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CONTEX ENERGY COMPANY

F293481

STATE LEASE

(PAID-UP)

MF097924

CONTROL

BASEFILE

COUNTY

07-106437-----
146717 ------
REEVES-----
/195

SURVEY : PUBLIC SCHOOL LAND
BLOCK : 71
TOWNSHIP : 00
SECTION/TRACT: 3
PART : N/2
ACRES : 320.00
DEPTH LIMITS : NO

Rentals: *M.T.*Lease *DR.*
Admin:Mineral *AK*

Maps:

LESSEE : CONTEX ENERGY COMPANY
LEASE DATE : Jan 15 1997
PRIMARY TERM : 5 yrs
BONUS (\$) : 7200.00
RENTAL (\$) : 0.00
ROYALTY : 0.18750000
VAR ROYALTY :

CONTENTS OF FILE NO. M-97924

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| 1. App to Bid | 2/25/97 |
| 2. Lease | 1/15/97 |
| 3. Letter | 3/20/97 |
| 4. Letter | 3/20/97 |
| See ltr in M-97923 | ⑥ |
| See ltr in M-97923 | ⑦ |
| See assignment in 97923 | ⑧ |
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| <u>5. Assignment</u> | <u>5/9/03</u> |
| Scanned sm 12/3/15 | |

GENERAL LAND OFFICE

GARRY MAURO
COMMISSIONER

MEMORANDUM

DATE:

TO: Garry Mauro, Commissioner
Spencer Reid, Senior Deputy

FROM: Robert Hatter, Director, Mineral Leasing
Peter Boone, Chief Mineral Evaluator

SUBJECT:

County: REEVES
Description: N/2 SEC 3, BLK 71, PSL
Applicant: CONTEX ENERGY
Consideration: \$45, 5YR, \$1.25, 3/16

Consideration
Recommended: CR 2/20/97
Not Recommend: _____
Comments:

M-92924

Form
Recommended: RAH 2/21/97
Not Recommend: _____
Recommended, after technical changes: _____
Comments:

Spencer Reid, Senior Deputy

Date: 2/25

Recommended: SR
Not Recommend: _____

Garry Mauro, Commissioner

Date: _____

Approved: GM
Not Approved: _____

① MF 97924
ITEM App to Bid
TO
FROM
DATE 2/25/97

Mineral Classified Land
Lease Consideration Comparison

Paid-in

County REEVES
Area N/2 SEC 3, BLK 71, PSL

M. F.	Acres	Lease Date	Term	Total Bonus	B/Ac	Rental	Comparison
New	320	1/15/97	5	14,400	#45	#1.25	3/32
NO RECENT COMPARISONS							

146717

07-106437

Remarks:

Consideration PAB 2/20/97
Recommended _____
Not Recommended _____

By Halomun Deputy

_____ of _____
2225 S. Danville, Ste. 3, Abilene, Texas 79605 _____ said agent
(Give Permanent Address)

hereinafter called Lessee.

RECEIVED
MAY 21 AM 11:38
ENERGY RESOURCES

A diagram showing a 3D lattice structure. A central unit cell is highlighted and labeled $N/2$. The lattice is composed of small spheres representing atoms, arranged in a cubic pattern. The central unit cell is a smaller cube within the larger lattice.

*As used in this lease, the term "produced in paying quantities" means that the receipts from the sale or other authorized commercial use of the substance(s) covered exceed out of pocket operational expenses for the six months last past.

3. DELAY RENTALS. If no well is commenced on the leased premises on or before one (1) year from this date, this lease shall terminate, unless on or before such anniversary date Lessee shall pay or tender to the owner of the soil or to his credit ~~XXXXXX~~ directly to Lee Caldwell, Trustee ~~XXXXXX~~ at 2225 S. Danville, Ste. 3, Abilene, TX 79605 or its successors (which shall continue as the depository regardless of changes in the ownership of said land), the amount specified below; in addition, Lessee shall pay or tender to the COMMISSIONER OF THE GENERAL LAND OFFICE OF THE STATE OF TEXAS, AT AUSTIN, TEXAS, a like sum on or before said date. Payments under this paragraph shall operate as a rental and shall cover the privilege of deferring the commencement of a well for one (1) year from said date. Payments under this paragraph shall be in the following amounts: **THIS IS A PAID-UP LEASE.**

To the owner of the soil: Two Hundred and no/100ths
Dollars (\$ 200.00)
To the State of Texas: Two Hundred and no/100ths
Dollars (\$ 200.00)
Total Rental: Four Hundred and no/100ths
Dollars (\$ 400.00)

In a like manner and upon like payments or tenders annually, the commencement of a well may be further deferred for successive periods of one (1) year each during the primary term. All payments or tenders of rental to the owner of the soil may be made by check or sight draft of Lessee, or any assignee of this lease, and may be delivered on or before the rental paying date. If the bank designated in this paragraph (or its successor bank) should cease to exist, suspend business, liquidate, fail or be succeeded by another bank, or for any reason fail or refuse to accept rental, Lessee shall not be held in default for failure to make such payments or tenders of rental until thirty (30) days after the owner of the soil shall deliver to Lessee a proper recordable instrument naming another bank as agent to receive such payments or tenders.

••••• PRODUCTION ROYALTIES. When production of oil and/or gas is secured during the term of this lease, Lessee agrees to pay or cause to be paid one-half (1/2) of the royalty provided for in this lease to the Commissioner of the General Land Office of the State of Texas, at Austin, Texas, and one-half (1/2) of such royalty to the owner of the soil:

••••• (a) OIL. Royalty payable on oil, which is defined as including all hydrocarbons produced in a liquid form at the mouth of the well and also as all condensate, distillate, and other liquid hydrocarbons recovered from oil or gas run through a separator or other equipment, as hereinafter provided, shall be three-sixteenths (3/16) part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, 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 greatest. Lessee agrees that before any gas produced from the leased premises is sold, used or processed in a plant, it will be run free of cost to the parties entitled to royalties through an adequate oil and gas separator of conventional type, or other equipment at least as efficient, so that all liquid hydrocarbons recoverable from the gas by such means will be recovered. The requirement that such gas be run through a separator or other equipment may be waived in writing by the royalty owners upon such terms and conditions as they prescribe.

(b) NON PROCESSED GAS. 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) shall be three-sixteenths (3/16) part of the gross production or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, 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 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 tests 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. Royalty on any gas processed in a gasoline plant or other plant for the recovery of gasoline or other liquid hydrocarbons shall be three-sixteenths (3/16) part of the residue gas and the liquid hydrocarbons extracted or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office. 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 greater, of the total plant production of liquid hydrocarbons attributable to the gas produced from this lease; provided that if liquid hydrocarbons

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A CERTIFIED COPY
Attest 3-20-1997
Diana J. Flores, County Clerk
Rivers County, Texas



By VP Deputy

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 arm's 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 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, F.O.B. at the plant in which said gas is processed), whichever is greater.

(d) **OTHER PRODUCTS.** 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 shall be three-sixteenths (3/16) part of the gross production of such products, or the market value thereof, at the option of the owner of the soil or the Commissioner of the General Land Office, such market value to be determined as follows: 1) on the basis of the highest market price of each product for 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 product is sold, whichever is greater.

5. **MINIMUM ROYALTY.** For each calendar year following the date of the expiration of the primary term when this lease is held for any part of such calendar year by production, the royalty received under this lease must not be less than an amount equal to the total annual delay rental provided for in Paragraph 3. If Paragraph 3 of this lease does not specify a delay rental amount, then for the purposes of this paragraph, the delay rental amount shall be one dollar (\$1.00) per acre.

6. **ROYALTY IN KIND.** Notwithstanding any other provision in this lease, at any time or from time to time, the owner of the soil or the Commissioner of the General Land Office may, at the option of either, upon not less than sixty (60) days notice to the holder of the lease, require that the payment of any royalties accruing to such royalty owner under this lease be made in kind.

7. **NO DEDUCTIONS.** Lessee agrees that all royalties accruing under this lease (including those paid in kind) shall be without deduction for the cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, transporting, and otherwise making the oil, gas and other products hereunder ready for sale or use. Lessee agrees to compute and pay royalties on the gross value received, including any reimbursements for severance taxes and production related costs.

8. **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 any other provision of this lease, and subject to the written consent of the owner of the soil and the Commissioner of the General Land Office, Lessee may recycle gas for gas lift purposes on the leased premises or for injection into any oil or gas producing formation underlying the leased premises after the liquid hydrocarbons contained in the gas have been removed; no royalties shall be payable on the recycled gas until it is produced and sold or used by Lessee in a manner which entitles the royalty owners to a royalty under this lease.

9. **ROYALTY PAYMENTS AND REPORTS.** All royalties which are required to be paid to the Commissioner of the General Land Office under this lease shall be due and payable in the following manner: Royalty on oil is due and must be received in the General Land Office on or before the 5th day of the second month succeeding the month of production, and royalty on gas is due and must be received in the General Land Office on or before the 15th day of the second month succeeding the month of production, accompanied by the affidavit of the owner, manager or other authorized agent, completed in the form and manner prescribed by the General Land Office and showing the gross amount and disposition of all oil and gas produced and the market value of the oil and gas, together with a copy of all documents, records or reports confirming the gross production, disposition and market value including gas meter readings, pipeline receipts, gas line receipts and other checks or memoranda of amount produced and put into pipelines, tanks, or pools and gas lines or gas storage, and any other reports or records which the General Land Office may require to verify the gross production, disposition and market value. 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 late but on or before thirty (30) days after the royalty payment was due, then Lessee owes a penalty of 5% of 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

44-38861-1000

FILED
3-20-1997
County Clerk
Reeves County, Texas



By up Deputy

bear all responsibility for paying or causing royalties to be paid in the manner prescribed in this paragraph. 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. Penalties due under this paragraph are subject to change in order to conform to any future penalty statutes. The State shall have a first lien upon all oil and gas produced from the area covered by this lease to secure the payment of all unpaid royalty and other sums of money that may become due to the State under this lease.

10. PERMITS, REPORTS, AND RESERVES. Lessee shall file all drilling permits in the name of the "State" and require each well and/or tank battery on the leased premises to be designated by the word "State" for identification and reporting to the Railroad Commission or any other governmental agency. Written notice of operations under this lease shall be submitted to the Commissioner of the General Land Office by Lessee five (5) days before spud date, cessation of production, workover, re-entry, temporary abandonment or abandonment of any well, and shall include copies of Railroad Commission forms for application to drill, well tests, completion reports and plugging records. 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 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 making of said survey. The Commissioner of the General Land Office reserves the right to require Lessee to annually furnish the said Commissioner with its best possible estimate of oil and gas reserves underlying this lease or allocable to this lease.

11. DRY HOLE CLAUSE. If, during the primary term hereof and prior to discovery and production of oil or gas on said land, Lessee should drill a dry hole or holes thereon, or if, after discovery and production of oil or gas, the production thereof should cease from any cause, this lease shall not terminate if, on or before the rental paying date next ensuing after the expiration of sixty (60) days from date of completion of said dry hole or cessation of production, Lessee commences additional drilling or reworking operations thereon, or commences or resumes the payment of annual delay rental in the same manner as provided in Paragraph 3 of this lease. If a dry hole be completed and abandoned during the last year of the primary term, Lessee's rights shall remain in full force and effect without further operations until the expiration of the primary term. Should the first well or any subsequent well drilled on the above described land be completed as a shut-in oil or gas well within the primary term hereof, Lessee may resume payment of annual rental in the same manner as provided in Paragraph 3 in this lease on or before the rental paying date next ensuing after sixty (60) days from the date of completion of such shut-in oil or gas well, and upon the failure to make such annual rental payment, this lease shall ipso facto terminate. If at the expiration of the primary term or at any time thereafter a shut-in oil or gas well is located on the leased premises, payments may be made in accordance with the provisions of Paragraph 14 of this lease.

12. DRILLING AND REWORKING AT EXPIRATION OF PRIMARY TERM. If, at the expiration of the primary term, neither oil nor gas is being produced on said land, but Lessee is then engaged in drilling or reworking operations thereon, this lease shall remain in force so long as operations on said well or for drilling or reworking of any additional well are prosecuted in good faith and in workmanlike manner without interruptions totaling more than sixty (60) days during any one such operation, and if they result in the production of oil and/or gas, so long thereafter as oil and/or gas is produced in paying quantities from said land, or payment of shut-in oil or gas well royalties or compensatory royalties is made as provided in this lease.

13. CESSATION, DRILLING AND REWORKING. In the event production of oil or gas on the leased premises after once obtained shall cease from any cause at the expiration of the primary term hereof or at any time or times thereafter, this lease shall not terminate if Lessee commences additional drilling or reworking operations within sixty (60) days thereafter, and the lease shall remain in full force and effect so long as such operations continue in good faith and in a workmanlike manner without interruptions totaling more than sixty (60) days during any one such operation; and if such drilling or reworking operations result in the production of oil or gas, the lease shall remain in full force and effect so long as oil or gas is produced therefrom in paying quantities or payment of shut-in oil or gas royalties or compensatory royalties is made as hereinafter provided or as provided elsewhere in the statutes of the State of Texas. Lessee shall give written notice to the General Land Office within five (5) days of any cessation of production.

14. SHUT IN ROYALTIES. If, at the expiration of the primary term or at any time thereafter, a well or wells capable of producing oil or gas in paying quantities is located on the leased premises but oil or gas is not being produced for lack of suitable production facilities or a suitable market, and the lease is not being maintained in force and effect, Lessee may pay as a shut-in oil or gas royalty an amount equal to double the annual rental provided in Paragraph 3 of this lease but not less than \$1,200 a year for each well capable of producing oil or gas in paying quantities. If Paragraph 3 of this lease does not specify

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3-20-97
County Clerk
Brazoria County, Texas
By UP Deputy

a delay rental amount, then for the purposes of this paragraph, the delay rental amount shall be one dollar (\$1.00) per acre. Any shut-in oil or gas royalty must be paid on or before: (1) the expiration of the primary term, (2) 60 days after the lessee ceases to produce oil or gas from the leased premises, or (3) 60 days after lessee completes a drilling and reworking operation in accordance with the lease provisions; whichever date is latest. Such payment shall be made one-half (1/2) to the Commissioner of the General Land Office and one-half (1/2) to the owner of the soil. 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 (1) year from the end of the primary term or from the first day of the month next succeeding 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 (4) additional and successive periods of one year by paying the same amount each year on or before the expiration of the extended term. 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 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 extend the lease by paying the shut-in oil or gas royalty shall cease. The lease shall remain effective for the remainder of the year for which the royalty has been paid and for four (4) additional and successive periods of one year each by the Lessee paying compensatory royalty at the royalty rate provided in the lease of the value at the well of production from the well that is causing the drainage or that is completed in the same producing reservoir and within 1,000 feet of the leased premises. The compensatory royalty is to be paid monthly, one-half (1/2) to the Commissioner of the General Land Office and one-half (1/2) to the owner of the soil, beginning on or before the last day of the month next succeeding the month in which the oil or gas is sold and delivered from the well. 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 30 days from the end of the 12-month period. None of these provisions will relieve Lessee of the obligation of reasonable development or the obligation to drill offset wells as provided in Texas Natural Resources Code §52.173...

15. **DEVELOPMENT.** 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 oil and gas produced. In the event this lease is in force and effect three (3) years after the expiration date of the primary term, it shall then terminate as to all of the leased premises, EXCEPT: 1) 40 acres surrounding each producing oil well and 320 acres surrounding each producing gas well (including a shut-in oil or gas well as provided in Paragraph 14 of this lease), 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 Texas Natural Resources Code §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. "Producing" as used in this lease means producing in paying quantities. The acreage retained under this provision as to each well shall, as nearly as practical, be in the form of a square with the well located in the center or in such other shape as may be approved by the Commissioner of the General Land Office. Lessee shall execute and record a release or releases containing a satisfactory description of the acreage terminated under this provision, and the recorded release, or a certified copy of same, shall be filed in the General Land Office, accompanied by the prescribed filing fee.

16. **OFFSET WELLS.** Neither the bonus, delay rentals, nor royalties paid, or to be paid, under this lease shall relieve Lessee of his obligation to protect the oil and gas under the above-described land from being drained. To prevent drainage, Lessee is obligated to drill as many wells as the facts may justify and to the depth or depths necessary for effective protection against undue drainage. In addition, if a draining well which is producing in commercial quantities is located within 1,000 feet of the above-described land, or in any case where the above described land is being drained, Lessee is statutorily obligated to drill an offset well on the leased premises within 100 days after the draining well begins production in commercial quantities. Failure to satisfy the statutory offset obligation may subject this lease and the owner of the soil's agency rights to forfeiture. Only upon the determination of the Commissioner of the General Land Office and with his written approval may the payment of compensatory royalty satisfy obligation to drill an offset well or wells required under this paragraph.

17. **FORCE MAJEURE.** If, after a good faith effort, Lessee is prevented from complying with any express or implied covenant of this lease, from conducting drilling operations on the leased premises, or from producing oil or gas from the leased premises by reason of war, rebellion, riots, strikes, acts of God, or any valid order, rule or regulation of government authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended and Lessee shall not be liable for damages for failure to comply with such covenants; additionally, this lease shall be extended while Lessee is prevented, by any such cause, from conducting drilling and reworking operations or from producing oil or gas from the leased premises. However, nothing in this paragraph shall suspend the payment of delay rentals in order to maintain this lease in effect during the primary term in the absence of such drilling or reworking operations or production of oil or gas.

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A CC
3-20-1997
County Clerk
Harris County, Texas



By up Deputy

18. **WARRANTY CLAUSE.** The owner of the soil warrants and agrees to defend title to the leased premises. If the owner of the soil defaults in payments owed on the leased premises, then Lessee may redeem the rights of the owner of the soil in the leased premises by paying any mortgage, taxes or other liens on the leased premises. If Lessee makes payments on behalf of the owner of the soil under this paragraph, Lessee may recover the cost of these payments from the rental and royalties due the owner of the soil.

19. **PROPORTIONATE REDUCTION CLAUSE.** If the owner of the soil owns less than the entire undivided surface estate in the above described land, whether or not Lessee's interest is specified herein, then the royalties and rental herein provided to be paid to the owner of the soil shall be paid to him in the proportion which his interest bears to the entire undivided surface estate and the royalties and rental herein provided to be paid to the Commissioner of the General Land Office of the State of Texas shall be likewise proportionately reduced. However, before Lessee adjusts the royalty or rental due to the Commissioner of the General Land Office, Lessee or his authorized representative must submit to the Commissioner of the General Land Office a written statement which explains the discrepancy between the interest purportedly leased under this lease and the actual interest owned by the owner of the soil. The Commissioner of the General Land Office shall be paid the value of the whole production allocable to any undivided interest not covered by a lease, less the proportionate development and production cost allocable to such undivided interest. However, in no event shall the Commissioner of the General Land Office receive as a royalty on the gross production allocable to the undivided interest not leased an amount less than the value of one-sixteenth (1/16) of such gross production.

20. **USE OF WATER.** Lessee shall have the right to use water produced on said land necessary for operations under this lease except water from wells or tanks of the owner of the soil; provided, however, Lessee shall not use potable water or water suitable for livestock or irrigation purposes for waterflood operations without the prior consent of the owner of the soil.

21. **AUTHORIZED DAMAGES.** Lessee shall pay the owner of the soil for damages caused by its operations to all personal property, improvements, livestock and crops on said land.

22. **PIPELINE DEPTH.** When requested by the owner of the soil, Lessee shall bury its pipelines below plow depth.

23. **WELL LOCATION LIMIT.** No well shall be drilled nearer than two hundred (200) feet to any house or barn now on said premises without the written consent of the owner of the soil.

24. **CONSERVATION CLAUSE.** Lessee shall have the exclusive right to build, operate and maintain pits, reservoirs, pickup stations and plants for the purpose of picking up and conserving waste oil that flows down the creeks, ravines and across the leased premises, whether such waste oil is produced from the leased premises or from other lands. Royalties, as provided in this lease for regularly produced oil, are also owed on all such waste oil.

25. **REMOVAL OF EQUIPMENT.** Subject to limitations in this paragraph, Lessee shall have the right to remove machinery and fixtures placed by Lessee on the leased premises, including the right to draw and remove casing, within one hundred twenty (120) days after the expiration or the termination of this lease unless the owner of the soil grants Lessee an extension of this 120-day period. However, Lessee may not remove casing from any well capable of producing oil and gas in paying quantities. Additionally, Lessee may not draw and remove casing until after thirty (30) days written notice to the Commissioner of the General Land Office and to the owner of the soil. The owner of the soil shall become the owner of any machinery, fixtures, or casing which are not timely removed by Lessee under the terms of this paragraph.

26. (a) **ASSIGNMENTS.** Under the conditions contained in this paragraph and Paragraph 28 of this lease, the rights and estates of either party to this lease may be assigned, in whole or in part, and the provisions of this lease shall extend to and be binding upon their heirs, devisees, legal representatives, successors and assigns. However, a change or division in ownership of the land, rentals, or royalties will not enlarge the obligations of Lessee, diminish the rights, privileges and estates of Lessee, impair the effectiveness of any payment made by Lessee or impair the effectiveness of any act performed by Lessee. And no change or division in ownership of the land, rentals, or royalties shall bind Lessee for any purpose until thirty (30) days after the owner of the soil (or his heirs, devisees, legal representatives or assigns) furnishes the Lessee with satisfactory written evidence of the change in ownership, including the original recorded muniments of title (or a certified copy of such original) when the ownership changed because of a conveyance. A total or partial assignment of this lease shall, to the extent of the interest assigned, relieve and discharge Lessee of all subsequent obligations under this lease. If this lease is assigned in its entirety as to only part of the acreage, the right and option to pay rentals shall be apportioned as between the several owners ratably, according to the area of each, and failure by one or more of them to pay his share of the rental shall not affect

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ACCEPTED BY
Atty: 3-20-1997
D.A. County Clerk
Receives County, Texas



By up Deputy

this lease on the part of the land upon which pro rata rentals are timely paid or tendered; however, if the assignor or assignee does not file a certified copy of such assignment in the General Land Office before the next rental paying date, the entire lease shall terminate for failure to pay the entire rental due under Paragraph 3. Every assignee 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 assignee of the lease, including any liabilities to the State for unpaid royalties.

(b) **ASSIGNMENT LIMITATION.** Notwithstanding any provision in Paragraph 26(a), if the owner of the soil acquires this lease in whole or in part by assignment without the prior written approval of the Commissioner of the General Land Office, this lease is void as of the time of assignment and the agency power of the owner may be forfeited by the Commissioner. An assignment will be treated as if it were made to the owner of the soil if the assignee is:

- (1) a nominee of the owner of the soil;
- (2) a corporation or subsidiary in which the owner of the soil is a principal stockholder or is an employee of such a corporation or subsidiary;
- (3) a partnership in which the owner of the soil is a partner or is an employee of such a partnership;
- (4) a principal stockholder or employee of the corporation which is the owner of the soil;
- (5) a partner or employee in a partnership which is the owner of the soil;
- (6) a fiduciary for the owner of the soil; including but not limited to a guardian, trustee, executor, administrator, receiver, or conservator for the owner of the soil; or
- (7) a family member of the owner of the soil or related to the owner of the soil by marriage, blood, or adoption.

27. **RELEASES.** Under the conditions contained in this paragraph and Paragraph 28, Lessee may at any time execute and deliver to the owner of the soil and place of record a release or releases covering any portion or portions of the leased premises, and thereby surrender this lease as to such portion or portions, and be relieved of all subsequent obligations as to acreage surrendered. If any part of this lease is properly surrendered, the delay rental due under this lease shall be reduced by the proportion that the surrendered acreage bears to the acreage which was covered by this lease immediately prior to such surrender; however, such release will not relieve Lessee of any liabilities which may have accrued under this lease prior to the surrender of such acreage.

28. **FILING OF ASSIGNMENTS AND RELEASES.** If all or any part of this lease is assigned or released, such assignment or release must be recorded in the county where the land is situated, and the recorded instrument, or a copy of the recorded instrument certified by the County Clerk of the county in which the instrument is recorded, must be filed in the General Land Office within 90 days of the last execution date accompanied by the prescribed filing fee. If any such assignment is not so filed, the rights acquired under this lease shall be subject to forfeiture at the option of the Commissioner of the General Land Office.

29. **LEASE FILING.** It is recognized that before this lease is effective a certified copy of this lease (which is made and certified by the County Clerk from his records) shall be filed in the General Land Office in accordance with Texas Natural Resources Code §52.183, and this lease shall not be binding upon the State unless it recites the actual and true consideration paid or promised for execution of this lease. The bonus due the State and the prescribed filing fee shall accompany such certified copy to the General Land Office.

30. **DISCLOSURE CLAUSE.** All provisions pertaining to the lease of the above-described land have been included in this instrument, including the statement of the true consideration to be paid for the execution of this lease and the rights and duties of the parties. Any collateral agreements concerning the development of oil and gas from the leased premises which are not contained in this lease render this lease invalid.

31. **FIDUCIARY DUTY.** The owner of the soil owes the State a fiduciary duty and must fully disclose any facts affecting the State's interest in the leased premises. When the interests of the owner of the soil conflict with those of the State, the owner of the soil is obligated to put the State's interests before his personal interests.

32. **FORFEITURE.** If Lessee shall fail or refuse to make the payment of any sum within thirty 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 if Lessee should 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

4
5
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7
8

3-20-97
Clerk
County, Texas



By up Deputy

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 under the terms of the Relinquishment Act. 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.

33. **RAILROAD COMMISSION HEARINGS ON GAS.** No natural gas or casinghead gas, including both associated and nonassociated 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, after notice and hearing as provided in Title 3 of the Texas Natural Resources Code, finds that:

- (a) the person, agency, or entity that executed the lease in question does not require the natural gas or casinghead gas to meet its own existing needs for fuel;
- (b) no private or public hospital, nursing home, or other similar health-care facility in this State requires the natural gas or casinghead gas to meet its existing needs for fuel;
- (c) no public or private school in this State that provides elementary, secondary, or higher education requires the natural gas or casinghead gas to meet its existing needs for fuel;
- (d) no facility of the State or of any county, municipality, or other political subdivision in this State requires the natural gas or casinghead gas to meet its existing needs for fuel;
- (e) no producer of food and fiber requires the natural gas or casinghead gas necessary to meet the existing needs of irrigation pumps and other machinery directly related to this production; and
- (f) no person who resides in this State and who relies on natural gas or casinghead gas to provide in whole or part his existing needs for fuel or raw material requires the natural gas or casinghead gas to meet those needs; provided, however, after notice and hearing as provided in Title 3 of the Texas Natural Resources Code the Railroad Commission may grant exceptions to these provisions as set forth in Texas Natural Resources Code §52.296.

34. This lease is issued under the provisions of Texas Natural Resources Code §52.171 through §52.188, commonly known as the Relinquishment Act, and other applicable statutes and amendments thereto, and if any provision in this lease does not conform to these statutes, the statutes will prevail over any nonconforming lease provisions.

See Paragraph 35 in the Addendum attached hereto and by this reference made a part hereof this lease.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

STATE OF TEXAS
BY: _____
Individually and as agent for the State of Texas

STATE OF TEXAS
BY: _____
Individually and as agent for the State of Texas

STATE OF TEXAS
BY: _____
Individually and as agent for the State of Texas

STATE OF TEXAS
BY: _____
Individually and as agent for the State of Texas

3-20-1997
County Clerk
Harris County, Texas

By up _____

ADDENDUM - PARAGRAPH 35

This Addendum is attached to and made a part of that certain Oil and Gas Lease dated December 15, 1996 by and between The State of Texas, acting by and through Guy Robert Beckham et al, c/o Lee Beckham, Trustee, as Lessor, and Contex Energy Company, as Lessee.

35. This is a Paid-Up Lease. Lessee shall not be obligated during the primary term to make any further payments as all Bonus Consideration and Delay Rental Payments have been paid as follows:

Bonus Consideration = \$45.00 per net mineral acre, paid one-half to the State of Texas and one-half to the owner of the soil

Delay Rental Payments = \$1.25 per net mineral acre per year or total of \$5.00 per net mineral acre covering the 1st, 2nd, 3rd and 4th anniversaries of this lease, paid one-half to the State of Texas and one-half to the owner of the soil

The total amount of the bonus consideration paid for this lease is \$14,400.00.

The total amount of delay rental payments paid for this lease is \$1,600.00.

Each of the undersigned hereby acknowledge that one hundred percent (100.00%) of the lease bonus consideration and delay rental payments have been paid to Lee Caldwell, Trustee. It is also understood and agreed that Lee Caldwell, Trustee, will be fully responsible for the disbursement of said bonuses and delay rental payments to each respective Owner of the Soil/Lessor, and the undersigned hereby release Lessee from all liability to the undersigned arising from such disbursement by Lee Caldwell, Trustee.

This instrument may be executed in any number of counterparts, each of which shall be binding on the party or parties executing same, regardless of whether all of the Lessors execute the same.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

3-20-1997

up

Deputy

Guy Robert Beckham
GUY ROBERT BECKHAM,
individually and as agent for the
State of Texas

John C. Caldwell
JOHN C. CALDWELL,
individually and as agent for the
State of Texas

Molly Caldwell Cline
MOLLY CALDWELL CLINE,
individually and as agent for the
State of Texas

Clifton M. Caldwell II
CLIFTON M. CALDWELL II,
individually and as agent for the
State of Texas

Karen Beckham Spence
KAREN BECKHAM SPENCE,
being the same person
formerly known as
KAREN BECKHAM FULLINGIM

Karen Beckham Fullingim
KAREN BECKHAM FULLINGIM,
also known as MILDRED KAREN
BECKHAM FULLINGIM,
individually and as agent for the
State of Texas

Andrew M. Caldwell
ANDREW M. CALDWELL,
individually and as agent for the
State of Texas

Steven Beckham
STEVEN BECKHAM, also known as
STEVEN CALDWELL BECKHAM,
individually and as agent for the State
of Texas

Agnes C. Beckham
AGNES C. BECKHAM,
individually and as agent for the
State of Texas

Jeannette Caldwell
JEANNETTE CALDWELL,
individually and as agent for the
State of Texas

3-20-97

up Deputy

GUY ROBERT BECKHAM,
individually and as agent for the
State of Texas

JOHN C. CALDWELL,
individually and as agent for the
State of Texas

MOLLY CALDWELL CLINE,
individually and as agent for the
State of Texas

CLIFTON M. CALDWELL II,
individually and as agent for the
State of Texas


✓ ANDREW M. CALDWELL,
individually and as agent for the
State of Texas

KAREN BECKHAM FULLINGIM,
also known as MILDRED KAREN
BECKHAM FULLINGIM,
individually and as agent for the
State of Texas

STEVEN BECKHAM, also known as
STEVEN CALDWELL BECKHAM,
individually and as agent for the State
of Texas

AGNES C. BECKHAM,
individually and as agent for the
State of Texas

JEANNETTE CALDWELL,
individually and as agent for the
State of Texas

3-20-97

up Deputy

GUY ROBERT BECKHAM,
individually and as agent for the
State of Texas

JOHN C. CALDWELL,
individually and as agent for the
State of Texas

MOLLY CALDWELL CLINE,
individually and as agent for the
State of Texas

CLIFTON M. CALDWELL II,
individually and as agent for the
State of Texas

ANDREW M. CALDWELL,
individually and as agent for the
State of Texas

KAREN BECKHAM FULLINGIM,
also known as MILDRED KAREN
BECKHAM FULLINGIM,
individually and as agent for the
State of Texas


STEVEN BECKHAM, also known as
STEVEN CALDWELL BECKHAM,
individually and as agent for the State
of Texas

AGNES C. BECKHAM,
individually and as agent for the
State of Texas

JEANNETTE CALDWELL,
individually and as agent for the
State of Texas

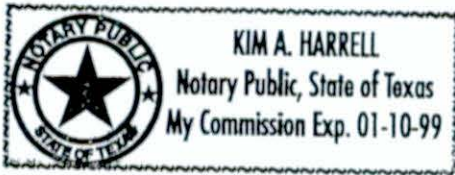
3-20-97

upputy

STATE OF TEXAS
COUNTY OF Taylor

This instrument acknowledged before me on March 17, 1997 by

Guy Robert Beckham

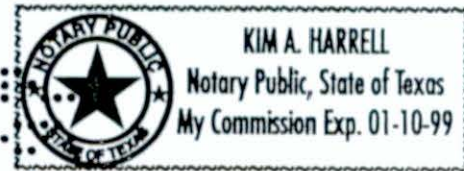


Kim A. Harrell
Notary Public in and for Taylor County, Texas
My commission expires: 1-10-99

STATE OF TEXAS
COUNTY OF Taylor

This instrument acknowledged before me on March 17, 1997 by

Molly Caldwell Cline

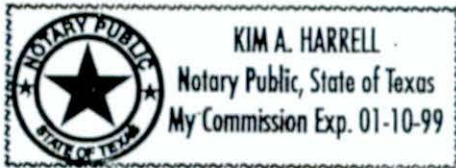


Kim A. Harrell
Notary Public in and for Taylor County, Texas
My commission expires: 1-10-99

STATE OF TEXAS
COUNTY OF Taylor

This instrument acknowledged before me on March 17, 1997 by

Jeannette Caldwell

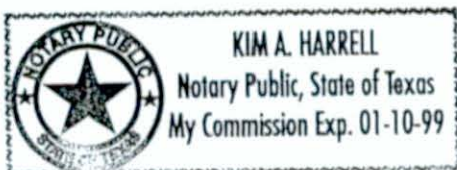


Kim A. Harrell
Notary Public in and for Taylor County, Texas
My commission expires: 1-10-99

STATE OF TEXAS
COUNTY OF Taylor

This instrument acknowledged before me on March 17, 1997 by

John C. Caldwell



Kim A. Harrell
Notary Public in and for Taylor County, Texas
My commission expires: 1-10-99

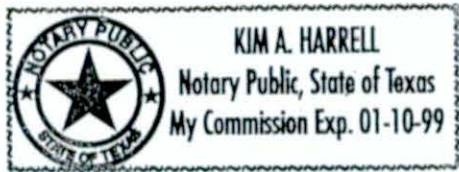
3-20-97

STATE OF TEXAS
COUNTY OF Taylor

This instrument acknowledged before me on March 17, 1997 by

Karen Beckham Spence

Kim A. Harrell
Notary Public in and for Taylor County, Texas
My commission expires: 1-10-99

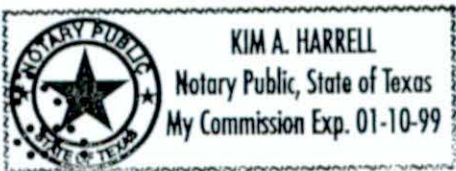


STATE OF TEXAS
COUNTY OF Taylor

This instrument acknowledged before me on March 17, 1997 by

Agnes C. Beckham

Kim A. Harrell
Notary Public in and for Taylor County, Texas
My commission expires: 1-10-99

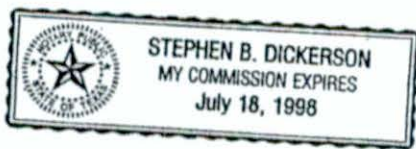


STATE OF TEXAS
COUNTY OF MIDLAND

This instrument acknowledged before me on MARCH 19, 1997 by

Clinton M. Caldwell II

Stephen B. Dickerson
Notary Public in and for the State of County, Texas
My commission expires: _____



STATE OF TEXAS
COUNTY OF _____

This instrument acknowledged before me on _____ by

Notary Public in and for _____ County, Texas
My commission expires: _____

3-20-97

up 5:7

STATE OF TEXAS
COUNTY OF _____

This instrument acknowledged before me on _____ by _____

Notary Public in and for _____ County, Texas
My commission expires: _____

STATE OF ~~TEXAS~~ TENNESSEE
COUNTY OF Williamson

This instrument acknowledged before me on March 17, 1997 by _____

Anne Marie Bumbalough
ANDREW MA CALDWELL

Anne Marie Bumbalough
Notary Public in and for Williamson County, Texas
My commission expires: My Commission Expires MAY 23, 1993 TENNESSEE

STATE OF TEXAS
COUNTY OF _____

This instrument acknowledged before me on _____ by _____

Notary Public in and for _____ County, Texas
My commission expires: _____

STATE OF TEXAS
COUNTY OF _____

This instrument acknowledged before me on _____ by _____

Notary Public in and for _____ County, Texas
My commission expires: _____

3-20-97

up

THE STATE OF TEXAS

County of Reeves

I, Dianne O. Florez, Clerk

of the County Court of Reeves County, Texas, do hereby certify that
 the foregoing is a true and correct copy of the original FILED OIL AND GAS LEASE BETWEEN THE STATE OF
 TEXAS ACTING BY AND THROUGH ITS AGENT, GUY ROBERT BECKHAM, ET AL TO CONTEX ENERGY CO. FILE
 NO. 636 FILED: March 20, 1997 @ 11:36 A.M. TO BE RECORDED IN OFFICIAL PUBLIC RECORDS.

as the same appears of record in my office in book page

Given under my Hand and Seal of said Court, at office in Pecos, Texas

this 20th day of March 19 97

DIANNE O. FLOREZ

Clerk,

By

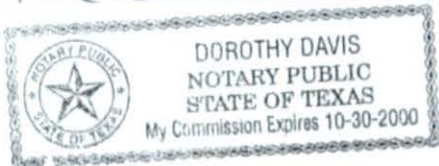
Virginia Palomino

Deputy.

STATE OF TEXAS
COUNTY OF Randall

This instrument acknowledged before me on Steve Beckham March 17, 1997 by

Steven Beckham



[Signature]
Notary Public in and for Randall County, Texas
My commission expires: 10-30-2000

STATE OF TEXAS
COUNTY OF _____

This instrument acknowledged before me on _____ by

Notary Public in and for _____ County, Texas
My commission expires: _____



STATE OF TEXAS
COUNTY OF _____

This instrument acknowledged before me on _____ by



Notary Public in and for _____ County, Texas
My commission expires: _____

STATE OF TEXAS
COUNTY OF _____

This instrument acknowledged before me on _____ by

Notary Public in and for _____ County, Texas
My commission expires: _____

3-20-97

up

② MF 97924
ITEM Lease
TO _____
FROM _____
DATE 1/15/97



CONTEX ENERGY COMPANY

1008 W. Missouri Avenue
Midland, Texas 79701

Phone/Fax (915) 685-3150
Steve Dickerson, Project Manager

Home Office:
1645 Court Place, Suite 212
Denver, Colorado 80202

Phone (303) 623-3444
Fax (303) 623-1523
Gary Butler, President

March 20, 1997

General Land Office of the State of Texas
1700 North Congress Ave., Room 600
Austin, Texas 78701

ATTENTION: MR. DREW REID

Dear Mr. Reid,

97035410

Enclosed is a check for \$800.00, to cover the \$100.00 application fee for each of the following eight (8) Oil and Gas Leases previously submitted for approval by my associate, Jim Byrd:

- (1) OGL dated 12-08-95 from Luther S. Hollowell II covering Sec 28, Bl 51 - Twp 7, T&P Ry Co Svy, Reeves Co., TX
- (2) OGL dated 12-15-96 from Guy Robert Beckham et al covering Sec 8, Bl 57 - Twp 7, T&P Ry Co Svy, Reeves Co. TX
- (3) OGL dated 01-15-97 from Guy Robert Beckham et al covering N2 of Sec 3, Bl 71, PSL Svy, Reeves Co. TX
- (4) OGL dated 12-15-96 from Kennedy I. E. P. Partnership covering Secs 164, 172 & 206, Bl 3, T&P Ry Co Svy, Pecos Co., TX
- (5) OGL dated 12-15-96 from Kennedy Ranch Partnership covering Secs 88 & 124, Bl 3, T&P Ry Co Svy, Pecos Co., TX
- (6) OGL dated 12-15-96 from Kennedy-MaCuk Newton Partnership covering Secs 130 & 166, Bl 3, T&P Ry Co Svy, Pecos Co., TX
- (7) OGL dated 12-15-96 from Kennedy Ranch Partnership et al covering Secs 126, 128 & 168, Bl 3, T&P Ry Co Svy, Pecos Co., TX
- (8) OGL dated 12-15-96 from Kennedy Ranch Partnership covering Sec 44, Bl 49 - Twp 10 and Secs 40, 44 & 84, Bl 3, T&P Ry Co Svy, Pecos Co., TX

Please call me at our Midland office if you have any questions in this regard.

Sincerely yours,

Steve Dickerson

Steve Dickerson
Landman

RECEIVED
MAR 21 1997
MAR 21 1997

CONTEX ENERGY COMPANY ✓

DETACH AND RETAIN THIS STATEMENT
THE ATTACHED CHECK IS IN PAYMENT OF ITEMS DESCRIBED BELOW.
IF NOT CORRECT PLEASE NOTIFY US PROMPTLY. NO RECEIPT DESIRED.

DELUXE - FORM WVC-3 V-2

170

DATE	DESCRIPTION	AMOUNT
3/19/97	Application Fees for the following Oil & Gas Leases: OGL dated 12/8/95 executed by Luther S. Hollowell II covering All of Section 28, Block 51, T7, T&P Ry Co Svy, Reeves County, Texas OGL dated 12/15/96 executed by Guy Robert Beckham et al covering All of Section 8, Block 57, T7, T&P Ry Co Svy, Reeves County, Texas OGL dated 1/15/97 executed by Guy Robert Beckham et al covering the N/2 of Section 3, Block 71, PSL Svy, Reeves County, Texas OGL dated 12/15/96 executed by the Kennedy I.E.P. Partnership covering All of Sections 164, 172 and 206, Block 3, T&P Ry CO Svy, Pecos County Texas OGL dated 12/15/96 executed by the Kennedy Ranch Partnership covering All of Sections 88, and 124, Block 3, T&P Ry CO Svy, Pecos County, Texas OGL dated 12/15/96 executed by Kennedy-MaCuk-Newton Partnership covering All of Sections 130 and 166, Block 3, T&P Ry Co Svy, Pecos County, Texas OGL dated 12/15/96 executed by Kennedy Ranch Partnership et al covering All of Sections 126, 128 and 168, Block 3, T&P Ry Co Svy, Pecos County, Texas OGL dated 12/15/96 executed by the Kennedy Ranch Partnership covering All of Section 44, Block 49, T10 and All of Sections 40, 44 and 84 Block 3, T&P Ry Co Svy, Pecos, County, Texas	97035410 X \$800.00

v.2

97924
ITEM Letter
TO _____
FROM _____
DATE 3/20/97

CONTEX ENERGY COMPANY ✓

DETACH AND RETAIN THIS STATEMENT
THE ATTACHED CHECK IS IN PAYMENT OF ITEMS DESCRIBED BELOW
IF NOT CORRECT PLEASE NOTIFY US PROMPTLY. NO RECEIPT DESIRED.

DELUXE - FORM WVC-3 V-2

DATE	DESCRIPTION	AMOUNT
1/19/97	State of Texas' share of bonus consideration, advance delay rentals and filing fee for Oil and Gas Lease dated 1/15/97, executed by Guy Robert Beckham et al covering 320 acres, being the N/2 of Section 3, Blk 71, P.S.L., Reeves County, Texas 170	97035412 \$8,025.00

Toyah

CONTEX ENERGY COMPANY

1008 W. Missouri Avenue
Midland, Texas 79701

Phone/Fax (915) 685-3150
Steve Dickerson, Project Manager

Home Office:
1645 Court Place, Suite 212
Denver, Colorado 80202

Phone (303) 623-3444
Fax (303) 623-1523
Gary Butler, President

March 20, 1997

General Land Office of the State of Texas
1700 North Congress Ave., Room 600
Austin, Texas 78701

ATTENTION: MR. DREW REID

Dear Mr. Reid,

Enclosed please find certified copies of the following Oil and Gas Leases, which your office has previously approved, accompanied by checks for the State of Texas's share of the bonus consideration, and \$25.00 filing fee for said Leases:

LESSOR / LEASE DATE	TRACT	CHECK AMOUNT
1. Guy Robert Beckham et al 12-15-96	All of Section 8, Bl. 57, Twp. 7, T. & P. Ry. Co. Svy., Reeves Co., TX (692 gross acres; 692 net acres)	\$ 17,325.00
2. Guy Robert Beckham et al 01-15-97	N2 of Section 3, Bl. 71, P.S.L. Svy., Reeves Co., TX (320 gross acres; 320 net acres)	\$ 8,025.00
3. Luther S. Hollowell II 12-08-95	All of Section 28, Bl. 51, Twp. 7, T. & P. Ry. Co. Svy., Reeves Co., TX (640 gross acres; 320 net acres)	\$ 5,625.00

Please call me at our Midland office if you have any questions in this regard.

Sincerely yours,



Steve Dickerson
Landman

④

MF

97924

ITEM

1040

TO

FROM

DATE

3/20/97

May 9, 2003

FILE COPY

Don Sellars
ChevronTexaco
Mid-Continent SBU
11111S. Wilcrest, C-2016
Houston, Texas 77099

RE: Assignment filing; GLO ID 3877

Dear Mr. Sellars,

The General Land Office received the following instrument(s) and has filed them in the appropriate files. Please see attached "Exhibit A" for reference.

Assignment, Conveyance and Transfer, from Texaco Exploration
And Production, Inc., as Grantor, to Chevron USA, Inc., as
Grantee. Executed May 1st, 2002.

Filing fees of \$1,000.00 were received in connection with the above lease. If you have any questions, please feel free to call me at (800) 998-4GLO, or at my direct number at (512) 463-6521.

Sincerely,

Beverly Boyd
Mineral Leasing
Energy Resources
512-463-6521



Exhibit "A"

<i>GLO ID</i>	<i>County</i>	<i>Lease</i>
3877	Pecos	MF013532
3877	Winkler	MF013741
3877	Pecos	MF013950
3877	Crockett	MF016919
3877	Starr	MF022674
3877	Ward	MF023539
3877	Pecos	MF024272
3877	Freestone	MF029146
3877	Pecos	MF029519
3877	Yoakum	MF031485
3877	Ward	MF034631
3877	Nueces	MF034920
3877	Stonewall	MF048839
3877	Freestone	MF049796
3877	Crocett	MF051128
3877	Aransas	MF055748
3877	Reeves	MF056135
3877	Crockett	MF066274
3877	Reeves	MF067636
3877	Aransas	MF077985
3877	Anderson	MF081485
3877	Anderson	MF083959
3877	Loving	MF088349
3877	Goliad	MF096651
3877	Reeves	MF097924 ✓
3877	Reeves	MF098467
3877	Jefferson	MF098702
3877	Jefferson	MF098703
3877	Jefferson	MF098704
3877	Jefferson	MF098705
3877	Goliad	MF100278
3877	Goliad	MF100934

Tuesday, May 13, 2003

Mid-Continent SBU
North America Upstream
11111 S. Wilcrest, C-2016
Houston, TX 77099
Tel 281 561-3885
Fax 281 561-3702
DRSE@chevrontexaco.com

Don Sellars
Regulatory Specialist

ChevronTexaco

May 6, 2002

State of Texas
General Land Office
Stephen F. Austin Bldg.
1700 N. Congress
Austin, TX 78701
Attn: Mr. Robert Hatter,
Director, Mineral Leasing and Energy Resources

Re: ASSIGNMENT EFFECTIVE MAY 1, 2002

Dear Sirs:

Enclosed please find two executed (2) instruments entitled ASSIGNMENT, CONVEYANCE AND TRANSFER (plus 40 copies) to transfer Texaco Exploration and Production Inc.'s interests to Chevron U.S.A. Inc. effective May 1, 2002. Also enclosed is a check in the amount of \$1,000.00. (40 leases @ \$25/lease).

Also enclosed are several forms listing the Rights-of-Way that need to be assigned to Chevron U.S.A. Inc. We request that your office prepare the assignment and invoice Chevron U.S.A. Inc., accordingly.

If you have questions, you may call me or Randy Parsley at 303-793-4118. Your attention to this matter concerning the assignment of interests is greatly appreciated.

Sincerely,

Don Sellers

STATE OF TEXAS RIGHTS-OF-WAY



Assignment, Conveyance and Transfer dated effective May 1, 2002, by and between Texaco Exploration and Production Inc. (Grantor), and Chevron U.S.A. Inc. (Grantee).

UNABLE TO LOCATE MF#5

TEPI LEASE #	NAME OF ROW	LEASE DATE	COUNTY	DESCRIPTION
GP 3209542 / 062A	State of Texas Dept Hwys 6-11385	11/26/91	Upton	Crossing under State HWY No. 349, 3 miles S of N Boundary line of Upton Co.
GP 3209542 / 077A	State of Texas Dept Hwys 6-11475	9/21/92	Midland	ROW crossing under Hwy 349. One mile north of Midland/Upton County line.
GP 3219542 / 019A	State of Texas Dept Hwys 910205032	9/21/92	Crockett	GC&SF RR CO Sur, Blk MN, Sec 13, undercrossing of State Hwy No. 163
TX 0113573 C	TX DOT #264-94	5/5/94	Sabine	Pipeline ROW along Hwy SH 87
TX 0404600 A	University of Texas - UT	12/14/73	Ector	25 foot ROW in T&P RR Survey, T2S, Blk 41, Section 18: NE

STATE OF TEXAS

COUNTIES OF ANDERSON, ARANSAS, CROCKETT, DUVAL, FREESTONE, GLASSCOCK,
GOLIAD, HENDERSON, JEFFERSON, LOVING, NUECES, PECOS, REEVES, STARR,
STONWALL, WARD, WINKLER AND YOAKUM

ASSIGNMENT, CONVEYANCE AND TRANSFER

KNOW ALL MEN BY THESE PRESENTS:

This ASSIGNMENT, CONVEYANCE AND TRANSFER (this "Assignment") is made and entered into this 1st day of May, 2002, to be effective the 1st day of May, 2002 (the "Effective Date"), and is by and between TEXACO EXPLORATION AND PRODUCTION INC., a Delaware corporation, whose address is 1111 Bagby Street, Houston, Texas 77002, hereinafter referred to as "Grantor," and CHEVRON U.S.A. INC., a Pennsylvania corporation, whose address is 1111 Bagby Street, Houston, Texas 77002, hereinafter referred to as "Grantee."

GRANTOR, in furtherance of a plan of reorganization following the merger of a wholly-owned subsidiary of ChevronTexaco Corporation, formerly Chevron Corporation, a Delaware corporation, with and into Texaco Inc., a Delaware corporation, desires to transfer unto GRANTEE, and Grantee desires to accept such transfer of, all of GRANTOR'S right, title and interest in and to (i) the lands (the "Lands"), if any, and the leases (the "Leases"), if any, described or referenced in Exhibit A attached hereto and made a part hereof and/or described or referenced in any instruments described in Exhibit A hereto, together with all other properties, assets, rights and interests situated upon, covering or related to the Lands or the Leases, and (ii) to the extent not conveyed in clause (i) above, all properties, assets, rights and interests, of every kind or character, real, personal or mixed, located, in whole or in part, in the County/Parish and State first set forth above, or situated upon, covering or related to lands located, in whole or in part, in such County/Parish and State; save and except the Exclusions (as hereinafter defined) (the Lands, the Leases and the other properties, assets, rights and interests described in clauses (i) and (ii) above, exclusive of the Exclusions, are herein collectively called the "Properties").

WITNESSETH:

That GRANTOR by these presents, for and in consideration of the premises, does hereby GRANT, CONVEY, ASSIGN, TRANSFER, SET OVER, AND DELIVER unto GRANTEE, its successors and assigns, the Properties, including, without limitation, the following properties, assets, rights and interests, to the extent located, in whole or in part, in the County/Parish and State first set forth above, or situated upon, covering or related to the Lands, Leases or any other lands located in the aforementioned County/Parish and State:

- A. (i) All oil, gas and other mineral properties, assets, rights and interests, including but not limited to, leasehold, fee, mineral, royalty and overriding royalty interests, mineral servitudes and mineral rights, payments out of production, net profits, and other rights, including contractual rights to production, and contractual rights providing for the acquisition or earning of any such



interest, owned by the Grantor in whole or in part (each, a "Mineral Interest" and collectively, the "Mineral Interests");

(ii) All gas processing facilities, sulphur recovery facilities, gas treating or cleaning facilities, natural gas liquids fractionation facilities, and natural gas liquid storage facilities, together with all gas gathering, compression, booster, and other systems and natural gas liquids pipelines serving said facilities, owned by Grantor in whole or in part (the "Gas Plants"); together with all tracts of land or other interests in real or immovable property owned or leased by Grantor in whole or in part upon which Gas Plants are located (the "Gas Plant Sites");

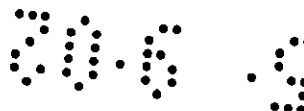
(iii) All servitudes, easements, rights of way, privileges, franchises, prescriptions, licenses, leases, permits and/or other like rights or interests owned by Grantor in whole or in part and used, or held for use, in connection with, or in any way related to pipelines, pipeline systems, gathering systems and related facilities, to the extent not included in Mineral Interests or Gas Plant Sites, together with any amendments, renewals, extensions, supplements, or other modifications thereto (herein collectively called the "Pipeline and Gathering System Servitudes");

All pipes, valves, gauges, meters and other measuring equipment, regulators, extractors, tubing, pipelines, fuel lines, compressors, facilities, treaters, plants, improvements, fittings, materials and other improvements, fixtures and/or personal property located in, on, under or otherwise related to the Pipeline and Gathering System Servitudes (the "Pipeline and Gathering Systems"); and

(iv) All other real/immovable, personal/movable and mixed property located on the Mineral Interests, the Gas Plant Sites or the Pipeline and Gathering System Servitudes, or used, or held for use, in connection therewith, or in any way related to the ownership or operation thereof (whether located on or off such Mineral Interests, Gas Plant Sites or Pipeline and Gathering System Servitudes), owned or leased by the Grantor in whole or in part, including without limitation, wells, well equipment, pumping units, casing, tanks, injection facilities, saltwater disposal facilities, crude oil, natural gas, natural gas liquids, condensate or products in storage or in pipelines, gas or pipeline imbalances, and boilers, buildings, office equipment and furniture, computers, service facilities and warehouses, yards, tools, materials, supplies, tubing pumps, motors, platforms, shore bases, boats, automotive and other vehicular equipment, radios, microwave equipment, communication and transmission towers and facilities, air service facilities, helicopter pads and facilities, fixtures, machinery and other equipment, pipelines, flowlines, compressors, meters, power lines, telephone and telegraph lines, roads, field separation and processing facilities, and all other improvements;

(the properties, assets, rights and interests described in this paragraph A. are herein collectively called the "Mineral Properties").

- B. All properties, assets, rights and interests owned by Grantor in whole or in part that are or may be classified as real or immovable property, other than those described in the Mineral Properties (such properties, assets, rights and interests, to the extent not described in the Mineral Properties, are herein each called "Other Real Property", and collectively, "Other Real Properties"), including, without limitation, all fee, surface fee, surface leases, easements, rights-of-way and prescriptive rights, timber rights, and water rights, including riparian rights; together with any and all improvements and hereditaments thereon. Other Real Properties shall expressly include, without limitation, all tracts of land, or any other interest or leasehold rights of Grantor in real or



immovable property, to the extent not part of the Mineral Properties. upon which are located office buildings, warehouses and any other structures or facilities owned by Grantor in whole or in part.

- C. All of Grantor's files, records and data relating to the Mineral Properties or the Other Real Properties, including without limitation, title records (including abstracts of title and title curative documents), computer hardware and contracts relating primarily thereto, correspondence, microfiche or other lists, geological, geophysical and seismic records, electric logs, core data, pressure data and decline curves, reservoir engineering reports, oil-in-place estimates, and enhanced oil recovery predictions and graphical production curves and all related matters, and tax basis data with respect to the Mineral Properties or the Other Real Properties.

All of Grantor's right, title and interest in any and all patents and patent applications, trade secrets, proprietary information, data and processes, including software, (whether or not embodied in documents, books, records, or hardware conveyed hereunder, and whether or not acquired or licensed from third parties by contract or otherwise) and rights to any of the foregoing, including income therefrom, used or held in connection with the properties, assets, rights and interests conveyed hereunder.

- D. All rights, privileges, benefits and powers related to the Mineral Properties and the Other Real Properties, other than the Exclusions, including without limitation:

(1) (a) all rights, privileges, benefits and powers (including without limitation, permits, licenses, servitudes, easements, rights-of-way, roads and docks) conferred upon the Grantor with respect to the use and occupation of the surface of, and the sub-surface depths under, the land covered by and benefiting their respective Mineral Property or Other Real Property which may be necessary, convenient or incidental to the possession and enjoyment thereof, (b) all rights in respect of any pooled, communitized or unitized acreage by virtue of any Mineral Property being a part thereof, including all production from the pool or unit allocated to any such Mineral Property and all interests in any wells within the unit or pool associated with such Mineral Property, (c) all rights, options, titles and interests of the Grantor and granting the Grantor the right to obtain or otherwise earn interests with respect to its Mineral Properties whether by drilling wells, causing wells to be drilled, payments of money or otherwise, and (d) all tenements, hereditaments and appurtenances belonging to such Mineral Properties or Other Real Properties;

(2) all oil, gas and natural gas liquids division and transfer orders, oil, gas and natural gas liquids purchase and sale contracts, oil, gas and natural gas liquids exchange agreements, surface leases, farmin agreements, farmout agreements, bottom hole agreements, unit agreements, operating agreements, processing agreements, options, lease of equipment or facilities and other contracts, agreements and rights, which are owned by the Grantor, in whole or in part and are (a) appurtenant to the Mineral Properties or Other Real Properties, or (b) used or held for use in connection with the ownership or operation of the Mineral Properties or Other Real Properties or with the production, sale, transportation, storage or disposal of water, hydrocarbons or associated substances;

(3) all accounts, receivables, contract rights, choses in action (i.e. rights to enforce contracts or to bring claims thereunder), commercial tort claims and other general intangibles



(regardless of whether the same arose, or the events which gave rise to the same occurred on, before or after the Effective Date);

(4) all money, documents, instruments, chattel paper (including, without limitation, electronic chattel paper and tangible chattel paper), rights to payment evidenced by chattel paper, securities, payable intangibles, letters of credit, letter of credit rights, supporting obligations and rights to payment of money (regardless of whether the same arose out of a transaction that occurred on, before or after the Effective Date);

E. all other properties, assets, rights and interests owned or leased by Grantor in whole or in part, whether or not specifically described herein associated with Grantor's ownership or operation of the Mineral Properties or Other Real Properties, other than the Exclusions.

TO HAVE AND TO HOLD the Properties unto Grantee, its successors and assigns forever, together with all and singular the properties, assets, rights, interests and appurtenances thereto belonging or in anywise incident or appurtenant thereto; and Grantor hereby binds itself, its successors and assigns to warrant and forever defend title to the Properties unto Grantee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same or any part thereof, by, through or under Grantor, but not otherwise. This Assignment is made with full substitution and subrogation of Grantee in and to all covenants and warranties by others heretofore given or made in respect to the Properties or any part thereof.

Grantor hereby covenants to and with Grantee, its successors and assigns, that Grantor will, so long as it is authorized by applicable law so to do, at Grantor's expense, execute and deliver to Grantee all such other and further instruments of conveyance, assignment and transfer and all such notices, releases, acquittances, and other documents, and to do all such other acts and things, as may be necessary more fully or specifically to convey and assign to and vest in Grantee, its successors or assigns, title to the Properties. Nothing contained herein or in any other general and specific instruments of conveyance, assignment, and transfer executed pursuant hereto shall be deemed to limit or restrict the Properties, or any right or interest of Grantor therein.

There is hereby EXCEPTED AND EXCLUDED from this Assignment: (i) all of Grantor's rights and obligations under the Purchase and Sale Agreement between Grantor and Enterprise Products Operating L.P. dated as of March 8, 2002 ("Mont Belvieu Purchase and Sale Agreement") and the Fractionation Agreement between Grantor and Enterprise Products Company dated August 25, 1994, as amended, and all of Grantor's right, title and interest in and to those certain fractionation facilities currently operated by Enterprise Products Operating, L.P. which are located in Mont Belvieu, Texas, the lands on which such facilities are located as more particularly described in Exhibit B attached hereto and made a part hereof, and the related contracts and assets subject to the Mont Belvieu Purchase and Sale Agreement (herein called the "Excluded Mt. Belvieu Frac Plant"), (ii) all of Grantor's right, title and interest in and to those certain pipeline properties, assets, rights and interests located in Louisiana which are more particularly described in Exhibit B hereto (herein called the "Excluded Louisiana Pipeline Assets"), and (iii) all other properties, assets, rights and interests specifically described in Exhibit B hereto, if any (the Excluded Mt. Belvieu Frac Plant, the Excluded Louisiana Pipeline Assets, and all other properties, assets, rights and interests specifically described in Exhibit B hereto, if any, are herein collectively called the "Exclusions").

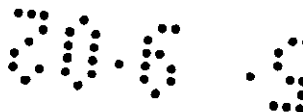


Disclaimer of Representations and Warranties. THE EXPRESS SPECIAL WARRANTY OF TITLE SET FORTH ABOVE IS EXCLUSIVE, AND IN LIEU OF ALL OTHER REPRESENTATIONS AND WARRANTIES, EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, AND GRANTOR EXPRESSLY DISCLAIMS ANY AND ALL SUCH OTHER REPRESENTATIONS AND WARRANTIES. WITHOUT LIMITATION OF THE FOREGOING, THE PROPERTIES ARE CONVEYED PURSUANT HERETO WITHOUT ANY WARRANTY OR REPRESENTATION WHETHER EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, RELATING TO THE CONDITION, QUANTITY, QUALITY, FITNESS FOR A PARTICULAR PURPOSE, CONFORMITY TO THE MODELS OR SAMPLES OF MATERIALS OR MERCHANTABILITY OF ANY EQUIPMENT OR ITS FITNESS FOR ANY PURPOSE, AND, EXCEPT FOR THE SPECIAL WARRANTY OF TITLE REFERENCED ABOVE, WITHOUT ANY OTHER EXPRESS, IMPLIED, STATUTORY OR OTHER WARRANTY OR REPRESENTATION WHATSOEVER. GRANTEE SHALL ACCEPT THE PROPERTIES IN THEIR "AS IS, WHERE IS" CONDITION, WITH ALL FAULTS AND IN ITS PRESENT CONDITION AND STATE OF REPAIR.

Assumption of Debts and Liabilities. Grantee agrees to assume, undertake, pay, satisfy and discharge all the lawful duties, debts, obligations and liabilities under or relating to the Properties, known or unknown, whether now existing or which may come into existence in the future, of the Grantor (regardless of whether the same arose or the events which gave rise to the same occurred on, before or after the Effective Date). Grantee accepts this Assignment expressly subject to all covenants, conditions, duties and obligations of Grantor under or relating to the Properties and expressly assumes and agrees to be responsible for and discharge said covenants, conditions, duties and obligations.

Waiver of Consumer Rights. To the extent applicable to the transaction contemplated hereby or any portion thereof and to the fullest extent such rights may be waived, Grantee waives Grantee's rights under the provisions of the Texas Deceptive Trade Practices - Consumer Protection Act, Sections 17.41 et. seq. of the Texas Business and Commerce Code, a law that gives consumers special rights and protections, and any comparable act in any other state in which the Properties are located; Grantee states that, after consultation with an attorney of Grantee's selection, Grantee voluntarily consents to this waiver.

Counterparts: Exhibit A; Exhibit B; Witnesses: Attestation . This Assignment may be executed in any number of counterparts all of which are identical, except that, (i) to facilitate recordation, in certain counterparts hereof only that portion of Exhibit A which contain specific descriptions of properties, assets, rights and interests located in the recording jurisdiction in which the particular counterpart is to be recorded are included, and other portions of Exhibit A are included by reference only, (ii) to facilitate recordation, only those counterparts hereof which are to be filed in recording jurisdictions where Exclusions are located (including those to be filed in Chambers County, Texas and several Louisiana Parishes) will have an Exhibit B attached. If no Exhibit B is attached to a particular counterpart, such omission is intentional and indicates that no Exclusions are located in that recording jurisdiction. Exhibit B is included by reference only on those counterparts which do not have an Exhibit B attached. With respect to those counterparts which have an Exhibit B attached, only that portion of Exhibit B which contain specific descriptions of Exclusions located in the recording jurisdiction where the particular counterpart is to be recorded are included, and other portions of Exhibit B are included by reference only, (iii) the execution of this Assignment by each of the parties may not be witnessed on those counterparts hereof containing descriptions of the Properties located in states where witnesses are not required by



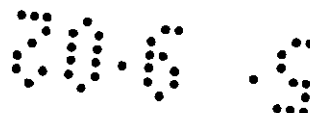
applicable law, and (iv) the execution of this Assignment by each of the parties may not be attested on those counterparts hereof containing descriptions of the Properties located in states where attestation is not required by applicable law. Each of such counterparts shall for all purposes be deemed to be an original. All such counterparts shall together constitute but one and the same Assignment.

Note to California recording officer: This Assignment is made in furtherance of a plan of reorganization and is therefore exempt from Documentary Transfer Tax (California Revenue & Taxation Code §11923(d); alternatively, the Grantor and the Grantee in this Assignment are comprised of the same parties who continue to hold the same proportionate interest in the property and this Assignment is therefore exempt from Documentary Transfer Tax. (Cal. Rev. & Tax Code §11925(d).

Note to Mississippi recording officer: This Assignment is a division of interest already owned so no mineral documentary stamp tax is due. However, as a precaution \$1.00 of stamp taxes is being paid.

Note to Oklahoma recording officer: This Assignment is exempt from the purchase of documentary stamps pursuant to 68 O.S. §3202(10).

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IN WITNESS WHEREOF, Grantor and Grantee have caused this Assignment to be duly executed on the date first set forth above, but effective for all purposes on the Effective Date.

GRANTOR:

TEXACO EXPLORATION AND PRODUCTION INC.

Witnesses:

Marge BART
Name: MARGE BART

Dan Houchin
Name: DAN HOUCHIN

~~Attest:~~
~~Name:~~
~~Title:~~

By

Name:

Title:

J. S. Pugh
Attorney in Fact

[Corporate Seal]

GRANTEE:

CHEVRON U.S.A. INC.

Witnesses:

Marge BART
Name: MARGE BART

Dan Houchin
Name: DAN HOUCHIN

~~Attest:~~
~~Name:~~
~~Title:~~

By

Name:

Title:

MIN J. BERRY
MH DEBERRY
ATTORNEY IN FACT

[Corporate Seal]

Grantor's Address:

1111 Bagby Street
Houston, Texas 77002

WHEN RECORDED OR FILED RETURN TO:

Grantee's Address:

1111 Bagby Street
Houston, Texas 77002

This instrument is prepared by:

Grantor Acknowledgment

STATE OF TEXAS

§
§
§

COUNTY OF HARRIS

BE IT REMEMBERED THAT I, the undersigned authority, a notary public duly qualified, commissioned, sworn and acting in and for the State of Texas, being authorized in such state to take acknowledgments, hereby certify that, on this 14th day of May, 2002, there personally appeared before me J S Purdy, as attorney-in-fact of TEXACO EXPLORATION AND PRODUCTION INC., a Delaware corporation, known to me to be such person acting in such capacity on behalf of such corporation, such corporation, being a party to the foregoing instrument.

AK, CO, FL, IL, KS, KY, MT, NE, ND, NM, OH, OK, TX, UT, WV and WY

The foregoing instrument was acknowledged before me by the above mentioned person, as attorney-in-fact of Texaco Exploration and Production Inc, a Delaware corporation, on behalf of such corporation, on this date. He is personally known to me or has produced copy 10 (type of Identification) as identification.

ALABAMA

I, the undersigned, a notary public in and for said County in said State, hereby certify that the above referenced person, whose name as attorney-in-fact of Texaco Exploration and Production Inc, a Delaware corporation, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the instrument, he or she, in such capacity and with full authority, executed the same voluntarily for and as the act of said corporation.

ARKANSAS and SOUTH DAKOTA

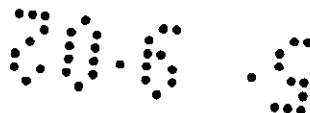
On this date, before me the undersigned officer, personally appeared the above mentioned person known to me (or satisfactorily proven) to be the person whose name is subscribed as attorney-in-fact for Texaco Exploration and Production Inc., a Delaware corporation, and acknowledged that he or she executed the same as the act of his or her principal for the purposes therein contained.

CALIFORNIA

On this date before me, the undersigned officer, personally appeared the above mentioned person, as attorney-in-fact for Texaco Exploration and Production Inc., known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he or she executed the same in his or her authorized capacity, and that by his or her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

IDAHO

On this date, before me the undersigned officer, personally appeared the above mentioned person, known or identified to me to be the person whose name is subscribed to the within instrument as the attorney-in-fact of Texaco Exploration and Production Inc. and acknowledged to me that he



or she subscribed the name of Texaco Exploration and Production Inc. thereto as principal, and his or her own name as attorney-in-fact.

INDIANA

Before me, the undersigned officer, this date personally appeared Texaco Exploration and Production Inc., by the above mentioned person, its attorney-in-fact, and acknowledged the execution of the foregoing instrument.

LOUISIANA

On this date before me, the undersigned authority, personally came and appeared the above mentioned person, to me personally known and known by me to be the person whose genuine signature is affixed to the foregoing document as attorney-in-fact of Texaco Exploration and Production Inc, a Delaware corporation, who signed said document before me in the presence of the two witnesses, whose names are thereto subscribed as such, being competent witnesses, and who acknowledged, in my presence and in the presence of said witnesses, that he or she signed the above and foregoing document as his or her own free act and deed on behalf of such corporation by authority of its board of directors and as the free act and deed of such corporation and for the uses and purposes therein set forth and apparent.

MISSISSIPPI

Personally appeared before me, the undersigned authority in and for the said state, on this day, within my jurisdiction, the above mentioned person, being the attorney-in-fact of Texaco Exploration and Production Inc, a Delaware corporation, and acknowledged that, for and on behalf of the said corporation, and as its act and deed, he or she executed the above and foregoing instrument, after first having been duly authorized by said corporation so to do.

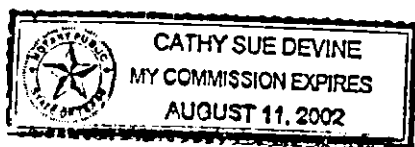
NEW YORK

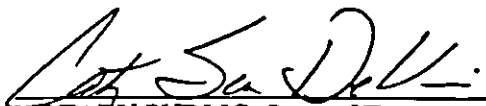
Before me personally came the above mentioned person, to me known, who being by me duly sworn, did depose and say that he resides in the county set forth below, that he or she is the attorney-in-fact of Texaco Exploration and Production Inc., the corporation described in and which executed the above instrument; and signed his or her name thereto being duly authorized by said corporation.

PENNSYLVANIA

On this day, before me, the undersigned officer, personally appeared the above referenced person, who acknowledged himself to be the attorney-in-fact of Texaco Exploration and Production Inc, a Delaware corporation, and that he or she, as Attorney-in-fact, being authorized to do so, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself or herself as attorney-in-fact.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal in the city of Houston, Harris County, Texas, on the day and year first above written.




NOTARY PUBLIC, State of Texas

[SEAL]



Grantee Acknowledgment

STATE OF TEXAS

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§

COUNTY OF HARRIS

§

BE IT REMEMBERED THAT I, the undersigned authority, a notary public duly qualified, commissioned, sworn and acting in and for the State of Texas, being authorized in such state to take acknowledgments, hereby certify that, on this 6th day of May 2002, there personally appeared before me JS Purdy, as attorney-in-fact of CHEVRON U.S.A. INC., a Pennsylvania corporation, known to me to be such person acting in such capacity on behalf of such corporation, such corporation, being a party to the foregoing instrument.

AK, CO, FL, IL, KS, KY, MT, NE, ND, NM, OH, OK, TX, UT, WV and WY

The foregoing instrument was acknowledged before me by the above mentioned person, as attorney-in-fact of Chevron U.S.A. Inc, a Pennsylvania corporation, on behalf of such corporation, on this date. He is personally known to me or has produced copy ID (type of Identification) as identification.

ALABAMA

I, the undersigned, a notary public in and for said County in said State, hereby certify that the above referenced person, whose name as attorney-in-fact of Chevron U.S.A. Inc, a Pennsylvania corporation, is signed to the foregoing instrument and who is known to me, acknowledged before me on this day that, being informed of the contents of the instrument, he or she, in such capacity and with full authority, executed the same voluntarily for and as the act of said corporation.

ARKANSAS and SOUTH DAKOTA

On this date, before me the undersigned officer, personally appeared the above mentioned person known to me (or satisfactorily proven) to be the person whose name is subscribed as attorney-in-fact for Chevron U.S.A. Inc., a Pennsylvania corporation, and acknowledged that he or she executed the same as the act of his or her principal for the purposes therein contained.

CALIFORNIA

On this date before me, the undersigned officer, personally appeared the above mentioned person, as attorney-in-fact for Chevron U.S.A. Inc., a Pennsylvania corporation, known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he or she executed the same in his or her authorized capacity, and that by his or her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

IDAHO

On this date, before me the undersigned officer, personally appeared the above mentioned person, known or identified to me to be the person whose name is subscribed to the within instrument as



the attorney-in-fact of Chevron U.S.A. Inc. and acknowledged to me that he or she subscribed the name of Chevron U.S.A. Inc. thereto as principal, and his or her own name as attorney-in-fact.

INDIANA

Before me, the undersigned officer, this date personally appeared Chevron U.S.A Inc., by the above mentioned person, its attorney-in-fact, and acknowledged the execution of the foregoing instrument.

LOUISIANA

On this date before me, the undersigned authority, personally came and appeared the above mentioned person, to me personally known and known by me to be the person whose genuine signature is affixed to the foregoing document as attorney-in-fact of Chevron U.S.A. Inc, a Pennsylvania corporation, who signed said document before me in the presence of the two witnesses, whose names are thereto subscribed as such, being competent witnesses, and who acknowledged, in my presence and in the presence of said witnesses, that he or she signed the above and foregoing document as his or her own free act and deed on behalf of such corporation by authority of its board of directors and as the free act and deed of such corporation and for the uses and purposes therein set forth and apparent.

MISSISSIPPI

Personally appeared before me, the undersigned authority in and for the said state, on this day, within my jurisdiction, the above mentioned person, being the attorney-in-fact of Chevron U.S.A. Inc, a Pennsylvania corporation, and acknowledged that, for and on behalf of the said corporation, and as its act and deed, he or she executed the above and foregoing instrument, after first having been duly authorized by said corporation so to do.

NEW YORK

Before me personally came the above mentioned person, to me known, who being by me duly sworn, did depose and say that he resides in the county set forth below, that he or she is the attorney-in-fact of Chevron U.S.A. Inc., the corporation described in and which executed the above instrument; and signed his or her name thereto being duly authorized by said corporation.

PENNSYLVANIA

On this day, before me, the undersigned officer, personally appeared the above referenced person, who acknowledged himself to be the attorney-in-fact of Chevron U.S.A. Inc, a Pennsylvania corporation, and that he or she, as attorney-in-fact, being authorized to do so, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself or herself as attorney-in-fact.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal in the city of Houston, Harris County, Texas, on the day and year first above written.



Cathy Sue Devine
NOTARY PUBLIC, State of Texas

[SEAL]

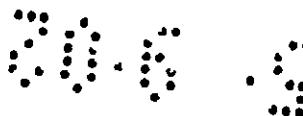
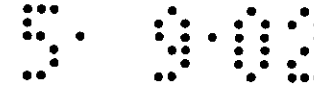


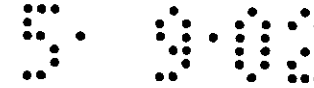
EXHIBIT A



Attached to and made a part of the certain Assignment, Conveyance and Transfer dated effective May 1, 2002,
by and between Texaco Exploration and Production Inc. (Grantor), and Chevron U.S.A. Inc. (Grantee).

TEXACO FILE #	SUFEX	STATE LEASE NAME AND NUMBER	BK	PG	EFF DATE	COUNTY	GROSS	DESCRIPTION
TX0045321	000A	STATE OF TEXAS NO. 49796	586	491	12/11/58	Anderson	42.00	T N JONES SY A-979 N 42 ACS OF TR 3 IN TRINITY RIVER
TX0109761	000A	STATE OF TEXAS NO. 81485	560	671	04/01/80	Anderson	95.00	EVERET RITTER SY A-660 TRACT 10, TRINITY RIVER AREA.
TX0109185	000A	055748	56	220	11/05/63	Aransas		Tract 199, Aransas Bay
TX0288953	000A	077985	104	436	06/06/78	Aransas		NW/4 of Tract 721-L, Gulf of Mexico, Aransas County, Texas, insofar and only insofar as to rights below the correlative depth of 7,323 feet subsurface, as identified on the electric log of Oxy Petroleum, Inc.'s Well No. 2
TX0254527	000A	J.H. SCHEUBER #M-66274	261	79	05/11/71	Crockett	320.00	SUR 32, BLK KL, A-5438, E. CHAPMAN PROD.
TX0913298	000A	JEAN E PERRY, ET VIR	578	533	11/08/99	Crockett	109.10	A-5438, E. CHAPMAN ORIGINAL GRANTEE, BLK KL, SEC 32
TX0192772	000A	STATE OF TEXAS M-51128	185	65	02/01/60	Crockett	320.00	N2 SEC 6, BLK BBB, A-5494, C.H. POWELL GRANTEE.
TX0026569	000A	016919	2	312	02/10/25	Duval		The South Half (S/2) of Survey 42 made, made by virtue of Certificate No. 172, issued to T. T. Ry. Co, and sold and awarded by the Commissioner of the General Land Office to Mucio Vela.
TX0113129	000A	STATE OF TEXAS M-29146	175	444	02/08/45	Freestone	22.50	J L WALKER SY SF 12769
TX0343162	000A	UNIVERSITY OF TEXAS LAW SCHOOL FOUNDATION	230	637	06/06/85	Glasscock	640.00	T&P RR Co Sur, T-4-S, Blk 33, Section 18
TX0950848	000A	096651	45	618	10/17/95	Goliad	4.21	4.21 acres within the Edge Petroleum M. Schindler No. 1. Gas Unit, a designation of which is recorded in the Official Records of Goliad County, Texas in Volume 47, page 902

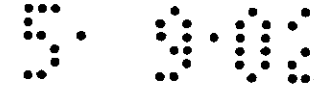
EXHIBIT A



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TEXACO FILE #	SUFFIX	STATE LEASE NAME AND NUMBER	BK	PG	EFF. DATE	COUNTY	GROSS	DESCRIPTION
TX0951510	000A	098585	75	134	10/07/97	Goliad	80.00	Tract 4-D of the San Antonio River, Goliad County, Texas, containing approximately 80 acres; said Tract 4-D is bound on the Northeast by a line bearing Grid South and passing through a point having coordinates of X-2,510,174 feet and Y-298,822 feet and is bound on the Southwest by a line bearing Grid South and passing through a point having coordinates of X-2,492,402 feet and Y-299,065 feet, Texas State Plane Coordinate System, South Central Zone, NAD 1927 (30 acres with the Victoria Town Tract are subject to the Small Bill)
TX0952426	000A	100278	104	30	03/22/99	Goliad	64.86	64.862 acres of land, more or less, covering the Right-of-Way for Texas Highway 59 between the intersection of said Right-of-Way with the Southerly extension of the West boundary line of Farm Lot 45, Range 2, A-128, and the intersection of said Right-of-Way with the Northeast boundary line of the George Maybee Sur., A-211, containing 72.4566 acres of land, more or less, SAVE and EXCEPT that portion of said Highway Right-of-Way laying within the M. Schindler No. 1 Gas Unit, being 4.21 acres of land, more or less and SAVE and EXCEPT that portion of said Highway Right-of-Way with bridge crossing the Manahuilla Creek, all in Goliad County, Texas, and containing in all 64.862 acres of land, more or less; as to depths lying below 5,000 feet of the surface of the ground only.
TX0952515	000A	100934	123	77	02/14/00	Goliad	35.54	35.54 acres of land, more or less, out of the Four League Grant to the Town of Goliad in Goliad County, Texas, being described in the following Four (4) Tracts: Ward Street: From a line even with the west line of Lot 21, Range 1 and the west line of Lot 17, Range 2, eastward to the intersection with East Street (AKA McCampbell Street). Oak Street: From a line even with the west line of Lot 17, Range 2, and the west line of Lot 48, Range 2, eastward to the intersection with East Street (AKA McCampbell Street). Fannin Street: From a line at the intersection of Grace Street even with the west line of Lot 48, Range 2 eastward to the intersection with East Street (AKA McCampbell Street). East Street (AKA McCampbell Street): Between the south intersection of Fannin Street northward to the north intersection with Ward Street.
TX0287543	000A	STATE OF TEXAS #83959	na		10/07/80	Henderson	68.96	JOHN A NEWLAND SY A-576, W V HALL SY A-285, E. PATTERSON SUR., W. AVANT SUR.

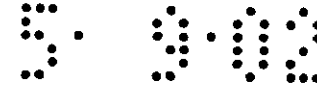
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TEXACO FILE #	SUF	STATE LEASE NAME AND NUMBER	BK	PG	EFF DATE	COUNTY	GROSS	DESCRIPTION
TX0951954	000A	098702	Film Code 97-9740541		12/04/97	Jefferson	695.00	All of Tract 1, Sabine Lake, Jefferson/Orange Counties, Texas, containing approximately 695 acres as shown on the applicable Official Submerged Area Map on file in the Texas General Land Office, Austin, Texas.
TX0951955	000A	098703	Film Code 97-9740542		12/04/97	Jefferson	995.00	All of Tract 7, Sabine Lake, Jefferson County, Texas, containing approximately 995 acres as shown on the applicable Official Submerged Area Map on file in the Texas General Land Office, Austin, Texas.
TX0951956	000A	098704	Film Code 97-9740543		12/04/97	Jefferson	615.00	All of Tract 13, Sabine Lake, Jefferson County, Texas, containing approximately 615 acres as shown on the applicable Official Submerged Area Map on file in the Texas General Land Office, Austin, Texas.
TX0951957	000A	098705	Film Code 97-9740544		12/04/97	Jefferson	645.00	All of Tract 14, Sabine Lake, Jefferson County, Texas, containing approximately 645 acres as shown on the applicable Official Submerged Area Map on file in the Texas General Land Office, Austin, Texas.
TX0294437	000A	ST OF TEXAS (PSL) 88349	66	169	10/05/82	Loving	640.00	ALL SEC 29, BLK 29, PSL SUR
TX0028663	000A	034920	104	318	12/06/49	Nueces		Tract 423, Corpus Christi Bay
TX0050023	000C	MATTHEWS, MRS J C ET AL #MF-13950 (MA)	39	463	11/15/26	Pecos	140.00	WEST 140 ACS OF N/2 OF SEC. 24, BLK. 194, GC&SF RR CO SUR
TX0909742	000A	R A MONTAGUE, ET UX	142	65	07/29/43	Pecos	242.00	TC&RR CO SURVEY, BLK OW, A-8299, SEC 106 1/2: ALL
TX0050023	000B	RAMSEY, IDA MAY ET AL #MF-13950 (MA)	39	471	10/30/26	Pecos	140.00	WEST 140 ACS OF N/2 OF SEC. 24, BLK. 194, GC&SF RR CO SUR
TX0050023	000A	SMITH, MRS M A MONROE #MF-13950 (MA)	39	414	11/03/26	Pecos	140.00	WEST 140 ACS OF N/2 OF SEC. 24, BLK. 194, GC&SF RR CO SUR

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TEXACO FILE #	SUF	STATE LEASE NAME AND NUMBER	BK	PG	EFF DATE	COUNTY	GROSS	DESCRIPTION
TX0118155	000A	ST OF TEXAS (BYRNE) 29519	150	83	09/24/45	Pecos	160.00	NE4 SUR 30, BLK 10, H&GN RR CO SURVEY.
TX0717675	000A	ST OF TEXAS 24272 (MA)	122	197	01/30/39	Pecos	160.00	S/4 SEC 38, BLK 10, H&GN SURVEY
TX0211600	000A	ST OF TEXAS M-23539 (MA)	119	546	04/07/38	Pecos	100.00	TRACT 1, BLK 1 OF THE PECOS RIVER BED
TX0312911	000A	TIPPETT, J H IND & AS AGENT (MA)	44	165	11/29/26	Pecos	160.00	GC&SF RR CO, BLK 194, SEC 40: NE/4.
TX0314534	000A	TIPPETT, J.H. #M-13532 (MA)	44	43	11/29/26	Pecos	50.00	CT&MC RR CO SURVEY, BLK 194, SEC 108: W2 OF NORTH 100 ACS of SOUTH 180 ACS
TX0404768	000A	ST OF TEXAS #M-67636 (MA)	315	208	10/17/72	Reeves	320.00	W/2 SEC. 16, BLK. 56, T-3, T&P RR CO. SUR.
TX0230078	000A	ST OF TX M-56135	238	94	01/14/64	Reeves	320.00	N2 SEC 34, BLK 54, T-4, T&P RR SURVEY.
TX0912220	000A	STATE OF TEXAS (Beckham) M-97924	572	847	01/15/97	Reeves	320.00	PSL Survey, Blk 71, SEC 3: N/2
TX0912222	000A	STATE OF TEXAS(Darden Estate) M-98467	575	50	01/15/97	Reeves	953.20	PSL SURVEY, BLK 71, SEC 3: S/2, SEC 26: S/2; SEC 33: NW, W2 NE, N2 SW, less RR
TX0065791	000A	022674	99	509	07/02/37	Starr		All of Section 78, Certificate 456 B.S.&F. Original Grantee, Abstract No. 899, insofar and only insofar as to rights below a subsurface depth of 6,600 feet.
TX0763488	000A	ST OF TX 48839 (MA)	145	180	03/10/58	Stonewall	5.00	NORTH PART GEORGE W THORNTON SURVEY, FANNIN PRE-EMPTION 3667
TX0134009	000A	ST OF TEXAS (MONROE) 34631	129	519	10/06/49	Ward	160.00	POR SUR 55, SF-7911, J.W. JACKSON ORIG. GRANTEE
TX0225279	000A	ST OF TX (LINEBERRY) A92315	268	373	02/14/73	Winkler	72.00	SF13022, BLK WF, SEC 2

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5. 3.02

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TEXACO FILE #	SUFFIX	STATE LEASE NAME AND NUMBER	BK	PG	EFF. DATE	COUNTY	GROSS	DESCRIPTION
TX0038605	000A	T.G. HENDRICK #13741	1	245	04/20/26	Winkler	80.00	W2 NW/4, SEC 39, BLK 26. PSL
TX0064275	000A	ANNIE MILLER 'B' #M-31485	38	460	04/29/36	Yoakum	640.00	SEC 862, BLOCK D, JOHN H. GIBSON SURVEY

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File No. MF-097924
Disseminated
Date Filed: 8/19/03
Jerry E. Patterson, Commissioner
By [Signature]