

MF 095154

County **BURLESON (126)**
Survey **B.A. PORTER**
Block **A-46**
Block Name
Township
Section/tract
Land Part **STATE HIGHWAY 21**
Part Description
Acres **4.787**
Name **SAGE ENERGY CO.**
Lease Date **11-3-1992**
Primary Term **5-YEARS**
Bonus (\$) **\$23.95**
Rental (\$) **\$1.00 PER ACRE**
Lease Royalty **1/8**

Leasing: _____

Analyst: _____

Maps: _____

GIS: _____

M
F
0
9
5
1
5
4

F201340

SAGE ENERGY CORP

HIGHWAY RIGHT-OF-WAY

M-95154

Paid-up

COUNTY (CODE) : Burleson (26)
 SURVEY : B.A. Porter
 BLOCK : A-46
 TOWNSHIP : St. Hwy. 21
 SECTION : _____
 PART : _____
 ACRES : 4.787
 DEPTH LIMITS : _____
 BASE FILE (S) : _____
 CONTROL NO. (S) : 56-02944-7

LESSEE : Sage Energy Co.
 DATE : 11-3-92
 PRIMARY TERM : 5 yr.
 BONUS : \$ 23.95 (5.00 per ac)
 ROYALTY : 1/8
 RENTALS : 1.00 per ac. paid-up

Pass To:

Legal _____
 Rental MS _____
 Min. A/c Dr _____
 Min. Map 1 _____

Hwy. R.O.W

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The State of Texas



Austin, Texas

PAID-UP

OIL AND GAS LEASE NO. M-95154
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 Sage Energy Company, whose address is 10101 Reunion Place, Suite 800, San Antonio, Texas 78216-4158, hereinafter called "Lessee". 17515421703

1. Lessor, in consideration of Twenty Three and 95/100 Dollars (\$23.95), 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:

4.787 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 4.787 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 November 3, 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 ($1\backslash 8$) 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 ($1\backslash 8$) 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 ($1\backslash 8$) 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 ($1\backslash 8$) 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 \$4.79. 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 \$9.58, 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

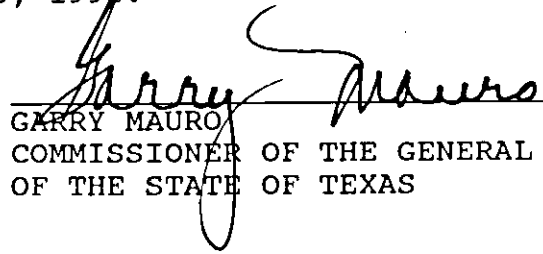
production; and

(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 November 3, 1992.


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

Approved:
Energy: 24
Legal (Form):
Executive:

Burleson County
CSJ 116-3-27
S.H. 21
No. 372

Exhibit "A"

Being 4.787 acres of land, more or less, situated in the Beverly A. Porter Survey, Abstract No. 46, of Burleson County, Texas. Said 4.787 acres being all of and the same land conveyed to the State by George Sefcik, as recorded in Volume 76, Pages 5 and 6. Also being a portion of the same lands conveyed to the State by Lee County, Cooperative, Inc. Volume 76, Page 4 and by Frank G. Sefcik, et ux as recorded in Volume 76, Page 5, all in the Deed records of Burleson County, Texas. Said 4.787 acres being a strip of land 100.00 feet wide, 50.00 feet either side of the centerline and is more particularly described as follows, to wit;

Beginning at a point on the southeast right of way line of S.H. 21 being 50.00 feet S 33° 32' 00" E from Engineer's Centerline Station Number 1457+20.23;

Thence N 33° 32' 00" W, a distance of 100.00 feet to a point;

Thence N 56° 28' 00" E, a distance of 1,694.35 feet to a point being the P.C. of a curve to the right. Said point also being 50.00 feet from and at right angles to Engineer's Centerline Station 1474+05.57;

Thence around said curve to the right, which has a delta angle of 09° 17' 50", a degree of curvature 02° 30' 00" and a radius of 2,341.83 feet, a distance of 380.00 feet;

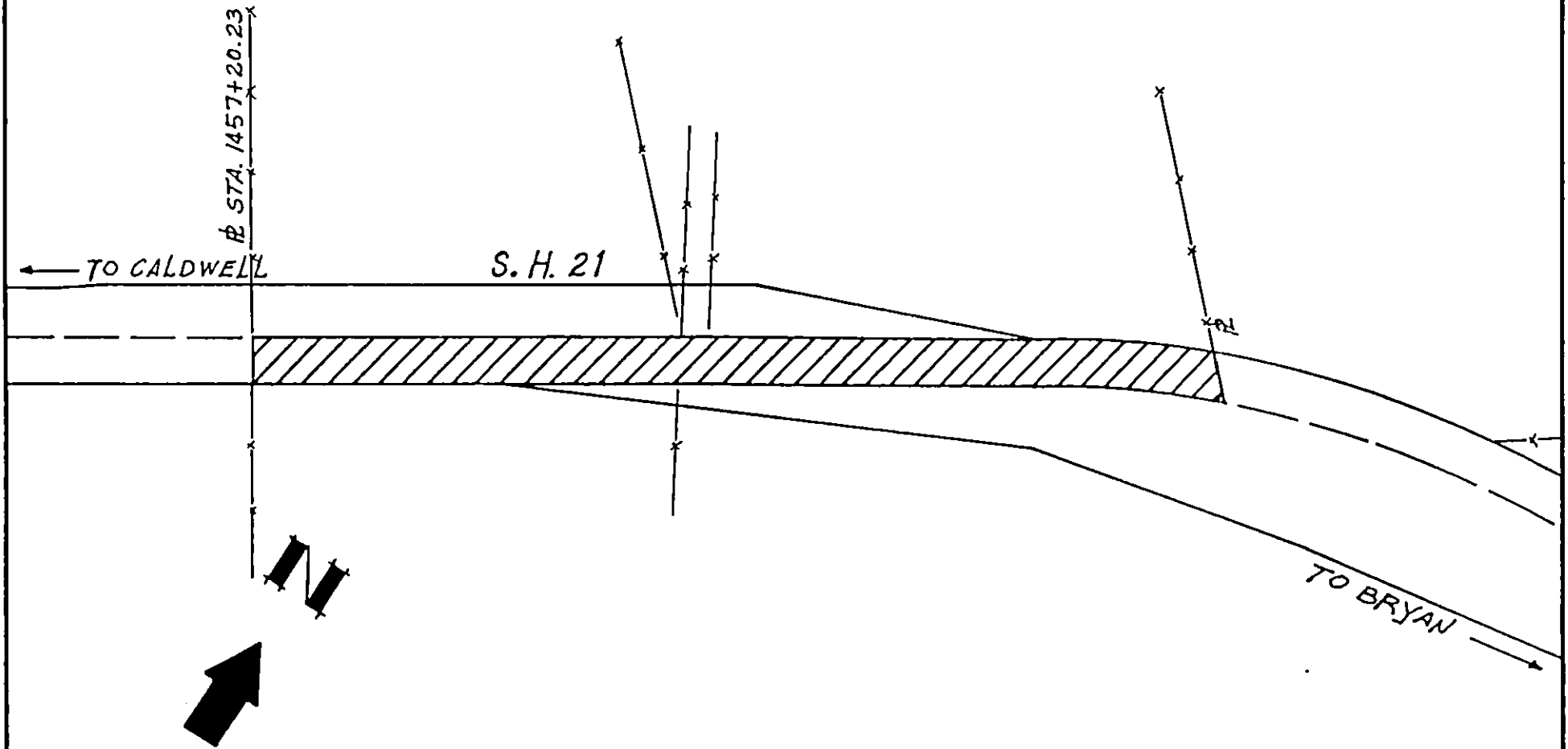
Thence S 44° 46' 00" E, a distance of 107.12 feet to a point. Said point being on a curve to the left and has a delta angle of 10° 15' 17" and a radius of 2,241.83 feet.

Thence S 61° 35' 44" W along the long chord of the aforesaid curve, a distance of 400.81 feet to a point being the P.T. of said curve 50.00 feet from and at right angles to Engineer's Centerline Station Number 1474+05.57;

Thence S 56° 28' 00" W, a distance of 1,694.35 feet to the point of beginning of the tract herein described.

The above described tract of land contains 4.787 acres and being as indicated on the official right of way map which is on file with the Texas Department of Transportation and is identified under Control Number 116-3-27.

Beverly A. Porter Survey Abst. No. 46



MAP SHOWING
 PORTION OF S. H. 21 RIGHT
 OF WAY

BURLESON COUNTY

 AREA TO BE LEASED - 4.787 ACRES

M.95154
LEASE
11.3.92

(1)

GENERAL LAND OFFICE

**GARRY MAURO
COMMISSIONER**

MEMORANDUM

DATE: October 28, 1992

TO: School Land Board

FROM: Robert Hatter / Lease Administration

SUBJECT: Application To Lease Right-of-Way

APPLICANT: Sage Energy Company

REFERENCE: Being 4.787 acres, more or less, of State Highway 21, situated in the B. A. Porter Survey A-46, in Burleson County, Texas

The following terms were provide for in the adjacent leases:

| | <u>High</u> | <u>Low</u> | |
|---------------|------------------|------------|---------------------|
| Bonus/Acre: | \$5.00 | \$5.00 | (One Lease 4/24/76) |
| Royalty: | 1/8 | 1/8 | |
| Delay Rental: | \$1.00 (paid-up) | \$1.00 | |
| Primary Term: | 5 year | 5 year | |

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

| | |
|---------------|---------------------------|
| Bonus/Acre: | \$5.00 per acre |
| Royalty: | 1/8 royalty |
| Delay Rental: | \$1.00 per acre (paid-up) |
| Primary Term: | 5 year |

Sage Energy Company 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 4.787 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

October 19, 1992

Contact: D-15

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

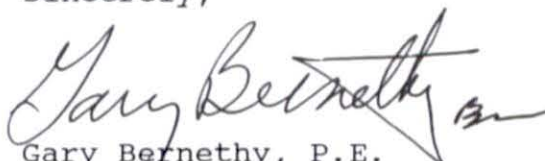
Dear Commissioner Mauro:

We have reviewed the proposed oil and gas lease application and the following request for preferential lease is 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> |
|---------------|---------------------|--------------|----------------|---------------------|---------------------|
| Burleson | Sage Energy Company | \$5.00 | 1/8 | 5 Years | \$1.00 Paid up |

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

Sincerely,


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

Attachments

Burleson County
CSJ 116-3-27
S.H. 21
No. 372

Exhibit "A"

Being 4.787 acres of land, more or less, situated in the Beverly A. Porter Survey, Abstract No. 46, of Burleson County, Texas. Said 4.787 acres being all of and the same land conveyed to the State by George Sefcik, as recorded in Volume 76, Pages 5 and 6. Also being a portion of the same lands conveyed to the State by Lee County, Cooperative, Inc. Volume 76, Page 4 and by Frank G. Sefcik, et ux as recorded in Volume 76, Page 5, all in the Deed records of Burleson County, Texas. Said 4.787 acres being a strip of land 100.00 feet wide, 50.00 feet either side of the centerline and is more particularly described as follows, to wit;

Beginning at a point on the southeast right of way line of S.H. 21 being 50.00 feet S 33° 32' 00" E from Engineer's Centerline Station Number 1457+20.23;

Thence N 33° 32' 00" W, a distance of 100.00 feet to a point;

Thence N 56° 28' 00" E, a distance of 1,694.35 feet to a point being the P.C. of a curve to the right. Said point also being 50.00 feet from and at right angles to Engineer's Centerline Station 1474+05.57;

Thence around said curve to the right, which has a delta angle of 09° 17' 50", a degree of curvature 02° 30' 00" and a radius of 2,341.83 feet, a distance of 380.00 feet;

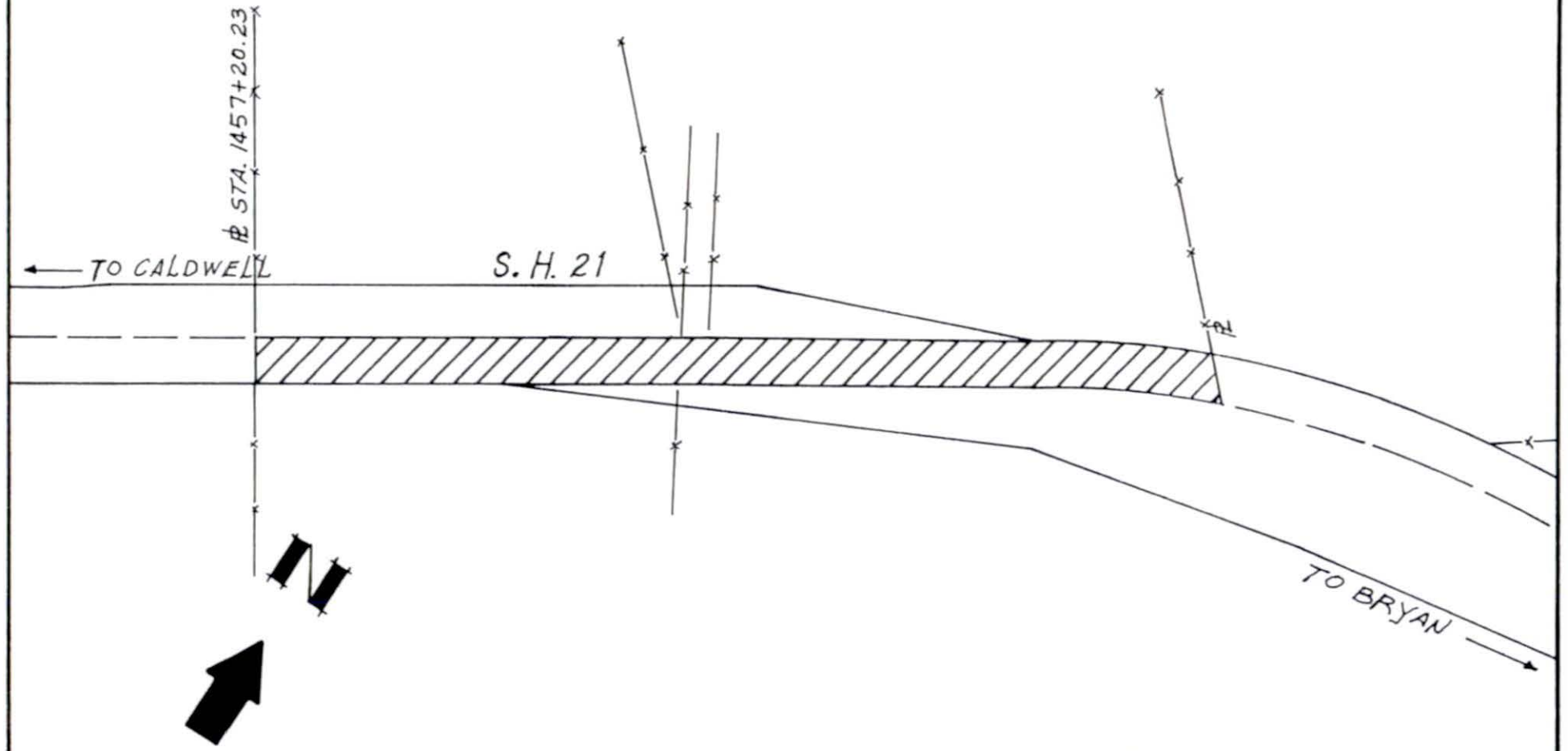
Thence S 44° 46' 00" E, a distance of 107.12 feet to a point. Said point being on a curve to the left and has a delta angle of 10° 15' 17" and a radius of 2,241.83 feet.

Thence S 61° 35' 44" W along the long chord of the aforesaid curve, a distance of 400.81 feet to a point being the P.T. of said curve 50.00 feet from and at right angles to Engineer's Centerline Station Number 1474+05.57;

Thence S 56° 28' 00" W, a distance of 1,694.35 feet to the point of beginning of the tract herein described.

The above described tract of land contains 4.787 acres and being as indicated on the official right of way map which is on file with the Texas Department of Transportation and is identified under Control Number 116-3-27.

Beverly A. Porter Survey Abst. No. 46



MAP SHOWING
 PORTION OF S. H. 21 RIGHT
 OF WAY
 BURLESON COUNTY

 AREA TO BE LEASED - 4.787 ACRES

M-95154

Memo

10-28-92

(2)

95154

(3)

Worksheet



Sage Energy Company

September 29, 1992

Texas General Land Office
Lease Administration
1700 N. Congress Avenue, Room 640
Austin, Texas 78701

RE: Application to Lease
Highway Right-of-Way
Burleson County, Texas
4.787 acres

Gentlemen:

Sage Energy Company, 10101 Reunion Place, Suite 800, San Antonio, Texas 78216-4158, makes application to lease a tract containing 4.787 acres in the right-of-way for State Highway #21, situated in the B.A. Porter League, A-46, Burleson County, Texas, only insofar as to depths from the ground to the base of the Georgetown Formation.

*Sage Energy Company is the sole leasehold owner of the oil and gas lease, insofar as the lease abutts both sides of the subject 4.787 acre tract.

In connection with this application, we enclose the following items:

- 1) Surveyor's plat and field notes.
- 2) Title Opinion dated September 28, 1992, by Michael J. Canon of Stubbeman, McRae, Sealy, Laughlin and Browder, Inc.
- 3) Certified copy of Oil and Gas Lease dated April 24, 1976, from Joseph J. Skrivanek, Jr., et ux, recorded in Volume 18, Page 395 of the Oil and Gas Lease Records of Burleson County, Texas.
- 4) Copies of the partial lease assignments to Sage Energy Company.
- 5) Affidavit as to the consideration paid for the subject lease.
- 6) Affidavit to the fact this application is made for the purpose of drilling a horizontal well.

- 7) Check in the amount of \$100.00 payable to the
Commissioner of the Texas General Land Office.

In the event this application is not in proper order, please
advise at the earliest date.

Sincerely,

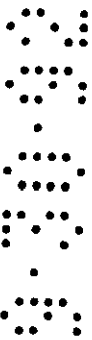
SAGE ENERGY COMPANY



Robert C. Peterson
Contract Landman

RCP:bg

Enclosures

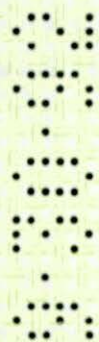


9-51

9-29-92 Commissioner of the Texas General Land Office

Application to lease ~~100.00~~ \$100.00
highway ROW
Burleson County, Texas **93005466**
4.787 acres

170
[Signature]



M 95154
LTR
9.29.92

④

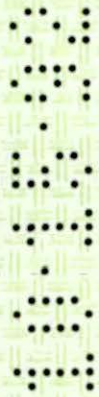
9.30.95

10-23

10-13-95 Commissioner of the General Land Office

Bonus 4.79 Acres
Lease, B.A. Porter League, A-46
Burleson County, Texas

~~_____~~ \$43.47
93008929



✓ 170 ~~_____~~

W-5154
LFR
10.13.92

⑨





Sage Energy Company

October 13, 1992

Texas General Land Office
Lease Administration
1700 N. Congress Avenue, Room 640
Austin, Texas 78701

Attn: Drew Reid

RE: Highway Right-of-Way Lease
4.787 acres
Burleson County, Texas

Dear Drew:

Enclosed is Sage Energy check payable to the G.L.O. in the amount of \$43.47 as bonus, etc. for the captioned lease.

Thanks for your help.

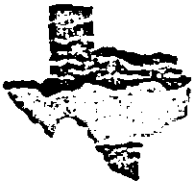
Sincerely,

SAGE ENERGY COMPANY

Robert C. Peterson
Contract Landman

RCP:bg

Enclosure



Texas General Land Office
Garry Mauro, Commissioner

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

October 12, 1992

Mr. Robert C. Peterson
10101 Reunion Place, Suite 800
San Antonio, Tx. 78216-4158

Re: Highway Right-Of-Way Lease
State Highway 21
Burleson County, Texas
4.787 acres

Dear Mr. Peterson,

Your application to lease the above referenced right-of-way has been approved as to form by the Lease Administration department of the General Land Office.

Further, I have been informed by the Texas Department of Transportation that their office has no objection to the application. Upon completion of the required field notes and plat, I will place the lease on the next available docket for School Land Board review.

Under the applicable statutes and existing policy governing the issuance of oil and gas leases on rights-of-way, I have found no cause for the School Land Board to deny this application, therefore, your client, Sage Energy Company is entitled to a lease on the applicable portion of the right-of-way.

If you have any questions concerning this matter, please call me at 512-475-1534.

Sincerely,


Drew Reid, Landman
Lease Administration
Energy Resources

M 95154
LNR
10.12.92

5

THE STATE OF TEXAS

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF BRAZOS

BEFORE ME, the undersigned, a Notary Public in and for said County, State of Texas, on this day personally appeared FRED PRICKETT to me well known to be a credible person, and who, after being by me duly sworn, on his oath did state:

I acquired the following described lease for a bonus consideration of Five Dollars (\$5.00) per net mineral acre.

Oil, Gas and Mineral Lease dated April 24, 1976, from Joseph J. Skrivanek, Jr. and wife, Grace A. Skrivanek recorded in Volume 18, Page 395 of the Oil and Gas Lease Records of Burleson County, Texas, covering 568.434 acres of land, more or less, situated in the B.A. Porter League, A-46 and the Abner Kuykendall Survey, A-34, Burleson County, Texas.

Further affiant sayeth not.

Fred Prickett
Fred Prickett

SUBSCRIBED AND SWORN TO BEFORE ME, this 19th day of September, A.D. 1992.

Robert C. Peterson
Notary Public in and for
the State of Texas
Robert C. Peterson

THE STATE OF TEXAS

COUNTY OF BRAZOS

Before me, the undersigned authority, on this day personally appeared FRED PRICKETT known to me to be the person whose name is (~~are~~) subscribed to the foregoing instrument, and acknowledged to me that HE expressed the same as his free act and deed for the purposes and consideration therein expressed.

Given under my hand and seal of office this 19th day of September, 1992.

My commission expires:
11-14-93

Robert C. Peterson
Notary Public in and for
the State of Texas
Robert C. Peterson

M-95154
App. of Consideration

9

THE STATE OF TEXAS

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF BEXAR

BEFORE ME, the undersigned, a Notary Public in and for said County, State of Texas, on this day personally appeared KEN MEISKE to me well known to be a credible person, and who, after being by me duly sworn, on his oath did state:

That my name is Ken Meiske and that I am employed by Sage Energy Company, San Antonio, Texas as a Division Landman.

For the specific purpose of drilling a horizontal well, Sage Energy Company is making an application for an Oil and Gas Lease from the State of Texas on 4.787 acres of land, being a portion of the Right-of-Way for State Highway No. 21 situated in the B.A. Porter League, A-46, Burleson County, Texas. Said 4.787 acre tract being more fully described on Exhibit "A" attached hereto.

Further affiant sayeth not.

Ken Meiske
Ken Meiske

SUBSCRIBED AND SWORN TO BEFORE ME, this 18th day of September, A.D. 1992.

Cynthia A. Renteria
Notary Public in and for
the State of Texas



THE STATE OF TEXAS

COUNTY OF Bexar

Before me, the undersigned authority, on this day personally appeared Ken Meiske known to me to be the person whose name is (are) subscribed to the foregoing instrument, and acknowledged to me that he expressed the same as his free act and deed for the purposes and consideration therein expressed.

Given under my hand and seal of office this 18th day of September, 1992.

My commission expires:

October 11, 1993

Cynthia A. Renteria
Notary Public in and for
the State of Texas



EXHIBIT "A"

All that certain tract or parcel of land lying and being situated in Burleson County, Texas, a part of the B. A. Porter League, Abstract 46, and being a portion of the Right-of-way of State Highway No. 21, acquired by the State of Texas, in the following referenced deeds and also embracing a portion of what was formerly known as the "Old Bosley Ferry Road", said deeds being listed as follows

PARCEL ONE:

A tract said to contain 1.636 acres of land described in a deed dated March 26, 1932, from George Sefcik, to the State of Texas, of record in Volume 76, Pages 5 and 6, of the deed records of said County,

PARCEL TWO:

A portion of a tract said to contain 3.87 acres, described in a deed dated April 25, 1932, from the Lee County Cooperative, Inc., to the State of Texas, of record in Volume 76, Page 4, of the deed records of said County,

PARCEL THREE:

A portion of a tract said to contain 2.32 acres described in a deed dated April 25, 1932, from Frank G. Sefcik, and wife, Helen Sefcik, to the State of Texas, of record in Volume 76, Page 5, of the deed records of said County,

and being more fully described by metes and bounds in one tract as follows;

COMMENCING at a point in the Southeast ROW of said State Highway No. 21, at the intersection of a County Road formerly known as the "Old Caldwell and Pitts Bridge of Bryan Public Road" said COMMENCING POINT being the West corner of a tract of 73.364 acres, more or less, described in a deed dated November 7, 1914, from Wesley King, et ux, to George Sefcik, of record in Volume 49, Page 152, of the deed records of Burleson County, Texas, and being further described as being 50.00 feet from and perpendicular to Centerline Station 1464 + 54.00 of the 1932 alignment of said State Highway No. 21, and also being 100 feet from and perpendicular to Centerline Station 1436 + 76.90 of the present alignment of said State Highway No. 21;

THENCE with the Southeast ROW line of said State Highway No. 21, same being the North or Northwest property line of J. J. Skrivanek, Jr., et ux, North 56°28'00" East 2,043.33 feet to a point in same at the North or Northeast corner of a certain tract said to contain 68.5 acres of land, more or less, described in a deed dated June 21, 1952, from Dr. N. T. Anders, and wife, Claria H. Anders, to the Veterans Land Board of the State of Texas, of record in Volume 115, Page 339, et seq., of the deed records of said County for the South or Southwest corner and BEGINNING POINT of the premises hereinafter described and being 100.00 feet from and perpendicular to Centerline Station 1457 + 20.23;

THENCE severing said ROW, North 33°32'00" West 100.00 feet to a point in the present centerline of said State Highway No. 21, same being formerly known as the West or Northwest ROW line of said State Highway No. 21, at Centerline Station 1457 + 20.23 for the West or Northwest corner of the premises herein described;

THENCE with the present centerline of said State Highway No. 21, same being the former North or Northwest ROW of same and embracing a portion of a tract of 1.636 acres, described in a deed dated March 26, 1932, from George Sefcik, to the State of Texas, of record in Volume 76, Pages 5 and 6, of the deed records of said County, and also a portion of a tract said to contain 3.87 acres described in a deed from the Lee County Cooperative Inc., to the State of Texas, dated April 25, 1932, and of record in Volume 76, Page 4, of the deed records of said County, North $56^{\circ}28'00''$ East at 1,048.63 feet intersecting the common line between said Lee County Cooperative tract (now Joseph J. Skrivanek, Jr.) and the former Frank Sefcik tract (now Joseph J. Skrivanek, Jr., Volume 76, Page 5) and continuing on the same course a total distance of 1,694.35 feet to a point in the present centerline of said State Highway No. 21, same being at a point which is 50.00 feet from and perpendicular to the former Centerline Station 1474 + 05.57, same being the POINT OF CURVATURE of a $02^{\circ}30'00''$ curve to the Right, having a Delta Angle of $09^{\circ}17'50''$, and Radius of 2,341.83 feet and a Chord of which bears North $61^{\circ}06'56''$ East 379.59 feet;

THENCE with the Arc of said curve in an Easterly direction, an Arc distance of 380.00 feet to the intersection of said line with the Northeast line of said former Sefcik (now Skrivanek tract) for the most Northerly or Northeast corner of the premises herein described;

THENCE severing said old 100.00 foot ROW and along the Northeast line of said Sefcik tract, South $44^{\circ}46'00''$ East 107.12 feet to the intersection of same with the Southeast ROW line of said Highway No. 21, as established in 1932, for the most Easterly corner of the premises herein described;

THENCE with said curving ROW in a Southwesterly direction on a curve having a Delta Angle of $10^{\circ}15'27''$, a Radius of 2,241.83 feet and a Chord of which bears South $61^{\circ}35'44''$ West 400.81 feet to the POINT OF TANGENCY of said curve which is 50.00 feet from and perpendicular to the Centerline Station 1474 + 05.57;

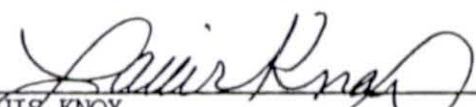
THENCE continuing with the South or Southwest ROW of said Old Highway No. 21, South $56^{\circ}28'00''$ West at 625.86 feet passing a point which is 50.00 feet from and perpendicular to Centerline Station 1468 + 00.00, same being the South or Southwest corner of said former Frank Sefcik tract, at 669.86 feet to a point in said ROW at the approximate East or Southeast corner of the 1.636 acre tract conveyed by George Sefcik to the State of Texas and continuing with said ROW line a total distance of 1,694.35 feet to the PLACE OF BEGINNING and containing 4.787 acres of land, of which approximately 1.124 acres including a portion of the "Old Bosley Ferry Road" is a part of the aforesaid George Sefcik tract, and 1.307 acres of said tract (including a portion of the "Old Bosley Ferry Road") is a portion of the Lee County Cooperative Inc., tract, and 2.356 acres of said tract a portion of the Frank Sefcik tract.

THE ABOVE AND FOREGOING DESCRIPTION WAS PREPARED FROM COMPUTATIONS BASED ON INFORMATION FROM THE TEXAS DEPARTMENT OF HIGHWAYS AND PUBLIC TRANSPORTATION RIGHT-OF-WAY MAPS OF STATE HIGHWAY NO. 21, OF BURLESON COUNTY, TEXAS, BASED ON THE CURRENT ALIGNMENT AND ORIGINAL ALIGNMENT OF SAME AS ESTABLISHED IN 1932, BEARINGS ARE BASED ON THE BEARINGS SHOWN ON THE CURRENT MAP OF STATE HIGHWAY NO. 21, IN BURLESON COUNTY, TEXAS.

Date of Signature, September 8, 1992.



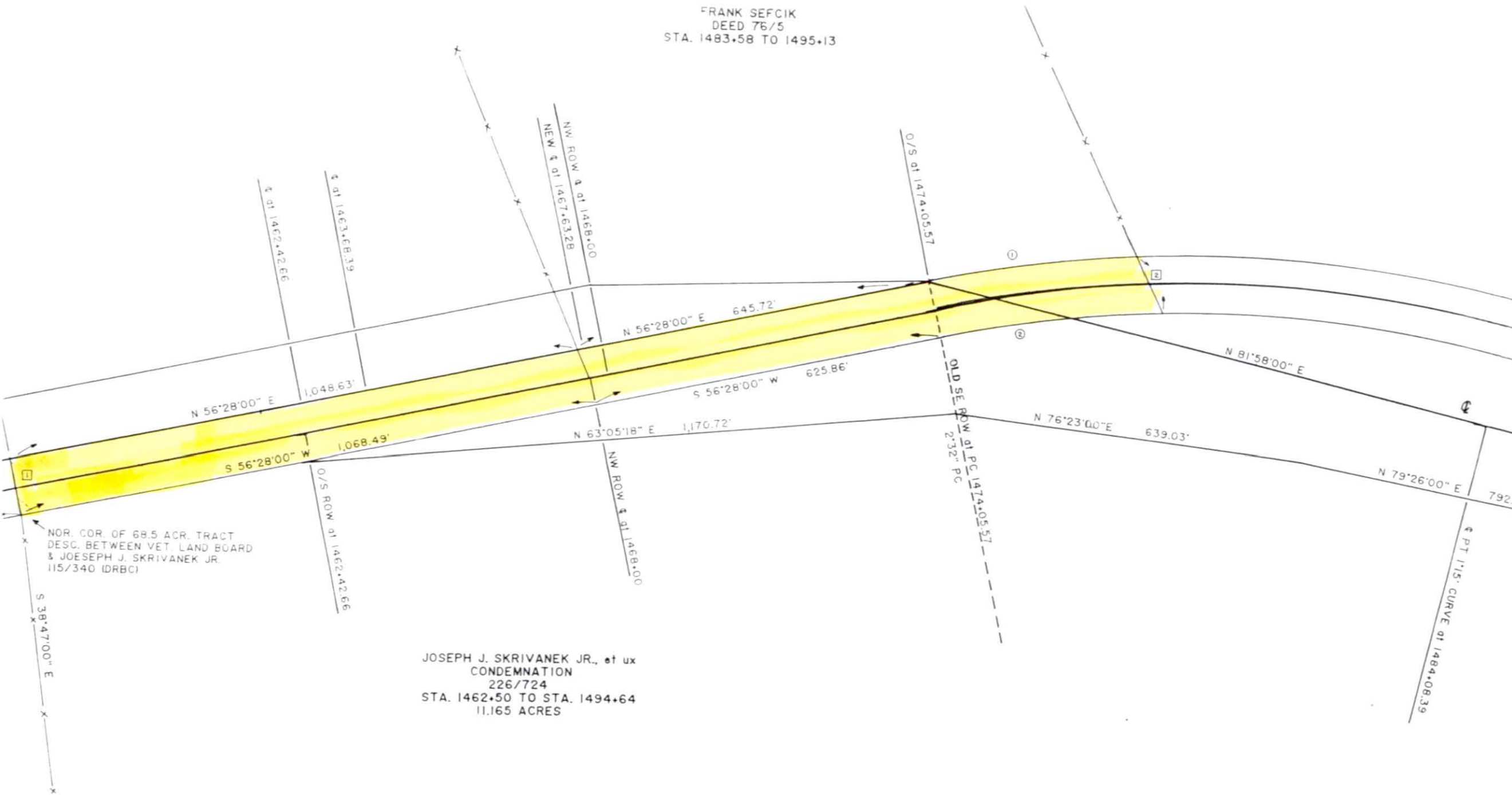
LOUIS KNOX AND ASSOCIATES SURVEYORS


LOUIS KNOX
REGISTERED PROFESSIONAL LAND
SURVEYOR, NO. 875.

M-9554 (8)
App. of Purpose (HORE)

2.30.85

FRANK SEFCIK
DEED 76/5
STA. 1483.58 TO 1495.13



NOR. COR. OF 68.5 ACR. TRACT
DESC. BETWEEN VET. LAND BOARD
& JOSEPH J. SKRIVANEK JR.
115/340 (DRBC)

JOSEPH J. SKRIVANEK JR., et ux
CONDEMNATION
226/724
STA. 1462.50 TO STA. 1494.64
11.165 ACRES

S 38°47'00" E

N 56°28'00" E 1,048.63'

S 56°28'00" W 1,068.49'

N 56°28'00" E 645.72'

S 56°28'00" W 625.86'

N 63°05'18" E 1,170.72'

N 76°23'00" E 639.03'

N 81°58'00" E

N 79°26'00" E 792.00'

PT 1.15 CURVE at 1484.08.39

O/S ROW at 1462.42.66

NW ROW at 1463.48.39

NW ROW at 1467.63.28

NW ROW at 1468.00

O/S at 1474.05.57

OLD SE ROW at PC 1474.05.57
2.32" PC

NW ROW at 1468.00

O/S ROW at 1462.42.66

BEVERLY A. PORTER SURVEY A - 46

CURVE DATA : O

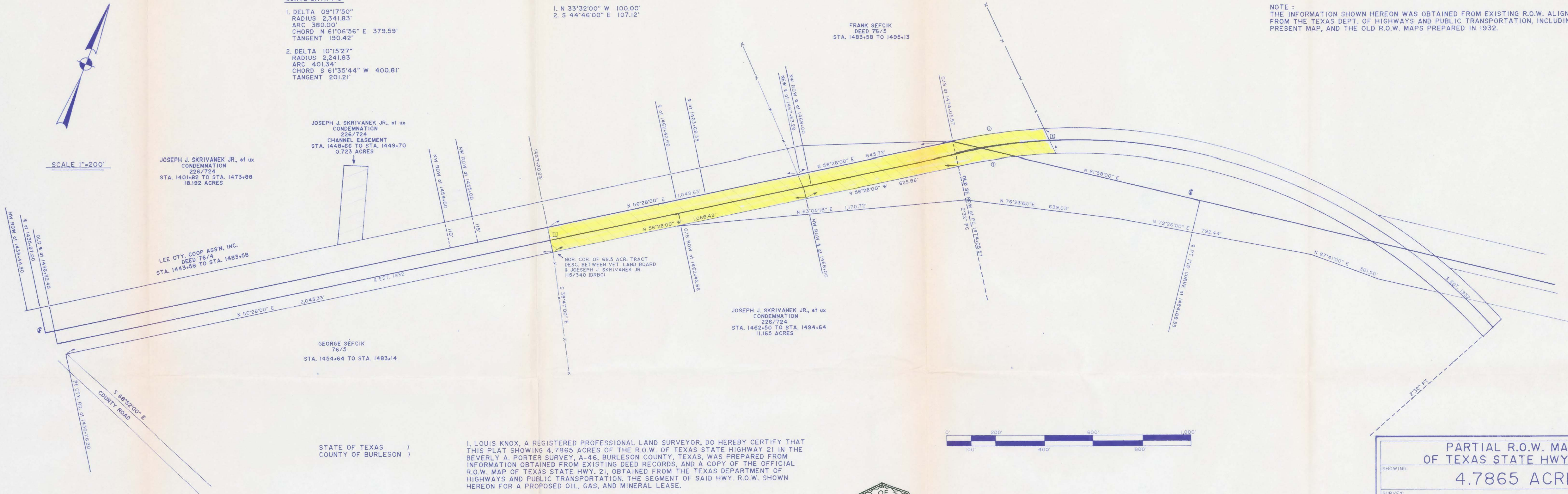
1. DELTA 09°17'50"
RADIUS 2,341.83'
ARC 380.00'
CHORD N 61°06'56" E 379.59'
TANGENT 190.42'
2. DELTA 10°15'27"
RADIUS 2,241.83'
ARC 401.34'
CHORD S 61°35'44" W 400.81'
TANGENT 201.21'

NUMBERED CALLS : □

1. N 33°32'00" W 100.00'
2. S 44°46'00" E 107.12'

NOTE :
THE INFORMATION SHOWN HEREON WAS OBTAINED FROM EXISTING R.O.W. ALIGNMENT MAPS FROM THE TEXAS DEPT. OF HIGHWAYS AND PUBLIC TRANSPORTATION, INCLUDING THE PRESENT MAP, AND THE OLD R.O.W. MAPS PREPARED IN 1932.

SCALE 1"=200'



JOSEPH J. SKRIVANEK JR., et ux
CONDEMNATION
226/724
CHANNEL EASEMENT
STA. 1448+66 TO STA. 1449+70
0.723 ACRES

LEE CTY. COOP ASS'N, INC.
DEED 76/4
STA. 1443+58 TO STA. 1483+58
18.192 ACRES

GEORGE SEFCIK
76/5
STA. 1454+64 TO STA. 1483+14

JOSEPH J. SKRIVANEK JR., et ux
CONDEMNATION
226/724
STA. 1462+50 TO STA. 1494+64
11.165 ACRES

FRANK SEFCIK
DEED 76/5
STA. 1483+58 TO 1495+13

NOR. COR. OF 68.5 ACR. TRACT
DESC. BETWEEN VET. LAND BOARD
& JOSEPH J. SKRIVANEK JR.
115/340 (DRBC)



STATE OF TEXAS)
COUNTY OF BURLESON)

I, LOUIS KNOX, A REGISTERED PROFESSIONAL LAND SURVEYOR, DO HEREBY CERTIFY THAT THIS PLAT SHOWING 4.7865 ACRES OF THE R.O.W. OF TEXAS STATE HIGHWAY 21 IN THE BEVERLY A. PORTER SURVEY, A-46, BURLESON COUNTY, TEXAS, WAS PREPARED FROM INFORMATION OBTAINED FROM EXISTING DEED RECORDS, AND A COPY OF THE OFFICIAL R.O.W. MAP OF TEXAS STATE HWY. 21, OBTAINED FROM THE TEXAS DEPARTMENT OF HIGHWAYS AND PUBLIC TRANSPORTATION, THE SEGMENT OF SAID HWY. R.O.W. SHOWN HEREON FOR A PROPOSED OIL, GAS, AND MINERAL LEASE.

DATE OF SIGNATURE, SEPTEMBER 1, 1992.

Louis Knox
LOUIS KNOX
REGISTERED PROFESSIONAL LAND
SURVEYOR, NO. 875

LOUIS KNOX AND ASSOCIATES, SURVEYORS
P.O. BOX 539
GIDDINGS, TEXAS 78942



| | |
|--|---------------|
| PARTIAL R.O.W. MAP OF TEXAS STATE HWY. NO. 21 | |
| SHOWING: 4.7865 ACRES | |
| SURVEY: BEVERLY A. PORTER SUR., A-46 | |
| COUNTY: BURLESON COUNTY, TEXAS | |
| FOR: SAGE ENERGY CO. | |
| W.O. 5877 | SCALE 1"=200' |

M.95154 (9)
Plats (3)

Louis Knox & Associates

W. O. 5877

SURVEYORS
P.O. DRAWER 539 409-542-5519
OFFICE: 251 EAST HEMPSTEAD
GIDDINGS, TEXAS 78942

STATE OF TEXAS)
)
COUNTY OF BURLESON)

SAGE ENERGY CORPORATION
RIGHT-OF-WAY SEGMENT
STATE HIGHWAY NO. 21

LEASE DESCRIPTION

All that certain tract or parcel of land lying and being situated in Burleson County, Texas, a part of the B. A. Porter League, Abstract 46, and being a portion of the Right-of-way of State Highway No. 21, acquired by the State of Texas, in the following referenced deeds and also embracing a portion of what was formerly known as the "Old Bosley Ferry Road", said deeds being listed as follows

PARCEL ONE:

A tract said to contain 1.636 acres of land described in a deed dated March 26, 1932, from George Sefcik, to the State of Texas, of record in Volume 76, Pages 5 and 6, of the deed records of said County,

PARCEL TWO:

A portion of a tract said to contain 3.87 acres, described in a deed dated April 25, 1932, from the Lee County Cooperative, Inc., to the State of Texas, of record in Volume 76, Page 4, of the deed records of said County,

PARCEL THREE:

A portion of a tract said to contain 2.32 acres described in a deed dated April 25, 1932, from Frank G. Sefcik, and wife, Helen Sefcik, to the State of Texas, of record in Volume 76, Page 5, of the deed records of said County,

and being more fully described by metes and bounds in one tract as follows;

COMMENCING at a point in the Southeast ROW of said State Highway No. 21, at the intersection of a County Road formerly known as the "Old Caldwell and Pitts Bridge of Bryan Public Road" said COMMENCING POINT being the West corner of a tract of 73.364 acres, more or less, described in a deed dated November 7, 1914, from Wesley King, et ux, to George Sefcik, of record in Volume 49, Page 152, of the deed records of Burleson County, Texas, and being further described as being 50.00 feet from and perpendicular to Centerline Station 1464 + 54.00 of the 1932 alignment of said State Highway No. 21, and also being 100 feet from and perpendicular to Centerline Station 1436 + 76.90 of the present alignment of said State Highway No. 21;

THENCE with the Southeast ROW line of said State Highway No. 21, same being the North or Northwest property line of J. J. Skrivanek, Jr., et ux, North 56°28'00" East 2,043.33 feet to a point in same at the North or Northeast corner of a certain tract said to contain 68.5 acres of land, more or less, described in a deed dated June 21, 1952, from Dr. N. T. Anders, and wife, Claria H. Anders, to the Veterans Land Board of the State of Texas, of record in Volume 115, Page 339, et seq., of the deed records of said County for the South or Southwest corner and BEGINNING POINT of the premises hereinafter described and being 100.00 feet from and perpendicular to Centerline Station 1457 + 20.23;

THENCE severing said ROW, North 33°32'00" West 100.00 feet to a point in the present centerline of said State Highway No. 21, same being formerly known as the West or Northwest ROW line of said State Highway No. 21, at Centerline Station 1457 + 20.23 for the West or Northwest corner of the premises herein described;

Louis Knox & Associates

SURVEYORS

W. O. 5877
PAGE 2

P.O. DRAWER 539 409-542-5519
OFFICE: 251 EAST HEMPSTEAD
GIDDINGS, TEXAS 78942

THENCE with the present centerline of said State Highway No. 21, same being the former North or Northwest ROW of same and embracing a portion of a tract of 1.636 acres, described in a deed dated March 26, 1932, from George Sefcik, to the State of Texas, of record in Volume 76, Pages 5 and 6, of the deed records of said County, and also a portion of a tract said to contain 3.87 acres described in a deed from the Lee County Cooperative Inc., to the State of Texas, dated April 25, 1932, and of record in Volume 76, Page 4, of the deed records of said County, North 56°28'00" East at 1,048.63 feet intersecting the common line between said Lee County Cooperative tract (now Joseph J. Skrivanek, Jr.) and the former Frank Sefcik tract (now Joseph J. Skrivanek, Jr., Volume 76, Page 5) and continuing on the same course a total distance of 1,694.35 feet to a point in the present centerline of said State Highway No. 21, same being at a point which is 50.00 feet from and perpendicular to the former Centerline Station 1474 + 05.57, same being the POINT OF CURVATURE of a 02°30'00" curve to the Right, having a Delta Angle of 09°17'50", and Radius of 2,341.83 feet and a Chord of which bears North 61°06'56" East 379.59 feet;

THENCE with the Arc of said curve in an Easterly direction, an Arc distance of 380.00 feet to the intersection of said line with the Northeast line of said former Sefcik (now Skrivanek tract) for the most Northerly or Northeast corner of the premises herein described;

THENCE severing said old 100.00 foot ROW and along the Northeast line of said Sefcik tract, South 44°46'00" East 107.12 feet to the intersection of same with the Southeast ROW line of said Highway No. 21, as established in 1932, for the most Easterly corner of the premises herein described;

THENCE with said curving ROW in a Southwesterly direction on a curve having a Delta Angle of 10°15'27", a Radius of 2,241.83 feet and a Chord of which bears South 61°35'44" West 400.81 feet to the POINT OF TANGENCY of said curve which is 50.00 feet from and perpendicular to the Centerline Station 1474 + 05.57;

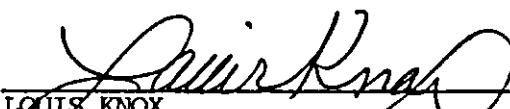
THENCE continuing with the South or Southwest ROW of said Old Highway No. 21, South 56°28'00" West at 625.86 feet passing a point which is 50.00 feet from and perpendicular to Centerline Station 1468 + 00.00, same being the South or Southwest corner of said former Frank Sefcik tract, at 669.86 feet to a point in said ROW at the approximate East or Southeast corner of the 1.636 acre tract conveyed by George Sefcik to the State of Texas and continuing with said ROW line a total distance of 1,694.35 feet to the PLACE OF BEGINNING and containing 4.787 acres of land, of which approximately 1.124 acres including a portion of the "Old Bosley Ferry Road" is a part of the aforesaid George Sefcik tract, and 1.307 acres of said tract (including a portion of the "Old Bosley Ferry Road") is a portion of the Lee County Cooperative Inc., tract, and 2.356 acres of said tract a portion of the Frank Sefcik tract.

THE ABOVE AND FOREGOING DESCRIPTION WAS PREPARED FROM COMPUTATIONS BASED ON INFORMATION FROM THE TEXAS DEPARTMENT OF HIGHWAYS AND PUBLIC TRANSPORTATION RIGHT-OF-WAY MAPS OF STATE HIGHWAY NO. 21, OF BURLESON COUNTY, TEXAS, BASED ON THE CURRENT ALIGNMENT AND ORIGINAL ALIGNMENT OF SAME AS ESTABLISHED IN 1932, BEARINGS ARE BASED ON THE BEARINGS SHOWN ON THE CURRENT MAP OF STATE HIGHWAY NO. 21, IN BURLESON COUNTY, TEXAS.

Date of Signature, September 9, 1992.



LOUIS KNOX AND ASSOCIATES SURVEYORS


LOUIS KNOX
REGISTERED PROFESSIONAL LAND
SURVEYOR, NO. 875.

PA-95154

(10)

LEASE DESCRIPTION



2-20-85

STUBBEMAN, McRAE, SEALY, LAUGHLIN & BROWDER, INC.

ATTORNEYS AT LAW

MIDLAND, TEXAS

SUITE 800
TWO FIRST CITY CENTER • 79701
550 WEST TEXAS AVENUE
P.O. BOX 1540 • 79702
915/682-1618
FACSIMILE 915/682-1351
FACSIMILE 915/682-4884

AUSTIN, TEXAS

ONE NORTHPOINT CENTRE • 78731
6836 AUSTIN CENTER BOULEVARD, SUITE 130
512/794-1011

MICHAEL J. CANON
DIRECT DIAL 688-0249
LICENSED IN TEXAS AND NEW MEXICO

September 28, 1992

ORIGINAL TITLE OPINION

Sage Energy Company
10101 Reunion Place, Suite 800
San Antonio, Texas 78216

Attention: Mr. Robert C. Peterson

RE: 4.787 acres of land in the B. A. Porter League A-46, BURLESON COUNTY, TEXAS, described in Exhibit "A", hereto, and consisting of portions of three tracts described as follows:

FIRST TRACT: Being a portion of a tract said to contain 1.636 acres, and being described in a Deed dated March 26, 1932, from George Sefcik to the State of Texas, recorded in Volume 76, pages 5 and 6, Deed Records, Burleson County, Texas;

SECOND TRACT: Being a portion of a tract said to contain 3.87 acres, and being described in a Deed dated April 25, 1932, from the Lee County Co-Operative, Inc. to the State of Texas, recorded in Volume 76, Page 4, Deed Records, Burleson County, Texas; and

THIRD TRACT: Being a portion of a tract said to contain 2.32 acres, and being described in a Deed dated April 25, 1932, from Frank G. Sefcik and wife, Helen Sefcik to the State of Texas, recorded in Volume 76, Page 5, Deed Records, Burleson County, Texas, and being more fully described by metes and bounds in Exhibit "A" hereto.

Gentlemen:

You have asked us to render an Original Title Opinion upon captioned lands and as the basis for our opinion, you have furnished us the following title materials:

TITLE OPINIONS

Original Title Opinion dated January 18, 1985, prepared by Michael J. Canon, Inc., addressed to Sage Energy Company, covering 533.284 acres situated in the B. A. Porter Survey, based upon examination of title materials from sovereignty through October 17, 1984 at 5:00 p.m.

INSTRUMENTS

Copies of all instruments reflected pursuant to your search of the Records of the County Clerk and the District Clerk of Burleson County, Texas, subsequent to the patent of the B. A. Porter League which affect title to the captioned land, (excluding those instruments described under Title Requirement II of the above opinion, beginning on page 9 of said opinion, together with copies of the following:

(a) Deed dated March 26, 1932, executed by George Sefcik in favor of the State of Texas, recorded in Volume 76, pages 5 and 6, Deed Records.

(b) Deed dated April 25, 1932, executed by Lee County Co-Operative Association in favor of the State of Texas, recorded in Volume 76, page 4, Deed Records.

(c) Deed dated April 25, 1932, executed by Frank G. Sefcik and wife, Helen Sefcik, in favor of the State of Texas, recorded in Volume 76, page 5, Deed Records.

(d) Plat of Survey dated September 9, 1992, prepared by Louis Knox, Registered Land Surveyor, together with accompanying field notes, covering all of captioned land.

Based solely upon examination of the foregoing, we find the status of title to the captioned lands as of September 1, 1992, to be vested as follows:

FEE TITLE

Surface and Minerals:

State of Texas ----- All

EXISTING OIL AND GAS LEASES

None.

EASEMENTS AND RIGHTS-OF-WAY

None.

LIENS AND ENCUMBRANCES

None.

TAXES

Not applicable as this land is owned by the State of Texas.

TITLE REQUIREMENTS

None.

COMMENTS

1. The B. A. Porter Survey is patented property, having been patented by the Government of Mexico in favor of Beverly A. Porter on April 30, 1831. The original of said Patent is filed in the Spanish Archives of the General Land Office of the State of Texas, and a certified copy thereof appears in Volume 57, Page 565, Deed Records, Burleson County, Texas.

SAGE ENERGY COMPANY

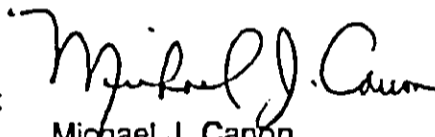
September 23, 1992

Page 3

2. Captioned land is not Relinquishment Act land.
3. We understand that all of captioned land is part of the right of way of State Highway 21 and has been used for highway purposes since the early 1930's.
4. We note that the field note description to the Third Tract referenced in the caption, hereof, is a very poor description and would require extrinsic evidence in order to ascertain the exact metes and bounds of the tract intended to be described therein. As such, we believe it would be advisable for you to obtain a quitclaim deed covering said tract from the current records owner(s) of the land located adjacent to the captioned land.
5. This opinion covers filings through September 1, 1992. We understand that you are in the process of acquiring an oil and gas lease from the State of Texas. Before completing your transaction with the State of Texas, you should confirm that there have been no filings since September 1, 1992, affecting the title of the State of Texas to captioned land.

Respectfully submitted,

STUBBEMAN, MCRAE, SEALY,
LAUGHLIN & BROWDER, INC.

By: 
Michael J. Caron

MJC/lbw

EXHIBIT "A"

Metes and bounds description of Tract 3:

COMMENCING at a point in the Southeast ROW of said State Highway 21, at the intersection of a County Road formerly known as the "Old Caldwell and Pitts Bridge of Bryan Public Road" said COMMENCING POINT being the West corner of a tract of 73.364 acres, more or less, described in a deed dated November 7, 1914, from Wesley King, et ux, to George Sefcik, of record in Volume 49, page 152, of the deed records of Burleson County, Texas, and being further described as being 50.00 feet from and perpendicular to Centerline Station 1464 + 54.00 of the 1932 alignment of said State Highway No. 21, and also being 100 feet from and perpendicular to Centerline Station 1436 + 76.90 of the present alignment of said State Highway No. 21;

THENCE with the Southeast ROW line of said State Highway No. 21, same being the North or Northwest property line of J. J. Skrivanek, Jr., et ux, North 56° 28' 00" East 2,043.33 feet to a point in same at the North or Northeast corner of a certain tract said to contain 68.5 acres of land, more or less, described in a deed dated June 21, 1952, from Dr. N. T. Anders, and wife, Claria H. Anders, to the Veterans Land Board of the State of Texas, of record in Volume 115, page 339, et seq., of the deed records of said County for the South or Southwest corner and BEGINNING POINT of the premises hereinafter described and being 100.00 feet from and perpendicular to Centerline Station 1457 + 20.23;

THENCE severing said ROW, North 33° 32' 00" West 100.00 feet to a point in the present centerline of said State Highway No. 21, same being formerly known as the West or Northwest ROW line of said State Highway No. 21, at Centerline Station 1457 + 20.23 for the West or Northwest corner of the premises herein described;

THENCE with the present centerline of said State Highway No. 21, same being the former North or Northwest ROW of same and embracing a portion of a tract of 1.636 acres, described in a deed dated March 26, 1932, from George Sefcik, to the State of Texas, of record in Volume 76, pages 5 and 6, of the deed records of said County, and also a portion of a tract said to contain 3.87 acres described in a deed from the Lee County Cooperative, Inc., to the State of Texas, dated April 25, 1932, and of record in Volume 76, page 4, of the deed records of said County, North 56° 28' 00" East at 1,048.63 feet intersecting the common line between said Lee County Cooperative tract (now Joseph J. Skrivanek, Jr.) and the former Frank Sefcik tract (now Joseph J. Skrivanek, Jr., Volume 76, page 5) and continuing on the same course a total distance of 1,694.35 feet to a point in the present centerline of said State Highway No. 21, same being at a point which is 50.00 feet from and perpendicular to the former Centerline Station 1474 + 05.57, same being the POINT OF CURVATURE of a 02° 30' 00" curve to the right, having a Delta Angle of 09° 17' 50", and Radius of 2,341.83 feet and a Chord of which bears North 61° 06' 56" East 379.59 feet;

THENCE with the Arc of said curve in an Easterly direction, an Arc distance of 380.00 feet to the intersection of said line with the Northeast line of said former Sefcik (now Skrivanek tract) for the most Northerly or Northeast corner of the premises herein described;

THENCE severing said old 100.00 foot ROW and along the Northeast line of said Sefcik tract, South 44° 46' 00" East 107.12 feet to the intersection of same, with the Southeast ROW line of said Highway No. 21, as established in 1932, for the most Easterly corner of the premises herein described;

THENCE with said curving ROW in a Southwesterly direction on a curve having a Delta Angle of 10° 15' 27', a Radius of 2,241.83 feet and a Chord of which bears South 61° 35' 44" West 400.81 feet to the POINT OF TANGENCY of said curve which is 50.00 feet from and perpendicular to the Centerline Station 1474 + 05.57;

THENCE continuing with the South or Southwest ROW of said Oil Highway No. 21, South 56° 28' 00" West at 625.86 feet passing a point which is 50.00 feet from and perpendicular to Centerline Station 1468 + 00.00, same being the South or Southwest corner of said former Frank Sefcik tract, at 669.86 feet to a point in said ROW at the approximate East or Southeast corner of the 1.636 acre tract conveyed by George Sefcik to the State of Texas and continuing with said ROW line a total distance of 1,694.35 feet to the PLACE OF BEGINNING and containing 4.787 acres of land, of which approximately 1.124 acres including a portion of the "Old Bosley Ferry Road" is a part of the aforesaid George Sefcik tract, and 1.307 acres of said tract (including a portion of the "Old Bosley Ferry Road") is a portion of the Lee County Cooperative Inc., tract, and 2.356 acres of said tract a portion of the Frank Sefcik tract.

M.95154 (11)
Title Opinion
9.28.92

OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 24th day of April 1976 between
Joseph J. Skrivanek, Jr. and wife Grace A. Skrivanek

lessor (whether one or more), whose address is: Route 3, Box 60A, Caldwell, Texas 77836
and Fred Prickett, lessee. WITNESSETH:

1. Lessor, in consideration of Ten and no/100 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, employ 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:

Being 568.434 acres of land, more or less, described in five tracts as follows:

First Tract: Being 230.96 acres in the B. A. Porter Survey A-46 and the Abner Kuykendall Survey A-34 and being the same land described as tracts numbered 4, 6, 7, 8, and 9 in that deed dated June 1, 1970 from Ervin J. Skrivanek to Joseph J. Skrivanek and wife Grace A. Skrivanek and recorded in Volume 186 Page 248 of the Deed Records of Burleson County, Texas.

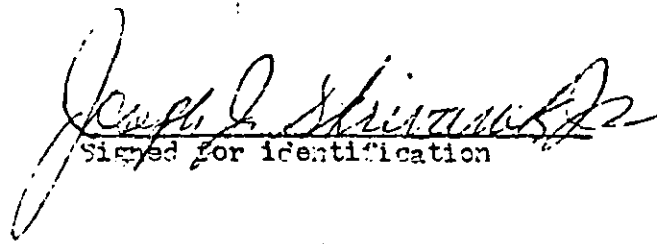
Second Tract: Being 22.5 acres in the B. A. Porter A-46 and being the same land described in that deed dated December 29, 1962 from J. J. Skrivanek to Joseph J. Skrivanek, Jr. et ux and recorded in Volume 150 Page 280 of the Deed Records of Burleson County, Texas.

Third Tract: Being 97.3 acres in the B. A. Porter Survey A-46 and being the same land described in that deed dated March 5, 1952 from Frank G. Sefcik to Joseph J. Skrivanek and recorded in Volume 115 Page 117 of the Deed Records of Burleson County, Texas.

Fourth Tract: Being 103 acres in the in the B. A. Porter Survey A-46 and the Abner Kuykendall Survey A-34 and being the same land described in that deed dated November 12, 1954 from E. M. Sherrill et al to J. J. Skrivanek, Jr. and being recorded in Volume 125 Page 426 of the Deed Records of Burleson County, Texas.

Fifth Tract: Being 114.674 acres in the B. A. Porter Survey A-46 and being the same land described in that deed dated December 20, 1952 from Dr. H. T. Anders to Grace Anders Skrivanek and recorded in Volume 117 Page 146 of the Deed Records of Burleson County, Texas.

~~Sixth Tract~~


Signed for identification

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 568.434 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. five

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of ~~20000~~ 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

Caldwell National Bank 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

\$ 568.434, 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.

6. 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 on its anniversary date next following the ninetieth day after such discontinuance unless on or before such anniversary date lessee either (1) conducts operations or (2) commences or resumes the payment or tender of delay rental; provided, however, if such anniversary date is at the end of the primary term, or if there is no further anniversary date of the primary term, this lease shall terminate at the end of such 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 11 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, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

7. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove casing. No well shall be drilled nearer than 200 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

8. The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any mineral or horizon. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, delay rental, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof of or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, delay rental, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division. If any such change in ownership occurs by reason of the death of the owner, lessee may, nevertheless pay or tender such royalties, delay rental, or other moneys, or part thereof, to the credit of the decedent in a depository bank provided for above. In the event of assignment of this lease as to any part (whether divided or undivided) of said land, the delay rental payable hereunder shall be apportionable as between the several leasehold owners, ratably according to the surface area or undivided interests of each, and default in delay rental payment by one shall not affect the right of other leasehold owners hereunder.

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

10. Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but lessor agrees that lessee shall have the right at any time to pay or reduce same for lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to lessor and/or assigns under this lease. If this lease covers a less interest in the oil, gas, sulphur, or other minerals in all or any part of said land than the entire and undivided fee simple estate (whether lessor's interest is herein specified or not), or no interest therein, then the royalties, delay rental, and other moneys accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by lessor) shall be paid out of the royalty herein provided. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as lessor.

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

12. Lessee shall at all times keep closed all gates on lands subject hereto and repair all damages to fences, roads, irrigation systems and bridges inflicted by operations hereunder. Lessee shall fill all slush pits and excavations of all kinds, so as to return the surface to its original condition as nearly as practical within a reasonable length of time after the abandonment of the use of such pits and excavations. Lessee shall pay lessor all damages to crops, livestock and other property caused by operations of Lessee hereunder.

13. This lease covers only, oil, gas, sulphur and associated hydrocarbons. All other minerals are expressly reserved by Lessor. The term "other minerals" and all references thereto are hereby deleted from this lease. This provision shall take precedence over all printed paragraphs of the lease.

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

Joseph J. Skrivanek, Jr.
Grace A. Skrivanek

known to me to be the person whose name is (are) subscribed to the foregoing instrument, and acknowledged to me that _____ executed the same as _____ free act and deed for the purposes and consideration therein expressed.
Given under my hand and seal of office this _____ day of _____, 19____.

My Commission Expires _____
Notary Public in and for _____ County, State of _____

STATE OF Texas
COUNTY OF Burleson
HUSBAND AND WIFE ACKNOWLEDGMENT—TEXAS OR NEW MEXICO

Before me, the undersigned authority, on this day personally appeared Joseph J. Skrivanek, Jr.
Grace A. Skrivanek husband and wife, known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same as their free act and deed for the purposes and consideration therein expressed.

Given under my hand and seal of office this 24 day of April, 1976
My Commission Expires _____
Notary Public in and for Burleson County, State of Texas

Filed for Record July 28, 1976 at 11:00 A.M.
and Recorded Aug. 2, 1976 at 4:00 P.M.
John J. Toupal
Deputy County Clerk, Burleson Co., TEXAS

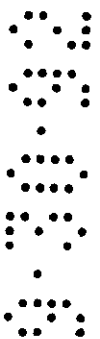
Lyelle Kornegay

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. 18 Page 395-397, Oil & Gas Lease Records, Burleson County, Texas.

Witness my hand and seal of office on this the 11th day of September, A.D. 19 92.

EVELYN M. HENRY
County Clerk, Burleson County, Texas
BY Edward Schielack
Deputy



M.95154 (12)
Adjacent lease (1)

2.00.25

PARTIAL ASSIGNMENT OF OIL, GAS AND MINERAL LEASESTATE OF TEXAS |
COUNTY OF BURLESON |

KNOW ALL MEN BY THESE PRESENTS:

That, CHAMPLIN PETROLEUM COMPANY, COLUMBIA GAS DEVELOPMENT CORPORATION, HARKEN OIL & GAS, INCORPORATED, TRINITY RESOURCES, INC., FRED C. ALCORN, C. W. ALCORN, JR., and EDWIN L. COX, hereinafter sometimes referred to as Assignors, for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt of which is hereby acknowledged, do hereby sell, assign, transfer and convey unto SAGE ENERGY COMPANY, 700 North St. Marys, Suite 1990, San Antonio, Texas 78205, hereinafter called Assignee, all of their right, title and interest (subject to the conditions, reservations and exceptions hereinafter set out) in and to that certain oil, gas and mineral lease dated April 24, 1976 between Joseph J. Skrivanek, Jr. and wife, Grace A. Skrivanek, as lessors and Fred Prickett, as lessee, said oil and gas lease being recorded in Volume 18, Pages 395-397 in the Oil and Gas Lease Records of Burleson County, Texas, INSOFAR AND ONLY INSOFAR as said lease covers rights from the surface of the earth down to the base of the Georgetown Formation but in no event below the base of the Georgetown Formation and INSOFAR AND ONLY INSOFAR as said lease is included in the Porter #1 proration unit as described in Exhibit "A-1" attached hereto and made a part hereof, the Porter A-1 proration unit as indicated in Exhibit "A-2" attached hereto and made a part hereof and the Porter B-1 as indicated in Exhibit A-3 attached hereto and made a part hereof.

Assignors except and reserve unto themselves, their heirs, successors and assigns an overriding royalty which at Assignors' option may be taken in kind, equal to the difference between the presently existing burdens and thirty percent (30%) of all the oil and gas produced from the assigned land.

Porter #1
Porter A-1
Porter B-1

The overriding royalty herein reserved is based upon the described lease and Assignors' interest therein covering the full and undivided leasehold and mineral estate, and in the event said lease and/or Assignors' interest therein covers less than the full and undivided leasehold and mineral estate in tract, or tracts, of land covered thereby, the overriding royalty herein reserved with respect to such tract, or tracts, shall be reduced proportionately.

This Assignment is executed and delivered by Assignors to Assignee in accordance with the terms and provisions of the agreements:

- (1) That certain Joint Operating Agreement dated February 1, 1979 between Columbia Gas Development Corporation, Trinity Resources, Incorporated, C. W. Alcorn, Jr., Fred C. Alcorn and Champlin Petroleum Company.
- (2) That certain Assignment of Beneficial Interest dated June 17, 1980, between Edwin L. Cox & Fisher-Webb, Inc. and Champlin Petroleum Company.
- (3) That certain Farmout Agreement dated October 31, 1984 between Sage Energy Company and Champlin Petroleum Company.

which may have been subsequently amended, which provided for, among other things, the drilling of a commercially productive test well as a condition to Assignee earning this conveyance.

Assignors shall at all times and from time to time have preferential right to purchase its share of the oil production by giving thirty (30) days written notice of such election in accordance with the express terms of the aforementioned Farmout Agreement dated October 31, 1984.

It is understood and agreed that all delay rentals and shut-in payments that may become due on lease acreage covered hereby shall be paid by Champlin Petroleum Company as of the date of this conveyance, and shall immediately invoice Assignee for one hundred percent (100%) of the costs thereof which Assignee agrees to pay within fifteen (15) days from receipt of invoice.

In the event Champlin Petroleum Company is obligated under the provisions hereof to make any rental or shut-in payment required or authorized under the terms of any lease subject hereto, then Champlin Petroleum Company agrees to use reasonable care and diligence in attempting to make any such payment(s). However, Champlin Petroleum Company shall incur no liability to Assignee for any failure to make any such payment(s), or any failure to make same properly, timely, in the correct amounts, to the proper party or parties otherwise, for whatever reason such failure may occur, including, but not limited to, inadvertent oversight or clerical error.

Assignee shall not release, surrender, abandon, or allow to expire any of its interests in and to said lease without giving Assignors at least sixty (60) days written notice prior to any such contemplated action, and if Assignors do desire, Assignee shall reassign the affected interest to Assignors.

All reservations and exceptions retained by Assignors hereunder shall be subject to any renewals, extensions, or new leases covering any mineral interests previously covered by the lease assigned herein as if said leases were originally included on the Exhibit "A" of the Farmout Agreement dated October 31, 1984.

This Assignment shall be subject to the terms of said lease, intermediate assignments thereof, and further subject to all overriding royalties, production payments out of or with respect to production, existing against the described lease as of October 31, 1984.

This Assignment is expressly limited in depth as to rights from the surface of the earth down to the base of the Georgetown Formation, and Assignors reserve unto themselves, their successors and assigns, all rights below the Georgetown Formation, including the right of ingress and egress, and the use of as much of the surface of said land as may be necessary for exploring the same for production of oil, gas and other minerals.

Assignee agrees to indemnify, and hold Assignors harmless from and against all claims, demands, causes of action, or liability of any kind and character, for any breach of the covenants, express or implied, or of any other terms and conditions of the said lease which arise subsequent to the date of this Assignment and arise out of the interests assigned hereunder.

The terms hereof shall extend to and be binding upon the Assignee, its successors and assigns.

This Assignment is made without warranty of title of any kind, either express or implied.

This instrument may be executed in counterpart and shall be effective only when executed by all of the herein named Assignors.

EXECUTED this 6th day of July, 1985.

CHAMPLIN PETROLEUM COMPANY

Vincent Matthews
 By: Vincent Matthews, III
 Attorney in Fact

| APPROVED | |
|-------------------|--------------|
| LEGAL | <i>GM</i> |
| LAND | <i>SM</i> |
| INSTRUMENTS | <i>AK</i> |
| LEASE RECORDS | <i>17/12</i> |
| <i>G.S. PROBY</i> | |

Read when

COLUMBIA GAS DEVELOPMENT CORPORATION

BY: _____

HARKEN OIL & GAS, INCORPORATED

BY: _____

TRINITY RESOURCES, INC.

Ronald J. Demberg
 By: _____ *RD*

 Fred C. Alcorn

 C. W. Alcorn

 Edwin L. Cox

Attached hereto and made a part hereof that certain Partial Assignment of Oil, Gas and Mineral Lease dated July 6, 1985 between CHAMPLIN PETROLEUM COMPANY, COLUMBIA GAS DEVELOPMENT CORPORATION, HARKEN OIL & GAS, INCORPORATED, TRINITY RESOURCES, INC., FRED C. ALCORN, C. W. ALCORN, JR., and EDWIN L. COX, as Assignors, and SAGE ENERGY COMPANY, as Assignee.

VOSS AND VOSS, INC.

ENGINEERING & LAND SURVEYING

944 E. Colorado St.
La Grange, Texas 78945
409/968-5197

STATE OF TEXAS X
 X
 X
COUNTY OF BURLESON X

Sage Energy
Porter #1 Unit
80.00 Acres

ALL that certain tract of parcel of land situated in Burleson County, Texas, a part of the Beverly A. Porter Survey, A-46, same being a part of a 100 Acre "Fourth Tract" of land conveyed from Ervin J. Skirvanek to Joseph J. Skirvanek, Jr. et ux. in a deed dated June 1, 1970 and recorded in Volume 186, Page 248, Deed Records of Burleson County, Texas, and described by metes and bounds as follows, to-wit;

BEGINNING at a point for the South corner, same being the South corner of the said Joseph J. Skirvanek, Jr., et ux. 100 Acres;

THENCE, along the Southwest boundary of the said Joseph J. Skirvanek, Jr., et ux. 100 Acres, NORTH 16°20'00" WEST 227.8 feet and NORTH 45°08'50" WEST 1105.6 feet to a point for the most Westerly corner, same being the most Westerly corner of the said Joseph J. Skirvanek, Jr., et ux. 100 Acres;

THENCE, along the Northwest boundary of the said Joseph J. Skirvanek, Jr., et ux. 100 Acres, NORTH 55°59'50" EAST 1916.7 feet to a point for an interior corner, same being an interior corner of the said Joseph J. Skirvanek, Jr., et ux. 100 Acres;

THENCE, along the Southwest boundary of the said Joseph J. Skirvanek, Jr., et ux. 100 Acres, NORTH 44°14'50" WEST 738.9 feet to a fence corner for the most Northerly West corner, same lying in the Southeast margin of a County Road;

THENCE, along the Southeast margin of said County Road, NORTH 59°40'20" EAST 1136.2 feet to a fence corner for the North corner, same lying in the Northeast boundary of the said Joseph J. Skirvanek, Jr., et ux. 100 Acres;

THENCE, along the Northeast boundary of the said Joseph J. Skirvanek, Jr., et ux. 100 Acres, SOUTH 45°05'10" EAST 639.1 feet to a point for the most Easterly corner;

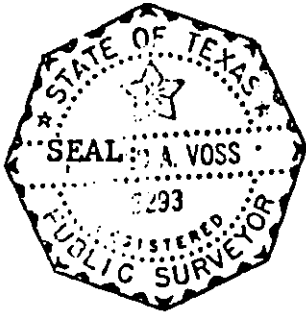
THENCE, SOUTH 21°19'20" WEST 1086.1 feet to a point for an interior corner;

THENCE, SOUTH 45°00'00" EAST 500.0 feet to a point for the most Southerly East corner, same lying in the Southeast boundary of the said Joseph J. Skirvanek, Jr., et ux. 100 Acres;

THENCE, along the Southeast boundary of the said Joseph J. Skirvanek, Jr., et ux. 100 Acres, SOUTH 50°00'40" WEST 2111.1 feet to the place of beginning, containing 80.00 Acres of land.

Sage Energy
Porter #1 Unit
80.00 Acres

I hereby certify that this survey as reflected in the above Field Notes and attached plat conforms to the current Texas Surveyors Association Standards and Specifications for a Category IB Condition Standard Land Survey.



Ronald A. Voss

Ronald A. Voss
Registered Public Surveyor No. 2293
La Grange, Texas
February 20, 1985

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Attached hereto and made a part hereof that certain Part 1 Assignment of Oil, Gas and Mineral Lease dated July 6, 1985 between CHAMBLIN PETROLEUM COMPANY, COLUMBIA GAS DEVELOPMENT CORPORATION, HARKEN OIL & GAS, INCORPORATED, TRINITY RESOURCES, INC., FRED C. ALCORN, C. W. ALCORN, JR., and EDWIN L. COX, as Assignors, and SAGE ENERGY COMPANY, as Assignee.

VOSS AND VOSS, INC.
ENGINEERING & LAND SURVEYING

944 E. Colorado St.
La Grange, Texas 78945
409/968-5197

STATE OF TEXAS X
 X
 X
COUNTY OF BURLESON X

SAGE Energy
Porter A-1 Unit
80.00 Acres

25.97 Acres

ALL that certain tract or parcel of land situated in Burleson County, Texas, a part of the Beverly A. Porter Survey, A-46, same being a part of a 118.31 Acre "Ninth Tract" of land conveyed from Ervin J. Skrivanek to Joseph F. Skrivanek, Jr., et ux. in a deed dated June 1, 1970 and recorded in Volume 186, Page 248, Deed Records of Burleson County, Texas and described by metes and bounds as follows, to-wit:

BEGINNING at a point for the East corner, same lying in the old Northwest Right-of-Way margin of State Highway 21, same also lying SOUTH 57°47'20" WEST 408.7 feet from the intersection of the Northeast boundary of the said Joseph J. Skrivanek, Jr. et ux. 118.31 Acres and the old Northwest Right-of-Way margin of State Highway 21;

THENCE, along the old Northwest Right-of-Way margin of said State Highway 21, SOUTH 57°47'20" WEST 1026.8 feet, to a point for the South corner;

THENCE, NORTH 45°18'20" WEST 1017.8 feet to a point for the West corner;

THENCE, NORTH 45°00'00" EAST 1000.2 feet to a point for the North corner;

THENCE, SOUTH 45°18'20" EAST 1245.1 feet to the place of beginning, containing 25.97 Acres of land.

54.03 Acres

ALL that certain tract or parcel of land situated in Burleson County, Texas, a part of the Beverly A. Porter Survey, A-46, same being a part of a 114.67 Acre Tract of land conveyed from Dr. N. T. Anders to Grace Anders Skrivanek, et vir. in a deed dated December 20, 1952 and recorded in Volume 117, Page 146, Deed Records of Burleson County, Texas, and described by metes and bounds as follows, to-wit:

BEGINNING at an iron pin found for the West corner, same being the West corner of the said Grace Anders Skrivanek, et vir. 114.67 Acres, same lying in the Southeast Right-of-Way margin of State Highway 21;

THENCE, along the Northwest boundary of the said Grace Anders Skrivanek, et vir. 114.67 Acres and the Southeast Right-of-Way margin of said State Highway 21, NORTH 57°43'20" EAST 530.3 feet to a point for the most Westerly North corner;

THENCE, SOUTH 45°00'00" EAST 710.0 feet to a point for an interior corner;

THENCE, NORTH 45°00'00" EAST 917.9 feet to a point for the most

RECORDED'S MEMORANDUM:
At the time of recording, this instrument was found to be inadequate for the best photographic reproduction because of illegibility, carbon or photo copy, discolored paper, etc. All blockouts, additions and changes were present at the time the instrument was filed and recorded.

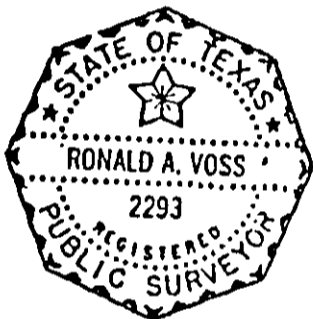
SAGE Energy
Porter A-1 Unit
80.00 Acres

THENCE, SOUTH 44°50'00" EAST 1287.3 feet to a point for the East corner, same lying in the Southeast boundary of the said Grace Anders Skrivanek, et vir. 114.67 Acres, same lying in the Northwest margin of the H. & T. C. Railroad;

THENCE, along the Southeast boundary of the said Grace Anders Skrivanek, et vir. 114.67 Acres and the Northwest margin of the said H. & T. C. Railroad, SOUTH 48°16'20" WEST 1124.8 feet, NORTH 41°43'40" WEST 50.0 feet and SOUTH 48°16'20" WEST 499.0 feet to a point for the South corner, same being the South corner of the said Grace Anders Skrivanek, et vir. 114.67 Acres;

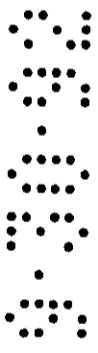
THENCE, along the Southwest boundary of the said Grace Anders Skrivanek, et vir. 114.67 Acres, NORTH 39°35'00" WEST 1980.3 feet to the place of beginning, containing 54.03 Acres of land.

I hereby certify that this survey as reflected in the above Field Notes and attached plat conforms to the current Texas Surveyors Association Standards and Specifications for a Category IB Condition Standard Land Survey.



Ronald A. Voss

Ronald A. Voss
Registered Public Surveyor No. 2293
La Grange, Texas
April 9, 1985



Attached hereto and made a part hereof that certain Part 1 Assignment of Oil, Gas and Mineral Lease dated June 6, 1985 between CHAMPLIN PETROLEUM COMPANY, COLUMBIA GAS DEVELOPMENT CORPORATION, HARKEN OIL & GAS, INCORPORATED, TRINITY RESOURCES, INC., FRED C. ALCORN, C. W. ALCORN, JR., and EDWIN L. COX, as Assignors, and SAGE ENERGY COMPANY, as Assignee.

VOSS AND VOSS, INC.
ENGINEERING & LAND SURVEYING

944 E. Colorado St.
La Grange, Texas 78945
409/968-5197

STATE OF TEXAS X
 X
 X
 X
COUNTY OF BURLESON X

SAGE ENERGY
Porter B-1 Unit
80.00 Acres

66.40 Acres

ALL that certain tract or parcel of land situated in Burleson County, Texas, a part of the Beverly A. Porter Survey, A-46, same being a part of 97.3 Acre Tract of land conveyed to Frank G. Sefcik in a deed dated November 18, 1920 and recorded in Volume 55, Page 510, Deed Records of Burleson County, Texas, same also being a part of a 100 Acre "Fourth Tract" of land conveyed from Ervin F. Skrivanek to Joseph J. Skrivanek, Jr., et ux, in a deed dated June 1, 1970 and recorded in Volume 186, Page 248, Deed Records of Burleson County, Texas, and described by metes and bounds as follows, to-wit:

BEGINNING at a fence corner for the most Northerly West corner, same lying at the intersection of the Southwest boundary of the said Frank G. Sefcik 97.3 Acres and the Southeast margin of a County Road, same lying in the Northeast boundary of the said Joseph J. Skrivanek, Jr. et ux. 100 Acres;

THENCE, along the Southeast margin of said County Road, NORTH 59°27'10" EAST 381.5 feet to a point for the most Northerly corner;

THENCE, SOUTH 45°05'10" EAST 1567.4 feet to a point for the most Northerly East corner;

THENCE, SOUTH 45°00'00" WEST 369.3 feet to a fence corner for an interior corner, same being the North corner of the said Joseph J. Skrivanek, Jr. et ux. 118.31 Acres, same also being the East corner of the said Joseph J. Skrivanek, Jr. et ux. 100 Acres, same lying in the Southwest boundary of the said Frank G. Sefcik 97.3 Acres;

THENCE, along the Southwest boundary of the said Frank G. Sefcik 97.3 Acres and the Northeast boundary of the said Joseph J. Skrivanek, Jr. et ux. 118.31 Acres, SOUTH 45°18'20" EAST 2006.5 feet to a point for the most Southerly East corner, same lying in the old Northwest Right-of-Way margin of State Highway 21;

THENCE, along the old Northwest Right-of-Way margin of said State Highway 21, SOUTH 57°47'20" WEST 408.7 feet to a point for the most Southerly corner;

THENCE, NORTH 45°18'20" WEST 1245.1 feet to a point for an interior corner;

THENCE, SOUTH 45°00'00" WEST 1000.2 feet to a point for the most Westerly South corner;

THENCE, NORTH 45°18'20" WEST 793.6 feet to a point for the most Southerly West corner, same lying in the Northwest boundary of the said Joseph J. Skrivanek, Jr. et ux. 118.31 Acres, same also lying in the Southeast boundary of the said Joseph J. Skrivanek, Jr. et ux. 100 Acres;

THENCE, along the Northwest boundary of the said Joseph J. Skrivanek, Jr. et ux. 118.31 Acres and the Southeast boundary of the said Joseph J. Skrivanek, Jr. et ux. 100 Acres, NORTH 50°00'40" EAST 404.2 feet to a point for an interior corner;

THENCE, NORTH 45°00'00" WEST 500.0 feet to a point for an angle corner;

THENCE, NORTH 21°19'20" EAST 1086.1 feet to a point for an interior angle corner, same lying in the Northeast boundary of the said Joseph J. Skrivanek, Jr. et ux. 100 Acres, same also lying in the Southwest boundary of the said Frank G. Sefcik 97.3 Acres;

THENCE, along the Northeast boundary of the said Joseph J. Skrivanek, Jr. et ux. 100 Acres and the Southwest boundary of the said Frank G. Sefcik 97.3 Acres, NORTH 45°05'10" WEST 639.1 feet to the place of beginning, containing 66.40 Acres of land.

13.60 Acres

ALL that certain tract or parcel of land situated in Bastrop County, Texas, a part of the Beverly A. Porter Survey, A-46, same being a part of a 114.67 Acre Tract of land conveyed from Dr. N. T. Anders to Grace Anders Skrivanek, et vir. in a deed dated December 20, 1952 and recorded in Volume 117, Page 146, Deed Records of Burleson County, Texas, and described by metes and bounds, as follows, to-wit:

BEGINNING at a point for the North corner, same being the North corner of the said Frank G. Sefcik 114.67 Acres, same lying in the old Southeast Right-of-Way margin of State Highway 21;

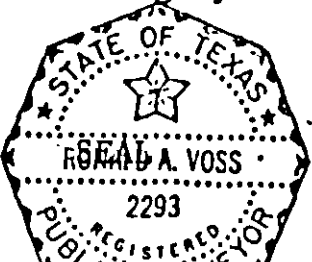
THENCE, along the Northeast boundary of the said Frank G. Sefcik 114.67 Acres, SOUTH 44°50'00" EAST 482.0 feet to a point for the East corner;

THENCE, SOUTH 45°00'00" WEST 993.0 feet to a point for the South corner;

THENCE, NORTH 45°00'00" WEST 710.0 feet to a point for the West corner, same lying in the Northwest boundary of the said Frank G. Sefcik 114.67 Acres, same also lying in the old Southeast Right-of-Way margin of said State Highway 21;

THENCE, along the Northwest boundary of the said Frank G. Sefcik 114.67 Acres and the old Southeast Right-of-Way margin of said State Highway 21, NORTH 57°54'40" EAST 1020.2 feet to the place of beginning, containing 13.60 Acres of land.

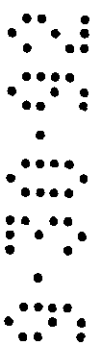
I hereby certify that this survey as reflected in the above Field Notes and attached plat conforms to the current Texas Surveyors Association Standards and Specifications for a Category IB Condition Standard Land Survey.



FILED FOR RECORD
9:00 o'clock ... A.M.
SEP 30 1985
Evelyn M. Henry
COUNTY CLERK, BURLESON CO., TEX.

Ronald A. Voss
Ronald A. Voss
Registered Public Surveyor No. 2293
La Grange, Texas
April 10, 1985

VOL 132 PAGE 656



THE STATE OF TEXAS
COUNTY OF BURLESON

I, EVELYN M. HENRY, COUNTY CLERK OF SAID COUNTY, DO HEREBY CERTIFY THAT THE FOREGOING INSTRUMENT OF WRITING WITH ITS CERTIFICATE OF AUTHENTICATION WAS FILED FOR RECORD IN MY OFFICE ON THE 30 DAY OF SEPTEMBER, 19 85, AT 9:00 O'CLOCK A.M., AND DULY RECORDED ON 7 DAY OF OCTOBER, 19 85, AT 4:00 O'CLOCK P.M., IN THE OIL & GAS LEASE Record of SAID COUNTY, IN VOL. 132, PAGE 645-657

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

BY Brenda Williams DEPUTY

EVELYN M. HENRY
COUNTY CLERK, BURLESON COUNTY, TEXAS

Assignee agrees to indemnify, and hold Assignors harmless from and against all claims, demands, causes of action, or liability of any kind and character, for any breach of the covenants, express or implied, or of any other terms and conditions of the said lease which arise subsequent to the date of this Assignment and arise out of the interests assigned hereunder.

The terms hereof shall extend to and be binding upon the Assignee, its successors and assigns.

This Assignment is made without warranty of title of any kind, either express or implied.

This instrument may be executed in counterpart and shall be effective only when executed by all of the herein named Assignors.

EXECUTED this 6th day of July, 1985.

CHAMPLIN PETROLEUM COMPANY

Vincent Matthews
 BY: Vincent Matthews, III
 Attorney in Fact

| APPROVED | |
|------------------|-----------|
| LEGAL | <i>GM</i> |
| LAND | <i>SM</i> |
| NO. OF HELPS | <i>12</i> |
| LEASE RECORDS | <i>11</i> |
| <i>Read when</i> | |

COLUMBIA GAS DEVELOPMENT CORPORATION

 BY:

HARKEN OIL & GAS, INCORPORATED

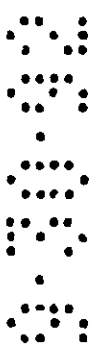
 BY:

TRINITY RESOURCES, INC.

 BY:

Fred C. Alcorn
F. C. Alcorn
 C. W. Alcorn

 Edwin L. Cox



Assignee agrees to indemnify, and hold Assignors harmless from and against all claims, demands, causes of action, or liability of any kind and character, for any breach of the covenants, express or implied, or of any other terms and conditions of the said lease which arise subsequent to the date of this Assignment and arise out of the interests assigned hereunder.

The terms hereof shall extend to and be binding upon the Assignee, its successors and assigns.

This Assignment is made without warranty of title of any kind, either express or implied.

This instrument may be executed in counterpart and shall be effective only when executed by all of the herein named Assignors.

EXECUTED this 6th day of July, 1985.

CHAMPLIN PETROLEUM COMPANY

Vincent Matthews, III

By: Vincent Matthews, III
Attorney in Fact

COLUMBIA GAS DEVELOPMENT CORPORATION

By: _____

HARKEN OIL & GAS, INCORPORATED

By: _____

TRINITY RESOURCES, INC.

By: _____

Fred C. Alcorn
Fred C. Alcorn

C. W. Alcorn

Edwin L. Cox

| APPROVED | |
|------------------|------------|
| LEGAL | <u>GM</u> |
| LAND | <u>SM</u> |
| NUMBER OF DEEDS | <u>1/1</u> |
| LEASE RECORDS | <u>1/1</u> |
| <u>Read when</u> | |

Assignee agrees to indemnify, and hold Assignors harmless from and against all claims, demands, causes of action, or liability of any kind and character, for any breach of the covenants, express or implied, or of any other terms and conditions of the said lease which arise subsequent to the date of this Assignment and arise out of the interests assigned hereunder.

The terms hereof shall extend to and be binding upon the Assignee, its successors and assigns.

This Assignment is made without warranty of title of any kind, either express or implied.

This instrument may be executed in counterpart and shall be effective only when executed by all of the herein named Assignors.

EXECUTED this 6th day of July, 1985.

CHAMPLIN PETROLEUM COMPANY

Vincent Matthews
By: Vincent Matthews, III
Attorney in Fact

COLUMBIA GAS DEVELOPMENT CORPORATION

John P. Bornman, Jr.
By: John P. Bornman, Jr., President

HARKEN OIL & GAS, INCORPORATED

By: _____

TRINITY RESOURCES, INC.

By: _____

Fred C. Alcorn

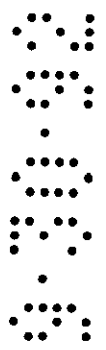
C. W. Alcorn

Edwin L. Cox

| APPROVED | |
|--------------------|-----------|
| LEGAL | <i>SM</i> |
| LAND | <i>SM</i> |
| BOOK OF DEEDS | <i>SM</i> |
| LEASE RECORDS | <i>SM</i> |
| <i>W. E. Brown</i> | |

Frank W. W. W.

ATTEST:
D.P. Roy
Secretary
D.P. Roy



Assignment Recorded as 5 separate instruments
134/126, 135/480, 136/355, 136/366, 136/376. - Originals Filed in Porter NO. 2.

5000

TX-9126
A-62339-84

PARTIAL ASSIGNMENT OF OIL, GAS AND MINERAL LEASE

STATE OF TEXAS |
COUNTY OF BURLESON |

KNOW ALL MEN BY THESE PRESENTS:

That, CHAMPLIN PETROLEUM COMPANY, COLUMBIA GAS DEVELOPMENT CORPORATION, TRINITY RESOURCES, INC., FRED C. ALCORN, an individual, and C. W. ALCORN, JR., an individual, hereinafter sometimes referred to as Assignors, for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt of which is hereby acknowledged, do hereby sell, assign, transfer and convey unto SAGE ENERGY COMPANY, 700 North St. Marys, Suite 1990, San Antonio, Texas 78205, hereinafter called Assignee, all of their right, title and interest (subject to the conditions, reservations and exceptions hereinafter set out) in and to that certain oil, gas and mineral lease dated April 24, 1976 between Joseph J. Skrivanek, Jr. and wife, Grace A. Skrivanek, as lessors and Fred Prickett, as lessee, said oil, gas and mineral lease being recorded in Volume 18, Pages 395-397 in the Oil and Gas Lease Records of Burleson County, Texas, INSOFAR AND ONLY INSOFAR as said lease covers rights from the surface of the earth down to the base of the Georgetown Formation but in no event below the base of the Georgetown Formation and INSOFAR AND ONLY INSOFAR as said lease is included in the Porter #2 proration unit as described in Exhibit "A-1" attached hereto and made a part hereof and the Porter #E-1 Unit as described in Exhibit "A-2" attached hereto and made a part hereof.

Assignors except and reserve unto themselves, their heirs, successors and assigns an overriding royalty which at Assignors' option may be taken in kind, equal to the difference

Porter #2

Porter #E-1

between the burdens (royalty, overriding royalty, and payments out of production) existing on October 31, 1984 on the assigned interest, and any extensions or renewals thereof, and thirty percent (30%). Said overriding royalty shall be apportioned between Champlin Petroleum Company, Columbia Gas Development Corporation, Trinity Resources, Inc., C. W. Alcorn, Jr., and Fred C. Alcorn in such ratio as their interest may appear in title opinion(s) hereinafter rendered.

The overriding royalty herein reserved is based upon the described lease and Assignors' interest therein covering the full and undivided leasehold and mineral estate, and in the event said lease and/or Assignors' interest therein covers less than the full and undivided leasehold and mineral estate in tract, or tracts, of land covered thereby, the overriding royalty herein reserved with respect to such tract, or tracts, shall be reduced proportionately.

This Assignment is executed and delivered by Assignors to Assignee in accordance with the terms and provisions of the following agreements:

- (1) That certain Joint Operating Agreement dated February 1, 1979 between Columbia Gas Development Corporation, Trinity Resources, Incorporated, C. W. Alcorn, Jr., Fred C. Alcorn and Champlin Petroleum Company.
- (2) That certain Assignment of Beneficial Interest dated June 17, 1980, between Edwin L. Cox and Champlin Petroleum Company.
- (3) That certain Assignment of Beneficial Interest dated June 17, 1980, between Fisher-Webb, Inc. and CHAMPLIN PETROLEUM COMPANY.
- (4) That certain Farmout Agreement dated October 31, 1984 between Sage Energy Company and Champlin Petroleum Company.

which may have been subsequently amended, which provided for, among other things, the drilling of a commercially productive test well as a condition to Assignee earning this conveyance.

Assignors shall at all times and from time to time have preferential right to purchase its share of the oil and gas production by giving thirty (30) days written notice of such election in accordance with the express terms of the aforementioned Farmout Agreement dated October 31, 1984.

This Assignment is expressly subject to the following Gas Sales Contracts:

- (1) That certain Gas Sales Contract dated December 1, 1979 between Champlin Petroleum Company and Ferguson Crossing Pipeline Company, as the same may have been amended;
- (2) That certain Gas Sales Contract dated October 1, 1980 between Champlin Petroleum Company and Ferguson Crossing Pipeline Company, as the same may have been amended;
- (3) That certain Gas Sales Contract dated August 30, 1979 between Columbia Gas Development Corporation and Ferguson Crossing Pipeline Company, as the same may have been amended;
- (4) That certain Gas Sales Contract dated December 1, 1979 between Trinity Resources, Inc. and Ferguson Crossing Pipeline Company, as the same may have been amended.

It is understood and agreed that all delay rentals and shut-in payments that may become due on lease acreage covered hereby shall be paid by Assignors as of the date of this conveyance, and shall immediately invoice Assignee for one hundred percent (100%) of the costs thereof which Assignee agrees to pay within fifteen (15) days from receipt of invoice. In the event Assignors are obligated under the provisions hereof to make any rental or shut-in payment required or authorized under the terms of any lease subject hereto, then Assignors agree to use reasonable care and diligence in attempting to make any such payment(s). However, Assignors shall incur no liability to Assignee for any failure to make any such payment(s), or any failure to make same properly, timely, in the correct amounts, to the proper party or parties otherwise, for whatever reason such failure may occur, including, but not limited to, inadvertent oversight or clerical error.

All interests, reservations and rights of Assignors in and to the lands described herein and the production therefrom shall extend not only to the oil and gas lease described herein, but also to any and all extensions or renewals of said oil and gas lease which may be acquired by Assignee or its successors or assigns in accordance with the terms and provisions of that certain Farmout Agreement dated October 31, 1984, as may have been amended.

This Assignment shall be subject to the terms of said lease, any intermediate assignments thereof, and further subject to all overriding royalties, production payments out of or with respect to production, existing against the described lease as of October 31, 1984.

This Assignment is expressly limited in depth as to rights from the surface of the earth down to the base of the Georgetown Formation, and Assignors reserve unto themselves, their successors and assigns, all rights below the Georgetown Formation, including the right of ingress and egress, and the use of as much of the surface of said land as may be necessary for exploring the same for production of oil, gas and other minerals.

Assignee agrees to indemnify, and hold Assignors harmless from and against all claims, demands, causes of action, or liability of any kind and character, for any breach of the covenants, express or implied, or of any other terms and conditions of the said lease which arise subsequent to the date of this Assignment and arise out of the interests assigned hereunder.

The terms hereof shall extend to and be binding upon the Assignee, its successors and assigns.

This Assignment is made without warranty of title of any kind, either express or implied.

This instrument may be executed in counterpart and shall be effective only when executed by all of the herein named Assignors.

EXECUTED this the 29th day of October, 1985.

CHAMPLIN PETROLEUM COMPANY

Vincent Matthews
By: Vincent Matthews, III
Attorney in Fact

| APPROVED | |
|--------------------|-----------|
| LEGAL | <i>SK</i> |
| LAND | <i>SK</i> |
| SUPVR OF TITLES | <i>SK</i> |
| LEASE RECORDS | <i>SK</i> |

COLUMBIA GAS DEVELOPMENT CORPORATION

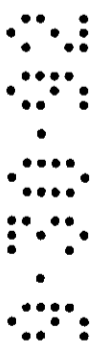
By: _____

TRINITY RESOURCES, INC.

By: _____

Fred C. Alcorn

C. W. Alcorn, Jr.



This instrument may be executed in counterpart and shall be effective only when executed by all of the herein named Assignors.

EXECUTED this the 29th day of October, 1985.

CHAMPLIN PETROLEUM COMPANY

Vincent Matthews
By: Vincent Matthews, III
Attorney in Fact

| APPROVED | |
|-----------------|--------------------|
| LEGAL | <i>[Signature]</i> |
| LAND | <i>[Signature]</i> |
| SUPVR OF TITLES | |
| LEASE RECORDS | <i>[Signature]</i> |

COLUMBIA GAS DEVELOPMENT CORPORATION

[Signature]
By: John P. Bornman, Jr., President

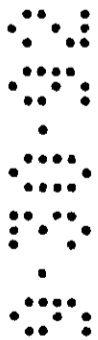
good
Bill
R.R.

TRINITY RESOURCES, INC.

By: _____

Fred C. Alcorn

C. W. Alcorn, Jr.



This instrument may be executed in counterpart and shall be effective only when executed by all of the herein named Assignors.

EXECUTED this the 29th day of October, 1985.

CHAMPLIN PETROLEUM COMPANY

Vincent Matthews
By: Vincent Matthews, III
Attorney in Fact

| APPROVED | |
|----------------|-------------------|
| LEGAL | <u>[initials]</u> |
| LAND | <u>[initials]</u> |
| SUPR OF TITLES | <u>[initials]</u> |
| LEASE RECORDS | <u>[initials]</u> |

COLUMBIA GAS DEVELOPMENT CORPORATION

By: _____

TRINITY RESOURCES, INC.

Dirk J. H. Groen cp ab
By: Dirk J. H. Groen
President

Fred C. Alcorn

C. W. Alcorn, Jr.

This instrument may be executed in counterpart and shall be effective only when executed by all of the herein named Assignors.

EXECUTED this the 29th day of October, 1985.

CHAMPLIN PETROLEUM COMPANY

Vincent Matthews

By: Vincent Matthews, III
Attorney in Fact

| APPROVED | |
|----------------|-------------|
| LEGAL | <u>1985</u> |
| LAND | <u>5/10</u> |
| SUPR OF TITLES | <u>...</u> |
| LEASE RECORDS | <u>...</u> |

COLUMBIA GAS DEVELOPMENT CORPORATION

By: _____

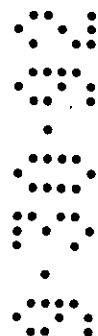
TRINITY RESOURCES, INC.

By: _____

Fred C. Alcorn
Fred C. Alcorn

C. W. Alcorn, Jr.

VGL 135 PAGE 484



This instrument may be executed in counterpart and shall be effective only when executed by all of the herein named Assignors.

EXECUTED this the 29th day of October, 1985.

CHAMPLIN PETROLEUM COMPANY

Vincent Matthews

By: Vincent Matthews, III
Attorney in Fact

| APPROVED | |
|-------------------|-----------|
| LEGAL | <u>SM</u> |
| LAND | <u>SM</u> |
| SUPR OF TITLES | |
| LEASE RECORDS | <u>SM</u> |

COLUMBIA GAS DEVELOPMENT CORPORATION

By: _____

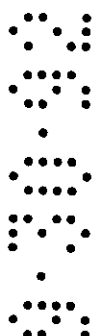
TRINITY RESOURCES, INC.

By: _____

Fred C. Alcorn

C. W. Alcorn, Jr.

C. W. Alcorn, Jr.



ENGINEERING & LAND SURVEYING

409/968-5197

STATE OF TEXAS
COUNTY OF BURLESON

SAGE ENERGY
Porter #2 Unit
80.00 Acres

ALL that certain tract or parcel of land situated in Burleson County, Texas, a part of the Beverly A. Porter Survey, A-46, same being a part of a 97.3 Acre Tract of land conveyed to Frank G. Sefcik in a deed dated November 18, 1920 and recorded in Volume 55, Page 510, Deed Records of Burleson County, Texas, and described by metes and bounds as follows, to-wit:

BEGINNING at a point for the North corner, same lying at the intersection of the Northeast boundary of the said Frank G. Sefcik 97.3 Acres and the Southeast margin of a County Road;

THENCE, along the Northeast boundary of the said Frank G. Sefcik 97.3 Acres, SOUTH 44°50'00" EAST 3377.7 feet to a point for the most Northerly East corner;

THENCE, SOUTH 45°10'00" WEST 242.1 feet to a point for an interior corner;

THENCE, SOUTH 44°50'00" EAST 196.6 feet to a point for the most Southerly East corner, same lying at the intersection of the old North Right-of-Way margin of the State Highway 21 and the new North Right-of-Way margin of said State Highway 21;

THENCE, along the old North Right-of-Way margin of the said State Highway 21, SOUTH 57°47'20" WEST 900.2 feet to a point for the South corner, same lying in the Southwest boundary of the said Frank G. Sefcik 97.3 Acres;

THENCE, along the Southwest boundary of the said Frank G. Sefcik 97.3 Acres, NORTH 45°18'20" WEST 2006.5 feet to a point for the most Southerly West corner;

THENCE, NORTH 45°00'00" EAST 369.3 feet to a point for an interior corner;

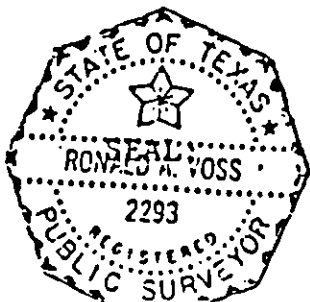
THENCE, NORTH 45°05'10" WEST 1567.4 feet to a point for the most Northerly West corner, same lying in the Southeast margin of said County Road;

THENCE, along the Southeast margin of said County Road, NORTH 59°27'10" EAST 799.5 feet to the place of beginning, containing 80.00 Acres of land.

I hereby certify that this survey as reflected in the above Field Notes and attached plat conforms to the current Texas Surveyors Association Standards and Specifications for a Category IB Condition Standard Land Survey.

Attached hereto and made a part hereof that certain Partial Assignment of Oil, Gas and Mineral Lease dated October 29, 1985 b, CHAMPLIN PETROLEUM COMPANY; COLUMBIA GAS DEVELOPMENT CORPORATION, HARKEN OIL & GAS, INCORPORATED, TRINITY RESOURCES, INC., FRED C. W. ALCORN, JR., and EDWIN L. COX, as Assignors, and SAGE ENERGY COMPANY, as Assignee.

EXHIBIT "A-1"



Ronald A. Voss
Ronald A. Voss
Registered Public Surveyor No. 2293
La Grange, Texas
August 21, 1985

STATE OF TEXAS

COUNTY OF BURLESON

XXXXXX

SAGE ENERGY
Porter E-1 Unit
94.30 Acres

43.02 ACRES

ALL that certain tract or parcel of land situated in Burleson County, Texas, a part of the Beverly A. Porter Survey, A-46, same being a part of a 100.1 Acre "Tract 6" of land conveyed from E. M. Sherrill, et al. to Joseph J. Skrivanek, Jr., et ux. in a deed dated November 12, 1954 and recorded in Volume 125, Page 426, Deed Records of Burleson County, Texas, same also being a part of a 97.3 Acre Tract of land conveyed to Frank G. Sefcik in a deed dated November 18, 1920 and recorded in Volume 55, Page 510, Deed Records of Burleson County, Texas, and described by metes and bounds as follows, to-wit:

BEGINNING at a point for a South corner, same lying at the intersection of the old North Right-of-Way margin of State Highway 21 and the new North Right-of-Way margin of said State Highway 21, same lying SOUTH 63°43'20" WEST 255.4 feet from the intersection of the old North Right-of-Way margin of said State Highway 21 and the Northeast boundary of the said Frank G. Sefcik 97.3 Acres;

THENCE, NORTH 44°50'00" WEST 196.6 feet to a point for the most Southerly West corner;

THENCE, NORTH 45°10'00" EAST 242.1 feet to a point for an interior corner, same lying in the Northeast boundary of the said Frank G. Sefcik 97.3 Acres, same also lying in the Southwest boundary of the said Joseph J. Skrivanek, Jr., et ux, 100.1 Acres;

THENCE, along the Northeast boundary of the said Frank G. Sefcik 97.3 Acres and the Southwest boundary of the said Joseph J. Skrivanek, Jr., et ux, 100.1 Acres, NORTH 44°50'00" WEST 1248.1 feet to a point for the most Northerly West corner;

THENCE, NORTH 59°25'10" EAST 1151.0 feet to a point for the North corner, same lying in the Southwest margin of a County Road;

THENCE, along the Southwest margin of said County Road, SOUTH 44°51'00" EAST 511.9 feet, SOUTH 47°49'10" EAST 303.0 feet, SOUTH 45°36'10" EAST 426.7 feet, SOUTH 43°39'50" EAST 229.5 feet and SOUTH 40°58'00" EAST 111.8 feet to a fence corner for the East corner, same lying in the Northwest margin of a County Road;

THENCE, along the Northwest margin of said County Road, SOUTH 50°35'50" WEST 130.7 feet and SOUTH 48°22'00" WEST 457.1 feet to a concrete marker for a break point, same lying in the North Right-of-Way margin of said State Highway 21;

THENCE, along the North Right-of-Way margin of said State Highway 21, along a curve to the left having a central angle of 21°24'00", a radius of 2341.8 feet, a length of 874.7 feet and a long chord that bears SOUTH 71°17'30" WEST 869.6 feet to the place of beginning, containing 43.02 Acres of land.

b. Attached hereto and made a part hereof that certain Partial Assignment of Oil, Gas and Mineral Lease dated October 29, 1985 CHAMPLIN PETROLEUM COMPANY, COLUMBIA GAS DEVELOPMENT CORPORATION, HARKIN OIL & GAS, INCORPORATED, TRINITY RESOURCES, INC., SRFD C. W. ALCOCK, JR., and EDWIN L. COX, as Assignors, and SAGE ENERGY COMPANY, as Assignee.

51.28 ACRES

ALL that certain tract or parcel of land situated in Burleson County, Texas, a part of the Beverly A. Porter Survey, A-46, same being a part of a 114.674 Acre Tract of land conveyed from Dr. N. T. Anders to Grace Anders Skrivanek, et vir. in a deed dated December 20, 1952 and recorded in Volume 117, Page 146, Deed Records of Burleson County, Texas, and described by metes and bounds as follows, to-wit:

BEGINNING at a point for the most Northerly East corner, same being the most Northerly East corner of the said Grace Anders Skrivanek, et vir. 114.674 Acres, same lying in the Northwest margin of the H. & T. C. Railroad;

THENCE, along the Southeast boundary of the said Grace Anders Skrivanek, et vir. 114.674 Acres and the Northwest margin of the said H. & T. C. Railroad, SOUTH 48°16'20" WEST 699.0 feet, NORTH 44°43'40" WEST 75.0 feet, SOUTH 48°16'20" WEST 1002.5 feet, SOUTH 44°50'00" EAST 175.2 feet and SOUTH 48°16'20" WEST 75.2 feet to a point for the most Southerly corner;

THENCE, NORTH 44°50'00" WEST 1287.3 feet to a point for the most Southerly West corner;

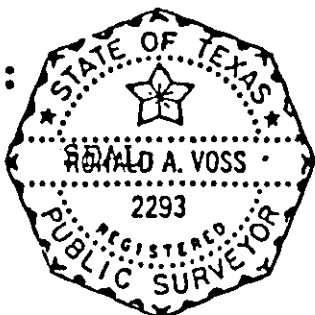
THENCE, NORTH 45°00'00" EAST 75.1 feet to a point for an interior corner;

THENCE, NORTH 44°50'00" WEST 482.0 feet to a point for the most Northerly West corner, same lying in the Northwest boundary of the said Grace Anders Skrivanek, et vir. 114.674 Acres, same also lying in the old Southeast Right-of-Way margin of State Highway 21;

THENCE, along the Northwest boundary of the said Grace Anders Skrivanek; et vir. 114.674 Acres and the old Southeast Right-of-Way margin of said State Highway 21, NORTH 57°54'40" EAST 265.8 feet to the point of curvature, and continuing along a curve to the right having a central angle of 49°35'30", a radius of 2241.8 feet, a length of 1940.4 feet and a long chord that bears NORTH 85°23'30" EAST 1880.4 feet to a point for the North corner, same being the North corner of the said Grace Anders Skrivanek, et vir. 114.674 Acres;

THENCE, along the Northeast boundary of the said Grace Anders Skrivanek, et vir. 114.674 Acres, SOUTH 44°50'00" EAST 492.5 feet to the place of beginning, containing 51.28 Acres of land.

I hereby certify that this survey as reflected in the above Field Notes and attached plat conforms to the current Texas Surveyors Association Standards and Specifications for a Category IB Condition Standard Land Survey.



Ronald A. Voss
 Ronald A. Voss
 Registered Public Surveyor No. 2293
 La Grange, Texas
 September 10, 1985

51.28 ACRES

ALL that certain tract or parcel of land situated in Burleson County, Texas, a part of the Beverly A. Porter Survey, A-46, same being a part of a 114.674 Acre Tract of land conveyed from Dr. N. T. Anders to Grace Anders Skrivanek, et vir. in a deed dated December 20, 1952 and recorded in Volume 117, Page 146, Deed Records of Burleson County, Texas, and described by metes and bounds as follows, to-wit:

BEGINNING at a point for the most Northerly East corner, same being the most Northerly East corner of the said Grace Anders Skrivanek, et vir. 114.674 Acres, same lying in the Northwest margin of the H. & T. C. Railroad;

THENCE, along the Southeast boundary of the said Grace Anders Skrivanek, et vir. 114.674 Acres and the Northwest margin of the said H. & T. C. Railroad, SOUTH 48°16'20" WEST 699.0 feet, NORTH 44°43'40" WEST 75.0 feet, SOUTH 48°16'20" WEST 1002.5 feet, SOUTH 44°50'00" EAST 175.2 feet and SOUTH 48°16'20" WEST 75.2 feet to a point for the most Southerly corner;

THENCE, NORTH 44°50'00" WEST 1287.3 feet to a point for the most Southerly West corner;

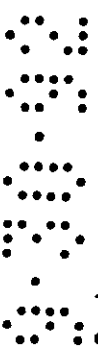
THENCE, NORTH 45°00'00" EAST 75.1 feet to a point for an interior corner;

THENCE, NORTH 44°50'00" WEST 482.0 feet to a point for the most Northerly West corner, same lying in the Northwest boundary of the said Grace Anders Skrivanek, et vir. 114.674 Acres, same also lying in the old Southeast Right-of-Way margin of State Highway 21;

THENCE, along the Northwest boundary of the said Grace Anders Skrivanek; et vir. 114.674 Acres and the old Southeast Right-of-Way margin of said State Highway 21, NORTH 57°54'40" EAST 265.8 feet to the point of curvature, and continuing along a curve to the right having a central angle of 49°35'30", a radius of 2241.8 feet, a length of 1940.4 feet and a long chord that bears NORTH 85°23'30" EAST 1880.4 feet to a point for the North corner, same being the North corner of the said Grace Anders Skrivanek, et vir. 114.674 Acres;

THENCE, along the Northeast boundary of the said Grace Anders Skrivanek, et vir. 114.674 Acres, SOUTH 44°50'00" EAST 492.5 feet to the place of beginning, containing 51.28 Acres of land.

I hereby certify that this survey as reflected in the above Field Notes and attached plat conforms to the current Texas Surveyors Association Standards and Specifications for a Category IB Condition Standard Land Survey.



THE STATE OF TEXAS
COUNTY OF BURLESON

I, EVELYN M. HENRY, COUNTY CLERK OF SAID COUNTY, DO HEREBY CERTIFY THAT THE FOREGOING INSTRUMENT OF WRITING WITH ITS CERTIFICATE OF AUTHENTICATION WAS FILED FOR RECORD IN MY OFFICE ON THE 17 DAY OF February 19 86, AT 9:00 O'CLOCK A.M., AND DULY RECORDED ON 24 DAY OF February 19 86, AT 4:00 O'CLOCK P.M., IN THE Oil & Gas Lease RECORD OF SAID COUNTY, IN VOL. 136, PAGE 355-365

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

Brenda Williams DEPUTY

EVELYN M. HENRY
COUNTY CLERK, BURLESON COUNTY, TEXAS

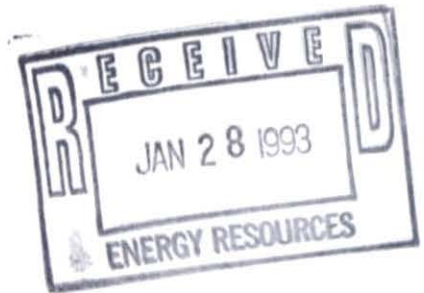
M-95154
Assignment (2)

13

8.30.05



Sage Energy Company



January 26, 1993

Re: PORTER "H" UNIT NO. 1 WELL
Burlleson County, Texas

Dear Interest Owner:

Please find enclosed one set of Oil and Gas Division Orders for the referenced recently completed horizontal well.

In order to drill this well, the Porter #1, the #2, "A" #1, "B" #1 and the "E" #1 Wells have been temporarily abandoned.

We will appreciate your executing one copy, having your signature witnessed by two persons, inserting your social security number and returning it to us in the enclosed envelope. The copy is for your records.

If you have any questions, give us a call.

Yours very truly,

SAGE ENERGY COMPANY

Linda M. Nesting
Linda M. Nesting
Division Order Analyst

LMN:ns
Encl.

In accordance with paragraph 4 (c) of the lease, please find enclosed a copy of the recorded unit designation.

*Our copy
in file*

OIL AND GAS DIVISION ORDER

To: SAGE ENERGY COMPANY
10101 REUNION PLACE, SUITE 800
SAN ANTONIO, TEXAS 78216

Effective 7:00 a.m. date of 1st
415-006 production

Each of the undersigned hereby warrants that he is the Owner of the interest set out opposite his name in the oil and gas (or the proceeds therefrom) produced from the lease or unit known as: the PORTER "H" UNIT WELL NO. 1, which lease or unit covers and includes the land described as follows: being a 420.418 acre pooled unit out of the B. A. Porter Survey, as most fully depicted in the "Designation Of Unit - Porter "H" Unit" dated December 7, 1992, recorded in Vol. 209, Pages 760-764 of the Oil & Gas Lease Records of Burleson County, Texas

located in the county or parish of Burleson County, State of Texas, hereinafter referred to as the "Property". You, your successors and assigns, are authorized to receive production and measure sales in accordance with the terms hereof and to account to the undersigned Owners for the oil and gas (or the proceeds therefrom) on the basis set forth:

| Credit to | Interest | Address | Social Security No. |
|---|----------------|---|---------------------|
| *Maudee L. Skrivanek | .00940665 R.I. | 1905 Country Club Road Ennis, TX 75119 | |
| *Effective to the earliest of date of death or May 31, 1995; and then the interest shall be divided: 1/2 to Grace A. Skrivanek; 1/4 to Joseph J. Skrivanek III and 1/4 to Thomas A. Skrivanek | | | |
| Grace A. Skrivanek | .05707953 R.I. | Rte. 3, Box 60-A Caldwell, TX 77836 | |
| Joseph J. Skrivanek III | .02596163 R.I. | 407 W. Mustang Street Caldwell, TX 77836 | |
| Thomas A. Skrivanek | .02853976 R.I. | P. O. Box 955 Caldwell, TX 77836 | |
| Susan L. Skrivanek, Trustee for the J. J. Skrivanek, III Children's Trust | .00257813 R.I. | 407 Mustang Caldwell, TX 77836 | |
| The State of Texas (Lse.No. M-95154) | .0014343 R.I. | 1700 North Congress Austin, TX 78701 | |

Oil:

You may either purchase the crude oil or other liquid hydrocarbons recovered on the Property (hereinafter called "oil") for your own account or deliver the oil directly to another purchaser and accept payment on behalf of Owner. If you purchase the oil, payments to Owner shall be based on your applicable posted price or, if there is no such posting, it shall be based on the prevailing wellhead market price paid for oil of the same quality on the same date in the same (or nearest) field. If you should deliver the oil to another purchaser rather than purchasing it yourself, payments to Owner shall be subject to the terms of any applicable operating agreement and based on the price received by you, calculated at the wellhead, less a reasonable charge for costs incurred by you in gathering, transporting and treating such oil or otherwise making it merchantable.

Gas:

You may either purchase the gas (including casinghead gas) recovered on the Property for your own account, or deliver the gas directly to another purchaser. If you purchase the gas, payments to Owner shall be based on the prevailing wellhead price for gas of the same quality in the same (or nearest) field as provided in comparable gas purchase contracts entered into on the same (or nearest) date as the date on which your purchases commence hereunder. If you deliver the gas to another purchaser rather than purchasing it yourself, payments to Owner shall be subject to the terms of any applicable operating agreement or balancing agreement and based on the price received by you, calculated at the wellhead, less a reasonable charge for costs incurred by you in gathering, transporting, compressing and treating such gas or otherwise making it merchantable.

Settlements:

Gas or oil shall become the property of the purchaser at the point it is delivered into the purchaser's pipeline or other facilities. The quantity and quality of oil and gas shall be determined according to standard measuring and testing methods used in the area. Where production is sold, you may rely upon volume computations made by the purchaser or purchasers thereof.

Settlements shall be made monthly by check mailed to Owner at the address shown hereon. However, you may withhold payments to Owner until the total amount accrued to Owner's interest is at least \$15.00. You may deduct from the amounts due Owner applicable taxes required by law to be deducted and paid by you on his behalf.

If all or any part of the Property is now or hereafter included in any unit established by a voluntary agreement or governmental order, settlements hereunder shall be based on the unit production allocated to the Property. If production from the Property is now or hereafter commingled with production from other lands or formations, settlements hereunder shall be based on the commingled production allocated to the Property. In determining such allocations, you may rely on the production data furnished to you by the other parties involved.

Settlements with Owner are subject to all present and future federal, state and local laws, regulations and orders. Whenever settlements are to be made on the basis of the price received by you and that price is subject to refund in whole or in part, you may withhold payment for the refundable portion of the price without interest until Owner furnishes you with indemnity satisfactory to you. If the property is a part of a unit, it is understood that you will account or cause others to account to each of the undersigned the amounts due to them respectively for the proceeds derived from the total unit production and each of the undersigned hereby waives any claim or demand therefore as against other owners of interests in such unit, their respective successors and assigns, and the purchasers of all or any portion of the production from such unit.

Evidence of Title:

In the event any dispute or question arises concerning the title of Owner to the Property and/or the oil or gas produced therefrom or the proceeds thereof, you will be furnished evidence of title satisfactory to you upon demand. Until such evidence of title has been furnished and/or such dispute or question of title is corrected or removed to your satisfaction, or until indemnity satisfactory to you has been furnished, you are authorized to withhold the proceeds of such oil or gas received and run, without interest. In the event any action or suit is filed in any court affecting title to the Property or the oil and gas produced from it or the proceeds thereof to which Owner is a party, written notice of the filing of such suit or action shall be immediately furnished to you by the Owner. Owner agrees to indemnify you or any carrier or purchaser designated by you for Owner's proportionate share of any liability, loss, damage and costs (including reasonable attorney's fees) which you or they may incur on account of purchasing, selling or transporting the oil or gas. If you withhold payments pursuant to the provisions hereof, Owner agrees to indemnify you for any taxes (together with all interest and penalties incident thereto) paid by you or assessed against the amounts withheld, and agrees that you may deduct all such taxes, interest and penalties from the amounts paid.

Change of Ownership:

No change of ownership or transfer of interest shall be binding on you until you are furnished at your office or the address shown above a certified copy of the recorded instruments evidencing such transfer and your regular form of transfer order or an amended division order is executed by all parties to such transfer and is returned to you. You shall not be required to recognize such transfer as being effective earlier than 7:00 a.m. of the first day of the calendar month in which said written notice is received by you. You are hereby relieved of responsibility for determining when any interest herein set forth has been increased, decreased, terminated, or transferred and Owner agrees to give written notice to you of any such change and to hold you harmless for all loss or expense that may result from any incorrect payment prior to such written notice.

Miscellaneous:

This division order may be executed in counterparts all of which together shall constitute one division order. It shall become valid and binding on each and every Owner when signed by such Owner, regardless of whether or not all owners have signed. Each and every provision hereof shall inure to the benefit of each and every Owner. This division order may be terminated at any time by any Owner as to his interest, but such termination shall not be effective as to such interest until after 7:00 a.m. of the first day of the calendar month following the month in which written notice is received by you and this order shall remain in effect as to all other owners.

Additional Agreements:

WITNESSES

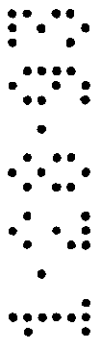
SIGNATURE OF OWNER

THE STATE OF TEXAS

BY: _____

| <u>Credit To</u> | <u>Interest</u> | <u>Address</u> | <u>Social Security Number</u> |
|---|------------------|--|-------------------------------|
| C. W. Alcorn, Jr. | .00666096 O.R.I. | P. O. Box 2879 Victoria, TX 77902 | |
| Fred C. Alcorn | .00646788 O.R.I. | 505 Riverway #430 Houston, TX 77056 | |
| Union Pacific Resources | .02842011 O.R.I. | P. O. Box 843169 Dallas, TX 75284 | |
| Columbia Gas Development Corporation | .01853486 O.R.I. | P. O. Box 1350 Houston, TX 77251 | |
| Hard Rock | .03089143 O.R.I. | 1525 The 600 Building Corpus Christi, TX 78473 | |
| George R. Locker | .00072078 O.R.I. | P. O. Drawer 3788 Midland, TX 79702 | |
| Isabelle Brown Newberry | .00072078 O.R.I. | 801 Hillcrest Fort Worth, TX 76107 | |
| W. B. Newberry | .00144160 O.R.I. | P. O. Box 162050 Austin, TX 78716 | |
| James W. Richards | .00018020 O.R.I. | P. O. Box 207 Midland, TX 79702 | |
| Trinity Resources, Inc. | .02239627 O.R.I. | P. O. Box 272487 Houston, TX 77277-2487 | |
| Diane E. Winkler | .00027031 O.R.I. | 1611 Stanolind Midland, TX 79705 | |
| C. Robert Winkler, III | .00027031 O.R.I. | P. O. Box 4474 Midland, TX 79704 | |
| Fisher-Webb, Inc. | .02131507 O.R.I. | c/o Harken Exploration Company P. O. Box 297006 Houston, TX 77297 | |
| M. J. Miller, Trustee, Inc. | .00469550 O.R.I. | 2001 Bryan Tower, Ste. 3820 Dallas, TX 75201 | |
| Etoco Incorporated | .00148278 O.R.I. | 1600 Smith #4175 Houston, TX 77002 | |
| O. P. Newberry, Jr. Trust A/C 4054 | .00072078 O.R.I. | c/o Team Bank P. O. Box 99084 Fort Worth, TX 76199 | |
| Pevehouse, Inc. | .00045890 O.R.I. | c/o Griffin Petroleum Company 600 W. Illinois, Ste. 1001 Midland, TX 79701 | |
| LRW Corporation | .00129744 O.R.I. | c/o Griffin Petroleum Company 600 W. Illinois, Ste. 1001 Midland, TX 79701 | |
| JSF Interests, Inc. | .00033377 O.R.I. | " " | |
| Doroil Corporation | .00089847 O.R.I. | " " | |
| Indexgeo & Assoc. | .00041718 O.R.I. | " " | |
| Griffin Petroleum Co. | .00048654 O.R.I. | " " | |
| Southwest Royalties, Inc. | .00220565 O.R.I. | P. O. Box 843549 Dallas, TX 75284-3549 | |

| <u>Credit To</u> | <u>Interest</u> | <u>Address</u> | <u>Social Security Number</u> |
|---|------------------------|---|-------------------------------|
| O'Blue Corporation | .00038923 O.R.I. | 10 Desta Drive, Ste. 350-E Midland, TX 79705 | |
| Eland Energy, Inc. | .00213152 O.R.I. | P. O. Box 840539 Dallas, TX 75284-0539 | |
| Prudential-Bache Energy Income Production Partnership VP-18 | .00834248 O.R.I. ** | c/o Graham Energy Services, Inc. P. O. Box 840300 Dallas, TX 75284-8300 | |
| Prudential Backs Energy Income Production Partnership VP-19 | .01084118 O.R.I. ** | " " | |
| Sage Energy Company | .70200802 W.I. | 10101 Reunion Place, Ste. 800 San Antonio, Texas 78216 | |



M. 95154

(94)

D.O.

1.26.93



1.26.93

2157

DO NOT DESTROY

GLO-36-10-84

-MEMO-

17515421703

Operator SAGE ENERGY COMPANY

Unit Name Porter H. Unit

County ⁰³ Burleson

Effective Date 12-7-92

Unitized for: Oil Gas Oil & Gas

1. M.F. No. 95154

Area HROW Tr. _____

Sec. _____ Blk. _____ Survey R. A. Porter

| | | | |
|----------------|---|-------------|--------------|
| <u>4824</u> | | | |
| <u>420.418</u> | x | <u>1/8</u> | <u>.14</u> % |
| <u>0.0114</u> | | <u>.125</u> | <u>.0014</u> |

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:

DESIGNATION OF UNIT
PORTER "H" UNIT

SAGE ENERGY COMPANY, 10101 Reunion Place, Suite 800, San Antonio, Texas 78216, (hereinafter called the "Undersigned"), pursuant to the powers, rights, privileges and options granted in the Oil, Gas and Mineral Leases listed on Exhibit "A" (hereinafter called "Leases"), attached hereto and made a part hereof, and any amendments to the Leases does hereby pool, consolidate, combine and unitize the Leases, the leasehold rights, overriding royalty and royalty interests therein and thereunder for the purpose of drilling for, developing, and producing oil, gas and associated hydrocarbons from the Austin Chalk Formation only and insofar as the Leases are included within the boundary of the 420.418 acre Porter "H" Unit (hereinafter called "Unit") described on Exhibit "B", which is attached hereto and made a part hereof.

All production of oil, gas and associated hydrocarbons produced from the Austin Chalk Formation from any well drilled within the unit shall be covered by this Designation of Unit. Production from the Unit and any royalties paid under the Leases shall be allocated proportionately among all of the tracts within the unit in the proportion that the number of surface acres in each such tract bears to the total number of surface acres in the unit.

The undersigned shall continue to have the right and power to pool the Leases and lands included in the unit with other leases and lands as to any other mineral horizon or strata so long as such right and power is granted in the Leases and complies with applicable rules and regulations from any governmental regulating body or agency having jurisdiction. The undersigned reserves the right to amend, correct, enlarge, extend, decrease or in any way change or alter this Unit Designation from time to time and at any time or to include any newly acquired interest within the unit boundaries so long as such amendment does not violate the lease or applicable rules and regulations of any governmental regulatory body or agency having jurisdiction.

Any lease or interest within the unit that is not properly pooled or is not otherwise committed to the unit shall not terminate, impair or invalidate this Unit Designation as to any lease or interest properly pooled.

The unit shall be effective as of the date of first production from the unit and shall remain in force and effect as long as operations, production or payments are made under the terms and provisions of the Leases or until the unit is dissolved by written instrument duly executed and filed of record in Burleson County, Texas.

This instrument may be executed as one document signed by all parties, or parties named herein may join herein by execution of a counterpart or ratification, with the same effect as if all parties executed this instrument. The failure of any one or more persons owning an interest in the Unit to execute this instrument or a counterpart or ratification thereof shall not in any manner affect the validity of same as to the parties who do execute this instrument. This Unit may not be ratified or joined in by any party who is not named hereinbelow without the consent of the parties hereto.

IN WITNESS WHEREOF, the Designation of Unit is executed on the 7th day of December, 1992, but effective the date of first production from the Unit.

SAGE ENERGY COMPANY

BY: Jesse Minor
Jesse Minor, President

STATE OF TEXAS

COUNTY OF BEXAR

This instrument was acknowledged before me on December 7, 1992, by Jesse Minor, President of Sage Energy Company a Delaware corporation, on behalf of said corporation.

Barbara Ann Gutierrez
Notary Public

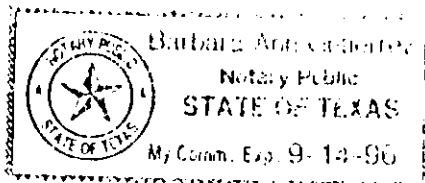


EXHIBIT "A"

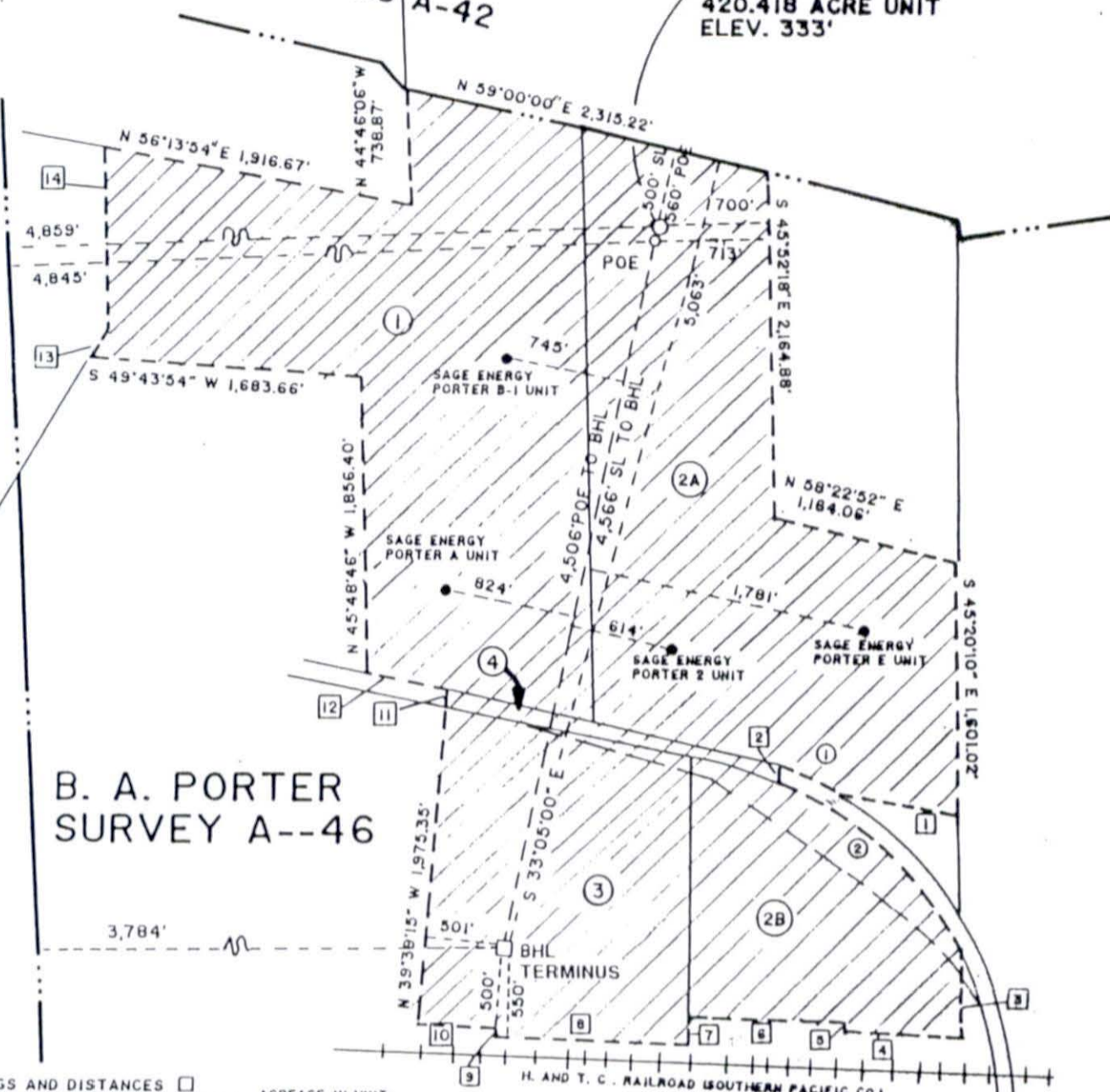
Attached to and made a part of the Designation of Unit for the Porter "H" Unit.

Lessor: Joseph J. Skrivanek, Jr. and wife,
Grace A. Skrivanek
Lessee: Fred Prickett
Date: April 24, 1976
Recorded: Volume 18, Page 395 of the Oil and Gas Records
of Burleson County, Texas

Lessor: State of Texas, Lease No. M-95154
Lessee: Sage Energy Company
Date: November 3, 1992
Recorded:

F. NEIBLING A-42 EXHIBIT "B"

SAGE ENERGY COMPANY
PORTER "H" UNIT, WELL NO.1
420.418 ACRE UNIT
ELEV. 333'



BEARINGS AND DISTANCES

1. S 50°01'35" W 607.61
2. S 45°52'18" E 108.91'
3. S 45°20'10" E 545.57'
4. S 47°46'28" W 701.90'
5. N 43°32'20" W 75.02'
6. S 47°46'28" W 983.10'
7. S 44°34'47" E 175.15'
8. S 47°46'28" W 1,200.00'
9. N 27°22'19" W 51.74'
10. S 47°46'28" W 499.19'
11. N 32°43'06" W 100.00'
12. S 57°16'04" W 537.55'
13. N 16°06'06" W 227.79'
14. N 46°46'06" W 1,105.56'

ACREAGE IN UNIT:

1. MRS. J. J. SKRIVANEK, ET AL - 158.189 ACRES
- 2A. MRS. J. J. SKRIVANEK, ET AL. - 139.276 ACRES
- 2B. MRS. J. J. SKRIVANEK, ET AL. - 48.760 ACRES
3. MRS. J. J. SKRIVANEK, ET AL. - 69.389 ACRES
4. STATE OF TEXAS - 4.824 ACRES

CURVE DATA

- ① DELTA ANGLE 14°24'57"
RADIUS 2,341.83'
CHORD S 74°08'21" W 587.66'
ARC 589.21'
- ② DELTA ANGLE 40°01'08"
RADIUS 2,241.84'
CHORD N 88°01'09" E 1,534.20'
ARC 1,176.34'

SURFACE LOCATION :

500' FROM THE NORTHWEST LINE OF THE UNIT AND SURVEY. 700' FROM THE NORTHEAST LINE OF THE UNIT. 4,859' FROM THE SOUTHWEST LINE OF THE SURVEY.

P.O.E. :

560' FROM THE NORTHWEST LINE OF THE UNIT AND SURVEY. 713' FROM THE NORTHEAST LINE OF THE UNIT. 4,845' FROM THE SOUTHWEST LINE OF THE UNIT.

BOTTOMHOLE :

501' FROM THE SOUTHWEST LINE OF THE UNIT. 3,784' FROM THE SOUTHWEST LINE OF THE SURVEY. 550' FROM THE SOUTHWEST LINE OF THE UNIT. 5,063' FROM THE NORTHWEST LINE OF THE SURVEY.

APPROXIMATELY 2.25 MILES NORTHEAST OF COOKS POINT, TEXAS.

STATE OF TEXAS)
COUNTY OF BURLESON)

I, LOUIS KNOX, A REGISTERED PROFESSIONAL LAND SURVEYOR, DO HEREBY CERTIFY THAT THE ABOVE AND FOREGOING PLAT SHOWING THE SAGE ENERGY CO., PORTER "H" UNIT, WELL NO.1 (420.418 AC. UNIT), SITUATED IN THE B. A. PORTER SURVEY A-46, BURLESON COUNTY, TEXAS, WAS MADE ON THE GROUND UNDER MY DIRECTION AND SUPERVISION AND IS CERTIFIED TO BE CORRECT.

DATE OF SIGNAT THE STATE OF TEXAS
COUNTY OF BURLESON

LOUIS KNOX AND
P. O. BOX 539
GIDDINGS, TEXAS

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 9 DAY OF December, 19 92, AT 10:15 O'CLOCK A. M., AND DULY RECORDED December 16, 1992

NO. 875.

IN THE Oil & Gas Lease RECORD OF SAID COUNTY,
IN VOL. 209, PAGE 760-764

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

VOL 209

By Armad Schelack DEPUTY COUNTY CLERK, BURLESON COUNTY, TEXAS
EVELYN M. HENRY

M.95154
Unit Des.
1.26.93

15

1.26.93



Sage Energy Company

10101 Reunion Place Suite 800 San Antonio, TX 78216-4158 (512) 340-2288

FAX TRANSMITTAL SHEET

FAX: (512) 340-3118

DATE: 6/8/93

FROM: Tracy Littlejohn

TO: Ernest Garcia

Number of pages sent, including this sheet: 8

If you experience any trouble or do not receive all the number of sheets indicated, please call Tracy at (512) 340-2288

PORTER "H" UNIT WELL NO. 1

- 3 -

| <u>Credit To</u> | <u>Interest</u> | <u>Address</u> | <u>Social Security Number</u> |
|---|------------------------|---|-------------------------------|
| O'Blue Corporation | .00038923 O.R.I. | 10 Desta Drive, Ste. 350-E Midland, TX 79705 | |
| Eland Energy, Inc. | .00213152 O.R.I. | P. O. Box 840539 Dallas, TX 75284-0539 | |
| Prudential-Bache Energy Income Production Partnership VP-18 | .00834248 O.R.I. ** | c/o Graham Energy Services, Inc. P. O. Box 840300 Dallas, TX 75284-8300 | |
| Prudential Backs Energy Income Production Partnership VP-19 | .01084118 O.R.I. ** | " " | |
| Sage Energy Company | .70200802 W.I. | 10101 Reunion Place, Ste. 800 San Antonio, Texas 78216 | |

PORTER "H" UNIT WELL NO. 1

- 2 -

| <u>Credit To</u> | <u>Interest</u> | <u>Address</u> | <u>Social Security Number</u> |
|--------------------------------------|------------------|--|-------------------------------|
| C. W. Alcorn, Jr. | .00666096 O.R.I. | P. O. Box 2879 Victoria, TX 77902 | |
| Fred C. Alcorn | .00646788 O.R.I. | 505 Riverway #430 Houston, TX 77056 | |
| Union Pacific Resources | .02842011 O.R.I. | P. O. Box 843169 Dallas, TX 75284 | |
| Columbia Gas Development Corporation | .01853486 O.R.I. | P. O. Box 1350 Houston, TX 77251 | |
| Hard Rock | .03089143 O.R.I. | 1525 The 600 Building Corpus Christi, TX 78473 | |
| George R. Locker | .00072078 O.R.I. | P. O. Drawer 3788 Midland, TX 79702 | |
| Isabelle Brown Newberry | .00072078 O.R.I. | 801 Hillcrest Fort Worth, TX 76107 | |
| W. B. Newberry | .00144160 O.R.I. | P. O. Box 162050 Austin, TX 78716 | |
| James W. Richards | .00018020 O.R.I. | P. O. Box 207 Midland, TX 79702 | |
| Trinity Resources, Inc. | .02239627 O.R.I. | P. O. Box 272487 Houston, TX 77277-2487 | |
| Diane E. Winkler | .00027031 O.R.I. | 1611 Stanolind Midland, TX 79705 | |
| C. Robert Winkler, III | .00027031 O.R.I. | P. O. Box 4474 Midland, TX 79704 | |
| Fisher-Webb, Inc. | .02131507 O.R.I. | c/o Harken Exploration Company P. O. Box 297006 Houston, TX 77297 | |
| M. J. Miller, Trustee, Inc. | .00469550 O.R.I. | 2001 Bryan Tower, Ste. 3820 Dallas, TX 75201 | |
| Etoco Incorporated | .00148278 O.R.I. | 1600 Smith #4175 Houston, TX 77002 | |
| O. P. Newberry, Jr. Trust A/C 4054 | .00072078 O.R.I. | c/o Team Bank P. O. Box 99084 Fort Worth, TX 76199 | |
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| LRW Corporation | .00129744 O.R.I. | c/o Griffin Petroleum Company 600 W. Illinois, Ste. 1001 Midland, TX 79701 | |
| JSF Interests, Inc. | .00033377 O.R.I. | " " | |
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| Indexgeo & Assoc. | .00041718 O.R.I. | " " | |
| Griffin Petroleum Co. | .00048654 O.R.I. | " " | |
| Southwest Royalties, Inc. | .00220565 O.R.I. | P. O. Box 843549 Dallas, TX 75284-3549 | |

OIL AND GAS DIVISION ORDER

To: **SAGE ENERGY COMPANY**
10101 REUNION PLACE, SUITE 800
SAN ANTONIO, TEXAS 78216

Effective 7:00 a.m. date of 1st
 415-006 production

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|---|-----------------|---|----------------------------|
| *Maudee L. Skrivanek | .00940665 R.I. | 1905 Country Club Road Ennis, TX 75119 | |
| *Effective to the earliest of date of death or May 31, 1995; and then the interest shall be divided: 1/2 to Grace A. Skrivanek; 1/4 to Joseph J. Skrivanek III and 1/4 to Thomas A. Skrivanek | | | |
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| Joseph J. Skrivanek III | .02596163 R.I. | 407 W. Mustang Street Caldwell, TX 77836 | |
| Thomas A. Skrivanek | .02853976 R.I. | P. O. Box 955 Caldwell, TX 77836 | |
| Susan L. Skrivanek, Trustee for the J. J. Skrivanek, III Children's Trust | .00257813 R.I. | 407 Mustang Caldwell, TX 77836 | |
| The State of Texas (Lse.No. M-95154) | .0014343 R.I. | 1700 North Congress Austin, TX 78701 | |

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You may either purchase the gas (including casinghead gas) recovered on the Property for your own account, or deliver the gas directly to another purchaser. If you purchase the gas, payments to Owner shall be based on the prevailing wellhead price for gas of the same quality in the same (or nearest) field as provided in comparable gas purchase contracts entered into on the same (or nearest) date as the date on which your purchases commence hereunder. If you deliver the gas to another purchaser rather than purchasing it yourself, payments to Owner shall be subject to the terms of any applicable operating agreement or balancing agreement and based on the price received by you, calculated at the wellhead, less a reasonable charge for costs incurred by you in gathering, transporting, compressing and treating such gas or otherwise making it merchantable.

Settlements:

Gas or oil shall become the property of the purchaser at the point it is delivered into the purchaser's pipeline or other facilities. The quantity and quality of oil and gas shall be determined according to standard measuring and testing methods used in the area. Where production is sold, you may rely upon volume computations made by the purchaser or purchasers thereof.

Settlements shall be made monthly by check mailed to Owner at the address shown hereon. However, you may withhold payments to Owner until the total amount accrued to Owner's interest is at least \$15.00. You may deduct from the amounts due Owner applicable taxes required by law to be deducted and paid by you on his behalf.

If all or any part of the Property is now or hereafter included in any unit established by a voluntary agreement or governmental order, settlements hereunder shall be based on the unit production allocated to the Property. If production from the Property is now or hereafter commingled with production from other lands or formations, settlements hereunder shall be based on the commingled production allocated to the Property. In determining such allocations, you may rely on the production data furnished to you by the other parties involved.

Settlements with Owner are subject to all present and future federal, state and local laws, regulations and orders. Whenever settlements are to be made on the basis of the price received by you and that price is subject to refund in whole or in part, you may withhold payment for the refundable portion of the price without interest until Owner furnishes you with indemnity satisfactory to you. If the property is a part of a unit, it is understood that you will account or cause others to account to each of the undersigned the amounts due to them respectively for the proceeds derived from the total unit production and each of the undersigned hereby waives any claim or demand therefore as against other owners of interests in such unit, their respective successors and assigns, and the purchasers of all or any portion of the production from such unit.

EXHIBIT "A"

Attached to and made a part of the Designation of Unit for the Porter "H" Unit.

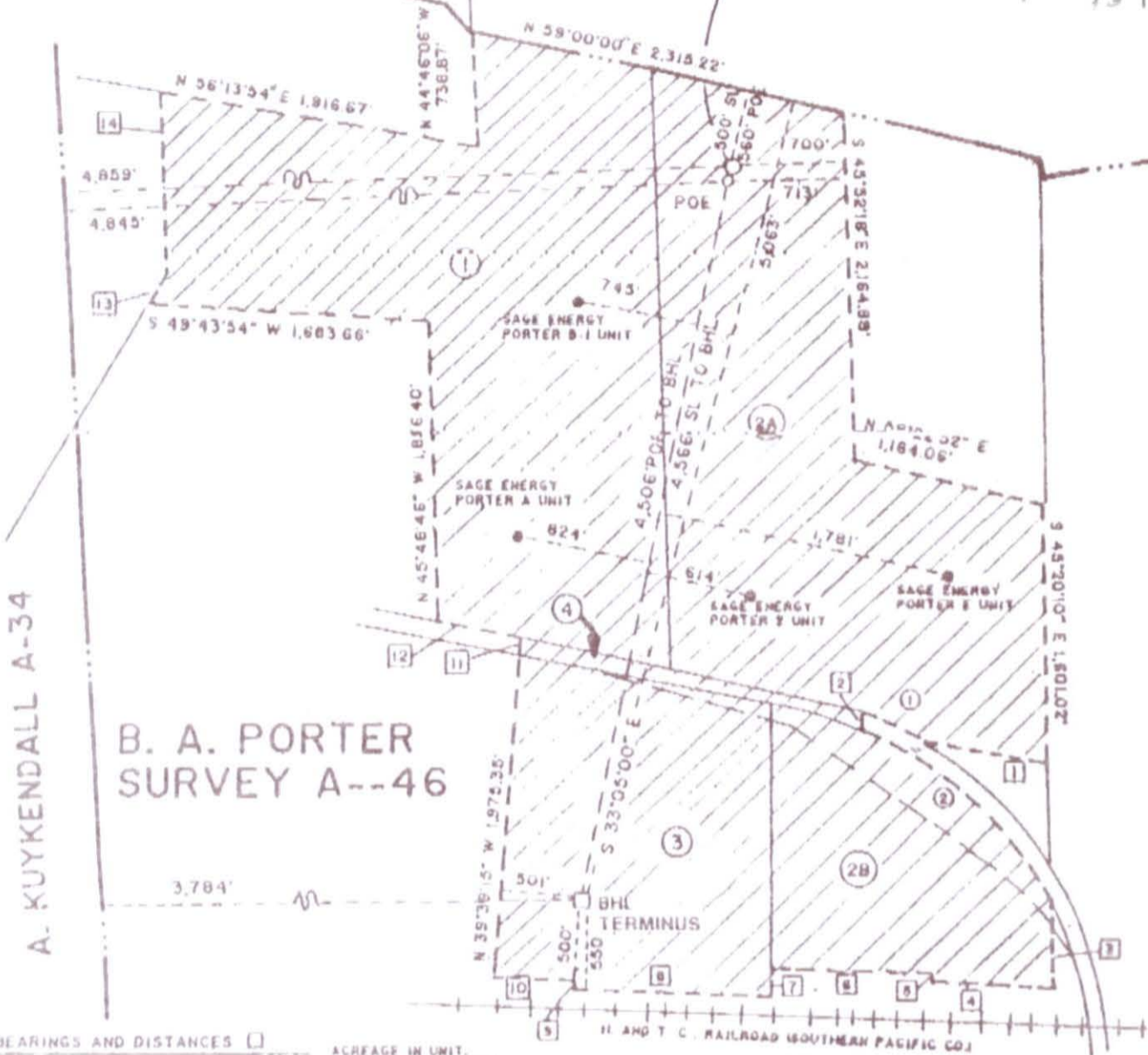
Lessor: Joseph J. Skrivanek, Jr. and wife,
Grace A. Skrivanek
Lessee: Fred Prickett
Date: April 24, 1976
Recorded: Volume 18, Page 395 of the Oil and Gas Records
of Burleson County, Texas

Lessor: State of Texas, Lease No. M-95154
Lessee: Sage Energy Company
Date: November 3, 1992
Recorded:

EXHIBIT "B"
F. NEIBLING A-42

SAGE ENERGY COMPANY
PORTER "H" UNIT, WELL NO.1
420.418 ACRE UNIT
ELEV. 333'

M-95154



BEARINGS AND DISTANCES

1. S 50°01'35" W 407.61'
2. S 45°52'18" E 108.91'
3. S 45°20'10" E 545.57'
4. S 47°46'28" W 701.80'
5. N 43°32'20" W 76.02'
6. S 47°46'28" W 963.10'
7. S 44°34'47" E 175.15'
8. S 47°46'28" W 1200.00'
9. N 27°22'19" W 51.74'
10. S 47°46'28" W 488.19'
11. N 32°43'06" W 100.00'
12. S 57°16'04" W 537.55'
13. N 16°06'06" W 227.78'
14. N 46°46'06" W 1105.56'

ACREAGE IN UNIT.

1. MRS. J. J. SKRIVANEK, ET AL. - 156.189 ACRES
 - 2A. MRS. J. J. SKRIVANEK, ET AL. - 138.876 ACRES
 - 2B. MRS. J. J. SKRIVANEK, ET AL. - 48.760 ACRES
 3. MRS. J. J. SKRIVANEK, ET AL. - 69.368 ACRES
 4. STATE OF TEXAS - 4.824 ACRES
- 4.824 ac.

CURVE DATA

- ① DELTA ANGLE 14°24'57"
 RADIUS 2,341.83'
 CHORD S 74°08'21" W 587.66'
 ARC 589.21'
 - ② DELTA ANGLE 40°01'08"
 RADIUS 2,241.84'
 CHORD N 88°01'09" E 1,634.20'
 ARC 1,763.84'
- YO: 209 : 763

SURFACE LOCATION :

500' FROM THE NORTHWEST LINE OF THE UNIT AND SURVEY. 700' FROM THE NORTHEAST LINE OF THE UNIT. 4,859' FROM THE SOUTHWEST LINE OF THE SURVEY.

P.O.E. :

580' FROM THE NORTHWEST LINE OF THE UNIT AND SURVEY. 713' FROM THE NORTHEAST LINE OF THE UNIT. 4,845' FROM THE SOUTHWEST LINE OF THE UNIT

BOTTOMHOLE :

501' FROM THE SOUTHWEST LINE OF THE UNIT. 3,784' FROM THE SOUTHWEST LINE OF THE SURVEY. 550' FROM THE SOUTHWEST LINE OF THE UNIT. 5,063' FROM THE NORTHWEST LINE OF THE SURVEY

APPROXIMATELY 2.25 MILES NORTHEAST OF COOKS POINT TEXAS.

STATE OF TEXAS
 COUNTY OF BURLESON

I, LOUIS KNOX, A REGISTERED PROFESSIONAL LAND SURVEYOR, DO HEREBY CERTIFY THAT THE ABOVE AND FOREGOING PLAT SHOWING THE SAGE ENERGY CO., PORTER "H" UNIT, WELL NO 1 (420.418 AC UNIT), SITUATED IN THE B. A. PORTER SURVEY A-46, BURLESON COUNTY, TEXAS, WAS MADE ON THE GROUND UNDER MY DIRECTION AND SUPERVISION AND IS CERTIFIED TO BE CORRECT.

DATE OF SIGNAT THE STATE OF TEXAS
 COUNTY OF BURLESON

LOUIS KNOX AND
 P. O. BOX 539
 GIDDINGS, TEXAS

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 9 DAY OF December, 19 92, AT 10:15 O'CLOCK A. M., AND DULY RECORDED December 16, 1992

NO. 875.

IN THE Oil & Gas Lease RECORD OF SAID COUNTY,
 IN VOL. 209, PAGE 760-764

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

VOL 209

By Evelyn M. Henry, Deputy COUNTY CLERK, BURLESON COUNTY, TEXAS

IN WITNESS WHEREOF, the Designation of Unit is executed on the 7th day of December, 1992, but effective the date of first production from the Unit.

SAGE ENERGY COMPANY

BY: Jesse Minor
Jesse Minor, President

STATE OF TEXAS

COUNTY OF BEXAR

This instrument was acknowledged before me on December 7, 1992, by Jesse Minor, President of Sage Energy Company a Delaware corporation, on behalf of said corporation.

Barbara Ann Gutierrez
Notary Public



D 6422

DESIGNATION OF UNIT
PORTER "H" UNIT

SAGE ENERGY COMPANY, 10101 Reunion Place, Suite 800, San Antonio, Texas 78216, (hereinafter called the "Undersigned"), pursuant to the powers, rights, privileges and options granted in the Oil, Gas and Mineral Leases listed on Exhibit "A" (hereinafter called "Leases"), attached hereto and made a part hereof, and any amendments to the Leases does hereby pool, consolidate, combine and unitize the Leases, the leasehold rights, overriding royalty and royalty interests therein and thereunder for the purpose of drilling for, developing, and producing oil, gas and associated hydrocarbons from the Austin Chalk Formation only and insofar as the Leases are included within the boundary of the 420.418 acre Porter "H" Unit (hereinafter called "Unit") described on Exhibit "B", which is attached hereto and made a part hereof.

All production of oil, gas and associated hydrocarbons produced from the Austin Chalk Formation from any well drilled within the unit shall be covered by this Designation of Unit. Production from the Unit and any royalties paid under the Leases shall be allocated proportionately among all of the tracts within the unit in the proportion that the number of surface acres in each such tract bears to the total number of surface acres in the unit.

The undersigned shall continue to have the right and power to pool the Leases and lands included in the unit with other leases and lands as to any other mineral horizon or strata so long as such right and power is granted in the Leases and complies with applicable rules and regulations from any governmental regulating body or agency having jurisdiction. The undersigned reserves the right to amend, correct, enlarge, extend, decrease or in any way change or alter this Unit Designation from time to time and at any time or to include any newly acquired interest within the unit boundaries so long as such amendment does not violate the lease or applicable rules and regulations of any governmental regulatory body or agency having jurisdiction.

Any lease or interest within the unit that is not properly pooled or is not otherwise committed to the unit shall not terminate, impair or invalidate this Unit Designation as to any lease or interest properly pooled.

The unit shall be effective as of the date of first production from the unit and shall remain in force and effect as long as operations, production or payments are made under the terms and provisions of the Leases or until the unit is dissolved by written instrument duly executed and filed of record in Burleson County, Texas.

This instrument may be executed as one document signed by all parties, or parties named herein may join herein by execution of a counterpart or ratification, with the same effect as if all parties executed this instrument. The failure of any one or more persons owning an interest in the Unit to execute this instrument or a counterpart or ratification thereof shall not in any manner affect the validity of same as to the parties who do execute this instrument. This Unit may not be ratified or joined in by any party who is not named hereinbelow without the consent of the parties hereto.

#16

Fax of Unit
Resignation from Sage

6-10-93

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

HALCON OPERATING CO INC
 1000 LOUISIANA ST STE 6700
 HOUSTON, TX 77002

 2. Article Number
 (Transfer from service label)

7011 1150 0001 2415 5408

COMPLETE THIS SECTION ON DELIVERY

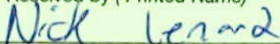
A. Signature

X



-
- Agent
-
-
- Addressee

B. Received by (Printed Name)



C. Date of Delivery

D. Is delivery address different from item 1?

-
- Yes
-
-
- No

If YES, enter delivery address below:



3. Service Type

-
- Certified Mail
-
- Express Mail
-
-
- Registered
-
- Return Receipt for Merchandise
-
-
- Insured Mail
-
- C.O.D.

4. Restricted Delivery? (Extra Fee)

-
- Yes

UNITED STATES POSTAL SERVICE

TX 773

09 NOV '15

PM 5 L



First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10

- Sender: Please print your name, address, and ZIP+4 in this box •



Texas General Land Office
George P. Bush, Commissioner
P.O. Box 12873
Austin, Texas 78711-2873

21510

RECEIVED

NOV 13 2015

General Land Office





TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

FILE COPY

October 28, 2015

Halcon Operating Company, Incorporated
1000 Louisiana Street, Suite 6700
Houston, Texas 77002

Via Certified Mail
Return Receipt Requested

Attn: Jamie A. Robinson

Re: Delinquent Invoices; Royalty, Penalty, and/or Interest due under State mineral leases MF 095154; MF 113718; MF 116110; MF 116203; MF 116222; MF 116274 and MF 116920

Brookston

Dear Mr. Robinson:

This letter is notice that an outstanding amount is owed to the Texas General Land Office (GLO) by your company, Halcon Operating Company, Incorporated. If payment is not received within 30 days from the date of this letter, the GLO will take action to enforce the State's claim by: (i) reporting your company's debt to the Texas Comptroller's Office so that any warrants otherwise due your company from the State will be held and the amounts paid to the GLO under §403.055 of the Texas Government Code; (ii) forfeiting your leases under §§52.029 and 52.176 of the Texas Natural Resources Code; and (iii) turning your company over to the Office of the Attorney General of Texas for further enforcement action.

Prior to any enforcement action being taken, Halcon Operating Company, Incorporated has the right to an opportunity for an evidentiary hearing. A request for a hearing must be in writing and sent to:

Texas General Land Office
Attention: Marylee McKnight
P.O. Box 12873
Austin, TX 78711-2873

If a hearing is requested, Halcon Operating Company, Incorporated must substantiate its defenses to the asserted claims. The debt will be reported to the Comptroller's Office unless payment is made or a request for a hearing is sent in writing to the GLO by November 28, 2015.

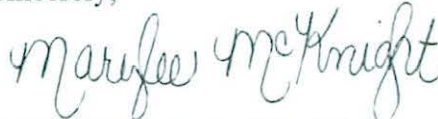
Additionally, the subject leases will be forfeited on November 28, 2015 unless Halcon Operating Company, Incorporated presents convincing evidence within that time to the GLO that your leases should not be forfeited.

Our preference would be for your company to pay the amounts reflected on the attached list of invoices promptly so that we may close this file without further enforcement action. **If you have any questions regarding the amounts reflected on the attached list of delinquent invoices, please promptly contact Amy Krutis of the GLO's Financial Management Division at (512) 463-5065.**

Please note that the GLO's records for the referenced leases do not indicate that the GLO has been notified that your company is a debtor in bankruptcy or has previously been a debtor and received a discharge in bankruptcy. If, however, your company is a debtor in bankruptcy or previously received a discharge in bankruptcy, please immediately notify the GLO of such bankruptcy proceeding by providing the case number and bankruptcy court where this case is/was pending, as well as the relevant date when the bankruptcy stay went into effect. Please be advised that the GLO fully respects the bankruptcy laws pertaining to the collection of debts, so if your company is in bankruptcy or has received a discharge in bankruptcy, please treat this letter as informational only with regard to any debts owed to the GLO and not as a demand for payment.

Thank you in advance for your prompt attention to this important matter.

Sincerely,

A handwritten signature in cursive script that reads "Marylee McKnight".

Marylee McKnight, J.D., LL.M.
Office of General Counsel

cc: Donna Keel, Director, Revenue Accounting
Robert Hatter, Director, Energy Resources

Delinquent Invoices Pre FY12 - FY15

Voluntary Royalty, Limited Reviews, Reconciliations, Due vs Paid, Late Report and Late Payment Invoices

| Customer Name | Customer ID | Transaction Class | Invoice Number | Doc Date | Due Date | Lease Number | Current | 1-60 Days Past Due | 61-120 Days Past Due | 121-365 Days Past Due | 1-3 Years Past Due | Older | Description (AE Name) |
|---------------------------|-------------|-------------------|----------------|----------|----------|--------------|---------|--------------------|----------------------|-----------------------|--------------------|--------|--------------------------------------|
| Halcon Operating Co. Inc. | C000087636 | Royalty Dfq | 15H03247 | 7/27/15 | 8/26/15 | MF116222 | \$0.00 | \$0.00 | \$439.80 | \$0.00 | \$0.00 | \$0.00 | Late Payment P&I - Invoice: 15Y07788 |
| Halcon Operating Co. Inc. | C000087636 | Royalty Dfq | 15H03248 | 7/27/15 | 8/26/15 | MF116274 | \$0.00 | \$0.00 | \$357.03 | \$0.00 | \$0.00 | \$0.00 | Late Payment P&I - Invoice: 15Y07788 |
| Halcon Operating Co. Inc. | C000087636 | Royalty Dfq | 15H03249 | 7/27/15 | 8/26/15 | MF113718 | \$0.00 | \$0.00 | \$990.37 | \$0.00 | \$0.00 | \$0.00 | Late Payment P&I - Invoice: 15Y07798 |
| Halcon Operating Co. Inc. | C000087636 | Royalty Dfq | 15H03250 | 7/27/15 | 8/26/15 | MF116110 | \$0.00 | \$0.00 | \$2,451.67 | \$0.00 | \$0.00 | \$0.00 | Late Payment P&I - Invoice: 15Y07798 |
| Halcon Operating Co. Inc. | C000087636 | Royalty Dfq | 15H03251 | 7/27/15 | 8/26/15 | MF113718 | \$0.00 | \$0.00 | \$519.60 | \$0.00 | \$0.00 | \$0.00 | Late Payment P&I - Invoice: 15Y07802 |
| Halcon Operating Co. Inc. | C000087636 | Royalty Dfq | 15H03252 | 7/27/15 | 8/26/15 | MF116110 | \$0.00 | \$0.00 | \$2,178.79 | \$0.00 | \$0.00 | \$0.00 | Late Payment P&I - Invoice: 15Y07802 |
| Halcon Operating Co. Inc. | C000087636 | Royalty Dfq | 15H03253 | 7/27/15 | 8/26/15 | MF116203 | \$0.00 | \$0.00 | \$479.53 | \$0.00 | \$0.00 | \$0.00 | Late Payment P&I - Invoice: 15Y07802 |
| Halcon Operating Co. Inc. | C000087636 | Royalty Dfq | 15H03442 | 8/10/15 | 9/9/15 | MF095154 | \$0.00 | \$154.47 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | Late Payment P&I - Invoice: 15Y08594 |
| Halcon Operating Co. Inc. | C000087636 | Royalty Dfq | 15H03443 | 8/10/15 | 9/9/15 | MF095154 | \$0.00 | \$1,102.12 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | Late Payment P&I - Invoice: 15Y08631 |
| Halcon Operating Co. Inc. | C000087636 | Royalty Dfq | 15H03444 | 8/10/15 | 9/9/15 | MF116920 | \$0.00 | \$520.93 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | Late Payment P&I - Invoice: 15Y08631 |

\$9,194.31

FM Aged Receivables

Doc Date Between: 1/1/2001 And 11/4/2015

Aging Date: 11/4/2015

File No. MF 095154

Delinquent, Demand Ltr County

Date Filed: 12/12/16

George P. Bush, Commissioner

By AT



Unit 7090 MFD95154
MF116920

DIVISION ORDER

To: Halcón Resources Operating Co., Inc.
1000 Louisiana Street, Suite 6700
Houston, TX 77002
Attention: Land Department
Phone: (855) 538-0599

Date: 8/19/2014

TS/AF

Property Number: 4200010340 Effective Date: Date of First Production
Property Name: ARAPAHOE IH
Operator: Halcón Resources Operating Co., Inc.
County and State: Burleson County, TX
Description: 514.06 acres located in the B A Porter League, A-46, Burleson County, Texas.

| | | | |
|---------------------------|---|---|---------------|
| New Owner Name & Address: | STATE OF TEXAS GENERAL LAND OFFICE, ENERGY RE PO BOX 12873 AUSTIN, TX 78711-2873 | Owner Number: | STA151 |
| | | Decimal Interest / Type of Interest: | 0.00111611 RI |

The undersigned certifies the ownership of their decimal interest in production or proceeds as described above payable by Halcón Resources Operating Co., Inc.

Halcón Resources Operating Co., Inc. shall be notified, in writing, of any change in ownership, decimal interest or payment address. All such changes shall be effective the first day of the month following receipt of such notice.

Halcón Resources Operating Co., Inc. is authorized to withhold payment pending resolution of a title dispute or adverse claim asserted regarding the interest in production claimed herein by the Owner/Owners. The Owner/Owners agree to indemnify and reimburse Halcón Operating Co., Inc. any amount attributable to an interest to which they are not entitled.

Halcón Resources Operating Co., Inc. may accrue proceeds until the total amount equals \$100.00, or pay annually, whichever occurs first, or as required by applicable state statute or lease provision.

This Division Order does not amend any lease or operating agreement between the Owner/Owners and the lessee or operator or any other contracts for the purchase of oil and/or gas and/or associated products.

In addition to the terms and conditions of this Division Order, the undersigned and Halcón Resources Operating Co., Inc. may have certain statutory rights under the laws of the state in which the property is located.

Special Clauses: _____

Owner(s) Signature: X: _____
STATE OF TEXAS

Owner(s) Name (print): _____

Owner(s) SSN/Tax ID #: _____

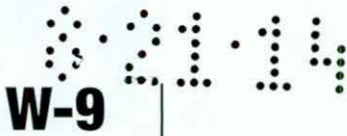
Owner Home Telephone #: _____

Owner Work Telephone #: _____

Owner Fax #: _____

Owner e-mail address: _____

Federal Law Requires you to furnish your Social Security or Taxpayer Identification Number. Failure to comply will result in 30% tax withholding and will not be refundable by Halcón Resources Operating Co., Inc.



Form **W-9**
(Rev. August 2013)
Department of the Treasury
Internal Revenue Service

Request for Taxpayer Identification Number and Certification

Give Form to the
requester. Do not
send to the IRS.

Print or type
See Specific Instructions on page 2.

Name (as shown on your income tax return) _____

Business name/disregarded entity name, if different from above _____

Check appropriate box for federal tax classification:

Individual/sole proprietor C Corporation S Corporation Partnership Trust/estate

Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ _____

Other (see instructions) ▶ _____

Exemptions (see instructions):

Exempt payee code (if any) _____

Exemption from FATCA reporting code (if any) _____

Address (number, street, and apt. or suite no.) _____

City, state, and ZIP code _____

List account number(s) here (optional) _____

Requester's name and address (optional) _____

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on the "Name" line to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Social security number

| | | | | | | | | | | | |
|--|--|--|--|---|--|--|---|--|--|--|--|
| | | | | - | | | - | | | | |
|--|--|--|--|---|--|--|---|--|--|--|--|

Employer identification number

| | | | | | | | | | | | |
|--|--|---|--|--|--|--|--|--|--|--|--|
| | | - | | | | | | | | | |
|--|--|---|--|--|--|--|--|--|--|--|--|

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
- I am a U.S. citizen or other U.S. person (defined below), and
- The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 3.

Sign Here

Signature of U.S. person ▶ _____

Date ▶ _____

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. The IRS has created a page on IRS.gov for information about Form W-9, at www.irs.gov/w9. Information about any future developments affecting Form W-9 (such as legislation enacted after we release it) will be posted on that page.

Purpose of Form

A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, payments made to you in settlement of payment card and third party network transactions, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

- Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
- Certify that you are not subject to backup withholding, or
- Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income, and

4. Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct.

Note. If you are a U.S. person and a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States,
- An estate (other than a foreign estate), or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax under section 1446 on any foreign partners' share of effectively connected taxable income from such business. Further, in certain cases where a Form W-9 has not been received, the rules under section 1446 require a partnership to presume that a partner is a foreign person, and pay the section 1446 withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid section 1446 withholding on your share of partnership income.



DIVISION ORDER

To: **Halcón Resources Operating Co., Inc.**
1000 Louisiana Street, Suite 6700
Houston, TX 77002
Attention: Land Department
Phone: (855) 538-0599

Date: 8/19/2014

TS/AF

Property Number: 4200010340
Property Name: ARAPAHOE 1H
Operator: Halcón Resources Operating Co., Inc.
County and State: Burlson County, TX
Description: 514.06 acres located in the B A Porter League, A-46, Burlson County, Texas.

Effective Date: Date of First Production

| | | | |
|---------------------------|---|--------------------------------------|---------------|
| New Owner Name & Address: | STATE OF TEXAS GENERAL LAND OFFICE, ENERGY RE PO BOX 12873 AUSTIN, TX 78711-2873 | Owner Number: | STA151 |
| | | Decimal Interest / Type of Interest: | 0.00111611 RI |

The undersigned certifies the ownership of their decimal interest in production or proceeds as described above payable by Halcón Resources Operating Co., Inc.

Halcón Resources Operating Co., Inc. shall be notified, in writing, of any change in ownership, decimal interest or payment address. All such changes shall be effective the first day of the month following receipt of such notice.

Halcón Resources Operating Co., Inc. is authorized to withhold payment pending resolution of a title dispute or adverse claim asserted regarding the interest in production claimed herein by the Owner/Owners. The Owner/Owners agree to indemnify and reimburse Halcón Operating Co., Inc. any amount attributable to an interest to which they are not entitled.

Halcón Resources Operating Co., Inc. may accrue proceeds until the total amount equals \$100.00, or pay annually, whichever occurs first, or as required by applicable state statute or lease provision.

This Division Order does not amend any lease or operating agreement between the Owner/Owners and the lessee or operator or any other contracts for the purchase of oil and/or gas and/or associated products.

In addition to the terms and conditions of this Division Order, the undersigned and Halcón Resources Operating Co., Inc. may have certain statutory rights under the laws of the state in which the property is located.

Special Clauses: _____

Owner(s) Signature: X: _____

Owner(s) Name (print): STATE OF TEXAS _____

Owner(s) SSN/Tax ID #: _____

Owner Home Telephone #: _____

Owner Work Telephone #: _____

Owner Fax #: _____

Owner e-mail address: _____

Federal Law Requires you to furnish your Social Security or Taxpayer Identification Number. Failure to comply will result in 30% tax withholding and will not be refundable by Halcón Resources Operating Co., Inc.



1000 Louisiana, Ste. 6700
Houston, TX 77002
Attn: Division Order Department

Owner Relations
(855) 538-0599

OwnerRelations@halconresources.com

DIVISION ORDER/TRANSFER ORDER/DECLARATION OF INTEREST INSTRUCTIONS FOR EXECUTION

Please return one executed original (Division Order/Transfer Order/Declaration of Interest) Instrument in accordance with the instructions set forth below retaining one copy for your records.

Do NOT alter this document unless the proper documentation is provided supporting the alterations contained therein. Said documentation must be filed of record in the county/parish(s) where the well is located.

SIGNATURE:

- Sign your name exactly as shown on the Division Order. If your signature is different, legal documentation supporting the name change is required. If this interest is owned jointly by two or more individuals, ALL signatures are required unless documentation is provided verifying authorization of one individual to sign on behalf of all parties.
- Signatures by Agents, Attorneys-in-Fact, Guardians, or Trustees must be verified by attaching a copy of the recorded legal documentation evidencing of the rights vested in the signatory party.
- In the event of multiple trustees and/or executors, ALL signatures are required unless documentation is provided verifying authorization of one individual to sign on behalf of all parties.
- Signatures for companies, corporations or partnerships must be executed by an authorized officer with the name and title of the signatory party printed beneath the signature.

ADDRESS:

- If your address for revenue payments is different from that reflected on the enclosed documentation, please note the correct revenue payment address ON the Division Order/Transfer Order/Declaration of Interest.

TAXPAYER IDENTIFICATION OR SOCIAL SECURITY NUMBER:

- To avoid a 30% withholding tax penalty, as mandated by the Internal Revenue Code, a Taxpayer Identification Number or Social Security Number is REQUIRED.

DIRECT DEPOSIT AND ONLINE STATEMENT ACCESS

- Direct deposit enrollment forms and access to online statements can be found on our website www.halconresources.com. Under the Owner Relations tab, select Owner Payment Information.

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File No. MF 095154

DIVISION ORDER

Date Filed:

7-19-19

By *nr*

Jerry E. Patterson, Commissioner