

# 2714  
7.72 UNIT ACRES  
7.28 NON-UNIT ACRES

MF 097583

County	WASHINGTON
Survey	EAST MILLS CREEK
Block	
Block Name	
Township	
Section/tract	1
Land Part	
Part Description	
Acres	15
Name	UNION PACIFIC RESOURCES
Lease Date	10-1-1996
Primary Term	3-YEARS
Bonus (\$)	\$1500.00
Rental (\$)	\$5.00
Lease Royalty	0.25000

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

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

Maps: ~~\_\_\_\_\_~~

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



## CAUTION

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

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

Thank you for your assistance.

*Archives and Records Staff*





## CAUTION

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

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

Thank you for your assistance.

*Archives and Records Staff*

# 2714  
7.72 UHT ACRES  
7.28 NON-UHT ACRES

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

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

Maps: ~~\_\_\_\_\_~~

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

**MF 097583**

County	WASHINGTON
Survey	EAST MILLS CREEK
Block	
Block Name	
Township	
Section/tract	1
Land Part	
Part Description	
Acres	15
Name	UNION PACIFIC RESOURCES
Lease Date	10-1-1996
Primary Term	3-YEARS
Bonus (\$)	\$1500.00
Rental (\$)	\$5.00
Lease Royalty	0.25000



UNION PACIFIC RESOURCES COMPANY

#2714

7.72 UNIT ACRES

7.78 NON-UNIT AC.

STATE LEASE

MF097583

CONTROL

BASEFILE

COUNTY

01-101204

-

WASHINGTON

7239

SURVEY : EAST MILLS CREEK

BLOCK :

TOWNSHIP :

SECTION/TRACT: 1

PART :

ACRES : 15.00

DEPTH LIMITS : NO



Rentals: *M.T.*

Lease Admin: *KSA*

Mineral Maps: *[Signature]*

*GLS AS*

LESSEE : UNION PACIFIC RESOURCES COMPAN

LEASE DATE : Oct 01 1996

PRIMARY TERM : 3 yrs

BONUS (\$) : 1500.00

RENTAL (\$) : 5.00

ROYALTY : 0.25000000

VAR ROYALTY :

CONTENTS OF FILE NO. 097583

1. LEASE FORM	10-1-96
2. LEASE	10-1-96
3. TRANSMITTAL LETTER	11-21-96
4. Rental payment	9-4-97
5. Pooling Contract Report #2714 3/3/98 & Agreement, Completion Reports & E-log. 7/8/98	
6. Rental pmt. 9/3/98, 9/29/98	
7. Letter.	1/9/98
8. Certified Lease.	1/9/98
9. <del>EV Prop (F) Harveff Sid Kar 1/14/99</del>	
See MF097511 #11 for assignment.	2/30/03
10. Division Order	6/18/03
11. <del>Designation of Unit 8/7/97</del>	
Scanned Sm	10/17/13
See MF094949 #29 Assign #10876	
EV Prop (F) Harveff Sid Kar Magnolia 7-26-19	
Scanned Pt	8-12-2019
See MF094949 #30 Assign #10883	
EV Prop (F) Harveff Sid Kar 8-16-19	
Scanned sm	9/27/2019

97583

OCTOBER 1, 1996  
MINERAL LEASE BID APPLICATION  
Texas General Land Office ED - CA-040(8-93)

00107 1996

APPLICANT AGREEMENT

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

APPLICANT IDENTIFICATION TO APPEAR ON LEASE (type/print)

Name Union Pacific Resources Company  
Address 801 Cherry Street  
City Fort Worth State Texas Zip 76102-6852  
(Include +4 Code)  
Telephone ( 817 ) 877-6000 Attn: Mr. Greg Smith

AREA DESCRIPTION

Boundary line of Harmon Hensley Sur. A-59 &  
County(ies) Washington Survey/Area James Schrier A-98  
(If Applicable)

Block/Tsp. \_\_\_\_\_ Section/Tract \_\_\_\_\_ Acres 15.00  
(If Applicable) Tract 1 is bound on the Northwest by a Northeasterly ext. of the Northwest line of the Harmon Hensley Grant A-59 and is bound on the Southeast by a Southwesterly Ext. of the Southeast line of the James Schrier Grant A-98

BID SUBMISSION

(A) Cash Bonus Enclosed (\$) 1,500.00 (type/print amount below) **37005577**

One Thousand Five Hundred and 00/100  
(B) Sales Fee Attached (\$) 22.50 (type/print amount below) **37005578**

Twenty Two and 50/100  
This Sales Fee is 1 - 1/2% of the cash bonus as provided in Section 32.110 of the Natural Resources Code as amended.

MGL. NO.

68

APPLICANT (same as above)

Union Pacific Resources Company

BONUS AMOUNT ONLY (A)

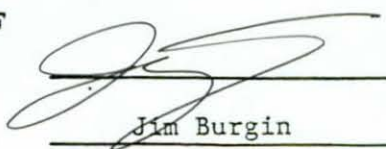
(Do Not include sales fee)

(S) 1,500.00

APPLICANT TAX I.D. #



SIGNATURE OF AGENT (type/print below)

  
Jim Burgin

M- 97583 -----

①

BID FORM -----

File Dated OCT 01 1996 -----

31002218

31002211

31002218

31002211

# The State of Texas



Austin, Texas

**OIL AND GAS LEASE  
NO. M-97583**

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

**TRACT 1, EAST MILLS CREEK, WASHINGTON COUNTY, TEXAS, CONTAINING APPROXIMATELY 15 ACRES, IS BOUND ON THE NORTHWEST BY A NORTHEASTERLY EXTENSION OF THE NORTHWEST LINE OF THE HARMON HENSLEY GRANT, A-59, AND IS BOUND ON THE SOUTHEAST BY A SOUTHWESTERLY EXTENSION OF THE SOUTHEAST LINE OF THE JAMES SHRIER GRANT, A-98,**

was, after being duly advertised, offered for lease on the 1st day of **October, 1996**, at 10:00 o'clock a.m., by the Commissioner of the General Land Office of the State of Texas and the School Land Board of the State of Texas, for the sole and only purpose of prospecting and drilling for, and producing oil and/or gas that may be found and produced from the above described area; and

WHEREAS, after all bids and remittances which were received up to said time have been duly considered by the Commissioner of the General Land Office and the School Land Board at a regular meeting thereof in the General Land Office, on the 1st day of **October, 1996**, hereinafter the "effective date" and it was found and determined that **Union Pacific Resources Company** whose address is **801 Cherry Street, Fort Worth, TX 76102-6852** had offered the highest and best bid for a lease of the area above described and is, therefore, entitled to receive a lease thereon:

NOW, THEREFORE, I, Garry Mauro, Commissioner of the General Land Office of the State of Texas, hereinafter sometimes referred to as "Lessor," whose address is Austin, Texas, by virtue of the authority vested in me and in consideration of the payment by the hereinafter designated Lessee, the sum of **One Thousand Five Hundred and 00/100 Dollars (\$1,500.00)**, receipt of which is hereby acknowledged and of the royalties, covenants, stipulations and conditions contained and hereby agreed to be paid, observed and performed by Lessee, do hereby demise, grant, lease and let unto the above mentioned bidder the exclusive right to prospect for, produce and take oil and/or gas from the aforesaid area upon the following terms and conditions, to-wit:

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

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

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

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

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

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

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

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

(1) On the basis of the highest market price of each product, during the same month in which such product is produced, or

(2) On the basis of the average gross sale price of each product for the same month in which such products are produced; whichever is the greater.

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

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

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

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

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

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

**(J) MARGINAL PRODUCTION ROYALTY:** Upon Lessee's written application, the School Land Board may reduce the royalty rate set out in this paragraph and/or the minimum royalty set out in subparagraph 4 (I) to extend the economic life of this lease and encourage recovery of oil or gas that might otherwise remain unrecovered. Any such royalty reduction must conform to the requirements of any School Land Board administrative rules on this subject. Royalty may not be reduced below the applicable statutory minimum.

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

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

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

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

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

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

**(A) VERTICAL:** In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall then terminate as to all of the leased premises, EXCEPT (1) 40 acres surrounding each oil well capable of producing in paying quantities and 320 acres surrounding each gas well capable of producing in paying quantities (including a shut-in oil or gas well as provided in Paragraph 11 hereof), or a well upon which Lessee is then engaged in continuous drilling or reworking operations, or (2) the number of acres included in a producing pooled unit pursuant to Natural Resources Code Sections 52.151-52.153, or (3) such greater or lesser number of acres as may then be allocated for production purposes to a proration unit for each such producing well under the rules and regulations of the Railroad Commission of Texas, or any successor agency, or other governmental authority having jurisdiction. Within 90 days of a partial termination of this lease in accordance with this subparagraph and upon payment of the minimum filing fee set by General Land Office rules in effect at the time of the partial termination, Lessee shall have the right to obtain a surface lease for ingress and egress on and across the terminated portion of the leased premises as may be reasonably necessary for the continued operation of the portions of the lease remaining in force and effect. If Lessee fails to apply for a surface lease within the 90 day period specified above, Lessee may apply for a surface lease from the Land Office, but the Land Commissioner has the discretion to grant or deny such application and to set the fee for such surface lease.

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

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

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

**9. DRY HOLE/CESSATION OF PRODUCTION DURING PRIMARY TERM:** If, during the primary term hereof and prior to discovery and production of oil or gas on said land, Lessee should drill a dry hole or holes thereon, or if during the primary term hereof and after the discovery and actual production of oil or gas from the leased premises such production thereof should cease from any cause, this lease shall not terminate if on or before the expiration of sixty (60) days from date of completion of said dry hole or cessation of production Lessee commences additional drilling or reworking operations thereon, or pays or tenders the next annual delay rental in the same manner as provided in this lease. If, during the last year of the primary term or within sixty (60) days prior thereto, a dry hole be completed and abandoned, or the production of oil or gas should cease for any cause, Lessee's rights shall remain in full force and effect without further operations until the expiration of the primary term; and if Lessee has not resumed production in paying quantities at the expiration of the primary term, Lessee may maintain this lease by conducting additional drilling or reworking operations pursuant to Paragraph 10, using the expiration of the primary term as the date of cessation of production under Paragraph 10. Should the first well or any subsequent well drilled on the above described land be completed as a shut-in oil or gas well within the primary term hereof, Lessee may resume payment of the annual rental in the same manner as provided herein on or before the rental paying date following the expiration of sixty (60) days from the date of completion of such shut-in oil or gas well and upon the failure to make such payment, this lease shall ipso facto terminate. If at the expiration of the primary term or any time thereafter a shut-in oil or gas well is located on the leased premises payments may be made in accordance with the shut-in provisions hereof.

**10. CESSATION, DRILLING, AND REWORKING:** If, after the expiration of the primary term, production of oil or gas from the leased premises, after once obtained, should cease from any cause, this lease shall not terminate if Lessee commences additional drilling or reworking operations within sixty (60) days after such cessation, and this lease shall remain in full force and effect for so long as such operations continue in good faith and in workmanlike manner without interruptions totaling more than sixty (60) days. If such drilling or reworking operations result in the production of oil or gas, the lease shall remain in full force and effect for so long as oil or gas is produced from the leased premises in paying quantities or payment of shut-in oil or gas well royalties or payment of compensatory royalties is made as provided herein or as provided by law. If the drilling or reworking operations result in the

completion of a well as a dry hole, the lease will not terminate if the Lessee commences additional drilling or reworking operations within sixty (60) days after the completion of the well as a dry hole, and this lease shall remain in effect so long as Lessee continues drilling or reworking operations in good faith and in a workmanlike manner without interruptions totaling more than sixty (60) days. Lessee shall give written notice to the General Land Office within thirty (30) days of any cessation of production.

**11. SHUT-IN ROYALTIES:** For purposes of this paragraph, "well" means any well that has been assigned a well number by the state agency having jurisdiction over the production of oil and gas. If at any time after the expiration of the primary term of a lease that, until being shut in, was being maintained in force and effect, a well capable of producing oil or gas in paying quantities is located on the leased premises, but oil or gas is not being produced for lack of suitable production facilities or lack of a suitable market, then Lessee may pay as a shut-in oil or gas royalty an amount equal to double the annual rental provided in the lease, but not less than \$1,200 a year for each well capable of producing oil or gas in paying quantities. To be effective, each initial shut-in oil or gas royalty must be paid on or before: (1) the expiration of the primary term, (2) 60 days after the Lessee ceases to produce oil or gas from the leased premises, or (3) 60 days after Lessee completes a drilling or reworking operation in accordance with the lease provisions; whichever date is latest. If the shut-in oil or gas royalty is paid, the lease shall be considered to be a producing lease and the payment shall extend the term of the lease for a period of one year from the end of the primary term, or from the first day of the month following the month in which production ceased, and, after that, if no suitable production facilities or suitable market for the oil or gas exists, Lessee may extend the lease for four more successive periods of one (1) year by paying the same amount each year on or before the expiration of each shut-in year.

**12. COMPENSATORY ROYALTIES:** If, during the period the lease is kept in effect by payment of the shut-in oil or gas royalty, oil or gas is sold and delivered in paying quantities from a well located within one thousand (1,000) feet of the leased premises and completed in the same producing reservoir, or in any case in which drainage is occurring, the right to continue to maintain the lease by paying the shut-in oil or gas royalty shall cease, but the lease shall remain effective for the remainder of the year for which the royalty has been paid. The Lessee may maintain the lease for four more successive years by Lessee paying compensatory royalty at the royalty rate provided in the lease of the market value of production from the well causing the drainage or which is completed in the same producing reservoir and within one thousand (1,000) feet of the leased premises. The compensatory royalty is to be paid monthly to the Commissioner beginning on or before the last day of the month following the month in which the oil or gas is produced from the well causing the drainage or that is completed in the same producing reservoir and located within one thousand (1,000) feet of the leased premises; if the compensatory royalty paid in any 12-month period is in an amount less than the annual shut-in oil or gas royalty, Lessee shall pay an amount equal to the difference within thirty (30) days from the end of the 12-month period; and none of these provisions will relieve Lessee of the obligation of reasonable development nor the obligation to drill offset wells as provided in N.R.C. Section 52.034; however, at the determination of the Commissioner, and with the Commissioner's written approval, the payment of compensatory royalties shall satisfy the obligation to drill offset wells. Compensatory royalty payments which are not timely paid will accrue penalty and interest in accordance with Paragraph 5 of this lease.

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

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

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

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

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

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

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

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

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

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

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

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

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

**22. APPLICABLE LAWS AND DRILLING RESTRICTIONS:** This lease shall be subject to all rules and regulations, and amendments thereto, promulgated by the Commissioner of the General Land Office governing drilling and producing operations on Permanent Free School Land, payment of royalties, and auditing procedures, and shall be subject to all other valid statutes, rules, regulations, orders and ordinances that may affect operations under the provisions of this lease. Without limiting the generality of the foregoing, Lessee hereby agrees, by the acceptance of this lease, to be bound by and subject to all statutory and regulatory provisions relating to the

General Land Office's audit billing notice and audit hearings procedures. Said provisions are currently found at 31 Texas Administrative Code, Chapter 4, and Texas Natural Resources Code Sections 52.135 and 52.137 through 52.140. In the event this lease covers land franchised or leased or otherwise used by a navigation district or by the United States for the purpose of navigation or other purpose incident to the operation of a port, then Lessee shall not be entitled to enter or possess such land without prior approval as provided under Section 61.117 of the Texas Water Code, but Lessee shall be entitled to develop such land for oil and gas by directional drilling; provided, however, that no surface drilling location may be nearer than 660 feet and special permission from the Commissioner of the General Land Office is necessary to make any surface location nearer than 2,160 feet measured at right angles from the nearest bulkhead line or from the nearest dredged bottom edge of any channel, slip, or turning basin which has been authorized by the United States as a federal project for future construction, whichever is nearer.

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

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

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

**26. LEASE SECURITY:** Lessee shall take the highest degree of care and all proper safeguards to protect said premises and to prevent theft of oil, gas, and other hydrocarbons produced from said lease. This includes, but is not limited to, the installation of all necessary equipment, seals, locks, or other appropriate protective devices on or at all access points at the lease's production,

gathering and storage systems where theft of hydrocarbons can occur. Lessee shall be liable for the loss of any hydrocarbons resulting from theft and shall pay the State of Texas royalties thereon as provided herein on all oil, gas or other hydrocarbons lost by reason of theft.

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

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

**29. ANTIQUITIES CODE:** In the event that any feature of archeological or historical interest is encountered during the activities authorized by this lease, Lessee will immediately cease activities and will immediately notify the General Land Office and the Texas Historical Commission so that adequate measures may be undertaken to protect or recover such discoveries or findings, as appropriate. Lessee is expressly placed on notice of the National Historical Preservation Act of 1966 (PB-89-66, 80 Statute 915; 16 U.S.C.A. 470). Lessee shall comply with the Antiquities Code of Texas, Chapter 191, Natural Resources Code, as amended.

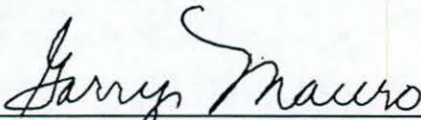
30. **VENUE:** Lessor and lessee, including lessee's successors and assigns, hereby agree that venue for any dispute arising out of a provision of this lease, whether express or implied, regarding interpretation of this lease, or relating in any way to this lease or to applicable case law, statutes, or administrative rules, shall be in a court of competent jurisdiction located in Travis County, State of Texas.

31. **LEASE FILING:** Pursuant to Chapter 9 of the Tex. Bus. & Com. Code, this lease must be filed of record in the office of the County Clerk in any county in which all or any part of the leased premises is located, and certified copies thereof must be filed in the General Land Office. The prescribed filing fee shall accompany the certified copies sent to the General Land Office.

32. **EXECUTION:** This oil and gas lease must be signed and acknowledged by the Lessee before it is filed of record in the county records and in the General Land Office of the State of Texas.

\_\_\_\_\_  
LESSEE  
BY: \_\_\_\_\_  
TITLE: \_\_\_\_\_  
DATE: \_\_\_\_\_

IN TESTIMONY WHEREOF, witness the signature of the Commissioner of the General Land Office of the State of Texas under the seal of the General Land Office.

  
\_\_\_\_\_  
COMMISSIONER OF THE GENERAL LAND OFFICE  
OF THE STATE OF TEXAS

APPROVED  
Contents ghm  
Legal pu  
DC 7/20  
SD gh  
Exec gh

STATE OF \_\_\_\_\_

(CORPORATION ACKNOWLEDGMENT)

COUNTY OF \_\_\_\_\_

BEFORE ME, the undersigned authority, on this day personally appeared \_\_\_\_\_  
known to me to be the person whose name is subscribed to the foregoing instrument, as \_\_\_\_\_ of  
\_\_\_\_\_ and acknowledged to me that he executed the same  
for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said corporation.

Given under my hand and seal of office this the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_\_.

\_\_\_\_\_  
Notary Public in and for \_\_\_\_\_  
\_\_\_\_\_

STATE OF \_\_\_\_\_

(INDIVIDUAL ACKNOWLEDGMENT)

COUNTY OF \_\_\_\_\_

Before me, the undersigned authority, on this day personally appeared \_\_\_\_\_  
known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the  
same for the purposes and consideration therein expressed.

Given under my hand and seal of office this the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_\_.

\_\_\_\_\_  
Notary Public in and for \_\_\_\_\_  
\_\_\_\_\_

2

OIL AND GAS LEASE NO. 97583

DATE OCT 01 1996



November 21, 1996

Mr. Jim Burgin  
Union Pacific Resources Company  
801 Cherry Street  
Fort Worth, TX 76102-6852

Dear Mr. Burgin:

Thank you for participating in the State of Texas Oil and Gas Lease Sale held on October 1, 1996. In total, almost \$10 million was generated for the Permanent School Fund.

I am pleased to inform you that you were the high bidder on the marginal number listed below, which has been assigned the corresponding lease number:

MGL NO. 68      M-97583

The lease agreement for this marginal number is enclosed and will serve as your receipt for the amount of your bid. As stated in Sections 31 and 32, this lease form must be signed and acknowledged by the lessee, and then recorded in the County Clerk's office of the county or counties in which lands covered by the lease are located. After signing and recording the lease, please submit a certified copy of the recorded lease to the attention of Kristin Anderson at the Texas General Land Office. These requirements are material provisions of the lease; therefore, please return the certified copy at your earliest convenience.

The lessee's other contractual and statutory responsibilities are outlined in the lease agreement, such as Section 6(B), which requires operators to submit written notice of all drilling, production, and related activities. When lessees file specific forms with the Texas Railroad Commission and the Department of Energy, they are required to submit copies of these forms to the Texas General Land Office. Examples of these forms are:

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

P-12, Certificate of Pooling Authority  
F-1, NGPA Supplemental Application; and  
FERC-121, Application for Determination

When production is secured from this lease, production/royalty reports outlining production/disposition activities (GLO Forms 1,1a,2,2a) are required to be submitted to this office. If you are not familiar with the required forms and procedures, please call the Royalty Management Division of the Land Office at (512) 463-5042 and request the Oil and Gas Reports and Payment Procedures booklet. With respect to any applicable Resource Management Codes, lessees should contact the Texas General Land Office for updates and any additional information prior to drilling. Your cooperation in complying with the reporting requirements outlined above will be greatly appreciated and will contribute to this office's efforts to effectively manage the State of Texas' oil and gas resources.

Please do not hesitate to contact my office at (512) 463-5042 if you need any assistance in the future or if you have questions concerning any state lease that you operate.

Sincerely,

  
Garry Mauro  
Texas Land Commissioner

GM/RH/ka

Enclosures

Exhibit "A"

The following are additional marginal numbers awarded and the corresponding lease numbers:

MGL NO. 69	M-97584
MGL NO. 70	M-97585

CHP D-1569  
CL 07 1200  
LEWISVILLE, TEXAS  
M

③

M- 97583

TRANSMITTAL LETTER

File Dated OCT 01 1996

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

LESSOR: ST OF TX M-97583

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

CHECK NO. 30007630

LEASE DATE	STATE	COUNTY OR PARISH	RECORDING	FOR PERIOD		COMPANY LEASE NUMBER
				MOS.	BEGINNING	
10-01-1996	TX	WASHINGTON	Book 844 Page 151	12	10-01-1997	TX2-00082318

TAXID: 74-6000108  
COMM OF GENERAL LAND OFFICE  
AUSTIN

TX 78701 1700 N CONGRESS AVENUE

TOTAL: \$75.00

Union Pacific Resources Company 980000869

IN PAYMENT OF: DELAY RENTAL  
OIL AND GAS

121

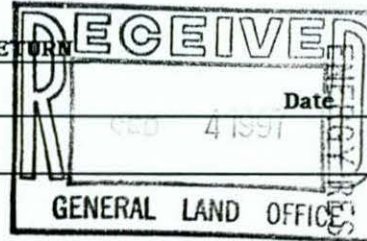
TOTAL BANK SERVICE CHARGE: \$ .00  
TOTAL PAYMENT: X \$75.00

LEGAL: HENSLEY HARMON ABST/ID# 59  
SCHRIER JAMES ABST/ID# 98

Business Unit :AUSTIN CHALK

PLEASE SIGN BELOW AND RETURN

RECEIVED BY \_\_\_\_\_



97 SEP -4 PM 2:43  
RECEIVED  
ENERGY RESOURCES

PLEASE DIRECT ALL

- telephone inquiries to VOICE MAIL BOX (817) 877-7077
- mail address/I.D. # changes and inquiries to:  
ATTN: OBLIGATIONS  
Mail Station 3110  
P.O. Box 7  
Fort Worth, TX 76101-0007

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

CHECK NO. 30007630

LESSOR: ST OF TX M-97583

LEASE DATE	STATE	COUNTY OR PARISH	RECORDING	FOR PERIOD		COMPANY LEASE NUMBER
				MOS.	BEGINNING	
10-01-1996	TX	WASHINGTON	Book 844 Page 151	12	10-01-1997	TX2-00082318

(4)

M-97583

Rental Payment 9-4-97

# DO NOT DESTROY



## UNIT AGREEMENT MEMO

Unit No. 2714

Operator Union Pacific Resources Co.

Unit Name Jarmon Unit #1

County Washington

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

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

1. M.F. No. 097583  
Area \_\_\_\_\_ Tr. \_\_\_\_\_  
Sec. 7.72 Blk. \_\_\_\_\_ Survey East Mills Creek  
1204.02 x 1/4 .160296%  
.006412 x .2500 .00160296

2. M.F. No. 097987  
Area \_\_\_\_\_ Tr. \_\_\_\_\_  
Sec. 8.12 Blk. \_\_\_\_\_ Survey Washington County Roads  
1204.02 x .1875 .12645%  
.006744 .0012645

3. M.F. No. 098476  
Area \_\_\_\_\_ Tr. \_\_\_\_\_  
Sec. 5.92 Blk. \_\_\_\_\_ Survey Washington County Roads  
1204.02 x .166667 .08195%  
.004917 .0008195

4. M.F. No. 098477  
Area \_\_\_\_\_ Tr. \_\_\_\_\_  
Sec. .98 Blk. \_\_\_\_\_ Survey Washington County Roads  
1204.02 x .166667 .01357%  
.0008139 .0001357

### REMARKS:

.003820

Prepared by: <u>Marc A Fuentes</u>	Date <u>8-31-83</u>
Map & GIS updated by: <u>[Signature]</u>	Date <u>9-30-98</u>
Keyed into database by: <u>M. Topia</u>	Date <u>10-2-98</u>

85  
# 2714

POOLING COMMITTEE REPORT

TO: SCHOOL LAND BOARD

DATE: March 3, 1998

OPERATOR: Union Pacific Resources Co. COUNTY: Washington

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

STATE LEASE(S) IN UNIT

Lease *Type	State Number	State Royalty	Expiration Date	Term Year	Acres Acres	Acres In Unit	Lessee of Record
SF	M-97583	1/4 **	10/1/99	3	15.0	7.72	UPRC
	m-97987				8.12	8.12	
	m-98476				8.10	5.92	
	m-98477				.98	.98	

\*\* Subject to variable royalty provision in the lease

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

PRIVATE ACRES: 1181.28  
STATE ACRES: 7.72  
TOTAL UNIT ACRES: 1189.00

Unitized for:  
Oil \_\_\_\_\_  
Gas \_\_\_\_\_  
Both x

Depth(s):  
See Remarks  
Formation:  
See Remarks

Well Location:  
State Land \_\_\_\_\_  
Private Land x

Participation:  
Basis Surface acreage  
State Acreage 0.65%  
State Unit Royalty 0.1299%

Railroad Commission Rules:  
Spacing 1280 Acres  
Acreage Factor 100%

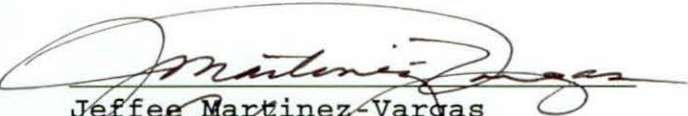
Agree to drill to density of field rules: Yes x No \_\_\_\_\_  
Holds only acreage included in the unit  
past primary term: Yes x No \_\_\_\_\_  
Satisfactory geological data furnished: Yes x No \_\_\_\_\_

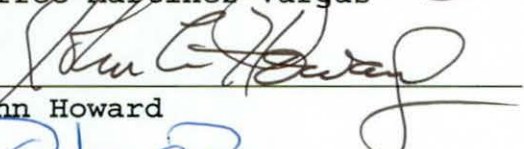
REMARKS:


- Union Pacific Resources Company is requesting permanent oil and gas pooling of the Austin Chalk Formation defined as the stratigraphic interval or its correlative equivalent occurring from 14,799 feet to 15,086 feet K.B. as shown on UPRC's Jarmon Unit #1 Gamma Ray well log.
- The applicant completed the proposed unit well as a dual lateral horizontal gas well, on November 4, 1997. The initial potential tests indicated the well is capable of producing 16,401 mcf of gas per day.
- If the unit is approved, the applicant will have earned a royalty reduction to 20%, making the state's unit royalty participation 0.1299%.
- Horizontal severance is provided for in the state lease. The state will participate from date of first production.
- APPROVAL BY THE SCHOOL LAND BOARD IN NO WAY RATIFIES ANY OF THE STATE LEASES INCLUDED IN THIS PROPOSED UNIT.

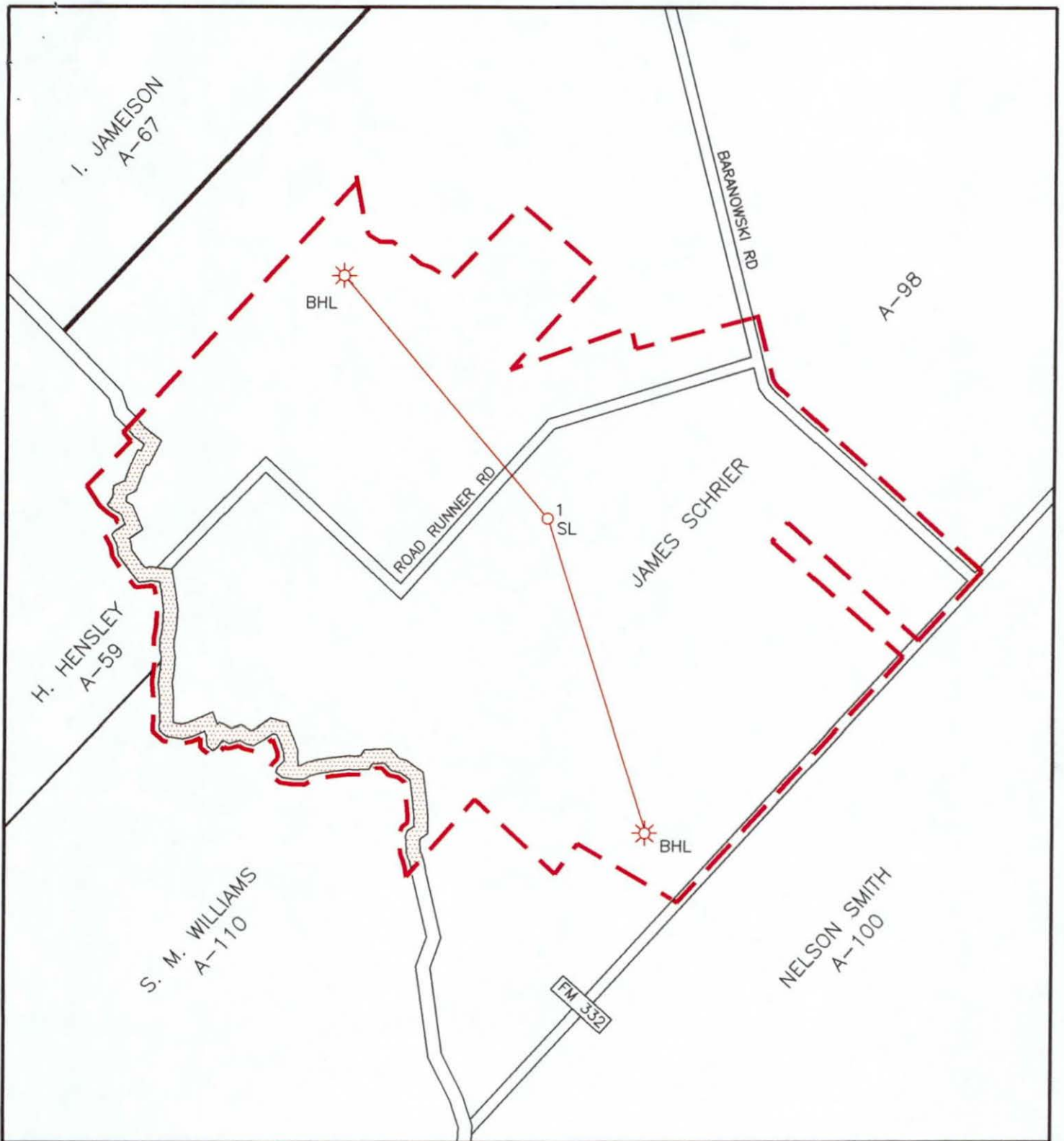
POOLING COMMITTEE RECOMMENDATION:

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

  
Jeffee Martinez-Vargas

  
John Howard

  
Peter A. Boone



98-25/RH/2-98

UNION PACIFIC RESOURCES COMPANY

JARMON UNIT #1

GIDDINGS AUSTIN CHALK GAS

M-97583

WASHINGTON COUNTY

POOLING AGREEMENT  
UNION PACIFIC RESOURCES COMPANY  
JARMON UNIT NO. 1  
WASHINGTON COUNTY, TEXAS

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

PURPOSES:

1.

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

UNIT DESCRIPTION:

2.

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

MINERAL POOLED:

3.

The mineral pooled and unitized ("pooled mineral") hereby shall be oil and gas including all hydrocarbons that may be produced from an oil well or a gas well as such wells are recognized and designated by the Railroad Commission of Texas or other state regulatory agency having jurisdiction of the drilling and production of oil and gas wells. The pooled mineral shall extend to those depths underlying the surface boundaries of the pooled unit in the Austin Chalk Formation defined as the stratigraphic interval or its correlative equivalent occurring from 14,799 feet to 15,086 feet, measured from the Kelly Bushing, as shown on the Gamma Ray Log of the Union Pacific Resources Company, Jarmon Unit No. 1 well ("unitized interval").

POOLING AND EFFECT:

4.

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

- (a) The unit, to the extent as above described, shall be operated as an entirety for the exploration, development and production of the pooled mineral, rather than as separate tracts.
- (b) All drilling operations, reworking or other operations with respect to the pooled mineral on land within the unit shall be considered as though the same were on each separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Agreement. In the event the unitized area covered by this Agreement is maintained in force by drilling or reworking operations conducted on a directional well drilled under the unitized area from a surface location on adjacent or adjoining lands not included within the boundaries of the unitized area, such operations shall be considered to have been commenced on the unitized area when drilling is commenced on the adjacent or adjoining land for the purpose of directionally drilling under the unitized area and production of oil or gas from the unitized area through any directional well surfaced on adjacent or adjoining land or drilling or reworking of any such directional well shall be considered production or drilling or reworking operations, as the case may be, on the unitized area for all purposes under this Agreement. Nothing in this Agreement is intended or shall be construed as granting to Lessee any leasehold interest, easements, or other rights in or with respect to any such adjacent or adjoining land in addition to any such leasehold interests, easements, or other rights which the lessee, operator or other interest owner in the unitized area may have lawfully acquired from the state or others.
- (c) Production of the pooled mineral from the unit allocated to each separate tract, respectively, as hereinafter provided, shall be deemed to have been produced from each such separate tract in the unit, regardless of the actual location of the well or wells thereon, for all purposes under the terms of the respective leases or other contracts thereon and this Agreement.
- (d) All rights to the production of the pooled mineral from the unit, including royalties and other payments, shall be determined and governed by the lease or other contract pertaining to each separate tract, respectively, based upon the production so allocated to such tract only, in lieu of the actual production of the pooled mineral therefrom. Provided that, payments that are made on a per acre basis shall be reduced according to the number of acres pooled and included herein, so that payments made on a per acre basis shall be calculated based upon the number of acres actually included within the boundaries of the pooled unit covered by this Agreement.
- (e) A shut-in oil or gas well located upon any land or lease included within said unit shall be considered as a shut-in oil or gas well located upon each land or lease included within said unit; provided, however, that shut-in oil or gas well royalty shall be paid to the State on each State lease wholly or partially within the unit, according to the terms of such lease as though such shut-in oil or gas well were

located on said lease, it being agreed that shut-in royalties provided in each State lease shall not be shared with other royalty owners.

- (f) Notwithstanding any other provision hereof, it is expressly agreed that each State lease may be maintained in force as to areas lying outside the unitized area described in Exhibit "B" only as provided in each such lease without regard to unit operations or unit production. Neither production of the pooled mineral, nor unit operations with respect thereto, nor the payment of shut-in royalties from a unit well, shall serve to hold any State lease in force as to any area outside the unitized area described in Exhibit "B" regardless of whether the production or operations on the unit are actually located on the State lease or not. "Area" as used in this paragraph shall be based upon surface acres to the end that, except as may otherwise be provided in each State Lease, the area inside the surface boundaries of the pooled unit, if held, will be held as to all depths and horizons.
- (g) If the Railroad Commission of Texas (or any other Texas regulatory body having jurisdiction) shall adopt special field rules providing for oil and/or gas proration units of less than 1189.00 acres, then Lessee agrees to either (1) drill to the density permitted by the Railroad Commission, (2) make application to the School Land Board of the State of Texas to reform the unit to comply with Railroad Commission unit rules, or (3) make application to the School Land Board of the State of Texas for such remedy as may be agreeable to the Board.
- (h) This Agreement shall not relieve Lessee from the duty of protecting the State leases described in Exhibit "A" and the State lands within the boundaries of the pooled unit described in Exhibit "B" from drainage from any well situated on privately owned land, lying outside the unitized area described in Exhibit "B", but, subject to such obligation, Lessee may produce the allowable for the entire unit as fixed by the Railroad Commission of Texas or other lawful authority, from any one or more wells completed thereon.
- (i) There shall be no obligation to drill internal offsets to any other well on separate tracts within the pooled unit, nor to develop the lands within the boundaries thereof separately, as to the pooled mineral.
- (j) Should this Agreement terminate for any cause, in whole or in part, the leases and other contracts affecting the lands within the unit, if not then otherwise maintained in force and effect, shall remain and may be maintained in force and effect under their respective terms and conditions in the same manner as though there had been production or operations under said lease or contract and the same had ceased on the date of the termination of this Agreement.

ALLOCATION OF PRODUCTION:

5.

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

TAKING ROYALTY IN KIND:

6.

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

FULL MARKET VALUE:

7.

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

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

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

EFFECTIVE DATE:

8.

Upon execution by the Commissioner of the General Land Office of the State of Texas this Agreement shall become effective as of March 3, 1998; however, it is agreed that the State will participate in production from the Unit well or wells on a unitized basis from the date the pooled mineral was or is first produced.

TERM:

9.

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

STATE LAND:

10.

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

DISSOLUTION:

11.

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

RATIFICATION/WAIVER:

12.

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

COUNTERPARTS:

13.

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

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

Date Executed 3/26/98

STATE OF TEXAS

Legal  
Content  
Geology  
Execution

*JMA*  
*AM*  
*AK*  
*SK*

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

Date Executed 3-17-98

UNION PACIFIC RESOURCES Company

By: *Carolyn J. David*  
Carolyn J. David, Attorney-In-Fact

ATTEST:

\_\_\_\_\_

CERTIFICATE

I, Linda K. Fisher, Secretary of the School Land Board of the State of Texas, do hereby certify that at a meeting of the School Land Board duly held on the 3rd day of March, 1998, the foregoing instrument was presented to and approved by said Board under the provisions of Subchapter E, Chapter 52, of the Natural Resources Code, all of which is set forth in the Minutes of the Board of which I am custodian.

IN TESTIMONY WHEREOF, witness my hand this the 25th day of March, 1998.

Linda K. Fisher  
Secretary of the School Land Board

STATE OF TEXAS  
COUNTY OF TARRANT

This instrument was acknowledged before me on March 17, 1998, by Carolyn J. David as Attorney-In-Fact for Union Pacific Resources Company, a Delaware corporation, on behalf of said corporation.



Maureen T. Black  
Notary Public in and for the  
State of Texas

E X H I B I T A

LAND SUMMARY  
 Jarmon Unit #1  
 Washington County, Texas  
 AFE #A3894 - Revised 8/7/97

UPRC WI 75.0% Unit NRI 82.91%  
 UPRC NRI 62.91%

Interest in Unit:	<u>WI</u>	<u>NRI</u>	<u>ORRI</u>
UPRC	75.0%	62.18%	0.73%
Swift Energy Co.	25.0%	19.97%	

Lease Information:

<u>Lessor</u>	<u>Lease No.</u>	<u>Expiration</u>	<u>Lease NRI</u>	<u>Ac. in Unit</u>	<u>Comments</u>
Eddie Mae Jarmon 36.65 acs.	TX1-72238	11/15/97	0.8333	36.21	Surface Location
Eugene Fritz 18.755 acs.	TX1-60506(1)	10/22/98	0.8333	16.82	Lim - exclude road
Mary Lee Lauter 18.755 acs.	TX1-60506(2)	10/22/98	0.8333	16.87	Lim - exclude road
Annie Marie Fritz 18.755 acs.	TX1-60506(3)	10/22/98	0.8333	16.82	Lim - exclude road
John Arthur Wolfe 62.855 acs.	TX1-73455	06/15/00	0.8333	62.77	
William Lay 15.0 acs.	TX1-61063	11/30/98	0.8333	14.81	
John V. Dietz 127.995 acs.	TX1-72686	02/15/98	0.8125	127.59	
Johnnie Kubeczka 3.36 acs.	TX1-72579	12/07/97	0.8333	3.34	
James Jeffress 3.2 acs.	TX1-72577	12/09/97	0.8333	3.4	
Lester Case 4.0 acs.	TX1-72557	12/09/97	0.8333	4.25	
Janie Dobbs 2.0 acs.	TX1-72469	11/30/97	0.8333	1.99	
Don Prenzler 2.0 acs.	TX1-72421	12/09/97	0.8333	2.25	
Clamens Tiemann 440.028 acs.	TX1-49366(1)	08/12/98	0.8333	202.43	Lim - incl tr 2, 4, 5, 6 & 8 only
Robert Boenker 4.0 acs.	TX1-72578	12/09/97	0.8333	4.22	
William Boyd Draehn 1.63 acs.	TX1-72418	12/02/97	0.8333	1.79	
Genevieve Rybarski 5.04 acs.	TX1-62836	03/07/99	0.8333	4.99	
Antone Kubeczka 7.25 acs.	TX1-76128	06/22/98	0.8125	7.19	
Marie Snow 12.575 acs.	TX1-72232	11/09/97	0.8333	12.54	
Pearlie Fitch et al 5.0 acs.	TX1-60061(6)	02/04/99	0.8333	2.51	
Jerry Merten 5.0 acs.	TX1-62712	02/08/99	0.8333	5	
Joneil Forman 36.38 acs.	TX1-60369	01/15/98	0.8333	35.01	
Robert Wilhelmsen 10.0 acs.	TX1-72515	12/14/97	0.8333	10.15	
Daniel Randle 138.602 acs.	TX1-60061(1)	08/18/98	0.8333	42.128	
Samuel Callier 143.75 acs.	TX1-60061(2)	08/18/98	0.8333	41.8674	
Stephen Randle et al 148.602 acs.	TX1-60061(3)	08/18/98	0.8333	65.2702	
Felix Randle 157.602 acs.	TX1-60061(4)	08/18/98	0.8333	33.0394	
Frank Petroski 14.329 acs.	TX1-61054(1)	11/29/98	0.8333	12.3375	
Jack Atkinson 14.329 acs.	TX1-61054(2)	03/25/98	0.8	1.7625	
Anna Meschwitz 55.15 acs.	TX1-61294	01/01/99	0.8333	55.25	
A. Q. Plummer 57.056 acs.	TX1-60316	09/27/98	0.8333	56.49	
E. H. Floyd 354.198 acs.	TX1-60584(2)	12/18/98	0.8333	25.31	Lim - part of lease in unit
Umberto Erculiani 154.198 acs.	TX1-60584(6)	08/05/98	0.8333	25.31	Lim - part of lease in unit

Land Summary

Page 2

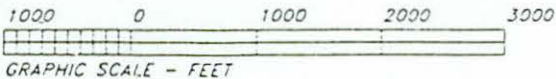
Margaret McNeese et al 47.811 acs.	TX1-61263(5)	12/10/97	0.8333	25.6	
Cecilia Vollmer 52.755 acs.	TX1-61263(2)	02/10/99	0.8333	12.8	
Philip Mattern 52.755 acs.	TX1-61263(3)	02/10/99	0.8333	12.8	
Sandra Zientek et al 10.341 acs.	TX1-85089(1-4)	03/08/00	0.8333	10.46	
Linda Bernick 1.893 acs.	TX1-85090	03/09/00	0.8333	1.86	
Sandra Zientek 0.34 acs.	TX1-85091	03/09/00	0.8333	0.34	
Ted Zientek 2.878 acs.	TX1-85092	03/05/00	0.8333	2.96	
Larry Arnie 48.651 acs.	TX1-61003	11/30/98	0.8333	48.64	
Patrick Draehn 2.3795 acs.	TX1-72627	12/02/97	0.8333	2.38	
Doyle Spitzer	TX1-88072	03/20/00	0.8333	6.21	
Joseph Kingcade, Jr.	TX1-88073	03/04/00	0.8333	1.06	
Lowell Fink 24.0 acs.	TX1-60061(7)	03/13/00	0.8	3.9945	
Evelyn Rosenthal 24.0 acs.	TX1-60061(12)	03/17/00	0.8125	0.332875	
Joe G Pearl Trust et al 24.0 acs.	TX1-60061(5)	03/17/00	0.8125	0.66575	
Lynn Kamin 24.0 acs.	TX1-60061(9)	04/18/00	0.8125	1.99725	
Mark Kamin 24.0 acs.	TX1-60061(8)	04/18/00	0.8125	1.99725	
Linda Goodman 24.0 acs.	TX1-60061(10)	04/18/00	0.8125	0.1664375	
Ann Masel 24.0 acs.	TX1-60061(11)	04/18/00	0.8125	0.1664375	
Gloria Altman 24.0 acs.	TX1-60061(13)	04/18/00	0.8125	3.9945	
Lueckemeyer Enterprises 43.58 acs.	TX1-61005	11/04/98	0.8333	43.13	
Patrick Cormack 28.387 acs.	TX1-61009	10/19/98	0.8333	28.95	
Jean McClean 16.33 acs.	TX1-72226	11/22/97	0.8333	16.55	
PI Grove Un Meth Church	TX1-88086	04/10/00	0.8333	2.51	
State of Texas 8.1 acs. m-95476			0.75	5.92	Tr. 51 - Lim
State of Texas 0.98 acs. m-93477			0.75	0.98	Tr. 45
State of Texas 15.0 acs. m-97583	TX2-82318	10/01/99	0.75	7.72	Tr. 38 (Creek) - Lim
State of Texas 7.8 acs. m-97487	TX2-89237	6/31/00	0.75 - 8125	8.12	Tr. 36
Total Acres in Unit				1204.02	

Remarks.

Subject to UPRC/Swift Operating Agreement dated 11/1/96  
LDA #91210-96

8/7/97  
Date

*Greg Smith*  
Landman



HARMON HENSLEY SURVEY, A-59

1204.02 AC. UNIT

S. M. WILLIAMS SURVEY, A-110

JAMES SCHRIER SURVEY, A-98

NELSON SMITH SURVEY, A-100

JARMON UNIT, WELL NO. 1 BOTTOM HOLE LOCATION ST01

SURFACE LOCATION OF JARMON UNIT, WELL NO. 1, ELEV. = 276'

JARMON UNIT, WELL NO. 1 BOTTOM HOLE LOCATION ST00

NOTES

1. SURFACE LOCATION: LATITUDE: 30°08'45" N LONGITUDE: 96°27'32" W
2. BOTTOM HOLE LOCATION ST01: LATITUDE: 30°06'07" N LONGITUDE: 96°27'22" W
3. BOTTOM HOLE LOCATION ST00: LATITUDE: 30°07'15" N LONGITUDE: 96°28'01" W
4. BEARINGS BASED ON TRUE NORTH OBTAINED BY GPS OBSERVATION.
5. SURFACE LOCATION IS APPROX. 5.3 MILES SOUTHWEST OF BRENNAM, TEXAS.
6. PENETRATION POINT ST00 IS LOCATED N 74°35'18" W 242.18' FROM SURFACE LOCATION.
7. PENETRATION POINT ST01 IS LOCATED N 68°36'57" W 215.93' FROM SURFACE LOCATION.

I, JON E. HODDE, REGISTERED PROFESSIONAL LAND SURVEYOR NO. 5197 OF THE STATE OF TEXAS, DO HEREBY CERTIFY THAT THIS PLAT WAS PREPARED FROM A PARTIAL SURVEY MADE ON THE GROUND AND FROM DEED RECORD INFORMATION AND DO HEREBY CERTIFY THAT THE RULES OF THE TEXAS BOARD OF PROFESSIONAL LAND SURVEYING HAVE BEEN COMPLIED WITH REGARDING THE TIES SHOWN FROM THE SURFACE LOCATION TO THE UNIT LINES.

DATED THIS THE 7TH DAY OF NOVEMBER, 1997, A. D.

*Jon E. Hodde*  
 JON E. HODDE  
 REGISTERED PROFESSIONAL  
 LAND SURVEYOR NO. 5197  
 HODDE & HODDE LAND SURVEYING, INC.  
 613 EAST HORTON STREET  
 BRENNAM, TEXAS 77835  
 (409) 856-5681



"AS-DRILLED"  
 WELL LOCATION PLAT  
 UNION PACIFIC RESOURCES COMPANY  
 JARMON UNIT, WELL NO. 1  
 WASHINGTON COUNTY, TEXAS

SCALE: 1" = 1000'

JARMON UNIT, WELL NO. 1

UNIT PERIMETER BEARINGS & DISTANCES

			COURSE	BEARING	DISTANCE	COURSE	BEARING	DISTANCE
1.	70.96 ACRES	FELIX S. RANDLE, ET AL	L-1	N 42°51'26"E	839.25'	L-67	N 83°38'23"W	61.52'
2.	71.57 ACRES	FELIX S. RANDLE, ET AL	L-2	N 42°03'19"E	1739.26'	L-68	S 58°02'47"W	51.37'
3.	16.82 ACRES	ANNIE MARIE FRITZ	L-3	N 42°05'27"E	984.25'	L-69	S 10°21'02"W	83.04'
4.	16.82 ACRES	EUGENE FRITZ, ET UX	L-4	N 43°30'11"E	465.43'	L-70	S 86°20'12"W	170.38'
5.	16.87 ACRES	MARY LEE LAUTER	L-5	S 11°43'42"E	136.79'	L-71	N 77°11'02"W	74.57'
6.	10.46 ACRES	SANDRA KAY BALCEREK ZIENTEK, ET AL	L-6	S 09°23'42"E	280.55'	L-72	S 70°05'20"W	206.47'
7.	1.86 ACRES	LINDA FAYE BALCEREK BERNICK	L-7	S 18°05'42"E	120.19'	L-73	N 82°22'08"W	122.25'
8.	0.34 ACRES	SANDRA KAY BALCEREK ZIENTEK	L-8	S 35°47'42"E	152.24'	L-74	S 71°34'17"W	175.35'
9.	12.54 ACRES	MARIE D. SNOW	L-9	S 63°25'42"E	119.91'	L-75	S 49°56'13"W	61.52'
10.	7.19 ACRES	ANTONE KUBECZKA, ET UX	L-10	S 78°34'42"E	93.82'	L-76	S 76°34'54"W	75.05'
11.	4.99 ACRES	GENEVIEVE RYBARSKI	L-11	S 61°18'42"E	116.67'	L-77	N 61°21'58"W	118.92'
12.	62.77 ACRES	JOHN ARTHUR WOLFE, ET UX	L-12	S 44°38'42"E	131.79'	L-78	S 75°54'28"W	60.17'
13.	36.21 ACRES	EDDIE WAE JARMON	L-13	S 58°57'42"E	310.10'	L-79	N 47°42'48"W	160.76'
14.	5.14 ACRES	SAMUEL H. CALLIER, ET UX	L-14	S 55°26'42"E	284.00'	L-80	N 56°44'25"E	150.38'
15.	14.81 ACRES	WILLIAM H. LAY, ET UX	L-15	S 03°06'17"E	44.44'	L-81	N 06°10'03"E	77.96'
16.	14.10 ACRES	FRANK B. PETROSKI, JR., ET AL	L-16	N 42°01'28"E	1319.88'	L-82	N 26°50'17"W	103.30'
17.	9.96 ACRES	STEPHEN B. RANDLE, ET AL	L-17	S 48°02'50"E	1239.24'	L-83	N 02°18'29"W	80.61'
18.	21.61 ACRES	FELIX S. RANDLE, ET UX	L-18	S 42°38'19"W	269.03'	L-84	N 50°25'15"W	28.59'
19.	56.49 ACRES	A. O. PLUMMER	L-19	S 43°22'03"W	547.95'	L-85	N 24°21'46"W	149.31'
20.	127.59 ACRES	JOHN V. DIETZ, ET UX	L-20	S 45°10'55"W	85.96'	L-86	S 27°42'12"W	104.09'
21.	5.02 ACRES	PEARLIE L. FITCH, ET AL	L-21	S 43°47'26"W	297.33'	L-87	S 44°13'54"W	71.96'
22.	5.00 ACRES	JERRY H. WERTEN, ET UX	L-22	S 42°37'06"W	182.79'	L-88	S 75°01'57"W	88.06'
23.	48.64 ACRES	LARRY J. ARNIE	L-23	S 42°05'01"W	196.28'	L-89	S 60°40'42"W	75.65'
24.	197.66 ACRES	CLAMENS TIEMANN, ET UX	L-24	N 71°30'08"E	1380.42'	L-90	N 48°00'55"W	155.84'
25.	4.77 ACRES	CLAMENS TIEMANN, ET AL	L-25	N 71°25'31"E	165.18'	L-91	S 82°17'44"W	13.39'
26.	3.75 ACRES	MARGARET CARTER MCNEESE, ET AL	L-26	S 18°32'45"E	323.30'	L-92	S 41°37'17"W	60.91'
27.	47.45 ACRES	MARGARET CARTER MCNEESE, ET AL	L-27	N 70°52'38"E	767.87'	L-93	S 86°55'26"W	163.57'
28.	50.62 ACRES	ERCUJANI INTERBAU LUZERN AG, INC., ET AL	L-28	N 70°44'09"E	582.08'	L-94	N 11°34'18"W	59.30'
29.	1.99 ACRES	JANIE D. DOBBS	L-29	S 17°54'50"E	464.51'	L-95	N 75°53'43"W	19.06'
30.	2.25 ACRES	DON PRENZLER, ET UX	L-30	S 17°01'55"E	301.38'	L-96	S 28°28'43"W	89.72'
31.	4.25 ACRES	LESTER CASE, ET UX	L-31	S 19°35'30"E	143.98'	L-97	S 66°43'18"W	171.17'
32.	3.40 ACRES	JAMES JEFFRESS, ET UX	L-32	S 31°54'49"E	72.00'	L-98	N 00°09'58"W	200.31'
33.	3.34 ACRES	JOHNNIE H. KUBECZKA, ET UX	L-33	S 44°30'49"E	470.54'	L-99	N 60°39'26"W	107.06'
34.	1.79 ACRES	WILLIAM BOYD DRAEHN	L-34	S 46°15'42"E	140.57'	L-100	S 77°56'53"W	79.96'
35.	4.22 ACRES	ROBERIAL BOENKER, ET UX	L-35	S 48°14'23"E	574.53'	L-101	S 63°57'26"W	82.92'
36.	8.12 ACRES	STATE OF TEXAS N 9°40'	L-36	S 47°15'58"E	2114.40'	L-102	N 78°04'26"W	131.00'
37.	55.25 ACRES	ANNA MARGARET MESCHWITZ				L-103	S 81°07'56"W	29.47'
38.	7.72 ACRES	STATE OF TEXAS N 9°15'53"				L-104	N 75°11'28"W	126.96'
39.	2.38 ACRES	PATRICK KELLY DRAEHN				L-105	N 37°41'17"W	85.75'
40.	2.96 ACRES	TED ZIENTEK, ET UX				L-106	N 12°24'28"E	47.47'
41.	6.21 ACRES	DOYLE SPITZER, ET UX				L-107	N 11°13'47"W	41.61'
42.	35.01 ACRES	JONELL FORMAN, ET VIR	L-37	S 42°07'09"W	45.88'	L-108	N 03°58'44"E	73.67'
43.	10.15 ACRES	ROBERT H. WILHELMSEN, JR., TRUSTEE	L-38	S 42°01'39"W	679.60'	L-109	N 05°06'13"W	69.72'
44.	13.87 ACRES	FELIX S. RANDLE, ET AL	L-39	S 41°31'24"W	215.00'	L-110	N 26°26'57"W	116.07'
45.	0.98 ACRES	STATE OF TEXAS N 9°54'19"	L-40	N 48°01'47"W	2096.22'	L-111	N 05°49'38"W	87.82'
46.	2.51 ACRES	PLEASANT GROVE UNITED METHODIST CHURCH	L-41	S 41°33'46"W	258.73'	L-112	N 16°11'54"E	55.05'
47.	28.95 ACRES	PATRICK CORMACK, ET UX	L-42	S 47°57'58"E	2096.42'	L-113	N 05°32'38"E	148.05'
48.	16.55 ACRES	JEAN W. MCLEAN	L-43	S 41°31'24"W	186.34'	L-114	N 23°44'05"E	140.12'
49.	43.13 ACRES	LUECKEMEYER ENTERPRISES, INC.	L-44	S 42°58'24"W	962.35'	L-115	N 09°21'44"E	63.56'
50.	1.06 ACRES	JOSEPH EDWARD KINGCADE, JR.	L-45	S 41°41'54"W	1560.25'	L-116	N 34°05'41"W	96.33'
51.	5.92 ACRES	STATE OF TEXAS N 9°49'21"	L-46	S 42°22'54"W	1247.75'	L-117	N 02°05'32"E	116.75'

RAD: 14323.95' TAN: 22.94'  
LEN: 45.88' DELTA: 0°11'01"

RAD: 14323.39' TAN: 39.55'  
LEN: 79.07' DELTA: 3°09'46"

1204.02 ACRE UNIT

L-47	S 43°57'47"W	79.06'	L-121	N 16°40'45"W	140.61'
L-48	N 58°30'25"W	1319.44'	L-122	N 03°29'44"W	68.92'
L-49	S 42°15'28"W	493.50'	L-123	N 87°03'26"W	261.87'
L-50	N 47°32'36"W	1307.29'	L-124	N 36°46'15"W	130.00'
L-51	S 41°12'15"W	1151.76'	L-125	N 39°51'15"W	78.20'
L-52	N 11°03'22"W	154.19'	L-126	N 12°13'15"W	94.80'
L-53	N 14°05'28"W	192.44'	L-127	N 36°50'15"W	112.70'
L-54	N 09°50'04"E	220.56'	L-128	N 21°53'45"E	89.30'
L-55	N 61°15'35"E	100.27'	L-129	N 50°23'15"W	112.90'
L-56	N 14°54'39"E	38.57'	L-130	N 32°41'15"W	49.30'
L-57	N 04°27'51"W	93.36'	L-131	N 13°09'45"E	64.20'
L-58	N 19°15'59"W	148.82'	L-132	N 68°20'45"E	129.20'
L-59	N 05°51'06"W	82.24'	L-133	N 36°51'01"W	272.60'
L-60	N 23°15'07"W	94.46'	L-134	N 56°06'15"W	9.70'
L-61	N 13°11'11"E	47.96'	L-135	N 28°47'15"W	23.10'
L-62	N 59°41'46"W	186.07'	L-136	N 36°46'45"W	347.40'
L-63	N 52°17'14"W	141.40'	L-137	N 46°16'23"E	768.70'
L-64	N 24°52'32"W	27.07'	L-138	N 56°08'03"W	69.10'
L-65	N 64°55'24"W	54.92'	L-139	N 18°54'40"W	71.10'
L-66	N 35°37'02"W	44.05'	L-140	N 56°55'05"W	24.40'

EXHIBIT "A"

"AS-DRILLED"

WELL LOCATION PLAT

UNION PACIFIC RESOURCES COMPANY

JARMON UNIT, WELL NO. 1

WASHINGTON COUNTY, TEXAS

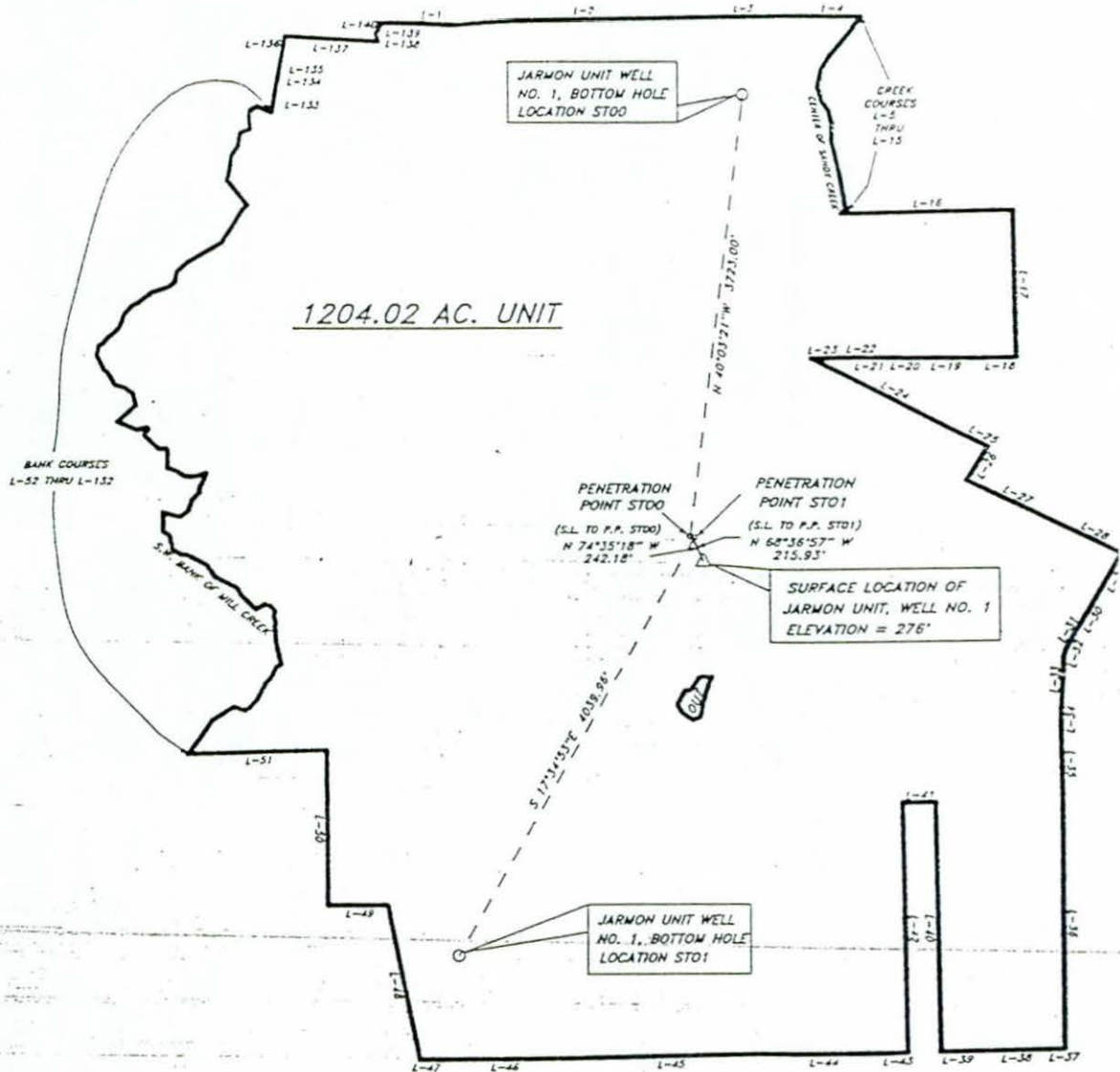
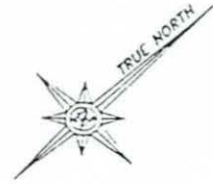
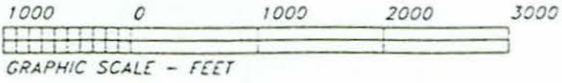


EXHIBIT "B"

"AS DRILLED"

JARMON UNIT, WELL NO. 1

UNION PACIFIC RESOURCES COMPANY

JAMES SCHRIER SURVEY, A-98

WASHINGTON COUNTY, TEXAS

SCALE 1" = 1000'

W. J. MOYER  
(5501 PCT 3-1710)

M-97583

RAILROAD COMMISSION OF TEXAS  
Oil and Gas Division

Form G-1  
Rev. 4/1/83

Type or print only

483-047

API No. 42-477-30848

7. RRC District No.

03

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

8. RRC Gas ID No.

# 166230

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

GIDDINGS (Austin Chalk, Gas)

2. LEASE NAME

JARMON UNIT

9. Well No.

1

3. OPERATOR'S NAME (Exactly as shown on Form P-5, Organization Report)

UNION PACIFIC RESOURCES Company

RRC Operator No.

876645

10. County of well site

WASHINGTON

4. ADDRESS

P.O. BOX 7 MS 3006 FORT WORTH, TEXAS 76101-0007

11. Purpose of filing

Initial Potential

Retest

Reclass

Well record only (Explain in remarks)

5. Location (Section, Block, and Survey)

James Schrier #2 A-98

5b. Distance and direction to nearest town in this county.

5.3 Miles SW from Brenham, Texas

6. If operator has changed within last 60 days, name former operator

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

GAS ID or OIL LEASE # OIL-O Gas-G WELL #

13. Pipe Line Connection

Aquila Southwest Pipeline Corp.

14. Completion or recompletion date

11-4-97

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

16. Type of Electric or other Log Run. GR

Section I

GAS MEASUREMENT DATA

Date of Test 11/16-19/97		Gas Measurement Method (Check One) Orifice Meter <input checked="" type="checkbox"/> Flange Taps <input checked="" type="checkbox"/> Pipe Taps <input type="checkbox"/> Positive Choke <input type="checkbox"/> Orifice Vent Meter <input type="checkbox"/> Pitot Tube <input type="checkbox"/> Critical-flow Prover <input type="checkbox"/>						Gas produced during test 48,075 MCF		
Run No.	Winc Size	Orif. or Choke Size	24 Hr. Coeff. Orif. or Choke	Static P <sub>m</sub> or Choke Press	Diff. h <sub>w</sub>	Flow Temp. °F	Temp. Factor F <sub>tr</sub>	Gravity Factor F <sub>g</sub>	Compress Factor F <sub>pv</sub>	Volume MCF/DAY
1	6.067	3.500	82711.85	1080	32.9	86	0.9759	1.0084	1.0697	16,401
2										
3										
4										

Section II

FIELD DATA AND PRESSURE CALCULATIONS

Gravity (Dry Gas) 0.590		Gravity Liquid Hydrocarbon N/A		Gas-Liquid Hydro Ratio N/A		Gravity of Mixture G <sub>mix</sub> = 0.590		Avg. Shut-in Temp. 209 °F		Bottom Hole Temp. 372 °F @ 15,267' (Depth)	
D <sub>eff</sub> <sup>8/3</sup> = 14.844			√T <sub>r</sub> = √751 = 27.40			√GL = √9,007.5 = 94.91					
C = $\frac{1118 \times (D_{eff})^{8/3}}{\sqrt{T}}$ = $\frac{16,595.70}{27.40}$ = 605.59			√ $\frac{GL}{C}$ = $\frac{94.91}{605.59}$ = 0.1567								
Run No.	Time of Run Min.	Choke Size	Wellhead Press. PSIA P <sub>w</sub>	Wellhead Flow Temp. °F	P <sub>w</sub> <sup>2</sup> (Thousands)	R	R <sup>2</sup> (Thousands)	P <sub>1</sub>	P <sub>w</sub> /P <sub>1</sub>		
Shut-in			9,015	45	81,270						
1	4,320	28/64	6,390	210	40,832	2,556.0	6,533.1	6,882	0.928		
2											
3											
4											
Run No.	F	K	S = $\frac{1}{z}$	E <sup>ks</sup>	P <sub>f</sub> and P <sub>s</sub>	P <sub>f</sub> <sup>2</sup> and P <sub>s</sub> <sup>2</sup> (thousands)	P <sub>f</sub> <sup>2</sup> - P <sub>s</sub> <sup>2</sup> (thousands)	Angle of Slope			
Shut-in			0.253	0.719	1,1992	10,812	116,900	θ ... 45.0°			
1	0.965	0.217	0.782	1,1849	8,155	66,498	50,403	n ... 1.000			
2								Absolute Open Flow .38,000 MCF/DAY			
3											
4											

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

*Norman Homburg*  
Signature, Well Tester  
NORMAN HOMBURG

UNION PACIFIC RESOURCES Company  
Name of Company RRC Representative

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

*Wanda Bartell*  
Signature: Operator's representative  
Wanda Bartell

Regulatory Analyst 12-11-97 Title Date  
Tel: 817/877-7941 A/C Number

## SECTION III

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

17. Type of Completion: New Well <input checked="" type="checkbox"/> Deepening <input type="checkbox"/> Plug Back <input type="checkbox"/> Other <input type="checkbox"/> (Horizontal)			18. Permit to Drill. DATE PERMIT NO. Plug Back or Deepen 6-16-97 463793 Rule 37 CASE NO. Exception Water Injection PERMIT NO. Permit Salt Water Disposal PERMIT NO. Permit Other PERMIT NO.	
19. Notice of Intention to Drill this well was filed in Name of  Union Pacific Resources Company				
20. Number of producing wells on this lease in this field (reservoir) including this well  1		21. Total number of acres in this lease  1204.02		
22. Date Plug Back, Deepening, WorkOver or Drilling Operations:	Commenced 7-19-97	Completed 11-3-97	23. Distance to nearest well. Same Lease & Reservoir  NA	

24. Location of well, relative to nearest lease boundaries of lease on which this well is located	3585 Feet From SW (Creek) Line and 2594 Feet from SE Line of the Jarmon Unit Lease
---	--

25. Elevation (DF, RKB, RT, GR, ETC.) GR: 276'	26. Was directional survey made other than inclination (Form W-12)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
---	---

27. Top of Pay MD: 14,835' TVD: 14,800'	28. Total Depth MD: 19,090' TVD: 15,268'	29. P. B. Depth MD: 19,090' TVD: 15,268'	30. Surface Casing Determined by: Field <input type="checkbox"/> Rules <input type="checkbox"/> Recommendation of T.D.W.R. <input checked="" type="checkbox"/> Railroad Commission (Special) <input type="checkbox"/>	Dt. of Letter 6-13-97
---	--	--	---	-----------------------

31. Is well multiple completion? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	32. If multiple completion, list all reservoir names (completions in this well) and Oil Lease or Gas ID No. FIELD # RESERVOIR	33. Intervals Drilled by: Rotary Tools Cable Tools X
34. Name of Drilling Contractor  Nabors #271		35. Is Cementing Affidavit Attached? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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

CASING SIZE	WT #/FT.	DEPTH SET	MULTISTAGE TOOL DEPTH	TYPE & AMOUNT CEMENT (sacks)	HOLE SIZE	TOP OF CEMENT	SLURRY VOL. cu. ft.
••••• 7 5/8"	61.0#	2,423'		1275sxs "A"	17 1/2"	Surface	2891
••••• 9 5/8"	53.5#	12,020'		750sxs "H"	12 1/4"	7455'	1429.8'

## 37. LINER RECORD

Size	TOP	Bottom	Sacks Cement	Screen
(ST00) 7 5/8"	11,627'	14,894'	200 sxs "H"	---
(ST01) 3 1/2"	14,845'	15,527'		10 Jts. Perf'd. (653.41')
(ST01) 3 1/2"	14,686'	16,518'		Every 3rd Jt. Perf'd.

## 38. TUBING RECORD

Size	Depth Set	Packer Set	39. Producing Interval (this completion) Indicate depth of perforation or open hole
3 1/2"	14,580'	14,580'	From (ST00) 14,894' MD; 14,831' TVD To 18,778' MD; 14,874' TVD From (ST01) 14,841' MD; 14,807' TVD To 19,090' MD; 15,268' TVD From To From To

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

Depth Interval	Amount and Kind of Material Used
	Set whipstock @ 14,859' Top @ 14,841'
	Window top @ 14,841' Btm @ 14,850'
	Retrieved Whipstock

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

Formations	Depth	Formations	Depth
Austin-Chalk	14,835 MD; 14,800' TVD		

REMARKS

County WASHINGTON Field GIDDINGS (Austin Chalk, Gas)

Operator UNION PACIFIC RESOURCES Company

GAS WELL

Lease JARMON UNIT 1

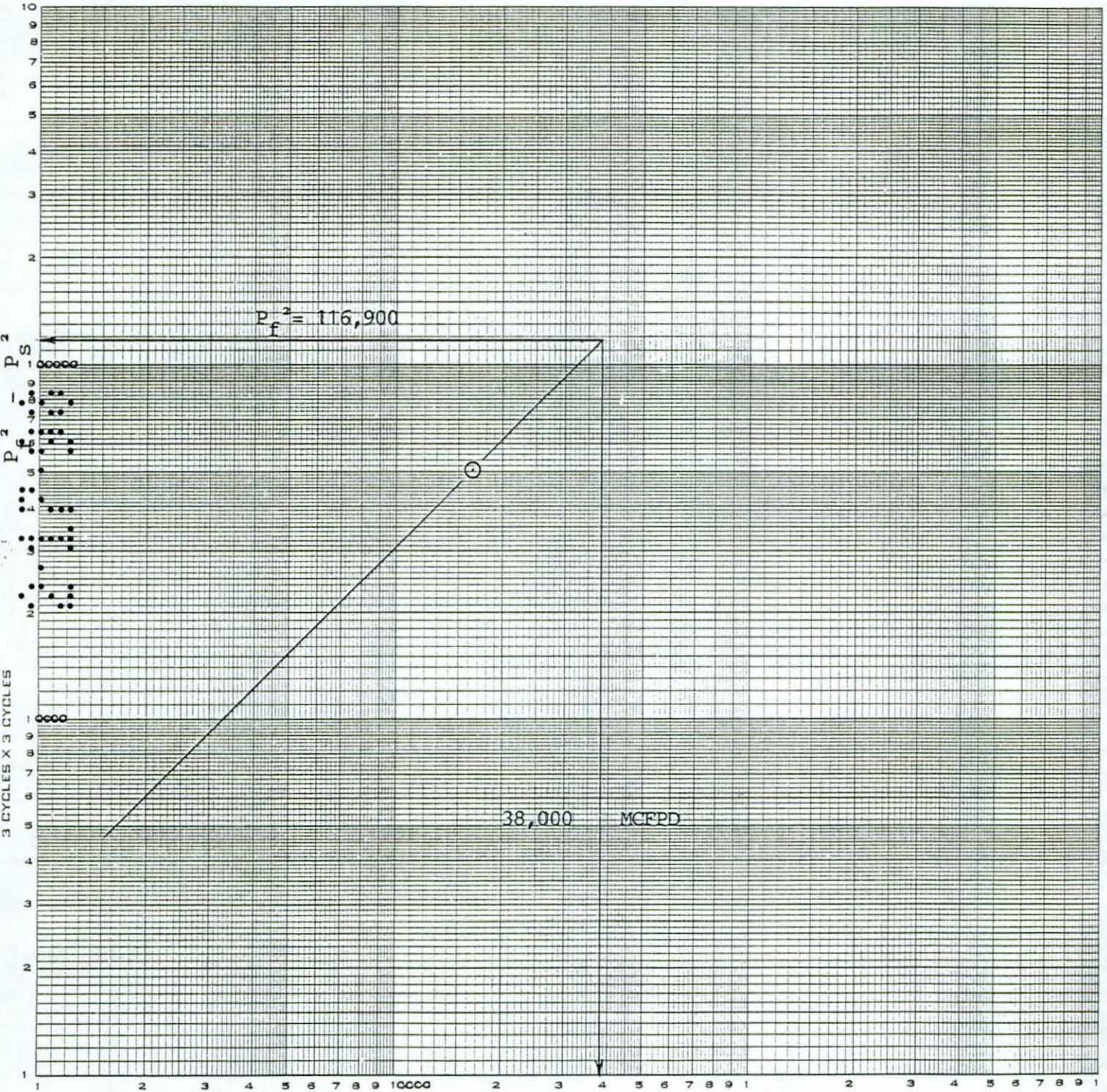
Volume 38,000 MCF/24 hr.

BACK PRESSURE CURVE

Date Tested 11/16-19/97

DIETZGEN CORPORATION  
MADE IN U.S.A.

NO. 340-L33 DIETZGEN GRAPH PAPER  
LOGARITHMIC  
3 CYCLES X 3 CYCLES



- Q in MCF per DAY -

$\theta = 45.0^\circ$

n = 1.000

READ INSTRUCTIONS ON BACK

1. OPERATOR NAME (Exactly as shown on Form P-5 Organization Report) <b>UNION PACIFIC RESOURCES Company</b>		3. RRC DISTRICT NO. <b>03</b>	4. OIL LEASE NO. OR GAS WELL ID NO.																												
2. MAILING ADDRESS <b>P.O. BOX 7 MS 3006 FORT WORTH, TEXAS 76101-0007</b>		5. WELL NO. <b>1</b>	6. API NO. <b>42-</b>																												
		7. COUNTY OF WELL SITE <b>Washington</b>																													
8. FIELD NAME (as per RRC Records) <b>GIDDINGS (Austin Chalk, Gas)</b>		9. LEASE NAME <b>JARMON UNIT</b>																													
10. LOCATION (Section, Block, and Survey) <b>James Schrier #2 A-98</b>		11. PIPELINE CONNECTION OR USE OF GAS <b>Aquila Southwest Pipeline Corp.</b>																													
I. PRODUCTION TEST AT RATE ELECTED BY OPERATOR (data on 24-hour basis)		II. A.S.T.M. DISTILLATION OF LIQUID SAMPLE. Distillation test is required for gas wells ONLY if the producing gas-liquid hydrocarbon ratio is less than 100,000 CF/barrel.																													
A. Date of Test <u>11/18/97</u> B. Gas Volume <u>16,401</u> (Mcf) C. Oil or Condensate Volume <u>0</u> (Bbl) D. Water Volume <u>170</u> (Bbl) E. Gas/Liquid Hydrocarbon Ratio <u>N/A</u> (Cf/Bbl) F. Flowing Tubing Pressure <u>6,390</u> (psia) G. Casing Size <u>28/64</u> (in.) H. Casing Pressure <u>0</u> (psia) I. Shut-in Wellhead Pressure-- Tubing <u>9,015</u> (psia) J. Separator Operating Pressure <u>1,105</u> (psia) K. Color of Stock Tank Liquid <u>N/A</u> L. Gravity of Separator Liquid <u>N/A</u> °API M. Gravity of Stock Tank Liquid <u>N/A</u> °API N. Specific Gravity of the Gas (Air = 1) <u>0.590</u>		Date Liquid Sample Obtained <u>N/A</u> Where Obtained: <input type="checkbox"/> Separator <input type="checkbox"/> Stock Tank <table style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:15%;">% Over</th> <th style="width:25%;">Temp. (deg. F)</th> <th style="width:15%;">% Over</th> <th style="width:25%;">Temp. (deg. F)</th> </tr> </thead> <tbody> <tr> <td>Initial Boiling Temp.</td> <td>_____</td> <td>60</td> <td>_____</td> </tr> <tr> <td>10</td> <td>_____</td> <td>70</td> <td>_____</td> </tr> <tr> <td>20</td> <td>_____</td> <td>80</td> <td>_____</td> </tr> <tr> <td>30</td> <td>_____</td> <td>90</td> <td>_____</td> </tr> <tr> <td>40</td> <td>_____</td> <td>95</td> <td>_____</td> </tr> <tr> <td>50</td> <td>_____</td> <td>End Point</td> <td>_____</td> </tr> </tbody> </table> Total Recovery _____ percent Residue _____ percent Loss _____ percent		% Over	Temp. (deg. F)	% Over	Temp. (deg. F)	Initial Boiling Temp.	_____	60	_____	10	_____	70	_____	20	_____	80	_____	30	_____	90	_____	40	_____	95	_____	50	_____	End Point	_____
% Over	Temp. (deg. F)	% Over	Temp. (deg. F)																												
Initial Boiling Temp.	_____	60	_____																												
10	_____	70	_____																												
20	_____	80	_____																												
30	_____	90	_____																												
40	_____	95	_____																												
50	_____	End Point	_____																												
I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated therein are true, correct, and complete to the best of my knowledge.  DATE <u>12-11-97</u>		RRC USE ONLY																													
		NAME <u>NORMAN HOMBURG</u> (Type or Print) SIGNATURE <u><i>Norman Homburg</i></u> TITLE <u>WELL TESTER</u> CONTACT PERSON <u>Wanda Bartell</u> PHONE NUMBER <u>(817) 877-7941</u>																													

OPERATOR NAME AND ADDRESS, including city, state and zip  
 Union Pacific Resources Company  
 P. O. Box 7, MS 3006  
 Fort Worth, Texas 76101-0007

**GAS WELL STATUS REPORT**  
 RAILROAD COMMISSION OF TEXAS  
 Oil and Gas Division  
 P. O. Box 12967  
 Austin, Texas 78711-2967

Reason for Filing  
 Survey  
 Initial Test  
 Retest  
 Correction

Operator P-5 Organization No. 876645  
 RRC Dist. No. 03  
**G-10**  
 rev. 7/95  
 Test Period:  
 Due Date:  
 Effective Date

Page of

FIELD NAME * LEASE NAME	RRC IDENT NO.	DATE TESTED MO/DAY/YR	GAS PRODUCED MCF/DAY **	CONDENSATE PRODUCED	WATER PROD BBL/DAY	***SIWH PRESSURE PSIA
	WELL NO.	MARK X FOR SHUT-IN WELL	GAS SPEC. GRAVITY	CONDENSATE GRAVITY (API)	X BOTTOMHOLE PRESSURE PSIA	***FLOWING PRESSURE PSIA
Giddings(Austin Chalk, Gas) Jarmon Unit		11-18-97	16,401 MCF	0	170	9015
	1		590	NA	9015	6390
			MCF	BBL	BBL	
			MCF	BBL	BBL	
			MCF	BBL	BBL	
			MCF	BBL	BBL	
			MCF	BBL	BBL	
			MCF	BBL	BBL	
			MCF	BBL	BBL	

CERTIFICATION: I declare under penalties prescribed in Texas Natural Resources Code, Sec. 91.143, that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated herein are true, correct, and complete to the best of my knowledge.

Signature: Wanda Bartell /Wanda Bartell Title: Regulatory Analyst Phone: 817/877-7941 Date: 12-11-97

\* AN ASTERISK PREPRINTED ON A SURVEY IDENTIFIES WELL SUBJECT TO COMMINGLING TEST REQUIREMENT  
 \*\* GAS PRODUCTION RATE, IN MCF, IS TO BE REPORTED FULL-WELL STREAM, INCLUDING CONDENSATE  
 X AN "X" PREPRINTED ON A SURVEY IN THE BOTTOMHOLE PRESSURE BOX INDICATES A BOTTOMHOLE PRESSURE MUST BE REPORTED FOR THE WELL  
 \*\*\*PRESSURE FOR THE TEXAS HUGOTON FIELD IS REPORTED IN PSIG

ELECTRIC LOG  
STATUS REPORT

## INSTRUCTIONS

## When to file the L-1

- with Forms G-1, W-2, and GT-1 for new and deepened gas, oil, and geothermal wells
- with Form W-3 for plugged dry holes
- when sending in a log which was held under a request for confidentiality and the period of confidentiality has not yet expired

## When the L-1 is NOT required

- with Forms W-2, G-1, and GT-1 filed for injection wells, disposal wells, water supply wells, service wells, re-test wells, re-classifications, and plugbacks of oil, gas, and geothermal wells
- with Form W-3 for plugging of other than a dry hole

## Where to file the L-1

- with the appropriate Commission district office

## Filling out the L-1

- Section I and the signature section must be filled out for all wells
- complete only the appropriate part of Section II

## Type of log required

- any wireline survey run for the purpose of obtaining lithology, porosity, or resistivity information
- no more than one such log is required but it must be of the subject well
- if such a log is NOT run on the subject well, do NOT substitute any other type of log; just select Section II, Part A below

SEE REVERSE SIDE

## SECTION I. IDENTIFICATION

Operator Name Union Pacific Resources Company	District No. 03	Completion Date 11-4-97
Field Name Giddings (Austin Chalk, Gas)	Drilling Permit No. 463793	
Lease Name Jarmon Unit	Lease/ID No.	Well No. 1
County Washington	API No. 42 - 477-30848	

## SECTION II. LOG STATUS (complete either A. or B.)

A. BASIC ELECTRIC LOG NOT RUN

B. BASIC ELECTRIC LOG RUN (select one) *GR-1an only on Horizontal sidetrack.*

1. Confidentiality requested.

2. Confidentiality already granted on basic electric log covering this interval (applicable to deepened wells only).

3. Basic electric log covering this interval already on file with Commission (applicable to deepened wells only).

4. Log attached to (select one)

(a) Form L-1 (this form). If the company/lease name on log is different from that shown in Section I, please enter name on log here: \_\_\_\_\_

Check here if attached log is being submitted after being held confidential

(b) Form P-7, Application for Discovery Allowable and New Field Designation.

(c) Form W-4, Application for Multiple Completion: lease or ID no.(s) \_\_\_\_\_, well no.(s) \_\_\_\_\_

<i>Wanda Bartell</i> signature	Regulatory Analyst title
Wanda Bartell name (print)	(817) 877-7941 phone
	12-11-97 date

For Railroad Commission use only

READ INSTRUCTIONS ON BACK

1. Field name exactly as shown on proration schedule Giddings (Austin Chalk, Gas)		2. Lease name Jarmon Unit	
3. Operator name exactly as shown on P-5 Organization Report Union Pacific Resources Company		4. Operator P-5 no. 876645	5. Oil lease no.
7. Operator address including city, state, and zip code P. O. Box 7, MS 3006 Fort Worth, Texas 76101-0007		8. County in which oil lease or gas well is actually located Washington	6. RRC district no. 03
		9. Gas ID no.	10. Gas well no. 1
		11. Effective date	

12. GAS WELL GAS OR CASINGHEAD GAS. Additional space and example on reverse side.

Type Operation			Name of gatherer, purchaser, and/or nominator as indicated in type operation columns NOTE: For each purchaser, give its RRC-assigned system code and identify the market. If applicable, place an "X" in the full-well stream column for the gatherer.	RRC USE ONLY		Purchaser's RRC Assigned System Code	Purchaser's Market		Percent of Take	Full-well stream
gatherer	purchaser	nominator		G/P/N Code			inter-state	intra-state		
X	X		Aquila Southwest Pipeline Corp.			0001		X	100	

13. NAME OF OIL OR CONDENSATE GATHERER List highest volume gatherer first	Percent of Take	RRC USE ONLY Gath. code	14. PURPOSE OF FILING. Remarks:
			a. <input type="checkbox"/> New oil lease <input checked="" type="checkbox"/> New gas well <input type="checkbox"/> Reclassification (oil to gas or gas to oil) <input type="checkbox"/> Consolidation, unitization or subdivision
			b. CHANGE <input type="checkbox"/> Gatherer <input type="checkbox"/> Nominator <input type="checkbox"/> Purchaser <input type="checkbox"/> Purchaser's system code

RRC USE ONLY	c. CHANGE FROM
Approved (Initials) _____ Oper. No. _____	<input type="checkbox"/> Operator _____
Date _____ Field No. _____	<input type="checkbox"/> Field Name _____
Remarks: _____	<input type="checkbox"/> Lease Name _____

15. OPERATOR CHANGE. Being the PREVIOUS OPERATOR, I certify that operating responsibility for wells located on the subject lease has been transferred in its entirety to the above named Current Operator. I understand, as Previous Operator, that designation of the above named operator as Current Operator is not effective until this certificate is approved by the Commission.

Previous Operator \_\_\_\_\_ Date \_\_\_\_\_

Signature \_\_\_\_\_ Name (Print) \_\_\_\_\_

Title \_\_\_\_\_ Phone (\_\_\_\_) \_\_\_\_\_

Address with city/state/zip \_\_\_\_\_

16. CURRENT OPERATOR'S CERTIFICATION. By signing this certificate as the CURRENT OPERATOR, I acknowledge responsibility for the regulatory compliance of the subject lease, INCLUDING PLUGGING OF WELLS if required under Statewide Rule 14. I also acknowledge that I will remain designated as the Current Operator until a new certificate designating a new Current Operator is approved by the Commission.

Signature Wanda Bartell Name (Print) Wanda Bartell

Title Regulatory Analyst Date 12-11-97 Phone (817) 877-7941

I, the Current Operator, certify that the above agent is authorized to transport the above specified percentage of the allowable oil or gas produced from the above described property in accordance with the regulations of the Railroad Commission of Texas, and that this authorization will be valid until further notice or until cancelled by the Railroad Commission of Texas, and further certify that the conservation laws of the State of Texas and all rules, regulations and orders of the Railroad Commission of Texas have been complied with in respect to the property covered by this report.

check if listings are continued on reverse side

RAILROAD COMMISSION OF TEXAS  
OIL AND GAS DIVISION

## CERTIFICATE OF POOLING AUTHORITY

I, Wanda Bartell, being of lawful age, being familiar with the matter, and having full knowledge of the facts set out, do state:

(1) That the acreage claimed for the purpose of establishing a pooled drilling or proration unit under applicable orders of the Railroad Commission of Texas, for the

NAME OF OPERATOR: Union Pacific Resources Company

NAME OF POOLED UNIT: Jarmon Unit WELL NO. 1

FIELD: Giddings (Austin Chalk, Gas), Washington COUNTY,

TEXAS, contains 1204.02 acres; that with respect to such pooled unit, as it is hereafter described, parties now owning a mineral interest or mineral interests (including royalty interests, working interests, or other mineral interests) therein either (1) acquired such interest as they now have subject to the provisions of an instrument or instruments now in effect and which permit the pooling of said interests or (2) have, by virtue of the execution of an instrument or instruments the provisions of which are now in effect, pooled such of said interests as they now own therein, in such manner that all of such pooled unit shall be considered by the Commission as one base tract as if all rights with respect thereto has been acquired under a single contract.

(2) That the pooled unit described in the preceding paragraph is made up of and contains the hereafter described individual tracts of land no part of which is embraced within any other pooled unit in the same field and which, by virtue of the pooling agreements referred to in the preceding paragraph, are now contained within the pooled unit herein described.

(3) That where a non-pooled undivided interest exists in any of the individual tracts pooled, that certain non-pooled interest is noted in the margin of this instrument beside the tract description to identify the existence of the non-pooled interests in that tract:

(OVER)

DESCRIPTION OF INDIVIDUAL TRACTS OR LEASES CONTAINED  
WITHIN POOLED UNIT REFERRED TO IN PARAGRAPH (1) ABOVE

NAME OF HOLDER OF LEASE	LEASE NAME	NO. OF ACRES	MARGIN
Union Pacific Resources Company	1 Felix S. Randle, et al	70.96	
Union Pacific Resources Company	2 Felix S. Randle, et al	71.57	
Union Pacific Resources Company	3 Annie Marie Fritz	16.82	
Union Pacific Resources Company	4 Eugene Fritz, et ux	16.82	
Union Pacific Resources Company	5 Mary Lee Lauter	16.87	
Union Pacific Resources Company	6 Sandra Kay Balcersek Zientek, et al	10.46	
Union Pacific Resources Company	7 Linda Faye Balcersek Bernick	1.86	
Union Pacific Resources Company	8 Sandra Faye Balcersek Zientek	0.34	
Union Pacific Resources Company	9 Marie D. Snow	12.54	
Union Pacific Resources Company	10 Antone Kubeczka, et ux	7.19	
Union Pacific Resources Company	11 Genevieve Rybarski	4.99	
Union Pacific Resources Company	12 John Arthur Wolf, et ux	62.77	
Union Pacific Resources Company	13 Eddie Mae Jarmon	36.21	
Union Pacific Resources Company	14 Samuel H. Callier, et ux	5.14	
Union Pacific Resources Company	15 William H. Lay, et ux	14.81	
Union Pacific Resources Company	16 Frank B. Petroski, Jr., et al	14.10	
Union Pacific Resources Company	17 Stephen B. Randle, et al	9.96	
Union Pacific Resources Company	18 Felix S. Randle, et ux	21.61	
Union Pacific Resources Company	19 A. Q. Plummer	56.49	
Union Pacific Resources Company	20 John V. Dietz, et ux	127.59	
Union Pacific Resources Company	21 Pearlle L. Fitch, et al	5.02	
Union Pacific Resources Company	22 Jerry H. Merten, et ux	5.00	
Union Pacific Resources Company	23 Larry J. Arnie	48.64	
Union Pacific Resources Company	24 Clamens Tiemann, et ux	197.66	
Union Pacific Resources Company	25 Clamens Tiemann, et al	4.77	
Union Pacific Resources Company	26 Margaret Carter McNeese, et al	3.75	
Union Pacific Resources Company	27 Margaret Carter McNeese, et al	47.45	
Union Pacific Resources Company	28 Erculiani Interbau Luzern Ag, Inc., et al	50.62	
Union Pacific Resources Company	29 Janie D. Dobbs	1.99	
Union Pacific Resources Company	30 Don Prezler, et ux	2.25	
Union Pacific Resources Company	31 Lester Case, et ux	4.25	
Union Pacific Resources Company	32 James Jeffress, et ux	3.40	
Union Pacific Resources Company	33 Johnnie H. Kubeczka, et ux	3.34	
Union Pacific Resources Company	34 William Boyd Draehn	1.79	

CERTIFICATE:

I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated therein are true, correct, and complete, to the best of my knowledge.

/ Wanda Bartell	Regulatory Analyst	12-11-97
Representative of Operator	Title	Date
	(817)	877-7941
	A / C	Number

INSTRUCTIONS

Where two or more tracts are pooled to form either a drilling unit or a proration unit as permitted by Commission regulation, the operator thereof must furnish a certificate of pooling authority at the time action by the Commission is sought either for a permit to drill on a pooled drilling unit or for establishment of an allowable for a well on a pooled proration unit.

RAILROAD COMMISSION OF TEXAS  
OIL AND GAS DIVISION

## CERTIFICATE OF POOLING AUTHORITY

I, Wanda Bartell, being of lawful age, being familiar with the matter, and having full knowledge of the facts set out, do state:

(1) That the acreage claimed for the purpose of establishing a pooled drilling or proration unit under applicable orders of the Railroad Commission of Texas, for the

NAME OF OPERATOR: Union Pacific Resources Company

NAME OF POOLED UNIT: Jarmon Unit WELL NO. 1

FIELD: Giddings (Austin Chalk, Gas), Washington COUNTY,

TEXAS, contains 1204.02 acres; that with respect to such pooled unit, as it is hereafter described, parties now owning a mineral interest or mineral interests (including royalty interests, working interests, or other mineral interests) therein either (1) acquired such interest as they now have subject to the provisions of an instrument or instruments now in effect and which permit the pooling of said interests or (2) have, by virtue of the execution of an instrument or instruments the provisions of which are now in effect, pooled such of said interests as they now own therein, in such manner that all of such pooled unit shall be considered by the Commission as one base tract as if all rights with respect thereto has been acquired under a single contract.

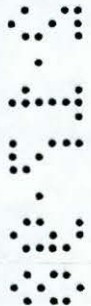
(2) That the pooled unit described in the preceding paragraph is made up of and contains the hereafter described individual tracts of land no part of which is embraced within any other pooled unit in the same field and which, by virtue of the pooling agreements referred to in the preceding paragraph, are now contained within the pooled unit herein described.

(3) That where a non-pooled undivided interest exists in any of the individual tracts pooled, that certain non-pooled interest is noted in the margin of this instrument beside the tract description, to identify the existence of the non-pooled interests in that tract:

(OVER)

DESCRIPTION OF INDIVIDUAL TRACTS OR LEASES CONTAINED  
WITHIN POOLED UNIT REFERRED TO IN PARAGRAPH (1) ABOVE

NAME OF HOLDER OF LEASE	LEASE NAME	NO. OF ACRES	MARGIN
Union Pacific Resources Company	35 Roberial Boenker, et ux	4.22	
Union Pacific Resources Company	36 State of Texas	8.12	
Union Pacific Resources Company	37 Anna Margaret Meschwitz	55.25	
Union Pacific Resources Company	38 State of Texas	7.72	
Union Pacific Resources Company	39 Patrick Kelly Draehn	2.38	
Union Pacific Resources Company	40 Ted Zientek, et ux	2.96	
Union Pacific Resources Company	41 Doyle Spitzer, et ux	6.21	
Union Pacific Resources Company	42 Sandra Faye Balcerek Zientek	35.01	
Union Pacific Resources Company	43 Robert H. Wilhelmsen, Jr., Trustee	10.15	
Union Pacific Resources Company	44 Felix S. Randle, et al	13.87	
Union Pacific Resources Company	45 State of Texas	0.98	
Union Pacific Resources Company	46 Pleasant Grove United Methodist Church	2.51	
Union Pacific Resources Company	47 Patrick Cormack, et ux	28.95	
Union Pacific Resources Company	48 Jean M. McLean	16.55	
Union Pacific Resources Company	49 Lueckemeyer Enterprises, Inc.	43.13	
Union Pacific Resources Company	50 Joseph Edward Kingcade, Jr.	1.06	
Union Pacific Resources Company	51 State of Texas	5.92	
Total		1204.02	



CERTIFICATE:

I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated therein are true, correct, and complete, to the best of my knowledge.

/ Wanda Bartell	Regulatory Analyst	12-11-97
Representative of Operator	Title	Date
	(817)	877-7941
	A / C	Number

INSTRUCTIONS

Where two or more tracts are pooled to form either a drilling unit or a proration unit as permitted by Commission regulation, the operator thereof must furnish a certificate of pooling authority at the time action by the Commission is sought either for a permit to drill on a pooled drilling unit or for establishment of an allowable for a well on a pooled proration unit.

STATEMENT OF PRODUCTIVITY OF ACREAGE  
ASSIGNED TO PRORATION UNITS

Form P-15  
(5-5-71)

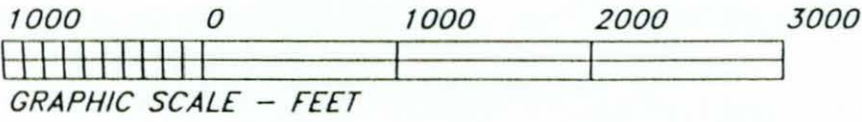
The undersigned states that he is authorized to make this statement; that he has knowledge of the facts concerning the Union Pacific Resources Company,  
OPERATOR  
Jarmon Unit, No. 1; that such well is  
LEASE WELL  
completed in the Giddings (Austin Chalk, Gas) Field, Washington County,  
Texas and that the acreage claimed, and assigned to such well for proration purposes as  
authorized by special rule and as shown on the attached certified plat embraces \_\_\_\_\_  
1204.02 acres which can reasonably be considered to be productive of hydrocarbons.

- CERTIFICATE -

I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated therein are true, correct, and complete, to the best of my knowledge.

Date 12-11-97 Signature Wanda Bartell Wanda Bartell

Telephone (817) 877-7941 Title Regulatory Analyst  
AREA CODE



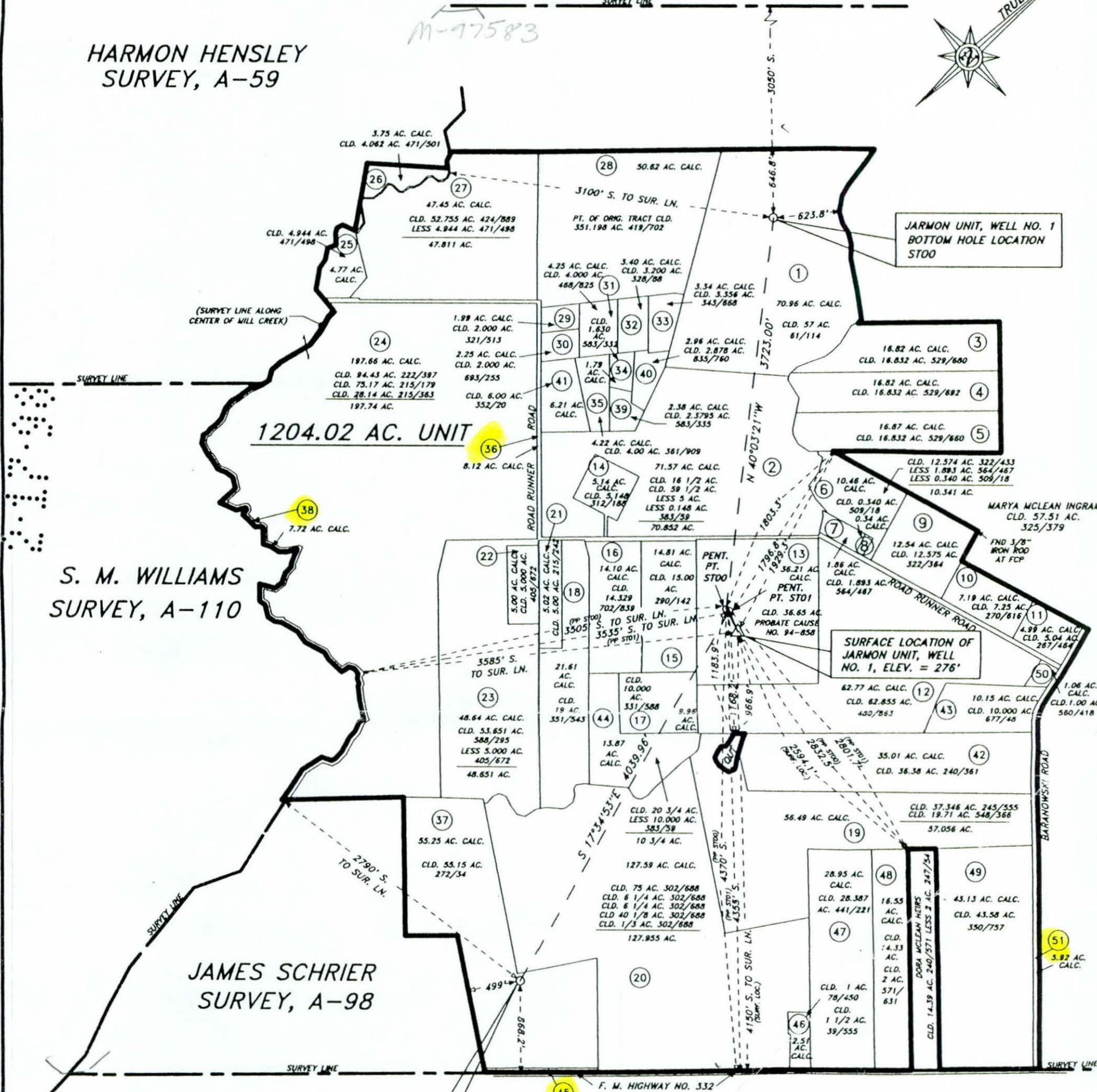
ISAAC JAMEISON SURVEY, A-67

HARMON HENSLEY SURVEY, A-59

S. M. WILLIAMS SURVEY, A-110

JAMES SCHRIER SURVEY, A-98

NELSON SMITH SURVEY, A-100



NOTES

I, JON E. HODDE, REGISTERED PROFESSIONAL LAND SURVEYOR NO. 5197 OF THE STATE OF TEXAS, DO HEREBY CERTIFY THAT THIS PLAT WAS PREPARED FROM A PARTIAL SURVEY MADE ON THE GROUND AND FROM DEED RECORD INFORMATION AND DO HEREBY CERTIFY THAT THE RULES OF THE TEXAS BOARD OF PROFESSIONAL LAND SURVEYING HAVE BEEN COMPLIED WITH REGARDING THE TIES SHOWN FROM THE SURFACE LOCATION TO THE UNIT LINES.

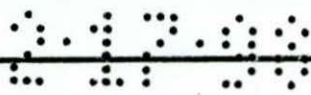
DATED THIS THE 7TH DAY OF NOVEMBER, 1997, A. D.

*Jon E. Hodde*  
 JON E. HODDE  
 REGISTERED PROFESSIONAL  
 LAND SURVEYOR NO. 5197  
 HODDE & HODDE LAND SURVEYING, INC.  
 613 EAST HORTON STREET  
 BRENHAM, TEXAS 77833  
 (409)-836-5681



1. SURFACE LOCATION:  
 LATITUDE: 30°06'45" N  
 LONGITUDE: 96°27'32" W
2. BOTTOM HOLE LOCATION  
 ST01:  
 LATITUDE: 30°06'07" N  
 LONGITUDE: 96°27'22" W
3. BOTTOM HOLE LOCATION  
 ST00:  
 LATITUDE: 30°07'15" N  
 LONGITUDE: 96°28'01" W
4. BEARINGS BASED ON TRUE  
 NORTH OBTAINED BY GPS  
 OBSERVATION.
5. SURFACE LOCATION IS APPROX.  
 5.3 MILES SOUTHWEST OF  
 BRENHAM, TEXAS.
6. PENETRATION POINT ST00  
 IS LOCATED N 74°35'18" W  
 242.18' FROM SURFACE LOCATION.
7. PENETRATION POINT ST01  
 IS LOCATED N 68°36'57" W  
 215.93' FROM SURFACE LOCATION.

"AS-DRILLED"  
 WELL LOCATION PLAT  
 UNION PACIFIC RESOURCES COMPANY  
 JARMON UNIT, WELL NO. 1  
 WASHINGTON COUNTY, TEXAS  
 SCALE: 1" = 1000'



JARMON UNIT, WELL NO. 1

UNIT PERIMETER BEARINGS & DISTANCES

Table with 3 columns: Line number, Acres, and Owner/Property Name. Includes entries for FELIX S. RANDLE, ET AL, ANNIE MARIE FRITZ, EUGENE FRITZ, ET UX, MARY LEE LAUTER, SANDRA KAY BALCEREK ZIENTEK, ET AL, LINDA FAYE BALCEREK BERNICK, MARIE D. SNOW, ANTONE KUBECZKA, ET UX, GENEVIEVE RYBARKSI, JOHN ARTHUR WOLFE, ET UX, EDDIE MAE JARMON, SAMUEL H. CALLIER, ET UX, WILLIAM H. LAY, ET UX, FRANK B. PETROSKI, JR., ET AL, STEPHEN B. RANDLE, ET AL, FELIX S. RANDLE, ET UX, A. Q. PLUMMER, JOHN V. DIETZ, ET UX, PEARLIE L. FITCH, ET AL, JERRY H. MERTEN, ET UX, LARRY J. ARNIE, CLAMENS TIEMANN, ET UX, CLAMENS TIEMANN, ET AL, MARGARET CARTER MCNEESE, ET AL, MARGARET CARTER MCNEESE, ET AL, ERCULIANI INTERBAU LUZERN AG, INC., ET AL, JANIE D. DOBBS, DON PRENZLER, ET UX, LESTER CASE, ET UX, JAMES JEFFRESS, ET UX, JOHNNIE H. KUBECZKA, ET UX, WILLIAM BOYD DRAEHN, ROBERIAL BOENKER, ET UX, STATE OF TEXAS, ANNA MARGARET MESCHWITZ, STATE OF TEXAS, PATRICK KELLY DRAEHN, TED ZIENTEK, ET UX, DOYLE SPITZER, ET UX, JONELL FORMAN, ET VIR, ROBERT H. WILHELMSSEN, JR., TRUSTEE, FELIX S. RANDLE, ET AL, STATE OF TEXAS, PLEASANT GROVE UNITED METHODIST CHURCH, PATRICK CORMACK, ET UX, JEAN M. MCLEAN, LUECKEMEYER ENTERPRISES, INC., JOSEPH EDWARD KINGCADE, JR., STATE OF TEXAS.

Table with 6 columns: Course, Bearing, Distance, Course, Bearing, Distance. Lists courses L-1 through L-140 with their respective bearings and distances. Includes summary values: RAD.: 14323.95' TAN.: 22.94' LEN.: 45.88' DELTA: 0°11'01" and RAD.: 1432.39' TAN.: 39.55' LEN.: 79.07' DELTA: 3°09'46".

1204.02 ACRE UNIT

EXHIBIT "A"

"AS-DRILLED"

WELL LOCATION PLAT

UNION PACIFIC RESOURCES COMPANY

JARMON UNIT, WELL NO. 1

WASHINGTON COUNTY, TEXAS

31299

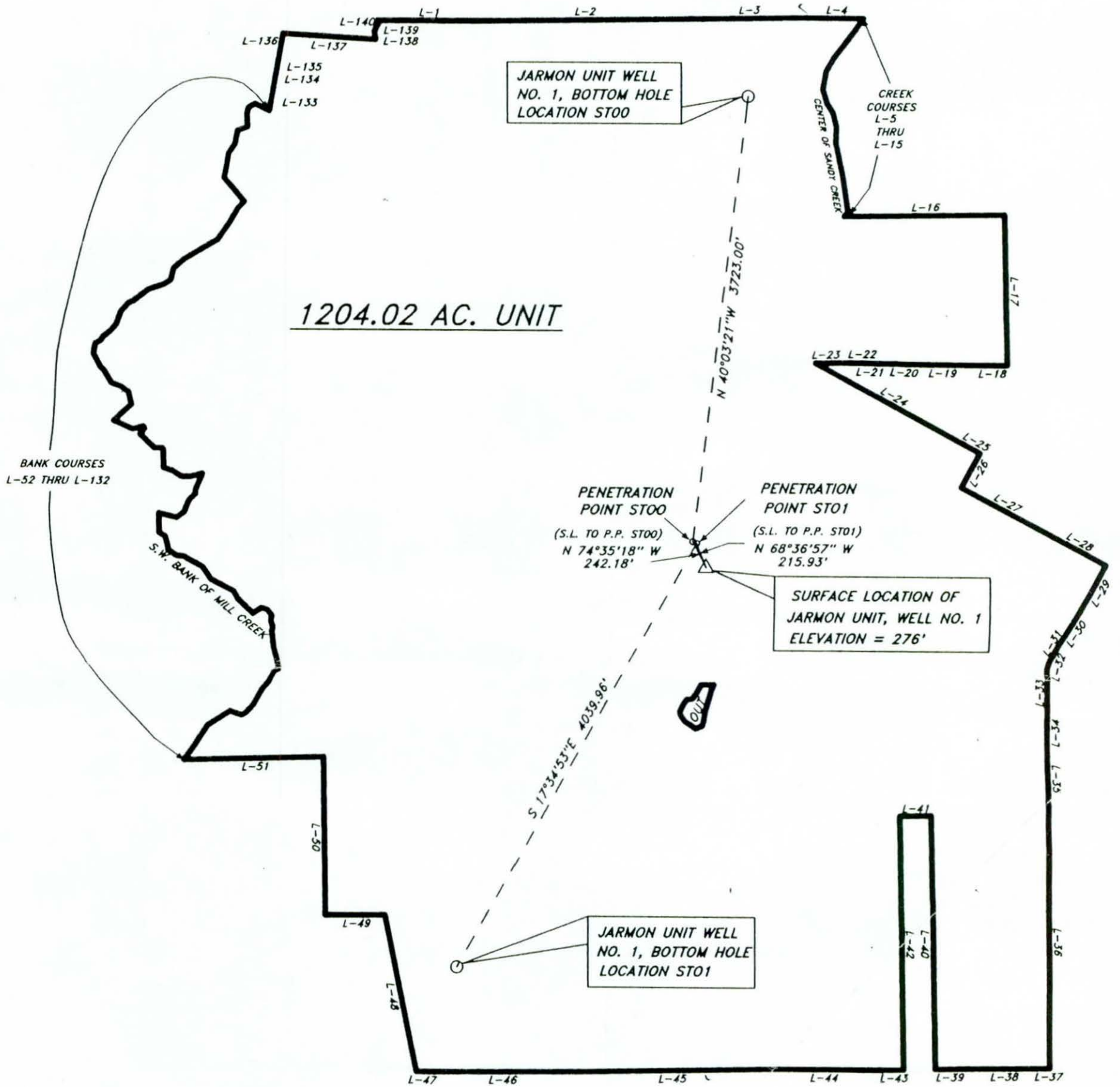
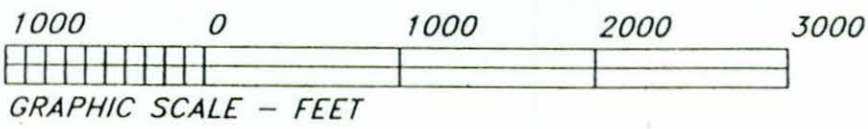


EXHIBIT "B"  
"AS DRILLED"

JARMON UNIT, WELL NO. 1  
UNION PACIFIC RESOURCES COMPANY  
JAMES SCHRIER SURVEY, A-98  
WASHINGTON COUNTY, TEXAS  
SCALE: 1" = 1000'

Cementer: Fill in shaded areas.  
Operator: Fill in other items.

RAILROAD COMMISSION OF TEXAS  
Oil and Gas Division

1. Operator's Name (As shown on Form P-5, Organization Report) Union Pacific Resources Company	2. RRC Operator No. 876645	3. RRC District No. 03	4. County of Well Site Washington
5. Field Name (Wildcat or exactly as shown on RRC records) Giddings (Austin Chalk, Gas)	6. API No. 42-477-30848		7. Drilling Permit No. 463793
8. Lease Name Jarmon Unit	9. Rule 37 Case No.	10. Oil Lease/Gas ID No.	11. Well No. 1

CASING CEMENTING DATA:	SURFACE CASING	INTER-MEDIATE CASING	PRODUCTION CASING		MULTI-STAGE CEMENTING PROCESS	
			Single String	Multiple Parallel Strings	Tool	Shoe
12. Cementing Date	7-21-97					
13. •Drilled hole size	17 1/2"					
•Est. % wash or hole enlargement						
14. Size of casing (In. O.D.)	13 3/8"					
15. Top of liner (ft.)						
16. Setting depth (ft.)	2423'					
17. Number of centralizers used	14					
18. Hrs. waiting on cement before drill-out	24					
1st Slurry	19. API cement used: No. of sacks ▶	900				
	Class ▶	A				
	Additives ▶	2% A-2 + 3% A-5 + 1/4#/sk Celloflake				
2nd Slurry	No. of sacks ▶	375				
	Class ▶	A				
	Additives ▶	None				
3rd Slurry	No. of sacks ▶	---				
	Class ▶	---				
	Additives ▶	---				
1st	20. Slurry pumped: Volume (cu. ft.) ▶	2430				
	Height (ft.) ▶	3499				
2nd	Volume (cu. ft.) ▶	461				
	Height (ft.) ▶	665				
3rd	Volume (cu. ft.) ▶	---				
	Height (ft.) ▶	---				
Total	Volume (cu. ft.) ▶	2891				
	Height (ft.) ▶	4164				
21. Was cement circulated to ground surface (or bottom of cellar) outside casing?	Yes					
22. Remarks						

CEMENTING TO PLUG AND ABANDON	PLUG # 1	PLUG # 2	PLUG # 3	PLUG # 4	PLUG # 5	PLUG # 6	PLUG # 7	PLUG # 8
23. Cementing date								
24. Size of hole or pipe plugged (in.)								
25. Depth to bottom of tubing or drill pipe (ft.)								
26. Sacks of cement used (each plug)								
27. Slurry volume pumped (cu. ft.)								
28. Calculated top of plug (ft.)								
29. Measured top of plug, if tagged (ft.)								
30. Slurry wt. (lbs/gal)								
31. Type cement								

CEMENTER'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that the cementing of casing and/or the placing of cement plugs in this well as shown in the report was performed by me or under my supervision, and that the cementing data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers cementing data only.

John Zaleski/Service Supervisor BJ Services

Name and title of cementer's representative

Cementing Company

Signature

1680 Independence

Bryan, TX 77803

409-779-8125

7-21-97

Address

City

State. Zip Code

Tel.: Area Code Number

Date: mo. day yr.

OPERATOR'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have knowledge of the well data and information presented in this report, and that data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers all well data.

Wanda Bartell

Regulatory Analyst

Signature

Typed or printed name of operator's representative

Title

P. O. Box 7, MS 3006

Fort Worth, Texas 76101-0007

817/877-7941

12-11-97

Address

City

State. Zip Code

Tel.: Area Code Number

Date: mo. day yr.

### Instructions to Form W-15, Cementing Report

IMPORTANT: Operators and cementing companies must comply with the requirements of the Commission's Statewide Rules 8 (Water Protection), 13 (Casing, Cementing, Drilling, and Completion), and 14 (Well Plugging). For offshore operations, see the requirements of Rule 13 (c).

A. **What to file.** An operator should file an original and one copy of the completed Form W-15 for each cementing company used on a well. The cementing of different casing strings on a well by one cementing company may be reported on one form. Form W-15 should be filed with the following:

- An initial oil or gas completion report, Form W-2 or G-1, as required by Statewide or special field rules;
- Form W-4, Application for Multiple Completion, if the well is a multiple parallel casing completion; and
- Form W-3, Plugging Record, unless the W-3 is signed by the cementing company representative. When reporting dry holes, operators must complete Form W-15, in addition to Form W-3, to show any casing cemented in the hole.

B. **Where to file.** The appropriate Commission District Office for the county in which the well is located.

C. **Surface casing.** An operator must set and cement sufficient surface casing to protect all usable-quality water strata, as defined by the Texas Department of Water Resources, Austin. Before drilling a well in any field or area in which no field rules are in effect or in which surface casing requirements are not specified in the applicable rules, an operator must obtain a letter from the Department of Water Resources stating the protection depth. Surface casing should not be set deeper than 200 feet below the specified depth without prior approval from the Commission.

D. **Centralizers.** Surface casing must be centralized at the shoe, above and below a stage collar or diverting tool, if run, and through usable-quality water zones. In nondeviated holes, a centralizer must be placed every fourth joint from the cement shoe to the ground surface or to the bottom of the cellar. All centralizers must meet API specifications.

E. **Exceptions and alternative casing programs.** The District Director may grant an exception to the requirements of Statewide Rule 13. In a written application, an operator must state the reason for the requested exception and outline an alternate program for casing and cementing through the protection depth for strata containing usable-quality water. The District Director may approve, modify, or reject a proposed program. An operator must obtain approval of any exception before beginning casing and cementing operations.

F. **Intermediate and production casing.** For specific technical requirements, operators should consult Statewide Rule 13 (b) (3) and (4).

G. **Plugging and abandoning.** Cement plugs must be placed in the wellbore as required by Statewide Rule 14. The District Director may require additional cement plugs. For onshore or inland wells, a 10-foot cement plug must be placed in the top of the well, and the casing must be cut off three feet below the ground surface. All cement plugs, except the top plug, must have sufficient slurry volume to fill 100 feet of hole, plus ten percent for each 1,000 feet of depth from the ground surface to the bottom of the plug.

To plug and abandon a well, operators must use only cementers approved by the Director of Field Operations. Cementing companies, service companies, or operators can qualify as approved cementers by demonstrating that they are able to mix and pump cement in compliance with Commission rules and regulations.

Cement: Fill in shaded areas.  
Operator: Fill in other items.

RAILROAD COMMISSION OF TEXAS  
Oil and Gas Division

1. Operator's Name (As shown on Form P-5, Organization Report) Union Pacific Resources Company	2. RRC Operator No. 876645	3. RRC District No. 03	4. County of Well Site Washington
5. Field Name (Wildcat or exactly as shown on RRC records) Giddings (Austin Chalk, Gas)	6. API No. 42-477-30848	7. Drilling Permit No. 463793	
8. Lease Name Jarmon Unit	9. Rule 37 Case No.	10. Oil Lease/Gas ID No.	11. Well No. 1

CASING CEMENTING DATA:	SURFACE CASING	INTER-MEDIATE CASING	PRODUCTION CASING		MULTI-STAGE CEMENTING PROCESS	
			Single String	Multiple Parallel Strings	Tool	Shoe
12. Cementing Date		8-10-97				
13. •Drilled hole size		12 1/4"				
•Est. % wash or hole enlargement						
14. Size of casing (in. O.D.)		9 5/8"				
15. Top of liner (ft.)						
16. Setting depth (ft.)		12,020'				
17. Number of centralizers used		16				
18. Hrs. waiting on cement before drill-out		24				
1st Slurry	• API cement used: No. of sacks ▶	425				
	Class ▶	Poz:H				
	Additives ▶	20% S-8 + 3% A-5 + .3% R-3				
2nd Slurry	No. of sacks ▶	325				
	Class ▶	H				
	Additives ▶	.35% S-8 + .5% R-3 + .1% ASA-301				
3rd Slurry	No. of sacks ▶	---				
	Class ▶	---				
	Additives ▶	---				
1st	20. Slurry pumped: Volume (cu. ft.) ▶	952				
	Height (ft.) ▶	3079.8				
2nd	Volume (cu. ft.) ▶	477.8				
	Height (ft.) ▶	1525.6				
3rd	Volume (cu. ft.) ▶	---				
	Height (ft.) ▶	---				
Total	Volume (cu. ft.) ▶	1429.8				
	Height (ft.) ▶	4565.4				
21. Was cement circulated to ground surface (or bottom of cellar) outside casing?		No				
22. Remarks						

CEMENTING TO PLUG AND ABANDON	PLUG # 1	PLUG # 2	PLUG # 3	PLUG # 4	PLUG # 5	PLUG # 6	PLUG # 7	PLUG # 8
23. Cementing date								
24. Size of hole or pipe plugged (in.)								
25. Depth to bottom of tubing or drill pipe (ft.)								
26. Sacks of cement used (each plug)								
27. Slurry volume pumped (cu. ft.)								
28. Calculated top of plug (ft.)								
29. Measured top of plug, if tagged (ft.)								
30. Slurry wt. (lbs/gal)								
31. Type cement								

CEMENTER'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that the cementing of casing and/or the placing of cement plugs in this well as shown in the report was performed by me or under my supervision, and that the cementing data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers cementing data only.

Javier Masiel/Service Supervisor BJ Services  
Name and title of cementer's representative Cementing Company

[Signature]  
Signature

1680 Independence Bryan, TX 77803      409-779-8125      8-10-97  
Address      City, State, Zip Code      Tel: Area Code Number      Date: mo. day yr.

OPERATOR'S CERTIFICATE: I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this certification, that I have knowledge of the well data and information presented in this report, and that data and facts presented on both sides of this form are true, correct, and complete, to the best of my knowledge. This certification covers all well data.

Wanda Bartell      Regulatory Analyst  
Typed or printed name of operator's representative      Title

[Signature]  
Signature

P. O. Box 7, MS 3006 Fort Worth, Texas 76101-0007      817/877-7941      12-11-97  
Address      City, State, Zip Code      Tel: Area Code Number      Date: mo. day yr.

### Instructions to Form W-15, Cementing Report

**IMPORTANT:** Operators and cementing companies must comply with the requirements of the Commission's Statewide Rules 8 (Water Protection), 13 (Casing, Cementing, Drilling, and Completion), and 14 (Well Plugging). For offshore operations, see the requirements of Rule 13 (c).

**A. What to file.** An operator should file an original and one copy of the completed Form W-15 for each cementing company used on a well. The cementing of different casing strings on a well by one cementing company may be reported on one form. Form W-15 should be filed with the following:

- An initial oil or gas completion report, Form W-2 or G-1, as required by Statewide or special field rules;
- Form W-4, Application for Multiple Completion, if the well is a multiple parallel casing completion; and
- Form W-3, Plugging Record, unless the W-3 is signed by the cementing company representative. When reporting dry holes, operators must complete Form W-15, in addition to Form W-3, to show any casing cemented in the hole.

**B. Where to file.** The appropriate Commission District Office for the county in which the well is located.

**C. Surface casing.** An operator must set and cement sufficient surface casing to protect all usable-quality water strata, as defined by the Texas Department of Water Resources, Austin. Before drilling a well in any field or area in which no field rules are in effect or in which surface casing requirements are not specified in the applicable rules, an operator must obtain a letter from the Department of Water Resources stating the protection depth. Surface casing should not be set deeper than 200 feet below the specified depth without prior approval from the Commission.

**D. Centralizers.** Surface casing must be centralized at the shoe, above and below a stage collar or diverting tool, if run, and through usable-quality water zones. In nondeviated holes, a centralizer must be placed every fourth joint from the cement shoe to the ground surface or to the bottom of the cellar. All centralizers must meet API specifications.

**E. Exceptions and alternative casing programs.** The District Director may grant an exception to the requirements of Statewide Rule 13. In a written application, an operator must state the reason for the requested exception and outline an alternate program for casing and cementing through the protection depth for strata containing usable-quality water. The District Director may approve, modify, or reject a proposed program. An operator must obtain approval of any exception before beginning casing and cementing operations.

**F. Intermediate and production casing.** For specific technical requirements, operators should consult Statewide Rule 13 (b) (3) and (4).

**G. Plugging and abandoning.** Cement plugs must be placed in the wellbore as required by Statewide Rule 14. The District Director may require additional cement plugs. For onshore or inland wells, a 10-foot cement plug must be placed in the top of the well, and the casing must be cut off three feet below the ground surface. All cement plugs, except the top plug, must have sufficient slurry volume to fill 100 feet of hole, plus ten percent for each 1,000 feet of depth from the ground surface to the bottom of the plug.

To plug and abandon a well, operators must use only cementers approved by the Director of Field Operations. Cementing companies, service companies, or operators can qualify as approved cementers by demonstrating that they are able to mix and pump cement in compliance with Commission rules and regulations.

File No. MF-97583

Pooling Committee Report 3/3/98 +  
Agreement completion Rpts +  
ELOG

Date Filed: 7/8/98

Jerry E. Patterson, Commissioner

By \_\_\_\_\_

MF-97583

⑤ Pooling Committee Report 3/3/98 + Agreement.  
Completion Reports + E-log. 7/8/98

**IN THE ENCLOSED SELF-ADDRESSED STAMPED ENVELOPE**

*Union Pacific Resources Co*

**98000777**

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

**CHECK NO. 30012370**

LESSOR: ST OF TX M-97583

LEASE DATE	STATE	COUNTY OR PARISH	RECORDING	FOR PERIOD		COMPANY LEASE NUMBER
				MOS.	BEGINNING	
10-01-1996	TX	WASHINGTON	Book 844 Page 151	12	10-01-1998	TX2-00082318

TAXID: 74-6000108  
STATE OF TEXAS  
1700 N CONGRESS AVENUE

GENERAL LAND OFFICE  
AUSTIN

TX 78701

TOTAL: \$75.00



IN PAYMENT OF: DELAY RENTAL  
OIL AND GAS

TOTAL BANK SERVICE CHARGE: \$ .00  
TOTAL PAYMENT: \$75.00

*121*

*X*

LEGAL : HENSLEY HARMON ABST/ID# 59



Business Unit :AUSTIN CHALK

**PLEASE SIGN BELOW AND RETURN**

**RECEIVED BY** \_\_\_\_\_

**Date** \_\_\_\_\_

**PLEASE DIRECT ALL**

- **telephone** inquiries to VOICE MAIL BOX (817) 877-7077
- **mail** address/I.D. # changes and inquiries to:  
ATTN: OBLIGATIONS  
Mail Station 3110  
P.O. Box 7  
Fort Worth, TX 76101-0007

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

**CHECK NO. 30012370**

LESSOR: ST OF TX M-97583

LEASE DATE	STATE	COUNTY OR PARISH	RECORDING	FOR PERIOD		COMPANY LEASE NUMBER
				MOS.	BEGINNING	
10-01-1996	TX	WASHINGTON	Book 844 Page 151	12	10-01-1998	TX2-00082318

6

M-97583

Rental Payment 9-3-98



# SIMMONS AND ASSOCIATES, INC.

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

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

January 8, 1998

Texas General Land Office  
Attn: Kristin Anderson  
Stephen F. Austin Bldg.  
1700 N. Congress Ave.  
Austin, Texas 78701-1495

Re: State of Texas Leases for Washington County, Texas

Dear Ms. Anderson:

Enclosed please find certified copies of the following State of Texas Oil and Gas Leases filed of record with the County Clerk of Washington County, Texas:

<u>Lease No.</u>	<u>Volume</u>	<u>Page</u>	<u>Record Type</u>
M97583 ✓	844	151	Official
M97708	845	463	Official
M97584	844	160	Official

Should you have any questions or need additional information, please feel free to call.

Thank You.

Sincerely,

  
J. B. Simmons

RECEIVED  
98 JAN -9 PM 2:55  
ENERGY RESOURCES

2

File No. INF 097583

Keller

Date Filed: 4/9/98

By David Dewhurst, Commissioner  
[Signature]

T. 300

The State of Texas VOL 844 PAGE 151



7393

Austin, Texas

**OIL AND GAS LEASE**  
NO. M-97583

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

TRACT 1, EAST MILLS CREEK, WASHINGTON COUNTY, TEXAS, CONTAINING APPROXIMATELY 15 ACRES, IS BOUND ON THE NORTHWEST BY A NORTHEASTERLY EXTENSION OF THE NORTHWEST LINE OF THE HARMON WENSLEY GRANT, A-59, AND IS BOUND ON THE SOUTHEAST BY A SOUTHWESTERLY EXTENSION OF THE SOUTHEAST LINE OF THE JAMES SHRIER GRANT, A-98,

was, after being duly advertised, offered for lease on the 1st day of October, 1996, at 10:00 o'clock a.m., by the Commissioner of the General Land Office of the State of Texas and the School Land Board of the State of Texas, for the sole and only purpose of prospecting and drilling for, and producing oil and/or gas that may be found and produced from the above described area; and

WHEREAS, after all bids and remittances which were received up to said time have been duly considered by the Commissioner of the General Land Office and the School Land Board at a regular meeting thereof in the General Land Office, on the 1st day of October, 1996, hereinafter the "effective date" and it was found and determined that Union Pacific Resources Company whose address is 801 Cherry Street, Fort Worth, TX 76102-6852 had offered the highest and best bid for a lease of the area above described and is, therefore, entitled to receive a lease thereon:

NOW, THEREFORE, I, Garry Mauro, Commissioner of the General Land Office of the State of Texas, hereinafter sometimes referred to as "Lessor," whose address is Austin, Texas, by virtue of the authority vested in me and in consideration of the payment by the hereinafter designated Lessee, the sum of One Thousand Five Hundred and 00/100 Dollars (\$1,500.00), receipt of which is hereby acknowledged and of the royalties, covenants, stipulations and conditions contained and hereby agreed to be paid, observed and performed by Lessee, do hereby demise, grant, lease and let unto the above mentioned bidder the exclusive right to prospect for, produce and take oil and/or gas from the aforesaid area upon the following terms and conditions, to-wit:

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

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

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

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

A CERTIFIED COPY issued JAN - 7 1998  
Beth Rothermel, County Clerk  
Washington County, TX. Deputy  
LaFayne Littleton

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

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

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

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

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

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

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

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

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

A CERTIFIED COPY issued JAN - 7 1998  
Beth Rothermel, County Clerk  
Washington County, TX. Deputy  
LITTLETON

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

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

(J) **MARGINAL PRODUCTION ROYALTY:** Upon Lessee's written application, the School Land Board may reduce the royalty rate set out in this paragraph and/or the minimum royalty set out in subparagraph 4 (I) to extend the economic life of this lease and encourage recovery of oil or gas that might otherwise remain unrecovered. Any such royalty reduction must conform to the requirements of any School Land Board administrative rules on this subject. Royalty may not be reduced below the applicable statutory minimum.

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

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

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

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

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

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

(A) VERTICAL: In the event this lease is in force and effect two (2) years after the expiration date of the primary or extended term it shall then terminate as to all of the leased premises, EXCEPT (1) 40 acres surrounding each oil well capable of producing in paying quantities and 320 acres surrounding each gas well capable of producing in paying quantities (including a shut-in oil or gas well as provided in Paragraph 11 hereof), or a well upon which Lessee is then engaged in continuous drilling or reworking operations, or (2) the number of acres included in a producing pooled unit pursuant to Natural Resources Code Sections 52.151-52.153, or (3) such greater or lesser number of acres as may then be allocated for production purposes to a proration unit for each such producing well under the rules and regulations of the Railroad Commission of Texas, or any successor agency, or other governmental authority having jurisdiction. Within 90 days of a partial termination of this lease in accordance with this subparagraph and upon payment of the minimum filing fee set by General Land Office rules in effect at the time of the partial termination, Lessee shall have the right to obtain a surface lease for ingress and egress on and across the terminated portion of the leased premises as may be reasonably necessary for the continued operation of the portions of the lease remaining in force and effect. If Lessee fails to apply for a surface lease within the 90 day period specified above, Lessee may apply for a surface lease from the Land Office, but the Land Commissioner has the discretion to grant or deny such application and to set the fee for such surface lease.

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

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

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

9. DRY HOLE/CESSATION OF PRODUCTION DURING PRIMARY TERM: If, during the primary term hereof and prior to discovery and production of oil or gas on said land, Lessee should drill a dry hole or holes thereon, or if during the primary term hereof and after the discovery and actual production of oil or gas from the leased premises such production thereof should cease from any cause, this lease shall not terminate if on or before the expiration of sixty (60) days from date of completion of said dry hole or cessation of production Lessee commences additional drilling or reworking operations thereon, or pays or tenders the next annual delay rental in the same manner as provided in this lease. If, during the last year of the primary term or within sixty (60) days prior thereto, a dry hole be completed and abandoned, or the production of oil or gas should cease for any cause, Lessee's rights shall remain in full force and effect without further operations until the expiration of the primary term; and if Lessee has not resumed production in paying quantities at the expiration of the primary term, Lessee may maintain this lease by conducting additional drilling or reworking operations pursuant to Paragraph 10, using the expiration of the primary term as the date of cessation of production under Paragraph 10. Should the first well or any subsequent well drilled on the above described land be completed as a shut-in oil or gas well within the primary term hereof, Lessee may resume payment of the annual rental in the same manner as provided herein on or before the rental paying date following the expiration of sixty (60) days from the date of completion of such shut-in oil or gas well and upon the failure to make such payment, this lease shall ipso facto terminate. If at the expiration of the primary term or any time thereafter a shut-in oil or gas well is located on the leased premises payments may be made in accordance with the shut-in provisions hereof.

10. CESSATION, DRILLING, AND REWORKING: If, after the expiration of the primary term, production of oil or gas from the leased premises, after once obtained, should cease from any cause, this lease shall not terminate if Lessee commences additional drilling or reworking operations within sixty (60) days after such cessation, and this lease shall remain in full force and effect for so long as such operations continue in good faith and in workmanlike manner without interruptions totaling more than sixty (60) days. If such drilling or reworking operations result in the production of oil or gas, the lease shall remain in full force and effect for so long as oil or gas is produced from the leased premises in paying quantities or payment of shut-in oil or gas well royalties or payment of compensatory royalties is made as provided herein or as provided by law. If the drilling or reworking operations result in the

A CERTIFIED COPY issued JAN - 7 1998  
Beth Roethermel, County Clerk  
Washington County, TX. Deputy  
LaFayne Littleton

completion of a well as a dry hole, the lease will not terminate if the Lessee commences additional drilling or reworking operations within sixty (60) days after the completion of the well as a dry hole, and this lease shall remain in effect so long as Lessee continues drilling or reworking operations in good faith and in a workmanlike manner without interruptions totaling more than sixty (60) days. Lessee shall give written notice to the General Land Office within thirty (30) days of any cessation of production.

11. **SHUT-IN ROYALTIES:** For purposes of this paragraph, "well" means any well that has been assigned a well number by the state agency having jurisdiction over the production of oil and gas. If at any time after the expiration of the primary term of a lease that, until being shut in, was being maintained in force and effect, a well capable of producing oil or gas in paying quantities is located on the leased premises, but oil or gas is not being produced for lack of suitable production facilities or lack of a suitable market, then Lessee may pay as a shut-in oil or gas royalty an amount equal to double the annual rental provided in the lease, but not less than \$1,200 a year for each well capable of producing oil or gas in paying quantities. To be effective, each initial shut-in oil or gas royalty must be paid on or before: (1) the expiration of the primary term, (2) 60 days after the Lessee ceases to produce oil or gas from the leased premises, or (3) 60 days after Lessee completes a drilling or reworking operation in accordance with the lease provisions; whichever date is latest. If the shut-in oil or gas royalty is paid, the lease shall be considered to be a producing lease and the payment shall extend the term of the lease for a period of one year from the end of the primary term, or from the first day of the month following the month in which production ceased, and, after that, if no suitable production facilities or suitable market for the oil or gas exists, Lessee may extend the lease for four more successive periods of one (1) year by paying the same amount each year on or before the expiration of each shut-in year.

12. **COMPENSATORY ROYALTIES:** If, during the period the lease is kept in effect by payment of the shut-in oil or gas royalty, oil or gas is sold and delivered in paying quantities from a well located within one thousand (1,000) feet of the leased premises and completed in the same producing reservoir, or in any case in which drainage is occurring, the right to continue to maintain the lease by paying the shut-in oil or gas royalty shall cease, but the lease shall remain effective for the remainder of the year for which the royalty has been paid. The Lessee may maintain the lease for four more successive years by Lessee paying compensatory royalty at the royalty rate provided in the lease of the market value of production from the well causing the drainage or which is completed in the same producing reservoir and within one thousand (1,000) feet of the leased premises. The compensatory royalty is to be paid monthly to the Commissioner beginning on or before the last day of the month following the month in which the oil or gas is produced from the well causing the drainage or that is completed in the same producing reservoir and located within one thousand (1,000) feet of the leased premises; if the compensatory royalty paid in any 12-month period is in an amount less than the annual shut-in oil or gas royalty, Lessee shall pay an amount equal to the difference within thirty (30) days from the end of the 12-month period; and none of these provisions will relieve Lessee of the obligation of reasonable development nor the obligation to drill offset wells as provided in N.R.C. Section 52.034; however, at the determination of the Commissioner, and with the Commissioner's written approval, the payment of compensatory royalties shall satisfy the obligation to drill offset wells. Compensatory royalty payments which are not timely paid will accrue penalty and interest in accordance with Paragraph 5 of this lease.

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

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

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

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

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



General Land Office's audit billing notice and audit hearings procedures. Said provisions are currently found at 31 Texas Administrative Code, Chapter 4, and Texas Natural Resources Code Sections 52.135 and 52.137 through 52.140. In the event this lease covers land franchised or leased or otherwise used by a navigation district or by the United States for the purpose of navigation or other purpose incident to the operation of a port, then Lessee shall not be entitled to enter or possess such land without prior approval as provided under Section 61.117 of the Texas Water Code, but Lessee shall be entitled to develop such land for oil and gas by directional drilling; provided, however, that no surface drilling location may be nearer than 660 feet and special permission from the Commissioner of the General Land Office is necessary to make any surface location nearer than 2,160 feet measured at right angles from the nearest bulkhead line or from the nearest dredged bottom edge of any channel, slip, or turning basin which has been authorized by the United States as a federal project for future construction, whichever is nearer.

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

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

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

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

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

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

29. **ANTIQUITIES CODE:** In the event that any feature of archeological or historical interest is encountered during the activities authorized by this lease, Lessee will immediately cease activities and will immediately notify the General Land Office and the Texas Historical Commission so that adequate measures may be undertaken to protect or recover such discoveries or findings, as appropriate. Lessee is expressly placed on notice of the National Historical Preservation Act of 1966 (PB-89-66, 80 Statute 915; 16 U.S.C.A. 470). Lessee shall comply with the Antiquities Code of Texas, Chapter 191, Natural Resources Code, as amended.

30. VENUE: Lessor and lessee, including lessee's successors and assigns, hereby agree that venue for any dispute arising out of a provision of this lease, whether express or implied, regarding interpretation of this lease, or relating in any way to this lease or to applicable case law, statutes, or administrative rules, shall be in a court of competent jurisdiction located in Travis County, State of Texas.

31. LEASE FILING: Pursuant to Chapter 9 of the Tex. Bus. & Com. Code, this lease must be filed of record in the office of the County Clerk in any county in which all or any part of the leased premises is located, and certified copies thereof must be filed in the General Land Office. The prescribed filing fee shall accompany the certified copies sent to the General Land Office.

32. EXECUTION: This oil and gas lease must be signed and acknowledged by the Lessee before it is filed of record in the county records and in the General Land Office of the State of Texas.

UNION PACIFIC RESOURCES COMPANY <sup>DPB</sup>  
LESSEE  
BY: Carolyn J. David <sup>668</sup>  
TITLE: Attorney-in-Fact  
DATE: 12-10-96

IN TESTIMONY WHEREOF, witness the signature of the Commissioner of the General Land Office of the State of Texas under the seal of the General Land Office.

Garrett Mauro  
COMMISSIONER OF THE GENERAL LAND OFFICE  
OF THE STATE OF TEXAS  
APPROVED  
Clerk  
Legal  
DC  
STATE  
Exec

A CERTIFIED COPY issued JAN - 7 1996  
Bath Rothermel, County Clerk  
Washington County, TX. [Signature] Deputy  
LaFayne Littleton

STATE OF Texas  
COUNTY OF Tarrant

(CORPORATION ACKNOWLEDGMENT) ✓

BEFORE ME, the undersigned authority, on this day personally appeared Carolyn J. David  
known to me to be the person whose name is subscribed to the foregoing instrument, as attorney-in fact of  
Union Pacific Resources Company and acknowledged to me that he executed the same  
for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said corporation.

Given under my hand and seal of office this the 10<sup>th</sup> day of December, 1996.

Tracie Ann Winterbank  
Notary Public in and for The State of Texas



STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

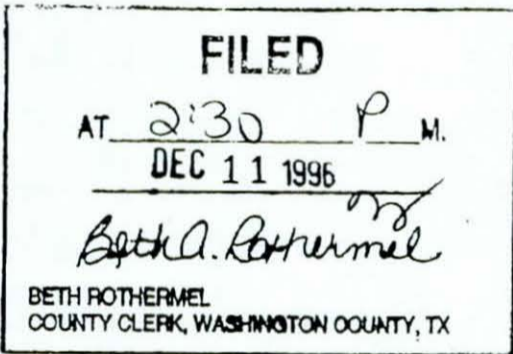
(INDIVIDUAL ACKNOWLEDGMENT)

Before me, the undersigned authority, on this day personally appeared \_\_\_\_\_

known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the  
same for the purposes and consideration therein expressed.

Given under my hand and seal of office this the \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

Notary Public in and for \_\_\_\_\_



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 12 1996



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

CERTIFIED COPY CERTIFICATE  
STATE OF TEXAS  
COUNTY OF WASHINGTON

The above is a full, true, and correct photographic  
copy of the original record now in my lawful custody  
and possession as the same is recorded in the  
OFFICIAL RECORDS in my office with volume and  
page number stamped thereon. I hereby certify on

JAN - 7 1998



BETH ROTHERMEL  
COUNTY CLERK  
WASHINGTON COUNTY, TEXAS

By LaFayne Littleton  
Deputy

8

File No. MF 097583

Certified Lease

Date Filed: 1/9/98

By David Dewhurst, Commissioner

STATE OF MASSACHUSETTS  
DEPARTMENT OF REVENUE



NOTICE TO LESSEES  
The State of Massachusetts is a party to the lease described in the attached lease agreement. The State's interest in the lease is being acquired by the State of Massachusetts. The State's interest in the lease is being acquired by the State of Massachusetts. The State's interest in the lease is being acquired by the State of Massachusetts.

1. 200

LEASE TERMINATION / EXPIRATION WORKSHEET

REVISED 11/21/94

RENTAL SECTION		RENTAL ANALYST	ANALYST	DATE
		PAT ROGERS	PAT ROGERS	NOVEMBER 2, 1999

LEASE NUMBER	11-097583	LEASE TERMINATED ?		EXPIRED?	XX
LEASE DATE	10-1-96	PRIMARY TERM	3 years		

IF THE LEASE IS UNITIZED		TOTAL UNIT ACRES		TOTAL NON-UNIT ACRES	
		UNIT ACRES TO TERM		NON-UNIT ACRES TO TERM	

COMMENTS- OUT OF PRIMARY TERM.

MAP SECTION		MAP ANALYST	ANALYST	DATE

NEW WELL LOCATIONS ON MAP OR UNPOSTED W-1S? YES  NO

COMMENTS-

IF YES, FORWARD TO GEOLOGY

GEOLOGY SECTION		GEOLOGIST	GEOLOGIST	DATE

RESULTS OF ADDITIONAL RESEARCH-

MAP SECTION	MAP UPDATED TO REFLECT GEOLOGIST'S COMMENTS?	ANALYST	DATE

RENTAL SECTION		RENTAL ANALYST	ANALYST	DATE
		PAT ROGERS	PAT ROGERS	NOVEMBER 2, 1999

DATE LEASE TERMINATED/EXPIRED 10-1-99

DATE TERMINATION LETTER MAILED

LEASE FILE ENDORSED?	YES	NO	DATE
RENTAL MAPS	XX		11/4/99

File No. MF097583

2

Expire worksheet

Date Filed: 11/4/99

By: David Dewhurst, Commissioner  
[Signature]

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

June 18, 2003

Anadarko E & P Co., Inc.  
PO Box 1330  
Houston, Texas 77251 ✓

Re: State Lease MF097583, MF098477, MF097987  
Jarmon Unit #2  
6267701/001

The General Land Office has received and filed the division order submitted for the above-referenced state lease. Please be advised that the payment of royalties attributable to state-owned mineral interests is set by statute. As the execution of division orders may, in some cases, affect the manner in which such payments are paid or calculated, it is the policy of this office not to execute them.

Subject to applicable state law and the state's right to take its production in-kind, the General Land Office acquiesces to the sale of oil and gas under the terms and conditions set out in the oil and gas lease. If you should have questions concerning this matter, please feel free to call me at (512) 463-6521.

Sincerely,

Beverly Boyd, Lease Analyst  
Mineral Leasing Division

Stephen F. Austin Building • 1700 North Congress Avenue • Austin, Texas 78701-1495

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

[www.glo.state.tx.us](http://www.glo.state.tx.us)

**DIVISION ORDER**

STATE OF TEXAS  
GENERAL LAND OFFICE  
1700 N CONGRESS AVENUE  
AUSTIN, TX 78701-1436

Property Number: 6297701/001  
Property Name: JARMON UNIT # 2  
Product: ALL PRODUCTS  
Status: AFTER PAYOUT  
County/State: WASHINGTON / TEXAS  
Effective Date: First Sales  
Owner Number: 456782  
Owner Tax ID: [REDACTED]  
Interest Type: RI  
Interest: 0.00350202

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

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

**TERMS OF SALE:** Said owner will be paid in accordance with the division of interest as shown. The payor shall pay all parties for gas according to the underlying lease, operating agreement and/or other contracts applicable to each party's interest. The payor shall pay all parties at the price agreed to by the operator for oil to be sold pursuant to this division order. Purchaser shall compute quantity and make corrections for gravity and temperature and make deduction for impurities.

**PAYMENT:** From the effective date, payment is to be made monthly by payor's check, based on this division of interest, for oil run during the preceding calendar month and for gas sold during the second preceding calendar month from the property listed above, less taxes required by law to be deducted and remitted by payor as purchaser. Payments of less than \$100 may be accrued before disbursement until the total amount equals \$100 or more, or until December 31 of each year, whichever occurs first. Payee agrees to refund to payor any amounts attributable to an interest that payee does not own.

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

**DISPUTE, WITHHOLDING OF FUNDS:** If a suit is filed that affects the interest of the owner, written notice shall be given to payor by the owner together with a copy of the complaint or petition filed. In the event of a claim or dispute that affects title to the division or interest credited herein, payor is authorized to withhold payments accruing to such interest, without interest unless otherwise required by applicable statute, until the claim or dispute is settled.

**TERMINATION:** Termination of this agreement is effective on the first day of the month that begins after the 30th day after the date written notice of termination is received by either party.

**NOTICES:** The owner agrees to notify payor in writing of any change in the division of interest, including changes of interest contingent on payment of money or expiration of time. No change of interest is binding on payor until the recorded copy of the instrument of change or documents satisfactorily evidencing such change are furnished to payor at the time the change occurs. Any change of interest shall be made effective on the first day of the month following receipt of such notice by payor. Any correspondence regarding this agreement shall be furnished to the addresses listed unless otherwise advised by either party. In addition to the legal rights provided by the terms and provisions of this division order, an owner may have certain statutory rights under state laws.

**REQUIREMENTS: None**

_____ Signature of Witness #1	_____ Owner Signature/Corporate Title	_____ Address if different from above
_____ Signature of Witness #2	_____ Owner Signature/Corporate Title	_____ City, State, Zip Code
	_____ Owner Phone #	_____ Tax ID Number if different from above

Failure to furnish your Social Security/Tax ID number will result in withholding tax in accordance with federal law and any tax withheld will not be refundable by payor.

Return to: Anadarko E & P Company LP  
P.O. Box 1330, Timberloch 4  
Houston, TX 77251-1330  
1-800-359-1692

Date Prepared: June 10, 2003  
Prepared by: Jenett Hodge  
Request: [mas]

# EXHIBIT "A"

June 10, 2003

**Well No:** 6297701 / 001

**Well Nm:** JARMON UNIT # 2

**Unit Desc:** 1,204.020 ACRES, IN WASHINGTON COUNTY, TX., I JAMEISON SVY, A-67; JAMES SCHRIER SVY, A-98.

**Product:** ALL PRODUCTS



10.

File No. NF097583

Division Order

Date Filed: 6/18/03

Jerry E. Patterson, Commissioner

By [Signature]

0-70-03

~~9/21/96~~  
9/21/96 6249  
MF 97583 ✓

DESIGNATION OF UNIT

JARMON UNIT NO. 1  
UNIT # 2714

STATE OF TEXAS §  
COUNTY OF WASHINGTON §

KNOW ALL MEN BY THESE PRESENTS:

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

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

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

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

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

This instrument may be executed as one document signed by all parties, or

parties named herein may join herein by execution of a counterpart or ratification, with the same effect as if all parties executed this instrument. Executed signature pages from different originals of this instrument may be combined to form a single original instrument for recording purposes. The failure of any one or more persons owning an interest in the Unit to execute this instrument or a counterpart or ratification thereof shall not in any manner affect the validity of same as to the parties who do execute this instrument. This Unit may not be ratified or joined in by any party who is not named hereinbelow without the consent of the parties hereto.

The Unit hereby created shall be effective as of the date of first production from the Unit, or from the date operations are commenced anywhere on the Unit, whichever occurs first, and shall remain in force as long as the pooled minerals are being produced from the Unit, or so long as the leases covering the Unit are maintained in force by payment or tender of shut-in royalties or by other means, in accordance with the terms of said leases.

IN WITNESS WHEREOF, this Designation of Unit is executed on this 7<sup>th</sup> day of August, 1997.

UNION PACIFIC RESOURCES COMPANY

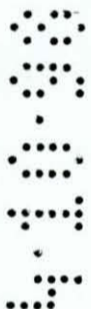
By: Carolyn J. David  
Its: Attorney-in-Fact

SP)

SWIFT ENERGY COMPANY

By: Terry E. Swift  
Its: Executive Vice President

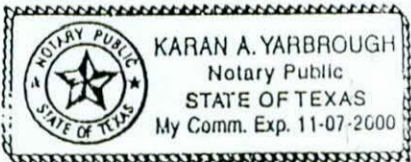
ROK  
ROB  
CW



STATE OF TEXAS §

COUNTY OF TARRANT §

This instrument was acknowledged before me on the 7<sup>th</sup> day of August, 1997, by Carolyn J. David, the Attorney-in-Fact of UNION PACIFIC RESOURCES COMPANY, a Delaware corporation, on behalf of said corporation.

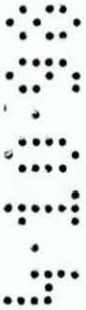
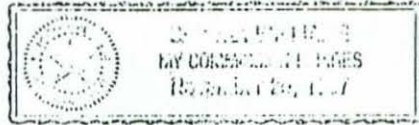


Karan A. Yarbrough  
Notary Public in and for the  
State of Texas  
My commission expires: \_\_\_\_\_

STATE OF Virginia §  
COUNTY OF Warren §

This instrument was acknowledged before me on the 11<sup>th</sup> day of August, 1997, by John E. Swift, President of SWIFT ENERGY COMPANY, a Virginia corporation, on behalf of said corporation.

Shirley Williams  
Notary Public in and for the  
State of Virginia  
My commission expires: 11-30-97



## EXHIBIT "A"

Attached to and made a part of that certain Designation of Unit - Jarmon Unit #1 dated August 7, 1997

## SCHEDULE OF LEASES

Lease No.: TX1-72238  
 Date: November 15, 1994  
 Lessor: Eddie Mae Jarmon, sole surviving heir of Eddie Mae Lockett, Deceased, dealing in her sole and separate property  
 Lessee: Union Pacific Resources Company  
 Recorded: Volume 762, Page 453, Official Records of Washington County, Texas

Lease No.: TX1-60506(1)  
 Date: October 22, 1993  
 Lessor: Eugene Fritz and wife, Ruth Carol Fritz  
 Lessee: Western States Land Services, Inc.  
 Recorded: Volume 719, Page 225, Official Records of Washington County, Texas  
 Limitation: LESS AND EXCEPT that certain 1.923 acre tract of land described in that certain Partition Deed dated February 6, 1986, recorded in Volume 529, Page 692, Official Records of Washington County, Texas.

Lease No.: TX1-60506(2)  
 Date: October 22, 1993  
 Lessor: Mary Lee Lauter  
 Lessee: Western States Land Services, Inc.  
 Recorded: Volume 719, Page 228, Official Records of Washington County, Texas  
 Limitation: LESS AND EXCEPT that certain 1.923 acre tract of land described in that certain Partition Deed dated February 6, 1986, recorded in Volume 529, Page 660, Official Records of Washington County, Texas.

Lease No.: TX1-60506(3)  
 Date: October 22, 1993  
 Lessor: Annie Marie Fritz, widow of Lee Roy Fritz, Deceased  
 Lessee: Western States Land Services, Inc.  
 Recorded: Volume 719, Page 232, Official Records of Washington County, Texas  
 Limitation: LESS AND EXCEPT that certain 1.923 acre tract of land described in that certain Partition Deed dated February 6, 1986, recorded in Volume 529, Page 680, Official Records of Washington County, Texas.

Lease No.: TX1-73455  
 Date: June 15, 1995  
 Lessor: John Arthur Wolfe and wife, Lois W. Wolfe  
 Lessee: Union Pacific Resources Company  
 Recorded: Volume 793, Page 837, Official Records of Washington County, Texas

Lease No.: TX1-61063  
 Date: November 30, 1993  
 Lessor: William H. Lay and wife, Isabel Lay  
 Lessee: Union Pacific Resources Company  
 Recorded: Volume 722, Page 887, Official Records of Washington County, Texas

Lease No.: TX1-72686  
 Date: February 15, 1995  
 Lessor: John V. Dietz and wife, Gloria Dietz  
 Lessee: Union Pacific Resources Company  
 Recorded: Volume 776, Page 721, Official Records of Washington County, Texas

Exhibit "A"

Page 2

Lease No.: TX1-72579  
 Date: December 7, 1994  
 Lessor: Johnnie H. Kubeckzka and wife, Ruby Kubeckzka  
 Lessee: Union Pacific Resources Company  
 Recorded: Memorandum of Oil, Gas and Mineral Lease  
 Volume 844, Page 178, Official Records of Washington County, Texas

Lease No.: TX1-72577  
 Date: December 9, 1994  
 Lessor: James Jeffress and wife, Sonja K. Jeffress  
 Lessee: Union Pacific Resources Company  
 Recorded: Memorandum of Oil, Gas and Mineral Lease  
 Volume 773, Page 285, Official Records of Washington County, Texas

Lease No.: TX1-72557  
 Date: December 9, 1994  
 Lessor: Lester Case and wife, Thyra D. Case  
 Lessee: Union Pacific Resources Company  
 Recorded: Memorandum of Oil, Gas and Mineral Lease  
 Volume 772, Page 419, Official Records of Washington County, Texas

Lease No.: TX1-72469  
 Date: November 30, 1994  
 Lessor: Janie D. Dobbs, a married woman dealing in her sole and separate property  
 Lessee: Union Pacific Resources Company  
 Recorded: Volume 772, Page 357, Official Records of Washington County, Texas

Lease No.: TX1-72421  
 Date: December 9, 1994  
 Lessor: Don Prenzler and wife, Marie Prenzler  
 Lessee: Union Pacific Resources Company  
 Recorded: Memorandum of Oil, Gas and Mineral Lease  
 Volume 773, Page 233, Official Records of Washington County, Texas

Lease No.: TX1-49366(?)  
 Date: August 12, 1993  
 Lessor: Clamens Tiemann and wife, Ora Nell Tiemann  
 Lessee: Western States Land Services, Inc.  
 Recorded: Volume 715, Page 484, Official Records of Washington County, Texas  
 Limitation: INsofar AND ONLY INsofar as said lease covers Tracts 2, 4, 5, 6 and 8 in the above described Oil, Gas and Mineral Lease.

Lease No.: TX1-72578  
 Date: December 9, 1994  
 Lessor: Roberial Boenker and wife, Dorothy M. Boenker  
 Lessee: Union Pacific Resources Company  
 Recorded: Memorandum of Oil, Gas and Mineral Lease  
 Volume 773, Page 289, Official Records of Washington County, Texas

Lease No.: TX1-72418  
 Date: December 2, 1994  
 Lessor: William Boyd Draehn  
 Lessee: Union Pacific Resources Company  
 Recorded: Memorandum of Oil, Gas and Mineral Lease  
 Volume 844, Page 180, Official Records of Washington County, Texas

Exhibit "A"  
Page 3

Lease No.: TX1-62836  
Date: March 7, 1994  
Lessor: Genevieve Rybarski, a widow  
Lessee: Union Pacific Resources Company  
Recorded: Memorandum of Oil, Gas and Mineral Lease  
Volume 733, Page 492, Official Records of Washington County, Texas

Lease No.: TX1-76128  
Date: June 22, 1995  
Lessor: Antone Kubeczka and wife, Carolyn Kubeczka  
Lessee: Union Pacific Resources Company  
Recorded: Memorandum of Oil, Gas and Mineral Lease  
Volume 802, Page 469, Official Records of Washington County, Texas

Lease No.: TX1-72232  
Date: November 9, 1994  
Lessor: Marie D. Snow, a married woman dealing in her sole and separate property  
Lessee: Union Pacific Resources Company  
Recorded: Volume 762, Page 434, Official Records of Washington County, Texas

Lease No.: TX1-60061(6)  
Date: February 4, 1994  
Lessor: Pearlie L. Fitch aka Pearlie Fitch, a widow  
Lessee: Union Pacific Resources Company  
Recorded: Memorandum of Oil, Gas and Mineral Lease  
Volume 726, Page 581, Official Records of Washington County, Texas

Lease No.: TX1-62712  
Date: February 8, 1994  
Lessor: Jerry H. Merten and wife, Connie G. Merten  
Lessee: Union Pacific Resources Company  
Recorded: Memorandum of Oil, Gas and Mineral Lease  
Volume 731, Page 740, Official Records of Washington County, Texas

Lease No.: TX1-60369  
Date: October 15, 1993  
Lessor: Jonell Forman and husband, Gerald G. Forman  
Lessee: Western States Land Services, Inc.  
Recorded: Volume 722, Page 379, Official Records of Washington County, Texas

Lease No.: TX1-72515  
Date: December 14, 1994  
Lessor: Robert H. Wilhelmsen, Jr. and Ellen J. Wilhelmsen, Trustees under the Robert H. Wilhelmsen, Jr. and Ellen J. Wilhelmsen Inter Vivos Trust dated June 25, 1992  
Lessee: Union Pacific Resources Company  
Recorded: Memorandum of Oil, Gas and Mineral Lease  
Volume 772, Page 417, Official Records of Washington County, Texas

Lease No.: TX1-60061(1)  
Date: August 18, 1993  
Lessor: Daniel B. Randle and wife, Gwendolyn F. Randle  
Lessee: Western States Land Services, Inc.  
Recorded: Volume 715, Page 515, Official Records of Washington County, Texas

Lease No.: TX1-60061(2)  
Date: August 18, 1993  
Lessor: Samuel H. Callier and wife, Elsie R. Callier  
Lessee: Western States Land Services, Inc.  
Recorded: Volume 715, Page 518, Official Records of Washington County, Texas

Exhibit "A"  
Page 4

Lease No.: TX1-60061(3)  
Date: August 18, 1993  
Lessor: Stephen B. Randle, a single man, and Felix Randle, Sr., a single man  
Lessee: Western States Land Services, Inc.  
Recorded: Volume 715, Page 531, Official Records of Washington County, Texas

Lease No.: TX1-60061(4)  
Date: August 18, 1993  
Lessor: Felix S. Randle and wife, Evelena Randle  
Lessee: Western States Land Services, Inc.  
Recorded: Volume 715, Page 524, Official Records of Washington County, Texas

Lease No.: TX1-61054(1)  
Date: November 29, 1993  
Lessor: Frank B. Petroski, Jr. and wife, Arlene Petroski  
Lessee: Union Pacific Resources Company  
Recorded: Volume 725, Page 212, Official Records of Washington County, Texas

Lease No.: TX1-61054(2)  
Date: March 25, 1997  
Lessor: Jack Atkinson and wife, Delia Atkinson  
Recorded: Memorandum of Oil and Gas Lease  
Volume 859, Page 78, Official Records of Washington County, Texas

Lease No.: TX1-61294  
Date: January 1, 1994  
Lessor: Anna Margaret Meschwitz  
Lessee: Union Pacific Resources Company  
Recorded: Memorandum of Oil and Gas Lease  
Volume 725, Page 659, Official Records of Washington County, Texas

Lease No.: TX1-60316  
Date: September 27, 1993  
Lessor: A. Q. Plummer, Individually and as Independent Executor and Trustee under the Will of Betty Cantrell Plummer, deceased  
Lessee: Western States Land Services, Inc.  
Recorded: Volume 715, Page 371, Official Records of Washington County, Texas

Lease No.: TX1-60584(2)  
Date: December 18, 1993  
Lessor: E. H. Floyd and wife, Louise Floyd  
Lessee: Union Pacific Resources Company  
Recorded: Memorandum of Oil and Gas Lease  
Volume 722, Page 890, Official Records of Washington County, Texas  
Limitation: INsofar AND ONLY INsofar as said lease covers that certain tract of land described on the attached Exhibit "A-1".

Lease No.: TX1-60584(6)  
Date: August 5, 1996  
Lessor: Umberto Enrico Erculiani, Agent and Attorney-in-Fact for Erculiani Interbau Luzern AG, Inc.  
Lessee: Union Pacific Resources Company  
Recorded: Memorandum of Oil and Gas Lease  
Volume 838, Page 720, Official Records of Washington County, Texas  
Limitation: INsofar AND ONLY INsofar as said lease covers that certain tract of land described on the attached Exhibit "A-1".

Lease No.: TX1-61263(5)  
Date: November 10, 1996  
Lessor: Thomas Dwyer McNeese and Margaret Carter McNeese Schuessler, Independent Executors of the Estate of A. G. McNeese, Jr., deceased and Margaret Carter McNeese, Individually and as Trustee of the Margaret Carter McNeese Trusts under the will of Catherine E. McNeese and Margaret K. McBride  
Lessee: Union Pacific Resources Company  
Recorded: Memorandum of Oil and Gas Lease  
Volume 843, Page 622, Official Records of Washington County, Texas

Lease No.: TX1-61263(2)  
Date: February 10, 1994  
Lessor: Cecelia L. Vollmer aka Cecelia Mattern Vollmer, wife of Paul Vollmer, herein dealing in her sole and separate property  
Lessee: Union Pacific Resources Company  
Recorded: Memorandum of Oil, Gas and Mineral Lease  
Volume 727, Page 466, Official Records of Washington County, Texas

Lease No.: TX1-61263(3)  
Date: February 10, 1994  
Lessor: Philip Mattern, a married man, herein dealing in his sole and separate property  
Lessee: Union Pacific Resources Company  
Recorded: Memorandum of Oil, Gas and Mineral Lease  
Volume 727, Page 452, Official Records of Washington County, Texas

Lease No.: TX1-85089(1)  
Date: March 8, 1997  
Lessor: Sandra Kay Balcerek Zientek, dealing with her separate property  
Lessee: Union Pacific Resources Company  
Recorded: Volume 851, Page 681, Official Records of Washington County, Texas

Lease No.: TX1-85089(2)  
Date: March 8, 1997  
Lessor: Vicky Lynn Balcerek, a single person, f/k/a Vicky Lynn Wehring  
Lessee: Union Pacific Resources Company  
Recorded: Volume 851, Page 693, Official Records of Washington County, Texas

Lease No.: TX1-85089(3)  
Date: March 8, 1997  
Lessor: Linda Faye Balcerek Bernick, dealing with her separate property  
Lessee: Union Pacific Resources Company  
Recorded: Volume 851, Page 685, Official Records of Washington County, Texas

Lease No.: TX1-85089(4)  
Date: March 8, 1997  
Lessor: Michael Wayne Balcerek, dealing with his separate property  
Lessee: Union Pacific Resources Company  
Recorded: Volume 851, Page 689, Official Records of Washington County, Texas

Lease No.: TX1-85090  
Date: March 9, 1997  
Lessor: Linda Faye Balcerek Bernick, dealing in her separate property  
Lessee: Union Pacific Resources Company  
Recorded: Volume 851, Page 697, Official Records of Washington County, Texas

Lease No.: TX1-85091  
Date: March 9, 1997  
Lessor: Sandra Kay Balcerek Zientek, dealing with her separate property  
Lessee: Union Pacific Resources Company  
Recorded: Volume 851, Page 678, Official Records of Washington County, Texas

Exhibit "A"  
Page 6

Lease No.: TX1-85092  
Date: March 5, 1997  
Lessor: Ted Zientek and wife, Barbara Zientek  
Lessee: Union Pacific Resources Company  
Recorded: Volume 851, Page 706, Official Records of Washington County, Texas

Lease No.: TX1-61003  
Date: November 30, 1993  
Lessor: Larry J. Arnie, a single man  
Lessee: Union Pacific Resources Company  
Recorded: Volume 722, Page 361, Official Records of Washington County, Texas

Lease No.: TX1-72627  
Date: December 2, 1994  
Lessor: Patrick Draehn  
Lessee: Union Pacific Resources Company  
Recorded: Memorandum of Oil, Gas and Mineral Lease  
Volume 777, Page 516, Official Records of Washington County, Texas

Lease No.: TX1-88072  
Date: March 20, 1997  
Lessor: Doyle Spitzer  
Lessee: Union Pacific Resources Company  
Recorded: Volume 855, Page 573, Official Records of Washington County, Texas

Lease No.: TX1-88073  
Date: March 4, 1997  
Lessor: Joseph Kingcade, Jr.  
Lessee: Union Pacific Resources Company  
Recorded: Volume 858, Page 17, Official Records of Washington County, Texas

Lease No.: TX1-60061(7)  
Date: March 13, 1997  
Lessor: Lowell Fink  
Lessee: Union Pacific Resources Company  
Recorded: Memorandum of Oil, Gas and Mineral Lease  
Volume 859, Page 229, Official Records of Washington County, Texas

Lease No.: TX1-60061(12)  
Date: March 17, 1997  
Lessor: Evelyn Rosenthal  
Lessee: Union Pacific Resources Company  
Recorded: Memorandum of Oil, Gas and Mineral Lease  
Volume 855, Page 77, Official Records of Washington County, Texas

Lease No.: TX1-60061(5)  
Date: March 17, 1997  
Lessor: S. Louis Greenberg and Joe G. Perl, Co-Trustees of the Joe G. Perl Trust, Hester Perl Greenberg Trust and Lillian Perl Margulies Trust  
Lessee: Union Pacific Resources Company  
Recorded: Memorandum of Oil, Gas and Mineral Lease  
Volume 852, Page 820, Official Records of Washington County, Texas

Lease No.: TX1-60061(9)  
Date: April 18, 1997  
Lessor: Lynn Kamin  
Lessee: Union Pacific Resources Company  
Recorded: Memorandum of Oil, Gas and Mineral Lease  
Volume 856, Page 144, Official Records of Washington County, Texas

Exhibit "A"  
Page 7

Lease No.: TX1-60061(8)  
Date: April 18, 1997  
Lessor: Mark Kamin  
Lessee: Union Pacific Resources Company  
Recorded: Memorandum of Oil, Gas and Mineral Lease  
Volume 858, Page 36, Official Records of Washington County, Texas

Lease No.: TX1-60061(10)  
Date: April 18, 1997  
Lessor: Linda Goodman  
Lessee: Union Pacific Resources Company  
Recorded: Memorandum of Oil, Gas and Mineral Lease  
Volume 856, Page 145, Official Records of Washington County, Texas

Lease No.: TX1-60061(11)  
Date: April 18, 1997  
Lessor: Ann Masel  
Lessee: Union Pacific Resources Company  
Recorded: Memorandum of Oil, Gas and Mineral Lease  
Volume 858, Page 790, Official Records of Washington County, Texas

Lease No.: TX1-60061(13)  
Date: April 18, 1997  
Lessor: Gloria Friedman Altman  
Lessee: Union Pacific Resources Company  
Recorded: Memorandum of Oil, Gas and Mineral Lease  
Volume 861, Page 83, Official Records of Washington County, Texas

Lease No.: TX1-61005  
Date: November 4, 1993  
Lessor: Lueckemeyer Enterprises, Inc.  
Lessee: Union Pacific Resources Company  
Recorded: Volume 722, Page 358, Official Records of Washington County, Texas

Lease No.: TX1-61009  
Date: October 19, 1993  
Lessor: Patrick Cormack and Beatriz N. Cormack, husband and wife  
Lessee: Western States Land Services, Inc.  
Recorded: Volume 726, Page 561, Official Records of Washington County, Texas

Lease No.: TX1-72226  
Date: November 22, 1994  
Lessor: Jean M. McLean, dealing in her sole and separate property  
Lessee: Union Pacific Resources Company  
Recorded: Volume 762, Page 431, Official Records of Washington County, Texas

Lease No.: TX1-88086  
Date: April 10, 1997  
Lessor: Pleasant Grove United Methodist Church  
Lessee: Union Pacific Resources Company  
Recorded: Volume 855, Page 752, Official Records of Washington County, Texas  
Limitation: INsofar AND ONLY INsofar as said lease covers Tract 2 and Tract 3 in the above described Oil, Gas and Mineral Lease

Lease No.: TX2-  
Date: August 5, 1997  
Lessor: Commissioner of the General Land Office of the State of Texas  
Lessee: Union Pacific Resources Company  
Recorded: M-98476 General Land Office of the State of Texas  
Limitation: INsofar AND ONLY INsofar as said lease covers that certain tract of land described on the attached Exhibit "A-2".



Exhibit "A"  
Page 8

Lease No.: TX2-  
Date: August 5, 1997  
Lessor: Commissioner of the General Land Office of the State of Texas  
Lessee: Union Pacific Resources Company  
Recorded: M-98477 General Land Office of the State of Texas

Lease No.: TX2-89237  
Date: June 3, 1997  
Lessor: Commissioner of the General Land Office of the State of Texas  
Lessee: Union Pacific Resources Company  
Recorded: M-97987 General Land Office of the State of Texas  
Volume 862, Page 874, Official Records of Washington County, Texas

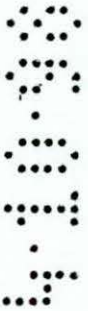
Lease No.: TX2-82318  
Date: December 10, 1996  
Lessor: State of Texas  
Lessee: Union Pacific Resources Company  
Recorded: Volume 844, Page 151, Official Records of Washington County, Texas  
Limitation: INSOFAR AND ONLY INSOFAR as said lease covers that certain tract of land described on the attached Exhibit "A-3".

LIMITED to the production of Oil and/or Gas from the Austin Chalk formation, as such formation is found in the wellbore of the Clayton W. Williams, Jr., Inc. T. A. Low IV, Unit No. 1 located in the Isaac Jameison Survey, Abstract 67, Washington County, Texas, between the depths of 14,405' and 14,723' K. B.



## EXHIBIT "A-1"

54.798 acres, more or less, in the James Schrier Survey, A-98, Washington County, Texas, and being the same land described as 83.0 acres in that certain Deed dated June 15, 1943 from Dr. R. E. Nicholson to Dr. W. F. Hasskarl as recorded in Volume 134, Page 392 of the Deed Records of Washington County, Texas; LESS AND EXCEPT 31.358 acres of land, more or less, in the James Schrier Survey, A-98, Washington County, Texas, and being the same land as described in that certain Deed dated April 19, 1973 from Donald D. Davis et ux to Donald M. Wilder as recorded in Volume 319, Page 119 of the Deed Records of Washington County, Texas.



THE STATE OF TEXAS  
COUNTY OF WASHINGTON

JARMON UNIT, WELL NO. 1  
TRACT NO. 51  
5.92 ACRES

All that certain tract or parcel of land, lying and being situated in Washington County, Texas, part of the James Schrier Survey, A-98, being a portion of a 60 foot County Road known as Baranowski Road and being more fully described by metes and bounds as follows, To-Wit:

BEGINNING at the Northwest corner hereof, being on the North line of the Genevieve Rybarski tract called 5.04 acres as described in the deed recorded in Vol. 267, Page 464, in the Deed Records of Washington County, Texas and being on the apparent West margin of said Baranowski Road, being S 70°44'09" W 5.23 feet from the occupied Northeast corner of said Rybarski tract;

THENCE along the North line hereof, N 70°44'09" E 60.02 feet to the Northeast corner hereof, being on the apparent East margin of said Baranowski Road;

THENCE along the apparent East and Northeast margin of said Baranowski Road for the East and Northeast lines hereof, as follows: S 17°54'50" E 464.51 feet, S 17°01'55" E 301.38 feet, S 19°35'30" E 143.98 feet, S 31°54'49" E 72.00 feet, S 44°30'49" E 470.54 feet, S 46°15'42" E 140.57 feet, S 48°14'23" E 574.53 feet, and S 47°15'58" E 2114.40 feet to the East corner hereof, being at the intersection of said Northeast margin of said Baranowski Road with the centerline of F. M. Highway No. 332;

THENCE along a curved portion of the centerline of said F. M. Highway No. 332, being a curve to the left, through a central angle of 0°11'01", having a radius of 14,323.95 feet, a chord of S 42°07'09" W 45.88 feet, for an arc distance of 45.88 feet, to the end of said curved portion of same;

THENCE continuing along the centerline of said F. M. Highway No. 332, S 42°01'39" W 14.12 feet to the South corner hereof, being at the intersection of the Southwest margin of said Baranowski Road with the centerline of said highway;

THENCE along the Southwest and West margin of said Baranowski Road, as follows: N 47°15'58" W 2114.55 feet, N 48°14'23" W 575.06 feet, N 46°15'42" W 142.53 feet, N 44°30'49" W 478.08 feet, N 31°54'49" W 85.10 feet, N 19°35'30" W 151.79 feet, N 17°01'55" W 302.26 feet, and N 17°54'50" W 462.63 feet to the place of beginning and containing 5.92 acres of land.

THE STATE OF TEXAS

JARMON UNIT, WELI. NO. 1

TRACT NO. 38

COUNTY OF WASHINGTON

7.72 ACRES

All that certain tract or parcel of land, lying and being situated in Washington County, Texas, part of the James Schrier Survey, A-98, the S. M. Williams Survey, A-110 and the Harmon Hensley Survey, A-59, being part of the same land described in the Oil and Gas Lease between The State of Texas and Union Pacific Resources Company, dated December 10, 1996, as recorded in Vol. 844, Page 151, in the Official Records of Washington County, Texas, and being a portion of Mill Creek, and being more fully described by metes and bounds as follows, To-Wit:

BEGINNING at the most Northern corner hereof, being on the Northwest line of the Margaret Carter McNeese, et al, tract called 52.755 acres as described in the deed recorded in Vol. 424, Page 889, in said Official Records, being on or near the Northeast bank of Mill Creek;

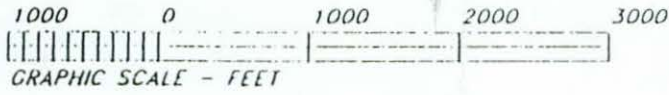
THENCE along or near Northeast and Southeast bank of said Mill Creek, as follows: S 53°01'18" E 29.45 feet, S 18°38'52" E 66.42 feet, S 56°08'03" E 113.83 feet, S 21°04'15" E 57.80 feet, S 05°21'45" W 49.63 feet, S 40°03'45" W 53.31 feet, S 80°09'45" W 72.34 feet, S 36°11'45" W 38.38 feet, S 02°13'15" E 97.47 feet, S 18°16'45" W 70.70 feet, S 44°59'45" W 38.37 feet, S 07°01'45" W 83.49 feet, S 51°09'45" W 38.85 feet, S 87°18'45" W 92.97 feet, S 54°48'45" W 31.38 feet, S 09°21'15" E 100.77 feet, S 06°54'45" W 95.58 feet, S 42°58'45" W 108.37 feet, S 28°47'15" E 26.10 feet, S 56°06'15" E 207.77 feet, S 12°21'15" E 123.28 feet, S 68°20'45" W 156.87 feet, S 13°09'45" W 49.08 feet, S 32°41'15" E 40.08 feet, S 50°23'15" E 122.12 feet, S 21°53'45" W 92.02 feet, S 36°50'15" E 107.24 feet, S 12°13'15" E 94.40 feet, S 39°51'15" E 74.75 feet, S 36°46'15" E 122.94 feet, S 87°03'26" E 285.84 feet, S 03°11'43" E 89.14 feet, S 18°46'35" E 151.48 feet, S 09°11'08" E 161.92 feet, S 12°28'29" W 222.60 feet, S 11°24'09" W 106.90 feet, S 04°19'53" W 96.74 feet, S 32°28'43" E 106.37 feet, S 08°36'14" W 89.10 feet, S 19°15'57" W 122.71 feet, S 05°32'38" W 145.41 feet, S 16°11'54" W 51.00 feet, S 05°49'38" E 72.75 feet, S 26°26'57" E 115.70 feet, S 06°51'06" E 35.03 feet, S 03°59'33" E 46.45 feet, S 03°58'44" W 71.12 feet, S 11°13'47" E 44.64 feet, S 12°24'28" W 37.15 feet, S 37°41'17" E 53.51 feet, S 75°11'28" E 104.00 feet, N 81°07'56" E 28.03 feet, S 79°09'19" E 19.93 feet, S 77°57'33" E 105.05 feet, N 63°57'26" E 74.05 feet, N 77°56'53" E 100.00 feet, S 50°39'26" E 146.09 feet, S 01°02'30" W 75.05 feet, S 00°35'12" E 87.95 feet, N 66°43'18" E 97.22 feet, N 28°28'43" E 81.71 feet, N 45°09'31" E 29.37 feet, S 84°57'41" E 34.28 feet, S 53°46'08" E 39.64 feet, S 11°34'18" E 40.26 feet, N 86°55'26" E 112.41 feet, N 41°37'17" E 59.05 feet, N 82°17'44" E 46.74 feet, S 48°00'55" E 145.67 feet, N 60°40'42" E 52.03 feet, N 75°01'57" E 82.08 feet, N 44°13'54" E 56.91 feet, N 32°39'35" E 125.14 feet, N 67°18'57" E 35.51 feet, S 24°21'46" E 178.90 feet, S 50°25'15" E 37.19 feet, S 02°18'29" E 89.77 feet, S 26°50'17" E 106.45 feet, S 06°10'03" W 108.70 feet, S 56°44'25" W 117.66 feet, S 47°42'48" E 87.70 feet, N 75°54'28" E 54.38 feet, S 61°21'58" E 119.19 feet, N 76°34'54" E 47.71 feet, N 43°17'40" E 76.44 feet, S 63°53'54" E 20.57 feet, N 71°34'17" E 168.23 feet, S 82°22'08" E 121.70 feet, N 70°05'20" E 208.41 feet, S 77°11'02" E 80.53 feet, N 86°20'18" E 133.35 feet, N 10°21'02" E 69.48 feet, N 58°02'47" E 78.88 feet, N 85°39'32" E 113.54 feet, S 06°18'40" E 49.91 feet, S 64°55'24" E 71.32 feet, S 24°52'32" E 32.49 feet, S 52°17'14" E 128.14 feet, S 58°06'15" E 104.24 feet, S 61°53'50" E 69.89 feet, S 79°00'12" E 23.76 feet, S 03°06'54" W 65.40 feet, S 23°15'07" E 102.11 feet, S 05°51'06" E 84.01 feet, S 19°15'59" E 149.43 feet, S 04°27'51" E 108.39 feet, S 14°54'39" W 68.73 feet, S 61°41'17" W 66.67 feet, S 60°54'19" W 30.66 feet, S 09°50'04" W 186.69 feet, S 12°44'53" E 40.08 feet, S 14°34'24" E 142.34 feet, and S 11°03'22" E 117.02 feet to the East corner hereof, being on the Southeast line of the Clamens Tiemann, et ux, tract called 94.43 acres as described in the deed recorded in Vol. 222, Page 397, in said Deed Records, also being on or near the East bank of said Mill Creek;

THENCE crossing said Mill Creek, S 41°12'15" W 63.23 feet to the Southwest corner hereof, being on or near the West bank of said Mill Creek;

THENCE along or near Southwest and Northwest bank of said Mill Creek, as follows: N 11°03'22" W 154.19 feet, N 14°05'28" W 192.44 feet, N 09°50'04" E 220.56 feet, N 61°15'35" E 100.27 feet, N 14°54'39" E 38.57 feet, N 04°27'51" W 93.36 feet, N 19°15'59" W 148.82 feet, N 05°51'06" W 82.24 feet, N 23°15'07" W 94.46 feet, N 13°11'11" E 47.96 feet, N 59°41'46" W 186.07 feet, N 52°17'14" W 141.40 feet, N 24°52'32" W 27.07 feet, N 64°55'24" W 54.92 feet, N 35°37'02" W 44.05 feet, N 83°38'23" W 61.52 feet, S 58°02'47" W 51.37 feet, S 10°21'02" W 83.04 feet, S 86°20'18" W 170.38 feet, N 77°11'02" W 74.57 feet, S 70°05'20" W 206.47 feet, N 82°22'08" W 122.25 feet, S 71°34'17" W 175.35 feet, S 49°56'13" W 61.52 feet, S 76°34'54" W 75.05 feet, N 61°21'58" W 118.92 feet, S 75°54'28" W 60.17 feet, N 47°42'48" W 160.76 feet, N 56°44'25" E 150.38 feet, N 06°10'03" E 77.96 feet, N 26°50'17" W 103.30 feet, N 02°18'29" W 80.61 feet, N 50°25'15" W 28.59 feet, N 24°21'46" W 149.31 feet, S 27°42'12" W 104.09 feet, S 44°13'54" W 71.98 feet, S 75°01'57" W 88.06 feet, S 60°40'42" W 75.69 feet, N 48°00'55" W 155.84 feet, S 82°17'44" W 13.39 feet, S 41°37'17" W 60.91 feet, S 86°55'26" W 163.57 feet, N 11°34'18" W 59.30 feet, N 75°53'43" W 19.06 feet, S 28°28'43" W 89.72 feet, S 66°43'18" W 171.17 feet, N 00°09'58" W 200.31 feet, N 60°39'26" W 107.08 feet, S 77°56'53" W 79.98 feet, S 63°57'26" W 82.95 feet, N 78°04'26" W 131.00 feet, S 81°07'56" W 29.47 feet, N 75°11'28" W 125.96 feet, N 37°41'17" W 85.79 feet, N 12°24'28" E 47.47 feet, N 11°13'47" W 41.61 feet, N 03°58'44" E 73.67 feet, N 05°06'13" W 69.77 feet, N 26°26'57" W 116.07 feet, N 05°49'38" W 87.82 feet, N 16°11'54" E 55.06 feet, N 05°32'38" E 148.09 feet, N 23°44'05" E 140.12 feet, N 09°21'44" E 63.58 feet, N 34°05'41" W 96.33 feet, N 02°05'32" E 116.75 feet, N 11°18'28" E 86.16 feet, N 12°23'44" E 238.13 feet, N 13°03'51" W 176.50 feet, N 16°40'45" W 140.61 feet, N 03°29'44" W 68.92 feet, N 87°03'26" W 261.84 feet, N 36°46'15" W 130.02 feet, N 39°51'15" W 78.25 feet, N 12°13'15" W 94.84 feet, N 36°50'15" W 112.76 feet, N 21°53'45" E 89.34 feet, N 50°23'15" W 112.92 feet, N 32°41'15" W 49.34 feet, N 13°09'45" E 64.20 feet, N 68°20'45" E 151.64 feet, N 12°21'15" W 103.26 feet, N 56°06'15" W 205.23 feet, N 28°47'15" W 41.56 feet, N 42°58'45" E 114.73 feet, N 06°54'45" E 88.08 feet, N 09°21'15" W 108.51 feet, N 54°48'45" E 46.08 feet, N 87°18'45" E 92.41 feet, N 51°09'45" E 27.15 feet, N 07°01'45" E 82.51 feet, N 44°59'45" E 40.07 feet, N 18°16'45" E 64.00 feet, N 02°13'15" W 100.15 feet, N 36°11'45" E 50.42 feet, N 80°09'45" E 72.96 feet, N 40°03'45" E 42.47 feet, N 05°21'45" E 40.87 feet, N 21°04'15" W 48.98 feet, N 36°08'03" W 112.19 feet, N 18°54'40" W 71.19 feet, and N 56°55'05" W 24.42 feet to the West corner hereof, being on or near the Southwest bank of said Mill Creek;

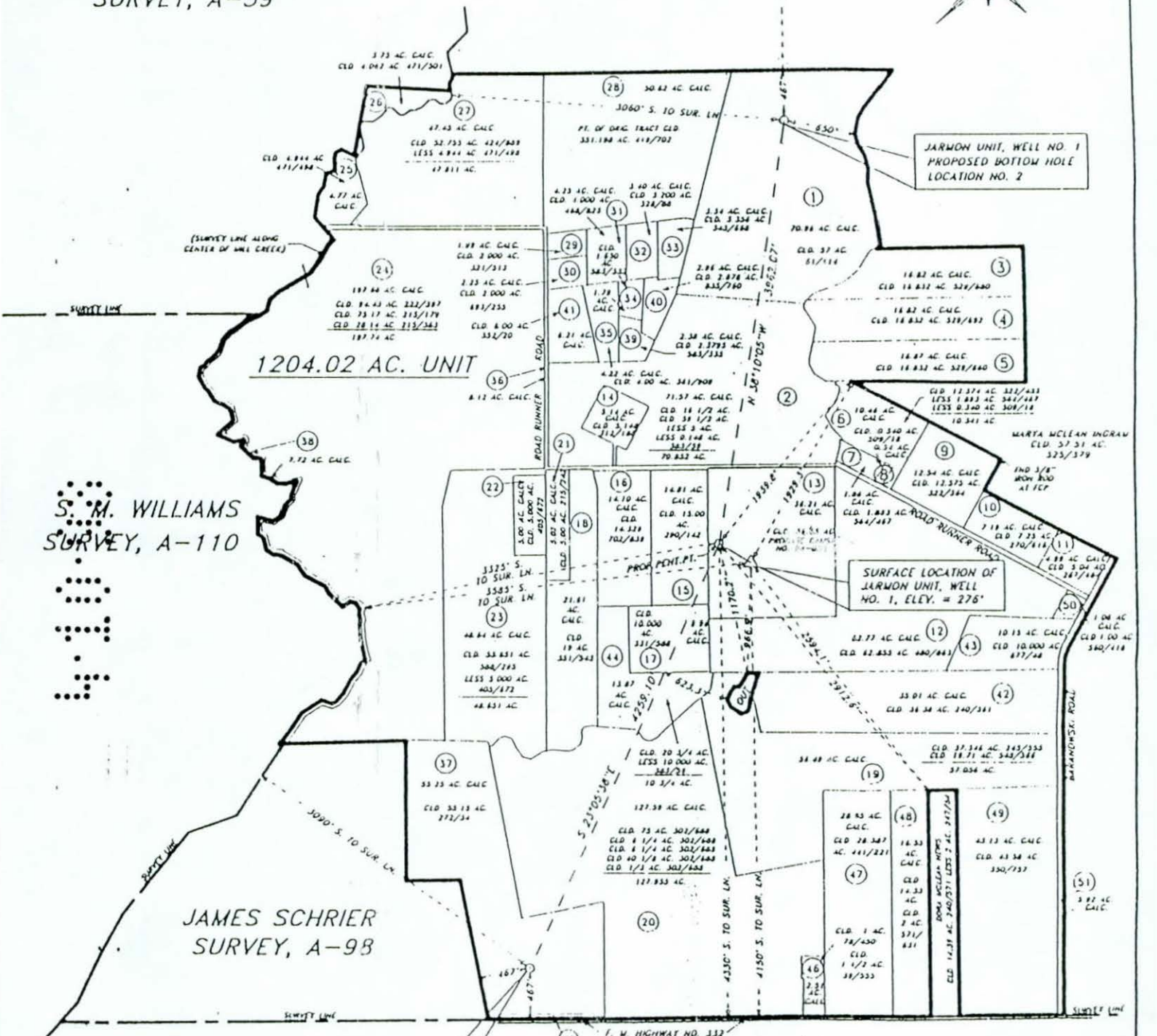
THENCE crossing said Mill Creek, N 42°51'26" E 15.48 feet to the place of beginning and containing 7.72 acres of land.

Attached to and made a part of that certain Designation of Unit - Jarmon Unit #1, dated August 7, 1997



ISAAC JAMEISON SURVEY, A-67

HARMON HENSLEY SURVEY, A-59



S. M. WILLIAMS SURVEY, A-110

JARMON UNIT, WELL NO. 1 PROPOSED BOTTOM HOLE LOCATION NO. 1

JARMON UNIT, WELL NO. 1 PROPOSED BOTTOM HOLE LOCATION NO. 2

SURFACE LOCATION OF JARMON UNIT, WELL NO. 1, ELEV. = 276'

NELSON SMITH SURVEY, A-100

NOTES

1. SURFACE LOCATION: LATITUDE: 30°05'45" N LONGITUDE: 96°27'32" W
2. PROPOSED BOTTOM HOLE LOCATION NO. 1: LATITUDE: 30°08'05" N LONGITUDE: 96°27'18" W
3. PROPOSED BOTTOM HOLE LOCATION NO. 2: LATITUDE: 30°07'16" N LONGITUDE: 96°28'02" W
4. BEARINGS BASED ON TRUE NORTH OBTAINED BY GPS OBSERVATION.
5. SURFACE LOCATION IS APPROX. 5.3 MILES SOUTHWEST OF BRENNHAM, TEXAS.
6. PROPOSED PENETRATION POINT IS LOCATED S 74°09'43" W 337.79' FROM SURFACE LOCATION.

I, JON E. HODDE, REGISTERED PROFESSIONAL LAND SURVEYOR NO. 5197 OF THE STATE OF TEXAS, DO HEREBY CERTIFY THAT THIS PLAT WAS PREPARED FROM A PARTIAL SURVEY MADE ON THE GROUND AND FROM DEED RECORD INFORMATION AND DO HEREBY CERTIFY THAT THE RULES OF THE TEXAS BOARD OF PROFESSIONAL LAND SURVEYING HAVE BEEN COMPLIED WITH REGARDING THE TIES SHOWN FROM THE SURFACE LOCATION TO THE UNIT LINES.

DATED THIS THE 9TH DAY OF JUNE, 1997, A. D.

Signature of Jon E. Hodde, Registered Professional Land Surveyor No. 5197, Hodde & Hodde Land Surveying, Inc., 613 East Horton Street, Brenham, Texas 77833, (409)-836-5681.



WELL LOCATION PLAT UNION PACIFIC RESOURCES COMPANY JARMON UNIT, WELL NO. 1 WASHINGTON COUNTY, TEXAS SCALE: 1" = 1000'

STATE OF TEXAS  
COUNTY OF WASHINGTON

I hereby certify that the 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

OCT 22 1997



*Beth A. Rothornel*

Beth Rothornel, County Clerk  
Washington County, Texas

1997 OCT 21 AM 11 27  
Washington County, Texas

000014

2011200

JB Simmons  
O/U

11.

File No. MF-097583

Designation of Unit

Date Filed: 8/7/97

Jerry E. Patterson, Commissioner

By J. E. Guern

A.T.O. 88