

MF095302

~~UNIT # 2203~~

<i>State Lease</i>	<i>Control</i>	<i>Base File</i>	<i>County</i>
MF095302	64-900029		BRAZOS

TERMINATION
 DATE 11/01/2022
 LEASING [Signature]
 MAPS PC
 GIS MC

<i>Survey</i>	TEXAS EMPLOYMENT COMMISSION (BRYAN	
<i>Block</i>		
<i>Block Name</i>		
<i>Township</i>		
<i>Section/Tract</i>		
<i>Land Part</i>		
<i>Part Description</i>		
<i>Acres</i>	0.88	
<i>Depth Below</i>	<i>Depth Above</i>	<i>Depth Other</i>
0	0	See Lease
<i>Name</i>	BWOC INC	
<i>Lease Date</i>	4/6/1993	
<i>Primary Term</i>	3 mo	
<i>Bonus (\$)</i>	\$25,930.00	
<i>Rental (\$)</i>	\$0.00	
<i>Lease Royalty</i>	0.2500	

Leasing: _____
Analyst: _____
Maps: JA
GIS: AS



CAUTION

Documents in this file have been placed in Table of Contents order and scanned.
 Please help keep documents in content order and let the ScanLab know when new documents are added to this file.
 Thank you for your assistance.

Archives and Records Staff

-M-
F
0
9
5
3
0
2

F291498

BWOC INC

TEXAS EMPLOYMENT COMMISSION M-95302

COUNTY (CODE) : BRAZOS (21)
SURVEY : ZENO PHILLIPS LEAGUE
BLOCK : _____
TOWNSHIP : _____
SECTION : _____
PART : SEE LEASE
ACRES : .877 OF AN ACRE
DEPTH LIMITS : _____
BASE FILE (S) : _____
CONTROL NO. (S) : 64-90002-9

LESSEE : B.W.O.C. INC.
DATE : April 6, 1993
PRIMARY TERM : 90 DAYS
BONUS : \$25,930.00
ROYALTY : 1/4
RENTALS : _____

Pass To:

Legal _____
Rental _____
Min. A/c _____
Min. Map _____

95302

Statewide
TEXAS EMPLOYMENT COMMISSION

111 E. 15th St.

117 Trinity

78701

Garry Mauro
Commissioner
General Land Office

Date
April 5, 1993



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 B.W.O.C., Inc.

Address 1400 S. State Hwy. 6, Suite A-200

Bryan, Texas 77802 - 1734

Telephone (409) 776-0121

AREA DESCRIPTION

County(ies) Brazos Survey/ Area Zeno Phillips A-45
(If Applicable)

Block/Tsp Section/Tract Acres 0.650 .877
(If Applicable)

***BID SUBMISSION**

Royalty 1/4th Rental Per Acre Primary Term 90 XXXX Days
145

Cash Bonus Enclosed Twenty five thousand nine hundred thirty

----- (Dollars) \$ 25,930.00 **93045449**

Sales Fee Attached Three Hundred eighty eighty and

95/100----- (Dollars) \$ 388.95 **93045450**

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.
203

APPLICANT(S)
B.W.O.C., Inc.

BONUS AMOUNT ENCLOSED
(\$) 25,930.00

APPLICANT TAX I.D. NUMBER

SIGNATURE OF APPLICANT/AGENT

Tony Davidson

*Bid amount includes all acreage owned by Texas Employment Commission as determined by actual survey.

BID FORM (11)
M-95302
4-6-93

1. PROJECT

2. LOCATION

3. DATE

The State of Texas



Austin, Texas

OIL AND GAS LEASE
NO. M-95302

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:

That land owned by the Texas Employment Commission, being a part of the Zeno Phillips League, A-45, Brazos County, Texas and advertised as .650 acres, but found to contain .877 acres, as more particularly described in Exhibit "A" attached hereto,

was, after being duly advertised, offered for lease on 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 B.W.O.C., Inc. whose address is 1400 S. State Hwy. 6, Suite A-200, Bryan, Texas 77802-1734 had offered the highest and best bid for a lease of the area above described and is, therefore, entitled to receive a lease thereon:

NOW, THEREFORE, I, Garry Mauro, Commissioner of the General Land Office of the State of Texas, hereinafter sometimes referred to as "Lessor," whose address is Austin, Texas, by virtue of the authority vested in me and in consideration of the payment by the hereinafter designated Lessee, the sum of Twenty-five Thousand Nine Hundred Thirty and No/100 Dollars (\$25,930.00), 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 ninety (90) days 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. **PRODUCTION ROYALTIES:** 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) 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, 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, 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) **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.

(F) **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.

(G) **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.

(H) **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 Ten and No/100 Dollars (\$10.00) per acre covered by this lease; 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 Ten and No/100 Dollars (\$10.00) per acre covered by this lease less the amount of royalties paid during the preceding year.

4. 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.

5. (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. Lessee shall provide Lessor copies of any title examination and survey.

(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.

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

(A) **VERTICAL:** In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall then terminate as to all of the leased premises, EXCEPT (1) 40 acres surrounding each oil well capable of producing in paying quantities and 320 acres surrounding each gas well capable of producing in paying quantities (including a shut-in oil or gas well as provided in Paragraph 10 hereof), or a well upon which Lessee is then engaged in continuous drilling or reworking operations, or (2) the number of acres included in a producing pooled unit pursuant to Natural Resources Code Sections 52.151-52.153, or (3) such greater or lesser number of acres as may then be allocated for production purposes to a proration unit for each such producing well under the rules and regulations of the Railroad Commission of Texas, or any successor agency, or other governmental authority having jurisdiction.

(B) **HORIZONTAL:** In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall further terminate as to all depths below 100 feet below the total depth drilled (hereinafter "deeper depths") in each well located on each unit retained in subparagraph (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.

7. **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 (1000) 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.

8. 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 the date of completion of said dry hole or cessation of production Lessee commences additional drilling or reworking operations thereon. If during the primary term 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. 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.

9. 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.

10. 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 Ten and No/100 Dollars (\$10.00) per acre covered by this 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.)

11. 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.

12. NO USE OF SURFACE: Anything herein to the contrary notwithstanding, it is agreed and understood that no entry shall be permitted on the surface of the leased land. Any development of said land shall be by means of a directional well located off the leased land, or by pooling of said land with other land, lease or leases as provided by Subchapter E, Chapter 52, of the Natural Resources Code.

13. 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.

14. 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.

15. 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.

16. 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.

17. 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.

18. 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.

19. **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.

20. **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.

21. **REMOVAL OF EQUIPMENT; PLUGGING:** It is understood by lessee that there may be open well bores and unusable and/or unsafe equipment on the area covered by this lease. By acceptance of this lease, lessee agrees to assume all responsibilities and liabilities with respect to plugging each open well bore, removing all abandoned equipment and restoring and cleaning the lease area, whether or not lessee actually re-enters such well bores or uses such equipment. No warranty or representation is made or intended as to the title to any equipment located on this lease. Nor does the General Land Office make any representation regarding the question of availability of the equipment on the subject tract. Lessee agrees to conduct such plugging and clean up within a reasonable time following the cessation of activities on the lease. 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.

22. **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.

23. **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.

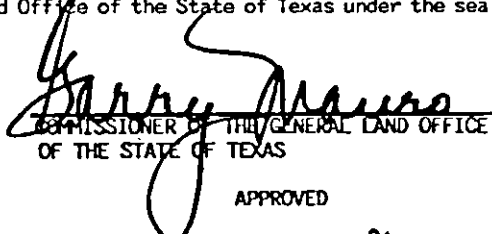
24. **LEASE SECURITY:** Lessee shall take the highest degree of care and all proper safeguards to protect said premises and to prevent theft of oil, gas, and other hydrocarbons produced from said lease. This includes, but is not limited to, the installation of all necessary equipment, seals, locks, or 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.

25. **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.

26. **INDEMNITY:** Lessee agrees to indemnify and hold harmless Lessor, its officers and employees, and specifically the School Land Board members, whether in their official or individual capacities, from and against any and all claims and damages of every kind or character without limit, including, but not limited to, any and all claims and damages for injury to or the death of any person or persons and for damage to or loss of property, arising out of or attributed, directly or indirectly, to the operations or performance of Lessee under this lease, from the use of the premises leased hereby, and/or any breach by Lessee of the terms, covenants, or conditions herein provided, including any claims and damages which may arise in whole or in part from the negligence of Lessor, its officers and employees, and specifically the School Land Board members, whether in their official or individual capacities. Lessee agrees to defend or pay judgments against Lessor, its officers and employees, and specifically the School Land Board members, whether in their official or individual capacities, from and against any and all claims, demands, or causes of action, including claims for contribution or indemnity, and the reasonable and necessary costs, including attorney's fees, incurred in the defense of any such claim made against Lessor, its officers and employees, and specifically the School Land Board members, whether in their official capacity or an individual capacity.

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

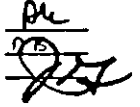


EXHIBIT "A"

Bryan (Austin Chalk) Pooled Unit
0.877 Acre Tract No. 192
(Texas Employment Commission)
Zeno Phillips Survey, A-45
Bryan, Brazos County, Texas

Field notes of a 0.877 acre tract or parcel of land, lying and being situated in the Zeno Phillips Survey, Abstract No. 45, Bryan, Brazos County, Texas, and being all of the called 18,744 square foot - Tract One and all of the called 9,527 square foot - Tract Two described in the deed from Donald C. Ketchum and wife, Ruby B. Ketchum to Texas Employment Commission, a department of the State of Texas, as recorded in Volume 313, Page 441, of the Deed Records of Brazos County, Texas, and $\frac{1}{2}$ of the right-of-way of Hutchins Street which adjoins Tracts One and Two and $\frac{1}{2}$ of the right-of-way of 29th Street which adjoins Tract One and said 0.877 acre tract being more particularly described as follows:

BEGINNING at the centerline intersection of the beforementioned 29th Street and the beforementioned Hutchins Street;

THENCE S 44° 58' 00" E along the centerline of 29th Street for a distance of 166.63 feet and corner;

THENCE S 45° 00' 00" W across 29th Street and pass the east corner of the beforementioned 18,744 square foot tract, continue on along the southeast line of the 18,744 square foot tract and the beforementioned 9,527 square foot tract for a total distance of 230.16 feet to the south corner of the 9,527 square foot tract;

THENCE along the lines of the beforementioned 9,527 square foot tract as follows:

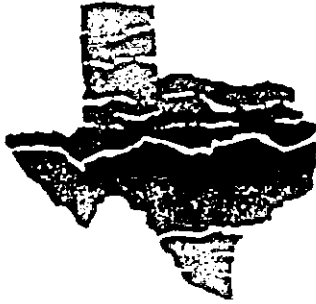
N 45° 53' 56" W 51.01 feet to an interior ell corner,
S 45° 00' 00" W 4.50 feet to the most westerly south corner,
N 44° 58' 00" W 59.00 feet to the most westerly west corner,
N 45° 00' 00" E 14.00 feet to an interior ell corner,
N 44° 58' 00" W at a distance of 28.85 feet pass the west corner of the 9,527 square foot tract in the southeast right-of-way line of Hutchins Street, continue on for a total distance of 56.62 feet to the centerline of Hutchins Street;

THENCE N 45° 00' 00" E along the centerline of Hutchins Street for a distance of 221.49 feet to the PLACE OF BEGINNING, containing 0.877 acre of land, more or less.

OIL AND GAS LEASE NO. M-95302

(2.)

DATE 4-6-93 BY mick



April 28, 1993

Tony Davidson
B.W.O.C., Inc.
1400 S. State Hwy. 6, Suite A-200
Bryan, Texas 77802-1734

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. 203

M-95302

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 5(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

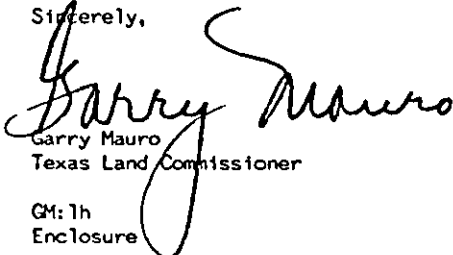
When production is secured from this lease(s) it is required that monthly production/royalty reports (GLO Forms 1,1a,2,2a) be submitted to the General Land Office outlining production/disposition activities for the month. If you are not familiar with the required forms and procedures, please call the 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:lh
Enclosure

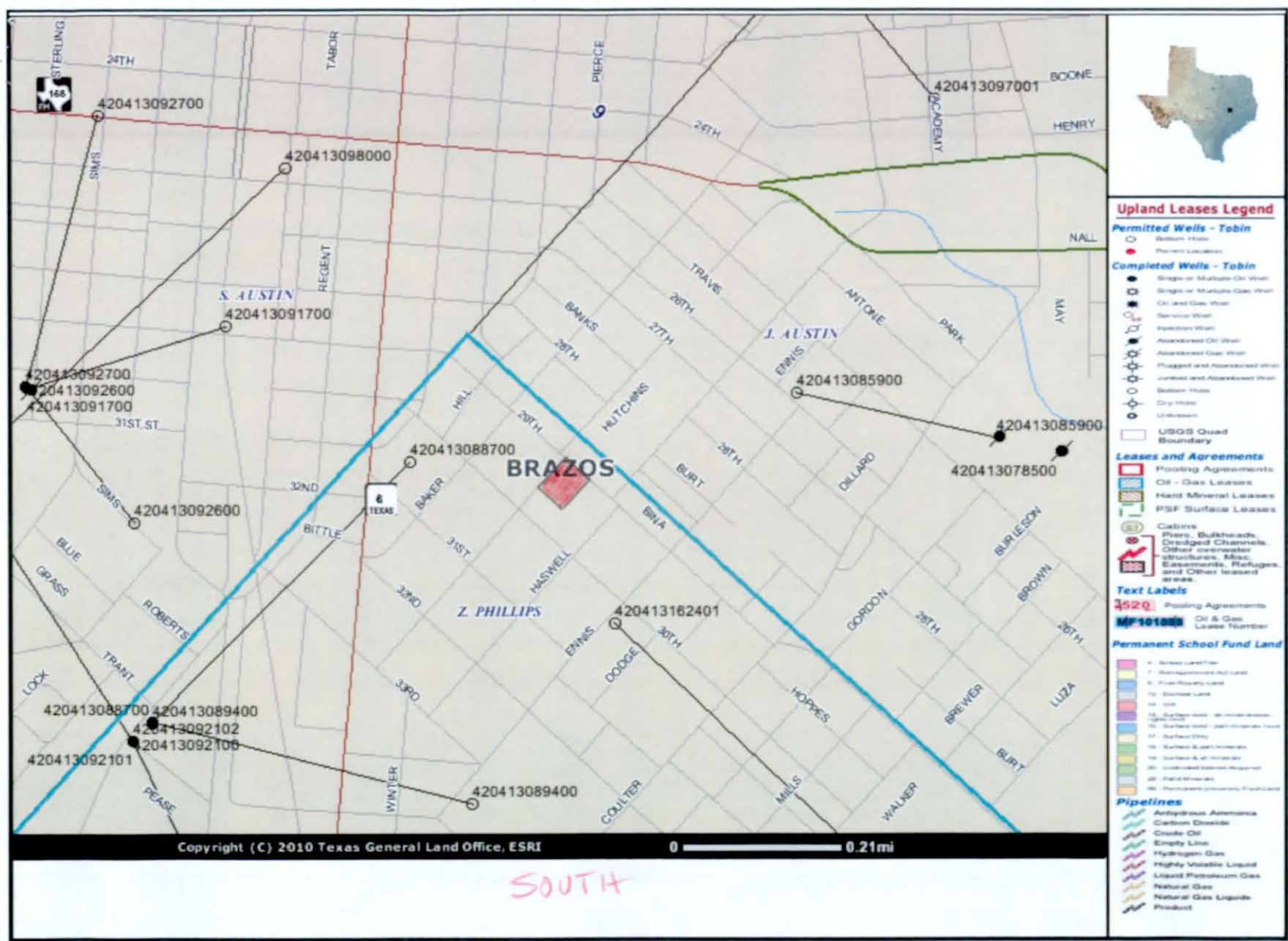
Garry Mauro
Commissioner
Texas General Land Office

Stephen F. Austin Building
1700 North Congress Avenue
Austin, Texas 78701-1400
(512)305-4000

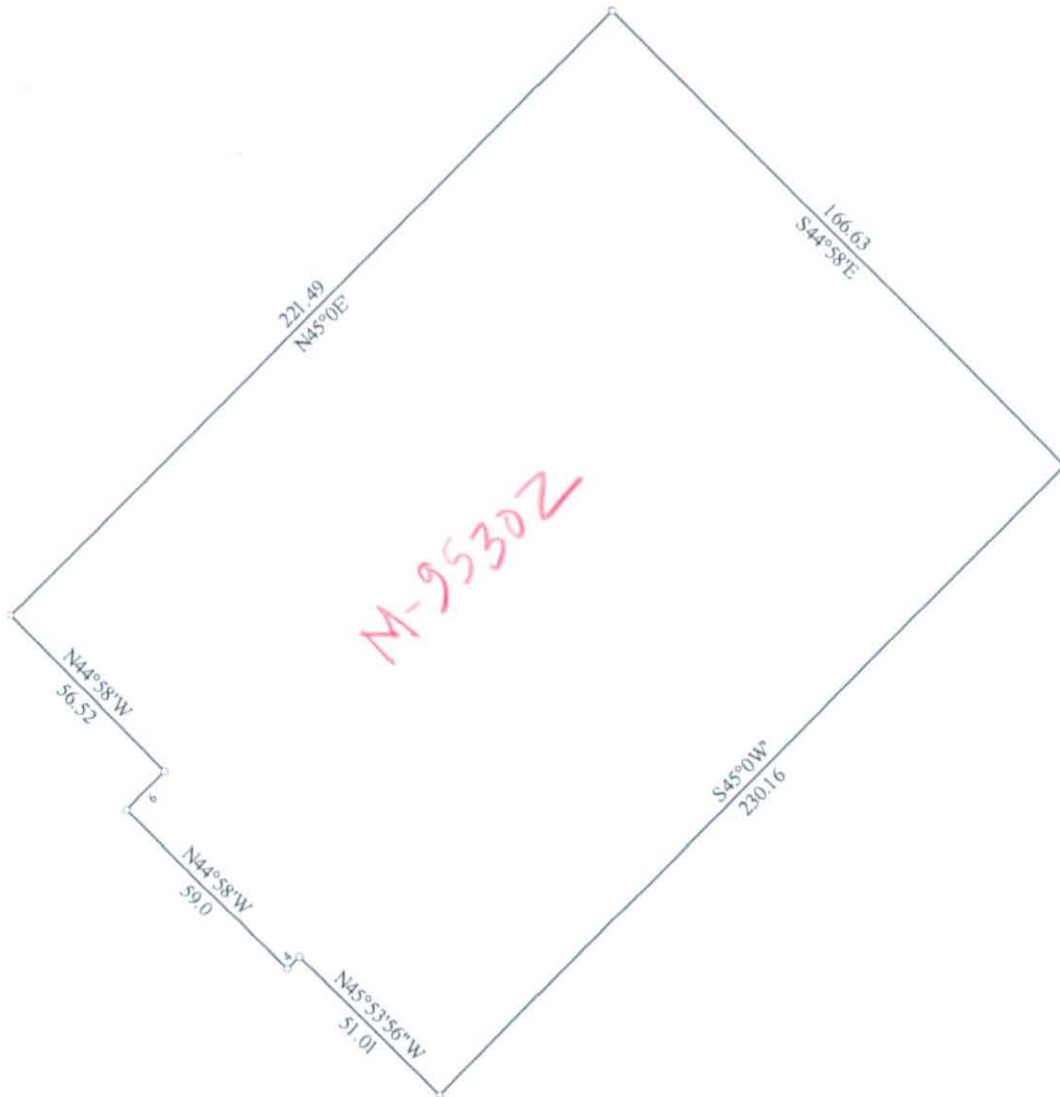
11-95302 (3)

TRANSMITTAL #
4-28-93

NORTH



SOUTH



M-9530Z



Title:		Date: 07-02-2010
Scale: 1 inch = 50 feet	File:	
Tract 1: 0.877 Acres: 38185 Sq Feet: Closure = n45.0047w 0.11 Feet: Precision =1/7559: Perimeter = 803 Feet		
001=S44.58E 166.63	004=S45.0W 4.50	007=N44.58W 56.52
002=S45.0W 230.16	005=N44.58W 59.0	008=N45.0E 221.49
003=N45.5356W 51.01	006=N45.0E 14.0	

Bryan (Austin Chalk) Pooled Unit
0.877 Acre Tract No. 192
(Texas Employment Commission)
Zeno Phillips Survey, A-45
Bryan, Brazos County, Texas

Field notes of a 0.877 acre tract or parcel of land, lying and being situated in the Zeno Phillips Survey, Abstract No. 45, Bryan, Brazos County, Texas, and being all of the called 18,744 square foot - Tract One and all of the called 9,527 square foot - Tract Two described in the deed from Donald C. Ketchum and wife, Ruby B. Ketchum to Texas Employment Commission, a department of the State of Texas, as recorded in Volume 313, Page 441, of the Deed Records of Brazos County, Texas, and $\frac{1}{2}$ of the right-of-way of Hutchins Street which adjoins Tracts One and Two and $\frac{1}{2}$ of the right-of-way of 29th Street which adjoins Tract One and said 0.877 acre tract being more particularly described as follows:

BEGINNING at the centerline intersection of the beforementioned 29th Street and the beforementioned Hutchins Street;

THENCE S 44° 58' 00" E along the centerline of 29th Street for a distance of 166.63 feet and corner;

THENCE S 45° 00' 00" W across 29th Street and pass the east corner of the beforementioned 18,744 square foot tract, continue on along the southeast line of the 18,744 square foot tract and the beforementioned 9,527 square foot tract for a total distance of 230.16 feet to the south corner of the 9,527 square foot tract;

THENCE along the lines of the beforementioned 9,527 square foot tract as follows:

N 45° 53' 56" W 51.01 feet to an interior ell corner,
S 45° 00' 00" W 4.50 feet to the most westerly south corner,
N 44° 58' 00" W 59.00 feet to the most westerly west corner,
N 45° 00' 00" E 14.00 feet to an interior ell corner,
N 44° 58' 00" W at a distance of 28.85 feet pass the west corner of the 9,527 square foot tract in the southeast right-of-way line of Hutchins Street, continue on for a total distance of 56.62 feet to the centerline of Hutchins Street;

THENCE N 45° 00' 00" E along the centerline of Hutchins Street for a distance of 221.49 feet to the PLACE OF BEGINNING, containing 0.877 acre of land, more or less.

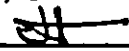
File No. M-95302

4.

LEASE PLAT

Date Filed: 7-8-2010

Jerry E. Patterson, Commissioner

By 

Return to
Acadland Title Company
GF# 205462

NOTICE OF CONFIDENTIALITY: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORD: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVERS LICENSE NUMBER.

DEED WITHOUT WARRANTY

STATE OF TEXAS

§

KNOW ALL BY THESE PRESENTS:

COUNTY OF BRAZOS

§

§

That the STATE OF TEXAS, by and through RICK PERRY, GOVERNOR OF THE STATE OF TEXAS, and JERRY E. PATTERSON, COMMISSIONER OF THE TEXAS GENERAL LAND OFFICE by virtue of the authority set forth in the provisions of Chapter 31, Texas Natural Resources Code, on behalf of the TEXAS WORKFORCE COMMISSION, formerly known as the TEXAS EMPLOYMENT COMMISSION under the authority set forth in Title VII-41, Appropriation Act of the 78th Texas Legislature, ("GRANTOR"), for and in consideration of Four Hundred Eighty Thousand and NO/100 Dollars (\$480,000.00), the receipt and sufficiency of which is hereby acknowledged, has GRANTED, SOLD and CONVEYED, and by these presents does GRANT, SELL and CONVEY to the CITY OF BRYAN, a municipal corporation ("GRANTEE"), whose mailing address is P.O. Box 1000, Bryan, Texas 77805, the following described land in Brazos County, Texas, to-wit:

Tract 1:

Being all of Lot 2-A, Block 11, Phillips Addition, an addition to the City of Bryan, Brazos County, Texas, according to the Resubdivision Plat of Part of Lot 2, Block 11, Phillips Addition, Recorded in Volume 822, Page 271, Official Records of Brazos County, Texas, and being the identical property described in Warranty Deed to the Texas Employment Commission, recorded in Volume 1228, Page 41, Deed Records of Brazos County, Texas.

Tract 2:

Part 1: Being 18,744 square feet of land, more or less, lying and being situated in the Zeno Phillips League, Brazos County, Texas, and being a part of Lot 2, Block 11, Phillips Addition, City of Bryan, Brazos County, Texas, according to the map or plat thereof recorded in Volume M, Page 253, Deed Records of Brazos County, Texas, and being the identical property described as "TRACT ONE" in Warranty Deed recorded in Volume 313, Page 441, Deed Records of Brazos County, Texas, and more particularly described in **Exhibit "A-1"** attached hereto and made a part hereof for all pertinent purposes; and,

Part 2: Being 9,527 square feet of land, more or less, lying and being situated in the Zeno Phillips League, Brazos County, Texas, and being a part of Lot 2, Block 11, Phillips Addition, City of Bryan, Brazos County, Texas, according to the map or plat thereof recorded in Volume M, Page 253, Deed Records of Brazos County, Texas, and being the identical property described as "TRACT TWO" in Warranty Deed recorded in Volume 313, Page 441, Deed Records of Brazos County, Texas, and more particularly described in **Exhibit "A-2"** attached hereto and made a part hereof for all pertinent purposes.

Said **Tract 1** and **Tract 2** are locally known as 801 East 29th Street, Bryan, Brazos County, Texas, and are collectively referred to as the "**Land**".

TO HAVE AND HOLD the above described Land, together with any and all buildings and other improvements now located on said Land and together with all and singular the rights and appurtenances pertaining to such Land, including any right, title or interest of Grantor to adjacent roads, streets, alleys and easements of right of way, if any, unto the GRANTEE, its successors and assigns forever.

This conveyance is further made subject to all covenants, conditions, reservations, rights-of-way, easements, and leases, if any, that are valid, in existence, and of record, or visible and apparent upon the ground of the above described Land, together with the "Specific Disclosures" on Exhibit "B" attached hereto and made a part hereof for all pertinent purposes. The Grantor hereby reserves any and all oil, gas, and all other minerals that may lie beneath the Property, together with the right to explore and develop said minerals. Notwithstanding the foregoing, Grantor hereby waives its right to use the surface of the Property for the purpose of exploration or development of the reserved oil, gas and other minerals, which shall be by directional drilling or pooling. Grantee herein named assumes liability and responsibility for any and all ad valorem taxes which may be assessed for the current year, assessed for the current year.

This deed is intended to convey only land owned by the Grantor. Whether or not (i) a patented survey of which the Property is a part contains excess acreage, or (ii) unsurveyed school land is within the Property, Grantor does not grant or convey any right, title or interest in or to any excess acreage or unsurveyed school land.

GRANTEE HAS FULLY INSPECTED THE ABOVE PROPERTY AND GRANTEE EXPRESSLY ACCEPTS THE PROPERTY AS IS. THIS DEED IS MADE AND ACCEPTED WITHOUT ANY WARRANTIES WHATSOEVER, EXPRESSED OR IMPLIED, INCLUDING WITHOUT LIMITATION, THAT WHICH MAY ARISE BY COMMON LAW OR THE WARRANTIES IN §5.023, TEXAS PROPERTY CODE, AS NOW WRITTEN OR HEREAFTER AMENDED.

Witness my hand and seal of office this 29th day of December, 2004.

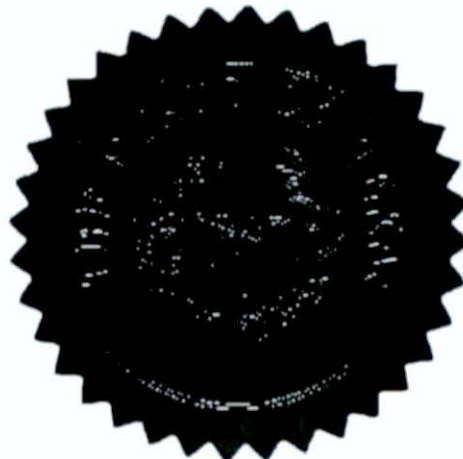
The STATE OF TEXAS

By: JEP Aedy
Jerry E. Patterson, Commissioner,
Texas General Land Office, On
Behalf of the Texas Workforce
Commission

Approved:
RICK PERRY
Rick Perry, Governor
State of Texas

APPROVED:

Contents [Signature]
Legal Services [Signature]
Deputy Comm. [Signature]
Chief Clerk [Signature]



Archive File No. OA 000069

Exhibit "A-1"

Property Description

TRACT TWO, Part 1:

Being an 18,744 square foot tract or parcel of land lying and being situated in the Zeno Phillips League, Bryan, Brazos County, Texas, and being part of Lot 2, Block 11, of Phillips Addition to the City of Bryan, said Lot 2 conveyed by Morgan to Ketcham in the Deed recorded in Volume 286, Page 586, Deed Records of Brazos County, Texas, and being more particularly described as follows:

BEGINNING at an iron rod set at the intersection of the Southeast right-of-way line of Hutchins Street with the Southwest right-of-way line of 29th Street, same being the North corner of the beforementioned Block 11 and the beforementioned Lot 2;

THENCE S 44° 58' 00" E along the beforementioned Southwest right-of-way line of 29th Street, same being the Northeast line of the beforementioned Lot 2, Block 11, for a distance of 138.85 feet to an iron rod set for corner, same being the North corner of a 13,175 square foot Tract A being out of the said Lot 2;

THENCE S 45° 00' 00" W along the Northwest line of the before-mentioned Tract A for a distance of 135.00 feet to an iron rod set for corner, same being the east corner of a 9,527 square foot Tract C being out of the beforementioned Lot 2;

THENCE N 44° 58' 00" W along the Northeast line of the beforementioned Tract C for a distance of 138.85 feet to an iron rod set for corner in the beforementioned Southeast right-of-way line of Hutchins Street, said iron rod also being the North corner of the said Tract C;

THENCE N 45° 00' 00" E along the beforementioned Southeast right-of-way line of Hutchins Street, same being the Northwest line of the beforementioned Lot 2, Block 11, for a distance of 135.00 feet to the **PLACE OF BEGINNING**, containing 18,744 square feet of land, more or less, according to Survey made by B. J. Kling in October, 1971, and being called "Tract B" in said Survey.

Exhibit "A-2"

Property Description

TRACT TWO, Part 2:

Being a 9,527 square foot tract or parcel of land lying and being situated in the Zeno Phillips League, Bryan, Brazos County, Texas, and being part of Lot 2, Block 11 of Phillips Addition to the City of Bryan, said Lot 2 conveyed by Morgan to Ketcham in the Deed recorded in Volume 286, page 586, Deed Records of Brazos County, Texas, and being more particularly described as follows:

BEGINNING at an iron rod set at the intersection of the Southeast right-of-way line of Hutchins Street with the Southwest right-of-way line of 29th Street, same being the North corner of the beforementioned Block 11 and the beforementioned Lot 2;

THENCE S 45° 00' 00" W along the beforementioned Southeast right-of-way line of Hutchins Street for a distance of 135.0 feet to an iron rod set for the **PLACE OF BEGINNING** of this 9,527 square foot tract, said iron rod also marks the West corner of a 18,744 sq ft Tract B being out of the beforementioned Lot 2;

THENCE S 45° 00' 00" W along the beforementioned Southeast right-of-way line of Hutchins Street for a distance of 59.33 feet to a point for corner;

THENCE S 44° 58' 00" E for a distance of 28.85 feet to point for corner;

THENCE S 45° 00' 00" W for a distance of 14.00 feet to a point for corner, said point being located in the Southwest line of the beforementioned Lot 2;

THENCE S 44° 58' 00" E along the beforementioned Southwest line of Lot 2 for a distance of 59.00 feet to a point for corner, said point being located at the intersection of the said Southwest line and a chain link fence;

THENCE N 45° 00' 00" E along the beforementioned fence for a distance of 4.5 feet to fence corner for corner;

THENCE S 45° 53' 56" E along a fence for a distance of 51.01 feet to an iron rod for corner, said iron rod being the West corner of a 13,175 square foot Tract A out of the beforementioned Lot 2;

THENCE N 45° 00' 00" E along the Northwest line of the beforementioned Tract A for a distance of 68.00 feet to an iron rod for corner, said iron rod being the South corner of the beforementioned Tract B;

THENCE N 44° 58' 00" W along the Southwest line of the before-mentioned Tract B for a distance of 138.85 feet to the **PLACE OF BEGINNING**, containing 9,527 square feet of land, more or less, according to survey made by B. J. Klinz, in October, 1971, and being called Tract "C" in said Survey.

Exhibit "B"

Specific Disclosure

1. Building Line Ordinance from the City of Bryan, Dated April 24, 1973, Recorded in Volume 315, Page 498, Deed Records of Brazos County, Texas.
2. Easements and Building Lines as shown on the Plat recorded in Volume 822, Page 271, Official Records of Brazos County, Texas. (Tract 1 only)
3. Mineral reservation as set out in deed dated July 29, 1985, from Charles E. Neelley to Linda A. Jones, recorded in Volume 811, Page 280, Official Records of Brazos County, Texas. (Tract 1 only)
4. Mineral reservation as set out in deed dated December 19, 1990, from Charles E. Neelley to Texas Employment Commission, a department of the State of Texas, recorded in Volume 1228, Page 41, Official Records of Brazos County, Texas. (Tract 1 only)
5. Oil, gas and mineral lease granted to INCO Development Corp. by Charles E. Neelley in instrument dated July 25, 1982, and recorded in Volume 66, Page 682, Oil, Gas and Mineral Lease Records of Brazos County, Texas. (Tract 1 only)
6. Oil, gas and mineral lease granted to B.W.O.C. Inc. by Garry Mauro, Commissioner of the Texas General Land Office of the State of Texas in instrument dated April 6, 1993, and recorded in Volume 1862, Page 246, Official Public Records of Brazos County, Texas. Said Oil, Gas and Mineral Lease being ratified by instrument recorded in Volume 1862, Page 254, Official Public Records of Brazos County, Texas. (Tract 1 only)

After recording return to:

City of Bryan P.O. Box 1000 Bryan, Texas 77805
--

RECORDED BY COUNTY CLERK

Dec 30, 2004

I hereby certify that this instrument was
 filed in the Public Records of Brazos County, Texas
 and was duly recorded in the volume and page
 of the record books of this county.
 COUNTY CLERK
 as stamped herein by me.

Filed for Record 1st
 INDEXED COUNTY
 Dec 29, 2004 at 03:17P
 As a
 NO LABEL REQUIRED
 Document Number 00070204
 Amount 17.00
 Receipt Number - 257633
 By
 Sylvia Palamaly

File No. M-95302

5. WARRANTY DEED

Date Filed: 7-8-2010

Jerry E. Patterson, Commissioner

By ~~JK~~