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UNION PACIFIC RESOURCES

UNIT # 2202 - SCARMARDO-CARRABA - 75.92
POU - 9.08

STATE LEASE - RIVERBEDS M-95252

COUNTY (CODE) : (21) BRAZOS & (26) BURLESON
RIVER NAME : BRAZOS RIVER
TRACT : 9
ACRES : ~~85.00~~ 75.92
DEPTH LIMITS : _____
CONTROL NO. (S) : 01-00076-7, 01-00075-8

LESSEE : UNION PACIFIC RESOURCES
DATE : April 6, 1993
PRIMARY TERM : 3 years
BONUS : \$6,375.00
ROYALTY : SEE LEASE
RENTALS : \$5.00

Pass To:
Legal _____
Rental _____
Min. A/c _____
Min. Map _____

Partial Release 8/22/95 M.S.

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| 1. Bid Form | APR - 6 1993 | (See MF=094707 #14, Assign #10630) |
| 2. Lease | APR - 6 1993 | Anadarko (40) Admiral 7-23-18 |
| 3. Transmittal Letter | 4-28-93 | nick scanned PJ 8-28-2018 |
| SEE POOLING ITEMS #14 - #19 | | 8. Copy of Filed lease. 2/5/20 |
| IN M - 94905 | | 9. Copy of filed Designation of Unit 2/5/20 |
| 4. Renton P.O.U. | 3.11.94 | Scarmardo-Carrabba Unit |
| See Letter Dated 8-4-94 in M 94905 | | 10. Copy of Amended Designation of Unit 2/5/20 |
| See Assignment in M 94905 | | Scarmardo-Carrabba Unit |
| See Assignment in M 94905 | | 11. Notice of temporary cessation of Production 2/5/20 |
| See Letter Dated 8-8-94 in M 94905 | | Unit 2202. |
| See Letter Dated 7-19-95 in M 94905 (26) | | Scanned sm 02/10/2020 |
| See Release in M 94905 (22) | | |
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| 5. Assignment | | |
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| Union Pacific to M.W. Petroleum 8/4/94 | | |
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| 7. release from Union Pacific 7/19/95 | | |
| See ME094399 #12 For Assignment #9185 | | |
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| Anadarko (40) WHR 7-23-18 | | |

Garry Mauro
Commissioner
General Land Office

Date



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

APPLICANT AGREEMENT

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

APPLICANT IDENTIFICATION TO APPEAR ON LEASE

✓ Name Union Pacific Resources Company
Address P.O. Box 7
Ft. Worth, Texas 76101-0337
Telephone (817) 877-6000

AREA DESCRIPTION

County(ies) Brazos/Burleson Survey/
Area C. Falenash Sur, A-22 & Wm Raleigh A-47
(If Applicable)
Block/Tsp _____ Section/Tract Rivers etc, Tr 2 Acres 85.00 ✓
(If Applicable)

BID SUBMISSION

Royalty 20% -25% Rental Per Acre \$5.00 Primary Term 3 Yrs.
Cash Bonus Enclosed Six Thousand, Three Hundred Seventy-Five and

NO/100 ----- (Dollars) \$ 6,375.00 **93045351**

Sales Fee Attached Ninety Five and 63/100
(Dollars) \$ 95.63 **93045352**

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

MGL. NO.

APPLICANT(S)

BONUS AMOUNT ENCLOSED

211

UNION PACIFIC RESOURCES

(\$) 6,375.⁰⁰

APPLICANT TAX I.D. NUMBER

SIGNATURE OF APPLICANT/AGENT

[Signature] ✓

BID FORM (1)
M-95252
4-6-93

The State of Texas



Austin, Texas

OIL AND GAS LEASE
NO. M-95252

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

TRACT 9, BRAZOS RIVER, BRAZOS & BURLERSON COUNTIES, TEXAS, CONTAINING APPROXIMATELY 85.00 ACRES IS BOUND ON THE NORTHWEST BY A NORTHEASTERLY EXTENSION OF THE NORTHWEST LINE OF THE P. J. SCARMARDO 63.42 ACRE TRACT WITHIN THE WM. RALEIGH SURVEY, A-47, AND IS BOUND ON THE SOUTHEAST BY A NORTHEASTERLY EXTENSION OF THE SOUTHEAST LINE OF THE 192 ACRE P. J. SCARMARDO. ETAL TRACT WITHIN THE CHARLES FALENASH SURVEY, A-22, BOTH SURVEYS BEING IN BURLERSON COUNTY, TEXAS

was, after being duly advertised, offered for lease on the 6th day of April, 1993, at 10:00 o'clock a.m., by the Commissioner of the General Land Office of the State of Texas and the School Land Board of the State of Texas, for the sole and only purpose of prospecting and drilling for, and producing oil and/or gas that may be found and produced from the above described area; and

WHEREAS, after all bids and remittances which were received up to said time have been duly considered by the Commissioner of the General Land Office and the School Land Board at a regular meeting thereof in the General Land Office, on the 6th day of April, 1993, and it was found and determined that Union Pacific Resources Company whose address is P.O. Box 7, Ft. Worth, Texas 76101-0007 had offered the highest and best bid for a lease of the area above described and is, therefore, entitled to receive a lease thereon:

NOW, THEREFORE, I, Garry Mauro, Commissioner of the General Land Office of the State of Texas, hereinafter sometimes referred to as "Lessor," whose address is Austin, Texas, by virtue of the authority vested in me and in consideration of the payment by the hereinafter designated Lessee, the sum of Six Thousand Three Hundred Seventy-five and No/100 Dollars (\$6,375.00), receipt of which is hereby acknowledged and of the royalties, covenants, stipulations and conditions contained and hereby agreed to be paid, observed and performed by Lessee, do hereby demise, grant, lease and let unto the above mentioned bidder the exclusive right to prospect for, produce and take oil and/or gas from the aforesaid area upon the following terms and conditions, to-wit:

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

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

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

4. **PRODUCTION ROYALTIES:** Subject to the provisions for royalty reductions set out in subparagraph (E) of this paragraph 4, when production of oil and/or gas is secured, the Lessee agrees to pay or cause to be paid to the Commissioner of the General Land Office in Austin, Texas, for the use and benefit of the State of Texas, during the term hereof:

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

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

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

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

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

(E) VARIABLE ROYALTY: (i) Subject to the other provisions of this lease, it is hereby provided that in the event production in paying quantities is established pursuant to the terms of this lease and such production is brought on line and sales thereof are commenced within eighteen (18) months of the effective date hereof, the royalty rate provided herein shall be reduced to 20%, and shall apply to each subsequent well drilled and produced on the land covered by this lease. Provided that, if during such eighteen (18) month term during which Lessee may earn a reduced royalty rate of 20% as herein provided, Lessee should drill in good faith and complete the first well as a dry hole on the land covered by this lease, Lessee may receive a three (3) month extension of the term in which to earn a reduced royalty rate by giving notice to the Commissioner of the General Land Office, commencing drilling operations on an additional well prior to the expiration of such three (3) month period and prosecuting diligently and in good faith the drilling of such additional well and completing same so that production in paying quantities is established and so that such production is brought on line and sales thereof are commenced prior to the expiration of such three (3) month extension period.

(ii) In the event production in paying quantities is established pursuant to the terms of this lease and such production is brought on line and sales thereof are commenced after the expiration of eighteen (18) months from the effective date hereof but prior to the expiration of thirty-six (36) months from the effective date hereof, the royalty rate provided herein shall be reduced to 22.5% and shall apply to each subsequent well drilled and produced on the land covered by this lease.

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

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

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

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

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

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

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

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

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

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

(A) VERTICAL: In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall then terminate as to all of the leased premises, EXCEPT (1) 40 acres surrounding each oil well capable of producing in paying quantities and 320 acres surrounding each gas well capable of producing in paying quantities (including a shut-in oil or gas well as provided in Paragraph 11 hereof), or a well upon which Lessee is then engaged in continuous drilling or reworking operations, or (2) the number of acres included in a producing pooled unit pursuant to Natural Resources Code Sections 52.151-52.153, or (3) such greater or lesser number of acres as may then be allocated for production purposes to a proration unit for each such producing well under the rules and regulations of the Railroad Commission of Texas, or any successor agency, or other governmental authority having jurisdiction.

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

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

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

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

10. CESSATION, DRILLING, AND REWORKING: In the event production of oil or gas on the leased premises after once obtained shall cease from any cause at the expiration of the primary term hereof or at any time or times thereafter, this lease shall not terminate if Lessee commences additional drilling or reworking operations within sixty (60) days thereafter, and the lease shall remain in full force and effect so long as such operations continue in good faith and in workmanlike manner without interruptions totaling more than sixty (60) days during any one such operation; and if such drilling or reworking operations result in the production of oil or gas, the lease shall remain in full force and effect so long as oil or gas is produced therefrom in paying quantities or payment of shut-in oil or gas well royalties or compensatory royalties is made as hereinafter provided or as provided elsewhere in the statutes of the State of Texas. Lessee shall give written notice to the General Land Office within thirty (30) days of any cessation of production.

11. SHUT-IN ROYALTIES: If at the expiration of the primary term or at any time after the expiration of the primary term a well or wells capable of producing oil or gas in paying quantities are located on the leased premises but oil or gas is not being produced for lack of suitable production facilities or a suitable market and the lease is not being maintained in force and effect, then Lessee may pay as a shut-in oil or gas royalty an amount equal to double the annual rental provided in the lease but not less than \$1,200 a year for each well capable of producing oil or gas in paying quantities; any shut-in oil or gas royalty must be paid on or before: (1) the expiration of the primary term, (2) 60 days after the lessee ceases to produce oil or gas from the leased premises, or (3) 60 days after lessee completes a drilling and reworking operation in accordance with the lease provisions; whichever date is latest; if the shut-in oil or gas royalty is paid, the lease shall be considered to be a producing lease and the payment shall extend the term of the lease for a period of one year from the end of the primary term or from the first day of the month next succeeding the month in which

production ceased and after that if no suitable production facilities or suitable market for the oil or gas exists, Lessee may extend the lease for four additional and successive periods of one year by paying the same amount each year on or before the expiration of the extended term; if, during the period the lease is kept in effect by payment of the shut-in oil or gas royalty, oil or gas is sold and delivered in paying quantities from a well located within one thousand (1,000) feet of the leased premises and completed in the same producing reservoir or in any case in which drainage is occurring, the right to continue to extend the lease by paying the shut-in oil or gas royalty shall cease, but the lease shall remain effective for the remainder of the year for which the royalty has been paid and for four additional and successive periods of one year each by Lessee paying compensatory royalty at the royalty rate provided in the lease of the value at the well of production from the well which is causing the drainage or which is completed in the same producing reservoir and within one thousand (1,000) feet of the leased premises; the compensatory royalty is to be paid monthly to the Commissioner beginning on or before the last day of the month next succeeding the month in which the oil or gas is sold and delivered from the well located within one thousand (1,000) feet of or draining the leased premises and completed in the same reservoir; if the compensatory royalty paid in any 12-month period is in an amount less than the annual shut-in oil or gas royalty, Lessee shall pay an amount equal to the difference within thirty (30) days from the end of the 12-month period; and none of these provisions will relieve Lessee of the obligation of reasonable development nor the obligation to drill offset wells as provided in N.R.C. Section 52.034; however, at the determination of the Commissioner, and with his written approval, the payment of compensatory royalties shall satisfy the obligation to drill offset wells. (For purposes of determining due dates in accordance with this paragraph, the next succeeding month shall mean the following calendar month, e.g. February shall be considered the month next succeeding the month of January.)

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

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

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

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

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

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

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

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

16. **ASSIGNMENTS:** The lease may be transferred at any time. All transfers must reference the lease by the file number and must be recorded in the county where the area is located, and the recorded transfer or a copy certified to by the County Clerk of the county where the transfer is recorded must be filed in the General Land Office within ninety (90) days of the execution date, as provided by N.R.C. Section 52.026, accompanied by the filing fee prescribed by the General Land Office rules in effect on the date of receipt by the General Land Office of such transfer or certified copy thereof. Every transferee shall succeed to all rights and be subject to all obligations, liabilities, and penalties owed to the State by the original lessee or any prior transferee of the lease, including any liabilities to the state for unpaid royalties.

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

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

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

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

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

22. **REMOVAL OF EQUIPMENT:** Upon the termination of this lease for any cause, Lessee shall not, in any event, be permitted to remove the casing or any part of the equipment from any producing, dry, or abandoned well or wells without the written consent of the Commissioner of the General Land Office or his authorized representative; nor shall Lessee, without the written consent of said Commissioner or his authorized representative remove from the leased premises the casing or any other equipment, material, machinery, appliances or property owned by Lessee and used by Lessee in the development and production of oil or gas therefrom until all dry or abandoned wells have been plugged and until all slush or refuse pits have been properly filled and all broken or discarded lumber, machinery, or debris shall have been removed from the premises to the satisfaction of the said Commissioner or his authorized representative.

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


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

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

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

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

IN TESTIMONY WHEREOF, witness the signature of the Commissioner of the General Land Office of the State of Texas under the seal of the General Land Office, effective this 6th day of April, 1993.


COMMISSIONER OF THE GENERAL LAND OFFICE
OF THE STATE OF TEXAS

APPROVED

Legal
Geology
Executive



OIL AND GAS LEASE NO. M-95252 (2.)

DATE 4-6-93 BY MICK



April 28, 1993

Union Pacific Resources Company
P.O. Box 7
Ft. Worth, Texas 76101-0007

Gentlemen:

Thank you for your participation in the State of Texas Oil and Gas Lease Sale held on the 6th day of April, 1993. The sale was a tremendous success. You were the high bidder on the marginal number listed below, that has been assigned the corresponding lease number:

MGL NO. 11

M-95252

The lease agreement for this marginal number is enclosed. The lease will serve as your receipt for the amount of your bid. Also, your contractual and statutory responsibilities to the General Land Office are outlined in the lease agreement. Section 6(B) requires operators to submit written notice of all drilling, production, and related activities. More specifically, when a lessee files various forms with the Texas Railroad Commission and the Department of Energy, they are required to submit copies of these forms to the General Land Office. Examples of these forms are:

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

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

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

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

Please do not hesitate to contact my office at (512)463-5022 if you need any assistance in the future, or if you have questions concerning the State lease that you operate.

Sincerely,

Garry Mauro
Texas Land Commissioner

GM/1h
Enclosure

Garry Mauro
Commissioner
Texas General Land Office

Stephen F. Austin Building
1700 North Congress Avenue
Austin, Texas 78701-1498
(512) 463-5250

M-95252 (3)

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

LESSOR: ST OF TX M-95252

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

CHECK NO. 125619

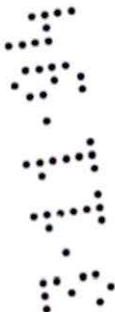
| LEASE DATE | STATE | COUNTY OR PARISH | RECORDING | FOR PERIOD | | TRACT | COMPANY LEASE NUMBER | |
|------------|-------|------------------|------------|------------|-----------|-------|-------------------------|--|
| | | | | MOS. | BEGINNING | | | |
| 04/06/93 | TX | BRAZOS | V1805 P343 | 12 | 04/06/94 | 04 | TX2 48551 | |

TAXID: ST TX M-95252
ST OF TX M-95252
AUSTIN TX 78701-1495

1700 NORTH CONGRESS AVE

X \$22.70

94040451



121
Union Pacific Resources

PLEASE SIGN BELOW AND RETURN

RECEIVED BY _____

Date _____

PLEASE DIRECT ALL

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

LESSOR: ST OF TX M-95252

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

CHECK NO. 125619

| LEASE DATE | STATE | COUNTY OR PARISH | RECORDING | FOR PERIOD | | TRACT | COMPANY LEASE NUMBER | |
|------------|-------|------------------|------------|------------|-----------|-------|-------------------------|--|
| | | | | MOS. | BEGINNING | | | |
| 04/06/93 | TX | BRAZOS | V1805 P343 | 12 | 04/06/94 | 04 | TX2 48551 | |

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

LESSOR: ST OF TX M-95252

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

CHECK NO. 125618

| LEASE DATE | STATE | COUNTY OR PARISH | RECORDING | FOR PERIOD | | TRACT | COMPANY LEASE NUMBER | |
|------------|-------|------------------|-----------|------------|-----------|-------|-------------------------|--------------|
| | | | | MOS. | BEGINNING | | TX2 | LEASE NUMBER |
| 04/06/93 | TX | BURLESON | V215 P326 | 12 | 04/06/94 | 03 | TX2 48551 | |

TAXID: ST TX M-95252
ST OF TX M-95252
AUSTIN TX 78701-1495

1700 NORTH CONGRESS AVE

X \$22.70

94040452

12!

✓ Union Pacific Resources

PLEASE SIGN BELOW AND RETURN

RECEIVED BY _____

Date _____

PLEASE DIRECT ALL

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

LESSOR: ST OF TX M-95252

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

CHECK NO. 125618

| LEASE DATE | STATE | COUNTY OR PARISH | RECORDING | FOR PERIOD | | TRACT | COMPANY LEASE NUMBER | |
|------------|-------|------------------|-----------|------------|-----------|-------|-------------------------|--------------|
| | | | | MOS. | BEGINNING | | TX2 | LEASE NUMBER |
| 04/06/93 | TX | BURLESON | V215 P326 | 12 | 04/06/94 | 03 | TX2 48551 | |

M-95252 (4)
Rental Pymt
on P.O.D.
3-11-94

3724



November 9, 1998

Commissioner of the General Land Office
c/o General Land Office
1700 N. Congress Ave., Suite 600
Austin, Tx 78701-1495

ATTN: Laura Leal

RE: Merger of MW Petroleum Corporation with and into Apache Corporation
involving State of Texas General Land Office Leases

Dear Ms. Leal:

Please let this letter serve as notice that MW Petroleum Corporation and MWJR Petroleum Corporation have merged into Apache Corporation effective September 1, 1998. Enclosed please find the following recorded Certificates of Merger:

- 1.) Certificate of Ownership and Merger recorded in Pecos County, Texas on September 25, 1998 in Deed Records, Volume 698 Page 414.
- 2.) Certificate of Ownership and Merger recorded in Burleson County, Texas on September 24, 1998 in Deed Records, Volume 491 Pages 58-66.
- 3.) Certificate of Ownership and Merger recorded in Brazos County, Texas on September 24, 1998 as Document Number 0667219 in Volume 03265 Page 00155.
- 4.) Certificate of Ownership and Merger recorded in Hidalgo County, Texas on September 29, 1998 as Document Number 713175.

A list of leases effected by this merger is attached. All of the leases are located in either Pecos, Burleson, Brazos, or Hidalgo County. Please find check number 4264 in the amount of \$200.00 for fees of \$25.00 per lease (\$200.00 for 8 leases) to be used as filing fees for this merger.

Our records also indicate that there are Right of Way Agreements with the State of Texas General Land Office. Could you please advise how these are handled with mergers.

If you require any additional information to effect these transfers, please do not hesitate to contact me at (713)296-6271.

Sincerely,

A handwritten signature in cursive script, appearing to read "Samuel E. Butcher".

APACHE CORPORATION

DETACH AND RETAIN THIS STATEMENT
THE ATTACHED CHECK IS IN PAYMENT OF ITEMS DESCRIBED BELOW.
IF NOT CORRECT PLEASE NOTIFY US PROMPTLY. NO RECEIPT DESIRED.

DELUXE - FORM DVCP-2 V-2

| DATE | DESCRIPTION | AMOUNT |
|---------|---|-------------------|
| 11/9/98 | STATE OF TEXAS FILING OF 8 LEASES CHECK NUMBER 4264 | 200.00 |

126
99014563

LIST OF STATE OF TEXAS LEASES INVOLVED IN MERGER
 MW PETROLEUM CORPORATION WITH AND INTO APACHE CORPORATION

| LEASE NUMBER | COUNTY | DESCRIPTION |
|--------------|---------------|--|
| M-51932 | PECOS 25 | T&P RR CO SURVEY ABST/ID# 01002 |
| M-40132 | HIDALGO | TEXAS MEXICAN RR SUR ABST/ID#01022 |
| M-40167 | HIDALGO } 75 | TEXAS MEXICAN RR SUR ABST/ID# 01022 |
| M-40156 | HIDALGO | TEXAS MEXICAN RR SUR ABST/ID#01022 |
| M-94906 | BURLESON } 50 | CHARLES FALENASH SUR A-22 ABST/ID#01013 WILLIAM RALEIGH SUR A-47 ABST/ID#01032 |
| M-94907 | BURLESON | JOHN P. COLES SUR A-12 ABST/ID#01014 |
| M-95252 | BRAZOS 25 | CHARLES FALENASH SUR A-22 ABST/ID#01013 WILLIAM RALEIGH SURVEY A-47 ABST/ID#01032 |
| M-96085 | BURLESON 25 | STEPHEN F AUSTIN SUR #9 A-63 ABST/ID#01016 |

Hon. GUY Mauro
Commissioner
General Land Office

Date _____ 19 _____

Attached is \$ _____

Charge
Credit Acct. # _____

Cash Fees
Check To Cover Interest On The Following:
Draft Rental

126: PC X 200.00

Apache Corporation

RECEIVED
96 NOV 18 AM 7:42
ELECTRONIC

Receipt
Please Mail Copies to Mr. _____
Statement _____

Street _____

99014563 City _____

Attention _____

03265

00147

APACHE CORPORATION

CERTIFICATE

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

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

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



Cheri L. Peper
 Cheri L. Peper
 Corporate Secretary

State of Texas)
)
 County of Harris)

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

[SEAL]



Susan Charba
 Notary Public

'98 OCT 5 PM4:13

03265
00148

State of Delaware
Office of the Secretary of State

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

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

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

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



Edward J. Freel

Edward J. Freel, Secretary of State

0482215 8100M

981324886

AUTHENTICATION:

DATE:

9261680

08-19-98

**CERTIFICATE OF OWNERSHIP AND MERGER
MERCING
MW PETROLEUM CORPORATION
INTO
APACHE CORPORATION**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

03265
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FURTHER RESOLVED: That the proper officers of Apache be, and they hereby are, authorized and directed to take such further action and to execute and file such certificates and other documents as they, in their discretion, shall deem necessary or advisable to consummate the merger and effect the foregoing resolutions including, without limitation, articles of merger or share exchange for filing with the Colorado Secretary of State.

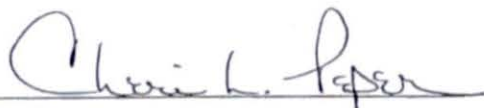
FURTHER RESOLVED: This merger may be amended or terminated and abandoned by the Board of Directors of Apache at any time prior to the date of filing the merger with the Secretary of State of Delaware and of Colorado.

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

APACHE CORPORATION

By: 
G. Steven Farris
President and Chief Operating Officer

ATTEST:


Cheri L. Peper
Corporate Secretary

DELAYED EFFECTIVE DATE

9-1-98

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

DC 19911104329
NC93

FILE 19871029843 NC95

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

VICTORIA BRADLEY
COLORADO SECRETARY OF STATE

0320152

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

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

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

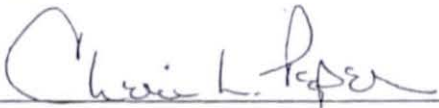
CR

0667219

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

Dated this 7th day of August, 1998.

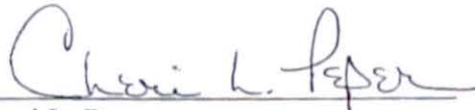
Attest:


 Cheri L. Peper
 Corporate Secretary

Apache Corporation

By: 
 G. Steven Farris
 President and Chief Operating Officer

Attest:


 Cheri L. Peper
 Corporate Secretary

MW Petroleum Corporation

By: 
 G. Steven Farris
 President

MERGER _____ CONSOLIDATION _____

CANCELLATION OF LIMITED PARTNERSHIP DUE TO MERGER _____

DOMESTIC _____ FOREIGN _____ PROFIT _____ NONPROFIT _____

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MERGER #19981150690

MW PETROLEUM CORPORATION DOC19911104329
(COLORADO CORPORATION)

INTO

APACHE CORPORATION FPC19871029843
(DELAWARE CORPORATION)

THE SURVIVOR

DELAYED EFFECTIVE DATE

9-1-98

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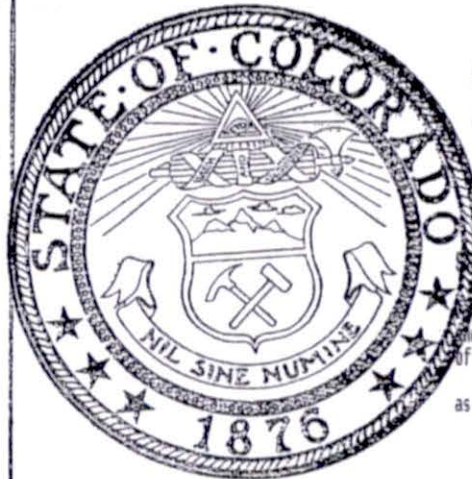
STATE OF COLORADO
DEPARTMENT OF STATE

I hereby certify that this is a true and complete copy of the document filed in this office and admitted to record in File 981150690

DATED Aug 19 19 98

Victoria Buckley
Secretary of State

By [Signature]



Filed for Record in:
BRAZOS COUNTY,

On: Sep 24, 1998 at 08:55A

As a
Recording

Document Number: 0667219

Amount 22.00

Receipt Number - 118536

By,
Jo Gillar

STATE OF TEXAS COUNTY OF
I hereby certify that this instrument was
dated on the date and time stamped hereon by me
and was duly recorded in the volume and page
of the named records of:
BRAZOS COUNTY,
as stamped hereon by me.

Sep 24, 1998

HONORABLE MARY ANN WARD, COUNTY CLERK
BRAZOS COUNTY,

M-95252 (5)
Assignment

CORPORATION

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

PLEASE RETURN TO:
ALICE CORPORATION
ALICE LA TOYA JONES
2000 POST OAK BLVD
SUITE 100
HOUSTON, TX 77056-4400

541084

5219

FILED

93 DEC 21 PM 2:49

PARTIAL ASSIGNMENT OF OIL AND GAS LEASE

KNOW ALL MEN BY THESE PRESENTS:

CLERK
BRAZOS COUNTY COURTHOUSE
BY *[Signature]*

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

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

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

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

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

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

EXECUTED this 22nd day of July, 1993, but to be effective from the date of each lease.

UNION PACIFIC RESOURCES COMPANY

By: *Debra Johnson* JG
Its: Attorney-in-Fact

MW PETROLEUM CORPORATION

By: *A. W. Erxleben* RE
Its: A. W. ERXLEBEN
ATTORNEY IN-FACT

VOL 222 PAGE 107

STATE OF TEXAS)
)ss.
COUNTY OF TARRANT)

The foregoing instrument was acknowledged before me this 22nd day of July, 1993, by Debra Johnson, as Attorney-in-Fact of UNION PACIFIC RESOURCES COMPANY, a Delaware corporation, on behalf of said corporation.

Witness my hand and official seal.



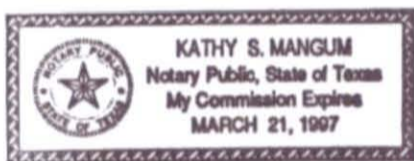
Carol Mitchell
Notary Public

My Commission Expires _____
Notary's Name Printed or Typed: _____

STATE OF TEXAS)
)ss.
COUNTY OF HARRIS)

The foregoing instrument was acknowledged before me this 16 day of August, 1993, by A.W. Erleben, as Attorney-in-fact of MW PETROLEUM CORPORATION, a Colorado corporation, on behalf of said corporation.

Witness my hand and official seal.



Kathy S. Mangum
Notary Public

My Commission Expires _____
Notary's Name Printed or Typed: _____

Kathy S. Mangum

VOL 222 PAGE 108

**THE STATE OF TEXAS
COUNTY OF BURLESON**

I, Evelyn M. Henry, Clerk of the County Court of said County, do hereby certify the foregoing instrument of writing with its certificate of authentication was filed for record in my office on the 14 day of October, 19 93, at 9:00 o'clock A. M. and duly recorded on 14 day of October, 19 93, in the Oil and Gas Lease Record of said County, in Vol. 222 Page 107-109.

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 1995 PAGE 264

By _____, Deputy

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

EXHIBIT "A"

ATTACHED TO AND MADE A PART OF THAT CERTAIN PARTIAL ASSIGNMENT OF OIL AND GAS LEASE FROM UNION PACIFIC RESOURCES COMPANY TO MW PETROLEUM CORPORATION, DATED JULY 22, 1993.

UPRC LEASE NO.

LESSOR

DATE

LESSEE

RECORDED

COUNTY

TX2-48551

STATE OF TEXAS
M-95252

APRIL 6, 1993

UNION PACIFIC
RESOURCES COMPANY

V215 P326
V1805 P343

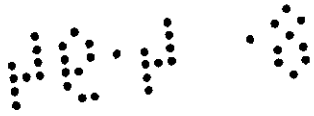
BURLESON
BRAZOS

FILED FOR RECORD
 at 9:00 o'clock A.M.
 OCT 14 1993
 EVELYN M. HENRY
 COUNTY CLERK, BURLESON CO., TEX.
Annad Swelack Deputy

VOL. 222-109

464

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



5219

LOVKEBAY
NAME
CHE COLOKVALON
10

STATE OF TEXAS
COUNTY OF DALLAS
OFFICE OF THE CLERK
COUNTY CLERK'S OFFICE

DEC 30 1993

Countdown to the 21st Century

MF 075252
1587
P. 4-94

10 -
See inside

FILED FOR RECORD
at 9:00 o'clock A.M.
OCT 14 1993
EVELYN M. HENRY
BURLESON CO., TEX.
Deputy

Address on last ps.

\$11.00
pd



Texas General Land Office
Garry Mauro, Commissioner

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

August 8, 1994

KEVIN J. HOFFMAN
APACHE CORPORATION
2000 POST OAK BLVD., SUITE 100
HOUSTON, TEXAS 77056-4400

RE: ASSIGNMENT FILING

Dear Mr. HOFFMAN :

The General Land Office received the following instruments on August 4, 1994, and has filed them in Mineral File Nos. M-95252 & M-94905.

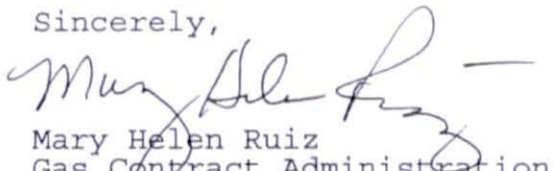
MF095252

1. Assignment of Oil and Gas Lease dated July 22, 1993, from UNION PACIFIC RESOURCES COMPANY to MW PETROLEUM CORPORATION, recorded in BURLESON County, Texas.

2. Assignment of Oil and Gas Lease dated July 28, 1993, from UNION PACIFIC RESOURCES COMPANY to MW PETROLEUM CORPORATION, recorded in BURLESON County, Texas.

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

Sincerely,


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

MHR/tbs

6

File No. MF 95252
Partial Assignment Ogil
Union Pacific to MW Petroleum
Date Filed: 8/4/94
Jerry E. Patterson, Commissioner
By SSD

JULY 11, 1995

General Land Office of the State of Texas
Stephen F. Austin Building
1700 North Congress
Austin, TX 78701

Attention: Mary Silva

Re: Release of Oil and Gas Lease

Gentlemen:

Enclosed for filing with the General Land Office are the following:

- 1) Partial Release of Oil and Gas Lease
State of Texas Oil and Gas Lease No. M-94906
UPRC Lease No. TX2-45517
- 2) Partial Release of Oil and Gas Lease
State of Texas Oil and Gas Lease No. M-94905
UPRC Lease No. TX2-45518
- 3) Partial Release of Oil and Gas Lease
State of Texas Oil and Gas Lease No. M-95252
UPRC Lease No. TX2-48551

Also enclosed is a check in the amount of \$75.00 to cover filing fees.

If you require any additional information, please let us know.

Very truly yours,

UNION PACIFIC RESOURCES COMPANY

Yvonne Mason

Yvonne Mason
Specialist
Land Management

Enclosures

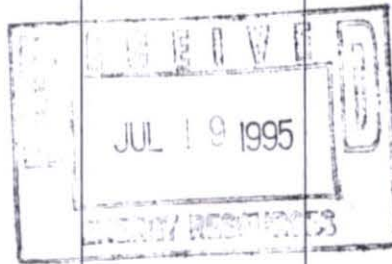


VENDOR NO. 10-000-3566510

✓ U P RESOURCES CO

CHECK NO. 05686034

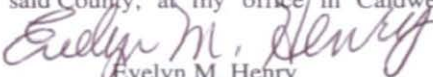
| VOUCHER NUMBER | INVOICE NUMBER | PURCHASE ORDER | INVOICE DATE | AMOUNT | DISCOUNT | NET AMOUNT |
|------------------|-----------------------|----------------|--------------|--------|----------|---|
| 559525 3308 Y | ST3566510G95 MASON | | 07-11-95 | 75.00 | .00 | 75.00 95067217 126 |
| | | TOTALS | | 75.00 | .00 | 75.00 |



**THE STATE OF TEXAS
COUNTY OF BURLESON**

I, Evelyn M. Henry, Clerk of the County Court of said County, do hereby certify the foregoing instrument of writing with its certificate of authentication was filed for record in my office on the _____⁴ day of _____⁴ May _____, 19 95, at _____⁴ 9:00 o'clock _____⁴ A. M. and duly recorded on _____ day of _____ May _____, 19 95, in the _____ Oil and Gas Lease Record of said County, in Vol. _____⁴ 240 _____ Page _____⁴ 687 _____.

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.


Evelyn M. Henry

County Clerk, Burleson County, Texas

By _____, Deputy

PARTIAL RELEASE OF OIL AND GAS LEASE

FILED

95 MAR 30 AM 10:11

STATE OF TEXAS }
COUNTIES OF BRAZOS AND BURLESON } SS

Mary... CLERK
BRAZOS COUNTY COURTHOUSE
BRYAN, TEXAS
BY: [Signature] DEPUTY

KNOW ALL MEN BY THESE PRESENTS:

That UNION PACIFIC RESOURCES COMPANY, does hereby release, relinquish and surrender all of its right, title and interest in and to that Oil and Gas Lease as described herein below, INSOFAR AND ONLY INSOFAR as said lease covers and affects lands OUTSIDE THE BOUNDARY of the Scarmardo-Carrabba Unit No. 1 as further described in that Designation of Unit filed in the Brazos County, Texas records in Volume 1834, Page 105 and in the Burleson County, Texas records in Volume 212, Page 548, Volume 215, Page 692, and Volume 216, Page 163.

UPRC LEASE NO.: Tx2-48551
Date: April 1, 1993
Lessor: State of Texas
Lessee: Union Pacific Resources Company
Recording Information: Volume 215, Page 326, Burleson Co.
Volume 1805, Page 343, Brazos Co.

IN WITNESS WHEREOF, this instrument is executed on this 14th day of March, 1995.

FILED FOR RECORD
at 9:00 o'clock A.M.
MAY 4 1995
Evelyn M. Henry
COUNTY CLERK, BURLESON CO., TEX.

UNION PACIFIC RESOURCES COMPANY

By: [Signature]
Wesley D. Coffman
Attorney-in-Fact

STATE OF TEXAS }
COUNTY OF TARRANT } SS

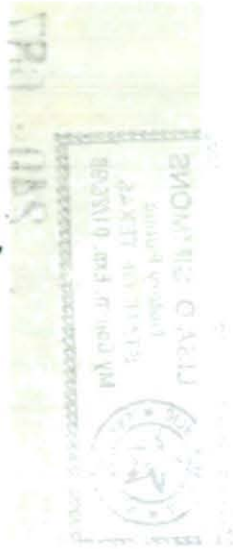
The foregoing instrument was acknowledged before me this 14th day of March, 1995 by Wesley D. Coffman as Attorney-in-Fact of UNION PACIFIC RESOURCES COMPANY, a Delaware corporation, on behalf of the corporation.

[Signature]
Notary Public, State of Texas

Return to:
UNION PACIFIC RESOURCES COMPANY
P. O. Box 7, MS-3110
Fort Worth, TX 76101-0007

LISA D. SIMMONS
Notary Public
STATE OF TEXAS
My Comm. Exp. 01/26/98

pd
10/6/95



File No. 95252 (7)

County _____
Partial Release

Date Filed: 7-19-1995

George P. Bush, Commissioner

By SSD

FILED FOR RECORD
at 9:00 o'clock
MAY 4 1995
Evelyn M. Henry
COUNTY CLERK, BRAZOS CO., TEX.



Mary Ann H...
COUNTY CLERK, Brazos County Texas

STATE OF TEXAS
COUNTY OF BRAZOS
I hereby certify that this instrument was filed on the
date and time stamped herein by me and was duly re-
corded in the volume and page of the named records
of Brazos County, Texas as stamped herein by me.
MAR 3 1 1995

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The State of Texas

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Austin, Texas

SEALED

93 MAY 28 PM 12:08

Mary Ann Ward, CO. CLERK
BRAZOS COUNTY COURT HOUSE
BRYAN, TEXAS
Mary Ann Ward

521842

OIL AND GAS LEASE NO. M-95252

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

TRACT 9, BRAZOS RIVER, BRAZOS & BURLESON COUNTIES, TEXAS, CONTAINING APPROXIMATELY 85.00 ACRES IS BOUND ON THE NORTHWEST BY A NORTHEASTERLY EXTENSION OF THE NORTHWEST LINE OF THE P. J. SCARMARDO 63.42 ACRE TRACT WITHIN THE WM. RALEIGH SURVEY, A-47, AND IS BOUND ON THE SOUTHEAST BY A NORTHEASTERLY EXTENSION OF THE SOUTHEAST LINE OF THE 192 ACRE P. J. SCARMARDO. ETAL TRACT WITHIN THE CHARLES FALENASH SURVEY, A-22, BOTH SURVEYS BEING IN BURLESON COUNTY, TEXAS

was, after being duly advertised, offered for lease on the 6th day of April, 1993, at 10:00 o'clock a.m., by the Commissioner of the General Land Office of the State of Texas and the School Land Board of the State of Texas, for the sole and only purpose of prospecting and drilling for, and producing oil and/or gas that may be found and produced from the above described area; and

WHEREAS, after all bids and remittances which were received up to said time have been duly considered by the Commissioner of the General Land Office and the School Land Board at a regular meeting thereof in the General Land Office, on the 6th day of April, 1993, and it was found and determined that Union Pacific Resources Company whose address is P.O. Box 7, Ft. Worth, Texas 76101-0007 had offered the highest and best bid for a lease of the area above described and is, therefore, entitled to receive a lease thereon:

NOW, THEREFORE, I, Garry Mauro, Commissioner of the General Land Office of the State of Texas, hereinafter sometimes referred to as "Lessor," whose address is Austin, Texas, by virtue of the authority vested in me and in consideration of the payment by the hereinafter designated Lessee, the sum of Six Thousand Three Hundred Seventy-five and No/100 Dollars (\$6,375.00), receipt of which is hereby acknowledged and of the royalties, covenants, stipulations and conditions contained and hereby agreed to be paid, observed and performed by Lessee, do hereby demise, grant, lease and let unto the above mentioned bidder the exclusive right to prospect for, produce and take oil and/or gas from the aforesaid area upon the following terms and conditions, to-wit:

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

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

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

4. **PRODUCTION ROYALTIES:** Subject to the provisions for royalty reductions set out in subparagraph (E) of this paragraph 4, when production of oil and/or gas is secured, the Lessee agrees to pay or cause to be paid to the Commissioner of the General Land Office in Austin, Texas, for the use and benefit of the State of Texas, during the term hereof:

738 215

VOL 1805 PAGE 343

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JX2-48557

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

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

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

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

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

(E) **VARIABLE ROYALTY:** (i) Subject to the other provisions of this lease, it is hereby provided that in the event production in paying quantities is established pursuant to the terms of this lease and such production is brought on line and sales thereof are commenced within eighteen (18) months of the effective date hereof, the royalty rate provided herein shall be reduced to 20%, and shall apply to each subsequent well drilled and produced on the land covered by this lease. Provided that, if during such eighteen (18) month term during which Lessee may earn a reduced royalty rate of 20% as herein provided, Lessee should drill in good faith and complete the first well as a dry hole on the land covered by this lease, Lessee may receive a three (3) month extension of the term in which to earn a reduced royalty rate by giving notice to the Commissioner of the General Land Office, commencing drilling operations on an additional well prior to the expiration of such three (3) month period and prosecuting diligently and in good faith the drilling of such additional well and completing same so that production in paying quantities is established and so that such production is brought on line and sales thereof are commenced prior to the expiration of such three (3) month extension period.

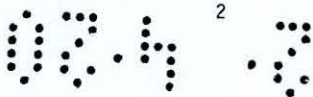
(ii) In the event production in paying quantities is established pursuant to the terms of this lease and such production is brought on line and sales thereof are commenced after the expiration of eighteen (18) months from the effective date hereof but prior to the expiration of thirty-six (36) months from the effective date hereof, the royalty rate provided herein shall be reduced to 22.5% and shall apply to each subsequent well drilled and produced on the land covered by this lease.

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

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

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

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

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

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

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

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

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

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

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(A) **VERTICAL:** In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall then terminate as to all of the leased premises, EXCEPT (1) 40 acres surrounding each oil well capable of producing in paying quantities and 320 acres surrounding each gas well capable of producing in paying quantities (including a shut-in oil or gas well as provided in Paragraph 11 hereof), or a well upon which Lessee is then engaged in continuous drilling or reworking operations, or (2) the number of acres included in a producing pooled unit pursuant to Natural Resources Code Sections 52.151-52.153, or (3) such greater or lesser number of acres as may then be allocated for production purposes to a proration unit for each such producing well under the rules and regulations of the Railroad Commission of Texas, or any successor agency, or other governmental authority having jurisdiction.

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

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

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

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

10. **CESSATION, DRILLING, AND REWORKING:** In the event production of oil or gas on the leased premises after once obtained shall cease from any cause at the expiration of the primary term hereof or at any time or times thereafter, this lease shall not terminate if Lessee commences additional drilling or reworking operations within sixty (60) days thereafter, and the lease shall remain in full force and effect so long as such operations continue in good faith and in workmanlike manner without interruptions totaling more than sixty (60) days during any one such operation; and if such drilling or reworking operations result in the production of oil or gas, the lease shall remain in full force and effect so long as oil or gas is produced therefrom in paying quantities or payment of shut-in oil or gas well royalties or compensatory royalties is made as hereinafter provided or as provided elsewhere in the statutes of the State of Texas. Lessee shall give written notice to the General Land Office within thirty (30) days of any cessation of production.

11. **SHUT-IN ROYALTIES:** If at the expiration of the primary term or at any time after the expiration of the primary term a well or wells capable of producing oil or gas in paying quantities are located on the leased premises but oil or gas is not being produced for lack of suitable production facilities or a suitable market and the lease is not being maintained in force and effect, then Lessee may pay as a shut-in oil or gas royalty an amount equal to double the annual rental provided in the lease but not less than \$1,200 a year for each well capable of producing oil or gas in paying quantities; any shut-in oil or gas royalty must be paid on or before: (1) the expiration of the primary term, (2) 60 days after the lessee ceases to produce oil or gas from the leased premises, or (3) 60 days after lessee completes a drilling and reworking operation in accordance with the lease provisions; whichever date is latest; if the shut-in oil or gas royalty is paid, the lease shall be considered to be a producing lease and the payment shall extend the term of the lease for a period of one year from the end of the primary term or from the first day of the month next succeeding the month in which

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production ceased and after that if no suitable production facilities or suitable market for the oil or gas exists, Lessee may extend the lease for four additional and successive periods of one year by paying the same amount each year on or before the expiration of the extended term; if, during the period the lease is kept in effect by payment of the shut-in oil or gas royalty, oil or gas is sold and delivered in paying quantities from a well located within one thousand (1,000) feet of the leased premises and completed in the same producing reservoir or in any case in which drainage is occurring, the right to continue to extend the lease by paying the shut-in oil or gas royalty shall cease, but the lease shall remain effective for the remainder of the year for which the royalty has been paid and for four additional and successive periods of one year each by Lessee paying compensatory royalty at the royalty rate provided in the lease of the value at the well of production from the well which is causing the drainage or which is completed in the same producing reservoir and within one thousand (1,000) feet of the leased premises; the compensatory royalty is to be paid monthly to the Commissioner beginning on or before the last day of the month next succeeding the month in which the oil or gas is sold and delivered from the well located within one thousand (1,000) feet of or draining the leased premises and completed in the same reservoir; if the compensatory royalty paid in any 12-month period is in an amount less than the annual shut-in oil or gas royalty, Lessee shall pay an amount equal to the difference within thirty (30) days from the end of the 12-month period; and none of these provisions will relieve Lessee of the obligation of reasonable development nor the obligation to drill offset wells as provided in N.R.C. Section 52.034; however, at the determination of the Commissioner, and with his written approval, the payment of compensatory royalties shall satisfy the obligation to drill offset wells. (For purposes of determining due dates in accordance with this paragraph, the next succeeding month shall mean the following calendar month, e.g. February shall be considered the month next succeeding the month of January.)

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

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

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

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

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

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

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

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

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16. **ASSIGNMENTS:** The lease may be transferred at any time. All transfers must reference the lease by the file number and must be recorded in the county where the area is located, and the recorded transfer or a copy certified to by the County Clerk of the county where the transfer is recorded must be filed in the General Land Office within ninety (90) days of the execution date, as provided by N.R.C. Section 52.026, accompanied by the filing fee prescribed by the General Land Office rules in effect on the date of receipt by the General Land Office of such transfer or certified copy thereof. Every transferee shall succeed to all rights and be subject to all obligations, liabilities, and penalties owed to the State by the original lessee or any prior transferee of the lease, including any liabilities to the state for unpaid royalties.

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

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

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

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

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

22. **REMOVAL OF EQUIPMENT:** Upon the termination of this lease for any cause, Lessee shall not, in any event, be permitted to remove the casing or any part of the equipment from any producing, dry, or abandoned well or wells without the written consent of the Commissioner of the General Land Office or his authorized representative; nor shall Lessee, without the written consent of said Commissioner or his authorized representative remove from the leased premises the casing or any other equipment, material, machinery, appliances or property owned by Lessee and used by Lessee in the development and production of oil or gas therefrom until all dry or abandoned wells have been plugged and until all slush or refuse pits have been properly filled and all broken or discarded lumber, machinery, or debris shall have been removed from the premises to the satisfaction of the said Commissioner or his authorized representative.

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

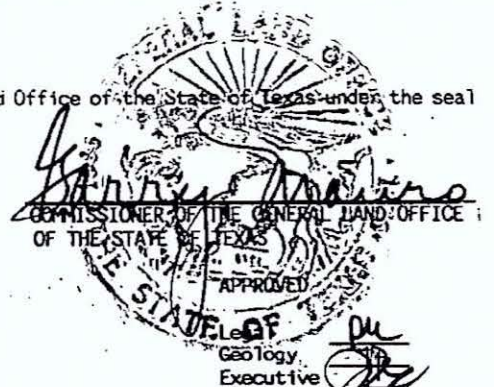
24. **RAILROAD COMMISSION HEARINGS ON GAS:** No natural gas or casinghead gas, including both associated and non-associated gas, produced from the mineral estate subject to this lease may be sold or contracted for sale to any person for ultimate use outside the State of Texas unless the Railroad Commission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

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

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

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

IN TESTIMONY WHEREOF, witness the signature of the Commissioner of the General Land Office of the State of Texas under the seal of the General Land Office, effective this 6th day of April, 1993.



FILED FOR RECORD
 at 12:45 o'clock P. M.
 MAY 18 1993
 EVELYN M. HENRY
 COUNTY CLERK, BURLISON CO., TEX.
 By *[Signature]* Deputy

VOL 1805 PAGE 349

VOL 215 PAGE 332

THE STATE OF TEXAS
 COUNTY OF BURLISON

I, EVELYN M. HENRY, CLERK OF THE COUNTY COURT OF SAID COUNTY, DO HEREBY CERTIFY THE FOREGOING INSTRUMENT OF WRITING WITH ITS CERTIFICATE OF AUTHENTICATION WAS FILED FOR RECORD IN MY OFFICE ON THE 18 DAY OF May, 1993, AT 12:45 O'CLOCK P. M., AND DULY RECORDED May 24, 1993

IN THE Oil & Gas Lease RECORD OF SAID COUNTY,
 IN VOL. 215, PAGE 326-332.

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

By *[Signature]* DEPUTY COUNTY CLERK, BURLISON COUNTY, TEXAS
 EVELYN M. HENRY

2159

Return to:
Ray Sloan



OGL

State of Texas,
General Land
Office
to
UPRC

P

STATE OF TEXAS
I hereby certify that this instrument was filed on the
date and time stamped hereon by me and was duly re-
corded in the volume and page of the named records
of Brazos County, Texas as stamped hereon by me.



Mary Ann Steward
COUNTY CLERK, Brazos County Texas

MAY 28 1993

FILED FOR RECORD
at 12:45 o'clock P. M.
MAY 18 1993
EVELYN M. HENRY
COUNTY CLERK, BURLESON CO., TEX.
E. M. Henry Deputy

1700 pd.

8073

File No. MF 095252

Copy of Filed Lease County

Date Filed: 2/5/20

George P. Bush, Commissioner

By SSD



1096
DESIGNATION OF UNIT

SCARMARDO-CARRABBA UNIT NO. 1

STATE OF TEXAS

COUNTY OF BURLESON

KNOW ALL MEN BY THESE PRESENTS:

The undersigned, being the owners of valid and subsisting oil, gas, and mineral leases listed in Exhibit "A", attached hereto and made a part hereof, insofar as said oil, gas, and mineral leases cover and affect the land and depths described on Exhibit "B", attached hereto and made a part hereof, do, by virtue of the authority conferred by the terms of such oil, gas, and mineral leases and all amendments and corrections thereto, hereby pool, consolidate, combine, and unitize said oil, gas, and mineral leases, the leasehold rights, overriding royalty, and royalty interests therein and thereunder, for the purpose of drilling for, development, and production of oil, gas, and liquid hydrocarbons (including condensate, distillate, and other liquids). The unit (hereinafter "Unit") shall be comprised of the land and interval described on the attached Exhibit "B", as depicted on the Plat attached hereto as Exhibit "C".

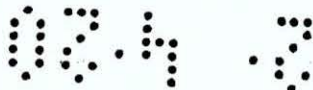
If at any time any tract of land or interest within the Unit is not properly pooled or unitized hereby or is not otherwise committed to the Unit, such fact shall not affect, terminate, impair, or invalidate the Unit as to any interest properly pooled or unitized hereby or otherwise.

This Designation of Unit covers all production from the land and depths described on the attached Exhibit "B" which is produced from any well drilled to the unitized interval underlying the Unit area. Production from the Unit shall be allocated proportionately among all of the tracts within the Unit in the proportion which the number of surface acres in each of such tracts bears to the total number of surface acres in the Unit.

The undersigned reserves the right to amend this Designation of Unit from time to time, and at any time, in order to correct any error herein or to include in this Unit any newly acquired interests within the Unit boundaries or to enlarge or reduce the Unit area in accordance with the applicable rules and regulations of any governmental regulatory body or agency having jurisdiction insofar as such right is granted in the subject leases, by appropriate amendments or instruments.

By execution of this Designation of Unit, the undersigned do not exhaust their right to pool the leases and lands hereinabove described with other leases and lands as to any other minerals, horizon, or strata covered thereby, and they expressly reserve to themselves, their assignees, or successors in interest, the right and power to pool or unitize the above described leases and lands with any other leases, lands, horizons, or strata in the vicinity and so far as the power, right, and authority to do so is granted in the subject leases and various agreements and so long as such power and authority is exercised in accordance with applicable rules and regulations of any governmental regulatory body or agency having jurisdiction.

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.

The Unit hereby created shall be effective as of the date of execution of this Designation of Unit as set forth below, and shall remain in force as long as the pooled minerals are being produced from the Unit, or so long as the leases covering the Unit are maintained in force by payment or tender of shut-in royalties or by other means, in accordance with the terms of said leases.

IN WITNESS WHEREOF, this Designation of Unit is executed on this 11th day of March, 1993.

UNION PACIFIC RESOURCES COMPANY

By: Carolyn J. David
Its: Attorney-in-Fact

MW PETROLEUM CORPORATION

By: A. W. Exleben *John VNW*
Its: A. W. Exleben
Attorney-in-Fact

STATE OF TEXAS
COUNTY OF TARRANT

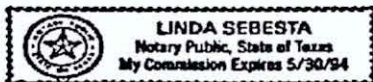
This instrument was acknowledged before me on the 11th day of March, 1993, by Carolyn J. David, Attorney-in-Fact of UNION PACIFIC RESOURCES COMPANY, a Delaware corporation, on behalf of said corporation.



Leigh M. Kauffman
Notary Public in and for the
State of Texas
My commission expires: _____

STATE OF Texas
COUNTY OF Harris

This instrument was acknowledged before me on the 17th day of March, 1993, by A. W. Exleben, the Attorney in Fact of MW PETROLEUM CORPORATION, a Delaware corporation, on behalf of said corporation.



Linda Sebesta
Notary Public in and for the
State of TEXAS
My commission expires: 5/30/94

Law Department Approved
DESUNIT.O&G

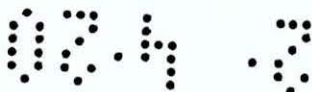


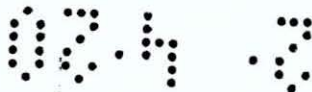
Exhibit "A"

Attached to and made a part of that certain "Designation of Unit - Scarmardo-Carrabba Unit #1" dated effective March 11, 1993.

Schedule of Leases

| | | |
|-----------|---|-------------|
| Lessor: | State of Texas M-94905 | TX-45518 |
| Lessee: | Union Pacific Resources Company | |
| Date: | April 7, 1992 | |
| Filed: | Oil and Gas Records of Burleson County | |
| Recorded: | Volume 204, Page 77 | |
| Lessor: | Carrabba Brothers, Inc. | TX-44918-1 |
| Lessee: | GSI Oil & Gas, Inc. | |
| Date: | March 20, 1992 | |
| Filed: | Memorandum of Oil & Gas Lease Oil and Gas Records of Burleson County | |
| Recorded: | Volume 199, Page 670 | |
| Lessor: | Cecilia E. Torres, et al | TX-44819-4 |
| Lessee: | Fred Patton-Independent | |
| Date: | July 9, 1991 | |
| Filed: | Oil and Gas Records of Burleson County | |
| Recorded: | Volume 196, Page 68 | |
| Lessor: | Juanita Torres Pinion | TX-44819-7 |
| Lessee: | Fred. L. Patton-Independent | |
| Date: | June 6, 1991 | |
| Filed: | Oil and Gas Records of Burleson County | |
| Recorded: | Volume 196, Page 80 | |
| Lessor: | Ernesto Torres | TX-44819-8 |
| Lessee: | Fred L. Patton-Independent | |
| Date: | June 6, 1991 | |
| Filed: | Oil and Gas Records of Burleson County | |
| Recorded: | Volume 194, Page 84 | |
| Lessor: | Maria Y. Torres, Individ. and Guardian | TX-44819-9 |
| Lessee: | Fred L. Patton-Independent | |
| Date: | January 13, 1992 | |
| Filed: | Oil and Gas Records of Burleson County | |
| Recorded: | Volume 196, Page 88 | |
| Lessor: | Julian Melchor, Jr. et al. | TX-44819-10 |
| Lessee: | Fred L. Patton-Independent | |
| Date: | June 4, 1991 | |
| Filed: | Oil and Gas Records of Burleson County | |
| Recorded: | Volume 196, Page 93 | |
| Lessor: | Santos Lopez, et al | TX-44819-11 |
| Lessee: | Fred L. Patton-Independent | |
| Date: | January 13, 1992 | |
| Filed: | Oil and Gas Records of Burleson County | |
| Recorded: | Volume 196, Page 98 | |
| Lessor: | Domingo Lopez | TX-44819-12 |
| Lessee: | Fred L. Patton | |
| Date: | May 15, 1991 | |
| Filed: | Oil and Gas Records of Burleson County | |
| Recorded: | 196, Page 103 | |
| Lessor: | Sylvestra F. Lopez Baugh | TX-44819-13 |
| Lessee: | Fred L. Patton-Independent | |
| Date: | May 15, 1991 | |
| Filed: | Oil and Gas Records of Burleson County | |
| Recorded: | Volume 196, Page 107 | |

(1)



Lessor: John Ben Carrabba, et al.
Lessee: Barry Barrage
Date: April 28, 1988
Filed: Oil and Gas Records of Burleson County
Recorded: Volume 149, Page 201

TX-44752

Lessor: Mary Ann Scarmardo, et al.
Lessee: Barry Barrage
Date: April 28, 1988
Filed: Oil and Gas Records of Burleson County
Recorded: Volume 149, Page 200

TX-44759

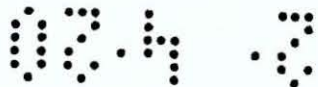


Exhibit "B"

Attached to and made a part of that certain Designation of Unit-Scarmardo-Carrabba Unit #1 dated effective March 11, 1993.

FIELD NOTES

SCARMARDO-CARRABBA UNIT No. 1
760.00 ACRE UNIT

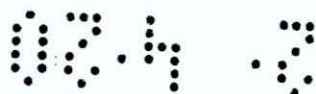
Being 760.00 acres of land out of the William Raleigh Survey, Abstract No. 47 and the Charles Falenash Survey, Abstract No. 22, in Burleson County, Texas; being 407.37 acres of land comprised of a portion of that certain tract of land described in Exhibit A, conveyed to P. J. Scarmardo, et al, by deed recorded in Volume 376, Page 393, and a portion of those certain tracts of land described in Exhibit D and Exhibit H, in a Mineral Deed to Mary Scarmardo, P.J. Scarmardo and Betty Lee Carrabba, recorded in Volume 376, Page 400; being 22.84 acres of land comprised of all of those certain tracts of land conveyed to Burleson County Improvement District No. 1, by deeds recorded in Volume 31, Page 521, and Volume 31, Page 519 and a portion of those certain tracts of land conveyed to Burleson County Improvement District No. 1, by deeds recorded in Volume 31, Page 523, and Volume 40, Page 101; being 138.38 acres of land comprised of all of that certain tract of land conveyed to Jesus H. Lopez, by deed recorded in Volume 79, Page 597, all of that certain tract of land conveyed to J. H. Lopez, Sr., by deed recorded in Volume 92, Page 111, and all of that certain tract of land conveyed to Jesus H. Lopez Sr., by deed recorded in Volume 115, Page 640; being 115.49 acres of land out of that certain tract of land conveyed to Gooseneck Trailer Mfg. Co. Inc., by deed recorded in Volume 245, Page 378, all in the Deed Records of Burleson County, Texas; being 75.92 acres of land located within the banks of the Brazos River in Burleson and Brazos Counties, Texas and being more particularly described as follows:

BEGINNING at a fence corner post for the south corner of said tract of land described in Exhibit H in said deed recorded in Volume 376, Page 400;

THENCE N 45°17'30" W, along the southwest line of that certain tract of land described in said Exhibit H, a distance of 365.89 feet to a point for corner;

THENCE N 13°01'11" W, traversing the interior of said tract of land described in Exhibit H and said tract of land described in Exhibit A, a distance of 3309.98 feet to a point for corner;

THENCE N 43°51'02" E, along the northwest line of said tract of land described in Exhibit A, a distance of 1795.92 feet to a point for corner on the east bank of the Brazos River;

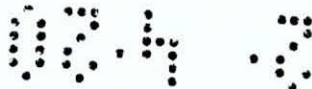


THENCE along the east bank of said Brazos River the following seventeen (17) courses and distances;

- 1) N 69°43'13" E, 175.31 feet,
- 2) N 64°31'25" E, 379.24 feet,
- 3) N 59°36'07" E, 478.19 feet,
- 4) N 66°21'24" E, 640.84 feet,
- 5) N 72°53'31" E, 456.77 feet,
- 6) N 81°22'42" E, 504.70 feet,
- 7) S 81°17'02" E, 254.13 feet,
- 8) S 71°48'26" E, 419.82 feet,
- 9) S 49°31'17" E, 391.20 feet,
- 10) S 43°17'03" E, 326.90 feet,
- 11) S 33°51'13" E, 393.72 feet,
- 12) S 43°25'10" E, 327.67 feet,
- 13) S 37°00'03" E, 321.91 feet,
- 14) S 24°12'21" E, 343.93 feet,
- 15) S 26°58'10" E, 274.48 feet,
- 16) S 27°46'55" E, 471.82 feet,
- 17) S 37°45'19" E, 193.75 feet to a point for the east corner of the herein described unit;

THENCE traversing the interior of said tract described in Exhibit D in said Volume 376, Page 400, and said Gooseneck Trailer Mfg. Co. Inc., tract, the following three courses and distances:

- 1) S 44°18'03" W, 4015.59 feet,
- 2) S 13°01'11" E, 1744.46 feet,
- 3) S 45°01'11" W, 2348.88 feet to a point for the most easterly south corner of the herein described unit;



THENCE along the fenced southwest line of said Gooseneck Trailer Mfg. Co. Inc., tract, the following three (2) courses and distances:


- 1) N 44°58'49" W, 350.00 feet to a fence corner post,
- 2) N 44°44'11" W, 603.88 feet to a fence corner post,
- 3) N 45°40'52" W, 784.79 feet to a fence corner post for the east corner of said Jesus H. Lopez tract recorded in Volume 79, Page 597;

THENCE S 44°51'31" W, along the fenced southeast line of said Jesus H. Lopez tract, a distance of 1666.39 feet to an iron rod found for the south corner of said Jesus H. Lopez tract;

THENCE N 45°14'37" W, along the fenced southwest line of said Jesus H. Lopez tract, a distance of 1255.87 feet to an iron rod found at a fence corner post for the west corner of said Jesus H. Lopez tract;

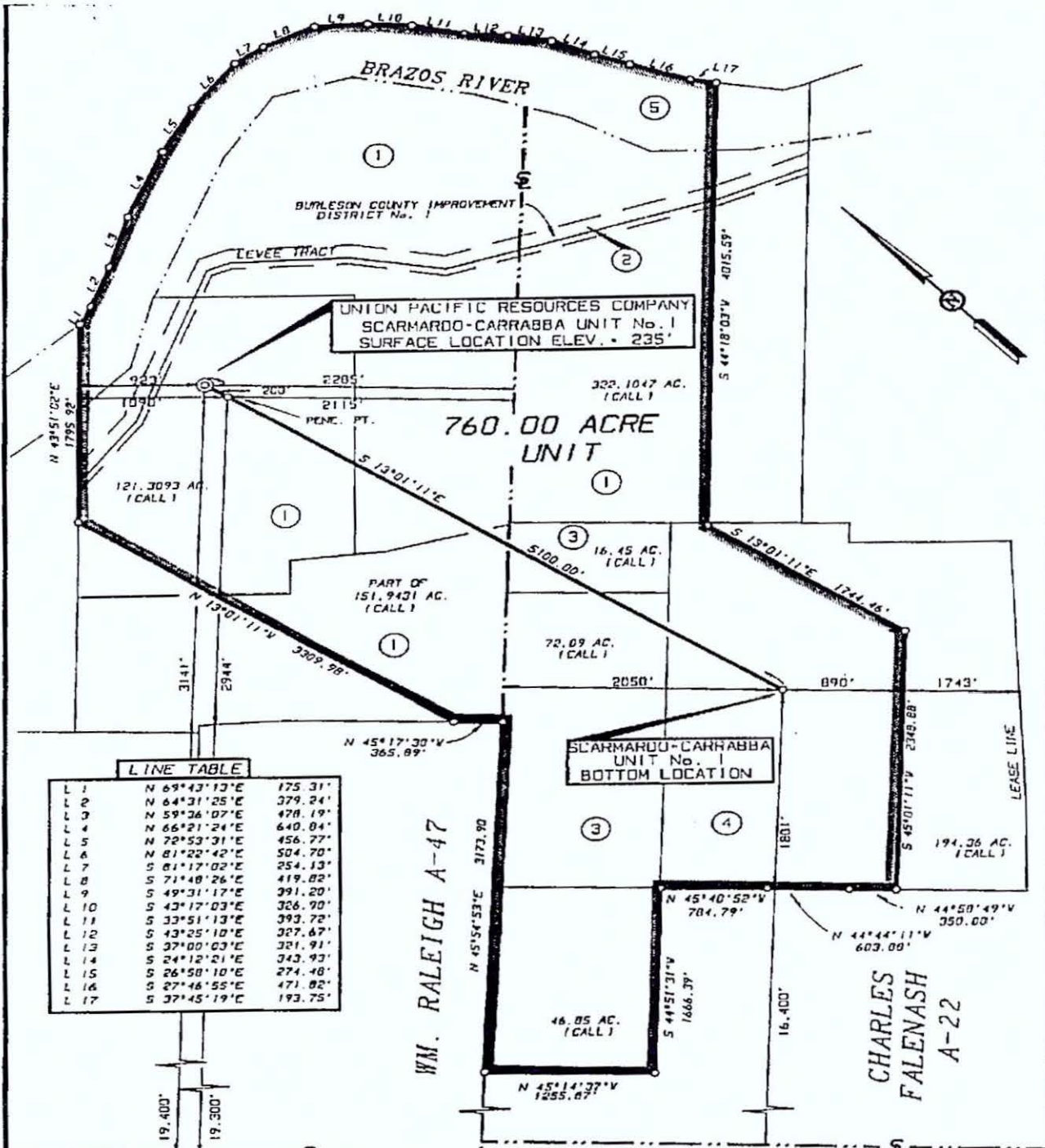
THENCE N 45°54'53" E, along the northwest line of said Jesus H. Lopez tract and said Jesus H. Lopez Sr. tract recorded in Volume 115, Page 640, a distance of 3173.89 feet to the PLACE OF BEGINNING and containing 760.00 acres of land, more or less.

LIMITED TO THE AUSTIN CHALK FORMATION, as found between 7902 feet and 8124 feet in the Walter Exploration #1 Nemece Well, which is located 3020 feet from the NW line and 1725 feet from the NE line of the McKinney Survey, A-33, Brazos County, Texas.



Warren L. Simpson
Registered Professional Land Surveyor No. 4122
February 8, 1993

Exhibit "C"
 Attached to and made a part of that certain Designation of Unit -
 Scarmardo-Carrabba Unit #1 dated effective March 11, 1993.



LINE TABLE

| | | |
|------|--------------|---------|
| L 1 | N 69°43'13"E | 175.31' |
| L 2 | N 64°31'25"E | 379.24' |
| L 3 | N 59°26'07"E | 478.19' |
| L 4 | N 66°21'24"E | 640.04' |
| L 5 | N 72°53'31"E | 456.77' |
| L 6 | N 81°22'42"E | 504.70' |
| L 7 | S 81°17'02"E | 254.13' |
| L 8 | S 71°48'26"E | 419.82' |
| L 9 | S 49°31'17"E | 391.20' |
| L 10 | S 43°17'03"E | 326.90' |
| L 11 | S 33°51'13"E | 393.72' |
| L 12 | S 43°25'10"E | 327.67' |
| L 13 | S 37°00'03"E | 321.91' |
| L 14 | S 24°12'21"E | 343.93' |
| L 15 | S 26°58'10"E | 274.48' |
| L 16 | S 27°46'55"E | 471.82' |
| L 17 | S 37°45'19"E | 193.75' |

BLUFORD BROOKS A-274

J. MITCHELL A-41

NOTES:
 11 BEARINGS BASED ON TRUE NORTH OBTAINED BY SOLAR OBSERVATION
 21 WELL IS LOCATED 4.9 MILES NORTHEAST OF TUNIS, TEXAS
 31 --- INDICATED LIMITS OF UNIT
 41 SEE ATTACHMENT "A" FOR LESSORS AND AGREES
 SEPTEMBER 30, 1992
 REVISED JANUARY 27, 1993 (UNIT CONFIGURATION)
 REVISED FEBRUARY 8, 1993 (UNIT CONFIGURATION)

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

Warren L. Simpson
 WARREN L. SIMPSON R.P.L.S. No. 4122
 7701 CAMERON ROAD SUITE No. 108
 AUSTIN, TEXAS 78752
 PHONE (512) 457-1513

UNION PACIFIC RESOURCES COMPANY
SCARMARDO-CARRABBA UNIT No. 1
 WM. RALEIGH SURVEY, A-47
 BURLESON COUNTY, TEXAS
 SCALE 1" = 1000'

VOL 212-44-555



ATTACHMENT "A"

FILED FOR RECORD
 * 1:20 o'clock P. M.
MAR 17 1993
 EVELYN M. HENRY
 COUNTY CLERK, BURLESON CO. TEX.
 By *Marcelle H. Hays* Deputy

SCARMARDO-CARRABBA UNIT No. 1

| TRACT | ACRES IN UNIT | DESCRIPTION | DEED RECORDS VOL/PAGE |
|----------------------------|---------------|---|--------------------------------------|
| 1 | 407.37 | PETE J. SCARMARDO, et al | 376/397 376/408 376/413 |
| 2 | 22.84 | STATE OF TEXAS | 31/523 31/521 31/519 40/101 |
| 3 | 138.38 | CARRABBA BROTHERS, INC. SYLVESTRA F. LOPEZ BAUGH DOMINGO LOPEZ JULIAN MELCHOR, et al MARIA Y. TORRES, et al ERNESTO TORRES JUANITA TORRES PINON FRANCISCA TORRES DURAN DESIDERIO E. TORRES CECILIA E. TORRES, et al JUAN ANTONIO TORRES JESUSA TORRES DURAN ESTATE OF GUADALUPE LOPEZ | 115/640 92/111 79/597 |
| 4 | 115.49 | JOHN BEN CARRABBA, et al | 245/378 |
| 5 | 75.92 | STATE OF TEXAS | BRAZOS RIVER |
| 760.00 ACRES TOTAL IN UNIT | | | |

SEPTEMBER 30, 1992
 REVISED JANUARY 29, 1993 (UNIT CONFIGURATION)
 REVISED FEBRUARY 8, 1993 (UNIT CONFIGURATION)

Warren L. Simpson
 WARREN L. SIMPSON R.P.L.S. No. 4122
 7701 CAMERON ROAD SUITE No. 108
 AUSTIN, TEXAS 78752
 PHONE (512) 452-1513

UNION PACIFIC RESOURCES COMPANY

SCARMARDO-CARRABBA UNIT No. 1

WM. RALEIGH SURVEY, A-47
 BURLESON COUNTY, TEXAS

VOL 212-556

THE STATE OF TEXAS
 COUNTY OF BURLESON

I, EVELYN M. HENRY, CLERK OF THE COUNTY COURT OF SAID COUNTY, DO HEREBY CERTIFY THE FOREGOING INSTRUMENT OF WRITING WITH ITS CERTIFICATE OF AUTHENTICATION WAS FILED FOR RECORD IN MY OFFICE ON THE 17 DAY OF March, 1993, AT 1:20 O'CLOCK P. M., AND DULY RECORDED March 22, 1993

IN THE Oil & Gas Lease RECORD OF SAID COUNTY,
 IN VOL. 212, PAGE 548-556

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

BY _____, DEPUTY COUNTY CLERK, BURLESON COUNTY, TEXAS

EVELYN M. HENRY

004 3

File No. MF095252

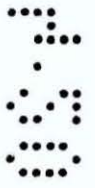
Copy of filed Designation county

of Unit - Scarmado - Carrabba Unit

Date Filed: 2/5/20

George P. Bush, Commissioner

By SSD



1096
DESIGNATION OF UNIT

2433

SCARMARDO-CARRABBA UNIT NO. 1

STATE OF TEXAS

COUNTY OF BURLESON

KNOW ALL MEN BY THESE PRESENTS:

The undersigned, being the owners of valid and subsisting oil, gas, and mineral leases listed in Exhibit "A", attached hereto and made a part hereof, insofar as said oil, gas, and mineral leases cover and affect the land and depths described on Exhibit "B", attached hereto and made a part hereof, do, by virtue of the authority conferred by the terms of such oil, gas, and mineral leases and all amendments and corrections thereto, hereby pool, consolidate, combine, and unitize said oil, gas, and mineral leases, the leasehold rights, overriding royalty, and royalty interests therein and thereunder, for the purpose of drilling for, development, and production of oil, gas, and liquid hydrocarbons (including condensate, distillate, and other liquids). The unit (hereinafter "Unit") shall be comprised of the land and interval described on the attached Exhibit "B", as depicted on the Plat attached hereto as Exhibit "C".

If at any time any tract of land or interest within the Unit is not properly pooled or unitized hereby or is not otherwise committed to the Unit, such fact shall not affect, terminate, impair, or invalidate the Unit as to any interest properly pooled or unitized hereby or otherwise.

This Designation of Unit covers all production from the land and depths described on the attached Exhibit "B" which is produced from any well drilled to the unitized interval underlying the Unit area. Production from the Unit shall be allocated proportionately among all of the tracts within the Unit in the proportion which the number of surface acres in each of such tracts bears to the total number of surface acres in the Unit.

The undersigned reserves the right to amend this Designation of Unit from time to time, and at any time, in order to correct any error herein or to include in this Unit any newly acquired interests within the Unit boundaries or to enlarge or reduce the Unit area in accordance with the applicable rules and regulations of any governmental regulatory body or agency having jurisdiction insofar as such right is granted in the subject leases, by appropriate amendments or instruments.

By execution of this Designation of Unit, the undersigned do not exhaust their right to pool the leases and lands hereinabove described with other leases and lands as to any other minerals, horizon, or strata covered thereby, and they expressly reserve to themselves, their assignees, or successors in interest, the right and power to pool or unitize the above described leases and lands with any other leases, lands, horizons, or strata in the vicinity and so far as the power, right, and authority to do so is granted in the subject leases and various agreements and so long as such power and authority is exercised in accordance with applicable rules and regulations of any governmental regulatory body or agency having jurisdiction.

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.

*Being re-recorded to correct Exhibit "A"

VOL 212 PAGE 548

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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.

The Unit hereby created shall be effective as of the date of execution of this Designation of Unit as set forth below, and shall remain in force as long as the pooled minerals are being produced from the Unit, or so long as the leases covering the Unit are maintained in force by payment or tender of shut-in royalties or by other means, in accordance with the terms of said leases.

IN WITNESS WHEREOF, this Designation of Unit is executed on this 11th day of March, 1993.

UNION PACIFIC RESOURCES COMPANY

By: Carolyn J. David
Its: Attorney-in-Fact *John VWW*

MW PETROLEUM CORPORATION

By: A. W. Erkleben
Its: A. W. Erkleben
Attorney-in-Fact

STATE OF TEXAS
COUNTY OF TARRANT

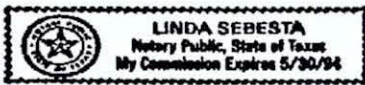
This instrument was acknowledged before me on the 11th day of March, 1993, by Carolyn J. David, Attorney-in-Fact of UNION PACIFIC RESOURCES COMPANY, a Delaware corporation, on behalf of said corporation.



Leigh M. Kauffman
Notary Public in and for the
State of Texas
My commission expires: _____

STATE OF Texas
COUNTY OF Davis

This instrument was acknowledged before me on the 17th day of March, 1993, by A. W. Erkleben, the Attorney in Fact of MW PETROLEUM CORPORATION, a Delaware corporation, on behalf of said corporation.

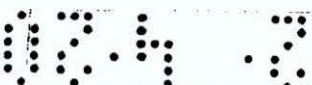


Linda Sebesta
Notary Public in and for the
State of TEXAS
My commission expires: 5/30/94

Law Department Approved
DESUNIT.C&G

VOL 215 PART 693

VOL 212 PART 549



Corrected
Exhibit "A"

Attached to and made a part of that certain "Designation of Unit -
Scarmardo-Carrabba Unit #1" dated effective March 11, 1993.

Schedule of Leases

| | | |
|-----------|--|-------------|
| Lessor: | State of Texas M-94905 | TX-45518 |
| Lessee: | Union Pacific Resources Company | |
| Date: | April 7, 1992 | |
| Filed: | Oil and Gas Records of Burleson County | |
| Recorded: | Volume 204, Page 77 | |
| Lessor: | Carrabba Brothers, Inc. | TX-44918-1 |
| Lessee: | GSI Oil & Gas, Inc. | |
| Date: | March 20, 1992 | |
| Filed: | Memorandum of Oil & Gas Lease | |
| | Oil and Gas Records of Burleson County | |
| Recorded: | Volume 199, Page 670 | |
| Lessor: | Cecilia E. Torres, et al | TX-44819-4 |
| Lessee: | Fred Patton-Independent | |
| Date: | July 9, 1991 | |
| Filed: | Oil and Gas Records of Burleson County | |
| Recorded: | Volume 196, Page 68 | |
| Lessor: | Juanita Torres Pinion | TX-44819-7 |
| Lessee: | Fred. L. Patton-Independent | |
| Date: | June 6, 1991 | |
| Filed: | Oil and Gas Records of Burleson County | |
| Recorded: | Volume 196, Page 80 | |
| Lessor: | Ernesto Torres | TX-44819-8 |
| Lessee: | Fred L. Patton-Independent | |
| Date: | June 6, 1991 | |
| Filed: | Oil and Gas Records of Burleson County | |
| Recorded: | Volume 194 ¹⁹⁶ , Page 84 | |
| Lessor: | Maria Y. Torres, Indiv. and Guardian | TX-44819-9 |
| Lessee: | Fred L. Patton-Independent | |
| Date: | January 13, 1992 June 5, 1991 | |
| Filed: | Oil and Gas Records of Burleson County | |
| Recorded: | Volume 196, Page 88 | |
| Lessor: | Julian Melchor, Jr. et al. | TX-44819-10 |
| Lessee: | Fred L. Patton-Independent | |
| Date: | June 4, 1991 | |
| Filed: | Oil and Gas Records of Burleson County | |
| Recorded: | Volume 196, Page 93 | |
| Lessor: | Santos Lopez, et al | TX-44819-11 |
| Lessee: | Fred L. Patton-Independent | |
| Date: | January 13, 1992 June 3, 1991 | |
| Filed: | Oil and Gas Records of Burleson County | |
| Recorded: | Volume 196, Page 98 | |
| Lessor: | Domingo Lopez | TX-44819-12 |
| Lessee: | Fred L. Patton | |
| Date: | May 15, 1991 | |
| Filed: | Oil and Gas Records of Burleson County | |
| Recorded: | 196, Page 103 | |
| Lessor: | Sylvestra F. Lopez Baugh | TX-44819-13 |
| Lessee: | Fred L. Patton-Independent | |
| Date: | May 15, 1991 | |
| Filed: | Oil and Gas Records of Burleson County | |
| Recorded: | Volume 196, Page 107 | |

(1)

VOL 215-~~694~~ 694

VOL 212-~~550~~ 550



Lessor: John Ben Carrabba, et al.
Lessee: Barry Barrage
Date: April 28, 1988
Filed: Oil and Gas Records of Burleson County
Recorded: Volume 149, Page 201

TX-44752

Lessor: Mary Ann Scarmardo, et al.
Lessee: Barry Barrage
Date: April 28, 1988
Filed: Oil and Gas Records of Burleson County
Recorded: Volume 149, Page 200

TX-44759

Lessor: State of Texas M-95252
Lessee: Union Pacific Resources Company
Date: April 6, 1993
Filed: Oil and Gas Lease Records of Burleson County
Recorded: Volume 215, Page 326
Filed: Official Records of Brazos County
Recorded: File # 521842

Lessor: Jesusa Torres Duran
Lessee: Fred L. Patton
Date: July 10, 1991
Filed: Oil and Gas Records of Burleson County
Recorded: Volume 196, Page 60

Lessor: Juan Antonio Torres
Lessee: Fred L. Patton
Date: July 10, 1991
Filed: Oil and Gas Records of Burleson County
Recorded: Volume 196, Page 64

Lessor: Desiderio E. Torres
Lessee: Fred L. Patton
Date: July 10, 1991
Filed: Oil and Gas Records of Burleson County
Recorded: Volume 196, Page 72

Lessor: Francisca Torres Duran
Lessee: Fred L. Patton
Date: July 10, 1991
Filed: Oil and Gas Records of Burleson County
Recorded: Volume 196, Page 76



Exhibit "B"
Attached to and made a part of that certain Designation of Unit-Scarmardo-Carrabba Unit #1 dated effective March 11, 1993.

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

FIELD NOTES

SCARMARDO-CARRABBA UNIT No. 1
760.00 ACRE UNIT

Being 760.00 acres of land out of the William Raleigh Survey, Abstract No. 47 and the Charles Falenash Survey, Abstract No. 22, in Burleson County, Texas; being 407.37 acres of land comprised of a portion of that certain tract of land described in Exhibit A, conveyed to P. J. Scarmardo, et al, by deed recorded in Volume 376, Page 393, and a portion of those certain tracts of land described in Exhibit D and Exhibit H, in a Mineral Deed to Mary Scarmardo, P.J. Scarmardo and Betty Lee Carrabba, recorded in Volume 376, Page 400; being 22.84 acres of land comprised of all of those certain tracts of land conveyed to Burleson County Improvement District No. 1, by deeds recorded in Volume 31, Page 521, and Volume 31, Page 519 and a portion of those certain tracts of land conveyed to Burleson County Improvement District No. 1, by deeds recorded in Volume 31, Page 523, and Volume 40, Page 101; being 138.38 acres of land comprised of all of that certain tract of land conveyed to Jesus H. Lopez, by deed recorded in Volume 79, Page 597, all of that certain tract of land conveyed to J. H. Lopez, Sr., by deed recorded in Volume 92, Page 111, and all of that certain tract of land conveyed to Jesus H. Lopez Sr., by deed recorded in Volume 115, Page 640; being 115.49 acres of land out of that certain tract of land conveyed to Gooseneck Trailer Mfg. Co. Inc., by deed recorded in Volume 245, Page 378, all in the Deed Records of Burleson County, Texas; being 75.92 acres of land located within the banks of the Brazos River in Burleson and Brazos Counties, Texas and being more particularly described as follows:

BEGINNING at a fence corner post for the south corner of said tract of land described in Exhibit H in said deed recorded in Volume 376, Page 400;

THENCE N 45°17'30" W, along the southwest line of that certain tract of land described in said Exhibit H, a distance of 365.89 feet to a point for corner;

THENCE N 13°01'11" W, traversing the interior of said tract of land described in Exhibit H and said tract of land described in Exhibit A, a distance of 3309.98 feet to a point for corner;

THENCE N 43°51'02" E, along the northwest line of said tract of land described in Exhibit A, a distance of 1795.92 feet to a point for corner on the east bank of the Brazos River;

1 of 3

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THENCE along the east bank of said Brazos River the following seventeen (17) courses and distances;

- 1) N 69°43'13" E, 175.31 feet,
- 2) N 64°31'25" E, 379.24 feet,
- 3) N 59°36'07" E, 478.19 feet,
- 4) N 66°21'24" E, 640.84 feet,
- 5) N 72°53'31" E, 456.77 feet,
- 6) N 81°22'42" E, 504.70 feet,
- 7) S 81°17'02" E, 254.13 feet,
- 8) S 71°48'26" E, 419.82 feet,
- 9) S 49°31'17" E, 391.20 feet,
- 10) S 43°17'03" E, 326.90 feet,
- 11) S 33°51'13" E, 393.72 feet,
- 12) S 43°25'10" E, 327.67 feet,
- 13) S 37°00'03" E, 321.91 feet,
- 14) S 24°12'21" E, 343.93 feet,
- 15) S 26°58'10" E, 274.48 feet,
- 16) S 27°46'55" E, 471.82 feet,
- 17) S 37°45'19" E, 193.75 feet to a point for the east corner of the herein described unit;

THENCE traversing the interior of said tract described in Exhibit D in said Volume 376, Page 400, and said Gooseneck Trailer Mfg. Co. Inc., tract, the following three courses and distances:

- 1) S 44°18'03" W, 4015.59 feet,
- 2) S 13°01'11" E, 1744.46 feet,
- 3) S 45°01'11" W, 2348.88 feet to a point for the most easterly south corner of the herein described unit;



THENCE along the fenced southwest line of said Gooseneck Trailer Mfg. Co. Inc., tract, the following three (2) courses and distances:


- 1) N 44°58'49" W, 350.00 feet to a fence corner post,
- 2) N 44°44'11" W, 603.88 feet to a fence corner post,
- 3) N 45°40'52" W, 784.79 feet to a fence corner post for the east corner of said Jesus H. Lopez tract recorded in Volume 79, Page 597;

THENCE S 44°51'31" W, along the fenced southeast line of said Jesus H. Lopez tract, a distance of 1666.39 feet to an iron rod found for the south corner of said Jesus H. Lopez tract;

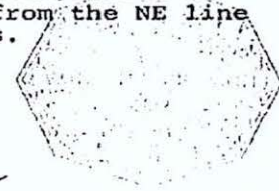
THENCE N 45°14'37" W, along the fenced southwest line of said Jesus H. Lopez tract, a distance of 1255.87 feet to an iron rod found at a fence corner post for the west corner of said Jesus H. Lopez tract;

THENCE N 45°54'53" E, along the northwest line of said Jesus H. Lopez tract and said Jesus H. Lopez Sr. tract recorded in Volume 115, Page 640, a distance of 3173.89 feet to the PLACE OF BEGINNING and containing 760.00 acres of land, more or less.

LIMITED TO THE AUSTIN CHALK FORMATION, as found between 7902 feet and 8124 feet in the Walter Exploration #1 Nemeo Well, which is located 3020 feet from the NW line and 1725 feet from the NE line of the McKinney Survey, A-33, Brazos County, Texas.



Warren L. Simpson
Registered Professional Land Surveyor No. 4122
February 8, 1993



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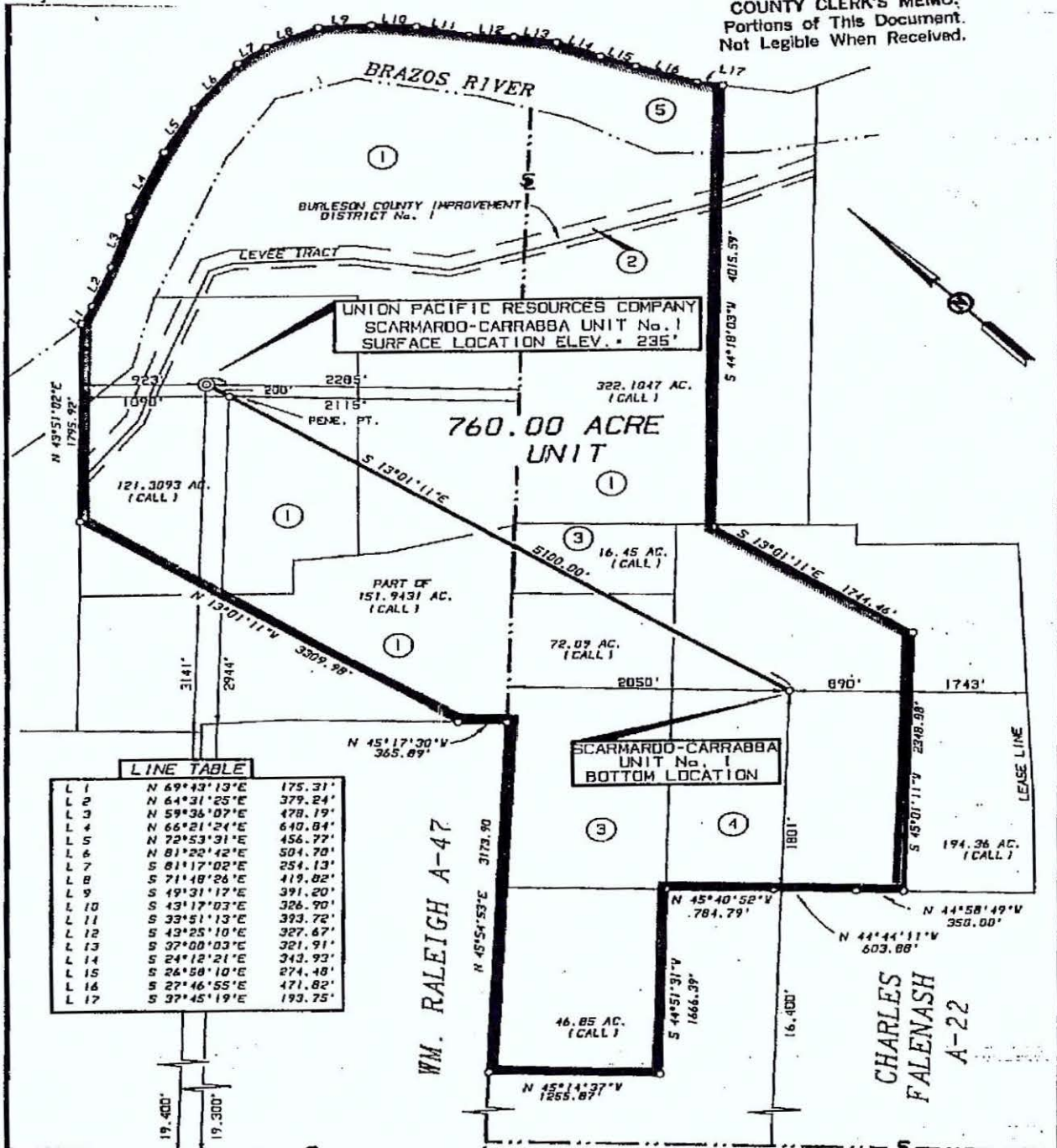
3 of 3

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0243

Exhibit "C"
Attached to and made a part of that certain designation of Unit -
Scarmardo-Carrabba Unit #1 dated effective March 11, 1993.

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



LINE TABLE

| | | |
|------|--------------|---------|
| L 1 | N 69°43'13"E | 175.31' |
| L 2 | N 64°31'25"E | 379.24' |
| L 3 | N 59°36'07"E | 478.19' |
| L 4 | N 66°21'24"E | 640.84' |
| L 5 | N 72°53'31"E | 456.77' |
| L 6 | N 81°22'23"E | 594.70' |
| L 7 | S 81°17'02"E | 254.13' |
| L 8 | S 71°18'28"E | 419.82' |
| L 9 | S 49°31'17"E | 391.20' |
| L 10 | S 43°17'03"E | 326.90' |
| L 11 | S 33°51'13"E | 393.72' |
| L 12 | S 43°25'10"E | 387.67' |
| L 13 | S 37°00'03"E | 321.91' |
| L 14 | S 24°12'21"E | 343.93' |
| L 15 | S 26°58'10"E | 274.48' |
| L 16 | S 27°46'55"E | 471.82' |
| L 17 | S 37°45'19"E | 193.25' |

BLUFORD BROOKS A-274

J. MITCHELL A-41

NOTES:
1) BEARINGS BASED ON TRUE NORTH OBTAINED BY SOLAR OBSERVATION
2) WELL IS LOCATED 4.9 MILES NORTHEAST OF TUNIS, TEXAS
3) ~~INDICATES LIMITS OF UNIT~~
4) SEE ATTACHMENT "A" FOR LESSONS AND ACRES
SEPTEMBER 30, 1992
REVISED JANUARY 29, 1993 (UNIT CONFIGURATION)
REVISED FEBRUARY 8, 1993 (UNIT CONFIGURATION)

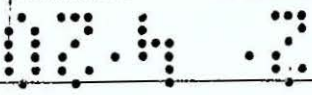
COUNTY CLERK'S MEMO.
Portions of This Document
Not Legible When Received.

VOL 215 PAGE 699

Warren L. Simpson
WARREN L. SIMPSON R.P.L.S. No. 4122
7701 CAMERON ROAD SUITE No. 108
AUSTIN, TEXAS 78752
PHONE: (512) 452-1513

UNION PACIFIC RESOURCES COMPANY
SCARMARDO-CARRABBA UNIT No. 1
WM. RALEIGH SURVEY, A-47
BURLESON COUNTY, TEXAS
SCALE 1" = 1000'

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ATTACHMENT "A"

FILED FOR RECORD
 at 1:20 o'clock P. M.
MAR 17 1993
 EVELYN M. HENRY
 COUNTY CLERK, BURLESON CO., TEX.
 By Harold J. [Signature] Deputy

SCARMARDO-CARRABBA UNIT No. 1

| TRACT | ACRES IN UNIT | DESCRIPTION | DEED RECORDS VOL./PG |
|----------------------------|---------------|---|--------------------------------------|
| 1 | 407.37 | PETE J. SCARMARDO, et al | 376/397 376/408 376/413 |
| 2 | 22.84 | STATE OF TEXAS | 31/523 31/521 31/519 40/101 |
| 3 | 138.38 | CARRABBA BROTHERS, INC. SYLVESTRA F. LOPEZ BAUGH DOMINGO LOPEZ JULIAN MELCHOR, et al MARIA Y. TORRES, et al ERNESTO TORRES JUANITA TORRES PINON FRANCISCA TORRES DURAN DESIDERIO E. TORRES CECILIA E. TORRES, et al JUAN ANTONIO TORRES JESUSA TORRES DURAN ESTATE OF GUADALUPE LOPEZ | 115/640 92/111 79/597 |
| 4 | 115.49 | JOHN BEN CARRABBA, et al | 245/378 |
| 5 | 75.92 | STATE OF TEXAS | BRAZOS RIVER |
| 760.00 ACRES TOTAL IN UNIT | | | |

FILED FOR RECORD
 at 10:30 o'clock A. M.
JUN 2 1993
 EVELYN M. HENRY
 COUNTY CLERK, BURLESON CO., TEX.
 By [Signature] Deputy

SEPTEMBER 30, 1992
 REVISED JANUARY 29, 1993 (UNIT CONFIGURATION)
 REVISED FEBRUARY 8, 1993 (UNIT CONFIGURATION)

[Signature]
 WARREN L. SIMPSON R.P.L.S., No. 4122
 7701 CAMERON ROAD SUITE No. 108
 AUSTIN, TEXAS 78752
 PHONE (512) 452-1513

UNION PACIFIC RESOURCES COMPANY
SCARMARDO-CARRABBA UNIT No. 1
 WM. RALEIGH SURVEY, A-47
 BURLESON COUNTY, TEXAS

VOL 212 PAGE 556

THE STATE OF TEXAS
 COUNTY OF BURLESON

I, EVELYN M. HENRY, CLERK OF THE COUNTY COURT OF SAID COUNTY, DO HEREBY CERTIFY THE FOREGOING INSTRUMENT OF WRITING WITH ITS CERTIFICATE OF AUTHENTICATION WAS FILED FOR RECORD IN MY OFFICE ON THE 2 DAY OF June, 1993, AT 10:30 O'CLOCK A. M., AND DULY RECORDED June 7, 1993 IN THE Oil & Gas Lease RECORD OF SAID COUNTY, IN VOL. 215, PAGE 692-700.
 WITNESS MY HAND AND OFFICIAL SEAL OF THE COUNTY COURT OF SAID COUNTY, AT MY OFFICE IN CALDWELL, TEXAS, THE DAY AND YEAR ABOVE WRITTEN.

By _____, DEPUTY EVELYN M. HENRY
 COUNTY CLERK, BURLESON COUNTY, TEXAS



File No. MF 095252

Copy of amended Designation
& unit - Scarmardo-Carrabba Unit

Date Filed: 2/5/20

George P. Bush, Commissioner

By SSD





January 21, 2020

VIA E-MAIL AND USPS GROUND MAIL

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

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

Dear Sir or Madam:

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

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

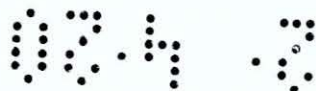
Should you have any questions regarding this letter, please contact me by telephone at (405) 935-2289 or e-mail at robert.highsaw@chk.com.

Best regards,

Chesapeake Operating, L.L.C.

A handwritten signature in blue ink that reads "Robert S. Highsaw".

Robert S. Highsaw
Staff Landman



File No. MF095252

Notice of Temporary County

cessation of production

Date Filed: 2/5/20 Unit 2202

George P. Bush, Commissioner

By SSD

