILDING
1700 NORTH CONGRESS AVENUE
AUSTIN, TEXAS 78701

EX. I. D. #74-6000-108

Paul D. Votal

Room 100



SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt Fee will provide you the signature of the person delivered to and the date of delivery.

I also wish to receive the following services (for an extra fee):

1. Addressee's Address
2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

MS. Suzanne Maylor
 Union Pacific Railroad Co
 PO Box 7 MS 2904
 Fort Worth, TX
 76101-0007

4a. Article Number

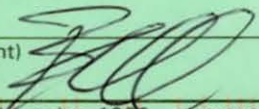
P 795978 039

4b. Service Type

- Registered Insured
- Certified COD
- Express Mail Return Receipt for Merchandise

7. Date of Delivery

MAY 13 1996

5. Signature (Addressee)**6. Signature (Agent)**

8. Addressee's Address (Only if requested and fee is paid)



Certified Mail No. P 795 978 039
Return Receipt Requested

May 10, 1996

Ms. Suzanne Naylor
Union Pacific Resources Company
P.O. Box 7 MS 2904
Fort Worth, Texas 76101-0007

Pd 5/31/96
R# 52936

RE: Notice of Underpayment on State Lease M-95051

Dear Ms. Naylor,

The Royalty Management Division of the Texas General Land Office has completed a limited review of the above referenced lease operated by Union Pacific Resources Company. Through this review, it was determined that \$330.17 has been underpaid to the State for the reporting period December 1993 through April 1994. This amount comprises \$165.91 in additional royalty, \$125.00 in penalty, and \$39.26 in interest, which has been computed through June 4, 1996, in accordance with Section 52.131 of the Texas Natural Resources Code.

The following documents are attached in support of our findings:

- o A brief summary of our review (Attachment I);
- o Schedule supporting our royalty, penalty, and interest calculations (Attachment II);
- o Procedures used for assessment of penalties and interest (Attachment III), and;
- o A copy of the Lease agreement (Attachment IV),

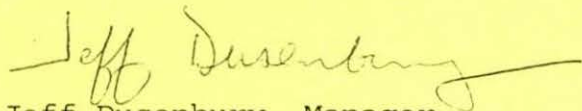
To ensure your lease remain in good standing with the General Land Office, please respond to this notice within 25 days of the above date. If your records reflect this royalty has been paid, please provide us with documentation of payments made and remittance

dates. Payment of this notice should be submitted separately from monthly royalty payments you may be remitting. We will prepare the GLO-2 Reports for correction of the delinquent amounts reflected in this notice. In order to ensure proper credit, your payment should be mailed to my attention in the enclosed envelope, along with a copy of this letter.

This notice in no way precludes the General Land Office from pursuing any claim or remedy related to this lease or to this royalty payment. Additionally, this notice does not constitute an Audit Billing Notice as defined in Section 52.135 of the Natural Resources Code and, consequently, does not preclude the General Land Office from conducting further examinations of this or other leases operated and/or reported by Union Pacific Resources Company, or from examining these or other issues and time periods in a future inspection of your books, accounts, reports or other records.

If you have any questions, please call Paul Dvorak at (512) 475-1524.

Sincerely,

A handwritten signature in cursive script that reads "Jeff Dusenbury". The signature is written in dark ink and has a long, sweeping horizontal line extending to the right.

Jeff Dusenbury ,Manager
Royalty Management/Energy Resources

Enclosures
Attachments

ATTACHMENT I

REVIEW SUMMARY

State Lease M-95051

We have reviewed our records for the period September 1993 through August 1995 to determine if oil and gas royalty has been correctly reported and paid with respect to volume. Volumes reported to the General Land Office (GLO) were compared to volumes reported to the Railroad Commission (RRC).

As a result of this review, it was determined that casinghead gas production volumes for the period December 1993 through April 1994 were not reported nor were royalties paid as required by the lease agreement. Paragraph 3 (B) states "to pay Lessor on gas and casinghead gas produced from said land (1) when sold by lessee, one eighth (1/8) of the amount realized by Lessee, computed at the mouth of the well",...

We have concluded that additional revenue is due in the following amounts:

	ROYALTY	PENALTY	INTEREST	TOTAL
GAS	\$165.91	\$125.00	\$39.26	\$330.17

(See Attachment II for supporting calculations)

UNION PACIFIC RESOURCES COMPANY
 STATE LEASE M-95051
 LISA-HERRMANN LEASE
 GIDDINGS (AUSTIN CHALK-3) FIELD
 BURLESON COUNTY, TEXAS
 RRC LEASE # 21788
 STATES'S ROYALTY DECIMAL .125
 TRACT PARTICIPATION .073215

ATTACHMENT II

AUDITOR: P. DVORAK
 FILE NAME: 95051-G.xls
 DATE: 05/09/96

PENALTY/
 INTEREST DATE:
 06/04/96

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
MONTH/ YEAR	RRC VOLUME (A)	TRACT PARTICIPATION (A) X (.073215)	PRICE (B)	BTU (B)	GROSS VALUE (1) X (2) X (3)	ADDITIONAL ROYALTY DUE (4) X (.125)	NUMBER OF DAYS LATE	PENALTY DUE (C)	INTEREST DUE (C)	TOTAL DUE (5)+(7)+(8)
Dec-93	1,591	116	2.077	1.000	240.93	30.12	840	25.00	7.73	62.85
Jan-94	1,894	139	2.077	1.000	288.70	36.09	812	25.00	8.93	70.02
Feb-94	1,471	108	2.077	1.000	224.32	28.04	781	25.00	6.66	59.70
Mar-94	1,890	138	2.077	1.000	286.63	35.83	751	25.00	8.15	68.98
Apr-94	1,884	138	2.077	1.000	286.63	35.83	720	25.00	7.79	68.62
	8,730				\$1,327.21	\$165.91		\$125.00	\$39.26	\$330.17

COMMENTS:

- (A) RRC VOLUME - REPRESENTS CASINGHEAD GAS PRODUCTION NOT REPORTED OR PAID FROM RRC LEASE # 21788.
- (B) PRICE/BTU - REPRESENTS SALES PRICE AND BTU NOTED ON GLO-2 GAS REPORT FOR MAY 1994. (1ST REPORT FILED BY UPRC).
- (C) SEE ATTACHMENT III, "SUMMARY OF PENALTY/INTEREST ASSESSMENT RULES", FOR EXPLANATION OF PENALTY AND INTEREST CALCULATIONS.

ATTACHMENT III

SUMMARY OF PENALTY/INTEREST ASSESSMENT RULES
FOR DELINQUENT ROYALTIES AND DELINQUENT
REQUIRED REPORTS OR DOCUMENTS

	DUE BEFORE 10-1-75 (Production Prior to 8-1-75)	DUE AFTER 10-1-75 AND BEFORE 9-1-85 (Production 8-1-75 thru 6-30-85)	DUE AFTER 9-1-85 (Production 7-1-85 Forward)
<u>PENALTY (3)</u> • For delinquent royalty	NONE	The greater of 1% of the delinquent amount or \$5.00 for each 30-day delinquency	For delinquencies of 30 days or less, the greater of 5% of the delinquent amount or \$25.00 For delinquencies of more than 30 days, the greater of 10% of the delinquent amount or \$25.00
• For delinquent report, affidavit, or other document	NONE	\$5.00 per document for each 30-day period of delinquency	\$10.00 per document for each 30-day period of delinquency
<u>INTEREST</u> • For delinquent royalty	6% per year, compounded annually; accrual begins 30 days after due date (1)	6% per year, compounded annually; accrual begins 30 days after due date (1)	12% per year, simple; accrual begins 60 days after due date (2)

(1) Tex. Rev. Civ. Stat. Ann., Article 5069-1.03 and related case law.

(2) Tex. Nat. Res. Code Ann. § 52.131 (g).

(3) Penalties are not assessed in cases of title dispute as to the state's portion of the royalty or to royalty in dispute as to fair market value except when fraud is involved, in which case the fraud penalty is applicable. Penalty provisions are found at Tex. Nat. Res. Code Ann. § 52.131 (e), (f), & (h).

A royalty payment that is not accompanied by the required royalty affidavit indentifying the GLO lease number is delinquent.

The State's power to forfeit a lease shall not be affected by the assessment or payment of any delinquency, penalty, or interest.

13.

M. 95051 (13)
Letter to Union
File Dated 5-10-96

#2230

DO NOT DESTROY

GLO-36-10-84

-MEMO-

Operator UPRC (UNITED OIL & MINERALS)

Unit Name Lisa-Herrmann B#5

County Burleson

Effective Date 7-22-92

Unitized for: Oil Gas Oil & Gas

1. M.F. No. 095051

Area HROW Tr. 3

Sec. _____ Blk. _____ Survey _____

$$\begin{array}{r}
 12.64 \\
 \hline
 172.64 \times \frac{1}{8} = .9151 \quad \% \\
 .073215 \quad .125 \quad .009151
 \end{array}$$

2. M.F. No. _____

Area _____ Tr. _____

Sec. _____ Blk. _____ Survey _____

_____ x _____ . _____ %

3. M.F. No. _____

Area _____ Tr. _____

Sec. _____ Blk. _____ Survey _____

_____ x _____ . _____ %

4. M.F. No. _____

Area _____ Tr. _____

Sec. _____ Blk. _____ Survey _____

_____ x _____ . _____ %

REMARKS:

GIS-AS

DESIGNATION OF UNIT
(Lisa-Herrmann No. B-5)

STATE OF TEXAS) 4699
)
COUNTY OF BURLESON)

Whereas, the undersigned are the owners or holders of an interest in one or more of those certain Oil, Gas and Mineral Leases covering land described in Exhibit "A" attached hereto and incorporated herein for all purposes, hereinafter referred to as the "Subject Leases" and desire to pool the Subject Leases and lands described therein to form a one hundred seventy-two and 64/100 (172.64) acre, more or less, pooled proration unit as identified by metes and bounds legal description attached as Exhibit "B" and the Unit Plat labeled Exhibit "C" attached hereto and incorporated herein by reference for the purposes of conservation and utilization of the pooled minerals to prevent waste, to facilitate orderly development and preserve correlative rights, and to effect equitable participation within the pooled unit to be formed.

Now, therefore, the undersigned, acting under and by virtue of the power and authority to be conferred and granted as well as conferred and granted by the provisions of the Subject Leases, do hereby pool and combine the oil and gas leases described in Exhibit "A" insofar and only insofar as said leases cover lands included within the boundaries of the one hundred seventy-two and 64/100 (172.64) acre pooled unit, more or less, as described by metes and bounds in Exhibit "B" and Unit Plat attached as Exhibit "C", in order to form a single, pooled and unitized area designated as the LISA-HERRMANN NO. B-5. The unit shall contain said one hundred seventy-two and 64/100 (172.64) acres, more or less, said unit being created for the purposes of developing and operating the designated acreage for the production, storage, processing and marketing of oil, gas, casinghead gas and related hydrocarbons in and under, and that may be produced from the pooled and unitized area described herein.

Said pooling shall have the following effect:

- a) The unit shall be operated as an entirety for the exploration, development and production of the pooled minerals, rather than as separate tracts.
- b) All drilling operations, reworking or other operations with respect to the pooled minerals in 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.
- c) Production of the pooled minerals from the unit allocated to each separate tract, 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.

- d) All rights to the production of the pooled minerals from the unit, including royalties and other payments, shall be determined and governed by the lease or other contract pertaining to each separate tract, based on the production so allocated to such tract only, and in lieu of the actual production of the pooled minerals therefrom.
- e) There shall be no obligation to drill internal offsets to any well on separate tracts within the unit, nor to develop the tracts separately, as to the pooled minerals.
- f) 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.
- g) For the purposes of computing the share of production of the pooled minerals to which each interest owner shall be entitled from the unit, there shall be allocated to each tract committed to the unit that pro rata portion of the pooled minerals produced from the unit which the number of surface acres from each tract included in the unit bears to the total number of surface acres included in the 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 allocated to each tract.

This agreement shall remain in effect so long as any of the pooled minerals are produced from the unit, with cessation of production or operations governed by the applicable leases.

The unit may be dissolved by an instrument filed for record in Burleson County, Texas, at any time after the cessation of production from the unit or any other lease provisions.

If any of the leases described in Exhibit "A" contains a pooling provision which requires the filing of a designation or declaration instrument in order to effectuate pooling, the filing of this instrument in the records of Burleson County, Texas shall constitute the designation or declaration provided for in such lease, retroactive to date specified herein.

Said 172.64 acre unit is limited to depths sufficient to test the Giddings (Austin Chalk) Formation estimated to be between 7,400 feet below the surface of the earth, true vertical depth, being the top of the Giddings (Austin Chalk) formation, and 7,850 feet, true vertical depth, below the surface of the earth, and pertains only to said depths and Giddings (Austin Chalk) Formation or stratigraphic equivalent thereof.

The unit created hereby is intended and shall be for the benefit only of the owners and other parties hereinafter deriving title under any of them. Nothing herein, nor shall the Designation of Unit, in any way affect or inure to the benefit of any royalty or mineral interest not covered by the lease or assignment of said lease, or any interest owner under any other lease or any other party. No cross assignment or cross conveyance of interest is intended or effected by this instrument.

The undersigned expressly reserve to themselves any and all rights they may have under the leases to amend or dissolve this unit from time to time and at any time, including without limitation the right to correct any error herein to include in the unit described above any uncommitted interest or unleased tract or tracts of land or undivided interest therein created that are located within the boundaries thereof; or to diminish, enlarge, reform, reestablish, or redesignate said unit so as to conform with the size or proration units as may be permitted or prescribed from time to time by the Railroad Commission of Texas, or any successor regulatory authority.

This instrument may be executed in multiple counterparts. The execution of any such counterpart instrument shall be binding upon the interest of such signing party and shall have the same effect as if all parties had signed such instrument.

Executed to be effective this 22nd day of July, 1992, although executed on the date of acknowledgment below.

UNITED OIL & MINERALS, INC.

By: 

Benjamin J. Campbell
Vice President

TWO FOUR SIX EXPLORATION, INC.

By: 

Benjamin J. Campbell,
Vice President

Perry Bolger

VOL 206-390

390

The unit created hereby is intended and shall be for the benefit only of the owners and other parties hereinafter deriving title under any of them. Nothing herein, nor shall the Designation of Unit, in any way affect or inure to the benefit of any royalty or mineral interest not covered by the lease or assignment of said lease, or any interest owner under any other lease or any other party. No cross assignment or cross conveyance of interest is intended or effected by this instrument.

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By: _____
Benjamin J. Campbell
Vice President

TWO FOUR SIX EXPLORATION, INC.

By: _____
Benjamin J. Campbell,
Vice-President



Perry Bolger

VOL 206 PAGE 391

TOM BROWN, INC.

By: *Peter R. Scherer*

Peter R. Scherer
Executive Vice President

Charles W. Faris

Dale Hopper

Jack Hopper, as Trustee of the
Estate of Ira Hopper

Rachel Lyman, Individually and
as Co-Trustee of the C.V. Lyman
Trust

Thomas C. Brown, Co-Trustee of
the C.V. Lyman Trust

Lynne Dixon McMillan

Robert B. Peyton

Leon Roberts

Nova Roberts

Barbara Dixon Robinson

VOL 206 PAGE 392

TOM BROWN, INC.

By: _____

Charles W. Faris

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Estate of Ira Hopper

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VOL 206 PAGE 393

Barbara Dixon Robinson

TOM BROWN, INC.

By: _____

Charles W. Faris

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VOL 206-394

TOM BROWN, INC.

By: _____

Charles W. Faris

Dale Hopper

Ira Hopper Estate by Jack Hopper

Jack Hopper, as Trustee of the
Estate of Ira Hopper

Rachel Lyman, Individually and
as Co-Trustee of the C.V. Lyman
Trust

Thomas C. Brown, Co-Trustee of
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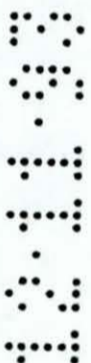
Robert B. Peyton

Leon Roberts

Nova Roberts

VOL 206-214 395

Barbara Dixon Robinson




TOM BROWN, INC.

By: _____

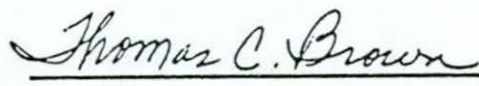
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Nova Roberts

Barbara Dixon Robinson

VOL 206-241 396

TOM BROWN, INC.

By: _____

Charles W. Faris

Dale Hopper

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Estate of Ira Hopper

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VOL 206 PAGE 397

Barbara Dixon Robinson

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VOL 206-398

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Robert B. Peyton

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Nova Roberts

VOL 206 PAGE 399

Barbara Dixon Robinson

John F. Snell
John F. Snell

Bill Tucker

R.G. Anderson

Patrick J. Sheehan

United Pipe & Suppy, Inc.

By: _____

Whiting-Park Production Partnership, Ltd.

By: _____

Brian Arabie

Donna Arabie

Graham Royalty, Ltd.

By: _____

VOL 206 PAGE 400

John F. Snell

Bill Tucker

Bill Tucker

R.G. Anderson

Patrick J. Sheehan

United Pipe & Suppy, Inc.

By: _____

Whiting-Park Production Partnership, Ltd.

By: _____

Brian Arabie

Donna Arabie

Graham Royalty, Ltd.

By: _____

VOL 206-211 401

John F. Snell

Bill Tucker

R.G. Anderson

R.G. Anderson

Patrick J. Sheehan

United Pipe & Supply, Inc.

By: _____

Whiting-Park Production Partnership, Ltd.

By: _____

Brian Arabie

Donna Arabie

Graham Royalty, Ltd.

By: _____

VOL 206-402

John F. Snell

Bill Tucker

R.G. Anderson



Patrick J. Sheehan

United Pipe & Supply, Inc.

By: _____

Whiting-Park Production Partnership, Ltd.

By: _____

Brian Arabie

Donna Arabie

Graham Royalty, Ltd.

By: _____

VOL 206-Sub 403

John F. Snell

Bill Tucker

R. G. Anderson

Patrick J. Sheehan

United Pipe & Supply, Inc.

By: _____
David Schneider

Whiting-Park Production Partnership, Ltd.

By: _____

Brian Arabie

Donna Arabie

Graham Royalty, Ltd.

By: _____

VOL 206-204 404

John F. Snell

Bill Tucker

R.G. Anderson

Patrick J. Sheehan

United Pipe & Suppy, Inc.

By: _____

Whiting-Park Production Partnership, Ltd.

By *Whiting Programs, Inc.*
its general partner

By: *William Connell* _____

William Connell
Vice President

Brian Arabie

Donna Arabie

Graham Royalty, Ltd.

By: _____

John F. Snell

Bill Tucker

R.G. Anderson

Patrick J. Sheehan

United Pipe & Supply, Inc.

By: _____

Whiting-Park Production Partnership, Ltd.

By: _____



Brian Arabie

Donna Arabie

Graham Royalty, Ltd.

By: _____

VOL 206-204 406

John F. Snell

Bill Tucker

R.G. Anderson

Patrick J. Sheehan

United Pipe & Suppy, Inc.

By: _____

Whiting-Park Production Partnership, Ltd.

By: _____

Brian Arabie



Donna Arabie

Graham Royalty, Ltd.

By: _____

VOL 206-407

PRUDENTIAL-BACHE ENERGY INCOME
PRODUCTION PARTNERSHIP VP-20
Tax I.D. No. [REDACTED]

PRUDENTIAL-BACHE ENERGY INCOME
PRODUCTION PARTNERSHIP VP-21
Tax I.D. No. [REDACTED]

ATTEST:

Barbara B. McCloskey
Barbara B. McCloskey
Assistant Secretary

By: Graham Royalty, Ltd.
Managing General Partner
Tax I.D. No. [REDACTED]

By: James W. Carrington, Jr.
James W. Carrington, Jr.
Vice President-Land



STATE OF LOUISIANA

PARISH OF ST. TAMMANY

BEFORE ME, the undersigned authority, a Notary Public duly commissioned, qualified and acting in and for said parish and state, on this day personally appeared JAMES W. CARRINGTON, JR., known to me to be the person whose name is subscribed to the foregoing instrument, and known to me to be the Vice President-Land of GRAHAM ROYALTY, LTD., as Managing General Partner for PRUDENTIAL-BACHE ENERGY INCOME PRODUCTION PARTNERSHIP VP-20 and PRUDENTIAL-BACHE ENERGY INCOME PRODUCTION PARTNERSHIP VP-21, as Louisiana general partnerships, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, and as the act of said partnerships.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 10th day of August, 1992.

Paige D. Lane
PAIGE D. LANE
NOTARY PUBLIC

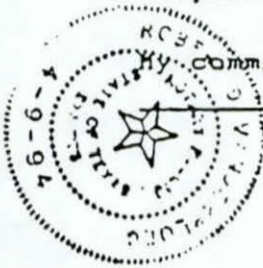
My commission is issued for life.

PAIGE D. LANE
Notary Public
Duly Commissioned in St. Tammany Parish, LA
MY COMMISSION IS ISSUED FOR LIFE

VOL 206-408

STATE OF TEXAS)
)
COUNTY OF TRAVIS)

This instrument was acknowledged before me on the 17th day of ~~July~~ ^{AUGUST} 1991, by Benjamin J. Campbell, Vice-President of UNITED OIL & MINERALS, INC., a corporation, on behalf of said corporation.



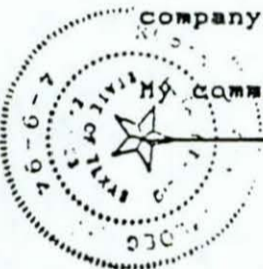
My commission expires: _____

Robert J. Vande Ploeg
Notary Public, State of Texas

Notary's Printed Name

STATE OF TEXAS)
)
COUNTY OF)

This instrument was acknowledged before me on the 17th day of ~~July~~ ^{AUGUST} 1991, by Benjamin J. Campbell, Vice-President of TWO FOUR SIX EXPLORATION, INC., a corporation, on behalf of said company.



My commission expires: _____

Robert J. Vande Ploeg
Notary Public, State of Texas

Notary's Printed Name

STATE OF TEXAS
COUNTY OF

This instrument was acknowledged before me on the _____ day of July, 1992 by Perry Bolger.

Notary Public State of Texas

My Commission Expires: _____

STATE OF TEXAS
COUNTY OF

This instrument was acknowledged before me on the _____ day of July, 1992 by _____, _____ President of Tom Brown, Inc., a Texas corporation, on behalf of said corporation.

Notary Public State of Texas

My Commission Expires: _____

VOL 206 PAGE 409

STATE OF TEXAS)
)
COUNTY OF TRAVIS)

This instrument was acknowledged before me on the ____ day of July, 1991, by Benjamin J. Campbell, Vice-President of UNITED OIL & MINERALS, INC., a corporation, on behalf of said corporation.

My commission expires: _____

Notary Public, State of Texas

Notary's Printed Name

STATE OF TEXAS)
)
COUNTY OF)

This instrument was acknowledged before me on the ____ day of July, 1991, by Benjamin J. Campbell, Vice-President of TWO FOUR SIX EXPLORATION, INC., a corporation, on behalf of said company.

My commission expires: _____

Notary Public, State of Texas

Notary's Printed Name

STATE OF TEXAS
COUNTY OF MIDLAND

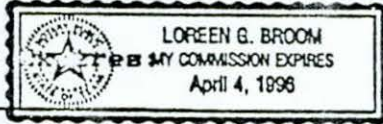
This instrument was acknowledged before me on the 31st day of July, 1992 by Perry Bolger.

Loreen G. Broom

Notary Public State of Texas

My Commission Expires

4-4-96



STATE OF TEXAS
COUNTY OF

This instrument was acknowledged before me on the ____ day of July, 1992 by _____, _____ President of Tom Brown, Inc., a Texas corporation, on behalf of said corporation.

Notary Public State of Texas

My Commission Expires: _____

VOL 206-410

STATE OF TEXAS)
)
COUNTY OF TRAVIS)

This instrument was acknowledged before me on the ____ day of July, 1991, by Benjamin J. Campbell, Vice-President of UNITED OIL & MINERALS, INC., a corporation, on behalf of said corporation.

My commission expires: _____

Notary Public, State of Texas

Notary's Printed Name

STATE OF TEXAS)
)
COUNTY OF)

This instrument was acknowledged before me on the ____ day of July, 1991, by Benjamin J. Campbell, Vice-President of TWO FOUR SIX EXPLORATION, INC., a corporation, on behalf of said company.

My commission expires: _____

Notary Public, State of Texas

Notary's Printed Name

STATE OF TEXAS
COUNTY OF

This instrument was acknowledged before me on the ____ day of July, 1992 by Perry Bolger.

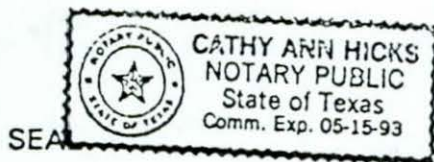
Notary Public State of Texas

My Commission Expires: _____

STATE OF TEXAS §
 §
COUNTY OF MIDLAND §

VOL 206-411

This instrument was acknowledged before me on this 27th day of July, 1992, by Peter R. Scherer, Executive Vice President of TOM BROWN, INC., a Delaware corporation, on behalf of said corporation.



Cathy Ann Hicks

Notary Public, Midland County, Texas
Cathy Ann Hicks
My Commission Expires: _____

STATE OF TEXAS

COUNTY OF TRAVIS

This instrument was acknowledged before me on the 18th day of ~~July~~, 1992 by Charles W. Faris.



Robert J. Vander Ploeg
Notary Public State of Texas

STATE OF TEXAS

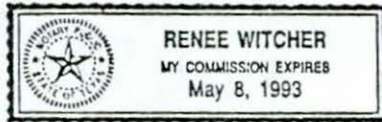
COUNTY OF TRAVIS

This instrument was acknowledged before me on the 22ND day of July, 1992 by Dale Hopper.

Renee Witcher
Notary Public State of Texas

My Commission Expires:

5/8/93



STATE OF TEXAS

COUNTY OF

This instrument was acknowledged before me on the ____ day of July, 1992 by Rachel Lyman, individually and as Co-Trustee of the C.V. Lyman Trust on behalf of said trust.

Notary Public State of Texas

My Commission Expires:

STATE OF TEXAS

COUNTY OF

This instrument was acknowledged before me on the ____ day of July, 1992 by Thomas C. Brown, Co-Trustee of the C.V. Lyman Trust, on behalf of said trust.

Notary Public State of Texas

My Commission Expires:

VOL 206 - 412

STATE OF TEXAS

COUNTY OF

This instrument was acknowledged before me on the ____ day of July, 1992 by Charles W. Faris.

Notary Public State of Texas

My Commission Expires:

STATE OF TEXAS

COUNTY OF

This instrument was acknowledged before me on the ____ day of July, 1992 by Dale Hopper.

Notary Public State of Texas

My Commission Expires:

STATE OF TEXAS

COUNTY OF *MIDLAND*

This instrument was acknowledged before me on the 27th day of July, 1992 by Rachel Lyman, individually and as Co-Trustee of the C.V. Lyman Trust on behalf of said trust.

S. N. McDuffey
Notary Public State of Texas

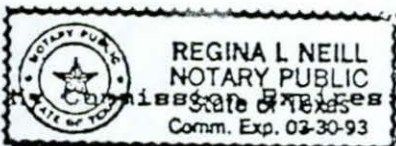


STATE OF TEXAS

COUNTY OF *Midland*

This instrument was acknowledged before me on the 27th day of July, 1992 by Thomas C. Brown, Co-Trustee of the C.V. Lyman Trust, on behalf of said trust.

Regina L. Neill
Notary Public State of Texas



VOL 206-413

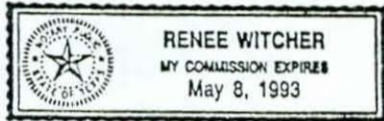
STATE OF TEXAS

COUNTY OF TRAVIS

This instrument was acknowledged before me on the 22ND day of July, 1992, by Jack Hopper, as Trustee of the Estate of Ira Hopper, on behalf of said Trust and Estate.

Renee Witcher
Notary Public, State of Texas

My Commission Expires:
5/8/93



STATE OF TEXAS

COUNTY OF

This instrument was acknowledged before me on the _____ day of July, 1992, by Lynne Dixon McMillan.

Notary Public, State of Texas

My Commission Expires:

STATE OF TEXAS

COUNTY OF

This instrument was acknowledged before me on the _____ day of July, 1992, by Robert B. Peyton.

Notary Public, State of Texas

My Commission Expires:

STATE OF TEXAS

COUNTY OF

This instrument was acknowledged before me on the _____ day of July, 1992, by Leon Roberts and Nova Roberts.

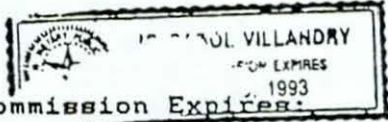
Notary Public, State of Texas

My Commission Expires:

STATE OF TEXAS

COUNTY OF TRAVIS

This instrument was acknowledged before me on the 22nd day of July, 1992, by Lynne Dixon McMillan.



My Commission Expires: June 29, 1993

Jo Carol Villandry
Notary Public, State of Texas

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

STATE OF TEXAS

COUNTY OF

This instrument was acknowledged before me on the _____ day of July, 1992, by Lynne Dixon McMillan.

Notary Public, State of Texas

My Commission Expires:

STATE OF TEXAS

COUNTY OF

This instrument was acknowledged before me on the _____ day of July, 1992, by Robert B. Peyton.

Notary Public, State of Texas

My Commission Expires:

STATE OF TEXAS

COUNTY OF

This instrument was acknowledged before me on the _____ day of July, 1992, by Leon Roberts and Nova Roberts.

Notary Public, State of Texas

My Commission Expires:

VOL 206 PAGE 415

STATE OF TEXAS

COUNTY OF

This instrument was acknowledged before me on the _____ day of July, 1992, by Jack Hopper, as Trustee of the Estate of Ira Hopper, on behalf of said Trust and Estate.

Notary Public, State of Texas

My Commission Expires:

STATE OF TEXAS

COUNTY OF

This instrument was acknowledged before me on the _____ day of July, 1992, by Lynne Dixon McMillan.

Notary Public, State of Texas

My Commission Expires:

STATE OF TEXAS

COUNTY OF *Midland*

This instrument was acknowledged before me on the 27th day of July, 1992, by Robert B. Peyton.



Dicie Eileen Klein
Notary Public, State of Texas

My Commission Expires:
8-20-93

STATE OF TEXAS

COUNTY OF

This instrument was acknowledged before me on the _____ day of July, 1992, by Leon Roberts and Nova Roberts.

Notary Public, State of Texas

My Commission Expires:

VOL 206 PAGE 416

STATE OF TEXAS

COUNTY OF

This instrument was acknowledged before me on the ____ day of July, 1992, by Jack Hopper, as Trustee of the Estate of Ira Hopper, on behalf of said Trust and Estate.

Notary Public, State of Texas

My Commission Expires:

STATE OF TEXAS

COUNTY OF

This instrument was acknowledged before me on the ____ day of July, 1992, by Lynne Dixon McMillan.

Notary Public, State of Texas

My Commission Expires:

STATE OF TEXAS

COUNTY OF

This instrument was acknowledged before me on the ____ day of July, 1992, by Robert B. Peyton.

Notary Public, State of Texas

My Commission Expires:

STATE OF TEXAS

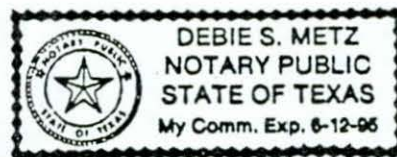
COUNTY OF TRAVIS

This instrument was acknowledged before me on the 27th day of July, 1992, by Leon Roberts and Nova Roberts.

Debie S. Metz

Notary Public, State of Texas

My Commission Expires:
6/12/95



STATE OF TEXAS

COUNTY OF

This instrument was acknowledged before me on the ____ day of July, 1992, by Barbara Dixon Robinson.

Notary Public, State of Texas

My Commission Expires:

STATE OF TEXAS

COUNTY OF TRAVIS

This instrument was acknowledged before me on the 27th day of July, 1992, by John F. Snell.

Rita Kincheloe

Notary Public, State of Texas

My Commission Expires:
03/08/93



RITA KINCHELOE
My Commission Expires 3-8-93

STATE OF TEXAS

COUNTY OF

This instrument was acknowledged before me on the ____ day of July, 1992, by Bill Tucker.

Notary Public, State of Texas

My Commission Expires:

STATE OF TEXAS

COUNTY OF

This instrument was acknowledged before me on the ____ day of July, 1992, by _____, _____ President of United Pipe & Suppy, Inc., a Texas corporation, on behalf of said corporation.

Notary Public, State of Texas

My Commission Expires:

VOL 206-PAGE 418

STATE OF TEXAS

COUNTY OF

This instrument was acknowledged before me on the ____ day of July, 1992, by Barbara Dixon Robinson.

Notary Public, State of Texas

My Commission Expires:

STATE OF TEXAS

COUNTY OF

This instrument was acknowledged before me on the ____ day of July, 1992, by John F. Snell.

Notary Public, State of Texas

My Commission Expires:

STATE OF TEXAS

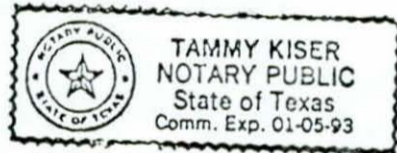
COUNTY OF MIDLAND

This instrument was acknowledged before me on the 27th day of July, 1992, by Bill Tucker.

Tammy Kiser

Notary Public, State of Texas

My Commission Expires:
1-5-93



STATE OF TEXAS

COUNTY OF

This instrument was acknowledged before me on the ____ day of July, 1992, by _____, _____ President of United Pipe & Suppy, Inc., a Texas corporation, on behalf of said corporation.

Notary Public, State of Texas

My Commission Expires:

VOL 206-419

STATE OF TEXAS

COUNTY OF

This instrument was acknowledged before me on the _____ day of July, 1992, by Barbara Dixon Robinson.

Notary Public, State of Texas

My Commission Expires:

STATE OF TEXAS

COUNTY OF

This instrument was acknowledged before me on the _____ day of July, 1992, by John F. Snell.

Notary Public, State of Texas

My Commission Expires:

STATE OF TEXAS

COUNTY OF

This instrument was acknowledged before me on the 22nd day of July, 1992, by Bill Tucker.

Charlotte D. Gray
Notary Public, State of Texas

My Commission Expires:
8/15/95

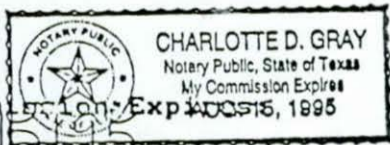
STATE OF TEXAS

COUNTY OF TRAVIS

This instrument was acknowledged before me on the 22nd day of July, 1992, by HAROLD SCHNEIDER, _____ President of United Pipe & Supply, Inc., a Texas corporation, on behalf of said corporation.

Charlotte D. Gray
Notary Public, State of Texas

My Commission Expires:
8/15/95

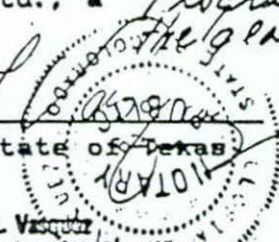


STATE OF COLORADO

COUNTY OF Denver

This instrument was acknowledged before me on the 24th day of July, 1992, by William O'Connell Vice President of Whiting Programs, Inc. partner of Whiting-Park Production Partnership, Ltd., a partnership, on behalf of said partnership.

Gloria L. Vaccaro
Notary Public, State of Texas



Gloria L. Vaccaro
1700 Broadway 2300
Denver, Colorado 80290-2301
My Commission Expires March 2, 1995

My Commission Expires:

STATE OF TEXAS

COUNTY OF

This instrument was acknowledged before me on the _____ day of July, 1992, by R. G. Anderson.

Notary Public, State of Texas

My Commission Expires:

STATE OF TEXAS

COUNTY OF

This instrument was acknowledged before me on the _____ day of July, 1992, by Brian P. Arabie.

Notary Public, State of Texas

My Commission Expires:

STATE OF TEXAS

COUNTY OF

This instrument was acknowledged before me on the _____ day of July, 1992, by Donna Arabie.

Notary Public, State of Texas

My Commission Expires:

VOL 206-421

STATE OF COLORADO

COUNTY OF

This instrument was acknowledged before me on the ____ day of July, 1992, by _____, partner of Whiting-Park Production Partnership, Ltd., a partnership, on behalf of said partnership.

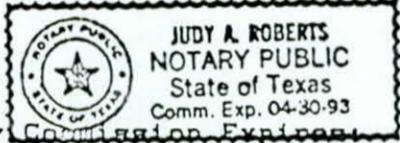
Notary Public, State of Texas

My Commission Expires:

STATE OF TEXAS

COUNTY OF *Midland*

This instrument was acknowledged before me on the 24th day of July, 1992, by R. G. Anderson.



Judy A. Roberts
Notary Public, State of Texas

My Commission Expires:
4-30-93

STATE OF TEXAS

COUNTY OF

This instrument was acknowledged before me on the ____ day of July, 1992, by Brian P. Arabie.

Notary Public, State of Texas

My Commission Expires:

STATE OF TEXAS

COUNTY OF

This instrument was acknowledged before me on the ____ day of July, 1992, by Donna Arabie.

Notary Public, State of Texas

My Commission Expires:

VOL 206-422

STATE OF COLORADO

COUNTY OF

This instrument was acknowledged before me on the ____ day of July, 1992, by _____ partner of Whiting-Park Production Partnership, Ltd., a partnership, on behalf of said partnership.

Notary Public, State of Texas

My Commission Expires:

STATE OF TEXAS

COUNTY OF

This instrument was acknowledged before me on the ____ day of July, 1992, by R. G. Anderson.

Notary Public, State of Texas

My Commission Expires:

STATE OF TEXAS

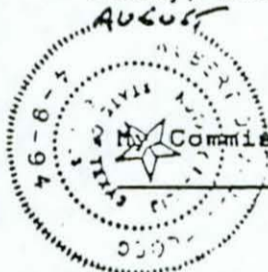
COUNTY OF *Travis*

This instrument was acknowledged before me on the 18th day of ~~July~~, 1992, by Brian P. Arabie.

Robert J. Vande Berg

Notary Public, State of Texas

My Commission Expires:



STATE OF TEXAS

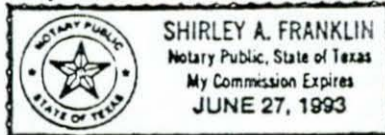
COUNTY OF *Travis*

This instrument was acknowledged before me on the 3rd day of ~~July~~, 1992, by Donna Arabie.
August

Shirley A. Franklin

Notary Public, State of Texas

My Commission Expires:



VOL 206-423

STATE OF TEXAS

COUNTY OF TRAVIS

This instrument was acknowledged before me on the 18th day of ~~July~~, 1992, by Patrick J. Sheehan.

Robert J. Vandyke
Notary Public, State of Texas



My Commission Expires:

STATE OF TEXAS

COUNTY OF

This instrument was acknowledged before me on the ____ day of July, 1992, by _____, _____ partner, of Graham Royalty, Ltd., a limited partnership, on behalf of said partnership.

Notary Public State of Texas

My Commission Expires:

STATE OF TEXAS

COUNTY OF HARRIS



This instrument was acknowledged before me on the ____ day of July, 1992, by Sue Ann Craddock, Vice-President of Torch Energy Advisors Incorporated, a Delaware corporation, on behalf of said corporation.

Notary Public State of Texas

My Commission Expires:

STATE OF TEXAS

COUNTY OF HARRIS

This instrument was acknowledged before me on the ____ day of July, 1992, by Sue Ann Craddock, Vice-President of Black Hawk Oil Company, a Delaware corporation, on behalf of said corporation.

Notary Public State of Texas

My Commission Expires:

VOL 206-424

FIELD NOTES

LISA-HERRMANN NO. B-5
172.64 ACRE UNIT

Being 172.64 acres of land out of the John Bird Survey, Abstract No. 5, Burleson County, Texas; being 80.00 acres of land out of that certain 520.19 acre tract of land described in a partition deed to Mrs. Helen Hilliard, recorded in Volume 95, Page 175; being 80.00 acres of land out of that certain 205.43 acre tract of land conveyed to Roy H. Herrmann, et ux, by deed recorded in Volume 99, Page 412, both in the Deed Records of Burleson County, Texas and being 12.64 acres of land located within the original right-of-way of State Highway No. 36 and being more particularly described as follows:

BEGINNING at an iron pipe found at a fence corner post for the south corner of that certain 33.11 acre tract of land conveyed to E. A. Varner, by deed recorded in Volume 166, Page 229, in the Deed Records of Burleson County, Texas;

THENCE N 53°54'26" E, along the southeast line of said 33.11 acre tract, a distance of 1099.32 feet to a point for corner in the curving original east right-of-way line of said Highway No. 36, being the most northerly east corner of the herein described unit;

THENCE along said east line of Highway No. 36, the following two (2) courses and distances:

1) along said curve to the right, an arc distance of 1206.41 feet, having a radius of 2904.79 feet and a chord bearing and distance of, S 01°49'52" E, 1197.75 feet to the end of said curve,

2) S 10°02'07" W, 140.47 feet to a point for corner;

THENCE traversing the interior of said 205.43 acre tract, the following four (4) courses and distances:

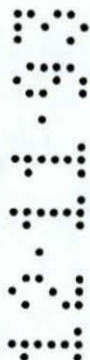
- 1) S 22°41'33" E, 778.68 feet,
- 2) S 81°09'15" E, 708.77 feet,
- 3) S 21°51'58" E, 916.41 feet,
- 4) S 07°51'00" W, 1898.73 feet to a point for corner in the center of Second Creek, being the most southerly corner of the herein described unit;

THENCE along the center of Second Creek, the following thirty six (36) courses and distances:

- 1) N 85°08'32" W, 115.75 feet,
- 2) N 87°12'17" W, 75.44 feet,
- 3) N 76°21'44" W, 15.94 feet,
- 4) N 35°30'39" W, 32.15 feet,
- 5) N 02°32'40" E, 33.38 feet,
- 6) N 34°35'59" E, 87.42 feet,
- 7) S 82°08'52" W, 69.62 feet,
- 8) N 20°04'35" E, 158.46 feet,
- 9) N 59°03'03" E, 123.56 feet,
- 10) N 38°10'44" E, 67.71 feet,
- 11) N 58°34'22" W, 44.92 feet,
- 12) N 80°04'29" W, 85.95 feet,
- 13) N 04°15'38" W, 116.50 feet,
- 14) N 65°56'18" W, 72.08 feet,
- 15) S 21°31'25" W, 103.85 feet,

VOL 206-PLAT 427

- 16) S 35°59'31" W, 80.93 feet,
- 17) S 17°43'20" W, 141.49 feet,
- 18) S 69°59'46" W, 30.03 feet,
- 19) N 43°54'05" W, 78.20 feet,
- 20) N 33°12'08" W, 151.15 feet,
- 21) N 63°15'28" W, 35.00 feet,
- 22) S 82°29'59" W, 121.15 feet,
- 23) N 89°20'53" W, 78.91 feet,
- 24) N 86°39'04" W, 70.85 feet,
- 25) N 54°58'58" E, 89.66 feet,
- 26) N 51°08'40" E, 43.89 feet,
- 27) N 76°45'47" E, 46.93 feet,
- 28) N 34°35'22" E, 50.32 feet,
- 29) N 48°56'01" W, 94.28 feet,
- 30) N 62°09'07" W, 197.78 feet,
- 31) N 02°03'16" E, 13.51 feet,
- 32) N 72°11'58" W, 105.09 feet,
- 33) N 80°02'07" W, 132.93 feet,
- 34) N 50°51'23" W, 111.68 feet,
- 35) N 50°55'06" W, 157.73 feet,
- 36) S 55°13'22" W, 187.59 feet to a point for angle in
the curving east line of Highway No. 36;



VOL 206-204 428

THENCE N 86°13'47" W, a distance of 200.00 feet to a point for corner in the curving original west right-of-way line of said Highway No. 36;

THENCE along the west line of said Highway No. 36, the following two (2) courses and distances:

1) along said curve to the right, an arc distance of 273.68 feet, having a radius of 2492.01 feet and a chord bearing and distance of, N 06°55'00" E, 273.54 feet to the end of said curve;

2) N 10°03'54" E, 650.74 feet to a point for corner;

THENCE traversing the interior of said 520.19 acre tract, the following five (5) courses and distances:

1) N 45°54'54" W, 2135.01 feet to a point for corner,

2) N 44°05'06" E, 646.11 feet to a point for corner,

3) N 45°54'54" W, 579.46 feet to a point for corner,

4) N 44°05'06" E, 753.29 feet to a point for corner,

5) S 49°25'39" E, along the southwest line of said 33.11 acre tract, 705.50 feet to the PLACE of BEGINNING and containing 172.64 acres of land more or less.



A handwritten signature in cursive script that reads "Warren L. Simpson".

Warren L. Simpson

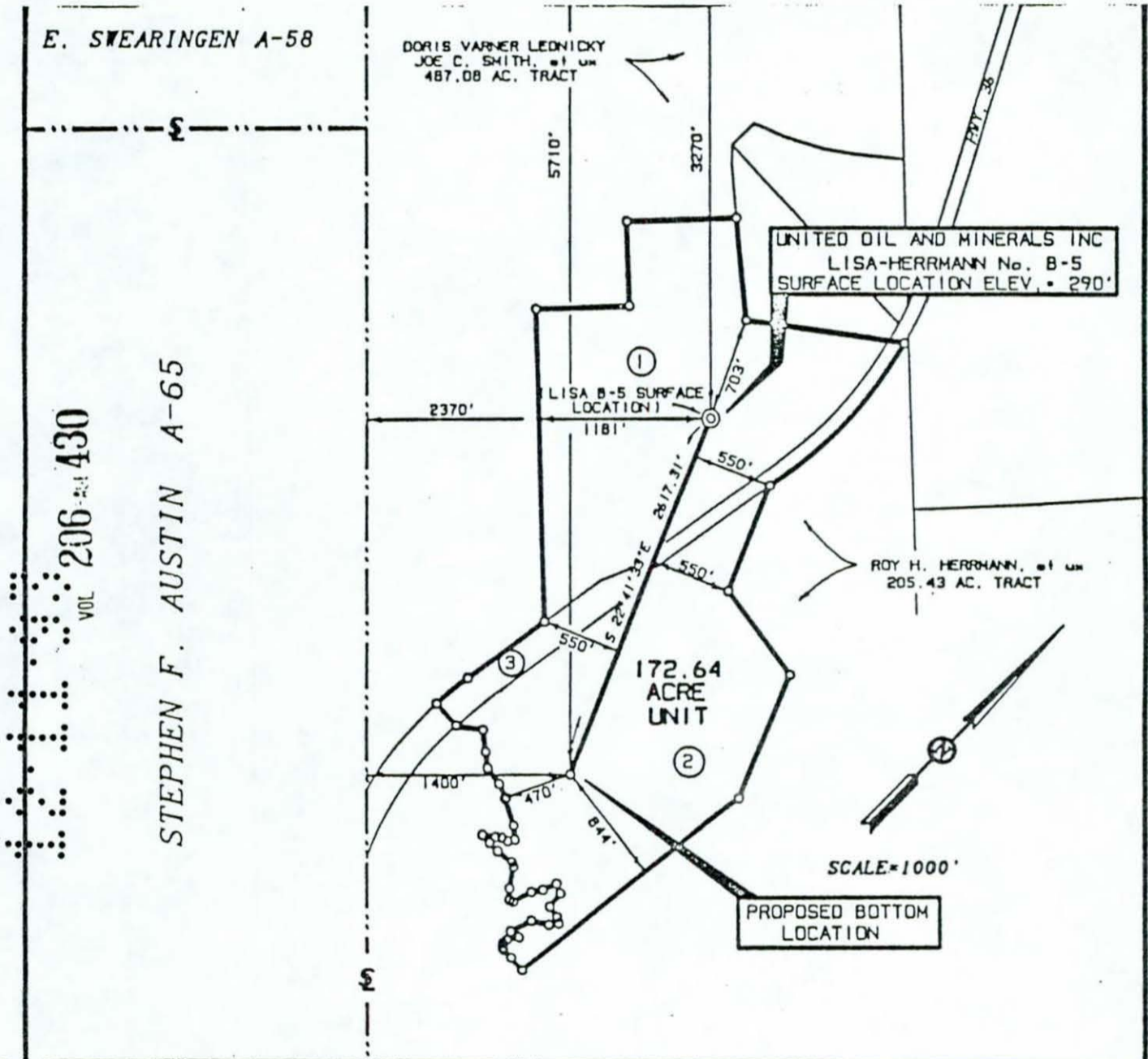
Registered Professional Land Surveyor No. 4122

July 20, 1992



VOL 206-241 429

EXHIBIT "C" TO DESIGNATION OF UNIT FOR THE UNITED OIL & MINERALS, INC.
 ET AL., LISA-HERRMANN NO. B-5.



206-430 VOL

STEPHEN F. AUSTIN A-65

JOHN BIRD A-5.

NOTES:

- 1) BEARING BASED ON TRUE NORTH OBTAINED BY SOLAR OBSERVATION.
- 2) WELL IS LOCATED 4.2 MILES SOUTH SOUTHEAST OF CALDWELL, TEXAS

FILED FOR RECORD
 2:00 o'clock P.M.
 AUG 21 1992
 EVELYN M. HENRY
 COUNTY CLERK, BURLINSON CO., TEX.
 BY *[Signature]* Deputy

LISA-HERRMANN No. B-5

TRACT	ACRES IN UNIT	DESCRIPTION	OIL & GAS RECORDS VOL. 290
1	80.00	DORIS VARNER LEONICKY JOE C. SMITH, et ux	16/516 16/512
2	80.00	ROY H. HERRMANN, et ux	16/137
3	12.64	STATE OF TEXAS	
172.64 ACRES TOTAL IN UNIT			



JULY 20, 1992

[Signature]
 WARREN L. SIMPSON
 REGISTERED PROFESSIONAL LAND SURVEYOR NO. 4122

WARREN L. SIMPSON

7701 CAMERON ROAD, SUITE 108
 AUSTIN, TEXAS 78752
 PHONE 512-452-1513

VOL 206-431

THE STATE OF TEXAS
 COUNTY OF BURLINSON

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 21 DAY OF August 19 92, AT 2:00 O'CLOCK P. M., AND DULY RECORDED ON 31 DAY OF August 19 92, AT 4:00 O'CLOCK P. M., IN THE Oil & Gas Lease RECORD OF SAID COUNTY, IN VOL. 206 PAGE 388-431

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

BY *[Signature]* DEPUTY

EVELYN M. HENRY
 COUNTY CLERK, BURLINSON COUNTY, TEXAS

File No. MFO95051

Designation of Unit

Date Filed 9/25/00

By David Dewhurst, Commissioner

15.11.00