iNut 9997
iNut 10064
iNut 10705

STATE LEASE PAID-UP MF098524

CONTROL	BASEFILE	COUNTY
65-901661	000 -	MILAM /166

SURVEY : MILAM COUNTY ROADS
BLOCK :
TOWNSHIP : 00
SECTION/TRACT:
PART :
ACRES : 2.50 4.10 PER UNIT AGREEMENT
DEPTH LIMITS : NO

LESSEE : UNION PACIFIC RESOURCES COMPANY
LEASE DATE : Oct 21 1997
PRIMARY TERM : 3 yrs
BONUS ($) : 187.50
RENTAL ($) : 0.00
ROYALTY : 0.16666600
VAR ROYALTY :

Rentals: MT.

Lease Admin: DR.

Mineral Maps:



CAUTION

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

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

Thank you for your assistance.

Archives and Records Staff

920727
MF 098524

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GLO-S-08-(1-82)

GENERAL LAND OFFICE

10-21-97

GARRY MAURO
COMMISSIONER

MEMORANDUM

Docket #11

DATE: October 15, 1997

TO: Linda Fisher / School Land Board

From: Drew Reid / Minerals Leasing

RE: Applications To Lease Highway Right-of-Way

98520 A) Applicant - Chesapeake Operating, Inc.
Description - 3.375 ac. along Steinfeld Rd. and Kuykendall Rd,, situated in the Abner Kuykendall Sur., A-70 in Washington Co.
Terms - $150.00/Ac. Bonus, 1/5 Royalty, 3 Years Paid-up

98521 B) Applicant - UPRC
Description - 27.644 ac. along F.M. 485, situated in the George Antonio Nixon Sur., A-31 in Robertson Co.
Terms- $100.00/Ac. Bonus, 1/6 Roualty, 3 years Paid-up

98522 C) Applicant - UPRC
Description - 5.012 ac. along Hummingbird Lane, Lola Lane. and Lange Lake Rd., situated in the W.E. Allcorn Sur., A-2 in Washington Co.
Terms - $175.52/Ac. Bonus, 1/5 Royalty, 3 Years Paid-up

98523 D) Applicant - UPRC
Description - 2.77 ac. along St. Hwy. 389, situated in the J.D. Lester Sur., A-79 in Washington Co.
Terms - $85.00/Ac. Bonus, 1/6 Royalty, 3 Years Paid-up

18524 E) Applicant - UPRC
Description - 2.5 ac. along Co. Rd. 353, situated in the John Beal Sur., A-94 in Milam Co.
Terms - $75.00/Ac. Bonus, 1/6 Royalty, 3 Years Paid-up

25 F) Applicant - UPRC
Description - .3704 Ac. along Co. Rd. 353, situated in the R.T. Browder Sur., A-107 in Milam Co.
Terms - $75.00/Ac. Bonus, 1/6 Royalty, 3 Years Paid-up

26 G) Applicant - Grimes Energy Co. Lease date July 3rd 1997
Description - 12.17 Ac. along St. Hwy. 65, situated in Sec. 46, H.T. Ry. Co. Sur., in Chambers Co.
Terms - $75.00/Ac. Bonus, 1/4 Royalty, 1 Year

27 H) Applicant - Texas Royalty Corp.
Description - 11.716 Ac. along St. Hwy. 79, situated in the C.C. Lewis Sur., A-1134 in Leon Co.
Terms - $75.00/Ac. Bonus, 22% Royalty, 1 Year

28 I) Applicant - Nike International Inc.
Description - 7.95 Ac. along St. Hwy. 153, situated in Sec. 249, Blk. 64, A-210, H&TC RR Co.Sur., in Nolan Co.
Terms - $50.00/Ac. Bonus, 3/16 Royalty, 1 Year

29 J) Applicant - Walter F. Brown
Description - 12.603 Ac. along St. Hwy. 158, situated in Sec. 821, A-255, W. Howell Sur. and Sec. 418, A-714, HT&B RR Co. Sur. in Runnels Co.
Terms - $22.00/Ac. Bonus, 1/8 Royalty, 3 Years Paid-up

30 K) Applicant - Apache Corporation
Description - 26.591 Ac. along St. Hwy. 75, situated in the D. Avant Sur., A-3 in Freestone Co.
Terms - $100.00/Ac. Bonus, 3/16 Royalty, 3 Years paid-up

31 L) Applicant - New Cheyenne Co.
Description - 17.5 Ac. along St. Hwy. 71, situated in the J. Evans Sur., A-22 in Colorado Co. and in the J.Evans Sur., A-21 in Wharton Co.
Terms - $130.00/AC. Bonus, 1/5 Royalty, 3 Years Paid-up

18532 M) Applicant - TOPO Oil & Gas Co.
Description - 89.48 Ac. along St. Hwy. 90, situated in the T.P. Fowle Sur., A-211 and in the B.D. McClure League, A-41 in Gonzales Co.
Terms - $75.00/Ac. Bonus, 3/16 Royalty, 5 Years paid-up

18533 N) Applicant - Coastal Oil & Gas USA,L.P.
745.00
11.18
#756.18
Description - 7.45 Ac. along St. Hwy. 60, situated in the W. Kincheloe Sur., A-38 in Wharton Co.
Terms - $100.00/Ac. Bonus, 1/5 Royalty, 3 Years Paid-up

O) Applicant - Union Oil Co. of California
Description - 10.17 Gross Ac./8.25 Net Ac. along St. Hwy. 12, situated in the W. Manuel Sur., A-443 and in the J. Brick Sur., A-48 in Orange Co.
Terms - $150.00/Ac. Bonus, 1/4 Royalty, 1 Year

These applications have been reviewed by the Minerals Leasing Division and approved by the Department of Transportation. These applications comply with Subchapter F, Chapter 32 of the Texas Natural Resources Code.

1.

MF 98524

ITEM App to Bid

TO

FROM

DATE 10-15-97

HROW Lease
Revised 10/89

The State of Texas

Austin, Texas

PAID-UP
OIL AND GAS LEASE NO. M-98524
GENERAL LAND OFFICE
AUSTIN, TEXAS

THIS AGREEMENT made and entered into by and between the Commissioner of the General Land Office of the State of Texas, whose address is Stephen F. Austin Building, 1700 North Congress, Austin, Texas, 78701, hereinafter called "Lessor", hereunto authorized by the School Land Board, pursuant to the provisions of Chapters 32 and 52 of the Natural Resources Code (hereinafter called N.R.C.), and amendments thereto, and all applicable rules promulgated by the School Land Board, and Union Pacific Resources Co., whose address is, 801 Cherry St., Fort Worth, Texas 76102 hereinafter called "Lessee".

1. Lessor, in consideration of One Hundred Eighty Seven and 50/100 Dollars ($187.50), receipt of which is hereby acknowledged, and of the covenants and agreements of Lessee hereinafter contained, does hereby grant, lease, and let unto Lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, and all other hydrocarbons, produced from the land covered hereby. The land covered hereby, herein called "said land" is located in the County of Milam, State of Texas, and is described as follows:

> 2.5 acres of land, more or less, situated in said Milam County, Texas, more particularly described in Exhibit "A" attached hereto and made a part hereof together with a plat, attached hereto as Exhibit "B", depicting said right-of-way and surrounding area for purposes of illustration only.

For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain 2.5 acres, whether actually containing more or less, and the above recital of acreage shall be deemed to be the true acreage thereof. Lessor accepts the bonus as lump sum consideration for this lease and all rights and options hereunder.

2. PRIMARY TERM: This lease, which is a "paid up" lease requiring no rentals, shall remain in force for a term of three (3) years from October 21, 1997, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. ROYALTIES: As royalty Lessee covenants and agrees:

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

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

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

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

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

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

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

interest will begin accruing when the royalty is sixty (60) days overdue. Affidavits and supporting documents which are not filed when due shall incur a penalty in an amount set by the General Land Office administrative rule which is effective on the date when the affidavits or supporting documents were due. The Lessee shall bear all responsibility for paying or causing royalties to be paid as prescribed by the due date provided herein. Payment of the delinquency penalty shall in no way operate to prohibit the State's right of forfeiture as provided by law nor act to postpone the date on which royalties were originally due. The above penalty provisions shall not apply in cases of title dispute as to the State's portion of the royalty or to that portion of the royalty in dispute as to fair market value. The State shall have first lien upon all oil and gas produced from the area covered by this lease to secure the payment of all unpaid royalty and other sums of money that may become due to the State hereunder.

4. POOLING: (a) Lessee is hereby granted the right, at its option, to pool or unitize any land covered by this lease with any other land covered by this lease, and/or with any other land, lease, or leases, as to any or all minerals or horizons. Units pooled for oil hereunder shall not exceed 160 acres each in area, and units pooled for gas hereunder shall not exceed in area 640 acres each plus a tolerance of ten percent (10%) thereof, unless oil or gas units of a greater size are allowed under or prescribed by rules of the Railroad Commission of Texas. A unit established hereunder shall be valid and effective for all purposes of this lease even though there may be mineral, royalty, or leasehold interests in lands within the unit which are not effectively pooled or unitized. Any operations conducted on any part of such unitized land shall be considered, for all purposes, except the payment of royalty, as operations conducted upon said land under this lease. There shall be allocated to the land covered by this lease within each such unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) the proportion of the total production of unitized minerals from the unit, after deducting any used in lease or unit operations, which the number of surface acres in such land (or in each such separate tract) covered by this lease within the unit bears to the total number of surface acres in the unit, and the production so allocated shall be considered for all purposes, including payment or delivery of royalty, overriding royalty and any other payments out of production, to be the entire production of unitized minerals from the land to which allocated in the same manner as though produced therefrom under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph or of shut-in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas. The formation of any unit hereunder which includes land not covered by this lease shall not have the effect of exchanging or transferring any interest under this lease (including, without limitation, any shut-in royalty which may become payable under this lease) between parties owning interests in land covered by this lease and parties owning interests in land not covered by this lease. Neither shall it impair the right of Lessee to release as provided in paragraph 5 hereof, except that Lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit. At any time while this lease is in force Lessee may dissolve any unit established hereunder by filing for record in the public office where this lease is recorded a declaration to that effect, if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 4, a unit once established hereunder shall remain in force for so long as any lease subject thereto shall remain in force. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph 4 with consequent allocation of production as herein provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

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

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

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

6. REWORK: If at any time or times during the primary term operations are conducted on said land and if all operations are discontinued, this lease shall thereafter terminate at the end of the primary term or on the ninetieth day after discontinuance of all operations, whichever is the later date, unless on such later date either (1) Lessee is conducting operations or (2) the shut-in well provisions of paragraph 3 or the provisions of paragraph 9 are applicable. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil or gas, or production of oil or gas in paying quantities.

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

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

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

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

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

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

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

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

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

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

Garry Mauro

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

Approved:
Energy: RJH
Executive: SM

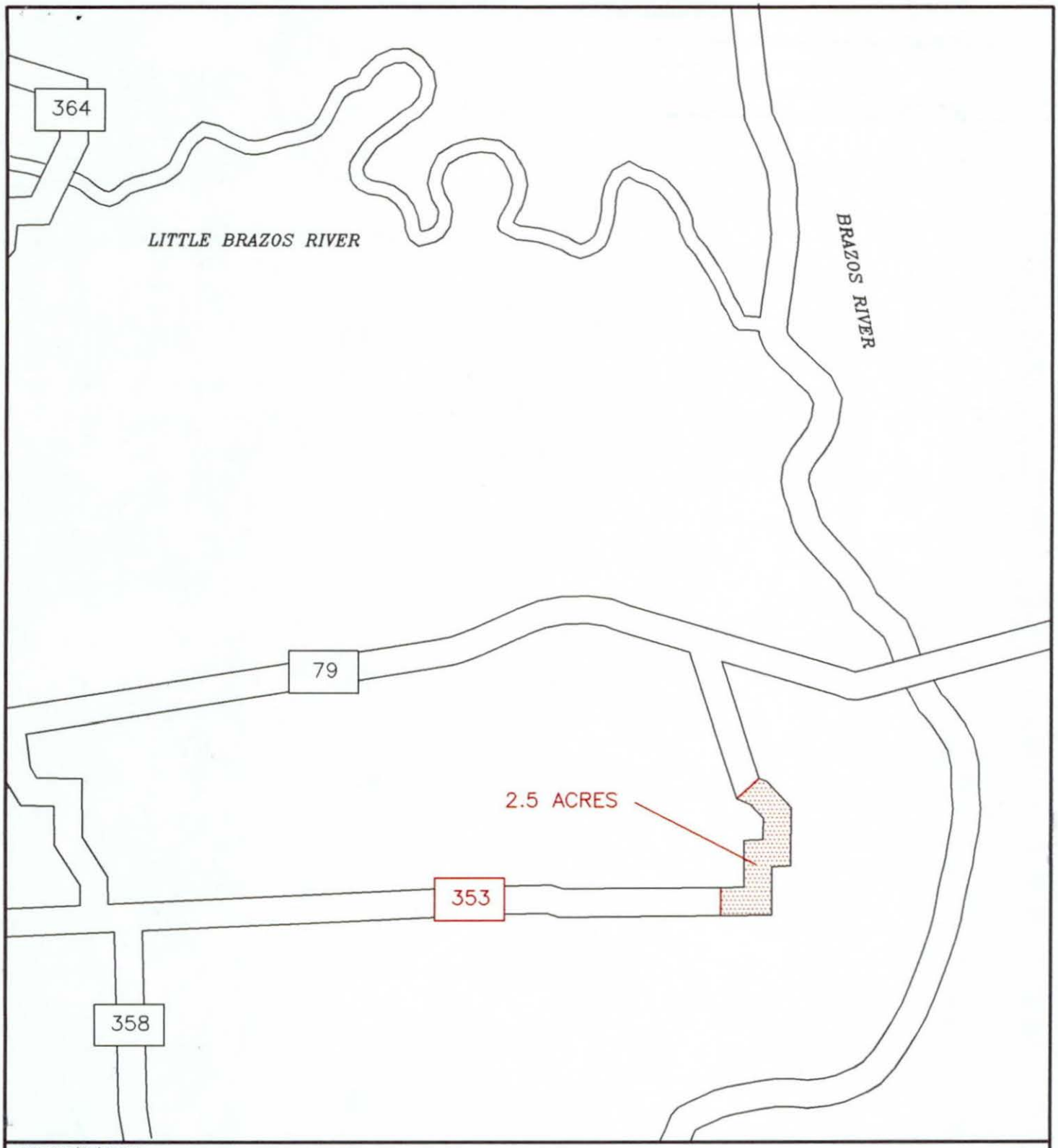
Exhibit "A"

Acreage to be Leased from the State of Texas in Milam County, Texas, being part of County Road 353

2.5 acres of land, more or less, situated in the John Beal Sur., A-94, in Milam County, Texas and being the same land described in the following Deeds Recorded in the Deed Records of Milam County, Texas:

1. Deed from J.A. Ely to Milam County, Texas, dated 2/10/33 and recorded in V.205, P.579, of the Deed Records of Milam County, Texas.

E



CORD353/EM/10-97

MAP SHOWING

A PORTION OF COUNTY ROAD 353

2.5 ACRES

APPROXIMATELY 4 MILES EAST OF GAUSE

MILAM COUNTY

2)

WF 98524

TO

FROM

DATE 10-21-97

JIM BURGIN AND ASSOCIATES, INC.

Professionals in Land Services
105 E. Main Street
Cameron, Texas 76520
254-697-8097
254-697-8581 (fax)

September 17, 1997

Texas General Land Office
Energy Resources
Minerals Leasing Division
1700 North Congress Avenue
Austin, Texas 78701-1495

15.00 tc
1/6 Roy
Sept Paid-vg

Attention: Mr. Drew Bob Reid

RE: Request for Oil & Gas Lease
Milam County Road No. 353
2.5 acres
Milam County, Texas

Dear Mr. Reid,

Union Pacific Resources Company is hereby making an application to lease 2.5 acres right-of-way tract located along Milam County Road No. 353, Milam County, Texas. Union Pacific Resources Company is the adjacent mineral owner to this tract as a result of currently existing oil and gas leases.

Attached to this application is the following:

1.) Plat of the right-of-way tract showing the boundaries and dimensions of said tract.

2.) Vicinity map indicating the location of the 2.5 acre to be leased.

3.) Copy of the source deed into Milam County, Milam County, Texas.

If you have any questions or comments, please don't hesitate to contact me at the above telephone number.

Sincerely Yours,

Bill Kutner

3) 98524
letter

TO

FROM

DATE 9-17-97

JIM BURGIN AND ASSOCIATES, INC.

Professionals in Land Services
105 E. Main Street
Cameron, Texas 76520
817-697-8097
817-697-8581 (fax)

September 17, 1997

Texas General Land Office
Energy Resources
Minerals Leasing Division
1700 North Congress Avenue
Austin, Texas 78701-1495

Attention: Mr. Drew Bob Reid

RE: Request for Oil & Gas Lease
Milam County Road No. 353
2.5 acres
Milam County, Texas

Dear Mr. Reid:

I am enclosing herewith for your review the following items necessary for the leasing of the above highway right-of-way tract:

1.) Check for $100.00 to cover the processing fee;

2.) Application to lease right-of way with attachments;

3.) Affidavit re: Horizontal Drilling and consideration paid for adjacent mineral leases;

4.) Map indicating ownership of adjacent tracts;

5.) Copy of Right-of Way Deed

6.) Copies of leases on adjacent tracts

7.) Copy of Title Memorandum

Thank you very much in advance for your time and consideration regarding the leasing and development of these minerals. Should you have any questions or comments, please do not hesitate to contact me at the above telephone number.

Sincerely Yours,

Bill Kutner

(4.)
MF 98524
ITEM letter
TO
FROM
DATE 9-17-97

AFFIDAVIT

STATE OF TEXAS

COUNTY OF MILAM

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

Affiant states that Union Pacific Resources Company plans to drill a horizontal well in the near future and there is no production within 2500 feet of the 2.5 acre tract that Union Pacific Resources Company is hereby requesting to lease.

Affiant further states, as an independent landman currently engaged by Union Pacific Resources Company, I am aware of the consideration paid for the oil and gas leases adjacent to the tract listed below.

ACREAGE TO BE LEASED FROM THE STATE OF TEXAS IN MILAM COUNTY, TEXAS, BEING A PART OF MILAM COUNTY ROAD NO. 353.

2.5 acres, more or less, being out of and part of the John Beal Survey, A-94, Milam County, Texas and being described in deed from J.A. Ely, as grantor, to County of Milam, State of Texas, as grantee, dated February 10, 1933, recorded in Volume 205, Page 579 of the Deed Records of Milam County, Texas.

Affiant further states the consideration paid for these leases are as follows, to-wit:

TR.	LESSORS	BK/PG	ROY	BONUS	RENTAL
1	Lorraine Ruth Horan	735/849	1/6	$75.00	Paid Up
1	Joe G. Moore, Jr., as testamenteray trustee under the Last Will and Testament of Jewell Ely Moore	735/845	1/6	$75.00	Paid Up
1	Ethyl Burney Ely	735/841	1/6	$75.00	Paid Up
1	Wanda Sue Coates & Alfred R. Coates	735/763	1/6	$75.00	Paid Up
2	Joe G. Moore, Jr., as testamenteray trustee under the Last Will and Testament	735/700	1/6	$75.00	Paid Up
3.	W.B. Bailey	725/887	1/6	$75.00	Paid Up

4	The Brooksie Nell Boyd Wolf Family Venture	731/525	1/6	$75.00	Paid Up

Affiant further states said lands listed as Tract 1 through Tract 4 herein, correspond to the lands listed as same on the attached map, labeled Exhibit "A" and including the subject area of Milam County, Texas.

FURTHER AFFIANT SAYETH NOT.
Dated this 16th day of September, 1997

Stanley Jowers

SUBSCRIBED AND SWORN BEFORE ME THIS 16th DAY OF SEPTEMBER, 1997

BILL KUTNER
NOTARY PUBLIC
State of Texas
Comm. Exp. 12-02-99

My Commission Expires

12-9-1999

Notary Public-State of Texas

ACKNOWLEDGMENT

STATE OF TEXAS

COUNTY OF MILAM

BILL KUTNER
NOTARY PUBLIC
State of Texas
Comm. Exp. 12-02-99

This instrument was acknowledged before me this 16th day of September, 1997 by STANLEY JOWERS.

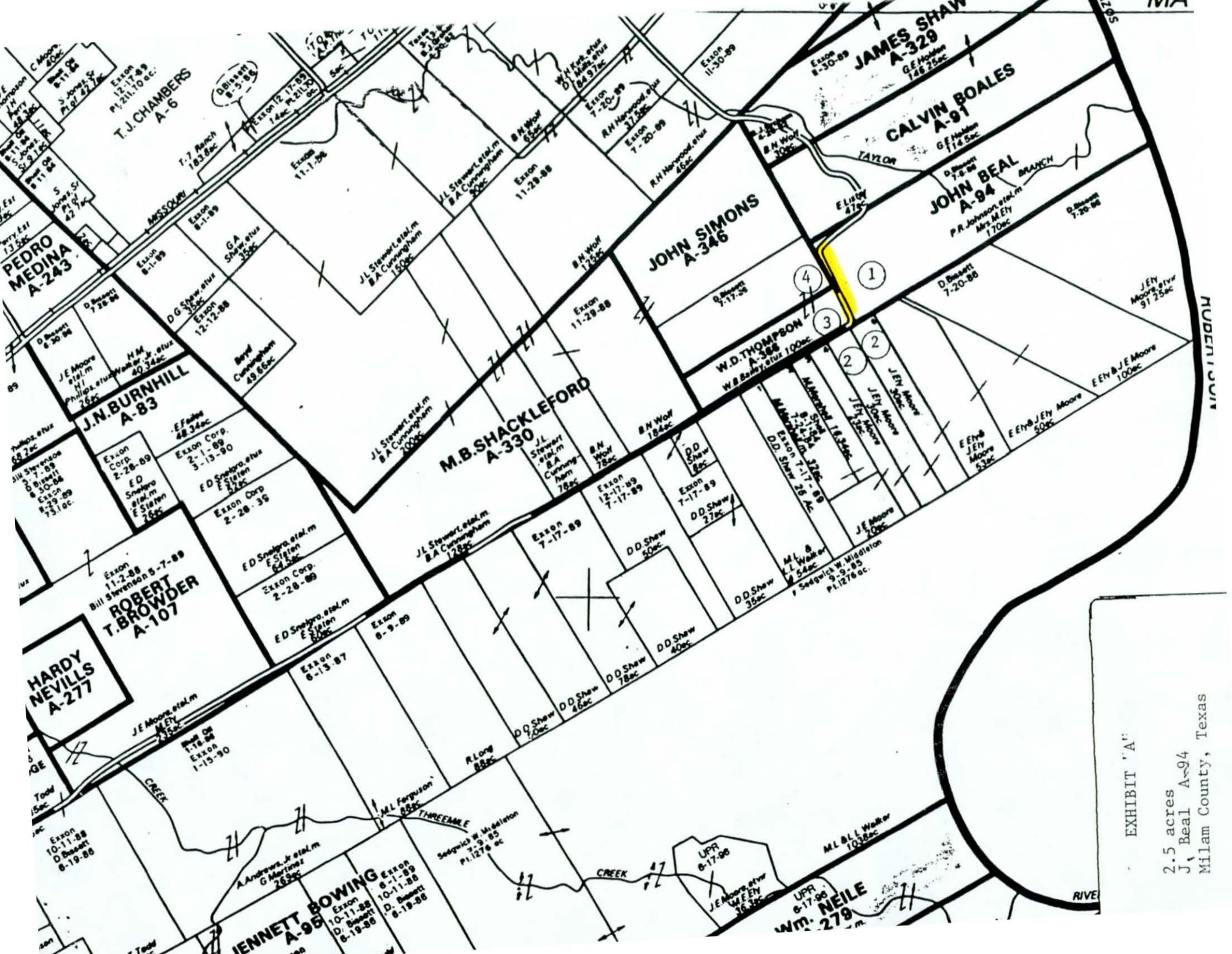
My Commission Expires

12-9-1999

Notary Public-State of Texas

LESSORS BY TRACT

Tract 1	Lorraine Ruth Horan 1002 Sunset Dr. Ennis, Texas 75119
	Joe G. Moore, Jr., as Testamentary Trustee Rt. 1, Box 395 Hearne, Texas 778599617
	Ethyl Burney Ely Box 114 Gause, Texas 77857
	Wanda Sue Coats and Alfred R. Coats P.O. Box 31 Gause, Texas 77857
Tract 2	Joe G. Moore, Jr., as Testamentary Trustee Rt. 1, Box 395 Hearne, Texas 77859-9617
Tract 3	W.B. Bailey P.O. Box 116 Gause, Texas 77857
Tract 4	The Brooksie Nell Boyd Wolf Family Venture 5305 Western Hills Drive Austin, Texas 78731-4821


JAMES SHAW
A-329
CALVIN BOALES
A-91
JOHN BEAL
A-94
JOHN SIMONS
A-346
W.D.THOMPSON
A-366
M.B.SHACKLEFORD
A-330
J.N.BURNHILL
A-83
PEDRO
MEDINA
A-243
T.J.CHAMBERS
A-6
ROBERT
T.BROWDER
A-107
HARDY
NEVILLS
A-277
JENNETT BOWING
A-95
Wm. NEILE
A-279
EXHIBIT "A"
2.5 acres
J. Beal A-94
Milam County, Texas

(5.)

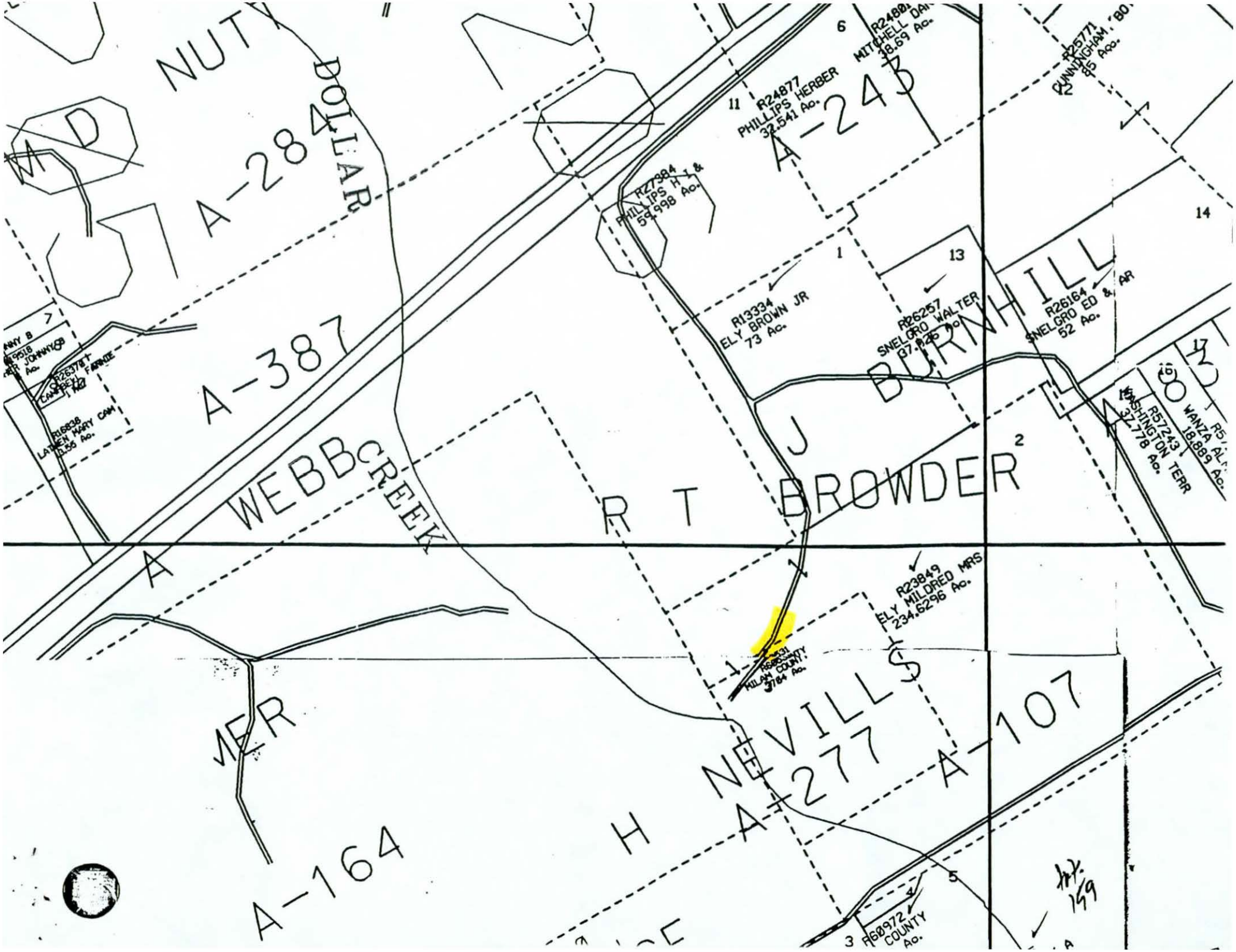
MF 98524

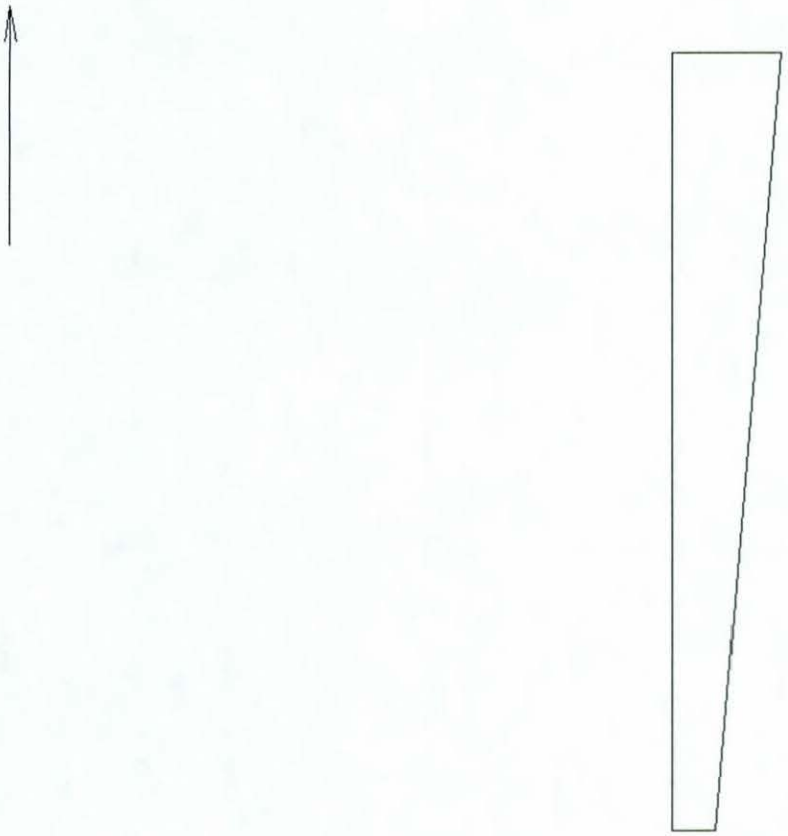
ITEM AFFIDAVIT

TO

FROM

DATE 9-16-97

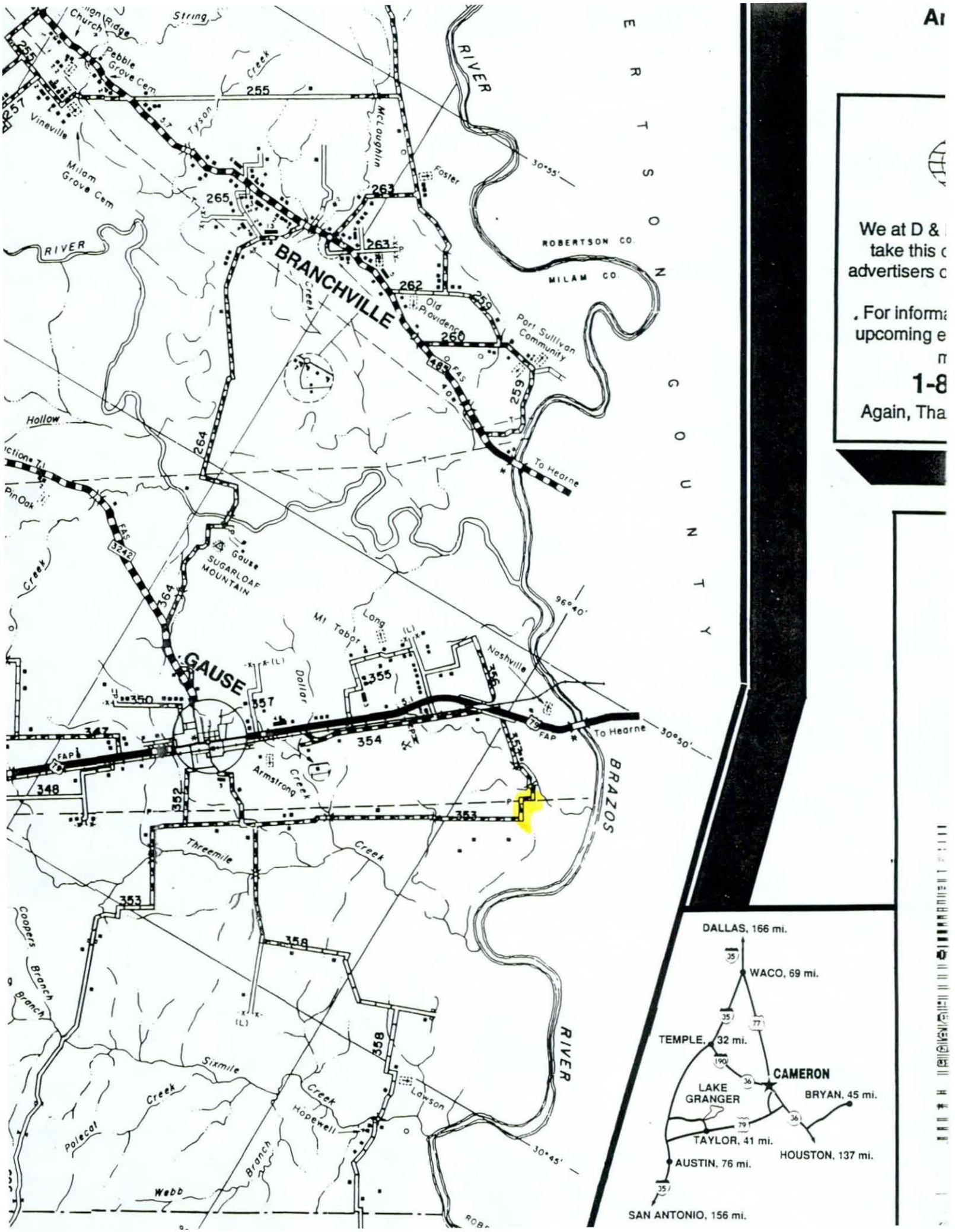

A-284
DOLLAR
A-387
WEBB CREEK
A-243
R24877
PHILLIPS HERBER
32.541 Ac.
R24804
MITCHELL DAN
38.69 Ac.
R25771
GUNNINGHAM
85 Acs.
R27384
PHILLIPS H
54.998 Ac.
R13334
ELY BROWN JR
73 Ac.
R26257
SNELGRO WALTER
37.825 Ac.
R25164
SNELGRO ED & AR
52 Ac.
BURNHILL
J
R T
BROWDER
R23849
ELY MILDRED MRS
234.5296 Ac.
R68531
KILLAM COUNTY
3764 Ac.
R57243
WASHINGTON TERR
32.778 Ac.
WANZA
18.889 Ac.
R26378
CANFIELD
1 Ac.
R16838
LATIMER MARY CAM
10.56 Ac.
A-164
A-277
NEVILLS
A-107
R68972
COUNTY
Ac.



Title:	Date: 09-17-1997
Scale: 1 inch = 265 feet	File:

Tract 1: 2.603 Acres: 113396 Sq Feet: 10534.8 Sq Meters: Closure = s86.0123e 0.26 feet: Precision =1/9199: Perimeter = 2374 feet

001=N90W 150
002=S0E 1080□
003=N90E 60
004=N4.45E 1083.74


BRANCHVILLE
GAUSE
ROBERTSON COUNTY
MILAM CO.
ROBERTSON CO.
BRAZOS RIVER
RIVER
Creek
Hollow
Branch
Vineville
Milam Grove Cem
Pebble Grove Cem
Church
Ridge
String
Tyson
McLaughlin
Foster
Old Providence
Port Sullivan Community
To Hearne
Pin Oak
Gause
SUGARLOAF MOUNTAIN
Mt Tabor
Long
Nashville
Dollar
Armstrong
Threemile
Sixmile
Hopewell
Lawson
Webb
Polecat
Coopers
FAS 3242
FAP 79
30°55'
30°50'
30°45'
96°40'
255
257
259
260
262
263
264
265
347
348
350
352
353
354
355
356
357
358
364
DALLAS, 166 mi.
WACO, 69 mi.
TEMPLE, 32 mi.
CAMERON
LAKE GRANGER
BRYAN, 45 mi.
TAYLOR, 41 mi.
HOUSTON, 137 mi.
AUSTIN, 76 mi.
SAN ANTONIO, 156 mi.
35
77
190
36
79

)
98524
M MAP
M
E —

TITLE RUNSHEET

State: TX
County: MILAM
Acres: 2.5000
Number: RS-173A
Name: State of Texas

2.5 acres, more or less, out of the John Beal Survey, A-94, Milam County, Texas, being described in that certain deed, dated February 10, 1933 from J. A. Ely to County of Milam, State of Texas, recorded in Volume 205, Page 579, Deed Records, Milam County, Texas.

Remark:

Runsheet Doc. No: 1

Recorded:	DEED - B: 205, P: 579
Doc Type:	DEED
County:	MILAM
Filing Date:	02/16/1933
Document Date:	02/10/1933
Effective Date:	02/10/1933
Grantor(s):	J. A. Ely
Grantee(s):	Milam County, Texas
Document Context:	Fee Simple Title
Lands Described:	2.5 acres, John Beal, A-94

Runsheet Doc. No: 2

Recorded:	DEED - B: 53, P: 46
Doc Type:	DEED
County:	MILAM
Filing Date:	11/13/1899
Document Date:	09/28/1899
Effective Date:	09/28/1899
Grantor(s):	J.A. Jackson
Grantee(s):	J.A. Ely
Document Context:	all interest---Vendors Lien retained
Lands Described:	91.25 acres---J. Bowing, A-95 and 170 acres, --John Beal, A-94

Runsheet Doc. No: 3

Recorded:	DEED - B: 171, P: 183
Doc Type:	AFFIDAVIT
County:	MILAM
Filing Date:	03/29/1924
Document Date:	03/29/1924
Effective Date:	03/29/1924
Grantor(s):	T.G. Sampson
Grantee(s):	The Public
Document Context:	The Court House of Milam County, Texas situated in Cameron, Texas was destroyed by fire on the night of April 9, 1874; that it has been and still the common knowledge that all records of every kind and character as well as the court

house its self, was completely destroyed by fire on the night of April 9, 1874; That it has been our knowledge and is still our knowledge and belief, there was nothing saved from the court house or its records

Runsheet Doc. No: 4

Recorded:	B: 00, P: 00
Doc Type:	OTHER
County:	MILAM
Document Date:	08/23/1997
Effective Date:	08/23/1997
Grantor(s):	Jim Burgin & Associates, Inc.
Grantee(s):	Union Pacific Resources Company
Document Context:	Landman's/Broker's Limitation and Disclaimer of Liability

This runsheet is prepared by Stanley Jowers of Jim Burgin and Associates, Inc. The runsheet is based upon a review of the records of the Office of the County Clerk and the Office of the District Clerk, Milam County, Texas. The Patent is not included and not filed of record. Title begins September 28, 1899 at 8:00 A.M. and ends September 3, 1997 at 5:00 P.M.

Lands Described: Lands in Milam County, Texas

Remarks: This Runsheet is subject to the following limiting conditions:

1. The legal description furnished to us is assumed to be correct. We have made no survey of the property and assume no responsibility in connection with such matters;

2. We assume no responsibility for matters legal in character, nor do we render any opinion as to the title to the property in question or any interest therein.

3. Possession of this Runsheet does not carry with it the right of publication, nor may it be used for any purpose by any but the applicant without the previous written consent of Jim Burgin & Associates, Inc., and in any event, only with proper qualifications.

4. We are not required to give testimony or attendance in court by reason of preparation of this Runsheet with reference to the property in question unless arrangements have been previously made therefor.

5. No search of the County Clerk's indices was made to determine chains of title or current ownership of any original easement or right-of-way, or any lienhold interest created upon such easement or right-of-way estate.

6 A complete title search was made for all interests in the most recent unreleased Oil, Gas and Mineral Leases, whereas Working Interest title only was followed for the next preceding Lease. Leasehold Title to older Oil, Gas and Mineral Leases, which are time-expired by their terms in the absence of production, was not followed. However, a dilegent search was made to determine whether any party or entity gave a written Release of any such Lease to the original Lessor(s), or to subsequent mineral owner(s), if any.

This Runsheet is prepared for, and accepted by you upon the express stipulation that Jim Burgin & Associates, Inc. and the undersigned assumes no liability or responsibility for errors or omissions in the record contained herein, and any liability is limited to any actual amounts paid to Jim Burgin & Associates, Inc. for the preparation of this Runsheet.

	Owners	ID	Surface	Mineral	Working	Revenue	Rev Type
1	Milam County, Texas	0434	1.00000000	1.00000000	0.00000000	1.00000000	UNLEASED

	Totals		1.00000000	1.00000000	0.00000000	1.00000000	REVENUE

(7.)

MF 98524
ITEM Title Info
TO
FROM
DATE 9/17/97

205/579

Vol. 205, Page 579

J.A. Ely
To Warranty Deed
MILAM COUNTY.

THE STATE OF TEXAS
COUNTY OF MILAM. KNOW ALL MEN BY THESE PRESENTS:

That I J.A.Ely of the County of Milam State of Texas, for and in consideration of the sum of One Hundred twenty five dollars to me in hand paid by the County of Milam State of Texas in cash have Granted, Sold and Conveyed, and by these presents do Grant, Sell and Convey, unto the said Milam County, of the County of Milam, State of Texas, all that certain parcel of land Comesing and Beginning at the south west corner of the John Beal Survey for corner thence 60 feet with this survey to stake for corner the 1080 feet in North & Perle angle to stake in North line of this survey to stake for corner Thence west 150 feet to the ringle corner in branch thence south on west line 1080 feet to the beginning for the publite road and two mile Prairie containing 2½ acres of land.

TO HAVE AND TO HOLD the above described premises, together with all and singular the rights and appurtenances thereto in anywise belonging unto the County of Milam heirs and assigns forever: and I do hereby bind_____ heirs executors and administrators, to Warrant and Forever Defend all and singular the said premises unto the said County of Milam heirs and assigns, against every person whomsoever lawfully claiming, or to claim the same, or any part thereof.

Witness my hand at Gause this 10 day of February A.D. 19____

J.A.Ely

$.50 Revenue Stamp.

THE STATE OF TEXAS
COUNTY OF MILAM.

Before me J.H.Thomas _____ in and for Milam County, Texas, on this day personally appeared J.A.Ely known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office, this 10 day of February A.D.1933

J.H. Thomas,
Notary Public Milam Co., Texas.

Seal.

Filed for record this 16th day of Feb. A.D. 1933 at 11 o'clock A.M.

Homer Nabours, County Clerk.

Wm. Seibert et ux
To: Warranty Deed.
Bill Howell.

THE STATE OF TEXAS
COUNTY OF MILAM. KNOW ALL MEN BY THESE PRESENTS:

That We, Wm. Seibert and wife Lydia Seibert, of the County of Milam and State aforesaid, for and in consideration of the sum of Ten ($10.00) dollars,

8.

MF 98524
ITEM Warranty Deed
TO
FROM
DATE 2/10/33

26139

OIL, GAS & MINERAL LEASE

PROD 88 (REV 8/83)
PAID UP

THIS LEASE AGREEMENT is made effective the twenty eighth day of December, 19 95,

between LORRAINE RUTH HORAN

as Lessor (whether one or more), whose address is 1002 SUNSET DR., ENNIS, TX 75119

and UNION PACIFIC RESOURCES COMPANY, as Lessee,

whose address is 801 CHERRY STREET, FORT WORTH, TX 76102. All printed, portions of this lease were prepared by Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. **Description.** Lessor, in consideration of Ten Dollars And No Cents Dollars ($ 10.00), in hand paid, of the royalties herein provided and the covenants herein contained, hereby grants, leases and lets exclusively to Lessee, for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith including helium, carbon dioxide and other commercial gases as well as hydrocarbon gases (referred to herein as "covered minerals"), the following described land (the "leased premises") in MILAM County, Texas, to-wit:

SEE EXHIBITS A AND B ATTACHED HERETO AND HEREBY MADE A PART OF THIS LEASE.

This lease also covers accretions and any small strips or parcels of land now or hereafter owned or claimed by Lessor which are contiguous or adjacent to the leased premises whether or not such parcels are known to exist by Lessor or Lessee, and for the aforementioned consideration, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any rentals and shut-in royalties hereunder, said land shall be deemed to be comprised of 439.1000 acres, whether it actually comprises more or less.

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

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

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

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

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OFFICIAL RECORDS
MILAM COUNTY, TEXAS

TX1-80171(005)

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

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

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

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

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

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

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

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

SS # AND/OR TAX ID #

[redacted]

LESSOR:

Lorraine Ruth Horan

LORRAINE RUTH HORAN

STATE OF Texas §
§
COUNTY Ellis §

This instrument was acknowledged before me this 8th day of February, 19 96, by Lorraine Ruth Horan

Ella Taraba
Notary Public

My Commission Expires:
10/24/98

ELLA TARABA
NOTARY PUBLIC
STATE OF TEXAS
My Comm. Exp. 10-24-98

STATE OF _____ §
§
COUNTY _____ §

This instrument was acknowledged before me this _____ day of _____, 19 ____, by _____.

_____
Notary Public

My Commission Expires:

_____

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OFFICIAL RECORDS
MILAM COUNTY, TEXAS

Attached hereto and made a part hereof that certain Oil and Gas Lease dated December 28, 1990 by and between LORRAINE RUTH HORAN, as Lessor, and UNION PACIFIC RESOURCES COMPANY as Lessee.

Exhibit A

DAMAGE/CLEAN UP

Lessee agrees and obligates itself to conduct its operations upon the leased premises as a reasonable and prudent operator and in such a way as to cause a minimum of damage to the land and improvements thereon, including fences; and that should it become necessary to make any opening in the fences, Lessee will properly brace the fence on each side of the opening to prevent slackening of the wires and shall place substantial metal gates and cattle guards in such openings. Said gates and cattle guards shall be installed before drilling operations commence and said gates and cattle guards shall remain on said property unless otherwise directed by Lessors. Lessee agrees that within one hundred twenty 120 days after any operation hereunder, Lessee shall repair the damaged land to the fullest practical extent, including the filling and leveling of all holes, pits, ruts, roads or excavations in the areas no longer to be used by Lessee; and upon termination hereof, to fully repair all damaged land not already repaired to the end that the land will be rendered to substantially the same condition as it was prior to commencement of such operations. Lessee shall pay for all actual injury or damage done or caused by Lessee in its operations hereunder to any buildings, fences, roads, roadsway easements, culverts, merchantable timber, growing crops or other improvements on said land or to livestock on said land which is not replaced or repaired by Lessee according to the terms of this Lease.

MISCELLANEOUS

Lessee is hereby given the option, to be exercised on or before the end of the primary term hereof, of extending this Lease for a period of two 2 years as to all or any portion of the acreage then held hereunder, which would expire unless so extended, the only action required by Lessee to exercise this option being the payment to Lessor, at Lessor's address above, of the additional consideration of fifty dollars $50.00 per net mineral acre for each acre so extended, which payment shall cover the extended term of two 2 years. Lessor acknowledges that there will be no rentals due to extend this Lease, nor during the extended term.

NO HUNTING/FIREARMS

There shall be no hunting or fishing allowed on the leased premises, nor shall any firearms be brought on the leased premises by the Lessee or his assigns, or by any employee, agent, contractor or representative of the Lessee or Lessee's assigns without the prior written consent of the Lessor.

OIL & GAS ONLY/EXCLUDED MINERALS

Notwithstanding anything herein to the contrary, this Lease covers only oil and gas, including other liquid and gaseous hydrocarbons, as well as such other minerals or substances as may be produced incidental to and as a part of or mixed with oil, gas and other liquid or gaseous hydrocarbons, but this lease does not cover gravel, uranium, fissionable materials, coal, lignite or any hard minerals or substances of any type which shall be produced from the leased premises separate and apart from, or independently of, oil, gas or other liquid and gaseous hydrocarbons.

PUGH HORIZONTAL

Notwithstanding any provision herein to the contrary, in the event a portion or portions of the land herein leased is pooled or unitized with other land so as to form a pooled unit or units, operations on, completion of a well upon, or production from such unit or units will not maintain this Lease in force as to the land not included in such unit or units. This Lease may be maintained in force as to any land covered hereby and not included in such unit or units in any manner provided for herein; provided that if it be by rental payments, said rentals shall be reduced in proportion to the number of acres covered hereby and included in such unit or units.

LRH

Attached hereto and made a part hereof that certain Oil and Gas Lease dated December 28, 1995 by and between LORRAINE RUTH HORAN, as Lessor, and UNION PACIFIC RESOURCES COMPANY as Lessee.

Exhibit B

LEGAL DESCRIPTION

Tract One: 235.0 acres, more or less, being all of the H. Nevills Survey, A-277, and part of the R. T. Browder Survey, A-107, of Milam County, Texas, and being the same tract of land as described in a deed from Union Central Life Insurance Company to J. A. Ely, Jr., et ux, dated December 13, 1934, recorded in Volume 212, Page 15, of the Deed Records of Milam County, Texas. This reference is for descriptive purposes only.

Tract Two: 34.1 acres, more or less, out of the Pedro Medina Survey, A-243, Milam County, Texas, being described as the first tract in that deed, dated November 1, 1943, from James W. Bailey, et ux, to Jordan A. Ely, et ux, recorded in Volume 240, Page 615, Deed Records, Milam County, Texas.

Tract Three: 170.0 acres, more or less, out of the John Beal Survey, A-94, Milam County, Texas, being described in that certain deed, dated November 21, 1960, from J. T. Todd, et ux, to J. A. Ely, Jr., recorded in Volume 318, Page 07, Deed Records, Milam County, Texas.

LRH.

CLERK'S NOTICE: ANY PROVISION HEREIN WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE, IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

FILED
AT 8 O'CLOCK A M
ON THE 4 DAY OF Oct
A.D., 19 96.

La Verne Soefje
COUNTY CLERK, MILAM COUNTY, TEXAS
BY Joan Pratt DEPUTY

STATE OF TEXAS
COUNTY OF MILAM
I hereby certify that this instrument was FILED on the date and at the time stamped hereon by me and was duly RECORDED in the Volume and Page of the Official Records of Milam County, Texas.

La Verne Soefje
County Clerk, Milam County, Texas
VOL. 735 PAGE 849
RECORDED 10-04-96 @ 5PM
BY La Verne Soefje DEPUTY

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OFFICIAL RECORDS
MILAM COUNTY, TEXAS

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PROD 88 (REV 8/93)
PAID UP

OIL, GAS & MINERAL LEASE

THIS LEASE AGREEMENT is made effective the twenty eighth day of December, 19 95, between JOE G. MOORE, JR., AS TESTAMENTARY TRUSTEE UNDER THE LAST WILL AND TESTAMENT OF JEWELL ELY MOORE, D

as Lessor (whether one or more), whose address is RT. 1, BOX 395, HEARNE, TX 778599617

and UNION PACIFIC RESOURCES COMPANY, as Lessee, whose address is 801 CHERRY STREET, FORT WORTH, TX 76102. All printed, portions of this lease were prepared by Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. Description. Lessor, in consideration of Ten Dollars And No Cents Dollars ($ 10.00), in hand paid, of the royalties herein provided and the covenants herein contained, hereby grants, leases and lets exclusively to Lessee, for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith including helium, carbon dioxide and other commercial gases as well as hydrocarbon gases (referred to herein as "covered minerals"), the following described land (the "leased premises") in MILAM County, Texas, to-wit:

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

This lease also covers accretions and any small strips or parcels of land now or hereafter owned or claimed by Lessor which are contiguous or adjacent to the leased premises whether or not such parcels are known to exist by Lessor or Lessee, and for the aforementioned consideration, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any rentals and shut-in royalties hereunder, said land shall be deemed to be comprised of 439.1000 acres, whether it actually comprises more or less.

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

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

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

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

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OFFICIAL RECORDS
MILAM COUNTY, TEXAS

TXI-80171(002)

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

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

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

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

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

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

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

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

SS# AND/OR TAX ID #

Tax ID# [redacted]
000-00-0000

LESSOR:

JOE G. MOORE, JR., AS TESTAMENTARY TRUSTEE
UNDER THE LAST WILL AND TESTAMENT OF JEWELL

STATE OF TEXAS
COUNTY MILAM

This instrument was acknowledged before me this 5th day of January, 19 96, by _____

Notary Public

My Commission Expires:

_____

STATE OF TEXAS
COUNTY MILAM

This instrument was acknowledged before me this 5th day of January, 19 96, by Joe G. Moore, Jr.

Notary Public John Renaud

My Commission Expires:
8-7-99

JOHN RENAUD
MY COMMISSION EXPIRES
August 7, 1999

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OFFICIAL RECORDS
MILAM COUNTY, TEXAS

.tached hereto and made a part hereof that certain Oil and Gas Lease dated December 26, 1995 by and between JOE G. MOORE, JR., AS TESTAMENTARY TRUSTEE UNDER THE LAST WILL AND TESTAMENT OF JEWELL ELY MOORE, D, as Lessor, and UNION PACIFIC RESOURCES COMPANY as Lessee.

Exhibit A

DAMAGE/CLEAN UP

Lessee agrees and obligates itself to conduct its operations upon the leased premises as a reasonable and prudent operator and in such a way as to cause a minimum of damage to the land and improvements thereon, including fences; and that should it become necessary to make any opening in the fences, Lessee will properly brace the fence on each side of the opening to prevent slackening of the wires and shall place substantial metal gates and cattle guards in such openings. Said gates and cattle guards shall be installed before drilling operations commence and said gates and cattle guards shall remain on said property unless otherwise directed by Lessors. Lessee agrees that within one hundred twenty 120 days after any operation hereunder, Lessee shall repair the damaged land to the fullest practical extent, including the filling and leveling of all holes, pits, ruts, roads or excavations in the areas no longer to be used by Lessee; and upon termination hereof, to fully repair all damaged land not already repaired to the end that the land will be rendered to substantially the same condition as it was prior to commencement of such operations. Lessee shall pay for all actual injury or damage done or caused by Lessee in its operations hereunder to any buildings, fences, roads, roadsway easements, culverts, merchantable timber, growing crops or other improvements on said land or to livestock on said land which is not replaced or repaired by Lessee according to the terms of this Lease.

MISCELLANEOUS

Lessee is hereby given the option, to be exercised on or before the end of the primary term hereof, of extending this Lease for a period of two 2 years as to all or any portion of the acreage then held hereunder, which would expire unless so extended, the only action required by Lessee to exercise this option being the payment to Lessor, at Lessor's address above, of the additional consideration of fifty dollars $50.00 per net mineral acre for each acre so extended, which payment shall cover the extended term of two 2 years. Lessor acknowledges that there will be no rentals due to extend this Lease, nor during the extended term.

NO HUNTING/FIREARMS

There shall be no hunting or fishing allowed on the leased premises, nor shall any firearms be brought on the leased premises by the Lessee or his assigns, or by any employee, agent, contractor or representative of the Lessee or Lessee's assigns without the prior written consent of the Lessor.

OIL & GAS ONLY/EXCLUDED MINERALS

Notwithstanding anything herein to the contrary, this Lease covers only oil and gas, including other liquid and gaseous hydrocarbons, as well as such other minerals or substances as may be produced incidental to and as a part of or mixed with oil, gas and other liquid or gaseous hydrocarbons, but this lease does not cover gravel, uranium, fissionable materials, coal, lignite or any hard minerals or substances of any type which shall be produced from the leased premises separate and apart from, or independently of, oil, gas or other liquid and gaseous hydrocarbons.

PUGH HORIZONTAL

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

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MILAM COUNTY, TEXAS

Attached hereto and made a part hereof that certain Oil and Gas Lease dated December 28, 1995 by and between JOE G. MOORE, JR., AS TESTAMENTARY TRUSTEE UNDER THE LAST WILL AND TESTAMENT OF JEWELL ELY MOORE, D, as Lessor, and UNION PACIFIC RESOURCES COMPANY as Lessee.

Exhibit B

LEGAL DESCRIPTION

Tract One: 235.0 acres, more or less, being all of the H. Nevills Survey, A-277, and part of the R. T. Browder Survey, A-107, of Milam County, Texas, and being the same tract of land as described in a deed from Union Central Life Insurance Company to J. A. Ely, Jr., et ux, dated December 13, 1934, recorded in Volume 212, Page 15, of the Deed Records of Milam County, Texas. This reference is for descriptive purposes only.

Tract Two: 34.1 acres, more or less, out of the Pedro Medina Survey, A-243, Milam County, Texas, being described as the first tract in that deed, dated November 1, 1943, from James W. Bailey, et ux, to Jordan A. Ely, et ux, recorded in Volume 240, Page 615, Deed Records, Milam County, Texas.

Tract Three: 170.0 acres, more or less, out of the John Beal Survey, A-94, Milam County, Texas, being described in that certain deed, dated November 21, 1960, from J. T. Todd, et ux, to J. A. Ely, Jr., recorded in Volume 318, Page 07, Deed Records, Milam County, Texas.

CLERK'S NOTICE: ANY PROVISION HEREIN WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE, IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

FILED
AT 8 O'CLOCK A M
ON THE 4 DAY OF Oct
A.D., 19 96.

La Verne Soefje
COUNTY CLERK, MILAM COUNTY, TEXAS
BY Joan Pratt DEPUTY

STATE OF TEXAS
COUNTY OF MILAM
I hereby certify that this instrument was FILED on the date and at the time stamped hereon by me and was duly RECORDED in the Volume and Page of the Official Records of Milam County, Texas.

La Verne Soefje
County Clerk, Milam County, Texas
VOL. 735 PAGE 845
RECORDED 10-04-96 @ 5PM
BY Laverne Soefje DEPUTY

VOL 735 PAGE 848
OFFICIAL RECORDS
MILAM COUNTY, TEXAS

15 K

OIL, GAS & MINERAL LEASE 26137

PROD 88 (REV 8/93) PAID UP 95

THIS LEASE AGREEMENT is made effective the twenty eighth day of December, 19 ____,

between Ethyl Burney Ely, also known as Mary E. Ely

Box 114, Gause, TX 77857

as Lessor (whether one or more), whose address is _____, and UNION PACIFIC RESOURCES COMPANY, as Lessee, and 801 CHERRY STREET, FORT WORTH, TX 76102, whose address is _____. All printed portions of this lease were prepared by Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. Description. Lessor, in consideration of Ten Dollars And No Cents Dollars ($ 10.00), in hand paid, of the royalties herein provided and the covenants herein contained, hereby grants, leases and lets exclusively to Lessee, for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith including helium, carbon dioxide and other commercial gases as well as hydrocarbon gases (referred to herein as "covered minerals"), the following described land (the "leased premises") in MILAM County, Texas, to-wit:

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

This lease also covers accretions and any small strips or parcels of land now or hereafter owned or claimed by Lessor which are contiguous or adjacent to the leased premises whether or not such parcels are known to exist by Lessor or Lessee, and for the aforementioned consideration, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any rentals and shut-in royalties hereunder, said land shall be deemed to be comprised of three 439.1000 acres, whether it actually comprises more or less.

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

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

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

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

L-76 (08-93)

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MILAM COUNTY, TEXAS

TX1-80171 (003)

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

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

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

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

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

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

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

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

SS# AND/OR TAX ID #

[redacted]

LESSOR:

Ethyl Burney Ely, also known as Mary E. Ely

Ethyl Burney Ely

STATE OF Texas §
§
COUNTY Milam §

This instrument was acknowledged before me this 28th day of December, 1995 by Ethyl Burney Ely, also known as Mary E. Ely

John Renaud
Notary Public

JOHN RENAUD
MY COMMISSION EXPIRES
August 7, 1999

My Commission Expires:
8-7-99

STATE OF _____ §
§
COUNTY _____ §

This instrument was acknowledged before me this _____ day of _____, 19___, by _____.

_____
Notary Public

My Commission Expires:

_____

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OFFICIAL RECORDS
MILAM COUNTY, TEXAS

Attached hereto and made a part hereof that certain Oil and Gas Lease dated December 28, 1950 by and between Ethyl Burney Ely, also known as Mary E. Ely, as Lessor, and UNION PACIFIC RESOURCES COMPANY as Lessee.

Exhibit A

DAMAGE/CLEAN UP

Lessee agrees and obligates itself to conduct its operations upon the leased premises as a reasonable and prudent operator and in such a way as to cause a minimum of damage to the land and improvements thereon, including fences; and that should it become necessary to make any opening in the fences, Lessee will properly brace the fence on each side of the opening to prevent slackening of the wires and shall place substantial metal gates and cattle guards in such openings. Said gates and cattle guards shall be installed before drilling operations commence and said gates and cattle guards shall remain on said property unless otherwise directed by Lessors. Lessee agrees that within one hundred twenty 120 days after any operation hereunder, Lessee shall repair the damaged land to the fullest practical extent, including the filling and leveling of all holes, pits, ruts, roads or excavations in the areas no longer to be used by Lessee; and upon termination hereof, to fully repair all damaged land not already repaired to the end that the land will be rendered to substantially the same condition as it was prior to commencement of such operations. Lessee shall pay for all actual injury or damage done or caused by Lessee in its operations hereunder to any buildings, fences, roads, roadsway easements, culverts, merchantable timber, growing crops or other improvements on said land or to livestock on said land which is not replaced or repaired by Lessee according to the terms of this Lease.

MISCELLANEOUS

Lessee is hereby ~~given the option~~, to be exercised on or before the end of the ~~primary term~~ hereof, of extending this Lease for a period of two 2 years as to all or ~~any portion of~~ the acreage ~~then held hereunder~~, which would expire unless so extended, the only action required by Lessee to exercise this ~~option being~~ the payment to Lessor, at Lessor's address above, of the additional consideration of fifty dollars $50.00 ~~per net~~ mineral acre for each acre so ~~extended~~, which payment shall cover the extended term of two 2 years. ~~Lessor~~ acknowledges that there will be no rentals due to extend this Lease, ~~nor during the extended term~~.

NO HUNTING/FIREARMS

There shall be no hunting or fishing allowed on the leased premises, nor shall any firearms be brought on the leased premises by the Lessee or his assigns, or by any employee, agent, contractor or representative of the Lessee or Lessee's assigns without the prior written consent of the Lessor.

OIL & GAS ONLY/EXCLUDED MINERALS

Notwithstanding anything herein to the contrary, this Lease covers only oil and gas, including other liquid and gaseous hydrocarbons, as well as such other minerals or substances as may be produced incidental to and as a part of or mixed with oil, gas and other liquid or gaseous hydrocarbons, but this lease does not cover gravel, uranium, fissionable materials, coal, lignite or any hard minerals or substances of any type which shall be produced from the leased premises separate and apart from, or independently of, oil, gas or other liquid and gaseous hydrocarbons.

PUGH HORIZONTAL

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

Ethyl Burney Ely

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MILAM COUNTY, TEXAS

attached hereto and made a part hereof that certain Oil and Gas Lease dated December 28, 1995 by and between Ethyl Burney Ely, also known as Mary E. Ely, as Lessor, and UNION PACIFIC RESOURCES COMPANY as Lessee.

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Ethyl Burney Ely

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FILED
AT 8 O'CLOCK A M
ON THE 4 DAY OF Oct
A.D., 19 96.

La Verne Soefje
COUNTY CLERK, MILAM COUNTY, TEXAS
BY Joan Pratt DEPUTY

STATE OF TEXAS
COUNTY OF MILAM
I hereby certify that this instrument was FILED on the date and at the time stamped hereon by me and was duly RECORDED in the Volume and Page of the Official Records of Milam County, Texas.

La Verne Soefje
County Clerk, Milam County, Texas
VOL 735 PAGE 841
RECORDED 10-04-96 @ 5PM
BY La Verne Soefje DEPUTY

VOL. 735 PAGE 844
OFFICIAL RECORDS
MILAM COUNTY, TEXAS

15R

OIL, GAS & MINERAL LEASE

26116

PROD 88 (REV 8/5 PAID UP 96

THIS LEASE AGREEMENT is made effective the fifth day of January, 19 ____

between WANDA SUE COATS, ALFRED R. COATS

as Lessor (whether one or more), whose address is P. O. BOX 31, GAUSE, TX 77857

and UNION PACIFIC RESOURCES COMPANY, as Lessee

whose address is 801 CHERRY STREET, FORT WORTH, TX 76102. All printed portions of this lease were prepared by Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

1. Description. Lessor, in consideration of Ten Dollars And No Cents Dollars ($ 10.00), in hand paid, of the royalties herein provided and the covenants herein contained, hereby grants, leases and lets exclusively to Lessee, for the purpose of exploring for, developing, producing and marketing oil and gas, along with all hydrocarbon and nonhydrocarbon substances produced in association therewith including helium, carbon dioxide and other commercial gases as well as hydrocarbon gases (referred to herein as "covered minerals"), the following described land (the "leased premises") in MILAM County, Texas, to-wit:

170.0 acres, more or less, out of the John Beal Survey, A-94, Milam County, Texas, being described in that certain deed, dated November 21, 1960, from J. T. Todd, et ux, to J. A. Ely, Jr., recorded in Volume 318, Page 07, Deed Records, Milam County, Texas.

This lease also covers accretions and any small strips or parcels of land now or hereafter owned or claimed by Lessor which are contiguous or adjacent to the leased premises whether or not such parcels are known to exist by Lessor or Lessee, and for the aforementioned consideration, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any rentals and shut-in royalties hereunder, said land shall be deemed to be comprised of 170.0000 acres, whether it actually comprises more or less.

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

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

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

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

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

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

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

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

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

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

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

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

SS# AND/OR TAX ID #

[redacted]

[redacted]

LESSOR:

WANDA S. COATS Wanda Coats

ALFRED R. COATS Alfred R. Coats

STATE OF Texas §
COUNTY Milam §

This instrument was acknowledged before me this 5th day of January, 1996, by Wanda Coats, and husband, Alfred R. Coats

John Renaud
Notary Public

My Commission Expires:
8-7-99

JOHN RENAUD
MY COMMISSION EXPIRES
August 7, 1999

STATE OF _____ §
COUNTY _____ §

This instrument was acknowledged before me this _____ day of _____, 19 ___, by _____.

_____
Notary Public

My Commission Expires:

_____

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Attached hereto and made a part hereof that certain Oil and Gas Lease dated January 5, 1996 by and between WANDA SUE COATS, et. al., as Lessor, and UNION PACIFIC RESOURCES COMPANY as Lessee.

Exhibit A

DAMAGE/CLEAN UP

Lessee agrees and obligates itself to conduct its operations upon the leased premises as a reasonable and prudent operator. Lessee, its successors and/or assigns shall fill and level all pits and/or excavations made by it or them in connection with operations hereunder after termination of use thereof and shall construct and maintain fences surrounding such pits and/or excavations to turn livestock until such time as said pits and/or excavations are leveled. Lessee, its successors and/or assigns shall pay for all actual damage done or caused by Lessee, its successors and/or assigns in its operation hereunder to any buildings, fences, road, culverts, merchantable timber, growing crops, or any other improvements on said land, or to livestock on said land. Also, it is expressly agreed and provided that if any salt water or other deleterious substances shall come from or in any manner be extracted or produced from any well as the result of any drilling operations hereunder, Lessee, its successors and/or assigns shall not permit same to flow on and over Lessor's land, but shall confine same in pits or excavations adjacent to the drilling site. Lessee, its successors and/or assigns shall construct and maintain gates and/or cattle guards whereever Lessee enters said premises, so constructed as to turn livestock from the drilling site. Lessee, its successors and/or assigns shall bury all subsurface pipelines below plow depth.

MISCELLANEOUS

Lessee is hereby given the option, to be exercised on or before the end of the primary term hereof, of extending this Lease for a period of two 2 years as to all or any portion of the acreage then held hereunder, which would expire unless so extended, the only action required by Lessee to exercise this option being the payment to Lessor, at Lessor's address above, of the additional consideration of fifty dollars $50.00 per net mineral acre for each acre so extended, which payment shall cover the extended term of two 2 years. Lessor acknowledges that there will be no rentals due to extend this Lease, nor during the extended term.

NO HUNTING/FIREARMS

There shall be no hunting or fishing allowed on the leased premises, nor shall any firearms be brought on the leased premises by the Lessee or his assigns, or by any employee, agent, contractor or representative of the Lessee or Lessee's assigns without the prior written consent of the Lessor.

OIL & GAS ONLY/EXCLUDED MINERALS

Notwithstanding anything herein to the contrary, this Lease covers only oil and gas, including other liquid and gaseous hydrocarbons, as well as such other minerals or substances as may be produced incidental to and as a part of or mixed with oil, gas and other liquid or gaseous hydrocarbons, but this lease does not cover gravel, uranium, fissionable materials, coal, lignite or any hard minerals or substances of any type which shall be produced from the leased premises separate and apart from, or independently of, oil, gas or other liquid and gaseous hydrocarbons.

PUGH HORIZONTAL

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

Wanda Sue Coats

1-5-96

Alfred R Coats

CLERK'S NOTICE: ANY PROVISION HEREIN WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE, IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

FILED
AT 8 O'CLOCK A M
ON THE 4 DAY OF Oct
A.D., 19 96

La Verne Soefje
COUNTY CLERK, MILAM COUNTY, TEXAS
BY Joan Pratt DEPUTY

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STATE OF TEXAS
COUNTY OF MILAM
I hereby certify that this instrument was FILED on the date and at the time stamped hereon by me and was duly RECORDED in the Volume and Page of the Official Records of Milam County, Texas.

La Verne Soefje
County Clerk, Milam County, Texas
VOL 735 PAGE 763
RECORDED 10-04-96 @ 5 PM
BY La Verne Soefje DEPUTY

13 R

OIL, GAS & MINERAL LEASE 26097

PROD 88 (REV 8/93) PAID UP 95

THIS LEASE AGREEMENT is made effective the twenty eighth day of December 19 95 between JOE G. MOORE, JR., AS TESTAMENTARY TRUSTEE UNDER THE LAST WILL AND TESTAMENT OF JEWELL ELY MOORE, D

RT. 1, BOX 395, HEARNE, TX 778599617

as Lessor (whether one or more), whose address is

UNION PACIFIC RESOURCES COMPANY

and , as Lessee,

801 CHERRY STREET, FORT WORTH, TX 76102

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

1. Description. Lessor, in consideration of Ten Dollars And No Cents

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

MILAM County, Texas, to-wit:

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

This lease also covers accretions and any small strips or parcels of land now or hereafter owned or claimed by Lessor which are contiguous or adjacent to the leased premises whether or not such parcels are known to exist by Lessor or Lessee, and for the aforementioned consideration, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any rentals and shut-in royalties hereunder, said land shall be deemed to be comprised of 572.2500 acres, whether it actually comprises more or less.

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

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

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

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

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

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

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

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

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

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

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

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

SS# AND/OR TAX ID #

[redacted]

LESSOR:

JOE G. MOORE, JR., AS TESTAMENTARY TRUSTEE UNDER THE LAST WILL AND TESTAMENT OF JEWELL

Joe G. Moore

STATE OF TEXAS §
COUNTY MILAM §

This instrument was acknowledged before me this 5th day of January, 1996, by Joe G. Moore, Jr., Trus under the last will and testament of Jewell Ely Moore, and in the capacity therein stated.

John Renaud
Notary Public

My Commission Expires:
8-7-99

JOHN RENAUD
MY COMMISSION EXPIRES
August 7, 1999

STATE OF _____ §
COUNTY _____ §

This instrument was acknowledged before me this _____ day of _____, 19___, by _____.

_____
Notary Public

My Commission Expires:

_____

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OFFICIAL RECORDS
MILAM COUNTY, TEXAS

L-76 (08-9

Attached hereto and made a part hereof that certain Oil and Gas Lease dated December 28, 1995 by and between JOE G. MOORE, JR., AS TESTAMENTARY TRUSTEE UNDER THE LAST WILL AND TESTAMENT OF JEWELL ELY MOORE, D, as Lessor, and UNION PACIFIC RESOURCES COMPANY as Lessee.

Exhibit A

DAMAGE/CLEAN UP

Lessee agrees and obligates itself to conduct its operations upon the leased premises as a reasonable and prudent operator and in such a way as to cause a minimum of damage to the land and improvements thereon, including fences; and that should it become necessary to make any opening in the fences, Lessee will properly brace the fence on each side of the opening to prevent slackening of the wires and shall place substantial metal gates and cattle guards in such openings. Said gates and cattle guards shall be installed before drilling operations commence and said gates and cattle guards shall remain on said property unless otherwise directed by Lessors. Lessee agrees that within one hundred twenty 120 days after any operation hereunder, Lessee shall repair the damaged land to the fullest practical extent, including the filling and leveling of all holes, pits, ruts, roads or excavations in the areas no longer to be used by Lessee; and upon termination hereof, to fully repair all damaged land not already repaired to the end that the land will be rendered to substantially the same condition as it was prior to commencement of such operations. Lessee shall pay for all actual injury or damage done or caused by Lessee in its operations hereunder to any buildings, fences, roads, roadway easements, culverts, merchantable timber, growing crops or other improvements on said land or to livestock on said land which is not replaced or repaired by Lessee according to the terms of this Lease.

NO HUNTING/FIREARMS

There shall be no hunting or fishing allowed on the leased premises, nor shall any firearms be brought on the leased premises by the Lessee or his assigns, or by any employee, agent, contractor or representative of the Lessee or Lessee's assigns without the prior written consent of the Lessor.

OIL & GAS ONLY/EXCLUDED MINERALS

Notwithstanding anything herein to the contrary, this Lease covers only oil and gas, including other liquid and gaseous hydrocarbons, as well as such other minerals or substances as may be produced incidental to and as a part of or mixed with oil, gas and other liquid or gaseous hydrocarbons, but this lease does not cover gravel, uranium, fissionable materials, coal, lignite or any hard minerals or substances of any type which shall be produced from the leased premises separate and apart from, or independently of, oil, gas or other liquid and gaseous hydrocarbons.

PUGH HORIZONTAL

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

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MILAM COUNTY, TEXAS

Attached hereto and made a part hereof that certain Oil and Gas Lease dated December 28, 1995 by and between JOE G. MOORE, JR., AS TESTAMENTARY TRUSTEE UNDER THE LAST WILL AND TESTAMENT OF JEWELL ELY MOORE, D, as Lessor, and UNION PACIFIC RESOURCES COMPANY as Lessee.

Exhibit B

LEGAL DESCRIPTION
572.25 acres, more or less, out of the Jennett Bowing Survey, A-95, and the A. Sillaven Survey, A-326, of Milam County, Texas, and being more fully described as five tracts below:

Tract One: 91.25 acres, more or less, being out of the Jennett. Bowing Survey, A-95, of Milam County, Texas, and being the same tract of land as described in a Warranty Deed from J. B. Ely, Sr., to Jewell Ely Moore, dated August 22, 1969, recorded in Volume 387, Page 307, of the Deed Records of Milam County, Texas. This reference is for descriptive purposes only.

Tract Two: 103.0 acres, more or less, being out of the Jennett Bowing Survey, A-95, of Milam County, Texas, and being the same land described in that certain Warranty Deed, dated September 16, 1965, from Effie Ely, a widow, to Jewell Ely Moore, recorded in Volume 337, Page 600, of the Deed Records of Milam County, Texas. This reference is for descriptive purposes only.

Tract Three: 203.0 acres, more or less, being out of the Jennett Bowing Survey, A-95, of Milam County, Texas, and being the same land described in that certain Warranty Deed, dated August 29, 1957, from Effie Ely, a widow, to Jewell Ely Moore, recorded in Volume 299, Page 511, of the Deed Records of Milam County, Texas. This reference is made for descriptive purposes only.

Tract Four: 150. 0 acres, more or less, out of the A. Sillaven Survey, A-326, of Milam County, Texas, being more fully described in that certain Warranty Deed, dated August 29, 1957, from Effie Ely to Jewell Ely Moore, and being recorded in Volume 299, Page 513, of the Deed Records of Milam County, Texas. This reference is made for descriptive purposes only.

Tract Five: 25.0 acres, more or less, out of the A. Sillaven Survey, A-326, of Milam County, Texas, being more fully described in that certain Warranty Deed, dated November 6, 1951, from J. A. Ely to J. B. Ely, et al, and being recorded in Volume 289, Page 579, of the Deed Records of Milam County, Texas. This reference is made for descriptive purposes only.

CLERK'S NOTICE: ANY PROVISION HEREIN WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE, IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

FILED
AT 8 O'CLOCK A M
ON THE 4 DAY OF Oct
A.D., 19 96

La Verne Soefje
COUNTY CLERK, MILAM COUNTY, TEXAS
BY Joan Pratt DEPUTY

STATE OF TEXAS
COUNTY OF MILAM
I hereby certify that this instrument was FILED on the date and at the time stamped hereon by me and was duly RECORDED in the Volume and Page of the Official Records of Milam County, Texas.

La Verne Soefje
County Clerk, Milam County, Texas
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RECORDED 10-04-96 @ 5:00 Pm
BY Joan Pratt DEPUTY

JOAN PRATT

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OFFICIAL RECORDS
MILAM COUNTY, TEXAS

15K

23595

OIL, GAS & MINERAL LEASE

PROD 88 (REV 8/93)
PAID UP

THIS LEASE AGREEMENT is made effective the 1st day of December, 19 95,

between W. B. Bailey

as Lessor (whether one or more), whose address is P. O. Box 116, Gause, Texas 77857,

and Union Pacific Resources Company, as Lessee,

whose address is 801 Cherry Street, Fort Worth, Texas 76102. All printed portions of this lease were prepared jointly by Lessor and Lessee.

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

SEE "EXHIBIT A" ATTACHED HERETO AND MADE A PART HEREOF FOR THE PURPOSE OF DESCRIBING THE LANDS HEREIN LEASED

This lease also covers accretions and any small strips or parcels of land now or hereafter owned or claimed by Lessor which are contiguous or adjacent to the leased premises whether or not such parcels are known to exist by Lessor or Lessee, and for the aforementioned consideration, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any rentals and shut-in royalties hereunder, said land shall be deemed to be comprised of 332.0 acres, whether it actually comprises more or less.

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

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

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

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

roduced from the leased premises. In making such a revision, Lessee shall file of record a written declaration describing the revised unit and the effective date of hall be the date of filing unless provided otherwise in such declaration. To the extent any portion of the leased premises is included in or excluded from the unit by such revision, the proportion of unit production on which royalties are payable hereunder shall thereafter be adjusted accordingly, and such adjustment shall be made as of the effective date of the revision. Lessee may at any time dissolve any unit formed hereunder by filing a written declaration describing the unit, and the effective ssolution shall be the date of filing unless provided otherwise in such declaration. If this lease now or hereafter covers separate tracts, no pooling or unitization of terests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall ess have the right to pool or unitize as provided in this paragraph with consequent allocation of production as herein provided. As used herein the words "separate an any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises. Pooling hereunder constitute a cross-conveyance of interests.

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

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

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

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

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

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

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

 # AND/OR TAX ID #

LESSOR:

W. B. Bailey SS# [redacted]

'ATE OF TEXAS)
) ss.
OUNTY OF MILAM)

This instrument was acknowledged before me this 15 day of December, 1995, by W. B. Bailey.

Notary Public

y Commission Expires:

DONALD R. JONES
MY COMMISSION EXPIRES
March 11, 1997

'ATE OF _____)
) ss.
OUNTY OF _____)

This instrument was acknowledged before me this _____ day of _____, 19____, by _____.

Notary Public

y Commission Expires:

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OFFICIAL RECORDS
MILAM COUNTY, TEXAS

"ADDENDUM"

THIS "ADDENDUM" IS ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL, GAS AND MINERAL LEASE DATED December 1, 1995 BY AND BETWEEN W. B. Bailey

_____, AS "LESSOR(S)", AND UNION PACIFIC RESOURCES COMPANY, AS "LESSEE".

12. Lessee agrees and obligates itself to conduct its operations upon the leased premises as a reasonable and prudent operator and in such a way as to cause a minimum of damage to the land and improvements thereon, including fences; and should it become necessary to make any opening in the fences, Lessee will properly brace the fence on each side of such opening to prevent slackening of the wires and shall place substantial metal gates and cattle guards in such openings. Said gates and cattle guards shall remain on said property unless otherwise directed by Lessors. Lessee agrees that within one hundred twenty (120) days after any operations hereunder, Lessee shall repair the damaged land to the fullest extent practical, including the filling and leveling of all holes, pits, ruts, roads or excavations in the areas no longer to be used by Lessee, and upon termination hereof, to fully repair all damaged land not already repaired to the end that the land will be rendered in substantially the same condition as it was prior to commencement of such operations. Lessee shall pay for all actual injury or damage caused by Lessee's operations hereunder, to any buildings, fences, roads, roadway easements, culverts, merchantable timber, growing crops or other improvements on said land, or to livestock on said land, which is not replaced or repaired by Lessee, according to the terms of this Lease.

13. There shall be no hunting or fishing allowed on the leased premises, nor shall any firearms be brought on the leased premises by the Lessee, or assigns of Lessee, or by any employee, agent, contractor or representative of Lessee or Lessee's assigns, without the prior written consent of the Lessor.

14. Notwithstanding anything herein to the contrary, this Lease covers only oil and gas, including all other liquid and gaseous hydrocarbons, as well as such other minerals or substances as may be produced incidental to and as part of, or mixed with oil, gas, and other liquid or gaseous hydrocarbons; this Lease does not cover gravel, uranium, fissionable materials, coal, lignite or any hard minerals or substances of any type which may be produced from the leased premises separate and apart from, or independent of oil, gas or other liquid and/or gaseous hydrocarbons.

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

16. Lessee is hereby given the option, to be exercised on or before the end of the primary term hereof, of extending this Lease for a period of two (2) years as to all or any portion of the acreage then held hereunder, which would expire unless so extended, the only action required by Lessee to exercise this option being the payment to Lessor, at Lessor's address above, of the additional consideration of fifty dollars ($50.00) per net mineral acre for each acre so extended, which payment shall cover the extended term of two (2) years. Lessor acknowledges that there will be no rentals due to extend this Lease nor during the extended term.

SIGNED FOR IDENTIFICATION: W. B. Bailey

W. B. Bailey

_____

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OFFICIAL RECORDS
MILAM COUNTY, TEXAS

"EXHIBIT A"

THIS "EXHIBIT A" IS ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL, GAS AND MINERAL LEASE DATED DECEMBER, 1, 1995, BY AND W. B. BAILEY AS "LESSOR(S) AND UNION PACIFIC RESOURCES COMPANY, AS "LESSEE"

332.0 acres, more or less, in Milam County, Texas, to wit:

Tract 1: 182.0 acres, more or less, out of the A. W. Sillaven Survey, A-326, Milam County, Texas, and being described as Tract Two and Tract Three in that certain Warranty Deed dated June 15, 1955 from W. H. Bailey et ux Peachie Bailey to W. B. Bailey and recorded in Volume 289, Page 626, Deed Records of Milam County, Texas.

Tract 2: 100.0 acres, more or less, out of the John Simmons Survey, A-346, and the W. D. Thompson Survey, A-366, Milam County, Texas, and being described as Tract Four in that certain Warranty Deed dated June 15, 1955 from W. H. Bailey et us Peachie Bailey to W. B. Bailey and recorded in Volume 289, Page 626, Deed Records of Milam County, Texas.

Tract 3: 50.0 acres, more or less, out of the F. Rodriguez Survey, A-53, Milam County, Texas, and being more fully described in that certain Mineral Deed dated April 16, 1927, from G. W. Kilpatrick, Jr. to W. H. Bailey and recorded in Volume 20, Page 465, Oil & Gas Records of Milam County, Texas.

SIGNED FOR IDENTIFICATION ONLY

W. B. Bailey
W.B. Bailey

CLERK'S NOTICE: ANY PROVISION HEREIN WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE, IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

FILED
AT 8 O'CLOCK A M
ON THE 15th DAY OF April
A.D., 19 96.

La Verne Soefje
COUNTY CLERK, MILAM COUNTY, TEXAS
BY Joan Pratt DEPUTY

STATE OF TEXAS
COUNTY OF MILAM
I hereby certify that this instrument was FILED on the date and at the time stamped hereon by me and was duly RECORDED in the Volume and Page of the Official Records of Milam County, Texas.

La Verne Soefje
County Clerk, Milam County, Texas
VOL 725 PAGE 887
RECORDED 4-15-96 @ 5:00 PM
BY Joan Pratt DEPUTY

JOAN PRATT

COUNTY COURT OF MILAM CO. TEXAS

725 890
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OFFICIAL RECORDS
MILAM COUNTY, TEXAS

N PACIFIC RESOURCES

OIL, GAS & MINERAL LEASE

24995 PROD 88 (REV 8/93) PAID UP

THIS LEASE AGREEMENT is made effective the 1st day of December, 19 95,

between The Brooksie Nell Boyd Wolf Family Venture

as Lessor (whether one or more), whose address is 5305 Western Hills Drive, Austin, Texas 78731-4821,

and UNION PACIFIC RESOURCES COMPANY, as Lessee,

whose address is 801 Cherry Street, Ft. Worth, Texas 76102. All printed portions of this lease were prepared by Lessee, but all other provisions (including the completion of blank spaces) were prepared jointly by Lessor and Lessee.

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

482.0 acres, more or less, situated in the T.J. Chambers Survey, A-6, the James Shaw Survey, A-329, the John Simmons Survey, A-346, and the M.B. Shackleford Survey, A-330, Milam County, Texas and being the same land described in that certain deed dated December 1, 1945 from David B. Boyd, et ux to Brooksie Nell Boyd Wolf recorded in Volume 249, Page 533, Deed Records Milam County, Texas.

This lease also covers accretions and any small strips or parcels of land now or hereafter owned or claimed by Lessor which are contiguous or adjacent to the leased premises whether or not such parcels are known to exist by Lessor or Lessee, and for the aforementioned consideration, Lessor agrees to execute at Lessee's request any additional or supplemental instruments for a more complete or accurate description of the land so covered. For the purpose of determining the amount of any rentals and shut-in royalties hereunder, said land shall be deemed to be comprised of 482.0 acres, whether it actually comprises more or less.

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

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

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

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

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MILAM COUNTY, TEXAS

TX 79663

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

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

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

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

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

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

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

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

SS # AND/OR TAX ID # **LESSOR:**

SS# [redacted]

Sonia W. Wilson
The Brooksie Nell Boyd Wolf Family Venture
By: Sonia W. Wilson - Manager

STATE OF Texas)
) ss.
COUNTY OF Milam)

This instrument was acknowledged before me this 2ND day of December, 19 95, by Sonia W. Wilson, manager of the Brooksie Nell Boyd Wolf Family Venture

Notary Public

My Commission Expires:

DONALD R. JONES
MY COMMISSION EXPIRES
March 11, 1997

STATE OF _____)
) ss.
COUNTY OF _____)

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

Notary Public

My Commission Expires:

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OFFICIAL RECORDS
MILAM COUNTY, TEXAS

"ADDENDUM"

THIS "ADDENDUM" IS ATTACHED TO AND MADE A PART OF THAT CERTAIN OIL, GAS AND MINERAL LEASE DATED December 1, 1995 BY AND BETWEEN The Brooksie Nell Boyd Wolf Family Venture, AS "LESSOR(S)", AND UNION PACIFIC RESOURCES COMPANY, AS "LESSEE".

12. Lessee agrees and obligates itself to conduct its operations upon the leased premises as a reasonable and prudent operator and in such a way as to cause a minimum of damage to the land and improvements thereon, including fences; and should it become necessary to make any opening in the fences, Lessee will properly brace the fence on each side of such opening to prevent slackening of the wires and shall place substantial metal gates and cattle guards in such openings. Said gates and cattle guards shall remain on said property unless otherwise directed by Lessors. Lessee agrees that within one hundred twenty (120) days after any operations hereunder, Lessee shall repair the damaged land to the fullest extent practical, including the filling and leveling of all holes, pits, ruts, roads or excavations in the areas no longer to be used by Lessee, and upon termination hereof, to fully repair all damaged land not already repaired to the end that the land will be rendered in substantially the same condition as it was prior to commencement of such operations. Lessee shall pay for all actual injury or damage caused by Lessee's operations hereunder, to any buildings, fences, roads, roadway easements, culverts, merchantable timber, growing crops or other improvements on said land, or to livestock on said land, which is not replaced or repaired by Lessee, according to the terms of this Lease.

13. There shall be no hunting or fishing allowed on the leased premises, nor shall any firearms be brought on the leased premises by the Lessee, or assigns of Lessee, or by any employee, agent, contractor or representative of Lessee or Lessee's assigns, without the prior written consent of the Lessor.

14. Notwithstanding anything herein to the contrary, this Lease covers only oil and gas, including all other liquid and gaseous hydrocarbons, as well as such other minerals or substances as may be produced incidental to and as part of, or mixed with oil, gas, and other liquid or gaseous hydrocarbons; this Lease does not cover gravel, uranium, fissionable materials, coal, lignite or any hard minerals or substances of any type which may be produced from the leased premises separate and apart from, or independent of oil, gas or other liquid and/or gaseous hydrocarbons.

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

16. Lessee is hereby given the option, to be exercised on or before the end of the primary term hereof, of extending this Lease for a period of two (2) years as to all or any portion of the acreage then held hereunder, which would expire unless so extended, the only action required by Lessee to exercise this option being the payment to Lessor, at Lessor's address above, of the additional consideration of fifty dollars ($50.00) per net mineral acre for each acre so extended, which payment shall cover the extended term of two (2) years. Lessor acknowledges that there will be no rentals due to extend this Lease nor during the extended term.

SIGNED FOR IDENTIFICATION:

Sonia W. Wilson

Sonia W. Wilson, manager of the Brooksie Nell Boyd Wolf Family Venture

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MILAM COUNTY, TEXAS

24995

CLERK'S NOTICE: ANY PROVISION HEREIN WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE, IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

FILED
AT 11 O'CLOCK A M
ON THE 29 DAY OF July
A.D., 19 96

La Verne Soefje
COUNTY CLERK, MILAM COUNTY, TEXAS
BY Barbara Vansa DEPUTY

STATE OF TEXAS
COUNTY OF MILAM
I hereby certify that this instrument was FILED on the date and at the time stamped hereon by me and was duly RECORDED in the Volume and Page of the Official Records of Milam County, Texas.

La Verne Soefje
County Clerk, Milam County, Texas
VOL 731 PAGE 525
RECORDED 07-29-96 @ 5:00 PM
BY Joan Pratt DEPUTY

COUNTY OF MILAM * STATE OF TEXAS

[JOAN PRATT

VOL 731 PAGE 528
OFFICIAL RECORDS
MILAM COUNTY, TEXAS

13.00 A
Whitmire

(9.)

MF 98524
ITEM old lease
TO
FROM
DATE 12/28/95

Union Pacific Resources

April 21, 1998

DEAR INTEREST OWNER:

RE: Wolf Unit #1
Operator: Union Pacific Resources company
Property No. 4420701
Milam County, TX

Union Pacific Resources Company Division Order effective 2/14/98 which covers your ownership in the referenced well is enclosed for your review, signature and return.

If you are in agreement with your interest as shown, please sign in accordance with the enclosed Instruction Letter and return one copy of the order at your earliest convenience.

If you have any question concerning the order or your interest as shown thereon, please do not hesitate to contact the undersigned at (817) 877-6660.

Your cooperation is appreciated.

Very truly yours,

UNION PACIFIC RESOURCES COMPANY

Connie Cordio

Connie Cordio
Division Orders/Land Administration
MB3110

801 Cherry Street Fort Worth, Texas 76102-6803 (817) 877-6000
TWX (910) 893-5024 TELEX 758-447

Union Pacific Resources

TO ALL INTEREST OWNERS:

- Enclosed please find two copies of the Division Order(s) or Transfer Order(s). Please return one fully executed copy to the following address. **KEEP ONE COPY FOR YOUR RECORDS.**

UNION PACIFIC RESOURCES COMPANY
P.O. BOX 7, Mail Station 3110
Fort Worth, Texas 76101-0007
Fax # (817) 877-7486
Voicemail # (800) 370-9702
Customer Relations # (800) 359-1692

- Sign exactly as shown on the Division Order or Transfer Order. Signatures must be witnessed by two people. If joint ownership, all owners must sign.

- Signatures by Agents, Attorneys-in-Fact, Guardians or Trustees, must be verified by attaching evidence of the rights vested in the signatory party.

- Include the correct Social Security Number or Tax Identification Number in the space provided below your signature. Federal Income Tax law states 31% of proceeds must be withheld if not provided.

- If you have any questions and do not know your area representative, leave a message at this **VOICEMAIL** number (800) 370-9702. Our goal is to return your call within 48 hours. Please provide the following information which will assist us in serving you:

  1) Owner number
  2) County and state where well is located
  3) Well name and/or property number
  4) Telephone number with **AREA CODE**
  5) Reason for the call

- **Address Changes** must be submitted in writing to the above address. Provide your owner number, social security number, old address, new address and telephone number.

- **Name/Ownership Changes** must be submitted in writing to the above address. Please include proper documentation confirming the changes such as a Marriage Certificate, Divorce Decree, Certificate of Merger, Deed, Will, Assignment, etc. **NOTE:** Documents which convey interest must be recorded in the county in which the property is located prior to sending them to our office.

- **Settlement Check/Stop Payment** requests must be submitted in writing to the address below. Please wait ten (10) working days before submitting request. Include owner number and date of check. **NOTE:** Funds will be replaced during our regular settlement cycle within the next 6 to 8 weeks.

Union Pacific Resources Company
Attn: Stop Payment
P.O. Box 7, MS 2605
Fort Worth, Texas 76101-0007

-KEEP THIS INFORMATION FOR FUTURE REFERENCE-

801 Cherry Street Fort Worth, Texas 76102-6803 (817) 877-6000
TWX (910) 893-5024 TELEX 758-447

DIVISION ORDER

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

Property Number:	4420701
Property Name:	WOLF UNIT #1
Product:	(05) (ALL PRODUCTS)
Status:	(N/A) (NOT APPLICABLE)
County/State:	MILAM TEXAS
Effective Date:	02/14/1998
Owner Number:	456782
Owner Tax ID:	[redacted]
Interest Type:	RI ROYALTY INTEREST
Interest:	0.00051522

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

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

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

Purchaser shall compute quantity and make corrections for gravity and temperature and make deductions for impurities.

PAYMENT: From the effective date, payment is to be made monthly by payor's check, based on this division of interest, for oil run during the preceding calendar month and for gas sold during the second preceding calendar month from the property listed above, less taxes required by law to be deducted and remitted by payor as purchaser. Payments of less than $25 may be accrued before disbursement until the total amount equals $25 or more, or until December 31 of each year, whichever occurs first. Payee agrees to refund to payor any amounts attributable to an interest that payee does not own.

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

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

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

NOTICES: The owner agrees to notify payor in writing of any change in the division of interest, including changes of interest contingent on payment of money or expiration of time. No change of interest is binding on payor until the recorded copy of the instrument of change or documents satisfactorily evidencing such change are furnished to payor at the time the change occurs. Any change of interest shall be made effective on the first day of the month following receipt of such notice by payor. Any correspondence regarding this agreement shall be furnished to the addresses listed unless otherwise advised by either party.

In addition to the legal rights provided by the terms and provisions of this division order, an owner may have certain statuatory rights under state laws.

YOUR COPY

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

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

Return to: Union Pacific Resources Company
P.O. Box 7, MS 3110
Attn
Fort Worth, Texas, 76101-0007

Date Prepared: 04/21/1998
Prepared by: Cordio, Connie

Division Order - EXHIBIT "A"

Property Number: 4420701
Property Name: WOLF UNIT #1
Product: ALL PRODUCTS
Status: NOT APPLICABLE
County/State: MILAM/TEXAS
Effective Date: 02/14/1998

Lands covered by this Division Order include:

Total Division Order;1326.3 ACRES

BOWING JEANETTE ABST/ID# 95

CHAMBERS T J ABST/ID# 6

SHACKLEFORD M B ABST/ID# 330

SHAW JAMES ABST/ID# 329

SIMMONS JOHN ABST/ID# 346

THOMPSON W D ABST/ID# 366

Tract: (1) LINDA SUE MORGAN, ET VIR; 12.01 ACRES

BOWING JEANETTE ABST/ID# 95

Tract: (2) DONALD GLENN SHAW ; 15.58 ACRES

BOWING JEANETTE ABST/ID# 95

Tract: (3) DON SHAW/MARY B THOMAS ; 38.55 ACRES

BOWING JEANETTE ABST/ID# 95

Tract: (4) DONALD GLENN SHAW; 16.38 ACRES

BOWING JEANETTE ABST/ID# 95

Tract: (5) DELMO NEAL SHAW; 50.56 ACRES

BOWING JEANETTE ABST/ID# 95

Date Prepared: 4/21/98

Division Order - EXHIBIT "A"

Property Number: 4420701
Property Name: WOLF UNIT #1
Product: ALL PRODUCTS
Status: NOT APPLICABLE
County/State: MILAM/TEXAS
Effective Date: 02/14/1998

Lands covered by this Division Order include:

Tract: (6) VIOLET H. FRAZIER; 30.75 ACRES

BOWING JEANETTE ABST/ID# 95

Tract: (7) HEIRS OF H.T. JENNINGS ; 24.08 ACRES

BOWING JEANETTE ABST/ID# 95

Tract: (8) VINCENT W. MATTHEWS; 26.92 ACRES

BOWING JEANETTE ABST/ID# 95

Tract: (9) HAMILL/MARSHALL/V.L.B. ; 26.16 ACRES

BOWING JEANETTE ABST/ID# 95

Tract: (10) HAMILL/MARSHALL/V.L.B. ; 6.19 ACRES

BOWING JEANETTE ABST/ID# 95

Tract: (11) HAMILL/MARSHALL/V.L.B. ; 16.5 ACRES

BOWING JEANETTE ABST/ID# 95

Tract: (12) JOE G. MOORE,JR. TR.; 102.31 ACRES

BOWING JEANETTE ABST/ID# 95

Tract: (13) BROOKSIE WOLF FAM. VENT.; 72.24 ACRE

CHAMBERS T J ABST/ID# 6

Date Prepared: 4/21/98

Division Order - EXHIBIT "A"

Property Number: 4420701
Property Name: WOLF UNIT #1
Product: ALL PRODUCTS
Status: NOT APPLICABLE
County/State: MILAM/TEXAS
Effective Date: 02/14/1998

Lands covered by this Division Order include:

Tract: (13) BROOKSIE WOLF FAM. VENT.; 72.24 ACRE

SHACKLEFORD M B ABST/ID# 330

SHAW JAMES ABST/ID# 329

SIMMONS JOHN ABST/ID# 346

Tract: (14) BROOKSIE WOLF FAM. VENT; 111.8 ACRE

CHAMBERS T J ABST/ID# 6

SHACKLEFORD M B ABST/ID# 330

SHAW JAMES ABST/ID# 329

SIMMONS JOHN ABST/ID# 346

Tract: (15) ROBERT H. HARWOOD ; 35.15 ACRES

CHAMBERS T J ABST/ID# 6

Tract: (16) ROBERT H. HARWOOD; 43.11 ACRES

CHAMBERS T J ABST/ID# 6

Tract: (17) BROOKSIE WOLF FAM. VENT.; 199.58 ACR

CHAMBERS T J ABST/ID# 6

SHACKLEFORD M B ABST/ID# 330

SHAW JAMES ABST/ID# 329

Date Prepared: 4/21/98

Division Order - EXHIBIT "A"

Property Number: 4420701
Property Name: WOLF UNIT #1
Product: ALL PRODUCTS
Status: NOT APPLICABLE
County/State: MILAM/TEXAS
Effective Date: 02/14/1998

Lands covered by this Division Order include:

Tract: (17) BROOKSIE WOLF FAM. VENT.; 199.58 ACR

SIMMONS JOHN ABST/ID# 346

Tract: (18) BROOKSIE WOLF FAM. VENT.; 20.1 ACRES

CHAMBERS T J ABST/ID# 6

SHACKLEFORD M B ABST/ID# 330

SHAW JAMES ABST/ID# 329

SIMMONS JOHN ABST/ID# 346

Tract: (19) W. B. BAILEY ; 98.59 ACRES

SIMMONS JOHN ABST/ID# 346

THOMPSON W D ABST/ID# 366

Tract: (20) STATE OF TX. (CO. RD. 353); 4.1 ACRES

BOWING JEANETTE ABST/ID# 95

Tract: (21) VIOLET H. FRAZIER; 375.64 ACRES

BOWING JEANETTE ABST/ID# 95

Date Prepared: 4/21/98

Division Order - EXHIBIT "A"

Property Number: 4420701 **Property Name:** WOLF UNIT #1

Owner Number	Owner Name		Tract Interest	Unit Interest
Tract: (1) LINDA SUE MORGAN, ET VIR (Factor: 0.00905527)				
ROYALTY INTEREST				
496094	MARY THOMAS BAKER		0.08333334	0.00075461
514844	LINDA SUE MORGAN		0.08333334	0.00075461
		Total	0.16666668	0.00150922
WORKING INTEREST				
999001	UNION PACIFIC RESOURCES COMPANY		0.83333332	0.00754605
		Total	0.83333332	0.00754605
	Total Tract 1 Interest		1.00000000	0.00905527
Tract: (2) DONALD GLENN SHAW (Factor: 0.01174696)				
ROYALTY INTEREST				
514837	JANA MARIE ALLEN		0.00694444	0.00008158
514838	SANDRA MCCASLIN		0.00694444	0.00008158
514839	JAMES F STEWART		0.00694444	0.00008158
514840	DONALD LUCE		0.00520833	0.00006118
514841	JUREEN WHITLOCK		0.00520834	0.00006118
514842	MARILYN HUFF		0.00390625	0.00004589
514843	SUE ANN SCHOLZ		0.00520834	0.00006118
521306	DONALD GLENN SHAW, PATRICIA SHAW		0.12500000	0.00146837
		Total	0.16536458	0.00194254
WORKING INTEREST				
999001	UNION PACIFIC RESOURCES COMPANY		0.83463542	0.00980442
		Total	0.83463542	0.00980442
	Total Tract 2 Interest		1.00000000	0.01174696
Tract: (3) DON SHAW/MARY B THOMAS (Factor: 0.02906582)				
ROYALTY INTEREST				
496094	MARY THOMAS BAKER		0.08333334	0.00242215
521306	DONALD GLENN SHAW, PATRICIA SHAW		0.08333334	0.00242215
		Total	0.16666668	0.00484430

Property Number: 4420701 **Property Name:** WOLF UNIT #1

Owner Number	Owner Name		Tract Interest	Unit Interest
Tract: (3) DON SHAW/MARY B THOMAS (Factor: 0.02906582)				
WORKING INTEREST				
999001	UNION PACIFIC RESOURCES COMPANY		0.83333332	0.02422152
		Total	0.83333332	0.02422152
	Total Tract 3 Interest		1.00000000	0.02906582
Tract: (4) DONALD GLENN SHAW (Factor: 0.01235014)				
ROYALTY INTEREST				
521306	DONALD GLENN SHAW, PATRICIA SHAW		0.16666667	0.00205836
		Total	0.16666667	0.00205836
WORKING INTEREST				
999001	UNION PACIFIC RESOURCES COMPANY		0.83333333	0.01029178
		Total	0.83333333	0.01029178
	Total Tract 4 Interest		1.00000000	0.01235014
Tract: (5) DELMO NEAL SHAW (Factor: 0.03812109)				
ROYALTY INTEREST				
521308	DELMO DEAN SHAW		0.16666667	0.00635352
		Total	0.16666667	0.00635352
WORKING INTEREST				
999001	UNION PACIFIC RESOURCES COMPANY		0.83333333	0.03176757
		Total	0.83333333	0.03176757
	Total Tract 5 Interest		1.00000000	0.03812109
Tract: (6) VIOLET H. FRAZIER (Factor: 0.02318480)				
NON-PARTICIPATING ROYALTY				
515111	JOHN E WALKER		0.03364583	0.00078007
515112	SHARON ANN ANDERSON		0.03364583	0.00078007
515113	JOHN E WALKER LIFE ESTATE		0.00520833	0.00012075
515114	SHARON ANN ANDERSON LIFE ESTATE		0.00520833	0.00012075
515115	JOHN WALKER TRUST, JOHN E WALKER TRUSTEE		0.00187500	0.00004347
515116	MELISSA WALKER TRUST, JOHN E WALKER TRE		0.00187500	0.00004347
515117	AMANDA ANDERSON TRUST, JOHN E WALKER TRUS		0.00187500	0.00004347
		Total	0.08333332	0.00193205

Property Number: 4420701 **Property Name:** WOLF UNIT #1

Owner Number	Owner Name		Tract Interest	Unit Interest
Tract: (6) VIOLET H. FRAZIER (Factor: 0.02318480)				
ROYALTY INTEREST				
514845	VIOLET H FRAZIER		0.08333335	0.00193207
		Total	0.08333335	0.00193207
WORKING INTEREST				
999001	UNION PACIFIC RESOURCES COMPANY		0.83333333	0.01932068
		Total	0.83333333	0.01932068
	Total Tract 6 Interest		1.00000000	0.02318480
Tract: (7) HEIRS OF H.T. JENNINGS (Factor: 0.01815577)				
ROYALTY INTEREST				
521281	FAYE MARIE SCHROEDER		0.03750000	0.00068084
521282	DOROTHY WILMA LEWIS GLENN		0.00937500	0.00017021
521283	HASKEL CALVIN ARNOLD		0.01666667	0.00030260
521285	BETTY JENNINGS BAILEY		0.01875000	0.00034042
521287	THOMAS STEWART		0.01875000	0.00034042
521288	KATY MERRIMAN		0.00234375	0.00004255
521290	ROBERT E MERRIMAN		0.00234375	0.00004255
521291	PATRICIA NAN EMBRY BEAKLEY		0.00937500	0.00017021
521292	DEANNA HODA		0.00234375	0.00004255
521293	JAN DORSEY		0.00234375	0.00004255
521295	NELL SCHAD		0.01875000	0.00034042
521296	LOU GIOIA		0.00234375	0.00004255
521297	LARRY STEWART		0.01875000	0.00034042
521298	CHARLOTTE KAY BARTHOLOMEW		0.00234375	0.00004255
521302	MINDY MERRIMAN		0.00117188	0.00002128
521304	MADELINE ANN GIOIA		0.00234375	0.00004255
523700	BRANDI DURRETT		0.00117188	0.00002128
		Total	0.16666668	0.00302595
WORKING INTEREST				
999001	UNION PACIFIC RESOURCES COMPANY		0.83333332	0.01512982
		Total	0.83333332	0.01512982
	Total Tract 7 Interest		1.00000000	0.01815577

Property Number: 4420701 **Property Name:** WOLF UNIT #1

Owner Number	Owner Name		Tract Interest	Unit Interest
Tract: (8) VINCENT W. MATTHEWS (Factor: 0.02029707)				
ROYALTY INTEREST				
521310	VINCENT WAYNE MATHEWS, VICKIE L MATHEWS		0.16666667	0.00338285
		Total	0.16666667	0.00338285
WORKING INTEREST				
999001	UNION PACIFIC RESOURCES COMPANY		0.83333333	0.01691422
		Total	0.83333333	0.01691422
	Total Tract 8 Interest		1.00000000	0.02029707
Tract: (9) HAMILL/MARSHALL/V.L.B. (Factor: 0.01972404)				
ROYALTY INTEREST				
521311	MARVIN F MARSHALL		0.04166666	0.00082183
521313	HAZEL K HAMILL		0.08333334	0.00164367
523720	MARVIN F MARSHALL, AND PAULINE MARSHALL		0.04166667	0.00082184
		Total	0.16666667	0.00328734
WORKING INTEREST				
999001	UNION PACIFIC RESOURCES COMPANY		0.83333333	0.01643670
		Total	0.83333333	0.01643670
	Total Tract 9 Interest		1.00000000	0.01972404
Tract: (10) HAMILL/MARSHALL/V.L.B. (Factor: 0.00466712)				
ROYALTY INTEREST				
521311	MARVIN F MARSHALL		0.08333333	0.00038893
521313	HAZEL K HAMILL		0.08333334	0.00038893
		Total	0.16666667	0.00077786
WORKING INTEREST				
999001	UNION PACIFIC RESOURCES COMPANY		0.83333333	0.00388926
		Total	0.83333333	0.00388926
	Total Tract 10 Interest		1.00000000	0.00466712
Tract: (11) HAMILL/MARSHALL/V.L.B. (Factor: 0.01244062)				
ROYALTY INTEREST				
521311	MARVIN F MARSHALL		0.08333333	0.00103672

Property Number: 4420701 **Property Name:** WOLF UNIT #1

Owner Number	Owner Name		Tract Interest	Unit Interest
Tract: (11) HAMILL/MARSHALL/V.L.B. (Factor: 0.01244062)				
ROYALTY INTEREST				
521313	HAZEL K HAMILL		0.08333334	0.00103672
		Total	0.16666667	0.00207344
WORKING INTEREST				
999001	UNION PACIFIC RESOURCES COMPANY		0.83333333	0.01036718
		Total	0.83333333	0.01036718
	Total Tract 11 Interest		1.00000000	0.01244062
Tract: (12) JOE G. MOORE,JR. TR. (Factor: 0.07713941)				
NON-PARTICIPATING ROYALTY				
410209	ADJ PARTNERSHIP LTD		0.00102537	0.00007910
434526	KATHERINE HENDERSON MCGRAW, AND BILL F MC		0.00102537	0.00007910
510621	AUBREY FARISS		0.00205075	0.00015819
510622	E H EDDLEMAN		0.00205075	0.00015819
510623	JOHN Q WEATHERLY		0.00205075	0.00015819
510624	THOMAS P MOORE		0.00102537	0.00007910
510625	ALLAN RICHARD KLEIN		0.00051269	0.00003955
510626	DAVID RAY KLEIN		0.00051269	0.00003955
510627	JOHN W KLEIN		0.00051269	0.00003955
510628	SONJA ROSE KLEIN		0.00051269	0.00003955
510725	OLIVER H DANIEL		0.00102537	0.00007910
510727	WILLIAM C CORBETT JR		0.00205075	0.00015819
523197	CURTISS BROWN		0.00205075	0.00015819
		Total	0.01640599	0.00126555
ROYALTY INTEREST				
510620	JEWELL ELY MOORE TESTAMENTARY TRUST, JOE G		0.15026067	0.01159102
		Total	0.15026067	0.01159102
WORKING INTEREST				
999001	UNION PACIFIC RESOURCES COMPANY		0.83333334	0.06428284
		Total	0.83333334	0.06428284
	Total Tract 12 Interest		1.00000000	0.07713941

Property Number: 4420701 **Property Name:** WOLF UNIT #1

Owner Number	Owner Name		Tract Interest	Unit Interest
Tract: (13) BROOKSIE WOLF FAM. VENT. (Factor: 0.05446732)				
ROYALTY INTEREST				
521315	BROOKSIE NELL BOYD WOLF FAMILY JOINT VEN		0.16666667	0.00907789
		Total	0.16666667	0.00907789
WORKING INTEREST				
999001	UNION PACIFIC RESOURCES COMPANY		0.83333333	0.04538943
		Total	0.83333333	0.04538943
	Total Tract 13 Interest		1.00000000	0.05446732
Tract: (14) BROOKSIE WOLF FAM. VENT (Factor: 0.08429465)				
ROYALTY INTEREST				
521315	BROOKSIE NELL BOYD WOLF FAMILY JOINT VEN		0.16666667	0.01404911
		Total	0.16666667	0.01404911
WORKING INTEREST				
999001	UNION PACIFIC RESOURCES COMPANY		0.83333333	0.07024554
		Total	0.83333333	0.07024554
	Total Tract 14 Interest		1.00000000	0.08429465
Tract: (15) ROBERT H. HARWOOD (Factor: 0.02650230)				
ROYALTY INTEREST				
515769	ROBERT H HARWOOD, AND ALVA R HARWOOD		0.16666667	0.00441705
		Total	0.16666667	0.00441705
WORKING INTEREST				
999001	UNION PACIFIC RESOURCES COMPANY		0.83333333	0.02208525
		Total	0.83333333	0.02208525
	Total Tract 15 Interest		1.00000000	0.02650230
Tract: (16) ROBERT H. HARWOOD (Factor: 0.03250396)				
ROYALTY INTEREST				
515769	ROBERT H HARWOOD, AND ALVA R HARWOOD		0.16666667	0.00541733
		Total	0.16666667	0.00541733

Property Number: 4420701 **Property Name:** WOLF UNIT #1

Owner Number	Owner Name		Tract Interest	Unit Interest
Tract: (16) ROBERT H. HARWOOD (Factor: 0.03250396)				
WORKING INTEREST				
999001	UNION PACIFIC RESOURCES COMPANY		0.83333333	0.02708663
		Total	0.83333333	0.02708663
	Total Tract 16 Interest		1.00000000	0.03250396
Tract: (17) BROOKSIE WOLF FAM. VENT. (Factor: 0.15047878)				
ROYALTY INTEREST				
521315	BROOKSIE NELL BOYD WOLF FAMILY JOINT VEN		0.16666667	0.02507980
		Total	0.16666667	0.02507980
WORKING INTEREST				
999001	UNION PACIFIC RESOURCES COMPANY		0.83333333	0.12539898
		Total	0.83333333	0.12539898
	Total Tract 17 Interest		1.00000000	0.15047878
Tract: (18) BROOKSIE WOLF FAM. VENT. (Factor: 0.01515494)				
ROYALTY INTEREST				
521315	BROOKSIE NELL BOYD WOLF FAMILY JOINT VEN		0.16666667	0.00252582
		Total	0.16666667	0.00252582
WORKING INTEREST				
999001	UNION PACIFIC RESOURCES COMPANY		0.83333333	0.01262912
		Total	0.83333333	0.01262912
	Total Tract 18 Interest		1.00000000	0.01515494
Tract: (19) W. B. BAILEY (Factor: 0.07433462)				
ROYALTY INTEREST				
490810	W B BAILEY		0.16666667	0.01238910
		Total	0.16666667	0.01238910
WORKING INTEREST				
999001	UNION PACIFIC RESOURCES COMPANY		0.83333333	0.06194552
		Total	0.83333333	0.06194552
	Total Tract 19 Interest		1.00000000	0.07433462

Division Order - EXHIBIT "A"

Property Number: 4420701 **Property Name:** WOLF UNIT #1

Owner Number	Owner Name		Tract Interest	Unit Interest
Tract: (20) STATE OF TX. (CO. RD. 353) (Factor: 0.00309131)				
ROYALTY INTEREST				
456782	STATE OF TEXAS, GENERAL LAND OFFICE		0.16666667	0.00051522
		Total	0.16666667	0.00051522
WORKING INTEREST				
999001	UNION PACIFIC RESOURCES COMPANY		0.83333333	0.00257609
		Total	0.83333333	0.00257609
	Total Tract 20 Interest		1.00000000	0.00309131
Tract: (21) VIOLET H. FRAZIER (Factor: 0.28322401)				
NON-PARTICIPATING ROYALTY				
515111	JOHN E WALKER		0.03364583	0.00952931
515112	SHARON ANN ANDERSON		0.03364583	0.00952931
515113	JOHN E WALKER LIFE ESTATE		0.00520833	0.00147512
515114	SHARON ANN ANDERSON LIFE ESTATE		0.00520833	0.00147512
515115	JOHN WALKER TRUST, JOHN E WALKER TRUSTEE		0.00187500	0.00053105
515116	MELISSA WALKER TRUST, JOHN E WALKER TRE		0.00187500	0.00053105
515117	AMANDA ANDERSON TRUST, JOHN E WALKER TRUS		0.00187500	0.00053105
		Total	0.08333332	0.02360201
ROYALTY INTEREST				
514845	VIOLET H FRAZIER		0.08333335	0.02360201
		Total	0.08333335	0.02360201
WORKING INTEREST				
999001	UNION PACIFIC RESOURCES COMPANY		0.83333333	0.23601999
		Total	0.83333333	0.23601999
	Total Tract 21 Interest		1.00000000	0.28322401
		Total Property Interest		1.00000000

M-98524 10
D.O.

File No. MF-98524

D.O.

Date Filed: 4/21/98

Jerry E. Patterson, Commissioner

By

Texas General Land Office
Garry Mauro, Commissioner

Stephen F. Austin Building
1700 North Congress Avenue
Austin, Texas 78701-1495
(512) 463-5001

July 23, 1998

UNION PACIFIC RESOURCES COMPANY
P.O. BOX 7, MS 3110
Attention: Connie Cordio
FORT WORTH, TX 76101-0007

Re: PROPERTY NAME: WOLF UNIT # 1
PROPERTY NUMBER: 4420701
COUNTY AND STATE: MILAN, TX
Mineral File No. M-098524

Dear Sir or Madam:

We have received the division order submitted by your company for the above-referenced lease and added it to our files. Please be sure to reference this mineral file number in all future royalty payments, reports and correspondence concerning the lease.

The payment of royalties to the State of Texas is set by statue. As the execution of the division order may in some cases affect the payments of such royalties, it is not the policy of this office to execute them. Insofar as allowed by law, the Texas General Land Office is acquiescent in the sale of oil and gas under the terms and conditions set out in the lease.

If you should have any questions, please feel free to call me at (512) 463-5261.

Sincerely,

ERNESTO GARZA
Accounts Examiner
Royalty and Revenue Processing
Energy Resources

Printed on recycled paper with soybean ink

DIVISION ORDER

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

Property Number:	4420701
Property Name:	WOLF UNIT #1
Product:	(05) (ALL PRODUCTS)
Status:	(N/A) (NOT APPLICABLE)
County/State:	MILAM TEXAS
Effective Date:	02/14/1998
Owner Number:	456782
Owner Tax ID:	[redacted]
Interest Type:	RI ROYALTY INTEREST
Interest:	0.00051522

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

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

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

Purchaser shall compute quantity and make corrections for gravity and temperature and make deductions for impurities.

PAYMENT: From the effective date, payment is to be made monthly by payor's check, based on this division of interest, for oil run during the preceding calendar month and for gas sold during the second preceding calendar month from the property listed above, less taxes required by law to be deducted and remitted by payor as purchaser. Payments of less than $25 may be accrued before disbursement until the total amount equals $25 or more, or until December 31 of each year, whichever occurs first. Payee agrees to refund to payor any amounts attributable to an interest that payee does not own.

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

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

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

NOTICES: The owner agrees to notify payor in writing of any change in the division of interest, including changes of interest contingent on payment of money or expiration of time. No change of interest is binding on payor until the recorded copy of the instrument of change or documents satisfactorily evidencing such change are furnished to payor at the time the change occurs.

Any change of interest shall be made effective on the first day of the month following receipt of such notice by payor. Any correspondence regarding this agreement shall be furnished to the addresses listed unless otherwise advised by either party.

In addition to the legal rights provided by the terms and provisions of this division order, an owner may have certain statuatory rights under state laws.

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

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

Return to: Union Pacific Resources Company
P.O. Box 7, MS 3110
Attn
Fort Worth, Texas, 76101-0007

Date Prepared: 04/21/1998
Prepared by: Cordio, Connie

PLEASE RETURN THIS PAGE

MF-98524 (10)

File No. MF-98524

Ltr

Ltr

Date Filed: 7/23/98

Jerry E. Patterson, Commissioner

By _____

Union Pacific Resources

July 6, 1998

Mr. Ernesto Garza
State of Texas General Land Office
1700 N. Congress Ave. Ste. 600
Austin, TX 78701-1495

RE: Wolf Unit #1
Milam County, Texas

Dear Mr. Garza,

Enclosed for your records is a copy of the Designation of Unit for the above well. This unit includes the State of Texas M-98524 oil and gas lease.

Should you need additional information on properties in Milam or Robertson counties, please contact the undersigned (MS 3409) at the letterhead address.

Sincerely,

Lisa K. Morrow

Lisa K. Morrow
Land Analyst

801 Cherry Street Fort Worth, Texas 76102-6803 (817) 877-6000
TWX (910) 893-5024 TELEX 758-447

DO NOT DESTROY



UNIT AGREEMENT MEMO
Unit No. 2689

Operator Union Pacific Resources
Unit Name Wolf Unit #1
County Milam
Effective Date _____
Unitized for: Oil ___ Gas ___ Oil & Gas ✓

1. M.F. No. 98524
Area Milam County Road Tr. 19
Sec. ___ Blk. ___ Survey _____
4.10/1326.30 x 1/6 .05152 %
.0030913 .166667 .0005152

2. M.F. No. _____
Area _____ Tr. _____
Sec. ___ Blk. ___ Survey _____
_____ x _____ __._____%

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

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

REMARKS:

Prepared by: Ernesto Garza	Date 07-09-98
Map & GIS updated by:	Date
Keyed into database by: M. Sylvester	Date 9-25-00

GLO-36-11-97

DESIGNATION OF UNIT

WOLF UNIT NO. 1

34951

STATE OF TEXAS §
§
COUNTY OF MILAM §

KNOW ALL MEN BY THESE PRESENTS:

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

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

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

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

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

This Unit may not be ratified or joined in by any party who is not named

2/14/98
D.O. # 4420731

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92206-98

hereinbelow without the consent of the parties hereto.

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

IN WITNESS WHEREOF, this Designation of Unit is executed on this 2ND day of April, 1998.

UNION PACIFIC RESOURCES COMPANY

By: _____

Its: Attorney-in-Fact

STATE OF TEXAS
COUNTY OF TARRANT

This instrument was acknowledged before me on the 2ND day of April, 1998, by Andrew C. Rudderow the Attorney-in-Fact of UNION PACIFIC RESOURCES COMPANY, a Delaware corporation, on behalf of said corporation.

LISA K. MORROW
Notary Public
STATE OF TEXAS
My Comm. Exp. Dec. 31, 2001

Lisa K. Morrow

Notary Public in and for the
State of Texas
My commission expires: 12-31-01

Law Department Approved
DESUNIT.2A

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EXHIBIT "A"

ATTACHED TO DESIGNATION OF UNIT
WOLF UNIT WELL NO. 1

1. TX1-81415(2)- OIL GAS AND MINERAL LEASE DATED DECEMBER 10, 1995, BY AND BETWEEN LINDA SUE MORGAN, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, AS EVIDENCED BY MEMORANDUM OF OIL, GAS AND MINERAL LEASE DATED JANUARY 2, 1996, RECORDED IN VOLUME 725, PAGE 891 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

2. TX1-81415-11 OIL GAS AND MINERAL LEASE DATED JANUARY 11, 1996, BY AND BETWEEN MARY THOMAS BAKER, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, FILED FOR RECORD MARCH 27, 1998 UNDER COUNTY CLERK'S FILE NO. 34710, MILAM COUNTY, TEXAS.

3. TX1-81415(3)- OIL GAS AND MINERAL LEASE DATED DECEMBER 10, 1995, BY AND BETWEEN DONALD GLENN SHAW AND WIFE, PATRICIA SHAW, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 725, PAGE 897 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

4. TX1-81415(010)- OIL GAS AND MINERAL LEASE DATED MARCH 21, 1996, BY AND BETWEEN JUREEN WHITLOCK, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 738, PAGE 525 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

5. TX1-81415(4)- OIL GAS AND MINERAL LEASE DATED MARCH 21, 1996, BY AND BETWEEN DONALD LUCE, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 735, PAGE 738 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

6. TX1-81415(5)- OIL GAS AND MINERAL LEASE DATED MARCH 21, 1996, BY AND BETWEEN JANA MARIE ALLEN, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 735, PAGE 538 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

7. TX1-81415(009)- OIL GAS AND MINERAL LEASE DATED MARCH 21, 1996, BY AND BETWEEN JAMES F. STEWART, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 738, PAGE 522 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

8. TX1-81415(008)- OIL GAS AND MINERAL LEASE DATED MARCH 21, 1996, BY AND BETWEEN SUE ANN SCHOLZ, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 738, PAGE 519 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

9. TX1-81415(6)- OIL GAS AND MINERAL LEASE DATED MARCH 21, 1996, BY AND BETWEEN SANDRA MCCASLIN, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 735, PAGE 527 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

10. TX1-81415(007)- OIL GAS AND MINERAL LEASE DATED MARCH 21, 1996, BY AND BETWEEN MARILYN HUFF, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 738, PAGE 516 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

11. TX1-79820- OIL GAS AND MINERAL LEASE DATED DECEMBER 10, 1995, BY AND BETWEEN DELMO DEAN SHAW, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, AS EVIDENCED BY MEMORANDUM OF OIL, GAS AND MINERAL LEASE DATED JANUARY 2, 1996, RECORDED IN VOLUME 725, PAGE 895 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

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12. TX1-79729(1)- OIL GAS AND MINERAL LEASE DATED OCTOBER 2, 1995, BY AND BETWEEN VIOLET H. FRAZIER, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 725, PAGE 865 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

13. TX1-90849(15)- OIL GAS AND MINERAL LEASE DATED OCTOBER 1, 1997, BY AND BETWEEN DEANNA HODA, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 761, PAGE 72 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

14. TX1-90849(6)- OIL GAS AND MINERAL LEASE DATED OCTOBER 1, 1997, BY AND BETWEEN FAYE MARIE SCHROEDER, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 761, PAGE 45OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

15. TX1-90849(11)- OIL GAS AND MINERAL LEASE DATED OCTOBER 1, 1997, BY AND BETWEEN MADELINE ANN GIOIA, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 761, PAGE 246 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

16. TX1-90849(4)- OIL GAS AND MINERAL LEASE DATED OCTOBER 1, 1997, BY AND BETWEEN DOROTHY WILMA LEWIS GLENN, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 761, PAGE 48OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

17. TX1-90849(17)- OIL GAS AND MINERAL LEASE DATED OCTOBER 1, 1997, BY AND BETWEEN JANIE BURTON, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 761, PAGE 78 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

18. TX1-90849(5)- OIL GAS AND MINERAL LEASE DATED OCTOBER 1, 1997, BY AND BETWEEN PATRICIA NAN EMBRY BEAKLEY, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 761, PAGE 69OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

19. TX1-90849(14)- OIL GAS AND MINERAL LEASE DATED OCTOBER 1, 1997, BY AND BETWEEN THOMAS STEWART, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 761, PAGE 57 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

20. TX1-90849(7)- OIL GAS AND MINERAL LEASE DATED OCTOBER 1, 1997, BY AND BETWEEN LARRY STEWART, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 761, PAGE 87 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

21. TX1-- OIL GAS AND MINERAL LEASE DATED OCTOBER 1, 1975, BY AND BETWEEN HASKEL CALVIN ARNOLD, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 761, PAGE 51 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

22. TX1-90849(2)- OIL GAS AND MINERAL LEASE DATED OCTOBER 1, 1997, BY AND BETWEEN BETTY JENNINGS BAILEY AND MRS. LOUISE JENNINGS, ASLESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 761, PAGE 54 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

23. TX1-90849(9)- OIL GAS AND MINERAL LEASE DATED OCTOBER 1, 1997, BY AND BETWEEN NELL SCHAD, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 761, PAGE 81 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

24. TX1-90849(16)- OIL GAS AND MINERAL LEASE DATED OCTOBER 1, 1997, BY AND BETWEEN JAN DORSEY, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 761, PAGE 75 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

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25. TX1-90849(8)- OIL GAS AND MINERAL LEASE DATED OCTOBER 1, 1997, BY AND BETWEEN LOU GIOIA, AS LESSOR AND UNION PACIFIC RESOURCESCOMPANY, AS LESSEE, RECORDED IN VOLUME 761, PAGE 84 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

26. TX1-90849(12)- OIL GAS AND MINERAL LEASE DATED OCTOBER 1, 1997, BY AND BETWEEN ROBERT E. MERRIMAN, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 761, PAGE 66 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

27. TX1-90849(3)- OIL GAS AND MINERAL LEASE DATED OCTOBER 1, 1997, BY AND BETWEEN BRENDA MERRIMAN AND MINDY MERRIMAN, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 761, PAGE 60 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

28. TX1-90849(1)- OIL GAS AND MINERAL LEASE DATED OCTOBER 1, 1997, BY AND BETWEEN KATY MERRIMAN AND KATHERINE MERRIMAN, AS LESSORAND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 761, PAGE 63 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

29. TX1-90849(13)- OIL GAS AND MINERAL LEASE DATED OCTOBER 1, 1997, BY AND BETWEEN CHARLOTTE KAY BARTHOLOMEW, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 761, PAGE 267 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

30. TX1-90849(1)- OIL GAS AND MINERAL LEASE DATED OCTOBER 1, 1997, BY AND BETWEEN BRANDI DURRETT, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 765, PAGE 371 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

31. TX1-90862- OIL GAS AND MINERAL LEASE DATED SEPTEMBER 24, 1997, BY AND BETWEEN VINCENT WAYNE MATHEWS AND WIFE, VICKIE LYNN MATHEWS, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 760, PAGE 517 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

32. TX1-85462(1)- OIL GAS AND MINERAL LEASE DATED FEBRUARY 26, 1997, BY AND BETWEEN HAZEL K. HAMILL, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 749, PAGE 868 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

33. TX1-85462(2)- OIL GAS AND MINERAL LEASE DATED AUGUST 21, 1997, BY AND BETWEEN MARVIN FLOYD MARSHALL AND WIFE PAULINE MARSHALL, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 761, PAGE 36 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

34. TX1-85462(3)- OIL GAS AND MINERAL LEASE DATED AUGUST 21, 1997, BY AND BETWEEN MARVIN FLOYD MARSHALL AND WIFE PAULINE MARSHALL, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 760, PAGE 520 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

35. TX1-81423(2)- OIL GAS AND MINERAL LEASE DATED DECEMBER 28, 1995, BY AND BETWEEN JOE G. MOORE, JR., AS TESTAMENTARY TRUSTEE UNDER THE LAST WILL AND TESTAMENT OF JEWELL ELY MOORE, DECEASED, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 735, PAGE 700 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

36. TX1-79663- OIL GAS AND MINERAL LEASE DATED DECEMBER 1, 1995, BY AND BETWEEN THE BROOKSIE NELL BOYD WOLF FAMILY VENTURE, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 731, PAGE 525 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

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37. TX1-79728- OIL GAS AND MINERAL LEASE DATED DECEMBER 6, 1995, BY AND BETWEEN ROBERT HENRY HARWOOD AND WIFE, ALVA R. HARWOOD, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 731, PAGE 537 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

38. TX1-49075(4)- OIL GAS AND MINERAL LEASE DATED DECEMBER 1, 1995, BY AND BETWEEN W. B. BAILEY, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 725, PAGE 887 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

39. TX1-91817- OIL GAS AND MINERAL LEASE DATED OCTOBER 21, 1997, BY AND BETWEEN STATE OF TEXAS, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 766, PAGE 90 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

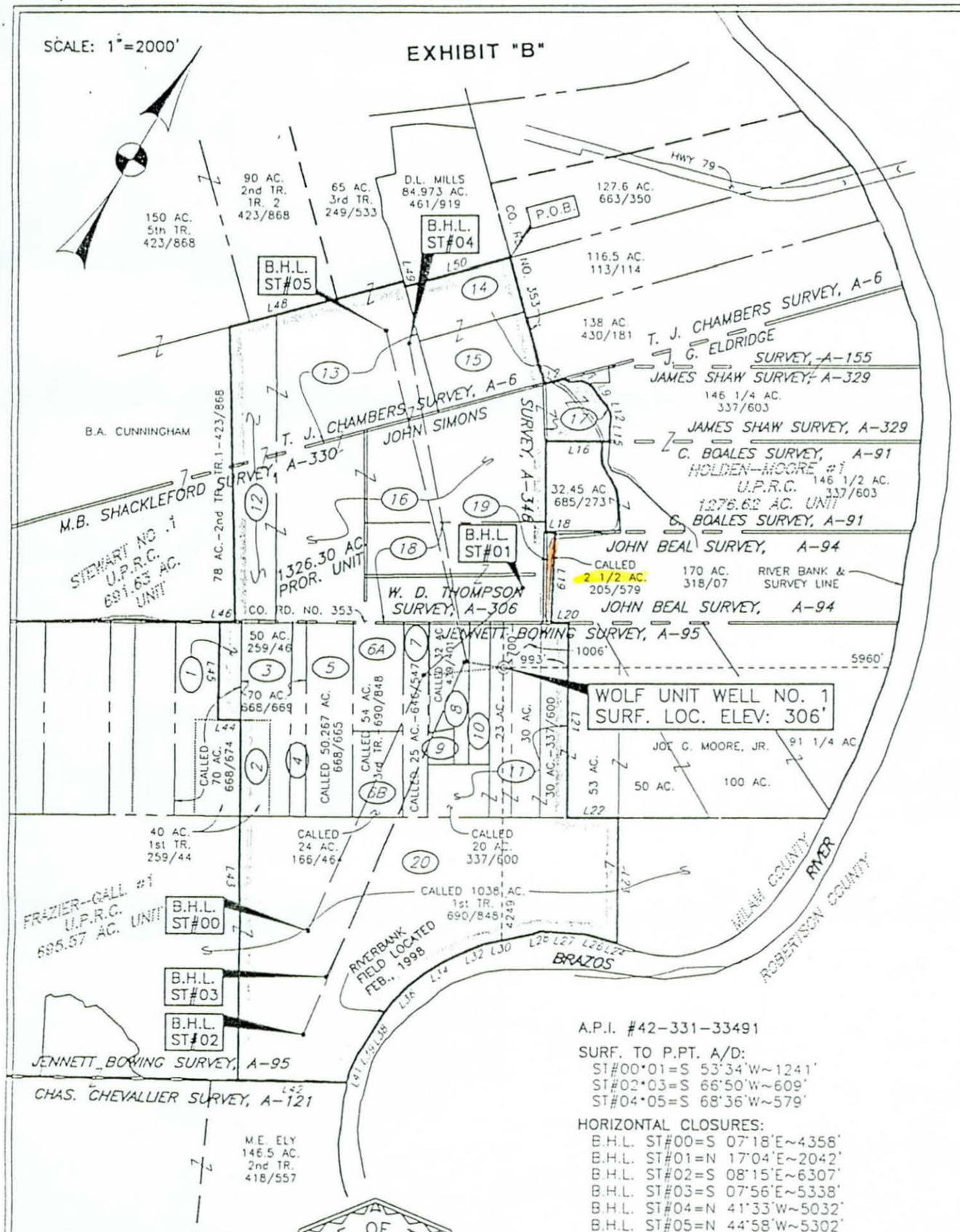
INSOFAR AS THE ABOVE LEASES COVER THE INTERVALS FROM THE SURFACE OF THE EARTH TO THE TOP OF THE EDWARDS FORMATION AND LIE WITHIN THE BOUNDARIES OF THE WOLF UNIT #1 AS DESCRIBED ON THE ATTACHED EXHIBIT "B".

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SCALE: 1"=2000'

EXHIBIT "B"



A.P.I. #42-331-33491

SURF. TO P.PT. A/D:
ST#00•01=S 53°34'W~1241'
ST#02•03=S 66°50'W~609'
ST#04•05=S 68°36'W~579'

HORIZONTAL CLOSURES:
B.H.L. ST#00=S 07°18'E~4358'
B.H.L. ST#01=N 17°04'E~2042'
B.H.L. ST#02=S 08°15'E~6307'
B.H.L. ST#03=S 07°56'E~5338'
B.H.L. ST#04=N 41°33'W~5032'
B.H.L. ST#05=N 44°58'W~5302'

STATE OF TEXAS
REGISTERED
S.M. KLING
2003
PROFESSIONAL
LAND SURVEYOR

NOTES:
1. BEARINGS BASED ON TRUE NORTH OBTAINED BY SOLAR OBSERVATION.
2. WELL LOCATED S80°E~ 20.4 MILES FROM CAMERON, TX.
3. [illegible] INDICATES LIMITS OF UNIT
4. SURF. LOC. POSITION:
   LATITUDE: 30°48'04"N
   LONGITUDE:96°39'13.5"W
   SCALED FROM U.S.G.S. QUADRANGLE SHEET "GAUSE, TX"
5. SEE EXHIBIT "A" FOR UNIT PERIMETER METES & ACREAGE TABLE.
6. SEE EXHIBIT "B" FOR "AS-DRILLED" LATERALS.

I, S.M. KLING - R.P.L.S. #2003 DO CERTIFY THAT THE RULES OF THE TEXAS BOARD OF PROFESSIONAL LAND SURVEYING HAVE BEEN COMPLIED WITH REGARDING THE TIES SHOWN FROM THE SURFACE LOCATION TO THE UNIT LINES.

BY: S.M. KLING R.P.L.S. NO. 2003

PRORATION UNIT PLAT
PREPARED: 02/23/98

"AS-DRILLED" PRORATION UNIT PLAT

WOLF UNIT WELL NO. 1

UNION PACIFIC RESOURCES COMPANY

JENNETT BOWING SURVEY, A-95
W. D. THOMPSON SURVEY, A-306
JOHN SIMONS SURVEY, A-346
JAMES SHAW SURVEY, A-329
T. J. CHAMBERS SURVEY, A-6
M. B. SHACKLEFORD SURVEY, A-330

MILAM COUNTY, TEXAS

SCALE: 1"=2000' FEBRUARY, 1998 PAGE 1 OF 3

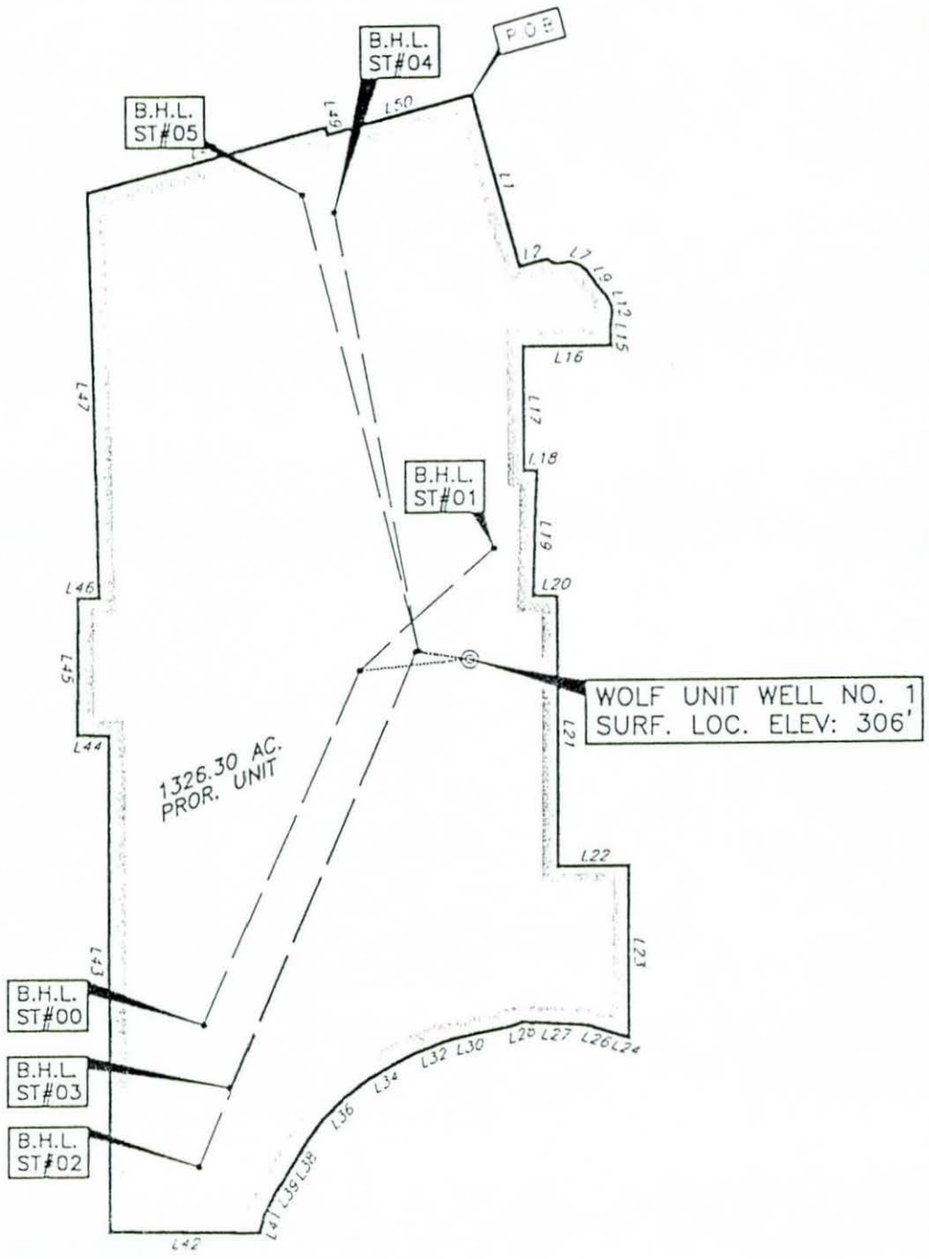
\DWG1\331\GAUSE3.DWG

KLING ENGINEERING & SURVEYING
BRYAN, TEXAS

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SCALE: 1"=2000'





UNIT PERIMETER METES:

LINE	BEARING	DIST.
1	S 46°10'30"E	2014.66
2	N 43°49'30"E	316.37
3	S 83°53'08"E	31.11
4	N 89°37'53"E	64.03
5	N 55°56'29"E	64.93
6	N 49°27'08"E	117.64
7	N 80°20'17"E	111.51
8	S 81°37'21"E	105.27
9	S 65°29'40"E	242.59
10	S 72°35'05"E	111.36
11	S 60°28'11"E	92.32
12	S 48°50'12"E	93.55
13	S 28°11'34"E	81.45
14	S 21°10'31"E	107.02
15	S 32°11'05"E	217.96
16	S 59°12'28"W	988.99
17	S 30°53'29"E	1388.89
18	N 58°43'32"E	150.00
19	S 29°01'44"E	1407.97
20	N 58°59'20"E	269.03
21	S 31°02'26"E	3046.18
22	N 58°59'20"E	791.67
23	S 31°02'26"E	1941.12
24	S 76°17'49"W	26.74
25	S 75°05'10"W	209.17
26	S 76°03'33"W	265.18
27	S 62°14'04"W	714.61
28	S 39°46'33"W	151.07
29	S 46°58'25"W	377.80
30	S 46°35'00"W	269.33
31	S 44°04'14"W	141.15
32	S 35°41'34"W	350.77
33	S 32°04'07"W	291.31
34	S 27°54'15"W	298.16
35	S 20°50'40"W	345.93
36	S 12°42'15"W	349.20
37	S 05°21'58"W	260.05
38	S 00°00'19"E	582.07
39	S 02°51'00"W	140.95
40	S 05°48'49"E	294.97
41	S 17°51'05"E	176.04
42	S 59°38'11"W	1678.11
43	N 31°04'30"W	5629.72
44	S 59°29'59"W	345.98
45	N 30°30'01"W	1540.38
46	N 59°03'49"E	236.04
47	N 32°18'47"W	4578.78
48	N 44°05'29"E	2763.25
49	S 45°54'31"E	89.59
50	N 44°04'59"E	1684.13

WOLF UNIT WELL NO. 1

PLAT TRACT #	COT#	ACREAGE IN UNIT	LEASE	VOL/PG
1	166E	12.01	LINDA SUE MORGAN, et vir MARY BAKER THOMAS	725/891 –
2	166F	15.58	DONALD GLENN SHAW *	725/897
3	166G	38.55	DONALD GLENN SHAW MARY BAKER THOMAS	725/897 –
4	166J	16.38	DONALD GLENN SHAW	725/897
5	166H	50.56	DELMO NEAL SHAW	725/895
6A	168A	30.75	VIOLET H. FRAZIER	725/865
6B	168	24.08	HEIRS OF H.T. JENNINGS	–
7	169	26.92	VINCENT W. MATTHEWS	–
8	170	26.16	HAZEL K. HAMILL MARVIN F. MARSHALL/V.L.B.	749/868 –
9	170A	6.19	HAZEL K. HAMILL MARVIN F. MARSHALL/V.L.B.	749/868 –
10	170A	16.50	HAZEL K. HAMILL MARVIN F. MARSHALL/V.L.B.	749/868 –
11	171	102.31	JOE G. MOORE, JR., TRUSTEE	735/700
12	191	72.24	THE BROOKSIE NELL BOYD WOLF FAMILY VENTURE	731/525
13	192	111.80	THE BROOKSIE NELL BOYD WOLF FAMILY VENTURE	731/525
14	193	35.15	ROBERT H. HARWOOD, et ux	731/537
15	194	43.11	ROBERT H. HARWOOD, et ux	731/537
16	195	199.58	THE BROOKSIE NELL BOYD WOLF FAMILY VENTURE	731/525
17	195A	20.10	THE BROOKSIE NELL BOYD WOLF FAMILY VENTURE	731/525
18	196	98.59	W.B. BAILEY	725/887
19	–	4.10	STATE OF TEXAS (CO. RD. 353)	–
20	167	375.64	VIOLET H. FRAZIER	725/865
		1326.30	ACRE UNIT	

* THIS TRACT COVERED BY SEVERAL LEASES NOT LISTED HERE.

EXHIBIT "A"

PRORATION UNIT PLAT
PREPARED: 02/23/98

WOLF UNIT WELL NO. 1

UNION PACIFIC RESOURCES COMPANY

JENNETT BOWING SURVEY, A–95
W. D. THOMPSON SURVEY, A–306
JOHN SIMONS SURVEY, A–346
JAMES SHAW SURVEY, A–329
T. J. CHAMBERS SURVEY, A–6
M. B. SHACKLEFORD SURVEY, A–330

MILAM COUNTY, TEXAS

SCALE: 1"=2000'. FEBRUARY, 1998 PAGE 2 OF 3

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ING ENGINEERING & SURVEYING
BRYAN, TEXAS

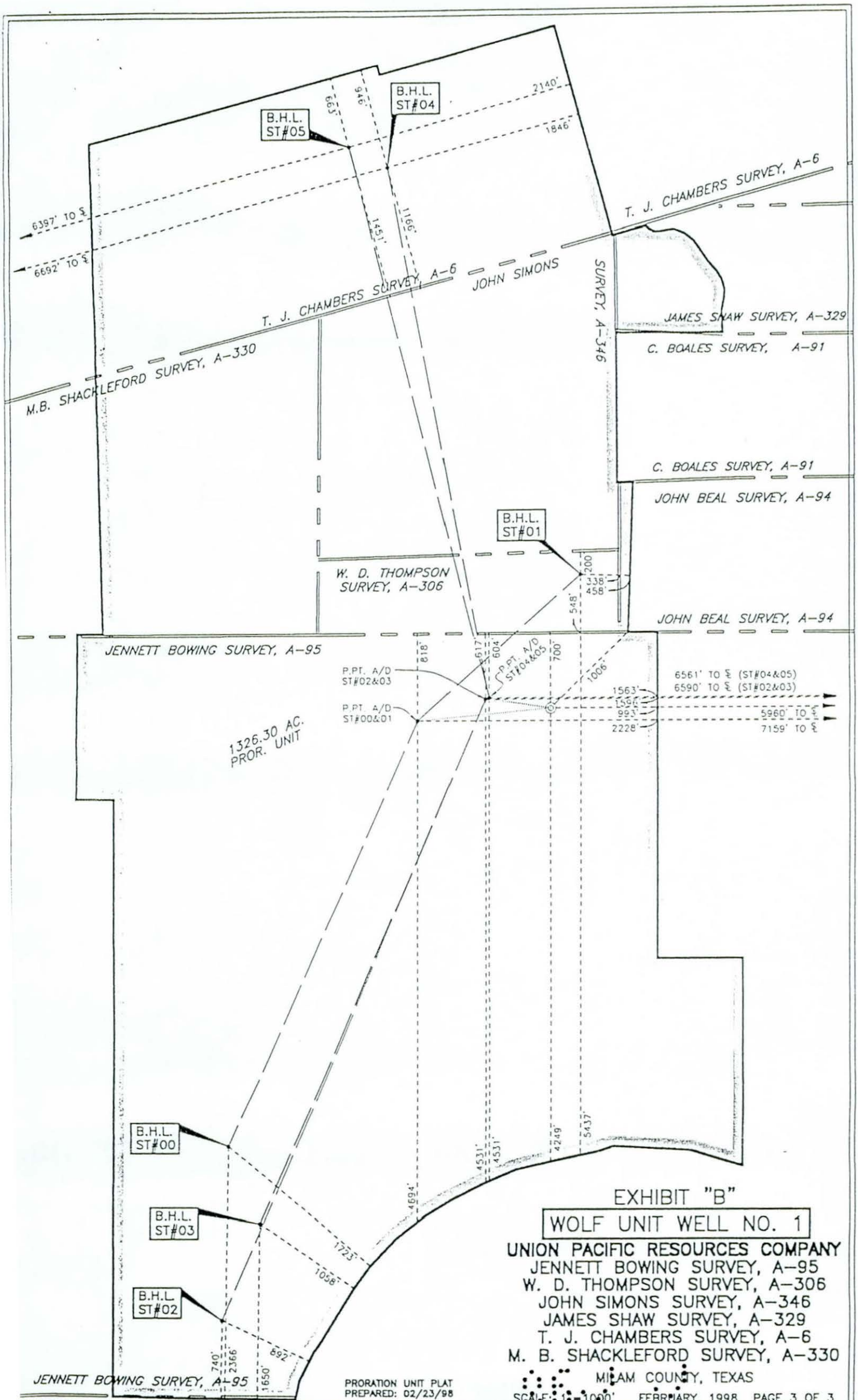


EXHIBIT "B"

WOLF UNIT WELL NO. 1

UNION PACIFIC RESOURCES COMPANY

JENNETT BOWING SURVEY, A-95
W. D. THOMPSON SURVEY, A-306
JOHN SIMONS SURVEY, A-346
JAMES SHAW SURVEY, A-329
T. J. CHAMBERS SURVEY, A-6
M. B. SHACKLEFORD SURVEY, A-330

MIDLAM COUNTY, TEXAS

PRORATION UNIT PLAT
PREPARED: 02/23/98

SCALE: 1"=1000' FEBRUARY, 1998 PAGE 3 OF 3

DWG1\331\CAUSE3.DWG

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ING ENGINEERING & SURVEYING
BRYAN, TEXAS

Wolf Unit Well No. 1
1326.30 Acre Unit
Jennett Bowing Survey, A-95
W. D. Thompson Survey, A-306
John Simons Survey, A-346
James Shaw Survey, A-329
T. J. Chambers Survey, A-6
M. B. Shackleford Survey, A-330
Milam County, Texas

Field notes of a 1326.30 acre tract or parcel of land, lying and being situated in the Jennett Bowing Survey, Abstract No. 95, in the W. D. Thompson Survey, Abstract No. 306, in the John Simons Survey, Abstract No. 346, in the James Shaw Survey, Abstract No. 329, in the T. J. Chambers Survey, Abstract No. 6 and in the M. B. Shackleford Survey, Abstract No. 330, Milam County, Texas, and consisting of the following tracts:

All of the called 50 acre tract and ½ of the adjoining right-of-way of County Road No. 353 described in the deed recorded in Volume 259, Page 46, of the Deed Records of Milam County, Texas;

All of the called 70.000 acre tract and ½ of the adjoining right-of-way of County Road No. 353 described in the deed recorded in Volume 668, Page 669, of the Official Records of Milam County, Texas, (the abovementioned 50 acre tract overlaps this 70.000 acre tract);

All of the called 50.267 acre tract and ½ of the adjoining right-of-way of County Road No. 353 described in the deed recorded in Volume 668, Page 665, of the Official Records of Milam County, Texas;

All of the called 54 acre - 3rd Tract and ½ of the adjoining right-of-way of County Road No. 353 described in the deed recorded in Volume 690, Page 848, of the Official Records of Milam County, Texas;

All of the called 25 acre tract and ½ of the adjoining right-of-way of County Road No. 353 described in the deed recorded in Volume 646, Page 547, of the Official Records of Milam County, Texas;

All of the called 32.00 acre tract and ½ of the adjoining right-of-way of County Road No. 353 described in the deed recorded in Volume 439, Page 401, of the Official Records of Milam County, Texas, (this includes the 5.00 acre tract and the 30' access strip described in Volume 670, Page 161, of the Official Records of Milam County, Texas);

All of the called 16.34 acre tract and ½ of the adjoining right-of-way of County Road No. 353 described in the deed recorded in Volume 439, Page 397, of the Deed Records of Milam County, Texas;

All of the called 20 acre tract described in the deed recorded in Volume 337, Page 600, of the Deed Records of Milam County, Texas;

All of the called 23 acre - Tract "a" and ½ of the adjoining right-of-way of County Road No. 353, all of the called 30 acre Tract "b" and ½ of the adjoining right-of-way of County Road No. 353 and all of the called 30 acre - Tract "c" and ½ of the adjoining right-of-way of County Road No. 353 described in the deed recorded in Volume 337, Page 600, of the Deed Records of Milam County, Texas;

All of the called 339 acre - 1st Tract and all of the called 78 acre - 2nd Tract described in the deed recorded in Volume 249, Page 533, of the Deed Records of Milam County, Texas;

Wolf Unit Well No. 1
1326.30 Acre Unit
Jennett Bowing Survey, A-95
W. D. Thompson Survey, A-306, etc.
Milam County, Texas
Continued - Page 2

All of the called 100 acre tract described in the deed recorded in Volume 289, Page 626, of the Deed Records of Milam County, Texas;

All of the called 2½ acre tract described in the deed recorded in Volume 205, Page 579, of the Deed Records of Milam County, Texas;

All of the called 46 acre tract and ½ of the adjoining right-of-way of County Road No. 353 described in the deed recorded in Volume 155, Page 214, of the Deed Records of Milam County, Texas;

All of the called 37.5 acre tract described in the deed recorded in Volume 155, Page 215, of the Deed Records of Milam County, Texas;

And part of the called 1038 acre tract described in the deed recorded in Volume 690, Page 848, of the Official Records of Milam County, Texas, and said 1326.30 acre tract being more particularly described as follows:

BEGINNING at the north corner of the beforementioned 37.5 acre tract near the center of County Road No. 353, from which an 8" creosote post fence corner bears S 44° 04' 59" W - 21.2 feet and a 6" cedar post fence corner bears N 50° 57' 38" E - 13.1 feet;

THENCE S 46° 10' 30" E along the northeast line of the beforementioned 37.5 acre tract and the beforementioned 46 acre tract, along the center of County Road No. 353 for a distance of 2014.66 feet to the east corner of the 46 acre tract, at or near the north corner of the beforementioned Simons Survey, same being in the northwest line of the beforementioned 339 acre tract;

THENCE N 43° 49' 30" E along the northwest line of the beforementioned 339 acre tract, same being the northwest line of the beforementioned Shaw Survey, at a distance of 75.3 feet, pass a 20" post oak tree in the fenced south line of County Road No. 353, continue on, at a distance of 119.4 feet, cross the center of the existing travelway of County Road No. 353, continue on for a total distance of 316.37 feet to the north corner of the 339 acre tract in the center of Taylor Branch;

THENCE along the center meanders of Taylor Branch, as scaled from U.S.G.S. quadrangle map, as follows:

S 83° 53' 08" E	for a distance of 31.11 feet,
N 89° 37' 53" E	for a distance of 64.03 feet,
N 55° 56' 29" E	for a distance of 64.93 feet,
N 49° 27' 08" E	for a distance of 117.84 feet,
N 80° 20' 17" E	for a distance of 111.51 feet,
S 81° 37' 21" E	for a distance of 105.27 feet,
S 65° 29' 40" E	for a distance of 242.59 feet,
S 72° 35' 05" E	for a distance of 111.36 feet,
S 60° 28' 11" E	for a distance of 92.32 feet,
S 48° 50' 12" E	for a distance of 93.55 feet,
S 28° 11' 34" E	for a distance of 81.45 feet,
S 21° 10' 31" E	for a distance of 107.02 feet,

S 32° 11' 05" E for a distance of 217.96 feet to the most northerly east corner of the beforementioned 339 acre tract, same being the north corner of the called 14.06 acre tract described in the deed recorded in Volume 653, Page 456, of the Official Records of Milam County, Texas;

THENCE S 59° 12' 28" W along a southeast line of the beforementioned 339 acre tract, same being the northwest line of the beforementioned 14.06 acre tract and the northwest line of the called 32.45 acre tract described in the deed recorded in Volume 685, Page 273, of the Official Records of Milam County, Texas, at a distance of 117.4 feet, cross the center of the existing travelway of County Road No. 353, continue on for a total distance of 988.99 feet to the interior ell corner of the 339 acre tract, same being the west corner of the 32.45 acre tract;

THENCE S 30° 53' 29" E along the southwest line of the beforementioned 32.45 acre tract, same being the northeast line of the beforementioned 339 acre tract and the beforementioned 100 acre tract for a distance of 1388.89 feet to the south corner of the 32.45 acre tract, same being the west corner of the beforementioned 2½ acre tract;

THENCE along the northwest and northeast lines of the beforementioned 2½ acre tract, as follows:

N 58° 43' 32" E along the southeast line of the beforementioned 32.45 acre tract for a distance of 150.00 feet,

S 29° 01' 44" E at a distance of 88.0 feet, cross the center of the existing travelway of County Road No. 353, continue on for a total distance of 1407.97 feet to the east corner of the 2½ acre tract in the northwest line of the beforementioned 30 acre - Tract "c", from which a crosstie fence corner bears S 62° 14' 40" W - 56.4 feet;

THENCE N 58° 59' 20" E along the northwest line of the beforementioned 30 acre - Tract "c", adjacent to a fence, for a distance of 269.03 feet to a 6" creosote post fence corner marking the north corner of the 30 acre tract;

THENCE S 31° 02' 26" E along the northeast line of the beforementioned 30 acre - Tract "c", adjacent to an old fence, for a distance of 3046.18 feet to the east corner of the 30 acre tract in the northwest line of the beforementioned 1038 acre tract, from which a 36" pecan tree bears N 29° 29' 31" W - 33.1 feet, and a 10" cedar post fence corner marking the east corner of the beforementioned 50.267 acre tract bears S 58° 59' 20" W - 3318.27 feet;

THENCE N 58° 59' 20" E along the northwest line of the beforementioned 1038 acre tract, adjacent to a fence, for a distance of 791.67 feet to an interior ell corner of the 1276.62 acre unit surrounding the Holden-Moore Unit Well No. 1;

THENCE S 31° 02' 26" E along the most southerly southwest line of the beforementioned 1276.62 acre unit and entirely across the beforementioned 1038 acre tract for a distance of 1941.12 feet to the northwesterly bank (Milam County side) of the Brazos River;

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THENCE along the north, northwesterly and westerly bank (Milam County side) of the Little Brazos River (as located on the ground in February 1998), as follows:

S 76° 17' 49" W	for a distance of 26.74 feet,
S 75° 05' 10" W	for a distance of 209.17 feet,
S 76° 03' 33" W	for a distance of 265.18 feet,
S 62° 14' 04" W	for a distance of 714.61 feet,
S 39° 46' 33" W	for a distance of 151.07 feet,
S 46° 58' 25" W	for a distance of 377.80 feet,
S 46° 35' 00" W	for a distance of 269.33 feet,
S 44° 04' 14" W	for a distance of 141.15 feet,
S 35° 41' 34" W	for a distance of 350.77 feet,
S 32° 04' 07" W	for a distance of 291.31 feet,
S 27° 54' 15" W	for a distance of 298.16 feet,
S 20° 50' 40" W	for a distance of 345.93 feet,
S 12° 42' 15" W	for a distance of 349.20 feet,
S 05° 21' 58" W	for a distance of 260.05 feet,
S 00° 00' 19" E	for a distance of 582.07 feet,
S 02° 51' 00" W	for a distance of 140.95 feet,
S 05° 48' 49" E	for a distance of 294.97 feet,
S 17° 51' 05" E	for a distance of 176.04 feet to a 10" hackberry tree fence corner marking the occupied east corner of the beforementioned 1038 acre tract;

THENCE S 59° 38' 11" W along the southeast line of the beforementioned 1038 acre tract, same being the southeast line of the beforementioned Bowing Survey, adjacent to a fence, for a distance of 1678.11 feet to the east corner of the 695.57 acre unit surrounding the Frazier-Gall Unit well No. 1;

THENCE along the lines of the beforementioned 695.57 acre unit, as follows:

N 31° 04' 30" W	entirely across the beforementioned 1038 acre tract, at a distance of 4124.41 feet, pass a ⅝" iron rod found at a metal "T" post fence corner marking the south corner of the beforementioned 70.000 acre tract, same being in the northwest line of the 1038 acre tract, continue on along the southeast line of the 70.000 acre tract for a total distance of 5629.72 feet to the most northerly southeast line of the beforementioned 50 acre tract,
S 59° 29' 59" W	along the most northerly southeast line of the beforementioned 50 acre tract for a distance of 346.98 feet to the most westerly south corner of the 50 acre tract,
N 30° 30' 01" W	along the most westerly southwest line of the beforementioned 50 acre tract for a distance of 1540.38 feet to the center of County Road No. 353, same being in the southeast line of the 691.63 acre unit surrounding the Stewart Unit Well No. 1;

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THENCE along the lines of the beforementioned 691.63 acre unit, as follows:

N 59° 03' 49" E	along the center of County Road No. 353 for a distance of 236.04 feet to the east corner of the 691.63 acre unit,
N 32° 18' 47" W	along the southwest line of the beforementioned 78 acre tract, at a distance of 24.2 feet, pass a crosstie fence corner in the fenced northwest line of County Road No. 353, continue on, adjacent to a fence, at a distance of 4324.6 feet, pass a crosstie fence angle point, continue on for a total distance of 4578.78 feet to the west corner of the 78 acre tract,
N 44° 05' 29" E	along the northwest line of the beforementioned 78 acre tract and the beforementioned 339 acre tract, at a distance of 1699.2 feet, pass a crosstie fence corner marking the northerly east corner of the 691.63 acre unit, continue on for a total distance of 2763.25 feet to the north corner of the 339 acre tract;

THENCE S 45° 54' 31" E along the most northerly northeast line of the beforementioned 339 acre tract for a distance of 89.59 feet to an 8" creosote post fence corner marking the west corner of the beforementioned 37.5 acre tract;

THENCE N 44° 04' 59" E along the northeast line of the beforementioned 37.5 acre tract, adjacent to a fence, for a distance of 1684.13 feet to the PLACE OF BEGINNING, containing 1326.30 acres of land, more or less.

Bearings based on True North, as obtained by Solar Observation.

Prepared 2/24/98

kes98-01b:\wolf1.326r

CLERK'S NOTICE: ANY PROVISION HEREIN WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE, IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

FILED
AT 3:20 O'CLOCK P M
ON THE 13 DAY OF April
A.D., 1998.

La Verne Soefje
COUNTY CLERK, MILAM COUNTY, TEXAS
BY Trish Vargas DEPUTY

STATE OF TEXAS
COUNTY OF MILAM
I hereby certify that this instrument was FILED on the date and at the time stamped hereon by me and was duly RECORDED in the Volume and Page of the Official Records of Milam County, Texas.

La Verne Soefje
County Clerk, Milam County, Texas
VOL. 770 PAGE 459
RECORDED 4-14-98 @ 5PM
BY Barbara Vansa DEPUTY

(12.)

File No. 98524

Pooling Agreement

Date Filed: 8-21-03

Jerry E. Patterson, Commissioner

By

DO NOT DESTROY

Texas General Land Office

UNIT AGREEMENT MEMO

PA11-36

Unit Number	*4962*		
Operator Name	*ANADARKO PETROLEUM CORPORATION*	*Effective Date*	*12/1/1999*
Customer ID	*C000023178*	*Unitized For*	*Oil & Gas*
Unit Name	*Wolf "A" Unit Well No. 2*	*Unit Term*	*0 Months*
County1	*Milam*		

	Old Unit Number	*Inactive Status Date*
County 2	*0*	
County 3	*0*	
RRC District: *01*	*0*	
Unit Type: *Permanent*	*0*	
	0	

State Royalty Interest: *0.0003219489*
State Part in Unit: *0.0019316897*
Unit Depth *Well:*
Below Depth 0 *Formation:*
Above Depth 0 *Participation Basis:* *Surface Acreage*
[If Exclusions Apply: See Remarks]

MF Number	MF098524		*Tract Number*	1	
Lease Acres	2.562	/	*Total Unit Acres*	1326.3	=
Tract Participation:	0.0019317	X			
Lease Royalty	0.166667	=	*Manual Tract Participation:*	0	*See Remark*
Tract Royalty Participation	0.0003219		*Manual Tract Royalty:*	0	

Tract Royaly Reduction	No
Tract Royalty Rate	0
Tract On-Line Date:	

API Number	*RRC Number*
423313351400	23772

Remarks:

This is a production sharing arrangement for the Wolf "A" Unit #2 well, amoung the interest owners of the Wolf Unit No. 1 and the Frazier-Gall Unit No. 1. The State is participating on its proportionate share in the Wolf #1 Unit for the Wolf #2 well.

Prepared By:		***Prepared Date:***	1-31-11
GLO Base Updated By:		***GLOBase Date:***	1-31-11
RAM Approval By:	JK	***RAM Approval Date:***	2-1-2011
GIS By:		***GIS Date:***	

44735

MEMORANDUM OF OIL AND GAS UNIT

STATE OF TEXAS §
§
COUNTY OF MILAM §

WHEREAS, Union Pacific Resources Company ("UPR") is the owner of valid and subsisting oil, gas and mineral leases listed in Exhibit "A", attached hereto and made a part hereof ("Leases"); and

WHEREAS, UPR has heretofore executed that certain Designation of Unit, Frazier-Gall Unit Well No. 1 dated November 7, 1997, which document was recorded in Volume 761, Page 100 of the records of Milam County, Texas; and

WHEREAS, UPR has heretofore executed that certain Designation of Unit, Wolf Unit No. 1 dated April 2, 1998, which document was recorded in Volume 770, Page 459 of the records of Milam County, Texas; and

WHEREAS, UPR has heretofore executed that certain Designation of Unit, Stewart Unit No. 1 dated January 16, 1997, which document was recorded in Volume 742, Page 141 of the records of Milam County, Texas; and

WHEREAS, by virtue of the authority conferred by the terms of the Leases and all amendments, corrections, and/or expressed ratifications, thereto, and the aforementioned Designation of Unit(s), UPR did drill the Wolf No. 2 well (API# 42331335140000) as depicted on the Plat attached hereto as Exhibit "B"; and

WHEREAS, UPR and other applicable mineral interest owners have agreed to allocate production from the Wolf No. 2 well among the interest owners of the Wolf Unit No. 1, Stewart Unit No. 1 and Frazier-Gall Unit No. 1 (collectively referred to as the "Existing Units") as set out and described in those certain separate unrecorded Ratification(s); and

WHEREAS, production, drilling or reworking operations pertaining to the Wolf No. 2 well shall be treated, for all purposes, as if such activities are occurring on the Existing Units.

IN WITNESS WHEREOF, this Memorandum is executed on this 1st day of December, 1999, but effective as of the date of commencement of operations for the Wolf No. 2 well.

UNION PACIFIC RESOURCES COMPANY

By: _____
Its: Attorney-In-Fact

STATE OF TEXAS §
COUNTY OF TARRANT §

This instrument was acknowledged before me on 12-01-99, 1999, by Andrew C Rudderow as Attorney-in-Fact of UNION PACIFIC RESOURCES COMPANY, a Delaware corporation, on behalf of said corporation.

MIMI E. KEENOM
NOTARY PUBLIC
STATE OF TEXAS
My Comm. Exp. 03-13-2001

Signature

Mimi E Keenom
Name (Print)

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MILAM COUNTY, TEXAS

0000 92924-99

WOLF #2 WELL
EXHIBIT "A"

1. TX1-79727 - OIL GAS AND MINERAL LEASE DATED DECEMBER 6, 1995, BY AND BETWEEN REBECCA LUMMUS LONG , AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 725, PAGE 857 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

2. TX1-79817 - MEMORANDUM OF OIL GAS AND MINERAL LEASE DATED JANUARY 3, 1996, BY AND BETWEEN PATSY DEAN GALL AND HUSBAND ROBERT L. GALL, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 725, PAGE 899 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

3. TX1-49028(003) - OIL GAS AND MINERAL LEASE DATED OCTOBER 10, 1995,BY AND BETWEEN JOE G. MOORE, JR., TRUSTEE U/W/O JEWELL ELY MOORE, DECEASED, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 724, PAGE 61 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

4. TX1-83729(001) - OIL GAS AND MINERAL LEASE DATED JULY 6, 1996, BY AND BETWEEN MYRON E. ELY, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 743, PAGE 379 OF THE OFFICIAL RECORDS OFMILAM COUNTY, TEXAS.

5. TX1-81415(001) - MEMORANDUM OF OIL GAS AND MINERAL LEASE DATED JANUARY 2, 1996, BY AND BETWEEN GARY ALLEN SHAW AND WIFE, PATRICIA J. SHAW, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 735, PAGE 733 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

6. TX1-81415(002)- OIL GAS AND MINERAL LEASE DATED DECEMBER 10, 1995, BY AND BETWEEN LINDA SUE MORGAN, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, AS EVIDENCED BY MEMORANDUM OF OIL, GAS AND MINERALLEASE DATED JANUARY 2, 1996, RECORDED IN VOLUME 725, PAGE 891 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

7. TX1-81415(003)- OIL GAS AND MINERAL LEASE DATED DECEMBER 10, 1995, BY AND BETWEEN DONALD GLENN SHAW AND WIFE, PATRICIA SHAW, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 725, PAGE 897 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

8. TX1-81415(011)- OIL GAS AND MINERAL LEASE DATED JANUARY 11, 1996, BY AND BETWEEN MARY THOMAS BAKER, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, FILED FOR RECORD MARCH 27, 1998 UNDER COUNTY CLERK'S FILE NO. 34710, MILAM COUNTY, TEXAS.

9. TX1-81415(010)- OIL GAS AND MINERAL LEASE DATED MARCH 21, 1996, BY AND BETWEEN JUREEN WHITLOCK, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 738, PAGE 525 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

10. TX1-81415(004)- OIL GAS AND MINERAL LEASE DATED MARCH 21, 1996, BY AND BETWEEN DONALD LUCE, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 735, PAGE 738 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

11. TX1-81415(005)- OIL GAS AND MINERAL LEASE DATED MARCH 21, 1996, BY AND BETWEEN JANA MARIE ALLEN, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 735, PAGE 538 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

12. TX1-81415(009)- OIL GAS AND MINERAL LEASE DATED MARCH 21, 1996, BY AND BETWEEN JAMES F. STEWART, AS LESSOR AND UNION PACIFICRESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 738, PAGE 522 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

13. TX1-81415(008)- OIL GAS AND MINERAL LEASE DATED MARCH 21, 1996, BY AND BETWEEN SUE ANN SCHOLZ, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 738, PAGE 519 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

14. TX1-81415(006)- OIL GAS AND MINERAL LEASE DATED MARCH 21, 1996, BY AND BETWEEN SANDRA MCCASLIN, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 735, PAGE 527 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

15. TX1-81415(007)- OIL GAS AND MINERAL LEASE DATED MARCH 21, 1996, BY AND BETWEEN MARILYN HUFF, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 738, PAGE 516 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

16. TX1-79820- OIL GAS AND MINERAL LEASE DATED DECEMBER 10, 1995, BY AND BETWEEN DELMO DEAN SHAW, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, AS EVIDENCED BY MEMORANDUM OF OIL, GAS AND MINERAL LEASE DATED JANUARY 2, 1996, RECORDED IN VOLUME 725, PAGE 895 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

17. TX1-79729(001)- OIL GAS AND MINERAL LEASE DATED OCTOBER 2, 1995, BY AND BETWEEN VIOLET H. FRAZIER, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 725, PAGE 865 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

18. TX1-90849(015)- OIL GAS AND MINERAL LEASE DATED OCTOBER 1, 1997, BY AND BETWEEN DEANNA HODA, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 761, PAGE 72 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

19. TX1-90849(006)- OIL GAS AND MINERAL LEASE DATED OCTOBER 1, 1997, BY AND BETWEEN FAYE MARIE SCHROEDER, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 761, PAGE 45 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

20. TX1-90849(011)- OIL GAS AND MINERAL LEASE DATED OCTOBER 1, 1997, BY AND BETWEEN MADELINE ANN GIOIA, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 761, PAGE 246 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

21. TX1-90849(004)- OIL GAS AND MINERAL LEASE DATED OCTOBER 1, 1997, BY AND BETWEEN DOROTHY WILMA LEWIS GLENN, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 761, PAGE 48 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

22. TX1-90849(017)- OIL GAS AND MINERAL LEASE DATED OCTOBER 1, 1997, BY AND BETWEEN JANIE BURTON, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 761, PAGE 78 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

23. TX1-90849(005)- OIL GAS AND MINERAL LEASE DATED OCTOBER 1, 1997, BY AND BETWEEN PATRICIA NAN EMBRY BEAKLEY, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 761, PAGE 69 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

24. TX1-90849(014)- OIL GAS AND MINERAL LEASE DATED OCTOBER 1, 1997, BY AND BETWEEN THOMAS STEWART, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 761, PAGE 57 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

25. TX1-90849(007)- OIL GAS AND MINERAL LEASE DATED OCTOBER 1, 1997, BY AND BETWEEN LARRY STEWART, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 761, PAGE 87 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

26. TX1-90849(018)- OIL GAS AND MINERAL LEASE DATED OCTOBER 1, 1975, BY AND BETWEEN HASKEL CALVIN ARNOLD, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 761, PAGE 51 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

27. TX1-90849(002)- OIL GAS AND MINERAL LEASE DATED OCTOBER 1, 1997, BY AND BETWEEN BETTY JENNINGS BAILEY AND MRS. LOUISE JENNINGS, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 761, PAGE 54 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

28. TX1-90849(009)- OIL GAS AND MINERAL LEASE DATED OCTOBER 1, 1997, BY AND BETWEEN NELL SCHAD, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 761, PAGE 81 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

29. TX1-90849(016)- OIL GAS AND MINERAL LEASE DATED OCTOBER 1, 1997, BY AND BETWEEN JAN DORSEY, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 761, PAGE 75 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

30. TX1-90849(008)- OIL GAS AND MINERAL LEASE DATED OCTOBER 1, 1997, BY AND BETWEEN LOU GIOIA, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 761, PAGE 84 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

31. TX1-90849(012)- OIL GAS AND MINERAL LEASE DATED OCTOBER 1, 1997, BY AND BETWEEN ROBERT E. MERRIMAN, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 761, PAGE 66 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

32. TX1-90849(003)- OIL GAS AND MINERAL LEASE DATED OCTOBER 1, 1997, BY AND BETWEEN BRENDA MERRIMAN AND MINDY MERRIMAN, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 761, PAGE 60 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

33. TX1-90849(010)- OIL GAS AND MINERAL LEASE DATED OCTOBER 1, 1997, BY AND BETWEEN KATY MERRIMAN AND KATHERINE MERRIMAN, AS LESSOR AND UNION PACIFC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 761, PAGE 63 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

34. TX1-90849(013)- OIL GAS AND MINERAL LEASE DATED OCTOBER 1, 1997, BY AND BETWEEN CHARLOTTE KAY BARTHOLOMEW, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 761, PAGE 267 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

35. TX1-90849(001)- OIL GAS AND MINERAL LEASE DATED OCTOBER 1, 1997, BY AND BETWEEN BRANDI DURRETT, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 765, PAGE 371 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

36. TX1-90862- OIL GAS AND MINERAL LEASE DATED SEPTEMBER 24, 1997, BY AND BETWEEN VINCENT WAYNE MATHEWS AND WIFE, VICKIE LYNN MATHEWS, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 760, PAGE 517 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

37. TX1-85462(001)- OIL GAS AND MINERAL LEASE DATED FEBRUARY 26, 1997, BY AND BETWEEN HAZEL K. HAMILL, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 749, PAGE 868 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

38. TX1-85462(002)- OIL GAS AND MINERAL LEASE DATED AUGUST 21, 1997, BY AND BETWEEN MARVIN FLOYD MARSHALL AND WIFE PAULINE MARSHALL, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 761, PAGE 36 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

39. TX1-85462(003)- OIL GAS AND MINERAL LEASE DATED AUGUST 21, 1997, BY AND BETWEEN MARVIN FLOYD MARSHALL AND WIFE PAULINE MARSHALL, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 760, PAGE 520 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

40. TX1-81423(002)- OIL GAS AND MINERAL LEASE DATED DECEMBER 28, 1995, BY AND BETWEEN JOE G. MOORE, JR., AS TESTAMENTARY TRUSTEE UNDERTHE LAST WILL AND TESTAMENT OF JEWELL ELY MOORE, DECEASED, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 735, PAGE 700 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

41. TX1-79663- OIL GAS AND MINERAL LEASE DATED DECEMBER 1, 1995, BY AND BETWEEN THE BROOKSIE NELL BOYD WOLF FAMILY VENTURE, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 731, PAGE 525 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

42. TX1-79728- OIL GAS AND MINERAL LEASE DATED DECEMBER 6, 1995, BY AND BETWEEN ROBERT HENRY HARWOOD AND WIFE, ALVA R. HARWOOD, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 731, PAGE 537 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

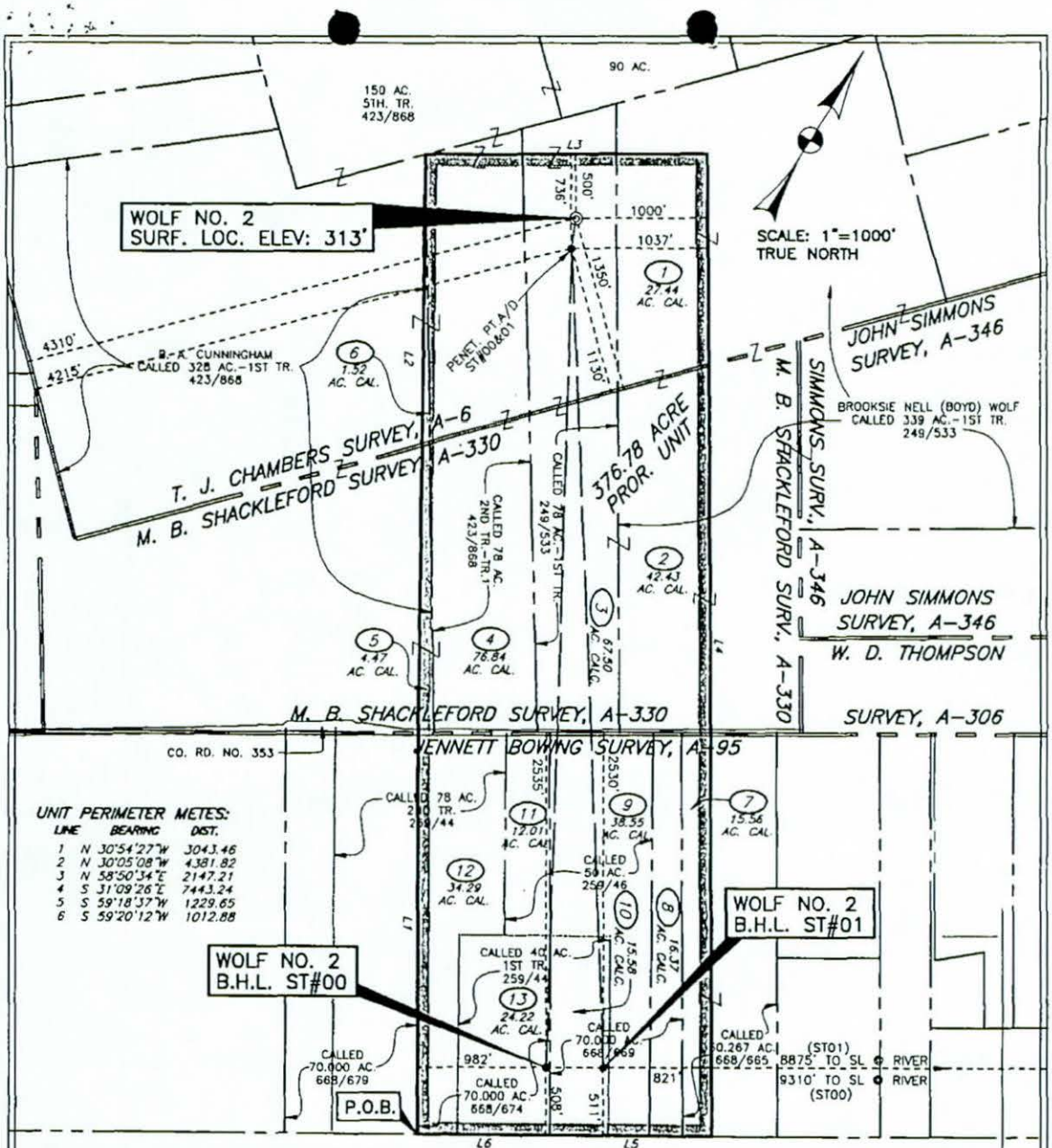
43. TX1-49075(004)- OIL GAS AND MINERAL LEASE DATED DECEMBER1, 1995, BY AND BETWEEN W. B. BAILEY, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 725, PAGE 887 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

44. TX2-91817- OIL GAS AND MINERAL LEASE DATED OCTOBER 21, 1997, BY AND BETWEEN STATE OF TEXAS, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 766, PAGE 90 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

45. TX1-79671(001)- OIL GAS AND MINERAL LEASE DATED DECEMBER1, 1995, BY AND BETWEEN B. A. CUNNINGHAM, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 731, PAGE 517 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

46. TX1-79671(002)- OIL GAS AND MINERAL LEASE DATED DECEMBER1, 1995, BY AND BETWEEN JIM LOU STEWART, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 731, PAGE 513 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.

47. TX1-79726- OIL GAS AND MINERAL LEASE DATED DECEMBER 1, 1995, BY AND BETWEEN B. A. CUNNINGHAM, AS LESSOR AND UNION PACIFIC RESOURCES COMPANY, AS LESSEE, RECORDED IN VOLUME 725, PAGE 861 OF THE OFFICIAL RECORDS OF MILAM COUNTY, TEXAS.



UNIT PERIMETER METES:

LINE	BEARING	DIST.
1	N 30°54'27"W	3043.46
2	N 30°05'08"W	4381.82
3	N 58°50'34"E	2147.21
4	S 31°09'26"E	7443.24
5	S 59°18'37"W	1229.65
6	S 59°20'12"W	1012.88

WOLF NO. 2

PLAT TRACT #	COT #	ACREAGE IN UNIT	LEASE	VOL/PG
1	Prt.192	27.44	THE BROOKSIE NELL BOYD WOLF FAMILY VENTURE	731/525
2	Prt.195	42.43	THE BROOKSIE NELL BOYD WOLF FAMILY VENTURE	731/525
3	Prt.191	67.50	THE BROOKSIE NELL BOYD WOLF FAMILY VENTURE	731/525
4	Prt.190	76.84	JIM LOU STEWART B. A. CUNNINGHAM	731/513 731/517
5	Prt.197	4.47	JIM LOU STEWART B. A. CUNNINGHAM	731/513 731/517
6	Prt.189	1.52	JIM LOU STEWART B. A. CUNNINGHAM	731/513 731/517
7	Prt.166H	15.56	DELMO NEAL SHAW	725/895
8	166J	16.37	DONALD GLENN SHAW	725/897
9	166G	38.55	DONALD GLENN SHAW MARY BAKER THOMAS	725/897 –
10	166F	15.58	DONALD GLENN SHAW *	725/897
11	166E	12.01	LINDA SUE MORGAN, et vir MARY BAKER THOMAS	725/891 –
12	166C	34.29	LINDA SUE MORGAN, ET VIR MARLYN HUFF * Prt.70 AC-668/674 & Prt.78 AC	725/891 738/516
13	166D	24.22	LINDA SUE MORGAN, ET VIR MARLYN HUFF * PRT. 70 AC-668/674 & PRT.40 AC	725/891 738/516
		376.78	ACRE UNIT	

* THIS TRACT COVERED BY SEVERAL LEASES NOT LISTED HERE.

NOTES:
1. BEARINGS BASED ON TRUE NORTH OBTAINED BY SOLAR OBSERVATION.
2. WELL LOCATED S80°E~ 19.3 MILES FROM CAMERON, TX.
3. ▬▬ INDICATES LIMITS OF UNIT.
4. SURF. LOC. POSITION:
   LATITUDE: 30°48'23"N
   LONGITUDE: 96°40'19"W
   SCALED FROM U.S.G.S. QUADRANGLE SHEET "GAUSE, TEXAS"

A.P.I. #42-331-33514

SURF. TO PENET. PT. A/D:
ST#00°01=S22°11'E~ 239'

HORIZONTAL CLOSURES:
B.H.L. ST#00=S29°07'E~6192'
B.H.L. ST#01=S33°10'E~6192'

WELL STAKED AND PLAT PREPARED SEPTEMBER, 1999 FROM SURVEY PERFORMED JULY, 1997.

BY: S.M. KLING

"AS-DRILLED" PRORATION UNIT PLAT

376.78 ACRE UNIT

WOLF NO. 2

UNION PACIFIC RESOURCES COMPANY

T. J. CHAMBERS SURVEY, A-6
M. B. SHACKLEFORD SURVEY, A-330
JENNETT BOWING SURVEY, A-95
MILAM COUNTY, TEXAS

VOL. 813 PAGE 101
OFFICIAL RECORDS
MILAM COUNTY, TEXAS

SCALE: 1"=1000' NOVEMBER, 1999

H:\DWGT\331\GAUSE3.DWG

KLING ENGINEERING & SURVEYING
BRYAN, TEXAS

CLERK'S NOTICE: ANY PROVISION HEREIN WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE, IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

FILED
AT 11:15 O'CLOCK A M
ON THE 21 DAY OF Jan
A.D., 19 2000

La Verne Soefje
COUNTY CLERK, MILAM COUNTY, TEXAS
BY Joan Pratt DEPUTY

STATE OF TEXAS
COUNTY OF MILAM
I hereby certify that this instrument was FILED on the date and at the time stamped hereon by me and was duly RECORDED in the Volume and Page of the Official Records of Milam County, Texas.

La Verne Soefje
County Clerk, Milam County, Texas
VOL. 813 PAGE 96
RECORDED 1-21-2000 @ 5:00
BY Joan Pratt DEPUTY

JOAN PRATT

VOL. 813 PAGE 102
OFFICIAL RECORDS
MILAM COUNTY, TEXAS

T. WHITMIRE
198

LDA SETUP REQUEST FORM

WELL NAME: Wolf #2 DATE: 12-20-99

SUBJECT: AREA/FIELD NAME Wolf #2 well
COUNTY/STATE Milam County, TX
AGREEMENT TYPE Memorandum Oil & Gas Unit
LDA NUMBER 0000 92924-99

PLEASE FILE THE ATTACHED IN THE FOLLOWING SECTION(S) OF THE CAPTIONED LAND FILE AS INDICATED: (MARK WITH A CHECK)

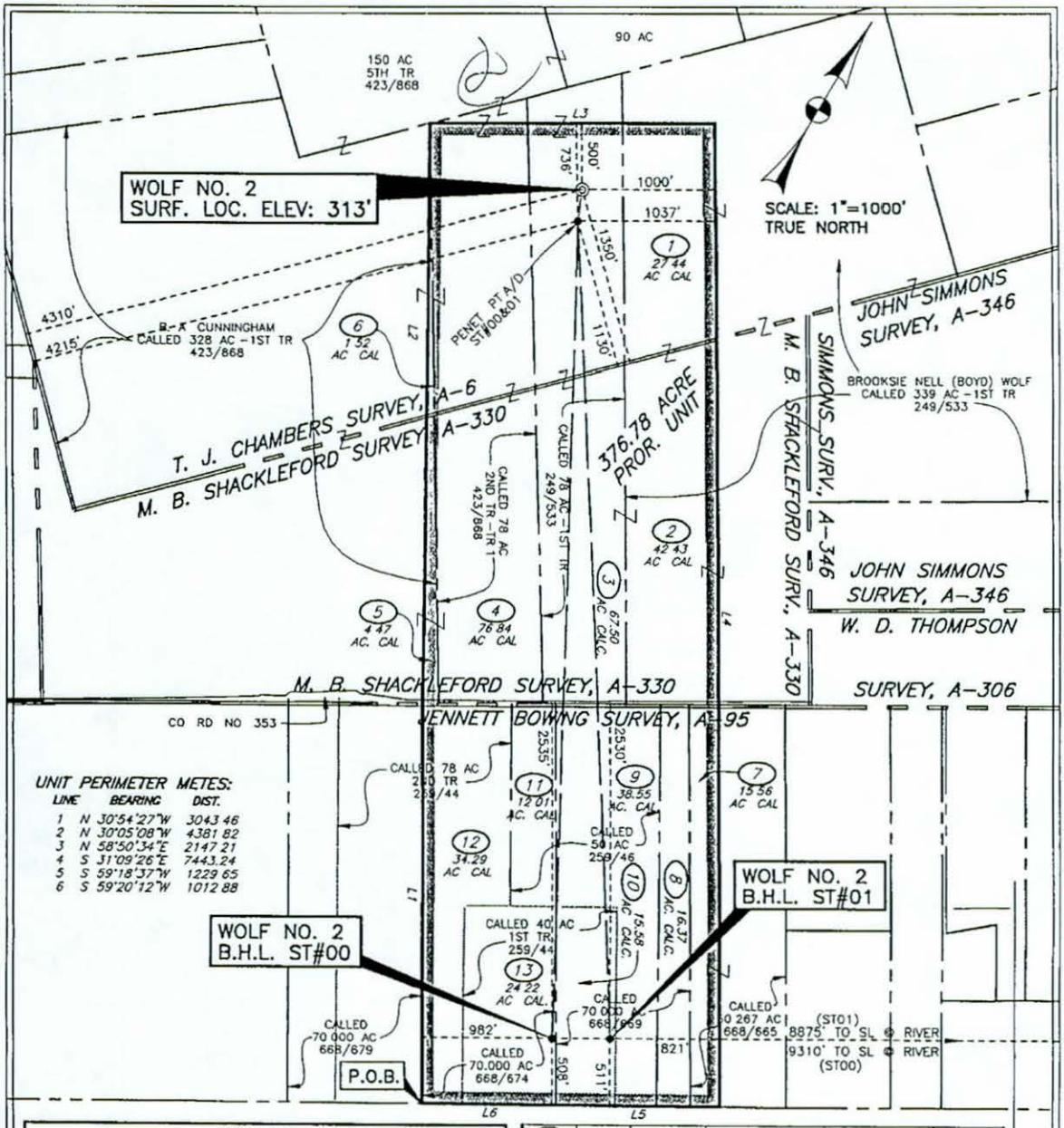
(A) AGREEMENTS: ✓
(B) CORRESPONDENCE:
(C) TITLE MATERIAL:
(D) OTHER:

REQUESTOR NAME: S. Whiteside
BUSINESS UNIT: NorthStars Team

*PLEASE KEEP THIS PAGE AT THE BEGINNING OF EACH CONTRACT FILE

COMMENTS:

LAND MAPPING
Date: 1/5/00
By:



UNIT PERIMETER METES:

LINE	BEARING	DIST.
1	N 30°54'27"W	3043 46
2	N 30°05'08"W	4381 82
3	N 58°50'34"E	2147 21
4	S 31°09'26"E	7443.24
5	S 59°18'37"W	1229 65
6	S 59°20'12"W	1012 88

WOLF NO. 2

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(4)	Prt 190	76 84	JIM LOU STEWART B A CUNNINGHAM	731/513 731/517
(5)	Prt.197	4.47	JIM LOU STEWART B A. CUNNINGHAM	731/513 731/517
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(7)	Prt 166H	15 56	DELMO NEAL SHAW	725/895
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(12)	166C	34.29	LINDA SUE MORGAN, ET VIR MARLYN HUFF * Prt 70 AC-668/674 & Prt 78 AC	725/891 738/516
(13)	166D	24 22	LINDA SUE MORGAN, ET VIR MARLYN HUFF * PRT 70 AC-668/674 & PRT.40 AC	725/891 738/516
		376 78	ACRE UNIT	

* THIS TRACT COVERED BY SEVERAL LEASES NOT LISTED HERE

NOTES:

1. BEARINGS BASED ON TRUE NORTH OBTAINED BY SOLAR OBSERVATION
2. WELL LOCATED S80°E~ 19.3 MILES FROM CAMERON, TX
3. INDICATES LIMITS OF UNIT.
4. SURF. LOC. POSITION
   LATITUDE: 30°48'23"N
   LONGITUDE: 96°40'19"W
   SCALED FROM U.S.G.S QUADRANGLE SHEET "GAUSE, TEXAS"

WELL STAKED AND PLAT PREPARED SEPTEMBER, 1999 FROM SURVEY PERFORMED JULY, 1997.

BY: S.M. KLING

A.P.I.#42-331-33514

SURF. TO PENET. PT. N/D:
ST#00*01=S22°11 E~ 239'

HORIZONTAL CLOSURES:
B H.L.ST#00=S29°07'E~6192'
B H.L ST#01=S33°10'E~6192'

"AS-DRILLED" PRORATION UNIT PLAT

376.78 ACRE UNIT

WOLF NO. 2

UNION PACIFIC RESOURCES COMPANY

T. J. CHAMBERS SURVEY, A-6
M. B. SHACKLEFORD SURVEY, A-330
JENNETT BOWING SURVEY, A-95
MILAM COUNTY, TEXAS
SCALE: 1"=1000' NOVEMBER, 1999

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KLING ENGINEERING & SURVEYING
BRYAN, TEXAS

API#_____ FOLDER#_____

DOC. DATE: FROM_____ TO_____

WELL NAME/NO. Wolf #2

CATEGORY: Regulatory

TYPE: Plat

DESCRIPTION: As-Drilled

TWP:_____ RNG:_____ SEC:_____

COUNTY/STATE: Mitm/TX

SENDER: JOYCE PITTMAN EXT: 7680

Unit 2689
M- 98524

From: Mike Nicklaus
To: Throckmorton, Tracey
CC: May, Mike; Stimson, Lannie; Sump, Dale
Date: 1/7/2011 4:44 PM
Subject: Fwd: FW: Wolf Unit #2 (Milam County, Texas)
Attachments: Wolf #2 Unit Plat.pdf; Wolf #1 Unit Plat.pdf; ALPS Response needed: Anadarko

Tracey, attached is an e-mail we received from Libby Kinder of Anadarko (ALPS Response needed:Anadarko) concerning two wells supposedly in unit #2689, State lease M-98524. Problem we have here is that on well #2 we are only getting 62.487393% of the tract participation factor of .0030913 for this unit while on well #1 we are getting the entire 100% tract participation. We questioned Libby by phone about this & she has now provided the attached plats for the two wells. Anadarko is still researching this situation to determine if the State really has an interest in well #2.

Could you please review the attachments & provide your input (is there another unit we are not aware of or is there some explanation as to why we would have a reduced interest in well #2 or is well #2 even in unit #2689 ??). Thanks for any help you can provide. I have the lease file at my desk--just let me know if you need it.

>>> "Kinder, Libby" <Libby.Kinder@anadarko.com> 1/6/2011 9:48 PM >>>
Mike / Lannie,

Here are the plats for the two Wolf wells that we discussed the other day--I am still waiting for an explanation of how our division orders got set up with the State of Texas as an owner on the Wolf Unit #2 when they are not on the plat. I'm off tomorrow but I will let you know what I find out. Just didn't want you to think that I had forgotten.

Thanks so much for all your help.

Talk to you later.

Libby Kinder
(832) 636-7678

> _____
> From: Doland, Justin
> Sent: Thursday, January 06, 2011 5:30 PM
> To: Kinder, Libby
> Subject: RE: Wolf Unit #2 (Milam County, Texas)
>
> Libby,
>
> Attached are the plats for the #1 and #2.
>
> <<Wolf #2 Unit Plat.pdf>> <<Wolf #1 Unit Plat.pdf>>
>
> I am not sure if this is what you are looking for, if not let me know.
>
> Justin Doland
> Division Order Analyst

> Anadarko Petroleum Corporation
> Direct: 832-636-1686
>
>
>
> _____
> From: Kinder, Libby
> Sent: Tuesday, January 04, 2011 4:01 PM
> To: Copeland, Brenda; Doland, Justin
> Subject: RE: Wolf Unit #2 (Milam County, Texas)
>
> Thanks Brenda!
>
> Justin, let me know if you have any questions.
>
> Thanks,
>
> Libby Kinder X 67678
>
> _____
> From: Copeland, Brenda
> Sent: Tuesday, January 04, 2011 3:47 PM
> To: Kinder, Libby
> Subject: RE: Wolf Unit #2 (Milam County, Texas)
> Importance: High
>
> Libby,
>
> Justin Doland handles Milam Co., TX.
>
> Brenda
>
> _____
> From: Kinder, Libby
> Sent: Tuesday, January 04, 2011 3:45 PM
> To: Copeland, Brenda
> Cc: Milburn, Karen; Graeve, Harvey; Morgan, Amy
> Subject: Wolf Unit #2 (Milam County, Texas)
>
> Hi Brenda,
>
> I just got off the phone with the State of Texas (GLO) and they are
> not sure they have an interest in this well. According to them, RRC #
> 03-23772 (API # 4233133514) is outside Unit # 2689. The information
> that I have from the Land Department in my files is that this is a
> "Co-Op" well; same State of Texas Lease as the Wolf Unit #1 well
> (State Lease # 98524) but the Tract fact is only 62.487393% of the
> Wolf Unit #1 well.
>
> WELL NAME WINS # VENTURE TR TR FACTOR ROY RATE NET
> DECIMAL TRACT CALCULATIONS
> WOLF UNIT #1 44207-01 102198-39 19 .00309130 .166667
> .0005152 (4.10 acres/1326.30) = .0030913

> WOLF UNIT #2 46839-01 102397-05 03 .00193167 .166667
> .0003219 (4.10 acres/1326.30) X .62487393 = .00193167
>
> Can you provide me with any information that you have to confirm the
> State's interest (such as a plot, etc.).
>
> Thanks for your help.
>
> Libby X 67678
>
</PRE>

Anadarko Confidentiality Notice: This electronic transmission and any
attached documents or other writings are intended only for the person
or entity to which it is addressed and may contain information that is
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have received this communication in error, please immediately notify
sender by return e-mail and destroy the communication. Any disclosure,
copying, distribution or the taking of any action concerning the contents
of this communication or any attachments by anyone other than the
named recipient is strictly prohibited.

</body>
</html>
<PRE>

(13)

File No. MF 098524
Wolf "A" Unit Well #2

Date Filed: 2-1-11
Jerry E. Patterson, Commissioner
By TM

MEMORANDUM

TEXAS GENERAL LAND OFFICE • GEORGE P. BUSH • COMMISSIONER

DATE: **May 7, 2019** **PSA# 00245**

TO: **School Land Board**

FROM: **Pooling Committee**

SUBJECT: **Request from Treadstone Energy Partners to have the State enter into a Production Sharing Agreement for drilling of one or more allocation wells.**

- **Treadstone Energy Partners** is the operator of the Moore Unit (GLO Unit 2846/ MF099010 and MF099118) and the Wolf Unit (GLO Unit 2689/ MF098524) in which the State has a royalty interest, and they are requesting that the royalty owners sign a Production Sharing Agreement, which the School Land Board has the authority to approve pursuant to Texas Natural Resources Code §52.154.

- The Production Sharing Agreement will allow the operator to drill the AJ 1HA Well, API No. 42-331-35055, which crosses the Moore Unit (GLO Unit 2846/ MF099010 and MF099118) and the Wolf Unit (GLO Unit 2689/ MF098524).

- The State's participation in the sharing wells will be based on productive lateral length from first take point to last take point.

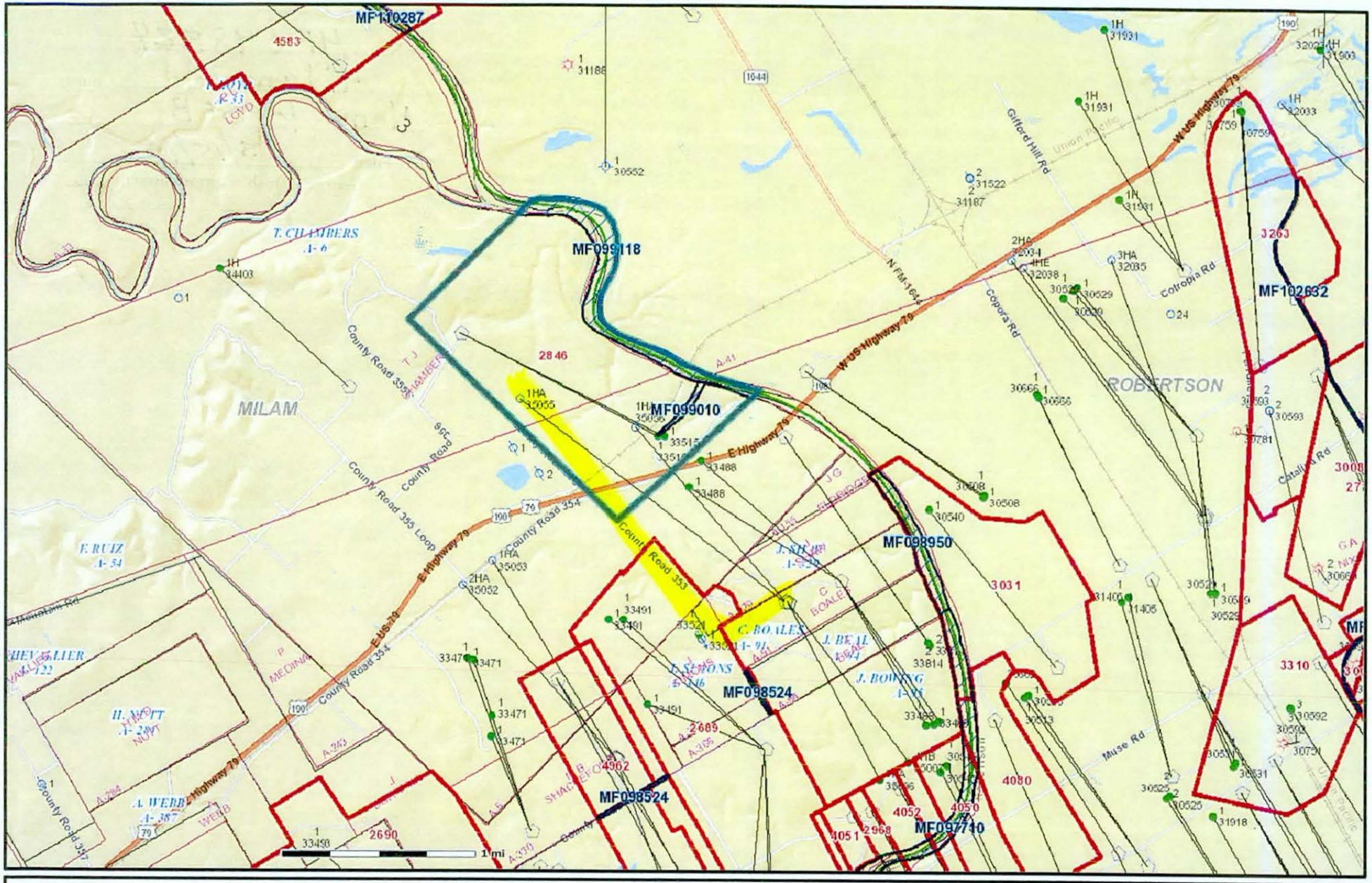
POOLING COMMITTEE RECOMMENDATION:

The Pooling Committee recommends Board approval of the Production Sharing Agreement.

Mark Steinbach – Office of the Attorney General — Date: 4/25/19

Robert Hatter – General Land Office — Date: 4/25/19

Stacie Bennett – Office of the Governor — Date: 4/25/2019



The Texas General Land Office makes no representations or warranties regarding the accuracy or completeness of the information depicted on this map or the data from which it was produced. This map IS NOT suitable for navigational purposes and does not purport to depict or establish boundaries between private and public land.

Printed: Apr 18, 2019

(14)

File No. MF098524

Milam County

Memo to SLB

Date Filed: 5/15/19

George P. Bush, Commissioner

By

MEMORANDUM

TEXAS GENERAL LAND OFFICE • GEORGE P. BUSH • COMMISSIONER

TIME SENSITIVE: Action Required by: (May 15, 2019)

DATE: May 7, 2019

TO: Commissioner Bush

FILE COPY

FROM: Mary Beth Barnstone

SUBJECT: Production Sharing Agreement for signature

.....

SUMMARY: Attached for your approval and signature are duplicate originals of a Production Sharing Agreement that was approved by the School Land Board on May 7, 2019.

DETAILS: The Production Sharing Agreement will allow for the drilling of additional horizontal development wells on existing units or leases that include State mineral or royalty interests. §52.154 of the Texas Natural Resources Code gives the School Land Board authority to approve, and gives the Commissioner authority to execute agreements that commit the royalty interest of the State for the benefits of production of oil and/or gas. This agreement has been reviewed and approved by Energy Resources staff and the Legal Services Division.

Document Name	**Recipient**
Production Sharing Agreement AJ 1HA Well State Unit 2846, Lease No. M-099010 and MF099118 State Unit 2689, Lease No. M-098524 Milam County, Texas	Treadstone Energy Partners

Recommendation: Please sign and return to Mary Beth Barnstone in Energy Resources

Attachment: Two Production Sharing Agreements

Thru: Ken Mills

(15)

File No. MF 098524

Milam County

Memo to Commissioner

Date Filed: 5/15/19

George P. Bush, Commissioner

By _____

TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

May 14, 2019

Mr. Colton Sanford
Treadstone Energy Partners Operating, LLC
106 Vintage Park Blvd., Suite 100
Houston, Texas 77070

Re: Production Sharing Agreement
AJ 1HA Unit
State Unit 2846, State Leases M-099010 and M-099118
State Unit 2689, State Lease M-098524
Milam County, Texas

FILE COPY

Dear Mr. Sanford:

On May 7, 2019, the School Land Board of the State of Texas approved your application to have the State enter into a Production Sharing Agreement ("PSA") for the referenced State Lease. Enclosed is an original of the PSA that has been executed by George P. Bush, Commissioner of the Texas General Land Office. We have retained the other original of the PSA for our files.

Please provide our office with a recorded copy of the PSA or a fully executed copy if it is not going to be recorded as soon as it is available. After a Sharing Well is drilled, please provide our office with the "Productive Drainhole Length / Allocation Factor" information and let us know what our participation in the well is going to be so we can get our lease records set up for the payment of royalties on the well.

Thank you for your assistance with this matter, if you have any questions or need anything further, please feel free to call.

Sincerely,

Mary Beth Barnstone
Geotech / Landman
Energy Resources Division
Texas General Land Office
Direct number: (512)463-6818
Email: mary.barnstone@glo.texas.gov

Enclosure

(16)

File No. MF 098524

Milam County

Letter to Treadstone

Date Filed: 5/15/19

George P. Bush, Commissioner

By AT

PRODUCTION SHARING AGREEMENT

WHEREAS, the undersigned is the owner of a royalty interest in one or more of the following described units, located in Milam County, Texas:

1. **Holden-Moore Unit No. 1,** as more particularly described in that certain Designation of Unit dated January 15, 1998, from the Union Pacific Resources Company, containing 1276.62 acres of land more or less, recorded in Volume 771, Page 280, Milam County, Texas; and
2. **Moore Unit No. 1,** as more particularly described in that certain Designation of Unit dated January 25, 2000, from the Union Pacific Resources Company, containing 880 acres of land more or less, recorded in Volume 813, Page 785, Milam County, Texas; and
3. **Wolf Unit No. 1,** as more particularly described in that certain designation of Unit dated April 2, 1998, from the Union Pacific Resource Company, containing 1,326.30 acres more or less, recorded in Volume 770, Page 459, Milam County, Texas; and

WHEREAS, TreadStone Energy Partners II LLC, as the successor in interest to Union Pacific Resources Company, desires to drill, or cause to be drilled, the AJ 1HA Well (API No.42-331-35055), at a location in the C. Boales Survey, A-91, which well is intended to be a horizontal drainhole drilled within the stratigraphic limits of the Giddings (Austin Chalk 3) Field in, through and under a portion of each of the above described Units; and

WHEREAS, to avoid any uncertainties concerning the manner in which the owners of the royalty interests will share the proceeds of production attributable to that portion of the horizontal drainhole traversing any portion of the Units and the respective oil, gas and mineral leases and interests which contribute thereto, the undersigned royalty interest owner and the operator of said AJ 1HA Well desire to enter into this Agreement and to agree upon the basis for sharing and allocating the proceeds of production of hydrocarbons attributable to that portion of the horizontal drainhole traversing any portion of the lands covered by the Units.

NOW THEREFORE, in consideration of the premises, to comply with the terms and conditions of their mutual agreements, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned royalty interest owner hereby covenants and agrees to the following terms, conditions and provisions:

1. This consent and ratification shall terminate unless, on or before December 31, 2019 TreadStone Energy Partners II, LLC commences, or causes to be commenced, operations for the drilling of the AJ 1HA Well.
2. In the event that TreadStone Energy Partners II, LLC, or its operating agent, TreadStone Energy Partners Operating, LLC, drills and completes the AJ 1HA Well as a well capable of producing oil and/or gas in paying quantities, the following shall apply:
    a. All production from the AJ 1HA shall be allocated between the respective Units based upon the length of productive horizontal drainhole underlying each respective Unit in proportion to the total length of the productive horizontal drainhole in the entirety of the AJ 1HA Well, as determined by an "As Drilled" survey (generated by a licensed Surveyor in the State of Texas) to be provided upon the completion of the well.
    b. As evidenced by the Division Order for the Holden-Moore Unit No. 1 Lessee allocates production according to certain decimal interests in production from the Holden-Moore Unit No. 1-1 Well. The decimal interests for the Holden-Moore Unit No. 1-1 Well will not change as a result of this document, however, in addition to receiving that decimal interest in production from the Holden-Moore No. 1-1 Well, the royalty owners in and under the Holden-Moore Unit No. 1 shall also receive the same decimal interest of production from the AJ 1HA Well that is allocated to the Holden-Moore Unit No. 1 as set forth under Article 2 a. above.
    c. As evidenced by the Division Order for the Moore Unit No. 1, Lessee allocates production according to certain decimal interests in production from the Moore Unit Well No. 1. The decimal interests for the Moore Unit Well No. 1 will not change as a result of this document, however, in addition to receiving that decimal interest in production from the Moore Unit Well No. 1, the royalty owners in and under the Moore Unit No. 1 1 shall also receive the same decimal interest of production from the AJ 1HA Well that is allocated to the Moore Unit Well No. 1 as set forth under Article 2 a. above.
    d. As evidenced by the Division Order for the Wolf Unit No. 1, Lessee allocates production according to certain decimal interests in production from the Wolf Unit No. 1 Well. The decimal interests for the Wolf No. 1 Well will not change as a result of this document, however, in addition to receiving that decimal interest in production from the Wolf No. 1 Well, the royalty owners in and under the Wolf Unit No. 1 shall also receive the same decimal interest of production from the AJ No. 1HA Well that is allocated to the Wolf Unit No. 1 as set forth under Article 2 a. above.
    e. By drilling the AJ 1HA Well and paying the mineral and royalty interest owners on production therefrom in accordance with the foregoing provisions, TreadStone Energy Partners II, LLC shall be deemed to be in compliance with the terms and provisions, specifically the pooling provisions, contained in the oil, gas and mineral leases covering the tracts which comprise the Units.

3. The parties recognize that TreadStone Energy Partners II, LLC's ability to accomplish the foregoing may be contingent upon TreadStone Energy Partners II, LLC's obtaining the ratifications of other mineral and/or royalty owners in the vicinity of the AJ 1HA Well. In the event TreadStone Energy Partners II, LLC is unable to obtain the ratification of any mineral owner and/or royalty owner that TreadStone Energy Partners II, LLC deems necessary in order to accomplish the objectives of this Production Sharing Agreement, TreadStone Energy Partners II, LLC may notify the undersigned in writing of that fact and this agreement shall have and be of no effect.
4. In addition to the foregoing, and for and in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned royalty owner, to the extent he/she owns an interest in any or all of the Units described above, ~~does hereby RATIFY, ADOPT, and CONFIRM the Units and the lease or leases under which such party's interest is derived (individually and/or collectively the "Ratified Lease"), and does hereby GRANT, LEASE and LET unto the current lessee of the Ratified Lease, all of such Interest Owner's interest in the acreage covered by the Ratified Lease~~, subject to the same terms and conditions provided for therein, as same may have been previously amended, or amended herein, and further does hereby CONSENT and AGREE to the inclusion of the undersigned's interest in participating in the AJ 1HA Well under the terms and provisions set forth herein.
5. Unless terminated by TreadStone Energy Partners II, LLC, this document shall be effective as of the date of completion of the AJ 1HA Well as a well capable of producing oil and/or gas in paying quantities and shall continue in effect for so long as the AJ 1HA Well continues to produce in paying quantities.
6. The terms and provisions of this agreement and the covenants made herein shall be binding upon the undersigned, its heirs, successors and/or assigns.

EXECUTED THIS 10 DAY OF May, 2019

INTEREST OWNERS

Date Executed: 5/10/19

By: George P. Bush, Commissioner
Commissioner of the General Land Office

Approved:
min. leasing
content
legal
executive

ACKNOWLEDGMENT

STATE OF TEXAS §

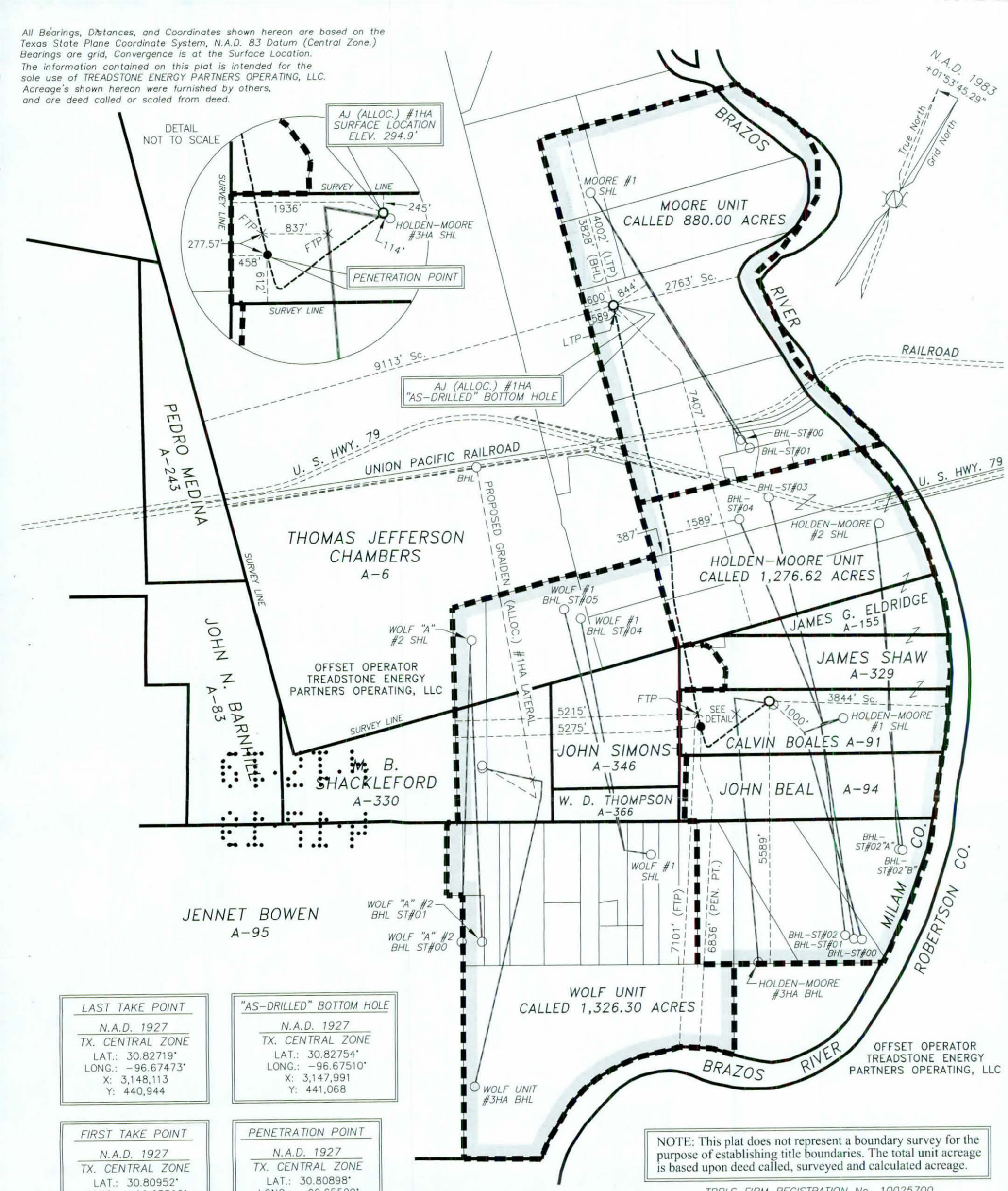
COUNTY OF TRAVIS §

This instrument was acknowledged before me this 10 day of May, 2019 by George P. Bush.

NOTARY PUBLIC, State of Texas
My Commission Expires: 7/25/21

VICKI GONZALES
NOTARY PUBLIC
ID# 12950636-4
State of Texas
Comm. Exp. 07-25-2021
NOTARY WITHOUT BOND

All Bearings, Distances, and Coordinates shown hereon are based on the Texas State Plane Coordinate System, N.A.D. 83 Datum (Central Zone.) Bearings are grid, Convergence is at the Surface Location.
The information contained on this plat is intended for the sole use of TREADSTONE ENERGY PARTNERS OPERATING, LLC.
Acreage's shown hereon were furnished by others, and are deed called or scaled from deed.



LAST TAKE POINT
N.A.D. 1927
TX. CENTRAL ZONE
LAT.: 30.82719°
LONG.: -96.67473°
X: 3,148,113
Y: 440,944

"AS-DRILLED" BOTTOM HOLE
N.A.D. 1927
TX. CENTRAL ZONE
LAT.: 30.82754°
LONG.: -96.67510°
X: 3,147,991
Y: 441,068

FIRST TAKE POINT
N.A.D. 1927
TX. CENTRAL ZONE
LAT.: 30.80952°
LONG.: -96.65592°
X: 3,154,225
Y: 434,715

PENETRATION POINT
N.A.D. 1927
TX. CENTRAL ZONE
LAT.: 30.80898°
LONG.: -96.65529°
X: 3,154,428
Y: 434,525

AJ (ALLOC.) #1HA SHL	
NAT. GROUND ELEV. 294.9'	
N.A.D. 1983	N.A.D. 1927
TX. CENTRAL ZONE	TX. CENTRAL ZONE
LAT.: 30.81249°	LAT.: 30.81230°
LONG.: 96.65237°	LONG.: 96.65212°
X: 3,451,863	X: 3,155,385
Y: 10,278,350	Y: 435,768

AS-DRILLED LATERAL LENGTH FROM FTP TO LTP		
HOLDEN-MOORE UNIT	3,717.31'	42.53%
WOLF UNIT	962.13'	11.01%
MOORE UNIT	4,061.01'	46.46%
TOTAL	8,740.45'	100.00%

HOLDEN-MOORE UNIT	1,276.62 AC.
MOORE UNIT	880.00 AC.
WOLF UNIT	1,326.30 AC.
(ALLOCATION) UNIT TOTAL AJ #1HA	3,482.92 AC.

NOTE: This plat does not represent a boundary survey for the purpose of establishing title boundaries. The total unit acreage is based upon deed called, surveyed and calculated acreage.

TBPLS FIRM REGISTRATION No. 10025700

0 2000 4000 6000

I, the undersigned, do hereby certify that this plat is true and correct to the best of my knowledge and belief.

BY: Kenny Williams DATE: 04/16/19

STATE OF TEXAS
REGISTERED
KENNY G. WILLIAMS
5680
PROFESSIONAL
LAND SURVEYOR

PREPARED BY:
STANGER
SURVEYING TYLER LLC
1595 E. GRANDE BLVD.
TYLER, TEXAS 75703

"AS-DRILLED" PLAT
TREADSTONE ENERGY PARTNERS OPERATING, LLC
AJ (ALLOCATION) #1HA
MILAM COUNTY, TEXAS
SCALE: 1" = 2000'

"GAUSE" Quadrangle
Situated S 84° E – 19.4 Miles from Cameron, TX.

(17)

Fil. No. MF098524

Milam County

Production Sharing Agreement

Date Filed: 5/15/19

George P. Bush, Commissioner

By

Information for processing an Internal Non Unit Transaction (iNut)

Length of Lateral

iNut No. 9997

GENERAL INFORMATION

Name of Well: AJ 1HA (Allocation) API # 42-331-35055

Name of Operator: Treadstone Energy Partners RRC # 03-846559

Operator Contact Person: Colton Sanford Phone: 713-482-2997

County: Milam

ALLOCATION OF STATE UNITS AND/OR LEASES BASED ON LENGTH OF LATERAL

Lease Type	Unit/Lease No	Total Lateral Ft.	Unit or Lease Lateral Ft.	Unit or Lease Rylty Decimal	Lease Royalty Decimal	RRAC Participation Factor	State Particpation by Unit/Lease
HROW	2846/MF099010	8740.45	4061.01	0.00080114	0.16666700	0.00223336	0.00037223
UR	2846/MF099118	8740.45	4061.01	0.02430000	0.22500000	0.05017923	0.01129033
HROW	2689/MF098524	8740.45	962.13	0.00051509	0.16666700	0.00034020	0.00005670
Totals:						0.05275279	**0.01171926**
Effective Date:	1/23/2019						State Net Royalty Revenue in Well

Name of Production Sharing Agreement, if any:

Comments: Well spud 1/23/2019, subject to PSA 00245

Attach a plat showing the iNut well with length of laterals marked and the State lands marked.

Lease Types: Relinquishment Act Land (RAL), State Fee (SF), Free Royalty (FR), Unleased Riverbed (UR), Highway Right of Way (HROW), Unleased Highway (UH), Criminal Justice (TDCJ), Parks & Wildlife (TPW), Mineral Production Allocation (MPAA), Dept. of Aging (DADS), School for the Blind (SBVI), Stephen F. Austin (SFA), TX A&M (A&M).

Prepared by: MB Alamo updated by: MB WI updated by: MB

RAM approval by: VD GIS updated by: MC

DO NOT DESTROY

Texas General Land Office

UNIT AGREEMENT MEMO

INU190001

Unit Number	*9997*		
Operator Name	*TreadStone Energy Partners Operating, LLC*	*Effective Date*	*01/23/2019*
Customer ID	*C000089588*	*Unitized For*	*Oil And Gas*
Unit Name	*AJ 1HA (allocation)*	*Unit Term*	
County 1	*Milam*	*RRC District 1*	*01*
County 2		*RRC District 2*	
County 3		*RRC District 3*	
County 4		*RRC District 4*	
Unit type	*iNut*		
State Net Revenue Interest	*Oil 0.01171926*		
State Part in Unit	*0.05275279*		
Unit Depth	*Allow All Depths*	*Well*	
From Depth		*Formation*	
To Depth		*Participation Basis*	*Length of Lateral*
		If Exclusions Apply: See Remarks	

Old Unit Number *Inactive Status Date*

Lease Number	*Tract No*	*Lease Acres in Unit*	*Total Unit Acres*	*Tract Participation*	*O/G*	*Lease Royalty*	*NRI of Lease in Unit*	*Royalty Rate Reduction Clause*
MF098524		0.000000	0.000000	0.00034020	O/G	0.16666700	0.00005670	No
MF099010		0.000000	0.000000	0.00223336	O/G	0.16666700	0.00037223	No
MF099118		0.000000	0.000000	0.05017923	O/G	0.22500000	0.01129033	No

API Number
4233135055

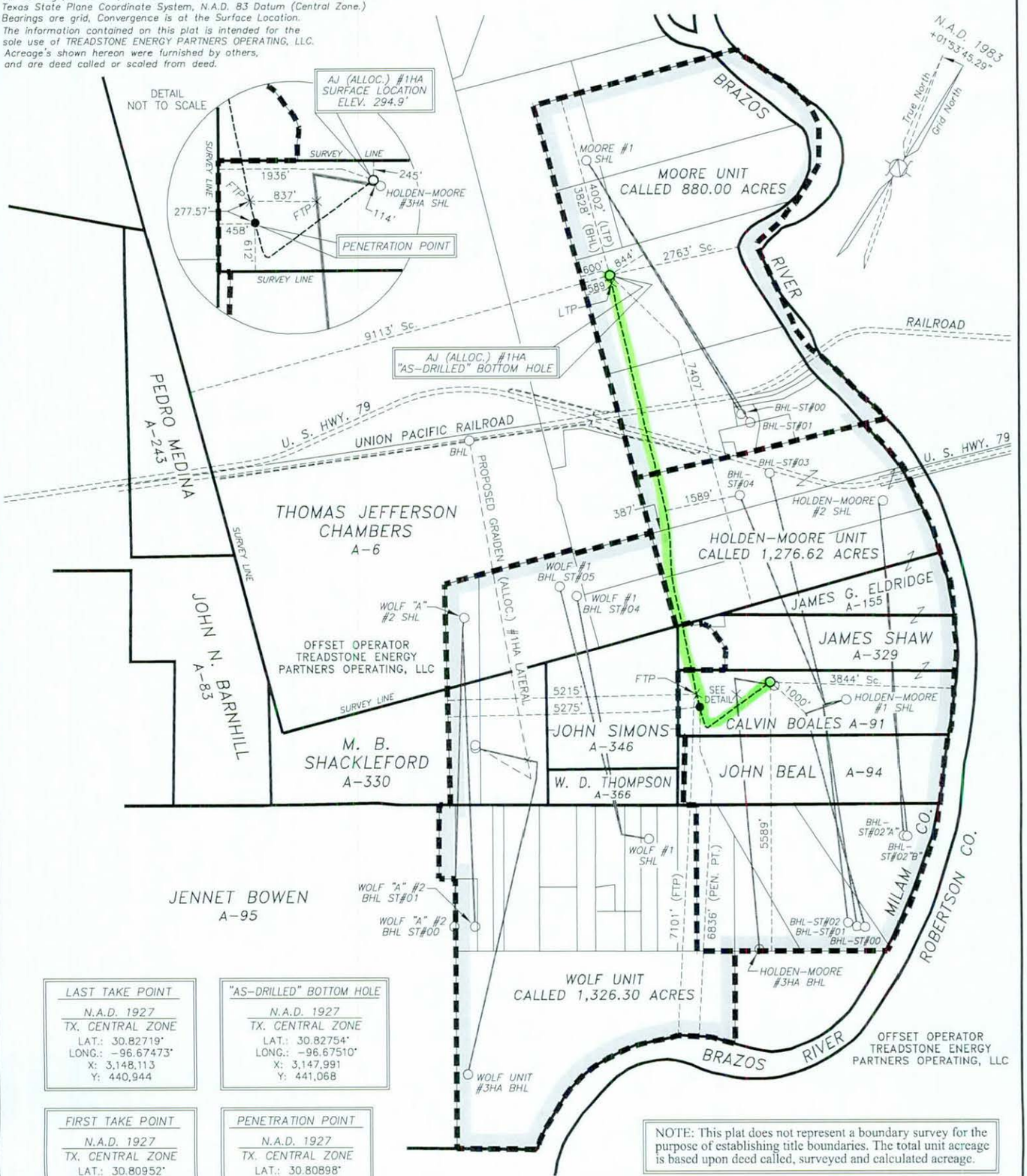
Remarks: iNut crosses River Unit 2846 and HROW Unit 2689. Well spud 1/23/2019 and is subject to PSA 00245. Final plat received 4/16/2019.

Prepared By:	MB	*Prepared Date:*	4/25/19
GLO Base Updated By:	MB	*GLO Base Date:*	4/25/19
RAM Approval By:	VB	*RAM Approval Date:*	4/25/19
GIS By:	MC	*GIS Date:*	5-22-19
Well Inventory By:	MB	*WI Date:*	4/25/19

iNut 9997

42-331-35055

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LAT.: 30.80952°
LONG.: -96.65592°
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Y: 434,715

PENETRATION POINT
N.A.D. 1927
TX. CENTRAL ZONE
LAT.: 30.80898°
LONG.: -96.65529°
X: 3,154,428
Y: 434,525

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N.A.D. 1983	N.A.D. 1927
TX. CENTRAL ZONE	TX. CENTRAL ZONE
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WOLF UNIT	962.13'	11.01%
MOORE UNIT	4,061.01'	46.46%
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TBPLS FIRM REGISTRATION No. 10025700

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(ALLOCATION) UNIT TOTAL	3,482.92 AC.
AJ #1HA	

0 2000 4000 6000

I, the undersigned, do hereby certify that this plat is true and correct to the best of my knowledge and belief.

BY: Kenny Williams DATE: 04/16/19

STATE OF TEXAS REGISTERED KENNY G. WILLIAMS 5680 PROFESSIONAL LAND SURVEYOR

PREPARED BY:
STANGER SURVEYING TYLER LLC
1595 E. GRANDE BLVD.
TYLER, TEXAS 75703

"AS-DRILLED" PLAT
TREADSTONE ENERGY PARTNERS OPERATING, LLC
AJ (ALLOCATION) #1HA
MILAM COUNTY, TEXAS
SCALE: 1" = 2000'

"GAUSE" Quadrangle
Situated S 84° E – 19.4 Miles from Cameron, TX.

2206/34

T1B0532 – AJ (ALLOCATION) #1HA AS-DRILLED PLAT

TreadStone Energy Partners Operating, LLC
106 Vintage Park Blvd, Suite 100
Houston, Texas 77070

Colton Sanford
Landman
Telephone: 713-482-2997
Facsimile: 713-482-2992

TREADSTONE
ENERGY PARTNERS

VIA U.S. OVERNIGHT MAIL

April 16, 2019

42-331-35055
03-846559
Spud 1/23/19
Giddings (AC-3)

Texas General Land Office
ATTN: Mary Barnstone
1700 N. Congress Avenue, Suite 840
Austin, TX 78701-1495

RE: PSA Agreement – AJ 1HA Allocation Well (State lease #s MF099010, MF099118, and MF98524, Moore Unit GLO Unit #2846 and Wolf Unit GLO Unit #2689)
subject to PSA 00245

Dear Mrs. Barnstone:

Enclosed please find TreadStone Energy Partners Operating, LLC's (C000089588) form Production Sharing Agreement, the as-drilled plat for the AJ 1HA allocation well, and a check in the amount of $500.00. The AJ 1HA allocation well includes lands from State Lease #s MF099010, MF099118, and MF98524, and the Moore Unit, GLO Unit #2846 and Wolf Unit, GLO Unit #2689. The allocation factor for the GLO interests in the AJ 1HA is as follows:

- State Lease MF98524 = 4.10 Acres / 1326.64 Acres = .00309051 (TPF) * .16666667 (1/6th Royalty) = .00051508 (NRI) * .1101 (Lateral length % in Wolf Unit) = .00005671

- State Lease MF099010 = 4.23 Acres / 880 Acres = .00480682 (TPF) * .16666667 (1/6th Royalty) = .00080114 (NRI) * .4646 (Lateral length % in Moore Unit) = .00037221

- State Lease MF099118 = 95.04 Acres / 880 Acres = .10800000 (TPF) ~~* .25000000 (1/4 Royalty)~~ = ~~.02700000~~ (NRI) * .4646 (Lateral length % in Moore Unit) = ~~.0125442~~

.225

0.0243

0.01129033

Continued

Please do not hesitate to contact me if you have any questions or further requirements.

Sincerely,

Colton Sanford
Landman

(18)

File No. MF098524

Miam County

iNut 9997 Packet

Date Filed: 5/15/19

George P. Bush, Commissioner

By

TreadStone Energy Partners Operating, LLC
106 Vintage Park Blvd, Suite 100
Houston, Texas 77070

Colton Sanford
Landman
Telephone: 713-482-2997
Facsimile: 713-482-2992

VIA EMAIL

HROW Unit 2689
MF098524

May 15, 2019

Texas General Land Office
ATTN: Mary Barnstone
1700 N. Congress Avenue, Suite 840
Austin, TX 78701-1495

RE: PSA Agreement – Graiden 1HA Allocation Well (State lease #s, Wolf Unit GLO Unit #2689)

Dear Mrs. Barnstone:

Enclosed please find TreadStone Energy Partners Operating, LLC's (C000089588) form Production Sharing Agreement, the as-drilled plat for the Graiden 1HA allocation well. The Graiden 1HA allocation well includes lands from State Lease # MF98524, and the Wolf Unit, GLO Unit #2689. The allocation factor for the GLO interests in the Graiden 1HA is as follows:

- State Lease MF98524 = 4.10 Acres / 1326.30 Acres = .00309130 (TPF) * .16666667 (1/6th Royalty) = .00051522 (NRI) * .6130 (Lateral length % in Wolf Unit) = .00315830

Please do not hesitate to contact me if you have any questions or further requirements.

Sincerely,

Colton Sanford
Landman

Continued

(19)

File No. MF098524

Milam County

Letter from Treadstone Energy Partners

Date Filed: 5/24/19

George P. Bush, Commissioner

By AT

MEMORANDUM

TEXAS GENERAL LAND OFFICE • GEORGE P. BUSH • COMMISSIONER

TIME SENSITIVE: Action Required by: (May 28, 2019)

DATE: **May 17, 2019**

TO: **Commissioner Bush**

FILE COPY

FROM: **Mary Beth Barnstone**

SUBJECT: **HROW Unit Production Sharing Agreement for signature**

.....

SUMMARY: Attached for your approval and signature are duplicate originals of a Production Sharing Agreement for a State highway right-of-way ("HROW") Lease.

DETAILS: This agreement will allow the operator of the HROW lease to drill horizontal wells that cross the lease or units if pooled and existing private leases and/or units in the area and to allocate the production from said wells as provided in the agreement. This is a practice that is commonly used to facilitate the drilling of horizontal wells across existing units or leases that do not allow pooling. The GLO has previously participated in these types of agreements. This agreement has been reviewed and approved by Energy Resources staff and the Legal Services Division.

Document Name	**Recipient**
Production Sharing Agreement HROW Unit 2689 HROW Lease M-098524 Milam County, Texas	Treadstone Energy Partners Operating, LLC.

Recommendation: Please sign and return to Mary Beth Barnstone in Energy Resources (3-6818).

Attachment: Two Production Sharing Agreements

Thru: Ken Mills

(20)

File No. MF098524

Milam County

Memo to Commissioner

Date Filed: 5/24/19

George P. Bush, Commissioner

By AJ

TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

May 23, 2019

Mr. Colton Sanford
Treadstone Energy Partners
106 Vintage Park Blvd.
Suite 100
Houston, Texas 77070

FILE COPY

Re: Production Sharing Agreement
Graiden 1HA Allocation well
Wolf Unit – GLO Unit 2689
State HROW Lease M-098524
Milam County, Texas

Dear Mr. Sanford,

Enclosed is a duplicate original of the above referenced Production Sharing Agreement ("PSA") that has been executed by George P. Bush, Commissioner of the Texas General Land Office. We have retained an original of the PSA for our files.

Please provide our office with a recorded copy of the PSA or a fully executed copy if it is not going to be recorded as soon as it is available. Additionally, after a Sharing Well is drilled, please provide our office with the "Productive Drainhole Length/Allocation Factor" information and let us know what our participation in the well is going to be so we can get our lease records set up for the payment of royalties on the Sharing Well.

Thank you for your assistance with this matter, if you have any questions or need anything further, please feel free to call.

Sincerely,

Mary Beth Barnstone
Geotech / Landman
Energy Resources
Texas General Land Office
Direct number: (512)463-6818
Email: mary.barnstone@glo.texas.gov

Enclosure

(21)

File No. MF 098524

Milam County

Letter to Treadstone

Date Filed: 5/24/19

George P. Bush, Commissioner

By _____

RECEIVED
2019

PRODUCTION SHARING AGREEMENT

WHEREAS, the undersigned is the owner of a royalty interest in one or more of the following described units, located in Milam County, Texas:

1. **Stewart Unit No. 1,** as more particularly described in that certain Designation of Unit dated January 16, 1997, from the Union Pacific Resources Company, containing 691.63 acres of land more or less, recorded in Volume 742, Page 140, Milam County, Texas; and
2. **Wolf Unit No. 1,** as more particularly described in that certain Designation of Unit dated April 2, 1998, from the Union Pacific Resources Company, containing 1326.30 acres of land more or less, recorded in Volume 770, Page 459, Milam County, Texas; and

WHEREAS, TreadStone Energy Partners II LLC, as the successor in interest to Union Pacific Resources Company, desires to drill, or cause to be drilled, the Graiden 1HA Well (API No. 42-331-35053), at a location in the M. B. Shackleford A-330, which well is intended to be a horizontal drainhole drilled within the stratigraphic limits of the Giddings (Austin Chalk 3) Field in, through and under a portion of each of the above described Units; and

WHEREAS, to avoid any uncertainties concerning the manner in which the owners of the royalty interests will share the proceeds of production attributable to that portion of the horizontal drainhole traversing any portion of the Units and the respective oil, gas and mineral leases and interests which contribute thereto, the undersigned royalty interest owner and the operator of said Graiden 1HA Well desire to enter into this Agreement and to agree upon the basis for sharing and allocating the proceeds of production of hydrocarbons attributable to that portion of the horizontal drainhole traversing any portion of the lands covered by the Units.

NOW THEREFORE, in consideration of the premises, to comply with the terms and conditions of their mutual agreements, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned royalty interest owner hereby covenants and agrees to the following terms, conditions and provisions:

1. This consent and ratification shall terminate unless, on or before December 31, 2019 TreadStone Energy Partners II, LLC commences, or causes to be commenced, operations for the drilling of the Graiden 1HA Well.
2. In the event that TreadStone Energy Partners II, LLC, or its operating agent, TreadStone Energy Partners Operating, LLC, drills and completes the Graiden 1HA Well as a well capable of producing oil and/or gas in paying quantities, the following shall apply:
    a. All production from the Graiden 1HA shall be allocated between the respective Units based upon the length of productive horizontal drainhole underlying each respective Unit in proportion to the total length of the productive horizontal drainhole in the entirety of the Graiden 1HA Well, as determined by an "As Drilled" survey (generated by a licensed Surveyor in the State of Texas) to be provided upon the completion of the well.
    b. As evidenced by the Division Order for the Stewart Unit No. 1 Lessee allocates production according to certain decimal interests in production from the Stewart Unit No. 1-1 Well. The decimal interests for the Stewart Unit No. 1-1 Well will not change as a result of this document, however, in addition to receiving that decimal interest in production from the Stewart No. 1-1 Well, the royalty owners in and under the Stewart Unit No. 1 shall also receive the same decimal interest of production from the Graiden 1HA Well that is allocated to the Stewart Unit No. 1 as set forth under Article 2 a. above.
    c. As evidenced by the Division Order for the Wolf Unit No. 1, Lessee allocates production according to certain decimal interests in production from the Wolf Unit No. 1-1 Well. The decimal interests for the Wolf Unit No. 1-1 Well will not change as a result of this document, however, in addition to receiving that decimal interest in production from the Wolf Unit No. 1-1 Well, the royalty owners in and under the Wolf Unit No. 1 shall also receive the same decimal interest of production from the Graiden 1HA Well that is allocated to the Wolf Unit No. 1-1 Well as set forth under Article 2 a. above.
    d. By drilling the Graiden 1HA Well and paying the mineral and royalty interest owners on production therefrom in accordance with the foregoing provisions, TreadStone Energy Partners II, LLC shall be deemed to be in compliance with the terms and provisions, specifically the pooling provisions, contained in the oil, gas and mineral leases covering the tracts which comprise the Units.
3. The parties recognize that TreadStone Energy Partners II, LLC's ability to accomplish the foregoing may be contingent upon TreadStone Energy Partners II, LLC's obtaining the ratifications of other mineral and/or royalty owners in the vicinity of the Graiden 1HA Well. In the event TreadStone Energy Partners II, LLC is unable to obtain the ratification of any mineral owner and/or royalty owner that TreadStone Energy Partners II, LLC deems necessary in order to accomplish the objectives of this Production Sharing Agreement, TreadStone Energy Partners II, LLC may notify the undersigned in writing of that fact and this agreement shall have and be of no effect.
4. In addition to the foregoing, and for and in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned royalty owner, to the extent he/she owns an interest in any or all of the Units described above, does hereby RATIFY, ADOPT, and CONFIRM the Units and the lease or leases under which such party's interest is derived (individually and/or collectively the "Ratified Lease"), ~~and does hereby GRANT, LEASE and LET unto~~

~~the current lessee of the Ratified Lease, all of such Interest Owner's interest in the acreage covered by the Ratified Lease,~~ subject to the same terms and conditions provided for therein, as same may have been previously amended, or amended herein, and further does hereby CONSENT and AGREE to the inclusion of the undersigned's interest in participating in the Graiden 1HA Well under the terms and provisions set forth herein.

5. Unless terminated by TreadStone Energy Partners II, LLC, this document shall be effective as of the date of completion of the Graiden 1HA Well as a well capable of producing oil and/or gas in paying quantities and shall continue in effect for so long as the Graiden 1HA Well continues to produce in paying quantities.
6. The terms and provisions of this agreement and the covenants made herein shall be binding upon the undersigned, its heirs, successors and/or assigns.

INTEREST OWNERS

Date Executed: 5/23/19

By: George P. Bush, Commissioner
Commissioner of the General Land Office

Approved:
min. leasing
content
legal
executive

ACKNOWLEDGMENT

STATE OF TEXAS §

COUNTY OF TRAVIS §

This instrument was acknowledged before me this 23 day of May 2019 by George P. Bush.

NOTARY PUBLIC, State of Texas
My Commission Expires: 7/25/21

VICKI GONZALES
NOTARY PUBLIC
ID# 12950636-4
State of Texas
Comm. Exp. 07-25-2021
NOTARY WITHOUT BOND

(22)

File No. MF098524

Milam County

Production Sharing Agreement

Date Filed: 5/24/19

George P. Bush, Commissioner

By: AT

Information for processing an Internal Non Unit Transaction (iNut)

Length of Lateral

iNut No. 10064

GENERAL INFORMATION

Name of Well: Graiden 1HA (Allocation) API # 42-331-35053

Name of Operator: Treadstone Energy Partners RRC # 03-845881

Operator Contact Person: Colton Sanford Phone: 713-482-2997

County: Milam

ALLOCATION OF STATE UNITS AND/OR LEASES BASED ON LENGTH OF LATERAL

Lease Type	Unit/Lease No	Total Lateral Ft.	Unit or Lease Lateral Ft.	Unit or Lease Rylty Decimal	Lease Royalty Decimal	RRAC Participation Factor	State Particpation by Unit/Lease
HROW	2689/MF098524	6605.24	4048.89	0.00051509	0.16666700	0.00189444	0.00031574
Totals:						0.00189444	**0.00031574**
Effective Date:	12/22/2018						State Net Royalty Revenue in Well

Name of Production Sharing Agreement, if any:

Comments: Well spud 12/22/2018. Final plat received 5/15/2019.

Attach a plat showing the iNut well with length of laterals marked and the State lands marked.

Lease Types: Relinquishment Act Land (RAL), State Fee (SF), Free Royalty (FR), Unleased Riverbed (UR), Highway Right of Way (HROW), Unleased Highway (UH), Criminal Justice (TDCJ), Parks & Wildlife (TPW), Mineral Production Allocation (MPAA), Dept. of Aging (DADS), School for the Blind (SBVI), Stephen F. Austin (SFA), TX A&M (A&M).

Prepared by: MB Alamo updated by: MB WI updated by: MB

RAM approval by: VD GIS updated by: MC

DO NOT DESTROY

Texas General Land Office

UNIT AGREEMENT MEMO

INU190001

Unit Number	*10064*				
Operator Name	*TreadStone Energy Partners Operating, LLC*			*Effective Date*	*12/22/2018*
Customer ID	*C000089588*			*Unitized For*	*Oil And Gas*
Unit Name	*Graiden 1HA (Allocation)*			*Unit Term*	
County 1	*Milam*	*RRC District 1*	*01*	*Old Unit Number*	*Inactive Status Date*
County 2		*RRC District 2*			
County 3		*RRC District 3*			
County 4		*RRC District 4*			
Unit type	*iNut*				
State Net Revenue Interest	*Oil* *0.00031574*				
State Part in Unit	*0.00189444*				
Unit Depth	*Allow All Depths*	*Well*			
From Depth		*Formation*			
To Depth		*Participation Basis*	*Length of Lateral*		
		If Exclusions Apply: See Remarks			

Lease Number	*Tract No*	*Lease Acres in Unit*	*Total Unit Acres*	*Tract Participation*	*O/G*	*Lease Royalty*	*NRI of Lease in Unit*	*Royalty Rate Reduction Clause*
MF098524		0.000000	0.000000	0.00189444	O/G	0.16666700	0.00031574	No

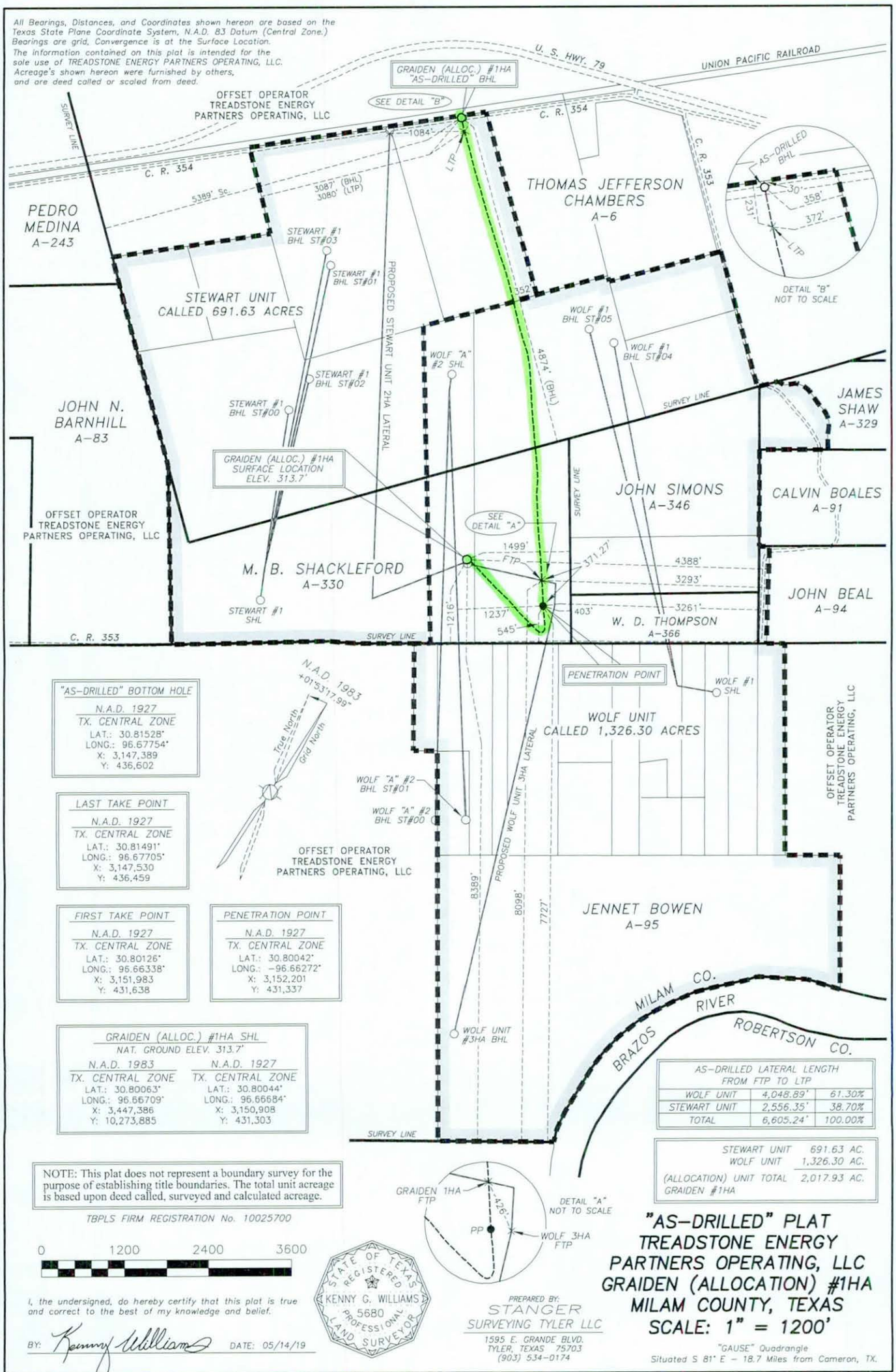
API Number
4233135053

Remarks: iNut crosses HROW Unit 2689. Well spud 12/22/2018. Final plat received 5/15/2019.

Prepared By:	MB	*Prepared Date:*	5/20/19
GLO Base Updated By:	MB	*GLO Base Date:*	5/20/19
RAM Approval By:	VD	*RAM Approval Date:*	5/21/19
GIS By:	MC	*GIS Date:*	6-7-19
Well Inventory By:	MB	*WI Date:*	5/20/19

iNut 10064

42-331-35053



2206/34

T180310 – GRAIDEN (ALLOCATION) #1HA PERMIT PLAT – REV (A) NON-MIN – AS-DRILLED PLAT

42-331-35053
03-845881
spud 12/22/18

Mary Barnstone

From: Colton Sanford <Colton.Sanford@treadstone-ep.com> Giddings
Sent: Wednesday, May 15, 2019 7:49 AM (Austin Chalk-3)
To: Mary Barnstone
Subject: TreadStone Energy Partners Operating: Graiden 1HA Allocation RRAC Add: Lease 98524
Attachments: TreadStone_Operating_GLO_CoverLetter_PSA_Graiden_1HA.pdf; PRODUCTION SHARING AGREEMENT Graiden 1HA 050419.pdf; T180310 - GRAIDEN (ALLOCATION) # 1HA PERMIT PLAT - REV (A) NON-MIN - AS-DRILLED PLAT.pdf

crosses HROW unit
2689 MF098524

Good Morning Mary Beth,

Please find the attached documents needed to set up the Graiden 1HA in the GLO reporting system. Let me know if you require anything else. My calculation came out to:

- State Lease MF98524 = 4.10 Acres / 1326.30 Acres = .00309130 (TPF) * .16666667 (1/6th Royalty) = .00051522 (NRI) * .6130 (Lateral length % in Wolf Unit) = ~~.00315830~~ 0.000315830

Please let me know if you need anything else or see any errors.

Thank you,

Colton Sanford
Landman
TreadStone Energy Partners Operating, LLC
106 Vintage Park Blvd, Suite 100
Houston, Texas 77070
713-482-2997 (Office)
281-455-5645 (Cell)

CONFIDENTIAL EMAIL: This email message is intended for the use of the individual or entity to which it is addressed and may contain information for purposes of settlement and negotiation, or, information that is privileged, confidential and exempt from disclosure under applicable law. The document may not be forwarded, used as evidence or disclosed to any third party without additional written authority of the sender. If the reader of this message has a question about whether they are the intended recipient or can make other use of this email, you are hereby notified that any dissemination, distribution or copy of this message is strictly prohibited and you are requested to please immediately notify us by email or telephone at 713.482.2987.

23

File No. MF098524

Milam County

iNut 10064 Packet

Date Filed: 5/24/19

George P. Bush, Commissioner

By AT

DIVISION ORDER

TO: **TreadStone Energy Partners Operating, LLC**
106 Vintage Park Blvd Suite 100
Houston, TX 77070

INT 9997
MF099010
MF099118
✓ MF 098524

Property No.: **AJ 1HA**
Effective Date: **First Production**

The undersigned severally and not jointly certifies it is the legal Owner of the interest set out below of all the oil, gas, and related liquid hydrocarbons produced and sold from the property described below:

Property Name:	AJ 1HA
County:	***MILAM***
State:	***TX***
Legal Description:	The AJ 1HA (API# 42-331-35055), at a location in the C. Boales Survey A-91, Milam County, Texas more particularly described on Exhibit "A".
Owner No.:	**O:2994**
Name & Address:	STATE OF TEXAS 1700 N CONGRESS AVENUE STEPHEN F AUSTIN BLDG AUSTIN, TX 78701-1436
Owner Tax ID #	[redacted]

DIVISION OF INTEREST

Interest Type:	**Royalty**
Interest:	✓.01171927

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

The following provisions apply to each interest Owner ("Owner") who executes this Agreement:

TERMS OF SALE: The undersigned will be paid in accordance with the division of interest set out above. The Payor shall pay all parties at the price agreed to by the operator for oil, gas and related liquid hydrocarbons to be sold pursuant to this division order. The purchaser shall compute quantity and make corrections for gravity and temperature and make deductions for impurities in the oil. The proceeds for the sale of gas shall be calculated as to price and quality on the basis of and in the manner provided for in the contract with the purchaser of such gas product.

PAYMENT: From the effective date, payment is to be made monthly by Payor's check, based of this division of interest, for oil runs and gas produced and sold not later than 60 days after the end of the calendar month in which the oil and/or gas was sold from the property listed above, less taxes required by law to be deducted and remitted by Payor as purchaser. Payment of less than $100 may be accrued before disbursement until the total amount equals $100 or more, or until December 31st of each year, whichever occurs first. Payee agrees to refund to Payor any amounts attributable to an interest or part of an interest that payee does not own.

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

DISPUTE; WITHHOLDING OF FUNDS: If a suit is filed that affects the interest of the Owner, written notice shall be given to Payor by the Owner together with a copy of the complaint or petition filed.

In the event of a claim or dispute that affects title to the division of interest credited herein, Payor is authorized to withhold payments accruing to such interest, without interest unless otherwise required by applicable statute, until the claim or dispute is settled.

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

NOTICES: The Owner agrees to notify Payor in writing of any change in the division of interest, including changes of interest contingent on payment of money or expiration of time.

No change of interest is binding on Payor until the recorded copy of the instrument of change or documents satisfactorily evidencing such change are furnished to Payor at the time the change occurs.

Any change of interest shall be made on the first day of the month following receipt of such notice to Payor.

Any correspondence regarding this agreement shall be furnished to the addresses as provided herein unless otherwise advised by either party.

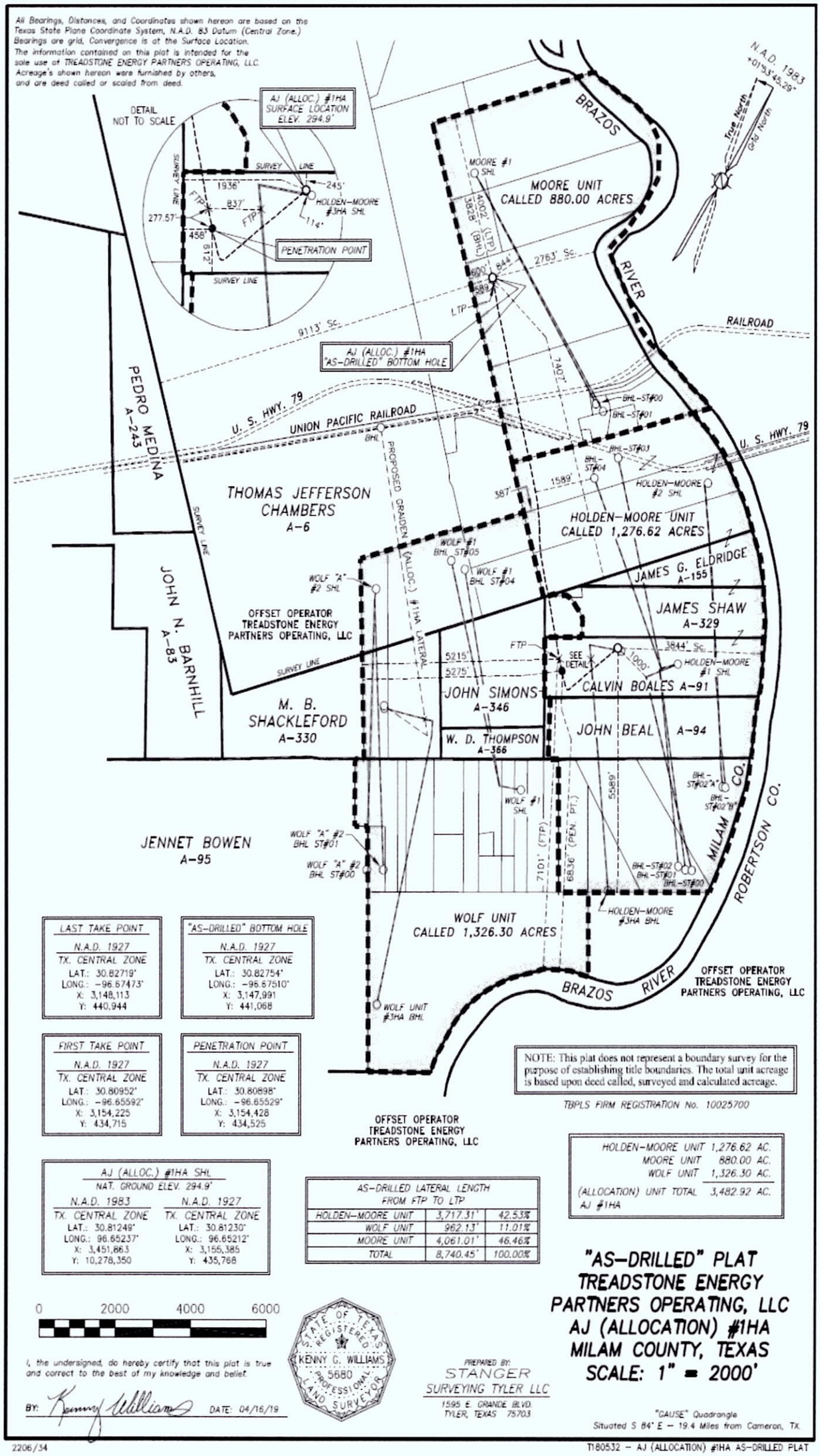
In addition to the legal rights provided by the terms and provisions of this division order, an Owner may have certain statutory rights under the laws of the State of Texas.

WITNESS: (*There must be two witnesses to each signature*)	**OWNER SIGNATURE:**	**ADDRESS/TAX ID NUMBER:**
Signature of Witness #1	STATE OF TEXAS	Address if different from above
Signature of Witness #2	Owner Signature/Corporate Title	City, State, Zip Code
	Owner Phone #	Tax ID Number if different from above

Failure to furnish your Social Security Number or Tax Identification Number will result in withholding tax in accordance with federal law and any tax withheld will not be refundable by Payor.

Return To: **TreadStone Energy Partners Operating, LLC**
106 Vintage Park Blvd Suite 100
Houston, TX 77070

EXHIBIT "A"



LAST TAKE POINT
N.A.D. 1927
TX. CENTRAL ZONE
LAT.: 30.82719°
LONG.: -96.67473°
X: 3,148,113
Y: 440,944

"AS-DRILLED" BOTTOM HOLE
N.A.D. 1927
TX. CENTRAL ZONE
LAT.: 30.82754°
LONG.: -96.67510°
X: 3,147,991
Y: 441,068

FIRST TAKE POINT
N.A.D. 1927
TX. CENTRAL ZONE
LAT.: 30.80952°
LONG.: -96.65592°
X: 3,154,225
Y: 434,715

PENETRATION POINT
N.A.D. 1927
TX. CENTRAL ZONE
LAT.: 30.80898°
LONG.: -96.65529°
X: 3,154,428
Y: 434,525

AJ (ALLOC.) #1HA SHL	
NAT. GROUND ELEV. 294.9'	
N.A.D. 1983	N.A.D. 1927
TX. CENTRAL ZONE	TX. CENTRAL ZONE
LAT.: 30.81249°	LAT.: 30.81230°
LONG.: 96.65237°	LONG.: 96.65212°
X: 3,451,863	X: 3,155,385
Y: 10,278,350	Y: 435,768

AS-DRILLED LATERAL LENGTH FROM FTP TO LTP		
HOLDEN-MOORE UNIT	3,717.31'	42.53%
WOLF UNIT	962.13'	11.01%
MOORE UNIT	4,061.01'	46.46%
TOTAL	8,740.45'	100.00%

NOTE: This plat does not represent a boundary survey for the purpose of establishing title boundaries. The total unit acreage is based upon deed called, surveyed and calculated acreage.

TBPLS FIRM REGISTRATION No. 10025700

HOLDEN-MOORE UNIT	1,276.62 AC.
MOORE UNIT	880.00 AC.
WOLF UNIT	1,326.30 AC.
(ALLOCATION) UNIT TOTAL AJ #1HA	3,482.92 AC.

0 2000 4000 6000

I, the undersigned, do hereby certify that this plat is true and correct to the best of my knowledge and belief.

BY: Kenny Williams DATE: 04/16/19

STATE OF TEXAS REGISTERED KENNY G. WILLIAMS 5680 PROFESSIONAL LAND SURVEYOR

PREPARED BY:
STANGER SURVEYING TYLER LLC
1595 E. GRANDE BLVD.
TYLER, TEXAS 75703

"AS-DRILLED" PLAT
TREADSTONE ENERGY PARTNERS OPERATING, LLC
AJ (ALLOCATION) #1HA
MILAM COUNTY, TEXAS
SCALE: 1" = 2000'

"CAUSE" Quadrangle
Situated S 84° E – 19.4 Miles from Cameron, TX.

2206/34

T180532 – AJ (ALLOCATION) #1HA AS-DRILLED PLAT

PRODUCTION SHARING AGREEMENT

WHEREAS, the undersigned is the owner of a royalty interest in one or more of the following described units, located in Milam County, Texas:

1. **Holden-Moore Unit No. 1,** as more particularly described in that certain Designation of Unit dated January 15, 1998, from the Union Pacific Resources Company, containing 1276.62 acres of land more or less, recorded in Volume 771, Page 280, Milam County, Texas; and
2. **Moore Unit No. 1,** as more particularly described in that certain Designation of Unit dated January 25, 2000, from the Union Pacific Resources Company, containing 880 acres of land more or less, recorded in Volume 813, Page 785, Milam County, Texas; and
3. **Wolf Unit No. 1,** as more particularly described in that certain designation of Unit dated April 2, 1998, from the Union Pacific Resource Company, containing 1,326.30 acres more or less, recorded in Volume 770, Page 459, Milam County, Texas; and

WHEREAS, TreadStone Energy Partners II LLC, as the successor in interest to Union Pacific Resources Company, desires to drill, or cause to be drilled, the AJ 1HA Well (API No.42-331-35055), at a location in the C. Boales Survey, A-91, which well is intended to be a horizontal drainhole drilled within the stratigraphic limits of the Giddings (Austin Chalk 3) Field in, through and under a portion of each of the above described Units; and

WHEREAS, to avoid any uncertainties concerning the manner in which the owners of the royalty interests will share the proceeds of production attributable to that portion of the horizontal drainhole traversing any portion of the Units and the respective oil, gas and mineral leases and interests which contribute thereto, the undersigned royalty interest owner and the operator of said AJ 1HA Well desire to enter into this Agreement and to agree upon the basis for sharing and allocating the proceeds of production of hydrocarbons attributable to that portion of the horizontal drainhole traversing any portion of the lands covered by the Units.

NOW THEREFORE, in consideration of the premises, to comply with the terms and conditions of their mutual agreements, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned royalty interest owner hereby covenants and agrees to the following terms, conditions and provisions:

1. This consent and ratification shall terminate unless, on or before December 31, 2019 TreadStone Energy Partners II, LLC commences, or causes to be commenced, operations for the drilling of the AJ 1HA Well.
2. In the event that TreadStone Energy Partners II, LLC, or its operating agent, TreadStone Energy Partners Operating, LLC, drills and completes the AJ 1HA Well as a well capable of producing oil and/or gas in paying quantities, the following shall apply:
    a. All production from the AJ 1HA shall be allocated between the respective Units based upon the length of productive horizontal drainhole underlying each respective Unit in proportion to the total length of the productive horizontal drainhole in the entirety of the AJ 1HA Well, as determined by an "As Drilled" survey (generated by a licensed Surveyor in the State of Texas) to be provided upon the completion of the well.
    b. As evidenced by the Division Order for the Holden-Moore Unit No. 1 Lessee allocates production according to certain decimal interests in production from the Holden-Moore Unit No. 1-1 Well. The decimal interests for the Holden-Moore Unit No. 1-1 Well will not change as a result of this document, however, in addition to receiving that decimal interest in production from the Holden-Moore No. 1-1 Well, the royalty owners in and under the Holden-Moore Unit No. 1 shall also receive the same decimal interest of production from the AJ 1HA Well that is allocated to the Holden-Moore Unit No. 1 as set forth under Article 2 a. above.
    c. As evidenced by the Division Order for the Moore Unit No. 1, Lessee allocates production according to certain decimal interests in production from the Moore Unit Well No. 1. The decimal interests for the Moore Unit Well No. 1 will not change as a result of this document, however, in addition to receiving that decimal interest in production from the Moore Unit Well No. 1, the royalty owners in and under the Moore Unit No. 1 1 shall also receive the same decimal interest of production from the AJ 1HA Well that is allocated to the Moore Unit Well No. 1 as set forth under Article 2 a. above.
    d. As evidenced by the Division Order for the Wolf Unit No. 1, Lessee allocates production according to certain decimal interests in production from the Wolf Unit No. 1 Well. The decimal interests for the Wolf No. 1 Well will not change as a result of this document, however, in addition to receiving that decimal interest in production from the Wolf No. 1 Well, the royalty owners in and under the Wolf Unit No. 1 shall also receive the same decimal interest of production from the AJ No. 1HA Well that is allocated to the Wolf Unit No. 1 as set forth under Article 2 a. above.

e. By drilling the AJ 1HA Well and paying the mineral and royalty interest owners on production therefrom in accordance with the foregoing provisions, TreadStone Energy Partners II, LLC shall be deemed to be in compliance with the terms and provisions, specifically the pooling provisions, contained in the oil, gas and mineral leases covering the tracts which comprise the Units.

3. The parties recognize that TreadStone Energy Partners II, LLC's ability to accomplish the foregoing may be contingent upon TreadStone Energy Partners II, LLC's obtaining the ratifications of other mineral and/or royalty owners in the vicinity of the AJ 1HA Well. In the event TreadStone Energy Partners II, LLC is unable to obtain the ratification of any mineral owner and/or royalty owner that TreadStone Energy Partners II, LLC deems necessary in order to accomplish the objectives of this Production Sharing Agreement, TreadStone Energy Partners II, LLC may notify the undersigned in writing of that fact and this agreement shall have and be of no effect.
4. In addition to the foregoing, and for and in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned royalty owner, to the extent he/she owns an interest in any or all of the Units described above, does hereby RATIFY, ADOPT, and CONFIRM the Units and the lease or leases under which such party's interest is derived (individually and/or collectively the "Ratified Lease"), and does hereby GRANT, LEASE and LET unto the current lessee of the Ratified Lease, all of such Interest Owner's interest in the acreage covered by the Ratified Lease, subject to the same terms and conditions provided for therein, as same may have been previously amended, or amended herein, and further does hereby CONSENT and AGREE to the inclusion of the undersigned's interest in participating in the AJ 1HA Well under the terms and provisions set forth herein.
5. Unless terminated by TreadStone Energy Partners II, LLC, this document shall be effective as of the date of completion of the AJ 1HA Well as a well capable of producing oil and/or gas in paying quantities and shall continue in effect for so long as the AJ 1HA Well continues to produce in paying quantities.
6. The terms and provisions of this agreement and the covenants made herein shall be binding upon the undersigned, its heirs, successors and/or assigns.

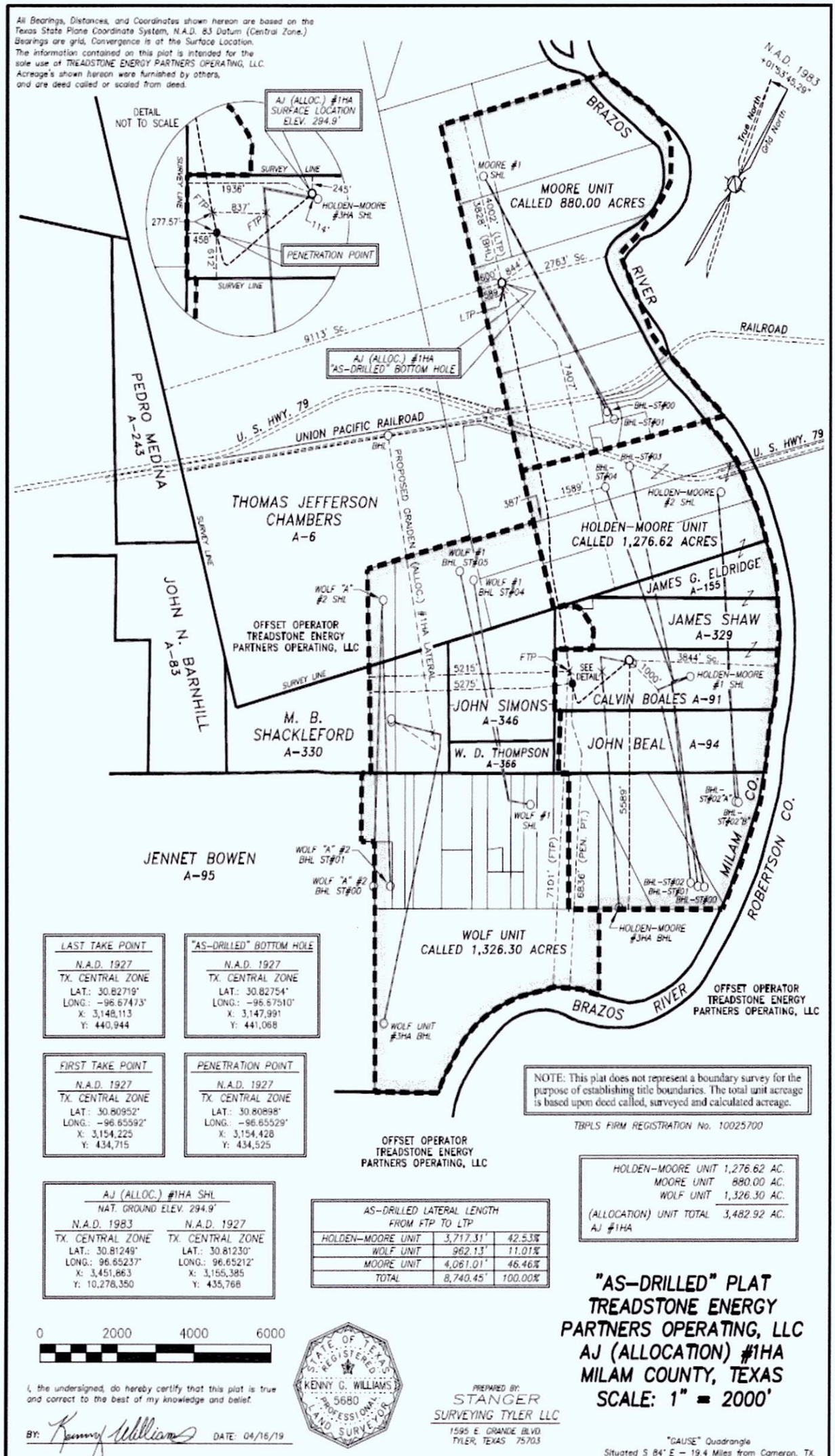
EXECUTED THIS _____ DAY OF _____, 2019

ROYALTY OWNER:

_____

STATE OF TEXAS
1700 N CONGRESS AVENUE
STEPHEN F AUSTIN BLDG
AUSTIN, TX 78701-1436

EXHIBIT "A"



LAST TAKE POINT
N.A.D. 1927
TX. CENTRAL ZONE
LAT.: 30.82719°
LONG.: -96.67473°
X: 3,148,113
Y: 440,944

"AS-DRILLED" BOTTOM HOLE
N.A.D. 1927
TX. CENTRAL ZONE
LAT.: 30.82754°
LONG.: -96.67510°
X: 3,147,991
Y: 441,068

FIRST TAKE POINT
N.A.D. 1927
TX. CENTRAL ZONE
LAT.: 30.80952°
LONG.: -96.65592°
X: 3,154,225
Y: 434,715

PENETRATION POINT
N.A.D. 1927
TX. CENTRAL ZONE
LAT.: 30.80898°
LONG.: -96.65529°
X: 3,154,428
Y: 434,525

AJ (ALLOC.) #1HA SHL	
NAT. GROUND ELEV. 294.9'	
N.A.D. 1983	N.A.D. 1927
TX. CENTRAL ZONE	TX. CENTRAL ZONE
LAT.: 30.81249°	LAT.: 30.81230°
LONG.: 96.65237°	LONG.: 96.65212°
X: 3,451,863	X: 3,155,385
Y: 10,278,350	Y: 435,766

AS-DRILLED LATERAL LENGTH FROM FTP TO LTP		
HOLDEN-MOORE UNIT	3,717.31'	42.53%
WOLF UNIT	962.13'	11.01%
MOORE UNIT	4,061.01'	46.46%
TOTAL	8,740.45'	100.00%

HOLDEN-MOORE UNIT	1,276.62 AC.
MOORE UNIT	880.00 AC.
WOLF UNIT	1,326.30 AC.
(ALLOCATION) UNIT TOTAL AJ #1HA	3,482.92 AC.

NOTE: This plat does not represent a boundary survey for the purpose of establishing title boundaries. The total unit acreage is based upon deed called, surveyed and calculated acreage.

TBPLS FIRM REGISTRATION No. 10025700

0 2000 4000 6000

I, the undersigned, do hereby certify that this plat is true and correct to the best of my knowledge and belief.

BY: Kenny Williams DATE: 04/16/19

STATE OF TEXA... REGISTERED ... KENNY G. WILLIAMS 5680 PROFESSIONAL LAND SURVEYOR

PREPARED BY:
STANGER SURVEYING TYLER LLC
1595 E. GRANDE BLVD.
TYLER, TEXAS 75703

"AS-DRILLED" PLAT
TREADSTONE ENERGY PARTNERS OPERATING, LLC
AJ (ALLOCATION) #1HA
MILAM COUNTY, TEXAS
SCALE: 1" = 2000'

"GAUSE" Quadrangle
Situated S 84° E — 19.4 Miles from Cameron, TX.

TreadStone Energy Partners, LLC
106 Vintage Park Blvd, Suite 100
Houston, Texas 77070

Chris Herrin
Division Order Analyst
Telephone: (713) 482-2990
Email: Chris.Herrin@treadstone-ep.com

DATE: April 19, 2019

TO: Royalty Owners in the Holden-Moore Unit, Moore Unit and Wolf Unit

RE: Division Orders for:
AJ 1HA (API# 42-331-35056)

Ladies and Gentlemen,

Enclosed you will find two (2) originals of our Division Order with your associated interest in the production revenues from the above referenced well. Also included are two (2) originals of our Production Sharing Agreement (PSA) which explains the revenue pay structure of the new well.

Please review the Division Order and PSA. If acceptable, please sign and return one original of each to the undersigned at the letterhead address. The remaining copy is for your personal records.

Should you have any questions or comments, please do not hesitate to contact me at (832) 619-7876 or via email at Chris.Herrin@treadstone-ep.com.

Sincerely,

C Herrin

Chris Herrin
Divison Order Analyst

TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

August 5, 2019

Chris Herrin
Division Order Analyst
TreadStone Energy Partners Operating, LLC
106 Vintage Park Blvd Suite 100
Houston, TX 77070

Re: State Lease No. MF098524 AJ 1HA iNut 9997

Dear Mr. Herrin:

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

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

Please be advised that in accordance with Section 32.201 of the Texas Natural Resources Code, any royalties paid for production including the mineral interest of a County Road, should be paid directly to the county.

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

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

Thank you,

Vivian Zamora

Vivian Zamora
Landman, Energy Resources
512-475-0428
512-475-1404 (fax)
vivian.zamora@glo.texas.gov

File No. MF098524

Milan County

Division Order

Date Filed: 8-7-19

George P. Bush, Commissioner

By VB

DIVISION ORDER

PNut 10064
MF098524

TO: **TreadStone Energy Partners Operating, LLC**
106 Vintage Park Blvd Suite 100
Houston, TX 77070

Property No.: **Graiden #1HA**
Effective Date: **First Production**

The undersigned severally and not jointly certifies it is the legal Owner of the interest set out below of all the oil, gas, and related liquid hydrocarbons produced and sold from the property described below:

Property Name:	Graiden #1HA
County:	***MILAM***
State:	***TX***
Legal Description:	The Graiden 1HA (API# 42-331-35053), at a location in the M. B. Shackleford A-330, Milam County, Texas, more particularly described by the plat located on Exhibit "A".
Owner No.:	**O:2994**
Name & Address:	STATE OF TEXAS 1700 N CONGRESS AVENUE STEPHEN F AUSTIN BLDG AUSTIN, TX 78701-1436
Owner Tax ID #	[redacted]

DIVISION OF INTEREST

Interest Type:	**Royalty**
Interest:	0.00031582

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

The following provisions apply to each interest Owner ("Owner") who executes this Agreement:

TERMS OF SALE: The undersigned will be paid in accordance with the division of interest set out above. The Payor shall pay all parties at the price agreed to by the operator for oil, gas and related liquid hydrocarbons to be sold pursuant to this division order. The purchaser shall compute quantity and make corrections for gravity and temperature and make deductions for impurities in the oil. The proceeds for the sale of gas shall be calculated as to price and quality on the basis of and in the manner provided for in the contract with the purchaser of such gas product.

PAYMENT: From the effective date, payment is to be made monthly by Payor's check, based of this division of interest, for oil runs and gas produced and sold not later than 60 days after the end of the calendar month in which the oil and/or gas was sold from the property listed above, less taxes required by law to be deducted and remitted by Payor as purchaser. Payment of less than $100 may be accrued before disbursement until the total amount equals $100 or more, or until December 31st of each year, whichever occurs first. Payee agrees to refund to Payor any amounts attributable to an interest or part of an interest that payee does not own.

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

DISPUTE; WITHHOLDING OF FUNDS: If a suit is filed that affects the interest of the Owner, written notice shall be given to Payor by the Owner together with a copy of the complaint or petition filed.

In the event of a claim or dispute that affects title to the division of interest credited herein, Payor is authorized to withhold payments accruing to such interest, without interest unless otherwise required by applicable statute, until the claim or dispute is settled.

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

NOTICES: The Owner agrees to notify Payor in writing of any change in the division of interest, including changes of interest contingent on payment of money or expiration of time.

No change of interest is binding on Payor until the recorded copy of the instrument of change or documents satisfactorily evidencing such change are furnished to Payor at the time the change occurs.

Any change of interest shall be made on the first day of the month following receipt of such notice to Payor.

Any correspondence regarding this agreement shall be furnished to the addresses as provided herein unless otherwise advised by either party.

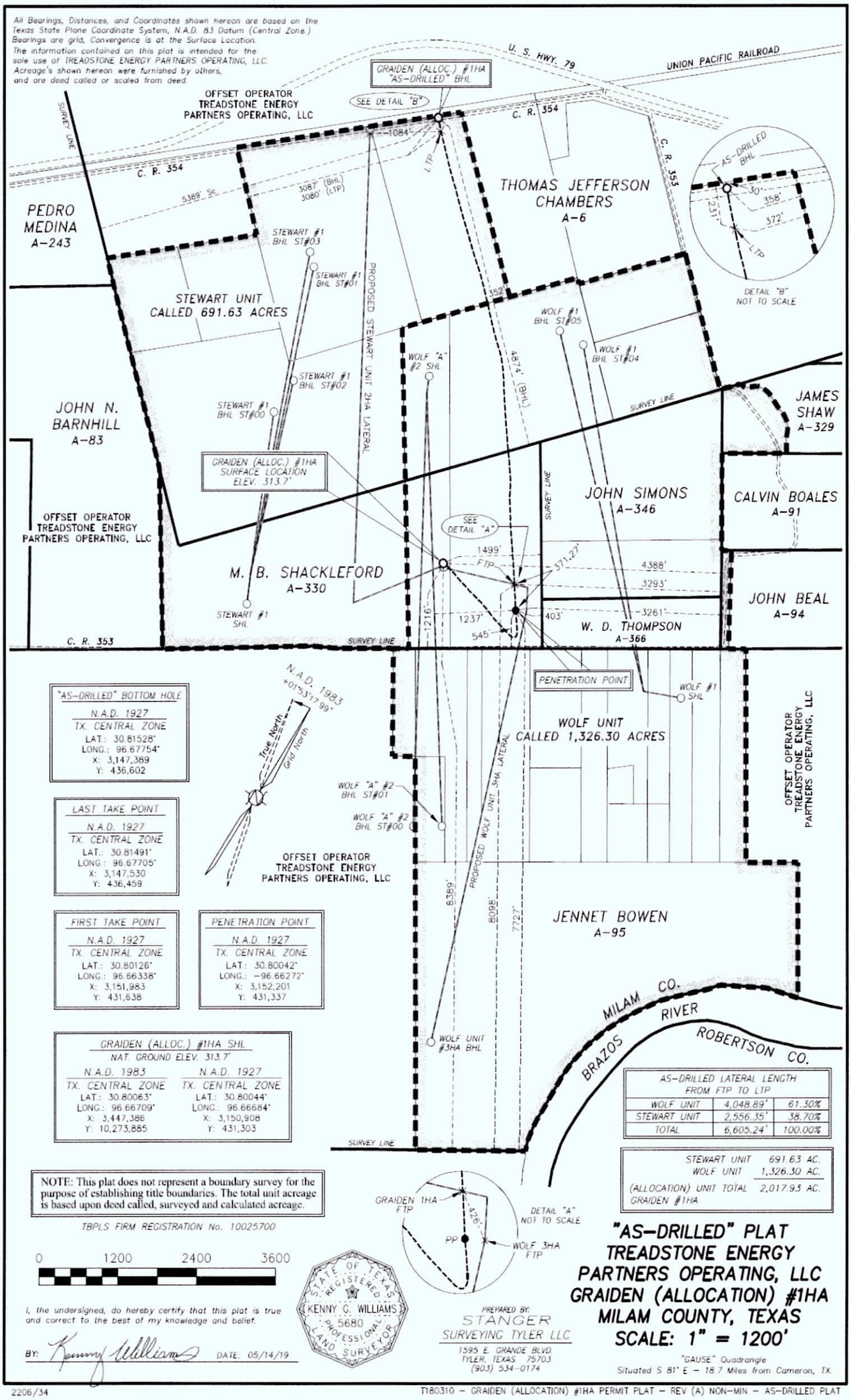
In addition to the legal rights provided by the terms and provisions of this division order, an Owner may have certain statutory rights under the laws of the State of Texas.

WITNESS: (*There must be two witnesses to each signature*)	**OWNER SIGNATURE:**	**ADDRESS/TAX ID NUMBER:**
Signature of Witness #1	STATE OF TEXAS	Address if different from above
Signature of Witness #2	Owner Signature/Corporate Title	City, State, Zip Code
	Owner Phone #	Tax ID Number if different from above

Failure to furnish your Social Security Number or Tax Identification Number will result in withholding tax in accordance with federal law and any tax withheld will not be refundable by Payor.

Return To: **TreadStone Energy Partners Operating, LLC**
106 Vintage Park Blvd Suite 100
Houston, TX 77070

EXHIBIT "A"



2206/34

T180310 - GRAIDEN (ALLOCATION) #1HA PERMIT PLAT - REV (A) NON-MIN - AS-DRILLED PLAT

PRODUCTION SHARING AGREEMENT

WHEREAS, the undersigned is the owner of a royalty interest in one or more of the following described units, located in Milam County, Texas:

1. **Stewart Unit No. 1,** as more particularly described in that certain Designation of Unit dated January 16, 1997, from the Union Pacific Resources Company, containing 691.63 acres of land more or less, recorded in Volume 742, Page 140, Milam County, Texas; and
2. **Wolf Unit No. 1,** as more particularly described in that certain Designation of Unit dated April 2, 1998, from the Union Pacific Resources Company, containing 1326.30 acres of land more or less, recorded in Volume 770, Page 459, Milam County, Texas; and

WHEREAS, TreadStone Energy Partners II LLC, as the successor in interest to Union Pacific Resources Company, desires to drill, or cause to be drilled, the Graiden 1HA Well (API No. 42-331-35053), at a location in the M. B. Shackleford A-330, which well is intended to be a horizontal drainhole drilled within the stratigraphic limits of the Giddings (Austin Chalk 3) Field in, through and under a portion of each of the above described Units; and

WHEREAS, to avoid any uncertainties concerning the manner in which the owners of the royalty interests will share the proceeds of production attributable to that portion of the horizontal drainhole traversing any portion of the Units and the respective oil, gas and mineral leases and interests which contribute thereto, the undersigned royalty interest owner and the operator of said Graiden 1HA Well desire to enter into this Agreement and to agree upon the basis for sharing and allocating the proceeds of production of hydrocarbons attributable to that portion of the horizontal drainhole traversing any portion of the lands covered by the Units.

NOW THEREFORE, in consideration of the premises, to comply with the terms and conditions of their mutual agreements, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned royalty interest owner hereby covenants and agrees to the following terms, conditions and provisions:

1. This consent and ratification shall terminate unless, on or before December 31, 2019 TreadStone Energy Partners II, LLC commences, or causes to be commenced, operations for the drilling of the Graiden 1HA Well.
2. In the event that TreadStone Energy Partners II, LLC, or its operating agent, TreadStone Energy Partners Operating, LLC, drills and completes the Graiden 1HA Well as a well capable of producing oil and/or gas in paying quantities, the following shall apply:
    a. All production from the Graiden 1HA shall be allocated between the respective Units based upon the length of productive horizontal drainhole underlying each respective Unit in proportion to the total length of the productive horizontal drainhole in the entirety of the Graiden 1HA Well, as determined by an "As Drilled" survey (generated by a licensed Surveyor in the State of Texas) to be provided upon the completion of the well.
    b. As evidenced by the Division Order for the Stewart Unit No. 1 Lessee allocates production according to certain decimal interests in production from the Stewart Unit No. 1-1 Well. The decimal interests for the Stewart Unit No. 1-1 Well will not change as a result of this document, however, in addition to receiving that decimal interest in production from the Stewart No. 1-1 Well, the royalty owners in and under the Stewart Unit No. 1 shall also receive the same decimal interest of production from the Graiden 1HA Well that is allocated to the Stewart Unit No. 1 as set forth under Article 2 a. above.
    c. As evidenced by the Division Order for the Wolf Unit No. 1, Lessee allocates production according to certain decimal interests in production from the Wolf Unit No. 1-1 Well. The decimal interests for the Wolf Unit No. 1-1 Well will not change as a result of this document, however, in addition to receiving that decimal interest in production from the Wolf Unit No. 1-1 Well, the royalty owners in and under the Wolf Unit No. 1 shall also receive the same decimal interest of production from the Graiden 1HA Well that is allocated to the Wolf Unit No. 1-1 Well as set forth under Article 2 a. above.
    d. By drilling the Graiden 1HA Well and paying the mineral and royalty interest owners on production therefrom in accordance with the foregoing provisions, TreadStone Energy Partners II, LLC shall be deemed to be in compliance with the terms and provisions, specifically the pooling provisions, contained in the oil, gas and mineral leases covering the tracts which comprise the Units.
3. The parties recognize that TreadStone Energy Partners II, LLC's ability to accomplish the foregoing may be contingent upon TreadStone Energy Partners II, LLC's obtaining the ratifications of other mineral and/or royalty owners in the vicinity of the Graiden 1HA Well. In the event TreadStone Energy Partners II, LLC is unable to obtain the ratification of any mineral owner and/or royalty owner that

TreadStone Energy Partners II, LLC deems necessary in order to accomplish the objectives of this Production Sharing Agreement, TreadStone Energy Partners II, LLC may notify the undersigned in writing of that fact and this agreement shall have and be of no effect.

4. In addition to the foregoing, and for and in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned royalty owner, to the extent he/she owns an interest in any or all of the Units described above, does hereby RATIFY, ADOPT, and CONFIRM the Units and the lease or leases under which such party's interest is derived (individually and/or collectively the "Ratified Lease"), and does hereby GRANT, LEASE and LET unto the current lessee of the Ratified Lease, all of such Interest Owner's interest in the acreage covered by the Ratified Lease, subject to the same terms and conditions provided for therein, as same may have been previously amended, or amended herein, and further does hereby CONSENT and AGREE to the inclusion of the undersigned's interest in participating in the Graiden 1HA Well under the terms and provisions set forth herein.
5. Unless terminated by TreadStone Energy Partners II, LLC, this document shall be effective as of the date of completion of the Graiden 1HA Well as a well capable of producing oil and/or gas in paying quantities and shall continue in effect for so long as the Graiden 1HA Well continues to produce in paying quantities.
6. The terms and provisions of this agreement and the covenants made herein shall be binding upon the undersigned, its heirs, successors and/or assigns.

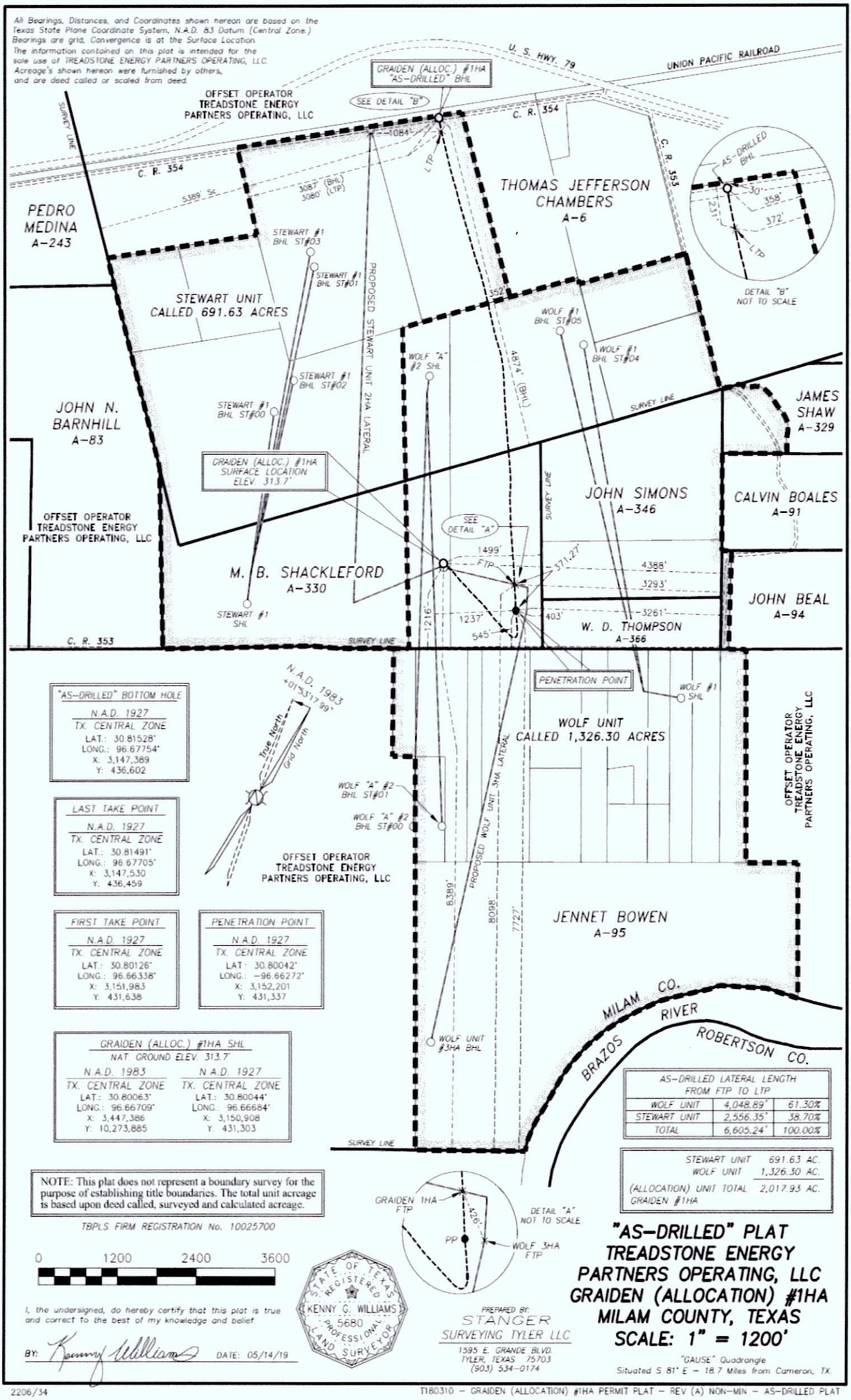
EXECUTED THIS _____ DAY OF _____, 2019

ROYALTY OWNER:

_____

STATE OF TEXAS
1700 N CONGRESS AVENUE
STEPHEN F AUSTIN BLDG
AUSTIN, TX 78701-1436

EXHIBIT "A"



2206/34

T180310 – GRAIDEN (ALLOCATION) #1HA PERMIT PLAT – REV (A) NON-MIN – AS-DRILLED PLAT

TreadStone Energy Partners, LLC
106 Vintage Park Blvd, Suite 100
Houston, Texas 77070

Chris Herrin
Division Order Analyst
Telephone: (713) 482-2990
Email: Chris.Herrin@treadstone-ep.com

DATE: May 23, 2019

TO: Royalty Owners in the Stewart Unit and Wolf Unit

RE: Division Orders for:
Graiden 1HA (API# 42-331-35053)

Ladies and Gentlemen,

Enclosed you will find two (2) originals of our Division Order with your associated interest in the production revenues from the above referenced well. Also included are two (2) originals of our Production Sharing Agreement (PSA) which explains the revenue pay structure of the new well.

Please review the Division Order and PSA. If acceptable, please sign and return one original of each to the undersigned at the letterhead address. The remaining copy is for your personal records.

Should you have any questions or comments, please do not hesitate to contact me at (832) 619-7876 or via email at Chris.Herrin@treadstone-ep.com.

Sincerely,

CHerrin

Chris Herrin
Divison Order Analyst

TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

August 21, 2019

Chris Herrin
Division Order Analyst
TreadStone Energy Partners Operating, LLC
106 Vintage Park Blvd, Suite 100
Houston, TX 77070

Re: State Lease No. MF098524 Graiden 1HA iNut 10064

Dear Mr. Herrin:

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

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

Please be advised that in accordance with Section 32.201 of the Texas Natural Resources Code, any royalties paid for production including the mineral interest of a County Road, should be paid directly to the county.

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

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

Thank you,

Vivian Zamora

Vivian Zamora
Landman, Energy Resources
512-475-0428
512-475-1404 (fax)
vivian.zamora@glo.texas.gov

(25.)

File No. MF098524

Milam County

Division Order

Date Filed: 8-22-19

George P. Bush, Commissioner

By VG

TreadStone Energy Partners Operating, LLC
106 Vintage Park Blvd, Suite 100
Houston, Texas 77070

Colton Sanford
Landman
Telephone: 713-482-2997
Facsimile: 713-482-2992

TREADSTONE
ENERGY PARTNERS

VIA U.S. OVERNIGHT MAIL

April 6, 2020

Texas General Land Office
ATTN: Mary Barnstone
1700 N. Congress Avenue, Suite 840
Austin, TX 78701-1495

RE: PSA Agreement – Treyley 1HA Allocation Well (State lease # MF98524, Wolf Unit GLO Unit #2689)

Dear Mrs. Barnstone:

Enclosed please find TreadStone Energy Partners Operating, LLC's (C000089588) form Production Sharing Agreement, the as-drilled plat for the Treyley 1HA allocation well, and a check in the amount of $500.00. The Treyley 1HA allocation well includes lands from State Lease # MF98524, the Wolf Unit, GLO Unit #2689. The allocation factor for the GLO interests in the Treyley 1HA is as follows:

- State Lease MF98524 = 4.10 Acres / 1326.64 Acres = .00309051 (TPF) * .16666667 (1/6th Royalty) = .00051508 (NRI) * .0568 (Lateral length % in Wolf Unit) = .00002926

Please do not hesitate to contact me if you have any questions or further requirements.

Sincerely,

Colton Sanford

Colton Sanford
Landman

Continued

TREADSTONE ENERGY PARTNERS OPERATING LLC
106 VINTAGE PARK BLVD STE 100
HOUSTON, TX 77070

VENDOR

CHECK DATE

008514

INVOICE NUMBER	INVOICE DATE		DISCOUNT TAKEN	AMOUNT PAID
Invoice No.	Invoice Date	Description		Amount
4062020	4/6/2020	Treyley	$	X 500.00

20707873

121

PRINTED IN U.S.A.

008514

TREADSTONE ENERGY PARTNERS OPERATING LLC
106 VINTAGE PARK BLVD STE 100
HOUSTON, TX 77070

VENDOR | CHECK DATE

INVOICE NUMBER	INVOICE DATE		DISCOUNT TAKEN	AMOUNT PAID

Invoice No.	Invoice Date	Description		Amount
4062020	4/6/2020	Treyley	$	X 500.00

20707873

121

PRINTED IN U.S.A.

THE FACE OF THIS DOCUMENT HAS A VOID FEATURE, MICRO PRINTING AND AN ARTIFICIAL WATERMARK ON THE BACK.

TREADSTONE ENERGY PARTNERS OPERATING LLC
106 VINTAGE PARK BLVD STE 100
HOUSTON, TX 77070

BANK OF TEXAS
www.bankoftexas.com
32-1432/1110

20707873

008514

CHECK NO.

VOID VOID VOID VOID VOID VOID

Pay	DATE	AMOUNT
500 and No/100****	4/6/2020	$ 500.00

TO THE ORDER OF:
Texas General Land Office
PO Box 12873
Austin, TX 78711-2873

Frank A McGobb MI

⑈008514⑈ [redacted]

File No. _____

_____ County

_____

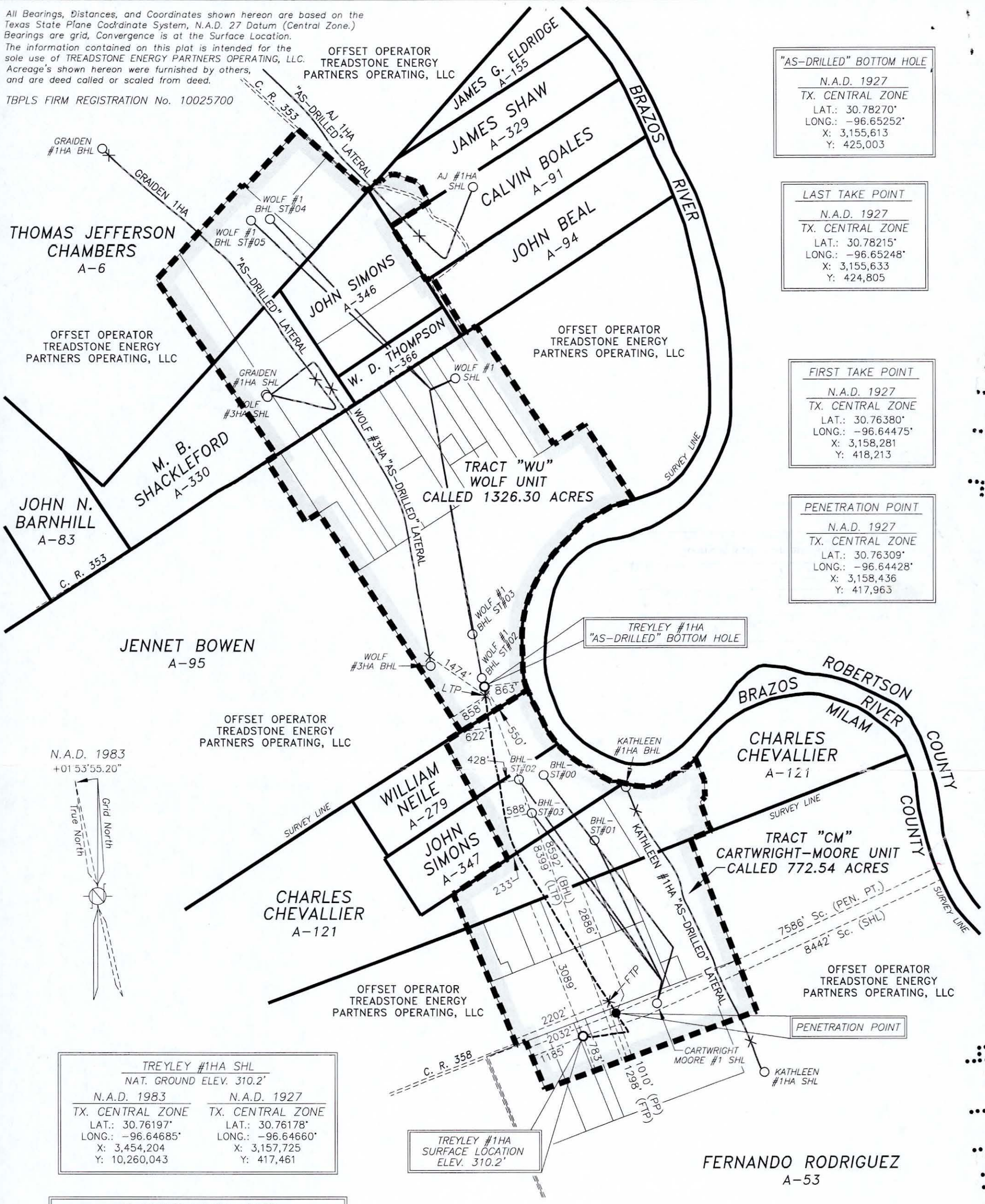
Date Filed: _____

George P. Bush, Commissioner

By _____

All Bearings, Distances, and Coordinates shown hereon are based on the Texas State Plane Coordinate System, N.A.D. 27 Datum (Central Zone.) Bearings are grid, Convergence is at the Surface Location.
The information contained on this plat is intended for the sole use of TREADSTONE ENERGY PARTNERS OPERATING, LLC. Acreage's shown hereon were furnished by others, and are deed called or scaled from deed.

TBPLS FIRM REGISTRATION No. 10025700



"AS-DRILLED" BOTTOM HOLE
N.A.D. 1927
TX. CENTRAL ZONE
LAT.: 30.78270°
LONG.: -96.65252°
X: 3,155,613
Y: 425,003

LAST TAKE POINT
N.A.D. 1927
TX. CENTRAL ZONE
LAT.: 30.78215°
LONG.: -96.65248°
X: 3,155,633
Y: 424,805

FIRST TAKE POINT
N.A.D. 1927
TX. CENTRAL ZONE
LAT.: 30.76380°
LONG.: -96.64475°
X: 3,158,281
Y: 418,213

PENETRATION POINT
N.A.D. 1927
TX. CENTRAL ZONE
LAT.: 30.76309°
LONG.: -96.64428°
X: 3,158,436
Y: 417,963

TREYLEY #1HA SHL
NAT. GROUND ELEV. 310.2'

N.A.D. 1983	N.A.D. 1927
TX. CENTRAL ZONE	TX. CENTRAL ZONE
LAT.: 30.76197°	LAT.: 30.76178°
LONG.: -96.64685°	LONG.: -96.64660°
X: 3,454,204	X: 3,157,725
Y: 10,260,043	Y: 417,461

AS-DRILLED LATERAL LENGTH FROM FTP TO LTP		
CARTWRIGHT-MOORE UNIT	6,822.86'	94.32%
WOLF UNIT	410.81'	5.68%
TOTAL	7,233.67'	100.00%

WOLF UNIT (TR WU)	1,326.30 AC.
CARTWRIGHT-MOORE UNIT (TR CM)	772.54 AC.
(ALLOCATION) UNIT TOTAL TREYLEY #1HA	2,098.84 AC.

NOTE: This plat does not represent a boundary survey for the purpose of establishing title boundaries. The total unit acreage is based upon deed called, surveyed and calculated acreage.

0 2000 4000 6000

I, the undersigned, do hereby certify that this plat is true and correct to the best of my knowledge and belief.

BY: Kenny Williams DATE: 02/07/2020

STATE OF TEXAS REGISTERED KENNY G. WILLIAMS 5680 PROFESSIONAL LAND SURVEYOR

"AS-DRILLED" PLAT
TREADSTONE ENERGY PARTNERS OPERATING, LLC
TREYLEY #1HA
MILAM COUNTY, TEXAS
SCALE: 1" = 2000'

PREPARED BY:
STANGER SURVEYING TYLER LLC
1595 E. GRANDE BLVD.
TYLER, TEXAS 75703
(903) 534-0174

"GAUSE" Quadrangle
Situated S 75° E - 20.5 Miles from Cameron, TX.

(26)

File No. MF 098524

Milam County

Letter to Treadstone

Date Filed: 8/6/20

George P. Bush, Commissioner

By MB Baumstone

MEMORANDUM

TEXAS GENERAL LAND OFFICE • GEORGE P. BUSH • COMMISSIONER

TIME SENSITIVE: Action Required by: (May 13, 2020)

DATE: **April 29, 2020**

TO: **Commissioner Bush**

FILE COPY

FROM: **Mary Beth Barnstone**

SUBJECT: **HROW Unit Production Sharing Agreement for signature**

.....

SUMMARY: Attached for your approval and signature are duplicate originals of a Production Sharing Agreement for a State highway right-of-way ("HROW") Lease.

DETAILS: This agreement will allow the operator of the HROW lease to drill horizontal wells that cross the lease or units if pooled and existing private leases and/or units in the area and to allocate the production from said wells as provided in the agreement. This is a practice that is commonly used to facilitate the drilling of horizontal wells across existing units or leases that do not allow pooling. The GLO has previously participated in these types of agreements. This agreement has been reviewed and approved by Energy Resources staff and the Legal Services Division.

Document Name	**Recipient**
Production Sharing Agreement Treyley 1HA Allocation well HROW Unit 2689 HROW Lease M-098524 Milam County, Texas	Treadstone Energy Partners Operating, LLC.

Recommendation: Please sign and return to Mary Beth Barnstone in Energy Resources (3-6818).

Attachment: Two Production Sharing Agreements

Thru: Ken Mills

(27)

File No. MF098524

Milam County

Memo to Commissioner

Date Filed: 8/6/20

George P. Bush, Commissioner

By mBBarnstaple

FILE COPY

TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

July 16, 2020

Mr. Colton Sanford
Treadstone Energy Partners
106 Vintage Park Blvd.
Suite 100
Houston, Texas 77070

FILE COPY

Re: Production Sharing Agreement
Treyley 1HA Allocation well
Wolf Unit – GLO Unit 2689
State HROW Lease M-098524
Milam County, Texas

Dear Mr. Sanford,

Enclosed is a duplicate original of the above referenced Production Sharing Agreement ("PSA") that has been executed by George P. Bush, Commissioner of the Texas General Land Office. We have retained an original of the PSA for our files.

Please provide our office with a recorded copy of the PSA or a fully executed copy if it is not going to be recorded as soon as it is available. Additionally, after a Sharing Well is drilled, please provide our office with the "Productive Drainhole Length/Allocation Factor" information and let us know what our participation in the well is going to be so we can get our lease records set up for the payment of royalties on the Sharing Well.

Thank you for your assistance with this matter, if you have any questions or need anything further, please feel free to call.

Sincerely,

Mary Beth Barnstone
Geotech / Landman
Energy Resources
Texas General Land Office
Direct number: (512)463-6818
Email: mary.barnstone@glo.texas.gov

Enclosure

(28)

File No. MF098524

Milam County

Letter to Treadstone

Date Filed: 8/6/20

George P. Bush, Commissioner

By MB Barnstone

FILE COPY

PRODUCTION SHARING AGREEMENT

WHEREAS, the undersigned is the owner of a royalty interest in one or more of the following described units, located in Milam County, Texas:

1. **Cartwright-Moore Unit No. 1,** as more particularly described in that certain Designation of Unit dated July 10, 1997, from Union Pacific Resources Company containing 772.54 acres, more or less, and recorded in Volume 752, Page 718, Milam County, Texas, as amended by Amended Designation of Unit dated July 24, 1997 recorded in Volume 753, Page 550 Milam County, Texas, as amended by Second Amendment to Designation of Unit dated April 18, 2000 recorded in Volume 818, Page 857 Milam County, Texas; and
2. **Wolf Unit No. 1,** as more particularly described in that certain Designation of Unit dated April 2, 1998, from the Union Pacific Resources Company, containing 1326.30 acres of land more or less, recorded in Volume 770, Page 459, Milam County, Texas; and

WHEREAS, TreadStone Energy Partners II LLC, as the successor in interest to Union Pacific Resources Company, desires to drill, or cause to be drilled, the Treyley 1HA Well (API No.42-331-35062), at a location in the Rodriguez, F Survey, A-53, which well is intended to be a horizontal drainhole drilled within the stratigraphic limits of the Giddings (Austin Chalk-3) Field in, through and under a portion of each of the above described Units; and

WHEREAS, to avoid any uncertainties concerning the manner in which the owners of the royalty interests will share the proceeds of production attributable to that portion of the horizontal drainhole traversing any portion of the Units and the respective oil, gas and mineral leases and interests which contribute thereto, the undersigned royalty interest owner and the operator of said Treyley 1HA Well desire to enter into this Agreement and to agree upon the basis for sharing and allocating the proceeds of production of hydrocarbons attributable to that portion of the horizontal drainhole traversing any portion of the lands covered by the Units.

NOW THEREFORE, in consideration of the premises, to comply with the terms and conditions of their mutual agreements, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned royalty interest owner hereby covenants and agrees to the following terms, conditions and provisions:

1. This consent and ratification shall terminate unless, on or before December 31, 2019 TreadStone Energy Partners II, LLC commences, or causes to be commenced, operations for the drilling of the Treyley 1HA Well.
2. In the event that TreadStone Energy Partners II, LLC, or its operating agent, TreadStone Energy Partners Operating, LLC, drills and completes the Treyley 1HA Well as a well capable of producing oil and/or gas in paying quantities, the following shall apply:
    a. All production from the Treyley 1HA shall be allocated between the respective Units based upon the length of productive horizontal drainhole underlying each respective Unit in proportion to the total length of the productive horizontal drainhole in the entirety of the Treyley 1HA Well, as determined by an "As Drilled" survey (generated by a licensed Surveyor in the State of Texas) to be provided upon the completion of the well.
    b. As evidenced by the Division Order for the Cartwright-Moore Unit No. 1 Lessee allocates production according to certain decimal interests in production from the Cartwright-Moore Unit No. 1-1 Well. The decimal interests for the Cartwright-Moore Unit No. 1-1 Well will not change as a result of this document, however, in addition to receiving that decimal interest in production from the Cartwright-Moore No. 1-1 Well, the royalty owners in and under the Cartwright-Moore Unit No. 1 shall also receive the same decimal interest of production from the Treyley 1HA Well that is allocated to the Cartwright-Moore Unit No. 1 as set forth under Article 2 a. above.
    c. As evidenced by the Division Order for the Wolf Unit No. 1, Lessee allocates production according to certain decimal interests in production from the Wolf Unit Well No. 1. The decimal interests for the Wolf Unit Well No. 1 will not change as a result of this document, however, in addition to receiving that decimal interest in production from the Wolf Unit Well No. 1, the royalty owners in and under the Wolf Unit No. 1 shall also receive the same decimal interest of production from the Treyley 1HA Well that is allocated to the Wolf Unit Well No. 1 as set forth under Article 2 a. above.
    d. By drilling the Treyley 1HA Well and paying the mineral and royalty interest owners on production therefrom in accordance with the foregoing provisions, TreadStone Energy Partners II, LLC shall be deemed to be in compliance with the terms and provisions, specifically the pooling provisions, contained in the oil, gas and mineral leases covering the tracts which comprise the Units.
3. The parties recognize that TreadStone Energy Partners II, LLC's ability to accomplish the foregoing may be contingent upon TreadStone Energy Partners II, LLC's obtaining the ratifications of other mineral and/or royalty owners in the vicinity of the Treyley 1HA Well. In the event TreadStone Energy

Partners II, LLC is unable to obtain the ratification of any mineral owner and/or royalty owner that TreadStone Energy Partners II, LLC deems necessary in order to accomplish the objectives of this Production Sharing Agreement, TreadStone Energy Partners II, LLC may notify the undersigned in writing of that fact and this agreement shall have and be of no effect.

4. In addition to the foregoing, and for and in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned royalty owner, to the extent he/she owns an interest in any or all of the Units described above, ~~does hereby RATIFY, ADOPT, and CONFIRM the Units and the lease or leases under which such party's interest is derived (individually and/or collectively the "Ratified Lease"), and does hereby GRANT, LEASE and LET unto the current lessee of the Ratified Lease, all of such Interest Owner's interest in the acreage covered by the Ratified Lease, subject to the same terms and conditions provided for therein, as same may have been previously amended, or amended herein, and further~~ does hereby CONSENT and AGREE to the inclusion of the undersigned's interest in participating in the Treyley 1HA Well under the terms and provisions set forth herein.
5. Unless terminated by TreadStone Energy Partners II, LLC, this document shall be effective as of the date of completion of the Treyley 1HA Well as a well capable of producing oil and/or gas in paying quantities and shall continue in effect for so long as the Treyley 1HA Well continues to produce in paying quantities.
6. The terms and provisions of this agreement and the covenants made herein shall be binding upon the undersigned, its heirs, successors and/or assigns.

EXECUTED THIS _____ DAY OF _____, 2020

ROYALTY OWNER:

_____

Treadstone Energy Partners II LLC
106 Vintage Park Blvd. Suite 100
Houston, TX 77070

INTEREST OWNERS

Date Executed: 7/9/2020

By: George P. Bush, Commissioner
Commissioner of the General Land Office

Approved:
min. leasing
content
legal
executive

ACKNOWLEDGMENT

STATE OF TEXAS §

COUNTY OF TRAVIS §

This instrument was acknowledged before me this 9 day of July, 2020 by George P. Bush.

VICKI GONZALES
NOTARY PUBLIC
ID# 12950636-4
State of Texas
Comm. Exp. 07-25-2021
NOTARY WITHOUT BOND

NOTARY PUBLIC – State of Texas
My Commission Expires: 7/25/2021

(29)

File No. MF098524

Milam County

PSA for Unit 2689

Date Filed: 8/6/20

George P. Bush, Commissioner

By MB Barnstone

Information for processing an Internal Non Unit Transaction (iNut)

Length of Lateral

iNut No. 10705

GENERAL INFORMATION

Name of Well: Treyley 1HA (alloc)

API # 42-331-35062

Name of Operator: Treadstone Energy Partners

RRC # 03-848935

Operator Contact Person: Colton Sanford

Phone: 713-482-2997

County: Milam

ALLOCATION OF STATE UNITS AND/OR LEASES BASED ON LENGTH OF LATERAL

Lease Type	Unit/Lease No	Total Lateral Ft.	Unit or Lease Lateral Ft.	Unit or Lease Rylty Decimal	Lease Royalty Decimal	RRAC Participation Factor	State Particpation by Unit/Lease
HROW	2689/MF098524	7233.67	410.81	0.00051509	0.16666700	0.00017552	0.00002925
Totals:						0.00017552	**0.00002925**
Effective Date:	8/30/2019						**State Net Royalty Revenue in Well**

Name of Production Sharing Agreement, if any:

Comments: iNut crosses HROW Unit 2689. Well spud 8/30/2019. Final plat and PSA received 4/6/2020.

Attach a plat showing the iNut well with length of laterals marked and the State lands marked.

Lease Types: Relinquishment Act Land (RAL), State Fee (SF), Free Royalty (FR), Unleased Riverbed (UR), Highway Right of Way (HROW), Unleased Highway (UH), Criminal Justice (TDCJ), Parks & Wildlife (TPW), Mineral Production Allocation (MPAA), Dept. of Aging (DADS), School for the Blind (SBVI), Stephen F. Austin (SFA), TX A&M (A&M).

Prepared by: MB Alamo updated by: MB WI updated by: MB

RAM approval by: VD GIS updated by: JH

DO NOT DESTROY

Texas General Land Office

UNIT AGREEMENT MEMO

INU200001

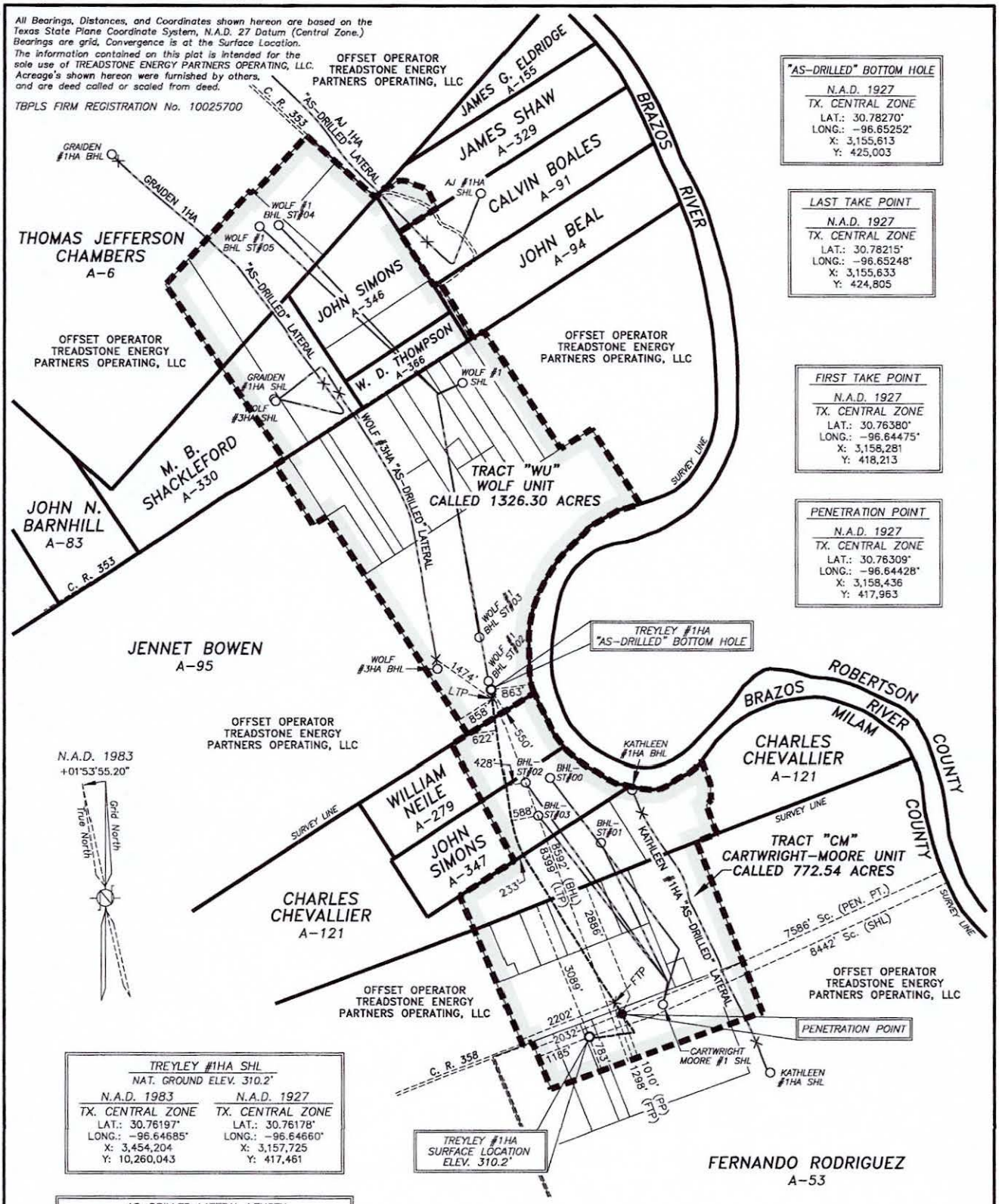
Unit Number	*10705*			*Effective Date*	*08/30/2019*
Operator Name	*TreadStone Energy Partners Operating, LLC*			*Unitized For*	*Oil And Gas*
Customer ID	*C000089588*			*Unit Term*	
Unit Name	*Treyley #1HA (alloc)*				
County 1	*Milam*	*RRC District 1*	*01*	*Old Unit Number*	*Inactive Status Date*
County 2		*RRC District 2*			
County 3		*RRC District 3*			
County 4		*RRC District 4*			
Unit type	*iNut*				
State Net Revenue Interest	*Oil* *0.00002925*				
State Part in Unit	*0.00017552*				
Unit Depth	*Allow All Depths*	*Well*			
From Depth		*Formation*			
To Depth		*Participation Basis*	*Length of Lateral*		
		If Excluions Apply: See Remarks			

Lease Number	*Tract No*	*Lease Acres in Unit*	*Total Unit Acres*	*Tract Participation*	*O/G*	*Lease Royalty*	*NRI of Lease in Unit*	*Royalty Rate Reduction Clause*
MF098524		0.000000	0.000000	0.00017552	O/G	0.16666700	0.00002925	No

API Number
4233135062

Remarks: iNut crosses HROW Unit 2689. Well spud 8/30/2019. Final plat and PSA received 4/6/2020.

Prepared By:	MB	*Prepared Date:*	4/27/20
GLO Base Updated By:	MB	*GLO Base Date:*	4/27/20
RAM Approval By:	VD	*RAM Approval Date:*	4/27/20
GIS By:	JL	*GIS Date:*	9/29/2020
Well Inventory By:	MB	*WI Date:*	4/27/20



"AS-DRILLED" BOTTOM HOLE
N.A.D. 1927
TX. CENTRAL ZONE
LAT.: 30.78270°
LONG.: -96.65252°
X: 3,155,613
Y: 425,003

LAST TAKE POINT
N.A.D. 1927
TX. CENTRAL ZONE
LAT.: 30.78215°
LONG.: -96.65248°
X: 3,155,633
Y: 424,805

FIRST TAKE POINT
N.A.D. 1927
TX. CENTRAL ZONE
LAT.: 30.76380°
LONG.: -96.64475°
X: 3,158,281
Y: 418,213

PENETRATION POINT
N.A.D. 1927
TX. CENTRAL ZONE
LAT.: 30.76309°
LONG.: -96.64428°
X: 3,158,436
Y: 417,963

TREYLEY #1HA SHL
NAT. GROUND ELEV. 310.2'

N.A.D. 1983 TX. CENTRAL ZONE	N.A.D. 1927 TX. CENTRAL ZONE
LAT.: 30.76197°	LAT.: 30.76178°
LONG.: -96.64685°	LONG.: -96.64660°
X: 3,454,204	X: 3,157,725
Y: 10,260,043	Y: 417,461

AS-DRILLED LATERAL LENGTH FROM FTP TO LTP		
CARTWRIGHT-MOORE UNIT	6,822.86'	94.32%
WOLF UNIT	410.81'	5.68%
TOTAL	7,233.67'	100.00%

WOLF UNIT (TR WU)	1,326.30 AC.
CARTWRIGHT-MOORE UNIT (TR CM)	772.54 AC.
(ALLOCATION) UNIT TOTAL TREYLEY #1HA	2,098.84 AC.

NOTE: This plat does not represent a boundary survey for the purpose of establishing title boundaries. The total unit acreage is based upon deed called, surveyed and calculated acreage.

0 2000 4000 6000

I, the undersigned, do hereby certify that this plat is true and correct to the best of my knowledge and belief.

BY: Kenny Williams DATE: 02/07/2020

STATE OF TEXAS REGISTERED KENNY G. WILLIAMS 5680 PROFESSIONAL LAND SURVEYOR

"AS-DRILLED" PLAT
TREADSTONE ENERGY PARTNERS OPERATING, LLC
TREYLEY #1HA
MILAM COUNTY, TEXAS
SCALE: 1" = 2000'

PREPARED BY:
STANGER SURVEYING TYLER LLC
1595 E. GRANDE BLVD.
TYLER, TEXAS 75703
(903) 534-0174

"GAUSE" Quadrangle
Situated S 75° E - 20.5 Miles from Cameron, TX.

TreadStone Energy Partners Operating, LLC
106 Vintage Park Blvd, Suite 100
Houston, Texas 77070

Colton Sanford
Landman
Telephone: 713-482-2997
Facsimile: 713-482-2992

VIA U.S. OVERNIGHT MAIL

Crosses
HRAW Unit 2689
MF098524

April 6, 2020

Texas General Land Office
ATTN: Mary Barnstone
1700 N. Congress Avenue, Suite 840
Austin, TX 78701-1495

RE: PSA Agreement – Treyley 1HA Allocation Well (State lease # MF98524, Wolf Unit GLO Unit #2689)

Dear Mrs. Barnstone:

Enclosed please find TreadStone Energy Partners Operating, LLC's (C000089588) form Production Sharing Agreement, the as-drilled plat for the Treyley 1HA allocation well, and a check in the amount of $500.00. The Treyley 1HA allocation well includes lands from State Lease # MF98524, the Wolf Unit, GLO Unit #2689. The allocation factor for the GLO interests in the Treyley 1HA is as follows:

- State Lease MF98524 = 4.10 Acres / 1326.64 Acres = .00309051 (TPF) * .16666667 (1/6th Royalty) = .00051508 (NRI) * .0568 (Lateral length % in Wolf Unit) = .00002926

Continued

Please do not hesitate to contact me if you have any questions or further requirements.

Sincerely,

Colton Sanford
Landman

iNut 10705

[EXTERNAL] RRAC Adds - Lease 098524 - Treyley 1HA Allocation

42-331-35062
Crosses HROW
Unit 2689
MF098524
03-848935

Colton Sanford <Colton.Sanford@treadstone-ep.com>
Mon 4/6/2020 7:53 AM

To: Mary Barnstone <Mary.Barnstone@GLO.TEXAS.GOV>; Verdis Daniels <verdis.daniels@glo.texas.gov>

1 attachments (488 KB)
TreadStone_Operating_C000089588_TREYLEY_1HA_PSA.pdf;

Good morning Mary Beth and Verdis,

Please find the attached document that explains the State's ownership by calculation for our Treyley 1HA allocation well. Also included is the as-drilled plat and the Production Sharing Agreement. We are all currently working from home, but I am coordinating with our accounting department to get a check in the mail in the amount of $500 for the applicable fees.

Please let me know if you have any questions or concerns, and I'll get the originals in the mail.

spud 8/30/2019

Giddings (Austin Chalk-3)

Thanks,

Colton Sanford
Landman
TreadStone Energy Partners Operating, LLC
106 Vintage Park Blvd, Suite 100
Houston, Texas 77070
713-482-2997 (Office)
281-455-5645 (Cell)

CONFIDENTIAL EMAIL: This email message is intended for the use of the individual or entity to which it is addressed and may contain information for purposes of settlement and negotiation, or, information that is privileged, confidential and exempt from disclosure under applicable law. The document may not be forwarded, used as evidence or disclosed to any third party without additional written authority of the sender. If the reader of this message has a question about whether they are the intended recipient or can make other use of this email, you are hereby notified that any dissemination, distribution or copy of this message is strictly prohibited and you are requested to please immediately notify us by email or telephone at 713.482.2987.

CAUTION: This email originated from OUTSIDE of the Texas General Land Office. Links or attachments may be dangerous. Please be careful clicking on any links or opening any attachments.

(30)

File No. MF098524

Milam County

iNut 10705 packet

Date Filed: 8/6/20

George P. Bush, Commissioner

By MB Baumgartner

PRODUCTION SHARING AGREEMENT

WHEREAS, the undersigned is the owner of a royalty interest in one or more of the following described units, located in Milam County, Texas:

1. **Cartwright-Moore Unit No. 1,** as more particularly described in that certain Designation of Unit dated July 10, 1997, from Union Pacific Resources Company containing 772.54 acres, more or less, and recorded in Volume 752, Page 718, Milam County, Texas, as amended by Amended Designation of Unit dated July 24, 1997 recorded in Volume 753, Page 550 Milam County, Texas, as amended by Second Amendment to Designation of Unit dated April 18, 2000 recorded in Volume 818, Page 857 Milam County, Texas; and
2. **Wolf Unit No. 1,** as more particularly described in that certain Designation of Unit dated April 2, 1998, from the Union Pacific Resources Company, containing 1326.30 acres of land more or less, recorded in Volume 770, Page 459, Milam County, Texas; and

WHEREAS, TreadStone Energy Partners II LLC, as the successor in interest to Union Pacific Resources Company, desires to drill, or cause to be drilled, the Treyley 1HA Well (API No.42-331-35062), at a location in the Rodriguez, F Survey, A-53, which well is intended to be a horizontal drainhole drilled within the stratigraphic limits of the Giddings (Austin Chalk-3) Field in, through and under a portion of each of the above described Units; and

WHEREAS, to avoid any uncertainties concerning the manner in which the owners of the royalty interests will share the proceeds of production attributable to that portion of the horizontal drainhole traversing any portion of the Units and the respective oil, gas and mineral leases and interests which contribute thereto, the undersigned royalty interest owner and the operator of said Treyley 1HA Well desire to enter into this Agreement and to agree upon the basis for sharing and allocating the proceeds of production of hydrocarbons attributable to that portion of the horizontal drainhole traversing any portion of the lands covered by the Units.

NOW THEREFORE, in consideration of the premises, to comply with the terms and conditions of their mutual agreements, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned royalty interest owner hereby covenants and agrees to the following terms, conditions and provisions:

1. This consent and ratification shall terminate unless, on or before December 31, 2019 TreadStone Energy Partners II, LLC commences, or causes to be commenced, operations for the drilling of the Treyley 1HA Well.
2. In the event that TreadStone Energy Partners II, LLC, or its operating agent, TreadStone Energy Partners Operating, LLC, drills and completes the Treyley 1HA Well as a well capable of producing oil and/or gas in paying quantities, the following shall apply:
    a. All production from the Treyley 1HA shall be allocated between the respective Units based upon the length of productive horizontal drainhole underlying each respective Unit in proportion to the total length of the productive horizontal drainhole in the entirety of the Treyley 1HA Well, as determined by an "As Drilled" survey (generated by a licensed Surveyor in the State of Texas) to be provided upon the completion of the well.
    b. As evidenced by the Division Order for the Cartwright-Moore Unit No. 1 Lessee allocates production according to certain decimal interests in production from the Cartwright-Moore Unit No. 1-1 Well. The decimal interests for the Cartwright-Moore Unit No. 1-1 Well will not change as a result of this document, however, in addition to receiving that decimal interest in production from the Cartwright-Moore No. 1-1 Well, the royalty owners in and under the Cartwright-Moore Unit No. 1 shall also receive the same decimal interest of production from the Treyley 1HA Well that is allocated to the Cartwright-Moore Unit No. 1 as set forth under Article 2 a. above.
    c. As evidenced by the Division Order for the Wolf Unit No. 1, Lessee allocates production according to certain decimal interests in production from the Wolf Unit Well No. 1. The decimal interests for the Wolf Unit Well No. 1 will not change as a result of this document, however, in addition to receiving that decimal interest in production from the Wolf Unit Well No. 1, the royalty owners in and under the Wolf Unit No. 1 shall also receive the same decimal interest of production from the Treyley 1HA Well that is allocated to the Wolf Unit Well No. 1 as set forth under Article 2 a. above.
    d. By drilling the Treyley 1HA Well and paying the mineral and royalty interest owners on production therefrom in accordance with the foregoing provisions, TreadStone Energy Partners II, LLC shall be deemed to be in compliance with the terms and provisions, specifically the pooling provisions, contained in the oil, gas and mineral leases covering the tracts which comprise the Units.
3. The parties recognize that TreadStone Energy Partners II, LLC's ability to accomplish the foregoing may be contingent upon TreadStone Energy Partners II, LLC's obtaining the ratifications of other mineral and/or royalty owners in the vicinity of the Treyley 1HA Well. In the event TreadStone Energy

Partners II, LLC is unable to obtain the ratification of any mineral owner and/or royalty owner that TreadStone Energy Partners II, LLC deems necessary in order to accomplish the objectives of this Production Sharing Agreement, TreadStone Energy Partners II, LLC may notify the undersigned in writing of that fact and this agreement shall have and be of no effect.

4. In addition to the foregoing, and for and in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned royalty owner, to the extent he/she owns an interest in any or all of the Units described above, ~~does hereby RATIFY, ADOPT, and CONFIRM the Units and the lease or leases under which such party's interest is derived (individually and/or collectively the "Ratified Lease"), and does hereby GRANT, LEASE and LET unto the current lessee of the Ratified Lease, all of such Interest Owner's interest in the acreage covered by the Ratified Lease, subject to the same terms and conditions provided for therein, as same may have been previously amended, or amended herein, and further~~ does hereby CONSENT and AGREE to the inclusion of the undersigned's interest in participating in the Treyley 1HA Well under the terms and provisions set forth herein.
5. Unless terminated by TreadStone Energy Partners II, LLC, this document shall be effective as of the date of completion of the Treyley 1HA Well as a well capable of producing oil and/or gas in paying quantities and shall continue in effect for so long as the Treyley 1HA Well continues to produce in paying quantities.
6. The terms and provisions of this agreement and the covenants made herein shall be binding upon the undersigned, its heirs, successors and/or assigns.

EXECUTED THIS _____ DAY OF _____, 2020

ROYALTY OWNER:

_____

Treadstone Energy Partners II LLC
106 Vintage Park Blvd. Suite 100
Houston, TX 77070

INTEREST OWNERS

Date Executed: 7/9/2020

By: George P. Bush, Commissioner
Commissioner of the General Land Office

Approved:
min. leasing
content
legal
executive

ACKNOWLEDGMENT

STATE OF TEXAS §

COUNTY OF TRAVIS §

This instrument was acknowledged before me this 9 day of July, 2020 by George P. Bush.

VICKI GONZALES
NOTARY PUBLIC
ID# 12950636-4
State of Texas
Comm. Exp. 07-25-2021
NOTARY WITHOUT BOND

NOTARY PUBLIC – State of Texas
My Commission Expires: 7/25/2021

(29)

File No. MF098524

Milam County

PSA for Unit 2689

Date Filed: 8/6/20

George P. Bush, Commissioner

By MB Barnstone

PNut 10705

DIVISION ORDER

MF098524

TO: **TreadStone Energy Partners Operating, LLC**
106 Vintage Park Blvd Suite 100
Houston, TX 77070

Property No.: **Treyley 1HA**
Effective Date: **First Production**

The undersigned severally and not jointly certifies it is the legal Owner of the interest set out below of all the oil, gas, and related liquid hydrocarbons produced and sold from the property described below:

Property Name:	Treyley 1HA
County:	***Milam***
State:	***Texas***
Legal Description:	The Treyley 1HA (API #42-331-35062), at a location in the Rodriguez, F Survey, A-53, Milam County, Texa, more particularly described by the plat located on Exhibit "A".
Owner No.:	**O:2994**
Name & Address:	STATE OF TEXAS 1700 N CONGRESS AVENUE STEPHEN F AUSTIN BLDG AUSTIN, TX 78701-1436
Owner Tax ID #	[redacted]

DIVISION OF INTEREST

Interest Type:	**ROYALTY**
Interest:	0.00002926

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

The following provisions apply to each interest Owner ("Owner") who executes this Agreement:

TERMS OF SALE: The undersigned will be paid in accordance with the division of interest set out above. The Payor shall pay all parties at the price agreed to by the operator for oil, gas and related liquid hydrocarbons to be sold pursuant to this division order. The purchaser shall compute quantity and make corrections for gravity and temperature and make deductions for impurities in the oil. The proceeds for the sale of gas shall be calculated as to price and quality on the basis of and in the manner provided for in the contract with the purchaser of such gas product.

PAYMENT: From the effective date, payment is to be made monthly by Payor's check, based of this division of interest, for oil runs and gas produced and sold not later than 60 days after the end of the calendar month in which the oil and/or gas was sold from the property listed above, less taxes required by law to be deducted and remitted by Payor as purchaser. Payment of less than $100 may be accrued before disbursement until the total amount equals $100 or more, or until December 31st of each year, whichever occurs first. Payee agrees to refund to Payor any amounts attributable to an interest or part of an interest that payee does not own.

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

DISPUTE; WITHHOLDING OF FUNDS: If a suit is filed that affects the interest of the Owner, written notice shall be given to Payor by the Owner together with a copy of the complaint or petition filed.

In the event of a claim or dispute that affects title to the division of interest credited herein, Payor is authorized to withhold payments accruing to such interest, without interest unless otherwise required by applicable statute, until the claim or dispute is settled.

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

NOTICES: The Owner agrees to notify Payor in writing of any change in the division of interest, including changes of interest contingent on payment of money or expiration of time.

No change of interest is binding on Payor until the recorded copy of the instrument of change or documents satisfactorily evidencing such change are furnished to Payor at the time the change occurs.

Any change of interest shall be made on the first day of the month following receipt of such notice to Payor.

Any correspondence regarding this agreement shall be furnished to the addresses as provided herein unless otherwise advised by either party.

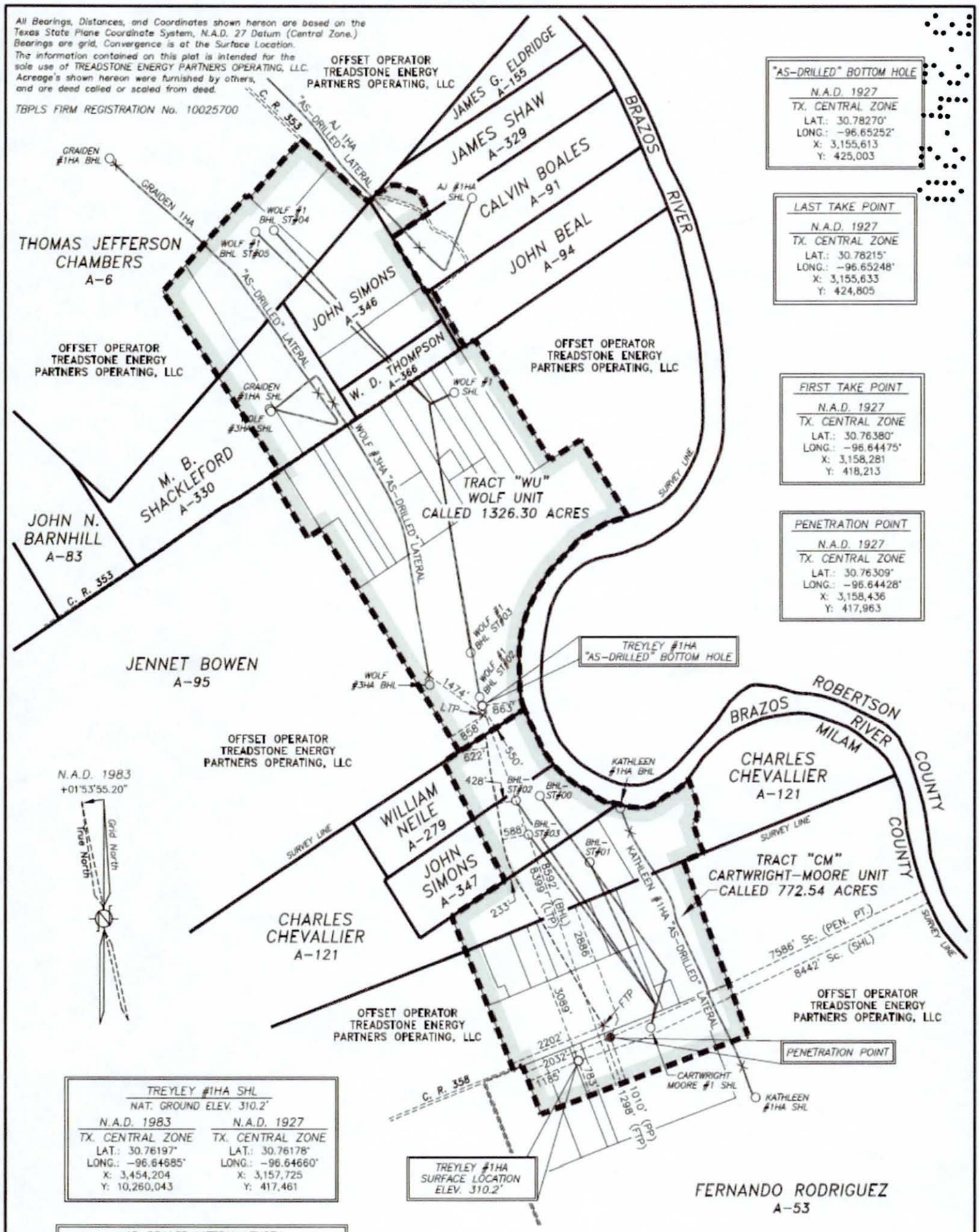
In addition to the legal rights provided by the terms and provisions of this division order, an Owner may have certain statutory rights under the laws of the State of Texas.

WITNESS: (*There must be two witnesses to each signature*)	**OWNER SIGNATURE:**	**ADDRESS/TAX ID NUMBER:**
Signature of Witness #1	STATE OF TEXAS	Address if different from above
Signature of Witness #2	Owner Signature/Corporate Title	City, State, Zip Code
	Owner Phone #	Tax ID Number if different from above

Failure to furnish your Social Security Number or Tax Identification Number will result in withholding tax in accordance with federal law and any tax withheld will not be refundable by Payor.

Return To: **TreadStone Energy Partners Operating, LLC**
106 Vintage Park Blvd Suite 100
Houston, TX 77070

EXHIBIT "A"


All Bearings, Distances, and Coordinates shown hereon are based on the Texas State Plane Coordinate System, N.A.D. 27 Datum (Central Zone.) Bearings are grid, Convergence is at the Surface Location.
The information contained on this plat is intended for the sole use of TREADSTONE ENERGY PARTNERS OPERATING, LLC. Acreage's shown hereon were furnished by others, and are deed called or scaled from deed.
TBPLS FIRM REGISTRATION No. 10025700
OFFSET OPERATOR TREADSTONE ENERGY PARTNERS OPERATING, LLC
"AS-DRILLED" BOTTOM HOLE
N.A.D. 1927
TX. CENTRAL ZONE
LAT.: 30.78270°
LONG.: -96.65252°
X: 3,155,613
Y: 425,003
LAST TAKE POINT
N.A.D. 1927
TX. CENTRAL ZONE
LAT.: 30.78215°
LONG.: -96.65248°
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FIRST TAKE POINT
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TX. CENTRAL ZONE
LAT.: 30.76380°
LONG.: -96.64475°
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Y: 417,963
JAMES G. ELDRIDGE A-155
JAMES SHAW A-329
CALVIN BOALES A-91
JOHN BEAL A-94
BRAZOS RIVER
C.R. 353
"AS-DRILLED" LATERAL
AJ #1HA BHL
AJ #1HA SHL
GRAIDEN #1HA BHL
GRAIDEN 1HA
WOLF #1 BHL ST#04
WOLF #1 BHL ST#05
THOMAS JEFFERSON CHAMBERS A-6
JOHN SIMONS A-346
W. D. THOMPSON A-366
GRAIDEN #1HA SHL
WOLF #3HA SHL
WOLF #1 SHL
M. B. SHACKLEFORD A-330
JOHN N. BARNHILL A-83
TRACT "WU" WOLF UNIT CALLED 1326.30 ACRES
SURVEY LINE
WOLF #3HA "AS-DRILLED" LATERAL
JENNET BOWEN A-95
WOLF #1 BHL ST#03
WOLF #1 BHL ST#02
WOLF #3HA BHL
TREYLEY #1HA "AS-DRILLED" BOTTOM HOLE
LTP
FTP
ROBERTSON COUNTY
MILAM COUNTY
KATHLEEN #1HA BHL
CHARLES CHEVALLIER A-121
WILLIAM NEILE A-279
JOHN SIMONS A-347
BHL-ST#02
BHL-ST#00
BHL-ST#03
BHL-ST#01
TRACT "CM" CARTWRIGHT-MOORE UNIT CALLED 772.54 ACRES
KATHLEEN #1HA "AS-DRILLED" LATERAL
7586' Sc. (PEN. PT.)
8442' Sc. (SHL)
CHARLES CHEVALLIER A-121
OFFSET OPERATOR TREADSTONE ENERGY PARTNERS OPERATING, LLC
PENETRATION POINT
C.R. 358
CARTWRIGHT MOORE #1 SHL
KATHLEEN #1HA SHL
TREYLEY #1HA SURFACE LOCATION ELEV. 310.2'
FERNANDO RODRIGUEZ A-53
N.A.D. 1983
+01°53'55.20"
True NORTH
Grid North
TREYLEY #1HA SHL
NAT. GROUND ELEV. 310.2'
N.A.D. 1983
TX. CENTRAL ZONE
LAT.: 30.76197°
LONG.: -96.64685°
X: 3,454,204
Y: 10,260,043
N.A.D. 1927
TX. CENTRAL ZONE
LAT.: 30.76178°
LONG.: -96.64660°
X: 3,157,725
Y: 417,461
AS-DRILLED LATERAL LENGTH FROM FTP TO LTP
CARTWRIGHT-MOORE UNIT 6,822.86' 94.32%
WOLF UNIT 410.81' 5.68%
TOTAL 7,233.67' 100.00%
WOLF UNIT (TR WU) 1,326.30 AC.
CARTWRIGHT-MOORE UNIT (TR CM) 772.54 AC.
(ALLOCATION) UNIT TOTAL TREYLEY #1HA 2,098.84 AC.
NOTE: This plat does not represent a boundary survey for the purpose of establishing title boundaries. The total unit acreage is based upon deed called, surveyed and calculated acreage.
0 2000 4000 6000
I, the undersigned, do hereby certify that this plat is true and correct to the best of my knowledge and belief.
BY: DATE: 02/07/2020
STATE OF TEXAS REGISTERED KENNY C. WILLIAMS 5680 PROFESSIONAL LAND SURVEYOR
"AS-DRILLED" PLAT
TREADSTONE ENERGY PARTNERS OPERATING, LLC
TREYLEY #1HA
MILAM COUNTY, TEXAS
SCALE: 1" = 2000'
PREPARED BY:
STANGER SURVEYING TYLER LLC
1595 E. GRANDE BLVD.
TYLER, TEXAS 75703
(903) 534-0174
"GAUSE" Quadrangle
Situated S 75° E — 20.5 Miles from Cameron, TX.
T180623 – TREYLEY #1HA AS-DRILLED PLAT (NAD27) – FULL SIZE

PRODUCTION SHARING AGREEMENT

WHEREAS, the undersigned is the owner of a royalty interest in one or more of the following described units, located in Milam County, Texas:

1. **Cartwright-Moore Unit No. 1,** as more particularly described in that certain Designation of Unit dated July 10, 1997, from Union Pacific Resources Company containing 772.54 acres, more or less, and recorded in Volume 752, Page 718, Milam County, Texas, as amended by Amended Designation of Unit dated July 24, 1997 recorded in Volume 753, Page 550 Milam County, Texas, as amended by Second Amendment to Designation of Unit dated April 18, 2000 recorded in Volume 818, Page 857 Milam County, Texas; and
2. **Wolf Unit No. 1,** as more particularly described in that certain Designation of Unit dated April 2, 1998, from the Union Pacific Resources Company, containing 1326.30 acres of land more or less, recorded in Volume 770, Page 459, Milam County, Texas; and

WHEREAS, TreadStone Energy Partners II LLC, as the successor in interest to Union Pacific Resources Company, desires to drill, or cause to be drilled, the Treyley 1HA Well (API No.42-331-35062), at a location in the Rodriguez, F Survey, A-53, which well is intended to be a horizontal drainhole drilled within the stratigraphic limits of the Giddings (Austin Chalk-3) Field in, through and under a portion of each of the above described Units; and

WHEREAS, to avoid any uncertainties concerning the manner in which the owners of the royalty interests will share the proceeds of production attributable to that portion of the horizontal drainhole traversing any portion of the Units and the respective oil, gas and mineral leases and interests which contribute thereto, the undersigned royalty interest owner and the operator of said Treyley 1HA Well desire to enter into this Agreement and to agree upon the basis for sharing and allocating the proceeds of production of hydrocarbons attributable to that portion of the horizontal drainhole traversing any portion of the lands covered by the Units.

NOW THEREFORE, in consideration of the premises, to comply with the terms and conditions of their mutual agreements, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned royalty interest owner hereby covenants and agrees to the following terms, conditions and provisions:

1. This consent and ratification shall terminate unless, on or before December 31, 2020 TreadStone Energy Partners II, LLC commences, or causes to be commenced, operations for the drilling of the Treyley 1HA Well.
2. In the event that TreadStone Energy Partners II, LLC, or its operating agent, TreadStone Energy Partners Operating, LLC, drills and completes the Treyley 1HA Well as a well capable of producing oil and/or gas in paying quantities, the following shall apply:
    a. All production from the Treyley 1HA shall be allocated between the respective Units based upon the length of productive horizontal drainhole underlying each respective Unit in proportion to the total length of the productive horizontal drainhole in the entirety of the Treyley 1HA Well, as determined by an "As Drilled" survey (generated by a licensed Surveyor in the State of Texas) to be provided upon the completion of the well.
    b. As evidenced by the Division Order for the Cartwright-Moore Unit No. 1 Lessee allocates production according to certain decimal interests in production from the Cartwright-Moore Unit No. 1-1 Well. The decimal interests for the Cartwright-Moore Unit No. 1-1 Well will not change as a result of this document, however, in addition to receiving that decimal interest in production from the Cartwright-Moore No. 1-1 Well, the royalty owners in and under the Cartwright-Moore Unit No. 1 shall also receive the same decimal interest of production from the Treyley 1HA Well that is allocated to the Cartwright-Moore Unit No. 1 as set forth under Article 2 a. above.
    c. As evidenced by the Division Order for the Wolf Unit No. 1, Lessee allocates production according to certain decimal interests in production from the Wolf Unit Well No. 1. The decimal interests for the Wolf Unit Well No. 1 will not change as a result of this document, however, in addition to receiving that decimal interest in production from the Wolf Unit Well No. 1, the royalty owners in and under the Wolf Unit No. 1 shall also receive the same decimal interest of production from the Treyley 1HA Well that is allocated to the Wolf Unit Well No. 1 as set forth under Article 2 a. above.
    d. By drilling the Treyley 1HA Well and paying the mineral and royalty interest owners on production therefrom in accordance with the foregoing provisions, TreadStone Energy Partners II, LLC shall be deemed to be in compliance with the terms and provisions, specifically the pooling provisions, contained in the oil, gas and mineral leases covering the tracts which comprise the Units.
3. The parties recognize that TreadStone Energy Partners II, LLC's ability to accomplish the foregoing may be contingent upon TreadStone Energy Partners II, LLC's obtaining the ratifications of other mineral and/or royalty owners in the vicinity of the Treyley 1HA Well. In the event TreadStone Energy

Partners II, LLC is unable to obtain the ratification of any mineral owner and/or royalty owner that TreadStone Energy Partners II, LLC deems necessary in order to accomplish the objectives of this Production Sharing Agreement, TreadStone Energy Partners II, LLC may notify the undersigned in writing of that fact and this agreement shall have and be of no effect.

4. In addition to the foregoing, and for and in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned royalty owner, to the extent he/she owns an interest in any or all of the Units described above, does hereby RATIFY, ADOPT, and CONFIRM the Units and the lease or leases under which such party's interest is derived (individually and/or collectively the "Ratified Lease"), and does hereby GRANT, LEASE and LET unto the current lessee of the Ratified Lease, all of such Interest Owner's interest in the acreage covered by the Ratified Lease, subject to the same terms and conditions provided for therein, as same may have been previously amended, or amended herein, and further does hereby CONSENT and AGREE to the inclusion of the undersigned's interest in participating in the Treyley 1HA Well under the terms and provisions set forth herein.
5. Unless terminated by TreadStone Energy Partners II, LLC, this document shall be effective as of the date of completion of the Treyley 1HA Well as a well capable of producing oil and/or gas in paying quantities and shall continue in effect for so long as the Treyley 1HA Well continues to produce in paying quantities.
6. The terms and provisions of this agreement and the covenants made herein shall be binding upon the undersigned, its heirs, successors and/or assigns.

EXECUTED THIS _____ DAY OF _____, 2020

ROYALTY OWNER:

_____

STATE OF TEXAS
1700 N CONGRESS AVENUE
STEPHEN F AUSTIN BLDG
AUSTIN, TX 78701-1436

EXHIBIT "A"

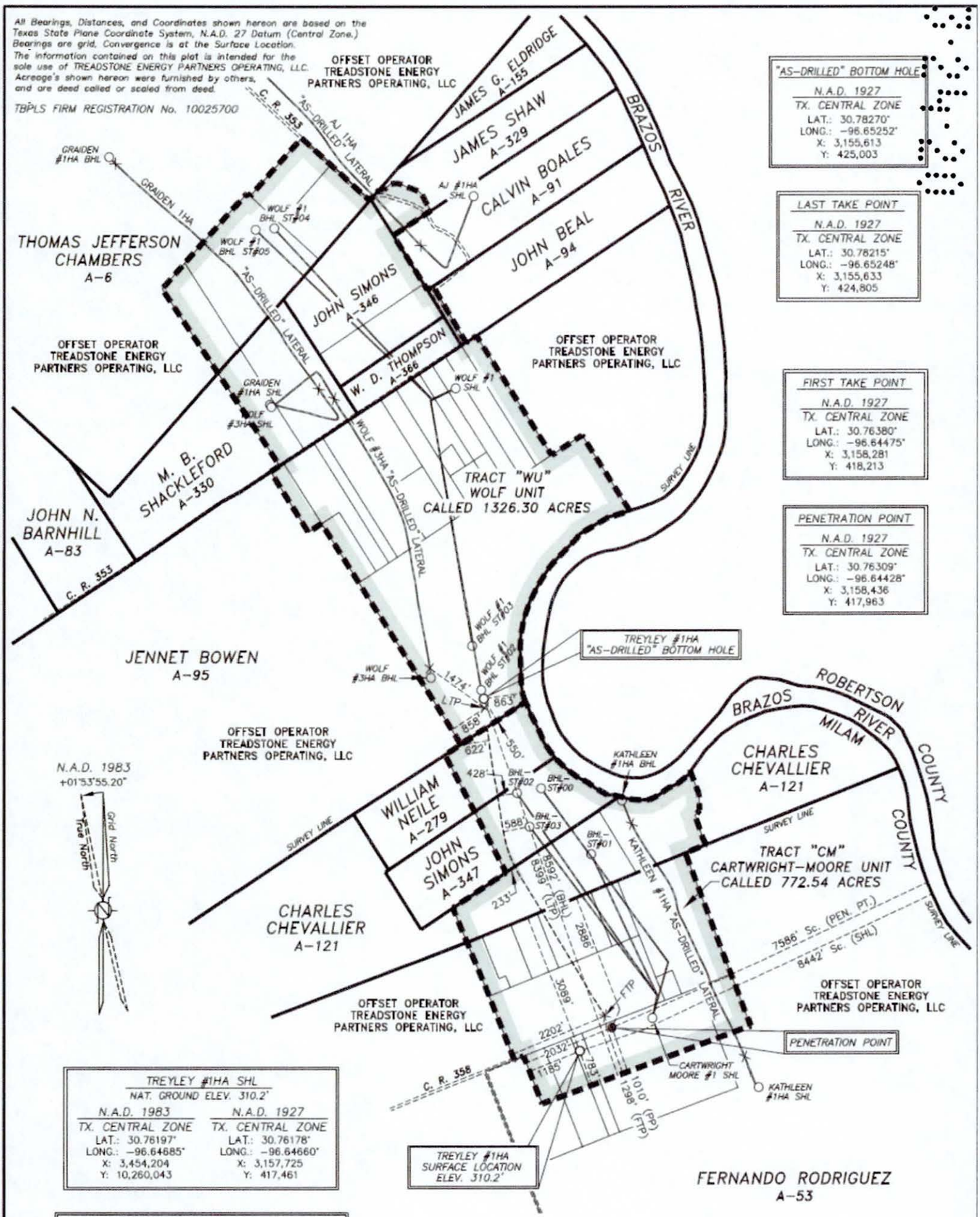
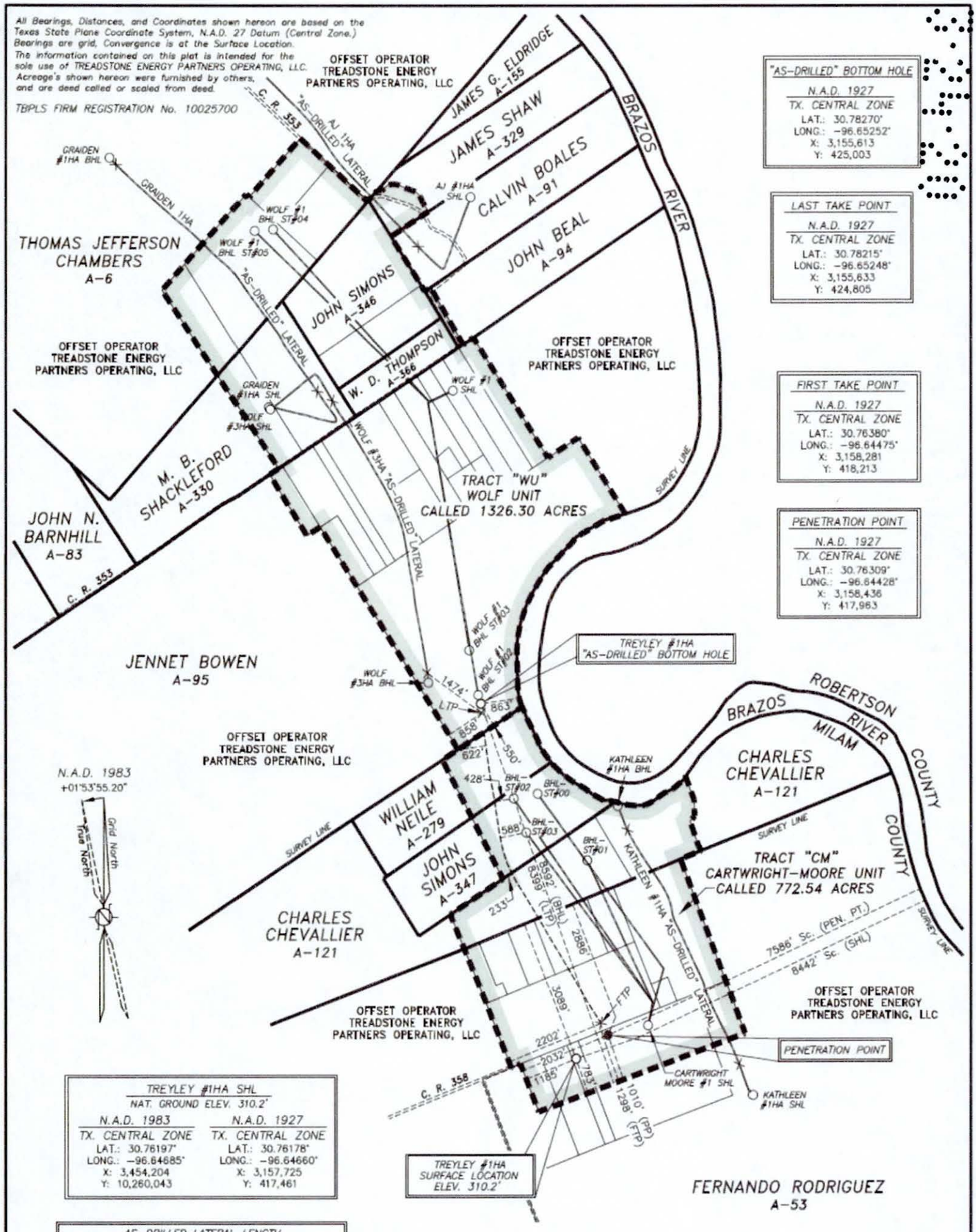

All Bearings, Distances, and Coordinates shown hereon are based on the Texas State Plane Coordinate System, N.A.D. 27 Datum (Central Zone.) Bearings are grid. Convergence is at the Surface Location.
The information contained on this plat is intended for the sole use of TREADSTONE ENERGY PARTNERS OPERATING, LLC. Acreage's shown hereon were furnished by others, and are deed called or scaled from deed.
TBPLS FIRM REGISTRATION No. 10025700
OFFSET OPERATOR TREADSTONE ENERGY PARTNERS OPERATING, LLC
JAMES G. ELDRIDGE A-155
JAMES SHAW A-329
CALVIN BOALES A-91
JOHN BEAL A-94
BRAZOS RIVER
C. R. 353
"AS-DRILLED" LATERAL
AJ #1HA BHL
AJ #1HA SHL
GRAIDEN #1HA BHL
GRAIDEN 1HA
WOLF #1 BHL ST#04
WOLF #1 BHL ST#05
THOMAS JEFFERSON CHAMBERS A-6
JOHN SIMONS A-546
W. D. THOMPSON A-366
GRAIDEN #1HA SHL
WOLF #3HA SHL
WOLF #1 SHL
M. B. SHACKLEFORD A-330
JOHN N. BARNHILL A-83
TRACT "WU" WOLF UNIT CALLED 1326.30 ACRES
SURVEY LINE
WOLF #3HA "AS-DRILLED" LATERAL
JENNET BOWEN A-95
WOLF #1 BHL ST#03
WOLF #1 BHL ST#02
WOLF #3HA BHL
L474'
LTP
863'
859'
622'
550'
428'
TREYLEY #1HA "AS-DRILLED" BOTTOM HOLE
ROBERTSON
BRAZOS
RIVER
MILAM
COUNTY
KATHLEEN #1HA BHL
CHARLES CHEVALLIER A-121
BHL-ST#02
BHL-ST#00
BHL-ST#03
BHL-ST#01
1588'
WILLIAM NEILE A-279
JOHN SIMONS A-347
TRACT "CM" CARTWRIGHT-MOORE UNIT CALLED 772.54 ACRES
KATHLEEN #1HA "AS-DRILLED" LATERAL
233'
859'
2686'
3089'
7586' Sc. (PEN. PT.)
8442' Sc. (SHL)
FTP
2202'
2032'
1185'
784'
1010'
1298'
(PP)
(FTP)
PENETRATION POINT
CARTWRIGHT MOORE #1 SHL
KATHLEEN #1HA SHL
C. R. 358
TREYLEY #1HA SURFACE LOCATION ELEV. 310.2'
FERNANDO RODRIGUEZ A-53
OFFSET OPERATOR TREADSTONE ENERGY PARTNERS OPERATING, LLC
N.A.D. 1983
+01°53'55.20"
True North
Grid North
"AS-DRILLED" BOTTOM HOLE
N.A.D. 1927
TX. CENTRAL ZONE
LAT.: 30.78270°
LONG.: -96.65252°
X: 3,155,613
Y: 425,003
LAST TAKE POINT
N.A.D. 1927
TX. CENTRAL ZONE
LAT.: 30.78215°
LONG.: -96.65248°
X: 3,155,633
Y: 424,805
FIRST TAKE POINT
N.A.D. 1927
TX. CENTRAL ZONE
LAT.: 30.76380°
LONG.: -96.64475°
X: 3,158,281
Y: 418,213
PENETRATION POINT
N.A.D. 1927
TX. CENTRAL ZONE
LAT.: 30.76309°
LONG.: -96.64428°
X: 3,158,436
Y: 417,963
TREYLEY #1HA SHL
NAT. GROUND ELEV. 310.2'
N.A.D. 1983 TX. CENTRAL ZONE
LAT.: 30.76197°
LONG.: -96.64685°
X: 3,454,204
Y: 10,260,043
N.A.D. 1927 TX. CENTRAL ZONE
LAT.: 30.76178°
LONG.: -96.64660°
X: 3,157,725
Y: 417,461
AS-DRILLED LATERAL LENGTH FROM FTP TO LTP
CARTWRIGHT-MOORE UNIT 6,822.86' 94.32%
WOLF UNIT 410.81' 5.68%
TOTAL 7,233.67' 100.00%
WOLF UNIT (TR WU) 1,326.30 AC.
CARTWRIGHT-MOORE UNIT (TR CM) 772.54 AC.
(ALLOCATION) UNIT TOTAL TREYLEY #1HA 2,098.84 AC.
NOTE: This plat does not represent a boundary survey for the purpose of establishing title boundaries. The total unit acreage is based upon deed called, surveyed and calculated acreage.
0 2000 4000 6000
I, the undersigned, do hereby certify that this plat is true and correct to the best of my knowledge and belief.
BY: Kenny C. Williams DATE: 02/07/2020
STATE OF TEXAS REGISTERED KENNY C. WILLIAMS 5680 PROFESSIONAL LAND SURVEYOR
"AS-DRILLED" PLAT
TREADSTONE ENERGY PARTNERS OPERATING, LLC
TREYLEY #1HA
MILAM COUNTY, TEXAS
SCALE: 1" = 2000'
PREPARED BY:
STANGER SURVEYING TYLER LLC
1595 E. GRANDE BLVD.
TYLER, TEXAS 75703
(903) 534-0174
"GAUSE" Quadrangle
Situated S 75° E – 20.5 Miles from Cameron, Tx.

EXHIBIT "A"



TREYLEY #1HA SHL NAT. GROUND ELEV. 310.2'			
N.A.D. 1983		N.A.D. 1927	
TX. CENTRAL ZONE		TX. CENTRAL ZONE	
LAT.:	30.76197°	LAT.:	30.76178°
LONG.:	-96.64685°	LONG.:	-96.64660°
X:	3,454,204	X:	3,157,725
Y:	10,260,043	Y:	417,461

AS-DRILLED LATERAL LENGTH FROM FTP TO LTP		
CARTWRIGHT-MOORE UNIT	6,822.86'	94.32%
WOLF UNIT	410.81'	5.68%
TOTAL	7,233.67'	100.00%

WOLF UNIT (TR WU)	1,326.30 AC.
CARTWRIGHT-MOORE UNIT (TR CM)	772.54 AC.
(ALLOCATION) UNIT TOTAL TREYLEY #1HA	2,098.84 AC.

NOTE: This plat does not represent a boundary survey for the purpose of establishing title boundaries. The total unit acreage is based upon deed called, surveyed and calculated acreage.

0 2000 4000 6000

I, the undersigned, do hereby certify that this plat is true and correct to the best of my knowledge and belief.

BY: Kenny Williams DATE: 02/07/2020

STATE OF TEXAS REGISTERED KENNY G. WILLIAMS 5680 PROFESSIONAL LAND SURVEYOR

"AS-DRILLED" PLAT
TREADSTONE ENERGY PARTNERS OPERATING, LLC
TREYLEY #1HA
MILAM COUNTY, TEXAS
SCALE: 1" = 2000'

PREPARED BY:
STANGER SURVEYING TYLER LLC
1595 E. GRANDE BLVD.
TYLER, TEXAS 75703
(903) 534-0174

"GAUSE" Quadrangle
Situated S 75° E – 20.5 Miles from Cameron, TX.

TreadStone Energy Partners, LLC
106 Vintage Park Blvd, Suite 100
Houston, Texas 77070

Chris Herrin
Contract Division Order Analyst
Telephone: (713) 482-2990
Email: Chris.Herrin@treadstone-ep.com

DATE: March 20, 2020

TO: Royalty Owners in the Cartwright-Moore and Wolf No. 1 Units.

RE: Division Orders for:
Treyley #1HA (API# 42-331-35062)

Ladies and Gentlemen,

Enclosed you will find two (2) originals of our Division Order with your associated interest in the production revenues from the above referenced well. Also included are two (2) originals of our Production Sharing Agreement (PSA) which explains the revenue pay structure of the new well.

Please review the Division Order and PSA. If acceptable, please sign and return **One** original of each to the undersigned at the letterhead address. The remaining copy is for **Your** personal records.

Should you have any questions or comments, please do not hesitate to contact me at (832) 619-7876 or via email at Chris.Herrin@treadstone-ep.com.

Sincerely,

Chris Herrin
Divison Order Analyst

TEXAS GENERAL LAND OFFICE
GEORGE P. BUSH, COMMISSIONER

July 27, 2020

Chris Herrin
Division Order Analyst
TreadStone Energy Partners, LLC
106 Vintage Park Blvd, Suite 100
Houston, Texas 77070

Re: State Lease No. MF098524 Trey 1HA iNut 10705

Dear Mr. Herrin:

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

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

Please be advised that in accordance with Section 32.201 of the Texas Natural Resources Code, any royalties paid for production including the mineral interest of a County Road, should be paid directly to the county.

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

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

Thank you,

Vivian Zamora

Vivian Zamora
Landman, Energy Resources
512-475-0428
512-475-1404 (fax)
vivian.zamora@glo.texas.gov

File No. MF098524

_____ County

DIVISION ORDER

Date Filed: 9-29-2020

George P. Bush, Commissioner

By VR