

## STATE LEASE

MF098676

✓  
TERMINATED  
Date 4-1-06

Accounting  
Legal C.Z.B.  
Exploration J.P.

CONTROL	BASEFILE	COUNTY
02-023278	000 -	CALHOUN /029
02-033506	000000000 -	MATAGORDA /158

SURVEY : MATAGORDA BAY  
BLOCK :  
TOWNSHIP : 00  
SECTION/TRACT: 160  
PART : N/2  
ACRES : 320.00  
DEPTH LIMITS : NO

Rentals: MT

Lease KSA  
Admin:Mineral  
Maps: [Signature]

LESSEE : BOIS D'ARCH RESOURCES  
LEASE DATE : Oct 07 1997  
PRIMARY TERM : 5 yrs  
BONUS (\$) : 75200.00  
RENTAL (\$) : 10.00  
ROYALTY : 0.25000000  
VAR ROYALTY :

Release MS



MF 098676





CONTENTS OF FILE NO. 98676

1. Bid Form	10-7-97	20. Assignment	11/9/04
2. Lease	10-7-97	21. Ltrs. & fees for assignment	11/18/04
3. Transmittal Letter		22. Assignment	11/3/05
4. Rental pmt. 9/25/98. 10/26/98		23. Assignment	11/3/05
5. Rental pmt. 9/25/98		24. Termination Ltr. 7-24-06	
6. Permits to drill well 1. 2/10/99		25. Release	9/14/06
7. Completion Reports. 5/14/99		26. NO letter	9/14/06
8. Certified Lease 2/19/98		27. Letter	9/14/06
9. Ltr. from J. Connor, Application		28. Release	9/14/06
to Drill + Completion Reports		29. NO letter	9/14/06
Well #1	6-15-00	30. billing letter	6-14-07
10. See Assignment M-98659 - 6-13-00		31. revised billing	10-2-07
See MF 098659 # 13		Scanned	10/17/2015
for assignment	2/7/01		
11. Assignment	8/19/03		
12. Assignment	12/1/03		
13. Assignment	8/25/04		
See MF 098659 # 22 for			
assignment	8/25/04		
14. Assignment	11/9/04		
15. Assignment	11/9/04		
16. Assignment	11/9/04		
17. Assignment	11/9/04		
18. Assignment	11/9/04		
19. Assignment	11/9/04		





Texas General Land Office  
Garry Mauro, Commissioner

98676

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

OCTOBER 7, 1997  
MINERAL LEASE BID APPLICATION  
Texas General Land Office ED - CA-040(8-93)

APPLICANT  
AGREEMENT

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

APPLICANT  
IDENTIFICATION  
TO APPEAR ON  
LEASE (type/print)

Name Bois d'Arc Resources  
Address 3330 Monte Villa Pky., Suite 130  
City Bothell State WA Zip 98021-8972  
(Include +4 Code)  
Telephone ( 425 ) 481-8498

AREA  
DESCRIPTION

County(ies) Calhoun/Matagorda Survey/Area Matagorda Bay  
(If Applicable)  
Block/Tsp. \_\_\_\_\_ Section/Tract 160 N/2 Acres 320  
(If Applicable)

38007282

BID  
SUBMISSION

(A) Cash Bonus Enclosed (\$) 75,200.00 (type/print amount below)

Seventy Five Thousand Two Hundred Dollars & No Cents

38007283

(B) Sales Fee Attached (\$) 1,128.00 (type/print amount below)

Eleven Hundred Twenty Eight Dollars & No Cents

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

MGL. NO.

647

APPLICANT (same as above)

Bois d'Arc Resources

BONUS AMOUNT ONLY (A)

(Do Not include sales fee)

(\$ 75,200.00)

APPLICANT  
TAX I.D. #

[REDACTED]

SIGNATURE OF  
AGENT  
(type/print below)

Wayne L. Laufer  
Wayne L. Laufer



①

Nr. 98676

BIO FORM

File Dated OCT 07 1997

58570085

58570085

58570085



# The State of Texas



Austin, Texas

## OIL AND GAS LEASE NO. M-098676

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

N/2 OF TRACT 160, MATAGORDA BAY, CALHOUN/MATAGORDA COUNTIES, TEXAS, CONTAINING APPROXIMATELY 320 ACRES AS SHOWN ON THE APPLICABLE OFFICIAL SUBMERGED AREA MAP ON FILE IN THE TEXAS GENERAL LAND OFFICE, AUSTIN, TEXAS,

was, after being duly advertised, offered for lease on the 7th day of October, 1997, at 10:00 o'clock a.m., by the Commissioner of the General Land Office of the State of Texas and the School Land Board of the State of Texas, for the sole and only purpose of prospecting and drilling for, and producing oil and/or gas that may be found and produced from the above described area; and

WHEREAS, after all bids and remittances which were received up to said time have been duly considered by the Commissioner of the General Land Office and the School Land Board at a regular meeting thereof in the General Land Office, on the 7th day of October, 1997, hereinafter the "effective date" and it was found and determined that BOIS D'ARC RESOURCES whose address is 3330 MONTE VILLA PKWY., SUITE 130, BOTHELL, WA 98021-8972 had offered the highest and best bid for a lease of the area above described and is, therefore, entitled to receive a lease thereon:

NOW, THEREFORE, I, Garry Mauro, Commissioner of the General Land Office of the State of Texas, hereinafter sometimes referred to as "Lessor," whose address is Austin, Texas, by virtue of the authority vested in me and in consideration of the payment by the hereinafter designated Lessee, the sum of \$75,200.00, receipt of which is hereby acknowledged and of the royalties, covenants, stipulations and conditions contained and hereby agreed to be paid, observed and performed by Lessee, do hereby demise, grant, lease and let unto the above mentioned bidder the exclusive right to prospect for, produce and take oil and/or gas from the aforesaid area upon the following terms and conditions, to-wit:

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

2. TERM: Subject to the other provisions hereof, this lease shall be for a term of five (5) years from the effective date hereof (herein called "primary term") and as long thereafter as oil or gas is produced in paying quantities from said area.

3. DELAY RENTALS: If no well be commenced on the land hereby leased on or before the anniversary date of this lease, this lease shall terminate as to both parties unless the Lessee on or before said date shall pay or tender to the Commissioner of the General Land Office of the State of Texas at Austin, Texas, the sum of Ten Dollars (\$10.00), per acre, which shall operate as rental and cover the privilege of deferring the commencement of a well for twelve (12) months from said date. In like manner and upon like payments or tenders the commencement of a well may be further deferred for like periods of the same number of months successively during the primary term hereof.

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

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

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



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

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

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

(E) **VARIABLE ROYALTY:** (i) Subject to the other provisions of this lease, it is hereby provided that in the event production in paying quantities is established pursuant to the terms of this lease and such production is brought on line and sales thereof are commenced within twenty-four (24) months of the effective date hereof, the royalty rate provided herein shall be reduced to 20%, and shall apply to each subsequent well drilled and produced on the land covered by this lease. Provided that, if during such twenty-four (24) month term during which Lessee may earn a reduced royalty rate of 20% as herein provided, Lessee should drill in good faith and complete the first well as a dry hole on the land covered by this lease, Lessee may receive a six (6) month extension of the term in which to earn a reduced royalty rate by giving notice to the Commissioner of the General Land Office, commencing drilling operations on an additional well prior to the expiration of such six (6) month period and prosecuting diligently and in good faith the drilling of such additional well and completing same so that production in paying quantities is established and so that such production is brought on line and sales thereof are commenced prior to the expiration of such six(6) month extension period.

(ii) In the event production in paying quantities is established pursuant to the terms of this lease and such production is brought on line and sales thereof are commenced after the expiration of twenty-four (24) months from the effective date hereof but prior to the expiration of forty-eight (48) months from the effective date hereof, the royalty rate provided herein shall be reduced to 22.5% and shall apply to each subsequent well drilled and produced on the land covered by this lease. Provided that, if during such twenty-four (24) month term during which Lessee may earn a reduced royalty rate of 22.5% as herein provided, Lessee should drill in good faith and complete the first well as a dry hole on the land covered by this lease, Lessee may receive a six (6) month extension of the term in which to earn a reduced royalty rate by giving notice to the Commissioner of the General Land Office, commencing drilling operations on an additional well prior to the expiration of such six (6) month period and prosecuting diligently and in good faith the drilling of such additional well and completing same so that production in paying quantities is established and so that such production is brought on line and sales thereof are commenced prior to the expiration of such six (6) month extension period.

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

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

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

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

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

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

6. (A) **RESERVES, CONTRACTS AND OTHER RECORDS:** Lessee shall annually furnish the Commissioner of the General Land Office with its best possible estimate of oil and gas reserves underlying this lease or allocable to this lease and shall furnish said Commissioner with copies of all contracts under which gas is sold or processed and all subsequent agreements and amendments to such contracts within thirty (30) days after entering into or making such contracts, agreements or amendments. Such contracts and agreements when received by the General Land Office shall be held in confidence by the General Land Office unless otherwise authorized by Lessee. All other contracts and records pertaining to the production, transportation, sale and



marketing of the oil and gas produced on said premises, including the books and accounts, receipts and discharges of all wells, tanks, pools, meters, and pipelines shall at all times be subject to inspection and examination by the Commissioner of the General Land Office, the Attorney General, the Governor, or the representative of any of them.

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

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

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

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

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

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

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

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

10. **CESSATION, DRILLING, AND REWORKING:** If, after the expiration of the primary term, production of oil or gas from the leased premises, after once obtained, should cease from any cause, this lease shall not terminate if Lessee commences additional drilling or reworking operations within sixty (60) days after such cessation, and this lease shall remain in full force and effect for so long as such operations continue in good faith and in workmanlike manner without interruptions totaling more than sixty (60) days. If such drilling or reworking operations result in the production of oil or gas, the lease shall remain in full force and effect for so long as oil or gas is produced from the leased premises in paying quantities or payment of shut-in oil or gas well royalties or payment of compensatory royalties is made as provided herein or as provided by law. If the drilling or reworking operations result in the completion of a well as a dry hole, the lease will not terminate if the Lessee commences additional drilling or reworking operations within sixty (60) days after the completion of the well as a dry hole, and this lease shall remain in effect so long as Lessee continues drilling or reworking operations in good faith and in a workmanlike manner without interruptions totaling more than sixty (60) days. Lessee shall give written notice to the General Land Office within thirty (30) days of any cessation of production.

11. **SHUT-IN ROYALTIES:** For purposes of this paragraph, "well" means any well that has been assigned a well number by the state agency having jurisdiction over the production of oil and gas. If at any time after the expiration of the primary term of a lease that, until being shut in, was being maintained in force and effect, a well capable of producing oil or gas in paying quantities is located on the leased premises, but oil or gas is not being produced for lack of suitable production facilities or lack of a suitable market, then Lessee may pay as a shut-in oil or gas royalty an amount equal to double the annual rental provided in the lease, but not less than \$1,200 a year for each well capable of producing oil or gas in paying quantities. To be effective, each initial shut-in oil or gas royalty must be paid on or before: (1) the expiration of the primary term, (2) 60 days after the Lessee ceases to produce oil or gas from the leased premises, or (3) 60 days after Lessee completes a drilling or reworking operation in accordance with the lease provisions; whichever date is latest. If the shut-in oil or gas royalty is paid, the lease shall be



considered to be a producing lease and the payment shall extend the term of the lease for a period of one year from the end of the primary term, or from the first day of the month following the month in which production ceased, and, after that, if no suitable production facilities or suitable market for the oil or gas exists, Lessee may extend the lease for four more successive periods of one (1) year by paying the same amount each year on or before the expiration of each shut-in year.

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

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

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

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

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

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

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

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

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

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

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

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



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

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

22. **APPLICABLE LAWS AND DRILLING RESTRICTIONS:** This lease shall be subject to all rules and regulations, and amendments thereto, promulgated by the Commissioner of the General Land Office governing drilling and producing operations on Permanent Free School Land, specifically including any rules promulgated that relate to plans of operations, payment of royalties, and auditing procedures, and shall be subject to all other valid statutes, rules, regulations, orders and ordinances that may affect operations under the provisions of this lease. Without limiting the generality of the foregoing, Lessee hereby agrees, by the acceptance of this lease, to be bound by and subject to all statutory and regulatory provisions relating to the General Land Office's audit billing notice and audit hearings procedures. Said provisions are currently found at 31 Texas Administrative Code, Chapter 4, and Texas Natural Resources Code Sections 52.135 and 52.137 through 52.140. In the event this lease covers land franchised or leased or otherwise used by a navigation district or by the United States for the purpose of navigation or other purpose incident to the operation of a port, then Lessee shall not be entitled to enter or possess such land without prior approval as provided under Section 61.117 of the Texas Water Code, but Lessee shall be entitled to develop such land for oil and gas by directional drilling; provided, however, that no surface drilling location may be nearer than 660 feet and special permission from the Commissioner of the General Land Office is necessary to make any surface location nearer than 2,160 feet measured at right angles from the nearest bulkhead line or from the nearest dredged bottom edge of any channel, slip, or turning basin which has been authorized by the United States as a federal project for future construction, whichever is nearer.

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

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

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

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

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

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

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

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



2

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

OIL AND GAS LEASE NO. 98676  
DATE OCT 07 1997

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

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

*Garry Mauro*  
COMMISSIONER OF THE GENERAL LAND OFFICE  
OF THE STATE OF TEXAS

APPROVED

Contents *[Signature]*  
Legal *[Signature]*  
DC *[Signature]*  
SD *[Signature]*  
Exec \_\_\_\_\_

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

(CORPORATION ACKNOWLEDGMENT)

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

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

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

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

(INDIVIDUAL ACKNOWLEDGMENT)

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

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

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



November 24, 1997

Mr. Wayne L. Laufer  
Bois D'arc Resources  
3330 Monte Villa Pkwy., Suite 130  
Bothell, Wa 98021-8972

Dear Mr. Laufer:

Thank you for participating in the October 7, 1997 State of Texas Oil and Gas Lease Sale. \$23.6 million was generated for the Permanent School Fund, along with over \$1 million for other state agencies. In total, this was the second best sale in thirteen years.

I am pleased to inform you that you were the high bidder on the marginal number(s) listed on Exhibit "A", which have been assigned the corresponding lease number(s).

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

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

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



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

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

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

Sincerely,

  
Garry Mauro  
Texas Land Commissioner

GM/RH/ka

Enclosures



## EXHIBIT "A"

	MGL. NO.	LEASE NUMBER
BOIS D'ARC RESOURCES		
	606	M- 098655
	607	M- 098656
	608	M- 098657
	611	M- 098659
	615	M- 098660
	616	M- 098661
	617	M- 098662
	618	M- 098663
	647	M- 098676



M- 98676

(3)

TRANSMITTAL LETTER

File Dated NOV 24 1997



RECEIVED

98 SEP 25 PM 2:27

ENERGY RESOURCES

121

99004742

KEN SAVAGE & ASSOCIATES, INC. ✓

P. O. BOX 2080  
BEEVILLE, TX 78104

5810

88-278/0  
1149


Sept. 23 19 98

PAY TO THE  
ORDER OF COMMISSIONER, GENERAL LAND OFFICE, STATE OF TEXAS

\$ ~~X~~ 28,800.00

TWENTY-EIGHT THOUSAND EIGHT HUNDRED AND NO/100 -----

DOLLARS

 Security features  
are included.  
Details on back

COMMERCIAL NATIONAL BANK  
P.O. BOX 400 / BEEVILLE, TX 78102  
(512) 358-3612

In payment of rentals on Lease Nos. M-098657, 098656,  
098655, 098676, 098663, 098662, 098661, 098660 and  
FOR 098659

*Ken Savage*

⑈005810⑈



④

m-98676

Rental Payment 9/25/98



121  
**KEN SAVAGE & ASSOCIATES, INC.**

INDEPENDENT PETROLEUM LANDMEN  
POST OFFICE BOX 2080  
BEEVILLE, TEXAS 78104-2080  
(512) 362-2149  
FACSIMILE (512) 362-1826

September 22, 1998

Delivered by Hand

Commissioner  
General Land Office  
State of Texas  
1700 North Congress Avenue  
Steven F. Austin Building  
Austin, Texas 78701-1495

Attention: Linda Anderson

Re: Matagorda Bay  
Matagorda & Calhoun Counties,  
T E X A S

Gentlemen:

Enclosed please find our check in the amount of \$28,800.00 in payment of rental under Paragraph 3 DELAY RENTALS of the following Oil and Gas Leases dated October 7, 1997 between The General Land Office of the State of Texas, as Lessor, and Bois D'Arc Resources, as Lessee:

No. M-098657, covering 320.0 acres, being the north half of Tract 137, Matagorda Bay, Calhoun County;

No. M-098656, covering 320.0 acres, being the south half of Tract 136, Matagorda Bay, Calhoun County;

No. M-098655, covering 320.0 acres, being the north half of Tract 136, Matagorda Bay, Calhoun County;

No. M-098676, covering 320.0 acres, being the north half of Tract 160, Matagorda Bay, Matagorda and Calhoun Counties;

No. M-098663, covering 320.0 acres, being the south half of Tract 144, Matagorda Bay, Calhoun and Matagorda Counties;

No. M-098662, covering 320.0 acres, being the north half of Tract 144, Matagorda Bay, Calhoun and Matagorda Counties;



No. M-098661, covering 320.0 acres, being the south half of Tract 143, Matagorda Bay, Calhoun and Matagorda Counties;

No. M-098660, covering 320.0 acres, being the north half of Tract 143, Matagorda Bay, Calhoun and Matagorda Counties; and

No. M-098659, covering 320.0 acres, being the north half of Tract 141, Matagorda Bay, Calhoun and Matagorda Counties,

for the period, October 7, 1998 to October 7, 1999.

Kindly acknowledge timely receipt of our check by signing one copy of this letter in the space provided below and returning the same to this office in the enclosed envelope.

This rental is paid for the benefit of Bois D'Arc Resources.

Very truly yours,

KEN SAVAGE & ASSOCIATES, INC.

*Ken Savage*

Ken Savage

RECEIVED the above described check  
on this the \_\_\_\_ day of September, 1998.

COMMISSIONER OF THE GENERAL LAND OFFICE  
OF THE STATE OF TEXAS

By: \_\_\_\_\_  
Name:  
Title:

Enclosure

MatagordaBay/GLO/Commissioner

RECEIVED  
98 SEP 25 AM 10:07  
GENERAL LAND OFFICE

5

M-98676

Rental Payment

9-25-98



# BOIS d'ARC OPERATING CORPORATION

Oil and Gas Exploration

3330 Monte Villa Parkway, Suite 130  
Bothell, Washington 98021  
(425) 481-8498  
(425) 481-9413

February 10, 1999

General Land Office of Texas  
1700 North Congress  
Austin, Texas 78701

Attention: Tracy Throckmorton

Re: State Tract 160, Well No. 1, API No. 42-321-31763  
Matagorda Bay, Matagorda County, Texas

Gentlemen:

Bois d'Arc Operating Corporation hereby submits for your records the following permit documents for the referenced well:

1. Approved TXRRC Drilling Permit and application dated June 26, 1998 and July 2, 1998, respectively, with location plat attached;
2. TNRRRC Surface Casing Recommendation Letter SC-3971;
3. Corps of Engineers Blanket Permit No. 21190 dated April 7, 1998;
4. Corps of Engineers site specific authorization No. 21190/1 dated April 20, 1998;
5. TXRRC Surface Casing Exception dated December 9, 1998;
6. EPA Notices of Intent to be Covered dated October 6 and 21, 1998; and
7. TXRRC Landfarming Permit dated February 3, 1999.

Should you have questions or require additional information, please contact our regulatory consultant, Ms. Wanda E. Richmond, at (281) 578-3388.

Very truly yours,

BOIS D'ARC OPERATING CORPORATION

*Wayne L. Laufer (WER)*

Wayne L. Laufer  
President

WER:gmg

Enclosures

# ILROAD COMMISSION OF TE S

## OIL & GAS DIVISION

PERMIT TO DRILL, DEEPEN, PLUG BACK, OR RE-ENTER  
ON REGULAR OR ADMINISTRATIVE EXCEPTION LOCATION

PERMIT NUMBER <b>477604</b>	DATE PERMIT ISSUED OR AMENDED <b>7/02/1998</b>	DISTRICT <b>03</b>
API NUMBER <b>42 321 31763</b>	FORM W-1 RECEIVED <b>7/01/1998</b>	COUNTY <b>MATAGORDA</b>
TYPE OF OPERATION <b>DRILL (DIRECTIONAL)</b>		ACRES <b>320.00</b>
OPERATOR <b>079577</b>  <b>BOIS D'ARC OPERATING CORPORATION</b> <b>3330 MONTE VILLA PARKWAY STE 130</b> <b>BOTHELL WA 98021</b>		NOTICE  This permit and any allowable assigned may be revoked if payment for fee(s) submitted to the Commission is not honored. District Office Telephone No.:  <b>713 869-5001</b>
LEASE NAME <b>STATE TRACT 160</b>		WELL NUMBER <b>1</b>
LOCATION <b>4.00 MILES NE FROM PORT O'CONNOR</b>		TOTAL DEPTH <b>6,700</b>
SECTION, BLOCK and/or SURVEY <b>SECTION =&gt; BLOCK =&gt; ABSTRACT =&gt;</b> <b>SURVEY ==&gt; S.T. 160, MATAGORDA BAY</b>		
DISTANCE--LEASE LINES <b>500.00 F S - 1,446.00 F E</b>		DISTANCE--NEAREST WELL ON LEASE <b>N/A</b>
DISTANCE--SURVEY LINES <b>1,446.00 F E - 2,140.00 F N</b>		

READ IMPORTANT CONDITIONS AND INSTRUCTIONS ON THE BACK OF THIS FORM

### FIELD(S) AND LIMITATIONS

PERMIT BOTTOM HOLE LOCATION:  
 LEASE DISTANCE ==> 730.00 F N - 1,413.00 F E  
 SURVEY DISTANCE ==> 730.00 F N - 1,413.00 F E  
 NEAREST WELL ==> N/A

WILDCAT

\*\* LIMITATIONS \*\*

THE FOLLOWING RESTRICTIONS APPLY TO ALL FIELDS

REGULAR PROVIDED THIS WELL IS NEVER COMPLETED IN VIOLATION OF  
APPLICABLE SPECIAL FIELD OR STATEWIDE SPACING RULES.  
 REGULAR PROVIDED THIS WELL IS NEVER DRILLED DEEPER THAN 6700 FEET.  
 WILDCAT ABOVE 6700 FEET.  
 ANY WELLBORE DRILLED UNDER THIS PERMIT MUST BE COMPLETED, OPERATED,  
 AND PRODUCED IN COMPLIANCE WITH STATEWIDE RULE 32.  
 CORRECTED PERMIT TO CORRECT DISTRICT. (SJ) 7-7-98



► Return each W-1 with plat and applicable fee. Make a check or money order payable to the State Treasurer of Texas.

► Address to:  
Railroad Commission of Texas  
Oil and Gas Division, Drilling Permits  
P. O. Box 12967  
Austin, Texas 78711-2967

# RAILROAD COMMISSION OF TEXAS

Oil and Gas Division

## Application for Permit to Drill, Deepen, Plug Back, or Re-Enter

► File a copy of W-1 and plat in RRC District Office

► Read Instructions on Back

Form W-1

Rev. 3/93

EFFECTIVE SEPT. 1, 1991, PERMIT APPLICATION FEE WILL VARY  
ACCORDING TO THE TOTAL DEPTH SHOWN IN ITEM NO. 9 BELOW.  
0-2000' - \$100. 2001' - 4000' - \$125  
4001' - 8000' - \$150 8001' or deeper - \$200

Purpose of filing (mark appropriate boxes): <input checked="" type="checkbox"/> Drill <input type="checkbox"/> Deepen (below casing) <input type="checkbox"/> Deepen (within casing) <input type="checkbox"/> Plug Back <input type="checkbox"/> Re-Enter <input type="checkbox"/> Horizontal <input type="checkbox"/> Directional Well <input type="checkbox"/> Sidetrack <input type="checkbox"/> Amended Permit (enter permit no. at right & explain fully in Remarks)								Enter here, <b>API No.</b> If assigned: <b>42-</b> Permit No. _____ Rule 37 Case No. _____		
1. Operator's Name (exactly as shown on Form P-5, Organization Report) <b>Bois d'Arc Operating Corp.</b>			3. RRC Operator No. <b>079577</b>		4. RRC District No. <b>02</b>		5. County of Well Site <b>Matagorda</b>			
2. Address (including city and zip code) <b>3330 Monte Villa Parkway Suite 130 Bothell, Washington 98021</b>			6. Lease Name (32 spaces maximum) <b>State Tract 160</b>			7. RRC Lease/ID No.		8. Well No. <b>1</b>	9. Total Depth <b>6700'</b>	
10. Location • Section _____ Block _____ Survey <b>S.T. 160, Matagorda Bay</b> Abstract No. <b>A-</b> • This well is to be located <b>4</b> miles in a <b>NE</b> direction from <b>Port O'Connor</b> which is the nearest town in the county of the well site.										
11. Distance from proposed location to nearest lease or unit line <b>730'</b> ft. 12. Number of contiguous acres in lease, pooled unit, or unitized tract <b>320</b> (OUTLINE ON PLAT.)										
13. FIELD NAME (Exactly as shown on RRC proration schedule). List all established and wildcat zones of anticipated completion. Attach additional Form W-1's as needed to list these zones. One zone per line.			14. Completion depth	15. Spacing pattern (ft.)	16. Density pattern (acres)	17. Number of acres in drilling unit for this well. OUTLINE ON PLAT.	18. Is this acreage assigned to another well on this lease & in this reservoir? If so, explain in Remarks.	19. Distance from proposed location to nearest applied for, permitted, or completed well, this lease & reservoir. (ft.)	20. Oil, gas, or other type well (Specify)	21. No. of applied for, permitted, or completed locations (including this one) on lease in this reservoir. OIL GAS
Wildcat			6700'	467/1200	40	40	N/A	No	O/G	1 1
22. Perpendicular surface location from two nearest designated lines: • Lease/Unit <b>500' FSL &amp; 1446' FEL</b> • Survey/Section <b>1446' FEL &amp; 2140' FNL</b> If a directional well, show also projected bottom-hole location: • Lease/Unit <b>730' FNL &amp; 1413' FEL</b> • Survey/Section <b>730' FNL &amp; 1413' FEL</b>										
23. Is this a pooled unit? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> (Attach Form P-12 and certified plat.)					24. Is Item 17 less than Item 16 (substandard acreage for any field applied for)? Yes <input type="checkbox"/> No <input type="checkbox"/> (Attach Form W-1A)					
25. Is this wellbore subject to Statewide Rule 36 (hydrogen sulfide area)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>					If subject to Rule 36, is Form H-9 filed? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If not filed, explain in Remarks.					
26. Do you have the right to develop the minerals under any right-of-way that crosses, or is contiguous to, this tract? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If not, and if the well requires a Rule 37 or 38 exception, see Instructions for Rule 37.					I certify that information stated in this application is true and complete, to the best of my knowledge. <b>Wanda E. Richmond</b> Wanda E. Richmond, J. Connor Consulting, Inc. Signature Name and title of operator's representative <b>6/26/98</b> (281) 578-3388 Date: mo. day yr. Tel: Area Code Number • RRC Use Only •					
Remarks										



DATE: 01-27-98	SCALE: 1"=1000'	JOB No.: 98-01-5402
CH.	REV.	FILE: B05402A.dwg



# DEPTH OF USABLE-QUALITY GROUND WATER TO BE PROTECTED

PLEASE  
DO NOT STAPLE

PLEASE READ ALL INSTRUCTIONS

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

Surface Casing - MC 151

Date 6/26/98

TNRCC File No.: SC-

3971

TNRCC

P.O. Box 13087

Austin, TX 78711-3087

Wanda E. Richmond (281) 578-3388

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

Bois d'Arc Operating Corp.

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

3330 Monte Villa Parkway, Suite 1400

Mailing Address

Bothell, Washington 98021

City and State

Zip Code

COUNTY Matagorda

Survey Name State Tract 160, Matagorda Bay

Block No. \_\_\_\_\_ Township \_\_\_\_\_

Section or Survey No. \_\_\_\_\_

(or) Lot No. \_\_\_\_\_

Abstract No. A- \_\_\_\_\_

LEASE Name \_\_\_\_\_

State Tract 160

Well No. 1

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

Distances, in feet, and directions measured at right angles from each of two intersecting Section or Survey lines

(NOT LEASE LINES) 1446 feet from East line and 2140 feet from North line

Distance (in miles) and direction from a nearby town in this County (name the town) 4 miles northeast from Port O'Connor, Texas

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

RRC Lease No. \_\_\_\_\_

RRC Dist. No. \_\_\_\_\_

Elevation (if avail.) \_\_\_\_\_ Total Depth 6700' Geologic Fm. at T.D. Miocene

Purpose of the Request: ☒ New Drill

☐ Re-entry

☐ Plug & Abd.

☐ Other (specify) \_\_\_\_\_

Is this an amended request? ☐ Yes

☒ No

Give previous File No. for this well: SC- \_\_\_\_\_

Additional data (check if attached):

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

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

Additional remarks: \_\_\_\_\_

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

CO-MATAGO, SUR-MATAGORDA BAY S/T, SEC-160, LSE-STATE TRACT 160, #1/800

The interval from the land surface to a depth of 800 feet must be protected.

Very truly yours,

Robert J. Travler  
Geologist, Surface Casing, TNRCC

Date July 2, 1998

typed by TNRCC

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

Fold

TYPE OR PRINT IN INK

Fold

DO NOT WRITE HERE  
FOR TNRCC USE ONLY



DEPARTMENT OF THE ARMY  
GALVESTON DISTRICT, CORPS OF ENGINEERS  
P.O. BOX 1229  
GALVESTON, TEXAS 77553-1229

REPLY TO  
ATTENTION OF

April 7, 1998

Evaluation Section

Bois d'Arc Operating Corporation  
Suite 130  
3330 Monte Villa Parkway  
Bothell, Washington 98021

Gentlemen:

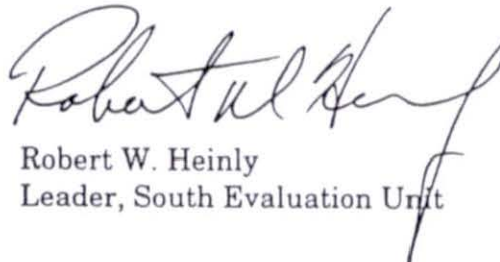
Two copies of Permit No. 21190, for work in navigable waters, resulting from your application, are enclosed for your signature.

Before you accept the permit, please note all terms and conditions and any minor plan modifications that may have been necessary.

Both copies should be signed in the space provided and the date the permit is signed should be inserted. A fee in the amount of \$100.00 must be paid before the permit can be approved. Your check should be made payable to the U.S. Army Engineer District, Galveston, and mailed to the District Engineer at the address shown above.

Within 10 days, both copies of the accepted permit should be returned to this office for approval with your remittance after which one copy of the permit will be promptly sent to you for retention. This permit is not valid until signed in the issuing office.

Sincerely,



Robert W. Heinly  
Leader, South Evaluation Unit

Enclosures

Copy Furnished:

J. Connor Consulting, Inc.  
ATTN: Ms. Wanda E. Richmond  
162225 Park Ten Place, Suite 500  
Houston, Texas 77084



## DEPARTMENT OF THE ARMY PERMIT

Permittee Bois d'Arc Operating Corporation

Permit No. 21190

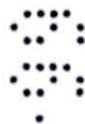
Issuing Office Galveston District

NOTE: The term "you" and its derivatives, as used in this permit, means the permittee or any future transferee. The term "this office" refers to the appropriate district or division office of the Corps of Engineers having jurisdiction over the permitted activity or the appropriate official of that office acting under the authority of the commanding officer.

You are authorized to perform work in accordance with the terms and conditions specified below.

Project Description: The work will include erecting and maintaining structures and appurtenances to be used in the drilling of wells for the production of oil and/or natural gas. The structures may be constructed of steel or timber and will include derrick platforms, production platforms, protective structures, and foundations. Also authorized is the installation of aids to navigation, moorings and markers, the driving of test piling and conducting coring operations, laying shell pads, and constructing flowlines. All work will be in accordance with the attached plans in five sheets, entitled "Bois d' Arc Operating Corp., 3330 Monte Villa Parkway, Ste. 130, Bothell, Washington 98201"

Project Location: The project is located in State Tracts 136, N/2 137, N/2 141, 143, 144, and N/2 160, in Matagorda Bay, in Calhoun and Matagorda Counties, approximately 4 miles northeast from Port O'Connor, Calhoun County, Texas.



Permit Conditions:



General Conditions:



1. The time limit for completing the work authorized ends on 31 December 2001. If you find that you need more time to complete the authorized activity, submit your request for a time extension to this office for consideration at least one month before the above date is reached.
2. You must maintain the activity authorized by this permit in good condition and in conformance with the terms and conditions of this permit. You are not relieved of this requirement if you abandon the permitted activity, although you may make a good faith transfer to a third party in compliance with General Condition 4 below. Should you wish to cease to maintain the authorized activity or should you desire to abandon it without a good faith transfer, you must obtain a modification of this permit from this office, which may require restoration of the area.
3. If you discover any previously unknown historic or archeological remains while accomplishing the activity authorized by this permit, you must immediately notify this office of what you have found. We will initiate the Federal and state coordination required to determine if the remains warrant a recovery effort or if the site is eligible for listing in the National Register of Historic Places.
4. If you sell the property associated with this permit, you must obtain the signature of the new owner in the space provided and forward a copy of the permit to this office to validate the transfer of this authorization.

5. If a conditioned water quality certification has been issued for your project, you must comply with the conditions specified in the certification as special conditions to this permit. For your convenience, a copy of the certification is attached if it contains such conditions.

6. You must allow representatives from this office to inspect the authorized activity at any time deemed necessary to ensure that it is being or has been accomplished in accordance with the terms and conditions of your permit.

Special Conditions:

1. The location and plans of all structures or work authorized by this permit shall be submitted to and approved by the District Engineer, Corps of Engineers, U.S. Army, in charge of the area in which the work is located before work is commenced.

2. You must promptly comply with any future regulations or instructions affecting the authorized work if and when issued in accordance with law by any department of Federal Government for the aid or protection of aerial navigation.

3. When a well is plugged and abandoned, the casing shall be cut off a minimum of 15 feet below the mudline, the area cleared of all structures, and written notice given to the District Engineer.

4. When structures or work authorized by this permit are determined by the District Engineer to have become obstructive to navigation or when the structures or other work have ceased to be used for the purpose for which they were constructed, such structures or other work must be removed, the area cleared of all obstructions, and written notice given to the District Engineer.

5. Upon application for authorization of specific actions, the applicant will submit an oyster reef survey to the District Engineer showing that all proposed activities connected with drilling operations, including pipelines, will be conducted at least 500 feet away from oyster reefs.

Further Information:

1. Congressional Authorities: You have been authorized to undertake the activity described above pursuant to:

☒ ( X ) Section 10 of the Rivers and Harbors Act of 1899 (33 U.S.C. 403).

☒ ( X ) Section 404 of the Clean Water Act (33 U.S.C. 1344).

☐ ( ) Section 103 of the Marine Protection, Research and Sanctuaries Act of 1972 (33 U.S.C. 1413).

☒ 2. Limits of this authorization.

☒ a. This permit does not obviate the need to obtain other Federal, state, or local authorizations required by law.

☒ b. This permit does not grant any property rights or exclusive privileges.

c. This permit does not authorize any injury to the property or rights of others.

d. This permit does not authorize interference with any existing or proposed Federal project.

3. Limits of Federal Liability. In issuing this permit, the Federal Government does not assume any liability for the following:

a. Damages to the permitted project or uses thereof as a result of other permitted or unpermitted activities or from natural causes.

b. Damages to the permitted project or uses thereof as a result of current or future activities undertaken by or on behalf of the United States in the public interest.

c. Damages to persons, property, or to other permitted or unpermitted activities or structures caused by the activity authorized by this permit.



- d. Design or construction deficiencies associated with the permitted work.
  - e. Damage claims associated with any future modification, suspension, or revocation of this permit.
4. Reliance on Applicant's Data: The determination of this office that issuance of this permit is not contrary to the public interest was made in reliance on the information you provided.
5. Reevaluation of Permit Decision. This office may reevaluate its decision on this permit at any time the circumstances warrant. Circumstances that could require a reevaluation include, but are not limited to, the following:
- a. You fail to comply with the terms and conditions of this permit.
  - b. The information provided by you in support of your permit application proves to have been false, incomplete, or inaccurate (See 4 above).
  - c. Significant new information surfaces which this office did not consider in reaching the original public interest decision.

Such a reevaluation may result in a determination that it is appropriate to use the suspension, modification, and revocation procedures contained in 33 CFR 325.7 or enforcement procedures such as those contained in 33 CFR 326.4 and 326.5. The referenced enforcement procedures provide for the issuance of an administrative order requiring you to comply with the terms and conditions of your permit and for the initiation of legal action where appropriate. You will be required to pay for any corrective measures ordered by this office, and if you fail to comply with such directive, this office may in certain situations (such as those specified in 33 CFR 209.170) accomplish the corrective measures by contract or otherwise and bill you for the cost.

6. Extensions. General condition 1 establishes a time limit for the completion of the activity authorized by this permit. Unless there are circumstances requiring either a prompt completion of the authorized activity or a reevaluation of the public interest decision, the Corps will normally give favorable consideration to a request for an extension of this time limit.

Your signature below, as permittee, indicates that you accept and agree to comply with the terms and conditions of this permit.



Wayne P. Laugh

(PERMITTEE)

Bois d' Arc Operating Corporation

4/15/98  
(DATE)

This permit becomes effective when the Federal official, designated to act for the Secretary of the Army, has signed below.

\_\_\_\_\_  
(DISTRICT ENGINEER)

ROBERT W. HEINLY, LEADER  
SOUTH EVALUATION UNIT  
FOR COLONEL ERIC R. POTTS

\_\_\_\_\_  
(DATE)

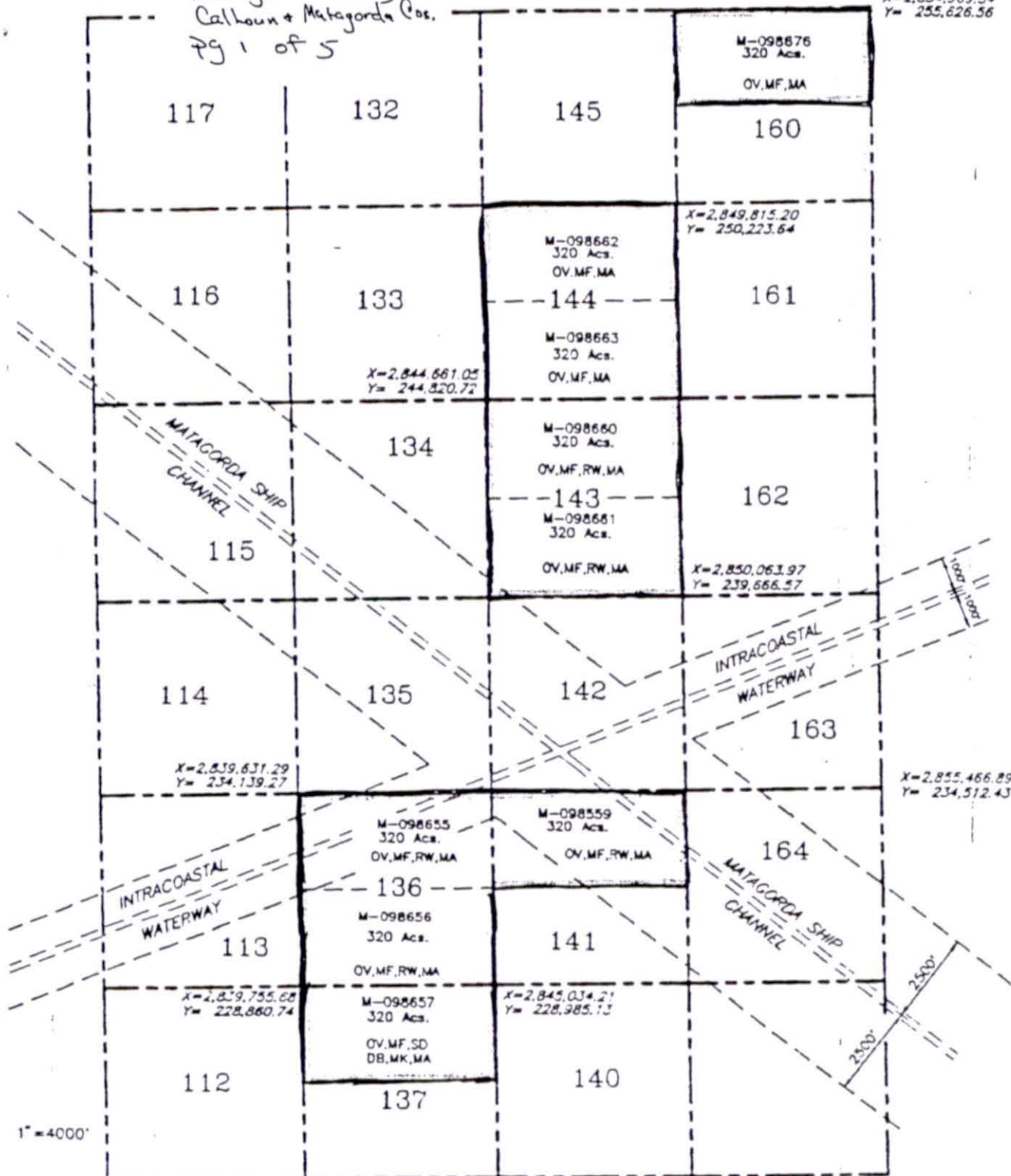
When the structures or work authorized by this permit are still in existence at the time the property is transferred, the terms and conditions of this permit will continue to be binding on the new owner(s) of the property. To validate the transfer of this permit and the associated liabilities associated with compliance with its terms and conditions, have the transferee sign and date below.

\_\_\_\_\_  
(TRANSFeree)

\_\_\_\_\_  
(DATE)

Vicinity Map  
# 21190  
Bois d'Arc Operating  
Co.  
Matagorda Bay  
Calhoun & Matagorda Cos.  
Pg 1 of 5

X=2,854,969.34  
Y= 255,626.56



SHEET 1 OF 5

NOTE: Coordinates shown herein are based on the Texas State Plane Coordinate System, South Central Zone (NAD27).

FILE: BCC5402

APPLICATION BY: Bois d' Arc Operating Corp.  
3330 Monte Villa Parkway, Ste. 130  
Bothell, Washington 98021

VICINITY MAP  
MATAGORDA BAY  
CALHOUN COUNTY & MATAGORDA COUNTY  
TEXAS

December, 1997

Prepared by John T. Jakubik & Associates, Inc., Stafford, Texas





REPLY TO  
ATTENTION OF

DEPARTMENT OF THE ARMY  
GALVESTON DISTRICT, CORPS OF ENGINEERS  
P.O. BOX 1229  
GALVESTON, TEXAS 77553-1229

April 20, 1998

Evaluation Section

Bois d'Arc Operating Corporation  
ATTN: Mr. Wayne Laufer  
330 Monte Villa Parkway, Suite 130  
Bothell, Washington 98021

Dear Mr. Laufer:

Reference is made to your letter dated March 10, 1998, requesting authorization to drill a well located in Matagorda Bay, State Tract 160 N/2 - Well No. 1, Matagorda County, Texas, under Department of the Army Permit 21190/1.

The enclosed plans, dated January 27, 1998, are approved. The time for completing the approved work will expire December 31, 2001.

FOR THE DISTRICT ENGINEER:

Robert W. Heinly  
Leader, South Evaluation Unit

Enclosures

Copies Furnished w/encl:

Eighth Coast Guard District, New Orleans, LA

Texas General Land Office, Austin, TX

Texas General Land Office, La Porte, TX

Area Engineer, Northern Area Office, Galveston, TX

Wanda Richmond, J. Connor Consulting, Inc., 16225 Park Ten Place, Suite 500, Houston, TX 77084

Vicinity map

#21190/1

Bois d'Arc Operating Co.  
 Matagorda Bay  
 Matagorda Co.  
 Pg 1 of 5



146

X=2,849,690.81  
 Y= 255,502.17

159

X=2,854,969.34  
 Y= 255,626.56

171

M-098676  
 320 Acs.

2140'

170

Bois d'Arc Operating Corp.  
 ST-160 Well No. 1  
 X=2,853,574.00  
 Y= 253,453.00  
 LAT. = 28°30'13.391"  
 LONG. = 96°20'32.095"

LEASE LINE

1446'

500'

145

160

MATAGORDA  
 BAY

CALHOUN CO.  
 MATAGORDA CO.

144

X=2,849,815.20  
 Y= 250,223.64

161

X=2,855,093.73  
 Y= 250,348.03

M-098662  
 320 Acs.

NOTE: All coordinates are based on the Texas  
 State Plane Coordinate System South  
 Central Zone (N.A.D. '27).

I hereby certify that this is a true and correct  
 plat.

*John T. Jakubik*

John T. Jakubik

R.P.L.S. No. 1717

BOIS D'ARC OPERATING CORP.

PROPOSED WELL LOCATION  
 ST. 160, WELL No. 1  
 MATAGORDA BAY  
 MATAGORDA COUNTY, TEXAS

DATE: 01-27-98

SCALE: 1"=1000'

JOB No.: 98-01-5402

CH.

REV.

FILE: BOC5402A.dwg



GENERAL LAND OFFICE RECOMMENDED CODES

- OV - All hydrocarbon storage facilities must be contained in leveed sites on land which is above mean water and landward of all contiguous marshes. Surge tanks are to be designed for demonstrated minimum capacity.
- MF - Show routes and methods of pipeline installation on Corps of Engineers and General Land Office application plat maps.
- RW - All or part of this tract falls within the right of way of a federally maintained navigation channel and/or disposal channel.
- SD - Place and contain spoil on land within levees above mean high tide water and landward of contiguous marshes.
- DB - No dredging or propwashing in water less than 4 feet deep as measured from mean low water.
- MK - State archeological landmarks and other cultural resources protected by state law are located on this tract and should not be disturbed. State Underwater Archaeologist at the Texas Antiquities Committee Offices in Austin, Texas, must be contacted prior to development activities.
- MA - No special recommendations.

SPECIAL CONDITIONS REQUESTED BY THE  
U.S. FISH & WILDLIFE SERVICE AND THE TEXAS PARKS & WILDLIFE DEPARTMENT

1. A minimum of 500 feet of 18 inch boom and 200 absorbent pads will be maintained on site during drilling operations.
2. There will be at least one employee on board at all times during drilling who is trained in boom deployment and oil spill response.
3. Sufficient oil spill boom will be anchored and maintained across the keyway to contain unanticipated upsets. The boomed keyway will be checked on a daily basis and changed as needed.
4. All hydrocarbon operations, including diesel fuel, motor oil, and lubricants, will be conducted during daylight hours.
5. The fuel transfer hose will be inspected for potential leaks prior to each use.
6. In accordance with EPA NPDES General Permits TXG330000 and TXG290000, there will be no discharges of produced waters, drilling muds, drill cuttings, and any other fluids associated with the drilling process, into the waters of Matagorda Bay.

NOTE:

No drilling will be done and no platforms will be set within 1000 feet from the centerline of the Intracoastal Canal and within 2500 feet from the centerline of the Matagorda Ship Channel.

SHEET 2 OF 5

FILE: BOC5402A

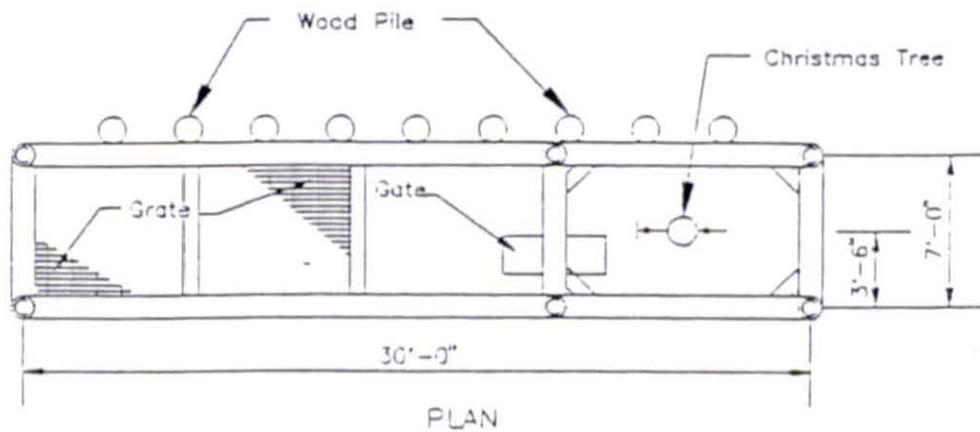
APPLICATION BY: Bois d' Arc Operating Corp.  
3330 Monte Villa Parkway, Ste. 130  
Bothell, Washington 98021

TEXAS GENERAL LAND OFFICE  
RECOMMENDED CODES

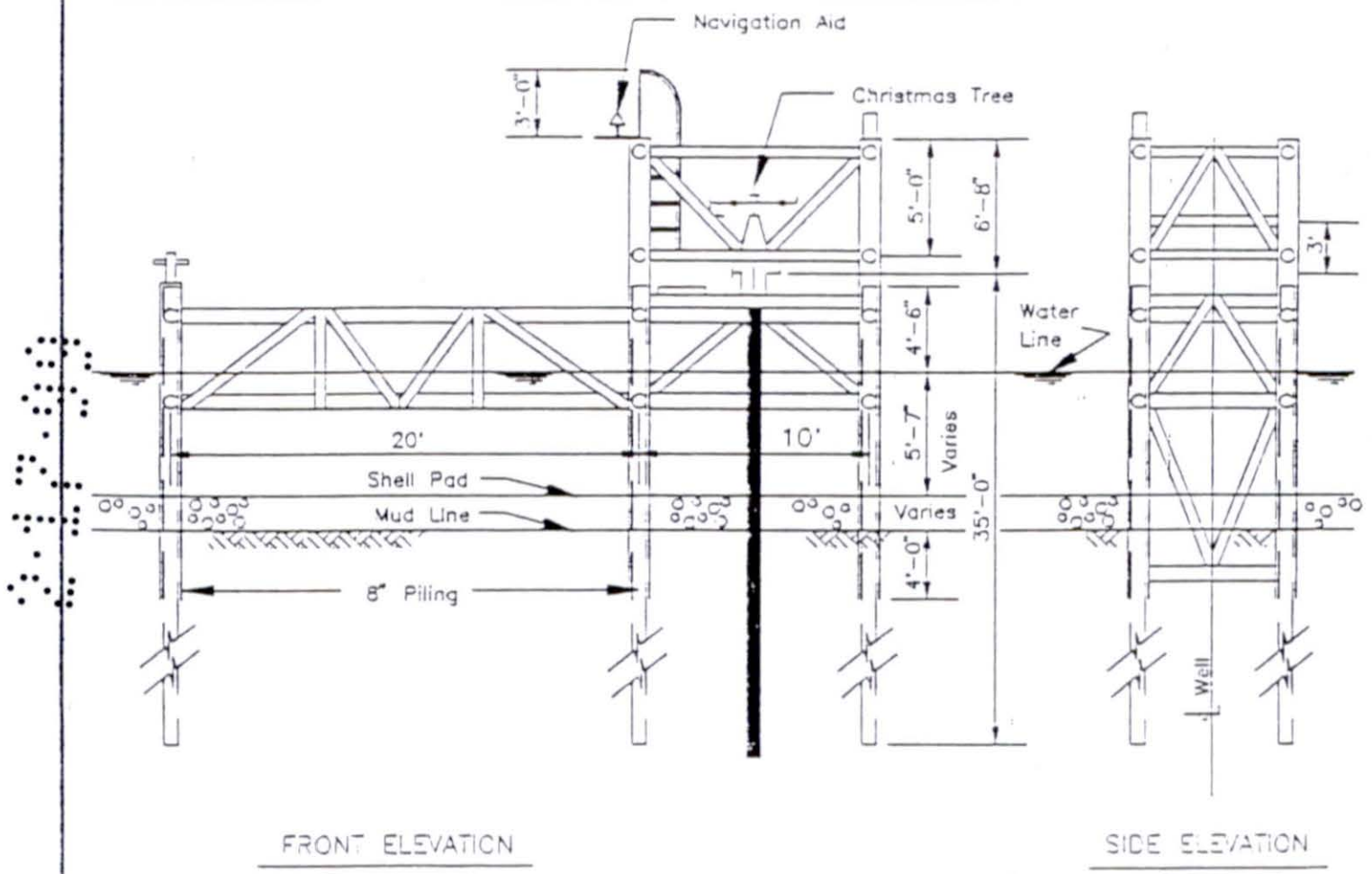
MATAGORDA BAY  
CALHOUN COUNTY & MATAGORDA COUNTY  
TEXAS

December, 1997

Prepared by John T. Jakubik & Associates, Inc., Stafford, Texas



Plan + Section View -  
well guard  
# 21190/1  
Bois d'Arc Operating Co.  
Matagorda Bay  
Matagorda Co  
pg 3 of 5



SHEET 3 OF 5

FILE: BCC5402B

APPLICATION BY: Bois d'Arc Operating Corp.  
3330 Monte Villa Parkway, Ste. 130  
Bothell, Washington 98021

PROPOSED PRODUCTION FACILITIES  
PROPOSED WELL GUARD

MATAGORDA BAY  
CALHOUN COUNTY & MATAGORDA COUNTY  
TEXAS

December, 1997

Prepared by John T. Jakubik & Associates, Inc., Stafford, Texas





TYPICAL FLOWLINE SECTION

N.T.S.

Plan + Section View -  
flowlines + production  
platform

# 21140/1

Bois d'Arc Operating Co.

Matagorda Bay

Matagorda County

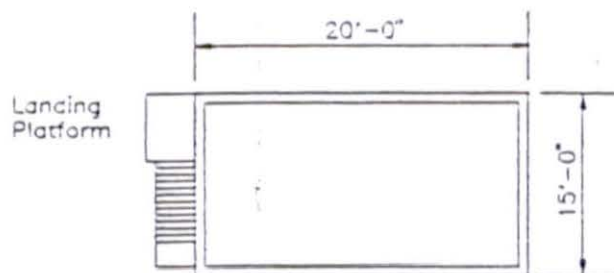
pg 4 of 5

NOTE:

Flowlines will be buried three feet below  
the mud line.

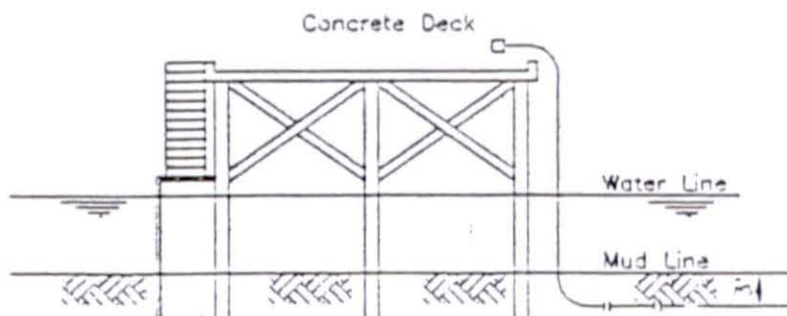
It is anticipated that the method of  
burial will be jetting.

All sales pipelines will be permitted  
under separate application.



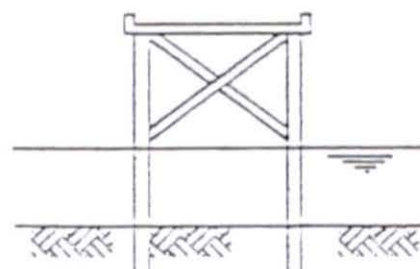
PLAN

N.T.S.



SIDE ELEVATION

N.T.S.



END ELEVATION

N.T.S.

SHEET 4 OF 5

FILE: BOC5402C

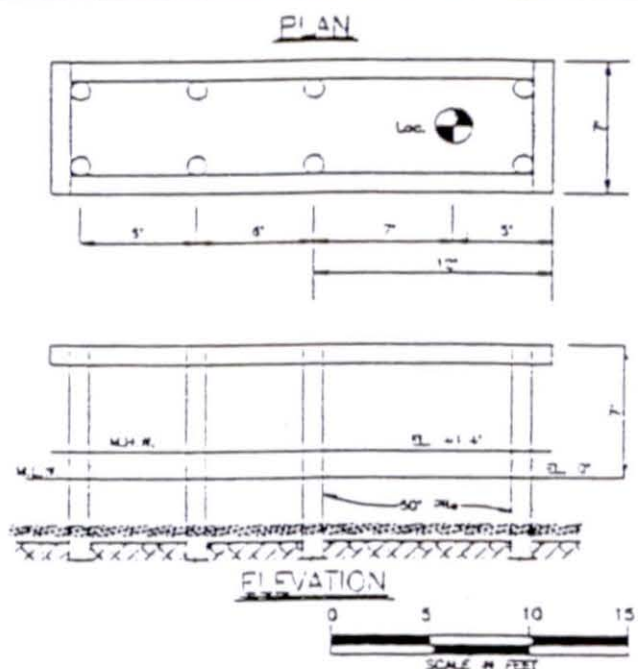
APPLICATION BY: Bois d' Arc Operating Corp.  
3330 Monte Villa Parkway, Ste. 130  
Bothell, Washington 98021

PROPOSED PRODUCTION FACILITIES  
FLOWLINES & PRODUCTION PLATFORM

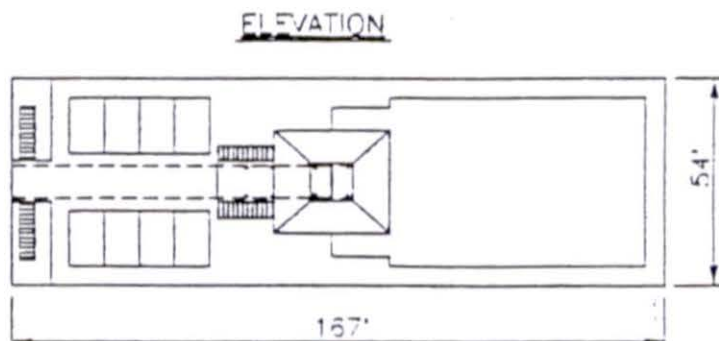
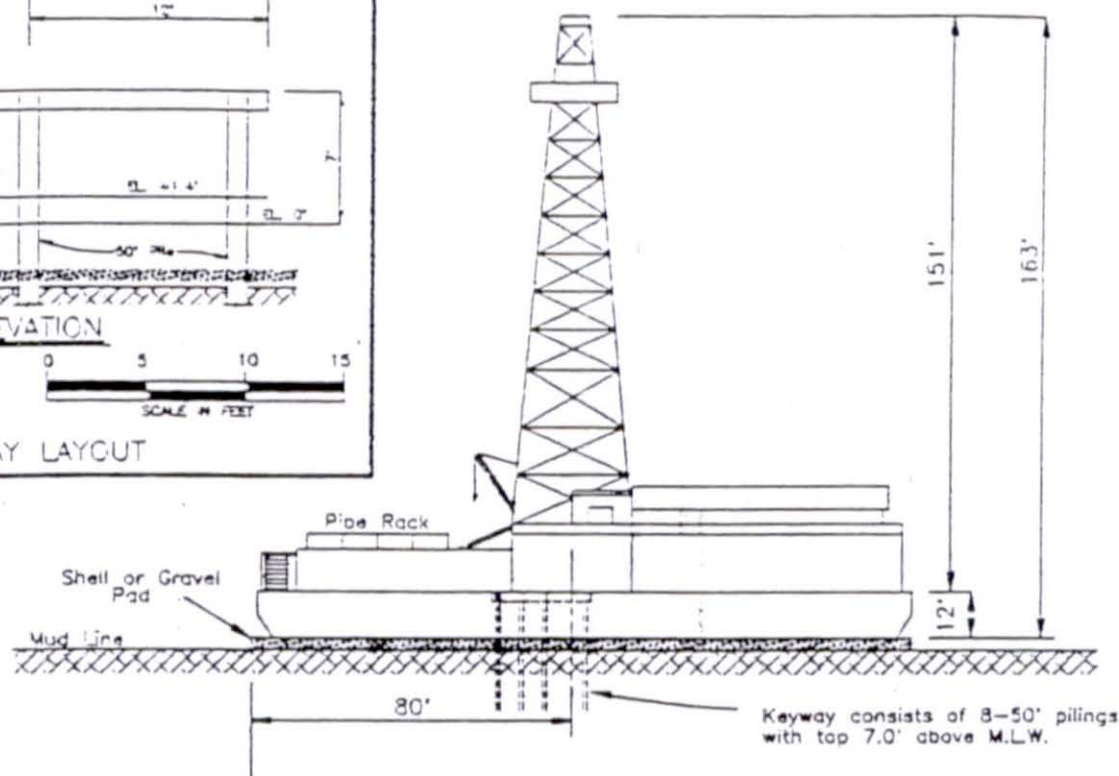
MATAGORDA BAY  
CALHOUN COUNTY & MATAGORDA COUNTY  
TEXAS

December, 1997

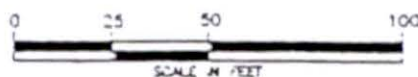
Prepared by John T. Jakubik & Associates, Inc., Stafford, Texas



KEYWAY LAYOUT



MARINE BARGE



**NOTE:**

Approximately 1330 cubic yards of shell or gravel to be added for pad under rig, if needed.

Plan + Section View - Drilling Rig  
 # 21190/1  
 Bois d' Arc Operating Co.  
 Matagorda Bay  
 Matagorda County  
 Pg 5 of 5

SHEET 5 OF 5

FILE: B0054020

APPLICATION BY: Bois d' Arc Operating Corp.  
 3330 Monte Villa Parkway, Ste. 130  
 Bothell, Washington 98021

PROPOSED DRILLING RIG  
 MATAGORDA BAY  
 CALHOUN COUNTY & MATAGORDA COUNTY  
 TEXAS

December, 1997

Prepared by John T. Jakubik & Associates, Inc., Stafford, Texas





# RAILROAD COMMISSION OF TEXAS

## OIL AND GAS DIVISION

December 9, 1998

BOIS D'ARC OPERATING CORP  
ATTN: WANDA E. RICHMOND  
J. CONNOR CONSULTING, INC.  
16225 PARK TEN PL., SUITE 500  
HOUSTON, TX 77084

RE: State Tract 160, Well No.1, Permit No.477604  
Wildcat Field, Matagorda County, Texas

This will acknowledge receipt of your letter dated 12/07/98 concerning the above captioned well.

You are hereby authorized to set approximately **1500** feet of surface casing and to cement it back to **1200** feet using cement of critical quality (13(b)(2)(C)(i)). Filler cement may be used from **1200** feet to the surface.

In the event the well is a dry hole and no production string is set, it will be necessary that sufficient cement plugs be set in the wellbore to protect all useable quality water strata. Cement plugs are to be placed in the wellbore promptly after the Commission authorizes plugging of the well and before the drilling rig is dismantled or moved.

You must comply with all other provisions of Statewide Rule 13(b)(2). A representative of the cementing company who performs the last cementing job for the protection of useable quality water strata must sign the appropriate form attesting to the information shown on the form regarding cementing operations performed for same.

If cement is not circulated to ground surface while cementing the surface casing in this well, you must promptly contact the appropriate district director or his authorized representative and follow the procedures as set out in Statewide Rule 13(b)(2)(G)(iii).

This authority does not apply and is voided if parallel (non-concentric) strings of pipe are cemented in the hole for any reason unless all fresh water strata are protected by casing cemented in place before the parallel strings are cemented in the hole. It is requested that the Railroad Commission District Office shown below be notified approximately eight (8) hours prior to the time casing is cemented in this well.

DISTRICT OFFICE  
03 - Houston  
GMG:AJI

PHONE  
713-869-5001

Yours very truly,

A handwritten signature in dark ink, appearing to read "A. Josef Ironkwe".

A. Josef Ironkwe  
(For) Guy M. Grossman  
District Director - 03

# BOIS d'ARC OPERATING CORPORATION

Oil and Gas Exploration  
CERTIFIED MAIL RETURN RECEIPT REQUESTED  
(Z 137 740 050)

3330 Monte Villa Parkway, Suite 130  
Bothell, Washington 98021  
(425) 481-8498  
(425) 481-9413

October 6, 1998

Director, Water Management Division (6W)  
Region VI  
U. S. Environmental Protection Agency  
1445 Ross Avenue, Suite 1200  
Dallas, Texas 75202-2733

Attention: Sharon Haggard

Gentlemen:

This letter serves as written notice of intent for the following lease blocks and/or areas to be covered under EPA's NPDES General Permit No. TXG330000. All reports required by the permit and other information requested by the Regional Administrator will be signed by the President.

Lease Block or  
Description

Lease No.

Type Facility

State Tract 141  
State Tract 160

M-098559  
M-098676

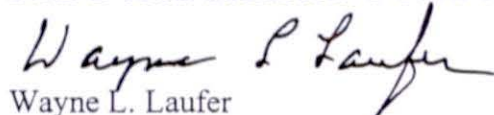
MODU/Platform  
MODU/Platform

"I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine or imprisonment for knowing violations."

Should you require additional information contact Bois d'Arc' Operating Corporation's regulatory agent, J. Connor Consulting; Attention: Wanda E. Richmond at (713) 578-3388.

Sincerely,

BOIS D'ARC OPERATING CORPORATION



Wayne L. Laufer  
President

WLL:wer

# BOIS d'ARC OPERATING CORPORATION

Oil and Gas Exploration

3330 Monte Villa Parkway, Suite 130  
Bothell, Washington 98021  
(425) 481-8498  
(425) 481-9413

October 21, 1998

Director, Water Management Division (6W)  
Region VI  
U. S. Environmental Protection Agency  
1445 Ross Avenue, Suite 1200  
Dallas, Texas 75202-2733

Attention: Sharon Haggard

Gentlemen:

By letter dated October 6, 1998, Bois d' Arc Operation Corporation (Bois d'Arc) submitted a notice of intent for the following lease blocks and/or areas to be covered under EPA's NPDES General Permit No. TXG330000. Bois d'Arc hereby submits its notice of intent for those lease block to be covered under any subsequent issued permits. These certain lease blocks are listed below.

Lease Block or

Description

Lease No.

Type Facility

State Tract 141

M-098559

MODU/Platform

State Tract 160

M-098676

MODU/Platform

This letter also serves as written notice of intent for the following lease blocks and/or areas to be covered under EPA's NPDES General Permit No. TXG330000 and any subsequent issued permits.

Lease Block or

Description

Type Facility

State Tract 136

MODU/Platform

State Tract 137

MODU/Platform

State Tract 143

MODU/Platform

State Tract 144

MODU/Platform

All reports required by the permit and other information requested by the Regional Administrator will be signed by the President or Vice President.

"I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and



Bois d'Arc Operating Corporation  
Notice of Intent to be Covered  
EPA NPDES Permit TXG330000  
October 21, 1998

Page Two

evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine or imprisonment for knowing violations."

Should you require additional information contact Bois d'Arc' Operating Corporation's regulatory agent, J. Connor Consulting; Attention: Wanda E. Richmond at (713) 578-3388.

Sincerely,

BOIS D'ARC OPERATING CORPORATION

Wayne L. Laufer  
President

WL:wer  
..

TONY GARZA, CHAIRMAN  
CHARLES R. MATTHEWS, COMMISSIONER  
MICHAEL L. WILLIAMS, COMMISSIONER



DAVID E. SCHIECK  
DIRECTOR  
THOMAS R. MELVILLE, P.E.  
DISTRICT DIRECTOR

## RAILROAD COMMISSION OF TEXAS

### OIL AND GAS DIVISION

February 3, 1999

Bois D'Arc Operating Corp.  
c/o Eagle Consulting, LLC  
1800 Carol Sue Avenue  
Gretna, Louisiana 77056

RE: MP 2-1380  
State Tract 160 Lease  
Well No. 1  
Permit No. 477604  
Wildcat Field  
Calhoun County, Texas

Pursuant to Rule 8(d)(6)(G), you are hereby authorized to landfarm 6,000 barrels of fresh water base drilling fluid, on Mr. Mark Shimek's property which contains 177.02 acres and is located 4 miles Northeast from Port O'Connor, Texas.

Only drilling fluid generated at the above-referenced well may be disposed of at the above described disposal site. No drilling fluid with a chloride concentration exceeding 3,000 ppm may be landfarmed in such a manner that the fluid will not migrate off the approved disposal site or enter any watercourse or drainageway, including any drainage ditch, dry creek, flowing creek, river, or any other body of surface water.

This permit is not valid unless you have the landowner's consent to make this disposal on his property. Disposal using this permit without landowner approval may subject you to appropriate administrative penalties.

The authority granted by this letter expires sixty (60) days from the date of this letter.

Sincerely yours,

*Eugene Alvey*  
for Patrick Mendoza  
Assistant District Director

PM:EA:sh

cc: Rafael Pulido, Jr.

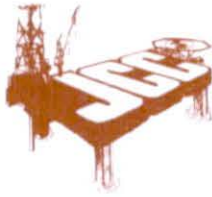
11-98676

⑥ Permits to drill well 1. 2/10/99.

225



# J. Connor Consulting, Inc.



RECEIVED  
59 MAY 14 PM 12:31  
CREW RESOURCES

May 13, 1999

Texas General Land Office  
1700 Congress Avenue  
Austin, Texas 78711

Attention: Ms. Tracy Throckmorton

RE: Bois d' Arc Operating Corporation  
State Tract 160, Well No. 1  
Wildcat Field  
Matagorda County, Texas

Matagorda Bay  
Tr. 160

11-98676

Dear Tracy:

On behalf of Bois d' Arc Operating Corporation, we hereby submit a copy of the completion reports for the referenced well. The well is currently shut-in pending pipeline installation.

Should you have any questions or need additional information please contact the undersigned at (281) 578-3388.

Very truly yours,

J. CONNOR CONSULTING, INC.

*Wanda E. Richmond*

Wanda E. Richmond  
Regulatory Consultant

WER:gmg

Enclosures

## RAILROAD COMMISSION OF TEXAS

Oil and Gas Division

Form G-1

Rev. 4/1/83

Type or print only

483-047

API No. 42-321-31763

7. RRC District No.

03

8. RRC Gas ID No.

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

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

2. LEASE NAME

9. Well No.

1

WILDCAT

STATE TRACT 160

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

RRC Operator No.

10. County of well site

BOIS D' ARC OPERATING CORPORATION

079577

MATAGORDA

4. ADDRESS

11. Purpose of filing

3330 MONTE VILLA PARKWAY, STE. 130, BOTHELL, WA 98021

Initial Potential

5. Location (Section, Block, and Survey)

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

Retest

STATE TRACT 160

4 MILES NORTHEAST FROM PORT O'CONNOR, TX

Reclass

6. If operator has changed within last 60 days,

12. If workover or reclass, give former field (with reservoir) &amp; Gas ID or

Well record only

(Explain in remarks)

name former operator

oil lease no.

GAS ID or

Oil—O

WELL

13. Pipe Line Connection

FIELD &amp; RESERVOIR

OIL LEASE #

Gas—G

#

N/A

N/A

N/A

N/A

N/A

14. Completion or recompletion date

15. Any condensate on hand at time of workover

16. Type of Electric or other Log Run.

03/30/99

or recompletion? ☐ Yes ☒ No

LWD &amp; CBL

## GAS MEASUREMENT DATA

Date of Test

Gas Measurement Method (Check One)

Gas produced during test

3/30-31/99

Orifice

Flange Taps

Positive

Orifice Vent

Pitot

Critical-flow

170 MCF

Run No.	Line Size	Orif. or Choke Size	24 Hr. Coeff. Orif. or Choke	Static P <sub>m</sub> or Choke Press	Diff. h <sub>w</sub>	Flow Temp. °F	Temp. Factor F <sub>tf</sub>	Gravity Factor F <sub>g</sub>	Compress Factor F <sub>pv</sub>	Volume MCF/DAY
1	4.026	1.250	10,118.30	605	30.0	103	0.9611	0.5677	1.0356	1,363
2										
3										
4										

## Section II

## FIELD DATA AND PRESSURE CALCULATIONS

Gravity (Dry Gas)	Gravity Liquid Hydrocarbon	Gas-Liquid Hydro Ratio	Gravity of Mixture	Avg. Shut-in Temp.	Bottom Hole Temp.
.5670	0 @ 60° Deg. API	0 CF/Bbl	G <sub>mix</sub> = .567	119 °F	169 °F #5567 (Depth)

$$D_{eff}^{8/3} = 6.3074$$

$$\sqrt{T_f} = \sqrt{580} = 24.0898$$

$$\sqrt{GL} = \sqrt{3,155} = 56.1678$$

$$C = \frac{1118 \times D_{cm}^{8/3}}{\sqrt{T}} = \frac{1118 \times 6.3074}{24.0898} = 292.7224$$

$$\frac{\sqrt{GL}}{C} = \frac{56.1678}{292.7224} = .1919$$

Run No.	Time of Run Min.	Choke Size	Wellhead Press. PSIA P <sub>w</sub>	Wellhead Flow Temp. °F	P <sub>w</sub> <sup>2</sup> (Thousands)	R	R <sup>2</sup> (Thousands)	P <sub>1</sub>	P <sub>w</sub> /P <sub>1</sub>
Shut-In			2,067	70	4,272	-----	-----	2,067	1.0000
1	180	9/64	1,920	72	3,686	261.53	68.40	1,938	.9908
2									
3									
4									

Run No.	F	K	S = $\frac{1}{z}$	E <sup>ks</sup>	P <sub>f</sub> and P <sub>s</sub>	P <sub>f</sub> <sup>2</sup> and P <sub>s</sub> <sup>2</sup> (thousands)	P <sub>f</sub> <sup>2</sup> - P <sub>s</sub> <sup>2</sup> (thousands)	Angle of Slope
Shut-In		.1021	1.1763	1.1276	2,331	5,432	-----	θ ... 45.0
1	.9954	.1015	1.1736	1.1264	2,183	4,764	668	n ... 1.000
2								Absolute Open Flow
3								.11,084 MCF/DAY
4								

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

Signature: Well Tester

Stric-Lan Companies Corp.

Name of Company

RRC Representative

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

Signature: Operator's representative

REGULATORY  
CONSULTANT

Title

04/29/99

Date

Tel: (281) 578-3388

A/C Number



## SECTION III

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

17. Type of Completion:

New Well



Deepening



Plug Back



Other

18. Permit to Drill,  
Plug Back or  
Deepen

DATE

07/02/98

PERMIT NO.

477604

Rule 37

CASE NO.

Exception

Water Injection

PERMIT NO.

Permit

Salt Water Disposal

PERMIT NO.

Permit

Other

PERMIT NO.

19. Notice of Intention to Drill this well was filed in Name of

BOIS D'ARC OPERATING CORPORATION

20. Number of producing wells on this lease in  
this field (reservoir) including this well

1

21. Total number of acres  
in this lease

320

22. Date Plug Back, Deepening,  
WorkOver or Drilling  
Operations:

Commenced

03/09/99

Completed

03/21/99

23. Distance to nearest well,  
Same Lease & Reservoir

N/A

24. Location of well, relative to nearest lease boundaries  
of lease on which this well is located

500'

Feet From

SOUTH

Line and

1446' Feet from

EAST

Line of the

STATE TRACT 160

Lease

25. Elevation (DF, RKB, RT, GR, ETC.)

46' RKB

26. Was directional survey made other  
than Inclination (Form W-12)?

Yes



No

27. Top of Pay

5563'

28. Total Depth

5823' MD/  
5331' TVD

29. P. B. Depth

5601'

30. Surface Casing

Determined by: Field

Rules

Recommendation of T.D.W.R.  
Railroad Commission (Special)

Dt. of Letter 07/02/98



Dt. of Letter 12/09/98

31. Is well multiple completion?



Yes



No

32. If multiple completion, list all reservoir names (completions in this well) and Oil Lease  
or Gas ID No.

FIELD &amp; RESERVOIR

GAS ID or  
OIL LEASE #Oil-O  
Gas-GWELL  
#33. Intervals  
Drilled  
by:Rotary  
ToolsCable  
Tools

X

34. Name of Drilling Contractor

MALLARD/PARKER  
DRILLING COMPANY

N/A

N/A

N/A

N/A

35. Is Cementing Affidavit  
Attached?

Yes



No

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

CASING SIZE	WT #/FT.	DEPTH SET	MULTISTAGE TOOL DEPTH	TYPE & AMOUNT CEMENT (sacks)	HOLE SIZE	TOP OF CEMENT	SLURRY VOL. cu. ft.
16"	DRIVE PIPE	145'		DRIVEN	16"	N/A	N/A
10-3/4"	45.5#	1520'		720 SX CLS"A"	13-1/2"	SURFACE	1114
7"	23#	5823'		1510SX50/50POZ & PREM (H)	9-7/8"	1588'	1706

37. LINER RECORD

Size	TOP	Bottom	Sacks Cement	Screen
N/A	N/A	N/A	N/A	N/A

38. TUBING RECORD

Size	Depth Set	Packer Set	From	To
2-3/8"	5634'	4092', 5050', & 5551'	5563'	5570'
2-3/8"	5620'-5641'	5622'		

39. Producing Interval (this completion) Indicate depth of perforation or open hole

From	To
From	To
From	To

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

Depth Interval	Amount and Kind of Material Used
4154'-4165'	ISOLATED BEHIND PIPE; PACKERS @ 4092' & 5050'.
5674'-5681'	MAGNA RANGE BRIDGE PLUG @ 5621'; 20' CMT ON TOP.

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

Formations	Depth	Formations	Depth
MIOCENE	5678'		

REMARKS



# 

BOIS D' ARK

STATE TRACK 160 # 1

MATAGORDA BAY

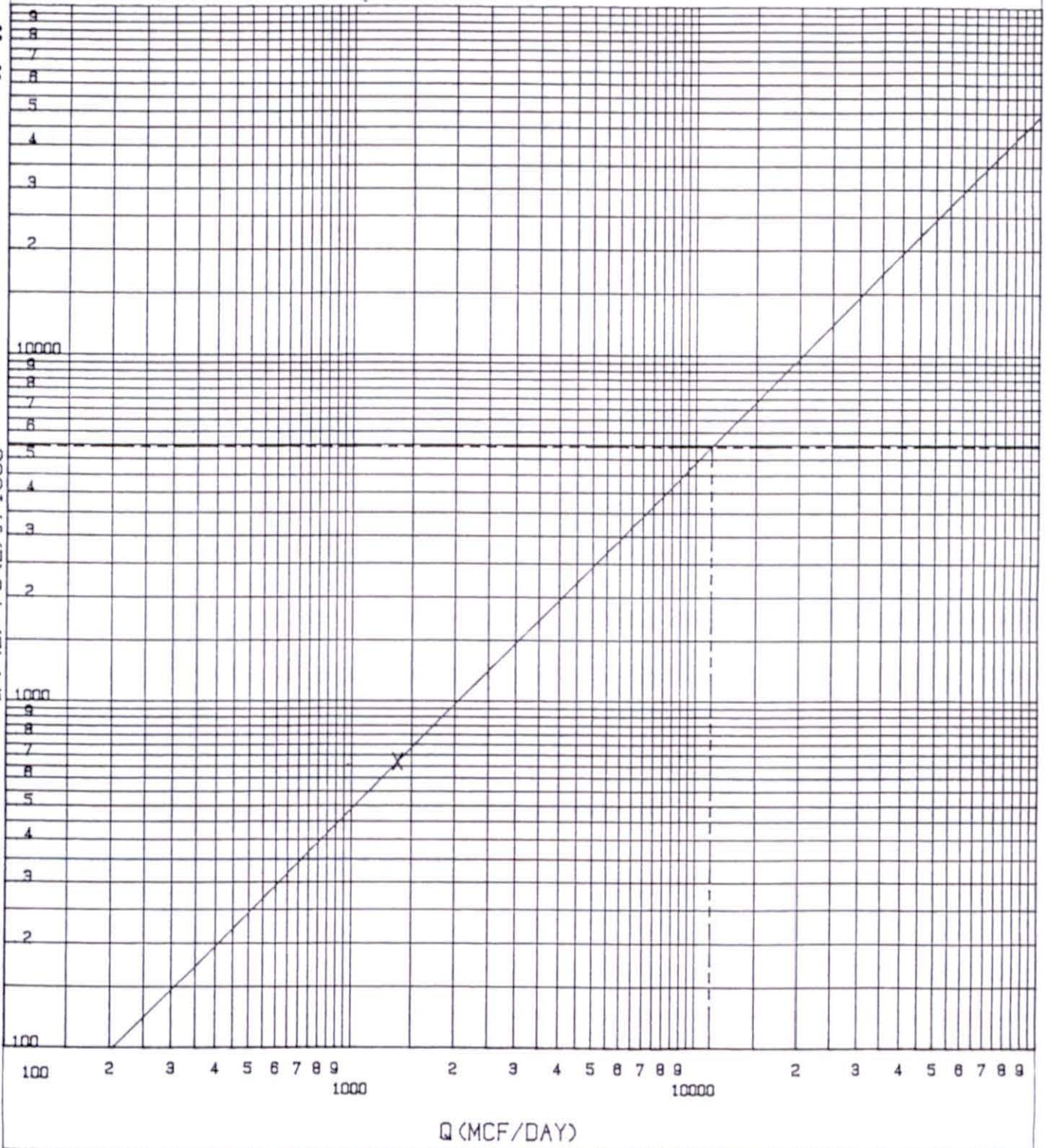
THETA=45.0

n=1.0000

AOF = 11,084 (MCF/DAY)

9  
8  
7  
6  
5  
4  
3  
2

[Pf(2)-Ps(2)]/1000



## RAILROAD COMMISSION OF TEXAS

Oil and Gas Division

READ INSTRUCTIONS ON BACK

## GAS WELL

## CLASSIFICATION REPORT

Form G-5

Rev. 01/01/86

1. OPERATOR NAME (Exactly as shown on Form P-5 Organization Report)  BOIS D'ARC OPERATING CORPORATION		3. RRC DISTRICT NO.  03	4. OIL LEASE NO. OR GAS WELL ID NO.																												
2. MAILING ADDRESS  3330 MONTE VILLA PARKWAY, STE. 130 ROTHELL, WA 98021		5. WELL NO.  1	6. API NO.  42-321-31763																												
		7. COUNTY OF WELL SITE MATAGORDA																													
8. FIELD NAME (as per RRC Records) WILDCAT		9. LEASE NAME STATE TRACT 160																													
10. LOCATION (Section, Block, and Survey) S.T. 160, MATAGORDA BAY		11. PIPELINE CONNECTION OR USE OF GAS TO BE DETERMINED																													
I. PRODUCTION TEST AT RATE ELECTED BY OPERATOR (data on 24-hour basis)		II. A.S.T.M. DISTILLATION OF LIQUID SAMPLE. Distillation test is required for gas wells ONLY if the producing gas-liquid hydrocarbon ratio is less than 100,000 CF/barrel.																													
A. Date of Test 03/29/99 B. Gas Volume 1.329 (Mcf) C. Oil or Condensate Volume 0 (Bbl) D. Water Volume 1.60 (Bbl) E. Gas/Liquid Hydrocarbon Ratio --- (Cf/Bbl) F. Flowing Tubing Pressure 1905 (psia) G. Choke Size 9/64 (in.) H. Casing Pressure 0 (psia) I. Shut-in Wellhead Pressure-- Tubing 2052 (psia) J. Separator Operating Pressure 590 (psia) K. Color of Stock Tank Liquid --- L. Gravity of Separator Liquid --- °API M. Gravity of Stock Tank Liquid --- °API N. Specific Gravity of the Gas (Air = 1) .5677		Date Liquid Sample Obtained _____ Where Obtained: <input type="checkbox"/> Separator <input type="checkbox"/> Stock Tank <table style="width:100%;"> <tr> <td>% Over</td> <td>Temp. (deg. F)</td> <td>% Over</td> <td>Temp. (deg. F)</td> </tr> <tr> <td>Initial Boiling Temp.</td> <td>_____</td> <td>60</td> <td>_____</td> </tr> <tr> <td>10</td> <td>_____</td> <td>70</td> <td>_____</td> </tr> <tr> <td>20</td> <td>_____</td> <td>80</td> <td>_____</td> </tr> <tr> <td>30</td> <td>_____</td> <td>90</td> <td>_____</td> </tr> <tr> <td>40</td> <td>_____</td> <td>95</td> <td>_____</td> </tr> <tr> <td>50</td> <td>_____</td> <td>End Point</td> <td>_____</td> </tr> </table> Total Recovery _____ percent Residue _____ percent Loss _____ percent		% Over	Temp. (deg. F)	% Over	Temp. (deg. F)	Initial Boiling Temp.	_____	60	_____	10	_____	70	_____	20	_____	80	_____	30	_____	90	_____	40	_____	95	_____	50	_____	End Point	_____
% Over	Temp. (deg. F)	% Over	Temp. (deg. F)																												
Initial Boiling Temp.	_____	60	_____																												
10	_____	70	_____																												
20	_____	80	_____																												
30	_____	90	_____																												
40	_____	95	_____																												
50	_____	End Point	_____																												
I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated therein are true, correct, and complete to the best of my knowledge.  04/29/99 DATE		RRC USE ONLY  WANDA E. RICHMOND NAME (Type or Print) <i>Wanda E. Richmond</i> SIGNATURE J. CONNOR CONSULTING, INC. REGULATORY CONSULTANT TITLE WANDA E. RICHMOND (281)578-3388 CONTACT PERSON PHONE NUMBER																													



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

Form W-15  
Cementing Report  
Rev. 4/1/83  
HLBRTN1096

# RAILROAD COMMISSION OF TEXAS

Oil and Gas Division

1. Operator's Name (As Shown on Form P-5, Organization Report) <b>BOIS D'ARC OPERATING CORPORATION</b>		2. RRC Operator No. <b>079577</b>	3. RRC District No. <b>03</b>	4. County of Well Site <b>MATAGORDA</b>
5. Field Name (Wildcat or Exactly as Shown on RRC Records) <b>WILDCAT</b>		6. API No. <b>42- 321-31763</b>		7. Drilling Permit No. <b>477604</b>
8. Lease Name <b>STATE TRACT 160</b>		9. Rule 37 Case No.	10. Oil Lease/Gas ID No.	11. Well No. <b>1</b>

CASING CEMENTING DATA:		SURFACE CASING	INTERMEDIATE CASING	PRODUCTION CASING		MULTI-STAGE CEMENTING PROCESS	
				SINGLE STRING	MULTIPLE PARALLEL STRINGS	TOOL	SHOE
12. Cementing Date		3/11/99					
13. Drilled Hole Size		13-1/2"					
14. Size of Casing (in. O.D.)		10/3/4"					
15. Top of Liner (ft)							
16. Setting Depth (ft)		1520'					
17. Number of Centralizers Used		14					
18. Hrs. Waiting on Cement Before Drill-Out		16					
1st Slurry	19. API Cement Used: No. of Sacks >	460					
	Class >	HLC (A)					
	Additives >	3% SALT					
2nd Slurry	No. of Sacks >	210					
	Class >	STD (A)					
	Additives >	NEAT					
3rd Slurry	No. of Sacks >	50					
	Class >	STD (A)					
	Additives >	2% CACL2					
1st	20. Slurry Pumped: Volume (cu.ft.) >	851					
	Height (ft) >	1350					
2nd	Volume (cu.ft.) >	263					
	Height (ft) >	416					
3rd	Volume (cu.ft.) >						
	Height (ft) >						
Total	Volume (cu.ft.) >	1114					
	Height (ft) >	1766					
21. Was Cement Circulated to Ground Surface (or Bottom of Casing) Outside Casing?		YES					

22. Remarks BOIS D'ARC OPERATING CORP STATE TRACT 160 #1 CALHOUN COUNTY TEXAS INV# 90032414		65 BBLS CMT RETURNS
---	--	---------------------

OVER ➡



CEMENTING TO PLUG AND ABANDON	PLUG #1	PLUG #2	PLUG #3	PLUG #4	PLUG #5	PLUG #6	PLUG #7	PLUG #8
23. Cementing Date								
24. Size of Hole or Pipe Plugged (in)								
25. Depth to Bottom of Tubing or Drill Pipe (ft)								
26. Sacks of Cement Used (each plug)								
27. Slurry Volume Pumped (cu.ft.)								
28. Calculated Top of Plug (ft)								
29. Measured Top of Plug, If Tagged (ft)								
30. Slurry Wt. (lbs/gal)								
31. Type Cement								

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

JAMES S. BAILEY, SERVICE LEADER  
Name and Title of Cementer's Representative

HALLIBURTON ENERGY SERVICES  
Cementing Company

Signature James S. Bailey

101 HOLT ROAD, VICTORIA, TX, 77905-5555

Address City State Zip Code

800/448-0645 OR 512/575-1443

Tel: Area Code Number

3/18/99

Date: Mo. Day Yr.

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

WANDA E. RICHMOND  
Typed or Printed Name of Operators Representative

REGULATORY CONSULTANT  
Title

Signature Wanda E. Richmond

J. CONNOR CONSULTING, INC.  
16225 PARK TEN PLACE, #500, HOUSTON, TX 77084  
Address City State Zip Code

(281) 578-3388  
Tel: Area Code Number

04/29/99  
Date: Mo. Day Yr.

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

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

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

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

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

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

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

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

F. **Intermediate and production casing.** For specific technical requirements, operators should consult Statewide Rule 12 (b) (3) and (4).

G. **Plugging and abandoning.** Cement plugs must be placed in the wellbore as required by Statewide Rule 14. The District Director may require additional cement plugs. For onshore or inland wells, a 10-foot cement plug must be placed in the top of the well, and the casing must be cut off three feet below the ground surface. All cement plugs, except the top plug, must have sufficient slurry volume to fill 100 feet of hole, plus ten percent for each 1000 feet of depth from the ground surface to the bottom of the plug.

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

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

RAILROAD COMMISSION OF TEXAS  
Oil and Gas Division

1. Operator's Name (As Shown on Form P-5, Organization Report)	2. RRC Operator No.	3. RRC District No.	4. County of Well Site
BOIS D'ARC OPERATING CORPORATION	079577	03	MATAGORDA
5. Field Name (Wildcat or Exactly as Shown on RRC Records)	6. API No.	7. Drilling Permit No.	
WILDCAT	42- 321-31763	477604	
8. Lease Name	9. Rule 37 Case No.	10. Oil Lease/Gas ID No.	11. Well No.
STATE TRACT 160			1

CASING CEMENTING DATA:		SURFACE CASING	INTERMEDIATE CASING	PRODUCTION CASING		MULTI-STAGE CEMENTING PROCESS	
				SINGLE STRING	MULTIPLE PARALLEL STRINGS	TOOL	SHOE
12. Cementing Date				3/21/99			
13. Drilled Hole Size				9-7/8"			
14. Size of Casing (in. O.D.)				7"			
15. Top of Liner (ft)							
16. Setting Depth (ft)				5823'			
17. Number of Centralizers Used				48			
18. Hrs. Waiting on Cement Before Drill-Out							
1st Slurry	19. API Cement Used: No. of Sacks >			500			
	Class >			50/50 POZ (Prem)			
	Additives >			0.01% hr-5			
2nd Slurry	No. of Sacks >			1010			
	Class >			Prem (H)			
	Additives >			See Remarks			
3rd Slurry	No. of Sacks >						
	Class >						
	Additives >						
1st	20. Slurry Pumped: Volume (cu.ft.) >			625			
	Height (ft) >			2362			
2nd	Volume (cu.ft.) >			1081			
	Height (ft) >			4085			
3rd	Volume (cu.ft.) >						
	Height (ft) >						
Total	Volume (cu.ft.) >			1706			
	Height (ft) >			6447			
21. Was Cement Circulated to Ground Surface (or Bottom of Casing) Outside Casing?				NO			

22. Remarks
BOIS D'ARC OPERATING CORP STATE TRACT 160#1 CALHOUN COUNTY TEXAS INV#90035668
2nd Slurry Additives: 3% KCL + 0.4% Halad-344 + 0.1% HR-5



CEMENTING TO PLUG AND ABANDON	PLUG #1	PLUG #2	PLUG #3	PLUG #4	PLUG #5	PLUG #6	PLUG #7	PLUG #8
23. Cementing Date								
24. Size of Hole or Pipe Plugged (in)								
25. Depth to Bottom of Tubing or Drill Pipe (ft)								
26. Sacks of Cement Used (each plug)								
27. Slurry Volume Pumped (cu.ft.)								
28. Calculated Top of Plug (ft)								
29. Measured Top of Plug, If Tagged (ft)								
30. Slurry Wt. (lbs/gal)								
31. Type Cement								

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

MICHAEL TUMLINSON, SERVICE LEADER  
Name and Title of Cementer's Representative

HALLIBURTON ENERGY SERVICES  
Cementing Company

Signature

101 HOLT ROAD, VICTORIA, TX, 77905-5555

Address City State Zip Code

800/448-0645 OR 512/575-1443

Tel: Area Code Number

4/6/99

Date: Mo. Day Yr.

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

WANDA E. RICHMOND  
Typed or Printed Name of Operators Representative  
J. CONNOR CONSULTING, INC.

16225 PARK TEN PLACE, #500, HOUSTON, TX 77084  
Address City State Zip Code

REGULATORY  
CONSULTANT  
Title

Signature

(281) 578-3388  
Tel: Area Code Number

04/29/99  
Date: Mo. Day Yr.

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



## FORM P-4

5/90

READ INSTRUCTIONS ON BACK

1. Field name exactly as shown on proration schedule <b>WILDCAT</b>			2. Lease name <b>STATE TRACT 160</b>		
3. Operator name exactly as shown on P-5 Organization Report <b>BOIS D'ARC OPERATING CORPORATION</b>			4. Operator P-5 no. <b>079577</b>	5. Oil lease no.	6. RRC district no. <b>03</b>
7. Operator address including city, state, and zip code <b>3330 MONTE VILLA PARKWAY, STE. 130 BOTHELL, WA 98021</b>			8. County in which oil lease or gas well is actually located <b>MATAGORDA</b>	9. Gas ID no.	10. Gas well no. <b>1</b>
			11. Effective date <b>03/31/99</b>		

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

Type of Operation			Name of gatherer, purchaser, and/or nominator as indicated in type operation columns <small>NOTE: For each purchaser, give its RRC-assigned system code and identify the market. If applicable, place an "X" in the full-well stream column for the gatherer.</small>	RRC USE ONLY		Purchaser's RRC Assigned System Code	Purchaser's Market		Percent of Take	Full-well stream
gatherer	purchaser	nominator		G/P/N Code			inter state	intra state		
.	.	.	TO BE DETERMINED	.	.					
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13. NAME OF OIL OR CONDENSATE GATHERER List highest volume gatherer first		Percent of Take	RRC USE ONLY Gath. code	14. PURPOSE OF FILING. Remarks:	
TO BE DETERMINED			.	a. <input type="checkbox"/> New oil lease <input checked="" type="checkbox"/> New gas well <input type="checkbox"/> Reclassification (oil to gas or gas to oil) <input type="checkbox"/> Consolidation, unitization or subdivision b. CHANGE <input type="checkbox"/> Gatherer <input type="checkbox"/> Nominator <input type="checkbox"/> Purchaser <input type="checkbox"/> Purchaser's system code	
			.		
			.		
			.		

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

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

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

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

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

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

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

Signature Wanda E. Richmond Name (Print) J. CONNOR CONSULTING, INC.  
REGULATORY CONSULTANT WANDA E. RICHMOND  
Date 04/29/99 Phone (281) 578-3388

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

☐ check if listings are continued on reverse side

ELECTRIC LOG  
STATUS REPORT

## INSTRUCTIONS

## When to file the L-1

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

## When the L-1 is NOT required

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

## Where to file the L-1

- with the appropriate Commission district office

## Filling out the L-1

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

## Type of log required

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

SEE REVERSE SIDE

## SECTION I. IDENTIFICATION

Operator Name BOIS D' ARC OPERATING CORPORATION	District No. 3	Completion Date 03/30/99
Field Name WILDCAT	Drilling Permit No. 477604	
Lease Name STATE TRACT 160	Lease/ID No.	Well No. 1
County MATAGORDA	API No. 42 - 321-31763	

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

☐

A. BASIC ELECTRIC LOG NOT RUN

☒

B. BASIC ELECTRIC LOG RUN (select one) - NOTE: LWD LOG ONLY

☒

1. Confidentiality requested.

☐

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

☐

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

☐

4. Log attached to (select one)

☐

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

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

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

☐

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

*Wanda E. Richmond*  
signature

WANDA E. RICHMOND  
name (print)

J. CONNOR CONSULTING, INC.  
REGULATORY CONSULTANT  
title

(281 ) 578-3388  
phone

04/29/99  
date

For Railroad Commission use only



File No. MF 098676

Completion Reports

Date Filed: 5/14/99

By David Dewhurst, Commissioner  
Carl Rogers

2.17.99

# The State of Texas

980524



491 / 77

I, Mariene Paul, County Clerk, Calhoun County, Texas, do hereby certify that this is a true and correct copy as same appears of record in my office. Witness my hand and seal of office on 12/29/97

Austin, Texas



Mariene Paul, County Clerk  
By Deputy:

Rachael Corder  
Rachael Grober

## OIL AND GAS LEASE NO. M-098676

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

N/2 OF TRACT 160, MATAGORDA BAY, CALHOUN/MATAGORDA COUNTIES, TEXAS, CONTAINING APPROXIMATELY 320 ACRES AS SHOWN ON THE APPLICABLE OFFICIAL SUBMERGED AREA MAP ON FILE IN THE TEXAS GENERAL LAND OFFICE, AUSTIN, TEXAS,

was, after being duly advertised, offered for lease on the 7th day of October, 1997, at 10:00 o'clock a.m., by the Commissioner of the General Land Office of the State of Texas and the School Land Board of the State of Texas, for the sole and only purpose of prospecting and drilling for, and producing oil and/or gas that may be found and produced from the above described area; and

WHEREAS, after all bids and remittances which were received up to said time have been duly considered by the Commissioner of the General Land Office and the School Land Board at a regular meeting thereof in the General Land Office, on the 7th day of October, 1997, hereinafter the "effective date" and it was found and determined that BOIS D'ARC RESOURCES whose address is 3330 MONTE VILLA PKWY., SUITE 130, BOTHELL, WA 98021-8972 had offered the highest and best bid for a lease of the area above described and is, therefore, entitled to receive a lease thereon:

NOW, THEREFORE, I, Garry Mauro, Commissioner of the General Land Office of the State of Texas, hereinafter sometimes referred to as "Lessor," whose address is Austin, Texas, by virtue of the authority vested in me and in consideration of the payment by the hereinafter designated Lessee, the sum of \$75,200.00, receipt of which is hereby acknowledged and of the royalties, covenants, stipulations and conditions contained and hereby agreed to be paid, observed and performed by Lessee, do hereby demise, grant, lease and let unto the above mentioned bidder the exclusive right to prospect for, produce and take oil and/or gas from the aforesaid area upon the following terms and conditions, to-wit:

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

2. TERM: Subject to the other provisions hereof, this lease shall be for a term of five (5) years from the effective date hereof (herein called "primary term") and as long thereafter as oil or gas is produced in paying quantities from said area.

3. DELAY RENTALS: If no well be commenced on the land hereby leased on or before the anniversary date of this lease, this lease shall terminate as to both parties unless the Lessee on or before said date shall pay or tender to the Commissioner of the General Land Office of the State of Texas at Austin, Texas, the sum of Ten Dollars (\$10.00), per acre, which shall operate as rental and cover the privilege of deferring the commencement of a well for twelve (12) months from said date. In like manner and upon like payments or tenders the commencement of a well may be further deferred for like periods of the same number of months successively during the primary term hereof.

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

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

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



325

*Laverne Jarrett*  
**LAVERNE JARRETT**

County Clerk, Matagorda County,  
Texas, do hereby certify that this is a true and correct  
copy as the same appears of record in my office.  
Witness my hand and Seal of Office on

JAN 28 1998  
*Laverne Jarrett*  
**LAVERNE JARRETT**

County Clerk



*Stella King*  
**STELLA KING**

Deputy

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

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

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

(E) **VARIABLE ROYALTY:** (i) Subject to the other provisions of this lease, it is hereby provided that in the event production in paying quantities is established pursuant to the terms of this lease and such production is brought on line and sales thereof are commenced within twenty-four (24) months of the effective date hereof, the royalty rate provided herein shall be reduced to 20%, and shall apply to each subsequent well drilled and produced on the land covered by this lease. Provided that, if during such twenty-four (24) month term during which Lessee may earn a reduced royalty rate of 20% as herein provided, Lessee should drill in good faith and complete the first well as a dry hole on the land covered by this lease, Lessee may receive a six (6) month extension of the term in which to earn a reduced royalty rate by giving notice to the Commissioner of the General Land Office, commencing drilling operations on an additional well prior to the expiration of such six (6) month period and prosecuting diligently and in good faith the drilling of such additional well and completing same so that production in paying quantities is established and so that such production is brought on line and sales thereof are commenced prior to the expiration of such six (6) month extension period.

(ii) In the event production in paying quantities is established pursuant to the terms of this lease and such production is brought on line and sales thereof are commenced after the expiration of twenty-four (24) months from the effective date hereof but prior to the expiration of forty-eight (48) months from the effective date hereof, the royalty rate provided herein shall be reduced to 22.5% and shall apply to each subsequent well drilled and produced on the land covered by this lease. Provided that, if during such twenty-four (24) month term during which Lessee may earn a reduced royalty rate of 22.5% as herein provided, Lessee should drill in good faith and complete the first well as a dry hole on the land covered by this lease, Lessee may receive a six (6) month extension of the term in which to earn a reduced royalty rate by giving notice to the Commissioner of the General Land Office, commencing drilling operations on an additional well prior to the expiration of such six (6) month period and prosecuting diligently and in good faith the drilling of such additional well and completing same so that production in paying quantities is established and so that such production is brought on line and sales thereof are commenced prior to the expiration of such six (6) month extension period.

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

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

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

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

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

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

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

6. (A) **RESERVES, CONTRACTS AND OTHER RECORDS:** Lessee shall annually furnish the Commissioner of the General Land Office with its best possible estimate of oil and gas reserves underlying this lease or allocable to this lease and shall furnish said Commissioner with copies of all contracts under which gas is sold or processed and all subsequent agreements and amendments to such contracts within thirty (30) days after entering into or making such contracts, agreements or amendments. Such contracts and agreements when received by the General Land Office shall be held in confidence by the General Land Office unless otherwise authorized by Lessee. All other contracts and records pertaining to the production, transportation, sale and

I, Marlene Paul, County Clerk, Calhoun County, Texas, do hereby certify that this is a true and correct copy as same appears of record in my office. Witness my hand and seal of office on 12/29/97



Marlene Paul, County Clerk  
By Deputy:

Rachael Crober  
Rachael Crober



25

*Laverne Jarrett*  
**LAVERNE JARRETT**

I, County Clerk, Matagorda County,  
Texas, do hereby certify that this is a true and correct  
copy as the same appears of record in my office.  
Witness my hand and Seal of Office on

JAN 28 1998

*Laverne Jarrett*  
**LAVERNE JARRETT**  
County Clerk



By *Stella King* Deputy  
**STELLA KING**

marketing of the oil and gas produced on said premises, including the books and accounts, receipts and discharges of all wells, tanks, pools, meters, and pipelines shall at all times be subject to inspection and examination by the Commissioner of the General Land Office, the Attorney General, the Governor, or the representative of any of them.

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

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

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

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

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

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

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

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

10. **CESSATION, DRILLING, AND REWORKING:** If, after the expiration of the primary term, production of oil or gas from the leased premises, after once obtained, should cease from any cause, this lease shall not terminate if Lessee commences additional drilling or reworking operations within sixty (60) days after such cessation, and this lease shall remain in full force and effect for so long as such operations continue in good faith and in workmanlike manner without interruptions totaling more than sixty (60) days. If such drilling or reworking operations result in the production of oil or gas, the lease shall remain in full force and effect for so long as oil or gas is produced from the leased premises in paying quantities or payment of shut-in oil or gas well royalties or payment of compensatory royalties is made as provided herein or as provided by law. If the drilling or reworking operations result in the completion of a well as a dry hole, the lease will not terminate if the Lessee commences additional drilling or reworking operations within sixty (60) days after the completion of the well as a dry hole, and this lease shall remain in effect so long as Lessee continues drilling or reworking operations in good faith and in a workmanlike manner without interruptions totaling more than sixty (60) days. Lessee shall give written notice to the General Land Office within thirty (30) days of any cessation of production.

11. **SHUT-IN ROYALTIES:** For purposes of this paragraph, "well" means any well that has been assigned a well number by the state agency having jurisdiction over the production of oil and gas. If at any time after the expiration of the primary term of a lease that, until being shut in, was being maintained in force and effect, a well capable of producing oil or gas in paying quantities is located on the leased premises, but oil or gas is not being produced for lack of suitable production facilities or lack of a suitable market, then Lessee may pay as a shut-in oil or gas royalty an amount equal to double the annual rental provided in the lease, but not less than \$1,200 a year for each well capable of producing oil or gas in paying quantities. To be effective, each initial shut-in oil or gas royalty must be paid on or before: (1) the expiration of the primary term, (2) 60 days after the Lessee ceases to produce oil or gas from the leased premises, or (3) 60 days after Lessee completes a drilling or reworking operation in accordance with the lease provisions; whichever date is latest. If the shut-in oil or gas royalty is paid, the lease shall be

I, Marlene Paul, County Clerk, Calhoun County, Texas, do hereby certify that this is a true and correct copy as same appears of record in my office. Witness my hand and seal of office on 12/29/97



Marlene Paul, County Clerk  
By Deputy:

Rachael Crober  
Rachael Crober

3

File #  
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Vol  
194

Page  
339



225

*Laverne Jarrett*  
**LAVERNE JARRETT**  
County Clerk, Matagorda County,  
Texas, do hereby certify that this is a true and correct  
copy as the same appears of record in my office.  
Witness my hand and Seal of Office on

JAN 28 1998



*Laverne Jarrett*  
**LAVERNE JARRETT**  
County Clerk  
By *Stella King*  
**STELLA KING** Deputy

considered to be a producing lease and the payment shall extend the term of the lease for a period of one year from the end of the primary term, or from the first day of the month following the month in which production ceased, and, after that, if no suitable production facilities or suitable market for the oil or gas exists, Lessee may extend the lease for four more successive periods of one (1) year by paying the same amount each year on or before the expiration of each shut-in year.

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

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

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

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

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

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

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

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

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

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

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

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

I, Marlene Paul, County Clerk, Galveston County, Texas, do hereby certify that this is a true and correct copy as same appears of record in my office. Witness my hand and seal of office on 12/29/97



Marlene Paul, County Clerk  
By Deputy

*Rachael Grober*  
Rachael Grober

File #  
0051681

Vol  
194

Page  
340



225

*Laverne Jarrett*  
**LAVERNE JARRETT**

County Clerk, Matagorda County,  
Texas, do hereby certify that this is a true and correct  
copy as the same appears of record in my office.  
Witness my hand and Seal of Office on

JAN 28 1998

*Laverne Jarrett*  
**LAVERNE JARRETT**

County Clerk



By

*Stella King*  
**STELLA KING**

Deputy

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

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

22. **APPLICABLE LAWS AND DRILLING RESTRICTIONS:** This lease shall be subject to all rules and regulations, and amendments thereto, promulgated by the Commissioner of the General Land Office governing drilling and producing operations on Permanent Free School Land, specifically including any rules promulgated that relate to plans of operations, payment of royalties, and auditing procedures, and shall be subject to all other valid statutes, rules, regulations, orders and ordinances that may affect operations under the provisions of this lease. Without limiting the generality of the foregoing, Lessee hereby agrees, by the acceptance of this lease, to be bound by and subject to all statutory and regulatory provisions relating to the General Land Office's audit billing notice and audit hearings procedures. Said provisions are currently found at 31 Texas Administrative Code, Chapter 4, and Texas Natural Resources Code Sections 52.135 and 52.137 through 52.140. In the event this lease covers land franchised or leased or otherwise used by a navigation district or by the United States for the purpose of navigation or other purpose incident to the operation of a port, then Lessee shall not be entitled to enter or possess such land without prior approval as provided under Section 61.117 of the Texas Water Code, but Lessee shall be entitled to develop such land for oil and gas by directional drilling; provided, however, that no surface drilling location may be nearer than 660 feet and special permission from the Commissioner of the General Land Office is necessary to make any surface location nearer than 2,160 feet measured at right angles from the nearest bulkhead line or from the nearest dredged bottom edge of any channel, slip, or turning basin which has been authorized by the United States as a federal project for future construction, whichever is nearer.

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

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

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

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

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

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

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

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

*Laverne Jarrett*  
LAVERNE JARRETT

County Clerk, Matagorda County,  
Texas, do hereby certify that this is a true and correct  
copy as the same appears of record in my office.  
Witness my hand and Seal of Office on

I, Marlene Paul, County Clerk, Calhoun County,  
Texas, do hereby certify that this is a true and  
correct copy as same appears of record in my office.  
Witness my hand and seal of office on 12/29/97



Marlene Paul, County Clerk  
By Deputy:

*Rachael Crober*  
Rachael Crober

5



By *Stella King* Deputy  
STELLA KING

JAN 28 1998

*Laverne Jarrett*  
LAVERNE JARRETT  
County Clerk

File #  
0051681

Vol  
194

Page  
341



\* 31. EXECUTION: This oil and gas lease must be signed and acknowledged by the Lessee before it is filed of record in the county records and in the General Land Office of the State of Texas.

Bois d'Arc Resources

LESSEE

BY:

TITLE:

DATE:

December 1, 1997

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

COMMISSIONER OF THE GENERAL LAND OFFICE  
OF THE STATE OF TEXAS

APPROVED

Contents

Legal

DC

SD

Exec

STATE OF Washington

COUNTY OF King

(CORPORATION ACKNOWLEDGMENT)

BEFORE ME, the undersigned authority, on this day personally appeared Wayne L. Laufer

known to me to be the person whose name is subscribed to the foregoing instrument, as partner of

Bois d'Arc Resources

and acknowledged to me that he executed the same

for the purposes and consideration therein expressed, in the capacity stated, and as the act and deed of said ~~corporation~~ partnership.

Given under my hand and seal of office this the 2nd day of December, 1997



Leah Ellis  
Notary Public in and for State of Washington

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

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

(INDIVIDUAL ACKNOWLEDGMENT)

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

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

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

I, Marlene Paul, County Clerk, Calhoun County, Texas, do hereby certify that this is a true and correct copy as same appears of record in my office. Witness my hand and seal of office on 12/29/97



Marlene Paul, County Clerk  
By Deputy:

Rachael Crober  
Rachael Crober

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

2025

*Laverne Jarrett*  
**LAVERNE JARRETT** County Clerk, Matagorda County,  
Texas, do hereby certify that this is a true and correct  
copy as the same appears of record in my office.  
Witness my hand and Seal of Office on

JAN 28 1998

*Laverne Jarrett*  
**LAVERNE JARRETT**  
County Clerk



By *Stella King* Deputy  
**STELLA KING**



FILED

'98 JAN 27 P3:27

*Laverne Jarrett*COUNTY CLERK  
MATAGORDA COUNTY TEXAS

STATE OF TEXAS COUNTY OF MATAGORDA  
I hereby certify that this instrument was FILED in File  
Number Sequence on the date and at the time stamped  
hereon by me; and was duly RECORDED in the  
OFFICIAL RECORDS of Matagorda County, Texas on

JAN 27 1998



*Laverne Jarrett*  
County Clerk, Matagorda County, Texas

This Document has been received by this Office for  
Recording into the Official Public Records. We do  
hereby swear that we do not discriminate due to  
Race, Creed, Color, Sex or National Origin.

Filed for Record in:  
CALHOUN COUNTY, TEXAS  
MARLENE PAUL  
COUNTY CLERK

On: Dec 24, 1997 at 11:37A  
Receipt Number - 4998  
By, Shirley Foester

*Shirley Foester*  
Deputy

*Laverne Jarrett*  
LAVERNE JARRETT

I, County Clerk, Matagorda County,  
Texas, do hereby certify that this is a true and correct  
copy as the same appears of record in my office.  
Witness my hand and Seal of Office on

I, Marlene Paul, County Clerk, Calhoun County,  
Texas, do hereby certify that this is a true and  
correct copy as same appears of record in my office.  
Witness my hand and seal of office on 12/29/97



Marlene Paul, County Clerk  
By Deputy:

*Rachael Crober*  
Rachael Crober



JAN 28 1998  
*Laverne Jarrett*  
LAVERNE JARRETT

County Clerk

*Stella King*  
By, STELLA KING Deputy

STETIN RUC  
with work  
done on 1/12/98

RECEIVED  
1/12/98

File No. MF098676

Certified Lease

Date Filed: 2/19/98

By David Dewhurst, Commissioner

Bill Rogers

573 00



# J. Connor Consulting, Inc.



RECEIVED

99 NOV 24 AM 11:14

ENERGY RESOURCES

M-98674

November 23, 1999

Texas General Land Office  
1700 Congress Avenue  
Austin, Texas 78711

Attention: Ms. Tracy Throckmorton

RE: Bois d' Arc Operating Corporation  
State Tract 160, Well No. 1  
Matagorda, S.E. (5150) Field  
Matagorda County, Texas

Gentlemen:

Enclosed for your files are the following reports relative to the completion of the referenced well:

- 1) Form W-1, Amended Permit to Drill, Permit No. 477604; and
- 2) Completion Package including G-1 w/ curve, G-5, G-10 & P-4.

The referenced forms are submitted subsequent to the results of a retest of the subject well. These reports include an amended permit to drill, submitted to place the well in an existing field. The pipeline authorized under GLO Easement No. ME 19990059 and COE Permit No. 21770 was installed and the well put on production in October, 1999.

Should you have any questions or require additional information please contact the undersigned at (281) 578-3388.

Very truly yours,

J. CONNOR CONSULTING, INC.

A handwritten signature in cursive script that reads 'Wanda E. Richmond'.

Wanda E. Richmond  
Regulatory Consultant

WER:gmg

Enclosures

► Address to:  
Railroad Commission of Texas  
Oil and Gas Division, Drilling Permits  
P. O. Box 12967  
Austin, Texas 78711-2967

## Application for Permit to Drill, Deepen, Plug Back, or Re-Enter

► File a copy of W-1 and plat in RRC District Office

▶ Read Instructions on Back

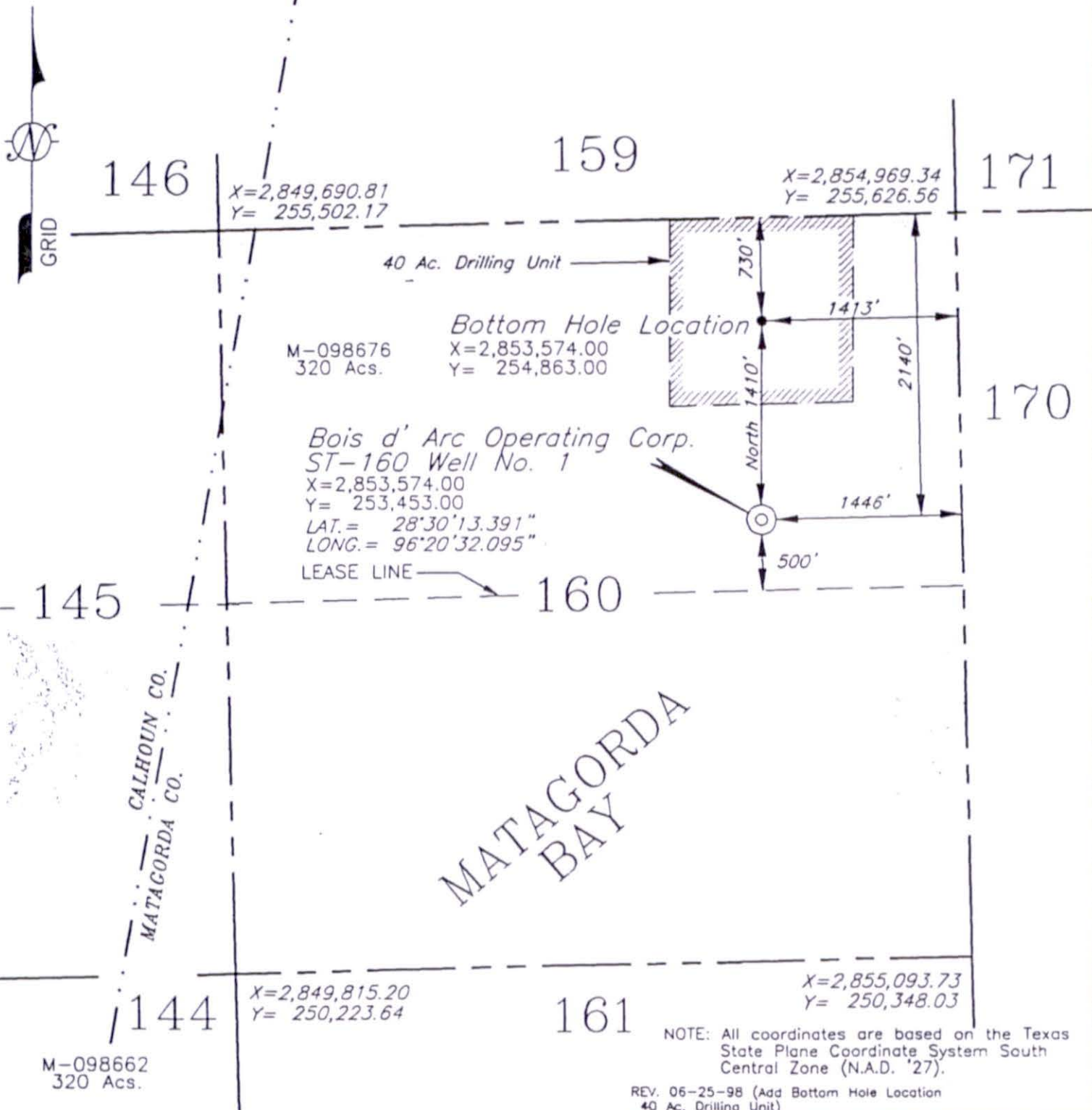
EFFECTIVE SEPT. 1, 1991, PERMIT APPLICATION FEE WILL VARY  
ACCORDING TO THE TOTAL DEPTH SHOWN IN ITEM NO. 9 BELOW.

0-2000' - \$100,	2001' - 4000' - \$125
4001' - 9000' - \$150	9001' or deeper - \$200

Purpose of filing (mark appropriate boxes): <input type="checkbox"/> Drill <input type="checkbox"/> Deepen (below casing) <input type="checkbox"/> Deepen (within casing) <input type="checkbox"/> Plug Back <input type="checkbox"/> Re-Enter <input type="checkbox"/> Horizontal <input type="checkbox"/> Directional Well <input type="checkbox"/> Sidetrack <input checked="" type="checkbox"/> Amended Permit (enter permit no. at right & explain fully in Remarks)										Enter here, if assigned:		API No. 42- 321-31763 Permit No. 477604 Rule 37 Case No.	
1. Operator's Name (exactly as shown on Form P-5, Organization Report) BOIS D' ARC OPERATING CORPORATION			3. RRC Operator No. 079577		4. RRC District No. 03		5. County of Well Site MATAGORDA						
2. Address (including city and zip code) 3330 MONTE VILLA PKWY., STE. 130 BOTHELL, WA 98021			6. Lease Name (32 spaces maximum) STATE TRACT 160			7. RRC Lease/ID No.		8. Well No. 1		9. Total Depth 6,700'			
10. Location • Section _____ Block _____ Survey S.T. 160, MATAGORDA BAY Abstract No. A- _____ • This well is to be located 4 miles in a NE direction from PORT O'CONNOR which is the nearest town in the county of the well site.													
11. Distance from proposed location to nearest lease or unit line 730' ft.      12. Number of contiguous acres in lease, pooled unit, or unitized tract 320 (OUTLINE ON PLAT.)													
13. FIELD NAME (Exactly as shown on RRC proration schedule). List all established and wildcat zones of anticipated completion. Attach additional Form W-1's as needed to list these zones. One zone per line.			14. Completion depth	15. Spacing pattern (ft.)	16. Density pattern (acres)	17. Number of acres in drilling unit for this well. OUTLINE ON PLAT.	18. Is this acreage assigned to another well on this lease & in this reservoir? If so, explain in Remarks.	19. Distance from proposed location to nearest applied for, permitted, or completed well, this lease & reservoir. (ft.)	20. Oil, gas, or other type well (Specify)	21. No. of applied for, permitted, or completed locations (including this one) on lease in this reservoir.			
										OIL	GAS		
MATAGORDA BAY, S.E. (5150)			5570'	467/1200	40	40	N/A	N/A	O/G	1	GAS		
22. Perpendicular surface location from two nearest designated lines: • Lease/Unit 500' FSL & 1446' FEL • Survey/Section 1446' FEL & 2140' FNL			If a directional well, show also projected bottom-hole location: • Lease/Unit 730' FNL & 1413' FEL • Survey/Section 730' FNL & 1413' FEL										
23. Is this a pooled unit? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> (Attach Form P-12 and certified plat.)						24. Is Item 17 less than Item 16 (substandard acreage for any field applied for)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> (Attach Form W-1A)							
25. Is this wellbore subject to Statewide Rule 36 (hydrogen sulfide area)? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>						If subject to Rule 36, is Form H-9 filed? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If not filed, explain in Remarks.							
26. Do you have the right to develop the minerals under any right-of-way that crosses, or is contiguous to, this tract? If not, and if the well requires a Rule 37 or 38 exception, see Instructions for Rule 37. Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>						I certify that information stated in this application is true and complete, to the best of my knowledge. <div style="display: flex; justify-content: space-between;"> <div> <i>Wanda E. Richmond</i>            Signature            November 5, 1999            Date:      mo.      day      yr.         </div> <div>           J. CONNOR CONSULTING, INC.,            WANDA E. RICHMOND, REGULATORY CNSLT.            Name and title of operator's representative            (281) 578-3388            Tel:      Area Code      Number         </div> </div>							
Remarks PERMITTED AS WILDCAT. AMEND TO PLACE WELL IN EXISTING FIELD.													



11.24.99



I hereby certify that this is a true and correct plat.

*John T. Jakubik*  
John T. Jakubik R.P.L.S. No. 1717

BOIS D' ARC OPERATING CORP.

PROPOSED WELL LOCATION  
ST. 160, WELL No. 1  
MATAGORDA BAY  
MATAGORDA COUNTY, TEXAS

DATE: 01-27-98

SCALE: 1"=1000'

JOB No.: 98-01-5402

CH.

REV.

FILE: B05402A.dwg

Type or print only

483-047

Oil and Gas Division

API No. 42- 321-31763

7. RRC District No.

03

8. RRC Gas ID No.

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

1. FIELD NAME (as per RRC Records or Wildcat)  
MATAGORDA BAY, S.E. (5150)2. LEASE NAME  
STATE TRACT 160

9. Well No.

1

3. OPERATOR'S NAME (Exactly as shown on Form P-5, Organization Report)  
BOIS D' ARC OPERATING CORPORATIONRRC Operator No.  
47760410. County of well site  
MATAGORDA

4. ADDRESS

3330 MONTE VILLA PARKWAY, STE. 130, BOTHELL, WA 98021

11. Purpose of filing

Initial Potential ☐

5. Location (Section, Block, and Survey)

STATE TRACT 160

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

4 MILES N.E. FROM PORT O' CONNOR, TX

Retest (REMARKS) ☒6. If operator has changed within last 60 days,  
name former operator

N/A

12. If workover or reclass, give former field (with reservoir) & Gas ID or  
oil lease no. FIELD & RESERVOIRGAS ID or  
OIL LEASE #Oil-O  
Gas-GWELL  
#Reclass ☐Well record only  
(Explain in remarks) ☐13. Pipe Line Connection DOW HYDROCARBONS  
& RESOURCES, INC.

N/A

N/A

N/A

N/A

14. Completion or recompletion date

03/30/99

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

16. Type of Electric or other Log Run.

LWD &amp; CBL

## Section I

## GAS MEASUREMENT DATA

Date of Test 10/1/99-10/4/99		Gas Measurement Method (Check One) Orifice Meter <input checked="" type="checkbox"/> Flange Taps <input checked="" type="checkbox"/> Positive Choke <input checked="" type="checkbox"/> Orifice Vent Meter <input type="checkbox"/> Pitot Tube <input type="checkbox"/> Critical-flow Prover <input type="checkbox"/>						Gas produced during test 3868 MCF		
Run No.	Line Size	Orif. or Choke Size	24 Hr. Coeff. Orif. or Choke	Static P <sub>m</sub> or Choke Press	Diff. h <sub>w</sub>	Flow Temp. °F	Temp. Factor F <sub>tf</sub>	Gravity Factor F <sub>g</sub>	Compress Factor F <sub>pv</sub>	Volume MCF/DAY
1	3.068	1.00"	6341.17	605	62	80	0.9813	1.0260	1.0424	1289
2										
3										
4										

## Section II

## FIELD DATA AND PRESSURE CALCULATIONS

Gravity (Dry Gas) 0.565		Gravity Liquid Hydrocarbon 36.2 Deg. API		Gas-Liquid Hydro Ratio 1250000 CF/Bbl		Gravity of Mixture G <sub>mix</sub> = 0.573		Avg. Shut-in Temp. 70 °F		Bottom Hole Temp. 147 °F @ 5566 (Depth)	
D <sub>eff</sub> <sup>8/3</sup> = 6.273694404				$\sqrt{T_r} = \sqrt{563.396} = 23.73596427$				$\sqrt{G_L} = \sqrt{3191.608} = 56.4943253$			
$C = \frac{1118 \times (D_{eff})^{8/3}}{\sqrt{T}} = \frac{(1118)(6.273694404)}{23.73596427} = 295.5005$				$\frac{\sqrt{G_L}}{C} = \frac{56.4943253}{295.5005} = 56.4943253$							
Run No.	Time of Run Min.	Choke Size	Wellhead Press. PSIA P <sub>w</sub>	Wellhead Flow Temp. °F	P <sub>w2</sub> (Thousands)	R	R <sup>2</sup> (Thousands)	P <sub>1</sub>	P <sub>w</sub> /P <sub>1</sub>		
Shut-in	1440		2100	70	4410						
1	4320	11/64	1950	60	3803	246.49	60.76	1966	0.9921		
2											
3											
4											
Run No.	F	K	S = $\frac{1}{z}$	E <sub>ks</sub>	P <sub>f</sub> and P <sub>s</sub>	P <sub>f</sub> <sup>2</sup> and P <sub>s</sub> <sup>2</sup> (thousands)	P <sub>f</sub> <sup>2</sup> - P <sub>s</sub> <sup>2</sup> (thousands)	Angle of Slope			
Shut-in		0.1053	1.1997	1.1346	2383	5677		θ ..... 45°			
1	0.9961	0.1058	1.2049	1.1359	2233	4985	692	n ..... 1			
2								Absolute Open Flow			
3								10,575... MCF/DAY			
4											

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

*Ron Istre*  
Signature: Well Tester

RON ISTRE,  
EAGLE CONSULTING, INC.

Name of Company

RRC Representative

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

*Wanda E. Richmond*  
Signature: Operator's representative WANDA E. RICHMOND

REGULATORY  
CONSULTANT

Title

11/2/99

Date

Tel: (281) 578-3388

A/C

Number



SECTION III				DATA ON WELL COMPLETION AND LOG (Not Required on Retest)			
17. Type of Completion: New Well <input checked="" type="checkbox"/> Deepening <input type="checkbox"/> Plug Back <input type="checkbox"/> Other <input type="checkbox"/>				18. Permit to Drill, Plug Back or Deepen <span style="float: right;">DATE 07/02/98 PERMIT NO. 477604</span> Rule 37 <span style="float: right;">CASE NO.</span> Exception Water Injection <span style="float: right;">PERMIT NO.</span> Permit Salt Water Disposal <span style="float: right;">PERMIT NO.</span> Permit Other <span style="float: right;">PERMIT NO.</span>			
19. Notice of Intention to Drill this well was filed in Name of  <div style="text-align: center;">BOIS D' ARC OPERATING CORPORATION</div>							
20. Number of producing wells on this lease in this field (reservoir) including this well  <div style="text-align: center;">1</div>		21. Total number of acres in this lease  <div style="text-align: center;">320</div>					
22. Date Plug Back, Deepening, WorkOver or Drilling Operations: <div style="display: flex; justify-content: space-between;"> <span>Commenced 03/09/99</span> <span>Completed 03/21/99</span> </div>		23. Distance to nearest well. Same Lease & Reservoir  <div style="text-align: center;">N/A</div>					
24. Location of well, relative to nearest lease boundaries of lease on which this well is located  <div style="display: flex; justify-content: space-between;"> <span>730' Feet From NORTH</span> <span>Line and 1413' Feet from</span> </div> <div style="display: flex; justify-content: space-between;"> <span>EAST</span> <span>Line of the STATE TRACT 160</span> <span>Lease</span> </div>							
25. Elevation (DF, RKB, RT, GR, ETC.) <div style="text-align: center;">46' RKB</div>				26. Was directional survey made other than inclination (Form W-12)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No			
27. Top of Pay 5563'	28. Total Depth 5823' MD/ 5331' TVD	29. P. B. Depth 5601'	30. Surface Casing Determined by: Field <input type="checkbox"/> Rules <input type="checkbox"/> Recommendation of T.D.W.R. <input checked="" type="checkbox"/> Railroad Commission (Special) <input type="checkbox"/>		Dt. of Letter 7/2/98 Dt. of Letter 12/9/98		
31. Is well multiple completion? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		32. If multiple completion, list all reservoir names (completions in this well) and Oil Lease or Gas ID No. <div style="text-align: center;">FIELD &amp; RESERVOIR</div>			33. Intervals Drilled by: Rotary Tools Cable Tools <div style="display: flex; justify-content: space-around;"> <span>N/A</span> <span>N/A</span> <span>N/A</span> </div>		
34. Name of Drilling Contractor MALLARD/PARKER DRILLING CO.		35. Is Cementing Affidavit Attached? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No					
36. CASING RECORD (Report All Strings Set in Well)							
CASING SIZE	WT #/FT.	DEPTH SET	MULTISTAGE TOOL DEPTH	TYPE & AMOUNT CEMENT (sacks)	HOLE SIZE	TOP OF CEMENT	SLURRY VOL. cu. ft.
16"	DRIVE PIPE	145'		DRIVEN	16"	N/A	N/A
10-3/4"	45.5#	1520'		720sx CLS "A"	13-1/2"	SURFACE	1114
7"	23#	5823'		1510sx 50/50	9-7/8"	1588'	1706
				POZ & PREM H			

37. LINER RECORD				
Size	TOP	Bottom	Sacks Cement	Screen
N/A	N/A	N/A	N/A	N/A

38. TUBING RECORD			39. Producing Interval (this completion) Indicate depth of perforation or open hole	
Size	Depth Set	Packer Set	From	To
2-3/8"	5634'	4092'-5050'-5551'	5563'	5570'
2-3/8"	5620'-5641'	5622'	From	To
			From	To

40. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.	
Depth Interval	Amount and Kind of Material Used
4154' - 4165'	ISOLATED BEHIND PIPE; PACKERS @ 4092' & 5050'
5674' - 5681'	MAGNA RANGE BRIDGE PLUG @ 5621'; 20' CMT. ON TOP.

41. FORMATION RECORD (LIST DEPTHS OF PRINCIPAL GEOLOGICAL MARKERS AND FORMATION TOPS)			
Formations	Depth	Formations	Depth
MIOCENE	5678'		

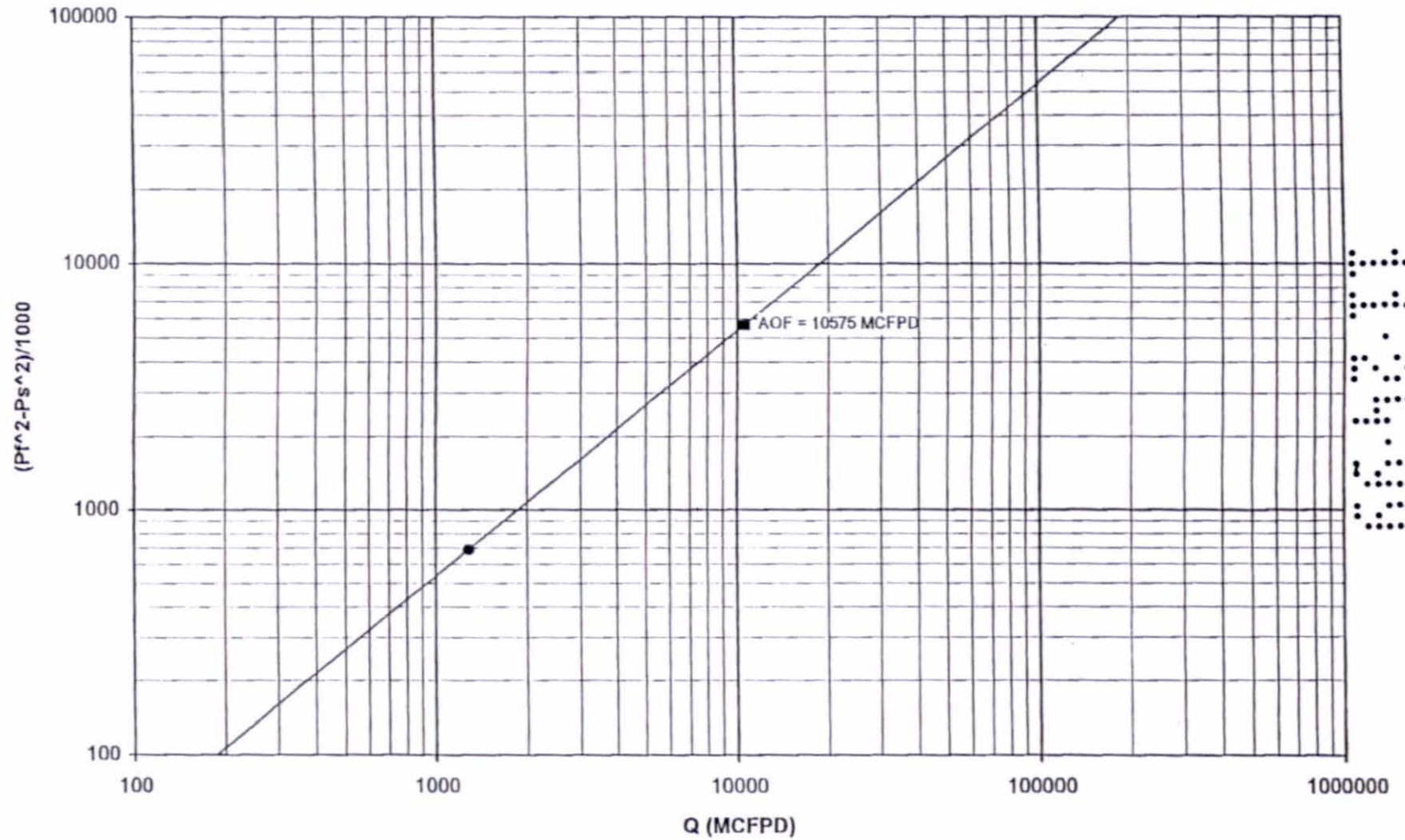
REMARKS INITIAL WELL TEST NOT COMPLETED FOR REQUIRED LENGTH OF TIME DUE TO WEATHER CONSIDERATIONS.

11555

BOIS D'ARC OFFSHORE LTD  
STATE TRACT 160 #1  
MATAGORDA BAY FIELD  
MATAGORDA COUNTY, TEXAS

# BACK PRESSURE CURVE

TEST DATE : 10/1/99





RAILROAD COMMISSION OF TEXAS  
Oil and Gas Division

**GAS WELL**  
CLASSIFICATION REPORT

**Form G-5**  
Rev. 01/01/86

READ INSTRUCTIONS ON BACK

1. OPERATOR NAME (Exactly as shown on Form P-5 Organization Report)  BOIS D' ARC OPERATING CORPORATION		3. RRC DISTRICT NO.  03	4. OIL LEASE NO. OR GAS WELL ID NO.
2. MAILING ADDRESS  3330 MONTE VILLA PARKWAY, STE. 130 BOTHELL, WA 98021		5. WELL NO.  1	6. API NO.  42-321-31763
8. FIELD NAME (as per RRC Records) MATAGORDA BAY, S.E. (5150)		7. COUNTY OF WELL SITE MATAGORDA	
10. LOCATION (Section, Block, and Survey) S.T. 160, MATAGORDA BAY		9. LEASE NAME STATE TRACT 160	
11. PIPELINE CONNECTION OR USE OF GAS DOW HYDROCARBONS & RESOURCES, INC.		11. PIPELINE CONNECTION OR USE OF GAS DOW HYDROCARBONS & RESOURCES, INC.	
I. PRODUCTION TEST AT RATE ELECTED BY OPERATOR (data on 24-hour basis)		II. A.S.T.M. DISTILLATION OF LIQUID SAMPLE. Distillation test is required for gas wells ONLY if the producing gas-liquid hydrocarbon ratio is less than 100.000 CF/barrel.	
A. Date of Test <u>10/1/99</u> B. Gas Volume <u>1250</u> (Mcf) C. Oil or Condensate Volume <u>1</u> (Bbl) D. Water Volume <u>0</u> (Bbl) E. Gas/Liquid Hydrocarbon Ratio <u>1,250,000</u> (Cf/Bbl) F. Flowing Tubing Pressure <u>1950</u> (psia) G. Choke Size <u>11/64</u> (in.) H. Casing Pressure <u>0</u> (psia) I. Shut-in Wellhead Pressure-- Tubing <u>2100</u> (psia) J. Separator Operating Pressure <u>605</u> (psia) K. Color of Stock Tank Liquid _____ L. Gravity of Separator Liquid <u>85.0</u> °API M. Gravity of Stock Tank Liquid _____ °API N. Specific Gravity of the Gas (Air = 1) <u>0.57</u>		Date Liquid Sample Obtained _____ Where Obtained: <input type="checkbox"/> Separator <input type="checkbox"/> Stock Tank % Over Temp. (deg. F) % Over Temp. (deg. F) Initial Boiling Temp. _____ 60 _____ 10 _____ 70 _____ 20 _____ 80 _____ 30 _____ 90 _____ 40 _____ 95 _____ 50 _____ End Point _____ Total Recovery _____ percent Residue _____ percent Loss _____ percent	
I declare under penalties prescribed in Sec. 91.143, Texas Natural Resources Code, that I am authorized to make this report, that this report was prepared by me or under my supervision and direction, and that data and facts stated therein are true, correct, and complete to the best of my knowledge.  11/2/99 DATE		RRC USE ONLY WANDA E. RICHMOND NAME (Type or Print) <i>Wanda E. Richmond</i> SIGNATURE J. CONNOR CONSULTING, INC. REGULATORY CONSULTANT TITLE WANDA E. RICHMOND (281) 578-3388 CONTACT PERSON PHONE NUMBER	

# INSTRUCTIONS

## Form G-5: Gas Well Classification Report

This report shall be filed in duplicate in the appropriate Railroad Commission District Office:

- (a) Upon completion of a gas well.
- (b) Upon reclassification of any well from oil to gas.
- (c) Upon reclassification from gas to oil if the gas-oil ratio is more than 12,000 cubic feet per barrel and the oil gravity is more than 50 degrees API.
- (d) And upon subsequent requests by the Railroad Commission.

**Production Test:** The production test data required on this form must reflect representative operating conditions if the well is connected to a sales line. If the well is not connected, the test must be at a stabilized rate. The volumes reported must be on a 24-hour basis.

**Liquid Sample:** The liquid hydrocarbon sample must be a fresh sample of stock tank liquid or a separator sample which has been flashed to atmospheric pressure and allowed to stabilize at the ambient temperature. If a separator sample is transported to the laboratory in a pressurized container, the sample must be flashed to atmospheric pressure and allowed to stabilize at 60 degrees Fahrenheit before measuring the API Gravity or commencing the distillation test.

**NOTICE:** NO CONDENSATE OR CRUDE PETROLEUM WILL BE CLEARED FROM A GAS WELL PRIOR TO THE ASSIGNMENT OF AN ALLOWABLE UNTIL THIS REPORT HAS BEEN PROPERLY PREPARED, EXECUTED, AND FILED ALONG WITH A FORM P-4 NAMING THE GATHERER OF THE CONDENSATE AND A REQUEST FOR CLEARANCE (FORM P-8) STATING THE AMOUNT OF CONDENSATE TO BE MOVED.

Reference: Statewide Rule 53



BOIS D' ARC OPERATING CORPORATION  
3330 MONTE VILLA PARKWAY, STE. 130  
BOTHELL, WA 98021

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

Initial Test	Correction
X	

03

rev. 7/95

Effective Date

Signature: Wanda E. Richmond WANDA RICHMOND Title: J. CONNOR CONSULTING, INC.  
REGULATORY CONSULTANT

Signature: Wanda E. Richmond WANDA RICHMOND

\* AN ASTERISK PREPRINTED ON A SURVEY IDENTIFIES WELL SUBJECT TO COMMINGLING TEST REQUIREMENT

\*\* GAS PRODUCTION RATE, IN MCF, IS TO BE REPORTED FULL-WELL STREAM, INCLUDING CONDENSATE

X AN "X" PREPRINTED ON A SURVEY IN THE BOTTOMHOLE PRESSURE BOX INDICATES A BOTTOMHOLE PRESSURE MUST BE REPORTED FOR THE WELL

\*\*\* PRESSURE FOR THE TEXAS HUGOTON FIELD IS REPORTED IN PSIG



- Purpose of Filing** File the G-10 survey at the direction of the Railroad Commission when the G-10 is mailed to you with basic information pre-printed, including testing, filing, and effective dates. The G-10 may also be filed at any time to report an initial test, a retest, or to correct information already filed. A Form G-10 must be filed on each new gas well after the well is connected to a sales line in order for an allowable to be assigned.
- Notice** For field-wide surveys, furnish the district office a written schedule of planned tests on your wells in the field.
- Conducting the Test**
1. The person conducting this test must be qualified by training or experience to make such tests.
  2. Use gas measurement methods as described in the current Commission publications *Gas-Oil Ratio Calculation* and *Back Pressure Test for Natural Gas Wells, State of Texas*, or methods of at least equal accuracy.
  3. Perform the test with the same equipment used during normal operations.
  4. The test to determine the daily deliverability volume is to be of 72 hours minimum duration; pre-flow the well a minimum of 48 hours to stabilize it at a daily rate not less than 75% of the producing rate observed during the final 24 hours of the test. The average producing rate during that initial minimum 48-hour stabilization period is the average of the producing rates during the two 24-hour component periods. If the well produces condensate, measure dry gas volume and condensate volume during each 24 hours of the overall test period.
  5. The reported test rate, that is, the daily deliverability volume you will be reporting on the Form G-10, is the actual production during the final 24 hours of the overall test period.
  6. Determine the maximum 24-hour shut-in well head pressure by closing in the well either before or at the end of the overall test period.
  7. Obtain prior approval from the district office before conducting a test of less than 72-hours duration. Under no circumstance is the deliverability test to be less than 24 hours with the hourly producing rate extrapolated to 24 hours to calculate a daily deliverability volume.
  8. If the well produces full-well stream, conduct and report the test in accordance with Statewide Rule 55(b).
- Reporting Test Results**
1. Report full-well stream deliverability volume in MCF (thousand cubic feet) measured at a base pressure of 14.65 pounds per square inch absolute (psia) and a standard base temperature of 60° Fahrenheit.
  2. To obtain the full-well stream deliverability volume, add the gas equivalent of any condensate produced during the final 24 hours to the dry gas volume metered during the same time period. If the actual gas equivalent of the condensate has not been determined by laboratory analysis, use a value of 1.1 MCF per barrel.
  3. For wells producing full-well stream to a plant or central facility, report the calculated condensate production in accordance with Statewide Rule 55(a).
  4. Report liquid hydrocarbons, oil or condensate, in barrels of 42 U.S. gallons at 60° Fahrenheit.
- Filing the G-10** File the completed G-10 report (**original only**) with Austin no later than 15 days after the date the test is completed. Field-wide G-10 surveys are due the first day of the month following the end of the test period. File the G-10 with: RAILROAD COMMISSION OF TEXAS, OIL AND GAS DIVISION, P.O. BOX 12967, AUSTIN, TEXAS 78711-2967.
- Various**
- TEST EXEMPTION.** An initial deliverability test is required on a well with a deliverability of less than 100 MCF/day. If, however, deliverability and production remain at or less than 100 MCF/day, the well is exempt from further G-10 testing and will not be listed on the Commission computer-generated G-10 surveys. NOTE: this exemption does not apply if the well is operating under any field rule or commingling exception which is in conflict with this exemption.
- BOTTOM HOLE PRESSURE.** Report BHP for prorated wells which have BHP as a part of the allocation formula, in addition to filing Form W-7. Take the BHP during the same test period as the survey.
- HIGHER ABSOLUTE OPEN FLOW.** If this deliverability test exceeds the most recent AOF shown on the current proration schedule, the reported rate will be reduced to the current AOF for calculating the allowable. A new AOF may be established by filing a retest on Form G-1 with the retest conducted in accordance with Statewide Rule 28 and the Commission's publication, *Back Pressure Test for Natural Gas Wells, State of Texas*.
- SHUT-IN WELLS.** Report the shut-in pressure, if any, in the SIWH Pressure block and, in the Shut-In block enter an "X" on all shut-in wells.
- FIELD RULES.** Operators are to observe all testing and reporting requirements as set out in applicable field rules. For the Texas Hugoton Field, however, an operator no longer is required to report the calculated potential on the G-10; this will be computed by the Commission on the basis of data filed on this and other forms.



## RAILROAD COMMISSION OF TEXAS

Oil and Gas Division

READ INSTRUCTIONS ON BACK

PRODUCER'S TRANSPORTATION AUTHORITY  
AND CERTIFICATE OF COMPLIANCE

FORM P-4

5/90

1. Field name exactly as shown on proration schedule MATAGORDA BAY S.E. (5150)		2. Lease name STATE TRACT 160	
3. Operator name exactly as shown on P-5 Organization Report BOIS D' ARC OPERATING CORPORATION		4. Operator P-5 no. 079577	5. Oil lease no.
7. Operator address including city, state, and zip code 3330 MONTE VILLA PKWY., STE. 130 BOTHILL, WA 98021		8. County in which oil lease or gas well is actually located MATAGORDA	6. RRC district no. 03
		9. Gas ID no.	10. Gas well no. 1
		11. Effective date 10/1/99	

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

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

13. NAME OF OIL OR CONDENSATE GATHERER  
List highest volume gatherer first

Percent of Take

RRC USE ONLY  
Gath. code

14. PURPOSE OF FILING. Remarks:

- a. ☐ New oil lease ☒ New gas well  
☐ Reclassification (oil to gas or gas to oil)  
☐ Consolidation, unitization or subdivision  
 b. CHANGE ☒ Gatherer ☐ Nominator  
☒ Purchaser ☐ Purchaser's system code

RRC USE ONLY

Approved (Initials) \_\_\_\_\_ Oper. No. \_\_\_\_\_

Date \_\_\_\_\_ Field No. \_\_\_\_\_

Remarks:

c. CHANGE FROM

☐ Operator \_\_\_\_\_☐ Field Name \_\_\_\_\_☐ Lease Name \_\_\_\_\_

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

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

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

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

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

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

Signature Wanda E. RichmondTitle REGULATORY CONSULTANTName (Print) J. CONNOR CONSULTING, INC.  
WANDA RICHMONDDate 11/2/99 Phone (281) 578-3388

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

☐ check if listings are continued on reverse side



# Additional Listings for Gas Well Gas and Casinghead Gas

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

## Example

			All-Tex Gathering Company								25.00	
			Trans-Tex Pipelines, Inc.					001			75.00	
			All-Tex Oil and Gas Company					003			25.00	
			All-Tex Gasco								25.00	

## INSTRUCTIONS

Form P-4: Producer's Transportation Authority  
and Certificate of Compliance  
Reference: Statewide Rule 58

**Who Files** The operator of any oil, gas well gas, condensate, and/or casinghead gas producing property in the State must file a P-4 for each such property.

**Purpose of Filing** The P-4 must be filed to

- Identify all gatherers, purchasers, purchasers' RRC-assigned system codes, and nominators authorized for each oil lease or gas well. NOTE: Except during initial testing, no production may leave the oil lease or gas well until the P-4 has been filed and a letter of approval from the Railroad Commission received by all parties. If, during initial production testing, large quantities of oil or condensate are produced, application may be made on Form P-8: Request for Clearance of Storage Tanks prior to potential test to the appropriate district office for issuance of temporary transportation authority. For initial test purposes, a gas well may produce into a pipeline without a P-4 authorization no more than 30 days.
- Certify that production from the subject property is in accordance with the laws of Texas and the rules, regulations, and orders of the Commission.
- Establish status on Commission records as operator of the subject property.
- Notify the Commission of changes in

Operator (see No. 6, below)  
Gatherer

Field Name (see No. 7, below)  
Purchaser System Code

Nominator  
Purchaser

Lease Name  
Reclassification (oil to gas or gas to oil)

or when consolidations, unitizations, or subdivisions take place (see No. 5, below).

NOTE: When filing a P-4 for changes, the form must be completed in its entirety, not just in areas being changed.

**What and Where to File** The original only of the P-4 is to be filed with the Railroad Commission in Austin

Oil and Gas Division  
P. O. Drawer 12967 — Capitol Station  
Austin, Texas 78711-2967

**Revocation** This authorization may be revoked by the Commission at any time for failure to comply with the oil and gas laws of the State of Texas and the rules, regulations, and orders of the Railroad Commission of Texas.

## DETAILED INSTRUCTIONS

- An effective date is required only when the P-4 is filed for changes.
- For split connections, percentages of take must be given to no more than two decimal points. Combined percentages for gas or liquid gatherers must equal 100 percent; combined percentages for gas purchasers must equal 100 percent; and, combined percentages for gas nominators must equal 100 percent.
- An RRC-assigned system code and market identification must be given for each purchaser listed in No. 12. If gas is going full-well stream to a processing plant, an "X" is to be placed in the last column on the line naming the gatherer of that gas.
- If additional space is required for listings, use an attachment in the same format as Items 12 and 13, including blank areas for Railroad Commission use.
- The following attachments must be filed for a consolidation, subdivision, or unitization:
  - Form P-6
  - Before and after plats showing changes, distances to lease line and between wells, and, if acreage is in the field's allocation formula, proration units assigned.
  - A letter certifying that there is no overproduction on the subject leases at the time of application.
- For changes of operator:
  - The Previous Operator must complete Item 15. If impossible, leave blank and attach a letter of explanation and supporting documentation.
  - The Current (new) Operator must have a Form P-5 Organization Report on file with the Commission.
  - If a SWR 14(b)(2) plugging extension has already been granted or is required on the subject property or any well on that property, the Current (new) Operator must make arrangements for a new extension before the P-4 change can be approved.
  - Responsibility for ALL wells on an oil lease is to be transferred. Otherwise, the lease must be subdivided.
  - After the P-4 is filled out and signed by both the Previous Operator and the Current Operator, the Previous Operator should file the P-4 with the Commission or ensure that it is filed immediately. NOTE: Responsibility for plugging and all other regulatory compliance obligations will not transfer from the Previous Operator to the Current Operator until the P-4 is filed with and approved by the Commission.
- Field name changes, that is, transfers, must be reviewed by technical staff. If supporting documents are required, the operator will be notified.
- To change a gas well number, submit a Form G-1 or a letter of request; do not use Form P-4.



TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

August 19, 2003

John R. Bonica  
John R. Bonica - Law Office  
3403 Marquart, Suite 203  
Houston, Texas 77027

RE: Assignment filing; GLO ID 3996

Dear Mr. Bonica,

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

Deed of Trust, Mortgage, Assignment of Production, Security Agreement and Financing Statement, executed August 6<sup>th</sup>, 2003, from Probe Resources, Inc. (Mortgagor) to Steve V. Grisham, Trustee for the Benefit of Texas State Bank (Mortgagee)  
**MF098676.**

Filing fees of \$25.00 were received in connection with the above lease. If you have any questions, please feel free to call me at (800) 998-4GLO, or at my direct number at (512) 463-6521.

Sincerely,

Beverly Boyd  
Mineral Leasing  
Energy Resources  
512-463-6521

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

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

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

---

## *Exhibit "A"*

<i>GLO ID</i>	<i>County</i>	<i>Lease</i>
3996	Matagorda	MF098676

*Tuesday, August 19, 2003*



John R. Bonica, P. C.

7924

General Land Office  
6640 · Professional Fees: Filing Fe Probe Resources

8/15/2003

25.00

129

RECEIVED

03 AUG 18 PM 3:32

03051265

Chase Checking 5

20.07.0

25.00

Law Offices  
of  
**JOHN R. BONICA**  
A Professional Corporation

3403 MARQUART, SUITE 203  
HOUSTON, TEXAS 77027-6509

TELEPHONE: 713/659-6500  
FACSIMILE: 713/659-6525  
INTERNET: [JRBONICA@BONICA.COM](mailto:JRBONICA@BONICA.COM)

August 11, 2003

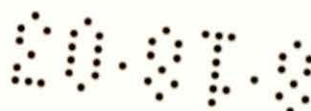
General Land Office  
PO Box 12873  
Austin, TX 78711-2873  
Attn: Ms. Beverly Boyd

Re: State of Texas Oil and Gas Lease No. M-098676 dated October 7, 1997, by and between General Land Office, as Lessor, and Bois d' Arc Resources, as Lessee, covering the N/2 of Tract 160 Matagorda Bay, Calhoun/Matagorda Counties, Texas, containing approximately 320 acres as shown on the Applicable Official Submerged Area Map on file in the Texas General Land Office, Austin, Texas, recorded under File No. 0051681, Volume 194, Page 337, Calhoun County, and File No. 980524, Volume 491, Page 77, Matagorda County, of the Official Records

Ladies and Gentlemen:

Enclosed herewith are (i) an original Deed of Trust, Mortgage, Security Agreement and Financing Statement executed by Probe Resources, Inc., as Mortgagor, in favor of Texas State Bank, as Mortgagee, covering the captioned lease, and (ii) an acknowledgement copy of said Deed of Trust. Also enclosed herewith is my firm's check in the amount of \$25.00. Please file the enclosed Deed of Trust in the lease file for the captioned lease and stamp and return the enclosed acknowledgment copy to me in the enclosed self addressed stamped envelope as acknowledgment of filing.

If you have any questions or you require any further information or additional filing fees, please call the undersigned collect at (713) 659-6500, however, we request that you not return the instruments prior to filing.

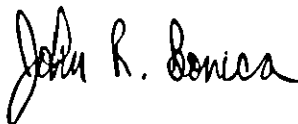




General Land Office  
August 15, 2003  
Page 2

Thank you for your assistance in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "John R. Bonica". The signature is fluid and cursive, with the first name "John" being more prominent.

John R. Bonica

cc:	Mr. Kurt M. Hanson	Via Internet
	Mr. Stephen L. Hughey	Via Internet
	Ms. Keri L. Worbington	Via Internet

3996

DEED OF TRUST, MORTGAGE, ASSIGNMENT OF PRODUCTION,  
SECURITY AGREEMENT AND FINANCING STATEMENT

FROM:

PROBE RESOURCES, INC.,  
MORTGAGOR

TO

STANLEY V. GRISHAM

TRUSTEE FOR THE BENEFIT OF

TEXAS STATE BANK  
MORTGAGEE

DATED AS OF AUGUST 6, 2003

"THIS INSTRUMENT CONTAINS AFTER-ACQUIRED PROPERTY PROVISIONS."

"THIS INSTRUMENT SECURES PAYMENT OF FUTURE ADVANCES."

"THE OIL AND GAS INTERESTS INCLUDED IN THE MORTGAGED PROPERTY WILL BE FINANCED AT THE WELLHEADS OF THE WELLS LOCATED ON THE PROPERTIES DESCRIBED IN EXHIBIT A HERETO, AND THIS FINANCING STATEMENT IS TO BE FILED FOR RECORD, AMONG OTHER PLACES, IN THE REAL ESTATE RECORDS."

"SOME OF THE PERSONAL PROPERTY CONSTITUTING A PORTION OF THE MORTGAGED PROPERTY IS OR IS TO BE AFFIXED TO THE PROPERTIES DESCRIBED IN EXHIBIT A HERETO AND THIS FINANCING STATEMENT IS TO BE FILED FOR RECORD, AMONG OTHER PLACES, IN THE REAL ESTATE RECORDS."

RETURN TO: John R. Bonica, P.C.  
3403 Marquart Street, Suite 203  
Houston, Texas 77027-6509  
(713) 659-6500 (Telephone)  
(713) 659-6525 (Facsimile)





NOTICE: THIS AGREEMENT IS OR MAY BE DEEMED TO BE SUBJECT TO ARBITRATION UNDER THE TEXAS GENERAL ARBITRATION ACT, ART. 224, ET SEQ., TEXAS REVISED CIVIL STATUTES

DEED OF TRUST, MORTGAGE, ASSIGNMENT OF PRODUCTION,  
SECURITY AGREEMENT AND FINANCING STATEMENT

THIS DEED OF TRUST, MORTGAGE, ASSIGNMENT OF PRODUCTION, SECURITY AGREEMENT AND FINANCING STATEMENT (the "Mortgage") is entered into by and between PROBE RESOURCES, INC., a Texas corporation, whose address is 700 Louisiana, Suite 4250, Houston, Texas 77002 ("Mortgagor"), and TEXAS STATE BANK, whose address is 1000 Main Street, Suite 100 Houston, Texas 77002 ("Mortgagee").

W I T N E S S E T H:

ARTICLE I

CREATION OF SECURITY

1.1 Grant of Lien. To secure payment of the Indebtedness (as hereinafter defined) and the performance of the covenants and obligations herein contained and in consideration of the sum of Ten Dollars (\$10.00) and other valuable consideration and in consideration of the debts hereinafter mentioned, the receipt and sufficiency of all of which is hereby acknowledged, Mortgagor does by these presents hereby **GRANT, BARGAIN, SELL, ASSIGN, MORTGAGE, TRANSFER, and CONVEY** unto Stanley V. Grisham, whose address is 1000 Main Street, Suite 100, Houston, Texas 77002, as Trustee (hereinafter called "*Trustee*") and his successors and substitutes in trust hereunder, for the benefit of Mortgagee, the following described real and personal property and rights, titles, interests and estates (which are hereinafter collectively called the "Mortgaged Property"), to wit:

(a) All of Mortgagor's undivided interest, whether now owned or hereafter acquired, in and to the lands described on Exhibit A hereto (the "Lands") and all of Mortgagor's interests, whether divided or undivided, whether now owned or hereafter acquired, in and to any and all oil and gas and/or oil, gas and mineral leases described on Exhibit A or covering or relating to the Lands or any part thereof described on Exhibit A (which Exhibit A is attached hereto and made a part hereof for all purposes), or which leases are otherwise mentioned or referred to herein and specifically (collectively, the "Leases"), and all buildings and improvements, including but not limited to gas processing plants located on the Lands.

(b) All rights, titles, interests and estates now owned or hereafter acquired by Mortgagor in and to: (i) the properties now or hereafter pooled or unitized with the Leases or the Lands; (ii) all presently existing or future unitization, communitization, pooling agreements and declarations of pooled units and the units created thereby (including, without limitation, all units created under orders, regulations, rules or other official acts of any federal, state or other



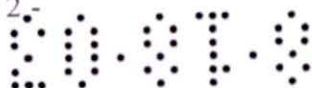


governmental body or agency having jurisdiction) which may affect all or any portion of the Leases and/or the Lands including, without limitation, those units which may be described or referred to on attached Exhibit A; (iii) all operating or drilling agreements, farmout agreements, division orders, contracts, licenses, privileges and other agreements which relate to any of the Leases or interests in the Leases described or referred to herein or covering the Lands described on attached Exhibit A or to the production, sale, purchase, exchange or processing of the Hydrocarbons (hereinafter defined) and minerals from or attributable to such Leases and/or Lands or interests; and, (iv) the Leases and the Lands described on attached Exhibit A and covered by this Mortgage even though Mortgagor's interests therein be incorrectly described or a description of a part or all of such Leases and/or the Lands or Mortgagor's interests therein be omitted.

(c) All rights, titles, interests and estates now owned or hereafter acquired by Mortgagor in and to all oil, gas, casinghead gas, condensate, distillate, liquid hydrocarbons, gaseous hydrocarbons and all products refined therefrom and all other minerals in and under and which may now or hereafter be produced and saved from or attributable to the Leases and Lands, including all oil in tanks and all bonuses, convertible interests, net profits interests, options, rents, issues, income, security deposits, payments, profits, profit a prendre, proceeds, products, revenues and other income from or attributable to the Leases, the Lands and Mortgagor's interests therein (collectively called the "Hydrocarbons"), including, without limitation, the working interests and overriding royalty interests which are subjected or required to be subjected to the liens and security interests of this Mortgage.

(d) All buildings, fixtures, easements, improvements, air rights, water, water rights, tenements, hereditaments, appurtenances and properties in any way appertaining, belonging, affixed or incidental to the Leases and/or the Lands, properties, rights, titles, interests and estates described or referred to above, which are now owned or which may hereafter be acquired by Mortgagor, including, without limitation, any and all property, real or personal, now owned or hereafter acquired and situated upon, or used, held for use, or useful in connection with the operating, working or development of any of such Leases, properties or Lands or otherwise and including any and all oil wells, gas wells, injection wells or other wells, buildings, structures, field separators, gas plants and related equipment, liquid extraction plants, plant compressors, pumps, pumping units, field gathering systems, tanks and tank batteries, fixtures, valves, fittings, machinery and parts, engines, boilers, meters, apparatus, equipment, appliances, tools, implements, cables, wires, towers, casing, tubing and rods, surface leases, rights-of-way, easements and servitudes together with all additions, substitutions, replacements, accessions and attachments to any and all of the foregoing properties.

(e) All personal property, goods, inventory, timber, water rights, equipment, funds, accounts, accounts receivable, deposits, instruments, documents, notes or chattel paper, contract rights, general intangibles, inventory, hydrocarbons, fixtures, and any and all other property of any kind or character now used or hereafter acquired and situated upon, used, held for use or useful in connection with the Lands and/or Leases, arising from or by virtue of any transactions related to the foregoing, including the proceeds and products from any and all of such property.





(f) Without duplication of any other provision of this granting clause, Equipment, Fixtures and other Goods used or obtained in connection with the properties and other interests described in Exhibit A hereto, and Inventory, Accounts, General Intangibles, contract rights, Chattel Paper, Deposit Accounts, Documents, Instruments and Proceeds arising from, or relating to, the properties and other interests described in Exhibit A hereto (the terms "Accounts", "Chattel Paper", "Deposit Accounts", "Documents", "General Intangibles", "Goods", "Equipment", "Fixtures", "Inventory" and "Instruments" shall have the respective meanings assigned to such terms in the Uniform Commercial Code as in effect from time to time in the State of Texas or other applicable state. The term "Proceeds" shall include the meanings given to the terms "Cash Proceeds" and "Non-Cash Proceeds" as such terms are defined in the Uniform Commercial Code).

(g) All interest rate swap agreements, interest rate cap agreements and interest rate collar agreements, and all other agreements or arrangements designed to protect Mortgagor against fluctuations in interest rates or currency exchange rates and all commodity hedge, commodity swap, exchange, forward, future, floor, collar or cap agreements, fixed price agreements and all other agreements or arrangements designed to protect Mortgagor against fluctuations in commodity prices; and

(h) Any and all liens and security interests in Hydrocarbons securing the payment of proceeds from the sale of Hydrocarbons, including but not limited to those liens and security interests provided for in Section 9.319 or 9.343, if any, of the Texas Business and Commerce Code or similar statutes of other jurisdictions or any successor statutes.

(i) Any property that may from time to time hereafter, by delivery or by writing of any kind or otherwise, be subjected to the liens and security interests hereof by Mortgagor or by anyone on Mortgagor's behalf.

(j) All of the rights, titles and interests of every nature whatsoever now owned or hereafter acquired by Mortgagor in and to the Leases and/or the Lands, properties, rights, titles, interests and estates (including all tax refunds) and every part and parcel thereof, including, without limitation, said Leases, Lands, properties, rights, titles, interests and estates as the same may be enlarged by the discharge of any payments out of production or by the removal of any charges or Permitted Liens (as defined in the Loan Agreement) to which any of said Leases, Lands, properties, rights, titles, interests or estates are subject, or otherwise; together with any and all replacements, substitutions, additions, renewals and extensions of any of said Leases, properties, rights, titles, interests or estates; all contracts and agreements supplemental to or amendatory of or in substitution for the contracts and agreements described or mentioned above; and any and all additional interests of any kind hereafter acquired by Mortgagor in and to said Leases, Lands, rights, titles, interests or estates.

(k) All awards, payments, tax refunds or proceeds including interest thereon, and the right to receive the same, which may be made with respect to the foregoing property as a result of: (i) the exercise of the right of eminent domain, (ii) the alteration of the grade of any street, (iii) any insured casualty, (iv) real and/or personal property tax refunds or, (v) any other injury to or



decrease in the value of the foregoing property, to the extent of all amounts which may be secured by this Mortgage at the date of the receipt of any such award, payment or proceeds by Mortgagor.

Notwithstanding the intention of this Mortgage to cover all of the right, title and interest of Mortgagor in and to the described Leases and/or Lands, Mortgagor warrants and represents that the interests covered by this Mortgage are not greater than the Working Interest (as defined on Exhibit A) and not less than the Net Revenue Interest (as defined on Exhibit A) set forth in connection with each oil and gas lease, well or unit described on Exhibit A; provided, however, if the Working Interest is greater, with a corresponding increase in the Net Revenue Interest, such increase shall not constitute a breach of Mortgagor's warranty as to its Working Interest. In the event the Mortgagor owns any other or greater interest, said additional interest shall also be covered by and included in this Mortgage.

TO HAVE AND TO HOLD the Mortgaged Property herein described and all other property which, by the terms hereof, has or may become subject to the lien of this instrument unto the Trustee and his successors and assigns forever to secure the payment of the Indebtedness (hereinafter defined) and to secure the performance of the covenants, agreements, and obligations of the Mortgagor herein contained. Any additional right, title or interest which Mortgagor may hereafter acquire or become entitled to in the interests, properties or premises aforesaid or in the oil, gas or other minerals in and under or produced from said above-described Lands and/or Leases shall inure to the benefit of Mortgagee and this Mortgage, the same as if expressly described and conveyed herein.

## ARTICLE II INDEBTEDNESS

2.1 Indebtedness. This Mortgage is executed and delivered by Mortgagor to secure the Indebtedness described below:

(a) That certain Promissory Note of even date herewith in the principal amount of Six Million and NO/100 Dollars (\$6,000,000.00), executed, and delivered by Mortgagor and Probe Offshore, LLC, jointly and severally, as Makers, payable to the order of Mortgagee, as Payee, (such note and all other notes given in substitution therefor, or in modification, rearrangement, renewal or extension thereof, in whole or in part, being hereinafter collectively called the "Note");

(b) All indebtedness and obligations now or hereafter incurred or arising pursuant to the provisions of that certain Loan Agreement of even date herewith between Mortgagor and Probe Offshore, LLC, jointly and severally, as Borrowers, and Mortgagee, as Lender, as the same may be further amended or modified from time to time (the "Loan Agreement") and the obligations of B. R. Eubanks under that certain Guaranty Agreement of even date herewith executed by B. R. Eubanks in favor of Mortgagee;

(c) All promissory notes evidencing additional loans which Mortgagee may hereafter make to Mortgagor or to Probe Offshore, LLC (although it is understood that Mortgagee is under no obligation to do so);





(d) All other indebtedness, obligations and liabilities of all kinds of Mortgagor or Probe Offshore, LLC to Mortgagee, now existing or hereafter arising, whether fixed or contingent, joint or several, related or unrelated, and regardless of how created or evidenced whether for principal, interest, fees, costs, expenses or otherwise, and however created and whether direct or indirect, primary or secondary, fixed or absolute or contingent, joint or several (including all such amounts which would become due but for the operation of the automatic stay under Section 362(a) of the United States Bankruptcy Code, 11 U.S.C. §362(a), and the operation of Sections 502(b) and 506(b) of the United States Bankruptcy Code, 11 U.S.C. §502(b), and §506(b) and any other similar provisions arising under applicable law);

(e) All sums advanced or costs or expenses incurred by Mortgagee that are made or incurred pursuant to, or allowed by, the terms of this instrument plus interest thereon from the date of the advance until reimbursement of Mortgagee charged at the lesser of: the maximum rate of non-usurious interest permitted from day to day by applicable law; or, the Default Rate (as defined in the Loan Agreement); and,

(f) All renewals, modifications, supplements, extensions, amendments, and substitutions of the above, whether or not Mortgagor executes any renewal or extension agreement, and the liens under this Mortgage shall be cumulative of all other liens and security of any and every other kind or character whatsoever securing the above-described indebtedness.

The term "Indebtedness" as used herein shall mean and include the indebtedness evidenced by the Note and all other present and future debts, obligations and liabilities described, referred to or mentioned in this Article II.

### ARTICLE III

#### MORTGAGOR'S WARRANTIES AND REPRESENTATIONS

3.1 Warranties and Representations. Mortgagor hereby represents, warrants and covenants as follows:

(a) Mortgagor has good and marketable title to the Mortgaged Property free and clear of all liens, security interests, and encumbrances except for Permitted Liens (as defined in the Loan Agreement). The ownership of Mortgagor will, after giving full effect to the Permitted Liens: (i) with respect to each tract of land described in Exhibit A hereto in connection with such portion of the Mortgaged Property, (A) entitle Mortgagor to receive (subject to the terms and provisions of this Mortgage) a decimal share of the oil and gas produced from, or allocated to, such tract equal to not less than the decimal share set forth in Exhibit A in connection with such tract below the words "Net Revenue Interest" (or words of similar import), (B) cause Mortgagor to be obligated to bear a decimal share of the cost of exploration, development and operation of such tract of land not greater than the decimal share set forth in Exhibit A in connection with such tract below the words "Working Interest" (or words of similar import); and, (ii) if such tract of land is shown in Exhibit A to be subject to a unit or units, with respect to each such unit, (A) entitle Mortgagor to receive (subject to the terms and provisions of this Mortgage) a decimal share



of all substances covered by such unit which are produced from, or allocated to, such unit equal to not less than the decimal share set forth in Exhibit A in connection with such portion of the Mortgaged Property below the words "Unit Net Revenue Interest" or words of similar import (and if such tract of land is subject to more than one unit, words identifying such interest with such unit), and (B) obligate Mortgagor to bear a decimal share of the cost of exploration, development and operation of such unit not greater than the decimal share set forth in Exhibit A in connection with such portion of the Mortgaged Property below the words "Unit Working Interest" or words of similar import (and if such tract of land is subject to more than one unit, words identifying such interest with such unit); such shares or production which Mortgagor is entitled to receive, and shares of expenses which Mortgagor is obligated to bear, are not subject to change (other than pursuant to nonconsent provisions of operating agreements described in Exhibit A in connection with such portion of the Mortgaged Property, respectively) except, and only to the extent that, such changes are reflected in Exhibit A.

(b) Mortgagor has full power and lawful authority to bargain, grant, sell, mortgage, assign, transfer, and convey a lien and/or security interest in the Mortgaged Property as herein provided without obtaining the waiver, consent or approval of any lessor, sublessor, governmental agency or entity or party.

(c) The oil, gas and/or mineral leases, contracts and other agreements forming a part of the Mortgaged Property are in full force and effect. All rentals, royalties and other payments due and payable under such leases, and other contracts and agreements, forming a part of the Mortgaged Property, or under the Permitted Liens, have been properly and timely paid, and all other obligations under such leases and other contracts and agreements, or under the Permitted Liens, or otherwise attendant to the ownership or operation of the Mortgaged Property, have been met.

(d) No portion of the Mortgaged Property is subject to: (i) any contractual (including, without limitation, the right by a purchaser of gas to "make up" gas heretofore paid for but not taken), or other (including, without limitation, regulatory refund obligation), obligation to deliver oil and/or gas produced from the Mortgaged Property from and after the date hereof to third parties for a price then or thereafter to be paid that is less than the market value thereof (or in the case of an existing gas sales contract, less than the full regular contract price therefor); or: (ii) any contractual or other arrangement whereby payment for production from such Mortgaged Property will not be received contemporaneously (i.e., in the case of oil, not in excess of thirty (30) days after delivery, and in the case of gas not in excess of 60 days after delivery) with delivery; each gas contract to which the Mortgaged Property, or any part thereof, is subject contains pricing provisions which have been negotiated for the best price available in the market. No part of the Mortgaged Property is subject to a gas balancing arrangement under which an imbalance exists with respect to which imbalance Mortgagor is in an overproduced status and is required to: (i) permit one or more third parties to take a portion of the production attributable to such Mortgaged Property without payment of the full market (or in the case of an existing production sales contract, full regular contract) price thereof; and/or (ii) make payment in cash, in order to correct such imbalance.





(e) Upon the request of Mortgagee, Mortgagor will furnish to Mortgagee the identities of those parties and entities purchasing Hydrocarbons produced from the Mortgaged Property.

(f) The machinery, equipment and other personal property and fixtures forming a part of the Mortgaged Property are in good repair and condition and are adequate for the normal operation of the Mortgaged Property in accordance with prudent industry standards.

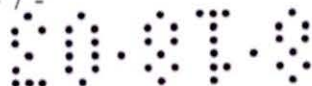
(g) All producing wells located on the Mortgaged Property have been drilled, completed and produced, and the Mortgaged Property (and properties unitized therewith) have been maintained, operated and developed, in good and workmanlike manner and conformity with all applicable laws and all rules, regulations and orders of all duly constituted authorities having jurisdiction and in conformity with all oil, gas and/or other mineral leases and other contracts and agreements forming a part of the Mortgaged Property and in conformity with the Permitted Liens.

(h) Mortgagor's principal place of business and chief executive office, and the place where Mortgagor keeps its books and records concerning the Mortgaged Property is the address set forth above.

(i) Mortgagor will warrant and defend the title to the Mortgaged Property and the liens and security interests of Mortgagee hereunder against the claims and demands of all other persons whomsoever and will maintain and preserve the liens and security interests created hereby so long as any of the Indebtedness secured hereby remains unpaid. Should an adverse claim be made against or a cloud develop upon the title to any part of the Mortgaged Property, Mortgagor agrees to immediately defend against such adverse claim or take appropriate action to remove such cloud at Mortgagor's cost and expense, and Mortgagor agrees that the Mortgagee may take such other action as Mortgagee deems advisable to protect and preserve Mortgagee's interests in the Mortgaged Property, and in such event Mortgagor will indemnify and defend the Mortgagee against any and all cost, attorney's fees and other expenses which Mortgagee may incur in defending against any such adverse claim or taking action to remove any such cloud.

(j) This Mortgage is, and always shall be kept, a direct first lien and/or security interest upon the Mortgaged Property, and Mortgagor will not create or suffer to be created or permit to exist any lien, security interest or charge prior or junior to or on a parity with the lien and security interest of this Mortgage upon the Mortgaged Property or any part thereof or upon the rents, issues, revenues, income, profits and proceeds therefrom (except for the Permitted Liens), and Mortgagor will, from time to time, pay or cause to be paid as they become due and payable all taxes, assessments and governmental charges lawfully levied or assessed upon the Mortgaged Property or any part thereof, or upon or arising from any of the rents, issues, revenues, profits and other income from the Mortgaged Property, or incident to or in connection with the production of Hydrocarbons or other minerals therefrom, or the operation and development thereof.

(k) Mortgagor will, at its own expense, do or cause to be done all things necessary to preserve and keep in full repair, working order and efficiency all of the Mortgaged Property, including, without limitation, all equipment, machinery and facilities, and from time to time will

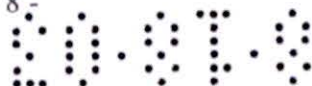




make all the needful and proper repairs, renewals and replacements so that at all times the state and condition of the Mortgaged Property will be fully preserved and maintained.

(l) Mortgagor will promptly pay and discharge all rentals, delay rentals, royalties and indebtedness accruing under, and perform or cause to be performed each and every act, matter or thing required by, each and all of the assignments, deeds, Leases, sub-leases, contracts and agreements described or referred to herein or affecting Mortgagor's interests in the Mortgaged Property, and will do all other things necessary to keep unimpaired Mortgagor's rights with respect thereto and prevent any forfeiture thereof or default thereunder. Mortgagor will operate the Mortgaged Property in a careful and efficient manner in accordance with the practices of the industry and in compliance with all applicable contracts and agreements and in compliance with all applicable proration and conservation laws of the jurisdiction in which the Mortgaged Property is situated, and all applicable laws, rules and regulations of every other agency and authority from time to time constituted to regulate the development and operation of the Mortgaged Property and the production and sale of Hydrocarbons and other minerals therefrom. Mortgagor will do or cause to be done such development work as may be reasonably necessary to the prudent and economical operation of the Mortgaged Property in accordance with the most recently approved practices of operators in the industry, including all to be done that may be appropriate to protect from diminution the productive capacity of the Mortgaged Property and each producing well thereon including, without limitation, cleaning out and reconditioning each well from time to time, plugging and completing at a different level each such well, drilling a substitute well to conform to changed spacing regulations and to protect the Mortgaged Property against drainage whenever and as often as is necessary.

(m) Mortgagor will keep adequately insured by insurers of recognized responsibility, and licensed to do business in Texas, all of the Mortgaged Property of an insurable nature and of a character usually insured by persons engaged in the same or similar business, against all risks customarily insured against by such persons all in scope and amount acceptable to Mortgagee. Mortgagor will maintain: liability insurance against claims for personal injury or death or property damage suffered by members of the public or others in or about the Mortgaged Property or occurring by reason of Mortgagor's ownership, maintenance, use or operation of any plants, shops, machinery, automobiles, trucks or other vehicles, or other facilities on or in connection with the Mortgaged Property; all such workmen's compensation or similar insurance as may be required under the laws of any jurisdiction in which any of the Mortgaged Property may be situated; and well control including oil spill clean-up insurance. All such insurance shall be maintained in such amounts as is usually carried by persons engaged in the same or a similar business and shall be effected under a valid and enforceable policy or policies issued by insurers of recognized responsibility. The character, coverage, amount and insurers of all such insurance shall be satisfactory to and approved by Mortgagee. If requested by Mortgagee, such insurance coverage will include a non-contributory mortgagee clause and/or loss payable clauses or provisions in said policy or policies, which shall be endorsed in favor of and made payable to Mortgagee as its interests may appear. Mortgagee shall have the right to collect, and Mortgagor hereby assigns to Mortgagee, any and all monies that may become payable under any such policies of insurance by reason of damage, loss or destruction of any of the Mortgaged Property, and Mortgagee may apply all or any part of the sums so collected, at its election, toward payment of





the Indebtedness, whether or not such Indebtedness is then due and payable, in such manner as Mortgagee may elect.

(n) Mortgagor will permit Mortgagee and its agents to visit and inspect any of the Mortgaged Property, to examine the books of account of Mortgagor and to discuss the affairs, finances or accounts of Mortgagor and to be advised as to the same by any officer or employee of Mortgagor, all at such reasonable times or intervals as Mortgagee may desire.

(o) Mortgagor will duly and punctually pay the principal of and interest on the Indebtedness as the same shall become due and payable.

(p) If any tax or assessment is levied or assessed against the Indebtedness described herein or any part thereof, or against this Mortgage, or against Mortgagee with respect to said Indebtedness or any part thereof or this Mortgage, Mortgagor shall promptly pay the same.

(q) All or portions of the Mortgaged Property may be comprised of interests in the Leases which are other than working interests or which may be operated by a party or parties other than Mortgagor and with respect to all or any such Lease interests and properties as may be comprised of interests other than working interests or which may be operated by parties other than Mortgagor, Mortgagor's covenants as expressed in subparagraphs 3.1(k) through 3.1(n) inclusive of this Article III are modified to require that Mortgagor use its best efforts to obtain compliance with such covenants by the working interest owners or the operator or operators of such Leases or properties.

(r) There are no "back in" or "reversionary" interests held by third parties which would reduce the interest of Mortgagor in the Mortgaged Property except as set forth on Exhibit A.

(s) Mortgagor has not received any notice of any claim of lien, right, title or interest to any of the Mortgaged Property from any third party and Mortgagor does not have any knowledge of any facts, circumstances or conditions which could, by lapse of time or otherwise, result in any claim of right, title, lien or interest by any third party in or to the Mortgaged Property.

(t) There are no prior consent rights or preferential purchase rights in third parties affecting any part of the Mortgaged Property except as disclosed in writing to Mortgagee.

(u) No operating or other agreement to which Mortgagor is a party or by which Mortgagor is bound affecting any part of the Mortgaged Property requires Mortgagor to bear any of the costs relating to the Mortgaged Property greater than the Working Interest (as hereinafter defined) of Mortgagor without a corresponding increase in the Net Revenue Interest (as hereinafter defined) of Mortgagor in such portion of the Mortgaged Property, except in the event Mortgagor is obligated under an operating agreement to assume a portion of defaulting parties' share of costs.

(v) All proceeds from the sale of Mortgagor's interest in production from the Mortgaged Property are currently being paid in full to Mortgagor, or have been paid to



Mortgagor's predecessors in interest, by the purchaser thereof on a timely basis and at prices comparable to those paid to other similarly situated producers in the respective producing areas and none of such proceeds are currently being held in suspense by such purchaser or any other party.

(w) Promptly upon receipt of a request from Mortgagee, Mortgagor will furnish and deliver complete or supplemental abstracts of title, as the case may be, prepared by competent abstractors and covering title to the Lands and other real property herein mortgaged from the sovereignty of the soil to the latest practicable date, and should Mortgagor fail to furnish such abstracts upon such request, Mortgagee may obtain such abstracts, and any and all costs incurred thereby shall be payable by Mortgagor to Mortgagee upon demand at Mortgagee's principal offices. Any such abstracts shall be and constitute a part of the Mortgaged Property as defined above. Mortgagor will promptly notify Mortgagee or other holder or holders of the indebtedness secured hereby, in writing, of the commencement of any legal proceedings affecting the Mortgaged Property or any part thereof, and will take such action as may be necessary to preserve its and Mortgagee's rights affected thereby; and should Mortgagor fail or refuse to take any such action, Mortgagee may at its election take such action on behalf and in the name of Mortgagor and at Mortgagor's cost and expense.

(x) Mortgagor shall maintain its corporate existence and shall maintain and procure all necessary corporate franchise and permits to the end that Mortgagor shall be and continue to be a corporation in good standing in the state of its incorporation and duly qualified to do business in the state wherein the Mortgaged Property is located, with full power and authority to own and operate all of the Mortgaged Property as contemplated herein until this Mortgage shall have been fully satisfied. Mortgagor will not change its name or identity or its corporate structure, and Mortgagor shall not change the location of its chief executive office or its principal place of business or the place where it keeps its books and records concerning the Mortgaged Property without notifying Mortgagee of such change in writing at least thirty (30) days prior to the effective date of such change.

(y) Upon demand of Mortgagee, Mortgagor will promptly pay all costs and expenses heretofore or hereafter incurred by Mortgagee for legal, engineering or geological services rendered to it in connection with the making of the initial or any future loan by Mortgagee secured in whole or in part by the lien hereof and/or in the enforcement of any of its rights hereunder.

(z) Except oil and gas production sold in the ordinary course of business, Mortgagor shall not sell, assign or transfer the Mortgaged Property or any part thereof without the prior written consent of Mortgagee, which consent may be granted or withheld in Mortgagee's sole discretion. Mortgagor shall not mortgage, pledge, assign or otherwise encumber any of the Mortgaged Property, regardless of whether the lien or encumbrance is senior, junior, inferior or subordinate to the lien created hereby.

(aa) Mortgagor shall not unitize, pool or communitize the Mortgaged Property with any other oil, gas or mineral interests and Mortgagor shall not provoke, consent to or join in any proceedings of any governmental body which will result in pooling, unitizing or communitizing





any of the Mortgaged Property with other property without the prior written consent of Mortgagee, which consent may be granted or withheld in Mortgagee's sole discretion. In the event any such proceedings are commenced, Mortgagor shall give immediate written notice thereof to Mortgagee.

### 3.2 Further Assurances.

(a) Mortgagor covenants that Mortgagor shall execute and deliver such other and further instruments, and shall do such other and further acts as in the opinion of Mortgagee may be necessary or desirable to carry out more effectively the purposes of this instrument and to subject to the lien created hereby any properties, rights and interests covered or intended to be covered hereby, including, without limitation, the following:

(i) prompt correction of any defect in the execution or acknowledgment of this instrument, any written instrument comprising part or all of the Indebtedness, or any other document or agreement in conjunction herewith or secured hereby;

(ii) prompt correction of any defect which may hereafter be discovered in the title to the Mortgaged Property;

(iii) indemnify, defend and hold Mortgagee harmless from and against any and all costs and expenses, losses, damages or liabilities including, but not limited to those which Mortgagee may suffer or incur by reason of the failure of title to all or part of the Mortgaged Property or by reason of the failure or inability of Mortgagor, for any reason, to convey the rights, titles and interests which this instrument purports to mortgage, transfer or assign;

(iv) prompt execution and delivery of all division or transfer orders or other instruments which in Mortgagee's opinion are required to transfer to Mortgagee the proceeds from the sale of all of the Mortgagor's interest in and to all proceeds from the Mortgaged Property; and

(v) prompt payment when due and owing of all taxes, assessments and governmental charges imposed in this instrument, upon the interest of Mortgagee or upon the income and profits from any of the above.

(b) Mortgagor covenants that Mortgagor shall maintain and preserve the lien and security interest herein created so long as any of the Indebtedness remains unpaid or Mortgagee has any commitment to extend credit to or for the benefit of Mortgagor.

(c) Mortgagor shall immediately notify Mortgagee of any discontinuance of or change in the address of Mortgagor's place of business, residence, chief executive office or office where it keeps records concerning accounts, contract rights and general intangibles.



(d) Mortgagor covenants that all information to be furnished to Mortgagee by or on behalf of Mortgagor shall be true, accurate and complete when made.

#### ARTICLE IV DEFAULT

4.1 Events of Default. If one or more of the following (herein called "Event(s) of Default") shall occur:

(a) default shall be made under the terms of the Loan Agreement, as the same may be amended or modified from time to time;

(b) default shall be made in the due and punctual payment, in whole or in part, of any of the Indebtedness secured hereby or any installment thereof as and when the same shall become due and payable whether by acceleration or otherwise;

(c) default or breach shall be made in the due performance of any covenant or agreement of Mortgagor contained herein or in any other agreement or instrument executed by Mortgagor in connection with or as security for any of the Indebtedness;

then, upon the occurrence of any Event of Default as set forth above Mortgagee may, without presentment, notice or demand of any kind, including, without limitation, notice of intent to accelerate or notice of acceleration, declare the Indebtedness or any part thereof to be immediately due and payable whereupon the Indebtedness shall become immediately due and payable. All costs and expenses (including attorneys' fees) incurred by the Mortgagee in protecting and enforcing its rights hereunder shall constitute a demand obligation owing by Mortgagor and shall draw interest at the Default Rate (as defined in the Loan Agreement), and shall constitute a portion of the Indebtedness secured hereby and shall have the benefit of the lien hereby created.

#### 4.2 Remedies Upon Default - Mortgaged Property.

(a) Upon the occurrence of an Event of Default and at any time thereafter, Trustee shall have the right and power to sell, as he may elect and to the extent permitted by law, all or any portion of the Mortgaged Property, at one or more sales. Any sale of any part of the Mortgaged Property located in the State of Texas shall be made at the courthouse of the county in which such part of the Mortgaged Property to be sold at such sale is located, on the first Tuesday in any month, between the hours of 10:00 A.M. and 4:00 P.M. to the highest bidder for cash at public auction, after Trustee shall have given at least twenty-one (21) days' notice of the time, place and terms of sale, by publicly advertising the same by posting or causing to be posted written or printed notice thereof at the courthouse door of the county in which the sale is to be made and by filing such notice of record in the records of the county clerk in the county where the property is located. Where any part of the Mortgaged Property is situated in more than one county, notices as above provided shall be given in all of such counties, and such part may be sold in any such county and such notice shall designate the county where such part shall be sold. In addition, the holder of the debt shall, at least twenty-one (21) days preceding the date of sale,





serve written notice of the proposed sale by certified mail on each debtor obligated to pay such debt according to the records of such holder. Service of such notice shall be completed upon deposit of the notice, enclosed in a post-paid wrapper, properly addressed to such debtor at the most recent address as shown by the records of the holder of the debt, in a post office or official depository under the care and custody of the United States Postal Service. Trustee may postpone the sale of all or any portion of the Mortgaged Property by public announcement at the time and place of such sale, and from time to time thereafter may further postpone such sale by public announcement made at the time of sale fixed by the preceding postponement. Upon receipt of the sale price in cash, Trustee is hereby authorized, empowered and directed to make the conveyance to the purchaser or purchasers, with general warranty binding upon Mortgagor and the heirs, successors and assigns of Mortgagor. The right of sale hereunder shall not be exhausted by one or more such sales, and Trustee may make other and successive sales until all of the Mortgaged Property be legally sold or all of the Indebtedness shall have been paid. Mortgagor hereby irrevocably appoints Trustee to be the attorney-in-fact of Mortgagor and in the name and on behalf of Mortgagor to execute and deliver any deeds, transfers, conveyances, assignments, assurances and notices which Mortgagor ought to execute and deliver, and do and perform any and all such acts and things which Mortgagor ought to do and perform under the covenants herein contained, and generally to use the name of Mortgagor in the exercise of all or any of the powers hereby conferred on Trustee. Upon any sale, whether under the power of sale hereby given or by virtue of judicial proceedings, it shall not be necessary for Trustee or any public officer acting under execution or order of court to have physically present or constructively in his possession any of the Mortgaged Property, and Mortgagor hereby agrees to deliver all of such personal property to the purchaser at such sale on the date of sale, and if it should be impossible or impracticable to make actual delivery of such property, then the title and right of possession to such property shall pass to the purchaser at such sale as completely as if the same had been actually present and delivered. Mortgagee shall have the right to become the purchaser at any sale held by Trustee or by a receiver or public officer and shall have the right to be credited upon the amount of the bid made therefor with the amount of the Indebtedness then owing to Mortgagee. Recitals contained in any conveyance made by Trustee to any purchaser at any sale made pursuant hereto shall conclusively establish the truth and accuracy of the matters therein treated, including, but not limited to, nonpayment of the unpaid principal sum of or interest accrued on any of the Indebtedness after the same has become due and payable, advertisement and conduct of such sale in the manner provided herein, and appointment of any successor trustee hereunder. Upon any sale, whether made under the power of sale hereby given or by virtue of judicial proceedings, the receipt of Trustee, or of the officer making a sale under judicial proceedings, shall be a sufficient discharge to the purchaser(s) at any sale for their purchase money. Such purchaser(s), their assigns or personal representatives, shall not, after paying such purchase money and receiving such receipt of Trustee or of such officer therefor, be obliged to see to the application of such purchase money, or be in anywise answerable for any loss, misapplication or nonapplication thereof.

(b) Upon the occurrence of an Event of Default and at any time thereafter, Trustee or Mortgagee shall have the right and power to proceed by a suit or suits in equity or at law, whether for the specific performance of any covenant or agreement herein contained or in aid of the execution of any power herein granted, or for any foreclosure hereunder or for the sale of the





Mortgaged Property under the judgment or decree of any court or courts of competent jurisdiction, or for the appointment of a receiver pending any foreclosure hereunder or the sale of the Mortgaged Property under the order of a court or courts of competent jurisdiction or under executory or other legal process, or for the enforcement of any other appropriate legal or equitable remedy. Mortgagor agrees to the full extent that it lawfully may, that in case one or more of the Events of Default shall have occurred, then, and in every such case, Trustee or Mortgagee shall have the right and power to enter into and upon and take possession of all or any part of the Mortgaged Property in the possession of Mortgagor, its successors or assigns, or its or their agents or servants, and may exclude Mortgagor, its successors or assigns, and all persons claiming under Mortgagor, and its or their agents or servants, wholly or partly therefrom; and, holding the same, Trustee or Mortgagee may use, administer, manage, operate and control the Mortgaged Property and conduct the business thereof to the same extent as Mortgagor, its successors or assigns, might at the time do and may exercise all rights and powers of Mortgagor, in the name, place and stead of Mortgagor, or otherwise as Trustee or Mortgagee shall deem best.

(c) Every right, power and remedy herein given to Trustee or Mortgagee shall be cumulative and in addition to every other right, power and remedy herein specifically given or now or hereafter existing in equity, at law or by statute; and each and every right, power and remedy, whether specifically herein given or otherwise existing, may be exercised from time to time and so often and in such order as may be deemed expedient by Trustee or Mortgagee, and the exercise, or the beginning of the exercise, of any such right, power or remedy shall not be deemed a waiver of the right to exercise any other right, power or remedy, at the same time or thereafter.

No delay or omission by Trustee or Mortgagee in the exercise of any right, power or remedy and no course of dealing with respect to any right, power or remedy shall impair any such right, power or remedy or operate as a waiver thereof or of any other right, power or remedy then or thereafter existing. Mortgagee may release, regardless of consideration, any part of the Mortgaged Property without, as to the remainder, in any way impairing, affecting, subordinating or releasing the liens or security interests evidenced by this Mortgage.

(d) Any sale or sales of the Mortgaged Property or any part thereof, whether under the power of sale herein granted and conferred or under and by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of Mortgagor of, in and to the premises and the property sold, and shall be a perpetual bar, both at law and in equity, against Mortgagor, its successors and assigns, and against any and all persons claiming or who shall thereafter claim all or any of the property sold from, through or under Mortgagor, its successors or assigns; and Mortgagor, if requested by Trustee or Mortgagee so to do, shall join in the execution and delivery of all proper conveyances, assignments and transfers of the properties so sold. The proceeds of any sale of the Mortgaged Property or any part thereof and all other moneys received by Trustee or Mortgagee in any proceedings for the enforcement hereof, whose application has not elsewhere herein been specifically provided for, shall be applied first to the payment of all expenses incurred by Trustee or Mortgagee incident to the enforcement of this Mortgage or any of the Indebtedness (including, but not limited to, expenses of any entry or taking of possession, sale or advertisement thereof, conveyance, court costs, compensation of agents and employees or legal fees, and a reasonable commission to Trustee acting), and to the payment of all other charges, expenses, liabilities and advances





incurred or made by Trustee or Mortgagee under this Mortgage or in executing any trust or power hereunder; and then to payment of the Indebtedness in such order and manner as Mortgagee may elect. Mortgagee may resort to any security given by this Mortgage or to any other security now existing or hereafter given to secure the payment of any of the Indebtedness secured hereby, in whole or in part, and in such portions and in such order as may seem best to Mortgagee in its sole and absolute discretion, and any such action shall not in anyway be considered as a waiver of any of the rights, benefits or liens created by this Mortgage. Mortgagor agrees, to the full extent that it may lawfully so agree, that it will not at any time insist upon or plead or in any manner whatever claim or take the benefit or advantage of any appraisal, valuation, stay, extension or redemption law now or hereafter in force, in order to prevent or hinder the enforcement or foreclosure of this Mortgage or the absolute sale of the Mortgaged Property or the possession thereof by any purchaser at any sale made pursuant to any provision hereof, or pursuant to the decree of any court of competent jurisdiction; but Mortgagor, for itself and all who may claim through or under it, so far as it or they now or hereafter lawfully may, hereby waives the benefit of all such laws. Mortgagor, for itself and all who may claim through or under it, waives, to the extent that it may lawfully do so, any and all right to have the property included in the Mortgaged Property marshaled upon any foreclosure of the lien hereof, and agrees that any court having jurisdiction to foreclose such lien may sell the Mortgaged Property as an entirety. If any law referred to herein and now in force, of which Mortgagor or its successor or successors might take advantage despite the provisions hereof, shall hereafter be repealed or cease to be in force, such law shall not thereafter be deemed to constitute any part of the contract herein contained or to preclude the operation or application of the provisions hereof.

(e) In the event of a foreclosure or sale under the power granted herein, Mortgagor, or any other owner of the Mortgaged Property, or any person or organization in possession of all or any part of the Mortgaged Property shall thereupon become the tenant at will of the purchaser at such foreclosure sale, and should such tenant refuse to surrender possession of the Mortgaged Property upon demand, said purchaser shall thereupon be entitled to institute and maintain the statutory, or any other, action for forcible detainer and possession of the property, and procure a Writ of Possession thereunder, or proceed in any other manner provided by law, and Mortgagor waives all claims for damages or injury in connection with securing possession of the Mortgaged Property, however secured.

#### ARTICLE V PROCEEDS OF PRODUCTION

5.1 Assignment of Production. Mortgagor, effective as of 12:01 A.M., as of the first day of the calendar month in which this Mortgage is executed, has assigned, transferred, and conveyed, and does hereby assign, transfer and convey unto the Mortgagee, its successors and assigns, all of the Hydrocarbons and all products obtained or processed therefrom, and the revenues and proceeds now and hereafter attributable to said Hydrocarbons and said products. Said Hydrocarbons and products are to be delivered into pipelines connected with the Mortgaged Property, or to the purchaser thereof, to the credit of Mortgagee, free and clear of all taxes, charges, costs, and expenses; and all said revenues and proceeds shall be paid directly to Mortgagee, at the address indicated above with no duty or obligation of any party paying the same





to inquire into the right of Mortgagee to receive the same, what application is made thereof, or as to any other matter. Mortgagor agrees to perform all such acts, and to execute all such further assignments, transfers and division orders, and other instruments as may be required or desired by Mortgagee or any party in order to have said proceeds and revenues so paid to Mortgagee. Mortgagee is fully authorized to receive and receipt for said revenues and proceeds; to endorse and cash any and all checks and drafts payable to the order of Mortgagor or the holder for the account of Mortgagor received from or in connection with said revenues or proceeds and apply the proceeds thereof to the payment of the Indebtedness, when received, regardless of the maturity of any of the Indebtedness, or any installment thereof; and to execute transfer and division orders in the name of Mortgagor, or otherwise, with warranties binding Mortgagor. Mortgagee shall not be liable for any delay, neglect, or failure to effect collection of any proceeds or to take any other action in connection therewith or hereunder; but shall have the right, at its election, in the name of Mortgagor or otherwise, to prosecute and defend any and all actions or legal proceedings deemed advisable by Mortgagee in order to collect such funds and to protect the interests of Mortgagee and/or Mortgagor, with all costs, expenses and attorneys' fees incurred in connection therewith being paid by Mortgagor. Mortgagor hereby indemnifies Mortgagee against and holds Mortgagee harmless from all claims, actions, liabilities, judgments, costs, charges and attorneys' fees made against or incurred by it, based on the assertion that it has had and received funds from the production of Hydrocarbons claimed by third persons either before or after the payment in full of the Indebtedness. Mortgagee shall have the right to defend against any such claims, actions and judgments, employing its attorneys therefor, and if it is not furnished with reasonable indemnity, it shall have the right to compromise and adjust any such claims, actions and judgments. Mortgagor hereby indemnifies and agrees to pay to Mortgagee any and all such claims, judgments, costs, charges and attorneys' fees as may be paid in any judgment, release or discharge thereof or as may be adjudged against it.

5.2 Payment of Principal and Interest. Nothing herein contained shall modify or otherwise alter the obligation of Mortgagor to make prompt payment of the Indebtedness when and as the same become due regardless of whether the proceeds of such Hydrocarbons are sufficient to pay the same and the rights provided in accordance with the foregoing assignment provision shall be cumulative of all other security of any and every character now or hereafter existing to secure payment of the Indebtedness.

5.3 License to Collect/Notice to Purchasers. So long as no Event of Default shall have occurred, Mortgagor shall have the license to collect all of the revenues attributable to the Hydrocarbons; and no such payment shall affect or impair the lien of this Mortgage or the validity and effect of the assignment contained in this Article V. From and after the occurrence of an Event of Default, such license shall be revoked and all proceeds of the sale of Hydrocarbons assigned hereunder shall be paid directly to Mortgagee; and Mortgagee may notify the pipeline companies and other purchasers of Hydrocarbons to pay all of such proceeds directly to Mortgagee at the address shown hereinabove, for which this Mortgage shall be sufficient warrant. In the event payments are made directly to Mortgagee and then, at the request of Mortgagee, payments are, for periods of time, paid to Mortgagor, Mortgagee shall nevertheless have the right, effective upon written notice, to require that future payments be again made to it.





ARTICLE VI  
SECURITY AGREEMENT

6.1 Security Agreement and Financing Statement. To further secure the Indebtedness, Mortgagor hereby grants to Mortgagee a security interest in the Mortgaged Property insofar as such Mortgaged Property consists of equipment, funds, accounts, instruments, documents, notes, chattel paper, contract rights, general intangibles, inventory, Hydrocarbons, fixtures and any and all other personal property of any kind or character defined in and subject to the provisions of the applicable Uniform Commercial Code, including the proceeds and products from any and all of such personal property. Upon the occurrence of an Event of Default, Mortgagee shall be entitled to all of the rights, powers and remedies afforded a secured party by the applicable Uniform Commercial Code with reference to the personal property and fixtures in which Mortgagee has been granted a security interest herein, or the Trustee or Mortgagee may proceed as to both the real and personal property covered hereby in accordance with the rights and remedies granted under this Mortgage in respect of the real property covered hereby. Such rights, powers and remedies shall be cumulative and in addition to those granted Trustee or Mortgagee under any other provision of this instrument or under any other instrument executed in connection with or as security for the Note or any of the Indebtedness. Without in any manner limiting the generality of any of the other provisions of this Mortgage: (a) some portions of the goods described or to which reference is made herein are or are to become fixtures on the land described or to which reference is made herein or on attached Exhibit A; (b) the security interests created hereby under applicable provisions of the Uniform Commercial Code of one or more of the jurisdictions in which the Mortgaged Property is situated will attach to Hydrocarbons (minerals including oil and gas) or the accounts resulting from the sale thereof at the wellhead or minehead located on the land described or to which reference is made herein; (c) this instrument is to be filed of record in the real estate records as a financing statement; (d) Mortgagor, or one or more of them, is the record owner of the real estate or interests in the real estate comprised of the Leases for the benefit of Mortgagor; and, (e) this instrument may be filed as provided in Article 35.02 of the Texas Business and Commerce Code relating to the granting of security interests by utilities. The filing of this Deed of Trust under the provisions of Article 35.02 of the Texas Business and Commerce Code shall not constitute an admission by Mortgagor that it is a utility for purposes of Article 35 or any other statute or rule or regulation of any governmental authority or agency. For the consideration above described, Mortgagor hereby grants to Mortgagee any and all rights of Mortgagor to liens and security interests securing payment of proceeds from the sale of production from the Mortgaged Property, including but not limited to those liens and security interests provided for in Tex. Bus. & Com. Code Ann. § 9.343 (TEX. UCC).

ARTICLE VII  
TRUSTEE

7.1 Duties of Trustee. It shall be no part of the duty of Trustee to see to any recording, filing or registration of this Mortgage or any other instrument in addition or supplemental thereto, or to give any notice thereof, or to see to the payment of or be under any duty in respect of any tax or assessment or other governmental charge which may be levied or assessed on the Mortgaged Property, or any part thereof, or against Mortgagor, or to see the performance or





observance by Mortgagor of any of the covenants and agreements contained herein. Trustee shall not be responsible for the execution, acknowledgment or validity of this Mortgage or of any instrument in addition or supplemental hereto or for the sufficiency of the security purported to be created hereby, and makes no representation in respect thereof or in respect of the rights of Mortgagee. Trustee shall have the right to advise with counsel upon any matters arising hereunder and shall be fully protected in relying as to legal matters on the advice of counsel. Trustee shall not incur any personal liability hereunder except for his own willful misconduct; and Trustee shall have the right to rely on any instrument, document or signature authorizing or supporting any action taken or proposed to be taken by him hereunder, believed by him in good faith to be genuine.

7.2 Substitute Trustee. Trustee may resign by written notice addressed to Mortgagee, or may be removed at any time with or without cause by an instrument in writing duly executed on behalf of Mortgagee. In case of the death, resignation or removal of Trustee, a successor trustee may be appointed by Mortgagee by instrument of substitution complying with any applicable requirements of law, or, in the absence of any such requirement, without other formality than appointment and designation in writing. Written notice of such appointment and designation shall be given by Mortgagee to Mortgagor, but the validity of any such appointment shall not be impaired or affected by failure to give such notice or by any defect therein. Such appointment and designation shall be full evidence of the right and authority to make the same and of all the facts therein recited, and, upon the making of any such appointment and designation, this Mortgage shall vest in the successor trustee named all the estate and title in and to all of the Mortgaged Property, and he shall thereupon succeed to all of the rights, powers, privileges, immunities and duties hereby conferred upon Trustee named herein. One such appointment and designation shall not exhaust the right to appoint and designate a successor trustee hereunder but such right may be exercised repeatedly as long as any Indebtedness remains unpaid hereunder.

## ARTICLE VIII MISCELLANEOUS

8.1 Termination. If all Indebtedness secured hereby shall be paid in full and Mortgagee has no further commitment to extend credit to or for the benefit of Mortgagor, this Mortgage shall become null and void and the Mortgaged Property shall revert to Mortgagor, and Mortgagee or Trustee shall forthwith cause satisfaction and discharge of this Mortgage to be entered upon the record at the expense of Mortgagor and shall execute and deliver or cause to be executed and delivered such instruments of satisfaction and reassignment as may be appropriate. Otherwise, this Mortgage shall remain and continue in full force and effect.

8.2 Unenforceable or Inapplicable Provisions. If any provision hereof is invalid or unenforceable in any jurisdiction, the other provisions hereof shall remain in full force and effect in such jurisdiction and the remaining provisions hereof shall be liberally construed in favor of Mortgagee or Trustee in order to effectuate the provisions hereof, and the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of any such provision in any other jurisdiction.





8.3 Assignment and Financing Statement. This instrument may be construed as a mortgage, chattel mortgage, conveyance, assignment, security agreement, pledge, financing statement, hypothecation or contract, or any one or more of them, in order fully to effectuate the lien hereof and the purposes and agreements herein set forth.

8.4 Terms. The term "Mortgagor" as used herein shall mean and include all and each of the individuals, partnerships, corporations or other legal entities or persons executing this Mortgage. The number and gender of pronouns used in referring to Mortgagor shall be construed to mean and correspond with the number and gender of the individuals, partnerships, corporations or other legal entities or persons executing this Mortgage as Mortgagor. The term "Mortgagee" as used herein shall mean and include any legal owner, holder, assignee or pledgee of any of the Indebtedness secured hereby. The terms used to designate Trustee, Mortgagee and Mortgagor shall be deemed to include the respective heirs, legal representatives, successors and assigns of such parties.

8.5 Binding Effect. The covenants and agreements herein contained shall constitute covenants running with the land and interests covered or affected hereby and shall be binding upon the heirs, legal representatives, successors and assigns of the parties hereto.

8.6 Advances by Mortgagee. Each and every covenant of Mortgagor herein contained shall be performed and kept by Mortgagor solely at Mortgagor's expense. If Mortgagor fails to perform or keep any of the covenants of whatsoever kind or nature contained in this instrument, Mortgagee may, but will not be obligated to, make advances to perform the same on Mortgagor's behalf, and Mortgagor hereby agrees to repay such sums and any attorneys' fees incurred in connection therewith on demand plus interest thereon from the date of the advance until reimbursement of Mortgagee at the Default Rate (as defined in the Loan Agreement). In addition, Mortgagor hereby agrees to repay on demand any costs, expenses and attorneys' fees incurred by Mortgagee which are to be obligations of the Mortgagor pursuant, or allowed by, the terms of this instrument, plus interest thereon from the date of the advance by Mortgagee until reimbursement of Mortgagee, at the Default Rate (as defined in the Loan Agreement). Such amounts will be in addition to any sum of money which may, pursuant to the terms and conditions of the written instruments comprising part of the Indebtedness, be due and owing. No such advance will be deemed to relieve Mortgagor from any default hereunder.

8.7 Defense of Claims. Mortgagor shall promptly notify Mortgagee in writing of the commencement of any legal proceedings affecting Mortgagor's title to the Mortgaged Property or Mortgagee's interest in the Mortgaged Property, or any part thereof, and shall take such action, employing attorneys agreeable to Mortgagee, as may be necessary to preserve Mortgagor's, and Mortgagee's rights affected thereby. If Mortgagor fails or refuses to defend Mortgagor's or Mortgagee's rights to the Mortgaged Property, Mortgagee may take such action on behalf of and in the same name of Mortgagor and at Mortgagor's expense. Moreover, Mortgagee may take such independent action in connection therewith as it may in its discretion deem proper, including, without limitation, the right to employ independent counsel and to intervene in any suit affecting the Mortgaged Property. All costs, expenses and attorneys' fees incurred by Mortgagee pursuant to this paragraph shall be paid by Mortgagor on demand plus interest thereon from the date of the



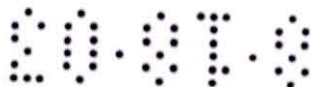


advance by Mortgagee until reimbursement of Mortgagee respectively, at the Default Rate (as defined in the Loan Agreement).

8.8 Waiver. Any and all covenants in this instrument may from time to time by instrument in writing by Mortgagee, be waived to such extent and in such manner as Mortgagee may desire, but no such waiver will affect or impair Mortgagee's rights hereunder, except to the extent specifically stated in such written instrument. All changes to and modifications of this instrument must be in writing signed by Mortgagee. Mortgagor knowingly, voluntarily, irrevocably and without coercion, waives the right to a trial by jury with respect to all actions or proceedings arising out of or under this Mortgage. No action for the enforcement of the lien or of any provision hereof shall be subject to any defense which would not be good and available to the party interposing same in an action at law upon the Note hereby secured. Mortgagor shall not and will not apply for or avail itself of any appraisal, valuation, stay, extension or exemption laws, or any so-called "Moratorium Law," now existing or hereafter enacted, in order to prevent or hinder the enforcement or foreclosure of this Mortgage, but hereby waives the benefit of such laws. Mortgagor for itself and all who may claim through or under it waives any and all right to have the property and estates comprising the Mortgaged Property and/or any other property or collateral upon which Mortgagor may have liens or security interests marshaled upon any foreclosure of the lien hereof, and agrees that any court having jurisdiction to foreclose such lien may order the Mortgaged Property and/or any other such collateral sold as an entirety. Mortgagor, for good and valuable consideration and in order to induce Mortgagee to make the loan evidenced by the Note and secured by this Mortgage, hereby waives all statutory and equitable rights of redemption in the event of any foreclosure of this Mortgage, agrees to deliver to Mortgagee or the purchaser at any foreclosure sale a quit claim deed to evidence and perfect this waiver and agrees that this waiver and the obligation to provide said deed shall be subject to specific enforcement in any court of applicable jurisdiction.

8.9 Multiple Execution. This instrument is being executed in multiple originals, all of which are identical and one of which will be recorded in each county in which the Mortgaged Property lies; provided that the instrument recorded in any particular county may omit the description of properties not lying within that county. Each of such originals shall for all purposes be deemed to constitute but one and the same instrument.

8.10 Environmental Indemnity. To the full extent permitted by applicable law, Mortgagor and each guarantor of the Indebtedness hereby agree to defend, indemnify and hold harmless Mortgagee and its directors, officers, employees, attorneys and agents ("Indemnified Parties") from and against any and all loss, cost, expense or liability (including attorneys' fees and court costs) incurred by any Indemnified Party in connection with or otherwise arising out of any and all claims or proceedings (whether brought by a private party, governmental agency or otherwise) for bodily injury, property damage, abatement, remediation, environmental damage or impairment or any other injury or damage resulting from or relating to any hazardous or toxic substance or contaminated material located upon, migrating into, from or through or otherwise relating to the Mortgaged Property (whether or not the release of such materials was caused by Mortgagor, a tenant or subtenant of Mortgagor, a prior owner, a tenant or subtenant of any prior owner or any other party and whether or not the alleged liability is attributable to the handling,





storage, generation, transportation or disposal of such substance or the mere presence of the substance on the Mortgaged Property), which any Indemnified Party may incur due to the making of the loan evidenced by the Note, the exercise of any of its rights under this Mortgage, or otherwise. For the purposes of the indemnity contained in this paragraph, hazardous or toxic substances or contaminated material include but are not limited to asbestos (friable, nonfriable or any other form), polychlorinated biphenyls (PCBs) and without limitation, any flammable materials, explosives, radioactive materials, hazardous materials, hazardous waste, hazardous or toxic or regulated substances or related materials defined in/or under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, (42 U.S.C. § 9601, et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. § 6901 et seq.), the Toxic Substances Control Act, as amended (15 U.S.C. § 2601 et seq.), and any other substance, waste, pollutant, contaminant or material, including petroleum products and derivatives, which are defined by applicable law as hazardous or toxic or the use, transport, disposal, storage, treatment, recycling, handling, discharge, release or emission of which is regulated or governed by any applicable law. The provisions of this paragraph shall survive any exercise of the power of sale granted in this Mortgage, any foreclosure of the liens created by this Mortgage or conveyance in lieu of foreclosure and the repayment of the Indebtedness and the discharge and release of this Mortgage. The obligations and liability of Mortgagor and each guarantor of the Indebtedness under this paragraph shall be joint and several. Each guarantor of the Indebtedness, by executing and delivering the guaranty to which it is a party, agrees to be bound by the terms and provisions of this paragraph to the same extent and with the same effect as if such guarantor of the Indebtedness had joined in execution of this Mortgage.

8.11 Governing Law. The rights, remedies and procedures in enforcing this Mortgage or realizing on any collateral located in an shall be governed by the laws of Texas.

8.12 Arbitration. Mortgagor and Mortgagee agree to be bound by the arbitration provisions contained in the Loan Agreement which provides for binding arbitration of disputes arising hereunder upon request by either Mortgagor or Mortgagee; provided, however, that notwithstanding anything to the contrary, Mortgagee's right to foreclosure upon the collateral shall in no event be impaired or delayed by any such arbitration.

8.13 Survival of Security Agreement Provisions. The provisions of Section 6.1 of the Security Agreement contained herein shall survive the foreclosure of this Mortgage, the tender of a deed in lieu of foreclosure, or any other transfer, assignment or conveyance of the Mortgaged Property. It is the intent of the parties that the security interests created hereby shall not be extinguished by foreclosure or extinguishment of the liens created by this Mortgage nor shall the liens created by this Mortgage be extinguished by the exercise of any remedies under the Uniform Commercial Code in effect in the State of Texas.



WITNESS THE EXECUTION HEREOF, as of August 6, 2003.

"MORTGAGOR"

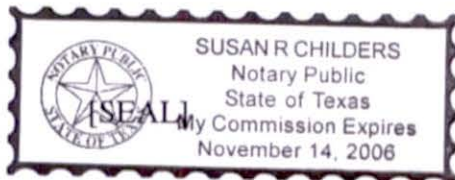
PROBE RESOURCES, INC.  
a Texas corporation

By: B. R. Eubanks  
B. R. Eubanks  
Chairman and President

STATE OF TEXAS           §  
                                     §  
COUNTY OF HARRIS     §

This instrument was acknowledged before me on August 6, 2003, by B. R. Eubanks, Chairman and President of Probe Resources, Inc., a Texas corporation, on behalf of said corporation.

Susan R Childers  
Notary Public



DRAFTED BY AND WHEN RECORDED  
RETURN TO:

JOHN R. BONICA, P.C.  
3403 Marquart Street, Suite 203  
Houston, Texas 77027-6509  
(713) 659-6500 (Telephone)  
(713) 659-6525 (Facsimile)



EXHIBIT A

TO  
DEED OF TRUST, MORTGAGE, ASSIGNMENT OF PRODUCTION  
SECURITY AGREEMENT AND FINANCING STATEMENT  
DATED AS OF AUGUST 6, 2003  
FROM  
PROBE RESOURCES, INC.  
MORTGAGOR  
TO  
TEXAS STATE BANK,  
MORTGAGEE

INTRODUCTION

1. The recitation that certain of the oil, gas and mineral leases described herein are subject to a specifically described agreement or instrument shall not alter or otherwise impair the represented or warranted Working Interest and Net Revenue Interest in and to the oil, gas and mineral leases and wells hereinafter set forth and the listing of such agreements or instruments shall not operate to subject any oil, gas and mineral leases or undivided interest therein to any such agreement or instrument except to the extent such agreement or instrument is valid and presently subsisting with respect to Mortgagor's interest in said leases as of the date hereof.
2. References contained herein to the recording data of the oil, gas and mineral leases or other instruments include, or are intended to include, references as to the book, volume page or entry number of the appropriate records of the county in which such document referred to is actually or customarily recorded.
3. References to the oil, gas and mineral leases shall be deemed to include all instruments, ratifications, amendments, reformations or renewals of said oil, gas and mineral leases and to any and all revisions, rearrangements or modifications of any units whether formed through order of regulatory agency or otherwise and as to the oil and gas leases shall include all new leases which affect all or any portions of the lands included in the oil and gas leases described in this Exhibit A.
4. "Working Interest" (expressed in a percentage) shall mean the warranted interest of Mortgagor in a particular oil, gas and mineral lease, well, or unit as the case may be, entitling the Mortgagor to produce oil, gas and other hydrocarbons produced therefrom and being equivalent to the proportionate part of the cost of exploration, development and production of oil, gas and other minerals borne by the owners thereof with respect to such oil and gas lease and/or well.

19818.1 - 10333.10333-1

EXHIBIT A PAGE 1 OF 2



5. "Net Revenue Interest" (expressed in a percentage) means the warranted interest of Mortgagor representing the proportionate share of the production of oil, gas and other hydrocarbons produced from the oil, gas and mineral lease or well as the case may be, to which the Mortgagor is entitled after deduction of all royalties, overriding royalty interests, production payments and other burdens on or payments out of production.
6. Notwithstanding the percentage of Working Interest or Net Revenue Interest set forth with respect to a particular oil, gas and mineral lease or well, Mortgagor intends that this Mortgage shall cover the entirety of its beneficial interest in the Mortgaged Property; provided, however, that nothing herein shall be deemed to alter Mortgagor's warranted Working Interest and Net Revenue Interest as specified herein.
7. Any reference herein to wells or well names, prospects or prospect names, if any, shall be for information purposes and shall not limit the description of the interests made subject to this Mortgage.
8. Any acreage or depth limitation language in the description of the Leases and Lands in this Exhibit A is included for the sole purpose of specifying or limiting the warranties made by Mortgagor, but it is the intention of Mortgagor to subject Mortgagor's entire interest in said Leases and Lands to this Mortgage without regard to acreage or depth limitations.

A. FIELDS/INTERESTS

Field	Lease	State	County	WI/NRI
	SL 160	TX	Matagorda	.1200/.0912

State of Texas Oil and Gas Lease No. M-098676 dated October 7, 1997, by and between General Land Office, as Lessor, and Bois d' Arc Resources, as Lessee, covering the N/2 of Tract 160 Matagorda Bay, Calhoun/Matagorda Counties, Texas, containing approximately 320 acres as shown on the Applicable Official Submerged Area Map on file in the Texas General Land Office, Austin, Texas, recorded under File No. 0051681, Volume 194, Page 337, Calhoun County, and File No. 980524, Volume 491, Page 77, Matagorda County, of the Official Records.





2005

File No. INF098676 11.  
Assignment  
Date Filed: 8/19/03  
Jerry E. Patterson, Commissioner  
By JR

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

December 1, 2003

John R. Bonica  
Law Office of John R. Bonica  
3403 Marquart, Suite 203  
Houston, Texas 77027-6509

RE: Assignment filing; GLO ID 4512

Dear Mr. Bonica,

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

Deed of Trust, Mortgage, Assignment of Production, Security Agreement and Financing Statement, executed November 21, 2003, from Lava Exploration, Inc., as Mortgagor, to Texas State Bank, as Mortgagee, Stanley V. Grisham as Trustee. **MF098676**.

Filing fees of \$25.00 were received in connection with the above lease. If you have any questions, please feel free to call me at (800) 998-4GLO, or at my direct number at (512) 463-6521.

Sincerely,

A handwritten signature in cursive script that reads "Beverly Boyd".

Beverly Boyd  
Mineral Leasing  
Energy Resources  
512-463-6521

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

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

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



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## *Exhibit "A"*

---

*GLO ID*

*County*

*Lease*

---

4512      Calhoun

MF098676

*Monday, December 01, 2003*

Law Offices  
of  
**JOHN R. BONICA**  
A Professional Corporation

3403 MARQUART, SUITE 203  
HOUSTON, TEXAS 77027-6509

TELEPHONE: 713/659-6500  
FACSIMILE: 713/659-6525  
INTERNET: [JRBONICA@BONICA.COM](mailto:JRBONICA@BONICA.COM)

November 21, 2003

General Land Office  
PO Box 12873  
Austin, TX 78711-2873  
Attn: Ms. Beverly Boyd

Re: State of Texas Oil and Gas Lease No. M-098676 dated October 7, 1997, by and between General Land Office, as Lessor, and Bois d' Arc Resources, as Lessee, covering the N/2 of Tract 160 Matagorda Bay, Calhoun/Matagorda Counties, Texas, containing approximately 320 acres as shown on the Applicable Official Submerged Area Map on file in the Texas General Land Office, Austin, Texas, recorded under File No. 0051681, Volume 194, Page 337, Calhoun County, and File No. 980524, Volume 491, Page 77, Matagorda County, of the Official Records

Ladies and Gentlemen:

Enclosed herewith are (i) an original Deed of Trust, Mortgage, Security Agreement and Financing Statement executed by Probe Resources, Inc., as Mortgagor, in favor of Texas State Bank, as Mortgagee, covering the captioned lease, and (ii) an acknowledgement copy of said Deed of Trust. Also enclosed herewith is my firm's check in the amount of \$25.00. Please file the enclosed Deed of Trust in the lease file for the captioned lease and stamp and return the enclosed acknowledgment copy to me in the enclosed self addressed stamped envelope as acknowledgment of filing.

If you have any questions or you require any further information or additional filing fees, please call the undersigned collect at (713) 659-6500, however, we request that you not return the instruments prior to filing.

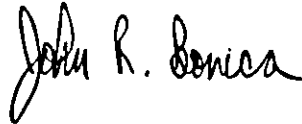
20.57.17



General Land Office  
November 21, 2003  
Page 2

Thank you for your assistance in this matter.

Sincerely,

A handwritten signature in black ink that reads "John R. Bonica". The signature is written in a cursive style with a large, stylized "J" and "B".

John R. Bonica

cc: Mr. Stephen L. Hughey      *Via Internet*  
Ms. Keri L. Worbington      *Via Internet*

John R. Bonica, P. C.

7598

General Land Office  
6640 · Professional Fees:Filing Fe Lava Exploration, Inc.

11/21/2003

25.00

04013554

Chase Checking 5 Customer Check

25.00

John R. Bonica, P. C.

7598

General Land Office  
6640 · Professional Fees:Filing Fe Lava Exploration, Inc.

11/21/2003

25.00

Attn: Beverly Boyd

129

Chase Checking 5 Customer Check

25.00

RECEIVED  
03 NOV 25 PM 4:36  
ENERGY RESOURCES

01.53.11



MF098676  
11/21/03

DEED OF TRUST, MORTGAGE, ASSIGNMENT OF PRODUCTION,  
SECURITY AGREEMENT AND FINANCING STATEMENT

FROM:

LAVA EXPLORATION, INC.,  
MORTGAGOR

TO

STANLEY V. GRISHAM

TRUSTEE FOR THE BENEFIT OF

TEXAS STATE BANK  
MORTGAGEE

DATED AS OF NOVEMBER 21, 2003

"THIS INSTRUMENT CONTAINS AFTER-ACQUIRED PROPERTY PROVISIONS."

"THIS INSTRUMENT SECURES PAYMENT OF FUTURE ADVANCES."

"THE OIL AND GAS INTERESTS INCLUDED IN THE MORTGAGED PROPERTY WILL BE FINANCED AT THE WELLHEADS OF THE WELLS LOCATED ON THE PROPERTIES DESCRIBED IN EXHIBIT A HERETO, AND THIS FINANCING STATEMENT IS TO BE FILED FOR RECORD, AMONG OTHER PLACES, IN THE REAL ESTATE RECORDS."

"SOME OF THE PERSONAL PROPERTY CONSTITUTING A PORTION OF THE MORTGAGED PROPERTY IS OR IS TO BE AFFIXED TO THE PROPERTIES DESCRIBED IN EXHIBIT A HERETO AND THIS FINANCING STATEMENT IS TO BE FILED FOR RECORD, AMONG OTHER PLACES, IN THE REAL ESTATE RECORDS."

RETURN TO:

John R. Bonica, P.C.  
3403 Marquart Street, Suite 203  
Houston, Texas 77027-6509  
(713) 659-6500 (Telephone)  
(713) 659-6525 (Facsimile)





**DEED OF TRUST, MORTGAGE, ASSIGNMENT OF PRODUCTION,  
SECURITY AGREEMENT AND FINANCING STATEMENT**

THIS DEED OF TRUST, MORTGAGE, ASSIGNMENT OF PRODUCTION, SECURITY AGREEMENT AND FINANCING STATEMENT (the "Mortgage") is entered into by and between LAVA EXPLORATION, INC., a Texas corporation, whose address is 700 Louisiana, Suite 4250, Houston, Texas 77002 ("Mortgagor"), and TEXAS STATE BANK, whose address is 1000 Main Street, Suite 100 Houston, Texas 77002 ("Mortgagee").

W I T N E S S E T H:

ARTICLE I

CREATION OF SECURITY

1.1 Grant of Lien. To secure payment of the Indebtedness (as hereinafter defined) and the performance of the covenants and obligations herein contained and in consideration of the sum of Ten Dollars (\$10.00) and other valuable consideration and in consideration of the debts hereinafter mentioned, the receipt and sufficiency of all of which is hereby acknowledged, Mortgagor does by these presents hereby **GRANT, BARGAIN, SELL, ASSIGN, MORTGAGE, TRANSFER, and CONVEY** unto Stanley V. Grisham, whose address is 1000 Main Street, Suite 100, Houston, Texas 77002, as Trustee (hereinafter called "*Trustee*") and his successors and substitutes in trust hereunder, for the benefit of Mortgagee, the following described real and personal property and rights, titles, interests and estates (which are hereinafter collectively called the "Mortgaged Property"), to wit:

(a) All of Mortgagor's undivided interest, whether now owned or hereafter acquired, in and to the lands described on Exhibit A hereto (the "Lands") and all of Mortgagor's interests, whether divided or undivided, whether now owned or hereafter acquired, in and to any and all oil and gas and/or oil, gas and mineral leases described on Exhibit A or covering or relating to the Lands or any part thereof described on Exhibit A (which Exhibit A is attached hereto and made a part hereof for all purposes), or which leases are otherwise mentioned or referred to herein and specifically (collectively, the "Leases"), and all buildings and improvements, including but not limited to gas processing plants located on the Lands.

(b) All rights, titles, interests and estates now owned or hereafter acquired by Mortgagor in and to: (i) the properties now or hereafter pooled or unitized with the Leases or the Lands; (ii) all presently existing or future unitization, communitization, pooling agreements and declarations of pooled units and the units created thereby (including, without limitation, all units created under orders, regulations, rules or other official acts of any federal, state or other governmental body or agency having jurisdiction) which may affect all or any portion of the Leases and/or the Lands including, without limitation, those units which may be described or referred to on attached Exhibit A; (iii) all operating or drilling agreements, farmout agreements, division orders, contracts, licenses, privileges and other agreements which relate to any of the Leases or interests in the Leases described or referred to herein or covering the Lands described on attached Exhibit A or to the production, sale, purchase, exchange or processing of the Hydrocarbons (hereinafter defined) and minerals from or attributable to such Leases and/or Lands or interests; and, (iv) the Leases and the Lands described on attached Exhibit A and covered by this Mortgage even though Mortgagor's interests therein be incorrectly described or a description of a part or all of such Leases and/or the Lands or Mortgagor's interests therein be omitted.

(c) All rights, titles, interests and estates now owned or hereafter acquired by Mortgagor in and to all oil, gas, casinghead gas, condensate, distillate, liquid hydrocarbons, gaseous hydrocarbons and all products refined therefrom and all other minerals in and under and which may now or hereafter be produced and saved from or attributable to the Leases and Lands, including all oil in tanks and all bonuses, convertible interests, net profits interests, options, rents, issues, income, security deposits, payments, profits, profit a prendre, proceeds, products, revenues and other income from or attributable to the Leases, the Lands and Mortgagor's interests therein (collectively called the "Hydrocarbons"), including, without limitation, the working interests and overriding royalty interests which are subjected or required to be subjected to the liens and security interests of this Mortgage.

(d) All buildings, fixtures, easements, improvements, air rights, water, water rights, tenements, hereditaments, appurtenances and properties in any way appertaining, belonging, affixed or incidental to the Leases and/or the Lands, properties, rights, titles, interests and estates described or referred to above, which are now owned or which may hereafter be acquired by Mortgagor, including, without limitation, any and all property, real or personal, now owned or hereafter acquired and situated upon, or used, held for use, or useful in connection with the operating, working or development of any of



such Leases, properties or Lands or otherwise and including any and all oil wells, gas wells, injection wells or other wells, buildings, structures, field separators, gas plants and related equipment, liquid extraction plants, plant compressors, pumps, pumping units, field gathering systems, tanks and tank batteries, fixtures, valves, fittings, machinery and parts, engines, boilers, meters, apparatus, equipment, appliances, tools, implements, cables, wires, towers, casing, tubing and rods, surface leases, rights-of-way, easements and servitudes together with all additions, substitutions, replacements, accessions and attachments to any and all of the foregoing properties.

(e) All personal property, goods, inventory, timber, water rights, equipment, funds, accounts, accounts receivable, deposits, instruments, documents, notes or chattel paper, contract rights, general intangibles, inventory, hydrocarbons, fixtures, and any and all other property of any kind or character now used or hereafter acquired and situated upon, used, held for use or useful in connection with the Lands and/or Leases, arising from or by virtue of any transactions related to the foregoing, including the proceeds and products from any and all of such property.

(f) Without duplication of any other provision of this granting clause, Equipment, Fixtures and other Goods used or obtained in connection with the properties and other interests described in Exhibit A hereto, and Inventory, Accounts, General Intangibles, contract rights, Chattel Paper, Deposit Accounts, Documents, Instruments and Proceeds arising from, or relating to, the properties and other interests described in Exhibit A hereto (the terms "Accounts", "Chattel Paper", "Deposit Accounts", "Documents", "General Intangibles", "Goods", "Equipment", "Fixtures", "Inventory" and "Instruments" shall have the respective meanings assigned to such terms in the Uniform Commercial Code as in effect from time to time in the State of Texas or other applicable state. The term "Proceeds" shall include the meanings given to the terms "Cash Proceeds" and "Non-Cash Proceeds" as such terms are defined in the Uniform Commercial Code).

(g) All interest rate swap agreements, interest rate cap agreements and interest rate collar agreements, and all other agreements or arrangements designed to protect Mortgagor against fluctuations in interest rates or currency exchange rates and all commodity hedge, commodity swap, exchange, forward, future, floor, collar or cap agreements, fixed price agreements and all other agreements or arrangements designed to protect Mortgagor against fluctuations in commodity prices; and

(h) Any and all liens and security interests in Hydrocarbons securing the payment of proceeds from the sale of Hydrocarbons, including but not limited to those liens and security interests provided for in Section 9.319 or 9.343, if any, of the Texas Business and Commerce Code or similar statutes of other jurisdictions or any successor statutes.

(i) Any property that may from time to time hereafter, by delivery or by writing of any kind or otherwise, be subjected to the liens and security interests hereof by Mortgagor or by anyone on Mortgagor's behalf.

(j) All of the rights, titles and interests of every nature whatsoever now owned or hereafter acquired by Mortgagor in and to the Leases and/or the Lands, properties, rights, titles, interests and estates (including all tax refunds) and every part and parcel thereof, including, without limitation, said Leases, Lands, properties, rights, titles, interests and estates as the same may be enlarged by the discharge of any payments out of production or by the removal of any charges or Permitted Liens (as defined in the Loan Agreement) to which any of said Leases, Lands, properties, rights, titles, interests or estates are subject, or otherwise; together with any and all replacements, substitutions, additions, renewals and extensions of any of said Leases, properties, rights, titles, interests or estates; all contracts and agreements supplemental to or amendatory of or in substitution for the contracts and agreements described or mentioned above; and any and all additional interests of any kind hereafter acquired by Mortgagor in and to said Leases, Lands, rights, titles, interests or estates.

(k) All awards, payments, tax refunds or proceeds including interest thereon, and the right to receive the same, which may be made with respect to the foregoing property as a result of: (i) the exercise of the right of eminent domain, (ii) the alteration of the grade of any street, (iii) any insured casualty, (iv) real and/or personal property tax refunds or, (v) any other injury to or decrease in the value of the foregoing property, to the extent of all amounts which may be secured by this Mortgage at the date of the receipt of any such award, payment or proceeds by Mortgagor.

Notwithstanding the intention of this Mortgage to cover all of the right, title and interest of Mortgagor in and to the described Leases and/or Lands, Mortgagor warrants and represents that the interests covered by this Mortgage are not greater than the Working Interest (as defined on Exhibit A) and not less than the Net Revenue Interest (as defined on Exhibit A) set forth in connection with each oil and



gas lease, well or unit described on Exhibit A; provided, however, if the Working Interest is greater, with a corresponding increase in the Net Revenue Interest, such increase shall not constitute a breach of Mortgagor's warranty as to its Working Interest. In the event the Mortgagor owns any other or greater interest, said additional interest shall also be covered by and included in this Mortgage.

TO HAVE AND TO HOLD the Mortgaged Property herein described and all other property which, by the terms hereof, has or may become subject to the lien of this instrument unto the Trustee and his successors and assigns forever to secure the payment of the Indebtedness (hereinafter defined) and to secure the performance of the covenants, agreements, and obligations of the Mortgagor herein contained. Any additional right, title or interest which Mortgagor may hereafter acquire or become entitled to in the interests, properties or premises aforesaid or in the oil, gas or other minerals in and under or produced from said above-described Lands and/or Leases shall inure to the benefit of Mortgagee and this Mortgage, the same as if expressly described and conveyed herein.

## ARTICLE II INDEBTEDNESS

2.1 Indebtedness. This Mortgage is executed and delivered by Mortgagor to secure the Indebtedness described below:

(a) That certain Promissory Note of even date herewith in the principal amount of Six Hundred Thousand and NO/100 Dollars (\$600,000.00), executed, and delivered by Mortgagor as Maker, payable to the order of Mortgagee, as Payee, (such note and all other notes given in substitution therefor, or in modification, rearrangement, renewal or extension thereof, in whole or in part, being hereinafter collectively called the "Note");

(b) All indebtedness and obligations now or hereafter incurred or arising pursuant to the provisions of that certain Loan Agreement of even date herewith between Mortgagor as Borrower, and Mortgagee, as Lender, as the same may be further amended or modified from time to time (the "Loan Agreement") and the obligations of Stephen L. Hughey and Sherri E. Hughey under that certain Guaranty Agreements of even date herewith executed by Stephen L. Hughey and Sherri E. Hughey in favor of Mortgagee;

(c) All promissory notes evidencing additional loans which Mortgagee may hereafter make to Mortgagor (although it is understood that Mortgagee is under no obligation to do so);

(d) All other indebtedness, obligations and liabilities of all kinds of Mortgagor to Mortgagee, now existing or hereafter arising, whether fixed or contingent, joint or several, related or unrelated, and regardless of how created or evidenced whether for principal, interest, fees, costs, expenses or otherwise, and however created and whether direct or indirect, primary or secondary, fixed or absolute or contingent, joint or several (including all such amounts which would become due but for the operation of the automatic stay under Section 362(a) of the United States Bankruptcy Code, 11 U.S.C. §362(a), and the operation of Sections 502(b) and 506(b) of the United States Bankruptcy Code, 11 U.S.C. §502(b), and §506(b) and any other similar provisions arising under applicable law);

(e) All sums advanced or costs or expenses incurred by Mortgagee that are made or incurred pursuant to, or allowed by, the terms of this instrument plus interest thereon from the date of the advance until reimbursement of Mortgagee charged at the lesser of: the maximum rate of non-usurious interest permitted from day to day by applicable law; or, the Default Rate (as defined in the Loan Agreement); and,

(f) All renewals, modifications, supplements, extensions, amendments, and substitutions of the above, whether or not Mortgagor executes any renewal or extension agreement, and the liens under this Mortgage shall be cumulative of all other liens and security of any and every other kind or character whatsoever securing the above-described indebtedness.

The term "Indebtedness" as used herein shall mean and include the indebtedness evidenced by the Note and all other present and future debts, obligations and liabilities described, referred to or mentioned in this Article II.



ARTICLE III  
MORTGAGOR'S WARRANTIES AND REPRESENTATIONS

3.1 Warranties and Representations. Mortgagor hereby represents, warrants and covenants as follows:

(a) Mortgagor has good and marketable title to the Mortgaged Property free and clear of all liens, security interests, and encumbrances except for Permitted Liens (as defined in the Loan Agreement).

The ownership of Mortgagor will, after giving full effect to the Permitted Liens: (i) with respect to each tract of land described in Exhibit A hereto in connection with such portion of the Mortgaged Property, (A) entitle Mortgagor to receive (subject to the terms and provisions of this Mortgage) a decimal share of the oil and gas produced from, or allocated to, such tract equal to not less than the decimal share set forth in Exhibit A in connection with such tract below the words "Net Revenue Interest" (or words of similar import), (B) cause Mortgagor to be obligated to bear a decimal share of the cost of exploration, development and operation of such tract of land not greater than the decimal share set forth in Exhibit A in connection with such tract below the words "Working Interest" (or words of similar import); and, (ii) if such tract of land is shown in Exhibit A to be subject to a unit or units, with respect to each such unit, (A) entitle Mortgagor to receive (subject to the terms and provisions of this Mortgage) a decimal share of all substances covered by such unit which are produced from, or allocated to, such unit equal to not less than the decimal share set forth in Exhibit A in connection with such portion of the Mortgaged Property below the words "Unit Net Revenue Interest" or words of similar import (and if such tract of land is subject to more than one unit, words identifying such interest with such unit), and (B) obligate Mortgagor to bear a decimal share of the cost of exploration, development and operation of such unit not greater than the decimal share set forth in Exhibit A in connection with such portion of the Mortgaged Property below the words "Unit Working Interest" or words of similar import (and if such tract of land is subject to more than one unit, words identifying such interest with such unit); such shares or production which Mortgagor is entitled to receive, and shares of expenses which Mortgagor is obligated to bear, are not subject to change (other than pursuant to nonconsent provisions of operating agreements described in Exhibit A in connection with such portion of the Mortgaged Property, respectively) except, and only to the extent that, such changes are reflected in Exhibit A.

(b) Mortgagor has full power and lawful authority to bargain, grant, sell, mortgage, assign, transfer, and convey a lien and/or security interest in the Mortgaged Property as herein provided without obtaining the waiver, consent or approval of any lessor, sublessor, governmental agency or entity or party.

(c) The oil, gas and/or mineral leases, contracts and other agreements forming a part of the Mortgaged Property are in full force and effect. All rentals, royalties and other payments due and payable under such leases, and other contracts and agreements, forming a part of the Mortgaged Property, or under the Permitted Liens, have been properly and timely paid, and all other obligations under such leases and other contracts and agreements, or under the Permitted Liens, or otherwise attendant to the ownership or operation of the Mortgaged Property, have been met.

(d) No portion of the Mortgaged Property is subject to: (i) any contractual (including, without limitation, the right by a purchaser of gas to "make up" gas heretofore paid for but not taken), or other (including, without limitation, regulatory refund obligation), obligation to deliver oil and/or gas produced from the Mortgaged Property from and after the date hereof to third parties for a price then or thereafter to be paid that is less than the market value thereof (or in the case of an existing gas sales contract, less than the full regular contract price therefor); or: (ii) any contractual or other arrangement whereby payment for production from such Mortgaged Property will not be received contemporaneously (i.e., in the case of oil, not in excess of thirty (30) days after delivery, and in the case of gas not in excess of 60 days after delivery) with delivery; each gas contract to which the Mortgaged Property, or any part thereof, is subject contains pricing provisions which have been negotiated for the best price available in the market. No part of the Mortgaged Property is subject to a gas balancing arrangement under which an imbalance exists with respect to which imbalance Mortgagor is in an overproduced status and is required to: (i) permit one or more third parties to take a portion of the production attributable to such Mortgaged Property without payment of the full market (or in the case of an existing production sales contract, full regular contract) price thereof; and/or (ii) make payment in cash, in order to correct such imbalance.

(e) Upon the request of Mortgagee, Mortgagor will furnish to Mortgagee the identities of those parties and entities purchasing Hydrocarbons produced from the Mortgaged Property.

(f) The machinery, equipment and other personal property and fixtures forming a part of the Mortgaged Property are in good repair and condition and are adequate for the normal operation of the Mortgaged Property in accordance with prudent industry standards.



(g) All producing wells located on the Mortgaged Property have been drilled, completed and produced, and the Mortgaged Property (and properties unitized therewith) have been maintained, operated and developed, in good and workmanlike manner and conformity with all applicable laws and all rules, regulations and orders of all duly constituted authorities having jurisdiction and in conformity with all oil, gas and/or other mineral leases and other contracts and agreements forming a part of the Mortgaged Property and in conformity with the Permitted Liens.

(h) Mortgagor's principal place of business and chief executive office, and the place where Mortgagor keeps its books and records concerning the Mortgaged Property is the address set forth above.

(i) Mortgagor will warrant and defend the title to the Mortgaged Property and the liens and security interests of Mortgagee hereunder against the claims and demands of all other persons whomsoever and will maintain and preserve the liens and security interests created hereby so long as any of the Indebtedness secured hereby remains unpaid. Should an adverse claim be made against or a cloud develop upon the title to any part of the Mortgaged Property, Mortgagor agrees to immediately defend against such adverse claim or take appropriate action to remove such cloud at Mortgagor's cost and expense, and Mortgagor agrees that the Mortgagee may take such other action as Mortgagee deems advisable to protect and preserve Mortgagee's interests in the Mortgaged Property, and in such event Mortgagor will indemnify and defend the Mortgagee against any and all cost, attorney's fees and other expenses which Mortgagee may incur in defending against any such adverse claim or taking action to remove any such cloud.

(j) This Mortgage is, and always shall be kept, a direct first lien and/or security interest upon the Mortgaged Property, and Mortgagor will not create or suffer to be created or permit to exist any lien, security interest or charge prior or junior to or on a parity with the lien and security interest of this Mortgage upon the Mortgaged Property or any part thereof or upon the rents, issues, revenues, income, profits and proceeds therefrom (except for the Permitted Liens), and Mortgagor will, from time to time, pay or cause to be paid as they become due and payable all taxes, assessments and governmental charges lawfully levied or assessed upon the Mortgaged Property or any part thereof, or upon or arising from any of the rents, issues, revenues, profits and other income from the Mortgaged Property, or incident to or in connection with the production of Hydrocarbons or other minerals therefrom, or the operation and development thereof.

(k) Mortgagor will, at its own expense, do or cause to be done all things necessary to preserve and keep in full repair, working order and efficiency all of the Mortgaged Property, including, without limitation, all equipment, machinery and facilities, and from time to time will make all the needful and proper repairs, renewals and replacements so that at all times the state and condition of the Mortgaged Property will be fully preserved and maintained.

(l) Mortgagor will promptly pay and discharge all rentals, delay rentals, royalties and indebtedness accruing under, and perform or cause to be performed each and every act, matter or thing required by, each and all of the assignments, deeds, Leases, sub-leases, contracts and agreements described or referred to herein or affecting Mortgagor's interests in the Mortgaged Property, and will do all other things necessary to keep unimpaired Mortgagor's rights with respect thereto and prevent any forfeiture thereof or default thereunder. Mortgagor will operate the Mortgaged Property in a careful and efficient manner in accordance with the practices of the industry and in compliance with all applicable contracts and agreements and in compliance with all applicable proration and conservation laws of the jurisdiction in which the Mortgaged Property is situated, and all applicable laws, rules and regulations of every other agency and authority from time to time constituted to regulate the development and operation of the Mortgaged Property and the production and sale of Hydrocarbons and other minerals therefrom. Mortgagor will do or cause to be done such development work as may be reasonably necessary to the prudent and economical operation of the Mortgaged Property in accordance with the most recently approved practices of operators in the industry, including all to be done that may be appropriate to protect from diminution the productive capacity of the Mortgaged Property and each producing well thereon including, without limitation, cleaning out and reconditioning each well from time to time, plugging and completing at a different level each such well, drilling a substitute well to conform to changed spacing regulations and to protect the Mortgaged Property against drainage whenever and as often as is necessary.

(m) Mortgagor will keep adequately insured by insurers of recognized responsibility, and licensed to do business in Texas, all of the Mortgaged Property of an insurable nature and of a character usually insured by persons engaged in the same or similar business, against all risks customarily insured against by such persons all in scope and amount acceptable to Mortgagee. Mortgagor will maintain: liability insurance against claims for personal injury or death or property damage suffered by members of the public or others in or about the Mortgaged Property or occurring by reason of Mortgagor's ownership,



maintenance, use or operation of any plants, shops, machinery, automobiles, trucks or other vehicles, or other facilities on or in connection with the Mortgaged Property; all such workmen's compensation or similar insurance as may be required under the laws of any jurisdiction in which any of the Mortgaged Property may be situated; and well control including oil spill clean-up insurance. All such insurance shall be maintained in such amounts as is usually carried by persons engaged in the same or a similar business and shall be effected under a valid and enforceable policy or policies issued by insurers of recognized responsibility. The character, coverage, amount and insurers of all such insurance shall be satisfactory to and approved by Mortgagee. If requested by Mortgagee, such insurance coverage will include a non-contributory mortgagee clause and/or loss payable clauses or provisions in said policy or policies, which shall be endorsed in favor of and made payable to Mortgagee as its interests may appear. Mortgagee shall have the right to collect, and Mortgagor hereby assigns to Mortgagee, any and all monies that may become payable under any such policies of insurance by reason of damage, loss or destruction of any of the Mortgaged Property, and Mortgagee may apply all or any part of the sums so collected, at its election, toward payment of the Indebtedness, whether or not such Indebtedness is then due and payable, in such manner as Mortgagee may elect.

(n) Mortgagor will permit Mortgagee and its agents to visit and inspect any of the Mortgaged Property, to examine the books of account of Mortgagor and to discuss the affairs, finances or accounts of Mortgagor and to be advised as to the same by any officer or employee of Mortgagor, all at such reasonable times or intervals as Mortgagee may desire.

(o) Mortgagor will duly and punctually pay the principal of and interest on the Indebtedness as the same shall become due and payable.

(p) If any tax or assessment is levied or assessed against the Indebtedness described herein or any part thereof, or against this Mortgage, or against Mortgagee with respect to said Indebtedness or any part thereof or this Mortgage, Mortgagor shall promptly pay the same.

(q) All or portions of the Mortgaged Property may be comprised of interests in the Leases which are other than working interests or which may be operated by a party or parties other than Mortgagor and with respect to all or any such Lease interests and properties as may be comprised of interests other than working interests or which may be operated by parties other than Mortgagor, Mortgagor's covenants as expressed in subparagraphs 3.1(k) through 3.1(n) inclusive of this Article III are modified to require that Mortgagor use its best efforts to obtain compliance with such covenants by the working interest owners or the operator or operators of such Leases or properties.

(r) There are no "back in" or "reversionary" interests held by third parties which would reduce the interest of Mortgagor in the Mortgaged Property except as set forth on Exhibit A.

(s) Mortgagor has not received any notice of any claim of lien, right, title or interest to any of the Mortgaged Property from any third party and Mortgagor does not have any knowledge of any facts, circumstances or conditions which could, by lapse of time or otherwise, result in any claim of right, title, lien or interest by any third party in or to the Mortgaged Property.

(t) There are no prior consent rights or preferential purchase rights in third parties affecting any part of the Mortgaged Property except as disclosed in writing to Mortgagee.

(u) No operating or other agreement to which Mortgagor is a party or by which Mortgagor is bound affecting any part of the Mortgaged Property requires Mortgagor to bear any of the costs relating to the Mortgaged Property greater than the Working Interest (as hereinafter defined) of Mortgagor without a corresponding increase in the Net Revenue Interest (as hereinafter defined) of Mortgagor in such portion of the Mortgaged Property, except in the event Mortgagor is obligated under an operating agreement to assume a portion of defaulting parties' share of costs.

(v) All proceeds from the sale of Mortgagor's interest in production from the Mortgaged Property are currently being paid in full to Mortgagor, or have been paid to Mortgagor's predecessors in interest, by the purchaser thereof on a timely basis and at prices comparable to those paid to other similarly situated producers in the respective producing areas and none of such proceeds are currently being held in suspense by such purchaser or any other party.

(w) Promptly upon receipt of a request from Mortgagee, Mortgagor will furnish and deliver complete or supplemental abstracts of title, as the case may be, prepared by competent abstractors and covering title to the Lands and other real property herein mortgaged from the sovereignty of the soil to the latest practicable date, and should Mortgagor fail to furnish such abstracts upon such request, Mortgagee



may obtain such abstracts, and any and all costs incurred thereby shall be payable by Mortgagor to Mortgagee upon demand at Mortgagee's principal offices. Any such abstracts shall be and constitute a part of the Mortgaged Property as defined above. Mortgagor will promptly notify Mortgagee or other holder or holders of the indebtedness secured hereby, in writing, of the commencement of any legal proceedings affecting the Mortgaged Property or any part thereof, and will take such action as may be necessary to preserve its and Mortgagee's rights affected thereby; and should Mortgagor fail or refuse to take any such action, Mortgagee may at its election take such action on behalf and in the name of Mortgagor and at Mortgagor's cost and expense.

(x) Mortgagor shall maintain its corporate existence and shall maintain and procure all necessary corporate franchise and permits to the end that Mortgagor shall be and continue to be a corporation in good standing in the state of its incorporation and duly qualified to do business in the state wherein the Mortgaged Property is located, with full power and authority to own and operate all of the Mortgaged Property as contemplated herein until this Mortgage shall have been fully satisfied. Mortgagor will not change its name or identity or its corporate structure, and Mortgagor shall not change the location of its chief executive office or its principal place of business or the place where it keeps its books and records concerning the Mortgaged Property without notifying Mortgagee of such change in writing at least thirty (30) days prior to the effective date of such change.

(y) Upon demand of Mortgagee, Mortgagor will promptly pay all costs and expenses heretofore or hereafter incurred by Mortgagee for legal, engineering or geological services rendered to it in connection with the making of the initial or any future loan by Mortgagee secured in whole or in part by the lien hereof and/or in the enforcement of any of its rights hereunder.

(z) Except oil and gas production sold in the ordinary course of business, Mortgagor shall not sell, assign or transfer the Mortgaged Property or any part thereof without the prior written consent of Mortgagee, which consent may be granted or withheld in Mortgagee's sole discretion, and Mortgagor shall not mortgage, pledge, assign or otherwise encumber any of the Mortgaged Property, regardless of whether the lien or encumbrance is senior, junior, inferior or subordinate to the lien created hereby.

(aa) Mortgagor shall not unitize, pool or communitize the Mortgaged Property with any other oil, gas or mineral interests and Mortgagor shall not provoke, consent to or join in any proceedings of any governmental body which will result in pooling, unitizing or communitizing any of the Mortgaged Property with other property without the prior written consent of Mortgagee, which consent may be granted or withheld in Mortgagee's sole discretion. In the event any such proceedings are commenced, Mortgagor shall give immediate written notice thereof to Mortgagee.

### 3.2 Further Assurances.

(a) Mortgagor covenants that Mortgagor shall execute and deliver such other and further instruments, and shall do such other and further acts as in the opinion of Mortgagee may be necessary or desirable to carry out more effectively the purposes of this instrument and to subject to the lien created hereby any properties, rights and interests covered or intended to be covered hereby, including, without limitation, the following:

(i) prompt correction of any defect in the execution or acknowledgment of this instrument, any written instrument comprising part or all of the Indebtedness, or any other document or agreement in conjunction herewith or secured hereby;

(ii) prompt correction of any defect which may hereafter be discovered in the title to the Mortgaged Property;

(iii) indemnify, defend and hold Mortgagee harmless from and against any and all costs and expenses, losses, damages or liabilities including, but not limited to those which Mortgagee may suffer or incur by reason of the failure of title to all or part of the Mortgaged Property or by reason of the failure or inability of Mortgagor, for any reason, to convey the rights, titles and interests which this instrument purports to mortgage, transfer or assign;

(iv) prompt execution and delivery of all division or transfer orders or other instruments which in Mortgagee's opinion are required to transfer to Mortgagee the proceeds from the sale of all of the Mortgagor's interest in and to all proceeds from the Mortgaged Property; and



(v) prompt payment when due and owing of all taxes, assessments and governmental charges imposed in this instrument, upon the interest of Mortgagee or upon the income and profits from any of the above.

(b) Mortgagor covenants that Mortgagor shall maintain and preserve the lien and security interest herein created so long as any of the Indebtedness remains unpaid or Mortgagee has any commitment to extend credit to or for the benefit of Mortgagor.

(c) Mortgagor shall immediately notify Mortgagee of any discontinuance of or change in the address of Mortgagor's place of business, residence, chief executive office or office where it keeps records concerning accounts, contract rights and general intangibles.

(d) Mortgagor covenants that all information to be furnished to Mortgagee by or on behalf of Mortgagor shall be true, accurate and complete when made.

#### ARTICLE IV

##### DEFAULT

4.1 Events of Default. If one or more of the following (herein called "Event(s) of Default") shall occur:

(a) default shall be made under the terms of the Loan Agreement, as the same may be amended or modified from time to time;

(b) default shall be made in the due and punctual payment, in whole or in part, of any of the Indebtedness secured hereby or any installment thereof as and when the same shall become due and payable whether by acceleration or otherwise;

(c) default or breach shall be made in the due performance of any covenant or agreement of Mortgagor contained herein or in any other agreement or instrument executed by Mortgagor in connection with or as security for any of the Indebtedness;

then, upon the occurrence of any Event of Default as set forth above Mortgagee may, without presentment, notice or demand of any kind, including, without limitation, notice of intent to accelerate or notice of acceleration, declare the Indebtedness or any part thereof to be immediately due and payable whereupon the Indebtedness shall become immediately due and payable. All costs and expenses (including attorneys' fees) incurred by the Mortgagee in protecting and enforcing its rights hereunder shall constitute a demand obligation owing by Mortgagor and shall draw interest at the Default Rate (as defined in the Loan Agreement), and shall constitute a portion of the Indebtedness secured hereby and shall have the benefit of the lien hereby created.

##### 4.2 Remedies Upon Default - Mortgaged Property.

(a) Upon the occurrence of an Event of Default and at any time thereafter, Trustee shall have the right and power to sell, as he may elect and to the extent permitted by law, all or any portion of the Mortgaged Property, at one or more sales. Any sale of any part of the Mortgaged Property located in the State of Texas shall be made at the courthouse of the county in which such part of the Mortgaged Property to be sold at such sale is located, on the first Tuesday in any month, between the hours of 10:00 A.M. and 4:00 P.M. to the highest bidder for cash at public auction, after Trustee shall have given at least twenty-one (21) days' notice of the time, place and terms of sale, by publicly advertising the same by posting or causing to be posted written or printed notice thereof at the courthouse door of the county in which the sale is to be made and by filing such notice of record in the records of the county clerk in the county where the property is located. Where any part of the Mortgaged Property is situated in more than one county, notices as above provided shall be given in all of such counties, and such part may be sold in any such county and such notice shall designate the county where such part shall be sold. In addition, the holder of the debt shall, at least twenty-one (21) days preceding the date of sale, serve written notice of the proposed sale by certified mail on each debtor obligated to pay such debt according to the records of such holder. Service of such notice shall be completed upon deposit of the notice, enclosed in a post-paid wrapper, properly addressed to such debtor at the most recent address as shown by the records of the holder of the debt, in a post office or official depository under the care and custody of the United States Postal Service. Trustee may postpone the sale of all or any portion of the Mortgaged Property by public announcement at the time and place of such sale, and from time to time thereafter may further postpone such sale by public



announcement made at the time of sale fixed by the preceding postponement. Upon receipt of the sale price in cash, Trustee is hereby authorized, empowered and directed to make the conveyance to the purchaser or purchasers, with general warranty binding upon Mortgagor and the heirs, successors and assigns of Mortgagor. The right of sale hereunder shall not be exhausted by one or more such sales, and Trustee may make other and successive sales until all of the Mortgaged Property be legally sold or all of the Indebtedness shall have been paid. Mortgagor hereby irrevocably appoints Trustee to be the attorney-in-fact of Mortgagor and in the name and on behalf of Mortgagor to execute and deliver any deeds, transfers, conveyances, assignments, assurances and notices which Mortgagor ought to execute and deliver, and do and perform any and all such acts and things which Mortgagor ought to do and perform under the covenants herein contained, and generally to use the name of Mortgagor in the exercise of all or any of the powers hereby conferred on Trustee. Upon any sale, whether under the power of sale hereby given or by virtue of judicial proceedings, it shall not be necessary for Trustee or any public officer acting under execution or order of court to have physically present or constructively in his possession any of the Mortgaged Property, and Mortgagor hereby agrees to deliver all of such personal property to the purchaser at such sale on the date of sale, and if it should be impossible or impracticable to make actual delivery of such property, then the title and right of possession to such property shall pass to the purchaser at such sale as completely as if the same had been actually present and delivered. Mortgagee shall have the right to become the purchaser at any sale held by Trustee or by a receiver or public officer and shall have the right to be credited upon the amount of the bid made therefor with the amount of the Indebtedness then owing to Mortgagee. Recitals contained in any conveyance made by Trustee to any purchaser at any sale made pursuant hereto shall conclusively establish the truth and accuracy of the matters therein treated, including, but not limited to, nonpayment of the unpaid principal sum of or interest accrued on any of the Indebtedness after the same has become due and payable, advertisement and conduct of such sale in the manner provided herein, and appointment of any successor trustee hereunder. Upon any sale, whether made under the power of sale hereby given or by virtue of judicial proceedings, the receipt of Trustee, or of the officer making a sale under judicial proceedings, shall be a sufficient discharge to the purchaser(s) at any sale for their purchase money. Such purchaser(s), their assigns or personal representatives, shall not, after paying such purchase money and receiving such receipt of Trustee or of such officer therefor, be obliged to see to the application of such purchase money, or be in anywise answerable for any loss, misapplication or nonapplication thereof.

(b) Upon the occurrence of an Event of Default and at any time thereafter, Trustee or Mortgagee shall have the right and power to proceed by a suit or suits in equity or at law, whether for the specific performance of any covenant or agreement herein contained or in aid of the execution of any power herein granted, or for any foreclosure hereunder or for the sale of the Mortgaged Property under the judgment or decree of any court or courts of competent jurisdiction, or for the appointment of a receiver pending any foreclosure hereunder or the sale of the Mortgaged Property under the order of a court or courts of competent jurisdiction or under executory or other legal process, or for the enforcement of any other appropriate legal or equitable remedy. Mortgagor agrees to the full extent that it lawfully may, that in case one or more of the Events of Default shall have occurred, then, and in every such case, Trustee or Mortgagee shall have the right and power to enter into and upon and take possession of all or any part of the Mortgaged Property in the possession of Mortgagor, its successors or assigns, or its or their agents or servants, and may exclude Mortgagor, its successors or assigns, and all persons claiming under Mortgagor, and its or their agents or servants, wholly or partly therefrom; and, holding the same, Trustee or Mortgagee may use, administer, manage, operate and control the Mortgaged Property and conduct the business thereof to the same extent as Mortgagor, its successors or assigns, might at the time do and may exercise all rights and powers of Mortgagor, in the name, place and stead of Mortgagor, or otherwise as Trustee or Mortgagee shall deem best.

(c) Every right, power and remedy herein given to Trustee or Mortgagee shall be cumulative and in addition to every other right, power and remedy herein specifically given or now or hereafter existing in equity, at law or by statute; and each and every right, power and remedy, whether specifically herein given or otherwise existing, may be exercised from time to time and so often and in such order as may be deemed expedient by Trustee or Mortgagee, and the exercise, or the beginning of the exercise, of any such right, power or remedy shall not be deemed a waiver of the right to exercise any other right, power or remedy, at the same time or thereafter. No delay or omission by Trustee or Mortgagee in the exercise of any right, power or remedy and no course of dealing with respect to any right, power or remedy shall impair any such right, power or remedy or operate as a waiver thereof or of any other right, power or remedy then or thereafter existing. Mortgagee may release, regardless of consideration, any part of the Mortgaged Property without, as to the remainder, in any way impairing, affecting, subordinating or releasing the liens or security interests evidenced by this Mortgage.

(d) Any sale or sales of the Mortgaged Property or any part thereof, whether under the power of sale herein granted and conferred or under and by virtue of judicial proceedings, shall operate to divest



all right, title, interest, claim and demand whatsoever, either at law or in equity, of Mortgagor of, in and to the premises and the property sold, and shall be a perpetual bar, both at law and in equity, against Mortgagor, its successors and assigns, and against any and all persons claiming or who shall thereafter claim all or any of the property sold from, through or under Mortgagor, its successors or assigns; and Mortgagor, if requested by Trustee or Mortgagee so to do, shall join in the execution and delivery of all proper conveyances, assignments and transfers of the properties so sold. The proceeds of any sale of the Mortgaged Property or any part thereof and all other moneys received by Trustee or Mortgagee in any proceedings for the enforcement hereof, whose application has not elsewhere herein been specifically provided for, shall be applied first to the payment of all expenses incurred by Trustee or Mortgagee incident to the enforcement of this Mortgage or any of the Indebtedness (including, but not limited to, expenses of any entry or taking of possession, sale or advertisement thereof, conveyance, court costs, compensation of agents and employees or legal fees, and a reasonable commission to Trustee acting), and to the payment of all other charges, expenses, liabilities and advances incurred or made by Trustee or Mortgagee under this Mortgage or in executing any trust or power hereunder; and then to payment of the Indebtedness in such order and manner as Mortgagee may elect. Mortgagee may resort to any security given by this Mortgage or to any other security now existing or hereafter given to secure the payment of any of the Indebtedness secured hereby, in whole or in part, and in such portions and in such order as may seem best to Mortgagee in its sole and absolute discretion, and any such action shall not in anyway be considered as a waiver of any of the rights, benefits or liens created by this Mortgage. Mortgagor agrees, to the full extent that it may lawfully so agree, that it will not at any time insist upon or plead or in any manner whatever claim or take the benefit or advantage of any appraisal, valuation, stay, extension or redemption law now or hereafter in force, in order to prevent or hinder the enforcement or foreclosure of this Mortgage or the absolute sale of the Mortgaged Property or the possession thereof by any purchaser at any sale made pursuant to any provision hereof, or pursuant to the decree of any court of competent jurisdiction; but Mortgagor, for itself and all who may claim through or under it, so far as it or they now or hereafter lawfully may, hereby waives the benefit of all such laws. Mortgagor, for itself and all who may claim through or under it, waives, to the extent that it may lawfully do so, any and all right to have the property included in the Mortgaged Property marshaled upon any foreclosure of the lien hereof, and agrees that any court having jurisdiction to foreclose such lien may sell the Mortgaged Property as an entirety. If any law referred to herein and now in force, of which Mortgagor or its successor or successors might take advantage despite the provisions hereof, shall hereafter be repealed or cease to be in force, such law shall not thereafter be deemed to constitute any part of the contract herein contained or to preclude the operation or application of the provisions hereof.

Notwithstanding the provisions of Sections 51.003, 51.004 and 51.005 of the Texas Property Code (as the same may be amended from time to time), and to the extent permitted by law, Mortgagor agrees that Mortgagee shall be entitled to seek a deficiency judgment from Mortgagor and any other party obligated on the Note or guaranty of the Note equal to the difference between the amount owing on the Note and the amount for which the Mortgaged Property was sold pursuant to a judicial or nonjudicial foreclosure sale. Mortgagor expressly recognizes that this section will constitute a waiver of the above-cited provisions of the Texas Property Code which would otherwise permit Mortgagor and other persons against whom recovery of deficiencies is sought or guarantors independently (even absent the initiation of deficiency proceedings against them) to present competent evidence of the fair market value of the Mortgaged Property as of the date of foreclosure and offset against any deficiency the amount by which the foreclosure sale price is determined to be less than fair market value. Mortgagor further recognizes and agrees that this waiver will create an irrebuttable presumption that the foreclosure sale price is equal to the fair market value of the Mortgaged Property for purposes of calculating deficiencies owed by Mortgagor, other borrowers on the Note, guarantors, and others against whom recovery of a deficiency is sought. Alternatively, in the event this waiver is determined by a court of competent jurisdiction to be unenforceable, the following shall be the basis for the finder of fact's determination of the fair market value of the Mortgaged Property as of the date of the foreclosure sale in proceedings governed by Sections 51.003, 51.004, and 51.005 of the Texas Property Code (as amended from time to time):

- (i) The Mortgaged Property shall be valued in an "as is" condition as of the date of the foreclosure sale, without any assumption or expectation that the Mortgaged Property will be repaired or improved in any guarantor before a resale of the Mortgaged Property after foreclosure;
- (ii) The valuation shall be based upon an assumption that the foreclosure purchaser desires a prompt resale of the Mortgaged Property for cash promptly (but no later than twelve months) following the foreclosure sale;
- (iii) All reasonable closing costs customarily borne by the seller in a commercial real estate transaction should be deducted from the gross fair market value of the Mortgaged



Property, including, without limitation, brokerage commissions, title insurance, a survey of the Mortgaged Property, tax prorations, attorney's fees, and marketing costs;

(iv) The gross fair market value of the Mortgaged Property shall be further discounted to account for any estimated holding costs associated with maintaining the Mortgaged Property pending sale, including, without limitation, utilities expenses, property management fees, taxes and assessments (to the extent not accounted for in (iii) above), and other maintenance expenses;

Any expert opinion testimony given or considered in connection with a determination of the fair market value of the Mortgaged Property must be given by persons having at least five years experience in appraising property similar to the Mortgaged Property and who have conducted and prepared a complete written appraisal of the Mortgaged Property taking into consideration the factors set forth above.

(e) In the event of a foreclosure or sale under the power granted herein, Mortgagor, or any other owner of the Mortgaged Property, or any person or organization in possession of all or any part of the Mortgaged Property shall thereupon become the tenant at will of the purchaser at such foreclosure sale, and should such tenant refuse to surrender possession of the Mortgaged Property upon demand, said purchaser shall thereupon be entitled to institute and maintain the statutory, or any other, action for forcible detainer and possession of the property, and procure a Writ of Possession thereunder, or proceed in any other manner provided by law, and Mortgagor waives all claims for damages or injury in connection with securing possession of the Mortgaged Property, however secured.

#### ARTICLE V PROCEEDS OF PRODUCTION

5.1 Assignment of Production. Mortgagor, effective as of 12:01 A.M., as of the first day of the calendar month in which this Mortgage is executed, has assigned, transferred, and conveyed, and does hereby assign, transfer and convey unto the Mortgagee, its successors and assigns, all of the Hydrocarbons and all products obtained or processed therefrom, and the revenues and proceeds now and hereafter attributable to said Hydrocarbons and said products. Said Hydrocarbons and products are to be delivered into pipelines connected with the Mortgaged Property, or to the purchaser thereof, to the credit of Mortgagee, free and clear of all taxes, charges, costs, and expenses; and all said revenues and proceeds shall be paid directly to Mortgagee, at the address indicated above with no duty or obligation of any party paying the same to inquire into the right of Mortgagee to receive the same, what application is made thereof, or as to any other matter. Mortgagor agrees to perform all such acts, and to execute all such further assignments, transfers and division orders, and other instruments as may be required or desired by Mortgagee or any party in order to have said proceeds and revenues so paid to Mortgagee. Mortgagee is fully authorized to receive and receipt for said revenues and proceeds; to endorse and cash any and all checks and drafts payable to the order of Mortgagor or the holder for the account of Mortgagor received from or in connection with said revenues or proceeds and apply the proceeds thereof to the payment of the Indebtedness, when received, regardless of the maturity of any of the Indebtedness, or any installment thereof; and to execute transfer and division orders in the name of Mortgagor, or otherwise, with warranties binding Mortgagor. Mortgagee shall not be liable for any delay, neglect, or failure to effect collection of any proceeds or to take any other action in connection therewith or hereunder; but shall have the right, at its election, in the name of Mortgagor or otherwise, to prosecute and defend any and all actions or legal proceedings deemed advisable by Mortgagee in order to collect such funds and to protect the interests of Mortgagee and/or Mortgagor, with all costs, expenses and attorneys' fees incurred in connection therewith being paid by Mortgagor. Mortgagor hereby indemnifies Mortgagee against and holds Mortgagee harmless from all claims, actions, liabilities, judgments, costs, charges and attorneys' fees made against or incurred by it, based on the assertion that it has had and received funds from the production of Hydrocarbons claimed by third persons either before or after the payment in full of the Indebtedness. Mortgagee shall have the right to defend against any such claims, actions and judgments, employing its attorneys therefor, and if it is not furnished with reasonable indemnity, it shall have the right to compromise and adjust any such claims, actions and judgments. Mortgagor hereby indemnifies and agrees to pay to Mortgagee any and all such claims, judgments, costs, charges and attorneys' fees as may be paid in any judgment, release or discharge thereof or as may be adjudged against it.

5.2 Payment of Principal and Interest. Nothing herein contained shall modify or otherwise alter the obligation of Mortgagor to make prompt payment of the Indebtedness when and as the same become due regardless of whether the proceeds of such Hydrocarbons are sufficient to pay the same and the rights provided in accordance with the foregoing assignment provision shall be cumulative of all other security of any and every character now or hereafter existing to secure payment of the Indebtedness.



5.3 License to Collect/Notice to Purchasers. So long as no Event of Default shall have occurred, Mortgagor shall have the license to collect all of the revenues attributable to the Hydrocarbons; and no such payment shall affect or impair the lien of this Mortgage or the validity and effect of the assignment contained in this Article V. From and after the occurrence of an Event of Default, such license shall be revoked and all proceeds of the sale of Hydrocarbons assigned hereunder shall be paid directly to Mortgagee; and Mortgagee may notify the pipeline companies and other purchasers of Hydrocarbons to pay all of such proceeds directly to Mortgagee at the address shown hereinabove, for which this Mortgage shall be sufficient warrant. In the event payments are made directly to Mortgagee and then, at the request of Mortgagee, payments are, for periods of time, paid to Mortgagor, Mortgagee shall nevertheless have the right, effective upon written notice, to require that future payments be again made to it.

## ARTICLE VI SECURITY AGREEMENT

6.1 Security Agreement and Financing Statement. To further secure the Indebtedness, Mortgagor hereby grants to Mortgagee a security interest in the Mortgaged Property insofar as such Mortgaged Property consists of equipment, funds, accounts, instruments, documents, notes, chattel paper, contract rights, general intangibles, inventory, Hydrocarbons, fixtures and any and all other personal property of any kind or character defined in and subject to the provisions of the applicable Uniform Commercial Code, including the proceeds and products from any and all of such personal property. Upon the occurrence of an Event of Default, Mortgagee shall be entitled to all of the rights, powers and remedies afforded a secured party by the applicable Uniform Commercial Code with reference to the personal property and fixtures in which Mortgagee has been granted a security interest herein, or the Trustee or Mortgagee may proceed as to both the real and personal property covered hereby in accordance with the rights and remedies granted under this Mortgage in respect of the real property covered hereby. Such rights, powers and remedies shall be cumulative and in addition to those granted Trustee or Mortgagee under any other provision of this instrument or under any other instrument executed in connection with or as security for the Note or any of the Indebtedness. Without in any manner limiting the generality of any of the other provisions of this Mortgage: (a) some portions of the goods described or to which reference is made herein are or are to become fixtures on the land described or to which reference is made herein or on attached Exhibit A; (b) the security interests created hereby under applicable provisions of the Uniform Commercial Code of one or more of the jurisdictions in which the Mortgaged Property is situated will attach to Hydrocarbons (minerals including oil and gas) or the accounts resulting from the sale thereof at the wellhead or minehead located on the land described or to which reference is made herein; (c) this instrument is to be filed of record in the real estate records as a financing statement; (d) Mortgagor, or one or more of them, is the record owner of the real estate or interests in the real estate comprised of the Leases for the benefit of Mortgagor; and, (e) this instrument may be filed as provided in Article 35.02 of the Texas Business and Commerce Code relating to the granting of security interests by utilities. The filing of this Deed of Trust under the provisions of Article 35.02 of the Texas Business and Commerce Code shall not constitute an admission by Mortgagor that it is a utility for purposes of Article 35 or any other statute or rule or regulation of any governmental authority or agency. For the consideration above described, Mortgagor hereby grants to Mortgagee any and all rights of Mortgagor to liens and security interests securing payment of proceeds from the sale of production from the Mortgaged Property, including but not limited to those liens and security interests provided for in Tex. Bus. & Com. Code Ann. § 9.343 (TEX. UCC).

## ARTICLE VII TRUSTEE

7.1 Duties of Trustee. It shall be no part of the duty of Trustee to see to any recording, filing or registration of this Mortgage or any other instrument in addition or supplemental thereto, or to give any notice thereof, or to see to the payment of or be under any duty in respect of any tax or assessment or other governmental charge which may be levied or assessed on the Mortgaged Property, or any part thereof, or against Mortgagor, or to see the performance or observance by Mortgagor of any of the covenants and agreements contained herein. Trustee shall not be responsible for the execution, acknowledgment or validity of this Mortgage or of any instrument in addition or supplemental hereto or for the sufficiency of the security purported to be created hereby, and makes no representation in respect thereof or in respect of the rights of Mortgagee. Trustee shall have the right to advise with counsel upon any matters arising hereunder and shall be fully protected in relying as to legal matters on the advice of counsel. Trustee shall not incur any personal liability hereunder except for his own willful misconduct; and Trustee shall have the right to rely on any instrument, document or signature authorizing or supporting any action taken or proposed to be taken by him hereunder, believed by him in good faith to be genuine.



7.2 Substitute Trustee. Trustee may resign by written notice addressed to Mortgagee, or may be removed at any time with or without cause by an instrument in writing duly executed on behalf of Mortgagee. In case of the death, resignation or removal of Trustee, a successor trustee may be appointed by Mortgagee by instrument of substitution complying with any applicable requirements of law, or, in the absence of any such requirement, without other formality than appointment and designation in writing. Written notice of such appointment and designation shall be given by Mortgagee to Mortgagor, but the validity of any such appointment shall not be impaired or affected by failure to give such notice or by any defect therein. Such appointment and designation shall be full evidence of the right and authority to make the same and of all the facts therein recited, and, upon the making of any such appointment and designation, this Mortgage shall vest in the successor trustee named all the estate and title in and to all of the Mortgaged Property, and he shall thereupon succeed to all of the rights, powers, privileges, immunities and duties hereby conferred upon Trustee named herein. One such appointment and designation shall not exhaust the right to appoint and designate a successor trustee hereunder but such right may be exercised repeatedly as long as any Indebtedness remains unpaid hereunder.

## ARTICLE VIII

### MISCELLANEOUS

8.1 Termination. If all Indebtedness secured hereby shall be paid in full and Mortgagee has no further commitment to extend credit to or for the benefit of Mortgagor, this Mortgage shall become null and void and the Mortgaged Property shall revert to Mortgagor, and Mortgagee or Trustee shall forthwith cause satisfaction and discharge of this Mortgage to be entered upon the record at the expense of Mortgagor and shall execute and deliver or cause to be executed and delivered such instruments of satisfaction and reassignment as may be appropriate. Otherwise, this Mortgage shall remain and continue in full force and effect.

8.2 Unenforceable or Inapplicable Provisions. If any provision hereof is invalid or unenforceable in any jurisdiction, the other provisions hereof shall remain in full force and effect in such jurisdiction and the remaining provisions hereof shall be liberally construed in favor of Mortgagee or Trustee in order to effectuate the provisions hereof, and the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of any such provision in any other jurisdiction.

8.3 Assignment and Financing Statement. This instrument may be construed as a mortgage, chattel mortgage, conveyance, assignment, security agreement, pledge, financing statement, hypothecation or contract, or any one or more of them, in order fully to effectuate the lien hereof and the purposes and agreements herein set forth.

8.4 Terms. The term "Mortgagor" as used herein shall mean and include all and each of the individuals, partnerships, corporations or other legal entities or persons executing this Mortgage. The number and gender of pronouns used in referring to Mortgagor shall be construed to mean and correspond with the number and gender of the individuals, partnerships, corporations or other legal entities or persons executing this Mortgage as Mortgagor. The term "Mortgagee" as used herein shall mean and include any legal owner, holder, assignee or pledgee of any of the Indebtedness secured hereby. The terms used to designate Trustee, Mortgagee and Mortgagor shall be deemed to include the respective heirs, legal representatives, successors and assigns of such parties.

8.5 Binding Effect. The covenants and agreements herein contained shall constitute covenants running with the land and interests covered or affected hereby and shall be binding upon the heirs, legal representatives, successors and assigns of the parties hereto.

8.6 Advances by Mortgagee. Each and every covenant of Mortgagor herein contained shall be performed and kept by Mortgagor solely at Mortgagor's expense. If Mortgagor fails to perform or keep any of the covenants of whatsoever kind or nature contained in this instrument, Mortgagee may, but will not be obligated to, make advances to perform the same on Mortgagor's behalf, and Mortgagor hereby agrees to repay such sums and any attorneys' fees incurred in connection therewith on demand plus interest thereon from the date of the advance until reimbursement of Mortgagee at the Default Rate (as defined in the Loan Agreement). In addition, Mortgagor hereby agrees to repay on demand any costs, expenses and attorneys' fees incurred by Mortgagee which are to be obligations of the Mortgagor pursuant, or allowed by, the terms of this instrument, plus interest thereon from the date of the advance by Mortgagee until reimbursement of Mortgagee, at the Default Rate (as defined in the Loan Agreement). Such amounts will be in addition to any sum of money which may, pursuant to the terms and conditions of the written



instruments comprising part of the Indebtedness, be due and owing. No such advance will be deemed to relieve Mortgagor from any default hereunder.

8.7 Defense of Claims. Mortgagor shall promptly notify Mortgagee in writing of the commencement of any legal proceedings affecting Mortgagor's title to the Mortgaged Property or Mortgagee's interest in the Mortgaged Property, or any part thereof, and shall take such action, employing attorneys agreeable to Mortgagee, as may be necessary to preserve Mortgagor's, and Mortgagee's rights affected thereby. If Mortgagor fails or refuses to defend Mortgagor's or Mortgagee's rights to the Mortgaged Property, Mortgagee may take such action on behalf of and in the same name of Mortgagor and at Mortgagor's expense. Moreover, Mortgagee may take such independent action in connection therewith as it may in its discretion deem proper, including, without limitation, the right to employ independent counsel and to intervene in any suit affecting the Mortgaged Property. All costs, expenses and attorneys' fees incurred by Mortgagee pursuant to this paragraph shall be paid by Mortgagor on demand plus interest thereon from the date of the advance by Mortgagee until reimbursement of Mortgagee respectively, at the Default Rate (as defined in the Loan Agreement).

8.8 Waiver. Any and all covenants in this instrument may from time to time by instrument in writing by Mortgagee, be waived to such extent and in such manner as Mortgagee may desire, but no such waiver will affect or impair Mortgagee's rights hereunder, except to the extent specifically stated in such written instrument. All changes to and modifications of this instrument must be in writing signed by Mortgagee. Mortgagor knowingly, voluntarily, irrevocably and without coercion, waives the right to a trial by jury with respect to all actions or proceedings arising out of or under this Mortgage. No action for the enforcement of the lien or of any provision hereof shall be subject to any defense which would not be good and available to the party interposing same in an action at law upon the Note hereby secured. Mortgagor shall not and will not apply for or avail itself of any appraisal, valuation, stay, extension or exemption laws, or any so-called "Moratorium Law," now existing or hereafter enacted, in order to prevent or hinder the enforcement or foreclosure of this Mortgage, but hereby waives the benefit of such laws. Mortgagor for itself and all who may claim through or under it waives any and all right to have the property and estates comprising the Mortgaged Property and/or any other property or collateral upon which Mortgagor may have liens or security interests marshaled upon any foreclosure of the lien hereof, and agrees that any court having jurisdiction to foreclose such lien may order the Mortgaged Property and/or any other such collateral sold as an entirety. Mortgagor, for good and valuable consideration and in order to induce Mortgagee to make the loan evidenced by the Note and secured by this Mortgage, hereby waives all statutory and equitable rights of redemption in the event of any foreclosure of this Mortgage, agrees to deliver to Mortgagee or the purchaser at any foreclosure sale a quit claim deed to evidence and perfect this waiver and agrees that this waiver and the obligation to provide said deed shall be subject to specific enforcement in any court of applicable jurisdiction.

8.9 Multiple Execution. This instrument is being executed in multiple originals, all of which are identical and one of which will be recorded in each county in which the Mortgaged Property lies; provided that the instrument recorded in any particular county may omit the description of properties not lying within that county. Each of such originals shall for all purposes be deemed to constitute but one and the same instrument.

8.10 Environmental Indemnity. To the full extent permitted by applicable law, Mortgagor and each guarantor of the Indebtedness hereby agree to defend, indemnify and hold harmless Mortgagee and its directors, officers, employees, attorneys and agents ("Indemnified Parties") from and against any and all loss, cost, expense or liability (including attorneys' fees and court costs) incurred by any Indemnified Party in connection with or otherwise arising out of any and all claims or proceedings (whether brought by a private party, governmental agency or otherwise) for bodily injury, property damage, abatement, remediation, environmental damage or impairment or any other injury or damage resulting from or relating to any hazardous or toxic substance or contaminated material located upon, migrating into, from or through or otherwise relating to the Mortgaged Property (whether or not the release of such materials was caused by Mortgagor, a tenant or subtenant of Mortgagor, a prior owner, a tenant or subtenant of any prior owner or any other party and whether or not the alleged liability is attributable to the handling, storage, generation, transportation or disposal of such substance or the mere presence of the substance on the Mortgaged Property), which any Indemnified Party may incur due to the making of the loan evidenced by the Note, the exercise of any of its rights under this Mortgage, or otherwise. For the purposes of the indemnity contained in this paragraph, hazardous or toxic substances or contaminated material include but are not limited to asbestos (friable, nonfriable or any other form), polychlorinated biphenyls (PCBs) and without limitation, any flammable materials, explosives, radioactive materials, hazardous materials, hazardous waste, hazardous or toxic or regulated substances or related materials defined in/or under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, (42 U.S.C. § 9601, et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. § 6901 et



seq.), the Toxic Substances Control Act, as amended (15 U.S.C. § 2601 et seq.), and any other substance, waste, pollutant, contaminant or material, including petroleum products and derivatives, which are defined by applicable law as hazardous or toxic or the use, transport, disposal, storage, treatment, recycling, handling, discharge, release or emission of which is regulated or governed by any applicable law. The provisions of this paragraph shall survive any exercise of the power of sale granted in this Mortgage, any foreclosure of the liens created by this Mortgage or conveyance in lieu of foreclosure and the repayment of the Indebtedness and the discharge and release of this Mortgage. The obligations and liability of Mortgagor and each guarantor of the Indebtedness under this paragraph shall be joint and several. Each guarantor of the Indebtedness, by executing and delivering the guaranty to which it is a party, agrees to be bound by the terms and provisions of this paragraph to the same extent and with the same effect as if such guarantor of the Indebtedness had joined in execution of this Mortgage.

8.11 Governing Law. The rights, remedies and procedures in enforcing this Mortgage or realizing on any collateral located in an shall be governed by the laws of Texas.

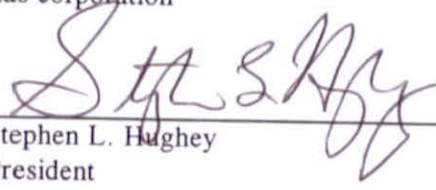
8.12 Survival of Security Agreement Provisions. The provisions of Section 6.1 of the Security Agreement contained herein shall survive the foreclosure of this Mortgage, the tender of a deed in lieu of foreclosure, or any other transfer, assignment or conveyance of the Mortgaged Property. It is the intent of the parties that the security interests created hereby shall not be extinguished by foreclosure or extinguishment of the liens created by this Mortgage nor shall the liens created by this Mortgage be extinguished by the exercise of any remedies under the Uniform Commercial Code in effect in the State of Texas.

WITNESS THE EXECUTION HEREOF, as of November 21, 2003.

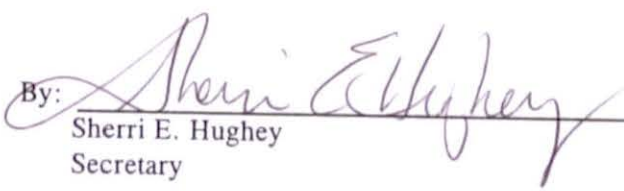
"MORTGAGOR"

LAVA EXPLORATION, INC.  
a Texas corporation

By:

  
Stephen L. Hughey  
President

By:

  
Sherri E. Hughey  
Secretary

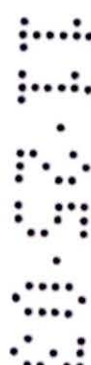






EXHIBIT A

TO  
DEED OF TRUST, MORTGAGE, ASSIGNMENT OF PRODUCTION  
SECURITY AGREEMENT AND FINANCING STATEMENT

DATED AS OF NOVEMBER 21, 2003

FROM

LAVA EXPLORATION, INC.

MORTGAGOR

TO

TEXAS STATE BANK,

MORTGAGEE

INTRODUCTION

1. The recitation that certain of the oil, gas and mineral leases described herein are subject to a specifically described agreement or instrument shall not alter or otherwise impair the represented or warranted Working Interest and Net Revenue Interest in and to the oil, gas and mineral leases and wells hereinafter set forth and the listing of such agreements or instruments shall not operate to subject any oil, gas and mineral leases or undivided interest therein to any such agreement or instrument except to the extent such agreement or instrument is valid and presently subsisting with respect to Mortgagor's interest in said leases as of the date hereof.
2. References contained herein to the recording data of the oil, gas and mineral leases or other instruments include, or are intended to include, references as to the book, volume page or entry number of the appropriate records of the county in which such document referred to is actually or customarily recorded.
3. References to the oil, gas and mineral leases shall be deemed to include all instruments, ratifications, amendments, reformations or renewals of said oil, gas and mineral leases and to any and all revisions, rearrangements or modifications of any units whether formed through order of regulatory agency or otherwise and as to the oil and gas leases shall include all new leases which affect all or any portions of the lands included in the oil and gas leases described in this Exhibit A.
4. "Working Interest" (expressed in a percentage) shall mean the warranted interest of Mortgagor in a particular oil, gas and mineral lease, well, or unit as the case may be, entitling the Mortgagor to produce oil, gas and other hydrocarbons produced therefrom and being equivalent to the proportionate part of the cost of exploration, development and production of oil, gas and other minerals borne by the owners thereof with respect to such oil and gas lease and/or well.
5. "Net Revenue Interest" (expressed in a percentage) means the warranted interest of Mortgagor representing the proportionate share of the production of oil, gas and other hydrocarbons produced from the oil, gas and mineral lease or well as the case may be, to which the Mortgagor is entitled after deduction of all royalties, overriding royalty interests, production payments and other burdens on or payments out of production.
6. Notwithstanding the percentage of Working Interest or Net Revenue Interest set forth with respect to a particular oil, gas and mineral lease or well, Mortgagor intends that this Mortgage shall cover the entirety of its beneficial interest in the Mortgaged Property; provided, however, that nothing herein shall be deemed to alter Mortgagor's warranted Working Interest and Net Revenue Interest as specified herein.



7. Any reference herein to wells or well names, prospects or prospect names, if any, shall be for information purposes and shall not limit the description of the interests made subject to this Mortgage.
8. Any acreage or depth limitation language in the description of the Leases and Lands in this Exhibit A is included for the sole purpose of specifying or limiting the warranties made by Mortgagor, but it is the intention of Mortgagor to subject Mortgagor's entire interest in said Leases and Lands to this Mortgage without regard to acreage or depth limitations.

A. FIELDS/INTERESTS

Field	Lease	State	County	WI/NRI
	SL 160	TX	Matagorda	.1200/.0912

B. LEASES

1. State of Texas Oil and Gas Lease No. M-098676 dated October 7, 1997, by and between General Land Office, as Lessor, and Bois d' Arc Resources, as Lessee, covering the N/2 of Tract 160 Matagorda Bay, Calhoun/Matagorda Counties, Texas, containing approximately 320 acres as shown on the Applicable Official Submerged Area Map on file in the Texas General Land Office, Austin, Texas, recorded under File No. 0051681, Volume 194, Page 337, Calhoun County, and File No. 980524, Volume 491, Page 77, Matagorda County, of the Official Records.



00-29-11

File No. MF098676 12.  
Assignment  
Date Filed: 12/1/03  
Jerry E. Patterson, Commissioner  
By JP



TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

August 25, 2004

Judy Walker  
Comstock Resources, Inc.  
5300 Town and Country Blvd. Suite 500  
Frisco, TX 75034

RE: Assignment filing; GLO ID 4790

Dear Ms. Walker,

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

Mortgage Cancellation Instrument executed July 15<sup>th</sup>, 2004 from  
AmSouth Bank, as lender, to Haro Investments, LLC.

MF098676.

Filing fees of \$0.00 were received in connection with the above lease. If you have any questions, please feel free to call me at (800) 998-4GLO, or at my direct number at (512) 463-6521.

Sincerely,

Beverly Boyd  
Mineral Leasing  
Energy Resources  
512-463-6521

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

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

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

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## *Exhibit "A"*

*GLO ID*

*County*

*Lease*

---

4790

Calhoun/Matagorda

MF098676

*Wednesday, August 25, 2004*



4790

STATE OF TEXAS

COUNTIES OF CALHOUN AND MATAGORDA

MORTGAGE CANCELLATION INSTRUMENT

BE IT KNOWN, that on this 15<sup>th</sup> day of July, 2004, before me, a Notary Public, duly commissioned and qualified in and for the aforesaid County and State, and in the presence of the undersigned witnesses:

PERSONALLY CAME AND APPEARED:

AmSouth Bank, a national banking association, whose address is 200 East Capital Street, Suite 1000, Jackson, Mississippi, 39201, represented herein by its duly authorized representative (hereinafter referred to as "Lender").

who recited to me, Notary, that it is the last holder of that certain promissory note dated January 2, 2004, in the principal amount of Two Million and No/100 (\$2,000,000.00) Dollars made by Haro Investments, LLC, a Louisiana Limited Liability Company, 20021 120th Avenue NE, Suite 202, Bothell, Washington, 98011 payable to Lender on or before March 31, 2005, bearing interest as therein provided, which note is secured by that certain Mortgage, Deed of Trust, Assignment of Production, Security Agreement and Financing Statement (the "Security Instrument") dated as of January 2, 2004, granted by Haro Investments, L.L.C. to Lender, burdening the property described on Exhibit A attached hereto and recorded at:

File No. 00083923, Vol. 359, pg. 27, recorded January 20, 2004, records of Calhoun County, Mississippi; and

Entry No. 040308, recorded January 15, 2004, records of Matagorda County, Mississippi.

40428

NOW THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, and with full knowledge and intent that third parties may rely hereon, Lender hereby waives and releases the Security Instrument (and any liens and/or security interests created thereunder or thereby) and does hereby further, DISCHARGE and QUITCLAIM to Haro Investments, L.L.C. all of Lender's rights, titles and interests in and/or relating to the properties securing the Security Instrument. Lender does hereby further extinguish and release to Haro Investments, L.L.C. any right to production of proceeds of production assigned to it or otherwise created in its favor in the Security Instrument.

Lender hereby authorizes and directs:

- (i) the Recorder of Mortgages for the County of Calhoun to erase and cancel from the records of his office the inscription of the Security Instrument recorded at File No. 00083923, Vol. 359, pg. 27; and
- (ii) the Recorder of Mortgages for the County of Matagorda to erase and cancel from the records of his office the inscription of the Security Instrument recorded at under Entry No. 040308.

No note was paraphed for identification with the Security Instrument, and no note is paraphed for identification herewith.

THUS DONE AND SIGNED in Jackson, Mississippi on the \_\_\_\_\_ day, month and year herein first above written, in the presence of the undersigned competent witnesses, who hereunto sign their names



with the said Appearer and me, Notary, after due reading of the whole.

WITNESSES:

Lisa H. Cates  
Leiran Jones

AMSOUTH BANK

By: W. A. Philipp

Name: W. A. Philipp

Title: Vice President

The address of the Lender is:

200 East Capital Street, Suite 1000  
Jackson, MS 39201

Don L. Ray  
NOTARY PUBLIC

My Commission Expires:



Notary Public State of Mississippi At Large  
My Commission Expires: April 11, 2005  
Bonded Thru Helden, Brooks & Garland, Inc.

This document prepared by:

Robert L. Redfearn, Esq.  
Simon, Peragine, Smith & Redfearn, L.L.P.  
1100 Poydras Street  
Suite 3000  
New Orleans, LA 70163-3000

EXHIBIT A  
ATTACHED TO AND MADE PART OF  
MORTGAGE CANCELLATION INSTRUMENT

1. Oil and Gas Lease dated effective October 7, 1997, between The General Land Office of the State of Texas, as Lessor, and Bois d'Arc Resources, as Lessee, No. M-098676, covering 320.0 acres, being the north half of Tract 160, Matagorda Bay, Calhoun and Matagorda Counties, Texas, as shown on the applicable official submerged area map on file in the Texas General Land Office, Austin, Texas.

Grantor's interest to be mortgaged in Lease No. M-098676  
is represented as:

.115543850 W.I.

.090124200 NRI

K:\DATA\L\12101020\tx release of mortgage.wpd

40420



02404

# UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER (optional)	
Robert L. Redfearn, Esq. -- 504-569-2944	
B. SEND ACKNOWLEDGMENT TO: (Name and Address)	
Robert L. Redfearn, Esq. Simon, Peragine, Smith & Redfearn, LLP 1100 Poydas Street, Suite 3000 New Orleans, LA 70163	

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE #	Texas Secretary of State	1b. This FINANCING STATEMENT AMENDMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS
Ini. Filing No. 04-0053889653, Doc. No. 5135909002		

2. <input checked="" type="checkbox"/> TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to security interest(s) of the Secured Party authorizing this Termination Statement.
3. <input type="checkbox"/> CONTINUATION: Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.

4. <input type="checkbox"/> ASSIGNMENT (full or partial): Give name of assignee in item 7a or 7b and address of assignee in item 7c; and also give name of assignor in item 9.
--

5. AMENDMENT (PARTY INFORMATION): This Amendment affects <input type="checkbox"/> Debtor or <input type="checkbox"/> Secured Party of record. Check only <u>one</u> of these two boxes.
Also check <u>one</u> of the following three boxes and provide appropriate information in items 6 and/or 7.
<input type="checkbox"/> CHANGE name and/or address. Please refer to the detailed instructions in regards to changing the name/address of a party. <input type="checkbox"/> DELETE name: Give record name to be deleted in item 6a or 6b. <input type="checkbox"/> ADD name: Complete item 7a or 7b, and also item 7c; also complete items 7e-7g (if applicable).

6. CURRENT RECORD INFORMATION			
6a. ORGANIZATION'S NAME			
OR	6b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME SUFFIX

7. CHANGED (NEW) OR ADDED INFORMATION			
7a. ORGANIZATION'S NAME			
OR	7b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME SUFFIX

7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
---------------------	------	-------	-------------	---------

7d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	7e. TYPE OF ORGANIZATION	7f. JURISDICTION OF ORGANIZATION	7g. ORGANIZATIONAL ID #, if any
				<input type="checkbox"/> NONE

8. AMENDMENT (COLLATERAL CHANGE): check only <u>one</u> box.
Describe collateral <input type="checkbox"/> deleted or <input type="checkbox"/> added, or give entire <input type="checkbox"/> restated collateral description, or describe collateral <input type="checkbox"/> assigned.

9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT (name of assignor, if this is an Assignment). If this is an Amendment authorized by a Debtor which adds collateral or adds the authorizing Debtor, or if this is a Termination authorized by a Debtor, check here <input type="checkbox"/> and enter name of DEBTOR authorizing this Amendment.
---

9a. ORGANIZATION'S NAME			
AmSouth Bank, 200 East Capitol Street, Suite 1000, Jackson, MS 39201			
OR	9b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME SUFFIX

10. OPTIONAL FILER REFERENCE DATA
01200-020

File No. MF098676 13.  
Assignment  
Date Filed 8/25/04  
By Jerry E. Patterson, Commissioner



TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

November 9, 2004

Stephanie Pitre  
Bois d'Arc Energy  
5300 Town and Country Blvd, Suite 500  
Frisco, TX 75034

RE: Assignment filing; GLO ID 4870

Dear Ms. Pitre,

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

Assignment of State Leases, executed September 25<sup>th</sup>, 2003, from Gary W. Blackie and Sally Lynn Blackie, as Assignors, to Betswest Interests, LP (.500% WI), Betswest Investments, LP (.25% ORRI) And Gary W. Blackie ( .500% WI and .25% ORRI), as Assignees.  
**MF098676.**

Filing fees of \$225.00 were received in connection with the above lease. If you have any questions, please feel free to call me at (800) 998-4GLO, or at my direct number at (512) 463-6521.

Sincerely,

Beverly Boyd  
Mineral Leasing  
Energy Resources  
512-463-6521

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

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

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

---

## *Exhibit "A"*

<i>GLO ID</i>	<i>County</i>	<i>Lease</i>
4870	Calhoun/Matagorda	MF098676

*Tuesday, November 09, 2004*



045916

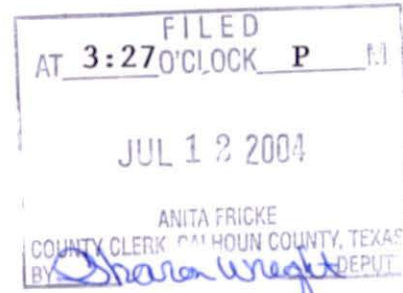
50<sup>00</sup>  
4870

STATE OF TEXAS

§  
§  
§  
§  
§

COUNTIES OF CALHOUN

AND MATAGORDA

Assignment of State Leases

KNOW ALL MEN BY THESE PRESENTS:

THAT, **GARY W. BLACKIE and SALLY LYNN BLACKIE**, formerly husband and wife, whose address is Chase Tower, 600 Travis, Suite 6275, Houston, Texas 77002, ("**ASSIGNORS**"), are the record owners of interest in the Oil and Gas Leases (the "**Leases**") described on "**Exhibit A**."

NOW, THEREFORE, in consideration of the sum of One Hundred Dollars (\$100) and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, ASSIGNORS do hereby **GRANT, BARGAIN, SELL, TRANSFER, ASSIGN, and DELIVER** unto **BETSWEST INTERESTS, L.P.**, a Texas limited partnership whose address is 5900 Highway 290 East, Brenham, Texas, 77833; unto **BETSWEST INVESTMENTS, L.P.**, a Texas limited partnership whose address is 5900 Highway 290 East, Brenham, Texas, 77833; and unto **GARY W. BLACKIE** whose address is Chase Tower, 600 Travis, Suite 6275, Houston, Texas 77002, (all herein referred to as "**ASSIGNEES**") certain interests and partial interests in the Leases shown on Exhibit "A" (including all wells, production therefrom and all equipment and facilities used in connection with said Leases) all as specified and in the percentages of the whole as indicated on said Exhibit "A" (collectively the "**Assigned Interests**");

This Assignment is subject to the following burdens, to wit:

1. Lessor's royalty as provided in the Lease.
2. The overriding royalty in existence as of the effective date of this Assignment, burdening Assignors' interest in the Leases.

I, Gall Denn, County Clerk, Matagorda County, Texas, do hereby certify that this is a true and correct copy as the same appears of record in my office. Witness my hand and Seal of Office on

H-404284.2

AUG 1 6 2004



Gall Denn County Clerk  
By Patti Holland Deputy  
PATTI HOLLAND

H002 . 11

SSB

3. Prospect Letter Agreements and Operating Agreements, which, inter alia, designate Bois d'Arc Offshore, Ltd., Operator of the Lease (collectively, the "**Material Agreements**") described on Exhibit "B" hereto.

TO HAVE AND TO HOLD the stated interests in the Leases, together with all rights and privileges thereunto pertaining to ASSIGNEES their successors, and assigns forever.

4. ASSIGNORS agree to obtain all necessary waivers of preferential rights to assign affecting the Assigned Interests as well as all necessary consents required to convey the undivided interests in the Leases, other than the approvals required by the General Land Office of the State of Texas.

5. ASSIGNORS hereby grant and transfer to ASSIGNEES, to the extent transferable, the benefit of and the right to enforce the covenants and warranties, if any, which ASSIGNORS are entitled to enforce with respect to the Assigned Interests against ASSIGNORS' predecessors in title to the Assigned Interests.

6. ASSIGNORS agrees to execute and deliver unto ASSIGNEES all such additional instruments, notices, division orders, transfer orders and other documents, and to do all such other and further acts and things as may be necessary to more fully and effectively transfer and assign unto ASSIGNEES the Assigned Interests assigned hereby or intended so to be.

7. This Assignment is subject to all applicable Assignments filed of record in the public records of the appropriate County Clerk's records and the General Land Office of the State of Texas.

IN WITNESS WHEREOF, ASSIGNORS and ASSIGNEES have executed this Assignment and Bill of Sale of Oil and Gas Leases on the dates set out in their respective acknowledgments hereto, but effective for all purposes as of 7:00 a.m. local time at the location of the Leases on 9/1/2003 <sup>23B</sup> (the "**Effective Date**"), subject to the approval by the Louisiana State Mineral Lands Board or any other governmental agency having jurisdiction.

H-404284.2

2

I, Gail Denn, County Clerk, Matagorda County, Texas, do hereby certify that this is a true and correct copy as the same appears of record in my office. Witness my hand and Seal of Office on

AUG 16 2004



Gail Denn County Clerk  
By Patti Holland Deputy  
PATTI HOLLAND

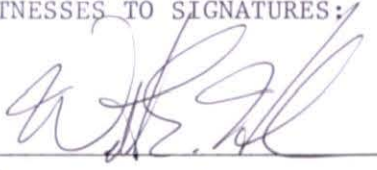
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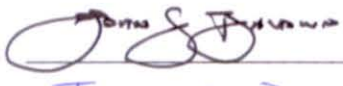
*[Handwritten signature]*



IN WITNESS WHEREOF, this instrument is executed by ASSIGNORS and ASSIGNEES in multiple originals and counterparts, on the dates indicated, but effective as provided hereinabove, in the presence of the undersigned competent witnesses.

WITNESSES TO SIGNATURES:

  
William E. Holman  
(Printed Name)

  
John S. Baldwin  
(Printed Name)

ASSIGNOR:


  
GARY W. BLACKIE

STATE OF TEXAS

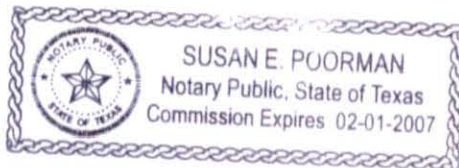
§  
§  
§

COUNTY OF HARRIS

This instrument was acknowledged before me on this 25 day of September, 2003 by GARY W. BLACKIE.

  
Notary Public in and for the State of Texas

(SEAL)



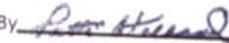
H-404284.2

3

I, Gail Denn, County Clerk, Matagorda County, Texas, do hereby certify that this is a true and correct copy as the same appears of record in my office. Witness my hand and Seal of Office on

AUG 16 2004



Gail Denn County Clerk  
By  Deputy  
PATTI HOLLAND

H002 11

ASB

WITNESSES TO SIGNATURES:

ASSIGNOR:

MM  
STANT WR

(Printed Name)

F. A. Beare  
Anna M. Beare  
(Printed Name)

Sally Lynn Blackie  
SALLY LYNN BLACKIE

STATE OF TEXAS

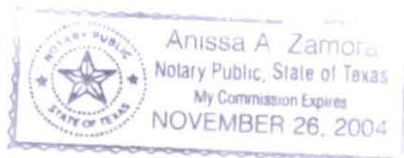
§  
§  
§

COUNTY OF HARRIS

This instrument was acknowledged before me on this 19<sup>th</sup> day of September, 2003 by SALLY LYNN BLACKIE.

Anissa A. Zamora  
Notary Public in and for the State of Texas

(SEAL)



I, Gall Denn, County Clerk, Matagorda County, Texas, do hereby certify that this is a true and correct copy as the same appears of record in my office. Witness my hand and Seal of Office on

AUG 16 2004

H-404284.2

4



By Gail Denn County Clerk  
Patricia Holland Deputy

404284.2

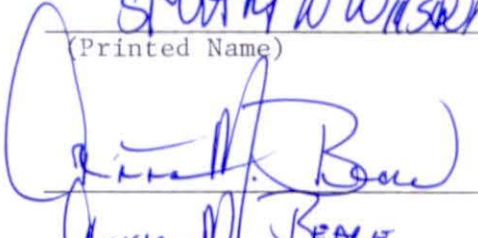
MB



WITNESSES TO SIGNATURES:



STUART W. WILSON  
(Printed Name)

  
ANNA M. BEALE  
(Printed Name)

ASSIGNEE:

By: BETSWEST INTERESTS, L.P., A TEXAS  
Limited Partnership

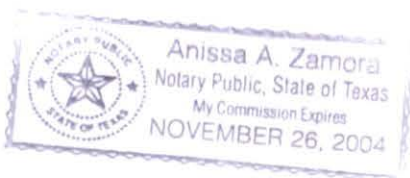
By: JO ARC RESOURCES, INC., A TEXAS  
CORPORATION  
General Partner


  
Sally L. Blackie  
President

STATE OF TEXAS       §  
                                  §  
COUNTY OF HARRIS   §

This instrument was acknowledged before me on this 19<sup>th</sup> day of September, 2003 by SALLY L. BLACKIE, President of JO Arc Resources, Inc., a Texas corporation, general partner of BetsWest Interests, L.P., a Texas limited partnership and that said instrument was signed on behalf of said limited partnership by authority of the board of directors of its general partner and that Sally L. Blackie acknowledged said instrument to be the free act and deed of said limited partnership.

(SEAL)



  
Notary Public in and for the State of Texas

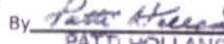
I, Gall Denn, County Clerk, Matagorda County, Texas, do hereby certify that this is a true and correct copy as the same appears of record in my office. Witness my hand and Seal of Office on

H-404284.2

5

AUG 16 2004


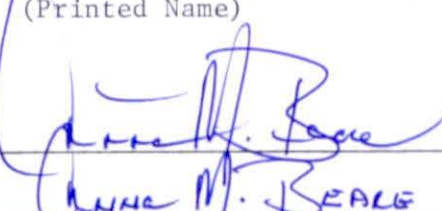


 County Clerk  
By  Deputy  
PATTI HOLLAND

404284.2




WITNESSES TO SIGNATURES:

  
STUART N. WILSON  
(Printed Name)  
  
ANNE M. BEALE  
(Printed Name)

ASSIGNEE:

By: BETSWEST INVESTMENTS, L.P., A TEXAS  
Limited Partnership

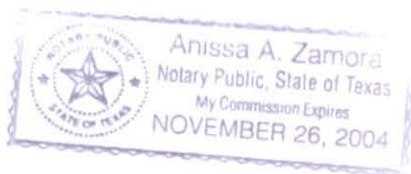
By: JO ARC OFFSHORE, INC., A TEXAS  
CORPORATION  
General Partner

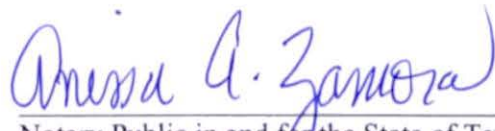
  
Sally L. Blackie  
President

STATE OF TEXAS §  
§  
COUNTY OF HARRIS §

This instrument was acknowledged before me on this 19th day of September, 2003 by SALLY L. BLACKIE, President of JO Arc Offshore, Inc., a Texas corporation, general partner of BetsWest Investments, L.P., a Texas limited partnership and that said instrument was signed on behalf of said limited partnership by authority of the board of directors of its general partner and that Sally L. Blackie acknowledged said instrument to be the free act and deed of said limited partnership.

(SEAL)



  
Anissa A. Zamora  
Notary Public in and for the State of Texas

H-404284.2

6

I, Gail Denn, County Clerk, Matagorda County, Texas, do hereby certify that this is a true and correct copy as the same appears of record in my office. Witness my hand and Seal of Office on

AUG 16 2004



Gail Denn County Clerk  
By  PATTI HOLLAND Deputy

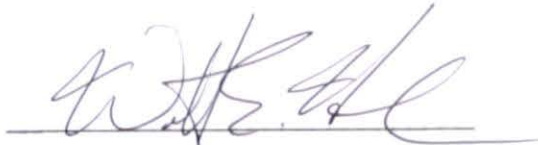
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WITNESSES TO SIGNATURES:

ASSIGNEE:


  
William E. Holman  
(Printed Name)

  
John S. Baldwin  
(Printed Name)

  
Gary W. Blackie

STATE OF TEXAS                   §  
  §  
COUNTY OF HARRIS           §

This instrument was acknowledged before me on this 25 day of September, 2003 by GARY W. BLACKIE.

  
Notary Public in and for the State of Texas

(SEAL)



I, Gall Denn, County Clerk, Matagorda County, Texas, do hereby certify that this is a true and correct copy as the same appears of record in my office. Witness my hand and Seal of Office on

H-404284.2

7

AUG 16 2004



Gall Denn County Clerk  
By Patti Holland Deputy  
PATTI HOLLAND

404284.2

MSB

## EXHIBIT A

### Leases

#### Matagorda Bay (1% WI) (.5% ORRI)

State of Texas Oil and Gas Lease No. M-098676, dated October 7, 1997, recorded under File No. 0051681, Vol. 194, Page 337, Calhoun County, and File No. 980524, Vol. 491, Page 77, Matagorda County, of the official records.

In the foregoing lease, the working interests and the overriding royalty interests assigned are as follows:

WI:	GARY W. BLACKIE	.500%
	BETSWEST INTERESTS, L.P.	.500%
ORRI:	GARY W. BLACKIE	.25%
	BETSWEST INVESTMENTS, L.P.	.25%

I, Gail Denn, County Clerk, Matagorda County, Texas, do hereby certify that this is a true and correct copy as the same appears of record in my office. Witness my hand and Seal of Office on

AUG 16 2004

H-404284.2

Exhibit A - Page 1



Gail Denn County Clerk  
By Patti Holland Deputy  
PATTI HOLLAND

404284.2

MB



EXHIBIT B

Material Agreements

Prospect Letter Agreement dated May 1, 1998.

Joint Operating Agreement (AAPL Form 610-1989) dated May 1, 1998.

FILED

'04 AUG 16 AM 11:30

*Rail Deun*

STATE OF TEXAS COUNTY OF MATAGORDA  
I hereby certify that this instrument was FILED in File Number  
Sequence on the date and at the time stamped hereon by me,  
and was duly RECORDED in the OFFICIAL RECORDS of  
Matagorda County, Texas on

AUG 16 2004



*Rail Deun*

COUNTY CLERK  
I, *Rail Deun*, County Clerk of Matagorda County, Texas, do hereby certify that this is a true and correct copy as the same appears of record in my office. Witness my hand and Seal of Office on

H-404284.2

Exhibit B - Page 1

AUG 16 2004



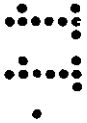
*Rail Deun* County Clerk

By *Patricia A. ...* Deputy  
PATRICIA A. ...

404284.2

*JB*

14.  
File No. MF 098676  
Assignment  
Date Filed: 8/11/9/04  
Jerro E. Patterson, Commissioner  
By [Signature]





TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

November 9, 2004

Stephanie Pitre  
Bois d'Arc Energy  
5300 Town & Country Blvd., Suite 500  
Frisco, TX 75034

RE: Assignment filing; GLO ID 4871

Dear Ms. Pitre,

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

Assignment of State Leases, executed September 25<sup>th</sup>, 2003, from Bois d' Arc Resources, Ltd., as Assignor, to Betswest Interests, LP (11.554385%) and Haro Investments, LLC (11.554385%), as Assignees. MF098676.

Filing fees of \$225.00 were received in connection with the above lease. If you have any questions, please feel free to call me at (800) 998-4GLO, or at my direct number at (512) 463-6521.

Sincerely,

A handwritten signature in cursive script that reads "Beverly Boyd".

Beverly Boyd  
Mineral Leasing  
Energy Resources  
512-463-6521

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

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

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

---

## *Exhibit "A"*

---

*GLO ID*

*County*

*Lease*

---

4871

Calhoun/Matagorda

MF098676

*Tuesday, November 09, 2004*



STATE OF TEXAS  
COUNTIES OF CALHOUN  
AND MATAGORDA

§  
§  
§  
§  
§

4871

50<sup>00</sup>

AT	3:37	FILED	P	M
O'CLOCK				
JUL 12 2004				
ANITA FRICKE COUNTY CLERK, CALHOUN COUNTY, TEXAS By <u>Charlene Wright</u> DEPUTY				

Assignment of State Leases

KNOW ALL MEN BY THESE PRESENTS:

THAT, **BOIS d'ARC RESOURCES, LTD.**, a Texas limited partnership, whose address is Chase Tower, 600 Travis, Suite 6275, Houston, Texas 77002, ("**ASSIGNOR**"), is the record owner of interest in the Oil and Gas Leases (the "**Leases**") described on "**Exhibit A**."

NOW, THEREFORE, in consideration of the sum of One Hundred Dollars (\$100) and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, ASSIGNOR does hereby GRANT, BARGAIN, SELL, TRANSFER, ASSIGN, and DELIVER unto **BETSWEST INTERESTS, L.P.**, a Texas limited partnership whose address is 5900 Highway 290 East, Brenham, Texas, 77833 and **HARO Investments, LLC**, the Designee of Wayne L. Laufer, (both "**ASSIGNEES**") certain partial interests in the Leases and all wells on the Leases, all production therefrom, all gathering and flowlines, pipelines, processing plants, platforms, facilities, equipment, improvements, contracts, and any and all other personal property now located on the Leases, or appurtenant thereto or used or obtained in connection therewith, and all other appurtenances thereunto belonging in the percentages of the whole as indicated on Exhibit "A" (collectively the "**Assigned Interests**");

This Assignment is subject to the following burdens, to wit:

1. Lessor's royalty as provided in the Lease.
2. The overriding royalty in existence as of the effective date of this Assignment, burdening Assignor's interest in the Leases.
3. Prospect Letter Agreements and Operating Agreements, which, inter alia, designate Bois d'Arc Offshore, Ltd., Operator of the Lease (collectively, the "**Material Agreements**") described on Exhibit "B" hereto.

I, Gail Denn, County Clerk, Matagorda County, Texas, do hereby certify that this is a true and correct copy as the same appears of record in my office. Witness my hand and Seal of Office on

H-404258.2

AUG 16 2004



Gail Denn County Clerk  
By Patti Holland Deputy

404258.2

SSB

TO HAVE AND TO HOLD the stated interests in the Leases, together with all rights and privileges thereunto pertaining to ASSIGNEES their successors, and assigns forever. This Assignment is made free and clear of all other burdens except as set forth above, and otherwise it is made without warranty, either expressed or implied, but with full substitution and subrogation in and to all rights and actions in warranty which are possessed by ASSIGNOR.

4. ASSIGNOR agrees to obtain all necessary waivers of preferential rights to assign affecting the Assigned Interests as well as all necessary consents required to convey the undivided interests in the Leases, other than the approvals required by the General Land Office of the State of Texas.

5. ASSIGNOR hereby grants and transfers to ASSIGNEES, to the extent transferable, the benefit of and the right to enforce the covenants and warranties, if any, which ASSIGNOR is entitled to enforce with respect to the Assigned Interests against ASSIGNOR's predecessors in title to the Assigned Interests.

6. ASSIGNOR agrees to execute and deliver unto ASSIGNEES all such additional instruments, notices, division orders, transfer orders and other documents, and to do all such other and further acts and things as may be necessary to more fully and effectively transfer and assign unto ASSIGNEE the Assigned Interests assigned hereby or intended so to be.

7. This Assignment is subject to all applicable Acts of Assignments filed of record in the public records of the appropriate County Clerk's records and/or the General Land Office of the State of Texas.

IN WITNESS WHEREOF, ASSIGNOR and ASSIGNEES have executed and accepted this Assignment and Bill of Sale of Oil and Gas Leases on the dates set out in their respective acknowledgments hereto, but effective for all purposes as of 7:00 a.m. local time at the location of the Leases on 9/1/2003 (the "**Effective Date**"), subject to the approval by the Louisiana State Mineral Lands Board or any other governmental agency having jurisdiction.

IN WITNESS WHEREOF, this instrument is executed by ASSIGNOR and ASSIGNEES in multiple originals and counterparts, on the dates indicated, but effective as provided hereinabove, in the presence of the undersigned competent witnesses.

H-404258.2

I, Gall Denn, County Clerk, Matagorda County, Texas, do hereby certify that this is a true and correct copy as the same appears of record in my office. Witness my hand and Seal of Office on

AUG 16 2004

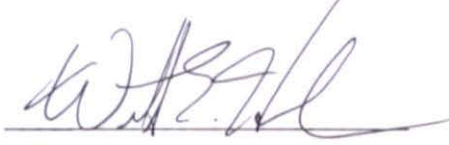


By Ralph Denn County Clerk  
Patricia Holland Deputy

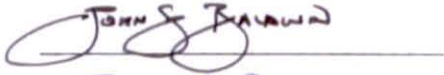
*ASB*



WITNESSES TO SIGNATURES:



William E. Holman  
(Printed Name)

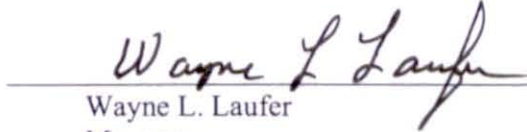


John S. Baldwin  
(Printed Name)

ASSIGNOR:

BOIS D'ARC RESOURCES, LTD.


By: BOIS D'ARC INTERESTS, LLC  
General Partner



Wayne L. Laufer  
Manager

STATE OF TEXAS       §  
                                  §  
COUNTY OF HARRIS   §

This instrument was acknowledged before me on this 25 day of September, 2003 by WAYNE L. LAUFER, Manager of Bois d'Arc Interests, LLC, as General Partner for Bois d'Arc Resources, Ltd. and that said instrument was signed on behalf of said limited partnership by authority of the board of directors of its general partner and that Wayne L. Laufer acknowledged said instrument to be the free act and deed of said limited partnership.

  
Notary Public in and for the State of Texas

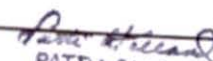


I, Gail Denn, County Clerk, Matagorda County, Texas, do hereby certify that this is a true and correct copy as the same appears of record in my office. Witness my hand and Seal of Office on

AUG 16 2004



Gail Denn County Clerk

By  Deputy  
PATTI HOLLAND

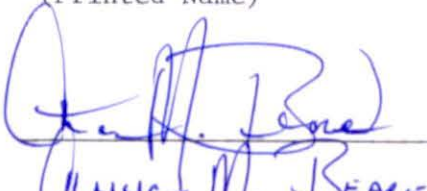
H-404258.2

404258.2



WITNESSES TO SIGNATURES:

  
Stuart Waisman  
(Printed Name)

  
Anne M. Beale  
(Printed Name)

ASSIGNEE:

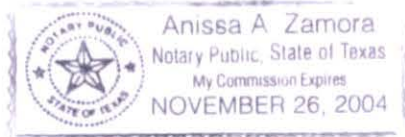
By: BETSWEST INTERESTS, L.P., A TEXAS  
Limited Partnership

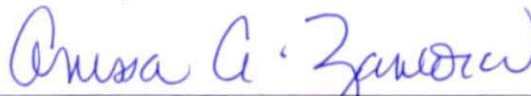
By: JO ARC RESOURCES, INC., A TEXAS  
CORPORATION  
General Partner

  
Sally L. Blackie  
President

STATE OF TEXAS       §  
                                  §  
COUNTY OF HARRIS   §

This instrument was acknowledged before me on this 19 day of September, 2003 by SALLY L. BLACKIE, President of JO Arc Resources, Inc., a Texas corporation, general partner of BetsWest Interests, L.P., a Texas limited partnership and that said instrument was signed on behalf of said limited partnership by authority of the board of directors of its general partner and that Sally L. Blackie acknowledged said instrument to be the free act and deed of said limited partnership.



  
Notary Public in and for the State of Texas

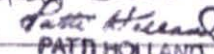
(SEAL)

I, Gail Denn, County Clerk, Matagorda County, Texas, do hereby certify that this is a true and correct copy as the same appears of record in my office. Witness my hand and Seal of Office on

AUG 16 2004

H-404258.2




 County Clerk  
By  Deputy  
PATTI HOLLAND

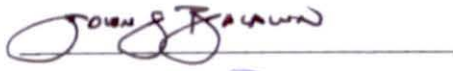
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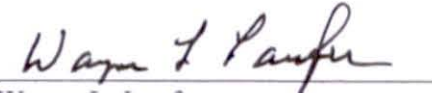
WITNESSES TO SIGNATURES:

  
William E. Holman  
(Printed Name)

  
John S. Baldwin  
(Printed Name)

ASSIGNEE:

HARO INVESTMENTS, LLC


  
By: Wayne L. Laufer,  
Manager

STATE OF TEXAS §  
§  
COUNTY OF HARRIS §

BEFORE ME, the undersigned Notary Public, on this day personally appeared WAYNE L. LAUFER, who, being first sworn, declared that he is the Member of HARO Investments, LLC, and acknowledged that he executed the foregoing instrument as the free act and deed of said limited liability company in the presence of the subscribing witnesses.

Given under my hand and Seal of Office this 25 day of September, 2003.



  
Notary Public in and for the State of Texas

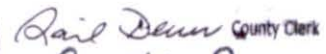

H-404258.2

404258.2

I, Gail Denn, County Clerk, Matagorda County, Texas, do hereby certify that this is a true and correct copy as the same appears of record in my office. Witness my hand and Seal of Office on

AUG 16 2004



  
By:   
GAIL DENN, County Clerk  
PATTI HOLLAND



## EXHIBIT A

### Leases

#### Matagorda Bay (46.217540%)

State of Texas Oil and Gas Lease No. M-098676, dated October 7, 1997, recorded under File No. 0051681, Vol. 194, Page 337, Calhoun County, and File No. 980524, Vol. 491, Page 77, Matagorda County, of the official records.

In the foregoing lease, the working interests assigned are as follows:

TO: HARO Investments, LLC 11.554385%  
TO: BETSWEST INTERESTS, L.P. 11.554385%

I, Gail Denn, County Clerk, Matagorda County, Texas, do hereby certify that this is a true and correct copy as the same appears of record in my office. Witness my hand and Seal of Office on

AUG 16 2004



Gail Denn County Clerk  
By *Patti Holland* Deputy  
PATTI HOLLAND

H-404258.2

Exhibit A - Page 1

40.2 .11

*SB*



**EXHIBIT B**

**Material Agreements**

Prospect Letter Agreement dated May 1, 1998.

Joint Operating Agreement (AAPL Form 610-1989) dated May 1, 1998.

FILED

'04 AUG 16 AM 11:30

*Gail Denn*  
CLERK  
MATAGORDA COUNTY, TEXAS

STATE OF TEXAS COUNTY OF MATAGORDA  
I hereby certify that this instrument was FILED in File Number  
Sequence on the date and at the time stamped hereon by me,  
and was duly RECORDED in the OFFICIAL RECORDS of  
Matagorda County, Texas on

AUG 16 2004



*Gail Denn*

COUNTY CLERK, Matagorda County, Texas

I, Gail Denn, County Clerk, Matagorda County,  
Texas, do hereby certify that this is a true and  
correct copy as the same appears of record in my  
office. Witness my hand and Seal of Office on

AUG 16 2004



*Gail Denn* County Clerk  
*Patricia Holland* Deputy  
PATRICK HOLLAND

H-404258.2

Exhibit B - Page 1

40.2 .11

*SB*

File No.

MF 098676

15.

Assignment

Date Filed:

11/9/04

Jerry E. Patterson, Commissioner

By

RR

4

5



TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

November 9, 2004

Stephanie Pitre  
Assignment and Bill of Sale  
5300 Town and Country Blvd., Suite 500  
Frisco, TX 75034

RE: Assignment filing; GLO ID 4872

Dear Ms. Pitre,

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

Assignment and Bill of Sale, executed July 16<sup>th</sup>, 2004, from Comstock Offshore, LLC; Bois d'Arc Resources, Ltd.; Wayne And Gayle Laufer and Gary & Sally Blackie, as Assignors, to Bois d' Arc Properties LP, as Assignee. MF098676.

Filing fees of \$225.00 were received in connection with the above lease. If you have any questions, please feel free to call me at (800) 998-4GLO, or at my direct number at (512) 463-6521.

Sincerely,

Beverly Boyd  
Mineral Leasing  
Energy Resources  
512-463-6521

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

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

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

---

## *Exhibit "A"*

<i>GLO ID</i>	<i>County</i>	<i>Lease</i>
4872	Calhoun/Matagorda	MF098676

*Tuesday, November 09, 2004*



ASSIGNMENT AND BILL OF SALE

STATE OF TEXAS

COUNTIES OF CALHOUN  
AND MATAGORDA

§  
§  
§

I, Anita Fricks, County Clerk, Calhoun County,  
Texas, do hereby certify that this is a true and  
correct copy as same appears of record in my office.  
Witness my hand and seal of office on 10-13-2004



Anita Fricks, County Clerk  
By Deputy:  
Sharon Wright

THIS ASSIGNMENT AND BILL OF SALE is effective July 1, 2004, hereinafter referred to as "Effective Date", by and between COMSTOCK OFFSHORE, LLC, a Nevada limited liability company, whose address is 5300 Town and Country Blvd., Suite 500, Frisco, TX 75034, BOIS d'ARC RESOURCES LTD., a Texas limited partnership, whose address is 600 Travis St., Suite 6275, Houston, TX 77002, WAYNE AND GAYLE LAUFER, whose address is 20021 120<sup>th</sup> Ave. NE, Suite 202, Bothell, WA 98011, and GARY AND SALLY BLACKIE, whose address is 600 Travis St., Suite 6275, Houston, TX 77002, hereinafter referred to as "ASSIGNOR", and BOIS d'ARC PROPERTIES, LP, a Nevada limited partnership, whose address is 600 Travis St., Suite 6275, Houston, TX 77002, hereinafter referred to as "ASSIGNEE".

WITNESSETH:

WHEREAS, ASSIGNOR owns certain interests in Property, hereinafter referred to as the "ASSIGNED PREMISES", the ASSIGNED PREMISES being described on Exhibit "A", attached hereto and made a part hereof.

NOW THEREFORE, for Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, ASSIGNOR hereby grants, conveys, quitclaims and assigns unto ASSIGNEE all of ASSIGNOR's right, title and interest of whatever nature in and to the ASSIGNED PREMISES described herein, together with all interest in and to all the personal property, fixtures and improvements now or as of the Effective Date thereon, appurtenant thereto or used or obtained in connection with the land and the production therefrom or attributable thereto and also including property and rights incident thereto, including without limitation to the extent transferable, all agreements, contracts, permits, rights-of-way, easements, servitudes, franchises, licenses and orders in any way relating thereto.

This Assignment and Bill of Sale ("Assignment") is made and accepted, subject to, and ASSIGNEE hereby assumes, any and all burdens and encumbrances, to which said property is subject and ASSIGNEE hereby indemnifies and holds ASSIGNOR harmless as to the administration of these burdens and encumbrances after the Effective Date as herein defined.

This Assignment is made and accepted subject to all of the terms of that certain Contribution Agreement ("Agreement") dated as of July 1, 2004 by and among ASSIGNOR, ASSIGNEE and various other entities and individuals, which are hereby deemed incorporated by reference into this Assignment to the fullest extent permitted by law. In the event of a conflict between the provisions of this Assignment and the provisions of the Agreement the provisions of the Agreement shall prevail.

ASSIGNEE has caused the ASSIGNED PREMISES to be inspected and is familiar with the present condition thereof and agrees to accept a conveyance of same as "AS IS". It is further expressly understood that ASSIGNEE has caused to be carefully inspected all of the equipment presently located on the ASSIGNED PREMISES and acknowledges that ASSIGNEE is familiar with the present condition and state of repair thereof and accepts same AS IS AND WHERE IS WITHOUT ANY GUARANTEES OR WARRANTIES EITHER EXPRESS OR IMPLIED; AS TO MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, EXCEPT AS MAY BE SPECIFICALLY SET FORTH IN THE AGREEMENT.

If it becomes necessary to plug and abandon any well(s) covered under this Assignment, ASSIGNEE, at ASSIGNEE's sole risk and expense, will plug and abandon said well(s) in accordance with all local, state and federal laws, rules and regulations and will restore the premises pursuant to the terms and provisions contained in the lease described above and per governmental authority.



EXCEPT AS MAY BE SPECIFICALLY SET FORTH IN THE AGREEMENT, THIS ASSIGNMENT IS MADE WITHOUT WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED.

TO HAVE AND TO HOLD the Property granted, bargained, sold, conveyed, transferred, assigned and delivered as aforesaid unto ASSIGNEE, its successors and assigns, subject to the terms and provisions herein; and, this Assignment is made with full substitution and subrogation of ASSIGNEE in and to all covenants and warranties by others heretofore given or made in respect to the ASSIGNED PREMISES or any part thereof, insofar as such covenants and warranties extend beyond the Effective Date.

Executed this 16<sup>th</sup> day of July, 2004, but effective as of "Effective Date".

**ASSIGNOR:**

Comstock Offshore, LLC

By: R. Gray Powers  
R. Gray Powers  
Vice President - Land

Bois d'Arc Resources Ltd.  
By: Bois d'Arc Interests, LLC,  
Its General Partner

By: Wayne L. Laufer  
Wayne L. Laufer  
Manager

Wayne L. Laufer  
Wayne L. Laufer

Gayle Laufer  
Gayle Laufer

Gary W. Blackie  
Gary W. Blackie

Sally Blackie  
Sally Blackie

**ASSIGNEE:**

Bois d'Arc Properties, LP  
By: Bois d'Arc Holdings, LLC,  
Its General Partner  
By: Bois d'Arc Energy, LLC,  
Its Sole Member

By: Roland O. Burns  
Roland O. Burns  
Senior Vice President and  
Chief Financial Officer

I, Anita Fricke, County Clerk, Calhoun County,  
Texas, do hereby certify that this is a true and  
correct copy as same appears of record in my office.  
Witness my hand and seal of office on 10-13-2004



Anita Fricke, County Clerk  
By Deputy:

Sharon Wright  
Sharon Wright



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Executed this 16<sup>th</sup> day of July, 2004, but effective as of "Effective Date".

**ASSIGNOR:**

Comstock Offshore, LLC

By: R. D. Powers  
R. Gray Powers  
Vice President - Land

Bois d'Arc Resources Ltd.  
By: Bois d'Arc Interests, LLC,  
Its General Partner

By: Wayne L. Laufer  
Wayne L. Laufer  
Manager

Wayne L. Laufer  
Wayne L. Laufer

Gayle M. Laufer  
Gayle Laufer

Gary W. Blackie  
Gary W. Blackie

Sally Blackie

**ASSIGNEE:**

Bois d'Arc Properties, LP  
By: Bois d'Arc Holdings, LLC,  
Its General Partner  
By: Bois d'Arc Energy, LLC,  
Its Sole Member

By: Roland O. Burns  
Roland O. Burns  
Senior Vice President and  
Chief Financial Officer

I, Anita Fricka, County Clerk, Calhoun County, Texas, do hereby certify that this is a true and correct copy as same appears of record in my office. Witness my hand and seal of office on



Anita Fricka, County Clerk  
By Deputy:

Sharon Wright  
Sharon Wright

10-13-2004

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Executed this 16<sup>th</sup> day of July, 2004, but effective as of "Effective Date".

**ASSIGNOR:**

Comstock Offshore, LLC

By: R. D. Powers  
R. Gray Powers  
Vice President - Land

Bois d'Arc Resources Ltd.  
By: Bois d'Arc Interests, LLC,  
Its General Partner

By: Wayne L. Laufer  
Wayne L. Laufer  
Manager

Wayne L. Laufer  
Wayne L. Laufer

Gayle Laufer  
Gayle Laufer

Gary W. Blackie  
Gary W. Blackie

Sally Blackie  
Sally Blackie

**ASSIGNEE:**

Bois d'Arc Properties, LP  
By: Bois d'Arc Holdings, LLC,  
Its General Partner  
By: Bois d'Arc Energy, LLC,  
Its Sole Member

By: Roland O. Burns  
Roland O. Burns  
Senior Vice President and  
Chief Financial Officer

I, Anita Fricke, County Clerk, Calhoun County,  
Texas, do hereby certify that this is a true and  
correct copy as same appears of record in my office.  
Witness my hand and seal of office on 10-13-2004



Anita Fricke, County Clerk  
By Deputy:  
Sharon Wright  
Sharon Wright



ACKNOWLEDGMENT

STATE OF TEXAS §

COUNTY OF DALLAS §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared R. Gray Powers, Vice President - Land of Comstock Offshore, LLC, 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 and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 16 day of July, 2004.



*Vicki Snider*  
Notary Public in and for the  
State of Texas

My commission expires: \_\_\_\_\_

STATE OF TEXAS §

COUNTY OF DALLAS §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Wayne L. Laufer, Manager of Bois d'Arc Resources Ltd., 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 and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 16 day of July, 2004.



*Vicki Snider*  
Notary Public in and for the  
State of Texas

My commission expires: \_\_\_\_\_

STATE OF TEXAS §

COUNTY OF DALLAS §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Wayne L. Laufer, 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 and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 16 day of July, 2004.



*Vicki Snider*  
Notary Public in and for the  
State of Texas

My commission expires: \_\_\_\_\_

I, Anita Fricke, County Clerk, Calhoun County, Texas, do hereby certify that this is a true and correct copy as same appears of record in my office. Witness my hand and seal of office on



Anita Fricke, County Clerk  
By Deputy

*Sharon Wright*  
Sharon Wright

10-13-2004

ACKNOWLEDGMENT

STATE OF WASHINGTON §

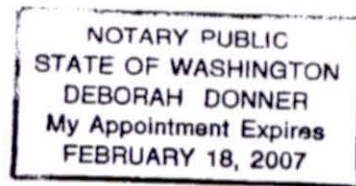
COUNTY OF KING §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Gayle Laufer, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that she executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 18<sup>th</sup> day of August, 2004.

Deborah Donner  
Notary Public in and for the  
State of ~~Texas~~ WA

My commission expires: 2/18/07



STATE OF TEXAS §

COUNTY OF DALLAS §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Gary W. Blackie, 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 and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 16 day of July, 2004.



Vicki Snider  
Notary Public in and for the  
State of Texas

My commission expires: \_\_\_\_\_

STATE OF TEXAS §

COUNTY OF \_\_\_\_\_ §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Sally Blackie, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that she executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this \_\_\_\_ day of \_\_\_\_\_, 2004.

\_\_\_\_\_  
Notary Public in and for the  
State of Texas

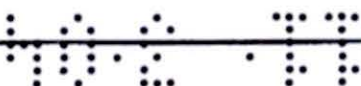
My commission expires: \_\_\_\_\_

I, Anita Fricke, County Clerk, Calhoun County, Texas, do hereby certify that this is a true and correct copy as same appears of record in my office. Witness my hand and seal of office on 10-13-2004



Anita Fricke, County Clerk  
By Deputy:

Sharon Wright  
Sharon Wright





ACKNOWLEDGMENT

STATE OF WASHINGTON §

COUNTY OF KING §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Gayle Laufer, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that she executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this \_\_\_\_ day of \_\_\_\_\_, 2004.

\_\_\_\_\_  
Notary Public in and for the  
State of Texas

My commission expires: \_\_\_\_\_

STATE OF TEXAS §

COUNTY OF DALLAS §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Gary W. Blackie, 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 and in the capacity therein stated.



Vicki Snider  
Notary Public in and for the  
State of Texas

My commission expires: \_\_\_\_\_

STATE OF TEXAS §

COUNTY OF \_\_\_\_\_ §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Sally Blackie, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that she executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this \_\_\_\_ day of \_\_\_\_\_, 2004.

\_\_\_\_\_  
Notary Public in and for the  
State of Texas

My commission expires: \_\_\_\_\_

I, Anita Fricke, County Clerk, Calhoun County, Texas, do hereby certify that this is a true and correct copy as same appears of record in my office. Witness my hand and seal of office on 10-13-2004



Anita Fricke, County Clerk  
By Deputy:  
Sharon Wright  
Sharon Wright

ACKNOWLEDGMENT

STATE OF WASHINGTON §

COUNTY OF KING §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Gayle Laufer, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that she executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this \_\_\_\_ day of \_\_\_\_\_, 2004.

\_\_\_\_\_  
Notary Public in and for the  
State of Texas

My commission expires: \_\_\_\_\_

STATE OF TEXAS §

COUNTY OF DALLAS §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Gary W. Blackie, 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 and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 16 day of July, 2004.



\_\_\_\_\_  
Notary Public in and for the  
State of Texas

My commission expires: \_\_\_\_\_

STATE OF TEXAS §

COUNTY OF Washington §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Sally Blackie, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that she executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 16<sup>th</sup> day of Aug, 2004.

\_\_\_\_\_  
Notary Public in and for the  
State of Texas

My commission expires: \_\_\_\_\_  
JILL MORRIS  
Notary Public, State of Texas  
My Commission Expires 12-6-2005

I, Anita Fricke, County Clerk, Calhoun County, Texas, do hereby certify that this is a true and correct copy as same appears of record in my office. Witness my hand and seal of office on 10-13-2004

\_\_\_\_\_  
Anita Fricke, County Clerk  
By Deputy: Sharon Wright  
Sharon Wright



ACKNOWLEDGMENT

STATE OF TEXAS §

COUNTY OF DALLAS §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Roland O. Burns, Senior Vice President and Chief Financial Officer of Bois d'Arc Properties, LP, 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 and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 16 day of July, 2004.



*Vicki Snider*  
Notary Public in and for the  
State of Texas

My commission expires: \_\_\_\_\_

I, Anita Fricke, County Clerk, Calhoun County, Texas, do hereby certify that this is a true and correct copy as same appears of record in my office. Witness my hand and seal of office on 10-13-2004



Anita Fricke, County Clerk  
By Deputy:

*Sharon Wright*  
Sharon Wright

# EXHIBIT "A"

TO ASSIGNMENT AND BILL OF SALE EFFECTIVE JULY 1, 2004,  
BETWEEN COMSTOCK OFFSHORE, LLC, ET AL, ASSIGNOR AND BOIS d'ARC PROPERTIES, LP, ASSIGNEE

LESSOR/LEASE NO.	LESSEE	LEASE DATE	RECORDED VOL/PAGE	LEGAL DESCRIPTION
CALHOUN/MATAGORDA COUNTIES, TEXAS				
Commissioner of the General Land Office of the State of Texas, Oil and Gas Lease No. <b>M-098676</b>	Bois d'Arc Resources	10/07/1997	491/077 194/337	320 acres, more or less, being the N/2 of Tract 160, Matagorda Bay, Calhoun/Matagorda Counties, Texas, as shown on the applicable official submerged area map on file in the Texas General Land Office, Austin, Texas.

This Document has been received by this Office for  
recording into the Official Public Records. We do  
hereby swear that we do not discriminate due to  
Race, Creed, Color, Sex or National Origin.

Filed for Record in:  
Calhoun County  
Honorable Anita Fricke  
County Clerk

On Aug 31, 2004 at 10:27A  
Receipt Number - 45150  
By, Sharon Wright  
Deputy

I, Anita Fricke, County Clerk, Calhoun County,  
Texas, do hereby certify that this is a true and  
correct copy as same appears of record in my office.  
Witness my hand and seal of office on 10-13-2004

Anita Fricke, County Clerk  
By Deputy  
Sharon Wright



046345

Matagorda

## ASSIGNMENT AND BILL OF SALE

STATE OF TEXAS

§

§

COUNTIES OF CALHOUN  
AND MATAGORDA

§

THIS ASSIGNMENT AND BILL OF SALE is effective July 1, 2004, hereinafter referred to as "Effective Date", by and between COMSTOCK OFFSHORE, LLC, a Nevada limited liability company, whose address is 5300 Town and Country Blvd., Suite 500, Frisco, TX 75034, BOIS d'ARC RESOURCES LTD., a Texas limited partnership, whose address is 600 Travis St., Suite 6275, Houston, TX 77002, WAYNE AND GAYLE LAUFER, whose address is 20021 120<sup>th</sup> Ave. NE, Suite 202, Bothell, WA 98011, and GARY AND SALLY BLACKIE, whose address is 600 Travis St., Suite 6275, Houston, TX 77002, hereinafter referred to as "ASSIGNOR", and BOIS d'ARC PROPERTIES, LP, a Nevada limited partnership, whose address is 600 Travis St., Suite 6275, Houston, TX 77002, hereinafter referred to as "ASSIGNEE".

## WITNESSETH:

WHEREAS, ASSIGNOR owns certain interests in Property, hereinafter referred to as the "ASSIGNED PREMISES", the ASSIGNED PREMISES being described on Exhibit "A", attached hereto and made a part hereof.

NOW THEREFORE, for Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, ASSIGNOR hereby grants, conveys, quitclaims and assigns unto ASSIGNEE all of ASSIGNOR's right, title and interest of whatever nature in and to the ASSIGNED PREMISES described herein, together with all interest in and to all the personal property, fixtures and improvements now or as of the Effective Date thereon, appurtenant thereto or used or obtained in connection with the land and the production therefrom or attributable thereto and also including property and rights incident thereto, including without limitation to the extent transferable, all agreements, contracts, permits, rights-of way, easements, servitudes, franchises, licenses and orders in any way relating thereto.

This Assignment and Bill of Sale ("Assignment") is made and accepted, subject to, and ASSIGNEE hereby assumes, any and all burdens and encumbrances, to which said property is subject and ASSIGNEE hereby indemnifies and holds ASSIGNOR harmless as to the administration of these burdens and encumbrances after the Effective Date as herein defined.

This Assignment is made and accepted subject to all of the terms of that certain Contribution Agreement ("Agreement") dated as of July 1, 2004 by and among ASSIGNOR, ASSIGNEE and various other entities and individuals, which are hereby deemed incorporated by reference into this Assignment to the fullest extent permitted by law. In the event of a conflict between the provisions of this Assignment and the provisions of the Agreement the provisions of the Agreement shall prevail.

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I, Gail Denn, County Clerk, Matagorda County, Texas, do hereby certify that this is a true and correct copy as the same appears of record in my office. Witness my hand and Seal of Office on

1



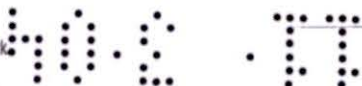
04500146577001

Year: 2004 No: 046345 Type: ABS

OCT 12 2004



Gail Denn County Clerk  
By Deputy





EXCEPT AS MAY BE SPECIFICALLY SET FORTH IN THE AGREEMENT, THIS ASSIGNMENT IS MADE WITHOUT WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED.

TO HAVE AND TO HOLD the Property granted, bargained, sold, conveyed, transferred, assigned and delivered as aforesaid unto ASSIGNEE, its successors and assigns, subject to the terms and provisions herein; and, this Assignment is made with full substitution and subrogation of ASSIGNEE in and to all covenants and warranties by others heretofore given or made in respect to the ASSIGNED PREMISES or any part thereof, insofar as such covenants and warranties extend beyond the Effective Date.

Executed this 16<sup>th</sup> day of July, 2004, but effective as of "Effective Date".

**ASSIGNOR:**

Comstock Offshore, LLC

By: R. Gray Powers  
R. Gray Powers  
Vice President – Land

Bois d'Arc Resources Ltd.  
By: Bois d'Arc Interests, LLC,  
Its General Partner

By: Wayne L. Laufer  
Wayne L. Laufer  
Manager

Wayne L. Laufer  
Wayne L. Laufer

Gayle Laufer  
Gayle Laufer  
G. W. Blackie  
Gary W. Blackie

Sally Blackie  
Sally Blackie

**ASSIGNEE:**

Bois d'Arc Properties, LP  
By: Bois d'Arc Holdings, LLC,  
Its General Partner  
By: Bois d'Arc Energy, LLC,  
Its Sole Member

By: Roland O. Burns  
Roland O. Burns  
Senior Vice President and  
Chief Financial Officer

I, Gail Denn, County Clerk, Matagorda County, Texas, do hereby certify that this is a true and correct copy as the same appears of record in my office. Witness my hand and Seal of Office on

OCT 12 2004

2



Gail Denn County Clerk  
By: [Signature] Deputy





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**ASSIGNOR:**

Comstock Offshore, LLC

By: R. D. R.  
R. Gray Powers  
Vice President - Land

Bois d'Arc Resources Ltd.  
By: Bois d'Arc Interests, LLC,  
Its General Partner

By: Wayne L. Laufer  
Wayne L. Laufer  
Manager

Wayne L. Laufer  
Wayne L. Laufer

Gayle M. Laufer  
Gayle Laufer

Gary W. Blackie  
Gary W. Blackie

Sally Blackie

**ASSIGNEE:**

Bois d'Arc Properties, LP  
By: Bois d'Arc Holdings, LLC,  
Its General Partner  
By: Bois d'Arc Energy, LLC,  
Its Sole Member

By: Roland O. Burns  
Roland O. Burns  
Senior Vice President and  
Chief Financial Officer

I, Gall Denn, County Clerk, Matagorda County, Texas, do hereby certify that this is a true and correct copy as the same appears of record in my office. Witness my hand and Seal of Office on

OCT 12 2004

2



By: Gall Denn County Clerk  
[Signature] Deputy



EXCEPT AS MAY BE SPECIFICALLY SET FORTH IN THE AGREEMENT, THIS ASSIGNMENT IS MADE WITHOUT WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED.

TO HAVE AND TO HOLD the Property granted, bargained, sold, conveyed, transferred, assigned and delivered as aforesaid unto ASSIGNEE, its successors and assigns, subject to the terms and provisions herein; and, this Assignment is made with full substitution and subrogation of ASSIGNEE in and to all covenants and warranties by others heretofore given or made in respect to the ASSIGNED PREMISES or any part thereof, insofar as such covenants and warranties extend beyond the Effective Date.

Executed this 16<sup>th</sup> day of July, 2004, but effective as of "Effective Date".

**ASSIGNOR:**

Comstock Offshore, LLC

By: R. D. P.  
R. Gray Powers  
Vice President – Land

Bois d'Arc Resources Ltd.  
By: Bois d'Arc Interests, LLC,  
Its General Partner

By: Wayne L. Laufer  
Wayne L. Laufer  
Manager

Wayne L. Laufer  
Wayne L. Laufer

Gayle Laufer  
Gayle Laufer

Gary W. Blackie  
Gary W. Blackie

Sally Blackie  
Sally Blackie

**ASSIGNEE:**

Bois d'Arc Properties, LP  
By: Bois d'Arc Holdings, LLC,  
Its General Partner  
By: Bois d'Arc Energy, LLC,  
Its Sole Member

By: Roland O. Burns  
Roland O. Burns  
Senior Vice President and  
Chief Financial Officer

I, Gail Denn, County Clerk, Matagorda County, Texas, do hereby certify that this is a true and correct copy as the same appears of record in my office. Witness my hand and Seal of Office on

OCT 12 2004



By: Gail Denn County Clerk  
[Signature] Deputy





ACKNOWLEDGMENT

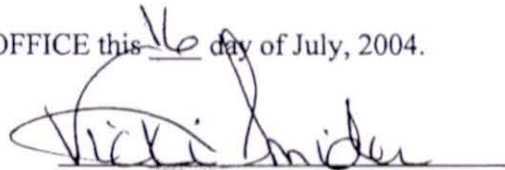
STATE OF TEXAS §

COUNTY OF DALLAS §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared R. Gray Powers, Vice President - Land of Comstock Offshore, LLC, 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 and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 16 day of July, 2004.





Notary Public in and for the  
State of Texas

My commission expires: \_\_\_\_\_

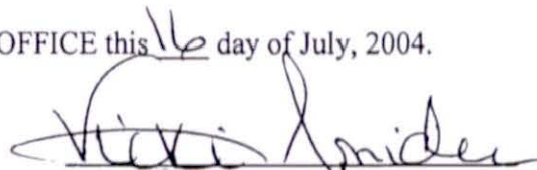
STATE OF TEXAS §

COUNTY OF DALLAS §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Wayne L. Laufer, Manager of Bois d'Arc Resources Ltd., 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 and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 16 day of July, 2004.





Notary Public in and for the  
State of Texas

My commission expires: \_\_\_\_\_

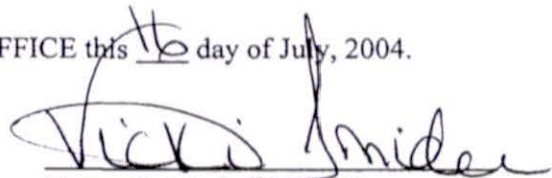
STATE OF TEXAS §

COUNTY OF DALLAS §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Wayne L. Laufer, 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 and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 16 day of July, 2004.





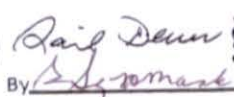

Notary Public in and for the  
State of Texas

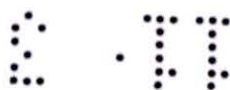
My commission expires: \_\_\_\_\_

I, Gall Denn, County Clerk, Matagorda County, Texas, do hereby certify that this is a true and correct copy as the same appears of record in my office. Witness my hand and Seal of Office on

OCT 12 2004



By  County Clerk  
 Deputy



ACKNOWLEDGMENT

STATE OF WASHINGTON §

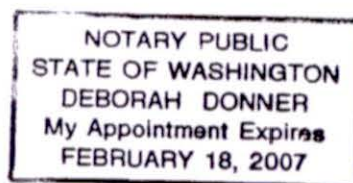
COUNTY OF KING §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Gayle Laufer, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that she executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 18<sup>th</sup> day of August, 2004.

Deborah Donner  
Notary Public in and for the  
State of ~~Texas~~ WA

My commission expires: 2/18/07



STATE OF TEXAS §

COUNTY OF DALLAS §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Gary W. Blackie, 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 and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 16 day of July, 2004.



Vicki Snider  
Notary Public in and for the  
State of Texas

My commission expires: \_\_\_\_\_

STATE OF TEXAS §

COUNTY OF \_\_\_\_\_ §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Sally Blackie, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that she executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this \_\_\_\_ day of \_\_\_\_\_, 2004.

\_\_\_\_\_  
Notary Public in and for the  
State of Texas

My commission expires: \_\_\_\_\_

I, Gail Denn, County Clerk, Matagorda County, Texas, do hereby certify that this is a true and correct copy as the same appears of record in my office. Witness my hand and Seal of Office on



OCT 12 2004

By Gail Denn County Clerk  
Deputy





ACKNOWLEDGMENT

STATE OF WASHINGTON §

COUNTY OF KING §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Gayle Laufer, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that she executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this \_\_\_\_ day of \_\_\_\_\_, 2004.

\_\_\_\_\_  
Notary Public in and for the  
State of Texas

My commission expires: \_\_\_\_\_

STATE OF TEXAS §

COUNTY OF DALLAS §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Gary W. Blackie, 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 and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 16 day of July, 2004.



Vicki Snider  
Notary Public in and for the  
State of Texas

My commission expires: \_\_\_\_\_

STATE OF TEXAS §

COUNTY OF \_\_\_\_\_ §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Sally Blackie, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that she executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this \_\_\_\_ day of \_\_\_\_\_, 2004.

\_\_\_\_\_  
Notary Public in and for the  
State of Texas

My commission expires: \_\_\_\_\_

I, Gail Denn, County Clerk, Matagorda County, Texas, do hereby certify that this is a true and correct copy as the same appears of record in my office. Witness my hand and Seal of Office on

OCT 12 2004

4



By Gail Denn County Clerk  
[Signature] Deputy



ACKNOWLEDGMENT

STATE OF WASHINGTON §

COUNTY OF KING §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Gayle Laufer, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that she executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this \_\_\_\_ day of \_\_\_\_\_, 2004.

\_\_\_\_\_  
Notary Public in and for the  
State of Texas

My commission expires: \_\_\_\_\_

STATE OF TEXAS §

COUNTY OF DALLAS §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Gary W. Blackie, 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 and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 16 day of July, 2004.



\_\_\_\_\_  
Notary Public in and for the  
State of Texas

My commission expires: \_\_\_\_\_

STATE OF TEXAS §

COUNTY OF Washington §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Sally Blackie, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that she executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 16<sup>th</sup> day of August, 2004.

\_\_\_\_\_  
Notary Public in and for the  
State of Texas

My commission expires: \_\_\_\_\_

I, Gail Denn, County Clerk, Matagorda County, Texas, do hereby certify that this is a true and correct copy as the same appears of record in my office. Witness my hand and Seal of Office on

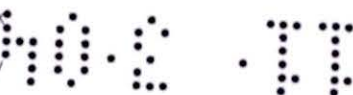


JILL MORRIS  
Notary Public, State of Texas  
My Commission Expires 12-6-2007

OCT 12 2004



Gail Denn County Clerk  
By [Signature] Deputy





ACKNOWLEDGMENT

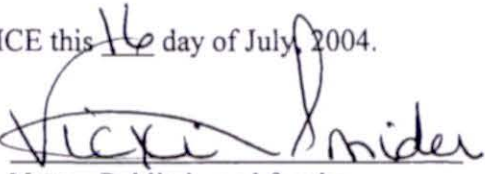
STATE OF TEXAS §

COUNTY OF DALLAS §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Roland O. Burns, Senior Vice President and Chief Financial Officer of Bois d'Arc Properties, LP, 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 and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 16 day of July, 2004.



  
Notary Public in and for the  
State of Texas

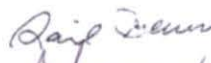
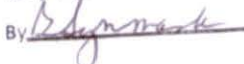
My commission expires: \_\_\_\_\_

I, Gall Denn, County Clerk, Matagorda County, Texas, do hereby certify that this is a true and correct copy as the same appears of record in my office. Witness my hand and Seal of Office on

OCT 12 2004

5



 County Clerk  
By  Deputy

102 11



By *Paid Dean* County Clerk  
*Sharon* Deputy

OCT 12 2004

I, Gail Benn, County Clerk, Matagorda County, Texas, do hereby certify that this is a true and correct copy as the same appears of record in my office. Witness my hand and Seal of Office on

# EXHIBIT "A"

## TO ASSIGNMENT AND BILL OF SALE EFFECTIVE JULY 1, 2004, BETWEEN COMSTOCK OFFSHORE, LLC, ET AL, ASSIGNOR AND BOIS d'ARC PROPERTIES, LP, ASSIGNEE

LESSOR/LEASE NO.	LESSEE	LEASE DATE	RECORDED VOL/PAGE	LEGAL DESCRIPTION
CALHOUN/MATAGORDA COUNTIES, TEXAS				
Commissioner of the General Land Office of the State of Texas, Oil and Gas Lease No. M-098676	Bois d'Arc Resources	10/07/1997	491/077 194/337	320 acres, more or less, being the N/2 of Tract 160, Matagorda Bay, Calhoun/Matagorda Counties, Texas, as shown on the applicable official submerged area map on file in the Texas General Land Office, Austin, Texas.

505 17

*Paid Dean*

04 AUG 30 AM 11:24

FILED



COUNTY CLERK, Matagorda County, Texas

*Paid Dean*

AUG 30 2004

STATE OF TEXAS  
 COUNTY OF MATAGORDA  
 I hereby certify that this instrument was FILED in File Number  
 Sequence on the date and at the time stipulated herein by me  
 and was duly RECORDED in the OFFICIAL RECORDS of  
 Matagorda County, Texas on



File No. MF 098676 16  
Assignment  
Date Filed: 11/9/04  
Jerry E. Patterson, Commissioner  
By [Signature]

44

44

44

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

November 9, 2004

Stephanie Pitre  
Bois d' Arc Energy  
5300 Town & Country Blvd., Suite 500  
Frisco, TX 75034

RE: Assignment filing; GLO ID 4873

Dear Ms. Pitre,

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

Assignment and Bill of Sale, executed August 13<sup>th</sup>, 2004, from George and Jocelyn Fenton, as Assignors, to Bois d' Arc Properties, LP, as Assignee. **MF098676.**

Filing fees of \$225.00 were received in connection with the above lease. If you have any questions, please feel free to call me at (800) 998-4GLO, or at my direct number at (512) 463-6521.

Sincerely,

Beverly Boyd  
Mineral Leasing  
Energy Resources  
512-463-6521

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

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

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



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## *Exhibit "A"*

---

*GLO ID*

*County*

*Lease*

---

4873

Calhoun/Matagorda

MF098676

*Tuesday, November 09, 2004*

ASSIGNMENT AND BILL OF SALE

STATE OF TEXAS

COUNTIES OF CALHOUN  
AND MATAGORDA

§  
§  
§

I, Anita Fricke, County Clerk, Calhoun County, Texas, do hereby certify that this is a true and correct copy as same appears of record in my office. Witness my hand and seal of office on 10-13-2004



Anita Fricke, County Clerk

By Deputy:

Sharon Wright

THIS ASSIGNMENT AND BILL OF SALE is effective July 1, 2004, hereinafter referred to as "Effective Date", by and between George and Jocelyn Fenton, whose address is 4722 S. Lindhurst, Dallas, Texas 75229, hereinafter referred to as "ASSIGNOR", and Bois d'Arc Properties, LP, a Nevada limited partnership, whose address is 600 Travis St., Suite 6275, Houston, Texas 77002, hereinafter referred to as "ASSIGNEE".

WITNESSETH:

WHEREAS, ASSIGNOR owns certain interests in Property, hereinafter referred to as the "ASSIGNED PREMISES", the ASSIGNED PREMISES being described on Exhibit "A", attached hereto and made a part hereof.

NOW THEREFORE, for Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, ASSIGNOR hereby grants, conveys, quitclaims and assigns unto ASSIGNEE all of ASSIGNOR's right, title and interest of whatever nature in and to the ASSIGNED PREMISES described herein, together with all interest in and to all the personal property, fixtures and improvements now or as of the Effective Date thereon, appurtenant thereto or used or obtained in connection with the land and the production therefrom or attributable thereto and also including property and rights incident thereto, including without limitation to the extent transferable, all agreements, contracts, permits, rights-of-way, easements, servitudes, franchises, licenses and orders in any way relating thereto.

This Assignment and Bill of Sale ("Assignment") is made and accepted, subject to, and ASSIGNEE hereby assumes, any and all burdens and encumbrances, to which said property is subject and ASSIGNEE hereby indemnifies and holds ASSIGNOR harmless as to the administration of these burdens and encumbrances after the Effective Date as herein defined.

This Assignment is made and accepted subject to all of the terms of that certain Contribution Agreement ("Agreement") dated as of July 1, 2004 by and among ASSIGNOR, ASSIGNEE and various other entities and individuals, which are hereby deemed incorporated by reference into this Assignment to the fullest extent permitted by law. In the event of a conflict between the provisions of this Assignment and the provisions of the Agreement the provisions of the Agreement shall prevail.

ASSIGNEE has caused the ASSIGNED PREMISES to be inspected and is familiar with the present condition thereof and agrees to accept a conveyance of same as "AS IS". It is further expressly understood that ASSIGNEE has caused to be carefully inspected all of the equipment presently located on the ASSIGNED PREMISES and acknowledges that ASSIGNEE is familiar with the present condition and state of repair thereof and accepts same AS IS AND WHERE IS WITHOUT ANY GUARANTEES OR WARRANTIES EITHER EXPRESS OR IMPLIED, AS TO MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, EXCEPT AS MAY BE SPECIFICALLY SET FORTH IN THE AGREEMENT.

If it becomes necessary to plug and abandon any well(s) covered under this Assignment, ASSIGNEE, at ASSIGNEE's sole risk and expense, will plug and abandon said well(s) in accordance with all local, state and federal laws, rules and regulations and will restore the premises pursuant to the terms and provisions contained in the lease described above and per governmental authority.

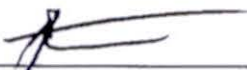
EXCEPT AS MAY BE SPECIFICALLY SET FORTH IN THE AGREEMENT, THIS ASSIGNMENT IS MADE WITHOUT WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED.



TO HAVE AND TO HOLD the Property granted, bargained, sold, conveyed, transferred, assigned and delivered as aforesaid unto ASSIGNEE, its successors and assigns, subject to the terms and provisions herein; and, this Assignment is made with full substitution and subrogation of ASSIGNEE in and to all covenants and warranties by others heretofore given or made in respect to the ASSIGNED PREMISES or any part thereof, insofar as such covenants and warranties extend beyond the Effective Date.

Executed this 13<sup>th</sup> day of August, 2004, but effective as of "Effective Date".

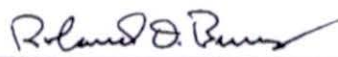
ASSIGNOR:

  
George Fenton

  
Jocelyn Fenton

ASSIGNEE:

Bois d'Arc Properties, LP  
By: Bois d'Arc Holdings, LLC,  
Its General Partner  
By: Bois d'Arc Energy, LLC,  
Its Sole Member

By:   
Roland O. Burns  
Senior Vice President and  
Chief Financial Officer

I, Anita Fricke, County Clerk, Calhoun County,  
Texas, do hereby certify that this is a true and  
correct copy as same appears of record in my office.  
Witness my hand and seal of office on 10-13-2004



Anita Fricke, County Clerk  
By Deputy:

Sharon Wright

ACKNOWLEDGMENT

STATE OF TEXAS §

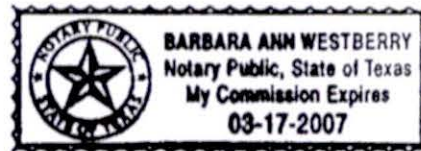
COUNTY OF DALLAS §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared George Fenton, 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 and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 13<sup>th</sup> day of August, 2004.

Barbara Ann Westberry  
Notary Public in and for the  
State of Texas

My commission expires: 03/17/2007



STATE OF TEXAS §

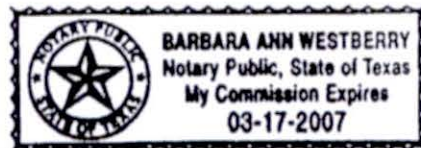
COUNTY OF DALLAS §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Jocelyn Fenton, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that she executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 13<sup>th</sup> day of August, 2004.

Barbara Ann Westberry  
Notary Public in and for the  
State of Texas

My commission expires: 03/17/2007

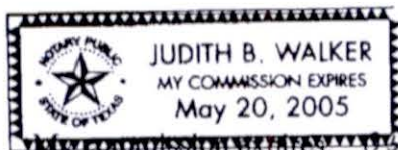


STATE OF TEXAS §

COUNTY OF COLLIN §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Roland O. Burns, Senior Vice President and Chief Financial Officer of Bois d'Arc Properties, LP, 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 and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 9<sup>th</sup> day of August, 2004.



Judith B. Walker  
Notary Public in and for the  
State of Texas

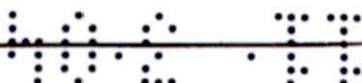
My commission expires: 05-20-05

I, Anita Fricke, County Clerk, Caihoun County, Texas, do hereby certify that this is a true and correct copy as same appears of record in my office. Witness my hand and seal of office on 10-13-2004



Anita Fricke, County Clerk  
By Deputy:

Sharon Wright





# EXHIBIT "A"

## TO ASSIGNMENT AND BILL OF SALE EFFECTIVE JULY 1, 2004, BETWEEN GEORGE AND JOCELYN FENTON, ASSIGNOR AND BOIS d'ARC PROPERTIES, LP, ASSIGNEE

LESSOR/LEASE NO.	LESSEE	LEASE DATE	RECORDED VOL/PAGE	LEGAL DESCRIPTION
CALHOUN/MATAGORDA COUNTIES, TEXAS				
Commissioner of the General Land Office of the State of Texas, Oil and Gas Lease No. <b>M-098676</b>	Bois d'Arc Resources	10/07/1997	491/077 194/337	320 acres, more or less, being the N/2 of Tract 160, Matagorda Bay, Calhoun/Matagorda Counties, Texas, as shown on the applicable official submerged area map on file in the Texas General Land Office, Austin, Texas.

This document has been received by this office for  
recording into the Official Public Records. We do  
hereby swear that we do not discriminate due to  
Race, Creed, Color, Sex or National Origin.

Filed for Record in:  
Calhoun County  
Honorable Anita Fricke  
County Clerk

On: Aug 31, 2004 at 10:27A  
Receipt Number - 45150  
By: Sharon Wright

*Sharon Wright*  
Deputy

I, Anita Fricke, County Clerk, Calhoun County,  
Texas, do hereby certify that this is a true and  
correct copy as same appears of record in my office.  
Witness my hand and seal of office on 10-13-2004



Anita Fricke, County Clerk  
By Deputy:  
*Sharon Wright*  
Sharon Wright

046344

ASSIGNMENT AND BILL OF SALE

STATE OF TEXAS

COUNTIES OF CALHOUN  
AND MATAGORDA

§  
§  
§



03500146576001  
Year: 2004 No: 046344 Type: APS

THIS ASSIGNMENT AND BILL OF SALE is effective July 1, 2004, hereinafter referred to as "Effective Date", by and between George and Jocelyn Fenton, whose address is 4722 S. Lindhurst, Dallas, Texas 75229, hereinafter referred to as "ASSIGNOR", and Bois d'Arc Properties, LP, a Nevada limited partnership, whose address is 600 Travis St., Suite 6275, Houston, Texas 77002, hereinafter referred to as "ASSIGNEE".

WITNESSETH:

WHEREAS, ASSIGNOR owns certain interests in Property, hereinafter referred to as the "ASSIGNED PREMISES", the ASSIGNED PREMISES being described on Exhibit "A", attached hereto and made a part hereof.

NOW THEREFORE, for Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, ASSIGNOR hereby grants, conveys, quitclaims and assigns unto ASSIGNEE all of ASSIGNOR's right, title and interest of whatever nature in and to the ASSIGNED PREMISES described herein, together with all interest in and to all the personal property, fixtures and improvements now or as of the Effective Date thereon, appurtenant thereto or used or obtained in connection with the land and the production therefrom or attributable thereto and also including property and rights incident thereto, including without limitation to the extent transferable, all agreements, contracts, permits, rights-of way, easements, servitudes, franchises, licenses and orders in any way relating thereto.

This Assignment and Bill of Sale ("Assignment") is made and accepted, subject to, and ASSIGNEE hereby assumes, any and all burdens and encumbrances, to which said property is subject and ASSIGNEE hereby indemnifies and holds ASSIGNOR harmless as to the administration of these burdens and encumbrances after the Effective Date as herein defined.

This Assignment is made and accepted subject to all of the terms of that certain Contribution Agreement ("Agreement") dated as of July 1, 2004 by and among ASSIGNOR, ASSIGNEE and various other entities and individuals, which are hereby deemed incorporated by reference into this Assignment to the fullest extent permitted by law. In the event of a conflict between the provisions of this Assignment and the provisions of the Agreement the provisions of the Agreement shall prevail.

ASSIGNEE has caused the ASSIGNED PREMISES to be inspected and is familiar with the present condition thereof and agrees to accept a conveyance of same as "AS IS". It is further expressly understood that ASSIGNEE has caused to be carefully inspected all of the equipment presently located on the ASSIGNED PREMISES and acknowledges that ASSIGNEE is familiar with the present condition and state of repair thereof and accepts same AS IS AND WHERE IS WITHOUT ANY GUARANTEES OR WARRANTIES EITHER EXPRESS OR IMPLIED, AS TO MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, EXCEPT AS MAY BE SPECIFICALLY SET FORTH IN THE AGREEMENT.

If it becomes necessary to plug and abandon any well(s) covered under this Assignment, ASSIGNEE, at ASSIGNEE's sole risk and expense, will plug and abandon said well(s) in accordance with all local, state and federal laws, rules and regulations and will restore the premises pursuant to the terms and provisions contained in the lease described above and per governmental authority.

EXCEPT AS MAY BE SPECIFICALLY SET FORTH IN THE AGREEMENT, THIS ASSIGNMENT IS MADE WITHOUT WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED.

OCT 12 2004



Gail Denn County Clerk  
By Deputy


402 11

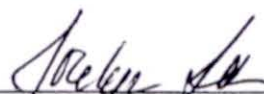


TO HAVE AND TO HOLD the Property granted, bargained, sold, conveyed, transferred, assigned and delivered as aforesaid unto ASSIGNEE, its successors and assigns, subject to the terms and provisions herein; and, this Assignment is made with full substitution and subrogation of ASSIGNEE in and to all covenants and warranties by others heretofore given or made in respect to the ASSIGNED PREMISES or any part thereof, insofar as such covenants and warranties extend beyond the Effective Date.

Executed this 13<sup>th</sup> day of August, 2004, but effective as of "Effective Date".

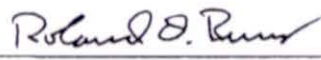
ASSIGNOR:

  
\_\_\_\_\_  
George Fenton

  
\_\_\_\_\_  
Jocelyn Fenton

ASSIGNEE:


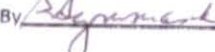
Bois d'Arc Properties, LP  
By: Bois d'Arc Holdings, LLC,  
Its General Partner  
By: Bois d'Arc Energy, LLC,  
Its Sole Member

By:   
\_\_\_\_\_  
Roland O. Burns  
Senior Vice President and  
Chief Financial Officer

I, Gail Denn, County Clerk, Matagorda County, Texas, do hereby certify that this is a true and correct copy as the same appears of record in my office. Witness my hand and Seal of Office on

OCT 12 2004



 County Clerk  
By:  Deputy

ACKNOWLEDGMENT

STATE OF TEXAS §

COUNTY OF DALLAS §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared George Fenton, 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 and in the capacity therein stated.

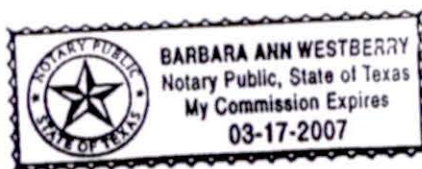
GIVEN UNDER MY HAND AND SEAL OF OFFICE this 13<sup>th</sup> day of August, 2004.

Barbara Ann Westberry  
Notary Public in and for the  
State of Texas

My commission expires: 03/17/2007

STATE OF TEXAS §

COUNTY OF DALLAS §



BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Jocelyn Fenton, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that she executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

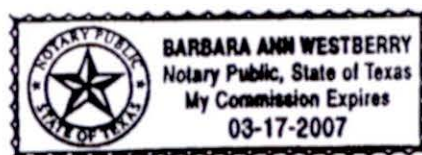
GIVEN UNDER MY HAND AND SEAL OF OFFICE this 13<sup>th</sup> day of August, 2004.

Barbara Ann Westberry  
Notary Public in and for the  
State of Texas

My commission expires: 03/17/2007

STATE OF TEXAS §

COUNTY OF COLLIN §



BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Roland O. Burns, Senior Vice President and Chief Financial Officer of Bois d'Arc Properties, LP, 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 and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 9<sup>th</sup> day of August, 2004.



My commission expires: 05-20-05

Judith B. Walker  
Notary Public in and for the  
State of Texas

I, Gail Denn, County Clerk, Matagorda County, Texas, do hereby certify that this is a true and correct copy as the same appears of record in my office. Witness my hand and Seal of Office on

OCT 12 2004

4002 TT



Gail Denn County Clerk  
By [Signature] Deputy



A 4x4 grid of dots forming a stylized letter 'A'. The top row has 4 dots, the second row has 3 dots, the third row has 2 dots, and the bottom row has 1 dot.

**FILED**

04 AUG 30 AM 12:24

*D. J. D. W.*



Paul Deane

I, Gail Denn, County Clerk, Matagorda County, Texas, do hereby certify that this is a true and correct copy as the same appears of record in my office. Witness my hand and Seal of Office on

Page 1 of 1

File No. MF 098676 17.  
Assignment  
Date Filed: 11/9/04  
Jerry E. Patterson, Commissioner  
By [Signature]

4

5



TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

November 9, 2004

Stephanie Pitre  
Bois d' Arc Energy  
5300 Town & County Blvd., Suite 500  
Frisco, TX 75034

RE: Assignment filing; GLO ID 4874

Dear Ms. Pitre,

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

Assignment and Bill of Sale, executed August 12<sup>th</sup>, 2004, from  
D. Michael Harris, as Assignor, to Bois d' Arc Properties, LP, as  
Assignee. **MF098676.**

Filing fees of \$225.00 were received in connection with the above lease. If you have any questions, please feel free to call me at (800) 998-4GLO, or at my direct number at (512) 463-6521.

Sincerely,

Beverly Boyd  
Mineral Leasing  
Energy Resources  
512-463-6521

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

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

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

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## *Exhibit "A"*

---

*GLO ID*

*County*

*Lease*

---

4874

Calhoun/Matagorda

MF098676

*Tuesday, November 09, 2004*



ASSIGNMENT AND BILL OF SALE

STATE OF TEXAS

§  
§  
§

COUNTIES OF CALHOUN  
AND MATAGORDA

I, Anita Fricka, County Clerk, Calhoun County,  
Texas, do hereby certify that this is a true and  
correct copy as same appears of record in my office.  
Witness my hand and seal of office on 10-13-2004



Anita Fricka, County Clerk  
By Deputy:  
Sharon Wright

THIS ASSIGNMENT AND BILL OF SALE is effective July 1, 2004, hereinafter referred to as "Effective Date", by and between D. Michael Harris, whose address is 3512 Red River Street, Austin, Texas 78705, hereinafter referred to as "ASSIGNOR", and Bois d'Arc Properties, LP, a Nevada limited partnership, whose address is 600 Travis St., Suite 6275, Houston, Texas 77002, hereinafter referred to as "ASSIGNEE".

WITNESSETH:

WHEREAS, ASSIGNOR owns certain interests in Property, hereinafter referred to as the "ASSIGNED PREMISES", the ASSIGNED PREMISES being described on Exhibit "A", attached hereto and made a part hereof.

NOW THEREFORE, for Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, ASSIGNOR hereby grants, conveys, quitclaims and assigns unto ASSIGNEE all of ASSIGNOR's right, title and interest of whatever nature in and to the ASSIGNED PREMISES described herein, together with all interest in and to all the personal property, fixtures and improvements now or as of the Effective Date thereon, appurtenant thereto or used or obtained in connection with the land and the production therefrom or attributable thereto and also including property and rights incident thereto, including without limitation to the extent transferable, all agreements, contracts, permits, rights-of way, easements, servitudes, franchises, licenses and orders in any way relating thereto.

This Assignment and Bill of Sale ("Assignment") is made and accepted, subject to, and ASSIGNEE hereby assumes, any and all burdens and encumbrances, to which said property is subject and ASSIGNEE hereby indemnifies and holds ASSIGNOR harmless as to the administration of these burdens and encumbrances after the Effective Date as herein defined.

This Assignment is made and accepted subject to all of the terms of that certain Contribution Agreement ("Agreement") dated as of July 1, 2004 by and among ASSIGNOR, ASSIGNEE and various other entities and individuals, which are hereby deemed incorporated by reference into this Assignment to the fullest extent permitted by law. In the event of a conflict between the provisions of this Assignment and the provisions of the Agreement the provisions of the Agreement shall prevail.

ASSIGNEE has caused the ASSIGNED PREMISES to be inspected and is familiar with the present condition thereof and agrees to accept a conveyance of same as "AS IS". It is further expressly understood that ASSIGNEE has caused to be carefully inspected all of the equipment presently located on the ASSIGNED PREMISES and acknowledges that ASSIGNEE is familiar with the present condition and state of repair thereof and accepts same AS IS AND WHERE IS WITHOUT ANY GUARANTEES OR WARRANTIES EITHER EXPRESS OR IMPLIED, AS TO MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, EXCEPT AS MAY BE SPECIFICALLY SET FORTH IN THE AGREEMENT.

If it becomes necessary to plug and abandon any well(s) covered under this Assignment, ASSIGNEE, at ASSIGNEE's sole risk and expense, will plug and abandon said well(s) in accordance with all local, state and federal laws, rules and regulations and will restore the premises pursuant to the terms and provisions contained in the lease described above and per governmental authority.

EXCEPT AS MAY BE SPECIFICALLY SET FORTH IN THE AGREEMENT, THIS ASSIGNMENT IS MADE WITHOUT WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED.

TO HAVE AND TO HOLD the Property granted, bargained, sold, conveyed, transferred, assigned and delivered as aforesaid unto ASSIGNEE, its successors and assigns, subject to the terms and provisions herein; and, this Assignment is made with full substitution and subrogation of ASSIGNEE in and to all covenants and warranties by others heretofore given or made in respect to the ASSIGNED PREMISES or any part thereof, insofar as such covenants and warranties extend beyond the Effective Date.

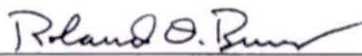
Executed this 12<sup>th</sup> day of August, 2004, but effective as of "Effective Date".

ASSIGNOR:

  
D. Michael Harris

ASSIGNEE:

Bois d'Arc Properties, LP  
By: Bois d'Arc Holdings, LLC,  
Its General Partner  
By: Bois d'Arc Energy, LLC,  
Its Sole Member

By:   
Roland O. Burns  
Senior Vice President and  
Chief Financial Officer

I, Anita Fricke, County Clerk, Calhoun County,  
Texas, do hereby certify that this is a true and  
correct copy as same appears of record in my office.  
Witness my hand and seal of office on 10-13-2004



Anita Fricke, County Clerk  
By Deputy:

  
Sharon Wright



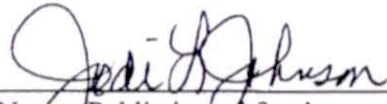
## ACKNOWLEDGMENT

STATE OF TEXAS §

COUNTY OF TRAVIS §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared D. Michael Harris, 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 and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 12<sup>th</sup> day of August, 2004.

  
\_\_\_\_\_  
Notary Public in and for the  
State of Texas

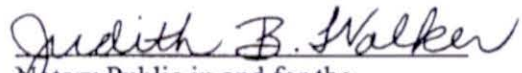
My commission expires: 02-28-07

STATE OF TEXAS §

COUNTY OF COLLIN §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Roland O. Burns, Senior Vice President and Chief Financial Officer of Bois d'Arc Properties, LP, 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 and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 9<sup>th</sup> day of August, 2004.

  
\_\_\_\_\_  
Notary Public in and for the  
State of Texas

My commission expires: 05-20-05



I, Anita Fricks, County Clerk, Calhoun County, Texas, do hereby certify that this is a true and correct copy as same appears of record in my office. Witness my hand and seal of office on 10-13-2004



Anita Fricks, County Clerk  
By Deputy:

  
Sharon Wright

# EXHIBIT "A"

## TO ASSIGNMENT AND BILL OF SALE EFFECTIVE JULY 1, 2004, BETWEEN D. MICHAEL HARRIS, ASSIGNOR AND BOIS d'ARC PROPERTIES, LP, ASSIGNEE

LESSOR/LEASE NO.	LESSEE	LEASE DATE	RECORDED VOL/PAGE	LEGAL DESCRIPTION
CALHOUN/MATAGORDA COUNTIES, TEXAS				
Commissioner of the General Land Office of the State of Texas, Oil and Gas Lease No. M-098676	Bois d'Arc Resources	10/07/1997	491/077 194/337	320 acres, more or less, being the N/2 of Tract 160, Matagorda Bay, Calhoun/Matagorda Counties, Texas, as shown on the applicable official submerged area map on file in the Texas General Land Office, Austin, Texas.

This Document has been received by this Office for  
Recording into the Official Public Records. We do  
hereby swear that we do not discriminate due to  
Race, Creed, Color, Sex or National Origin.

Filed for Record in:  
Calhoun County  
Honorable Anita Fricke  
County Clerk

On: Aug 31, 2004 at 10:27A  
Receipt Number - 45150  
By, Sharon Wright

*Sharon Wright*  
Deputy

I, Anita Fricke, County Clerk, Calhoun County,  
Texas, do hereby certify that this is a true and  
correct copy as same appears of record in my office.  
Witness my hand and seal of office on

10-13-2004

Anita Fricke, County Clerk  
By Deputy  
*Sharon Wright*  
Sharon Wright



046347

ASSIGNMENT AND BILL OF SALE

*Matagorda Co*

STATE OF TEXAS

§

§

COUNTIES OF CALHOUN

§

AND MATAGORDA

THIS ASSIGNMENT AND BILL OF SALE is effective July 1, 2004, hereinafter referred to as "Effective Date", by and between D. Michael Harris, whose address is 3512 Red River Street, Austin, Texas 78705, hereinafter referred to as "ASSIGNOR", and Bois d' Arc Properties, LP, a Nevada limited partnership, whose address is 600 Travis St., Suite 6275, Houston, Texas 77002, hereinafter referred to as "ASSIGNEE".

WITNESSETH:

WHEREAS, ASSIGNOR owns certain interests in Property, hereinafter referred to as the "ASSIGNED PREMISES", the ASSIGNED PREMISES being described on Exhibit "A", attached hereto and made a part hereof.

NOW THEREFORE, for Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, ASSIGNOR hereby grants, conveys, quitclaims and assigns unto ASSIGNEE all of ASSIGNOR's right, title and interest of whatever nature in and to the ASSIGNED PREMISES described herein, together with all interest in and to all the personal property, fixtures and improvements now or as of the Effective Date thereon, appurtenant thereto or used or obtained in connection with the land and the production therefrom or attributable thereto and also including property and rights incident thereto, including without limitation to the extent transferable, all agreements, contracts, permits, rights-of way, easements, servitudes, franchises, licenses and orders in any way relating thereto.

This Assignment and Bill of Sale ("Assignment") is made and accepted, subject to, and ASSIGNEE hereby assumes, any and all burdens and encumbrances, to which said property is subject and ASSIGNEE hereby indemnifies and holds ASSIGNOR harmless as to the administration of these burdens and encumbrances after the Effective Date as herein defined.

This Assignment is made and accepted subject to all of the terms of that certain Contribution Agreement ("Agreement") dated as of July 1, 2004 by and among ASSIGNOR, ASSIGNEE and various other entities and individuals, which are hereby deemed incorporated by reference into this Assignment to the fullest extent permitted by law. In the event of a conflict between the provisions of this Assignment and the provisions of the Agreement the provisions of the Agreement shall prevail.

ASSIGNEE has caused the ASSIGNED PREMISES to be inspected and is familiar with the present condition thereof and agrees to accept a conveyance of same as "AS IS". It is further expressly understood that ASSIGNEE has caused to be carefully inspected all of the equipment presently located on the ASSIGNED PREMISES and acknowledges that ASSIGNEE is familiar with the present condition and state of repair thereof and accepts same AS IS AND WHERE IS WITHOUT ANY GUARANTEES OR WARRANTIES EITHER EXPRESS OR IMPLIED, AS TO MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, EXCEPT AS MAY BE SPECIFICALLY SET FORTH IN THE AGREEMENT.

If it becomes necessary to plug and abandon any well(s) covered under this Assignment, ASSIGNEE, at ASSIGNEE's sole risk and expense, will plug and abandon said well(s) in accordance with all local, state and federal laws, rules and regulations and will restore the premises pursuant to the terms and provisions contained in the lease described above and per governmental authority.

EXCEPT AS MAY BE SPECIFICALLY SET FORTH IN THE AGREEMENT, THIS ASSIGNMENT IS MADE WITHOUT WARRANTY OF ANY KIND, EITHER EXPRESS OR

I, ~~IMPLIED~~ Deputy Clerk, Matagorda County, Texas, do hereby certify that this is a true and correct copy as the same appears of record in my office. Witness my hand and Seal of Office on

1



00500146579001

Year: 2004 No: 046347 Type: AEG

OCT 12 2004




By [Signature] Deputy Clerk

TO HAVE AND TO HOLD the Property granted, bargained, sold, conveyed, transferred, assigned and delivered as aforesaid unto ASSIGNEE, its successors and assigns, subject to the terms and provisions herein; and, this Assignment is made with full substitution and subrogation of ASSIGNEE in and to all covenants and warranties by others heretofore given or made in respect to the ASSIGNED PREMISES or any part thereof, insofar as such covenants and warranties extend beyond the Effective Date.

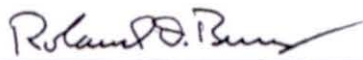
Executed this 12<sup>th</sup> day of August, 2004, but effective as of "Effective Date".

ASSIGNOR:

  
D. Michael Harris


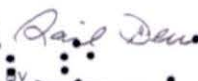
ASSIGNEE:

Bois d'Arc Properties, LP  
By: Bois d'Arc Holdings, LLC,  
Its General Partner  
By: Bois d'Arc Energy, LLC,  
Its Sole Member

By:   
Roland O. Burns  
Senior Vice President and  
Chief Financial Officer

I, Gall Denn, County Clerk, Matagorda County, Texas, do hereby certify that this is a true and correct copy as the same appears of record in my office. Witness my hand and Seal of Office on

OCT 12 2004

  County Clerk  
Deputy




ACKNOWLEDGMENT

STATE OF TEXAS §

COUNTY OF TRAVIS §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared D. Michael Harris, 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 and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 12<sup>th</sup> day of August, 2004.

 Jodi H. Johnson  
Notary Public  
State of Texas  
Comm. Exp. 02-25-2007

Jodi H. Johnson  
Notary Public in and for the  
State of Texas

My commission expires: 02-28-07

STATE OF TEXAS §

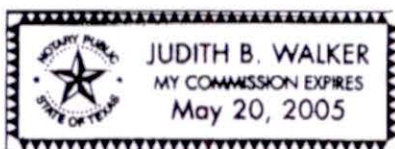
COUNTY OF COLLIN §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Roland O. Burns, Senior Vice President and Chief Financial Officer of Bois d'Arc Properties, LP, 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 and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 9<sup>th</sup> day of August, 2004.


Judith B. Walker  
Notary Public in and for the  
State of Texas

My commission expires: 05-20-05



I, Gall Denn, County Clerk, Matagorda County, Texas, do hereby certify that this is a true and correct copy as the same appears of record in my office. Witness my hand and Seal of Office on

OCT 12 2004

 Gall Denn County Clerk  
By [Signature] Deputy



By [Signature] County Clerk  
Deputy

OCT 12 2004

I, Gail Denn, County Clerk, Matagorda County, Texas, do hereby certify that this is a true and correct copy as the same appears of record in my office. Witness my hand and Seal of Office on

# EXHIBIT "A"

TO ASSIGNMENT AND BILL OF SALE EFFECTIVE JULY 1, 2004,  
BETWEEN D. MICHAEL HARRIS, ASSIGNOR AND BOIS d'ARC PROPERTIES, LP, ASSIGNEE

LESSOR/LEASE NO.	LESSEE	LEASE DATE	RECORDED VOL/PAGE	LEGAL DESCRIPTION
CALHOUN/MATAGORDA COUNTIES, TEXAS				
Commissioner of the General Land Office of the State of Texas, Oil and Gas Lease No. M-098676	Bois d'Arc Resources	10/07/1997	491/077 194/337	320 acres, more or less, being the N/2 of Tract 160, Matagorda Bay, Calhoun/Matagorda Counties, Texas, as shown on the applicable official submerged area map on file in the Texas General Land Office, Austin, Texas.

FILED

04 AUG 30 AM 1:25

*[Signature]*



COUNTY CLERK, Matagorda County, Texas

*Gail Denn*

AUG 30 2004

STATE OF TEXAS  
COUNTY OF MATAGORDA  
I hereby certify that this instrument was FILED in File Number  
Sequence on the date and at the time stamped hereon by me,  
and was duly RECORDED in the OFFICIAL RECORDS of  
Matagorda County, Texas on



18.  
File No. BF 090676  
Assignment  
Date Filed: 11/9/04  
Jerry E. Patterson, Commissioner  
By [Signature]

4  
4

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

November 9, 2004

Stephanie Pitre  
Bois d' Arc Energy  
5300 Town & Country Blvd., Suite 500  
Frisco, TX 75034

RE: Assignment filing; GLO ID 4875

Dear Ms. Pitre,

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

Assignment and Bill of Sale, executed August 22<sup>nd</sup>, 2004, from Jay Petroleum of LA, LLC, as Assignor, to Bois d' Arc. Properties LP as Assignee. MF098676.

Filing fees of \$225.00 were received in connection with the above lease. If you have any questions, please feel free to call me at (800) 998-4GLO, or at my direct number at (512) 463-6521.

Sincerely,

Beverly Boyd  
Mineral Leasing  
Energy Resources  
512-463-6521

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

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

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



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## *Exhibit "A"*

<i>GLO ID</i>	<i>County</i>	<i>Lease</i>
4875	Calhoun/Matagorda	MF098676

*Tuesday, November 09, 2004*

## ASSIGNMENT AND BILL OF SALE

STATE OF TEXAS

COUNTIES OF CALHOUN  
AND MATAGORDA§  
§  
§I, Anita Fricke, County Clerk, Calhoun County,  
Texas, do hereby certify that this is a true and  
correct copy as same appears of record in my office.  
Witness my hand and seal of office on 10-13-2004Anita Fricke, County Clerk  
By Deputy:  
Sharon Wright

THIS ASSIGNMENT AND BILL OF SALE is effective July 1, 2004, hereinafter referred to as "Effective Date", by and between Jay Petroleum of LA, LLC, a Louisiana limited liability company, whose address is P.O. Box 82277, Lafayette, Louisiana 70598-2277, hereinafter referred to as "ASSIGNOR", and Bois d'Arc Properties, LP, a Nevada limited partnership, whose address is 600 Travis St., Suite 6275, Houston, Texas 77002, hereinafter referred to as "ASSIGNEE".

## WITNESSETH:

WHEREAS, ASSIGNOR owns certain interests in Property, hereinafter referred to as the "ASSIGNED PREMISES", the ASSIGNED PREMISES being described on Exhibit "A", attached hereto and made a part hereof.

NOW THEREFORE, for Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, ASSIGNOR hereby grants, conveys, quitclaims and assigns unto ASSIGNEE all of ASSIGNOR's right, title and interest of whatever nature in and to the ASSIGNED PREMISES described herein, together with all interest in and to all the personal property, fixtures and improvements now or as of the Effective Date thereon, appurtenant thereto or used or obtained in connection with the land and the production therefrom or attributable thereto and also including property and rights incident thereto, including without limitation to the extent transferable, all agreements, contracts, permits, rights-of way, easements, servitudes, franchises, licenses and orders in any way relating thereto.

This Assignment and Bill of Sale ("Assignment") is made and accepted, subject to, and ASSIGNEE hereby assumes, any and all burdens and encumbrances, to which said property is subject and ASSIGNEE hereby indemnifies and holds ASSIGNOR harmless as to the administration of these burdens and encumbrances after the Effective Date as herein defined.

This Assignment is made and accepted subject to all of the terms of that certain Contribution Agreement ("Agreement") dated as of July 1, 2004 by and among ASSIGNOR, ASSIGNEE and various other entities and individuals, which are hereby deemed incorporated by reference into this Assignment to the fullest extent permitted by law. In the event of a conflict between the provisions of this Assignment and the provisions of the Agreement the provisions of the Agreement shall prevail.

ASSIGNEE has caused the ASSIGNED PREMISES to be inspected and is familiar with the present condition thereof and agrees to accept a conveyance of same as "AS IS". It is further expressly understood that ASSIGNEE has caused to be carefully inspected all of the equipment presently located on the ASSIGNED PREMISES and acknowledges that ASSIGNEE is familiar with the present condition and state of repair thereof and accepts same AS IS AND WHERE IS WITHOUT ANY GUARANTEES OR WARRANTIES EITHER EXPRESS OR IMPLIED, AS TO MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, EXCEPT AS MAY BE SPECIFICALLY SET FORTH IN THE AGREEMENT.

If it becomes necessary to plug and abandon any well(s) covered under this Assignment, ASSIGNEE, at ASSIGNEE's sole risk and expense, will plug and abandon said well(s) in accordance with all local, state and federal laws, rules and regulations and will restore the premises pursuant to the terms and provisions contained in the lease described above and per governmental authority.

EXCEPT AS MAY BE SPECIFICALLY SET FORTH IN THE AGREEMENT, THIS ASSIGNMENT IS MADE WITHOUT WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED.



TO HAVE AND TO HOLD the Property granted, bargained, sold, conveyed, transferred, assigned and delivered as aforesaid unto ASSIGNEE, its successors and assigns, subject to the terms and provisions herein; and, this Assignment is made with full substitution and subrogation of ASSIGNEE in and to all covenants and warranties by others heretofore given or made in respect to the ASSIGNED PREMISES or any part thereof, insofar as such covenants and warranties extend beyond the Effective Date.

Executed this 22 day of August, 2004, but effective as of "Effective Date".

**ASSIGNOR:**

Jay Petroleum of LA, LLC

By: [Signature]  
William C. Langford  
Managing Partner

**ASSIGNEE:**

Bois d'Arc Properties, LP

By: Bois d'Arc Holdings, LLC,  
Its General Partner

By: Bois d'Arc Energy, LLC,  
Its Sole Member

By: [Signature]  
Roland O. Burns  
Senior Vice President and  
Chief Financial Officer

I, Anita Fricks, County Clerk, Calhoun County, Texas, do hereby certify that this is a true and correct copy as same appears of record in my office. Witness my hand and seal of office on 10-13-2004



Anita Fricks, County Clerk  
By Deputy:

[Signature]  
Sharon Wright

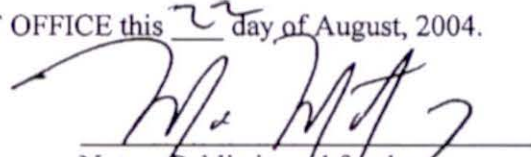
ACKNOWLEDGMENT

STATE OF LOUISIANA §

PARISH OF LAFAYETTE §

BEFORE ME, the undersigned, a Notary Public in and for said Parish and State, on this day personally appeared William C. Langford, Managing Partner of Jay Petroleum of LA, LLC, 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 and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 22 day of August, 2004.

  
\_\_\_\_\_  
Notary Public in and for the  
State of Louisiana


My commission expires: At Death

STATE OF TEXAS §

COUNTY OF COLLIN §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Roland O. Burns, Senior Vice President and Chief Financial Officer of Bois d'Arc Properties, LP, 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 and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 9th day of August, 2004.

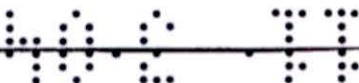
  
\_\_\_\_\_  
Notary Public in and for the  
State of Texas

My commission expires: 05-20-05



I, Anita Fricks, County Clerk, Caddo County, Texas, do hereby certify that this is a true and correct copy as same appears of record in my office. Witness my hand and seal of office on 10-13-2004

  
Anita Fricks, County Clerk  
By Deputy:  
  
Sharon Wright





# EXHIBIT "A"

## TO ASSIGNMENT AND BILL OF SALE EFFECTIVE JULY 1, 2004, BETWEEN JAY PETROLEUM OF LA, LLC, ASSIGNOR AND BOIS d'ARC PROPERTIES, LP, ASSIGNEE

LESSOR/LEASE NO.	LESSEE	LEASE DATE	RECORDED VOL/PAGE	LEGAL DESCRIPTION
CALHOUN/MATAGORDA COUNTIES, TEXAS				
Commissioner of the General Land Office of the State of Texas, Oil and Gas Lease No. <b>M-098676</b>	Bois d'Arc Resources	10/07/1997	491/077 194/337	320 acres, more or less, being the N/2 of Tract 160, Matagorda Bay, Calhoun/Matagorda Counties, Texas, as shown on the applicable official submerged area map on file in the Texas General Land Office, Austin, Texas.

I, Anita Fricke, County Clerk, Calhoun County,  
Texas, do hereby certify that this is a true and  
correct copy as same appears of record in my office.  
Witness my hand and seal of office on 10-13-2004



Anita Fricke, County Clerk  
By Deputy,  
Sharon Wright  
Sharon Wright

This Document has been received by this Office for  
Recording into the Official Public Records. We do  
hereby swear that we do not discriminate due to  
Race, Creed, Color, Sex or National Origin.

Filed for Record in:  
Calhoun County  
Honorable Anita Fricke  
County Clerk

On: Sep 07, 2004 at 11:30A  
Receipt Number - 45239  
By, Sharon Wright

Sharon Wright  
Deputy

046510

Matagorda

ASSIGNMENT AND BILL OF SALE

STATE OF TEXAS

COUNTIES OF CALHOUN  
AND MATAGORDA

§  
§  
§



0465-0014-07410001  
Year: 2004 No: 0465-10 Type: ABS

THIS ASSIGNMENT AND BILL OF SALE is effective July 1, 2004, hereinafter referred to as "Effective Date", by and between Jay Petroleum of LA, LLC, a Louisiana limited liability company, whose address is P.O. Box 82277, Lafayette, Louisiana 70598-2277, hereinafter referred to as "ASSIGNOR", and Bois d'Arc Properties, LP, a Nevada limited partnership, whose address is 600 Travis St., Suite 6275, Houston, Texas 77002, hereinafter referred to as "ASSIGNEE".

WITNESSETH:

WHEREAS, ASSIGNOR owns certain interests in Property, hereinafter referred to as the "ASSIGNED PREMISES", the ASSIGNED PREMISES being described on Exhibit "A", attached hereto and made a part hereof.

NOW THEREFORE, for Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, ASSIGNOR hereby grants, conveys, quitclaims and assigns unto ASSIGNEE all of ASSIGNOR's right, title and interest of whatever nature in and to the ASSIGNED PREMISES described herein, together with all interest in and to all the personal property, fixtures and improvements now or as of the Effective Date thereon, appurtenant thereto or used or obtained in connection with the land and the production therefrom or attributable thereto and also including property and rights incident thereto, including without limitation to the extent transferable, all agreements, contracts, permits, rights-of way, easements, servitudes, franchises, licenses and orders in any way relating thereto.

This Assignment and Bill of Sale ("Assignment") is made and accepted, subject to, and ASSIGNEE hereby assumes, any and all burdens and encumbrances, to which said property is subject and ASSIGNEE hereby indemnifies and holds ASSIGNOR harmless as to the administration of these burdens and encumbrances after the Effective Date as herein defined.

This Assignment is made and accepted subject to all of the terms of that certain Contribution Agreement ("Agreement") dated as of July 1, 2004 by and among ASSIGNOR, ASSIGNEE and various other entities and individuals, which are hereby deemed incorporated by reference into this Assignment to the fullest extent permitted by law. In the event of a conflict between the provisions of this Assignment and the provisions of the Agreement the provisions of the Agreement shall prevail.

ASSIGNEE has caused the ASSIGNED PREMISES to be inspected and is familiar with the present condition thereof and agrees to accept a conveyance of same as "AS IS". It is further expressly understood that ASSIGNEE has caused to be carefully inspected all of the equipment presently located on the ASSIGNED PREMISES and acknowledges that ASSIGNEE is familiar with the present condition and state of repair thereof and accepts same AS IS AND WHERE IS WITHOUT ANY GUARANTEES OR WARRANTIES EITHER EXPRESS OR IMPLIED, AS TO MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, EXCEPT AS MAY BE SPECIFICALLY SET FORTH IN THE AGREEMENT.

If it becomes necessary to plug and abandon any well(s) covered under this Assignment, ASSIGNEE, at ASSIGNEE's sole risk and expense, will plug and abandon said well(s) in accordance with all local, state and federal laws, rules and regulations and will restore the premises pursuant to the terms and provisions contained in the lease described above and per governmental authority.

EXCEPT AS MAY BE SPECIFICALLY SET FORTH IN THE AGREEMENT, THIS ASSIGNMENT IS MADE WITHOUT WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED.

I, Gail Denn, County Clerk, Matagorda County, Texas, do hereby certify that this is a true and correct copy as the same appears of record in my office. Witness my hand and Seal of Office on

OCT 12 2004  
Gail Denn County Clerk  
By \_\_\_\_\_ Deputy



TO HAVE AND TO HOLD the Property granted, bargained, sold, conveyed, transferred, assigned and delivered as aforesaid unto ASSIGNEE, its successors and assigns, subject to the terms and provisions herein; and, this Assignment is made with full substitution and subrogation of ASSIGNEE in and to all covenants and warranties by others heretofore given or made in respect to the ASSIGNED PREMISES or any part thereof, insofar as such covenants and warranties extend beyond the Effective Date.

Executed this \_\_\_\_ day of August, 2004, but effective as of "Effective Date".

**ASSIGNOR:**

Jay Petroleum of LA, LLC

By: William C. Langford

William C. Langford  
Managing Partner

**ASSIGNEE:**

Bois d'Arc Properties, LP

By: Bois d'Arc Holdings, LLC,  
Its General Partner

By: Bois d'Arc Energy, LLC,  
Its Sole Member

By: Roland O. Burns

Roland O. Burns  
Senior Vice President and  
Chief Financial Officer

I, Gall Denn, County Clerk, Matagorda County, Texas, do hereby certify that this is a true and correct copy as the same appears of record in my office. Witness my hand and Seal of Office on

OCT 12 2004  
Gall Denn County Clerk  
By: \_\_\_\_\_ Deputy

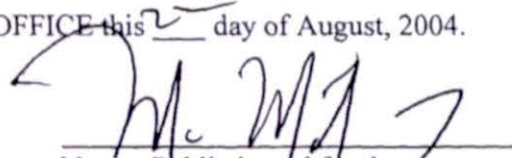
ACKNOWLEDGMENT

STATE OF LOUISIANA §

PARISH OF LAFAYETTE §

BEFORE ME, the undersigned, a Notary Public in and for said Parish and State, on this day personally appeared William C. Langford, Managing Partner of Jay Petroleum of LA, LLC, 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 and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 2 day of August, 2004.

  
Notary Public in and for the  
State of Louisiana

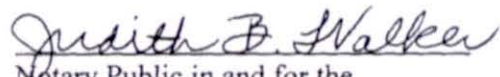
My commission expires: at death

STATE OF TEXAS §

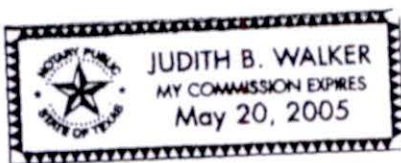
COUNTY OF COLLIN §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Roland O. Burns, Senior Vice President and Chief Financial Officer of Bois d'Arc Properties, LP, 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 and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 9th day of August, 2004.

  
Notary Public in and for the  
State of Texas

My commission expires: 05-20-05



I, Gall Denn, County Clerk, Matagorda County, Texas, do hereby certify that this is a true and correct copy as the same appears of record in my office. Witness my hand and Seal of Office on

OCT 12 2004

 County Clerk  
By  Deputy






OCT 12, 2004  
*David Denn*  
 County Clerk  
 By \_\_\_\_\_ Deputy

I, Gail Denn, County Clerk, Matagorda County, Texas, do hereby certify that this is a true and correct copy as the same appears of record in my office. Witness my hand and Seal of Office on

# EXHIBIT "A"

## TO ASSIGNMENT AND BILL OF SALE EFFECTIVE JULY 1, 2004, BETWEEN JAY PETROLEUM OF LA, LLC, ASSIGNOR AND BOIS d'ARC PROPERTIES, LP, ASSIGNEE

LESSOR/LEASE NO.	LESSEE	LEASE DATE	RECORDED VOL/PAGE	LEGAL DESCRIPTION
CALHOUN/MATAGORDA COUNTIES, TEXAS				
Commissioner of the General Land Office of the State of Texas, Oil and Gas Lease No. M-098676	Bois d'Arc Resources	10/07/1997	491/077 194/337	320 acres, more or less, being the N/2 of Tract 160, Matagorda Bay, Calhoun/Matagorda Counties, Texas, as shown on the applicable official submerged area map on file in the Texas General Land Office, Austin, Texas.

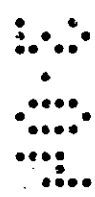
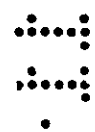
SEP 07 2004  
  
*David Denn*  
 COUNTY CLERK, Matagorda County, Texas

STATE OF TEXAS  
 I hereby certify that this instrument was FILED in the Number  
 Sequence on the day and at the time stamped hereon by me,  
 and was duly RECORDED in the OFFICIAL RECORDS of  
 Matagorda County, Texas on

FILED  
 04 SEP -7 PM 2:35  
*David Denn*  
 COUNTY CLERK

19.

File No. MF 098676  
Assignment  
Date Filed: 11/19/09  
Jerry E. Patterson, Commissioner  
By [Signature]





TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

November 9, 2004

Stephanie Pitre  
Bois d' Arc Energy  
5300 Town & Country Blvd., Suite 500  
Frisco, TX 75034

RE: Assignment filing; GLO ID 4876

Dear Ms. Pitre,

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

Assignment and Bill of Sale, executed August 12<sup>th</sup>, 2004, from  
Pegasus Energy, LLC, as Assignor, to Bois d' Arc Properties, LP  
As Assignee. MF098676.

Filing fees of \$225.00 were received in connection with the above lease. If you have any questions, please feel free to call me at (800) 998-4GLO, or at my direct number at (512) 463-6521.

Sincerely,

A handwritten signature in cursive script that reads "Beverly Boyd".

Beverly Boyd  
Mineral Leasing  
Energy Resources  
512-463-6521

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

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

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

---

## *Exhibit "A"*

*GLO ID*

*County*

*Lease*

---

4876

Calhoun/Matagorda

MF098676

*Tuesday, November 09, 2004*





October 29, 2004

Ms. Beverly Boyd, Mineral Leasing  
Texas General Land Office  
1700 North Congress Avenue  
Austin, Texas 78701-1495

*Handwritten in red ink:*  
Need  
#175 for  
20 additional filing fee  
#225

Re: Assignment Filing  
State of Texas Oil and Gas Lease No. M-098676  
Calhoun/Matagorda Counties, Texas

Gentlemen:

Enclosed for filing are certified, recorded copies of the following Assignments affecting State of Texas Oil and Gas Lease No. M-098676. **To keep the chain of title in the correct order by date, please file Assignments numbered 1 and 2 first.**

1. Assignment of State Leases executed September 25, 2003, but effective as of September 1, 2003, between Bois d'Arc Resources, Ltd., as Assignor, and BetsWest Interests, L.P. and HARO Investments, LLC, as Assignees.
2. Assignment of State Leases executed September 25, 2003, but effective as of September 1, 2003, between Gary W. Blackie and Sally Lynn Blackie, as Assignors, and BetsWest Interests, L.P., Betswest Investments, L.P., and Gary W. Blackie, as Assignees.
3. Assignment and Bill of Sale executed August 18, 2004, but effective as of July 1, 2004, between Comstock Offshore, LLC, Bois d'Arc Resources Ltd., Wayne and Gayle Laufer, and Gary and Sally Blackie, as Assignor, and Bois d'Arc Properties, LP, as Assignee.
4. Assignment and Bill of Sale executed August 13, 2004, but effective as July 1, 2004, between George and Jocelyn Fenton, as Assignor, and Bois d'Arc Properties, LP, as Assignee.
5. Assignment and Bill of Sale executed August 12, 2004, but effective as of July 1, 2004, between D. Michael Harris, as Assignor, and Bois d'Arc Properties, LP, as Assignee.
6. Assignment and Bill of Sale executed August 22, 2004, but effective as of July 1, 2004, between Jay Petroleum of LA, LLC, as Assignor, and Bois d'Arc Properties, LP, as Assignee.



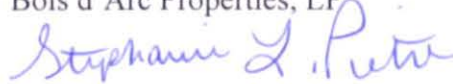
Letter to Texas General Land Office  
dated October 29, 2004  
Page 2

7. Assignment and Bill of Sale executed August 12, 2004, but effective as of July 1, 2004, between Pegasus Energy, LLC, as Assignor, and Bois d'Arc Properties, LP, as Assignee.

Our check number 1163 in the amount of \$50.00 for filing fees is also enclosed. When available, please provide the GLO filing information to the undersigned at 5300 Town and Country Blvd., Suite 500, Frisco, Texas 75034.

Thank you for your cooperation in this matter. If you should have any questions, please contact me at 972-668-8884.

Very truly yours,  
Bois d'Arc Properties, LP



Stephanie L. Pitre  
Lease Analyst

/slp  
Enclosures

402 11

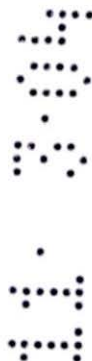


INVOICE NO	INV DATE	PAY #	DESCRIPTION	GROSS	DISC	NET AMT
REQ102204	10/22/04	205		X 50.00	0.00	50.00

129

125.00  
50.00  
175.00

For Assignment filing fee



Attn: Beverly Boyd

RECEIVED  
04 NOV 33 PM 2:56  
FACILITY #03110007

05009786

ASSIGNMENT AND BILL OF SALE

STATE OF TEXAS

§

COUNTIES OF CALHOUN  
AND MATAGORDA

§

I, Anita Fricke, County Clerk, Calhoun County, Texas, do hereby certify that this is a true and correct copy as same appears of record in my office. Witness my hand and seal of office on 10-13-2004



Anita Fricke, County Clerk

By Deputy:

Sharon Wright

THIS ASSIGNMENT AND BILL OF SALE is effective July 1, 2004, hereinafter referred to as "Effective Date", by and between **Pegasus Energy, LLC**, a California limited liability company, whose address is 7817 Ivanhoe Avenue, Suite 102, La Jolla, California 92037, hereinafter referred to as "ASSIGNOR", and **Bois d'Arc Properties, LP**, a Nevada limited partnership, whose address is 600 Travis St., Suite 6275, Houston, Texas 77002, hereinafter referred to as "ASSIGNEE".

WITNESSETH:

WHEREAS, ASSIGNOR owns certain interests in Property, hereinafter referred to as the "ASSIGNED PREMISES", the ASSIGNED PREMISES being described on Exhibit "A", attached hereto and made a part hereof.

NOW THEREFORE, for Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, ASSIGNOR hereby grants, conveys, quitclaims and assigns unto ASSIGNEE **all of ASSIGNOR's right, title and interest of whatever nature in and to the ASSIGNED PREMISES** described herein, together with all interest in and to all the personal property, fixtures and improvements now or as of the Effective Date thereon, appurtenant thereto or used or obtained in connection with the land and the production therefrom or attributable thereto and also including property and rights incident thereto, including without limitation to the extent transferable, all agreements, contracts, permits, rights-of way, easements, servitudes, franchises, licenses and orders in any way relating thereto.

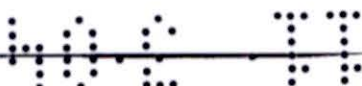
This Assignment and Bill of Sale ("Assignment") is made and accepted, subject to, and ASSIGNEE hereby assumes, any and all burdens and encumbrances, to which said property is subject and ASSIGNEE hereby indemnifies and holds ASSIGNOR harmless as to the administration of these burdens and encumbrances after the Effective Date as herein defined.

This Assignment is made and accepted subject to all of the terms of that certain Contribution Agreement ("Agreement") dated as of July 1, 2004 by and among ASSIGNOR, ASSIGNEE and various other entities and individuals, which are hereby deemed incorporated by reference into this Assignment to the fullest extent permitted by law. In the event of a conflict between the provisions of this Assignment and the provisions of the Agreement the provisions of the Agreement shall prevail.

ASSIGNEE has caused the ASSIGNED PREMISES to be inspected and is familiar with the present condition thereof and agrees to accept a conveyance of same as "AS IS". It is further expressly understood that ASSIGNEE has caused to be carefully inspected all of the equipment presently located on the ASSIGNED PREMISES and acknowledges that ASSIGNEE is familiar with the present condition and state of repair thereof and accepts same AS IS AND WHERE IS WITHOUT ANY GUARANTEES OR WARRANTIES EITHER EXPRESS OR IMPLIED, AS TO MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, EXCEPT AS MAY BE SPECIFICALLY SET FORTH IN THE AGREEMENT.

If it becomes necessary to plug and abandon any well(s) covered under this Assignment, ASSIGNEE, at ASSIGNEE's sole risk and expense, will plug and abandon said well(s) in accordance with all local, state and federal laws, rules and regulations and will restore the premises pursuant to the terms and provisions contained in the lease described above and per governmental authority.

EXCEPT AS MAY BE SPECIFICALLY SET FORTH IN THE AGREEMENT, THIS ASSIGNMENT IS MADE WITHOUT WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED.





TO HAVE AND TO HOLD the Property granted, bargained, sold, conveyed, transferred, assigned and delivered as aforesaid unto ASSIGNEE, its successors and assigns, subject to the terms and provisions herein; and, this Assignment is made with full substitution and subrogation of ASSIGNEE in and to all covenants and warranties by others heretofore given or made in respect to the ASSIGNED PREMISES or any part thereof, insofar as such covenants and warranties extend beyond the Effective Date.

Executed this 12<sup>th</sup> day of August, 2004, but effective as of "Effective Date".

ASSIGNOR:

Pegasus Energy, LLC

By: Nicholas J. Arthur

Nicholas J. Arthur  
Manager

ASSIGNEE:

Bois d'Arc Properties, LP

By: Bois d'Arc Holdings, LLC,  
Its General Partner

By: Bois d'Arc Energy, LLC,  
Its Sole Member

By: Roland O. Burns

Roland O. Burns  
Senior Vice President and  
Chief Financial Officer

I, Anita Fricke, County Clerk, Calhoun County,  
Texas, do hereby certify that this is a true and  
correct copy as same appears of record in my office.  
Witness my hand and seal of office on 10-13-2004



Anita Fricke, County Clerk  
By Deputy:

Sharon Wright  
Sharon Wright

ACKNOWLEDGMENT

STATE OF CALIFORNIA §

COUNTY OF SAN DIEGO §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Nicholas J. Arthur, Manager of Pegasus Energy, LLC, 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 and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 12<sup>th</sup> day of August, 2004.



  
Notary Public in and for the  
State of California

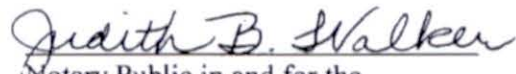
My commission expires: 03-09-07

STATE OF TEXAS §

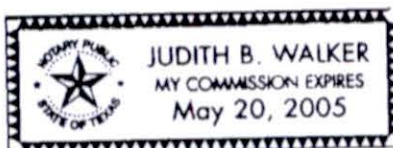
COUNTY OF COLLIN §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Roland O. Burns, Senior Vice President and Chief Financial Officer of Bois d'Arc Properties, LP, 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 and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 9<sup>th</sup> day of August, 2004.

  
Notary Public in and for the  
State of Texas

My commission expires: 05-20-05



I, Anita Fricka, County Clerk, Calhoun County, Texas, do hereby certify that this is a true and correct copy as same appears of record in my office. Witness my hand and seal of office on 10-13-2004



Anita Fricka, County Clerk  
By Deputy:

  
Sharon Wright



# EXHIBIT "A"

## TO ASSIGNMENT AND BILL OF SALE EFFECTIVE JULY 1, 2004, BETWEEN PEGASUS ENERGY, LLC, ASSIGNOR AND BOIS d'ARC PROPERTIES, LP, ASSIGNEE

LESSOR/LEASE NO.	LESSEE	LEASE DATE	RECORDED VOL/PAGE	LEGAL DESCRIPTION
CALHOUN/MATAGORDA COUNTIES, TEXAS				
Commissioner of the General Land Office of the State of Texas, Oil and Gas Lease No. M-098676	Bois d'Arc Resources	10/07/1997	491/077 194/337	320 acres, more or less, being the N/2 of Tract 160, Matagorda Bay, Calhoun/Matagorda Counties, Texas, as shown on the applicable official submerged area map on file in the Texas General Land Office, Austin, Texas.

This Document has been received by this Office for  
Recording into the Official Public Records. We do  
hereby swear that we do not discriminate due to  
Race, Creed, Color, Sex or National Origin.

Filed for Record in:  
Calhoun County  
Honorable Anita Fricke  
County Clerk

On: Aug 31, 2004 at 10:27A  
Receipt Number - 45158  
By, Sharon Wright

*Sharon Wright*  
Deputy

I, Anita Fricke, County Clerk, Calhoun County,  
Texas, do hereby certify that this is a true and  
correct copy as same appears of record in my office.  
Witness my hand and seal of office on 10-13-2004



Anita Fricke, County Clerk  
By Deputy  
*Sharon Wright*  
Sharon Wright

046346

ASSIGNMENT AND BILL OF SALE

*Matagorda*

STATE OF TEXAS                   §  
  §  
COUNTIES OF CALHOUN       §  
AND MATAGORDA

THIS ASSIGNMENT AND BILL OF SALE is effective July 1, 2004, hereinafter referred to as "Effective Date", by and between Pegasus Energy, LLC, a California limited liability company, whose address is 7817 Ivanhoe Avenue, Suite 102, La Jolla, California 92037, hereinafter referred to as "ASSIGNOR", and Bois d'Arc Properties, LP, a Nevada limited partnership, whose address is 600 Travis St., Suite 6275, Houston, Texas 77002, hereinafter referred to as "ASSIGNEE".

WITNESSETH:

WHEREAS, ASSIGNOR owns certain interests in Property, hereinafter referred to as the "ASSIGNED PREMISES", the ASSIGNED PREMISES being described on Exhibit "A", attached hereto and made a part hereof.

NOW THEREFORE, for Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, ASSIGNOR hereby grants, conveys, quitclaims and assigns unto ASSIGNEE all of ASSIGNOR's right, title and interest of whatever nature in and to the ASSIGNED PREMISES described herein, together with all interest in and to all the personal property, fixtures and improvements now or as of the Effective Date thereon, appurtenant thereto or used or obtained in connection with the land and the production therefrom or attributable thereto and also including property and rights incident thereto, including without limitation to the extent transferable, all agreements, contracts, permits, rights-of-way, easements, servitudes, franchises, licenses and orders in any way relating thereto.

This Assignment and Bill of Sale ("Assignment") is made and accepted, subject to, and ASSIGNEE hereby assumes, any and all burdens and encumbrances, to which said property is subject and ASSIGNEE hereby indemnifies and holds ASSIGNOR harmless as to the administration of these burdens and encumbrances after the Effective Date as herein defined.

This Assignment is made and accepted subject to all of the terms of that certain Contribution Agreement ("Agreement") dated as of July 1, 2004 by and among ASSIGNOR, ASSIGNEE and various other entities and individuals, which are hereby deemed incorporated by reference into this Assignment to the fullest extent permitted by law. In the event of a conflict between the provisions of this Assignment and the provisions of the Agreement the provisions of the Agreement shall prevail.

ASSIGNEE has caused the ASSIGNED PREMISES to be inspected and is familiar with the present condition thereof and agrees to accept a conveyance of same as "AS IS". It is further expressly understood that ASSIGNEE has caused to be carefully inspected all of the equipment presently located on the ASSIGNED PREMISES and acknowledges that ASSIGNEE is familiar with the present condition and state of repair thereof and accepts same AS IS AND WHERE IS WITHOUT ANY GUARANTEES OR WARRANTIES EITHER EXPRESS OR IMPLIED, AS TO MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, EXCEPT AS MAY BE SPECIFICALLY SET FORTH IN THE AGREEMENT.

If it becomes necessary to plug and abandon any well(s) covered under this Assignment, ASSIGNEE, at ASSIGNEE's sole risk and expense, will plug and abandon said well(s) in accordance with all local, state and federal laws, rules and regulations and will restore the premises pursuant to the terms and provisions contained in the lease described above and per governmental authority.

EXCEPT AS MAY BE SPECIFICALLY SET FORTH IN THE AGREEMENT, THIS ASSIGNMENT IS MADE WITHOUT WARRANTY OF ANY KIND, EITHER EXPRESS OR

I, Gail M. Linder, Clerk, Matagorda County, Texas, do hereby certify that this is a true and correct copy as the same appears of record in my office. Witness my hand and Seal of Office on

1



03500146573001  
Year: 2004 No: 046346 Type: ABS

OCT 12 2004  
By *[Signature]* County Clerk  
By *[Signature]* Deputy



TO HAVE AND TO HOLD the Property granted, bargained, sold, conveyed, transferred, assigned and delivered as aforesaid unto ASSIGNEE, its successors and assigns, subject to the terms and provisions herein; and, this Assignment is made with full substitution and subrogation of ASSIGNEE in and to all covenants and warranties by others heretofore given or made in respect to the ASSIGNED PREMISES or any part thereof, insofar as such covenants and warranties extend beyond the Effective Date.

Executed this 12<sup>th</sup> day of August, 2004, but effective as of "Effective Date".

**ASSIGNOR:**

Pegasus Energy, LLC

By: Nicholas J. Arthur

Nicholas J. Arthur  
Manager

**ASSIGNEE:**

Bois d'Arc Properties, LP

By: Bois d'Arc Holdings, LLC,  
Its General Partner

By: Bois d'Arc Energy, LLC,  
Its Sole Member

By: Roland O. Burns

Roland O. Burns  
Senior Vice President and  
Chief Financial Officer

I, Gail Denn, County Clerk, Matagorda County, Texas, do hereby certify that this is a true and correct copy as the same appears of record in my office. Witness my hand and Seal of Office on

OCT 12 2004



By: Gail Denn County Clerk  
Deputy

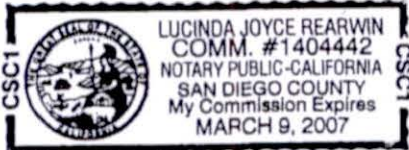
ACKNOWLEDGMENT

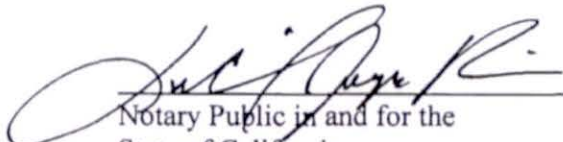
STATE OF CALIFORNIA §

COUNTY OF SAN DIEGO §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Nicholas J. Arthur, Manager of Pegasus Energy, LLC, 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 and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 12<sup>th</sup> day of August, 2004.



  
Notary Public in and for the  
State of California

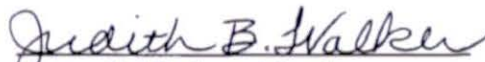
My commission expires: 03-09-07

STATE OF TEXAS §

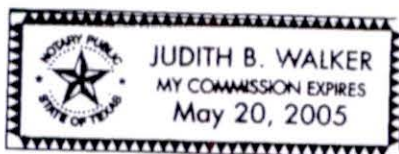
COUNTY OF COLLIN §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Roland O. Burns, Senior Vice President and Chief Financial Officer of Bois d'Arc Properties, LP, 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 and in the capacity therein stated.




GIVEN UNDER MY HAND AND SEAL OF OFFICE this 9<sup>th</sup> day of August, 2004.

  
Notary Public in and for the  
State of Texas

My commission expires: 05-20-05



I, Gail Denn, County Clerk, Matagorda County, Texas, do hereby certify that this is a true and correct copy as the same appears of record in my office. Witness my hand and Seal of Office on

OCT 12 2004  
 By  County Clerk  
 Deputy



**EXHIBIT "A"**

**TO ASSIGNMENT AND BILL OF SALE EFFECTIVE JULY 1, 2004,  
BETWEEN PEGASUS ENERGY, LLC, ASSIGNOR AND BOIS d'ARC PROPERTIES, LP, ASSIGNEE**

LESSOR/LEASE NO.	LESSEE	LEASE DATE	RECORDED VOL/PAGE	LEGAL DESCRIPTION
<b>CALHOUN/MATAGORDA COUNTIES, TEXAS</b>				
Commissioner of the General Land Office of the State of Texas, Oil and Gas Lease No. M-098676	Bois d'Arc Resources	10/07/1997	491/077 194/337	320 acres, more or less, being the N/2 of Tract 160, Matagorda Bay, Calhoun/Matagorda Counties, Texas, as shown on the applicable official submerged area map on file in the Texas General Land Office, Austin, Texas.

STATE OF TEXAS  
COUNTY OF MATAGORDA  
I hereby certify that this instrument was FILED in File Number  
Sequence on the date and at the time stamped hereon by me  
and was duly RECORDED in the OFFICIAL RECORDS of  
Matagorda County, Texas on

**AUG 30 2004**

  
*Garland Denn*  
COUNTY CLERK, Matagorda County, Texas

**04 AUG 30 AM 11:24**

**FILED**

*Garland Denn*

I, Gail Denn, County Clerk, Matagorda County,  
Texas, do hereby certify that this is a true and  
correct copy as the same appears of record in my  
office. Witness my hand and Seal of Office on

**OCT 12 2004**

  
*Garland Denn*  
COUNTY CLERK  
By *Garland Denn* Deputy

20

File No. PF 098676  
Assignment  
Date Filed: 11/9/04  
By Jerry E. Patterson, Commissioner

44-38861-1000





MF 098676

November 15, 2004

Ms. Beverly Boyd, Mineral Leasing  
Texas General Land Office  
1700 North Congress Avenue  
Austin, Texas 78701-1495

Re: Assignments into Bois d'Arc Properties, LP  
State of Texas Oil and Gas Lease No. M-098676  
Calhoun/Matagorda Counties, Texas

Dear Ms. Boyd:

Enclosed is our check number 1173 in the amount of \$175.00 for additional filing fees in connection with those certain Assignments and Bill of Sale into Bois d'Arc Properties, LP affecting Oil and Gas Lease No. M-098676, which were provided to your office by letter dated October 29, 2004. We have also enclosed a copy of our letter for your reference.

If I can be of further assistance, please contact me at 972-668-8884.

Very truly yours,  
Bois d'Arc Properties, LP

*Stephanie L. Pitre*  
Stephanie L. Pitre  
Lease Analyst

/slp  
Enclosures



COPY

October 29, 2004

Ms. Beverly Boyd, Mineral Leasing  
Texas General Land Office  
1700 North Congress Avenue  
Austin, Texas 78701-1495

Re: Assignment Filing  
State of Texas Oil and Gas Lease No. M-098676  
Calhoun/Matagorda Counties, Texas

Gentlemen:

Enclosed for filing are certified, recorded copies of the following Assignments affecting State of Texas Oil and Gas Lease No. M-098676. **To keep the chain of title in the correct order by date, please file Assignments numbered 1 and 2 first.**

1. Assignment of State Leases executed September 25, 2003, but effective as of September 1, 2003, between Bois d'Arc Resources, Ltd., as Assignor, and BetsWest Interests, L.P. and HARO Investments, LLC, as Assignees.
2. Assignment of State Leases executed September 25, 2003, but effective as of September 1, 2003, between Gary W. Blackie and Sally Lynn Blackie, as Assignors, and BetsWest Interests, L.P., Betswest Investments, L.P., and Gary W. Blackie, as Assignees.
- ✓ 3. Assignment and Bill of Sale executed August 18, 2004, but effective as of July 1, 2004, between Comstock Offshore, LLC, Bois d'Arc Resources Ltd., Wayne and Gayle Laufer, and Gary and Sally Blackie, as Assignor, and Bois d'Arc Properties, LP, as Assignee.
4. Assignment and Bill of Sale executed August 13, 2004, but effective as July 1, 2004, between George and Jocelyn Fenton, as Assignor, and Bois d'Arc Properties, LP, as Assignee.
5. Assignment and Bill of Sale executed August 12, 2004, but effective as of July 1, 2004, between D. Michael Harris, as Assignor, and Bois d'Arc Properties, LP, as Assignee.
6. Assignment and Bill of Sale executed August 22, 2004, but effective as of July 1, 2004, between Jay Petroleum of LA, LLC, as Assignor, and Bois d'Arc Properties, LP, as Assignee.



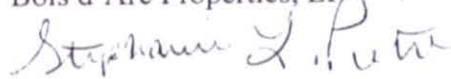
Letter to Texas General Land Office  
dated October 29, 2004  
Page 2

7. Assignment and Bill of Sale executed August 12, 2004, but effective as of July 1, 2004, between Pegasus Energy, LLC, as Assignor, and Bois d'Arc Properties, LP, as Assignee.

Our check number 1163 in the amount of \$50.00 for filing fees is also enclosed. When available, please provide the GLO filing information to the undersigned at 5300 Town and Country Blvd., Suite 500, Frisco, Texas 75034.

Thank you for your cooperation in this matter. If you should have any questions, please contact me at 972-668-8884.

Very truly yours,  
Bois d'Arc Properties, LP



Stephanie L. Pitre  
Lease Analyst



/slp  
Enclosures

Bois d'Arc Energy, LLC

5300 Town and Country Blvd., Suite 500 Frisco, TX 75034

001173

INVOICE NO	INV DATE	PAY #	DESCRIPTION	GROSS	DISC	NET AMT
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REQ110904	11/09/04	252		175.00	0.00	175.00
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05011778

129

Assignment filing fees

Atn: Beverly  
Boyd

11/10/04

u

RECEIVED  
OCT 12 PM 2:34



File No. MF 098676 21.  
Letters and fees for  
assignment  
Date Filed: 4/18/64  
By Jerry E. Patterson, Commissioner

11-10-04

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

January 3, 2005

Stephanie Pitre  
Bois d' Arc Energy  
5300 Town & Country Blvd., Suite 500  
Frisco, TX 75034

RE: Assignment filing; GLO ID 4914

Dear Ms. Pitre,

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

Assignment and Bill of Sale executed October 25<sup>th</sup>, 2004, from Haro Investments, LLC, as Assignor, to Bois d' Arc Properties LP, as Assignee. MF098676.

Filing fees of \$50.00 were received in connection with the above lease. If you have any questions, please feel free to call me at (800) 998-4GLO, or at my direct number at (512) 463-6521.

Sincerely,

Beverly Boyd  
Mineral Leasing  
Energy Resources  
512-463-6521

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

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

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



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## *Exhibit "A"*

<i>GLO ID</i>	<i>County</i>	<i>Lease</i>
4914	Calhoun/Matagorda	MF098676

*Monday, January 03, 2005*



December 21, 2004

Ms. Beverly Boyd, Mineral Leasing  
Texas General Land Office  
1700 North Congress Avenue  
Austin, Texas 78701-1495

Re: Assignment Filing  
State of Texas Oil and Gas Lease No. M-098676  
Calhoun/Matagorda Counties, Texas

Gentlemen:

Enclosed for filing are certified, recorded copies of the following Assignments affecting State of Texas Oil and Gas Lease No. M-098676:

1. Assignment and Bill of Sale executed October 29, 2004, but effective as of July 1, 2004, between Betswest Interests, L.P., as Assignor, and Bois d'Arc Properties, LP, as Assignee.
2. Assignment and Bill of Sale executed November 9, 2004, but effective as of July 1, 2004, between HARO Investments, LLC, as Assignor, and Bois d'Arc Properties, LP, as Assignee.

Our check number 1218 in the amount of \$50.00 for filing fees is also enclosed. When available, please provide the GLO filing information to the undersigned at 5300 Town and Country Blvd., Suite 500, Frisco, Texas 75034.

Thank you for your cooperation in this matter. If you should have any questions, please contact me at 972-668-8884.

Very truly yours,  
Bois d'Arc Properties, LP

A handwritten signature in blue ink, appearing to read 'Stephanie L. Pitre'.

Stephanie L. Pitre  
Lease Analyst

/slp  
Enclosures



INVOICE NO	INV DATE	PAY #	DESCRIPTION	GROSS	DISC	NET AMT
REQ121704	12/17/04	354		50.00	0.00	50.00
			Assignment filing fees			

129

05016660  
RECEIVED  
04 DEC 27 PM 2004  
attn: Beverly Boyd

501218

4914  
ASSIGNMENT AND BILL OF SALE

STATE OF TEXAS

§  
§  
§

COUNTIES OF CALHOUN  
AND MATAGORDA

I, Anita Fricke, County Clerk, Calhoun County, Texas, do hereby certify that this is a true and correct copy as same appears of record in my office. Witness my hand and seal of office on 11-24-2004



Anita Fricke, County Clerk  
By Deputy:  
Sharon Wright

THIS ASSIGNMENT AND BILL OF SALE is effective July 1, 2004, hereinafter referred to as "Effective Date", by and between HARO Investments, LLC, a Louisiana limited liability company, whose address is Chase Tower, 600 Travis Street, Suite 6275, Houston, Texas 77002, hereinafter referred to as "ASSIGNOR", and Bois d'Arc Properties, LP, a Nevada limited partnership, whose address is 600 Travis St., Suite 6275, Houston, Texas 77002, hereinafter referred to as "ASSIGNEE".

WITNESSETH:

WHEREAS, ASSIGNOR owns certain interests in Property, hereinafter referred to as the "ASSIGNED PREMISES", the ASSIGNED PREMISES being described on Exhibit "A", attached hereto and made a part hereof.

NOW THEREFORE, for Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, ASSIGNOR hereby grants, conveys, quitclaims and assigns unto ASSIGNEE all of ASSIGNOR's right, title and interest of whatever nature in and to the ASSIGNED PREMISES described herein, together with all interest in and to all the personal property, fixtures and improvements now or as of the Effective Date thereon, appurtenant thereto or used or obtained in connection with the land and the production therefrom or attributable thereto and also including property and rights incident thereto, including without limitation to the extent transferable, all agreements, contracts, permits, rights-of-way, easements, servitudes, franchises, licenses and orders in any way relating thereto.

This Assignment and Bill of Sale ("Assignment") is made and accepted, subject to, and ASSIGNEE hereby assumes, any and all burdens and encumbrances, to which said property is subject and ASSIGNEE hereby indemnifies and holds ASSIGNOR harmless as to the administration of these burdens and encumbrances after the Effective Date as herein defined.

This Assignment is made and accepted subject to all of the terms of that certain Contribution Agreement ("Agreement") dated as of July 1, 2004 by and among ASSIGNOR, ASSIGNEE and various other entities and individuals, which are hereby deemed incorporated by reference into this Assignment to the fullest extent permitted by law. In the event of a conflict between the provisions of this Assignment and the provisions of the Agreement the provisions of the Agreement shall prevail.

ASSIGNEE has caused the ASSIGNED PREMISES to be inspected and is familiar with the present condition thereof and agrees to accept a conveyance of same as "AS IS". It is further expressly understood that ASSIGNEE has caused to be carefully inspected all of the equipment presently located on the ASSIGNED PREMISES and acknowledges that ASSIGNEE is familiar with the present condition and state of repair thereof and accepts same AS IS AND WHERE IS WITHOUT ANY GUARANTEES OR WARRANTIES EITHER EXPRESS OR IMPLIED, AS TO MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, EXCEPT AS MAY BE SPECIFICALLY SET FORTH IN THE AGREEMENT.

If it becomes necessary to plug and abandon any well(s) covered under this Assignment, ASSIGNEE, at ASSIGNEE's sole risk and expense, will plug and abandon said well(s) in accordance with all local, state and federal laws, rules and regulations and will restore the premises pursuant to the terms and provisions contained in the lease described above and per governmental authority.

EXCEPT AS MAY BE SPECIFICALLY SET FORTH IN THE AGREEMENT, THIS ASSIGNMENT IS MADE WITHOUT WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED.



TO HAVE AND TO HOLD the Property granted, bargained, sold, conveyed, transferred, assigned and delivered as aforesaid unto ASSIGNEE, its successors and assigns, subject to the terms and provisions herein; and, this Assignment is made with full substitution and subrogation of ASSIGNEE in and to all covenants and warranties by others heretofore given or made in respect to the ASSIGNED PREMISES or any part thereof, insofar as such covenants and warranties extend beyond the Effective Date.

Executed this 25 day of October, 2004, but effective as of "Effective Date".

ASSIGNOR:

HARO Investments, LLC

By: Wayne L. Laufer  
Wayne L. Laufer  
Member

ASSIGNEE:

Bois d'Arc Properties, LP

By: Bois d'Arc Holdings, LLC,  
Its General Partner

By: Bois d'Arc Energy, LLC,  
Its Sole Member

By: Roland O. Burns  
Roland O. Burns, Co-Manager,  
Senior Vice President and  
Chief Financial Officer

I, Anita Fricke, County Clerk, Calhoun County,  
Texas, do hereby certify that this is a true and  
correct copy as same appears of record in my office.  
Witness my hand and seal of office on

11-24-2004



Anita Fricke, County Clerk

By Deputy:

Sharon Wright  
Sharon Wright

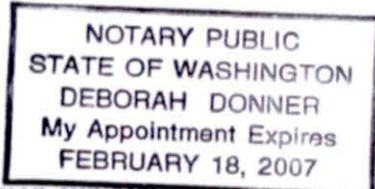
## ACKNOWLEDGMENT

STATE OF WASHINGTON §

COUNTY OF KING §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Wayne L. Laufer, Member of HARO Investments, LLC, 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 and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 9<sup>th</sup> day of November, 2004.



Deborah Donner  
Notary Public in and for the  
State of Washington

My Commission expires: \_\_\_\_\_

STATE OF TEXAS §

COUNTY OF COLLIN §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Roland O. Burns, Co-Manager, Senior Vice President and Chief Financial Officer of Bois d'Arc Properties, LP, 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 and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 25 day of October, 2004.



Stephanie L. Pitre  
Notary Public in and for the  
State of Texas

My Commission expires: \_\_\_\_\_

I, Anita Fricks, County Clerk, Tarrant County, Texas, do hereby certify that this is a true and correct copy as same appears of record in my office. Witness my hand and seal of office on

11-24-2004

Anita Fricks, County Clerk

By Deputy:

Sharon Wright  
Sharon Wright



12.27.04

EXHIBIT "A"

TO ASSIGNMENT AND BILL OF SALE EFFECTIVE JULY 1, 2004,  
BETWEEN HARO INVESTMENTS, LLC, ASSIGNOR AND BOIS d'ARC PROPERTIES, LP, ASSIGNEE

LESSOR/LEASE NO.	LESSEE	LEASE DATE	RECORDED VOL/PAGE	LEGAL DESCRIPTION
CALHOUN/MATAGORDA COUNTIES, TEXAS				
Commissioner of the General Land Office of the State of Texas, Oil and Gas Lease No. M-098676	Bois d'Arc Resources	10/07/1997	491/077 194/337	320 acres, more or less, being the N/2 of Tract 160, Matagorda Bay, Calhoun/Matagorda Counties, Texas, as shown on the applicable official submerged area map on file in the Texas General Land Office, Austin, Texas.


This Document has been received by this Office for  
Recording into the Official Public Records. We do  
hereby swear that we do not discriminate due to  
Race, Creed, Color, Sex or National Origin.

Filed for Record in:  
Calhoun County  
Honorable Anita Fricke  
County Clerk

On: Nov 23, 2004 at 11:17A  
Receipt Number - 46430  
By, Sharon Wright

*Sharon Wright*  
Deputy

I, Anita Fricke, County Clerk, Calhoun County,  
Texas, do hereby certify that this is a true and  
correct copy as same appears of record in my office.  
Witness my hand and seal of office on 11-24-2004

  
Anita Fricke, County Clerk  
By Deputy,  
*Sharon Wright*  
Sharon Wright

494

## ASSIGNMENT AND BILL OF SALE

I, Gail Denn, County Clerk, Matagorda County, Texas, do hereby certify that this is a true and correct copy as the same appears of record in my office. Witness my hand and Seal of Office on

STATE OF TEXAS

§

COUNTIES OF CALHOUN  
AND MATAGORDA

§

§

NOV 23 2004



Gail Denn County Clerk  
By Patricia Holland Deputy

THIS ASSIGNMENT AND BILL OF SALE is effective July 1, 2004, hereinafter referred to as "Effective Date", by and between HARO Investments, LLC, a Louisiana limited liability company, whose address is Chase Tower, 600 Travis Street, Suite 6275, Houston, Texas 77002, hereinafter referred to as "ASSIGNOR", and Bois d'Arc Properties, LP, a Nevada limited partnership, whose address is 600 Travis St., Suite 6275, Houston, Texas 77002, hereinafter referred to as "ASSIGNEE".

## WITNESSETH:

WHEREAS, ASSIGNOR owns certain interests in Property, hereinafter referred to as the "ASSIGNED PREMISES", the ASSIGNED PREMISES being described on Exhibit "A", attached hereto and made a part hereof.

NOW THEREFORE, for Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, ASSIGNOR hereby grants, conveys, quitclaims and assigns unto ASSIGNEE all of ASSIGNOR's right, title and interest of whatever nature in and to the ASSIGNED PREMISES described herein, together with all interest in and to all the personal property, fixtures and improvements now or as of the Effective Date thereon, appurtenant thereto or used or obtained in connection with the land and the production therefrom or attributable thereto and also including property and rights incident thereto, including without limitation to the extent transferable, all agreements, contracts, permits, rights-of way, easements, servitudes, franchises, licenses and orders in any way relating thereto.

This Assignment and Bill of Sale ("Assignment") is made and accepted, subject to, and ASSIGNEE hereby assumes, any and all burdens and encumbrances, to which said property is subject and ASSIGNEE hereby indemnifies and holds ASSIGNOR harmless as to the administration of these burdens and encumbrances after the Effective Date as herein defined.

This Assignment is made and accepted subject to all of the terms of that certain Contribution Agreement ("Agreement") dated as of July 1, 2004 by and among ASSIGNOR, ASSIGNEE and various other entities and individuals, which are hereby deemed incorporated by reference into this Assignment to the fullest extent permitted by law. In the event of a conflict between the provisions of this Assignment and the provisions of the Agreement the provisions of the Agreement shall prevail.

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If it becomes necessary to plug and abandon any well(s) covered under this Assignment, ASSIGNEE, at ASSIGNEE's sole risk and expense, will plug and abandon said well(s) in accordance with all local, state and federal laws, rules and regulations and will restore the premises pursuant to the terms and provisions contained in the lease described above and per governmental authority.

EXCEPT AS MAY BE SPECIFICALLY SET FORTH IN THE AGREEMENT, THIS ASSIGNMENT IS MADE WITHOUT WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED.



TO HAVE AND TO HOLD the Property granted, bargained, sold, conveyed, transferred, assigned and delivered as aforesaid unto ASSIGNEE, its successors and assigns, subject to the terms and provisions herein; and, this Assignment is made with full substitution and subrogation of ASSIGNEE in and to all covenants and warranties by others heretofore given or made in respect to the ASSIGNED PREMISES or any part thereof, insofar as such covenants and warranties extend beyond the Effective Date.

Executed this 25 day of October, 2004, but effective as of "Effective Date".

**ASSIGNOR:**

HARO Investments, LLC

By: Wayne L. Laufer  
Wayne L. Laufer  
Member

**ASSIGNEE:**

Bois d'Arc Properties, LP

By: Bois d'Arc Holdings, LLC,  
Its General Partner

By: Bois d'Arc Energy, LLC,  
Its Sole Member

By: Roland O. Burns  
Roland O. Burns, Co-Manager,  
Senior Vice President and  
Chief Financial Officer

I, Gail Denn, County Clerk, Matagorda County, Texas, do hereby certify that this is a true and correct copy as the same appears of record in my office. Witness my hand and Seal of Office on

NOV 23 2004



Gail Denn County Clerk  
By: Patti Holland Deputy  
PATTI HOLLAND

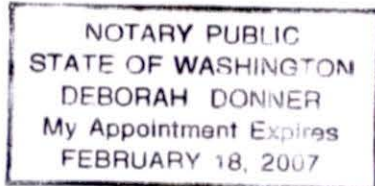
ACKNOWLEDGMENT

STATE OF WASHINGTON §

COUNTY OF KING §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Wayne L. Laufer, Member of HARO Investments, LLC, 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 and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 9<sup>th</sup> day of November, 2004.



Deborah Donner  
Notary Public in and for the  
State of Washington

My Commission expires: \_\_\_\_\_

STATE OF TEXAS §

COUNTY OF COLLIN §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Roland O. Burns, Co-Manager, Senior Vice President and Chief Financial Officer of Bois d'Arc Properties, LP, 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 and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 25 day of October, 2004.



Stephanie L. Pitre  
Notary Public in and for the  
State of Texas

My Commission expires: \_\_\_\_\_

I, Gail Denn, County Clerk, Matagorda County, Texas, do hereby certify that this is a true and correct copy as the same appears of record in my office. Witness my hand and Seal of Office on

NOV 23 2004



Gail Denn County Clerk  
By Patti Holland Deputy  
PATTI HOLLAND




12.27.04

EXHIBIT "A"

TO ASSIGNMENT AND BILL OF SALE EFFECTIVE JULY 1, 2004,  
BETWEEN HARO INVESTMENTS, LLC, ASSIGNOR AND BOIS d'ARC PROPERTIES, LP, ASSIGNEE

LESSOR/LEASE NO.	LESSEE	LEASE DATE	RECORDED VOL/PAGE	LEGAL DESCRIPTION
CALHOUN/MATAGORDA COUNTIES, TEXAS				
Commissioner of the General Land Office of the State of Texas, Oil and Gas Lease No. M-098676	Bois d'Arc Resources	10/07/1997	491/077 194/337	320 acres, more or less, being the N/2 of Tract 160, Matagorda Bay, Calhoun/Matagorda Counties, Texas, as shown on the applicable official submerged area map on file in the Texas General Land Office, Austin, Texas.

  
COUNTY CLERK, Matagorda County, Texas  
*Gail Denn*

NOV 23 2004

STATE OF TEXAS  
I hereby certify that this instrument was FILED in File Number  
Sequence on the date and at the time stamped hereon by me,  
and was duly RECORDED in the OFFICIAL RECORDS of  
Matagorda County, Texas on

COUNTY OF MATAGORDA

04 NOV 23 AM 12:25

FILED

  
By *Gail Denn* County Clerk  
*Pat HOLLAND* Deputy  
PATM HOLLAND

NOV 23 2004

I, Gail Denn, County Clerk, Matagorda County,  
Texas, do hereby certify that this is a true and  
correct copy as the same appears of record in my  
office. Witness my hand and Seal of Office on

File No. MF 098676 22i  
Assignment  
Date Filed 11/3/05  
Jerry E. Patterson, Commissioner  
By [Signature]

15.55.00



TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

January 3, 2005

Stephanie Pitre  
Bois d' Arc Energy  
5300 Town and County Blvd., Suite 500  
Frisco, TX 75034

RE: Assignment filing; GLO ID 4913

Dear Ms. Pitre,

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

Assignment and Bill of Sale executed October 25<sup>th</sup>, 2004, from  
BetsWest Interests, LP, as Assignor, to Bois d' Arc Properties  
LP, as Assignee. MF098676.

Filing fees of \$50.00 were received in connection with the above lease. If you have any questions, please feel free to call me at (800) 998-4GLO, or at my direct number at (512) 463-6521.

Sincerely,

Beverly Boyd  
Mineral Leasing  
Energy Resources  
512-463-6521

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

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

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

---

## *Exhibit "A"*

<i>GLO ID</i>	<i>County</i>	<i>Lease</i>
4913	Calhoun/Matagorda	MF098676

*Monday, January 03, 2005*



4913

ASSIGNMENT AND BILL OF SALE

STATE OF TEXAS §  
COUNTIES OF CALHOUN §  
AND MATAGORDA §

I, Anita Fricke, County Clerk, Calhoun County, Texas, do hereby certify that this is a true and correct copy as same appears of record in my office. Witness my hand and seal of office on 11-24-2004  
Anita Fricke, County Clerk  
By Deputy: Sharon Wright

THIS ASSIGNMENT AND BILL OF SALE is effective July 1, 2004, hereinafter referred to as "Effective Date", by and between BetsWest Interests, L.P., a Texas limited partnership, whose address is 5900 Highway 290 East, Brenham, Texas 77833, hereinafter referred to as "ASSIGNOR", and Bois d'Arc Properties, LP, a Nevada limited partnership, whose address is 600 Travis St., Suite 6275, Houston, Texas 77002, hereinafter referred to as "ASSIGNEE".

WITNESSETH:

WHEREAS, ASSIGNOR owns certain interests in Property, hereinafter referred to as the "ASSIGNED PREMISES", the ASSIGNED PREMISES being described on Exhibit "A", attached hereto and made a part hereof.

NOW THEREFORE, for Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, ASSIGNOR hereby grants, conveys, quitclaims and assigns unto ASSIGNEE all of ASSIGNOR's right, title and interest of whatever nature in and to the ASSIGNED PREMISES described herein, together with all interest in and to all the personal property, fixtures and improvements now or as of the Effective Date thereon, appurtenant thereto or used or obtained in connection with the land and the production therefrom or attributable thereto and also including property and rights incident thereto, including without limitation to the extent transferable, all agreements, contracts, permits, rights-of way, easements, servitudes, franchises, licenses and orders in any way relating thereto.

This Assignment and Bill of Sale ("Assignment") is made and accepted, subject to, and ASSIGNEE hereby assumes, any and all burdens and encumbrances, to which said property is subject and ASSIGNEE hereby indemnifies and holds ASSIGNOR harmless as to the administration of these burdens and encumbrances after the Effective Date as herein defined.

This Assignment is made and accepted subject to all of the terms of that certain Contribution Agreement ("Agreement") dated as of July 1, 2004 by and among ASSIGNOR, ASSIGNEE and various other entities and individuals, which are hereby deemed incorporated by reference into this Assignment to the fullest extent permitted by law. In the event of a conflict between the provisions of this Assignment and the provisions of the Agreement the provisions of the Agreement shall prevail.

ASSIGNEE has caused the ASSIGNED PREMISES to be inspected and is familiar with the present condition thereof and agrees to accept a conveyance of same as "AS IS". It is further expressly understood that ASSIGNEE has caused to be carefully inspected all of the equipment presently located on the ASSIGNED PREMISES and acknowledges that ASSIGNEE is familiar with the present condition and state of repair thereof and accepts same AS IS AND WHERE IS WITHOUT ANY GUARANTEES OR WARRANTIES EITHER EXPRESS OR IMPLIED, AS TO MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, EXCEPT AS MAY BE SPECIFICALLY SET FORTH IN THE AGREEMENT.

If it becomes necessary to plug and abandon any well(s) covered under this Assignment, ASSIGNEE, at ASSIGNEE's sole risk and expense, will plug and abandon said well(s) in accordance with all local, state and federal laws, rules and regulations and will restore the premises pursuant to the terms and provisions contained in the lease described above and per governmental authority.

EXCEPT AS MAY BE SPECIFICALLY SET FORTH IN THE AGREEMENT, THIS ASSIGNMENT IS MADE WITHOUT WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED.

TO HAVE AND TO HOLD the Property granted, bargained, sold, conveyed, transferred, assigned and delivered as aforesaid unto ASSIGNEE, its successors and assigns, subject to the terms and provisions herein; and, this Assignment is made with full substitution and subrogation of ASSIGNEE in and to all covenants and warranties by others heretofore given or made in respect to the ASSIGNED PREMISES or any part thereof, insofar as such covenants and warranties extend beyond the Effective Date.

Executed this 25 day of October, 2004, but effective as of "Effective Date".

ASSIGNOR:

BetsWest Interests, L.P.  
By: JO Arc Resources, Inc.  
Its General Partner

By: Sally L. Blackie  
Sally L. Blackie  
President

ASSIGNEE:

Bois d'Arc Properties, LP  
By: Bois d'Arc Holdings, LLC,  
Its General Partner  
By: Bois d'Arc Energy, LLC,  
Its Sole Member

By: Roland O. Burns  
Roland O. Burns, Co-Manager,  
Senior Vice President and  
Chief Financial Officer

I, Anita Fricke, County Clerk, Calhoun County,  
Texas, do hereby certify that this is a true and  
correct copy as same appears of record in my office.  
Witness my hand and seal of office on

11-24-2004



Anita Fricke, County Clerk  
By Deputy:

Sharon Wright  
Sharon Wright



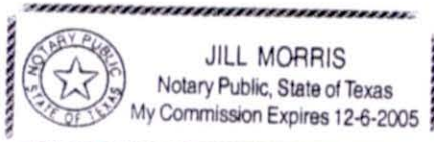
## ACKNOWLEDGMENT

STATE OF TEXAS §

COUNTY OF WASHINGTON §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Sally L. Blackie, President of BetsWest Interests, L.P., 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 and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 29<sup>th</sup> day of October, 2004.



Jill Morris  
Notary Public in and for the  
State of Texas

My Commission expires: \_\_\_\_\_

STATE OF TEXAS §

COUNTY OF COLLIN §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Roland O. Burns, Co-Manager, Senior Vice President and Chief Financial Officer of Bois d'Arc Properties, LP, 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 and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 25 day of October, 2004.



My Commission expires: \_\_\_\_\_

Stephanie L. Pitre  
Notary Public in and for the  
State of Texas

I, Anita Fricks, County Clerk, Calhoun County, Texas, do hereby certify that this is a true and correct copy as same appears of record in my office. Witness my hand and seal of office on 11-24-2004



Anita Fricks, County Clerk  
By Deputy:  
Sharon Wright  
Sharon Wright

12-27-04

EXHIBIT "A"

TO ASSIGNMENT AND BILL OF SALE EFFECTIVE JULY 1, 2004,  
BETWEEN BETSWEST INTERESTS, L.P., ASSIGNOR AND BOIS d'ARC PROPERTIES, LP, ASSIGNEE

LESSOR/LEASE NO.	LESSEE	LEASE DATE	RECORDED VOL/PAGE	LEGAL DESCRIPTION
CALHOUN/MATAGORDA COUNTIES, TEXAS				
Commissioner of the General Land Office of the State of Texas, Oil and Gas Lease No. M-098676	Bois d'Arc Resources	10/07/1997	491/077 194/337	320 acres, more or less, being the N/2 of Tract 160, Matagorda Bay, Calhoun/Matagorda Counties, Texas, as shown on the applicable official submerged area map on file in the Texas General Land Office, Austin, Texas.

*Sharon Wright*  
Deputy

On: Nov 23, 2004 at 11:17A  
Receipt Number - 46438  
By, Sharon Wright

Filed for Record in:  
Calhoun County  
Honorable Anita Fricke  
County Clerk

This Document has been received by this Office for  
Recording into the Official Public Records. We do  
hereby swear that we do not discriminate due to  
Race, Creed, Color, Sex or National Origin.

*Sharon Wright*  
Anita Fricke, County Clerk  
By Deput  
Sharon Wright

11-24-2004  
Anita Fricke, County Clerk, Calhoun County,  
Texas, do hereby certify that this is a true and  
correct copy as same appears of record in my office.  
Witness my hand and seal of office on



048484

4913

ASSIGNMENT AND BILL OF SALE

Rajal Denn, County Clerk, Matagorda County, Texas, do hereby certify that this is a true and correct copy as the same appears of record in my office. Witness my hand and Seal of Office on

STATE OF TEXAS

§  
§  
§

NOV 23 2004

COUNTIES OF CALHOUN  
AND MATAGORDA



Rajal Denn County Clerk  
By: Patricia Holland Deputy

THIS ASSIGNMENT AND BILL OF SALE is effective July 1, 2004, hereinafter referred to as "Effective Date", by and between BetsWest Interests, L.P., a Texas limited partnership, whose address is 5900 Highway 290 East, Brenham, Texas 77833, hereinafter referred to as "ASSIGNOR", and Bois d'Arc Properties, LP, a Nevada limited partnership, whose address is 600 Travis St., Suite 6275, Houston, Texas 77002, hereinafter referred to as "ASSIGNEE".

WITNESSETH:

WHEREAS, ASSIGNOR owns certain interests in Property, hereinafter referred to as the "ASSIGNED PREMISES", the ASSIGNED PREMISES being described on Exhibit "A", attached hereto and made a part hereof.

NOW THEREFORE, for Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, ASSIGNOR hereby grants, conveys, quitclaims and assigns unto ASSIGNEE all of ASSIGNOR's right, title and interest of whatever nature in and to the ASSIGNED PREMISES described herein, together with all interest in and to all the personal property, fixtures and improvements now or as of the Effective Date thereon, appurtenant thereto or used or obtained in connection with the land and the production therefrom or attributable thereto and also including property and rights incident thereto, including without limitation to the extent transferable, all agreements, contracts, permits, rights-of way, easements, servitudes, franchises, licenses and orders in any way relating thereto.

This Assignment and Bill of Sale ("Assignment") is made and accepted, subject to, and ASSIGNEE hereby assumes, any and all burdens and encumbrances, to which said property is subject and ASSIGNEE hereby indemnifies and holds ASSIGNOR harmless as to the administration of these burdens and encumbrances after the Effective Date as herein defined.

This Assignment is made and accepted subject to all of the terms of that certain Contribution Agreement ("Agreement") dated as of July 1, 2004 by and among ASSIGNOR, ASSIGNEE and various other entities and individuals, which are hereby deemed incorporated by reference into this Assignment to the fullest extent permitted by law. In the event of a conflict between the provisions of this Assignment and the provisions of the Agreement the provisions of the Agreement shall prevail.

ASSIGNEE has caused the ASSIGNED PREMISES to be inspected and is familiar with the present condition thereof and agrees to accept a conveyance of same as "AS IS". It is further expressly understood that ASSIGNEE has caused to be carefully inspected all of the equipment presently located on the ASSIGNED PREMISES and acknowledges that ASSIGNEE is familiar with the present condition and state of repair thereof and accepts same AS IS AND WHERE IS WITHOUT ANY GUARANTEES OR WARRANTIES EITHER EXPRESS OR IMPLIED, AS TO MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, EXCEPT AS MAY BE SPECIFICALLY SET FORTH IN THE AGREEMENT.

If it becomes necessary to plug and abandon any well(s) covered under this Assignment, ASSIGNEE, at ASSIGNEE's sole risk and expense, will plug and abandon said well(s) in accordance with all local, state and federal laws, rules and regulations and will restore the premises pursuant to the terms and provisions contained in the lease described above and per governmental authority.

EXCEPT AS MAY BE SPECIFICALLY SET FORTH IN THE AGREEMENT, THIS ASSIGNMENT IS MADE WITHOUT WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED.

TO HAVE AND TO HOLD the Property granted, bargained, sold, conveyed, transferred, assigned and delivered as aforesaid unto ASSIGNEE, its successors and assigns, subject to the terms and provisions herein; and, this Assignment is made with full substitution and subrogation of ASSIGNEE in and to all covenants and warranties by others heretofore given or made in respect to the ASSIGNED PREMISES or any part thereof, insofar as such covenants and warranties extend beyond the Effective Date.

Executed this 25 day of October, 2004, but effective as of "Effective Date".

**ASSIGNOR:**

BetsWest Interests, L.P.

By: JO Arc Resources, Inc.  
Its General Partner

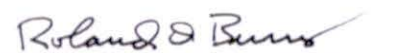
By:   
Sally L. Blackie  
President

**ASSIGNEE:**

Bois d'Arc Properties, LP

By: Bois d'Arc Holdings, LLC,  
Its General Partner

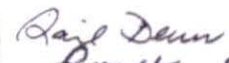

By: Bois d'Arc Energy, LLC,  
Its Sole Member

By:   
Roland O. Burns, Co-Manager,  
Senior Vice President and  
Chief Financial Officer

I, Gail Denn, County Clerk, Matagorda County, Texas, do hereby certify that this is a true and correct copy as the same appears of record in my office. Witness my hand and Seal of Office on

NOV 23 2004



 County Clerk  
By:  Deputy  
PAT H. HOLLAND



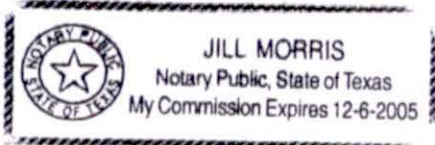
ACKNOWLEDGMENT

STATE OF TEXAS §

COUNTY OF WASHINGTON §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Sally L. Blackie, President of BetsWest Interests, L.P., 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 and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 29<sup>th</sup> day of October, 2004.



Jill Morris  
Notary Public in and for the  
State of Texas

My Commission expires: \_\_\_\_\_

STATE OF TEXAS §

COUNTY OF COLLIN §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Roland O. Burns, Co-Manager, Senior Vice President and Chief Financial Officer of Bois d'Arc Properties, LP, 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 and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 25 day of October, 2004.



Stephanie L. Pitre  
Notary Public in and for the  
State of Texas

My Commission expires: \_\_\_\_\_

I, Gail Denn, County Clerk, Matagorda County, Texas, do hereby certify that this is a true and correct copy as the same appears of record in my office. Witness my hand and Seal of Office on

NOV 23 2004



Gail Denn County Clerk  
By Patricia Holland Deputy  
PATR HOLLAND

12-27-04

EXHIBIT "A"

TO ASSIGNMENT AND BILL OF SALE EFFECTIVE JULY 1, 2004,  
BETWEEN BETSWEST INTERESTS, L.P., ASSIGNOR AND BOIS d'ARC PROPERTIES, LP, ASSIGNEE

LESSOR/LEASE NO.	LESSEE	LEASE DATE	RECORDED VOL/PAGE	LEGAL DESCRIPTION
CALHOUN/MATAGORDA COUNTIES, TEXAS				
Commissioner of the General Land Office of the State of Texas, Oil and Gas Lease No. <b>M-098676</b>	Bois d'Arc Resources	10/07/1997	491/077 194/337	320 acres, more or less, being the N/2 of Tract 160, Matagorda Bay, Calhoun/Matagorda Counties, Texas, as shown on the applicable official submerged area map on file in the Texas General Land Office, Austin, Texas.

  
COUNTY CLERK, Matagorda County, Texas  
*Gail Denn*

NOV 23 2004

STATE OF TEXAS  
I hereby certify that this instrument was FILED in File Number  
Sequence on the date and at the time stamped hereon by me,  
and was duly RECORDED in the OFFICIAL RECORDS of  
Matagorda County, Texas on

*Gail Denn*

NOV 23 AM 10:25

FILED

  
By *Gail Denn* County Clerk  
*Patricia Holland* Deputy

NOV 23 2004

I, Gail Denn, County Clerk, Matagorda County,  
Texas, do hereby certify that this is a true and  
correct copy as the same appears of record in my  
office. Witness my hand and Seal of Office on



File No. MF 098676 23.  
Assignment  
Date Filed 1/3/05  
Jerry E. Patterson, Commissioner  
By [Signature]

75.55.04

U.S. Postal Service  
**CERTIFIED MAIL RECEIPT**

*(Domestic Mail Only; No Insurance Coverage Provided)*

7000 0520 0024 5632 8835

Postage

\$

Certified Fee

Return Receipt Fee  
(Endorsement Required)

Restricted Delivery Fee  
(Endorsement Required)

Total Postage & Fees

\$

Postmark  
Here

*Recipient's Name (Please Print Clearly) (To be completed by mailer)*

*Street, Apt. No.; or PO Box No.*

*City, State, ZIP+ 4*



## Certified Mail Provides:

- A mailing receipt
- A unique identifier for your mailpiece
- A signature upon delivery
- A record of delivery kept by the Postal Service for two years

### ***Important Reminders:***

- Certified Mail may **ONLY** be combined with First-Class Mail or Priority Mail.
- Certified Mail is not available for any class of international mail.
- **NO INSURANCE COVERAGE IS PROVIDED** with Certified Mail. For valuables, please consider Insured or Registered Mail.
- For an additional fee, a Return Receipt may be requested to provide proof of delivery. To obtain Return Receipt service, please complete and attach a Return Receipt (PS Form 3811) to the article and add applicable postage to cover the fee. Endorse mailpiece "Return Receipt Requested". To receive a fee waiver for a duplicate return receipt, a USPS postmark on your Certified Mail receipt is required.
- For an additional fee, delivery may be restricted to the addressee or addressee's authorized agent. Advise the clerk or mark the mailpiece with the endorsement "Restricted Delivery".
- If a postmark on the Certified Mail receipt is desired, please present the article at the post office for postmarking. If a postmark on the Certified Mail receipt is not needed, detach and affix label with postage and mail.

**IMPORTANT: Save this receipt and present it when making an inquiry.**

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Bois d'Arc Energy  
600 Travis - Ste 3200  
Houston, TX 77002

MF098676

2. Article Number (Copy from service label)

7000 0520 0024 5632 8835

**COMPLETE THIS SECTION ON DELIVERY**

A. Received by (Please Print Clearly) B. Date of Delivery

Farran C. Fenn 5/31/06

C. Signature

X  ☐ Agent ☒ Addressee

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below: ☐ No

3. Service Type

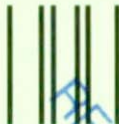
- ☒ Certified Mail ☐ Express Mail  
☐ Registered ☐ Return Receipt for Merchandise  
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes



UNITED STATES POSTAL SERVICE



First-Class Mail  
Postage & Fees Paid  
USPS  
Permit No. G-10

- Sender: Please print your name, address, and ZIP+4 in this box •

TEXAS GENERAL LAND OFFICE  
P O BOX 12873  
AUSTIN TX 78711-2873

ATTN: CARL BONN, Energy Resources  
03111

8009

GENERAL LAND OFFICE

JUN 05 2006

RECEIVED



TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

May 30, 2006

VIA CRRR#7000 0520 0024 5632 8835

Greg Martin  
Vice President – Production  
Bois d' Arc Energy  
600 Travis – Ste 5200  
Houston, TX 77002

RE: Termination of State Lease MF098676  
Lease: (03-175599) State Tr 160  
Calhoun & Matagorda Counties

Dear Mr. Martin:

Thank you for your letter of May 24, 2006 regarding the termination of the referenced lease. You indicated that the date of last production was January 21, 2006 and production was not re-established within 60 days as required by the lease. It appears that the lease terminated April 1, 2006 due to non-production. Shut-in payments can only be made on wells capable of producing. The lease has not been held by timely paid shut-in payments and there is no documentation in this office of any reworking operations. As a result, this lease has terminated under the terms and conditions of the lease and laws of the state as further defined in Title 31 of the Texas Administrative Code ("TAC"). Pursuant to the TAC, a recorded original or certified copy of a Release of the State Oil and Gas Lease must be filed with our office.

If the wells are plugged, copies of Railroad Commission Form W-3 must be filed with our office. Our Audit Division will notify you shortly if delinquent royalties are due.

In accordance with the provisions of the TAC, if you disagree with this assessment please provide evidence to this office at the address shown below within 30 days of receipt of this letter. Failure to reply or failure to present sufficient evidence of the continuation of the lease will result in the mineral file being endorsed as terminated. You will receive no further communication from this office prior to termination.

Sincerely,

Carl F. Bonn, CPL  
Mineral Leasing  
Direct Number (512) 463-5407

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

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

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



#24

File No. MF098676  
Termen Ltr.

Date Filed: 7-24-06

Jerry E. Patterson, Commissioner  
By C Bonn

**066658**  
**ACT OF RELEASE OF OIL AND GAS LEASE**

**STATE OF TEXAS**  
**COUNTIES OF CALHOUN AND MATAGORDA**

**KNOW ALL MEN BY THESE PRESENTS:**

That, Bois d'Arc Properties, LP, whose address is 600 Travis Street, Suite 5200, Houston, Texas, 77002, Griner Energy, Inc., whose address is 1014 Highway 98 Bypass, Columbia, Mississippi, 39429, Griner Exploration, LLC, whose address is 1014 Highway 98 Bypass, Columbia, Mississippi, 39429, Lava Exploration, Inc., whose address is 700 Louisiana Street, Suite 4250, Houston, Texas, 77002, Probe Resources, Inc., whose address is 700 Louisiana Street, Suite 4250, Houston, Texas, 77002, Tenkay Resources, Inc., whose address is 1610 Woodstead Court, Suite 310, The Woodlands, Texas, 77380 and Mack Energy Co., whose address is P. O. Box 400, Duncan, Oklahoma, 73534-0400 (hereinafter referred to collectively as the "Lessees") do hereby release, relinquish and surrender all of their rights, title and interests owned and held in and to the following oil and gas lease:

State of Texas Oil and Gas Lease No. M-098676, dated October 7, 1997, by and between the General Land Office of the State of Texas, as Lessor and Bois d'Arc Resources, as Lessor. M-098676 covers the N/2 of Tract 160, Matagorda Bay, Calhoun/ Matagorda Counties, Texas, contains approximately 320 acres as shown on the applicable official submerged area map on file in the Texas General Land Office, Austin, Texas. M-098676 is filed in the Official Public Records of Calhoun County, Texas and Matagorda County, Texas under File Number 980524, Book 491, Page 77 and File Number 0051681, Volume 194, Page 337.

This Act of Release of Oil and Gas Lease may be executed by the Lessees in counterparts each of which shall be considered binding originals and when taken together as a whole shall be considered one original.

IN WITNESS WHEREOF, the Lessees have executed this Act of Release of Oil and Gas Lease to be effective April 12, 2006, in the presence of the undersigned competent witnesses.

**WITNESSES:**

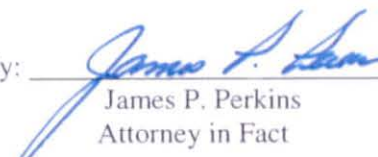
  
Richard Robinson


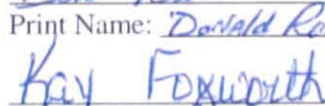
  
Farrah Fannin

**Bois d'Arc Properties, LP**

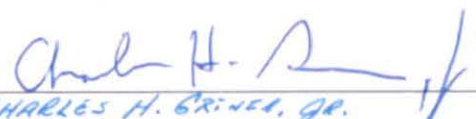
By: Bois d'Arc Holdings, LLC  
Its General Partner

By: Bois d'Arc Energy, Inc.  
Its Sole Member

By:   
James P. Perkins  
Attorney in Fact

  
Print Name: Donald Robertson  
  
Print Name: Kay Foxworth

**Griner Energy, Inc.**

By:   
CHARLES H. GRINER, JR.



005001684 20001  
Year: 2006 No: 066658 Type: P-01

00476



Kay Foxworth  
Print Name: Kay Foxworth

Dan Robertson  
Print Name: Dan Robertson

Karl Gubanks  
Print Name: KARL GUBANKS

Richard Robinson  
Print Name: Richard Robinson

Karl Gubanks  
Print Name: KARL GUBANKS

Richard Robinson  
Print Name: Richard Robinson

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

**Griner Exploration, LLC**

By: Mernice Griner  
Mernice Griner

**Lava Exploration, Inc.**

By: Sterner Hughey  
STERNER HUGHEY

**Probe Resources, Inc.**

By: Shera Hughey  
SHERA HUGHEY

**Tenkay Resources, Inc.**

By: \_\_\_\_\_

**Mack Energy Co.**

By: \_\_\_\_\_

**Griner Exploration, LLC**

Print Name: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

**Lava Exploration, Inc.**

Print Name: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

**Probe Resources, Inc.**

Print Name: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

**Tenkay Resources, Inc.**

Print Name: Linda Deitz

By: D. Keith Crews

Print Name: John T. Cook

**Mack Energy Co.**

Print Name: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_



**Griner Exploration, LLC**

Print Name: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

**Lava Exploration, Inc.**

Print Name: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

**Probe Resources, Inc.**

Print Name: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

**Tenkay Resources, Inc.**

Print Name: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

**Mack Energy, Co.**

*Paula Fleetwood*  
Print Name: Paula Fleetwood

By: *T.H.M. Casland III*  
T.H. M. CASLAND III

*Helen Sims*  
Print Name: Helen Sims

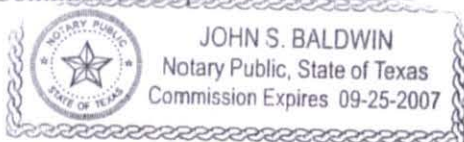
**ACKNOWLEDGMENT**

**STATE OF TEXAS  
COUNTY OF HARRIS**

**BEFORE ME**, the undersigned authority, on this day personally appeared James P. Perkins known to me to be the person whose name is subscribed to the foregoing instrument as the Attorney in Fact of Bois d'Arc Properties, LP, by Bois d'Arc Holdings, LLC, its General Partner, by Bois d'Arc Energy, Inc., its Sole Member and acknowledged to me that he executed the same for and on behalf of said company, for the purposes and consideration therein expressed, and in the capacity therein stated.

**GIVEN** under my hand and seal of office this 7<sup>th</sup> day of August, 2006.

My Commission Expires:



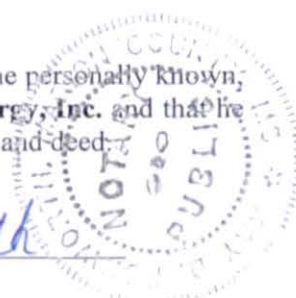
John S. Baldwin  
Notary Public in and for the State of Texas.

**STATE OF MISSISSIPPI  
COUNTY OF MARION**

On this 9<sup>th</sup> day of August, 2006, before me appeared Charles H. Griner to me personally known, who, being by me duly sworn (or affirmed) did say that he is the owner of **Griner Energy, Inc.** and that he did execute this document and that the foregoing instrument was executed as his free act and deed.

My Commission Expires: 6-28-09

Kay D. Foxworth  
Notary Public

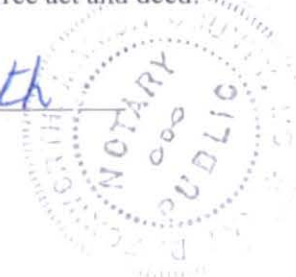


**STATE OF MISSISSIPPI  
COUNTY OF MARION**

On this 9<sup>th</sup> day of August, 2006, before me appeared Memice Grinn to me personally known, who, being by me duly sworn (or affirmed) did say that he is the owner of **Griner Exploration, LLC** and that he did execute this document and that the foregoing instrument was executed as his free act and deed.

My Commission Expires: 6-28-09

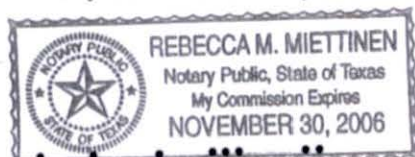
Kay Foxworth  
Notary Public



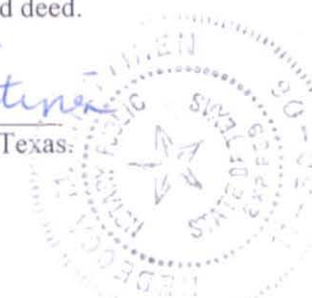
**STATE OF TEXAS  
COUNTY OF HARRIS**

On this 28<sup>th</sup> day of July, 2006, before me appeared Stephen Hughey to me personally known, who, being by me duly sworn (or affirmed) did say that he is the owner of **Lava Exploration, Inc.** and that he did execute this document and that the foregoing instrument was executed as his free act and deed.

My Commission Expires:



Rebecca M. Miettinen  
Notary Public in and for the State of Texas.

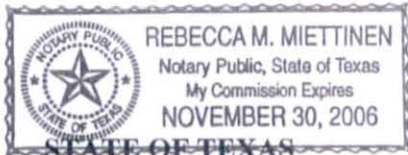




STATE OF TEXAS  
COUNTY OF HARRIS

On this 28<sup>th</sup> day of July, 2006, before me appeared Sherri Hughey to me personally known, who, being by me duly sworn (or affirmed) did say that he is the owner of **Probe Resources, Inc.** and that he did execute this document and that the foregoing instrument was executed as his free act and deed.

My Commission Expires:



STATE OF TEXAS  
COUNTY OF MONTGOMERY

Rebecca M. Miettinen  
Notary Public in and for the State of Texas.



On this \_\_\_ day of \_\_\_\_\_, 2006, before me appeared \_\_\_\_\_ to me personally known, who, being by me duly sworn (or affirmed) did say that he is the owner of **Tenkay Resources, Inc.** and that he did execute this document and that the foregoing instrument was executed as his free act and deed.

My Commission Expires:

\_\_\_\_\_  
Notary Public in and for the State of Texas.

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

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

**GIVEN** under my hand and seal of office this \_\_\_ day of \_\_\_\_\_, 2006.

My Commission Expires:

\_\_\_\_\_  
Notary Public

STATE OF TEXAS  
COUNTY OF HARRIS

On this \_\_\_\_ day of \_\_\_\_\_, 2006, before me appeared \_\_\_\_\_ to me personally known, who, being by me duly sworn (or affirmed) did say that he is the owner of **Probe Resources, Inc.** and that he did execute this document and that the foregoing instrument was executed as his free act and deed.

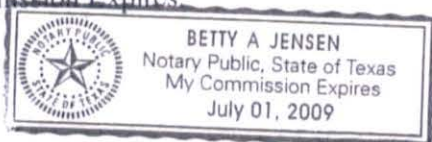
My Commission Expires:

\_\_\_\_\_  
Notary Public in and for the State of Texas.

STATE OF TEXAS  
COUNTY OF MONTGOMERY

On this 8 day of August, 2006, before me appeared D. Keith Crews to me personally known, who, being by me duly sworn (or affirmed) did say that he is the ~~owner~~ Vice President of **Tenkay Resources, Inc.** and that he did execute this document and that the foregoing instrument was executed as his free act and deed.

My Commission Expires:



Betty A. Jensen  
Notary Public in and for the State of Texas.

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

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

**GIVEN** under my hand and seal of office this \_\_\_\_ day of \_\_\_\_\_, 2006.

My Commission Expires:

\_\_\_\_\_  
Notary Public



STATE OF TEXAS  
COUNTY OF HARRIS

On this \_\_\_ day of \_\_\_\_\_, 2006, before me appeared \_\_\_\_\_ to me personally known, who, being by me duly sworn (or affirmed) did say that he is the owner of **Probe Resources, Inc.** and that he did execute this document and that the foregoing instrument was executed as his free act and deed.

My Commission Expires:

\_\_\_\_\_  
Notary Public in and for the State of Texas.

STATE OF TEXAS  
COUNTY OF MONTGOMERY

On this \_\_\_ day of \_\_\_\_\_, 2006, before me appeared \_\_\_\_\_ to me personally known, who, being by me duly sworn (or affirmed) did say that he is the owner of **Tenkay Resources, Inc.** and that he did execute this document and that the foregoing instrument was executed as his free act and deed.

My Commission Expires:

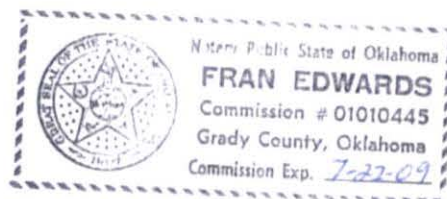
\_\_\_\_\_  
Notary Public in and for the State of Texas.

STATE OF OKLAHOMA  
COUNTY OF Stephens

**BEFORE ME**, the undersigned authority, on this day personally appeared J. H. McChesney known to me to be the person whose name is subscribed to the foregoing instrument as the \_\_\_\_\_ of **Mack Energy Co.** and acknowledged to me that he executed the same for and on behalf of said company, for the purposes and consideration therein expressed, and in the capacity therein stated.

**GIVEN** under my hand and seal of office this 15 day of August, 2006.

My Commission Expires:



Fran Edwards  
Notary Public

STATE OF TEXAS  
I hereby certify that this instrument was FILED in File Number \_\_\_\_\_ Sequence on the date and at the time stamped hereon by me, and was duly RECORDED in the OFFICIAL RECORDS of Matagorda County, Texas AD

FILED

'06 AUG 31 A11:04

AUG 31 2006

Rail Deun  
CLERK  
MATAGORDA COUNTY, TEXAS



Rail Deun  
COUNTY CLERK, Matagorda County, Texas

Ret. Basis of Gr. Properties, LP

25.

File No. MF098676

Release

Date Filed: 9/14/80

Jerry E. Patterson, Commissioner

By [Signature]





TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

May 30, 2006

VIA CRRR#7000 0520 0024 5632 8835

Greg Martin  
Vice President – Production  
Bois d' Arc Energy  
600 Travis – Ste 5200  
Houston, TX 77002

RE: Termination of State Lease MF098676  
Lease: (03-175599) State Tr 160  
Calhoun & Matagorda Counties

Dear Mr. Martin:

Thank you for your letter of May 24, 2006 regarding the termination of the referenced lease. You indicated that the date of last production was January 21, 2006 and production was not re-established within 60 days as required by the lease. It appears that the lease terminated April 1, 2006 due to non-production. Shut-in payments can only be made on wells capable of producing. The lease has not been held by timely paid shut-in payments and there is no documentation in this office of any reworking operations. As a result, this lease has terminated under the terms and conditions of the lease and laws of the state as further defined in Title 31 of the Texas Administrative Code ("TAC"). Pursuant to the TAC, a recorded original or certified copy of a Release of the State Oil and Gas Lease must be filed with our office.

If the wells are plugged, copies of Railroad Commission Form W-3 must be filed with our office. Our Audit Division will notify you shortly if delinquent royalties are due.

In accordance with the provisions of the TAC, if you disagree with this assessment please provide evidence to this office at the address shown below within 30 days of receipt of this letter. Failure to reply or failure to present sufficient evidence of the continuation of the lease will result in the mineral file being endorsed as terminated. You will receive no further communication from this office prior to termination.

Sincerely,

Carl F. Bonn, CPL  
Mineral Leasing  
Direct Number (512) 463-5407

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

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

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

90476

File No. MT 098676  
920 letter  
Date Filed: 9/19/06  
Jerry E. Patterson, Commissioner  
By JP







RECEIVED  
06 SEP 14 AM 9:38  
September 11, 2006  
600 Travis • Suite 5200  
Houston, TX 77002  
713-228-0438  
713-228-1759 fax  
website: www.boisdarcenergy.com

Mr. Carl F. Bonn  
Texas General Land Office  
Stephen F. Austin Building  
1700 North Congress Avenue  
Austin, TX 78701-1495

Gentlemen:

*Release*

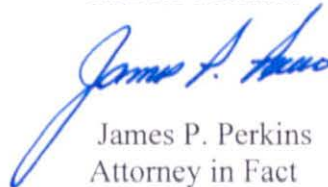
**SUBJECT: Matagorda Bay, Texas  
M-098676  
Tract 160 (North ½)  
Calhoun and Matagorda Counties, Texas**

Reference is made to your letter (copy enclosed) dated May 30, 2006, requesting under Title 31 of the Texas Administrative Code that Bois d'Arc Properties, LP file a certified copy of an Act of Release of Oil and Gas Lease with your office. Enclosed please find certified copies of M-098676 which were recorded in Calhoun and Matagorda Counties, Texas.

Should you have any questions or need additional information, give me a call at (713) 223-7114.

Yours very truly,

Bois d'Arc Properties, LP  
By: Bois d'Arc Holdings, LLC  
Its: General Partner  
By: Bois d'Arc Energy, Inc.  
Its Sole Member

  
James P. Perkins  
Attorney in Fact

**ENCLOSURES**

cc (with enclosures): Paula Fleetwood  
Mack Energy, Inc.  
P. O. Box 400  
Duncan, OK 73534-0400

*Orig to Mary Silka 9-14-06*

90478

File No. MF 098676

Letter

Date Filed: 7/19/06

Jerry E. Patterson, Commissioner

By [Signature]



ACT OF RELEASE OF OIL AND GAS LEASE

STATE OF TEXAS  
COUNTIES OF CALHOUN AND MATAGORDA

KNOW ALL MEN BY THESE PRESENTS:

That, Bois d'Arc Properties, LP, whose address is 600 Travis Street, Suite 5200, Houston, Texas, 77002, Griner Energy, Inc., whose address is 1014 Highway 98 Bypass, Columbia, Mississippi, 39429, Griner Exploration, LLC, whose address is 1014 Highway 98 Bypass, Columbia, Mississippi, 39429, Lava Exploration, Inc., whose address is 700 Louisiana Street, Suite 4250, Houston, Texas, 77002, Probe Resources, Inc., whose address is 700 Louisiana Street, Suite 4250, Houston, Texas, 77002, Tenkay Resources, Inc., whose address is 1610 Woodstead Court, Suite 310, The Woodlands, Texas, 77380 and Mack Energy Co. whose address is P. O. Box 400, Duncan, Oklahoma, 73534-0400 (hereinafter referred to collectively as the "Lessees") do hereby release, relinquish and surrender all of their rights, title and interests owned and held in and to the following oil and gas lease:

State of Texas Oil and Gas Lease No. M-098676, dated October 7, 1997, by and between the General Land Office of the State of Texas, as Lessor and Bois d'Arc Resources, as Lessor. M-098676 covers the N/2 of Tract 160, Matagorda Bay, Calhoun/ Matagorda Counties, Texas, contains approximately 320 acres as shown on the applicable official submerged area map on file in the Texas General Land Office, Austin, Texas. M-098676 is filed in the Official Public Records of Calhoun County, Texas and Matagorda County, Texas under File Number 980524, Book 491, Page 77 and File Number 0051681, Volume 194, Page 337.


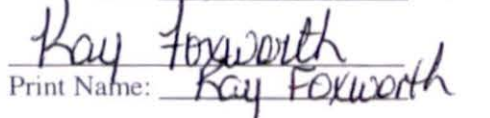
This Act of Release of Oil and Gas Lease may be executed by the Lessees in counterparts each of which shall be considered binding originals and when taken together as a whole shall be considered one original.

IN WITNESS WHEREOF, the Lessees have executed this Act of Release of Oil and Gas Lease to be effective April 12, 2006, in the presence of the undersigned competent witnesses.

WITNESSES:

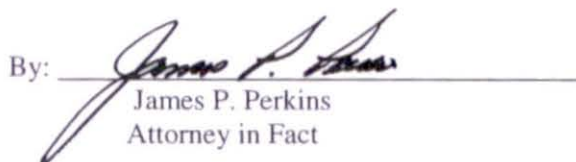
  
Richard Robinson

  
Farrah Fannin

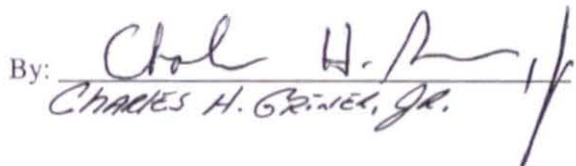
  
Print Name: Donald Robertson  
  
Print Name: Ray Foxworth

Bois d'Arc Properties, LP

By: Bois d'Arc Holdings, LLC  
Its General Partner  
By: Bois d'Arc Energy, Inc.  
Its Sole Member

By:   
James P. Perkins  
Attorney in Fact

Griner Energy, Inc.

By:   
CHARLES H. GRINER, JR.

This is a true and correct copy  
as same appears of record in my  
office, this being page 1  
of 1 pages.



Anita Fricke, County Clerk  
Calhoun County  
Texas



Kay Foxworth  
Print Name: Kay Foxworth

Don Robertson  
Print Name: Donald Robertson

Karl Eubanks  
Print Name: KARL EUBANKS

Richard Robinson  
Print Name: Richard Robinson

Karl Eubanks  
Print Name: KARL EUBANKS  
Richard Robinson  
Print Name: Richard Robinson

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Griner Exploration, LLC

By: Mernice Griner  
Mernice Griner

Lava Exploration, Inc.

By: Stephen Hughes  
Stephen Hughes

Probe Resources, Inc.

By: Sheila Hughes  
Sheila Hughes

Tenkay Resources, Inc.

By: \_\_\_\_\_

Mack Energy Co.

By: \_\_\_\_\_



**Griner Exploration, LLC**

Print Name: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

**Lava Exploration, Inc.**

Print Name: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

**Probe Resources, Inc.**

Print Name: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

**Tenkay Resources, Inc.**

Print Name: Linda Deitz

By: D. Keith Spears

Print Name: John T. Cook

**Mack Energy, Co.**

Print Name: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

This is a true and correct copy  
as same appears of record in my  
office, this being page 2  
of 4 pages.



Anita Fricks, County Clerk  
Calhoun County  
Texas

90476

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Paula Freetwood  
Print Name: Paula Freetwood

Helen Sims  
Print Name: Helen Sims

**Griner Exploration, LLC**

By: \_\_\_\_\_

**Lava Exploration, Inc.**

By: \_\_\_\_\_

**Probe Resources, Inc.**

By: \_\_\_\_\_

**Tenkay Resources, Inc.**

By: \_\_\_\_\_

**Mack Energy, Co.**

By: TH McCaland III  
TH McCaland III  
sm





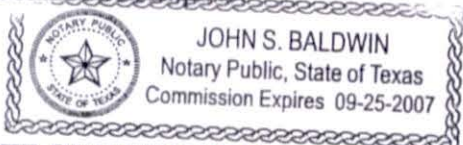
ACKNOWLEDGMENT

STATE OF TEXAS  
COUNTY OF HARRIS

BEFORE ME, the undersigned authority, on this day personally appeared James P. Perkins known to me to be the person whose name is subscribed to the foregoing instrument as the Attorney in Fact of Bois d'Arc Properties, LP, by Bois d'Arc Holdings, LLC, its General Partner, by Bois d'Arc Energy, Inc., its Sole Member and acknowledged to me that he executed the same for and on behalf of said company, for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN under my hand and seal of office this 7<sup>th</sup> day of August, 2006.

My Commission Expires:



[Signature]  
Notary Public in and for the State of Texas.

STATE OF MISSISSIPPI  
COUNTY OF MARION

On this 9<sup>th</sup> day of August, 2006, before me appeared Charles H. Griner me personally known, who, being by me duly sworn (or affirmed) did say that he is the owner of **Griner Energy, Inc.** and that he did execute this document and that the foregoing instrument was executed as his free act and deed.

My Commission Expires: 6-28-09

Kay D Foxworth  
Notary Public

STATE OF MISSISSIPPI  
COUNTY OF MARION

On this 9<sup>th</sup> day of August, 2006, before me appeared Merrice Griner to me personally known, who, being by me duly sworn (or affirmed) did say that he is the owner of **Griner Exploration, LLC** and that he did execute this document and that the foregoing instrument was executed as his free act and deed.

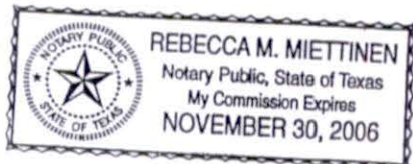
My Commission Expires: 6-28-09

Kay D Foxworth  
Notary Public

STATE OF TEXAS  
COUNTY OF HARRIS

On this 28<sup>th</sup> day of July, 2006, before me appeared Stephen L. High to me personally known, who, being by me duly sworn (or affirmed) did say that he is the owner of **Lava Exploration, Inc.** and that he did execute this document and that the foregoing instrument was executed as his free act and deed.

My Commission Expires:



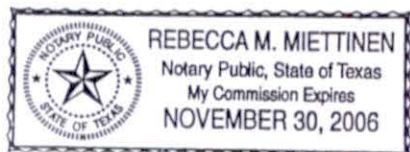
Rebecca M. Miettinen  
Notary Public in and for the State of Texas.



STATE OF TEXAS  
COUNTY OF HARRIS

On this 28<sup>th</sup> day of July, 2006, before me appeared Sherri Hughey to me personally known, who, being by me duly sworn (or affirmed) did say that he is the owner of **Probe Resources, Inc.** and that he did execute this document and that the foregoing instrument was executed as his free act and deed.

My Commission Expires:



Rebecca M. Miettinen  
Notary Public in and for the State of Texas.

STATE OF TEXAS  
COUNTY OF MONTGOMERY

On this \_\_\_ day of \_\_\_\_\_, 2006, before me appeared \_\_\_\_\_ to me personally known, who, being by me duly sworn (or affirmed) did say that he is the owner of **Tenkay Resources, Inc.** and that he did execute this document and that the foregoing instrument was executed as his free act and deed.

My Commission Expires:

\_\_\_\_\_  
Notary Public in and for the State of Texas.

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

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

**GIVEN** under my hand and seal of office this \_\_\_ day of \_\_\_\_\_, 2006.

My Commission Expires:

\_\_\_\_\_  
Notary Public

This is a true and correct copy  
as same appears of record in my  
office, this being page 12  
of 24 pages.



Anita Fricks, County Clerk  
Calhoun County  
Texas

STATE OF TEXAS  
COUNTY OF HARRIS

On this \_\_\_\_ day of \_\_\_\_\_, 2006, before me appeared \_\_\_\_\_ to me personally known, who, being by me duly sworn (or affirmed) did say that he is the owner of **Probe Resources, Inc.** and that he did execute this document and that the foregoing instrument was executed as his free act and deed.

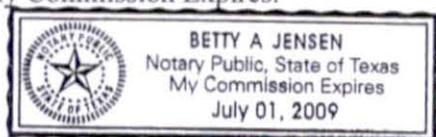
My Commission Expires:

\_\_\_\_\_  
Notary Public in and for the State of Texas.

STATE OF TEXAS  
COUNTY OF MONTGOMERY

On this 8 day of August, 2006, before me appeared D Keith Crews to me personally known, who, being by me duly sworn (or affirmed) did say that he is the owner of **Tenkay Resources, Inc.** and that he did execute this document and that the foregoing instrument was executed as his free act and deed.

My Commission Expires:



Betty A Jensen  
Notary Public in and for the State of Texas.

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

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

**GIVEN** under my hand and seal of office this \_\_\_\_ day of \_\_\_\_\_, 2006.

My Commission Expires:

\_\_\_\_\_  
Notary Public

This is a true and correct copy  
as same appears of record in my  
office, this being page \_\_\_\_  
of \_\_\_\_ pages.



Anita Fricks, County Clerk  
Calhoun County  
Texas



STATE OF TEXAS  
COUNTY OF HARRIS

On this \_\_\_\_ day of \_\_\_\_\_, 2006, before me appeared \_\_\_\_\_ to me personally known, who, being by me duly sworn (or affirmed) did say that he is the owner of **Probe Resources, Inc.** and that he did execute this document and that the foregoing instrument was executed as his free act and deed.

My Commission Expires:

\_\_\_\_\_  
Notary Public in and for the State of Texas.

STATE OF TEXAS  
COUNTY OF MONTGOMERY

On this \_\_\_\_ day of \_\_\_\_\_, 2006, before me appeared \_\_\_\_\_ to me personally known, who, being by me duly sworn (or affirmed) did say that he is the owner of **Tenkay Resources, Inc.** and that he did execute this document and that the foregoing instrument was executed as his free act and deed.

My Commission Expires:

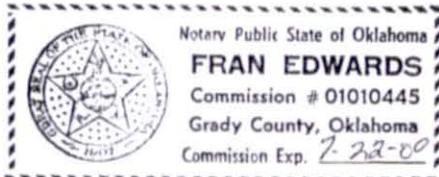
\_\_\_\_\_  
Notary Public in and for the State of Texas.

STATE OF OKLAHOMA  
COUNTY OF Stephens

**BEFORE ME**, the undersigned authority, on this day personally appeared J. H. McCasland III known to me to be the person whose name is subscribed to the foregoing instrument as the \_\_\_\_\_ of **Mack Energy Co.** and acknowledged to me that he executed the same for and on behalf of said company, for the purposes and consideration therein expressed, and in the capacity therein stated.

**GIVEN** under my hand and seal of office this 15 day of August, 2006.

My Commission Expires:



Fran Edwards  
Notary Public

This is a true and correct copy  
as same appears of record in my  
office, this being page 8  
of 21 pages.



Anita Fricke, County Clerk  
Calhoun County  
Texas

8/31/2006 4:24 PM

This Document has been received by this Office for Recording into the Official Public Records. We do hereby swear that we do not discriminate due to Race, Creed, Color, Sex or National Origin.

Filed for Record in:  
Calhoun County  
Honorable Anita Fricke  
County Clerk

  
Deputy

Instr.: 100299  
Stamps: 9 Page(s)

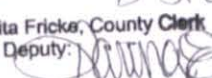
This is a true and correct copy  
as same appears of record in my  
office, this being page 9  
of 9 pages.



Anita Fricke, County Clerk  
Calhoun County  
Texas

I, Anita Fricke, County Clerk, Calhoun County,  
Texas, do hereby certify that this is a true and  
correct copy as same appears of record in my office.  
Witness my hand and seal of office on 8-31-06



Anita Fricke, County Clerk  
By Deputy:   
Karina Elsondo

90415

28,  
File No. MF 98676  
Release  
Date Filed: 9/14/06  
Jerry E. Patterson, Commissioner  
By JP



TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

September 14, 2006

Attn: James P. Perkins  
BOISd'ARC Energy Company  
600 Travis, Suite 5200  
Houston, Texas 77002

Re: Release of State of Texas Lease – MF-098676  
Tract 160, (N/2) Calhoun & Matagorda Counties, Texas

Dear Mr. Perkins:

The General Land Office received the following instrument on September 14, 2006, filed it in the Mineral file number as stated above.

The effective date of this Release is April 12, 2006, it has been recorded in Calhoun & Matagorda Counties, Texas. If you have any questions, please feel free to call me.

Sincerely,

Mary Helen Silva  
Lease Administration  
Energy Resources  
512: 475-1532

MHS/mhs

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

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

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

29.

File No. MF098676  
710 letter  
Date Filed: 9/14/06  
Jerry E. Patterson, Commissioner  
By [Signature]

**SENDER: COMPLETE THIS SECTION**

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

main Energy znc  
10777 northwest FRWY  
STE 420  
HOUSTON TX 77092-7319

2. Article Number

(Transfer from service label)

7003 2260 0003 0395 9203

**COMPLETE THIS SECTION ON DELIVERY**

A. Signature

X

☐ Agent☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

6/19/07

D. Is delivery address different from item 1?

☐ Yes

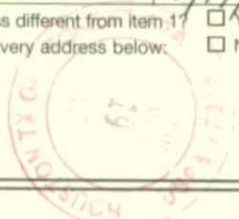
If YES, enter delivery address below:

☐ No

3. Service Type

☒ Certified Mail☐ Express Mail☐ Registered☒ Return Receipt for Merchandise☐ Insured Mail☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes





TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

June 14, 2007

CERTIFIED MAIL 70032260000303959203

MAIN ENERGY INC  
10777 NORTHWEST FRWY STE 420  
HOUSTON, TX 77092-7319

RE: Notice of non-payment on State Lease MF098676

Dear Ms. Stone:

The Royalty Audit Division of the Texas General Land Office has completed a lease reconciliation of the above-referenced lease operated by MAIN ENERGY INC. Through this review, it was determined that \$19,925.72 has been underpaid to the State for the reporting period June 2002 through August 2005. This amount is comprised of \$13,897.67 in additional royalty, \$1,498.83 in penalty, and \$4,529.22 in interest, computed through 7/13/2007, in accordance with Section 52.131 of the Texas Natural Resources Code.

The following documents are attached in support of our findings:

A brief summary of our review (Attachment I);

Schedule supporting our royalty, penalty, and interest calculation (Attachment II); and

Procedures used for assessment of penalties and interest (Attachment III).

To ensure your company remains in good standing with the General Land Office, please respond to this notice within 30 days of the above date. If your records reflect this royalty has been paid, please provide us with documentation of payments made and remittance dates. Payment of this notice should be submitted separately from monthly royalty payments you may be remitting. In order to ensure proper credit, your payment should be mailed to my attention along with a copy of this letter.

If you have any questions, please call Shirley Chou at (512) 463-5408.

Sincerely,

Joe A King  
Team Leader-Royalty Reporting  
Royalty Management  
Energy Resources

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

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO

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

ATTACHMENT I

**REVIEW SUMMARY**

State Lease: MF098676 ,

As a result of this review, it was determined that the gas royalties were under paid on "State Tract 160" for 6/2002, 9/2002, 11/2002, 3/2003, 6/2003, 9/2003, 2/2004, 3/2004, 8/2004, through 12/2004, 5/2005, 6/2005 and 8/2005.

Please submit the amended GLO-2E to reflect the additional royalties due for these months.

We have concluded that additional royalty is due in the following amount.

Oil Summary

Royalty	Penalty	Interest	Total
\$0.00	\$0.00	\$0.00	\$0.00

Gas Summary

Royalty	Penalty	Interest	Total
\$13,897.67	\$1,498.83	\$4,529.22	\$19,925.72

Oil & Gas Summary

Royalty	Penalty	Interest	Total
\$13,897.67	\$1,498.83	\$4,529.22	\$19,925.72



ATTACHMENT II

MAIN ENERGY INC  
STATE LEASE M-098676  
FIELD NAME: MATAGORDA BAY SE (5150)  
LEASE NAME: STATE TRACT 160  
CALHOUN AND MATAGORDA COUNTY, TEXAS  
RRC GAS WELL 03-175599  
STATE'S ROYALTY.20

AUDITOR: S CHOU  
FILE NAME: M-098676  
DATE: 6/14/07

PENALTY/  
INTEREST DATE:

07/13/07

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
MONTH/ YEAR	RRC VOLUME (A)	PRICE (B)	BTU (B)	GROSS VALUE (1) X (2) X (3)	ROYALTY DUE (4) X (.20)	ROYALTY PAID	ADDITIONAL ROYALTY DUE	NUMBER OF DAYS LATE	PENALTY DUE (C)	INTEREST DUE (C)	TOTAL DUE (7)+(9)+(10)
Jun-02	43	3.370000	1.000000	144.91	28.98	0.00	28.98	1793	25.00	16.52	70.50
Sep-02	18,465	3.167500	1.014535	59,338.01	11,867.60	11,275.66	591.94	1701	59.19	319.55	970.68
Nov-02	17,791	3.937500	1.014021	71,034.26	14,206.85	13,497.75	709.10	1640	70.91	368.58	1,148.59
Mar-03	19,610	8.647500	1.016290	172,339.89	34,467.98	34,418.78	49.20	1520	25.00	23.63	97.83
Jun-03	19,883	5.707500	1.015541	115,245.85	23,049.17	20,736.49	2,312.68	1428	231.27	1,040.90	3,584.85
Sep-03	16,362	4.657426	1.016074	77,429.72	15,485.94	15,442.40	43.54	1336	25.00	18.28	86.82
Feb-04	16,008	5.167500	1.015092	83,969.77	16,793.95	16,544.27	249.68	1184	25.00	92.35	367.03
Mar-04	21,315	4.717502	1.015566	102,118.77	20,423.75	17,912.35	2,511.40	1154	251.14	904.10	3,666.64
Aug-04	12,285	5.777500	1.014535	72,008.23	14,401.65	14,195.32	206.33	1001	25.00	63.90	295.23
Sep-04	13,061	4.937500	1.014998	65,455.89	13,091.18	12,897.74	193.44	970	25.00	57.94	276.38
Oct-04	12,153	4.947500	1.020600	61,365.58	12,273.12	12,206.47	66.65	940	25.00	19.30	110.95
Nov-04	10,923	7.157501	1.019864	79,734.38	15,946.88	15,875.34	71.54	909	25.00	19.99	116.53
Dec-04	11,373	6.167501	1.014460	71,157.26	14,231.45	12,031.56	2,199.89	878	219.99	592.34	3,012.22
May-05	8,167	6.380000	1.033967	53,875.33	10,775.07	8,817.16	1,957.91	728	195.79	430.63	2,584.33
Jun-05	8,652	6.050000	1.015513	53,156.62	10,631.32	8,237.68	2,393.64	697	239.36	502.07	3,135.07
Aug-05	5,688	7.190000	1.013500	41,448.83	8,289.77	7,978.02	311.75	636	31.18	59.14	402.07
	211,779			1,179,823.30	235,964.66	222,066.99	13,897.67		1,498.83	4,529.22	19,925.72

COMMENTS:

(A) RRC VOLUME - REPRESENTS GAS DISPOSITIONS FROM RRC WELL ID# 03-175599.

(B) PRICE/BTU - THE PRICES ARE OBTAINED FROM THE GLO-2 REPORT EXCEPT 6/2002, THERE WAS NO GLO-2 REPORT FOR 6/2002, THE PRICE WAS OBTAINED FROM THE HOUSTON SHIP CHANNEL PRICE LIST.

(C) SEE ATTACHMENT III, "SUMMARY OF PENALTY/INTEREST ASSESSMENT RULES", FOR EXPLANATION OF PENALTY AND INTEREST CALCULATION.

### ATTACHMENT III

#### SUMMARY OF PENALTY/INTEREST ASSESSMENT RULES FOR DELINQUENT ROYALTIES AND DELINQUENT REQUIRED REPORTS OR DOCUMENTS

	DUE BEFORE 10-1-75 (Production Prior to 8-1-75)	DUE AFTER 10-1-75 AND BEFORE 9-1-85 (Production 8-1-75 thru 6-30-85)	DUE AFTER 9-1-85 (Production 7-1-85 Forward)
<u>PENALTY (3)</u>			
• For delinquent royalty	NONE	The greater of 1% of the delinquent amount or \$5.00 for each 30-day delinquency	For delinquencies of 30 days or less, the greater of 5% of the delinquent amount or \$25.00
• For delinquent report, affidavit, or other document	NONE	\$5.00 per document for each 30-day period of delinquency	For delinquencies of more than 30 days, the greater of 10% of the delinquent amount or \$25.00  \$10.00 per document for each 30-day period of delinquency
<u>INTEREST</u>			
• For delinquent royalty	6% per year, simple interest; accrual begins 30 days after due date (1)	6% per year, simple interest; accrual begins 30 days after due date (1)	12% per year, simple; accrual begins 60 days after due date (2)

(1) Tex. Rev. Civ. Stat. Ann., Article 5069-1.03 and related case law.

(2) Tex. Nat. Res. Code Ann. § 52.131 (g).

(3) Penalties are not assessed in cases of title dispute as to the state's portion of the royalty or to royalty in dispute as to fair market value except when fraud is involved, in which case the fraud penalty is applicable. Penalty provisions are found at Tex. Nat. Res. Code Ann. § 52.131 (e), (f), & (h).

A royalty payment that is not accompanied by the required royalty affidavit identifying the GLO lease number is delinquent. The State's power to forfeit a lease shall not be affected by the assessment or payment of any delinquency, penalty, or interest.



File No. 098676  
billing letter

Date Filed: 6-14-07  
Jerry E. Patterson, Commissioner

By Schon

(30)

ATTACHMENT II (REVISED ON 10/2/2007)

MAIN ENERGY INC  
STATE LEASE M-098676  
FIELD NAME: MATAGORDA BAY SE (5150)  
LEASE NAME: STATE TRACT 160  
CALHOUN AND MATAGORDA COUNTY, TEXAS  
RRC GAS WELL 03-175599  
STATE'S ROYALTY.20

AUDITOR: S CHOU  
FILE NAME: M-098676  
DATE: 6/14/07

PENALTY/  
INTEREST DATE:

10/16/07

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
MONTH/ YEAR	RRC VOLUME (A)	PRICE (B)	BTU (B)	GROSS VALUE (1) X (2) X (3)	ROYALTY DUE (4) X (.20)	ROYALTY PAID	ADDITIONAL ROYALTY DUE	NUMBER OF DAYS LATE	PENALTY DUE (C)	INTEREST DUE (C)	TOTAL DUE (7)+(9)+(10)
Jun-02	43	3.370000	1.000000	144.91	28.98	0.00	28.98	1888	25.00	17.43	71.41
Sep-02	18,465	3.167500	1.014535	59,338.01	11,867.60	11,275.66	591.94	1796	59.19	338.04	989.17
Oct-04	12,153	4.947500	1.020600	61,365.58	12,273.12	12,206.47	66.65	1035	25.00	21.39	113.04
Nov-04	10,923	7.157501	1.019864	79,734.38	15,946.88	15,875.34	71.54	1004	25.00	22.23	118.77
Jun-05	6,848	6.050000	1.015513	42,073.11	8,414.62	8,237.68	176.94	792	25.00	42.64	244.58
	48,432			242,655.99	48,531.20	47,595.15	936.05		159.19	441.73	1,536.97

COMMENTS:

(A) RRC VOLUME - REPRESENTS GAS DISPOSITIONS FROM RRC WELL ID# 03-175599.

(B) PRICE/BTU - THE PRICES ARE OBTAINED FROM THE GLO-2 REPORT EXCEPT 6/2002, THERE WAS NO GLO-2 REPORT FOR 6/2002, THE PRICE WAS OBTAINED FROM THE HOUSTON SHIP CHANNEL PRICE LIST.

(C) SEE ATTACHMENT III, "SUMMARY OF PENALTY/INTEREST ASSESSMENT RULES", FOR EXPLANATION OF PENALTY AND INTEREST CALCULATION.

**From:** "Chelsea Chapman" <cchapman@BOISDARCENERGY.COM>  
**To:** <shirley.chou@glo.state.tx.us>  
**Date:** 10/1/2007 3:06:48 PM  
**Subject:** M-098676

Shirley,

Attached are the pipeline statements we discussed this morning plus the revised production reports. Also attached is a spreadsheet showing the original attachment II data plus a revised version down below. Please let me know how to proceed.

Thank you,

Chelsea Chapman

Production Accountant

Bois d'Arc Energy, Inc.

(713) 223-7134

(713) 228-1767 fax



	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
MONTH/ YEAR	RRC VOLUME (A)	PRICE (B)	BTU (B)	GROSS VALUE (1) X (2) X (3)	ROYALTY DUE (4) X (.20)	ROYALTY PAID	ADDITIONAL ROYALTY DUE	NUMBE R OF DAYS	PENALTY DUE '©	INTEREST DUE ©	TOTAL DUE (7)+(9)+(10)
Jun-02	43	3.370000	1.000000	144.91	28.98	0.00	28.98	1793	25.00	16.52	70.50
Sep-02	18465	3.167500	1.014535	59338.01	11867.60	11275.66	591.94	1701	59.19	319.55	970.68
Nov-02	17791	3.937500	1.014021	71034.26	14206.85	13497.75	709.10	1640	70.91	368.58	1148.59
Mar-03	19610	8.647500	1.016290	172339.89	34467.98	34418.78	49.20	1520	25.00	23.63	97.83
Jun-03	19883	5.707500	1.015541	115245.85	23049.17	20736.49	2312.68	1428	231.27	1040.90	3584.85
Sep-03	16362	4.657426	1.016074	77429.72	15485.94	15442.4	43.54	1336	25.00	18.28	86.82
Feb-04	16008	5.167500	1.015092	83969.77	16793.95	16544.27	249.68	1184	25.00	92.35	367.03
Mar-04	21315	4.717502	1.015566	102118.77	20423.75	17912.35	2511.40	1154	251.14	904.10	3666.64
Aug-04	12285	5.777500	1.014535	72008.23	14401.65	14195.32	206.33	1001	25.00	63.90	295.23
Sep-04	13061	4.937500	1.014998	65455.89	13091.18	12897.74	193.44	970	25.00	57.94	276.38
Oct-04	12153	4.947500	1.020600	61365.58	12273.12	12206.47	66.65	940	25.00	19.30	110.95
Nov-04	10923	7.157501	1.019864	79734.38	15946.88	15875.34	71.54	909	25.00	19.99	116.53
Dec-04	11373	6.167501	1.014460	71157.26	14231.45	12031.56	2199.89	878	219.99	592.34	3012.22
May-05	8167	6.380000	1.033967	53875.33	10775.07	8817.16	1957.91	728	195.79	430.63	2584.33
Jun-05	8652	6.050000	1.015513	53156.62	10631.32	8237.68	2393.64	697	239.36	502.07	3135.07
Aug-05	5688	7.190000	1.013500	41448.83	8289.77	7978.02	311.75	636	31.18	59.14	402.07
				1179823.30	235964.66	222066.99	13897.67		1498.83	4529.22	19925.72

Jun-02	43	3.370000	1.000000	144.91	28.98	0.00	28.98	1793	25.00	16.52	70.50	Correct
Sep-02	18465	3.167500	1.014535	59338.01	11867.60	11275.66	591.94	1701	59.19	319.55	970.69	Statement missing
Nov-02	16901	3.937500	1.014021	67480.75	13496.15	13497.75	-1.60	1640	0.00	0.00	-1.60	Metered vol. instead of alloc. vol.
Mar-03	19582	8.647500	1.016290	172093.82	34418.76	34418.78	-0.02	1520	0.00	0.00	-0.02	Metered vol. instead of alloc. vol.
Jun-03	17888	5.707500	1.015541	103682.43	20736.49	20736.49	0.00	1428	0.00	0.00	0.00	Metered vol. instead of alloc. vol.
Sep-03	16315	4.657426	1.016074	77207.30	15441.46	15442.4	-0.94	1336	0.00	0.00	-0.94	Revised
Feb-04	15770	5.167500	1.015092	82721.34	16544.27	16544.27	0.00	1184	0.00	0.00	0.00	MMBTU vol.
Mar-04	18694	4.717502	1.015566	89561.73	17912.35	17912.35	0.00	1154	0.00	0.00	0.00	Metered vol. instead of alloc. vol.
Aug-04	12868	5.777500	1.014535	75425.47	15085.09	14195.32	889.77	1001	88.98			MMBTU vol.
Sep-04	12109	4.937500	1.014998	60684.89	12136.98	12897.74	-760.76	970	0.00	0.00	-760.76	MMBTU vol.
Oct-04	12153	4.947500	1.020600	61365.58	12273.12	12206.47	66.65	940	25.00	19.30	110.95	Correct
Nov-04	10923	7.157501	1.019864	79734.38	15946.88	15875.34	71.54	909	25.00	19.99	116.53	Correct
Dec-04	9615	6.167501	1.014460	60158.01	12031.60	12031.56	0.04	878	25.00			Metered vol. instead of alloc. vol.
May-05	6683	6.380000	1.033967	44085.81	8817.16	8817.16	0.00	728	0.00	0.00	0.00	Metered vol. instead of alloc. vol.
Jun-05	6848	6.050000	1.015513	42073.11	8414.62	8237.68	176.94	697	25.00			Metered vol. instead of alloc. vol.
Aug-05	5474	7.190000	1.013500	39889.39	7977.88	7978.02	-0.14	636	0.00	0.00	0.00	Metered vol. instead of alloc. vol.
				1115646.94	223129.39	222066.99	1062.40		106.24	375.36	505.34	

8-2004 12109 -0-  
9-2004 12868 -0-

Filing Operator Name and P-5 Address:  
BOIS D'ARC OFFSHORE LTD.(079580)  
600 TRAVIS STREET STE 5200  
HOUSTON, TX 77002

Current Lease Operator as of 09/25/2007:  
MAIN ENERGY, INC.(522438)

## MONTHLY PRODUCTION REPORT

Railroad Commission of Texas  
Oil and Gas Division  
(1701 N. Congress)  
PO Box 12967 - Capitol Station  
Austin, Texas 78711-2967  
<http://www.rrc.state.tx.us>

RRC Dist No.: 03  
Field Name: MATAGORDA BAY, SE. (5150)  
RRC Identifier: 175599  
Lease Name: STATE TRACT 160  
Lease Type: Gas

			Oil/Condensate (whole bbls)					Casinghead /Gas Well Gas (whole mcf)		
Prod. Month	Corrected Report	Commingle Pmt# or LSE Total (T)	On Hand, End of Previous Month	Production	Disposition		On Hand, End of Month	Formation Production	Disposition	
					Volume	Code			Volume	Code
11/2002	Y		0	0			0	16,901	16,901	03
03/2003	Y		0	0			0	19,582	19,582	03
06/2003	Y		0	0			0	17,888	17,888	03
09/2003	Y		0	0			0	16,315	16,315	03
02/2004	Y		0	0			0	15,770	15,770	03
03/2004	Y		0	0			0	18,694	18,694	03
08/2004	Y		0	0			0	12,868	12,868	03
09/2004	Y		0	0			0	12,109	12,109	03
12/2004	Y		0	0			0	9,615	9,615	03
05/2005	Y		0	0			0	6,683	6,683	03
06/2005	Y		0	0			0	6,848	6,848	03
08/2005	Y		0	0			0	5,474	5,474	03

Operator/Agent: BOIS D'ARC OFFSHORE LTD. (079580)  
Chelsea Chapman (713) 223-7134  
Date Submitted: September 25, 2007 09:50 AM

The information provided by the operator or on the operator's behalf is being displayed on a Railroad Commission template. For disposition code definitions see the RRC web site at [www.rrc.state.tx.us](http://www.rrc.state.tx.us)

MAIN ENERGY, INC.

GAS ALLOCATIONS AND REPORTING - June 2002

PN 0602ALLO

Date Prepared: 11-Jul-02

Prepared by: Gary Lee Jr.

COMPANY	TRACT	STATION NUMBER	METERED GAS VOLUME (mcf)	ALLOCATED VOLUME (mcf)	BTU FACTOR	ALLOCATED GROSS (mmbtu)
BOIS D'ARC MAIN ENERGY, INC.	ST 160 ST 171 & 173	86849	43 22,197	43 22,197	0.9982 0.9982	43 22,157
TOTALS						22,200
DOW						22,157
ST 171 DP						22,157
76059						22,157
0.99820000						22,157

cc: Dow - (FAX #978-3050)  
cc: Betina @ Adams (FAX #281-312-4161)



MAIN ENERGY, INC.

GAS ALLOCATIONS AND REPORTING - November 2002  
FN 11-02ALI.O

Date Prepared 12-Dec-02

Prepared by: Gary Lee Jr

COMPANY	TRACT	STATION NUMBER	METERED GAS VOLUME (mcf)	ALLOCATED VOLUME (mcf)	BTU FACTOR	ALLOCATED GROSS (mmbtu)
BOIS D'ARC MAIN ENERGY, INC	ST 160 ST 171 & 173	86849	17,791 20,076	16,901 19,071	1.0141 0.9965	17,140 19,005
TOTALS						36,145
DOW						36,145

cc. Dow - (FAX 713-978-3050)  
cc. Theresa Tran @ Duke Energy - Fax 713-989-0268



# SOUTHERN FLOW COMPANIES

REPORT DATE: 12/10/02  
VOLUME DATA FOR PERIOD: 11 -MONTH 2002-YEAR

SOUTHERN FLOW DIVISION  
P. O. BOX 3234  
VICTORIA, TX 77903-1234  
(361)575-4528

CUST: (0448-01) BOIS D'ARC  
FIELD: (3200)  
STATION: (0011)

KIND: ORIFICE TUBE-ID: 3.068  
08-D: 100" 1500# C' = Fb \* Fpb \* Ftb \* IC  
TYPE: BELLOWS TEMP RRG:  
TAP/CONN: FLG -DN MOL% CO2:  
STATIC SET: PSIG MOL% N2: .08  
C-FACT: 1.0000  
MCF-PB-CTR: 14.650  
MCF-PB-ATM: 14.700  
MCF-TB: 60-F  
BTU-PB/C: 14.650-D

DATE	HOURS	INTEG	ORIF	DIFF	PRES	TEMP	GAS	BTU -D	COEFF	Fr/y/a	TIME OR	L	M	VOL	MCF	MMBTU @
N	F	FLOW	BORE	WC	PSIG	F	GRAV		MCF	g/t/pv	SPC FCT	L	D	B14.650		PB
01-03	53.38	590	750	46.30	490	75	566	1017.3	1.5823	1.3526	1.0000	5		1263		1284.8499
03-10	169.34	1872	750	46.50	489	75	566	1017.3	1.5823	1.3524	1.0000			4006		4075.3038
0-17	170.11	1915	750	46.50	486	75	566	1017.3	1.5823	1.3523	1.0000			4097		4167.8781
17-25	191.04	2146	750	44.20	532	75	566	1017.3	1.5823	1.3561	1.0000			4604		4683.6492
25-01	145.15	1780	750	52.00	540	75	566	1017.3	1.5823	1.3568	1.0000	6		3821		3887.1033
*TOTAL ---> 17791 18098.7843																

160-1  
O - Q HOURS INTEG  
N - F FLOW EXT

AVG -> 507 75  
5 - FIRST CHART  
6 - LAST CHART

PEAK RATE  
PEAK DATE  
BETA RATIO  
LAST ANALYSIS 07/01/02

MAIN ENERGY & B'DARC

December 11, 2002

Volume Allocations

Production Period : November 2002

S.F. METER NUMBER METER

1329-01-3201-015 Main Energy 171  
0448-01-3200-001 Bois D'Arc 160-1  
1329-01-3201-003 Sales To Dow S.T. 171 M/M

MCF - MEASURED

MCF - ALLOCATED

20,076 19,071  
17,791 16,901  
36,972 35,972

S.F. METER NUMBER METER

1329-01-3201-015 Main Energy 171  
0448-01-3200-001 Bois D'Arc 160-1  
1329-01-3201-003 Sales To Dow S.T. 171 M/M

MMBTU - MEASURED

MMBTU - ALLOCATED

20,068 19,005  
18,099 17,140  
38,145 36,145

To: Chelsea



MAIN ENERGY, INC.

GAS ALLOCATIONS AND REPORTING - March 2003  
FN-03-03ALLO

Date Prepared 11-Apr-03  
Prepared by Gary Lee Jr

COMPANY	TRACT	STATION NUMBER	METERED GAS VOLUME (mcf)	ALLOCATED VOLUME (mcf)	BTU FACTOR	ALLOCATED GROSS (mmBtu)
BOIS D' ARC MAIN ENERGY, INC.	ST 160 ST 171 & 173	86849	19,610 22,149	19,582 ✓ 22,117	1.0163 0.9986	19,901 22,086
TOTALS			41,759	41,699		41,987
DOW	ST 171 DP	76059	41,699		1.0069	41,987
<p>cc: Dow - (FAX 713-978-3050)</p> <p>cc: Ben Anderson @ Duke Energy - Fax 713-989-0268</p>						

MAIN ENERGY, INC.

GAS ALLOCATIONS AND REPORTING - June 2003  
FN 06-03ALLO

Date Prepared 15-Jul-03  
Prepared by Gary Lee Jr

COMPANY	TRACT	STATION NUMBER	METERED GAS VOLUME (mcf)	ALLOCATED VOLUME (mcf)	BTU FACTOR	ALLOCATED GROSS (mmBtu)
BOIS D'ARC MAIN ENERGY, INC	ST 160 ST 171 & 173	86849	19,883 19,012	17,888 17,105	1.0155 0.9978	18,166 17,068
TOTALS						35,234
DOW						35,234

cc Dow - (FAX 713-978-3050)

MAIN ENERGY, INC.

GAS ALLOCATIONS AND REPORTING - September 2003 - Corrected  
FN 09-03ALLO-corr

Date Prepared 12-Nov-03  
Prepared by: Gary Lee Jr

COMPANY	TRACT	STATION NUMBER	METERED GAS VOLUME (mcf)	ALLOCATED VOLUME (mcf)	BTU FACTOR	ALLOCATED GROSS (mmbtu)
STERLING	ST 173-1		2,154	1,793	1.0061	1,804
BOIS D'ARC	ST 161		19,604	16,315	1.0161	16,578
MAIN ENERGY, INC.	ST 171 & 173	86849	18,981	15,797	0.9984	15,771
TOTALS						33,905
						34,153
DOW	ST 171 DP	76059	33,905		1.0073	34,153
cc: Dow - (FAX 713-978-3050)						



MAIN ENERGY, INC.

GAS ALLOCATIONS AND REPORTING - March 2004

FN: 03-04ALLO

Date Prepared: 08-Apr-04

Prepared by: Gary Lee Jr.

COMPANY	TRACT	STATION NUMBER	METERED GAS VOLUME (mcf)	ALLOCATED VOLUME (mcf)	BTU FACTOR	ALLOCATED GROSS (mmBtu)
STERLING BOIS D' ARC MAIN ENERGY, INC.	ST 173-1 ST 161 ST 171 & 173		5,563 21,315 38,328	4,879 18,694 ✓ 33,614	1.0055 1.0156 0.9997	4,906 18,985 33,605
TOTALS						57,496
DOW	ST 171 M/M	76059	57,187		1.0054	57,496
cc: Dow - (FAX 713-978-3050)						

MAIN ENERGY, INC.

GAS ALLOCATIONS AND REPORTING - August 2004  
FN: 08-04ALLD

Date Prepared: 13-Sep-04  
Prepared by: Gary Lee Jr.

COMPANY	TRACT	STATION NUMBER	METERED GAS VOLUME (mcf)	ALLOCATED VOLUME (mcf)	BTU FACTOR	ALLOCATED GROSS (mmbtu)
STERLING	ST 173-1		4,887	4,162	1.0046	4,181
BOIS D' ARC	ST 160-1		14,217	12,109	1.0145	12,285
MAIN ENERGY, INC.	ST 171 & 173	86849	38,907	33,136	0.9987	33,094
TOTALS						
						49,560
DOW	ST 171 M/M	76059	49,407		1.0031	49,560

cc: Dow - (FAX 713-978-3050)





MAIN ENERGY, INC.

GAS ALLOCATIONS AND REPORTING - October 2004

FN: 10-04ALLO

Date Prepared: 12-Nov-04

Prepared by: Gary Lee Jr.

COMPANY	TRACT	STATION NUMBER	METERED GAS VOLUME (mcf)	ALLOCATED VOLUME (mcf)	BTU FACTOR	ALLOCATED GROSS (mmbtu)
STERLING	ST 173-1		5,405	4,740	1.0051	4,764
BOIS D' ARC	ST 160-1		13,858	12,153	1.0151	12,336
MAIN ENERGY, INC.	ST 171 & 173	86849	45,952	40,300 ✓	0.9991	40,265
TOTALS						57,365
DOW	ST 171 M/M	76059	57,193		1.0030	57,365
cc: Dow - (FAX 713-978-3050)						

MAIN ENERGY, INC.

GAS ALLOCATIONS AND REPORTING - November 2004

FN: 11-004ALLO

Date Prepared: 13-Dec-04

Prepared by: Gary Lee Jr.

COMPANY	TRACT	STATION NUMBER	METERED GAS VOLUME (mcf)	ALLOCATED VOLUME (mcf)	BTU FACTOR	ALLOCATED GROSS (mmbtu)
STERLING	ST 173-1		5,041	4,446	1.0052	4,469
BOIS D' ARC	ST 160-1		12,383	10,923	1.0153	11,090
MAIN ENERGY, INC.	ST 171 & 173	86849	44,784	39,502	0.9994	39,477
TOTALS						55,036
DOW	ST 171 M/M	76059	54,871		1.0030	55,036
cc: Dow - (FAX 713-978-3050)						

MAIN ENERGY, INC.

GAS ALLOCATIONS AND REPORTING - December 2004

FN: 12-04ALLO

Date Prepared: 12-Jan-05

Prepared by: Gary Lee Jr.

COMPANY	TRACT	STATION NUMBER	METERED GAS VOLUME (mcf)	ALLOCATED VOLUME (mcf)	BTU FACTOR	ALLOCATED GROSS (mmbtu)
STERLING BOIS D' ARC MAIN ENERGY, INC.	ST 173-1 ST 160-1 ST 171 & 173	86849	4,964 11,373 45,623	4,196 9,615 38,569	1.0045 1.0145 0.9986	4,215 9,754 38,516
TOTALS					52,380	52,485
DOW	ST 171 M/M	76059	52,380		1.0020	52,485
cc: Dow - (FAX 713-978-3050)						



BP ENERGY  
 ALLOCATION FOR DISBURSEMENT  
 WELL ID  
 MATAGORDA BAY

May-05

				GROSS	COMSTOCK	MCF	MMBTU	GROSS	TRANS	TAX	REG FEE	GLO
	MCF	MMBTU										
	14.65											
STATE TRACT 160 #1 TX-040-1004	6683	6910	6.3800000	44085.80	0.80000000	5346	5528	35268.64	3455.00	2386.02	3.56	8817.16
					0.20000000	1337	1382	8817.16				
					1.00000000	6683	6910	44085.80				
										31813.64		

**MAIN ENERGY, BOIS D'ARC & STERLING**

June 9, 2005

**Volume Allocations**

Production Period : May 2005

S.F. METER NUMBER	METER	MCF - MEASURED	MCF - ALLOCATED
6326-01-3201-010	Sterling S.T. #173-1	5,331	4,363
1329-01-3201-015	Main Energy 171	43,140	35,305
0448-01-3200-001	Bois D'Arc 160-1	8,167	6,683
1329-01-3201-003	Sales To Dow S.T. 171 M/M	46,351	46,351

S.F. METER NUMBER	METER	MMBTU - MEASURED	MMBTU - ALLOCATED
6326-01-3201-010	Sterling S.T. #173-1	5,360	4,378
1329-01-3201-015	Main Energy 171	43,123	35,222
0448-01-3200-001	Bois D'Arc 160-1	8,294	6,774
1329-01-3201-003	Sales To Dow S.T. 171 M/M	46,374	46,374

BP ENERGY  
 ALLOCATION FOR DISBURSEMENT  
 WELL ID  
 MATAGORDA BAY

Jun-05

GROSS COMSTOCK MCF MMBTU GROSS TRANS TAX REG FEE GLO

MCF

14.65

MMBTU

STATE TRACT 160 #1 TX-040-1004	6848	6954	6.0275007	41915.24	0.80000000 0.20000000 1.00000000	5478 1370 6848	5563 1391 6954	33532.19 8383.05 41915.24	1848.96	2376.24	3.65	8383.05
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31683.23



2005-  
MAIN ENERGY, BOIS D'ARC & STERLING  
July 11, 2005  
Volume Allocations  
Production Period : June 2005

S.F. METER NUMBER	METER	MCF - MEASURED	MCF - ALLOCATED
6326-01-3201-010	Sterling S.T. #173-1	5,057	4,002
1329-01-3201-015	Main Energy 171	37,882	29,982
5433-01-3200-001	Bois D'Arc 160-1	8,652	6,848
1329-01-3201-003	Sales To Dow S.T. 171 M/M	40,832	40,832

S.F. METER NUMBER	METER	MMBTU - MEASURED	MMBTU - ALLOCATED
6326-01-3201-010	Sterling S.T. #173-1	5,084	4,025
1329-01-3201-015	Main Energy 171	37,867	29,975
5433-01-3200-001	Bois D'Arc 160-1	8,786	6,954
1329-01-3201-003	Sales To Dow S.T. 171 M/M	40,954	40,954

Aug-05

WELL ID

GROSS COMSTOCK MCF MMBTU GROSS TRANS TAX REG FEE GLO

MCF BTU MMBTU

14.65

STATE TRACT 160 #1 TX-040-1004

5474

1.013500

5548

7.1900000

39890.12

0.80000000

0.20000000

1.00000000

4379

4438

31912.10

1095

1110

7978.02

5474

5548

39890.12

Enter into Net  
Column in  
gwiz

2737.00

2188.13

2.92

7978.02

29175.10

This will not tie to GWIZ on edit voucher, however  
once it is allocated, the system will calculate the 80% of taxes  
and it will tie back to the spreadsheet.

# MAIN ENERGY, INC.

10777 Northwest Freeway, Suite 420  
Houston, Texas 77092  
(713) 759-1144

September 14, 2005

Dow Hydrocarbons and Resources, Inc.  
Attn: Gas Accounting  
P.O. Box 3387  
Houston, Texas 77253-3387

via facsimile (713) 978-3040  
and Regular Mail

re: Gas Purchase Agreement  
Dated August 1, 1999

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## INVOICE 08-05-DOW (REVISED)

To invoice for gas delivered during the month of August 2005:

From ST 171 delivered through station #36102 per Southern Flow allocated volumes.

MMBTU	PRICE	NET TO MAIN ENERGY, INC.
MAIN 14,452	7.19	103,909.88
ST 160-1 5,548	7.19	39,890.12

From ST 194 delivered through station #86849 per Southern Flow allocated volumes.

MMBTU	PRICE	NET TO MAIN ENERGY, INC.
0	7.19	0.00

From ST 303 delivered through station #019 per Southern Flow allocated volumes.

MMBTU	PRICE	NET TO MAIN ENERGY, INC.
6,120	7.19	44,002.80

From Boggy Bayou delivered through station #020 per Southern Flow allocated volumes.

MMBTU	PRICE	NET TO MAIN ENERGY, INC.
33	7.19	237.27

TOTAL AMOUNT DUE

188,040.07

Please wire transfer funds to:

Amegy Bank of Texas  
Account Name: Main Energy, Inc.  
Account Number: 324000  
ABA#: 113011258



31

File No. 098676

Revised billing

Date Filed: 10-2-2007

Jerry E. Patterson, Commissioner

By Schen