

**MF 095817**

*County*            **BRAZOS (21) & GRIMES (93)**  
*Survey*            **NAVASOTA RIVER**  
*Block*  
*Block Name*  
*Township*  
*Section/tract*    **8**  
*Land Part*  
*Part Description*  
*Acres*            **60**  
*Name*             **UNION PACIFIC RESOURCES**  
*Lease Date*      **4-5-1994**  
*Primary Term*    **3-YEARS**  
*Bonus (\$)*        **\$4,500.00**  
*Rental (\$)*        **\$5.00**  
*Lease Royalty*    **1/4**

*Leasing:* \_\_\_\_\_

*Analyst:* \_\_\_\_\_

*Maps:* \_\_\_\_\_

*GIS:* \_\_\_\_\_

M  
F  
0  
9  
5  
8  
1  
7  
UNION PACIFIC RESOURCES  
F291835

UNIT # ~~2324~~ - 32.95 UNIT ACRES  
# ~~2676~~ # ~~2325~~ - 13.95 UNIT ACRES  
13.10 NON-UNIT AC

STATE LEASE - RIVERBED

M-95817

✓ **TERMINATED**

Date 2-1-03

Accounting           

Legal CZB

Exploration JK

GIS: AS

COUNTY (CODE)

BRAZOS (21) GRIMES (93)

SURVEY

NAVASOTA RIVER

BLOCK

N/A

TOWNSHIP

N/A

SECTION (S)

8

PART

SEE LEASE

ACRES

60

DEPTH LIMITS

N/A

BASE FILE (S)

N/A

CONTROL NO. (S)

01-00280-9 (BRAZOS)

CONTROL NO. (S)

01-00281-8 (GRIMES)

LESSEE

UNION PACIFIC RESOURCES

DATE

04-05-94

PRIMARY TERM

THREE (3) YRS

BONUS (\$)

4,500.00

ROYALTY

1/4

RENTAL (\$)

5.00

VARIABLE ROYALTY

YES

RENTALS

LL

LEASE  
ADMIN.

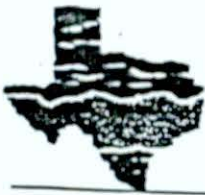
MICK

MINERAL  
MAPS

PK

CONTENTS OF FILE NO. 95817

1. BID FORM	4-5-94 <i>nick</i>	24 Termination Ltr.	4-17-07
2. LEASE	4-5-94 <i>nick</i>	Scanned	sm 1/22/16
3. TRANSMITTAL LETTER	5-5-94 <i>nick</i>		
4. Pooling Committee Report (Manusco Unit #1)	3-28-95 TTT		
5. Pooling Agreement	"		
6. Application to Drill Well #1	"		
7. Completion Report Well #1-A	"		
E-LOG Well #1			
8. Pooling Committee Report (Manusco Unit #2)	"		
9. Pooling Agreement	"		
10. Application to Drill Well #2	"		
11. Completion Report Well #2	"		
E-LOG Well #2			
12. Division Order (Torch)	MAY 22 1995		
13. Division Order (EATT)	MAY 22 1995		
14. Division Order	JUN 02 1995		
15. LTR + DO (EATT)	July 12, 1995		
16. LTR + DO (EATT)	July 12, 1995		
17. Rental Pymnt 4-4-95	3-7-96		
18. Division Order	12-18-96		
19. Division Order	12/18/96		
20. Rental Payment	3-25-96		
21. Pooling Committee Rpt + Pooling Agreement	11-18-97		
22. Rental Payment	4/23/01		
23. Letter	9/3/02		



Texas General Land Office  
Garry Mauro, Commissioner

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

**95817**

APRIL 5, 1994  
MINERAL LEASE BID APPLICATION  
Texas General Land Office ED - CA-040(8-93)

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 (type/print)

Name Union Pacific Resources Company ✓  
Address P.O. Box 7  
City Ft. Worth State TX Zip 76101-0007  
(Include +4 Code)  
Telephone ( 817 ) 877-7234

AREA  
DESCRIPTION

County(ies) Brazos & Grimes Survey/Area Navasota River Tract 8  
(If Applicable)  
Block/Tsp. \_\_\_\_\_ Section/Tract 8 Acres 60.00  
(If Applicable)

**94044780**

BID  
SUBMISSION

(A) Cash Bonus Enclosed (\$) 4500.00 (type/print amount below)

four thousand five hundred dollars and zero cents

**94044781**

(B) Sales Fee Attached (\$) 67.50 (type/print amount below)

sixty seven dollars and fifty cents

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.

29

APPLICANT (same as above)

Union Pacific Resources Company

BONUS AMOUNT ONLY (A)

(Do Not include sales fee)

(\$) 4500.00

APPLICANT  
TAX I.D. #

SIGNATURE OF  
AGENT

(type/print below)

Ginny Markley

BID FORM (9.)  
M-95817  
4-5-84  
MICK

# The State of Texas



Austin, Texas

## OIL AND GAS LEASE NO. M-95817

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 8, NAVASOTA RIVER, BRAZOS & GRIMES COUNTIES, TEXAS, CONTAINING APPROXIMATELY 60 ACRES IS BOUND ON THE NORTHWEST BY A NORTHEASTERLY EXTENSION OF THE NORTHWEST LINE OF THE I. R. MITCHELL SURVEY, A-166, BRAZOS COUNTY, TEXAS, AND IS BOUND ON THE SOUTHEAST BY A SOUTHEASTERLY EXTENSION OF THE MOST SOUTHERLY SOUTHWEST LINE OF THE AFOREMENTIONED SURVEY,

was, after being duly advertised, offered for lease on the 5th day of April, 1994, 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 5th day of April, 1994, and it was found and determined that Union Pacific Resources Company whose address is P.O. Box 7, Fort Worth, TX 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 Four Thousand Five Hundred and No/100 Dollars (\$4,500.00), 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 during the primary term hereof and 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 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 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:** If, after the expiration of the primary term, production of oil or gas from the leased premises, after once obtained, should cease from any cause, this lease shall not terminate if Lessee commences additional drilling or reworking operations within sixty (60) days after such cessation, and this lease shall remain in full force and effect for so long as such operations continue in good faith and in workmanlike manner without interruptions totaling more than sixty (60) days. If such drilling or reworking operations result in the production of oil or gas, the lease shall remain in full force and effect for so long as oil or gas is produced from the leased premises in paying quantities or payment of shut-in oil or gas well royalties or payment of compensatory royalties is made as provided herein or as provided by law. If the drilling or reworking operations result in the completion of a well as a dry hole, the lease will not terminate if the Lessee commences additional drilling or reworking operations within sixty (60) days after the completion of the well as a dry hole, and this lease shall remain in effect so long as Lessee continues drilling or reworking operations in good faith and in a workmanlike manner without interruptions totaling more than sixty (60) days. Lessee shall give written notice to the General Land Office within thirty (30) days of any cessation of production.

11. **SHUT-IN ROYALTIES:** For purposes of this paragraph, "well" means any well that has been assigned a well number by the state agency having jurisdiction over the production of oil and gas. If at any time after the expiration of the primary term of a lease that, until being shut in, was being maintained in force and effect, a well capable of producing oil or gas in paying quantities is located on the leased premises, but oil or gas is not being produced for lack of suitable production facilities or a suitable market, 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. To be effective, each initial 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 following 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 more successive periods of one (1) year by paying the same amount each year on or before the expiration of each shut-in year. 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 maintain 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. The Lessee may maintain the lease for four more successive years by Lessee paying compensatory royalty at the royalty rate provided in the lease of the market value of production from the well 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 following the month in which the oil or gas is produced from the well causing the drainage or that is completed in the same producing reservoir and located within one thousand (1,000) feet of the leased premises; 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 the Commissioner's written approval, the payment of compensatory royalties shall satisfy the obligation to drill offset wells.

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 5th day of April, 1994.

  
COMMISSIONER OF THE GENERAL LAND OFFICE  
OF THE STATE OF TEXAS

APPROVED

Contents	
Legal	
DC	
SD	
Exec	

OIL AND GAS LEASE NO. M-95817 (2)

DATE 4-5-94 BY MICK



May 12, 1994

Ms. Ginny Markley  
Union Pacific Resources Company  
P.O. Box 7  
Fort Worth, TX 76101-0007

Dear Ms. Markley:

Thank you for your participation in the State of Texas Oil and Gas Lease Sale held on the 5th day of April, 1994. 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. 29

M-95817

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 Texas 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 Texas 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, it is required that monthly production/royalty reports (GLO Forms 1,1a,2,2a) be submitted to the Texas 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 Division of the General Land Office at (512)463-5042 and request the Oil and Gas reports and payment procedures booklet.

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

Your cooperation in complying with the reporting requirements outlined above will be greatly appreciated, and will contribute to the Texas 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/DP/1h

Enclosure

**Garry Mauro**  
Commissioner  
Texas General Land Office

Stephen F. Austin Building  
1700 North Congress Avenue  
Austin, Texas 78701-1495  
(512) 463-5256

③

nick

MF-95817

Transmittal Nr

S-5-94

UNIT # 2329

DO NOT DESTROY

GLO-36-10-84

-MEMO-

Operator Bexco Operating, Inc.

Unit Name Mancuso Unit # 1

County Brazos & Grimes

Effective Date \_\_\_\_\_

Unitized for: Oil \_\_\_ Gas \_\_\_ Oil & Gas

1. M.F. No. 95817

Area Griddings (Austin Chalk Tr. bras)

Sec. \_\_\_ Blk. \_\_\_ Survey I.R. Mitchell

<u>32.95</u>				
<u>480</u>	x	<u>.20</u>	<u>1.37</u>	%
<u>.068645</u>			<u>.013729</u>	

2. M.F. No. \_\_\_\_\_

Area \_\_\_\_\_ Tr. \_\_\_\_\_

Sec. \_\_\_ Blk. \_\_\_ Survey \_\_\_\_\_

\_\_\_\_\_ x \_\_\_\_\_ . \_\_\_\_\_ %

3. M.F. No. \_\_\_\_\_

Area \_\_\_\_\_ Tr. \_\_\_\_\_

Sec. \_\_\_ Blk. \_\_\_ Survey \_\_\_\_\_

\_\_\_\_\_ x \_\_\_\_\_ . \_\_\_\_\_ %

4. M.F. No. \_\_\_\_\_

Area \_\_\_\_\_ Tr. \_\_\_\_\_

Sec. \_\_\_ Blk. \_\_\_ Survey \_\_\_\_\_

\_\_\_\_\_ x \_\_\_\_\_ . \_\_\_\_\_ %

REMARKS:

\* Keyed 1/22/99 M.T.

POOLING COMMITTEE REPORT

TO: SCHOOL LAND BOARD

DATE: March 7, 1995

OPERATOR: BEXCO Operating, Inc. COUNTY: Brazos & Grimes

UNIT NAME: Mancuso Unit Well #1 FIELD: Giddings  
(Austin Chalk, Gas)

STATE LEASE(S) IN UNIT

<u>Lease</u> <u>*Type</u>	<u>State</u> <u>Number</u>	<u>State</u> <u>Royalty</u>	<u>Expiration</u> <u>Date</u>	<u>Term</u> <u>Year</u>	<u>Acres</u> <u>Acres</u>	<u>Acres</u> <u>In Unit</u>	<u>Lessee of</u> <u>Record</u>
SF	M-95817	1/4 **	4/5/97	3	60.00	32.95	BEXCO

\*\* Subject to royalty reduction provision in the state lease

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

PRIVATE ACRES: 447.05

STATE ACRES: 32.95

TOTAL UNIT ACRES: 480.00

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

Participation:	Railroad Commission Rules:
Basis <u>Surface acreage</u>	Spacing <u>560 Acres</u>
State Acreage <u>6.86%</u>	Acreage Factor <u>100%</u>
State Unit Royalty <u>1.37%</u>	

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

**REMARKS:**

- . BEXCO Operating, Inc. is requesting permanent oil and gas pooling of the Austin Chalk Formation defined as the stratigraphic interval or its correlative equivalent occurring from 8890 feet to 9200 feet, as shown on the induction log of the Prodeco Exploration, Inc. - Jimmie Weedon Gas unit No. 1.
- . The applicant completed the proposed unit well on January 1, 1995, as a horizontal gas well, in the Austin Chalk Formation. The initial potential tests showed the well capable of producing 4917 mcf of gas per day.
- . If the unit is approved, the applicant will earn a royalty reduction to 20%, making the state's unit royalty participation 1.37%.
- . Horizontal severance is provided for in the state lease.
- . APPROVAL BY THE SCHOOL LAND BOARD IN NO WAY RATIFIES ANY OF THE STATE LEASES INCLUDED IN THIS PROPOSED UNIT.

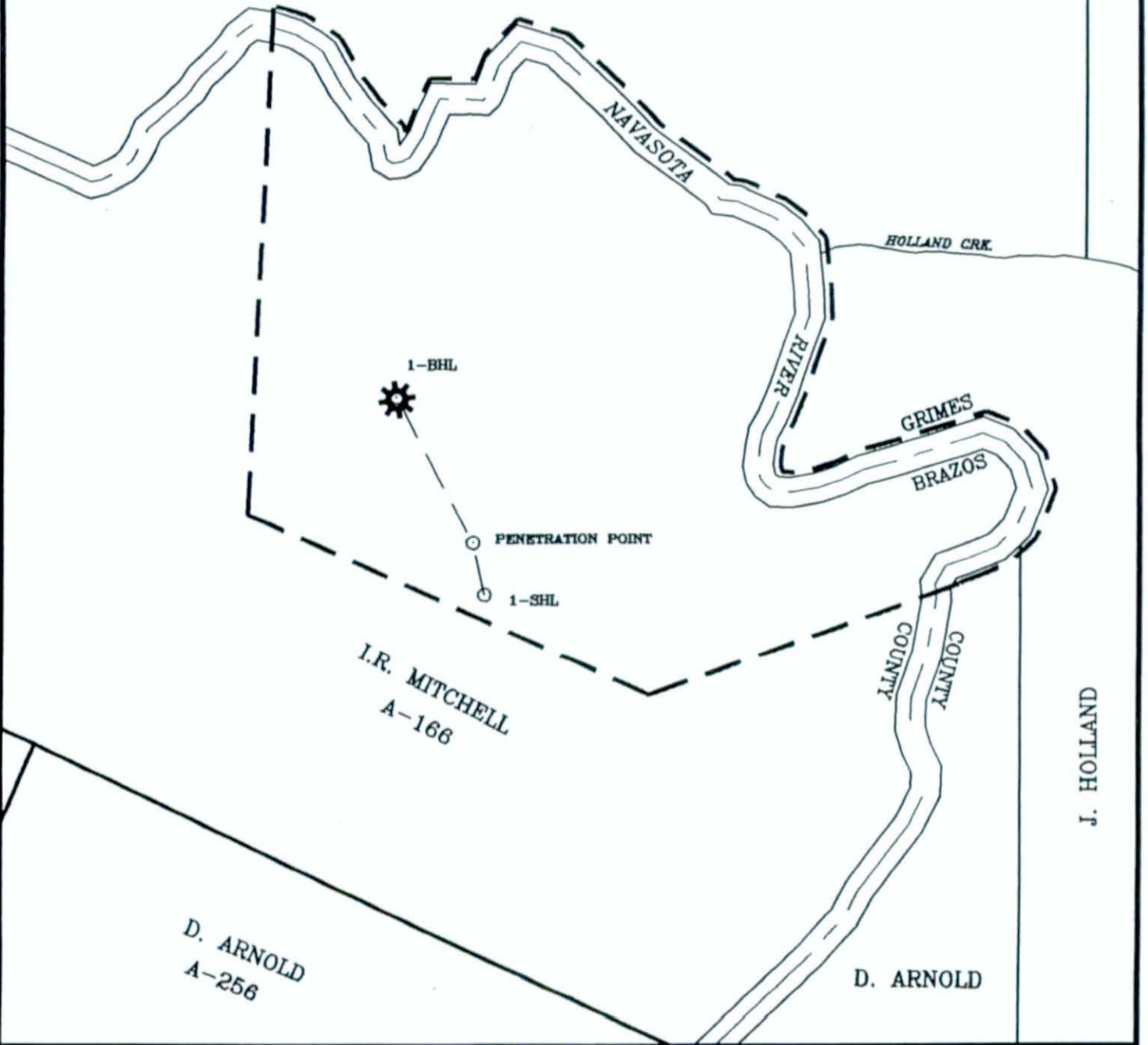
**POOLING COMMITTEE RECOMMENDATION:**

- . The Pooling Committee recommends Board approval of a permanent oil and gas unit, under the above stated provisions.

  
Jeffee Martinez-Vargas

  
Peter A. Boone

HANNAH COROUGH



KBASKIN/MANCUSO1/0

BEXCO OPERATING, INC.  
MANCUSO UNIT WELL #1  
GIDDINGS (AUSTIN CHALK-GAS)  
BRAZOS COUNTY  
M-95817

④ M-95817

Pooling Committee Report

FILED: 3-28-95

POOLING AGREEMENT  
BEXCO OPERATING, INC.  
MANCUSO UNIT WELL NO. 1  
BRAZOS AND GRIMES COUNTIES, TEXAS

THIS AGREEMENT is entered into by and between the Commissioner of the General Land Office, on behalf of the State of Texas, as "Lessor" and BEXCO Operating, Inc., herein referred to as "Lessee", and such other interested parties as may join in the execution hereof, the undersigned parties herein collectively referred to as the "parties", in consideration of the mutual agreements hereinafter set forth and other valuable considerations, the receipt and sufficiency of which are hereby acknowledged, and for the purposes and upon the terms and conditions which follow:

PURPOSES:

1.

This Pooling Agreement ("Agreement") is made for the purposes of conservation and utilization of the pooled mineral, to prevent waste, to facilitate orderly development and to preserve correlative rights. To such end, it is the purpose of this Agreement to effect equitable participation within the unit formed hereby. This Agreement is intended to be performed pursuant to and in compliance with all applicable statutes, decisions, regulations, rules, orders and directives of any governmental agency having jurisdiction over the production and conservation of the pooled mineral and in its interpretation and application shall, in all things, be subject thereto.

UNIT DESCRIPTION:

2.

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

MINERAL POOLED:

3.

The mineral pooled and unitized ("pooled mineral") hereby shall be oil and gas including all hydrocarbons that may be produced from an oil well or a gas well as such wells are recognized and designated by the Railroad Commission of Texas or other state regulatory agency having jurisdiction of the drilling and production of oil and gas wells. The pooled mineral shall extend to those depths underlying the surface boundaries of the pooled unit in the Austin Chalk Formation, defined as the stratigraphic interval or its correlative equivalent occurring from 8,890 feet to 9,200 feet, as shown on the Induction Log of the Prodeco Exploration, Inc., Jimmie Weedon Gas Unit No. 1 Well ("unitized interval").

POOLING AND EFFECT:

4.

The parties hereto commit all of their interests which are within the unit to the extent and as above described into said unit and unitize and pool hereunder the separate tracts described on the attached Exhibit "B", for and during the term hereof, so that such pooling or unitization shall have the following effect:

- (a) The unit, to the extent as above described, shall be operated as an entirety for the exploration, development and production of the pooled mineral, rather than as separate tracts.
- (b) All drilling operations, reworking or other operations with respect to the pooled mineral on land within the unit shall be considered as though the same were on each separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Agreement. In the event the unitized area covered by this Agreement is maintained in force by drilling or reworking operations conducted on a directional well drilled under the unitized area from a surface location on adjacent or adjoining lands not included within the boundaries of the unitized area, such operations shall be considered to have been commenced on the unitized area when drilling is commenced on the adjacent or adjoining land for the purpose of directionally drilling under the unitized and production of oil or gas from the unitized area through any directional well surfaced on adjacent or adjoining land or drilling or reworking of any such directional well shall be considered production or drilling or reworking operations, as the case may be, on the unitized area for all purposes under this Agreement. Nothing in this Agreement is intended or shall be construed as granting to Lessee any leasehold interest, easements, or other rights in or with respect to any such adjacent or adjoining land in addition to any such leasehold interests, easements, or other rights which the lessee, operator or other interest owner in the unitized area may have lawfully acquired from the state or others.
- (c) Production of the pooled mineral from the unit allocated to each separate tract, respectively, as hereinafter provided, shall be deemed to have been produced from each such separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Agreement. However, if any State Lease(s) described in Exhibit "A" attached hereto contain(s) provision 4(E) VARIABLE ROYALTY, and a unit well is not located on such State Lease and a reduced royalty has not otherwise been earned, then a reduced royalty may be earned by unit production, but it shall only apply to the acreage and depths included within the unit and only for so long and insofar as said acreage and depths remain continuously within either a temporary unit or a permanent unit as approved by the School Land Board. Acreage and depths outside of the unitized area must earn a reduced royalty independently.
- (d) All rights to the production of the pooled mineral from the unit, including royalties and other payments, shall be determined and governed by the lease or other contract pertaining to each separate tract, respectively, based upon the production so allocated to such tract only, in lieu of the actual production of the pooled mineral therefrom. Provided that, payments that are made on a per acre basis shall be reduced according to the number of acres pooled and included herein, so that payments made on

a per acre basis shall be calculated based upon the number of acres actually included within the boundaries of the pooled unit covered by this Agreement.

- (e) A shut-in oil or gas well located upon any land or lease included within said unit shall be considered as a shut-in oil or gas well located upon each land or lease included within said unit; provided, however, that shut-in oil or gas well royalty shall be paid to the State on each State lease wholly or partially within the unit, according to the terms of such lease as though such shut-in oil or gas well were located on said lease, it being agreed that shut-in royalties provided in each State lease shall not be shared with other royalty owners.
- (f) Notwithstanding any other provision hereof, it is expressly agreed that each State lease may be maintained in force as to areas lying outside the unitized area described in Exhibit "B" only as provided in each such lease without regard to unit operations or unit production. Neither production of the pooled mineral, nor unit operations with respect thereto, nor the payment of shut-in royalties from a unit well, shall serve to hold any State lease in force as to any area outside the unitized area described in Exhibit "B" regardless of whether the production or operations on the unit are actually located on the State lease or not. "Area" as used in this paragraph shall be based upon surface acres to the end that, except as may otherwise be provided in each State Lease, the area inside the surface boundaries of the pooled unit, if held, will be held as to all depths and horizons.
- (g) If the Railroad Commission of Texas (or any other Texas regulatory body having jurisdiction) shall adopt special field rules providing for oil and/or gas proration units of less than 480.00 acres, then Lessee agrees to either (1) drill to the density permitted by the Railroad Commission, (2) make application to the School Land Board of the State of Texas to reform the unit to comply with Railroad Commission unit rules, or (3) make application to the School Land Board of the State of Texas for such remedy as may be agreeable to the Board.
- (h) This Agreement shall not relieve Lessee from the duty of protecting the State leases described in Exhibit "A" and the State lands within the boundaries of the pooled unit described in Exhibit "B" from drainage from any well situated on privately owned land, lying outside the unitized area described in Exhibit "B", but, subject to such obligation, Lessee may produce the allowable for the entire unit as fixed by the Railroad Commission of Texas or other lawful authority, from any one or more wells completed thereon.
- (i) There shall be no obligation to drill internal offset to any other well on separate tracts within the pooled unit, nor to develop the lands within the boundaries thereof separately, as to the pooled mineral.
- (j) Should this Agreement terminate for any cause, in whole or in part, the leases and other contracts affecting the lands within the unit, if not then otherwise maintained in force and effect, shall remain and may be maintained in force and effect under their respective terms and conditions in the same manner as though there had been production or operations under said lease or contract and the same had ceased on the date of the termination of this Agreement.

ALLOCATION OF PRODUCTION:

5.

For the purpose of computing the share of production of the pooled mineral to which each interest owner shall be entitled from the pooled unit, there shall be allocated to each tract committed to said unit that pro rata portion of the pooled mineral produced from the pooled unit which the number of surface acres covered by each such tract and included in the unit bears to the total number of surface acres included in said unit, and the share of production to which each interest owner is entitled shall be computed on the basis of such owner's interest in the production so allocated to each tract.

TAKING ROYALTY IN KIND:

6.

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

FULL MARKET VALUE:

7.

In the event the State does not elect to take its royalty in kind, the State shall receive full market value for its royalty hereunder, such value to be determined as follows:

- (a) As to royalty on oil by (1) the highest posted price, plus premium, if any, offered or paid for oil, condensate, distillate, or other liquid hydrocarbons, respectively, of a like type and gravity for the field where produced and when run, or (2) the highest market price thereof offered or paid for the field where produced and when run, or (3) gross proceeds of the sale thereof, whichever is the greater;
- (b) As to royalty on gas, such value to be based on (1) the highest market price paid or offered for gas of comparable quality for the field where produced and when run, or (2) the gross price paid or offered to the producer, whichever is the greater.

(For the purposes of this Agreement "field" means the general area in which the lands covered hereby are located.)

EFFECTIVE DATE:

8.

Upon execution by the Commissioner of the General Land Office of the State of Texas this Agreement shall become effective as of March 7, 1995; however, it is agreed that the State will participate in production from the Unit well or wells on a unitized basis from the date the pooled mineral was or is first produced.

TERM:

9.

This Agreement shall remain in effect so long as the pooled mineral is being produced from said unit, or so long as all leases included in the pooled unit are maintained in force by payment of delay rentals or shut-in oil or gas well royalties, by drilling or rework, or by other means, in accordance with the terms of said leases. Nothing herein shall amend or modify Section 52.031 of the Natural Resources Code, or any of the provisions thereof which are contained in any State lease covered by this Agreement.

STATE LAND:

10.

Insofar as the royalty interest of the State of Texas in and under any State tract committed to the unit is concerned, this Agreement is entered into, made and executed by the undersigned Commissioner of the General Land Office by virtue of the authority and pursuant to the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, authorizing the same, after the prerequisites, findings and approval hereof, as provided in said Code having been duly considered, made and obtained.

DISSOLUTION:

11.

The unit covered by this Agreement may be dissolved by Lessee, his heirs, successors or assigns, by an instrument filed for record in Brazos and Grimes Counties, Texas, and a certified copy thereof filed in the General Land Office at any time after the cessation of production on said unit or the completion of a dry hole thereon prior to production or upon such other date as may be approved by the School Land Board and mutually agreed to by the undersigned parties, their successors or assigns.

RATIFICATION/WAIVER:

12.

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

COUNTERPARTS:

13.

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

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

Date Executed 3/28/95

Legal  
Content  
Geology  
Execution

*[Signature]*

STATE OF TEXAS

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

Date Executed 3/20/95

BEXCO OPERATING, INC.

By *[Signature]*  
Its *[Signature]*

ATTEST: *[Signature]*

CERTIFICATE

I, Linda K. Fisher, Secretary of the School Land Board of the State of Texas, do hereby certify that at a meeting of the School Land Board duly held on the 7th day of March, 1995, the foregoing instrument was presented to and approved by said Board under the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, all of which is set forth in the Minutes of the Board of which I am custodian.

IN TESTIMONY WHEREOF, witness my hand this the 28th day of March, 1995.

Linda K. Fisher  
Secretary of the School Land Board

STATE OF TEXAS

COUNTY OF BRAZOS

This instrument was acknowledged before me on MARCH 20, 1995, by PAT BAKER as resident of BEXCO Operating, Inc., a ltd. corporation, on behalf of said corporation.

[Signature]  
Notary Public in and for the  
State of Texas  
Commission expires: 12-31-96

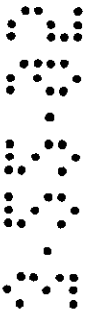
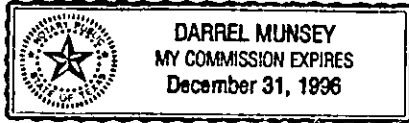
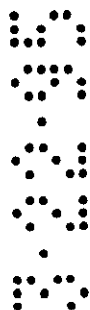


EXHIBIT "A"

Lessor: Cullen V. Mancuso and wife, Patti S. Mancuso  
and Charles Mancuso and wife, Cindy Lou Mancuso  
n/k/a Cindy L. Mancuso  
Lessee: Baker Exploration Company  
Date: December 30, 1993  
Volume/Page: 2003/187

Lessor: State of Texas by the Commissioner of the General  
Land Office and the School Land Board  
Lessee: Union Pacific Resources Company  
Date: April 5, 1994  
Volume/Page: 2208/317



**METES AND BOUNDS DESCRIPTION  
OF A 480.00 ACRE UNIT OF THE  
BEXCO OPERATING, INC., MANCUSO UNIT NO. 1  
I.R. MITCHELL SURVEY, A-166  
BRAZOS COUNTY, TEXAS**

Metes and bounds description of all that certain tract or parcel of land, lying and being situated in the I.R. Mitchell Survey, Abstract No. 166, Brazos County, Texas. Said tract being a portion of the following:

1. A called 459.606 acre tract as described by a deed to Cullen V. Mancuso, *et al*, recorded in Volume 1884, Page 301 of the Deed Records of Brazos County, Texas and by an Oil and Gas Lease (Tract 2), recorded in Volume 2003, Page 187 of the Official Public Records of Brazos County, Texas,
2. A called 598.69 acre tract as described by a deed to Cullen V. Mancuso, *et al*, recorded in Volume 1970, Page 289 (Exhibit A-1) of the Deed Records of Brazos County, Texas and by an Oil and Gas Lease (Tract 1), recorded in Volume 2003, Page 187 of the Official Public Records of Brazos County, Texas,
3. Tract 8, Navasota River, Brazos and Grimes Counties, Texas, called to contain approximately 60 acres, as described in an Oil & Gas Lease to the State of Texas, recorded in Volume 2208, Page 317 of the Official Public Records of Brazos County, Texas.

Said tract being more particularly described by metes and bounds as follows:

**COMMENCING** at a 1/2 inch iron rod found marking the South corner of the aforementioned 459.606 acre tract and the West corner of a called 173.6 acre tract as described in a deed to Douglas W. Howell, Jr., recorded in Volume 1872, Page 208 of the Deed Records of Brazos County, Texas, said iron rod also being on the Northeast Right-of-Way line of State Highway No. 6;

**THENCE:** N 37° 40' 30" E along the Northwest line of said 173.6 acre tract and the Southwest line of said 459.606 acre tract for a distance of 702.99 feet to a Southeast corner of said 459.606 acre tract;

**THENCE:** S 63° 10' 04" E along the Southwest line of said 459.606 acre tract for a distance of 1140.17 feet to the West corner of a called 102.52 acre tract as described in a lease from Paul Vollmer and wife, Cecelia Vollmer, recorded in Volume 2034, Page 257 of the Official Public Records of Brazos County, Texas;

**THENCE:** N 89° 13' 28" E along the South line of said 459.606 acre tract and the Northwest line of said 102.52 acre tract for a distance of 3184.78 feet to a 5/8 inch iron rod found marking the **POINT OF BEGINNING** for this herein described tract;

**THENCE:** S 65° 40' 01" E continuing along the South line of said 459.606 acre tract, at 2784.67 feet pass a 5/8 inch iron rod found marking the North corner of said 102.52 acre tract, continue on

into the aforementioned 598.69 acre tract for a total distance of 3643.74 to a point;

**THENCE:** N 72° 55' 42" E through said 598.69 acre tract for a distance of 2418.48 feet to the high bank of the Navasota River;

**THENCE:** N 59° 55' 10" E across the Navasota River for a distance of 151.41 feet to the opposite high bank of the Navasota River (Grimes County side);

**THENCE:** along the meanderings of the Navasota River (Grimes County side) for the following calls:

- N 07° 04' 24" E for a distance of 159.71 feet to a point;
- N 20° 59' 18" E for a distance of 111.51 feet to a point;
- N 53° 02' 13" E for a distance of 120.34 feet to a point;
- S 83° 55' 35" E for a distance of 56.19 feet to a point;
- N 84° 06' 33" E for a distance of 81.75 feet to a point;
- N 67° 40' 58" E for a distance of 214.10 feet to a point;
- N 59° 36' 24" E for a distance of 167.67 feet to a point;
- N 44° 32' 08" E for a distance of 99.84 feet to a point;
- N 23° 32' 02" E for a distance of 115.17 feet to a point;
- N 19° 30' 09" E for a distance of 95.49 feet to a point;
- N 19° 33' 32" E for a distance of 81.93 feet to a point;
- N 09° 05' 22" E for a distance of 107.90 feet to a point;
- N 01° 23' 50" W for a distance of 70.07 feet to a point;
- N 08° 27' 47" W for a distance of 65.55 feet to a point;
- N 19° 24' 12" W for a distance of 59.97 feet to a point;
- N 23° 34' 03" W for a distance of 66.18 feet to a point;
- N 36° 28' 38" W for a distance of 45.17 feet to a point;
- N 38° 17' 47" W for a distance of 45.48 feet to a point;
- N 64° 59' 45" W for a distance of 88.80 feet to a point;
- N 54° 01' 49" W for a distance of 105.14 feet to a point;
- N 76° 04' 52" W for a distance of 57.90 feet to a point;
- N 81° 10' 18" W for a distance of 129.23 feet to a point;
- S 69° 04' 34" W for a distance of 366.82 feet to a point;
- S 69° 36' 09" W for a distance of 212.30 feet to a point;
- S 72° 37' 03" W for a distance of 283.76 feet to a point;
- S 72° 16' 13" W for a distance of 360.89 feet to a point;
- S 68° 51' 02" W for a distance of 189.79 feet to a point;
- S 84° 02' 41" W for a distance of 371.12 feet to a point;
- N 64° 44' 43" W for a distance of 104.15 feet to a point;
- N 31° 12' 46" W for a distance of 168.86 feet to a point;
- N 02° 19' 18" E for a distance of 233.64 feet to a point;
- N 28° 21' 08" E for a distance of 462.54 feet to a point;
- N 24° 28' 57" E for a distance of 253.05 feet to a point;
- N 27° 13' 17" E for a distance of 256.07 feet to a point;
- N 14° 27' 21" E for a distance of 61.83 feet to a point;
- N 13° 02' 15" W for a distance of 141.51 feet to a point;
- N 00° 38' 57" W for a distance of 150.78 feet to a point;

N 11° 13' 36" E for a distance of 62.10 feet to a point;  
N 13° 01' 30" E for a distance of 188.57 feet to a point;  
N 43° 14' 23" W for a distance of 531.17 feet to a point;  
N 67° 23' 48" W for a distance of 637.27 feet to a point;  
N 47° 46' 31" W for a distance of 233.40 feet to a point;  
N 59° 10' 52" W for a distance of 492.62 feet to a point;  
N 40° 58' 19" W for a distance of 462.36 feet to a point;  
N 47° 03' 57" W for a distance of 305.99 feet to a point;  
N 38° 07' 40" W for a distance of 229.98 feet to a point;  
N 80° 37' 56" W for a distance of 156.24 feet to a point;  
S 78° 36' 25" W for a distance of 186.72 feet to a point;  
S 37° 43' 31" W for a distance of 102.84 feet to a point;  
S 19° 47' 16" W for a distance of 266.46 feet to a point;  
S 55° 15' 57" W for a distance of 165.08 feet to a point;  
N 79° 17' 45" W for a distance of 223.17 feet to a point;  
S 59° 20' 00" W for a distance of 88.00 feet to a point;  
S 51° 50' 00" W for a distance of 97.00 feet to a point;  
S 14° 15' 56" W for a distance of 220.81 feet to a point;  
S 32° 05' 07" W for a distance of 250.13 feet to a point;  
S 82° 40' 16" W for a distance of 162.95 feet to a point;  
N 66° 43' 52" W for a distance of 74.97 feet to a point;  
N 20° 53' 15" W for a distance of 268.74 feet to a point;  
N 42° 30' 56" W for a distance of 411.59 feet to a point;  
N 22° 11' 02" W for a distance of 166.70 feet to a point;  
N 29° 52' 48" W for a distance of 227.23 feet to a point;  
N 60° 59' 58" W for a distance of 110.99 feet to a point;  
N 63° 51' 20" W for a distance of 102.88 feet to a point;  
N 62° 41' 02" W for a distance of 132.58 feet to a point;  
N 56° 27' 48" W for a distance of 202.54 feet to a point;  
N 88° 21' 38" W across the river for a distance of 250.95 feet to a point on the high  
bank of Brazos County;

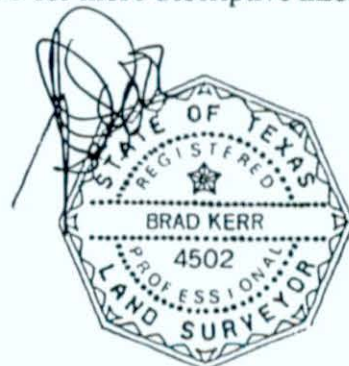
**THENCE:** S 02° 01' 51" W through the aforementioned 598.69 acre tract for a distance of 1720.55 feet to a point on the North line of the aforementioned 459.606 acre tract;

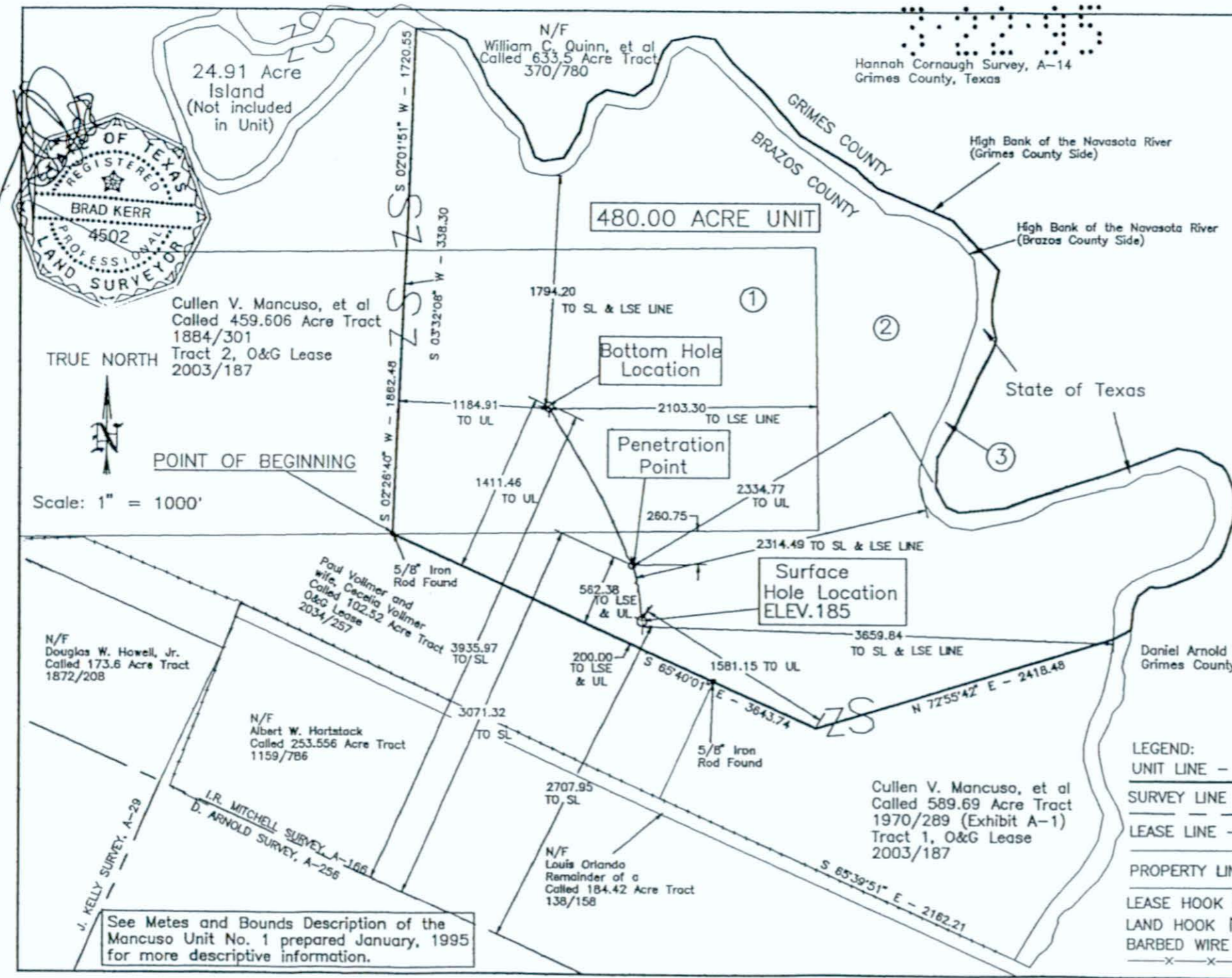
**THENCE:** S 03° 32' 08" W through said 459.606 acre tract for a distance of 338.30 feet to a point;

**THENCE:** S 02° 26' 40" W continuing through said 459.606 acre tract for a distance of 1862.48 feet to the **POINT OF BEGINNING** containing 480.00 acres of land as surveyed on the ground October, 1994. (See Survey Plat prepared January, 1995 for more descriptive information)

Brad Kerr  
Registered Professional  
Land Surveyor No. 4502

D:\work\94-427F1.mab





24.91 Acre Island  
(Not included in Unit)

Cullen V. Mancuso, et al  
Called 459.606 Acre Tract  
1884/301  
Tract 2, O&G Lease  
2003/187



Scale: 1" = 1000'

POINT OF BEGINNING

480.00 ACRE UNIT

Bottom Hole Location

Penetration Point

Surface Hole Location  
ELEV. 185

Cullen V. Mancuso, et al  
Called 589.69 Acre Tract  
1970/289 (Exhibit A-1)  
Tract 1, O&G Lease  
2003/187

See Metes and Bounds Description of the Mancuso Unit No. 1 prepared January, 1995 for more descriptive information.

**SURFACE LOCATION:** 200.00 feet to the Southwest Unit Line/Lease Line, 3659.84 feet to the Southeast Survey Line/Lease Line (River), 1581.15 feet to the Southeast Unit Line, and 2707.95 feet to the South Survey Line.

**PENETRATION POINT:** 260.75 feet to an interior Lease Line, 2334.77 feet to the East Survey/Lease Line (River), 2314.49 feet to the East Unit Line (River), 562.38 feet to the South Lease Line/Unit Line, and 3071.32 feet to the South Survey Line.

**BOTTOM HOLE LOCATION:** 1794.20 feet to the North Lease Line/Survey Line (River), 1184.91 feet to the West Unit Line, 1411.46 feet to the Southwest Unit Line, 2103.30 feet to the East Interior Lease Line, 3935.97 feet to the South Survey Line.

LEASE ACREAGES

Lease Number	Lessee	Vol./Pg. O&G Lease	Acreage
1	Cullen V. Mancuso, et al	2003/187	165.23
2	Cullen V. Mancuso, et al	2003/187	281.82
3	State of Texas	2208/317	32.95
<b>TOTAL ACREAGE =</b>			<b>480.00</b>

Note: Drilled Hole Locations shown as per Ensko Technology Survey Calculation Report. The Penetration Point bears: N 10°23'50" W for 440.94 feet from the Surface Location and the Bottom Hole Bears: N 28°22'53" W for 1397.13 feet from the Penetration Point.

- LEGEND:
- UNIT LINE - UL
  - SURVEY LINE - SL
  - LEASE LINE - LSE
  - PROPERTY LINE
  - LEASE HOOK
  - LAND HOOK
  - BARBED WIRE FENCE

Revised: 02-01-95; Lessee name

WELL LOCATION & 480.000 ACRE UNIT PLAT  
OF BEXCO OPERATING, INC.  
MANCUSO UNIT NO. 1  
I.R. MITCHELL SURVEY,  
A-166  
BRAZOS COUNTY, TEXAS

SCALE: 1 INCH = 1000 FEET  
SURVEY DATE: 10-14-94  
PLAT DATE: 01-18-95  
JOB NUMBER: 94-427  
CAD NAME: 94-427F1  
CRS FILE: 94-427

PREPARED BY:  
KERR SURVEYING CO.  
505 CHURCH STREET, P.O. BOX 269  
COLLEGE STATION, TEXAS 77841  
PHONE (409) 268-3185

Exhibit "C"

⑤ M-95817

Pooling Agreement

Filed: 3-28-95

2025

RAILROAD COMMISSION OF TEXAS  
Oil and Gas Division

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

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

Return each W-1 with plat and applicable fee. Make a check or money order payable to the State Treasurer of Texas.

Address to:  
Railroad Commission of Texas  
Oil and Gas Division, Drilling Permits  
P. O. Box 12967  
Austin, Texas 78711-2967

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

► Read Instructions on Back

Purpose of filing (mark appropriate boxes):

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

Enter here. ►  
If assigned: ►

API No. **42-04131838**  
Permit No.

Rule 37 Case No.

1. Operator's Name (exactly as shown on Form P-5, Organization Report) **BEXCO Operating, Inc.**  
3. RRC Operator No. **068468**    4. RRC District No. **03**    5. County of Well Site **SL & TL: Brazos**

2. Address (including city and zip code) **1001 University Dr. East, Suite 108  
College Station, TX 77840**  
6. Lease Name (92 spaces maximum) **Mancuso Unit #1**    7. RRC Lease/ID No.    8. Well No. **1**    9. Total Depth **15500' TVD**

*978 783*  
*9/20/94*

10. Location  
• Section \_\_\_\_\_ Block \_\_\_\_\_ Survey **SL & TL: I.R. Mitchell** Abstract No. A- **166**  
• This well is to be located **1.5** miles in a **North** direction from **Navasota, Texas**  
which is the nearest town in the county of the well site.

11. Distance from proposed location to nearest lease or unit line **200' 46"**    12. Number of bona fide acres in lease, pooled unit, or unitized tract **619.5** (OUTLINE ON PLAT.)

*Permit Granted 9-20-94*

13. FIELD NAME (Exactly as shown on RRC production schedule). List all established and wildcat zones of anticipated completion. Attach additional Form W-1's as needed to list these zones. One zone per line.	14. Completion depth	15. Spacing pattern (ft.)	16. Density pattern (acres)	17. Number of acres in drilling unit for this well. OUTLINE ON PLAT.	18. Is this acreage assigned to any other well on this lease & in this reservoir? If so, explain in Remarks.	19. Distance from proposed location to nearest permitted, or completed well, this lease & reservoir. (ft.)	20. Oil, gas, or other type well (Specify)	21. No. of applied for, permitted, or completed locations (including this one) on lease in this reservoir.	
								OIL	GAS
Giddings (Austin Chalk, Gas)	15000'	467/1200'	80	619.5	No	N/A	GAS	-0-	1
Giddings (Austin Chalk-3)	15000'	467/1200'	80	619.5	No	N/A	O,G	1	1
Wildcat (Above 15500')	15500'	467/1200'	40	619.5	No	N/A	O,G	1	1

22. Perpendicular surface location from two nearest designated lines:  
• Lease/Unit **200' FSWL & 3566.81' FSEL** Code **AG 487**    • Lease/Unit **467' FNEL & 861.84' FNWL**  
• Survey/Section **2707.95' ESWL & 3566.81' FSEL** Code **A 1200**    • Survey/Section **467' FNEL & 861.84' FNWL**

23. Is this a pooled unit? **FEIYSWL FSE (River)**  
Yes     No     (Attach Form P-12 and certified plat.)  
24. Is item 17 less than item 16 (substandard acreage for any field applied for)?  
Yes     No     (Attach Form W-TA)

25. Is this wellbore subject to Statewide Rule 38 (hydrogen sulfide area)? Yes  No     If subject to Rule 38, is Form H-9 filed? Yes  No     If not filed, explain in Remarks.

26. Do you have the right to develop the minerals under any right-of-way that crosses, or is contiguous to, this tract? Yes  No   
If not, and if the well requires a Rule 37 or 38 exception, see Instructions for Rule 37.

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

**Bill Connatser**    **Bill Connatser Land Man**  
Signature    Name and title of operator's representative

**09/20/94**    **409-846-4545**  
Date: mo. day yr. Tel: Area Code Number

Remarks  
Penetration Point Location is 688.23' FSWL & 2122.11' FNEL of Lease and 3196.64' FSEL & 2122.11' FNEL of Survey.

*Rec# 19010*    • RRC Use Only •    *428230*

14098460702 P.04 TO MILLER CONSULTING, INC. FROM 16:22 SEP-20-1994

⑥ M-95817

Application to Drill Well #1

FILED: 3-28-95

RAILROAD COMMISSION OF TEXAS  
Oil and Gas Division

Form G-1  
Rev. 4/1/83

Type or print only

483-047

API No. 42-041-31838

7. RRC District No.  
3

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

8. RRC Gas ID No.  
N/A

1. FIELD NAME (as per RRC Records or Wildcat)  
Giddings

2. LEASE NAME  
Mancuso

8. Well No.  
1-H

3. OPERATOR'S NAME (Exactly as shown on Form P-6, Organization Report)  
Bexco Operating, Inc.

RRC Operator No.  
068468

10. County of well site  
Grimes

4. ADDRESS

Suite 108, 1001 University Drive East, College Station, Texas 77840-2120

11. Purpose of filing

5. Location (Section, Block, and Survey)  
I.R. Mitchell A-166

5b. Distance and direction to nearest town in this county.  
1.5 miles north of Navasota, TX

Initial Potential

6. If operator has changed within last 90 days, name former operator  
N/A

12. If workover or recess, give former field (with reservoir) & Gas ID or oil lease no. FIELD & RESERVOIR  
N/A

Retest

Reclass

Well record only (Explain in remarks)

13. Pipe Line Connection

14. Completion or recompletion date  
January 31, 1995

15. Any condensate on hand at time of workover or recompletion?  Yes  No

16. Type of Electric or other Log Run.  
gamma ray

Section I GAS MEASUREMENT DATA

Date of Test		Gas Measurement Method (Check One)						Gas produced during test		
12/12/94		Drill. Meter <input type="checkbox"/>	Flange Taps <input checked="" type="checkbox"/>	Pipe Taps <input type="checkbox"/>	Positive Choke <input type="checkbox"/>	Drifted Vent Meter <input type="checkbox"/>	Pilot Tube <input type="checkbox"/>	Critical-flow Prover <input type="checkbox"/>	14751 MCF	
Run No.	Line Size	Drif. or Choke Size	24 Hr. Coeff. Drif. or Choke	Static P <sub>m</sub> or Choke Press	Diff. h <sub>w</sub>	Flow Temp. °F	Temp. Factor F <sub>t</sub>	Gravity Factor F <sub>g</sub>	Compress. Factor F <sub>pv</sub>	Volume MCF/DAY
1	3.826	2.250	34415.47	465	47.00	99	.9645	.9690	1.034	4917
2										
3										
4										

Section II FIELD DATA AND PRESSURE CALCULATIONS

Gravity (Dry Gas) .639	Gravity Liquid Hydrocarbon Deg. API	Gas-Liquid Hydro Ratio DRY CF/Bbl	Gravity of Mixture G <sub>mix</sub> * .639	Avg. Shut-in Temp. 203 °F	Bottom Hole Temp. TVD 331 °F @ 13550 (Depth)
---------------------------	--	--------------------------------------	---	------------------------------	---

$Q_{eff}^{8/3} = 10.806$        $\sqrt{\gamma_L} = \sqrt{676} = 26.00$        $\sqrt{GL} = \sqrt{8658.45} = 93.05$

$c = \frac{1118 \times (Q_{eff})^{8/3}}{\sqrt{\gamma}} = 1118 \times 10.806 / 26.00 = 464.66$        $\frac{\sqrt{GL}}{c} = 93.05 / 464.66 = .2003$

Run No.	Time of Run Min.	Choke Size	Wellhead Press. PSIA P <sub>w</sub>	Wellhead Flow Temp. F°	P <sub>w</sub> 2 (Thousands)	R	R <sup>2</sup> (Thousands)	P <sub>1</sub>	P <sub>w</sub> / P <sub>1</sub>
Shut-in 24 Hrs			7815	74					
1	4320	28/64	1187	100	1409	984.9	970.0	1542	.7698
2									
3									
4									

Run No.	f	k	S * $\frac{1}{z}$	E <sup>ka</sup>	P <sub>1</sub> and P <sub>2</sub>	P <sub>1</sub> 2 and P <sub>2</sub> 2 (thousands)	P <sub>1</sub> 2 - P <sub>2</sub> 2 (thousands)	Angle of Slope
Shut-in								θ 45.00
1	.8899	.2137	1.0956	1.2638	1949	3799	85220	φ 1.0000
2								Absolute Open Flow
3								5136 MCF/DAY
4								

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

Jim Ware Signature Well Tester      Jofanne Ramirez Name of Company      FESCO Inc.      RRC Representative

OPERATOR'S CERTIFICATION: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this report, that I prepared or supervised and directed this report, and that data and facts stated therein are true, correct, and complete, to the best of my knowledge.

Debbie Gubin Production Analyst      2-23-95      (409) 846-4545

Signature: Operator's representative      Title      Date      A/C      Number

## SECTION III

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

17. Type of Completion				18. Permit to Drill, Plug Back or Deepen		DATE	PERMIT NO.
New Well <input checked="" type="checkbox"/> Deepening <input type="checkbox"/> Plug Back <input type="checkbox"/> Other <input type="checkbox"/>				Rule 37		9-20-94	428230
19. Notice of Intention to Drill this well was filed in Name of				Exception		CASE NO.	
BEXCO Operating, Inc.				Water Injection Permit		PERMIT NO.	
20. Number of producing wells on this lease in this field (reservoir) including this well		21. Total number of acres in this lease		Salt Water Disposal Permit		PERMIT NO.	
one		480.0		Other		PERMIT NO.	
22. Date Plug Back, Deepening, WorkOver or Drilling Operations:		Commenced	Completed	23. Distance to nearest well, Same Lease & Reservoir			
		9-29-94	1-31-95	N/A			

24. Location of well, relative to nearest lease boundaries of lease on which this well is located		200.0	Fect From SW	Line and 3659.84	Fect from SE
		Line of the Cullen Mancuso Lease			

25. Elevation (DF, RKB, RT, OR, ETC.)		26. Was directional survey made other than inclination (Form W-12)?	
185.0'		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

27. Top of Pay	28. Total Depth	29. P. B. Depth	30. Surface Casing Determined by:	Recommendation of T.D.W.R. Railroad Commission (Special)	Dt. of Letter
13194	15758		Field <input type="checkbox"/> Rules <input type="checkbox"/>	<input checked="" type="checkbox"/>	9-20-94
					Dt. of Letter

31. Is well multiple completion?	32. If multiple completion, list all reservoir names (completions in this well) and Oil Lease or Gas ID No.			33. Intervals Drilled by:		Rotary Tools	Cable Tools
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	FIELD & RESERVOIR			GAS ID or OIL LEASE *	Oil-O Gas-C	WELL *	XXX

34. Name of Drilling Contractor	35. Is Cementing Affidavit Attached?
Patterson Drilling	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

36. CASING RECORD (Report All Strings Set in Well)							
CASING SIZE	WT #/FT.	DEPTH SET	MULTISTAGE TOOL DEPTH	TYPE & AMOUNT CEMENT (sacks)	HOLE SIZE	TOP OF CEMENT	SLURRY VOL. cu. ft.
10-2/3	40:50 J-55	2515		1080 40:60:8 (POZ:A:GEL)	14-3/4	surface	1551
7-5/8	33:70	13550		50-"A":1% A-7P 393 35:65:2 + 20%+10% sah 1+ 15 R-3			

37. LINER RECORD				
Size	TOP	Bottom	Sacks Cement	Screen
N/A				

38. TUBING RECORD			39. Producing Interval (this completion) Indicate depth of perforation or open hole	
Size	Depth Set	Packer Set	From	To
2 7/8"	13550' (TVD)	13288'	13655	15758
			From	To
			From	To

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

41. FORMATION RECORD (LIST DEPTHS OF PRINCIPAL GEOLOGICAL MARKERS AND FORMATION TOPS)			
Formations	Depth	Formations	Depth
Base of Wilcox	9405	Top of Austin Chalk	13194
Top of Navarro	11550	Net Streak	13478
Base of Pecan Gap	12865	Target	13655
REMARKS		Top of Eagleford	13710

GAS WELL  
CLASSIFICATION REPORT

READ INSTRUCTIONS ON BACK

1. OPERATOR NAME (Exactly as shown on Form P-5 Organization Report)  Bexco Operating, Inc.		3. RRC DISTRICT NO.  3	4. OIL LEASE NO. OR GAS WELL ID NO.  N/A
2. MAILING ADDRESS  Suite 108 1001 University Drive East College Station, Texas 77840-2120		5. WELL NO.  1-H	6. API NO.  42-041-31838
		7. COUNTY OF WELL SITE  Grimes	
8. FIELD NAME (as per RRC Records) Giddings (Austin Chalk - Gas)		9. LEASE NAME Mancuso	
10. LOCATION (Section, Block, and Survey) I.R. Mitchell A-166		11. PIPELINE CONNECTION OR USE OF GAS Southwestern Gas Pipeline, Inc.	
I. PRODUCTION TEST AT RATE ELECTED BY OPERATOR (data on 24-hour basis)		II. A.S.T.M. DISTILLATION OF LIQUID SAMPLE. Distillation test is required for gas wells ONLY if the producing gas-liquid hydrocarbon ratio is less than 100,000 CF/barrel.	
A. Date of Test _____ 12/12/94 _____		Date Liquid Sample Obtained _____ Not Required _____	
B. Gas Volume _____ 4917 _____ (Mcf)		Where Obtained: <input type="checkbox"/> Separator <input type="checkbox"/> Stock Tank	
C. Oil or Condensate Volume _____ 0.00 _____ (Bbl)		% Over Temp. (deg. F) _____ % Over Temp. (deg. F) _____	
D. Water Volume _____ 14.60 _____ (Bbl)		Initial Boiling Temp. _____ 60 _____	
E. Gas/Liquid Hydrocarbon Ratio _____ Dry _____ (Cf/Bbl)		10 _____ 70 _____	
F. Flowing Tubing Pressure _____ 1187 _____ (psia)		20 _____ 80 _____	
G. Choke Size _____ 28/64 _____ (in.)		30 _____ 90 _____	
H. Casing Pressure _____ 15 _____ (psia)		40 _____ 95 _____	
I. Shut-in Wellhead Pressure- Tubing _____ 7815 _____ (psia)		50 _____ End Point _____	
J. Separator Operating Pressure _____ 465 _____ (psia)		Total Recovery _____ percent	
K. Color of Stock Tank Liquid _____		Residue _____ percent	
L. Gravity of Separator Liquid _____ ° API		Loss _____ percent	
M. Gravity of Stock Tank Liquid _____ NA _____ ° API			
N. Specific Gravity of the Gas (Air = 1) _____ 0.639 _____			
I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated therein are true, correct, and complete to the best of my knowledge.  02/03/95		RRC USE ONLY	
DATE		CONTACT PERSON	
		PHONE NUMBER	

Tim Ware FESCO Inc.  
NAME (Type or Print)  
SIGNATURE *Tim Ware*  
Bryan District Manager  
TITLE  
Tim Ware (409) 775-1825  
CONTACT PERSON PHONE NUMBER

[DISTRICT 03]

Operator BEXCO Operating, Inc.  
Address 1001 University Dr., E., S e. 108  
C.S., Tx 77840

[ ] RETEST

Test Period

Page

Due Date

Effective Date

FIELD NAME LEASE NAME	RRC IDENT. NO. WELL NUMBER	DATE TESTED Mo./Day./Yr.	PRODUCING WELLS					NON-PRODUCING WELLS				
			DAILY PRODUCING RATE			PRESSURE PSIA#	POTENTIAL BHP	SHUT IN # (Date Required)	EXCEPTION SWR 14B (Expiration Date)	INJECTION	SALT WATER DISPOSAL	PLUGGED & ABANDONED
			GAS	CONDEN SATE	WATER							
Giddings Austin Chalk - Gas	N/A	2-22-95	2.3 MCF	0 BBLS	18.37 BBLS	7800						
Giddings Austin Chalk - Gas Mancuso	1		60 Spec. Grav.	60 Grav. API	0 MCF/Bbl	1800 Flowing						
			MCF	BBLS	BBLS	SIWH						
			Spec. Grav.	Grav. API	MCF/Bbl	Flowing						
			MCF	BBLS	BBLS	SIWH						
			Spec. Grav.	Grav. API	MCF/Bbl	Flowing						
			MCF	BBLS	BBLS	SIWH						
			Spec. Grav.	Grav. API	MCF/Bbl	Flowing						
			MCF	BBLS	BBLS	SIWH						
			Spec. Grav.	Grav. API	MCF/Bbl	Flowing						
			MCF	BBLS	BBLS	SIWH						
			Spec. Grav.	Grav. API	MCF/Bbl	Flowing						
PURCHASER'S STATEMENT DATE _____			MCF	BBLS	BBLS	SIWH						
PURCHASER: _____			Spec. Grav.	Grav. API	MCF/Bbl	Flowing						
SIGNATURE _____			MCF	BBLS	BBLS	SIWH						
			Spec. Grav.	Grav. API	MCF/Bbl	Flowing						
AS PURCHASER'S REPRESENTATIVE, I AGREE THAT EACH TEST VOLUME SHOWN ABOVE IS A TRUE TEST REPRESENTATIVE OF EACH WELL(S) CAPABILITY.			MCF	BBLS	BBLS	SIWH						
			Spec. Grav.	Grav. API	MCF/Bbl	Flowing						

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

# Wells with an exception to SWR 14(B)(2) must insert the date (MO/Yr) the well was last produced or utilized.  
# Shut-in well head pressures are to be reported in pounds per square inch gauge pressure (PSIG) for wells in  
the West Panhandle, West Panhandle (Red Cove), and Texas-Hugoton Fields.

X ADDITIONAL SPECIAL TEST REQUIREMENT

CERTIFICATE

I declare under penalties prescribed in Article 6036e, R.C.S., that I am authorized to make this  
report, that this report was prepared by me or under my supervision and direction, and that data  
and facts stated therein are true, correct, and complete, to the best of my knowledge.

*Debra Dolan*  
Signature  
Production Analyst

2-23-95

Date  
(409) 846-4545

Title

Telephone

① 11-95817

Completion Report Well # 1-H  
FILED: 3-28-95

DO NOT DESTROY

GLO-36-10-84

-MEMO-

Operator Bexco Operating Inc.Unit Name Mancuso Unit #2County Brazos & Grimes

Effective Date \_\_\_\_\_

Unitized for: Oil \_\_\_\_\_ Gas \_\_\_\_\_ Oil & Gas 1. M.F. No. 95817Area Gridding (Austin Chalk, Gas) Tr. \_\_\_\_\_

Sec. \_\_\_\_\_ Blk. \_\_\_\_\_ Survey \_\_\_\_\_

13.95		1							
400	x	5		.70					%
.034875		.20		.006975					

2. M.F. No. \_\_\_\_\_

Area \_\_\_\_\_ Tr. \_\_\_\_\_

Sec. \_\_\_\_\_ Blk. \_\_\_\_\_ Survey \_\_\_\_\_

\_\_\_\_\_ x \_\_\_\_\_ . \_\_\_\_\_ %

3. M.F. No. \_\_\_\_\_

Area \_\_\_\_\_ Tr. \_\_\_\_\_

Sec. \_\_\_\_\_ Blk. \_\_\_\_\_ Survey \_\_\_\_\_

\_\_\_\_\_ x \_\_\_\_\_ . \_\_\_\_\_ %

4. M.F. No. \_\_\_\_\_

Area \_\_\_\_\_ Tr. \_\_\_\_\_

Sec. \_\_\_\_\_ Blk. \_\_\_\_\_ Survey \_\_\_\_\_

\_\_\_\_\_ x \_\_\_\_\_ . \_\_\_\_\_ %

REMARKS:

\* Keyed 1/23/97 M.T.

POOLING COMMITTEE REPORT

TO: SCHOOL LAND BOARD

DATE: March 7, 1995

OPERATOR: BEXCO Operating, Inc. COUNTY: Brazos & Grimes

UNIT NAME: Mancuso Unit Well #2 FIELD: Giddings  
(Austin Chalk, Gas)

STATE LEASE(S) IN UNIT

<u>Lease</u> <u>*Type</u>	<u>State</u> <u>Number</u>	<u>State</u> <u>Royalty</u>	<u>Expiration</u> <u>Date</u>	<u>Term</u> <u>Year</u>	<u>Acres</u> <u>Acres</u>	<u>Acres</u> <u>In Unit</u>	<u>Lessee of</u> <u>Record</u>
SF	M-95817	1/4 **	4/5/97	3	60.00	13.95	BEXCO

\*\* Subject to royalty reduction provision in the state lease

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

PRIVATE ACRES: 386.05  
 STATE ACRES: 13.95  
 TOTAL UNIT ACRES: 400.00

Unitized for:                      Depth(s):                      Well Location:

Oil \_\_\_\_\_                      See Remarks                      State Land \_\_\_\_\_

Gas \_\_\_\_\_                      Formation:                      Private Land   x  

Both   x                        See Remarks

Participation:                      Railroad Commission Rules:

Basis                      Surface acreage                      Spacing                      440 Acres

State Acreage                      3.49%                      Acreage Factor                      100%

State Unit Royalty                      0.70%

Agree to drill to density of field rules:                      Yes   x                        No \_\_\_\_\_

Holds only acreage included in the unit                      Yes   x                        No \_\_\_\_\_

past primary term:                      Yes   x                        No \_\_\_\_\_

Satisfactory geological data furnished:                      Yes   x                        No \_\_\_\_\_

**REMARKS:**

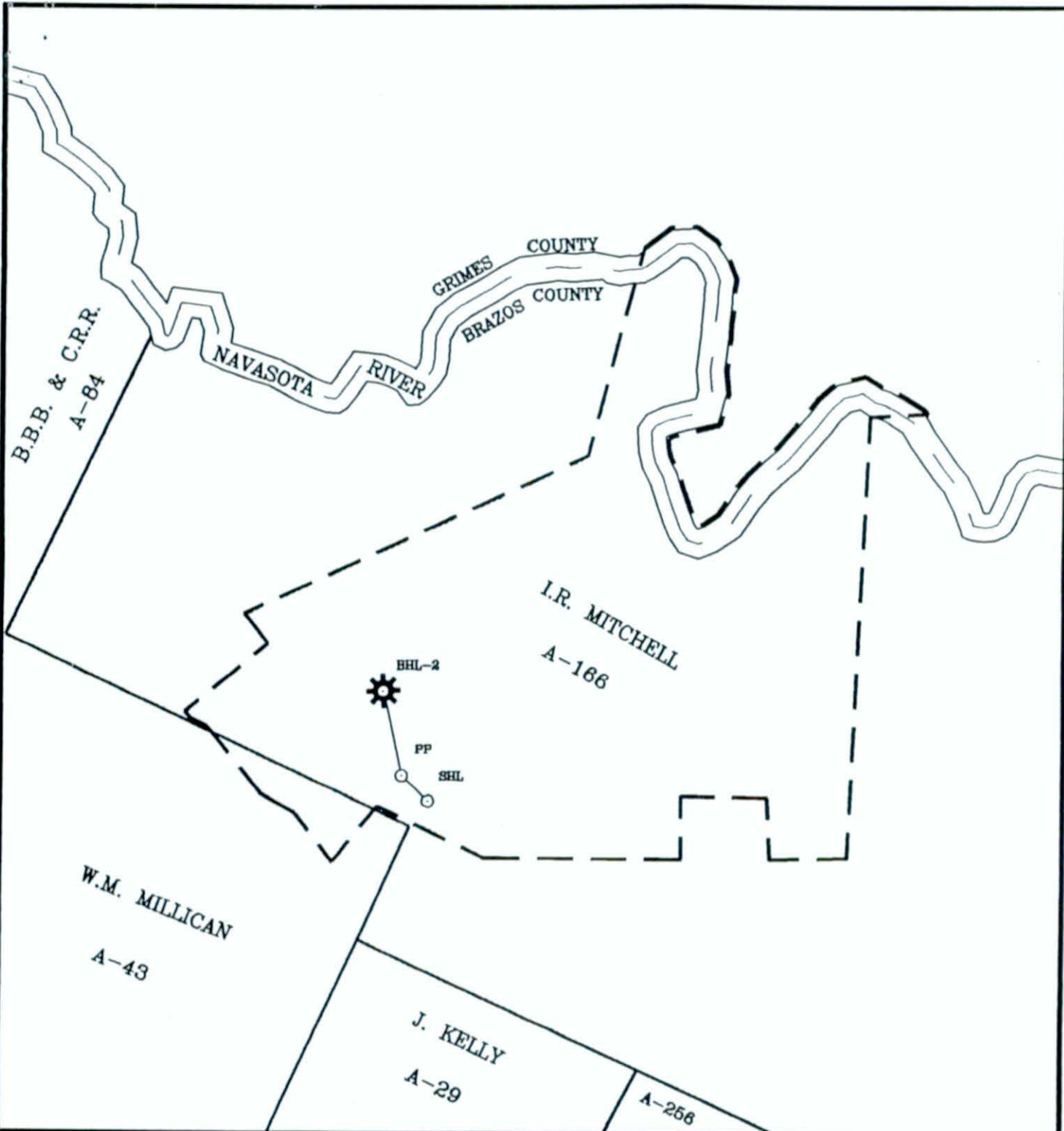
- . BEXCO Operating, Inc. is requesting permanent oil and gas pooling of the Austin Chalk Formation defined as the stratigraphic interval or its correlative equivalent occurring from 8890 feet to 9200 feet, as shown on the Induction log of the Prodeco Exploration, Inc. - Jimmie Weedon Gas Unit No. 1.
- . The applicant completed the proposed unit well on January 24, 1995, as a horizontal gas well, in the Austin Chalk Formation. The initial potential tests showed the well capable of producing 6,860 mcf of gas per day.
- . If the unit is approved, the applicant will earn a royalty reduction to 20%, making the state's unit royalty participation 0.70%.
- . Horizontal severance is provided for in the state lease.
- . APPROVAL BY THE SCHOOL LAND BOARD IN NO WAY RATIFIES ANY OF THE STATE LEASES INCLUDED IN THIS PROPOSED UNIT.

**POOLING COMMITTEE RECOMMENDATION:**

- . The Pooling Committee recommends Board approval of a permanent oil and gas unit, under the above stated provisions.

  
Jeffee Martinez-Vargas

  
Peter A. Boone



KBASKIN/MANCUSO2/0

BEXCO OPERATING, INC.  
MANCUSO UNIT WELL #2  
GIDDINGS (AUSTIN CHALK-GAS)  
BRAZOS COUNTY  
M-95817

② M-95817

Pooling Committee Report  
FILED: 3-28-95

POOLING AGREEMENT  
BEXCO OPERATING, INC.  
MANCUSO UNIT WELL NO. 2  
BRAZOS AND GRIMES COUNTIES, TEXAS

THIS AGREEMENT is entered into by and between the Commissioner of the General Land Office, on behalf of the State of Texas, as "Lessor" and BEXCO Operating, Inc., herein referred to as "Lessee", and such other interested parties as may join in the execution hereof, the undersigned parties herein collectively referred to as the "parties", in consideration of the mutual agreements hereinafter set forth and other valuable considerations, the receipt and sufficiency of which are hereby acknowledged, and for the purposes and upon the terms and conditions which follow:

PURPOSES:

1.

This Pooling Agreement ("Agreement") is made for the purposes of conservation and utilization of the pooled mineral, to prevent waste, to facilitate orderly development and to preserve correlative rights. To such end, it is the purpose of this Agreement to effect equitable participation within the unit formed hereby. This Agreement is intended to be performed pursuant to and in compliance with all applicable statutes, decisions, regulations, rules, orders and directives of any governmental agency having jurisdiction over the production and conservation of the pooled mineral and in its interpretation and application shall, in all things, be subject thereto.

UNIT DESCRIPTION:

2.

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

MINERAL POOLED:

3.

The mineral pooled and unitized ("pooled mineral") hereby shall be oil and gas including all hydrocarbons that may be produced from an oil well or a gas well as such wells are recognized and designated by the Railroad Commission of Texas or other state regulatory agency having jurisdiction of the drilling and production of oil and gas wells. The pooled mineral shall extend to those depths underlying the surface boundaries of the pooled unit in the Austin Chalk Formation, defined as the stratigraphic interval or its correlative equivalent occurring from 8,890 feet to 9,200 feet, as shown on the Induction Log of the Prodeco Exploration, Inc., Jimmie Weedon Gas Unit No. 1 Well ("unitized interval").

POOLING AND EFFECT:

4.

The parties hereto commit all of their interests which are within the unit to the extent and as above described into said unit and unitize and pool hereunder the separate tracts described on the attached Exhibit "B", for and during the term hereof, so that such pooling or unitization shall have the following effect:

- (a) The unit, to the extent as above described, shall be operated as an entirety for the exploration, development and production of the pooled mineral, rather than as separate tracts.
- (b) All drilling operations, reworking or other operations with respect to the pooled mineral on land within the unit shall be considered as though the same were on each separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Agreement. In the event the unitized area covered by this Agreement is maintained in force by drilling or reworking operations conducted on a directional well drilled under the unitized area from a surface location on adjacent or adjoining lands not included within the boundaries of the unitized area, such operations shall be considered to have been commenced on the unitized area when drilling is commenced on the adjacent or adjoining land for the purpose of directionally drilling under the unitized and production of oil or gas from the unitized area through any directional well surfaced on adjacent or adjoining land or drilling or reworking of any such directional well shall be considered production or drilling or reworking operations, as the case may be, on the unitized area for all purposes under this Agreement. Nothing in this Agreement is intended or shall be construed as granting to Lessee any leasehold interest, easements, or other rights in or with respect to any such adjacent or adjoining land in addition to any such leasehold interests, easements, or other rights which the lessee, operator or other interest owner in the unitized area may have lawfully acquired from the state or others.
- (c) Production of the pooled mineral from the unit allocated to each separate tract, respectively, as hereinafter provided, shall be deemed to have been produced from each such separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Agreement. However, if any State Lease(s) described in Exhibit "A" attached hereto contain(s) provision 4(E) VARIABLE ROYALTY, and a unit well is not located on such State Lease and a reduced royalty has not otherwise been earned, then a reduced royalty may be earned by unit production, but it shall only apply to the acreage and depths included within the unit and only for so long and insofar as said acreage and depths remain continuously within either a temporary unit or a permanent unit as approved by the School Land Board. Acreage and depths outside of the unitized area must earn a reduced royalty independently.
- (d) All rights to the production of the pooled mineral from the unit, including royalties and other payments, shall be determined and governed by the lease or other contract pertaining to each separate tract, respectively, based upon the production so allocated to such tract only, in lieu of the actual production of the pooled mineral therefrom. Provided that, payments that are made on a per acre basis shall be reduced according to the number of acres pooled and included herein, so that payments made on

a per acre basis shall be calculated based upon the number of acres actually included within the boundaries of the pooled unit covered by this Agreement.

- (e) A shut-in oil or gas well located upon any land or lease included within said unit shall be considered as a shut-in oil or gas well located upon each land or lease included within said unit; provided, however, that shut-in oil or gas well royalty shall be paid to the State on each State lease wholly or partially within the unit, according to the terms of such lease as though such shut-in oil or gas well were located on said lease, it being agreed that shut-in royalties provided in each State lease shall not be shared with other royalty owners.
- (f) Notwithstanding any other provision hereof, it is expressly agreed that each State lease may be maintained in force as to areas lying outside the unitized area described in Exhibit "B" only as provided in each such lease without regard to unit operations or unit production. Neither production of the pooled mineral, nor unit operations with respect thereto, nor the payment of shut-in royalties from a unit well, shall serve to hold any State lease in force as to any area outside the unitized area described in Exhibit "B" regardless of whether the production or operations on the unit are actually located on the State lease or not. "Area" as used in this paragraph shall be based upon surface acres to the end that, except as may otherwise be provided in each State Lease, the area inside the surface boundaries of the pooled unit, if held, will be held as to all depths and horizons.
- (g) If the Railroad Commission of Texas (or any other Texas regulatory body having jurisdiction) shall adopt special field rules providing for oil and/or gas proration units of less than 400.00 acres, then Lessee agrees to either (1) drill to the density permitted by the Railroad Commission, (2) make application to the School Land Board of the State of Texas to reform the unit to comply with Railroad Commission unit rules, or (3) make application to the School Land Board of the State of Texas for such remedy as may be agreeable to the Board.
- (h) This Agreement shall not relieve Lessee from the duty of protecting the State leases described in Exhibit "A" and the State lands within the boundaries of the pooled unit described in Exhibit "B" from drainage from any well situated on privately owned land, lying outside the unitized area described in Exhibit "B", but, subject to such obligation, Lessee may produce the allowable for the entire unit as fixed by the Railroad Commission of Texas or other lawful authority, from any one or more wells completed thereon.
- (i) There shall be no obligation to drill internal offset to any other well on separate tracts within the pooled unit, nor to develop the lands within the boundaries thereof separately, as to the pooled mineral.
- (j) Should this Agreement terminate for any cause, in whole or in part, the leases and other contracts affecting the lands within the unit, if not then otherwise maintained in force and effect, shall remain and may be maintained in force and effect under their respective terms and conditions in the same manner as though there had been production or operations under said lease or contract and the same had ceased on the date of the termination of this Agreement.

ALLOCATION OF PRODUCTION:

5.

For the purpose of computing the share of production of the pooled mineral to which each interest owner shall be entitled from the pooled unit, there shall be allocated to each tract committed to said unit that pro rata portion of the pooled mineral produced from the pooled unit which the number of surface acres covered by each such tract and included in the unit bears to the total number of surface acres included in said unit, and the share of production to which each interest owner is entitled shall be computed on the basis of such owner's interest in the production so allocated to each tract.

TAKING ROYALTY IN KIND:

6.

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

FULL MARKET VALUE:

7.

In the event the State does not elect to take its royalty in kind, the State shall receive full market value for its royalty hereunder, such value to be determined as follows:

- (a) As to royalty on oil by (1) the highest posted price, plus premium, if any, offered or paid for oil, condensate, distillate, or other liquid hydrocarbons, respectively, of a like type and gravity for the field where produced and when run, or (2) the highest market price thereof offered or paid for the field where produced and when run, or (3) gross proceeds of the sale thereof, whichever is the greater;
- (b) As to royalty on gas, such value to be based on (1) the highest market price paid or offered for gas of comparable quality for the field where produced and when run, or (2) the gross price paid or offered to the producer, whichever is the greater.

(For the purposes of this Agreement "field" means the general area in which the lands covered hereby are located.)

EFFECTIVE DATE:

8.

Upon execution by the Commissioner of the General Land Office of the State of Texas this Agreement shall become effective as of March 7, 1995; however, it is agreed that the State will participate in production from the Unit well or wells on a unitized basis from the date the pooled mineral was or is first produced.

TERM:

9.

This Agreement shall remain in effect so long as the pooled mineral is being produced from said unit, or so long as all leases included in the pooled unit are maintained in force by payment of delay rentals or shut-in oil or gas well royalties, by drilling or rework, or by other means, in accordance with the terms of said leases. Nothing herein shall amend or modify Section 52.031 of the Natural Resources Code, or any of the provisions thereof which are contained in any State lease covered by this Agreement.

STATE LAND:

10.

Insofar as the royalty interest of the State of Texas in and under any State tract committed to the unit is concerned, this Agreement is entered into, made and executed by the undersigned Commissioner of the General Land Office by virtue of the authority and pursuant to the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, authorizing the same, after the prerequisites, findings and approval hereof, as provided in said Code having been duly considered, made and obtained.

DISSOLUTION:

11.

The unit covered by this Agreement may be dissolved by Lessee, his heirs, successors or assigns, by an instrument filed for record in Brazos and Grimes Counties, Texas, and a certified copy thereof filed in the General Land Office at any time after the cessation of production on said unit or the completion of a dry hole thereon prior to production or upon such other date as may be approved by the School Land Board and mutually agreed to by the undersigned parties, their successors or assigns.

RATIFICATION/WAIVER:

12.

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

COUNTERPARTS:

13.

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

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

Date Executed 3/28/95

Legal  
Content  
Geology  
Execution



STATE OF TEXAS

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

Date Executed 3/20/95

BEXCO OPERATING, INC.

By Pat Bush  
Its Pres.

ATTEST: William E. C. Stof

CERTIFICATE

I, Linda K. Fisher, Secretary of the School Land Board of the State of Texas, do hereby certify that at a meeting of the School Land Board duly held on the 7th day of March, 1995, the foregoing instrument was presented to and approved by said Board under the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, all of which is set forth in the Minutes of the Board of which I am custodian.

IN TESTIMONY WHEREOF, witness my hand this the 28th day of March, 1995.

Linda K. Fisher  
Secretary of the School Land Board

STATE OF TEXAS

COUNTY OF BRAZOS

This instrument was acknowledged before me on 20th of March, 1995, by PAT BAKER as President of BEXCO Operating, Inc., a COLO corporation, on behalf of said corporation.

[Signature]  
Notary Public in and for the  
State of Texas  
Commission expires 12-31-96



EXHIBIT "A"

Lessor: Cullen V. Mancuso and wife, Patti S. Mancuso  
and Charles Mancuso and wife, Cindy Lou Mancuso  
a/k/a Cindy L. Mancuso  
Lessee: Baker Exploration Company  
Date: December 30, 1993  
Volume/Page: 2003/187

Lessor: State of Texas by the Commissioner of the General  
Land Office and the School Land Board  
Lessee: Union Pacific Resources Company  
Date: April 5, 1994  
Volume/Page: 2208/317

Lessor: Paradis Investments, L.L.C.  
Lessee: Baker Exploration Company  
Date: June 27, 1994  
Volume/Page: 2172/275



METES AND BOUNDS DESCRIPTION  
OF A 400.00 ACRE UNIT OF THE  
BEXCO OPERATING, INC., MANCUSO UNIT NO. 2  
I.R. MITCHELL SURVEY, A-166  
W.M. MILLICAN SURVEY, A-43  
BRAZOS COUNTY, TEXAS

Metes and bounds description of all that certain tract or parcel of land, lying and being situated in the I.R. Mitchell Survey, Abstract No. 166 and the W.M. Millican Survey, Abstract No. 43, Brazos County, Texas. Said tract being a portion of and containing the following:

1. A called 589.69 acre tract as described by a deed to Cullen V. Mancuso, *et al*, recorded in Volume 1970, Page 289 (Exhibit A-1) of the Deed Records of Brazos County, Texas and by an Oil and Gas Lease (Tract 1), recorded in Volume 2003, Page 187 of the Official Public Records of Brazos County, Texas,
2. A called 459.606 acre tract as described by a deed to Cullen V. Mancuso, *et al*, recorded in Volume 1884, Page 301 of the Deed Records of Brazos County, Texas and by an Oil and Gas Lease (Tract 2), recorded in Volume 2003, Page 187 of the Official Public Records of Brazos County, Texas,
3. A portion of the Navasota River between the high banks of Grimes and Brazos Counties, as described by an Oil and Gas Lease with The State of Texas recorded in volume 2208, Page 317 of the Official Public Records of Brazos County, Texas,
4. A called 1.32 acre tract as described by a deed to Cullen V. Mancuso, *et al*, recorded in Volume 1970, Page 289 (Exhibit A-2) of the Deed Records of Brazos County, Texas and by an Oil and Gas Lease (Tract 1), recorded in Volume 2003, Page 187 of the Official Public Records of Brazos County, Texas,
5. A railroad Right-of-Way as described by an Oil and Gas Lease to Paradis Investments, L.L.C., recorded in Volume 2172, Page 275 of the Official Public Records of Brazos County, Texas.

Said tract being more particularly described by metes and bounds as follows:

**BEGINNING** at a 1/2 inch iron rod found marking a Southwest corner of said 459.606 acre tract and the West corner of a called 173.6 acre tract as described in a deed to Douglas W. Howell, Jr., recorded in Volume 1872, Page 208 of the Official Public Records of Brazos County, Texas, said iron rod also being on the Northeast Right-of-Way line of State Highway No. 6;

**THENCE:** N 37° 40' 30" E along the common line of said 459.606 acre and 173.6 acre tract for a

distance of 625.30 feet to a 5/8 inch iron rod found marking the Southwest corner of the aforementioned 1.32 acre tract;

**THENCE:** S 65° 40' 01" E along the South line of said 1.32 acre tract for a distance of 1101.80 feet to a 5/8 inch iron rod found in the Northwest line of a called 102.52 acre tract as described in an Oil & Gas Lease to Paul Vollmer and wife, Cecelia Vollmer, recorded in Volume 2034, Page 786 of the Official Public Records of Brazos County, Texas;


**THENCE:** N 89° 13' 28" E along the Northwest line of said 102.52 acre tract for a distance of 1775.51 feet to a point;

**THENCE:** through the called 459.606 acre tract for the following calls:

N 00° 42' 59" W for a distance of 527.67 feet to a point;

N 89° 13' 28" E for a distance of 824.96 feet to a point;

S 00° 46' 32" E for a distance of 527.67 feet to a point on the South line of said 459.606 acre tract;

 **THENCE:** N 89° 13' 28" E continuing along the South line of said 459.606 acre tract for a distance of 644.74 feet to a 5/8 iron rod found marking the North corner of said 102.52 acre tract;

 **THENCE:** N 02° 26' 40" E through said 459.606 acre tract for a distance of 1862.48 feet to a point;

 **THENCE:** N 03° 32' 08" E for a distance of 338.30 feet to a point in the North line of said 459.606 acre tract;

**THENCE:** N 02° 01' 51" E through the aforementioned 598.69 acre tract for a distance of 1720.55 feet to a point on the high bank of the Navasota River;

**THENCE:** S 88° 21' 38" E for a distance of 250.95 feet to a point on the high bank of the Grimes County side of the Navasota River;

**THENCE:** along the meanderings of the Navasota River for the following calls:

N 63° 51' 20" W for a distance of 57.57 feet to a point;

N 62° 41' 02" W for a distance of 132.58 feet to a point;

N 56° 22' 47" W for a distance of 154.39 feet to a point;

N 76° 23' 44" W for a distance of 76.83 feet to a point;

S 67° 09' 57" W for a distance of 43.17 feet to a point;

S 66° 14' 48" W for a distance of 86.32 feet to a point;

S 53° 16' 39" W for a distance of 78.98 feet to a point;

S 14° 05' 30" W for a distance of 72.11 feet across river to the Northeast side of an island being a severed portion of a tract described by a deed to William C. Quinn, et al, recorded in Volume 370, Page 780 of the Deed Records of Grimes County, Texas,

to a point;  
S 07° 48' 05" W for a distance of 69.18 feet to a point;  
S 41° 10' 51" W for a distance of 114.00 feet to a point;  
S 45° 41' 44" W for a distance of 201.38 feet to a point;  
S 36° 56' 38" W for a distance of 160.49 feet to a point;  
S 46° 06' 36" W for a distance of 281.13 feet to a point;  
S 53° 34' 50" W for a distance of 125.95 feet to a point;  
S 45° 38' 21" W for a distance of 75.97 feet to a point;  
S 30° 47' 35" W for a distance of 63.65 feet to a point;  
S 28° 37' 20" W for a distance of 150.66 feet to a point;  
S 38° 29' 15" W for a distance of 134.10 feet to a point;  
S 52° 19' 10" W for a distance of 189.07 feet to a point;  
S 69° 55' 44" W for a distance of 109.37 feet to a point;  
S 88° 42' 52" W for a distance of 120.53 feet to a point;  
N 54° 37' 17" W for a distance of 118.76 feet to a point;  
N 26° 52' 59" W for a distance of 185.98 feet to a point;  
N 06° 34' 03" W for a distance of 98.79 feet to a point;  
N 23° 28' 07" W for a distance of 180.21 feet to a point;  
N 23° 12' 52" W for a distance of 231.62 feet to a point;  
N 13° 27' 41" W for a distance of 195.67 feet to a point;  
N 06° 25' 57" W for a distance of 158.35 feet to a point;  
N 63° 06' 07" E for a distance of 72.61 feet to a point;  
N 60° 14' 40" E for a distance of 100.61 feet to a point;  
N 72° 28' 32" E for a distance of 100.79 feet to a point;  
N 83° 43' 24" E for a distance of 89.45 feet to a point;  
N 80° 06' 57" E for a distance of 82.71 feet to a point;  
N 69° 20' 28" E across the river for a distance of 158.85 feet to a point;  
N 09° 25' 08" W for a distance of 76.53 feet to a point;  
N 04° 07' 38" E for a distance of 132.34 feet to a point;  
N 07° 44' 01" W for a distance of 104.08 feet to a point;  
N 01° 03' 53" E for a distance of 117.36 feet to a point;  
N 05° 11' 46" E for a distance of 123.38 feet to a point;  
N 10° 51' 51" E for a distance of 217.14 feet to a point;  
N 04° 10' 25" E for a distance of 270.18 feet to a point;  
N 06° 46' 24" E for a distance of 156.40 feet to a point;  
N 15° 48' 43" W for a distance of 100.04 feet to a point;  
N 35° 37' 33" W for a distance of 95.74 feet to a point;  
N 56° 53' 20" W for a distance of 140.07 feet to a point;  
N 88° 03' 53" W for a distance of 95.54 feet to a point;  
S 70° 27' 19" W for a distance of 173.87 feet to a point;  
S 51° 17' 27" W for a distance of 52.56 feet to a point;  
S 45° 36' 47" W for a distance of 103.14 feet to a point;  
S 54° 22' 07" W for a distance of 104.04 feet to a point;  
S 57° 33' 53" W for a distance of 67.00 feet to a point;  
S 13° 50' 00" W for a distance of 101.01 feet across the river to a point on the high  
bank of the Brazos County side lying on a Northwest line of the

aforementioned 598.69 acre tract;

**THENCE:** S 13° 50' 00" W through said 598.69 acre tract for a distance of 1610.34 feet to a point;

**THENCE:** S 65° 46' 41" W continuing through said 598.69 acre tract for a distance of 1399.50 feet to the North corner of said 459.606 acre tract;

**THENCE:** S 65° 46' 40" W along the Northwest line of the said 598.69 acre tract, at 1631.76 pass a  $\frac{5}{8}$  inch iron rod found marking the East corner of a called 97.48 acre tract as described by an Oil and Gas Lease to Paul Vollmer and wife, Cecelia Vollmer, recorded in Volume 2034, Page 251 of the Official Public Records of Brazos County, Texas, continue on for a total distance of 2016.30 feet to a  $\frac{1}{2}$  inch iron rod found marking the Northeast corner of a called 10.00 acre tract as described by a deed to Inferno Snuffers, recorded in Volume 1422, Page 121 of the Official Public Records of Brazos County, Texas;

**THENCE:** along the aforementioned 10.00 acre tract for the following calls:

S 38° 42' 13" E for a distance of 350.09 feet to the East corner of said 10.00 acre tract;

S 51° 15' 33" W for a distance of 950.45 feet to a  $\frac{1}{2}$  inch iron rod found, said iron rod also lying on the Northeast Right-of-Way of State Highway No. 6;

**THENCE:** along the Right-of-Way of State Highway No. 6 for the following calls:

S 38° 53' 31" E for a distance of 82.67 feet to a concrete Right-of-Way marker found;

S 68° 01' 34" E for a distance of 121.73 feet to a  $\frac{1}{2}$  inch iron rod found;

S 38° 39' 46" E for a distance of 816.09 feet to a point;

S 62° 40' 12" E for a distance of 332.00 feet to a concrete Right-of-Way marker found;

**THENCE:** S 38° 40' 08" E along the said Right-of-Way for a distance of 546.82 feet to the **POINT OF BEGINNING** containing 400.00 acres of land as surveyed on the ground September, October and November, 1994. (See Survey Plat prepared January, 1995 for more descriptive information)

Brad Kerr  
Registered Professional  
Land Surveyor No. 4502

D:\work\94-427F2.mab

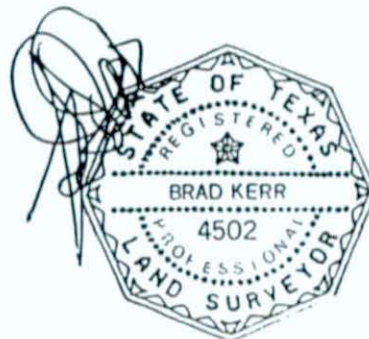
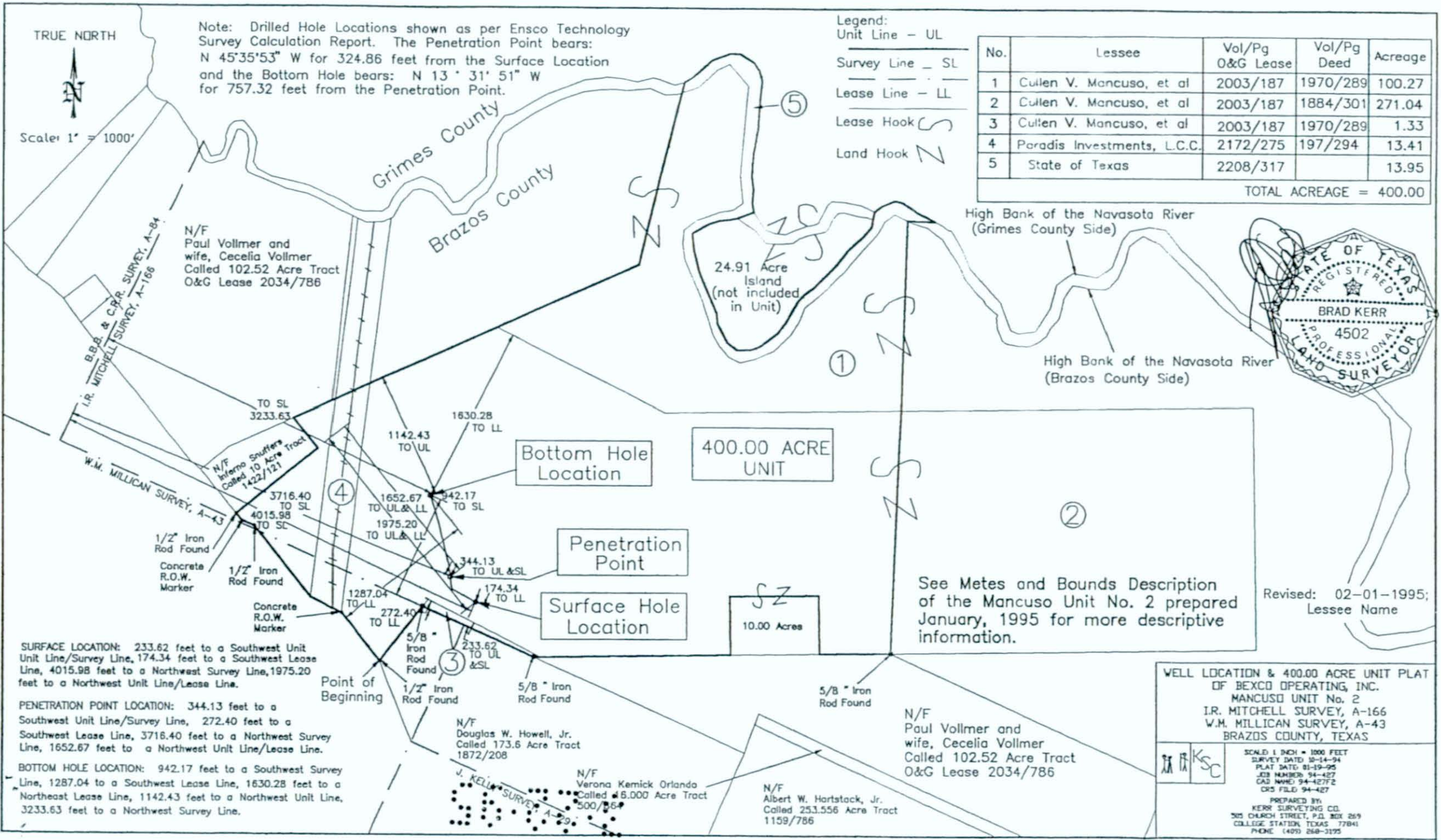


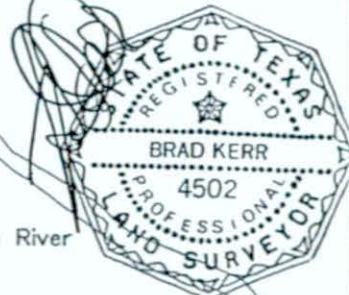
Exhibit "C"



Note: Drilled Hole Locations shown as per Ensco Technology Survey Calculation Report. The Penetration Point bears: N 45°35'53" W for 324.86 feet from the Surface Location and the Bottom Hole bears: N 13° 31' 51" W for 757.32 feet from the Penetration Point.

Legend:  
 Unit Line - UL  
 Survey Line - SL  
 Lease Line - LL  
 Lease Hook S  
 Land Hook N

No.	Lessee	Vol/Pg O&G Lease	Vol/Pg Deed	Acreage
1	Cullen V. Mancuso, et al	2003/187	1970/289	100.27
2	Cullen V. Mancuso, et al	2003/187	1884/301	271.04
3	Cullen V. Mancuso, et al	2003/187	1970/289	1.33
4	Paradis Investments, L.C.C.	2172/275	197/294	13.41
5	State of Texas	2208/317		13.95
TOTAL ACREAGE =				400.00



**SURFACE LOCATION:** 233.62 feet to a Southwest Unit Line/Survey Line, 174.34 feet to a Southwest Lease Line, 4015.98 feet to a Northwest Survey Line, 1975.20 feet to a Northwest Unit Line/Lease Line.

**PENETRATION POINT LOCATION:** 344.13 feet to a Southwest Unit Line/Survey Line, 272.40 feet to a Southwest Lease Line, 3716.40 feet to a Northwest Survey Line, 1652.67 feet to a Northwest Unit Line/Lease Line.

**BOTTOM HOLE LOCATION:** 942.17 feet to a Southwest Survey Line, 1287.04 feet to a Southwest Lease Line, 1630.28 feet to a Northeast Lease Line, 1142.43 feet to a Northwest Unit Line, 3233.63 feet to a Northwest Survey Line.

See Metes and Bounds Description of the Mancuso Unit No. 2 prepared January, 1995 for more descriptive information.

Revised: 02-01-1995;  
 Lessee Name

WELL LOCATION & 400.00 ACRE UNIT PLAT OF BEXCO OPERATING, INC. MANCUSO UNIT No. 2 I.R. MITCHELL SURVEY, A-166 W.M. MILLICAN SURVEY, A-43 BRAZOS COUNTY, TEXAS

SCALE 1 INCH = 1000 FEET  
 SURVEY DATED 10-14-94  
 PLAT DATE 03-19-95  
 JOB NUMBER 94-427  
 CAD NAME 94-427F2  
 CRS FILE 94-427  
 PREPARED BY:  
 KERR SURVEYING CO.  
 505 CHURCH STREET, P.O. BOX 269  
 COLLEGE STATION, TEXAS 77841  
 PHONE (409) 268-3195

Exhibit "C"

③ M-95817  
Pooling Agreement  
Filed 3-28-75

253

RAILROAD COMMISSION OF TEXAS  
Oil and Gas Division

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

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

Return each W-1 with plat and applicable fee. Make a check or money order payable to the State Treasurer of Texas.

Address to:  
Railroad Commission of Texas  
Oil and Gas Division, Drilling Permits  
P. O. Box 12967  
Austin, Texas 78711-2967

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

Read Instructions on Back

Purpose of filing (mark appropriate boxes):

Drill  Deepen (below casing)  Deepen (within casing)  Plug Back  Re-Enter

Horizontal  Directional Well  Sidetrack  Amended Permit (enter permit no. at right & explain fully in Remarks)

Enter here, if assigned:

API No. **42-04131839**

Permit No.

Rule 37 Case No.

1. Operator's Name (exactly as shown on Form P-5, Organization Report)  
BEXCO Operating, Inc.

3. RRC Operator No.  
068468

4. RRC District No.  
03

5. County of Well Site  
SL & TL: Brazos

2. Address (including city and zip code)  
1001 University Dr. East, Suite 108  
College Station, TX 77840

6. Lease Name (32 spaces maximum)  
Mancuso Unit # 2

7. RRC Lease/ID No.

8. Well No.  
2

9. Total Depth  
15500' TVD

10. Location

Section \_\_\_\_\_ Block \_\_\_\_\_ Survey SL & TL: I.R. Mitchell Abstract No. A-166

This well is to be located 1.5 miles in a North direction from Navasota, Texas

which is the nearest town in the county of the well site.

11. Distance from proposed location to nearest lease or unit, line 229.05 ft.

12. Number of contiguous acres in lease, pooled unit, or unitized tract 438.3 (OUTLINE ON PLAT.)

13. FIELD NAME (Exactly as shown on RRC proration schedule). List all established and wildcat zones of anticipated completion. Attach additional Form W-1's as needed to list these zones. One zone per line.

	Completion depth	Spacing pattern (ft.)	Density pattern (acres)	17. Number of acres in drilling unit for this well. OUTLINE ON PLAT.	18. Is this acreage assigned to another well on this lease & in this reservoir? If so, explain in Remarks.	19. Distance from proposed location to nearest applied for, permitted, or completed well, this lease & reservoir. (ft.)	Oil, gas, or other type well (Specify)	21. No. of applied for, permitted, or completed locations (including this one) on lease in this reservoir.	
								OIL	GAS
Giddings (Austin Chalk, Gas)	15000'	467/1200'	80	438.3	No	N/A	GAS	-0-	1
Giddings (Austin Chalk-3)	15000'	467/1200'	80	438.3	No	N/A	O,G	1	1
Wildcat (Above 15500')	15500'	467/1200'	40	438.3	No	N/A	O,G	1	1

22. Perpendicular surface location from two nearest designated lines:

Lease/Unit 229.05' FSWL & 3022.73' PSEL  
Survey/Section 272.38' FSWL & 3818.95' FNWL

If directional well, show also projected bottom-hole location:

Lease/Unit 467' FNWL & 467' FSWL  
Survey/Section 467' FNW(River)L & 467' FSW(River)L

23. Is this a pooled unit?

Yes  No  (Attach Form P-12 and certified plat.)

24. Is Item 17 less than Item 16 (substandard acreage for any field applied for)?

Yes  No  (Attach Form W-1A)

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

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

26. Do you have the right to develop the minerals under any right-of-way that crosses, or is contiguous to, this tract? If not, and if the well requires a Rule 37 or 38 exception, see Instructions for Rule 37.

Yes  No

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

Signature Bill Connatser

Name and title of operator's representative Bill Connatser, District Manager

Date: 09/20/94

Tel: 409-846-4545

mo. day yr. Area Code Number

• RRC Use Only •

Remarks

Penetration Point Location is 684.88' FSEL & 3016.15' FSEL of Lease and 756.89' FSWL & 3702.58' FNWL of Survey

Rec'd # 1910

428234

RECEIVED  
SEP 21 1994

SEP-20-1994 16:22 FROM MILLER CONSULTING, INC. TO 14099460702 P.05

**RAI ROAD COMMISSION OF TEXA  
OIL & GAS DIVISION**

PERMIT TO DRILL, DEEPEN, PLUG BACK, OR RE-ENTER  
ON REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

MIT NUMBER <b>428234</b>	DATE PERMIT ISSUED OR AMENDED <b>9/20/94</b>	DISTRICT <b>03</b>
NUMBER <b>42 041 31839</b>	FORM W-1 RECEIVED <b>9/20/94</b>	COUNTY <b>BRAZOS</b>
TYPE OF OPERATION <b>DRILL (HORIZONTAL)</b>		ACRES <b>438.30</b>
OPERATOR <b>BEXCO OPERATING, INC. 1001 UNIVERSITY DR E, STE 108 COLLEGE STA TX 77840</b>		NOTICE This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No.: <b>713 460-0631</b>
LEASE NAME <b>MANCUSO UNIT #2</b>		WELL NUMBER <b>2</b>
LOCATION <b>1.50 MILES N FROM NAVASOTA</b>		TOTAL DEPTH <b>15,500</b>
SECTION, BLOCK and/or SURVEY <b>SECTION =&gt;                      BLOCK =&gt;                      ABSTRACT =&gt; 166</b> <b>SURVEY ==&gt; I.R. MITCHELL</b>		
DISTANCE--LEASE LINES <b>229.05 F SW                      -                      3,022.73 F SE</b>		DISTANCE--NEAREST WELL ON LEASE <b>N/A</b>
DISTANCE--SURVEY LINES <b>272.38 F W'LYSW                      -                      3,818.95 F W'LYNW</b>		

**READ IMPORTANT CONDITIONS AND INSTRUCTIONS ON THE BACK OF THIS FORM**

**WELLD(S) AND LIMITATIONS**

**PERMIT BOTTOM HOLE LOCATION:**

LEASE DISTANCE ==>      467.00 F NW                      -                      467.00 F SW  
 SURVEY DISTANCE =>      467.00 F NW (RIVER)                      -                      467.00 F SW (RIVER)  
 NEAREST WELL ==>>> N/A

**WILDCAT**  
**PRODUCTIONS (AUSTIN CHALK-3)**  
**PRODUCTIONS (AUSTIN CHALK, GAS)**

**\*\* LIMITATIONS \*\***

**THE FOLLOWING RESTRICTIONS APPLY TO ALL FIELDS**

REGULAR PROVIDED THIS HORIZONTAL WELL IS NEVER COMPLETED ANY CLOSER  
 THAN 467 FEET TO ANY LEASE LINE.  
 REGULAR PROVIDED THIS WELL IS NEVER COMPLETED IN THE SAME RESERVOIR  
 AS ANY OTHER WELL CLOSER THAN 1200 FEET ON THIS SAME LEASE.  
 REGULAR PROVIDED THIS WELL IS NEVER DRILLED DEEPER THAN 15500 FEET.  
 WILDCAT ABOVE 15500 FEET.  
 PENETRATION POINT: 684.88 FSEL & 3016.15 FSEL OF LEASE  
 756.89 FSWL & 3702.58 FNWL OF SUEVEY

ATTACHMENT  
PERMIT #: 428234

FIELD: WILDCAT

FIELD: GIDDINGS (AUSTIN CHALK-3)

FIELD: GIDDINGS (AUSTIN CHALK, GAS)

⑩ M-95817

Application to Drill Well #2

FILED: 3-28-95

**RAILROAD COMMISSION OF TEXAS**  
Oil and Gas Division

**Form G-1**  
Rev. 4/1/83

Type or print only

483-047

API No. 42-041-31839

7. RRC District No.

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

3  
8. RRC Gas ID No.

1. FIELD NAME (as per RRC Records or Wildcat) <u>Giddings (Austin Chalk - Gas)</u>		2. LEASE NAME <u>Mancuso</u>		9. Well No. <u>2</u>	
3. OPERATOR'S NAME (Exactly as shown on Form P-5, Organization Report) <u>Bexco Operating</u>			RRC Operator No. <u>068468</u>		10. County of well site <u>Grimes</u>
4. ADDRESS <u>1001 University Dr. East, #108 College Station, Texas 77840</u>					
5. Location (Section, Block, and Survey) <u>I. R. Mitchell A-166</u>			5b. Distance and direction to nearest town in this county. <u>1.5 M North from Navasota</u>		
6. If operator has changed within last 60 days, name former operator <u>N/A</u>		12. If workover or reclass, give former field (with reservoir) # Gas ID or oil lease no. FIELD # RESERVOIR <u>N/A</u>		WELL # <u></u>	
13. Pipe Line Connection <u>Southwest Gas Pipeline, Inc.</u>		12. If workover or reclass, give former field (with reservoir) # Gas ID or oil lease no. FIELD # RESERVOIR <u>N/A</u>		11. Purpose of filing Initial Potential <input checked="" type="checkbox"/> Retest <input type="checkbox"/> Reclass <input type="checkbox"/> Well record only (Explain in remarks) <input type="checkbox"/>	
14. Completion or recompletion date <u>1-24-95</u>		15. Any condensate on hand at time of workover or recompletion? <input type="checkbox"/> Yes <input type="checkbox"/> No		16. Type of Electric or other Log Run. <u>Special Density Log</u>	

Section I GAS MEASUREMENT DATA										
Date of Test <u>01/27/95</u>		Gas Measurement Method (Check One) Orifice Meter <input checked="" type="checkbox"/> Flange Taps <input checked="" type="checkbox"/> Positive Choke <input type="checkbox"/> Orifice Vent Meter <input type="checkbox"/> Pitot Tube <input type="checkbox"/> Critical-flow Prover <input type="checkbox"/>						Gas produced during test <u>20580</u> MCF		
Run No.	Line Size	Orif. or Choke Size	24 Hr. Coeff. Orif. or Choke	Static P <sub>m</sub> or Choke Press	Diff. h <sub>w</sub>	Flow Temp. °F	Temp Factor F <sub>tr</sub>	Gravity Factor F <sub>g</sub>	Compress Factor F <sub>pw</sub>	Volume MCF/DAY
1	6	2.500	40307.58	500	60	85	0.9768	0.9655	1.042	6860
2										
3										
4										

Section II FIELD DATA AND PRESSURE CALCULATIONS											
Gravity (Dry Gas) <u>0.6436</u>		Gravity Liquid Hydrocarbon Deg. API		Gas-Liquid Hydro Ratio CF/Bbl		Gravity of Mixture G <sub>mix</sub> =		Avg. Shut-in Temp. <u>217</u> °F		Bottom Hole Temp. <u>358°F @ 13,500</u> (Depth)	
$D_{eff}^{8/3} = 10.806$		$\sqrt{T_r} = \sqrt{682} = 26.1$		$\sqrt{GL} = \sqrt{8688.6} = 93.2$							
$c = \frac{1118 \times (D_{eff})^{8/3}}{\sqrt{T}} = \frac{1118 \times 10.8}{26.1} = 463$		$\frac{\sqrt{GL}}{c} = \frac{93.2}{463} = 0.2015$									
Run No.	Time of Run Min.	Choke Size	Wellhead Press. PSIA P <sub>w</sub>	Wellhead Flow Temp. °F	P <sub>w</sub> <sup>2</sup> (Thousands)	R	R <sup>2</sup> (Thousands)	P <sub>1</sub>	P <sub>w</sub> /P <sub>1</sub>		
Shut-in			8150	76	66422.5						
1	4320	9/32	3600	85	12960.0	1382.7	1911.9	3856.4	0.934		
2											
3											
4											
Run No.	F	K	S = 1/z	E <sub>ks</sub>	P <sub>f</sub> and P <sub>s</sub>	P <sub>f</sub> <sup>2</sup> and P <sub>s</sub> <sup>2</sup> (thousands)	P <sub>f</sub> <sup>2</sup> - P <sub>s</sub> <sup>2</sup> (thousands)	Angle of Slope			
Shut-in			0.2406	0.755	1.199	9773.6	95523.0		θ 45.0		
1	0.967	0.2312	0.879	1.225	4725.4	22329.2	73193.8	n 1.0			
2								Absolute Open Flow 8960 MCF/DAY			
3											
4											

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

Lance A. Cain  
Signature: Well Tester

Southern Well Test.  
Name of Company

RRC Representative

OPERATOR'S CERTIFICATION: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this report, that I prepared or supervised and directed this report, and that data and facts stated therein are true, correct, and complete, to the best of my knowledge.

Debbie Gobin  
Signature: Operator's representative

Debbie Gobin Production Analyst 2-27-95

409-846-4545

Signature: Operator's representative

Title

Date

Tel.

A/C

Number

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

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

18. Permit to Drill, Plug Back or Deepen DATE 9-20-94 PERMIT NO. 428234  
 Rule 37 Exception N/A CASE NO.  
 Water Injection Permit N/A PERMIT NO.  
 Salt Water Disposal Permit N/A PERMIT NO.  
 Other N/A PERMIT NO.

19. Notice of Intention to Drill this well was filed in Name of REXCO Operating, Inc.

20. Number of producing wells on this lease in this field (reservoir) including this well One  
 21. Total number of acres in this lease 400.00

22. Date Plug Back, Deepening, WorkOver or Drilling Operations: Commenced 11-30-94 Completed 1-24-95  
 23. Distance to nearest well, Same Lease & Reservoir N/A

24. Location of well, relative to nearest lease boundaries of lease on which this well is located 174.34 Feet From S.W. Lease Line and 1975.2 Feet from N.W. Line of the Mancuso, Cullen Lease

25. Elevation (DF, RKB, RT, GR, ETC.) 185  
 26. Was directional survey made other than inclination (Form W-12)?  Yes  No

27. Top of Pay 13,300  
 28. Total Depth 14,379  
 29. P. B. Depth —  
 30. Surface Casing Determined by: Field  Rules  Recommendation of T.D.W.R.  Railroad Commission (Special)   
 Dt. of Letter 9-20-94

31. Is well multiple completion?  Yes  No  
 32. If multiple completion, list all reservoir names (completions in this well) and Oil Lease or Gas ID No. FIELD & RESERVOIR  
 33. Intervals Drilled by: Rotary Tools XX Cable Tools

34. Name of Drilling Contractor Patterson Drilling Company  
 35. Is Cementing Affidavit Attached?  Yes  No

36. CASING RECORD (Report All Strings Set in Well)

CASING SIZE	WT #/FT.	DEPTH SET	MULTISTAGE TOOL DEPTH	TYPE & AMOUNT CEMENT (sacks)	HOLE SIZE	TOP OF CEMENT	SLURRY VOL. cu. ft.
9 3/4	40:50 / J55	2505	—	see cement-	14 3/4	surface	2872
7 5/8		13280		ing. rpt. (W-15)	9 7/8		1093

37. LINER RECORD

Size	TOP	Bottom	Sacks Cement	Screen

38. TUBING RECORD

Size	Depth Set	Packer Set	From	To
2-7/8	13044.67	13048.51	13655	14379

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

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

Depth Interval	Amount and Kind of Material Used
N/A	

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

Formations	Depth	Formations	Depth
Base of Wilcox	9405	Top of Austin Chalk	13194
Top of Navarro	11550	Effective	13590
Base of Pecan Gap	12865	Target	13655
		Top of Eagle Ford	13710

REMARKS

RAILROAD COMMISSION OF TEXAS  
Oil and Gas Division

GAS WELL  
CLASSIFICATION REPORT

Form G-5  
Rev. 01/01/86

READ INSTRUCTIONS ON BACK

1. OPERATOR NAME (Exactly as shown on Form P-5 Organization Report) BEXCO Operating, Inc.		3. RRC DISTRICT NO. 03	4. OIL LEASE NO. OR GAS WELL (If No)																												
2. MAILING ADDRESS 1001 University Dr. East, #108 College Station, TX 77840		5. WELL NO. 2	6. API NO. 42-041-31839																												
8. FIELD NAME (as per RRC Reports) Giddings (Austin Chalk - Gas)		7. COUNTY OF WELL SITE Grimes																													
10. LOCATION (Section, Block, and Survey) I.R. Mitchell A-166		9. LEASE NAME Mancuso																													
11. PIPELINE CONNECTION OR USE OF GAS Southwest Gas Pipeline, Inc.																															
I. PRODUCTION TEST AT RATE ELECTED BY OPERATOR (data on 24 hour basis)		II. A.S.T.M. DISTILLATION OF LIQUID SAMPLE. (Distillation test is required for gas wells ONLY if the producing gas liquid hydrocarbon ratio is less than 100,000 CF/barrel)																													
A. Date of Test: 1-27-95 B. Gas Volume: 6860 (Mcf) C. Oil or Condensate Volume: -0- (Bbl) D. Water Volume: 48 (Bbl) E. Gas/Liquid Hydrocarbon Ratio: -0- (CF/Bbl) F. Flowing Tubing Pressure: 3600 (psia) G. Choke Size: 9/32 (in.) H. Casing Pressure: -0- (psia) I. Shut-in Wellhead Pressure: 8150 (psia) Tubing _____ (psia) J. Separator Operating Pressure: 500 (psia) K. Color of Stock Tank Liquid: N/A L. Gravity of Separator Liquid: N/A °API M. Gravity of Stock Tank Liquid: N/A °API N. Specific Gravity of the Gas: 6436 (Air = 1)		Date Liquid Sample Obtained: _____ Where Obtained: <input type="checkbox"/> Separator <input type="checkbox"/> Stock Tank <table border="0"> <tr> <td>% Over</td> <td>Temp (deg F)</td> <td>% Over</td> <td>Temp (deg F)</td> </tr> <tr> <td>Initial Boiling Temp</td> <td>_____</td> <td>60</td> <td>_____</td> </tr> <tr> <td>10</td> <td>_____</td> <td>70</td> <td>_____</td> </tr> <tr> <td>20</td> <td>_____</td> <td>80</td> <td>_____</td> </tr> <tr> <td>30</td> <td>_____</td> <td>90</td> <td>_____</td> </tr> <tr> <td>40</td> <td>_____</td> <td>95</td> <td>_____</td> </tr> <tr> <td>50</td> <td>_____</td> <td>End Point</td> <td>_____</td> </tr> </table> Total Recovery: _____ percent Residue: _____ percent Loss: _____ percent		% Over	Temp (deg F)	% Over	Temp (deg F)	Initial Boiling Temp	_____	60	_____	10	_____	70	_____	20	_____	80	_____	30	_____	90	_____	40	_____	95	_____	50	_____	End Point	_____
% Over	Temp (deg F)	% Over	Temp (deg F)																												
Initial Boiling Temp	_____	60	_____																												
10	_____	70	_____																												
20	_____	80	_____																												
30	_____	90	_____																												
40	_____	95	_____																												
50	_____	End Point	_____																												
I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated therein are true, correct, and complete to the best of my knowledge. 2-27-95		Debbie Gabin NAME Signature: <i>Debbie Gabin</i> SIGNATURE Production Analyst TITLE 409-846-4545 PHONE NUMBER																													
DATE		RRC USE ONLY																													

[DISTRICT \_\_\_\_\_]

Operator  
Address

[ ] RETEST [ ]

Test Period

Page

Due Date

Effective Date

FIELD NAME LEASE NAME	RRC IDENT. NO. WELL NUMBER	DATE TESTED Mo./Day./Yr	PRODUCING WELLS					NON-PRODUCING WELLS				
			DAILY PRODUCING RATE			PRESSURE PSIA#	POTENTIAL BHP	SHUT IN # (Date Required)	EXCEPTION SWR 14B (Expiration Date)	INJECTION	SALT WATER DISPOSAL	PLUGGED & ABANDONED
			GAS	CONDEN- SATE	WATER							
Giddings (Austin Chalk - Gas)		1-27-95	6840 MCF	— BBLs	48 BBLs	SIWH 8150	8960					
	2		0.6436 Spec. Grav.	— Grav. °API	— MCF/Bbl	3600 Flowing	4275					
			MCF	BBLs	BBLs	SIWH	MCF/DAY					
			Spec. Grav.	Grav. °API	MCF/Bbl	Flowing	PSIA	SIWH	PSIA			
			MCF	BBLs	BBLs	SIWH	MCF/DAY					
			Spec. Grav.	Grav. °API	MCF/Bbl	Flowing	PSIA	SIWH	PSIA			
			MCF	BBLs	BBLs	SIWH	MCF/DAY					
			Spec. Grav.	Grav. °API	MCF/Bbl	Flowing	PSIA	SIWH	PSIA			
			MCF	BBLs	BBLs	SIWH	MCF/DAY					
			Spec. Grav.	Grav. °API	MCF/Bbl	Flowing	PSIA	SIWH	PSIA			
PURCHASER'S STATEMENT DATE _____			MCF	BBLs	BBLs	SIWH	MCF/DAY					
PURCHASER: _____			Spec. Grav.	Grav. °API	MCF/Bbl	Flowing	PSIA	SIWH	PSIA			
SIGNATURE _____			MCF	BBLs	BBLs	SIWH	MCF/DAY					
AS PURCHASER'S REPRESENTATIVE, I AGREE THAT EACH TEST VOLUME SHOWN ABOVE IS A TRUE TEST REPRESENTATIVE OF EACH WELL(S) CAPABILITY.			Spec. Grav.	Grav. °API	MCF/Bbl	Flowing	PSIA	SIWH	PSIA			

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

X ADDITIONAL SPECIAL TEST REQUIREMENT

Wells with an exception to SWR 14 (B) (2) must insert the date (MO/Yr) the well was last produced or utilized.  
# Shut-in well head pressures are to be reported in pounds per square inch gauge pressure (PSIG) for wells in  
the West Panhandle, West Panhandle (Red Cave), and Texas-Hugoton Fields.

CERTIFICATE

I declare under penalties prescribed in Article 6036c, R.C.S., that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated therein are true, correct, and complete, to the best of my knowledge.

Debbie Gobin *Debbie Gobin* 2-27-95

Signature  
Production Analyst

Date  
(409) 846-4545

Title

Telephone

① M-95817

Completion Report Well #2

FILED: 3-28-95



**Texas General Land Office**  
Garry Mauro, Commissioner

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

May 22, 1995

Torch Energy Marketing  
Attn: Lynn Krailo  
1221 Lamar, suite 1600  
Houston, TX 77010-3039

Re: **Mineral File No. M-95817**  
**Mancuso Unit #1 (TEA #25008991)**  
**Operator-BEXCO Operating, Inc.**

Dear Ms. Krailo

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

The payment of royalties to the State of Texas is set by statute. As the execution of the division order may, in some cases, effect the payments of such royalties, it is not the policy of this office to execute them. Insofar as allowed by law, the Texas General Land Office acquiesces in the sale of oil and gas under the terms and conditions set out in the lease.

If you should have any questions, please feel free to call me at (512)475-1507.

Sincerely,

Mao-Ping Ku  
Accounts Examiner  
Energy Resources

mpk/mrg

# TORCH ENERGY MARKETING

INCORPORATED  
1221 LAMAR, SUITE 1600  
HOUSTON, TEXAS 77010-3039

WRITER'S DIRECT NO.:  
(713) 756-1874

TEL (713) 650-1246  
FAX (713) 655-1269

May 12, 1995

Re: Mancuso Unit #1 (TEA #25008991)  
Operator - BEXCO Operating, Inc.  
Brazos County, Texas

Dear Interest Owner:

Please be advised that Torch Energy Marketing, Inc. as agent for Nuevo Energy Company and Adams Resources, was marketing its gas production for the referenced unit for the months of March and April, 1995. Therefore, Torch Energy Advisors will be disbursing 75% of your revenue interest in this unit for gas production for these months.

In this regard, enclosed are two (2) copies of Gas Division Orders reflecting your royalty interest which burdens Nuevo and Adams' 75% gross working interest. EOTT who is disbursing on behalf of Bexco will be disbursing the remaining 25% of your revenue interest for gas production for this time period, and all of your revenue interest for oil production. However, after April, 1995 production EOTT will be disbursing 100% of your revenue interest for gas production until further notice.

After you have reviewed this division order sign your name, have your signature witnessed, insert your Social Security Number or Federal Tax Identification Number and return one copy of the division order in the furnished envelope. Should you have any questions, please contact me at (713) 756-1874.

Very truly yours,

Land Administration Department



Lynn Krailo  
Division Order Specialist

/lk

enclosures

cc: Bill Connatser (BEXCO)  
Murlene Lambert (EOTT)



M.F. 95817

Division Order

TO: Torch Energy Advisors Inc.  
1221 Lamar, Suite 1600  
Houston, TX 77010-3039

TEA #25008991  
Date: May 11, 1995  
Effective: FIRST PRODUCTION

The undersigned severally and not jointly certifies it is the legal owner of the interest set out on the attached of all gas (the term "gas" including, without limitation, gas well gas, casinghead gas, and condensate, natural gas liquids, and all other constituent elements of the raw gas stream) produced from the property described below:

Operator: BEXCO OPERATING, INC.  
Property Name: MANCUSO UNIT #1

PLEASE SIGN AND RETURN

Legal Description:

400 acre unit situated in the I. R. Mitchell Survey, A-166 and the W. M. Millican Survey, A-43, Brazos County, Texas.

THIS AGREEMENT DOES NOT AMEND ANY LEASE OR OPERATING AGREEMENT BETWEEN THE INTEREST OWNERS AND THE LESSEE OR OPERATOR OR ANY OTHER CONTRACTS FOR THE PURCHASE OF GAS.

The following provisions apply to each interest owner ("owner") who executes this agreement:

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

Gas: The payor shall pay all parties at the contract price received by the producer for gas produced and sold from the subject property. Purchaser shall compute quantity and make corrections for BTU content, delivery pressure and temperature.

PAYMENT: From the effective date, payment is to be made monthly by payor's check, based on this division of interest, less taxes required by law to be deducted and remitted by payor as purchaser. Payments of less than \$25 may be accrued before disbursement until the total amount equals \$25 or more, or until December 31 of each year, whichever occurs first. Payee agrees to refund to payor any amounts attributable to an interest or part of an interest that payee does not own.

INDEMNITY: The owner agrees to indemnify and hold payor harmless from all liability resulting from payments made to the owner in accordance with such division of interest, including but not limited to attorney fees or judgments in connection with any suit that affects the owner's interest to which payor is made a party.

DISPUTE; WITHHOLDING OF FUNDS: If a suit is filed that affects the interest of the owner, written notice shall be given to payor by the owner together with a copy of the complaint or petition filed.

In the event of a claim or dispute that affects title to the division of interest credited herein, payor is authorized to withhold payments accruing to such interest, without interest unless otherwise required by applicable statute, until the claim or dispute is settled.

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

NOTICES: The owner agrees to notify payor in writing of any change in the division of interest, including changes of interest contingent on payment of money or expiration of time.

No change of interest is binding on payor until the recorded copy of the instrument of change or documents satisfactorily evidencing such change are furnished to payor at the time the change occurs.

Any change of interest shall be made effective on the first day of the month following receipt of such notice by payor.

Any correspondence regarding this agreement shall be furnished to the addresses listed unless otherwise advised by either party.

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

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

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

Date: 05/11/95  
 Prepared By: llak  
 Verified: \_\_\_\_\_

MANCUSO UNIT #1 25010176

BRAZOS, TEXAS

400 ACRE UNIT SITUATED IN THE I.R. MITCHELL SURVEY, A-166 AND THE W.M. MILLICAN SURVEY, A-43, BRAZOS COUNTY, TEXAS.

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

CREDIT TO:	Pay Type	Interest / Type	OWNER SIGN BELOW AND INCLUDE PAYEE TAX IDENTIFICATION NUMBER
1592 TEXAS GENERAL LAND OFFICE STATE OF TEXAS 1700 N CONGRESS AVENUE AUSTIN, TX 78701	P	0.010296900 SRI	(SIGNATURE)
			(SOCIAL SECURITY OR TAX ID NUMBER)
			(WITNESS SIGNATURE)
			(WITNESS SIGNATURE)
TOTAL INTEREST		0.010296900	

5  
5  
5  
5  
5

PAY TYPES LEGEND  
 P PAY IF AMT EXCEEDS THRESHOLD

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

Division Order

TO: Torch Energy Advisors Inc.  
1221 Lamar, Suite 1600  
Houston, TX 77010-3039

TEA #25008991  
Date: May 11, 1995  
Effective: FIRST PRODUCTION

The undersigned severally and not jointly certifies it is the legal owner of the interest set out on the attached of all gas (the term "gas" including, without limitation, gas well gas, casinghead gas, and condensate, natural gas liquids, and all other constituent elements of the raw gas stream) produced from the property described below:

Operator: BEXCO OPERATING, INC.

Property Name: MANCUSO UNIT #1

Legal Description:

400 acre unit situated in the I. R. Mitchell Survey, A-166 and the W. M. Millican Survey, A-43, Brazos County, Texas.

YOUR COPY

THIS AGREEMENT DOES NOT AMEND ANY LEASE OR OPERATING AGREEMENT BETWEEN THE INTEREST OWNERS AND THE LESSEE OR OPERATOR OR ANY OTHER CONTRACTS FOR THE PURCHASE OF GAS.

The following provisions apply to each interest owner ("owner") who executes this agreement:

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

Gas: The payor shall pay all parties at the contract price received by the producer for gas produced and sold from the subject property. Purchaser shall compute quantity and make corrections for BTU content, delivery pressure and temperature.

PAYMENT: From the effective date, payment is to be made monthly by payor's check, based on this division of interest, less taxes required by law to be deducted and remitted by payor as purchaser. Payments of less than \$25 may be accrued before disbursement until the total amount equals \$25 or more, or until December 31 of each year, whichever occurs first. Payee agrees to refund to payor any amounts attributable to an interest or part of an interest that payee does not own.

INDEMNITY: The owner agrees to indemnify and hold payor harmless from all liability resulting from payments made to the owner in accordance with such division of interest, including but not limited to attorney fees or judgments in connection with any suit that affects the owner's interest to which payor is made a party.

DISPUTE; WITHHOLDING OF FUNDS: If a suit is filed that affects the interest of the owner, written notice shall be given to payor by the owner together with a copy of the complaint or petition filed.

In the event of a claim or dispute that affects title to the division of interest credited herein, payor is authorized to withhold payments accruing to such interest, without interest unless otherwise required by applicable statute, until the claim or dispute is settled.

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

NOTICES: The owner agrees to notify payor in writing of any change in the division of interest, including changes of interest contingent on payment of money or expiration of time.

No change of interest is binding on payor until the recorded copy of the instrument of change or documents satisfactorily evidencing such change are furnished to payor at the time the change occurs.

Any change of interest shall be made effective on the first day of the month following receipt of such notice by payor.

Any correspondence regarding this agreement shall be furnished to the addresses listed unless otherwise advised by either party.

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

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

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

Date: 05/11/95  
 Prepared By: llak  
 Verified: \_\_\_\_\_

MANCUSO UNIT #1 25010176  
 BRAZOS, TEXAS

400 ACRE UNIT SITUATED IN THE I.R. MITCHELL SURVEY, A-166 AND THE W.M. MILLICAN SURVEY, A-43, BRAZOS COUNTY, TEXAS.

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

CREDIT TO:	Pay Type	Interest / Type	OWNER SIGN BELOW AND INCLUDE PAYEE TAX IDENTIFICATION NUMBER
1592 TEXAS GENERAL LAND OFFICE STATE OF TEXAS 1700 N CONGRESS AVENUE AUSTIN, TX 78701	P	0.010296900 SRI	(SIGNATURE)
			(SOCIAL SECURITY OR TAX ID NUMBER)
TOTAL INTEREST		0.010296900	(WITNESS SIGNATURE)
			(WITNESS SIGNATURE)



PAY TYPES LEGEND  
 P PAY IF AMT EXCEEDS THRESHOLD

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

12

M. 95817

Division Order

File Dated MAY 22 1995

2022



**Texas General Land Office**  
Garry Mauro, Commissioner

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

May 22, 1995

EOTT Energy Operating Limited Partnership  
P. O. Box 4666  
Houston, TX 77210-4666

Re: **Mineral File No. M-95817**  
**Division Order Contract No. 66018**  
**Mancuso Unit #2** *Well #1*  
**Operator-BEXCO Operating, Inc.**

Dear Sir or Madam:

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

The payment of royalties to the State of Texas is set by statute. As the execution of the division order may, in some cases, effect the payments of such royalties, it is not the policy of this office to execute them. Insofar as allowed by law, the Texas General Land Office acquiesces in the sale of oil and gas under the terms and conditions set out in the lease.

If you should have any questions, please feel free to call me at (512)475-1507.

Sincerely,

Mao-Ping Ku  
Accounts Examiner  
Energy Resources

mpk/mrg

TO: EOTT Energy Operating Limited Partnership  
P.O. Box 4666  
Houston, TX 77210-4666  
(713) 993-5900

95817  
M.P.

DIVISION ORDER CONTRACT NO. 66018

Effective as of 04/01/95

Issued: 04/25/95

We, the undersigned, and each of us, whether one or more, hereby declare, warrant and agree that we are the owners, in the proportions set out below, of all oil produced from the

Operator: **BEXCO OPERATING IN**

Lease Name: **MANCUSO #1**

Field:

Described As:

**MANCUSO UNIT NO. 2, WELL NO. 1**  
\*\*\*\*\*

400.0 ACRES OUT OF THE I. R. MITCHELL SURVEY, A-166, AND THE W. M. MILLICAN SURVEY, A-43, BRAZOS COUNTY, TEXAS, BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS IN A COUNTERPART UNIT DESIGNATION DATED EFFECTIVE JANUARY 15, 1995, EXECUTED BY BEXCO OPERATING, INC., ET AL., RECORDED IN VOLUME 2294, PAGE 36 OF THE OFFICIAL RECORDS OF BRAZOS COUNTY, TEXAS

LIMITED TO THE SUBSURFACE INTERVAL COMMONLY KNOWN AS THE AUSTIN CHALK FORMATION, BEING THE STRATIGRAPHIC EQUIVALENT OF THE SUBSURFACE INTERVAL FROM 8890 FEET TO 9200 FEET ON THE INDUCTION LOG TO THE PRODECO EXPLORATION, INC., - JIMMIE WEEDON GAS UNIT NO. 1, LOCATED IN THE J W SCOTT SURVEY, BRAZOS COUNTY, TEXAS

We, and each of us, whether one or more, declare and agree that you are not obligated to purchase all the oil produced from the above described property and that you are hereby authorized, until further notice, to receive from said property for purchase from us severally in the proportions named, that part of such oil as you desire to purchase subject to the following conditions:

1. The oil purchased under the provisions of this division order shall become your property as soon as the same shall be taken into your custody or delivered on your order to a connecting carrier.
2. Settlement for the oil purchased by you under the terms of this division order shall be based upon the price agreed upon between you and the operator or marketer, as applicable, or, in the absence of such an agreed price, then on the basis of the prevailing price paid by you for oil of the same gravity, grade and quality received in the same field on the same date, subject to payment of severance and/or production taxes and the cost of treating the oil as necessary to render it merchantable.
3. In computing the amount of oil received, corrections shall be made for temperature at the time and place of delivery. Temperature deductions or allowances shall be made on a basis of 60° Fahrenheit temperature in accordance with the ASTM D 1250-80 Petroleum Measurement Tables. The oil, when delivered to you or your agent, shall be merchantable and commercially free of impurities. Proper deductions shall be made for any impurities. When it is necessary to treat the oil to render it merchantable, such treatment shall be at the expense of the seller(s).
4. We, and each of us, agree to furnish you satisfactory evidence of title to the property and the oil and, in the event of our failure to do so, to furnish to you a corporate indemnity bond or other security satisfactory to you before requiring payment for said oil and we further agree that you may retain the purchase price of the oil without

(Continued on reverse side)

**STATEMENT OF OWNERSHIP AND DIVISION OF INTEREST**

Name and Address

Interest(s)

Type of Interest

STATE OF TEXAS  
COMMISSIONER OF THE  
GENERAL LAND OFFICE  
STEPHEN F AUSTIN BLDG  
1700 NORTH CONGRESS AVE  
AUSTIN TX 78701

.00697500

ROYALTY

MKL 66018 000 E 307284

We hereby authorize you to run said oil, and, until further notice, to pay for all oil taken from said property, as herein indicated:

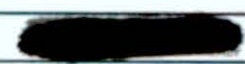
WITNESSES: (There must be two witnesses to each signature.)

OWNER SIGNATURE:

*(Handwritten signatures and lines)*

*(Handwritten signature)*  
**STATE OF TEXAS**

Social Security or Federal Identification Number



- interest, until satisfactory evidence of title, bond or other security is furnished, as above set forth. We, and each of us, further agree that in the event of adverse claim, question or dispute at any time concerning the title to such oil or any part thereof, or the title to all or any portion of the proceeds from the sale thereof, or the title to all or any portion of the land or lease(s) from which such oil is produced, you may retain without interest the proceeds of all oil received to the extent of the interest involved in such adverse claim, question or dispute, until indemnity satisfactory to you has been furnished or until said claim, question or dispute as to ownership has been finally resolved and, in the event any action or suit is filed in any court affecting the title either to the real property above described or to the oil produced therefrom in which any of the undersigned are parties, written notice of the filing of said action shall be immediately furnished to you by the undersigned stating the court in which same is filed and the title of such action or suit.
5. You are authorized to pay when required or permitted by any law, all taxes, fees and charges imposed by the federal or state governments, or any political subdivision thereof, in respect to or which may be a lien upon said production or the proceeds therefrom, or the lease from which the production is obtained and to deduct from any amount accrued hereunder to the undersigned such party's proportionate part of the payment so made.
  6. You are hereby relieved of any responsibility for determining when any of the interest herein shall increase, diminish, be extinguished or revert to other parties as a result of the completion or discharge of money or other payments from said interests, or as a result of the increase in production or as a result of a change in the depth, the method or the means of production, or as a result of a change in the allocation of the tract or tracts to a well or wells on the above described property by conventional agreement or by order of governmental authority, or resulting from any other contingency, and you are hereby authorized to continue to remit, pursuant to the below division of interest, until you receive notice in writing to the contrary by mail addressed to you at Houston, Texas. You shall be held harmless in the event said written notice is not received and are hereby relieved of any responsibility for loss arising out of an overpayment or otherwise as a result of the failure to receive said written notice.
  7. In the event any interest listed herein is transferred or assigned in whole or in part, the transferor agrees to make such transfer, insofar as your payments for oil are concerned, effective at 7:00 a.m. on the morning of the first day of a calendar month. The transferor is further obligated to promptly furnish you with a certified copy of the instrument effecting the transfer, and agrees to execute your regular form of transfer order reflecting such transfer or assignment. In the event of such transfer or assignment, if you continue to make payment for a lessor or reduced interest pursuant to this division order, all of the terms and provisions of this division order shall apply to any such payments which you may make hereunder, for any such lessor or reduced interest (even though such payments shall be for an interest which is less than the interest set forth above).
  8. You may discontinue purchasing oil produced from the above described property upon giving thirty (30) days prior notice to the person, firm, or corporation in charge of the operations for producing oil therefrom. We, and each of us, will give you thirty (30) days prior notice before cancelling or discontinuing any or all of the oil sales being made, or to be made, by each of us hereunder. Notwithstanding anything to the contrary stated or implied above, no such cancellation of discontinuation of oil purchases/sales shall occur prior to the end of a calendar month.
  9. This agreement and division order may be signed in counterpart and shall become valid and binding on each and every owner named herein as soon as signed by such owner, regardless of whether or not any of the other named owners have so signed, and shall be binding upon an inure to the benefit of the heirs, successors in interest, legal representatives and assigns of the parties hereto.
  10. Where the term "oil" is used herein, it is intended to include "distillate or condensate".
  11. Each of the undersigned agrees to protect and indemnify you from, against and for any loss or expense which you may suffer or sustain or become liable for by reason of your purchase, pursuant hereto, of said undersigned's interest, as herein set out, in said oil and the payment therefore to said undersigned, regardless of how the same may arise.
  12. If any portion or provision of this document should at any time fail, be declared illegal by a court of competent jurisdiction or be rendered unenforceable, this entire document shall not fail and all of the surviving terms and provisions of this document shall remain in full force and effect, subject to the above stated cancellation and/or revocation rights held by you and the undersigned.
  13. Special Provisions:

STATE OF TEXAS  
COMMISSIONER OF THE  
GENERAL LAND OFFICE  
STEPHEN F AUSTIN BLDG  
1700 NORTH CONGRESS AVE  
AUSTIN TX 78701

TO: EOTT Energy Operating Limited Partnership  
P.O. Box 4666  
Houston, TX 77210-4666  
(713) 993-5900

DIVISION ORDER CONTRACT NO. 66018

Effective as of 04/01/95  
Issued: 04/25/95

We, the undersigned, and each of us, whether one or more, hereby declare, warrant and agree that we are the owners, in the proportions set out below, of all oil produced from the

Operator: BEXCO OPERATING IN Lease Name: MANCUSO #1 Field:

Described As:

**MANCUSO UNIT NO. 2, WELL NO. 1**  
\*\*\*\*\*

400.0 ACRES OUT OF THE I. R. MITCHELL SURVEY, A-166, AND THE W. M. MILLICAN SURVEY, A-43, BRAZOS COUNTY, TEXAS, BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS IN A COUNTERPART UNIT DESIGNATION DATED EFFECTIVE JANUARY 15, 1995, EXECUTED BY BEXCO OPERATING, INC., ET AL., RECORDED IN VOLUME 2294, PAGE 36 OF THE OFFICIAL RECORDS OF BRAZOS COUNTY, TEXAS

LIMITED TO THE SUBSURFACE INTERVAL COMMONLY KNOWN AS THE AUSTIN CHALK FORMATION, BEING THE STRATIGRAPHIC EQUIVALENT OF THE SUBSURFACE INTERVAL FROM 8890 FEET TO 9200 FEET ON THE INDUCTION LOG TO THE PRODECO EXPLORATION, INC., - JIMMIE WEEDON GAS UNIT NO. 1, LOCATED IN THE J W SCOTT SURVEY, BRAZOS COUNTY, TEXAS

We, and each of us, whether one or more, declare and agree that you are not obligated to purchase all the oil produced from the above described property and that you are hereby authorized, until further notice, to receive from said property for purchase from us severally in the proportions named, that part of such oil as you desire to purchase subject to the following conditions:

1. The oil purchased under the provisions of this division order shall become your property as soon as the same shall be taken into your custody or delivered on your order to a connecting carrier.
2. Settlement for the oil purchased by you under the terms of this division order shall be based upon the price agreed upon between you and the operator or marketer, as applicable, or, in the absence of such an agreed price, then on the basis of the prevailing price paid by you for oil of the same gravity, grade and quality received in the same field on the same date, subject to payment of severance and/or production taxes and the cost of treating the oil as necessary to render it merchantable.
3. In computing the amount of oil received, corrections shall be made for temperature at the time and place of delivery. Temperature deductions or allowances shall be made on a basis of 60° Fahrenheit temperature in accordance with the ASTM D 1250-80 Petroleum Measurement Tables. The oil, when delivered to you or your agent, shall be merchantable and commercially free of impurities. Proper deductions shall be made for any impurities. When it is necessary to treat the oil to render it merchantable, such treatment shall be at the expense of the seller(s).
4. We, and each of us, agree to furnish you satisfactory evidence of title to the property and the oil and, in the event of our failure to do so, to furnish to you a corporate indemnity bond or other security satisfactory to you before requiring payment for said oil and we further agree that you may retain the purchase price of the oil without

(Continued on reverse side)

**STATEMENT OF OWNERSHIP AND DIVISION OF INTEREST**

Name and Address

Interest(s)

Type of Interest

STATE OF TEXAS  
COMMISSIONER OF THE  
GENERAL LAND OFFICE  
STEPHEN F AUSTIN BLDG  
1700 NORTH CONGRESS AVE  
AUSTIN TX 78701

.00697500

ROYALTY

MKL 66018 000 E 307284

We hereby authorize you to run said oil, and, until further notice, to pay for all oil taken from said property, as herein indicated:

WITNESSES: (There must be two witnesses to each signature.)

OWNER SIGNATURE:

STATE OF TEXAS

Social Security or Federal  
Identification Number

interest, until satisfactory evidence of title, bond or other security is furnished, as above set forth. We, and each of us, further agree that in the event of adverse claim, question or dispute at any time concerning the title to such oil or any part thereof, or the title to all or any portion of the proceeds from the sale thereof, or the title to all or any portion of the land or lease(s) from which such oil is produced, you may retain without interest the proceeds of all oil received to the extent of the interest involved in such adverse claim, question or dispute, until indemnity satisfactory to you has been furnished or until said claim, question or dispute as to ownership has been finally resolved and, in the event any action or suit is filed in any court affecting the title either to the real property above described or to the oil produced therefrom in which any of the undersigned are parties, written notice of the filing of said action shall be immediately furnished to you by the undersigned stating the court in which same is filed and the title of such action or suit.

5. You are authorized to pay when required or permitted by any law, all taxes, fees and charges imposed by the federal or state governments, or any political subdivision thereof, in respect to or which may be a lien upon said production or the proceeds therefrom, or the lease from which the production is obtained and to deduct from any amount accrued hereunder to the undersigned such party's proportionate part of the payment so made.
6. You are hereby relieved of any responsibility for determining when any of the interest herein shall increase, diminish, be extinguished or revert to other parties as a result of the completion or discharge of money or other payments from said interests, or as a result of the increase in production or as a result of a change in the depth, the method or the means of production, or as a result of a change in the allocation of the tract or tracts to a well or wells on the above described property by conventional agreement or by order of governmental authority, or resulting from any other contingency, and you are hereby authorized to continue to remit, pursuant to the below division of interest, until you receive notice in writing to the contrary by mail addressed to you at Houston, Texas. You shall be held harmless in the event said written notice is not received and are hereby relieved of any responsibility for loss arising out of an overpayment or otherwise as a result of the failure to receive said written notice.
7. In the event any interest listed herein is transferred or assigned in whole or in part, the transferor agrees to make such transfer, insofar as your payments for oil are concerned, effective at 7:00 a.m. on the morning of the first day of a calendar month. The transferor is further obligated to promptly furnish you with a certified copy of the instrument effecting the transfer, and agrees to execute your regular form of transfer order reflecting such transfer or assignment. In the event of such transfer or assignment, if you continue to make payment for a lessor or reduced interest pursuant to this division order, all of the terms and provisions of this division order shall apply to any such payments which you may make hereunder, for any such lessor or reduced interest (even though such payments shall be for an interest which is less than the interest set forth above).
8. You may discontinue purchasing oil produced from the above described property upon giving thirty (30) days prior notice to the person, firm, or corporation in charge of the operations for producing oil therefrom. We, and each of us, will give you thirty (30) days prior notice before cancelling or discontinuing any or all of the oil sales being made, or to be made, by each of us hereunder. Notwithstanding anything to the contrary stated or implied above, no such cancellation of discontinuation of oil purchases/sales shall occur prior to the end of a calendar month.
9. This agreement and division order may be signed in counterpart and shall become valid and binding on each and every owner named herein as soon as signed by such owner, regardless of whether or not any of the other named owners have so signed, and shall be binding upon an inure to the benefit of the heirs, successors in interest, legal representatives and assigns of the parties hereto.
10. Where the term "oil" is used herein, it is intended to include "distillate or condensate".
11. Each of the undersigned agrees to protect and indemnify you from, against and for any loss or expense which you may suffer or sustain or become liable for by reason of your purchase, pursuant hereto, of said undersigned's interest, as herein set out, in said oil and the payment therefore to said undersigned, regardless of how the same may arise.
12. If any portion or provision of this document should at any time fail, be declared illegal by a court of competent jurisdiction or be rendered unenforceable, this entire document shall not fail and all of the surviving terms and provisions of this document shall remain in full force and effect, subject to the above stated cancellation and/or revocation rights held by you and the undersigned.
13. Special Provisions:

STATE OF TEXAS  
COMMISSIONER OF THE  
GENERAL LAND OFFICE  
STEPHEN F. AUSTIN BLDG  
1700 NORTH CONGRESS AVE  
AUSTIN TX 78701

# EOTT ENERGY Operating Limited Partnership

P.O. BOX 4666  
HOUSTON, TEXAS 77210-4666

DEAR INTEREST OWNER

EOTT Energy Operating Limited Partnership (EOTT) is purchasing crude oil production from the property described in the attached division/transfer order. It is important that you read the division/transfer order carefully and confirm the decimal interest and payment information before executing and returning one copy of the order to this office. One copy should be kept for your records. To avoid any delay in payment, please follow the instructions outlined below:

## SIGNATURE

Sign your name as shown on the division/transfer order. Two adult witnesses should also sign the division/transfer order. Your spouse should also sign if the property is in Louisiana.

## CORPORATIONS

If signing for a corporation, the signature must be attested and the title of the signatory party shown. The name of the signatory party should be typed below his/her signature.

## ATTORNEYS-IN-FACT

If the division/transfer order is signed by an agent, attorney-in-fact, guardian, or any party other than the named interest owner, please furnish documentation of the rights vested in the signatory party.

## MAILING ADDRESS

Verify the address to which checks are to be mailed. Print or type. Do not abbreviate. If you are already receiving checks from this company, be sure to use the same address to which we are now mailing checks.

## CHANGE OF ADDRESS

Notify us immediately in writing of any change in your mailing address. This notice must include your own signature or the signature of the appointed agent. Always include your owner number (which appears on your check from this company) and your old address, then state your new address with zip code.

## SOCIAL SECURITY OR FEDERAL ID NUMBER

Under the provisions of Public Law 98-67, Statute 369 of the Interest and Dividend Tax Compliance Act of 1983, backup withholding of Federal Income Tax from payments to owners is required of payors when owners do not provide their taxpayer identification number. To avoid the 31% withholding, please enter either your social security or federal identification number in the space provided on the form beneath the signature space. If you are waiting for receipt of a taxpayer identification number, indicate "applied for" in the space provided and forward the number to us within 60 days. If you are a resident of a foreign country without a U.S. Tax identification number, please indicate that on the form.

Yours truly,

SPECIAL INSTRUCTIONS:



Murlene Lambert  
Division Order Analyst  
Division Order Department  
(713) 993-5900

EOTT ENERGY CORP.  
General Partner

13

M- 95817  
Division Order  
File Dated MAY 22 1995



**Texas General Land Office**

Garry Mauro, Commissioner

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

June 1, 1995

EOTT Energy Operating Limited Partnership  
Attn: Division Order  
P. O. Box 4666  
Houston, TX 77210-4666

Re: Mineral File No. M-95817  
Division Order Contract No. 67740  
Mancuso Unit #2, Well #2  
Operator -Bexco Operating, Inc.

Dear Sir or Madam:

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

The payment of royalties to the State of Texas is set by statute. As the execution of the division order may, in some cases, effect the payments of such royalties, it is not the policy of this office to execute them. Insofar as allowed by law, the Texas General Land Office acquiesces in the sale of oil and gas under the terms and conditions set out in the lease.

If you should have any questions, please feel free to call me at (512)475-1507.

Sincerely,

Mao-Ping Ku  
Accounts Examiner  
Energy Resources

mpk/mrg

TO: EOTT Energy Operating Limited Partnership  
P.O. Box 4666  
Houston, TX 77210-4666  
(713) 993-5900

DIVISION ORDER CONTRACT NO. 67740

Effective as of 04/01/95  
Issued: 05/15/95

We, the undersigned, and each of us, whether one or more, hereby declare, warrant and agree that we are the owners, in the proportions set out below, of all oil produced from the

Operator: **BEXCO OPERATING**

Lease Name: **MANCUSO #2**

Field:

Described As: Mancuso Unit #2 Well No #2

**MANCUSO #2**  
\*\*\*\*\*

400.00 ACRES OUT OF THE I R MITCHELL SURVEY, A-166, AND THE W M MILLICAN SURVEY, A-43, BRAZOS COUNTY, TEXAS, BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS IN A COUNTERPART UNIT DESIGNATION DATED EFFECTIVE JANUARY 15, 1995, EXECUTED BY BEXCO OPERATING, INC, ET AL, RECORDED IN VOL. 2294, PG 36, OF THE OFFICIAL RECORDS OF BRAZOS COUNTY, TEXAS,

LIMITED TO THE SUBSURFACE INTERVAL COMMONLY KNOWN AS THE AUSTIN CHALK FORMATION, BEING THE STRATIGRAPHIC EQUIVALENT OF THE SUBSURFACE INTERVAL FROM 8890 FEET TO 9200 FEET ON THE INDUCTION LOG TO THE PRODECO EXPLORATION, INC. -JIMMIE WEEEDON GAS UNIT NO 1, LOCATED IN THE J W SCOTT SURVEY, BRAZOS COUNTY, TEXAS

THIS DIVISION ORDER IS LIMITED TO DISTRIBUTION OF 100% OF OIL AND GAS PROCEEDS

We, and each of us, whether one or more, declare and agree that you are not obligated to purchase all the oil produced from the above described property and that you are hereby authorized, until further notice, to receive from said property for purchase from us severally in the proportions named, that part of such oil as you desire to purchase subject to the following conditions:

1. The oil purchased under the provisions of this division order shall become your property as soon as the same shall be taken into your custody or delivered on your order to a connecting carrier.
2. Settlement for the oil purchased by you under the terms of this division order shall be based upon the price agreed upon between you and the operator or marketer, as applicable, or, in the absence of such an agreed price, then on the basis of the prevailing price paid by you for oil of the same gravity, grade and quality received in the same field on the same date, subject to payment of severance and/or production taxes and the cost of treating the oil as necessary to render it merchantable.
3. In computing the amount of oil received, corrections shall be made for temperature at the time and place of delivery. Temperature deductions or allowances shall be made on a basis of 60° Fahrenheit temperature in accordance with the ASTM D 1250-80 Petroleum Measurement Tables. The oil, when delivered to you or your agent, shall be merchantable and commercially free of impurities. Proper deductions shall be made for any impurities. When it is necessary to treat the oil to render it merchantable, such treatment shall be at the expense of the seller(s).
4. We, and each of us, agree to furnish you satisfactory evidence of title to the property and the oil and, in the event of our failure to do so, to furnish to you a corporate indemnity bond or other security satisfactory to you before requiring payment for said oil and we further agree that you may retain the purchase price of the oil without

(Continued on reverse side)

**STATEMENT OF OWNERSHIP AND DIVISION OF INTEREST**

Name and Address	Interest(s)	Type of Interest
STATE OF TEXAS COMMISSIONER OF THE GENERAL LAND OFFICE STEPHEN F AUSTIN BLDG 1700 NORTH CONGRESS AVE AUSTIN TX 78701	<u>.00697500</u>	<u>ROYALTY</u>

**MKL 67740 000 E 307284**

We hereby authorize you to run said oil, and, until further notice, to pay for all oil taken from said property, as herein indicated:

WITNESSES: (There must be two witnesses to each signature.)

OWNER SIGNATURE:

*(Handwritten marks)*  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*(Handwritten mark)*  
\_\_\_\_\_  
**STATE OF TEXAS**  
\_\_\_\_\_  
\_\_\_\_\_

Social Security or Federal Identification Number

interest, until satisfactory evidence of title, bond or other security is furnished, as above set forth. We, and each of us, further agree that in the event of any adverse claim, question or dispute at any time concerning the title to such oil or any part thereof, or the title to all or any portion of the proceeds from the sale thereof, or the title to all or any portion of the land or lease(s) from which such oil is produced, you may retain without interest the proceeds of all oil received, to the extent of the interest involved in such adverse claim, question or dispute, until indemnity satisfactory to you has been furnished or, at your election, until said claim, question or dispute as to ownership has been finally resolved and in the event any action or suit is filed in any court concerning the title either to the real property above described or the oil produced therefrom in which any of the undersigned are parties, written notice of the filing of said action shall be immediately furnished to you by the undersigned stating the court in which such action has been filed and the title of such action or suit.

5. You are authorized to pay when required or permitted by any law, all taxes, fees and charges imposed by the federal or state government or any political subdivision thereof, in respect to or which may be a lien upon said production or the proceeds therefrom, or the land or lease(s) from which the production is obtained and to deduct from any amount accrued hereunder to the undersigned party's proportionate part of the payment so made.
6. You are hereby relieved of any responsibility for determining when any of the interest herein shall increase, diminish, be extinguished or revert to other parties as a result of any cause, condition, occurrence or contingency whatsoever and you are hereby authorized to continue to remit, pursuant to the division of interest herein until you receive notice in writing to the contrary by mail addressed to you at your above address in Houston, Texas. You shall be held harmless in the event said written notice is not received and are hereby relieved of any responsibility for any loss arising out of an overpayment or otherwise as a result of your not receiving said written notice.
7. In the event any interest listed herein is transferred or assigned in whole or in part, the transferor agrees to make such transfer, insofar as your payments for oil are concerned, effective at 7:00 a.m. on the morning of the first day of a calendar month following proper notice. The transferor is further obligated to promptly furnish you with a certified copy of the instrument effecting the transfer and agrees to execute your regular form of transfer order reflecting such transfer or assignment. In the event of such transfer or assignment, if you continue to make payment for a lesser or reduced interest pursuant to this division order, all of the terms and provisions of this division order shall apply to any such payments which you may make hereunder for any such lesser or reduced interest (even though such payments shall be for an interest which is less than the interest set forth herein).
8. You may discontinue purchasing oil produced from the above described property upon giving thirty (30) days prior notice to the person, firm or corporation in charge of the operations for producing oil therefrom. We, and each of us, will give you thirty (30) days prior notice before cancelling or discontinuing any or all of the oil sales being made, or to be made, by each of us hereunder. Notwithstanding anything to the contrary stated or implied above, no such cancellation or discontinuation of oil purchases/sales shall occur prior to the end of a calendar month.
9. This agreement and division order may be signed in counterpart and shall become valid and binding on each owner named herein as soon as signed by such owner, regardless of whether or not any of the other named owners have so signed, and shall be binding upon and inure to the benefit of the heirs, successors in interest, legal representatives and assigns of each signatory hereof.
10. Where the term "oil" is used herein, it is intended to include crude oil, distillate and/or condensate.
11. Each of the undersigned agrees to protect and indemnify you from, against and for any loss or expense which you may suffer, sustain or become liable for by reason of your purchase, pursuant hereto, of the undersigned's stated interest said oil, as herein set out, and the payment therefor to the undersigned, regardless of how the same may arise.
12. If any portion or provision of this document should at any time fail, be declared illegal by a court of competent jurisdiction or be rendered unenforceable, this entire document shall not fail and all of the surviving terms and provisions of this document shall remain in full force and effect, subject to the above stated cancellation and/or revocation rights held by you and the undersigned.
13. Special Provisions:

STATE OF TEXAS  
COMMISSIONER OF THE  
GENERAL LAND OFFICE  
STEPHEN F AUSTIN BLDG  
1700 NORTH CONGRESS AVE  
AUSTIN TX 78701

TO: EOTT Energy Operating Limited Partnership  
P.O. Box 4660  
Houston, TX 77210-4666  
(713) 993-5900

DIVISION ORDER CONTRACT NO. 67740

Effective as of 04/01/95  
Issued: 05/15/95

We, the undersigned, and each of us, whether one or more, hereby declare, warrant and agree that we are the owners, in the proportions set out below, of all oil produced from the

Operator: BEXCO OPERATING Lease Name: MANCUSO #2 Field:

Described As:

**MANCUSO #2**

\*\*\*\*\*

400.00 ACRES OUT OF THE I R MITCHELL SURVEY, A-166, AND THE W M MILLICAN SURVEY, A-43, BRAZOS COUNTY, TEXAS, BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS IN A COUNTERPART UNIT DESIGNATION DATED EFFECTIVE JANUARY 15, 1995, EXECUTED BY BEXCO OPERATING, INC, ET AL, RECORDED IN VOL: 2294, PG 36, OF THE OFFICIAL RECORDS OF BRAZOS COUNTY, TEXAS,

LIMITED TO THE SUBSURFACE INTERVAL COMMONLY KNOWN AS THE AUSTIN CHALK FORMATION, BEING THE STRATIGRAPHIC EQUIVALENT OF THE SUBSURFACE INTERVAL FROM 8890 FEET TO 9200 FEET ON THE INDUCTION LOG TO THE PRODECO EXPLORATION, INC. -JIMMIE WEEEDON GAS UNIT NO 1, LOCATED IN THE J W SCOTT SURVEY, BRAZOS COUNTY, TEXAS

THIS DIVISION ORDER IS LIMITED TO DISTRIBUTION OF 100% OF OIL AND GAS PROCEEDS

We, and each of us, whether one or more, declare and agree that you are not obligated to purchase all the oil produced from the above described property and that you are hereby authorized, until further notice, to receive from said property for purchase from us severally in the proportions named, that part of such oil as you desire to purchase subject to the following conditions:

1. The oil purchased under the provisions of this division order shall become your property as soon as the same shall be taken into your custody or delivered on your order to a connecting carrier.
2. Settlement for the oil purchased by you under the terms of this division order shall be based upon the price agreed upon between you and the operator or marketer, as applicable, or, in the absence of such an agreed price, then on the basis of the prevailing price paid by you for oil of the same gravity, grade and quality received in the same field on the same date, subject to payment of severance and/or production taxes and the cost of treating the oil as necessary to render it merchantable.
3. In computing the amount of oil received, corrections shall be made for temperature at the time and place of delivery. Temperature deductions or allowances shall be made on a basis of 60° Fahrenheit temperature in accordance with the ASTM D 1250-80 Petroleum Measurement Tables. The oil, when delivered to you or your agent, shall be merchantable and commercially free of impurities. Proper deductions shall be made for any impurities. When it is necessary to treat the oil to render it merchantable, such treatment shall be at the expense of the seller(s).
4. We, and each of us, agree to furnish you satisfactory evidence of title to the property and the oil and, in the event of our failure to do so, to furnish to you a corporate indemnity bond or other security satisfactory to you before requiring payment for said oil and we further agree that you may retain the purchase price of the oil without (Continued on reverse side)

**STATEMENT OF OWNERSHIP AND DIVISION OF INTEREST**

Name and Address	Interest(s)	Type of Interest
STATE OF TEXAS COMMISSIONER OF THE GENERAL LAND OFFICE STEPHEN F AUSTIN BLDG 1700 NORTH CONGRESS AVE AUSTIN TX 78701	.00697500	ROYALTY
MKL 67740 000 E 307284		

We hereby authorize you to run said oil, and, until further notice, to pay for all oil taken from said property, as herein indicated:

WITNESSES: (There must be two witnesses to each signature.)

OWNER SIGNATURE:

STATE OF TEXAS

Social Security or Federal  
Identification Number

interest, until satisfactory evidence of title, bond or other security is furnished, as above set forth. We, and each of us, further agree that in the event of any adverse claim, question or dispute at any time concerning the title to such oil or any part thereof, or the title to all or any portion of the proceeds from the sale thereof, or the title to all or any portion of the land or lease(s) from which such oil is produced, you may retain without interest the proceeds of all oil received, to the extent of your interest involved in such adverse claim, question or dispute, until indemnity satisfactory to you has been furnished or, at your election, until said claim, question or dispute as to ownership has been finally resolved and in the event any action or suit is filed in any court concerning the title either to the real property above described, or the oil produced therefrom in which any of the undersigned are parties, written notice of the filing of said action shall be immediately furnished to you by the undersigned stating the court in which such action has been filed and the title of such action or suit.

5. You are authorized to pay when required or permitted by any law, all taxes, fees and charges imposed by the federal or state government or any political subdivision thereof, in respect to or which may be a lien upon said production or the proceeds therefrom, or the land or lease(s) from which the production is obtained and to deduct from any amount accrued hereunder to the undersigned party's proportionate part of the payment so made.
6. You are hereby relieved of any responsibility for determining when any of the interest herein shall increase, diminish, be extinguished or revert to other parties as a result of any cause, condition, occurrence or contingency whatsoever and you are hereby authorized to continue to remit, pursuant to the division of interest herein until you receive notice in writing to the contrary by mail addressed to you at your above address in Houston, Texas. You shall be held harmless in the event said written notice is not received and are hereby relieved of any responsibility for any loss arising out of an overpayment or otherwise as a result of your not receiving said written notice.
7. In the event any interest listed herein is transferred or assigned in whole or in part, the transferor agrees to make such transfer, insofar as your payments for oil are concerned, effective at 7:00 a.m. on the morning of the first day of a calendar month following proper notice. The transferor is further obligated to promptly furnish you with a certified copy of the instrument effecting the transfer and agrees to execute your regular form of transfer order reflecting such transfer or assignment. In the event of such transfer or assignment, if you continue to make payment for a lesser or reduced interest pursuant to this division order, all of the terms and provisions of this division order shall apply to any such payments which you may make hereunder for any such lesser or reduced interest (even though such payments shall be for an interest which is less than the interest set forth herein).
8. You may discontinue purchasing oil produced from the above described property upon giving thirty (30) days prior notice to the person, firm or corporation in charge of the operations for producing oil therefrom. We, and each of us, will give you thirty (30) days prior notice before cancelling or discontinuing any or all of the oil sales being made, or to be made, by each of us hereunder. Notwithstanding anything to the contrary stated or implied above, no such cancellation or discontinuation of oil purchases/sales shall occur prior to the end of a calendar month.
9. This agreement and division order may be signed in counterpart and shall become valid and binding on each owner named herein as soon as signed by such owner, regardless of whether or not any of the other named owners have so signed, and shall be binding upon and inure to the benefit of the heirs, successors in interest, legal representatives and assigns of each signatory hereof.
10. Where the term "oil" is used herein, it is intended to include crude oil, distillate and/or condensate.
11. Each of the undersigned agrees to protect and indemnify you from, against and for any loss or expense which you may suffer, sustain or become liable for by reason of your purchase, pursuant hereto, of the undersigned's stated interest said oil, as herein set out, and the payment therefor to the undersigned, regardless of how the same may arise.
12. If any portion or provision of this document should at any time fail, be declared illegal by a court of competent jurisdiction or be rendered unenforceable, this entire document shall not fail and all of the surviving terms and provisions of this document shall remain in full force and effect, subject to the above stated cancellation and/or revocation rights held by you and the undersigned.
13. Special Provisions:

STATE OF TEXAS  
COMMISSIONER OF THE  
GENERAL LAND OFFICE  
STEPHEN F AUSTIN BLDG  
1700 NORTH CONGRESS AVE  
AUSTIN TX 78701

M.F. 95817

122

# EOTT ENERGY Operating Limited Partnership

P.O. BOX 4666  
HOUSTON, TEXAS 77210-4666

Dr/K

DEAR INTEREST OWNER

EOTT Energy Operating Limited Partnership (EOTT) is purchasing crude oil production from the property described in the attached division/transfer order. It is important that you read the division/transfer order carefully and confirm the decimal interest and payment information before executing and returning one copy of the order to this office. One copy should be kept for your records. To avoid any delay in payment, please follow the instructions outlined below:

### SIGNATURE

Sign your name as shown on the division/transfer order. Two adult witnesses should also sign the division/transfer order. Your spouse should also sign if the property is in Louisiana.

### CORPORATIONS

If signing for a corporation, the signature must be attested and the title of the signatory party shown. The name of the signatory party should be typed below his/her signature.

### ATTORNEYS-IN-FACT

If the division/transfer order is signed by an agent, attorney-in-fact, guardian, or any party other than the named interest owner, please furnish documentation of the rights vested in the signatory party.

### MAILING ADDRESS

Verify the address to which checks are to be mailed. Print or type. Do not abbreviate. If you are already receiving checks from this company, be sure to use the same address to which we are now mailing checks.

### CHANGE OF ADDRESS

Notify us immediately in writing of any change in your mailing address. This notice must include your own signature or the signature of the appointed agent. Always include your owner number (which appears on your check from this company) and your old address, then state your new address with zip code.

### SOCIAL SECURITY OR FEDERAL ID NUMBER

Under the provisions of Public Law 98-67, Statute 369 of the Interest and Dividend Tax Compliance Act of 1983, backup withholding of Federal Income Tax from payments to owners is required of payors when owners do not provide their taxpayer identification number. To avoid the 31% withholding, please enter either your social security or federal identification number in the space provided on the form beneath the signature space. If you are waiting for receipt of a taxpayer identification number, indicate "applied for" in the space provided and forward the number to us within 60 days. If you are a resident of a foreign country without a U.S. Tax identification number, please indicate that on the form.

Yours truly,

### SPECIAL INSTRUCTIONS:



Murlene Lambert  
Division Order Analyst  
Division Order Department  
(713) 993-5900

(14)

95817  
M. Division Order

File Dated JUN 02 1995

2.19.95



Texas General Land Office  
Garry Mauro, Commissioner

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

July 12, 1995

EOTT Energy Operating Limited Partnership  
P. O. Box 4666  
Houston, TX 77210-4666

Re: Mineral File No. M-95817  
Division Order Contract No. 68308  
Mancuso Unit #1  
Operator- Bexco Operating

Dear Sir or Madam:

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

The payment of royalties to the State of Texas is set by statute. As the execution of the division order may, in some cases, effect the payments of such royalties, it is not the policy of this office to execute them. Insofar as allowed by law, the Texas General Land Office acquiesces in the sale of oil and gas under the terms and conditions set out in the lease.

If you should have any questions, please feel free to call me at (512)475-1507.

Sincerely,

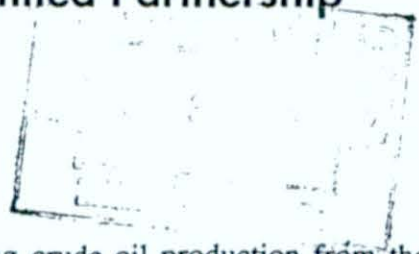
A handwritten signature in cursive script that reads "Mao-Ping Ku".

Mao-Ping Ku  
Accounts Examiner  
Royalty and Revenue Processing  
Energy Resources

mpk/mrg

# EOTT ENERGY Operating Limited Partnership

P.O. BOX 4666  
HOUSTON, TEXAS 77210-4666



DEAR INTEREST OWNER

EOTT Energy Operating Limited Partnership (EOTT) is purchasing crude oil production from the property described in the attached division/transfer order. It is important that you read the division/transfer order carefully and confirm the decimal interest and payment information before executing and returning one copy of the order to this office. One copy should be kept for your records. To avoid any delay in payment, please follow the instructions outlined below:

## SIGNATURE

Sign your name as shown on the division/transfer order. Two adult witnesses should also sign the division/transfer order. Your spouse should also sign if the property is in Louisiana.

## CORPORATIONS

If signing for a corporation, the signature must be attested and the title of the signatory party shown. The name of the signatory party should be typed below his/her signature.

## ATTORNEYS-IN-FACT

If the division/transfer order is signed by an agent, attorney-in-fact, guardian, or any party other than the named interest owner, please furnish documentation of the rights vested in the signatory party.

## MAILING ADDRESS

Verify the address to which checks are to be mailed. Print or type. Do not abbreviate. If you are already receiving checks from this company, be sure to use the same address to which we are now mailing checks.

## CHANGE OF ADDRESS

Notify us immediately in writing of any change in your mailing address. This notice must include your own signature or the signature of the appointed agent. Always include your owner number (which appears on your check from this company) and your old address, then state your new address with zip code.

## SOCIAL SECURITY OR FEDERAL ID NUMBER

Under the provisions of Public Law 98-67, Statute 369 of the Interest and Dividend Tax Compliance Act of 1983, backup withholding of Federal Income Tax from payments to owners is required of payors when owners do not provide their taxpayer identification number. To avoid the 31% withholding, please enter either your social security or federal identification number in the space provided on the form beneath the signature space. If you are waiting for receipt of a taxpayer identification number, indicate "applied for" in the space provided and forward the number to us within 60 days. If you are a resident of a foreign country without a U.S. Tax identification number, please indicate that on the form.

Yours truly,

SPECIAL INSTRUCTIONS:

Murlene Lambert  
Division Order Analyst  
Division Order Department  
(713) 993-5900

EOTT ENERGY CORP

TO: EOTT Energy Operating Limited Partnership  
P.O. Box 4666  
Houston, TX 77210-4666  
(713) 993-5900

DIVISION ORDER CONTRACT NO. 68308

Effective as of 03/01/95  
Issued: 06/26/95

We, the undersigned, and each of us, whether one or more, hereby declare, warrant and agree that we are the owners, in the proportions set out below, of all oil produced from the

Operator: BEXCO OPERATING

Lease Name: MANCUSO #1

Field:

Described As:

**MANCUSO #1**  
\*\*\*\*\*

480.00 ACRES OUT OF THE I R MITCHELL SURVEY, A-166, BRAZOS COUNTY, TEXAS, BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS IN A COUNTERPART UNIT DESIGNATION DATED EFFECTIVE JANUARY 15, 1995, EXECUTED BY BEXCO OPERATING, INC., ET AL, RECORDED IN VOL 2294, PG 12 OF THE OFFICIAL RECORDS OF BRAZOS COUNTY, TEXAS

LIMITED TO THE SUBSURFACE INTERVAL COMMONLY KNOWN AS THE AUSTIN CHALK FORMATION, BEING THE STRATIGRAPHIC EQUIVALENT OF THE SUBSURFACE INTERVAL FROM 8890 FEET TO 9200 FEET ON THE INDUCTION LOG TO THE PRODECO EXPLORATION, INC., - JIMMIE WEEDON GAS UNIT NO. 1, LOCATED IN THE J W SCOTT SURVEY, BRAZOS COUNTY, TEXAS

THIS DIVISION ORDER IS LIMITED TO DISTRIBUTION OF 25% SHARE OF GAS GAS PRODUCTION CONTROLLED BY BAKER EXPLORATION COMPANY, ET AL

We, and each of us, whether one or more, declare and agree that you are not obligated to purchase all the oil produced from the above described property and that you are hereby authorized, until further notice, to receive from said property for purchase from us severally in the proportions named, that part of such oil as you desire to purchase subject to the following conditions:

1. The oil purchased under the provisions of this division order shall become your property as soon as the same shall be taken into your custody or delivered on your order to a connecting carrier.
  2. Settlement for the oil purchased by you under the terms of this division order shall be based upon the price agreed upon between you and the operator or marketer, as applicable, or, in the absence of such an agreed price, then on the basis of the prevailing price paid by you for oil of the same gravity, grade and quality received in the same field on the same date, subject to payment of severance and/or production taxes and the cost of treating the oil as necessary to render it merchantable.
  3. In computing the amount of oil received, corrections shall be made for temperature at the time and place of delivery. Temperature deductions or allowances shall be made on a basis of 60° Fahrenheit temperature in accordance with the ASTM D 1250-80 Petroleum Measurement Tables. The oil, when delivered to you or your agent, shall be merchantable and commercially free of impurities. Proper deductions shall be made for any impurities. When it is necessary to treat the oil to render it merchantable, such treatment shall be at the expense of the seller(s).
  4. We, and each of us, agree to furnish you satisfactory evidence of title to the property and the oil and, in the event of our failure to do so, to furnish to you a corporate indemnity bond or other security satisfactory to you before requiring payment for said oil and we further agree that you may retain the purchase price of the oil without
- (Continued on reverse side)

### STATEMENT OF OWNERSHIP AND DIVISION OF INTEREST

Name and Address	Interest(s)	Type of Interest
STATE OF TEXAS COMMISSIONER OF THE GENERAL LAND OFFICE STEPHEN F AUSTIN BLDG 1700 NORTH CONGRESS AVE AUSTIN TX 78701	.01372920	ROYALTY
MKL 68308 000 307284		

We hereby authorize you to run said oil, and, until further notice, to pay for all oil taken from said property, as herein indicated:

WITNESSES: (There must be two witnesses to each signature.)

OWNER SIGNATURE:

X  
\_\_\_\_\_  
X  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

X  
\_\_\_\_\_  
STATE OF TEXAS  
\_\_\_\_\_

TO: EOTT Energy Operating Limited Partnership  
 P.O. Box 4666  
 Houston, TX 77210-4666  
 (713) 993-5900

DIVISION ORDER CONTRACT NO. 68308

Effective as of 03/01/95  
 Issued: 06/26/95

We, the undersigned, and each of us, whether one or more, hereby declare, warrant and agree that we are the owners, in the proportions set out below, of all oil produced from the

Operator: **BEXCO OPERATING**

Lease Name: **MANCUSO #1**

Field:

Described As:

**MANCUSO #1**  
 \*\*\*\*\*

**480.00 ACRES OUT OF THE I R MITCHELL SURVEY, A-166, BRAZOS COUNTY, TEXAS, BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS IN A COUNTERPART UNIT DESIGNATION DATED EFFECTIVE JANUARY 15, 1995, EXECUTED BY BEXCO OPERATING, INC., ET AL, RECORDED IN VOL 2294, PG 12 OF THE OFFICIAL RECORDS OF BRAZOS COUNTY, TEXAS**

**LIMITED TO THE SUBSURFACE INTERVAL COMMONLY KNOWN AS THE AUSTIN CHALK FORMATION, BEING THE STRATIGRAPHIC EQUIVALENT OF THE SUBSURFACE INTERVAL FROM 8890 FEET TO 9200 FEET ON THE INDUCTION LOG TO THE PRODECO EXPLORATION, INC., - JIMMIE WEEDON GAS UNIT NO. 1, LOCATED IN THE J W SCOTT SURVEY, BRAZOS COUNTY, TEXAS**

**THIS DIVISION ORDER IS LIMITED TO DISTRIBUTION OF 25% SHARE OF GAS GAS PRODUCTION CONTROLLED BY BAKER EXPLORATION COMPANY, ET AL**

We, and each of us, whether one or more, declare and agree that you are not obligated to purchase all the oil produced from the above described property and that you are hereby authorized, until further notice, to receive from said property for purchase from us severally in the proportions named, that part of such oil as you desire to purchase subject to the following conditions:

1. The oil purchased under the provisions of this division order shall become your property as soon as the same shall be taken into your custody or delivered on your order to a connecting carrier.
2. Settlement for the oil purchased by you under the terms of this division order shall be based upon the price agreed upon between you and the operator or marketer, as applicable, or, in the absence of such an agreed price, then on the basis of the prevailing price paid by you for oil of the same gravity, grade and quality received in the same field on the same date, subject to payment of severance and/or production taxes and the cost of treating the oil as necessary to render it merchantable.
3. In computing the amount of oil received, corrections shall be made for temperature at the time and place of delivery. Temperature deductions or allowances shall be made on a basis of 60° Fahrenheit temperature in accordance with the ASTM D 1250-80 Petroleum Measurement Tables. The oil, when delivered to you or your agent, shall be merchantable and commercially free of impurities. Proper deductions shall be made for any impurities. When it is necessary to treat the oil to render it merchantable, such treatment shall be at the expense of the seller(s).
4. We, and each of us, agree to furnish you satisfactory evidence of title to the property and the oil and, in the event of our failure to do so, to furnish to you a corporate indemnity bond or other security satisfactory to you before requiring payment for said oil and we further agree that you may retain the purchase price of the oil without

(Continued on reverse side)

**STATEMENT OF OWNERSHIP AND DIVISION OF INTEREST**

Name and Address	Interest(s)	Type of Interest
STATE OF TEXAS COMMISSIONER OF THE GENERAL LAND OFFICE STEPHEN F AUSTIN BLDG 1700 NORTH CONGRESS AVE AUSTIN TX 78701	<u>.01372920</u>	<u>ROYALTY</u>
MKL 68308 000      307284		

We hereby authorize you to run said oil, and, until further notice, to pay for all oil taken from said property, as herein indicated:

WITNESSES: (There must be two witnesses to each signature.)

OWNER SIGNATURE:

STATE OF TEXAS

15

M-95817

Letter + Do

July 12, 1995



Texas General Land Office  
Garry Mauro, Commissioner

FILE COPY

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

July 12, 1995

EOTT Energy Operating Limited Partnership  
P. O. Box 4666  
Houston, TX 77210-4666

Re: Mineral File No. M-95817  
Division Order Contract No. 68309  
Mancuso Unit #2  
Operator- Bexco Operating

Dear Sir or Madam:

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

The payment of royalties to the State of Texas is set by statute. As the execution of the division order may, in some cases, effect the payments of such royalties, it is not the policy of this office to execute them. Insofar as allowed by law, the Texas General Land Office acquiesces in the sale of oil and gas under the terms and conditions set out in the lease.

If you should have any questions, please feel free to call me at (512)475-1507.

Sincerely,

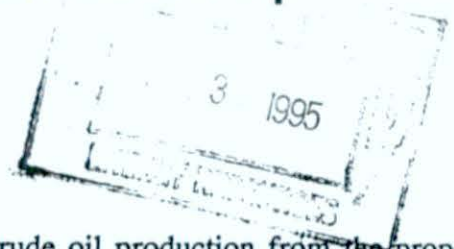
Mao-Ping Ku  
Accounts Examiner  
Royalty and Revenue Processing  
Energy Resources

mpk/mrg

12

# EOTT ENERGY Operating Limited Partnership

MF 95817  
P.O. BOX 4666  
HOUSTON, TEXAS 77210-4666



DEAR INTEREST OWNER

EOTT Energy Operating Limited Partnership (EOTT) is purchasing crude oil production from the property described in the attached division/transfer order. It is important that you read the division/transfer order carefully and confirm the decimal interest and payment information before executing and returning one copy of the order to this office. One copy should be kept for your records. To avoid any delay in payment, please follow the instructions outlined below:

## SIGNATURE

Sign your name as shown on the division/transfer order. Two adult witnesses should also sign the division/transfer order. Your spouse should also sign if the property is in Louisiana.

## CORPORATIONS

If signing for a corporation, the signature must be attested and the title of the signatory party shown. The name of the signatory party should be typed below his/her signature.

## ATTORNEYS-IN-FACT

If the division/transfer order is signed by an agent, attorney-in-fact, guardian, or any party other than the named interest owner, please furnish documentation of the rights vested in the signatory party.

## MAILING ADDRESS

Verify the address to which checks are to be mailed. Print or type. Do not abbreviate. If you are already receiving checks from this company, be sure to use the same address to which we are now mailing checks.

## CHANGE OF ADDRESS

Notify us immediately in writing of any change in your mailing address. This notice must include your own signature or the signature of the appointed agent. Always include your owner number (which appears on your check from this company) and your old address, then state your new address with zip code.

## SOCIAL SECURITY OR FEDERAL ID NUMBER

Under the provisions of Public Law 98-67, Statute 369 of the Interest and Dividend Tax Compliance Act of 1983, backup withholding of Federal Income Tax from payments to owners is required of payors when owners do not provide their taxpayer identification number. To avoid the 31% withholding, please enter either your social security or federal identification number in the space provided on the form beneath the signature space. If you are waiting for receipt of a taxpayer identification number, indicate "applied for" in the space provided and forward the number to us within 60 days. If you are a resident of a foreign country without a U.S. Tax identification number, please indicate that on the form.

Yours truly,

SPECIAL INSTRUCTIONS:

Murlene Lambert  
Division Order Analyst  
Division Order Department  
(713) 993-5900

TO: EOTT Energy Operating Limited Partnership  
P.O. Box 4666  
Houston, TX 77210-4666  
(713) 993-5900

DIVISION ORDER CONTRACT NO. 68309

Effective as of 03/01/95  
Issued: 06/26/95

We, the undersigned, and each of us, whether one or more, hereby declare, warrant and agree that we are the owners, in the proportions set out below, of all oil produced from the

Operator: BEXCO OPERATING Lease Name: MANCUSO #2 Field:

Described As:

**MANCUSO #2**  
\*\*\*\*\*

400.00 ACRES OUT OF THE I R MITCHELL SURVEY, A-166, AND THE W M MILLICAN SURVEY, A-43, BRAZOS COUNTY, TEXAS, BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS IN A COUNTERPART UNIT DESIGNATION DATED EFFECTIVE JANUARY 15, 1995, EXECUTED BY BEXCO OPERATING, INC, ET AL, RECORDED IN VOL. 2294, PG 36, OF THE OFFICIAL RECORDS OF BRAZOS COUNTY, TEXAS,

LIMITED TO THE SUBSURFACE INTERVAL COMMONLY KNOWN AS THE AUSTIN CHALK FORMATION, BEING THE STRATIGRAPHIC EQUIVALENT OF THE SUBSURFACE INTERVAL FROM 8890 FEET TO 9200 FEET ON THE INDUCTION LOG TO THE PRODECO EXPLORATION, INC. - JIMMIE WEEEDON GAS UNIT NO 1, LOCATED IN THE J W SCOTT SURVEY, BRAZOS COUNTY, TEXAS

THIS DIVISION ORDER IS LIMITED TO DISTRIBUTION OF 25% SHARE OF GAS PRODUCTION CONTROLLED BY BAKER EXPLORATION COMPANY, ET AL

We, and each of us, whether one or more, declare and agree that you are not obligated to purchase all the oil produced from the above described property and that you are hereby authorized, until further notice, to receive from said property for purchase from us severally in the proportions named, that part of such oil as you desire to purchase subject to the following conditions:

1. The oil purchased under the provisions of this division order shall become your property as soon as the same shall be taken into your custody or delivered on your order to a connecting carrier.
  2. Settlement for the oil purchased by you under the terms of this division order shall be based upon the price agreed upon between you and the operator or marketer, as applicable, or, in the absence of such an agreed price, then on the basis of the prevailing price paid by you for oil of the same gravity, grade and quality received in the same field on the same date, subject to payment of severance and/or production taxes and the cost of treating the oil as necessary to render it merchantable.
  3. In computing the amount of oil received, corrections shall be made for temperature at the time and place of delivery. Temperature deductions or allowances shall be made on a basis of 60° Fahrenheit temperature in accordance with the ASTM D 1250-80 Petroleum Measurement Tables. The oil, when delivered to you or your agent, shall be merchantable and commercially free of impurities. Proper deductions shall be made for any impurities. When it is necessary to treat the oil to render it merchantable, such treatment shall be at the expense of the seller(s).
  4. We, and each of us, agree to furnish you satisfactory evidence of title to the property and the oil and, in the event of our failure to do so, to furnish to you a corporate surety bond or other security satisfactory to you before requiring payment for said oil and we further agree that you may retain the purchase price of the oil without
- (Continued on reverse side)

### STATEMENT OF OWNERSHIP AND DIVISION OF INTEREST

Name and Address	Interest(s)	Type of Interest
STATE OF TEXAS COMMISSIONER OF THE GENERAL LAND OFFICE STEPHEN F AUSTIN BLDG 1700 NORTH CONGRESS AVE AUSTIN TX 78701	.00697520	ROYALTY
MKL 68309 000 307284		

We hereby authorize you to run said oil, and, until further notice, to pay for all oil taken from said property, as herein indicated:

WITNESSES: (There must be two witnesses to each signature.)

OWNER SIGNATURE:

X  
X

X  
STATE OF TEXAS

Under Federal Law (The Tax Equity and Fiscal Responsibility Act of 1982) a penalty is imposed on owners who fail to provide their Social Security or Tax Identification Number in connection

TO: EOTT Energy Operating Limited Partnership  
P.O. Box 4666  
Houston, TX 77210-4666  
(713) 993-5900

DIVISION ORDER CONTRACT NO. 68309

Effective as of 03/01/95  
Issued: 06/26/95

We, the undersigned, and each of us, whether one or more, hereby declare, warrant and agree that we are the owners, in the proportions set out below, of all oil produced from the

Operator: **BEXCO OPERATING**

Lease Name: **MANCUSO #2**

Field:

Described As:

**MANCUSO #2**

\*\*\*\*\*  
400.00 ACRES OUT OF THE I R MITCHELL SURVEY, A-166, AND THE W M MILLICAN SURVEY, A-43, BRAZOS COUNTY, TEXAS, BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS IN A COUNTERPART UNIT DESIGNATION DATED EFFECTIVE JANUARY 15, 1995, EXECUTED BY BEXCO OPERATING, INC, ET AL, RECORDED IN VOL 2294, PG 36, OF THE OFFICIAL RECORDS OF BRAZOS COUNTY, TEXAS,

LIMITED TO THE SUBSURFACE INTERVAL COMMONLY KNOWN AS THE AUSTIN CHALK FORMATION, BEING THE STRATIGRAPHIC EQUIVALENT OF THE SUBSURFACE INTERVAL FROM 8890 FEET TO 9200 FEET ON THE INDUCTION LOG TO THE PRODECO EXPLORATION, INC., -JIMMIE WEEEDON GAS UNIT NO 1, LOCATED IN THE J W SCOTT SURVEY, BRAZOS COUNTY, TEXAS

THIS DIVISION ORDER IS LIMITED TO DISTRIBUTION OF 25% SHARE OF GAS PRODUCTION CONTROLLED BY BAKER EXPLORATION COMPANY, ET AL

We, and each of us, whether one or more, declare and agree that you are not obligated to purchase all the oil produced from the above described property and that you are hereby authorized, until further notice, to receive from said property for purchase from us severally in the proportions named, that part of such oil as you desire to purchase subject to the following conditions:

1. The oil purchased under the provisions of this division order shall become your property as soon as the same shall be taken into your custody or delivered on your order to a connecting carrier.
2. Settlement for the oil purchased by you under the terms of this division order shall be based upon the price agreed upon between you and the operator or marketer, as applicable, or, in the absence of such an agreed price, then on the basis of the prevailing price paid by you for oil of the same gravity, grade and quality received in the same field on the same date, subject to payment of severance and/or production taxes and the cost of treating the oil as necessary to render it merchantable.
3. In computing the amount of oil received, corrections shall be made for temperature at the time and place of delivery. Temperature deductions or allowances shall be made on a basis of 60° Fahrenheit temperature in accordance with the ASTM D 1250-80 Petroleum Measurement Tables. The oil, when delivered to you or your agent, shall be merchantable and commercially free of impurities. Proper deductions shall be made for any impurities. When it is necessary to treat the oil to render it merchantable, such treatment shall be at the expense of the seller(s).
4. We, and each of us, agree to furnish you satisfactory evidence of title to the property and the oil and, in the event of our failure to do so, to furnish to you a corporate indemnity bond or other security satisfactory to you before requiring payment for said oil and we further agree that you may retain the purchase price of the oil without

(Continued on reverse side)

### STATEMENT OF OWNERSHIP AND DIVISION OF INTEREST

Name and Address	Interest(s)	Type of Interest
STATE OF TEXAS COMMISSIONER OF THE GENERAL LAND OFFICE STEPHEN F AUSTIN BLDG 1700 NORTH CONGRESS AVE AUSTIN TX 78701	.00697520	ROYALTY
MKL 68309 000 307284		

We hereby authorize you to run said oil, and, until further notice, to pay for all oil taken from said property, as herein indicated:

WITNESSES: (There must be two witnesses to each signature.)

OWNER SIGNATURE:

STATE OF TEXAS

(16)

M-95817

Letter + DO

July 12. 1995

**BEXC OPERATING, INC.**  
Baker Exploration Company

April 3, 1995

Ms. Linda Anderson  
Texas General Land Office  
1700 North Congress Ave.  
Austin, Texas 78701-1495

Re: Rental on OGML M-95817  
Brazos & Grimes Counties

Dear Ms. Anderson:

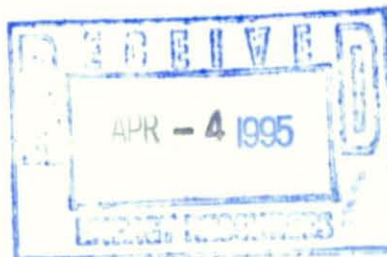
Pursuant to the terms and conditions of the above captioned well, please find our check in the amount of \$65.50 to cover the amount of Delay Rentals due.

OGML	M-95817		60.0 Acre Lease
	Pooled into the Mancuso # 1 Well	32.95 Acres	
	Pooled into the Mancuso # 2 Well	<u>13.95 Acres</u>	
	Total acres Pooled:	46.90 Acres	
	Acres unleased:		13.10 Acres
	13.10 x \$5.00 rental = \$65.50	95045673	

Should you have any questions, please advise.

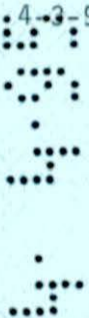
Sincerely,

  
Darrel Munsey  
Sr. Landman



BEXCO OPERATING, INC.  
COLLEGE STATION, TX 77840

**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

DATE	DESCRIPTION	AMOUNT
4-3-95 	Rental State OGML 95817, Mancuso Prospect	<del>65.50</del> 95045673  121

17

MF 95814  
ITEM Postal Payment  
TO \_\_\_\_\_  
FROM \_\_\_\_\_  
DATE 4-4-95





Texas General Land Office  
Garry Mauro, Commissioner

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

December 17, 1996

PRIDE PIPELINE COMPANY  
DIVISION ORDER SECTION  
P O BOX 2436  
ABILENE TX 79604-2436

Re: State Lease No. M-95817  
Property NO. 20-988530  
BEXCO OPERATING, Inc.

Dear Sir or Madam:

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

The payment of royalties to the State of Texas is set by statute. As the execution of the division order may, in some cases, effect the payments of such royalties, it is not the policy of this office to execute them. Insofar as allowed by law, the Texas General Land Office acquiesces in the sale of oil and gas under the terms and conditions set out in the lease.

If you should have any questions, please feel free to call me at (512) 475-1538.

Sincerely,

Robin Olson  
Accounts Examiner  
Royalty and Revenue Processing  
Energy Resources

CRUDE GATHERING DIVISION  
P.O. Box 2436  
Abilene, Texas 79604  
Phone (915) 674-8100  
Fax (915) 674-8111



95817

December 2, 1996

Re: BEXCO Operating, Inc.-  
Mancuso #2/PPL #20-88530  
Mancuso #2 (Gas)/PPL #20-988530  
Brazos County, Texas

Dear Interest Owner:

Effective November 1, 1996, Pride Pipeline Company became the first purchaser of the crude oil on the Mancuso #2 lease (PPL #20-88530) and, at the request of the operator, we will begin distributing the gas proceeds effective with September 1, 1996 gas production along with the crude oil proceeds.

Enclosed are our division orders for your interest. Please check them carefully to make sure your address and percent of interest is correct, add your tax identification number, if needed, and return the original division orders to us, signed and witnessed.

If we can assist in any way, please advise.

Very truly yours,

PRIDE PIPELINE COMPANY

*Brenda Walton by  
DKJ*

Brenda Walton  
Division Order Analyst

/ss

Enclosure

RECEIVED  
96 DEC -6 PM 4:15  
ENERGY RESOURCES

## INSTRUCTIONS FOR EXECUTION OF DIVISION ORDERS

### *Read Carefully Before Signing the Instrument*

This Division Order should not be altered in any way unless accompanied by documentary evidence supporting the change. Please do not detach any attachments from the Division Order.

Examine for correctness of spelling and net revenue interest. If your name and interest are correctly shown:

1. Sign your name as shown on the instrument since it reflects record title. If your name has changed, please alter the Division Order when executing and attach a copy of the marriage certificate, divorce decree, change of name certificate or other supporting document.
2. All signatures must be witnessed. The witness should not be a relative.
3. If the owner is a corporation, this division order must be signed and attested to by duly authorized officers, and title of signatory party shown.
4. If signing for a partnership, all partners must sign unless signed by an authorized partner, in which case we must be furnished evidence of his authority.
5. If signed by agent, attorney-in-fact or any party other than the named interest owner, we must be furnished evidence of the rights vested in the signatory party.
6. For the joint interests or life estate interest, execution of this division order and/or its counterparts should include signatures of all joint owners or remaindermen.
7. Insert your Social Security Number or Tax Identification Number in the space provided. **Failure to furnish your number will result in 31% withholding tax in accordance with federal law, and any tax withheld will not be refundable. (See the back of these instructions for further tax information).**
8. If the address shown is not correct, please indicate the correct address to which checks are to be mailed. If there is a change in your mailing address, we should be promptly notified in writing. Include your Owner Number which appears on your checks from our company.
9. After completing your Division Order, please return one copy and keep the other one for your records.

Return to the address below by the 5th of the month to ensure payment on the next payment date.

### **PRIDE PIPELINE COMPANY**

P. O. Box 2436  
Abilene, Texas 79604  
(915) 674-8110

**IMPORTANT: TO AVOID DELAY IN PAYMENT--YOUR CORRECT ADDRESS AND YOUR SOCIAL SECURITY NUMBER OR TAX IDENTIFICATION NUMBER SHOULD BE SHOWN.**

**ALL SIGNATURES SHOULD BE SIGNED EXACTLY AS SHOWN ON THE DIVISION ORDER AND MUST BE PROPERLY WITNESSED.**

\*\*\* IMPORTANT TAX INFORMATION \*\*\*

PLEASE READ THIS BEFORE SIGNING YOUR DIVISION/TRANSFER ORDER!

We have been advised by the Internal Revenue Service (IRS) that:

We are required by the IRS to withhold 31% in tax, called backup withholding, when you do not give us your correct Taxpayer Identification Number (TIN). You may be subject to a \$50 penalty by the IRS for failing to provide us with your correct TIN.

For individuals, the TIN is your Social Security Number (SSN). Often a TIN is incorrect because of a name change due to marriage, divorce, adoption, or some other reason that has not been communicated to the Social Security Administration (SSA) and recorded on its records. Often, the account may not contain the correct SSN of the actual owner. For example, an account in a child's name may contain a parent's SSN. An account should be titled in the name of the actual owner of the account with that person's SSN.

For most non-individuals (such as trusts, estates, partnerships, and similar entities), the TIN is the Employer Identification Number (EIN). The EIN on your account may be incorrect because it does not contain the number of the actual owner of the account. For example, an account of an investment club or bowling league should reflect the organization's own EIN and name rather than the SSN of a member. (The account of a sole proprietor who may have both an EIN and an SSN should reflect the individual name of the sole proprietor and his or her SSN.)

Please make sure the TIN you write on the Division/Transfer Order matches the name shown on the Division/Transfer Order. Should you have any doubts about the number and name matching, send us a copy of your Social Security card, Notice of Employer Identification Number (Form 8501), Application for Employer Identification Number (Form SS-4) or Notice of New Employer Identification Number Assigned (Form 5372).

\*\*\* IMPORTANT TAX INFORMATION \*\*\*

TO: PRIDE PIPELINE COMPANY  
P.O. BOX 2436  
ABILENE, TEXAS 79604

# DIVISION ORDER

BW  
11/27/96

No. 20-088530

NOVEMBER 1, 1996

Effective as of the date of first runs by you

The undersigned certify and guarantee that they are the legal owners of, and hereby warrant title to, in the proportions set out below, all the oil produced from the BEXCO OPERATING INC/MANCUSO 2

Lease,

LOCATED IN THE COUNTY OF BRAZOS STATE OF TEXAS and described as follows: to wit:

LOCATED IN THE I R MITCHELL SURVEY, ABSTRACT NO 166 AND THE W M MILLICAN SURVEY, ABSTRACT NO 43, BRAZOS COUNTY, TEXAS AND BEING MORE FULLY DESCRIBED IN EXHIBIT "A", ATTACHED HERETO AND MADE A PART HEREOF.

Until further written notice, you are authorized to purchase oil therefrom and pay therefor, as follows:

OWNER NO.	CREDIT TO	NET REVENUE INTEREST
4577	STATE OF TEXAS	.00697500 RI

SEE EXHIBIT 'B', ATTACHED HERETO AND MADE A PART HEREOF.

- Oil run hereunder shall become your property upon delivery thereof into any tank, pipeline, or other conveyance designated by you, and shall be paid for by you monthly, except as hereinafter provided, according to the division of interest shown above at the price being posted or paid by you at the time of such delivery.
- Payments for such oil shall be made on or before the 25th day of the month succeeding such purchases. Payments may be made to the owners shown above in person or by mailing your check therefor to the address of the owners designated to receive same as shown above. Provided, however, that at your option no payments shall be made to an owner until the sum due on account of such interest shall amount to \$25.00 or more. THE MINIMUM AGGREGATE AMOUNT AS REQUIRED BY APPLICABLE STATE STATUTE.
- Quantities shall be computed from regularly compiled tank tables or by other reliable methods of computation (the owners to have the privilege of witnessing the gauge tickets), and correction shall be made for temperature and impurities according to the prevailing practice and the rules and regulations prescribed by the Commission or other legal authority of the State where the purchases hereunder are made. You may require the owners to treat or steam any unmerchantable oil at the owners' expense, before acceptance hereunder.
- The owners severally agree to notify you in writing of any change in ownership, and that their successors shall be bound by the terms hereof. Orders transferring interests, supported by certified copy of deed, assignment, or other legal document, shall be in your hands by the 20th day of the month in which the transfer becomes effective, it being understood that transfers of interests are effective only on the first day of any current month at 7:00 o'clock A.M.
- Satisfactory abstracts or other evidence of title will be furnished to you at any time on demand. In the event of a failure to so furnish such evidence of title, or in the event of a claim or controversy, which in your opinion, concerns title to any interest hereunder, you may hold, without interest and without any liability, the proceeds of all oil received by you hereunder until indemnity satisfactory to you has been furnished or until such claim or controversy has been settled to your satisfaction. In the event any action or suit is filed in any court affecting the title either to the real property above described or to the oil produced therefrom in which any of the owners are parties, written notice of the filing of said action or suit shall be immediately furnished to you by such owner against whom such action or suit is commenced, stating the court in which same is filed and the title of such action or suit. Each owner agrees to hold you harmless and to protect and indemnify you and/or any carrier transporting oil for your account from, against and for any loss or expense which you and/or such carrier may suffer or sustain or become liable for by reason of your purchase hereunder of said owner's interest as above set out, in said oil and the payment therefor to said owner regardless of how the same may arise and including, but not limited to, the following: Any judgment rendered in an action or suit affecting the title to either the real property above described or the oil produced therefrom, all reasonable costs or expenses incurred in defending in such action or suit your position or that of your carrier receiving the oil, any claim or claims or judgment arising therefrom, for any tax, State or Federal, which may be asserted by any taxing authority against you in connection with, incident or in any manner related to, any sum or sums of money held in Suspense by you during the existence of any claim, controversy or suit, as above provided. You may deduct any such loss or expense from any amount owed by you to such owner at any time. Upon written notification to you by any Operator of the above lease that the undersigned is in default in the payment of its share of the leasehold expenses, you may pay direct to such Operator the proceeds of the oil run hereunder until notified by such Operator that the default is cured, and the undersigned agrees to hold you harmless and to protect and indemnify you for any such payments. You shall further be authorized to withhold funds in the event you are due money from owner and apply the funds to the payment of your account, in the event you are notified of a mispayment to any owner on any lease from which you purchase or that all parties have not been properly paid from any lease from which you purchase, each owner agrees to allow you to suspend funds until the claim is satisfied.
- You are hereby authorized to withhold from the proceeds of any and all runs made hereunder the amount of any tax, either State or Federal, placed thereon, and to pay the same in our behalf.
- This division order shall become valid and binding upon each and every owner as soon as signed by such owner, regardless of whether or not any other owners have so signed, and this division order supercedes all former division orders given on the property described above.
- This contract shall continue in force for Thirty days and thereafter, until terminated by you giving notice of your intent to so terminate, or by any owner giving notice of intent to so terminate, without, however, affecting the same as to the interest of the other owners.
- Where the term "oil" is used herein, it is intended also to include "distillate, condensate or other liquid hydrocarbons"

STATE OF TEXAS

BY \_\_\_\_\_

TITLE \_\_\_\_\_

TAX ID. \_\_\_\_\_

WITNESS: \_\_\_\_\_

STATE OF TEXAS  
GENERAL LAND OFFICE  
STEPHEN F AUSTIN BLDG  
AUSTIN TX 78701-1495

**IMPORTANT:**

TO AVOID DELAY IN PAYMENT - YOUR CORRECT ADDRESS AND YOUR SOCIAL SECURITY NUMBER OR TAX ACCOUNT NUMBER MUST BE SHOWN.

ORIGINAL



MANCUSO #2- PPL# 20-88530--- EXHIBIT "A" ---

TRUE NORTH

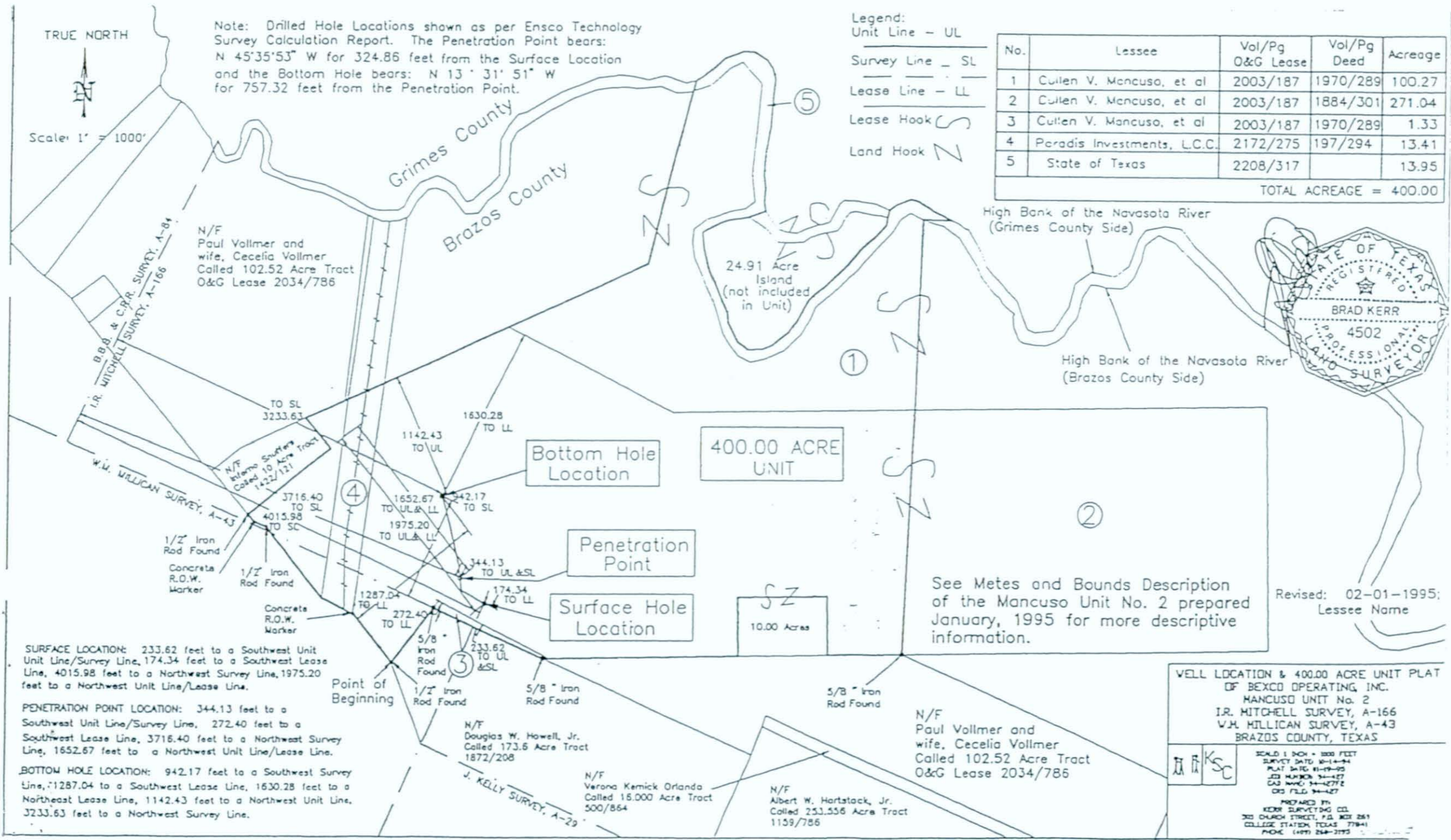


Scale: 1" = 1000'

Note: Drilled Hole Locations shown as per Ensco Technology Survey Calculation Report. The Penetration Point bears: N 45°35'53" W for 324.86 feet from the Surface Location and the Bottom Hole bears: N 13° 31' 51" W for 757.32 feet from the Penetration Point.

Legend:  
 Unit Line - UL  
 Survey Line - SL  
 Lease Line - LL  
 Lease Hook   
 Land Hook 

No.	Lessee	Vol/Pg O&G Lease	Vol/Pg Deed	Acreage
1	Cullen V. Mancuso, et al	2003/187	1970/289	100.27
2	Cullen V. Mancuso, et al	2003/187	1884/301	271.04
3	Cullen V. Mancuso, et al	2003/187	1970/289	1.33
4	Paradis Investments, L.C.C.	2172/275	197/294	13.41
5	State of Texas	2208/317		13.95
TOTAL ACREAGE =				400.00



**SURFACE LOCATION:** 233.62 feet to a Southwest Unit Line/Survey Line, 174.34 feet to a Southwest Lease Line, 4015.98 feet to a Northwest Survey Line, 1975.20 feet to a Northwest Unit Line/Lease Line.

**PENETRATION POINT LOCATION:** 344.13 feet to a Southwest Unit Line/Survey Line, 272.40 feet to a Southwest Lease Line, 3716.40 feet to a Northwest Survey Line, 1652.67 feet to a Northwest Unit Line/Lease Line.

**BOTTOM HOLE LOCATION:** 942.17 feet to a Southwest Survey Line, 1287.04 feet to a Southwest Lease Line, 1630.28 feet to a Northeast Lease Line, 1142.43 feet to a Northwest Unit Line, 3233.63 feet to a Northwest Survey Line.

Bottom Hole Location

400.00 ACRE UNIT

Penetration Point

Surface Hole Location

See Metes and Bounds Description of the Mancuso Unit No. 2 prepared January, 1995 for more descriptive information.

Revised: 02-01-1995;  
Lessee Name

WELL LOCATION & 400.00 ACRE UNIT PLAT OF BEXCO OPERATING, INC. MANCUSO UNIT No. 2 I.R. MITCHELL SURVEY, A-166 W.M. MILLICAN SURVEY, A-43 BRAZOS COUNTY, TEXAS

SCALE: 1" = 1000 FEET  
 SURVEY DATE: 01-14-94  
 PLAT DATE: 01-19-95  
 JOB NUMBER: 94-457  
 CAD NUMBER: 94-4277E  
 DED FILE: 94-427

PREPARED BY:  
 KERR SURVEYING CO.  
 302 CHURCH STREET, P.O. BOX 261  
 COLLEGE STATION, TEXAS 77841  
 PHONE: (409) 264-3195

N/F Albert W. Hartstack, Jr.  
 Called 253,556 Acre Tract  
 1159/786

N/F Verona Kemick Orlando  
 Called 16,000 Acre Tract  
 500/864

N/F Douglas W. Howell, Jr.  
 Called 173.6 Acre Tract  
 1872/208

N/F Paul Vollmer and wife, Cecelia Vollmer  
 Called 102.52 Acre Tract  
 O&G Lease 2034/786

N/F Shuffery  
 Called 10 Acre Tract  
 14-22/121

B.B. & C.R.R. SURVEY, A-84  
 I.R. MITCHELL SURVEY, A-166  
 W.M. MILLICAN SURVEY, A-43

J. KELLY SURVEY, A-29

BEXCO OPERATING INC/MANCUSO 2  
 BRAZOS COUNTY  
 PRIDE LEASE #20-88530

CREDIT	DIVISION OF INTEREST
-----	
ROYALTY INTEREST	
-----	
PARADIS INVESTMENTS LLC	0.00670500
NEAL ALFRED SMITH	0.00235820
STATE OF TEXAS	0.00697500
WILLIAM FLAY GARDNER	0.00209620
MARYALYCE GARDNER HORTON	0.00628850
ELIZABETH G PARMER	0.00628850
EMMA SCHWIPPEL	0.01886570
JOYCE ANNYE TOWNSEND	0.00209610
CHARLES MANCUSO & CINDY LOU MANCUSO	0.01723390
CULLEN V MANCUSO & PATTI S MANCUSO	0.11248920
STEVEN ASH GARDNER	0.00104810
BETTYE CAROL GOODE	0.00104810
MARY CAROLYN JOHNSON	0.00707460
ROSE 1994 REVOCABLE FAMILY TRUST DTD 1-18-94	0.00943290
WORKING INTEREST	
-----	
BRIARCREST P S CORP	0.01600000
GEORGE R SMITH	0.02000000
ROBERT W BAKER	0.00200000
PAT BAKER DBA BAKER EXPLORATION COMPANY	0.04400000
EDWARD M OHERRON JR	0.02000000
MICHAEL LILLY	0.00800000
M W BRANUM DBA KCM COMPANY	0.00800000

BEXCO OPERATING INC/MANCUSO 2  
BRAZOS COUNTY  
PRIDE LEASE #20-88530

CREDIT	DIVISION OF INTEREST
<hr/>	
WORKING INTEREST	
EUREKA GAS COMPANY INC	0.00800000
WRIGHT E COWDEN JR	0.01600000
WILLIAM E CONNATSER JR	0.00200000
ADAMS RESOURCES EXPLORATION CORPORATION	0.01368000
ADAMS RESOURCES EXPLORATION CORPORATION	0.18632000
ARLEN L EDGAR	0.00800000
TORCH ENERGY ADVISORS INC	0.40000000
G W GREEN	0.00400000
MARY F STEEDMAN	0.00800000
C J HARPER	0.00800000
DAVID ESSEX AGENCY ACCOUNT	0.02000000
ROGER D ALLEN	0.00800000

DISTRIBUTION OF GAS RUNS HEREUNDER ARE TO BE MADE BY PRIDE PIPELINE COMPANY FOR THE CONVENIENCE & ACCOUNT OF BEXCO OPERATING INC WITHOUT ANY LIABILITY BY PRIDE PIPELINE COMPANY TO ANY INTEREST OWNER.

The undersigned certify, guarantee and warrant, as to their respective interests as set out below, that they are legal owners of and are entitled to payment for gas, condensate and other gaseous substances produced from all wells now and hereafter drilled on MANCUSO 2 (GAS) Lease, located in the County of BRAZOS, State of TEXAS, and described as follows, to wit:

LOCATED IN THE I R MITCHELL SURVEY, ABSTRACT NO 166 AND THE W M MILLICAN SURVEY, ABSTRACT NO 43, BRAZOS COUNTY, TEXAS AND BEING MORE FULLY DESCRIBED IN EXHIBIT "A", ATTACHED HERETO AND MADE A PART HEREOF.

and effective with deliveries beginning, SEPTEMBER 1, 1994 and thereafter until you are furnished with an instrument in writing evidencing a change in the ownership different from that set out hereunder, you will give credit for gas, condensate and other gaseous substances, or the proceeds thereof, from said wells for the interests shown below, in the following manner, to wit:

CREDIT TO	DIVISION OF INTEREST
4577 STATE OF TEXAS	.00697520 RI

SEE EXHIBIT 'B', ATTACHED HERETO AND MADE A PART HEREOF.

The following covenants and agreements are also part of this division order and shall be binding upon the undersigned and their respective heirs, devisees, administrators, executors, successors and assigns:

1. The purchase and sale of said gas and/or condensate and/or other gaseous substances is and shall be covered and controlled by that certain gas purchase contract dated OCTOBER 1, 1994 executed by BEXCO OPERATING INC as seller(s) or vendor(s), and by AUSTIN CHALK NATURAL GAS as buyer or vendee, including any supplements and amendments thereto and modifications and replacements thereof and substitutions therefor, in whole or in part, heretofore and hereafter made; and it is expressly agreed that such instruments, in so far as applicable, shall govern and control the purchase and sale of the subject matter hereof to the same extent and with the same force and effect as though all the parties hereto had executed the original instruments, aforesaid, which instruments are hereby adopted, ratified, confirmed and authorized by the undersigned according to their wording, tenor and effect.
2. If this division order contains any provision or provisions calling for the payment out of any part of the proceeds of said gas and/or condensate and/or other gaseous substances of any sum or sums limited to a definite amount or amounts, or if any interest is actually so limited but no definite amount is stated herein, or if the payment of any part of such proceeds is limited to a time, either definite, or indefinite, whether or not such time is stated herein, Purchaser is hereby relieved of any responsibility for determining when any interest or interests affected thereby shall revert or become payable to other parties as a result of the completion or discharge of any such payment or payments; and the signers hereof whose interests are affected by any such payment or payments, or by any change of ownership or division of interest other than that set forth above, agree to deliver to Purchaser notice in writing at its office in Abilene, Texas, when any such payment or payments have been completed or discharged, or when any change of ownership or division of interest other than that set forth above shall, for any reason become effective, and to furnish transfer orders accordingly, and in the absence of such written notice Purchaser shall be held harmless from all loss, cost, expense or damage which might result from any overpayment made hereunder.
3. This division order shall become valid and binding upon each and every owner above named as soon as it or a counterpart of it is signed by such owner, regardless of whether or not any of the other named owners have so signed.

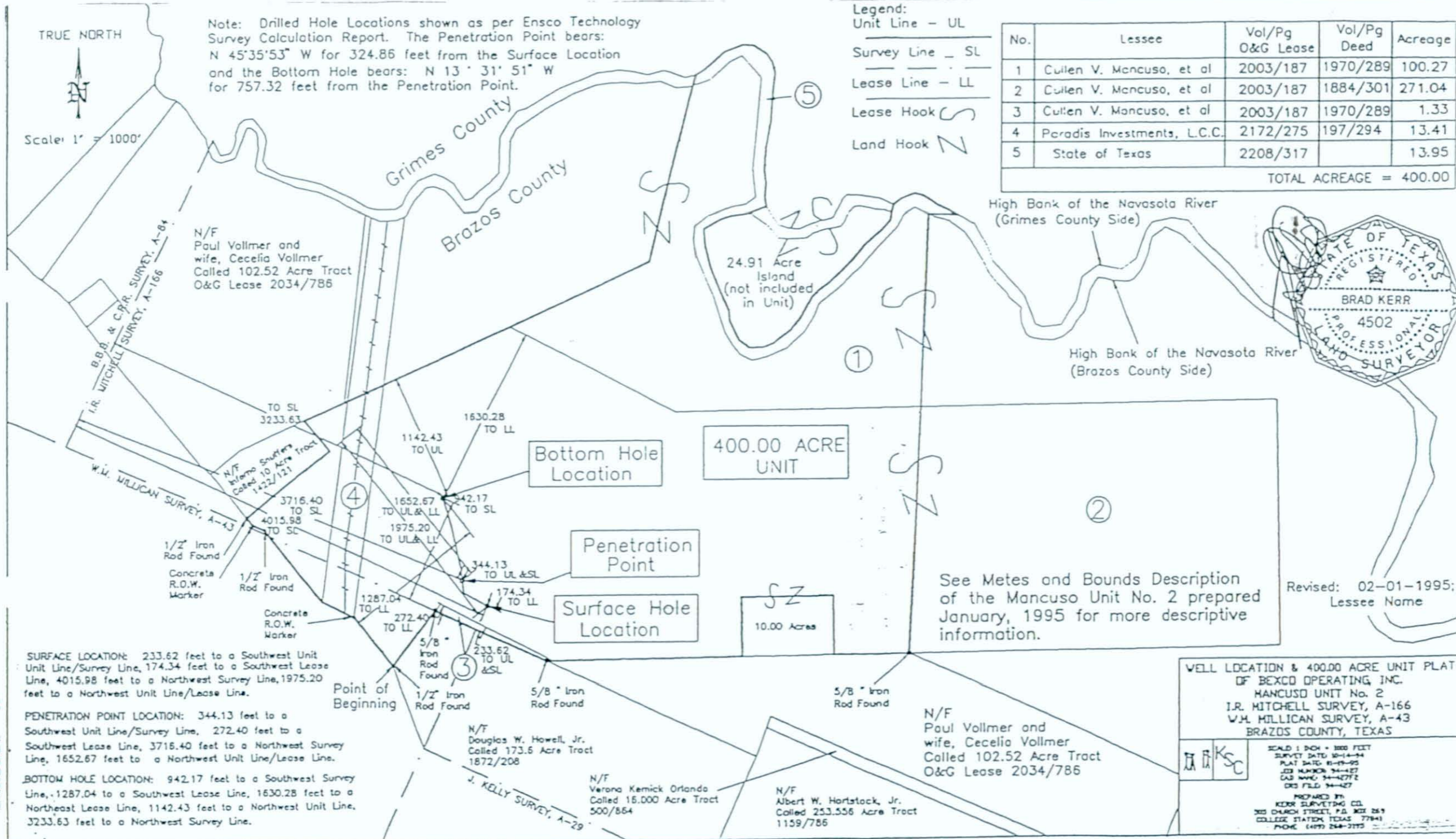
STATE OF TEXAS

STATE OF TEXAS  
 GENERAL LAND OFFICE  
 STEPHEN F AUSTIN BLDG  
 AUSTIN TX 78701-1495

BY \_\_\_\_\_  
 TITLE \_\_\_\_\_  
 TAX ID \_\_\_\_\_  
 WITNESS: \_\_\_\_\_

**IMPORTANT:** TO AVOID DELAY IN PAYMENT - YOUR CORRECT ADDRESS AND YOUR SOCIAL SECURITY NUMBER OR TAX ACCOUNT NUMBER MUST BE SHOWN.

MANCUSO 2 (GAS) / PPL#20-988530  
EXHIBIT "A"



Note: Drilled Hole Locations shown as per EnSCO Technology Survey Calculation Report. The Penetration Point bears:  
N 45°35'53" W for 324.86 feet from the Surface Location  
and the Bottom Hole bears: N 13° 31' 51" W  
for 757.32 feet from the Penetration Point.

No.	Lessee	Vol/Pg O&G Lease	Vol/Pg Deed	Acres
1	Cullen V. Mancuso, et al	2003/187	1970/289	100.27
2	Cullen V. Mancuso, et al	2003/187	1884/301	271.04
3	Cullen V. Mancuso, et al	2003/187	1970/289	1.33
4	Paradis Investments, L.C.C.	2172/275	197/294	13.41
5	State of Texas	2208/317		13.95
TOTAL ACREAGE =				400.00

Scale: 1" = 1000'



Legend:  
Unit Line - UL  
Survey Line - SL  
Lease Line - LL  
Lease Hook  
Land Hook

High Bank of the Navasota River  
(Grimes County Side)

High Bank of the Navasota River  
(Brazos County Side)



400.00 ACRE UNIT

Bottom Hole Location

Penetration Point

Surface Hole Location

See Metes and Bounds Description of the Mancuso Unit No. 2 prepared January, 1995 for more descriptive information.

Revised: 02-01-1995;  
Lessee Name

**SURFACE LOCATION:** 233.62 feet to a Southwest Unit Line/Survey Line, 174.34 feet to a Southwest Lease Line, 4015.98 feet to a Northwest Survey Line, 1975.20 feet to a Northwest Unit Line/Lease Line.

**PENETRATION POINT LOCATION:** 344.13 feet to a Southwest Unit Line/Survey Line, 272.40 feet to a Southwest Lease Line, 3716.40 feet to a Northwest Survey Line, 1652.67 feet to a Northwest Unit Line/Lease Line.

**BOTTOM HOLE LOCATION:** 942.17 feet to a Southwest Survey Line, 1287.04 to a Southwest Lease Line, 1630.28 feet to a Northeast Lease Line, 1142.43 feet to a Northwest Unit Line, 3233.63 feet to a Northwest Survey Line.

N/F Paul Vollmer and wife, Cecelia Vollmer  
Called 102.52 Acre Tract  
O&G Lease 2034/786

N/F Inlomo 10 Acre Tract  
Called 1432/121

N/F Douglas W. Howell, Jr.  
Called 173.5 Acre Tract  
1872/208

N/F Verona Kemick Orlando  
Called 15.000 Acre Tract  
500/864

N/F Albert W. Horststock, Jr.  
Called 253.556 Acre Tract  
1159/786

WELL LOCATION & 400.00 ACRE UNIT PLAT OF BEXCO OPERATING, INC. MANCUSO UNIT No. 2 I.R. MITCHELL SURVEY, A-166 W.M. MILICAN SURVEY, A-43 BRAZOS COUNTY, TEXAS



SCALE: 1" = 1000 FEET  
SURVEY DATE: 10-14-94  
PLAT DATE: 11-19-95  
JOB NUMBER: 94-487  
GAS NAME: 94-487E  
O&G FILE: 94-487  
PREPARED BY:  
KERR SURVEYING CO.  
305 CHURCH STREET, P.O. BOX 289  
COLLEGE STATION, TEXAS 77841  
PHONE: (409) 254-2115

BEXCO OPERATING INC/MANCUSO 2 (GAS)  
 BRAZOS COUNTY  
 PRIDE LEASE #20-988530

CREDIT	DIVISION OF INTEREST
<u>ROYALTY INTEREST</u>	
PARADIS INVESTMENTS LLC	0.00670480
MARY CAROLYN JOHNSON	0.00707440
ROSE 1994 REVOCABLE FAMILY TRUST DTD 1-18-94	0.00943320
NEAL ALFRED SMITH	0.00235800
CULLEN V MANCUSO & PATTI S MANCUSO	0.11248920
STEVEN ASH GARDNER	0.00104817
BETTYE CAROL GOODE	0.00104816
STATE OF TEXAS	0.00697520
WILLIAM FLAY GARDNER	0.00209640
MARYALYCE GARDNER HORTON	0.00628840
ELIZABETH G PARMER	0.00628840
EMMA SCHWIPPEL	0.01886560
JOYCE ANNYE TOWNSEND	0.00209607
CHARLES MANCUSO & CINDY LOU MANCUSO	0.01723400
<u>WORKING INTEREST</u>	
M W BRANUM DBA KCM COMPANY	0.03200000
EDWARD M OHERRON JR	0.08000000
EUREKA GAS COMPANY INC	0.03200000
WRIGHT E COWDEN JR	0.06400000
WILLIAM E CONNATSER JR	0.00800000
ARLEN L EDGAR	0.03200000
DAVID ESSEX AGENCY ACCOUNT	0.08000000

12/02/96

ATTACHMENT-EXHIBIT 'B'

PAGE 2

BEXCO OPERATING INC/MANCUSO 2 (GAS)  
BRAZOS COUNTY  
PRIDE LEASE #20-988530

CREDIT

DIVISION OF INTEREST

WORKING INTEREST

G W GREEN	0.01600000
MARY F STEEDMAN	0.03200000
BRIARCREST P S CORP	0.06400000
GEORGE R SMITH	0.08000000
PAT BAKER DBA BAKER EXPLORATION COMPANY	0.17600000
MICHAEL LILLY	0.03200000
ROBERT W BAKER	0.00800000
C J HARPER	0.03200000
ROGER D ALLEN	0.03200000

15-18-00  
 DIVISION OF INTEREST  
 7/18/96  
 (8)

①8

95817

M.

Division Order

FBI Detroit

12-18-96



Texas General Land Office  
Garry Mauro, Commissioner

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

December 17, 1996

PRIDE PIPELINE COMPANY  
DIVISION ORDER SECTION  
P O BOX 2436  
ABILENE TX 79604-2436

Re: State Lease No. M-95817  
Property NO. 20-088528  
BEXCO OPERATING, Inc.

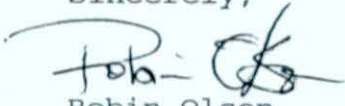
Dear Sir or Madam:

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

The payment of royalties to the State of Texas is set by statute. As the execution of the division order may, in some cases, effect the payments of such royalties, it is not the policy of this office to execute them. Insofar as allowed by law, the Texas General Land Office acquiesces in the sale of oil and gas under the terms and conditions set out in the lease.

If you should have any questions, please feel free to call me at (512) 475-1538.

Sincerely,

  
Robin Olson  
Accounts Examiner  
Royalty and Revenue Processing  
Energy Resources

CRUDE GATHERING DIVISION  
P.O. Box 2436  
Abilene, Texas 79604  
Phone (915) 674-8100  
Fax (915) 674-8111



5: 12/13/96  
RECEIVED  
96 DEC -5 PM 4:22  
ENERGY RESOURCES

95817

December 2, 1996

Re: BEXCO Operating, Inc.-  
Mancuso #1/PPL #20-88528  
Mancuso #1 (Gas)/PPL #20-988528  
Brazos County, Texas

Dear Interest Owner:

Effective November 1, 1996, Pride Pipeline Company became the first purchaser of the crude oil on the Mancuso #1 lease (PPL #20-88528) and, at the request of the operator, we will begin distributing the gas proceeds effective with September 1, 1996 gas production along with the crude oil proceeds.

Enclosed are our division orders for your interest. Please check them carefully to make sure your address and percent of interest is correct, add your tax identification number, if needed, and return the original division orders to us, signed and witnessed.

If we can assist in any way, please advise.

Very truly yours,

PRIDE PIPELINE COMPANY

Brenda Walton  
Division Order Analyst

/ss

Enclosure

## INSTRUCTIONS FOR EXECUTION OF DIVISION ORDERS

### *Read Carefully Before Signing the Instrument*

This Division Order should not be altered in any way unless accompanied by documentary evidence supporting the change. Please do not detach any attachments from the Division Order.

Examine for correctness of spelling and net revenue interest. If your name and interest are correctly shown:

1. Sign your name as shown on the instrument since it reflects record title. If your name has changed, please alter the Division Order when executing and attach a copy of the marriage certificate, divorce decree, change of name certificate or other supporting document.
2. All signatures must be witnessed. The witness should not be a relative.
3. If the owner is a corporation, this division order must be signed and attested to by duly authorized officers, and title of signatory party shown.
4. If signing for a partnership, all partners must sign unless signed by an authorized partner, in which case we must be furnished evidence of his authority.
5. If signed by agent, attorney-in-fact or any party other than the named interest owner, we must be furnished evidence of the rights vested in the signatory party.
6. For the joint interests or life estate interest, execution of this division order and/or its counterparts should include signatures of all joint owners or remaindermen.
7. Insert your Social Security Number or Tax Identification Number in the space provided. **Failure to furnish your number will result in 31% withholding tax in accordance with federal law, and any tax withheld will not be refundable. (See the back of these instructions for further tax information).**
8. If the address shown is not correct, please indicate the correct address to which checks are to be mailed. If there is a change in your mailing address, we should be promptly notified in writing. Include your Owner Number which appears on your checks from our company.
9. After completing your Division Order, please return one copy and keep the other one for your records.

Return to the address below by the 5th of the month to ensure payment on the next payment date.

### **PRIDE PIPELINE COMPANY**

P. O. Box 2436  
Abilene, Texas 79604  
(915) 674-8110

**IMPORTANT:** TO AVOID DELAY IN PAYMENT--YOUR CORRECT ADDRESS AND YOUR SOCIAL SECURITY NUMBER OR TAX IDENTIFICATION NUMBER SHOULD BE SHOWN.

ALL SIGNATURES SHOULD BE SIGNED EXACTLY AS SHOWN ON THE DIVISION ORDER AND MUST BE PROPERLY WITNESSED.

**\*\*\* IMPORTANT TAX INFORMATION \*\*\***

**PLEASE READ THIS BEFORE SIGNING YOUR DIVISION/TRANSFER ORDER!**

We have been advised by the Internal Revenue Service (IRS) that:

We are required by the IRS to withhold 31% in tax, called backup withholding, when you do not give us your correct Taxpayer Identification Number (TIN). You may be subject to a \$50 penalty by the IRS for failing to provide us with your correct TIN.

For individuals, the TIN is your Social Security Number (SSN). Often a TIN is incorrect because of a name change due to marriage, divorce, adoption, or some other reason that has not been communicated to the Social Security Administration (SSA) and recorded on its records. Often, the account may not contain the correct SSN of the actual owner. For example, an account in a child's name may contain a parent's SSN. An account should be titled in the name of the actual owner of the account with that person's SSN.

For most non-individuals (such as trusts, estates, partnerships, and similar entities), the TIN is the Employer Identification Number (EIN). The EIN on your account may be incorrect because it does not contain the number of the actual owner of the account. For example, an account of an investment club or bowling league should reflect the organization's own EIN and name rather than the SSN of a member. (The account of a sole proprietor who may have both an EIN and an SSN should reflect the individual name of the sole proprietor and his or her SSN.)

Please make sure the TIN you write on the Division/Transfer Order matches the name shown on the Division/Transfer Order. Should you have any doubts about the number and name matching, send us a copy of your Social Security card, Notice of Employer Identification Number (Form 8501), Application for Employer Identification Number (Form SS-4) or Notice of New Employer Identification Number Assigned (Form 5372).

**\*\*\* IMPORTANT TAX INFORMATION \*\*\***

TO: PRIDE PIPELINE COMPANY  
P.O. BOX 2436  
ABILENE, TEXAS 79604

# DIVISION ORDER

EW  
11/27/96

No. 20-088528

NOVEMBER 1, 1996

Effective as of the date of first runs by you

The undersigned certify and guarantee that they are the legal owners of, and hereby warrant title to, in the proportions set out below, all the oil produced from the  
**BEXCO OPERATING INC/MANCUSO 1** Lease,  
LOCATED IN THE COUNTY OF **BRAZOS** STATE OF **TEXAS** and described as follows: to wit:

THE MANCUSO 1 LOCATED IN THE I R MITCHELL SURVEY, A-166, BRAZOS COUNTY, TEXAS, LIMITED TO PRODUCTION FROM THE AUSTIN CHALK FORMATION. SAID MANCUSO 1 BEING MORE FULLY DESCRIBED IN EXHIBIT "A", ATTACHED HERETO AND MADE A PART HEREOF.

Until further written notice, you are authorized to purchase oil therefrom and pay therefor, as follows:

OWNER NO.	CREDIT TO	NET REVENUE INTEREST
4577	STATE OF TEXAS	.01372920 RI

SEE EXHIBIT 'B', ATTACHED HERETO AND MADE A PART HEREOF.

- Oil run hereunder shall become your property upon delivery thereof into any tank, pipeline, or other conveyance designated by you, and shall be paid for by you monthly, except as hereinafter provided, according to the division of interest shown above at the price being posted or paid by you at the time of such delivery.
- Payments for such oil shall be made on or before the 25th day of the month succeeding such purchases. Payments may be made to the owners shown above in person or by mailing your check therefor to the address of the owners designated to receive same as shown above. Provided, however, that at your option no payments shall be made to an owner until the sum due on account of such interest shall amount to \$25.00 or more --- THE MINIMUM AGGREGATE AMOUNT AS REQUIRED BY APPLICABLE STATE STATUTE.
- Quantities shall be computed from regularly compiled tank tables or by other reliable methods of computation (the owners to have the privilege of witnessing the gauge tickets), and correction shall be made for temperature and impurities according to the prevailing practice and the rules and regulations prescribed by the Commission or other legal authority of the State where the purchases hereunder are made. You may require the owners to treat or steam any unmerchantable oil at the owners' expense, before acceptance hereunder.
- The owners severally agree to notify you in writing of any change in ownership, and that their successors shall be bound by the terms hereof. Orders transferring interests, supported by certified copy of deed, assignment, or other legal document, shall be in your hands by the 20th day of the month in which the transfer becomes effective, it being understood that transfers of interests are effective only on the first day of any current month at 7:00 o'clock A.M.
- Satisfactory abstracts or other evidence of title will be furnished to you at any time on demand. In the event of a failure to so furnish such evidence of title, or in the event of a claim or controversy, which in your opinion, concerns title to any interest hereunder, you may hold, without interest and without any liability, the proceeds of all oil received by you hereunder until indemnity satisfactory to you has been furnished or until such claim or controversy has been settled to your satisfaction. In the event any action or suit is filed in any court affecting the title either to the real property above described or to the oil produced therefrom in which any of the owners are parties, written notice of the filing of said action or suit shall be immediately furnished to you by such owner against whom such action or suit is commenced, stating the court in which same is filed and the title of such action or suit. Each owner agrees to hold you harmless and to protect and indemnify you and/or any carrier transporting oil for your account from, against and for any loss or expense which you and/or such carrier may suffer or sustain or become liable for by reason of your purchase hereunder of said owner's interest, as above set out, in said oil and the payment therefor to said owner regardless of how the same may arise and including, but not limited to, the following: Any judgment rendered in an action or suit affecting the title to either the real property above described or the oil produced therefrom, all reasonable costs or expenses incurred in defending in such action or suit your position or that of your carrier receiving the oil, any claim or claims or judgment arising therefrom, for any tax, State or Federal, which may be asserted by any taxing authority against you in connection with, incident or in any manner related to, any sum or sums of money held in Suspense by you during the existence of any claim, controversy or suit, as above provided. You may deduct any such loss or expense from any amount owed by you to such owner at any time. Upon written notification to you by any Operator of the above lease that the undersigned is in default in the payment of its share of the leasehold expenses, you may pay direct to such Operator the proceeds of the oil run hereunder until notified by such Operator that the default is cured, and the undersigned agrees to hold you harmless and to protect and indemnify you for any such payments. You shall further be authorized to withhold funds in the event you are due money from owner and apply the funds to the payment of your account. In the event you are notified of a mispayment to any owner on any lease from which you purchase or that all parties have not been properly paid from any lease from which you purchase, each owner agrees to allow you to suspend funds until the claim is satisfied.
- You are hereby authorized to withhold from the proceeds of any and all runs made hereunder the amount of any tax, either State or Federal, placed thereon, and to pay the same in our behalf.
- This division order shall become valid and binding upon each and every owner as soon as signed by such owner, regardless of whether or not any other owners have so signed, and this division order supercedes all former division orders given on the property described above.
- This contract shall continue in force for Thirty days and thereafter, until terminated by you giving notice of your intent to so terminate, or by any owner giving notice of intent to so terminate, without, however, affecting the same as to the interest of the other owners.
- Where the term "oil" is used herein, it is intended also to include "distillate, condensate or other liquid hydrocarbons."

STATE OF TEXAS

BY \_\_\_\_\_

TITLE \_\_\_\_\_  
TAX ID \_\_\_\_\_

WITNESS: \_\_\_\_\_

STATE OF TEXAS  
GENERAL LAND OFFICE  
STEPHEN F AUSTIN BLDG  
AUSTIN TX 78701-1495

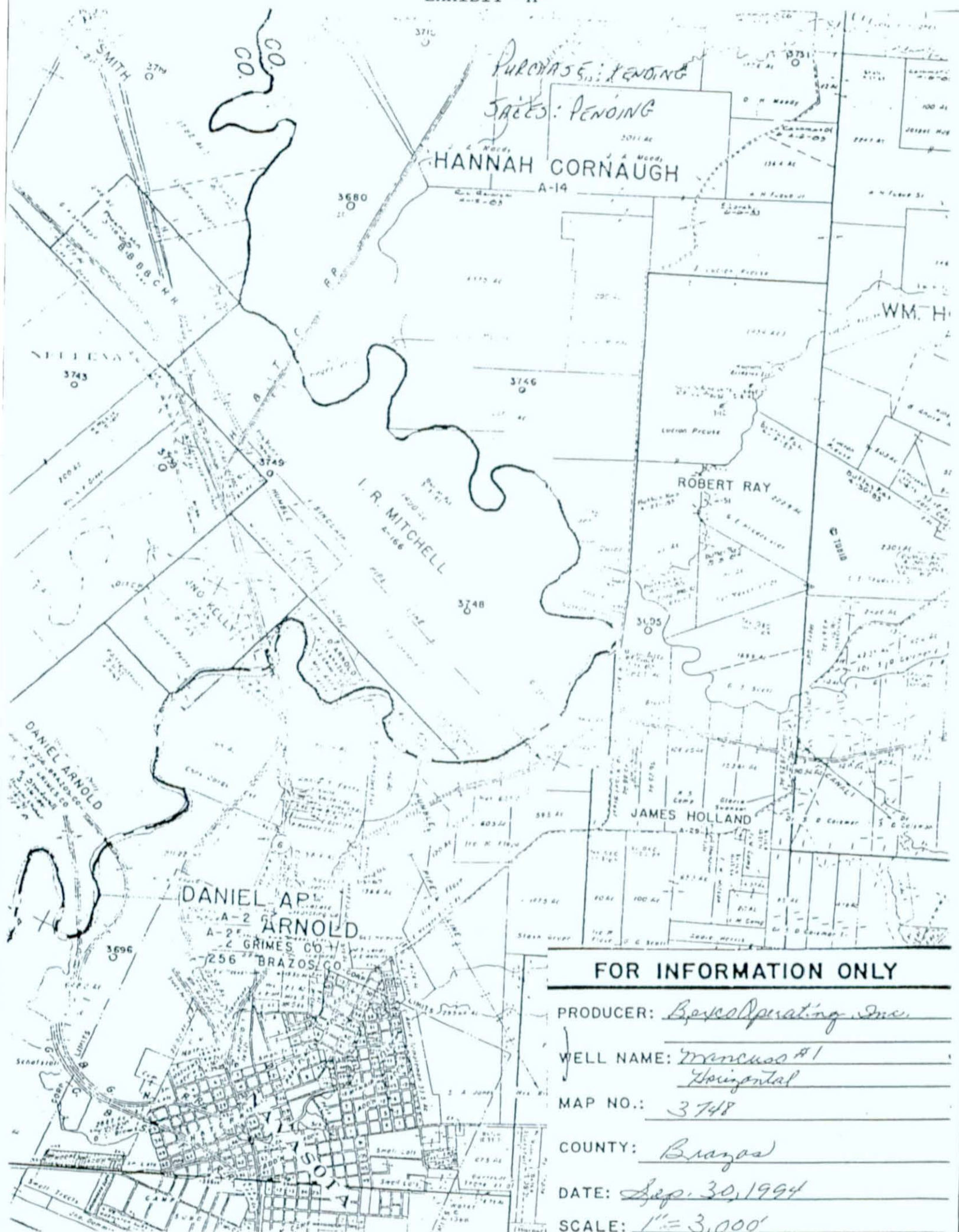
**IMPORTANT:**

TO AVOID DELAY IN PAYMENT - YOUR CORRECT ADDRESS AND YOUR SOCIAL SECURITY NUMBER OR TAX ACCOUNT NUMBER MUST BE SHOWN.

ORIGINAL

MANCUSO #1  
PPL # 20-88528  
BRAZOS COUNTY, TEXAS

EXHIBIT "A"



**FOR INFORMATION ONLY**

PRODUCER: Beyco Operating, Inc.  
WELL NAME: Mancusos #1  
Horizontal  
MAP NO.: 3748  
COUNTY: Brazos  
DATE: Sep. 30, 1994  
SCALE: 1" = 3,000'

BEXCO OPERATING INC/MANCUSO 1  
BRAZOS COUNTY  
PRIDE LEASE #20-88528

CREDIT

DIVISION OF INTEREST

ROYALTY INTEREST

STATE OF TEXAS	0.01372920
WILLIAM FLAY GARDNER	0.00215590
MARYALYCE GARDNER HORTON	0.00646770
ELIZABETH G FARMER	0.00646770
EMMA SCHWIPPEL	0.01940320
JOYCE ANNYE TOWNSEND	0.00215490
CHARLES MANCUSO & CINDY LOU MANCUSO	0.04036480
CULLEN V MANCUSO & PATTI S MANCUSO	0.08769640
STEVEN ASH GARDNER	0.00107850
BETTYE CAROL GOODE	0.00107850
MARY CAROLYN JOHNSON	0.00727620
ROSE 1994 REVOCABLE FAMILY TRUST DTD 1-18-94 JOSEPH W ROSE & ANN P ROSE TRUSTEES	0.00970160
NEAL ALFRED SMITH	0.00242540

WORKING INTEREST

C J HARPER	0.00800000
BRIARCREST P S CORP	0.01600000
GEORGE R SMITH	0.02000000
ROBERT W BAKER	0.00200000
PAT BAKER DBA BAKER EXPLORATION COMPANY	0.04400000
MICHAEL LILLY	0.00800000
M W BRANUM DBA KCM COMPANY	0.00800000

BEXCO OPERATING INC/MANCUSO 1  
 BRAZOS COUNTY  
 PRIDE LEASE #20-88528

CREDIT	DIVISION OF INTEREST
-----	
WORKING INTEREST	
-----	
EDWARD M OHERRON JR	0.02000000
EUREKA GAS COMPANY INC	0.00800000
WRIGHT E COWDEN JR	0.01600000
WILLIAM E CONNATSER JR	0.00200000
ADAMS RESOURCES EXPLORATION CORPORATION	0.01372920
ADAMS RESOURCES EXPLORATION CORPORATION	0.18627080
ARLEN L EDGAR	0.00800000
G W GREEN	0.00400000
MARY F STEEDMAN	0.00800000
TORCH ENERGY ADVISORS INC	0.40000000
DAVID ESSEX AGENCY ACCOUNT	0.02000000
ROGER D ALLEN	0.00800000

DISTRIBUTION OF GAS RUNS HEREUNDER ARE TO BE MADE BY PRIDE PIPELINE COMPANY FOR THE CONVENIENCE & ACCOUNT OF BEXCO OPERATING INC WITHOUT ANY LIABILITY BY PRIDE PIPELINE COMPANY TO ANY INTEREST OWNER.

The undersigned certify, guarantee and warrant, as to their respective interests as set out below, that they are legal owners of and are entitled to payment for gas, condensate and other gaseous substances produced from all wells now and hereafter drilled on MANCUSO 1 (GAS) Lease, located in the County of BRAZOS, State of TEXAS, and described as follows, to wit:

THE MANCUSO 1 LOCATED IN THE I R MITCHELL SURVEY, A-166, BRAZOS COUNTY, TEXAS, LIMITED TO PRODUCTION FROM THE AUSTIN CHALK FORMATION. SAID MANCUSO 1 BEING MORE FULLY DESCRIBED IN EXHIBIT "A", ATTACHED HERETO AND MADE A PART HEREOF.

and effective with deliveries beginning, SEPTEMBER 1, 1994 and thereafter until you are furnished with an instrument in writing evidencing a change in the ownership different from that set out hereunder, you will give credit for gas, condensate and other gaseous substances, or the proceeds thereof, from said wells for the interests shown below, in the following manner, to wit:

CREDIT TO		DIVISION OF INTEREST	
4577	STATE OF TEXAS	.01372920	RI

SEE EXHIBIT 'B', ATTACHED HERETO AND MADE A PART HEREOF.

The following covenants and agreements are also part of this division order and shall be binding upon the undersigned and their respective heirs, devisees, administrators, executors, successors and assigns:

1. The purchase and sale of said gas and/or condensate and/or other gaseous substances is and shall be covered and controlled by that certain gas purchase contract dated OCTOBER 1, 1994 executed by BEXCO OPERATING INC as seller(s) or vendor(s), and by AUSTIN CHALK NATURAL GAS as buyer or vendee, including any supplements and amendments thereto and modifications and replacements thereof and substitutions therefor, in whole or in part, heretofore and hereafter made; and it is expressly agreed that such instruments, in so far as applicable, shall govern and control the purchase and sale of the subject matter hereof to the same extent and with the same force and effect as though all the parties hereto had executed the original instruments, aforesaid, which instruments are hereby adopted, ratified, confirmed and authorized by the undersigned according to their wording, tenor and effect.
2. If this division order contains any provision or provisions calling for the payment out of any part of the proceeds of said gas and/or condensate and/or other gaseous substances of any sum or sums limited to a definite amount or amounts, or if any interest is actually so limited but no definite amount is stated herein, or if the payment of any part of such proceeds is limited to a time, either definite, or indefinite, whether or not such time is stated herein, Purchaser is hereby relieved of any responsibility for determining when any interest or interests affected thereby shall revert or become payable to other parties as a result of the completion or discharge of any such payment or payments; and the signers hereof whose interests are affected by any such payment or payments, or by any change of ownership or division of interest other than that set forth above, agree to deliver to Purchaser notice in writing at its office in Abilene, Texas, when any such payment or payments have been completed or discharged, or when any change of ownership or division of interest other than that set forth above shall, for any reason become effective, and to furnish transfer orders accordingly, and in the absence of such written notice Purchaser shall be held harmless from all loss, cost, expense or damage which might result from any overpayment made hereunder.
3. This division order shall become valid and binding upon each and every owner above named as soon as it or a counterpart of it is signed by such owner, regardless of whether or not any of the other named owners have so signed.

STATE OF TEXAS

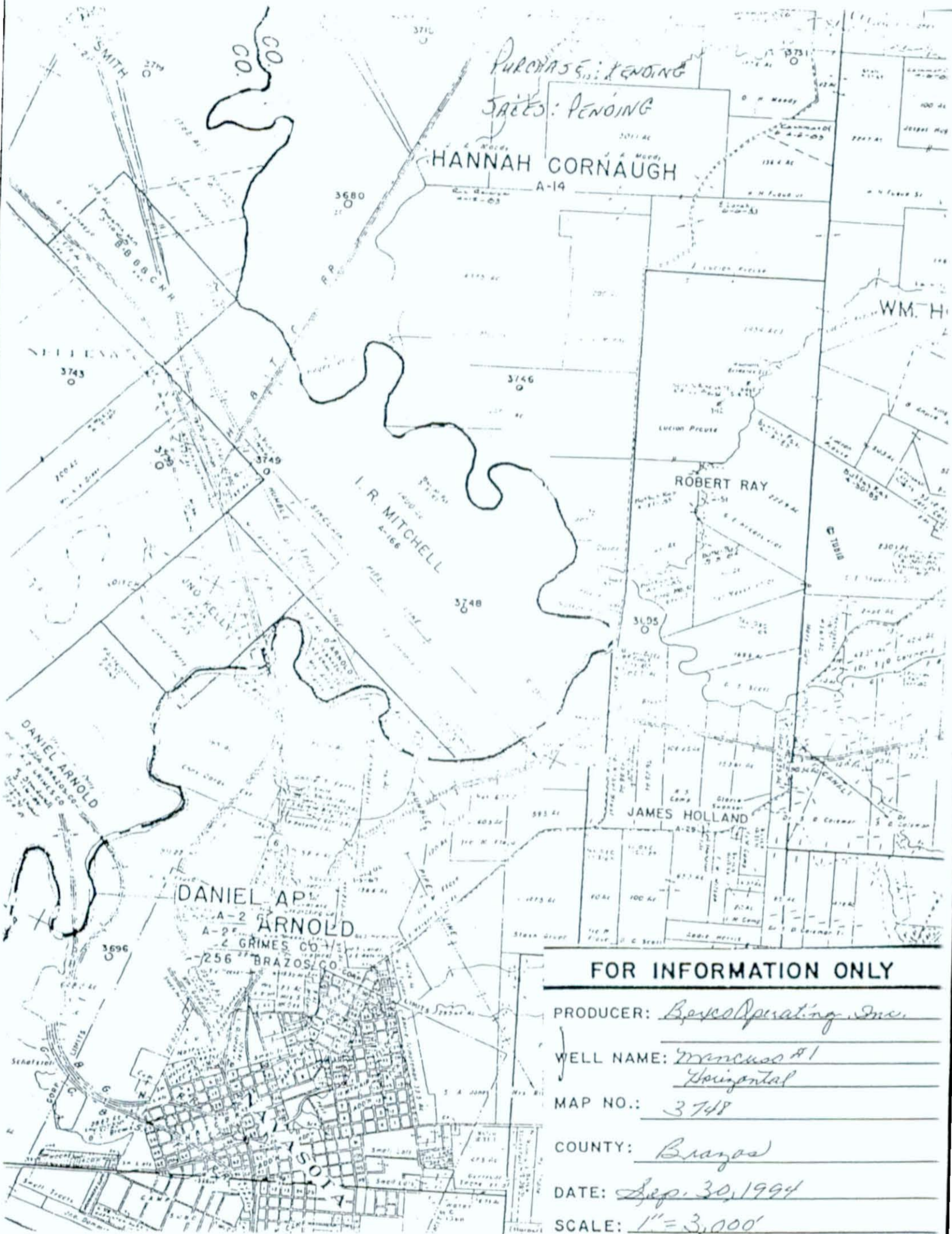
\_\_\_\_\_  
 STATE OF TEXAS  
 GENERAL LAND OFFICE  
 STEPHEN F AUSTIN BLDG  
 AUSTIN TX 78701-1495

BY \_\_\_\_\_  
 TITLE \_\_\_\_\_  
 TAX ID# \_\_\_\_\_  
 WITNESS: \_\_\_\_\_

**IMPORTANT:** TO AVOID DELAY IN PAYMENT - YOUR CORRECT ADDRESS AND YOUR SOCIAL SECURITY NUMBER OR TAX ACCOUNT NUMBER MUST BE SHOWN.

MANCUÑO #1 (GAS)  
PPL # 20-988528  
BRAZOS COUNTY, TEXAS

EXHIBIT "A"



FOR INFORMATION ONLY

PRODUCER: Bevco Operating, Inc.  
WELL NAME: Mancuño #1  
Horizontal  
MAP NO.: 3748  
COUNTY: Brazos  
DATE: Sep. 30, 1994  
SCALE: 1" = 3,000'

BEXCO OPERATING INC/MANCUSO 1 (GAS)  
 BRAZOS COUNTY  
 PRIDE LEASE #20-988528

CREDIT	DIVISION OF INTEREST
<u>ROYALTY INTEREST</u>	
NEAL ALFRED SMITH	0.00242520
STEVEN ASH GARDNER	0.00107850
BETTYE CAROL GOODE	0.00107850
MARY CAROLYN JOHNSON	0.00727640
ROSE 1994 REVOCABLE FAMILY TRUST DTD 1-18-94	0.00970160
WILLIAM FLAY GARDNER	0.00215600
STATE OF TEXAS	0.01372920
MARYALYCE GARDNER HORTON	0.00646760
ELIZABETH G FARMER	0.00646760
EMMA SCHWIPPEL	0.01940320
JOYCE ANNYE TOWNSEND	0.00215580
CHARLES MANCUSO & CINDY LOU MANCUSO	0.04036440
CULLEN V MANCUSO & PATTI S MANCUSO	0.08769600
<u>WORKING INTEREST</u>	
EDWARD M OHERRON JR	0.08000000
MICHAEL LILLY	0.03200000
M W BRANUM DBA KCM COMPANY	0.03200000
EUREKA GAS COMPANY INC	0.03200000
WRIGHT E COWDEN JR	0.06400000
WILLIAM E CONNATSER JR	0.00800000
ARLEN L EDGAR	0.03200000
MARY F STEEDMAN	0.03200000

BEXCO OPERATING INC/MANCUSO 1 (GAS)  
BRAZOS COUNTY  
PRIDE LEASE #20-988528

12/15/96  
D. J. Green  
12/15/96

CREDIT	DIVISION OF INTEREST
<u>WORKING INTEREST</u>	
BRIARCREST P S CORP	0.06400000
GEORGE R SMITH	0.08000000
ROBERT W BAKER	0.00800000
PAT BAKER DBA BAKER EXPLORATION COMPANY	0.17600000
C J HARPER	0.03200000
DAVID ESSEX AGENCY ACCOUNT	0.08000000
G W GREEN	0.01600000
ROGER D ALLEN	0.03200000

95817 (P)  
M-  
Division Order

File Dated 12-18-96

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

*Union Pacific Resources* ✓

LESSOR: ST OF TX M-95817

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

CHECK NO. 131537

LEASE DATE	STATE	COUNTY OR PARISH	RECORDING	FOR PERIOD		TRACT	COMPANY LEASE NUMBER
				MOS.	BEGINNING		
04/05/94	TX	BRAZOS	V2208 P317	12	04/05/96	01	TX2 72487

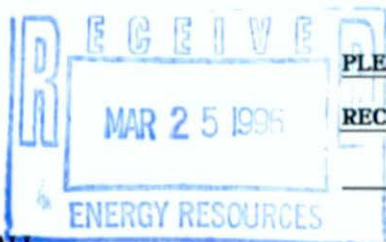
TAXID: ST TX M-95817  
ST OF TX M-95817  
1200 NORTH CONGRESS

STEPHEN F AUSTIN BLDG  
AUSTIN TX 78701

\$300.00

96038721

121



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-95817

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

CHECK NO. 131537

LEASE DATE	STATE	COUNTY OR PARISH	RECORDING	FOR PERIOD		TRACT	COMPANY LEASE NUMBER
				MOS.	BEGINNING		
04/05/94	TX	BRAZOS	V2208 P317	12	04/05/96	01	TX2 72487

20

m-95817

Rental Payment 3-25-96



# DO NOT DESTROY



MEMO  
GLO-36-11-97

Unit #  
2626

Operator Union Pacific Resources Co.  
Unit Name Mancuso Unit Well #2-RE  
County Brewer  
Effective Date 11/18/97  
Unitized for: Oil  Gas  Oil & Gas

1. M.F. No. M-95817  
Area \_\_\_\_\_ Tr. \_\_\_\_\_  
Sec. \_\_\_\_\_ Blk. \_\_\_\_\_ Survey \_\_\_\_\_  
13.95/462.86 x 1/5 = .002774%  
.0301387 = .20 = .00603774

2. M.F. No. \_\_\_\_\_  
Area \_\_\_\_\_ Tr. \_\_\_\_\_  
Sec. \_\_\_\_\_ Blk. \_\_\_\_\_ Survey \_\_\_\_\_  
\_\_\_\_\_ x \_\_\_\_\_ = \_\_\_\_\_ %

3. M.F. No. \_\_\_\_\_  
Area \_\_\_\_\_ Tr. \_\_\_\_\_  
Sec. \_\_\_\_\_ Blk. \_\_\_\_\_ Survey \_\_\_\_\_  
\_\_\_\_\_ x \_\_\_\_\_ = \_\_\_\_\_ %

4. M.F. No. \_\_\_\_\_  
Area \_\_\_\_\_ Tr. \_\_\_\_\_  
Sec. \_\_\_\_\_ Blk. \_\_\_\_\_ Survey \_\_\_\_\_  
\_\_\_\_\_ x \_\_\_\_\_ = \_\_\_\_\_ %

## REMARKS:

Keyed 3-9-98 M.T.

Prepared by:

Pat Rogers

Date

2-26-98

Unit # 2626

## POOLING COMMITTEE REPORT

TO: SCHOOL LAND BOARD

DATE: November 18, 1997

OPERATOR: Union Pacific Resources Co. COUNTY: Brazos

UNIT NAME: Mancuso Unit Well No. 2-RE FIELD: Giddings  
(Austin Chalk-Gas)

## STATE LEASE(S) IN UNIT

Lease *Type	State Number	State Royalty	Expiration Date	Term Year	Acres Acres	Acres In Unit	Lessee of Record
SF	M-95817	1/4 **	HBP	3	60	13.95	UPRC

\* RAL = Relinquishment Act

\* SF = State Fee

\* FR = Free Royalty

PRIVATE ACRES: 448.91  
 STATE ACRES: 13.95  
 TOTAL UNIT ACRES: 462.86

Unitized for:

Oil \_\_\_\_\_

Gas \_\_\_\_\_

Both x

Depth(s):

See Remarks

Formation:

See Remarks

Well Location:

State Land \_\_\_\_\_

Private Land x

Participation:

Basis Surface acreageState Acreage 3.014%State Unit Royalty 0.603%

Railroad Commission Rules:

Spacing 520 AcresAcreage Factor 100%Agree to drill to density of field rules: Yes x No \_\_\_\_\_Holds only acreage included in the unit  
past primary term: Yes x No \_\_\_\_\_Satisfactory geological data furnished: Yes x No \_\_\_\_\_

REMARKS:

- Union Pacific Resources Company is requesting reformation of the existing Mancuso Unit Well #2 unit. On March 7, 1995, the School Land Board approved permanent oil and gas pooling of the Mancuso Unit Well #2 unit.
- The applicant is proposing to re-enter the unit well and is planning to drill a new lateral that would have a bottom hole location to the north of their present lease line. Because of the location of the new lateral and to maximize production, additional acreage would need to be added to the unit.
- If the unit is approved, the size of the unit would increase from 400 acres to 462.86 acres and the state's unit royalty participation would decrease from 0.698% to 0.603%.
- If the reformation of the unit is approved, the benefits of participating in a new well outweigh the reduction of the state's unit royalty by 0.095%.
- APPROVAL BY THE SCHOOL LAND BOARD IN NO WAY RATIFIES ANY OF THE STATE LEASES INCLUDED IN THIS PROPOSED UNIT.

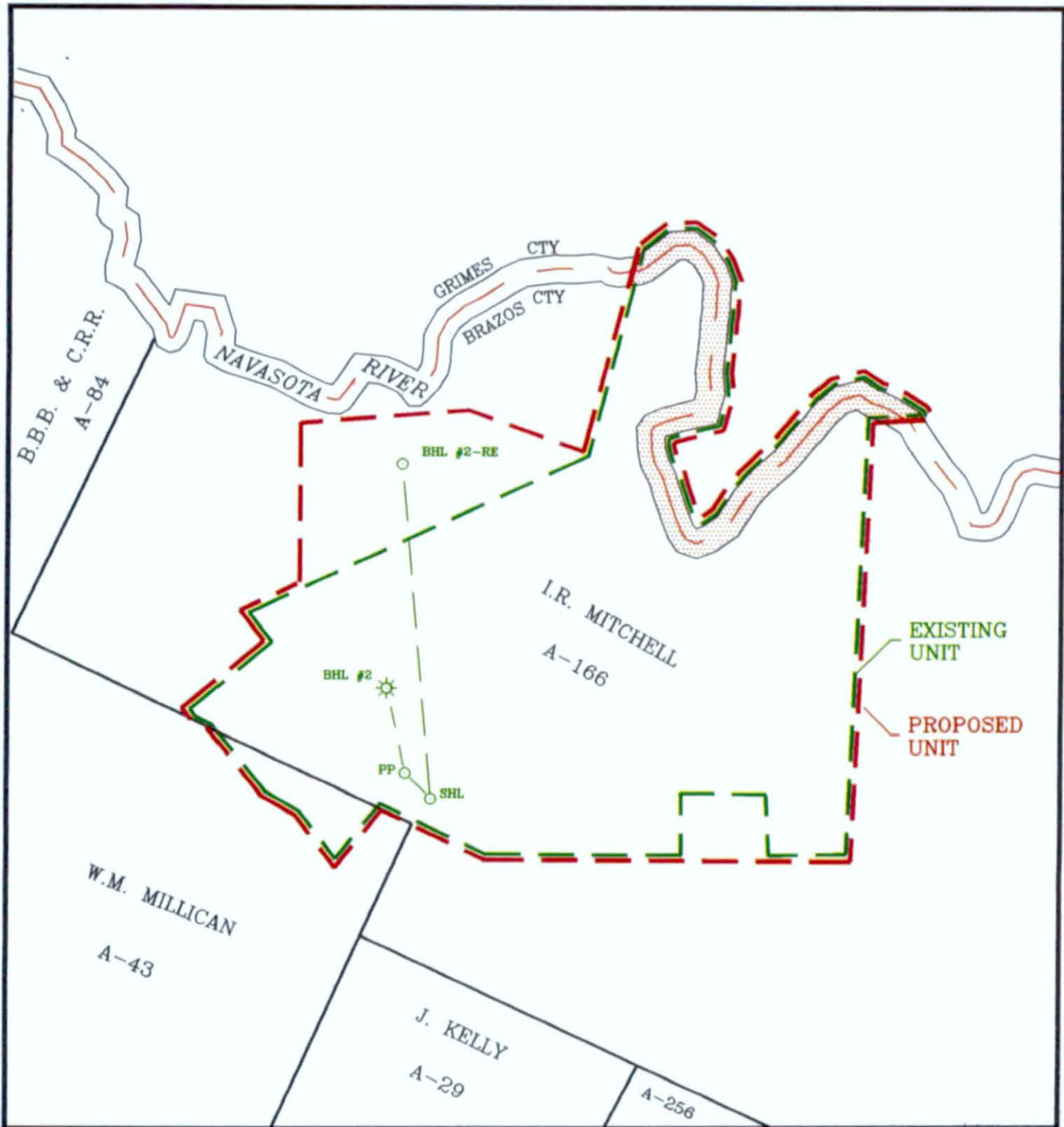
POOLING COMMITTEE RECOMMENDATION:

- The Pooling Committee recommends Board approval of a the reformation of the Mancuso Unit #2 unit, under the above stated provisions.

  
Jeffee Martinez-Vargas

  
Al Gonzales

  
Peter A. Boone



97-70/EM/11-97

UNION PACIFIC RESOURCES COMPANY  
 MANCUSO UNIT WELL #2 - RE  
 GIDDINGS (AUSTIN CHALK-GAS)  
 BRAZOS & GRIMES COUNTIES  
 M-95817

AMENDMENT OF POOLING AGREEMENT  
BEXCO OPERATING, INC./UNION PACIFIC RESOURCES COMPANY  
MANCUSO UNIT WELL NO. 2  
BRAZOS AND GRIMES COUNTIES, TEXAS

WHEREAS, on March 7, 1995, the Bexco Operating, Inc., Mancuso Unit Well No. 2 in Brazos and Grimes Counties, Texas, was presented to and approved by the School Land Board of the State of Texas pursuant to the provisions of Subchapter E, Chapter 52, of the Texas Natural Resources Code; and

WHEREAS, pursuant to such approval, Bexco Operating, Inc. and the Commissioner of the General Land Office of the State of Texas entered into that certain Pooling Agreement ("Agreement") to pool certain State lands into the said Mancuso Unit Well No. 2 covering 400 acres of land in Brazos and Grimes Counties, Texas, said lands more particularly described in the said Pooling Agreement on file in the Archives and Records of the General Land Office of the State of Texas, Austin, Texas, in Mineral File No. M-95817; and

WHEREAS, Union Pacific Resources Company is now the operator of the Mancuso Unit Well No. 2; and

WHEREAS, on November 18, 1996, Union Pacific Resources Company made application and the School Land Board approved its application to change the name of the unit and to enlarge the unit from 400 acres to 462.86 acres; and

WHEREAS, the Commissioner of the General Land Office finds that amending said Agreement is in the best interest of the State of Texas:

NOW THEREFORE, in consideration of the premises and of the mutual agreements contained in said Agreement, it is agreed that effective on the date of commencement of drilling operations for the Union Pacific Resources Company, Mancuso Unit Well No. 2-RE, the name of the unit shall be amended from Bexco Operating, Inc. Mancuso Unit Well No. 2 to Union Pacific Resources Company Mancuso Unit Well No. 2-RE and that said Agreement shall be amended as to the unit area by deleting the exhibits to the Agreement in their entirety and substituting the attached Exhibit "A-1", as a list of the oil and gas leases included within the pooled unit, the attached Exhibit "B-1" as a description of the lands included in the pooled unit and the attached Exhibit "C-1" as a plat of the 462.86 acre pooled unit.

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

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

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

Date Executed 12/31/97

Legal \_\_\_\_\_  
Content AW  
Geology \_\_\_\_\_  
Executive SA

STATE OF TEXAS

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

Date Executed \_\_\_\_\_

UNION PACIFIC RESOURCES COMPANY

By: Carolyn J. David  
Carolyn J. David  
Its: Attorney-In-Fact 1997  
AW

CERTIFICATE

I, Linda K. Fisher, Secretary of the School Land Board of the State of Texas, do hereby certify that at a meeting of the School Land Board duly held on the 18th day of November, 1997, the foregoing instrument was presented to and approved by said Board under the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, all of which is set forth in the Minutes of the Board of which I am custodian.

IN TESTIMONY WHEREOF, witness my hand this the 30th day of December, 19 97.

Linda K. Fisher  
Secretary of the School Land Board

STATE OF TEXAS

COUNTY OF TARRANT

This instrument was acknowledged before me on JANUARY 5, 19 98, by  
Cazely J. David as Attorney-in-Fact of Union Pacific Resources Company, a  
Delaware corporation, on behalf of said corporation.



Brett Austin  
Notary Public in and for the  
State of Texas



EXHIBIT A-1

LESSOR: Cullen V. Mancuso and wife, Patti S. Mancuso  
and Charles Mancuso and wife, Cindy Lou Mancuso  
a/k/a Cindy L. Mancuso  
LESSEE: Baker Exploration Company  
DATE: December 30, 1993  
RECORDING: Volume 2003, Page 187  
Records of Brazos County, Texas

LESSOR: State of Texas by the Commissioner of the General Land Office  
and the School Land Board  
LESSEE: Union Pacific Resources Company  
DATE: April 5, 1994  
RECORDING: Volume 2208, Page 317  
Records of Brazos County, Texas

LESSOR: Paradis Investments, L.L.C.  
LESSEE: Baker Exploration Company  
DATE: June 27, 1994  
RECORDING: Volume 2172, Page 275  
Records of Brazos County, Texas

LESSOR: Cullen V. Mancuso and wife, Patti S. Mancuso  
and Charles Mancuso and wife, Cindy Lou Mancuso  
a/k/a Cindy L. Mancuso  
LESSEE: Baker Exploration Company  
DATE: December 30, 1996  
RECORDING: Volume 2771, Page 321  
Records of Brazos County, Texas, and as amended under file number  
643339, Records of Brazos County, Texas.

---

METES AND BOUNDS DESCRIPTION  
OF A  
462.91 ACRE TRACT  
UNION PACIFIC RESOURCES, CO. MANCUSO UNIT WELL NO. 2  
I. R. MITCHELL SURVEY, A-166  
WILLIAM MILLICAN SURVEY, A-43  
ROBERTSON COUNTY, TEXAS

METES AND BOUNDS DESCRIPTION OF ALL THAT CERTAIN TRACT OR PARCEL OF LAND LYING AND BEING SITUATED IN THE I. R. MITCHELL SURVEY, ABSTRACT NO. 166, AND THE WILLIAM MILLICAN SURVEY, ABSTRACT NO. 43, BRAZOS COUNTY, TEXAS. SAID TRACT BEING ALL OF A CALLED 1.32 ACRE TRACT DESCRIBED AS EXHIBIT A-2 BY A DEED FROM BEN B. FLOYD, TRUSTEE, TO CULLEN V. MANCUSO RECORDED IN VOLUME 1970, PAGE 289 OF THE OFFICIAL PUBLIC RECORDS OF BRAZOS COUNTY, TEXAS, AND A PORTION OF THE FOLLOWING TRACTS:

1) A CALLED 598.69 ACRE TRACT DESCRIBED AS EXHIBIT A-1 BY A DEED FROM BEN B. FLOYD, TRUSTEE, TO CULLEN V. MANCUSO RECORDED IN VOLUME 1970, PAGE 289 OF THE OFFICIAL PUBLIC RECORDS OF BRAZOS COUNTY, TEXAS,

2) A CALLED 459.606 ACRE TRACT AS DESCRIBED BY A DEED FROM THE FEDERAL DEPOSIT INSURANCE COMPANY IN ITS CAPACITY AS RECEIVER OF WASHINGTON STATE BANK TO CULLEN V. MANCUSO RECORDED IN VOLUME 1884, PAGE 301 OF THE OFFICIAL PUBLIC RECORDS OF BRAZOS COUNTY, TEXAS,

3) A CALLED 27.08 ACRE TRACT DESCRIBED BY AN OIL, GAS AND MINERAL LEASE BY PARADIS INVESTMENTS, L.L.C. RECORDED IN VOLUME 2172, PAGE 275 OF THE OFFICIAL PUBLIC RECORDS OF BRAZOS COUNTY, TEXAS, AND FURTHER DESCRIBED BY A DEED FROM TEXAS AND NEW ORLEANS RAILROAD COMPANY TO RIO BRAVO OIL COMPANY RECORDED IN VOLUME 197, PAGE 294 OF THE DEED RECORDS OF BRAZOS COUNTY, TEXAS, AND

4) A PORTION OF THE NAVASOTA RIVER AS DESCRIBED BY AN OIL, GAS AND MINERAL LEASE BY THE STATE OF TEXAS RECORDED IN VOLUME 2208, PAGE 317 OF THE OFFICIAL PUBLIC RECORDS OF BRAZOS COUNTY, TEXAS.

SAID TRACT BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING AT A 5/8 INCH IRON ROD FOUND ON THE SOUTH LINE OF SAID 459.606 ACRE TRACT MARKING THE NORTHEAST CORNER OF A CALLED 102.52 ACRE TRACT AS DESCRIBED BY AN OIL, GAS AND MINERAL LEASE BY PAUL VOLLMER AND WIFE, CECILIA VOLLMER, RECORDED IN VOLUME 2034, PAGE 257 OF THE OFFICIAL PUBLIC

RECORDS OF BRAZOS COUNTY, TEXAS.

**THENCE:** S 89° 13' 28" W ALONG THE COMMON LINE OF SAID 459.606 ACRE TRACT AND SAID 102.52 ACRE TRACT FOR A DISTANCE OF 3245.75 FEET TO A 5/8 INCH IRON ROD FOUND ON THE NORTHEAST LINE OF A CALLED 173.6 ACRE TRACT AS DESCRIBED BY A DEED TO DOUGLAS W. HOWELL, JR. RECORDED IN VOLUME 1872, PAGE 208 OF THE OFFICIAL PUBLIC RECORDS OF BRAZOS COUNTY, TEXAS, SAID IRON ROD MARKING THE SOUTHEAST CORNER OF THE AFOREMENTIONED 1.32 ACRE TRACT;

**THENCE:** N 65° 40' 01" W ALONG THE COMMON LINE OF SAID 1.32 ACRE TRACT AND SAID 173.6 ACRE TRACT FOR A DISTANCE OF 1101.80 FEET TO A 5/8 INCH IRON ROD FOUND MARKING THE SOUTHWEST CORNER OF SAID 1.32 ACRE TRACT;

**THENCE:** ALONG THE SOUTH LINES OF SAID 459.606 ACRE TRACT FOR THE FOLLOWING CALLS:

S 37° 40' 30" W FOR A DISTANCE OF 625.30 FEET TO A 1/2 INCH IRON ROD FOUND;

N 38° 40' 08" W FOR A DISTANCE OF 546.82 FEET TO A CONCRETE RIGHT-OF-WAY MARKER FOUND;

N 62° 40' 12" W FOR A DISTANCE OF 332.00 FEET TO A POINT;

N 38° 39' 46" W FOR A DISTANCE OF 816.09 FEET TO A 1/2 INCH IRON ROD FOUND;

N 68° 01' 34" W FOR A DISTANCE OF 121.73 FEET TO A CONCRETE RIGHT-OF-WAY MARKER FOUND;

N 38° 53' 31" W FOR A DISTANCE OF 82.67 FEET TO A 1/2 INCH IRON ROD FOUND MARKING THE SOUTH CORNER OF A CALLED 10 ACRE TRACT AS DESCRIBED BY A DEED TO INFERNO SNUFFERS RECORDED IN VOLUME 1422, PAGE 121 OF THE OFFICIAL PUBLIC RECORDS OF BRAZOS COUNTY, TEXAS;

**THENCE:** N 51° 15' 33" E ALONG THE SOUTHEAST LINE OF SAID 10 ACRE TRACT FOR A DISTANCE OF 950.45 FEET TO A POINT BEING THE EAST CORNER OF SAID 10 ACRE TRACT;

**THENCE:** N 38° 42' 13" W ALONG THE NORTHEAST LINE OF SAID 10 ACRE TRACT FOR A DISTANCE OF 350.09 FEET TO A POINT BEING THE NORTH CORNER OF SAID 10 ACRE TRACT, SAID POINT BEING ON THE SOUTHEAST LINE OF A CALLED 97.48 ACRE TRACT DESCRIBED BY THE AFOREMENTIONED OIL, GAS AND MINERAL LEASE BY

PAUL VOLLMER AND WIFE, CECELIA VOLLMER (2034/251);

THENCE: N 65° 46' 40" E ALONG THE SOUTHEAST LINE OF SAID 97.48 ACRE TRACT FOR A DISTANCE OF 415.41 FEET TO A POINT ON THE WEST LINE OF THE AFOREMENTIONED 27.08 ACRE TRACT;

THENCE: N 07° 13' 49" E ALONG THE COMMON LINE OF SAID 97.48 ACRE TRACT AND SAID 27.08 ACRE TRACT FOR A DISTANCE OF 1558.59 FEET TO A POINT;

THENCE: S 88° 28' 10" E THROUGH SAID 27.08 ACRE TRACT FOR A DISTANCE OF 301.49 FEET TO A POINT ON THE EAST LINE OF SAID 27.08 ACRE TRACT;

THENCE: THROUGH THE AFOREMENTIONED 598.69 ACRE TRACT FOR THE FOLLOWING CALLS:

N 88° 42' 52" E FOR A DISTANCE OF 1294.61 FEET TO A POINT;

S 70° 39' 27" E FOR A DISTANCE OF 1004.30 FEET TO A POINT;

N 12° 16' 58" E FOR A DISTANCE OF 1580.94 FEET TO A POINT ON THE SOUTH HIGH BANK OF THE NAVASOTA RIVER;

THENCE: N 30° 35' 34" E ACROSS SAID RIVER FOR A DISTANCE OF 128.65 FEET TO A POINT ON THE NORTH HIGH BANK OF SAID RIVER;

THENCE: ALONG THE MEANDERS OF THE NORTH HIGH BANK OF THE NAVASOTA RIVER FOR THE FOLLOWING CALLS:

N 57° 33' 53" E FOR A DISTANCE OF 71.95 FEET TO A POINT;

N 54° 22' 07" E FOR A DISTANCE OF 104.04 FEET TO A POINT;

N 45° 36' 47" E FOR A DISTANCE OF 103.14 FEET TO A POINT;

N 51° 17' 27" E FOR A DISTANCE OF 52.56 FEET TO A POINT;

N 70° 27' 19" E FOR A DISTANCE OF 173.87 FEET TO A POINT;

S 88° 03' 53" E FOR A DISTANCE OF 95.54 FEET TO A POINT;

S 56° 53' 20" E FOR A DISTANCE OF 140.07 FEET TO A POINT;

S 35° 37' 33" E FOR A DISTANCE OF 95.74 FEET TO A POINT;

S 15° 48' 43" E FOR A DISTANCE OF 100.04 FEET TO A POINT;  
S 06° 46' 24" W FOR A DISTANCE OF 156.40 FEET TO A POINT;  
S 04° 10' 25" W FOR A DISTANCE OF 270.18 FEET TO A POINT;  
S 10° 51' 51" W FOR A DISTANCE OF 217.14 FEET TO A POINT;  
S 05° 11' 46" W FOR A DISTANCE OF 123.38 FEET TO A POINT;  
S 01° 03' 53" W FOR A DISTANCE OF 117.36 FEET TO A POINT;  
S 07° 44' 01" E FOR A DISTANCE OF 104.08 FEET TO A POINT;  
S 04° 07' 38" W FOR A DISTANCE OF 132.34 FEET TO A POINT;  
S 09° 25' 08" E FOR A DISTANCE OF 76.53 FEET TO A POINT;  
S 69° 20' 28" W FOR A DISTANCE OF 158.85 FEET TO A POINT;  
S 80° 06' 57" W FOR A DISTANCE OF 82.71 FEET TO A POINT;  
S 83° 43' 24" W FOR A DISTANCE OF 89.45 FEET TO A POINT;  
S 72° 28' 32" W FOR A DISTANCE OF 100.79 FEET TO A POINT;  
S 60° 14' 40" W FOR A DISTANCE OF 100.61 FEET TO A POINT;  
S 63° 06' 07" W FOR A DISTANCE OF 72.61 FEET TO A POINT;  
S 06° 25' 57" E FOR A DISTANCE OF 158.34 FEET TO A POINT;  
S 13° 27' 41" E FOR A DISTANCE OF 195.67 FEET TO A POINT;  
S 23° 12' 52" E FOR A DISTANCE OF 231.62 FEET TO A POINT;  
S 23° 28' 07" E FOR A DISTANCE OF 180.21 FEET TO A POINT;  
S 06° 34' 03" E FOR A DISTANCE OF 98.79 FEET TO A POINT;  
S 26° 52' 59" E FOR A DISTANCE OF 185.98 FEET TO A POINT;  
S 54° 37' 17" E FOR A DISTANCE OF 118.76 FEET TO A POINT;



N 88° 42' 52" E FOR A DISTANCE OF 120.53 FEET TO A POINT;  
N 69° 55' 44" E FOR A DISTANCE OF 109.37 FEET TO A POINT;  
N 52° 19' 10" E FOR A DISTANCE OF 189.07 FEET TO A POINT;  
N 38° 29' 15" E FOR A DISTANCE OF 134.10 FEET TO A POINT;  
N 28° 37' 20" E FOR A DISTANCE OF 150.66 FEET TO A POINT;  
N 30° 47' 35" E FOR A DISTANCE OF 63.65 FEET TO A POINT;  
N 45° 38' 21" E FOR A DISTANCE OF 75.97 FEET TO A POINT;  
N 53° 34' 50" E FOR A DISTANCE OF 125.95 FEET TO A POINT;  
N 46° 06' 36" E FOR A DISTANCE OF 281.13 FEET TO A POINT;  
N 36° 56' 38" E FOR A DISTANCE OF 160.49 FEET TO A POINT;  
N 45° 41' 44" E FOR A DISTANCE OF 201.38 FEET TO A POINT;  
N 41° 10' 51" E FOR A DISTANCE OF 114.00 FEET TO A POINT;  
N 07° 48' 05" E FOR A DISTANCE OF 69.18 FEET TO A POINT;  
N 14° 05' 30" E FOR A DISTANCE OF 72.11 FEET TO A POINT;  
N 53° 16' 39" E FOR A DISTANCE OF 78.98 FEET TO A POINT;  
N 66° 14' 48" E FOR A DISTANCE OF 86.32 FEET TO A POINT;  
N 67° 09' 57" E FOR A DISTANCE OF 43.17 FEET TO A POINT;  
S 76° 23' 44" E FOR A DISTANCE OF 76.83 FEET TO A POINT;  
S 56° 22' 47" E FOR A DISTANCE OF 154.39 FEET TO A POINT;  
S 62° 41' 02" E FOR A DISTANCE OF 132.58 FEET TO A POINT;  
S 63° 51' 20" E FOR A DISTANCE OF 57.57 FEET TO A POINT;

**THENCE:** N 88° 21' 38" W ACROSS SAID RIVER FOR A DISTANCE OF 250.95 FEET TO A POINT ON THE SOUTH HIGH BANK;

THENCE: S 02° 01' 51" W THROUGH SAID 598.96 ACRE TRACT FOR A DISTANCE OF 1720.55 FEET TO A POINT;

THENCE: S 02° 36' 44" W THROUGH SAID 459.606 ACRE TRACT FOR A DISTANCE OF 2200.73 FEET TO THE POINT OF BEGINNING CONTAINING 462.91 ACRES OF LAND AS SURVEYED ON THE GROUND. FOR MORE DESCRIPTIVE INFORMATION SEE PLAT PREPARED OCTOBER, 1997. BEARING ORIENTATION SHOWN HEREIN IS BASED ON TRUE NORTH AS ESTABLISHED FROM GPS OBSERVATION.

BRAD KERR  
REGISTERED PROFESSIONAL  
LAND SURVEYOR No. 4502

D:\WORK\MAB\97-884.MAB

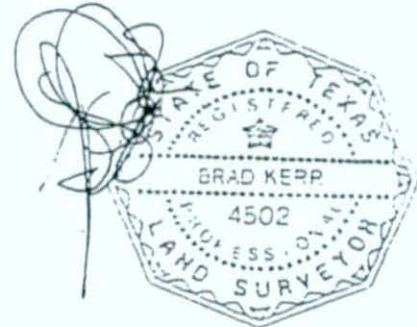
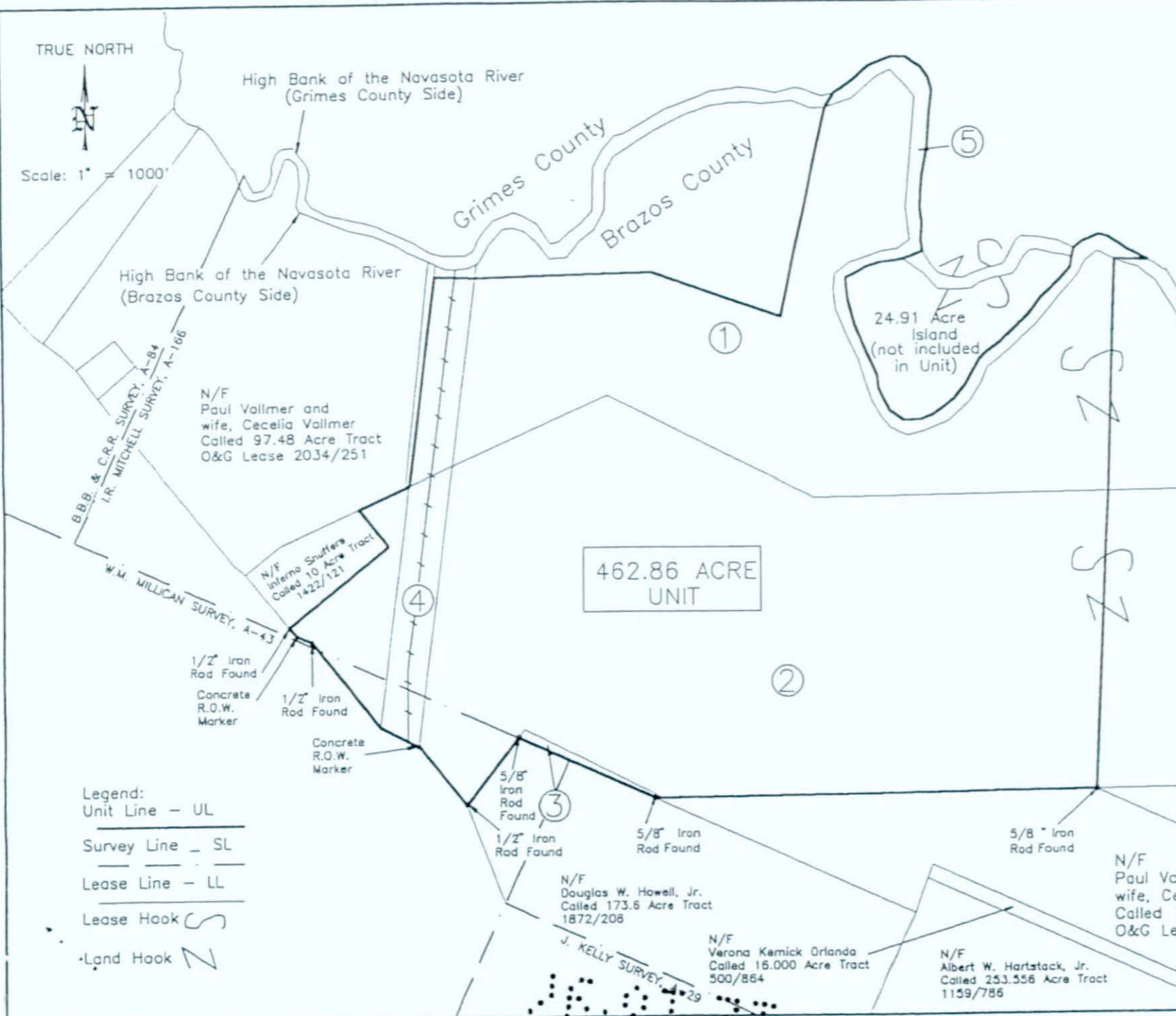


EXHIBIT C-1



No.	Lessee	Vol/Pg O&G Lease	Vol/Pg Deed	Acreage
1	Cullen V. Mancuso, et al	2003/187 2771/321	1970/289	142.79
2	Cullen V. Mancuso, et al	2003/187 2771/321	1884/301	281.18
3	Cullen V. Mancuso, et al	2003/187 2771/321	1970/289	1.33
4	Paradis Investments, L.C.C.	2172/275	197/294	23.61
5	State of Texas	2208/317		13.95
TOTAL ACREAGE =				462.86

Legend:

Unit Line - UL

Survey Line - SL

Lease Line - LL

Lease Hook S

Land Hook N

REVISED: 09-24-97; TITLE BLOCK  
REVISED: 09-24-97; TOTALS

462.86 ACRE UNIT PLAT  
OF UNION PACIFIC RESOURCES, CO.  
MANCUSO UNIT WELL No. 2 - RE  
I.R. MITCHELL SURVEY, A-166  
W.M. MILLICAN SURVEY, A-43  
BRAZOS COUNTY, TEXAS

SCALE: 1 INCH = 1000 FEET  
SURVEY DATE:  
PLAT DATE: 08-24-97  
JOB NUMBER: 87-731  
C&D NAME: 87-731  
C&D FILE: 84-427

PREPARED BY:  
KERR SURVEYING CO.  
305 CHURCH STREET, P.O. BOX 289  
COLLEGE STATION, TEXAS 77841  
PHONE (409) 268-3185

② M-95817

Pooling Committee Rpt  
+  
Pooling Agreement

DATE: 11-18-97

FILED: 2-4-98

251034

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

RME Petroleum Company  
P. O. Box 1330 Houston, TX 77251-1330

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

04-18-2001  
CHECK NO. 30017516

LESSOR STATE OF TEXAS

LEASE DATE	STATE	COUNTY OR PARISH	RECORDING	FOR PERIOD		COMPANY LEASE NO.
				MOS	BEGINNING	
04-05-1994	TX	GRIMES	V2208 P317	12	04-05-2001	TX2-00072487

TAXID: [REDACTED]  
STATE OF TEXAS  
1700 N CONGRESS AVENUE

GENERAL LAND OFFICE  
AUSTIN TX 78701-1436

TOTAL: \$134.68

M-95817

IN PAYMENT OF: MINIMUM ROYALTY  
OIL AND GAS

REMARKS: MINIMUM ROYALTY DUE ON THE MANCUSO #1 (4327501)

TOTAL BANK SERVICE CHARGE: \$ 0.00  
TOTAL PAYMENT: \$134.68

MINIMUM ROYALTY FOR PERIOD ENDING 4/5/01.

Business Unit : AUSTIN CHALK

PLEASE SIGN BELOW AND RETURN

RECEIVED BY \_\_\_\_\_

DATE \_\_\_\_\_

PLEASE DIRECT ALL

-TELEPHONE INQUIRES TO INTEREST OWNERS RELATIONS (800) 359-1692

-MAIL ADDRESS//I.D.# CHANGES AND INQUIRIES TO:

ATTN: Rentals  
P. O. BOX 1330  
Houston, TX 77251-1330

01037224

121  
X134.60

LESSOR STATE OF TEXAS

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

CHECK NO. 30017516

LEASE DATE	STATE	COUNTY OR PARISH	RECORDING	FOR PERIOD		COMPANY LEASE NO.
				MOS	BEGINNING	
04-05-1994	TX	GRIMES	V2208 P317	12	04-05-2001	TX2-00072487



UNITED STATES POSTAL SERVICE



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

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

TEXAS GENERAL LAND OFFICE  
P O BOX 12873  
AUSTIN TX 78711-2873

ATTN: CARL BONN, Energy Resources  
03111

RECEIVED  
FEB 16 2007  
GENERAL LAND OFFICE

**SENDER: COMPLETE THIS SECTION**

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

1. Article Addressed to:

Anadarko E&P Company LP  
 Box 1330  
 Houston, TX 77251-1330

MF095817

2. Article Number

*(Transfer from service label)*

7000 0520 0024 5633 3792

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X

 Agent AddresseeB. Received by (*Printed name*)

GEE

C. Date of Delivery

 D. Is delivery address different from item 1?  Yes  
 If YES, enter delivery address below:  No

 12/2/01  
 12 2001

3. Service Type

 Certified Mail Express Mail Registered Return Receipt for Merchandise Insured Mail C.O.D.4. Restricted Delivery? (*Extra Fee*) Yes

U.S. Postal Service  
**CERTIFIED MAIL RECEIPT**

*(Domestic Mail Only; No Insurance Coverage Provided)*

7000 0520 0024 5633 3792



Postage

\$

Certified Fee

Return Receipt Fee  
(Endorsement Required)

Restricted Delivery Fee  
(Endorsement Required)

Total Postage & Fees

\$

Postmark  
Here

*Recipient's Name (Please Print Clearly) (To be completed by mailer)*

*Street, Apt. No.; or PO Box No.*

*City, State, ZIP+ 4*

## Certified Mail Provides:

- A mailing receipt
- A unique identifier for your mailpiece
- A signature upon delivery
- A record of delivery kept by the Postal Service for two years

### *Important Reminders:*

- Certified Mail may **ONLY** be combined with First-Class Mail or Priority Mail.
- Certified Mail is not available for any class of international mail.
- **NO INSURANCE COVERAGE IS PROVIDED** with Certified Mail. For valuables, please consider Insured or Registered Mail.
- For an additional fee, a Return Receipt may be requested to provide proof of delivery. To obtain Return Receipt service, please complete and attach a Return Receipt (PS Form 3811) to the article and add applicable postage to cover the fee. Endorse mailpiece "Return Receipt Requested". To receive a fee waiver for a duplicate return receipt, a USPS postmark on your Certified Mail receipt is required.
- For an additional fee, delivery may be restricted to the addressee or addressee's authorized agent. Advise the clerk or mark the mailpiece with the endorsement "Restricted Delivery".
- If a postmark on the Certified Mail receipt is desired, please present the article at the post office for postmarking. If a postmark on the Certified Mail receipt is not needed, detach and affix label with postage and mail.

**IMPORTANT: Save this receipt and present it when making an inquiry.**

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

February 8, 2007

VIA CRRR #7000 0520 0024 5633 3792

Anadarko E&P Company LP  
PO Box 1330  
Houston, TX 77251-1330

RE: Termination of State Lease MF095817  
Lease Name: Manusco Unit #1H (Unit #2324 & Unit 2326 ) (03-154901)  
Brazos and Grimes Counties

Gentlemen:

A review of our records has determined that the above-referenced lease and unit terminated February 1, 2003 due to non-production. The lease has not been held by timely paid shut-in payments and there is no documentation in this office of any reworking operations. As a result, this lease has terminated under the terms and conditions of the lease and laws of the state as further defined in Title 31 of the Texas Administrative Code ("TAC"). Pursuant to the TAC, a recorded original or certified copy of a Release of the State Oil and Gas Lease must be filed with our office.

If the wells are plugged, copies of Railroad Commission Form W-3 must be filed with our office. Our Audit Division will notify you shortly if delinquent royalties are due.

In accordance with the provisions of the TAC, if you disagree with this assessment please provide evidence to this office at the address shown below within 30 days of receipt of this letter. Failure to reply or failure to present sufficient evidence of the continuation of the lease will result in the mineral file being endorsed as terminated. You will receive no further communication from this office prior to termination.

Sincerely,

Carl F. Bonn, CPL  
Mineral Leasing  
Office: (512) 463-5407  
Fax: (512) 475-1543

Email: [carl.bonn@glo.state.tx.us](mailto:carl.bonn@glo.state.tx.us)

Stephen F. Austin Building • 1700 North Congress Avenue • Austin, Texas 78701-1495

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

[www.glo.state.tx.us](http://www.glo.state.tx.us)

24

File No. MI-095817  
Terms Ltr

Date Filed: 4-17-07  
Jerry E. Patterson, Commissioner  
By Carl Bonn