



CAUTION

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

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Archives and Records Staff

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UNION PACIFIC RESOURCES COMPANY

*

MF097471

#2675

Lease Type	Control	Basefile	County
HROW 56 [State	56-029214		WASHINGTON
	Survey	Highways & Public Transportati...	
	Block		
	Block Name		
	Township		
	Section/Tract		
	Land Part	SH 105	
	Acres	Net: 3.590000	Gross: 3.590000
	Depth Below	Depth Above	Depth Other
		Allow All Depths	
	Name	UNION PACIFIC RESOURCES	
	Lease Date	8/6/1996	
	Primary Term	3 years	
	Bonus	\$538.50	
	Lease Royalty	0.18750000	
	Paid Up	NA	

Leasing: _____

Maps: _____

GIS: _____

Scanlab: _____

File

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The State of Texas



Austin, Texas

PAID-UP

OIL AND GAS LEASE NO. M-97471
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 Co., whose address is , P.O. Box 7, Fort Worth, Texas 76101-0007 hereinafter called "Lessee".

1. Lessor, in consideration of Five Hundred Thirty Eight and 50/100 Dollars (\$538.50), 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:

3.59 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 3.59 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 August 6, 1996, 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 three sixteenth (3/16) 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 three sixteenth (3/16) 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, three sixteenth (3/16) 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 three sixteenth (3/16) 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

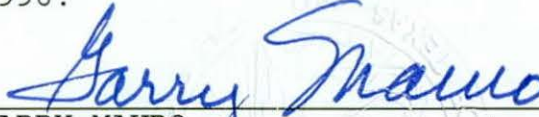
production; and

(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 August 6, 1996.



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

Approved:

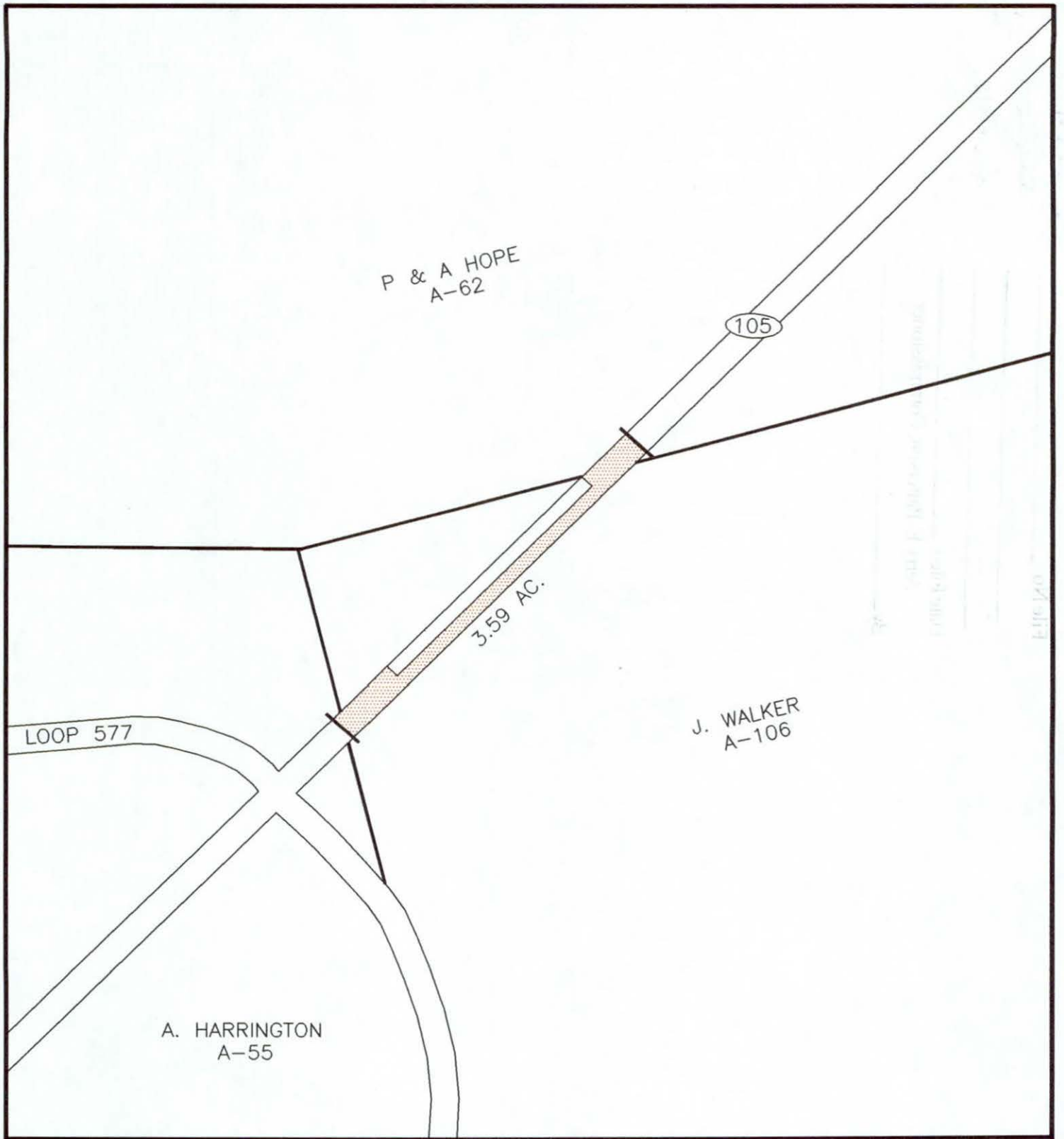
Energy: RH

Executive: 



ACREAGE TO BE LEASED FROM STATE OF TEXAS IN WASHINGTON COUNTY

3.590 acres of land, more or less, out of the P. & A. Hope Survey, A-62, the James Walker League, A-106, and the Arrabella Harrington League, A-55, Washington County, Texas, and being a portion of the land described and calculated to be 4.720 acres in that certain Deed dated May 16, 1923 from D. C. Giddings, Individually and as Executor and Trustee under the Will of D. C. Giddings, Deceased to Washington County, Texas, and recorded in Volume 79, Page 207 of the Deed Records of Washington County, Texas. From Sta. 960+20 to 964+00, a strip of land 60' wide on each side of the centerline, (380' X 120' = 1.047 ac.); from Sta. 964+00 to 968+87, a strip of land 40' wide on each side of the centerline, (487' X 80" = 0.894 ac.); from Sta. 968+87 to 979+33, a strip of land 40' wide on the south side of the centerline, (1046' X 40' = 0.961 ac.); from Sta. 979+33 to 982+15, a strip of land 40' on each side of the centerline, (282' X 80' = 0.518 ac.); from Sta. 982+15 to 984+00, a strip of land 40' wide on the north side of the centerline, (185' X 40' = 0.170 ac.); Totals: 1.047 + 0.894 + 0.961 + 0.518 + 0.170 = 3.590 acres.



7-96/MWARD/HWY105

MAP SHOWING
PORTION OF STATE HIGHWAY 105
APPROXIMATELY 3.59 ACRES
2.5 MILES NE OF BRENHAM
WASHINGTON COUNTY

File No. MF-97071

M. 47471

Lease

8-6-96

(1)

Lease

Date Filed: 8/6/96

Jerry E. Patterson, Commissioner

By _____

GENERAL LAND OFFICE

GARRY MAURO
COMMISSIONER

MEMORANDUM

DATE: July 31, 1996

TO: School Land Board

FROM: Robert Hatter / Energy Resources

SUBJECT: Application To Lease Highway Right-of-Way

APPLICANT Union Pacific Resources Co.

REFERENCE: Being 3.59 acres, more or less, along St. Hwy. 105,
situated in the J. Walker Sur., A-106, in Washington County, Texas.

The following terms were provided for in the adjacent leases:

	<u>High</u>	<u>Low</u>
Bonus/Acre:	\$150.00	\$100.00
Royalty:	3/16	1/6
Delay Rental:	None	None
Primary Term:	3 Years Paid-up	3 years

538.50
8.08

\$ 546.58

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:	\$150.00 per acre
Royalty:	3/16
Delay Rental:	None
Primary Term:	3 Years Paid-up

Union Pacific Resources Co., 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 3.59 acres. The applicant has submitted a title opinion showing that the state owns the entire mineral estate in the right-of-way and has submitted all other pertinent information required by the School Land Board rules.



Texas Department of Transportation

P.O. BOX 5075 • AUSTIN, TEXAS 78763-5075 • (512) 416-2901

July 25, 1996

Mr. Garry Mauro
Commissioner
General Land Office
Petroleum and Mineral Division
1700 North Congress Avenue
Austin, Texas 78701

Contact: ROW

Dear Commissioner Mauro:

We have reviewed the proposed oil and gas lease applications and the following requests for preferential leases are considered sufficiently documented to be presented to the Public School Land Board for approval.

<u>County</u>	<u>Nominator</u>	<u>Bonus</u>	<u>Royalty</u>	<u>Primary Term</u>	<u>Delay Rental</u>
Washington	Union Pacific Resources Company	\$150.00	3/16	3 years	Paid-up
Grimes	Chesapeake Operating	\$125.00	1/6	2 years	Paid-up
Brazos	Cody Energy, Inc.	\$ 60.00	1/8	3 years	Paid-up
Galveston	Howell Petroleum	\$100.00	1/5	3 years	\$ 5.00
Red River	Genesis Producing	\$ 50.00	1/6	1 year	None
Gonzales	Scott Oils, Inc.	\$ 30.00	1/6	2 years	Paid-up

If additional information is needed, please contact Carlton Bernhard at 416-2879.

Sincerely,

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

File No. MF-97411

work memo

Date Filed: 2/31/96

Jerry E. Patterson, Commissioner

By _____

M. 97471

②

DENNIS MAHLMANN
PETROLEUM LAND SERVICES
208 W. ALAMO
BRENHAM, TEXAS 77833
409/836-3260

June 21, 1996

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

RE: Oil and Gas Lease, 3.59 acres,
A portion of State Highway 105,
Washington County, Texas

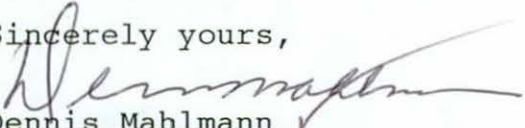
Dear Mr. Reid:

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 recorded leases on adjacent lands;
- 6) Affidavit re: consideration paid for adjacent leases;
- 7) Map indicating mineral ownership of adjacent tracts;
- 8) Copy of Original Drilling Title Opinion covering 4.72 acres of land.

Please feel free to call on me at 409/836-3260 if you have any questions or if I can be of assistance.

Sincerely yours,


Dennis Mahlmann
Landman and Agent
Union Pacific Resources Company

Enclosures

150.00
3/16
3 yr
Paid-up

X 100.00

36057945

170

RECEIVED
96 JUN 26 AM 10:27
ENERGY RESOURCES

DENNIS MAHLMANN
PETROLEUM LAND SERVICES
208 W. ALAMO
BRENHAM, TEXAS 77833
409/836-3260

June 21, 1996

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

RE: Oil and Gas Lease, 3.59 acres,
A portion of State Highway 105,
Washington County, Texas

Gentlemen:

Union Pacific Resources Company hereby makes application to lease a 3.59 acres being a portion of a 4.72 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 3.59 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.

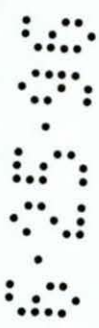
Sincerely yours,



Dennis Mahlmann
Landman and Agent
Union Pacific Resources Company

Enclosures

Handwritten notes and stamps on the right side of the page, including a large '0' at the top and some illegible text.



File No. HF-97471

LR

Date Filed: 6/21/96

Jerry E. Patterson, Commissioner

By

M.97471

LR

6-21-96

3

6.22.96

DENNIS MAHLMANN
Petroleum Land Services
208 W. Alamo
Brenham, Texas 77833
409/836-3260

September 5, 1996

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

X 546.⁵⁸
37001671

RE: Mineral File No. M-97471
Washington County, Texas

✓ Simmons & Assoc., Inc.

Dear Mr. Reid:

Enclosed please find our check for \$546.58 as compensation for the above lease to Union Pacific Resources Company. Please forward the executed lease to me at the above address.

170

Thank you for your assistance in acquiring this lease.

Sincerely yours,



Dennis Mahlmann
Landman
Union Pacific Resources Company

Enclosure

RECEIVED
96 SEP - 21 1996
ENERGY

File No. MF-97471

Ltr

Date Filed: 9/5/96
Jerry E. Patterson, Commissioner

By _____

④

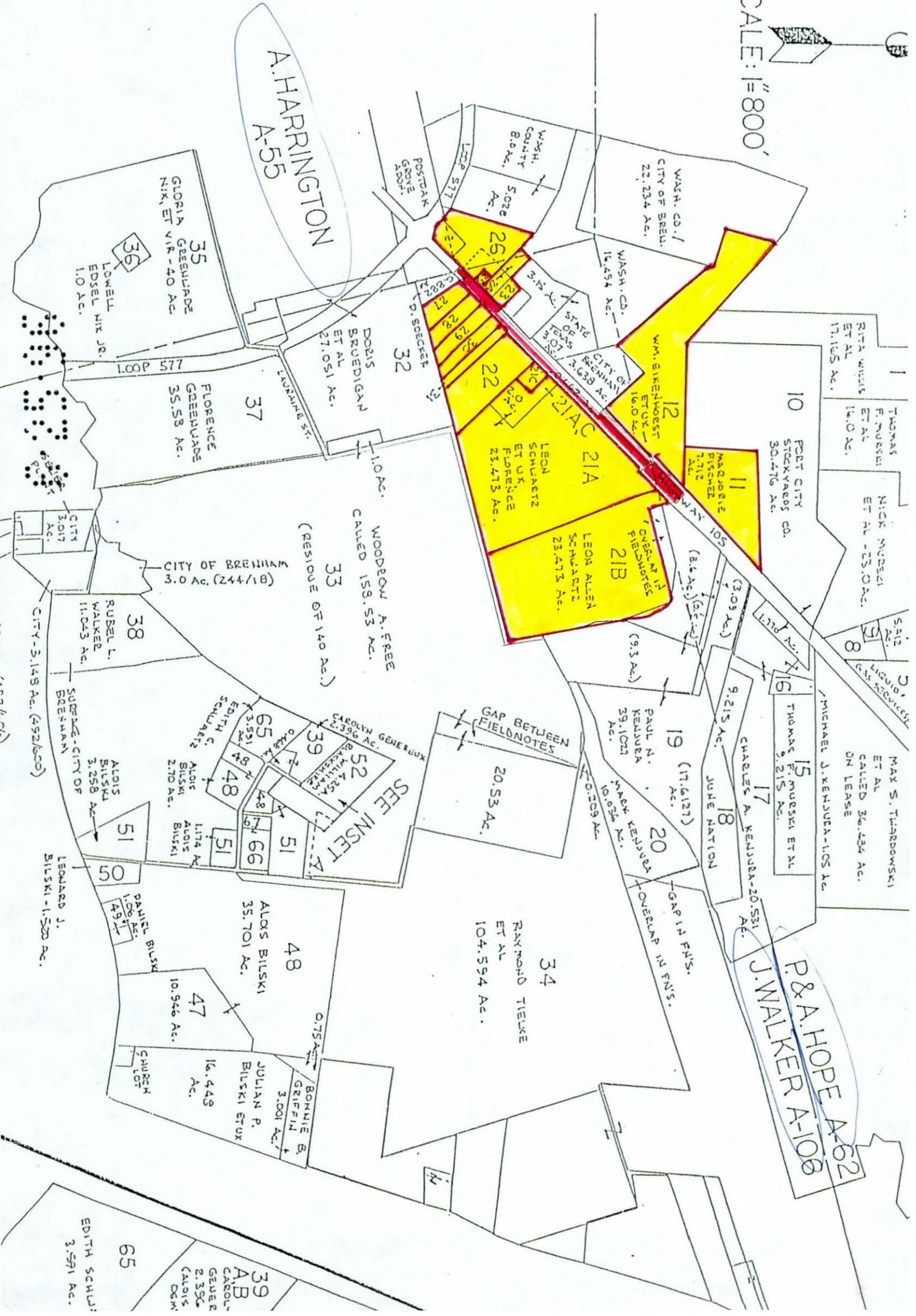
MF-97471

LTR

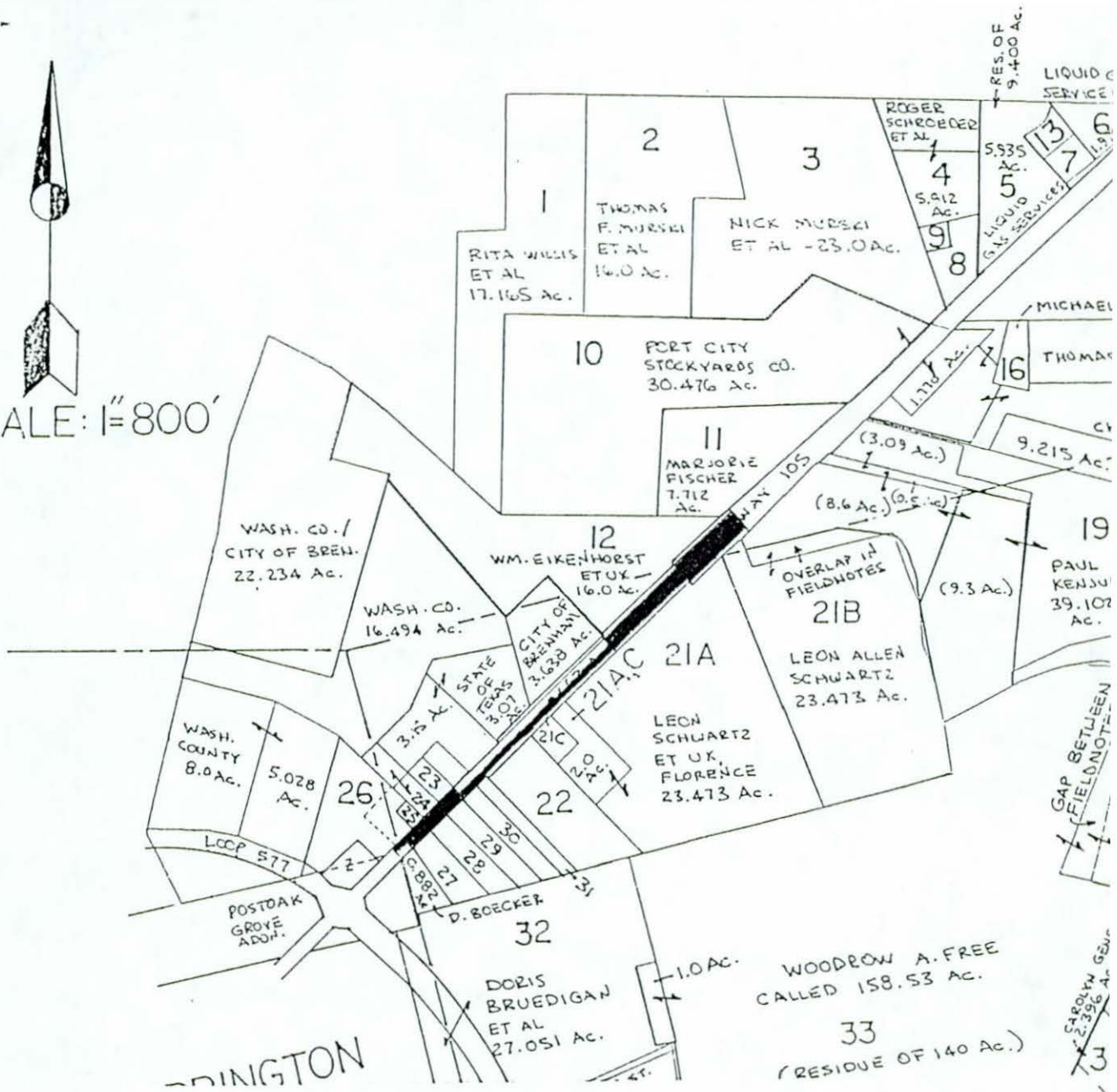
9.5.96



SCALE: 1"=800'



SCALE: 1"=800'



STATE OF TEXAS
TRACT 82 - 3.590 (Calc.) acres
BLUEBELL OFFSET NO. 3 - AFE #A1486

STATE HIGHWAY 105 - WASHINGTON COUNTY, TEXAS
 (From Station No. 960+20 to Station 984+00)

3.590 (Calc.) acres, more or less, out of the P. & A. HOPE SURVEY, A-62 and the J. WALKER SURVEY, A-106 and the A. HARRINGTON SURVEY, A-55, Washington County, Texas, and being a portion of the land described and calculated to be 4.720 acres in that certain Deed dated May 16, 1923 from D. C. Giddings, Individually and as Executor and Trustee under the Will of D. C. Giddings, Deceased to Washington County, Texas, and recorded in Volume 79, Page 207 in the Deed Records of Washington County, Texas. From Sta. 960+20 to 964+00, a strip of land 60' wide on each side of the centerline, (380' x 120' = 1.047 ac.); from Sta. 964+00 to 968+87, a strip of land 40' wide on each side of the centerline, (487' x 80' = 0.894 ac.); from Sta. 968+87 to 979+37, a strip of land 40' wide on the south side of the centerline, (1046' x 40' = 0.961 ac.); from Sta. 979+33 to 982+15, a strip of land 40' on each side of the centerline, (282' x 80' = 0.518 ac.); from Sta. 982+15 to 984+00, a strip of land 40' wide on the north side of the centerline, (185' x 40' = 0.170 ac.). Totals: 1.047 + 0.894 + 0.961 + 0.518 + 0.170 = 3.590 acres.

File No. MF-97471

Plat

Date Filed: _____

Jerry E. Patterson, Commissioner

By _____

✓ M-97471
Plat
⑤

03308

AFFIDAVIT

STATE OF TEXAS

COUNTY OF WASHINGTON

BEFORE ME, the undersigned authority, on this day personally appeared DENNIS MAHLMANN, 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 as an independent landman currently engaged by Union Pacific Resources Company he is aware of the consideration paid for oil and gas leases adjacent to the right-of-way tract described below.

ACREAGE TO BE LEASED FROM STATE OF TEXAS IN WASHINGTON COUNTY

3.590 acres of land, more or less, out of the P. & A. Hope Survey, A-62, the James Walker League, A-106, and the Arrabella Harrington League, A-55, Washington County, Texas, and being a portion of the land described and calculated to be 4.720 acres in that certain Deed dated May 16, 1923 from D. C. Giddings, Individually and as Executor and Trustee under the Will of D. C. Giddings, Deceased to Washington County, Texas, and recorded in Volume 79, Page 207 of the Deed Records of Washington County, Texas. From Sta. 960+20 to 964+00, a strip of land 60' wide on each side of the centerline, (380' X 120' = 1.047 ac.); from Sta. 964+00 to 968+87, a strip of land 40' wide on each side of the centerline, (487' X 80" = 0.894 ac.); from Sta. 968+87 to 979+33, a strip of land 40' wide on the south side of the centerline, (1046' X 40' = 0.961 ac.); from Sta. 979+33 to 982+15, a strip of land 40' on each side of the centerline, (282' X 80' = 0.518 ac.); from Sta. 982+15 to 984+00, a strip of land 40' wide on the north side of the centerline, (185' X 40' = 0.170 ac.); Totals: 1.047 + 0.894 + 0.961 + 0.518 + 0.170 = 3.590 acres.

Affiant further states that the consideration paid for these leases are as follows:

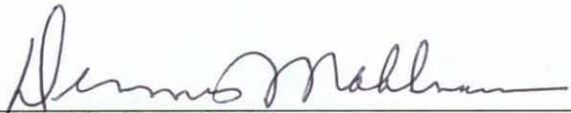
LESSORS	TERM	REF.	ROYALTY	BONUS	RENTAL
<u>TRACT 11: 7.71 Ac.</u> Marjorie Fischer	3 yr.	744/554	16th	\$75/Ac	Pd Up
<u>TRACT 12: 16.00 Ac.</u> William Henry Eickenhorst et ux, Karen S. Eickenhorst	3 yr.	799/858	3/16th	\$100/Ac	Pd Up
<u>TRACT 23: 0.500 Ac.</u> Wellman Enterprises, Inc.	3 yr.	759/745	1/6th	\$100/Ac	Pd Up
<u>TRACT 24: 1.000 Ac.</u> Allen W. Hintz	3 yr.	759/756	1/6th	\$100/Ac	Pd Up

<u>TRACT 25: 0.19116 Ac.</u> James D. Gillespie, Jr. et ux, Diane Gillespie	3 yr.	799/894	1/6th	\$60.00 (min. bonus)	Pd Up
<u>TRACT 26: 4.20384 Ac.</u> Geraldine Fuelberg Johnson	3 yr.	806/85	1/6th	\$100/Ac	Pd Up
<u>TRACT 27 & 28: 2.6246 Ac.</u> Weldon M. Hord	3 yr.	744/547	1/6th	\$75/Ac	Pd Up
<u>TRACT 29: 1.3123 Ac.</u> Brenda S. Flisowski	3 yr.	759/714	1/6th	\$75/Ac	Pd Up
<u>TRACT 30: 1.3123 Ac.</u> Ida May Schroeder and James Schroeder	3 yr.	759/713	1/6th	\$75/Ac	Pd Up
<u>TRACT 31: 1.02 Ac.</u> Ida May Schroeder and Edith Erwin	3 yr.	759/715	1/6th	\$75/Ac	Pd Up
<u>TRACT 22: 5.000 Ac.</u> JMLN SCHWARTZ, INC.	3 yr.	808/285	1/6th	\$150/Ac	Pd Up
<u>TRACT 21C: 0.662 Ac.</u> Clinton G. Anderson	3 yr.	754/331	1/6th	\$75/Ac	Pd Up
<u>TRACT 21A: 25.473 Ac.</u> Leon Schwartz, et ux Florence Schwartz	3 yr.	744/535	3/16th	\$75/Ac	Pd Up
Clinton G. Anderson	3 yr.	754/331	1/6th	\$75/Ac	Pd Up
<u>TRACT 21B: 23.473 Ac.</u> Leon Allen Schwartz	3 yr.	744/537	3/16th	\$75/Ac	Pd Up
Clinton G. Anderson	3 yr.	754/331	1/6th	\$75/Ac	Pd Up

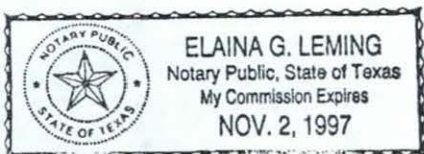
Affiant further states that said lands listed as TRACT 11 through TRACT 31 herein, correspond to the lands listed as same on the attached Exhibit "A" covering the subject area of Washington County, Texas.

Further affiant sayeth not.

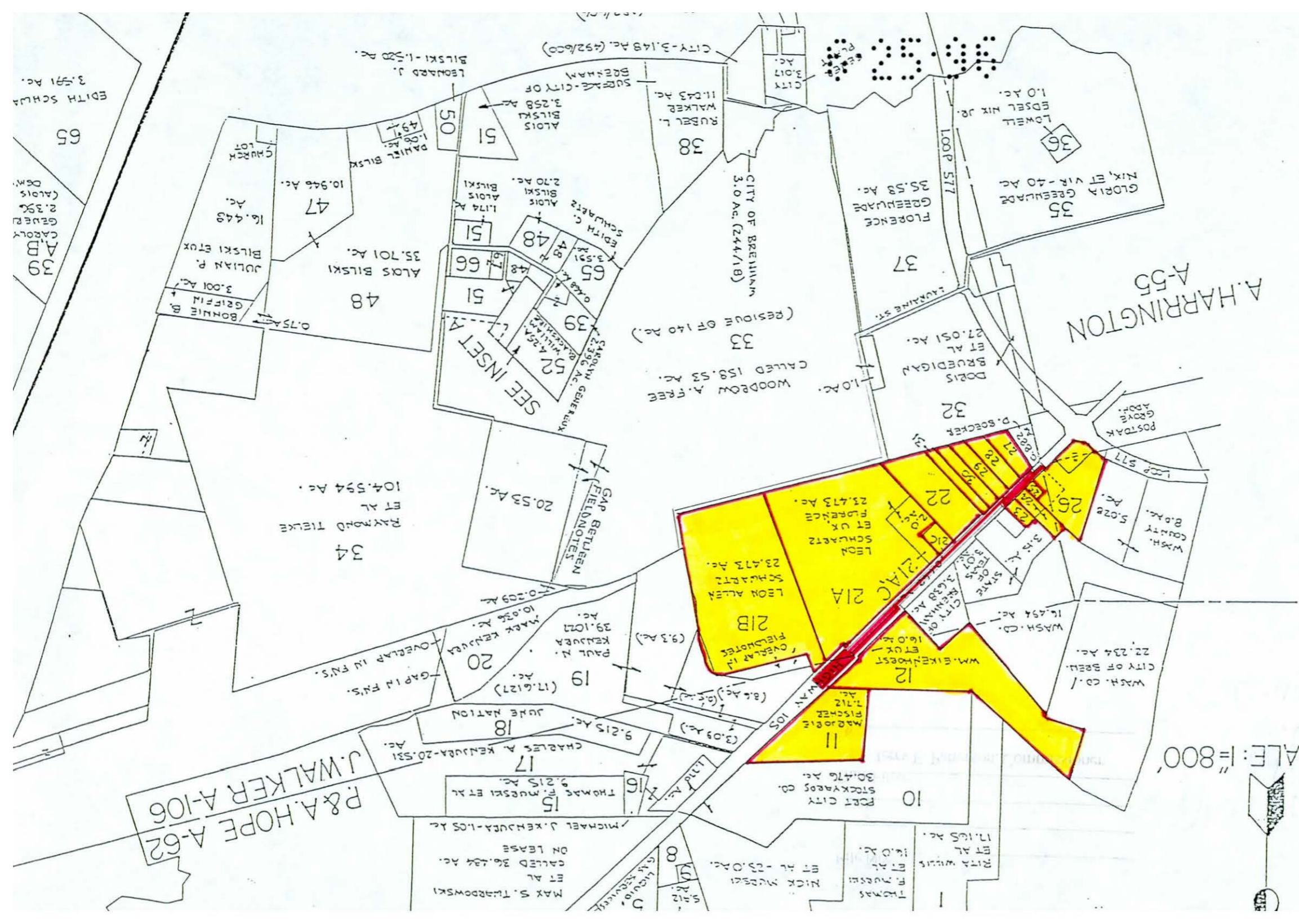
Dated this 21ST day of June, 1996.


DENNIS MAHLMANN

SUBSCRIBED AND SWORN TO BEFORE ME this 21ST day of June, 1996.




Notary Public, State of Texas



"A" EXHIBIT

SCALE: 1" = 800'



P & A HOPE A-62
J. WALKER A-106

A. HARRINGTON
A-55

File No. MF-97471

pt of consideration

Date Filed: 6/21/96

Jerry E. Patterson, Commissioner

By



M-97471

App. for Consideration

6-21-96

65333

AFFIDAVIT

STATE OF TEXAS

COUNTY OF WASHINGTON

BEFORE ME, the undersigned authority, on this day personally appeared DENNIS MAHLMANN, 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.

PORTION OF STATE HIGHWAY 105 TO BE LEASED FROM THE STATE OF TEXAS IN WASHINGTON COUNTY

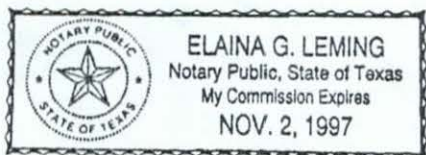
3.590 acres of land, more or less, out of the P. & A. Hope Survey, A-62, the James Walker League, A-106, and the Arrabella Harrington League, A-55, Washington County, Texas and being a portion of the land described in that certain deed dated May 16, 1923 from D. C. Giddings, Individually and as Executor and Trustee under the Will of D. C. Giddings, Deceased to Washington County, Texas, and recorded in Volume 79, Page 207 of the Deed Records of Washington County, Texas. From Sta. 960+20 to 964+00, a strip of land 60' wide on each side of the centerline, (380' X 120" = 1.047 ac.); from Sta. 964+00 to 968+87, a strip of land 40' wide on each side of the centerline, (487' X 80' = 0.894 ac.); from Sta. 968+87 to 979+33, a strip of land 40" wide on the south side of the centerline, (1046' X 40' = 0.961 ac.); from Sta. 979+33 to 982+15, a strip of land 40' on each side of the centerline, (282' X 80' = 0.518 ac.); from Sta. 982+15 to 984+00, a strip of land 40' wide on the north side of the centerline, (185' X 40' = 0.170 ac.); Totals: 1.047 + 0.894 + 0.961 + 0.518 + 0.170 = 3.590 acres.

Further affiant sayeth not.

Dated this 21ST day of June, 1996.


DENNIS MAHLMANN

SUBSCRIBED AND SWORN TO BEFORE ME this 21ST day of June, 1996.




Notary Public, State of Texas

File No. MF- 97471

App. (Hexagonal well)

Date Filed: 6/21/96
Jerry E. Patterson, Commissioner

By _____

(G)

M. 97471

App. (Hex. well)

6.21.96



SOURCE DEEDS

DEED--D.C. GIDDINGS TO WASHINGTON COUNTY.

THE STATE OF TEXAS)
COUNTY OF WASHINGTON) Whereas, Washington County, Texas, is desirous of constructing an improved road through said county from Brenham to Washington bridge, known as the Brenham-Washington road; and, Whereas, it is desired by said county to construct said road through and upon certain land now owned by me and to include in said road or the right-of-way therefor that part of such land so owned by me viz: a strip of land 60 ft on each side of the center line of Brenham-Washington Road as per plans in Co Engr's office & adopted by the Com' Court from 960+20 to 964+00 and 40 ft on each side of the center line from Station 964+00 to 984+00; and, Whereas, it is thought by me that the consideration of said road upon that part of my land above described would increase the value of my property; therefore, KNOW ALL MEN BY THESE PRESENTS: That D.C. Giddings, for himself and as Executor and Trustee under the Will of D.C. Giddings Deceased of the County of Washington and the State of Texas, in consideration of the prospective increase in the value of my property by the construction of said road, and for the further consideration of the sum of \$1.00 to me in hand paid by said county, the receipt of which is hereby acknowledged; have Granted, Sold, and Conveyed, and by these presents do Grant, Sell, and Convey unto Washington County, Texas, all of the land hereinabove described, TO HAVE AND TO HOLD the above described land, together with all and singular, the rights and appurtenances thereto in any wise belonging unto said Washington County, Texas, forever. It is expressly agreed and understood, however, that should said road not be constructed over and upon the land hereinabove described, this conveyance shall become null and void and the title to said land shall revert to me or my heirs or assigns.

Witness our hands this the 16 day of May A.D. 1923.

D.C. Giddings
D.C. Giddings, Executor & Trustee
under will of D.C. Giddings Deed.

THE STATE OF TEXAS)
COUNTY OF WASHINGTON) Before me, the undersigned authority, on this day personally appeared D.C. Giddings, known to me to be the person whose name subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, and in the capacity therein named.

Given under my hand and seal of office this the 16 day of May A.D. 1923.

Seal.

G.A. Bracher
Deputy District Clerk, Washington County.

Filed for record this 16th day of July A.D. 1923 at 9 O'clock A.M. Green Morgan, CCCC700.

Recorded July 24th A.D. 1923, at 5 O'clock P.M. Green Morgan, By Bertha Morgan Deputy.

DEED-- D.C. GIDDINGS TO WASHINGTON COUNTY.

THE STATE OF TEXAS)
COUNTY OF WASHINGTON) Whereas, Washington County, Texas, is desirous of constructing an improved road through said county from Brenham to Washington bridge, known as the Washington-Brenham road; and, Whereas, it is desired by said county to construct said road through and upon certain land now owned by me and to include in said road or the right-of-way therefor that part of such land so owned by me viz: A strip of land 65' on each side of the center line of Brenham-Wash road thru my place south of New Years Creek from Sta 898+60 to 909+60 as on record of plans for Brenham-Wash Road; and, Whereas, it is thought by me that the construction of said road upon that part of my land above described would increase the value of my property; therefore, KNOW ALL MEN BY THESE PRESENTS: That D.C. Giddings for himself and as Executor and Trustee under the will of D.C.

File No. MF-97471

Raw Deed

Date Filed: _____
Jerry E. Patterson, Commissioner

By _____

⑧

M. 97471

Raw Deed
→

2008

ALBERT, NEELY & KUHLMANN, L.L.P.

ATTORNEYS AT LAW

1200 OIL & GAS BUILDING


309 WEST SEVENTH STREET

FORT WORTH, TEXAS 76102

KARL R. ALBERT*
ROGER T. NEELY
WM. D. KUHLMANN, JR.
PHILIP C. MANI
STEPHEN B. O'REAR
RICHARD K. CASNER
*BOARD CERTIFIED
OIL, GAS & MINERAL LAW

TELEPHONE
(817) 877-0055
TELEFAX
(817) 870-2849

June 17, 1996



Texas General Land Office
1700 North Congress Avenue
Austin, Texas 78701-1495

Re: 4.72 acres, more or less, located in the Arrabella Harrington League, Abstract No. 55, the Prosper and Adolphus Hope One-Half League, Abstract No. 62, and the James Walker League, Abstract No. 106, Washington County, Texas

ORIGINAL DRILLING TITLE OPINION

DESCRIPTION OF LANDS

4.72 acres (estimated), more or less, located in the Arrabella Harrington League, Abstract No. 55, the Prosper and Adolphus Hope One-Half League, Abstract No. 62, and the James Walker League, Abstract No. 106, Washington County, Texas, and being the same land described in a Deed, dated May 16, 1923, from D. C. Giddings, Individually and as Executor and Trustee U/W/O D. C. Giddings (Sr.), Deceased, to Washington County, Texas, recorded in Volume 79, Page 207, Deed Records, Washington County, Texas [the "Subject Lands"].

A plat depicting the approximate location of the Subject Lands is attached to this Opinion as Exhibit "B".

MATERIALS EXAMINED

1. Title Runsheet, dated June 3, 1996, prepared by Simmons and Associates, Inc. for Union Pacific Resources Company, covering the Subject Lands and other lands, from July 11, 1855 through May 29,

1996 at 5:00 p.m.

2. A Plat attached to this Opinion as Exhibit "B".

OWNERSHIP

Surface Ownership

The State of Texas, through Washington County, Texas	1.00000000
Total Ownership	1.00000000

Executive Rights & Mineral Fee

The State of Texas, through Washington County, Texas (8/8ths)	1.00000000
Total Ownership	1.00000000

Working Interest

	Expense	Revenue	Source
The State of Texas, through Washington County, Texas (8/8ths)	1.00000000	1.00000000	UNLEASED
Total Working Interest	1.00000000	1.00000000	

COMMENTS AND REQUIREMENTS

GRANT

Number:

1

Comment:

The following-described Grants, covering and affecting the Subject Lands, were contained within the materials examined:

Grant, dated March 22, 1831, from the State of Coahuila and Texas to Arrabella Harrington, recorded in Volume 83, Page 424, Deed Records,

Washington County, Texas. The Grant conveyed one league of land, presently known as the A. Harrington League, Abstract No. 55, Washington County, Texas.

Grant, dated December 11, 1828, from the State of Coahuilla and Texas to Prosper and Adolphus Hope, recorded in Volume 202, Page 142, Deed Records, Washington County, Texas. The Grant conveyed one-half league of land, presently known as the Prosper Hope and Adolphus Hope One-Half League, Abstract No. 62, Washington County, Texas.

Grant, dated July 21, 1824, from the Government of the Mexican Nation to James Walker, recorded in Volume 159, Page 367, Washington County, Texas. The Grant conveyed one league of land, presently known as the James Walker League, Abstract No. 106, Washington County, Texas.

A telephone conversation with the General Land Office of the State of Texas verified that the Subject Lands are not minerally classified.

Requirement:

None. This Comment is advisory only.

REVERTER IN RIGHT-OF-WAY DEED

Number: 2

Comment: The Deed to Washington County, Texas, conveying the Subject Lands, contains the following reverter provision.

"It is expressly agreed and understood, however, that should said road not be constructed over and upon the land hereinabove described, this conveyance shall become null and void and the title to said land shall revert to (Grantors) or (their) heirs and assigns."

The examiner has assumed that said road was constructed, has been continuously maintained, and is presently occupied by State Highway No. 105.

Requirement:

None. This Comment is advisory only.

CONVEYANCE TO WASHINGTON COUNTY, TEXAS

Number: 3

Comment:

The Deed conveying the Subject Lands conveys the lands described therein to Washington County, Texas.

Under Texas law, a conveyance to a political subdivision of the State, including counties, for road purposes, vests title in such lands in the State of Texas, since the State is deemed to be the owner of all public roads and highways. Robbins v. Limestone County, 268 S.W. 915 Tex. 1925) and Attorney General of Texas Opinion No. WW-870, dated July 5, 1960.

Requirement:

None. This Comment is advisory only.

••••• PLAT

••••• Number:

4

••••• Comment:

Attached to this Opinion, as Exhibit "B", is a plat depicting the approximate location of the Subject Lands.

•••••

••••• Requirement:

None. This Comment is advisory only.

•••••

ATTORNEY CERTIFICATION

Number:

5

Comment:

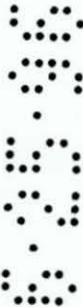
The examiner certifies he is an attorney licensed to practice law in the State of Texas.

Requirement:

None. This Comment is advisory only.

LIMITATIONS

This Opinion does not cover (i) minerals other than oil, gas and associated hydrocarbons; (ii) the location of the property on the ground, questions of boundary, conflicts with adjacent surveys or matters of area; (iii) the genuineness, authenticity, or enforceability of any instruments relied upon; or (iv) any other matters not discoverable with ordinary professional care by the methods of examination described. This Opinion presumes that all statements of fact contained in the materials reviewed are true and correct. Notwithstanding the references in this Opinion to the apparent ownership of surface rights, no opinion is rendered regarding the ownership of surface rights. This Opinion is rendered solely for the benefit of the addressee and may not be relied on by any other person or entity for any purpose.

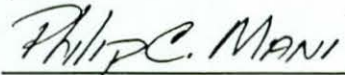


This Opinion is additionally subject to all of the limitations contained within the Title Runsheets or Title Opinions from which it was prepared and all errors and omissions therein. The ownership set forth herein is based solely upon an examination of the materials listed in the "Materials Examined" section of this Opinion, and is further subject to all of the comments, requirements, and suggestions contained herein.

Please contact Karl R. Albert or Philip C. Mani if you have any questions or comments concerning this Opinion or the comments and requirements set forth herein.

Respectfully submitted,

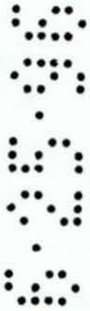
Albert, Neely & Kuhlmann, L.L.P.
1200 Oil & Gas Building
309 West Seventh Street
Fort Worth, Texas 76102
(817) 877-0055

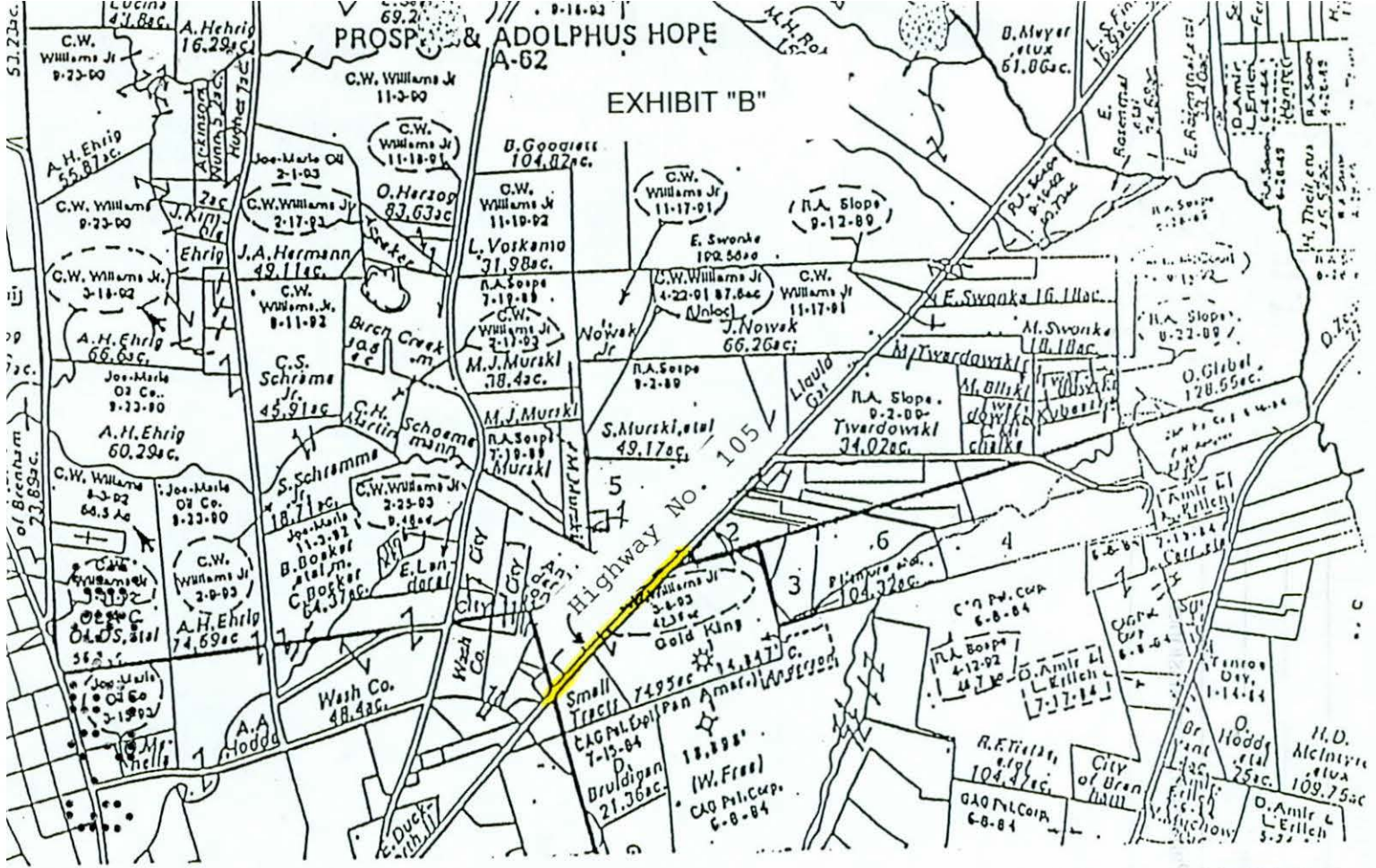


Philip C. Mani

EXHIBIT A - CERTIFICATION OF BURDEN RELATIONSHIPS

The State of Texas	1.00000000	UNLEASED
Total Ownership	1.00000000	





THE STATE OF TEXAS

4.72 acres (estimated), more or less, located in the A. Harrington League, A-55, the P. and A. Hope One-Half League, A-62, and the J. Walker League, A-106, Washington County, Texas, being the lands described in a Deed, dated May 16, 1923, from D. C. Giddings, Individually and as Executor and Trustee U/W/O D. C. Giddings (Sr.) Deceased, to Washington County, Texas, recorded in Volume 79, Page 207, Deed Records, Washington County, Texas.

File No. MF-97471

Title Opinion

Date Filed: 6/17/96

Jerry E. Patterson, Commissioner

By _____

M. 97471 9

Title Opinion

6.17.96

6.17.96

MEMORANDUM OF OIL AND GAS LEASE

THE STATE OF TEXAS *

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF WASHINGTON *

THAT, for and in consideration of TEN AND NO/100 DOLLARS (\$10.00) and other valuable consideration paid by JOHN H. YOUNG, INC., hereinafter called "Lessee", whose address is 815 Walker, Suite 940, Houston, Texas 77002, to MARJORIE FISCHER, hereinafter called "Lessor", whose address is Route 7, Box 7151, Brenham, Texas 77833, Lessor has and does hereby GRANT, LEASE and LET unto Lessee for the purposes and with the exclusive right of exploring, drilling and operating for, producing and owning oil and gas, and their respective constituent products, including sulphur produced therewith, the following described land located in Washington County, Texas, to wit:

7.71 acres, more or less, part of the P. & A. Hope Survey, A-62, described in that Warranty Deed dated November 6, 1942, from Gus Grabow, Jr., et ux, to Louis Look, recorded in Volume 131, Page 441, of the Deed Records of Washington County, Texas.

upon and subject to all of the terms and provisions set forth in that certain Oil, Gas and Mineral Lease dated July 1, 1994, covering said land, and providing for a primary term of three (3) years, and as long thereafter as operations, as defined in said lease, are conducted upon the leased premises with no cessation for more than sixty (60) consecutive days or oil, gas or other related hydrocarbons produced with oil or gas is produced from the leased premises or the lease is otherwise maintained in force as therein provided. A copy of said lease is in the possession of each of the parties Lessor and Lessee and which is incorporated herein by reference and made a part hereof as if set forth at length herein, and to which reference is made for all purposes.

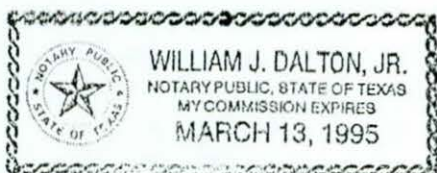
IN WITNESS WHEREOF, this instrument is executed as of the 1st day of July, 1994.

Marjorie Fischer
MARJORIE FISCHER

THE STATE OF TEXAS *

COUNTY OF WASHINGTON *

This instrument was acknowledged before me this 1st day of July, 1994, by MARJORIE FISCHER.



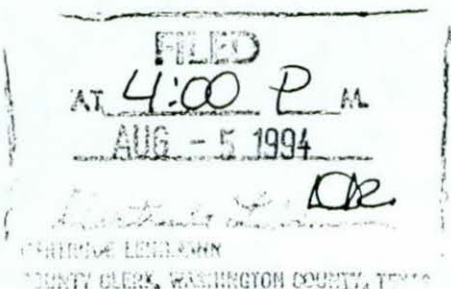
William J. Dalton, Jr.
NOTARY PUBLIC IN AND FOR
THE STATE OF TEXAS

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
AUG 10 1994



Gertrude Lehmann
Gertrude Lehmann, County Clerk
Washington County, Texas



12

MEMORANDUM OF OIL, GAS AND MINERAL LEASE

STATE OF TEXAS }

COUNTY OF WASHINGTON }

KNOW ALL MEN BY THESE PRESENTS, that WILLIAM HENRY EIKENHORST AND WIFE, KAREN S. EIKENHORST whose address is Route 4, Box 6, Brenham, Texas 77833 (referred to herein as "Lessor" have 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 August 21, 1995, covering and affecting mineral interest owned by Lessor in and under the following described lands in Washington County, Texas.

16.00 acres of land, more or less, out of the P. A. HOPE SURVEY, A-62 and the JAMES WALKER SURVEY, A-106, Washington County, Texas, being the same land described in a deed from Clinton G. Anderson to Charles David Partin and William H. Eikenhorst, dated November 6, 1985 and recorded in Volume 522, Page 509 of the Deed Records of Washington County, Texas.

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 herein as Lessor.

William Henry Eikenhorst
WILLIAM HENRY EIKENHORST
SS# [REDACTED]
Karen S. Eikenhorst
KAREN S. EIKENHORST
SS# [REDACTED]

STATE OF TEXAS }

COUNTY OF WASHINGTON }

This instrument was acknowledged before me on the 23rd day of August, 1995 by WILLIAM HENRY EIKENHORST.



C. H. Herfen
Notary Public, State of Texas

COUNTY OF WASHINGTON }

This instrument was acknowledged before me on the 23rd day of August, 1995 by KAREN S. EIKENHORST.



C. H. Herfen
Notary Public, State of Texas

FILED

AT 9:30 A M.
SEP 28 1995 *De*

Beth A. Rothermel

BETH ROTHERMEL
COUNTY CLERK, WASHINGTON COUNTY, TX

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

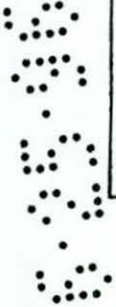
SEP 29 1995



Beth A. Rothermel

Beth Rothermel, County Clerk
Washington County, Texas

\$9.00



23

MEMORANDUM OF OIL AND GAS LEASE

9313

THE STATE OF TEXAS *

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF WASHINGTON *

THAT, for and in consideration of TEN AND NO/100 DOLLARS (\$10.00) and other valuable consideration paid by JOHN H. YOUNG, INC., hereinafter called "Lessee", whose address is 815 Walker, Suite 940, Houston, Texas 77002, to WELLMANN ENTERPRISES, INC. BY PRESIDENT VERNON WELLMANN, hereinafter called "Lessor", whose address is Route 2, Box 313, Brenham, Texas 77833, Lessor has and does hereby GRANT, LEASE and LET unto Lessee for the purposes and with the exclusive right of exploring, drilling and operating for, producing and owning oil and gas, and their respective constituent products, including sulphur produced therewith, the following described land located in Washington County, Texas, to wit:

0.50 acre, more or less, part of the James Walker Survey, A-106, described in that Deed dated April 10, 1978 from Edmund and Leona Schaefer to Wellmann Enterprises, Inc. and recorded in Volume 363, Page 117 of the Deed Records of Washington County, Texas, 364

upon and subject to all of the terms and provisions set forth in that certain Oil, Gas and Mineral Lease dated AUGUST 17, 1994, covering said land, and providing for a primary term of three (3) years, and as long thereafter as operations, as defined in said lease, are conducted upon the leased premises with no cessation for more than sixty (60) consecutive days or oil, gas or other related hydrocarbons produced with oil or gas is produced from the leased premises or the lease is otherwise maintained in force as therein provided. A copy of said lease is in the possession of each of the parties Lessor and Lessee and which is incorporated herein by reference and made a part hereof as if set forth at length herein, and to which reference is made for all purposes.

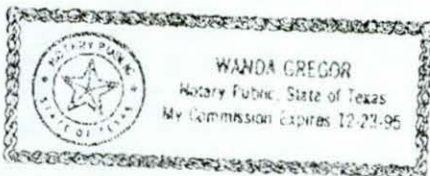
IN WITNESS WHEREOF, this instrument is executed as of the 19th day of August, 1994.

x Vernon Wellman
WELLMANN ENTERPRISES, INC.
BY: VERNON WELLMANN, PRESIDENT

THE STATE OF TEXAS *

COUNTY OF WASHINGTON *

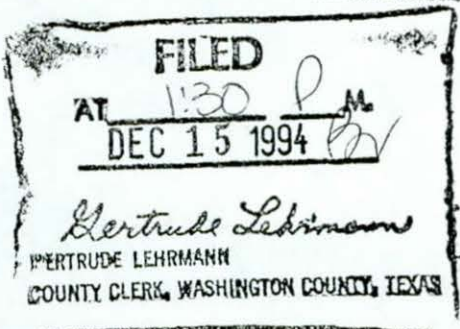
This instrument was acknowledged before me this 19th day of August, 1994, by WELLMANN ENTERPRISES, INC. BY VERNON WELLMANN, PRESIDENT.



Wanda Gregor
NOTARY PUBLIC IN AND FOR
THE STATE OF 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



DEC 21 1994
Gertrude Lehmann
Gertrude Lehmann, County Clerk
Washington County, Texas

MEMORANDUM OF OIL AND GAS LEASE

9322

THE STATE OF TEXAS *

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF WASHINGTON *

THAT, for and in consideration of TEN AND NO/100 DOLLARS (\$10.00) and other valuable consideration paid by JOHN H. YOUNG, INC., hereinafter called "Lessee", whose address is 815 Walker, Suite 940, Houston, Texas 77002, to ALLEN W. HINTZ, hereinafter called "Lessor", whose address is 224 N. Amthor, Bellville, Texas 77418, Lessor has and does hereby GRANT, LEASE and LET unto Lessee for the purposes and with the exclusive right of exploring, drilling and operating for, producing and owning oil and gas, and their respective constituent products, including sulphur produced therewith, the following described land located in Washington County, Texas, to wit:

1.0 acre, more or less, part of the James Walker Survey, A-106 and the A. Harrington Survey, A-55, Washington County, Texas, and described in two tracts in that Correction Deed dated JUNE 13, 1947, from Linda Giddings Anderson to Rosa Schmidt, and recorded in Volume 153, Page 118 of the Deed Records of Washington County, Texas,

upon and subject to all of the terms and provisions set forth in that certain Oil, Gas and Mineral Lease dated September 2, 1994, covering said land, and providing for a primary term of three (3) years, and as long thereafter as operations, as defined in said lease, are conducted upon the leased premises with no cessation for more than sixty (60) consecutive days or oil, gas or other related hydrocarbons produced with oil or gas is produced from the leased premises or the lease is otherwise maintained in force as therein provided. A copy of said lease is in the possession of each of the parties Lessor and Lessee and which is incorporated herein by reference and made a part hereof as if set forth at length herein, and to which reference is made for all purposes.

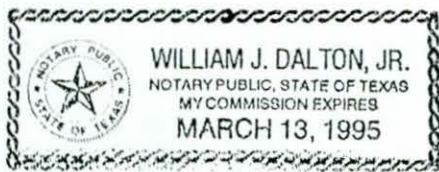
IN WITNESS WHEREOF, this instrument is executed as of the 6th day of September, 1994.

Allen W. Hintz
ALLEN W. HINTZ

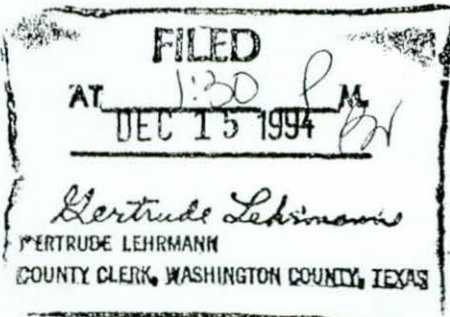
THE STATE OF TEXAS *

COUNTY OF WASHINGTON *

This instrument was acknowledged before me this 6th day of September, 1994, by ALLEN W. HINTZ.



William J. Dalton, Jr.
NOTARY PUBLIC IN AND FOR
THE STATE OF 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



DEC 21 1994
Gertrude Lehrmann
Gertrude Lehrmann, County Clerk
Washington County, Texas

25

THIS LEASE AGREEMENT is made effective the 23 rd day of August, 19 95

between JAMES D. GILLESPIE, JR. and wife, DIANE GILLESPIE,

7904

as Lessor (whether one or more), whose address is 1603 NAVARATIL DRIVE, BRENHAM, TEXAS 77833

and 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 VALUABLE CONSIDERATIONS

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:

0.19116 acres of land, more or less, situated in the A. Harrington Survey and the James Walker Survey, Washington County, Texas, and being the same land described in that certain Deed dated December 21, 1984 from John Danesi to James D. Gillespie, Jr. and wife, Diane Gillespie, recorded in Volume 494, Page 603 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 0.19116 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 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 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

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. 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.

14. It is agreed to and understood by all parties that no surface operations shall be conducted on these leased premises.

15. This lease also covers and includes all land owned or claimed by Lessor adjacent or contiguous to the land particularly described above, whether the same be in said survey or surveys or in adjacent surveys, although not included within the boundaries of the land particularly described above. This lease is intended to cover and Lessor does hereby lease to Lessee all of its right, title and interest, if any, in all roads, streets and alleys located adjacent to the lease premises described above. For the purposes of calculating any royalty or shut-in royalty payments, including royalties attributable to production from a pooled unit, the above described land (including all roads, streets, and alleys) shall be deemed to contain the acreage shown in Paragraph 1. of this lease, whether it actually contains more or less.

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.

[Redacted signature lines]

James D. Gillespie, Jr.
James D. Gillespie, Jr.
Diane Gillespie
Diane Gillespie

STATE OF TEXAS)
COUNTY OF WASHINGTON)

This instrument was acknowledged before me on the 31st day of August 1995, by James D. Gillespie, Jr. and wife, Diane Gillespie



H. E. Buck, Jr.
NOTARY PUBLIC, STATE OF TEXAS
Notary's printed name:
Notary's commission expires:

STATE OF TEXAS)
COUNTY OF _____)

This instrument was acknowledged before me on the _____ day of _____, 1995, by _____

FILED
AT 9:30 a.m.
SEP 28 1995
Beth A. Rothermel
BETH ROTHERMEL
COUNTY CLERK, WASHINGTON COUNTY, TX

NOTARY PUBLIC, STATE OF TEXAS
Notary's printed name:
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

SEP 29 1995



Beth A. Rothermel
Beth Rothermel, County Clerk
Washington County, Texas

26

THIS LEASE AGREEMENT is made effective the 21st day of September, 1995, 9424between GERALDINE FUELBERG JOHNSON, a single personas Lessor (whether one or more), whose address is 3726 Glenwood Springs, Kingwood, Texas 77345,and 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 AND OTHER GOOD AND VALUABLE CONSIDERATION

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 THEREOF:

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 4.20384 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 AND MINERAL LEASE, EFFECTIVE SEPTEMBER 21, 1995 BETWEEN GERALDINE FUELBERG JOHNSON, A SINGLE PERSON, 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. 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 or under the leased premises.

14. It is agreed and understood that no surface operations may be conducted, and no new roads, pipelines or sites may be built on the surface of the leased premises herein without the express prior written consent of Lessor, which consent can be withheld. It is agreed that Lessee shall have no rights of ingress or access to surface of the herein leased premises for any purpose whatsoever. It is further understood and agreed that Lessee shall have the right to drill and operate directional wells through and under said land, irrespective of the bottom hole locations of such wells. To this end, Lessor hereby grants 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.

Geraldine Fuelberg Johnson
GERALDINE FUELBERG JOHNSON
SS# [REDACTED]

ACKNOWLEDGEMENT

THE STATE OF TEXAS ()

COUNTY OF HARRIS ()

This instrument was acknowledged before me on the 25th day of September, 1995 by GERALDINE FUELBERG JOHNSON.

Rachel Elizabeth Briggs
Notary Public, State of Texas
Notary's Name Printed: Rachel Elizabeth Briggs
Notary's Commission Expires: 12-10-97



EXHIBIT "A"

ATTACHED TO AND MADE A PART THEREOF THAT CERTAIN OIL, GAS AND MINERAL LEASE DATED SEPTEMBER 21, 1995 BETWEEN GERALDINE FUELBERG JOHNSON, A SINGLE PERSON, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE:

4.20384 acres of land, more or less, out of the A. HARRINGTON SURVEY, A-55 and the JAMES WALKER SURVEY, A-106, Washington County, Texas, being the same land described in the following Two (2) Tracts, to-wit:

FIRST TRACT: 0.852 acres, more or less, being the same land described in Three (3) Tracts in a deed from Arnie Spitzer et ux to Richard C. Johnson III, dated July 31, 1972 and recorded in Volume 313, Page 644 of the Deed Records of Washington County, Texas.

SECOND TRACT: 4.19784 acres, more or less, being the same land described as 4.389 acres in a deed from Raymond Tielke et ux to Richard C. Johnson III, dated February 8, 1974 and recorded in volume 326, Page 305 of the Deed Records of Washington County, Texas, **SAVE AND EXCEPT;** 0.19116 acres, more or less, being the same land described in a deed from Geraldine Johnson to Richard Coke Johnson III, dated May 9, 1977 and recorded in Volume 353, Page 946 of the Deed Records of Washington County, Texas.

SAVE AND EXCEPT; From the above Two (2) Tracts the following: 0.846 acres, more or less, described in a deed from Barton Crabtree and wife, Geraldine F. Crabtree to Elton Ray Robinson et al, dated September 15, 1982 and recorded in Volume 440, Page 385 of the Deed Records of Washington County, Texas.

SIGNED FOR IDENTIFICATION:

Geraldine Fuelberg Johnson
GERALDINE FUELBERG JOHNSON

FILED
AT 2:45 P.M.
NOV 27 1995
Beth A. Rothermel
BETH ROTHERMEL
COUNTY CLERK, WASHINGTON COUNTY, TX

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

NOV 28 1995



Beth A. Rothermel
Beth Rothermel, County Clerk
Washington County, Texas

MEMORANDUM OF OIL AND GAS LEASE

THE STATE OF TEXAS *

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF WASHINGTON *

THAT, for and in consideration of TEN AND NO/100 DOLLARS (\$10.00) and other valuable consideration paid by JOHN H. YOUNG, INC., hereinafter called "Lessee", whose address is 815 Walker, Suite 940, Houston, Texas 77002, to WELDON M. HORD, hereinafter called "Lessor", whose address is P. O. Box 1615, Brenham, Texas 77834-1615, Lessor has and does hereby GRANT, LEASE and LET unto Lessee for the purposes and with the exclusive right of exploring, drilling and operating for, producing and owning oil and gas, and their respective constituent products, including sulphur produced therewith, the following described land located in Washington County, Texas, to wit:

2.6246 acres, more or less, a part of the James Walker Survey, A-106, the same land described in that Warranty Deed dated October 25, 1991, from Mary Ann Heckmann to Weldon M. Hord, recorded in Volume 658, Page 242 of the Deed Records of Washington County, Texas.

upon and subject to all of the terms and provisions set forth in that certain Oil, Gas and Mineral Lease dated JUNE 17, 1994, covering said land, and providing for a primary term of three (3) years, and as long thereafter as operations, as defined in said lease, are conducted upon the leased premises with no cessation for more than sixty (60) consecutive days or oil, gas or other related hydrocarbons produced with oil or gas is produced from the leased premises or the lease is otherwise maintained in force as therein provided. A copy of said lease is in the possession of each of the parties Lessor and Lessee and which is incorporated herein by reference and made a part hereof as if set forth at length herein, and to which reference is made for all purposes.

IN WITNESS WHEREOF, this instrument is executed as of the 17th day of JUNE, 1994.

[Signature of Weldon M. Hord]
WELDON M. HORD

FILED
AT 4:00 P.M.
AUG - 5 1994
[Signature]
GERTRUDE LEHRMANN
COUNTY CLERK, WASHINGTON COUNTY, TEXAS

THE STATE OF TEXAS *

COUNTY OF WASHINGTON *

This instrument was acknowledged before me this 17th day of JUNE, 1994, by WELDON M. HORD.

NOTARY PUBLIC
STATE OF TEXAS
WILLIAM J. DALTON, JR.
NOTARY PUBLIC, STATE OF TEXAS
MY COMMISSION EXPIRES
MARCH 13, 1995

[Signature of William J. Dalton, Jr.]
NOTARY PUBLIC IN AND FOR
THE STATE OF TEXAS
STATE OF TEXAS
COUNTY OF WASHINGTON

I hereby certify that this instrument was FILED on the 10 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
AUG 10 1994



[Signature of Gertrude Lehrmann]
Gertrude Lehrmann, County Clerk
Washington County, Texas

MEMORANDUM OF OIL AND GAS LEASE

9290

THE STATE OF TEXAS *

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF WASHINGTON *

THAT, for and in consideration of TEN AND NO/100 DOLLARS (\$10.00) and other valuable consideration paid by JOHN H. YOUNG, INC., hereinafter called "Lessee", whose address is 815 Walker, Suite 940, Houston, Texas 77002, to BRENDA FLISOWSKI, hereinafter called "Lessor", whose address is 305 W. Bryan, Brenham, Texas 77834, Lessor has and does hereby GRANT, LEASE and LET unto Lessee for the purposes and with the exclusive right of exploring, drilling and operating for, producing and owning oil and gas, and their respective constituent products, including sulphur produced therewith, the following described land located in Washington County, Texas, to wit:

1.3123 acres, more or less, part of the James Walker Survey, A-106, described in that Gift Deed dated March 19, 1983, from Ida May Schroeder to Brenda Flisowski, recorded in Volume 447, Page 802, of the Deed Records of Washington County, Texas,

upon and subject to all of the terms and provisions set forth in that certain Oil, Gas and Mineral Lease dated July 1, 1994, covering said land, and providing for a primary term of three (3) years, and as long thereafter as operations, as defined in said lease, are conducted upon the leased premises with no cessation for more than sixty (60) consecutive days or oil, gas or other related hydrocarbons produced with oil or gas is produced from the leased premises or the lease is otherwise maintained in force as therein provided. A copy of said lease is in the possession of each of the parties Lessor and Lessee and which is incorporated herein by reference and made a part hereof as if set forth at length herein, and to which reference is made for all purposes.


IN WITNESS WHEREOF, this instrument is executed as of the 8th day of July, 1994.

Brenda S. Flisowski
BRENDA S. FLISOWSKI

THE STATE OF TEXAS *

COUNTY OF WASHINGTON *

This instrument was acknowledged before me this 8th day of July, 1994, by BRENDA S. FLISOWSKI.

 WILLIAM H. SCHAWÉ
Notary Public, State of Texas
My Commission Expires 5-10-97

William H. Schawe
NOTARY PUBLIC IN AND FOR
THE STATE OF TEXAS

FILED
AT 1:30 P.M.
DEC 15 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
DEC 21 1994



Gertrude Lehmann
Gertrude Lehmann, County Clerk
Washington County, Texas

MEMORANDUM OF OIL AND GAS LEASE

9289

THE STATE OF TEXAS *

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF WASHINGTON *

THAT, for and in consideration of TEN AND NO/100 DOLLARS (\$10.00) and other valuable consideration paid by JOHN H. YOUNG, INC., hereinafter called "Lessee", whose address is 815 Walker, Suite 940, Houston, Texas 77002, to IDA MAY SCHROEDER and JAMES SCHROEDER, hereinafter called "Lessor", whose address is Route 1, Box 852, Washington, Texas 77880, Lessor has and does hereby GRANT, LEASE and LET unto Lessee for the purposes and with the exclusive right of exploring, drilling and operating for, producing and owning oil and gas, and their respective constituent products, including sulphur produced therewith, the following described land located in Washington County, Texas, to wit:

1.3123 acres, more or less, part of the James Walker Survey, A-106, and described in that Warranty Deed dated September 8, 1981, from Annie E. Klar to Ida May Schroeder and Ira Lee Schroeder, recorded in Volume 423, Page 170 of the Deed Records of Washington County, Texas,

upon and subject to all of the terms and provisions set forth in that certain Oil, Gas and Mineral Lease dated July 1, 1994, covering said land, and providing for a primary term of three (3) years, and as long thereafter as operations, as defined in said lease, are conducted upon the leased premises with no cessation for more than sixty (60) consecutive days or oil, gas or other related hydrocarbons produced with oil or gas is produced from the leased premises or the lease is otherwise maintained in force as therein provided. A copy of said lease is in the possession of each of the parties Lessor and Lessee and which is incorporated herein by reference and made a part hereof as if set forth at length herein, and to which reference is made for all purposes.

IN WITNESS WHEREOF, this instrument is executed as of the 8th day of JULY, 1994.

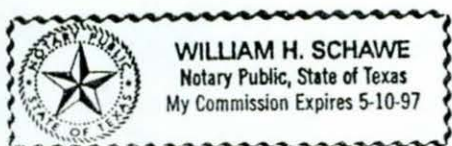
Ida May Schroeder
IDA MAY SCHROEDER

James Schroeder
JAMES SCHROEDER

THE STATE OF TEXAS *

COUNTY OF WASHINGTON *

This instrument was acknowledged before me this 8th day of JULY, 1994, by IDA MAY SCHROEDER and JAMES SCHROEDER.



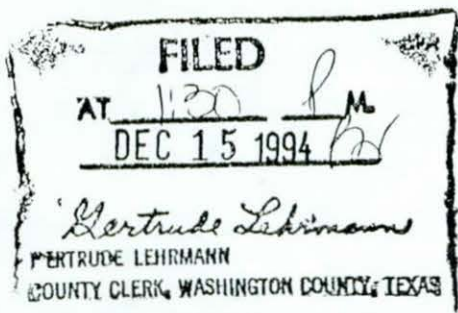
William H. Schawe
NOTARY PUBLIC IN AND FOR
THE STATE OF TEXAS

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



DEC 21 1994
Gertrude Lehmann
Gertrude Lehmann, County Clerk
Washington County, Texas



MEMORANDUM OF OIL AND GAS LEASE

9291

THE STATE OF TEXAS *

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF WASHINGTON *

THAT, for and in consideration of TEN AND NO/100 DOLLARS (\$10.00) and other valuable consideration paid by JOHN H. YOUNG, INC., hereinafter called "Lessee", whose address is 815 Walker, Suite 940, Houston, Texas 77002, to IDA MAY SCHROEDER and EDITH ERWIN, hereinafter called "Lessor", whose address is P. O. Box 57, Brenham, Texas 77833, Lessor has and does hereby GRANT, LEASE and LET unto Lessee for the purposes and with the exclusive right of exploring, drilling and operating for, producing and owning oil and gas, and their respective constituent products, including sulphur produced therewith, the following described land located in Washington County, Texas, to wit:

1.02 acres, more or less, part of the James Walker Survey, A-106, and described in that Warranty Deed dated February 8, 1949, from Linda Gidings Anderson, a widow, to Ira Lee Schroeder.

upon and subject to all of the terms and provisions set forth in that certain Oil, Gas and Mineral Lease dated July 1, 1994, covering said land, and providing for a primary term of three (3) years, and as long thereafter as operations, as defined in said lease, are conducted upon the leased premises with no cessation for more than sixty (60) consecutive days or oil, gas or other related hydrocarbons produced with oil or gas is produced from the leased premises or the lease is otherwise maintained in force as therein provided. A copy of said lease is in the possession of each of the parties Lessor and Lessee and which is incorporated herein by reference and made a part hereof as if set forth at length herein, and to which reference is made for all purposes.

IN WITNESS WHEREOF, this instrument is executed as of the 8th day of July, 1994.

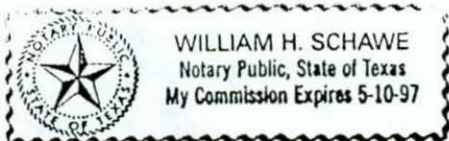
Ida May Schroeder
IDA MAY SCHROEDER

Edith Erwin
EDITH ERWIN

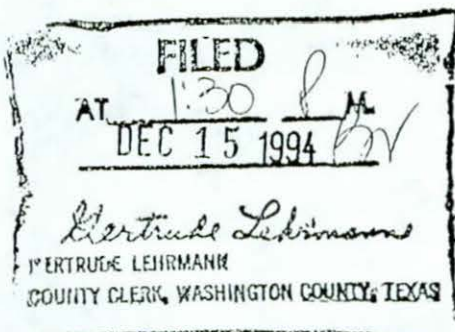
THE STATE OF TEXAS *

COUNTY OF WASHINGTON *

This instrument was acknowledged before me this 8th day of July, 1994, by IDA MAY SCHROEDER and EDITH ERWIN.



William H. Schawe
NOTARY PUBLIC IN AND FOR
THE STATE OF TEXAS



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
DEC 21 1994
Gertrude Lehmann
Gertrude Lehmann, County Clerk
Washington County, Texas

22

THIS LEASE AGREEMENT is made effective the 21 st day of October 19 95 between LMLN SCHWARTZ, INC., represented herein by LEON SCHWARTZ, President 9928

as Lessor (whether one or more), whose address is P. O. BOX 1866, BRENHAM, TEXAS 77834 and 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 VALUABLE CONSIDERATIONS 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:

5.0 acres of land, more or less, situated in the James Walker Survey, A-106, Washington County, Texas, and being the same land described as Tract 1 of that certain Substitute Trustee's Deed dated December 4, 1979 from Beverly Ann Layne, Substitute Trustee to the Small Business Administration, recorded in Volume 385, Page 483 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 5.00000 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 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 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, in 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 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.

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:

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. 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.

14. It is agreed to and understood by all parties that no surface operations shall be conducted on these leased premises.

15. This lease also covers and includes all land owned or claimed by Lessor adjacent or contiguous to the land particularly described above, whether the same be in said survey or surveys or in adjacent surveys, although not included within the boundaries of the land particularly described above. This lease is intended to cover and Lessor does hereby lease to Lessee all of its right, title and interest, if any, in all roads, streets and alleys located adjacent to the lease premises described above. For the purposes of calculating any royalty or shut-in royalty payments, including royalties attributable to production from a pooled unit, the above described land (including all roads, streets, and alleys) shall be deemed to contain the acreage shown in Paragraph 1. of this lease, whether it actually contains more or less.

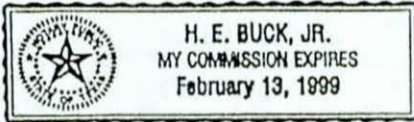
IN WITNESS WHEREOF, this lease is executed effective the date first written above, and upon execution shall be binding upon the signatory whether or not the lease has been executed by all parties named herein as Lessor.

Leon Schwartz

Leon Schwartz

STATE OF TEXAS)
COUNTY OF WASHINGTON)

This instrument was acknowledged before me on the 31st day of October 1995, by Leon Schwartz, President of _____
MLN SCHWARTZ, INC., on behalf of said Corporation



H. E. Buck, Jr.

NOTARY PUBLIC, STATE OF TEXAS
Notary's printed name:
Notary's commission expires:

STATE OF TEXAS)
COUNTY OF _____)

This instrument was acknowledged before me on the _____ day of _____, 1995, by _____

FILED
AT 1:30 P.M.
DEC 14 1995 800
Beth A. Rothermel
BETH ROTHERMEL
COUNTY CLERK, WASHINGTON COUNTY, TX

NOTARY PUBLIC, STATE OF TEXAS
Notary's printed name:
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

DEC 15 1995



Beth A. Rothermel
Beth Rothermel, County Clerk
Washington County, Texas

MEMORANDUM OF OIL, GAS AND MINERAL LEASE

3701

THE STATE OF TEXAS §
COUNTY OF WASHINGTON § KNOW ALL MEN BY THESE PRESENTS:

THAT, for and in consideration of TEN AND NO/100 DOLLARS (\$10.00) and other valuable consideration paid by JOHN H. YOUNG, INC., hereinafter called "Lessee", whose address is 815 Walker, Suite 940, Houston, Texas 77002, to LEON SCHWARTZ and wife, FLORENCE SCHWARTZ, hereinafter called "Lessor", whose address is P. O. Box 1888, Brenham, Texas 77833, Lessor has and does hereby GRANT, LEASE and LET unto Lessee for the purposes and with the exclusive right of exploring, drilling and operating for, producing and owning oil and gas, and their respective constituent products, including sulphur produced therewith, the following described land located in Washington County, Texas, to wit:

25.473 acres, more or less, out of and a part of the James Walker Survey, A-106, Washington County, Texas, being described in two (2) tracts as follows, to-wit:

TRACT 1: 23.473 acres, more or less, out of and a part of the James Walker Survey, A-106, Washington County, Texas, and being the same land more particularly described in that certain Warranty Deed dated July 26, 1990, from Clinton G. Anderson to Leon Schwartz, recorded in Volume 630, Page 599 of the Official Records of Washington County, Texas;

TRACT 2: 2.0 acres, more or less, out of and a part of the James Walker Survey, A-106, Washington County, Texas, and being the same land more particularly described in that certain Warranty Deed dated July 13, 1983, from Paul N. Kenjura, et al., to Leon Schwartz, et ux, recorded in Volume 452, Page 719 of the Deed Records of Washington County, Texas;

upon and subject to all of the terms and provisions set forth in that certain Oil, Gas and Mineral Lease dated May 10, 1994, covering said land, and providing for a primary term of three (3) years, and as long thereafter as operations, as defined in said lease, are conducted upon the leased premises with no cessation for more than sixty (60) consecutive days or oil, gas or other related hydrocarbons produced with oil or gas is produced from the leased premises or the lease is otherwise maintained in force as therein provided. A copy of said lease is in the possession of each of the parties Lessor and Lessee and which is incorporated herein by reference and made a part hereof as if set forth at length herein, and to which reference is made for all purposes.

IN WITNESS WHEREOF, this instrument is executed as of the 10th day of May, 1994.

Leon Schwartz
LEON SCHWARTZ

Florence Schwartz
FLORENCE SCHWARTZ

THE STATE OF TEXAS §
COUNTY OF WASHINGTON §

This instrument was acknowledged before me this 30th day of June, 1994, by Leon Schwartz and Florence Schwartz, husband and wife.



Debbie Patranella
NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS

9.00 pd. Young

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

AUG 10 1994

Gertrude Lehmann

Gertrude Lehmann, County Clerk
Washington County, Texas



FILED
AT 4:00 P.M.
AUG - 5 1994
OR
COUNTY CLERK, WASHINGTON COUNTY, TEXAS

7962

RECORD & RETURN TO
CHESAPEAKE OIL
P.O. BOX 18490
OKLAHOMA CITY, OK 73118

PAID UP OIL AND GAS LEASE

THIS LEASE AGREEMENT is made as of the 31 day of August, 19 94, between Clinton G. Anderson

whose address is: 700 S. Day St. Brenham, Texas 77833 as Lessor (whether one or more),
and CHESAPEAKE OPERATING, INC., 6206 North Western, Oklahoma City, OK 73118

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

1. In consideration of a cash bonus in hand paid and the covenants herein contained, Lessor hereby grants, leases and lets exclusively to Lessee the following described land, hereinafter called leased premises: (use Exhibit "A" for long description): a certain parcel of land located in

J. Walker A-106, Washington County, Texas, more particularly described in Trustee's Deed dated 9-1-87 from Paul Kenjura et al to Clinton G. Anderson recorded in Vol. 569 Pg. 667 of the Official Records of Washington Co., Tx.

It is agreed and understood that the royalty for this lease shall be one-sixth, and that one-sixth is hereby substituted in each place where one-eighth appears in this lease

in the county of Washington State of Texas containing 46.776 gross acres, more or less (including any interests therein which Lessor may hereafter acquire by reversion, prescription or otherwise), for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith. The term "gas" as used herein includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases. In addition to the above-described leased premises, this lease also covers accretions and any small strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above-described leased premises, and, in consideration of the aforementioned cash bonus, 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 shut-in royalties hereunder, the number of gross acres above specified shall be deemed correct, whether actually more or less.

2. This lease, which is a "paid-up" lease requiring no rentals, shall be in force for a primary term of Three (3) years from the date hereof, and for as long thereafter as oil or gas or other substances covered hereby are produced in paying quantities from the leased premises or from lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

3. Royalties on oil, gas and other substances produced and saved hereunder shall be paid by Lessee to Lessor as follows: (a) For oil and other liquid hydrocarbons separated at Lessee's separator facilities, the royalty shall be one-eighth 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 market 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; (b) for gas (including casinghead gas) and all other substances covered hereby, the royalty shall be one-eighth of the proceeds realized by Lessee from the sale thereof, less a proportionate part of ad valorem taxes and production, severance, or other excise taxes and the costs incurred by Lessee in delivering, processing or otherwise marketing such gas or other substances, 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) pursuant to comparable purchase contracts entered into on the same or nearest preceding date as the date on which Lessee commences its purchases hereunder; and (c) if at the end of the primary term or any time thereafter 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, such well or wells shall nevertheless be deemed to be producing in paying quantities for the purpose of maintaining this lease. If for a period of 90 consecutive days such well or wells are shut in or production therefrom is not being sold by Lessee, then Lessee shall pay shut-in royalty of one dollar per acre then covered by this lease, such payment to be made to Lessor or to Lessor's credit in the depository designated below, 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 or production therefrom is not being sold by Lessee; provided that if this lease is otherwise being maintained by operations, or if production is being sold by Lessee from another well or wells on the leased premises or lands pooled therewith, no shut-in royalty shall be due until the end of the 90-day period next following cessation of such operations or production. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

4. All shut-in royalty payments under this lease shall be paid or tendered to Lessor or to Lessor's credit direct to Lessor

at Brenham, Texas or its successors, which shall be Lessor's depository agent for receiving payments regardless of changes in the ownership of said land. All payments or tenders may be made in currency, or by check or by draft and such payments or tenders to Lessor or to the depository by deposit in the U.S. Mails in a stamped envelope addressed to the depository or to the Lessor at the last address known to Lessee shall constitute proper payment. If the depository should liquidate or be succeeded by another institution, or for any reason fail or refuse to accept payment hereunder, Lessor shall, at Lessee's request, deliver to Lessee a proper recordable instrument naming another institution as depository agent to receive payments.

5. If Lessee drills a well which is incapable of producing in paying quantities (hereinafter called "dry hole") on the leased premises or lands pooled therewith, or if all production (whether or not in paying quantities) permanently ceases from any cause, including a revision of unit boundaries pursuant to the provisions of Paragraph 6 or the action of any governmental authority, then in the event this lease is not otherwise being maintained in force it shall nevertheless remain in force if Lessee commences operations for reworking an existing well or for drilling an additional well or for otherwise obtaining or restoring production on the leased premises or lands pooled therewith within 90 days after completion of operations on such dry hole or within 90 days after such cessation of all production. If at the end of the primary term, or at any time thereafter, this lease is not otherwise being maintained in force but Lessee is then engaged in drilling, reworking or any other operations reasonably calculated to obtain or restore production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with no cessation of more than 90 consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is production in paying quantities from the leased premises or lands pooled therewith. After completion of a well capable of producing in paying quantities hereunder, Lessee shall drill such additional wells on the leased premises or lands pooled therewith 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 lands pooled therewith, or (b) to protect the leased premises from uncompensated drainage by any well or wells located on other lands not pooled therewith. There shall be no covenant to drill exploratory wells or any additional wells except as expressly provided herein.

6. Lessee shall have the right but not the obligation to pool all or any part of the leased premises or interest therein with any other lands or interests, as to any or all depths or zones, and as to any or all substances covered by this lease, either before or after the commencement of production, whenever Lessee deems it necessary or proper to do so in order to prudently develop or operate the leased premises, whether or not similar pooling authority exists with respect to such other lands or interests. The 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 a gas well or a horizontal completion shall not exceed 640 acres plus a maximum acreage tolerance of 10%; provided that a larger unit may be formed for an oil well or gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction to do so. For the purpose of the foregoing, the terms "oil well" and "gas well" shall have the meanings prescribed by applicable law or the appropriate governmental authority, or, if no definition is so prescribed, "oil well" means a well with an initial gas-oil ratio of less than 100,000 cubic feet per barrel and "gas well" means a well with an initial gas-oil ratio of 100,000 cubic feet or more per barrel, based on a 24-hour production test conducted under normal producing conditions using standard lease separator facilities or equivalent testing equipment; and the term "horizontal completion" means an oil well in which the horizontal component of the gross completion interval in the reservoir exceeds the vertical component thereof. In exercising its pooling rights hereunder, Lessee shall file of record a written declaration describing the unit and stating the effective date of pooling. Production, drilling or reworking operations anywhere on a unit which includes all or any part of the leased premises shall be treated as if it were production, drilling or reworking operations on the leased premises, except that 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 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 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 prescribed or permitted by the governmental authority having jurisdiction, or to conform to any productive acreage determination made by such governmental authority. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and stating the effective date of revision. 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. In the absence of production in paying quantities from a unit, or upon permanent cessation thereof, Lessee may terminate the unit by filing of record a written declaration describing the unit and stating the date of termination. Pooling hereunder shall not constitute a cross-conveyance of interests.

7. If Lessor owns less than the full mineral estate in all or any part of the leased premises, the royalties and shut-in royalties payable hereunder for any well on any part of the leased premises or lands pooled therewith shall be reduced to the proportion that Lessor's interest in such part of the leased premises bears to the full mineral estate in such part of the leased premises.

8. The interest of either Lessor or Lessee hereunder may be assigned, devised or otherwise transferred in whole or in part by area and/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 Lessors 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 or until Lessor has satisfied the notification requirements contained in Lessee's usual form of division order. 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 in the depository designated above. 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 or to their credit in the depository, 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.

9. 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 area covered by this lease 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. In exploring for, developing, producing and marketing oil, gas and other substances covered hereby on the leased premises or lands pooled or unitized therewith, in primary and/or enhanced recovery, Lessee shall have 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/or transport production. Lessee may use in such operations, free of cost, any oil, gas, water and/or other substances produced on the leased premises, except water from Lessor's wells or ponds. In exploring, developing, producing or marketing from the leased premises or lands pooled therewith, 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 or lands pooled therewith. When requested by Lessor in writing, Lessee shall bury its pipelines below ordinary plow depth on cultivated lands. No 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 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 a reasonable time thereafter.

11. Lessee's obligations under this 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, and the price of oil, gas and other substances covered hereby. 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, 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.

12. 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 covering any or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon 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 and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

13. No litigation shall be initiated by Lessor with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails 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.

14. Lessor hereby warrants and agrees to defend title conveyed to Lessee hereunder, and agrees that Lessee at Lessee's option may pay and discharge any taxes, mortgages or liens existing, levied or assessed on or against the leased premises. If Lessee exercises such option, 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. In the event Lessee is made aware of any claim inconsistent with Lessor's title, Lessee may suspend the payment of royalties and shut-in royalties hereunder, without interest, until Lessee has been furnished satisfactory evidence that such claim has been resolved.

IN WITNESS WHEREOF, this lease is executed to be effective as of the date first written above, but upon execution shall be binding on the signatory and the signatory's heirs, devisees, executors, administrators, successors and assigns, whether or not this lease has been executed by all parties hereinabove named as Lessor.

WITNESSES AND/OR ATTESTATIONS:

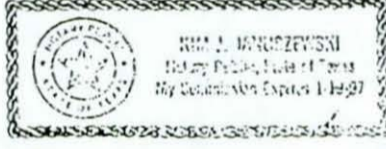
LESSOR (WHETHER ONE OR MORE) SS NO. OR TAX ID
Clinton G. Anderson

Clinton G. Anderson

ACKNOWLEDGEMENT

STATE OF TEXAS)
COUNTY OF Washington

This instrument was acknowledged before me on the 24th day of September, 1994, by Clinton G. Anderson



Rita L. Harwood
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 NOV 02 1994



Gertrude Lehmann
Gertrude Lehmann, County Clerk
Washington County, Texas

Notary Public, State of Texas
Notary's name (printed):
Notary's commission expires:

RECORDING INFORMATION

STATE OF _____) S.S.
County of _____

This instrument was filed for record on the _____ day of _____, 19____, at _____ o'clock _____ M., and duly recorded in Book _____, Page _____ of the _____ records of this office.
By _____ Clerk (or Deputy)

CHESAPEAKE OPERATING CO.
P.O. BOX 18496
OKLAHOMA CITY, OK 73154

11881

File No. MF-97471

Adj. Deed

Date Filed: _____
Jerry E. Patterson, Commissioner

By _____

M. 97471

Adj. Deeds

(10)

2023

STATE OF OKLAHOMA)
) SS:
COUNTY OF OKLAHOMA)

This instrument was acknowledged before me on 22nd
April, 1996, by Aubrey K. McClendon, President of Chesapeake
Operating, Inc., on behalf of said corporation.

Colene Aldridge
Signature
Colene ALDRIDGE
Name (Print)

My commission expires 12/17/99



~~STATE OF NEW YORK)
) SS:
COUNTY OF NEW YORK)~~

~~This instrument was acknowledged before me on _____
_____, 1996, by _____ of Belco
Oil & Gas Corp., a Delaware corporation, on behalf of said
corporation.~~

~~Signature~~

~~Name (Print)~~

~~My commission expires _____~~

STATE OF NEW YORK
COUNTY OF NEW YORK

This instrument was acknowledged before me on this 9 day of MAY,
1996 by LAURENCE D. BELFER, Executive Vice President of Belco Operating Corp., a
Delaware corporation, acting as General Partner of BELCO ENERGY L.P., a Delaware
limited partnership, on behalf of said partnership.

Erin S. Weidner
Signature

ERIN S. Weidner
Name (Print)

My commission expires 8-14-97

ERIN S. WEIDNER
Notary Public, State of New York
No. 01WE5047771
Qualified in Dutchess County
Commission Expires 8-14-97



EXHIBIT "A"

ATTACHED TO AND MADE PART OF THAT CERTAIN ASSIGNMENT OF OIL, GAS AND MINERAL LEASES DATED APRIL 16, 1996 BETWEEN CHESAPEAKE OPERATING, INC. AND BELCO OIL & GAS CORP., AS ASSIGNORS, AND JOHN H. YOUNG, INC., AS ASSIGNEE.

LESSOR: Clinton G. Anderson
LESSEE: Chesapeake Operating, Inc.
DATE: August 31, 1994
RECORDED: Volume 754, Page 551
DESCRIPTION: 46.776 acres, more or less, located in J. Walker A-106, Washington County, Texas, as referenced in said lease.

FILED
AT 2:00 P.M.
MAY 31 1996
Beth A. Rothermel
BETH ROTHERMEL
COUNTY CLERK, WASHINGTON COUNTY, TX

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

JUN 3 1996



Beth A. Rothermel

Beth Rothermel, County Clerk
Washington County, Texas

File No. MF-97471

Assignment

Date Filed: _____

Jerry E. Patterson, Commissioner

By _____

M. 97474

11

Assignment

03030