



CAUTION

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Archives and Records Staff

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MF097585

2674

Lease Type	Control	Basefile	County
River Fee	01-101197		WASHINGTON
	Survey		
	Block		
	Block Name		
	Township		
	Section/Tract		
	Land Part		
	Acres	Net: 5.000000	Gross: 5.000000
	Depth Below	Depth Above	Depth Other
			Allow All Depths
	Name	THE STATE OF TEXAS	
	Lease Date	10/1/1996	
	Primary Term	3 years	
	Bonus	\$5,000.00	
	Lease Royalty	0.20000000	
	Paid Up	NA	

Leasing:

Maps:

GIS: MC

Scanlab:



2674

~~5.0000~~

5.0 UNIT ACRES
-0- NON-UNITAL.

Rentals: *M.T.*

Lease
Admin: *KSA*

Mineral
Maps: *(Signature)*

STATE LEASE

MF097585

CONTROL

BASEFILE

COUNTY

01-101197

WASHINGTON

SURVEY : NEW YEARS CREEK
BLOCK :
TOWNSHIP :
SECTION/TRACT: 2
PART :
ACRES : 5.00
DEPTH LIMITS : NO

LESSEE : UNION PACIFIC RESOURCES COMPAN
LEASE DATE : Oct 01 1996
PRIMARY TERM : 3 yrs
BONUS (\$) : 5000.00
RENTAL (\$) : 5.00
ROYALTY : 0.25000000
VAR ROYALTY :



293236
MF 097585

CONTENTS OF FILE NO. MF097585

10/14/04 - Replacement Contents Card

- 1. Bid Form 10/1/96
- 2. Lease 10/1/96
- 3. ~~MISSING~~ Transmittal Ltr - 10/1/96
- 4. Pooling Committee Report + Pooling Agreement. 3/16/98
- 5. Well Reports 4/12/98

Scanned sm 10/17/13

- 6. Division Order 8/25/16
- 7. Division Order 9/1/16

scanned PJ 9-20-16

scanned PJ 10-11-2018

97585

2025 OCT 10 11:00 AM

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

APPLICANT
AGREEMENT

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

APPLICANT
IDENTIFICATION
TO APPEAR ON
LEASE (type/print)

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

AREA
DESCRIPTION

County(ies) Washington Survey/Area Hope Survey A-62
Boundary line of John Cole Survey A-32 and P. & A.
(If Applicable)
Block/Tsp. _____ Section/Tract 2 Acres 5.00
(If Applicable) Tract 2 is bound on the Northwest by the South line of the Elijah Allcorn Survey A-1 and is bound on the Southeast by the center-line of Washington County, Road no. 65 crossing said creek

BID
SUBMISSION

(A) Cash Bonus Enclosed (\$) 5,000.00 (type/print amount below)
37005581
Five Thousand and 00/100
(B) Sales Fee Attached (\$) 75.00 (type/print amount below)
37005582
Seventy Five and 00/100
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.

70

APPLICANT (same as above)

Union Pacific Resources Company

BONUS AMOUNT ONLY (A)

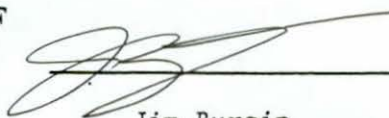
(Do Not include sales fee)

(\$ 5,000.00)

APPLICANT
TAX I.D. #



SIGNATURE OF
AGENT
(type/print below)


Jim Burgin

①

97585

BID FORM

OCT 01 1996

97002285
97002281

The State of Texas



Austin, Texas

**OIL AND GAS LEASE
NO. M-97585**

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 2, NEW YEAR CREEK, WASHINGTON COUNTY, TEXAS, CONTAINING APPROXIMATELY 5 ACRES, IS BOUND ON THE NORTHWEST BY THE SOUTH LINE OF THE ELIJAH ALLCORN SURVEY, A-1, AND IS BOUND ON THE SOUTHEAST BY THE CENTERLINE OF WASHINGTON COUNTY ROAD NO. 65 CROSSING SAID CREEK,

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 **Five Thousand and 00/100 Dollars (\$5,000.00)**, 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.

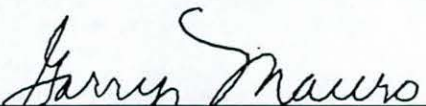
LESSEE

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 
Legal 
DC 
SD 
Exec 

STATE OF _____

(CORPORATION ACKNOWLEDGMENT)

COUNTY OF _____

BEFORE ME, the undersigned authority, on this day personally appeared _____ of 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 _____

NOTARY PUBLIC
STATE OF CALIFORNIA
COMMISSION EXPIRES 01/01/2010

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. 97585

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

3

M- 97585

TRANSMITTAL LETTER

File Dated OCT 01 1906

DO NOT DESTROY



UNIT AGREEMENT MEMO

Unit No. 2674

Operator Union Pacific Resources Co.

Unit Name Bluebell Unit #1

County Washington

Effective Date _____

Unitized for: Oil ___ Gas ___ Oil & Gas

1. M.F. No. 96075
Area HROW Tr. _____
Sec. _____ Blk. _____ Survey NA. Hope A-62
1.463 / 797.0415 x 1/6 = .0306%
.001836 .166667 .000306

2. M.F. No. 97585
Area New Years Creek Tr. _____
Sec. _____ Blk. _____ Survey _____
5 / 797.0415 x 1/5 = .1255%
.006273 .20 .001255

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

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

REMARKS:

.001561

Prepared by: <u>E. GARZA</u>	Date <u>05-19-98</u>
Map & GIS updated by: <u>[Signature]</u>	Date <u>6-15-98</u>
Keyed into database by: <u>[Signature]</u>	Date <u>6-15-98</u>

2674

POOLING COMMITTEE REPORT

TO: SCHOOL LAND BOARD

DATE: February 17, 1998

OPERATOR: Union Pacific Resources Co. COUNTY: Washington

UNIT NAME: Bluebell 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-97585	1/4 **	10/1/99	3	5	5	UPRC
	m-96075	1/6			1.463	1.463	UPRC

** Subject to variable royalty provision in the lease

* RAL = Relinquishment Act

* SF = State Fee

* FR = Free Royalty

PRIVATE ACRES: 792.0415STATE ACRES: 5.0000TOTAL UNIT ACRES: 797.0415

Unitized for:

Oil _____

Gas _____

Both x

Depth(s):

See Remarks

Formation:

See Remarks

Well Location:

State Land _____

Private Land x

Participation:

Basis Surface acreageState Acreage 0.6273%State Unit Royalty 0.1255%

Railroad Commission Rules:

Spacing 1600 AcresAcreage Factor 100%Agree to drill to density of field rules: Yes x No _____

Holds only acreage included in the unit

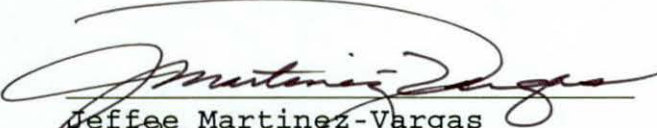
past primary term: Yes x No _____Satisfactory geological data furnished: Yes x No _____

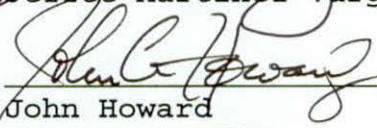
REMARKS:


- Union Pacific Resources Company is requesting permanent oil and gas pooling of the Austin Chalk Formation defined as the stratigraphic interval or its correlative equivalent occurring from 14,292 feet to 14,656 feet K.B. as shown on the Union Pacific Resource Company Bluebell #1 Induction-Density-Neutron-Gamma Ray well log.
- The applicant completed the unit well on June 17, 1995 as a quad lateral horizontal gas well in the Austin Chalk Formation. The well has produced approximately 17.1 bcf of gas through November 1997.
- If the unit is approved, the applicant will have earned a royalty reduction to 20%, making the state's unit royalty participation 0.1255%.
- 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

E. ALLCORN
A-1

BHL

BHL

M-97585

New Year Creek

2
SL

BHL

BHL

PROSPER & ADOLPHUS HOPE
A-62

A. HARRINGTON
A-55

98-9/RH/2-98

UNION PACIFIC RESOURCES COMPANY

BLUEBELL UNIT #1

GIDDINGS AUSTIN CHALK GAS

M-97585

WASHINGTON COUNTY

POOLING AGREEMENT
UNION PACIFIC RESOURCES COMPANY
BLUEBELL 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 14,292 feet to 14,656 feet, measured from the Kelly Bushing, as shown on the Induction-Density-Neutron-Gamma Ray Log of the Union Pacific Resources Company, Bluebell 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 797.0415 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 February 17, 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 3/11/98

STATE OF TEXAS

Legal
Content
Geology
Execution

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

Date Executed 3-2-98

UNION PACIFIC RESOURCES Company

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

ATTEST: [Signature]

CERTIFICATE

I, Linda K. Fisher, Secretary of the School Land Board of the State of Texas, do hereby certify that at a meeting of the School Land Board duly held on the 17th day of February, 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 17th day of March, 1998.

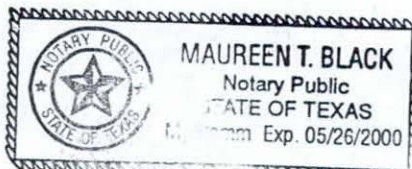
Linda K. Fisher
Secretary of the School Land Board

STATE OF TEXAS

COUNTY OF TARRANT

This instrument was acknowledged before me on March 2, 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



Revised 7/6/95

LAND SUMMARY

Well Name: Bluebell Unit #1 AFE #18287
Washington County, Texas

Ownership same as Well #2

	<u>WI</u>	<u>UNIT NET REVENUE</u>
UPRC WI	100.000%	83.333%
UPRC NRI	83.333%	

Interest in Unit:	<u>WORKING INTEREST</u>		<u>NET REVENUE INTEREST</u>	
	<u>BPO</u>	<u>APO</u>	<u>BPO</u>	<u>APO</u>
UPRC	100.000%	100.000%	83.333%	83.333%

Lease Information:



<u>Name</u>	<u>Lease No.</u>	<u>Exp.</u>	<u>Lease NRI</u>	<u>Net Acres In Unit</u>
Eugene Seeker 185.553 acres	✓ TX1-60805	11-01-96	83.333%	185.553
Eugene Seeker 1.398 acres	✓ TX1-72032	10-03-97	83.333%	1.398
Lisa Fay Eban 14.2 acres	✓ TX1-60715	11-07-96	83.333%	14.200
Karen Bell 15.28 acres	✓ TX1-60714	11-16-96	83.333%	15.280
Carlton Andrejczak 14.738 acres	✓ TX1-60716	11-17-96	83.333%	14.738
Tina Winklemann 14.739 acres	✓ TX1-60803	11-17-96	83.333%	14.739
Betty Goodlett 102.82 acres	✓ TX1-49364	08-18-96	83.333%	102.820
Richard Goodlett 2.0 acres	✓ TX1-49363	08-18-96	83.333%	2.000
Gloria Andrejczak 22.58 acres	✓ TX1-60717	11-16-96	83.333%	22.580
William Seeker 11.48 acres	✓ TX1-61626 (2)	02-03-97	83.333%	2.870

Land Summary
Page 2

Mabel Seeker 11.48 acres	✓ TX1-61626 (1)	02-03-97	83.333%	8.610	
Richard Voskamp 31.98 acres	✓ TX1-49361 (2)	09-01-96	83.333%	15.990	
Gennie Schulze 31.98 acres	✓ TX1-49361 (1)	08-26-96	83.333%	7.995	
Evelyn Schulze 31.98 acres	TX1-49361 (3)	10-27-97	83.333%	7.995	Select
✓ Murski Family Trust 65.75 acres	✓ TX1-60365	10-27-96	83.333%	65.750	
Robert Handley 32.281 acres	✓ TX1-60549	11-03-96	83.333%	32.281	
John A. Herman 47.065 acres	✓ TX1-60104 (1)	9-2-96	83.333%	23.5325	
Gerald Krause 27.718 acres	✓ TX1-60104 (2)	8-23-97	83.333%	13.859	
W. Charles Gaskamp 19.347	✓ TX1-60104 (3)	8-24-97	83.333%	9.6735	
Louise Schramme, et al - 65.37 acres	✓ TX1-60109	8-19-96	83.333%	10.520	
Richard D. Smith 2.045 acres	✓ TX1-72332	11-9-97	83.333%	2.045	
State of Texas 1.463 acres	✓ TX2-72149	11-15-97	83.333%	1.463	
James Becker 119.687 acres	✓ TX1-60548	11-17-96	83.333%	*50.434	
Robert Gajeske, Jr. 76.68 acres	✓ TX1-61700	11-03-96	83.333%	76.680	
Leonard Dismukes 12.747 acres	✓ TX1-72255	11-02-97	83.333%	12.747	
Raymond H. Walker 67.9664 acres	✓ TX1-71990	09-07-97	83.333%	65.4664	

1982 Hickory Lake
Brewer's
776333



LAND SUMMARY
Page 3

Julian Bilski et ux ✓ TX1-61069 12-02-96 83.333% 15.8221
135.5461 acres


TOTAL ACRES IN UNIT

797.0415

Remarks: Subject to UPRC/John H. Young, Inc. Mutual Farmout Agreement
 (LDA #80084-95)

*The James Becker lease (TX1-60548) covers 50% interest in a 50.434
acre tract included in the unit. We are attempting to lease the
remaining 50% interest (heirship) in this non-drillsite tract prior
to division order supplements. Any interest not secured in this
tract prior to division orders will be excluded from the unit.

Landman



Date

7/6/95

Exhibit "B" and
EXHIBIT "C"

NOTE: Acreage shown hereon furnished by others and reflect mineral ownership only.

EASEMENTS

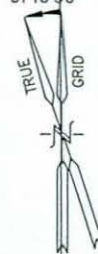
Blanket Easement to Northeast Washington County Water Supply Corp. 412/337

E. ALLCORN
A-1

BLUEBELL UNIT, WELL NO. 2
BOTTOM HOLE LOC. ST(02)

BLUEBELL UNIT, WELL NO. 2
BOTTOM HOLE LOC. ST(03)

01°16'50"



NOTE: Bearings shown are "GRID"

A. HARRINGTON:
A-55

P. & A. HOPE
A-62

BLUEBELL UNIT, WELL NO. 2
SURFACE LOCATION ELEV. 220'

NOTE: The Penetration Point for ST(00), ST(01) & ST(02) is located N 83°21'51" W - 609.48' from the Surface Location. The Penetration Point for ST(03) is located N 62°34'42" W - 246.45' from the Surface Location.

NOTE: The Proposed Surface Location is located approximately 4800' in a northeasterly direction from the south end of the most westerly runway at the Brenham Municipal Airport.

BLUEBELL UNIT, WELL NO. 2
BOTTOM HOLE LOC. (ST00)

BLUEBELL UNIT, WELL NO. 2
BOTTOM HOLE LOC. (ST01)

CALLED
797.0415 ACRE UNIT
AND DRLG. UNIT

Check on FBPs/BHL's
 Rep ST00,01,02 70.413N 605.40W ✓
 BHL ST00 665.0S 935.3W ✓
 " ST01 324.66S 190.0W ✓
 " ST02 208.28N 1509.91W ✓
 FBP ST03 113.5 N 218.76W ✓
 BHL ST03 1976.78N 1258.50W ✓

Payment of all BPs & BHL's
checked & OK

TANGENT	BEARING	LENGTH
T1	N 68°03'57" E	1008.40'
T2	S 87°04'10" W	731.00'
T3	S 02°27'47" E	1613.35'
T4	N 74°55'42" W	918.31'
T5	N 89°20'42" W	41.14'
T6	N 00°44'21" W	124.00'
T7	N 01°04'52" E	161.60'
T8	N 03°50'09" E	201.54'
T9	N 04°04'42" E	644.15'
T10	N 04°11'53" E	443.40'
T11	N 02°45'48" W	51.59'

NOTE: This is not a Boundary Survey. Acreages shown hereon are based upon record deed acreage only. Bearing Base is Texas State Plane South Central Zone N.A.D. 1983

1	1.516	ACRES	ROBERT T. HANDLEY ET UX
2	1.78	ACRES	WILLIAM A. SEEKER ET AL
3	2.00	ACRES	RICHARD S. GOODLETT ET UX
4	2.32	ACRES	WILLIAM A. SEEKER ET AL
5	7.38	ACRES	WILLIAM A. SEEKER ET AL
6	11.76	ACRES	MARTHA MURSKI, TRUSTEE
7	14.20	ACRES	LISA FAY EBAN
8	14.738	ACRES	CARLTON RAY ANDREJCZAK
9	14.739	ACRES	TINA GAY WINKLEMANN
10	15.28	ACRES	KAREN KAY ANDREJCZAK BELL
11	15.59	ACRES	MARTHA MURSKI, TRUSTEE
12	22.58	ACRES	GLORIA MAE ANDREJCZAK
13	30.765	ACRES	ROBERT T. HANDLEY ET UX
14	31.98	ACRES	RICHARD L. VOSKAMP ET UX ET AL
15	35.00	ACRES	EUGENE SEEKER ET UX
16	38.40	ACRES	MARTHA MURSKI, TRUSTEE
17	69.29	ACRES	EUGENE SEEKER ET UX
18	102.82	ACRES	BETTY GOODLETT
19	10.52	ACRES	LOUISE SCHRAMME ET AL
20	19.347	ACRES	JOHN A. HERMANN ET UX
21	27.718	ACRES	JOHN A. HERMANN ET UX
22	1.463	ACRES	STATE OF TEXAS
23	2.045	ACRES	RICHARD D. SMITH ET UX
24	62.513	ACRES	EUGENE SEEKER ET UX
25	1.398	ACRES	EUGENE SEEKER ET UX
26	26.68	ACRES	ROBERT GAJESKE, JR.
27	50.00	ACRES	ROBERT GAJESKE, JR.
28	3.408	ACRES	JAMES BECKER ET UX
29	47.026	ACRES	JAMES BECKER ET UX
30	65.4664	ACRES	RAYMOND H. WALKER ET UX
31	15.8221	ACRES	JULIAN P. BILSKI ET UX
32	12.747	ACRES	LEONARD MICHAEL DISMUKES ET UX
33	18.75	ACRES	EUGENE SEEKER ET UX

797.0415 TOTAL ACRES IN UNIT

96075
TRACT 34 = 5 ACRES -
JAS. WALKER
A-106

"AS DRILLED"
WELL LOCATION PLAT
UNION PACIFIC RESOURCES COMPANY
BLUEBELL UNIT, WELL NO. 2
WASHINGTON COUNTY, TEXAS
SCALE: 1" = 1000'

SURFACE LOCATION
LATITUDE 30°12'15.15"
LONGITUDE 96°23'10.58"

BOTTOM HOLE LOC. ST(00)
LATITUDE 30°12'08.78"
LONGITUDE 96°23'21.41"

BOTTOM HOLE LOC. ST(01)
LATITUDE 30°11'43.19"
LONGITUDE 96°23'20.41"

BOTTOM HOLE LOC. ST(02)
LATITUDE 30°12'36.10"
LONGITUDE 96°23'27.25"

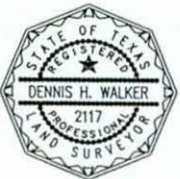
BOTTOM HOLE LOC. ST(03)
LATITUDE 30°12'35.19"
LONGITUDE 96°23'24.41"

WALKER & ASSOCIATES SURVEYING, INC.
TYLER, TEXAS PH: 903-534-9000

I, Dennis H. Walker, Registered Professional Land Surveyor, do hereby certify that this plat was prepared from a partial survey and from public record information and is true and correct to the best of my knowledge.

GIVEN UNDER MY HAND & SEAL this 1st day of May, 1996.

By: *Dennis H. Walker*
Dennis H. Walker
Registered Professional Land Surveyor
State of Texas No. 2117



File No. MF-97585
Pooling committee Rpt +
Pooling Agreement
Date Filed: 3/16/98
Jerry E. Patterson, Commissioner
By _____

(4) MF-71580
Pooling Committee Rpt. +
Pooling Agreement
DATED: 2-17-98
FILED: 3-16-98

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION



DAVID M. GARLICK
DIRECTOR

BARRY WILLIAMSON, CHAIRMAN
CAROLE KEETON RYLANDER,
COMMISSIONER
CHARLES R. MATTHEWS,
COMMISSIONER

1701 N. CONGRESS

CAPITOL STATION - P.O. BOX 12967 AUSTIN, TEXAS 78711-2967

(512) 463-7288

October 12, 1995

UNION PACIFIC RESOURCES COMPANY
P.O. BOX 7 - MS/3006
FORT WORTH TX 76101

RE: DIRECTIONAL DEVIATION
PERMIT #: 431511 (AMENDED)
LEASE: BLUEBELL UNIT
FIELD: SEE ATTACHMENT
WELL #: 1
COUNTY: WASHINGTON

SURFACE LOCATION:

LEASE: 911.00 F W & 3975.00 F S
SURVEY: 3400.00 F W & 2885.00 F N

BOTTOM HOLE LOCATION:

LEASE: 1625.00 F S & 2508.00 F E
SURVEY: 4261.00 F W & 4370.00 F S

OPERATOR :

This will be your authority in accordance with Statewide Rule 11 to directionally drill the subject well. Please bear in mind that this well will be directionally drilled at your own risk and no allowable will be assigned until this office is in receipt of a certified directional survey report made and filed in the manner prescribed in Statewide Rules 11 and 12 showing that exact surface location and bottomhole location of the well, together with a certified plat to adequate scale showing correct surface location and other pertinent information in order to determine exact bottomhole location.

A drilling permit for the well is being issued subject to review after receipt of all completion forms, together with such evidence as is necessary to show the exact bottomhole location of the deviated well. A copy of this permit must be furnished to the person in charge of directional control of the well, so such person will know the permitted bottomhole location to which the well is projected. Completion forms should be accompanied by a letter of transmittal giving reference to this letter as authority to directionally deviate the well. This procedure should be followed regardless of whether the well is completed either as a producer or as a dry hole.

Yours very truly,

David C. Triana
DAVID C. TRIANA, P.E.
PRODUCTION ALLOCATION ENGINEER

cc: RRC - District Office HOUSTON
Production and Proration

03

ATTACHMENT
PERMIT #: 431511 (AMENDED)

FIELD: GIDDINGS (AUSTIN CHALK-3)

FIELD: GIDDINGS (AUSTIN CHALK, GAS)

3
2
1

RAILROAD COMMISSION OF TEXAS
OIL AND GAS DIVISION

CERTIFICATE OF POOLING AUTHORITY

I, Melanie J. Dennis, 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: Bluebell Unit WELL NO. 1

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

TEXAS, contains 797.0415 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:

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. Robert T. Handley ET UX	1.516	
Union Pacific Resources Company	2. William A. Seeker ET AL.	1.78	
Union Pacific Resources Company	3. Richard S. Goodlett ET UX	2.00	
Union Pacific Resources Company	4. William A. Seeker ET AL.	2.32	
Union Pacific Resources Company	5. William A. Seeker ET AL.	7.38	
Union Pacific Resources Company	6. Martha Murski, Trustee	11.76	
Union Pacific Resources Company	7. Lisa Fay Eban	14.20	
Union Pacific Resources Company	8. Carlton Ray Andrejczak	14.738	
Union Pacific Resources Company	9. Tina Gay Winklemann	14.739	
Union Pacific Resources Company	10. Karen Kay Andrejczak Bell	15.28	
Union Pacific Resources Company	11. Martha Murski, Trustee	15.59	
Union Pacific Resources Company	12. Gloria Mae Andrejczak	22.58	
Union Pacific Resources Company	13. Robert T. Handley ET UX	30.765	
Union Pacific Resources Company	14. Richard L. Voskamp ET UX ET AL.	31.98	
Union Pacific Resources Company	15. Eugene Seeker ET UX	35.00	
Union Pacific Resources Company	16. Martha Murski, Trustee	38.40	
Union Pacific Resources Company	17. Eugene Seeker ET UX	69.29	
Union Pacific Resources Company	18. Betty Goodlett	102.82	
Union Pacific Resources Company	19. Louise Schramme ET AL.	10.52	
Union Pacific Resources Company	20. John A. Hermann ET UX	19.347	
Union Pacific Resources Company	21. John A. Hermann ET UX	27.718	
Union Pacific Resources Company	22. State of Texas	1.463	
Union Pacific Resources Company	23. Richard D. Smith ET UX	2.045	
Union Pacific Resources Company	24. Eugene Seeker ET UX	62.513	
Union Pacific Resources Company	25. Eugene Seeker ET UX	1.398	
Union Pacific Resources Company	26. Robert Gajeske, Jr.	26.68	
Union Pacific Resources Company	27. Robert Gajeske, Jr.	50.00	
Union Pacific Resources Company	28. James Becker ET UX	3.408	
Union Pacific Resources Company	29. James Becker ET UX	47.026	
Union Pacific Resources Company	30. Raymond H. Walker ET UX	65.4664	

CERTIFICATE:

(Continued on page 2)

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.

Melanie J. Dennis / Melanie J. Dennis, Regulatory Analyst, 10-9-95
 Representative of Operator, Title, Date
 Telephone (817) 877-6297
 A/C Number

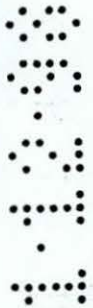
INSTRUCTIONS

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.

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	31. Julian P. Bilski ET UX	15.8221	
Union Pacific Resources Company	32. Leonard Michael Disaukes ET UX	12.747	
Union Pacific Resources Company	33. Eugene Seeker ET UX	18.75	
TOTAL ACRES IN UNIT:		797.0415	

CONTINUED - Page 2



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.

Melanie J. Dennis Melanie J. Dennis Regulatory Analyst 10-9-95
 Representative of Operator Title Date
 Telephone (817) 877-6297
 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**

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 _____ Bluebell Unit _____, No. _____ I _____; 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 _____ 797.0415 _____ 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 _____ 8-14-95 _____ Signature Tracie J. Thomas /Tracie J. Thomas

Telephone _____ (817)877-7948 _____ Title _____ Regulatory Analyst _____
AREA CODE

DEPTH OF USABLE-QUALITY GROUND WATER TO BE PROTECTED

835

PLEASE READ ALL INSTRUCTIONS

The information requested is essential in order for this agency to provide an appropriate response. Please allow for receipt of this form in our offices at least two weeks before your operation begins. Due to the volume of these requests, it is difficult for us to handle telephone inquiries, and such only serve to delay the processing of these forms. Complete, keep the bottom sheet (yellow) for your files, and mail the top 3 sheets of the 4-sheet set of carbon-backed forms to the address below; one of them will be returned to you bearing our response and one will be sent to the appropriate district office of the Railroad Commission. For questions phone: 512/239-0515.

Surface Casing
TNRCC
 P.O. Box 13087
 Austin, TX 78711-3087

Date 12-30-94

TNRCC File No.: SC-835

Wanda Bartell (817) 877-7941

Name of person preparing this request & telephone no. w/AC

Union Pacific Resources Company

Company (operator's name as on RRC form W-1)

P.O. Box 7 - MS/3006

Mailing Address

Ft. Worth, TX 76101-0007

City and State

Zip Code



COUNTY Washington Survey Name P.&A. Hope
 Block No. _____ Township _____ Section or Survey No. _____ (or) Lot No. _____
 Abstract No. A- 62 LEASE Name Bluebell Unit Well No. 1

A map showing all surrounding SURVEYS and your well site must accompany this request.

Distances, in feet, and directions measured at right angles from each of two intersecting Section or Survey lines
 (NOT LEASE LINES) 3,400 feet from West line and 2,750 feet from North line
 Distance (in miles) and direction from a nearby town in this County (name the town) 2.4 miles NNE from Brenham, TX

THE ABOVE INFORMATION IN THIS BLOCK MUST BE COMPLETE AND CORRECT!!!

RRC Lease No. _____ RRC Dist. No. 03

Elevation (if avail.) 234' Proposed Total Depth 15,500 Geologic Fm. at T.D. Austin Chalk

Purpose of the Request: New Drill Re-entry Plug & Abd. Other (specify) _____

Is this an amended request? Yes No Give previous File No. for this well: SC- _____

Additional data (check if attached):

Log of same or nearby well _____ (The applicable type of well log of a nearby well that shows the aquifers.)

ALWAYS attach the electric log of any well that is to be reentered.

Additional remarks: New horizontal wellbore

The TEXAS NATURAL RESOURCE CONSERVATION COMMISSION'S recommendation for the protection of usable-quality ground water at the referenced location is as follows:

CO-WASHINGTON, SUR-HOPE P., LSE-BLUEBELL UNIT, A-62, #1/2100

The interval from the land surface to a depth of 2100 feet must be protected.

Very truly yours,

Steven L. White

Steven L. White
 Geologist, Surface Casing, TNRCC

Date January 3, 1995
 typed by TNRCC

NOTE: The depth to which we recommend that usable-quality water strata should be protected is intended to apply only to the subject well and not for area-wide use. Approval of the well-completion methods for protection of this ground water falls under the jurisdiction of the Railroad Commission of Texas. This recommendation is intended for normal drilling, production, and plugging operations only and does not apply to salt water disposal operations into a nonproductive zone (RRC Form W-14).

Fold

Fold

DO NOT WRITE HERE
 FOR TNRCC USE ONLY

TYPE OR PRINT IN INK

Type or print only

483-047

API No. 42-477-30768

7. RRC District No.
03

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

8. RRC Gas ID No.

1. FIELD NAME (as per RRC Records or Wildcat)
Giddings (Austin Chalk, Gas)

2. LEASE NAME
Bluebell 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, TX 76101-0007

11. Purpose of filling
Initial Potential

5. Location (Section, Block, and Survey)
P. & A. Hope A-62

5b. Distance and direction to nearest town in this county.
2.4 miles NNE from Brenham, TX

Retest

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

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

Reclass

13. Pipe Line Connection
Ferguson Burleson Cty GGS

Well record only
(Explain in remarks)

14. Completion or recompletion date
06-15-95

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

16. Type of Electric or other Log Run.
Gr. Triple Combo

Section I **GAS MEASUREMENT DATA**

Date of Test		Gas Measurement Method (Check One)							Gas produced during test	
7/14-16/95		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"/>	76,953 MCF	
Run No.	Line Size	Orif. or Choke Size	24 Hr. Coeff. Orif. or Choke	Static P _m or Choke Press	Diff. h _w	Flow Temp. °F	Temp. Factor F _{tf}	Gravity Factor F _g	Compress Factor F _{pv}	Volume MCF/DAY
1	5.761	3.750	98824.91	1,050	67.8	126	0.9420	0.9705	1.064	25,651
2										
3										
4										

Section II **FIELD DATA AND PRESSURE CALCULATIONS**

Gravity (Dry Gas)	Gravity Liquid Hydrocarbon	Gas-Liquid Hydro Ratio	Gravity of Mixture	Avg. Shut-in Temp.	Bottom Hole Temp.					
0.637	- Deg. API	- CF/Bbl	G _{mix} = 0.637	225 °F	359 °F @ 14596 (Depth)					
$D_{eff}^{8/3} = 10.806$		$\sqrt{T_f} = \sqrt{705.5} = 26.56$		$\sqrt{GL} = \sqrt{9297.65} = 96.42$						
$C = \frac{8 \times (D_{eff})^{8/3}}{\sqrt{T}} = \frac{12,081.11}{26.56} = 454.84$			$\frac{\sqrt{GL}}{C} = \frac{96.42}{454.84} = 0.2120$							
Run No.	Time of Run Min.	Choke Size	Wellhead Press. PSIA P _w	Wellhead Flow Temp. °F	P _w ² (Thousands)	R	R ² (Thousands)	P ₁	P _w /P ₁	
Shut-in			9,575	90	91,681					
1	4,320	23/64	7,600	132	57,760	5,440.0	29,594.0	9,346	0.813	
2										
3										
4										
Run No.	F	K	S = 1/z	E _{ks}	P _f and P _s	P _f ² and P _s ² (thousands)	P _f ² - P _s ² (thousands)	Angle of Slope		
Shut-in			0.2547	0.6919	1.19266	11,420	130,411		θ ... 45.0°	
1	0.910	0.2248	0.7365	1.18005	8,968	80,432	49,979	n ... 1.000		
2								Absolute Open Flow		
3								... 67,000 MCF/DAY		
4										

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

John A. Brown
Signature: Well Tester

UPRC
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.

Tracie J. Thomas
Signature: Operator's representative

Tracie J. Thomas
Regulatory Analyst

08-15-95
Date

Tel: (817) 877-7948
A/C Number

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

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

18. Permit to Drill, Plug Back or Deepen DATE 01-03-95 PERMIT NO. 431511
 Rule 37 CASE NO.
 Exception PERMIT NO.
 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: 797.0415

22. Date Plug Back, Deepening, WorkOver or Drilling Operations: Commenced 03-17-95 Completed 06-16-95
 23. Distance to nearest well, Same Lease & Reservoir: N/A

24. Location of well, relative to nearest lease boundaries of lease on which this well is located: 911 Feet From West Line and 3975 Feet from South Line of the Bluebell Unit Lease

25. Elevation (DF, RKB, RT, GR, ETC.) Gr: 234
 26. Was directional survey made other than Inclination (Form W-12)? Yes No

27. Top of Pay 14310
 28. Total Depth 18000
 29. P. B. Depth 18000
 30. Surface Casing Determined by: Field Rules Recommendation of T.D.W.R. Railroad Commission (Special)
 Dt. of Letter 01-03-95
 Dt. of Letter 03-15-95

31. Is well multiple completion? Yes No
 32. If multiple completion, list all reservoir names (completions in this well) and Oil Lease or Gas ID No. FIELD & RESERVOIR
 GAS ID or OIL LEASE # OIL-O Gas-G WELLS

33. Intervals Drilled by: Rotary Tools XX Cable Tools
 34. Name of Drilling Contractor H&P #137
 35. Is Cementing Affidavit Attached? Yes No

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

CASING SIZE	WT #/FT.	DEPTH SET	MULTISTAGE TOOL DEPTH	TYPE & AMOUNT CEMENT (sacks)	HOLE SIZE	TOP OF CEMENT	SLURRY VOL. cu. ft.
13 7/8	61#	3515		1120 SX 'A'	17 1/2	Surf	3803.5
9 5/8	53.5#	12000		465 SX 'A' Neat 50 SX 'A' Neat* 460 SX PSL H 355 SX Prem	12 1/4	7432	1430.85

37. LINER RECORD

Size	TOP	Bottom	Sacks Cement	Screen
7 5/8	11777	14310	300 SX 200 SX	---

38. TUBING RECORD

Size	Depth Set	Packer Set	From	To
2 7/8	14212	14212	14310	18000

39. Producing Interval (this completion) Indicate depth of perforation or open hole
 From 14310 To 18000

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

Depth Interval	Amount and Kind of Material Used

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

Formations	Depth	Formations	Depth
Austin Chalk	14295		

REMARKS *Top out
 TL: 2508' FEL & 1625' FSL of unit; Pen pt: 820' FWL & 4030' FSL of unit;
 4261' FWL & 4370' FSEL of survey 2802' FNL & 3310 FEL of survey

County Washington Field Giddings (Austin Chalk Gas)

Operator UNION PACIFIC RESOURCES COMPANY

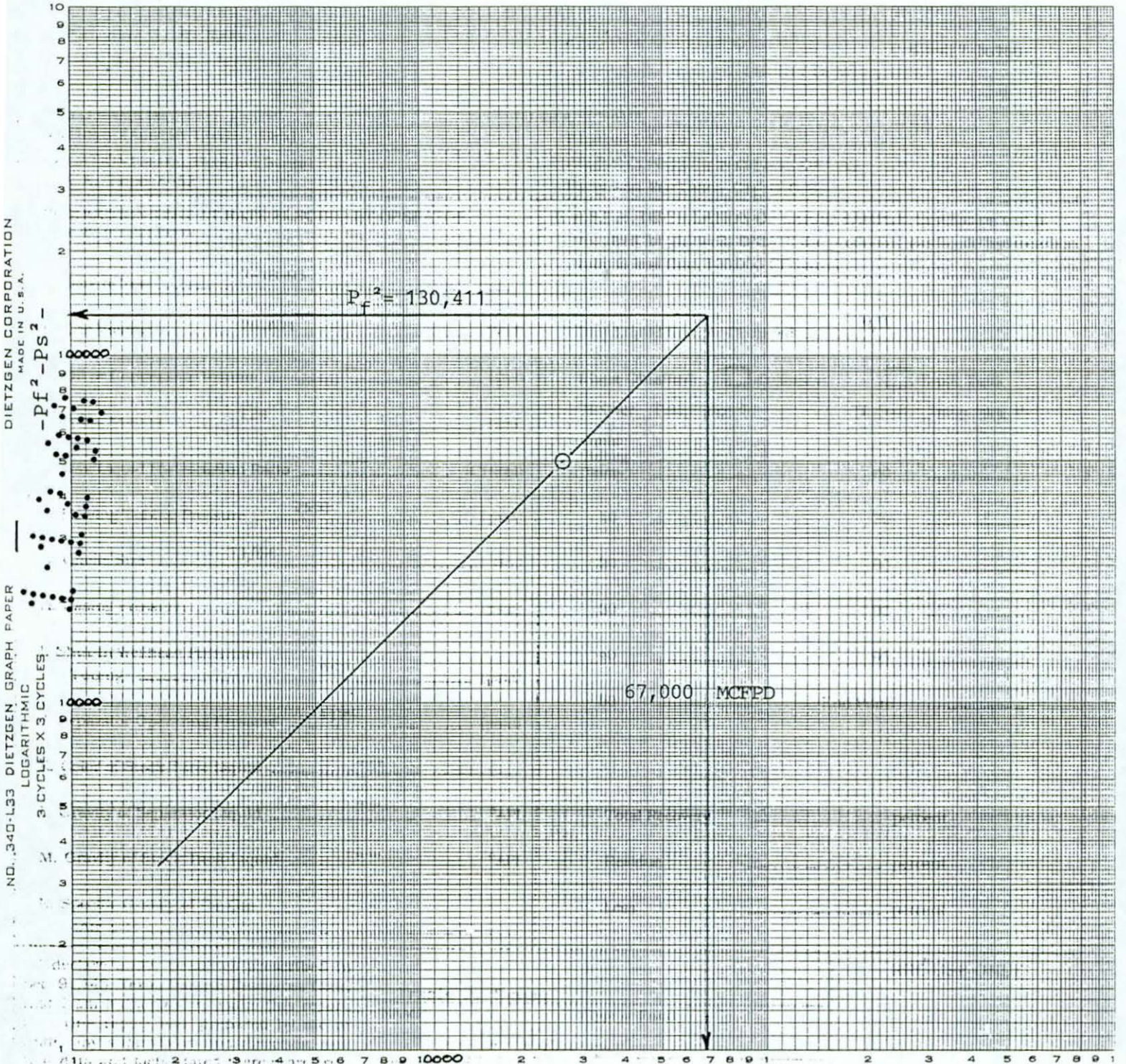
Lease Bluebell Unit #1

Volume 67,000 MCF/24 hr.

Date Tested 7/14-16/95

GAS WELL

BACK PRESSURE CURVE



- Q in MCF per DAY - $\theta = 45.0^\circ$ $n = 1.000$

CONTACT PERSON: [illegible] PHONE: [illegible]

READ INSTRUCTIONS ON BACK

1. OPERATOR NAME (Exactly as shown on Form P-5 Organization Report) Union Pacific Resources Company		3. RRC DISTRICT NO. 03	4. OIL LEASE NO. OR GAS WELL ID NO.																												
2. MAILING ADDRESS P.O. Box 7, MS 3006 Fort Worth, TX 76101-0007		5. WELL NO. 1	6. API NO. 42-477-30768																												
		7. COUNTY OF WELL SITE																													
8. FIELD NAME (as per RRC Records) Giddings (Austin Chalk, Gas)		9. LEASE NAME Bluebell Unit																													
10. LOCATION (Section, Block, and Survey) P. & A. Hope A-62		11. PIPELINE CONNECTION OR USE OF GAS Ferguson Burleson Cty G.G.S.																													
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>7-18-95</u> B. Gas Volume <u>26,671</u> (Mcf) C. Oil or Condensate Volume <u>---</u> (Bbl) D. Water Volume <u>124</u> (Bbl) E. Gas/Liquid Hydrocarbon Ratio <u>---</u> (Cf/Bbl) F. Flowing Tubing Pressure <u>7550</u> (psia) G. Choke Size <u>23/64</u> (in.) H. Casing Pressure <u>---</u> (psia) I. Shut-in Wellhead Pressure-- Tubing <u>9575</u> (psia) J. Separator Operating Pressure <u>1125</u> (psia) K. Color of Stock Tank Liquid <u>---</u> L. Gravity of Separator Liquid <u>---</u> °API M. Gravity of Stock Tank Liquid <u>---</u> °API N. Specific Gravity of the Gas (Air = 1) <u>---</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="text-align: left;">% Over</th> <th style="text-align: left;">Temp. (deg. F)</th> <th style="text-align: left;">% Over</th> <th style="text-align: left;">Temp. (deg. F)</th> </tr> </thead> <tbody> <tr> <td>Initial Boiling Temp.</td> <td><u>60</u></td> <td></td> <td></td> </tr> <tr> <td><u>10</u></td> <td><u>70</u></td> <td></td> <td></td> </tr> <tr> <td><u>20</u></td> <td><u>80</u></td> <td></td> <td></td> </tr> <tr> <td><u>30</u></td> <td><u>90</u></td> <td></td> <td></td> </tr> <tr> <td><u>40</u></td> <td><u>95</u></td> <td></td> <td></td> </tr> <tr> <td><u>50</u></td> <td><u>End Point</u></td> <td></td> <td></td> </tr> </tbody> </table> Total Recovery <u>---</u> percent Residue <u>---</u> percent Loss <u>---</u> percent		% Over	Temp. (deg. F)	% Over	Temp. (deg. F)	Initial Boiling Temp.	<u>60</u>			<u>10</u>	<u>70</u>			<u>20</u>	<u>80</u>			<u>30</u>	<u>90</u>			<u>40</u>	<u>95</u>			<u>50</u>	<u>End Point</u>		
% Over	Temp. (deg. F)	% Over	Temp. (deg. F)																												
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<u>40</u>	<u>95</u>																														
<u>50</u>	<u>End Point</u>																														
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. 08-15-95 DATE		RRC USE ONLY																													
		NAME <u>Tracie J. Thomas</u> (Type or Print) SIGNATURE <u><i>Tracie J. Thomas</i></u> TITLE <u>Regulatory Analyst</u> CONTACT PERSON <u>Tracie J. Thomas</u> PHONE NUMBER <u>(817) 877-7948</u>																													

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

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

Page 1 of 1

Reason for Filing
 Survey
 Initial Test
 Retest
 Correction

Operator P-5 Organization No. RRC Dist. No.

G-10

rev. 7/95

Test Period:
 Due Date:
 Effective Date **New Well**

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)		07-21-95	26671 MCF	---	124 BBL	9575
Bluebell Unit	1			---		7550
			MCF	BBL		
			MCF	BBL		
			MCF	BBL		
			MCF	BBL		
			MCF	BBL		
			MCF	BBL		
			MCF	BBL		
			MCF	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: Tracie J. Thomas / Tracie J. Thomas Title: Regulatory Analyst Phone: (817) 877-7948 Date: 08-15-95

* 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 06-15-95
Field Name Giddings (Austin Chalk, Gas)	Drilling Permit No. 431511	
Lease Name Bluebell Unit	Lease/ID No.	Well No. 1
County Washington	API No. 42 - 477-30768	

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

A. BASIC ELECTRIC LOG NOT RUN

B. BASIC ELECTRIC LOG RUN (select one)

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).

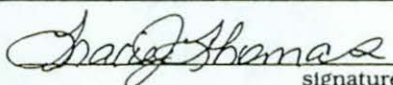
4. Log attached to (select one)

(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) _____

 signature	Regulatory Analyst title
Tracie J. Thomas name (print)	(817) 877-7948 phone
	08-15-95 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 Bluebell 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, TX 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			Ferguson Burleson Cty G.G.S.						100	
	X		Austin Chalk Gas Marketing Services			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
Pride Pipeline Company	100		

RRC USE ONLY

Approved (Initials) _____ Oper. No. _____

Date _____ Field No. _____

Remarks: _____

c. CHANGE FROM

Operator _____

Field Name _____

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 Tracie J. Thomas Name (Print) Tracie J. Thomas

Title Regulatory Analyst Date 08-15-95 Phone (817) 877-7948

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.

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

Form W-15
Cementing Report
Rev. 4/1/83
483-045

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

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. 42-477-30768	7. Drilling Permit No. 431511
8. Lease Name Bluebell 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	3/19/95					
13. •Drilled hole size	17 1/2					
•Est. % wash or hole enlargement						
14. Size of casing (in. O.D.)	13 7/8					
15. Top of liner (ft.)	---					
16. Setting depth (ft.)	3515					
17. Number of centralizers used	21					
18. Hrs. Waiting on cement before drill-out	24					
1st Slurry	19. API cement used: No. of sacks ▶	1120				
	Class ▶	A				
	Additives ▶	2% Thrifty Lite + 3% Salt + 1/4 #/sk Cello Seal				
2nd Slurry	No. of sacks ▶	465				
	Class ▶	A				
	Additives ▶	-				
3rd Slurry	No. of sacks ▶	50 (top out)				
	Class ▶	A				
	Additives ▶	2% CaCl ₂				
1st	20. Slurry pumped: Volume (cu. ft.) ▶	3113.6				
	Height (ft.) ▶	4482.3				
2nd	Volume (cu. ft.) ▶	571.9				
	Height (ft.) ▶	823.3				
3rd	Volume (cu. ft.) ▶	118				
	Height (ft.) ▶	169.8				
Total	Volume (cu. ft.) ▶	3803.5				
	Height (ft.) ▶	5475.4				
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.

Jack Burgess - Service Supervisor The Western Company
 Name and title of cementer's representative Cementing Company

Jack Burgess
 Signature

P.O. Box 308 La Grange, Texas 78945 409-242-3931 3/19/95
 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.

Tracie J. Thomas Regulatory Analyst
 Typed or printed name of operator's representative Title

Tracie Thomas
 Signature

P.O. Box 7, MS 3006 Fort Worth, TX 76101-0007 (817) 877-7948 08-15-95
 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.

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

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

Form W-15
Cementing Report
Rev. 4/1/83
4B-045


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. 42-477-30768	7. Drilling Permit No. 431511	
8. Lease Name Bluebell 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		4/6/95				
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.)		12000				
17. Number of centralizers used		5				
18. Hrs. Waiting on cement before drill-out		24				
1st Slurry	19. API cement used: No. of sacks ▶	460				
	Class ▶	Pacesetter Lite (H)				
	Additives ▶	6% Gel + 3% Salt + .3% WR-15				
2nd Slurry	No. of sacks ▶	335				
	Class ▶	Premium				
	Additives ▶	35% SF-3 + .1% ASA-301 + .55% WR-15				
3rd Slurry	No. of sacks ▶					
	Class ▶					
	Additives ▶					
1st	20. Slurry pumped: Volume (cu. ft.) ▶	938.4				
	Height (ft.) ▶	2996				
2nd	Volume (cu. ft.) ▶	492.45				
	Height (ft.) ▶	1572				
3rd	Volume (cu. ft.) ▶					
	Height (ft.) ▶					
Total	Volume (cu. ft.) ▶	1430.85				
	Height (ft.) ▶	4568				
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.

Sheldon L. Alberthal-Service Supervisor The Western Company 
 Name and title of cementer's representative Cementing Company Signature

P.O. Box 308 La Grange, Texas 78945 409-242-3931 4/6/95
 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.

Tracie J. Thomas Regulatory Analyst 
 Typed or printed name of operator's representative Title Signature

P.O. Box 7, MS 3006 Fort Worth, TX 76101-0007 (817) 877-7948 08-15-95
 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.

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

Form W-15
Cementing Report
Rev. 4-1-83
4B-045

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

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. 42-477-30768	7. Drilling Permit No. 431511
8. Lease Name Bluebell 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			4/28/95			
13. •Drilled hole size			9 1/4			
•Est. % wash or hole enlargement						
14. Size of casing (in. O.D.)						
15. Top of liner (ft.)			11777			
16. Setting depth (ft.)			14310			
17. Number of centralizers used			5			
18. •Has Waiting on cement before drill-out			24			
1st Slurry	19. API cement used: No. of sacks ▶		300			
	Class ▶		Premium			
	Additives ▶		35% SF-3 + .1% ASA-	301 + 1.9% WR-15		
2nd Slurry	No. of sacks ▶					
	Class ▶					
	Additives ▶					
3rd Slurry	No. of sacks ▶					
	Class ▶					
	Additives ▶					
1st	20. Slurry pumped: Volume (cu. ft.) ▶		413.25			
	Height (ft.) ▶		2673			
2nd	Volume (cu. ft.) ▶					
	Height (ft.) ▶					
3rd	Volume (cu. ft.) ▶					
	Height (ft.) ▶					
Total	Volume (cu. ft.) ▶		413.25			
	Height (ft.) ▶		2673			
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.

Jack Burgess - Service Supervisor The Western Co.
 Name and title of cementer's representative Cementing Company

Jack Burgess
 Signature

P.O. Box 308 La Grange, Texas 78945 409-242-3931 4/28/95
 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.

Tracie J. Thomas Regulatory Analyst
 Typed or printed name of operator's representative Title

Tracie J. Thomas
 Signature

P.O. Box 7, MS 3006 Fort Worth, TX 76101-0007 (817) 877-7948 08-15-95
 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).

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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.

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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 cements approved by the Director of Field Operations. Cementing companies, service companies, or operators can qualify as approved cements by demonstrating that they are able to mix and pump cement in compliance with Commission rules and regulations.

RAILROAD COMMISSION OF TEXAS
Oil and Gas Division

Form W-15
Cementing Report
Rev. 4-1-83
4B-045

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

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. 42-477-30768	7. Drilling Permit No. 431511	
8. Lease Name Bluebell 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			6/9/95			
13. • Drilled hole size						
• Est. % wash or hole enlargement						
14. Size of casing (in. O.D.)						
15. Top of liner (ft.)			11777			
16. Setting depth (ft.)			14310			
17. Number of centralizers used						
18. ••••• Waiting on cement before drill-out						
1st Slurry	19. API cement used: No. of sacks ▶		200			
	Class ▶		H			
	Additives ▶		35% SF-3 + .65% WR-15 + .1% ASA-301			
2nd Slurry	No. of sacks ▶					
	Class ▶					
	Additives ▶					
3rd Slurry	No. of sacks ▶					
	Class ▶					
	Additives ▶					
1st	20. Slurry pumped: Volume (cu. ft.) ▶		290			
	Height (ft.) ▶		800			
2nd	Volume (cu. ft.) ▶					
	Height (ft.) ▶					
3rd	Volume (cu. ft.) ▶					
	Height (ft.) ▶					
Total	Volume (cu. ft.) ▶		290			
	Height (ft.) ▶		800			
21. Was cement circulated to ground surface (or bottom of cellar) outside casing?			No			
22. Remarks	Squeeze top of liner					

W-15-82

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 lagged (ft.)								
30. Slurry wt. (lbs./gal.)								
31. Type cement								

Filed by
 Jerry E. Parsons, Commissioner

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.

Sheldon L. Alberthal - Service Supervisor BJ Services Co.

Sheldon L. Alberthal
Signature

Name and title of cementer's representative

Cementing Company

P.O. Box 308

La Grange, Texas 78945

409-242-3931

6/9/95

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.

Tracie J. Thomas

Regulatory Analyst

Tracie J. Thomas
Signature

Typed or printed name of operator's representative

Title

P.O. Box 7, MS 3006 Fort Worth, TX 76101-0007

(817) 877-7948

08-15-95

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:

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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.

MF 097585 + MF 096075
DIVISION ORDER Unit 2674

CRAWFORD HUGHES OPERATING COMPANY
770 S POST OAK LANE, SUITE 520
HOUSTON, TX 77056-1938

FOR YOUR RECORDS

06/15/2016

TEXAS COMPTROLLER OF PUBLIC ACCTS
GENERAL LAND OFFICE
AUSTIN, TX 78711-3528

Owner Number: GLOUNK
Type of Interest: R
Decimal Interest: 0.00156056 ✓

Property #: SE4003
Property Name: Bluebell Unit 2
Effective Date: 06/01/2016
Operator: Crawford Hughes Operating Co.
Legal Description:

Production CND: Y GAS: Y OIL: Y PRO: Y

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 undersigned certifies the ownership of their decimal interest in production or proceeds as described above.

TERMS OF SALE: The undersigned will be paid in accordance with the division of interests as set above. The payor shall pay all parties at the price agreed to by the operator for oil and gas to be sold pursuant to this division order. Purchaser shall compute quantity and make corrections for gravity and temperature and make deductions for impurities.

PAYMENTS: From the effective date, payments are to be made by checks of payor, its successors or assigns, based on this division of interest, less taxes required by law to be deducted and remitted by payor as purchaser. Payments of less than \$100 will be accrued before disbursement until the total amount equals \$100 or more, or December 31 of each year, whichever occurs first. Owner agrees to refund payor any amounts attributable to an interest or part of an interest that owner does not own.

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

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

TERMINATION: Termination of this agreement is effective on the first day of the month that begins after the 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.

DEFAULT: If a working interest owner is in default in the payment of its share of the lease expenses, operator of the above lease, may withhold payment of any monies due the undersigned until operator has recovered all monies it is due for lease expenses.

In addition to the terms and conditions of this Division Order, the undersigned and Payor may have certain statutory rights under the laws of the state in which the property is located.

Owner(s) Signature(s):	Owner(s) Tax ID Number(s):	Daytime Phone:
_____	_____	_____
_____	_____	_____

Email Address: _____

Witness Signature: _____

Witness Signature: _____

Federal Law requires you to furnish your Social Security or Taxpayer Identification Number.
Failure to comply will result in 30.5% tax withholding and will not be refundable by Payor.



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

August 25, 2016

Dylan Downing
Division Order Analyst
Crawford Hughes Operating Company
770 S Post Oak Lane, Suite 520
Houston, Texas 77056-1938

Re: State Lease Nos. MF096075 and MF097585 Bluebell Unit 2 (Unit 2674)

Dear Mr. Downing:

The Texas General Land Office (GLO) has received your Division Order for the referenced unit. This Division Order has been filed in the appropriate mineral filed.

The payment of royalties attributable to state-owned mineral and royalty interests is set by contract and applicable statutes and rules. The execution of division orders may, in some cases, affect the manner in which such payments are made or calculated. Therefore, Title 31, §9.32, of the Texas Administrative Code specifies that GLO staff cannot execute a division order or bind the state to any terms contained within it.

Subject to applicable state law and the state's right to take its production in-kind, the GLO acquiesces to the sale of oil and gas in accordance with the terms and conditions set out in the oil and gas leases. If you have questions concerning this matter, please feel free to e-mail me at the address below my signature.

We look forward to being put on pay status as soon as you are able to set up the wells in our RRAC system.

Thank you,

Vivian Hernandez
Landman, Energy Resources
512-475-0428
512-475-1543 (fax)
vivian.hernandez@glo.texas.gov

MF 096075 + MF 097585 ✓

DIVISION ORDER

CRAWFORD HUGHES OPERATING COMPANY
770 S POST OAK LANE, SUITE 520
HOUSTON, TX 77056-1938

**FOR YOUR
RECORDS**

06/15/2016

TEXAS COMPTROLLER OF PUBLIC ACCTS
GENERAL LAND OFFICE
AUSTIN, TX 78711-3528

Owner Number: GLOUNK
Type of Interest: R
Decimal Interest: 0.00156056

Property #: SE4002
Property Name: Bluebell Unit 1
Effective Date: 06/01/2016
Operator: Crawford Hughes Operating Co.
Legal Description:

Production CND: Y GAS: Y OIL: Y PRO: Y

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 undersigned certifies the ownership of their decimal interest in production or proceeds as described above.

TERMS OF SALE: The undersigned will be paid in accordance with the division of interests as set above. The payor shall pay all parties at the price agreed to by the operator for oil and gas to be sold pursuant to this division order. Purchaser shall compute quantity and make corrections for gravity and temperature and make deductions for impurities.

PAYMENTS: From the effective date, payments are to be made by checks of payor, its successors or assigns, based on this division of interest, less taxes required by law to be deducted and remitted by payor as purchaser. Payments of less than \$100 will be accrued before disbursement until the total amount equals \$100 or more, or December 31 of each year, whichever occurs first. Owner agrees to refund payor any amounts attributable to an interest or part of an interest that owner does not own.



TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

August 30, 2016

Dylan Downing
Division Order Analyst
Crawford Hughes Operating Company
770 S Post Oak Lane, Suite 520
Houston, Texas 77056-1938

Re: State Lease Nos. MF096075 and MF097585 Bluebell Unit 1 (Unit 2674)

Dear Mr. Downing:

The Texas General Land Office (GLO) has received your Division Order for the referenced unit. This Division Order has been filed in the appropriate mineral filed.

The payment of royalties attributable to state-owned mineral and royalty interests is set by contract and applicable statutes and rules. The execution of division orders may, in some cases, affect the manner in which such payments are made or calculated. Therefore, Title 31, §9.32, of the Texas Administrative Code specifies that GLO staff cannot execute a division order or bind the state to any terms contained within it.

Subject to applicable state law and the state's right to take its production in-kind, the GLO acquiesces to the sale of oil and gas in accordance with the terms and conditions set out in the oil and gas leases. If you have questions concerning this matter, please feel free to e-mail me at the address below my signature.

We look forward to being put on pay status as soon as you are able to set up the wells in our RRAC system.

Thank you,

Vivian Hernandez
Landman, Energy Resources
512-475-0428
512-475-1543 (fax)
vivian.hernandez@glo.texas.gov

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File No. MF097585

Division Order

Date Filed: 9/1/16

George P. Bush, Commissioner

By 