



## **CAUTION**

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

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

**Thank you for your assistance.**

*Archives and Records Staff*

UNION PACIFIC RESOURCES COMPANY

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-M-

STATE LEASE

(PAID-UP)

MF096636

CONTROL

BASEFILE

COUNTY

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65-902394

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WASHINGTON

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/239

SURVEY : WASHINGTON COUNTY ROADS  
BLOCK :  
TOWNSHIP : 00  
SECTION/TRACT :  
PART :  
ACRES : 1.17/  
DEPTH LIMITS : NO

LESSEE : UNION PACIFIC RESOURCES COMPANY  
LEASE DATE : Sep 19 1995  
PRIMARY TERM : 3 yrs  
BONUS (\$) : 118.75  
RENTAL (\$) : 0.00  
ROYALTY : .166666  
VAR ROYALTY :

Rentals:

*M.S.*

Lease Admin:

*DR*

Mineral Maps: -

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<p>Scanned sm 10/15/15</p>		
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<p>Scanned PJ 8-13-2019</p>		
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<p>Scanned sm 9/27/2019</p>		

# The State of Texas



Austin, Texas

PAID-UP

OIL AND GAS LEASE NO. M-96636  
GENERAL LAND OFFICE  
AUSTIN, TEXAS

THIS AGREEMENT made and entered into by and between the Commissioner of the General Land Office of the State of Texas, whose address is Stephen F. Austin Building, 1700 North Congress, Austin, Texas, 78701, hereinafter called "Lessor", hereunto authorized by the School Land Board, pursuant to the provisions of Chapters 32, 34 and 52 of the Natural Resources Code (hereinafter called N.R.C.), and amendments thereto, and all applicable rules promulgated by the School Land Board, and Union Pacific Resources Company, whose address is P.O. Box 7, Fort Worth, Texas 76101 hereinafter called "Lessee".

1. Lessor, in consideration of One Hundred Eighteen and 75/100 Dollars (\$118.75), receipt of which is hereby acknowledged, and of the covenants and agreements of Lessee hereinafter contained, does hereby grant, lease, and let unto Lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, and all other hydrocarbons, produced from the land covered hereby. The land covered hereby, herein called "said land" is located in the County of Washington, State of Texas, and is described as follows:

1.17 acres of land, more or less, situated in said Washington County, Texas, more particularly described in

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

For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain 1.17 acres, whether actually containing more or less, and the above recital of acreage shall be deemed to be the true acreage thereof. Lessor accepts the bonus as lump sum consideration for this lease and all rights and options hereunder.

2. PRIMARY TERM: This lease, which is a "paid up" lease requiring no rentals, shall remain in force for a term of three (3) years from September 19, 1995, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. ROYALTIES: As royalty Lessee covenants and agrees:

(a) To deliver to the credit of Lessor, in the pipe line to which Lessee may connect its well, the equal one sixth (1/6) part of all oil produced and saved by Lessee from said land, or from time to time, at the option of Lessee, to pay Lessor the average posted market price of such one sixth (1/6) part of such oil at the wells as of the day it is run to the pipe line or storage tanks, Lessor's interest, in either case, to bear none of the cost of treating oil to render it marketable pipe line oil;

(b) To pay Lessor on gas and casinghead gas produced from said land (1) when sold by lessee, one sixth (1/6) of the amount realized by Lessee, computed at the mouth of the well, or (2) when used by Lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one sixth (1/6) of such gas and casinghead gas.

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

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

labor trouble or to market gas upon terms unacceptable to Lessee.

(e) If at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check of lessee, as royalty, the sum of \$25.00. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

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

Royalty on oil is due and must be received in the General Land Office on or before the 5th day of the second month succeeding the month of production, and royalty on gas is due and must be received in the General Land Office on or before the 15th day of the second month succeeding the month of production, accompanied by the affidavit of the owner, manager, or other authorized agent, completed in the form and manner prescribed by the General Land Office and showing the gross amount and disposition of all oil and gas produced and the market value of the oil and gas, together with a copy of all documents, records or reports confirming the gross production, disposition and market value including gas meter readings, pipeline receipts, gas line receipts and other checks or memoranda of amount produced and put into pipelines, tanks, or pools and gas lines or gas storage, and any other reports or records which the General Land Office may require to verify the gross production, disposition and market value. In all cases the authority of a manager or agent to act for the Lessee herein must be filed in the General Land Office. Each royalty payment shall be accompanied by a check stub, schedule, summary or other remittance advice showing by the assigned General Land Office lease number the amount of royalty being paid on each lease. If Lessee pays his royalty on or before thirty (30) days after the royalty payment was due, the Lessee owes a penalty of 5% on the royalty or \$25.00, whichever is greater. A royalty payment which is over thirty (30) days late shall accrue a penalty of 10% of the royalty due or \$25.00, whichever is greater. In addition to a penalty, royalties shall accrue interest at a rate of 12% per year; such interest will begin accruing when the royalty is sixty (60) days overdue.

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

4. POOLING: (a) Lessee is hereby granted the right, at its option, to pool or unitize any land covered by this lease with any other land covered by this lease, and/or with any other land, lease, or leases, as to any or all minerals or horizons. Units pooled for oil hereunder shall not exceed 160 acres each in area, and units pooled for gas hereunder shall not exceed in area 640 acres each plus a tolerance of ten percent (10%) thereof, unless oil or gas units of a greater size are allowed under or prescribed by rules of the Railroad Commission of Texas. A unit established hereunder shall be valid and effective for all purposes of this lease even though there may be mineral, royalty, or leasehold interests in lands within the unit which are not effectively pooled or unitized. Any operations conducted on any part of such unitized land shall be considered, for all purposes, except the payment of royalty, as operations conducted upon said land under this lease. There shall be allocated to the land covered by this lease within each such unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) the proportion of the total production of unitized minerals from the unit, after deducting any used in lease or unit operations, which the number of surface acres in such land (or in each such separate tract) covered by this lease within the unit bears to the total number of surface acres in the unit, and the production so allocated shall be considered for all purposes, including payment or delivery of royalty, overriding royalty and any other payments out of production, to be the entire production of unitized minerals from the land to which allocated in the same manner as though produced therefrom under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph or of shut-in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas. The formation of any unit hereunder which includes land not covered by this lease shall not have the effect of exchanging or transferring any interest under this lease (including, without limitation, any shut-in royalty which may become payable under this lease) between

parties owning interests in land covered by this lease and parties owning interests in land not covered by this lease. Neither shall it impair the right of Lessee to release as provided in paragraph 5 hereof, except that Lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit. At any time while this lease is in force Lessee may dissolve any unit established hereunder by filing for record in the public office where this lease is recorded a declaration to that effect, if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 4, a unit once established hereunder shall remain in force for so long as any lease subject thereto shall remain in force. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph 4 with consequent allocation of production as herein provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

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

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

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

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

testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil or gas, or production of oil or gas in paying quantities.

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

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

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

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

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

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

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

14. COMPENSATORY ROYALTY: Lessee shall pay a compensatory royalty if this lease is not being held by production on the leased premises, by production from a pooled unit, or by payment of shut-in royalties in accordance with the terms of this lease, and if oil or gas is sold or delivered in paying quantities from a well located within 2500 feet of the leased premises and completed in a producible reservoir underlying the area leased hereunder or in any case in which drainage is occurring. Such compensatory royalty shall be paid at the royalty rate provided in this lease based on the value of production from the well as provided in the lease on which such well is located. The compensatory royalty shall be paid in the same proportion that the acreage of this lease has to the acreage of the proration unit surrounding the draining well plus the acreage of this lease. The compensatory royalty shall be paid monthly to the Commissioner of the General Land Office on or before the last day of the month after the month in which the oil or gas is sold and delivered from the well causing the drainage or from the well located within 2500 feet of the leased premises and completed in a producible reservoir under this lease. Notwithstanding anything herein to the contrary, compensatory royalty payable hereunder shall be no less than an amount equal to \$50.00, and shall maintain this lease in effect for so long as such payments are made as provided herein.

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

16. RAILROAD COMMISSION: No natural gas or casinghead gas, including both associated and non-associated gas, produced from the mineral estate subject to this lease may be sold or contracted for sale to any person for ultimate use outside the State unless the Railroad Commission of Texas, after notice and hearing as provided in Title 3 of the N.R.C., finds that:

(a) the person, agency, or entity that executed the lease in question does not require the natural gas or casinghead gas to meet its own existing needs for fuel;

(b) no private or public hospital, nursing home, or other similar health-care facility in this state requires the natural gas or casinghead gas to meet its existing needs for fuel;

(c) no public or private school in this state that provides elementary, secondary, or higher education requires the natural gas or casinghead gas to meet its existing needs for fuel;

(d) no facility of the State or of any county, municipality, or other political subdivision in this state requires the natural gas or casinghead gas to meet its existing needs for fuel;

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

production; and

(f) no person who resides in this state and who relies on natural gas or casinghead gas to provide in whole or part his existing needs for fuel or raw material requires the natural gas or casinghead gas to meet those needs; provided, however, after notice and hearing as provided in Title 3 of the N.R.C., the Railroad Commission of Texas may grant exceptions to these provisions of Subchapter H of Chapter 52 of the N.R.C. if it finds and determines that enforcement of such provisions:

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

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

IN TESTIMONY WHEREOF, witness the signature of the Commissioner of the General Land Office, under the seal of the General Land Office, effective as of September 19, 1995.



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

Approved:

Energy: RH

Legal (Form): mm

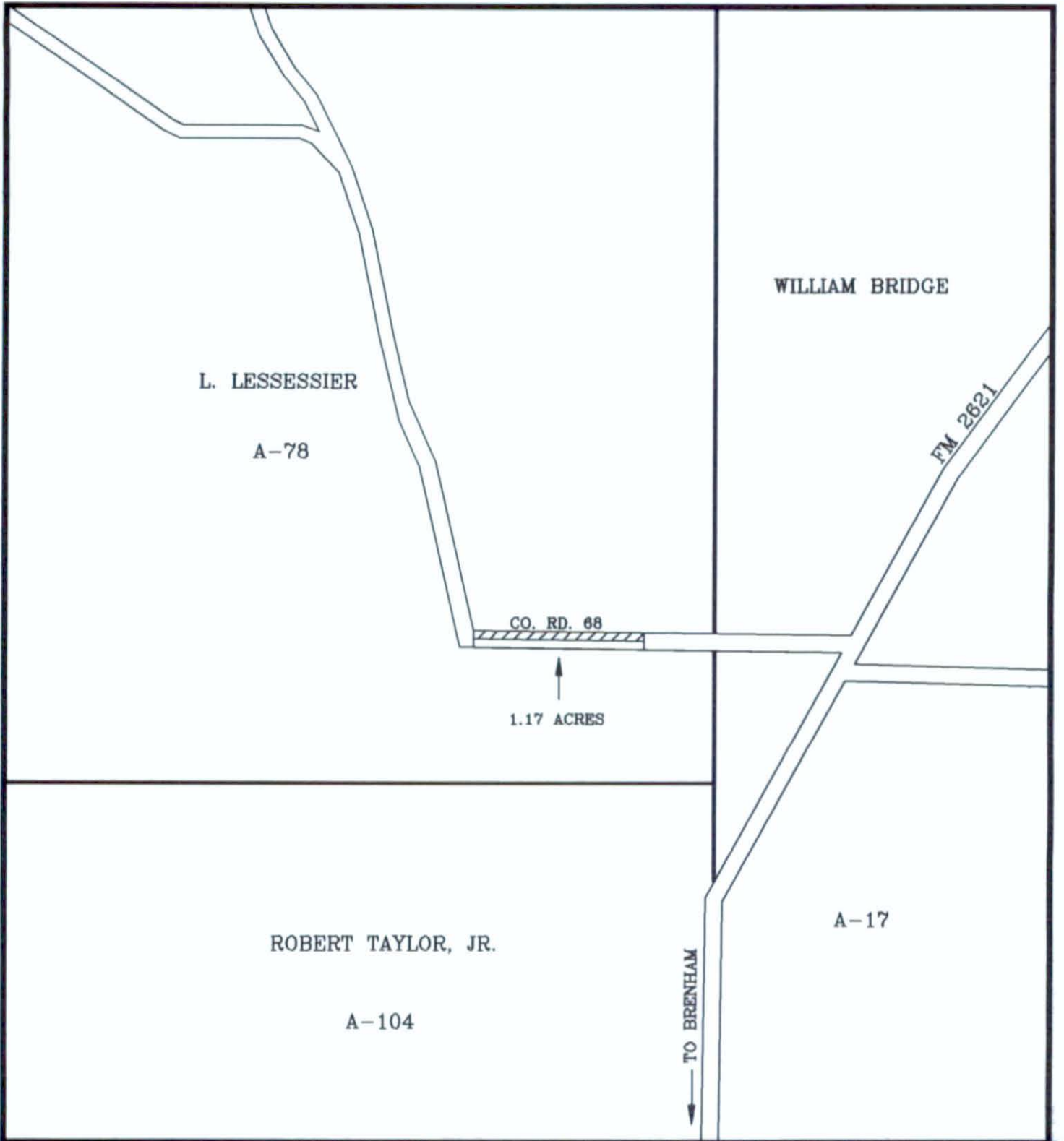
Executive: sz



Exhibit "A"

Acreage to be Leased from the State of Texas in Washington County, Texas, being part of Co. Rd. 68.

1.17 acres of land, more or less, situated in the L. Lessassier Sur., A-78 Washington County, Texas and being the same land described in the following Deed to Washington County, Texas, dated November 25, 1914 recorded in Volume 65, Page 528, Deed Records of Washington County, Texas.



8-96/KB/CR68B

MAP SHOWING  
PORTION OF COUNTY ROAD 68  
APPROXIMATELY 1.17 ACRES  
LOCATED APPROXIMATELY 6.5 MILES FROM BRENHAM  
WASHINGTON COUNTY

①  
MAG 36  
LEASE  
7-30-94

GENERAL LAND OFFICE

GARRY MAURO  
COMMISSIONER

MEMORANDUM

DATE: Sept. 13, 1995

TO: School Land Board

FROM: Robert Hatter / Energy Resources

SUBJECT: Application To Lease Highway Right-of-Way

APPLICANT: Union Pacific Resources Company

REFERENCE: Being 1.17 acres, more or less, of Co. Rd. 68, situated  
in the L. Lessassier Sur., A-78 Washington County, Texas.

The following terms were provided for in the adjacent leases:

	<u>High</u>	<u>Low</u>
Bonus/Acre:	\$100.00	\$100.00
Royalty:	1/6	1/6
Delay Rental:	paid-up	paid-up
Primary Term:	3 year paid-up	3 year paid-up

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

Bonus/Acre:	\$100.00 per acre
Royalty:	1/6
Delay Rental:	paid-up
Primary Term:	3 year paid-up

Union Pacific Resources Company holds the mineral interest in the leases adjoining the above referenced right-of-way. Therefore, the applicant is entitled to a lease of the entire 1.17 acres. The applicant has submitted a title opinion showing that the state owns the entire mineral estate in the right-of-way and has submitted all other pertinent information required by the School Land Board rules.

9-19-95  
M-96636

②

M 966 30  
MEMORANDUM  
7/30/96

Highway Lease Applicant

Name of Lease Applicant: UPRE | Elvis Hollis

County & Tract Description:  
Washington Co. | 1.17 ac Along Co. rd. 68

William Bridge Sec. 4-17  
C. Cassard Sec. 4-28

Date Sent to Highway Department:

Check List:

- Letter of Application and plat
- Names and addresses of adjacent mineral owners
- Affidavit of non-production within 2500 feet
- \$100 processing fee
- Written waiver of statutory notice
- Certified copy/copies of adjacent lease/leases
- Notarized affidavit of consideration paid
- Title Opinion
- Is the right-of-way on Relinquishment Act Land

Remarks:

\* Christi is doing map  
8/28

Date Appeared Before SLB:

Approved:

Disapproved:

Problems:

100.00  
 1/6  
 3 yr  
 Bridge

117.00  
 1.75  
\$ 118.75

slut in  
 25.00/Plat

Date Lease Issued:

③

496636

BUY LEASE APP

7-30-96

SIMMONS AND ASSOCIATES, INC. ✓

P. O. Box 1065  
Athens, Texas 75751-1065  
903/675-7287

P. O. Box 636  
Brenham, Texas 77834-0636  
409/830-0079  
Fax/830-1181

October 5, 1995

Mr. Drew Reid  
Texas General Land Office  
Lease Administration  
1700 N. Congress Ave., Room 640  
Austin, Texas 78701

RE: Payment for Oil, Gas & Mineral Lease  
1.17 acres, more or less,  
William Bridge Survey, A-17 and L. Lessassier Survey, A-78  
Washington County, Texas

170

36007417

X 118.75

Dear Mr. Reid:

Enclosed please find a check in the amount of \$118.75 as payment for the above cited lease in Washington County, Texas, executed by the State of Texas to Union Pacific Resources Company. If you have any questions, or if there is anything further that I can help you with please don't hesitate to call me in Brenham, Texas at 409/830-0079.

Sincerely,

*Elvis D Hollis*

Elvis D. Hollis  
Agent-Union Pacific Resources Company

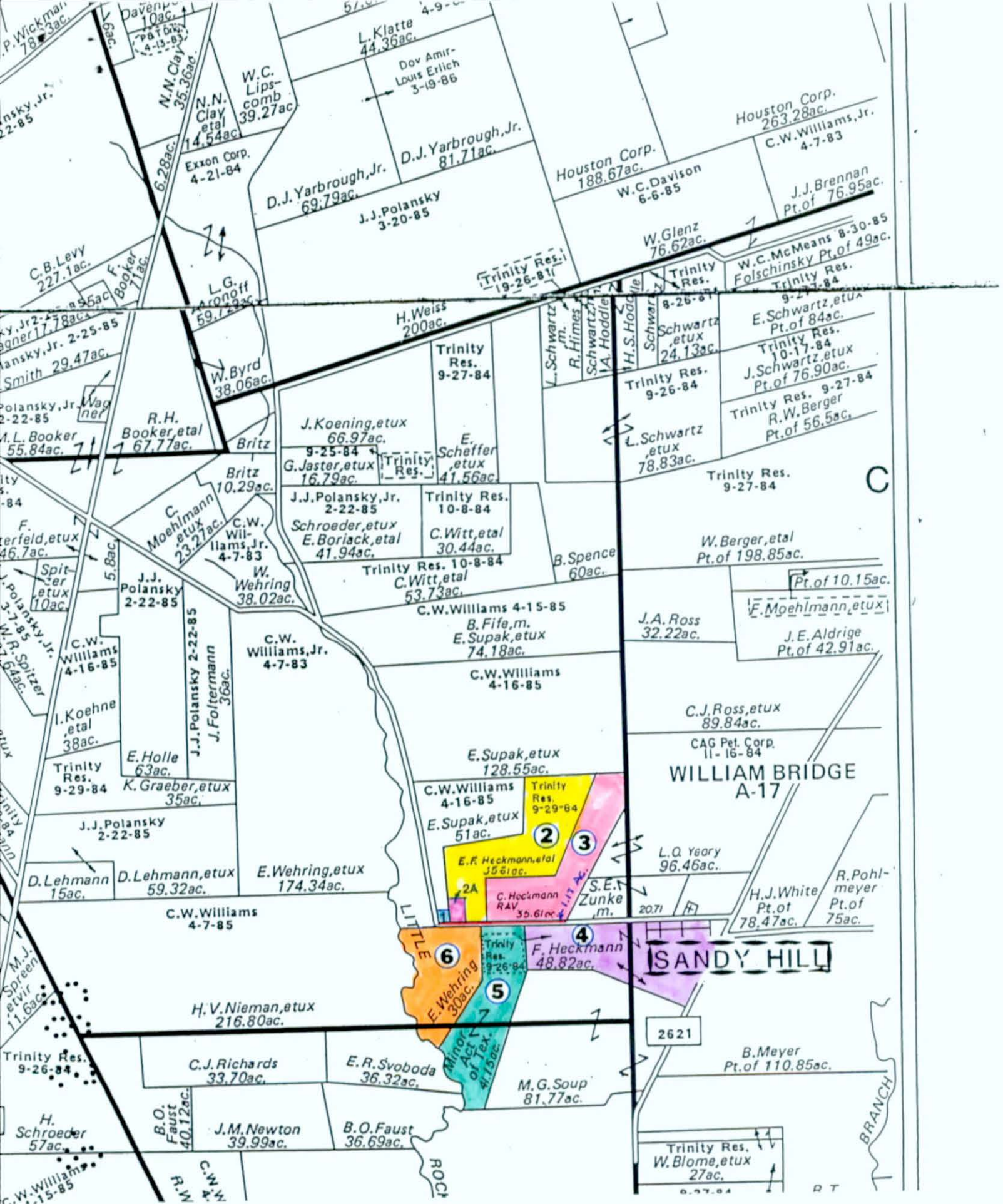


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④ m 90636  
M44434  
LTR: SIMMONS IH&Soc.  
7-30-96

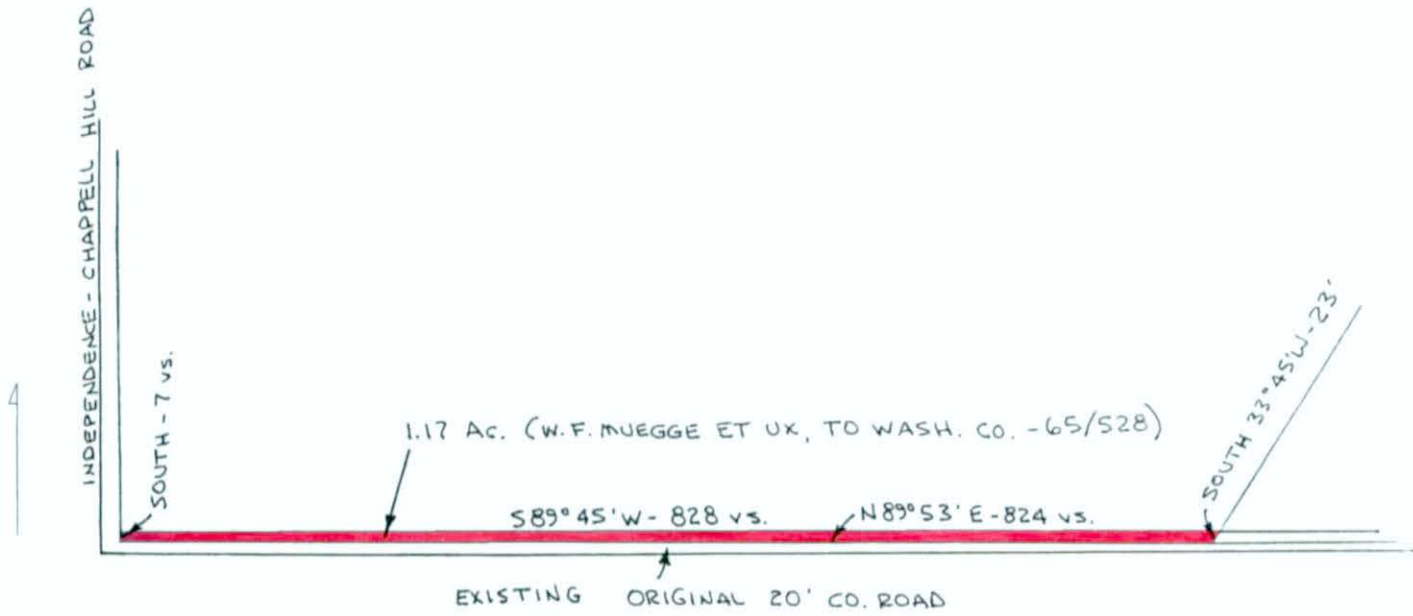
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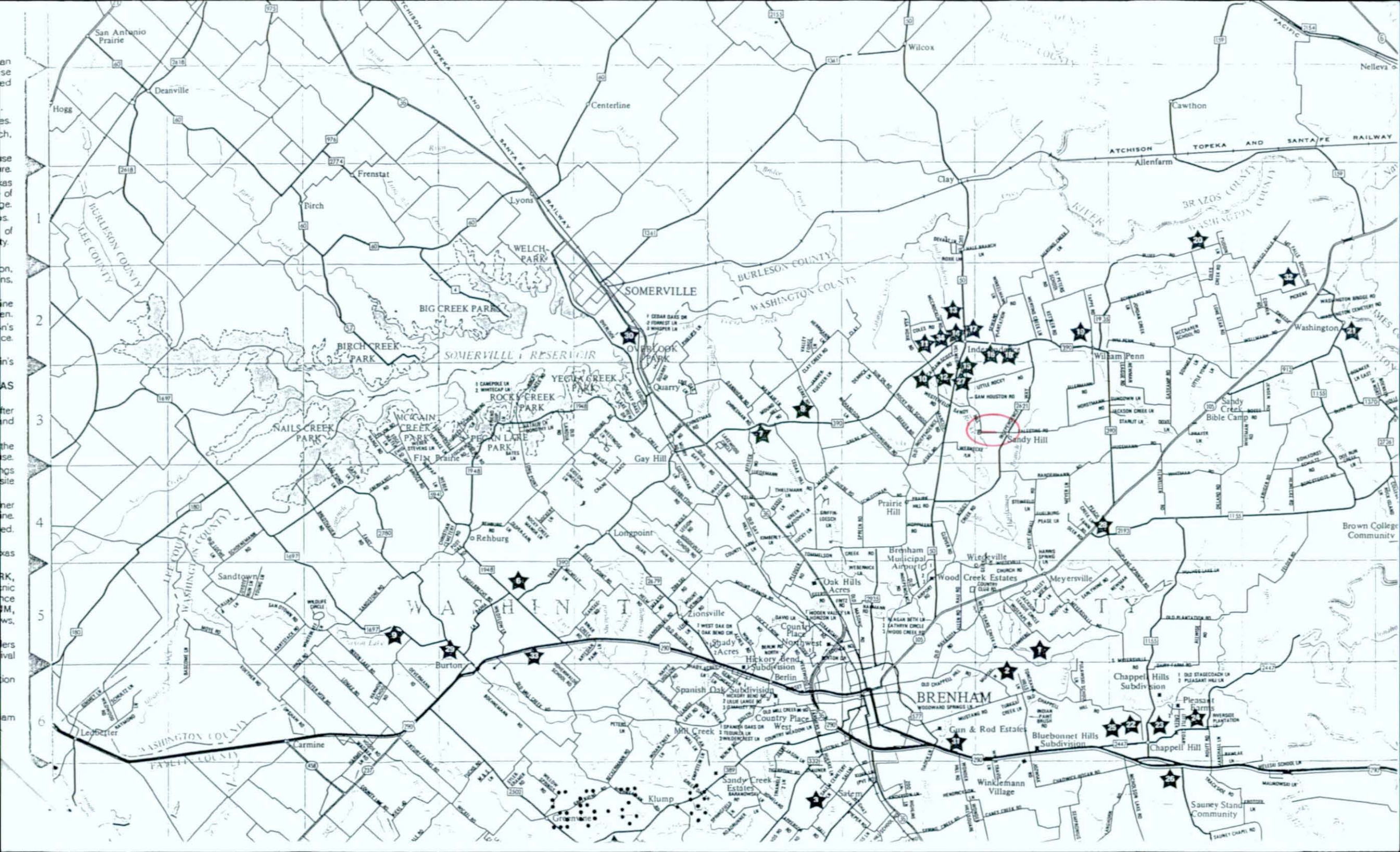


**PORTION OF COUNTY ROAD 68 - WASHINGTON COUNTY, TEXAS**

1.17 acres, more or less, a part of the WILLIAM BRIDGE SURVEY, A-78, Washington County, Texas, being the same land described in that certain Deed dated November 25, 1914 from William F. Muegge and wife, Louise Muegge to Washington County, Texas, recorded in Volume 65, Page 528 of the Deed Records of Washington County, Texas.



25  
4



⑤  
M96636  
PLAT  
7/30/96

555

ELVIS D. HOLLIS

Petroleum Land Services  
3413 South Bay Street  
Brenham, Texas 77834

P.O. Box 636

77834

July 11, 1995



Texas General Land Office  
Lease Administration  
1700 N. Congress Ave., Rm. 640  
Austin, Texas 78701

Attn: Mr. Drew Reid

RE: Oil and Gas Lease, 1.17 acres,  
County Road 68  
William Bridge Survey, A-17 and L. Lessassier Survey, A-78  
Washington County, Texas

X 100. <sup>cc</sup>

35069890

Dear Mr. Reid:

Attached please find the following items relating to the leasing of the above right-of-way tract:

- 1) Application to lease right-of-way, with attachments;
- 2) Affidavit re: Horizontal Well;
- 3) Check for \$100 processing fee;
- 4) Waiver of notice by Union Pacific Resources Company;
- 5) Copies of leases on adjacent lands;
- 6) Affidavit re: consideration paid for adjacent leases;
- 7) Map indicating mineral ownership of adjacent tracts;
- 8) Title Opinion covering subject tract;

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Please feel free to call on me at 409/830-0079 if you have any questions or if I can be of assistance.

Sincerely,

Elvis D. Hollis  
Landman and Agent  
Union Pacific Resources Company

Enclosures



②

M96636

LTR: QUIY HOLLIS

7-30-96

1000000

0000000

ELVIS D. HOLLIS

Petroleum Land Services  
2413 South Day Street  
Brenham, Texas 77833

July 11, 1995


Texas General Land Office  
Lease Administration  
1700 N. Congress Ave., Rm. 640  
Austin, Texas 78701

RE: Oil and Gas Lease, 1.17 acres,  
County Road 68  
William Bridge Survey, A-17 and L. Lessassier Survey, A-78  
Washington County, Texas

Gentlemen:

Union Pacific Resources Company hereby makes application to lease a 1.17 acre right-of-way tract located in Washington County, Texas. Union Pacific is an "adjacent mineral owner" to this tract as a result of currently existing oil and gas leases.

Attached to this application are the following:

- 
- 1) Plat or map of the right-of-way tract showing the boundaries and dimensions of said tract.
  - 2) Vicinity map, showing the location of the 1.17 acres to be leased.
  - 3) Copy of source deed into Washington County.

Please feel free to call on me if you have any questions or if I can be of assistance.



Sincerely yours,

*Elvis D. Hollis*

Elvis D. Hollis  
Landman and Agent  
Union Pacific Resources Company

Enclosures

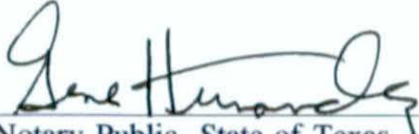
①

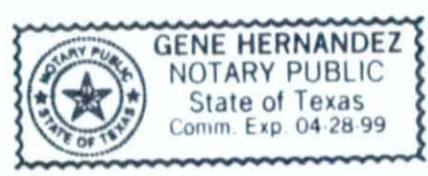
M 96636  
LTP: ELVIS P. ADAMS  
7-30-76

554



SUBSCRIBED AND SWORN TO BEFORE ME this 26th day of July, 1995.

  
Notary Public, State of Texas



5  
2  
2  
2

(8)

M96636

AFFIDAVIT OF CONSIDERATION

7-30-96

234

AFFIDAVIT

STATE OF TEXAS §

COUNTY OF WASHINGTON §

BEFORE ME, the undersigned authority, on this day personally appeared ELVIS D. HOLLIS, known to me to be a credible person above the age of twenty-one (21) years, not incapacitated in any way, who after being first duly sworn, deposes and says, to-wit:

Affiant states that he is an independent landman currently engaged by UNION PACIFIC RESOURCES COMPANY, and that he is aware that the proposed leasing of the following described right-of-way tract is for the specific purpose of drilling a horizontal oil and gas well.

**ACREAGE TO BE LEASED FROM THE STATE OF TEXAS IN WASHINGTON COUNTY:BEING A PART OF COUNTY ROAD 68:**

1.17 acres, more or less, a part of the WILLIAM BRIDGE SURVEY, A-17 and the L. LESSASSIER SURVEY, A-78, Washington County, Texas, being the same land described in that certain Deed dated November 25, 1914 from William F. Muegge and wife, Louise Muegge to Washington County, Texas, recorded in Volume 65, Page 528 of the Deed Records of Washington County, Texas.

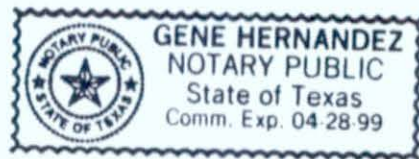
Further affiant sayeth not.

Dated this 26th day of July, 1995.

Elvis D. Hollis  
ELVIS D. HOLLIS

SUBSCRIBED AND SWORN TO BEFORE ME this 26th day of July, 1995.

Gene Hernandez  
Notary Public, State of Texas



③ M96636

AFFIDAVIT

7-30-96

554

**ELVIS D. HOLLIS**

Petroleum Land Services  
2413 South Day Street  
Brenham, Texas 77833

July 11, 1995

Texas General Land Office  
Lease Administration  
1700 N. Congress Ave., Rm. 640  
Austin, Texas 78701

RE: Oil and Gas Lease, 1.17 acres,  
County Road 68  
William Bridge Survey, A-17 and L. Lessassier Survey, A-78  
Washington County, Texas

Gentlemen:

On behalf of Union Pacific Resources Company I hereby waive the statutory notice which the Company is entitled to as an "adjacent mineral owner" to the above tract which the Company has made application to lease.

Please feel free to call on me if you have any questions or if I can be of assistance.

Sincerely yours,



*Elvis D. Hollis*

Elvis D. Hollis  
Landman and Agent  
Union Pacific Resources Company



Enclosures

(12)  
M 26636  
LTR: EDWIN ABELIS  
7-30-76

254

THE STATE OF TEXAS.

COUNTY OF WASHINGTON | Before me, C.G. Botts, A Notary Public in and for Washington County, Texas, on this day personally appeared E.H. Becker for self and as Attorney in fact for A.C. and E.S. Becker, known to me to be the persons-- whose name--- is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and a consideration therein expressed, and in the capacity therein stated.

Given under my hand and seal of office this 2day of May, A.D. 1914.

(seal)

C.G. BOTTS, NOTARY PUBLIC,  
WASHINGTON COUNTY, TEXAS.

Filed for record Nov. 24, A.D. 1914 at 10 O'clock,----- A.M. | GREEN MORGAN, O.C.U.W.C.

Recorded Dec. 1, A.D. 1914 at 8 O'clock,----- P.M. | BY A.J. Wendt Deputy.

DEED-- W.F. MUEGGE & WIFE TO WASHINGTON CO.,

SOURCE DEED

THE STATE OF TEXAS.

COUNTY OF WASHINGTON | KNOW ALL MEN BY THESE PRESENTS: That we, W.F. Muegge joined herein by his wife, Louise Muegge, of the County of Washington, State of Texas, for and in consideration of the sum of One Hundred & Seventeen Dollars, to us paid by W.R. Ewing, Co. Judge, the receipt of which is hereby acknowledged.

Have Granted, Sold and Conveyed, and by these presents do Grant, Sell and Convey, unto the said W.R. Ewing, Co. Judge & his successors in office as Co. Judge of the County of Washington State of Texas, all that certain lot or parcel of land lying and being situated in Washington Co. Texas, and a part of the Luke Lessasser League and a part of the same land conveyed by Wm. Muegge to W.F. Muegge, the deed being of record in sd. County records for deeds in sd. County in Book 62 page 386.

Beginning at N.E. corner of a 20 ft. strip heretofore conveyed the County for road purposes. Then with line of a strip sold by Heckmann to the County N. 33° E. 10-1/2 vrs. to N.W. corner of sd. Strip sold by Heckmann to the Co. Then S. 89-3/4° W. 828 vrs. to corner in East line of the Independence & Chappell Hill road. Then with same South 7 vrs. to corner in North line of sd. 20 ft. road. Then with sd. line N. 89° 53' E. 824 vrs. to the beginning, corner, containing an area of 1-17/100 acres of land.

TO HAVE AND TO HOLD above described premises together with all and singular the rights and appurtenances thereto in anywise belonging, unto the said W.R. Ewing, Co. Judge of sd. County & his Successors in sd. office, heirs and assigns forever. And we do hereby bind ourselves & our heirs, executors and administrators to warrant and forever defend, all and singular the said premises unto the said W.R. Ewing, Co. Judge & his successors in sd. office, heirs and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

Witness our hands at Brenham, this 25 day of Nov. A.D. 1914.

W.F. MUEGGE

LOUISE MUEGGE.

THE STATE OF TEXAS.

COUNTY OF WASHINGTON | Before me Green Morgan, County Clerk in and for Washington County, Texas, on this day personally appeared W.F. Muegge, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office this 25 day of Nov. A.D. 1914

(seal)

GREEN MORGAN COUNTY CLERK.  
WASHINGTON CO. TEXAS.

BY A.J. WENDT DEPUTY.

THE STATE OF TEXAS.

COUNTY OF WASHINGTON ( Before me, Green Morgan, County Clerk, in and for Washington County, Texas, on this day personally appeared Louise Muegge, wife of W.F. Meugge known to me to be the person whose name is subscribed to the foregoing instrument, and having been examined by me privily and apart from her husband, and having the same fully explained to her, she the said Louise Muegge, acknowledged such instrument to be her act and deed, and declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office this 25 day of Nov. A.D. 1914.

(seal)

GREEN MORGAN COUNTY CLERK

WASHINGTON CO. TEXAS.

BY A.J. WENDT, DEPUTY.

Filed for record Nov. 25, A.D. 1914 at 2 O'clock, ----- P.M. ( GREEN MORGAN, C.C.U.W.C.

Recorded Dec. 1, A.D. 1914 at 3 O'clock, ----- P.M. BY A.J. Wendt Deputy.

DEED--- THOS. J. POWELL TO OWEN BRATCHER,

THE STATE OF TEXAS.

COUNTY OF WASHINGTON ; KNOW ALL MEN BY THESE PRESENTS:- That I, Thomas J. Powell, of the County of Robertson, State of Texas, for and in consideration of Five Hundred (\$500.00) Dollars, to me in hand paid and secured to be paid, by Owen Bratcher, of the County of Washington and State of Texas, as follows: One (\$1.00) Dollar cash, the receipt of which is hereby acknowledged and his five promissory notes of even date herewith payable as follows: No. 1 for Ninty Nine (\$99.00) dollars payable Dec. 1, 1915; and the other four notes for One Hundred (\$100.00) each payable Dec. 1st, 1916, 1917, 1918, and 1919, respectively, and all bearing interest at the rate of 10% per annum from date until paid, interest payable annually as it accrues, in Brenham, Texas,.

Have Granted, Bargained, Sold and Conveyed, and by these presents do Grant, Sell and convey unto the said Owen Bratcher, all that piece or parcel of land, situate, and being in the County of Washington, State of Texas, and described as follows: Being a one third interest in and to a tract of land conveyed to Simon Bratcher and his heirs, by C.B. Breedlove and E.P. Ewing, of said State and County, by deed dated March 3rd, 1877, and filed and recorded in deed records of Washington County, Texas, March the 10th, 1877, at 2 O'clock P.M. in Book 5 on page 57 1/2, conveying a tract of fifty acres of land, to which deed reference is made for description of said property.

TO HAVE AND TO HOLD the above described premises, together with all and singular the rights and appurtenances thereto in anywise belonging unto the said Owen Bratcher, his heirs and assigns forever, and I do hereby bind myself my heirs, executors and administrators to warrant and forever defend, all and singular the said premises unto the said Owen Bratcher, his heirs and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof.

It is expressly understood that a Vendor's Lien is hereby, <sup>Specialty</sup> retained on the hereinbefore described tract of land to secure the payment of the above notes and interest and attorneys fees.

Witness my hand this the 27th day of November, A.D. 1914.

THOMAS J. POWELL.

(11)  
M96630  
DEEP  
1-30-94

254  
6

ADJACENT MINERAL OWNER STATUS OF LANDS SURROUNDING PROPOSED LEASE  
OF 1.17 ACRE RIGHT-OF-WAY FROM THE STATE OF TEXAS TO UNION PACIFIC  
RESOURCES COMPANY PER ATTACHED PLAT (EXHIBIT "A").

Working Interest ownership in the following Tracts 1 to 6:

100%

Union Pacific Resources Company  
P. O. Box 7  
Fort Worth, Texas 76101

TRACT 1: 0.639 ACRES

TRACT 2: 35.61 ACRES

TRACT 2-A: 2.00 ACRES

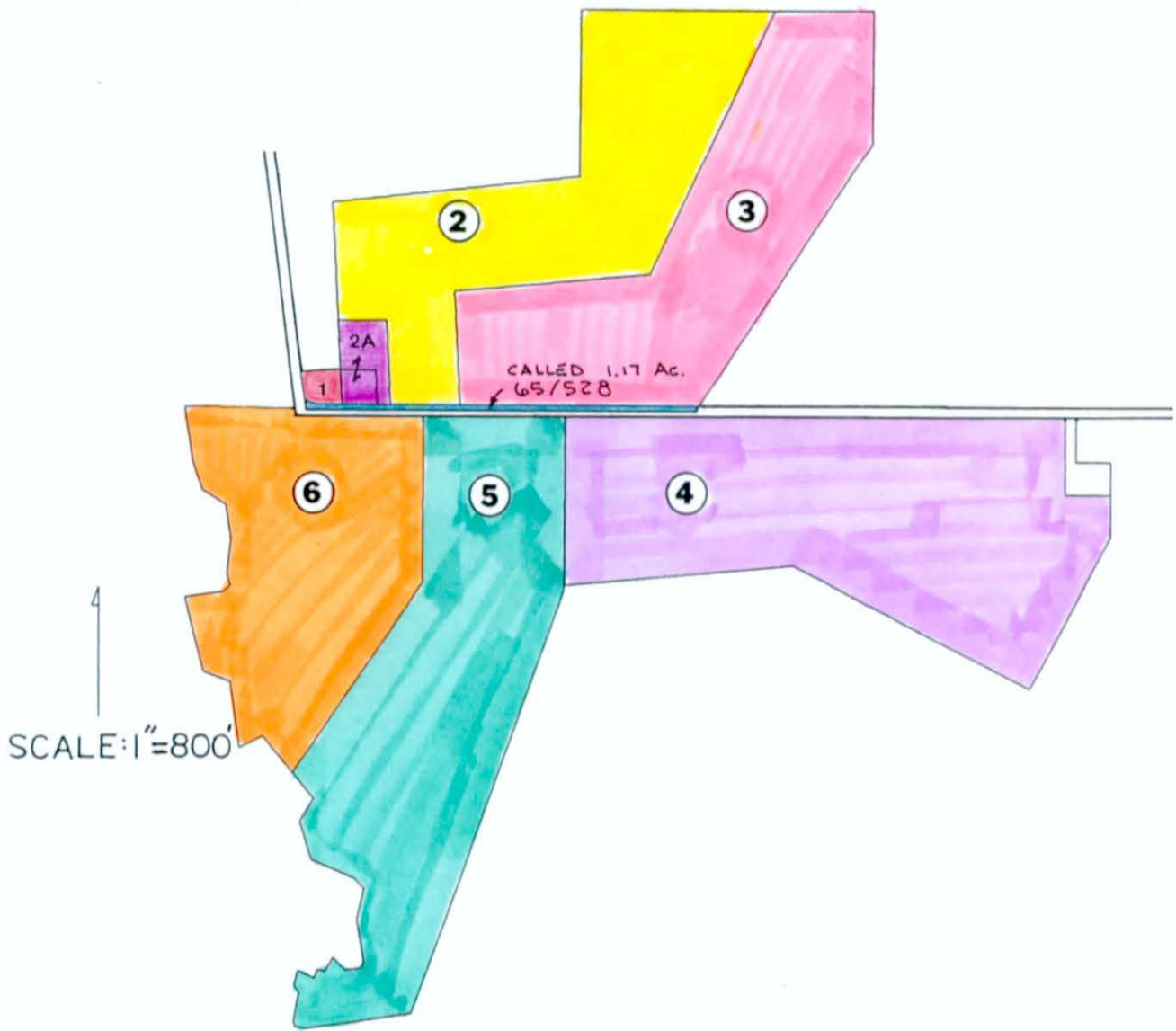
TRACT 3: 35.611 ACRES

TRACT 4: 47.856 ACRES

TRACT 5: 41.156 ACRES

TRACT 6: 30.000 ACRES





OFFSET LEASEHOLD

<u>TRACT NO.</u>	<u>LESSOR/MINERAL OWNER</u>	<u>ACREAGE</u>
1	William F. McEachern	0.639
2, 2A	Alberta Heckmann	35.61
2A	Dennis Wayne Rosenbaum	2.0
3	Cecilie Heckmann Rau, et vir	35.611
4	Fred Louis Heckmann, et ux	47.856
5	Melissa A. (Wehring) Sunderhuse	41.156
6	Michael A. Wehring	30.000

EXHIBIT "A"

(12)

M96636

Red Min. Dangle Start

7-30-76

652

MEMORANDUM OF OIL, GAS AND MINERAL LEASE

STATE OF TEXAS §  
  §  
COUNTY OF WASHINGTON §

8930

KNOW ALL MEN BY THESE PRESENTS, that **WILLIAM F. McEACHERN** and wife, **DORCEIL McEACHERN**, whose address is Route 2, Box 606-A, Brenham, Texas 77833 (referred to herein as "Lessor"), has entered into an Oil, Gas and Mineral Lease (referred to herein as "Lease") with **UNION PACIFIC RESOURCES COMPANY**, whose address is P. O. Box 7, Fort Worth, Texas 76101 (referred to herein as "Lessee"), with an effective date of October 18, 1994, covering and affecting mineral interest owned by Lessor in and under the following described lands in Washington County, Texas:

0.639 acre of land, more or less, out of the **LUKE LESSASSIER LEAGUE**, A-78, Washington County, Texas, being the same land described in that certain Deed dated December 21, 1989 from Terese Strickland to William F. McEachern and wife, Dorceil McEachern, recorded in Volume 617, Page 898 of the Official Records of Washington County, Texas. (Referred to herein as "Leased Premises".)

The lease provides for a primary term of three years from and after the effective date thereof and as long thereafter as a mineral or minerals (as defined in the Lease) is produced in paying quantities from the leased premises or lands pooled therewith or said Lease is maintained in any manner provided for therein, subject to all other terms and provisions set forth in said lease, reference to the original Lease is herein made for all purposes.

IN WITNESS WHEREOF, this instrument is executed effective the date first written above, and upon execution shall be binding upon the signatory whether or not the Lease has been executed by all parties named herein as Lessor.

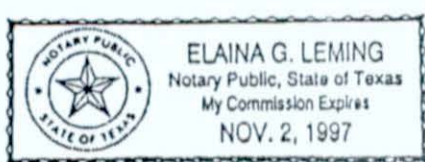
William F. McEachern  
**WILLIAM F. McEACHERN**  
SS# [REDACTED]

Dorceil McEachern  
**DORCEIL McEACHERN**  
SS# [REDACTED]

ACKNOWLEDGMENT

STATE OF TEXAS §  
  §  
COUNTY OF WASHINGTON §

This instrument was acknowledged before me on the 19<sup>th</sup> day of October, 1994; by **WILLIAM F. McEACHERN** and **DORCEIL McEACHERN**.



Elaina G. Leming  
Notary Public, State of Texas  
Notary's Name Printed:  
**ELAINA G. LEMING.**  
Notary's Commission Expires:  
**NOVEMBER 2, 1997**

THIS LEASE AGREEMENT is made effective the 18th day of October, 1994between WILLIAM F. McEACHERN AND WIFE, DORCEIL McEACHERNas Lessor (whether one or more), whose address is Route 2, Box 606-A, Brenham, Texas 77833and UNION PACIFIC RESOURCES COMPANY, as Lessee,whose address is P. O. Box 7, Fort Worth, Texas 76101. All printed

portions of this lease were prepared by Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. **Description.** Lessor, in consideration of Ten Dollars & Other Valuable ConsiderationDollars (\$ 10.00 & OVC), in hand paid, of the royalties herein provided and the covenants herein contained, hereby grants, leases and lets exclusively to Lessee, for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith including helium, carbon dioxide and other commercial

gases as well as hydrocarbon gases (referred to herein as "covered minerals"), the following described land (the "leased premises") in

Washington County, Texas, to-wit:

0.639 acre of land, more or less, out of the LUKE LESSASSIER LEAGUE, A-78, Washington County, Texas, being the same land described in that certain Deed dated December 21, 1989 from Terese Strickland to William F. McEachern and wife, Dorceil McEachern, recorded in Volume 617, Page 898 of the Official Records of Washington County, Texas.

This lease also covers accretions and any small strips or parcels of land now or hereafter owned or claimed by Lessor which are contiguous or adjacent to the leased premises whether or not such parcels are known to exist by Lessor or Lessee, and for the aforementioned consideration, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any rentals and shut-in royalties hereunder, said land shall be deemed to be comprised of 0.639 acres, whether it actually comprises more or less.

2. **Term of Lease.** This lease shall be in force for a primary term of three (3) years from the effective date hereof, and for as long thereafter as a covered mineral is produced in paying quantities from the leased premises or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. **Royalty.** Royalties on covered minerals produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's field separator facilities, the royalty shall be One-Sixth (1/6) of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead posted price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity less a proportionate part of ad valorem taxes and production, severance, or other excise taxes, (b) for gas (including casinghead gas) and all other covered minerals, the royalty shall be One-Sixth (1/6) of the net proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and (c) if during or after the primary term one or more wells on the leased premises or lands pooled therewith are capable of producing oil or gas or other substances covered hereby in paying quantities, but such well or wells are either shut-in or production therefrom is not being sold by Lessee for a period of 90 consecutive days, then Lessee may pay shut-in royalty of one dollar per acre of land then covered by this lease, such payment to be made to Lessor on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut-in and it shall be considered that such well is producing in paying quantities for all purposes hereof during any period for which such shut-in royalty is tendered; provided that if this lease is otherwise being maintained by the payment of rentals or by operations, or if a well or wells on the leased premises is producing in paying quantities, no shut-in royalty shall be due until the end of the 90-day period next following the end of the rental period or the cessation of such operations or production, in the case may be. Lessee shall have free use of oil, gas, water, and other substances produced from said land, except water from Lessor's wells or ponds, for all operations hereunder, and Lessor's royalty shall be computed after deducting any so used.

4. **Operations.** If, after expiration of the primary term, Lessee drills a dry hole on the leased premises or if all production of covered minerals should permanently cease from any cause either voluntary or involuntary (and if this lease is not otherwise being maintained), this lease shall remain in effect if Lessee commences drilling, reworking or other operations on the leased premises within 90 days thereafter. If, at or after expiration of the primary term, this lease is not otherwise being maintained but Lessee is then engaged in drilling, reworking or other operations calculated to obtain or restore production from the leased premises, this lease shall remain in effect so long as such operations are conducted with no cessation of more than 90 consecutive days and, if such operations result in the production of a covered mineral, as long thereafter as there is production from the leased premises. After production has been established on the leased premises, Lessee shall drill such additional wells as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or (b) protect the leased premises from uncompensated drainage by a well producing a covered mineral in paying quantities located within 330 feet of and draining the leased premises. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

5. **Pooling.** Lessee shall have the continuing and recurring right, but not the obligation, to pool all or any part of the leased premises or interest therein with any other lands, leases or interests, as to any or all depths or zones, and as to any or all covered minerals, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently explore, develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands, leases or interests. A unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for an oil well which is a horizontal completion or a gas well shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that larger units may be formed for an oil well or a gas well, whether or not horizontally completed, in order to conform to any well spacing or density pattern permitted by any governmental authority having jurisdiction over such matters. The terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or by regulations of the governmental authority which has jurisdiction over such matters. The term "horizontal completion" shall mean an oil well or a gas well in which the horizontal component of the gross completion interval exceeds 100 feet in length. Lessee may pool or combine land covered by this lease or any portions thereof, as above provided as to oil in any one or more strata and as to gas in any one or more strata. Units formed by pooling as to any stratum or strata need not conform in size or area with units formed as to any other stratum or strata, and oil units need not conform as to area with gas units. To exercise its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit, and the effective date of pooling shall be the date of filing unless provided otherwise in such declaration. Lessee wholly at its option may exercise its authority to pool either before or after commencing operations for or completing an oil or gas well on lands lying within a unit and any unit may include, but is not required to include, lands or leases upon which a well producing or capable of producing oil or gas in paying quantities has theretofore been completed, or upon which operations have theretofore been commenced. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises, regardless of whether such production was secured or such drilling or reworking operations were commenced before or after the execution of this lease or the instrument designating the pooled unit, shall be treated for all purposes (except the payment of royalties on production from the pooled unit) as if they were production, drilling or reworking operations on the leased premises and references herein to production from or operations on the leased premises shall be deemed to include production from or operations on any portion of such pooled unit; provided that if after creation of a pooled unit a well is drilled on land within the unit area (other than the leased premises) which well is not classified as the type of well for which the unit was created (oil, gas or other minerals as the case may be), such well shall be considered a dry hole for purposes of applying the additional drilling and reworking provisions hereof. If a gas well on a gas unit, which includes all or a portion of the leased premises, is reclassified as an oil well, with respect to all lands which are included within the unit (other than the lands on which the well is located), the date of such reclassification shall be considered as the date of cessation of production for purposes of applying the provisions of this lease covering additional drilling and reworking. The production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent that such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall, without the joinder of Lessor, have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority, or court order, or when to do so would, in the judgment of Lessee, promote the conservation of covered minerals in and under and that



#### ADDENDUM

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL, GAS AND MINERAL LEASE, EFFECTIVE OCTOBER 18, 1994 BETWEEN **WILLIAM F. McEACHERN** AND WIFE, **DORCEIL McEACHERN**, AS LESSOR AND **UNION PACIFIC RESOURCES COMPANY**, AS LESSEE.

12. It is expressly understood that there is excepted and reserved to Lessor, and accordingly not covered by this lease, the production of coal, lignite or other surface minerals, in and under the leased premises.

13. Notwithstanding any provision herein to the contrary, upon the expiration of the primary term of this lease (or the expiration of any extension or renewal thereof), or upon the expiration of ninety (90) days following the completion of the last well drilled on the leased premises or acreage pooled therewith (whether completed as a well capable of production in paying quantities or as a dry hole), whichever is the later date, this lease shall terminate as to any lands not included in a pooled unit, proration unit or other unit from which any well located thereon is producing or may be capable of producing in paying quantities, or upon which drilling, reworking or other operations calculated to restore production are being pursued as herein provided. After the expiration of the primary term of this lease, if production on any pooled, proration or other unit permanently ceases from any cause either voluntary or involuntary (and if this lease is not otherwise being maintained), this lease shall terminate as to such unit unless Lessee within ninety (90) days thereafter commences reworking operations or the actual drilling of a new well thereon. In such event, this lease will continue in effect as to such unit so long as such drilling or reworking is prosecuted with no cessation of such operations for more than thirty (30) consecutive days until production is restored.

14. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease (top lease) covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the top lease becoming effective upon the expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered, the royalty and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen (15) days after receipt of the notice, shall have the prior and preferential right and option to purchase the top lease covered by the offer at the price and according to the terms and conditions specified in the offer. Should Lessee elect to purchase the top lease pursuant to the terms hereof, it shall so notify Lessor in writing prior to expiration of said fifteen (15) day period. Lessee shall promptly thereafter furnish to Lessor the top lease for execution on behalf of Lessor with Lessee's draft payable to Lessor in payment of the specified amount as consideration for the top lease, such draft being subject only to approval of title according to terms thereof. Upon receipt thereof, Lessor shall promptly execute said top lease and return same along with the endorsed draft to Lessee's representative or through Lessor's bank of record for payment. It is understood, however, any top lease purchased by Lessee herein pursuant to this provision shall not limit the term or otherwise affect the validity of this lease.

15. The payment or tender of any shut-in royalty may be made in currency, or by check or by draft, deposited in the U. S. Mail addressed to Lessor or delivered to same on or before the due date.

16. Lessee agrees that it will conduct no operations on the surface of said land. It is further agreed and understood that Lessee shall have the right to drill and operate directional wells through and under said land, irrespective of the bottom hole locations of said wells. To this end, Lessor hereby grants to Lessee a subsurface easement for all purposes associated with such directional wells.

IN WITNESS WHEREOF, this lease is executed effective the date first written above, and upon execution shall be binding upon the signatory whether or not the lease has been executed by all parties named herein as Lessor.

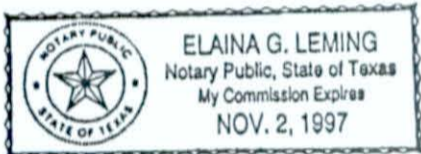
William F. McEachern  
WILLIAM F. McEACHERN  
SS# [REDACTED]

Dorceil McEachern  
DORCEIL McEACHERN  
SS# [REDACTED]

ACKNOWLEDGMENT

STATE OF TEXAS           §  
  §  
COUNTY OF WASHINGTON   §

This instrument was acknowledged before me on the 19<sup>th</sup> day of October, 1994 by **WILLIAM F. McEACHERN** and **DORCEIL McEACHERN**.



[Signature]  
Notary Public, State of Texas  
Notary's name printed:  
**ELAINA G. LEMING**  
Notary's commission expires:  
**NOVEMBER 2, 1997**



COPY

MEMORANDUM OF OIL, GAS & MINERAL LEASE

129

THE STATE OF TEXAS }  
COUNTY OF WASHINGTON }

KNOW ALL MEN BY THESE PRESENTS, that ALBERTA HECKMANN, a widow, whose address is 511 West Sixth Street; Brenham, Texas 77833, (referred to herein as "Lessor"), has entered into an Oil, Gas & Mineral Lease, (referred to herein as "Lease"), with UNION PACIFIC RESOURCES COMPANY, whose address is P. O. Box 7; Fort Worth, Texas 76101 (referred to herein as "Lessee"), with an effective date of November 29, 1993, covering and affecting mineral interest owned by Lessor in and under the following described land in Washington County, Texas.

35.61 acres of land, more or less, out of the LUKE LESSASSIER SURVEY, A-78, Washington County, Texas, being the same land more fully described in the following three (3) tracts, to-wit;

FIRST TRACT: 33.61 acres of land, more or less, being the same land described as 35.61 acres of land, more or less, in that certain Deed dated April 28, 1982 from Cecilie Heckmann Rau and husband, Gilbert Rau to Edwin F. Heckmann and wife, Alberta Heckmann, recorded in Volume 434, Page 160 of the Deed Records of Washington County, Texas;

LESS AND EXCEPT: 1.39 acres of land, more or less, being the same land described in that certain Deed dated March 11, 1988 from Alberta Heckmann, a widow, to Dennis Wayne Rosenbaum, recorded in Volume 579, Page 907 of the Official Records of Washington County, Texas, also;

LESS AND EXCEPT: 0.610 acres of land, more or less, being the same land described in that certain Deed dated September 6, 1985 from Alberta Heckmann, a widow, to Dennis Wayne Rosenbaum, recorded in Volume 517, Page 313 of the Official Records of Washington County, Texas.

SECOND TRACT: 1.39 acres of land, more or less, being the same land described in that certain Deed dated March 11, 1988 from Alberta Heckmann, a widow, to Dennis Wayne Rosenbaum, recorded in Volume 579, Page 907 of the Official Records of Washington County, Texas.

THIRD TRACT: 0.610 acres of land, more or less, being the same land, described in that certain Deed dated September 6, 1985 from Alberta Heckmann, a widow, to Dennis Wayne Rosenbaum, recorded in Volume 517, Page 313 of the Official Records of Washington County, Texas.

The lease provides for a primary term of three years (with an option to extend for two additional years) from and after the effective date thereof and as long thereafter as a mineral or minerals (as defined in the Lease) is produced in paying quantities from the Leased Premises or lands pooled therewith or said Lease is maintained in any manner provided for therein, subject to all other terms and provisions set forth in said Lease, reference to the original Lease is herein made for all purposes.

IN WITNESS WHEREOF, this instrument is executed effective the date first written above, and upon execution shall be binding upon the signatory whether or not the Lease has been executed by all parties named herein as Lessor.

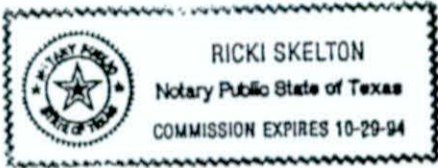
*Alberta Heckmann*  
ALBERTA HECKMANN  
S.S.#: [REDACTED]

\_\_\_\_\_

ACKNOWLEDGMENTS

THE STATE OF TEXAS }  
COUNTY OF Washington }

This instrument was acknowledged before me on 30<sup>th</sup> day of November, 1993, by ALBERTA HECKMANN, a widow.



Ricki Skelton  
Notary Public, State of Texas  
Notary's name, printed:  
Notary's commission expires:



STATE OF TEXAS  
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on this date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on  
JAN 19 1994



Gertrude Lehmann  
Gertrude Lehmann, County Clerk  
Washington County, Texas

FILED  
AT 1:20 P.M.  
JAN 11 1994  
Gertrude Lehmann mls  
GERTRUDE LEHRMANN  
COUNTY CLERK, WASHINGTON COUNTY, TEXAS

THIS LEASE AGREEMENT is made effective the 29th day of November, 19 93.between ALBERTA HECKMANN, a widowas Lessor (whether one or more), whose address is 511 West 6th Street; Brenham, Texas 77833and UNION PACIFIC RESOURCES COMPANY, as Lessee,whose address is P. O. Box 7; Fort Worth, Texas 76101. All printed

portions of this lease were prepared by Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. Description. Lessor, in consideration of Ten dollars and other good and valuable consideration----- Dollars (\$ 10.00 ), in hand paid, of the royalties herein provided and the covenants herein contained, hereby grants, leases and lets exclusively to Lessee, for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith including helium, carbon dioxide and other commercial gases as well as hydrocarbon gases (referred to herein as "covered minerals"), the following described land (the "leased premises") inWashington County, Texas, to-wit:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF FOR DESCRIPTION

This lease also covers accretions and any small strips or parcels of land now or hereafter owned or claimed by Lessor which are contiguous or adjacent to the leased premises whether or not such parcels are known to exist by Lessor or Lessee, and for the aforementioned consideration, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any rentals and shut-in royalties hereunder, said land shall be deemed to be comprised of 35.61 acres, whether it actually comprises more or less.

2. Term of Lease. This lease shall be in force for a primary term of three (3) years from the effective date hereof, and for as long thereafter as a covered mineral is produced in paying quantities from the leased premises or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalty. Royalties on covered minerals produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's field separator facilities, the royalty shall be one-sixth (1/6) of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead posted price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity less a proportionate part of ad valorem taxes and production, severance, or other excise taxes, (b) for gas (including casinghead gas) and all other covered minerals, the royalty shall be one-sixth (1/6) of the net proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and (c) if during or after the primary term one or more wells on the leased premises or lands pooled therewith are capable of producing oil or gas or other substances covered hereby in paying quantities, but such well or wells are either shut-in or production therefrom is not being sold by Lessee for a period of 90 consecutive days, then Lessee may pay shut-in royalty of one dollar per acre of land then covered by this lease, such payment to be made to Lessor on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut-in and it shall be considered that such well is producing in paying quantities for all purposes hereof during any period for which such shut-in royalty is tendered; provided that if this lease is otherwise being maintained by the payment of rentals or by operations, or if a well or wells on the leased premises is producing in paying quantities, no shut-in royalty shall be due until the end of the 90-day period next following the end of the rental period or the cessation of such operations or production, as the case may be. Lessee shall have free use of oil, gas, water, and other substances produced from said land, except water from Lessor's wells or ponds, for all operations hereunder, and Lessor's royalty shall be computed after deducting any so used.

4. Operations. If, after expiration of the primary term, Lessee drills a dry hole on the leased premises or if all production of covered minerals should permanently cease from any cause either voluntary or involuntary (and if this lease is not otherwise being maintained), this lease shall remain in effect if Lessee commences drilling, reworking or other operations on the leased premises within 90 days thereafter. If, at or after expiration of the primary term, this lease is not otherwise being maintained but Lessee is then engaged in drilling, reworking or other operations calculated to obtain or restore production from the leased premises, this lease shall remain in effect so long as such operations are conducted with no cessation of more than 90 consecutive days and, if such operations result in the production of a covered mineral, as long thereafter as there is production from the leased premises. After production has been established on the leased premises, Lessee shall drill such additional wells as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or (b) protect the leased premises from uncompensated drainage by a well producing a covered mineral in paying quantities located within 330 feet of and draining the leased premises. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

5. Pooling. Lessee shall have the continuing and recurring right, but not the obligation, to pool all or any part of the leased premises or interest therein with any other lands, leases or interests, as to any or all depths or zones, and as to any or all covered minerals, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently explore, develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands, leases or interests. A unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for an oil well which is a horizontal completion or a gas well shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that larger units may be formed for an oil well or a gas well, whether or not horizontally completed, in order to conform to any well spacing or density pattern permitted by any governmental authority having jurisdiction over such matters. The terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or by regulations of the governmental authority which has jurisdiction over such matters. The term "horizontal completion" shall mean an oil well or a gas well in which the horizontal component of the gross completion interval exceeds 100 feet in length. Lessee may pool or combine land covered by this lease or any portions thereof, as above provided as to oil in any one or more strata and as to gas in any one or more strata. Units formed by pooling as to any stratum or strata need not conform in size or area with units formed as to any other stratum or strata, and oil units need not conform as to area with gas units. To exercise its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit, and the effective date of pooling shall be the date of filing unless provided otherwise in such declaration. Lessee wholly at its option may exercise its authority to pool either before or after commencing operations for or completing an oil or gas well on lands lying within a unit and any unit may include, but is not required to include, lands or leases upon which a well producing or capable of producing oil or gas in paying quantities has theretofore been completed, or upon which operations have theretofore been commenced. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises, regardless of whether such production was secured or such drilling or reworking operations were commenced before or after the execution of this lease or the instrument designating the pooled unit, shall be treated for all purposes (except the payment of royalties on production from the pooled unit) as if they were production, drilling or reworking operations on the leased premises and references herein to production from or operations on the leased premises shall be deemed to include production from or operations on any portion of such pooled unit; provided that if after creation of a pooled unit a well is drilled on land within the unit area (other than the leased premises) which well is not classified as the type of well for which the unit was created (oil, gas or other minerals as the case may be), such well shall be considered a dry hole for purposes of applying the additional drilling and reworking provisions hereof. If a gas well on a gas unit, which includes all or a portion of the leased premises, is reclassified as an oil well, with respect to all lands which are included within the unit (other than the lands on which the well is located), the date of such reclassification shall be considered as the date of cessation of production for purposes of applying the provisions of this lease covering additional drilling and reworking. The production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent that such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall, without the joinder of Lessor, have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority, or court order, or when to do so would, in the judgment of Lessee, promote the conservation of covered minerals in and under and that



## ADDENDUM

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL, GAS & MINERAL LEASE, EFFECTIVE NOVEMBER 29, 1993, BETWEEN ALBERTA HECKMANN, A WIDOW, AS LESSOR, AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE.

12. The payment or tender of any shut-in royalty may be made in currency, or by check or by draft, deposited in the U.S. Mail addressed to Lessor or delivered to same on or before the due date.

13. Should Lessee's operations cause damage to Lessor's livestock, water, trees, fences, roads, buildings or other improvements, Lessee agrees to pay Lessor the actual amount of loss. Lessee further agrees to fill and level all pits so as to return the surface to its original condition as nearly as practical, within a reasonable length of time after the abandonment of the use of such pits.

14. It is expressly understood that there is excepted and reserved to Lessor, and accordingly not covered by this lease, the production of coal, lignite or other surface minerals in and under the leased premises.

15. At the expiration of the primary term hereof, this lease shall automatically terminate as to any lands located outside the boundaries of a spacing unit determined in accordance with the regulatory authority of the State of Texas upon which there is production of oil or gas or upon which drilling or re-working operations are being pursued, as herein provided, unless this lease is otherwise maintained as to such outside lands as provided herein. This lease shall remain in force as to such outside lands so long as Lessee begins operations for the drilling of an additional well within ninety (90) days after the expiration of the primary term or after the completion or abandonment of the last prior well drilled hereunder, whichever is later, and thereafter does not allow more than ninety (90) days to elapse between the completion or abandonment of one well and the beginning of operations for the drilling of the next well until the leased premises has been drilled in accordance with the applicable spacing regulations. If Lessee fails to timely commence any such well, this lease will terminate as to all of the leased premises except as to any portion contained in production spacing units. If the production of oil or gas on any such unit ceases for any cause, this lease shall terminate as to such unit unless Lessee within ninety (90) days after cessation of production commences re-working operations or the actual drilling of a new well thereon. In such event, this lease will continue in effect as to such unit so long as such drilling or re-working operations is pursued with no cessation of such operations for more than thirty (30) consecutive days until production is restored.

16. Lessee is hereby given the option, to be exercised prior to the date on which this lease or any portion thereof would expire in accordance with its terms and provisions, of extending this lease for a period of two years as to all or any portion of the acreage then held hereunder which would expire unless so extended, the only action required by Lessee to exercise this option being the payment to Lessor (mailed to Lessor's address shown on the face of this lease) of the additional consideration of the sum of \$25.00 per acre for each acre so extended. If the lease is so extended as to only a portion of the acreage then covered hereby, Lessee shall designate such portion by a recordable instrument.

17. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease (top lease) covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the top lease becoming effective upon the expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered, the royalty and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen (15) days after receipt of the notice, shall have the prior and preferential right and option to purchase the top lease covered by the offer at the price and according to the terms and conditions specified in the offer. Should Lessee elect to purchase the top lease pursuant to the terms hereof, it shall so

notify Lessor in writing prior to expiration of said fifteen (15) day period. Lessee shall promptly thereafter furnish to Lessor the top lease for execution on behalf of Lessor with Lessee's draft payable to Lessor in payment of the specified amount as consideration for the top lease, such draft being subject only to approval of title according to the terms thereof. Upon receipt thereof, Lessor shall promptly execute said top lease and return same along with the endorsed draft to Lessee's representative or through Lessor's bank of record for payment. It is understood, however, any top lease purchased by Lessee herein pursuant to this provision shall not limit the term or otherwise affect the validity of this lease.

IN WITNESS WHEREOF, this lease is executed effective the date first written above, and upon execution shall be binding upon the signatory whether or not the lease has been executed by all parties named herein as Lessor.

*Alberta Heckmann*

ALBERTA HECKMANN

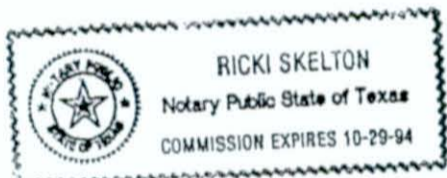
S.S.# [REDACTED]

ACKNOWLEDGMENTS

THE STATE OF TEXAS }

COUNTY OF Washington }

This instrument was acknowledged before me on the 30<sup>th</sup> day of November, 1993, by ALBERTA HECKMANN, a widow.



*Ricki Skelton*

Notary Public, State of Texas

Notary's name, printed:

Notary's commission expires:

EXHIBIT "A"

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL, GAS & MINERAL LEASE, EFFECTIVE NOVEMBER 29, 1993, BETWEEN ALBERTA HECKMANN, A WIDOW, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE.

35.61 acres of land, more or less, out of the LUKE LESSASSIER SURVEY, A-78, Washington County, Texas, being the same land more fully described in the following three (3) tracts, to-wit;

FIRST TRACT: 33.61 acres of land, more or less, being the same land described as 35.61 acres of land, more or less, in that certain Deed dated April 28, 1982 from Cecilie Heckmann Rau and husband, Gilbert Rau to Edwin F. Heckmann and wife, Alberta Heckmann, recorded in Volume 434, Page 160 of the Deed Records of Washington County, Texas;

LESS AND EXCEPT: 1.39 acres of land, more or less, being the same land described in that certain Deed dated March 11, 1988 from Alberta Heckmann, a widow, to Dennis Wayne Rosenbaum, recorded in Volume 579, Page 907 of the Official Records of Washington County, Texas, also;

LESS AND EXCEPT: 0.610 acres of land, more or less, being the same land described in that certain Deed dated September 6, 1985 from Alberta Heckmann, a widow, to Dennis Wayne Rosenbaum, recorded in Volume 517, Page 313 of the Official Records of Washington County, Texas.

SECOND TRACT: 1.39 acres of land, more or less, being the same land described in that certain Deed dated March 11, 1988 from Alberta Heckmann, a widow, to Dennis Wayne Rosenbaum, recorded in Volume 579, Page 907 of the Official Records of Washington County, Texas.

THIRD TRACT: 0.610 acres of land, more or less, being the same land, described in that certain Deed dated September 6, 1985 from Alberta Heckmann, a widow, to Dennis Wayne Rosenbaum, recorded in Volume 517, Page 313 of the Official Records of Washington County, Texas.

SIGNED FOR IDENTIFICATION:

Alberta Heckmann  
ALBERTA HECKMANN

COPY

MEMORANDUM OF OIL, GAS AND MINERAL LEASE

8499

STATE OF TEXAS §  
COUNTY OF WASHINGTON §

KNOW ALL MEN BY THESE PRESENTS, that DENNIS WAYNE ROSENBAUM, a married man, dealing in his sole and separate non-homestead property, whose address is 125 Robmore, Houston, Texas 77076 (referred to herein as "Lessor"), has entered into an Oil, Gas and Mineral Lease (referred to herein as "Lease") with UNION PACIFIC RESOURCES COMPANY, whose address is P. O. Box 7, Fort Worth, Texas 76101 (referred to herein as "Lessee"), with an effective date of October 12, 1994, covering and affecting mineral interest owned by Lessor in and under the following described lands in Washington County, Texas:

2.000 acres of land, more or less, out of the LUKE LESSASSIER SURVEY, A-78, Washington County, Texas, being the same land more fully described in the following two (2) tracts, to-wit:

FIRST TRACT: 1.39 acres of land, more or less, being the same land described in that certain Deed dated March 11, 1988 from Alberta Heckmann, a widow, to Dennis Wayne Rosenbaum, recorded in Volume 579, Page 907 of the Official Records of Washington County, Texas;

SECOND TRACT: 0.610 acres of land, more or less, being the same land described in that certain Deed dated September 6, 1985 from Alberta Heckman, a widow, to Dennis Wayne Rosenbaum, recorded in Volume 517, Page 313 of the Official Records of Washington County, Texas. (Referred to herein as "Leased Premises".)

The lease provides for a primary term of three (3) years from and after the effective date thereof and as long thereafter as a mineral or minerals (as defined in the Lease) is produced in paying quantities from the leased premises or lands pooled therewith or said Lease is maintained in any manner provided for therein, subject to all other terms and provisions set forth in said lease, reference to the original Lease is herein made for all purposes.

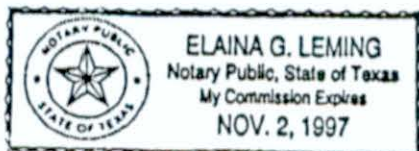
IN WITNESS WHEREOF, this instrument is executed effective the date first written above, and upon execution shall be binding upon the signatory whether or not the Lease has been executed by all parties named herein as Lessor.

*Dennis Wayne Rosenbaum*  
DENNIS WAYNE ROSENBAUM  
SS# 460-82-5356

ACKNOWLEDGMENT

STATE OF TEXAS §  
COUNTY OF WASHINGTON §

This instrument was acknowledged before me on the 19<sup>th</sup> day of October, 1994, by DENNIS WAYNE ROSENBAUM.



*Elaina G. Leming*  
Notary Public, State of Texas  
Notary's Name Printed:  
ELAINA G. LEMING  
Notary's Commission Expires:  
NOVEMBER 2, 1997

STATE OF TEXAS  
COUNTY OF WASHINGTON

I hereby certify that this Instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on

FILED  
AT 10:15 A.M.  
NOV 15 1994  
*Gertrude Lehmann*  
GERTRUDE LEHRMANN  
COUNTY CLERK, WASHINGTON COUNTY, TEXAS



NOV 23 1994  
*Gertrude Lehmann*  
Gertrude Lehmann, County Clerk  
Washington County, Texas

5  
2  
4

# of P.O. in  
Honor

THIS LEASE AGREEMENT is made effective the 12th day of October, 19 94between DENNIS WAYNE ROSENBAUM, A MARRIED MAN, DEALING IN HIS  
SOLE AND SEPARATE NON-HOMESTEAD PROPERTYas Lessor (whether one or more), whose address is 125 Robmore, Houston, Texas 77076and UNION PACIFIC RESOURCES COMPANY, as Lessee,whose address is P. O. Box 7, Fort Worth, Texas 76101. All printed

portions of this lease were prepared by Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. Description. Lessor, in consideration of Ten Dollars & Other Valuable Consideration  
Dollars (\$ 10.00 & OVC), in hand paid,

of the royalties herein provided and the covenants herein contained, hereby grants, leases and lets exclusively to Lessee, for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith including helium, carbon dioxide and other commercial

gases as well as hydrocarbon gases (referred to herein as "covered minerals"), the following described land (the "leased premises") in \_\_\_\_\_

Washington County, Texas, to-wit:**SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF FOR DESCRIPTION**

This lease also covers accretions and any small strips or parcels of land now or hereafter owned or claimed by Lessor which are contiguous or adjacent to the leased premises whether or not such parcels are known to exist by Lessor or Lessee, and for the aforementioned consideration, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any rentals and shut-in royalties hereunder, said land shall be deemed to be comprised of 2.000 acres, whether it actually comprises more or less.

2. Term of Lease. This lease shall be in force for a primary term of three (3) years from the effective date hereof, and for as long thereafter as a covered mineral is produced in paying quantities from the leased premises or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalty. Royalties on covered minerals produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's field separator facilities, the royalty shall be one-sixth (1/6) of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead posted price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity less a proportionate part of ad valorem taxes and production, severance, or other excise taxes, (b) for gas (including casinghead gas) and all other

covered minerals, the royalty shall be one-sixth (1/6) of the net proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and (c) if during or after the primary term one or more wells on the leased premises or lands pooled therewith are capable of producing oil or gas or other substances covered hereby in paying quantities, but such well or wells are either shut-in or production therefrom is not being sold by Lessee for a period of 90 consecutive days, then Lessee may pay shut-in royalty of one dollar per acre of land then covered by this lease, such payment to be made to Lessor on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut-in and it shall be considered that such well is producing in paying quantities for all purposes hereof during any period for which such shut-in royalty is tendered; provided that if this lease is otherwise being maintained by the payment of rentals or by operations, or if a well or wells on the leased premises is producing in paying quantities, no shut-in royalty shall be due until the end of the 90-day period next following the end of the rental period or the cessation of such operations or production, as the case may be. Lessee shall have free use of oil, gas, water, and other substances produced from said land, except water from Lessor's wells or ponds, for all operations hereunder, and Lessor's royalty shall be computed after deducting any so used.

4. Operations. If, after expiration of the primary term, Lessee drills a dry hole on the leased premises or if all production of covered minerals should permanently cease from any cause either voluntary or involuntary (and if this lease is not otherwise being maintained), this lease shall remain in effect if Lessee commences drilling, reworking or other operations on the leased premises within 90 days thereafter. If, at or after expiration of the primary term, this lease is not otherwise being maintained but Lessee is then engaged in drilling, reworking or other operations calculated to obtain or restore production from the leased premises, this lease shall remain in effect so long as such operations are conducted with no cessation of more than 90 consecutive days and, if such operations result in the production of a covered mineral, as long thereafter as there is production from the leased premises. After production has been established on the leased premises, Lessee shall drill such additional wells as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or (b) protect the leased premises from uncompensated drainage by a well producing a covered mineral in paying quantities located within 330 feet of and draining the leased premises. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

5. Pooling. Lessee shall have the continuing and recurring right, but not the obligation, to pool all or any part of the leased premises or interest therein with any other lands, leases or interests, as to any or all depths or zones, and as to any or all covered minerals, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently explore, develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands, leases or interests. A unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for an oil well which is a horizontal completion or a gas well shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that larger units may be formed for an oil well or a gas well, whether or not horizontally completed, in order to conform to any well spacing or density pattern permitted by any governmental authority having jurisdiction over such matters. The terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or by regulations of the governmental authority which has jurisdiction over such matters. The term "horizontal completion" shall mean an oil well or a gas well in which the horizontal component of the gross completion interval exceeds 100 feet in length. Lessee may pool or combine land covered by this lease or any portions thereof, as above provided as to oil in any one or more strata and as to gas in any one or more strata. Units formed by pooling as to any stratum or strata need not conform in size or area with units formed as to any other stratum or strata, and oil units need not conform as to area with gas units. To exercise its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit, and the effective date of pooling shall be the date of filing unless provided otherwise in such declaration. Lessee wholly at its option may exercise its authority to pool either before or after commencing operations for or completing an oil or gas well on lands lying within a unit and any unit may include, but is not required to include, lands or leases upon which a well producing or capable of producing oil or gas in paying quantities has theretofore been completed, or upon which operations have theretofore been commenced. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises, regardless of whether such production was secured or such drilling or reworking operations were commenced before or after the execution of this lease or the instrument designating the pooled unit, shall be treated for all purposes (except the payment of royalties on production from the pooled unit) as if they were production, drilling or reworking operations on the leased premises and references herein to production from or operations on the leased premises shall be deemed to include production from or operations on any portion of such pooled unit; provided that if after creation of a pooled unit a well is drilled on land within the unit area (other than the leased premises) which well is not classified as the type of well for which the unit was created (oil, gas or other minerals as the case may be), such well shall be considered a dry hole for purposes of applying the additional drilling and reworking provisions hereof. If a gas well on a gas unit, which includes all or a portion of the leased premises, is reclassified as an oil well, with respect to all lands which are included within the unit (other than the lands on which the well is located), the date of such reclassification shall be considered as the date of cessation of production for purposes of applying the provisions of this lease covering additional drilling and reworking. The production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent that such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall, without the joinder of Lessor, have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority, or court order, or when to do so would, in the judgment of Lessee, promote the conservation of covered minerals in and under and that

may be produced from the leased premises. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and the effective date of revision shall be the date of filing unless provided otherwise in such declaration. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly, and such adjustment shall be made effective as of the effective date of the revision. Lessee may at any time dissolve any unit formed hereunder by filing a written declaration describing the unit, and the effective date of dissolution shall be the date of filing unless provided otherwise in such declaration. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph with consequent allocation of production as herein provided. As used herein the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises. Pooling hereunder shall not constitute a cross-conveyance of interests.

6. **Ancillary Rights.** In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises, in primary or enhanced recovery, Lessor hereby grants and conveys to Lessee the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and transport production. In exploring, developing, producing or marketing from the leased premises, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises. No surface location for a well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder without Lessor's consent, and Lessee shall pay for actual damage caused by its operations to buildings and other improvements now on the leased premises, or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within 180 days following the expiration thereof.

7. **Ownership Changes.** The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons, either jointly or separately, in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part, Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

8. **Warranty of Title.** Lessor hereby warrants and agrees to defend title to the interest conveyed to Lessee hereunder. Lessee, at its option, may pay or discharge any tax, mortgage or lien existing against the leased premises and, in the event that it does so, Lessee shall be subrogated to the rights of the party to whom payment is made and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. If Lessor owns less than the full mineral estate in all or any part of the leased premises, payment of royalties and shut-in royalties hereunder shall be reduced proportionately to the amount that Lessor's interest in the leased premises bears to the entire mineral estate in the leased premises.

9. **Release of Lease.** Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this Lease as to a full or undivided interest in all or any portion of the leased premises or any depths or zones thereunder, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

10. **Regulation and Delay.** Lessee's obligations under the lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells. Notwithstanding the provisions of paragraph 2 above, when drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control (commonly referred to as "force majeure"), this lease shall not terminate because of such prevention or delay and, at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

11. **Breach or Default.** An alleged breach or default by Lessee of any obligation hereunder or the failure of Lessee to satisfy any condition or limitation contained herein shall not work a forfeiture or termination of this lease nor cause a termination or reversion of the estate created hereby nor be grounds for cancellation hereof in whole or in part, and no litigation shall be initiated by Lessor with respect to any alleged breach or default by Lessee hereunder, for a period of at least ninety (90) days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy or commence to remedy the breach or default within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or cancelled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so. Nothing in this instrument or in the relationship created hereby shall be construed to establish a fiduciary relationship, a relationship of trust or confidence or a principal - agent relationship between Lessor and Lessee for any purpose. **FOR CONTINUATION OF LEASE, SEE ATTACHED ADDENDUM WITH PARAGRAPHS 12 THROUGH 16.**

~~IN WITNESS WHEREOF, this lease is executed effective the date first written above, and upon execution shall be binding upon the signatory whether or not the lease has been executed by all parties named herein as Lessor.~~

SS # AND/OR TAX ID #

LESSOR:

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

STATE OF \_\_\_\_\_ )  
  ) ss.  
COUNTY OF \_\_\_\_\_ )

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by \_\_\_\_\_.

\_\_\_\_\_  
Notary Public

My Commission Expires:  
\_\_\_\_\_

STATE OF \_\_\_\_\_ )  
  ) ss.  
COUNTY OF \_\_\_\_\_ )

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by \_\_\_\_\_.

\_\_\_\_\_  
Notary Public

My Commission Expires:  
\_\_\_\_\_

#### ADDENDUM

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL, GAS AND MINERAL LEASE, EFFECTIVE OCTOBER 12, 1994 BETWEEN DENNIS WAYNE ROSENBAUM, A MARRIED MAN, DEALING IN HIS SOLE AND SEPARATE NON-HOMESTEAD PROPERTY, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE.

12. It is expressly understood that there is excepted and reserved to Lessor, and accordingly not covered by this lease, the production of coal, lignite or other surface minerals, in and under the leased premises.

13. Notwithstanding any provision herein to the contrary, upon the expiration of the primary term of this lease (or the expiration of any extension or renewal thereof), or upon the expiration of ninety (90) days following the completion of the last well drilled on the leased premises or acreage pooled therewith (whether completed as a well capable of production in paying quantities or as a dry hole), whichever is the later date, this lease shall terminate as to any lands not included in a pooled unit, proration unit or other unit from which any well located thereon is producing or may be capable of producing in paying quantities, or upon which drilling, reworking or other operations calculated to restore production are being pursued as herein provided. After the expiration of the primary term of this lease, if production on any pooled, proration or other unit permanently ceases from any cause either voluntary or involuntary (and if this lease is not otherwise being maintained), this lease shall terminate as to such unit unless Lessee within ninety (90) days thereafter commences reworking operations or the actual drilling of a new well thereon. In such event, this lease will continue in effect as to such unit so long as such drilling or reworking is prosecuted with no cessation of such operations for more than thirty (30) consecutive days until production is restored.

14. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease (top lease) covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the top lease becoming effective upon the expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered, the royalty and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen (15) days after receipt of the notice, shall have the prior and preferential right and option to purchase the top lease covered by the offer at the price and according to the terms and conditions specified in the offer. Should Lessee elect to purchase the top lease pursuant to the terms hereof, it shall so notify Lessor in writing prior to expiration of said fifteen (15) day period. Lessee shall promptly thereafter furnish to Lessor the top lease for execution on behalf of Lessor with Lessee's draft payable to Lessor in payment of the specified amount as consideration for the top lease, such draft being subject only to approval of title according to terms thereof. Upon receipt thereof, Lessor shall promptly execute said top lease and return same along with the endorsed draft to Lessee's representative or through Lessor's bank of record for payment. It is understood, however, any top lease purchased by Lessee herein pursuant to this provision shall not limit the term or otherwise affect the validity of this lease.

15. The payment or tender of any shut-in royalty may be made in currency, or by check or by draft, deposited in the U. S. Mail addressed to Lessor or delivered to same on or before the due date.

16. Lessee agrees that it will conduct no operations on the surface of said land. It is further agreed and understood that Lessee shall have the right to drill and operate directional wells through and under said land, irrespective of the bottom hole locations of said wells. To this end, Lessor hereby grants to Lessee a subsurface easement for all purposes associated with such directional wells.

IN WITNESS WHEREOF, this lease is executed effective the date first written above, and upon execution shall be binding upon the signatory whether or not the lease has been executed by all parties named herein as Lessor.

*Dennis Wayne Rosenbaum*

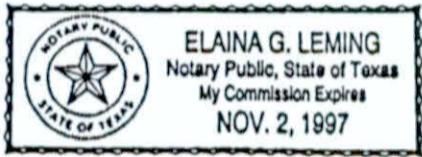
DENNIS WAYNE ROSENBAUM

SS# [REDACTED]

ACKNOWLEDGMENT

STATE OF TEXAS           §  
   §  
COUNTY OF WASHINGTON   §

This instrument was acknowledged before me on the 19<sup>th</sup> day of October, 1994 by DENNIS WAYNE ROSENBAUM.



*[Signature]*  
\_\_\_\_\_  
Notary Public, State of Texas  
Notary's name printed:  
*ELAINA G. LEMING*  
Notary's commission expires:  
*NOVEMBER 2, 1997*

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**EXHIBIT "A"**

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL, GAS AND MINERAL LEASE, EFFECTIVE OCTOBER 12, 1994, BETWEEN **DENNIS WAYNE ROSENBAUM**, A MARRIED MAN, DEALING IN HIS SOLE AND SEPARATE NON-HOMESTEAD PROPERTY, AS LESSOR, AND **UNION PACIFIC RESOURCES COMPANY**, AS LESSEE.

2.000 acres of land, more or less, out of the LUKE LESSASSIER SURVEY, A-78, Washington County, Texas, being the same land more fully described in the following two (2) tracts, to-wit:

FIRST TRACT: 1.39 acres of land, more or less, being the same land described in that certain Deed dated March 11, 1988 from Alberta Heckmann, a widow, to Dennis Wayne Rosenbaum, recorded in Volume 579, Page 907 of the Official Records of Washington County, Texas;

SECOND TRACT: 0.610 acres of land, more or less, being the same land described in that certain Deed dated September 6, 1985 from Alberta Heckman, a widow, to Dennis Wayne Rosenbaum, recorded in Volume 517, Page 313 of the Official Records of Washington County, Texas.

**SIGNED FOR IDENTIFICATION:**

  
**DENNIS WAYNE ROSENBAUM**



COPY

MEMORANDUM OF OIL, GAS & MINERAL LEASE

135

THE STATE OF TEXAS

COUNTY OF WASHINGTON

KNOW ALL MEN BY THESE PRESENTS, that CECILIE HECKMANN RAU and husband, GILBERT RAU, whose address is Route 6, Box 6534-R; Brenham, Texas 77833, (referred to herein as "Lessor"), has entered into an Oil, Gas & Mineral Lease, (referred to herein as "Lease"), with UNION PACIFIC RESOURCES COMPANY, whose address is P. O. Box 7; Fort Worth, Texas 76101 (referred to herein as "Lessee"), with an effective date of November 23, 1993, covering and affecting mineral interest owned by Lessor in and under the following described land in Washington County, Texas.

35.611 acres of land, more or less, out of the L. LESSASSIER SURVEY, A-78, Washington County, Texas, being the same land described in that certain Deed dated April 28, 1982 from Edwin F. Heckmann and wife, Alberta Heckmann to Cecilie Heckmann Rau, recorded in Volume 434, Page 157 of the Deed Records of Washington County, Texas.

The lease provides for a primary term of three years (with an option to extend for two additional years) from and after the effective date thereof and as long thereafter as a mineral or minerals (as defined in the Lease) is produced in paying quantities from the Leased Premises or lands pooled therewith or said Lease is maintained in any manner provided for therein, subject to all other terms and provisions set forth in said Lease, reference to the original Lease is herein made for all purposes.

IN WITNESS WHEREOF, this instrument is executed effective the date first written above, and upon execution shall be binding upon the signatory whether or not the Lease has been executed by all parties named herein as Lessor.

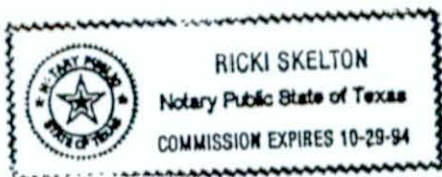
Cecilie Heckmann Rau  
CECILIE HECKMANN RAU  
S.S.#: [REDACTED]

Gilbert Rau  
GILBERT RAU  
S.S.# [REDACTED]

ACKNOWLEDGMENTS

THE STATE OF TEXAS }  
COUNTY OF Washington }

This instrument was acknowledged before me on 30<sup>th</sup> day of November, 1993, by CECILIE HECKMANN RAU and husband, GILBERT RAU.



Ricki Skelton  
Notary Public, State of Texas  
Notary's name, printed:  
Notary's commission expires:

**FILED**  
 AT 1:20 P.M.  
 JAN 11 1994

*Gertrude Lehmann*  
 GERTRUDE LEHRMANN  
 COUNTY CLERK, WASHINGTON COUNTY, TEXAS

STATE OF TEXAS  
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on



JAN 19 1994  
*Gertrude Lehmann*  
 Gertrude Lehmann, County Clerk  
 Washington County, Texas

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E.H. 11:5

THIS LEASE AGREEMENT is made effective the 23rd day of November, 19 93between CECILIE HECKMANN RAU and husband, GILBERT RAUas Lessor (whether one or more), whose address is Route 6, Box 6534-R; Brenham, Texas 77833and UNION PACIFIC RESOURCES COMPANY, as Lessee,whose address is P. O. Box 7; Fort Worth, Texas 76101. All printed

portions of this lease were prepared by Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. **Description.** Lessor, in consideration of Ten dollars and other good and valuable consideration

----- Dollars (\$ 10.00 ), in hand paid, of the royalties herein provided and the covenants herein contained, hereby grants, leases and lets exclusively to Lessee, for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith including helium, carbon dioxide and other commercial

gases as well as hydrocarbon gases (referred to herein as "covered minerals"), the following described land (the "leased premises") in

Washington County, Texas, to-wit:

35.611 acres of land, more or less, out of the L. LESSASSIER SURVEY, A-78, Washington County, Texas, being the same land described in that certain Deed dated April 28, 1982 from Edwin F. Heckmann and wife, Alberta Heckmann to Cecilie Heckmann Rau, recorded in Volume 434, Page 157 of the Deed Records of Washington County, Texas.

This lease also covers accretions and any small strips or parcels of land now or hereafter owned or claimed by Lessor which are contiguous or adjacent to the leased premises whether or not such parcels are known to exist by Lessor or Lessee, and for the aforementioned consideration, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any rentals and shut-in royalties hereunder, said land shall be deemed to be comprised of 35.611 acres, whether it actually comprises more or less.

2. **Term of Lease.** This lease shall be in force for a primary term of three (3) years from the effective date hereof, and for as long thereafter as a covered mineral is produced in paying quantities from the leased premises or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. **Royalty.** Royalties on covered minerals produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's field separator facilities, the royalty shall be one-sixth (1/6) of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead posted price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity less a proportionate part of ad valorem taxes and production, severance, or other excise taxes, (b) for gas (including casinghead gas) and all other covered minerals, the royalty shall be one-sixth (1/6) of the net proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and (c) if during or after the primary term one or more wells on the leased premises or lands pooled therewith are capable of producing oil or gas or other substances covered hereby in paying quantities, but such well or wells are either shut-in or production therefrom is not being sold by Lessee for a period of 90 consecutive days, then Lessee may pay shut-in royalty of one dollar per acre of land then covered by this lease, such payment to be made to Lessor on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut-in and it shall be considered that such well is producing in paying quantities for all purposes hereof during any period for which such shut-in royalty is received; provided that if this lease is otherwise being maintained by the payment of rentals or by operations, or if a well or wells on the leased premises is producing in paying quantities, no shut-in royalty shall be due until the end of the 90-day period next following the end of the rental period or the cessation of such operations or production, as the case may be. Lessee shall have free use of oil, gas, water, and other substances produced from said land, except water from Lessor's wells or ponds, for all operations hereunder, and Lessor's royalty shall be computed after deducting any so used.

4. **Operations.** If, after expiration of the primary term, Lessee drills a dry hole on the leased premises or if all production of covered minerals should permanently cease from any cause either voluntary or involuntary (and if this lease is not otherwise being maintained), this lease shall remain in effect if Lessee commences drilling, reworking or other operations on the leased premises within 90 days thereafter. If, at or after expiration of the primary term, this lease is not otherwise being maintained but Lessee is then engaged in drilling, reworking or other operations calculated to obtain or restore production from the leased premises, this lease shall remain in effect so long as such operations are conducted with no cessation of more than 90 consecutive days and, if such operations result in the production of a covered mineral, as long thereafter as there is production from the leased premises. After production has been established on the leased premises, Lessee shall drill such additional wells as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or (b) protect the leased premises from uncompensated drainage by a well producing a covered mineral in paying quantities located within 330 feet of and draining the leased premises. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

5. **Pooling.** Lessee shall have the continuing and recurring right, but not the obligation, to pool all or any part of the leased premises or interest therein with any other lands, leases or interests, as to any or all depths or zones, and as to any or all covered minerals, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently explore, develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands, leases or interests. A unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for an oil well which is a horizontal completion or a gas well shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that larger units may be formed for an oil well or a gas well, whether or not horizontally completed, in order to conform to any well spacing or density pattern permitted by any governmental authority having jurisdiction over such matters. The terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or by regulations of the governmental authority which has jurisdiction over such matters. The term "horizontal completion" shall mean an oil well or a gas well in which the horizontal component of the gross completion interval exceeds 100 feet in length. Lessee may pool or combine land covered by this lease or any portions thereof, as above provided as to oil in any one or more strata and as to gas in any one or more strata. Units formed by pooling as to any stratum or strata need not conform in size or area with units formed as to any other stratum or strata, and oil units need not conform as to area with gas units. To exercise its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit, and the effective date of pooling shall be the date of filing unless provided otherwise in such declaration. Lessee wholly at its option may exercise its authority to pool either before or after commencing operations for or completing an oil or gas well on lands lying within a unit and any unit may include, but is not required to include, lands or leases upon which a well producing or capable of producing oil or gas in paying quantities has theretofore been completed, or upon which operations have theretofore been commenced. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises, regardless of whether such production was secured or such drilling or reworking operations were commenced before or after the execution of this lease or the instrument designating the pooled unit, shall be treated for all purposes (except the payment of royalties on production from the pooled unit) as if they were production, drilling or reworking operations on the leased premises and references herein to production from or operations on the leased premises shall be deemed to include production from or operations on any portion of such pooled unit; provided that if after creation of a pooled unit a well is drilled on land within the unit area (other than the leased premises) which well is not classified as the type of well for which the unit was created (oil, gas or other minerals as the case may be), such well shall be considered a dry hole for purposes of applying the additional drilling and reworking provisions hereof. If a gas well on a gas unit, which includes all or a portion of the leased premises, is reclassified as an oil well, with respect to all lands which are included within the unit (other than the lands on which the well is located), the date of such reclassification shall be considered as the date of cessation of production for purposes of applying the provisions of this lease covering additional drilling and reworking. The production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent that such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall, without the joinder of Lessor, have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority, or court order, or when to do so would, in the judgment of Lessee, promote the conservation of covered minerals in and under and that

may be produced from the leased premises. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and the effective date of revision shall be the date of filing unless provided otherwise in such declaration. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly, and such adjustment shall be made effective as of the effective date of the revision. Lessee may at any time dissolve any unit formed hereunder by filing a written declaration describing the unit, and the effective date of dissolution shall be the date of filing unless provided otherwise in such declaration. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph with consequent allocation of production as herein provided. As used herein the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises. Pooling hereunder shall not constitute a cross-conveyance of interests.

6. **Ancillary Rights.** In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises, in primary or enhanced recovery, Lessor hereby grants and conveys to Lessee the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and transport production. In exploring, developing, producing or marketing from the leased premises, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises. No surface location for a well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder without Lessor's consent, and Lessee shall pay for actual damage caused by its operations to buildings and other improvements now on the leased premises, or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within 180 days following the expiration thereof.

7. **Ownership Changes.** The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons, either jointly or separately, in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part, Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

8. **Warranty of Title.** Lessor hereby warrants and agrees to defend title to the interest conveyed to Lessee hereunder. Lessee, at its option, may pay or discharge any tax, mortgage or lien existing against the leased premises and, in the event that it does so, Lessee shall be subrogated to the rights of the party to whom payment is made and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. If Lessor owns less than the full mineral estate in all or any part of the leased premises, payment of royalties and shut-in royalties hereunder shall be reduced proportionately to the amount that Lessor's interest in the leased premises bears to the entire mineral estate in the leased premises.

9. **Release of Lease.** Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this Lease as to a full or undivided interest in all or any portion of the leased premises or any depths or zones thereunder, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

10. **Regulation and Delay.** Lessee's obligations under the lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells. Notwithstanding the provisions of paragraph 2 above, when drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control (commonly referred to as "force majeure"), this lease shall not terminate because of such prevention or delay and, at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

11. **Breach or Default.** An alleged breach or default by Lessee of any obligation hereunder or the failure of Lessee to satisfy any condition or limitation contained herein shall not work a forfeiture or termination of this lease nor cause a termination or reversion of the estate created hereby nor be grounds for cancellation hereof in whole or in part and no litigation shall be initiated by Lessor with respect to any alleged breach or default by Lessee hereunder, for a period of at least ninety (90) days after Lessor has received Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy or commence to remedy the breach or default within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or cancelled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so. Nothing in this instrument or in the relationship created hereby shall be construed to establish a fiduciary relationship, a relationship of trust or confidence or a principal - agent relationship between Lessor and Lessee for any purpose. **FOR CONTINUATION OF LEASE, SEE ATTACHED ADDENDUM WITH PARAGRAPHS 12 THROUGH 17.**

IN WITNESS WHEREOF, this lease is executed effective the date first written above, and upon execution shall be binding upon the signatory whether or not the lease has been executed by all parties named herein as Lessor.

~~SS # AND/OR TAX ID # \_\_\_\_\_~~

~~LESSOR: \_\_\_\_\_~~

~~STATE OF \_\_\_\_\_ )~~  
~~COUNTY OF \_\_\_\_\_ ) ss.~~

~~This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by \_\_\_\_\_~~

~~Notary Public~~

~~My Commission Expires: \_\_\_\_\_~~

~~STATE OF \_\_\_\_\_ )~~  
~~COUNTY OF \_\_\_\_\_ ) ss.~~

~~This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by \_\_\_\_\_~~

~~Notary Public~~

~~My Commission Expires: \_\_\_\_\_~~

## ADDENDUM

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL, GAS & MINERAL LEASE, EFFECTIVE NOVEMBER 23, 1993, BETWEEN CECILIE HECKMANN RAU AND HUSBAND, GILBERT RAU, AS LESSORS, AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE.

12. The payment or tender of any shut-in royalty may be made in currency, or by check or by draft, deposited in the U.S. Mail addressed to Lessor or delivered to same on or before the due date.

13. Should Lessee's operations cause damage to Lessor's livestock, water, trees, fences, roads, buildings or other improvements, Lessee agrees to pay Lessor the actual amount of loss. Lessee further agrees to fill and level all pits so as to return the surface to its original condition as nearly as practical, within a reasonable length of time after the abandonment of the use of such pits.

14. It is expressly understood that there is excepted and reserved to Lessor, and accordingly not covered by this lease, the production of coal, lignite or other surface minerals in and under the leased premises.

15. At the expiration of the primary term hereof, this lease shall automatically terminate as to any lands located outside the boundaries of a spacing unit determined in accordance with the regulatory authority of the State of Texas upon which there is production of oil or gas or upon which drilling or re-working operations are being pursued, as herein provided, unless this lease is otherwise maintained as to such outside lands as provided herein. This lease shall remain in force as to such outside lands so long as Lessee begins operations for the drilling of an additional well within ninety (90) days after the expiration of the primary term or after the completion or abandonment of the last prior well drilled hereunder, whichever is later, and thereafter does not allow more than ninety (90) days to elapse between the completion or abandonment of one well and the beginning of operations for the drilling of the next well until the leased premises has been drilled in accordance with the applicable spacing regulations. If Lessee fails to timely commence any such well, this lease will terminate as to all of the leased premises except as to any portion contained in production spacing units. If the production of oil or gas on any such unit ceases for any cause, this lease shall terminate as to such unit unless Lessee within ninety (90) days after cessation of production commences re-working operations or the actual drilling of a new well thereon. In such event, this lease will continue in effect as to such unit so long as such drilling or re-working operations is pursued with no cessation of such operations for more than thirty (30) consecutive days until production is restored.

16. Lessee is hereby given the option, to be exercised prior to the date on which this lease or any portion thereof would expire in accordance with its terms and provisions, of extending this lease for a period of two years as to all or any portion of the acreage then held hereunder which would expire unless so extended, the only action required by Lessee to exercise this option being the payment to Lessor (mailed to Lessor's address shown on the face of this lease) of the additional consideration of the sum of \$25.00 per acre for each acre so extended. If the lease is so extended as to only a portion of the acreage then covered hereby, Lessee shall designate such portion by a recordable instrument.

17. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease (top lease) covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the top lease becoming effective upon the expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered, the royalty and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen (15) days after receipt of the notice, shall have the prior and preferential right and option to purchase the top lease covered by the offer at the price and according to the terms and conditions specified in the

offer. Should Lessee elect to purchase the top lease pursuant to the terms hereof, it shall so notify Lessor in writing prior to expiration of said fifteen (15) day period. Lessee shall promptly thereafter furnish to Lessor the top lease for execution on behalf of Lessor with Lessee's draft payable to Lessor in payment of the specified amount as consideration for the top lease, such draft being subject only to approval of title according to the terms thereof. Upon receipt thereof, Lessor shall promptly execute said top lease and return same along with the endorsed draft to Lessee's representative or through Lessor's bank of record for payment. It is understood, however, any top lease purchased by Lessee herein pursuant to this provision shall not limit the term or otherwise affect the validity of this lease.

IN WITNESS WHEREOF, this lease is executed effective the date first written above, and upon execution shall be binding upon the signatory whether or not the lease has been executed by all parties named herein as Lessor.

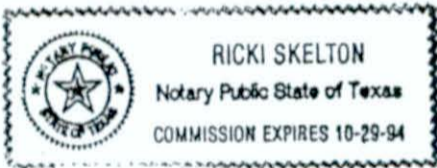
*Cecilie Heckmann Rau*  
\_\_\_\_\_  
CECILIE HECKMANN RAU  
S.S.# [REDACTED]

*Gilbert Rau*  
\_\_\_\_\_  
GILBERT RAU  
S.S.# [REDACTED]

ACKNOWLEDGMENTS

THE STATE OF TEXAS        }  
  }  
COUNTY OF Washington    }

This instrument was acknowledged before me on the 30<sup>th</sup> day of November, 1993, by CECILIE HECKMANN RAU and husband, GILBERT RAU.



*Ricki Skelton*  
\_\_\_\_\_  
Notary Public, State of Texas  
Notary's name, printed:  
Notary's commission expires:

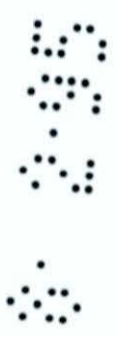
MEMORANDUM OF OIL, GAS & MINERAL LEASE

142

THE STATE OF TEXAS }
COUNTY OF WASHINGTON }

KNOW ALL MEN BY THESE PRESENTS, that FRED LOUIS HECKMANN and wife, MARJORIE HECKMANN, whose address is Route 2, Box 606; Brenham, Texas 77833, (referred to herein as "Lessor"), has entered into an Oil, Gas & Mineral Lease, (referred to herein as "Lease"), with UNION PACIFIC RESOURCES COMPANY, whose address is P. O. Box 7; Fort Worth, Texas 76101 (referred to herein as "Lessee"), with an effective date of November 19, 1993, covering and affecting mineral interest owned by Lessor in and under the following described land in Washington County, Texas.

140.296 acres of land, more or less, out of the WILLIAM BRIDGE SURVEY, A-17 and the LUKE LESSASSIER SURVEY, A-78, Washington County, Texas, being the same land more fully described in the following two (2) tracts, to-wit;



FIRST TRACT: 47.856 acres of land, more or less, out of the WILLIAM BRIDGE SURVEY, A-17 and the LUKE LESSASSIER SURVEY, A-78, Washington County, Texas, being the same land described as 48.82 acres of land, more or less, in that certain Deed dated June 14, 1960 from P. M. Lightfoot to Fred L. Heckmann and wife, Marjorie Heckmann, recorded in Volume 229, Page 58 of the Deed Records of Washington County, Texas; LESS AND EXCEPT: 0.964 acres of land, more or less, out of the WILLIAM BRIDGE SURVEY, A-17, Washington County, Texas, being the same land described in that certain Deed dated November 26, 1979 from Fred L. Heckmann and wife, Marjorie Heckmann to Bluebonnet Electric Cooperative, Inc., recorded in Volume 385, Page 427 of the Deed Records of Washington County, Texas.

SECOND TRACT: 92.44 acres of land, more or less, out of the WILLIAM BRIDGE SURVEY, A-17, Washington County, Texas, being the same land described in that certain Gift Deed dated November 13, 1979 from Ella Buerger and Hennie Buerger to Hortense Rhodes and husband, George L. Rhodes; Gerdine Blome and husband, Wilfred Blome; Marjorie Heckmann and husband, Fred L. Heckmann; and Dorothy Wehmeyer and husband, Calvin Wehmeyer, recorded in Volume 384, Page 321 of the Deed Records of Washington County, Texas.

The lease provides for a primary term of three years (with an option to extend for two additional years) from and after the effective date thereof and as long thereafter as a mineral or minerals (as defined in the Lease) is produced in paying quantities from the Leased Premises or lands pooled therewith or said Lease is maintained in any manner provided for therein, subject to all other terms and provisions set forth in said Lease, reference to the original Lease is herein made for all purposes.

IN WITNESS WHEREOF, this instrument is executed effective the date first written above, and upon execution shall be binding upon the signatory whether or not the Lease has been executed by all parties named herein as Lessor.

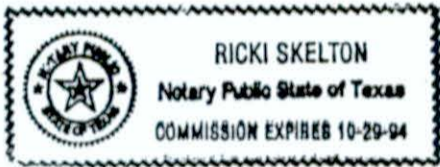
Fred Louis Heckmann
FRED LOUIS HECKMANN
S.S.#: [redacted]

Marjorie Heckmann
MARJORIE HECKMANN
SS#: [redacted]

ACKNOWLEDGMENTS

THE STATE OF TEXAS }  
COUNTY OF Washington }

This instrument was acknowledged before me on 19th day of November, 1993, by **FRED LOUIS HECKMANN and wife, MARJORIE HECKMANN.**



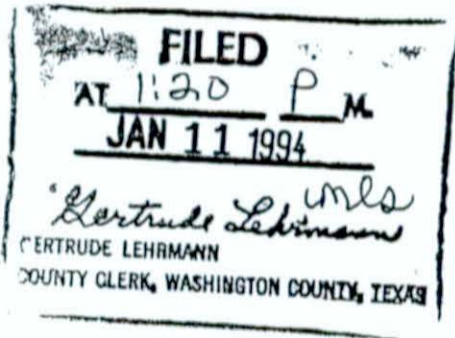
Ricki Skelton  
Notary Public, State of Texas  
Notary's name, printed:  
Notary's commission expires:

STATE OF TEXAS  
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on



JAN 19 1994  
Gertrude Lehmann  
Gertrude Lehmann, County Clerk  
Washington County, Texas



THIS LEASE AGREEMENT is made effective the 19th day of November, 19 93between FRED LOUIS HECKMANN and wife, MARJORIE HECKMANNas Lessor (whether one or more), whose address is Route 2, Box 606; Brenham, Texas 77833and UNION PACIFIC RESOURCES COMPANY, as Lessee,whose address is P. O. Box 7; Fort Worth, Texas 76101. All printed portions of this lease were prepared by Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.1. Description. Lessor, in consideration of Ten dollars and other good and valuable consideration----- Dollars (\$ 10.00), in hand paid, of the royalties herein provided and the covenants herein contained, hereby grants, leases and lets exclusively to Lessee, for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith including helium, carbon dioxide and other commercial

gases as well as hydrocarbon gases (referred to herein as "covered minerals"), the following described land (the "leased premises") in

Washington County, Texas, to-wit:**SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF FOR DESCRIPTION**

This lease also covers accretions and any small strips or parcels of land now or hereafter owned or claimed by Lessor which are contiguous or adjacent to the leased premises whether or not such parcels are known to exist by Lessor or Lessee, and for the aforementioned consideration, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any rentals and shut-in royalties hereunder, said land shall be deemed to be comprised of 140.296 acres, whether it actually comprises more or less.

Term of Lease. This lease shall be in force for a primary term of three (3) years from the effective date hereof, and for as long thereafter as a covered mineral is produced in paying quantities from the leased premises or this lease is otherwise maintained in effect pursuant to the provisions hereof.

Royalty. Royalties on covered minerals produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's field separator facilities, the royalty shall be one-sixth (1/6) of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's agent at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead posted price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity less a proportionate part of ad valorem taxes and production, severance, or other excise taxes, (b) for gas (including casinghead gas) and all other

covered minerals, the royalty shall be one-sixth (1/6) of the net proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and (c) if during or after the primary term one or more wells on the leased premises or lands pooled therewith are capable of producing oil or gas or other substances covered hereby in paying quantities, but such well or wells are either shut-in or production therefrom is not being sold by Lessee for a period of 90 consecutive days, then Lessee may pay shut-in royalty of one dollar per acre of land then covered by this lease, such payment to be made to Lessor on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut-in and it shall be considered that such well is producing in paying quantities for all purposes hereof during any period for which such shut-in royalty is tendered; provided that if this lease is otherwise being maintained by the payment of rentals or by operations, or if a well or wells on the leased premises is producing in paying quantities, no shut-in royalty shall be due until the end of the 90-day period next following the end of the rental period or the cessation of such operations or production, as the case may be. Lessee shall have free use of oil, gas, water, and other substances produced from said land, except water from Lessor's wells or ponds, for all operations hereunder, and Lessor's royalty shall be computed after deducting any so used.

Operations. If, after expiration of the primary term, Lessee drills a dry hole on the leased premises or if all production of covered minerals should permanently cease from any cause either voluntary or involuntary (and if this lease is not otherwise being maintained), this lease shall remain in effect if Lessee commences drilling, reworking or other operations on the leased premises within 90 days thereafter. If, at or after expiration of the primary term, this lease is not otherwise being maintained but Lessee is then engaged in drilling, reworking or other operations calculated to obtain or restore production from the leased premises, this lease shall remain in effect so long as such operations are conducted with no cessation of more than 90 consecutive days and, if such operations result in the production of a covered mineral, as long thereafter as there is production from the leased premises. After production has been established on the leased premises, Lessee shall drill such additional wells as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or (b) protect the leased premises from uncompensated drainage by a well producing a covered mineral in paying quantities located within 330 feet of and draining the leased premises. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

Pooling. Lessee shall have the continuing and recurring right, but not the obligation, to pool all or any part of the leased premises or interest therein with any other lands, leases or interests, as to any or all depths or zones, and as to any or all covered minerals, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently explore, develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands, leases or interests. A unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for an oil well which is a horizontal completion or a gas well shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that larger units may be formed for an oil well or a gas well, whether or not horizontally completed, in order to conform to any well spacing or density pattern permitted by any governmental authority having jurisdiction over such matters. The terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or by regulations of the governmental authority which has jurisdiction over such matters. The term "horizontal completion" shall mean an oil well or a gas well in which the horizontal component of the gross completion interval exceeds 100 feet in length. Lessee may pool or combine land covered by this lease or any portions thereof, as above provided as to oil in any one or more strata and as to gas in any one or more strata. Units formed by pooling as to any stratum or strata need not conform in size or area with units formed as to any other stratum or strata, and oil units need not conform as to area with gas units. To exercise its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit, and the effective date of pooling shall be the date of filing unless provided otherwise in such declaration. Lessee wholly at its option may exercise its authority to pool either before or after commencing operations for or completing an oil or gas well on lands lying within a unit and any unit may include, but is not required to include, lands or leases upon which a well producing or capable of producing oil or gas in paying quantities has theretofore been completed, or upon which operations have theretofore been commenced. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises, regardless of whether such production was secured or such drilling or reworking operations were commenced before or after the execution of this lease or the instrument designating the pooled unit, shall be treated for all purposes (except the payment of royalties on production from the pooled unit) as if they were production, drilling or reworking operations on the leased premises and references herein to production from or operations on the leased premises shall be deemed to include production from or operations on any portion of such pooled unit; provided that if after creation of a pooled unit a well is drilled on land within the unit area (other than the leased premises) which well is not classified as the type of well for which the unit was created (oil, gas or other minerals as the case may be), such well shall be considered a dry hole for purposes of applying the additional drilling and reworking provisions hereof. If a gas well on a gas unit, which includes all or a portion of the leased premises, is reclassified as an oil well, with respect to all lands which are included within the unit (other than the lands on which the well is located), the date of such reclassification shall be considered as the date of cessation of production for purposes of applying the provisions of this lease covering additional drilling and reworking. The production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent that such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall, without the joinder of Lessor, have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority, or court order, or when to do so would, in the judgment of Lessee, promote the conservation of covered minerals in and under and that

may be produced from the leased premises. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and the effective date of revision shall be the date of filing unless provided otherwise in such declaration. To the extent any portion of the leased premises is included in or excluded from the unit by virtue of such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly, and such adjustment shall be made effective as of the effective date of the revision. Lessee may at any time dissolve any unit formed hereunder by filing a written declaration describing the unit, and the effective date of dissolution shall be the date of filing unless provided otherwise in such declaration. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph with consequent allocation of production as herein provided. As used herein the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises. Pooling hereunder shall not constitute a cross-conveyance of interests.

6. **Ancillary Rights.** In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises, in primary or enhanced recovery, Lessor hereby grants and conveys to Lessee the right of ingress and egress along with the right to conduct such operations on the leased premises as may be reasonably necessary for such purposes, including but not limited to geophysical operations, the drilling of wells, and the construction and use of roads, canals, pipelines, tanks, water wells, disposal wells, injection wells, pits, electric and telephone lines, power stations, and other facilities deemed necessary by Lessee to discover, produce, store, treat and transport production. In exploring, developing, producing or marketing from the leased premises, the ancillary rights granted herein shall apply (a) to the entire leased premises described in Paragraph 1 above, notwithstanding any partial release or other partial termination of this lease; and (b) to any other lands in which Lessor now or hereafter has authority to grant such rights in the vicinity of the leased premises. No surface location for a well shall be located less than 200 feet from any house or barn now on the leased premises or other lands used by Lessee hereunder without Lessor's consent, and Lessee shall pay for actual damage caused by its operations to buildings and other improvements now on the leased premises, or such other lands, and to commercial timber and growing crops thereon. Lessee shall have the right at any time to remove its fixtures, equipment and materials, including well casing, from the leased premises or such other lands during the term of this lease or within 180 days following the expiration thereof.

7. **Ownership Changes.** The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part, by area or by depth or zone, and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in Lessor's ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until 60 days after Lessee has been furnished the original or certified or duly authenticated copies of the documents establishing such change of ownership to the satisfaction of Lessee. In the event of the death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of decedent or decedent's estate. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons, either jointly or separately, in proportion to the interest which each owns. If Lessee transfers its interest hereunder in whole or in part, Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of Lessee with respect to any interest not so transferred. If Lessee transfers a full or undivided interest in all or any portion of the area covered by this lease, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and the transferee in proportion to the net acreage interest in this lease then held by each.

8. **Warranty of Title.** Lessor hereby warrants and agrees to defend title to the interest conveyed to Lessee hereunder. Lessee, at its option, may pay or discharge any tax, mortgage or lien existing against the leased premises and, in the event that it does so, Lessee shall be subrogated to the rights of the party to whom payment is made and, in addition to its other rights, may reimburse itself out of any royalties or shut-in royalties otherwise payable to Lessor hereunder. If Lessor owns less than the full mineral estate in all or any part of the leased premises, payment of royalties and shut-in royalties hereunder shall be reduced proportionately to the amount that Lessor's interest in the leased premises bears to the entire mineral estate in the leased premises.

9. **Release of Lease.** Lessee may, at any time and from time to time, deliver to Lessor or file of record a written release of this Lease as to a full or undivided interest in all or any portion of the leased premises or any depths or zones thereunder, and shall thereupon be relieved of all obligations thereafter arising with respect to the interest so released. If Lessee releases all or an undivided interest in less than all of the area covered hereby, Lessee's obligation to pay or tender shut-in royalties shall be proportionately reduced in accordance with the net acreage interest retained hereunder.

10. **Regulation and Delay.** Lessee's obligations under the lease, whether express or implied, shall be subject to all applicable laws, rules, regulations and orders of any governmental authority having jurisdiction including restrictions on the drilling and production of wells. Notwithstanding the provisions of paragraph 2 above, when drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control (commonly referred to as "force majeure"), this lease shall not terminate because of such prevention or delay and, at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other operations are so prevented, delayed or interrupted.

11. **Breach or Default.** An alleged breach or default by Lessee of any obligation hereunder or the failure of Lessee to satisfy any condition or limitation contained herein shall not constitute a forfeiture or termination of this lease nor cause a termination or reversion of the estate created hereby nor be grounds for cancellation hereof in whole or in part, and no litigation shall be initiated by Lessor with respect to any alleged breach or default by Lessee hereunder, for a period of at least ninety (90) days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy or commence to remedy the breach or default within such period. In the event the matter is litigated and there is a final judicial determination that a breach or default has occurred, this lease shall not be forfeited or cancelled in whole or in part unless Lessee is given a reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so. Nothing in this instrument or in the relation here created hereby shall be construed to establish a fiduciary relationship, a relationship of trust or confidence or a principal-agent relationship between Lessor and Lessee for any purpose. **FOR CONTINUATION OF LEASE, SEE ATTACHED ADDENDUM WITH PARAGRAPHS 12 THROUGH 17.**

IN WITNESS WHEREOF, this lease is executed effective the date first written above, and upon execution shall be binding upon the signatory whether or not the lease has been executed by all parties named herein as Lessor.

SS # AND/OR TAX ID #

LESSOR:

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss.

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by \_\_\_\_\_

Notary Public

My Commission Expires:  
\_\_\_\_\_

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss.

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by \_\_\_\_\_

Notary Public

My Commission Expires:  
\_\_\_\_\_

## ADDENDUM

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL, GAS & MINERAL LEASE, EFFECTIVE NOVEMBER 19, 1993, BETWEEN FRED LOUIS HECKMANN AND WIFE, MARJORIE HECKMANN, AS LESSORS, AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE.

12. The payment or tender of any shut-in royalty may be made in currency, or by check or by draft, deposited in the U.S. Mail addressed to Lessor or delivered to same on or before the due date.

13. Should Lessee's operations cause damage to Lessor's livestock, water, trees, fences, roads, buildings or other improvements, Lessee agrees to pay Lessor the actual amount of loss. Lessee further agrees to fill and level all pits so as to return the surface to its original condition as nearly as practical, within a reasonable length of time after the abandonment of the use of such pits.

14. It is expressly understood that there is excepted and reserved to Lessor, and accordingly not covered by this lease, the production of coal, lignite or other surface minerals in and under the leased premises.

15. At the expiration of the primary term hereof, this lease shall automatically terminate as to any lands located outside the boundaries of a spacing unit determined in accordance with the regulatory authority of the State of Texas upon which there is production of oil or gas or upon which drilling or re-working operations are being pursued, as herein provided, unless this lease is otherwise maintained as to such outside lands as provided herein. This lease shall remain in force as to such outside lands so long as Lessee begins operations for the drilling of an additional well within ninety (90) days after the expiration of the primary term or after the completion or abandonment of the last prior well drilled hereunder, whichever is later, and thereafter does not allow more than ninety (90) days to elapse between the completion or abandonment of one well and the beginning of operations for the drilling of the next well until the leased premises has been drilled in accordance with the applicable spacing regulations. If Lessee fails to timely commence any such well, this lease will terminate as to all of the leased premises except as to any portion contained in production spacing units. If the production of oil or gas on any such unit ceases for any cause, this lease shall terminate as to such unit unless Lessee within ninety (90) days after cessation of production commences re-working operations or the actual drilling of a new well thereon. In such event, this lease will continue in effect as to such unit so long as such drilling or re-working operations is pursued with no cessation of such operations for more than thirty (30) consecutive days until production is restored.

16. Lessee is hereby given the option, to be exercised prior to the date on which this lease or any portion thereof would expire in accordance with its terms and provisions, of extending this lease for a period of two years as to all or any portion of the acreage then held hereunder which would expire unless so extended, the only action required by Lessee to exercise this option being the payment to Lessor (mailed to Lessor's address shown on the face of this lease) of the additional consideration of the sum of \$25.00 per acre for each acre so extended. If the lease is so extended as to only a portion of the acreage then covered hereby, Lessee shall designate such portion by a recordable instrument.

17. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease (top lease) covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the top lease becoming effective upon the expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered, the royalty and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen (15) days after receipt of the notice, shall have the prior and preferential right and option to purchase the top lease covered by the offer at the price and according to the terms and conditions specified in the

offer. Should Lessee elect to purchase the top lease pursuant to the terms hereof, it shall so notify Lessor in writing prior to expiration of said fifteen (15) day period. Lessee shall promptly thereafter furnish to Lessor the top lease for execution on behalf of Lessor with Lessee's draft payable to Lessor in payment of the specified amount as consideration for the top lease, such draft being subject only to approval of title according to the terms thereof. Upon receipt thereof, Lessor shall promptly execute said top lease and return same along with the endorsed draft to Lessee's representative or through Lessor's bank of record for payment. It is understood, however, any top lease purchased by Lessee herein pursuant to this provision shall not limit the term or otherwise affect the validity of this lease.

IN WITNESS WHEREOF, this lease is executed effective the date first written above, and upon execution shall be binding upon the signatory whether or not the lease has been executed by all parties named herein as Lessor.

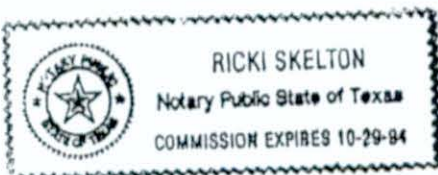
Fred Louis Heckmann  
FRED LOUIS HECKMANN  
SS# [REDACTED]

Marjorie Heckmann  
MARJORIE HECKMANN  
SS# [REDACTED]

ACKNOWLEDGMENTS

THE STATE OF TEXAS }  
COUNTY OF Washington }

This instrument was acknowledged before me on the 19<sup>th</sup> day of November, 1993, by FRED LOUIS HECKMANN and wife, MARJORIE HECKMANN.



Ricki Skelton  
Notary Public, State of Texas  
Notary's name, printed:  
Notary's commission expires:

EXHIBIT "A"

ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL, GAS & MINERAL LEASE, EFFECTIVE NOVEMBER 19, 1993, BETWEEN FRED LOUIS HECKMANN AND WIFE, MARJORIE HECKMANN, AS LESSORS AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE.

140.296 acres of land, more or less, out of the WILLIAM BRIDGE SURVEY, A-17 and the LUKE LESSASSIER SURVEY, A-78, Washington County, Texas, being the same land more fully described in the following two (2) tracts, to-wit;

FIRST TRACT: 47.856 acres of land, more or less, out of the WILLIAM BRIDGE SURVEY, A-17 and the LUKE LESSASSIER SURVEY, A-78, Washington County, Texas, being the same land described as 48.82 acres of land, more or less, in that certain Deed dated June 14, 1960 from P. M. Lightfoot to Fred L. Heckmann and wife, Marjorie Heckmann, recorded in Volume 229, Page 58 of the Deed Records of Washington County, Texas;

LESS AND EXCEPT: 0.964 acres of land, more or less, out of the WILLIAM BRIDGE SURVEY, A-17, Washington County, Texas, being the same land described in that certain Deed dated November 26, 1979 from Fred L. Heckmann and wife, Marjorie Heckmann to Bluebonnet Electric Cooperative, Inc., recorded in Volume 385, Page 427 of the Deed Records of Washington County, Texas.

SECOND TRACT: 92.44 acres of land, more or less, out of the WILLIAM BRIDGE SURVEY, A-17, Washington County, Texas, being the same land described in that certain Gift Deed dated November 13, 1979 from Ella Buerger and Hennie Buerger to Hortense Rhodes and husband, George L. Rhodes; Gerdine Blome and husband, Wilfred Blome; Marjorie Heckmann and husband, Fred L. Heckmann; and Dorothy Wehmeyer and husband, Calvin Wehmeyer, recorded in Volume 384, Page 321 of the Deed Records of Washington County, Texas.

SIGNED FOR IDENTIFICATION:

  
FRED LOUIS HECKMANN

  
MARJORIE HECKMANN

COPY

MEMORANDUM OF OIL, GAS & MINERAL LEASE

THE STATE OF TEXAS }
COUNTY OF WASHINGTON }

7571

KNOW ALL MEN BY THESE PRESENTS, that MELISSA A. (WEHRING) SUNDERHUSE, a married woman dealing in her sole and separate non-homestead property, whose address is Route 2, Box 611; Brenham, Texas 77833, (referred to herein as "Lessor"), have entered into an Oil, Gas & Mineral Lease, (referred to herein as "Lease"), with Union Pacific Resources Company, whose address is P.O. Box 7; Fort Worth, Texas 76101 (referred to herein as "Lessee"), with an effective date of November 19, 1993, covering and affecting mineral interest owned by Lessor in and under the following described land in Washington County, Texas.

74.936 acres of land, more or less, out of the LUKE LESSASSIER SURVEY, A-78, and the ROBERT TAYLOR, JR. SURVEY, A-104, Washington County, Texas, being more particularly described in Two (2) tracts as follows, to-wit:

TRACT ONE: 33.780 acres of land, more or less, and being the same land described as 44.716 acres, more or less, in that certain Warranty Deed dated November 21, 1983, from Michael G. Shoup and wife, Nancy L. Shoup, to Elwood Wehring as custodian for Melissa A. Wehring under the Uniform Gifts to Minors Act of the State of Texas, and recorded in Volume 459, Page 234, of the Deed Records, Washington County, Texas,

SAVE AND EXCEPT: 10.936 acres of land, more or less, and being described in that certain Warranty Deed dated March 11, 1993, from Melissa A. (Wehring) Sunderhuse to Robert F. Eccleston and wife, Sharon Eccleston, and recorded in Volume 693, Page 251, of the Official Records, Washington County, Texas.

TRACT TWO: 41.156 acres of land, more or less, and being the same land described in that certain Warranty Deed dated March 14, 1980, from Alwine Heckmann, a widow, to Elwood Wehring as custodian for Melissa A. Wehring under the Uniform Gifts to Minors Act of the State of Texas, and recorded in Volume 390, Page 49, of the Deed Records, Washington County, Texas, (referred to herein as the "Leased Premises").

The lease provides for a primary term of three years (with an option to extend for two additional years) from and after the effective date thereof and as long thereafter as a mineral or minerals (as defined in the Lease) is produced in paying quantities from the Leased Premises or lands pooled therewith or said Lease is maintained in any manner provided for therein, subject to all other terms and provisions set forth in said Lease, reference to the original Lease is herein made for all purposes.

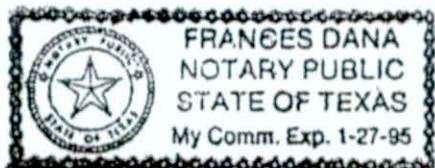
IN WITNESS WHEREOF, this instrument is executed effective the date first written above, and upon execution shall be binding upon the signatory whether or not the Lease has been executed by all parties named herein as Lessor.

Melissa A. (Wehring) Sunderhuse
MELISSA A. (WEHRING) SUNDERHUSE
S.S.#: [REDACTED]

ACKNOWLEDGMENTS

THE STATE OF TEXAS }
COUNTY OF WASHINGTON }

This instrument was acknowledged before me on November 19, 1993, by Melissa A. (Wehring) Sunderhuse.



Frances Dana
Notary Public, State of Texas
Notary's name printed:
Notary's commission expires:

THIS LEASE AGREEMENT is made effective the 19th day of November, 1993,between MELISSA A. (WEHRING) SUNDERHUSE, a married woman dealing in her sole and  
separate non-homestead propertyLessor (whether one or more), whose address is Route 2, Box 611; Brenham, TX 77833and UNION PACIFIC RESOURCES COMPANY, as Lessee.whose address is P.O. Box 7; Fort Worth, TX 76101. All printed

portions of this lease were prepared by Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. **Description.** Lessor, in consideration of Ten dollars and other good and valuable consideration Dollars (\$ 10.00 & OVC ), in hand paid, and the royalties herein provided and the covenants herein contained, hereby grants, leases and lets exclusively to Lessee, for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith including helium, carbon dioxide and other commercial uses as well as hydrocarbon gases (referred to herein as "covered minerals"), the following described land (the "leased premises") in

Washington County, Texas, to-wit:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF FOR DESCRIPTION.

This lease also covers accretions and any small strips or parcels of land now or hereafter owned or claimed by Lessor which are contiguous or adjacent to the leased premises whether or not such parcels are known to exist by Lessor or Lessee, and for the aforementioned consideration, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any rentals and shut-in royalties hereunder, said land shall be deemed to be comprised of 74.936 acres, whether it actually comprises more or less.

2. **Term of Lease.** This lease shall be in force for a primary term of three (3) years from the effective date hereof, and for as long thereafter as a covered mineral is produced in paying quantities from the leased premises or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. **Royalty.** Royalties on covered minerals produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's field separator facilities, the royalty shall be one-sixth (1/6th) of such production, to be delivered at Lessee's option to Lessor at the wellhead or to the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead posted price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity less a proportionate part of ad valorem taxes and production, severance, or other excise taxes, (b) for gas (including casinghead gas) and all other covered minerals, the royalty shall be one sixth (1/6th) of the net proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price and for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and (c) if during or after the primary term one or more wells on the leased premises or lands pooled therewith are capable of producing oil or gas or other substances covered hereby in paying quantities, but such well or wells are either shut-in or production therefrom is not being sold by Lessee for a period of 90 consecutive days, then Lessee may pay shut-in royalty of one dollar per acre of land then covered by this lease, such payment to be made to Lessor on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut-in and it shall be considered that such well is producing in paying quantities for all purposes hereof during any period for which such shut-in royalty is ordered; provided that if this lease is otherwise being maintained by the payment of rentals or by operations, or if a well or wells on the leased premises is producing in paying quantities, no shut-in royalty shall be due until the end of the 90-day period next following the end of the rental period or the cessation of such operations or production, as the case may be. Lessee shall have free use of oil, gas, water, and other substances produced from said land, except water from Lessor's wells or ponds, for all operations hereunder, and Lessor's royalty shall be computed after deducting any so used.

4. **Operations.** If, after expiration of the primary term, Lessee drills a dry hole on the leased premises or if all production of covered minerals should permanently cease on any cause either voluntary or involuntary (and if this lease is not otherwise being maintained), this lease shall remain in effect if Lessee commences drilling, reworking or other operations on the leased premises within 90 days thereafter. If, at or after expiration of the primary term, this lease is not otherwise being maintained but Lessee is then engaged in drilling, reworking or other operations calculated to obtain or restore production from the leased premises, this lease shall remain in effect so long as such operations are conducted with no cessation of more than 90 consecutive days and, if such operations result in the production of a covered mineral, as long thereafter as there is production from the leased premises. After production has been established on the leased premises, Lessee shall drill such additional wells as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or (b) protect the leased premises from uncompensated drainage by a well producing a covered mineral in paying quantities located within 330 feet of and draining the leased premises. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

5. **Pooling.** Lessee shall have the continuing and recurring right, but not the obligation, to pool all or any part of the leased premises or interest therein with any other lands, leases or interests, as to any or all depths or zones, and as to any or all covered minerals, either before or after the commencement of production, whenever Lessee deems necessary or proper to do so in order to prudently explore, develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands, leases or interests. A unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for an oil well which is a horizontal completion or a gas well shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that larger units may be formed for an oil well or a gas well, whether or not horizontally completed, in order to conform to any well spacing or density pattern permitted by any governmental authority having jurisdiction over such matters. The terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or by regulations of the governmental authority which has jurisdiction over such matters. The term "horizontal completion" shall mean an oil well or a gas well in which the horizontal component of the gross completion interval exceeds 100 feet in length. Lessee may pool or combine land covered by this lease or any portions thereof, as above provided as to oil in any one or more strata and as to gas in any one or more strata. Units formed by pooling as to any stratum or strata need not conform in size or area with units formed as to any other stratum or strata, and oil units need not conform as to area with gas units. To exercise its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit, and the effective date of pooling shall be the date of filing unless provided otherwise in such declaration. Lessee wholly at its option may exercise its authority to pool either before or after commencing operations for or completing an oil or gas well on lands lying within a unit and any unit may include, but is not required to include, lands or leases upon which a well producing or capable of producing oil or gas in paying quantities has theretofore been completed, or upon which operations have theretofore been commenced. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises, regardless of whether such production was secured or such drilling or reworking operations were commenced before or after the execution of this lease or the instrument designating the pooled unit, shall be treated for all purposes (except the payment of royalties on production from the pooled unit) as if they were production, drilling or reworking operations on the leased premises and references herein to production from or operations on the leased premises shall be deemed to include production from or operations on any portion of such pooled unit; provided that if after creation of a pooled unit a well is drilled on land within the unit area (other than the leased premises) which well is not classified as the type of well for which the unit was created (oil, gas or other minerals as the case may be), such well shall be considered a dry hole for purposes of applying the additional drilling and reworking provisions hereof. If a gas well on a gas unit, which includes all or a portion of the leased premises, is reclassified as an oil well, with respect to all lands which are included within the unit (other than the lands on which the well is located), the date of such reclassification shall be considered as the date of cessation of production for purposes of applying the provisions of this lease covering additional drilling and reworking. The production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent that such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall, without the joinder of Lessor, have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority, or court order, or when to do so would, in the judgment of Lessee, promote the conservation of covered minerals in and under and that



## ADDENDUM

Attached to and hereby made a part of that certain Oil, Gas and Mineral Lease made effective the 19th day of November, 1993, by and between MELISSA A. (WEHRING) SUNDERHUSE, a married woman dealing in her sole and separate non-homestead property, as Lessor, and UNION PACIFIC RESOURCES COMPANY, as Lessee.

12. The payment or tender of any shut-in royalty may be made in currency, or by check or by draft, deposited in the U.S. Mail addressed to Lessor or delivered to same on or before the due date.

13. Should Lessee's operations cause damage to Lessor's livestock, water, trees, fences, roads, buildings or other improvements, Lessee agrees to pay Lessor the actual amount of loss. Lessee further agrees to fill and level all pits so as to return the surface to its original condition as nearly as practical, within a reasonable length of time after the abandonment of the use of such pits.

14. Lessee, Lessee's agents and employees shall have no hunting or fishing rights on the leased premises.

15. It is expressly understood that there is excepted and reserved to Lessor, and accordingly not covered by this lease, the production of coal, lignite or other surface minerals in and under the leased premises.

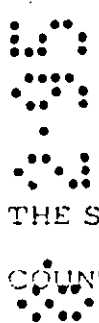
16. At the expiration of the primary term hereof, this lease shall automatically terminate as to any lands located outside the boundaries of a spacing unit determined in accordance with the regulatory authority of the State of Texas upon which there is production of oil or gas or upon which drilling or reworking operations are being pursued, as herein provided, unless this lease is otherwise maintained as to such outside lands as provided herein. This lease shall remain in force as to such outside lands so long as Lessee begins operations for the drilling of an additional well within ninety (90) days after the expiration of the primary term or after the completion or abandonment of the last prior well drilled hereunder, whichever is later, and thereafter does not allow more than ninety (90) days to elapse between the completion or abandonment of one well and the beginning of operations for the drilling of the next well until the leased premises has been drilled in accordance with the applicable spacing regulations. If Lessee fails to timely commence any such well, this lease will terminate as to all of the leased premises except as to any portion contained in production spacing units. If the production of oil or gas on any such unit ceases for any cause, this lease shall terminate as to such unit unless Lessee within ninety (90) days after cessation of production commences reworking operations or the actual drilling of a new well thereon. In such event, this lease will continue in effect as to such unit so long as such drilling or reworking operations is pursued with no cessation of such operations for more than thirty (30) consecutive days until production is restored.

17. Lessee is hereby given the option, to be exercised prior to the date on which this lease or any portion thereof would expire in accordance with its terms and provisions, of extending this lease for a period of two years as to all or any portion of the acreage then held hereunder which would expire unless so extended, the only action required by Lessee to exercise this option being the payment to Lessor (mailed to Lessor's address shown on the face of this lease) of the additional consideration of the sum of \$25.00 per acre for each acre so extended. If the lease is so extended as to only a portion of the acreage then covered hereby, Lessee shall designate such portion by a recordable instrument.

18. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease (top lease) covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the top lease becoming effective upon the expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered, the royalty and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen (15) days after receipt of the notice, shall have the prior and preferential right and option to purchase the top lease covered by the offer at the price and according to the terms and conditions specified in the offer. Should Lessee elect to purchase the top lease pursuant to the terms hereof, it shall so notify Lessor in writing prior to expiration of said fifteen (15) day period. Lessee shall promptly thereafter furnish to Lessor the top lease for execution on behalf of Lessor with Lessee's site draft payable to Lessor in payment of the specified amount as consideration for the top lease, such draft being subject only to approval of title according to the terms thereof. Upon receipt thereof, Lessor shall promptly execute said top lease and return same along with the endorsed draft to Lessee's representative or through Lessor's bank of record for payment. It is understood, however, any top lease purchased by Lessee herein pursuant to this provision shall not limit the term or otherwise affect the validity of this lease.

IN WITNESS WHEREOF, this lease is executed effective the date first written above, and upon execution shall be binding upon the signatory whether or not the lease has been executed by all parties named herein as Lessor.

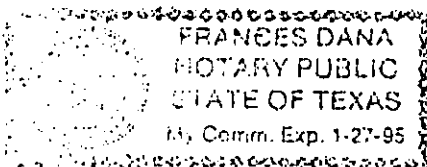
*Melissa A. (Wehring) Sunderhuse*  
MELISSA A. (WEHRING) SUNDERHUSE  
 S.S.#: [REDACTED]



ACKNOWLEDGMENTS

THE STATE OF TEXAS     }  
   }  
 COUNTY OF WASHINGTON }  
 [REDACTED]

This instrument was acknowledged before me on November 19, 1993, by Melissa A. (Wehring) Sunderhuse.



*Frances Dana*  
 \_\_\_\_\_  
 Notary Public, State of Texas  
 Notary's name printed: \_\_\_\_\_  
 Notary's commission expires: \_\_\_\_\_

EXHIBIT "A"

ATTACHED TO AND BY REFERENCE MADE A PART OF THAT CERTAIN OIL, GAS AND MINERAL LEASE BY AND BETWEEN MELISSA A. (WEHRING) SUNDERHUSE, A MARRIED WOMAN DEALING IN HER SOLE AND SEPARATE NON-HOMESTEAD PROPERTY, AS LESSOR, AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE.

74.936 acres of land, more or less, out of the LUKE LESSASSIER SURVEY, A-78, and the ROBERT TAYLOR, JR. SURVEY, A-104, Washington County, Texas, being more particularly described in Two (2) tracts as follows, to-wit:

TRACT ONE: 33.780 acres of land, more or less, and being the same land described as 44.716 acres, more or less, in that certain Warranty Deed dated November 21, 1983, from Michael G. Shoup and wife, Nancy L. Shoup, to Elwood Wehring as custodian for Melissa A. Wehring under the Uniform Gifts to Minors Act of the State of Texas, and recorded in Volume 459, Page 234, of the Deed Records, Washington County, Texas,

SAVE AND EXCEPT: 10.936 acres of land, more or less, and being described in that certain Warranty Deed dated March 11, 1993, from Melissa A. (Wehring) Sunderhuse to Robert F. Eccleston and wife, Sharon Eccleston, and recorded in Volume 693, Page 251, of the Official Records, Washington County, Texas.

TRACT TWO: 41.156 acres of land, more or less, and being the same land described in that certain Warranty Deed dated March 14, 1980, from Alwine Heckmann, a widow, to Elwood Wehring as custodian for Melissa A. Wehring under the Uniform Gifts to Minors Act of the State of Texas, and recorded in Volume 390, Page 49, of the Deed Records, Washington County, Texas.

Signed for identification:

  
MELISSA A. (WEHRING) SUNDERHUSE

MEMORANDUM OF OIL, GAS & MINERAL LEASE

THE STATE OF TEXAS }  
COUNTY OF WASHINGTON }

7575

KNOW ALL MEN BY THESE PRESENTS, that MICHAEL A. WEHRING, whose address is Route 2, Box 611; Brenham, Texas 77833, (referred to herein as "Lessor"), has entered into an Oil, Gas & Mineral Lease, (referred to herein as "Lease"), with Union Pacific Resources Company, whose address is P.O. Box 7; Fort Worth, Texas 76101 (referred to herein as "Lessee"), with an effective date of November 12, 1993, covering and affecting mineral interest owned by Lessor in and under the following described land in Washington County, Texas.

30.000 acres of land, more or less, out of the LUKE LESSASSIER SURVEY, A-78, and the ROBERT TAYLOR, JR. SURVEY, A-104, Washington County, Texas, and being the same land described in that certain Warranty Deed dated March 14, 1980, from Alwine Heckmann, a widow, to Elwood Wehring as Custodian for Michael A. Wehring Under the Uniform Gifts to Minors Act of the State of Texas, recorded in Volume 390, Page 54, of the Deed Records, Washington County, Texas (referred to herein as the "Leased Premises").

The lease provides for a primary term of three years (with an option to extend for two additional years) from and after the effective date thereof and as long thereafter as a mineral or minerals (as defined in the Lease) is produced in paying quantities from the Leased Premises or lands pooled therewith or said Lease is maintained in any manner provided for therein, subject to all other terms and provisions set forth in said Lease, reference to the original Lease is herein made for all purposes.

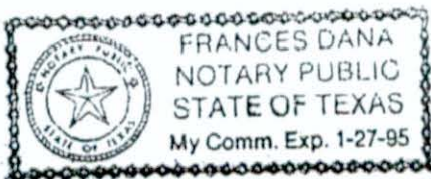
IN WITNESS WHEREOF, this instrument is executed effective the date first written above, and upon execution shall be binding upon the signatory whether or not the Lease has been executed by all parties named herein as Lessor.

*Michael A. Wehring*  
MICHAEL A. WEHRING  
S.S.#: [REDACTED]

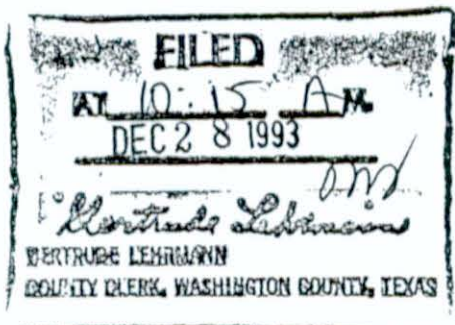
ACKNOWLEDGMENTS

THE STATE OF TEXAS }  
COUNTY OF WASHINGTON }

This instrument was acknowledged before me on November 12, 1993, by Michael A. Wehring.



*Frances Dana*  
Notary Public, State of Texas  
Notary's name printed: \_\_\_\_\_  
Notary's commission expires: \_\_\_\_\_



STATE OF TEXAS  
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the date and at the time affixed hereon by me and was duly RECORDED in the volume and page of the OFFICIAL RECORDS of Washington County, Texas, as stamped hereon by me on



JAN 05 1994  
*Gertrude Lehrmann*  
Gertrude Lehrmann, County Clerk  
Washington County, Texas

THIS LEASE AGREEMENT is made effective the 12th day of November, 1993between MICHAEL A. WEHRING, a single manas Lessor (whether one or more), whose address is Route 2, Box 611; Brenham, TX 77833and UNION PACIFIC RESOURCES COMPANY, as Lessee,whose address is P.O. Box 7; Fort Worth, TX 76101. All printed portions of this lease were prepared by Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.1. Description. Lessor, in consideration of Ten dollars and other good and valuable considerationDollars (\$ 10.00 & OVC), in hand paid,

of the royalties herein provided and the covenants herein contained, hereby grants, leases and lets exclusively to Lessee, for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith including helium, carbon dioxide and other commercial

gases as well as hydrocarbon gases (referred to herein as "covered minerals"), the following described land (the "leased premises") in

Washington County, Texas, to-wit:

30.000 acres of land, more or less, out of the LUKE LESSASSIER SURVEY, A-78, and the ROBERT TAYLOR, JR. SURVEY, A-104, Washington County, Texas, and being the same land described in that certain Warranty Deed dated March 14, 1980, from Alwine Heckmann, a widow, to Elwood Wehring as Custodian for Michael A. Wehring Under the Uniform Gifts to Minors Act of the State of Texas, recorded in Volume 390, Page 54, of the Deed Records, Washington County, Texas.

This lease also covers accretions and any small strips or parcels of land now or hereafter owned or claimed by Lessor which are contiguous or adjacent to the leased premises whether or not such parcels are known to exist by Lessor or Lessee, and for the aforementioned consideration, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any rentals and shut-in royalties hereunder, said land shall be deemed to be comprised of 30.000 acres, whether it actually comprises more or less.

2. Term of Lease. This lease shall be in force for a primary term of three (3) years from the effective date hereof, and for as long thereafter as a covered mineral is produced in paying quantities from the leased premises or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalty. Royalties on covered minerals produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's field separator facilities, the royalty shall be one-sixth (1/6th) of such production, to be delivered at Lessee's option to Lessor at the wellhead or to Lessor's credit at the oil purchaser's transportation facilities, provided that Lessee shall have the continuing right to purchase such production at the wellhead posted price then prevailing in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) for production of similar grade and gravity less a proportionate part of ad valorem taxes and production, severance, or other excise taxes, (b) for gas (including casinghead gas) and all other

covered minerals, the royalty shall be one-sixth (1/6th) of the net proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes, provided that Lessee shall have the continuing right to purchase such production at the prevailing wellhead market price paid for production of similar quality in the same field (or if there is no such price then prevailing in the same field, then in the nearest field in which there is such a prevailing price) less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and (c) if during or after the primary term one or more wells on the leased premises or ponds pooled therewith are capable of producing oil or gas or other substances covered hereby in paying quantities, but such well or wells are either shut-in or production therefrom is not being sold by Lessee for a period of 90 consecutive days, then Lessee may pay shut-in royalty of one dollar per acre of land then covered by this lease, such payment to be made to Lessor on or before the end of said 90-day period and thereafter on or before each anniversary of the end of said 90-day period while the well or wells are shut-in and it shall be considered that such well is producing in paying quantities for all purposes hereof during any period for which such shut-in royalty is tendered; provided that if this lease is otherwise being maintained by the payment of rentals or by operations, or if a well or wells on the leased premises is producing in paying quantities, no shut-in royalty shall be due until the end of the 90-day period next following the end of the rental period or the cessation of such operations or production, as the case may be. Lessee shall have free use of oil, gas, water, and other substances produced from said land, except water from Lessor's wells or ponds, for all operations hereunder, and Lessor's royalty shall be computed after deducting any so used.

4. Operations. If, after expiration of the primary term, Lessee drills a dry hole on the leased premises or if all production of covered minerals should permanently cease from any cause either voluntary or involuntary (and if this lease is not otherwise being maintained), this lease shall remain in effect if Lessee commences drilling, reworking or other operations on the leased premises within 90 days thereafter. If, at or after expiration of the primary term, this lease is not otherwise being maintained but Lessee is then engaged in drilling, reworking or other operations calculated to obtain or restore production from the leased premises, this lease shall remain in effect so long as such operations are conducted with no cessation of more than 90 consecutive days and, if such operations result in the production of a covered mineral, as long thereafter as there is production from the leased premises. After production has been established on the leased premises, Lessee shall drill such additional wells as a reasonably prudent operator would drill under the same or similar circumstances to (a) develop the leased premises as to formations then capable of producing in paying quantities on the leased premises or (b) protect the leased premises from uncompensated drainage by a well producing a covered mineral in paying quantities located within 330 feet of and draining the leased premises. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

5. Pooling. Lessee shall have the continuing and recurring right, but not the obligation, to pool all or any part of the leased premises or interest therein with any other lands, leases or interests, as to any or all depths or zones, and as to any or all covered minerals, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently explore, develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands, leases or interests. A unit formed by such pooling for an oil well which is not a horizontal completion shall not exceed 80 acres plus a maximum acreage tolerance of 10%, and for an oil well which is a horizontal completion or a gas well shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that larger units may be formed for an oil well or a gas well, whether or not horizontally completed, in order to conform to any well spacing or density pattern permitted by any governmental authority having jurisdiction over such matters. The terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or by regulations of the governmental authority which has jurisdiction over such matters. The term "horizontal completion" shall mean an oil well or a gas well in which the horizontal component of the gross completion interval exceeds 100 feet in length. Lessee may pool or combine land covered by this lease or any portions thereof, as above provided as to oil in any one or more strata and as to gas in any one or more strata. Units formed by pooling as to any stratum or strata need not conform in size or area with units formed as to any other stratum or strata, and oil units need not conform as to area with gas units. To exercise its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit, and the effective date of pooling shall be the date of filing unless provided otherwise in such declaration. Lessee wholly at its option may exercise its authority to pool either before or after commencing operations for or completing an oil or gas well on lands lying within a unit and any unit may include, but is not required to include, lands or leases upon which a well producing or capable of producing oil or gas in paying quantities has theretofore been completed, or upon which operations have theretofore been commenced. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises, regardless of whether such production was secured or such drilling or reworking operations were commenced before or after the execution of this lease or the instrument designating the pooled unit, shall be treated for all purposes (except the payment of royalties on production from the pooled unit) as if they were production, drilling or reworking operations on the leased premises and references herein to production from or operations on the leased premises shall be deemed to include production from or operations on any portion of such pooled unit; provided that if after creation of a pooled unit a well is drilled on land within the unit area (other than the leased premises) which well is not classified as the type of well for which the unit was created (oil, gas or other minerals as the case may be), such well shall be considered a dry hole for purposes of applying the additional drilling and reworking provisions hereof. If a gas well on a gas unit, which includes all or a portion of the leased premises, is reclassified as an oil well, with respect to all lands which are included within the unit (other than the lands on which the well is located), the date of such reclassification shall be considered as the date of cessation of production for purposes of applying the provisions of this lease covering additional drilling and reworking. The production on which Lessor's royalty is calculated shall be that proportion of the total unit production which the net acreage covered by this lease and included in the unit bears to the total gross acreage in the unit, but only to the extent that such proportion of unit production is sold by Lessee. Pooling in one or more instances shall not exhaust Lessee's pooling rights hereunder, and Lessee shall, without the joinder of Lessor, have the recurring right but not the obligation to revise any unit formed hereunder by expansion or contraction or both, either before or after commencement of production, in order to conform to the well spacing or density pattern permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority, or court order, or when to do so would, in the judgment of Lessee, promote the conservation of covered minerals in and under and that



## ADDENDUM

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12. The payment or tender of any shut-in royalty may be made in currency, or by check or by draft, deposited in the U.S. Mail addressed to Lessor or delivered to same on or before the due date.

13. Should Lessee's operations cause damage to Lessor's livestock, water, trees, fences, roads, buildings or other improvements, Lessee agrees to pay Lessor the actual amount of loss. Lessee further agrees to fill and level all pits so as to return the surface to its original condition as nearly as practical, within a reasonable length of time after the abandonment of the use of such pits.

14. Lessee, Lessee's agents and employees shall have no hunting or fishing rights on the leased premises.

15. It is expressly understood that there is excepted and reserved to Lessor, and accordingly not covered by this lease, the production of coal, lignite or other surface minerals in and under the leased premises.

16. At the expiration of the primary term hereof, this lease shall automatically terminate as to any lands located outside the boundaries of a spacing unit determined in accordance with the regulatory authority of the State of Texas upon which there is production of oil or gas or upon which drilling or reworking operations are being pursued, as herein provided, unless this lease is otherwise maintained as to such outside lands as provided herein. This lease shall remain in force as to such outside lands so long as Lessee begins operations for the drilling of an additional well within ninety (90) days after the expiration of the primary term or after the completion or abandonment of the last prior well drilled hereunder, whichever is later, and thereafter does not allow more than ninety (90) days to elapse between the completion or abandonment of one well and the beginning of operations for the drilling of the next well until the leased premises has been drilled in accordance with the applicable spacing regulations. If Lessee fails to timely commence any such well, this lease will terminate as to all of the leased premises except as to any portion contained in production spacing units. If the production of oil or gas on any such unit ceases for any cause, this lease shall terminate as to such unit unless Lessee within ninety (90) days after cessation of production commences reworking operations or the actual drilling of a new well thereon. In such event, this lease will continue in effect as to such unit so long as such drilling or reworking operations is pursued with no cessation of such operations for more than thirty (30) consecutive days until production is restored.

17. Lessee is hereby given the option, to be exercised prior to the date on which this lease or any portion thereof would expire in accordance with its terms and provisions, of extending this lease for a period of two years as to all or any portion of the acreage then held hereunder which would expire unless so extended, the only action required by Lessee to exercise this option being the payment to Lessor (mailed to Lessor's address shown on the face of this lease) of the additional consideration of the sum of \$25.00 per acre for each acre so extended. If the lease is so extended as to only a portion of the acreage then covered hereby, Lessee shall designate such portion by a recordable instrument.

18. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease (top lease) covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the top lease becoming effective upon the expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered, the royalty and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen (15) days after receipt of the notice, shall have the prior and preferential right and option to purchase the top lease covered by the offer at the price and according to the terms and conditions specified in the offer. Should Lessee elect to purchase the top lease pursuant to the terms hereof, it shall so notify Lessor in writing prior to expiration of said fifteen (15) day period. Lessee shall promptly thereafter furnish to Lessor the top lease for execution on behalf of Lessor with Lessee's site draft payable to Lessor in payment of the specified amount as consideration for the top lease, such draft being subject only to approval of title according to the terms thereof. Upon receipt thereof, Lessor shall promptly execute said top lease and return same along with the endorsed draft to Lessee's representative or through Lessor's bank of record for payment. It is understood, however, any top lease purchased by Lessee herein pursuant to this provision shall not limit the term or otherwise affect the validity of this lease.

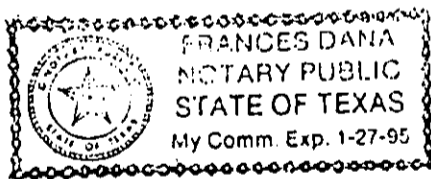
IN WITNESS WHEREOF, this lease is executed effective the date first written above, and upon execution shall be binding upon the signatory whether or not the lease has been executed by all parties named herein as Lessor.

*Michael A. Wehring*  
 \_\_\_\_\_  
 MICHAEL A. WEHRING  
 S.S.#: [REDACTED]

ACKNOWLEDGMENTS

THE STATE OF TEXAS     )  
   )  
 COUNTY OF WASHINGTON )

This instrument was acknowledged before me on November 12, 1993, by Michael A. Wehring.



*Frances Dana*  
 \_\_\_\_\_  
 Notary Public, State of Texas  
 Notary's name printed: \_\_\_\_\_  
 Notary's commission expires: \_\_\_\_\_

(13)

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ADJ. CLERK

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